



**2024 GENERAL FUND CAPITAL BUDGET**  
&  
**2024 – 2028 CAPITAL PLAN**

**COUNCIL WORKSHOP**

**October 16, 2023**



**NEW WESTMINSTER**

**ON TABLE**  
Council Workshop  
October 16, 2023  
re: Item 2.1.a

# Agenda

- ❑ Purpose & Recommendation for Council Consideration
- ❑ Budget Process & Timeline Update
- ❑ Budget Outlook & Financial Sustainability Principles
- ❑ General Fund Capital Budget Review
- ❑ Background and Risk
- ❑ Budget Scenarios
- ❑ Discussion period

# Purpose

The purpose of this Council Budget Workshop is to present three **General Fund Five-Year Capital Plan** scenarios, each with increasing levels of investment, along with their corresponding funding strategies.

The aim is for Council to provide staff with feedback during this Budget Workshop that will set the direction. This will enable staff to prepare the necessary bylaws for the 2024-2028 Financial Plan that will be considered by Council later this year.

# Recommendations

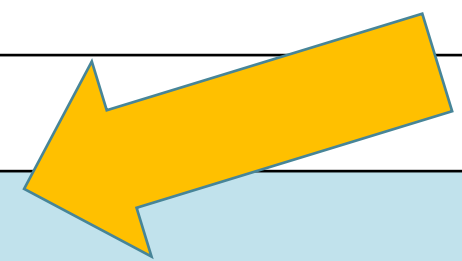
**THAT** Council provide direction on which of the three proposed 2024 General Fund Capital Budget and Funding Strategies they support.

**THAT** Staff be directed to report back on the Draft Consolidated Financial Plan Bylaw, 2024 – 2028.

**THAT** Council approve the re-allocation of \$6.0M Growing Communities Fund (GCF) initially assigned to Massey Theatre Renovation project to other eligible General Fund capital projects.

# Proposed 2024 Budget Timelines

Date	Description
May 8 2023	2024 Budget Engagement Framework & Timelines
Jun 12 2023	Quarter 1 Operating & Capital Performance Report
Sep 11 2023	Quarter 2 Capital & Operating Performance Report
Aug 28 2023	2024 Engagement Results: What We Heard Report
Oct 16 2023	**2024 General Fund Capital Budget - Open Council Workshop**
Oct 30 2023	2024 User Fees (Three Readings)
Nov 6 2023	2024 General Fund Budget: Proposed Service Enhancements
Nov 6 2023	2024 User Fees (Adoption)
Nov 27 2023	2024 Utility Budget: Capital and Operating
Dec 11 2023	2024 Utility Rates (Three Readings)
Dec 11 2023	Quarter 3 Capital & Operating Performance Report
Dec 18, 2023	2024 Utility Rates (Adoption) – adoption need to happen before end of the year
Jan 2024	2024 DRAFT Budget & 5 Year Financial Plan Bylaw (Presentation)
Jan 2024	2024 DRAFT Budget & 5 Year Bylaw post on City Website/Paper
Jan 2024	2024 DRAFT Budget & 5 Year Financial Plan Bylaw (Three Readings)
Feb 2024	2024 DRAFT Budget & 5 Year Financial Plan Bylaw (Adoption)



# Financial Health Principles

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

## 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



# 2023 General Fund Multi-Year Budget and Five Year Plan

## 2023-2027 Year Capital Plan

\$228.8M

Asset Management and Infrastructure  
\$112.7M

Safe Movement of People \$42.1M

Community Belonging and Connecting \$61.2M  
Homes and Housing Options \$12.3M  
People-Centered Economy \$0.5M

## 2023 Approved Multi-Year Capital Budget

\$108.9M

Asset Management and Infrastructure \$45.1M

Safe Movement of People \$12.4M

Community Belonging and Connecting \$48.3M  
Homes and Housing Options \$2.8M  
People-Centered Economy \$0.3M

