



2025

Approved Capital
Budget and Five Year
Capital Plan



Capital Budget

The 2025 Capital Budget outlines a series of strategic investments focused on enhancing municipal infrastructure, supporting community services, and ensuring long-term asset sustainability. This budget includes a total of eight (8) new capital projects, collectively amounting to \$833,000. These projects address needs across various departments, including transportation, water infrastructure, and facility upgrades aiming to maintain service delivery and community well-being.

In addition to the new initiatives, the budget also incorporates eight (8) previously approved capital projects that are currently underway. These projects total \$4,118,067 and reflect the municipality's ongoing commitment to infrastructure development and maintenance.

Together, the combined investment of \$4,951,067 represents a balanced approach to advancing municipal priorities, focusing on projects that deliver maximum value for residents and support long-term growth and stability. However, rising inflationary pressures are affecting the municipality's overall ability to fund capital expenditures. Increased costs for materials, labour, and equipment could impact the scope and timing of some projects, requiring close financial monitoring and potential adjustments to maintain fiscal responsibility. This capital plan is designed to align with our strategic objectives, ensuring that resources are allocated efficiently while addressing both the current and future needs of the community.

Capital Budget

Reserves and Reserve Funds

A reserve is an appropriation from net revenue at the discretion of Council. The town does not apply interest earned to the specific reserves; it is reported as General Fund earnings.

A reserve fund is an allocation of accumulated net revenue. A reserve fund differs from a reserve in that reserve fund assets are segregated and restricted to meet the purpose of the reserve fund. There are two types of reserve funds: obligatory reserve funds and discretionary reserve funds. Obligatory reserve funds are created whenever statute requires. Discretionary reserve funds are established by Council to finance a future expenditure for which it has authority to spend money.

Reserve and reserve funds receive annual contributions from the operating budget and external sources to assist with the creation of a solid financial position to support the Town’s future cash requirements. Maintaining sufficient balances in reserves and reserve funds is a critical component of a municipality’s long term financial plan as it strengthens its long-term financial sustainability, helping to minimize fluctuations in the tax rate and provides funding to sustain infrastructure.

Operating Reserves

Operating Reserves are used to offset extraordinary and unforeseen expenditure requirements, one-time expenditures, revenue shortfalls, to minimize fluctuations on the general tax rate and to manage cash flows.

General Operating Reserve

The General Operating Reserve shall be used to:

- provide funding for unanticipated operating expenses in the course of providing municipal services;
- to provide funding for unforeseen general operating emergency expenses;
- to balance the current year deficit; and/or
- for non-budgeted items that require funding and Council approval during the year.

Tax Rate Stabilization Reserve

The Mill Rate Stabilization Reserve shall be used to establish dedicated funds that can be used to stabilize the level of municipal property tax increases over future years.

Cemetery Perpetual Care Reserve

The Cemetery Perpetual Care Reserve shall be used to provide funds for the improvement, maintenance, management, control, and operation of Town cemeteries once closed for future internments.

Water/Wastewater Operating Reserve

The Water/Wastewater Operating Reserve shall be used to provide funding for water/wastewater expenses of an operating nature.

Operating Reserves

Table C1

	December 31, 2024 Estimated Balance	Contributions From Operating Fund	Other Revenue	Transfer for Capital Projects	Transfer to Operating Fund	December 31, 2025 Projected Balance
Operating Reserves						
General Operating	1,409,800	40,200	-	-	-	1,450,000
Tax Rate Stabilization	914,994	85,006	-	-	-	1,000,000
Cemetery Perpetual Care	32,399	2,601	-	-	-	35,000
Water/Wastewater Operating	349,576	25,424	-	-	-	375,000
Total Operating Reserves	2,706,769	153,231				2,860,000

Capital Budget

Government Funded Reserves

These reserve funds are established to track the revenues received from Provincial or Federal governments for eligible infrastructure programs. Funding received from other levels of government will be used in future budgets as per the guidelines of each program.

Local Government Fiscal Framework

Formally known as the Municipal Sustainability Initiative (MSI) fund, Alberta municipalities are receiving a total of \$820 million in capital funding in 2025. Communities have been able to build and rehabilitate:

- roadways and bridges
- water and wastewater systems
- public transit facilities
- recreation and sport facilities
- other key local priorities

The Town's allocation has increased from \$656,823 in 2024 to \$722,761 in 2025 and will decrease to \$697,569 in 2026.

Canada Community Building Fund

Formerly known as the Federal Gas Tax Fund, the Canada Community-Building Fund (CCBF) provides all municipalities across the country with a permanent, stable and indexed source of infrastructure funding. It was made permanent in 2011 at \$2 billion per year, and is indexed at 2 per cent per year, starting in

2014-15. Under the CCBF, Alberta will receive \$499 million in 2021-22, for a total of \$2.3 billion since 2014-15. The Town will receive \$234,733 in 2025.

Municipalities determine projects and activities based on local priorities within the general qualification criteria set out in the program guidelines. Communities select how best to direct the funds with the flexibility to make strategic investments across the following project categories:

- public transit, highways, local roads and bridges
- drinking water and wastewater infrastructure
- solid waste management
- community energy systems
- capacity building
- local and regional airports, short-line rail short-sea shipping
- disaster mitigation
- broadband and connectivity
- brownfield redevelopment
- culture and tourism, sport and recreation
- fire halls

The funding provided under this program is in addition to other provincial grant funding, such as the Local Government Fiscal Framework, and non-grant funding of municipal infrastructure.

It is intended to cover capital costs only and may not be used for maintenance or operating costs, debt reduction, or replacement of existing municipal infrastructure expenditures.

Government Funded Reserves

Table C2

	December 31, 2024 Estimated Balance	Other Revenue	Transfer for Capital Projects	December 31, 2025 Projected Balance
Government Funded Reserves				
Municipal Sustainability Initiative - Capital	350,234		-200,000	150,234
Local Government Fiscal Framework	266,073	722,761		988,834
Canada Community Building Fund	984,389	234,733		1,219,122
Total Government Funded Reserves	1,600,696	957,494	-200,000	2,358,190

Capital Budget

Capital Reserves

Capital reserves are used to fund specific replacements or renewals of capital assets. As the assets of the Town increase, so should the contribution from the operating budget to these reserves for the replacement and refurbishment needs of the underlying capital asset, based on lifecycle costing.

