

REQUEST FOR COUNCIL DECISION



SUBJECT: 10-Year Capital Plan 2026-2035
PREPARED BY: Michael Levia, Acting Manager of Financial Services
PRESENTED BY: Michael Levia, Acting Manager of Financial Services
DATE: November 24th, 2025

FILE: 13/912

PURPOSE:

To present for Council’s consideration the proposed 10-Year Capital Plan 2026-2035.

RECOMMENDED MOTION(S):

1. THAT Council approves the 10-Year Capital Plan 2026-2035.

RELATED PRIOR MOTION(S):

1. (November 3, 2025) THAT Council acknowledges the proposed 10-Year Capital Plan 2026-2035 report.

EXECUTIVE SUMMARY:

Section 283.1 of The [Municipal Government Act](#) requires the City to prepare a written plan “respecting its anticipated capital property additions over a period of at least the next five financial years.” The City goes beyond the minimum requirement by preparing a 10-Year Capital Plan (the “Plan”) that reflects Council’s priorities, medium term needs, and long-term infrastructure goals. The Plan includes funding sources for each year based on the cost estimates in the Plan. Key assumptions are outlined at the end of this report.

ANALYSIS:

From November 5th – 7th, Council and Administration reviewed the 2026-2035 10-Year Capital Plan during the Budget Workshop. The outcome of this workshop resulted in the budget changes shown in Table 1 below.

Table 1: 2026-2035 10-Year Plan Changes, following the Council Budget Workshop

Project #	Department	Project Name	Description	Impact on Plan
7103	Common Services	Old Public Works Shop Demolition and Remediation	Moved remediation costs of \$500K to 2027	\$0
7128	Parks	Pedestrian Trail to Midway Development	Moved 193K from 2027 to 2026	\$0
7149	Cemetery	Fairview Cemetery and Columbarium Addition	Added second brow to 2026 and removed from 2028	\$0

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7167	Arena	Curling Club Facility Upgrades 2026	Removed pickleball/badminton courts and storage shed	\$(193,000)
9901	Parks	Recreation Masterplan Implementation	Allocated full cost of \$1.3M evenly over 4 years 2027 - 2030	\$0
Increase/(Decrease) from changes made to the 10-Year Plan				\$(193,000)

Future capital requirements in the 2026-2035 Capital Plan are:

10-Year Plan Expenditures

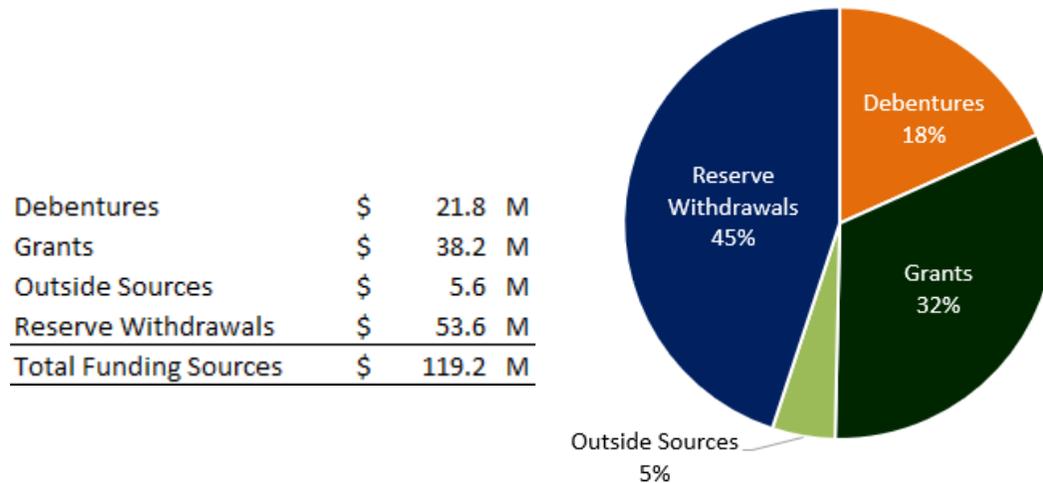
Appendix 1: Capital Expenditures by Division contains the projects by Division for the 2026-2035 Capital Plan.

Funding Sources

Appendix 3 contains the 10-Year Capital Funding Sources, and the breakdown of the capital funding sources across the 2026-2035 plan.

Within the 10-year horizon, the plan outlines potential funding sources to finance these capital expenditures. The proposed funding combines third-party contributions, debenture borrowing, grants, and reserve withdrawals.

As for the 2026-2035 Capital Plan, the estimated funding sources are:



The first year of the 2026-2035 Capital Plan represents the proposed 2026 Capital Budget, which is approved as authorization for capital expenditure. The next nine years (2027-2035) only focus on planning and do not include any authorizations for expenditures. The detail and

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length of the proposed 10-Year Capital Plan exceed the provincial and federal requirements for Multi-Year Capital Plans, which are funding conditions for some federal and provincial capital grant programs.

