

COMMITTEE OF THE WHOLE AGENDA

Tuesday, December 3, 2024, 8:30 a.m.

1600 2nd Street NE

Three Hills, AB T0M 2A0



<https://www.youtube.com/@kneehillcounty48>

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1. Call to Order	
1.1 Approval of Agenda	
1.2 Approval of Minutes	
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3. Closed Session	
4. Adjournment	



Committee of the Whole Minutes

November 19, 2024, 8:30 a.m.
1600 2nd Street NE
Three Hills, AB T0M 2A0

- Council Present: Faye McGhee, Deputy Reeve
Jerry Wittstock, Councillor
Carrie Fobes, Councillor
Laura Lee Machell-Cunningham, Councillor
Wade Christie, Councillor (Arrive at 9:56 a.m.)
Kenneth King, Reeve
- Council Absent: Debbie Penner, Councillor
- Staff Present: Mike Haugen, Chief Administrative Officer
Mike Ziehr, Director of Infrastructure
Kevin Gannon, Director of Community Services
Theresa Cochran, Director of Corporate Services
Ushba Khalid, Municipal Intern
Mike Conkin, Project Supervisor
Carolyn Van der Kuil, Legislative Services Manager

1. Call to Order

Deputy Reeve McGhee called the meeting to order at 8:30 a.m.

1.1 Approval of Agenda

Resolution: CW121

Moved by: Reeve King

That the Committee of the Whole approve the agenda as presented.

CARRIED

1.2 Approval of Minutes

1.2.1 Approval of the October 15, 2024, COW Meeting Minutes

Resolution: CW122

Moved by: Councillor Cunningham

That the Committee of the Whole approves the adoption of the minutes of the October 15, 2024, Committee of the Whole meeting, as presented.

CARRIED UNANIMOUSLY

_____Initials

2. New Business

2.2 Road Use Agreement Discussion

The Chair called for a recess at 9:39 a.m. and called the meeting back to order at 9:55 a.m. with all previously mentioned members present.

Councillor Christie arrived at 9:56 a.m.

Resolution: CW123

Moved by: Councillor Cunningham

That this meeting goes into closed session at 9:18 a.m. for the following reason(s).

- Third Party Business (FOIP- Section 16)

CARRIED

Resolution: CW124

Moved by: Reeve King

That Council return to open meeting at 9:38 a.m.

CARRIED

9:38 a.m. - meeting recessed to allow return of public.

9:38 a.m. - meeting resumed.

Resolution: CW125

Moved by: Councillor Fobes

That the Committee of the Whole accept the information on Road Use Agreements as information.

CARRIED UNANIMOUSLY

2.1 Community Aggregate Payment Levy

Resolution: CW126

Moved by: Reeve King

That the Committee of the Whole recommend Administration to bring forward the Community Aggregate Payment (CAP) Levy Bylaw to Council for first reading.

CARRIED

_____ Initials

2.3 Policy 13-2 Grader Gravel Services & Policy 13-36 Maintenance of Dirt Trail Road Allowances

Resolution: CW127

Moved by: Councillor Wittstock

That the Committee of the Whole recommend to Council to approve the recommended changes to Policy 13-2 Grader and Gravel Services and further direct Administration to develop an appropriate communications package informing ratepayers of the revisions to the policy.

CARRIED

2.4 Bill 20: The Municipal Affairs Statutes Amendment Act, 2024

The Chair called for a recess at 11:16 a.m. and called the meeting back to order at 11:30 a.m. with all previously mentioned members present.

Resolution: CW128

Moved by: Councillor Cunningham

That the Committee of the Whole receive for information the Bill 20: The Municipal Affairs Statutes Amendment Act, review presentation.

CARRIED

3. Closed Session

Resolution: CW129

Moved by: Councillor Fobes

That this meeting goes into closed session at 12:11 p.m. for the following reason(s):

- Intergovernmental Relations (FOIP- Section 21)

CARRIED UNANIMOUSLY

Resolution: CW130

Moved by: Councillor Fobes

That Council return to open meeting at 12:18 p.m.

CARRIED

12:18 p.m. - meeting recessed to allow return of public.

12:18 p.m. - meeting resumed.

_____ Initials

4. Adjournment






The meeting adjourned at 12:19 p.m.

Faye McGhee, Deputy Reeve

Mike Haugen, CAO

Subject: **2025 Budget – Additional Information**
 Meeting Date: Tuesday, December 3, 2024
 Prepared By: Marika von Mirbach, Manager of Financial Planning
 Presented By: Marika von Mirbach, Manager of Financial Planning

STRATEGIC PLAN ALIGNMENT: (Check all that apply)

	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
High Quality Infrastructure		Economic Resilience		Quality of Life		Effective Leadership		Level of Service	

RELEVANT LEGISLATION:

Provincial (cite)- The County is required under the Municipal Government Act (MGA) to annually approve both an operating and capital budget which are balanced and fully funded.

BACKGROUND/PROPOSAL:

This report and the attached presentation represent the fifth stage of the 2025 Budget process.

The planned stages for the 2025 Budget process include:

- **October 8 – Setting the Stage and Proposed Projects**
 - This step intends to provide context on how the budget was prepared and outline proposed projects for consideration in the 2025 Budget.
- **October 22 – Proposed Core Operating Budget**
 - This step will outline the core operating budget, which is developed based on maintaining existing service levels and Council approved guidelines.
- **2024 Third Quarter Variance Report**
 - While not a formal part of budget deliberations, the third quarter variance report will inform Council of the County’s projected results for 2024 to provide additional context for 2025 Budget requests and adjustments.
- **November 12 – Budget Discussions**
 - This step allows Administration to respond to questions and information requests received from Council resulting from the first two presentations. This time will also be utilized to obtain guidance from Council required to balance the budget for future adoption by Council.
- **November 26 – Budget Discussions**
 - This meeting provides an additional opportunity for budget discussions by Council and seeks to determine a balanced budget to be presented at the final stage.
- **December 3 – Additional Information and Budget Discussions**
 - This meeting is intended to provide additional information requested by Council with respect to the budget, and to provide Council with an additional opportunity to deliberate items included within the budget.
- **December 10 – Budget Adoption**
 - The intention for this stage is for Council to adopt a balanced budget.



DISCUSSION/OPTIONS/BENEFITS/DISADVANTAGES/OTHER CONSIDERATIONS:

As part of the 2025 Budget process, Administration has prepared the fifth presentation to Council. This presentation includes:

- *Historical Budget Trends* to provide context of trends that have affected the budget in recent years and continue to impact the planning process concerning the budget.
- *Current Trends* to provide an overview of the significant current trends that affected the preparation of the 2025 Budget.
- *Current State* reflects the current state of the proposed 2025 Budget.
- *Council Consideration Items* to highlight critical points of deliberation required to move towards a balanced budget for presentation to Council at the December 10th Council meeting.

FINANCIAL & STAFFING IMPLICATIONS:

The annual budget process is incorporated into existing staff work plans annually. The budget itself provides Administration with the authority to implement plans in alignment with Council's Strategic Plan.

ATTACHMENTS:

- 2025 Budget – Additional Information slide deck

RECOMMENDATION:

That the Committee of the Whole recommend to Council to bring the 2025 Budget forward for consideration at the December 10th Council meeting.

APPROVAL(S):

