

Town of Riverview

COUNCIL REPORT FORM



Presented to: Mayor and Town Council

Presented by: Colin Smith, CAO

Date: September 26, 2022

Subject: Long Range Capital Plan - General Fund only

BACKGROUND

Town Council has used the Town's Ten Year Capital Plan as a critical planning tool that guides the Town's current operations and long term infrastructure requirements. Council has committed to reviewing and updating their plan on an annual basis. And for the most part since 2016 Council has been able to adhere to that annual practice. The 2022 update before Council today, is the first since 2020 because last year the priority for Council was to spend planning time updating and approving the Town's overall Strategic Plan.

With the experience the Town had with tenders this current year, it was necessary for a number of the capital projects in the future to be updated to reflect anticipated inflationary trends. We saw projects in 2022 range from 15% to 30% higher than budgeted and in the construction industry that trend is expected to continue.

Therefore, the overall ten year plan has seen a projected increase of over \$20 million to reflect the anticipated costs for the same projects that were previously identified in the ten year plan. The most significant projects seeing notable inflationary increased projections is the road and water renewal projects. That increase of \$20 million pushed the overall plan beyond previous Council's approved budget parameters for tax rate and debt levels.

Following receiving that information, Council provided preliminary direction to staff to update the ten year plan with the following parameters:

- To see the tax rate only increase in the range of 6 cents in total over the ten year period;
- To see that the debt ratio level be in the range of 16%;
- To adjust the ten year plans revenue to better align with the level of funding we requested from the feds and provinces for the RRC and the water renewal projects;
- To provide a small allocation of funding in the plan, for projects that have not been approved by Council so it provides future Council an opportunity to add projects; and
- To ensure funding was included in the plan to factor in inflationary costs for local improvement projects and the RRC.

The attached plan delivers an overall ten year plan that totals over \$124 million over the ten year period and meets most of the criteria above except for:

- The debt ratio by the last year is slightly higher than 16% at 16.36%.
- The pace of the local improvement projects will have to be slowed down as the total spend on local improvements would have to be reduced by around \$3.0 million.
- Furthermore, another \$3.0 million in capital budget reductions would need to be identified to make this budget manageable per the projections. Those adjustments can be made in future years.

The attached summary report and detailed capital plans provide Council with all the necessary information to discuss the proposed ten year capital plan.

The General Capital budget has not been updated to reflect the building conditions assessments being completed for the existing recreational facilities. That work was delayed because of transition in staff and the need to integrate that analysis into the detailed operational and programming planning the director is completing for the entire department.

The ten year Utility Capital budget will be updated prior to the 2024 budget process. The focus this year was on the General Capital plan.

CONSIDERATIONS

Legal: - N/A

Financial: - N/A

Policy: - N/A

Stakeholders: - N/A

Strategic Plan:

An open and transparent budget process aligns to the overall direction established by the Strategic Plan.

Interdepartmental Consultation: - N/A

Communication Plan:

The updated 10 year plan has been communicated to the public via Council meetings since its introduction in 2015. And this Council presentation is another opportunity to discuss the plan publicly.

RECOMMENDATION FROM STAFF

That Council endorse the updated 10 year general capital budget plan as presented on September 26, 2022 and direct staff to use it to guide the development of the annual general capital and operating budgets.