

# CITY OF NORTH BAY

## Report to Council

Report No: CORP 2007-191

Date: November 26, 2007

Originator: Brian Rogers / Al Lang

Subject: 2008 Capital Budget and 2008 to 2012 Five-Year Capital Forecast and Long-Term Capital Funding Policies

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### RECOMMENDATION:

**That the 2008 Capital Budget and 2008 to 2012 Five-Year Capital Forecast and the Long-Term Capital Funding Policies be received and referred to the General Government Committee.**

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### BACKGROUND:

The attached Preliminary 2008 Capital Budget and the 2008 to 2012 Five-Year Capital Forecast has been prepared after several Senior Management Team meetings and is recommended for adoption by City Council.

The annual budget review meeting for consideration of the 2008 Capital Budget and 2008-2012 Five-Year Capital Forecast and the Long-Term Capital Funding Policies is scheduled to take place at the Committee Meeting on December 10.

At this meeting we propose to review the capital projects, with particular emphasis on the major or more complex projects and those which Council may want to discuss in greater detail. We will provide specific details for each project in the Council package for the December 10 Committee Meeting to assist in the review. The Long-Term Capital Funding Policies were updated on October 17, 2005 and reviewed on January 18, 2007. We do not recommend any changes at this time.

We are continuing to work on two major projects that will have a significant impact on future capital funding policies. These are the Asset Management Plan and the Public Sector Accounting Board (PSAB) accounting exercise to inventory all our tangible capital assets in compliance with new financial reporting requirements.

The first phase of the Asset Management Plan is nearing completion and a State of the Infrastructure Report will be presented to Council on December 3. Based on the initial draft the City will be required to increase the investment in capital replacement funding. In addition, funding for growth related infrastructure will need to be addressed in the new policy.

The PSAB project, referenced previously, needs to be completed for the 2009 fiscal year. To date we have prepared lists of assets such as vehicles, parks and recreational fields, computer hardware and software, buildings and facilities and used the information from the Asset Management Plan to begin to inventory all our roads, water systems, sanitary and storm sewer assets. Costing of these assets is partially complete.

We will use the data collected from these projects to assist in the development of new Long-Term Capital Policy targets for the next twenty (20) years. During the next year we will inform Council as we progress in these projects.

The following is a summary of the funding of the **City Capital Projects for 2008. (Schedule A)**

Capital projects to be funded from Debentures and Capital Levy in accordance with the Long-Term Capital Funding Policy <b>(Schedule A, Line 109)</b>	<b><u>\$12,516,757</u></b>
Other Funding Sources:	
Capital projects to be funded from Federal and Provincial Government Grant Programs <b>(Schedule A, Lines 89, 92, 93, 98 and 103)</b>	\$2,844,000
Capital projects to be funded from developers and other partners' contributions <b>(Schedule A, Lines 87, 88, 91 and 100)</b>	\$1,525,000
Capital projects to be funded from Reserves including the Provincial Dedicated Gas Tax Reserve <b>(Schedule A, Lines 101 and 104)</b>	\$890,000
Capital projects funded from North Bay Hydro interest <b>(Schedule A, Line 107)</b>	\$1,000,000
Capital projects to be funded from contributions from the North Bay Regional Health Centre <b>(Schedule A, Line 84)</b>	\$1,202,243
Capital projects to be funded from property sale proceeds <b>(Schedule A, Line 95)</b>	\$300,000
Capital projects funded from prior years' unspent funds <b>(Schedule A, Lines 102 and 105)</b>	<u>\$367,000</u>
<b>Total Other Funding Sources (Schedule A, Line 108)</b>	<b><u>\$8,128,243</u></b>
<b>Total (Schedule A, Line 83)</b>	<b><u>\$20,645,000</u></b>

We recommend that Council adopt the Capital Budget for year 2008 even though the net construction / acquisition on attached **Schedule A, Line 109** is greater than the approved Capital Funding Policy Expenditure Limit (**Schedule A, Line 110**) by \$47,757. The Chief Financial Officer will include a Capital Budget Approval Status Report with each report requesting approval of a capital project to ensure that the approvals do not exceed the Capital Funding Policy expenditure limit of \$12,469,000 (**Schedule A, Line 110**).