Mike Haugen, Chief Administrative Officer

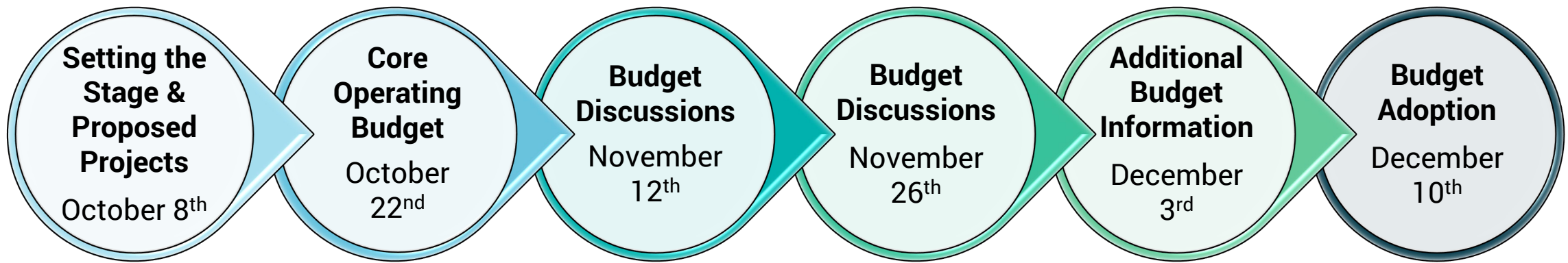
Approved-





Additional Budget Information

Budget 2025 Schedule



Agenda



Historical Budget Trends

Current Trends

Current State

Council Consideration Items



**HISTORICAL
BUDGET TRENDS**



**CURRENT
TRENDS**

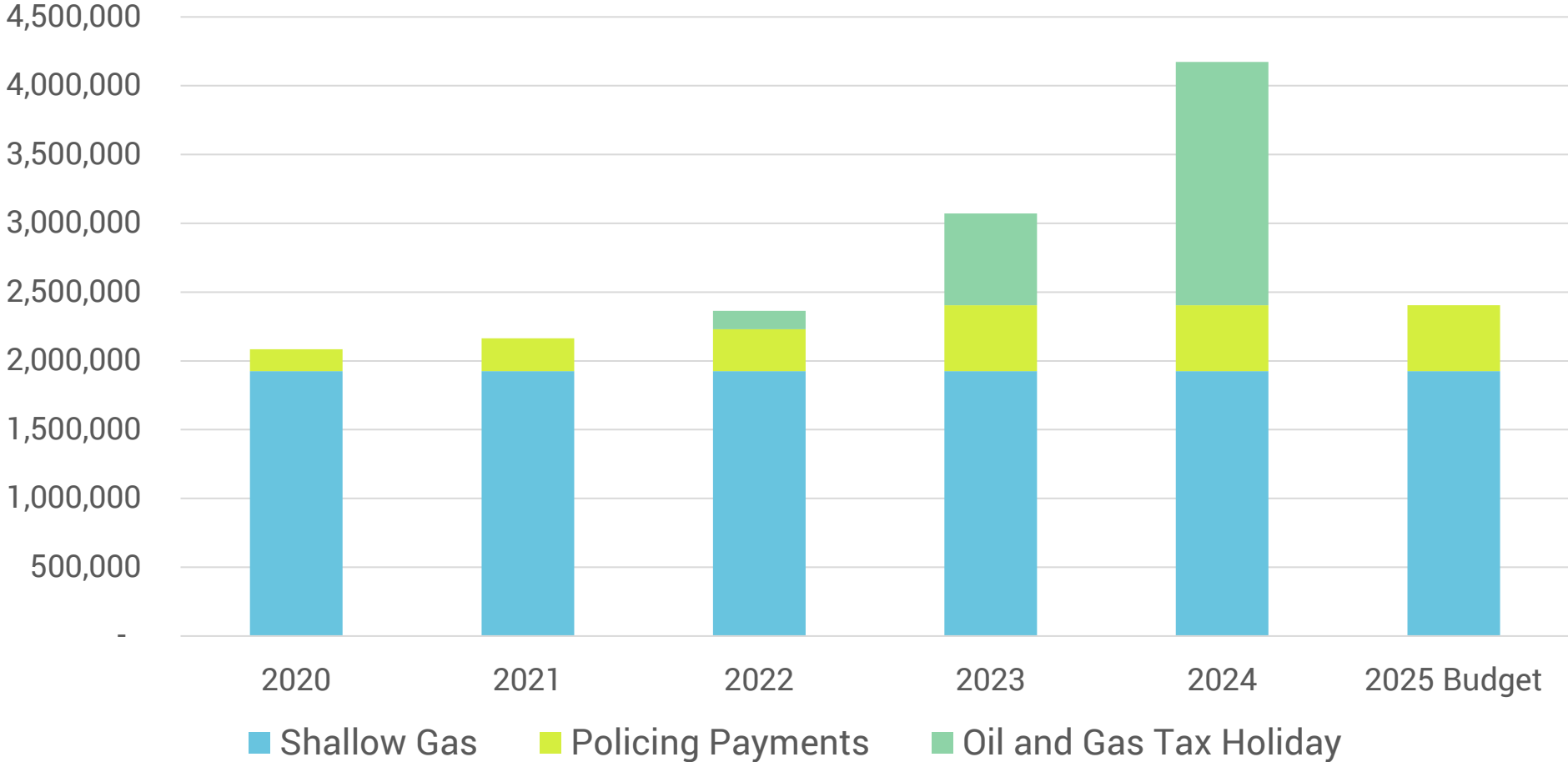


CURRENT STATE

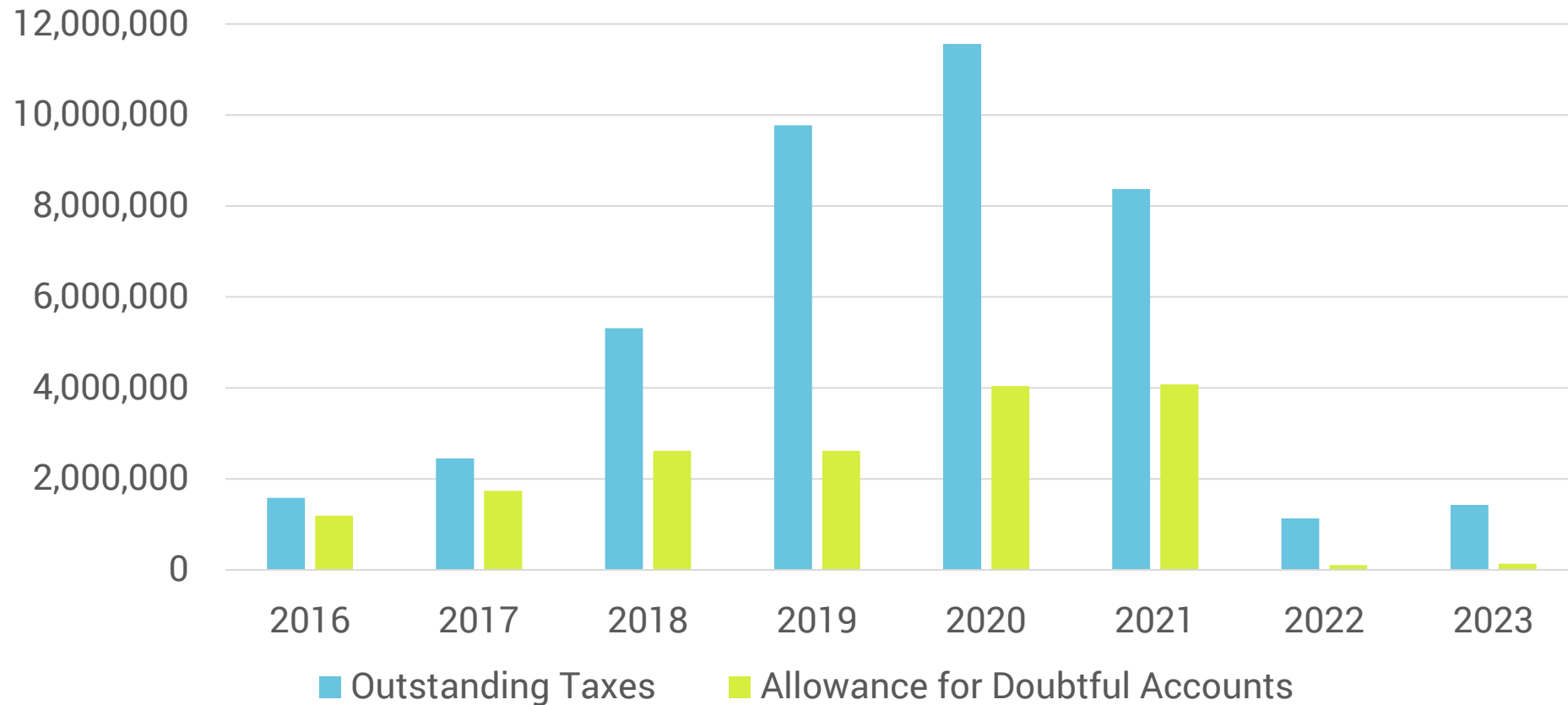


**COUNCIL
CONSIDERATION
ITEMS**

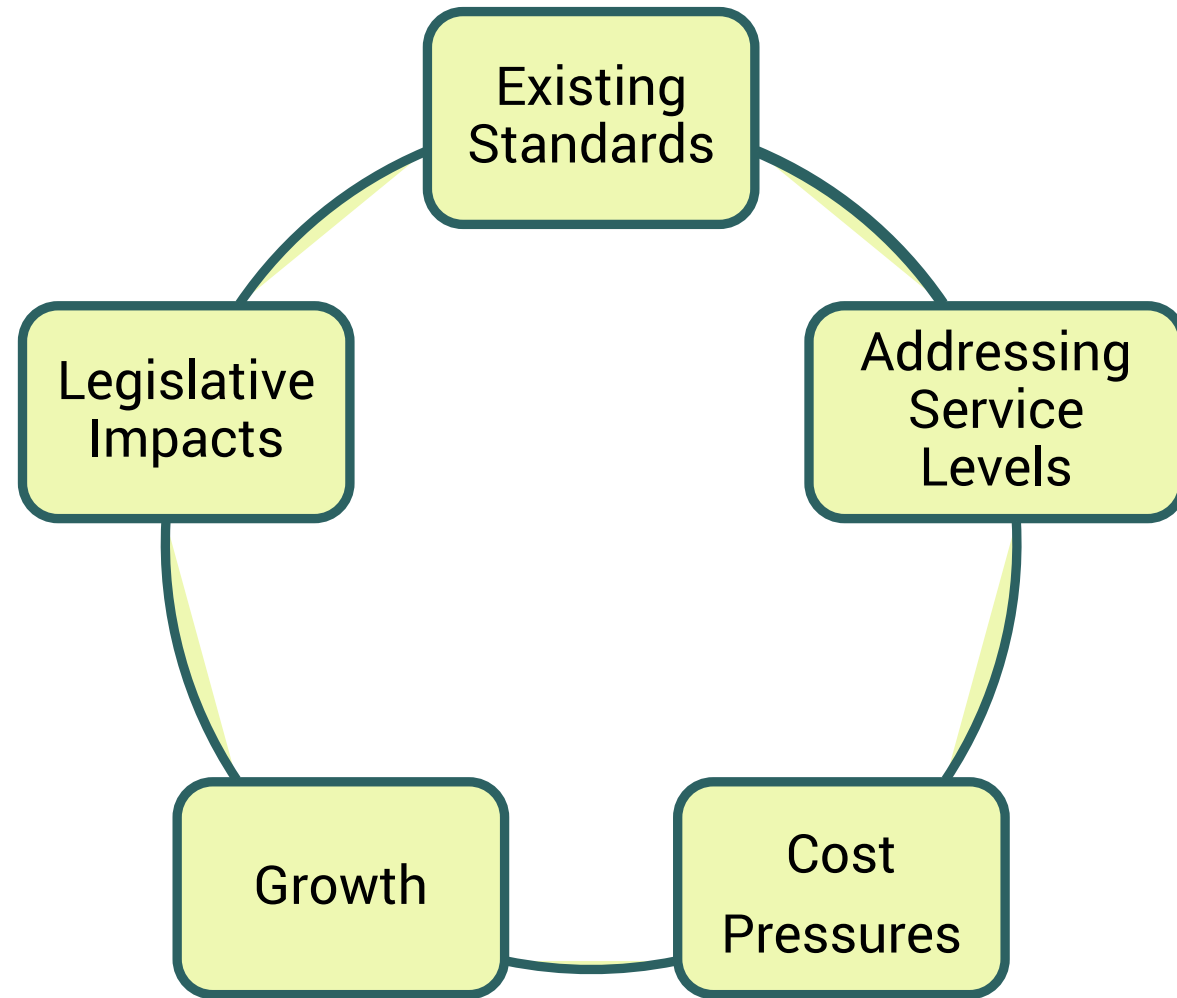
Impact of Provincial Policy Decisions



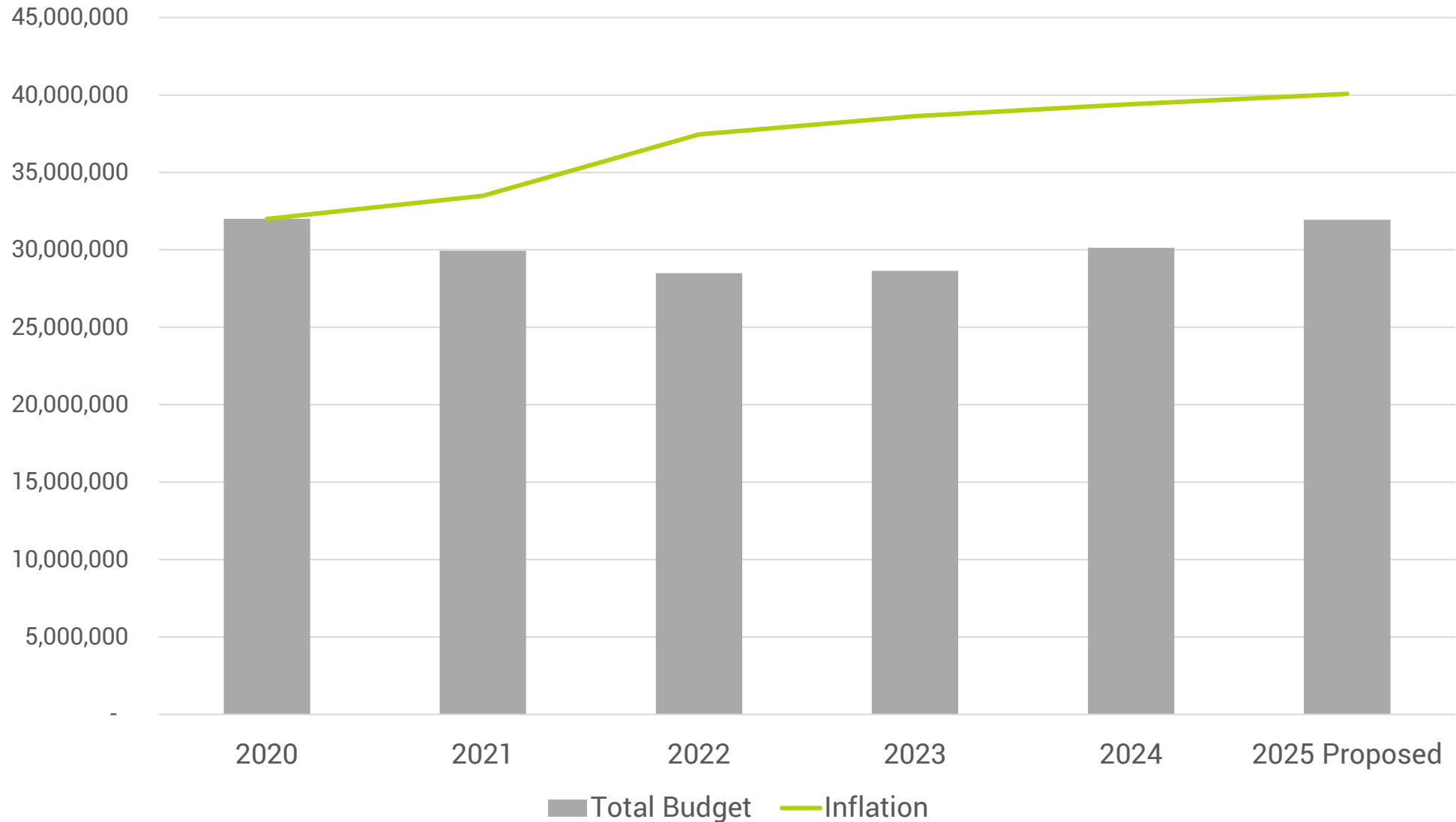
History of Outstanding Taxes and Allowance for Doubtful Accounts



