



STURGEON COUNTY

Budget 2022
Future Ready



Key Themes of Budget 2022



Investing in transportation, public safety, and community infrastructure



Capitalizing on global opportunities including oil and gas decarbonization, blue hydrogen, and renewables



Maintaining efficient and sustainable operations



Providing high quality and essential services



Mindful of unprecedented social and economic challenges

**Long-term
Financial Sustainability**

**Competitive
Tax Rates**

**Positioning the County
to be Future Ready**

Future Ready

The 2022 Sturgeon County budget will lay the groundwork for economic development and competitiveness, capitalizing on global opportunities such as the evolving energy sector that includes oil and gas decarbonization opportunities, blue hydrogen, and renewables.

Budget 2022 will also address pressing local issues like roads and maintaining and modernizing our growing transportation, public safety, and community infrastructure.

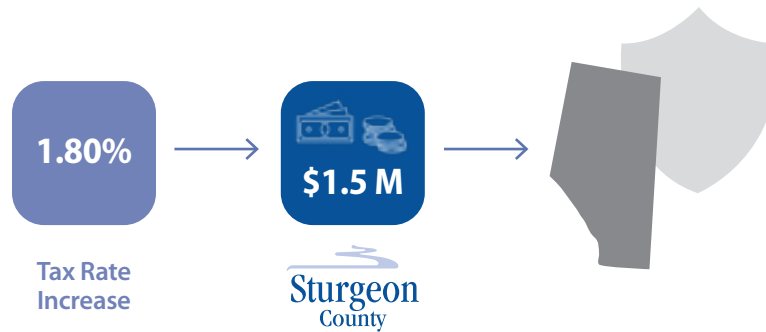
Most importantly, Budget 2022, will allow us to continue to serve our community, providing high quality and essential services to our residents and businesses in a cost efficient and financially sustainable way.

A strategic, effective, and efficient organization.

An external operational review in 2019 resulted in significant changes to both the organization structure and how Sturgeon County operates. These changes coincided with assessment growth from the NWR Sturgeon Refinery, which allowed the County to increase investment in capital infrastructure.

Despite increasing overall spending by an average of 64% from the prior four years of 2017 to 2020, because of the organizational changes, Sturgeon County's administrative costs have proportionately decreased. In Budget 2022, the County will continue to spend just 24% of the annual budget on administration, which is approximately 10% less than the amount prior to the operational review.

While these changes have reduced spending, they have also created a very nimble organization that is responsive to change and ensuring quality services.



Provincial Policing Costs



The Government of Alberta has recently introduced a new police funding model that has increased the amount rural municipalities to contribute to frontline policing costs. The increased contributions under the Government of Alberta's new police funding model were a key financial pressure for the County to manage, accounting for the 1.8% of the tax rate increase.



The amount contributed by each rural municipality is based in part on equalized assessment, with rural municipalities covering over 80% of the total costs incurred by municipalities impacted by the model.



Information taken from the RMA Policing and Rural Crime Position Statement.

Opportunities and Challenges for 2023 and beyond

Opportunities

- New Council's opportunity to identify objectives they want to achieve over the next four-year term and beyond.
- Council's direction on overarching financial imperatives eg: debt limits, reserves, tax rates, etc.
- Increased revenue available to invest in key community infrastructure and to maintain standards, attract growth, and encourage investment
- Continuing the momentum from the Broadband Pilot Initiative implementation
- New approaches to working, such as the leading remote work philosophy adopted by the County
- New revenue opportunities, such as waste to energy initiatives
- Growth and regional support/investment in the Alberta Industrial Heartland
- Plans for sustainable growth in the Sturgeon Valley and Villeneuve Airport Area
- Federal and provincial support of the new hydrogen economy and the creation of the Hydrogen Hub

