

To: Mayor and Members of Council  
From: David Creery, P. Eng, MBA  
Chief Administrative Officer  
Date: November 17, 2016  
Re: **Capital Budget – 2017 and Capital Forecast Plan 2018 - 2021**

---

The 2017 Capital Budget and Capital Forecast Plan for the years 2018 to 2021 are included in this submission for Council's consideration. Projects are listed on a year by year basis, and financing options are provided.

The 2017 Capital Budget and 2018-2021 Forecast Plan, as presented, is our projection of needs to maintain the existing infrastructure, on base funding levels, and needs to support a growing community for the years 2017 to 2021. The 2017 Capital Budget continues to focus on replacement and/or rehabilitation (state of good repair) of the City's assets.

Two studies are complete that help to inform "state of good repair" spending needs for City roads which is our largest asset class. The first study is an Asset Management Plan for roads, bridges, culverts and storm water assets. Completion of an Asset Management Plan for these asset classes is a requirement to be eligible for Provincial funding programs. The second study is a Roads Needs Study which is completed every two years. Both studies identify deficiencies in infrastructure spending for road resurfacing and reconstruction. Current reserve positions, contributions from the annual Revenue Fund Budget and grants are insufficient to meet the infrastructure spending recommendations of both studies. An Asset Management Plan for additional asset categories has been in development throughout 2016 and will be presented to Council in December.

There are a number of large projects included in the Draft Budget and Forecast Plan. These projects along with the core capital program for "State of Good Repair" continue to be difficult to finance. Despite the use of almost \$22 million in debt

financing, the Forecast Plan remains underfunded by approximately \$2.4 million (excluding industrial land development projects).

Total Capital spending (including County funded sewer and water replacement) needs remain high as illustrated below.

<b>2013 Approved Capital Budget (\$,000's)</b>	<b>2014 Approved Capital Budget (\$,000's)</b>	<b>2015 Capital Budget (\$,000's)</b>	<b>2016 Capital Budget (\$,000's)</b>	<b>2017 Draft Capital Budget (\$,000's)</b>	<b>2018 Forecast Capital Budget (\$,000's)</b>	<b>2019 Forecast Capital Budget (\$,000's)</b>	<b>2020 Forecast Capital Budget (\$,000's)</b>	<b>2021 Forecast Capital Budget (\$,000's)</b>
\$13,805	\$16,890	\$21,372	\$22,621	\$22,254	\$18,743	\$25,521	\$18,291	\$17,022
Δ	\$3,085	\$4,597	\$1,249	(\$367)	(\$3,511)	\$6,778	(\$7,230)	(\$1,819)

Own purpose capital spending (excluding County funded sewer and water) remain high as illustrated below.

<b>2013 Approved Capital Budget (\$,000's)</b>	<b>2014 Approved Capital Budget (\$,000's)</b>	<b>2015 Capital Budget (\$,000's)</b>	<b>2016 Capital Budget (\$,000's)</b>	<b>2017 Draft Capital Budget (\$,000's)</b>	<b>2018 Forecast Capital Budget (\$,000's)</b>	<b>2019 Forecast Capital Budget (\$,000's)</b>	<b>2020 Forecast Capital Budget (\$,000's)</b>	<b>2021 Forecast Capital Budget (\$,000's)</b>
\$10,392	\$15,055	\$18,752	\$17,551	\$20,344	\$16,753	\$23,421	\$16,041	\$14,672
Δ	\$4,663	\$3,697	(\$1,201)	\$2,793	(\$3,591)	\$6,668	(\$7,380)	(\$1,369)

A comparison of total capital spending is provided in the table below for 2016 (as approved by Council) and 2017 (Proposed).

<b>Program</b>	<b>2016 Approved Capital Budget (\$,000's)</b>	<b>2017 Proposed Capital Budget (\$,000's)</b>	<b>Δ (\$,000's)</b>
Computer Equipment	\$286	\$244	(\$42)
Fleet & Equipment	\$1,481	\$1,417	(\$64)
Traffic Signals & Crossing Protection	\$190	\$60	(\$130)
Roads, Bridges, Storm Sewers	\$5,980	\$5,208	(\$772)
Sanitary Sewers (County Responsibility)	\$2,780	\$1,070	(\$1,710)
Water main (County Responsibility)	\$2,290	\$840	(\$1,450)
Street Lighting	\$1,000	\$2,209	\$1,209
Development Costs	\$601	\$1,195	\$594
Recoverable from Future Development	\$565	\$395	(\$170)
New Buildings, Repairs and Maintenance	\$4,327	\$1,979	(\$2,348)
Fire Department	\$476	\$2,684	\$2,208
Parks Department	\$1,667	\$1,503	(\$164)
Transit	\$306	\$1,552	\$1,246
Southside Pool	\$33	\$57	\$24
Recreation Programs	\$0	\$40	\$40

Community Complex/Civic	\$180	\$1,434	\$1,254
Art Gallery	\$10	\$10	\$0
Library	\$114	\$219	\$105
Police	\$335	\$138	(\$197)
Total	\$22,621	\$22,254	(\$367)

### **Maintenance and Replacement Capital Asset Projects**

The majority of projects in 2017 replaces and maintains the City’s existing capital assets. Typically, these “state of good repair” capital projects comprise between 60-70% of total estimated spending with the balance of spending relating to new and growth related capital projects. “State of good repair” capital spending in the draft 2017 Budget represents approximately \$15 million or 68% of total proposed spending.

There is more work required in “state of good repair” projects than can be currently financed using reserves, the annual “capital out of revenue” allocation and grants. This budget pressure makes it difficult to bring forward new projects that cannot be fully financed with development charges.

## Road Renewal Projects

Roads spending proposed for 2017 is compared against 2016 in the following table.

Year	2016	2017 Proposed
Road Resurfacing	\$1,440,000	\$1,440,000
Surface Asphalt	\$220,000	\$240,000
Road Reconstructions	\$2,500,000	\$2,710,000
Totals	\$ 4,160,000	\$4,390,000

Council approved an increase of \$200,000 in road resurfacing work for the 2016 capital program. This elevated spending is proposed to continue in the 2017 program. Increased needs for roads spending is not a new issue and progress has been made in this regard. For example, approved spending in 2011 totaled \$1.895 million for road reconstruction and \$840,000 for resurfacing.

