

SMOKY LAKE COUNTY

Minutes of the **County Council Budget meeting** held on Wednesday, **December 13, 2017** at 9:11 A.M. in the County Council Chambers.

The meeting was called to Order by the Reeve, Mr. Craig Lukinuk in the presence of the following persons:

<u>Div. No.</u>	<u>Councillor(s)</u>	<u>ATTENDANCE</u> <u>Wednesday, Dec. 13, 2017</u>
1	Dan Gawalko	Present
2	Johnny Cherniwchan	Present
3	Craig Lukinuk	Present
4	Lorne Halisky	Present
5	Randy Orichowski	Present
CAO	Cory Ollikka	Present
Asst. CAO	Lydia Cielin	Present
Finance Manager	Brenda Adamson	Present
Legislative Svcs/R.S.	Patti Priest	Present

Members of Administrative Staff in attendance:

Doug Ponich – Public Works Manager	Present
Dave Kully – Public Works Shop Foreman	Present
Bob Novosiwsky – Public Works Foreman	Present
Trevor Tychkowsky – Safety Officer	Present
Ed English – Peace Officer/Rec. Manager	Present
Jordan Ruegg, Planning & Dev. Manager	Present
Tori Cherniawsky – Agricultural Fieldman	Present
Scott Franchuk – Fire Chief	Present
Dave Franchuk – Env. Operations Manager	Present
Thomas Ponich – Asst. Nat. Gas Manager	Present
Paul Miranda – GIS/Communication Director	Present

No Members of the Media.
No Members of the Public.

2. Agenda:

Agenda

110-17: Orichowski

That the Agenda for Wednesday, December 13, 2017 County Council Budget Meeting be adopted, as presented.

Carried Unanimously.

3. Minutes:

No Minutes.

4. Request For Decision:

2018-Total Function Budget

Finance Manager, Brenda Adamson presented the following information:

For the 2018 budget, a new simpler format is utilized. It summarizes the major and minor cost categories across the organization, compares the 2017 budget to the proposed 2018 budget, and provides explanations to the changes proposed. It provides more detail per department, and includes the estimated final balances for 2017 for comparison purposes.

As requested by Council, considering a 3% increase to Tax Revenue and the 2017 surplus allocated towards the 2018 budget, the expected deficit would be \$772,641.

Smoky Lake County is required by legislation to create a balanced budget. In order to do so, a Tax Revenue increase of more than 3% would be required.

In the 2017-2019 Financial Plan, it was forecasted that we would need to increase taxes by 14% in 2018. Through careful budget review and evaluation of capital needs, administration has been able to reduce that increase to 11.5%. Please note: that an increase in total Tax Revenue does not necessarily equal an 11.5% increase to the ratepayers; it will be dependent on the final property assessment amounts (expected in March).

Operating costs have been held at an increase of 1%. This is lower than inflation.

The need for more revenue comes from the imperative need to invest in infrastructure as well as equipment replacement requirements.

The Capital Budget includes projects identified as important; including the required equipment replacement.

Discussion:

- Consider increasing the Property Tax Penalty Rate (to 12-14%).
- Consider increasing the Gravel Haul Rate under Policy 03-25-08.
- Review staffing (seasonal and permanent).
- Investigate rates from alternative Health Benefits providers (not including Local 955).
- Focus more attention on Bylaw infraction enforcement to increase fine revenue.

111-17: Cherniwchan That Smoky Lake County will have a balanced budget in 2018; and advise ATB Financial of County Council's commitment, as per their request.

Carried.

Three-Year Road Plan

Finance Manager, Brenda Adamson presented the following information:

The purpose of the Three-Year Road Plan is to identify and prioritize required roadway improvements.

Various types of road work affects the budget in different ways. The labour, equipment, and gravel costs are already included in the overall budget so they do not require an extra cash outlay. Asphalt, oil, fibermat, and contracting costs require additional cash because they are purchases outside of the organization.

The limiting factor for road rehabilitation/base stabilization is time due to the length of our summer season and weather conditions restricting the amount achieved. For these reasons, the road plan needs to be a careful balance of Oil Treatment/Paving, Fibermat/Micro Surface, Rehabilitation/Base Stabilization, Construction, and Graveling.

In 2017, we had to remove oiling and construction projects in order to achieve a balanced budget. Administration is proposing that this trend be carried forward and develop a draft plan reducing the fibermat, oil, and contract road work.

