

STAFF REPORT: Financial & Information Services



REPORT TO: Council
MEETING DATE: July 6, 2009
REPORT NO.: FIS.09.41
SUBJECT: Building Canada Fund-
Communities Component – Intake
Two - Plan 915 Servicing
Reconstruction
PREPARED BY: Ruth Prince, Manager of Revenue
Darcy Chapman, Capital
Accountant

A. Recommendations

THAT Council receive Staff Report FIS.09.41 “Building Canada Fund-Communities Component – Intake Two - Plan 915 Servicing Reconstruction”;

THAT Council endorsed the Plan 915 Servicing Reconstruction Project which is supported under the Building Canada Fund – Communities Component - Intake Two;

AND FURTHER THAT Council adopt the New Capital Budget – Option #2 for Plan 915 Reconstruction as outlined below:

Budgeted Expenditures

Road Reconstruction	\$	1,693,460
Street Lighting	\$	213,050
Water Main Replacement	\$	912,400
Wastewater Replacement	\$	1,321,520
Total	\$	<u>4,140,430</u>

Budgeted Revenues

Grants	\$	2,727,695
Reserves	\$	1,412,735
	\$	<u>4,140,430</u>

AND FURTHER THAT Council authorize the Mayor and Clerk to sign a Letter of Agreement between the Government of Canada, the Province of Ontario and The Blue Mountains for Building Canada funding for Plan 915 Servicing Reconstruction subject to approval by the Director of Finance and Information Services and the Town Solicitor.

B. Background

On May 1, 2009, The Blue Mountains submitted an application for Plan 915 Servicing Reconstruction under the Building Canada Fund – Communities Component – Intake Two. Priority was given to those projects that could be started in 2009 and completed no later than March 31, 2011.

On Friday June 12, The Blue Mountains received notification that the application of Plan 915 Servicing Reconstruction was successful and of the total project cost of \$4,091,548; \$1,363,849 will be received from the federal government and \$1,363,849 will be received from the provincial government.

The 2009 Capital Budget outlined works to be completed for the Plan 915 area for works related to rehabilitation of Water Mains, Sewer Trunks, Road Reconstruction and Streetlight Replacement. The total approved capital budget including revenue sources is as follows;

2009 Approved Budget		Funding Sources							
	Project Budget	Grants	Reserves	Prior Year Carryover	Taxation (2009)	Taxation (2010)	Taxation (2011)	Taxation (2012)	Taxation (2013)
Road Reconstruction	\$ 1,299,500	\$ 424,500		\$ 200,000	\$ 135,000	\$ 135,000	\$135,000	\$135,000	\$135,000
Street Lighting	\$ 142,500			\$ 48,500	\$ 48,500	\$ 48,500			
Water Main Replacement	\$ 867,000		\$ 867,000						
Wastewater Replacement	\$ 1,155,000		\$1,155,000						
			\$						
Total	\$ 3,464,000	\$ 424,500	2,022,000	\$ 248,500	\$ 183,500	\$ 183,500	\$135,000	\$135,000	\$135,000

The government funding obtained will allow the Town to reallocate previous government grants amounting to \$424,500 to other needed projects. As well, and maybe more importantly, the Town will not have to utilize debt to repay the road and street light portions of the project. This will free up much needed debt capacity for other future projects.

Being that the Town was successful with the grant application Town Staff have reviewed the budget and have updated the Capital Program.

Staff first updated the total budgeted expenditures based on the engineer's estimates provided by R.J. Burnside and the subsequent grant application. This change in anticipated Capital Expenditures has resulted in an additional \$676,000 added to the total budgeted expenses which includes all Engineering, Contract Supervision, Construction and Miscellaneous.

