

REQUEST FOR COUNCIL DECISION



SUBJECT: 2023 - 2032 Capital Plan
PREPARED BY: Tracey McKinnon, Senior Manager of Financial Services
PRESENTED BY: Tracey McKinnon, Senior Manager of Financial Services
DATE: November 14, 2022

FILE: 13/912

PURPOSE:

To present for Council's consideration the 2023 - 2032 Capital Plan.

RECOMMENDED MOTION(S):

1. THAT Council accept the 2023 - 2032 Capital Plan report for information.

RELATED PRIOR MOTION(S):

(Oct 24, 2022) Council accepts the 2023-2032 Capital Plan report for information

EXECUTIVE SUMMARY:

Each year Administration prepares both a 10-Year Capital Plan (the 'Plan') as well as the annual capital budget. This report presents the 10-Year Capital Plan.

ANALYSIS:

The purpose of the 2023 - 2032 Capital Plan is to outline the future capital requirements of the City of Lacombe based on Council priorities and existing infrastructure maintenance requirements.

The expenditures are grouped based on Division. The projects by Division for the 2023 - 2032 Capital Plan can be found in Appendix 1- 10-Year Capital Plan.

The estimated capital expenditures represented in the 2023-2032 Capital plan are \$80.7 M (before inflation). The total capital expenditures per year is shown in Appendix 2: 10-Year Capital Expenditures.

The plan also identifies potential funding sources to fund these capital expenditures within the 10-year horizon. The proposed funding is a combination of third-party contributions, debenture borrowing, grants and reserve contributions.

The estimated funding sources for the 2023 - 2032 Capital plan are:

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| | | |
|------------------------------|-----------|---------------|
| Debentures | \$ | 10.0 M |
| Grants | \$ | 23.2 M |
| Outside Sources | \$ | 5.0 M |
| Reserve Withdrawals | \$ | 42.5 M |
| <u>Total Funding Sources</u> | <u>\$</u> | <u>80.7 M</u> |

The breakdown of the capital funding sources across the 2023 - 2032 plan is found in Appendix 3 – 10-Year Capital Funding.

The first year of the 2023-2032 Capital Plan represents the proposed 2023 Capital Budget, which is approved as authorization for capital expenditure. The remaining 9 years (2024- 2032) are for planning only and are not authorizations for expenditures. The detail and length of the proposed 10-Year Capital Plan exceeds the provincial and federal requirements for Multi-Year Capital Plans, which are conditions of funding for some federal and provincial capital grant programs.

Major Capital Projects

1. 2023 Capital Works Program – Total Cost \$5.7M

The 2023 Capital Work Program includes road surface rehabilitation, and associated utility work

2. Fire Station Building (2023 - \$0.5M, 2024 - \$4.5M) – Total Cost \$5.0M

This expenditure will start in 2023 with completion in 2024.

3. Fire Ladder Truck Replacement – (2023 \$0.2M, 2025 \$0.7M, 2026 \$1.1M) - Total Cost \$2M

This unit will replace Tower 1 that was purchased in 2005 and it is nearing the end of its purposeful life and will be up for replacement.

4. Roads Renewal Program - Capital Works – (2024 - 2032) - Total Cost \$16.2M

The Roads Asset Management Plan report highlighted the work required to maintain the overall condition rating of the existing road network and support new growth for the next 10 years. Road work has been divided into two categories of Capital Works projects – Road Growth or Road Renewal. The Capital Work – Road Growth Program includes items identified in the Transportation Master Plan (TMP) required to support growth in

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Lacombe. Road Renewal projects includes road surface rehabilitation to maintain current road conditions (approximately \$1.8M each year of the Capital Plan).

5. **New water reservoir and decommissioning of Pumphouse B - (2025 - \$0.2M, 2026 - \$1.0M, 2027 \$9.8M) – Total Cost \$11.0M**

The 2013 Water Model Study and 2021 water model update confirm the need for additional water storage to support future growth. Pumphouse B (near the Lacombe Hospital) has surpassed its design life and is the smallest of the City's 3 pumphouses. It is preferable to decommission Pumphouse B and incorporate the necessary storage volumes and pumping capacities into a new facility from a long-term perspective. The current budget is not sufficient for a new standalone reservoir that meets the City's long-term demand so the preliminary and detailed design in 2024 will refine the anticipated capital cost for this project.

