

**DATE:** January 15, 2018

**TO:** **MAYOR AND COUNCIL**

**NAME AND TITLE:** Kris Dalio, Director of Finance

**SUBJECT:** 2018 – 2022 Capital Plan

**ATTACHMENTS:** Capital Plans

**RECOMMENDATION:**

That Council approve the 2018 – 2022 Capital Plan.

**PURPOSE:**

The Capital Plan provides for the purchase, construction, rehabilitation and betterment of capital assets. Capital assets include land and improvements, buildings, vehicles, machinery and equipment, infrastructure (roads, drainage, water, sewer and parks), and leasehold improvements. The 2018 - 2022 Capital Plan is presented to Council by fund and by service category.

**STRATEGIC PRIORITIES:**

The prioritization of capital projects has been governed by Council's myPG Strategic Framework which identifies community and corporate goals and has established strategies and supporting policies to move the City of Prince George toward a sustainable future.

Directors and General Managers submitted their highest priority projects based on the professional expertise and advice of their respective departments' teams. Senior Administration then discussed and prioritized all high priority projects through a series of meetings considering inputs and factors such as: facility assessments; asset master plans; public consultation; and social, economic and environmental impacts.

The presentation of the Capital Plan is organized by Service Category, which follows the same style of presentation of the Operational budget in the Financial Plan as well as making specific projects easier to find for the reader.

