

Report FR-CS-14-16

To: Chair Eccles and the Members of the Corporate Services Committee
From: Kevin Wepler, Director of Finance
Meeting Date: May 24, 2016
Subject: **Draft Corporate Summary 2017-2021 Five Year Capital Forecast**
Status: Recommendation adopted by Committee as presented per Resolution CS44-16; Endorsed by County Council June 7, 2016 per Resolution CC70-16;

Recommendation(s)

THAT Report FR-CS-14-16 regarding the Five Year Capital and Extra-Ordinary Expenditures Forecast for 2017-2021 be received;

AND THAT the corporate budget package of the Five Year Capital and Extra-Ordinary Expenditures for 2017-2021 be forwarded to the June session of County Council for consideration;

AND FURTHER THAT the First Year of the 2017-2021 Capital Forecast be included in the County's 2017 Budget for consideration by County Council and that it be used for planning purposes for the 2017 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 Corporate 2017-2021 Five Year Capital Forecast being proposed for consideration requires a 2017 levy commitment of \$14,277,875, which is an increase of \$897,253 to

the approved 2016 capital budget. The following Corporate Capital Summary provides a summary by Committee and Function.

Corporate Capital Summary 2017-2021

Committee/Function	2016 Approved Budget	2017-2021 Five Year Capital & Extra-Ordinary Expenditures					
		2017	2018	2019	2020	2021	Total
Corporate Services Committee							
Clerk & Council Services	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$45,000
Finance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Human Resources	\$30,200	\$30,200	\$30,200	\$30,200	\$30,200	\$30,200	\$151,000
Information Technology	\$54,500	\$53,000	\$53,000	\$53,000	\$53,000	\$54,000	\$266,000
General Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property – Admin. Bldg.	\$669,419	\$78,740	\$81,890	\$85,166	\$88,572	\$92,116	\$426,484
Property – Admin. Bldg. – Debenture Payments	\$0	\$816,204	\$816,204	\$816,204	\$816,204	\$816,204	\$816,204
Sub Total	\$763,119	\$987,144	\$990,294	\$993,570	\$996,976	\$1,001,520	\$4,969,504
Planning and Community Development Committee							
Tourism & Economic Development	\$32,500	\$47,500	\$47,500	\$47,500	\$47,500	\$47,500	\$237,500
Trails	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
Heritage	\$310,700	\$310,900	\$317,300	\$323,700	\$330,300	\$337,000	\$1,619,200
Planning & Development	\$19,300	\$15,900	\$15,900	\$15,900	\$15,900	\$15,900	\$79,500
Sub Total	\$412,500	\$424,300	\$430,700	\$437,100	\$443,700	\$450,400	\$2,186,200
Social Services Committee							
Social Services	\$43,600	\$43,600	\$43,600	\$43,600	\$43,600	\$43,600	\$218,000
Housing	\$1,253,598	\$1,316,278	\$1,382,092	\$1,451,196	\$1,523,756	\$1,599,944	\$7,273,266
Grey Gables	\$182,450	\$195,234	\$208,658	\$222,753	\$237,552	\$253,091	\$1,117,288
Grey Gables – Debenture Payments	\$73,234	\$73,234	\$73,234	\$73,234	\$73,234	\$73,234	\$366,170
Rockwood Terrace	\$987,680	\$1,671,699	\$1,681,019	\$1,690,620	\$339,498	\$349,683	\$5,732,519
Rockwood Terrace – Debenture Payments					\$611,946	\$611,946	\$1,129,396
Lee Manor	\$206,321	\$212,727	\$219,109	\$225,682	\$232,452	\$239,426	
Lee Manor – Debenture Payments	\$614,320						\$0
Sub Total	\$3,361,413	\$3,512,772	\$3,607,712	\$3,707,085	\$3,062,038	\$3,170,924	\$17,060,531
Transportation and Public Safety Committee							
Construction, Resurfacing and Minor Capital	\$7,292,152	\$7,778,705	\$8,262,025	\$8,738,338	\$9,201,894	\$9,664,698	\$43,645,660
Machinery	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$675,000	\$3,375,000
Housing	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,500,000
Paramedic Services	\$518,650	\$552,541	\$570,567	\$589,074	\$608,076	\$627,588	\$2,947,846
Paramedic Services – Debenture Payments	\$57,788	\$47,411	\$47,411	\$47,411	\$47,411	\$41,411	\$237,055
Sub Total	\$8,843,590	\$9,353,657	\$9,855,003	\$10,349,823	\$10,832,381	\$11,314,697	\$51,705,561
Net Levy Requirements	\$13,380,622	\$14,277,875	\$14,883,710	\$15,487,579	\$15,335,095	\$15,937,542	\$75,921,796

