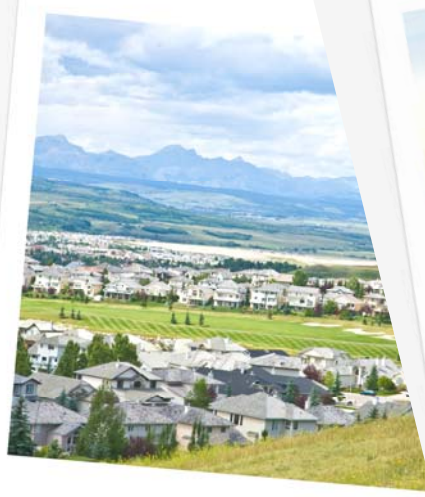




# 2012 Draft Budget



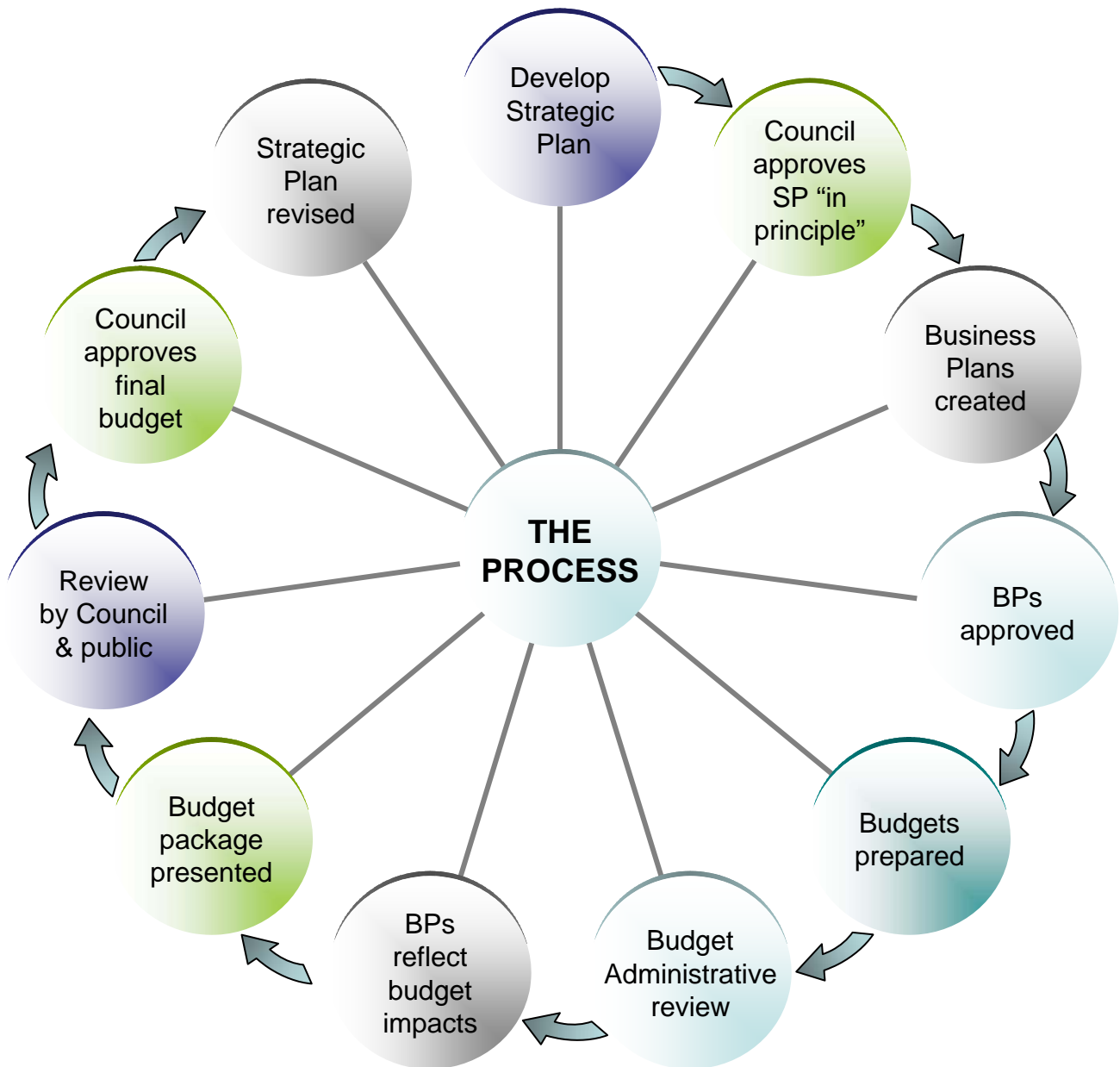
# Agenda

- Introduction – L. Craig, CMA
- Strategic Plan – P. Milner, CA
- Budget Highlights – P. Milner
- Workforce – R. Crooks, CHRP
- Operating and Capital Budgets – P. Milner
- Community Grants – S. Gaida
- Property Tax Impacts – P. Milner
- Conclusion – P. Milner