Debt Financing

Debt financing is a major source of capital funding for municipalities. The tax rate increase due to additional borrowing in the 2023 - 2032 period is shown in Appendix 4 - Impact of New Debt on Tax Rate Increases. This includes the prior approved borrowing for the new Public Works Building. The Debt Servicing Projection for the 2023-2032 plan can be found in Appendix 5: 10 Year Debt Servicing Projection.

Assumptions

The City of Lacombe's proposed 2023 - 2032 Capital Plan is based on the following assumptions:

1. The 2023-2032 Capital Plan becomes Council's multi-year capital planning document. The Plan does not factor in capital expenditures for years outside of the 10-year horizon.
2. **The plan is fully funded but relies on increased debt servicing. The debt servicing identified will require Council to vary from its [Annual Budget Taxation & Preparation Policy](#); namely to increase taxes by more than the Alberta CPI in 2023, 2024, 2025, and 2026.**
3. Costs are based on 2023 costs. Inflation is not factored into future expenditures unless specific future costs are known.
4. Whenever possible, the replacement of current assets is based on the overall condition rating for that class of asset and based on existing engineering studies.
5. Upgrades and new assets are identified using projected requirements and any existing engineering studies.

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6. The Municipal Sustainability Initiative (MSI) program is to be replaced by the Local Government Fiscal Framework (LGFF) in 2024 provincial budget year. The amount of the annual allotment is estimated at a conservative level.
7. The Community Builder Fund is estimated to remain stable over 10 years.
8. No interest revenue is recognized in reserve balances used to fund projects.
9. Water, Wastewater and Solid Waste utilities are self-funded from monthly revenue generated from customers. Capital expenditures and debt payments will be funded specifically from these revenues.
10. Debt financing for new development is to be funded through offsite levies.
11. Grant and reserve funding is applied on a general basis. Annual budgets will match specific grants and reserves to specific projects.
12. Borrowing requirements are based on specific projects, terms, and interest rates. Borrowing is limited to new/upgrade assets. Interest rates are the rates at the time of this report.
13. Surpluses are not identified as a potential source of funding.
14. Annual capital budgets may vary from the plan based on changes in asset conditions and/or priorities.
15. The plan identifies a target annual contribution to reserves/capital expenditures. It does not address any shortfall in this annual contribution.
16. Future revenue growth is not considered in the plan and future transfers to reserves are based on current budget transfers unless otherwise noted.
17. Future assets transferred from developers are not identified in the plan until the time they are transferred.

STRATEGIC PLAN ALIGNMENT: [\(LINK\)](#)

Managing Community Resources

- ✓ Sustainable infrastructure
- ✓ Sustainable service levels
- ✓ Sustainable funding