- ❑ Revised 2023 multi-year budget is \$108.9M, forecast spend of \$81.1M as at August 31<sup>st</sup>
- ❑ 2023 General Fund Capital Carryforward Balance will be updated next quarterly update
- ❑ \$6.0M Growing Community Fund initially allocated to Massey Theatre will have to be reallocated to other eligible General Fund capital projects

# General Fund Capital Funding Strategy

## How is General Fund Capital Budget Funded

- General Fund Reserve
  - Operating surplus adjusted for amortization expense - exclude Utilities
  - Dedicated funding (e.g. Sale of Carbon Credits)
- Grants and Contributions
- Debt
- Developer Cost Charges (DCC)

## Budget Assumptions

- Operating Budget remain constants and don't deteriorate reserve balances
- Grant Funding is built into model when grants are secured or high probability of securing
- All general reserve balances are built into model even if they are internally restricted



# Budget Risks

## General Risks:

- Global economic conditions
- Climate change impact
- Fluctuations in energy prices
- Supply chain disruptions

## Inflation:

- Capital budget exposed to rising inflation
- CPI and IPPI increase rates
- Specific project cost escalations

## Grant Funding:

- Uncertainty in grant approvals

## City Reserves:

- Uncertainties in reserve balances

## Master Plans:

- Risks of misalignment with master plans that are not yet developed
- Risks associated with estimated asset value

# Budget Engagement: Capital

## What was heard in 2023:

- ❑ 67% want a balance of spending and saving
- ❑ 78% support or somewhat support Council's strategic priorities
- ❑ 74% support a 4% or more tax increase in 2024

## General Fund Capital projects ranked: Top Rated Projects

- ❑ Transportation: Sidewalk repairs, new sidewalks and expanding pedestrian area
- ❑ Parks Project: Tree planting
- ❑ Facilities: Repairs to civic buildings and facilities
- ❑ Climate: Building retrofit and heat pump incentives



# General Fund Capital Budget – Scenario 1

## Scenario 1 Highlights:

- Continuation of current plan - no new growth
- \$2.8M or 3% increase for inflation on routine asset renewal
- Aligns with City's Reserve Policy @ 7.2%
- Aims to ensure financial stability and minimize disruptions to current ongoing projects
- Minimal progress on Council's Strategic priorities
- Grant Funding – missed opportunity if not in plan



Scenario 1	\$M
Asset Management and Infrastructure	99.2
Safe Movement of People	35.8
Community Belonging and Connecting	15.2
Homes and Housing Options	12.1
People-Centered Economy	0.2
<b>Grand Total</b>	<b>162.5</b>
<b>Estimated Reserves Balance as of Dec 31, 2028</b>	<b>129.0</b>
<b>Reserve to Current Replacement Value (CRV)</b>	<b>7.2%</b>

# General Fund Capital Budget – Scenario 1

**5 Year Capital Plan**  
**\$162.5M**

**Asset Management and Infrastructure \$99.2M**  
 Pavement Management \$19.4M  
 Massey Theatre \$19.0M  
 Walking Infrastructure Improvements \$2.7M  
 Structures Rehabilitation \$2.1M  
 Land Acquisitions \$2.0M

**Safe Movement of People \$35.8M**  
 Active Transportation Network Plan Implementation \$10.1M  
 Sixth Street Great Street \$4.8M  
 Street Lighting Improvements \$3.6M  
 Traffic Signal Improvements \$2.7M  
 Crosstown Greenway Construction \$2.3M

**Community Belonging and Connecting \$15.2M**  
 Homes and Housing Options \$12.1M  
 People-Centered Economy \$0.2M

**2024 Proposed Multi-Year Capital Budget**  
**\$64.8M**

**Asset Management and Infrastructure \$41.4M**  
 Massey Theatre \$15.0M  
 Pavement Management \$4.2M  
 McInnis Overpass Improvements \$1.7M  
 4<sup>th</sup> St Feature Stairway \$1.2M  
 Spartan Rescue Truck Replacement \$1.1M

