

Capital Planning

May 17, 2022

Agenda

Agenda Items

Building a community

Funding a community

Projects under consideration

Councillor engagement

Developing a recommendation

Building a community

Building a community

Phase 1 – Pre-residential development

- Road and utility infrastructure
- Significant capital cost
 - Usually shared between municipality and developers
- Timing: **Limited municipality control**
 - Infrastructure stages often triggered

Phase 2 – Residential development

- Service delivery capital
 - Recreation facilities, public works buildings, vehicles, machinery, etc.
- Wide range of costs and options
 - Partnership options possible
- Timing: **In municipality's control**

Infrastructure growth projects

**North of Yellowhead
Bremner Interchange**

Ardrossan Expansion

Bremner Reservoir

Centre in the Park



Service delivery projects*

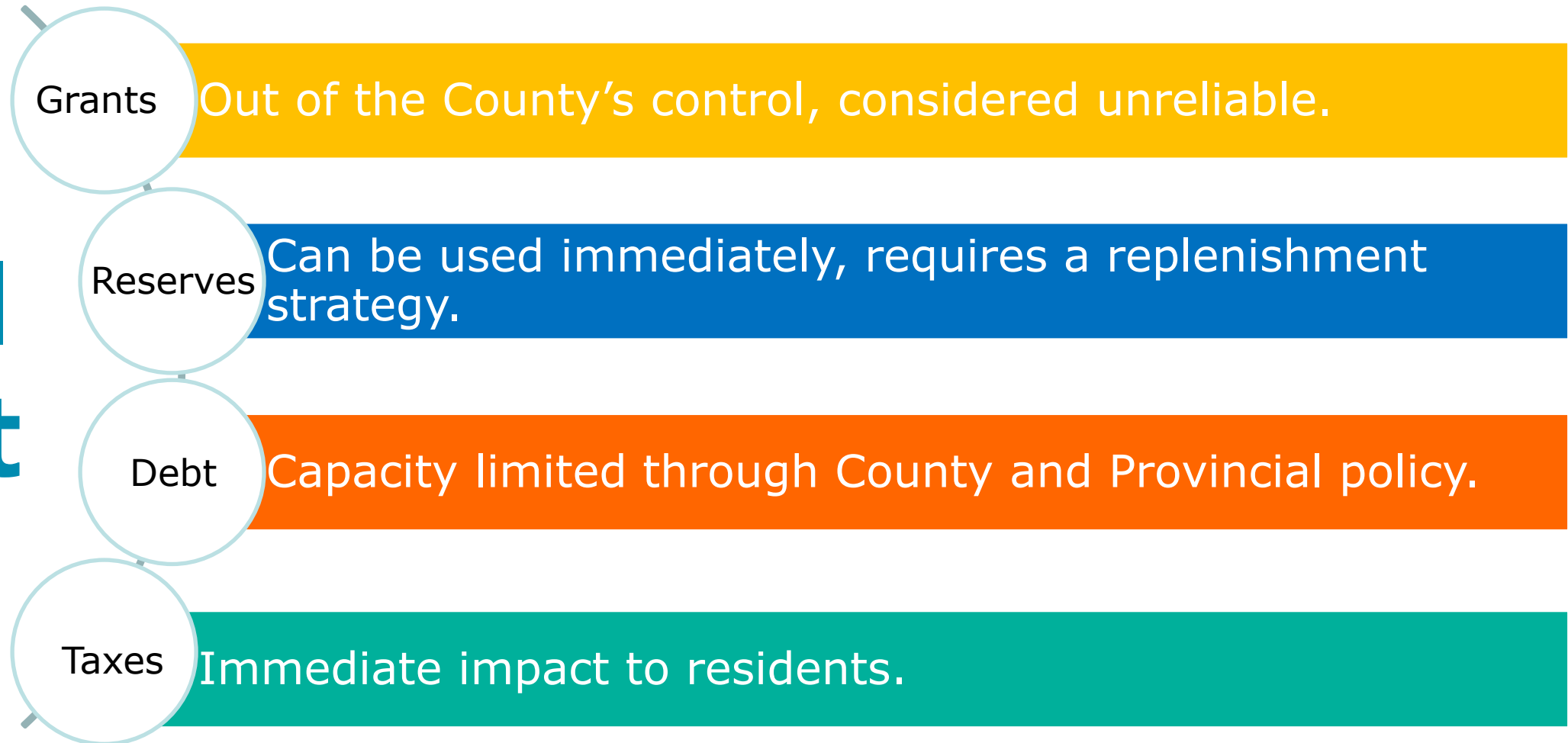


*not a County asset

Funding a community

Capital funding sources

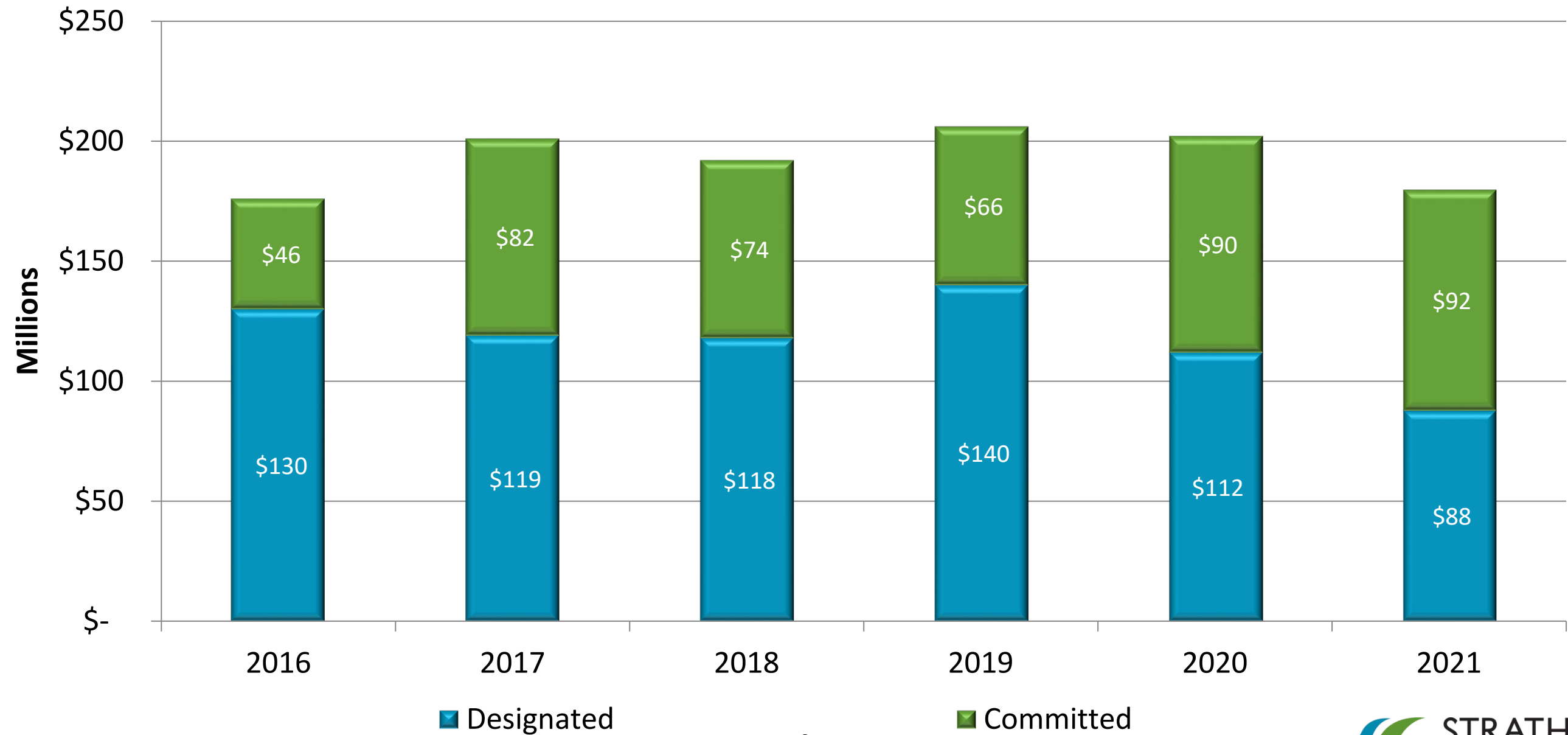
Capital Budget



One of the foundation principles of funding is considering intergenerational equity.

