



# 2011 Preliminary Budget

October 28, 2010  
Presentation

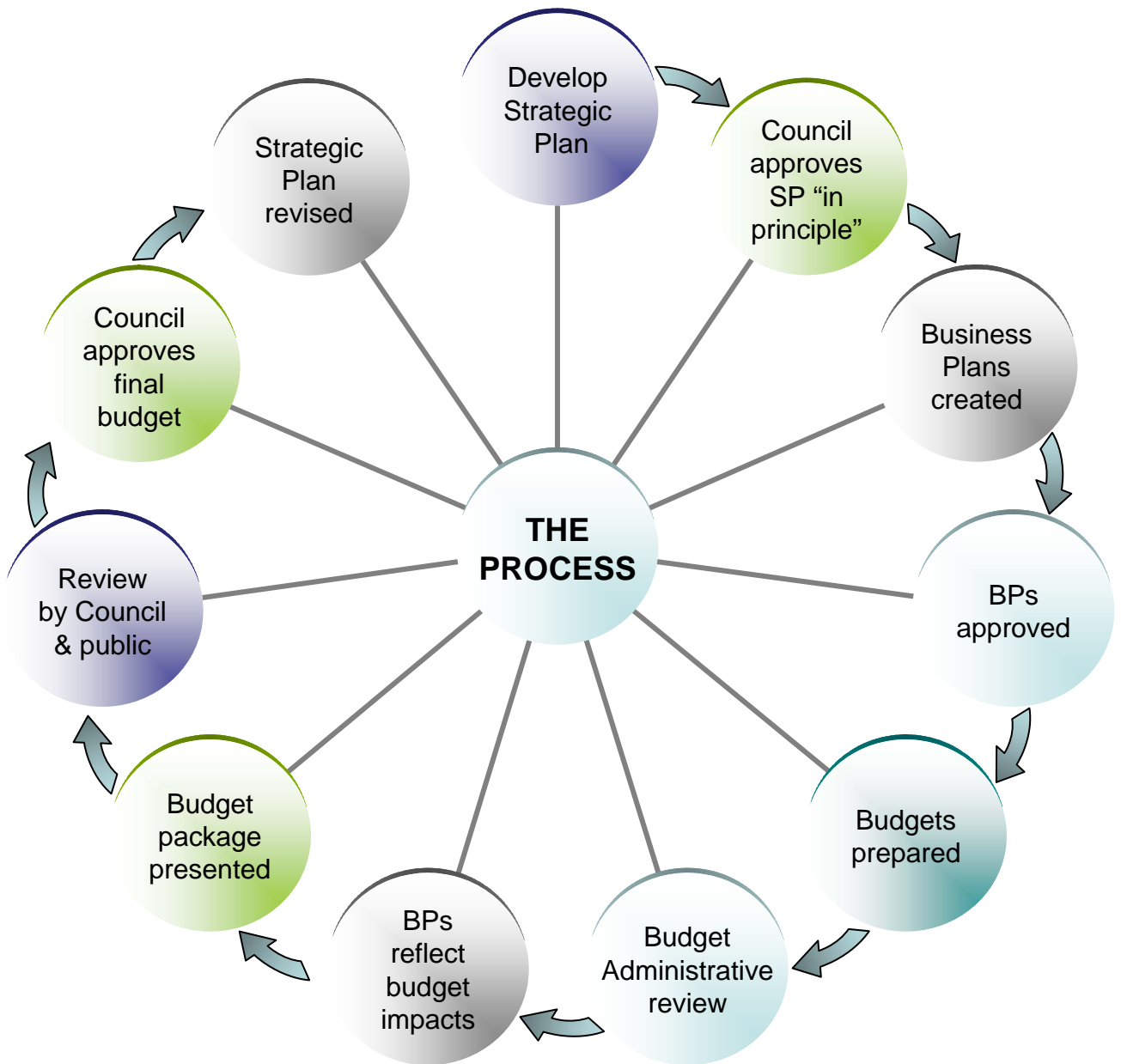
# Agenda

- Introduction – L. Craig, CMA
- Budget Highlights – P. Milner, CA
- Strategic Plan – B. Romanchuk, CMC
- Workforce – R. Crooks, CHRP
- Capital Budget and Operating Budget – E. Braaten, CA
- Property Tax Impacts – P. Milner, CA
- Grants and Shadow Budgets – P. Milner, CA
- Conclusion – P. Milner, CA

