

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

Council and Committee History

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| 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

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| 1 | Utilities Financial Sustainability Strategy presentation |
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