



City of Port Moody

Report to Finance Committee

Date: November 21, 2023
Submitted by: Finance and Technology Department – Financial Services Division
Subject: Provisional 2024-2028 Capital Budget Approval

Purpose

To present the provision 2024 Capital Budget.

Recommended Resolution(s)

THAT the report dated November 21, 2023, from the Finance and Technology Department – Financial Services Division regarding Provisional 2024-2028 Capital Budget Approval be received for information.

Background

Staff have prepared the provisional 2024 Capital Budget in accordance with the City's 2024 Financial Plan Guidelines for the Committee's consideration.

Discussion

The provisional Five-Year Financial Plan encompasses \$78.8 million in projects spanning from 2024 to 2028. In 2024, there are \$23.8 million in proposed projects, with contributions from all city departments. These projects are funded through a combination of City reserves and external funding sources. Although several City reserves initially have substantial opening balance deficits, they are brought into balance by the end of the Five-Year Financial Plan in 2028.

The list of 2024 projects are diverse and includes project submissions for the following items:

- Firehall and Public Safety Building Upgrades - Including the installation of digital control systems, improved access, and heat pump systems for energy efficiency.
- Civic Centre Enhancements - Ongoing repairs and improvements to the Civic Centre, ensuring its aesthetic appeal and functionality including washroom upgrades and carpet and replacement.
- Gymnasium Air Conditioning - A significant investment in air conditioning for the Recreation Complex's gymnasium, enhancing the overall functionality of the space and user experience.
- Fleet Garage Improvements - Enhancements to the Fleet Garage, including exterior building upgrades, bulk oil storage, and a new diagnostic laptop for improved maintenance.

- Road Reconstruction and Rehabilitation - Several road reconstruction and rehabilitation projects at various locations, such as loco Road Corridor.
- Storm Drainage Improvements - Focused on Moody Centre, these improvements aim to enhance storm drainage infrastructure.
- Water Network Infrastructure Renewal - A substantial investment in the city's water network infrastructure for long-term sustainability.
- Traffic Signal and Streetlight LED Replacement - Upgrading and replacing traffic signals and streetlights with energy-efficient LED technology.
- Sewer Capital Infrastructure Program - An extensive investment program aimed at maintaining and rehabilitating the city's sewer infrastructure, addressing both linear and non-linear components

Staff have prepared the provisional 2024 Capital Plan for the Committee's approval in line with the 2024 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 Reserves;
- Affordable Housing Reserve;
- Community Amenity Contribution Reserve;
- Density Bonus;
- Development Process Reserve;
- Equipment Replacement Reserve Fund;
- Climate Action Implementation Reserve & Local Government Climate Action Program Reserve;
- MRN Reserves;
- New Initiative Reserve;
- Utility reserves (Sewer, Water, Drainage, and Sanitation).

All departments, with the exception of the Port Moody Library, have submitted projects as part of the 2024 capital budget process. A complete list of submitted projects by department is detailed in **Attachment 1**. Departments have prioritized project submissions based on several factors, including Council's Strategic Plan, the Asset Management Investment Plan (AMIP), the Climate Action Plan, risk assessments, and other relevant factors in allocating the available funding.

Capital Budget

Staff have prepared the provisional 2024 Capital Plan for the Committee's approval in line with the 2024 Financial Plan Guidelines and other City policies and Master Plans.

The following table highlights the top ten projects for 2024 by budget (dollars).

Port Moody Capital Plan Top 10 Projects (by dollar)

Project ID	Project Name	Climate Action Plan	Priority	2024	Percentage of Total Projects
WT24009	Water Network Infrastructure Asset Renewal Program	☐ Not Applicable	☐ 3. High	2,925,000	12%
EN24009	Major Road Network (MRN) Road Rehabilitation Program	☐ Not Applicable	☐ 3. High	2,750,000	12%
DR24013	Ioco Road Corridor Reconstruction	☐ Infrastructure	☐ 3. High	1,750,000	7%
SD24010	Sewer Capital Infrastructure Program (Linear and Non-Linear)	☐ Not Applicable	☐ 3. High	1,320,000	6%
DR24009	Storm Drainage Improvements - Moody Centre	☐ Infrastructure	☐ 3. High	1,147,000	5%
EN24006	Local Road Network (LRN) Road Reconstruction Program	☐ Not Applicable	☐ 3. High	1,000,000	4%
FC24240	Recreation Complex - Gymnasium Air Conditioning (GHGR)	☐ Buildings	☐ 3. High	800,000	3%
IS24020	Lifecycle Computer Replacement Program	☐ Not Applicable	☐ 3. High	470,000	2%
FC24242	Recreation Complex - Skate Shop Renovation	☐ Not Applicable	☐ 4. Medium	436,400	2%
FC24020	Civic Centre - Washroom Upgrades	☐ Not Applicable	☐ 3. High	350,000	1%
Total - Top 10 Projects (by dollar)				\$ 12,948,400	55%

The following criteria, as outlined in the 2024 Budget Guidelines, was used to prioritize project submissions. This is consistent with previous years.

