



Proposed 2020

Operating and Capital Budget

Agenda

1. Budget Process
2. Fiscal Outlook
3. Budget Summary
4. Next Steps



Section 1

Budget Process

Budget Framework

Open and transparent process

The budget process begins with Council determining the priorities for the year, then staff develop the best possible budget that incorporates Council's priorities and fits within the resources available

All meetings are open to the public and advertised through a variety of means

Draft budget and presentations available on our website (www.peaceriver.ca/budget) and office

Budget Framework

The budget sets forth a strategic resource allocation plan that is aligned with community goals, preferences and needs

Budget impacts are sensitive to prevailing economic conditions

Incorporates Council's priorities into a format to allow for discussion and deliberation
– aligns with strategic plan

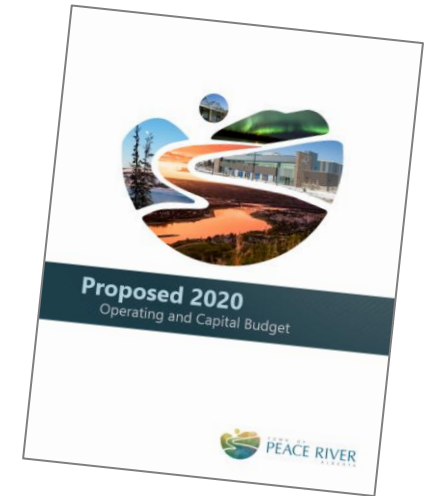
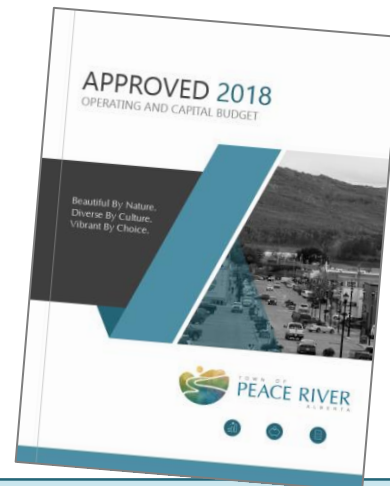
The budget is a policy document, financial plan, operations guide, and communication device

Budget Presentation

Fourth year for book - comparison issues from previous versions have been resolved.

Presentation items to consider:

- Gross amounts shown – no netting of amounts
- Revenues are negative
- Internal allocations ongoing
- Capital Improvement Plan – single year shown at this current time





Section 2

Fiscal Outlook

Fiscal Outlook

Minimal opportunities for non-tax revenues in 2020

Generally most cost areas at or around CPI (2.1%)

Includes annualized Baytex Energy Centre costs

Borrowing is still inexpensive

Expectations of public to achieve high standard is difficult

Uncertainty of business segments (ie airport) or municipal cooperation

Fiscal Outlook

Provincial

Provincial budget impacts are significant

- reduction in MSI funding totaling \$162,000, with a similar reduction expected in 2021
- reduction in levies paid through grants in lieu of taxes program totaling \$61,600, with similar reduction in 2021
- reduction in fine revenue of approximately \$21,000, as the Province is retaining a greater portion of processing and other fees
- employment grants reductions totaling \$25,500

Fiscal Outlook

Still in a significant deficit position, creates uncertainty

Proposed MGA changes offer few short-term avenues for opportunity

Intermunicipal Collaborative Frameworks may provide assistance

Fiscal Outlook

Federal

No new programs or substantive funding

Carbon levy charges (instead of province)

Local

Residential and commercial development work reduced

Aging infrastructure and deferred work is putting pressure on tax rates and water & wastewater rates



Section 3

Budget Summary

Operating Budget

Proposed budget includes expenditures of \$26,699,060 (\$25,783,030 in 2019) which includes the following items:

- Proposed net operating expense increase of \$916,030 (or 3.2%)
- Service level (or deliberation items) totaling a net impact of \$37,570
- Current budget deficit of \$323,870 – the final budget position, and subsequent tax revenue changes, to be determined based on deliberations and decisions of Council

