



STAFF REPORT

Title: 2020 Operating Budget

Meeting Date: January 14, 2020

Executive Summary:

The Municipal Government Act (MGA) provides direction to Council regarding the adoption of Operating Budget. The Municipal Government Act requires, with limited exceptions, that all expenditures of the municipality are within an approved Operating Budget. Due to the uncertainty of the funding source for the 2020 budget the City will not be able to pass the 2020 Operating Budget. The City will not be able to incur any expenditures after Dec 31, 2019 without adopting at least an interim 2020 Budget. Administration is recommending for Council's consideration passing an interim budget for 12 Million for the first 3 months of 2020.

Background:

Section 242 Adoption of Operating Budgets

- (1) Each council must adopt an operating budget for each calendar year.
- (2) A council may adopt an interim operating budget for part of a calendar year.
- (3) An interim operating budget for a part of a calendar year ceases to have any effect when the operating budget for that calendar year is adopted.

Passing of an interim budget will allow Administration to continue to make operating expenditures in 2020 until the final operating budget is passed.

Section 248 Expenditure of Monies

- (1) A municipality may only make an expenditure that is
 - (a) Included in an operating budget, interim operating budget or capital budget or otherwise authorized by council,
 - (b) For an emergency, or
 - (c) Legally required to be paid.

It should be noted that the City of Cold Lake's financial forecasting and budget modeling included taxation revenue from the ID349. It was also included in the City's annexation application, indicating that funding from I.D. 349 has a material effect on the finances and sustainability of the City of Cold Lake.

As it currently sits, the deficit will continue to grow until an agreement is solidified and/or a tax increase along with a reduction in program or services in 2020.



At this time, Administration is recommending that Council adopt an interim operating budget for 2020. Administration estimates that an interim budget of \$12 million will hold over committed and/or legislated expenses for the period of January 1, 2020 and March 31, 2020. No commitments will be made beyond March 31, 2020 except where existing contractual agreements are in place. Prior to the end of March and dependent on solidifying the funding sources for 2020, Administration will be presenting for Council's consideration an amendment to the interim budget or the 2020 Operational Budget. The 2020 Operational Budget must be passed prior to setting the tax rate in May 2020.

Administration would like to highlight that this will include the following:

- 2020 Airshow Sponsorship \$125,000 plus GST (\$131,250); and
 - Council has passed a motion to sponsor the 2020 Airshow. The City has received the funding agreement of which is currently being reviewed by administration.
- MCCAC Municipal Program Manager \$11,000 (22,000 over 2 years)
 - Council passed a motion to contribute funding with the M.D. of Bonnyville (host) and Village of Glendon to hire a "Manager" to review municipal facilities and provide recommendations that support bold to address climate change and reduce greenhouse gas emissions.
- Northern Lights Library System \$1,197
 - Subject to membership approval, the NLLS will be increasing their fees by 1.5%. Council provided a motion of support for this increase.

It should be noted that this interim budget may impact contracted services, staffing, programming and supply chains beyond March 31, 2020, unless other authorizations are in place. This will include spring and summer road maintenance activities etc. The interim budget will also impact Council Goodwill and Grants to community related organizations.

The following specific requests may need to be considered in the New Year for planning purposes:

- Full Throttle Festival \$30,000
 - The City of Cold Lake holds a street festival opening to the Cold Lake Airshow on Main Street. This event is always very well attended.

Further to the above, the Chief Administrative Officer (CAO) has already implemented a freeze to hiring any vacant positions inclusive of all positions (full-time, part-part time, term, casual, specific projects). In extraordinary circumstances a requisition to hire will be considered by the CAO however these circumstances will be based on merit of meeting only immediate legislated and/or operational requirements until the hiring freeze is lifted.



Alternatives:

Council may consider the following options:

1. Council may pass a motion to approve an interim operating budget of 12 Million to cover expenses from Jan 1, 2020 to March 31, 2020.
2. Council may consider approval of a different amount or time period for the interim budget

Recommended Action:

Administration recommends Council pass a motion to approve an interim Operating Budget of \$12 Million to cover operations, committed and/or legislated expenses between January 1, 2020 and March 31, 2020.

Budget Implications (Yes or No):

Yes

Submitted by:

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