To improve road condition (as recommended in the Roads Needs Study), Staff recommended an increase in the asphalt resurfacing budget to \$2 million over a 5 year period. Staff believes that there are sufficient road candidates for resurfacing work at the \$2 million per year level without impacting underground infrastructure needs or requiring additional staff resources. Resurfacing at a \$3 million per year level is not possible without conflicting with sewer and water main needs that require removal of the existing pavement.

City Council approved the first year increment of \$200,000 in 2015 but did not approve the second year increase in 2016. However, an allocation of surplus from the 2015 Budget in the amount of \$200,000 was made to the asphalt reserve. The 2017 resurfacing program is financed with a combination of the asphalt reserve allocation, the surplus allocation, Federal gas Tax and capital out of revenue. The \$400,000 proceeds from the Hydro Legacy reserve have been applied in whole or in part in each year of the 2018- 2021 resurfacing program. The additional Legacy funds and OCIF formula funding allow incremental growth in road resurfacing spending to 2019 without additional tax levy burden but will not resolve the funding deficiency completely. This combination of financing allows the program to grow to an investment of \$1.8 million in 2019. However, OCIF formula funding is not guaranteed after 2019. If this funding is not continued there will be a shortfall for 2020. Financing an additional \$200,000 to reach the \$2 million goal is also an issue.

The intent of the City's Long Term Debt Management Policy is to limit annual recurring debt financing to \$900,000 unless otherwise approved by City Council. The Draft 2017 Capital Road program includes debt issuance of \$900,000 for various roads.

### **Building Projects**

An annual \$450,000 contribution is made to a Building Reserve for maintenance and repairs to City Buildings. This is supplemented by an additional \$250,000 per year for two more years which is the net proceeds of rent paid by Hydro One for the 16 Graham Street building.

The cost of annual maintenance and repairs has grown with the number and age of buildings under City ownership. We are in the midst of a period of increased spending for rehabilitation and equipment replacement. This started with the Southside Pool Basin in 2016 and continues over the next few years. The draft Budget includes a number of large projects that continues this trend as follows. .

2017 Southside Pool Dryatron replacement: \$450,000

2017 Museum Roof Re Shingle (cedar): \$350,000

2017 Community Complex Refrigeration Replacement: \$1,300,000

2017 Fanshawe College roof replacement - \$440,000

2018 Community Complex Air Handlers: \$740,000

2020 Civic Centre Rink Floor and Board Replacement: \$800,000

2019 Library Exterior Masonry Restoration: \$550,000

2019 Community Complex Roof Replacement: \$600,000

2020 Community Complex Roof Replacement: \$600,000

The annual funding level of \$450,000 for municipal buildings is not adequate to meet the spending needs to maintain our existing infrastructure without the use of additional debt financing. Southside pool was financed with debt in 2016. The 2017 arena refrigeration project is proposed to be primarily funded with debt.

## **Storm Water Management Projects**

The Budget and Forecast Plan includes three storm water quality and quantity projects, two of which relate to historical flooding problems. These projects include Warwick, Norwich, and Southside Pond. The Southside Channel project will be completed in 2016. The draft Budget proposes to complete the Norwich project in 2017 leveraging partial financing from the Clean Water and Wastewater Fund. The draft Budget also proposes to complete the construction of a dry pond on the in-field of the Agricultural Society track in 2017. This project will serve to reduce peak storm water flows that have caused flooding in the Warwick St area. The Agricultural Society has granted the City easement rights to construct this dry pond. The other two storm water management projects, being underground storm water vaults in the Warwick area and Southside pond, remain in 2018 and beyond in the forecast budget. The estimated cost of these projects over the next 5 years is \$7.67 million broken down as follows:

- Southside Park Pond: \$2,325,000
- Warwick/Cambridge/Winchester: \$5,350,000

Staff has also been searching for funding program opportunities for these projects with significant cost estimates. Financing for each of these projects is shown as debenture due to the high cost.

## **New and Growth Related Capital Asset Projects**

Examples of projects for new capital assets and projects that relate to growth in 2017 include:

- Tractor, ½ ton truck, rake, mower for new North East Recreation Complex - \$220,000
- Traffic Sign Inspection - \$40,000
- Recycling – Polystyrene densification - \$100,000 (City cost \$50,000)
- New Sidewalk - \$60,000
- New Downtown Parking Lot (Pneueyvor location and Riddell/Cole parking lot behind 495 Dundas St) - \$300,000

- Commerce Way cul-de-sac - \$80,000
- New development (servicing and road) costs - \$1,095,000
- New development front end financing costs - \$395,000
- Southside Pool Additional Parking: \$75,000
- Transit 2 new buses and electronic fare system - \$1,472,000
- Parkinson Fire Hall expansion - \$2,000,000
- Fire equipment (radio, fire prevention house , mobile apparatus) - \$162,000 (city cost \$63,000)
- Park/Trail Development and new street tree planting - \$497,000
- North East Recreation Complex trail, lighting, bleachers - \$225,000
- Burgess/Standard Tube Park Naturalization - \$66,000
- Acquisition of additional park land UTRCA sliver and square - \$445,000
- City Entrance Signs: \$70,000
- Various smaller projects.

These projects total approximately \$7 million representing approximately 32% of total proposed capital spending in 2017.

## **What Projects are Not in This Budget and Forecast Plan?**

### **Optional Capital Project – Police Building Addition FIT 4 25KW Solar Rooftop Installation**

A FIT 4 application was filed some time ago coinciding with the completion of working drawings for the Woodstock Police building expansion. The City successfully passed the connection availability assessment and was notified that we are eligible to receive a FIT contract. Next steps in the process include filing, within 120 days, the PART A: Confirmation of Permission to Construct rooftop solar on an Unconstructed Building and then 20 days to file the PART B contract.

A 25 KW solar is estimated to cost approximately \$90,000 and will generate annual revenues of approximately \$8,500. If Council wishes to make this investment we recommend financing from the Hydro Reserve. The City's prior solar installations were financed from the Hydro Reserve with the revenue returning to this reserve.

This project is not included in the draft Capital Budget and will require a motion of Council to include it.

### **Pittock Lands**

City Council extended an offer to acquire two parcels of land from the UTRCA (sliver and square) and to lease lands on the north and south shore for public park purposes. The UTRCA Board has not responded to this offer at the time of budget preparation. We are optimistic of a successful outcome on the land acquisition and the draft budget includes funds for the acquisition of the two parcels of land (sliver and square) in 2017. However, the forecast budget does not include funds for improvements to these parcels. If the Offer is accepted Staff will undertake a review of how the lands can be improved and the estimated costs for future budget consideration.

