Town of CANMORE

Long Term Financial Strategy:

Funding the Capital Asset Plans

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Executive Summary

As part of Council's work toward the eventual development and adoption of a Long Term Financial Plan (LTFP), they have adopted this Long Term Financial Strategy (LTFS) for funding planned capital projects. Beginning with an analysis of the Town's current financial position, 5 and 10 year capital expenditures, available funding, reserve and debt balances, and the funding gap projections were prepared, based on a number of assumptions and considering various sensitives and using existing capital planning documents. The projections include only the known, and do not include any contingency funding for unplanned, emergent, or other new capital financial demands not contained in existing municipal plans.

It became apparent that the currently available funding sources will not support all identified capital infrastructure projects and by the end of the 10 years an accumulated funding gap of $30.5M will exist if the Town continues to do the same things in the same way. Using this information, eight principal areas of financial strategy have been identified to contribute to five financial goals over the next 10 years. The five financial goals are:

1. Flexibility,
2. Efficiency,
3. Sufficiency,
4. Integration, and
5. Credibility

The eight principal strategy areas and corresponding strategies are summarized below. Actions in support of these strategies are detailed in the report.

Strategy Area	**Strategy**
Ensure adequate funding	Ensure that estimates of future infrastructure expenditure requirements are complete and sustainable.
	Maintain/increase funding from existing sources.
	Match the volatility of funding and expenditures.
Achieve diverse sources of funding	Diversifying funding.
Managing expenditures	Increase efficiencies in infrastructure delivery.
	Set priorities to ensure the most important areas are funded.
Providing for contingencies	Monitor economic and operational factors and forecasts in order to be able to respond to changing circumstances.
	Ensure the Town has ready access to enough funds to meet unforeseen urgent needs and manage risk appropriately.

Using debt strategically	Manage the level of debt and use it strategically to make available, in a timely manner, essential assets with long lifespans.
	Examine a wider range of debt financing instruments.
Operating with prudent foresight	
Maintaining sufficient cash flow	
Promote and enable legislation	Align corporate priorities by linking needs and actions to resources and timelines.
	Increase co-ordination to promote greater efficiency.

A LTFS is not a static document, as information changes and improves over time, and the strategies are implemented, the projections will change as thus, the LTFS will require periodic updating, but it is an intentional, holistic way forward.

Introduction

A Long Term Financial Strategy is an essential component of a long term financial plan. GFOA International, Long-term Financial Planning Best Practice describes Long Term Financial Planning (LTFP) as:

> Long-term financial planning is the process of aligning financial capacity with long-term service objectives. Financial planning uses forecasts to provide insight into future financial capacity so that strategies can be developed to achieve long-term sustainability in light of the government's service objectives and financial challenges.

LTFP encompasses plans to fund both operating and capital requirements over a period of time greater than one year. Its objective is to identify future challenges, risks and opportunities so that the municipality can take related actions in the shorter-term financial planning process. It considers services and service levels, strategic plans, growth projections, estimated inflation, revenue sources, taxation levels, asset management plans, master plans, and asset condition reports. It is a holistic look at the anticipated financial needs of a municipality over the long term and provides a plan for meeting these needs.

The LTFP is “operationalized” in the shorter-term financial planning cycle. The LTFP brings value to the shorter term budget cycle, improving both efficiency and effectiveness, through the development of:

- Supporting policies and strategies that will best support the achievement of community goals and priorities and long-term financial sustainability.
- Long-term financial forecasts, including the identification of key revenue and expenditure drivers.
- A common understanding of the government's financial future, challenges, and opportunities and collective agreement on the financial direction to be taken by key stakeholders (community, council and staff).

In addition, the LTFP can improve day-to-day decision making by shifting organizational thinking towards consideration of longer-term implications and to be more strategically focused on community objectives.

A comprehensive long-term financial planning process is a significant undertaking, thus, Canmore will develop its plan over time and in steps. On June 23, 2015 Council held a LTFP workshop to:

- Develop an understanding of LTFP,
- Recognize that LTFP is a long-term, continuous process,
- Clarify ownership of the process,
- Discuss the process, stakeholders, and the level of engagement, and
- Establish a timeline for implementation.

In January 2016 Council approved the hiring of the Town's Asset Management Coordinator whose role includes developing Asset Management Plans for major asset classes. One part of such a plan is a Long Term Financial Strategy (LTFS) for funding the costs associated with acquiring and managing assets. Thus, one of the first steps in developing both an asset management plan and a LTFP is the preparation of a LTFS for funding Canmore's capital infrastructure.

The current financial situation of the Town of Canmore (the Town) reflects prudent fiscal practices, moderate residential taxes and reserve levels, and increasing but manageable debt. All of these factors contribute to the Town being in a historically sound financial position. Although the Town's current financial position is reasonably solid, there are some systemic and emerging issues that could potentially threaten the Town's financial sustainability:

- Insufficient and inflexible revenue-raising tools to fund services and infrastructure at the current quality levels valued and expected by citizens and visitors,
- the demand to fund future infrastructure,
- the recent acquisition of a number of new pieces of infrastructure,
- the ageing of existing infrastructure,
- unreliable long-term capital grant funding from other orders of government,

- a volatile economy,
- increasing pressure to minimize municipal tax increases, and
- over-contribution of taxes to other orders of government

These are the significant factors contributing to the Town's fiscal challenges. Without definitive action to address these factors, the Town will become increasingly challenged to fund the infrastructure at the current quality levels that citizens and visitors expect and value.

In recognition that the status quo is not a viable option and as one of the first steps in the development of a holistic LTFP, Council has adopted a Long Term Financial Strategy (LTFS) for funding asset replacement/rehabilitation and new infrastructure for the Town, the vision of which is to continue to build a sustainable municipal government that is innovative, cost-conscious, and flexible in the fiscal management of its capital assets. Council's strategy recognizes as one of its fundamental elements that existing principles and practices governing municipal financing of capital asset plans are untenable and must change if Canmore is to maintain and enhance its current capital funding position. It is necessary to re-evaluate past practices of the Town in regards to financing municipal capital assets and, where necessary, change them to ensure the sustainability of the Town's capital funding capacity.

This LTFS is the first step on the road to improving the understanding of the Town's overall longer-term financial situation, with the goal of favourably influencing its long-term financial future.

