



## **REPORT FIN-2013-007**

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TO: Mayor and Members of Council  
FROM: Mary Hasan, Director of Finance/Treasurer  
SUBJECT: 2014 Capital Budget

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### **RECOMMENDATIONS**

That Report FIN-2013-007 regarding the 2014 Capital Budget be received.

### **PURPOSE**

The purpose of this Report is to provide Council with information regarding the presentation of the 2014 Capital Budget.

The Capital Budgets for the various departments will be discussed in the Capital Budget meeting on December 3, 2013 at 9:00 am. Financial Policies regarding the Establishment and Contribution to Working Reserves are discussed in Report FIN-2013-006.

### **DISCUSSION**

#### **Funding Categories Section:**

The 2014 Proposed Capital Budget is now presented in a revised format to provide Council and staff further information on how various projects will be funded. These funding categories include:

#### **Capital Carry Forward – 2013**

These are projects that were approved in the 2013 Capital Budget that will be ongoing to 2014. An example includes the new Township Website of which \$26,000 was approved in 2013. This project will be ongoing to 2014.

#### **Tax Levy**

These are projects which are proposed to be funded through the tax levy. An example includes the facility needs assessment for future upgrades to the Township Office. This was included in the Proposed 2014 Capital Budget. A portion of this project is proposed to be funded through the tax levy.

### Gas Tax Reserve Fund

These are projects that can be funded through the Gas Tax Fund. This funding was established in December 2005 as per the agreement between the Township and The Association of Municipalities of Ontario for transfer of Federal Gas Tax Revenues to be used for future capital work. In 2009, municipalities received an amending agreement extension to receive funding for the period 2010 to 2013. The Township is waiting on obtaining a further amended agreement for 2014 onwards. An example includes the Cooks Bridge project in which a portion of the additional project costs will be funded through the Gas Tax Fund.

### Aggregate Levy

These are projects that can be funded through the Aggregate Levy. There is no legislation in the Act at this time that restricts how the Aggregate Levy should be used. We recommend that the Aggregate Levy be used to fund Roads projects because the Aggregate Industry has a direct effect on the Township's Roads infrastructure. The Township obtains \$0.06 per tonne of aggregate shipped in the Township. There are no examples of projects which have utilized the Aggregate Levy in the past. It appears that these funds were used to fund the ongoing operations of the Township rather than being specifically directed to fund capital expenditures.

### In Lieu of Parkland Reserve Fund

These are projects that can be funded through the funds received in lieu of parkland.

In new developments or redevelopments, developers and builders are required to either set aside a certain amount of land for parkland (parkland dedication) or alternatively they pay cash-in-lieu of parkland dedication which is paid prior to the issuance of the building permit.

This funding can only be spent for the acquisition of land to be used for park or other public recreational purposes, including the erection, improvement or repair of buildings and the acquisition of machinery for park or other public recreational purposes.

### Working Reserves

These are monies that have been set aside to fund specific types of capital expenditures. See report FIN-2013-006 for further details on the types of Working Reserves that have been established and defined in 2013.

### Development Charges Reserve Fund

These are growth related projects identified in the Development Charges Background Study that can be funded through the development charges received at building permit stage through registered plans of subdivision and through individual land severances. Examples of projects that will be funded through the development charges funding include the French's Bridge

Roads project as this project was identified in the 2009 Development Charges Study. The Development Charges Study is up for review in 2014.

#### Other (Grants)

These are other funds received through grants or other forms of funding. An example of this includes the Cenotaph Restoration Project of which \$23,100 has been applied for through Veterans Affairs Canada.

#### **Contributions to Working Reserves and Reserve Funds Section:**

The 2014 Proposed Capital Budget includes a new section named “Contributions to Working Reserves and Reserve Funds”. This section outlines the various Working Reserves and Reserve Funds for each department as established and defined in Report FIN-2013-006. This section of the Capital Budget also includes the amounts to be reserved in these Working Reserves over the next 5 years not including any surplus allocation percentage as discussed in Report FIN-2013-006.

#### **2009 Development Charges Study Section:**

This is a new section for the Township’s Capital Budget which includes items on the 2009 Development Charges Study that have not been undertaken by the Township. This is here for informational purposes only and for the purpose of linking the Development Charges Study to the Capital budget.

#### **Comments Section:**

The comments section for the Capital Budget includes more detail for Township Staff and Council including the following:

- Detailed costing of the project;
- Information on which Working Reserves the 2014 projects will be funded from;
- Descriptions of how the projects were identified in the 2013 approved Capital Budget and 2014-2017 Capital Forecasts and why there were changes to the cost or timing of the project from the previous Capital Forecast;
- Details on the 2009 Development Charges Study if the specific project was outlined in the study; and
- Information on the replacement cycle of the asset.

