



Legislation Text

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6.1

10 Year Municipal 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 Municipal RMR Capital plan provided as an attachment to the May 10, 2021 agenda report titled "10 Year Municipal RMR Capital Plan" be received as information.
2. That Council members submit any postponed motions for proposed amendments to the 10 Year Municipal RMR Capital Plan to Administration by May 20, 2021.
3. That Administration prepare backgrounders for proposed changes to the 10 Year Municipal RMR Capital Plan and present to Council at the June 8, 2021 meeting for consideration of approval.

PURPOSE OF REPORT

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

ALIGNMENT TO COUNCIL STRATEGIC PRIORITY

Strategic Priority #4: Infrastructure Investment: Identify and build needed capital assets.

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 infrastructure while minimizing future risk. The City's capital infrastructure is categorized into two types:

1. **Repair, Maintain, Replace (RMR)** - Capital initiatives that relate to maintaining current service levels that are required by lifecycle plans and are considered a replacement or rehabilitation of existing infrastructure, facilities, and equipment.
2. **Growth** - Capital initiatives that are required to meet future demand relating to facilities, equipment, technology, and infrastructure for the development of cultivating and strengthening the community.

With these categorizations, Administration can better manage its capital projects by evaluating its investment needs, funding requirements, and to ensure essential services are maintained.

Within the Council Policy C-FS-05 an early approval of the RMR Capital Budget has continued to provide process efficiencies in its capital management process by:

- Redistribution of workload during key times to ensure adequate time for preparation of charters and RFP bids;
- Resulting from early preparation of RFP bids, attraction of increased competitive pricing and reduced purchasing costs;
- Facilitating early application of grants so that funding is approved and available for the start of the subsequent approved year;
- Reducing the amount of information relating to the Capital Budget during the corporate budget process, whereby Council can review additional RMR or Growth related capital charters.

10 Year Capital Planning Process

The 10 Year Capital Plan is developed by compiling information from various sources such as:

- Council priorities and goals;
- Alignment with Council approved service levels and Council Policy C-P&E-07 Asset Management;
- Infrastructure studies and diverse master plans;
- Surveys (e.g., Community Satisfaction Survey).

Several corporate assumptions are considered when initiating each capital project charter:

- 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.

In addition, the project budget is reviewed and updated to reflect various cost drivers and adjustments due to:

- Cost inflation and US dollar exchange rate;
- Refined cost estimates;
- New information contained in updated Engineers' reports and further review of conditional assessment data; and
- Assessing department requirements that may result in additions to the Capital Plan.

In considering the listed criteria, various planning studies, and cost updates, Administration is better prepared to recommend a 10 Year Capital Plan that accurately reflects the requirements to repair, maintain, and replace existing City infrastructure as outlined in the attachment titled "10 Year Municipal RMR Capital Plan."

As the City continues to grow and replacement costs increase, the funding need increases with it and presents challenges in the ability of current reserve levels to fund the future plan replacements. Administration is considering options to address the funding deficit to ensure the City is equipped to support the replacement of existing assets with less reliance on grants.

2022 Municipal RMR Capital Budget

For 2022, the Municipal RMR Capital Budget comprises 29 projects, equating to \$23,371,000 which is a variance increase of \$163,650 compared to the prior year's 2022 plan and is detailed in the attachment titled "2022 Municipal RMR Capital Budget Variance".

To further understand the total costs and type of infrastructure needs, six asset categories have been established, of which 45% is represented by Roads & Other Engineering Structures, followed by 27.5% for Mobile & Other Equipment.

<u>Asset Category</u>	<u>Amount</u>	<u>% of Total</u>
Roads & Other Engineered Structures	\$10.5	45.0%
Mobile & Other Equipment	6.4	27.5%
Civic Facilities	5.6	24.1%
Parks & Trails	0.4	1.6%
Master Plans, Studies & Other	0.3	1.1%
Land & Land Improvements	<u>0.2</u>	0.7%
	\$23.4 million	

2022 Capital Funding Availability

The City has several sources of funding available to be used towards capital infrastructure. The funding allocations are composed of various Provincial and Federal Grants, City Reserves, and Pay as You Go (PAYG) funds established through the Capital Funding Formula.

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

<u>Funding Source</u>	<u>Total</u>
Pay as You Go (PAYG)	1.7
Lifecycle Reserves	7.9
Capital Reserve	2.3
Grants	<u>11.5</u>
Total	\$23.4 million

The remaining available balance of \$12.6 million will be allocated for funding of Capital Projects related to Growth initiatives and/or future needs. Administrative recommendations regarding specific allocation of these funds for 2022 growth projects and/or deferral to future years will be made as part of the 2022-2024 Business Plan and Budget.

The Capital Project Charters regarding the above are outlined in the attachment titled "2022 Municipal RMR Capital Charters"

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

N/A

IMPLICATIONS OF RECOMMENDATION(S)

Financial:

The 10 Year RMR Capital Plan reflects recommended “funded” projects. Any changes or “un-funding” of projects in the Plan would have no effect on the tax base as all funding is made available through grants, reserves, and are within the Capital Funding Formula. As such, the recommendation of the Year Municipal RMR Capital Plan for approval to Council of \$23.4 million would have no incremental tax implications

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 infrastructure. If approval is not made, the future risk of 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 Municipal RMR plan. These motions will be scheduled for debate at the June 8, 2021 Council meeting.

Report Date: May 10, 2021

Author: Anne Victoor

Department: Financial Services & Information Technology

Deputy Chief Administrative Officer: Kerry Hilts

Chief Administrative Officer: Kevin Scoble