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Town of Strathmore

2020 Long-Term Financial Plan



Director of Corporate Services

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Introduction

Strathmore is a growing and ever-changing municipality with a population of 13,528. Situated 40 kilometers east of Calgary on the TransCanada highway, Strathmore is poised for growth. As a leader in recreation and recreational facilities, the Town, Golden Hills School Division and Wheatland County partnered in the construction and development of Strathmore Motor Products Sports Centre in the community of Edgefield at a project cost of over \$10 million. In recent years, the following infrastructure has been completed and has strengthened the community: 1. Regional waterline from the City of Calgary (\$54 Million), 2. Wildflower reservoir (\$8 Million), 3. Waste water treatment plant upgrades (\$20 Million), 4. Waste water line to the Bow River (\$16 Million) 5. SMP Sport Centre (\$ 6.5 Million to date).

The Province of Alberta is heading into a period of fiscal restraint leading to funding reductions from The Province to local governments. In addition, the reality of a soft provincial economy is both a challenge and opportunity as it affords the Town to review efficiencies and service level standards and models. Capital project tenders and bids are coming in from high quality vendors at very advantageous pricing. This is an opportunity to be creative and innovative, finding better ways to deliver services to the community.

The Capital cost of a facility is generally 30% of the total cost of a facility- the balance (70%) is in operating costs over the life of the facility. Over the past several years, additional annual operating cost increases have resulted due to adding the Strathmore Motor Products Sports Center, enhancements to the Aquatic Center, the Municipal Library, and other office rental accommodations for town staff. Enhanced services include the following: fire protection with the addition of full-time fire fighters, Child Youth and Family Hub, health and occupational safety for town employees, black and green bin collection of waste, and a Seniors tax rebate program.

In 2010, the town annexed land sufficient to accommodate development growth for approximately 50-70 years.

The Three-Year Operating Financial Plan 2020 – 2022 has been prepared based on the priorities and direction established by Council. This plan expresses the financial direction for the Town and identifies the financial principles and policies that will lead the Town's fiscal stability and sustainability in the coming years. These principles and policies will establish the basic framework for responsible fiscal management of the Town's resources.

The Town of Strathmore strives to provide a level of municipal service that takes into consideration the community's service expectations and the community's ability to pay for these services. Given the challenging economic climate in the Province, there is a focus on a business supportive taxation strategy. As the Town's municipal infrastructure ages, funds must be committed for proper management, maintenance and refurbishment throughout the lifecycle of this infrastructure. **Additional new revenue is required to cover the costs of maintaining this municipal infrastructure, inclusive of more efficiencies and effective services level standards.** The Town recognizes that taxpayers expect value for money. A balance must be struck between customers' expectations for service and the taxpayers' ability to pay for these

services. The Citizen Survey Results indicate a desire to protect current services and facilities while respecting sustainable and increased revenue models. The municipality is responding by adopting a more creative cost-effective approach to service delivery. Local solutions and actions must be developed to ensure that services, programs and facilities are sustainable now and into the future for a prosperous community

Reasons for Strategy

1. Long-term financial sustainability. Balanced budgets with a focus on delivering services within Council's Strategic Plan.
2. Provide financial flexibility to meet both the emergent and traditional needs of the town
3. Provide financial resiliency when an emergent or unexpected need is met.
4. Respect for the tax and utility ratepayer. Providing the best dollar value while delivering the service expectations of the public. Innovative approaches to the delivery of services, including shared services, contract service models, and public private partnerships will be considered.
5. Leverage opportunities as opportunities arise.

Budget Preparation - Factors and Guidelines

The Town prepares a three-year operating financial plan and a five-year capital plan in accordance with the revisions to the *Municipal Government Act (MGA)*. Section 243 of the MGA outlines that the purpose of the budget is to provide for Council's policies and programs. A requirement of the financial plan is that it be balanced. Simply stated, expenditures must be paid for by revenue and transfers. Factors that affect operating and capital budgets include inflation, cost of living increase, population and assessment growth, development growth, economic trends including employment or unemployment, changing real estate markets, taxation issues, and Council policy decisions.