As staff proceed with the development of life cycle costing, the composition, utilization and target balances of the capital reserves will be reviewed.

General Capital Reserve

The General Capital Reserve shall be used to provide funding to accommodate current year capital funding requirements that have not been previously established from existing reserves.

This reserve is intended for use to, at least partially, fund one-time emergent capital projects that require additional funds that exceed the approval annual budget. This may be due to scope changes in work, natural disasters, unique requirements based on ratepayers' requests, reduced funding from other sources (i.e. Government grants) or a dramatic increase in costs due to a one-time special circumstance.

Administration Building Capital Reserve

The Administration Building Capital Reserve shall be used to provide funds for the capital improvement or replacement of the Town Administration building (i.e. structural improvements, roof replacement, floor coverings, etc.) and major equipment (i.e. electronic data processing hardware, software, printers/scanners, etc.).

Emergency Services Reserve

The Emergency Services Reserve shall be used to provide funds for the replacement of the Town Fire Hall and other fire infrastructure and equipment within the Town of Three Hills. This reserve fund may also be used for the purchase of fire apparatus. Such infrastructure and equipment may include Engine 51, Engine 52, Command 50, Rescue 54, Tanker 55, and Squad 56. This reserve does not include funds for purchasing turn-out gear.

Transportation Reserve

The Transportation Reserve shall be used to provide funds for capital transportation infrastructure needs within the Town. Such needs may include construction, repair, or replacement of arterial roadways including all related appurtenances (i.e. including, but not limited to, sidewalks, asphalt pathways, street lighting, storm sewers, traffic control devices, etc.).

Airport Reserve

The Airport Capital Reserve shall be used to fund capital projects at the Three Hills Airport.

Solid Waste Capital Reserve

The Solid Waste Capital Reserve shall be used to:

- fund the lifecycle replacement of capital infrastructure or future capital acquisitions relating to solid waste collection services;
- fund the lifecycle replacement of capital infrastructure or future capital acquisitions relating to solid waste recycling services; and/or
- fund the replacement of capital infrastructure or future capital acquisitions relating to the landfill.

Land Development Reserve

The Land Development Reserve shall be used to purchase and develop lands for the economic development of the Town. Proceeds from the sale of Town-owned lands shall go back into this reserve.

Municipal Reserve

The Municipal Reserve shall be used to fund capital projects for repair, renovation, renewal, replacement, of lands designated as Municipal Reserves (MR).

Cemetery Reserve

The Cemetery Reserve shall be used to fund capital projects relating to Town-operated cemeteries. Such projects may include expansion of a cemetery and repairs, replacements or upgrades to the columbaria.

Capital Budget

Aquatic Centre Reserve

The Aquatic Centre Reserve shall be used to fund capital projects for repair, renovation, renewal, and replacement of the Three Hills Aquatic Centre. This reserve does not include repairs, renovations, renewal or replacement of the Three Hills Splash Park.

Centennial Arena Reserve

The Centennial Arena Reserve shall be used to fund capital projects for repair, renovation, renewal, and replacement of the Three Hills Centennial Arena.

Campground Reserve

The Campground Reserve shall be used to fund capital projects for repair, renovation, renewal, replacement, and/or expansion of the Three Hills Campground.

Parks & Playgrounds Reserve

The Parks & Playgrounds Reserve shall be used to fund the development and/or upgrades of Town parks and playgrounds, including the Three Hills Splash Park.

Community Centre Reserve

The Community Centre Reserve shall be used to fund capital projects for repair, renovation, renewal, and replacement of the Three Hills Community Memorial Centre.

Library Capital Reserve

The Library Capital Reserve shall only be used to provide funds for the capital improvement or replacement of the Three Hills Library building (i.e. structural improvements, roof replacement, floor coverings, etc.). This reserve shall not be used for cosmetic capital improvements or replacements.

Wastewater Capital Reserve

The Wastewater Capital Reserve shall be used to provide funds for replacement or construction of wastewater collection systems and networks and storm drainage systems.

Water Capital Reserve

The Water Capital Reserve shall be used to provide funds for replacement of construction of water supply and distribution systems and networks. This reserve may include:

- replacement of equipment for the Water Treatment Plant;
- replacement of equipment for the Water Distribution network (i.e. pumphouse, lift stations, etc.);
- repairs or replacement of water lines;
- repairs, replacement, or construction of other water infrastructure.

Capital Budget

Capital Reserves

Table C3

	December 31, 2024 Estimated Balance	Contributions From Operating Fund	Other Revenue	Transfer for Capital Projects	Transfer to Operating Fund	December 31, 2025 Projected Balance
Capital Reserves						
General Capital	1,588,154	114,846	-	-58,000	-	1,645,000
Emergency Services	331,070	18,930				350,000
Administration Building	70,718	29,282	-	-20,000	-	80,000
Transportation	140,298	395,702	-	-125,000	-	411,000
Airport	8,250	8,250	-	-	-	16,500
Solid Waste	536,280	70,720	-		-	607,000
Land Development	870,381	150,619	-	-35,000	-	986,000
Municipal Reserves	122,974	2,026	-	-	-	125,000
Cemetery	32,440	2,560	-	-	-	35,000
Aquatic Centre	425,530	44,470	-	-20,000	-	450,000
Arena	324,489	99,511	-	-45,000	-	379,000
Campground	98,721	1,279	-	-	-	100,000
Parks & Playgrounds	317,994	32,006	-	-	-	350,000
Community Centre	138,460	14,540	-	-	-	153,000
Library	39,750	7,250	-	-	-	47,000
Wastewater	591,599	220,401	-	-	-	812,000
Water	1,360,385	489,615	-	-200,000	-	1,650,000
Total Capital Reserves	6,997,493	1,702,007		-503,000		8,196,500

Dedicated Reserves

The Town also maintains dedicated or other reserves – for landfill closure and post-closure costs and for developer contributions received in the past.

