



THE CORPORATION OF THE CITY OF COURTENAY

STAFF REPORT

To: Council

File No.: 1705-20

From: Chief Administrative Officer

Date: February 4, 2015

Subject: 2015-2019 General Capital Financial Plan

PURPOSE:

The purpose of this report is to consider the proposed 2015-2019 General Capital Financial Plan.

POLICY ANALYSIS:

Section 165 of the *Community Charter* requires a municipality to have a five year financial plan. The 2015-2019 General Capital Financial Plan is a component of the annual City of Courtenay five year financial plan bylaw.

Long Term Capital financial planning is generally 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. The City has, over the past year, undertaken specific steps in implementation of and Asset Management Planning approach such as the implementation of new Asset Management Program, key staff have been trained in the National Asset Management System (NAMS, condition assessments have been carried out for roads infrastructure, fleet and equipment have been evaluated based on age and condition, and water leak testing equipment has been purchased and is in use in assessing the City's water mains. The condition assessment processes will continue on this year and are expected to be an ongoing activity for staff. In addition, a greater emphasis will be placed on preventative maintenance of infrastructure where it is possible to extend the life of those assets rather than incur costly capital replacements.

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 results directly in an increase in property tax rates to supply the funds required.

The 2015 financial plan year proposes a total of \$11.4 million in planned capital expenditures. Capital funding sourced from taxation is \$1,861,117, which is an increase over the 2014 requirement.

Staff propose that this increase can be funded through a combination of a 1% tax increase specific to capital works (generates \$170,000) and a transfer from priors years general surplus in the amount of \$830,000.

CAO RECOMMENDATIONS:

That based on the February 4, 2015 staff report "2015-2019 General Capital Financial Plan" Council receive the 2015-2019 General Capital Financial Plan for discussion", and

That the final version of the 2015-2019 General Capital Financial Plan, inclusive of revisions identified by Council on February 4, 2015, be returned to Council on February 21, 2015 for final approval.

Respectfully submitted,



David Allen, BES, CLGEM, SCLGM
Chief Administrative Officer

BACKGROUND:

Consideration and approval of a five year financial plan is an annual requirement under the *Community Charter*. The proposed Financial Plan for the general capital fund presented at the February 4th Special Meeting of Council provides detail for the 2015 year, as well as projections for the four years following.

The schedule of proposed capital projects, along with any revisions identified, will be returned to Council on February 18, 2015 for final discussion and approval.

DISCUSSION:

The proposed 2015 – 2019 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 within existing staff and financial capacity, and with priority given to finalization of in-progress 2014 projects which complete in 2015. Other identified asset renewal projects or new capital projects have been deferred to future years.

The 2015 financial plan year includes a total of \$11.4 million in planned capital expenditures. Capital funding for the 2015 projects is sourced from a variety of reserves, prior year unexpended funds, grants, developer contributions, general taxation, and prior years surplus. Of the capital funding sources, approximately 10% is identified as being sourced from general taxation.

Attached is Schedule 1 – Summary of 2015 General Capital Fund Expenditures, along with detailed capital project lists 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.

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

Use of Community Works Fund – Gas Tax Grant Revenues

TABLE 1: Use of the Gas Tax Grants funding is proposed in the 2015 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 Phases 4 & 5	Paths and Trails	\$109,117
D-1 General Government Buildings	Property Services	Civic Land Inventory/condition assessment	Capacity Building	\$140,000
D-4 Public Works Buildings	Property Services	Admin Office Heat Pump	Energy Efficiency	\$20,000
D-6 Recreation Facilities	Property Services	Air Curtain	Energy Efficiency	\$20,000
D-9 Sid Williams Theatre	Property Services	Lighting Upgrades	Energy Efficiency	\$37,500
D-9 Museum	Property Services	Heating Upgrades	Energy Efficiency	\$200,000
Infrastructure	Engineering and Public Works	Paving Renewal – England Avenue: 10 th – 12 th	Local Roads & Bridges	\$292,690
Infrastructure	Engineering and Public Works	Paving Renewal: 2 nd Street: Cliffe to England	Local Roads & Bridges	\$342,558
Infrastructure	Engineering and Public Works	Paving – road resurfacing program	Local Roads & Bridges	\$500,000
Infrastructure	Engineering and Public Works	Fitzgerald Avenue Cycling Improvements	Roads & Bridges – Road System Improvements	\$ 10,000
		Total		\$1,671,865

Borrowing

No new borrowing is proposed for the current 2015 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>
2016	East Courtenay - Satellite Fire Hall Roads and Streets Projects Paving Projects
2017	Storm Drainage Roads and Streets
2019	Police Services Building (an anticipated corresponding 60% recovery from lease revenue is recorded as rental revenue in 2019)

FINANCIAL IMPLICATIONS:

Capital project expenditures planned for 2015 total \$11.4 million dollars. New taxation of 1% specifically for capital works, which generates in the range of \$170,000, is proposed for 2015.

ADMINISTRATIVE IMPLICATIONS:

Subsequent to Council review of the proposed 2015-2019 General Fund Capital Plan, the schedules and revisions thereto, will be returned to Council for a final decision on February 18, 2015. These schedules will then form part of the 2015-2019 Financial Plan Bylaw will be brought forward for Council consideration and adoption in April 2015.

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. Staff time allocated to this reporting is estimated to be approximately 12 hours.

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 – in progress items carried forward from 2014

Administration

- Asset Management System Page A-3

Community Services

- Rail to Trail, Phase 3 and 4 Page C-2

Human Resources

- Human Resource Information System Page A-3

OFFICIAL COMMUNITY PLAN REFERENCE:

The 2015-2019 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:

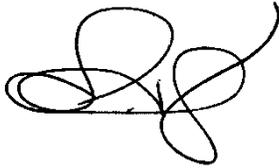
The public is notified of the upcoming changes to taxes through regular and special council meetings, media webcasts, and information posted on the City's website. In addition, staff will again use the "Citizen Budget" tool to invite feedback and anticipate launching the tool by mid-February. This is an interactive and informative web-based communication tool which, under the IAP2 Spectrum of Public Participation, meets the standard of *Consulting* with the Public

OPTIONS:

OPTION 1: That Council receives the proposed 2015-2019 Financial Plan for discussion, and that the final version of the 2015-2019 General Capital Financial Plan, inclusive of revisions identified on February 4, 2015, be returned to Council on February 18, 2015 for approval. [RECOMMENDED]

OPTION 2: That Council approves the 2015-2019 General Capital Financial Plan as proposed, and directs staff to include the capital schedules in the 2015-2019 Financial Plan Bylaw.

Prepared by:

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned below the text "Prepared by:".

Tillie Manthey, BA, CPA, CGA

Director of Financial Services/Deputy CAO

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