High

- public health and life safety issues;
- legislation or regulation requirements;
- management of existing assets (extends useful life; deterioration; avoids expensive repairs; lessens emergency disruptions); or
- strategic priority of Council.

Medium

- improves an existing asset;
- increases cost savings/revenues generated;
- equipment replacement at the end of its life cycle; or
- reduces future maintenance/repairs on recurring issues or long-standing deficiencies.

Low

- new service/infrastructure;
- addresses deficiencies reported in commissioned studies and reports; or
- addresses future concerns.

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 1**.

Asset Reserve

The Asset Reserve is the primary reserve used to fund the repair and replacement of existing City Assets (excluding utilities). This is broken down into various envelopes, which receive annual funding allocations. All envelopes within the Asset Reserve are balanced by the fifth year of the financial plan. As noted, and approved in the Financial Plan Guidelines, annual funding is proposed to increase by \$532,000 in 2024. This is distributed proportionally to the six envelopes.

Asset Reserve - Envelope Program	2024 Allocation	2025 Allocation	2026 Allocation	2027 Allocation	2028 Allocation
Equipment - City	384,310	425,403	467,932	512,041	557,593
Equipment - Police	202,513	213,475	224,819	236,585	248,736
Facilities	3,705,786 *	1,818,219	1,999,993	2,188,519	2,383,214
Parks	1,751,393 *	797,118	876,808	959,459	1,044,815
Transportation	1,944,282	2,152,178	2,367,339	2,590,493	2,820,949
Unallocated	606,645 *	489,599	548,544	609,678	672,812
Total	\$ 8,594,929	\$ 5,895,992	\$ 6,485,436	\$ 7,096,775	\$ 7,728,119

*Includes additional one-time funding

Following are additional details on the status of each envelope.

Asset Reserve – Capital Programs (envelopes)

1. City Equipment – The City Equipment Program began in 2024 with an opening balance of (\$335,959). Subsequent project expenditures included (\$505,500) in 2024, (\$584,000) in 2025, (\$373,000) in 2026, (\$155,000) in 2027, and (\$252,500) in 2028. The trend in ending balances showed a consistent improvement from (\$458,666) in 2024 to a positive closing balance of \$135,710 in 2028.
2. Police Equipment – The Police Equipment envelope had an opening balance of \$31,733; submitted projects were (\$407,700) in 2024, (\$169,700) in 2025, (\$355,800) in 2026, (\$246,500) in 2027, (\$51,600) in 2028, with an ending balance of (\$77,132).
3. Facilities Maintenance – Facilities Maintenance program commenced with an opening balance of (\$1,491,803). Subsequent project expenditures included (\$2,352,000) in 2024, (\$2,190,500) in 2025, (\$1,776,000) in 2026, (\$2,074,000) in 2027, and (\$2,143,000) in 2028. The ending balances exhibited an increasing trend, from a deficit (\$143,802) in 2024 to a positive closing balance of \$35,092 in 2028. In 2024, to address the opening balance deficit, a one-time transfer of \$1,491,803 was made from the Asset Reserve to the Facilities Maintenance envelope. Furthermore, a transfer of \$571,400 was reallocated from the Asset Reserve to support three significant projects: FC24242: Recreation Complex - Skate Shop Renovation (\$436,400), FC24243: Public Safety Building - Adding Access Door from Parking (\$85,000), and FD24016: Inlet Fire Station Dorm Equity and Locker Room Renovation (\$50,000).
4. Parks Maintenance – Parks Maintenance program began with an opening balance of (\$1,031,275). Subsequent project expenditures included (\$992,500) in 2024, (\$513,500) in 2025, (\$1,388,500) in 2026, (\$883,500) in 2027, and (\$398,500) in 2028. The ending

balances followed a varied trend, moving from a deficit of (\$275,360) in 2024 to a positive closing balance of \$209,289 in 2028. 2024 funding includes an additional one-time transfer of \$1,031,275 from the Asset Reserve into the Parks Maintenance envelope to clear the opening balance deficit.

