



# Fiscal Sustainability Framework





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Welcome  
TO  
STONY PLAIN

# Executive Summary



# I.I Executive Summary

## Overview

The Town’s vision is to become **“A connected community...embracing the future. Champion of progress and community values in a metropolitan region”**. Prioritized strategic goals have been identified in the Strategic Plan to help facilitate this vision. To achieve the strategic vision, the Town must have the financial capability to do so. This capability is referred to as fiscal sustainability: the long-term ability to deliver the level and types of services expected by the community, as well as meet financial commitments at acceptable levels of taxation in relation to the environment in which we operate.

Numerous challenges and pressures can threaten the Town’s fiscal sustainability. These issues include, but are not limited to expenditure pressures, new growth, inflation, securing sustainable revenues and funding sources, and pressure to keep municipal taxes affordable.

The Fiscal Sustainability Framework (FSF) has been created to consider future financial challenges through agreed upon principles, strategies and process with consideration of the long-term. The implementation of the framework will guide the organization in making decisions necessary to plan for financial sustainability, while maintaining a level of adaptability, in order to help achieve the strategic plan’s vision.

## Outcomes

There are three primary outcomes that arise from the development of the framework:

1. The framework will be used as a **reference** in all financial decision-making in the organization. This includes informing master planning, capital planning, budgeting processes, as well as other emergent financial issues.  
  
The framework:
  - Identifies fiscal sustainability principles and the considerations and impacts to be deliberated in financial decision-making.
  - Outlines significant fiscal planning areas and associated strategies to be followed.
2. The framework identifies **future strategy areas** based on current knowledge, where further work may be warranted to refine current fiscal strategies and/or create new fiscal strategies.
3. The framework establishes a collaborative **long-term fiscal sustainability process** that will be repeated on a cyclical basis to complement the strategic plan.

The process will:

- Create long-term financial forecasts and scenarios to illustrate future financial challenges and facilitate a long-range perspective for decision-makers.
- Use the long-term financial forecasts and scenarios to help illustrate the need for fiscal strategies, guide which current strategy areas may need to be refined and/or identify the need for the creation of new strategies.

## Strategic Linkages

The Municipal Development Plan is the Town's highest level guiding document outlined under governance and partners, community development, supportive infrastructure, environmental responsibility and economic opportunity themes. The Strategic Plan outlines priority work to achieve the desired future over a four-year period. It is reviewed annually and shows Town commitments and key actions to achieve its vision. The Strategic Plan directs the mid-term planning for the Town and serves as a foundation on which the corporate plan, department business plans, master plans and budgets are developed.

The Town must be fiscally sustainable to have the capability to achieve long-term strategic goals. The framework serves as a complement to the strategic plan by communicating fiscal strategies and principles to be referenced in decision-making. These strategies and considerations help lead to the fiscal sustainability of the Town. As the long-term fiscal planning process is strengthened, it will help provide awareness of financial capacity, and will further refine/create new fiscal strategies to help navigate the challenges identified.

## Fiscal Sustainability Principles

Fiscal sustainability principles have been established as the guiding considerations against which fiscal strategies and decisions will be deliberated. The principles are to be applied in all financial decision-making.

The overarching fiscal sustainability principles are as follows:

## Foundational Principles

the foundational principles are **sustainability**, **flexibility**, and **minimize vulnerability**. These are the most significant indicators of a government's financial condition as communicated in the Public Sector Statements of Recommended Practice (SORP-4).

- » To be financially **sustainable** now and in the future by providing and maintaining programs at acceptable levels of taxation.
- » To maintain a degree of financial **flexibility** to be able to adapt to changing circumstances.
- » To **minimize vulnerability** by considering the reliance on sources of funding outside Town control or influence, and by strategically allocating funding sources in a sustainable manner.

## Supplemental Principles

- » To make financial decisions that are aligned with the **strategic plan and corporate priorities**.
- » To provide services in an **efficient** manner with the resources available.
- » To provide services at an **equitable** (fair) amount:
  - Services are provided at a rate that reflects the value and level of services provided.
  - To the greatest extent possible, those who benefit from the services pay for the services (supporting the notion of intergenerational equity).
- » To be **transparent** with key stakeholders by clearly communicating key challenges and considerations in financial decisions.

## Fiscal Sustainability Strategies

Long-term fiscal sustainability strategies are conscious practices and methods used to achieve a specific purpose and/or goal and ensure the fiscal health of the Town. Current fiscal strategies, as depicted in Figure 1, are consolidated and communicated in the framework and will be used as a reference in financial decision-making. As well, the relevant fiscal sustainability principles and considerations are applied to each fiscal sustainability strategy.

## Long-Term Fiscal Sustainability Process

The Town has recently started focusing on additional long-term financial planning practices and applies several fiscal strategies and policies however a formal long-term fiscal sustainability process is required. As there are many financial planning strategies, a collaborative process will help determine which strategies should be developed and/or refined first to align with priorities and assist in navigating challenges.

The process will involve the creation of longer-term financial forecasts and scenarios to illustrate future financial realities and a long-range perspective for decision-makers. The long-term forecasts and scenarios, in conjunction with collaboration with key stakeholders, will guide which strategy areas may need to be developed and/or refined. The process will need to be timed to identify and address changing priorities and circumstances, new issues and potential threats, and their impacts on forecasts, plans, strategies and practices.



Figure 1: Fiscal Sustainability Strategies

## 1.2 Conclusion

The Fiscal Sustainability Framework has been developed to consider future fiscal capacity through agreed upon principles, strategies and process. The implementation of the framework will guide the organization in making decisions necessary to help realize the Town's long-term goals and objectives. The creation of the framework is a key step in planning for fiscal sustainability in order to help achieve the Town's vision.





# **Fiscal Sustainability Framework**

## 2.1 Introduction

### Town of Stony Plain

The Town of Stony Plain is located on lands within Treaty Six territory, which have historically and continue to be home to members of First Nations, who have shaped the town's history and contribute to its present and future. Our community started as a service centre for the surrounding agricultural lands and has grown to become a municipality with its own character based on its rich heritage and forward looking vision. Stony Plain is located approximately 17 km west of Edmonton, sharing an eastern boundary with the City of Spruce Grove, and sharing north, south and west boundaries with Parkland County. Stony Plain is identified as a Metropolitan Area within the greater Edmonton Metropolitan Region.

### Purpose of the Fiscal Sustainability Framework

Numerous factors can threaten the Town's fiscal sustainability. Issues such as securing sustainable revenues and funding sources, expenditure pressures, new growth, and inflation among others, combined with the objective to keep municipal taxes affordable contribute to financial challenges that the Town faces.