**Safe Movement of People \$12.9M**  
 Sixth Street Great Street \$4.3M  
 Crosstown Greenway Construction \$2.3M  
 Street Lighting Improvements \$2.2M  
 Active Transportation Network Plan Implementation \$1.1M  
 Traffic Signal Improvements \$0.5M

**Community Belonging and Connecting \$6.5M**  
 Homes and Housing Options \$4.0M  
 People-Centered Economy \$0.01M

# Scenario 1 – Project Highlights



## Asset Management and Infrastructure (\$99.2M)

- 10 Major Project Grouping:
  - Pavement Management, Massey Theatre, Sidewalk, Structure Rehabilitation, Land Acquisitions, Overpass Improvements, Fire Trucks, Artificial Turf
- Facilities Asset Management Plan (FAMP)
  - Facility Condition Index (FCI) predicated to be Fair @ 16% at start of 2024
  - Scenario 1 has no new facility renewal funding and FCI would continue to deteriorate to an FCI of 22% by the end of the plan.
  - Full FAMP report is expected to be ready for review in early 2024 but early reports indicate large increase to annual investment is required

# Scenario 1 – Project Highlights

## Safe Movement of People (\$35.8M)

- 9 Major Project Grouping:
  - Active Transportation Network Plan (ATNP), Sixth Street Greet Street, Lighting Improvement, Traffic Signal, Crosstown Greenway, Downtown Transportation, E. Columbia Great Street, Pedestrian Crossing and Sidewalk Improvement
- Active Transportation Network Plan (ATNP)
  - In September 2022, Council endorsed 5-Year \$36M.
  - Scenario 1 provides partial investment of \$10M required to complete the plan in 5 year resulting in 1-2 new or improved routes per year



# Scenario 1 – Project Highlights

## Community Belonging and Connecting (\$15.2M)

- Major Project Grouping:
  - Land acquisitions, TACC, new artificial turf, WPP West expansion, public art and free-standing public washroom
- Scenario 1 is a continuation of the existing capital plan with a 3% adjustment for inflation
- The Parks & Recreation Comprehensive Plan is expected to be finalized in early 2025

## Homes and Housing Options (\$12.1M)

- Major Project Grouping:
  - Affordable Housing including Development, Project Management, Due Diligence and Fenton Street/Poplar Landing
- Scenario 1 is a continuation of the existing capital plan with a 3% adjustment for inflation on project management and due diligence work

# Scenario 1 – Project Highlights

## People Centered Economy (\$0.2M)

- Major Project Grouping:
  - Open Data Development and Public Realm on Great Streets
- Majority of work for this priority is supported by operating budget

## Climate Action – 7 Bold Steps and Environment (\$4.3M)

- Major Project Grouping:
  - Corporate energy-Vehicles, Corp Energy Project Buildings, CEEP
- Scenario 1 is a continuation of the existing capital plan and projects lead by the Climate Action Team end in 2025.



# General Fund Capital Budget – Scenario 2

## Scenario 2 Highlights:

- Builds on scenario 1 → incorporates additional funding for Councils Strategic Priorities
- Growth of \$10M for Assessment Management and \$10.1M for Safe Movement of People
- Depletion of some reserves but still in line with City’s Reserve Policy @ 5.9%
- Balanced approach to supporting Council’s Strategic Priorities and Financial Stability
- Progress on Council’s Strategic priorities
- Additional funding focuses on developed plans



Scenario 2	\$M
Asset Management and Infrastructure	114.0
Safe Movement of People	45.9
Community Belonging and Connecting	15.8
Homes and Housing Options	12.2
People-Centered Economy	0.2
<b>Grand Total</b>	<b>188.1</b>
<b>Estimated Reserves Balance as of Dec 31, 2028</b>	<b>106.3</b>
<b>Reserve to Current Replacement Value (CRV)</b>	<b>5.9%</b>