Municipal reserves

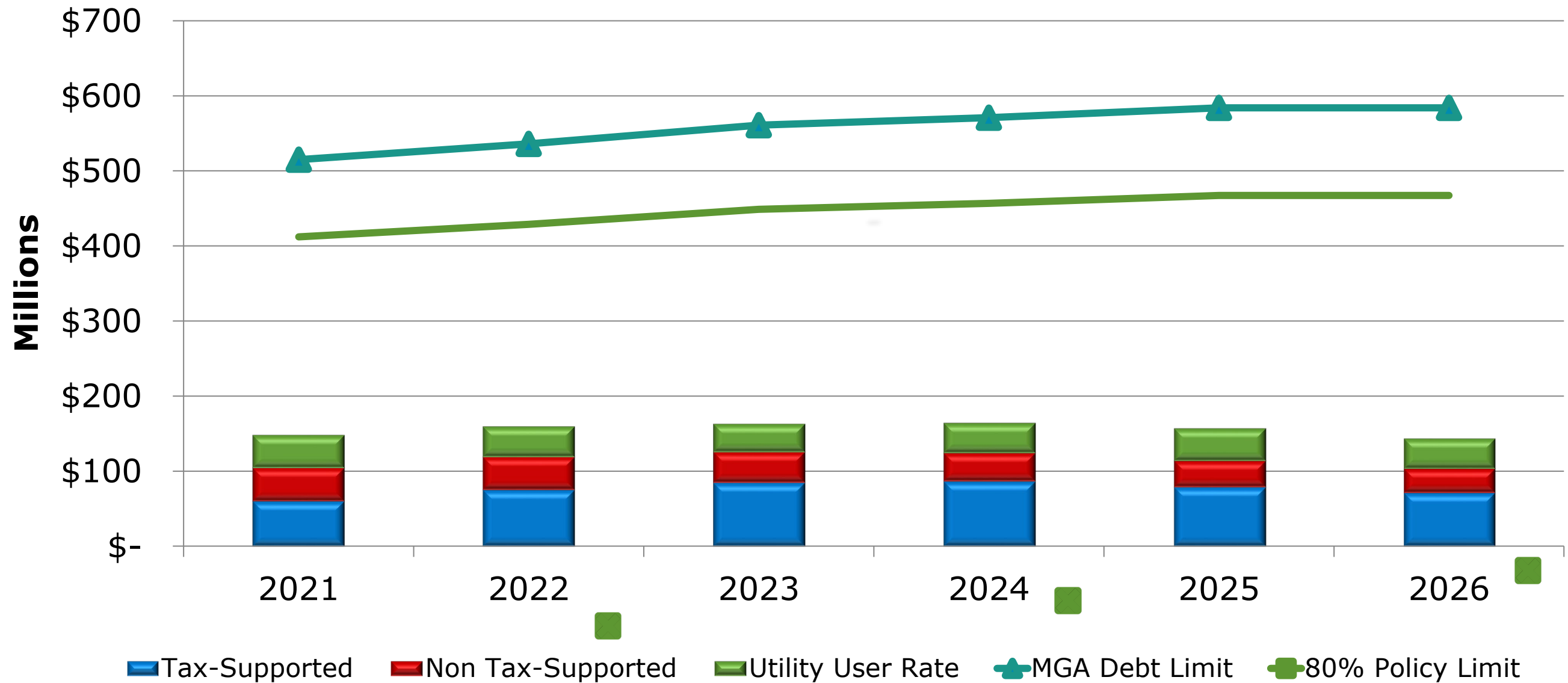
as at Dec 31, 2021



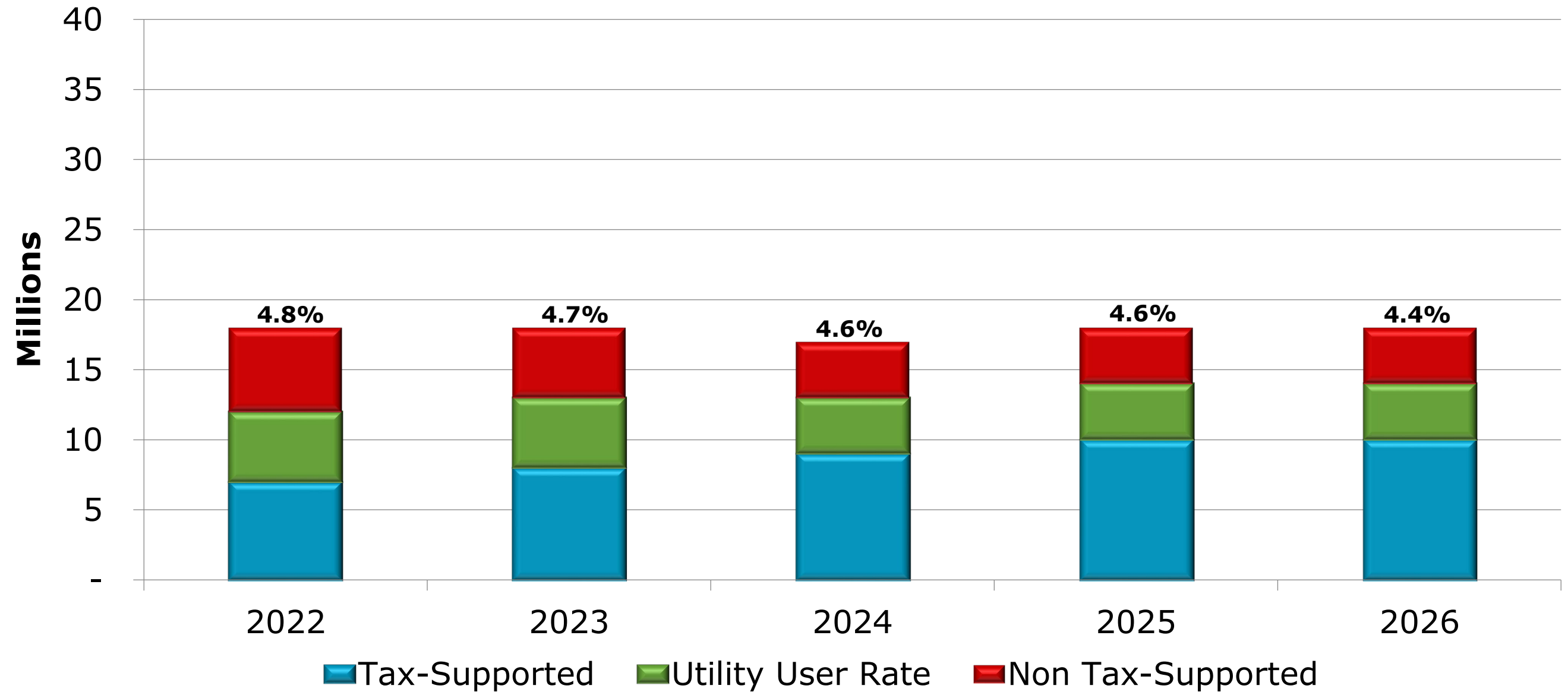
Designated (available) funds usage

- GFOA's best practice is to have minimum balance of 8% of total operating budget – approximately \$30-\$35M
 - Tax smoothing
 - Cashflow short falls that may arise
 - Emergent events/impacts such as COVID pandemic or inflation

Current outstanding debt



Current debt servicing 2022-2026



Sustainable funding recommendation

- It is recommended that Council plan for no more than \$15M-\$20M of debentures per year, and no more than \$100M-\$120M in the next 8-10 years
- It is recommended that Council plan for no more than \$30M of reserve usage within the next five years
- In addition to determining which, if any, projects Council will move forward, determining **when** to move forward is even more critical from a financial sustainability perspective

Recommendation example

		Year												Total
Project total		1	2	3	4	5	6	7	8	9	10	11	12	
Project A	\$60	\$20	\$20	\$20										\$60
Project B	\$28				\$14	\$14								\$28
Project C	\$30						\$15	\$15	Hold on debt →					\$30
Project D	\$12											\$12		\$12
Yearly total	Not exceeding \$20	\$20	\$20	\$20	\$14	\$14	\$15	\$15	\$0	\$0	\$0	\$12	\$0	
10yr Aggregate Total	Not exceeding \$120	\$20	\$40	\$60	\$74	\$88	\$103	\$118	\$118	\$118	\$118	\$110	\$90	