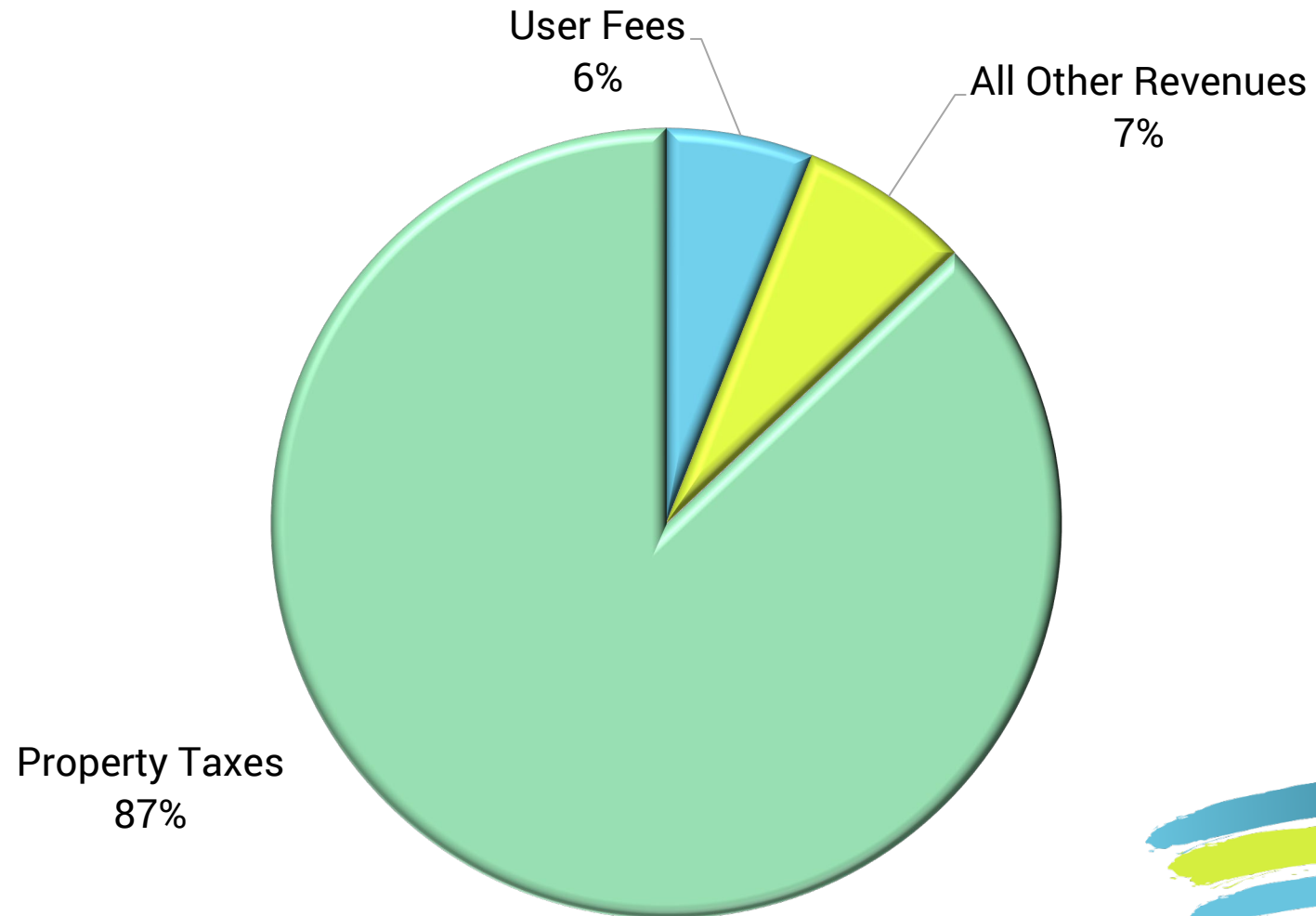
Operating Budget Inputs



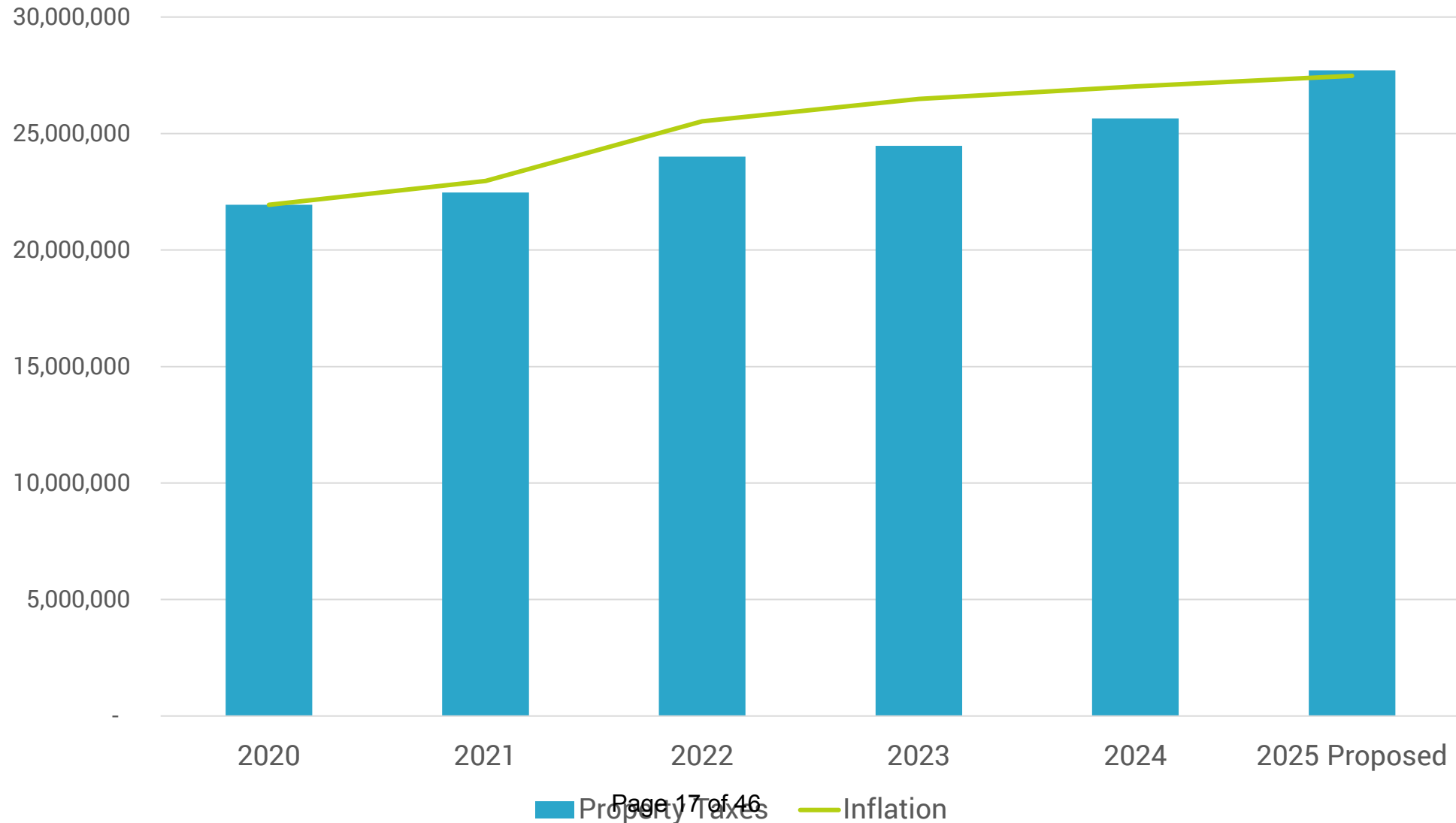
Budget vs Inflation – All



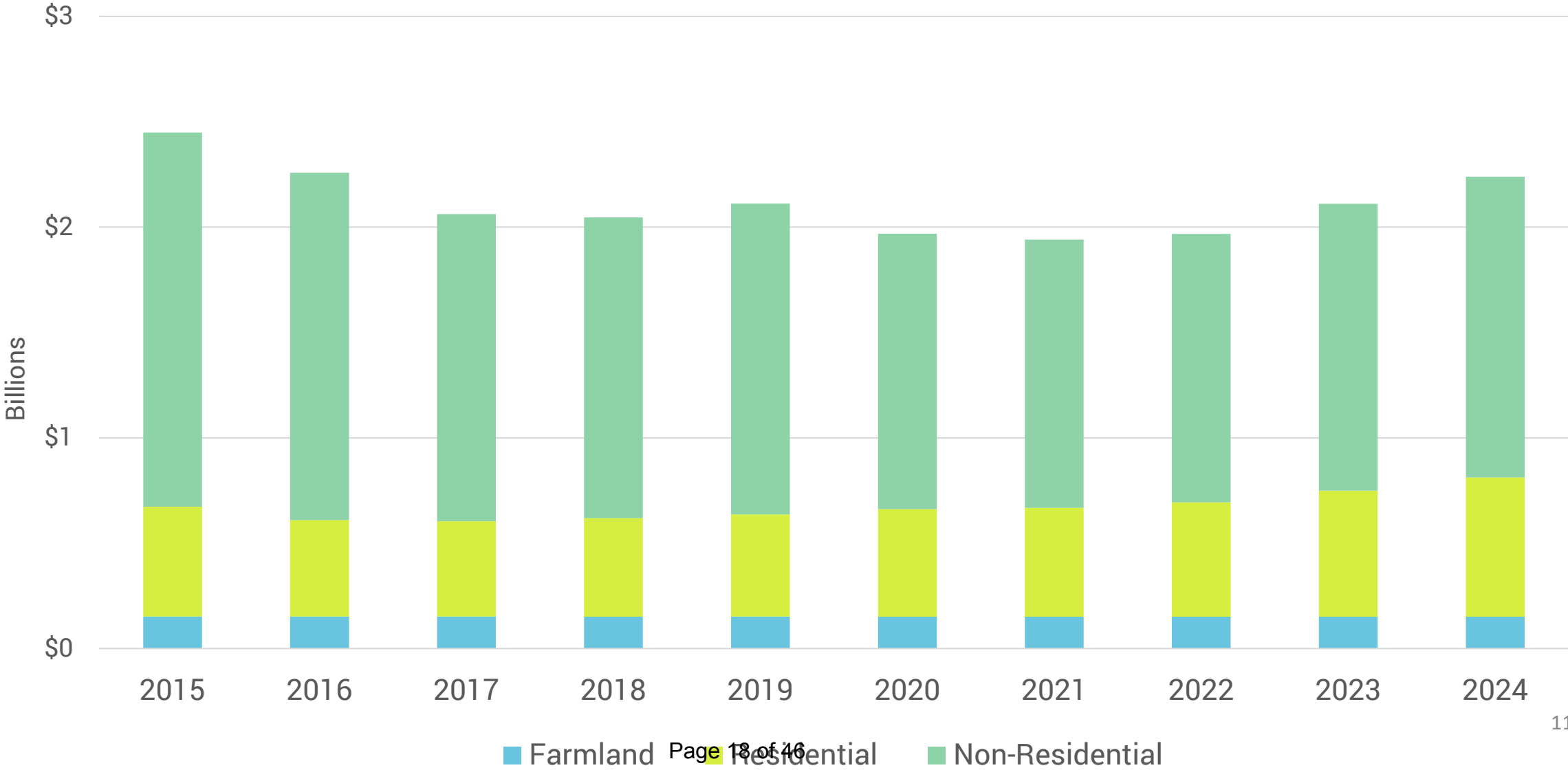
Revenue Sources