The FSF has been created to take action to consider future financial challenges through agreed upon principles, strategies and process. The implementation of the framework will guide the organization in making decisions necessary to plan for fiscal sustainability, while maintaining a level of adaptability, to help achieve the Town's vision.

### Outcomes of the Framework

There are three primary outcomes that arise from the development of the framework:

1. The framework will be used as a **reference** in all financial decision-making in the organization. This includes informing master planning, capital planning, budgeting processes, as well as other emergent financial issues.

The framework:

- Identifies fiscal sustainability principles and the considerations and impacts to be deliberated in financial decision-making.
- Outlines significant fiscal planning areas and associated strategies to be followed.

2. The framework identifies **future strategy areas** based on current knowledge, where further work may be warranted to refine current fiscal strategies and/or create new fiscal strategies.
3. The framework establishes a collaborative **long-term fiscal sustainability process** that will be repeated on a cyclical basis to complement the strategic plan.

The process will:

- Create long-term financial forecasts and scenarios to illustrate future financial challenges and facilitate a long-range perspective for decision-makers.
- Use the long-term financial forecasts and scenarios to help illustrate the need for fiscal strategies, guide which current strategy areas may need to be refined and/or identify the need for the creation of new strategies.

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### Expectations and Collaboration

The framework is to be used and referenced in all financial decision-making, including when financial decisions are brought forward to Council (and other key stakeholders). At a minimum, the principles will be discussed in relation to the financial matter at hand and where relevant, the associated strategies addressed in the framework will be referenced.

The framework also launches a new and highly collaborative process that requires participation from the Senior Leadership Team and Council when applicable. Direction and discussion will be required on certain issues, strategies, and analysis. Involvement from other key stakeholders such as the public may also be required.

## 2.2 Town of Stony Plain Background

### Operations

The Town is comprised of 5 departments that provide a large array of services to our community. We serve the community directly through a variety of services including:

- » Police, ambulance and fire services
- » Delivery of safe drinking water
- » Roads and park maintenance
- » Recreation and social programs
- » Snow removal
- » Waste collection and recycling
- » Wastewater collection
- » Planning long-term infrastructure needs
- » Transit
- » Business attraction and retention
- » Development and planning and more.

We also serve the community indirectly through a number of services including:

- » Maintenance of facilities and fleet
- » Stewardship and sustainability of financial assets
- » Secure information technology
- » Legislative support
- » Payroll and human resources
- » Procurement of goods and services and more.

The Town's operations are funded through property taxes (residential, commercial and industrial), user fees and charges, government grants, penalties and fines, investment income, and other revenues.

### Capital Costs

In addition to the day-to-day services provided, the Town deals with the costs to develop new infrastructure and amenities and invests in long-term fixed assets required for service delivery. Such costs may include investments in new water lines or roads, new facilities and technology, land and vehicles. In addition, the Town must consider the costs of maintaining existing and future infrastructure.

### External Compliance

Various external bodies create legislation, plans, or other guidance the Town must adhere to. External bodies with significant impact on the Town include, but are not limited to:

- » Alberta Municipal Affairs – the Municipal Government Act (MGA)
  - The MGA is the legislative framework under which the Town operates. The three major themes in the MGA are governance, planning and development, and assessment and taxation.
- » Edmonton Metropolitan Region Board (EMRB) – the Edmonton Metropolitan Region Growth Plan
  - The EMRB was established under the MGA Edmonton Metropolitan Region Regulation 189/2017. It plans for and manages growth of the Edmonton metropolitan region. The regulation gives the EMRB a mandate to do two things: implement the Growth Plan and create a Metro Servicing Plan.
- » Public Sector Accounting Board (PSAB) – Public Sector Accounting Standards
  - The financial guidance the Town must adhere to is the Public Sector Accounting Standards issued by PSAB. The standards and guidance outline accounting in the public sector to service the public interest by strengthening accountability and financial reporting standards.

Legislation and other externally mandated guidelines are modified or reformed over time, and the Town must have the ability to adapt to such changes.



## 2.3 Strategic Linkages

There are several overarching documents that the Town uses in high level decision-making. This section outlines these documents and how this framework fits in.

These overarching documents provide guidance and plans for the Town without consideration to the fiscal feasibility or implications of achieving such plans. The Fiscal Sustainability Framework and process will provide the longer-term fiscal picture and guidance required for decision-making in the organization.

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### Municipal Development Plan

The Municipal Development Plan (MDP) is the Town's highest level planning document and plan for future development. It sets out a clear vision for how the Town will grow and develop over the next 20 years and beyond focused on five key themes: Environmental Responsibility, Community Development, Economic Opportunity, Supportive Infrastructure, and Governance and Partners. It provides a comprehensive long-term land use policy framework within which current and projected growth and development may take place. The primary function of the MDP is to provide direction for long-term development contained in both statutory and non-statutory documents, such as area structure plans, area redevelopment plans, and conceptual schemes. The MDP must be consistent with the Edmonton Metropolitan Region Growth Plan. In addition, it presents not only a vision of what the landscape could look like in the future, but also how the long-term goals can be achieved through the day-to-day decision-making process.

### Strategic Plan

The Strategic Plan is the guiding document that shows mid-term priorities and key actions for the Town. It is reviewed annually and shows how the Town's activities align to achieve its vision. The strategic plan directs the short to mid-term planning for the Town and serves as a foundation on which the Town's corporate plan, department business plans, master plans and budgets are developed.

This framework serves as a complement to the strategic plan. The framework outlines fiscal strategies to be followed, as well as fiscal sustainability principles and

considerations to be referenced in financial decision-making. These strategies and considerations are to help lead to fiscal sustainability of the Town. As well, the long-term fiscal sustainability planning process helps provide awareness of financial challenges, and further refines and creates new fiscal strategies to help navigate the challenges identified. The Town must ensure fiscal sustainability, while maintaining a level of adaptability, to have the capability to achieve strategic goals.

### Department Master Plans

Stony Plain has several master plans that have been created by specific areas within the organization. The purpose of these plans is typically to provide an in-depth analysis and plan for a specific area or topic. The Town master plans include:

- » Cultural Master Plan
- » Cemetery Master Plan
- » Environmental Master Plan
- » Fire Department Master Plan
- » Parks and Open Spaces Master Plan
- » Stormwater Master Plan
- » Tourism Master Plan
- » Trails Master Plan
- » Transportation Master Plan
- » Water and Sanitary Master Plan

## Corporate Planning Process

The operating and capital budgets are the mechanisms to allocate resources to the prioritized strategic goals identified in the strategic plan, department business plans, and master plans. Budgets are primarily where long-term fiscal strategies from the framework are implemented.

