



# 2018 Consolidated Budget

**Becoming Canada's  
most livable community**

...focusing on priorities

# 2018 Recommended Budget

## Consolidated budget highlights

### Introduction to Budget 2018

The recommended 2018 operating and capital budgets were developed to align with the 2015–2018 Corporate Business Plan to advance Council’s prioritized strategic goals outlined within the Strategic Plan, “Canada’s Most Livable Community”. Initiatives and projects align with Council’s vision for sustainable municipal infrastructure, attracting petrochemical business, increasing public involvement and building relationships with neighboring municipalities and civic organizations.

### Capital vs operating budgets

The two types of budgets—operating and capital—are very distinct and both are reflective of maintaining current service levels for existing programs and services critical to the community, as well as additional resource requirements for new initiatives.

The **operating budget** provides resources for the ongoing day-to-day costs of delivering municipal services to residents. It covers items such as staff salaries, utility costs to run facilities, funding for community events, family support programs and maintenance repairs to essential infrastructure.

The **capital budget** deals with costs to develop new infrastructure and amenities and invest in long-term fixed assets required for daily service delivery. Examples include new water lines or roads, new facilities and technology, land and vehicles.

### 2018 budget highlights

Budget 2018 includes a recommended consolidated budget of \$359.9 million and recommended capital budget of \$68.9 million.

The recommended 2018 budget calls for a 2.18% municipal tax dollar decrease, resulting in an annual decrease of \$40.82 or \$3.40/month for the average homeowner.

Utility rates are recommended to increase 1.32%. On average, this translates to an additional \$1.66 on monthly bills.

Cost inflation, economic conditions, population and development growth impact the County budget.

The projected increase in Strathcona County’s population is 1.06%—this means we will serve 1,054 more residents in 2018.

350,000 square feet of new commercial space and additional industrial projects are coming online in 2018.

Strathcona County budgets for inflation using the Municipal Price Index (MPI), a measure reflecting the price of goods and services purchased by the municipality. The 2018 consolidated MPI is budgeted at 1.1%.

### operating items

vs.

### capital items



# 2018 Recommended Budget

## Municipal budget highlights

### Where the money comes from

Strathcona County, like other Alberta municipalities, provides a diverse range of services. Funding for these services stems from a limited revenue stream consisting of two primary sources: property taxes and user fees and charges.

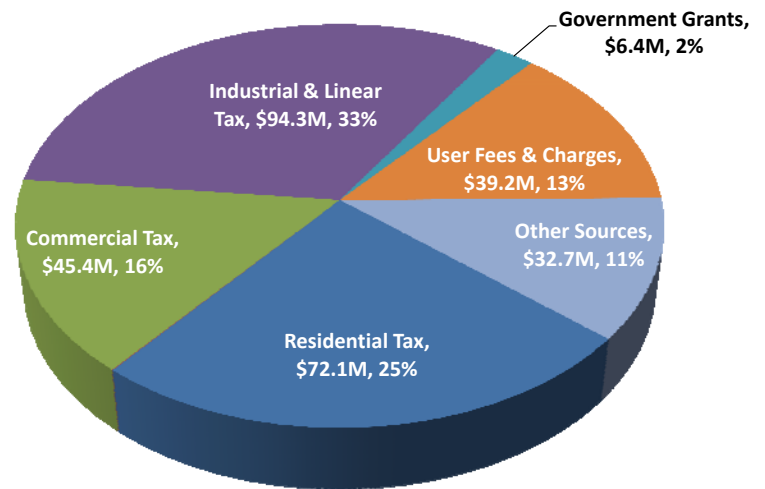
Property taxes collected make up 74% of Strathcona County's total revenue. Residential taxes, which represent taxes paid by homeowners, make up 25% of revenue collected. A significant industrial base, primarily from light and heavy industry (including linear) in Alberta's Industrial Heartland, contributes 33% of all County revenues in support of municipal services. Linear taxes are from right of ways for pipe and power lines. Commercial taxes come from businesses that reside within the County.