Dedicated Reserves

Table C4

	December 31, 2023 Balance	December 31, 2024 Estimated Balance	December 31, 2025 Projected Balance
Dedicated Reserves			
Landfill Environmental/Closure	409,467	459,467	509,467
Developer Contributions – Water	31,437	31,437	31,437
Developer Contributions - Wastewater	14,787	14,787	14,787
Total Dedicated Reserves	455,691	505,691	555,691

Capital Budget

Schedule of Movements

Table C5

	December 31, 2024 Estimated Balance	Contributions From Operating Fund	Other Revenue	Transfer for Capital Projects	Transfer to Operating Fund	December 31, 2025 Projected Balance
Operating Reserves						
General Operating	1,409,800	40,200	-	-	-	1,450,000
Tax Rate Stabilization	914,994	85,006	-	-	-	1,000,000
Cemetery Perpetual Care	32,399	2,601	-	-	-	35,000
Water/Wastewater Operating	349,576	25,424	-	-	-	375,000
Total Operating Reserves	2,706,769	153,231				2,860,000
Government Funded Reserves						
Municipal Sustainability Initiative - Capital	350,234			-200,000		150,234
Local Government Fiscal Framework	266,073		722,761			988,834
Canada Community Building Fund	984,389		234,733			1,219,122
Total Government Funded Reserves	1,600,696		957,494	-200,000		2,358,190
Capital Reserves						
General Capital	1,588,154	114,846	-	-58,000	-	1,645,000
Emergency Services	331,070	18,930				350,000
Administration Building	70,718	29,282	-	-20,000	-	80,000
Transportation	140,298	395,702	-	-125,000	-	411,000
Airport	8,250	8,250	-	-	-	16,500
Solid Waste	536,280	70,720	-		-	607,000
Land Development	870,381	150,619	-	-35,000	-	986,000
Municipal Reserves	122,974	2,026	-	-	-	125,000
Cemetery	32,440	2,560	-	-	-	35,000
Aquatic Centre	425,530	44,470	-	-20,000	-	450,000
Arena	324,489	99,511	-	-45,000	-	379,000
Campground	98,721	1,279	-	-	-	100,000
Parks & Playgrounds	317,994	32,006	-	-	-	350,000
Community Centre	138,460	14,540	-	-	-	153,000
Library	39,750	7,250	-	-	-	47,000
Wastewater	591,599	220,401	-	-	-	812,000
Water	1,360,385	489,615	-	-200,000	-	1,650,000
Total Capital Reserves	6,997,493	1,702,007		-503,000		8,196,500
Dedicated Reserves						
Landfill Environmental/Closure	459,467	50,000	-	-	-	509,467
Developer Cont – Water	31,437	-	-	-	-	31,437
Developer Cont - Wastewater	14,787	-	-	-	-	14,787
Total Dedicated Reserves	505,691	50,000				555,691
Total Reserves	11,810,649	1,905,238	957,494	-703,000		13,970,381

Capital Budget

The purpose of the capital improvement plan is to forecast and match projected revenues and major capital needs over a five-year period. Capital planning is an important management tool that strengthens the linkages between community infrastructure needs and the financial capacity of the town.

The Town of Three Hills faces the challenge of meeting the needs of its residents for public services and facilities with increasing costs and relatively fixed revenues. To be able to effectively set project priorities, the town prepares a Capital Improvement Plan (CIP).

Capital Improvement Planning

A Capital Improvement Plan is the preparation and updating of a schedule of public works projects and related equipment to be built or purchased by the Town within a period of five years. It covers the entire range of public facility and service requirements. The CIP lists all future projects along with cost estimates and the anticipated means of financing each project.

Capital improvements are public improvements involving the expenditure of public funds, over and above normal annual operating expenses, for the purchase, construction or replacement of specific physical facilities or assets of the community. Examples include, but are not limited to:

- the construction of bicycle & pedestrian pathways,
- parks improvements,
- the renovation of community owned buildings,
- the purchase of land,
- vehicle or equipment purchases,
- construction of water and sewage treatment facilities,
- extension of water and sanitary sewer lines,
- and others.

The town defines capital expenditures as any expenditure of major value that recurs irregularly, results in the acquisition of a fixed asset, and has a useful life greater than one (1) year.

The first year in the plan is referred to as the “capital budget” and includes those projects scheduled to be funded in the upcoming fiscal year. The succeeding years’ schedule of projects make up the Capital Improvements Plan and serve as a mechanism for tracking and planning for future needs.



Benefits of a Capital Improvement Plan

The CIP is updated annually in order to fine-tune the capital budget to reflect changing economic conditions and to reflect the need for additional projects or adjust the priority of projects as necessary.

The capital improvement plan is simply that – a plan. As such, projects are subject to change based on new or shifting service needs, special financing opportunities, emergency needs, or other directives or priorities established by Council. Because priorities can change, projects included in outward planning years are not guaranteed for funding.

The Three Hills CIP achieves five major objectives as a component of the Town’s budget and financial planning process:

- Helps the town rationally and intelligently plan for the repair, replacement, and acquisition of capital items that are necessary in providing high quality services to the citizens of Three Hills.

Capital Budget

- Assists in fiscal planning by forecasting capital demands together with future revenues and expenditures (as part of the financial plan).
- Insures better coordination, evaluation, and planning of projects to serve the community and its needs.
- The CIP, together with the Financial Plan, serves as a guide to decision-making for Council, the CAO, and employees.

The systematic and comprehensive analysis of capital needs increases the probability of making rational (and correct) budgetary judgments since improvements are identified, prioritized, and matched to the projected fiscal resources of the town.

Capital Improvement Plan Funding

The capital improvement plan has been prioritized and projected based on need and the expected levels of funding available to fund the plan. The town's contributions to the CIP can be defined within two categories:

- Funded from reserves – projects are partially or fully funded through capital reserves. Capital reserves balances can be funded through contributions from the operating budget, contributions from developers contributions or by the sale of capital assets.
- Debt – projects are partially or fully funded through the use of long-term debt.

Contributions from other governments or organizations can also fund the capital program and include the following categories:

- Canada Community Building Fund (formerly the Federal Gas Tax fund) - currently provides \$234,733 annually in federal funding to invest in eligible municipal infrastructure, such as water, wastewater and transportation projects.
- Local Government Fiscal Framework - helps support local infrastructure priorities and build strong, safe and resilient communities. Three Hills

will receive \$722,621 in 2025 (\$656,823 in 2024) with \$697,569 expected in 2026.

- Other Provincial Funding – includes conditional funding from programs offered through provincial departments; examples would be the Watershed Resiliency and Restoration Program (WRRP) or the Alberta Municipal Water/Wastewater Partnership (AMWWP)/ Water for Life program.
- Other Revenue – includes funding from other municipalities, third parties or development charges.