# General Fund Capital Budget – Scenario 2

**5 Year Capital Plan**  
\$188.1M

**Scenario 1 \$162.5M**  
 Asset Management and Infrastructure \$99.2M  
 Safe Movement of People \$35.8M  
 Community Belonging and Connecting \$15.2M  
 Homes and Housing Options \$12.1M  
 People-Centered Economy \$0.2M

**Asset Management and Infrastructure +\$14.8M**  
 Maintain Current Facility Condition Index +\$5.0M  
 Pierce Puc Pumper Replacement +\$2.0M  
 Rail Crossing Upgrade +\$1.3M

**Safe Movement of People +\$10.0M**  
 Active Transportation Network Plan Implementation +\$6.8M  
 Street Lighting Improvements +\$0.7M  
 Sixth Street Great Street +\$0.3M

**Community Belonging and Connecting +\$0.6M**  
**Homes and Housing Options +\$0.1M**

**2024 Proposed Multi-Year Capital Budget**  
\$64.8M

**Scenario 1 \$64.8M**  
 Asset Management and Infrastructure \$41.4M  
 Safe Movement of People \$12.9M  
 Community Belonging and Connecting \$6.5M  
 Homes and Housing Options \$4.0M  
 People-Centered Economy \$0.01M

**No change from Scenario 1**

# Scenario 2 – Project Highlights

## Asset Management and Infrastructure (\$114M)

- Additional Funding
  - \$5M to maintain Facility Condition Index
  - \$1M Feasibility Studies
  - \$2M Fire Pumper
  - \$1.3M to support rail portfolio

Provides additional funding to address facility renewal backlog, FCI is still predicted to deteriorate to 21% at the end of the 5 year Capital Plan

## Safe Movement of People (\$45.9M)

- Additional Funding
  - \$6.8M to support ATNP → increase completion to 2-3 new or improved routes
  - \$0.3M for Sixth Street Great Street
  - \$0.6M for street light improvements
  - \$0.8 for additional sidewalk installations and improvements

# Scenario 2 – Project Highlights

## Community Belonging and Connecting (\$15.8M)

- Marginal increase from Scenario 1 to support public art and the new artificial turf
  - Parks and Rec plan support update to the capital plan

## Homes and Housing Options (\$12.2M)

- Minimal increase from Scenario 1

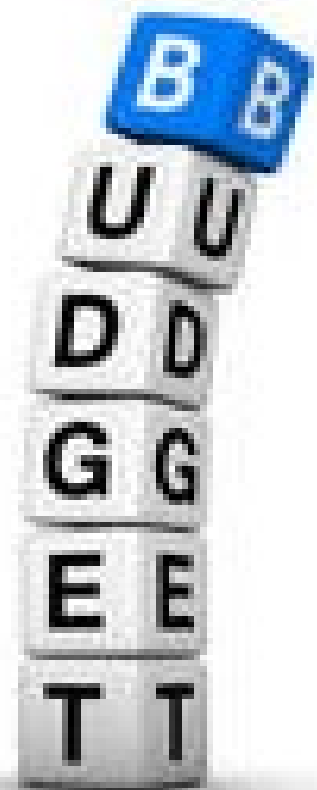
## Climate Action – 7 Bold Steps and Environment (\$7.1M)

- Additional funding of \$3M to support tree replacement, CEEP update 2.0 and Community & Corp EV Charging strategy
- Builds on scenario 1 by providing ongoing and consistent funding through the whole 5-year plan

# General Fund Capital Budget – Scenario 3

## Scenario 3 Highlights:

- Additional \$1.5M for inflationary pressures on routine assets renewal/ replacement
- Additional \$62M to support aggressive commitment to strategic priorities including \$43.3M for Asset Management/Infrastructure and \$18.7M for Safe Movement of People
- Depletion of reserves → Reserve to CRV of 4% is not inline with City Reserve Policy
- Additional funding via debt or property taxes required
- Strong commitment Council’s Strategic priorities
- Additional funding focuses on developed plans