Building the Community

- ✓ Efficiently delivering core services

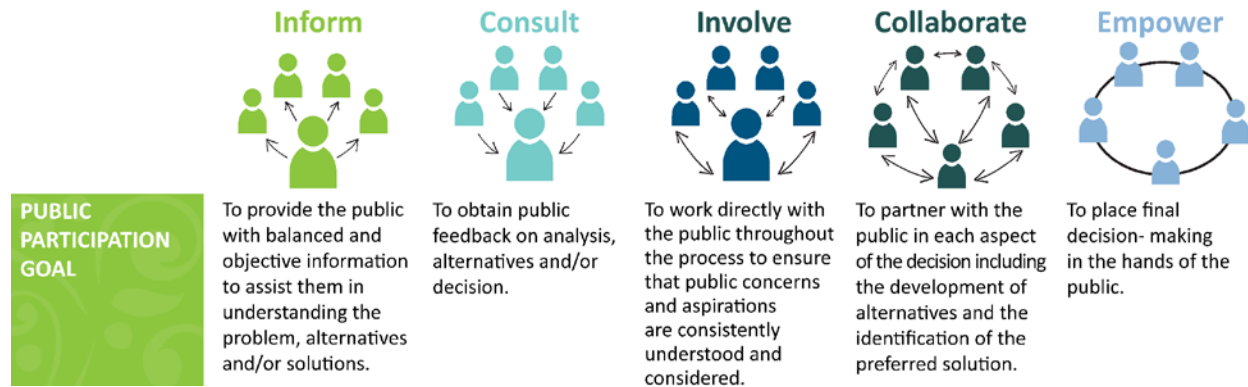
Supporting the Community

- ✓ Supporting community safety
- ✓ Supporting a healthy community

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PUBLIC ENGAGEMENT STRATEGY: [\(LINK\)](#)



The following engagement strategies have or will take place to inform Council's deliberations:

- **Inform** public by Posting Budget information on the City's website and social media channels
- **Consult** with public on budget Discussions at the 2022 Lacombe Trade Show, Lacombe Farmers' Market, and Coffee with Council sessions. Council budget workshops are available for the public to attend and Budget suggestions received at Budget2022@lacombe.ca and Councilconnect@lacombe.ca

Following Council's acceptance of the 2023 – 2032 Capital Plan, the public will be **Informed** via media release, social media channels, and by the documents being uploaded to the City's website under the 'Budget 2023' heading.

POTENTIAL MOTION(S):

1. **[Recommended]** THAT Council accept the 2023 - 2032 Capital Plan report as information.

OR

2. **[Alternative]** THAT Council direct Administration on how to proceed.

ATTACHMENTS:

- Appendix 1 – Capital Expenditures by Division
- Appendix 2 – 10-Year Capital Expenses Graph
- Appendix 3 – 10-Year Capital Funding Graph
- Appendix 4 – 10-Year impact of New Debt Impact on Taxes
- Appendix 5 – 10-Year Debt Servicing Projection

Appendix 1 - 10 year Capital Plan 2023 - 2032

City of Lacombe

Budget Year: 2023

| Police | | | | | | | | | | | |
|---------------------|--|-----------------|------------------|------------------|-----------------|------------------|------------------|------------------|------------------|------------------|-----------------|
| Department | Project Number/ Title | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
| Police | 6L03.1 - Police Vehicle Replacement 2023 | \$15,000 | | | | | | | | | |
| | 6L06.1 - Police Vehicle Replacement 2023 | \$25,000 | | | | | | | | | |
| | 9005 - Police Fleet Replacement | | \$170,000 | \$180,000 | \$75,000 | \$130,000 | \$130,000 | \$135,000 | \$130,000 | \$130,000 | \$85,000 |
| | 7106 - HVAC Chiller Coil Replacement | \$34,410 | | | | | | | | | |
| Police Total | | \$74,410 | \$170,000 | \$180,000 | \$75,000 | \$130,000 | \$130,000 | \$135,000 | \$130,000 | \$130,000 | \$85,000 |

Appendix 1 - 10 year Capital Plan 2023 - 2032

City of Lacombe

Budget Year: 2023

Corporate Services Division

| Department | Project Number/ Title | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|--------------------------------------|---|--------------------|--------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|
| Land Development | 7103 - Demolition/ Remediation | | | \$500,000 | | | | | | | |
| Administration | 6790 - Furniture | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 |
| | 7031 - City Hall Renovations | \$255,000 | | | | | | | | | |
| | 9801 - City Hall Mechanical Life Cycle Replacement | | | | \$23,000 | \$23,000 | \$23,500 | \$23,500 | | | |
| Computer & IT Services | 6791 - Next Generation 911 Communication System Upgrade | | \$120,000 | | | | | | | | |
| | 7107 - Photocopier for Fire Hall | \$7,500 | | | | | | | | | |
| | 8801 - Server Replacement | | \$188,000 | | | | | | | | |
| | 9004 - Computer & Communications Replacement | | | \$22,500 | \$174,000 | \$209,000 | \$285,500 | \$99,000 | \$7,500 | \$139,000 | \$58,500 |
| Fire | 6782 - Fire Engine Replacement | \$550,000 | \$450,000 | | | | | | | | |
| | 6788 - Fire SCBA Equipment | | | | | | | | \$225,000 | | |
| | 6895 - Fire Hall - New Construction | \$500,000 | \$4,500,000 | | | | | | | | |
| | 7014 - Fire Ladder Truck Replacement | \$200,000 | \$700,000 | \$1,100,000 | | | | | | | |
| | 7015 - Light Duty Command 1 Truck Replacement | \$90,000 | | | | | | | | \$96,000 | |
| | 7016 - Light Duty Command 2 Truck Replacement | | | | | | | | \$78,000 | | |
| | 7032 - Fire Dept Radio System Upgrade | \$75,000 | \$75,000 | | | | | | | | |
| 7062 - Fire Rescue Truck Replacement | | | | | | | | \$363,800 | | | |
| Corporate Services Total | | \$1,697,500 | \$6,053,000 | \$1,642,500 | \$217,000 | \$252,000 | \$329,000 | \$142,500 | \$694,300 | \$255,000 | \$78,500 |

