



Village of Forestburg  
3-Year Operating Plan  
2022-2024



## PLAN OVERVIEW

As per the Municipal Government Act, Section 283(2) "Each municipality must prepare a written plan respecting its anticipated financial operations over a period of at least the next 3 financial years." And Section 283(6) "Council must annual review and updates its financial plan and capital plan." The benefits of multi-year operational planning include:

- Increase protection and preservation of municipal infrastructure;
- Support of community goals;
- Maximize the use of municipal funds;
- Reduce emergency expenses;
- Reduce ongoing operating expenses;
- Stream future budget processes by spreading out spending;
- Provide plans so that special funding opportunities can be taken advantage of;
- Improve the decision-making process by establishing priority projects;
- Increasing the opportunity for the public to become engaged in the budget process and the setting of priority projects.

## MUNICIPAL ORGANIZATION

The Village of Forestburg is located approximately 75 km southeast of the City of Camrose and is located within Flagstaff County. Council consists of five elected officials with the Mayor being elected from within Council.

Forestburg currently employs eight full time staff with three summer students hired each year.

Waste collection is contracted through Flagstaff Regional Solid Waste Management Association which charges the Village each year for its services including weekly curb side garbage collection. The cost of waste collection is recovered 100% by the consumer and the requisition is not subsidized through property taxes.

The Village is also a member of Flagstaff Regional Housing Group which provides seniors housing within the region. This group also requisitions the Village on an annual basis and there is a separate tax rate set up to collect the required funds.

The Flagstaff Regional Emergency Services Society began operations on January 1, 2022, (of which the Village is a member). The purpose of this society is to provide fire protection to the entire Flagstaff region. The future of this society could also include providing disaster services support throughout the region. The Society will be invoicing all members on an annual basis for the cost of providing fire services. The Village of Forestburg started collecting fire costs through our utility billings in 2020 to ensure that all properties are contributing to fire protection and not just property owners. This allows for an equal distribution of fire costs amongst all properties. The monthly fire cost through utility billing did not increase in 2022, staying at \$12.05 per month.

The Government of Alberta has determined that the cost of RCMP policing be a shared cost between municipalities and the province. As a result and effective starting in 2021, the Village of Forestburg will be responsible for paying an escalating share of policing costs which must be recovered through municipal taxes:

- 2022 \$ 22,885
- 2023 \$ 30,396
- 2024 and subsequent years \$ 45,627

## STRATEGIC PLAN

Village Council approved its Strategic Plan on June 6, 2019. The initiatives identified in this Plan will drive budgetary priorities. Initiatives within the Strategic Plan that could impact the operating plan include:

- Engage in effective economic development to support employment and economic sustainability
- Support transparency by engaging in effective communication with all stakeholders
- Engage in effective long-term planning to support sustainability
- Develop and maintain sustainable infrastructure within the Village.
- Maintain and enhance effective governance practices
- Maintain a safe and healthy community

## OPERATING BUDGET PREPARATION

The annual Operating Budget is prepared by Administration with the assistance of the Public Works Foreman and interaction with Community Groups who operate village owned facilities. The 2022 Budget was passed by Council on March 17, 2022. The following assumptions are made in the preparation of the budget:

- General operating expenses such as utilities, electricity, insurance, goods and supplies, and professional fees are expected to increase by approximately 2% each year
- Wages and benefits are expected to increase by approximately 2.5% per year or according to the cost-of-living allowances.
- No additional full-time staff are planned to be hired in future years
- Additions to reserves should exceed the prior year and should total approximately \$ 166,000 in 2022.
- Additions to reserves for water and sewer are funded through user fees
- Utility rates are reviewed based on prior period actuals to ensure that full-cost recovery of expenses continue.
- Natural Gas fees provide approximately \$325,000 in positive revenue for the Village, gas rates are reviewed annually utilizing actual consumption to ensure that this profit margin is maintained
- Special operating projects should be funded through reserves or grants and should not cause significant spikes in anticipated property tax rates above increases needed to offset inflation and other cost drivers.

### 3-YEAR OPERATING PROJECTIONS

Administration has prepared a 3-year project (2022 – 2024) for anticipated operating expenses. This projection only includes the basic budgetary requirements for operating the Village of Forestburg and does not include any special operations projects. The numbers reflect only the regular, normal expenses experienced by the Village plus any anticipated operating revenues required to complete capital projects as per the Village of Forestburg 5- Year Capital Plan.

The Three-year operating budget is based on a 2% revenue increase from year to year.

