

2017 Recommended Consolidated Budget



**Becoming Canada's
most livable community**

...focusing on priorities

2017 Recommended Budget

Consolidated budget highlights

Introduction to Budget 2017

The proposed 2017 operating and capital budgets were developed to align with the 2015 – 2018 Corporate Business Plan to advance Council’s prioritized strategic goals outlined within the strategic plan, “Strathcona County 2030”. Initiatives and projects align with Council’s vision for sustainable municipal infrastructure, attracting petrochemical business, increasing public involvement and building relationships with neighboring municipalities and civic organizations.

Capital vs operating budgets

The two types of budgets—operating and capital—are very distinct and both are reflective of maintaining current service levels for existing programs and services critical to the community, as well as additional resource requirements for new initiatives.

The **operating budget** provides resources for the ongoing day-to-day costs of delivering municipal services to residents. It covers items such as staff salaries, utility costs to run facilities, funding for community events, family support programs and maintenance repairs to essential infrastructure.

The **capital budget** deals with costs to develop new infrastructure and amenities and invest in long-term fixed assets required for daily service delivery. Examples include new water lines or roads, new facilities and technology, land and vehicles.

2017 budget highlights

Budget 2017 includes a proposed consolidated budget of \$354 million and a proposed capital budget of \$65.6 million.

The proposed 2017 Budget calls for a 2.17% tax dollar decrease, resulting in an annual decrease of \$41.73 or \$3.48/month for the average homeowner.

Utility rates are proposed to increase 0.17%. On average, this translates to an additional \$0.21 on monthly bills.

Cost inflation, economic conditions, population growth and carbon tax impact the County budget.

The projected increase in Strathcona County’s population is 1.60%—this means we will serve 1,546 more residents in 2017.

195 new housing starts, 250,000 square feet of new commercial space and additional industrial projects are coming online in 2017.

Strathcona County budgets for inflation using the Municipal Price Index (MPI), a measure reflecting the price of goods and services purchased by the municipality. The MPI is budgeted at 1.1% or \$2.6 million for 2017.

operating items

vs.

capital items

 programming	 utilities	 police, fire and ambulance
 delivery of drinking water	 waste collection	 snow removal
 maintenance—parks, roads, facilities, vehicles + more	 staff	 fuel

 new roads	 new trails	 bridges
 buildings	 vehicles	 technology
 sidewalks	 streetscapes	 water lines

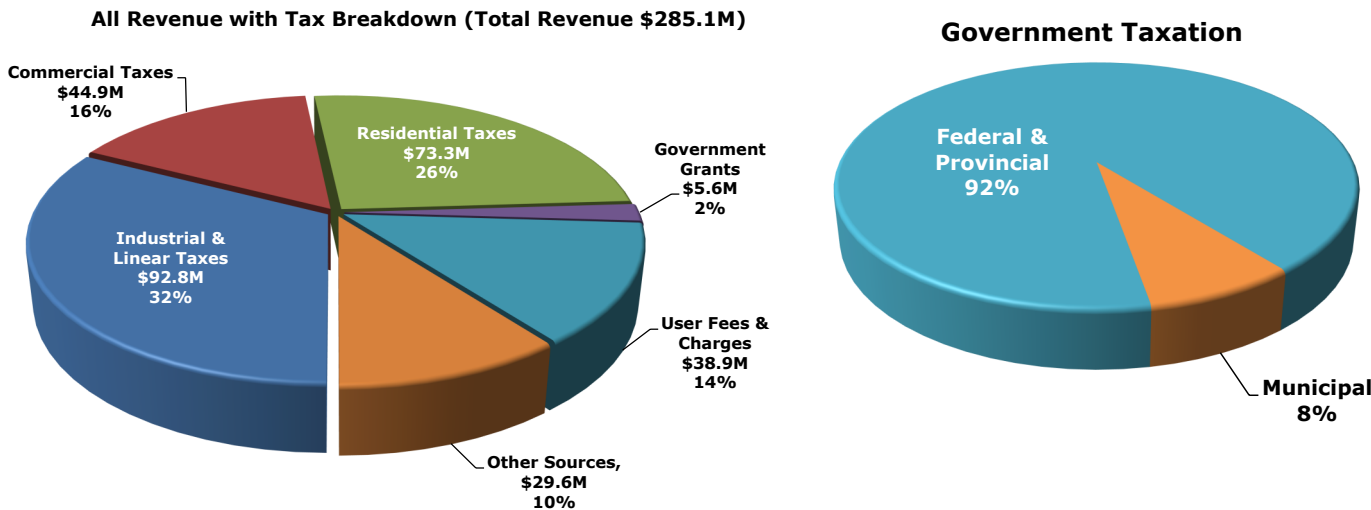
Municipal budget highlights

Where the money comes from

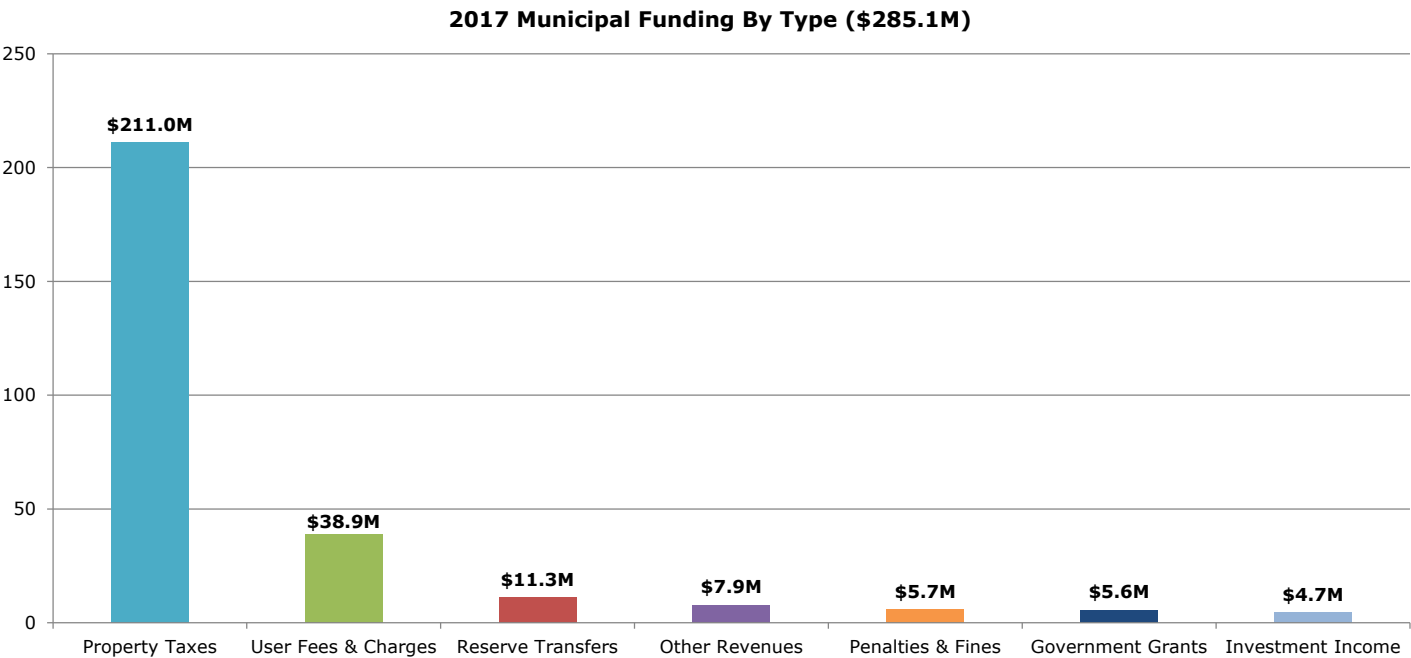
Strathcona County, like other Alberta municipalities, provides a diverse range of services. Funding for these services stems from a limited revenue stream consisting of two primary sources: property taxes and user fees and charges.

