



THE CORPORATION OF THE CITY OF COURTENAY

## STAFF REPORT

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**To:** Mayor and Council

**File No.:** 1705-20

**From:** Chief Administrative Officer

**Date:** March 12, 2014

**Subject:** 2014-2018 General Capital Financial Plan

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### **PURPOSE:**

The purpose of this report is to consider the proposed 2014-2018 General Capital Financial Plan.

### **POLICY ANALYSIS:**

Section 165 of the *Community Charter* requires a municipality to have a five year financial plan. The 2014 General Capital Financial Plan is a component of the annual City of Courtenay five year financial plan.

The current year financial plan proposes a 0% increase in the 2014 capital funded from general taxation. While a 0% increase is not felt to be sustainable over time, staff advise that future capital financial planning will be supported through the development and implementation of Asset Management Planning, based on condition assessments, life cycle analysis, risk management, and the implementation of associated financial policies.

### **EXECUTIVE SUMMARY:**

The five year general capital financial plan is prepared annually and sources of funding are determined each year. A determination of the level of funding required from general property taxation is important as an increase in capital funding required from taxation can result in an increase in property tax rates.

The 2014 financial plan year provides for a total of \$5.1 million in planned capital expenditures. Capital funding sourced from taxation is \$854,355, which is a decrease over the 2013 requirement. As a result, no new taxation is required this year for general capital works.

### **CAO RECOMMENDATIONS:**

That based on the March 12, 2014 staff report "2014-2018 General Capital Financial Plan" Council approve OPTION 1 for the 2014-2018 General Capital Financial Plan, and adopt the proposed general capital project plan; and

That staff are directed to include the capital schedules in the 2014-2018 Financial Plan Bylaw.

Respectfully submitted,

*"original signed"*

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David Allen  
Chief Administrative Officer

**BACKGROUND:**

Consideration and approval of a five year financial plan is an annual requirement under the *Community Charter*. The recommended Financial Plan for the general capital fund presented at the March 12<sup>th</sup> Special Meeting of Council provides detail for the 2014 year, as well as projections for the four years following.

The general capital financial plan is partially funded from the general property taxation levy. With Council’s approval, the proposed capital projects will be included in the 2014-2018 Financial Plan Bylaw.

**DISCUSSION:**

The proposed 2014 – 2018 General Capital Financial Plan has been constrained to a scope and scale that recognizes the City’s capacity to realistically complete the planned capital projects, and with priority given to completion of prior year projects which were already in progress or were required for previously approved developer related projects. Other asset renewal projects or new capital projects have been deferred until Asset Management is sufficiently in progress, and condition assessment information is available to assist in informing capital planning and prioritization decisions.

The 2014 financial plan year includes a total of \$5,125,957 million in planned capital expenditures. (2013 = \$13M, which included the Lewis Centre renovation/expansion project). Capital funding for the 2014 projects is sourced from reserves, prior year unexpended funds, grants, and developer contributions, and general taxation. Of the funding sources, 16% or \$854,355 is contributed from general taxation, and this element is a decrease over 2013. As a result, no new taxation is required in 2014 for capital works.

Attached is Schedule 1 – Summary of 2014 General Capital Fund Expenditures, along with the detailed capital project list at the departmental level. Senior staff from each of the departments will be in attendance to speak and respond to queries for each of their respective areas of responsibility. While not yet 100% finalized, Schedule 2 – General Fund Reserves, has been attached to provide Council with information related to capital reserve fund balances.

The following provides additional information in regards to special capital funding sources.

