



2023 PROPOSED MULTI-YEAR CAPITAL BUDGET COUNCIL WORKSHOP

ON TABLE
Council Workshop
February 13, 2023
re: Item 2.2.a

February 13, 2023



NEW WESTMINSTER

Agenda

1. Purpose & Recommendations for Council's Consideration
2. Budget Process & Timelines Update
3. Council Onboarding & Orientation Summary
4. Financial Sustainability Principles & Highlights on 2022-2026 Rates
5. Proposed 2023 Multi-Year Capital Budget & Funding Strategy
6. 2022 Major Projects Highlights & Carryover Spending
7. 2023 Major Projects Highlights
8. Proposed 2023-2027 Five Year Capital Plan
9. Feedback and Discussion from Council – Discussion led by the Mayor

Purpose

The purpose of this report is to provide Council with detailed spreadsheets on the 2023 Proposed Capital Budget, \$166M, and the Proposed 2023-2027 Capital Plan, \$410M, and planned funding strategies, to be used as a supplement to the information for the Capital Budget Workshop.

Recommendations

THAT Council provide direction on the proposed 2023 Capital Budget and Funding Strategy; and

THAT staff be directed to report back on the Draft Consolidated Financial Plan Bylaw, 2023 - 2027

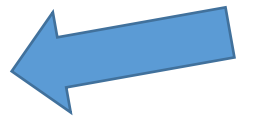
2023 Budget Timelines & Process Overview

❑ New Council Onboarding commenced in November:

- November 14: Budget 101, followed by Department Orientations
- January 23-28: Anvil, TACC, Reserves, Grants, DCC, Carbon Credit, AMI Orientation

❑ Four Special Budget Workshops

1. November 28: 2022 Proposed Operating Budget & Utility Rates
2. January 30: 2023 Proposed Service Enhancements & Funding Strategy
3. *February 13: 2023 Proposed Capital Budget (including Q4 Adjustments & 2022 Carryover)*
4. February/March: 2023 DRAFT Capital & Operating Budget & 5 Year Financial Plan



❑ Workshop Guiding Principles

- Adhering to Financial Principles and Practices
- Advancing Council's Strategic Priorities
- Progressing the City's 7 Bold Steps and aligning with the City's Equity Framework

Budget Framework



- ☐ Onboard New Council
- ☐ Seek Council input via workshops
- ☐ Incorporate Council feedback, present 5 Year Financial Plan & 2023 Budget, annual property tax rate, utility rates
- ☐ Build on what we heard from previous public engagement
- ☐ Build on what we heard from 2022 Budget Advisory Committees
- ☐ Adhere to financial principles and practices
- ☐ Continue to maintain core services / asset management
- ☐ Continue to support vulnerable populations & economic recovery

Council Onboarding & Orientations

Budget 101
Police Board Budget
Department Orientations
Emergency Management 101
Development Review 101
Subdivisions & Transportation
101
DEIAR Framework
2023 Utility Rates Budget

Downtown Livability Priority
Asset Management 101
Climate Action 101
Intergovernmental Relations
Reconciliation
Housing Affordability 101
Social Planning 101
Economic Development 101
Public Engagement 101

Facility Tours
Parks & Rec Plans/Strategies
Public Art, Theatre, Massey
Policy/Strategy
Environment & Biodiversity
Strategies
Development Applications
Update
Special Budget Workshops:
Anvil, TACC, Fees, AML,
Reserves 101, Carbon
Credits, Grants &
Contributions, Community
Events & Activations

Adhering to the Financial Sustainability Principles

Goal: Maintain Financial Health: Affordable levels of debt & maintain stabilization reserve models to support long-term smoothing of rates.

2022 Council Approved Budget:

- Property Tax Rate Increase 4.4%
- Sewer & Water Rates Increase of 7%
- Solid Waste Rate Increase of 14.5%
- Electrical Rate Increase 2.8%
- Capital Expenditures \$170.7M
- Adjusted Capital as at Q3 \$191.8M



2023-2026 Estimated Budget Outlook: Average Increase over 4 years:

- Property Tax Rate Increase ~4%-5%/year
- Sewer & Water Rates Increase 7%/year
- Solid Waste Rate Increase 10-13.4%/year
- Electrical Rates Increase 2.8%/year

SUSTAINABLE

Maintain assets in a state of good repair through **reasonable tax / rate increases, and without disruptions to services**; living within our means

ADAPTABLE

The ability to change debt levels or **leverage reserves**; ability to ramp up or down on spending

STABLE

Predictability of City's sustainable revenue sources and less reliance on external funding or third party funding

ACCOUNTABLE

Fiscally prudent & responsible; the ability to ensure that the City's financial decisions are in the best interest of all

Multi-Year Capital Plan vs Budget



Capital Plan vs Approved Budget



Fiscal Prudence guided by the Community Charter:

- **Plan** is an estimate of Spend and Associated Funding Sources
- **Budgets** are Approved Rates and Expenditures
- Budgets are required to Levy the Rates and Collect Money to Pay for the Budget
- Budgets need to be in place before awarding contracts or committing the organization
- Capital – largely major construction projects and renewal/replacement programs can run over multiple years – hence a large budget and a need to carryover budgets into new year

