



Capital Budget & Long Term Capital Plans

SPECIAL COUNCIL MEETING
NOVEMBER 14, 16 & 23, 2023

LEGISLATED REQUIREMENTS

Section 283.1 of the MGA

1. **Annual Budget** requirements for operating and capital budgets are **unchanged**.
2. At a minimum must prepare a “written” three year financial plan and a “written” five year capital plan.
3. Multi year plans **do not** include the **year in which** they are prepared.
4. Council must **review and update** the plans annually.

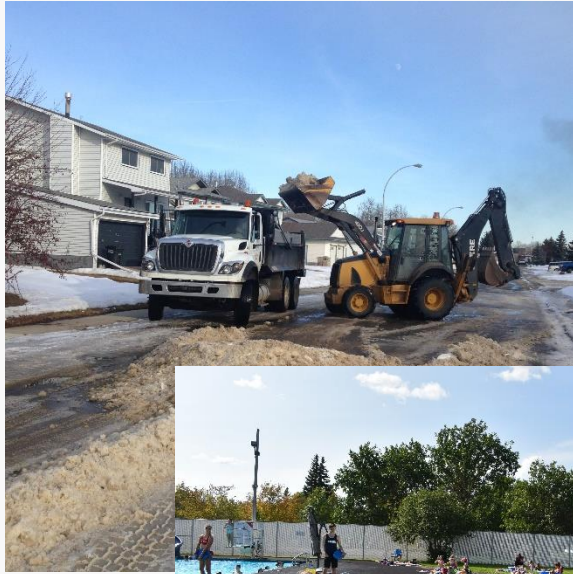
TANGIBLE CAPITAL ASSETS (TCA)

- Non-financial assets having physical substance that are acquired, constructed or developed and are held for use in the production or supply of goods and services to others; for administrative purposes or for the development, construction, maintenance or repair of other tangible assets; have useful economic lives extending beyond an accounting period; are to be used on a continuing basis; and are not for resale in the ordinary course of operations. Beneficial ownership and control clearly rests with the Town.
- Tangible Capital assets do not include such things as:
 - *Inventories held for resale (including land);*
 - *Capital grants;*
 - *Intangible assets, except for software which is tangible for the purpose of capitalization;*
 - *Feasibility studies, business cases, management reviews (post implementation) and;*
 - *Assets below the thresholds outlined in the TCA policy (under \$5,000)*

