

Multi-Year Capital Budget

November 15, 2023

Overview

- Recap from previous Council discussions
- National Scan → Multi-year Capital
- Benefits to Multi-year Capital Budgets
- Potential Drawbacks
- Mechanics to Multi-year Capital Budgets

October 3 Recap: Multi-year Capital Approval

- Propose **approving** a Three-Year Capital Budget
 - Including a seven-year forecast
 - A complete 10-year capital plan
- Council values both knowledge and flexibility
- Efficiencies gained
 - Multi-year contracts leverage bulk procurement power to yield the most cost-effective resources
 - Adequately plan for integrated projects and management of all resources to optimize results

Who does Multi-Year Capital?

- **Alberta Municipalities:**

- City of Lethbridge
- City & County of Red Deer
- City of Edmonton
- City of Calgary
- City of St. Albert → proposing this year

- **Many municipalities within Ontario and British Columbia**

- This speaks to their maturity related to Asset Management over other provinces across Canada

Benefits to Multi-year Capital

- Procurement Efficiencies → Internal and External
- Multi-year Contracting:
 - Third party vendors what assurance for future work
 - Multi-year contracts yield more effective pricing
- Financial commitments more effectively managed
- Multi-year capital budgeting aligns to multi-year capital projects

Benefits to Multi-year Capital

- Capitalize on integrated project planning and delivery
 - Minimize community/service disruption
- Communicate both planned and in-progress projects
- Smooth internal resource requirements
 - Presently January to May heavy in the lead up to construction season
- Refined reporting to Council
 - Predetermined intervals throughout the year, linked to quarterly financial reporting

Potential Drawbacks

- Multi-year Capital Budget aren't flexible
 - Three-times annually, progress reporting to Council will be provided for discussion and any potential decisions that are required.
- The next Council is committed
 - For their first year, yes. This gives times for the next Council to set their Strategic Plan and the next Capital plan to support

Potential Drawbacks

- Multi-year Capital Budget commits financial resources
 - Financial authority remains in the year that it was presented, this only allows for multi-year procurement to occur.
- Both Planning/Design & Construction are approved
 - This is on a project-by-project basis, both phases are identified. Some projects will have both phases in the approval window; others will have planning/design in the approval window, and construction in the forecast.

Mechanics of Multi-Year Capital

- Capital Budget Approved → Once every Three/Four Years
- One-off/Emergent projects → Ad hoc through Council reports
 - Follows the current process
- Project adjustments
 - Predetermined reporting intervals (3-times annually) or
 - Ad hoc Council reports
- Spending authority remains in the year that was determined within the approval term

Questions?