# Introduction

- 2011 Draft Budget includes resources for Council's top priorities
  - Developing a premier riverside destination
  - Economic development
  - Local and regional transit
- Direction of Strategic Plan honoured

# Strategic Planning Process



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# 2011 Budget

- Important policy decision of Council
- Budget based on Strategic Plan & Business Plans

# 2011 Budget Highlights

- Cochrane Sustainability Plan major initiatives

## Curbside waste and recycling

- Operating impacts included in waste/recycling budget
- Report coming to next Council meeting

## Economic Development

- Planning work for downtown area
- Remediation creates economic opportunity in Cochrane

# Budget Highlights

- Initial September budget submissions
- Shift in net cost of operations of \$4 million, over 29% increase
- To keep tax increase at 7.5% numerous adjustments were made

# Budget Highlights

- \$32.6m in expenditures, \$17.2m in offsetting revenues
- \$15.4m net cost of operations (\$13.6m in 2010)
  - \$1.8 m or 13% shift in net cost of operations over 2010
  - Shadow budget last year predicted a 20% shift in 2011
- Protective Services increase \$1.3 m
- Workforce costs \$14.04m (\$13.25m in 2010)



# Budget Highlights

- External Cost Drivers
  - Utilities (Calgary Sewer 11%, landfill fees 12%)
  - Insurance Premiums (6%)
- Utility rate increases
  - Water 1%
  - Wastewater 5%
  - Storm sewer 3%
  - Waste management 5% excluding curbside initiative
  - Recycling 0%
- Recreation program fees increase in an effort to cover more of the cost of providing the service

# Budget Highlights

- \$43.3m in various capital projects including Transit and life cycling contributions
- \$40m funded from grants
- Major projects will take more than one year to complete
- \$1.1m from operations mostly for life cycling contributions
  - approx 3.4% (4% in 2010) of 2011 operating expenses

# Strategic Plan

## Example Business Plan actions to achieve Strategic Plan

- Development of a Master Plan for the Riverside Area
- Transit Oriented Design study
- Provision of community entrance and way finding signage
- Develop a 10 year financial plan that integrates all departments

# Strategic Plan

## Example Business Plan actions to achieve Strategic Plan

- Establish a 10 year Emergency Services Strategic Master Plan
- Develop plan for a new RCMP Detachment facility
- Enhancement to the Business Directory component of the Town's new website
- Retrofit existing street lights throughout Town to "Dark Sky Friendly Lights"

# Strategic Plan

## Example Business Plan actions to achieve Strategic Plan

- Continue to work towards the completion of a new Aquatic Centre
- Completion of Open Space Master Plan
- Curbside waste and recycling to commence in mid 2011
- Map out strategies for pursuing growth in the Tourism; Home-based Business; Professional, Scientific and Technical Services; and Health and Wellness sectors.

# Strategic Plan

Examples of what's not in the proposed 2011 budget?

- Funding to issue grants through the Community Grant Program or Arts and Culture Endowment Program
- Manager of Corporate Properties position
- Fleet Coordinator position
- Additional funding requested by Library

# Workforce

Year of significant change & transition:

- Organizational structure
- Senior Leadership Team
- EMS transition to AHS
- Compensation grid
- Core competencies

# Workforce

- “We’re considering it sort of back to a cautious normal”  
(Mercer)
- Labour environment continues to be competitive for skilled employees



# Workforce

## Environment factors:

- Calgary unemployment rate:  
14 year high of 7.5%
- September CPI for:
  - Calgary 0.8%
  - Alberta 0.9%
  - Canada 1.9%

Sources: Calgary Economic  
Development/Stats Can

# Workforce

Smaller municipality scan for 2011:

- No to low (0-3%) Cost Of Living Adjustment (COLA)
- Market & performance increases (3-4%)
- Shared concern to remain competitive

# Workforce

## Demographic factors:

- Boomers delaying retirement
- Generations X & Y an increasing force
- Work/life pressures
- Increasing diversity

# Workforce

## Our Value Proposition:

- Competitive base pay/salary
- Strong benefit offerings
- Challenging work
- Supportive leadership
- Safe workplace
- Training & development opportunities
- Flexible work arrangements
- Health & wellness programs
- The Cochrane community

# Workforce

**178.08 FTE in 2011  
(175.95 in 2010)**

- FTE = Full Time Equivalent
  - Is a unit of measure which is equal to one full time position
- 2.13 FTE's net increase