Property taxes collected make up 74% of Strathcona County’s total revenue. Residential taxes, which represent taxes paid by homeowners, make up 35% of the taxes collected. A significant industrial base, primarily from light and heavy industry (including linear) in Alberta’s Industrial Heartland, contributes 32% of all County revenues in support of municipal services. Linear taxes are from right of ways for pipe and power lines and commercial taxes come from businesses that reside within the County.

User fees and charges form the next significant portion of revenue collected by the County, at 14% of total revenue, and are generated primarily from transit fares and fees collected for the use of recreation facilities.



Municipal governments receive only 8% of all government tax revenues (*Source: Federation of Canadian Municipalities (FCM) 2012*). The average homeowner in Strathcona County pays taxes annually to all orders of government, including income and education taxes, sales tax and property tax. Of all taxes collected, only \$220M will go to the County to provide all municipal services in 2017.



A snapshot of services supported by the budget:

Infrastructure and Planning Services

Urban and rural public works
Winter maintenance
Land development planning
Business and development attraction and retention
Agriculture services
Capital construction
Transportation planning
Traffic safety

Community Services

Recreation programs
Parks maintenance
Transit operations
RCMP & Enforcement services
Individual and family support programs
Seniors services
Fire and rescue services
Emergency medical services

Corporate Services

Fleet and building maintenance
Legal services
Legislative services
Compensation and benefits
Technology planning and strategy
Occupational health and safety

Chief Financial Officer

Assessment and taxation
Trade agreement compliance
Financial planning services
Financial reporting services
Corporate revenues and expenses

Senior Administration and Elected Officials

Council and Elected Officials
Business plan delivery
Policy development and implementation
Promotion and publicity
Media relations
Intergovernmental affairs
Public engagement

Municipal budget highlights

Where the money goes

The operating budget maintains the vast array of high quality services provided to the community. Park and trail maintenance, policing, snow removal, community events, recreation opportunities and road maintenance are just a few of the many services delivered through the 2017 budget. The capital budget represents the capital required to support service delivery such as for roads and water lines, and investment in growth and planning for the future. Service delivery comes with costs associated with required inputs such as labour, oil-related supplies like road oil and fuel, utilities to heat and light facilities, office supplies and contracted services like the RCMP. The total cost of municipal services is budgeted at \$285.1 million for 2017.



Fire, Ambulance and Police: \$76.7M (26%)



Transportation: \$65.7M (23%)



Recreation, Parks and Culture: \$62.8M (22%)



Transit: \$27.4M (10%)



Fiscal Services: \$22.0M (8%)



Planning and Development: \$13.6M (5%)



Family and Community Services: \$11.1M (4%)



Agriculture: \$3.8M (1%)



Economic, Development and Tourism: \$2.0M (1%)

Municipal budget highlights

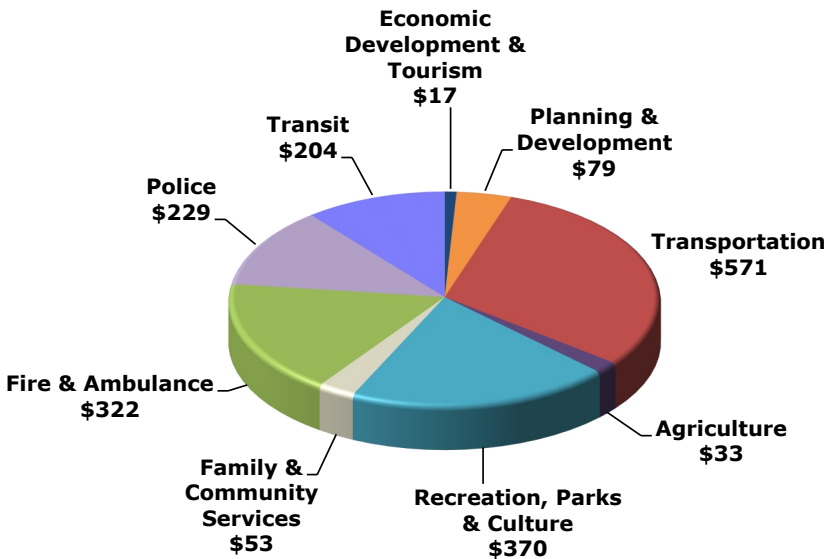
Understanding your municipal taxes

The sample single fa
assessed at \$450,000
\$1,878 per year, o
property taxes in 201
municipal services.
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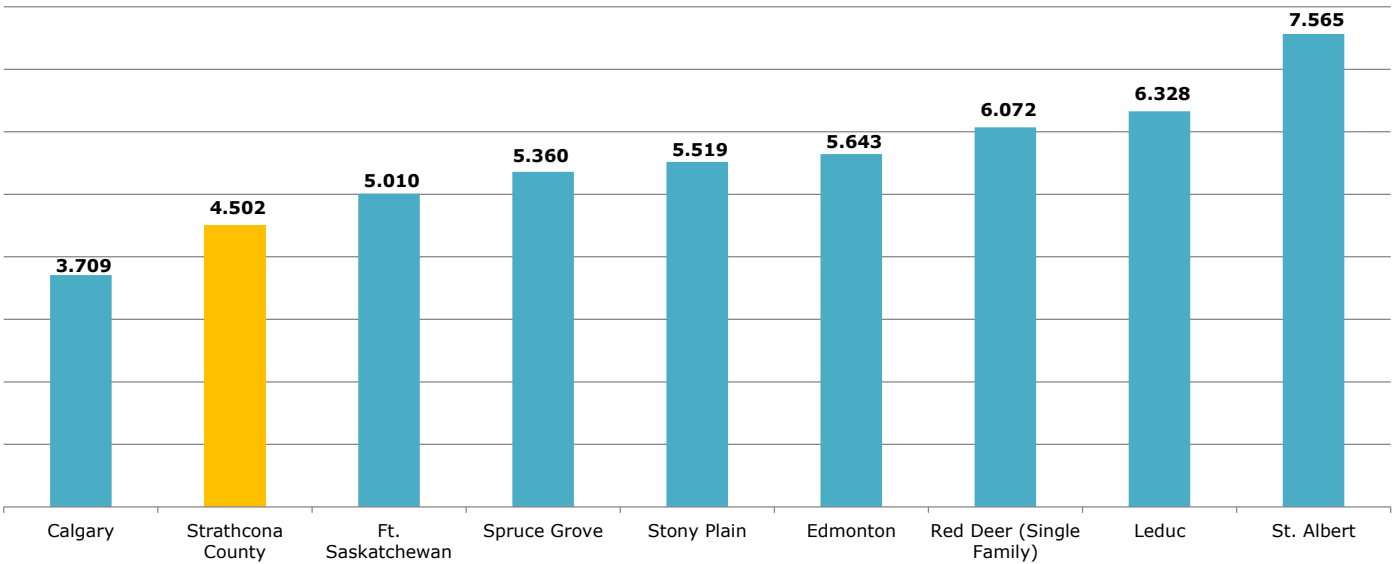
How does Strathcona