Other funding indicates future year projects where the funding has not yet been identified, either internally or externally. Funding for these projects will be identified as they become current, or they will be dropped from the capital improvement plan.

Interest Rate Impacts

In light of rising interest rates in 2022 and 2023, the Town has modified capital funding strategies to minimize its utilization of long-term debt in 2024 and beyond. This will be done by increasing capital funding via our own reserves rather than incur debt, and higher interest charges, until at least 2026. While this will reduce the Town's reserve balances over those years, the savings on avoiding higher interest charges would be substantial.



Capital Budget

Long Term Debt

The Town currently has 5 loans or debentures for capital projects completed in prior years.

In 2024, the Town utilized \$1,909,780 in self-supported debt for the Residual Retention Pond project at the Water Treatment Plant. A plan will need to be developed to pay ourselves back for this debt. It is recommended we wait for one more year (2026 Capital Budget) to develop a plan as there may be additional provincial grant funds provided to fund this project, which could change the repayment approach.

Table C6

Purpose	Issuance	Rate	Original Amount	Balance at Dec 31, 2023	Balance at Dec 31, 2024	Projected Balance at Dec 31, 2025	2025 Principal Payments	2025 Interest Payments
Water Treatment								
WTP Upgrades	ACFA 4002668	2.683%	5,871,767	4,933,564	4,682,967	4,425,603	257,364	123,906
WTP Upgrades	ACFA 4003084	4.630%	1,050,000	758,416	553,278	339,099	214,179	21,813
Wastewater								
Sewer Lagoons	RBC-022	2.560%	1,660,057	494,402	361,023	224,189	136,834	7,644
Arena								
Lobby	ACFA 4000660	4.915%	800,000	301,761	252,715	201,229	51,486	11,796
Lobby	ACFA 4001068	4.124%	500,000	222,717	194,661	165,436	29,225	7,730
				6,710,859	6,044,644	5,355,556	689,088	172,889

Based on the approved Capital Improvement Plan, the 2025 funding includes no debt being used for capital project funding, with incremental increases needed starting in 2025. Existing debt is shown below in pink.

in debt required to fund the Capital Improvement Plan (Table 13) in its entirety.

Water, wastewater and transportation infrastructure replacements will likely incur significant debt funding over next five years.

Total Long Term Debt



Future years capital expenditures have been planned to strive to avoid significant increases in tax rate and water rates. With the withdrawal of Federal and Provincial funds from infrastructure programs, which have been mainly cost shared, rate increases may be required to fund the required rehabilitation needs. The forecasted debt to be outstanding is illustrated in Table C7 on page 11.

The movement towards funding capital projects through the tax rate will stabilize our reliance on debt and leave the town in good financial shape while providing flexibility to fund future projects.

Projected debt based on the five-year capital funding plan is shown in black. This includes the \$5,635,267

Capital Budget

Debt Limits

The debt limit (maximum allowable debt) is calculated at 1.5 times the revenue of the Town (as defined in Alberta Regulation 255/00) and the debt service limit (annual debt payments) is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired.

Actual and Projected Debt Limit

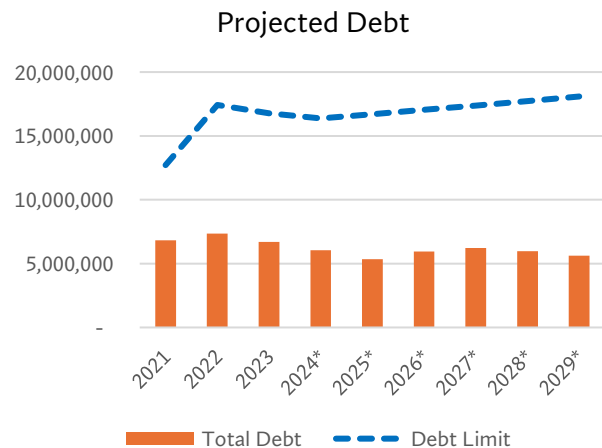
Table C7

Year	Total Debt		Total Debt Limit	
	Limit	Total Debt	Available	% Used
2021	12,715,338	6,834,800	5,880,538	53.8%
2022	17,425,107	7,355,139	10,069,968	42.2%
2023	16,772,269	6,710,921	10,061,848	40.0%
2024*	16,382,500	6,044,643	10,337,857	36.9%
2025*	16,710,200	5,355,554	11,354,646	32.0%
2026*	17,044,400	5,942,751	11,101,649	34.9%
2027*	17,385,300	6,218,436	11,166,864	35.8%
2028*	17,733,000	5,967,187	11,765,813	33.7%
2029*	18,087,660	5,624,397	12,463,263	31.1%

* projected

Projected Debt

Based on projections, the Town's debt limit peaked at approximately 53.8% by the end of 2021 and slowly decreased down to 31.1% by 2029. This will still provide the Town with borrowing capacity, and the repayment of this debt has been built into the operating budget.



Capital Budget

2025 Capital Budget

The 2025 Capital Budget includes eight (8) projects totaling \$833,000*. The projects incorporated in the CIP for 2025 have been classified by department or service area and are shown in detail on Table C14 on pages 31-32. Only projects that would commence in 2025 have detailed project information.

The projects have been classified on the basis of the predominate department to indicate what the impact would be on the tax rate or water & wastewater for the town. This classification also allows the reader to gain a clearer understanding of each of the major capital expenditure envelopes, the source of financing, specific pressures and impacts on the users due to rate increases in the general tax rate or specific user fees.

The landfill cell construction project does not have a projected cost at this time as the final detailed design and provincial approvals are ongoing. Once the cost is determined, Administration will request project funds from Council. It is anticipated that funding for this project will be from the Canada Community Building Fund and internal reserve funds.

*The commercial development project does not have a projected cost as further direction from Council is required. Much of the discussion will revolve around Administrative staffing capacity and Council's appetite to incur debt.

In addition to the new projects there are eight (8) projects Council had already approved to be completed in 2024 totaling \$4,118,067. These projects are shown on Table C8 on page 14 in the "Previously Approved" column.