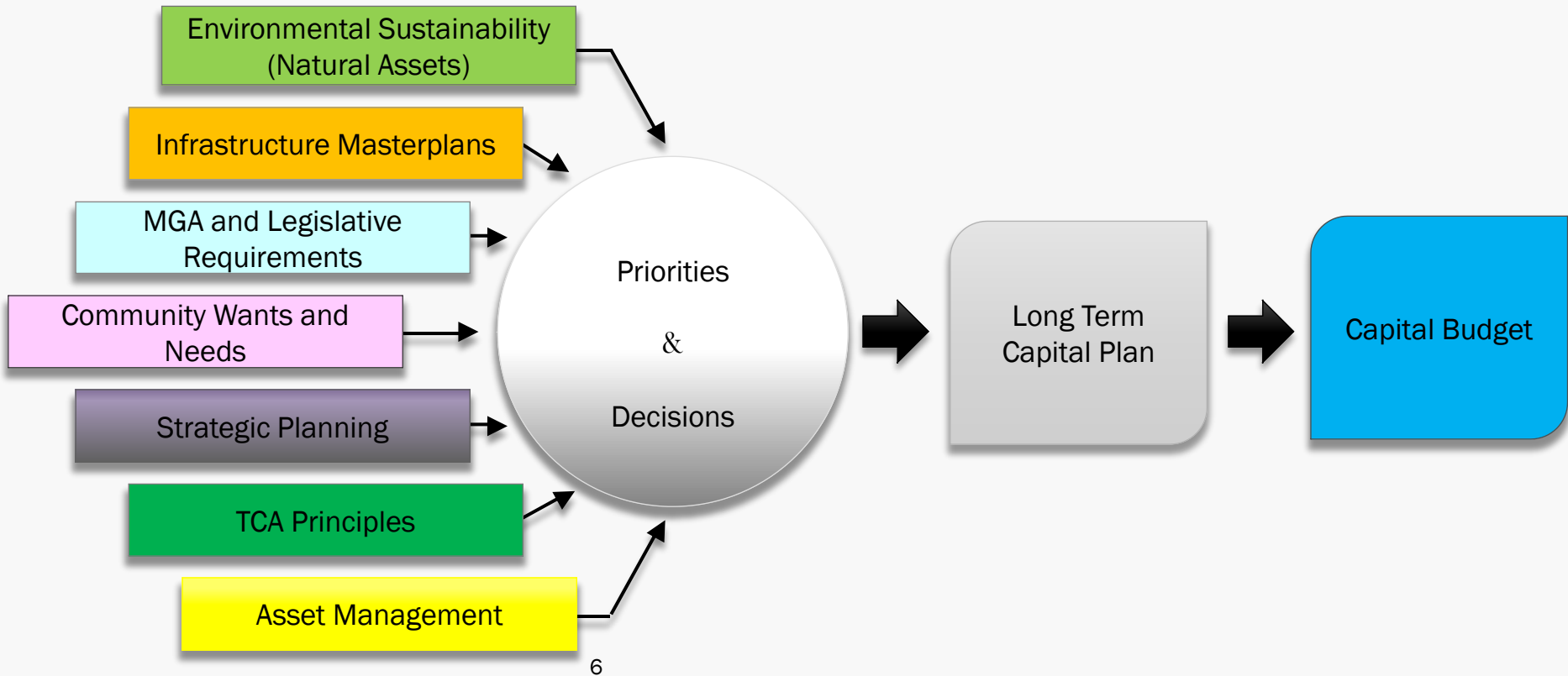
CAPITAL IN THE MUNICIPAL CONTEXT

- It is critical to understand fundamentally what capital is and how it functions in the municipal context when developing capital budget and planning processes
- The end function and service provided has to be well understood for determination of priorities
 - **Essential Core Capital** - roads, water lines, sewer, reservoirs
 - **Service Capital** - fire trucks, graders, fleet
 - **Support Capital** - software, hardware (servers), furniture, admin buildings
 - **Social Capital** - recreation facilities, culture facilities
- Social capital must be understood for its value to the community as “needs lists” are developed
- The political aspect of social capital requires awareness in the capital planning process as it competes for resources with other capital groups

CAPITAL COMPETES FOR RESOURCES



CAPITAL PLANNING INPUTS



POTENTIAL PROJECTS - FACTORS FOR EVALUATION



- **Health and safety** concerns.
- **Legal** obligations & mandates.
- Provincial or federal government **legislation, grants, policy**.
- **Economic, environmental, or social** value to the community or region.
- **Operational benefits** to the municipality.
- Specific needs or demands for **new/improved services** or cost savings.
- **Investment return** (e.g., saving on maintenance, new assessment).
- Capacity to **leverage** other resources (e.g., matching funds).
- Project **feasibility** (cost, time frames, management capacity).
- **Strategic** importance and **politics** (non weighted criteria).

COMMUNITY EXPECTATIONS

Demands for:

- Higher levels of service – snow removal, grass cutting etc.
- New services – transit, recreation programs etc.
- New facilities – fire, recreation, police
- Low taxes

VS RESOURCE AVAILABILITY

- Tax projections
- Fees and charges projections – rate, growth, new
- Utility Rates – rate, growth, new
- Grants, debt capacity, reserves
- Political Environment

