

**2019 Operating
BUDGET OVERVIEW**
Presented November 6, 2018

One Parkland: Powerfully Connected.



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Operating Budget Philosophy

The operating budget provides the fiscal plan to support the County’s Strategic and Business Plans as well as provides the authority for the business units to utilize available County financial resources as outlined by Council. The Operating Budget provides financial resources for the ongoing day to day costs of delivering municipal services to residents.

Listed are the key budget concepts used while preparing the 2019 Operating Budget, consistent with what was approved by council in the budget philosophy on June 12, 2018:

- The operating budget will be balanced - expenses equal revenues with the exception of non-cash items such as amortization.
- Non-recurring (one-time) revenues are used to fund non-recurring (one-time) expenditures.
- All carry forwards will be re-budgeted in the final budget (spring 2019).
- The Budget reflects estimates for both revenue and expenditures through an objective, analytical process utilizing trends, best judgements, and statistical analysis where appropriate. Estimates are conservative, particularly on the revenue side.

Inflation Adjustment

The cost of goods and services typically change year over year, therefore, in order for the County to maintain a consistent level of service, corresponding adjustments must be made to the Municipal Budget to account for inflation/deflation. The County uses published index rates to provide a recommendation for the rate applied to the budget. The most commonly referenced index is the Consumer Price Index (CPI) which is based on the goods and services used by the average consumer. The County, however; purchases a different range of goods and services than the average consumer therefore the CPI is not the most appropriate measure of inflation for the County. As a result, the County relies on the Municipal Price Index (MPI) to determine the rate of inflation/deflation to apply to its budget. The MPI is calculated using items commonly utilized by municipalities rather than consumers and is more indicative of the County's operations.

	Forecast				
Year	2018	2019	2020	2021	Average
MPI*	2.63%	2.70%	2.96%	2.86%	2.79%
CPI*	1.77%	2.18%	2.02%	2.04%	2.00%

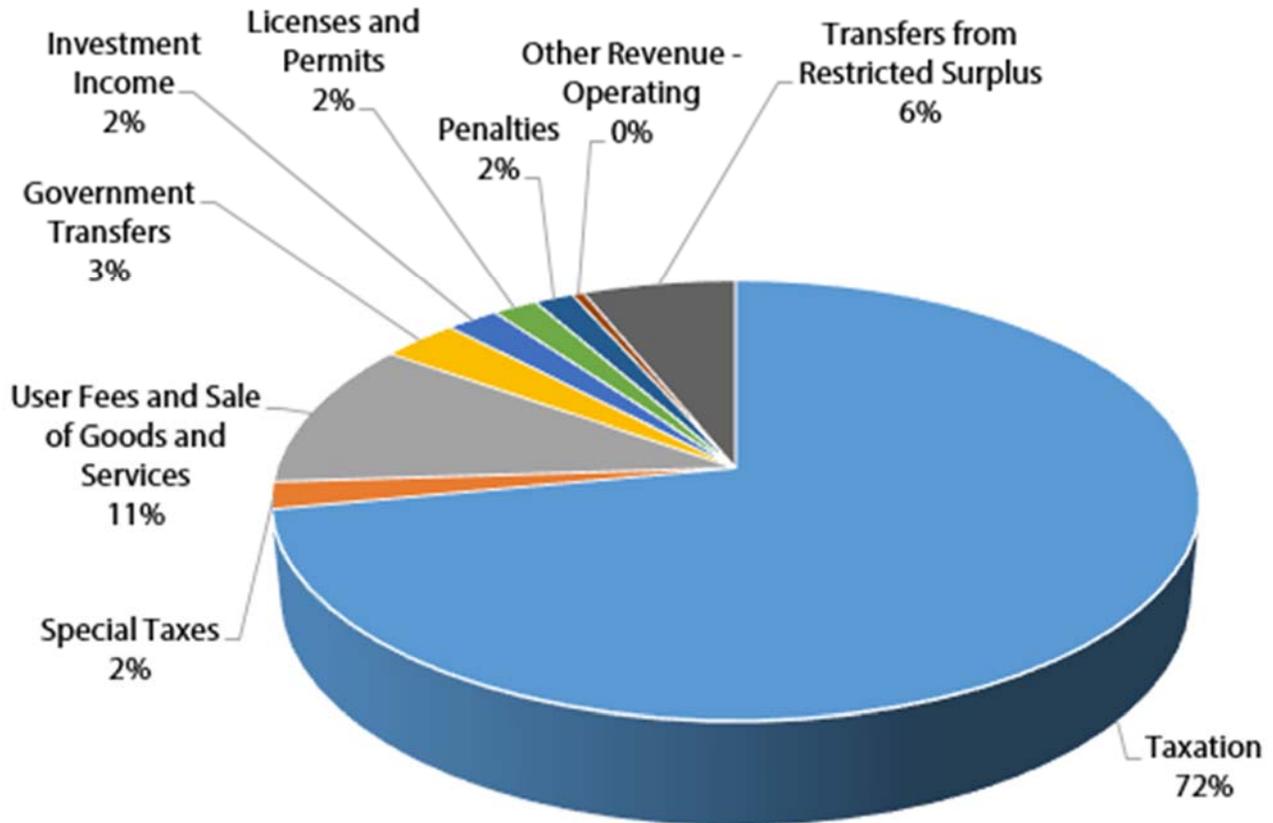
**Source: Municipal Price Index 2018 Economic Insights, City of Edmonton.*