User fees and charges form the next significant portion of revenue collected by the County. At 13% of total revenue, they are generated primarily from planning and development service fees, transit fares and fees collected for the use of recreation facilities.

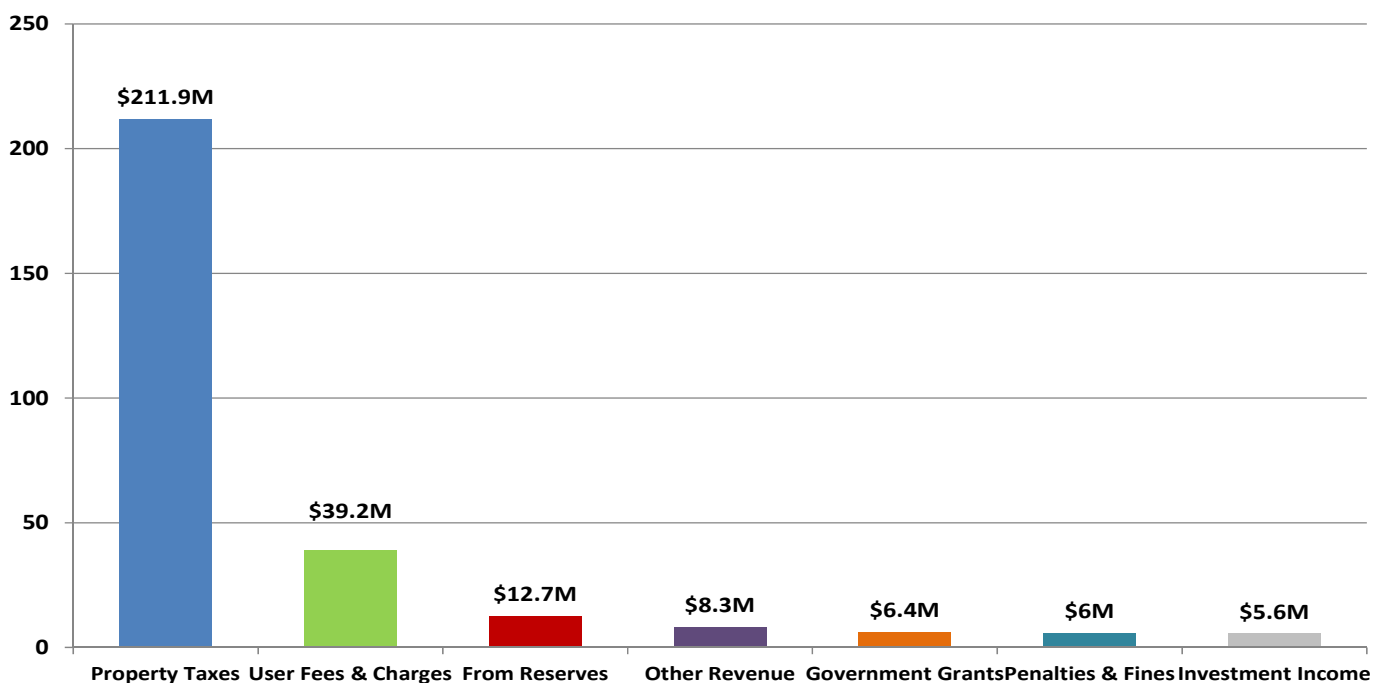
### Did you know...?

Municipal governments receive only 8% of all government tax revenues (*Source: Federation of Canadian Municipalities (FCM) 2016*). The average homeowner in Strathcona County pays taxes annually to all orders of government, including income and education taxes, sales tax and property tax. Of the hundreds of billions in tax revenues collected nationally, only \$211.9M will go to the County to provide all municipal services in 2018.