5. Transportation – Transportation program envelope commenced with an opening balance of (\$1,826,417). Subsequently, project expenditures included (\$2,470,000) in 2024, (\$2,348,000) in 2025, (\$1,478,000) in 2026, (\$1,728,000) in 2027, and (\$1,428,000) in 2028. The trend in ending balances fluctuated, with each year showing a decreasing deficit, reaching a closing balance of \$794,143 in 2028. Submitted projects follow a capital program model, where annual funding is consistently set for a range of transportation programs (i.e. streetlight improvements, School traffic safety initiatives, neighbourhood traffic calming, LRN road reconstruction, etc.).
6. Unallocated – The Unallocated Program envelope was established as part of the Capital Program structure in 2015 to capture assets that had not been accounted for or classified in the AMIP.

The Unallocated Program envelope started with an opening balance of (\$1,042,345). Subsequent project expenditures included (\$583,700) in 2024, (\$563,200) in 2025, (\$413,500) in 2026, (\$93,500) in 2027, and (\$78,500) in 2028. The trend in ending balances showed a consistent improvement, from (\$1,170,310) in 2024 to (\$27,506) in 2028, ending with a smaller deficit. In addition, a transfer of \$174,000 was reallocated from the Asset Reserve to fund the Tree Planting Program project (PK24119), supporting the hiring of two Auxiliary Staff members.

As previously noted in #3, #4, and #6, one-time funding from the Asset Reserve - Opening Balance is being allocated to address the opening balance deficits in the Facility Maintenance and Parks envelopes while also facilitating funding for four specific projects. This additional injection of \$3,268,478 in 2024 results in a remaining balance in the Asset Reserve - Opening Balance of \$1 million by 2028.

Climate Action Implementation Reserve

The Climate Action Implementation Reserve was established (April 27, 2021) to fund future implementation phases of the Climate Action Plan. Historically this reserve received \$50,000 in annual funding (taxation) and could receive additional funding through climate action related grants. Additionally, for 2024, transfers to the reserve are increasing by \$532,000 (1%) and an additionally 1% every year (similar to the Asset Levy) through all 5-years of the Financial Plan. This is consistent with direction received at City Initiatives and Planning Committee on September 5, 2023, and will be used to fund various elements of the City's Climate Action Plan.

The Climate Action Implementation Reserve began with an opening balance of \$52,000 in 2024. Subsequent project expenditures included (\$767,000) in 2024, (\$1,099,000) in 2025, (\$522,000) in 2026, (\$809,000) in 2027, and (\$4,151,000) in 2028. The trend in ending balances showed fluctuations, ranging from a deficit of (\$133,000) in 2024 to a surplus of \$1,500,000 in 2028.

Local Government Climate Action Program Reserve (LGCAP)

The Local Government Climate Action Program Reserve (formerly the CARIP reserve) is balanced over the Five-Year Financial Plan. This reserve receives \$186,000 in annual funding (provincial grant program). The Local Government Climate Action Program Reserve (LGCAP) began in 2024 with an opening balance of \$149,690. Subsequent project expenditures included (\$232,000) in 2024, (\$43,700) in 2025, (\$13,700) in 2026, (\$13,700) in 2027, and (\$5,000) in 2028. The trend in ending balances showed improvement, with a deficit of (\$30,036) in 2024 turning into a surplus of \$454,850 in 2028.

Community Amenity Contribution Reserve

Community Amenity Contributions (CACs) allow the City to collect and pool funds from developers to build amenities that serve existing and new Port Moody residents. CACs allow for the funding of public amenities deemed appropriate by Council, such as: community facilities, parks and recreation facilities, environmental enhancements, arts and cultural facilities, public art, streetscape and pedestrian improvements, affordable and special needs housing.

Voluntary CACs are made to the City in the amount of \$6.00 per 0.09m² (1.0ft²) (to a maximum of \$6,000 per unit) for new residential floor area being developed on a lot where an application has been made to the City for rezoning of the lot.

The Community Amenity Contribution Reserve began with an opening balance of \$4,885,794. Project expenditures amounted to (\$1,315,500) in 2024, (\$485,000) in 2025, (\$290,000) in 2026, and no expenditures in 2027 and 2028. The trend in ending balances remained stable at \$3,570,294 from 2024 to 2025 and then decreased slightly to \$2,795,294 from 2026 to 2028.