Capital Budget

2025 Capital Projects and Funding Sources

Table C8

	Previously Approved	Total	Water/Sewer Capital Reserves	General Capital Reserves	CCBF	LGFF / MSI	Other Funding	Long Term Debt
Administration								
Hardware Replenishment		20,000		20,000				
Total Administration		20,000		20,000				
Transportation and Infrastructure								
Asphalt & Sidewalk Maintenance		325,000		125,000		200,000		
Airport Lease Renewal	15,000							
Quonset Cover Replacement		43,000		43,000				
1st St Road Completion	869,679							
Total Transportation and Infrastructure	884,679	368,000		168,000		200,000		
Waste								
Landfill Cell Construction	329,534							
Total Waste	329,534							
Water and Sewer								
WTP - Air Handling Unit Settlement		120,000	120,000					
WTP - Old Piping Upgrade Design		25,000	25,000					
Water Transmission Line Study		200,000					200,000	
Utility Replacement Design		55,000	55,000					
Sewer Outfall	30,000							
Equity Pumphouse	16,688							
WTP - Residual Management Ponds	2,829,280							
Total Water and Sewer	2,875,968	400,000	200,000				200,000	
Community Services								
Arena - Roof Repairs								
Arena - Eavestrough Heat Tape		45,000		45,000				
Pool - Change Room Partitions	20,000							
Pool - Furnace Replacement	7,886							
Total Community Services	27,886	45,000		45,000				
Planning and Development								
7th St Residential Development Design								
Commercial Development Design								
Total Planning and Development								
Total Capital Program	4,118,067	833,000	200,000	233,000		200,000	200,000	

Capital Budget

Capital Project Information Sheet

PROJECT Hardware Replenishment	
DEPARTMENT Administration	EXPECTED LIFESPAN 5 – 10 years
DESCRIPTION • NEED FOR PROJECT Replacement of town hardware and network infrastructure – town systems need to be replenished on a regular schedule to ensure adequate performance. Work for 2025 includes computers for new Councillors, system and printer replacements. Future years include system, printer, copier and network upgrades.	
LOCATION Throughout the organization.	
TIMELINE Throughout the year	

Funding	2025	2026	2027	2028	2029	Total
Capital Reserve - Administration	20,000	15,000	15,000	20,000	15,000	85,000
	20,000	15,000	15,000	20,000	15,000	85,000

Capital Budget

Capital Project Information Sheet

PROJECT Asphalt & Sidewalk Maintenance and Resurfacing	
DEPARTMENT Transportation & Infrastructure	EXPECTED LIFESPAN
DESCRIPTION • NEED FOR PROJECT <p>Roadway and sidewalk surface failure is normally caused by a lack of sub-grade/base preparation or negative storm water flows and ponding. The budget funds are allocated for surface repair and maintenance. In the spring, Administration assesses these areas and determines the locations for repairs. Generally, Administration repairs smaller sections of roadway that need repairs to make this section safe for the community. The amount of capital funds spent on one section of roadway should be assessed against the condition of the deep infrastructure i.e. water and sewer. If the deep infrastructure needs future replacement, then the road repair will be kept to a minimum.</p> <p>The funds are also allocated for sidewalk repair and maintenance on concrete sidewalks which deteriorate over time or see settlement of the base material beneath the sidewalk. Sidewalks are slopped to shed water towards the curb & gutter next to the asphalt roadway. When water finds its way under the sidewalk, water saturates and weakens the sub-grade causing asphalt roadway deficiencies. Sidewalk settlements that are cracked should be replaced to support the longevity of the roadway and create a safer sidewalk for the community. In the spring administration also assesses these areas and determines the locations to replace in conjunction with possible road repairs.</p>	
LOCATION Throughout Town - locations to be determined	
TIMELINE Spring – Summer 2026	

Funding	2025	2026	2027	2028	2029	Total
Capital Reserve - Transportation	125,000	228,825	110,000	375,000	150,000	988,825
Local Government Fiscal Framework	200,000	121,175	240,000		225,000	786,175
	325,000	350,000	350,000	375,000	375,000	1,775,000

Capital Budget

Capital Project Information Sheet

PROJECT Quonset Cover Replacement	
DEPARTMENT Public Works	EXPECTED LIFESPAN
DESCRIPTION • NEED FOR PROJECT We acquired a used quonset shelter from the highway maintenance contractor over twenty five (25) years ago, which at the time was ten (10) years old or more. The galvanized frame structure and blocking are in good shape and do not need to be replaced, but the vinyl cover is barely being held together with tape. The new cover material will be installed onto the old framing. The quonset would need to add a mechanical roll up man door to meet the building code for egress. This dry cold storage structure currently stores multiple items: water/sewer & storm pipe and fittings, small equipment, barricades etc. These assets are kept under cover out of the elements which helps prolong their life expectancy and are kept in a useable state, free of snow and ice during the winter.	
LOCATION Public Works Shop	
TIMELINE Summer 2025	
EFFECT ON OPERATING BUDGET Additional time and repair supplies to fix rips and tears.	

Funding	2025	2026	2027	2028	2029	Total
General Capital Reserve	43,000					43,000
	43,000					43,000

Capital Budget



Capital Budget

Capital Project Information Sheet

PROJECT Landfill Cell Construction	
DEPARTMENT Public Works	EXPECTED LIFESPAN
DESCRIPTION • NEED FOR PROJECT	
LOCATION Landfill	
TIMELINE Summer 2025	
EFFECT ON OPERATING BUDGET	

Funding	2025	2026	2027	2028	2029	Total
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Capital Budget

Capital Project Information Sheet

PROJECT Water Treatment Plant - Air Handling Units Repair	
DEPARTMENT Water Supply	EXPECTED LIFESPAN
DESCRIPTION • NEED FOR PROJECT On September 09, 2024, Council approved \$90,000 to repair the settling of seven (7) air handling units (AHU) at the water treatment plant. After reviewing the costs of the needed repairs from multiple contractors, the estimates were much more than what proposed by the engineer to complete the repairs to all seven air handling units. Administration was able to repair three (3) with the worst settlement issues in the fall of 2024. The method of repair was to remove the duct work, disconnect natural gas and electrical, remove frame & air unit off the existing concrete pad then remove the concrete pads. After this, we regraded and compacted the ground, sloping away from the building. Each unit had six (6) screw piles installed and welded base plates to top of screw pile. The AHU was than welded on top of the base plates and reconnected the ductwork, cladding, electrical & gas. There are four (4) more units that need to be regraded and supported using the same method of repair.	
LOCATION Water Treatment Plant	
TIMELINE Spring 2025	
EFFECT ON OPERATING BUDGET	

Funding	2025	2026	2027	2028	2029	Total
Water Supply Capital Reserve	120,000					120,000
	120,000					120,000