Major Capital Projects in the 10-Year Plan include:

Fire Engine 3 Replacement: Total Cost \$2M

(2031 - \$0.4M, 2032 - \$0.4M, 2033 - \$0.4M, 2034 - \$0.4M, 2035 - \$0.4M)

This unit will replace the existing Fire Engine 3, which will be nearing the end of its purposeful life and will be up for replacement in 2036.

Roads Renewal Program - Capital Works: Total Cost \$16.2M

(2027 - 2035)

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. The Road Asset Management Plan report has divided road work into two categories of Capital Works projects, Road Growth and Road Renewal. The Capital Work - Road Growth Program includes items identified in the Transportation Master Plan (TMP) required to support growth in Lacombe. Road Renewal projects include road surface rehabilitation to maintain current road conditions (approximately \$1.8M each year of the Capital Plan).

Pumphouse D: Total Cost \$11.68M

(2025 - \$0.1M, 2026 - \$0.45M, 2027 - \$0.5M, 2028 - \$5M, 2029 - \$5.63M)

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 three pumphouses. It is preferable to decommission Pumphouse B and incorporate the storage volumes and pumping capacities into a new facility from a long-term perspective. The current budget is insufficient for a new standalone reservoir that meets the City's long-term demand, so the preliminary and detailed design in 2026 will refine the expected capital cost for this project.

Senior's Lodge Contribution: Total Cost Unknown - \$2M in Capital Plan

(2030 - \$2M)

The \$2M placeholder for a senior's lodge will support the potential development of a new facility.

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Regional Recreation Centre Contribution: Total Cost Unknown - \$10M in Capital Plan (2032 - \$5M, 2033 - \$5M)

The \$10M placeholder for a regional recreation center will support the potential development of a new facility that aligns with the priorities outlined in the Recreation Master Plan.

City Hall Replacement: Total Cost Unknown - \$12.5M in Capital Plan (2034 - \$2.5M, 2035 - \$10M)

The \$12.5M placeholder for a new City Hall will begin the process of design, land acquisition, site preparation and servicing, and construction.

Cost of Borrowing:

Debt financing is a major source of capital funding for municipalities.

Appendix 4: Impact of New Debt on Tax Rate Increases shows the tax rate increase resulting from additional borrowing in the 2026-2035 period. This includes the prior approved borrowing for the Fire Engine Replacement and Fire Ladder Truck replacement.

Appendix 5: 10-Year Debt Servicing Projection contains the Debt Servicing Projection for the 2026-2035 plan.

Budget Assumptions

The City of Lacombe's proposed 2026-2035 Capital Plan is based on the following assumptions:

1. The 2026-2035 Capital Plan becomes Council's multi-year capital planning document. The Plan does not factor in capital expenditures for years beyond the 10-year horizon.
2. Although the plan is fully funded, it requires an increase to debt servicing. The debt servicing identified may require Council to vary from its [Annual Budget Taxation & Preparation Policy](#); namely to **increase taxes by more than the Alberta Consumer Price Index**.
3. Costs are based on 2026 dollars, with the exception of fleet replacement costs, which are projected using a 5% inflation rate.
4. Asset management plans and existing engineering studies are used when identifying asset replacements, upgrades, and additions.

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5. It is estimated that the [Local Government Fiscal Framework](#) (LGFF) grant will remain stable over 10 years.
6. It is assumed the [Canada Community Builder Fund](#) (CCBF) grant will remain stable over 10 years.
7. Interest revenue is not recognized in reserve balances used to fund projects.
8. Water, Wastewater and Solid Waste utilities are self-funded from user fees. These revenues fund utilities capital expenditures and debt payments.
9. Debt financing for projects identified in the Offsite Levy Bylaw will be partially funded by the [Offsite Levy Reserve](#).
10. Annual Budgets will match specific grants and reserves to specific projects.
11. Borrowing requirements are based on specific projects, terms, and interest rates. Borrowing is limited to new/upgraded assets. Interest rates reference the rates at the time of this report.
12. Surpluses do not serve as a potential source of funding.
13. Annual Capital Budgets may vary from the plan.
14. The [Financial Reserve Policy](#) identifies an optimal balance to work towards based on a 10-year average of capital expenditures.
15. Transfers to reserves are based on current budget transfers unless otherwise noted.
16. The Plan does not identify future assets that developers transfer until they transfer them.