2022-2026 Approved Five Year Plan Bylaw includes Capital spend estimates of \$453M

Drawing down on the Plan annually:

Current Multi-Year Approved Capital Budget is \$191.8M:

- Spent in 2022 \$100.5M (preliminary)
- Committed \$74.3M (as of Feb 7, 2023)

2022 Approved Multi-Year Budget & Carryover

2022-2026 Capital Plan \$453M

2022 Approved Multi-Year Capital Budget \$191.8M

2022 Actual Spent \$100.6M

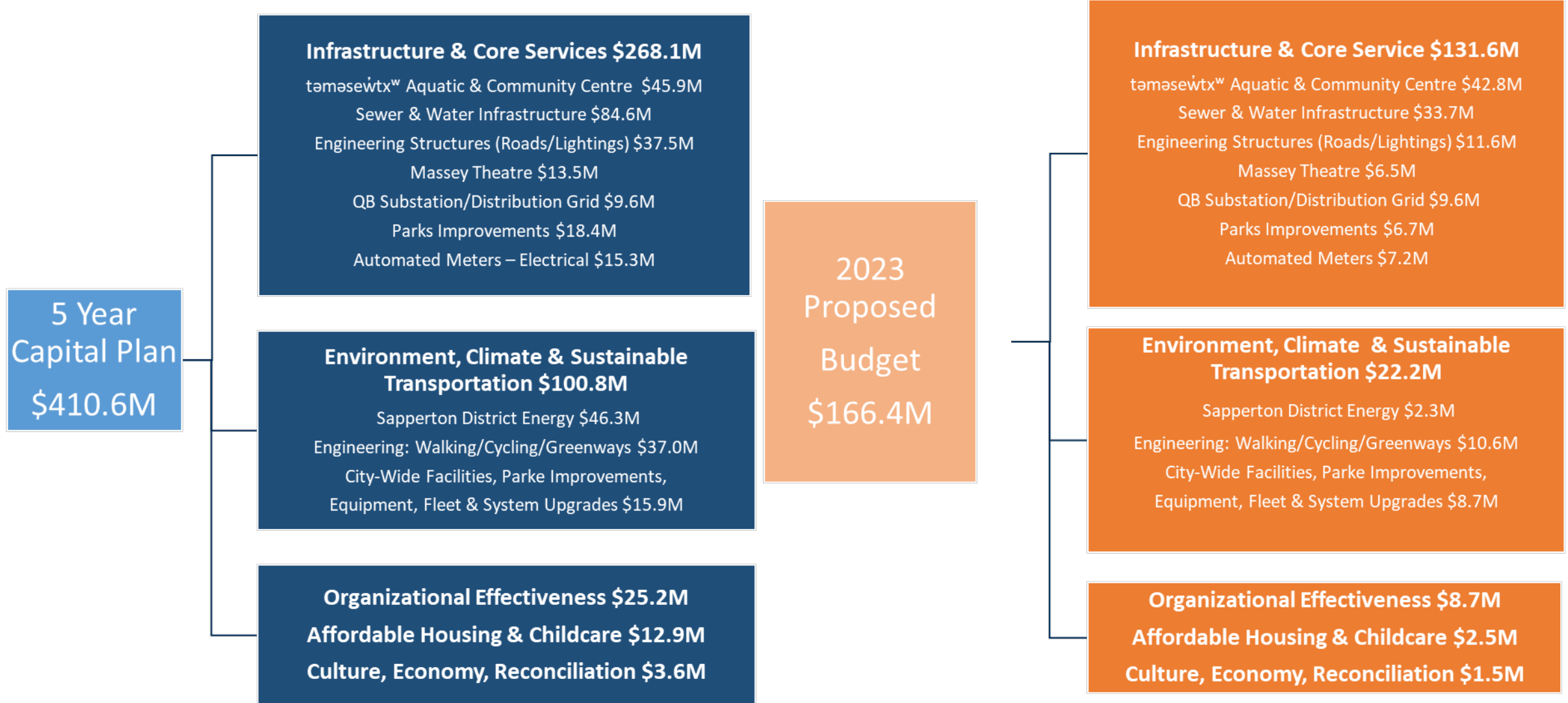
2022 – Major Project Spending Highlights (Delivery):

- tēməsewtx^w Aquatics and Community Centre (\$43.2M)
- Queensborough Substation (\$15.6M)
- Boundary Pump Station (\$4.1M)
- Pavement Management (\$3.6M)
- Sewer Separation (\$3.5M)
- Electrical New Services (\$2.8M)
- Agnes Greenway Construction (\$2.7M)
- Watermain Replacement (2.0M)
- Braid Street Transportation projects (\$1.7M)
- Westminster Pier Park Fire (\$1.0M)