Appendix 1 - 10 year Capital Plan 2023 - 2032

City of Lacombe

Budget Year: 2023

Operations and Planning Services Division

| Department | Project Number/ Title | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|---|---|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Common Services | 8502 - Fleet Replacement 2023 | \$1,155,798 | | | | | | | | | |
| | 8503 - Fleet Purchases for Growth 2023 | \$79,532 | | | | | | | | | |
| | 9002 - Fleet Replacement | | \$488,050 | \$937,292 | \$782,150 | \$560,414 | \$565,789 | \$1,298,235 | \$1,086,686 | \$1,356,212 | \$417,648 |
| Roads | 6506 - Annual Sidewalk Replacement | \$107,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 |
| | 6800 - Downtown Area Redevelopment & Urban Design Plan Infrastructure Implementation (DARP) | | \$850,000 | | \$280,000 | | | \$350,000 | | | |
| | 7111 - Traffic Light Upgrades - 2 Locations | \$60,000 | | | | | | | | | |
| | 8001 - 2023 Capital Works Program | \$5,694,000 | | | | | | | | | |
| | 8003 - 76th Street Road Upgrade | \$205,000 | \$1,845,000 | | | | | | | | |
| | 9000 - Roads Renewal Program - Capital Works | | \$1,800,000 | \$1,800,000 | \$1,800,000 | \$1,800,000 | \$1,800,000 | \$1,800,000 | \$1,800,000 | \$1,800,000 | \$1,800,000 |
| | 9001 - Roads Growth Program - Capital Works | | \$3,000 | \$550,000 | \$580,000 | \$580,000 | \$580,000 | \$580,000 | \$580,000 | \$580,000 | \$580,000 |
| Storm Sewer | 6755 - Lake Anne to Cranna Gravity Feed Storm Main | | \$335,000 | | | | | | | | |
| | 6886 - Old SE Lift Station Pump Replacement | | \$30,300 | \$31,200 | | | | | | | |
| | 7069 - Storm Sewer Rehabilitation & Maintenance | | \$70,000 | \$70,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 |
| Water Utilities | 6872 - Pumphouse D - New Reservoir (Area 16) | | | \$200,000 | \$1,000,000 | \$9,816,000 | | | | | |
| | 7070 - Water System Rehabilitation & Maintenance | | \$250,000 | \$250,000 | \$250,000 | \$500,000 | \$500,000 | \$500,000 | \$500,000 | \$500,000 | \$500,000 |
| | 7083 - Pneumatic Hand Tamper | \$6,000 | | | | | | | | | |
| | 7092 - Pump Replacements @ Pumphouses | \$53,600 | \$17,900 | | | | | | | | |
| Wastewater Utilities | 6742 - Camera - Sewer Service with Locate | \$17,830 | | | | | | | | | |
| | 6762 - Cranna Cove Lift Station - Replace Pump | \$13,300 | | | | | | | | | |
| | 6763 - SE Lift Station - Rebuild Pump | | | \$13,300 | | | | | | | |
| | 6885 - Area 12 Lift Station | | | | | | | | | \$525,000 | |
| | 6894 - SE Lift Station - Additional Pump | | \$45,020 | | | | | | | | |
| | 7071 - Wastewater System Rehabilitation & Maintenance | | \$400,000 | \$400,000 | \$400,000 | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$250,000 |
| | 7084 - RV Trailer Dumpsite Upgrade | | \$15,500 | | | | | | | | |
| 7094 - Area 13 Lift Station | | | | | | | | \$525,000 | | | |
| Operations and Planning Services Total | | \$7,392,060 | \$6,349,770 | \$4,451,792 | \$5,392,150 | \$13,806,414 | \$3,995,789 | \$5,078,235 | \$5,041,686 | \$5,311,212 | \$3,847,648 |