We are expecting to receive Municipal Sustainability Initiative (MSI) Capital funding through the Alberta government in the amount of \$964,000 for road projects and \$457,250 for road grading. There will be \$334,000 of MSI funding carried over from the 2017 road plan. Because we rely so heavily on the MSI Capital funding and it is uncertain if the program will be extended beyond 2019, administration is recommending that we contribute \$200,000 to Reserves to start a fund for future road projects.

Discussion:

- Council expressed the need for a road tour prior to finalizing the plan.

112-17: Orichowski

That Smoky Lake County Council defer the 2018 Three-Year Road Plan to the next scheduled Budget meeting; and County Council attend a County Road Tour scheduled for December 19, 2017 with the Public Works Manager and Chief Administrative Officer for the purpose gaining insight into the current condition of the roads listed in the 2018 Three-Year Road Plan.

Carried.

Five-Year Capital Budget

Finance Manager, Brenda Adamson presented the following information:

The Five Year Capital Budget identifies the capital projects to be budgeted for in 2018, 2019, 2020, 2021 and 2022.

The Capital Budget (excluding bridges) will **Total \$2,865,050** in 2018.

It consists of

Replacement	\$1,439,300
Bridge Projects	\$ 458,750
New Project/Assets	
Washer/Dryer for Fire Dept.	15,000
Wobbly Packer	30,000
Tractor/Mower/Trailer for landfill	25,000
Credit Card Reader for Spedden/Bellis	20,000
Line Locator for Gas Dept.	5,000
	\$ 277,000
Transfer to reserve for future	
Admin. Building (major repairs)	50,000
Nuisance Ground Reclamation	75,000
Warspite RV Park development	100,000
Fire Equipment Replacement	10,000
Fire Truck	100,000
Fire Equipment Storage Shop	25,000
Air Bottle Replacement	5,000
Grader	300,000*
Garbage Truck	25,000
	\$ 690,000

*We have been replacing a grader every year, however the price is increasing so dramatically (in 2012 \$465,000 vs current \$600,000) that management is recommending that we replace a grader every second year and use 2 years to collect enough funds.

The Capital Budget will be funded by utilizing:

\$ 602,000 Reserves
\$ 474,063 Grants
\$ 110,000 Expected Proceeds from Asset Sales
\$1,678,987 Property Tax Revenue

This is \$1,006,309 more than 2016

A 1% increase to property taxes = approximately \$120,000.

Future years will also require an increased amount of Property Tax Revenue to fund the Capital Budget:

2019	\$1,744,673
2020	\$2,882,653
2021	\$1,561,768
2022	\$2,169,043

Discussion:

- Identify appropriate lands for an Industrial Park.
- Investigate the cost of a Cold Mix Batch Plant to provide “free” dust control to each resident and create possible rental revenue, along with a cost analysis of the current dust control process.
- Analyze roadside mowing: contracting versus current in-house practice. Explore the options for the frequency and width of mower passes, as well as crew sharing between Public Works patching crew and Agricultural Service Board mowing crew.
- Explore residential driveway snow clearing cost savings and rates.
- Review user fees and services.
- Explore a Minimum Tax Levy on vacant residential lots.
- Explore a Fire Protection Services Tax Levy.
- Re-evaluate the protocol for discretionary write offs.

Meeting Recessed Meeting recessed for Lunch, time 12:30 p.m.

Meeting Reconvened The meeting reconvened on a call to order by Reeve Craig Lukinuk at 1:25 p.m. in the presence of all Council, the Chief Administrative Officer, the Assistant Chief Administrative Officer, Finance Manager, Public Works Manager, Communications Manager, Fire Chief, Agricultural Fieldman, Natural Gas Manager, Environmental Operations Manager, Public Works Shop Foreman, Safety Officer and Recording Secretary.

113-17: Gawalko That County Council defer the Five-Year Capital Plan Budget: 2018-2022 to a future Budget Meeting.

Carried.

2018 Natural Gas Budget

Finance Manager, Brenda Adamson presented the following information:

At this point, there is not enough certainty as to when or if we will begin operating the Town of Smoky Lake Natural Gas System or what the terms may be. Therefore, no adjustments have been made to that effect for the proposed 2018 Natural Gas Budget.

114-17: Cherniwchan That Smoky Lake County adopt the 2018 Natural Gas System Budget: with a Total Revenue in the amount of **\$3,221,966** and Total Expenditures in the amount of **\$3,408,966** (including amortization).

Carried.

