



CITY COUNCIL REPORT

Title Capital Improvement Program (CIP) Planning

Meeting Date March 11, 2025

Submitted By Darrell Mathews, Chief Financial Officer and Treasurer

Presented By Darrell Mathews, Chief Financial Officer and Treasurer

Summary

The City of Lethbridge is beginning the planning process for the 2027-2036 Capital Improvement Program (CIP). The capital budget includes one-time construction costs for items such as: roads, recreation facilities, parks, buildings/facilities and utility projects.

Over the next few months, City Administration will be working with City departments to gather information needed to identify and prioritize potential capital projects. While preparing for the upcoming capital budget, **as per the Asset Management Policy (CC-68), the City will place a high priority on maintaining current capital assets over building new assets.** Proposed capital projects will be submitted through a business case process and will be scored against a matrix. A CIP project prioritization criteria and matrix has been defined to ensure that proposed capital projects align with the City's asset management principles, regulatory requirements and major planning strategies and documents (e.g. City Council's Strategic Plan, Municipal Development Plan (MDP), etc.). Administration will use the prioritization criteria to evaluate capital projects before they are presented to City Council.

Given the limited capital budget due to reductions in grant funding from other levels of government there will be very limited funding available for new projects in the next CIP.

City Administration will communicate directly with stakeholders to set the expectations on the limited funds available. Information will be provided to stakeholders that only projects that have been identified within either an existing City Master Plans or City Asset Management Plans will be included in the CIP process. No public invitation will be made for new CIP projects. Information will be provided about other grant opportunities e.g. Community Capital Project Grant (CCPG), that are available for community group capital projects.

Recommendation(s)

That Council directs City Administration to:

1. Place a high priority on maintaining current capital assets over building new assets when preparing proposed projects for the 2027-2036 Capital Improvement Program;
2. Only include within the 2027-2036 CIP, proposed capital projects that have been identified within existing City Master Plans or City Asset Management Plans with exceptions at the discretion of City Council;
3. Work with the community to provide information about other grant opportunities e.g. Community Capital Project Grant (CCPG), that are available for community group capital projects; and to
4. Continue to provide Economic & Finance SPC with updates on the 2027-2036 Capital Improvement Program process.

Financial

In the fall of 2026, City Council will approve the next 4 year (2027-2030) CIP as part of an overall 10-year capital plan (2027-2036). The limited capital budget due to reductions in grant funding from other levels of government means that multiple projects will be competing for the same funding. Given the already identified CIP projects from current Master Plans and future Asset Management Plans, it is anticipated that there will be very limited funding available for new projects in the next CIP. One of the challenges facing the next City Council will be the limited financial resources and the need to balance capital priorities with the best interest of the community.

The table below outlines the estimated funding available for projects in the 2027-2030 CIP.

2027-2030 CIP Estimated Funding:

	2027	2028	2029	2030	TOTAL
CIP Funding	(in thousands \$)				
LGFF	\$13,000	\$13,000	\$13,000	\$13,000	\$52,000
CCBF	6,279	6,373	6,469	6,566	25,687
PAYG	7,012	7,277	7,549	7,829	29,667
TOTAL Funding					\$107,354
LESS Committed:					
Annual Programs	(15,097)	(13,687)	(13,811)	(14,248)	(56,843)
Funded projects	(5,184)		(4,983)	(300)	(10,467)
Subtotal funding remaining					\$40,044
Total unfunded projects	73,229	61,519	68,158	45,319	248,225

- (1) Annual program examples: accessibility improvements, annual overlay program, bridge rehabilitation, railway rehabilitation, traffic signals, community lighting rehabilitation, major sidewalk rehabilitation, parks asset management, storm sewer maintenance, etc.
- (2) Funding projects examples: C-21: Chinook Trail River Crossing – preliminary design, CO-1: North Scenic drive, CO-7: 26 Avenue North - stage 2 and C-18: Stafford Drive North functional planning and design.
- (3) Unfunded projects examples: D-18 Electric Buses, D-22 Fire Station #3, D-38 Arena Replacement, D-39 Performing Arts Centre, etc. For more information refer to Section G-6 of the 2022-2031 Capital Improvement Program.

In addition to the projects listed above, other potential capital projects that have been identified in the attached appendix. The appendix summarizes estimates for Annual Ongoing Programs, Funded Projects, Unfunded Projects and Potential Projects (from current Master Plans). Note: This doesn't include other infrastructure gaps that are anticipated to be identified in future asset management plans.

Background and Prior Decisions

June 1, 2021: City Council approved a four-year (2022-2025) Capital Plan within a ten-year (2022-2031) context, known as the [2022-2031 Capital Improvement Program \(CIP\)](#).

