



REPORT

REPORT TO: Chair and Members of the Budget Committee

REPORT FROM: Duncan Robertson, CPA, CMA
Budgets and Financial Reporting Supervisor

Moya Jane Leighton, CPA, CGA, MBA
Treasurer and Manager of Accounting

DATE: December 7, 2018

REPORT NO.: CORPSERV-2019-0001

RE: 2019 Capital Budget and 2020-2028 Capital Budget Forecast

RECOMMENDATION:

THAT Report No. CORPSERV-2019-0001 dated December 7, 2018 regarding the 2019 Capital Budget and 2020-2028 Capital Budget Forecast be received;

AND FURTHER THAT the 2019 Capital Budget in the amount of \$21,293,300 be approved;

AND FURTHER THAT \$600,000 of funding in the forecast year 2020 for the Premier Gateway Phase 2B Secondary Plan be approved;

AND FURTHER THAT \$736,500 of funding in the forecast year 2020 for the Acton Youth Centre Construction project be approved;

AND FURTHER THAT \$18,000,000 of funding in the forecast year 2020 for the Gellert Community Centre Phase 2 Construction project be approved;

AND FURTHER THAT \$175,000 of funding in the forecast year 2020 for the construction phase of the Gellert Community Park Playground, as part of the scope of the Play Equipment Replacement project, be approved;

AND FURTHER THAT the 2020-2028 Capital Budget Forecast in the amount of \$248,487,700 be approved in principle subject to the annual review;

AND FURTHER THAT staff be authorized to proceed with the 2019 capital program, with any acquisitions or approval of awards being subject to the usual Town policies, by-laws and procedures governing same and receipt of final approval by Council where required.

BACKGROUND:

The Capital Budget is developed in consideration of various documents such as the Corporate Asset Management Plan, the Town's Strategic Plan, department strategic plans, in-year Council and Committee reports and the Long Range Financial Plan (LRFP). The Town's 2019 Capital Budget was prepared with a focus on supporting growth, maintaining appropriate service levels and addressing aging infrastructure.

The capital budget process began in April of 2018. Working closely with Treasury staff, each department began by updating the 2019 capital budget and 2020 – 2028 capital forecast to reflect the next 10 years of planned capital spending.

A cross-representational team of staff vetted the proposed capital projects based on the Capital Scoring Matrix and provided recommendations regarding the ranking of projects; the recommended project list was then reviewed and finalized by the Senior Management Team. Staff subsequently developed a funding strategy to ensure that the 2019 capital program is financially sustainable and does not compromise the overall fiscal health of the Town. The capital budget package provides details of the proposed 2019 projects that fall within the funding guidelines.

Council was also engaged in the development of the 2019 capital budget package. On July 17, 2018, the Treasurer and Manager of Accounting made a presentation to the Budget Committee of Council with information on changes to the budget preparation process and its alignment with the Long Range Financial Plan. Report No. CORPSERV-2018-0037 provided Council with the challenges and opportunities associated with the 2019 Capital and Operating budgets. At that time, a preliminary net levy increase in the Town portion of no greater than 3.9% was presented to Council. In addition to this overview, the Mayor and Members of Council participated in Ward meetings in January. These meetings provide Council with the opportunity to review the preliminary Capital Budget in greater detail.

COMMENTS:

The following table summarizes the proposed 2019 capital program:

Town of Halton Hills
2019 Capital Budget
Projects within Funding Guidelines

Department	Gross Cost	General & Special Tax Levies	Development Charges	Capital Reserves	Debentures	Other
Office of the CAO	487,500	-	18,000	469,500	-	-
Corporate Services	1,572,200	120,000	45,000	1,407,200	-	-
Library	555,600	399,000	-	156,600	-	-
Fire Services	1,171,000	141,000	12,000	1,018,000	-	-
Transportation & Public Works	12,300,100	1,381,100	3,074,300	2,477,700	2,900,000	2,467,000
Planning & Sustainability	1,020,000	-	614,250	405,750	-	-
Recreation & Parks	4,186,900	357,000	479,350	1,566,456	800,000	984,094
Totals	21,293,300	2,398,100	4,242,900	7,501,206	3,700,000	3,451,094

The highest valued projects scheduled for 2019, totaling \$12,860,100, are highlighted below; these ten projects account for 60% of the total proposed 2019 Capital Budget:

Department	Project	Gross Cost
Transportation & Public Works	Halton Hills Drive Extension	2,900,000
Transportation & Public Works	Armstrong Ave. Reconstruction	2,750,000
Recreation & Parks	Gellert Community Centre Phase 2 Design & Engineering	1,800,000
Transportation & Public Works	Pavement Management	1,606,100
Transportation & Public Works	Equipment Replacement	1,154,000
Fire Services	Replace Tanker 740 (T2) w/ Pumper Tanker	675,000
Planning & Sustainability	Premier Gateway Phase 2B Secondary Plan	600,000
Recreation & Parks	Town Hall Emergency Power & Generator System	500,000
Transportation & Public Works	5 Side Road Asphalt Upgrade	475,000
Transportation & Public Works	Guelph/Mill St. Approach Improvements	400,000
Total		12,860,100

Operating Budget Impact

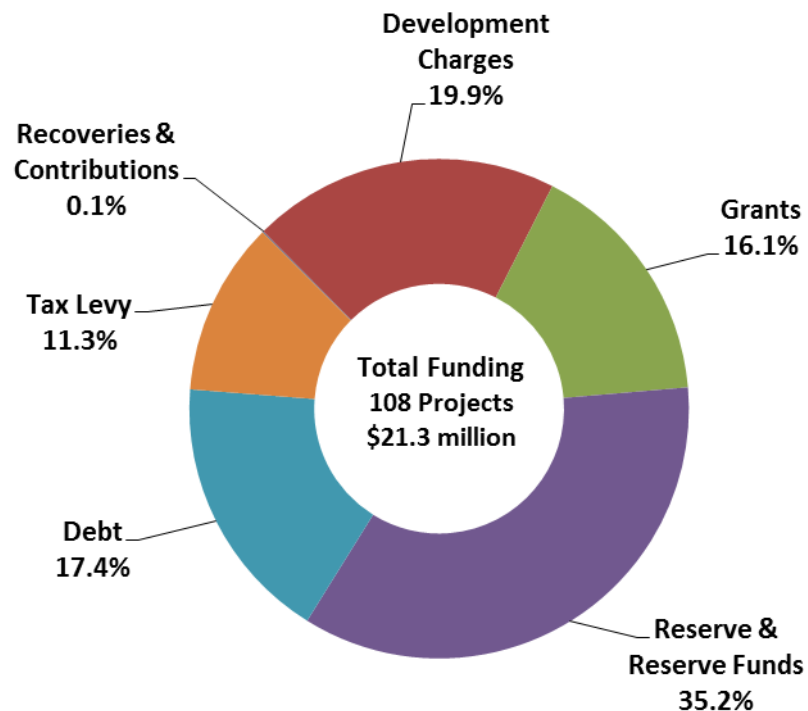
In approving capital projects, there is often times an impact on the Operating Budget, which is taken into consideration before the Committee begins its review of the Operating Budget. This is important because some projects, such as new software purchases, may have an associated subscription fee which would need to be factored into the Operating Budget. The Town's capital program will have a \$113,500 impact on the 2019 Operating Budget, a \$13,400 impact on 2020 and a \$75,000 impact on 2021. Of the \$113,500 impact on the current budget year, \$86,500 is from the completion of capital projects approved in previous budget years.

**Town of Halton Hills
2019 Capital Budget
Operating Budget Impacts**

Project		Amount	Budget Year	Description
Office of the CAO				
2000-22-0003	Document Management Solutions	41,500	2019	Additional operating cost from the implementation of eScribe
Transportation & Public Works				
8500-19-0105	Trafalgar Sports Park	30,000	2019	Additional resources related to grounds maintenance
8500-11-1702	Georgetown Sports Action Park	2,000	2019	Additional resources related to grounds maintenance
8500-11-1801	Maple Creek Park Ph 2	4,000	2019	Additional resources related to grounds maintenance
8500-11-0103	Cemetery Revitalization & Renewal	1,000	2019	Additional resources related to grounds maintenance
	Hillcrest Cemetery	15,000	2019	Additional resources related to grounds maintenance
6100-28-1808	Mandated (AODA) Accessible Traffic	6,000	2020	Annual upkeep cost of additional
6500-21-1001	Main St. N & School Lane Traffic Signal Installation	3,000	2020	Annual upkeep cost of additional infrastructure
6100-28-1703	Pedestrian Crossings (2 Locations)	4,000	2020	Annual upkeep cost of additional
6100-21-1701	Rural Streetlighting	900	2020	Annual upkeep cost of additional infrastructure
Recreation & Parks				
8500-24-0111	Park Pathway Lighting Replacement	(500)	2020	Reduction in hydro costs through LED lighting replacement
8200-10-1701	Acton Youth Centre Construction	75,000	2021	
Corporate Non-Departmental				
2300-04-1805	Backup Network Link w/ Fire Services	20,000	2019	Ongoing operating costs for additional network support
2019 Operating Budget Impact		113,500		
2020 Operating Budget Impact		13,400		
2021 Operating Budget Impact		75,000		
TOTAL OPERATING BUDGET IMPACT		201,900		