Figure 1: Canmore Civic Centre

Connection to Other Plans

The achievement of a sustainable long-term capital funding financial situation for Canmore is more than a financial planning/budgeting exercise. The variety and condition of physical infrastructure anticipated, required, provided, owned, and/or maintained by the Town requires that planning initiatives be undertaken in many areas and over several time horizons. Historically, the Town prepares a number of planning documents, used to develop capital budgets and planning summaries, including:

- TOC Utilities Master Plan – 2017,
- Solid Waste and Recycling Services Rate Models – current,
- Utility Rate Model – current,
- Integrated Transportation Plan – 2014,
- Municipal Development Plan – 2016,
- Open Spaces & Trail Plan – 2015,
- Recreation Master Plan – 2016,
- Town of Canmore Strategic Plan - 2016-18,
- TOC Steep Creek Hazard and Risk Policy – 2016,
- Environmental Sustainability Action Plan – 2013,
- Fire Rescue Master Plan – 2017,

- TOC Vehicle Replacement Policy – 2016
- 2017-2018 Budgets and Business Plan,
- Various Area Structure Plans (ASPs),
- Building Condition Assessment - 2014-15,
- Bridge Management Report Draft – 2016-17, and
- Re-occurring Road Condition Studies (last one completed in 2016 by Stantec)
- MTA Spatial needs Study – 2016
- KCP Energy Solar Voltaic Assessment - 2016

Each Town department uses these plans to develop their capital budgets and five-year planning summaries, but have predominantly done so in isolation and without an analysis of the overall, long term financial requirements. The first step in preparing the LTFS was to compile the information contained in these plans to determine the overall anticipated capital funding requirements for each of the next 10 years. This information was then used to develop a LTFS for reaching capital funding sustainability.

Purposes

The LTFS is designed to meet the following purposes:

- To support and reflect Council's strategic goal of providing services and programs that respond to the aspirations of residents and visitors and are delivered in an effective, innovative, and fiscally responsible manner.
- To support Council's strategic priority of establishing and meeting defined targets for reserves and capital contributions.
- To support Council's strategic priority of implementing an asset management strategy.
- To establish a strategy for growing reserve funds sufficient to ensure the long-term financial stability and flexibility of the Town's capital infrastructure plans.
- To build awareness of the results of 10-year projections of capital spending and resulting funding requirements.
- To assist the Town in determining the extent of its financial challenges.
- To spur the development of actions in department business plans and budgets that respond to the LTFS.

Background

Since the LTFP workshop, Council has successfully completed the planned timeline milestones as follows:

- Develop a property tax policy – November 2015
- Intentional reserve contributions included in the annual operating budgets – December 2015
- Revise the debt management policy to include better parameters and reporting requirements – March 2016
- Revise the Reserves policy to include better parameters and reporting requirements – June 2016
- Address master plans, asset needs assessments, and condition assessments to determine holistic, long-term capital funding requirements – March 2017
- Develop a LTFS for capital asset funding – June 2017

In order to develop the LTFS, it was important to understand key challenges and trends, the Town's current financial position, and the existing funding sources and levels available.

Figure 2: Canmore Fire Hall

Key Challenges and Trends

The current financial situation of the Town reflects a strong financial position, prudent fiscal practices, moderate residential taxes, moderate reserve levels, and moderate but manageable debt. All of these factors contribute to the Town being in a sound financial position. Although the Town's current financial position is sound there are some systemic and emerging issues that could potentially threaten the Town's financial sustainability, as follows:

- **Limited revenue-raising tools to fund expenditures**: The Town is responsible for providing a wide range of essential services and infrastructure and must rely on only a few limited sources of revenue. The Town's revenue sources are not broad enough and the amount they provide is inadequate to fund services and infrastructure at required levels. Furthermore, property taxes, which are the Town's primary, reliable revenue source, are not sensitive to economic growth.

- **Tourism**: The need to provide infrastructure to support the Town's significant tourism industry, and without additional special funding sources, places further pressures on the Town's finances. This pressure is not experienced by all municipalities. "The capital value of infrastructure in tourism communities is a good proxy for comparison to non-tourism communities. Per capita tangible capital assets (Provincial 2012 Milnet data) show a $15,485 average value of tourism community assets as compared to $10,054 for ten similar sized non-tourism communities, a 54% increase in tangible capital asset investment requirements." (Source: *Alberta Tourism Communities Benchmarking and Competitiveness Review* (August 2015). Prepared by the Headwater Group.)

- **Demand to fund future infrastructure**: The cost of supplying and maintaining infrastructure to support new growth places considerable demands on Town budgets. Because of the long lead times required to plan and build municipal infrastructure, the Town must anticipate growth and plan, finance and build required infrastructure before the tax base exists to contribute revenue toward these costs. It is the Town's practice to debt-finance these front-end infrastructure costs. This practice assumes that future off-site levies will be used to fund debt servicing payments; in essence growth pays for growth. This places additional stress on municipal finances and reduces the debt limit available to fund non-growth infrastructure projects.

- **Recent acquisition of a number of new pieces of infrastructure**: In the past five years the Town has approved and/or added a number of new assets, such as the Waste Transfer Facility, Elevation Place, artsPlace, Canmore Recreation Centre Renovations, flood mitigation structures, local transit, the Legacy Trail, pedestrian and cycling infrastructure, and affordable housing developments. As a result, debt levels have increased, reserves have decreased, and grant funds have been allocated to the new rather than to the rehabilitation and replacement of existing infrastructure. New infrastructure will also require eventual rehabilitation and replacement, thus adding to the long term financial burden of capital assets.


Figure 3: Elevation Place

- **Ageing existing infrastructure**: Currently most of the Town's assets are relatively young, but they are ageing and will require increased levels of rehabilitation and replacement. The 2016 annual amortization of the historical cost of capital assets was $7.7 million, indicating the annual cost to replace the existing assets at their original cost. As capital infrastructure in tourism-based communities tends to be more expensive, the actual annual costs to replace existing assets will be significantly higher, and they will only increase over time.

- **Unreliable long-term capital grant funding from other orders of government**: The Town does not have sufficient fiscal capacity to provide a level of infrastructure necessary to meet current demands and accommodate future growth and must rely on transfer payments that can be changed at the discretion of other orders of government, or incur additional debt. This creates uncertainty in financial planning due to potential unexpected changes to funding caused by the changing priorities of other orders of government. It is important to note that the Town must also continue to fund associated on-going operating expenditures from limited and largely inflexible sources of revenue.

- **A volatile economy**: The Town is challenged by a cyclical economy and has repeatedly experienced periods of rapid economic and population growth followed by periods of stagnation or even contraction. This presents challenges in establishing stable levels of services and revenue, including off-site levies used to pay for "growth" infrastructure.

- **Increasing pressure to minimize municipal tax increases**: Although the Town's residential property taxes are moderate on the Canadian scale, there is considerable pressure to control tax rate increases. Since tax increases are politically sensitive and highly visible, increases in property tax have politically acceptable limits, even if a significant portion of the increase can be attributed to external factors such as inflation. It is key that taxpayers receive fair and prudent value for their tax dollars.

- **Over-contribution of taxes to other orders of government**: Taxpayers in Canmore over-contribute to the Federal and Provincial governments. This means that the taxes and other payments going to these orders of government exceed the benefits received by Canmorites. This leaves local government with less than adequate revenue to fund its spending responsibilities and requires the use of debt and reserve draws to bridge the gap. As well, the Provincial Education Property Tax charges reduce the tax room otherwise available to fund municipal operations and infrastructure and this amount sent to the Province significantly exceeds the benefits received in return. All of this places further stress on the Town's financial position.