According to 2016
County residents pa
municipal property
Alberta municipalities

2017 Annual Tax Dollars per Average Household
Total \$1,878/year based on assessment of \$450,000



2016 Municipal Residential Tax Rates
(excludes Education Taxes)



Residential Municipal Property Tax Bill - Based on \$440,000 Assessed Value

\$1,632	\$1,981	\$2,204	\$2,358	\$2,428	\$2,483	\$2,672	\$2,784	\$3,329
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Municipal budget highlights

Value for your dollar

The average household in Strathcona County will spend \$157 on property taxes each month. For this amount, taxpayers get an entire menu of services. The true value of this expense may best be reflected when compared with other household expenses of the same approximate value.

\$157 gets the average household:

Monthly property taxes, which include:

- Snow removal
- Access to playgrounds, swimming pools, hockey rinks and other recreation facilities
- Safe roads
- Police and enforcement services
- Fire, ambulance and emergency services
- Community events
- Counselling services
- And more...

VS.

Monthly cable television + internet

or

Monthly vehicle insurance

or

Dinner and a movie for a family of 4

or

Monthly heating—gas + electric

or

One week of groceries

Understanding your utility bill

Utility rates will increase 0.17%. On average, this translates to an additional \$0.21 on monthly bills. This proposed rate increase reflects the following challenges the County faces for the coming year:

- Meeting the needs of an expanding customer base as population growth puts pressure on infrastructure and utility programs.
- Maintaining service levels as costs rise due to inflation on goods and services sourced from external organizations.
- Planning appropriately for uncertainty in terms of development location and timing.
- Improving service delivery and rapid response through investment in infrastructure and the application of innovative technology, and maintaining service levels despite space constraints.

Services supported by utility bill charges:

Solid waste—weekly garbage collection, curbside recycling program and special events such as large item pickup and Christmas tree pickup. Rates for Sherwood Park and rural hamlets also pay for weekly organics collection during the summer months.

Water—delivery of water to homes and businesses, water meter replacement / installation, water meter reading, maintenance of fire hydrants, water line infrastructure operation and maintenance costs.

Wastewater—operation and maintenance of sewer lines and the treatment of wastewater at the Alberta Capital Region Wastewater Commission Treatment Plant.

Stormwater—maintenance of stormwater infrastructure and facilities that collect rainwater and surface runoff to reduce the possibility of flooding and property damage.

Municipal budget highlights

Strathcona County is a young, successful and vibrant community set in the centre of Alberta's energy and agricultural heartland.

Strathcona County is the **5th largest** municipality in Alberta.

The population has increased and is currently at **96,407** in 2016

The number of residential units added up to the end of September 2016 is **889** totalling 37,385 residences

Net business establishments have **increased 35%** in 5 years

The challenges we face

Many exciting opportunities exist for the County to capitalize on its strengths and step boldly into the future but we are not without challenges. Growth and inflation are two primary factors that affect the County's budgets. Both provide related opportunities and challenges.

Growth

From the perspective of the 2017 budget, Strathcona County is still facing growth pressures. Changes in municipal growth are delayed, as projects already underway, such as new homes and roads, will continue to completion. This effect points to the fact that municipalities are quite stable in tough economic times.

Costs associated with this growth add pressure on expenses for program and service delivery. For example, more roads result in the need for extra roadway maintenance and snow removal, and a larger population means more people to serve.

Overall tax growth remains positive, with an estimated 250,000 square feet of new commercial space in addition to industrial projects coming online in 2017. Total municipal tax growth for 2017 is forecasted at approximately 2.3%, or \$4.9 million.

Municipal revenues remain relatively stable, and Strathcona County is committed to sound fiscal management. We are paying attention to risks and opportunities on the

*Examples of how **growth** factors effect budgetary needs*

- Population—community programs, permitting, policing, traffic safety
- Roads—snow removal, crack filling, pothole repair
- Trails and sidewalks—maintenance and snow removal

horizon related to growth and the economic downturn.

Inflation

We all know that prices for goods and services increase from year to year. These price increases, known as inflation, affect both the operating and capital budgets. Staffing, supplies, oil-related products, contracted services and utilities are just a few of the areas that are heavily influenced by the pressures of inflation. Costs for roads, building construction and land continue to rise.

As the economy shifts, we are experiencing and expecting positive effects on our operating costs due to lower inflation rates than were originally anticipated for 2017. For example, with lower fuel and contracted services costs, municipal inflation isn't as high as anticipated.

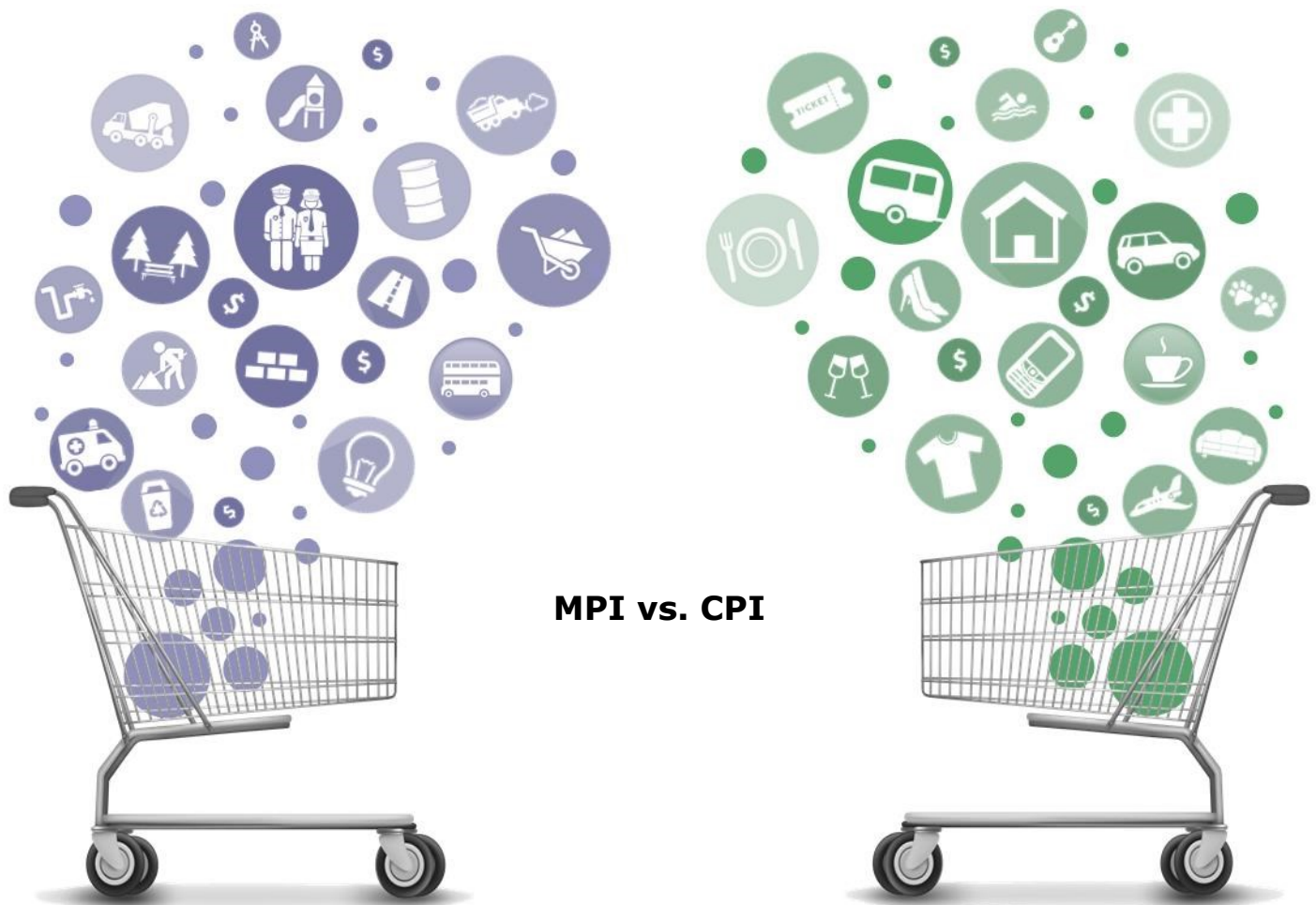
While the state of the economy is resulting in lower inflation rates, inflation is still a factor and our costs are still rising. Budget 2017 has included all known inflation factors and has matched this with funding sources to propose a fully-funded capital and balanced operating budget. The municipal inflation projection for 2017 is 1.1%, based on the Municipal Price Index (MPI), a measure that reflects the price of goods and services purchased by the municipality. This translates into an additional estimated cost of \$2.6 million.