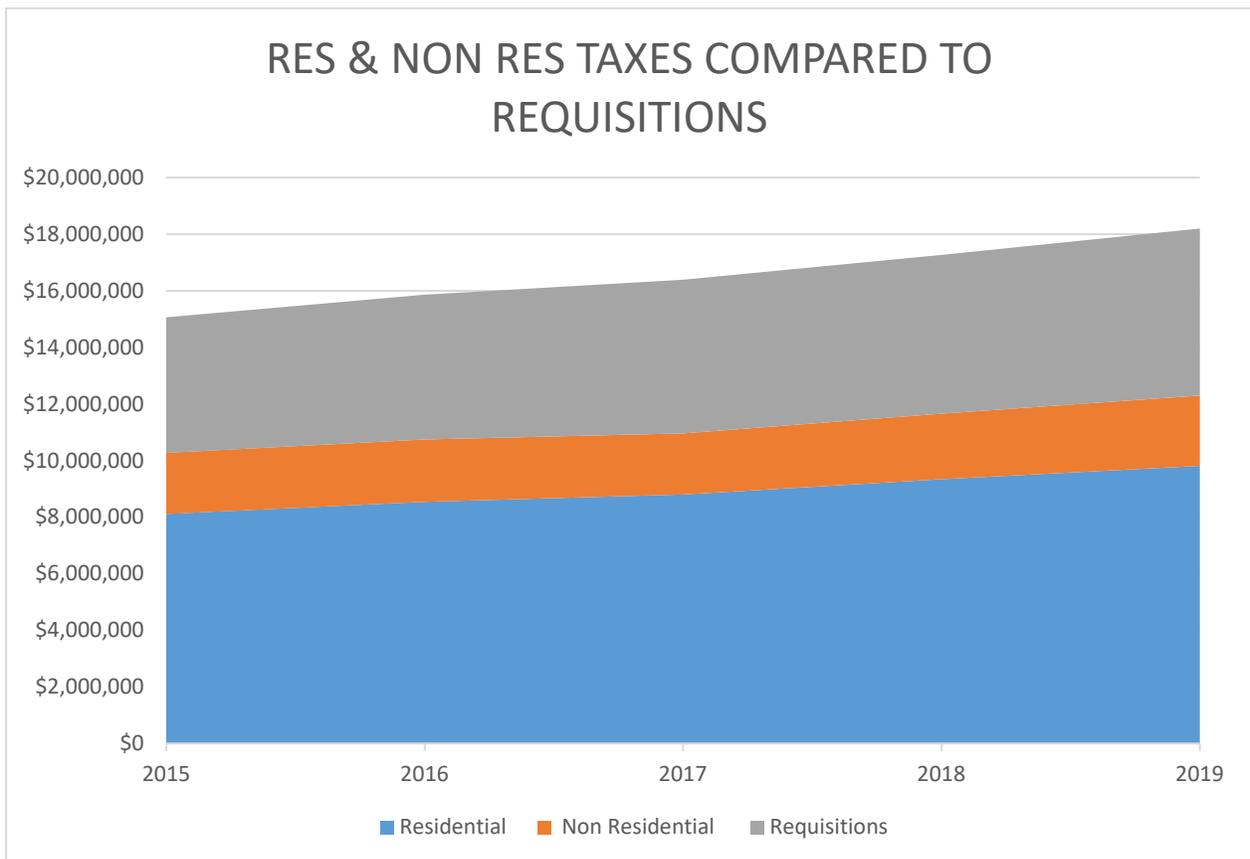
Guiding Principles

1. Integrate the 2019 Citizen Survey results for financial strategy and planning, using property taxation, local improvement taxes, user fees, franchise fees, reserves, investment income, and the use of debt, to best serve the citizens of Strathmore.
 - a. Targeted service reductions to maintain service level expectations.
 - b. Increase revenues to meet service level expectations.
2. Mitigate significant fluctuations in tax and utility rates; increases in rates should reflect cost increased to provide the service.
 - a. Contain reliance on tax revenue for core service delivery.
 - b. Review and revise utility rate models to adjust fees and charges to reflect full-cost recovery, payment for contract commitments, and additional charges for reserves to continue self-sustaining utilities and provide financial reserves for future TCA enhancements. Borrow on utility long-term capital projects where the project will benefit future generations and leverage historically low interest charges and bids.
3. Ensure the capital plan is sustainable so capital asset additions will not negatively impact the operating budget and are sustainable and affordable.
 - a. Temporarily set aside capital program projects to focus on improving vision planning and prioritization of future projects. This will strive to provide additional investment in reserves and balance cashflow to accommodate capital infrastructure reinvestment and to address the infrastructure deficit.
 - b. Forward planning on the long-term capital program must identify sources of funding for assets and comply with the *Municipal Government Act*.
4. Grow alternative revenue sources, including fees, charges, utilities, franchise fees and reduce non-residential/business property tax increases for 2020 and 2021. Transition fee-generating services to a self-sustainable financial model wherever possible and practical to keep pace with program delivery expectations as noted in the Citizen Survey 2019.
5. Maximize the use of grants when/where available.
6. Fund new programs or services with net new revenue sources within a sustainable financial model.
7. “Deliver value for money” is a principle that will be pushed to continuously find efficiencies and quality improvements in the way we manage and deliver services.
8. Borrow for sustainable, revenue-generating long-term assets at affordable levels. Consider a maximum debt utilization relative to the provincial regulation. I.E. 60% of the provincial debt limit.
9. Reserves are funded with a 1% yearly incremental tax levy and a \$6/month/ utility fee in addition to long term investments in accordance with Town investment policy. This conservative approach will not compromise safety of principal and the investments will be readily saleable if required.
10. Improving financial strength and sustainability through savings and spending less than total revenue. Reinvest savings in operating or capital reserves.
11. Contract services and/or term human resources to provide expertise and to freeze core FTE’s at 2019 levels.

Property Taxes