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

Managing Community Resources

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

Building the Community

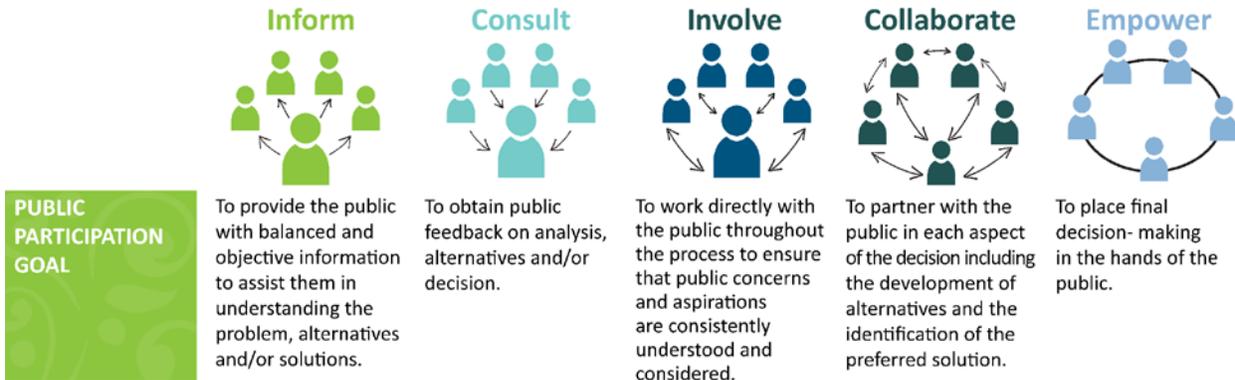
- ✓ Efficiently delivering core services

Supporting the Community

- ✓ Supporting community safety
- ✓ Supporting a healthy community

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

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Upon Council approval of the 10-Year Capital Plan, the City will **inform** the public by issuing a media release, and by posting the approved Plan on the City's website and social media channels.

POTENTIAL MOTION(S):

1. **[Recommended]** THAT Council approves the 10-Year Capital Plan 2026-2035.

OR

2. **[Alternative]** THAT Council directs 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 Sources Graph
- Appendix 4: 10-Year Impact of New Debt on Tax Rate
- Appendix 5: 10-Year Debt Servicing Projection

APPENDIX 1

Capital Expenditures by Division

Corporate and Protective Services Division											
Department	Project Number/Title	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Administration	6790 - Furniture		\$20,000		\$20,000		\$20,000		\$20,000		
	7122 - Regional Recreation Centre Contribution							\$5,000,000	\$5,000,000		
	7136 - Senior's Lodge Capital Contribution					\$2,000,000					
	9801 - City Hall Facility Replacements/Upgrades		\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$2,500,000	\$10,000,000
Data and Technology	7147 - Data & Technology Services Upgrades and Replacements 2026	\$159,000									
	9004 - Computer & Communications Replacement		\$240,500	\$78,500	\$496,443	\$10,000	\$184,600	\$123,500	\$10,000	\$289,100	\$26,500
Police	6L01.1 - Replacement of LPS Unit L01	\$5,000									
	6L2026 - Police Fleet Replacements 2026	\$140,000									
	9005 - Police Fleet Replacement		\$165,000		\$255,000	\$180,000	\$190,000	\$80,000	\$360,000	\$95,000	\$30,000
Fire	6788 - Fire SCBA Equipment					\$500,000					
	6895 - Fire Station Building	\$3,000,000									
	7014 - Fire Ladder Truck Replacement	\$1,300,000									
	7015 - Light Duty Command 1 Truck Replacement					\$120,000					
	7016 - Light Duty Command 2 Truck Replacement				\$120,000						

Corporate and Protective Services Division Continued

Department	Project Number/Title	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Fire	7062 - Fire Rescue Truck Replacement						\$150,000	\$200,000	\$200,000	\$200,000	\$200,000
	7076 - Fire Training Facility	\$105,000									
	7139 - Fire Tender Truck Replacement			\$300,000	\$300,000	\$300,000					
	7140 - Wildland Side x Side Vehicle & Trailer Replacement		\$20,000		\$30,000	\$30,000					
	7141 - Fire Brush Truck Replacement		\$150,000	\$150,000	\$85,000						
	7148 - Fire Engine 3 Replacement						\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
	7162 - Replacement Holmatro Battery Extrication Tools - Lacombe County Engine E4				\$90,000						
Total Corporate and Protective Services		\$4,709,000	\$615,500	\$638,500	\$1,326,443	\$3,160,000	\$964,600	\$5,823,500	\$6,010,000	\$3,484,100	\$10,656,500

Community Services Division											
Department	Project Number/Title	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Airport	7061 - Airport Development		\$200,000	\$75,000	\$60,000	\$150,000	\$60,000	\$75,000	\$75,000	\$150,000	\$50,000
	7143 - Airport Master Plan	\$45,000									
Accessible Transportation Services	9006 - Handivan Fleet Replacement		\$231,525	\$198,450							
Cemetery	7012 - Cemetery Development		\$20,000		\$40,000					\$200,000	\$1,500,000
	7149 - Fairview Cemetery Columbarium Addition	\$125,000								\$200,000	
Recreation and Culture	9504 - Recreation Facility Upgrades		\$100,000	\$30,000	\$110,000			\$40,000		\$40,000	\$40,000
Lacombe Memorial Centre	7121 - LMC LED Light Upgrades		\$40,000								
	7142 - Air Handling Unit (AHU) 1 Replacement	\$265,000		\$275,000		\$330,000					
	9700 - LMC Equipment/Furniture Life Cycle Replacement		\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
	9701 - LMC Facility Upgrades		\$100,000	\$100,000	\$100,000	\$100,000	\$1,750,000	\$100,000	\$100,000	\$100,000	\$100,000
Aquatic Centre	7131 - Gary Moe Auto Group Sportsplex HVAC Replacement and Modernization		\$950,000								
	7164 - Kinsmen Aquatic Centre Change Rooms	\$121,200									
	7165 - Spray Park Mechanical Lifecycle Replacement & Upgrades 2026	\$90,000									
	9600 - Pool Equipment Life Cycle Replacements		\$320,000	\$30,000	\$20,000	\$35,000	\$85,000	\$140,000	\$20,000	\$20,000	\$20,000
	9601 - Pool Facility Upgrades		\$75,000	\$80,000	\$30,000	\$95,000	\$20,000	\$20,000	\$100,000	\$100,000	\$100,000