Capital Budget

Capital Project Information Sheet

PROJECT Water Treatment Plant Internal Pipe Upgrade	
DEPARTMENT Water Supply	EXPECTED LIFESPAN
<p>DESCRIPTION • NEED FOR PROJECT</p> <p>During the water treatment plant (WTP) upgrade, there was a section of steel piping inside the building on the discharge line that was not upgraded to stainless steel. This section of discharge piping is under high pressure (300 psi) and has shown signs of failure. In 2024, it was discovered the piping had started leaking and staff installed a regular repair clamp to stop the leak. Since then, the regular repair clamp was replaced with a high pressure repair clamp. This type of steel piping is the same type of pipe that was originally used in the old distribution pump house. The replacement of this internal piping is not a simple fix, as there is no isolating valve to stop the water from back-siphoning down the hill towards the WTP once the piping inside the building is replaced.</p> <p>When a portion of the discharge piping was changed during the upgrade, the contractor dug outside the walls of the WTP to expose the transmission line and used liquid nitrogen to freeze the water inside the pipe to complete the work inside the WTP. This project will utilize the same method and an isolation valve will be installed outside of the WTP to allow for potential work in the future and to prevent future back siphoning towards the WTP.</p> <p>If this pipe was to fail, we would not be able to supply the Town with water. Once a design and engineering estimate is complete, Administration will request funding for construction in 2026.</p>	
LOCATION Water Treatment Plant	
TIMELINE Winter 2025	
EFFECT ON OPERATING BUDGET	

Funding	2025	2026	2027	2028	2029	Total
Water Supply Capital Reserve	25,000					25,000
	25,000					25,000

Capital Budget



Capital Budget

Capital Project Information Sheet

PROJECT Regional Transmission Main Study	
DEPARTMENT Water Supply	EXPECTED LIFESPAN
<p>DESCRIPTION • NEED FOR PROJECT</p> <p>Within the recently completed Water System Assessment (completed in 2024), the report highlighted the need to complete an inspection to determine the condition of the transmission line from the Water Treatment Plant to the pumphouse in Town. The proposed project would undertake to complete the following:</p> <ul style="list-style-type: none"> • data collection, review and analysis of background information including flow and required flow rates, pressures, pipe material and remaining expected life span, pipeline routes, redundancy options, plans, and drawings; • condition assessment of the transmission line from the Water Treatment Plant to the pumphouse in Three Hills; • technical engineering modelling, testing and statistical analysis; • development of functional schematic designs and cost models; and • recommendations to ensure safe, adequate, and sustainable water supply and management for residents and municipal operations. <p>Once completed, this study would be used to formulate the ideal approach to ensuring the long-term sustainability of our water supply from the water treatment plant to the Town pumphouse for the regional system and to assist with requesting grant funding to implement the recommendations within the report once it is completed. The project will not move forward if it is not funded by the ACP grant.</p>	
LOCATION Transmission Line from Water Treatment Plant to Town	
TIMELINE 2025 - 2026	

Funding	2025	2026	2027	2028	2029	Total
Alberta Community Partnership Grant	200,000					200,000
	200,000					200,000

