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Purpose

- 1 This policy establishes the principles and guidelines for preparing Rocky View County's capital budgets, with the goal of ensuring that capital investments are budgeted and monitored in alignment with long-term financial sustainability, Council's Strategic Plan, and providing necessary or desired services to the public.



Policy Statement

- 2 The County will deliver long-term capital planning to provide high-quality and sustainable services to residents and community stakeholders.
- 3 Administration will develop capital budgets and capital plans in accordance with the *Municipal Government Act* for Council's consideration and approval. Administration will develop budgets and capital plans in an accountable, open, and transparent manner, taking into consideration the long-term financial sustainability of the County.
- 4 Long-term financial sustainability constrains the County's financial capacity for capital investments. The County will use a priority ranking metric to manage capital investments within these long-term financial constraints.
- 5 The County will adopt a four-year capital budget and a ten-year capital plan that supports strategic long-term capital planning.



Policy

- 6 Each capital project will be classified as:
 - (1) lifecycle renewal;
 - (2) enhancement projects; or
 - (3) strategic initiatives.
- 7 Based on Council's direction, Administration will determine the total funding available for capital investments. Funding sources and the order in which they are applied are as follows:
 - (1) grants from other levels of government;
 - (2) donations from third-party organizations;
 - (3) reserves;
 - (4) capital levies;
 - (5) special tax;
 - (6) property tax; and
 - (7) debt.
- 8 Funding will first be applied to lifecycle renewal projects and any remaining funding will then be used for enhancement projects.
- 9 Funding for strategic initiatives will follow the business plan supporting the initiative. Depending on the funding sources available, funding within a strategic initiative business plan will be prepared with the funding application order prescribed above.
- 10 Pay-as-you-go funding will be utilized to the extent possible to minimize the use of debt for non-strategic projects
- 11 Lifecycle renewal projects will be developed in accordance with the state of infrastructure from the asset management plan.
- 12 Capital budgets and capital plans will only include capital projects that meet the criteria of a tangible capital asset in accordance with the County's *Tangible Capital Assets* policies and procedures.

- 13 The Capital Committee recommends the capital budget and capital plan to Council after deliberating using a priority ranking metric. The Committee will also recommend project timing and sequencing within each asset category.
- 14 Council approves the capital budget as part of the annual budget process after budget deliberations have concluded.
- 15 The capital budgeting and planning process will accommodate changing priorities between budget cycles through a budget adjustment request.
 - (1) Subsequent amendments to the capital budget through a capital budget adjustment request exceeding the available funding may be referred to the Capital Committee to recommend rebalancing the budget within the available funding.
- 16 A new funding source will be required if Council chooses to proceed with a capital project that exceeds the available funding.

Responsibilities

- 17 Council is responsible for:
 - (1) providing direction regarding the funding parameters for capital investment;
 - (2) considering recommendations from the Capital Committee; and
 - (3) approving the four-year capital budget and adopting a ten-year capital plan.
- 18 The Capital Committee is responsible for:
 - (1) applying a priority metric when recommending projects to be funded in a capital budget;
 - (2) applying a priority-based metric when recommending projects be funded in the capital budget; and
 - (3) recommending to Council any amendments to the capital budget and capital plan, including deferring or removing projects, changes to funding sources, or rebalancing within the funding constraints approved by Council.

19 Administration is responsible for:

- (1) determining available capital funding;
- (2) developing funding strategies for the capital budget to achieve long-term financial sustainability;
- (3) incorporating the state of Infrastructure into the capital budget and capital plan; and
- (4) prioritizing capital projects based on appropriate criteria by asset category.



References

Legal Authorities

- *Municipal Government Act*, RSA 2000, c M-26
- *Municipal Corporate Planning Regulation* AR 192/2017

Related Plans, Bylaws, Policies, etc.

- *Asset Management* C-708
- *Capital Priorities* A-460
- *Tangible Capital Assets* A-216

Related Procedures

- *Tangible Capital Asset* PRO-216

Other

- *Council's Strategic Plan 2023-2027*, as amended or replaced



Policy History

Amendment Date(s) – Amendment Description

- N/A

Review Date(s) – Review Outcome Description

- N/A



Definitions

20 In this policy:

- (1) “Administration” means the operations and staff of Rocky View County under the direction of the Chief Administrative Officer;
- (2) “asset” means a physical entity that does or is expected to provide a future benefit to an organization. The benefit may be tangible, intangible, financial, or non-financial;
- (3) “asset management” means the system of compiling and maintaining all capital asset inventories, their condition-based assessment, and lifecycle management plans to support the maintenance and replacement of assets;
- (4) “Council” means the duly elected Council of Rocky View County;
- (5) “capital budget” means a budget adopted in accordance with sections 245 and 246 of the *Municipal Government Act*, which includes the costs of the planned capital investments and the anticipated sources of funding and financing;
- (6) “Capital Committee” means a committee of Council established to recommend asset category funding allocations and capital projects to be included in the budget;
- (7) “enhancement project” means new capital asset additions, as well as any improvements to existing assets resulting in increased service levels;
- (8) “long-term financial sustainability” means establishing a four-year capital budget and ten-year capital plan with funding and financing commitments that allow:
 - (a) debt levels to be below the legislated and internal debt limits;
 - (b) forecasted reserve balances to be at target levels within the budget time horizon; and
 - (c) for stable tax funding requirements, as approved by Council;
- (9) “lifecycle Renewal” means capital spending to repair, maintain, and replace an asset to its original standard or service level;
- (10) “pay-as-you-go financing” means sustainable capital budgeting using available funding by minimizing the use of debt and saving funds for larger, non-strategic projects;

- (11) “priority ranking metric” means a decision-making system that serves as a framework for prioritizing and evaluating options for capital projects to help make resource allocation decisions. To allocate budget dollars to capital projects that bring the most significant value to the community, with the intent to optimize service delivery and maximize value for tax dollars;
- (12) “Rocky View County” or “the County” means Rocky View County as a municipal corporate and the geographical area within its jurisdictional boundaries, as the context requires;
- (13) “strategic projects” means significant projects with high strategic alignment and/or priority, as determined by Council, and of greater financial significance and complexity;
- (14) “strategic plan” means the County Council’s current strategic plan that sets the framework for priorities in day-to-day business in Rocky View County and;
- (15) “tangible capital assets” means non-financial assets having a physical substance that:
 - (a) are held for use in the production or supply of goods and services, for rent to others, for administrative purposes, or for the development, construction, maintenance, or repair of other Tangible Capital Assets;
 - (b) have useful economic lives extending beyond an accounting period;
 - (c) are to be used on a continuing basis; and
 - (d) are not for sale in the ordinary course of operations.