



2025 – 2029 General Fund Five-Year Capital Plan Council Workshop

December 9, 2024
City of New Westminster

Agenda

1. Purpose & Recommendation
2. Budget Risks
3. Capital Plan Scenarios
4. Funding Strategy
5. Climate Action Reserve Fund & Growing Communities Fund Reserve
6. Challenges
7. General Fund Reserves & Debt Servicing Ratio
8. Future Considerations
9. Recommendation
10. Questions for Council

Purpose

- To present Council with three 2025 – 2029 Five-Year Capital Plan scenarios and corresponding funding strategies;
- To seek Council's direction for the development of the 2025 General Fund Capital Budget and 2025 – 2029 Five-Year Capital Plan.

Recommendation

- THAT a Capital Budget scenario and funding strategy be identified as the preferred option for the 2025 Capital Budget and the 2025 – 2029 Five-Year Capital Plan;
- THAT staff report back with a 2025 – 2029 Consolidated Five-Year Financial Plan Bylaw.

Budget Risks

General Risk

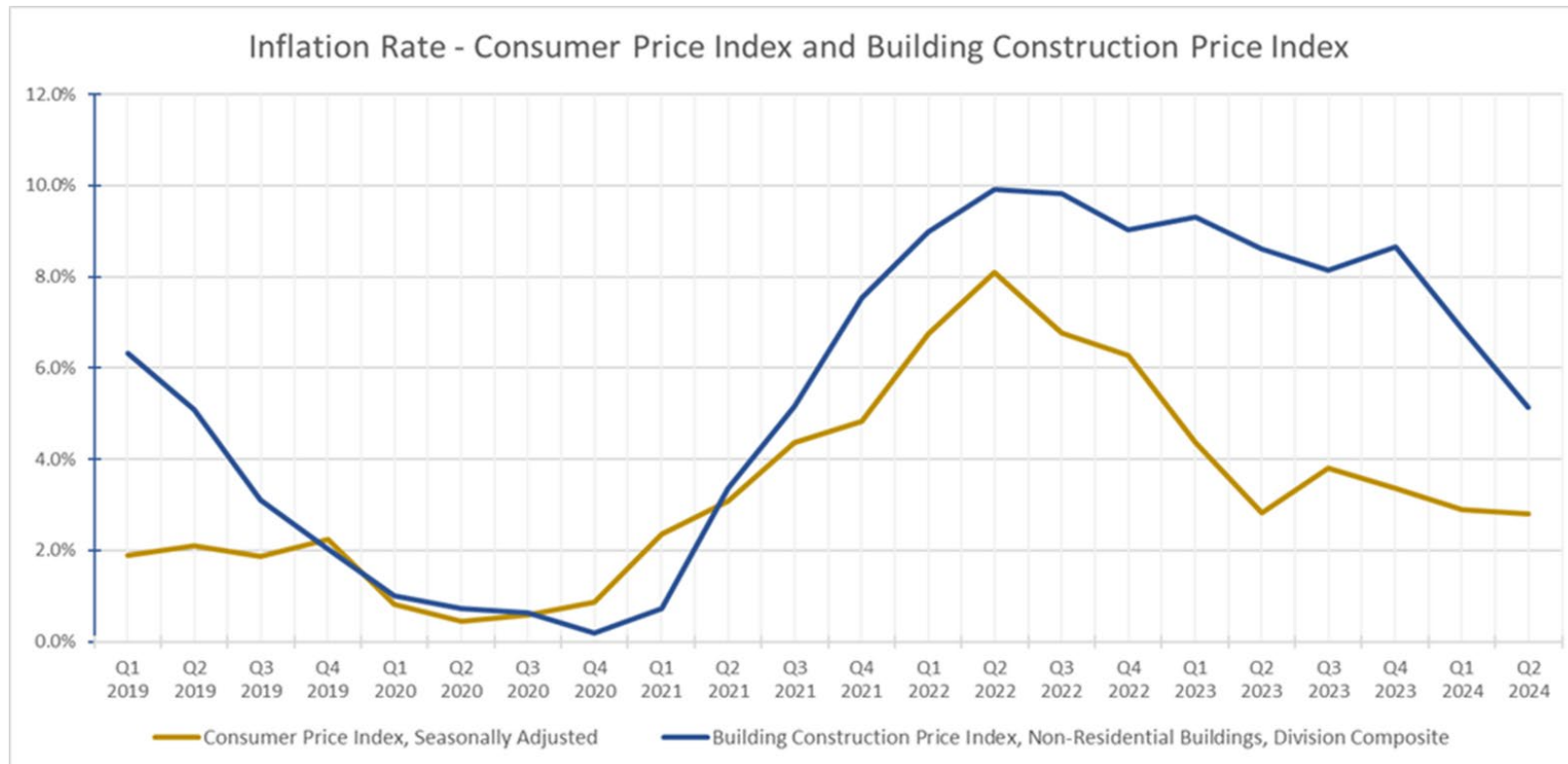
Funding Risks

Operational Risk

Budget Risks

Inflation Risks

- Forecasting BoC rate reduction of 75 bps in 2025
- Gap between Construction CPI and Core CPI