A new management agreement for the south shore and portions of the north shore (whether implemented through a lease or some other mechanism) will result in the City being responsible for improvements to these lands. Examples are the cost of safety improvements to open up the top of the dam to pedestrian traffic, asphalt drive and parking areas and developing a loop trail around Pittock Lake. The forecast budget does not include funds for this work at this time.

### **Recreation Facility Needs Study Recommendations**

The draft Capital and Forecast Budget includes elements of the Northeast Recreation complex as envisaged by the Master Plan (excluding an outdoor pool replacement for Lion's Pool) and continued forward from prior budgets. The other projects identified under the facility needs study are not included. Examples of these projects generally include additional tennis/pickle ball courts, basketball courts and facilities (gymnasium) and spray pad.

## **Cameras in the Downtown Core**

This project was identified through the Strategic Plan and carried in the forecast police budget for a number of years. This project is not expected to proceed in the forecast years and has been removed from this budget.

## **Civic Centre Arena**

A project to replace the rink floor and boards in the amount of \$800,000 is included in the year 2020. This project will extend the life of the floor for a further twenty years. If this project proceeds further work will be needed to ensure that the building and refrigeration plant have a similar life expectancy. The scope of work is somewhat subjective as there is a range from simple state of good repair to as of yet unidentified improvements given the further twenty year use of the building. Improvements at this facility may be eligible for development charge funding if a decision is made on whether this building will remain in use for the next twenty year cycle. The Recreation Facility Needs Study recommended a retirement of this facility and replacement with a new arena. This is the alternative to retaining arena operations at Civic Arena.

## **Lions Pool**

Lions pool continues to endure despite its advanced age and condition. The budget does not include funds for improvements to this facility. A report will be prepared for Council with respect to this facility in 2017 that outlines options on outdoor water. A decision of the fate of Lions Pool will be beneficial to the upcoming development charges background study that will begin in 2017. Portions of a replacement outdoor pool or enhancements to the current facility could be eligible for development charges.

## **Items Included in Revenue Fund Budget**

- Downtown streetscape rehabilitation – maintenance funds included in Revenue Fund Budget,
- Emerald Ash Borer replacement street trees – funds included in Revenue Fund Budget,
- General building roof repairs, masonry repairs and HVAC repairs.

## Financing the Plan

The municipal cost of capital projects is generally funded through the annual contribution from the Revenue Fund Budget, contributions from reserves and reserve funds, the issuance of debt and capital grants (i.e. Federal/Provincial Gas Tax).

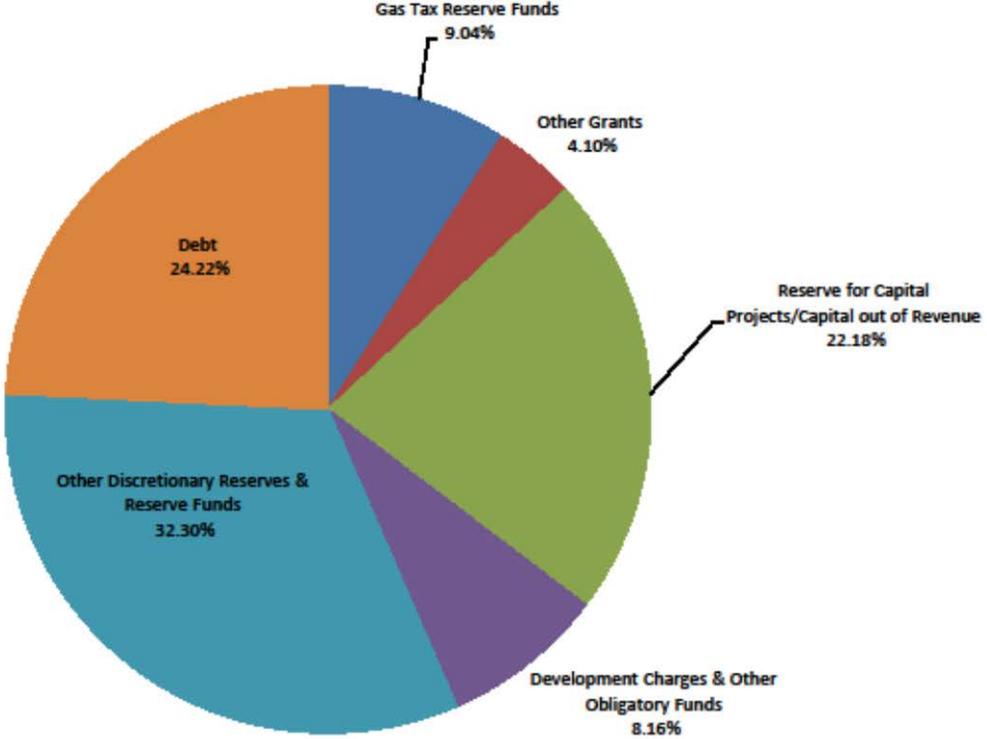
The financing plan for this 5 year program uses the majority of the available grants and includes the issuance of approximately \$22 million debt. Despite these measures the program remains underfunded by approximately \$2.4 million (excluding industrial land development projects) with deficits in a number of Reserves and Reserve Funds. The issuance of additional debt, delaying (beyond the 5 year plan) or cancelling projects, or increases in Capital out of Revenue can be used to mitigate this funding gap.

It is important to note that all projects in the 5-year projection need to be carefully examined to ensure that our financial security is not compromised. The projects listed may be modified, moved or alternative financing proposed as a result of further analysis, timing or other decisions of Council. It is also important to recognize that the projections beyond 2017 will undoubtedly be refined as projects move forward.

The 2017 Capital Budget has been developed using the usual contributions to the reserves and the estimated capital out of revenue to finance the program. Approval of this program does not commit Council to increased funding in the Revenue Fund Budget.

The following pie chart provides a breakdown of the funding sources for the 5 year Capital Plan. The cost of sewer and water projects has been excluded as the County funds this work through user fees.

**5 Year Capital Plan Funding Sources  
2017 - 2021  
Preliminary Capital Budget**



A discussion on each of the funding sources (excluding County funding) follows.