*Examples of how **inflation** factors effect budgetary needs*

- Salaries and benefits
- Supplies—fuel, asphalt, landscaping materials, water, janitorial contracts, supplies
- Repairs and maintenance—facilities, computers, telecommunications, roads, trails

The Consumer Price Index (CPI) is the measurement for inflation that people are generally most familiar with. The CPI is based on a basket of goods that a typical family purchases, such as housing, food, clothing, recreation and transportation. Over the past several years in Alberta, the CPI has ranged from 1% to 2.6%. But this measurement is not an accurate indication of the inflation municipalities face because our spending is very different.

The Municipal Price Index (MPI) is based on a basket of goods reflective of municipal spending, such as asphalt, gravel, road oil and cement—items that a typical household does not purchase in bulk quantities. These items represent a significant portion of the County’s expenses and are much more susceptible to high inflation. Strathcona County uses MPI as a tool to forecast inflation costs. Utilizing MPI is the fiscally responsible approach to managing inflation costs to better respond to external economic conditions.



Serving the community

The operating budget serves the community directly through:

- Police, ambulance and fire service
- Delivery of safe drinking water
- Road and parks maintenance
- Recreation and social programs
- Snow removal
- Garbage collection and recycling
- Transit
- Business attraction and retention
- Development and strategic planning
- Public engagement and communication
- And more

The operating budget serves the community indirectly through:

- Maintenance of facilities and fleet
- Stewardship and sustainability of financial assets
- Secure information technology
- Legal and legislative support
- Payroll and human resources
- Procurement of commodities
- And more

The operating budget is funded by:

- Property taxes (residential, commercial and industrial)
- User fees
- Government grants
- Penalties and fines
- Investment income
- Transfers from reserves
- Other revenues

Municipal operating budget

2017 operating budget

The operating budget funds the day-to-day activities required to deliver the high quality services which are guided by Councils strategic plan and vision for Strathcona County. The budget allows for continued maintenance and support of existing infrastructure, programs and services to support the 96,407 residents within our growing community.

2017 operations

Through the use of Priority-Based Budgeting tools and processes, many savings have been realized in the 2017 operating budget. Clear, evidence-based decision making has guided departments to find efficiencies in the following operations:

New facility costs

New facility costs for 2017 include the annualization of operating costs for the Emerald Hills recreation facilities opened in October 2016 and the reopening of the renovated Glen Allan Recreation Centre.

New initiatives coming forward in 2017 include:



Urban agriculture (Quartile 1)

Continue to develop and implement Urban Agriculture Strategy initiatives, such as community gardens.



Clean Air Responsible Schools (Quartile 3)

Partner with Strathcona Industrial Association, Alberta Capital Airshed and schools within the County to provide air quality education support to teachers delivering the grade five Clean Air Responsible Schools (C.A.R.S.) program.



Update Utilities Master Plan (Quartile 1)

Update the master plans for water, wastewater and stormwater infrastructure to establish servicing strategies for future development areas.



Update Transit Master Plan (Quartiles 1-4)

Update the Transit Master Plan to review projects and determine priorities for the next ten years in alignment with strategic goals.

Challenges identified that impact the 2017 operating budget include:

- Uncertainties stemming from Alberta's modernized *Municipal Government Act*
- Addressing effects of the current economic climate while capitalizing on opportunities
- Unpredictable weather and its associated impacts on infrastructure and activities such as snow removal and transit service
- Inflation on utilities
- The 2017 municipal election
- Staff retirements
- Managing costs that may result from Alberta's carbon tax

Consolidated operating budget

2017 consolidated operating budget

Operating Revenue / Expense		2016 Budget	\$ Change 2016-2017	2017 Budget	% Change 2016-2017
Revenues	Property Taxes	\$ (219,957,745)	\$ (522,664)	\$ (220,480,409)	0 %
	Government Grants	(5,202,377)	(987,182)	(6,189,559)	19 %
	Utility User Rates	(54,083,800)	(100,312)	(54,184,112)	0 %
	User Fees & Charges	(40,269,768)	198,392	(40,071,376)	(0) %
	Penalties & Fines	(5,829,778)	(32,365)	(5,862,143)	1 %
	Investment Income	(6,092,815)	402,258	(5,690,557)	(7) %
	Other Revenues	(7,389,929)	(633,164)	(8,023,093)	9 %
		<u>(338,826,212)</u>	<u>(1,675,037)</u>	<u>(340,501,249)</u>	0 %
Expenses	Salaries & Wages	135,666,283	3,379,305	139,045,588	2 %
	Employee Benefits	28,376,985	1,278,313	29,655,298	5 %
	Training & Development	2,769,126	(169,910)	2,599,216	(6) %
	Business Expenses	1,017,826	(35,947)	981,879	(4) %
	Advertising & Printing	2,639,805	(159,224)	2,480,581	(6) %
	Professional Services	5,355,306	(827,598)	4,527,708	(15) %
	Insurance	2,137,505	(110,471)	2,027,034	(5) %
	Rentals & Leases	2,952,169	(51,682)	2,900,487	(2) %
	Contracted Services	41,985,057	228,314	42,213,371	1 %
	Supplies & Materials	40,553,132	(1,382,870)	39,170,262	(3) %
	Repairs & Maintenance	6,710,470	425,324	7,135,794	6 %
	Equipment Purchases	2,788,967	(645,234)	2,143,733	(23) %
	Utilities	7,313,040	522,736	7,835,776	7 %
	Telecommunications	1,011,631	50,797	1,062,428	5 %
	Interest on Debt	6,868,531	73,800	6,942,331	1 %
	Grants & Requisitions	2,049,870	54,000	2,103,870	3 %
	Other Expenses	1,515,464	115,899	1,631,363	8 %
	Interprogram	-	-	-	0 %
	Amortization Expense	52,313,172	2,305,063	54,618,235	4 %
		<u>344,024,339</u>	<u>5,050,615</u>	<u>349,074,954</u>	1 %
Net (Revenues)/Expenses		<u>5,198,127</u>	<u>3,375,578</u>	<u>8,573,705</u>	65 %
Non-Operating Items		<u>47,115,045</u>	<u>(956,511)</u>	<u>46,158,534</u>	(2) %
Non-Cash Adjustment		<u>(52,313,172)</u>	<u>(2,419,067)</u>	<u>(54,732,239)</u>	5 %
TOTAL Strathcona County		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

