

# TOWN OF COCHRANE



## 2010 Preliminary Budget Presentation

Special Meeting of Council  
November 16<sup>th</sup>, 2009



# Agenda - Presentation

2010 Preliminary Budget  
Presentation

- **Introduction – L. Craig, CMA**
- **Budget Reflections – J. deCocq, CLGM**
- **Overview of Administration Report – L. Craig**
- **Property Tax Impacts & Tangible Capital Assets Impact – P. Milner, CA**
- **Strategic Plan Impacts – B. Romanchuk, CMC**
- **Workforce – R. Crooks, CHRP**
- **Grants, Shadow Budgeting & Budget Document – P. Milner**
- **Conclusion – L. Craig**



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# BUDGET REFLECTIONS

J. deCocq, CLGM



# 2010 Budget Package

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- Economic downturn expected to continue
- Significant increase in Protective Services
- Impact of EMS transition continues
- Includes resources for Council's top priorities



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# OVERVIEW

L. Craig, CMA



# 2010 Budget Package

2010 Preliminary Budget  
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- Refresher on Budget Cycle and Process
  - Important policy decision of Council
  - Budget based on Strategic Plan & Business Plans
  - Budget Process



# 2010 Budget Package

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- Numerous financial, economic, community & corporate pressures acknowledged

## Community Growth

- Population and community footprint
- Additional infrastructure to maintain
- Impacts of increased traffic

## External Cost Drivers

- EMS Transition to be completed in 2010
- Insurance, Utility costs (power & gas)
- City of Calgary charges (sewer and landfill rate increases)



# Operating & Capital Budget Impacts

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- Initial September budget submissions
  - Shift in net cost of operations of \$3.2 million, over 25% increase
- To keep tax increase below 5% the following actions were taken:
  - \$800,000 in cost cuts including cuts to capital projects and reserves,
  - \$800,000 more revenue from rate increases, franchise fees, and reassigning all interest income to operating.
  - Using \$300,000 from the Fire operating reserve and the remaining \$400,000 in the Town's tax stabilization fund to assist in supporting operations in 2010.
- Property tax increase of 4.8% in 2010





# Operating & Capital Budget Impacts

2010 Preliminary Budget  
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- \$30.8m in expenditures, \$17.2m in offsetting revenues
- \$13.6m net cost of operations (\$12.8m in 2009)
  - ❖ 6% shift in cost of operations over 2009 (11.8% - 2009 over 2008)
- Personnel costs
  - ❖ \$13.2m (\$13.3m in 2009) – total 180.18 FTE's
  - ❖ Net addition of 3.7 FTE's



# Operating & Capital Budget Impacts

2010 Preliminary Budget  
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- External Cost Drivers
  - ❖ Utilities (power 7%, gas 12%)
  - ❖ Insurance Premiums (15%)
  - ❖ City of Calgary Sewer Service fee
- Proposed rate increases
  - ❖ Utilities, recycling, waste management



# Operating & Capital Budget Impacts

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- **\$7.4m in various capital projects**
  - ❖ Technology upgrades, fleet replacements, Affordable Housing, pathway connections, intersection upgrades
- Majority of capital projects funded from grants or reserves
- **\$1.2m funded from operations**  
approximately 4% (5% in 2009) of 2010 operating expenses
- Includes \$1.1 m for life cycling reserve



# PROPERTY TAX IMPACTS

## TANGIBLE CAPITAL ASSETS IMPACT

2010 Preliminary Budget  
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P. Milner, CA

# Tax Rates (Mill rates) - Refresher

2010 Preliminary Budget Presentation

- Many tax rates make up the annual tax bill
  - Municipal
  - Requisitions – Education & Rockyview Fnd
- 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)



# 2010 Anticipated Tax Impacts

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- **Estimating 2% parcel growth**
- **Reduction in market value assessments**
- **Average residential assessment estimated at \$369,000 in 2010, down from \$409,990 in 2009**



# 2010 Anticipated Tax Impacts

2010 Preliminary Budget  
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- **Tax rates are adjusted annually to ensure municipality stays in revenue neutral position from year to year**
- **In 2010 tax rates will be adjusted up to recognize reduction in market values**