## **Capital out of Revenue**

Each year an amount is raised specifically in the revenue fund budget to finance capital projects. Over the years we have used some of the revenues from new assessments to increase this contribution in order to offset capital costs resulting from new growth and inflationary cost of work. Any funds not used in the current year are set aside to fund future projects. The 2017 Draft Budget proposes to use the full amount of \$3,378,000 which is comprised of the base allocation, the increase associated with an assessment increase, the OMPF funds, and balance of OLG slot funding after other allocations.

## **Reserves & Reserve Funds**

Reserves & reserve funds are also used to finance capital expenditures. Amounts contributed and financing decisions are based on a review of current funds available and projected expenditures.

The proposed Capital Budget allocates financing of \$9.8 million from Reserves and Reserve funds in 2017

Reserve contributions for capital purposes from the 2016 Budget totals approximately \$3.4 million. Council provided an increase in the contribution to the municipal building reserve and established an asphalt resurfacing reserve in the 2015 Revenue Fund Budget. No further increases to the annual reserve funding levels were made in the 2016 Budget. The 2015 Budget surplus of \$950,000 was split between the Reserve for Capital Projects (\$850,000) and a new Emergency Services Radio Reserve (\$100,000). Development charges provide additional sources of funding for growth related projects.

The Hydro Legacy Reserve Fund is a new source of capital financing for the coming year. At its meeting of November 3<sup>rd</sup>, City council approved the allocation of \$400,000 of the annual investment proceeds from the Hydro Legacy Reserve Fund to the capital program. The investment proceeds stem from the \$29.2 million investment that the City placed with LAS in December of 2015. The Municipal Building Reserve is also supplemented by an additional \$250,000 over the next two years as the proceeds of renting the former Woodstock Hydro office to Hydro One.

According to our projections a number of reserves are insufficient to meet forecast needs.

The 2021 end balance for these reserves follows:

- Reserve for Capital Projects (\$1,011,000)
- Reserve for Purchase of Fire Equipment (\$897,000)
- Reserve for Computer Equipment (\$349,000)
- Reserve for Street Lighting (\$167,000)
- Reserve Fund – Industrial Land Reserve (\$6,559,000)

A listing of the primary reserve & reserve funds and their estimated financial position over the Capital Forecast follows.

2017 - 2021 CAPITAL BUDGET

ESTIMATED RESERVE & RESERVE FUND POSITIONS

Res. Code	Fund Name	General Ledger No.	2017			2018			2019			2020			2021				
			Start. Balance	Est. Contrib.	Est. Expend.	Ending Balance	Est. Contrib.	Est. Expend.	Ending Balance	Est. Contrib.	Est. Expend.	Ending Balance	Est. Contrib.	Est. Expend.	Ending Balance				
Capital	Reserve for Capital Projects - City	14009	2,425		1,468	975		995	20		990	(970)		41	(1,011)		(1,011)		
Recov	Reserve Recoverable from Develop	14012	821		386	426			426			426			426		426		
Legacy	Reserve Hydro Legacy Res			400	400	-		412	400	12	404	400	36	400	400	36	400	36	
Parls	Reserve - Parks & Open Spaces	51020	216	299	416	-		200	216	(16)	200	256	(76)	200	140	124	200	70	254
Capital	Asphalt Resurfacing Reserve	51060	298	298	498	-		298	298	-	298	298	-	298	298	-	298	298	-
Equip	Reserve for Replacement of Equipment - Various	51003	838	1,947	1,179	715		1,047	1,072	690	1,047	1,139	598	1,047	1,054	591	1,047	1,360	298
Fire	Reserve for Purchase of Fire Equipment	51009	658	199	669	348		150	110	388	150	35	503	150	700	(47)	150	1,000	(897)
Mun B	Reserve for Repairs to Munic. Buildings	51013	922	798	969	633		700	1,335	(2)	480	367	81	480	194	337	480	300	487
CompR	Reserve for Computer Replace.	51046	115	198	214	1		100	292	(191)	100	216	(307)	100	139	(346)	100	103	(346)
Bldg	Building Reserve	51143	543	8	8	542		8		550	8		558	8	8	557	8		565
Radio	Radio Res Police & Fire	51194	100		100	-				-					-				-
Land 4	Reserve Fund - Parks Purpose	52001	56	50	8	96		50	8	140	50	8	182	50	8	224	50	8	286
St Lt	Reserve Fund - Street Lighting	52002	277	199	293	84		100	50	134	100	432	(196)	100	135	(233)	100	34	(167)
52003	Downtown Reserve Fund				20														
Art	Reserve Fund - Art Acquisition	52004	73	-	18	83		15	10	68	15	10	73	15	10	78	15	10	83
Indus	Reserve Fund - Industrial Land - see revenue fund below	52009	176	960	170	966		600		1,586	600	6,565	(4,396)	600	2,850	(6,649)	600	510	(6,559)
Hydro	Reserve Fund - Hydro	52010	4,527	49	836	3,741		50		3,791	50	100	3,741	50		3,791	50		3,841
Pking	Parking Reserve Fund	52016	52	89	78	71		89	120	40	89		129	89		218	89		307
	Development Charges:	52017 & 52018																	
DCRE	Recreation		1,247	889	889	1,437		921	1,753	595	952	738	809	957	103	1,693	1,019	203	2,509
DC RD	Road & Related		470	296	155	611		306	262	666	317	653	129	328	283	174	336	111	401
DCTR	Transit		83	75	386	(147)		78	10	(79)	80		1	83		84	85		169
DCWP	Police		284	151		435		155		590	161		751	167		918	172		1,090
DCFw	Fire		921	113	1,169	(116)		121		5	121		126	125		251	129		380
DCPW	Public Works		(78)	120		44		124	90	78	128	318	(112)	133		21	137	162	(4)
	Library		945	174		1,119		181		1,300	187		1,487	194		1,691	199		1,890
Bell D	Reserve Fund - Bell Diamonds	52026	-			-				-						-			-
DayH	Trust Fund - Complex Bldg Repairs (Good Beginnings & Gym Club)	52006	102			102				102						102			102
Canara	Trust Fund - Complex Arena	52011	4			4													
	Other Library Trust & Res Funds	Various	5			5				5						5			5
	St. Trees		277		86	227			70	157		80	77		70	7		70	(63)
	<b>TOTALS</b>		<b>16,301</b>	<b>5,871</b>	<b>9,808</b>	<b>12,384</b>		<b>5,607</b>	<b>6,965</b>	<b>11,032</b>	<b>5,409</b>	<b>12,709</b>	<b>3,752</b>	<b>5,476</b>	<b>6,336</b>	<b>3,032</b>	<b>5,536</b>	<b>4,531</b>	<b>4,039</b>

## Debt

With careful use, debt is an important tool to provide needed facilities and infrastructure improvements recognizing that the benefits extend many years out and that the current ratepayer should not and probably cannot, bear the full costs of the project in one year.