The City does not budget/project CAC revenues. Also worth noting, staff have heard early indications from the Province their desire to eliminate CACs and provide broader flexibility with Development Cost Charges to address infrastructure and amenity shortfalls.

Density Bonus Reserve

The Density Bonus Reserve Fund (Bylaw No. 3142) references expenditures from the reserve for the funding of: community facilities/amenities; parks and recreation facilities/amenities; environmental enhancements; arts and cultural facilities/amenities; public art; streetscape and/or pedestrian related improvements; affordable or special needs housing or contributions to the Affordable Housing Reserve; parkland and other strategic land purchases; repayment of debt; and Transportation improvements.

The Density Bonus Reserve, with an opening balance of \$2,444,878, had only one project: Civic Complex Exterior Upgrades and Enhancement (Phase II). The project is budgeted at (\$175,000) in 2024, (\$400,000) in 2025, (\$100,000) in 2026, (\$100,000) in 2027, with no expenditures in 2028. The ending balances consistently increased, reaching \$3,393,283 in 2028, indicating steady growth over the five years as a result of the internal borrowing repayment from the Master Transportation Plan (MTP). This funding source was selected for this project due to its alignment with the reserve policy and overall community benefit. Funding for this project could not be accommodated through other City funding sources (Asset Reserve or New Initiatives Reserve).

Development Process Reserve

The Development Process Reserve (re-established in 2002) allows the City to “smooth out” responses and to service “peaks and valleys” associated with the level of development activity in the community. The reserve recognizes the fact that staff effort to respond to development activity does not occur when the city receives development revenues. Development related revenues in excess of the established base line revenues provide funding for the positions that work on development related activities during periods when development revenues fall below the established base line revenue.

The Development Process Reserve began with an opening balance of \$6,113,312. The position funding from the reserve is (\$2,495,084) in 2024 increasing to (\$2,798,079) in 2028. Project expenditures included (\$265,000) in 2024, (\$115,000) in 2025, and no expenditures in 2026, 2027, or 2028. Annual contributions to the reserve are projected to be \$2,191,300 in 2024, gradually increasing to \$2,414,300 in 2028. A conservative approach is taken when estimating future revenues. The reserve is primarily used to fund positions. This is primarily done in the operating budget; however operating projects can also be utilized for this purpose. The reserve is balanced across all five-years of the financial plan.

Equipment Replacement Reserve (ERR)

The ERR is a statutory reserve used to fund the replacement of City vehicles. Funding is provided through the established replacement provisions charged to departmental operating budgets, which provide sufficient funding to replace vehicles when they reach the end of their useful lives. The reserve balance is reviewed annually to ensure replacement schedules are accurate and replacement provisions are keeping pace with inflation and foreign exchange factors. Proposed projects total (\$796,100) in 2024, (\$2,377,800) in 2025, (\$3,061,800) in 2026, (\$1,867,400) in 2027, and (\$1,573,800) in 2028.

The Financial Planning team works with the Fleet Manager and Fleet Supervisor to review all scheduled replacements over the Five-Year Financial Plan. When possible, replacements are delayed to future years and vehicle lives are extended. Additionally, in some cases, when assets have deteriorated at a rapid pace and ongoing service and maintenance costs are high, replacements are accelerated. This reserve is balanced over the Five-Year Financial Plan and fully funded as a result of budgeted departmental replacement provisions.

MRN Reserves

The Major Road Network (MRN) reserves are funded through the annual payments made by TransLink to the City as part of the MRN agreement. A portion of annual funding is allocated to general rehabilitation and pavement rehabilitation reserves to fund road works that are part of the Major Road Network. The projects submitted are limited by the level of funding provided by TransLink. The 2024 Capital Plan includes limited projects as the City must ensure MRN funding from TransLink is re-established prior to making further capital commitments.

New Initiatives Reserve

This reserve is used to fund new initiatives and strategic priorities. This reserve has been chronically overdrawn in previous years, resulting in an opening balance deficit of \$915,000. Annual funding for 2024 is increasing to \$517,000. Total funding over the five-year financial plan is \$2.75 million.

Utility Reserves

Capital projects related to the water, sewer, drainage, and solid waste utilities have been submitted as part of the capital plan. All four of the Utility reserves are balanced over the Five-Year Financial Plan.

Other Reserves and Funding Sources

Several additional City reserves and funding sources are used for project funding in the Five-Year Capital Plan. Details of these reserves can be found in **Attachment 1**.