Property Taxes are the single largest revenue source for the Town of Strathmore, and most Canadian Municipalities. Property Taxes are levied based on rates set in accordance with the property tax rate bylaw passed annually by Council. Council establishes two rates of Taxation- one rate for residential property and the second rate for non-residential property (Commercial, Industrial, Linear).

Property taxes are assessed on each taxable property based on a market value assessment as at July 31 of the prior year. Assessment values may be appealed following the assessment each year. Property taxes may not be appealed.



Year	Residential	Non Residential	Requisitions	Total
2015	\$8,110,847	\$2,158,791	\$4,793,518	\$15,063,156
2016	\$8,543,285	\$2,201,298	\$5,113,785	\$15,858,368
2017	\$8,803,811	\$2,159,859	\$5,424,124	\$16,387,794
2018	\$9,336,799	\$2,318,227	\$5,618,472	\$17,273,498
2019	\$9,813,476	\$2,483,379	\$5,905,088	\$18,201,943

Annual Property Tax Adjustment

The general tax adjustment is the increase or decrease in taxes paid by the average property owner. The Town of Strathmore municipal tax rate is determined from the operating budget approved by council for a tax year and the total taxable assessed property values.

For the years 2013 to 2019 inclusive, the Town of Strathmore has experienced expense increases at a greater rate than the CPI for Calgary due to additional services and facilities being added to the municipal operations. Property tax adjustments ought to reflect this reality in some form.

For the years 2014 to 2019 the residential municipal taxes were as follows for the average residential property assessed at \$300,000 in the town. (includes Alberta School Foundation – Education, and Wheatland Housing.)

YEAR	MILL RATE	TAXES
2014	5.825	\$1,748
2015	5.557	\$1,667
2016	5.476	\$1,643
2017	5.532	\$1,660
2018	5.803	\$1,740
2019	6.099	\$1,830

The above shows that municipal taxes have decreased from \$1,748 by \$88 (5.0%) to \$1,660 for the average residential property owner for the years 2014 to 2017. 2019 residential taxes exceeded the level established in 2014 by approximately 4.7%

The trend of reducing taxation coupled with increasing expenses as shown above are not financially sustainable over a long period of time. Stable ongoing tax and rate increases provides funding to ensure a sustainable service delivery model and strategic planning for the town. It is proposed a business-friendly property tax policy be implemented for 2020 and possibly 2021. The impact would set the non-residential tax model to generate no more than a COLA adjustment for these two fiscal years of the three-year Budget.

Requisitions – Education and Wheatland Housing

The Town of Strathmore directly passes the education requisition and Wheatland Requisition to the property owner in the form of a separate mill rate for each of the requisitions. The Town neither increases nor decreases its Town mill rate to capture additional taxes if the requisitions decreases, nor does it lower taxes should the education requisition increase. The Education tax increased by 23.7% over the four-year period 2015 to 2019, an average of 5.9% per year. The Wheatland Housing requisition increased by 34.4% over the same four-year period an average of 8.6% per year. The increase in taxation because of the requisition increase averaged \$285,000 per year to town property owners.