Scenario 3	\$M
Asset Management and Infrastructure	142.5
Safe Movement of People	54.5
Community Belonging and Connecting	15.9
Homes and Housing Options	12.3
People-Centered Economy	0.3
<b>Grand Total</b>	<b>225.4</b>
<b>Estimated Reserves Balance as of Dec 31, 2028</b>	<b>71.5</b>
<b>Reserve to Current Replacement Value (CRV)</b>	<b>4.0%</b>

# General Fund Capital Budget – Scenario 3

**5 Year Capital Plan**  
\$225.4M

**Scenario 1 \$162.5M**  
 Asset Management and Infrastructure \$99.2M  
 Safe Movement of People \$35.8M  
 Community Belonging and Connecting \$15.2M  
 Homes and Housing Options \$12.1M  
 People-Centered Economy \$0.2M

**Asset Management and Infrastructure +\$43.3M**  
 Maintain Current Facility Condition Index +\$17.5M  
 Operations Yard Renewal and Replacement +\$5.0M  
 Rail Crossing Upgrades +\$4.0M

**Safe Movement of People +\$18.7M**  
 Active Transportation Network Plan Implementation +\$11.8M  
 Street Lighting Improvements +\$2.3M  
 Sixth Street Great Street +\$1.0M  
 Sidewalk Install and Improvement +\$1.0M

**Community Belonging and Connecting +\$0.7M**  
**Homes and Housing Options +\$0.2M**  
**People-Centered Economy +\$0.05M**

**2024 Proposed Multi-Year Capital Budget**  
\$72.1M

**Scenario 1 \$64.8M**  
 Asset Management and Infrastructure \$41.4M  
 Safe Movement of People \$12.9M  
 Community Belonging and Connecting \$6.5M  
 Homes and Housing Options \$4.0M  
 People-Centered Economy \$0.01M

**Asset Management and Infrastructure +\$3.6M**  
 Maintain Current Facility Condition Index +\$2.5M

**Safe Movement of People +\$3.6M**  
 Active Transportation Network Plan Implementation +\$3.3M

**Homes and Housing Options +\$0.1M**  
**People-Centered Economy +\$0.03M**  
**Community Belonging and Connecting +\$0.02M**

# Budget Scenario 3 – Project Highlights

## Asset Management and Infrastructure (\$142.5M)

- Additional Funding
  - \$17.5M to maintain Facility Condition Index
  - \$2.3M to support pavement management
  - \$4M to support rail portfolio
  - \$2.7M to support structure rehabilitation

Additional support will slow the deterioration of FCI but will not return our civic portfolio to a FCI rating of “Good”

## Safe Movement of People (\$54.5M)

- Additional Funding
  - \$11.8M to support ATNP → increase completion to 3-4 new or improved routes
  - \$1M for Sixth Street Great Street
  - \$2.3M for street light improvements
  - \$1M for additional sidewalk installations and improvements

# Budget Scenario 3 – Project Highlights

## Community Belonging and Connecting (\$15.8M)

- Marginal increase from Scenario 1 to support public art and the new artificial turf as Parks and Recreation Master plan will support updates to the capital plan

