

November 15, 2023

REPORT FOR INFORMATION

Multi-year Capital Budget

Report Purpose

To provide Council with information on multi-year capital budgeting. We will also share with Council how multi-year capital budget adjustments and reporting will occur during the approval timeframe.

Our Strategic Goals

Goal 3 - Responsible Development

Goal 4 - Municipal Excellence

Goal 3 Priority - Investment in our infrastructure that supports development and complete communities

Goal 4 Priority - Optimal use of resources that meets the community's needs

Report

Multi-year Capital Budgets are a common practise both provincially, and nationally. As communities grow and mature, it is important that our internal business process mature as well. Effectively managing our financial and human resources is something that is examined continuously throughout our organization. Communities of our size, and larger, have been transitioning from single annual capital budgets, to approved multi-year capital budgets. The benefits of approved multi-year capital budgets include:

- Ability to capitalize on multi-year contract procurements with third party vendors.
- Capitalize on integrated projects to minimize community/service disruption.
- Smooth internal resources that support contract management, project management, and procurement.
- Manage financial commitments to ensure we can effectively respond to both renewal and growth of our infrastructure.
- Communicate both planned and in-progress projects both internally and externally.
- Approving multi-year capital plans can support setting public's expectation and knowledge of what is to come.
- Allows for flexibility within the Annual Programs to manage projects across multiple years.
- Capital projects in their very nature, typically extend past one-year. This process adjustment would recognize that multi-year capital budgets align with the intent of both renewal and growth in our capital infrastructure.
- Report on the progress of our capital programs throughout the multi-year cycle at predetermined intervals throughout the year; the commitment level would be 3-times per year.

Multi-year capital budgets allow for both flexibility and knowledge; two improvement areas that Council identified on April 5, 2023, to Administration at our capital planning session.

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With business process changes, there are perceived drawbacks with any change to the current process. Administration considered these potential drawbacks, which included:

- Multi-year budget approval would be too rigid, and would not allow for flexibility, which was an area of improvement that Council desired.
 - To ensure flexibility within a multi-year approval window, continuous reporting on progress is important. Administration will be providing Council with three progress updates annually, which will allow for adjustments and decisions on the Capital plan at that time.
- A multi-year Capital budget would commit the next Council in the first year of their term.
 - Although accurate, the Capital plan is an output of Council's Strategic Plan. Allowing the next Council, the ability to set their Strategic Plan, will allow for the Multi-year Capital Plan, to be reflective of that Strategic Plan, and ultimately support Council's direction.
- Approving a Multi-year Capital plan commits financial resources for multiple years.
 - Capital projects in their very nature, extend past the one-year cycle; from planning to execution, this can sometimes take years. An approved multi-year capital plan would still give financial authority, to the specific years that are outlined within the plan.
- In approving a multi-year capital budget, are we always approving both the planning and construction of a capital project?
 - Not always. This would be a project-by-project scenario. Administration will identify both planning and construction of the project, and which phases will be either approved or forecasted. Projects that are in the forecast section of the capital plan may be advanced with approval by Council, if financial funding and/or other resources become available, or there is an emergent service need.
- If priorities shift or emergent items need to be inserted into the plan, this could impact the public's expectations.
 - Ultimately this would support transparency and explanations to our community why the approved plan has changed. Things do arise, and there will be flexibility within the plan to adjust as they're approved. Communicating to the public to maintain confidence will be paramount.

Multi-year capital budgets will introduce a more robust, integrated capital plan and reporting cycle to Council and the Community. As with our current process, Council can still approve adjustments outside the multi-year budget to address one-off items that present themselves. If alternate funding arrangements from other levels of government are introduced during the approval window, adjustments can be made through Council Motions, as they are done so presently.

In summary, we believe that the benefits, far outweigh the potential drawbacks. Administration has contemplated those drawbacks within this report and have provided rationale or mitigation explanations for each.

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Council and Committee History

October 3, 2023 9.2 Budget 2024 – Initial Update

Enclosure(s)

1 Presentation Enclosure