Non-Residential and Residential Municipal Tax Rate

Most Alberta municipalities levy a higher municipal tax rate on commercial properties than on residential properties. In Strathmore, the non-residential/ commercial mill rate for 2019 was 7.289 while the residential mill-rate was 6.099 a difference of 1.19 mills or a 19.5% differential between the two rates. Strathmore has the lowest differential between residential and non-residential in the comparison group of surrounding communities. See two table below:

Surrounding Communities

	<u>Residential</u>	<u>Non-Residential</u>	<u>% over</u>
Strathmore	6.099	7.289	19.5
High River	6.682	8.696	30
Okotoks	5.4530	8.039	47
Cochrane	4.6896	6.6426	42
Brooks	8.226	13.3179	61
Airdrie	4.5549	9.5657	110
Wheatland County	3.639	8.6211	137

Large Alberta Cities

	<u>Residential</u>	<u>Non-Residential</u>	<u>% over</u>
Red Deer	6.9476	13.9121	100
Medicine Hat	6.7302	15.1159	125
Lethbridge	8.6116	20.40	137
Edmonton	6.4737	17.8311	170
Calgary	4.2108	17.75	322

The Province of Alberta for the Education requisition applies a 47% premium on non-residential assessments over residential assessments. It is recommended that non-residential tax rate be increase to the Provincial average by 2022.

Local Improvement Taxes

What is a local improvement?

A Local improvement is a project that Council considers to be of greater benefit to a specific area of the town than to the whole town and is to be paid for in whole or in part by a tax imposed on the properties affected by the project.

A local improvement is a new or replacement construction project intended to upgrade specific conditions within a residential, commercial or industrial area of the town. Examples include rear lane paving, street paving, curb and gutter replacement, boulevard and street lighting, extending sanitary, storm or water systems replacements.

Who can request a local improvement?

Local improvements are most often requested by property owners. Property owners can request a local improvement with a petition. The town can also initiate a local improvement.

In either case, the Town will send a notice to each affected property owner. Sections 393 to 409 of the *Municipal Government Act* establish the provincial statutory guidelines for the administration of local improvement Plans and Local Improvement Taxes.

Property owners affected by the proposed local improvement tax may petition the town objecting to the local improvement within 30 days of the notices being sent, the town must not proceed with the local improvement if a sufficient and valid petition is received.

Who pays for the local improvements?

Every property benefiting from a local improvement shares in the cost, even if some owners have not signed the petition in support of the petition.

How is each property owner's share of the local improvement cost determined?

The cost of the project is determined and is allocated to the benefiting property owners on an equitable basis such as property frontage.

Funding for the local improvement is borrowed by the Town of Strathmore and repaid by the affected owners. Property owners have the option of paying this cost in one lump sum payment, thereby saving interest charges, or they may choose to pay the amount in instalments over the term of the loan with interest, which is added to their annual property tax account.

Local Improvement Taxes be considered as a funding tool for projects that Council considers benefits certain property owners more than the town. The implementation of this could be over a period of 4 years. With tax payers becoming increasingly responsible for project costs with each succeeding year. For example, year one, for projects requested by the Town of Strathmore only 25% of the project be considered for local tax, year two 50% and so on, by year four, the total cost of a local improvement be recovered by local improvement tax over a fifteen-year period.

Town Services Includes the following:

Potable water, sanitary sewer, and storm sewer

Garbage and waste collection

Streets, sidewalks, traffic control

Parks pathways and playgrounds, recreation facilities -Aquatic Center, Family Center, Strathmore Motor Products Sports Centre, Curling Rink

Cemetery

Youth Center and youth programs

Planning, community development, economic development

Policing, bylaw enforcement, fire protection services, building inspection and Animal control

Culture Civic Center

Financial support to Strathmore Handi Bus Association, Municipal Library, Seniors Housing, Strathmore & District Agricultural Society, and other organizations

FCSS support programs

Downtown revitalization

Canada Day Celebrations

*The above identifies the major programs and services but is not exhaustive list.

New Program & Service Requests

There is continuing pressure from Strathmore residents to provide new programs and services or expand existing ones. The funding available for new or enhanced service levels is limited given ongoing funding constraints. New and/or expanded programs and services that require ongoing expenditures may be presented as part of the operating budget process but will be strategic and focus on Council's strategic priorities. Funding for new programs and services that do not have a revenue source sufficient to offset expenses could require a property tax increase over and above the Calgary inflation rate, and/or a reduction in other municipal services.