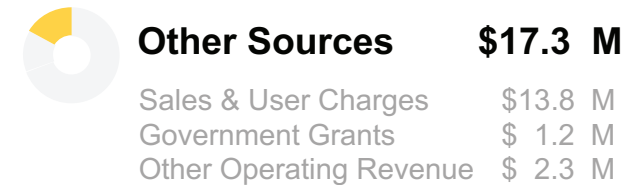
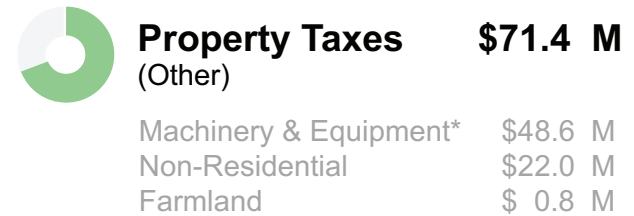
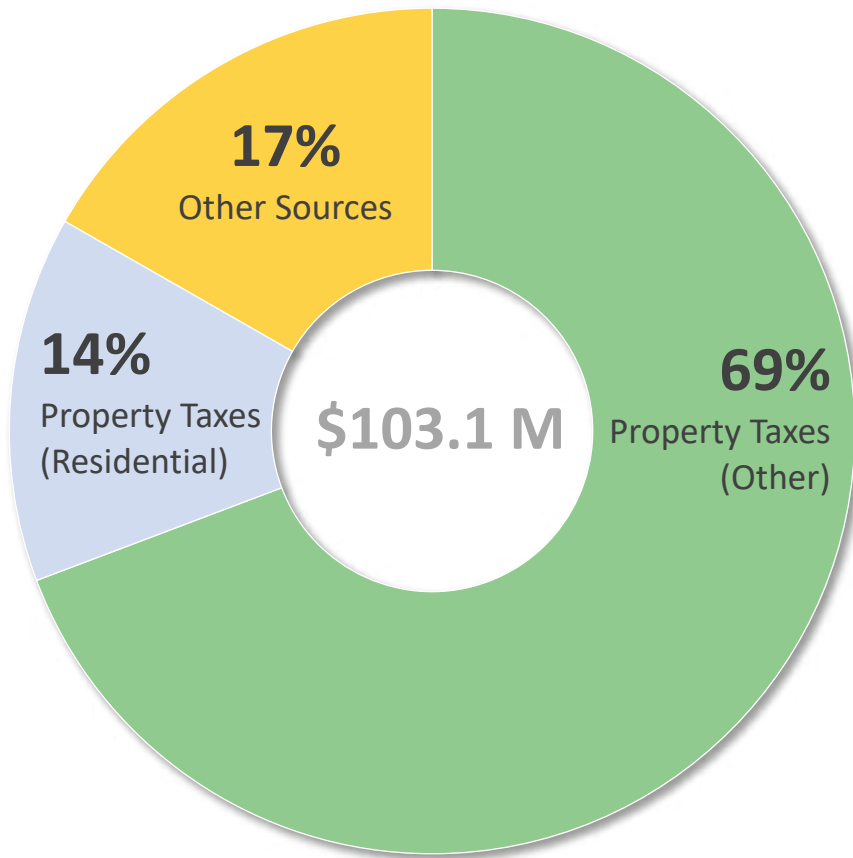
Challenges

- Geopolitical issues affecting global trade and supply chains
- Social and economic impacts of the ongoing COVID 19 pandemic
- Rising inflation on municipal goods and services
- Impacts of climate change on infrastructure (e.g. drought, flooding)
- New federal regulations (e.g. increasing carbon taxes; clean fuels standards; emissions reduction targets; etc.)
- Reduction of Provincial funding and services
- Our vast road network and expansive service area
- Increased regional financial pressures