All Revenue with Tax Breakdown Total Revenue \$290.1M



2018 Municipal Funding By Type (\$290.1M)



# Municipal budget highlights

## Where the money goes

The operating budget maintains the vast array of high quality services provided to the community. Park and trail maintenance, policing, snow removal, community events, recreation opportunities and road maintenance are just a few of the many services delivered through the 2018 budget. The capital budget represents the capital required to support service delivery such as roads, water lines, and investment in growth and planning for the future. Service delivery comes with costs associated with required inputs such as labour, oil-related supplies, utilities to heat and light facilities, office supplies and contracted services. The total cost of municipal services is budgeted at \$290.1 million for 2018.



Fire, Ambulance and Police: \$77.8M (26%)



Transportation: \$66.5M (23%)



Recreation, Parks and Culture: \$65.4M (23%)



Transit: \$27.8M (10%)



Fiscal Services: \$20.9M (7%)



Planning and Development: \$13.8M (5%)



Family and Community Services: \$12.0M (4%)



Agriculture: \$3.7M (1%)



Economic, Development and Tourism: \$2.2M (1%)

# Municipal budget highlights

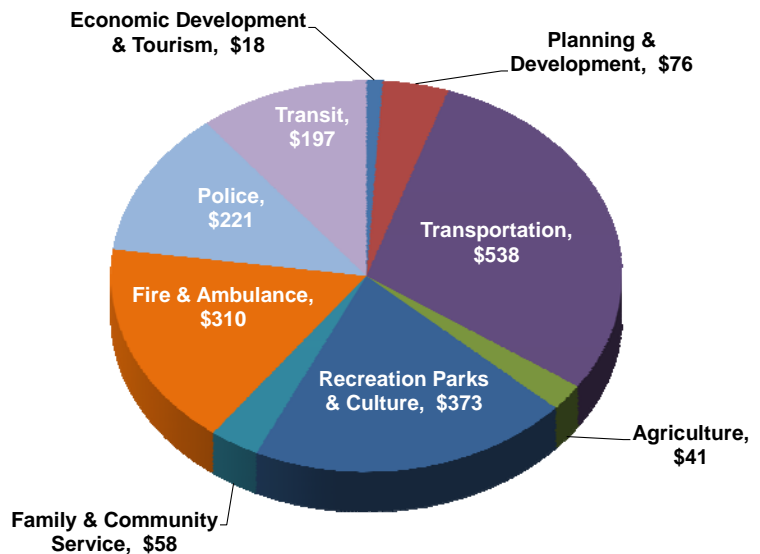
## Understanding your municipal taxes

The sample single family residential property assessed at \$435,000 will pay approximately \$1,832 per year, or \$152.67 per month in property taxes in 2018 for Strathcona County municipal services. For this, residents will receive the snapshot of services listed in the graphic on the right, and much more. Transportation infrastructure requires 29% of your tax dollar, while recreation, parks and culture requires 20% and 17% goes to funding fire and ambulance.