Community Services Division Continued											
Department	Project Number/Title	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Arena	7166 - Echo Energy & Echo Internet Arenas Facility Upgrades 2026	\$91,000									
	Curling Rink Facility Upgrades	\$37,500									
	9500 - Arena Equipment Replacements		\$450,000	\$151,500	\$101,000	\$20,000	\$20,000	\$46,500	\$45,000	\$70,000	\$75,000
	9501 - Arena Facility Upgrades		\$209,000	\$40,000	\$30,000	\$500,000	\$750,000	\$95,000	\$260,000	\$90,000	\$95,000
	9503 - Curling Rink Facility Upgrades		\$5,000	\$10,000	\$50,000			\$20,000		\$20,000	
Total Community Services		\$774,700	\$2,725,525	\$1,014,950	\$566,000	\$1,255,000	\$2,710,000	\$561,500	\$625,000	\$1,015,000	\$2,005,000

Operations Division											
Department	Project Number/Title	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Common Services	7103 - Old Public Works Shop Demolition and Remediation	\$500,000	\$500,000								
	8507 - Fleet Replacements for 2026	\$165,000									
	9002 - Fleet Replacement		\$441,000	\$1,330,243	\$1,540,121	\$1,366,302	\$1,700,262	\$1,021,216	\$873,339	\$1,337,185	\$733,482
	9003 - Fleet Purchases for Growth				\$415,000						
Roads	7168 - 2026 Traffic Light Upgrades	\$75,000									
	7171 - CPKC Railway Crossing Upgrade - 50 Avenue (Highway 12)	\$275,846									
Waste Water	7152 - Manhole Smartcovers	\$23,000									
Parks	6781 - Playground Replacement			\$330,000		\$330,000		\$330,000		\$330,000	
	6899 - Trail Rehabilitation		\$50,000		\$50,000		\$50,000		\$50,000		\$50,000
	7000 - Lacombe Athletic Park (LAPA) Upgrades		\$250,000								
	7060 - Trail Development/Expansion				\$240,350		\$200,000		\$200,000		\$200,000
	7128 - Pedestrian Trail to Midway Development	\$193,000	\$257,000	\$650,000			\$200,000				
	7154 - Soccer Field Settlement Repairs NW Rec Park	\$250,000	\$250,000								
	7156 - 2026 Playground Replacements	\$330,000									
	7157 - Campground Power Upgrades	\$17,000									