*Revenue is shown as a credit (in brackets)

Consolidated operating budget

2017 municipal operating budget

Operating Revenue / Expense		2016 Budget	\$ Change 2016-2017	2017 Budget	% Change 2016-2017
Revenues	Property Taxes	\$ (210,785,648)	\$ (222,700)	\$ (211,008,348)	0 %
	Government Grants	(4,665,057)	(966,939)	(5,631,996)	21 %
	User Fees & Charges	(38,642,315)	(248,538)	(38,890,853)	1 %
	Penalties & Fines	(5,651,850)	(32,365)	(5,684,215)	1 %
	Investment Income	(4,737,311)	74,951	(4,662,360)	(2)%
	Other Revenues	(7,272,580)	(597,544)	(7,870,124)	8 %
		<u>(271,754,761)</u>	<u>(1,993,135)</u>	<u>(273,747,896)</u>	1 %
Expenses	Salaries & Wages	121,809,289	3,313,153	125,122,442	3 %
	Employee Benefits	25,309,675	1,304,119	26,613,794	5 %
	Training & Development	2,469,954	(169,896)	2,300,058	(7)%
	Business Expenses	941,481	(30,757)	910,724	(3)%
	Advertising & Printing	2,043,662	(143,325)	1,900,337	(7)%
	Professional Services	4,808,712	(1,063,984)	3,744,728	(22)%
	Insurance	2,137,505	(110,471)	2,027,034	(5)%
	Rentals & Leases	2,498,532	19,997	2,518,529	1 %
	Contracted Services	33,500,401	323,196	33,823,597	1 %
	Supplies & Materials	18,637,065	(1,695,777)	16,941,288	(9)%
	Repairs & Maintenance	4,657,803	342,863	5,000,666	7 %
	Equipment Purchases	2,547,705	(665,711)	1,881,994	(26)%
	Utilities	7,523,999	657,422	8,181,421	9 %
	Telecommunications	846,653	60,826	907,479	7 %
	Interest on Debt	3,359,165	213,297	3,572,462	6 %
	Grants & Requisitions	1,819,870	34,000	1,853,870	2 %
	Other Expenses	1,402,626	131,851	1,534,477	9 %
	Interprogram	(3,535,840)	112,284	(3,423,556)	(3)%
	Amortization Expense	44,177,361	1,751,372	45,928,733	4 %
		<u>276,955,618</u>	<u>4,384,459</u>	<u>281,340,077</u>	2 %
Net (Revenues)/Expenses		<u>5,200,857</u>	<u>2,391,324</u>	<u>7,592,181</u>	46 %
Non-Operating Items		<u>38,976,504</u>	<u>(565,835)</u>	<u>38,410,669</u>	(1)%
Non-Cash Adjustment		<u>(44,177,361)</u>	<u>(1,825,489)</u>	<u>(46,002,850)</u>	4 %
TOTAL Strathcona County		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

*Revenue is shown as a credit (in brackets)

Consolidated operating budget

2017 utility operating budget

Operating Revenue / Expense		2016 Budget	\$ Change 2016-2017	2017 Budget	% Change 2016-2017	Notes
Revenues	Government Grants	\$ (7,000)	\$ -	\$ (7,000)	0 %	
	Utility User Rates	(54,083,800)	(100,312)	(54,184,112)	0 %	Note 1
	User Fees & Charges	(1,583,655)	455,005	(1,128,650)	(29)%	Note 2
	Investment Income	(1,215,728)	299,903	(915,825)	(25)%	Note 3
	Other Revenues	(3,000)	(3,000)	(6,000)	100 %	
		<u>(56,893,183)</u>	<u>651,596</u>	<u>(56,241,587)</u>	<u>(1)%</u>	
Expenses	Salaries & Wages	8,925,561	(177,672)	8,747,889	(2)%	Note 4
	Employee Benefits	1,876,841	(116,029)	1,760,812	(6)%	Note 4
	Training & Development	211,074	(2)	211,072	(0)%	
	Business Expenses	65,735	(10,305)	55,430	(16)%	
	Advertising & Printing	491,494	(10,991)	480,503	(2)%	
	Professional Services	518,019	246,500	764,519	48 %	Note 5
	Rentals & Leases	434,067	(71,492)	362,575	(16)%	Note 6
	Contracted Services	8,397,004	(98,914)	8,298,090	(1)%	Note 7
	Supplies & Materials	21,396,817	291,720	21,688,537	1 %	Note 8
	Repairs & Maintenance	2,019,291	80,000	2,099,291	4 %	Note 9
	Equipment Purchases	201,539	-	201,539	0 %	
	Utilities	(210,959)	(134,686)	(345,645)	64 %	Note 10
	Telecommunications	144,852	-	144,852	0 %	
	Interest on Debt	2,551,584	(100,981)	2,450,603	(4)%	Note 11
	Grants & Requisitions	200,000	50,000	250,000	25 %	
	Other Expenses	107,902	(15,648)	92,254	(15)%	
	Interprogram	2,906,254	(155,755)	2,750,499	(5)%	Note 12
	Amortization Expense	6,757,537	530,000	7,287,537	8 %	Note 14
		<u>56,994,612</u>	<u>305,745</u>	<u>57,300,357</u>	<u>1 %</u>	
Net (Revenues)/Expenses		<u>101,429</u>	<u>957,341</u>	<u>1,058,770</u>	<u>944 %</u>	
Non-Operating Items		<u>6,656,108</u>	<u>(387,454)</u>	<u>6,268,654</u>	<u>(6)%</u>	Note 13
Non-Cash Adjustment		<u>(6,757,537)</u>	<u>(569,887)</u>	<u>(7,327,424)</u>	<u>8 %</u>	Note 14
TOTAL Department Budget		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0%</u>	

*Revenue is shown as a credit (in brackets)