Taken together, the sum of the issues is greater than its parts: a resource-intensive operation with static revenue sources; growth-related expenditures, which exceeds available revenue; increasing demand for both new infrastructure and prudent management of existing assets; unreliable and often conditional long-term capital grant funding; a tourist-based economy prone to rapid swings and requiring infrastructure to support it; considerable pressure to control tax rate increases; a fiscal imbalance between the orders of government; and a diverse resident and visitor population that values quality infrastructure. Without definitive action to address these factors, the Town will become increasingly challenged to fund existing and projected infrastructure that citizens and visitors expect and value.

Current Financial Position

The current financial situation of the Town is strong, its fiscal practices are prudent, its investments are diverse and liquid, and the move to approved multi-year budgeting offers a degree of foresight. Based upon information obtained to date, the projected capital reserves, debt room, annual tax contribution to capital projects, and annual grant funding to December 31, 2018 are as follows:

Source	Project December 31, 2018 Balance (in millions)
General Capital Reserve	$8.9
Asset Replacement/Rehabilitation Reserve	$1.6
Utility Reserves	$6.7
Debt Room – 100% of debt limit less debentures and guarantees outstanding and committed	$23.0
Annual tax contribution to capital projects	$1.0
Municipal Sustainability Initiative (MSI) Grant Funds - annual	$4.5
Federal Gas Tax Fund (FGTF) Grant Funds - annual	$0.7

Table 1: Projected reserves balances and debt room to December 31, 2018, the annual tax contribution to current year capital projects, and annual grant allocations.

As at December 31, 2016 the Town owned assets with a historical cost of $373,188,192, of which $92,212,824 had been amortized, leaving an unamortized asset balance (net book value) of $290,975,368 or 76% of their cost. This indicates that the Town's assets are relatively "young", which is to be expected given the recent significant new infrastructure additions. Annual amortization is $7.7 million.

Current budgeted capital spending on non-flood related capital assets and projects is $12.7 million in 2017 and $26.9 million in 2018. Flood related projects add another $0.38 million and $3.65 million respectively.

Figure 4: Street Sweeper

Long Range Projections

The Town is facing significant capital asset funding challenges. The state of municipal finance is such that opportunities to raise additional revenue and funding from new or existing sources are limited. The Town's main source of revenue is derived from property tax, which has proven to be inflexible and inelastic. Funding from other orders of government is at their discretion and is subject to change or elimination as provincial and federal agendas evolve. Meeting citizens' and visitors' infrastructure expectations has also placed stress on Town finances. The addition of new and improved assets, meeting the demands of growth, replacing and rehabilitating existing infrastructure, and responding to inflationary pressures all contribute relentlessly to a profile of anticipated capital expenditures that exceed available revenue.

The foundation for understanding the extent of the Town's financial challenges is a projection of its capital funding requirements 5 and 10 years into the future. The projections demonstrate the inadequacy of current funding sources to pay for capital expenditures.

A multi-year financial projection is an essential tool for long-term planning. The purpose of a multi-year projection is to:

- Illustrate the relative magnitude of the capital financial challenges facing the Town,
- Highlight the general trends they reveal, and
- Assist in planning strategy and actions that will contribute to the Town's long-term capital funding sustainability.

The capital projections are based on all funded and unfunded capital programs identified by Town departments from existing planning documents. They show that over the next 5 and 10 years the currently available funding sources will not support all identified capital programs.

Assumptions

The results of long-range financial projections are dependent on the assumptions made, which were:

- Annual funding of operating and maintenance costs is adequate to ensure assets do not deteriorate faster than normal,

- All capital projects are included in the plans, which are based on known and reasonably anticipated requirements over the next ten years; no contingency is included for emergent or unplanned capital requirements,
- The costs of and funding for flood-related projects are excluded from the calculations as these are considered to be extraordinary occurrences and distort annual average calculations,
- The costs of and funding for utility projects are excluded from the calculations, with the exception of remaining debt limits available, as the solid waste services, recycling, water, and wastewater utilities budget using already established long-term models,
- MSI or some other Provincial grant continues at the current amount and for the entire period,
- FGTF or similar Federal grant continues at the current amount and for the entire period,
- The increase the annual property tax contribution to capital increases by 2% per year based on the assumptions that the current practice of contributing the equivalent of 5% of the previous years' property tax revenue to funding of current year capital initiatives continues and that property taxes increase by 2% per year,
- The debt limit increases by 2% per year, based on a 2% annual tax increase,
- Asset Rehabilitation/Replacement Reserve contributions remain at the current budgeted $400,000/year,
- Interest income is not included in projected reserve balances, as reserve balances are expected to rapidly decrease thus generating low to no interest income,
- All amounts include a 2% inflation adjustment per year, the same assumed increase in tax revenue,
- The annual contribution to the General Capital Reserve is held at the current amount of $1.65 million in order to determine its adequacy. This includes discretionary contributions of $660K and Fortis franchise fees of $990K, and
- No transfer of operating surpluses to reserves is included, as the Town has implemented tighter operating budget initiatives, resulting in decreasing surpluses. These surpluses are not a sustainable or reliable funding source, thus, they should not be assumed to occur or continue.


Figure 5: Materials Recycling Facility

Sensitivities

Changes to individual assumptions can impact the projections and since the assumptions affect the projections so much, it is important to understand not only what the assumptions are, but also how changes to them could alter the outcome; this is known as sensitivities. The following sensitivities must be considered:

- **Inflation**: Inflationary cost increases will directly impact the level of funding required, which is exacerbated by the inelasticity of the Town's primary source of revenue, property taxes.
- **Tax rate changes**: With public demand to keep property tax rates stable or even to decrease them, the ability to fund capital assets is reduced. Decreases in property tax revenue will increase the gap between what is required to fund capital plans and what is available.
- **Uncertain and potential decreases in grant funding levels**: Changes to the level of funding available from other levels of government or restrictions placed upon their use will significantly impact the projections.
- **Unanticipated or emergent capital requirements**: The projections were prepared based upon the known capital requirements in existing planning documents, excluding flood-related initiatives. Any assets not included in these documents increase the projected capital funding gap.
- **Changes to the cost estimates beyond inflation**: The projected costs are based on those contained in the various planning documents, which may or may not be 100% accurate. While a 2% inflationary factor has been applied, any cost changes in excess of inflation will impact the projected funding requirements.

- **Changes to the utility rate models**: Any changes to the utility rate models that require more debt than anticipated or any other non-utility rate/reserves support will negatively impact the projected capital funding gap.
- **Capital requirements outside of the 10 year window**: Assets with high price tags, and especially those that sit just outside of the 10 year, can significantly impact average annual funding requirements, as a 10 year window to "save up" for the expenditures is too short. One such example is bridge rehabilitation/ replacement costs which are significant and the majority of which lie between twelve and thirty years into the future.