Appendix 1 - 10 year Capital Plan 2023 - 2032

City of Lacombe

Budget Year: 2023

Community Services Division

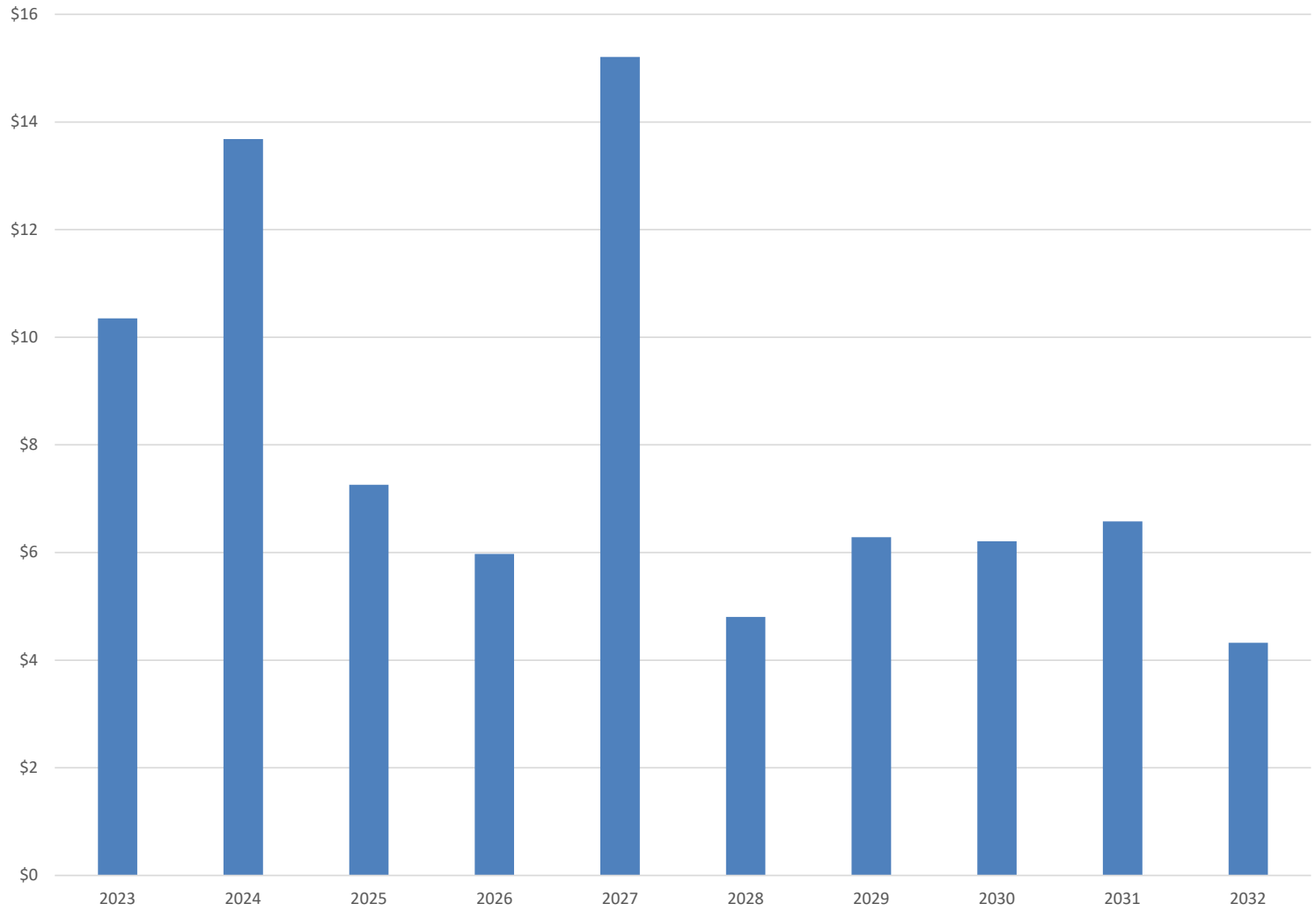
| Department | Project Number/ Title | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | |
|------------------------------------|---|-----------|-----------|-----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| Cemetery | 7012 - Cemetery Development | \$20,000 | | \$40,000 | | \$20,000 | | \$40,000 | | | | |
| Lacombe Memorial Centre | 7115 - LMC Lighting Upgrades (to LED's) | | \$95,000 | | | | | | | | | |
| | 7117 - LMC Banquet Chair Replacement | \$75,000 | | | | | | | | | | |
| | 7102 - Rebuild Heating & Cooling Pumps | \$15,000 | | | | | | | | | | |
| Lacombe Kinsmen Aquatic Centre | 9700 - LMC Equipment/Furniture Life Cycle Replacement | | \$50,000 | \$20,000 | \$37,500 | \$20,000 | \$20,000 | \$29,000 | \$117,500 | \$25,000 | \$20,000 | |
| | 6767 - Aquaplex Facility Replacements | | \$10,000 | \$60,000 | | \$65,000 | | \$70,000 | | \$75,000 | | |
| | 7108 - Waterslide for Kinsmen Aquatic Centre | \$500,000 | | | | | | | | | | |
| | 7118 - Pool Equipment Life Cycle Replacements 2023 | \$35,000 | | | | | | | | | | |
| | 9600 - Pool Equipment Life Cycle Replacements | | \$20,000 | \$20,000 | \$28,500 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | |
| | 9601 - Pool Mechanical Life Cycle Replacements | | | | \$25,000 | \$35,000 | \$60,000 | | | | | |
| | 9602 - Pool Mechanical Life Cycle Replacements | | \$400,000 | | | | | | \$30,000 | | | |
| Gary Moe Auto Group Sportplex | 6770 - Arena Facility Replacements | | | \$50,000 | \$60,000 | \$65,000 | \$70,000 | \$75,000 | \$80,000 | \$85,000 | \$90,000 | |