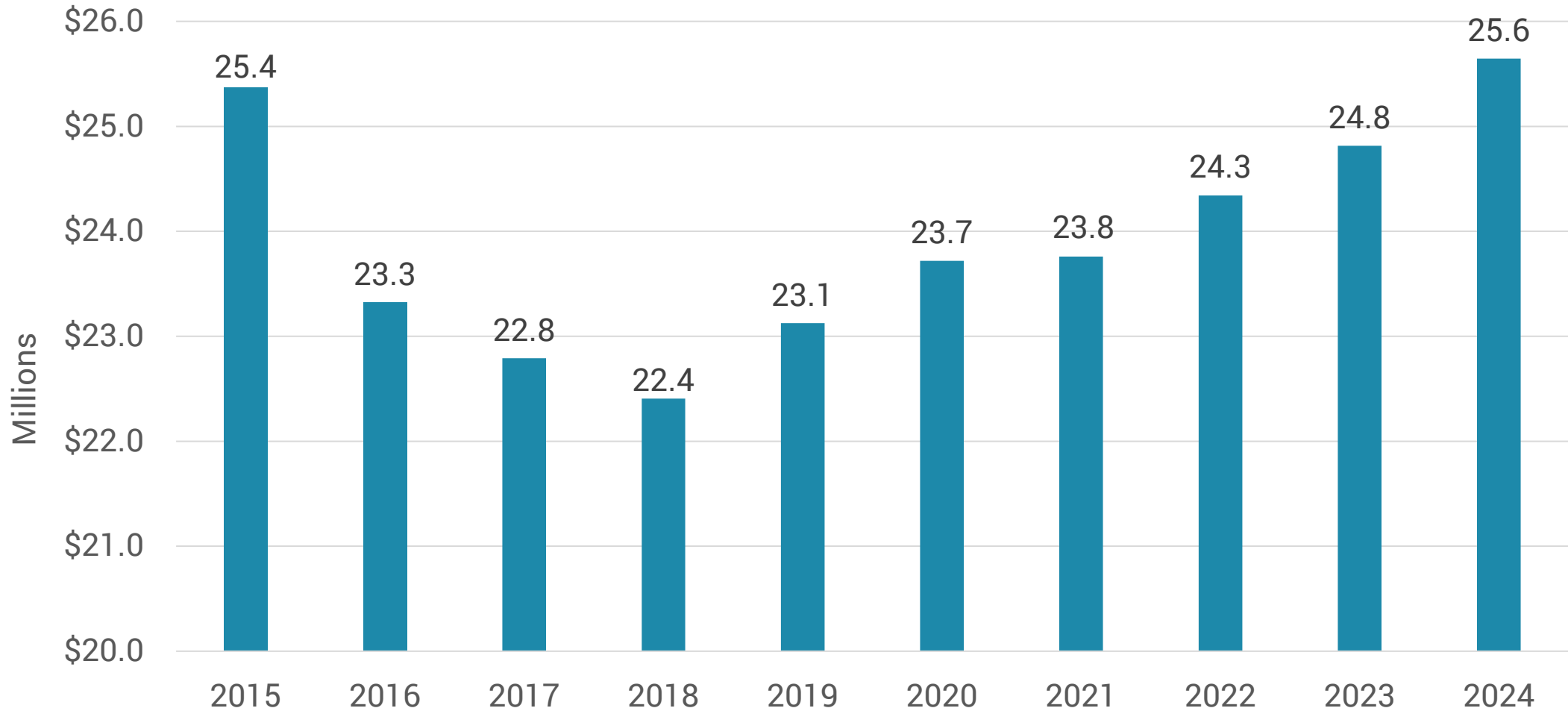
Property Taxes vs Inflation



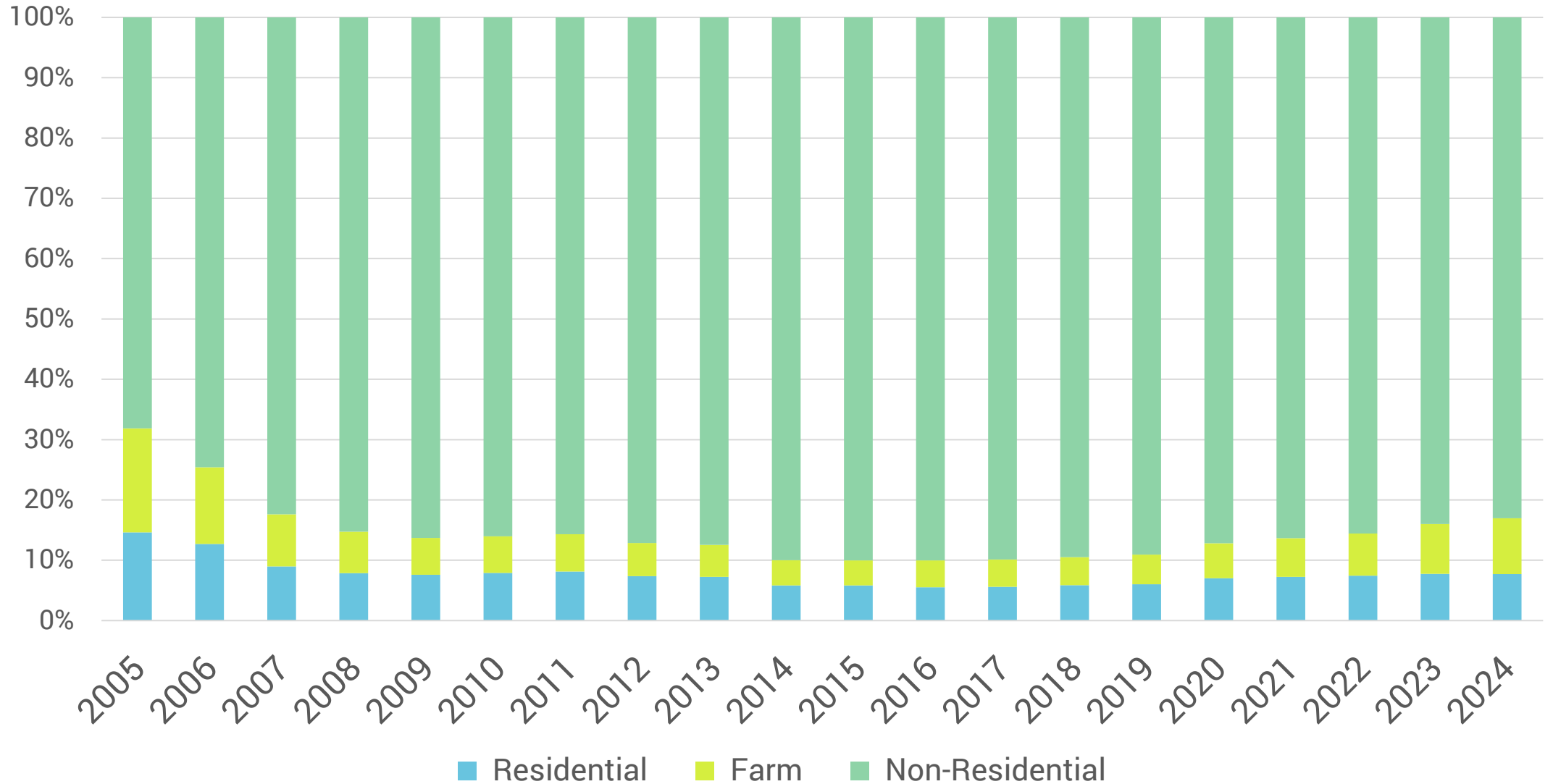
Assessment by Property Class 2015 – 2024



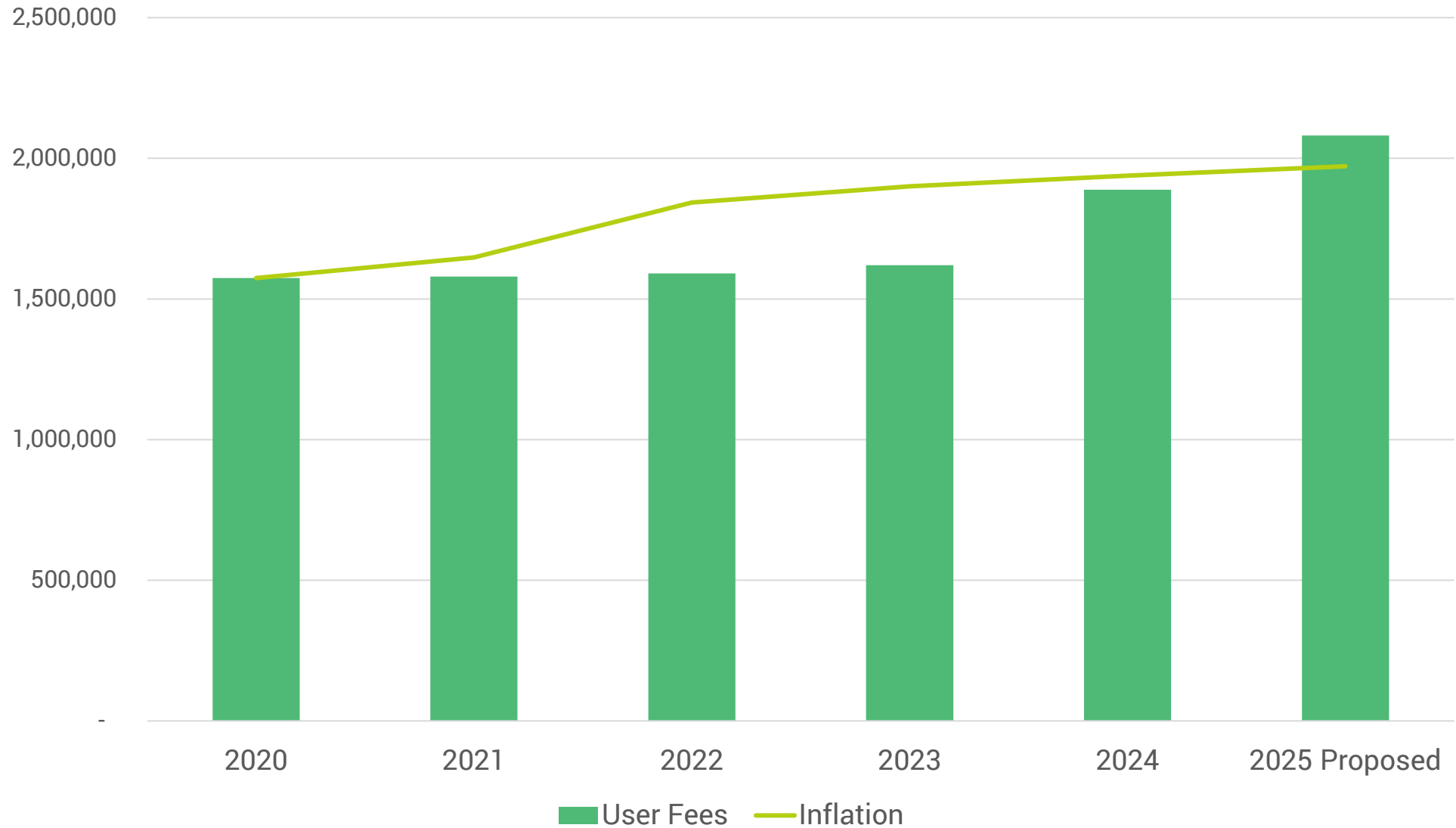
Tax Levy 2015-2024 (Millions)