The City has substantial room to issue new debt. The Province has calculated our Annual Repayment Limit for 2017 as \$12,052,617. This means we can issue new debt in the amount of \$93 million with a 10 year repayment or \$150 million with a 20 year repayment. It is not proposed to go to that level.

Each \$1,000,000 of debt issued costs the taxpayers \$113,000 a year for 10 years or \$67,000 for 20 years.

The draft 2017 Capital Budget includes the issuance of \$2,825,000 of debt comprised of:

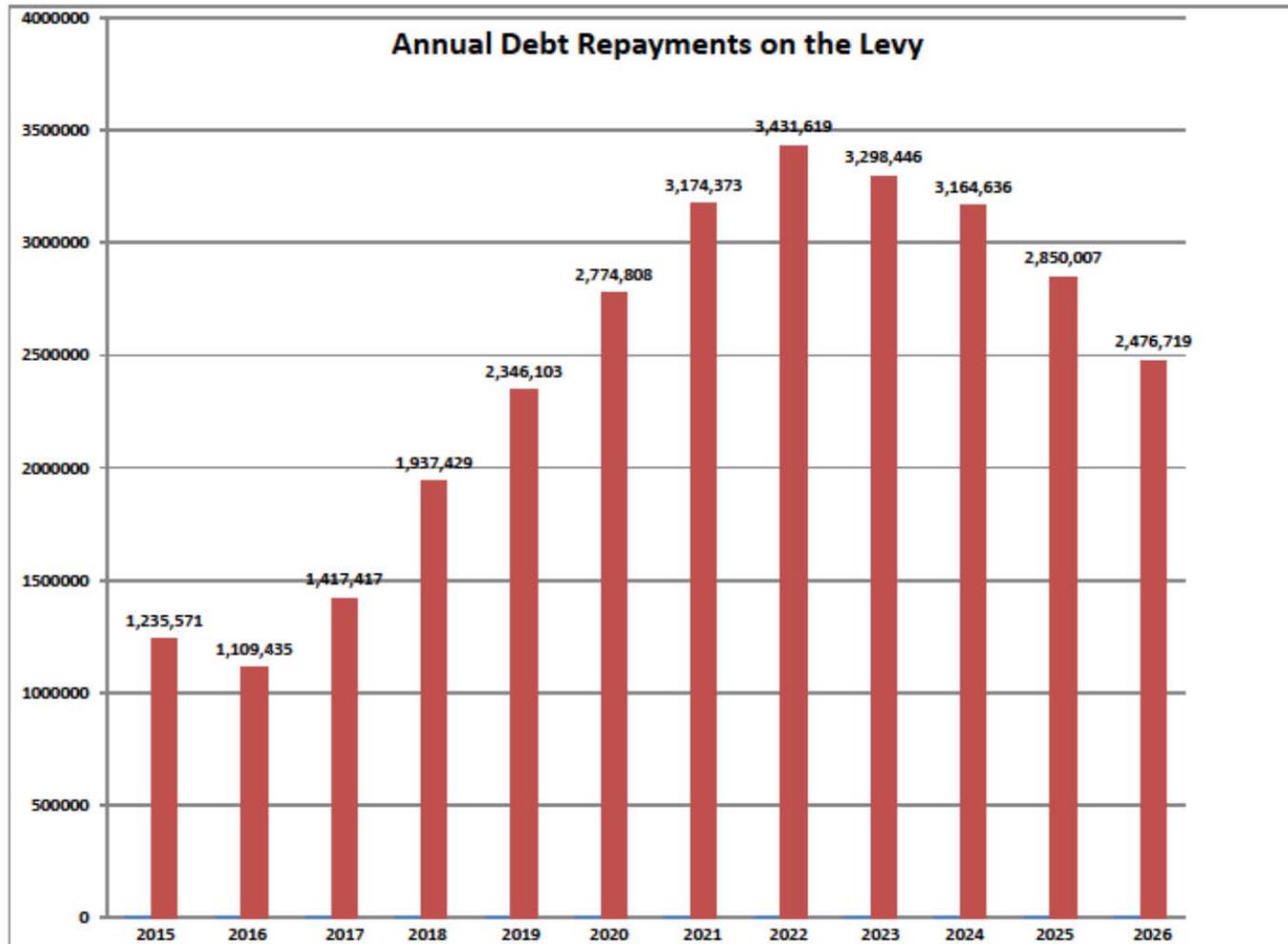
- Various road reconstructions \$900,00
- Complex refrigeration replacement \$1,075,000
- Parkinson Road Fire Hall expansion \$850,000