### How does Strathcona County compare?

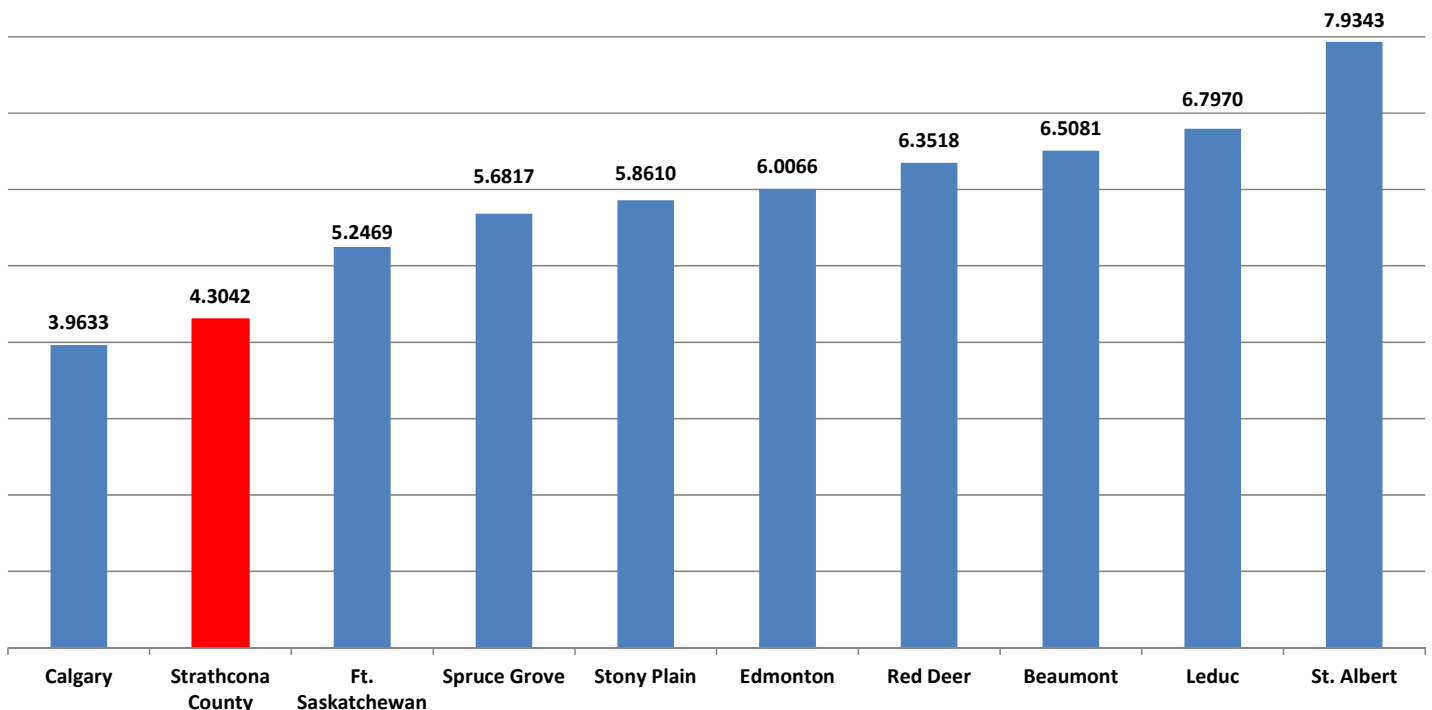
According to 2017 tax rates, Strathcona County residents pay some of the lowest municipal property taxes among 10 major Alberta municipalities.

2018 Annual Tax Dollars per Average Household Total \$1,832/year (based on assessment of \$435,000)



## 2017 Municipal Residential Tax Rates

(excludes Education Taxes)



Residential Municipal Property Tax Bill - Based on \$440,000 Assessed Value

\$1,744	\$1,894	\$2,309	\$2,500	\$2,579	\$2,643	\$2,795	\$2,864	\$2,991	\$3,491
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# Municipal budget highlights

## Value for your dollar

The average household in Strathcona County will spend \$152.67 on property taxes each month. For this amount, taxpayers get a vast selection of services. The true value of this expense may best be reflected when compared with other household expenses of the same approximate value.

*\$152.67 gets the average household:*

**Municipal services, which include:**

- Snow removal
- Access to playgrounds, swimming pools, hockey rinks and other recreation facilities
- Safe roads
- Police and enforcement services
- Fire, ambulance and emergency services
- Community events
- Counselling services
- And more...

VS.

Monthly cable television + internet

or

Monthly vehicle insurance

or

Dinner and a movie for a family of 4

or

Monthly heating—gas + electric

or

One week of groceries

## Understanding your utility bill

Utility rates will increase 1.32%. On average, this translates to an additional \$1.66 on monthly bills. This rate increase reflects the following challenges the County faces for the coming year:

- Maintaining service levels as costs rise due to inflation on goods and services sourced from external organizations.
- Meeting the needs of an expanding customer base as population growth puts pressure on infrastructure and utility programs.
- Improving service delivery and rapid response through investment in infrastructure and the application of innovative technology, and maintaining service levels despite space constraints.

## Services supported by utility bill charges:

**Solid waste**—weekly garbage collection, curbside recycling program and special events such as large item pickup and Christmas tree pickup. Rates for Sherwood Park and rural hamlets also pay for weekly organics collection during the summer months.