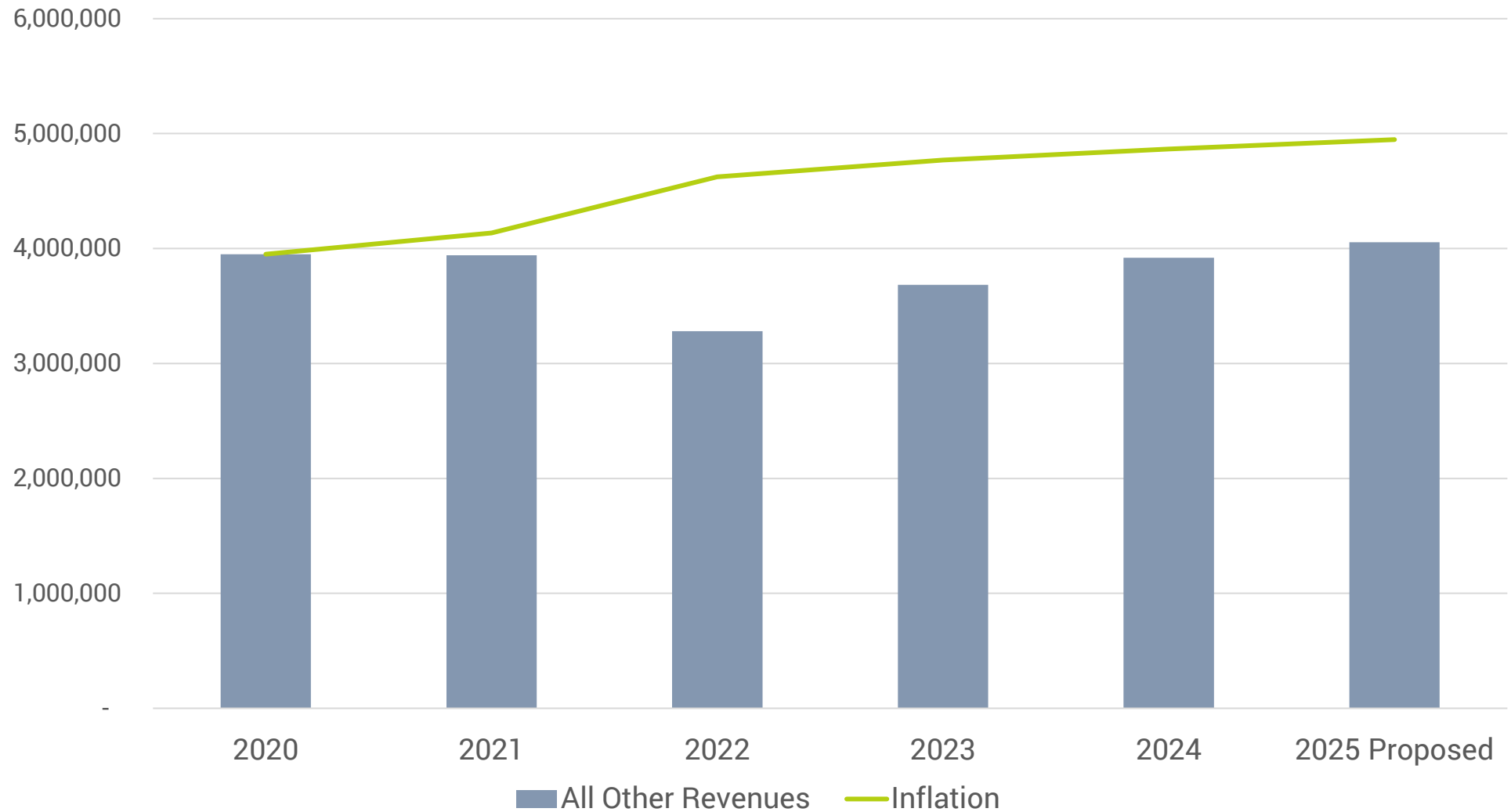
Tax Burden Distribution History



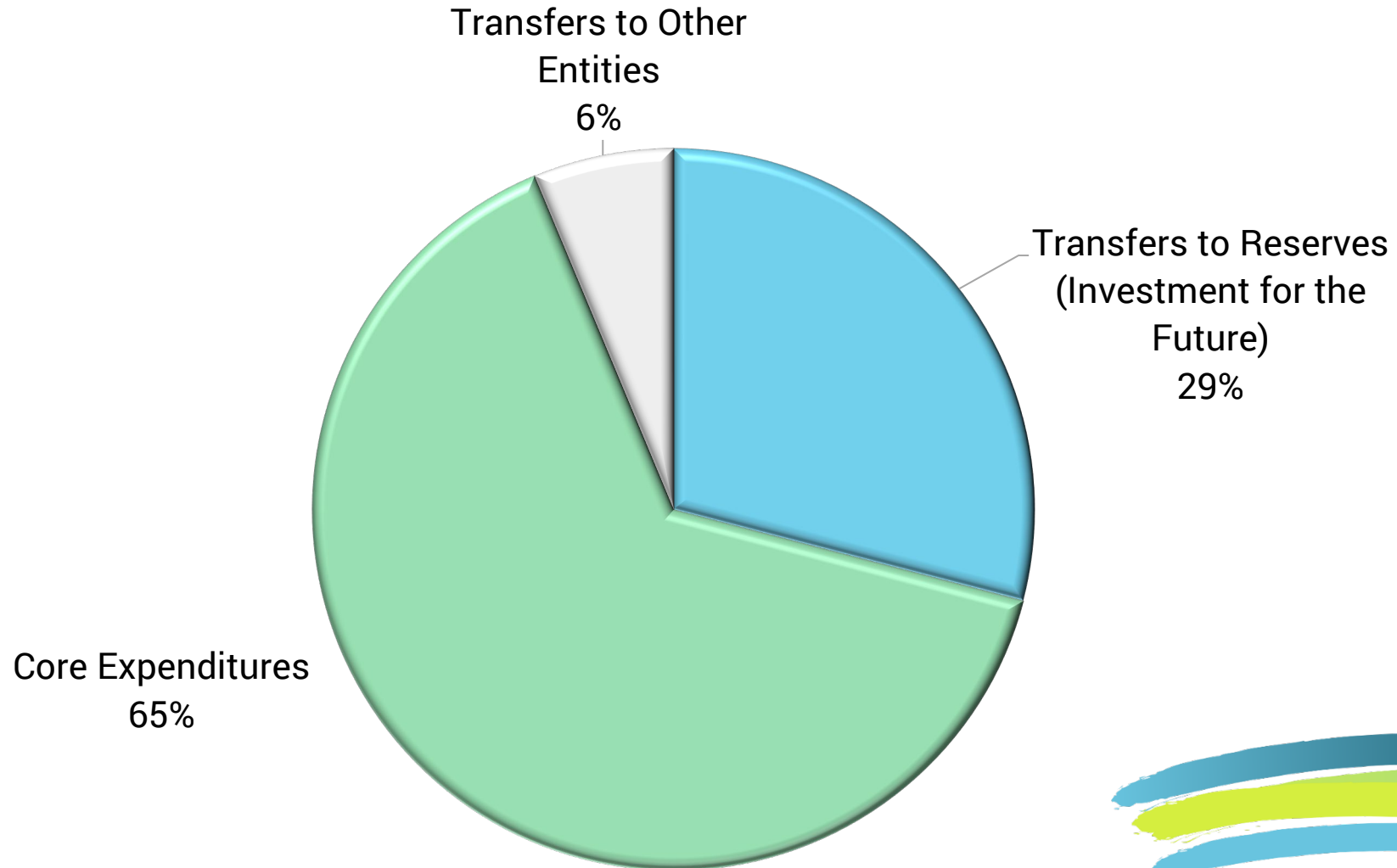
User Fees vs Inflation



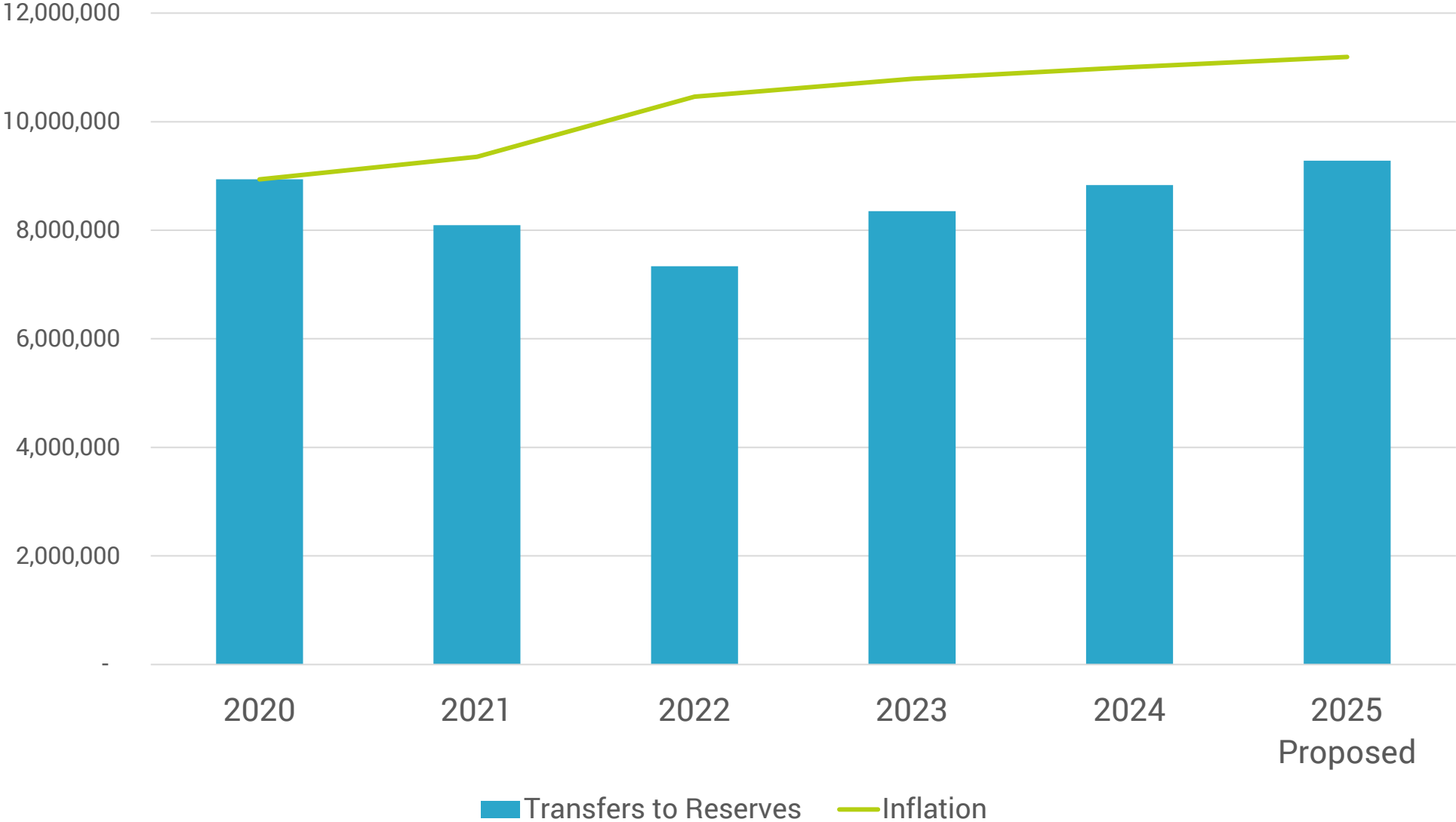
All Other Revenues vs Inflation



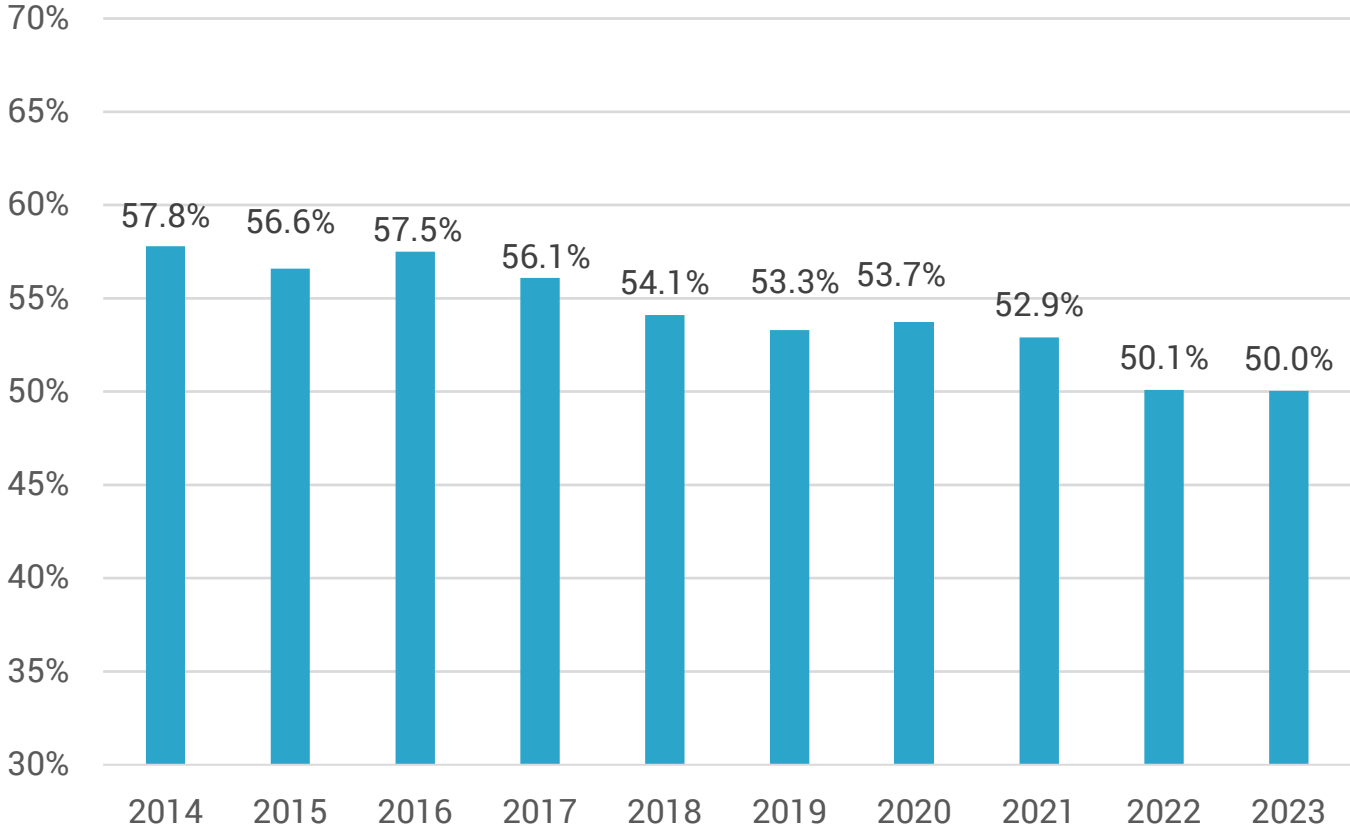
Expenditure Types



Transfers to Reserves vs Inflation

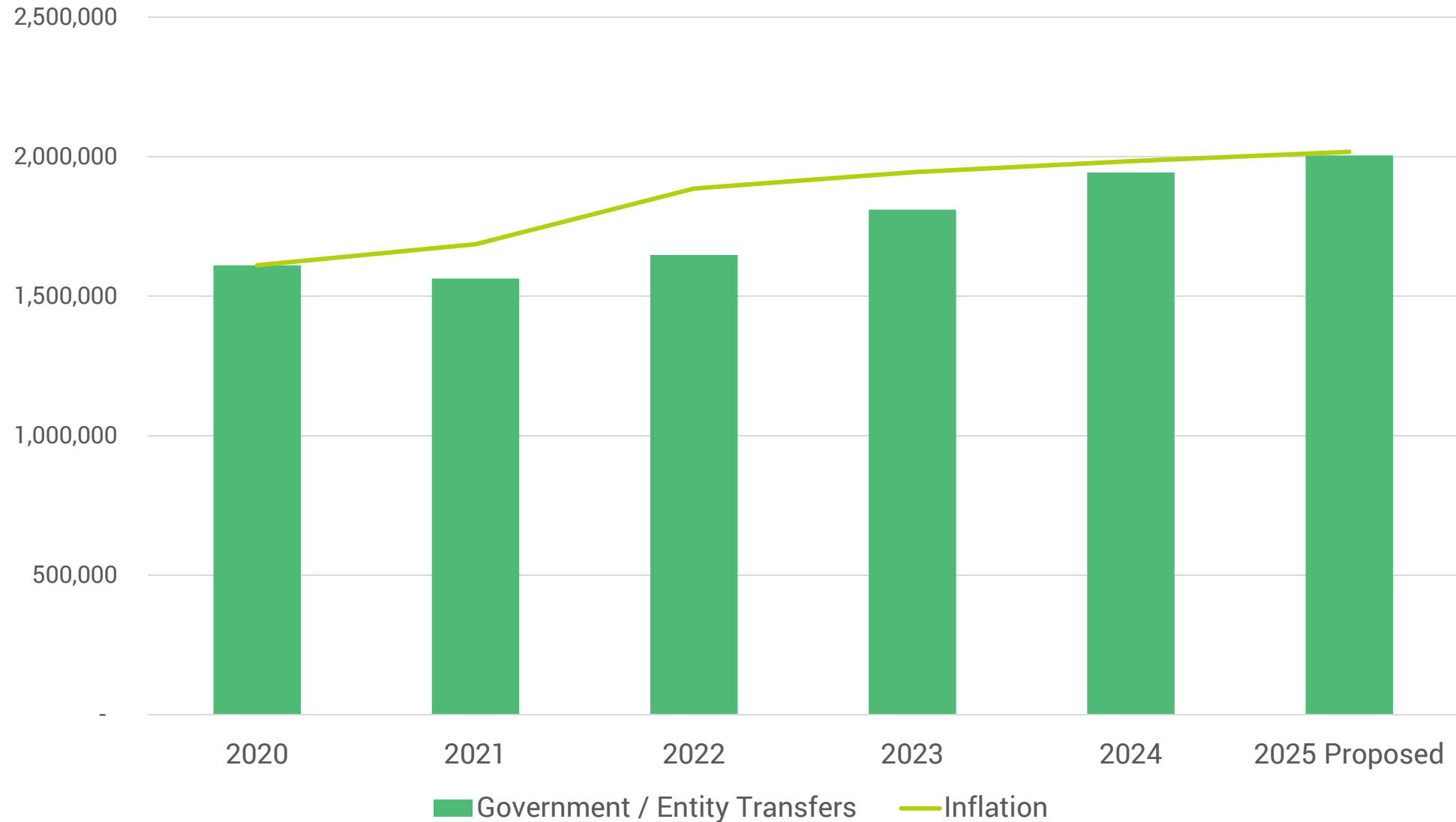


Percentage of Assets Remaining Based on Original Costs

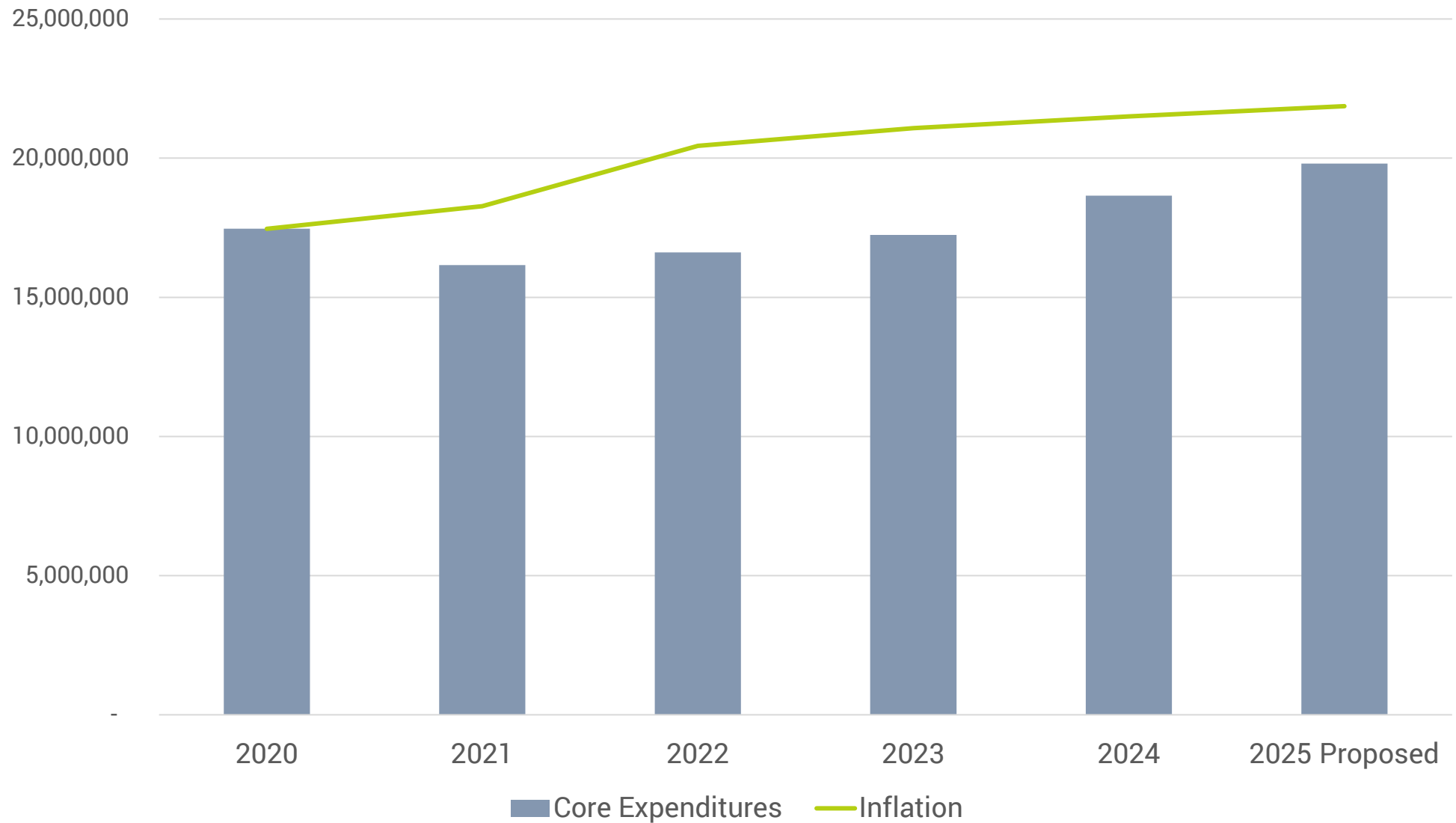


The County's average annual amortization is approximately \$6.0 million

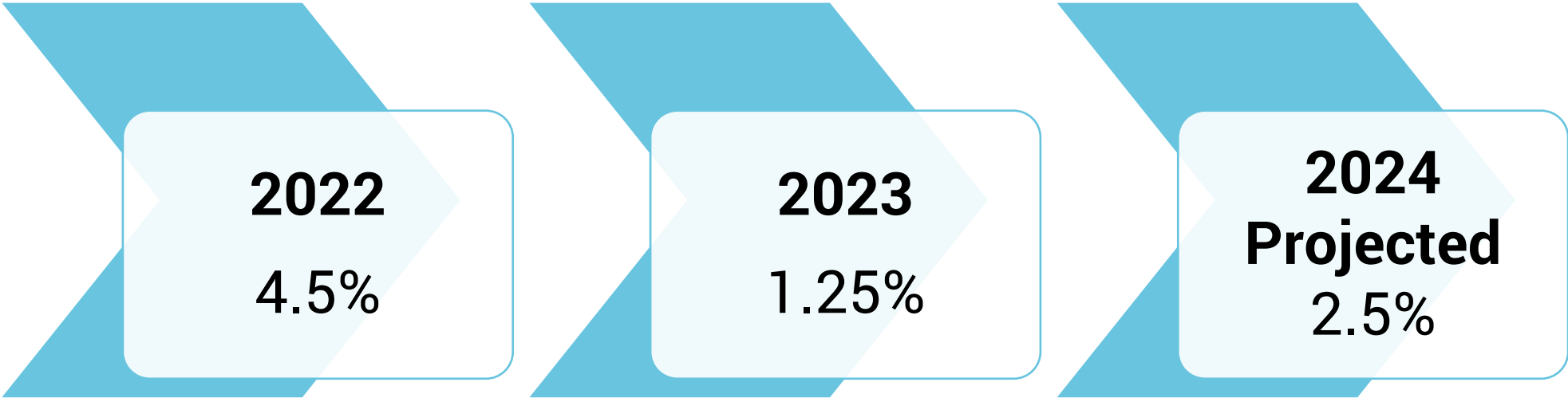
