

2019 Capital Budget CAO Report

Presented at Special Council Meeting

May 15, 2019

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2019 CAPITAL BUDGET

Proposed Timelines

Review 2019 Capital Budget – Draft
May 15, 2019

Council Approval - Motion
May 21 or June 4, 2019

**2019 Operating Budget -
Draft June 6, 2019**

Council Approve Budget
June 25, 2019

Review Expenditures

Establish Tax Rates

Prepare for Budget Impacts
from Provincial Changes

2019 Capital

Project Evaluation Criteria

All proposed capital projects fall into one or more of the following categories:

1. **Mandatory**: Must be completed due to regulatory requirements.
2. **Minimizes Significant Risk**: Identified as critical health/safety issue and project would prevent or reduce potential harm/liability. Includes mitigating critical asset failures, future asset replacement costs or revenue losses.
3. **Maintains Core Assets**: Existing asset refurbishment or replacement to maintain the services taxpayers pay for and expect. Asset degradation erodes service levels and user satisfaction.
4. **Necessary Municipal Priority**: Discretionary projects which aim to increase or enhance service levels to taxpayers. Improve operational efficiencies to reduce future costs. Identified Council priority.
5. **Accesses Available Funding**: Maximizes funding opportunities and other revenue opportunities and partnerships.

GOAL: MAINTAIN ASSETS, MINIMIZE COSTS, INCREASE FUNDING

2019 Capital Budget

Some Considerations

2019 Capital

- Focus on High Priority Projects – carry overs, funding received, previously committed, mandatory
- Federal Gas Tax Funding – In 2019, one-time top-up of **\$176,254** received plus \$189,513 grant. **\$242,700** must be spent in 2019.
- One-time MMAH Special Grant - **\$478,600** for operational efficiencies
- Annual Debt Payments = **\$415,887.12** (54% interest)

2020 Capital

- Connecting Link – Mission Rd. **\$363,000** Municipal Share
- Rural Infrastructure - School Area **\$300,430** Municipal Share
- Community Centre Upgrades – \$3 million = **\$300,000** Municipal
- AODA Municipal Building
- Other – Cemetery, Fire Hall, ...
- **\$1.61 Loan** Debenture Payment Due – Refinancing required

In 2020, three-year capital budget to be prepared aligned with Council Priorities & Asset Management Plan.

2019 Capital Projects

See Report Appendix A – Three Categories

2019 Capital Budget – Committed (\$3,270,086)

Includes 2018 projects carried over or previously committed by Council

- Toronto Ave. Reconstruction
- Wawa Lake Waterfront
- Pinewood Drive
- CST Plow Truck, LNG Study
- SCBA Fire Department
- Landfill Expansion
- Scenic High Falls Park
- MMCC Chair lift, sprinkler, tanks
- Water Treatment - THM Study
- Lower Government Road

**\$1,002,995
Municipal**

2019-2022 Capital Budget – Recommended (\$~9,500,000)

Includes capital projects requiring funding approval to proceed

- Hwy 101 & Mission Road – Connecting Link Program
- School Safety Zone – Churchill, Boyer, Arnott – Rural Infrastructure
- Community Centre Upgrades – Provincial Infrastructure Program (June)
- Mission Playground Replacement – Trillium Foundation

**~\$1,000,000
Municipal**

2019 Capital – Recommended

See Appendix C For Project Outlines

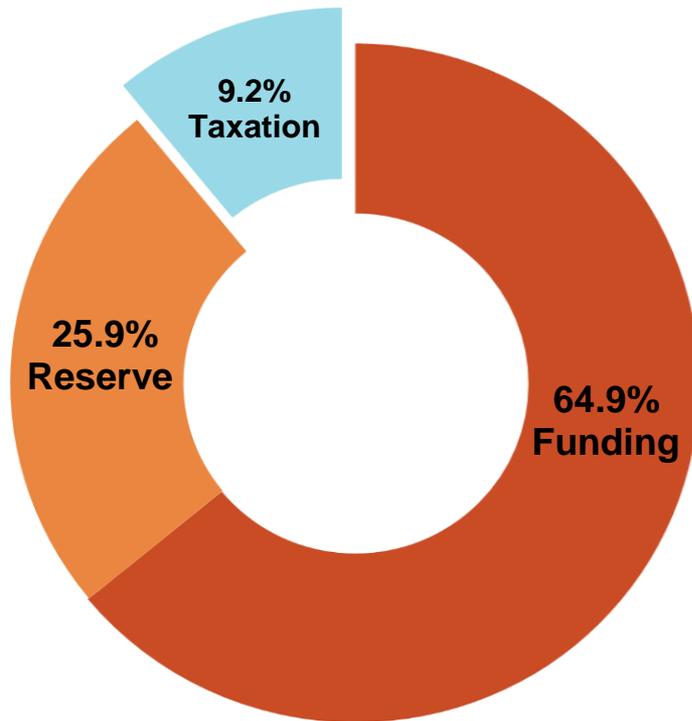
2019 Capital Budget – Staff Recommended (\$1,365,000)

