

Town of Riverview

COUNCIL REPORT FORM



Presented to: Mayor and Town Council

Department: Shannon Parlee, Director of Finance and Information Technology & Colin Smith, CAO

Date: June 24, 2024

Subject: Long Range Capital Plan – June 2024 Update

BACKGROUND

The Town, led by Town Council, reviews, revises and updates its ten-year capital plan on an annual basis. This plan provides a framework for long-term planning and fiscal management. It allows the Town to anticipate infrastructure needs over the next decade.

As municipalities grow, their infrastructure requirements change. By reviewing the plan annually, Council can ensure that infrastructure keeps pace. The annual review helps anticipate current and future cost pressures so that the Town can allocate resources effectively and make informed decisions about essential infrastructure investments. This plan looks at revenue sources to maximize investments where and when it is most needed, which helps support the Town's long-term fiscal responsibility. In summary, the annual review ensures the Town is well-prepared to accommodate growth, improve services, and maintain existing infrastructure assets.

This annual review provides an opportunity to highlight the impact of new projects and priorities, address construction inflationary trends, and assess or reevaluate capital projects based on organizational capacity and construction cost trends. Additionally, it facilitates a review of the Town's financing sources, directly impacting the Town's tax rate and debt ratio in both the current and long-term.

The Ten-Year Capital Plan (General Fund only) underwent its most recent formal review by Council on August 14th, 2023. Additionally, during the 2024 budget process, the ten-year planning model was integrated with minor adjustments resulting in closely aligned versions.

This juncture is critical for Council as an opportunity to review and provide direction on the Ten-Year Capital Plan. Notably, three variables within the ten-year planning model have significantly changed over the past year, directly affecting affordability and fiscal capacity for the projected horizon. While these variables partially offset each other's impact on the affordability score, it remains crucial for Council to fully comprehend their implications. The key three variables include:

1. **Assessment Base Growth:** The recent and projected assessment growth for the Town has prompted an update to the assessment base growth factor in the financial model. This adjustment enhances the fiscal capacity of our capital and financial plan.

2. **Riverview Recreation Complex Tenders:** The tender results for the Riverview Recreation Complex exceeded the Class A estimates from December 2023. These results have been incorporated into the model to demonstrate their impact.
3. **Road Construction Cost Trends:** Over the past several years, tender results for road construction projects have significantly increased. The 2024 results indicate that this trend persists. In simple terms, the budget required for a road reconstruction project that the Town completed in 2020 is now projected to be 2.1 times higher.

Please refer to the attached **Long Range Capital Plan Summary** document and the associated proposed **Ten-Year Capital Budget** Document (PDF) for Council's review.

Options for Council:

1. **Approve the Updated Ten-Year Plan:** Acknowledge the impact of updated assessment growth, the revised budget for the RRC, and the modifications to the road construction schedule.
2. **Do Not Approve the Ten-Year Plan:** Direct staff to adjust assumptions within the proposed plan (such as project deferrals or revenue projections), recognizing the limited options available to Council.

CONSIDERATIONS

Legal: - N/A

Financial: - N/A

Policy: - N/A

Stakeholders: - N/A

Strategic Plan:

Service Excellence - An open and transparent budget process that aligns with the overall direction established by the Strategic Plan.

Interdepartmental Consultation:

This report was collaborated on and prepared by both Shannon Parlee, Director of Finance and Information Technology, and Colin Smith, CAO.

Communication Plan:

The updated ten-year plan has been shared with the public through Council meetings since its introduction in 2015. This Council presentation offers another chance to discuss the plan openly.

RECOMMENDATION FROM STAFF

That Council endorse the updated Ten-Year General and Utility Capital Budget plans presented on June 24, 2024, and direct staff to use them as a guide for developing the annual General Capital and Operating Budgets.