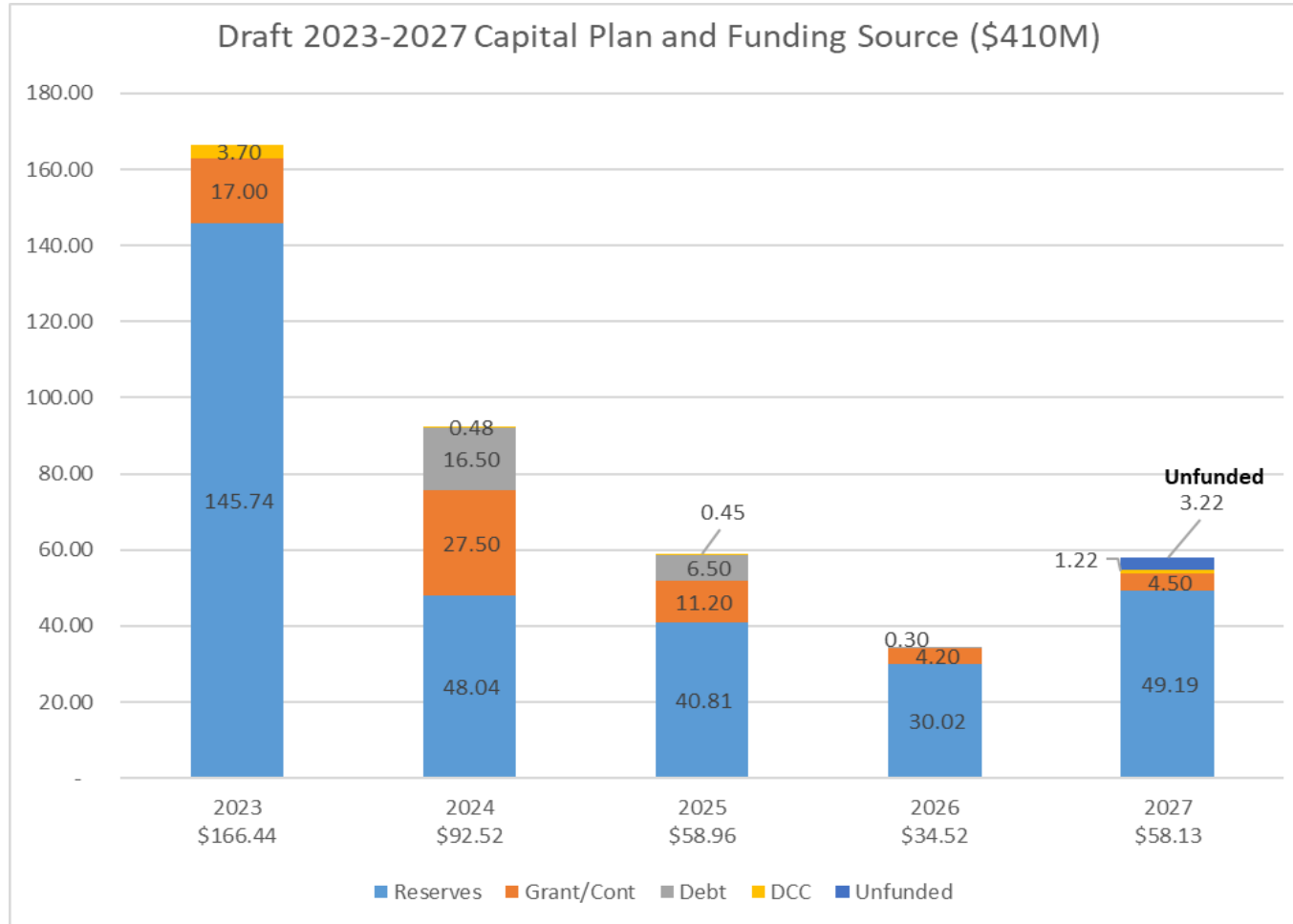
TOTAL \$80.2M (~80% of the \$100.6M 2022 total capital spent)