Staff then input two scenarios into a model to determine the best method of funding the project while trying to utilize the funding dollars to their maximum potential. Option #1 establishes using the grant on a percentage basis of the total cost of each individual project separating the costs associated with Roads, Water, Sewer and Street Lighting. The grant monies and subsequent remaining funding was apportioned as follows;

Option #1 - Building Canada Fund Grant split as a percentage of individual services	
	Funding Sources

	Project Budget	Grants	Reserves	Prior Year Carryover	Taxation (2009)	Taxation (2010)	Taxation (2011)	Taxation (2012)	Taxation (2013)
Road Reconstruction	\$ 1,725,025	\$ 1,099,025		\$ 200,000	\$ 85,000	\$ 85,250	\$ 85,250	\$ 85,250	\$ 85,250
Street Lighting	\$ 213,050	\$ 154,525		\$ 48,500	\$ 10,025				
Water Main Replacement	\$ 912,400	\$ 602,085	\$ 310,315						
Wastewater Replacement	\$ 1,321,520	\$ 872,060	\$ 449,460						
Total	\$ 4,171,995	\$ 2,727,695	\$ 759,775	\$ 248,500	\$ 95,025	\$ 85,250	\$ 85,250	\$ 85,250	\$ 85,250

Option #2 establishes using the grant to fund the projects directly impacting taxation first. The total cost for Roads and Street Lighting, less non-eligible expenses, are funded primarily and the remaining grant of \$853,000 is split evenly between the Water and Wastewater expenses. The grant monies and subsequent remaining funding was apportioned as follows;

Option #2 - Building Canada Fund Grant utilized for Taxation related projects first									
	Project Budget	Grants	Reserves	Prior Year Carryover	Funding Sources				
					Taxation (2009)	Taxation (2010)	Taxation (2011)	Taxation (2012)	Taxation (2013)
Road Reconstruction	\$ 1,693,460	\$ 1,665,260		\$ 28,200					
Street Lighting	\$ 213,050	\$ 209,085		\$ 3,965					
Water Main Replacement	\$ 912,400	\$ 426,675	\$ 485,725						
Wastewater Replacement	\$ 1,321,520	\$ 426,675	\$ 894,840						
Total	\$ 4,140,430	\$ 2,727,695	\$ 1,380,565	\$ 32,165	\$ -	\$ -	\$ -	\$ -	\$ -

The chart below illustrates the funding sources and the savings generated from the originally approved budget.

Comparison - Funding Source Savings Option #1 vs. Option #2								
		Funding Sources						
		Reserves	Prior Year Carryover	Taxation (2009)	Taxation (2010)	Taxation (2011)	Taxation (2012)	Taxation (2013)
Option #1		-\$1,262,225	\$ -	-\$ 88,475	-\$ 98,250	-\$ 49,750	-\$ 49,750	-\$ 49,750
Option #2		-\$ 641,435	-\$216,335	-\$183,500	-\$183,500	-\$135,000	-\$135,000	-\$135,000
Change		\$ 620,790	-\$216,335	-\$ 95,025	-\$ 85,250	-\$ 85,250	-\$ 85,250	-\$ 85,250

Although both options provide a solid base for the Town, Staff is recommending Option #2 for the following reasons;

1. Option #2 only utilizes \$32,165 from the 2008 contributions (\$248,500) established for Road and Streetlight works. This will allow the Town to retain \$216,335 in Roads Reserves for other uses in the future.
2. Option #2 allows the Town to reallocate \$183,500 in Capital to be funded from taxation in both 2009 and 2010 and \$135,000 in 2011, 2012 and 2013.
3. Option #2 will lessen the burden on Water and Wastewater Reserves by \$641,435

C. The Blue Mountains' Strategic Plan

2. Addressing the Town's municipal infrastructure needs
- 2.1 Identify existing deficiencies in the current municipal infrastructure

D. Environmental Impacts

None

E. Budget Impact

The successful grant application will allow the Town to better manage taxation and reserve resources for other purposes. Although the total budget for the project has increased by \$676,000 the allocation of \$2.7 million in government funding will allow the town to retain \$216,000 in reserves for future roads purposes. It will also allow the Town to reallocate water reserves of \$381,275 and wastewater reserves of \$260,160. Lastly, the Town will now have the ability to complete other needed capital projects by way of saving some \$772,000 in taxation support for this project.