When translating the various plans into action through the corporate plan and budgeting process, competing demands are considered organizationally and decisions are made based on strategic priorities.

## Fiscal Sustainability Framework

The framework is the highest level fiscal document in the organization. The framework helps enable the Town to achieve long-term goals through agreement and communication of fiscal principles, strategies and process.

## Fiscal Sustainability Process

This process is where the financial implications of the various plans discussed above will be analyzed through forecasting. Creation of long-term financial forecasts and scenarios will illustrate future financial impacts of operating and capital activities, and future fiscal challenges. The forecasts and scenarios are used to help illustrate the need for fiscal strategies, and guide which strategy areas may need to be refined and/or created.

## 2.4 Town of Stony Plain Background

Fiscal sustainability principles have been established as the guiding considerations against which fiscal strategies and decisions will be deliberated. The principles are to be applied to all financial decision-making. The objective is to strike a balance among the principles to foster the future financial health of the organization.

The principles generate questions to be asked in financial decision-making. The general questions associated with the principles are outlined in this section and will be used for more consistent and informed decision-making. In addition, within each fiscal strategy area discussed in the fiscal sustainability strategies section of the framework, the primary related principles and some specific questions generated are discussed to demonstrate how they are applied.

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### Foundational Principles

The foundational principles are **sustainability**, **flexibility**, and **minimize vulnerability**. These are the most significant indicators of a government's financial condition as communicated in the Public Sector Statements of Recommended Practice (SORP-4).

- » To be financially **sustainable** now and in the future by providing and maintaining programs at acceptable levels of taxation.
- » To maintain a degree of financial **flexibility** to be able to adapt to changing circumstances.
- » To **minimize vulnerability** by considering the reliance on sources of funding outside Town control or influence, and by strategically allocating funding sources in a sustainable manner.

### Supplemental Principles

- » To make financial decisions that are aligned with the **strategic plan and corporate priorities**.
- » To provide services in an **efficient** manner with the resources available.
- » To provide services at an **equitable** (fair) amount:
  - Services are provided at a rate that reflects the value and level of services provided.
  - To the greatest extent possible, those who benefit from the services pay for the services (supporting the notion of intergenerational equity).
- » To be **transparent** with key stakeholders by clearly communicating key challenges and considerations in financial decisions.



If there is an emergent financial matter not yet discussed in the fiscal sustainability strategies and when decisions are contemplated, the impact on each of the principles should be considered:

FOUNDATIONAL PRINCIPLE	CONSIDERATIONS
<p><b>SUSTAINABILITY</b></p>	<ul style="list-style-type: none"> <li>» What is the immediate financial impact?               <ul style="list-style-type: none"> <li>• Upfront costs</li> <li>• Impacts on debt, reserves, rates, other balances</li> </ul> </li> <li>» What is the future financial impact?               <ul style="list-style-type: none"> <li>• Operating costs</li> <li>• Maintenance costs</li> <li>• Replacement costs</li> </ul> </li> <li>» What is the immediate and future tax rate and/or user rate impact?               <ul style="list-style-type: none"> <li>• Tax rate impact from all required costs</li> </ul> </li> <li>» What is the impact on other organizational services provided?               <ul style="list-style-type: none"> <li>• Are there sufficient resources to provide service?</li> <li>• Will other service levels have to decrease or increase?</li> </ul> </li> <li>» Is it feasible/practical to maintain in the future?</li> </ul>
<p><b>FLEXIBILITY</b></p>	<ul style="list-style-type: none"> <li>» What is the impact on debt capacity?               <ul style="list-style-type: none"> <li>• Debt financing required</li> <li>• Debt term required</li> </ul> </li> <li>» What is the impact on reserve balances?               <ul style="list-style-type: none"> <li>• Reserve funding required</li> <li>• Impact on reserve optimal balance where applicable</li> </ul> </li> <li>» What is the impact on the immediate and future tax rate (or other rates)?               <ul style="list-style-type: none"> <li>• Upfront costs and future operating costs</li> <li>• Debt servicing costs</li> <li>• What impact does this have on the remaining ability to increase taxes or other rates?</li> </ul> </li> </ul>

FOUNDATIONAL PRINCIPLE	CONSIDERATIONS
<b>MINIMIZE VULNERABILITY</b>	<ul style="list-style-type: none"> <li>» What type of funding is available?               <ul style="list-style-type: none"> <li>• Grants, third party, taxes, user rates/fees, reserves, other</li> </ul> </li> <li>» What type of expenditure is required?               <ul style="list-style-type: none"> <li>• One time, or ongoing into the future?</li> </ul> </li> <li>» Is the funding source guaranteed?               <ul style="list-style-type: none"> <li>• Is there a risk funding will not be received?</li> <li>• Will the funding source be available in time for the intended purpose?</li> </ul> </li> <li>» Is the funding source sustainable or unsustainable?               <ul style="list-style-type: none"> <li>• Is funding required in the future, and will the funding source still be available?</li> </ul> </li> <li>» What are other relevant risks to the Town?               <ul style="list-style-type: none"> <li>• If the funding source is deferred or no longer available, what other options are available?</li> <li>• Any other factors that may put the Town at risk (timing, other situational factors, etc.)?</li> <li>• What is the risk of not taking action (such as infrastructure failure, etc.)?</li> </ul> </li> </ul>

SUPPLEMENTAL PRINCIPLE	CONSIDERATIONS
<b>STRATEGIC PLAN AND CORPORATE PRIORITIES</b>	<ul style="list-style-type: none"> <li>» Does the decision support the strategic plan?</li> <li>» Is the decision an organizational priority (based on the strategic plan and corporate plan)?</li> <li>» What impact does the decision have on other organization priorities? <ul style="list-style-type: none"> <li>• What would have to be sacrificed (if applicable) by proceeding with x (decision, service, etc.)? Other types of programs, services, other service levels, other capital projects, maintenance, etc.</li> </ul> </li> </ul>
<b>EFFICIENCY</b>	<ul style="list-style-type: none"> <li>» How many resources are required (financial, time, human capital)?</li> <li>» Are there other means to achieve the goal?</li> <li>» What other services are impacted? <ul style="list-style-type: none"> <li>• Financially (resources available for other services, cost of new decision)</li> <li>• Qualitatively (quality of service provided, other advantages/disadvantages)</li> </ul> </li> </ul>
<b>EQUITABILITY</b>	<ul style="list-style-type: none"> <li>» Is the perceived value in line with the financial impact?</li> <li>» Are those who benefit from the service the ones paying for the service?</li> </ul>
<b>TRANSPARENCY</b>	<ul style="list-style-type: none"> <li>» Was there appropriate communication with decision-makers and/or key stakeholders (residents, businesses, staff, Senior Leadership Team, Council, other relevant groups as applicable, etc.)?</li> <li>» Were all significant challenges and considerations communicated to decision-makers?</li> </ul>



## 2.5 Fiscal Sustainability Strategies

As previously discussed, the framework develops a common understanding of the Town's financial future by communicating agreed upon existing strategies, creating and applying agreed upon fiscal sustainability principles creating a long-term fiscal sustainability process.