Statement of Operations

PARKLAND COUNTY Summary of All Units Statement of Operations

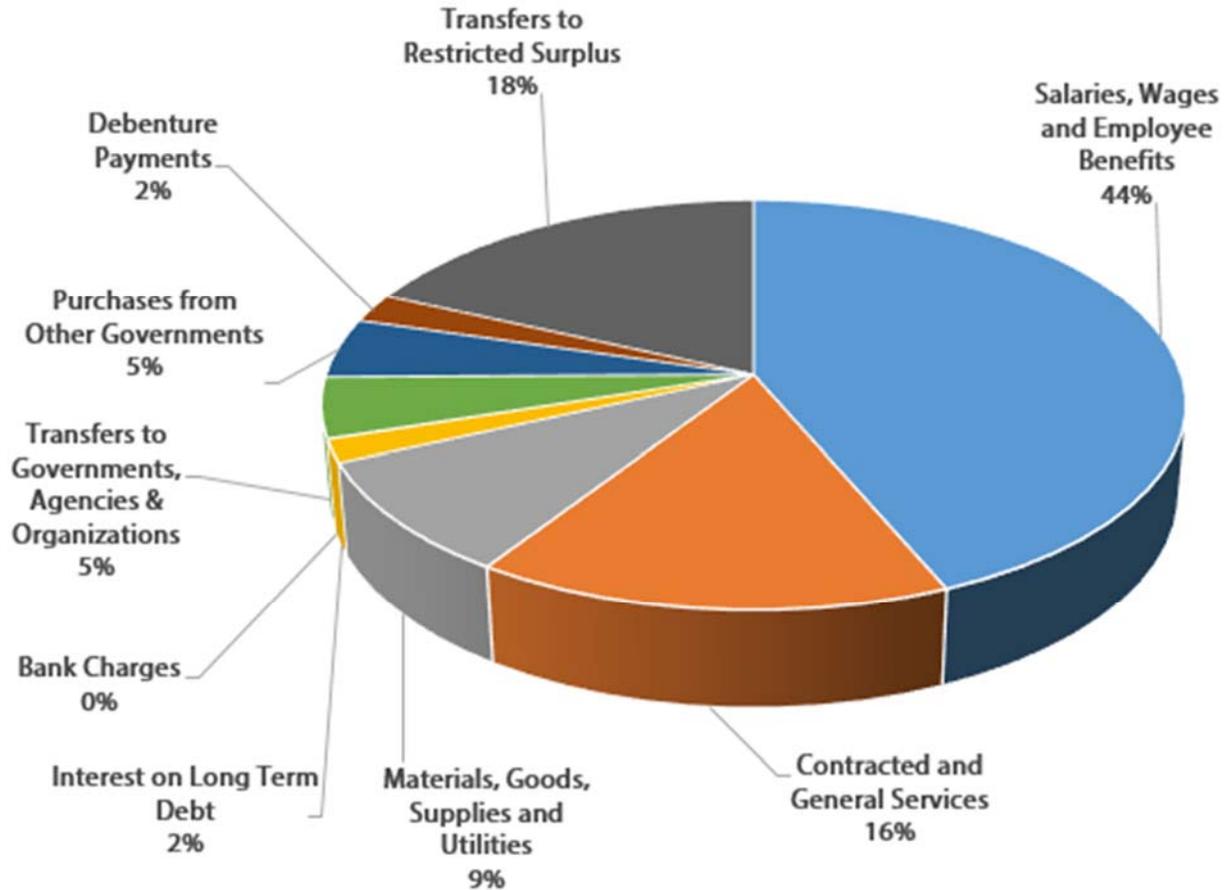
	2018	2019	2019	2019
	Budget	Budget	Increase/ (Decrease)	Change
	\$	\$	\$	%
Operating				
Special Taxes	1,418,900	1,637,600	218,700	15.4%
User Fees and Sale of Goods and Services	10,188,600	8,863,300	(1,325,300)	(13.0%)
Government Transfers	8,189,900	2,581,900	(5,608,000)	(68.5%)
Investment Income	1,760,000	1,751,400	(8,600)	(0.5%)
Licenses and Permits	1,833,600	1,487,400	(346,200)	(18.9%)
Penalties	1,218,700	1,301,600	82,900	6.8%
Other Revenue - Operating	756,700	392,600	(364,100)	(48.1%)
Gain on Disposal of Tangible Capital Assets	30,300	47,000	16,700	55.1%
Transfers from Restricted Surplus	10,371,500	5,126,100	(5,245,400)	(50.6%)
Proceeds From Long-Term Debt	-	-	-	-
Total Revenues	35,768,200	23,188,900	(12,579,300)	(35.2%)
Salaries, Wages and Employee Benefits	35,402,500	36,128,700	726,200	2.1%
Contracted and General Services	19,929,800	13,108,700	(6,821,100)	(34.2%)
Materials, Goods, Supplies and Utilities	8,814,600	7,472,400	(1,342,200)	(15.2%)
Interest on Long Term Debt	866,700	1,478,300	611,600	70.6%
Bank Charges	38,300	39,300	1,000	2.6%
Transfers to Governments, Agencies & Organizations	8,662,300	3,671,400	(4,990,900)	(57.6%)
Purchases from Other Governments	3,724,700	3,885,400	160,700	4.3%
Amortization of Tangible Capital Assets	16,674,000	16,674,000	-	-
Loss on Disposal of Tangible Capital Assets	272,300	302,900	30,600	11.2%
Other Expenses - Operating	302,000	285,000	(17,000)	(5.6%)