Projects under consideration

Infrastructure growth projects

Project Name	Budget	Debt Usage	Reserve Usage	Tax rate impact
North of Yellowhead / Bremner Interchange	\$ Unknown	\$ Unknown	\$ Unknown	\$ Unknown
Bremner Reservoir	\$27M	\$22.5M	\$4.5M	0.00%*
Ardrossan Expansion	\$11-13M	\$12M	\$0	0.00%*
Centre in the Park (CITP)	\$35-45M	\$40M	\$0	1.09%

*Impacts Utility user rates

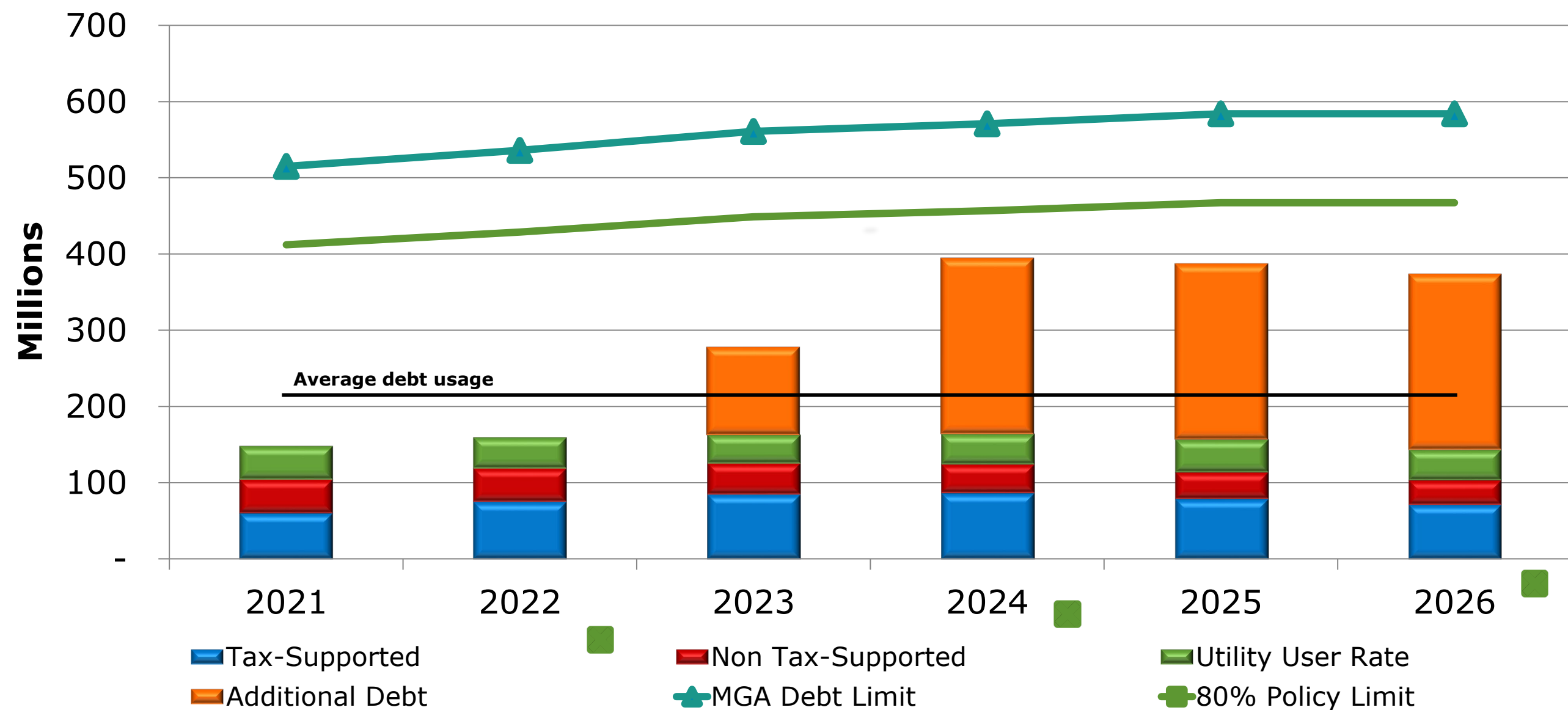
Service delivery projects

Project Name	Budget	Debt Usage	Reserve Usage	Tax rate impact
The Pointe	\$71.9M (\$60.4M remaining)	\$45.9M	\$5.8M	1.48%
Fieldhouse	\$90M (\$8M already approved)	\$62.0M	\$9.0	1.70%
Community Broadband	\$35M	\$17.5	\$17.5	0.75%
Seniors' Hub	\$24-38M	\$30.0M	\$0	0.82%

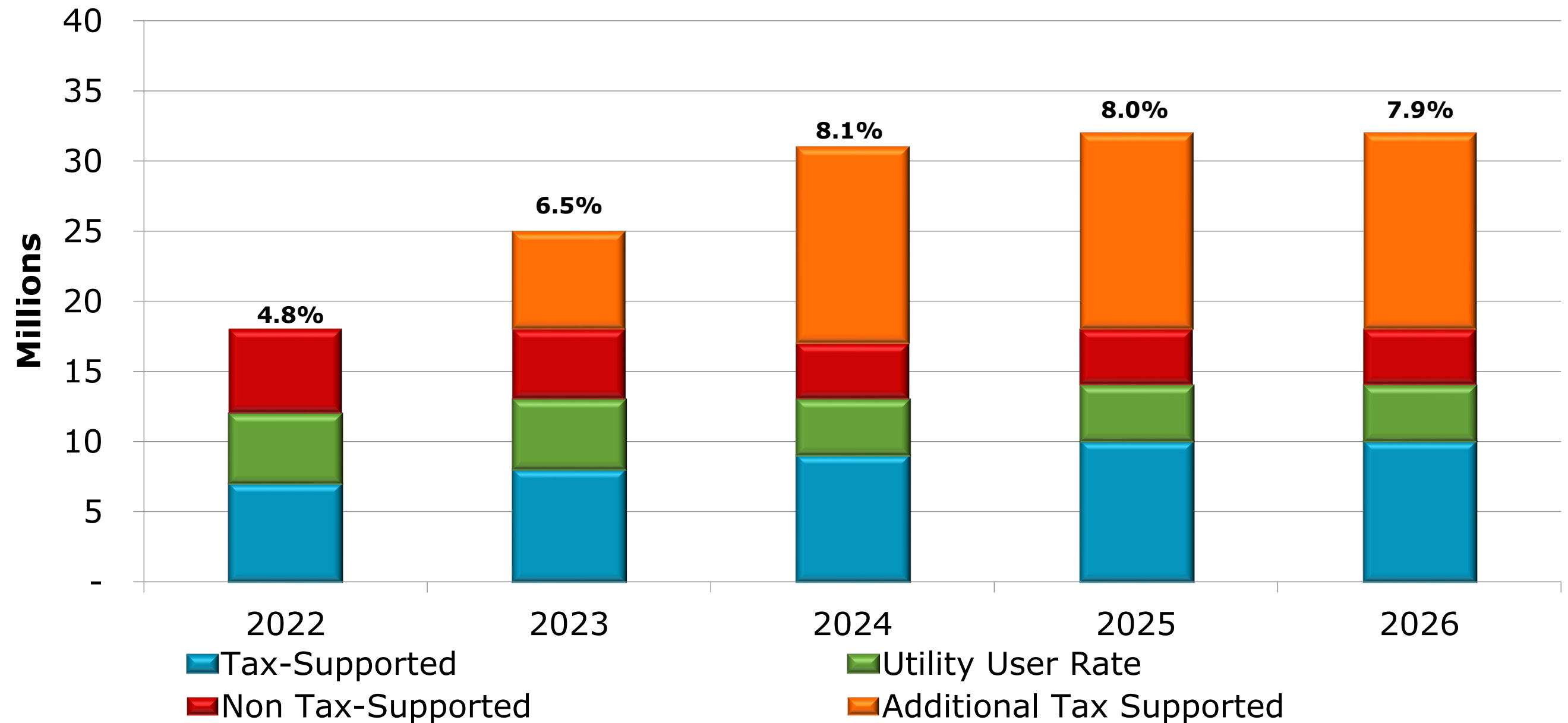
Service delivery projects (cont'd)

