



City of Port Colborne
Special Meeting of Committee of the Whole 06-20
Budget Meeting
Thursday, September 17, 2020 – 6:30 p.m.
Council Chambers, 3rd Floor, 66 Charlotte Street

Agenda

1. **Call to Order:** Mayor William C. Steele
2. **Introduction of Addendum Items:**
3. **Confirmation of Agenda:**
4. **Disclosures of Interest**
5. **Item(s) for Consideration:**

Notes	Item	Description / Recommendation	Page
WCS MB EB RB GB FD AD DK HW	1.	<p><u>2021 Budget Development Process and City Finances</u></p> <p>That the 2021 Budget Development Process and City Finances presentation, be received for information.</p> <p>Note: Bryan Boles, Director of Corporate Services will be providing a PowerPoint presentation regarding the above.</p>	3
WCS MB EB RB GB FD AD DK HW	2.	<p><u>Corporate Services Department, Financial Services Division, Report No. 2020-125, Subject: 2021 Capital and Related Projects Budget</u></p> <p>That the Corporate Service Department, Financial Services Division, Report No. 2020-125, Subject: 2021 Capital and Related Projects Budget, be received; and</p> <p>That the 2021 Capital and Related Projects Budget as outlined in Report 2020-125, be approved and that the projects identified in the 2021 Capital and Related Projects Budget can begin immediately where feasible.</p> <p>Note: Bryan Boles, Director of Corporate Services, will be providing a PowerPoint presentation with regard to the above report.</p>	15

6. **Adjournment:**

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2021 Budget Development Process & City Finances

September 17, 2020



Agenda

- Budget - Timeline / Process / Format
- Budget Focus and Building Blocks
- Key Policy Development
- Continuous Improvement
- Key Performance Metrics (KPI)
 - Allocations / Capital / Reserves / Borrowing / Unfunded liabilities
- Property Taxes / Assessment
- Water & Waste Water Rates



Forward Looking Information

In preparing the 2021 Budget, certain assumptions and estimates are necessary. They are based on information available to staff at the time. Actual results will vary.



2021 Budget

The budget is a plan to allocate resources in advance for the maximum benefit of City residents and stakeholders. It is a method to authorize revenue and expense authority.

As regulated through the Municipal Act, a balanced budget is required.

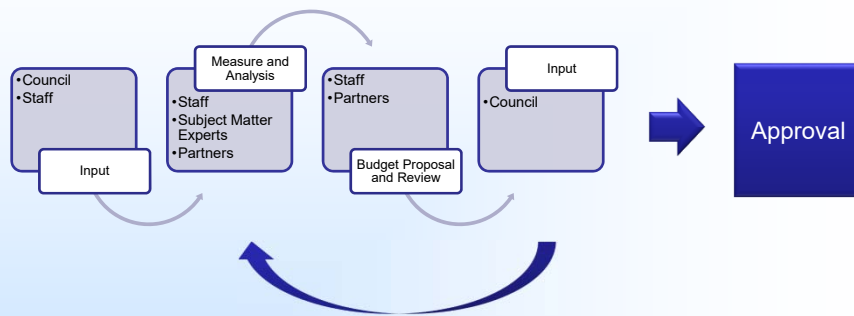


Budget Timeline

Budget Components	Port Colborne		Niagara Region	
	Budget Committee of the Whole	Council	Budget Committee of the Whole	Council
Budget Timetable		July 27, 2020	June 25, 2020	
Capital and Related Projects Budget	September 17, 2020	September 28, 2020 (Approval)	October 15, 2020	January 21, 2021 (Approval)
Levy Budget and User Fees	October 21, 2020			
Levy Budget and User Fees	October 28, 2020 (if required)	November 9, 2020 (Approval)	January 14, 2021	January 21, 2021 (Approval)
Rate*	December 2, 2020			
Rate*	December 7, 2020 (if required)	December 14, 2020 (Approval)	November 26, 2020	December 17, 2020 (Approval)



