

CAO Staff Report to Council

Subject / Topic

The Amalgamation Dividend: Building a Fiscally Sustainable Future

Submitted

CAO Approval:

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Purpose / Background

In 2023, Diamond Valley became Alberta's newest town, as a result of amalgamating the two previous neighboring towns of Turner Valley and Black Diamond. Leading up to and through the amalgamation process at times may have been contentious, but it was the appropriate and wise strategic decision necessary to set the community up for decades into the future. The "short-term pain, long-term gain" approach is proving to be effective. The dividend benefits outlined in this report mark the beginning of the tangible benefits derived from the amalgamation. This ought to become evident over the next few years.

This report provides a midpoint update on the efficiencies gained from the 2023 amalgamation of Diamond Valley, following the *2024 Amalgamation Report: An Operational Perspective*. It outlines five key pathways driving long-term fiscal sustainability for our community. A comprehensive Post-Amalgamation Report, expected in 2027, will evaluate the outcomes of these initiatives.

The amalgamation has positioned Diamond Valley to continue delivering necessary services at reasonable costs, creating a "dividend" through strategic consolidation and reinvestment. This report highlights progress in five areas, expected to yield significant benefits over the next 2–3 years:

1. Consolidation of Town buildings and divestment of surplus assets
2. Sale of surplus lands
3. 10-year capital planning cycle and Infrastructure Master Plan
4. Clear and defined service levels
5. Streamlining agencies, boards, and committees (ABCs)

By staying on the proposed course, the council elected in the fall of 2025 can ensure Diamond Valley remains a vibrant, financially stable community for years to come.

Amalgamation Dividend: Pathways Forward

The following initiatives capitalize on the amalgamation to optimize resources, reduce costs, and reinvest in critical infrastructure, ensuring fiscal responsibility and community resilience.



1. Consolidation of Town Buildings and Divestment of Surplus Assets

a. Redesignation and Sale of 514 Windsor Ave NW

The former Turner Valley office site at 514 Windsor Ave NW, currently housing the temporary Council Chambers in a construction trailer, the Town Utilities Division, and Occupational Health and Safety, is scheduled for sale in 2026. Proceeds will fund renovations to the Town Office at 301 Centre Ave West, creating a modest yet modern municipal hub designed to serve for 20–30 years. The \$400,000 allocated in the 2024 Capital Plan has initiated design work, with renovations expected in 2027. The sale is projected to generate a net surplus for reinvestment into Town Reserves.

The Utilities Division will relocate to the Westend Lagoon Site in early 2026, consolidating operations under Aquatera, a private contractor. This move reduces Town liabilities while ensuring expertise and compliance with legislative requirements.

b. Redesignation and Sale of the Parks Building

The Parks Division will move to the Westend Lagoon Site, to be co-located with Utilities. The existing Parks Building, ideally suited for commercial redevelopment, will be proposed as surplus for sale in 2026, with a detailed report to follow for Council's consideration, pending environmental review.

c. Sale of Transit Buses

The Town's two small transit buses, previously operated through the BGC Foothills Club, have been sold to Westwinds Communities for senior transportation. This decision, part of the 2024 service review, eliminates escalating costs while ensuring that the buses continue to serve the community in a limited capacity.

2. Sale of Surplus Lands

The Town has identified up to 12 underutilized or vacant sites, including 514 Windsor Ave NW and the Parks Building at 226 1 St SE, for potential sale. Market assessments are underway, with a detailed report forthcoming in late Q4 of this year. Proceeds will bolster Town Reserves, funding critical infrastructure renewal and reducing reliance on tax increases. This is the main funding source for the initial IMP-driven Capital Plan for 2026-2029.

Proceeds from the disposition of municipal reserve lands, as outlined in S. 671(2) of the MGA, can be used for purposes such as purchasing park, public recreation, school, or buffer land, or for constructing improvements on these lands. Additionally, these funds may potentially cover operating costs for municipal parks, schools, and recreation facilities.

