

DATE: December 24, 2019

TO: **MAYOR AND COUNCIL**

NAME AND TITLE: Kris Dalio, Director of Finance

SUBJECT: 2020 – 2024 Capital Plan

ATTACHMENTS: Capital Plans

RECOMMENDATION:

That Council approve the 2020 – 2024 Capital Plan.

PURPOSE:

The Capital Plan provides for the purchase, construction, rehabilitation and upgrade of capital assets. Capital assets include land and improvements, buildings, vehicles, machinery and equipment, infrastructure (roads, drainage, water, sewer and parks), and leasehold improvements. The 2020 - 2024 Capital Plan is presented to Council by fund and by service category.

STRATEGIC PRIORITIES:

The prioritization of capital projects has been governed by Council's myPG Strategic Framework which identifies community and corporate goals and has established strategies and supporting policies to move the City of Prince George toward a sustainable future.

Directors and General Managers submitted their highest priority projects based on the professional expertise and advice of their respective departmental teams. The Senior Leadership Team then discussed and prioritized all high priority projects through a series of meetings considering inputs and factors such as: facility assessments; asset master plans; public consultation; and social, economic and environmental impacts.

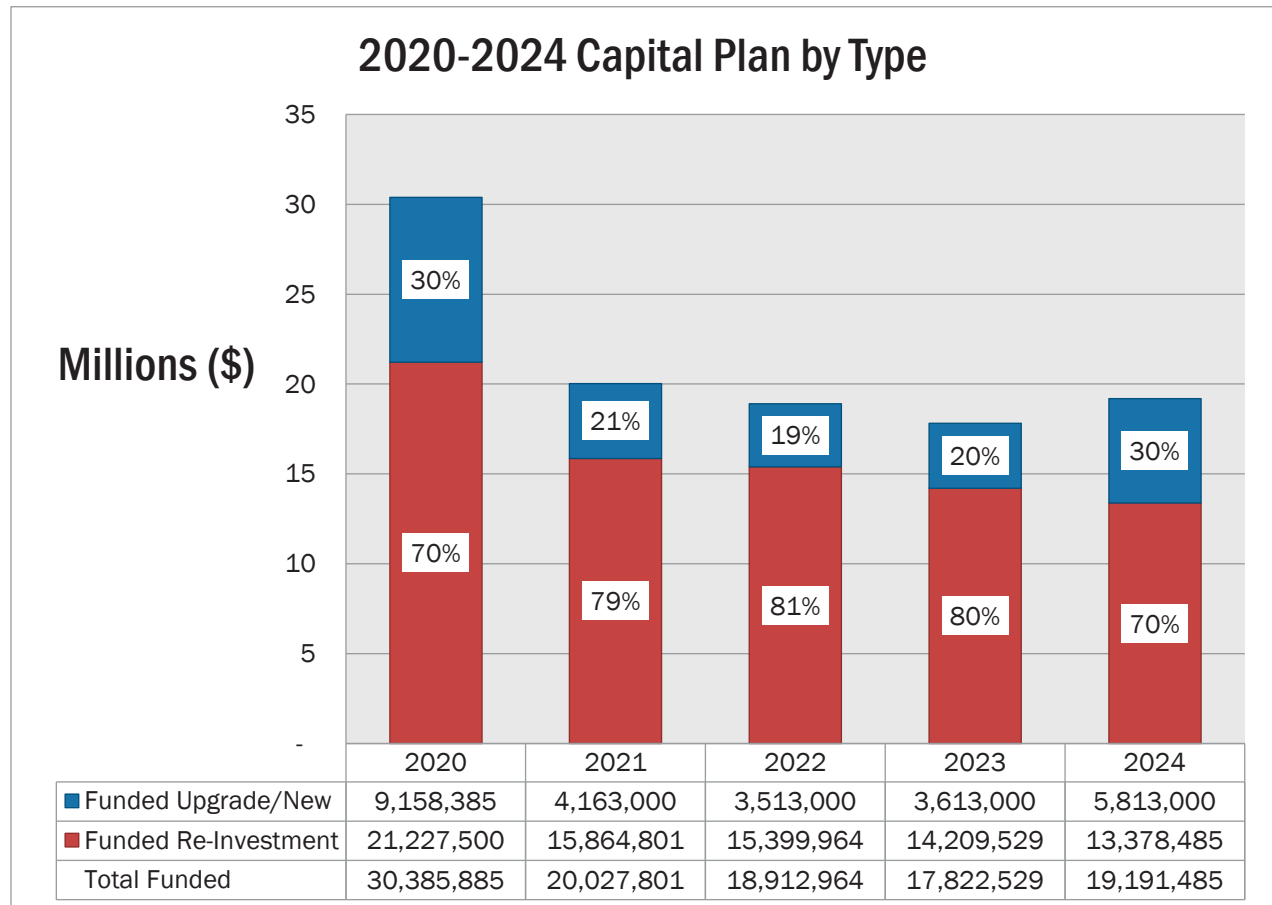
The presentation of the Capital Plan is organized by service category, which follows the same style of presentation as the Operational Budget in the Financial Plan as well as making specific projects easier to find for the reader.