## Homes and Housing Options (\$12.2M)

- Minimal increase from Scenario 1

## People Centered Economy (\$0.3M)

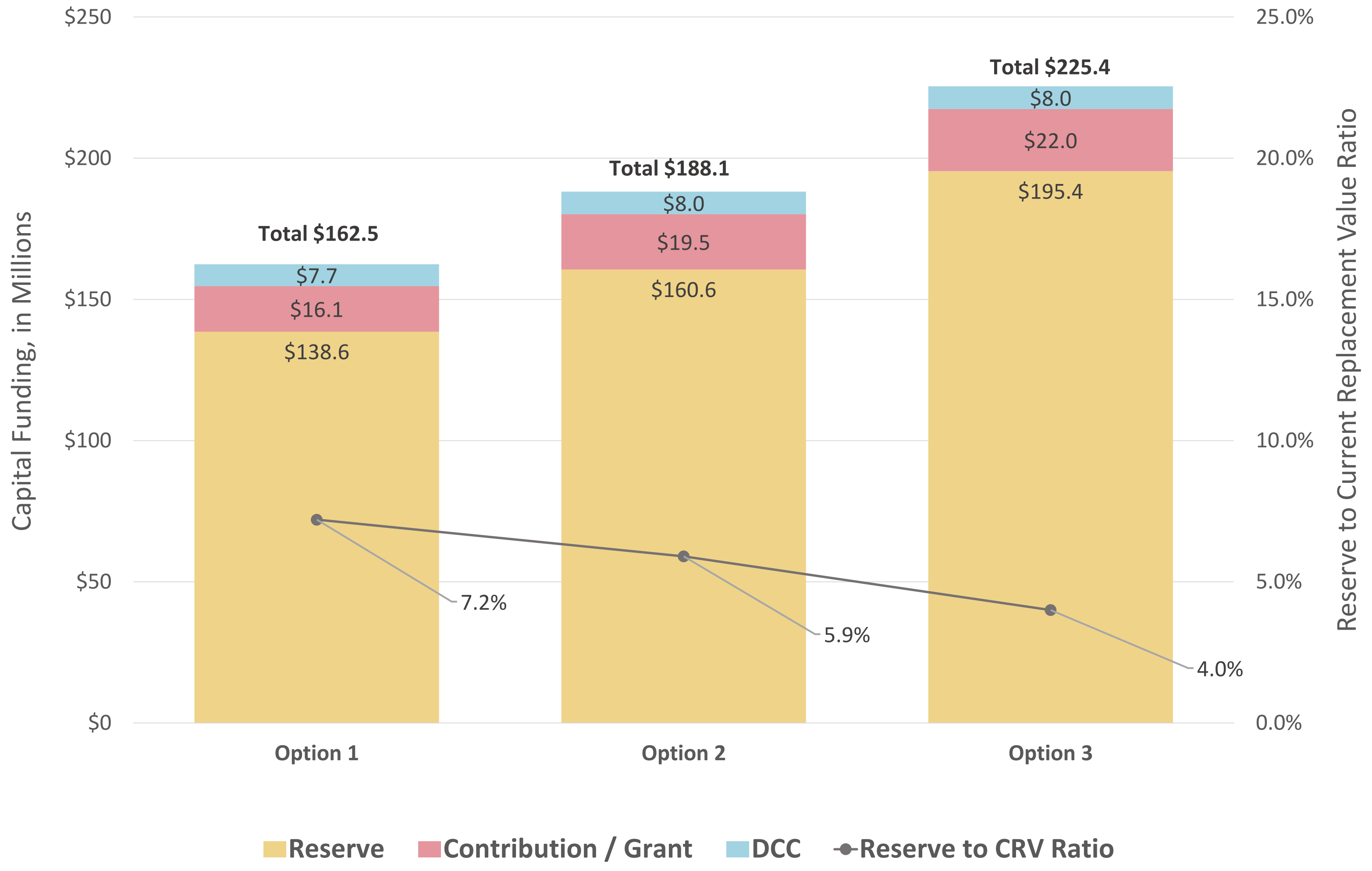
- Minimal increase from Scenario

## Climate Action – 7 Bold Steps and Environment (\$7.3M)

- Additional funding of \$3M to support tree replacement, CEEP and EV Charging strategy
- Builds on scenario 1 by providing ongoing and consistent funding through the whole 5-year plan



# Funding Strategy



# General Fund Capital Workshop Questions



- Where can Staff provide additional clarity?
- Are there specific projects where you need more information?
- Does Council feel that all of the Strategic Priorities are supported?
- Do you think that the proposed projects advance what we heard is important to the community in the Budget 2024 survey?
- Are there any projects you expected to see that are not on the list?
- Which of the 3 budget scenarios do you support if any?