F. Attached

1. Revised Capital Project Sheet – Plan 915 Road Reconstruction (Option #2)
2. Revised Capital Project Sheet – Plan 915 Street Light Replacement (Option #2)
3. Revised Capital Project Sheet – Plan 915 Water Main Replacement (Option #2)
4. Revised Capital Project Sheet – Plan 915 Waste Water Replacement (Option #2)

Respectfully submitted,

Signature

For more information, please contact:
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or

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Signature



PROPOSED CAPITAL PROJECT FORM

Department: Engineering & Public Works, Roads and Drainage Division
Proposal: **Plan 915 Road Reconstruction**
Year of Initiation: 2009
Year of Completion: 2010
Submission Date: June 30, 2009
Submitted by: Reg Russwurm

A Description

Reconstruction of Kinsey Place (100 meters) and Plater Street (100 meters) Campbell Crescent (400 meters) and Carmichael Crescent (700 meters) of Plan 915 to rural standard with two lifts of asphalt in conjunction with sanitary sewer and water main replacement. Road sections 502,498 (2009) – 200 metres and road sections, 500, 496 (2010) – 1,100 meters.

B Purpose

To undertake roads and drainage improvements in conjunction with water and sanitary works.

C The Blue Mountains' Strategic Plan

This furthers the Town's Strategic Plan by addressing Goal #2 "Addressing the Town's municipal infrastructure needs".

D Environmental Impacts

Green house gases will be generated as part of the construction activities. Drainage improvements will be made to mitigate environmental impacts.

E Expected Staff Resources/Key Personnel

Consultant	R.J. Burnside
Project Manager	Tom Gray
Project Team	Jim McCannell
Construction Supervisor	
Purchasing Manager	Sherri Adams

F Expected Capital Resource Requirements

YEAR	Studies	Engineering	Contract Administration	Construction	Contingencies	Utility Reloctes	Interim Financing	Miscellaneous	
2009		28,200	27,800	394,730	36,265	28,000		32,380	
2010			64,875	921,040	84,610			75,560	
2011									
2012									
2013									
Totals		28,200	92,675	1,315,770	120,875	28,000		107,940	
								Total	1,693,460

Miscellaneous is transfer from operation for a full time "in house" construction inspector to manage this and other Capital projects.

G Estimated Project Costing Economic Driver

Based on engineering estimates provided by R.J. Burnside.

H Expected Project Timeline

Tender Phase 1	April, 2009
Construction Phase 1	June, 2009
Tender Phase 2	February, 2010
Construction Phase 2	May, 2010

I Expected Operational Resource Requirements

Project Management

Project Team Participation

Design submission review

Attend construction meetings

Review and issue payment of engineering fee invoices and construction payment certificates.

J Proposed Source of Financing & Funding, (in conjunction with Treasury)