POLICY/REGULATORY ANALYSIS:

The Community Charter requires a municipality to adopt by bylaw a financial plan with a planning period of five years. This report describes the capital planning process for the City's five year financial plan.

FINANCIAL CONSIDERATIONS:

The 2020 – 2024 Capital Plan includes all requests for capital work for the five year period; however not all projects have been funded. Unfunded projects have been listed so that Council and the community are able to view the full complement of project requests. A project that is unfunded may meet grant criteria at a future date and could thus be considered for approval through a capital plan budget amendment. The chart below provides a breakdown of the current capital plan by type of project.



Descriptions of project types are as follows:

Upgrade/New

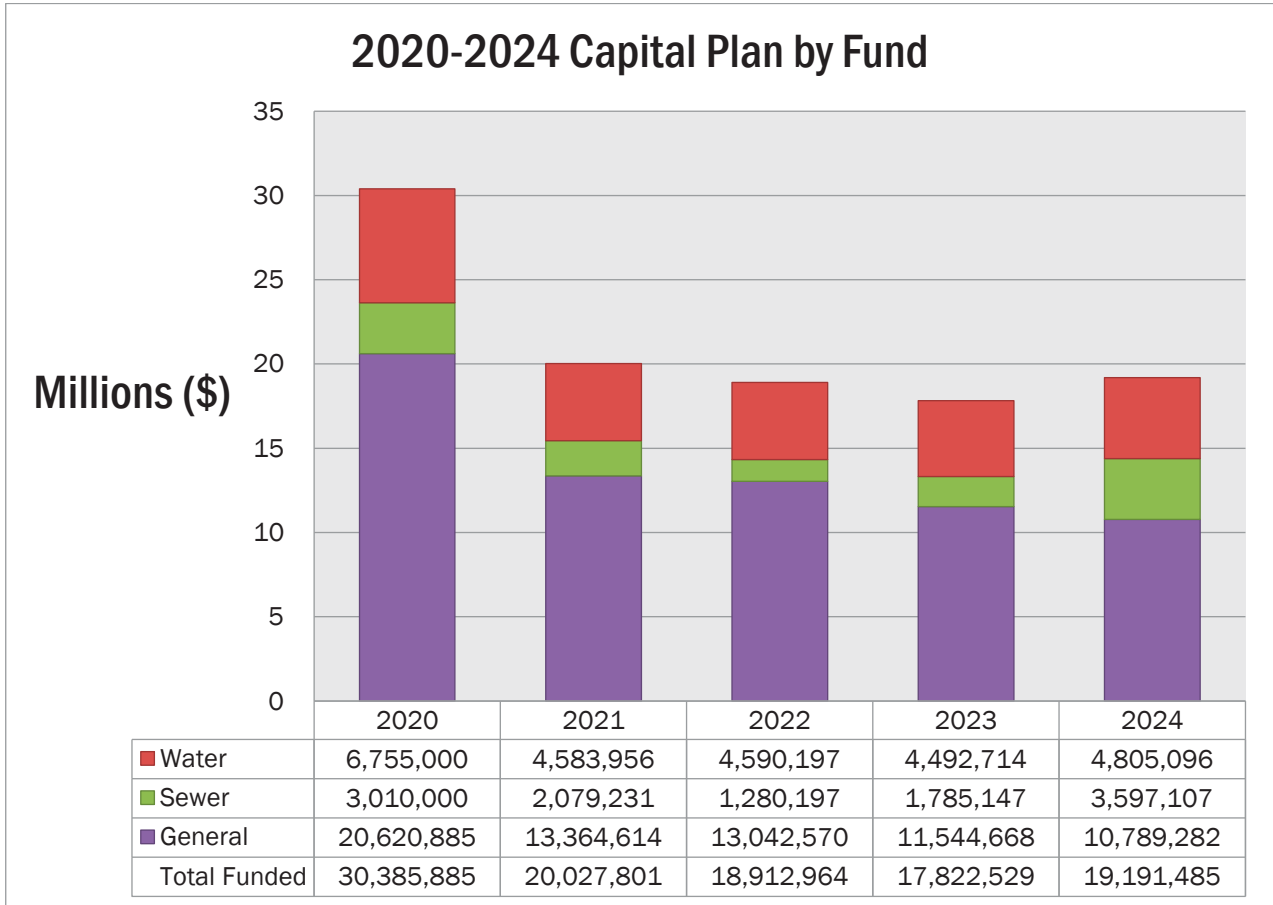
- Works to provide a higher level of service, either with increased capacity or increased performance capability.
- Works that add a new asset to the City’s inventory.