Capital Budget Funding

There are various funding sources for capital projects including Town reserves, development charges, debentures and gas tax subsidies. The proposed 2019 Capital Budget of \$21.3 million will be funded through the following funding sources:



Highlights of the Proposed Capital Budget

- A number of critical plans and studies including the Premier Gateway Phase 2B Secondary Plan, Glen Williams Secondary Plan Review, Corporate Energy Conservation Plan update and implementation, Asset Management Risk and Life Cycle Management Strategy, the Economic Development Tourism and Strategy update, the Community Improvement Plan, the Stormwater Master Plan, the Halton Hills-Wenjiang Action Plan and the Tree Management Strategy.
- Initiation of the construction phase of the Acton Youth Centre.
- Design and engineering of phase 2 of the Gellert Community Centre.
- The implementation of new software solutions including the Asset Management Information System.
- Seventeen projects totaling \$1.4 million as recommended through the Corporate Technology Strategic Plan.
- Halton Hills Drive extension and reconstruction of the two existing sections for a completed road from Maple Avenue to Princess Anne Drive.
- Armstrong Avenue reconstruction including improvements to the active transportation network with the construction of a multi-use path that will also support pedestrian traffic, as well as the improvement of stormwater runoff conditions.
- Rehabilitation of 5 Side Road asphalt from Trafalgar Road to Winston Churchill Boulevard.

- Maintenance and rehabilitation of Edward Street, Cedarvale Court, Pauline Street, Margaret Street, Lane Court and Barber Drive from Argyll Road to Mountainview Road South through the Pavement Management Program.

RELATIONSHIP TO STRATEGIC PLAN:

The annual Capital Budget is a major funding and decision-making tool and is used to support and advance Council's Strategic Priorities.

FINANCIAL IMPACT:

The proposed 2019 Capital Budget is being recommended at \$21,293,300 and may be revised through the Capital Budget review process. Although the financial impact in this report is limited to the Capital Budget, there are additional financial impacts associated with the Operating Budget based on the approval of capital projects. The 2019 operating impact is anticipated to be \$113,500.

The 2020 to 2028 Capital Forecast and the list of unfunded projects are stated in 2019 dollars and have not been inflated.

CONSULTATION:

The preparation of the proposed Capital Budget involved a careful review and ranking exercise by representatives from every department as well as the Senior Management Team. In turn, the departments may have used input from various internal and external individuals/groups in developing their budget proposals.

PUBLIC ENGAGEMENT:

The Town's budgets are an important tool in determining the service requirements needed and wanted by the community. Public input is important when determining the priorities for the Town. With this in mind, staff advertises the budget meetings in the local papers and on the Town's website. The public is invited to attend the Budget Committee's review of the Capital Budget on January 14, 2019.

SUSTAINABILITY IMPLICATIONS:

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life.

The recommendation outlined in this report advances the Strategy's implementation.

This report supports all pillars of sustainability through financing capital projects related to the pillars as outlined on the detailed project information sheets and, in summary, the alignment of this report with the Community Sustainability Strategy is excellent.

COMMUNICATIONS:

Upon approval of the Capital Budget, it will be posted on the Town website for the public to download. Copies can be purchased from the Finance department or viewed at the Acton and Georgetown branches of the Halton Hills Public Library.

CONCLUSION:

The proposed 2019 Capital Budget is being submitted at \$21,293,300 for Budget Committee's consideration. The proposed 2020-2028 Capital Forecast will continue to put pressure on Town reserves and reserve funds, however, the 2018 Long Range Financial Plan has addressed these pressures with a financially sustainable strategy that will optimize resources.

Reviewed and Approved by,

A handwritten signature in dark ink, appearing to read "M. J. Leighton".

Moya Jane Leighton, Manager of Accounting and Town Treasurer

A handwritten signature in dark ink, appearing to read "Jane Diamanti".

Jane Diamanti, Acting CAO