***Use of Community Works Fund – Gas Tax Grant Revenues***

The following use of the CWF – Gas Tax Grants funding is proposed in the 2014 budget year:

<u>PAGE</u>	<u>DEPARTMENT</u>	<u>CAPITAL PROJECT</u>	<u>CATEGORY/PURPOSE</u>	<u>AMOUNT</u>
C-2 Partners in Parks	Community Services	Rails to Trails Phase 4 21 <sup>st</sup> Street to 26 <sup>th</sup> Street	Paths and Trails	\$100,000
O-9 Engineering/Operational Services	Engineering	Fitzgerald Avenue Cycling Improvements	Roads & Bridges – Road System Improvements	\$ 55,000
		Total		<u>\$155,000</u>

### ***Use of Gaming Funds***

In accordance with Council's 2013-2017 adopted policy on the distribution of gaming funds, these funds continue to be utilized for the construction of three bus shelters per year.

### ***Borrowing***

No new borrowing is proposed for the current 2014 budget year. Additional borrowing in future years would be required for the following capital projects, and requires a public approval process prior to advancing.

<u>Year</u>	<u>Project</u>
2015	East Courtenay - Fire Hall No. 2 / Training Grounds
2018	Police Services Building (an anticipated corresponding 60% recovery from lease revenue is recorded as rental revenue in 2018)

### **FINANCIAL IMPLICATIONS:**

Capital project expenditures planned for 2014 total \$5.1 million dollars. Zero new taxation is required in 2014 to fund capital work.

### **ADMINISTRATIVE IMPLICATIONS:**

Subsequent to Council approval of the proposed 2014-2018 General Fund Capital Plan, the schedules will be included in the 2014-2018 Financial Plan Bylaw. This bylaw will be brought forward for Council adoption in early May 2014.

The financial plan information will be posted on the City's website for review and comment, and all public feedback will be provided to Council prior to adoption of the Financial Plan bylaw.

### **STRATEGIC PLAN REFERENCE:**

Value Statement 2: A progressive, diverse and sustainable City

Goal 1: Ensure infrastructure is sustainable

Objective c) Complete an inventory and assessment of City roads, buildings, and utilities, and report on works required.

### ***Strategic Priorities***

Council:

- East Courtenay Fire Service (complete the analysis) Page D-2

Administration

- Asset Management System Page A-3
- Website Redesign Page A-3

Community Services

- Rail to Trail, Phase 3 Page C-2

Engineering

- Flood Study (complete) Page O-3

Human Resources

- Human resource Information System Page A-3

**OFFICIAL COMMUNITY PLAN REFERENCE:**

The 2014-2018 Financial Plan touches many areas of the OCP Goals including:

- Balanced growth
- Parks and publicly accessible natural open space
- Sustainable development
- Provision of community services including fire/rescue and policing
- An effective transportation system

**REGIONAL GROWTH STRATEGY REFERENCE:**

Goal 4 – Transportation

Develop and accessible, efficient and affordable multi-modal transportation network that connects Core Settlement Areas and designated Town Centres, and links the Comox Valley to neighbouring communities and regions.

Goal 5 – Infrastructure

Provide affordable, effective and efficient services and infrastructure that conserves land, water and energy resources.

Goal 8 – Climate Change

Minimize regional greenhouse gas emissions and plan for adaptation.

**CITIZEN/PUBLIC ENGAGEMENT:**

The public is notified of the upcoming changes to user fees through regular and special council meetings, media webcasts, and information posted on the City's website. In addition, staff are currently in the process of planning for the use of a new tool "Citizen Budget", which is an interactive and informative web-based communication tool.

**OPTIONS:**

OPTION 1: That Council approves the 2014-2018 General Capital Financial Plan as proposed, and directs staff to include the capital schedules in the 2014-2018 Financial Plan Bylaw.

OPTION 2: That Council amends the proposed 2014-2018 General Capital Financial Plan, and directs staff to include the amended capital schedules in the 2014-2018 Financial Plan Bylaw.

OPTION 3: That Council defer the endorsement of the proposed 2014-2018 General Capital Financial Plan for further discussion at a later Council meeting.

Prepared by:

*"original signed"*

Tillie Manthey, BA, CPA, CGA

Director, Financial Services/Deputy CAO

Attach: Schedule 1 – General Capital Fund, summary/detail schedules

Schedule 2 – General Fund Reserves