






Subject: **2025 Budget Guidelines**  
 Meeting Date: Tuesday, May 28, 2024  
 Prepared By: Marika von Mirbach, Financial Planning Coordinator  
 Presented By: Marika von Mirbach, Financial Planning Coordinator

**RECOMMENDED MOTION:**

That the 2025 Operating and Capital Budgets, the 2026-2028 Operating Forecast, and the 2026-2030 Capital Forecast, be prepared in accordance with the following principles:

- Align with Council’s Strategic Plan.
- Sustain existing service levels.
- 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.

**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 approve both an operating and capital budget which are balanced and fully funded.

The County is required under the *Municipal Government Act (MGA)* to prepare three-year operating and five-year capital forecasts, and for those forecasts to be adopted by Council annually.

**BACKGROUND/PROPOSAL:**

Through the operating and capital budgets and forecasts, Council establishes the County’s priorities for the upcoming year(s). Administration is seeking Council’s direction regarding the preparation of the 2025 Operating and Capital Budget, the 2026-2028 Operating Forecast, and the 2026-2030 Capital Forecast.

*Operating and Capital Budgets*

The budget as a whole is a financial plan which provides guidelines and directives to staff for the allocation of resources and the provision of services; the annual budget provides Administration with the authority to collect budgeted revenues and spend budgeted expenditures. Both components of the budget are developed in alignment with Council’s strategic goals.

- The Operating Budget relates to day-to-day operations and the delivery of set service levels, and is a key tool used to achieve the municipality’s priorities; it allocates financial resources among departments as a means to implement business plans and achieve Council’s strategic goals.
- The Capital Budget relates to capital equipment and infrastructure and is utilized to provide services and ensure long-term sustainability of the County.



## *Three-Year Operating and Five-Year Capital Forecasts*

The three-year operating forecast and five-year capital forecasts are tools which are developed in conjunction with the annual budget. The forecasts provide an outlook of future plans, but do not provide approval for financial resources to be utilized.

### **DISCUSSION/OPTIONS/BENEFITS/DISADVANTAGES/OTHER CONSIDERATIONS:**

Annually, the operating and capital budgets and forecasts are prepared following a similar preparation, review, approval, and communication process. Underlying assumptions are used to determine the operating and capital budgets, and forecasts are reviewed, analyzed, and updated with the most current and relevant information available. The budget is then presented to Council for review and deliberation, following which recommendations are presented to Council at a subsequent meeting for final approval.

Staff will prepare the 2025 budgets and forecasts following the guiding principles and other considerations outlined in this report, or as amended by Council. As in previous years, the budget process will include recommended options for Council's consideration.

### **Guiding Principles**

#### *Align with Council's Strategic Plan*

The primary guiding principle for the budget and forecasting process is alignment with Council's Strategic Plan and goals. Council's Strategic Plan is the guiding document for all County operations and direction, and as such, heavily influences the budget and forecasting process.

#### *Sustain Existing Service Levels*

Council sets service levels for Administration to implement and maintain. When developing budgets and forecasts Administration plans to maintain existing service levels within operating expenses and capital expenditures. If adjustments are to be made to service levels, they are presented to Council for discussion and direction to Administration.

#### *Maintain Competitive Tax Rates*

During the budget process and when making recommendations to Council, Administration is acutely aware that property tax revenues are the County's primary source of revenue. As such, it is critical to ensure that service levels and future plans are in alignment with maintaining competitive tax rates. This represents a balancing act between desired services and infrastructure requirements and the potential to generate the required revenues to achieve those goals.

#### *Review and Recommend Adjustments to Service Fees and Rates as Necessary*

Service fees and rates are a secondary revenue source for the County. During the budget process, Administration reviews existing service fees and rates to recommend potential adjustments as needed. This process includes reviewing the rates for comparable municipalities, cost recovery rates, and recommended changes to service levels.

#### *Continue to Implement and Monitor a Proactive Infrastructure Renewal Strategy*

Asset management reflects a dynamic perspective of long-term planning for organizations. The County is focused on continuing to develop asset management planning to strengthen long-term sustainability. This ensures that projects proposed in the budget and earmarked in forecasts align with Council's goals and support the county's long-term viability.