# Introduction

- Strategic Plan session – spring 2012
  - Identified financial gap
  - Growth & potential tax increases
  - Identified Council's 2012 top priorities
    - Economic Development
    - Recreation & Culture
    - Financial Sustainability
- 2012 Draft Budget
  - 4.5% growth (new property tax \$)
  - 4.9% tax increase
    - Does not meet all of Council's financial sustainability goals
    - Excludes numerous requests
    - Minimum tax increase required to only meet current service levels and growth
    - Falls short of achieving some milestones in CSP, Strategic Plan and 10 Year Financial Strategy
- New Look to document

# Strategic Planning Process



# Strategic Plan

## Example Business Plan actions to achieve Strategic Plan

- Fundraising strategy for Aquatic, Arts, Outdoor Fields, and Curling Club
- Schematic Design proposed for a new Curling Club
- Updated rendering proposed for the Art Centre

# Strategic Plan

## Example Business Plan actions to achieve Strategic Plan

- Add one RCMP officer to respond to Town growth
- Prepare an asset management strategy and capital reserves policy
- Complete Transit Oriented Development project

# Strategic Plan

## Example Business Plan actions to achieve Strategic Plan

- Completion of Open Space Master Plan
- Completion of Downtown Integrated Master Plan
- Partner with County on Ag Society lands strategy

# Budget Highlights

- \$34.4m in total expenditures
- \$18m in offsetting revenues
- \$16.4m net cost of operations (\$15m in 2011)
- \$1.4 m, 9.4% shift in net cost of operations over 2011



# New Look

- More user friendly – Jaylene Knight, Leg Serv, creative touch
- Each section has
  - Service Summary
  - Key 2011 Accomplishments
  - Innovation/Efficiencies
  - Core Budget (2011 Budget, 2011 Projected, and 2012 Proposed Budget)
  - Variance highlights
- Zero Based Budget for Economic Development only

# Budget Highlights

- Initial September budget submissions
- Shift in net cost of operations of \$3.8 million, over 25% increase
- Numerous adjustments made to initial requests

# Budget Highlights

- Tax increase at 4.9% basic min increase to meet current levels of service
- Falls short of achieving a number of priorities
- Examples follow

<b>Budget requests in ascending order</b>	<b>Cost</b>	<b>Tax increase impacts</b>	<b>Tax increase options</b>
<b>Public Relations contract services</b>	<b>\$42,000</b>	<b>0.26%</b>	<b>5.16%</b>
<b>Pride of Cochrane</b>	<b>\$50,000</b>	<b>0.32%</b>	<b>5.48%</b>
<b>RCMP Detachment Clerk</b>	<b>\$55,000</b>	<b>0.35%</b>	<b>5.83%</b>
<b>Fire Master Plan</b>	<b>\$75,000</b>	<b>0.47%</b>	<b>6.30%</b>
<b>Cochrane and Area Events grant request</b>	<b>\$80,000</b>	<b>0.50%</b>	<b>6.80%</b>
<b>RCMP Officer (2 requested;1 included)</b>	<b>\$94,500</b>	<b>0.60%</b>	<b>7.40%</b>
<b>Townwide Retail Marketing Study</b>	<b>\$100,000</b>	<b>0.63%</b>	<b>8.03%</b>
<b>Spray Lakes Rec capital grant request (dehumidification)</b>	<b>\$150,000</b>	<b>0.95%</b>	<b>8.98%</b>
<b>Transportation Master Plan Update</b>	<b>\$186,000</b>	<b>1.16%</b>	<b>10.14%</b>
<b>Director Infrastructure section budget cut</b>	<b>\$186,641</b>	<b>1.17%</b>	<b>11.31%</b>
<b>Total Additional costs</b>	<b>\$1,019,141</b>	<b><u>6.41%</u></b>	
<b>Property tax increase if all included</b>		<b><u>11.31%</u></b>	

# Workforce

## 181.08 FTE for 2012

- FTE = Full Time Equivalent
  - Is a unit of measure which is equal to one full time position
- Net increase of 4.23 FTE from 2011

# Workforce

## Year to Year

- \$14.4m in 2012
- \$13.8m in 2011

## Staff as a % of Operating Expenses

- 2012 = 43%
- 2011 = 43%

# Workforce

## Significant developments:

- Extensive recruiting efforts
- Emergence of retention challenges
- New performance management system
- Collective bargaining
- Re-structuring of teams for skill alignment & efficiencies

# Workforce

- 'Retaining key talent will be a key priority for employers as the economy recovers. Employers with modest budgets for salary & promotional increases may be left with few tools to recognize and retain key people.'