This section identifies the current fiscal strategies in place, as well as potential future strategies, and the relevant principles and considerations for each strategy area.

For the purposes of the framework, fiscal strategies are the conscious practices and methods used to achieve a specific financial purpose and/or goal. Fiscal strategies should foster the financial health and sustainability of the organization. Typically, financial policies should be created and maintained to enable the fiscal strategies.

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### Strategy: Debt Management

Debt can be an effective tool to help finance capital projects, as well as complement the sustainability of the organization, as it can help achieve growth and service provision objectives. The incurrence of long-term debt supports the notion of intergenerational equity as the beneficiaries of the capital infrastructure financed by the debt are responsible for the future payments. If managed appropriately and planned wisely, debt may be an effective way to meet organizational objectives. However, to ensure current and future services are not comprised as a result of debt issuance, debt levels and costs must be managed appropriately. There are MGA prescribed debt servicing (repayment) and limit regulations that the Town must adhere to.

#### Current Strategies

The Town's Debt Management policy (C-FS-045) contains the following financial strategies:

- » The Town will only incur new debt when it is an organizational priority based on the strategic plan to support priority capital projects pursuant to approved capital budgets.
- » Long-term debt will not be incurred for operating purposes. This strategy is in line with the sustainability principle because financing operations through debt is not maintainable.
- » Intergenerational equity is considered when determining capital projects that will proceed for debt approval. This strategy is to identify who the users are of the capital project and help ensure the generations that enjoy the benefits of the capital assets help pay for the assets built today. This strategy is in line with the equitability principle because it helps

ensure that services (capital projects are the conduit to provide services) are provided at a fair amount to those who enjoy the benefit.

- » Internal debt limits have been established in addition to the MGA prescribed limits to help ensure sustainability by not over-committing future operating funds for debt repayments. However, the creation of internal debt limits reduces the amount of debt that can be issued, which can threaten the ability to achieve intergenerational equity. This contrast illustrates the need to strike a balance in the principles.

#### Future Strategies

Future work will include:

- » Creating a debt service ratio target
- » Further defining goals to achieve intergenerational equity

## Principles

The primary fiscal sustainability principles that are relevant to debt management and some of the questions they generate are:

### Flexibility

- » Is there sufficient debt capacity to respond to unforeseen circumstances?

### Sustainability

- » Can we afford debt payments now and in the future?

Note: Debt will not be incurred to finance operations because this is not sustainable into the future

### Strategic Plan and Corporate Priorities

- » Is the debt incurred consistent with organizational priorities to support priority capital projects?

### Equitability

- » What source of funding will pay the debt servicing costs (taxes, reserves, utility fees, other)?
- » Who benefits from the capital project(s) (and resulting services) for which the debt is being issued?
- » Are those who are benefitting, paying for the debt service costs?

## Strategy: Capital Funding

Capital projects should be funded strategically. As capital projects vary in their nature and purpose, the type of project should be aligned with an appropriate funding source to foster financial sustainability. For example, it is appropriate to align one-time capital expenditures with a one-time or an unsustainable funding source (i.e. a grant that will not continue); whereas ongoing capital expenditures (i.e. rehabilitation, annual programs) are known expenses that perpetuate into the future and typically require a more sustainable funding source to ensure future projects can be completed.

### Current Strategies

Historically, the Town has been reliant on grants as the primary funding source for large annual capital projects (mainly roads). Reserves have been a supplementary funding source for annual capital projects, and are subsidized by other funding sources when projects exceed the reserve balance. Grants, when available and the project is eligible, are typically the funding source, followed by other municipal funding options.

The following sources of funding and financing may be used for capital projects:

**Grant Funding:** Certain capital projects may be eligible to be funded through grants that the Town receives, such as the Federal Gas Tax (FGT) grant, Municipal Sustainability Initiative (MSI) grant and others. Grants ideally should be used to fund growth and one-time projects, rather than used for replacement and maintenance projects. This is because third party funding increases the vulnerability of the Town. The funding is not completely reliable and secured in the long-term because it is from other levels of government that may change the types and amounts of grant funding allocated in the future.

In order to be sustainable, the Town should have the ability to maintain and replace infrastructure without the use of third party funding. As such, projects to be funded by the use of grants are strategically determined based on the nature of the project and other relevant factors.

**Reserve Funding:** Projects may be funded from municipal reserves. However, other externally restricted funding options are to be explored for availability and eligibility prior to using this funding source. This is because reserves help maintain the flexibility of the Town's financial position.

Restricted sources of funding (such as levies and grants) should be utilized where there are eligible projects so that these sources are not 'lost' or have to be repaid. However, there may be circumstances where reserve funding is used, based on the nature of certain projects and planning strategies identified for the situation.

**Third Party Contributions:** Externally restricted third party contributions fund the relevant expenditures they are intended for.

**Debenture Financing:** Debt is a tool that may be used to finance capital projects, and should not be mistaken for a funding source. Debenture financing for capital projects is to be paid off by developer levy payments, property taxes, or utility rates. As discussed previously, debt can be an effective tool that can help achieve intergenerational equity.

**Internal Financing:** Internal financing may be considered as an alternative to debenture financing. Internal financing is provided in accordance with the debt management policy.

**Off-Site Levy Funding:** Off-site levies are used to fund applicable off-site leviable infrastructure projects in development growth areas. In the event there are insufficient funds in the appropriate levy account, either in total or a year by year basis, the Town may choose to "front-end" the project through levy serviced debt, or elect to defer the project. Detailed financial analysis is required for each development project to determine appropriate funding options, as well as associated risks with front-ending all or a portion of a project. Any portion of the project deemed not leviable must be funded through other municipal funding sources.