It is proposed that all new programs and service requests be accompanied by a source of funding and possible efficiency measures. Taxation should not be considered as the sole source of funding new programs and services, to reduce the continuing need to increase taxation.

New Development and Growth

New residential and commercial development influences the Town's operating budget. New development generates additional property tax revenues, but also increases the cost of providing municipal services. The Town will strive to generate offsite levy and property tax revenue sufficient to offset the increased service, program, and municipal infrastructure costs resulting from new development, and ensure that the cost increases are not passed on to the rest of the community. The Town will encourage mixed-use development that supports both commercial and residential assessment growth. The Town currently carries an 83% residential assessment and 17% commercial property assessment. The development of the proposed solar farm may increase the non-residential assessment by approximately 10%. This follows a reduction in the market value assessment of hotels and motels in Strathmore of 25% or more because of the oil and gas downturn in the economy. **A 20% commercial property assessment goal for Strathmore would be reasonable.**

Off-Site Levies

Off-site levy fees are charged to developers for certain anticipated future projects. The fees are retained in the financial reserve accounts until utilized for the specific named projects.

With the changes in the MGA there is an opportunity to include additional needed infrastructure, which was specifically excluded in the past within the Off-site levy calculation, and obtain partial funding for these projects as land is developed in the town. **It is recommended that the Town investigate steps to establish recreation and fire eligible services into the Offsite Levies as rapidly as possible.**

Review of Programs and Service Delivery Models

Management continually review existing programs and services for relevancy to the community and meeting stake holder expectations. The review will also focus on best practices and if the service is being provided in an efficient and cost-effective manner.

An example of a service delivery model review was completed by FCSS on the Home support program. The adjustments made within the program will better direct the available resources to move the program forward during 2019 to meet the needs of the community while balancing financial sustainability.

Utility Rates

Utilities- water, sanitary sewer, storm sewer, solid waste and recycling- will be operated on a full-cost recovery basis through equitable user fees. Full-cost recovery will ensure that utility revenue will cover 100 percent of the annual operating costs including debt repayment and future capital cost replacements.

Utility rates will be reviewed and adjusted on an annual basis for inflation reserves and service contract agreements/commitments. These will be applied to all utility rates, and utility increases greater than 10% will be phased in over a longer period. The utilities combined budget for 2019 recovered all operating costs. It is recommended that the water, sanitary and storm sewer rates be increased by 5% in 2020 to continue the full cost recovery model. In addition, a \$3/month reserve levy for Water Sanitary sewer and garbage be directed to a utility infrastructure reserve and a storm sewer monthly levy of \$3.00 be directed to a storm sewer infrastructure reserve. Strathmore has a safe and secure source of water and can continue to attract commercial opportunities that are not available in Okotoks and High River due to water availability issues.

Franchise Fees

Franchise fee revenue is received by the Town of Strathmore from both Fortis and Atco Gas. The fee is based on a percentage of certain items on natural gas and/or electricity bills sent to the customer. Fortis and Atco Gas collect these fees and remit the fees to the town. Franchise fees are paid by all utility users whereas certain properties are exempt from property taxes. The following are exempt properties from taxes: schools, churches, institutions, hospital, Legion, WID, Senior Lodge Housing and Health Unit. The total assessed value for exempt properties in Strathmore is approximately 10% of the total assessment. Franchise fees are the only source of general revenue from these properties for the Town. The Town received \$477,000 from Atco Gas and \$1,013,000 from Fortis Alberta in 2018. The Franchise fees are an important component of the general revenue to the town and is 11.6% of the user fee revenue.

The maximum natural gas franchise fee is 35% and the town is currently at 24%. The maximum electrical franchise fee is 20% and the town is currently at 16.25%.

Recommendation –To continue to increase the Franchise Fees as per motion of Council to the Provincial maximum over a two-year period which shall conclude in 2020 or 2021. It is further recommended to make application to Fortis and Atco Gas for the same. The monthly financial impact to the average residential property owner would be \$ 6.30 in total.

User Fees and Charges

For the Town of Strathmore to contain dependency on property taxes it is necessary to ensure that existing fees and charges are current. The 2019 operating budget for the Aquatic Center, Family Center, SMP Sport Centre, Curling Rink and Civic Center was supported by taxation in the amount of \$3,000,000 in total and is 24% of net municipal taxes.

