

## Report FR-CS-24-14

**To:** Chair Pringle and the Members of the Corporate Services Committee  
**From:** Kevin Wepler, Director of Finance  
**Meeting Date:** July 15, 2014  
**Subject:** **Draft Corporate Summary 2015-2019 Five Year Capital Forecast**  
**Status:** Recommendation adopted by Committee as presented per Resolution CS71-14 July 15, 2014; Endorsed by County Council August 5, 2014 per Resolution CC111-14;

### Recommendation(s)

**THAT Report FR-CS-24-14 regarding the Five Year Capital and Extra-Ordinary Expenditures Forecast for 2015-2019 be received;**

**AND THAT the corporate budget package of the Five Year Capital and Extra-Ordinary Expenditures for 2015-2019 be forwarded to the August 5, 2014 session of County Council for consideration;**

**AND FURTHER THAT the First Year of the 2015-2019 Capital Forecast be included in the County's 2015 Budget for consideration by County Council and that it be used for planning purposes for the 2015 Budget;**

**AND FINALLY THAT as per the County's Purchasing Procedures, staff be authorized to procure up to 50% of gross expenditures contained in the first year of the current Five Year Capital and Extra-Ordinary Expenditures Forecast, prior to the annual budget being approved, once Council has authorized these expenditures being procured via resolution.**

### Background

Standing Committees have now reviewed and submitted their Five Year Capital Budgets and these departmental submissions have been incorporated into the overall budget package as presented for the Committee's review.

The proposed capital budget submissions are important as they set out proposed plans for future capital spending and attempt to provide councillors with sufficient information to make an informed decision from competing projects.



The County has had an asset management plan completed that meets all the requirements as outlined within the provincial “Building Together Guide for Municipal Asset Management Plans”. It will serve as a strategic, tactical and financial document, ensuring the management of the municipal infrastructure follows sound asset management practices and principles, while optimizing available resources and establishing desired levels of service.

This Asset Management Plan that was completed on the mandatory asset categories as set out by the Province’s Building Together infrastructure program, includes roads, bridges & culverts and social housing. In assessing the County’s state of the infrastructure, both the current condition of these asset classes and the County’s financial capacity to fund the asset’s average annual requirement for sustainability, were examined and graded.

Based on this assessment, on average the County’s assets are generally in fair condition, however there are substantial accumulated demands on the County in the short term, which has resulted in a significant backlog of needs.

By undertaking this asset management plan, the County has gained an understanding of the level of service being provided today for each of the infrastructure classes contained in the Plan. As well, it has begun the process of providing performance measures that can be tracked from year-to-year in order to assist staff in planning for what rehabilitation treatment may be needed, when they may need to be done and how much financial investment may be required to maintain these assets.

The estimated average annual investment requirement for roads, bridges & culverts, and social housing, as presented in the plan, is \$23,353,000. This annual investment requirement is based on the investment required to replace the asset, but in some cases rehabilitation of the asset may be an option to extend the life of the asset, and therefore could possibly reduce the investment requirement.

Annual revenue currently allocated to these assets for capital purposes is \$9,441,500 leaving an annual deficit of \$13,911,500. These asset categories are currently being funded at 40% of their long-term requirements. Without consideration of any other sources of revenue, full funding would require a combined increase of 27.3% over time.

### *Detail*

Along with the provided link to the consolidated corporate capital summary are summaries by Standing Committee which have been approved and forwarded for consideration as part of the overall Five Year Capital and Extra-Ordinary Expenditures Forecast. The consolidated package represents the corporate capital funding needs for 2015 in the amount of \$14,937,271, which is \$859,171 higher than the Net Capital funding in the 2014 approved budget.

These plans for future capital expenditures may be impacted by recommendations made by the Space Needs Review Task Force and the Transportation Master Plan Steering Committee. As well, the redevelopment of Rockwood Terrace could have an impact on future capital funding if the Province moves forward and makes available capital renewal funding.

The County's forecasted funding needs are summarized in the attached Corporate Capital Summary. This Summary includes both transfers of funds to reserves as well as from reserves. Funding from senior levels of government, or other municipalities, and or other partners, has also been subtracted. The net balance remaining represents the funding required through taxation or the application of any one-time funding to proceed with these projects. Details of each capital project can be viewed electronically by accessing the Five Year Capital link located in the Finance section under Government & Administration tab on the County's website or at [Five Year Capital Forecasts - 2015-2019 Draft Five Year Capital Forecast :: County of Grey - Colour It Your Way](#)

Notable items included in 2015-2019 Corporate Five Year Capital Forecast are the following projects:

#### Corporate Services Committee

- Information Technology - Parcel Fabric Adjustment;
- Property – Administration Building – Installation of Humidifiers in the two upper wings of the Administration Building;
- Clerk & Council Services – Develop a Corporate Communications Plan;
- Clerk & Council Services – Replacement of ORACLE, the County's electronic records management software solution.