(Mercer)



# Workforce

- 'Stunning job rush continues in Alberta'  
(Calgary Herald Oct. 8)
- 'Employee recruitment, retention and skill development have returned labour as a top Chamber priority'  
(President, Calgary Chamber of Commerce)

# Workforce

## Environment factors:

- Year to date Consumers Price Index:
  - Calgary 1.85%
  - Alberta 2.03%
  - Canada 2.94%
- 4% shift in comparator salary grids over past two years

# Workforce

Smaller municipality scan for 2012:

- Cost Of Living Adjustments or COLA (2% range)
- Merit/performance increases (3-4%)
- Shared market survey including Town of C underway

# Workforce

- 2012 salary budgets by sector:
  - Oil/gas: 4.2%
  - Alberta: 3.2%
  - Public & NFP: 2.8%
  - Greater Calgary: 3.2%
  - National: 3.0%

# Workforce

- Significant drop in AB unemployment rate: 5.4%
- Continued aging of workforce
- Implication: Retention ++

# Our Workforce

Demographic & turnover  
data in this slide: *(in  
progress)*

# Workforce

## Value Proposition:

- Presently under review with Senior Leadership Team
- Total compensation focus
- Quality of life & flexibility key themes

# Workforce

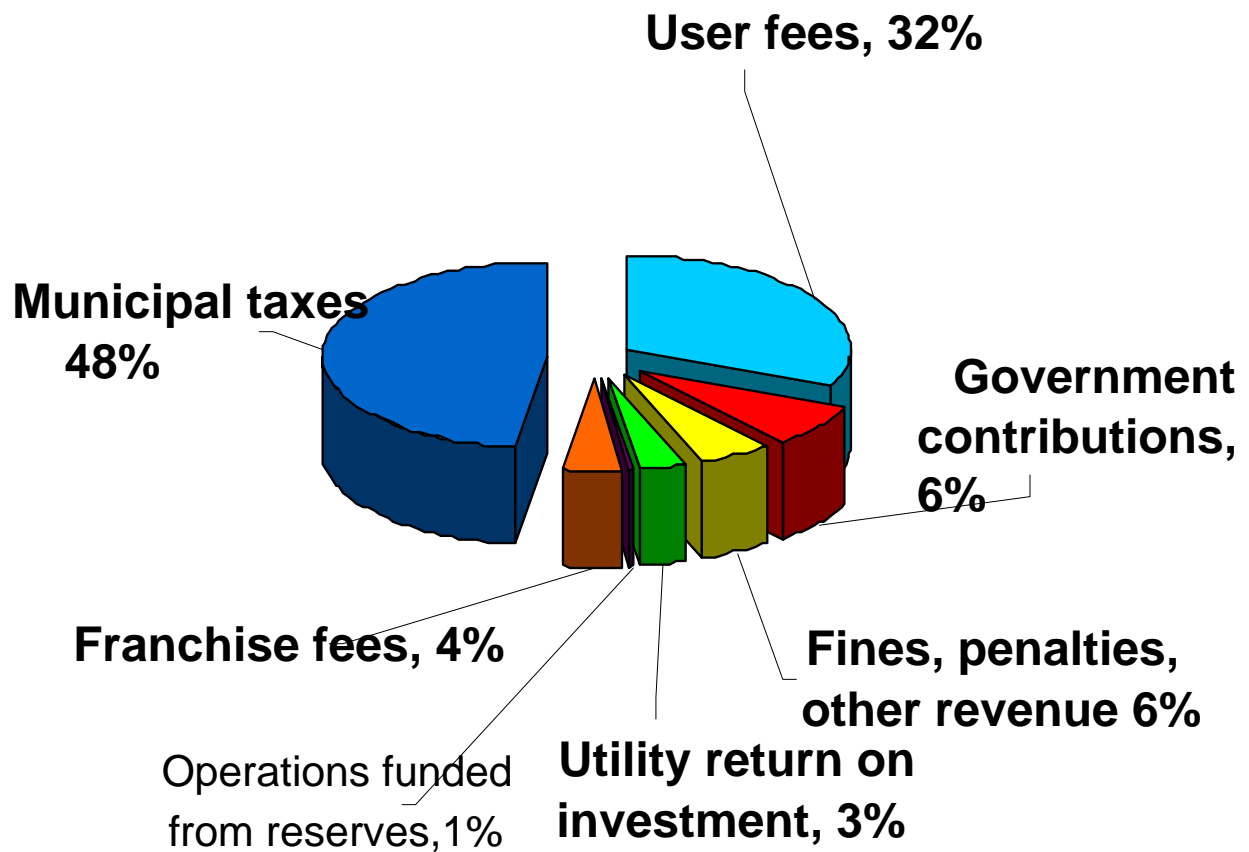
## Compensation recommendations:

