

**STRATEGIC INITIATIVE AND UPDATE****Utilities Financial Sustainability Strategy – Update – April 2020****Report Purpose**

To provide additional information regarding the recommended strategies and implementation options relative to Utilities capital funding, debt and reserve policy requirements.

**Our Prioritized Strategic Goals**

Goal 2 - Manage, invest and plan for sustainable municipal infrastructure  
Continuously improving the way we work, as one organization, in an agile and sustainable manner

**Report**

Strathcona County has been modifying its planning approach through the development of the long-term financial sustainability framework and multi-year planning (MYPE). This will assist in understanding how the decisions made today will impact the sustainability of the utility's and the corporation into the future.

Utilities has leveraged this work and initiated a review of leading financial practices within the Utilities line of business to ensure a balance of long-term sustainability and excellent service with affordability. These leading practices should inform financial policies when established by Council and provide guidance and direction to Administration when preparing business plans, budgets, capital funding proposals and rate proposals.

Utility's are capital-intensive enterprises and as enterprises are expected to be self-supporting. Utility assets have a long service life that warrants a lifecycle management approach. Understanding this lifecycle (100 years) can establish a high-level sustainability position and a direction to plan into the future. The planning cycle can then be further refined into the ten-year forecast and a four-year business plan and budget. This allows Administration the ability to balance the long-term sustainability with the year to year affordability.

There are a number of tools and indicators the utility needs to consider in adopting a long-term sustainability approach.

Working within the corporate framework Utilities should begin to establish a policy position for the individual lines of business. Currently the policy framework has established utility reserves for all the lines of business on an aggregate perspective. These should be further refined to consider the need on the individual service areas. This will provide direct and deliberate oversight on the financial outlook. By developing an updated set of financial policies, the County can establish parameters for subsequent decision making.

Implementation can be achieved through submissions to Council in the form of policy updates (reserves), business plans and annual budget submissions.

## **Priorities Committee Meeting\_Apr28\_2020**

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### **Council and Committee History**

June 18, 2019	Utilities provided the Priorities Committee with additional information regarding the recommended strategies and implementation options relative to Utilities capital funding, debt and reserve policy requirements.
June 12, 2018	Utilities provided the Priorities Committee an overview of the recommended strategies and implementation options relative to Utilities capital funding, debt and reserve policy requirements.
March 27, 2018	Council approved the Long-Term Financial Sustainability Framework.
July 4, 2017	Council approved the Financial Reserves Policy.
January 17, 2017	Council approved the Debt Management Policy.

### **Other Impacts**

**Policy:** FIN-001-024: Financial Reserves, FIN-001-025: Debt Management

**Legislative/Legal:** n/a

**Interdepartmental:** Communications, Corporate Finance, Corporate Planning

**Master Plan/Framework:** Long-Term Financial Sustainability Framework

### **Enclosure**

1	Utilities Financial Sustainability Strategy presentation
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