2025 – 2029 Capital Plan – Summary

- Scenario 1 - \$261.4M (\$48.5M – 3.1%)
- Scenario 2 - \$274.7M (\$35.2M – 2.2%)
- Scenario 3 - \$277.5M (\$32.7M – 2.1%)

Scenarios (\$ Million)	Base Plan	New Projects	Scenario #1	New Projects	Scenario #2	New Projects	Scenario #3
Asset Management and Infrastructure	139.2	16.2	155.3		155.3	1.5	156.8
Safe Movement of People	62.4		62.4	9.2	71.6	0.2	71.8
Community Belonging and Connecting	27.6	0.1	27.7	4.0	31.7	1.0	32.7
Homes and Housing Options	13.3	2.5	15.8		15.8		15.8
People-Centered Economy	0.2		0.2		0.2	0.3	0.5
Grand Total	242.7	18.8	261.4	13.2	274.7	2.9	277.5
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Estimated Reserve Balance as of Dec 31, 2029			48.5		35.2		32.7
Estimated Reserve to Replacement Value Ratio (CRV)			3.1%		2.2%		2.1%

2025 – 2029 Capital Plan – Spending by Year

- Scenario 1 - \$261.4M (\$48.5M – 3.1%)
- Scenario 2 - \$274.7M (\$35.2M – 2.2%)
- Scenario 3 - \$277.5M (\$32.7M – 2.1%)

Scenarios (\$ Million)	2025	2026	2027	2028	2029	Total
Base Plan	84.8	42.1	46.0	34.3	35.5	242.7
New Non-discretionary Projects	2.8	4.7	2.3	2.1	6.8	18.8
Scenario #1	87.6	46.9	48.3	36.4	42.3	261.4
New Council Support Projects	3.7	8.0	1.5	-	0.0	13.2
Scenario #2	91.2	54.9	49.8	36.4	42.3	274.7
New Discretionary Projects	1.2	0.3	0.1	-	1.3	2.9
Scenario #3	92.4	55.2	49.9	36.4	43.6	277.5

Scenario 1 - \$261.4M

- Continuation of current 2024 – 2028 plan (\$242.7M) including \$44.0M carried over from 2024
- Plus \$18.8M new projects
 - Urban Reforestation Phase 2, Mercer Oval ATF replacement, Samson V and WPP Retaining Wall replacement
 - Land Use Planning Policy and Housing Policy development and implementation
- Supports current level of service
- Not aligned with City’s Reserve Policy of 5% - 10% (\$48.5M – 3.1%)

Scenarios (\$ Million)	Base Plan	New Projects	Scenario #1
Asset Management and Infrastructure	139.2	16.2	155.3
Safe Movement of People	62.4		62.4
Community Belonging and Connecting	27.6	0.1	27.7
Homes and Housing Options	13.3	2.5	15.8
People-Centered Economy	0.2		0.2
Grand Total	242.7	18.8	261.4
Estimated Reserve Balance as of Dec 31, 2029			48.5
Estimated Reserve to Replacement Value Ratio (CRV)			3.1%

Scenario 2 - \$274.7M

- Scenario 1 plus \$13.2M for:
 - Fenton Street ditch enclosure and streetscape upgrade and quick-build walking improvements in Queensborough
 - Anvil Centre 10 year plan implementation,
- Not aligned with City's Reserve Policy of 5% - 10% (\$35.2M – 2.2%)

Scenarios (\$ Million)	Scenario #1	New Projects	Scenario #2
Asset Management and Infrastructure	155.3		155.3
Safe Movement of People	62.4	9.2	71.6
Community Belonging and Connecting	27.7	4.0	31.7
Homes and Housing Options	15.8		15.8
People-Centered Economy	0.2		0.2
Grand Total	261.4	13.2	274.7
Estimated Reserve Balance as of Dec 31, 2029	48.5		35.2
Estimated Reserve to Replacement Value Ratio (CRV)	3.1%		2.2%

Scenario 3 - \$277.5M

- Scenario 2 plus \$2.9M for:
 - Asset Management Plans, Facilities Master Plans and A/C work at Library and Police building
 - Community Belonging and Connecting and Local Economic Development projects
- Not aligned with City’s Reserve Policy of 5% - 10% (\$32.7M – 2.1%)