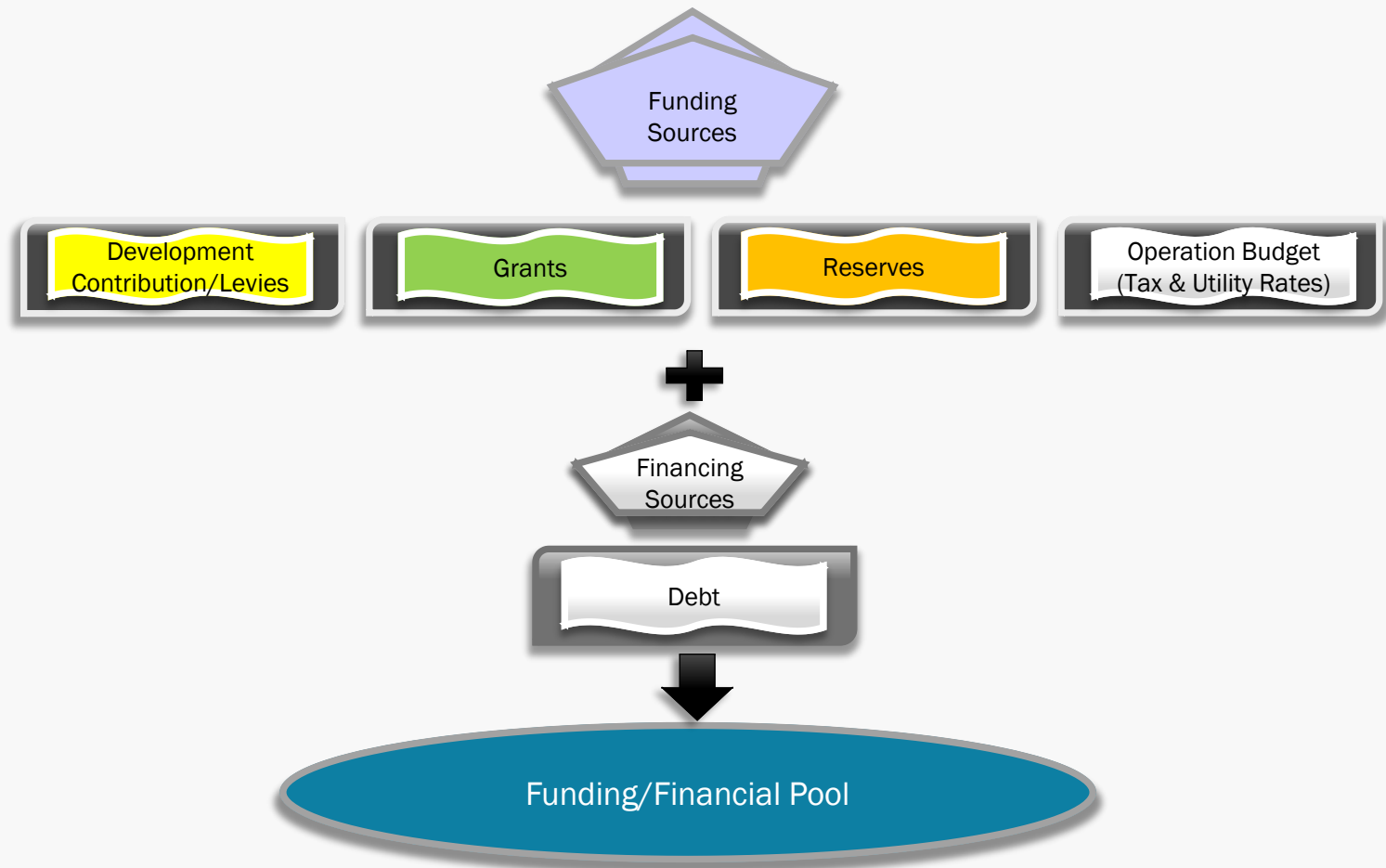


Town of Redwater
Capital Budget 2024



		GRANTS						
Project	Department	LGFF	STIP	Reserves	CFEP & Other	Debt	Contributions from	Capital Budget 2024
Gas main distribution replacement	Gas			85,000				85,000
Gas URW Land purchase (carry over from 2023)	Gas			5,500				5,500
Road & Underground Infrastructure	Infrastructure					500,000		500,000
Pembina Lobby Fixed Furnishings (carry forward 2023)	Pembina Place				30,000			30,000
Pembina Place Arena Seating (carry forward 2023)	Pembina Place				45,000			45,000
Completion of Sand/Salt Shed (carry forward 2023)	Streets	50,000						50,000
Sidewalks	Streets						50,000	50,000
Bridge Rehab	Streets		359,520	119,840				479,360
MCC & VFD System Updrade (carry over from 2023)	Water			60,000				60,000
Water Distribution Upgrades	Water			40,000				40,000
Total Budget		\$50,000	\$359,520	\$310,340	\$75,000	\$500,000	\$50,000	\$1,344,860

CAPITAL FUNDING/FINANCIAL POOL



ESTIMATING FISCAL CAPACITY

“FUNDING POOL” EXPLAINED

- For long term capital planning **forecasting** funding sources is a critical step
- **All funding** sources combined form a municipality’s “**funding pool**”.
- Debt adds to the pool capacity but is not a funding source. **Debt is a financing** source.
- If debt is utilized. The ultimate **funding source must be identified**.
- Debt is a financing tool that is funded from:
 - *Taxes*
 - *Utility rates*
 - *User fees*
 - *Developer levies*
 - *Community and intermunicipal partner contributions.*
 - *Other*
- The debt limit of a municipality at a point in time is:
 - *In respect of the municipality’s total debt, 1.5 times the revenue of the municipality,*
 - *in respect of the municipality’s debt service, 0.25 times the revenue of the municipality.*

