

City of North Bay Report to Council

Report No: CORP-2023-016

Date: January 6, 2023

Originator: Shannon Saucier

Business Unit:

Department:

Corporate Services

Financial Services Department

Subject: Approval of 50% of the Prior Year's Capital Funding Envelope

Closed Session: yes ☐ no ☒

Recommendation

1. That City Council approves spending up to \$13,466,164 being an amount equal to 50% of the 2022 General Capital Funding Envelope and representing a preliminary funding allotment to the 2023 General Capital Budget.
2. That City Council approves spending up to \$6,443,724 being an amount equal to 50% of the 2022 Water and Wastewater Capital Funding Envelope and representing a preliminary funding allotment to the 2023 Water and Wastewater Capital Budget.

Background

The City's annual capital budgets are typically approved by the end of the year preceding the year in which the budget applies. However, in years following an election, the budget process is delayed and approval does not occur until the first quarter of the new budget year. Procurement of goods and services must be done in compliance with the City's Purchasing By-law and it is the City's practice to wait until budget approval has been granted to commence the procurement process for capital budgets. In election years, waiting until the final capital budget is approved to commence the procurement process creates time constraints to have tenders or RFPs issued and approved within sufficient time to ensure construction is completed within the prime construction period of June to October. Accordingly, it is recommended that Council approves the spending up to 50% of the prior year's funding limits in advance of completion of the 2023 capital budget process. This approach supports achievement of the following objectives:

1. Enables tenders and RFPs to be issued well in advance of the prime construction period and at a time when contractors are less likely to have already committed to other projects. Thus, maximizing the number of competitive bids received and reducing the overall project cost to the municipality.
2. Construction can be completed under optimal weather conditions during the prime construction period thereby reducing construction time costs.

This recommendation gives staff the opportunity to gain an early start on key capital projects while also giving Council the opportunity to see the complete capital budget before final approval of the full expenditure limit.

Financial/Legal Implications

Approval of spending up to 50% of the prior year's capital funding envelope will ensure that the procurement process and timing of infrastructure projects is not delayed while Council and staff work through the 2023 capital budget process. Projects in which the funding authority is allocated to will be tracked and identified to Council during 2023 capital budget deliberations.

Corporate Strategic Plan

- | | |
|---|--|
| <input type="checkbox"/> Natural North and Near | <input type="checkbox"/> Economic Prosperity |
| <input checked="" type="checkbox"/> Affordable Balanced Growth | <input type="checkbox"/> Spirited Safe Community |
| <input checked="" type="checkbox"/> Responsible and Responsive Government | |

Specific Objectives

- Maintain infrastructure across the city in a good state of repair
- Ensure Council and staff have a shared perception and goals

Options Analysis

Option 1: Approve spending up to 50% of the prior year's General and Water and Wastewater Capital Budgets.

Option 2: Do not approve spending up to 50% of the prior year's General and Water and Wastewater Capital Budgets. If pre-approval does not occur, then the 2023 Capital Projects will not be tendered until after the Capital Budget is approved.

Recommended Option

1. That City Council approves spending up to \$13,466,164 being an amount equal to 50% of the 2022 General Capital Funding Envelope and representing a preliminary funding allotment to the 2023 General Capital Budget.

2. That City Council approves spending up to \$6,443,724 being an amount equal to 50% of the 2022 Water and Wastewater Capital Funding Envelope and representing a preliminary funding allotment to the 2023 Water and Wastewater Capital Budget.

Respectfully submitted,

Name: Shannon Saucier, CPA, CA

Title: Director, Financial Services / Deputy Treasurer

I concur with this report and recommendation

Name Margaret Karpenko, CPA, CMA

Title: Chief Financial Officer /Treasurer

Name David Euler, P.Eng., PMP

Title: Chief Administrative Officer

Personnel designated for continuance:

Shannon Saucier, CPA, CA

Director, Financial Services / Deputy Treasurer