



STAFF REPORT

Title: 2020 Operating Budget

Meeting Date: March 24, 2020

Executive Summary:

The City of Cold Lake annually prepares an Operating Budget and details of funding sources and expenditures to deliver municipal services consistent with service levels as approved by Council. Council on December 23, 2019 passed an interim budget of \$12M for the first quarter of 2020. Attached is the proposed 2020 Operating budget for Council's consideration. Administration is confident that we have captured all the items discussed during the Council budget deliberations and the directions given by Council. The 2020 Operational Budget is estimated at \$53,528,632 of which approximately 30% (16 Million) is funded by taxation revenue from the Cold Lake Air Weapons Range (ID349). The City as of today's date has not been notified of the amount that will be allocated to Cold Lake from the ID349 tax revenue, nor have we received the 2019 revenue. The City will be transferring \$9,245,000 to Capital of which \$8M is from the ID349 taxation revenue. The City will be putting many projects on hold until we are notified from Municipal Affairs of the amount of revenue the City will receive from the taxation revenue from the ID349.

Background:

The 2020 budget was presented to Council with service level documents consisting of programs and services being delivered by the City of Cold Lake. The budget deliberations this year included Council sessions reviewing changes to the budget and services as compared to 2019 and discussion around revenue sources.

The 2020 Budget is virtually a status quo budget with no increase to staff or service levels. The budget includes a \$1.2M allowance for uncollectible taxes due to the Payment in Lieu of Taxes (PILT) dispute with the Government of Canada, and a total transfer to the Capital Budget of \$9,245,000 to assist in replacing and providing new infrastructure that will help the City build a more sustainable community. \$36,901,554 will be generated from tax revenue of which \$16M is from CLAWR taxation revenue which we currently do not have confirmation for. The balance comes from taxation revenue from the City of Cold Lake. Other funding to balance the budget comes from grants, donations and user fees. The budget includes a transfer to capital of which 8M comes from the taxation revenue from the ID349. Many capital projects will be put on hold until the funding is solidified. \$20,873,554 from City of Cold Lake taxation revenue



with the balance being funded from grants and user fees. The City is unsure of the outcome of Intermunicipal Collaboration Frameworks (ICF's) however Council may consider amendments to the budget once this is known. The City has included 1.5M from the MD as per the IMCP. The proposed budget includes a forecasted 1.11% average increase in Municipal taxes subject to final assessments and further consideration by council prior to setting the 2020 tax rate. Tax rates will be set in May 2020.

Highlights of the 2020 Operating Budget Include:

- \$8,028,000 of ID349 taxation revenue is included in the 2020 operational budget with the balance of approximately \$8M being transferred for Capital Projects
- Continued 1.245M investment in infrastructure through transfer from operations
- Continuation of most of the Current Levels of Service
- Funding of the New Family/Children's Services Program to replace Parent Link
- \$90,000 was allocated for the implementation of a Crime reduction strategy as well as an additional RCMP member.
- Council funded the 2020 Airshow and street festival in the event it is not cancelled
- No increase to utilities
- Approximate 5% increase to Recreation fees
- Closure of the North Arena
- Council gave direction not to fund amortization expense of \$9.1 million but chose instead to continue making investment in replacing and providing new infrastructure

Based on the current assessment and tax structure, 1% increase in revenues generates approximately \$205,000. By approving this budget Council has committed to a 1.11% tax increase in 2020, however taxes levied are proportionate to the assessment of the property. Some municipal property taxes may increase and some may decrease at a different rate depending on the increase or decrease in the assessed value in proportion to other properties in the City.

As per section 242 of the MGA and interim budget for a part of a calendar year ceases to have any effect when the operating budget for that calendar year is adopted.

Alternatives:

Council may consider the following options:

1. Council may adopt the 2020 Operating Budget totaling \$53,528,632.
2. Council may pass an interim Budget



Recommended Action:

Administration recommends Council adopt the 2020 Operating Budget as presented totaling \$53,528,632.

Budget Implications (Yes or No):

Yes

Submitted by:

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