# Workforce

## Salary recommendations:

- COLA based on current indicators
- Step increases for service & performance

# Workforce

## Year to Year

- \$14.04m in 2011
- \$13.25m in 2010

## Staff as a % of Operating Expenses

- 2011 = 43%
- 2010 = 42%

# Capital Budget

- \$42.2m 2011 Capital Budget
- Key infrastructure projects:
  - \$11.2 m Centre Avenue project
  - \$27 m Transit project
  - \$1.9 m East end Road Improvements
  - \$580,000 Town signs
  - \$317,000 dark sky lighting retrofits project
- Major projects like Centre Avenue and Transit will take at least the next three years to complete.



# Transit

- Budget section on Transit includes:
  - background on the Calgary Regional Partnership (CRP) GreenTrip grant application
  - Cochrane's Phase 1 Transit Feasibility study.
- CRP scheduled for a Transit presentation to Council November 8, 2010
- Phase 2 Transit Feasibility results to be presented to Council in December 2010.
- \$27 m Transit 100% capital grants:
  - \$17.8 m GreenTrip Provincial grant
  - \$2.7 m New Deal Federal grant
  - \$6.5 m MSI Capital grants 2011 to 2013

# Capital Budget

- \$119,000 in projects are funded from operations and the rest from grants and reserves
- Capital spending reduction minimal impact on the 2011 operating budget
- \$1.1 m to lifecycle reserves in 2011

# Operating Budget

## Expenditure Highlights...

- 178.08 full time equivalent staff in 2011 budget (175.95 in 2010)
- Net addition of 2.13 FTE's in 2011 (2010 – addition of 3.5 FTE's)
- Cost of living adjustment and grid step increases are available to eligible employees
- Fee for service curb side recycling implementation
- Debt service for entrance and way finding signage

# Operating Budget

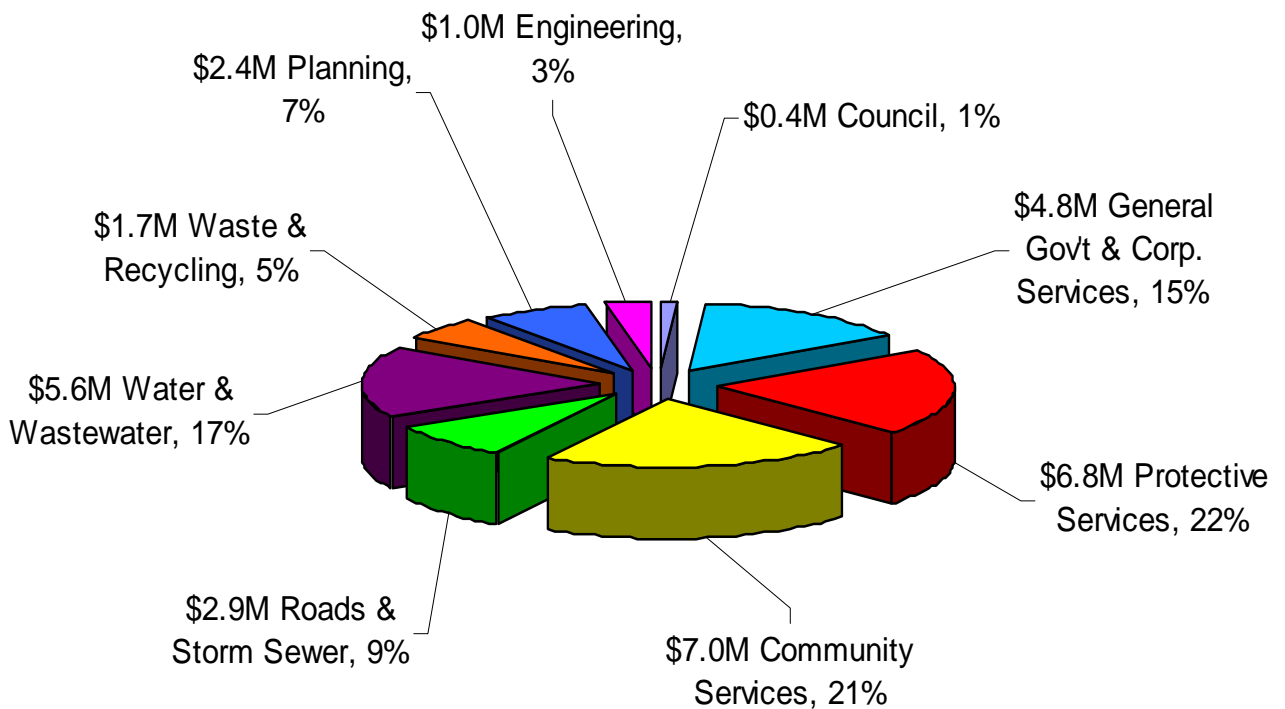
Expenditure Highlights Continued...