Project Name	Budget	Debt Usage	Reserve Usage	Tax rate impact
bgc Strathcona County	\$ TBD	\$ TBD	\$ TBD	TBD %
Affordable Housing – Clover Bar	\$0 (\$5.2M land)	\$0	\$0	TBD %
Affordable Housing – H4H	\$ TBD	\$ TBD	\$ TBD	TBD %
RVA Footbridge	\$12.4M	\$0	\$12.4M	TBD%
Sherwood Park Event Centre	\$0	\$0	\$0	2.00%

Outstanding and projected debt

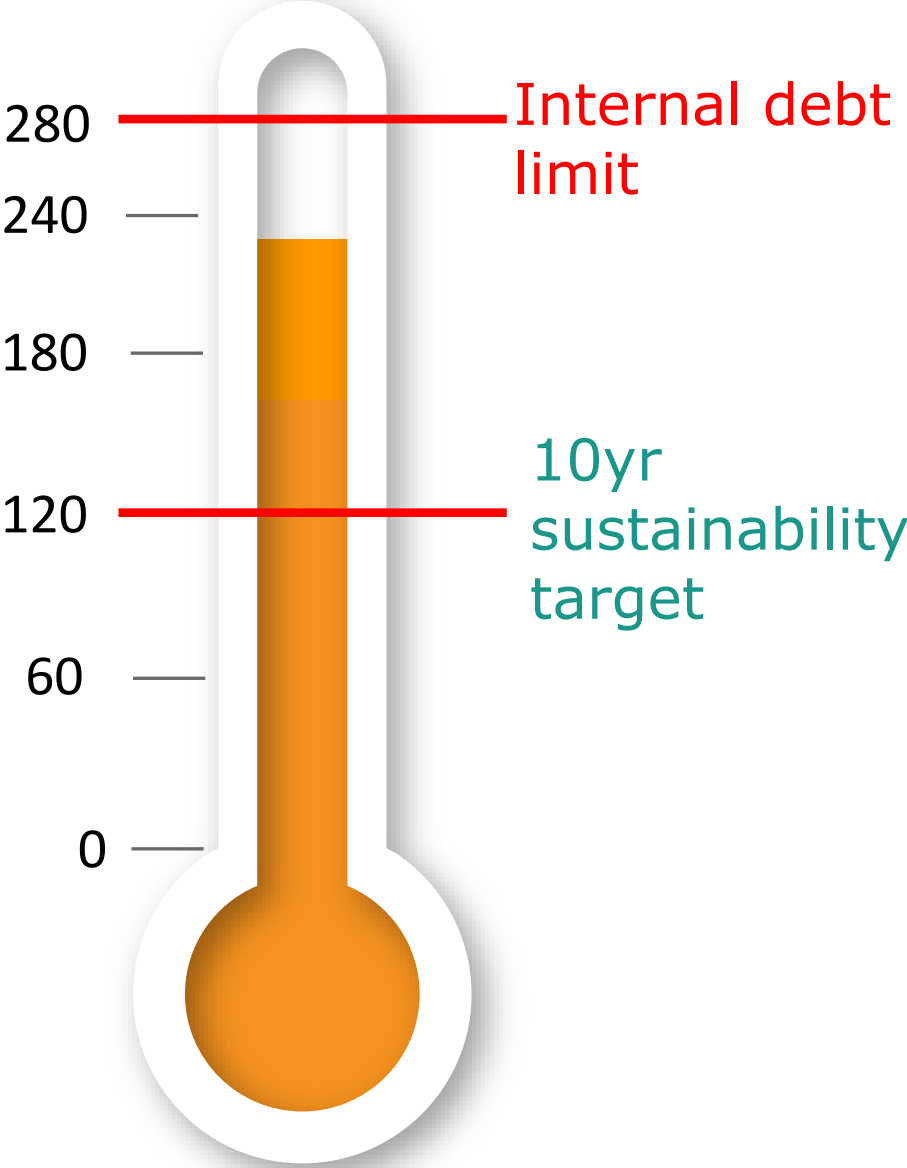


Projected debt servicing 2022-2026



Financial considerations

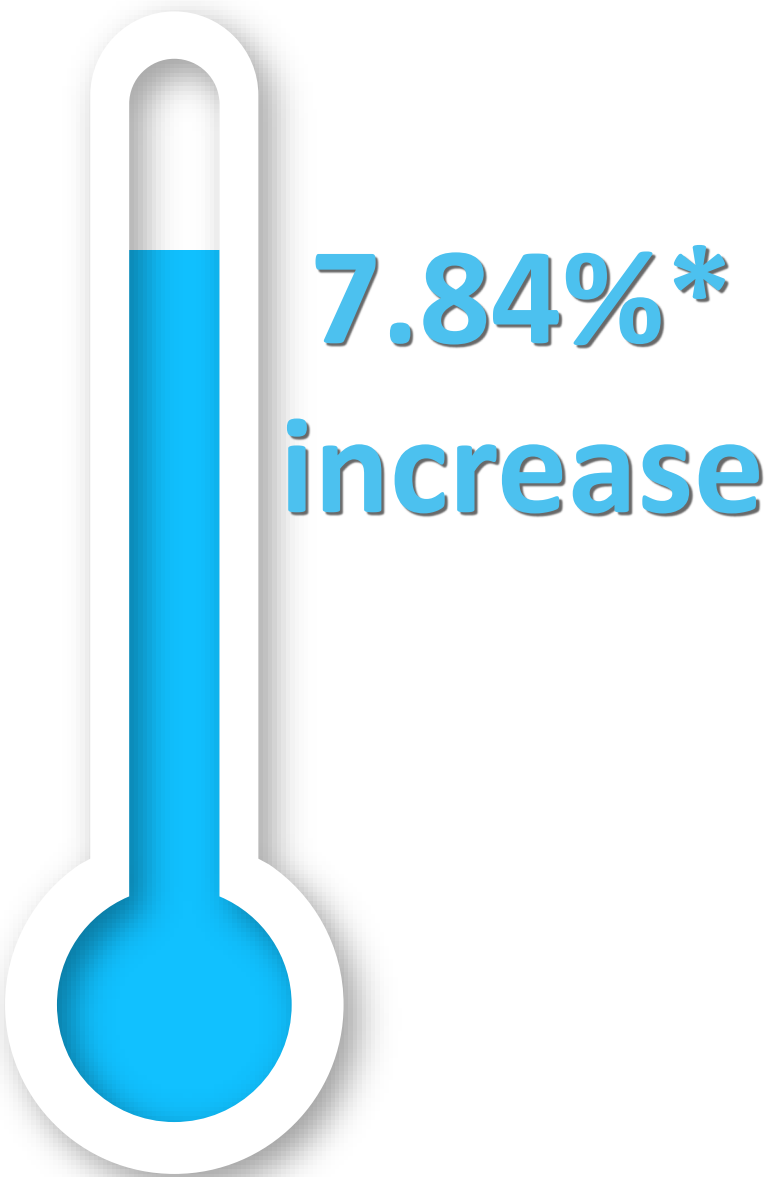
DEBT



RESERVES



TAX REQUIREMENT

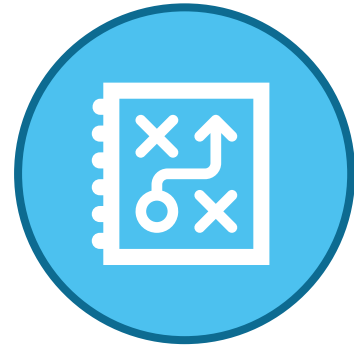


*Spread over multiple years

Councillor engagement

Our lenses

Strategic Plan
Alignment



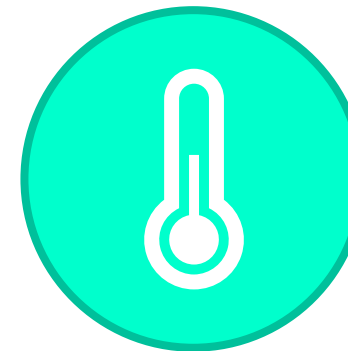
Financial



Other
Considerations



Community Impact



Lens 1(a): Strategic alignment

Looking at the project, does the project align to a specific 2023-2026 priority in the strategic plan:



Strategic priorities

Economic Prosperity



- Collaboration with industrial partners that promotes innovation and growth opportunities
- Development of emerging sectors that supports innovation, economic diversification and tourism
- Promote a diverse agricultural market that supports the local economy
- Attraction and retention of small and medium-sized businesses that fosters economic growth

Healthy and safe community

Healthy and
Safe Community



- A diversity of housing options that addresses affordability, aligns with community needs and responds to changing demographics
- Indigenous relations that advance reconciliation
- A diverse, welcoming, inclusive, and accessible community for all
- Social supports that enhance community well-being and safety, and build community connection

Responsible development

**Responsible
Development**



- Growth and development that prioritizes community well-being and economic benefits
- Investment in our infrastructure that supports development and complete communities
- Environmental stewardship that addresses climate change and demonstrates responsible use of land and natural resources

Municipal excellence

Municipal Excellence



- Optimal use of resources that meets the community's needs
- Relationships with all levels of government and key stakeholders that are strategic, purposeful and productive
- A workplace culture that is connected, inclusive, diverse, and promotes employee development

Lens 1(b): Financial consideration

Looking at the capital, operating and tax requirement amounts, would you:



stop the project



delay the project



continue the project

Lens 2(a): Other considerations: timing and responsibility

Looking at the other information, would you:



stop the project



delay the project



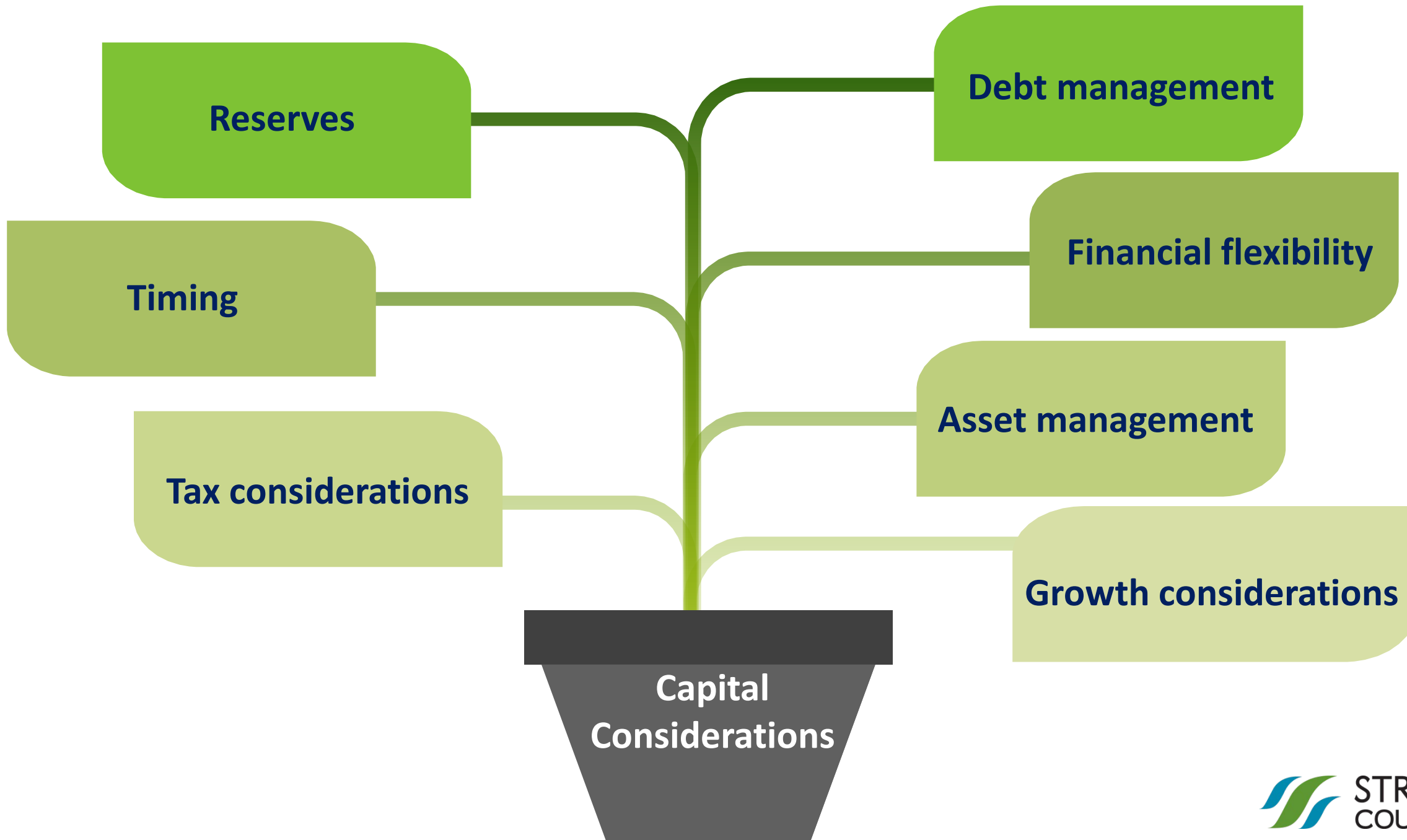
continue the project

Lens 2(b): Community response

When considering the diverse needs of the entire County along with the realities of limited financial resources, what would the community response be if Strathcona County were to delay or say no to this project at this time?

Developing the recommendation

Current and future capital investment outlook



Environmental considerations

- State of hyper-inflation, regionally, provincially, nationally, globally
 - Year over Year inflation for Alberta is 4.32%
 - Trending upwards – latest Alberta CPI 6.5% March 2022
- Significant supply chain management issues
 - Construction timing difficult to plan and adhere to
 - Final product may not reflect original vision
- Development of 10yr capital outlook underway
 - May be additional pressures / triggers unknown at this time
 - Enables longer term planning

Growth considerations

- Growth pressures span multiple areas
 - Cambrian/North of Yellowhead, Bremner, Ardrossan, Centre in the Park, and more
- Significant capital infrastructure costs
 - Whether County portion or front ending developer levies, debenture usage reduces available debt limit capacity
- County does not have financial capability to invest in all areas simultaneously
- Triggers for growth are often out of the County's control, and can be difficult to accurately predict timing