## Future Strategies

Future work will include:

- » Further understanding and refinement of asset conditions and replacement values through asset management. Specific dedicated reserves need to be built over time, to ensure secure, sustainable funding for capital maintenance and replacement. Currently there is a funding gap between known requirements and annual funding for replacement and maintenance. These will continue to be better understood as asset management progresses in the organization.
- » Consistent update of Offsite levy bylaw to ensure growth infrastructure projects are funded by offsite levies.
- » Further refinement for organizational grant strategies and process.

*Please also refer to the respective strategy sections for off-site levies, debt management, asset management, grant management, reserves and utilities self-sustaining strategies for other related future strategies to pursue.*

## Principles

The primary fiscal sustainability principles that are relevant to capital funding strategies and some of the questions they generate are:

### Sustainability

- » Are capital projects that are part of ongoing programs, funded through maintainable funding sources?
- » Growth infrastructure projects should be funded through growth funding sources (i.e. offsite levies).
- » Are non-annual program capital expenditures funded with one-time or unsustainable funding sources to the extent possible?
- » What is the immediate and future tax rate and/or user rate impact for debt financed projects and operating, maintenance and replacement costs? Are the costs affordable?

### Minimize Vulnerability

- » Are capital projects that are required on an ongoing, continuous or periodic basis funded through sources that are more controllable and/or certain?

### Flexibility

- » Are capital projects funded through the restricted funding sources prior to using unspecified reserves, to help maintain the flexibility of the Town's financial position?
- » Are restricted sources of funding (such as off-site levies and grants) used where there are eligible projects so that these sources are not 'lost' or have to be repaid?
- » Ensuring utility capital projects are financially self-sufficient being funded by the rate model enabling the Town to utilize capital grants (MSI and FGT) for municipal capital projects (refer to Utilities Self Sustaining Strategy).

### Strategic Plan and Corporate Priorities

- » What impact does the funding decision have on other organization priorities?



## Strategy: Off-Site Levies

Off-site infrastructure is the infrastructure necessary to be put in place to allow for a residential, commercial, or industrial area to be developed. Such infrastructure may include water, wastewater, stormwater and arterial roads.

An off-site levy is a charge imposed on developers within an area to help pay for all or part of the capital cost for off-site infrastructure, which includes any or all of the following as per MGA 648(2):

- a new or expanded facilities for the storage, transmission, treatment or supplying of water;
- b new or expanded facilities for the treatment, movement or disposal of sanitary sewage;
- c new or expanded storm sewer drainage facilities;
- c.1 new or expanded roads required for or impacted by a subdivision or development;
- c.2 subject to the regulations, new or expanded transportation infrastructure required to connect, or to improve the connection of, municipal roads to provincial highways resulting from a subdivision or development;
- d land required for or in connection with any facilities described in clauses (a) to (c.2)

(2.1) In addition to the capital cost of facilities described in subsection (2), an off-site levy may be used to pay for all or part of the capital cost for any of the following purposes, including the cost of any related appurtenances and any land required for or in connection with the purpose:

- a new or expanded community recreation facilities;
- b new or expanded fire hall facilities;
- c new or expanded police station facilities;
- d new or expanded libraries.

These charges that are imposed on developers will subsequently be passed on to the end user via the sale of a unit in the development area. Developers will want to recover costs they incur and still earn a profit. Therefore, the higher the charges imposed on developers, the higher the sales price of a unit.

There is an annual bylaw created in accordance with MGA 648(1) and 648(6). The bylaw provides the following information:

- » Levy rates for the year by area;
- » Information about legislative authority, process and reporting;
- » Capital cost funding allocations; and
- » Other applicable information pertaining to levies.

## Current Strategies

The current off-site levy structure and strategies are:

**Purpose:** To recover leviable off-site infrastructure costs from the developer so that growth pays for growth.

**Types:** Levy rates are charged to developers for water, wastewater, stormwater, arterial road improvements, and facility leviable infrastructure.

**Rate:** In general, Town levy rates are determined by taking the leviable area specific costs and dividing by the leviable hectares in the area. The total leviable costs required to build out the specific area are based upon engineering cost estimates for proposed capital projects and actual costs of completed work (including financing costs). Any information or assumptions relied upon and calculations performed to determine the levy rate are required to be made available to the public. Stakeholders are required to be consulted with during development of the rate. The Town has committed to updating the bylaw and rate annually.

**Benefitting areas:** Internal experts determine the relevant benefitting areas from off-site infrastructure and the corresponding percentage of leviable costs to them which are included in the bylaw.

**Who does the work?:** The Town typically performs the work through hired contractors to construct the off-site infrastructure however, there may be circumstances where a developer will perform the work.

**Who front-ends the costs?:** Historically, the Town has used off-site levies collected from developers to fund the offsite infrastructure. Recently the Town has incurred costs up front for some projects and will be repaid from the collection of levies subsequent to this.

**Financing costs:** Currently the Town includes debt servicing costs for infrastructure in new development areas in the levy rates when a debenture is taken out. The levy rate will be updated and therefore the charge to the remaining area will increase based on the revised total attributable costs including interest expense on debt at a point in time.

**How are levies formalized?:** Levies are formalized with developers in a Development Agreement based on the Off-site Levy bylaw.

**When are levies collected?:** Levies shall be paid by the developer no later than two years following the date of execution of the Development Agreement and requires security if the deferral is granted. Caveats protecting the Town's financial interest shall be registered on all applicable titles at the developer's expense.

**Other costs:** There may also be additional costs that are not leviable, for example:

Costs associated with new development infrastructure that also benefits existing development areas that have already been levied in the past

These costs that are allocated to benefit previously levied areas are funded by the Town.

*Please refer to the most current approved Off-site levy bylaw for more details.*

## Future Strategies

Develop consensus on philosophical planning strategies related to off-site levies.

- » Develop consensus on risk appetite
- » How much infrastructure for new development is the Town willing to front-end and finance, if any?
- » In what circumstances?
- » Why?
- » What areas get preference or in what order do projects proceed?
- » How? (i.e. impact on cash position and debt limit)
- » Revisit development levy model annually to ensure all risks are captured and dealt with appropriately
- » Ensure debt financing costs are appropriately accounted for and recovered in the levy rates

## Principles

The primary fiscal sustainability principles that relate to the off-site developer levies and some of the questions they generate are:

### Minimize Vulnerability

- » How much risk do our off-site levy strategies and practices pose to the Town?
- » What is the level of risk of front-ending costs and development not proceeding (i.e. not collecting levies)?
- » What is the level of risk of front-ending costs and development not proceeding when anticipated (i.e. not collecting levies when expected)?