Budget Process



Budget Format

- The budget format is changing
- Reminder that key categories / groupings included:
 - Departments
 - Self Funded Entities
 - Examples include Marina, Nickel Beach, Building Department, Cemetery
 - Boards and Committees (BC)
 - Programs, Grants and Activities (PGA)
 - General Government
 - Borrowing and pay-as-you-go-costs (money to fund the Capital and related Project Budget)
 - City wide revenues (e.g. taxes, grants and investment income)
 - City wide expenses (e.g. subject matter expert, financial transaction costs)
 - Capital and Related Projects (Report 2020-125)

Budget Focus and Building Blocks

- Customer Service
- Technology
- Training and development
- Core tangible capital assets
- Water and Waste Water rates

Policy Concepts to Start Discussing

- Generational Equity
- Triple Bottom-line User Fees (Economic, Environmental, Social)

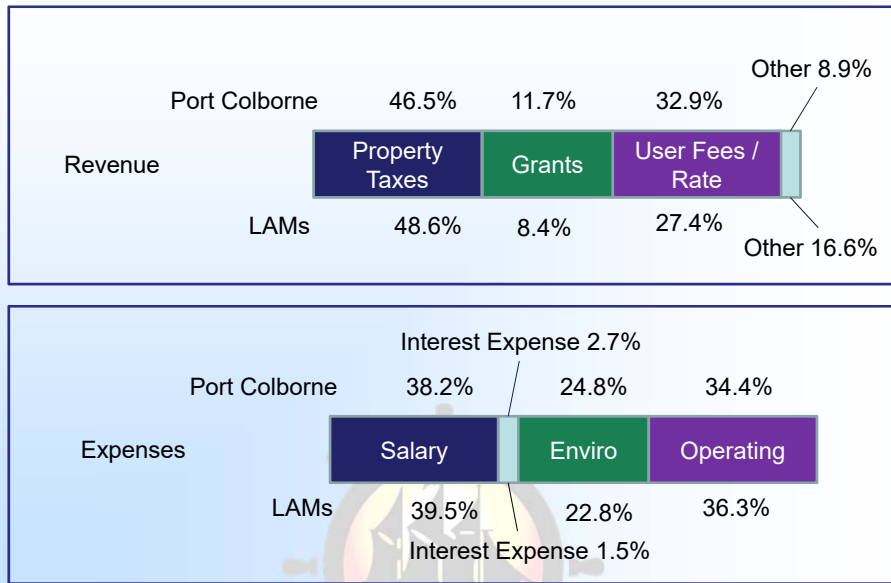
Key Policy Development

- As outlined in Report 2020-97 (July 27, 2020)
 - Investment Policy (Approved August 24, 2020)
 - Capital Policy (to Council September 28, 2020)
 - Reserve Policy (to Council September 28, 2020)
 - Travel, Meals and Hospitality Expense Policy (to Council November 23, 2020)
 - Professional Expense Policy (to Council November 23, 2020)
- Additionally
 - Borrowing Policy (to Council September 28, 2020)
 - Delegation of Authority Policy (to Council in 2021)

Continuous Improvement

- Strategic Plan
 - Process to move forward with next steps now with the hiring of the Manager of Strategic Initiatives
- KPMG Review (to Council November 23, 2020)
 - Funded by the Modernization Grant (noted in Report 2020-116)
- Strategic Plan and KPMG Review to inform
 - Establishment of Key Performance Indicators (KPI) and related alignment activities (Spring 2021)