Figure 6: Bow River Bridge

Projections

5 and 10 year projections of capital expenditures and funding have been prepared based on all funded and unfunded capital programs identified in the Town's planning documents, not including provisions for items outlined in the "sensitivities" section of this report. The projections are contained in the following tables:

- Table 2: New and rehabilitation capital expenditures, years 1 – 5 (2019 – 2023)
- Table 3: New and rehabilitation capital expenditures, years 6 – 10 (2024 – 2028)

- Table 4: Projected reserves, debt, current year taxes, and grants used to fund projected capital expenditures, and the resulting balances each year for years 1 – 5
- Table 5: Projected reserves, debt, current year taxes, and grants used to fund projected capital expenditures, and the resulting balances each year for years 6 – 10
- Table 6: Summary of the projected annual General Capital and Asset Rehabilitation/Replacement reserves balances and the outstanding debt as a percentage of the debt limit over a 10 year period beginning in 2019.

Capital Expenditures in Planning Documents (in $000s)										
	2019	**2019**	**2020**	**2020**	**2021**	**2021**	**2022**	**2022**	**2023**	**2023**
Item	**New**	**Rehab**	**New**	**Rehab**	**New**	**Rehab**	**New**	**Rehab**	**New**	**Rehab**
Bridges	0	0	0	0	0	0	0	0	0	0
Roads	5,210	500	2,225	1,000	270	1,750	2,000	2,000	2,000	2,000
Facilities	55	70	195	620	325	100	2,355	1,540	9,100	1,210
IT	140	137	30	137	140	137	140	137	140	137
Protective Service	-	380	-	1,230	-	545	-	60	-	1,800
Fleet	200	508	-	100	-	40	35	385	260	385
Parks	1,870	445	345	400	545	357	625	360	625	25
Totals	7,475	2,040	2,795	3,487	1,280	2,929	5,155	4,482	12,125	5,557
Inflated Total (2%)	7,625	2,081	2,908	3,628	1,358	3,108	5,580	4,851	13,387	6,135
Annual Inflated Total		9,705		6,536		4,467		10,431		19,522

Table 2: New and rehabilitation capital expenditures per planning documents in thousands of dollars, adjusted for an annual compounded 2% inflation rate, years 1 – 5 (2019 – 2023).

Capital Expenditures in Planning Documents (in $000s)										
	2024	**2024**	**2025**	**2025**	**2026**	**2026**	**2027**	**2027**	**2028**	**2028**
Item	**New**	**Rehab**	**New**	**Rehab**	**New**	**Rehab**	**New**	**Rehab**	**New**	**Rehab**
Bridges	0	0	0	1,600	0	0	0	0	0	0
Roads	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Facilities	2,830	1,370	3,135	1,207	5,305	2,684	2,412	1,923	2,412	1,923
IT	140	137	140	137	140	137	140	137	140	137
Protective Service	-	500	-	40	-	-	-	779	-	544
Fleet	200	385	-	385	330	385	106	397	106	397
Parks	625	350	625	425	625	500	425	383	425	383
Totals	5,795	4,742	5,900	5,794	8,400	5,706	5,083	5,619	5,083	5,384
Inflated Total (2%)	6,526	5,340	6,777	6,655	9,842	6,685	6,075	6,715	6,196	6,563
Annual Inflated Total		11,866		13,433		16,527		12,790		12,759

Table 3: New and rehabilitation capital expenditures per planning documents in thousands of dollars, adjusted for an annual compounded 2% inflation rate, years 6 – 10 (2024 – 2028).

	Gen Cap Reserve	Asset R&R Reserve	Debt		MSI Capital	FGTF	Taxes
Dec 31/18 Balance	8,877,700	1,588,745	47,658,224		604,858	125,465	-
2019 Additions	1,650,000	400,000	4,041,000	u	4,500,000	705,000	1,010,000
2019 Debt repymt			6,518,629				
2019 Draws	4,295,300	-			3,600,000	800,000	1,010,000
2019 Balance	6,232,400	1,988,745	45,180,595		1,504,858	30,465	-
Debt Limit Used			60.08%				
2020 Additions	1,650,000	400,000	4,500,000	u	4,500,000	705,000	1,030,200
2020 Debt repymt			1,064,447				
2020 Draws	1,955,593	-			2,850,000	700,000	1,030,200
2020 Balance	5,926,807	2,388,745	48,616,148		3,154,858	35,465	-
Debt Limit Used			63.39%				
2021 Additions	1,650,000	400,000	-		4,500,000	705,000	1,050,804
2021 Debt repymt			1,337,713				
2021 Draws	1,415,820				1,300,000	700,000	1,050,804
2021 Balance	6,160,987	2,788,745	47,278,435		6,354,858	40,465	-
Debt Limit Used			60.43%				
2022 Additions	1,650,000	400,000	303,630	u	4,500,000	705,000	1,071,820
2022 Debt repymt			1,705,742				
2022 Draws					9,359,579	-	1,071,820
2022 Balance	7,810,987	3,188,745	45,876,323		1,495,279	745,465	-
Debt Limit Used			57.49%				
2023 Additions	1,650,000	400,000			4,500,000	705,000	1,093,256
2023 Debt repymt			1,735,630				
2023 Draws	7,394,611	3,588,745			5,995,279	1,450,465	1,093,256
2023 Balance	2,066,376	-	44,140,693		-	-	-
Debt Limit Used			54.23%				

u = utilities debt n = non-utilities debt

Table 4: Projected reserves, debt, current year taxes, and grants used to fund projected capital expenditures, and the resulting balances each year for years 1 – 5.

	Gen Cap Reserve	Asset R&R Reserve	Debt		MSI Capital	FGTF	Taxes
2024 Additions	1,650,000	400,000	1,429,876	n	4,500,000	705,000	1,115,122
2024 Debt repymt			1,039,613				
2024 Draws	3,716,376	400,000			4,500,000	705,000	1,115,122
2024 Balance	-	-	44,530,956		-	-	-
Debt Limit Used			53.64%				
2025 Additions	1,650,000	400,000	5,040,306	n	4,500,000	705,000	1,137,424
2025 Debt repymt			1,078,315				
2025 Draws	1,650,000	400,000			4,500,000	705,000	1,137,424
2025 Balance	-	-	48,492,947		-	-	-
Debt Limit Used			57.27%				
2026 Additions	1,650,000	400,000	8,112,255	n	4,500,000	705,000	1,160,173
2026 Debt repymt			1,118,552				
2026 Draws	1,650,000	400,000			4,500,000	705,000	1,160,173
2026 Balance	-	-	55,486,650		-	-	-
Debt Limit Used			64.24%				
2027 Additions	1,650,000	400,000	4,351,505	n	4,500,000	705,000	1,183,376
2027 Debt repymt			1,160,390				
2027 Draws	1,650,000	400,000			4,500,000	705,000	1,183,376
2027 Balance	-	-	58,677,765		-	-	-
Debt Limit Used			66.60%				
2028 Additions	1,650,000	400,000	4,297,171	n	4,500,000	705,000	1,207,043
2028 Debt repymt			1,097,780				
2028 Draws	1,650,000	400,000			4,500,000	705,000	1,207,043
2028 Balance	-	-	61,877,156		-	-	-
Debt Limit Used			68.86%				

u = utilities debt n = non-utilities debt

Table 5: Projected reserves, debt, current year taxes, and grants used to fund projected capital expenditures, and the resulting balances each year for years 6 – 10.