Debenture Payments	1,860,200	1,898,100	37,900	2.0%
Transfers to Restricted Surplus	14,141,200	15,040,500	899,300	6.4%
Total Expenses	110,688,600	99,984,700	(10,703,900)	(9.7%)
Operating Surplus/(Shortfall)	(74,920,400)	(76,795,800)	(1,875,400)	2.5%
Add/(Subtract)				
Amortization	16,674,000	16,674,000	-	-
Proceeds on Sale of Tangible Capital Assets	478,600	249,900	(228,700)	(47.8%)
Gain on Disposal of Tangible Capital Assets	(31,100)	(47,000)	(15,900)	51.1%
Loss on Disposal of Tangible Capital Assets	272,300	302,900	30,600	11.2%
Operating Impact on Taxation	(57,526,600)	(59,616,000)	(2,089,400)	3.6%

Operating Revenues



Total Municipal Operating Revenues	2018	2019	\$ Increase / (Decrease)	% Change
Taxation	\$ 57,526,600	\$ 59,466,000	\$ 1,939,400	3.4%
Special Taxes	\$ 1,418,900	\$ 1,637,600	\$ 218,700	15.4%
User Fees and Sale of Goods and Services	\$ 10,188,600	\$ 8,863,300	\$ (1,325,300)	(13.0%)
Government Transfers	\$ 8,189,900	\$ 2,581,900	\$ (5,608,000)	(68.5%)
Investment Income	\$ 1,760,000	\$ 1,751,400	\$ (8,600)	(0.5%)
Licenses and Permits	\$ 1,833,600	\$ 1,487,400	\$ (346,200)	(18.9%)
Penalties	\$ 1,218,700	\$ 1,301,600	\$ 82,900	6.8%
Other Revenue - Operating	\$ 756,700	\$ 392,600	\$ (364,100)	(48.1%)
Transfers from Restricted Surplus	\$ 10,371,500	\$ 5,126,100	\$ (5,245,400)	(50.6%)
Total Excluding Non-Cash Items	\$ 93,264,500	\$ 82,607,900	\$ (10,656,600)	(11.3%)
Gain on Disposal of Tangible Capital Assets	\$ 30,300	\$ 47,000	\$ 16,700	55.1%
Total Municipal Revenues	\$ 93,294,800	\$ 82,654,900	\$ (10,639,900)	(11.3%)

