

Subject: 2018 Interim Operating Budget**APPROVALS:****Annette Antoniak**_____
Director_____
Chief Administrative Officer**Recommended Motion:**

THAT a 2018 Interim Operating Budget in the amount of \$100,000,000 be approved to fund operations for the first quarter of 2018; and

THAT Administration present the 2018 Operating Budget, 2019 – 2020 Financial Plan within the first quarter of 2018 following a series of budget workshops to be held January 24 – 27, 2018 inclusive.

Summary:

The *Municipal Government Act* (MGA) requires that every Alberta municipality approve a budget prior to passing a property tax bylaw. It is advantageous for a municipality to approve a budget prior to the start of the budget year to avoid delays or disruptions in planned activities for the upcoming year. The approval of an interim operating budget will ensure that funding is in place for operations while a series of budget workshops allow Council and the public an opportunity to engage. The practice of adopting an interim operating budget was also followed in 2016 with the approval of an Interim 2017 Operating Budget.

Capital projects, inclusive of multi-year projects, that have funding previously approved are able to continue seamlessly since the funds are not tied to the fiscal year end. Funding for new 2018 Capital Projects will be impacted, therefore a capital budget amendment for time-sensitive projects will be presented separately to minimize any impact.

Background:

Administration began implementation of a zero-based budget methodology with the approval of the 2017 Operating Budget. Zero-based budgeting is an approach whereby all expenses must be justified for each new year, essentially starting from a “zero base”. Every program and service is analyzed. Due to the abbreviated timeframe to adopt a new methodology for the 2017 Operating Budget, a phased approach was adopted. With the preparation of the 2018 Proposed Operating Budget, significant more detail has been incorporated to further understand cost drivers for programs and services provided. Although there is more work to be done throughout 2018, great strides have been made.

In addition, with a new Mayor and six new Councillors, the adoption of an interim operating budget will allow time for Council to review and digest a significant amount of information to allow for informed decision making. Council has spent a substantial amount of time in orientations, since taking office, that provide the fundamental knowledge required prior to beginning budget deliberations.

The interim operating budget is intended to ensure funding for programs and services is available while budget deliberations occur. The budget development schedule proposes that a final 2018 Operating Budget and Financial Plan as well as the 2018 Capital Budget and Plan will be presented for Council approval in February, 2018.

Budget/Financial Implications:

The budget philosophy for 2018, zero-based budgeting, is a continuation of the work that began with the development of the 2017 Operating Budget. Administration continues to enhance internal processes and reviews to seek additional efficiencies resulting in cost savings.

Rationale for Recommendation:

The 2018 Interim Operating Budget provides for the continuation of operations and staffing requirements for the first quarter of 2018 while providing additional time for Council to review programs and services during a series of budget workshops to be held January 24 - 27, 2018 inclusive.

Strategic Plan Linkages:

Pillar 1 - Building Responsible Government