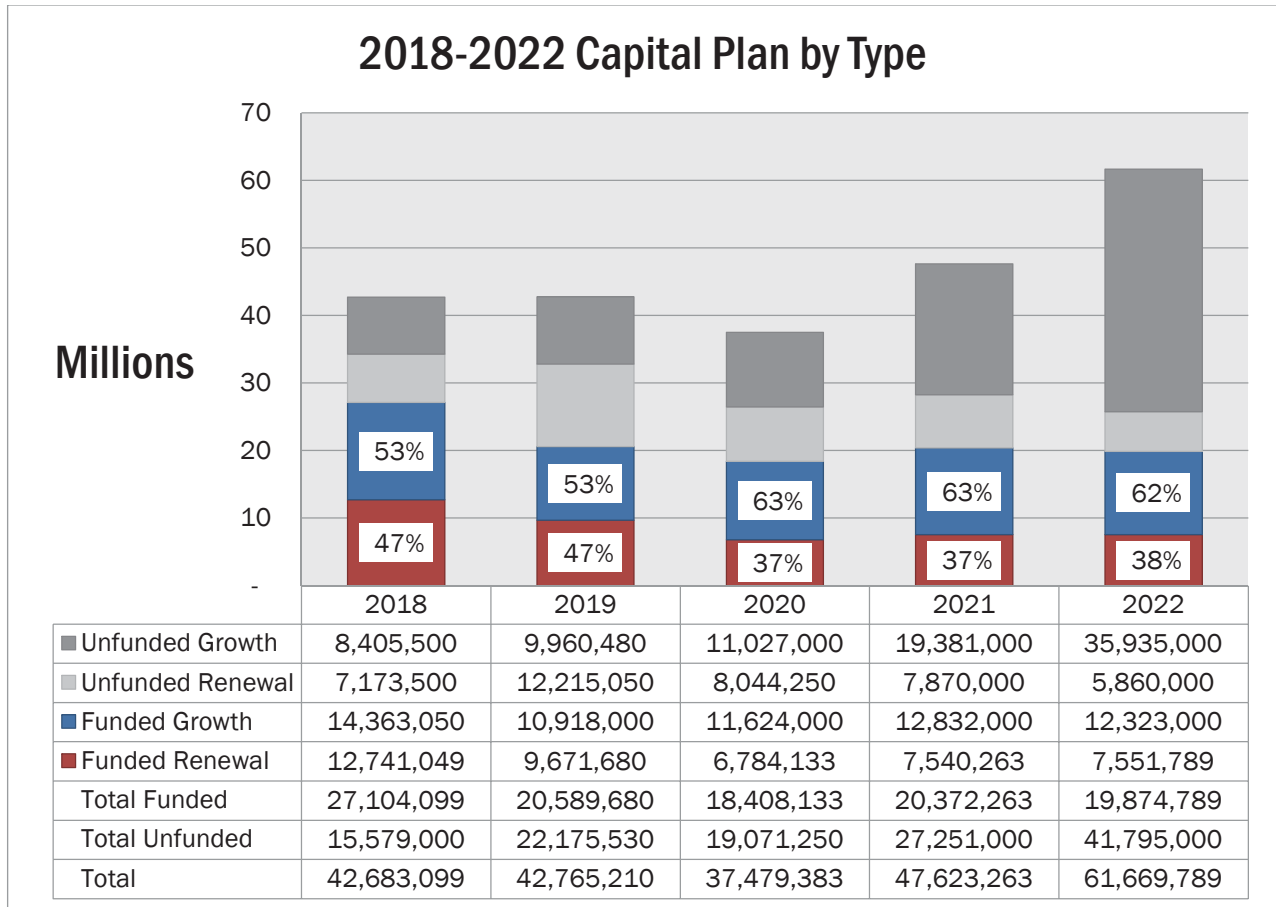
**POLICY/REGULATORY ANALYSIS:**

The Community Charter requires a municipality to adopt by bylaw a financial plan with a planning period of five years. This report describes the capital planning process for the City's five year financial plan.

**FINANCIAL CONSIDERATIONS:**

The 2018 – 2022 Capital Plan includes all requests for capital work for the five year period; however not all projects have been funded. Unfunded projects have been listed so that Council and the community are able to view the full complement of project requests. A project that is unfunded may meet grant criteria at

a future date and could thus be considered for approval through a capital plan budget amendment. The chart below provides both the funded and unfunded amounts by type of project in the current capital plan.



Descriptions of project types are as follows:

**Growth (New or Betterment)**

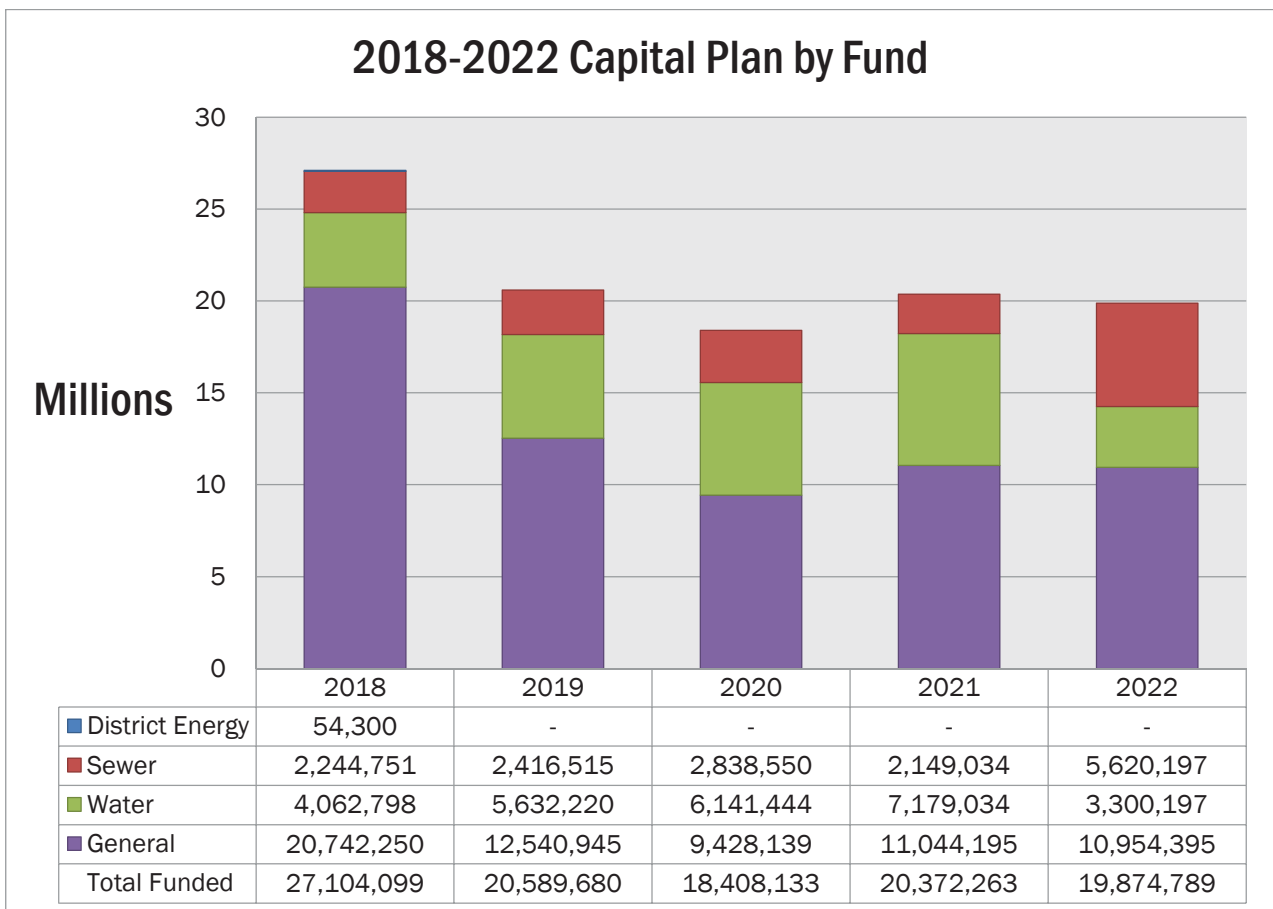
- An addition to the asset inventory through construction or purchase of a new capital asset.
- Costs incurred to enhance an asset’s service potential including: extending the asset’s life beyond its original expected life; reducing operating costs; improving the quality of the asset’s output; or increasing the asset’s physical output or capacity.

**Renewal (Replace or Maintain)**

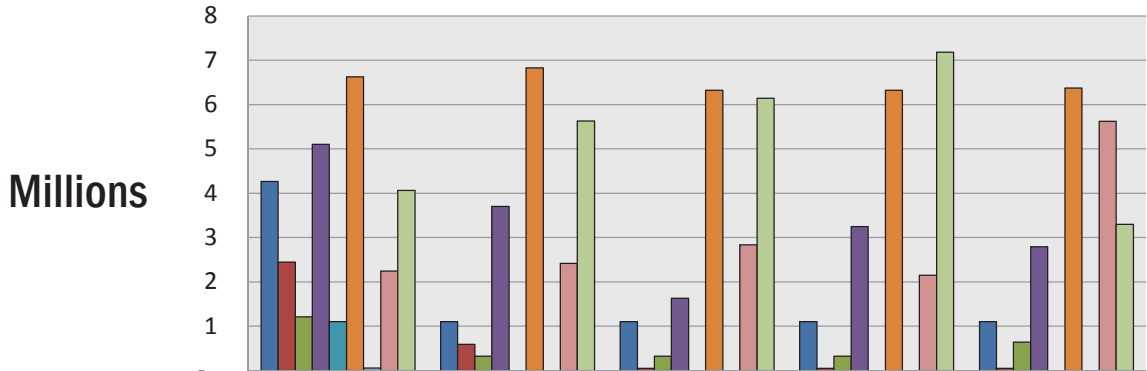
- Replacement of an asset that has been in use with a new or similar asset. It is the cost of replacing an asset with another that will provide the same service.
- Maintaining the pre-determined service potential of an asset for a given useful life to keep the asset in its usual condition and at its expected operating standard.