Operating Expenses



Total Operating Expenses	2018	2019	\$ Increase / (Decrease)	% Change
Salaries, Wages and Employee Benefits	\$ 35,402,500	\$ 36,128,700	\$ 726,200	2.1%
Contracted and General Services	\$ 19,929,800	\$ 13,108,700	\$ (6,821,100)	(34.2%)
Materials, Goods, Supplies and Utilities	\$ 8,814,600	\$ 7,472,400	\$ (1,342,200)	(15.2%)
Interest on Long Term Debt	\$ 866,700	\$ 1,478,300	\$ 611,600	70.6%
Bank Charges	\$ 38,300	\$ 39,300	\$ 1,000	2.6%
Transfers to Governments, Agencies & Organizations	\$ 8,662,300	\$ 3,671,400	\$ (4,990,900)	(57.6%)
Purchases from Other Governments	\$ 3,724,700	\$ 3,885,400	\$ 160,700	4.3%
Deventure Payments	\$ 1,860,200	\$ 1,898,100	\$ 37,900	2.0%
Transfers to Restricted Surplus	\$ 14,141,200	\$ 15,040,500	\$ 899,300	6.4%
Total Excluding Non-Cash Items	\$ 93,440,300	\$ 82,722,800	\$ (10,717,500)	(11.5%)
Amortization	\$ 16,674,000	\$ 16,674,000	-	-
Loss on Disposal of Tangible Capital Assets	\$ 272,300	\$ 302,900	\$ 30,600	11.2%
Other Expenses - Operating	\$ 302,000	\$ 285,000	\$ (17,000)	(5.6%)
Total Operating Expenses	\$ 110,688,600	\$ 99,984,700	\$ (10,703,900)	(9.7%)

Restricted Surplus Funding Utilized In the Operating Budget

Restricted surplus funds are set aside for future planned expenditures and are not intended to fund regular operations. These funds help to smooth out the tax rate over time. Restricted surplus is to be used for one time projects only, as funding operations is unsustainable.

Transfers from Restricted Surplus (RS) - \$5.1 Million

Currently the 2019 budget has the following operating projects using a significant portion of restricted surplus funds:

- Drainage, Utilities & Aggregate: \$1.5M – funding for Acheson Storm Debenture Payments, from Long Term Sustainability. This will be replenished when offsite levies are received.
- Engineering Services: \$1M
 - \$200,000 from the Business Attraction Fund to offset transit costs
 - \$200,000 from Future Transportation to fund Rail Safety Improvement Program (Budget Initiative 2019-19)
 - \$54,000 from Long Term Sustainability to fund principal and interest payments on wastewater servicing in Acheson Zone 1 & 2. This will be replenished when offsite levies are received.
 - \$135,100 from Long Term Sustainability to fund principal and interest payments on new water reservoir in Acheson Zone 4. This will be replenished when offsite levies are received.
- Planning & Development Services: \$1.4 Million funded from the Long Term Sustainability Restricted Surplus.
 - \$200,000 – Regional Growth Plan (Budget Initiative 2019-16)
 - \$1,100,000 – to fund principal and interest payments on infrastructure in Acheson Zone 7. This will be replenished when offsite levies are received.

