



**To:** Chief Administrative Officer  
**From:** Doug Stewart, Director of Finance  
**Subject:** **Capital Plan**

**Date:** October 20, 2025

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### Recommendation(s)

This report is provided for information. Although no staff recommendation accompanies this report and Council action is not required, any direction provided by Council will be incorporated in the 2026-2030 Financial Plan brought to the Freestanding Committee of the Whole for consideration on November 24, 2025.

### Purpose

The purpose of this report is to present the capital projects included in the proposed 2026 – 2030 Financial Plan and to provide an opportunity for Council to inform staff whether they agree with the priority of the projects in the plan and the funding sources identified for each of the projects.

This report will come back to Council at a Freestanding Committee of the Whole – Corporate Administration Budget meeting on November 24, 2025, with changes identified by Council and any input received from the public.

### Background

Legislation requires the City to prepare a five-year financial plan each year, although in practice the plans in the City’s Capital Program are done at a minimum of 20 years.

Reserve funds typically provide the majority of funding towards the City’s capital program which are built up from various revenue sources. As such, when considering the capital budget, reserve projections provide the context for the City’s ability to fund capital projects and replenish each reserve. This information is critical as Council works through the 2026 budget discussions as some reserves receive contributions from taxation and user fees.

The City’s capital plan has seven main sources of revenue:

1. Property Taxes
2. Utility Levies
  - o Water
  - o Sewer
  - o Drainage
  - o Solid Waste
3. Revenue from Operations
  - o Forestry
  - o Cemetery
  - o Landfill
  - o Land Sales
4. Grants
  - o Community Works (Gas Tax)
  - o Gaming
5. Developer Fees and Contributions
  - o Development Cost Charges (DCC)
  - o Community Amenity Contributions (CAC)
  - o 5% Parkland Cash-in-lieu
  - o Other Developer Contributions
6. Donations and Recoveries
7. Debt

Funds acquired through these sources that are not spent in the year they are earned are put into reserves to be utilized in future years. As the specific use of the funds can be restricted based on how it is earned, the City sets up reserves to identify the original source and to preserve any restrictions on the funds.

The following table lists the types of capital expenditures incurred by the City and the recommended predominant funding sources for each type:

**Table 1: Predominant Funding Source for Expenditure Type**

Expenditure Type	Predominant Funding Source
IT equipment replacement	Property taxes and utility levies collected for this specific purpose
Vehicles and equipment replacement	Property taxes and utility levies collected for this specific purpose
Landfill and other solid waste capital	Landfill revenue and solid waste operating surplus
Cemetery capital	Cemetery fees and surplus' earmarked for capital
Forestry capital	Forestry operations revenue
Water utility capital asset renewal, refurbishment, or replacement	Water levies
Sewer utility capital asset renewal, refurbishment, or replacement	Sewer levies
Drainage utility capital asset renewal, refurbishment, or replacement	Drainage levies
General fund capital asset renewal, refurbishment, or replacement	Property taxes
New infrastructure required for development	Development levies and contributions
New infrastructure not required for development	Grants
Large capital projects	Debt

The table above is not definitive. Some projects may be funded from multiple funding sources, and some may not follow the list above at all. The basic philosophy used to prepare the table above is that:

- Current tax and utility revenue should pay for the maintenance or replacement of assets the City already owns.
- Developers should pay for the infrastructure needed to accommodate growth.
- Grants should be used to acquire new assets the City desires.
- Debt should be used to acquire large assets with long useful lives (greater than 15 years) where grant funds are not available.

### Discussion and Analysis

Each year the City adopts a five-year financial plan that includes the projected operating and capital revenue and expenses for the next five years.

To prepare the five-year Capital Plan for the 2026 – 2030 Financial Plan staff start with the capital plan in the previous financial plan (2025 – 2029) and then make amendments based on adjusted priorities identified by Council or the public. Staff also take into consideration available funding sources and prepared a plan that can be accommodated with the funds available.

The five-year general operating capital plan, Attachment A, sorts the capital projects by function. For the most part, these projects are to repair, refurbish or replace existing infrastructure and equipment used to deliver services.

There is a similar layout in Attachment B which provides the five-year capital plan for the Water, Sewer, Drainage and Solid Waste utilities.

During past Council deliberation regarding the capital plan, Council has indicated a desire to see a list of the projects funded from the Community Works grant and the Host Gaming grant. Attachment C provides the list of projects funded from these two funding sources only.

Reserve projections provide the context for the Capital Plan, as all capital project funding, with exception of grants and debt, flow through the reserves. Attachment D provides a list of the current reserves with the projected year-end balance from 2026 through 2030 based on the anticipated revenue sources going into the reserves and the capital expenses to be funded from each reserve.

The reserve projections in Attachment D and the capital plans in Attachments A, B and C, do not include any capital items proposed from the “Spending Package Submitted for 2026 Budget Discussions” report by the Manager of Financial Planning and Analysis on today’s agenda.

For the purpose of this report, the following capital plans are not included for discussion during this budgeting process:

- Capital projects included in the City’s DCC bylaw.
- Regional water and sewer capital projects as a separate process is managed through the Joint Shared Services Committee with Abbotsford.
- Capital projects funded by users or developers (third party charge backs).

Staff have identified challenges with completing all the projects in the capital plan. It has been determined that part of this issue is related to a lack of support services dedicated to supporting the capital program. Staff plan to bring a report to the November 24, 2025 Freestanding Committee of the Whole - Corporate Administration Budget meeting seeking approval to hire staff to be dedicated to supporting the capital plan. The details as to what specific positions are being requested is yet to be completed but will be included in the report presented on November 24<sup>th</sup>. It should be noted that the intention is to pay for these positions with funding already in the capital plan so no additional property taxes or utility levies will be required.

### **Financial Implications**

The financial implications are discussed throughout this report.

### **Communication**

The 2026 City Budget documents will include the capital plan and will be available prior to the public consultation occurring on October 29, 2025, in order to inform stakeholders about the proposed budget in advance.

This report will come back to Council at the Freestanding Committee of the Whole - Corporate Administration Budget meeting on November 24, 2025 with input from the public and staff recommendations for Council’s consideration.

## **Summary and Conclusion**

This report presents the capital projects included in the proposed 2026 – 2030 Financial Plan and to provide an opportunity for Council to inform staff whether they agree with the priority of the projects in the plan and the funding sources identified for each of the projects.

This report will come back to Council at a Freestanding Committee of the Whole – Corporate Administration Budget meeting on November 24, 2025, with changes identified by Council and any input received from the public.

**Report Prepared by:** Doug Stewart, Director of Finance

**Reviewed by:** Scott Ross, Manager of Financial Planning and Analysis

**Approved for Inclusion:** Mike Younie, Chief Administrative Officer

## **Attachment(s)**

Attachment A: 2026 – 2030 General Fund Capital Plan

Attachment B: 2026 – 2030 Utility Funds Capital Plans

Attachment C: 2026 – 2030 Projects funded by Community Works and Gaming Grants

Attachment D: Reserve & Surplus Projections Summary