



**TOWN OF BLACKFALDS
REGULAR COUNCIL MEETING
REQUEST FOR DECISION**

COUNCIL MEETING DATE: November 27, 2018

ORIGINATED BY: Betty Quinlan, Director of Corporate Services

SUBJECT: Town of Blackfalds - Alberta Registries Office

BACKGROUND:

The Town of Blackfalds over the past numerous years has been lobbying the Provincial Government to place a Registries Office in the Community. In December of 2017, a meeting took place with the Executive of Motor Vehicles and Registries Administration to advance this service. Through discussions at the meeting, it was revealed that the Municipality could operate the Alberta Registries and in doing so could advance the process much sooner. This is the direction that Council and Administration has taken with the intention of “incubating” the service and after a determined time period, transition it out to the private sector.

DISCUSSION:

During 2018, several activities have been undertaken to determine what the requirements are, how this operation would function and the viability of the Town operating this function as an opportunity to incubate and grow this business and provide this needed service to the Community. Discussions were held with senior officials, an initial business plan was prepared, space options were investigated and space planners from Service Alberta came to Blackfalds to review the options and provide advice.

During this review, the space planners indicated that the Town’s existing municipal space was preferable to the other options suggested. They provided recommendations on how the placement of equipment, storage, staffing and waiting areas could be set up to maximize the space and create an efficient operation. Through a thorough review they determined that the existing space anticipated would be more than adequate. Parking may be an issue at certain periods of time, depending on the volume. Administration will take this consideration into account if this initiative is to move forward and develop solutions to ensure that there is not a detrimental effect to our customer access.

Based on this information, the business plan that was previously provided to Council has been revised to reflect lower renovation costs and changes in staffing. Minimal permanent renovations will be required as the operations of the Registries Office are determined to be temporary for a considered period of 3 to 4 years. Staffing in the plan has been adjusted to hire only two staff in the first year with a second coming onstream when volume warrants it.

Section 75 of the Municipal Government Act (MGA) allows Municipalities to create a municipally controlled for-profit corporation. This is the intended method as to how the Service Registry will be operated with day-to-day operations occurring at arm’s length. The new legislation in the MGA has been revised to allow these corporations to be created without requiring ministerial approval. The Registry will be required to submit financial statements and other prescribed reports to the Town. There will be further requirements based on the Public Sector Accounting Board (PSAB) requirements for controlled operations and potential consolidation with Town operations.



TOWN OF BLACKFALDS REGULAR COUNCIL MEETING REQUEST FOR DECISION

Based on the projections of operating this function within the Civic Cultural Centre, it will need to be funded on an annual basis for the first three (3) years until it becomes self-sufficient. This may change somewhat as the operation gets up and running and the actual activity and costing is determined. Ongoing updates will be provided to monitor the activity and determine if any adjustments are required.

The operation would be run by a Manager/Supervisory staff member who would be in charge day to day and complete any monthly reporting required to Service Alberta. This staff member would report under Corporate Services, who would have operational responsibility for this function. Support would be provided as required for items such as human resources, finance, information systems, communications, etc. and in kind charges would account for this in the operation. Details regarding staffing are currently being determined through discussions with various external authorities.

The projection shows there could be an operating deficit of up to \$162,000 by the end of the second year, with the operation becoming profitable by 2021 and the deficit being paid back by the end of 2022. There would also be a requirement for operating funds to be provided as interim financing until the cash flow starts to generate activity. Administration would recommend interim financing from the Operating Stabilization Reserve which currently has a balance of just over \$3 million.

Much of these details will be provided in more precise detail in the business plan requirement that is to be submitted to Service Alberta for approval.

A high level overview of the sequence of events for the implementation would be:

- Obtain Council approval to proceed and ensure approval for funding is in place.
- Create a working group to implement, plan and set up the registry office.
- Complete the Request for Approval of the Minister to procure a Registry Agent Outlet by the Town of Blackfalds Registry Corporation.
- Apply for creation of municipal corporation to operate the registry office.
- Meet with Service Alberta Staff to determine equipment requirements and internet setup.
- Order required equipment and stock.
- Determine specific space requirements and contract for any changes required.
- Develop job descriptions, advertise and recruit staffing.
- Hire manager ahead of other staff if possible, to assist with the implementation, organization and setup of the operation.
- Arrange training with staff through Service Alberta
- Develop advertising campaign regarding opening of the service.