Summary of 2024 Projects by Department

A complete list of projects by division for all five years of the annual plan can be found in **Attachment 1**, including individual project summaries.

The following table summarizes the proposed projects by department across the five years of the Financial Plan.

Department	Total Project Count	2024	2025	2026	2027	2028
City Administration	1	125,000	125,000	125,000	150,000	125,000
Community Development	18	620,500	13,700	13,700	13,700	5,000
Corporate Services	1	10,000				
Community Services	213	6,872,400	6,461,000	4,999,500	4,098,800	6,902,300
Engineering & Operations	93	5,760,000	3,620,500	3,532,500	5,862,200	2,923,600
Fire Rescue	4	112,000	15,000			
Finance & Technology	15	957,000	273,000	100,000	85,000	690,000
Police	31	901,800	522,800	775,700	312,700	125,100
Utilities	27	8,387,000	3,644,200	3,408,400	2,968,000	3,015,700
	403	23,745,700	14,675,200	12,954,800	13,490,400	13,786,700

Other Considerations

The timeline for approving the 2024 Capital Plan is consistent with prior years that provides departments with competitive timelines for tendering contracts and securing equipment and resources. The accelerated timeline eliminates the need for divisions to submit and identify projects for pre-approval and has allowed the committee to review the Capital Plan in its entirety.

Additionally, by having projects approved by the end of 2023, staff can begin the necessary project planning, procurement, and general resourcing in January 2024. This allows the City to initiate RFPs and RFQs, obtain contractor quotes, and secure contractors for preferred times (i.e. summer paving etc.). If the entire capital program is delayed, the City faces risks around pricing, contractor availability, and product/supply availability which could result in higher costs or project delays of up to one or more years.

Should the Committee want additional information, or further debate/discussion, individual projects may be removed from the approved projects list and brought back to the Committee for further deliberations without holding up other projects that need to get out into the market for competitive quotes, contractor work plans, product availability, etc. If conditions evolve resulting

in the need to reduce the 2024 Capital Plan, or add additional projects to the 2024 Capital Plan, this information will be brought forward to the Finance Committee.

Capital Budget – Financial Implications

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

Only one submitted 2024 project has an ongoing impact on the operating budget, which, would result in an additional funding requirement in 2024 and beyond (tax increase). BL24001, a new vehicle for Building Officials and the Community Development Department has an ongoing operating impact.

The proposed Capital Plan includes an annual funding increase to the Asset Reserve of the equivalent of a 1% tax increase (\$532,000 in 2024). 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 increase of \$15,000 to the annual contribution. Since 2022, the annual contribution has increased by \$15,000 annually to provide the necessary funding for the proposed projects.

The annual transfer to the Climate Action Implementation Reserve increased by \$532,000 (1.00%) in 2024 and 1% of tax in 2025 through 2028 as direct by Council at the September 5, 2023 City Initiatives and Planning Committee.

Other Option(s)

THAT staff report back to the Committee with additional requested information on the 2024 Capital Plan.

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

THAT the 2024 projects be approved as attached.

Financial Implications

The financial implications are discussed above.

Communications and Civic Engagement Initiatives

The City's Financial Plan and associated resources will be posted on the City website. Engage Port Moody, the City's public engagement platform, will be used to collect community feedback on the 2024 Financial Plan. The annual budget survey, budget resource information, and FAQs will be posted on the project page, and staff will answer questions from community members, and collect general comments and feedback to be presented to Council. The Engage Port Moody hub allows Council to see questions and comments from the community as they are posted. Staff will report back to the Finance Committee with the full results of the budget consultation in early 2024.

Council Strategic Plan Goals

The recommendations in this report align with the following Council Strategic Plan Goal(s):

- Strategic Goal 1.1 – Prioritize Core Services

Attachment(s)

1. 2024-2028 Five Year Financial Plan - Capital Budget

Report Author

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Report Approval Details

Document Title:	Provisional 2024-2028 Capital Budget Approval.docx
Attachments:	- Attachment 1 - 2024-2028 Five-Year Financial Plan - Capital Budget.pdf
Final Approval Date:	Nov 14, 2023

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

Paul Rockwood, General Manager of Finance and Technology - Nov 7, 2023

Stephanie Lam, City Clerk and Manager of Legislative Services - Nov 7, 2023

Lindsay Todd, Manager of Communications and Engagement - Nov 8, 2023

Tim Savoie, City Manager - Nov 14, 2023