**Water**—delivery of water to homes and businesses, water meter replacement / installation, water meter reading, maintenance of fire hydrants, water line infrastructure operation and maintenance costs.

**Wastewater**—operation and maintenance of sewer lines and the treatment of wastewater at the Alberta Capital Region Wastewater Commission Treatment Plant.

**Stormwater**—maintenance of stormwater infrastructure and facilities that collect rainwater and surface runoff to reduce the possibility of flooding and property damage.

# Municipal budget highlights

## The challenges we face

Many exciting opportunities exist for the County to capitalize on its strengths and step boldly into the future but we are not without challenges. Growth and inflation are two primary factors that affect the County's budgets. Both provide related opportunities and challenges.

### Growth

Strathcona County continues to face modest growth pressures. Municipal growth, such as new homes and roads, continues to take place and the costs associated with this growth add pressure on expenses for program and service delivery. For example, more roads result in the need for extra roadway maintenance and snow removal, and a larger population means more people to serve.

Overall tax growth remains positive, with an estimated 350,000 square feet of new commercial space in addition to industrial projects coming online in 2018. Total municipal tax growth for 2018 is forecasted at approximately 3%, or \$6.2 million.

Municipal revenue streams remain stable, and Strathcona County is committed to sound fiscal management. As such, we pay attention to risks and opportunities on the horizon related to growth and the economic environment.

#### *Examples of how **growth** affects budgetary needs*

- Population—community programs, permitting, policing, traffic safety
- Roads—snow removal, crack filling, pothole repair
- Trails and sidewalks—maintenance and snow removal

### Inflation

Prices for goods and services typically increase from year to year. These price increases, known as inflation, affect both the operating and capital budgets. Staffing, supplies, oil-related products, contracted services and utilities are just a few of the areas that are influenced by the pressures of inflation. Costs for roads, building construction and land continue to rise.

The Municipal Price Index (MPI) is a measure that reflects the price of goods and services purchased by a municipality. MPI is based on a basket of goods reflective of municipal spending, such as asphalt, gravel, road oil and cement—items that a typical household does not purchase in bulk quantities. These items represent a significant portion of the County's expenses and are much more susceptible to inflation. Strathcona County uses MPI as a tool to forecast inflation costs. Utilizing MPI is the fiscally responsible approach to managing inflation costs.

Budget 2018 includes all known inflation factors and has matched this with funding sources to propose a fully-funded capital and balanced operating budget. The projected MPI for the 2018 municipal budget is 0.9%, which translates into an additional estimated cost of \$2 million.

#### *Examples of how **inflation** affects budgetary needs*

- Salaries and benefits
- Supplies—fuel, asphalt, landscaping materials, water, janitorial contracts, supplies
- Repairs and maintenance—facilities, computers, telecommunications, roads, trails

# Municipal budget highlights



## 2018 operating budget

The operating budget funds the day-to-day activities required to deliver the high quality services which are guided by Council's strategic plan and vision for Strathcona County. The budget allows for continued maintenance and support of existing infrastructure, programs and services to support the projected 100,151 residents within our growing community.

## 2018 operations

Through the use of Priority-Based Budgeting tools and processes, many savings have been realized in the 2018 operating budget. Clear, evidence-based decision making continues to guide departments to find efficiencies.

## Challenges identified that impact the 2018 operating budget include:

- Managing complex issues and instituting legislation that stem from Alberta's modernized *Municipal Government Act*.
- Assessing and planning for the multiple impacts of upcoming federal cannabis legislation on Strathcona County.
- Unpredictable weather and its associated impacts on infrastructure and activities such as snow removal and transit service.
- Responding to economic and social trends that impact the County and our residents.
- Viewing corporate coordination activities as an investment in vision, conversation, process and culture that would lead to improvements and add value to business operations and corporate function silos.