Year	Gen Cap	Asset Rehab/Rep.	Debt %
2018	$8,900	$1,600	65%
2019	$6,232	$1,989	60%
2020	$5,927	$2,389	63%
2021	$6,161	$2,789	60%
2022	$7,811	$3,189	57%
2023	$2,066	$0	54%
2024	$0	$0	54%
2025	$0	$0	57%
2026	$0	$0	64%
2027	$0	$0	67%
2028	$0	$0	69%

Table 6: Summary of the projected annual General Capital and Asset Rehabilitation/Replacement reserves balances (in $ thousands) and the outstanding debt as a percentage of the debt limit over a 10 year period beginning in 2018.

The projections show that:

- over the first 5 years the average cost of the annual total planned projects is $10.1M, and this increases to $13.5M in the later 5 years,
- annual reserve contributions, tax contribution to capital funding, and grant allocations total approximately $8.2M,
- during the first 5 years the average annual funding gap for planned projects only is $1.9M and this increases to $5.0M in the latter 5 years, for a cumulative total of $34.5M over the 10 years,
- over these periods the currently available funding sources will not support all identified capital programs,
- at current reserve contribution levels, by 2024, both the General Capital and the Asset Rehabilitation/Replacement reserves will have been depleted,
- every year the full amount of MSI and FGTF grant funds are utilized, and
- debt levels will hit a low of 54% of the Town’s debt limit (down from the current 68%) and then begin climbing again year over year.

It is important to note that the projections also do not consider the impact rising debt servicing costs will have on the operating revenue needed to fund them.

The projections highlight the known, anticipated stress upon the Town’s financial capacity. It is clear the Town cannot continue to do the same things in the same way, especially since the projections do not include any contingency amounts for emergent and other unexpected or new initiatives requiring capital funding.

Figure 7: Skateboard Park

Goals and Strategies – A Way Forward

The Town of Canmore is facing a number of challenges to its capacity to provide the planned infrastructure valued by its citizens and visitors. Systemic barriers limit the Town's ability to fulfill its municipal mandate to provide infrastructure to its citizens and visitors. Furthermore, growth-related demand for infrastructure is placing strain on the Town's financial capacity.

The essence of the LTFS is to provide a plan to deal with the 10-year financial challenges facing Canmore, in order to progress toward long-term financial sustainability. The model below presents the conceptual view of how this plan is structured, from the identification of the overall purpose of municipal government capital spending, to the specific financial strategy. A connection with non-financial goals and strategies is indicated as well.

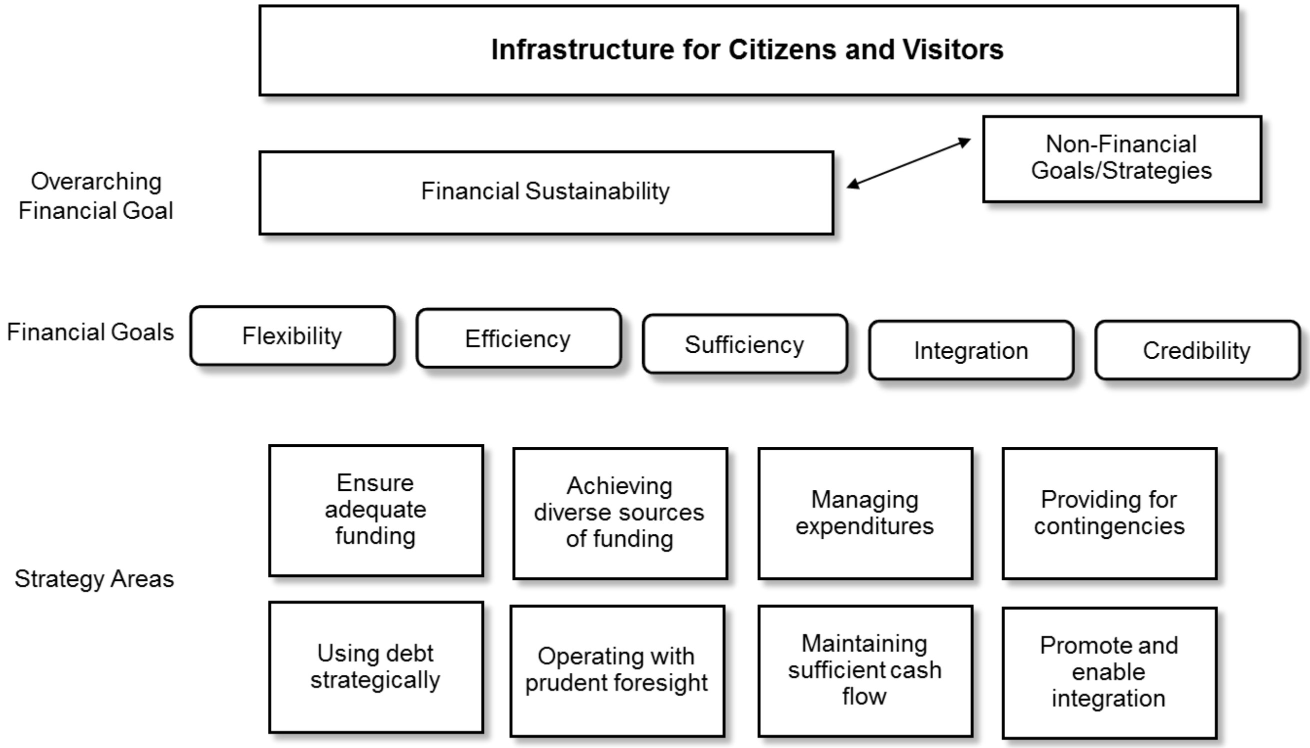

Figure 8: Conceptual model of the strategy framework.

A brief description of each element of the model follows:

Infrastructure for Citizens and Visitors: The Town of Canmore's Corporate Vision (Canmore is a resilient and vibrant community socially, economically, and environmentally. Its strength is in its resourceful and engaged citizens, who thrive together on the strength of the community's heritage, long term commitment to the diversity of its people, and health of the mountain landscape) is expressed through providing services to its citizens and visitors, which are supported by its infrastructure. Council recognizes that under existing circumstances the Town will be challenged to fulfill its municipal infrastructure mandate. Council has adopted this LTFS, in recognition that existing principles and practices governing municipal capital financing must change if the Town is to continue to provide the infrastructure needed, expected, and valued by Canmorites and their visitors without jeopardizing its financial position.

Overarching financial goal: In order to preserve the ability to continue meeting its capital responsibilities and expectations, Canmore must achieve a sustainable long-term financial situation. The Town's ability to provide, rehabilitate, and replace physical infrastructure is particularly challenging given a narrow revenue base that, typically, experiences only modest growth. The Town is further challenged by a history of periods of strong economic growth during which demands for infrastructure increases, followed by economic slow-downs, which includes a decrease in funding and revenue, while infrastructure financial pressures remain the same. Infrastructure for anticipated growth must be funded before the growth occurs and corresponding increases in revenue are realized.