#### **Future Changes to the Capital Budget:**

There will be further enhancements introduced to the Township’s Capital Budget annually over the next two to three years. Some of these examples include:

- Capital project budget sheets which will provide information as to whether the project is a necessity or should be taken on in the future. These project sheets will include the following information:
  - Project Contact
  - Project Priority - rating of 1 to 10 (lowest priority to highest priority)
  - Project Title, Project Type, Location of Project, Project Description, Reason for Project
  - Cost and timing of project - January to March, April to June, July to September, and/or October to December timing
  - Capital Funding – ie. Tax Levy, Gas Tax, Aggregate Levy, Reserve Fund, DC Reserve Fund, Working Reserves, Capital Carry Forward, Other (Grants), etc.
  - Incremental Operating Budget Impact – such as incremental revenues, incremental salary and benefits, incremental non-salary costs, etc.
- Linking the Township’s Asset Management Plan (completed by December 31, 2013) to the Capital Budgeting/Forecasting process. This linkage of the Township’s long-term financial needs to support its infrastructure will be beneficial in assessing the Township’s infrastructure gap.
- The Development Charges Study which will be passed through by-law in September 2014 and will have clear linkages to the Township’s Capital Forecast on a project by project basis.

**Financial Implications**

None

**Applicable Legislation and Requirements**

Municipal Act, 2001

**Attachments**

Schedule A – Administration Department 2014 Capital Budget and Forecast

**Note: The amounts in the Working Reserves column are subject to change after Township staff review each Working Reserve and the funds within each Working Reserve. The Facility Security costs are currently being investigated with a vendor, therefore, these costs will be provided by the December 3, 2013 Capital Budget meeting.**

Schedule A: Administration Department  
2014 Capital Budget and Forecast

Capital Purchases/Projects	Capital Cfwd - 2013	2014	2015	2016	2017	2018	2014 Projects						Comments	
							Tax Levy	Gas Tax Reserve Fund	Aggregate Levy	In Lieu of Parkland	Working Reserves	DC Reserve Fund		Other (grants)
Office renovation/expansion including accessibility			365,000											<b>Estimate of Costing Only (amount to be confirmed through the completion of a Facility Needs Assessment)</b> 320K for material and labour costs associated with office renovation/expansion including adhering to accessibility requirements; 45K for an expert to manage the project; Eligible for \$10K/year for County Accessibility Grant. Note: The Washroom/Storage addition at the PCC amounted to \$302,032.
New Township Website, with AA requirement	26,000													Accessibility requirement deadline of June 2014. Also applied for grant through RED program. Also eligible for \$10K/year for County Accessibility Grant.
Community Based Strategic Plan			15,000											Costs incurred by municipalities similar to the Township need to be obtained to ensure the appropriate funding is set aside.
Facility Needs Assessment Plan		20,000					14,000				6,000			To determine 7404 Wellington Rd 34 office expansion/renovation and accessibility requirements for the 2015 capital project. Funding: \$6K from building working reserve acct # 133150 - assumed 30% of total cost applies to the building department
Facility Security														
Information Technology Software Upgrade eg. Website Functionality, Keystone - Financial Report Integration; GIS Integration; Access Database - Building; Records Tracking, Datafix (Voters' List)	8,600	31,400					11,400				20,000			20K from general working reserve acct #133110 8.6K from building tracking software budgeted in 2013

Schedule A: Administration Department  
2014 Capital Budget and Forecast

Capital Purchases/Projects	Capital C fwd - 2013	2014 Projects						2014 Projects						Comments	
		2014	2015	2016	2017	2018	Tax Levy	Gas Tax Reserve Fund	Aggregate Levy	In Lieu of Parkland	Working Reserves	DC Reserve Fund	Other (grants)		
Computer Equipment Purchases - 2014		5,000					5,000								Equipment for new council as required.
Computer Equipment Purchases - 2018						20,000									Typical 4 year replacement cycle of laptops.
<b>Total Capital Expenditures</b>	<b>34,600</b>	<b>56,400</b>	<b>380,000</b>	<b>0</b>	<b>0</b>	<b>20,000</b>	<b>30,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,000</b>	<b>0</b>	<b>0</b>		

Contributions to Working Reserves & Reserve Funds	Capital C fwd-2013	2014 Projects						2014 Projects						Comments	
		2014	2015	2016	2017	2018	Tax Levy	Gas Tax Reserve Fund	Aggregate Levy	In Lieu of Parkland	Working Reserves	DC Reserve Fund	Other (grants)		
Administration Office Repairs and Restoration Working Reserve		50,000					50,000								
Corporate Accessibility Working Reserve		10,000	10,000	10,000	10,000	10,000	10,000								
Corporate Information Technology Software Working Reserve		10,000	10,000	10,000	10,000	10,000	10,000								
Corporate Information Technology Hardware Working Reserve		5,000	5,000	5,000	5,000	5,000	5,000								
Corporate Studies Reserve Fund															Monies received as development charges as set out under Subsection 16(1) of the Development Charges Act.
<b>Total Contributions</b>	<b>0</b>	<b>75,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>75,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

2009 Development Charges Study*	Capital C fwd-2013	2014	2015	2016	2017	2018	*this section of the capital budget includes items on the 2009 development charges study that have not been undertaken by the Township. This is here for informational purposes only and for the purpose of linking the development charges study to the Capital budget.								
Zoning By-law Review		109,857					2012 timing per the 2009 Development Charges Study with \$50,811 recoverable through development charges.								
<b>Total Capital Expenditures</b>	<b>0</b>	<b>109,857</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>									