Consolidated operating budget

2017 library operating budget



Operating Revenue / Expense		2016 Budget	\$ Change 2016-2017	2017 Budget	% Change 2016-2017
Revenues	Property Taxes	\$ (9,172,097)	\$ (299,964)	\$ (9,472,061)	3 %
	Government Grants	(530,320)	(20,243)	(550,563)	4 %
	User Fees & Charges	(43,798)	(8,075)	(51,873)	18 %
	Penalties & Fines	(177,928)	-	(177,928)	0 %
	Investment Income	(139,776)	27,404	(112,372)	(20)%
	Other Revenues	(114,349)	(32,620)	(146,969)	29 %
		<u>(10,178,268)</u>	<u>(333,498)</u>	<u>(10,511,766)</u>	3 %
Expenses	Salaries & Wages	4,931,433	243,824	5,175,257	5 %
	Employee Benefits	1,190,469	90,223	1,280,692	8 %
	Training & Development	88,098	(12)	88,086	(0)%
	Business Expenses	10,610	5,115	15,725	48 %
	Advertising & Printing	104,649	(4,908)	99,741	(5)%
	Professional Services	28,575	(10,114)	18,461	(35)%
	Rentals & Leases	19,570	(187)	19,383	(1)%
	Contracted Services	87,652	4,032	91,684	5 %
	Supplies & Materials	519,250	21,187	540,437	4 %
	Repairs & Maintenance	33,376	2,461	35,837	7 %
	Equipment Purchases	39,723	20,477	60,200	52 %
	Telecommunications	20,126	(10,029)	10,097	(50)%
	Interest on Debt	957,782	(38,516)	919,266	(4)%
	Grants & Requisitions	30,000	(30,000)	-	(100)%
	Other Expenses	4,936	(304)	4,632	(6)%
	Interprogram	629,586	43,471	673,057	7 %
	Amortization Expense	1,378,274	23,691	1,401,965	2 %
		<u>10,074,109</u>	<u>360,411</u>	<u>10,434,520</u>	4 %
Net (Revenues)/Expenses		<u>(104,159)</u>	<u>26,913</u>	<u>(77,246)</u>	(26)%
Non-Operating Items		<u>1,482,433</u>	<u>(3,222)</u>	<u>1,479,211</u>	(0)%
Non-Cash Adjustment		<u>(1,378,274)</u>	<u>(23,691)</u>	<u>(1,401,965)</u>	2 %
TOTAL Strathcona County Library		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

*Revenue is shown as a credit (in brackets)



Municipal operating budget

Municipal operating 3 year forecast

	Recommended	Operating Forecast		
	2017	2018	2019	2020
Revenue				
Property Taxes	\$ (215,690,552)	\$ (214,581,700)	\$ (231,458,756)	\$ (242,033,975)
Governments Grants	(5,631,996)	(5,631,996)	(5,684,016)	(5,684,016)
User Fees & Charges	(38,890,853)	(39,893,553)	(41,275,893)	(42,771,774)
Penalties & Fines	(5,684,215)	(5,753,087)	(5,822,839)	(5,893,501)
Investment Income	(4,662,360)	(4,723,564)	(4,785,098)	(4,908,097)
Other Revenue	(7,870,124)	(7,882,540)	(7,895,790)	(7,910,192)
	(278,430,100)	(278,466,440)	(296,922,392)	(309,201,555)
Expense				
Salaries, Wages & Benefits	151,736,236	157,928,561	163,966,367	170,090,062
Contracted & General Services	47,225,007	49,777,176	54,283,210	63,448,538
Supplies, Materials & Utilities	26,030,188	26,696,535	27,743,606	28,901,560
Interest on Debt	3,572,462	3,582,341	3,288,946	3,018,549
Grants/Requisitions	1,853,870	1,865,292	1,876,780	1,888,576
Amortization	45,928,733	46,479,877	47,037,636	47,602,087
Other Expenses	4,993,581	5,304,815	5,674,182	6,023,454
	281,340,077	291,634,597	303,870,727	320,972,826
Net (Revenues) / Expenses	(2,909,977)	(13,168,157)	(6,948,335)	(11,771,271)
Non-Operating Expenses				
From Reserve Fund	(11,332,330)	(8,296,657)	(8,408,889)	(8,514,477)
To Capital Fund	(312,232)	-	-	-
To Reserve Fund	44,166,984	45,649,467	47,427,367	49,128,575
Loan Funds Repaid	(971,644)	(971,644)	(971,644)	(971,644)
Capital Lease Repaid	-	-	-	-
Long Term Debt Repaid	6,859,891	6,710,607	6,366,374	6,500,542
	38,410,669	43,091,773	44,413,208	46,142,996
Non Cash Adjustment	(46,002,850)	(46,479,878)	(47,037,636)	(47,602,088)
Net Impact to Base Budget	\$ (4,682,204)	\$ 9,780,052	\$ 4,323,907	\$ 10,312,179
Equivalent Base Tax Increase	-2.17%	4.54%	2.01%	4.79%

Assumptions

Property tax includes all residential and non-residential growth projection from assessment department
 Assumed current service levels are maintained
 Assumed average 1.2% growth and 3% inflation for most expense categories other than Salaries, Wages & Benefits
 For 2018 to 2020 assumed that previous year shortfall is solved with prior years Base Tax Increase only
 Assumed no new debt is acquired for any new capital



2017 Recommended Budget

Consolidated capital budget

Introduction

The Capital Plan and recommended 2017 capital budget demonstrate prudence and financial leadership with reasonable expectations on future budgets. A financially strategic approach in alignment with community priorities will guide the County in accomplishing goals while reducing risk and controlling costs.

In 2017, the focus will be to continue supporting annual maintenance programs, catch up on open projects and hold spending while preparing to manage community growth node pressures. By planning carefully to capture strategic and financial opportunities, the capital budget positions the County well to ensure the organization is able to deliver on its promises. The budget reflects the challenges and opportunities of today's economic environment and what can be accomplished within the County's means to deliver capital projects that add true value to the community.

The value of capital

Capital assets, such as facilities, parks, vehicles, roads and water lines, are the backbone of every community. It is critical to rethink, revitalize and preserve our capital assets in order to meet community priorities, accommodate a vigorous and resilient economy, and continue to provide the essential services residents rely on each day for health, safety and enjoyment.

Building a responsible capital budget involves allocating resources to meet both today's needs and the requirements for long-term financial sustainability. A number of factors must be examined in terms of capital projects—the pressures of infrastructure maintenance, growth and new capital projects must be balanced against the impacts on future operating budgets, staff resources and available funding.

The true cost of capital

Capital investment recommended in the 2017 budget includes a number of design projects that will prepare the County to satisfy community priorities and provide quality of life for residents.

While these design projects come at a fairly low cost, initiating them may lead to significant financial implications for future budgets.

It is important to view capital investment in terms of these true costs in order to support sound decision making—choosing the most important projects based on priorities and funding—and create positive impacts for the future.

A strategic planning approach

A variety of processes, strategies and funding options have been employed to promote long-term financial sustainability and responsible spending in the 2017 Capital Budget:

- Deferring projects with lower quartile scores in alignment with Priority-Based Budgeting (PBB) principles.
- Utilizing grant funding sources strategically has allowed for the reallocation of funds.
- A thorough review of open projects has:
 - Determined the cash flows of open projects and defined reasonable goals in terms of which open capital projects can be realistically achieved in 2017.
 - Resulted in the planned release of \$23M to fund future capital needs.

Planning philosophy

The approach surrounding Strathcona County's capital planning has undergone a significant shift. The focus has changed from previous methods that centre on growth and construction, to methods that clearly examine present needs and capacity while exploring efficiencies in the context of priorities.

The philosophy has moved to:

Completing the appropriate steps, such as land purchase and utilities, prior to construction in order to help reduce capital budget amendments and issues with project delays.