5. Issues For Information:

Vehicle and Equipment - Lease Versus Buy Example

Lease vs. Buy Example for 2018

VEHICLES

Silverado 1500

Purchase	\$ 45,034.00	Lease	
		3 yrs @833.77 per month	\$ 30,015.72
sell after 3 years	-\$ 25,452.00		0
		return with new tires	1000
		estimated over mileage fee	700
		new windshield	300
Net Cost for 3 years	<u>\$ 19,582.00</u>		<u>\$ 32,015.72</u>

* note we actually keep longer than three years as we pass the truck down for other usages

* would need to purchase or lease more vehicles as there won't be vehicles to pass down

Silverado 2500 HD

Purchase	\$ 42,180.25	Lease	
		3 yrs @892.43 per month	\$ 32,127.48
sell after 3 years	-\$ 25,440.30		0
		return with new tires	1000
		estimated over mileage fee	700
		new windshield	300
Net Cost for 3 years	<u>\$ 16,739.95</u>		<u>\$ 34,127.48</u>

* note we actually keep longer than

* would need to purchase or lease more vehicles

truck purchase - we receive a manufacturers rebate of approximately \$13,000
truck lease - we receive a manufacturers rebate of approximately \$2,000

**Lease vs. Buy Example for 2018
EQUIPMENT**

14M Grader	Purchase		\$ 650,000.00	Lease With one time up front pymt	Purchase		\$ 650,000.00	Lease With one time up front pymt	Purchase		\$ 650,000.00	Lease With annual payments	Purchase		\$ 650,000.00	Lease With monthly payments	Purchase		\$ 650,000.00
				Pymt year 1	\$ 516,236.33			Pymt year 1	\$ 426,634.20			Pymt year 1	\$ 142,336.42			Pymt year 1	\$ 145,726.92		
				Pymt year 2-7	0			Pymt year 2-5	0			Pymt year 2	142336.42			Pymt year 2	\$ 145,726.92		
				Finning would not buy back	0				0			Pymt year 3	142336.42			Pymt year 3	\$ 145,726.92		
												Pymt year 4	142336.42			Pymt year 4	\$ 145,726.92		
												Pymt year 5	142336.42			Pymt year 5	\$ 145,726.92		
				Net Cost	\$ 370,500.00			Net Cost	\$ 426,634.20			Net Cost	\$ 711,682.09			Net Cost	\$ 728,634.60		
				cost per hour	\$ 49.40			cost per hour	\$ 56.88			cost per hour	\$ 94.89			cost per hour	\$ 97.15		
				John Deer 6175R and blade	Purchase		\$ 212,000.00	Lease	Purchase		\$ 89,580.00	we kept the previous John Deer Tractor for over 20 years		Purchase		\$ 89,580.00			
								3 yrs @ \$6,915 per year	\$ 110,745.00										
				sell after 3 years	-\$ 120,000.00				0			sell after 21 years	-\$ 20,000.00						
				Net Cost for 3 years	\$ 92,000.00			Net Cost for 3 years	\$ 110,745.00			Net Cost for 3 years	\$ 69,580.00			Net Cost for 3 years	\$ 69,580.00		
				cost per hour	\$ 184.00			cost per hour	\$ 221.49			cost per hour	\$ 7.17						
								* note we actually keep longer than											

115-17: Halisky

That Smoky Lake County Council accept for information the report received by from the Finance Manager, Brenda Adamson, in regard to a comparison of Leasing versus Buying Vehicles and Equipment in Year 2018.

Carried.