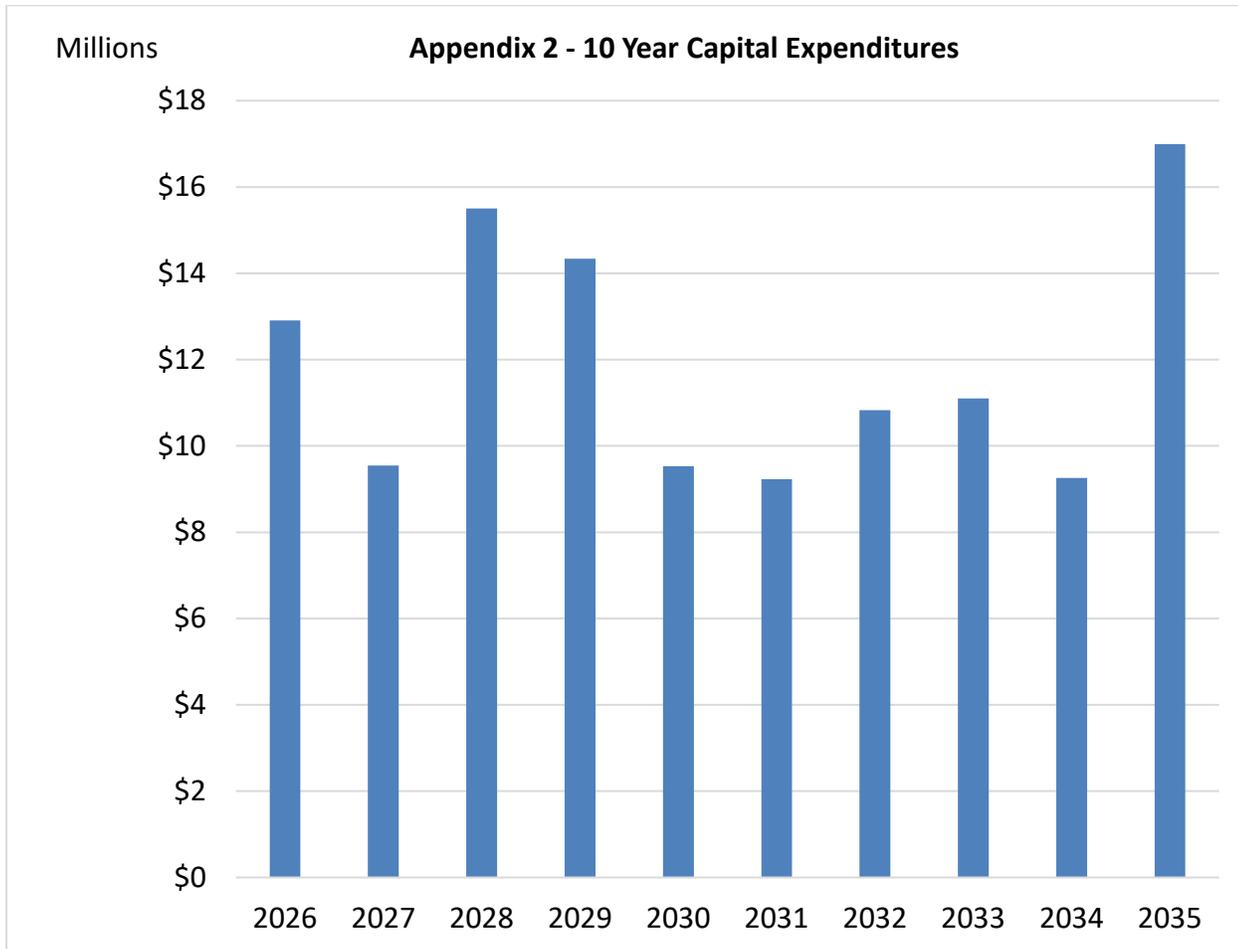
Operations Division Continued											
Department	Project Number/Title	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Parks	7158 - Lacombe Memorial Centre Irrigation System		\$44,000								
	7159 - Outdoor Rink Upgrades		\$205,030								
	7160 - Skateboard Park Repairs	\$46,000									
	9900 - Parks Equipment Life Cycle Replacement		\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
	9901 - Recreation Masterplan Implementation		\$325,000	\$325,000	\$325,000	\$325,000					
Total Operations		\$1,874,846	\$2,347,030	\$2,660,243	\$2,595,471	\$2,046,302	\$2,175,262	\$1,376,216	\$1,148,339	\$1,692,185	\$1,008,482

Strategy and Capital Delivery Division											
Department	Project Number/Title	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Roads	7057 - Highway 12 Bridge Replacement - Wolf Creek		\$150,000	\$1,400,000							
	8003 - 76th Street Road Upgrade	\$945,000									
	8005 - 2026 Capital Works Program	\$3,733,000									
	8302 - 2026 Active Transportation Projects	\$422,000									
	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		\$307,000	\$1,400,000	\$900,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000
	9007 - Active Transportation Projects		\$320,000	\$150,000	\$320,000	\$70,000	\$320,000	\$70,000	\$320,000	\$70,000	\$320,000
Storm Sewer	6886 - Old SE Lift Station Pump Replacement (Storm Sewer)		\$30,300	\$31,200							
	7069 - Storm Sewer Rehabilitation & Maintenance		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Water	6872 - Pumphouse D - New Reservoir (Area 16)	\$450,000	\$500,000	\$5,000,000	\$5,628,000						
	6900 - Pumphouse B - Pump Upgrades				\$450,000						
	7070 - Water System Rehabilitation & Maintenance		\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000