### Sustainability

- » Are levy strategies and practices sustainable for future developments?

### Equitability

- » Are those who benefit from the development the ones paying for the relevant costs?

### Flexibility

- » If the Town front-ends leviable development costs, what is the impact on other balances (reserves, debt and debt limit)?

### Strategic Plan and Corporate Priorities

- » If the Town front-ends leviable development costs, is this in line as an organizational priority?
- » What other project would have to be sacrificed by proceeding with the utilization of debt or reserves?

## Strategy: Business Case Analysis

The determination of current and future financial impacts that may arise from any project, initiative or decision is required. Business case analysis demonstrates what the current and future financial effects of a project, initiative or decision may be on operating revenues and expenditures. It may also determine “hard” and “soft” capital infrastructure requirements to service the project, initiative or decision in question. Hard infrastructure refers to the physical networks required to service an area, such as roads, water and wastewater systems. Soft infrastructure refers to the assets desired to maintain the economic, health, cultural and social standards of our community. A business case should not be confused with a financial feasibility analysis (see next section), as it does not determine how the new project, initiative or decision and associated costs will be funded, the availability of resources required to implement it, etc. A business case is considered a fiscal strategy because the way in which it is completed and the information included may influence decisions that impact long-term operations.

### Current Strategies

Although there is no formal or standardized methodology, the Town has typically engaged an external consultant for past analyses conducted on large projects. The business case considers:

- » All known types of operating and capital expenditures that will eventually be required
  - Such as buildings, utilities, roadways, and other services (including internal services such as IT requirements, staffing, etc.)
- » Potential taxation and user fee revenues generated
- » Primary drivers of costs (for example, population) and triggers for when certain costs would be required
- » Potential debt financing costs

### Future Strategies

- » Development of a business case methodology and template to be used in future analyses

### Principles

The primary fiscal sustainability principle that relates to the business case analysis and some of the questions it generates are:

#### Sustainability

- » What are the total up-front costs of the project, initiative or decision?
- » What are the future costs of the project, initiative or decision?
- » What is the immediate and future annual tax rate impact?

## Strategy: Financial Feasibility Analysis

A financial feasibility analysis will complement a business case analysis (see previous section), to provide sufficient evidence for the decision-making process. It differs because it considers how the new project, initiative or decision and associated costs will be funded, the availability of resources required to implement it, as well as additional organizational considerations. This type of financial analysis is required not only for large projects such as entire growth areas, but also for small capital projects or other initiatives and decisions. As with the business case analysis, financial feasibility analysis is considered a fiscal strategy because the way in which it is completed and the type of information included in the analysis may influence decisions that impact long-term operations.

### Current Strategies

There is no current organizational financial feasibility analysis methodology. Ad-hoc financial feasibility analyses are performed when warranted for various projects and decisions. These analyses vary by the type of project and certain circumstances.

### Future Strategies

Consistent methodology is to be developed and followed to ensure all analyses contain the same considerations (where applicable).

General considerations in a financial feasibility analysis include:

#### Initial cost identification and analysis

- » Initial capital investment required for the project, initiative or decision
- » Short-term operational impacts
- » Sensitivity and scenario analysis for any estimates/assumptions to show a range of financial impacts and implications on the Town
- » The types of implications and changes in assumptions will vary by analysis

#### Funding and financing options

- » Funding options for all components/stages of project, initiative or decision
- » Financing options and costs
- » Associated risks with timing and collections for repayment

#### Resource considerations

- » How many resources are required to complete the project, initiative or decision?
- » Are the resources available?

#### Other organizational impacts

- » What other potential projects, initiatives or decisions or services would be compromised, given up, and/or impacted?
- » How does the project align as an organizational priority?
- » What areas are at risk and to what degree? For example, safety, mandate, replacement, sustainability, funding, and/or operations. Risk level may be high, medium or low.

#### Future impacts

Annual tax rate impacts over the life of the project, strategic initiative or decision

- » Future operational costs to maintain and provide services
- » Future capital replacement costs
- » Future “soft” and “hard” capital requirements, if applicable
- » Projected revenues generated, if applicable

Other relevant considerations not listed may arise depending on the specific project, initiative or decision, or circumstances.

## Principles

Financial feasibility analyses should consider all the fiscal sustainability principles. Some of the questions generated include:

### Sustainability

- » What are the total up-front costs of the project, initiative or decision?
- » What are the future costs of the project, initiative or decision?
- » What is the immediate and future annual tax rate impact?
- » What resources are required to implement and maintain the project, initiative or decision?
- » Is it feasible/practical to maintain in the future?

### Flexibility

- » What is the impact of the project, initiative or decision on debt capacity?
- » In consideration of other organizational priorities, what is the total impact on the tax rate?
- » What is the impact on reserve balances?

### Minimize Vulnerability

- » What type of funding sources are available for both up-front costs and ongoing/future costs?
- » Is the funding source guaranteed?
- » Are the funding sources sustainable or unsustainable?
- » Are the funding sources in line with the capital funding strategies?

### Strategic Plan and Corporate Priorities

- » Does the project, initiative or decision support an organizational priority?
- » What impact would pursuing the project have on other priorities, projects or services?

### Efficiency

- » How many resources (financial, time, human capital) are required to maintain the project/ service?
- » What other services are impacted financially?
- » Is the quality of other services impacted?

### Transparency

- » Was there appropriate communication with stakeholders where relevant?



## Strategy: Utilities Self-Sustaining Strategy

The Town provides utility services to residents that include water & wastewater, solid waste management, and stormwater services as well as the related utilities infrastructure.

### Current Strategies

The Utilities department is financially self-sufficient through the use of a utility rate model and does not use municipal property taxes to support operational or capital requirements. Utilities operate as a self-sufficient entity because of the nature and magnitude of services provided.

Currently utility reserves and utility debt limits reside within the Reserve and Debt Management financial policies.

### Future Strategies

The Town will continue to apply the current utilities self-sustaining strategy through the utility rate model. Future utility policy is to be developed to support components of this methodology including target reserve levels and return on investment.

Reporting will also be refined to clearly show the breakout of Utilities from Tax supported operations for debt, capital and operating.

### Principles

The primary fiscal sustainability principles related to this strategy are:

#### Sustainability

- » Are utilities services and infrastructure maintainable now and in the future through the utility user rate model?

#### Flexibility

- » Ensuring utilities is financially self-sufficient enables the Town to utilize municipal property tax dollars to fund other operations and creates more flexibility with the municipal property tax rate for other services.