- Master Plans: In the 2022-2031 CIP, multiple Master Plan projects were approved to help to establish community priorities and objectives and provide guidance for future development projects. Throughout 2024 and 2025 several master plans have been presented to various Standing Policy Committees. City Council will usually adopt master plans as a guiding document and will direct Administration to return to City Council, through Economic & Finance SPC for approval of any objectives or recommendations identified in a master plan either by submitting capital projects to the future Capital Improvement (CIP) deliberations and/or submitting initiatives to future Operating Budget deliberations. In 2024 and 2025, the following master plans have been adopted by City Council:

Master Plan	Date Adopted
Transportation Master Plan	January 23, 2024
ENMAX Centre Master Plan	April 9, 2024
Civic Culture Plan	June 11, 2024
Climate Adaptation Strategy and Action Plan	July 9, 2024
Japanese Garden Master Plan	November 12, 2024
Waste Management Master Plan	November 12, 2024
Lethbridge Police Service Master Plan	December 12, 2024
Parks Master Plan	March XX, 2025

- Communication and Engagement: Public engagement for the 2022-2031 Capital Improvement Program has been completed and was presented to Economic SPC on May 10, 2021.

July 5, 2022: City Council approved funding for the fifth year (2026) of the CIP to align it with the operating budget cycle.

November 13, 2024: Economic & Finance Standing Policy Committee received an update on the Government of Alberta's grant funding program - the Local Government Fiscal Framework (LGFF). The Government of Alberta's transition from the Municipal Sustainability Initiative (MSI) to the LGFF in 2024-25 resulted in an approximate 37% decrease in total dedicated capital funding to municipalities. Projects in the current CIP with funding sources that have been undetermined, will be pushed out to be included in the next CIP (2027-2036). In the future (starting in approximately 2027), the City's capital budget will encounter pressures for capital investment, therefore projects will need to be prioritized.

December 10, 2024: City Council directed Administration to amend City of Lethbridge policies and procedures, as needed, to better protect the corporation and Lethbridge taxpayers in the future from undue financial risk. One of the objectives from the resolution was *"to ensure the City of Lethbridge does not finance, backstop or otherwise guarantee any borrowing by or on behalf of any community organization to funding their projects."*

December 17, 2024: The Asset Management Policy (CC-68) was presented to Governance Standing Policy Committee. The policy establishes clear expectations and roles and responsibilities of the various Asset Management stakeholders across the corporation. The policy applies to all assets whose role in service delivery requires deliberate management by the City and prioritizes maintaining existing assets over purchasing new.

January 21, 2025: The Asset Management Policy (CC-68) was adopted by City Council.

Engagement

Public engagement on the 2027-2036 Capital Improvement Program will start at the beginning of 2026. City Administration will prepare an engagement strategy and a corresponding communications plan. This will allow the City to engage with residents on the current and future needs of large scale infrastructure and investment needs for Lethbridge. As per City Council's public participation policy – [CC-60](#), community engagement will be conducted when gathering input or formulating recommendations with respect to the operating or capital budgets.

Ongoing consultation occurs throughout the planning process of projects and when potential project amendments may have significant impact on the community.

Recommendation and Option(s) Analysis

That Council directs City Administration to:

- Place a high priority on maintaining current capital assets over building new assets when preparing proposed projects for the 2027-2036 Capital Improvement Program.
- Only include within the 2027-2036 CIP, proposed capital projects that have been identified within existing City Master Plans or City Asset Management Plans with exceptions at the discretion of City Council.

- Work with the community to provide information about other grant opportunities e.g. Community Capital Project Grant (CCPG), that are available for community group capital projects.
- Continue to provide Economic & Finance SPC with updates on the 2027-2036 Capital Improvement Program process.

Community/Citizen: City Administration will communicate directly with stakeholders to set the expectations on the limited funds available. Information will be provided to stakeholders that only projects that have been identified within either an existing City Master Plans or City Asset Management Plans will be included in the CIP process. Information will be provided about other grant opportunities e.g. Community Capital Project Grant (CCPG), that are available for community group capital projects.

Risk: The City of Lethbridge continues to face budget pressures for capital investment in the community. The current 2022-2031 CIP (10-year capital plan) includes approximately \$259 million of unfunded capital expenditures. This includes projects such as Electric Buses, Fire Station #3, Transit Terminals, Performing Arts Centre and an Ice Arena Replacement, etc. The reduction in government funding could result in the City of Lethbridge deferring future capital projects. In the future (starting in approximately 2027), the City's capital budget will encounter pressures for capital investment, therefore projects will need to be prioritized.

Implementation and Communication Plan: City Administration will be provided CIP process updates throughout 2025 and 2026. The 2027-2036 CIP budget deliberations will take place in 2026.

Attachment(s)

1. CIP Budget Planning Process Presentation
2. Appendix – Potential Capital Project Summary

Link(s)

1. [June 1, 2021 City Council Meeting](#)
2. [2022-2031 Capital Improvement Program](#)
2. [July 5, 2022 City Council Meeting](#)
3. [November 13, 2024 Economic & Finance SPC Meeting](#)
4. [December 10, 2024 City Council Meeting](#)
5. [December 17, 2024 Governance SPC Meeting](#)
6. [January 21, 2025 City Council Meeting](#)
7. City Council's [Public Participation policy: CC-60](#)

Approvals

Department Director: Darrell Mathews

City Manager: Lloyd Brierley