

The Corporation of the City of Kawartha Lakes
Council Report

Report Number EA2019-004

Date: January 23rd, 2019

Time: 9:00 a.m.

Place: Council Chambers

Ward Community Identifier: All

Title: Proposed 2019 Tax-Supported Capital Budget

Description: This report presents Council the recommended 2019 tax-supported capital budget.

Author and Title: Adam Found, Manager of Corporate Assets

Recommendation(s):

That Report EA2019-004, **Proposed 2019 Tax-Supported Capital Budget**, be received; and

That the 2019 Tax-Supported Capital Budget, attached as Appendix A to Report EA2019-004, be adopted.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

On July 11th, 2017, Council adopted the City's first Long-Term Financial Plan (LTFP) based on the Corporate Strategic Plan, Asset Management Plan and Development Charges Background Study. The 2018 capital and operating budgets for both tax-supported and water-wastewater lines of business were the first to be developed within such a guiding framework, representing a turning point in the City's history.

The 2019 Tax-Supported Capital Budget, attached hereto as Appendix A, has likewise been developed. This report presents Council with this budget for deliberation and approval.

Rationale:

Staff continues to update and refine the LTFP for changing information and financial circumstances. In particular, staff is working to enhance the operating side of the LTFP and intends to present Council with a revised version of the plan after the adoption of 2019 budgets. Given the short- and long-term financial consequences of budget decisions, it is the intention of staff to update Council on the LTFP annually after the adoption of budgets.

Staff has worked extensively over the past several months to develop proposed 2019 budgets in alignment with the LTFP and that address the City's needs within resource constraints. The following tax-supported capital budget highlights are worth noting (all financial figures are rounded):

- An unprecedented \$48.5M in total capital investment.
- An investment of \$24M in roads and related infrastructure, representing increases of 6.7% and 31.1% over 2018 and 2017, respectively.
- Initiation of downtown Lindsay reconstruction and revitalization with a \$4.0M investment in road and streetscape assets for Russell Street and Peel Street.
- Continuance of the 2018-2020 program to rehabilitate gravel roads, the overall budget for which is now reduced to \$4.1M from \$4.6M due to cost savings realized in 2018.
- An investment of \$2.3M for a new engineered cell at the Lindsay-Ops Landfill to ensure adequate landfill capacity for current and future residents and businesses.
- An investment of \$1.9M to consolidate the Oakwood and Little Britain fire halls into a modern and expanded Mariposa Fire Hall.

- Finalization and initiation of the growth-related redevelopments of Logie Park (\$1.5M) and Bobcaygeon Beach Park (\$2.0M), respectively.
- An investment of \$2.6M in recreation facilities, primarily arenas.
- Consistency with the 4.0% tax levy increase forecasted for 2019 as per the revised LTFP, and with no increase to the existing debt ceiling.

As in 2018, the 2019 capital budgets (tax-supported and water-wastewater) are organized on the principle of program-based budgeting whereby similar capital projects are grouped into programs. The pooling of capital funding at the program level enhances capital project management flexibility, mitigates the risk of cost overruns and provides for greater administrative efficiency. This new budget structure has proven very effective. Building on this structure, several improvements have been made to the presentation of the capital budgets, such as enhanced capital project information and clearer identification of decision unit-related, early-start, multi-year and growth-related capital projects.

Other Alternatives Considered:

As the proposed 2019 Tax-Supported Capital Budget aligns with the LTFP and best meets the City’s needs, staff is recommending Council adopt this budget. Council may, however, consider modifications to the budget during deliberations.

Over the past year, Council has forwarded several tax-supported capital projects as “decision units” to be considered during budget deliberations. While these are attached to the front end of the budget document, where related expenditure and financing implications are noted, they do not form part of the proposed capital budget. Rather, since a decision unit is typically an unplanned or accelerated capital project, it becomes part of the capital budget only by resolution of Council during budget deliberations. Table 1 below summarizes the decision units attached to the proposed 2019 Tax-Supported Capital Budget:

Table 1: Decision Units Attached to 2019 Tax-Supported Capital Budget

Council Resolution	Asset(s) / Project	Primary Activity / Treatment	Expenditure (\$)	Asset Management Status
CR2018-377	Otter Rd. / Omega Rd. Culvert	Study; Installation	143,750	Unplanned
CR2018-376	Verulam Dr. (CKL Rd. 8 to South End)	Resurfacing	201,250	Planned for post-2022
CR2018-516	McGregor Drive (Walmac Shores Rd. to North End)	Resurfacing	149,160	Planned for post-2022

Council Resolution	Asset(s) / Project	Primary Activity / Treatment	Expenditure (\$)	Asset Management Status
CR2018-523	Bayview Estate Rd. (Crimson Lane to North End)	Resurfacing	115,500	Planned for post-2022
CR2018-635	Gray Rd. (CKL Rd. 25 to South End)	Resurfacing	159,500	Planned for post-2022
CR2018-287	CKL Rd. 36 / Weldon Rd. Half-Set Traffic Signal	Installation	135,000	Unplanned
CR2018-243	Coboconk Medical Centre	Feasibility / Capital Plan	75,000	Unplanned
CR2018-245	Wilson Fields East Fence	Installation; Expansion	20,000	Unplanned
N/A	Garnet Graham Park Pavilion	Replacement; Upgrade	300,000	Planned for 2020
CR2018-289	Forbert Pool Parking Lot	Upgrade	200,000	Unplanned
		Total	1,499,160	

As each decision unit represents a capital project that is either unplanned or planned for a post-2019 year, staff is not recommending any of the decision units for approval at this time.

Financial/Operation Impacts:

The LTFP sets out the expected financial impacts of aligning future operating and capital budgets with the municipal service levels established by Council and or legislation. The 2019 budget proposed by this report has expenditure and financing implications noted therein. As in 2018, all approved 2019 budgets (tax-supported and water-wastewater) will be consolidated into a single document and made available on the City's website.

Relationship of Recommendation(s) To the 2016-2019 Strategic Plan:

The recommendations of this report align with the following goals of the Corporate Strategic Plan:

- Goal 1 – A Vibrant and Growing Economy: Effective capital budgets help support municipal infrastructure essential for a prosperous and growing economy.
- Goal 2 – An Exceptional Quality of Life: Effective capital budgets help support municipal infrastructure essential for the quality of life of residents.

- Goal 3 – A Healthy Environment: Effective capital budgets help support municipal, particularly water and wastewater infrastructure essential for a healthy environment.

Consultations:

Senior Management Team
City Treasurer

Attachments:

Appendix A: Proposed 2019 Tax-Supported Capital Budget



2019 Tax-Supported
Capital Budget.pdf

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Department Head: Juan Rojas, Director of Engineering and Corporate Assets