#### Equitability

- » Those who benefit from the service are the ones paying for the service.

#### Minimize vulnerability

- » Ensures funding for core infrastructure needs is available based on long-term planning in utility rate models.

## Strategy: Investments

The ability to effectively manage funds and investments helps demonstrate fiduciary care of municipal funds and returns yielded can be used to help achieve certain organizational objectives.

### Current Strategies

The Town's Investment Policy (C-FS-025) outlines investment objectives and guidelines. The Town invests public funds in a prudent manner that will provide optimum investment returns while securing the principal investment. The Town meets cash flow requirements and is required to conform to the Municipal Government Act and regulations governing the investment of municipal funds.

### Future Strategies

There are no significant changes to investment strategies at this time. The Town is to ensure continual review of and compliance with the investment policy.

### Principles

The primary financial sustainability principles related to investments and some of the questions they generate are as follows:

#### Sustainability

- » Are investments that provide returns to help fund operations of the Town maintainable?

#### Minimize Vulnerability

- » Are investments made in a prudent manner and monitored on an ongoing basis with maximum security to minimize risk?
- » Are investments diverse in nature with an appropriate mix of short and long term investments to meet upcoming cash requirements for the Town?

## Strategy: Reserves

Reserves are foundational for current and future funding. They are a basis for municipalities to put away funds for future use and serve as a funding source to eliminate spikes and smooth tax rates. The objective of reserves is to provide a foundational funding source to satisfy requirements based on emergent financial needs, stabilize tax and utility rates, plan for future asset replacements, and reduce debenture reliance. The strategy of putting funds away for future use benefits by interest earned on funds and potential to not have to borrow which costs the ratepayers more in the end as they must pay interest.

### Current Strategies

The Town has developed a Reserve Policy (C-FS-055) outlining the standards and guidelines for reserve management. The policy defines reserve types, purpose, funding, optimal balances, application and interest treatment. Transfers to and from reserves are outlined within the policy schedules and approved by Council. The Town's reserves are segregated by categories within operating and capital reserve types.

The Town has the following categories of reserves:

Reserve Types:

#### 1. Stabilization & Contingency Reserves

These reserves serve the purpose of funding to avoid excessive tax increases. The reserve is used to offset expenses associated with extreme events, revenue or expense volatility, or any other one time inclement event.

*Reserves in Place:*

- » Tax Levy Stabilization
- » Snow Removal

#### 2. Project Reserves

These reserves are used for one-time, non recurring expenditures either operating or capital in nature. The reserves may be defined as project specific use.

*Reserves in Place:*

- » General Purpose
- » Legacy
- » Policing and Public Safety
- » Health and Safety
- » Public Art
- » Public (In Lieu)
- » Economic Development and Regional Reserve

#### 3. Infrastructure, Lifecycle, Rehabilitation & Replacement Reserves

These reserves provide funding for infrastructure lifecycle, rehabilitation and replacement projects.

*Reserves in Place:*

- » Lifecycle
- » Capital Equipment Replacement
- » Roads
- » Trails
- » Mural Preservation

#### 4. Utility Reserves

These reserves provide funding for emergent events, operating projects, equipment, and infrastructure related to providing water, wastewater, storm and waste management services.

*Reserves in Place:*

- » Water
- » Wastewater
- » Storm
- » Waste Management

### Future Strategies

Through implementation of asset management, including refinement of life cycle plans and condition assessments, reserve transfers will continue to be evaluated to ensure needs are met. Future strategy continues to focus on minimizing debt required and smoothing tax and user rate impacts. This will be achieved by continual review of optimal transfers and balances for all reserves. Ongoing research and monitoring of relevant minimum balances based on the Town's needs will continue as well as benchmarking against other municipalities. Additionally, future analysis on interest bearing reserves and application will be reviewed.

## Principles

The primary fiscal sustainability principles that are relevant to reserves and some of the questions they generate are:

### Flexibility

- » Are there suitable reserve types and balances to respond to unforeseen circumstances?
- » What balance of reserves is uncommitted?
- » Are there sufficient reserves to deal with future needs?
- » What are current reserve balances compared to optimal or minimum required balances?

### Sustainability

- » Are optimal reserve balances maintainable in the future, where applicable?

### Minimize Vulnerability

- » Are there appropriate types of reserves for future needs that help reduce reliance on uncertain sources of funding in the future?

## Strategy: Forecasting Methodology

A financial forecast is a prediction of the organization's future financial conditions. A forecast identifies trends in historical data and considers other information to project future operations. It is used to inform decision-makers about what the financial status of the organization is likely to be at some point in the future.

### Current Strategies

Town operations are projected three years into the future. The projection is provided in the annual corporate plan document for public information and to ensure compliance with MGA requirements.

There is a 10-year capital plan updated annually as part of the corporate planning process, however the purpose is to identify all potential projects within this time frame, and is not yet scrutinized or prioritized from a corporate perspective. In addition, not all capital costs for future development areas are necessarily included.

### Future Strategies

Further refinement of the operating and capital projections is required to create a more consistent approach for projection information. The refinement of the current projections will also lead into the creation of long-term forecasts (up to 30-year timeframe) with sensitivity/ scenario analyses.

### Principles

Forecasts and projections are used to help inform current decisions. They will be analyzed by using the fiscal sustainability principles to identify areas of potential concern or those that present financial challenges, for example:

#### Sustainability

- » What do the results of the forecast suggest regarding sustainability – do we have the financial ability to continue to provide services citizens expect and value?
- » What is the future tax rate impact of continuing to provide current services?

#### Flexibility

- » What financing may be required for future capital?
- » What impact will this have on debt capacity and the tax rate?
- » Can reserve optimum balances be maintained in the future to respond to emergent or unforeseen circumstances?

#### Minimize Vulnerability

- » What funding sources are considered in the forecasts?
- » What assumptions are included for sources outside Town control?

#### Strategic Plan and Corporate Priorities

- » What strategic goals can be achieved and in what time frame?

#### Equitability

- » Are those benefitting from the services the ones paying over time?

## Strategy: Corporate Plan (Budget)

The corporate plan is the key mechanism and process through which fiscal strategies are implemented to achieve strategic, corporate, and department business planning goals. Although a budget is prepared for a short-term window, the strategies integrated within it have long-term financial impacts. The budget methodology also contributes to the decision-making process and perspective. For example, a multi-year budget helps illustrate a longer-term view of financial information for scrutiny, compared to a single-year budget which may lead to shorter-term thinking and decision-making. As well, providing forecasting data along with budgets can provide context to a current year budget to inform decisions.

