

Date: November 29, 2024

To: **Standing Committee on Finance and Audit**

Name and title: Kris Dalio, Director of Finance and IT Services

Subject: Draft 2025 – 2029 Capital Plan

Attachment(s): Draft 2025 – 2029 Capital Plan – Funded and Unfunded

Recommendation(s):

That the Standing Committee on Finance and Audit APPROVES the projects as presented in the report dated November 29, 2024 from the Director of Finance & IT Services titled “Draft 2025 – 2029 Capital Plan” for the purpose of starting procurement processes.

Purpose:

The purpose of this report is to facilitate communication of the draft 2025 – 2029 Capital Plan. It also requests that the Standing Committee on Finance and Audit approve, in principle, the projects presented in the draft so the City can begin procurement processes. The budget and the proposed funding sources for these projects are best estimates at the time of this report. Budget and funding sources will be finalized and presented to Council for their final approval at the January 20th and January 22nd Budget Meetings.

Strategic Priorities:

The draft 2025 - 2029 Capital Plan includes projects that are consistent with Council’s Priorities and balances service provision with financial sustainability.

Policy/Regulatory Analysis:

The draft 2025-2029 Capital Plan is compliant with the Financial Plan requirements of the *Community Charter* and has been developed in alignment with the Sustainable Finance Policy, Asset Management Policy and Organizational Capital Project Management Policy.

Public Consultation

According to the *Community Charter*, a council must undertake a process of public consultation regarding the proposed financial plan before it is adopted. The Finance and Audit Committee is receiving a summary of these results at its December 4th meeting under a separate report.

Budget meetings are currently scheduled for January 20th and January 22nd, 2025. At that time a presentation on budget related consultation will be provided for the benefit of all members of Council and the public through the live stream of the meeting. These meetings are public and members of the public will have the opportunity to provide written submissions regarding the proposed budget for Council's consideration.

Financial Considerations:

The draft 2025-2029 Capital Plan has been prioritized by the Capital Program Management Office with the functional areas, and subsequently the Senior Leadership Team considering inputs such as:

- Regulatory requirements, including health and safety
- Contractual and/or development obligations
- Council goals and corporate workplan
- Asset master plans/strategic plans and asset management plans, and assessments
- myPG framework (social, economic and environmental)
- Probability of asset failure, consequence of that failure and the acceptability of that risk
- Operational needs
- User need feedback (service requests, user group meetings, etc.)
- All other forms of public consultation

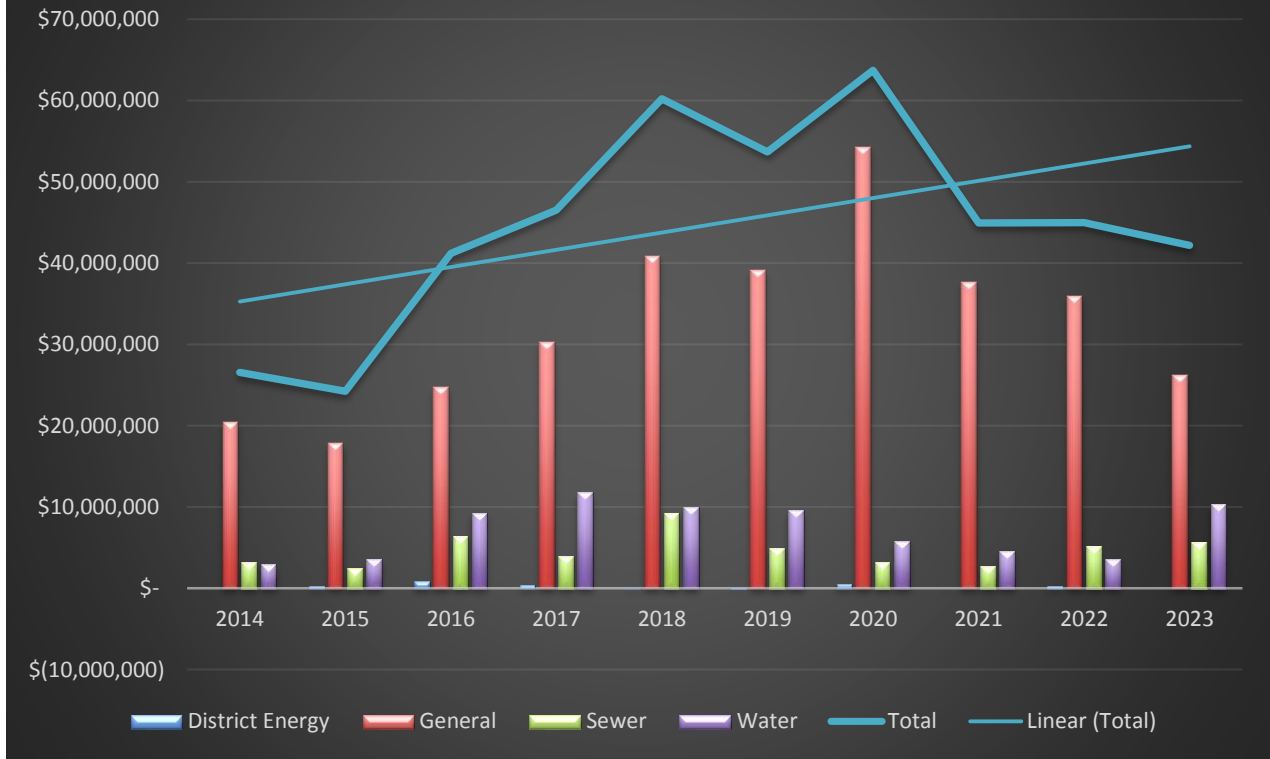
The draft 2025- 2029 Capital Plan has been prepared in conjunction with a separate report to the Standing Committee on Finance and Audit on December 4th, 2024 concerning Year 2025 – 2027 Operating Budget Guidelines and assumes the capital levy contributions as reflected in that report.