Proposed 2023-2027 Five Year Capital Plan



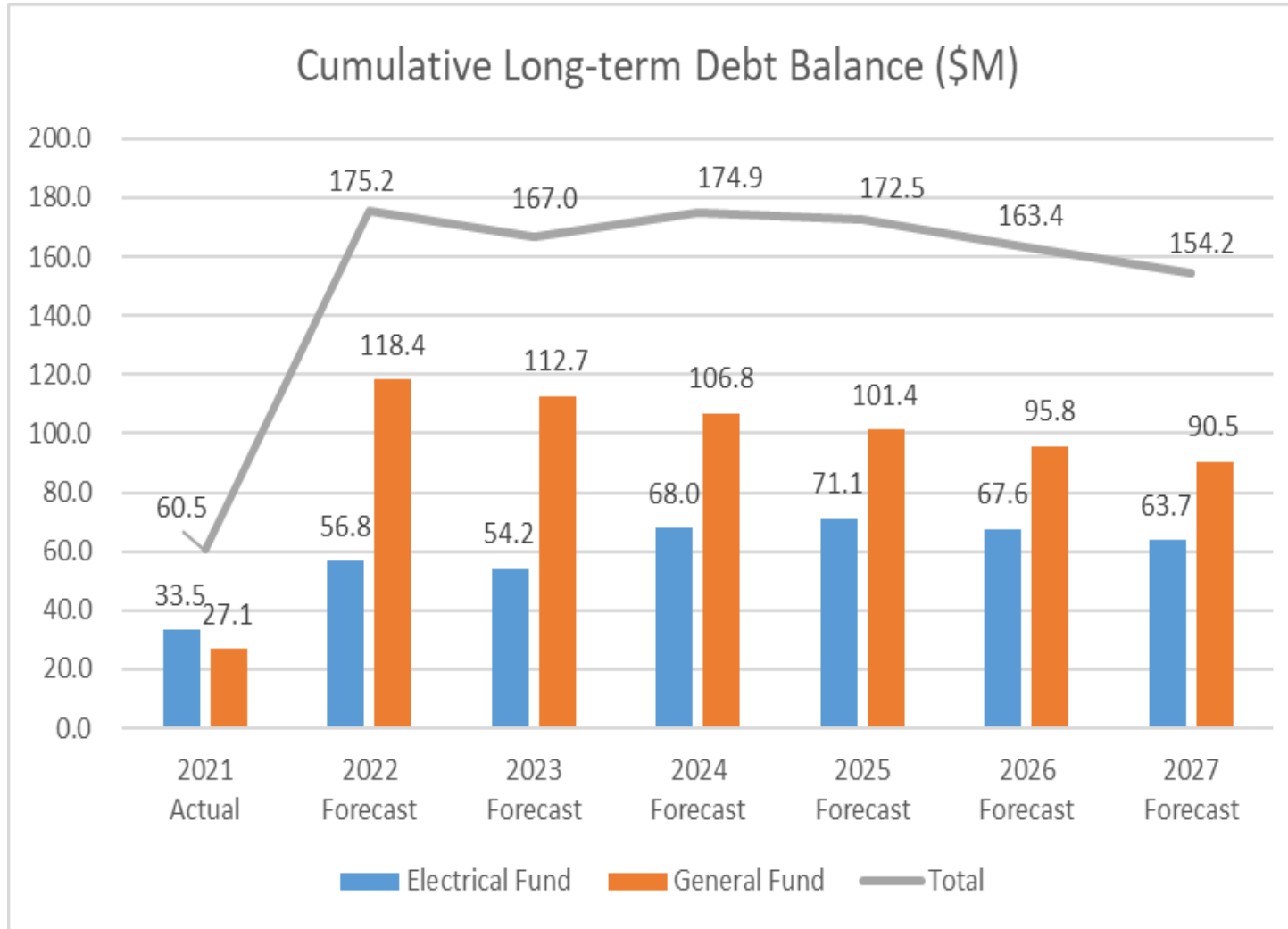
2023 – 2027 Capital Plan – Funding Source



Funding Source	2023 \$M	2024 \$M	2025 \$M	2026 \$M	2027 \$M	Total \$M
Reserves	96.9	44.9	40.8	30.0	49.2	261.8
Grant/Cont	17.0	27.5	11.2	4.2	4.5	64.4
Debt	48.9	19.7	6.5	0.3		75.3
DCC	3.7	0.5	0.5		1.2	5.9
Unfunded					3.2	3.2
TOTAL	166.4	92.5	59.0	34.5	58.1	410.6