Scenarios (\$ Million)	Scenario #2	New Projects	Scenario #3
Asset Management and Infrastructure	155.3	1.5	156.8
Safe Movement of People	71.6	0.2	71.8
Community Belonging and Connecting	31.7	1.0	32.7
Homes and Housing Options	15.8		15.8
People-Centered Economy	0.2	0.3	0.5
Grand Total	274.7	2.9	277.5
Estimated Reserve Balance as of Dec 31, 2029	35.2		32.7
Estimated Reserve to Replacement Value Ratio (CRV)	2.2%		2.1%

2025 – 2029 Capital Plan Funding Strategy

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

Funding Strategy (\$ Million)	Grants/ Contributions	Development Cost Charges	Debt	Reserves	Total
Scenario #1	44.5	13.1	-	203.8	261.4
Scenario #2	48.0	13.1		213.5	274.7
Scenario #3	48.4	13.1		216.0	277.5

Climate Action Reserve Fund (CARF)

- Climate Action Decision Making Framework (CADMF) adopted by Council in March 2024
- \$131.4M project initiatives in the Draft 2025 – 2029 Capital will fully, or in part, advance the City’s 7 Bold Steps (\$39.8M in 2025) – staff will continue to identify projects to be funded by CARF

List of projects / initiatives to be funded by CARF*

Climate Action Reserve Fund (\$ Millions)	2025	2026	2027	2028	2029
Active Transportation Network Plan	4.06	4.73	4.73	4.63	3.73
Massey Theatre Renovation	2.20	1.10	-	-	-
Corporate Energy & Emission Plan Update 2.0	0.36	0.40	0.40	0.40	0.25
Climate Action Decision Making Framework	0.05	-	-	-	-
Climate Changing Resilience & Adaptation	0.05	0.10	0.10	0.10	0.10
Community & Corporate EV Charging Strategy	0.40	0.35	0.35	0.35	0.25
Civic Buildings Energy Projects	0.20	0.23	0.24	0.24	0.28
EV Charging Infrastructure at Civic Buildings	0.20	0.20	0.20	0.20	-
Implementation of the Green Infrastructure Network	-	-	0.35	0.15	-
Natural Environment Enhancement	0.03	0.03	0.03	0.04	0.03
Corporate Electric Vehicles	2.34	1.08	1.33	3.46	1.67
Sub-Total	9.90	8.22	7.73	9.57	6.31
Estimated 3rd Party Grants/Contributions	(4.16)	(2.65)	(2.65)	(2.60)	(2.15)
Net CARF Contributions	5.74	5.57	5.08	6.97	4.16
Cumulative Total	5.74	11.31	16.40	23.36	27.52

* Subject to alignment with the CADMF

Growing Communities Fund (GCF)

- City received \$15.85M in March 2023 (\$16.63M with projected interest)
- In October 2024, Council approved allocating a portion of the GCF towards new investments in recreational-related amenities. For budget & planning purposes, a placeholder (\$3.5M) is added
- Demonstrate commitment to fully expend the funds by March 2028 (Deadline)

List of projects / initiatives to be funded by GCF:

Growing Communities Fund (\$ Millions)	2023 (Actual)	2024 (Forecast)	2025	2026	2027	2028 (March)
Bus Shelters	-	-	0.04	0.07	0.07	0.02
Bus Stop Improvements	0.05	0.07	0.08	0.08	0.08	0.02
Pedestrian Crossing Improvements	0.02	0.23	0.37	0.29	0.29	0.08
Road Safety Improvements	0.15	0.05	0.41	0.22	0.22	0.06
Street Lighting Improvements	0.01	0.12	1.32	1.15	1.15	0.21
Traffic Signal Installation & Improvements	0.02	0.80	0.75	0.74	0.75	0.19
Transit Priority	0.08	0.04	0.30	0.31	0.30	0.08
Walking Infrastructure Improvements	0.73	0.40	0.40	0.75	0.75	0.19
* Recreational-related Amenities	-	-	0.50	1.50	1.50	-
Sub-Total	1.07	1.71	4.17	5.09	5.11	0.83
Estimated 3rd Party Grants/Contributions	(0.11)	(0.61)	(0.63)	-	-	-
Net GCF Contributions	0.96	1.10	3.54	5.09	5.11	0.83
Cumulative Total	0.96	2.05	5.59	10.69	15.80	16.63