# 2010 Anticipated Tax Impacts

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- **Average total tax bill in 2009 was \$2,341**
- **Average municipal taxes were \$1,525 in 2009**
- **4.8% increase in 2010 is \$73 more per year (\$6 per month) for the average residential assessment.**





# 2010 Anticipated Tax Impacts

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- **If both education and municipal taxes increase 4.8%, the total tax bill would increase \$112 per year.**
- **Education requisitions will not be known until late April 2010**
- **Tax rates will be finalized and presented to Council in May 2010 for approval**



# Tangible Capital Assets Budget Impacts

<b>Tangible Capital Assets Category</b>	<b>Original Cost</b>
<b>Land</b>	<b>\$ 44,191,659</b>
<b>Technology and Equipment</b>	<b>\$ 3,564,610</b>
<b>Fleet</b>	<b>\$ 4,963,719</b>
<b>Facilities</b>	<b>\$ 33,984,397</b>
<b>Pathways/land improvements</b>	<b>\$ 5,166,217</b>
<b>Roads</b>	<b>\$ 34,611,994</b>
<b>Storm Sewer</b>	<b>\$ 18,474,723</b>
<b>Water</b>	<b>\$ 35,745,080</b>
<b>Wastewater</b>	<b>\$ 19,331,869</b>
<b>Total Tangible Capital Assets</b>	<b>\$200,034,268</b>



# Tangible Capital Assets Budget Impacts

<b>Tangible Capital Assets Category</b>	<b>Net Book Value 2008</b>	
<b>Land</b>	<b>\$</b>	<b>44,191,659</b>
<b>Technology and Equipment</b>	<b>\$</b>	<b>1,440,785</b>
<b>Fleet</b>	<b>\$</b>	<b>2,725,375</b>
<b>Facilities</b>	<b>\$</b>	<b>28,623,287</b>
<b>Pathways/land improvements</b>	<b>\$</b>	<b>1,903,899</b>
<b>Roads</b>	<b>\$</b>	<b>17,780,545</b>
<b>Storm Sewer</b>	<b>\$</b>	<b>15,621,895</b>
<b>Water</b>	<b>\$</b>	<b>28,399,292</b>
<b>Wastewater</b>	<b>\$</b>	<b>15,259,906</b>
<b>Total Tangible Capital Assets</b>	<b>\$</b>	<b>155,946,643</b>



# Tangible Capital Assets Budget Impacts

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<b>Tangible Capital Assets Category</b>	<b>2009 Estimated Amortization</b>
Land	\$ -
Technology and Equipment	\$ 276,609
Fleet	\$ 228,133
Facilities	\$ 937,477
Pathways/land improvements	\$ 218,133
Roads	\$ 1,113,364
Storm Sewer	\$ 231,292
Water	\$ 633,197
Wastewater	\$ 262,788
<b>Tangible Capital Assets Amortization</b>	<b>\$ 3,900,993</b>



# Tangible Capital Assets Budget Impacts

**2010 Estimated  
Amortization**

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<b>Tangible Capital Assets Amortization</b>	<b>\$ 4,300,000</b>
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- This is a balanced budget (no surplus from a property taxation perspective) but with the new accounting rules, Council is being asked to approve a \$6.3m surplus in the 2010 Budget.
- The accounting surplus comes from expensing \$4.3m amortization above, recording \$3.7m in capital grants as revenue in the operating budget, and recording an estimated \$6m for the noncash value of land and infrastructure contributed by developers through the subdivision process.
- Any municipality in Canada with community growth is facing similar accounting surpluses. Those with no growth may be asking their Councils to approve deficits.