GRANT CONTINUITY 2024



GRANTS CONTINUITY - 2024 BUDGET

	Year	at Jan 1 2023 \$	Grants 2023 \$	Total \$	Project 2023 Budget Capital Projects	To release 2023 \$	at Dec 31 2023 \$
Municipal Sustainability Initiative Capital (MSI) / LGFF in 2024	2022	5,216					
	2023		263,368	268,584	Toolcat	-104,479	
	2024				Street projects	-145,633	18,472
Canada Community Building Fund (previously FGTF)	2022	11,500					
	2023		128,521	140,021	Sidewalks	-123,000	17,021
	2024						

GRANT CONTINUITY 2024



GRANTS CONTINUITY - 2024 BUDGET

	Year	at Dec 31 2023 \$	Grants 2024 Projected	2024 Budgeted Projects	Total \$	Projected at Dec 31 2024
Municipal Sustainability Initiative Capital (MSI) / LGFF in 2024	2022					
	2023					
	2024	18,472	263,368	Sand/Salt Shed	- 50,000	231,840
Canada Community Building Fund (previously FGTF)	2022					
	2023	17,021	128,521			145,542
	2024					
STIP (to apply for again)			359,520	Bridge rehab Dependent on successful grant application	-359,520	-
DRP						
		35,493	751,409		-409,520	377,382

RESERVES CONTINUITY 2024

Town of Redwater						
RESERVES CONTINUITY 2024 BUDGET						
Reserve account	Code	Project	at Dec 31 2023 Projections	2024 PROJECTS	2024 Allocations	Total Projected 2024
COUNCIL	4-11-00-764	Antique Fire Truck	1,023			1,023
OPERATING	4-12-00-764	Computer & Tech upgrades		Addition budgeted for tech	35,000	143,159
		Administration Building	54,697			
		Consulting - special projects	5,462			
			48,000			
FIRE	4-23-00-764	Future Capital - equipment	208,692	Per Policy (sales-veh exp)	1,550	231,751
		General building	21,509			
DISASTER SERVICES		Surplus SREMP	5,005			5,005
BYLAW		Replacement Truck - build up reserve	30,000			30,000
STREETS	4-32-00-764	Sidewalks	17,000	Addition as 90k reserve trf - 50k sidewalks	40,000	
		General Street reserve				
			41,433			
		Inclement weather/snow clearing	75,000	If STIP grant successful	-	119,840
		Bridge funding	119,840			
WATER & SEWER	4-41-00-764	Water & sewer capital upgrades - sewer liners	31,812	Franchise for sewer liners	37,685	69,497
		also the UCI for water/sewer is within the general utility reserve below				
CEMETERY PERPETUAL CARE	4-56-00-764	Perpetual Care	5,400	Per bylaw (per sales)	400	7,758
		Columbarium	1,958			
EC DEV		Downtown Business Revitalization	8,500	Transfer of 2024 Bus Licences Budgeted to release	7,560 2,500	13,560
P&D - GENERAL	4-66-00-764	Lot proceeds for 2.5 acre - building up lot	53,112	MDP Reserve	-	10,000
		MDP	10,000			
		LUB	0			
		Offsite Levy Bylaw	0			
		P&D contingency consulting Rosaterra	0			
		P&D development contingency Rosaterra	0			
POOL	4-71-00-764	Building reserve / future pool option replacement	119,459			147,459
		Parking lot	28,000			

RESERVES CONTINUITY 2024

Town of Redwater						
RESERVES CONTINUITY 2024 BUDGET						
Reserve account	Code	Project	at Dec 31 2023 Projections	2024 PROJECTS	2024 Allocations	Total Projected 2024
SPECIAL PROJECTS	4-72-00-764	Derrick Repairs	8,239	Replacement trees/shrubs	-	1,800
		Walking Trails	57,351			
		Playground upgrades	24,443			
		Ball Diamond/soccer pitch	6,700			
		Skate park	50,000			
		Community Garden	9,740			
		Program subsidy (to release in correspondence with applications)	2,177			
		Donation - families in need	796			
		Arboretum - Green Space reserve donation	9,969			
		NWR Granting for FCSS received 2022 c/f	3,000			170,615
PEMBINA PLACE	4-73-00-764	Facility Reserve General	27,617	Rec Agreement Transfer Town & County	100,000	497,617
		Backup generator/wiring	25,000			
		Parking Lots	45,000			
		Capital upgrades - Rec agreement	300,000			
		Outdoor rink - Nutrien funding received 2022 for upgrades	0			
		EV charging (MCCAC)	0			
GAS	4-91-00-764	General Utility Reserve (gas, water, sewer, storm sewer)		Gas main distrib	-	85,000
				Gas URW	-	5,500
				MCC & VFD System Upgrade	-	60,000
				Water Distribution Upgrades	-	40,000
			580,861	2024 UCI fees budgeted & garbage dividend	209,120	599,481
			2,036,794		106,675	2,143,469