## *Enhance The Customer Experience*

The expectations and needs of ratepayers and stakeholders are constantly evolving. Administration strives to ensure that planned operations continue to evolve with the changing customer environment to ensure services are provided in a way that is meaningful to all stakeholders.

## **Other Considerations**

In addition to the primary guiding principles for the budget and forecasting process, there are several items of consideration that Administration will consider during the budget process:

### *Changes from 2024 Principles*

The proposed budget guidelines for 2025 have one notable adjustment from the 2024 budget guidelines, which is the elimination of the 'Identify and incorporate efficiencies' component. Administration developed the 2021-2024 budgets and forecasts with this principle in consideration; however, as operational realities have evolved, it has become increasingly challenging to find additional efficiencies within existing budgets without compromising service quality. Administration will continue to diligently monitor budget performance against actuals and exercise caution in approving any increases to line items. Nevertheless, the scope for across-the-board budget reductions has significantly diminished and, as such, is not being recommended as one of the primary budget and forecasting guidelines for 2025.

### *Impact of Inflation*

Inflation has been significant in the past few years and Administration has made every effort to manage the budget in such a way as to limit inflation's impact on required revenues. Administration will continue to strive to mitigate the impact of inflation on the Operating and Capital Budgets but acknowledges that there are areas within the budget where inflation impacts cannot be mitigated.

### *Oil and Gas Tax Holiday Ending*

It is anticipated that the Oil and Gas tax holiday will be ending for the 2025 budget year. This will result in a significant increase in assessment for the non-residential tax class and an associated increase in property tax revenues. Administration recognizes that draws from reserves have been made in the past two years to balance the budget in light of the property tax revenue that has not been realized due to the tax holiday. As such, there is no plan to rely on that increased revenue for new initiatives.

## **Budget Process**

Council and Administration of the County have always taken the management and stewardship of public funds very seriously. All account budgets are held at prior year levels and are only adjusted to reflect documented changes to service levels and/or changes in costing trends (including due to the impact of inflation). All proposed adjustments undergo a strict evaluation process which includes a thorough multi-layered review, and priorities are reinforced through business planning and alignment with best practices and Council's Strategic Plan

The planned process of the budget includes the following steps prior to presentation to Council:

- Input of budget information for operating, project, and capital budget requests by management.
- Initial review of forecasting, operating, project, and capital budget requests by directors.
- Compilation and review of the budget and forecasts by finance.
- Review of the compiled budget and forecasts by senior leadership.

The planned process for presenting the budget to Council includes:

- Presentation of "Setting the Stage" for the 2025 Budget.



- Presentation of all proposed projects. This includes both capital and operating-type projects, as well as new initiatives that would impact the core operating budget on an ongoing basis.
- Presentation of the core operating budget.
- Responses to questions from Council.
- Presentation of the final proposed budget for Council adoption.

**FINANCIAL & STAFFING IMPLICATIONS:**

This report has no direct financial implications or any additional staffing implications.

Future reports may have a direct impact on the County’s long-term expenditure and funding plans. As administration continues to work through the preparation of the annual budgets, detailed program and service estimates will be refined as information becomes available and assumptions are refined.

**RECOMMENDED ENGAGEMENT:**

Directive Decision (Information Sharing, One-Way Communication)

|        |                         |        |  |
|--------|-------------------------|--------|--|
| Tools: | Individual Notification | Other: |  |
|--------|-------------------------|--------|--|

**ATTACHMENTS:**

N/A

**COUNCIL OPTIONS:**

1. Adopt the 2025 Budget Guidelines as presented.
2. Recommend adjustments to the 2025 Budget Guidelines.

**FOLLOW-UP ACTIONS:**

Communicate budget and forecasting guidelines to staff to ensure the 2025 budget process is prepared on a consistent basis by all staff.

**APPROVAL(S):**

Mike Haugen, Chief Administrative Officer

Approved-