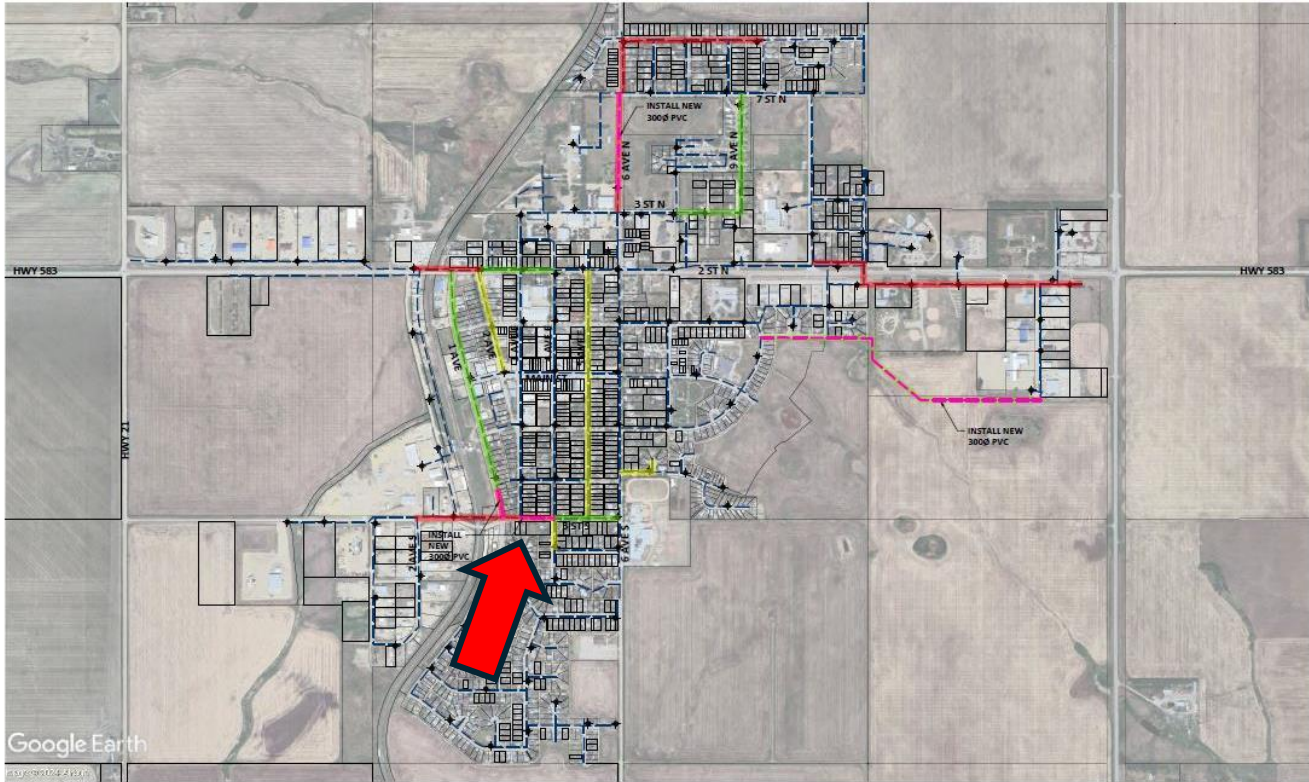
Capital Budget

Capital Project Information Sheet

PROJECT Utility Line Replacement Program	
DEPARTMENT Water Distribution	EXPECTED LIFESPAN
<p>DESCRIPTION • NEED FOR PROJECT</p> <p>A Water System Assessment was completed in 2024 and identified a high priority project on 3rd St SE & 1st Ave SE. The report identified the watermain in this area needs to be increased to 300mm in size and linked with other lines to improve hydrant pressures in the industrial area and areas to the north. The project starts on the east side of 4th Ave intersection on 3rd St and heads west for approximately 190 meters to the 1st Ave SE intersection, continuing north on 1st Ave for approximately 150 meters completing a new connection to the existing 100mm waterline.</p> <p>During the design phase, the sewer lines would be inspected to determine if the sewer lines need replacing.</p> <p>Design would occur in 2025, with construction in 2026.</p>	
LOCATION 3rd Street SE from 4th Ave SE west to 1st Ave SE	
TIMELINE Design in 2025, Construct in 2026	

Funding	2025	2026	2027	2028	2029	Total
Water Supply Capital Reserve	55,000					55,000
	55,000					55,000

Capital Budget



MAPDATA: GOOGLE IMAGE © 2024 CNES/AIRBUS

LEGEND:

- EXISTING WATER MAIN
- HIGH PRIORITY IMPROVEMENT
- INSTALL WATER MAIN
- MEDIUM PRIORITY IMPROVEMENT
- LOW PRIORITY IMPROVEMENT
- + HYDRANT

 a division of Englobe		TOWN OF THREE HILLS REGIONAL WATER DISTRIBUTION SYSTEM STUDY PROPOSED IMPROVEMENTS - PRIORITY MAP	
SCALE:	1:12 500	DATE:	MARCH 2024
JOB:	4380-005-00	DRAWING:	10

Capital Budget

Capital Project Information Sheet

PROJECT Heat Tape For North Side of Arena	
DEPARTMENT Arena	EXPECTED LIFESPAN
DESCRIPTION • NEED FOR PROJECT Heat tape should be installed on the north side of the arena, along the lower roof and down the downspouts. During late fall and winter, melting ice refreezes on the north side of the building, clogging the downspouts and causing ice to overflow onto the sidewalks. We have to use a significant amount of road salt to prevent these clogs and ensure public safety. Additionally, ice builds up in the gutters, reducing efficiency and posing a danger of falling ice to patrons. The use of road salt also increases the janitorial burden, as it creates a mess on the arena floors.	
LOCATION Arena	
TIMELINE Spring 2025	
EFFECT ON OPERATING BUDGET	

Funding	2025	2026	2027	2028	2029	Total
Arena Capital Reserve	45,000					45,000
	45,000					45,000

Capital Budget

2026 Capital Projects and Funding Sources

Table C9

	Previously Approved	Total	Water/Sewer Capital Reserves	General Capital Reserves	CCBF	LGFF	Other Funding	Long Term Debt
Administration								
Hardware Replenishment		15,000		15,000				
Total Administration		15,000		15,000				
Transportation and Infrastructure								
Infrastructure Master Plan		150,000		150,000				
Asphalt & Sidewalk Maintenance		350,000		228,825		121,175		
Fleet Vehicle		65,000		65,000				
Loader		320,000						320,000
Road Replacement (Utility Project)		280,000				280,000		
Total Transportation and Infrastructure		1,165,000		443,825		401,175		320,000
Waste								
Total Waste								
Water and Sewer								
Equity Pumphouse		225,000	225,000					
Water Reservoir Resealing		90,000	90,000					
WTP - Old Piping Upgrade		150,000	150,000					
Water Line Replacement		800,000	27,698		74,733	697,569		
Sewer Line Replacement		160,000			160,000			
Water Transmission Line Study	200,000							
Total Water and Sewer	200,000	1,425,000	492,698		234,733	697,569		
Community Services								
Arena - Olympia Replacement		250,000		250,000				
Arena - Roof Repairs		375,000				375,000		
Parks Fleet		65,000		65,000				
Mower Replacement Program		18,000		18,000				
Total Community Services		708,000		333,000		375,000		
Planning and Development								
7th St Residential Development		1,000,000		1,000,000				
Commercial Development		1,000,000						1,000,000
Total Planning and Development		2,000,000		1,000,000				1,000,000
Total Capital Program	200,000	6,060,500	492,698	1,791,825	234,733	1,221,244		1,320,000

Capital Budget

2027 Capital Projects and Funding Sources

Table C10

	Previously Approved	Total	Water/Sewer Capital Reserves	General Capital Reserves	CCBF	LGFF	Other Funding	Long Term Debt
Administration								
Hardware Replenishment		15,000		15,000				
Total Administration		15,000		15,000				
Transportation and Infrastructure								
Gravel Truck		360,000				360,000		
Asphalt & Sidewalk Maintenance		350,000		110,000		240,000		
Beautification Lighting		20,000		20,000				
Total Transportation and Infrastructure		730,000		130,000		600,000		
Waste								
Total Waste								
Water and Sewer								
Utility Replacement Design		55,000	55,000					
WTP - SCADA Upgrades		100,000			100,000			
Fleet Vehicle		65,000		65,000				
Total Water and Sewer		220,000	55,000	65,000	100,000			
Community Services								
Arena - Brine Headers		50,000		50,000				
Arena - Puck Board Replacement		35,000		35,000				
Arena - Brine Pumps & Filters		60,000		60,000				
Community Centre LED Lighting		30,000		30,000				
Pool - Changeroom Floors		30,000		30,000				
Total Community Services		205,000		205,000				
Planning and Development								
7th St Residential Development		1,000,000			134,733			865,267
Commercial Development		1,000,000						1,000,000
Total Planning and Development		2,000,000			134,733			1,865,267
Total Capital Program		3,170,000	55,000	415,000	234,733	600,000		1,865,267

