

Report FR-CS-21-15

To: Chair Pringle and the Members of the Corporate Services Committee
From: Kevin Wepler, Director of Finance
Meeting Date: July 14, 2015
Subject: **Draft Corporate Summary 2016-2020 Five Year Capital Forecast**
Status: Recommendation adopted by Committee as presented per Resolution CS81-15; Endorsed by County Council August 4, 2015 per Resolution CC115-15;

Recommendation(s)

THAT Report FR-CS-21-15 regarding the Five Year Capital and Extra-Ordinary Expenditures Forecast for 2016-2020 be received;

AND THAT the corporate budget package of the Five Year Capital and Extra-Ordinary Expenditures for 2016-2020 be forwarded to County Council for consideration;

AND FURTHER THAT the First Year of the 2016-2020 Capital Forecast be included in the County's 2016 Budget for consideration by County Council and that it be used for planning purposes for the 2016 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.

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 2016 in the amount of \$12,883,240, which is \$955,128 higher than the Net Capital funding in the 2015 approved budget.

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 [2016-2020 Five Year Capital](#)

Notable items included in 2016-2020 Corporate Five Year Capital Forecast are the following projects:

Corporate Services Committee

- General Administration – Update of Corporate Strategic Plan.
- General Administration – Building Condition Assessments and Reserve Fund Studies Update.
- Human Resources – Job Hazard Analysis & Physical Demands Analysis.
- Human Resources – Job Description and Policy Review.
- Property – Administration Building – Transfer to Reserve for funding to accommodate a future debenture payment for Administration building expansion and renovation project.

Planning and Community Development Committee

- Grey Roots – Removal of budgeting for a specific heritage building during the course of the next five years. Forecast provides annual allocations to a heritage building reserve until staff bring forward a report to Committee with recommendations on the types of buildings required, layout in the village and relative importance for construction.
- Grey Roots – Update to the business and marketing plan.
- Tourism and Economic Development – Update of Tourism Website.

Social Services Committee

- Housing – Capital projects over the next few years will focus on energy efficiencies and savings. 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 – Revitalization plan to assess the 172 units of family housing and provide recommendations as to cost effective way of managing and replacing units and still meet service delivery standards as set by Province.
- Housing – Water system upgrade at the building in Holstein to meet legislative requirements.
- Grey Gables – Upgrades to meet fire code requirements in the tenant spaces and mechanical rooms.
- Grey Gables – Installation of a separate boiler and storage tank.

- Grey Gables – Consultant to inspect and make recommendations on the future replacement of the water pipes in the building.
- Grey Gables – Conversion of a nursing station to a Communication Hub to provide improved security for resident records and privacy for clinical conversations.
- Lee Manor – Hairdressing Salon which will include plumbing and ventilation upgrades, a hydraulic sink and adjustable tilting chair.
- Lee Manor – Consultant to review kitchen in order to maximize efficiency within the space and to assist with planning for the replacement of major equipment.
- Rockwood Terrace – Nurse Call Upgrades to add an IP Connect Server that will route nurse calls from the call bell system to the iPhones. Upgrade will improve efficiency and eliminate the need to purchase and maintain pagers.
- Rockwood Terrace – Shower chairs with tilt feature. Chairs will provide improved comfort for the resident and safety for both the resident and staff.
- Rockwood Terrace – Renovation Project included in the forecast at an estimated project cost of \$11,500,000. Project would be contingent upon the Ministry's capital renewal program. A number of capital projects at Rockwood Terrace have been deferred for a few years in anticipation of a redevelopment program. As time progresses, the priority to proceed increases and the Home is nearing a point where deferral of these projects will not be permitted to ensure a safe, comfortable environment for residents and staff and to mitigate compliance risks for the Ministry of Health and Long Term Care.

Transportation and Public Safety Committee

- Transportation Services – Roads – Over the last three years, Transportation Services staff has technically assessed all the Grey County Roads. The road assessment consists of inspecting the road, and identifying and rating the structural and smoothness condition of the road. With this information, a pavement condition rating is established that assists staff in determining the most economical treatment. This is the basis of the five year capital plan.
- In 2016 the following three projects have been advanced:
 - Grey Road 119 from Grey Road 2 to 4th Line. This project was advanced from 2019 as the condition of the surface treatment significantly deteriorated during the 2014/2015 winter season.
 - Grey Road 40 from Grey Road 10 to Grey Road 3. This project was not in the five year plan; however, the surface treatment significantly deteriorated during the 2014/2015 winter season.
 - Grey Road 17 from Grey Road 17B to Girl Guide Road. This road was reconstructed in 2013; however, with the anticipated haulage as a result of the expansion of the Keppel Quarry expansion, additional structural strength is required.

- Transportation Services – Structures – In 2013 Transportation Services initiated the work of reviewing and prioritizing structure replacement. As a result, the 2016-2020 five year forecast includes the replacement of seven structures. The structures were selected based on condition and the coordination of adjacent road work.
- Transportation Services – Housing and Depots – The Dundalk patrol yard includes a patrol building, sand dome and storage shed. The patrol building consists of an original structure constructed in the 1950's and two additions built in the 1970's and 1990's. The portions of the building constructed in the 1950's and 1970's will require a significant amount of work over the next several years. In addition, the sand dome will need to be re-shingled and structural repairs are required in 2016 at a cost of approximately \$60,000. This dome was built in 1982 and should be replaced in ten years, or the next time the dome is required to be shingled. A new sand storage building would cost approximately \$250,000. There is not a salt shed at the yard and it was the department's intent to construct a salt structure in 2015 for \$30,000. The Transportation Services Department recommends constructing a combined sand and salt storage building in 2016 that would also provide unheated storage for enough equipment so that the 1950 and 1970 portion of the patrol building could be redundant. The cost for this building would be approximately \$300,000.
- Machinery – The five year equipment replacement will remain consistent with the 2015-2019 forecast with the following exception. In 2016 it was planned to replace a loader backhoe for approximately \$135,000. After reviewing the operations of a loader backhoe and a pay loader, it was determined that the pay loader was more efficient, could be utilized for additional work, was cheaper to operate and has a greater resale value. As a result, it is more economical for the County to purchase a pay loader for \$225,000 than purchasing a backhoe. Therefore, it is recommended to purchase a pay loader instead of a loader backhoe in 2016.
- Paramedic Services – Included in the 2016-2020 forecast is the request for funding to build 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 was utilized in the 2015 as the County's annual budget was not adopted by County Council until February 2015 due to 2014 being a municipal election year.

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 2016 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 (2016) of the 2016-2020 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 \$12,883,240 in taxation for the 2016 budget year or an additional \$955,128 in taxation or a 1.86% 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-21-15 Corporate Capital Summary 2016-2020](#)

[Attachment to FR-CS-21-15 Corporate Services Committee Capital Summary 2016-2020](#)

[Attachment to FR-CS-21-15 Planning and Community Development Committee Capital Summary 2016-2020](#)

[Attachment to FR-CS-21-15 Social Services Committee Summary 2016-2020](#)

[Attachment to FR-CS-21-15 Transportation and Public Safety Committee Summary
2016-2020](#)

Respectfully submitted by,

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