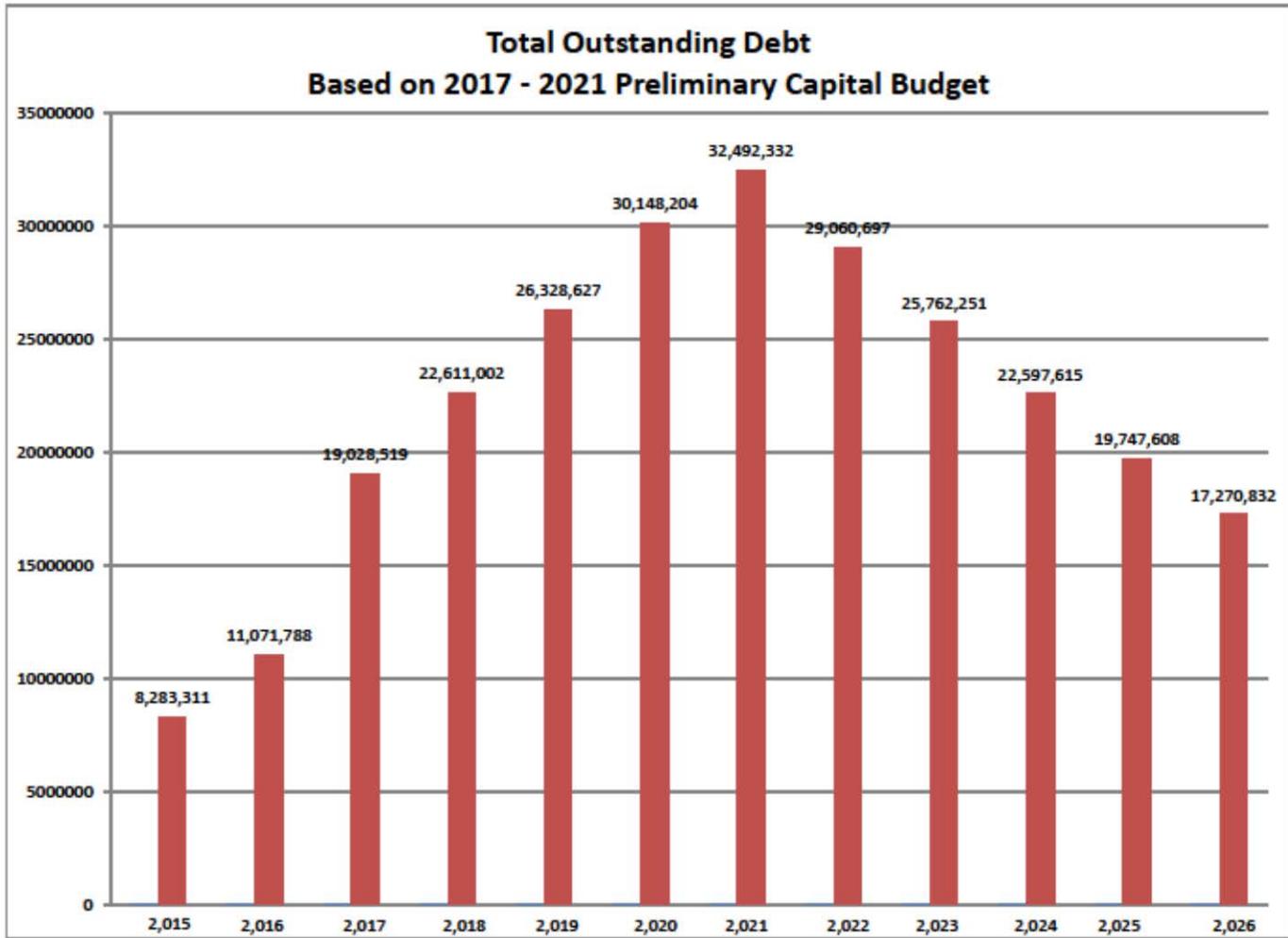
A portion of the Complex refrigeration replacement is financed from the Municipal Building Reserve with the majority being financed with debt. Ideally, this maintenance project would be financed from current financial resources rather than debt. Council may wish to consider a special one-time capital levy with the Revenue Fund Budget to further reduce debt issuance for this project.

The Capital Forecast years (2018-2021) include the issuance of approximately \$25 million in debt to fund projects. Examples of projects proposed to be funded through debt in the forecast years include the ongoing roads reconstruction program, the Southside Pond improvement, flood mitigation, Public Works wash building and development of industrial land in Bysham Park.

Two charts have been included which illustrate the debt repayment schedule and total debt if all projects went forward as shown in the Capital Budget. Mitigation measures used before and available include such things as financing the debt “spikes” with strategic contributions from reserves to flatten the spike and the cost to the ratepayer of the day.

It is important to note that current total outstanding debt does not include that portion of debt for the Cowan Park Soccer complex which the Woodstock soccer Club has agreed to fund through an agreement with the City.





## Grants

We receive Gas Tax funding from the Federal and Provincial governments. These grants must be applied to specific types of projects which increase our expenditures over and above our normal levels. These grants are identified in the budget as follows:

<b>PGT</b>	Provincial Gas Tax (ongoing)
<b>FGT</b>	Federal Gas Tax (ongoing)
<b>PF</b>	Provincial Funding (Unconditional – one time) (Investing in Ontario)
<b>OCIF</b>	Ontario Community Infrastructure Fund (committed until 2019)
<b>PIF</b>	Ontario Bridge & Infrastructure Grant (conditional - one time)
<b>PTIF</b>	Public Transit Improvement Fund (conditional – one time to date)

The Draft 2017 Capital Budget proposes the use of \$4,318,000 of grants in the form of Federal Gas Tax, Dedicated Provincial Gas Tax funds (transit), OCIF Formula and Application, PTIF, Invest in Ontario and IESO Funding. The Capital Forecast applies most of the Federal Gas Tax and Dedicated Provincial Gas Tax funds available over this time frame. Unlike Federal Gas Tax funds, Dedicated Provincial Gas Tax funds can be used for incremental investments in public transit service above baseline spending.

A summary detailing the allocation of the capital grants available in order to provide Council with a comprehensive overview of our available financing follows.

INSERT GRANTS RESERVE SHEET

## **Selected Commentaries:**

### **Fleet and Equipment 0300**

#### **Sign Inspection Equipment – project 1031**

This is a new piece of equipment for Public Works to measure sign reflectivity. Reflectivity is measured to ensure that traffic control signs (i.e. stop signs) retain reflective properties. Provincial regulation known as the Minimum Maintenance Standard requires road authorities to measure and maintain sign reflectivity. This is essentially a risk management device.

#### **Recycling – Polystyrene Densification**

This project will result in the purchase of a new baler for more efficient handling and transportation of polystyrene (Styrofoam). Continuous Improvement Fund (CIF) funding is shown to fund half of this cost (\$50,000). The balance is financed from Federal Gas Tax funds. The CIF funding is not certain at this time and the project will only proceed with this financial support.

### **Traffic Signals and Crossing Protection 0301**

#### **Repairs at Existing Signalized Intersections – Project 137**

Funds in 2016 are for signal conflict monitoring and miscellaneous repairs.

#### **Pedestrian Traffic Signals – Project 139**

The Transportation Master Plan recommended the use of a warrant system for the determination of need for the installation of pedestrian traffic signals. The need for an IPS is being monitored at Springbank/Sprucedale, which is the project tentatively identified in 2018. The IPS projects in subsequent years are Huron Street in the vicinity of the Salvation Army and Devonshire Avenue in the vicinity of Brompton Ave.

### **Roads 0303**

#### **New Sidewalk Construction – Project 142**

Funds in 2017 will be used to construct new sidewalk in various locations including Ridgewood Road to Cowan Park and Mill Street and Parkinson Road in conjunction with County reconstruction projects.