Re-Investment (Renew/Replace and Maintain)

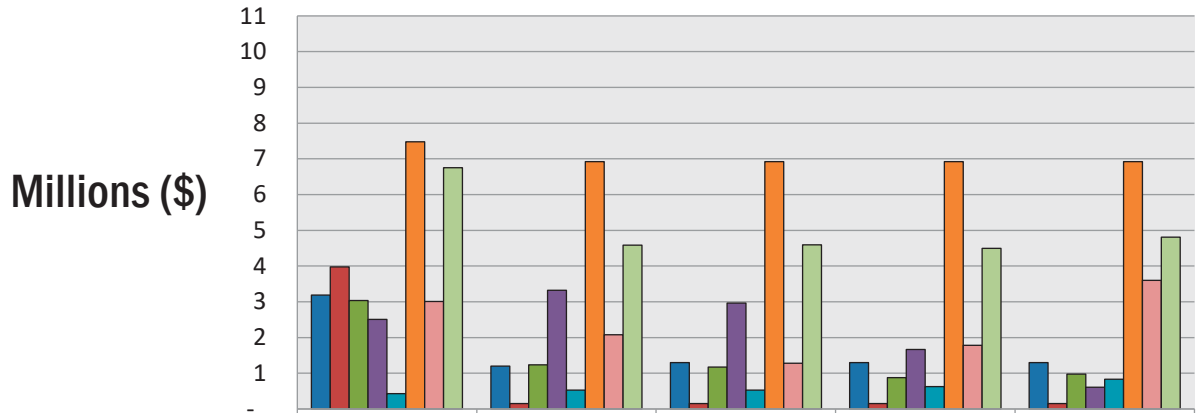
- Works to continue to provide the same level of service that also: fully replace an existing asset and dispose of the old asset, extend an asset life beyond the original expected life, lower the associated operating costs, or improve the quality of output.
- Works to retain an asset as near as practicable to its original condition and maintain the predetermined service potential of the asset for its expected life.