# Consolidated operating budget

## 2018 consolidated operating budget

Operating Revenue / Expense		2018 Budget	2017 Budget	\$ Change 2018-2017	% Change 2018-2017
<b>Revenues</b>	Property Taxes	\$ 221,334,164	\$ 220,530,409	\$ 803,755	0%
	Government Grants	6,920,048	6,189,559	730,489	12%
	Utility User Rates	55,343,070	54,184,112	1,158,958	2%
	User Fees & Charges	40,302,247	40,071,376	230,871	1%
	Penalties & Fines	6,157,810	5,862,143	295,667	5%
	Investment Income	6,805,439	5,690,557	1,114,882	20%
	Other Revenues	8,434,729	8,023,093	411,636	5%
	<b>Total Revenues</b>	<b>345,297,507</b>	<b>340,551,249</b>	<b>4,746,258</b>	<b>1%</b>
<b>Expenses</b>	Salaries & Wages	143,489,433	139,056,940	4,432,493	3%
	Employee Benefits	30,506,276	29,651,940	854,336	3%
	Training & Development	2,985,314	2,599,216	386,098	15%
	Business Expenses	1,142,512	981,879	160,633	16%
	Advertising & Printing	2,538,116	2,480,581	57,535	2%
	Professional Services	5,475,643	4,527,708	947,935	21%
	Insurance	1,836,451	2,027,034	(190,583)	(9)%
	Rentals & Leases	2,840,760	2,900,487	(59,727)	(2)%
	Contracted Services	42,173,887	42,213,371	(39,484)	(0)%
	Supplies & Materials	39,987,502	39,170,262	817,240	2%
	Repairs & Maintenance	7,130,428	7,135,794	(5,366)	(0)%
	Equipment Purchases	2,287,018	2,143,733	143,285	7%
	Utilities	7,927,609	7,835,776	91,833	1%
	Telecommunications	1,081,038	1,062,428	18,610	2%
	Interest on Debt	6,683,124	6,942,331	(259,207)	(4)%
	Grants & Requisitions	2,513,546	2,103,870	409,676	19%
	Other Expenses	1,624,787	1,631,363	(6,576)	(0)%
	Interprogram	-	-	-	0%
	Amortization Expense	59,618,395	54,618,235	5,000,160	9%
	<b>Total Expenses</b>	<b>361,841,839</b>	<b>349,082,948</b>	<b>12,758,891</b>	<b>4%</b>
<b>Net Surplus/(Deficit)</b>		<b>(16,544,332)</b>	<b>(8,531,699)</b>	<b>(8,012,633)</b>	<b>94%</b>
<b>Non-Operating Items</b>		<b>(43,194,201)</b>	<b>(46,200,540)</b>	<b>3,006,339</b>	<b>(7)%</b>
<b>Non-Cash Adjustment</b>		<b>59,738,533</b>	<b>54,732,239</b>	<b>5,006,294</b>	<b>9%</b>
<b>TOTAL Consolidated Surplus/(Deficit)</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>