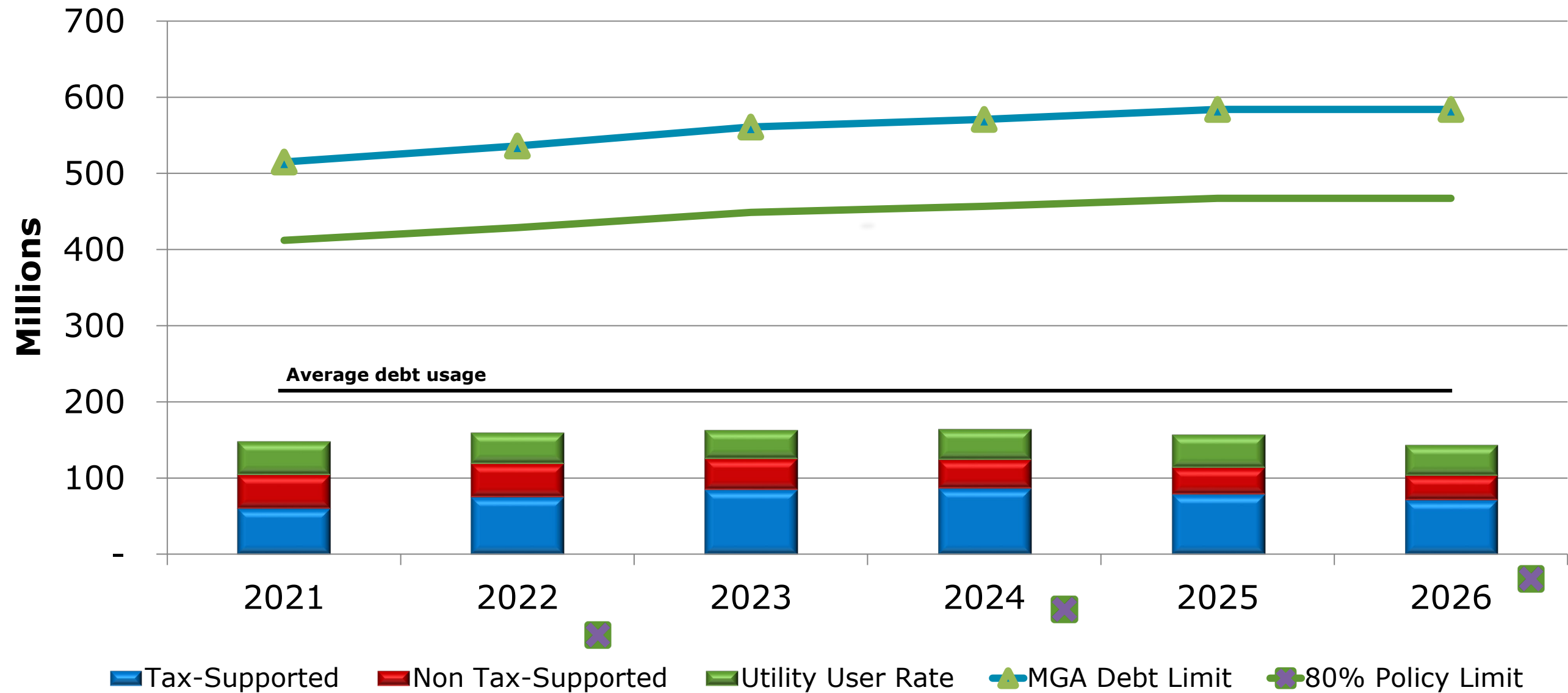
Service considerations

- Service pressures felt across a broad spectrum
 - Recreation, agriculture, social supports, technology, and more
- Significant capital infrastructure costs
 - County cannot afford to develop all infrastructure in the short to medium term on our own
 - Council and Administration will need to explore partnerships to accelerate timelines
- Fiscal sustainability and flexibility is paramount
 - Balancing known considerations against unknown future needs

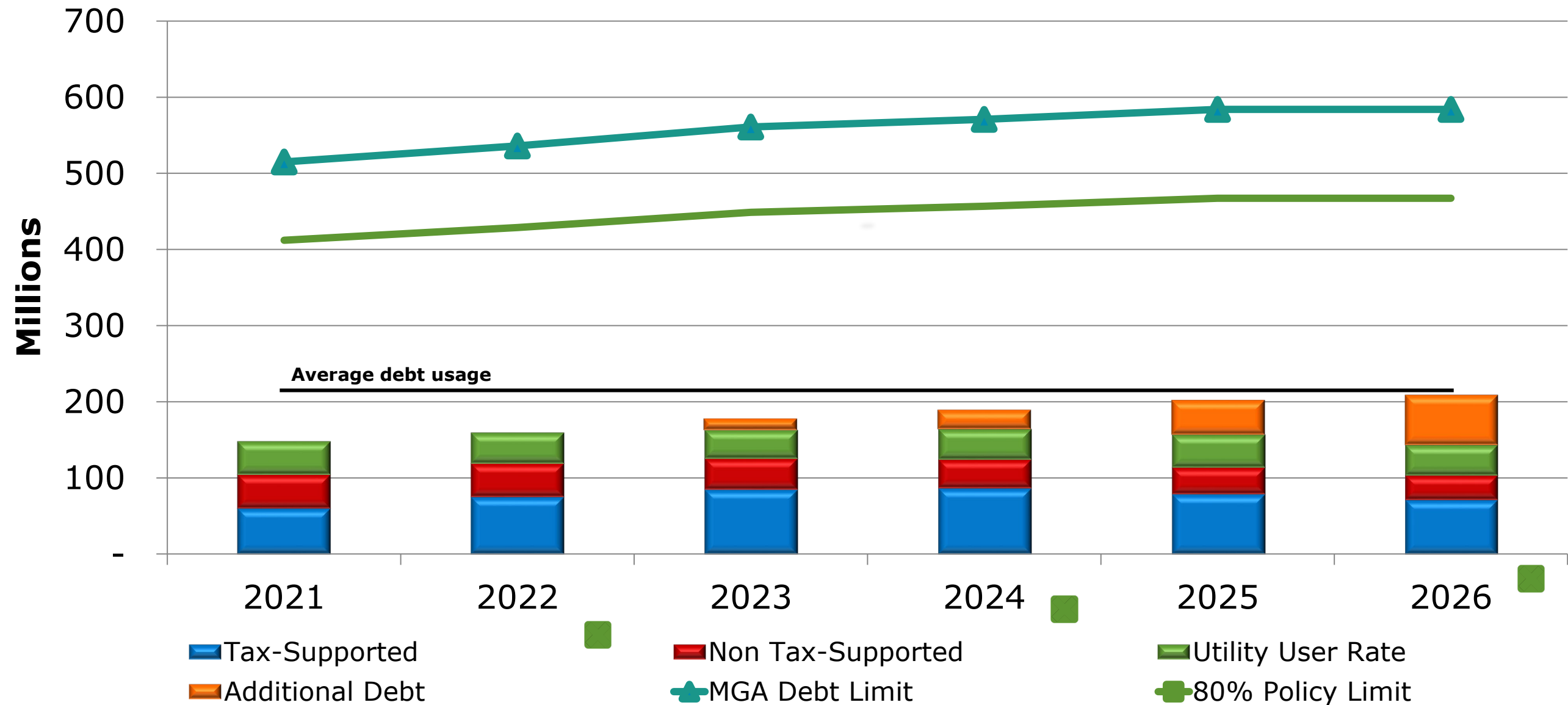
Council motions arising

- That Administration prepare, for Council's consideration by May 17, 2022, a revised scope and budget for the agricultural facility (The Pointe).
- That Administration prepare, for Council's consideration by May 17, 2022, a revised scope for the Indoor Fieldhouse that could be achieved within a reduced budget.
- That Administration prepare, for Council's consideration by May 17, 2022, analysis of possible options for the Crusaders Organization's event centre proposals.