CAPITAL GAP CALCULATED

- It is Legislated by the MGA that matching funds be identified annually for the **Annual Capital Budget**
- For the Five-Year Capital Plan: The **funding pool** is calculated and it is **subtracted** from **the needs list** to determine the **Capital Gap**.
- It is Important to remember the numbers are **cumulative**. The capital gap forecasts the growing gap as capital “needs” utilize funds.
- All **projects approved** annually must be **incorporated into the forecast** to ensure the gap is not underestimated. (approved projects reduces available funding)
- The capital gap is an essential tool in determining the long term capital challenge. **Capital Planning challenge = “less projects or more funding”**



FIVE-YEAR CAPITAL PLAN

1. Assumptions made regarding future grant funding - difficult to make these at this time
2. Established Town Reserves are included as a source of funding
3. Reserve strategies through 3 Year Operating Plan included
4. Review Debt Capacity Available for any “Capital Gap”
5. Can the 5 Year Plan be funded?
6. Other Funding Strategies available alternate to Debt
 - *Other Grants*
 - *Ensuring annual additions to Town Reserves for future projects*
 - *Taxation*
 - *Community Contributions – seek donations*
7. Plan is intended to show focus to attainable projects and show the “Gap” in funding to seek alternatives before the project start dates
8. Document is reviewed annually by Council

5 YEAR FUNDING - CAPITAL PLAN

Summary Capital Expense	2024	2025	2026	2027	2028
Sidewalks	\$ 50,000	\$ 52,250	\$ 54,601	\$ 57,058	\$ 59,626
Parking Lots					
Streets	\$ 479,360	\$ -	\$ -	\$ -	\$ -
Infrastructure	\$ 630,500	\$ 611,325	\$ 797,178	\$ 667,582	\$ 870,539
Buildings	\$ 185,000	\$ 10,450	\$ 3,602,848	\$ 325,232	\$ 13,118
Vehicles	\$ -	\$ 62,700	\$ -	\$ 68,470	\$ -
Equipment	\$ -	\$ 79,943	\$ 32,761	\$ 142,646	\$ 66,781
Total	\$1,344,860	\$816,668	\$4,487,388	\$1,260,989	\$1,010,063
	0	0	0	0	0

Summary Potential Funding Pool	2024	2025	2026	2027	2028
Local Government Fiscal Framework (LGFF) replaces MSI (\$263k annually)	\$ 50,000	\$ 88,825	\$ 251,166	\$ 418,585	\$ 206,577
CCBF (\$128k annually)	\$ -	\$ -		\$ 128,521	\$ 128,521
CFEP Grant	\$ 75,000				
Potential cost sharing Grant opportunities AMWWP/DRP for Lift Station			\$ 2,047,614		
STIP for bridge rehab	\$ 359,520				
Town Reserves	\$ 310,340	\$ 153,093	\$ 271,696	\$ 86,242	\$ 19,080
Taxation	\$ 50,000	\$ 52,250	\$ 54,601	\$ 57,058	\$ 59,626
Total Funding Pool	\$ 844,860	\$ 294,168	\$ 2,625,077	\$ 690,406	\$ 413,804

5 YEAR FUNDING - CAPITAL PLAN

5 Year Potential Capital Gap	2024	2025	2026	2027	2028
Cumulative Needs List	\$ 1,344,860	\$ 816,668	\$ 4,487,388	\$ 1,260,989	\$ 1,010,063
Cumulative Funding	\$ 844,860	\$ 294,168	\$ 2,625,077	\$ 690,406	\$ 413,804
Funding (Surplus) Shortfall	\$ 500,000	\$ 522,500	\$ 1,862,312	\$ 570,583	\$ 596,259
Debt Capacity Available	\$ 7,902,539	\$ 7,402,539	\$ 6,880,040	\$ 5,017,728	\$ 4,447,145
5 Year Capital Gap	\$ 7,402,539	\$6,880,040	\$5,017,728	\$4,447,145	\$3,850,886

Other Funding Strategies (outside of new debt)	2024	2025	2026	2027	2028
Increase to Franchise Fee					
Naming rights for Pembina Place/Swimming Pool					
Taxation Capital Contribution / Utility Rates Capital Rider / User Fees	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Partnerships with Sturgeon County / ICF Agreements	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000

