

Request for Decision

Title	Capital Funding Summary and Reallocations
Proposed Motion	<ol style="list-style-type: none"> 1. That Council approve the 2023 Capital Housekeeping Amendments with funding identified in Attachment 1 for the capital projects identified in Attachment 2. 2. That Council approve the Trestle Ridge Waterline Local Improvement Annual Tax, as referenced in Bylaw 1599/22, be revised to increase the tax rate for each parcel of land from \$1,967.19 to \$2,236.08 to collect sufficient revenue to pay the actual cost of the local improvement. 3. That Council approve a transfer of \$67,082 from the Utility Capital Reserve to fund the Trestle Ridge Waterline Local Improvement due to two fewer parcels of land being realized within the area as outlined in Bylaw 1599/22.
Administrative Recommendation	<p>Administration recommends that Council approve the 2023 Capital Housekeeping amendments as proposed. Further, Administration recommends that Council approve revisions to the tax rate for each parcel of land subject to the Trestle Ridge Waterline local improvement contribution and funding from the Utility Capital Reserve to fund unrealized revenues from two fewer parcels of land being subject to the local improvement tax.</p>
Previous Council / Committee Direction	<p><u>October 24, 2023 Committee of the Whole</u> Motion 141/23: That the Committee accept the 2023 T2 Financial Report as information.</p> <p><u>September 12, 2023 Regular Council Meeting:</u> Motion 328/23: That Council accept the 2023 Mid-Year Financial Report as information.</p> <p><u>April 20, 2023 Regular Council Meeting:</u> Motion 143/23: That Council give third reading of Bylaw 1625/23.</p> <p><u>December 13, 2022 Regular Council Meeting</u> Motion 481/22: That Council approve the 2023 Operating Budget as amended by motions passed on November 23, and 24, 2022, which represents a 3.9% tax rate increase.</p>

	<p>Motion 482/22: That Council approve the 2023-2025 Capital Budgets in the amounts of \$35,701,907 for 2023, \$42,114,975 for 2024, and \$38,639,232 for 2025 as referenced in Attachment 3: Capital Funding and Project Listing.</p> <p>Motion 483/22: That Council approve in principle the 2024-2026 Operating Financial Forecast and the 2026-2028 Capital Financial Forecast as presented in the consolidated Operating and Capital Budget and amended by motions passed on November 23 and 24, 2022.</p> <p><u>May 24, 2022 Regular Council Meeting</u></p> <p>Motion 200/22: That Council give third reading of Bylaw 1599/22.</p>
Report	<p><u>Background Information</u></p> <p>2023 Capital Housekeeping Amendments (Proposed Motion 1)</p> <ul style="list-style-type: none"> • The 2023 capital budget provided \$33.9 million in project funding carried forward from 2022, \$26.9 million of newly approved projects, and \$6.5 million in projects added to 2023 through in-year approvals amounting to a total of \$67.5 million in capital budget authority. • The 2023 year-end capital reconciliation resulted in a complete review of budget and funding authorities, management-identified savings and shortfalls, and future project funding needs. <ul style="list-style-type: none"> ○ Of the \$67.5 million capital budget authority, \$37.8 million was spent, \$4.0 million was released in budget authorities, \$2.5 million requires funding, and \$28.0 million is being carried forward into 2024. ○ The \$2.5 million in funding required consists of \$1.6 million in 2023 capital budget authority shortfalls and \$0.9 million in additional funding for 2023 capital project completion as summarized in Attachment 1 and detailed by capital project in Attachment 2. ○ Reserves and discretionary funding once balanced between funding released and funding required resulted in a shortfall of \$341,357. Administration is recommending the funding shortfall be offset by the original funding source and/or the most appropriate funding source available. Further details are provided in Attachment 1, Chart C. ○ Non-discretionary and restricted funding, once balanced between funding released and funding required (where eligible), was favourable in the amount of \$2,831,928. Further details are provided in Attachment 1, Chart C.

	<p>Trestle Ridge Waterline Local Improvement (Proposed Motions 2 and 3)</p> <ul style="list-style-type: none"> On May 24, 2022, Council passed Bylaw 1599/22 to create a local improvement tax to raise revenue for the purpose of the installation of a water utility service in the Trestle Ridge Subdivision (see Attachment 4). At that time, one landowner had requested to subdivide their land into 4 parcels, resulting in the local improvement tax to be spread over 11 parcels of land. Since then, higher interest costs of \$22,790.84 and higher construction costs of \$21,576.00 have been realized on the project, and the landowner's request to subdivide their land was only approved to be subdivided into two lots, leaving a shortfall in local improvement revenue to be collected. Administration recommends that the County rely on section 403(3) of the <i>Municipal Government Act</i> (MGA), which provides that "If, after a local improvement tax rate has been set, it is discovered that the actual cost of the local improvement is higher than the estimated cost on which the local improvement tax rate is based, the council may revise, once only over the life of the local improvement, the rate with respect to future years so that the local improvement tax bylaw will raise sufficient revenue to pay the actual cost of the local improvement." <p><u>External Communication</u></p> <ul style="list-style-type: none"> Meeting agenda and minutes will be published on the Sturgeon County website. <p><u>Relevant Policy/Legislation/Practices</u></p> <ul style="list-style-type: none"> Reserve Policy Capital Budgeting Policy Municipal Government Act section 403(3)
<p>Implication of Administrative Recommendation</p>	<p><u>Strategic Alignment</u></p> <p>Collaborative Governance - Administration presents this information as part of the year-end processes to ensure that clear, transparent processes are adhered to and communicated.</p> <p>Operational Excellence – Reconciling and accounting for this information supports Council's ability to make short and long-term financial plans by ensuring accurate and organized financial records are available to support future capital strategic needs.</p> <p><u>Organizational</u></p> <ul style="list-style-type: none"> Administration will continue working on capital projects that were carried forward from 2023 to completion and account for the necessary reserve transfers.

