



SUBJECT: Update on Capital Initiatives Planning

TO: Committee of the Whole

FROM: Finance Department

Report Number: F-24-18

Wards Affected: All

File Numbers: 435-01

Date to Committee: June 4, 2018

Date to Council: June 18, 2018

Recommendation:

Receive and file finance report F-24-18 regarding updates on capital initiatives planning.

Purpose:

The purpose of this report is to provide information on previous capital prioritization exercises as well as provide a high-level diagram categorizing future capital initiatives competing for financial resources.

Background and Discussion:

Over the last number of years, staff has conducted workshops with Council with an aim to identifying the variety of criteria and tools available to assist in the prioritization of capital projects.

On March 24, 2016, staff conducted a Debt Policy and Future Capital Initiatives workshop with Council. The workshop provided information and an interactive discussion on the city's debt policy, the appropriate uses of debt financing and future capital initiatives at the time. At that meeting, each Councilor was provided three (3) Burlington Bucks to assist in prioritizing nine (9) future capital initiatives. The results of the "Burlington Bucks" prioritization exercise are summarized in Table 1 below.

Table 1: Burlington Bucks Prioritization Exercise

Status	Capital Initiatives	Committee Rank
X	Community Trails Strategy	1
X	Strategic Plan Initiatives	2
X	Active Transportation Crossing	3
X	LED Street Light conversion	4
X	Nelson Stadium	4
X	Sherwood Park Revitalization	4
	LaSalle Park Land Acquisition	5
	Other Joint Venture Groups	5
	Permanent Wave Break (LPMA)	5

Two years have passed since this exercise was completed by Council and of those capital projects listed in the table above, some are underway or included in the city's ten year capital budget and planned for a future date, as denoted by the "x".

At the January 12, 2017 Committee of the Whole workshop, Committee received a staff report and presentation on an evaluation tool to assist in the prioritization of capital projects for senior levels of government funding and for new/ enhanced projects in the capital budget program. The tool was intended to compare multiple projects when limited funding opportunities are available. Council was provided the opportunity to work with the matrix and evaluated six (6) specific projects as provided by staff. The projects were evaluated using multiple criteria within the parameters provided by the evaluation matrix, stated as follows;

- Link to the Strategic Plan
- Risk Management
- Asset Management Impact
- Customer Service Impact
- Financial/ Economic Impact

The results of the exercise are provided in Table 2 below.

Table 2: Capital Prioritization Evaluation Matrix

Status	Capital Initiatives	Committee Rank
X	LED Street Light conversion	1
X	Skyway Arena Revitalization	2
X	Elgin Promenade	3
X	Cumberland Avenue Pedestrian Railway Underpass	4
X	Joseph Brant Museum Expansion	5
	Permanent Wave Break (LPMA)	6

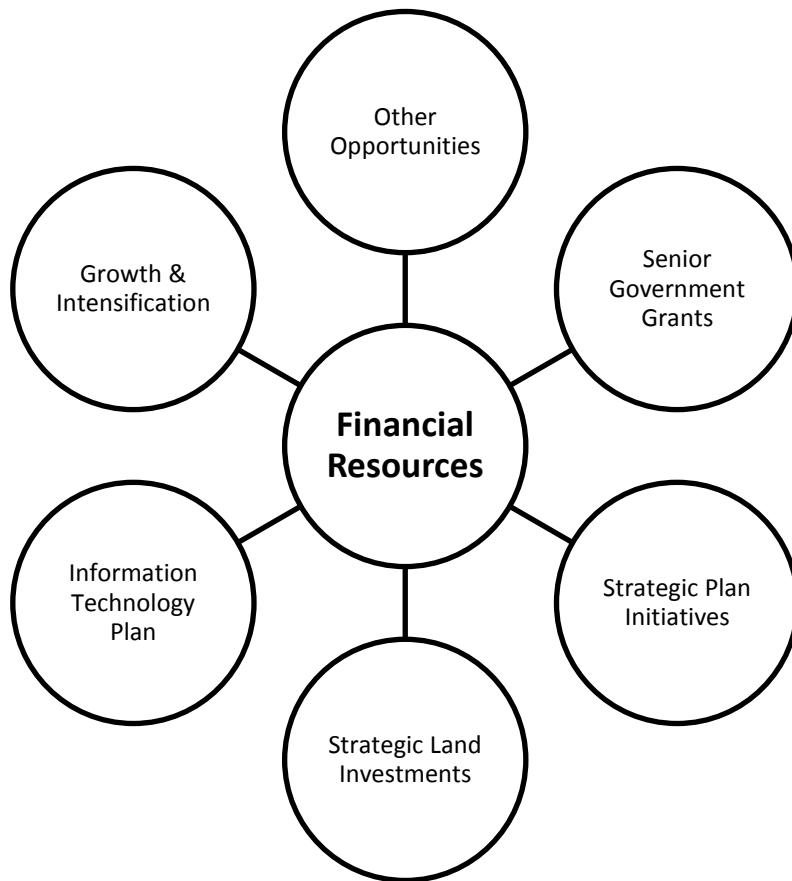
The capital projects listed in Table 2 marked with an “x” have been substantially completed, underway or are included in the ten year capital budget and forecast. The evaluation matrix was used in the 2018 capital budget process to evaluate new/ enhanced projects and will continue to be used as part of the decision-making process.