Transfers to Restricted Surplus (RS) - \$15 Million

Below is a list of the significant transfers being made to Restricted Surplus:

- Chief Financial Office: \$5.9M
 - \$2.2M Contingency for Linear Appeal
 - \$2.4M Transfer to Long Term Sustainability as per Restricted Surplus Policy C-F105 (30% of new linear assessment with assessed value > \$50M)
- Fleet Management Services: \$3.1M Mobile Equipment Lifecycle Plan
- Parks, Recreation, and Culture - \$919K
 - \$328,400 Tri-Leisure Centre Lifecycle Plan
 - \$450,000 Recreation Facilities annual contribution plus interest of \$64,500
- Sold Waste - \$1.2M
 - \$1,000,000 Tipping Fees, and \$126,200 of interest transferred to Waste Management Restricted Surplus as per Restricted Surplus Policy C-F-105
 - \$52,500 Future Landfill Liability report
 - \$54,300 Regional Waste Authority Lifecycle Plan

Transfers to Governments, Agencies, and Organizations

Transfer to Provincial Government	2018	2019	\$ Change	% Change
Planning & Development				
Fronting of Acheson Overpass	3,352,000	-	(3,352,000)	-100%
Total Transfer to Provincial Government	3,352,000	-	(3,352,000)	-100%

Transfer to Local Government	2018	2019	\$ Change	% Change
Parks, Recreation, & Culture				
Operating Cost Share				
Stony Plain - 211 - FCSS	8,000	8,000	-	0%
Stony Plain - FCSS	145,700	189,200	43,500	30%
Stony Plain - Arena	73,000	99,100	26,100	36%
Spruce Grove - Parkland Village - FCSS	45,000	29,500	(15,500)	-34%
Spruce Grove - FCSS	145,700	189,200	43,500	30%
Spruce Grove - Arena	132,600	144,500	11,900	9%
Spruce Grove - Horizon Stage	133,500	133,500	-	0%
Yellowhead County - FCSS	55,900	55,900	-	0%
Yellowhead County - Evansburg Arena	93,200	88,500	(4,700)	-5%
Drayton Valley - FCSS	35,800	35,800	-	0%
Drayton Valley - Omniplex	111,900	111,900	-	0%
Drayton Valley - Pool	15,000	15,000	-	0%
Leduc County - FCSS	87,000	-	(87,000)	-100%
Devon - Pool	24,800	24,800	-	0%
Devon - Arena	84,700	124,100	39,400	47%
Wabamun - FCSS	10,000	10,000	-	0%
Wabamun - Arena	15,500	-	(15,500)	-100%
Total Operating Cost Share	1,217,300	1,259,000	41,700	3%
Capital Cost Share				
Drayton Valley - Pool & Omniplex	43,000	-	(43,000)	-100%
Yellowhead County - Pembina Arena	136,700	-	(136,700)	-100%
Spruce Grove - Arena	40,100	-	(40,100)	-100%
Total Capital Cost Share	219,800	-	(219,800)	-100%
TransAlta Tri-Leisure Centre				
Operating Cost Share	441,700	433,500	(8,200)	-2%
Capital Equipment	60,000	70,800	10,800	18%
Preliminary Infrastructure	156,500	81,600	(74,900)	-48%
Total TransAlta Tri-Leisure Centre	658,200	585,900	(72,300)	-11%
Total Parks, Recreation, & Culture	2,095,300	1,844,900	(250,400)	-12%

Transfer to Local Government Continued	2018	2019	\$ Change	% Change
Parks, Recreation, & Culture Continued				
Grants				
RBC Learn to Play Grant	13,100	-	(13,100)	-100%
Signage	22,500	-	(22,500)	-100%
Major Sustainability Grant - Blueberry	3,900	-	(3,900)	-100%
Major Sustainability Grant - Woodbend	13,100	-	(13,100)	-100%
Major Sustainability Grant - Fallis	10,000	-	(10,000)	-100%
Major Sustainability Grant - Westland Park	42,000	-	(42,000)	-100%
Major Sustainability Grant - Holburn	-	62,300	62,300	100%
Minor Sustainability Grant - Muir Lake	7,500	-	(7,500)	-100%
Minor Sustainability Grant - Manley	1,900	-	(1,900)	-100%
Minor Sustainability Grant	50,000	50,000	-	0%
Total Grants	164,000	112,300	(44,200)	-27%
Fire Services				
Cost Share Stony Plain & Devon - Responding to vehicle calls on Provincial Highways.	18,500	18,500	-	0%
Devon Cost Share	-	50,000	50,000	100%
Total Fire Services	18,500	68,500	50,000	270%
Planning & Development				
Edmonton Metropolitan Regional Board	86,300	86,300	-	0%
Total Planning & Development	86,300	86,300	-	0%
Solid Waste				
Devon Recycle Centre	60,000	62,000	2,000	3%
Plastics Round Up	2,300	1,500	(800)	-35%
Toxic Round Up	2,300	1,900	(400)	-17%
Total Solid Waste	64,600	65,400	(1,200)	-2%
Water & Wastewater Services				
Cost Share for West Interlink Lake District (WILD)	172,700	10,000	(162,700)	-94%
Operational Costs				
Total Water & Wastewater Services	172,700	10,000	(162,700)	-94%
Total Transfers to Local Government	2,601,400	2,187,400	(408,500)	-16%