In order to define strategies and actions for becoming sustainable, as well as assess the degree to which sustainability is being achieved, a clear understanding of financial sustainability is necessary. For the purpose of this document, financial sustainability is defined as:

> "The enduring ability of the Town to ensure that it can deliver the level and types of infrastructure expected by the community, while proactively assessing and managing associated risks, at acceptable levels of taxation and fees."

Financial sustainability as defined above extends beyond the ability to raise sufficient revenue to meet the current capital expenditures. There are four key concepts ingrained in this perspective:

1. The first concept in this statement is that this occurs over the long term and therefore extends beyond the current budget. Financial sustainability, therefore, means the ability to balance these funding and expenditure constraints over the long term. Focusing on the long term also implicitly satisfies the need to maintain intergenerational equity, such that one generation does not unduly subsidize the infrastructure that will be used by another generation.
2. The second concept is that infrastructure should be maintained. This puts a constraint on expenditures, in that to be considered sustainable, a municipality cannot continually reduce capital expenditures to balance with revenues.
3. Third, the importance of the Town's proactive risk management culture is acknowledged. Strategies and actions developed and implemented in support of financial sustainability will be fully considered in accordance with a comprehensive set of risk management procedures and programs.
4. Finally, an acceptable level of taxation and user fees means that there is an upward constraint on the ability to raise revenue in order to meet expenditures.

Financial sustainability is not a static goal. Changes in everything from technology to political environment to societal values will all impact the sustainability of the Town's capital programs. Therefore, on-going monitoring and revision of goals and strategies is necessary to ensure that the financial path that the Town is on at any given time is sustainable.


Figure 9: Wastewater Treatment Plant

Specific financial goals: There are five main goals to deliver financial sustainability in the long term:

1. **Flexibility**: being able to effectively respond to changing economic, social, environmental or political conditions and circumstances. This goal involves reserving some capacity during typical years to be able to respond to significant atypical conditions or events.

2. **Efficiency**: using public funds in ways that provide the highest level of needed infrastructure possible within the amount of funding available. Efficiency should be interpreted on two levels: a departmental level and a corporate level. At the departmental level, departments need to strive to use the least resources to provide a given level of capital projects. At the corporate level, this means targeting resources at those capital projects most valued and needed by citizens and visitors, and only providing capital infrastructure that provides sufficient value to citizens and visitors to justify the costs.

3. **Funding sufficiency**: having sufficient resources to support the delivery of infrastructure projects for which the Town bears responsibility. As related to financial sustainability, this goal refers not just to the amount of funding, but to the consistency in funding level changes relative to changes in expenditures and to the diversity of funding sources. The Town is continually challenged to fund its significant infrastructure obligations because of insufficient and inflexible revenue-raising tools.

4. **Integration**: ensuring that the financial constraints under which the Town operates are fully considered when engaging in policy-making and decision-making. This also refers to decisions across the municipal corporation being coordinated to ensure consistency and the most cost-effective infrastructure provision.

5. **Credibility**: achieving financial performance in a way that achieves and maintains public confidence in the municipality's ability to provide infrastructure at expected levels. This includes the transparency with which financial decisions are made and the accountability for ensuring these decisions are consistent with the overall goal of financial sustainability. Citizens and visitors value the infrastructure provided by the Town and they must continue to perceive that the benefits provided them are at least in proportion to the municipal taxes they pay.

Financial strategy areas: council has adopted this LTFS, the vision of which is to build a municipal government that is able to meet its financial obligations as they relate to its infrastructure plans and programs. Council's strategy recognizes that existing principles and practices governing municipal capital finance are not sustainable.

Eight principal areas of financial strategy have been identified to contribute to the five financial goals over the next 10 years. For the most part, the strategies contribute to all the financial goals identified. Each strategy area is outlined below, including a description and specific statements that support each strategy area. The strategy statements discuss identifiable successes and promote new actions and approaches that will improve financial sustainability as it relates to the Town's capital program, as well as encourage the continuation of current practices that prevent the erosion of sustainability. Included in this section are examples of specific accomplishments toward long-term financial sustainability and proposed near-term and longer-term action items that are being considered or actively pursued by the Town in its quest to achieve sustainability.

1. **Ensuring adequate funding** recognizes the challenges facing The Town because of systemic inadequacies that result in insufficient and inflexible revenue-raising tools. It involves both determining Canmore's funding requirements (including managing infrastructure growth, redevelopment, and lifecycle replacement needs) and obtaining adequate funding from multiple sources to meet them. It encompasses a balanced approach to capital funding so that needs related to infrastructure growth and rehabilitating or replacing current assets are both prominent. This strategy area includes three major strategy statements regarding full cost identification and maintaining or potentially increasing funding from existing and new revenue sources.

    a. **Ensure that estimates of future infrastructure expenditure requirements are complete and sustainable.** This strategy requires that the cost of providing infrastructure is identified in order to establish what level of funding would be considered "adequate".

       The Town has implemented the financial reporting model required by the Public Sector Accounting Board for municipalities in Canada. A useful outcome of this has been determining the cost of Town-owned assets. The Tangible Capital Asset inventory, historical costing and categorization project that was required in order to implement the reporting model has given the Town a much-improved understanding of the cost of each asset. Work on this LTFS has also amalgamated the anticipated future infrastructure funding contained in a wide variety of planning documents to provide a better, holistic picture of what funding will be required to replace the Town's infrastructure at the end of its lifecycle.

    b. **Maintain/increase funding from existing sources.** On the funding side, the Town has obtained and leveraged Municipal Sustainability Initiative (MSI) grant funding. Although the majority of current offsite levies relate to utility infrastructure, which is not included in this LTFS, the annual review and updating of development offsite levies will promote a more representative alignment of these assessments with the costs of providing growth infrastructure and will provide mechanisms to more accurately align revenues and costs over time. While not considered or included in the LTFS, it is also important to remain cognizant of the associated future operating costs of capital and to ensure required operating funds are recognized.

       The Town is aware of the demand to minimize property tax increases. However, a sustained increase in the annual contribution to capital reserves from property tax revenue is required to fund capital projects. Based upon the 2018 projected property tax revenue, a 1% increase equates to approximately $230,000. With an annual capital funding gap ranging from $2.3 to $3.7 million, a one-time 10% to 15% increase in the contribution from taxes would be needed to close this gap. A further increase would be required to ensure adequate funding of reserves to build a buffer for financing unexpected or emergent infrastructure needs, or for capital plans that change due to the sensitivities explored earlier in this report. Recognizing that this level of tax increase in one year is unpalatable, the LTFS calls for a sustained increase in the contribution from property taxes each and every year, for a minimum of the next 10 years to increase funding of reserves.

c. **Match the volatility of funding and expenditures.** Where possible, attaching funding sources to infrastructure expenditures that have similar volatility or risk profiles can ensure a long-term stable funding source. The types of actions flowing from the execution of this strategy area, in the near-term, includes recognizing lifecycle costs and the operating expense for capital assets, as part of the completion of asset management plans. Longer term, this strategy could encompass, for example, ensuring development agreements and the offsite levies provide sufficient resources to fund growth-related infrastructure, working to achieve certainty, flexibility and longevity in intergovernmental funding agreements, and emphasizing the continuing need to establish more stable, long-term sources of growth sensitive funding.

