

REQUEST FOR DECISION

Subject: Capital Budget Amendments



Presented to: Council

Date: May 11, 2009

Submitted by: Kelly Gibson, Senior Accountant

Agenda #: 8.2

RECOMMENDATION

That Council move to amend the 2009 Capital Budget (Schedule A) as attached.

BACKGROUND

Reason for Report

In the 2009 provincial budget significant changes were made to the funding to municipal governments by reducing the amount of Municipal Sustainability Initiative (MSI) grant funds available in 2009. After the budget was passed the Town received notification of changes to the grant that limited future commitments of MSI to 75% of available funding. Based on this it would not be prudent to keep these funds in the capital plan and because of the magnitude of the implications of the grant. Administration has provided revisions that will mitigate the impact of the changes of MSI along with revised reserve projections (Schedule B).

Summary of Issue

In 2009 the Town anticipated receiving \$1,851,000 and actually received \$1,060,000 leaving a shortfall of just under \$800,000. If we were to receive only 75% of 2010 -2016 grant funding that would remove approximately \$1,173,000/year or \$8,211,000 during the term of the grant ending 2016. Offsetting the impact of the grant reduction in 2009 is a 1.2 million dollar grant that administration is confident the Town will be receiving for the Multi-plex Recreation Facility.

The amendments proposed by administration to offset future MSI funding reductions are based on information from the asset management project, conditional studies, and review with the engineering and operations department.

Amendments from the approved 2009 Capital Budget are as follows:

W-02-07 Well System Upgrades – reduced by \$1,100,000, administration to postpone the development of the new water supply well #6 and use \$100,000 of the approved 2009 capital budget towards the existing water supply wells to purchase replacement parts for emergency preparedness (stand-by equipment) and preventative maintenance, with the remaining approved budget returned to the water reserves. Council approved this amendment at the March 9th Council Meeting.

RC-34-07 Multiplex Recreation Facility – budget shifted to reflect current work schedule, no change in overall budget

PW-05-07 Spray Avenue Reconstruction – total project delayed two years now projected to be done in 2013-2014. This project was to increase the size of the water mains and improve road surface quality. Based on current consumption levels the water main portion can now be delayed

and surface can be patched as the roadway is not as high of a priority as other road projects. The water (W-13-09) and the sewer (S-28-07) portion of this project would also move to 2013-2014.

PW-20-07(partial)/W-28-06/S-36-11 St. Julien Road Reconstruction - \$5,870,000 moved to 2023-2024. This project originated to better accommodate pedestrian traffic and this portion of the project will go forward as planned in 2013-2014. In the approved budget this project included sidewalk, roadway replacement, storm sewer, water and sewer utility upgrades. The water and sewer utility upgrades have now been identified as components that can be deferred to a future date. The remaining scope of the project for St Julien in 2013-2014 is the installation of a a pedestrian sidewalk on the west side of the road, an improved storm system and replacement of the road surface. The estimated capital budget required to do this work is \$120,000 for design in 2013 and \$1,000,000 for construction in 2014. When the water and sewer utilities are upgraded in the future, the sidewalk and storm system will not be affected.

S-24-96 \$4,340,000-Moved this project from 2015 to 2025. This project has been deferred in light of the recent review of water consumption levels as we are not using the water consumption as projected in the Water master plan. As a result of decreasing water consumption, the sewer lines will also see a decrease in flows thus the main sewer line to the WWTP will have less demand on it. This line is in good physical condition with sufficient capacity for current and near future flows.

PW-11-09 Fleet Management (Schedule C)– Operations has identified a certain vehicles that that give the fleet services department significant exposures to repairs that would leave the department in a deficit position. The replacement of these vehicles has been accelerated while other less urgent replacements have been delayed. The grader replacement has been moved up to 2009 because of escalating repair costs while the ice resurfacer and a flat deck truck have been reprioritized to 2010 to better accommodate the grader purchase.

Response Options

1. Approve the 2009 Capital Budget as amended
2. Direct Administration to amend other projects within the Capital Budget

IMPLICATIONS OF DECISION

Budget

The revised 2009 Capital budget leaves reserve balances in a similar position to the previously passed budget. Significant deficits occur over the next three years but the reserve balance at the end of five years is in a strong positive balance.

ATTACHMENTS

Schedule A – 2009 Capital Budget

Schedule B – 2009-2021 Reserve Projections

Schedule C – Revised Fleet Replacement Schedule

Submitted By: _____

Reviewed By: _____
Robert Earl, Town Manager