The following is a summary of the funding of the **City Capital Projects for 2008 to 2012. (Schedule A)**

Capital projects to be funded from Debentures and Capital Levy in accordance with the Long-Term Capital Funding Policy ( <b>Schedule A, Line 109</b> )	<b><u>\$68,351,757</u></b>
Other Funding Sources:	
Capital projects to be funded from Federal and Provincial Government Grant Programs ( <b>Schedule A, Lines 85, 89, 92, 93, 98, 103 and 106</b> )	\$18,109,000
Capital projects to be funded from developers and other partners' contributions ( <b>Schedule A, Lines 86, 87, 88, 91 and 100</b> )	\$5,875,000
Capital projects to be funded from Reserves including the Provincial Dedicated Gas Tax Reserve ( <b>Schedule A, Lines 97, 101 and 104</b> )	\$5,650,000
Capital projects funded from North Bay Hydro interest ( <b>Schedule A, Line 107</b> )	\$5,000,000
Capital projects to be funded from contributions from the North Bay Regional Health Centre ( <b>Schedule A, Line 84</b> )	\$1,202,243
Capital projects to be funded from property sale proceeds ( <b>Schedule A, Lines 95 and 96</b> )	\$1,400,000
Capital projects funded from prior years' unspent funds ( <b>Schedule A, Lines 102 and 105</b> )	<u>\$367,000</u>
<b>Total Other Funding Sources (Schedule A, Line 108)</b>	<b><u>\$37,603,243</u></b>
<b>Total (Schedule A, Line 83)</b>	<b><u>\$105,955,000</u></b>

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The following is a summary of the funding of the **Water and Sanitary Sewer Capital Projects for 2008. (Schedule B)**

Capital projects to be funded from Water and Sanitary Sewer Rates ( <b>Schedule B, Lines W63 and W66</b> )	\$6,525,000
Capital projects to be funded from debt issues for growth related projects ( <b>Schedule B, Line W64</b> )	<u>\$2,700,000</u>
<b>Total (Schedule B, Line W62)</b>	<b><u>\$9,225,000</u></b>
Other Funding Sources:	
Capital projects to be funded from Federal and Provincial Government Grant Programs ( <b>Schedule B, Line W58</b> )	\$360,000
Capital projects to be funded from Development Charges Reserve ( <b>Schedule B, Line W60</b> )	\$100,000
Capital projects to be funded from other Reserves ( <b>Schedule B, Line W53</b> )	\$260,000
Capital projects to be funded from contributions from the North Bay Regional Health Centre ( <b>Schedule B, Line W56</b> )	<u>\$300,000</u>
<b>Total Other Funding Sources (Schedule B, Line W61)</b>	<b><u>\$1,020,000</u></b>
<b>Total (Schedule B, Line W52)</b>	<b><u>\$10,245,000</u></b>

The Chief Financial Officer will include a Capital Budget Approval Status Report with each report requesting approval of a capital project to ensure that the approvals do not exceed the Capital Funding Policy expenditure limit of \$9,101,000, **Schedule B, Line W65.**

Below is a summary of the funding of the **Water and Sanitary Sewer Capital Projects for 2008 to 2012. (Schedule B)**

Capital projects to be funded from Water and Sanitary Sewer Rates ( <b>Schedule B, Lines W63 and W66</b> )	\$35,795,900
Capital projects to be funded from debt issues for growth related projects ( <b>Schedule B, Line W64</b> )	<u>\$10,800,000</u>
<b>Total (Schedule B, Line W62)</b>	<b><u>\$46,595,900</u></b>

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Other Funding Sources:

Capital projects to be funded from Federal and Provincial Government Grant Programs (Schedule B, Lines W55 and W58)	\$3,040,000
Capital projects to be funded from Development Charges Reserve (Schedule B, Line W60)	\$800,000
Capital projects to be funded from other Reserves (Schedule B, Line W53)	\$260,000
Capital projects to be funded from contributions from the North Bay Regional Health Centre (Schedule B, Line W56)	\$589,100
Capital projects to be funded from property sale proceeds (Schedule B, Line W59)	<u>\$200,000</u>
<b>Total Other Funding Sources (Schedule B, Line W61)</b>	<b><u>\$4,889,100</u></b>
<b>Total (Schedule B, Line W52)</b>	<b><u>\$51,485,000</u></b>

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**RECOMMENDED OPTION:**

**That the 2008 Capital Budget and 2008 to 2012 Five-Year Capital Forecast and the Long-Term Capital Funding Policies be received and referred to the General Government Committee.**

If the Preliminary 2008 Budget is recommended for adoption at the Committee Meeting on December 10, it will provide the authority for capital by-law preparation and the tendering and awarding of contracts. Earlier tendering should allow for better competitive bidding and scheduling of work for the 2008 construction season.

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Respectfully submitted,

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Brian Rogers, CA  
Chief Financial Officer

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Al Lang, CGA  
Manager of Accounting

I concur in this report and recommendation.

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David Linkie  
Chief Administrative Officer

Personnel designated for continuance: Chief Financial Officer

Attach: Capital Budgets, Schedules A and B