Grants to Organizations 2011:

- Cochrane Activettes
  - Cochrane and Area Humane Society
  - Cochrane Tourism Association
  - Handibus
  - Nan Boothby Memorial Library
  - Stockmen's Foundation
  - Sustainability Partners Uniting Resources (SPUR)
  - Victim Services
- 
- Overall decrease in grants to organizations of \$82,555 from 2010 to 2011

# Operating Budget

**Total Expenditures \$32.6 million**



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# Operating Budget

<i>Expenditure Details</i>	<b>2010</b>	<b>2011</b>	<b>Change</b>	<b>Change</b>
<b>Service</b>	<b>\$ million</b>	<b>\$ million</b>	<b>\$ million</b>	<b>%</b>
Council	0.4	0.4	-	0%
General Government and Corporate Services	5.1	4.8	(0.3)	-6%
Protective Services	5.9	6.8	0.9	15%
Community Services, Town Facilities, Recreation and Culture, Cemeteries and Parks	6.8	7.0	0.2	3%
Roads and Storm Sewer	2.7	2.9	0.2	7%
Water and Wastewater	5.2	5.6	0.4	8%
Waste and Recycling	1.2	1.7	0.5	42%
Planning, Environment & Economic Development	2.4	2.4	-	0%
Engineering	<u>0.8</u>	<u>1.0</u>	<u>0.2</u>	25%
<b>Total Expenditures</b>	<b>30.5</b>	<b>32.6</b>	<b>2.1</b>	<b>7%</b>

# Operating Budget

## Revenue Highlights...

- Municipal taxes paid for an average residential assessment will increase 7.5%
- Growth was assumed to be 5% in 2011 based on assessors estimates, resulting in approximately \$710,000 in tax revenue
- Grant funding to develop a Riverfront Master Plan, and other downtown area planning.
- \$100,000 draw on the tax stabilization reserve to mitigate tax increase

# Operating Budget

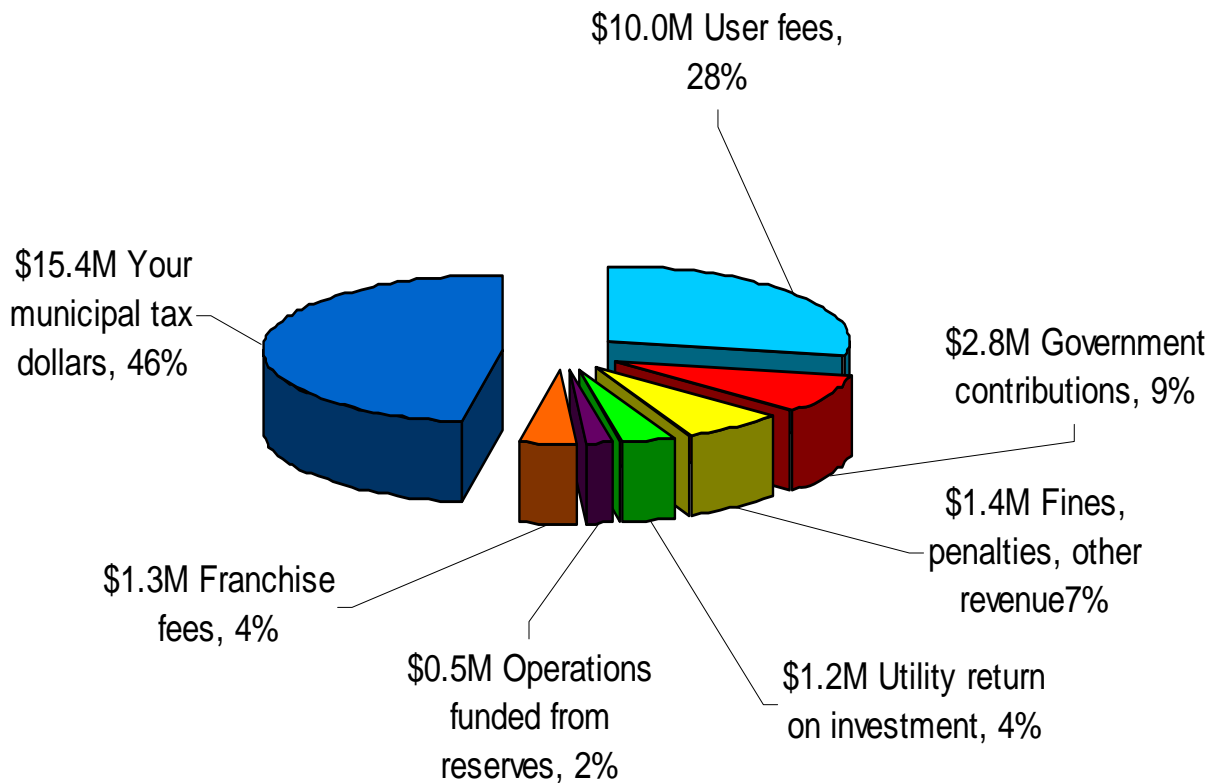
## Revenue Highlights Continued...