Consolidated Budget and Tax Rate: Approved and Forecast

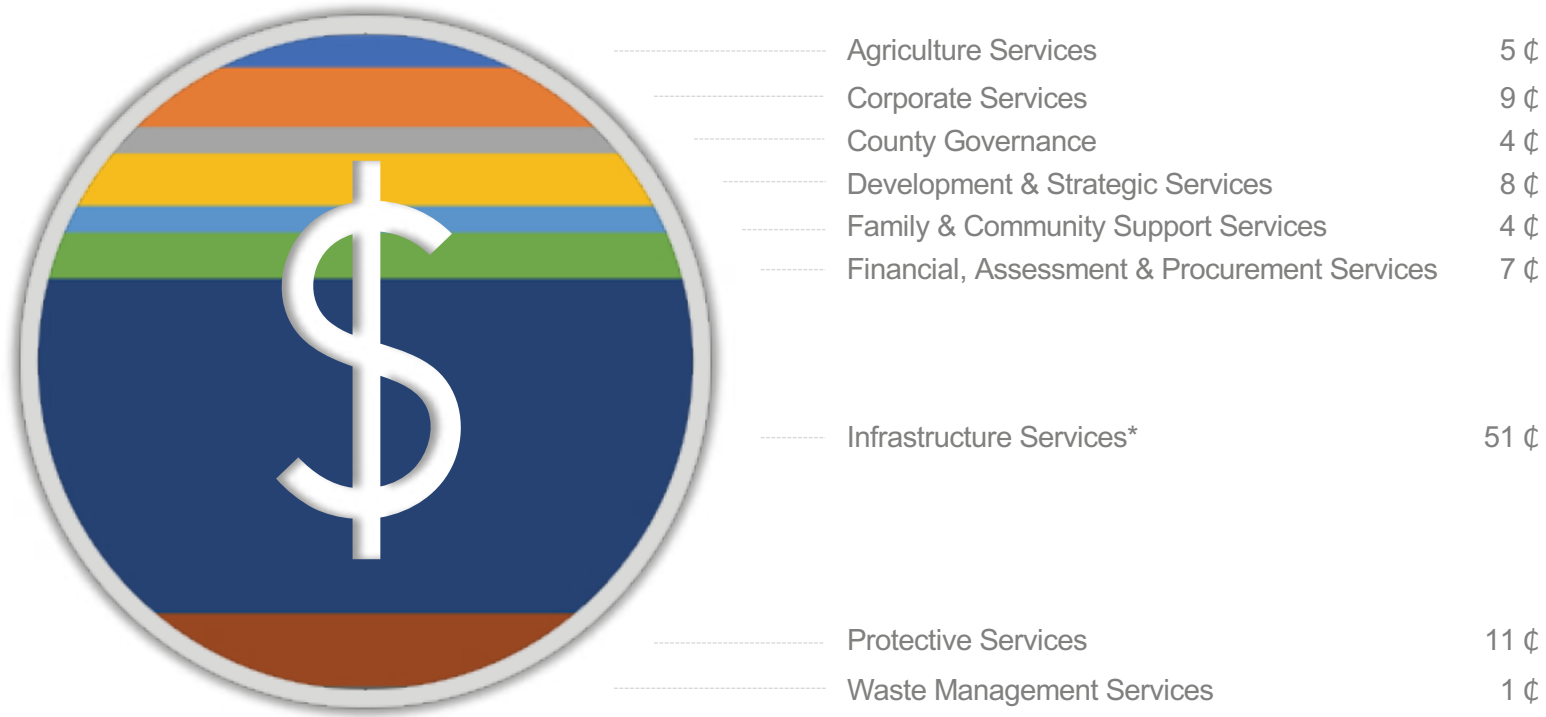
	2022 APPROVED	2023 FORECAST	2024 FORECAST	2025 FORECAST
Total Revenue	113,819,953	114,542,797	115,493,950	116,526,951
Operating Expenditures	73,368,557	76,724,670	77,321,271	77,057,033
Capital Expenditures	57,237,541	34,869,208	32,600,997	40,537,884
Total Expenditures	130,606,098	111,593,878	109,922,268	117,594,917
For Funding Purposes:				
Transfers from Reserve	41,851,892	35,028,448	34,391,052	39,796,935
Transfers to Reserve	(40,158,427)	(39,195,047)	(38,980,414)	(38,624,149)
Transfers to Accumulated Surplus	(1,732,320)	(1,732,320)	(1,732,320)	(1,732,320)
Debentures	16,825,000	2,950,000	750,000	1,627,500
	-	-	-	-
Tax Rate	1.80%	+ 3.23%	+ 0.94%	- 0.54%
Attributable to:				
Forecasted Provincial Policing	1.80%	+ 0.93%	-	-
Remainder of Forecasted Expenditures	-	+ 2.30%	+ 0.94%	- 0.54%