*Grant/Contributions – approximately 40% is secured

Financial Health Check

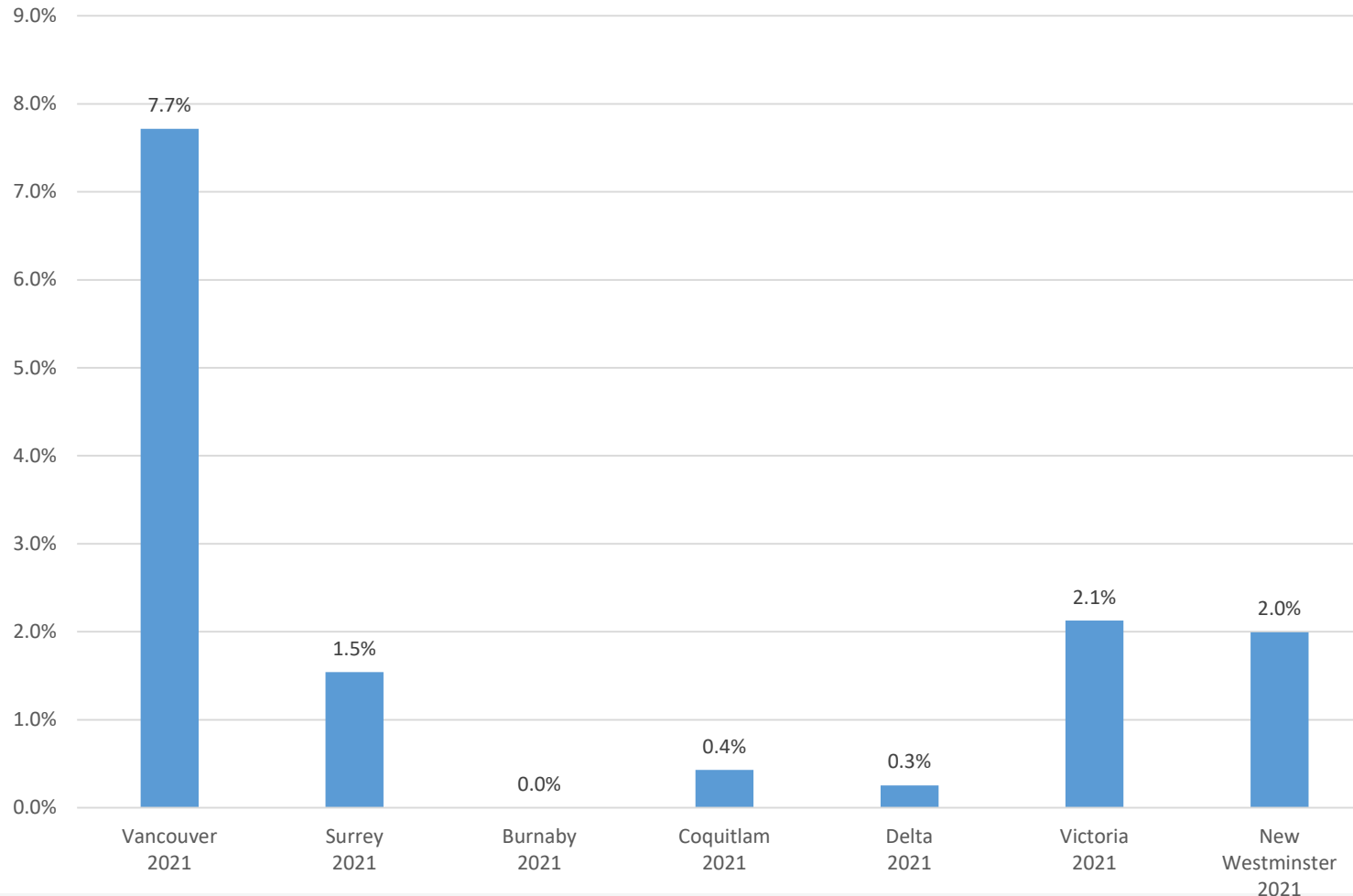


Delivering the Plan:

- 2022-2026 Updating all Asset Management Plans and confirming the Condition of the Assets and re-setting the policy around reserve balances
- Improving Assets should improve our overall service levels; possibly operating costs or avoided costs from poor condition
- Increase in borrowing does put pressure on the City's Operating Budget as little to nothing is contributing to the reserves until the debt is paid back
- Borrowing Terms are longer-term to support sustainable & stable rates principles and spreads the rates over the life of the assets.

Financial Health Check

Debt Service as a % of Revenue



Debt Servicing: How do we compare?

- Vancouver includes Major Borrowing against District Energy (NEU) and Sewer Separation Program
- New Westminster Debt is largely for Electrical Substations and General Fund Facilities works
- Data based on 2021 Financial Statements

Financial Health Check

Prudent fiscal management: Try to keep surplus from operations in reserve to mitigate risk of asset replacement cost escalation.



Avoid new borrowing as resources will be consumed for debt servicing - not available for capital investments or risk mitigation.

A firm commitment to prudent fiscal management and financial best practices such as delivering these Capital projects on time and on budget and not dipping into their project contingencies will all help with the City's cash flow and reserves.

Good financial health and prudent fiscal management support strong asset management practice

təməsewtx^w Aquatic and Community Centre \$114M

2022 Accomplishments

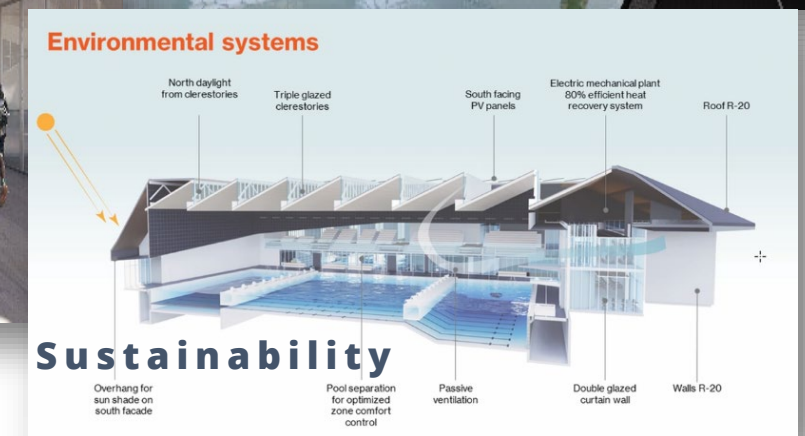
- Concrete and steel structure 75% complete
- Drywall and finishes being installed
- Civil work underway (underground services)
- Furniture and equipment procurement
- Demo of CGP

2023 Budget Highlights \$42.8M

- Facility structure and interior fit out to be complete
- Tiled surfaces
- Landscape and hardscape on south side complete
- Furniture and equipment installed
- Commissioning of complex building systems
- Staff training and preparation for opening
- Demo of CCC