Figure 10: Pumphouse 1

2. **Achieving diverse sources of funding** includes identifying actions related to alternative and innovative funding sources that will help the Town respond to the pressures of growth and redevelopment and reduce the reliance on the property tax. This is especially important for large capital requirements such as new and significant buildings or water treatment plants. The Town has traditionally had access to a limited number of inelastic revenue sources such as property taxes, user fees and intergovernmental transfers to meet expenditure requirements that are continually under upward pressure. This has placed the Town's financial position under increasing stress.

   Diversifying funding relates to risk mitigation by having a variety of (balanced) funding sources that limits the impact to revenues from economic, environmental and/or social changes and allow for better alignment of changes in funding and expenditures. Efforts in the short-term could involve identifying additional revenue-sharing or compensation opportunities with other orders of government in order to support both operating and capital needs.

   Anticipated changes to Alberta's Municipal Government Act (MGA) will expand the types of growth infrastructure that municipalities may charge developer offsite levies for, thus allowing for a better funding model for growth infrastructure. Expanded use of user fees to more closely fund costs from those who benefit will free up property taxes that can then be used to fund the capital financing gap. Lobbying of the Provincial government for access to the Tourism Levies collected in Canmore or other "tourism infrastructure funding" should continue to be pursued.

   There are also more grant opportunities for regional projects, thus the Town, where possible and feasible, should seek to partner with its regional municipal partners for acquiring or constructing mutually beneficial assets in order to utilize these regional grant funding sources.

   Longer-term, the Town could focus on identifying and negotiating for municipalities' access to growth-sensitive revenue sources in terms of taxes, fees and development charges. The measure of what portion of Town capital funding is provided by municipal property taxes will be a good indicator of whether the search for new sources is succeeding.

3. **Managing expenditures** deals with cost containment in order to limit pressure on funding requirements. This is a particularly important area during economic downturns, when revenues are under stress. This strategy area includes two statements regarding cost control and prioritization:

    a. **Increase efficiencies in infrastructure delivery.** Asset management plans will be developed as part of the continuing LTFP work, which will lead to lifecycle management of assets that will target expenditures to achieve efficient life spans while reducing the impact of premature major overhauls or replacements. This will aid in the efficient delivery of the Town's capital program, as will seeking value for money in the acquisition or construction of capital assets. The continuation of mode shift initiatives will continue to reduce the need for new and enhanced road infrastructure, and continuing the practice of matching road and deep utility work will reduce costs in both of these areas. Other efficiencies can be found by:

        i. Ensuring there is alignment among Council priorities, coordinated department business plans and corporate budgets, and
        ii. Implementing innovative procurement strategies, incorporating sustainable strategies into facility design and construction.

    b. **Set priorities to ensure the most important areas are funded.** Council applied a corporate capital prioritization process to development of the 2017 – 2021 Capital Planning Summary, thereby optimizing overall capital expenditures and providing guidance for potential cost deferrals in the future. Measurement tools have also been utilized to assist with managing assets, including the facilities and roads condition assessment reports. The Town shall continue to align economic and population growth with infrastructure investment planning and capital budgeting. Further, given the recent trend toward funding new infrastructure, priority should now turn to funding existing asset rehabilitation/replacement projects.

        To this end, starting with the 2019 budget year (with the exception of the changes to the Reserves Policy which shall be undertaken in 2017) the following steps should be taken in regards to capital reserve investments:

        i. Use the General Capital reserve to fund new infrastructure projects and the Asset Rehabilitation/Replacement reserve to fund rehabilitation/replacement infrastructure projects in most, non-emergent cases,

ii. Transfer $4 million from the General Capital reserve to the Asset Rehabilitation/Replacement reserve,
iii. Reduce the annual discretionary contributions to the general capital reserve to $500,000 for the next five years, down from the current $660,000, and the remaining minimum of $160,000 will be contributed to the Asset Rehabilitation/Replacement reserve,
iv. Transfer an amount equivalent to the annual Fortis Franchise fees collected to the Asset Rehabilitation/Replacement reserve rather than to the General Capital reserve,
v. The recommended annual increased contribution to reserves from property taxes shall be transferred to the Asset Rehabilitation/Replacement reserve, and
vi. Schedule A of the Reserve Policy shall be amended to reflect these changes.

4. **Providing for contingencies** prepares the Town to manage risk and to be resilient when dealing with unforeseen circumstances while limiting the impact on the capital project plans. The following two strategic statements address the means to prepare adequately for the unknown:

    a. **Monitor economic and operational factors and forecasts in order to be able to respond to changing circumstances.** Economic downturns and variable funding schedules from other orders of government (for example, MSI, FGTF, and Green Trip funding) has highlighted the need to monitor the external economy and internal expenditures to be aware of the timing and degree of contingency actions and funding that may be required. The Town's budget process provides mechanisms to adjust business plans and budgets to correspond to changes in funding levels.

    b. **Ensure the Town has ready access to enough funds to meet unforeseen urgent needs and manage risk appropriately.** Current reserve funding levels will not only be insufficient to fund the capital asset plans over the next 10 years, there will also be insufficient funds set aside to meet unforeseen or emergent funding needs. The LTFS includes initiatives to grow reserve levels in order to better manage the risks of the unknown in the future.


Figure 11: Trail Flooding - 2012

5. **Using debt strategically** can provide capital funding flexibility by allowing certain infrastructure to be built and used before sufficient revenue has accumulated to offset the needed investment. Debt is also a tool that allows capital investments to be made when construction costs are favourable, to leverage grant funding, and to meet other needs such as stimulating the local economy. Debt can also promote inter-generational equity in that infrastructure is paid for by those who use it. The prudent use of available debt capacity can aid financial flexibility as a source of contingency financing. High debt levels, however, reduce flexibility, can increase the cost of borrowing and could impair financial sustainability if debt repayments cause or contribute to future revenue inadequacy. Two strategy statements deal with ways to use the Town's debt limit strategically:

    a. **Manage the level of debt and use it strategically to make available, in a timely manner, essential assets with long lifespans.** In accordance with the LTFP timeline adopted in 2015, Council amended its Debt Management Policy to include limits to the Town's overall debt and its uses. These limits have been used in the development of the 2017 – 2021 Capital Planning Summary and the approved 2017 and 2018 Capital Budgets. Continued compliance with this policy will ensure strategic use of debt for funding essential assets with long lifespans.

b. **Examine a wider range of debt financing instruments.** Strategic use of debt for bridge financing for MSI-funded projects have been approved in the past to get an earlier start on projects funded through provincial grants. Short- to medium-term debt temporarily increased, but this type of debt would be considered self-sufficient because some future provincial funding would be dedicated to repaying it. This strategy allowed the Town to successfully maintain momentum behind projects despite changes to the sequencing of funding commitments, and should continue to be employed where prudent to do so.