Capital Plan by Fund

The general capital program encompasses projects for all areas of the City except for specific areas such as water and sewer. The following tables provide a summary by general, sewer and water fund for the five year plan as well as a further breakdown by service type of the City.



2020-2024 Capital Plan by Service Type



	2020	2021	2022	2023	2024
■ Administrative Services	3,190,000	1,200,000	1,300,000	1,300,000	1,300,000
■ Civic Facilities	3,973,385	150,000	150,000	150,000	150,000
■ Recreation and Culture	3,040,500	1,234,850	1,171,500	877,850	976,000
■ Solid Waste and Fleet	2,512,000	3,324,764	2,966,070	1,661,818	608,282
■ Storm Drainage	430,000	530,000	530,000	630,000	830,000
■ Transportation	7,475,000	6,925,000	6,925,000	6,925,000	6,925,000
■ Sewer	3,010,000	2,079,231	1,280,197	1,785,147	3,597,107
■ Water	6,755,000	4,583,956	4,590,197	4,492,714	4,805,096
Total Funded	30,385,885	20,027,801	18,912,964	17,822,529	19,191,485

Administrative Services includes development planning and administration, engineering, and IT services.

Civic Facilities manages the structural capital needs for all buildings owned by the City. This includes the facilities in Community Services such as the two aquatic facilities, CN Centre, Civic Centre, and Kin Centres. It also includes other government facilities like City Hall, the 18th Avenue Yard, the RCMP building, and the fire halls.

Recreation and Culture includes cemetery and parks, as well as non-structural projects in aquatics, Civic Centre, CN Centre, and community arenas.

Solid Waste and Fleet includes solid waste mobile equipment, as well as other fleet-related tools and equipment.

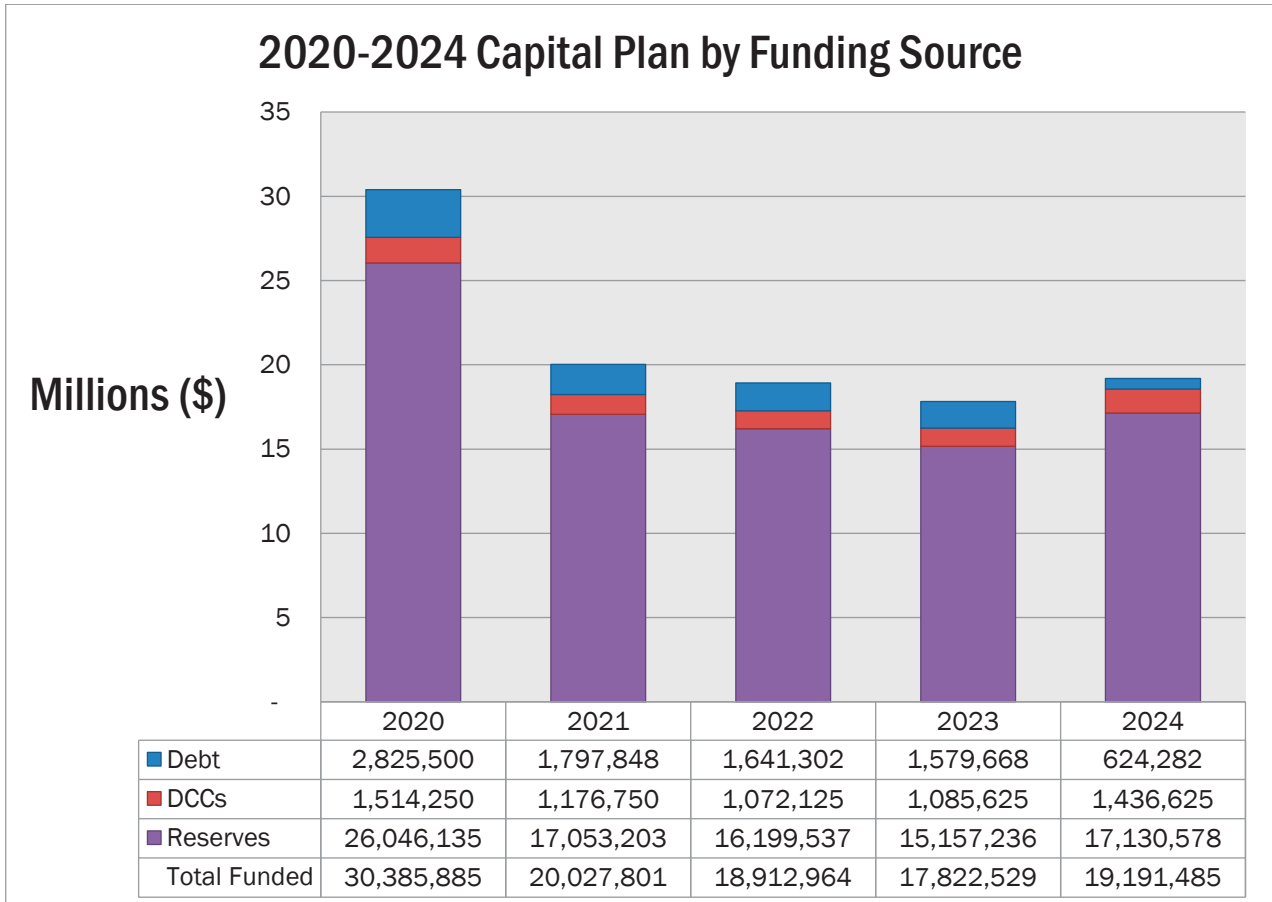
Storm Drainage includes catchbasins, culverts, and other forms of drainage control.