# Consolidated operating budget

## 2018 municipal operating budget



Operating Revenue / Expense		2018 Budget	2017 Budget	\$ Change 2018-2017	% Change 2018-2017
<b>Revenues</b>	Property Taxes	\$ 211,872,298	\$ 211,058,348	\$ 813,950	0%
	Government Grants	6,357,485	5,631,996	725,489	13%
	User Fees & Charges	39,160,281	38,890,853	269,428	1%
	Penalties & Fines	5,992,113	5,684,215	307,898	5%
	Investment Income	5,640,552	4,662,360	978,192	21%
	Other Revenues	8,280,146	7,870,124	410,022	5%
	<b>Total Revenues</b>	<b>277,302,875</b>	<b>273,797,896</b>	<b>3,504,979</b>	<b>1%</b>
<b>Expenses</b>	Salaries & Wages	129,180,797	125,042,798	4,137,999	3%
	Employee Benefits	27,221,420	26,601,334	620,086	2%
	Training & Development	2,679,808	2,300,058	379,750	17%
	Business Expenses	1,071,207	910,724	160,483	18%
	Advertising & Printing	1,973,928	1,900,337	73,591	4%
	Professional Services	5,071,108	3,744,728	1,326,380	35%
	Insurance	1,836,451	2,027,034	(190,583)	(9)%
	Rentals & Leases	2,458,751	2,518,529	(59,778)	(2)%
	Contracted Services	33,462,487	33,823,597	(361,110)	(1)%
	Supplies & Materials	17,540,471	16,941,288	599,183	4%
	Repairs & Maintenance	5,025,685	5,000,666	25,019	1%
	Equipment Purchases	2,058,339	1,881,994	176,345	9%
	Utilities	8,249,020	8,181,421	67,599	1%
	Telecommunications	925,245	907,479	17,766	2%
	Interest on Debt	3,357,001	3,572,462	(215,461)	(6)%
	Grants & Requisitions	2,313,546	1,903,870	409,676	22%
	Other Expenses	1,526,373	1,534,477	(8,104)	(1)%
	Interprogram	(3,314,276)	(3,423,556)	109,280	(3)%
	Amortization Expense	50,506,729	45,928,733	4,577,996	10%
	<b>Total Expenses</b>	<b>293,144,090</b>	<b>281,297,973</b>	<b>11,846,117</b>	<b>4%</b>
<b>Net Surplus/(Deficit)</b>		<b>(15,841,215)</b>	<b>(7,500,077)</b>	<b>(8,341,138)</b>	<b>111%</b>
<b>Non-Operating Items</b>		<b>(34,743,063)</b>	<b>(38,502,773)</b>	<b>3,759,710</b>	<b>(10)%</b>
<b>Non-Cash Adjustment</b>		<b>50,584,278</b>	<b>46,002,850</b>	<b>4,581,428</b>	<b>10%</b>
<b>TOTAL Municipal Surplus/(Deficit)</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>



## Consolidated operating budget

### 2018 utility operating budget

Operating Revenue / Expense		2018 Budget	2017 Budget	\$ Change 2018-2017	% Change 2018-2017
<b>Revenues</b>	Government Grants	\$ 7,000	\$ 7,000	\$ -	0%
	Utility User Rates	55,343,070	54,184,112	1,158,958	2%
	User Fees & Charges	1,083,650	1,128,650	(45,000)	(4%)
	Investment Income	1,036,953	915,825	121,128	13%
	Other Revenues	6,000	6,000	-	0%
	<b>Total Revenues</b>	<b>57,476,673</b>	<b>56,241,587</b>	<b>1,235,086</b>	<b>2%</b>
<b>Expenses</b>	Salaries & Wages	9,039,814	8,838,885	200,929	2%
	Employee Benefits	2,006,334	1,769,914	236,420	13%
	Training & Development	212,672	211,072	1,600	1%
	Business Expenses	55,430	55,430	-	0%
	Advertising & Printing	480,503	480,503	-	0%
	Professional Services	385,591	764,519	(378,928)	(50)%
	Rentals & Leases	362,575	362,575	-	0%
	Contracted Services	8,619,470	8,298,090	321,380	4%
	Supplies & Materials	21,883,880	21,688,537	195,343	1%
	Repairs & Maintenance	2,049,291	2,099,291	(50,000)	(2)%
	Equipment Purchases	201,539	201,539	-	0%
	Utilities	(321,411)	(345,645)	24,234	(7)%
	Telecommunications	144,852	144,852	-	0%
	Interest on Debt	2,441,151	2,450,603	(9,452)	(0)%
	Grants & Requisitions	200,000	200,000	-	0%
	Other Expenses	92,254	92,254	-	0%
	Interprogram	2,636,790	2,750,499	(113,709)	(4)%
	Amortization Expense	7,684,602	7,287,537	397,065	5%
	<b>Total Expenses</b>	<b>58,175,337</b>	<b>57,350,455</b>	<b>824,882</b>	<b>1%</b>
<b>Net Surplus/(Deficit)</b>		<b>(698,664)</b>	<b>(1,108,868)</b>	<b>410,204</b>	<b>(37)%</b>
<b>Non-Operating Items</b>		<b>(7,028,527)</b>	<b>(6,218,556)</b>	<b>(809,971)</b>	<b>13%</b>
<b>Non-Cash Adjustment</b>		<b>7,727,191</b>	<b>7,327,424</b>	<b>399,767</b>	<b>5%</b>
<b>TOTAL Department Surplus/(Deficit)</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>