Strategy/process

The workshops conducted with Council were intended to gauge Council's priorities given the known capital initiatives at the time. The city initiatives as ranked by Council in the tables above were constrained by one or more of the following parameters; limited funding, the city's debt financing policy and evaluation criteria intended to derive the project providing the greatest benefit. In review of the two tables, the city is making advances towards completion of many of the major capital initiatives deemed as priorities by Council.

As we look to the future, the city will continue to have capital initiatives that will draw on the city's financial resources. Diagram A highlights, at a high level, the various city initiatives in which the city is committed to moving forward with.

Diagram A: Future Capital Initiatives



- **Senior Government Grants:** The City has recently been advised of a new Public Transit Infrastructure Program. The total allocation to Burlington is \$45 million over ten years, which includes the city's required share. The city will need to commit approximately \$12 million of matching funds over the next ten years. However, timing and amount over the ten years is not yet determined. Furthermore, the recent transit program announcement represents only a portion of the total infrastructure program being delivered by the Federal government *Investing in Canada* program. We may receive further funds in other areas of the program (Green Infrastructure, Social Infrastructure) that will require matching funds.
- **Strategic Plan Initiatives:** The city has a Strategic plan representing bold initiatives to transform the city over the next 25 years. A Phase 2 Financial Plan is being developed to address the implementation of specific initiatives.
- **Strategic Land Investments:** Staff have been directed to report back on a funding model for the acquisition of strategic land for the purpose of public benefit. For example, this may include school closure sites and/ or park space,

however, is subject to timing and availability of those lands. Investments in land represent large value expenditures at a point in time.

- **Information Technology Plan:** As technology transforms society, it is also transforming the way we work. The city has a wide range of technology to support its delivery of city services. Resources are required to update major business platforms that manage the city's core business processes, to ensure there is no technological disruptions and that we are providing meaningful data and analytics to improve the life of residents and enhance efficiency of city operations.
- **Growth & Intensification:** With the new official plan and corresponding Master Plans (Transit, Parks, Transportation etc.), there will be significant implementation costs in the future.
- **Other Opportunities:** Arises as a result of circumstance or need. Opportunities can represent initiatives in which the city has a strong interest to pursue that may not be known of, nor can they be planned for. A recent example of this is the purchase of 390 Brant Street (Sims Square).

All of the above represent city initiatives that, at the present moment, may not be specifically known in terms of cost and timing. However, they are areas in which Council has expressed interest and importance. As other opportunities arise, it is important that we maintain flexibility to increase our ability to respond when time is limited. As represented by the diagram, there is a limited pool of resources upon which we develop long-range financial plans for these strategic-type investments and that resources spent towards one category of initiatives does not preclude money being spent towards another area. However, it limits the amount we can put towards another area in the same period of time.

Conclusion:

Over the last several years staff have planned for and/ or begun several large transformational projects such as the Elgin Promenade, LED street light conversion and the Joseph Brant Museum expansion to name a few. Concurrently, the city was able to continue reducing the infrastructure funding gap and contributed \$60 million to the hospital redevelopment. As we continue to grow bold, there are large-value investments on the horizon that are of significance to the City of Burlington competing for financial resources. It is important that we continue to prioritize initiatives that fit within the city's financial plan and progress towards achieving the strategic plan while maintaining financial sustainability.

Respectfully submitted,

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Report Approval:

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.