Financial**2023 Capital Housekeeping Amendments (Proposed Motion 1)**

- The 2023 capital housekeeping amendment shortfall amounts to \$341,357. Administration's recommendation to fund the shortfall and/or return funding to its original source (various reserves) is identified in Attachment 1, Chart C.

Trestle Ridge Waterline Local Improvement (Proposed Motions 2 and 3)

- Costs for the Trestle Ridge Waterline Local Improvement increased by \$44,367 because of a higher interest rate being realized, and higher construction costs.

	Bylaw 1599/22	Actual	Change
<i>Interest Rate</i>	4.59%	5.18%	0.59%
Project Interest Cost over 15 years	91,814.47	114,605.31	22,790.84
Project Cost	232,772.00	254,348.00	21,576.00
Total Cost with interest over 15 years	324,586.47	368,953.31	44,366.84
Total Cost Per Parcel (11 parcels)	29,507.86	33,541.21	4,033.35
Annual Local Improvement Tax Levy	1,967.19	2,236.08	268.89

- To raise sufficient revenue to pay for the actual cost of the local improvement, the annual local improvement tax will need to be increased from \$1,967.19 to \$2,236.08 per annum.
- The local improvement tax was originally expected to be applied to 11 parcels of land; however, there is now a shortfall of two parcels, as the one lot was only approved to be subdivided into two lots rather than the originally anticipated four. This results in a funding shortfall of \$67,082.42 (\$33,541.21 x 2 parcels).
- As the local improvement project is related entirely to utilities, any shortfalls should be funded from the Utility Capital Reserve. As of December 31, 2023, the Utility Capital Reserve has a balance of \$8,112,078 (unaudited).

**Alternatives
Considered**

1. With respect to the 2023 Capital Housekeeping Amendments, Council could consider not approving the additional budget authority and funding requested for 2024.
2. With respect to the Trestle Ridge Waterline Local Improvement, Council could consider an alternate funding source for the shortfall.

**Implications of
Alternatives**Strategic Alignment

Dependent on alternatives considered.

Organizational

Dependent on alternatives considered.

	<p><u>Financial</u></p> <ul style="list-style-type: none"> • A decision not to approve the additional budget authority and funding requested for 2024 may result in project overages at completion. Administration would work to stay in budget and report through the tri-annual reporting program if issues arise. • The Trestle Ridge Waterline Local Improvements are to be added to the 2024 tax notices. If the amounts owed are not updated in alignment with the revised construction and interest costs, the County may be required to offset shortfalls with additional funds from the Utility Capital Reserve and determine next steps organizationally.
Follow up Action	1. Reconcile 2024 Capital Budget (Corporate Finance and Treasury, May 2024).
Attachment(s)	<ol style="list-style-type: none"> 1. Attachment 1: Funding and Financing Summary 2. Attachment 2: 2023 Capital Housekeeping Amendment 3. Attachment 3: Reserve Policy 4. Attachment 4: Bylaw 1599/22 - Local Improvement Bylaw - Trestle Ridge Waterline
Report Reviewed by:	<p>Jeff Yanew, Manager, Utility & Waste Management Services</p> <p>Gord Cebryk, General Manager, Infrastructure Services</p> <p>Sabrina Duquette, Manager, Corporate Finance & Treasury</p> <p>Andrew Hayes, General Manager, Financial Services & Chief Financial Officer</p> <p>Reegan McCullough, County Commissioner – CAO</p>

Strategic Alignment Checklist

Vision: *Offering a rich tapestry of historical, cultural, and natural experiences, Sturgeon County is a municipality that honours its rural roots and cultivates desirable communities. Uniquely situated to provide world-class agricultural, energy, and business investment opportunities, the County prioritizes responsible stewardship and dreaming big.*

Guiding Principles: Collaboration | Accountability | Flexibility | Excellence | Safety | Future Readiness | Affordability | Innovation

Community Outcome	Not consistent	Consistent	N/A
Planned Growth			
<ul style="list-style-type: none"> Internationally competitive to attract, grow and sustain diverse businesses; tenacious focus on new growth and innovation 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Modern broadband and digital capabilities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Low cost, minimal red-tape regulations 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Reliable and effective infrastructure planning; comprehensive land use and infrastructure planning 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Thriving Communities			
<ul style="list-style-type: none"> Beautiful, surprising places with high standards; integrated natural spaces & trail systems; healthy and resilient 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Engaging cultural, historical, and civic amenities; strong community identity and pride 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Safe, welcoming, and diverse communities; small community feel and personal connection; commitment to high quality of life 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environmental Stewardship			
<ul style="list-style-type: none"> Clean air, land, and water; Carbon neutral municipal practices; circular economy opportunities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Conservation of natural areas and agricultural lands; enhanced greening and biodiversity; safekeeping ecosystems 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Sustainable development; partnerships with industry and others to drive emission reductions 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Collaborative Governance			
<ul style="list-style-type: none"> Predictable and stable external relationships; volunteer partnerships 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Meaningful connections with Indigenous communities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Ongoing community consultation and engagement; transparent and action-oriented decision making based on sound rationale 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Respectful and informed debate; clear and supportive governance processes 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Operational Excellence			
<ul style="list-style-type: none"> Engaged and effective people – Council, Admin and Volunteers; continuous learning and improvement mindset; nimble and bold, with strong leadership 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Quality cost-effective service delivery; robust procurement and operational practices and policies; asset management and performance measurement; careful debt and reserve stewardship; long-term financial planning and sustainability 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Future focused thinking to proactively respond to emerging opportunities and challenges 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Alternative revenue generation and service delivery models integrated strategic and business planning 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>