#### Planning and Community Development Committee

- Grey Roots – Utilize funding available with debenture being paid off in 2014 to fulfill the funding recommendations of the building condition assessments and to provide funding to reserves for the creation of future structures in the Moreston Heritage Village, such as a general store, railway and railway station;
- Tourism and Economic Development – Allocation of funding for strategic initiatives and alliances for economic development;
- Planning and Development – Develop an Active Transportation Master Plan.

## Social Services Committee

- Housing – A number of capital projects have been included in the forecast to reduce energy consumption. These include replacement of air make-up systems, windows, doors, insulation and cladding;
- Housing – Multi-year project to clad the exterior walls of the 8 storey apartment building in Owen Sound. This project is required to prevent further water penetration and brick deterioration at this building;
- Housing – Generators to be installed in 3 Housing buildings that have water supplied by wells and/or may also have a septic system with pumps;
- Grey Gables – The use of Donation Reserve funding to enhance kitchenettes, update therapeutic furniture and audio visual equipment and support upgrades in high use resident areas such as the Chapel and Café;
- Lee Manor – Replacement of countertops, sinks and faucets in the dining room serveries;
- Lee Manor – Concrete redevelopment in the resident outdoor area. Funding to be used to redevelop this outdoor area to improve the usability of the space and improve access for the residents;
- Grey Gables, Lee Manor and Rockwood Terrace – Installation of Washer Disinfector equipment used for the emptying, flushing and cleaning of medical equipment. Each of the Homes has budgeted for this equipment to be purchased and installed in resident home areas over a 2-3 year period.

## Transportation and Public Safety Committee

- Transportation Services – Roads – Changes have been made to the 2015-2019 forecast based on the condition of the roads, as well to coordinate similar projects to take advantage of economic opportunities;
- Transportation Services – Structures – The 2015-2019 forecast has identified the rehabilitation/replacement of one structure in each year of the forecast.
- Transportation Services – Machinery – Annual contribution to the Equipment Reserve has been reduced by \$295,000 as a result of the elimination of the construction crew and the reduction of plow/spreader trucks;
- Paramedic Services – Request for funding for a new ambulance base on County lands (Chatsworth Maintenance Patrol Yard) to service the Chatsworth, southwest Georgian Bluffs and southeast Meaford areas. This base would be staffed utilizing existing staffing resources currently in place at the Owen Sound station. When operational, the base will provide greatly improved response times to the Chatsworth and surrounding areas which traditionally have been serviced by the Owen Sound and Markdale station.

The purchasing policy and procedures were updated and approved by County Council in 2014. Section 3.03.3 of the Purchasing Procedures provides authorization for staff to use the appropriate procurement methods to procure up to 50% of the gross expenditures contained in the first year of the current Five Year Capital Forecast. This provision has not been utilized in the past couple of years as the County's annual budget has received early adoption by County Council. With 2014 being a municipal election year, and the fact that the annual budget may not be approved until February or March of 2015, this provision may be utilized by staff in order that departments can move forward with capital purchases/projects in order that these items can be completed in 2015.

However, for departments to move forward with these purchases/projects, as per Section 10-01.6 of the Purchasing Procedures, any acquisition of goods or services that is not already approved in the current year's budget, such as items requiring pre-budget approval or post budget amendments, must be reported to Council in order to have the expenditure authorized via resolution. Therefore, prior to the 2015 annual budget being authorized, staff will require Council approval prior to any purchases being let for procurement, up to a maximum of 50% of the gross expenditures contained in the first year (2015) of the 2015-2019 Five Year Capital and Extra-Ordinary Expenditures Forecast.

## Financial / Staffing / Legal / Information Technology

### Considerations

The capital forecasts as submitted by each of the Standing Committees as presented will require \$14,937,271 in taxation for the 2015 budget year or an additional \$859,171 in taxation or a 1.65% levy increase.

To undertake all of the capital forecasts expenditures as presented in this corporate budget package, a budget increase would need to occur or the application of other one time funding sources.

### Link to Strategic Goals / Priorities

The Capital Forecast includes ongoing funding to preserve the assets under the care and control of each of the Standing Committees, which support Goal 1.6 of the Corporate Strategic Plan. The goal identifies the importance of accelerating Council's commitment to lifecycle planning for the long term investment of county owned capital assets.

Communication is a key value to the County's Strategic Plan. This report provides information to Council in regards to the estimated future capital funding requirements and needs.

## Attachments

[Attachment to FR-CS-24-14 Corporate Capital Summary 2015-2019](#)

[Attachment to FR-CS-24-14 Corporate Services Committee Capital Summary 2015-2019](#)

[Attachment to FR-CS-24-14 Planning and Community Development Committee Summary 2015-2019](#)

[Attachment to FR-CS-24-14 Social Services Committee Capital Summary 2015-2019](#)

[Attachment to FR-CS-24-14 Transportation and Public Safety Committee Capital Summary 2015-2019](#)

Respectfully submitted by,

Kevin Wepler  
Director of Finance