KPI: Allocation



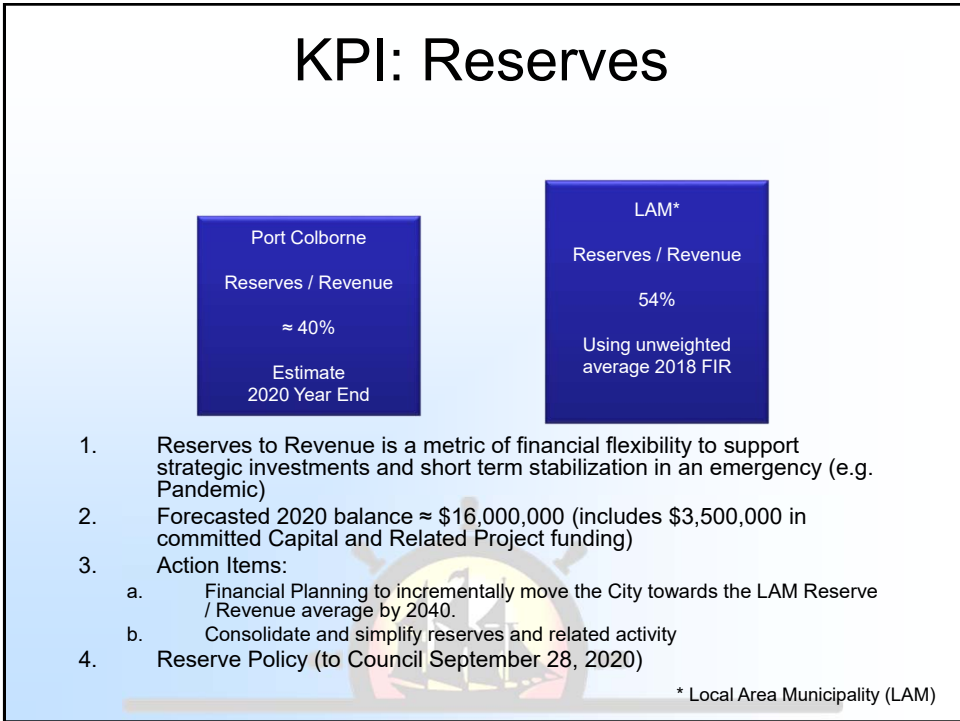
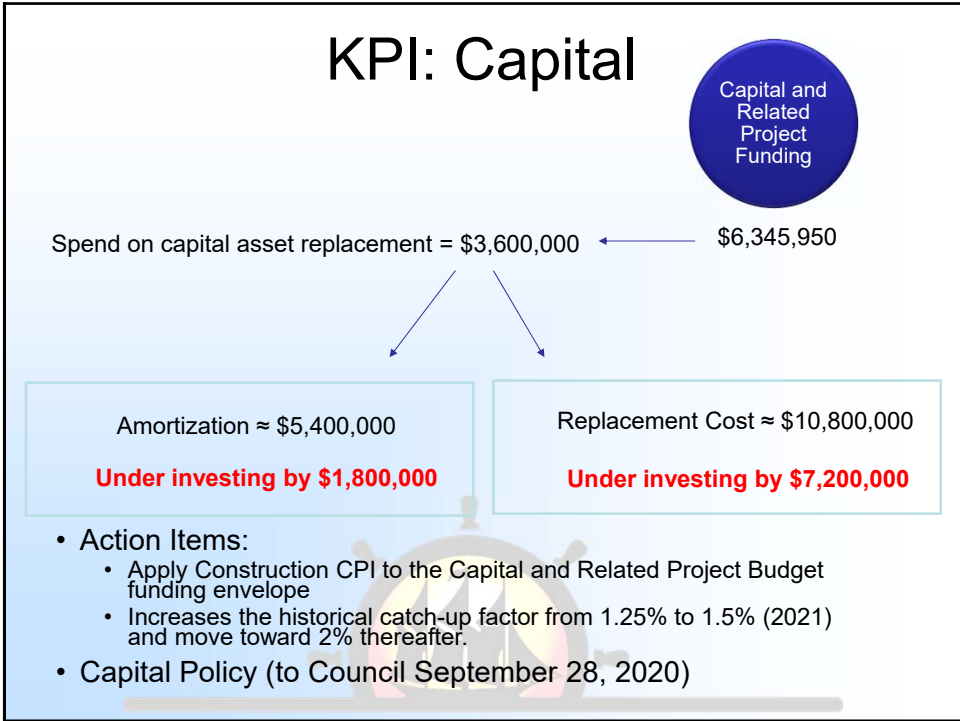
*Using unweighted average 2018 FIR

