

Request for Decision

Title	Capital Funding Summary and Reallocations
<p>Proposed Motion</p>	<ol style="list-style-type: none"> 1. That Council approve a reallocation of 2022 capital project savings in the amount of \$9,916,897 to the capital projects listed in Attachment 2 in the amount of \$6,691,125 and the reserves listed in Attachment 3 in the amount of \$3,225,772. 2. That Council approve the reallocation of \$4,476,885 in funding from the 2024 Capital Budget to the 2023 Capital Budget for Range Road 220 – Township Road 570 to Redwater in the amount of \$4,200,000 and Bridge File 00889 (Township Road 564) in the amount of \$276,885. 3. That Council uncommit funding for the Green & Inclusive Community Buildings Program capital project in the amount of \$400,000 for 2023 and \$400,000 for 2024.
<p>Administrative Recommendation</p>	<p>That Council approve Administration’s recommendation to reallocate 2022 capital project budget savings to overages and the remaining balance to be transferred back into the respective capital reserves, to reallocate two 2024 capital projects and respective funding to begin in 2023, and to release committed funding from Green & Inclusive Community Buildings Program capital project.</p>
<p>Previous Council / Committee Direction</p>	<p><u>December 13, 2022 Regular Council Meeting</u></p> <p>Motion 481/22: That Council approve the 2023 Operating Budget as amended by motions passed on November 23, and 24, 2022, which represents a 3.9% tax rate increase.</p> <p>Motion 482/22: That Council approve the 2023-2025 Capital Budgets in the amounts of \$35,701,907 for 2023, \$42,114,975 for 2024, and \$38,639,232 for 2025 as referenced in Attachment 3: Capital Funding and Project Listing.</p> <p>Motion 483/22: That Council approve in principle the 2024-2026 Operating Financial Forecast and the 2026-2028 Capital Financial Forecast as presented in the consolidated Operating and Capital Budget and amended by motions passed on November 23 and 24, 2022.</p>

April 22, 2022 Regular Council Meeting

Motion 172/22: That Council approve the 2021 Annual Financial Statements as prepared by Administration and audited by the firm of Metrix Group LLP Chartered Professional Accountants.

Report

Background Information

- The 2022 Capital Budget provided \$57.2 million of newly approved projects, \$4.4 million in projects added through in-year approvals, and \$42.9 million in project funding that was carried forward from 2021.
- The combination of new projects and projects carried forward provided a consolidated capital budget of \$104.6 million for the year consisting of 165 projects and/or programs. During 2022, \$65 million was spent, 69 projects were completed, and 4 projects were cancelled.
- Capital funding in the amount of \$12.3 million has been identified as project savings with \$2.4 million in restricted funds leaving a balance of \$9.9 million available for reallocation or to flow back to its original reserve for future allocation.
- Of the \$9.9 million capital funding available, \$6.7 million is to be reallocated to balance 2022 capital project shortfalls (Attachment 2) with the remaining \$3.2 million to be determined by Council (Attachment 3).
- Several capital construction projects were successfully completed within budget. However, there were a few compounding factors requiring budget amendments. The overages, to a great extent, pertained to the heightened presence and removal of unsuitable waste materials and the subsequent replacement of suitable subgrade material.
- In addition to the cost pressures borne by elevated volumes of waste quantities, there were also complexities specific to utilities relocation and remediation that necessitated the implementation of alternative construction techniques. These design changes led to increases in the use of geotextiles and gravel quantities, which in turn resulted in additional unforeseen expenses.
- The referenced budgetary impacts were largely attributable to the reconstruction of Meadowview Drive, and to a lesser degree on Township Road 544 and Range Road 252 road construction projects.

Range Road 220

- The original scope and intent of this project was to be completed over a two-year period. Administration recommends advancing the 2024 budget allocation, \$4.2 million for the base and paving into 2023.
- With the advancement of the budget allocation from 2024, the project has been modified with the new limits of the Range Road 220 road reconstruction project commencing at Township Road 570 and ending 200 meters north of Juniper Drive. The reduction in the original scope

attributed to Range Road 220 allows for considerable savings. Therefore, the inclusion of paving of the Juniper Hills Subdivision reconstruction can be realized within the approved budget. Cost synergies of undertaking the work in parallel will be realized.

- Public engagement undertaken by the County shows support from residents within the area for paving the roads internal to the Juniper Hills Subdivision.

Bridge File 00889

- The existing Bridge structure is a 55-year-old 1500mm CSP culvert which is significantly undersized and reaching the end of its life including (rusting of the barrel, scouring at inlet/outlet, perforations in the pipe, etc.). The total budgeted bridge costs are \$366,885 over 2023 and 2024.
- Given this bridge file is situated within the boundaries of the Township Road 564 reconstruction project scheduled for construction in 2023, the installation should take place during the reconstruction of the roadway.

Green & Inclusive Community Buildings Program

- Administration recommends that Council uncommit funding for the Green & Inclusive Community Buildings (GICB) Program capital project in the amount of \$400,000 for 2023 and \$400,000 for 2024.
- The GICB Program supports retrofits, repairs, or upgrades of existing publicly accessible community buildings and the construction of new publicly accessible community buildings that serve underserved and high-needs communities across Canada. The grant program requires a 40% funding commitment over the next 4 years as part of the County's Capital Plan with the goal to have the building completed by 2026 following GICB program requirements. As further facility work is contemplated and considered by Council, additional grant opportunities and facility funding will be brought forward for consideration.