- 2.6% COLA
- Step increases for service & performance
- Funds for market adjustments and grid re-alignment
- 1% to address increase in pension contributions



# Operating Budget

Total revenues \$34.4 million



# Operating Budget

## Revenue Highlights...

- **Municipal taxes paid for an average residential assessment proposed to increase 4.9%**
- **Growth est 4.5% in 2012 resulting in approximately \$670,000 in new tax revenue**
- **Increase in planning and other user fees**
- **Higher franchise fee revenue (however Cochrane rate to Fortis is unchanged)**

# Operating Budget

## Revenue Highlights...

- **Water rates increase by 6%**
- **Sewer rates increase 6%**
- **Eco Centre rates reduced by 18%**
- **No 2012 draw on operating reserves to mitigate tax increase**

# Operating Budget

Expenditure Details	2011	2012	Change	Change
SERVICE	\$ million	\$ million	\$ million	%
Council	0.4	0.4	-	0%
General Government and Corporate Services	4.8	5.5	0.7	15%
Protective Services	6.7	7.0	0.3	4%
Community Services, Town Facilities, Recreation and Culture, Cemeteries and Parks	7.0	7.2	0.2	3%
Roads and Storm Sewer	2.9	3.3	0.4	14%
Water and Wastewater	5.6	6.0	0.4	7%
Waste and Recycling	1.7	1.9	0.2	12%
Planning, Environment & Economic Development	2.4	2.3	(0.1)	-4%
Community Grants and Library	<u>0.7</u>	<u>0.8</u>	<u>0.1</u>	14%
<b>Total Expenditures</b>	<b>32.2</b>	<b>34.4</b>	<b>2.2</b>	<b>7%</b>

# Operating Budget

## Expenditure Highlights...

- 181.08 FTE -add 4.23 FTE arising from growth and risk management.
- Increase savings in general government budget to support various HR workforce requirements.
- Increased non-staffing fixed costs equates to 2.7% property tax increase.

# Operating Budget

## Expenditure Highlights...

- Example increases in fixed costs
  - Roads power budget up 23%
  - Increased legal fees anticipated in 2012
  - Increased vendor charges in several areas
- Utilities also affected by rising fixed costs.
  - City of Calgary proposed rate increases of 13.5% in each of the next 3 yrs

# Transit

- Operating budget includes \$85,000 for phased Transit
- \$27m in 2011 Capital Budget:
  - \$17.8 m GreenTrip Provincial grant
  - \$2.7 m New Deal Federal grant
  - \$6.5 m MSI Capital grants 2011 to 2013
- \$6 million GreenTRIP approved to date
- Transit Phasing Options to be presented to Council November 14 with deliberation later in November.

# Community Grants

Expenditure Highlights Continued...

Annual Operating Grants to Organizations  
2012:

- Citizens on Patrol
  - Cochrane Activettes
  - Cochrane and Area Humane Society
  - Cochrane Tourism Association
  - Cochrane Youth Association
  - Rocky View Regional Handibus Society
  - Nan Boothby Memorial Library
  - Stockmen's Foundation
  - Sustainability Partners Uniting Resources (SPUR)
  - Victim Services
- 
- Community Grant Program funded in 2012.



# 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 4.5% parcel growth
- Assessment values not confirmed until January 2012
- Tax rates adjusted annually to ensure municipality stays in revenue neutral position from year to year
- Education requisitions not known until late April 2012
- Tax rates finalized and presented to Council in May 2012 for approval

# Property Tax Impacts

Average Assessed Value (assumes no change in 2012)	Value	2011 Muni Tax Rate	2011 Muni Taxes	4.9% increase impact in 2012	\$ Monthly increase
Duplexes	\$ 282,200	0.00456	\$ 1,286.83	\$ 63.05	\$ 5.25
Condos	309,400	0.00456	\$ 1,410.86	\$ 69.13	\$ 5.76
<b>Single Family Dwelling</b>	<b>425,500</b>	<b>0.00456</b>	<b>\$ 1,940.28</b>	<b>\$ 95.07</b>	<b>\$ 7.92</b>
Industrial	833,533	0.0065	\$ 5,417.96	\$ 265.48	\$ 22.12
Commercial	1,124,533	0.0065	\$ 7,309.46	\$ 358.16	\$ 29.85