Lands which do not hold a reserve dedication can be sold and the revenue would be considered general revenue.

3. 10-year Costed Capital Planning Cycle and Infrastructure Master Plan (IMP)

Like many municipalities, Diamond Valley faces an infrastructure renewal deficit due to the aging of its water, sewer, and roads infrastructure, and facilities. The Town receives approximately \$1.3 million annually in provincial grants, forming the core of our Capital Plan. However, preliminary estimates suggest an annual reinvestment need of \$3–5 million, creating a \$2–4 million gap. The Infrastructure Master Plan (IMP), due in 2026, will quantify this deficit and guide strategic investments. Until then, careful management of Reserves, potential debentures, or tax/fee adjustments will bridge the gap, ensuring sustainable infrastructure for future use. Earlier estimates from pre-amalgamation put the total Town infrastructure renewal cost at over \$80M, in



~2020 timeframe dollars. The IMP will provide a more updated and accurate number – expected to be much higher.

4. Clear and Defined Service Levels

Defined service-level policies, covering everything from snow clearing to grass cutting, will clarify expectations for residents, council, and staff. This transparent approach ensures resources are allocated effectively, minimizing gaps between expectations and delivery.

The Town is prioritizing core services to align resources with community needs:

- **Critical Infrastructure:** Water, Sewer, Stormwater and Solid Waste.
- **Safety and Mobility:** Fire Department, Public Safety and Roads
- **Efficient Administration:** Supporting priorities 1 and 2 (Critical Infrastructure, Safety & Mobility)
- **Recreation:** Arena, swimming pool, and pathways
- **Other Services:** Limited resources for non-core activities

5. Consolidation of Agencies, Boards, and Committees

With 5,600 residents and a Council of seven (1 per 800 residents), Diamond Valley enjoys exceptional representation.¹ Previously, the two Towns maintained numerous agencies, boards, and committees (ABCs), requiring significant staff resources. Consolidating most ABCs into a unified Council Committee of the Whole (CCOW) enhances efficiency and transparency. Some ABCs, such as the Library Board, Regional Cemetery Committee, Emergency Advisory Committee, and Intermunicipal Collaboration Committee, remain separate due to legislative requirements. Progress is underway, with the WRSSC being integrated into Town operations. Future councils should maintain this lean structure to maximize decision-making efficiency.

Does this file support the Strategic Plan: Priorities & Projects 2024-26?

Yes, this report supports the Strategic Plan by advancing fiscal sustainability, operational efficiency, and community-focused service delivery.

Financial Considerations

Sales of surplus assets and lands will strengthen Reserves, potentially reducing future tax increase burdens. However, external pressures—such as inflation and skilled labor shortages - require prudent financial management to maintain affordability.

¹ The City of Calgary has 14 councillors for 1.6M people (1 councillor:115,000 residents). The Town of Okotoks has seven councillors for 31,000 people (1:5,100). The Town of High River is 1:2,400, and Foothills County is 1:3,300.



Conclusion

The 2023 amalgamation has unlocked a unique opportunity to secure Diamond Valley's financial future. By consolidating operations, divesting surplus assets, and prioritizing core services, we are building a resilient, sustainable community. While challenges like inflation and infrastructure deficits persist, our proactive approach ensures we can deliver reasonable services at reasonable costs. With Council and community support, Diamond Valley is poised for a bright, stable future.

Next steps for early in the next Council Term:

1. **Asset Sale Prioritization:** Develop a prioritized timeline for the sale of surplus assets (e.g., 201 Windsor Ave, Parks Building) to maximize revenue and expedite reinvestment into Town Reserves by Q1 2026.
2. **Service Level Policy Development:** Finalize and adopt clear service-level policies for select major services (snow, grass cutting, etc.) to streamline operations and align staff efforts with Council's strategic priorities.
3. **Reserve Allocation Strategy:** Develop a clear policy for allocating proceeds from asset sales to Reserves, prioritizing infrastructure renewal projects to maximize long-term impact.