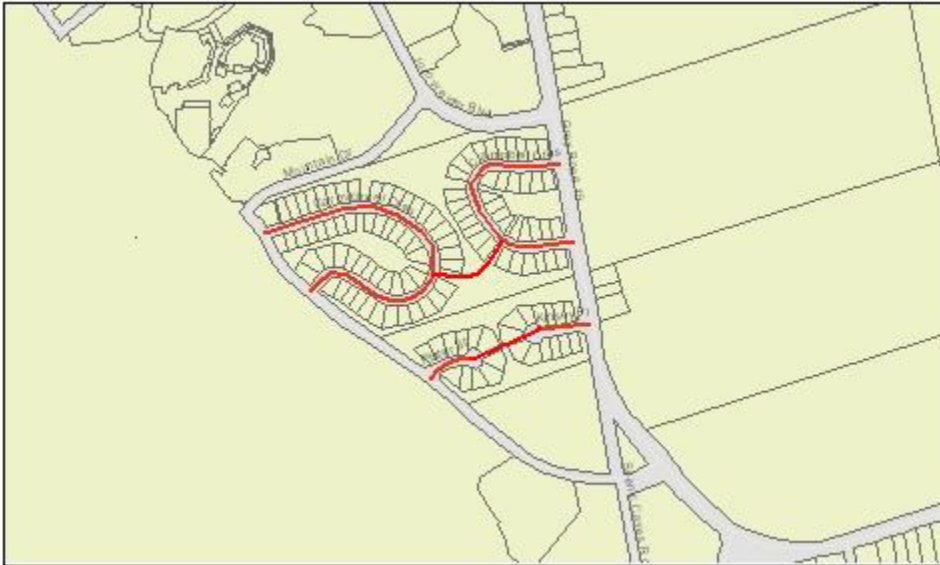
YEAR	Grants, Donations, Developer Contributions	Taxation	User Fees	Municipal Act 326-391	Capital Reserves (Specify Below)	Development Charges	Debt	Other (Specify Below)	
2009	519,175				28,200				
2010	1,146,085								
2011									
2012									
2013									
Totals	1,665,260				28,200				
								Total	1,693,460

Notes to Table:

Federal and Provincial funding from Infrastructure Stimulus package through Building Canada Fund. Total grant of \$2,727,698 for Road Water and Sewer Project. \$28,200 carry over from 2008 taxation.

K Anticipated Cost Savings or Additional Revenues

L Location Map



M Attachments, as applicable

Respectfully submitted by,

Department Head Signature



PROPOSED CAPITAL PROJECT FORM

Department: Engineering & Public Works, Roads and Drainage Division
 Proposal: **Plan 915 Street Lighting**
 Year of Initiation: 2009
 Year of Completion: 2010
 Submission Date: June 30, 2009
 Submitted by: Reg Russwurm

A Description

Lighting for Kinsey, Plater & Carmichael, Campbell Road in Plan 915:

B Purpose

To provide adequate lighting levels on the roadways within Plan 915 development.

C The Blue Mountains' Strategic Plan

This furthers the Town's Strategic Plan by addressing Goal #2 "Addressing the Town's municipal infrastructure needs".

D Environmental Impacts

Energy will be used to energize lights however dark sky and energy efficient fixtures will be used to minimize impact while providing safe light levels.

E Expected Staff Resources/Key Personnel

Consultant R.J. Burnside
 Project Manager Tom Gray
 Construction Supervisor
 Purchasing Manager Sherri Adams

F Expected Capital Resource Requirements

YEAR	Studies	Engineering	Contract Administration	Construction	Contingencies	Equipment	Interim Financing	Miscellaneous
2009		3,965	4,300	61,000				2,000
2010			8,730	124,000	5,435			3,620
2011								
2012								
2013								
Totals		3,965	13,030	185,000	5,435			5,620
							Total	213,050

G Estimated Project Costing Economic Driver

Based on Engineering estimate by R. J. Burnside.

H Expected Project Timeline

Tender Phase 1 April, 2009
Construction Phase 1 June, 2009
Tender Phase 2 February, 2010
Construction Phase 2 May, 2010

I Expected Operational Resource Requirements

Project Management
Project Team Participation
Design submission review
Attend construction meetings
Review and issue payment of engineering fee invoices and construction payment certificates.

J Proposed Source of Financing & Funding, (in conjunction with Treasury)

YEAR	Grants, Donations, Developer Contributions	Taxation	User Fees	Municipal Act 326- 391	Capital Reserves (Specify Below)	Development Charges	Debt	Other (Specify Below)
2009	67,300							3,965
2010	141,785							
2011								
2012								
2013								
Totals	209,085							3,965
							Total	213,050

Notes to Table:

\$48,500 levied in 2008 to commence works. Federal and Provincial funding from Infrastructure Stimulus package through Building Canada Fund. Total grant of \$2,727,698 for Road, Water and Sewer Project.