- Water rates increase by 1%
- Sewer rates increase 5%
- Storm sewer rates increase 3%
- Recycling depot fees remain the same as 2010 at \$5.57/month
- Residential refuse collection fees for Jan - Apr increased 5% from \$10.58/month to \$11.10/month.
- Curbside waste and recycling service is proposed to begin May 2011. If approved by council, this new service would require an additional \$6.30/month per residential property.
- Recreation fees increase in an effort to cover more of the cost of providing the service



# Operating Budget

Total revenues \$32.6 million



2011 Preliminary Budget  
Presentation

# Operating Budget

<b>Revenue Details</b>	<b>2010</b>	<b>2011</b>	<b>Change</b>	<b>Change</b>
<b>Item</b>	<b>\$ million</b>	<b>\$ million</b>	<b>\$ million</b>	<b>%</b>
User fees, rentals, permits, licenses	9.0	10.0	1.0	11%
Government contributions	3.0	2.8	(0.2)	-7%
Fines, penalties, other revenue	1.8	1.4	(0.4)	-22%
Utility return on investment	1.2	1.2	-	0%
Operations funded from reserves	0.7	0.5	(0.2)	-29%
Franchise fees	1.2	1.3	0.1	8%
Your municipal tax dollars	<u>13.6</u>	<u>15.4</u>	<u>1.8</u>	13%
<b>Total Revenue</b>	<b>30.5</b>	<b>32.6</b>	<b>2.1</b>	<b>7%</b>

# Property Tax Impacts

- Many tax rates make up the annual tax bill
  - Municipal
  - Requisitions – Education & Rockyview Foundation
- Town only controls municipal portion of tax bill/rates
- 65% of tax bill stays within Municipality and balance goes to various requisitions
- Tax rates presented to Council in May (legislated that annual budgets **MUST** be passed prior to tax rates being set)

# Property Tax Impacts

- Estimating 5% parcel growth
- Assessment values not confirmed until January 2011
- Tax rates adjusted annually to ensure municipality stays in revenue neutral position from year to year
- Education requisitions not known until late April 2011
- Tax rates will be finalized and presented to Council in May 2011 for approval

# Property Tax Impacts

Average Assessed Value (assumes no change in 2011)	Value	2010 Muni Tax Rate	2010 Municipal Taxes	7.5% increase	\$ Monthly increase
Duplexes	\$279,690	0.00425	\$1,188.68	\$89.15	\$7.43
Condos	308,164	0.00425	\$1,309.70	\$98.23	\$8.19
<b>Single Family Dwelling</b>	<b>427,637</b>	<b>0.00425</b>	<b>\$1,817.46</b>	<b>\$136.31</b>	<b>\$11.36</b>
Industrial	819,300	0.0063	\$5,161.59	\$387.12	\$32.26
Commercial	1,023,400	0.0063	\$6,447.42	\$483.56	\$40.30

# Property Tax Impacts

**7.5% municipal  
property tax increase in  
2011 is \$11.36 per  
month for the average  
single family dwelling  
assessment.**

# Grants

## New Deal and AMIP

### NEW DEAL

- \$3,438,320 in Federal New Deal grants for 2010 to 2014 approved.
- \$765,089 of New Deal required for the Centre Avenue project with remaining \$2,673,231 for Transit.