Transfers to Not for Profits & Agencies	2018	2019	\$ Change	% Change
Parks, Recreation, & Culture				
Regional Recreation & Wellness Committee	2,000	2,000	-	0%
Bunchberry Meadows Organizational Support	6,000	6,000	-	0%
River Days Assistance	1,300	1,300	-	0%
Mini Monster Bash	1,000	-	(1,000)	-100%
Not for Profit Organization Funding	66,300	66,300	-	0%
Community Development Miscellaneous Program - FCSS	79,700	20,000	(59,700)	-75%
Pioneer Museum	65,300	65,300	-	0%
Multicultural	53,700	53,700	-	0%
Rotary Fun for Life	2,000	2,000	-	0%
Church Manses	3,700	3,700	-	0%
Winter Assistance	8,500	8,500	-	0%
River Valley Alliance Trail - Phase 2	1,000,000	-	(1,000,000)	-100%
River Valley Alliance Annual Contribution	20,000	20,000	-	0%
Beautification Grant	30,000	-	(30,000)	-100%
Genesis Boat Launch	10,000	-	(10,000)	-100%
Aga Khan - University of Alberta	-	25,000	25,000	100%
Total Parks, Recreation, & Culture	1,349,500	273,800	(1,075,700)	-80%
Library Grants				
Parkland Library Board	665,300	680,900	15,600	2%
Yellowhead Regional Library Membership	131,400	138,000	6,600	5%
Total Library Grants	796,700	818,900	22,200	3%
Agricultural Services				
4-H Achievement Day Donation	2,000	2,000	-	0%
Farm Safety Program	1,000	-	(1,000)	-100%
Gateway Research Association	4,500	-	(4,500)	-100%
Miscellaneous Programs	2,500	-	(2,500)	-100%
West Central Forage Association (WCFA)	4,000	-	(4,000)	-100%
Total Agricultural Services	14,000	2,000	(12,000)	-86%
Community Economic Diversification				
Stony Plain Chamber Tourism Contribution	4,000	-	(4,000)	-100%
Youth in Business Sponsorship	500	500	-	0%
Total Community Economic Diversification	4,500	500	(4,000)	-89%
Environment & Community Sustainability				
Contribution to North Saskatchewan Watershed Alliance	15,000	15,000	-	0%
Alternative Land Use Services (ALUS)	118,500	118,500	-	0%
Green Acreages	48,000	21,800	(26,200)	-55%
Total Environment & Community Sustainability	181,500	155,300	(26,200)	-14%

Transfers to Not for Profits & Agencies Continued	2018	2019	\$ Change	% Change
Road Maintenance				
Non-Profit Road Side Clean-Up	7,000	7,000	-	0%
Total Road Maintenance	7,000	7,000	-	0%
Engineering Services				
Specialized Transportation Grant	28,500	28,500	-	0%
Crop Damages	1,900	1,900	-	0%
Total Engineering Services	30,400	30,400	-	0%
Facility Maintenance				
Alberta Athletic Association (Keephills School)	129,000	21,800	(107,200)	-83%
Total Engineering Services	129,000	21,800	(107,200)	-83%
Community Association Funding				
Parks, Recreation, & Culture				
Miscellaneous Children's Programs - FCSS	40,000	30,000	(10,000)	-25%
Hall Operations	90,300	90,300	-	0%
Operation of Recreation Facilities (Playgrounds, Ball Diamonds etc.)	22,000	22,000	-	0%
Tricala Adult Program - FCSS	4,000	2,000	(2,000)	-50%
Program/Events Grant (Program Costs)	30,000	30,000	-	0%
Miscellaneous Programs - FCSS	10,000		(10,000)	-100%
Total Community Association Funding	196,300	174,300	(22,000)	-11%
Total Not for Profit & Agencies Funding	2,708,900	1,484,000	(1,224,900)	-45%