Government and Other Entity Transfers vs Inflation



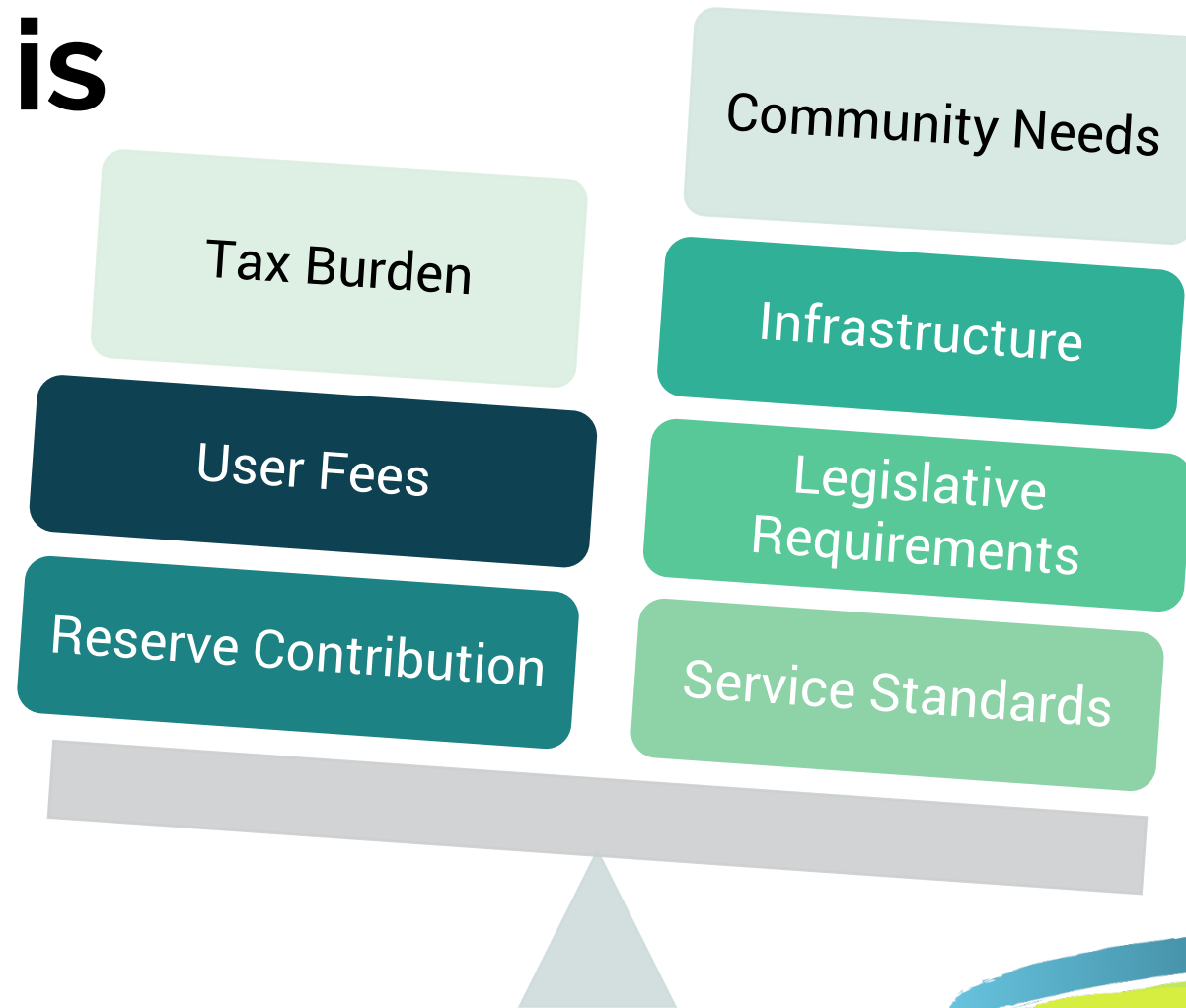
Core Expenditures vs Inflation



Core Budget to Actual Year-End Variances



The Budget is a Balancing Act





**HISTORICAL
BUDGET TRENDS**



**CURRENT
TRENDS**



CURRENT STATE



**COUNCIL
CONSIDERATION
ITEMS**

Notable Budget Pressures

- Inflationary impacts show signs of stabilizing

Global



- Assessment Model Review (Depreciation Impacts)
- Mature Asset Strategy

Provincial



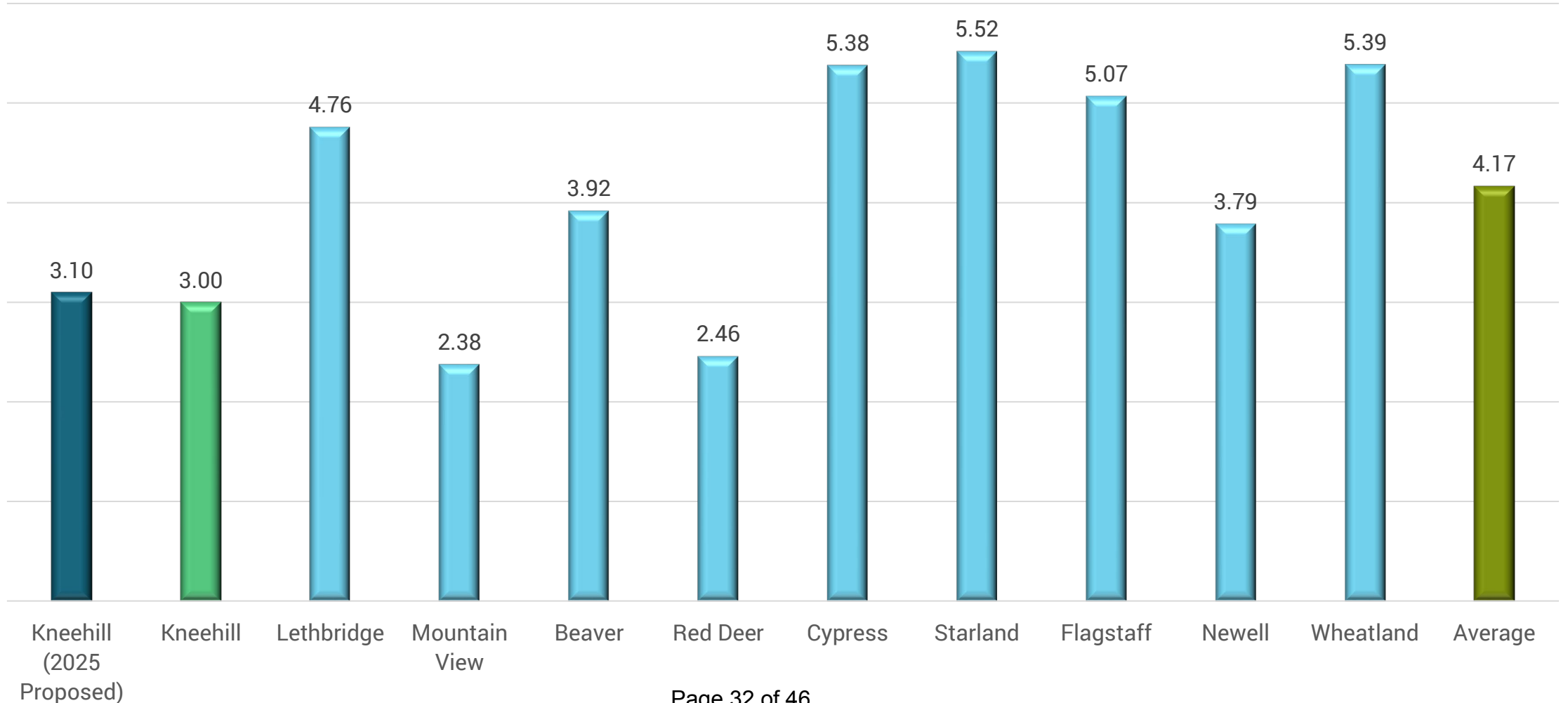
- Growth Trends
- Infrastructure Deficit (TBD)

