



Request for Decision

TO: Mayor & Council

FROM: Jason Turfrey, Chief Financial Officer

DATE: December 12, 2023

SUBJECT: 2024 Interim Operating Budget – 1538974 Alberta Ltd.

RECOMMENDATION: Request Council to approve the Interim Operating Budget for 1538974 Alberta Ltd. (commonly referred to as CUI), as presented in this document for \$17.6M.

This Budget will remain in place until a new council is elected and will approve the 2024 Operating Budget.

2024 INTERIM OPERATING BUDGET: FINANCIAL TABLES & ASSUMPTIONS

1538974 Alberta Ltd. is controlled legal entity operated by the City of Chestermere. The intention remains to dissolve 1538974 Alberta Ltd., in Q2 2024, and consolidated the utility company into the City of Chestermere umbrella. Resources are currently working on the accounting methodology, documentation, and verification to ensure the dissolution of 1538974 Alberta Ltd. is done accurately, and auditable under public accounting standards.

Given the intention to consolidate 1538974 Alberta Ltd. into the City of Chestermere the Budget has been developed with minimal changes from the approved 2023 Operating Budget to ensure transparency in our process.

Key assumptions for Operating Budget 2023 vs. 2024:

- No rate increase – maintain current Utility rate.
- Estimated revenue based on current customer account plus 8% growth, for both fixed and variable revenue.
- City of Calgary increase of ~12% in bulk water and disposal of wastewater rate.
- EPCOR inflation rate advised increase of 8-10%

2024 Interim Operating Budget Summary:

	2022 ACTUAL	2023 PROJECTED ACTUAL	2023 BUDGET	2024 PLAN	2025 PLAN	2026 PLAN
Total Revenue from Operating	14,498,985	15,858,971	15,037,542	17,337,783	18,958,245	20,736,605
Total Operating Expenses	10,986,463	12,843,739	12,368,930	14,878,459	16,833,624	19,323,665
Revenue vs Expense before other rate base expenses	3,512,522	3,015,232	2,668,612	2,459,324	2,124,621	1,412,940
Amortization on rate base assets	1,262,167	2,016,702	1,263,262	1,999,843	1,999,843	1,999,843
Debenture Principal payment Rate Base	306,864	326,967	342,955	329,059	331,225	333,471
Debenture interest Rate Base	329,427	466,287	243,034	436,809	369,608	302,406
Total other rate base expenses	1,898,458	2,809,956	1,849,251	2,765,711	2,700,676	2,635,720
Net Revenue vs Operating Expense	1,614,064	205,276	819,361	- 306,387	- 576,055	- 1,222,780

IMPLCATIONS: Approval of an interim operating budget for 2024 is required to enable the 1538974 Alberta Ltd. to continue to operate as an ongoing concern and perform its municipal responsibilities, as set out in the Municipal Government Act.

RISK: Without an operating budget 1538974 Alberta Ltd. would not be able to continue to provide essential services to the residents of Chestermere and operate as an ongoing concern.

RELATED POLICIES, BYLAWS & LEGISLATION: MGA Section 283.1 Financial Plans & Capital Plans

COUNCIL OPTIONS:

- Council can choose to support the proposed recommendation.
- Council can choose to receive new options regarding the key issue.
- Council can choose to not support the proposed recommendation (and rescind previous motion regarding key issue if any).

APPROVED BY: Interim CAO Pat Vincent