		2017-2021 Five Year Capital & Extra-Ordinary Expenditures				
Corporate Annual Increase / (Decrease) 1% Increase = \$528,996		1.70%	1.15%	1.14%	(0.29%)	1.14%

The County's Asset Management Plan 2013, was completed on the mandatory asset categories as set out by the Province's Building Together Infrastructure Program, which included roads, bridges & culverts and social housing. The Asset Management Plan examined and graded 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.

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.

According to the Assessment Management Plan 2013, these asset categories were 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.

The Association of Municipalities of Ontario (AMO) is the Provincial partner with the Federal Government for the distribution of Federal Gas Tax funds to municipalities in the Province of Ontario. As part of the current funding agreement, recipients of Federal Gas Tax funds are required to have in place asset management plans which encompass all assets for eligible project categories by December 31, 2016.

In an effort to meet the expectations of the Province, AMO and the Federal Government, and to support future grant applications for infrastructure replacement, rehabilitation or renewal, the County is currently working with its asset management consultant to develop a comprehensive asset management plan for all asset categories and update those asset categories that were completed in 2013.

Detail

Along with the consolidated corporate capital summary are attached 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 2017 in the amount of \$14,277,875, which is \$897,253 higher than the Net Capital funding in the 2016 approved budget.

These plans for future capital expenditures may be impacted by any future decisions made in regards to the proposed Administration Building addition and renovation

project. As well, any future Council decisions on the redevelopment of Rockwood Terrace will have an impact on future capital funding requirements.

For the purpose of this Five Year Capital Forecast, the redevelopment of Rockwood Terrace has been presented to occur in the year 2020. The redevelopment cost of \$23,000,000 was determined using the consultant's (Sienna Senior Living Inc. & Amico) most recent construction estimate of \$230,000 per bed. This cost estimate is based on the scenario of redeveloping Rockwood Terrace's 100 beds on the same or a new site. Several redevelopment options have been presented to Council, but at this time no decisions on the redevelopment of Rockwood Terrace have been made.

The County's forecasted funding needs that have been summarized in the above table and as well attached, 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 [Five Year Capital Forecasts - 2017-2021 Draft Five Year Capital Forecast :: County of Grey - Colour It Your Way](#)

Notable items in 2017-2021 Corporate Five Year Capital Forecast are the following projects:

Corporate Services Committee

- Information Technology – Network Storage Equipment, Building Security System and Council Chambers Audio-Video;
- Property – Administration Building – Replacement of Barrel Windows;

Planning and Community Development Committee

- Planning – A total of five projects have been identified which include; future Development Charges Update, Archaeological Master Plan, Housing Study Data Update, Multi-Function Plotter/Scanner replacement, and Growth Management Study Update. Previous five year capital plans included a future update to the Natural Heritage Systems Study and a future update to the Transportation Master Plan. It has been recommended that these be removed from the 2017-2021 Five Year Capital Plan until the Natural Heritage Systems Study has been completed and until the current Transportation Master Plan has been implemented;
- Trails – The proposed 2017-2021 Five Year Capital Plan recommends that Culvert 23 be replaced in 2017, Bridge 63 in 2018, Culvert 75 in 2019, Culvert 56

in 2020 and Culvert 36 in 2021 based on the needs identified in the current culvert and bridge assessment.

- Grey Roots – A significant portion of the Capital Plan is aimed at ensuring that capital assets are maintained. Annual transfers to reserves are included for both the main building and the heritage buildings;
- Tourism and Economic Development – Updating Economic Development Strategy, Information Communication and Technologies implementation, Updating the Tourism Destination Action Plan and Refreshing the Tourism Website.

Social Services Committee

- Housing – Window replacements, Asphalt parking lot replacements, Roof replacement, and other various lifecycle capital replacements such as water pipe replacement, bathroom rebuilds, lighting, flooring, etc.;
- Grey Gables – Boiler Replacement, Security Camera Installations and Furniture and Equipment Replacement;
- Lee Manor – Kitchen renovations and replacement of major equipment;
- Rockwood Terrace – Radiator Valve Replacement, Home Enhancements and Ration Cook Centre.