Unbundling the stages of capital projects to create multiple decision points in the construction process and give the County greater flexibility.

The option to reconsider advancing on projects at the functional planning, schematic design or detailed design stages offers greater financial security.

Building strong partnerships with other municipalities and industry to establish mutually-beneficial funding options. For example, the Petroleum Way Pedestrian Trail will be funded through a \$1.5M contribution from Inter-Pipeline Ltd.

Consolidated capital budget

Focus for capital spending in 2017

Capital spending in 2017 will support the following programs and projects:



Asset management: annual programs

To ensure a sustainable future, the first capital consideration is the maintenance of existing assets. The recommended 2017 Capital Budget focuses largely on annual rehabilitation and replacement programs to follow responsible capital planning and eliminate an infrastructure deficit in the future. It is imperative to continue with the renewal cycles and annual maintenance based on periodic asset reviews to maintain service levels in the long term and protect the County's investments. The cost for annual programs is expected to be \$35M in 2017.

These programs have historically been supported each year by specific, dedicated reserves that have been built over time to provide secure, continuous funding. However, in 2017, the County will utilize grants for annual programs to meet grant specifications and provide a possible one-time redirection of those reserve funds to support up to \$17M of strategic priorities.



Meeting community demands: service capital

Multi-Purpose Agricultural Facility design (Quartile 2)

The importance of agriculture to the economic, cultural and social well-being of Strathcona County has been identified. A multi-purpose agricultural facility could enhance the profile and strength of agricultural lifestyle in the County. The cost for the project engineering/design, land purchase and servicing is expected to be \$7M over 2017 and 2018.



Petroleum Way Improvements Phase 1 and Trans Canada Trail (Quartile 2)

The completion of this multi-use trail network between Sherwood Park and the North Saskatchewan River valley in the City of Edmonton is an example of strong inter-municipal partnerships and positive relationships with industry. The cost for the project design and construction of phase 1 is expected to be \$4M in 2017.



Ordze Transit Centre Renovation (Quartile 1)

Strathcona County's new double-decker bus fleet provides essential and effective transit service to residents. Renovation at the Ordze Transit Centre will lower the platform to accommodate for the height of the buses. The cost for the renovation is expected to be \$1.5M in 2017.

Consolidated capital budget

Improving safety and service delivery:

radio system replacement – first responders (Quartile 2)



The organization's current radio system is outdated and will soon no longer be serviced. Replacing the corporate radio system will address this issue, enhance service delivery and allow the County to tie into the province-wide radio system, which improves the safety of first responders and all Albertans. The cost for the replacement is expected to be \$2.8M in 2017.

Accommodating growth: infrastructure expansion



Strathcona Public Services Yard (SPSY) modernization design (Quartiles 3 and 4)

As the community has experienced growth, county staff has also grown. The SPSY facility is currently over capacity. Modernization of the facility will alleviate this pressure. The cost for the modernization design is expected to be \$2M.



Roads (Quartile 1)

Road construction within Sherwood Park will manage development growth pressures and meet service levels. The cost for road construction is expected to be \$6M.

Serving the community

The Capital Plan and budget serve the community in five main ways:

- Planned maintenance and lifecycle repair
- One-time and emergent maintenance and repairs
- Rehabilitation and revitalization
- Planning and design of future assets
- The creation/ purchase / construction of new assets

Challenges identified include:

- Maintaining current infrastructure
- Bridging the long-term funding gap
- Balancing capital needs for today and the future

Consolidated capital budget

2017 capital budget

	Cost	Dept.
Buildings		
Annual Parking Lot Rehab Program	\$ 353,088	TAS
Annual Facility Capital Lifecycle	2,200,000	FAC
FAC - SPSY Modernization - Office Building Design (\$13.6M)	2,028,125	FAC
OSRFS - Moyer Recreation Centre Functional Design (\$5.0M)	110,000	RPC
OSRFS - Spray Park Functional Design (\$1.5M)	80,000	RPC
Strathcona Athletic Park Shop Expansion	500,000	RPC
Orzde Transit Centre Renovation	1,500,000	SCT
Multi-Use Agriculture Facility_D (\$31.0M)	7,000,000	TAS
	13,771,213	
Electronic Hardware/Software		
IT Infrastructure Replacement Program - Library	\$ 57,469	LIB
IT Infrastructure Replacement Program - Utilities	40,000	UT
IT Corporate Infrastructure Replacement Program - Municipal	630,445	ITS
	727,914	
Land Development		
CITP Sherwood Drive & Community Centre Sidewalks/Landscape (\$347K)	\$ 28,650	PDS
	28,650	
Machinery & Equipment		
Annual Golf Course Equipment Replacement Program	\$ 66,000	RPC
Annual Library Collection Replacement	603,314	LIB
Annual Recreation Equipment Replacement Program	195,000	RPC
Annual Equipment Replacement Program	105,000	SCES
Annual Water Meter / Radio Frequency Program	495,000	UT
Boiler Expansion at Centre in the Park (Community Energy Centre)	520,000	UT
Strathcona County Mitel VOIP Upgrade	136,830	FAC
ITS - Enhance Fibre: Granada	243,000	ITS
Emergency Communications Centre Equipment Replacement PSAP	53,000	SCES
Replacement of Radio System First Responders (Digital)	2,794,000	FAC
Floor Cleaning Machine	90,000	SCT
	5,301,144	
Program Parks & Open Space Development		
Annual Parks Infrastructure Lifecycle	\$ 990,000	RPC
Petroleum Way Improvements Ph1 and Trans Canada Trail_C	4,000,000	CPC
Annual OSRFS Outdoor Revitalization Program	925,000	RPC
	5,915,000	
Utilities		
Annual Hydrant / Valve Replacement	\$ 278,000	UT
UT Rural Water System Connections	200,000	UT
Annual Rollout Carts	90,800	UT
Infrastructure Renewal - Utilities Lifecycle Management	200,000	UT
Community Energy Connection Lot 4	600,000	UT
	1,368,800	
Annual Program Growth	Rehab / Replacement Developer Levy	Suggested Annual Value Added
C - Construction	D - Design	L - Land
U - Utilities	(\$) - Total Project Cost	

Continued on next page

Consolidated capital budget

2017 capital budget (continued)

Roadway Infrastructure

Annual Programs

Annual Rural Road Rehab Program	\$	7,453,892	TAS
Annual Bridge Replacement Project		1,700,000	TAS
Annual Residential Rehab Program		5,025,407	TAS
Annual Arterial Road Rehab Program		3,957,858	TAS
Annual Asphalt Trail Rehab Program		250,000	TAS
Annual Traffic & Pedestrian Safety Improvements		644,707	TAS
Annual Traffic Signal / Intersection Replacements		908,378	TAS
Annual Sidewalk Missing Links Program		800,000	TAS

Ardrossan

Bridge Structure on Main St South DLU (\$1.7M)		230,000	CPC
Lindale Park and Highway 824 Intersection Upgrades		460,000	CPC

Heartland

Hwy 15 and Range Rd 212 Intersection Upgrades_C		1,400,000	CPC
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Rural

Class I Grid Road Improvement D (\$11.0M)		600,000	CPC
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Sherwood Park