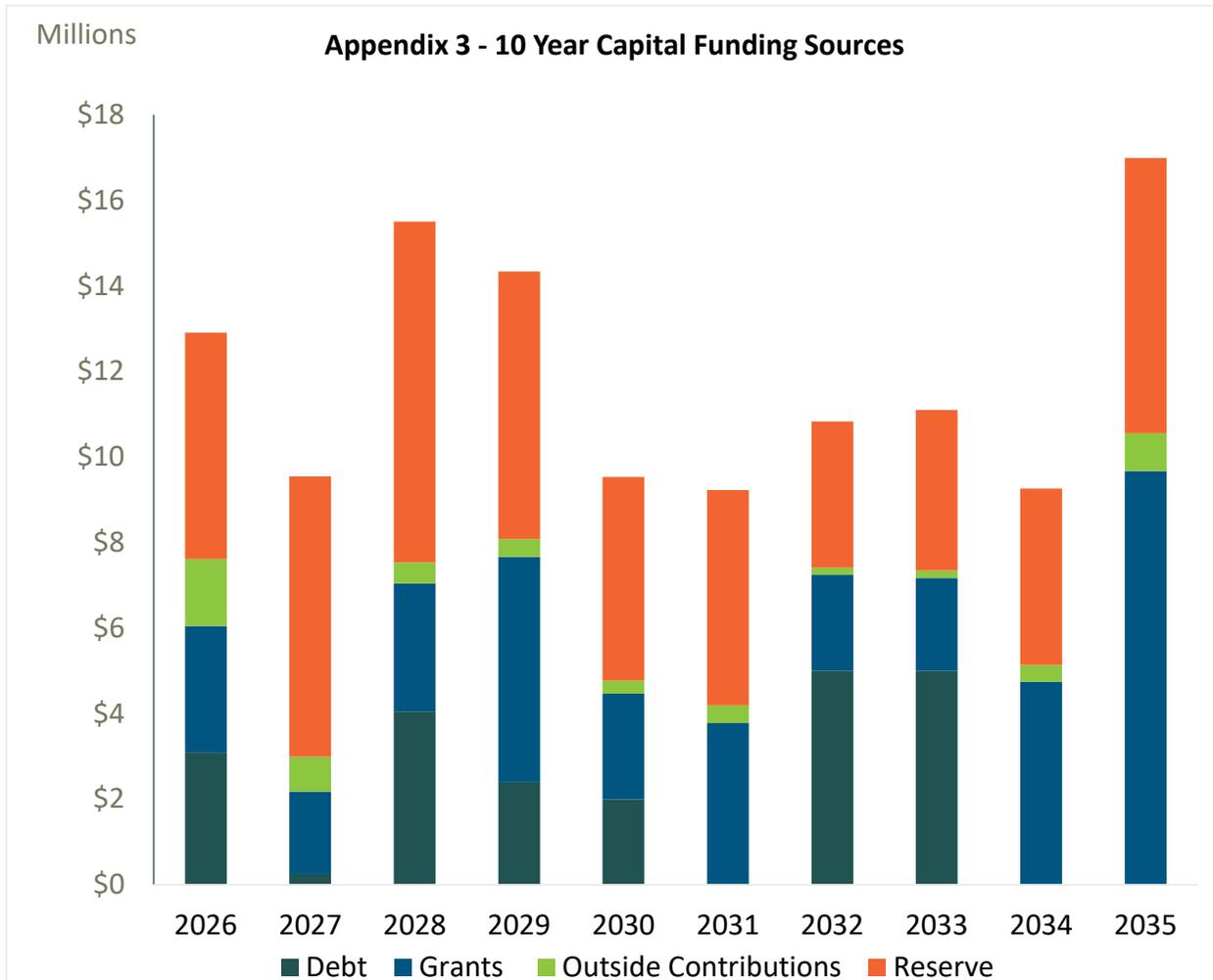
Strategy and Capital Delivery Division Continued											
Department	Project Number/Title	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Waste Water	6885 - Area 12 Lift Station			\$600,000							
	6894 - Pump Replacements at Lift Stations			\$60,000			\$60,000				
	7071 - Wastewater System Rehabilitation & Maintenance		\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Total Strategy and Capital Delivery		\$5,550,000	\$3,857,300	\$11,191,200	\$9,848,000	\$3,070,000	\$3,380,000	\$3,070,000	\$3,320,000	\$3,070,000	\$3,320,000

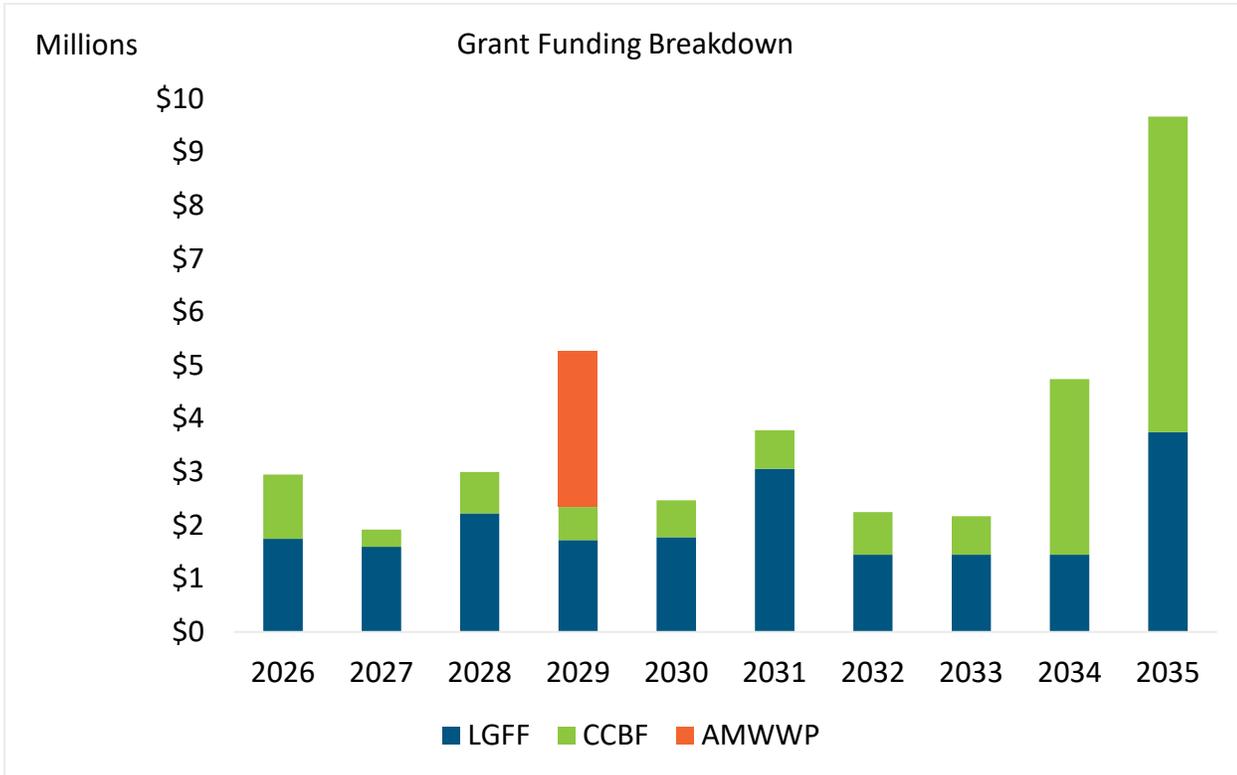
Total 10-Year Capital Plan	\$12,908,546	\$9,545,355	\$15,504,893	\$14,335,914	\$9,531,302	\$9,229,862	\$10,831,216	\$11,103,339	\$9,261,285	\$16,989,982
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APPENDIX 2: 10-Year Capital Expenses Graph