Recreation fees will be established on the financial concept of full-cost recovery for adult programs, 75% cost recovery for senior programs and 50% cost recovery for youth and disabled. Recreation fees will be reviewed against the fees of other municipalities and adjusted to be competitive.

Cost recovery in the Infrastructure, Planning and Development services divisions for the costs of department review of documents, permits etc. from developers is an important aspect of cost containment. It is recommended that fees and charges for the division become sustainable and transition away from property tax revenues by 2021. The fees and charges for this service require review and updating to move to a sustainable level of cost recovery in 2020.

Government Grants

The Province of Alberta has put the Town on notice of pending MSI grant reductions in the amount of 9% with further adjustments expected. The Government of Canada may gradually reduce available grants as well. The Town of Strathmore will be allocated approximately \$3,600,000 in capital grants through the Municipal Sustainability Initiative and the Federal Gas Tax Fund in 2020. The total of the capital grants utilized for the capital program from 2014 to 2018 totaled \$19,334,223. Historically, the total capital program has been funded by Government grants, borrowing, and reserves. Twenty five percent of the 2019 capital program will be funded by Government grants from senior levels of government. In the future, reserves and borrowing will be called upon increasingly for the funding of capital programs. Operating funding comes from the Province for Municipal Policing and FCSS. Both grants cover some of the operating costs of each program. The Town cannot solely rely on grant funding from senior levels of government to fund operations or capital needs. **The Town will maximize and leverage available grants for infrastructure and operations where possible. The Town will not use grants for utility infrastructure (unless specific and related eligible grants are available) when borrowing capacity exists and the borrowing costs can be recovered thru the utility fees and charges.**

It is recommended that Federal Gas Tax Funding be used strategically to gain high yield benefits which directly support the Council Vision, Corporate Strategic Plan and proposed Highway 1 - 2030 Capital Project. MSI shall be committed to support municipal building and Commons projects for the 2020 fiscal year of the 2020 – 2024 Capital Budget program. This is an intentional step to identify non-property tax-based revenue and provide a sustainable revenue model to fund these two initiatives without a burden on property taxation.

Use of Debt

The *Municipal Government Act* and Regulations define a municipal debt limit and debt service limit. The Town will strive to use borrowed funds where user fees will be used to cover the debt servicing payments. Long-term tangible capital assets acquired for utility services (water, sewer, storm sewer) will be financed utilizing long-term borrowing. Secondly, debt will also be used for municipal infrastructure of high importance and for essential municipal services when the debt limit is at 50% or greater. Essential services are defined as water, sewer, protective and emergency services and equipment associated with such. **The town will not use debt to fund operational needs or fund assets with a life expectancy of five years or less other than through a short-term rental or lease arrangement.** At December 31, 2018 the Town was at 27% of the debt limit and 19% of the debt-servicing limit.

Joint Funding Model

The town will endeavor to collaborate with CMRB partners including primarily Wheatland County to utilize joint services for the delivery of recreation, FCSS and other programs where possible. The Town annually supports the Aquatic Centre and Family centre by more than two million dollars annually from taxation. **The town has established a third-party joint process with Wheatland County to create a joint funding model that recognizes utilization of town facilities by county residents and county facilities by town residents.** Once this process has concluded it is recommended that the Town approach Rocky View County and the City of Chestermere to open negotiations for Joint Funding agreements. A significant number of residents of Langdon, Lyalta, Chestermere and surrounding area use town recreation facilities.