# Consolidated operating budget

## 2018 library operating budget

Operating Revenue / Expense		2018 Budget	2017 Budget	\$ Change 2018-2017	% Change 2018-2017
<b>Revenues</b>	Property Taxes	\$ 9,461,866	\$ 9,472,061	\$ (10,195)	(0)%
	Government Grants	555,563	550,563	5,000	1%
	User Fees & Charges	58,316	51,873	6,443	12%
	Penalties & Fines	165,697	177,928	(12,231)	(7)%
	Investment Income	127,934	112,372	15,562	14%
	Other Revenues	148,583	146,969	1,614	1%
	<b>Total Revenues</b>	<b>10,517,959</b>	<b>10,511,766</b>	<b>6,193</b>	<b>0%</b>
<b>Expenses</b>	Salaries & Wages	5,268,822	5,175,257	93,565	2%
	Employee Benefits	1,278,522	1,280,692	(2,170)	(0)%
	Training & Development	92,834	88,086	4,748	5%
	Business Expenses	15,875	15,725	150	1%
	Advertising & Printing	83,685	99,741	(16,056)	(16)%
	Professional Services	18,944	18,461	483	3%
	Rentals & Leases	19,434	19,383	51	0%
	Contracted Services	91,930	91,684	246	0%
	Supplies & Materials	563,151	540,437	22,714	4%
	Repairs & Maintenance	55,452	35,837	19,615	55%
	Equipment Purchases	27,140	60,200	(33,060)	(55)%
	Telecommunications	10,941	10,097	844	8%
	Interest on Debt	884,972	919,266	(34,294)	(4)%
	Other Expenses	6,160	4,632	1,528	33%
	Interprogram	677,486	673,057	4,429	1%
	Amortization Expense	1,427,064	1,401,965	25,099	2%
<b>Total Expenses</b>	<b>10,522,412</b>	<b>10,434,520</b>	<b>87,892</b>	<b>1%</b>	
<b>Net Surplus/(Deficit)</b>	<b>(4,453)</b>	<b>77,246</b>	<b>(81,699)</b>	<b>(106)%</b>	
<b>Non-Operating Items</b>	<b>(1,422,611)</b>	<b>(1,479,211)</b>	<b>56,600</b>	<b>(4)%</b>	
<b>Non-Cash Adjustment</b>	<b>1,427,064</b>	<b>1,401,965</b>	<b>25,099</b>	<b>2%</b>	
<b>TOTAL Library Surplus/(Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>	



# 2018 Recommended Budget

## Processes and mandates

### Mandate and guidance

In accordance with the *Municipal Government Act* (RSA 2000, ch. H-26, s. 242 & 246), every municipality must adopt an operating and capital budget each calendar year. The *Municipal Government Act* also dictates that several bylaws be passed after both budgets have been adopted. The bylaws below are passed after the budget is approved by Council.



At the heart of Strathcona County's finance system is the budget—the financial manifestation of the decisions made throughout the year. It is together through the business plan and budget that Council affirms the municipality's priorities by allocating funds to programs and services that align with the strategic direction. The two budgets—operating and capital—are very distinct and both are critical to providing municipal services.

### Financial sustainability

What does it mean for Strathcona County to be financially sustainable? We believe it's our ability to manage our finances in such a way that meets existing and future spending commitments while at the same time ensuring that future generations of taxpayers will not face an unmanageable tax burden for services provided today. We are driven to be as efficient and effective as possible as we continue to build on the sound fiscal management strategies and policies needed to preserve long-term sustainability and optimal service delivery.