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# STRATEGIC PLANNING

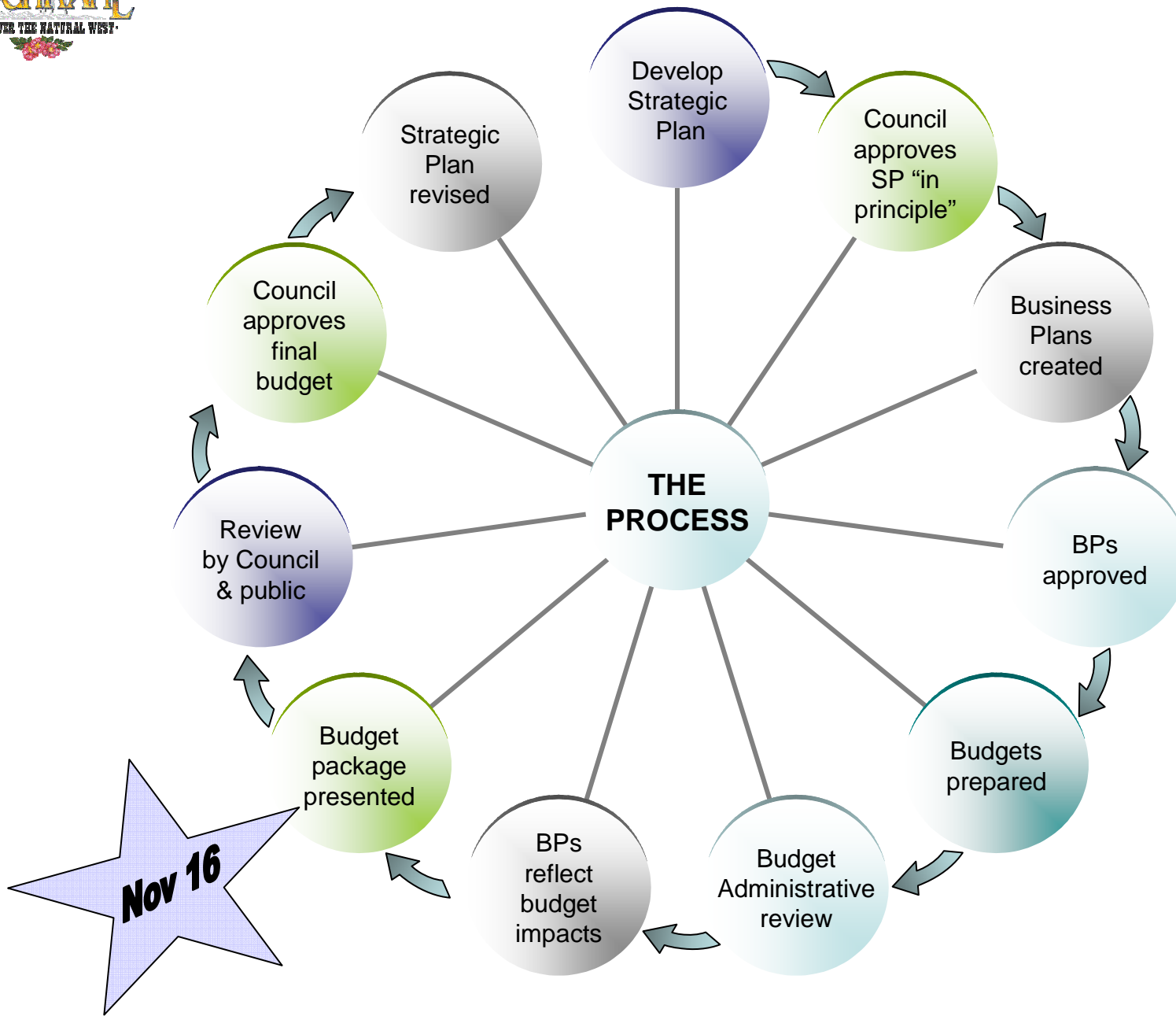
B. Romanchuk, CMC



# Strategic Planning

- Links the Strategic Plan, Business Plans, budgets and performance management system.
- On-going process that is revised annually and reviewed mid-year and through development of the budget.