### ALBERTA MUNICIPAL INFRASTRUCTURE PROGRAM (AMIP)

- AMIP grant used to fund the Town's 1/3 share of costs for the Centre Avenue Building Canada project.

# Grants MSI

## ALBERTA MUNICIPAL SUSTAINABILITY PROGRAM (MSI)

- The Province committed \$42 million for Cochrane with the MSI grant program over 10 years (2007 to 2016).
- Funding changes annually and was reduced in 2009 from an expected \$2.2 million to \$1.5 million.
- MSI Capital Grant in 2010 was \$3,164,870
- MSI Operating Grant in 2010 was \$253,169



# Grants

## MSI Capital

- MSI Capital 2009 grant approved for \$508,750 rail crossing at Horse Creek Road.
- Cannot be completed in the 5-year time limit on the MSI Capital grant.
- Administration recommends this grant be redesignated to fund curbside waste and recycling capital startup costs in 2011.
- Report coming to Council November 8, 2010.

# 2011 MSI Capital Grant

**Estimated grant \$ 3,164,870**

<b>Transit investment</b>	<b>\$ 2,847,870</b>
<b>Retrofit street lights</b>	<b>\$ 317,000</b>

MSI Capital grants from 2012 to 2013 may be required to ensure Transit is 100% grant funded.

# MSI Operating Grant

**2011 Budget includes \$253,169 for  
MSI Operating Grant**

Rodeo Grounds Redevelopment Plan	\$140,000
Fire Master Plan	\$ 60,000
Riverside Area Master Plan	\$160,000
SPUR Grant	\$ 46,910
GIS Master Plan	<u>\$ 30,000</u>
<b><u>Total MSI Wish List</u></b>	<b><u>\$436,910</u></b>

**Administration is applying for \$250,000 Green  
Municipal Fund Federal operating grant**

**If successful, additional items from MSI wish list  
could be funded in 2011**

# Shadow Budgets

- Identifies “shadow” that 2011 decisions cast on upcoming years
- Shadow Operating Budget
  - Applied global assumption of 5% shift in workforce costs
  - Applied global assumption of 5% in other costs & revenues
  - Finite adjustments made to various areas

# Shadow Capital Budget

- Capital infrastructure needs include:
  - A bridge near the Spray Lakes Arena
  - Aquatic facility
  - RCMP Station
  - Arts Centre
  - Curling rink
- Debt financing must remain within Debt Limit

# Debt Limit

- Debt end of 2011 - \$15.7m
- Maximum legislated debt - \$45 million
- Town not to exceed 80% of this, or \$36m debt limit
- \$36m minus \$16m at the end of 2011 equals a **maximum of \$20 million in new debt allowed.**

# Shadow Capital Budget

- \$15 million bridge and \$24 million Aquatic facility assumed
- Shadow budget shows what would happen if remaining debt limit is spent on a bridge and Aquatic facility in 2013
- Results in debt of \$34 million in 2013
- Highlights the need for Council to phase in capital priorities to ensure the Town remains financially sustainable.
- Shadow Budget benefits
  - Proactive planning tool
  - Not a budget for approval

# Shadow Operating Budget

- 2012 Net Cost of Operations up 15% to \$17.7M
  - RCMP Contract increases from 70% to 90% resulting in additional expenditure of \$550,000
  - Debt payment on new Town shop assumed
  - 5% shift in expenditures
  - Transit reserve \$300,000
- 2013 Net Cost of Operations up 16% to \$20.5M
  - 5% shift in expenditures
  - Debt payment on new Aquatic Facility
  - Debt payment on new bridge
  - Transit reserve \$500,000



# Budget Document



Your 2011 Budget Package is available electronically!

# Conclusion

## What's Next?

### **Public information and engagement:**

- **Town Website – October 29**
- **In hard copy at Town office**
- **Budget summary published in the Cochrane Eagle - November 3**
- **Town Hall Budget Meeting - November 15**
- **Feedback mechanisms provided**

# Conclusion

## What's Next?

### Council Approval of Budget and Revised Strategic Plan:

- Process for Budget Questions
- Council to debate budget during Special Meetings on November 17, 18 and 20
- Based on budget decisions, 2011 Strategic Plan will be revised and brought forward to Council for final approval December 13, 2010

# Conclusion

- Opportunity for grants
- Growing Community
- Administration recommends Council receive the draft 2011 Operating and Capital Budgets as information.