

## Staff Report

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**Report To:** City Council  
**Report From:** Bradey Carbert, Manager of Corporate Services  
**Meeting Date:** December 18, 2023  
**Report Code:** CR-23-124  
**Subject:** Multi-Year Capital Plan (2024-2028)

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### Recommendations:

THAT in consideration of Staff Report CR-23-124 respecting Multi-Year Capital Plan (2024-2028), City Council:

1. Approves the projects funded within the Multi-Year Capital Plan (2024-2028); and
2. Directs staff to bring forward a further update to the Multi-Year Capital Plan (2025-2029) for subsequent approval in June 2024.

### Highlights:

- The multi-year capital plan is reviewed with City Council bi-annually and covers a five-year period.
- The Multi-Year Capital Plan (2024-2028) includes \$100.8 million in funded projects and \$47.0 million in unfunded capital.
- Rising construction and material costs have continued to have a significant impact on project costs and timing.
- The following changes have been proposed in the 5-year capital plan:
  - 9 new projects, all of which are 2024 projects (+ \$1,070,300);
  - 1 project where the budget has decreased (- \$20,000);
  - 10 projects where the budget has increased as a result of updated pricing projections (+ \$10,393,800);
  - 8 projects where the timing has changed (start date either pushed out or brought forward);

- 5 projects have been removed (- \$190,000).
- A dedicated 1% of the prior year's total levy is currently contributed to the annual capital reserve; this amount should be re-examined in the future to determine if it is sufficient.

## **Strategic Plan Alignment:**

[Strategic Plan](#) Priority: Clear Direction - KR2 - Align total municipal levy to Council's directed threshold each year while maintaining capital increase of 1 per cent annually.

## **Climate and Environmental Implications:**

There are no anticipated climate or environmental impacts.

## **Previous Report/Authority:**

September 25, 2023, Council Meeting: [Report CR-23-080 from the Manager of Corporate Services Re: Multi-Year Capital Plan Update: 2024-2028.](#)

## **Background:**

The multi-year capital plan is reviewed with City Council bi-annually, in June and December each year. The June review is a comprehensive session and acts as an opportunity for City Council to provide comments on projects and discuss the five-year capital plan as presented. An additional year's projects and budget allocations, along with any changes or amendments since the last meeting, are also brought forward for Council's consideration and approval. The December review acts as an update to Council, highlighting any changes or amendments since the June update as staff continue to work on capital projects that have previously been approved.

By approving the multi-year capital plan, Council approves all funded projects over the five-year period as presented. Since the multi-year capital plan is brought forward to Council twice per year, Council has multiple opportunities to ask questions, provide input on, amend, or even remove projects that have been presented in the plan before granting approval. As long as a project has not already commenced, whereas the City has not entered into a contractual agreement with a third party, it can be re-considered and amended by Council at a future multi-year capital plan

update. The benefits of Council approving all funded projects within the plan are as follows:

- Allows for a longer-term planning horizon and prioritizes projects over several years rather than one year at a time;
- Allows for more flexibility and responsiveness to changes both internal and external to the City;
- Allows for flexible allocation of resources over time;
- Allows staff to adjust the timing of projects if cost-savings or other efficiencies may be realized by proceeding with a project in a different year than initially intended; and
- May provide savings where projects can be tendered earlier.

New in 2024, the detailed multi year capital plans will be presented at the committee meetings in April allowing for more focussed discussion and input ahead of the comprehensive review of the aggregated plan in June.

## **Analysis:**

At the Council Meeting held on September 25, 2023, the Multi-Year Capital Plan (2024-2028) Report was approved by Council, incorporating the amendments Council directed staff to make following the presentation of the Multi-Year Capital Plan at the Special Council Meeting on July 24, 2023.

The current Multi-Year Capital Plan (2024-2028) now includes \$100.8 million in funded projects and an additional \$47.0 million in unfunded capital.

This update has seen a significant shift in budgetary needs through rising non-residential construction and material costs that are outside of the City's control. This has resulted in staff revising project budgets, particularly in engineering, facility, and fleet-related projects. While the 2023 mid-year update reported a surplus of \$320,000 in the Capital Reserve at the end of the five-year capital plan period, the current landscape of pricing and construction costs has caused that balance to deteriorate to a deficit balance of \$213,000 at the end of the five-year horizon. Staff are continuing to review pricing, project criticality, staff workload, potential grant opportunities, and other avenues to decrease overall capital expenditure over the five-year period. The June 2024 update will return the Capital Reserve balance to a balanced or surplus position, allowing for all funded projects in the Capital Plan to be fully funded and ideally to account for a buffer balance in the event of project overages or emergency projects.

Attachment 1 to the report provides Council with the 2027 Capital Detail sheets as staff continue to work towards providing Council with all detail sheets included in the multi-year capital plan. The attachment also includes Capital Detail sheets for projects updated in the 2024-2026 period.

Attachment 2 to the report provides the updated summary of capital projects that are funded for the period of 2024-2028. This is the list of projects that can proceed to the design or procurement stage and are reported on by staff during the bi-annual reviews.

Attachment 3 to the report includes a summary of all project or funding changes proposed by staff and have been updated since the 2023 mid-year update report. This list contains the scope, timing, budget changes, and new or cancelled projects.

Attachment 4 to the report includes a status update of the 2023 capital projects to provide Council with information on the projects that are in progress, not started, completed, or deferred to 2024. Projects that are deferred to 2024 are often related to a shortage of internal resources to prepare specifications or due to market conditions that have limited staff's ability to get quotes.

### **Financial Implications:**

The Multi-Year Capital Plan (2024-2028) includes \$100.8 million in funded projects and \$47.0 million in unfunded projects; this represents an increase of \$10,158,900 and \$1,828 in funded and unfunded projects, respectively, since the September 2023 update report. Most of the funding for the projects is a result of anticipated third-party grant funding such as MTO Connecting Links, Ontario Community Infrastructure Fund, Canada Community Benefit Funding, and the reduction of the previously identified Capital Plan surplus.

While the Capital Reserve currently has a deficit balance of \$213,000 at the end of five years, staff will work to ensure this Reserve is in a balanced or surplus position by the June 2024 update to Council.

### **Communication Strategy:**

A verbal presentation on the Multi-Year Capital Plan (2024-2028) was made to Council in July 2023, followed by a summary report to Council in September 2023.

This report to Council is the second yearly update of the 2024-2028 Multi-Year Capital Plan.

The Multi-Year Capital Plan Budget Book is currently posted to the City's [Budget and Finance](#) webpage, and the book will be updated following this meeting.

### **Consultation:**

Sheyenne Hooghiem, Capital Asset and Risk Management Coordinator

All staff and management boards were involved in the development of the budget.

### **Attachments:**

Attachment 1 – Detail Sheets – 2027 + 2024-2026 Revisions

Attachment 2 – Multi-Year Capital Plan (2024-2028) – Project Summary

Attachment 3 - 2024-2028 Summary of Project Changes

Attachment 4 – 2023 Capital Report Card

### **Recommended by:**

Bradey Carbert, Manager of Corporate Services

Kate Allan, Director of Corporate Services

### **Submission approved by:**

Tim Simmonds, City Manager

For more information on this report, please contact Bradey Carbert, Manager of Corporate Services at [bcarbert@owensound.ca](mailto:bcarbert@owensound.ca) or 519-376-4440 ext. 1240.