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# Strategic Planning

- What's in the proposed budget?  
2016 Preliminary Budget Presentation
  - ❖ Launch of the new Town website
  - ❖ On-going staff time investigating future facility requirements and funding:
    - ❖ Aquatic
    - ❖ Seniors
    - ❖ Arts & Culture
  - ❖ Support for implementation of the Cochrane Sustainability Plan



# Strategic Planning

- What's in the proposed budget (cont'd.)?  
2016 Preliminary Budget Presentation
  - ❖ Initial implementation of Municipal Health Check recommendations.
  - ❖ Divesting of EMS to Province and impacts on the Fire Division budget.
  - ❖ Increased safety programs for:
    - ❖ Commercial vehicles; and
    - ❖ Children's vehicle restraints.
  - ❖ Implement Community Policing Plan and addition of two police members.



# Strategic Planning

- What's in the proposed budget (cont'd.)?  
2016 Preliminary Budget Presentation
  - ❖ Branding Strategy implementation.
  - ❖ Municipal Election.
  - ❖ Continuation of Business Visitation Program.
  - ❖ Intersection upgrade at 5<sup>th</sup> Avenue and Griffin Road.
  - ❖ Jumping Pound Environmental Reserve Pathway



# Strategic Planning

- What's not in the proposed budget?  
2010 Preliminary Budget Presentation
  - ❖ Development of comprehensive succession plan.
  - ❖ Improvements to GPS data collection system.
  - ❖ Additional portion of pathway in GlenEagles.
  - ❖ Integrated Waste Management Plan.
  - ❖ New community entrance sign and wayfaring signage (deferred to Spring 2010 budget adjustments).
  - ❖ Review of Fire Master Plan.
  - ❖ Municipal Census



# Strategic Planning

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Presentation

- What's next in the process?

## **Public Consultation**

- ❖ Budget available at the Town Office and on website ~ Nov. 18;
- ❖ Information piece as Cochrane Eagle insert ~ Nov. 25;
- ❖ Town Hall Budget Meeting ~ Nov. 26
- ❖ Feedback through written questionnaire, website and Town Hall Budget Meeting;



# Strategic Planning

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- What's next in the process?
  - Council Approval of Budget & Revised Strategic Plan**
  - ❖ Council will debate budget during Special Meeting on Nov. 30, Dec. 1 and 2.
  - ❖ Upon budget approval, Administration will revise the 2010 Strategic Plan based on budget decisions and bring forward for Council approval.
  - ❖ Administration will implement Divisional



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# Town Workforce

R. Crooks, CHRP



# Workforce

A strategic perspective:

2010 Preliminary Budget  
Presentation

- Attraction & retention agenda
- Economic & labour environment
- Competencies to deliver on 2010 priorities:
  - Health Check implementation
  - Cochrane Sustainability Plan
  - Domtar lands





# Workforce

## **The number one challenge?**

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A high quality of life to attract & retain  
staff

Calgary Economic Development update, Oct. 2009



# Workforce

## Town of Cochrane's Value Proposition

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



# Workforce

- **Environment factors:**
  - Unemployment Rate: 8% projected by 2009 year-end
  - Inflation: 0.4% projected for 2009
  - Projections for gradual shift return to competitive labour market
  - Demographics: increasing diversity

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Source: Calgary Economic Development



# Workforce

- Smaller municipality scan for 2010: 2010 Preliminary Budget Presentation
  - No to low (2-3%) COLA (2-3%)
  - Market & performance increases (3-4%)
  - Shared concern to remain competitive



# Workforce

## Year to Year

- \$13.2m in 2010
- \$13.3m in 2009

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## Staff as a % of Operating Expenses

- 2010 = 42%
- 2009 = 40.9%
- 2008 = 40.0%



# Workforce

## Recommendations

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- No COLA
- Budget for performance/step increases
- Resources to address Health Check recommendations
- \$ to address compensation audit findings & support our compensation policy
- Employee survey & project work



# Workforce

**180.18 FTEs in 2010 (176.5 in 2009)**

2010 Personnel Presentation

- FTE = Full Time Equivalent
- Is a unit of measure which is equal to one full time position
- 3.7 FTEs net increase detailed on next slide.