K Anticipated Cost Savings or Additional Revenues

L Location Map



M Attachments, as applicable

Respectfully submitted by,

Department Head Signature



PROPOSED CAPITAL PROJECT FORM

Department: Engineering & Public Works, Water & Wastewater Services Division
Proposal: **Plan 915 Water Main Replacement**
Year of Initiation: 2009
Year of Completion: 2010
Submission Date: June 30, 2009
Submitted by: Reg Russwurm

A. Description

Replacement of existing 100mm and 150mm substandard water main and services on Kinsey Place, road section 502 – 100m, Plater Street, road section 498 - 100m, Carmichael Crescent, road section, 496 – 700m, Campbell Crescent, road section 500 – 400m plus the water mains joining the streets through servicing easements of Plan 915 in the Craigleith Service Area for a total of approximately 1600m in conjunction with sanitary sewer replacement and road reconstruction.

B. Purpose

The existing distribution is substandard pipe which has some history of leaks. The pipe is over thirty years old. Additionally, the road requires reconstruction.

C. The Blue Mountains' Strategic Plan

This furthers the Town's Strategic Plan by addressing Goal #2 "Addressing the Town's municipal infrastructure needs".

D. Environmental Impacts

The replacement of the water main will assist in reducing water losses and therefore assist in reducing water production. This will result in the Town expending less energy.

E. Expected Staff Resources/Key Personnel

Engineering/Consulting	
Project Manager/Supervisor	Tom Gray
Construction Supervisor	Dave McGuire
Compliance & Efficiency Coordinator	Meg Boyd
Purchasing Manager	Sherri Adams

F. Expected Capital Resource Requirements

YEAR	Studies	Engineering	Contract Administration	Construction	Contingencies	Equipment	Interim Financing	Miscellaneous	
2009		15,450	15,230	432,500	30,220			29,565	
2010			35,540	288,330	36,000			29,565	
2011									
2012									
2013									
Totals		15,450	50,770	720,830	66,220			59,130	
								Total	912,400

G. Estimated Project Costing Economic Driver

Based on engineering estimates provided by R.J. Burnside.

H. Expected Project Timeline

Tender Phase 1	April, 2009
Construction Phase 1	June, 2009
Tender Phase 2	February, 2010
Construction Phase 2	May, 2010

I. Expected Operational Resource Requirements

Project management
Attend construction meetings

J. Proposed Source of Financing & Funding, (in conjunction with Treasury)

YEAR	Grants, Donations, Developer Contributions	Taxation	User Fees	Municipal Act 326-391	Capital Reserves (Specify Below)	Development Charges	Debt	Other (Specify Below)
2009	426,675				96,290			
2010					389,435			
2011								
2012								
2013								
Totals	426,675				485,725			

Notes to Table:

Federal and Provincial funding from Infrastructure Stimulus package through Building Canada Fund. Total grant of \$2,727,698 for Road Water and Sewer Project.

CCCL Water Operating Reserve Fund (4-418-0000-32003) based on past contributions to the reserve fund through user fees

K. Anticipated Cost Savings or Additional Revenues

Reduced repairs and maintenance from leaks; increased system reliability

L. Location Map, as applicable



M. Attachments, as applicable

Respectfully submitted by,

Department Head Signature



PROPOSED CAPITAL PROJECT FORM

Department: Engineering & Public Works, Water & Wastewater Services Division
Proposal: **Plan 915 Wastewater Replacement**
Year of Initiation: 2009
Year of Completion: 2010
Submission Date: June 30, 2009
Submitted by: Reg Russwurm

A. Description

Replacement of existing wastewater and services on Kinsey Place, road section 502 – 100m, Plater Street, road section 498 - 100m, Carmichael Crescent, road section, 496 – 700m, Campbell Crescent, road section 500 – 400m plus the wastewater joining the streets through servicing easements of Plan 915 in the Craighleith Service Area for a total of approximately 2050m of wastewater. In conjunction with water main replacement and road reconstruction.

