

REPORT NAME

2025 Budget Guidelines

RECOMMENDATION

That Council direct administration to follow the guidelines, as outlined below, in the development of the 2025 budget.

- The budget will include the following documents:
 - Corporate Plan
 - Department Operational Plans
 - Operating budget projections for 2026 to 2028
 - Long-range financial plan for 2026 to 2035
 - Major Project Plan
 - Capital Project Plan
 - New Initiatives Plan
- The interim budget for 2025 will be prepared based on the following assumptions:
 - The projected increase in assessment will result in \$1.5M of additional tax revenue in 2025.
 - Tax rate increases of up to 3 per cent for all assessment classes are anticipated.
- The tax dollar budget will be established at \$57.6M.
- Tax dollar funding for the Major Project and Capital Project Plans will be allocated as follows:
 - Major Project Plan – tax dollar funding of up to \$1.0M.
 - Capital Project Plan –
 - minimum of \$5.0M in tax dollar funding will be allocated to the capital project plan (excluding bridge program). Any unused tax dollars will be allocated to the Asset Lifecycle Management reserve.
 - Minimum of \$1.7M in tax dollar funding will be allocated to the bridge program. Any unused tax dollars will be allocated to the Asset Lifecycle Management reserve.

Options (if available):

That Council direct administration to follow the guidelines, as amended, in the development of the 2025 budget.

IMPLICATIONS

Reason: To provide guidelines to administration for the preparation of the 2025 budget.

Submitted by: Renee Klimosko, General Manager – Financial and Corporate Services

Reviewed by: Duane Coleman, County Manager

Date: 05/28/24

Authority: (MGA section/bylaw/policy number): MGA, Part 8 - Financial Administration

Amount of funding required: N/A

Funding source: N/A

BACKGROUND

As part of the annual budget process, Council establishes guidelines, which provide a framework to administration for the preparation of the next year's annual budget.

Environmental scan:

An environmental scan report is prepared to analyze external/internal data to identify opportunities and threats that will/may have an impact on the County in the upcoming year(s) (see attachment 1). The environmental scan report includes the following sections and below are some key points from the detailed report:

- Economic outlook
 - Canadian inflation is forecasted to be around 2.5% in 2024. Locally here in Alberta, inflation is forecast at 2.7% for 2024 and 2.2% for 2025.
 - Employment in Alberta grew by 3.4% year-over-year in March in both the private and public sectors, full-time positions, and in both goods and services sectors.
- Summary of federal, provincial, regional and local variables and their impacts to Leduc County
 - Government of Alberta's proposed Bill 18, the Provincial Priorities Act, 2024, is the provincial government pushing back against overreach by the federal government. If passed, the bill will require provincial entities to obtain prior approval from Alberta's government before entering into, amending, extending or renewing an agreement with the federal government.
 - The Local Government Fiscal Framework allocations have been released for 2024 and 2025. In 2024, Leduc County will receive \$3,739,050 and in 2025 the County will receive \$4,260,582. This is slightly higher than funding received for 2022 and 2023 under the MSI program (\$3.074m).
 - Government of Alberta's proposed Bill 20 - Municipal Affairs Statutes Amendment Act, 2024, makes changes to two key pieces of municipal related legislation.
 - Development pressures:
 - East Vistas – Since development has proceeded beyond Diamond Estates and Royal Oaks over the last few years, an additional 319 lots have been added to the inventory in the newest developing stages in the Churchill Meadows and Irvine Creek areas. Permits have been issued for development on 73 of these lots. With additional stages of subdivision in various parts of the approval stream, administration expects up to an additional 253 lots coming to market in the near future.
 - State of infrastructure:

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- A State of Infrastructure (SOI) report was completed in late 2022 and is a key reporting document that highlights the status of key infrastructure in the County. The information in the report was used to quantify an infrastructure funding gap of \$9.0M per year.
- Assessment projections for 2025 indicate anticipated increases in most assessment classes. Using the 2024 mill rates, these projected changes to assessment result in an increase in property tax revenue of \$2.0M. However, the Capital Power assessment appeal remains outstanding with potential total tax revenue impact of approximately \$15.5M dollars.

2025 Budget Timeline

<p>May 2024</p> <ul style="list-style-type: none"> • Environmental scan report and budget guidelines discussion with Council – May 28
<p>July 2024</p> <ul style="list-style-type: none"> • Road program discussion #1 with Public Works Committee (PWC) – July 8
<p>August 2024</p> <ul style="list-style-type: none"> • Road program discussion #2 with PWC – August 19
<p>October 2024</p> <ul style="list-style-type: none"> • Council workshop - Major projects, capital projects and new initiatives plans – October 24
<p>November 2024</p> <ul style="list-style-type: none"> • Budget binders distributed to Council - November 18 • Budget deliberations - November 25, 26 and 28

Proposed tax rate increase

Based on 2024 assessment values, a 3 per cent increase to tax rates will result in additional tax revenue of \$1.6M. This increase does not diminish our competitive advantage when compared to other municipalities in the region (see attachment 2 for municipal comparison).

Recommendation

Administration proposes to prepare the 2025 budget with an increase of tax dollars of \$3.1M for an approximate total tax dollar budget of \$57.6M (increase from \$54.5M in 2024).

The additional tax dollars are comprised of:

- Anticipated increase in assessment \$1.5M (conservative value based on a projection of \$2.0M)
- Increase to tax rates of 3 per cent \$1.6M



Recommendation to Council *Public*

The additional funds of \$3.1M will allow for the following:

- Keep pace with inflation, allows current service levels to be maintained (\$1.4M).
- Additional investment in capital infrastructure funding, which includes additional tax dollar commitment to bridge infrastructure (\$1.7M).

ATTACHMENTS

1. 2025 Environmental Scan
2. 2024 Municipal Mill Rate Comparison