   Council may also consider private-public-partnerships (P3s) as a means to diversifying sources of financing by enabling the Town to take advantage of potential private financing sources and spread costs over the useful life of the asset while transferring long-term risk to a private partner. As well, in some cases, access to grants from other orders of government may be contingent on the project considering a P3 as a delivery method.

6. **Operating with prudent foresight** requires the Town to take into account what the current and future impacts of decisions will be on infrastructure, including how the Town's overall financial sustainability may be affected. It is important to build internal and external awareness of the projected future costs of Town infrastructure and of the potential impacts of changes to those projections. The Town has extended its financial planning horizon with two-year business planning and budgeting as well as a five-year period for long-range capital project planning. With changes to the MGA, the operating planning horizon will change to at least three years, while the capital horizon will remain at at least five years. The Town will consider planning for longer than the minimum required by the MGA in order to maximize the foresight provided by longer term planning. Other prudent actions will include:

   - Continuing to integrate business plans and budgets.
   - Assessing the longer-term impacts of current financial decisions (such as providing for the operating impact of capital investments in operating budgets and in capital budgets' project justification sheets).
   - Considering financial capacity in the Town's decision-making, and
   - Periodic updating of the capital funding projections to incorporate new information.

7. **Maintaining sufficient cash flow** allows the Town to pay the costs of supplying infrastructure mandated by Council while managing the use of debt. The Town needs to ensure it receives sufficient cash flow spread over the year to meet obligations while minimizing debt requirements. The Town's long-standing promotion of its monthly payment plans for property taxes (TIPP) ensures that a moderate amount of its revenues are spread throughout the year, reducing the volatility of cash flow and requirements for short-term borrowing. Currently, 49% of taxable properties are on TIPP.

   The Town's cash flow meets requirements and permits the investment of funds in varying investment vehicles and for various terms to maximize interest income, thus providing another source of revenue. Council's reserve policy requires that interest earned on invested reserves be transferred to these reserves.

   Actions that respond to this strategy statement could include looking for opportunities to advance revenue intake, continuing support for instalment payment plans for property taxes, and pacing expenditures to maximize cash flow.

8. **Promoting and enabling integration** of priorities and resources involves identifying and encouraging awareness of the financial implications of policy-making and decision-making on the Town's financial position. It involves three strategy statements regarding the optimal delivery of infrastructure.

   a. **Align corporate priorities by linking needs and actions to resources and timelines.** With the introduction of the Public Sector Accounting Body's (PSAB) requirement to account for Tangible Capital Assets (TCA) on a municipality's Statement of Financial Position, the Town is now in possession of information on existing assets. Using this information, the Town's LTFS, and various planning documents, Council will be adopting an Asset Management Plans which will govern the practice of asset management within the Town. The intent is to create an integrated approach to managing the Town's capital assets by promoting procedural enhancements that strengthen business processes, increase operational efficiency and facilitate more comprehensive decision-making. The Asset Management Plans and accounting for Tangible Capital Assets will/have provided the Town with a much-improved understanding of the lifecycle costs of its assets. Longer-term, the Town could pursue initiatives that would allow it to leverage this information into a multifaceted decision-making/budgeting model to support optimal planning for the growth, maintenance and replacement of existing assets and the development of new assets.

b. **Increase co-ordination to promote greater efficiency**. The capital expenditure implications shall be considered when making growth and funding decisions. The Town will also actively pursue opportunities to develop processes to identify growth and the related capital funding priorities, and directly link the identification of planning needs with supporting infrastructure. The Town will:
   i. Program realistic and achievable goals. Realizing that not everything project contained in the Town's planning documents when they are recommended to be done, a co-ordinated approach will be taken to prioritize projects and reduce those undertaken in any given year only to what is financially feasible.
   ii. Seek infrastructure investment decisions within a strategic, interdepartmental, holistic process, and
   iii. Coordinate departmental infrastructure investment priority lists across the organization and identify opportunities to prioritize capital project spending consistent with principles and objectives contained in the Town's planning documents.


Figure 12: Cougar Creek Ice Rink

Summary

Although the Town's financial position is sound there are some systemic and emerging issues that could potentially threaten the Town's financial sustainability as it relates to the funding of capital assets. Without action to address these issues, the Town will become increasingly challenged to provide the infrastructure that citizens and visitors expect and value. The Long Term Financial Strategy provides a view of the gap that could arise between the Town's revenues/funding and capital expenditures in the next 10 years if these systemic and emerging issues continue unaddressed. The capital funding and expenditure projection for the nest 10 years shows average annual funding shortfalls of $2.7 million for the first 5 years, rising to $3.7 million for years 6 through 10. These gaps do not include contingency funds for unexpected or emergent capital needs. Financial goals and strategies have been developed to reduce the funding gap that need to be periodically reviewed to improve financial sustainability while considering areas that need to be maintained to prevent Town finances from deteriorating.

The LTFS provides 10-year projections and financial goals and strategies in one forward-looking document. The LTFS is not an exercise in precision, but remains a work in progress which lays the groundwork for improvement with each update and is one of the first steps in the eventual development of a holistic Long Term Financial Plan. The 10-year capital projections in the LTFP have been calculated based on assumptions that would provide funding only for capital infrastructure identified in current planning documents.

Council has identified that existing principles and practices governing municipal capital finance are unsustainable and must change if Canmore is to maintain and enhance its current capital funding position. Current sources and levels of revenue and funding are not sufficient to meet projected requirements. The Town will also be further challenged by continued growth, economic volatility and tax resistance. Without action to address these challenges, the Town will face increasing financial pressure in providing infrastructure that Canmore's citizens and visitors expect and value. The potential funding gaps identified in this document indicate that continuing to provide the planned capital projects with the same revenue and funding is not financially sustainable. Ensuring that priority is given to asset rehabilitation and replacement, and increasing the property tax contribution to the Asset Rehabilitation/Replacement reserve will provide some relief to the financial pressure facing the Town. However, the Town also needs to develop and implement actions that support necessary financial strategies identified in this document in order to achieve those financial goals that will maintain or enhance financial sustainability, while continuing to provide the infrastructure expected and valued by Canmore's citizens and visitors.

The impacts on the Town's capital funding projections will need to be monitored to determine effectiveness and whether strategies or implementations need to be adjusted. Administration will periodically update the LTFS to reflect Council decisions, changes to the economy, planning document modifications, and internal and external developments that affect the Town financially.

Reference:

City of Calgary (2011). The City of Calgary Long Range Financial Plan 2011. Retrieved on June 8, 2017 from https://www.calgary.ca/CA/fs/Documents/Plans-Budgets-and-Financial-Reports/Long-Range-Financial-Plan.pdf?noredirect=1