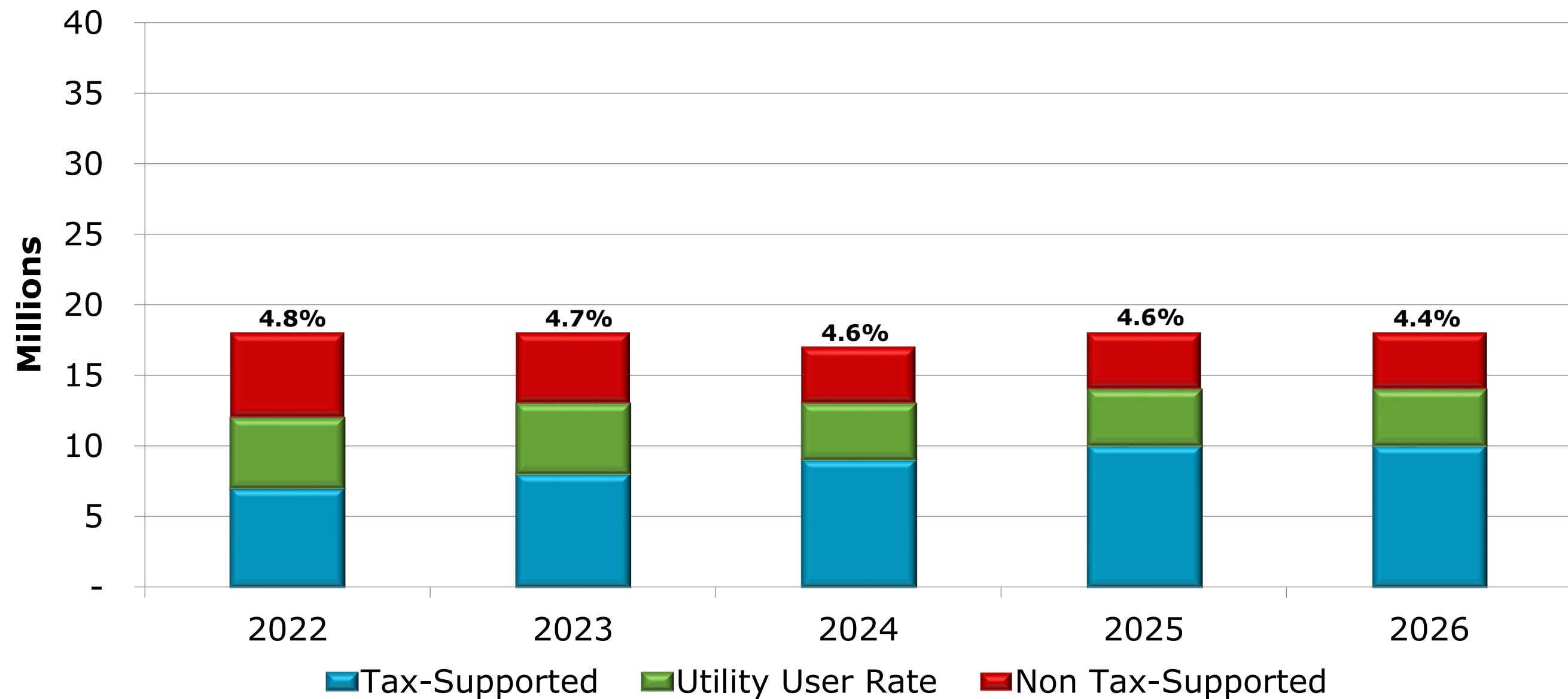
Current outstanding debt



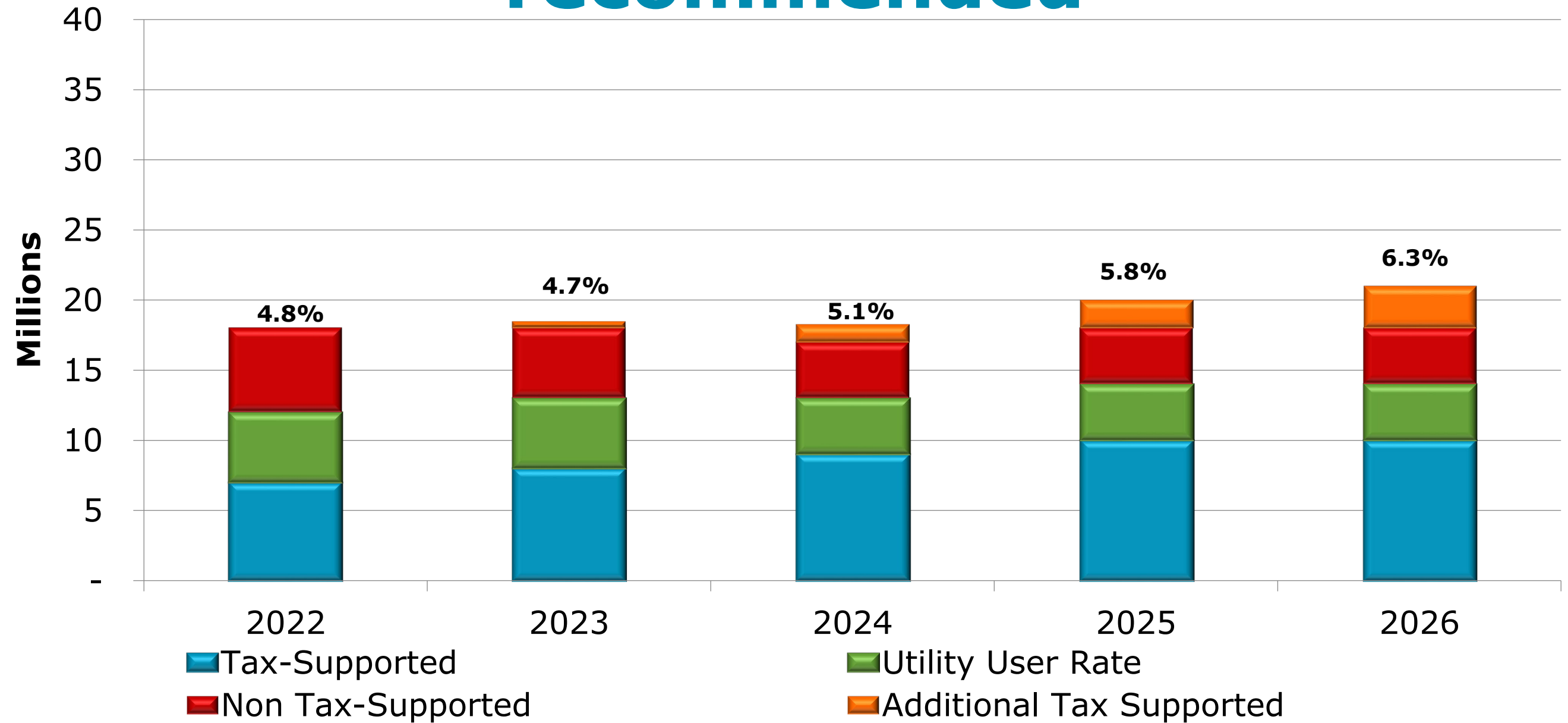
Outstanding and projected debt - recommended