**Capital Plan by Fund**

The general capital program encompasses projects for all areas of the city except for specific areas such as water and sewer. The following tables provide a summary by general, sewer and water fund for the five year plan as well as a further breakdown by service type of the City.



## 2018-2022 Capital Plan by Service Type



	2018	2019	2020	2021	2022
Administrative Services	4,266,067	1,100,000	1,100,000	1,100,000	1,100,000
Civic Facilities	2,443,500	588,000	50,000	50,000	50,000
Recreation and Culture	1,208,000	325,000	325,000	325,000	639,000
Solid Waste and Fleet	5,099,683	3,702,945	1,628,139	3,244,195	2,790,395
Storm Drainage	1,100,000	-	-	-	-
Transportation	6,625,000	6,825,000	6,325,000	6,325,000	6,375,000
District Energy	54,300	-	-	-	-
Sewer	2,244,751	2,416,515	2,838,550	2,149,034	5,620,197
Water	4,062,798	5,632,220	6,141,444	7,179,034	3,300,197
Total Funded	27,104,099	20,589,680	18,408,133	20,372,263	19,874,789

**Administrative Services** includes development planning and administration, engineering, and IT services.

**Civic Facilities** manages the structural capital needs for all buildings owned by the City. This includes the facilities in Community Services such as the two aquatic facilities, CN Centre, Civic Centre, and Kin Centres. It also includes other government facilities like City Hall, the 18<sup>th</sup> Avenue Yard, the RCMP building, and the fire halls.

**Recreation and Culture** includes cemetery and parks, as well as non-structural projects in aquatics, Civic Centre, CN Centre, and community arenas.

**Solid Waste and Fleet** includes solid waste mobile equipment, as well as other fleet-related tools and equipment.

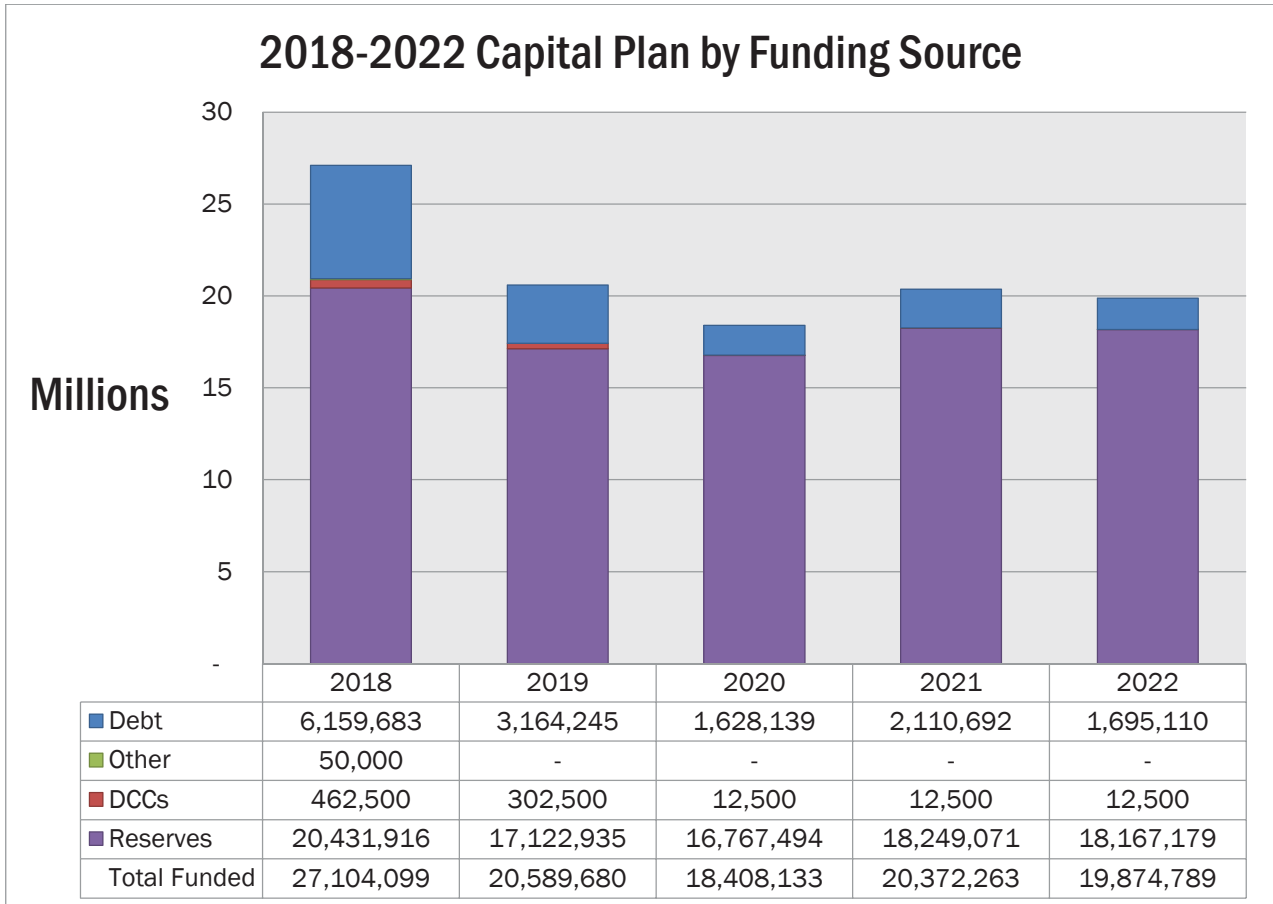
**Storm Drainage** includes catchbasins, culverts, and other forms of drainage control.