Transportation includes roads, snow control, and street lighting.

Capital Plan by Funding Source

The City utilizes debt, development cost charges (DCCs), grants, third party contributions, and reserves to fund its capital program. Wherever possible the City applies for federal and provincial grants.

The sewer and water utility projects are funded from capital reserves and DCCs specific to those funds. Current debenture payments as a result of previous debt financing are recovered through the utility user rates.



Debt is used to provide funding for projects that are necessary, but for which reserve funds are insufficient, or for projects that expand the City’s infrastructure. Equipment loans are currently in place for funding of the City’s Mobile Equipment Replacement Program. Debt repayments are made from operating funds and these payments must be within the liability servicing limit provided by the Ministry of Municipal Affairs and Housing.

Grants from other levels of government often require that the municipality have a project in their capital plan that is approved by Council. As such the funding source “grants” is listed but the project is contingent on grant funding being approved through a grant application process or grant program.

DCCs are used to fund expansion of infrastructure assets. DCC levies are calculated for projects that are included in the capital plan. For that purpose, unfunded and future year projects (2025 - 2029) are included in the overall plan.

The **Capital Expenditure Reserve** is used to fund most general capital projects. The Capital Expenditure Reserve is replenished through transfers from operating, gaming revenue and Endowment Reserve interest. Other reserves such as the General Infrastructure Reinvestment Fund, Road Rehabilitation, Storm Drainage, and Community Works are used for funding capital projects that meet the specific funding criteria of these reserves.

SUMMARY AND CONCLUSION:

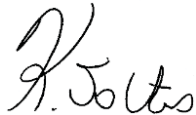
This report and the capital project reports on the pages that follow in the budget book provide the details of the 2020 - 2024 proposed Capital Plan. City Administration has prioritized the projects organizationally and sorted the projects to present the investment in assets. Known funding sources have been identified and utilized. Projects that are not funded for 2020 - 2024 and projects that are anticipated for future years (2025 - 2029) have been listed for Council's information.

RESPECTFULLY SUBMITTED:



Kris Dalio, Director of Finance

APPROVED:



Kathleen Soltis, City Manager
Meeting date: January 6, 2020