17 St, 105 Ave to Sherwood Park Freeway_D (\$17.5M)		1,339,000	CPC
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Wye Road

Wye Rd, Brentwood and Nottingham Intersection Improvements C		4,740,000	CPC
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29,509,242

Vehicles

Fleet Transit Replacements	\$	3,525,003	FLT
Annual Vehicle & Equipment Fleet Replacements		4,385,550	FLT
Annual Utilities Fleet Addition & Replacement Program		708,690	UT
Vehicle for Community Halls Maintenance Operations		59,500	FAC
Fleet Addition - Utility Vehicle		30,000	RPC
Fleet Addition - Garbage Truck		195,000	RPC
Fleet Addition - Aerator		15,000	RPC
Lease Buyout RT-403 Toyota Matrix		14,500	FAC

8,933,243

65,555,206

GRAND TOTAL

Annual Program **Rehab / Replacement** **Suggested Annual**
Growth **Developer Levy** **Value Added**

C - Construction

D - Design

L - Land

U - Utilities

(\$) - Total Project Cost

Consolidated capital budget

2017 capital funding

	Total Funding	Tax Levy	Reserve	Grants	Developer Levy	User Rates	Other
Buildings	13,771,213	-	2,113,122	11,548,091	-	-	110,000
Electronic Hardware / Software	727,914	-	727,914	-	-	-	-
Land Development	28,650	-	28,650	-	-	-	-
Machinery & Equipment	5,301,144	-	2,130,230	2,567,600	-	-	603,314
Program Parks & Open Space Development	5,915,000	-	925,000	3,295,000	-	-	1,695,000
Roadway Infrastructure	29,509,242	-	4,387,928	22,968,537	701,390	-	1,451,387
Utilities	1,368,800	-	1,113,800	-	-	-	255,000
Vehicles	8,933,243	-	5,760,740	3,172,503	-	-	-
GRAND TOTAL	65,555,206	-	17,187,384	43,551,731	701,390	-	4,114,701

Capital 5 year forecast

By Asset Type	Recommended	Capital Forecast				
	2017	2018	2019	2020	2021	Total
Buildings	\$ 13,771,213	\$ 58,438,176	\$ 20,742,480	\$ 33,260,361	\$ 28,334,145	\$ 154,546,375
Electronic Hardware/Software	727,914	1,272,290	1,701,780	872,133	1,175,306	5,749,423
Land Development	28,650	1,698,850	3,678,250	1,740,000	-	7,145,750
Machinery & Equipment	5,301,144	3,160,474	2,529,012	4,247,196	2,032,714	17,270,540
Program Parks & Open Space	5,915,000	1,680,000	1,780,000	1,740,000	3,070,000	14,185,000
Roadway Infrastructure	29,509,242	48,933,982	77,020,607	50,908,255	35,557,127	241,929,213
Utilities	1,368,800	958,600	13,463,500	468,400	473,300	16,732,600
Vehicles	8,933,243	11,014,376	9,754,696	9,325,257	9,001,597	48,029,169
Grand Total	\$ 65,555,206	\$ 127,156,748	\$ 130,670,325	\$ 102,561,602	\$ 79,644,189	\$ 505,588,070

By Asset Need	2017	2018	2019	2020	2021	Total
Annual Programs	\$ 35,372,801	\$ 34,439,529	\$ 36,091,992	\$ 36,366,595	\$ 39,050,517	\$ 181,321,434
Suggested Annual Programs	-	-	-	-	90,000	90,000
Rehab / Replacement	6,556,330	12,911,389	2,161,638	16,088,969	2,513,000	40,231,326
Growth	15,936,075	52,286,075	87,528,695	44,132,438	37,990,672	237,873,955
Developer Levy	-	2,362,655	-	-	-	2,362,655
Value Added	7,690,000	25,157,100	4,888,000	5,973,600	-	43,708,700
Grand Total	\$ 65,555,206	\$ 127,156,748	\$ 130,670,325	\$ 102,561,602	\$ 79,644,189	\$ 505,588,070

Assumptions

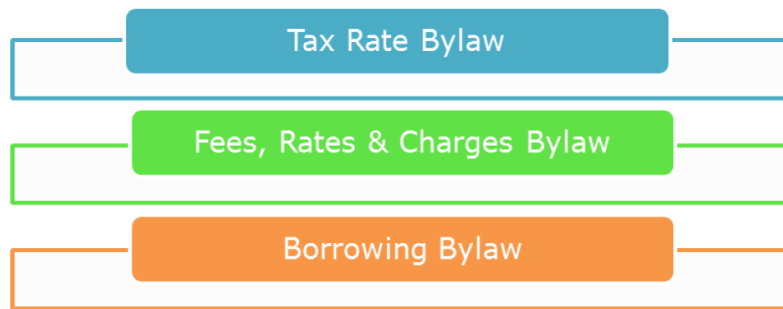
The capital forecast identifies potential projects in the five year window
 All funding sources have been projected in the five year window and result in a funding gap
 The 2017 Priority Based Budgeting process will be used to prioritize the forecast and develop a funded plan

2017 Recommended Budget

Processes and mandates

Mandate and guidance

In accordance with the *Municipal Government Act* (RSA 2000, ch. H-26, s. 242 & 246), every municipality must adopt an operating and capital budget each calendar year. The *Municipal Government Act* also dictates that several bylaws be passed after both budgets have been adopted. The bylaws below are passed after the budget is approved by Council.



At the heart of Strathcona County's finance system is the budget—often referred to as the single most important policy decision Council makes each year. It is through the business plan and budget that Council affirms the municipality's priorities by allocating funds to programs and services that align with the strategic direction. The two budgets—operating and capital—are very distinct and both are critical to providing municipal services.

Municipal Government Act requirements

Under the updated *Municipal Government Act* (MGA), all municipalities will be legislated to submit a three year operating plan and five year capital plan. In preparation for this requirement, Strathcona County has created both a five year capital forecast and a three year operating forecast. These forecasts, along with the outcomes of our priority-based business planning and budgeting efforts, will support the operating and capital plans and contribute to ensuring long-term financial sustainability.



Financial sustainability

What does it mean for Strathcona County to be financially sustainable? We believe it’s our ability to manage our finances in such a way that meets existing and future spending commitments while at the same time ensuring that future generations of taxpayers will not face an unmanageable bill for services provided today. We are driven to be as efficient and effective as possible as we continue to build on the sound fiscal management strategies and policies needed to preserve long-term sustainability and optimal service delivery.

Long-term financial sustainability plan

Budget 2017 demonstrates Strathcona County’s success in applying the multi-year forecast process – we have utilized these projections to make sound long-term decisions within the budget. Projects and initiatives were reviewed in light of priority-based budgeting data and the three year operating and five year capital forecast windows to effectively measure the impact of today’s decisions. We recognize that an annual budget is too short-term to maintain long-term financial sustainability – thus decisions were made with the long-term view in mind. Budget 2017 includes the identification of key risks in the County’s environment, and careful attention to the implications for future budgets.

Focusing on the long-term makes good sense, as many of our policies and projects have long-term fiscal implications. By developing a long-term financial sustainability plan and looking at the “big picture”, we will have more flexibility in addressing budget issues and ensuring fiscal wellness, prioritizing resource allocation, capitalizing on opportunities and maximizing efficiencies and citizens’ understanding.

