



City of Port Moody

Report to Finance Committee

Date: November 19, 2021
Submitted by: Finance and Technology Department – Financial Services Division
Subject: Provisional 2022-2026 Capital Budget Approval

Purpose

To present the provisional 2022 Capital Budget for approval.

Recommended Resolutions

THAT 2022 projects be approved as attached to and recommended in the report dated November 19, 2021 from the Finance and Technology Department – Financial Services Division regarding Provisional 2022-2026 Capital Budget Approval;

AND THAT the 2023 vehicle replacements for SO22025 (Replace OP075 – 17 Mack LR) and SO22011 (Public Waste Collection Vehicle) be pre-approved to allow the procurement process to begin in 2022.

Background

The provisional 2022 Capital Budget was presented to the Finance Committee on November 16, 2021 (**Attachment 1**).

Discussion

The provisional Five-Year Financial Plan (**Attachment 2**) contains \$64.8 million in projects for years 2022 through 2026. 2022 has \$17.2 million in proposed projects with project submissions from nearly all departments. Funding for the proposed projects comes from multiple City reserves and other external funding sources. Most City reserves are balanced as required for the Five-Year Financial Plan, although some have opening balance deficits. The list of 2022 projects are diverse and includes project submissions for the following items:

- fleet replacements;
- road reconstruction and rehabilitation at various locations throughout the City;
- boardwalk and pedestrian bridge reconstruction at the Inlet Trail;
- synthetic turf replacement project at Trasolini Field and bike trail bridge at Noons Creek;
- improvements to traffic signals, street lights, and bus stops;
- major utility projects, including Glenayre/Seaview/College Park water system rehabilitation and storm/drainage rehabilitations at various locations.

The following table highlights the top ten projects for 2022 by budget (dollars).

Top 10 Projects (by dollar)					
Division	Project Name	Climate Action Plan	Priority	LP 2022	Percentage of Total Projects
Parks	PK22001 - Inlet Trail - Boardwalk and Pedestrian Bridge Reconstruction	Infrastructure	3. High	2,500,000	15%
Parks	PK22024 - Trasolini Field - Synthetic Turf Replacement	Not Applicable	4. Medium	1,110,000	6%
Water	WT22015 - Glenayre/Seaview/College Park Water System Rehabilitation	Not Applicable	3. High	1,100,000	6%
Engineering	EN22006 - Local Road Network (LRN) Road Reconstruction Program	Not Applicable	3. High	1,000,000	6%
Water	WT22012 - Ioco Road Corridor Reconstruction (Water)	Not Applicable	3. High	750,000	4%
Parks	PK22054 - Noons Creek Bike Trail Bridge	Infrastructure	3. High	600,000	3%
Development Planning	DP22007 - Development Process Streamlining	Not Applicable	2. Council	535,000	3%
Engineering	EN22009 - Major Road Network (MRN) Road Rehabilitation Program	Not Applicable	3. High	300,000	2%
Facilities	FC22218 - Works Yard - Roofing Replacement	Buildings	3. High	255,000	1%
Parks	PK22013 - Maintenance Dredging - Rocky Point Pier	Not Applicable	3. High	250,000	1%
Total - Top 10 (by dollar) Project Costs				8,400,000	49%

Staff have prepared the provisional 2022 Capital budget for the Committee's approval in line with the 2022 Financial Plan Guidelines and other City policies and Master Plans.

Funding for the Capital Plan is proposed to come from multiple City reserves, including the:

- Asset Reserve;
- Artworks Reserve;
- Carbon Offset Community Reserve;
- Equipment Replacement Reserve;
- MRN reserves;
- New Initiatives Reserve;
- Community Amenity Contribution Reserve;
- Density Bonusing Reserve;
- Master Transportation Plan Reserve;
- multiple utility reserves (Sewer, Water, Drainage, and Sanitation); and
- external grants (including the COVID-19 Restart grant).

Reserves are required to be balanced over the Five-Year Financial Plan as part of a balanced budget. It is common practice to have more projects than funding in a particular year for reserves depending on the overall reserve balance and the nature of the projects, as long as the final year of the Five-Year Financial Plan remains in a positive balance. A complete list of Capital and Operating projects and reserve summaries is included in **Attachment 2**. Detailed project submissions have been made available internally on the City's intranet site, and externally on the City's website.

Since the Provisional 2022 Capital budget was presented to the Finance Committee on November 16, 2021, Council approved the 2021 project proposals for:

- Growth Impact Model;
- Cumulative Development Traffic Model;
- Downtown Park Capacity Assessment;
- Downtown Park Capacity Management Plan;
- Rocky Point Park Impact Assessment; and
- Housing Action Plan.

