

MEMORANDUM

TO: Mayor and Council

FROM: Shelley Rector CPA, CMA - CFO

DATE: May 7, 2019

SUBJECT: Capital Budget Discussion

History

Council received a proposed Capital Budget on March 25, 2019. There were seven projects approved as an early short list of projects (this list remains as presented in the capital budget binder).

We also provided a list of anticipated carry over projects that were already approved as part of the 2018/19 budget (pages 6 – 7 of this agenda package). There have been some additional projects added to the list as they did not get completed by March 31/19. These are highlighted on the spreadsheet (pages 8 – 9) for information purposes for Council. These do not impact the capital budget for this year in that they have already been approved and they are fully funded.

We have also provided council with the list of new capital projects per the March 25, 2019 budget meeting which were approved in principle (pages 10 – 11). A comprehensive list of carry overs and proposed new projects can be found on page 25.

We have also provided a revised discussion items list (page 15) as well as a new proposed additional gas tax list (page 24). The gas tax list includes proposed projects for the additional gas tax funding and the discussion list includes a breakdown of the various components associated with the Summit Sidewalk project. These will be the focus of the capital budget discussion. We did want to note that the subtotal for Sanitary Sewer in the “Capital Budget – New Projects list from March 25” was added as the amount for Edgewood did not get included in the subtotals.

The Town received notification that they will be receiving an additional approximately \$710,000 in gas tax funds sometime during the 2019/20 fiscal year. Therefore, new capital budgets for year’s two to ten (pages 26 – 34) have been provided. There were significant changes due to the additional gas tax allocation this fiscal year. The main changes are:

- a. Removal of proposed gas tax funded projects from year two (will be in year one if approved);
- b. Addition of Albion Street project in year 2 which was inadvertently not brought forward to year two; and
- c. An adjustment of projects into year two and three to utilize the additional gas tax funds received this fiscal year.

Discussion

When we began the capital budget process, we noted that last year we had a significant number of projects in the capital budget. As you can see from the carry over list, not all the projects were completed last year. The main reasons for this are that we did not have enough resources to

complete the required work in the required timelines. Thus we felt it would be beneficial to set goals for this fiscal year. Our goals are:

- a. To ensure infrastructure projects are well planned and completed in a timely manner. Decreasing the number of new projects and completing the carry over projects while planning for next year's capital would allow us to better plan and meet timelines.
- b. To ensure we obtain the best pricing possible in the procurement process. Because the capital budget has been passed in May rather than earlier in the year, there can be a challenge to get the best pricing for contracts.
- c. To decrease or eliminate the need for carry over projects for fiscal 2020/21. By limiting the number of new projects, we will have time to complete last year's carry over projects, this year's new projects and plan next year's projects.
- d. Ensuring there is appropriate time for advanced planning of current year and future year projects.

As the preliminary list received was approved in principle, any changes to the budget will require a motion to amend the budget. Our discussion today will be focused on potential amendments to the capital budget:

1. Discussion items: current year or future year
 - a. Rob's Batting Cage
 - b. Summit Avenue Sidewalk
 - c. The Solar for Community Project
2. Additional Gas Tax Allocation: current year and future years
 - a. Proposed use
 - b. List of current year projects

We note that the proposed paving projects do not fully utilize all the allocated gas tax, but they do allow us to complete some additional paving (all overlay projects) with minimal impact on resources as the work is contracted out and the Town provides an oversight role. We anticipate we have capacity for performing an oversight role for these projects. Doing just these projects will also allow us to achieve the goals we indicated above. We propose the additional funds be allocated into years two and three to ensure the workload is manageable within existing resources.

Next Steps

The capital budget has been approved in principal. If any of the three discussion items are to be added to the capital budget as presented, we would need a motion to add those projects to the list for current or future years. We are also looking for a motion to add the proposed gas tax funded paving projects to current year and have the additional gas tax allocation applied to years two and three.