External Communication

- Communication to the public will occur through the Regular Council Meeting.

Relevant Policy/Legislation/Practices

- Reserve Policy
- Capital Budgeting Policy

Implication of Administrative Recommendation

Strategic Alignment

Collaborative Governance - Administration presents this information as part of the year-end processes to ensure that clear, transparent processes are adhered to and communicated.

Operational Excellence – Reconciling and accounting for this information supports Council’s ability to make short and long-term financial plans by ensuring accurate and organized financial records are available to support future capital strategic needs.

Organizational

- Administration will continue working on capital projects that were carried forward from 2022 to completion and account for the necessary reserve transfers.

Financial

- The 2022 financial results for capital consisted of a consolidated capital budget in the amount of \$104.6 million.
- During 2022, financial capital activity is as follows:
 - \$65.0 million was spent.
 - \$0.1 million was reclassified as operating expenses.
 - \$33.9 million was carried forward.
 - \$2.4 million is restricted funding.
 - \$3.2 million in reserve transfers is recommended (Attachment 3)
 - \$9.9 million is unrestricted funding reallocated to \$6.7 million in project overages (Attachment 2).
- The 2023 and 2024 capital budgets would be amended as follows:
 - 2023 Capital Budget Amendment
 - \$4,200,000 allocated to the Range Road 220 – Township Road 570 to Redwater
 - \$276,885 allocated to the BF00889 (Township Road 564)
 - \$400,000 funding released from the Green & Inclusive Community Buildings Program capital project.
 - 2024 Capital Budget Amendment
 - \$4,200,000 removed from the Range Road 220 - Township Road 570 to Redwater
 - \$276,885 removed from the BF00889 (Township Road 564)
 - \$400,000 funding released from the Green & Inclusive Community Buildings Program capital project.
- The proposed amendments would not increase the overall funding within the approved 2023 to 2025 multi-year capital budget.

Alternatives Considered

Council could consider alternative options for the 2022 capital project savings and identified project scopes.

Implications of Alternatives

Strategic Alignment

Dependent on alternatives considered.

Organizational

Administration will action Council’s recommendations.

Financial

Dependent on alternatives considered.

Follow up Action	<ol style="list-style-type: none"> 1. Implement Council direction (Transportation & Engineering Services, Q2-Q4 2023). 2. Complete 2023 Financial Reporting (Corporate Finance & Treasury, October 2023).
Attachment(s)	<ol style="list-style-type: none"> 1. Attachment 1: Capital Funding Summary 2. Attachment 2: Capital Funding Reallocation 3. Attachment 3: Capital Reserve Distributions 4. Attachment 4: Reserve Policy 5. Attachment 5: Capital Budget Policy
Report Reviewed by:	<p>Gary Mayhew, Director, Transportation & Engineering Services</p> <p>Sabrina Duquette, Manager, Corporate Finance & Treasury</p> <p>Andrew Hayes, General Manager, Financial Services & Chief Financial Officer</p> <p>Scott MacDougall, Chief Operating Officer – COO</p> <p>Reegan McCullough, County Commissioner – CAO</p>

Strategic Alignment Checklist

Vision: *Offering a rich tapestry of historical, cultural, and natural experiences, Sturgeon County is a municipality that honours its rural roots and cultivates desirable communities. Uniquely situated to provide world-class agricultural, energy, and business investment opportunities, the County prioritizes responsible stewardship and dreaming big.*

Guiding Principles: Collaboration | Accountability | Flexibility | Excellence | Safety | Future Readiness | Affordability | Innovation

Community Outcome	Not consistent	Consistent	N/A
Planned Growth			
<ul style="list-style-type: none"> Internationally competitive to attract, grow and sustain diverse businesses; tenacious focus on new growth and innovation 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Modern broadband and digital capabilities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Low cost, minimal red-tape regulations 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Reliable and effective infrastructure planning; comprehensive land use and infrastructure planning 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Thriving Communities			
<ul style="list-style-type: none"> Beautiful, surprising places with high standards; integrated natural spaces & trail systems; healthy and resilient 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Engaging cultural, historical, and civic amenities; strong community identity and pride 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Safe, welcoming, and diverse communities; small community feel and personal connection; commitment to high quality of life 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environmental Stewardship			
<ul style="list-style-type: none"> Clean air, land, and water; Carbon neutral municipal practices; circular economy opportunities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Conservation of natural areas and agricultural lands; enhanced greening and biodiversity; safekeeping ecosystems 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Sustainable development; partnerships with industry and others to drive emission reductions 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Collaborative Governance			
<ul style="list-style-type: none"> Predictable and stable external relationships; volunteer partnerships 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Meaningful connections with Indigenous communities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Ongoing community consultation and engagement; transparent and action-oriented decision making based on sound rationale 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Respectful and informed debate; clear and supportive governance processes 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Operational Excellence			
<ul style="list-style-type: none"> Engaged and effective people – Council, Admin and Volunteers; continuous learning and improvement mindset; nimble and bold, with strong leadership 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Quality cost-effective service delivery; robust procurement and operational practices and policies; asset management and performance measurement; careful debt and reserve stewardship; long-term financial planning and sustainability 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Future focused thinking to proactively respond to emerging opportunities and challenges 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Alternative revenue generation and service delivery models integrated strategic and business planning 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>