Capital Budget

2028 Capital Projects and Funding Sources

Table C11

	Previously Approved	Total	Water/Sewer Capital Reserves	General Capital Reserves	CCBF	LGFF	Other Funding	Long Term Debt
Administration								
Hardware Replenishment		20,000		20,000				
Town Hall Lift Replacement		36,750		36,750				
Total Administration		56,750		56,750				
Transportation and Infrastructure								
Grader		450,000						450,000
Asphalt & Sidewalk Maintenance		375,000		375,000				
Road Resurfacing (Utility Project)		280,000				280,000		
Total Transportation and Infrastructure		1,105,000		375,000		280,000		450,000
Waste								
Total Waste								
Water and Sewer								
Water Line Replacement		800,000	495,267			304,733		
Sewer Line Replacement		300,000			234,733	65,267		
Total Water and Sewer		1,100,000	495,267		234,733	370,000		
Community Services								
Arena - Life Breath Unit (Air Exchange)		30,000		30,000				
Fleet Vehicle		65,000		65,000				
Community Centre Auditorium Main Walls		60,000		60,000				
Grantville Park Replacement		150,000		150,000				
Total Community Services		305,000		305,000				
Planning and Development								
Commercial Development		1,000,000						1,000,000
Total Planning and Development		1,000,000						1,000,000
Total Capital Program		3,566,750	495,267	736,750	234,733	650,000		1,450,000

Capital Budget

2029 Capital Projects and Funding Sources

Table C12

	Previously Approved	Total	Water/Sewer Capital Reserves	General Capital Reserves	CCBF	LGFF	Other Funding	Long Term Debt
Administration								
Hardware Replenishment		15,000		15,000				
Total Administration		15,000		15,000				
Transportation and Infrastructure								
Ironshield Drainage		1,000,000						1,000,000
Asphalt & Sidewalk Maintenance		375,000		150,000		225,000		
10th St Ext		100,000		100,000				
Fleet Vehicle		65,000		65,000				
Vehicle Shelter		100,000		100,000				
Total Transportation and Infrastructure		1,640,000		415,000		225,000		1,000,000
Waste								
Total Waste								
Water and Sewer								
Utility Replacement Design		55,000	55,000					
Total Water and Sewer		55,000	55,000					
Community Services								
Arena - Shower Retiling		40,000		40,000				
Parks Mower		18,000		18,000				
Library Roof Recoating		40,000		40,000				
Community Centre Auditorium Walls		60,000		60,000				
Community Centre Furnace & AC		100,000		100,000				
Total Community Services		258,000		258,000				
Planning and Development								
Total Planning and Development								
Total Capital Program		1,968,000	55,000	688,000		225,000		1,000,000

Capital Budget

Five-Year Funding Forecast

Table C13

	Water/Sewer Capital Reserves	General Capital Reserves	CCBF	LGFF/MSI	Other Funding	Long Term Debt
Administration		121,750				
Transportation & Infrastructure		1,531,825		1,706,175		1,770,000
Waste						
Community Services		1,146,000		375,000		
Planning and Development		1,000,000	134,733			3,865,267
Water and Sewer	1,297,965	65,000	569,466	1,067,569	200,000	
Total Capital Program	1,297,965	3,864,575	704,199	3,148,744	200,000	5,635,267

Capital Budget

Capital Improvement Plan by Year

Table C14

	Total	2025	2026	2027	2028	2029
Administration						
Hardware Replenishment	85,000	20,000	15,000	15,000	20,000	15,000
Town Hall Lift Replacement	36,750				36,750	
Total Administration	121,750	20,000	15,000	15,000	56,750	15,000
Transportation & Infrastructure						
Asphalt Maint. & Resurfacing Program	1,775,000	325,000	350,000	350,000	375,000	375,000
10th St SE Extension	100,000					100,000
Quonset Cover Replacement	43,000	43,000				
Infrastructure Master Plan	150,000		150,000			
Fleet Vehicles	130,000		65,000			65,000
Gravel Truck	360,000			360,000		
Loader	320,000		320,000			
Road Resurfacing (Utilities Projects)	560,000		280,000		280,000	
Beautification Lighting	20,000			20,000		
Grader	450,000				450,000	
Vehicle/Equipment Shelter	100,000					100,000
Iron Shield Drainage	1,000,000					1,000,000
Total Transportation & Infrastructure	5,008,000	368,000	1,065,000	730,000	1,105,000	1,640,000
Waste						
Cell Construction						
Total Waste Management						
Community Services						
Arena - Roof Repairs	375,000		375,000			
Arena - Eavestrough Heat Tape	45,000	45,000				
Arena - Olympia Replacement	250,000		250,000			
Arena - Brine Headers	50,000			50,000		
Arena - Puckboard Replacement	35,000			35,000		
Arena - Brine Pumps & Filters	60,000			60,000		
Arena - Life Breath Unit (air exchange)	30,000				30,000	
Arena - Shower Retiling	40,000					40,000
Pool - Changeroom Floors	30,000			30,000		
Comm Centre - LED Lighting	30,000			30,000		
Comm Centre - Main Auditorium Walls	120,000				60,000	60,000
Comm Centre - Furnace and AC	100,000					100,000
Library Roof Coating	40,000					40,000
Parks Fleet Vehicles	130,000		65,000		65,000	
Mower Replacement Program	36,000		18,000			18,000
Grantville Park Rehabilitation	150,000				150,000	
Total Community Services	1,521,000	45,000	708,000	205,000	305,000	258,000

Capital Budget

Planning and Development						
Residential Development (7th St NE)	2,000,000	1,000,000	1,000,000			
Commercial Development	3,000,000	1,000,000	1,000,000	1,000,000		
Total Planning and Development	5,000,000	2,000,000	2,000,000	1,000,000		
Water and Sewer						
WTP - Air Handling Unit Settlement	120,000	120,000				
WTP - Old Piping Upgrade	175,000	25,000	150,000			
WTP - SCADA Upgrades	100,000			100,000		
Water Transmission Line Study (Only if grant funded)	200,000	200,000				
Utility Line Replacement Project Design	165,000	55,000		55,000		55,000
Equity Pump Station Facility	225,000		225,000			
Treated Water Reservoir Resealing/Resurface	90,000		90,000			
Water Line Replacement Program	1,600,000		800,000		800,000	
Sewer Line Replacement Program	460,000		160,000		300,000	
Fleet Vehicles	65,000			65,000		
Total Water and Sewer	3,200,000	400,000	1,425,000	220,000	1,100,000	55,000
Total General Fund	11,650,750	433,000	3,888,000	2,950,000	2,466,750	1,913,000
Total Water Fund	3,200,000	400,000	1,425,000	220,000	1,100,000	55,000
Total Capital Program	14,850,750	968,000	5,213,000	3,170,000	3,566,750	1,968,000