Local



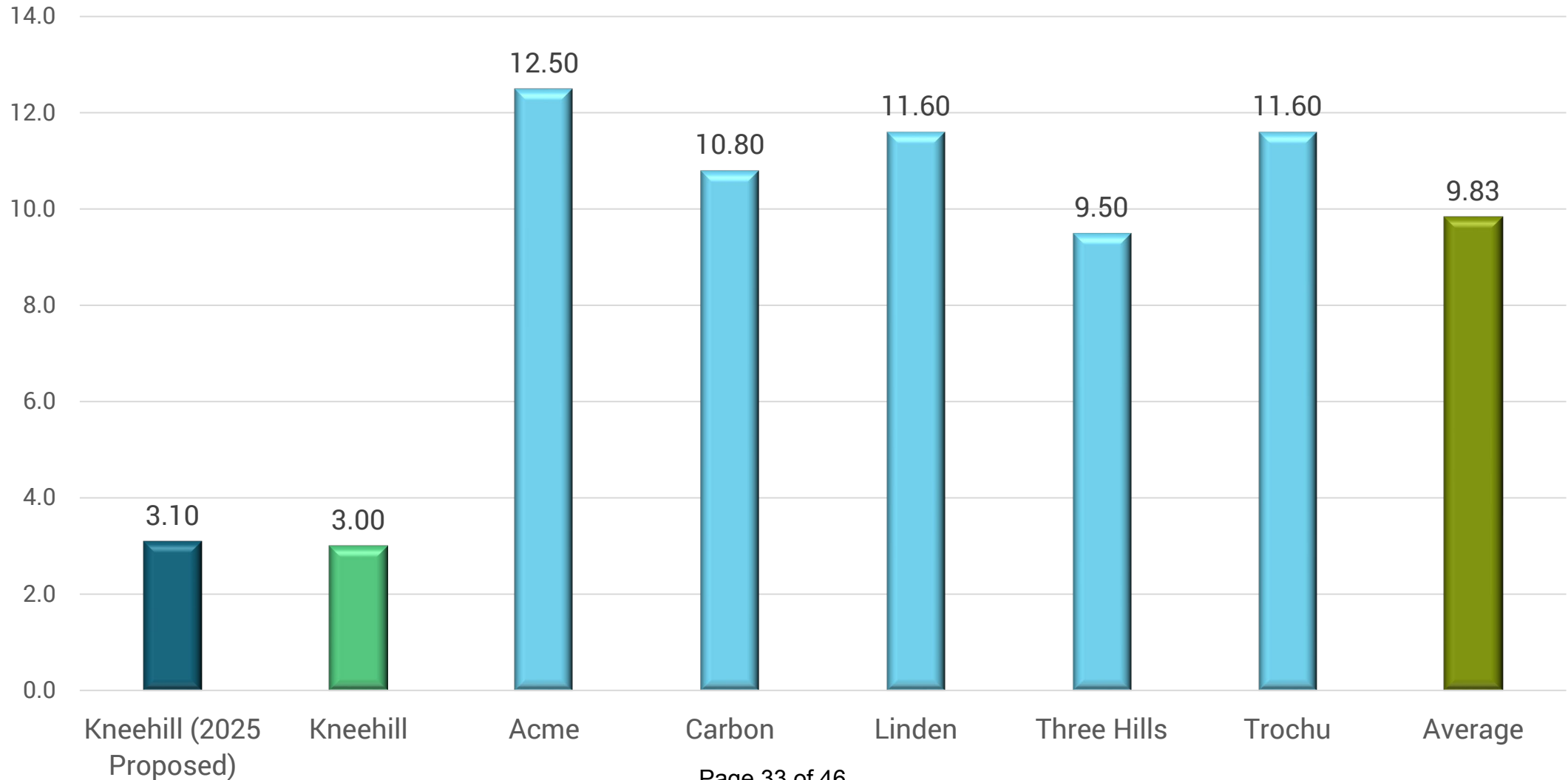
How Do We Compare?

2024 Residential Tax Rates (Counties)



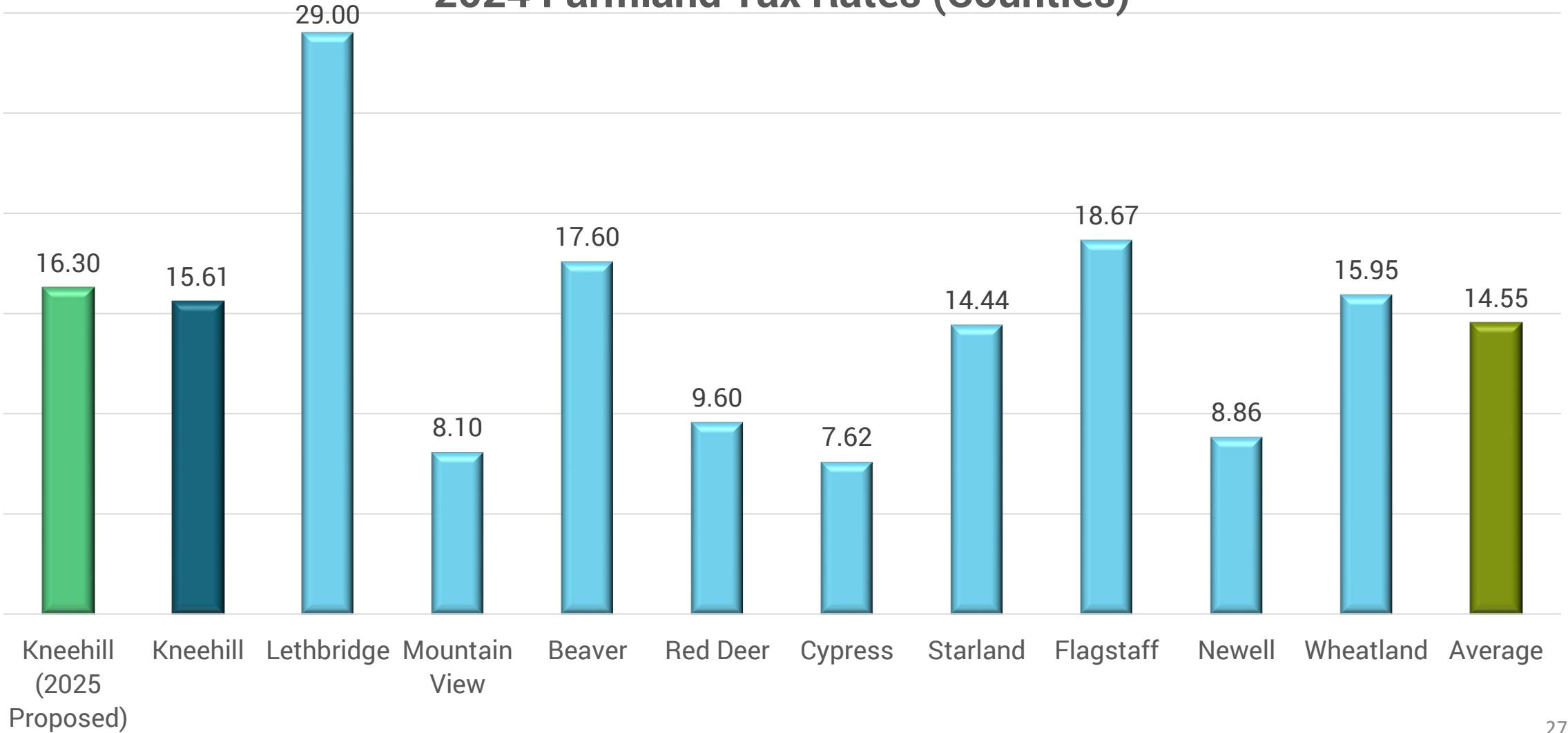
How Do We Compare?

2024 Residential Tax Rates (Urbans)



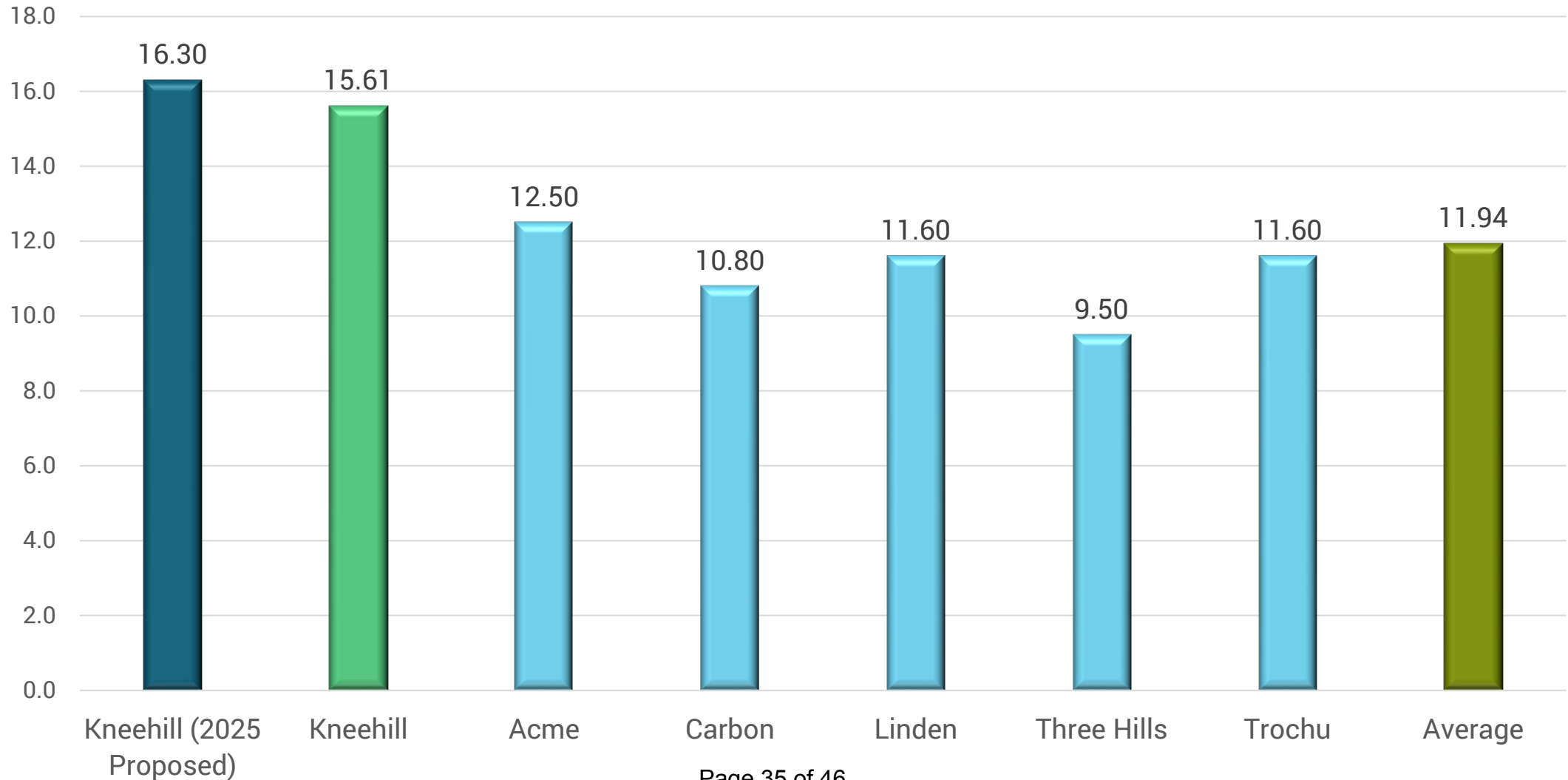
How Do We Compare?

2024 Farmland Tax Rates (Counties)



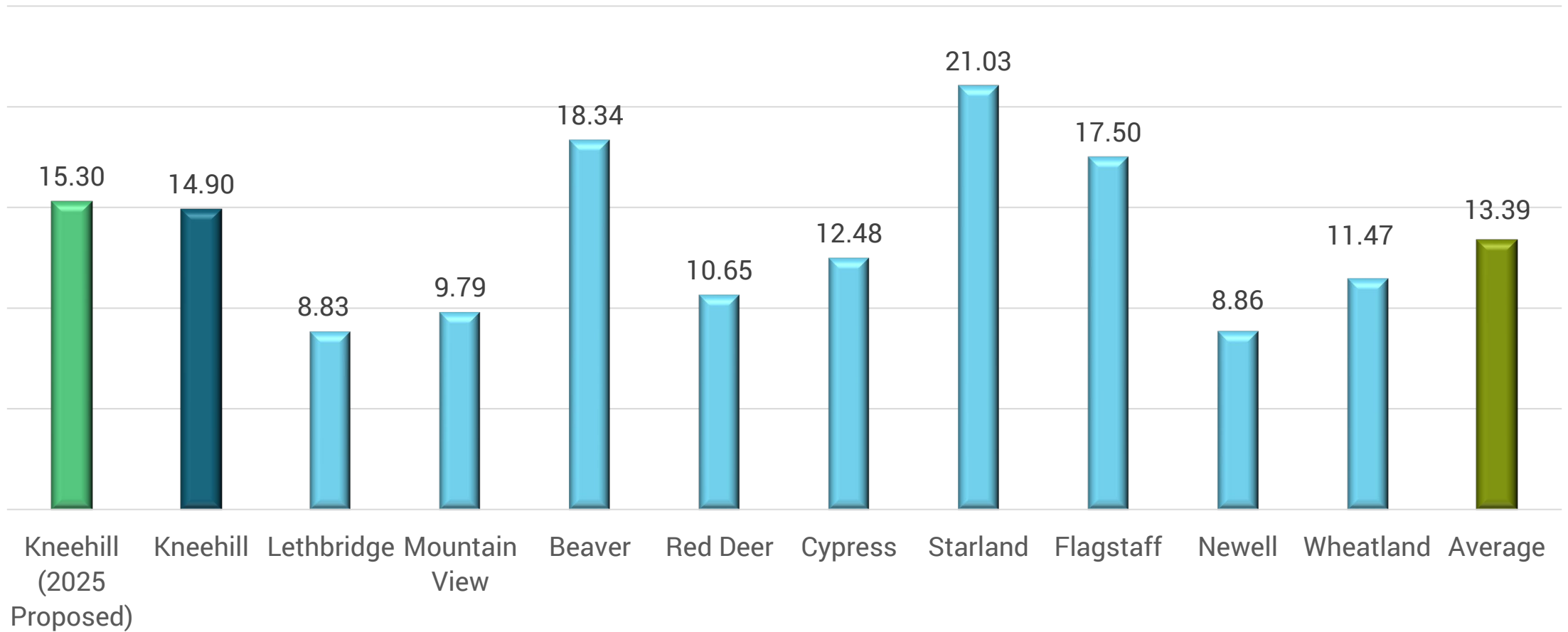
How Do We Compare?