## Staffing Changes in the 2010 Budget

<b>Prior Year FTE Budget (2009)</b>	<b>176.50</b>
<b>Requests for new permanent full-time</b>	
Community & Protective Services - Fire Fighters	4.00
Operations - Water/Wastewater Operator I	1.00
<b>Requests for new Part Time Positions</b>	
Operations - Casual Recycling Depot Operators	0.80
Community & Protective Services - Community Resource Assistant (grant-funded)	0.48
<b>Existing Part Time to become full-time</b>	
Community & Protective Services - Early Childhood Educator (grant-funded)	0.20
Operations - Facility Event Clerk/Admin. Assistant	0.20
<b>Total FTEs added to the 2010 Budget</b>	<b>6.68</b>
<b>Full Time Positions Eliminated as Part of the Proposed Budget</b>	
Financial Services - Clerk (vacant)	(1.00)
Planning & Engineering - Safety Codes Officer I and III (vacant)	(2.00)
<b>Total FTEs cut from the 2010 Budget</b>	<b>(3.00)</b>
<b>Total FTEs in 2010 Budget</b>	<b>180.18</b>





# Workforce

A final perspective:

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“I get the sense there’s a bit of pent-up demand and pressure on this. Many organizations...have taken quite a bit of action over the last little while, particularly around re-structuring and that of course, always leaves a bit of legacy with existing employees, so it’s a question of how do you re-engage these people...”

(Human Capital Group Leader, Watson Wyatt)



**GRANTS** 2010 Preliminary Budget  
Presentation

# SHADOW BUDGETS BUDGET DOCUMENT

P. Milner, CA



# Grants

2010 Preliminary Budget  
Presentation

## **ALBERTA MUNICIPAL INFRASTRUCTURE PROGRAM (AMIP)**



# Grants

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Presentation

## The Alberta Municipal Infrastructure Program

- (AMIP) commenced in 2005 to assist Municipalities with their capital needs
- \$12 million paid to the Town in 5 increments of \$2.4 million per year from 2005 – 2009
- Following the first 5 year period, the Town has an additional 5 years to complete the projects initiated under the program



# Grants

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In 2006 Council approved spending for AMIP

Water Treatment Plant	\$9,771,458
Sound Attenuation	\$ 650,000
Watermain to Transfer Station	\$ 326,584
Aerial Ladder Fire Truck	\$ 980,000
Snow Storage facility	\$ 320,868
<b>TOTAL to be expended:</b>	<b>\$12,048,910</b>



# Grants

2010 Preliminary Budget  
Presentation

The 2009 Budget re-designated \$3.4 million of AMIP water treatment plant grants as follows:

Pathways – pedestrian overpass and trail system to link East End to regional pathway system (includes first phase of Gleneagles)	\$1,500,000
Hwy 22 and River Hts Intersection	\$ 900,000
Spray Lakes Rec Centre Expansion (Maximum allowed for this project)	\$1,000,000



# Grants

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Presentation

Additional grants and offsite levies collected for the water treatment plant further reduced the need to spend as much of AMIP grant on this project.

**There is now \$3.955 million in AMIP available for re-designation**

The 2010 Budget includes Administration's recommendation to re-designate **\$440,000 of AMIP grant for a replacement Fire Truck**

For the \$3.5 million remaining AMIP grant, Administration recommends using these funds to further Council's priority of **advancing development of the former Domtar site.**

AMIP can be used as the Town's contribution to the Building Canada Fund for the Centre Avenue Street Connector project. This would eliminate the Town's need to borrow for this project in the future.



# Grants

2010 Preliminary Budget  
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## ALBERTA MUNICIPAL SUSTAINABILITY PROGRAM (MSI)

The Province is estimating a \$42 million investment in Cochrane with the MSI grant program over 10 years (2007 to 2016).

Funding is subject to change annually and was reduced in 2009 from an expected \$2.2 million to \$1.5 million.

The Province is planning to continue with its commitment but will spread it out over more years. Further details are not known yet.