B. Purpose

The existing distribution is substandard 200mm asbestos cement pipe which has some history of leaks. The pipe is over forty years old. This pipe will be replaced with 200mm PVC which has a life expectancy in excess of fifty years. Additionally, the road requires reconstruction. The reconstruction of this road has not been specifically included in the previously approved roads and drainage budget.

C. The Blue Mountains' Strategic Plan

This furthers the Town's Strategic Plan by addressing Goal #2 "Addressing the Town's municipal infrastructure needs".

D. Environmental Impacts

Leaks from and infiltration into the wastewater will be significantly reduced thereby eliminating adverse impact on groundwater and infiltration which add to treatment costs.

E. Expected Staff Resources/Key Personnel

Project Manager/Supervisor	Tom Gray
Construction Supervisor	Rob Fleming
Design Technologist	Tom Gray
Compliance & Efficiency Coordinator	Meg Boyd
Purchasing Manager	Sherri Adams

F. Expected Capital Resource Requirements

YEAR	Studies	Engineering	Contract Administration	Construction	Contingencies	Equipment	Interim Financing	Miscellaneous
2009		22,380	44,125	626,430	57,545			42,820
2010			29,415	417,620	38,365			42,820
2011								
2012								
2013								
Totals		22,380	73,540	1,044,050	95,910			85,640
							Total	1,321,520

G. Estimated Project Costing Economic Driver

Based on engineering estimates provided by R.J. Burnside. An additional \$100,000 has been added to the project for asbestos pipe removal.

H. Expected Project Timeline

Tender Phase 1	April, 2009
Construction Phase 1	June, 2009
Tender Phase 2	February, 2010
Construction Phase 2	May, 2010

I. Expected Operational Resource Requirements

Project management
 Project team participation
 Design submission review
 Attend construction meetings
 Review and approve payment of engineering fee invoices and construction payment certificates.

J. Proposed Source of Financing & Funding, (in conjunction with Treasury)

YEAR	Grants, Donations, Developer Contributions	Taxation	User Fees	Municipal Act 326-391	Capital Reserves (Specify Below)	Development Charges	Debt	Other (Specify Below)
2009	426,680				366,620			
2010					528,220			
2011								
2012								
2013								
Totals	426,680				894,840			
							Total	1,321,520

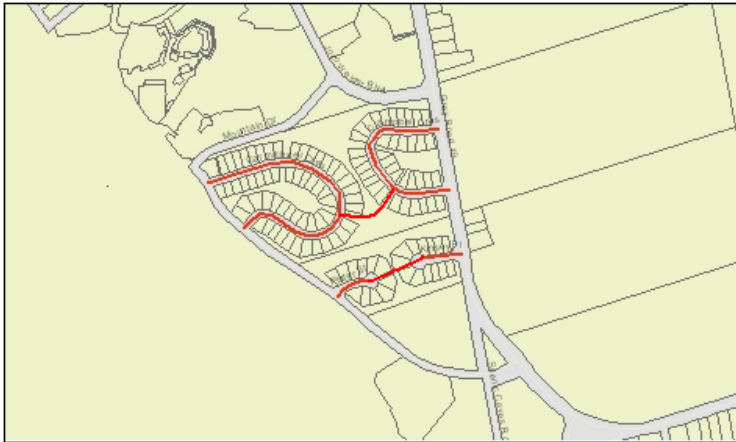
Notes to Table:

Federal and Provincial funding from Infrastructure Stimulus package through Building Canada Fund. Total grant of \$2,727,698 for Road Water and Sewer Project.
Craigleith Sewer Reserve Operating Fund (4-432-0000-32001) based on past contributions to the reserve fund through user fees

K. Anticipated Cost Savings or Additional Revenues

Reduced repairs and maintenance from leaks; increased system reliability

L. Location Map, as applicable



M. Attachments, as applicable

Respectfully submitted by,

Department Head Signature