2024 Farmland Tax Rates (Urbans)



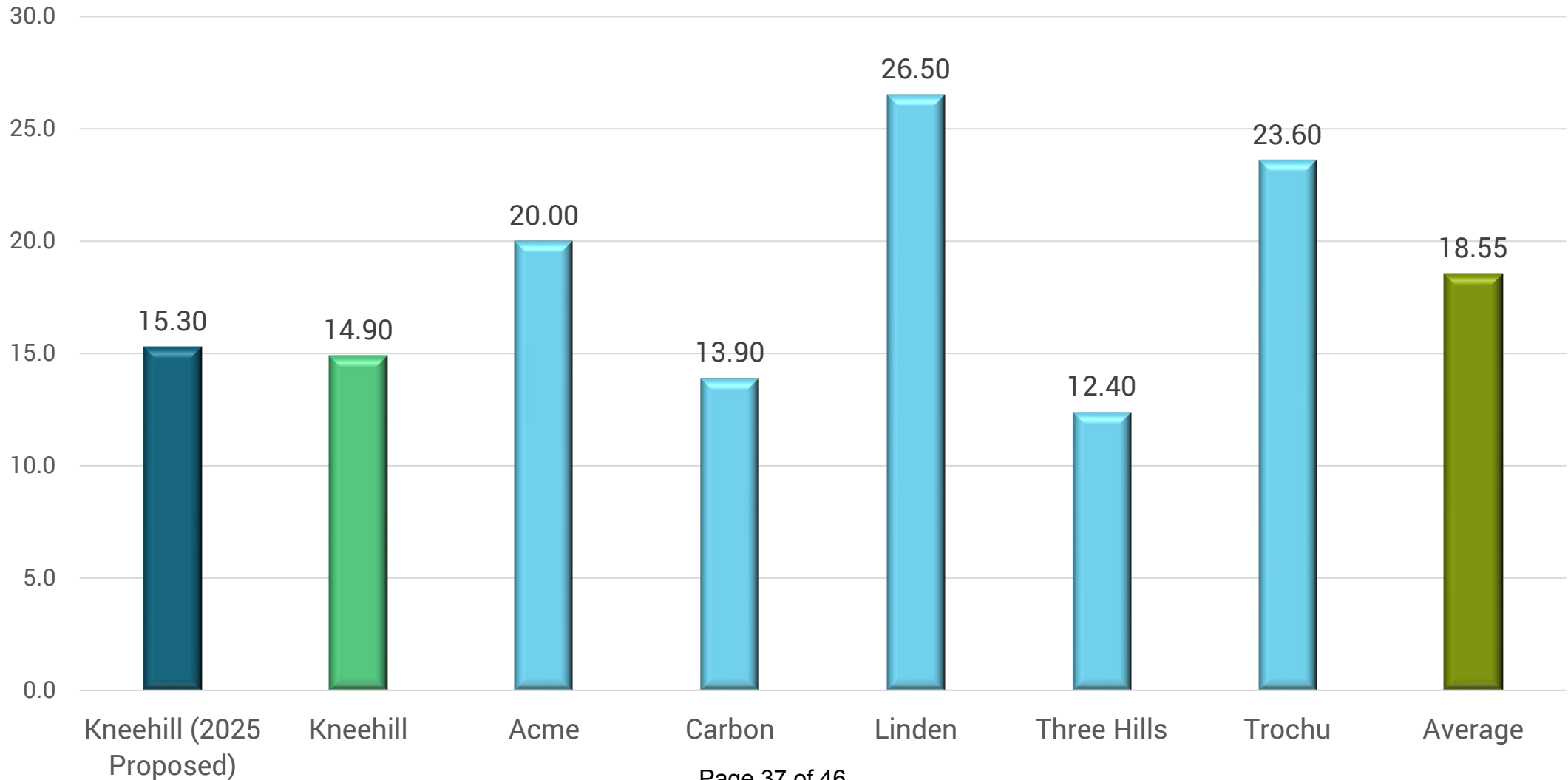
How Do We Compare?

2024 Non-Residential Tax Rates (Counties)



How Do We Compare?

2024 Non-Residential Tax Rates (Urbans)





**HISTORICAL
BUDGET TRENDS**



**CURRENT
TRENDS**



CURRENT STATE



**COUNCIL
CONSIDERATION
ITEMS**



Budget 2025 Guiding Principles



Alignment with Council's Strategic Plan



Sustain Existing Service Level



Maintain Competitive Tax Rates



Review and Recommend Adjustments to Service Fees and Rates as Necessary



Continue to Implement and Monitor a Proactive Infrastructure Renewal Strategy

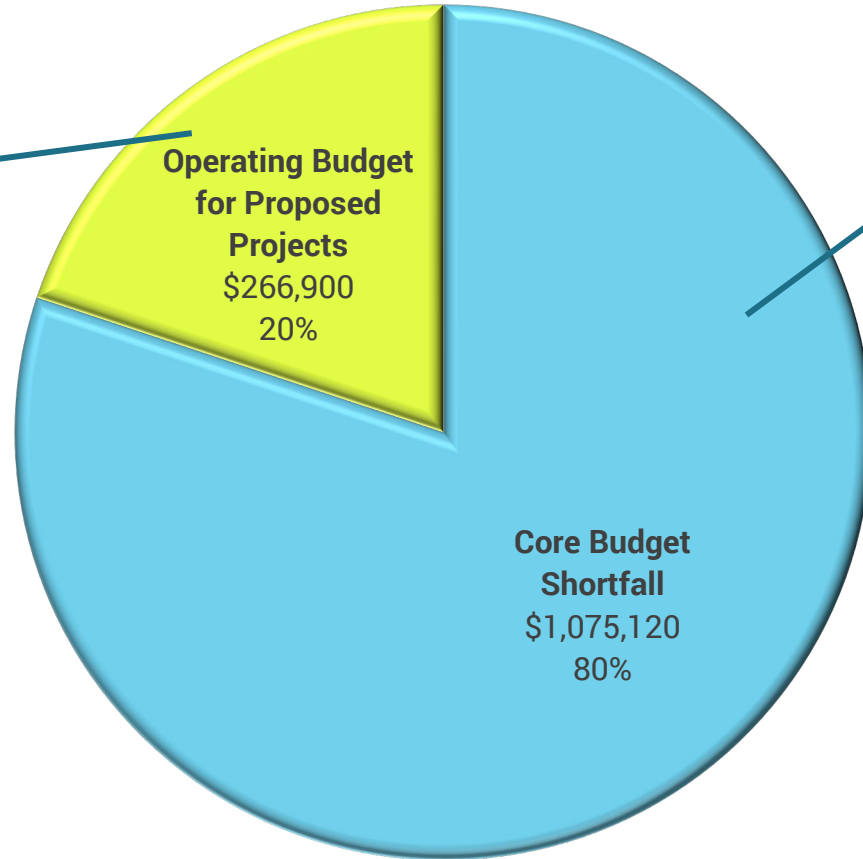


Enhance the Customer Experience



Proposed Operating Budget Summary as of November 26, 2024

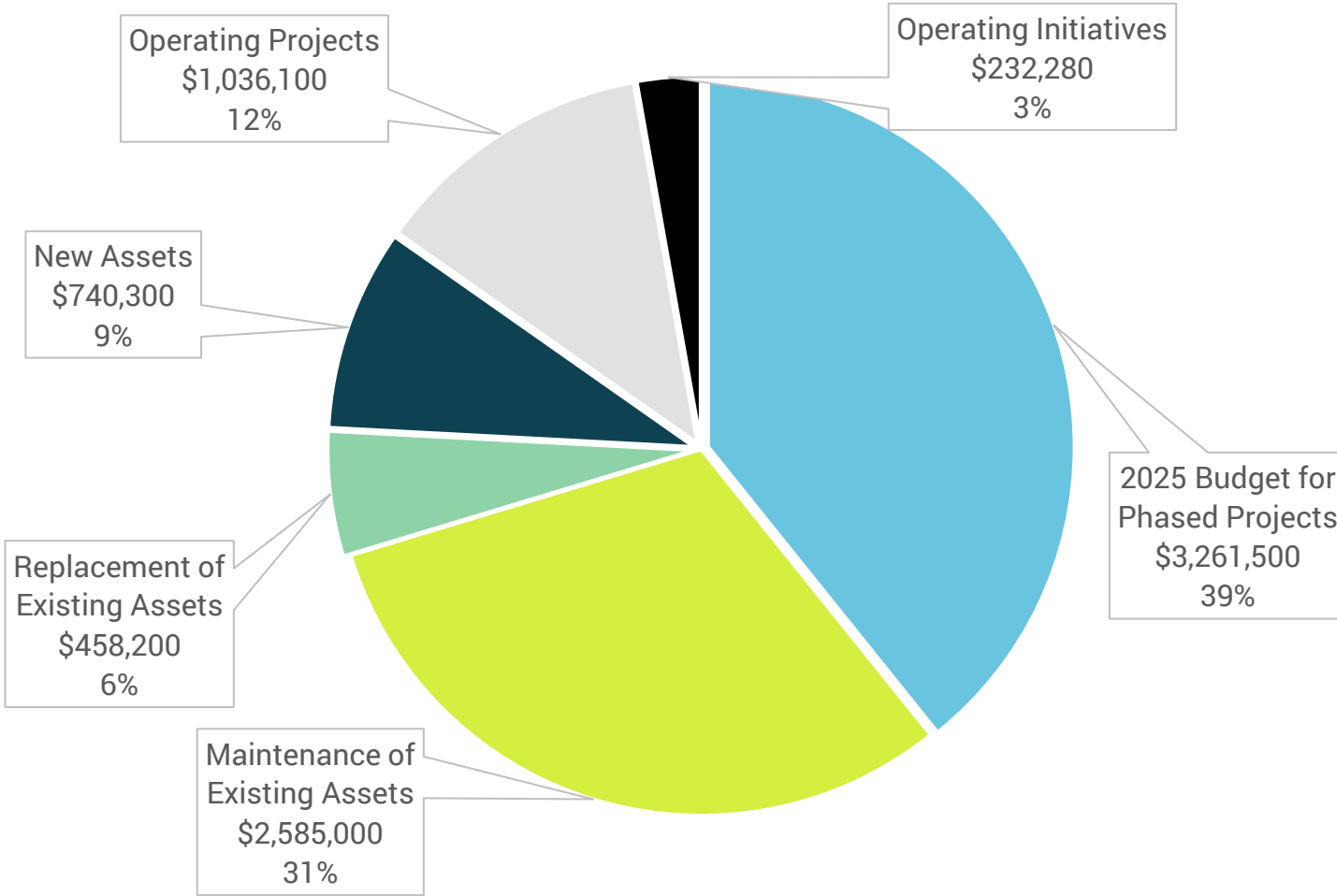
2025 Operating Budget for Proposed Projects	
Wimborne Groundwater Filtration Upgrade	\$26,000
Fourth CPO	\$150,900
Fuel Management System Replacement	\$15,000
Management Services Contract	\$75,000
Total	\$266,900



Core Budget Shortfall	
Revenues	\$30,936,715
Expenses	\$31,936,835
Total Shortfall	\$1,075,120



Proposed Projects & Funding Sources



Funding Source	Amount
Reserves	\$6,630,380
LGFF Grant	\$1,683,000
Total	\$8,313,380

2025 Operating Budget Impact	\$266,900
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2025 Capital Equipment Plan	\$5,120,000
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Future Projected Project Costs	\$15,815,200
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2026 Projected Operating Budget Impact	\$322,940
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Budget Balancing Adjustments, as presented on November 26, 2024

Core Shortfall as of November 26th	\$1,075,120
Operating Budget Impact of Proposed Projects	\$266,900
Water System Revenue	(\$53,600)
Taxation Revenue – Residential (4% revenue increase)	(\$78,885)
Taxation Revenue – Farmland (5% revenue increase)	(\$118,357)
Taxation Revenue – Non-Residential (2.75% increase)	(\$617,926)
Taxation Revenue – Minimum Tax from \$150 to \$175	(\$41,500)
Draw from Revenue Stabilization Reserve	(\$431,752)
Budget Balanced	\$0



**HISTORICAL
BUDGET TRENDS**



**CURRENT
TRENDS**



CURRENT STATE



**COUNCIL
CONSIDERATION
ITEMS**

Council Consideration Items

Project Approvals - Reserve and Grant Funded

- Confirmation of approval in principle of proposed projects

Project Approvals - Operating Budget Impact

- Wimborne Groundwater Filtration Upgrade - \$26,000
- Fourth CPO - \$150,900
- Fuel Management System Replacement - \$15,000
- Management Services Contract - \$75,000



Council Consideration Items

Property Tax Revenues

- Increase residential taxes by \$78,885 (4% revenue increase)
- Increase farmland taxes by \$118,357 (5% revenue increase)
- Increase non-residential taxes by \$617,926 (2.75% revenue increase)
- Increase minimum tax rate to \$175 (from \$150)



Council Consideration Items

Water System Revenues

- \$0.20 increase to water distribution system rates
- \$0.30 increase to bulk water system rates
- No increase to flat monthly fee

Budget Balancing Reserve Draw

- Draw from the Revenue Stabilization reserve to balance budget; amount pending Council deliberations