Operating Revenue



* *Machinery & Equipment* consists of components that form an integral part of an operational unit for manufacturing, processing, production, or transmission of a product. This equipment includes pipeline, powerlines, and heavy industrial plants such as refineries.

Municipal Expenses



**Distribution of a
Municipal Tax Dollar**

* *Infrastructure Services* primarily provides road transportation and engineering services to the community, as well as managing the County's vehicle fleet and community buildings.

Service Enhancements

The 2022 operating service enhancements – ongoing, single year, and multi-year – have been allocated within three overarching themes in the following amounts:

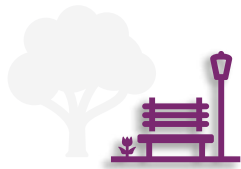
 <p>\$1.4 million for Economic Development and Competitiveness</p>	<ul style="list-style-type: none"> • Strategy and Competitiveness • Targeted Growth • Innovation and Opportunity 	
 <p>\$1.4 million for Infrastructure Management and Modernization</p>	<ul style="list-style-type: none"> • Externally or Self-funded, and Mandated Programs • Transportation • Public Safety • Community • Internal 	
 <p>\$1.4 million for Operational Efficiency and Sustainability</p>	<ul style="list-style-type: none"> • Improved Process and Enhanced Services • Keeping Pace • Regulatory Requirements 	

Capital Budget

The capital budget provides significant investments in key infrastructure while maintaining the County's financial sustainability.

This financial sustainability is demonstrated by:

- Debt capacity forecast to remain below 50% of the legislated debt limit
- Financial reserves projected to meet capital investment funding requirements within the 6-year capital plan
- Long-term tax rate impacts of debt servicing remain below 1%