Taxation 14.3% (\$194,785), Reserves 31.5% (\$430,000) & Grants 54.2% (740,215)

• Broadway/Mission Furniture	\$ 60,000	
• Accounting Software	\$ 130,000	
• Manhole Base Slabs	\$ 25,000	
• Public Works Building Repairs	\$ 40,000	
• Public Works Fuel System	\$ 60,000	<i>(currently under review)</i>
• Sewage Lagoon Outflow Grate	\$ 30,000	
• Pavement Crack Strip/Sealing	\$ 150,000	
• Install Water Line Curb Stops	\$ 100,000	
• Put in Airport Plug Outlet	\$ 30,000	
• Airport Fuel System Upgrade	\$ 60,000	
• Town Hall – New Roof	\$ 200,000	
• Water Treatment Inspection	\$ 25,000	
• IT Server Network Upgrades	\$ 55,000	
• Fire Dep't New Tanker	\$ 400,000	<i>(currently under review)</i>

\$624,786
Municipal

TOTAL 2019 CAPITAL Costs and Revenues



CAPITAL BUDGET*

- **Total Cost \$4,635,086**
- **Funded by Taxation \$427,111**
- **From Reserves \$1,200,669**
- **From Funding \$3,007,306**
 - ✓ **Federal - \$1,152,577**
 - ✓ **Provincial - \$1,748,620**
 - ✓ **Other Funding - \$106,109**

**Excludes 2019-2020 Recommended Capital Subject to Funding*

TOTAL 2019-22 CAPITAL Costs and Revenues

CAPITAL BUDGET - Subject to Funding Only

Total Cost \$10,901,630 ➔ Municipal Share \$963,576 (8.8%)

Financing Required in Future Years

2021 & 2022 - \$294,008

2020 - \$640,533

2019 - \$29,035

Various Financing Options

Four Projects

Connecting Link – Mission/Hwy 101

School Safety Zone

Community Centre Upgrades

Mission Playground

RESERVE FUNDS

See Report Attachment - Appendix B

2018 Reserve Funds (unaudited)

- 2018 Fund Balance = **\$6.92 million**
- General Reserve Funds (unrestricted) = **\$4.28 million**
- Adjustment to be made adding **\$532,383.00** to 2018 General Reserve Funds Due to Repayment of Outstanding Debt (*awaiting Audit confirmation*)

2019 Estimated Reserve Funds

- **\$1,200,670** to proposed 2019 capital projects (*not including subject to funding*).
- **+\$342,508** from Federal Gas Tax Reserve Fund received in 2019.
- 2019 Reserve Additions = **\$1,194,367**
- Overall Decrease in Reserve Funds **~\$348,810**
- All Reserve Funds to be reviewed by Treasury Department in 2019.

Future Strategic Capital Planning

Future strategic capital planning to provide more detail on overall financial situation and new policies to improve the budget process and Municipality's financial health, including increased opportunity for public input:

- Targeted debt level of 7% of Own Source Revenues (best practices),
- Introduce a budgeted Capital Levy to mitigate required infrastructure funding gaps,
- Further development of the Asset Management Plan, including financing options
- Evaluation of existing reserve funds & reallocation of funding, and
- New financial policies (e.g. 3-year capital budget planning).

2019 Capital Budget

STAFF RECOMMENDATION

REVIEW STAFF RECOMMENDATIONS FOR 2019 CAPITAL BUDGET

Read the Appendices including Project Descriptions

- Ask questions or for additional information
- Review Options including Revising Project List and Revenue Sources
- Discuss at May 21st Council Policy Meeting

ADOPT 2019 CAPITAL BUDGET Options - May 21 or June 4

- Motion adopting pending Operating Budget Approval