Many categories of the City's operations and infrastructure have dedicated funding sources (Road Rehabilitation, Snow Control, Sewer, Water, Solid Waste, Off-Street Parking). However, excluding those examples, the reliable sources of funds the City receives in a given year that can be allocated to general capital projects are:

- General Infrastructure Reinvestment Fund Levy of \$5,630,873;
- Canada Community Building Fund (Gas Tax) funds of approximately \$3,500,000;
- Gaming funds of \$2,700,000 (if casinos close, ie. pandemic, this would affect available funding for the capital plan)

The 5-year capital plan can also be bolstered by any cancellation of previously approved capital projects. There were no cancelled projects to report this year.

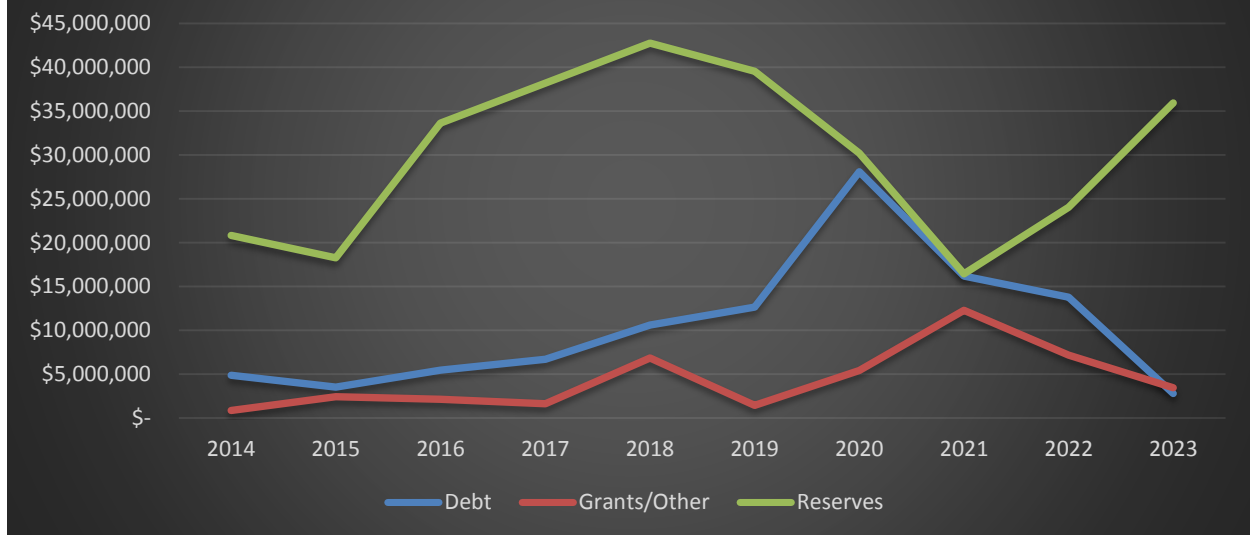
10 Year Capital Spending History - by Fund