**VILLAGE OF FORESTBURG 3 Year Operating Budget Summary**

|  |                                    | 2022 Budget          | 2023 Budget          | 2024 Budget          |
|--|------------------------------------|----------------------|----------------------|----------------------|
| <b>OPERATING REVENUE</b>                             |                                    |                      |                      |                      |
|  | Legislative and Administration     | -2,132,606.00        | -2,175,258.12        | -2,218,763.28        |
|  | Fire and Emergency Services        | -73,366.00           | -74,833.32           | -76,329.99           |
|  | Bylaw Enforcement                  | -13,531.50           | -13,802.13           | -14,078.17           |
|  | Roads, Streets, Walks and Lighting | -1,000.00            | -1,020.00            | -1,040.40            |
|  | Water                              | -290,550.00          | -296,361.00          | -302,288.22          |
|  | Sewer                              | -92,105.00           | -93,947.10           | -95,826.04           |
|  | Garbage                            | -154,880.00          | -157,977.60          | -161,137.15          |
|  | Cemetery                           | -2,500.00            | -2,550.00            | -2,601.00            |
|  | Community Development              | -800.00              | -816.00              | -832.32              |
|  | Land Development                   | 0.00                 | 0.00                 | 0.00                 |
|  | Rental Properties                  | -99,170.00           | -101,153.40          | -103,176.47          |
|  | Parks and Recreation               | -149,060.00          | -152,041.20          | -155,082.02          |
|  | Gas Utility                        | -893,470.00          | -911,339.40          | -929,566.19          |
| <b>TOTAL OPERATING REVENUE</b>                       |                                    | <b>-3,903,038.50</b> | <b>-3,981,099.27</b> | <b>-4,060,721.26</b> |
| <b>OPERATING EXPENSES</b>                            |                                    |                      |                      |                      |
|  | Legislative and Administration     | 680,881.90           | 694,499.54           | 708,389.53           |
|  | Requisitions                       | 207,370.00           | 211,517.40           | 215,747.75           |
|  | Fire and Emergency Services        | 113,540.99           | 115,811.81           | 118,128.05           |
|  | Building and Asset Replacement     | 37,159.39            | 37,902.58            | 38,660.63            |
|  | By law Enforcement                 | 33,300.00            | 33,966.00            | 34,645.32            |
|  | Roads, Streets, Walks and Lighting | 693,530.69           | 707,401.30           | 721,549.33           |
|  | Water                              | 378,654.00           | 386,227.08           | 393,951.62           |
|  | Sewer                              | 114,402.27           | 116,690.32           | 119,024.12           |
|  | Garbage                            | 153,210.00           | 156,274.20           | 159,399.68           |
|  | Cemetery                           | 11,241.76            | 11,466.60            | 11,695.93            |
|  | Community Development              | 110,089.74           | 112,291.53           | 114,537.37           |
|  | Land Development                   | 47,550.00            | 48,501.00            | 49,471.02            |
|  | Rental Properties                  | 107,490.61           | 109,640.42           | 111,833.23           |
|  | Parks and Recreation               | 508,185.74           | 518,349.45           | 528,716.44           |
|  | Gas Utility                        | 702,224.16           | 716,268.64           | 730,594.02           |
| <b>TOTAL OPERATING EXPENSES</b>                      |                                    | <b>3,898,831.25</b>  | <b>3,976,807.88</b>  | <b>4,056,344.03</b>  |
| <b>TOTAL OPERATING REVENUE (OVER)/UNDER EXPENSES</b> |                                    | <b>-4,207.25</b>     | <b>-4,291.40</b>     | <b>-4,377.22</b>     |

## IMPACT ON RESIDENTS

The projected operating budgets are anticipated to affect property tax rates, as well as utility rates.

### Property Taxes

The projected tax rate increases are based on the assessment values recorded for the 2021 tax year; no projection has been made as to assessment values going into the future.

|                           |                    |
|---------------------------|--------------------|
| 2022 Residential Tax Rate | Increase of 0%     |
| Non-Residential Tax Rate  | Increase of 0%     |
| Minimum Tax               | \$850 per property |
| 2023 Residential Tax Rate | Increase of 2.0%   |
| Non-Residential Tax Rate  | Increase of 2.0%   |
| Minimum Tax               | \$900 per property |
| 2024 Residential Tax Rate | Increase of 2.0%   |
| Non-Residential Tax Rate  | Increase of 2.0%   |
| Minimum Tax               | \$950 per property |

The following table shows the estimated taxes for a property with \$100,000 in assessment.

|   | 2022        | 2023        | 2024        |
|---|-------------|-------------|-------------|
| Res Taxes (per \$100,000 of assessment)     | \$ 1,314.21 | \$ 1,340.49 | \$ 1,367.54 |
| Non-Res Taxes (per \$100,000 of assessment) | \$ 2,252.66 | \$ 2,297.71 | \$ 2,343.66 |

### Special Culture and Recreation Tax

The Special Culture and Recreation Tax of \$210 per property will continue to be added to the municipal tax notice.

### Regional Fire Services Tax

With the transition of the Flagstaff Regional Emergency Services Society, the Village will continue to collect through utility bills monies required to fund the Society and ensure adequate fire protection services within the municipality.

## Utility Rates

All utilities within the Village of Forestburg are billed back to the consumer on a full cost recovery basis, other than amortization. Utility costs are not offset by property taxes. Utilities include water, sewer, garbage, and natural gas.

The projected utility rates are based on 2021 actual consumption, factoring in costs of providing service including spiking inflationary costs as well as recognizing that natural Gas receipts are a revenue driver for the Village. Rates are calculated to ensure that a margin is being realized to generate necessary revenue for municipal operations and expenses. The totals developed are based on usage of 10 cubic meters of water consumption per month.

|                   | 2022            | 2023            | 2024            |
|-------------------|-----------------|-----------------|-----------------|
| Water Rates Usage | \$ 2.58         | \$ 2.58         | \$ 2.63         |
| Maintenance       | \$ 24.20        | \$ 24.70        | \$ 25.20        |
| <br>              |                 |                 |                 |
| Sewer Rates Usage | \$ 0.72         | \$ 0.72         | \$ 0.72         |
| Maintenance       | \$ 8.75         | \$ 9.00         | \$ 9.10         |
| <br>              |                 |                 |                 |
| Garbage           | \$ 31.86        | \$ 32.50        | \$ 33.15        |
| <br>              |                 |                 |                 |
| Gas Consumption   | \$ 1.75         | \$ 1.75         | \$ 1.80         |
| Maintenance       | \$ 38.65        | \$ 38.65        | \$ 39.00        |
| Capital Fund      | \$ 0.20         | \$ 0.20         | \$ 0.20         |
| <br>              |                 |                 |                 |
| Fire              | <u>\$ 12.05</u> | <u>\$ 12.05</u> | <u>\$ 12.05</u> |