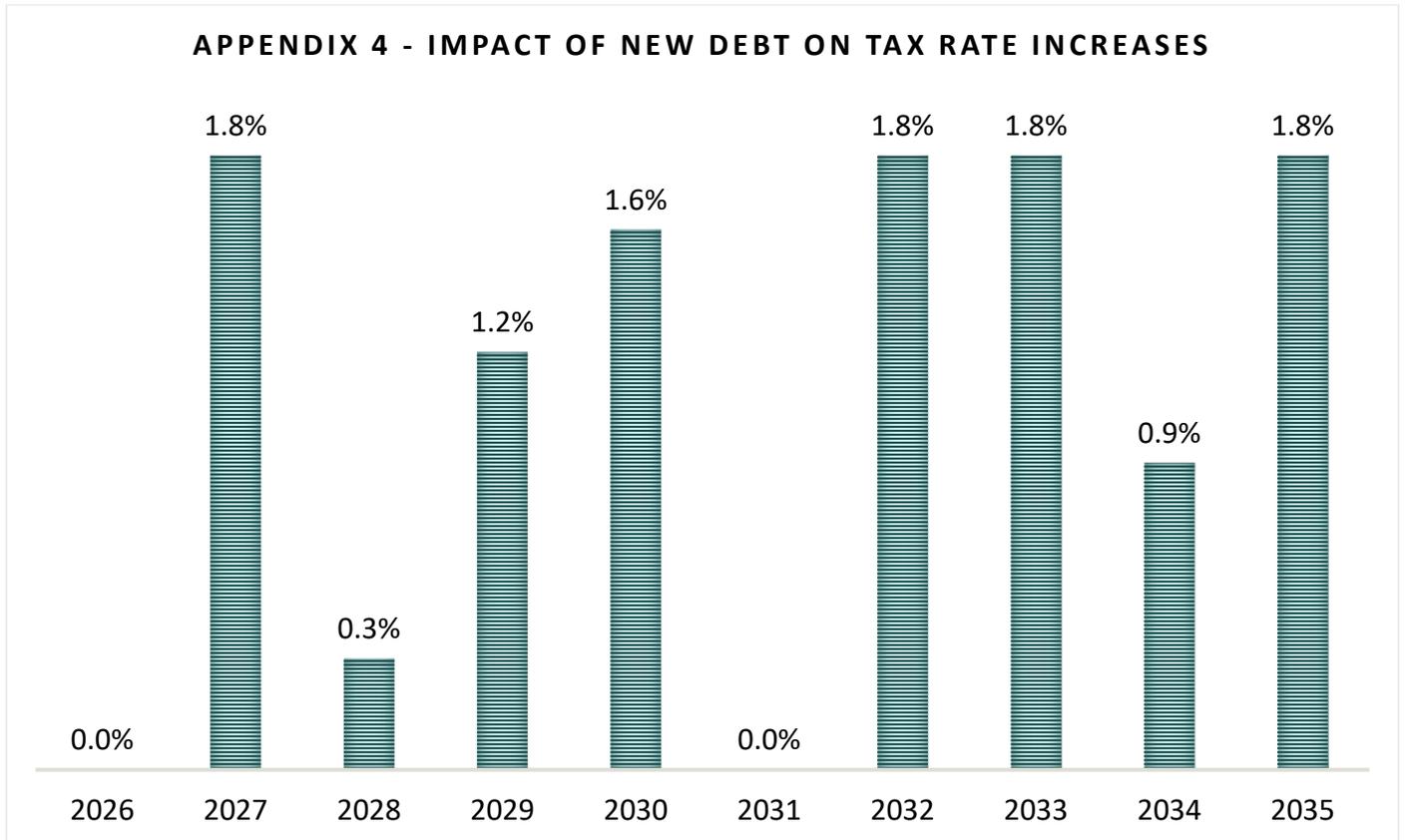
APPENDIX 3: 10-Year Capital Funding Sources and Grant Funding Breakdown Graphs