### Current Strategies

The following are current strategies in the organization:

- » The organization integrates current strategies as previously discussed within the corporate planning process (funding strategies, debt strategies, investment strategies, etc.)
- » 3-year operating and 10-year capital budget outlooks are presented within the corporate plan.

### Future Strategies

- » Creation of updated and consistent forecasting techniques and revised models (also refer to Forecasting section).
- » Consideration of priority-based budgeting (PBB) as a “lens” to help guide decision-making in the budget process. This is a substantial project and it involves developing an inventory of all of the Town’s programs and scoring them against the prioritized strategic goals. This helps bring a more strategic planning aspect to the corporate plan and budget process.
- » Creation of program costing methodology to budget and report on program costs.
- » An environmental analysis conducted during the budget process to provide context to decisions in the upcoming year.

### Principles

The corporate planning process should consider all fiscal sustainability principles and general questions previously discussed through its implementation.



## Strategy: Service Levels

Service levels refer to the performance of programs provided by the Town. They include the measure of outputs from a program, identification of who the primary customers are and what standards are to be delivered. Service levels impact the long-term fiscal sustainability of the Town because of the cost implications of maintaining services and standards, while also dealing with increasing population, changing demographics, inflation and other factors.

### Current Strategies

There are currently no formal corporate fiscal strategies in relation to service levels. A Tri-Municipal Regional Servicing Strategy was completed in 2020 which built on preliminary service level inventorying. In addition, some service levels are defined in policy; one example being winter maintenance in the Snow Removal and Ice Control policy.

### Future Strategies

Service level reviews at the department level are required to identify service outputs, customers, current and future cost implications, and if service standard changes are necessary and/or desirable. Documentation of these service levels should be made available to the organization and public for transparency. Service level information is required to help inform budgeting and planning decisions at the program level. In addition, to assist in making informed program and service level decisions, program costing methodology and guidelines will need to be created.

Other relevant considerations for service levels may include comparisons to other municipalities, industry standards, etc.

### Principles

The fiscal sustainability principles related to service levels and the questions they generate are:

#### Sustainability

- » Are current service levels maintainable in the future?

#### Efficiency

- » Are service levels provided in an efficient manner with the resources available?

#### Minimize Vulnerability

- » Are there any core services funded through sources outside the Town's control?

#### Strategic Plan and Corporate Priorities

- » Do the services and service levels provided support an organizational priority?

## Strategy: Asset Management

The ability to balance the need to deliver services expected by the community in an affordable manner, and to provide adequate funding for asset maintenance is integral to the long-term sustainability of the Town. Capital assets include facilities, fleet, equipment, recreation amenities, signs, roads and utilities infrastructure that help enable the delivery of Town services.

The performance and ongoing use of these assets is vital to the health, safety, economic development and quality of life of those who receive the services. If assets are not properly maintained, the public health, safety and quality of life can be at risk. If maintenance and replacement costs are deferred or put off, the physical condition of assets decline, and the costs to maintain or replace assets will likely increase over time.

### Current Strategies

The Town has a decentralized approach to asset management. Departments are responsible to identify and prioritize infrastructure renewal needs that exist within their area. On an ongoing basis, departments manage, review, and forecast their infrastructure requirements for the effective delivery of operations and maintenance needs. In 2021, Administration has made a concerted effort to improve this process by implementing a capital planning charter process to better understand and document the future long-term needs.

Currently an annual lump sum from the tax base is transferred to reserves to plan for asset repair and/or replacement. Annual programs identify assets in long-term capital plans that require continued rehabilitation and replacement by asset type and prompts planning for continued and sustainable funding. Specific, dedicated reserves should be built over time to ensure secure, sustainable funding for the annual programs. These reserves are the primary funding source for annual capital projects and can be supported by other funding sources when projects exceed the reserve balance. Grants, when available and eligible, however should be treated as a secondary funding source.

### Future Strategies

As the Town and its assets grow, there are competing priorities and a centralized or updated approach in the future may be necessary to assist in ensuring the most important needs are addressed.

As discussed in the capital funding strategy, there needs to be further understanding and refinement of asset conditions and replacement values. Specific dedicated reserves need to be built over time, to ensure secure, sustainable funding for capital maintenance and replacement. Currently there is a funding gap between known requirements and annual funding for replacement and maintenance which sustainable funding will be built over time. This will continue to be better understood as asset management progresses in the organization.

In 2019, the Town developed an Asset Management (AM) policy that established guidelines for implementation of AM. Further, administration has developed an AM steering committee and a five-year roadmap for developing the Town's AM program. This committee is responsible for the successful development and implementation of a comprehensive and sustainable AM program and will provide overall ownership, guidance and measurement of the program.

AM development at the Town is continuous and will be sustained into the future to provide the appropriate levels of service, at the appropriate level of affordability, for customers and stakeholders through:

- » Preservation of assets
- » Financial sustainability
- » Sustainable growth
- » Training and capacity building

Although the Town has begun establishing an annual program philosophy, there will be further need to outline and prioritize infrastructure requirements. As administration continues to strengthen AM practices and philosophies, they will need to be incorporated into future versions of the Fiscal Sustainability Framework. Further policy development for AM practices and philosophies may also be required.

## Principles

The primary fiscal sustainability principles that are relevant to asset management and some of the questions they generate are as follows:

### Sustainability

- » What are the costs to maintain current assets now and in the future?
- » What is the tax rate impact?
- » Can we afford to maintain and/or replace current assets in the future?
- » What new assets are required in the future?
- » What will they cost?
- » How much will they cost to maintain?
- » How much will they cost to replace?
- » Can we afford these costs?

## 2.6 Conclusion

To meet the Town's strategic vision and to deliver the level and types of services expected by the community, there must be the financial capability to do so.

As a municipality, the Town is faced with numerous challenges and pressures that can threaten fiscal sustainability. Issues such as sustainable revenues and funding sources, expenditure pressures, new growth, inflation, among others, combined with

### Flexibility

- » What funding sources are available for asset maintenance and what impact would there be on the organization if they are utilized?
- » What is the impact on debt capacity, reserve balances, and the tax rate?

### Minimize Vulnerability

- » To what degree are funding sources used for asset maintenance sustainable and/or controllable?

the pressure to keep municipal taxes affordable are factors contributing to the financial realities of the Town.

The framework has been created to take action to inform discussions and, ultimately, decisions through agreed upon principles, strategies and process. The creation of the framework is a key step in planning for fiscal sustainability to help achieve the Town's vision.

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