This is a tentative listing of activities that would be required to implement and open a Service Alberta Registry Office. The timeline will likely be from now until either the end of April to have all the equipment, renovations, stock and training completed. Once details are finalized a more detailed and comprehensive timeline will be developed.



**TOWN OF BLACKFALDS
REGULAR COUNCIL MEETING
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FINANCIAL IMPLICATIONS:

The financial implications will be the provision of funds for operations and start up as well as carrying a deficit or payables balance from the operation for the first three to four years of operations. The anticipated cumulated deficit is estimated to be as high as \$162,000 over this three year period and a cash flow requirement of up to \$226,000 (\$162,000 plus \$110,000 for first year until revenue starts coming in) for startup and first year operations may be required. This would be returned to the Town as revenue streams develop. I

ADMINISTRATIVE RECOMMENDATION:

1. That Council move to direct Administrative to advance processes in setting up an Alberta Registries Office in the Civic Cultural Centre including making application to Service Alberta for the Registry Office;
2. And further, that Council move to approve first year financing of up to \$226,000 with funds to be drawn from the Operating Stabilization Reserve and allow the ability of the new Corporation to carry forward a balance owing to the Town for the first four years of operation;
3. And further, that Council move to direct Administration to undertake the necessary processes to create a municipally controlled for-profit corporation to operate the Registry Office.


ALTERNATIVES:

- A) That Council not approve the Administrative recommendation to apply to Service Alberta for a Registry Office.
- B) That Council refer this back to Administration for further review.

Attachments:

- *Updated Cash Flow Projection*

Approvals:



CAO Myron Thompson



Department Director/Author

**Town of Blackfalds
Alberta Service Registry - Cash Flow Projection**

Account	2019	2020	2021	2022	2023	2024	2025	Explanation
Revenue								
Estimated # of Transactions	11,000	20,000	30,000	35,000	45,000	45,000	45,000	
Transactional Revenue	110,000	200,000	300,000	350,000	450,000	450,000	450,000	Estimated \$10 per transaction based on estimates provided by Service Alberta
Town Support	117,016	45,275	-	-	-	-	-	
Total Revenue	227,016	245,275	300,000	350,000	450,000	450,000	450,000	
Expenses								
Staffing								
Clerk	49,140	98,280	98,280	98,280	98,280	98,280	98,280	1 FTE 1st Year, 2 FTE second
Team Lead	67,340	67,340	67,340	67,340	67,340	67,340	67,340	Manager position
Short Term Coverage	11,375	11,375	22,750	22,750	22,750	22,750	22,750	0.25 Cover off increase with growth
Benefits	24,461	34,780	34,780	34,780	34,780	34,780	24,843	21% benefits, CPP, UI, benefits, WCB
Supplies	6,000	6,000	6,000	6,000	6,000	6,000	6,000	Supplies estimate
Insurance	2,000	2,000	2,000	2,000	2,000	2,000	2,000	Insurance estimate
Building	12,000	12,000	12,000	12,000	12,000	12,000	12,000	Rental 1,000 per month - in kind transaction to the Town
Telephone	500	500	500	500	500	500	500	Portion of phone system
Audit fees	4,000	4,000	4,000	4,000	4,000	4,000	4,000	Annual audit/year end fees
IT Support	9,000	9,000	9,000	9,000	9,000	9,000	9,000	Estimate 10 hours per month @ \$75 per hour; in kind transaction
Total Expenses	185,816	245,275	256,650	256,650	256,650	256,650	246,713	
Surplus(Deficit)	41,200	(0)	43,350	93,350	193,350	193,350	203,287	
Start Up Costs								
Office Setup - minor changes, signage, dividers, etc.	10,000							Minor changes to foyer, dividers, signage, etc. Provided by Service Alberta - \$25,000
Drivers License Equipment	0							
Vision & Testing Equipment	6,200							
Furnishings & Computers	15,000							2 to 3 computers, work stations, storage cabinets, etc.
Accounting & Point of Sale Software, IT setup	10,000							Accounting software and point of sale equipment, any IT requirements for Provincial connections
Total Start Up Costs	41,200	0	0	0	0	0	0	
Total Surplus/(Deficit)	0	(0)	43,350	93,350	193,350	193,350	203,287	
Balance due to the Town	117,016	162,291	118,941	25,591	0	0	0	