Budget Surplus and Reserves

The purpose of a reserve policy is to provide financial resources for Strathmore to remain financially sustainable, for tangible capital assets to be maintained and refurbished, and provide funding for new assets to meet the strategic plan of Council and expectations of the public. A further purpose of a reserve policy is to provide sufficient cash flows to enable The Town to sustain operations through delays in receipt of payments without jeopardizing ongoing operations. This policy recognizes that the acquisition or refurbishment of a major capital asset requires a large financial investment takes time to accumulate the funding. The reserves will be built over time by establishing ongoing funding sources. The Town of Strathmore had a reserve balance of \$10.7 million on December 31, 2010. The reserve balance at December 31, 2018 was \$11.5, an increase of 7.5%, over the period from 2010 to present. In the same time period, the town has made major investments in tangible capital assets of \$64.4 million, an increase in TCA of 33%. The reserves capability has not kept pace with the growth of assets and inflation. The sources of revenue to be directed to reserves will be from fees and charges and from taxation. The following is being recommended: a monthly fee of \$6.00 be added to the monthly utility bills with revenue to be directed to a utility infrastructure reserve; a fee be added to the usage charges for recreation of 5% along with 50% of CRISP funding from Wheatland County with this revenue being directed to a recreation reserve; A fee of 5% be added to the Civic Centre usage charges with these fees directed to a Culture Reserve. In addition, one percent be added to property taxation incrementally each year and this revenue be directed to the infrastructure reinvestment reserve. These fees and charges, with the incremental taxation, will be a basis for Strathmore to provide for the replenishment of reserves over the long term. A further recommendation is that discretionary reserves be concentrated into major departmental reserve buckets. This process will include the consolidation of small specific directed reserves into broader general departmental reserves giving council greater discretionary utilization of reserves.

Investments

The Town invests cash not immediately needed for operational or capital purposes, operating and capital reserve balances and the unrestricted surplus into both short- and long-term investments. These investments meet the Town of Strathmore investment policy guidelines and the requirements of the MGA. The Town of Strathmore operating budget includes the investment income derived from the investments. Investment income on reserve balances is added to the reserves on an annual basis. The short-term investments represent a portion of tax revenue required for operational needs during the year. Deferred grant revenue is also invested on a short-term basis. Short-term investments are liquidated on an ongoing basis during the year to pay operating expenses and capital expenditures as needed. Developer offsite levy reserve balances are maintained on a long-term investment basis until required for specified capital projects. Long-term investments are invested in government and bank bonds and notes. Long-term investments currently earn a return of 2.0% to 2.5% annually. Investment income for 2018 was \$412,000. Investment income is projected to be \$ 311,000 in 2020.

Infrastructure Deficit

The Town of Strathmore has \$212,000,000 worth of Engineered Structures, Facilities, Buildings, and Land Improvements at replacement cost. This includes water and sewer pipelines, pump stations, reservoirs, storm water management ponds, roads, sidewalks and buildings. The 2018 net book value of these assets amounts to \$161,400,000 and they are 25% depreciated. The depreciation on these assets is \$56,412,000. The Town currently has \$7,900,000 in capital reserves. This would indicate the Town of Strathmore has an unfunded infrastructure deficit of \$48,512,000. The Town depreciates these assets by \$4,192,000 annually and has no formal plan for funding the replacement of these assets over the long term. The town has established an infrastructure investment reserve and has a balance of \$257,500. This represents approximately 2.2% of the Town of Strathmore net municipal taxes in 2018.

The Town will need to move to a long-term sustainability model that will provide for replacement of assets.

The other factor not considered in any of this is the inflationary factor that over the long-term, assets are replaced at a cost much greater than the original purchase cost.

Recommendation: That the Town apply a \$3/month levy for water, sewer, and garbage, and a \$3/month levy for storm sewer to create a sustainable revenue and reserves model for these utilities. We also recommend that the Town apply a 1% annual incremental infrastructure reinvestment levy as a separate charge to all property tax assessments and this be shown separately on the tax notices, and that this revenue be directed to the Infrastructure Reinvestment Reserve. The impact of this levy would be equal to 25% (\$10 Million) of the Infrastructure Deficit within 15 years.

Summary

The financial principles discussed in this plan are intended to guide the Town of Strathmore for the upcoming years with an emphasis on long-term municipal infrastructure funding. It will be necessary to review and update the plan annually to ensure that it is meeting the financial needs of the Town.

Next Steps

Council adopt the following protocol in setting the budget and the amount of taxation be determined by the following formula as a minimum tax adjustment:

- **Residential tax increase as contained within the three-year budget,**
- **plus 1% annual incremental levy of net municipal taxes to fund infrastructure reinvestment reserve and the recovery of the MSI reduction from the Province of Alberta,**
- **less efficiencies identified savings from program adjustments.**
- **Utility rate model of the utilities being self-supporting with future infrastructure needs being funded thru utility revenue and/or borrowing with the cost of borrowing being paid for by the utility revenue. Apply a \$3/month levy for water, sewer and garbage, and a \$3/month levy for storm sewer to create a sustainable revenue and reserves model for these utilities.**