The projects were given a Council Strategic Plan priority of Level 1 and referred to the Finance Committee for identification of a funding source (Projects total \$262,500). Staff will be recommending that these projects are funded from the New Initiatives Reserve (\$212,500) and the Affordable Housing Reserve (\$50,000) in 2021. This will increase the opening balance deficit from \$728,500 to \$941,000, and although the reserve will be balanced across the five-year financial plan, the ending balance in 2026 will be reduced from \$422,500 to \$210,000.

2023 Pre-Approvals

To take advantage of competitive pricing, contractor work schedules and other procurement and work resourcing strategies, departments need an early as possible approval for projects. Therefore, staff are suggesting that Council approve as much of the 2022 - 2026 Capital Plan as possible so planning can commence and resources mobilized, removing only the projects that Council have concerns about or require further deliberation.

In addition, there are some capital projects require a lead time/procurement process that is greater than one year. The lead time required to order, build, and receive, heavy-duty vehicles is greater than one year. As a result, staff are requesting pre-approval for two 2023 vehicle replacements:

- SO22005 – Replace OP075-2017 Mack LR (funded from the Equipment Replacement Reserve); and
- SO22011 – Purchase of an additional public waste collection vehicle (funded from the Equipment Replacement Reserve and the Sanitation Utility Reserve).

Pre-approval allows the procurement process to begin in 2022 with the vehicle to be received and enter into service in 2023.

Other Option(s)

THAT staff report back to the Committee with additional requested information on the 2022 Capital Plan;

AND THAT project(s) _____ be removed from the capital plan pending further deliberation.

Financial Implications

All capital projects are aligned with a funding source (City reserve or external funding source).

Five of the submitted 2022 projects have an ongoing impact on the operating budget, which would result in an additional funding requirement in 2022 and beyond (tax increase).

Projects with Operating Budget Impact					
Division	Project Name	Climate Action Plan	Priority	LP 2022	Annual Operating Impact
Fleet	FL22041 - PK - Mini Excavator	Not Applicable	3. High	80,500	15,000
Fleet	FL22042 - PK - Tandem Dump Trailer	Not Applicable	3. High	22,500	2,500
Information Services	IS22007 - Cloud Disaster Recovery Server Backup	Not Applicable	3. High	30,000	112,000
Information Services	IS22009 - Telephony Replacement	Not Applicable	3. High	70,000	36,000
Parks	PK22061 - Noons Creek Stairs	Not Applicable	4. Medium	25,000	2,000
Total - Project Costs				228,000	167,500

The proposed Capital Plan includes an annual funding increase to the Asset Reserve of the equivalent of a 1% tax increase (\$462,000 in 2022). This is in line with the City's past practice to ensure funding is available for the renewal of City assets. The New Initiatives reserve includes an additional \$15,000 contribution in 2022, which is proposed to increase by \$15,000 annually to provide the necessary funding for the proposed projects.

Communications and Civic Engagement Initiatives

The City's Financial Plan and associated documentation will be posted on the City website. Additional Financial Plan information will be made available to the public during the Public Budget Consultation process.

Council Strategic Plan Objectives

All projects are aligned with at least one Council Strategic Plan objective as required by the Budget Guidelines. The specific goals each project align with, can be viewed in the Capital Plan details.

Attachment(s)

1. Report to Finance Committee: Provisional 2022-2026 Capital Budget.
2. Provisional 2022-2026 Five-Year Financial Plan Capital Budget.

Report Author

Tyson Ganske, CPA, CGA
Manager of Financial Planning

Report Approval Details

Document Title:	Provisional 2022-2026 Capital Budget Approval.docx
Attachments:	- Attachment 1 - Report to Finance Committee: Provisional 2022-2026 Capital Budget.pdf - Attachment 2 - Provisional 2022-2026 Five-Year Financial Plan Capital Budget.pdf
Final Approval Date:	Nov 30, 2021

This report and all of its attachments were approved and signed as outlined below:

Paul Rockwood, General Manager of Finance and Technology - Nov 26, 2021 - 7:08 PM

Dorothy Shermer, Corporate Officer - Nov 28, 2021 - 10:07 PM

Rosemary Lodge, Manager of Communications and Engagement - Nov 29, 2021 - 8:37 AM

Tim Savoie, City Manager - Nov 30, 2021 - 10:07 AM