Operating Budget

2020 Base Budget – amounts needed to maintain existing services.

Year to year net change (increase) of \$286,300 or 2.3%. (Table 1, page 20)

- Wage annualizations (Baytex Energy Centre, planning, public works) and settlements – approx \$434,000
- Utility costs of power and gas – approx \$94,000
- Contracted services on infrastructure repairs – approx \$220,000
- Net debt costs, mostly for Reservoir 365 – approx \$100,000
- Water rate revenues – approx \$375,000, subject to approval

Budget Summary

2019 Service Level Items – new initiatives or changes to existing services, for Council consideration.

	Service Level Adjustment	New Program or Service	Subtotal	Less Revenue Offset	Proposed Service Level Change
Chamber of Commerce sponsorship	5,500	-	5,500	-	5,500
Fire protection – airport	-	73,000	73,000	(73,000)	-
Public Works casual labourers	44,070	-	44,070	-	44,070
Library funding	(12,000)	-	(12,000)	-	(12,000)
	37,750	73,000	110,570	(73,000)	37,570

Budget Summary

Base budget	(\$286,300)
IF	
All Deliberation Items approved	(\$35,570)
Budget Position	(\$323,870)
If recovered via taxation	2.9% increase

Water & Wastewater Rate

Staff are proposing a rate increase of 68 cents or 12.6%

Increase is due to:

- emergency repairs and remediation on water or sewer line failures
- increases in utility and insurance costs
- required funds for hydrant and valve replacements
- debt funding for projects including Reservoir 365 replacement

Capital Budget

For 2020 staff are proposing a \$7.03M capital budget.

General fund (taxation)	\$3.33M
Water & wastewater fund	\$3.70M

Some projects are funding dependent and will be considered “conditional” unless funding is achieved – more info to follow

Required water & wastewater projects continue to put pressure on rates

Capital Budget

Project	Amount
Hardware Replenishment	24,000
Total Information Systems	24,000
Front Line Fire Apparatus	750,000
Diesel Exhaust Extraction System	60,000
Decontamination equipment	30,000
Commercial Washer/Extractor	10,000
Total Protective Services	850,000
Neighbourhood Renewal Prog.	1,800,000
Operations Heavy Equipment	200,000
Pavement Overlay Project	250,000
Sidewalk Replacement	75,000
Facility Security System Upgrades	36,000
Columbarium	40,500
Town Hall Cladding Upgrades	6,000
Total Works & Equipment	2,407,500
Tractor/Toolcat	50,000
Total Recreation & Cultural	50,000
Lift Station 4	32,000
Shaftesbury Sewer Main - Pt 1	3,240,000
STP Aeration Tank Cleaning	375,000
Meter Read Software	50,000
Total Water & Wastewater	3,697,000
Total Capital Program	7,028,500



Section 4

Next Steps

Presented Budget

Tonight – budget distribution. Chance to review and gather information for upcoming budget deliberations.

Will be available to public and other organizations.

Please get in touch with any questions.

Decision Packages

Approval of the budget can be broken down into the following decision packages:

- Approval of the base budget (additional information to be provided)
- Approval of water & wastewater rates (pg 21, 52 to 55 and capital section)
- Approval of 2020 Capital Improvement Plan (pg 84 to 86)
- Approval of Service Level Initiatives (pg 22 to 23)

‘Required tax revenue’ changes will be based on these approvals.

Anticipated Budget Schedule

Monday, January 27, 2020 at 5:00pm

- Operating and Capital Budget released
- Distribute to stakeholders and public
- Overview of Operating and Capital Budget

Monday, February 3, 2020 at 5:00pm

- Public input
- Budget review and deliberations

Monday, February 10, 2020 at 5:00pm

- Public input
- Budget review and deliberations

Monday, February 24, 2020 at 5:00pm

- Budget review and deliberations
- End of deliberations, staff prepare final budget

Monday, March 9, 2020 at 5:00pm

- Budget approval

Input and Questions

Input can be sent to the Town Hall via:

Mail: PO Box 6600
Peace River, AB T8S 1S4

Email: gtowne@peacriver.ca

Phone: (780) 624-2574

. . . or may be received through any Councillor.

Questions?