Reserves - Restricted Surplus Summary

For the Budgeted Year 2018

Reserve Description	2018		2018 Reserve Balance	2019		2019 Reserve Balance	2020		2020 Reserve Balance	2021		2021 Reserve Balance	2022		2022 Reserve Balance
	Budgeted Transfers Out	Budgeted Transfers In		Budgeted Transfers Out	Budgeted Transfers In		Budgeted Transfers Out	Budgeted Transfers In		Budgeted Transfers Out	Budgeted Transfers In				
OPERATING RESERVES															
General			\$2,378,056.99			\$2,362,056.99			\$2,362,056.99			\$2,362,056.99			\$2,362,056.99
1-4-790-09-01															
Other Allowance projects surplus															
PW equipment postponed															
Heritage signs retirement			\$5,000												
playground by/aw camera															
Hwy sign															
bridge work carried cost															
Municipal Reserve			\$36,292			\$36,292			\$36,292			\$36,292			\$36,292
RDCDC 1-4-775			\$76,832			\$76,832			\$76,832			\$76,832			\$76,832
CAPITAL RESERVES															
Building 2-4-765	\$50,000	\$168,374.00	\$50,000	\$238,374.00	\$50,000	\$268,374.00	\$50,000	\$318,374.00	\$50,000	\$368,374.00	\$50,000	\$418,374.00	\$50,000	\$468,374.00	\$50,000
Future Expenditures 2-4-774	\$75,000	\$1,537,118	\$75,000	\$2,112,118	\$75,000	\$2,687,118	\$75,000	\$3,262,118	\$75,000	\$3,837,118	\$75,000	\$4,412,118	\$75,000	\$4,987,118	\$75,000
Nuissance Ground			\$100,000	\$100,000		\$100,000		\$100,000		\$100,000		\$100,000		\$100,000	
Warspite RV Park	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Photos			\$5,000	\$5,000		\$5,000		\$5,000		\$5,000		\$5,000		\$5,000	
garbage truck			\$466,474.67	\$466,474.67		\$466,474.67		\$466,474.67		\$466,474.67		\$466,474.67		\$466,474.67	
2016 Capital	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Regional Landfill (2-4-773-43)			\$466,474.67	\$466,474.67		\$466,474.67		\$466,474.67		\$466,474.67		\$466,474.67		\$466,474.67	
Transportation 2-4-766-32			\$810,621.34	\$810,621.34		\$810,621.34		\$810,621.34		\$810,621.34		\$810,621.34		\$810,621.34	
OTHER Road Grader	-\$95,000.00	\$300,000	\$205,000.00	\$205,000.00		\$205,000.00		\$205,000.00		\$205,000.00		\$205,000.00		\$205,000.00	
Road Development 2-4-762-32	\$200,000	\$1,008,361.25	\$200,000	\$1,208,361.25	\$200,000	\$1,408,361.25	\$200,000	\$1,608,361.25	\$200,000	\$1,808,361.25	\$200,000	\$2,008,361.25	\$200,000	\$2,208,361.25	\$200,000
Annual Aggregate Levy			\$171,139.38	\$171,139.38		\$171,139.38		\$171,139.38		\$171,139.38		\$171,139.38		\$171,139.38	
Gravel Reclamation 2-4-767-32	-\$120,000	\$15,000	\$9,139.38	\$9,139.38		\$9,139.38		\$9,139.38		\$9,139.38		\$9,139.38		\$9,139.38	
Sale of Gravel			\$2,464.84	\$2,464.84		\$2,464.84		\$2,464.84		\$2,464.84		\$2,464.84		\$2,464.84	
Gravel Pit Development 2-4-769-32	\$14,270	\$14,270	\$14,270	\$14,270	\$14,270	\$14,270	\$14,270	\$14,270	\$14,270	\$14,270	\$14,270	\$14,270	\$14,270	\$14,270	\$14,270
Sale of Gravel			\$162,000.00	\$162,000.00		\$162,000.00		\$162,000.00		\$162,000.00		\$162,000.00		\$162,000.00	
Connectivity 2-4-769-32	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000	\$76,000
sale of towers			\$25,698	\$25,698		\$25,698		\$25,698		\$25,698		\$25,698		\$25,698	
Street Sweeper 2-4-770-32			\$25,698	\$25,698		\$25,698		\$25,698		\$25,698		\$25,698		\$25,698	
Transfer surplus from rental															
Water 2-4-772	-\$15,000		-\$15,161	-\$15,161		-\$15,161		-\$15,161		-\$15,161		-\$15,161		-\$15,161	
capital charge															
General Gas Reserve	-\$150,000	\$812,065	\$662,065	\$662,065		\$662,065		\$662,065		\$662,065		\$662,065		\$662,065	
amr rmo station			\$70,000	\$70,000		\$70,000		\$70,000		\$70,000		\$70,000		\$70,000	
	-\$1,344,368	\$988,270.00	\$643,901.62	\$643,901.62	-\$317,000	\$326,901.62	-\$270,000	\$56,901.62	-\$350,000	\$216,901.62	-\$140,000	\$72,901.62	-\$140,000	\$32,901.62	-\$140,000

116-17: Orichowski

That Smoky Lake County Council accept for information the report received by from the Finance Manager, Brenda Adamson, in regard to the Year 2018 Reserves - Restricted Surplus Summary.

Carried.

6. Correspondence:

No Correspondence.

7. Delegation:

No Delegation.

Next Meeting:

County Council Budget Meeting

117-17: Gawalko

That a County Council Budget Meeting be scheduled for Wednesday, February 14, 2018 at 9:00 a.m. in County Council Chambers.

Carried.

Adjournment:

118-17: Lukinuk

That this meeting be adjourned, time 2:34 p.m.

Carried.

REEVE

S E A L

CHIEF ADMINISTRATIVE OFFICER