



VILLAGE OF FORESTBURG  
3 YEAR OPERATING PLAN  
2021 - 2023



Approved June 4, 2020 – Motion #20-06-157

## **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 south east 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 seven 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 curbside 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 was expected to come into effect on January 1, 2020; however, these has been a delay in setting up the Society. It is anticipated that the Society will be created by January 1, 2021. The Village will be a member of the Flagstaff Regional Emergency Services Society. 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 capital costs for the Society will be phased in over a three-year period, so there will be incremental increases in the fire

costs of approximately 20% from 2021 to 2023. 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. The reason for using the utility billings was to ensure that all properties are contributing their share of fire costs, not just taxable properties. This also allows for an equal distribution of fire costs amongst all properties.

The Government of Alberta determined that the cost of additional RCMP officers should be a shared cost between municipalities and the province. As a result of that, effective 2020, the Village of Forestburg will be responsible for providing funds for policing costs which must be recovered through municipal taxes:

- |                            |          |
|----------------------------|----------|
| • 2020                     | \$15,198 |
| • 2021                     | \$22,813 |
| • 2022                     | \$30,396 |
| • 2023 and subsequent year | \$45,627 |

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.

## **STRATEGIC PLAN**

Village Council approved the strategic plan on June 6, 2019. The initiatives identified in the Strategic Plan will drive budgetary priorities.

Initiatives within the Strategic Plan that could impact the operating plan include:

- Actively market Village-owned residential and non-residential lots to grow assessment base
- Develop a branding, marketing and promotion strategy to bring positive focus to the Village
- Develop an economic development plan and continue working with Battle River Economic Opportunities Committee
- Develop and maintain sustainable infrastructure within the Village

## **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 operator village-owned facilities. The annual operating budget is a work in progress for much of the year with the first draft normally being provided to Council in October of each year.

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
- No additional staff will be hired in future years
- Additions to reserves should be consistent with the prior year and should total approximately \$140,000 - \$150,000 each year
- 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 continues
- Natural Gas fees provide approximately \$275,000 in positive revenue for the Village, gas rates are reviewed annually utilizing actual consumption to ensure that this profit margin is maintained
- Council has indicated that budgeting for an annual increase of 2-2½% in residential property taxes rates provides for the ability to capture inflationary increases
- Special operating projects should be funded through reserves or grants and should not cause significant spikes in anticipated property tax rates

### **3-YEAR OPERATING PROJECTION**

Administration has prepared a 3-year project (2021 – 2023) 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.

#### **2021 – 2023 BUDGET FORECAST**

	<i>2021</i>	<i>2022</i>	<i>2023</i>
	<i>Budget</i>	<i>Budget</i>	<i>Budget</i>
<b>OPERATING REVENUE</b>			
Legislative and Administration	-1,798,330	-1,812,590	-1,833,620
Fire and Emergency Services	-80,160	-95,350	-95,350
Bylaw Enforcement	-5,560	-5,560	-5,560
Roads, Streets, Walks and Lighting	-1,000	-1,000	-1,000
Water	-301,480	-301,480	-304,210
Sewer	-96,750	-96,750	-99,480
Garbage	-160,850	-160,850	-160,850
Cemetery	-2,500	-2,500	-2,500
Community Development	-800	-800	-800
Land Development	0	0	0
Rental Properties	-99,170	-99,170	-99,170
Parks and Recreation	-239,910	-239,910	-239,910
Gas Utility	-533,620	-533,620	-541,890
<b>TOTAL OPERATING REVENUE</b>	<b>-3,320,130</b>	<b>-3,349,580</b>	<b>-3,384,340</b>
<b>OPERATING EXPENSES</b>			
Legislative and Administration	672,910	670,230	676,790
Fire and Emergency Services	83,160	98,350	98,350
Bylaw Enforcement	26,610	34,200	49,430
Roads, Streets, Walks and Lighting	642,760	648,200	653,980
Water	405,900	407,800	409,840
Sewer	136,280	136,980	137,720
Garbage	160,740	160,940	161,150
Cemetery	14,420	14,600	14,800
Community Development	89,350	90,180	91,090
Land Development	13,000	13,000	13,000
Rental Properties	108,750	107,320	108,870
Parks and Recreation	668,740	670,000	671,340
Gas Utility	297,510	297,780	297,980
<b>TOTAL OPERATING EXPENSES</b>	<b>3,320,130</b>	<b>3,349,580</b>	<b>3,384,340</b>
<b>TOTAL OPERATING REVENUE (OVER)/UNDER EXPENSES</b>	<b>0</b>	<b>0</b>	<b>0</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 2018 tax year, no projection has been made as to assessment values going into the future.

2021	Residential Tax Rate	Increase of 0%
	Non-Residential Tax Rate	Decrease of 2.85%
	Minimum Tax	\$750 per property
2022	Residential Tax Rate	Increase of 1.1%
	Non-Residential Tax Rate	Increase of 1%
	Minimum Tax	\$800 per property
2023	Residential Tax Rate	Increase of 2.6%
	Non-Residential Tax Rate	No change
	Minimum Tax	\$850 per property

The following table shows the estimated taxes for a property with \$100,000 in assessment. The reduction from 2019 to 2020 is directly related to the fire requisition where the burden of fire costs is no longer borne by tax payers, but is covered through utility bills.

	2021	2022	2023
Res Taxes (per \$100,000 of assessment)	\$ 1,314.21	\$ 1,325.47	\$ 1,352.57
Non-Res Taxes (per \$100,000 of assessment)	\$ 2,252.66	\$ 2,271.12	\$ 2,271.12

### **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.

## Utility Rates

Utility Rates are developed based on cost recovery of budgeted expenses and include water, sewer, garbage and natural gas. In 2020 the Village of Forestburg implemented a monthly utility flat fee to cover the cost of regional fire services.

The projected utility rates have been determined based on 2019 actual consumption and the continued need to ensure that utilities are billed out on a cost-recovery basis. Natural Gas revenues are a revenue driver for the Village and the rates have been calculated to ensure that a similar profit margin is being realized to offset property taxes needed to balance the budget.

The totals developed are based on usage of 10m<sup>3</sup> of water per month and

		2021	2022	2023
Water Rates	Usage	\$ 2.60	\$ 2.60	\$ 2.60
	Mtce	\$ 24.50	\$ 24.50	\$ 25.00
Sewer Rates	Usage	\$ 0.70	\$ 0.70	\$ 0.70
	Mtce	\$ 9.50	\$ 9.50	\$ 10.00
Garbage		\$ 32.30	\$ 32.30	\$ 32.30
Gas	Consumption	\$ 1.70	\$ 1.70	\$ 1.80
	Mtce	\$ 37.50	\$ 37.50	\$ 37.50
	Capital Fund	\$ 0.20	\$ 0.20	\$ 0.20
<i>Total</i>	<i>Usage</i>	<i>\$ 71.93</i>	<i>\$ 71.93</i>	<i>\$ 74.22</i>
	<i>Mtce</i>	<i>\$ 103.80</i>	<i>\$ 103.80</i>	<i>\$ 104.80</i>
	<i>Fire</i>	<i>\$ 14.43</i>	<i>\$ 17.16</i>	<i>\$ 17.16</i>
		<i>\$ 190.16</i>	<i>\$ 192.89</i>	<i>\$ 196.18</i>