# 2010 MSI Capital Grant - \$1,258,810

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<b>Town Shop Expansion</b>	<b>\$ 1,128,810</b>
<b>Retrofit street lights Bow Ridge and East End</b>	<b><u>\$130,000</u></b>
<b>Total MSI Capital Grant 2010</b>	<b>\$ 1,258,810</b>



# 2010 MSI Operating Grant - \$251,555

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	In 2010 budget
Sustainability Plan Implementation	\$ 150,000
Offsite levies bylaw update	\$ 50,000
Stockmen's Foundation grant	\$ 26,555
Information Services Disaster Recovery Plan	<u>\$ 25,000</u>
<b>TOTAL MSI Operating Grant 2010</b>	<b>\$ 251,555</b>



# Shadow Budgets

- Shadow Budget – Identifies “shadow” that 2010 decisions cast on upcoming years 2010 Preliminary Budget Presentation
- Shadow Budget benefits
  - Proactive planning tool
  - Not a budget for approval



# 2011 Shadow Capital Budget

- Focus is on the \$9m Building Canada Centre Avenue project
- Reserve contributions increased \$100,000
- 2011 assumes no new debt

2010 Preliminary Budget  
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# Debt Limits

- Debt end of 2010 - \$19.2m 2010 Preliminary Budget Presentation
- Maximum legislated debt - \$49 million
- Town not to exceed 80% of this, or \$39m
- \$39m minus \$19m at the end of 2010 equals a **maximum of \$20 million in new debt allowed.**



# 2012 Shadow Capital Budget

- 2012 – assumes a \$27.5 m Aquatic Facility is built after securing \$9m in grants, \$9.25 million from other sources, and borrowing \$9.25m for the balance.
- \$13m would be left in debt limit at end of 2012
- At 66% of debt limit under Town policy
- Adds \$832,000 in principal and interest payments to the 2012 shadow operating budget expenditures.

2012 Preliminary Budget  
Presentation



# 2011 Shadow Operating Budget

- 2011 Shadow forecast net cost \$16.2 million or 19% increase from 2010.
  - ❖ Applied global assumption of 4% shift in Personnel costs
  - ❖ Applied global assumption of 4% in other costs & revenues
  - ❖ Includes full year impact of phased in results from 2009 compensation audit
  - ❖ Includes debt payments on Town shop and Protective Service Centre lump sum payment due March 31, 2011

2010 Preliminary Budget  
Presentation



# Shadow Operating Budget

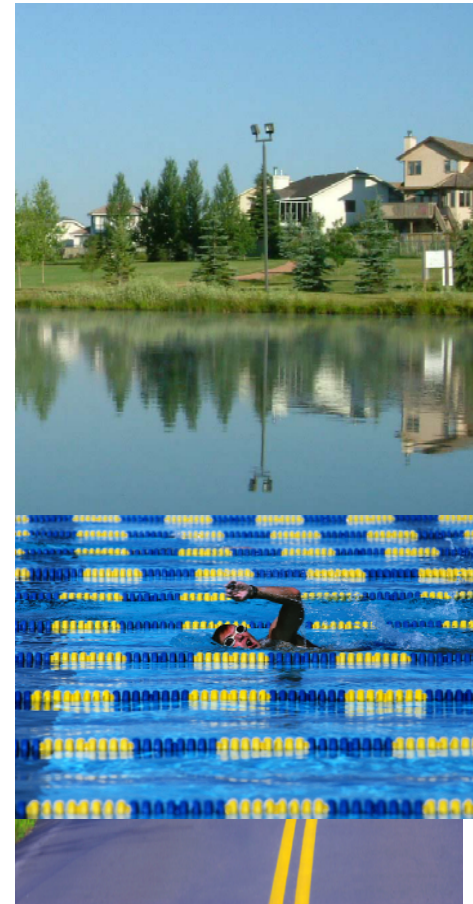
- 2012 Shadow forecast net cost **\$18.2** million or 12% increase from 2011. 2010 Preliminary Budget Presentation
  - ❖ Applied global assumption of 4% shift in Personnel costs
  - ❖ Applied global assumption of 4% in other costs & revenues
  - ❖ Includes funding change in Police budget – Town will have to fund 90% of Police costs versus the 70% funded now from the municipal budget.
  - ❖ Includes debt payments on new Aquatic facility





# Budget Package

2010 Preliminary Budget  
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# Conclusion

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- November 30 to December 2, 2009  
Council debate
- Public Consultation November 18-27,  
2009
- Process for Budget Questions