Community Assets

\$ 2.4 million



Externally & Self-Funded Assets or Mandated Programs

\$ 3.3 million



Public Safety Assets

\$ 1.2 million



Transportation Assets

\$ 44.9 million



Internal Assets

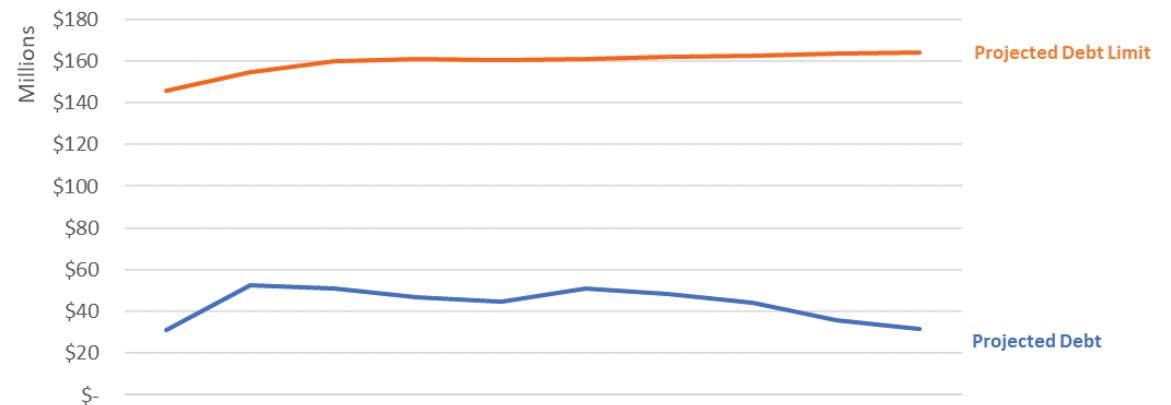
\$ 5.5 million

Debt

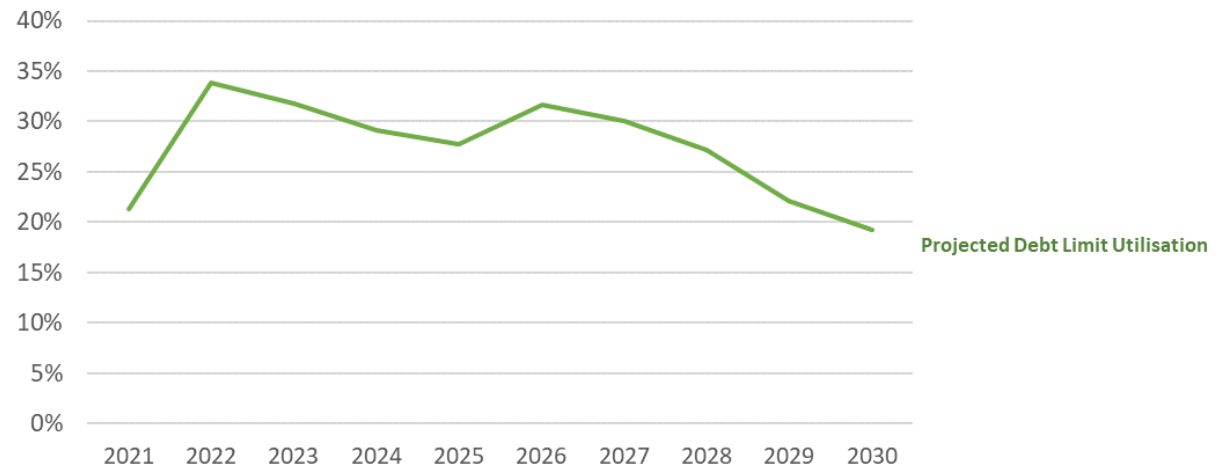
The total debt capacity available at the County's peak borrowing, forecast for 2022, totals \$102 million.

The forecast debt is projected to peak below 35% of our Provincially regulated limit. By 2030, the projected debt reduces to 20% of the legislated debt limit, which reflects the County's strong long-term financial flexibility and sustainability.