Transfers to Governments, Agencies, and Other Organizations	2018	2019	\$ Change	% Change
Total Transfers to Governments, Agencies, and Other Organizations	8,662,300	3,671,400	(4,990,900)	-58%

Summary of Department Operating Budgets (Net Cost)

DIVISION	2018	2019	2019	2019
	Budget	Budget	Increase/ (Decrease)	Change
	\$	\$	\$	%
Council	1,007,900	963,500	(44,400)	(4.4%)
Corporate Services				
Communication Services	548,200	528,200	(20,000)	(3.6%)
Employee Service	2,075,300	2,245,300	170,000	8.2%
Legal Services	1,084,500	1,234,300	149,800	13.8%
Information Services	4,598,300	4,595,800	(2,500)	(0.1%)
Corporate Services	8,306,300	8,603,600	246,100	2.9%
Development Services				
Economic Diversification	705,600	692,300	(13,300)	(1.9%)
Community Sustainability	744,700	713,200	(31,500)	(4.2%)
Smart Parkland	1,134,500	1,081,200	(53,300)	(4.7%)
Planning and Development Services	2,222,500	2,094,500	(128,000)	(5.8%)
Development Services	4,807,300	4,581,200	(226,100)	(4.7%)
Infrastructure Services				
Facilities Management	3,647,700	3,529,100	(118,600)	(3.3%)
Fleet Management Services	2,781,000	2,567,000	(214,000)	(7.7%)
Road Maintenance Services	11,337,900	10,725,900	(612,000)	(5.4%)
Solid Waste Services	2,183,900	2,094,900	(89,000)	(4.1%)
Water and Wastewater Services	1,079,600	1,079,600	-	-
Engineering Services	13,011,800	13,509,900	498,100	3.8%
Drainage, Utilities and Aggregate	2,470,500	2,370,600	(99,900)	(4.0%)
Project Management Office	-	5,000	5,000	-
Infrastructure Services	36,512,400	35,882,000	(630,400)	(1.7%)
Community Services				
Fire Services	6,046,800	6,404,500	357,700	5.9%
Emergency Management	18,500	39,600	21,100	114.1%
Emergency Communications Services	(20,900)	19,100	40,000	(191.4%)
Enforcement Services	2,024,700	1,999,600	(25,100)	(1.2%)
Parks, Recreation and Culture	5,287,400	5,329,200	41,800	0.8%
Agriculture Services	1,501,600	1,438,500	(63,100)	(4.2%)
Community Services	14,858,100	15,230,500	372,400	2.5%
Chief Administrative Office				
Executive Administration	2,039,700	2,127,800	88,100	4.3%
Strategic Planning & Intergovernmental Affairs	1,571,400	1,681,200	109,800	7.0%
Chief Administrative Office	3,611,100	3,809,000	249,100	7.0%
Chief Financial Office	5,817,300	7,726,000	1,908,700	32.8%
Less:				
Amortization	16,674,000	16,674,000	-	-
Gain on Sale of Assets	(31,100)	(47,000)	(15,900)	51.1%
Loss on Sale of Assets	272,300	302,900	30,600	11.2%
Proceeds on Sales of Assets	478,600	249,900	(228,700)	(47.8%)
Operating Impact on Taxation	57,526,600	59,616,000	2,089,400	3.6%

Budget Initiatives

To ensure prudent fiscal management and financial sustainability for Parkland County, Administration has developed business initiative forms for which all departments are required to complete should they be recommending a new purchase, new program, or an increased service level. These initiatives should be evaluated and prioritized based on the following set of criteria:

- Supports the Strategic Plan
- Business Need
 - Statutory/Regulatory Requirements
 - Maintenance of Services
 - Improves Efficiencies and Enhances Effectiveness
- Risk
- Cost Benefit/Return on Investment
- Financial Impact and Funding Capabilities
- Effect on Organizational Capacity

Business initiatives in alignment with community priorities will guide the County in accomplishing goals while reducing risk and controlling costs. Operating budget Initiatives total \$930,000 and represent a 0.57% impact on the tax rate.

What's Next?

- Budget presentations to Council – November 6th to 8th, 2018
- Seek Council approval of 2019 Budget – December 11th, 2018
- Seek Council approval of 2019 Final Budget – April 2019
- Seek Council approval of 2019 Tax Levy Bylaw – April 2019.