* Subject to Council approval

Challenges

Aging Infrastructure

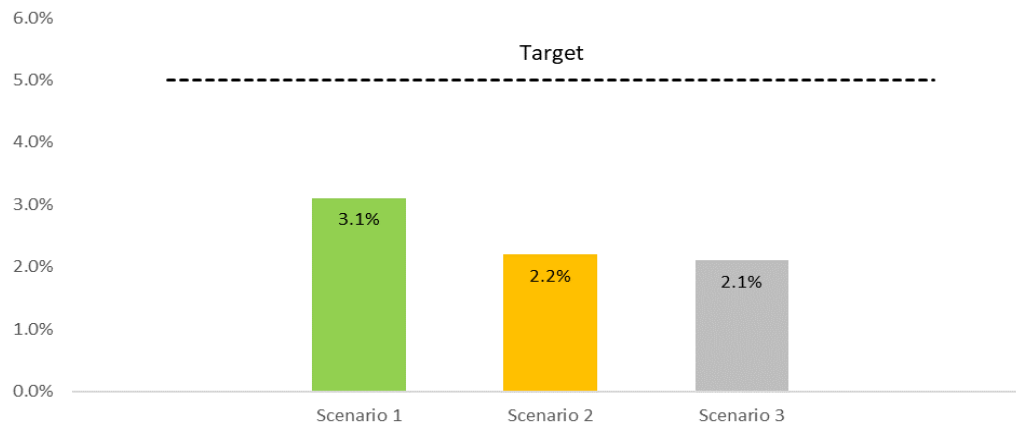
New Housing Legislation

Infrastructure Funding Gaps

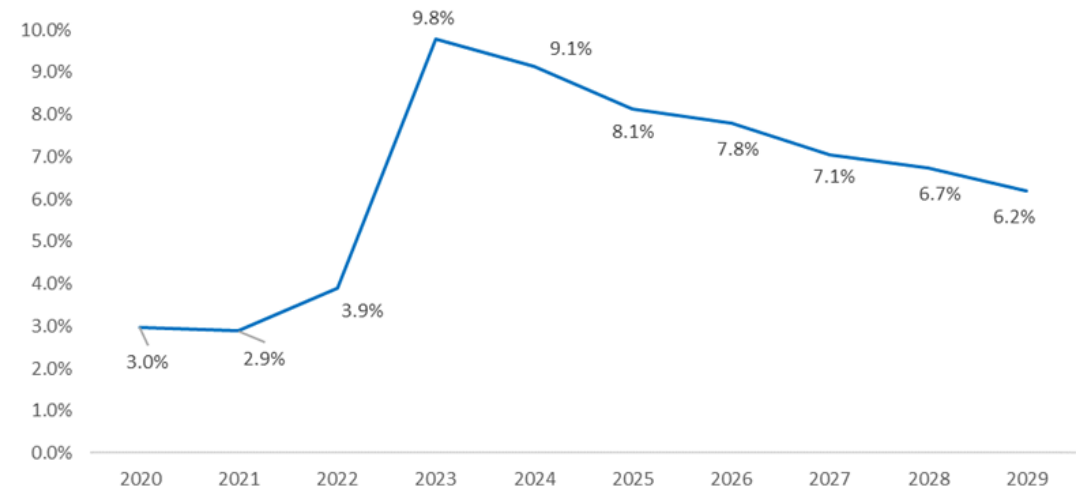
General Fund Reserves & Debt Servicing Ratio

- Balance is made up of over 20 statutory or non-statutory reserves (include Climate Action Reserve and Growing Communities Fund Reserve)
- Reserves balance is projected to decline to below 5% of asset CRV by 2029 for all three scenarios
- Budget Survey:
 - **Overall residents prefer tax increases to service reductions**
 - **Slight opposition to borrowing funds** to deal with backlog and infrastructure funding gaps

2029 General Fund Reserve to Current Replacement Value Ratio



Debt Servicing Cost to Property Tax Ratio



Future Considerations

To address deteriorating General Fund reserves balance and infrastructure funding gaps, staff recommend Council consider introducing a Capital Levy beginning in 2026.

- Provide dedicated, sustainable funding stream to maintain or improve city infrastructure
- Reduce debt reliance and borrowing costs
- Increase public safety, improve service levels, support economic growth, minimize future shocks
- In Q2 2025, a detailed report will be provided to Council that provides the rationale for a capital levy and outlines how a capital levy will help replenish the reserves, an important measure that aligns with fiscal best practices.

Recommendation

1. THAT a Capital Budget scenario and funding strategy be identified as the preferred option for the 2025 Capital Budget and the 2025 – 2029 Five-Year Capital Plan;
2. THAT staff report back with a 2025 – 2029 Consolidated Five-Year Financial Plan Bylaw.

Questions for Council

1. Does Council have any questions about the three scenarios that have been presented?
2. What scenario does Council support?
3. Staff have introduced the concept of capital levy, for future considerations, as a strategy to build the reserves. Do you have any questions that you want staff to consider further, prior to reporting back with more details?

Thank You!

Feedback and Discussion from Council