| | 7086 - Compressor Overhauls | \$14,000 | | | | | | | | | | |
| | 7116 - Arena Life Cycle Equipment Replacements 2023 | \$45,500 | | | | | | | | | | |
| | 9500 - Arena Equipment Life Cycle Replacements | | \$20,000 | \$20,000 | \$45,000 | \$50,000 | \$20,000 | \$20,000 | \$40,000 | \$20,000 | \$20,000 | |
| | 9501 - Arena Mechanical Life Cycle Replacements | | | | | | | \$24,000 | | \$24,000 | | |
| Parks & Playgrounds | 6781 - Playground Replacement/Expansion | | | \$300,000 | | \$300,000 | | \$300,000 | | \$300,000 | | |
| | 6899 - Trail Rehabilitation | | | \$50,000 | | \$50,000 | | \$50,000 | | \$50,000 | | |
| | 7000 - Lacombe Athletic Park (LAPA) Upgrades | | \$250,000 | | | | | | | | | |
| | 7060 - Trail Development/ Expansion | | | \$200,000 | | \$200,000 | | \$200,000 | | \$200,000 | | |
| | 7090 - New Park with Playground @ Trinity Crossing | \$425,000 | | | | | | | | | | |
| | 7114 - Parks Equipment 2023 | \$9,500 | | | | | | | | | | |
| | 9900 - Parks Equipment Life Cycle Replacement | | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | |
| Airport | 7112 - Water & Sewer Servicing Study | \$25,000 | | | | | | | | | | |
| | 7113 - Maintenance Equipment for Airport | \$25,000 | | | | | | | | | | |
| | 6877 - Airport Instrument Flight Rules | | | | \$9,000 | | | | | | | |
| | 7061 - Airport Development | | \$160,000 | \$100,000 | \$75,000 | \$60,000 | \$150,000 | \$60,000 | \$75,000 | \$75,000 | \$150,000 | |
| Accessible Transportation Services | 9006 - Handivan Fleet Replacement | | \$94,074 | \$113,135 | | \$127,032 | | | | | | |