**Transportation** includes roads, snow control, and street lighting.

## Capital Plan by Funding Source

The City utilizes debt, deferred revenue (DCCs), grants, 3rd party contributions, and reserves to fund its capital program. Wherever possible the City applies for federal and provincial grants.

The sewer and water utility projects are funded from capital reserves and DCCs specific to those funds. Current debenture payments as a result of previous debt financing are recovered through the utility user rates.



**Debt** is used to provide funding for projects that are necessary, but for which reserve funds are insufficient, or for projects that expand the City’s infrastructure. Equipment loans are currently in place for funding of the City’s Mobile Equipment Replacement Program. Debt repayments are made from operating funds and these payments must be within the liability servicing limit provided by the Ministry of Municipal Affairs and Housing.

**DCCs** are used to fund expansion of infrastructure assets. DCC levies are calculated for projects that are included in the capital plan. For that purpose, unfunded and future year projects (2023 - 2027) are included in the overall plan.

**Other** consists of 3rd party contributions by individuals or developers that are used to fund specific projects as well as capital grants. Capital grants from other levels of government often require that the municipality have a project in their capital plan that is approved by Council. As such the funding source “grants” is listed but the project is contingent on grant funding being approved through a grant application process or grant program.

The **Capital Expenditure Reserve** is used to fund most general capital projects. The Capital Expenditure Reserve is replenished through transfers from operating, gaming revenue and Endowment Reserve interest. Other reserves such as the General Infrastructure Reinvestment Fund, road rehabilitation, storm drainage and community works, are used for funding capital projects that meet the specific funding criteria of these reserves.

**SUMMARY AND CONCLUSION:**

This report and the capital project reports on the pages that follow in the budget book provide the details of the 2018 - 2022 proposed Capital Plan. City administration has prioritized the projects organizationally and sorted the projects to present the investment in assets. Known funding sources have been identified and utilized. Projects that are not funded for 2018 - 2022 and projects that are anticipated for future years (2023 - 2027) have been listed for Council's information.

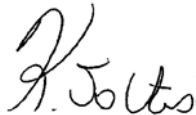
**RESPECTFULLY SUBMITTED:**



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Kris Dalio, Director of Finance

**APPROVED:**



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Kathleen Soltis, City Manager  
Meeting date: January 29, 2018