Accessibility



New Queensborough Substation \$30M

2022 Accomplishments

- Completed all civil works
- Installed all major equipment including new transformers
- Installed new control building
- Installed all steel structures including transmission connection
- Installed perimeter security fencing
- Installed all BCH metering equipment
- 90% Complete

2023 Budget Highlights \$9.6M

- Installation of animal mitigation
- Installation of security gates
- Connection to distribution grid
- Final paving
- Testing and Commissioning
- Energization
- Estimated completion May 2023



Advanced Metering Infrastructure \$16M

2022 Accomplishments

- Negotiated and signed supply contract
- Progressed detailed design and project plan
- Completed Northstar upgrade
- Determine business transformation requirements
- Develop deployment statement of work

2023 Budget Highlights \$7.3M

- Finalize project PIA
- Increase project staffing/capacity
- Finalize project plan and schedule
- Install network infrastructure (towers)
- Configure and test Smartwork (MDM) system
- Finalize meter configuration
- Supply and install 100 meter pilot
- Extensive testing of pilot meters before mass deployment
- Estimated Completion: 2025



Sewer Separation & Watermain Works \$61.1M

2022 Accomplishments

- Sapperton area Sewer Separation and Watermain replacement
- Sewer Separation – 2.3km
- Watermain replacement – 1.8km

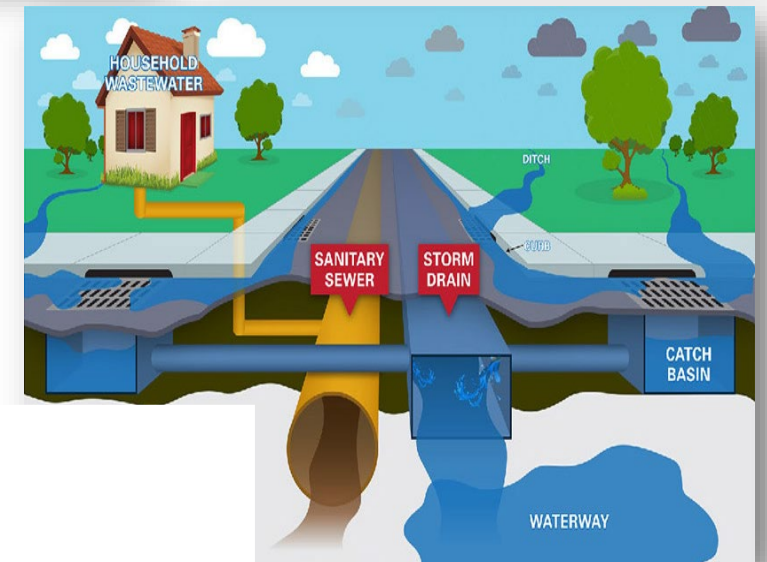
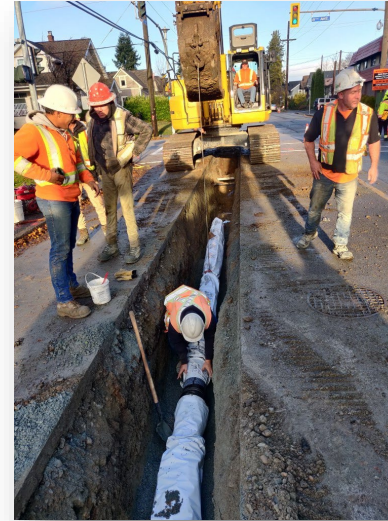
2023 Budget Highlights \$22.5M

2023 Expected Sewer Separation completion:

- 16th St (10th Ave – 5th Ave) – 1.035 km (large dia main ranging from 250mm to 525mm)
- Nanaimo St (16th St – 14th St) – 0.3km (250mm dia main)
- Total of approximately 1.30 km of large diameter main planned

2023 Expected Watermain replacement completion:

- 7th Avenue (16th St – 10th St) – 0.95km
- Hamilton Street (16th St – 14th St) – 0.31km
- Hamilton Street (12th St – 10th St) – 0.50km
- 16th St (10th Ave – Hamilton St) – 0.53km
- 15th St (8th Ave – Dublin Street Lane) – 0.25km
- Lane between 16th St and 14th St (8th Avenue – Hamilton Street) – 0.1km
- Total of approximately 2.3 km planned for construction in 2023