Community Services Total \$1,189,000 \$1,109,074 \$983,135 \$290,000 \$1,022,032 \$350,000 \$928,000 \$342,500 \$884,000 \$310,000

Total 10-Year Capital Plan \$10,352,970 \$13,681,844 \$7,257,427 \$5,974,150 \$15,210,446 \$4,804,789 \$6,283,735 \$6,208,486 \$6,580,212 \$4,321,148

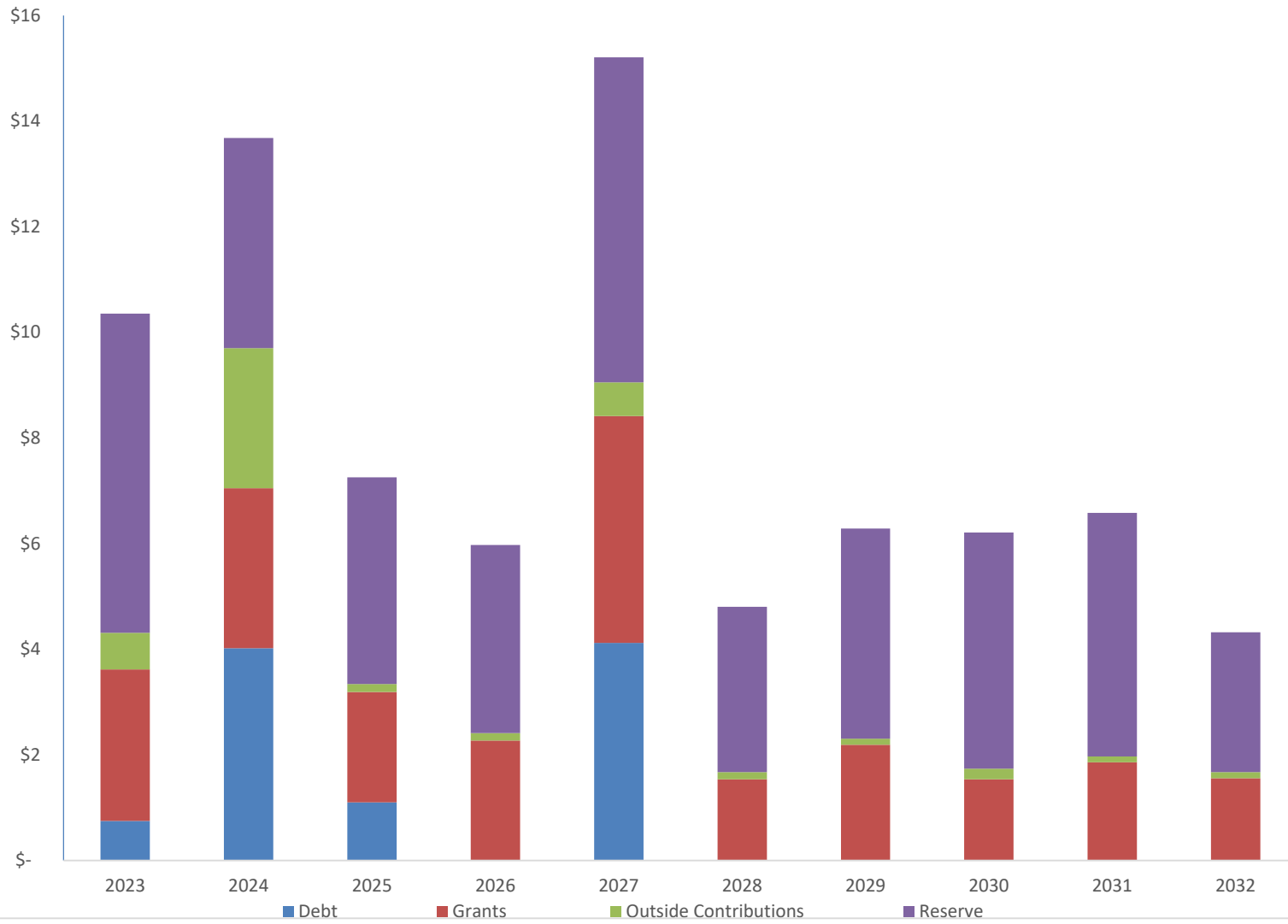
Millions

Appendix 2 - 10 Year Capital Expenditures

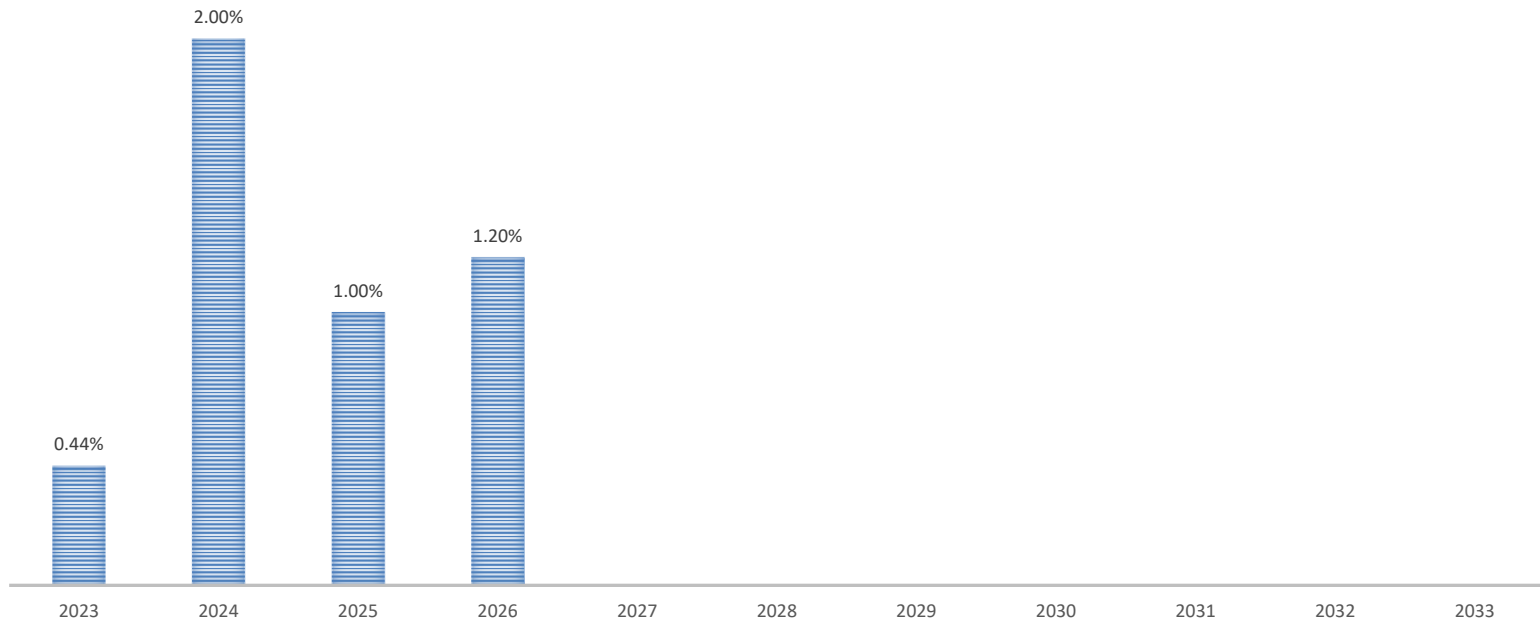


Millions

Appendix 3 - 10 Year Capital Funding



APPENDIX 4 - IMPACT OF NEW DEBT ON TAX RATE INCREASES



Appendix 5 - 10 Year Debt Servicing Projection