Forecast Debt



Forecast Debt as a Percentage Debt of Limit Utilized



Financial Reserves

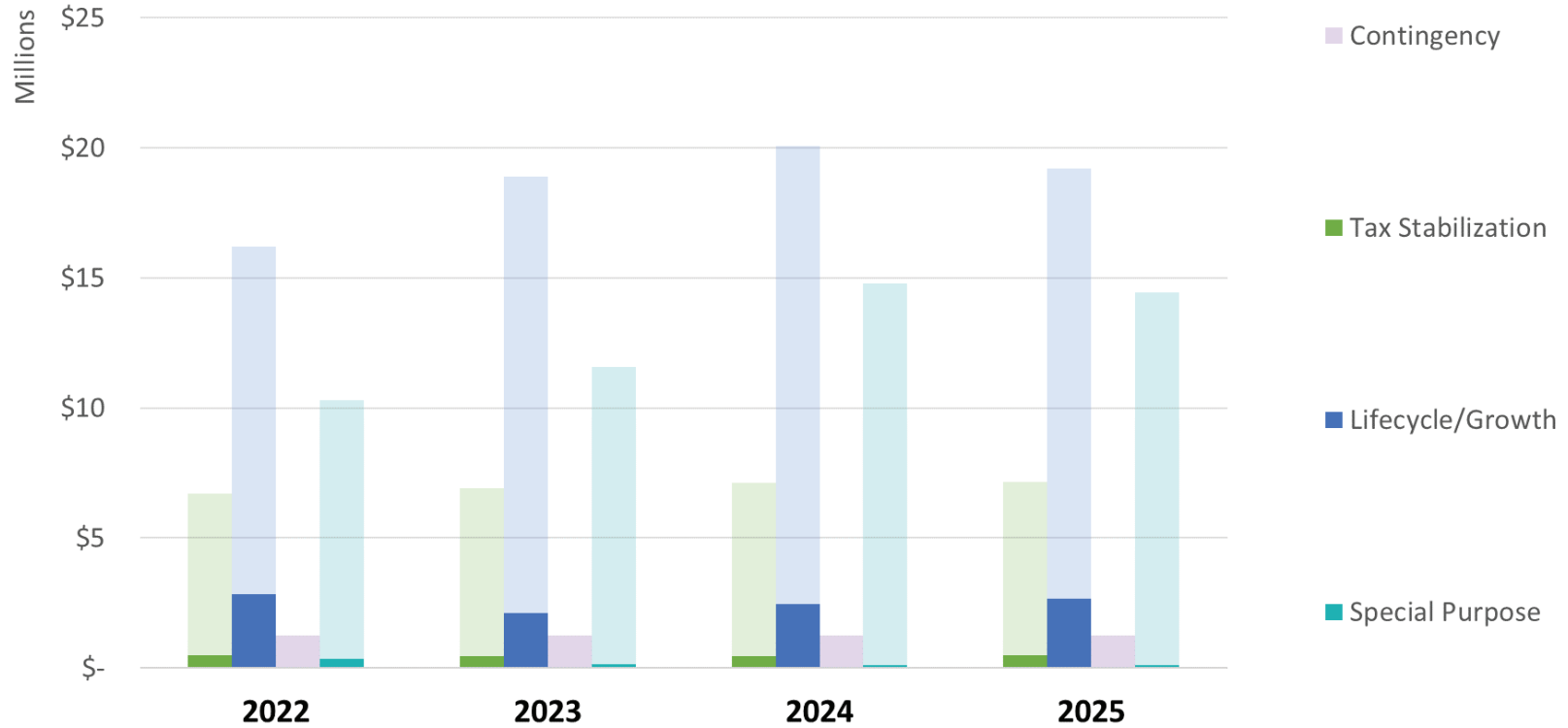
A **reserve** is an allocation of funds from net revenue.

Reserves are guided by Reserve Policy and governed by Council.
They are critical to municipalities to ensure operational flexibility for planned and unplanned activity.



Financial Reserves

Forecast Reserves Balances by Category



Transparent Fill Portion of reserve that is uncommitted.

Solid Fill Portion of reserve that is committed to future projects.

Utility Services

- Provides reliable, quality water and wastewater systems
- Ensures that utility infrastructure meet current standards and practices
- Operates all systems according to all applicable regulations

Potable water is supplied by EPCOR to the Capital Region Northeast Water Service Commission and redistributed to Sturgeon County customers.

Changes in rates for water and wastewater are directly attributed to increased wholesale costs from EPCOR, the Capital Region Northeast Water Services Commission, and the Alberta Capital Region Wastewater Commission.

Water Rates

	2021 Rate	2022 Rate	% Diff.
Base Rate	\$46.50	\$48.50	4.3%
Residential Rate	\$3.30/m ³	\$3.36/m ³	1.8%
Commercial/Industrial Rate	\$3.67/m ³	\$3.75/m ³	2.2%
Truckfill	\$3.95/m ³	\$4.00/m ³	1.3%

A cost-of-service study was completed in 2016. To align with the study's long-term recommendations and forecasts, the bi-monthly base rate (flat fee) has increased by \$2 per utility customer.

For a detailed listing of fees (including Wastewater rates), please refer to the 2022 Fees and Charges Bylaw on sturgeoncounty.ca/rates.



Sturgeon County

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