Average single family dwelling total  
2012 municipal taxes = \$2,035.35

# Property Tax Impacts

**4.9% municipal  
property tax increase in  
2012 = \$7.92 per month  
for the average single  
family dwelling  
assessment.**

# Capital Budget

- \$6.5m Total 2012 Capital Budget
- \$5.2m 2012 Capital projects
- \$1.3m from operations to capital budget
- 3.7% total operating expenses to fund capital budget (3.5% 2011)

# Capital Budget

- \$5.2m 2012 Capital projects
- Key infrastructure projects:
  - \$2 m Transfer Station upgrade
  - \$1.3 m East End Road Improvements
  - \$400,000 Highway 1A roadworks
  - \$370,000 prelim work on new bridge design
- Major projects from 2011 like Centre Avenue will take the next two years to complete.

# Capital Budget

- \$131,000 in projects are funded from operations and the rest from grants and reserves
- Capital spending reduction minimal impact on the 2012 operating budget

# Capital Budget

- \$1.14 m to lifecycle reserves in 2012
- \$97,000 to equipment reserves in 2012 (Nil in 2011)
- \$170,000 was cut from equipment reserve contributions
- Total 2012 reserves meets sustainability target for 2012



# Grants

## NEW DEAL AND BTG

- \$3,438,320 in Federal New Deal grants for 2010 to 2014 approved.
- \$859,580 New Deal required for East End Road improvements with remaining for Transit.
- 2012 Basic Transportation Grant (BTG –formerly called SIP grant) \$925,440 - required to cashflow Centre Avenue road project

# Grants

## ALBERTA MUNICIPAL SUSTAINABILITY PROGRAM (MSI)

- The Province committed \$42 million for Cochrane with the MSI grant program over 10 years (2007 to 2016).
- MSI Capital Grant in 2011 was \$3,164,870
- 2012 estimate is \$3,200,000
- MSI Operating Grant in 2012 estimate \$250,000

# Grants

**2012 MSI Capital                    \$3,200,000**

## **Projects in 2012 Budget**

**Highway 1 A            \$ 400,000**

**Wheel loader            \$ 330,000**

Suggest remaining \$2.5 million saved to implement recommendations from Open Space Master Plan in progress.

# Grants

## **\$250,000 MSI Operating Grant**

- **Fundraising Strategy (\$150,000) for the Pool, Arts Centre, Fields, Curling Club**
- **Rest for Schematic Design for a new Curling Club and updating rendering for Arts Centre**

# Debt Limit

- Debt end of 2012 - \$14.8m
- Max legislated debt - \$46 million
- Town not to exceed 80% of this, or \$37m debt limit
- **Maximum of \$22 million in new debt allowed.**
- **The Town is projected to be at 32% of its debt limit at the end of 2012.**

# Conclusion

## What's Next?

Public engagement:

- Town Website – October 25
- Budget summary published in the Cochrane Times - November 2
- Town Hall Budget Meeting - November 14 at 7 pm
- Feedback mechanisms provided

# Conclusion

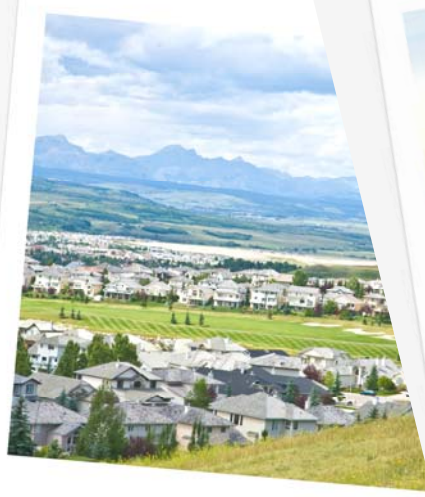
## What's Next?

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

- Process for Budget Questions
- Council debates budget Special Meetings on November 18, 19, 2011
- November 21, 2011 at 1 pm also suggested
- November 28, 2011 proposed approval of 2012 Budget
- Based on budget decisions, 2012 Strategic Plan to be revised and brought forward to Council for final approval



# 2012 Draft Budget



**Your 2012 Budget Package is available electronically!**





# Conclusion

- Administration recommends Council receive the Draft 2012 Operating and Capital Budgets as information.
- Recommend November 21, 2011 - 1 pm Special Meeting if required to finalize budget deliberations.