### **Bridge Rehab and Inspections – Project 145**

Funds in 2017 anticipate the City share of the cost of repairs to the Finkle Street pedestrian bridge. This project includes structural rehabilitation of the Finkle Street pedestrian bridge crossing CN. The \$25,000 funding in 2017 and 2019 relates to the bi-annual funding for bridge structure inspections. Funding in 2018 is tentatively planned for rehabilitation of the Southside park vehicle bridge over Cedar Creek. Funds in 2020 are for work on the Butler street bridge over Cedar Creek.

### **Warwick Flooding Remediation – Project 691**

Proposed project timing includes surface dry pond to be constructed on the inner track of the fairgrounds in 2017 (subject to agreement with the Agricultural Society). The Winchester underground storm water surge vault, the Cambridge Street underground storm water surge vault and the Warwick Street underground storm water surge vault have been moved to the latter years of the forecast. The cost of these underground vaults is significant and the construction of the vaults is expected to be quite disruptive. We remain hopeful that the Federal/Provincial governments will introduce funding programs directed toward such projects.

### **Norwich Flooding Remediation – Project 692**

This project was selected by Council for funding through the Clean Water and Waste water Fund (CWWF). CWWF will fund up to 50% of eligible construction costs and our maximum allocation is approximately \$346,000. This project was originally phased over two years and is now consolidated into one year as a result of the CWWF funding. The work in 2017 will include construction of secondary storm sewer, flood protection grading and local berming and construction of storm water pond in Richardson Park.

### **Downtown Alley Rehabilitation – Project 158**

This project includes the reconstruction of three alleys and one street. Broadway (Dundas to Simcoe) is to be rebuilt along with Reid's Lane (Broadway to Light St) reconstruction due to the need to correct sewer connections and extend sewers. Hay Lane is a short alley providing access to two houses. Dawes Lane (Wellington to 495 Dundas) is also included as the demolition of the rear of 495 Dundas will take place shortly. Additional funds are included in a separate project for the expansion of the Riddell Street parking lot and connection to the Cole Walkway Parking lot.

## **Downtown Public Parking**

The project will complete the demolition and construction of a new public parking lot at the corner of Peel/Young (formerly Pneuveyor). Pneuveyor is constructing a new building in Bysham Park and is expected to vacate their current location in the first quarter of 2017.

## **North East Recreation Complex Project 532**

Funds are included over three years for new road construction as follows:

- 2018 – Springbank Avenue extension east to frontage of proposed new Parks workshop,
- 2019 – Springbank Avenue extension to City east property limit,
- 2020 – Road construction north from Springbank to Lansdowne Avenue.

## **Development Costs 0309**

### **Pattullo Ridge Industrial Park**

Funds included in 2017 for the completion of farm structure demolition and removal. Prior year's funds are being used for archeological and servicing design. Servicing costs are not known and therefore not included at this time.

### **Devonshire Business & Industrial Park Roads and Grading – Project 189**

Funds included in 2017 are for the sanitary sewer extension which services both the industrial park and the southerly end of the LUNOR residential subdivision. Funds in 2019 and 2020 are for further servicing and road construction in the third phase of Bysham Park. These estimates are premised on the full construction of all roads which remains unknown and subject to change based on the size and configuration of industrial parcels that are sold.

Suggested financing for the work in 2017 is shown as sourced from the Hydro Reserve due to the uncertainty of sufficient Industrial Land Reserve funds. Staff recommends that the Hydro Reserve be reimbursed as funds become available in the industrial land reserve as a result of land sales.

## **Street Lighting 0308**

### **Energy Efficient Street Lights Program –Project 206**

The street light replacement program was originally spread over a five year period with higher funding in 2016 and declining over the years. Staff has intentionally financed this project without the use of debt. Admittedly this is difficult and has created pressure in other areas of the budget however we believe it is preferable to derive the full life cycle benefit of reduced energy costs rather than reduced return due to debt financing costs.

City Council approved the filing of an application for funding under the OCIF application based program and the application of formula based OCIF funds for 2017 and 2018 to advance three years of replacement into one year. Front end loading the investment is preferred to maximize the savings to be derived from this energy efficient technology. We have not received confirmation of funding under the application based program. In the event that this funding is not approved a report to Council will be provide options for re-financing and/or re-scoping the project.

## **New Buildings, Repairs & Maintenance 0310**

### **Fanshawe College Roof Replacement**

Fanshawe College was constructed on City land under an agreement between City and College. The City funded construction of the building with Fanshawe reimbursing the City over a ten year period. This agreement further specifies that the City is responsible for replacement and repair of building envelope elements such as the roof, masonry walls and sidewalks. The roof is at end of life and needs replacement while additional funds will be needed for exterior masonry repairs, sidewalk paving stone replacement and parking lot resurfacing. The College has served notice of the need to replace the roof, repair masonry and paving stone under this agreement with the roof being the current priority.

The College has indicated interest in assuming ownership and full maintenance responsibility if the City transfers land and title to the building. Staff have accepted the invitation to explore this and are awaiting a meeting date.

### **Southside Pool Additional Parking**

This project proposes to widen the drive on the south side of the building between the pool building and the lawn bowling club for additional parking. With the added activity at the pool, parking availability has become an issue.

## **Public Works Building Improvements – Project 712, 713, 714**

There are number of projects in the forecast years of the Capital Budget for engineering and works buildings. Projects include an office addition, a vehicle wash building and other support buildings. A master plan for the engineering/works yard including the new 8 acres of land is complete and provides direction for these needs.

A second floor office addition and interior renovations to the public reception space for engineering is proposed.

The vehicle wash building comes at a significant cost but has been identified as a need for many years. This project is tentatively identified for 2021 as it remains difficult to finance new projects. This facility will be capable of automated washing the entire fleet with an environmentally sensitive wash process that incorporates recycled water. There is currently a pressure based hand wand wash bay at public works for cleaning the fleet. This system does not produce good results for a number of reasons. Firstly it is difficult to reach underbody with a manual wand. Secondly much of the washing must be done outside the building to avoid plugging the oil interceptor and drains. As an example works staff must wash plough trucks outside in freezing conditions which is not desirable. The inclusion of brine/beet based anticing and pre-wetting of sand and pickled sand/salt on plough trucks creates a corrosive environment reducing the life of our fleet. An automated wash facility will produce better wash results and extend the life of the fleet.