Capital investment in City infrastructure has historically trended upwards. 2023 spending was in line with the prior year with over \$40 million spent including maintenance projects funded from reserve. Reserves continue to be heavily committed to current and future capital spending.

It is important to note that some of the increased spending from reserves has been a result of a “pay as you go” approach, as opposed to debt funding, that the City has applied in areas such as sewer, water and solid waste. The following graph helps illustrate that point.

10 Year Capital Spending History - by Funding Source



Debt

BC municipalities' financial liabilities (e.g. under leases, partnering, and long-term debt agreements) are subject to liability servicing limits. They also require elector approval if they are:

- a loan guarantee or are of a capital nature; and
- the agreement is for more than five years; or
- the agreement could be for more than five years if an extension were exercised.

A municipality cannot incur a liability if it would cause their total annual cost of debt servicing (principal and interest payments) to exceed the regulated amount. The regulated amount is currently based on 25% of a municipality's controllable annual revenues such as: property taxes; payments in lieu of taxes; user fees; and unconditional grants.

The City relies on debt financing for new infrastructure and for major repair of existing infrastructure. The City also enters into financing agreements for the purchase of general use mobile equipment. The following chart provides the debt capacity and available capacity as determined by the Municipal Liabilities Regulation. The total amount of all approved loan authorization bylaws is included in the liability servicing limit regardless of whether the funds have actually been borrowed. 2024 figures were not available at the time of this report.

Year	Municipal Controllable Revenue	Liability Servicing Limit	Payment Capacity Available	Approximate Principal Borrowing Available
2019	\$177,512,689	\$44,378,172	\$23,982,421	\$266,471,344
2020	\$171,514,757	\$42,878,689	\$15,422,526	\$194,975,044

2021	\$178,208,247	\$44,552,062	\$24,965,473	\$289,622,657
2022	\$188,567,032	\$47,141,758	\$34,110,515	\$379,005,722
2023	\$209,889,114	\$52,472,279	\$38,327,316	\$425,859,067

The City finances its fleet equipment purchases and long-term debenture debt every year through the Municipal Finance Authority, which requires an elector assent process. There are two new proposed debt funded projects proposed for 2025: 3409 - Civic Centre BAS & Chiller Replacement - \$3,260,000; and 3321 - Stormwater System Renewal - \$2,620,000.

The following long-term debt reaches maturity in 2025:

Fund	Loan Auth Bylaw #	MFA Issue #	Date of Issue	Purpose	Annual Debt Servicing Costs (rounded to thousands of dollars)
General	7361	93	Apr 6/2005	Snow Disposal	\$66,000
General	7486	93	Apr 6/2005	Road Rehabilitation	\$135,000
General	7506	93	Apr 6/2005	City Yard	\$31,000
General	7361	95	Oct 13/2005	Snow Disposal	\$37,000
General	7486	95	Oct 13/2005	Exhibition Grounds	\$81,000
General	7598	95	Oct 13/2005	Exhibition Grounds	\$10,000
Water	7361	93	Apr 6/2005	Hart Nechako Supply	\$66,000
Water	7361	95	Oct 13/2005	Hart Nechako Supply	\$319,000
Water	7598	95	Oct 25/2005	Hart Nechako Supply	\$124,000
TOTAL					\$869,000

Summary and conclusion:

The Standing Committee on Finance and Audit's discussion and recommendations will enable Administration to continue to develop the 2025 - 2029 Capital Plan, which will be recommended to Council for approval during budget meetings to be held in January.

Respectfully submitted:

Kris Dalio, Director of Finance and IT Services

Approved:

Walter Babicz, City Manager

Meeting date: [2024/12/04]