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6.2

10 Year Utility RMR Plan & Budget
Presented by: Anne Victoor, Manager, Financial Services

RECOMMENDATION:

That Community Growth & Infrastructure Standing Committee recommend to Council that...

1. The 10 Year Utility RMR Capital plan provided as an attachment to the May 10, 2021 agenda report titled “10 Year Utility RMR Capital Plan” be received as information.

2. That Council members submit any motions for proposed amendments to the 10 Year Utility RMR plan to Administration by May 20, 2021.

3. That Administration prepare backgrounders for proposed changes to the 10 Year Utility RMR Plan and present to Council at the June 8, 2021 meeting for consideration of approval.

PURPOSE OF REPORT

To provide Council with a preliminary view of the 10 Year Utility RMR Capital plan for future consideration of approval for the 2022 projects.

ALIGNMENT TO COUNCIL STRATEGIC PRIORITY

N/A

ALIGNMENT TO SERVICE DELIVERY

Financial Planning
Stewardship of development of annual operating and capital budgets for Municipal and Utility operations

ALIGNMENT TO COUNCIL (OR COMMITTEE) DIRECTION OR MANDATORY STATUTORY PROVISION

Council Policy C-FS-05 Budget and Taxation Guiding Principles

Service Standards/Expectations

3-Municipal and Utility capital budgets shall be prepared and approved by Council for a rolling ten (10) year period and Administration shall be given approval to execute on year one (1) of the plan.

5-The approved operating and capital budgets shall serve as the financial plan for the City and provide Administration with the direction and resources necessary to accomplish Council's strategic direction and Council approved services and service levels in accordance with the Services and Service Levels Inventory.

7- The City is committed to the preservation and long term viability of its current infrastructure and as such commits available capital dollars towards the repair, maintenance and replacement of existing assets prior to consideration of new capital growth projects and assets.

19e-Council shall review and provide final approval of the RMR Capital Budget approximately six months prior to the next fiscal year.

19f- This approval shall grant Administration the authority to issue binding procurement documents such as Request for Proposals, Invitations to Tender and purchase orders and to award contracts at any time after final approval is received from Council.

Any contracts awarded will ensure that the goods and/or services will not be received until after January 1 of the following year when the budget dollars become available.
Complete project charters supporting the current year's RMR capital plan will be provided to Council as part of the review process.

BACKGROUND AND DISCUSSION

The 10 Year Capital Plan is a long-term planning document that provides key strategic inputs for the upcoming budget year, a framework for the three-year budget plan, and a future outlook of long-range capital requirements. The plan identifies the capital projects and budget requirements (as compiled within a Capital Project Charter) to maintain the City's existing utility infrastructure while minimizing future risk. In addition, the Utility Capital Plan will form the basis for calculation of the overall utility rates for the subsequent year.

The 10 Year Capital Plan is developed by compiling information from several different sources, including lifecycle infrastructure studies, diverse master plans, and Council's current priorities and goals.

Several corporate assumptions have been considered to ensure that projects relating to repair, maintain, and replace (RMR) represent an accurate view of what requirements to address the City's utility infrastructure:

- Assessment of impact or risk to community relating to public health, safety, legal obligations, or regulatory requirements;
- Annual detailed review of lifecycle and replacement plans;
- Staff resources and capacity during project implementation;

- The effect of potential operational impacts and long term requirements; and
- Federal, Provincial and Reserve funds available

As such, Administration is better equipped to provide and recommend a complete and comprehensive 10 Year Capital Plan for CGIS for Council consideration and approval and is detailed in the attachment titled “10 Year Utility RMR Capital Plan”.

10 Year (2022-2031) Utility RMR Capital Plan

As the City’s 10 Year Capital Plan has a direct impact on the Supplementary Capital Fee portion of the Utility rates, comparing the previous 10 Year Capital Plan to this year’s proposed 10 Year Capital Plan is imperative to understand the effects and trends of the fee. To ensure that a robust capital budget is brought forward, several factors were reviewed in preparation of the 10 Year Utility RMR Capital Plan.

The total 10 year variance as compared to the previous year’s plan is an overall decrease of $1,741 thousand as detailed below:

Previously Approved 2021-30 Capital Plan (in thousands)		$145,850
Less 2021 Approved Capital Budget	(19,127)	
Add 2031 Proposed Year	7,661	
Add 2022 Proposed Variances *	350	
Add 2023-2030 Proposed Variances	9,375	(1,741)
Proposed 2022-2031 RMR Utility Capital Plan		$144,109

* The 2022 proposed variances are detailed in the attachment titled “2022 Utility RMR Capital Budget Variance.”

2022 Capital Budget & Funding

For 2022, the capital budget includes 10 projects totalling $16,655,000.

In accordance with C-FS-14 Utility Fiscal Policy, each type of required infrastructure is funded by its respective Utility Reserve.

The 2022 Utility RMR Capital Projects recommended funding commitments are as follows:

Funding Source	Total
Water Reserve	6.9
Wastewater Reserve	4.3
Storm Reserve	4.5
Grants	1.0
Total	$16.7 million

The Capital Project Charters regarding the above are outlined in the attachment titled “2022 Utility

RMR Capital Charters”.

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

N/A

IMPLICATIONS OF RECOMMENDATION(S)

Financial:

The City has two main sources of funding available to be used towards Capital Utility Infrastructure: Utility revenue and grants. The Utility revenue is collected from both consumption usage and flat fees with rates approved by Council; and is calculated to cover both operating cost and capital costs.

Capital costs to support provision of Utility services comprise over 26% of the total costs. The capital costs required to be financed bears significant impacts to the Utility rate and its bylaws to be approved in December 2021.

Legal / Risk:

None at this time

Program or Service:

If the recommendation for approval to Council is passed, this would authorize the Chief Administrative Officer and Administration to begin the preparatory work relating to site planning, establishing commitments, RFP process, and submission of grant applications. This would be accomplished with the understanding that no spending is to occur until the 2022 Budget is approved, as per Council Policy C-FS-05 Budget and Taxation Guiding Principles.

The RMR 10 Year Capital Plan identifies the requirements to maintain the City’s existing Utility infrastructure. If approval is not made, the future risk of Utility programs/services provided to residents could be significantly impacted.

Organizational:

None at this time

ALTERNATIVES AND IMPLICATIONS CONSIDERED

As per the presented recommendations, Council may submit motion(s) to amend the 10 Year Utility RMR plan. These motions will be scheduled for debate at the June 8, 2021 Council meeting.

Report Date: May 10, 2021
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Chief Administrative Officer: Kevin Scoble