PHASE 1	FUEL TANKS AND FUEL PUMPS	1 YEAR
PHASE 2	STORM WATER MANAGEMENT AND SNOWYARD IMPROVEMENT	2 YEARS
PHASE 3a	CARPENTRY / VEHICAL STORAGE / WASH BAY	2 YEARS
PHASE 3b	NEW STORAGE BUILDING	2 YEARS
PHASE 3c	STAFF PARKING AREA	3 YEARS
PHASE 4a	ENGINEERING AND BY-LAW BUILDING ADDITION	3 YEARS
PHASE 4b	EXISTING BUILDING INTERIOR RENOVATIONS	6 YEARS
PHASE 4c	ENGINEERING AND BY-LAW RENOVATION	6 YEARS
PHASE 4d	MAINTENANCE GARAGE RENOVATION	6 YEARS
PHASE 5	NEW STORAGE BUILDING	8 YEARS
PHASE 6a	NEW YARD / BRUSH / WOOD CHIP STOCKPILE	5-10 YEARS
PHASE 6b	NEW ENVIRO DEPOT	5-10 YEARS
PHASE 7	NEW ELEVATOR ADDITION	10-20 YEARS
PHASE 8	NEW RECYCLING BUILDING	10-20 YEARS
PHASE 9	NEW TRANSIT BUILDING ADDITION	15-20 YEARS
PHASE 10	NEW COMPOSTING STRUCTURE	10-20 YEARS



PROPOSED 20 YEAR PHASING PLAN



CITY OF WOODSTOCK  
PUBLIC WORKS YARD



## **Transit 0709**

### **Transit Purchase 2 new buses**

This is a project that will add 2 buses to the transit fleet to increase reliability given extended service hours. Financing includes a combination of Public Transit Infrastructure Fund, development charges, Provincial Dedicated Gas tax and Reserve for Capital Projects. This project was approved by Council on October 6 subject to the successful funding application.

### **Electronic Fare System**

This project will introduce electronic fare payment options and additional telematics for general transit information

## **Fire Department 0400**

### **Building expansion – Project 952**

The Parkinson Road Fire Hall has been under a design study to identify options to address the needs of the Fire Service. “Now” needs for the Service at this location include a publically accessible service desk, additional office space and indoor apparatus/equipment bay storage.

Further design concepts were developed over the past year to reduce the scope and capital cost. While there is some discrepancy over construction cost estimates for the two concepts we are reasonably confident that needs can be met with an overall budget of \$2,000,000. Financing is through development charges and debenture. The debenture cost can be recovered from future development charge revenue.

### **Municipal Radio System – Infrastructure Replacement Plan**

The radio system is currently used by Woodstock Police, Fire, Public Works, Transit and Parks. The system was commissioned in 2008 with a predicted practical life to around 2021. This project, an investment of \$1.3 million will extend the life of the complete radio system to approximately 2028. This is the expected life of the new equipment installed in 2016 on Durham Crescent to improve radio reception across the City.

The alternative to this plan will be a complete system replacement in 2021 at an estimated cost of \$4-\$5 million with a predicted life of system to approximately 2032.

Funds in 2017 are proposed to undertake further design and specification preparation. It may be possible to phase this project over two years (2018 and 2019). Work generally includes the replacement of radio repeaters and voting receivers at the various tower sites.

### **Police/Fire Bi-Directional Amplifiers Hospital**

Radio reception deficiencies have been identified at the hospital for both police and fire. This project will introduce in building repeater technology to improve signal level conditions inside the building.

The \$99,000 financing from other sources anticipates that the Ministry of Health will fund 90% of this project. Should this funding not materialize staff will report to Council with re-financing options.

## **Parks 0701**

### **Museum Square Revitalization**

Funds in 2017 are for a design exercise to make Museum Square more easily adaptable to the various events and purposes for which it is used each year. Specifically the exercise will look to create a permanent stage area and eating area. There are additional funds in this project to upgrade hydro connections in the square.

### **Burgess Park & Standard Tube Master Plan Implementation – Project 967**

This project continues through the 5 year forecast and implements the recommendations of the Master Plan. Year 3 includes seeding field 3 (by the Hartley subdivision) with indigenous grasses and plants, planting trees and trail head kiosks.

### **Northeast Recreation Complex – Project 552**

Funds in 2017 are proposed for additional parking and security lighting and trail development.

### **UTRCA Land Acquisition**

City Council approved an offer to purchase two properties north of Pittock Lake known as the sliver and square. The offer was sent to the UTCA Board and we await their response.

## **Community Complex & Civic Centre 0708**

### **Complex Refrigeration Retro-fit – Project 780**

The Community Complex is 20 years old in 2016 resulting in replacement expenditures within the capital program. Planned for 2017 is a \$1.3 million refrigeration system replacement. This project will create an oversized refrigeration plant that will be capable of supplying zone heating, cooling (dehumidification) for greater energy efficiency. The cost premium for this plant is estimated to be offset by reduced energy costs over the 20 year equipment life cycle.

The 2017 project will include domestic and rink flood hot heat recovery from the new refrigeration plant. The 2018 capital program includes a further \$740,000 in HVAC roof top equipment replacement which is necessary to fully realize the energy efficiency from the oversized refrigeration plant.

## **Library**

### **Redesign and Implementation of work space for staff**

This project includes a renovation of the staff workspace on the east side of the lower floor. Work includes the relocation of non-bearing walls to create more efficient work space and to create a meeting room. This project has not been presented in prior capital forecasts and is proposed by the library for 2017.

## **Police**

### **Address Radio Issues at Courthouse**

Police experience in building radio signal issues at the County Courthouse. Similar to the hospital this project proposes an in building signal repeater to improve the signal level.

## **Summary**

It is important to note that all projects in the 5-year projection need to be carefully examined to ensure that our financial security is not compromised. The projects listed may be modified, moved or alternative financing proposed as a result of further analysis, timing or other decisions of Council. It is also important to recognize that the projections beyond 2017 will undoubtedly be refined as projects move forward.

The 2017 Capital Budget has been developed using the usual contributions to the reserves and capital out of revenue to finance the program. Approval of this program does not commit Council to increased funding in the Revenue Fund Budget. However, City Council may wish to consider a one-time capital levy to reduce the debt issuance for the Complex Refrigeration Plant replacement. This would be considered as an additional item to the 2017 Revenue Fund Budget.

Respectfully submitted,

David Creery, P. Eng.