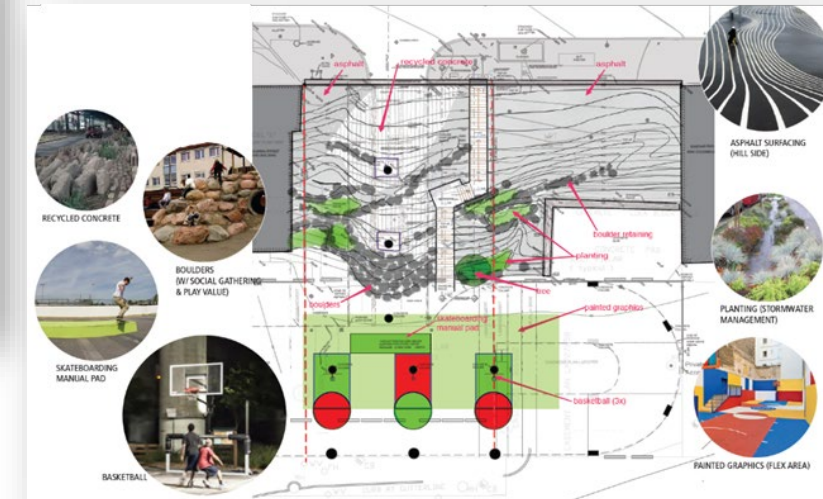
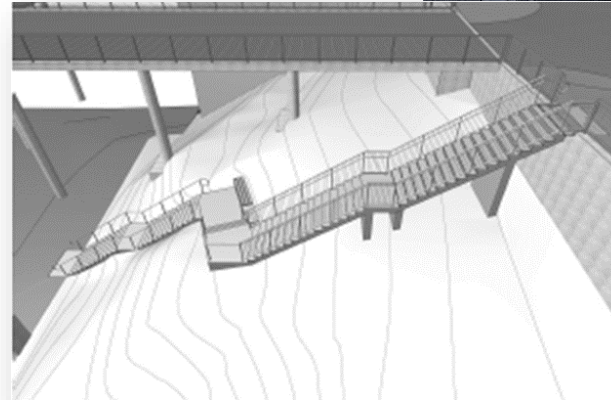
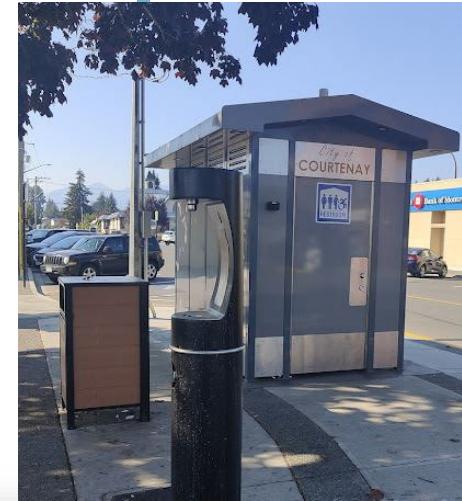
Downtown Livability Strategy Capital Works \$2.2M

2022 Accomplishments

- Selected location for installation of a Pre-Fabricated Toilet - Hyack Square.
- Selected preferred vendor for Pre-fabricated Toilet Supplier through procurement process.

2023 Budget Highlights \$2.2M

- Complete procurement, design, permitting and installation of the Permanent Free Standing Toilet in Hyack Square.
- Installation of a permanent stair case from the parkade to Front St. complete with public realm enhancement.
- The hillside and space below the parkade are reimagined with this redeveloped pedestrian connection to encourage a busier, more welcoming place for day-to-day activities and programmed events.



Massey Theatre Renovations \$14.1M

2022 Accomplishments

- Completed service connections for full separation from old high school
- Engaged external Project Manager
- Engaged Design Team
- Completed building investigation
- Completed initial scoping



2023 Budget Highlights \$6.5M

- Finalize scope and funding strategy
- Complete detailed design
- Initiate procurement for first phase building renovations



Housing & Child Care \$15M

2022 Accomplishments

- 68 Sixth Street – 52 supportive housing units; partnership with BC Housing; 24-30 months to occupancy
- 823-841 Sixth Street (Aboriginal Land Trust Society) – 96 unit rental building; Indigenous, and Swahili speaking tenants; under construction

Child Care

- 331 Richmond Street (Skwo:wech Elementary) – 37 non-profit, pre-school aged spaces; operational Q1 2023
- 490 Furness – 37 non-profit, pre-school aged spaces; operational Q1 2023
- TACC – 37 non-profit, pre-school aged spaces; Jan 2024
- Queensborough Community Centre – up to 25 school-aged spaces; operational Q1 2023



2023 Budget Highlights \$2.5M

- Funding set aside to support advancing Housing Projects within the City
- Project Offsites, Land, Project Management, Co-ordination and Oversight:
 - Fenton, Poplar Landing, Child Care Spaces

