



Committee Report

Report FR-CS-13-16

To: Chair Eccles and Members of the Corporate Services Committee
From: Kevin Wepler, Director of Finance
Meeting Date: April 12, 2016
Subject: **Corporate Services 2017-2021 Draft Five Year Capital Forecast**
Status: Recommendation adopted by Committee as presented per Resolution CS34-16; Endorsed by County Council May 3, 2016 per Resolution CC57-16;

Recommendation(s)

THAT Report FR-CS-13-16 regarding the Corporate Services 2017-2021 Draft Five Year Capital Forecast be received as presented and forwarded for inclusion in the corporate Five Year Capital & Extra-Ordinary Expenditures Forecast for consideration by County Council.

Background

Attached is a summary of the Five Year Capital & Extra-Ordinary Expenditures for 2017-2021 along with detailed capital project forms for each of the proposed projects for the Corporate Services' operations for the Committee's discussion and direction.

The 2017-2021 Five Year Capital Forecast being presented to the Committee requires a 2017 levy commitment of \$987,144, which is an increase of \$224,025 to the approved 2016 capital budget.

Corporate Services Committee 2017-2021 Summary

Committee/Function	2016 Approved Budget	2017-2021 Five Year Capital & Extra-Ordinary Expenditures					
		2017	2018	2019	2020	2021	Total
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

		2017-2021 Five Year Capital & Extra-Ordinary Expenditures					
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
Net Levy Requirements	\$763,119	\$987,144	\$990,294	\$993,570	\$996,976	\$1,001,520	\$4,969,504

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

Included in this increase of \$224,025 is an additional \$215,997 in funding to meet the estimated 2017 debenture payment for the proposed addition and renovation to the existing County Administration Building.

Based on the estimated total build cost less the funding that has been placed into reserves, an estimated debenture for approximately \$9.8 million would be required. The annual debt payment to fund this debenture over a loan term of 15 years at an annual interest rate of 2.88% has been calculated to equal \$816,204.

In order to phase in the funding required to meet this estimated annual debenture payment, reserve transfers were approved in the 2014, 2015 and 2016 budgets. The approved 2016 budget includes a transfer to reserve in the amount of \$600,207, therefore requiring an additional \$215,997 in funding in 2017 to meet the estimated annual debenture payment of \$816,204.

To illustrate the estimated annual budgetary increases that have occurred and/or will be required to meet this loan, if this build was approved to proceed, the table below has been provided.

Estimated Budgetary Increases to Fund 2017 Debenture Payment

Description	2014	2015	2016	2017
Transfer to Reserve	\$125,000	\$250,000	\$425,000	
Transfer to Reserve (Reallocation of a portion of Grey Roots Debenture Funding – matured in 2014) No budget increase required		\$175,207	\$175,207	
Sub-Total – Cumulative Budgeted Reserve Contribution to Fund 2017 Debenture Payment	\$125,000	\$425,207	\$600,207	
Annual Debenture Payment – Estimated annual payment to fund the borrowing of a principal amount of approximately \$9.8M over 15 years.				\$816,204
Estimated Annual Budgetary Increase	\$125,000	\$125,000	\$175,000	\$215,997

The preliminary estimate is a total construction cost of \$11,990,700.

This building project has now been updated in the 2017-2021 Five Year Capital & Extra-Ordinary Expenditures forecast estimating a total build cost of \$13,348,001, which includes Architect's Services fees and Client fees (surveyor, environmental, geotechnical and permit fees).

There will always be a tendency when reviewing the forecast summary sheets to zero in on the first year of the forecast. Committee members are encouraged to review subsequent years that have been forecasted, as new projects have been added to the program. New to the Corporate Services 2017-2021 forecast are the following projects:

- Network Storage Equipment, included in the Information Technology forecast at an estimated cost of \$100,000 in 2017.
- Building Security System, included in the Information Technology forecast at an estimated cost of \$10,000 in 2017 and \$15,000 in 2018.
- Council Chambers Audio-Video, included in the Information Technology forecast at an estimated cost of \$90,000 in 2018.
- Barrel Windows for the Council Chambers, included in the Property – Administration Building forecast at an estimated cost of \$24,000.

Details on these new projects are contained in the detailed capital project forms included in the attachment to this report.

This review is important in order that projects do not move forward which are not seen as a priority by the Committee. As well, this review provides Committee members with an opportunity to recommend projects that are deemed important that have not been put forward by staff in the forecast.

Financial / Staffing / Legal / Information Technology

Considerations

The capital forecasts as presented for the budgets under the direction and control of the Corporate Services Committee, total a 2017 net levy amount equaling \$987,144, requiring a net levy increase of \$224,025 or a 29.36% increase over the 2016 approved capital budget. This \$224,025 increase would reflect a 0.42% increase to the corporate net levy requirement for 2016.

\$215,997 of the \$224,025 increase for 2017 is related to the Administration/POA Building expansion and renovation project. This \$215,997 increase is the additional funding required for the debenture payment to fund this estimated \$13.2 million dollar expansion and renovation project proposed in the 2016 budget.

This plan for future capital expenditures could be impacted based on recommendations brought forward from the Building Task Force.

Link to Strategic Goals / Priorities

The Capital Forecast includes ongoing capital funding to preserve the portfolio of buildings under the care and control of the Corporate Services Committee, 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. The report provides information to Council in regards to the estimated future capital funding requirements and needs.

Attachments

Attachment to FR-CS-13-16 Corporate Services 2017-2021 Draft Five Year Capital Forecast

Respectfully submitted by,

Kevin Wepler
Director of Finance