Current debt servicing 2022-2026

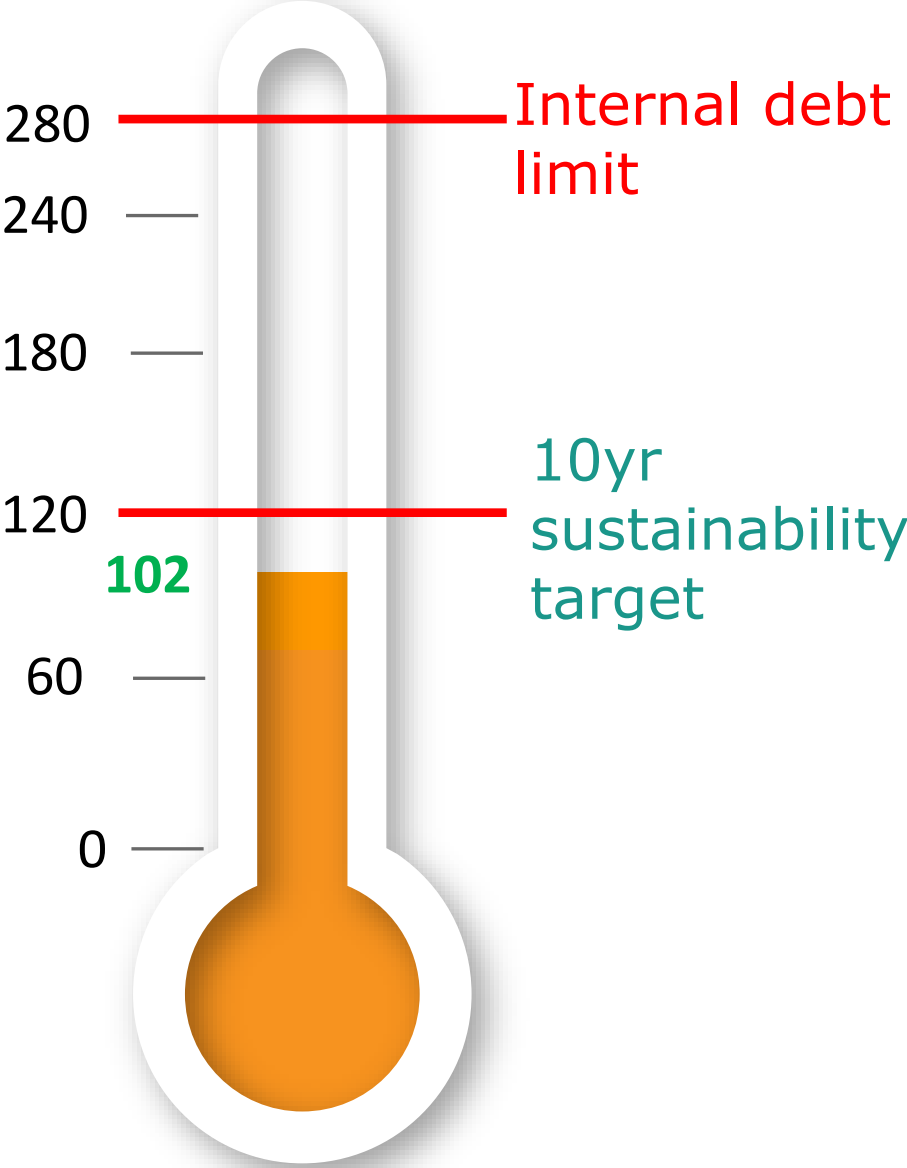


Projected debt servicing 2022-2026 - recommended

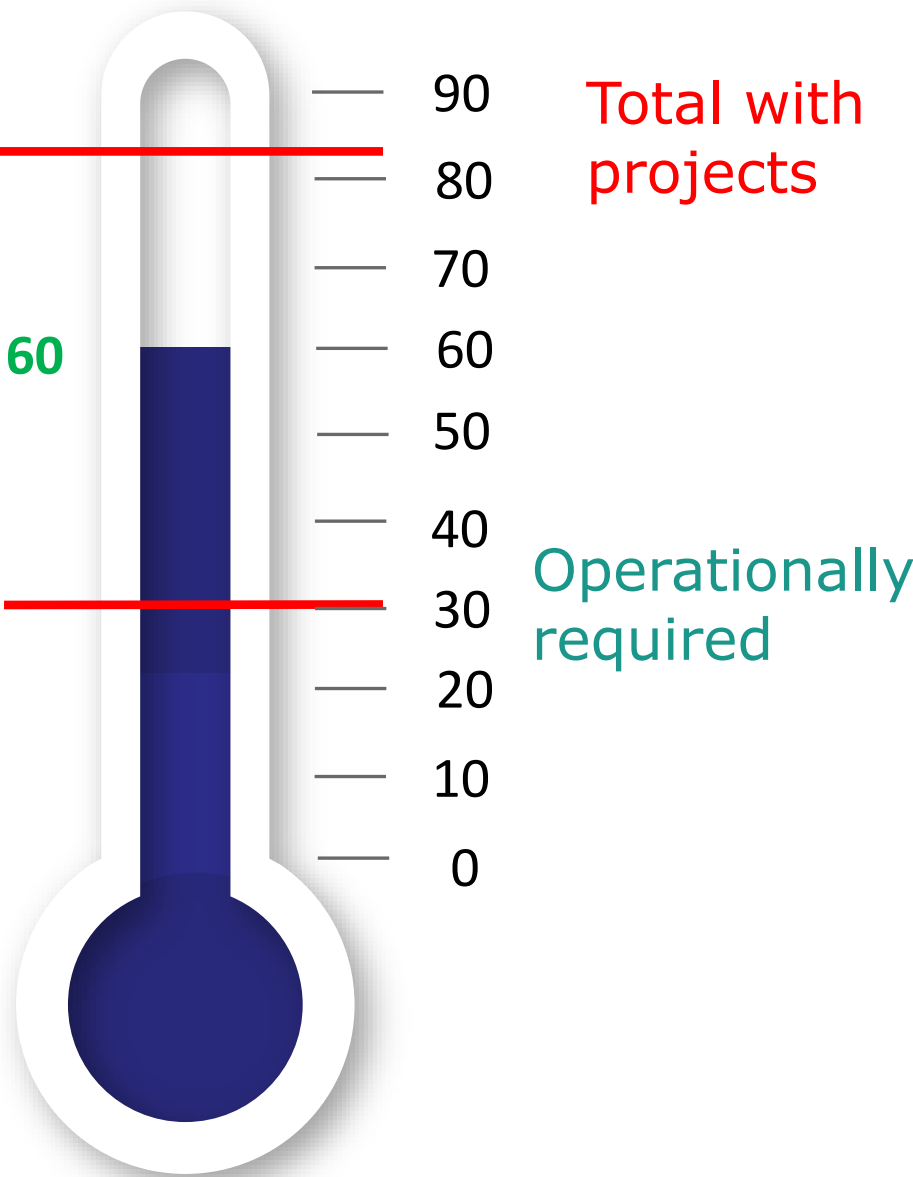


Financial considerations - after

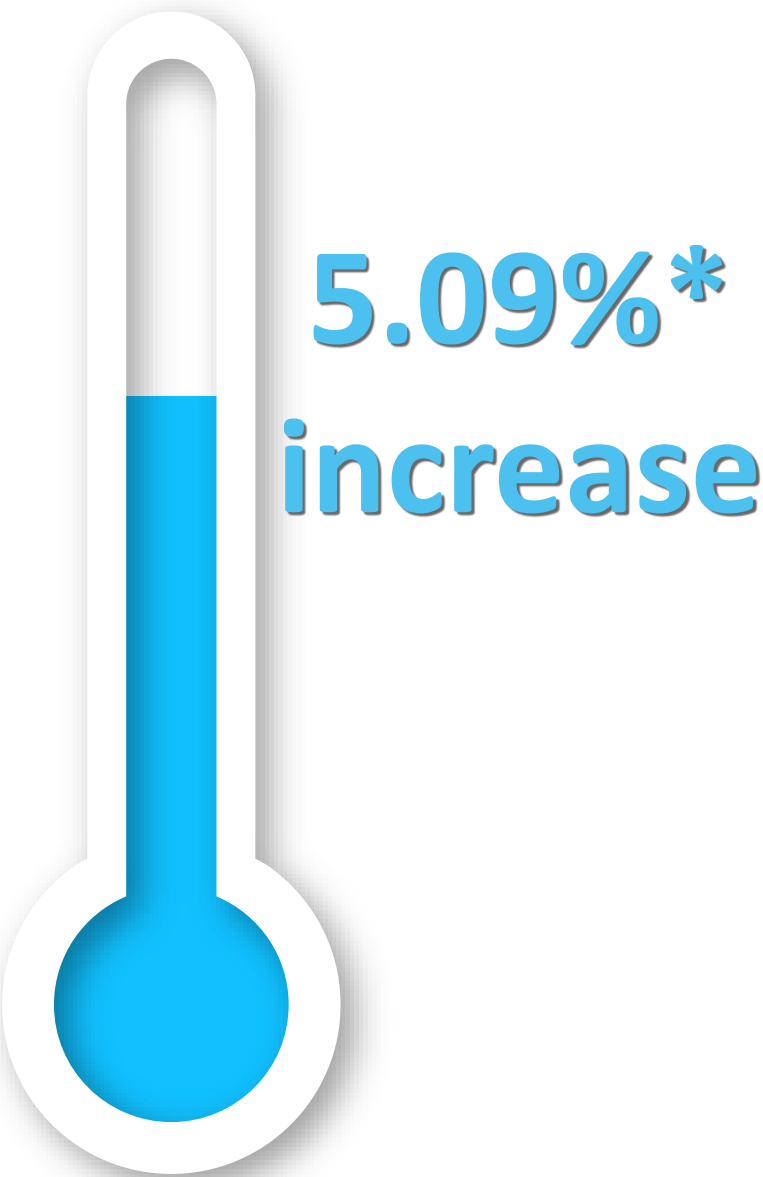
DEBT



RESERVES



TAX REQUIREMENT



*Spread over multiple years

Recommended:	Total Debt Funding	Year										
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Moving forward												
The Pointe*	\$ 25.0	\$ 15.0	\$ 10.0									
RVA Footbridge	\$ -	**										
Seniors' Hub	\$ -	**										
bgc Sherwood Park	\$ -	**										
Affordable Housing - Clover Bar	\$ -	**										
Centre in the Park	\$ 40.0			\$ 20.0	\$ 20.0							
Fieldhouse**	\$ 37.0					\$ 20.0	\$ 17.0					
Annually not exceeding \$20M		\$ 15.0	\$ 10.0	\$ 20.0	\$ 20.0	\$ 20.0	\$ 17.0	\$ -	\$ -	\$ -	\$ -	\$ -
10yr Aggregate Total not exceeding \$120M		\$ 15.0	\$ 25.0	\$ 45.0	\$ 65.0	\$ 85.0	\$ 102.0	\$ 102.0	\$ 102.0	\$ 102.0	\$ 102.0	\$ 87.0

Triggered Projects

Community Broadband	\$ -											
Affordable Housing - H4H	\$ -											
Ardrossan Expansion	\$ 12.0											
Bremner Reservoir	\$ 22.5											
NOY Bremner Interchange	TBD											

Other considerations

Sherwood Park Event Centre	\$ -											
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*Assumes a new total budget of \$55M

**Assumes a new total budget of \$65M

Questions?