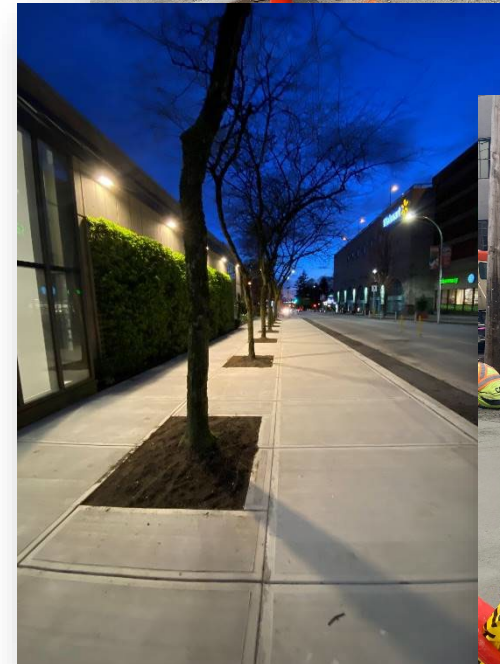
Active Transportation \$37M

2022 Accomplishments

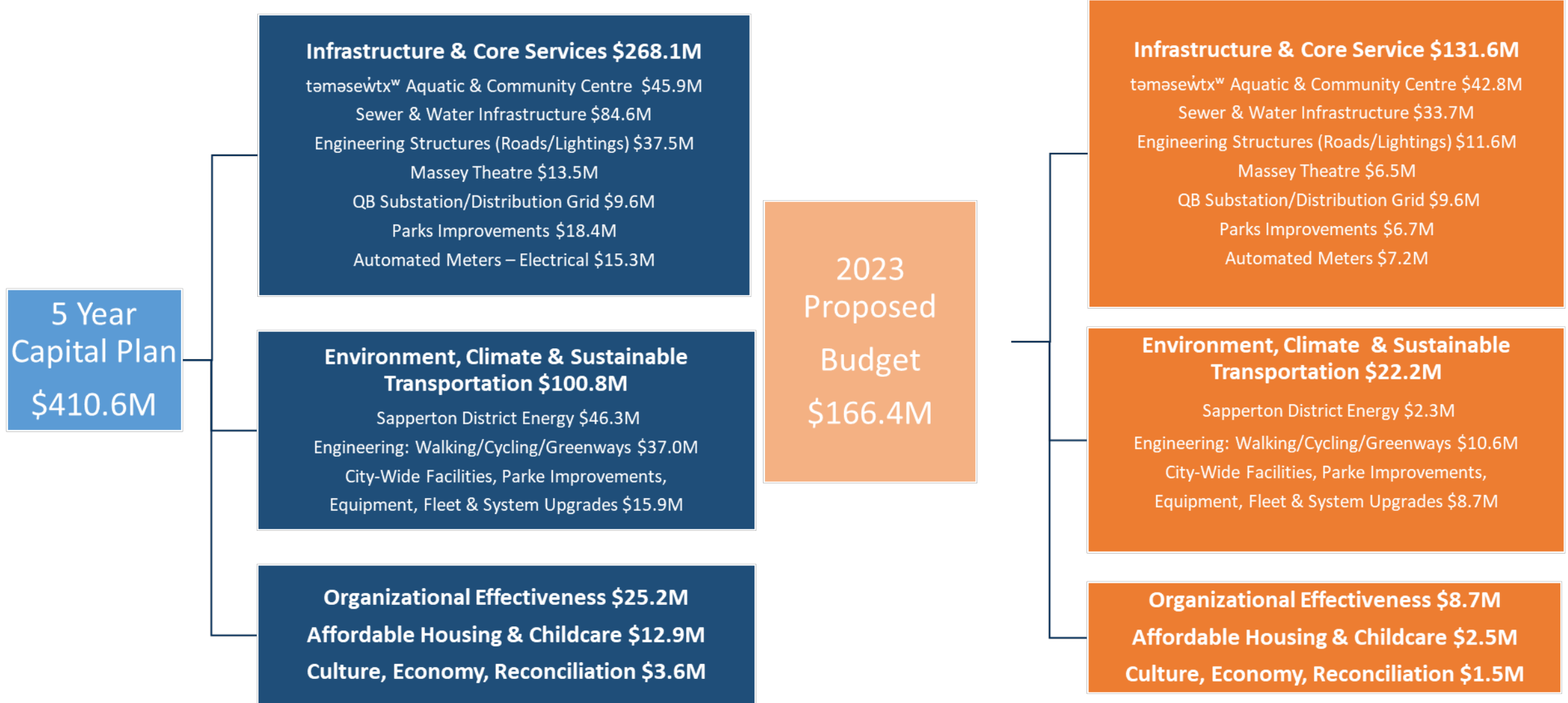
- Adoption of Active Transportation Network Plan
- Widened sidewalk on Sixth Ave at library
- Replaced sidewalk on segments of Hamilton St
- 9 new marked crosswalks
- Safety and active transportation improvements on 10th Ave near Surrey St
- Substantially completed NWSS Cycling Connector

2023 Budget Highlights

- Sidewalk replacement on portions of Kelly St and Sixth St
- New sidewalks and lighting in Connaught Heights (9th Ave, 21st St)
- Central Valley Greenway widening at E Columbia St (Hume Park)
- Completion of Agnes Greenway
- BC Parkway improvements along Stewardson Way (by TransLink and City)
- McBride Boulevard pedestrian signal
- Crosstown Greenway upgrades (5th St to 8th St – pending Metro Vancouver project)
- Commencement of street lighting replacement in Massey-Victory Heights



Proposed 2023-2027 Five Year Capital Plan



Recommendations

THAT Council provide direction on the proposed 2023 Capital Budget and Funding Strategy; and

THAT staff be directed to report back on the Draft Consolidated Financial Plan Bylaw, 2023 - 2027