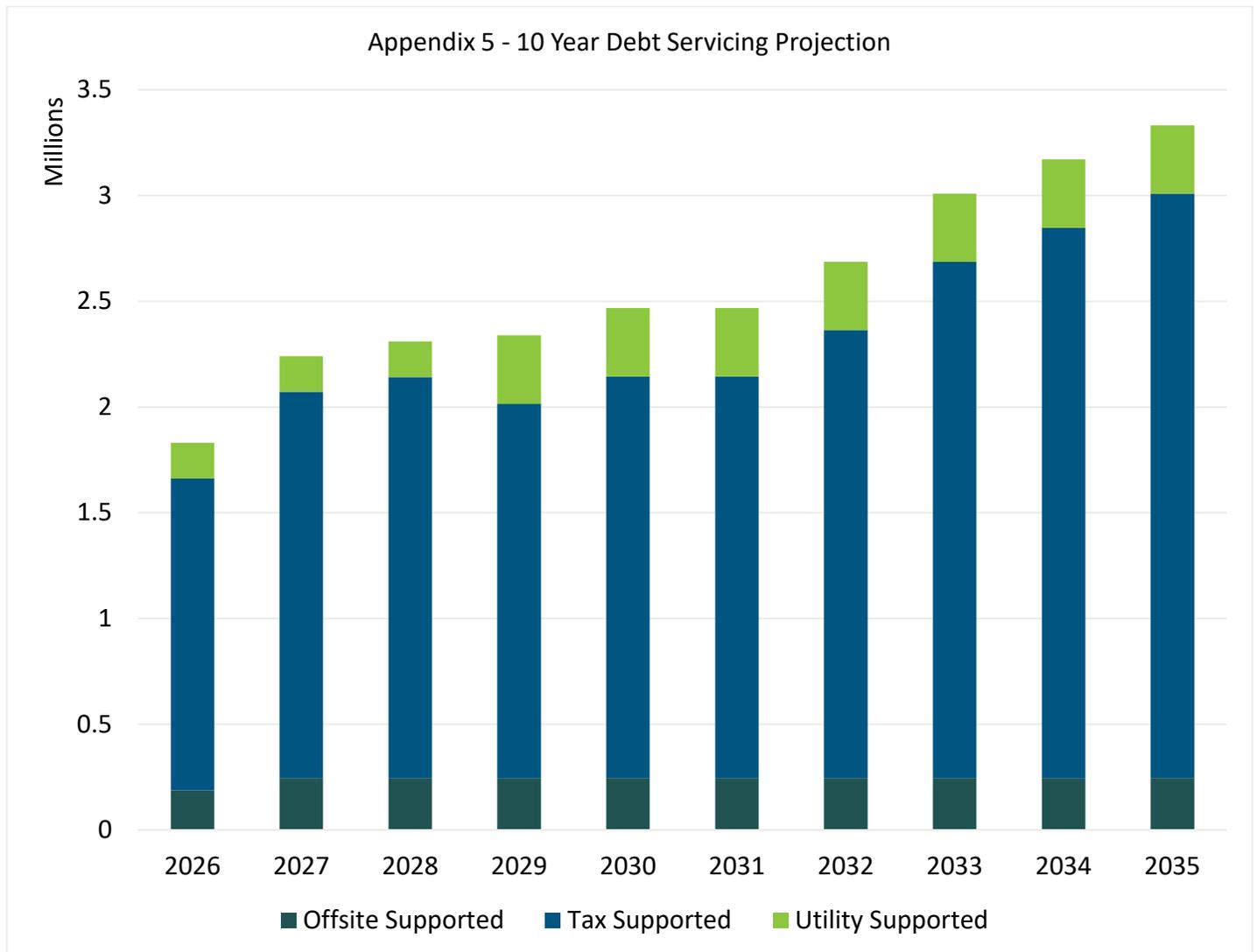
Note: AMWWP is the [Alberta Municipal Water/Wastewater Partnership](#) grant used for the Pumphouse D – New Reservoir (Area 16) project.

APPENDIX 4: 10-Year Impact of New Debt on Tax Rate



1% of taxes for the 2026 budget year is \$192K. Percentages above are calculated by dividing total tax-supported borrowing costs for the year by \$192K.

APPENDIX 5: 10-Year Debt Servicing Projection



Offsite Supported: Borrowing costs that are covered by [offsite levies](#) collected from new land developers.

Tax Supported: Borrowing costs for projects that are not utility or offsite supported and directly impact the tax rate.

Utility Supported: Borrowing costs that are attributable to utility system projects and directly impact utility rates.