Transportation and Public Safety Committee

- Transportation Services – Roads – Grey Road 3 and Grey Road 16 Intersection Improvements;
- Transportation Services – Roads – Grey Road 10 Hanover – 12th to 16th Street – Road improvements in conjunction with Town of Hanover water, sanitary and sidewalk replacement;
- Transportation Services – Grey Road 119 – Hot mix overlay of surface treated road;
- Transportation Services – Grey Road 4 – Lambton Street to Chester Street – Road improvements in conjunction with West Grey's underground service work;
- Transportation Services – Grey Road 15 – 18th Street to Water Treatment Plant – Road improvements in conjunction with City of Owen Sound's water treatment plant construction and underground works;
- Transportation Services – Grey Road 40 – 700m west of Veterans Way north to Grey Road 12 – job extended as entire section would benefit from a consistency of design and economies of scale;
- Transportation Services – Grey Road 17B – Highway 21 to Grey Road 17 – Pulverize and pave due to deteriorating road conditions;
- Transportation Services – Grey Road 30 – Lower Valley Road to Grey Road 13 – Storm water issues have occurred and surface treatment is deteriorating;

- Transportation Services – Grey Road 5 – 1st Street West – 1st Street East (Harrison Part Entrance) and 7th St. SW to 1st Street SW – Project(s) have been delayed. Coordination with Owen Sound indicated that the City has other projects of higher priority and that these projects should be deferred. Coordination with Owen Sound, Georgian Bluffs and the County is required to for the future undertaking of these projects;
- Transportation Services – Grey Road 9 – Grey Road 23 to Southgate Sideroad 13 – Project delayed from 2018 to 2020 – patch repair completed in 2015 to extend life of this asset for a few years;
- Transportation Services – Grey Road 17 – Project removed from program as per consultant’s report that this road section is structurally adequate and does not require additional asphalt;
- Transportation Services – Grey Road 113 – Beaver Street – 10th Line – Section being repaired as part of the minor capital program in 2017;
- Transportation Services – Grey Road 170 – East of Con 2 NCD to Highway 6 – Overlay project removed from program as road is still in good condition with low traffic volumes;
- Transportation Services – Grey Road 3 – Grey Road 25 – Sideroad 8 – Project removed as other road projects have much higher maintenance costs and should take precedence with the Five Year Capital program;
- Transportation Services – Structures – 2017-2021 Forecast includes addressing 8 structures. In 2017 three structures will be replaced and two removed;
- Transportation Services – Housing – Department considering options for Patrol D Patrol Yard – In 2016 a structural engineer will be hired to assess condition of Dundalk maintenance building. Results of this assessment will then assist in discussions as to how to proceed with Patrol D Patrol Yard;
- Transportation Services – Machinery – Annual contribution to the Equipment Reserve of \$675,000 is adequate to maintain future machinery replacements;
- Transportation Services – Machinery - Staff request for a passenger van to replace current vehicle. Van would provide a closed-in vehicle with the capacity to carry equipment and multiple passengers when doing site meetings and road assessments;
- Transportation Services – Machinery – Purchase of two new tandem trucks, while disposing three older tri-axle trucks;
- Transportation Services – Machinery – Staff has determined that two graders will be sufficient and are recommending the disposing of two graders and the purchasing of one new grader in 2017;
- 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 is not utilized that frequently when the County's annual budget receives early adoption by County Council. With 2017 not being a municipal election year, and the fact that the annual budget may be approved in November of 2016, this provision may not be required by staff as it would if 2017 were to be an election year.

However, if staff have a project that needs to move forward in advance of the annual budget being approved, 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 2017 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 (2017) of the 2017-2020 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 \$14,277,875 in taxation for the 2017 budget year or an additional \$897,253 in taxation or a 1.70% 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-14-16 Corporate Capital Summary 2017-2021

Attachment to FR-CS-14-16 Corporate Services Committee Capital Summary 2017-2021

Attachment to FR-CS-14-16 Planning and Community Development Committee Capital Summary 2017-2021

Attachment to FR-CS-14-16 Social Services Committee Capital Summary 2017-2021

Attachment to FR-CS-14-16 Transportation and Public Safety Committee Capital Summary 2017-2021

Attachment to FR-CS-14-16 2017-2021 Five Year Capital Construction and Resurfacing Map

Respectfully submitted by,

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Director of Finance