KPI: Capital



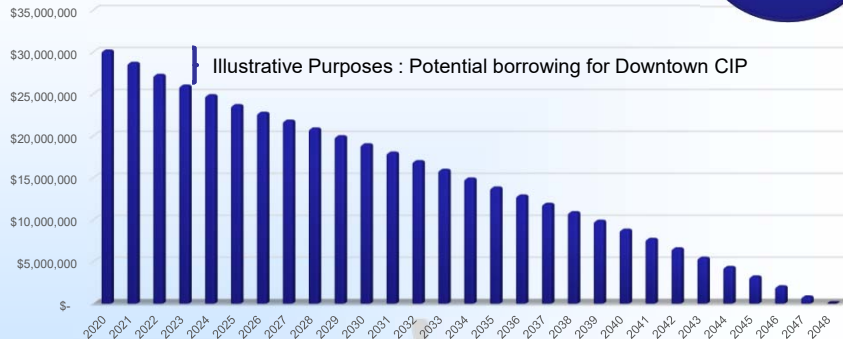
Amortization ≈ \$5,400,000	Replacement Cost ≈ \$10,800,000
Exceeding amortization by \$945,950*	Under investing by \$4,454,050*

* Assumption is all funds are spent on asset replacement - as per Report 2020-125 ≈ \$3,600,000 relates to asset replacement



KPI: Borrowing

ARL ≈ 8%
LAM ≈ 5%*



- The chart above illustrates the City's current outstanding borrowing based on current repayment schedules.
- Borrowing Policy (to Council September 28, 2020)
 - Metric to watch is "net financial surplus/(deficit" position)
 - Proposed Target is balanced by 2040 [Balance ≈ (\$25,000,000) and only one other LAM has a negative balance] – this metric similar to Reserve discussion speaks to financial flexibility.

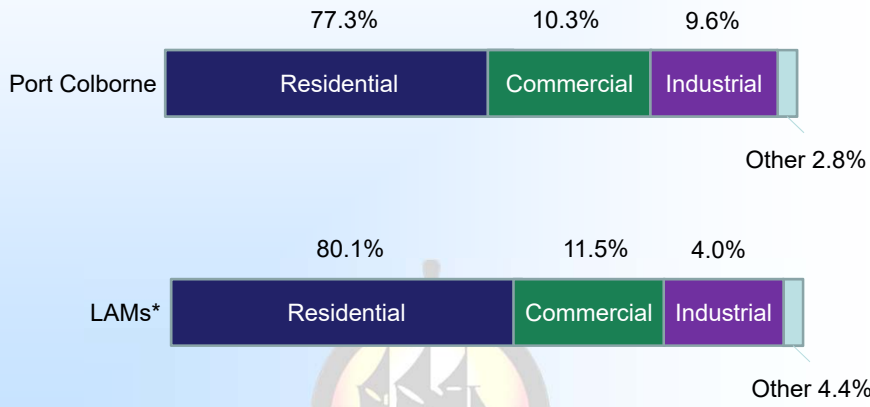
*Using unweighted average 2018 FIR

KPI: Unfunded Liabilities

- Employee Future Benefits (EFB), including WSIB
 - December 31, 2019 balance ≈ \$9,500,000
 - Action Items:
 - Recommended Reserve – 1/3 moving to 3/4 (to Council September 28, 2020)
 - Review benefits (to Council November 23, 2020)
- Environmental Liability ≈ Zero
 - Record if one exists and property no longer in use
 - Action Item:
 - Develop inventory of properties "at risk" (to Council Summer 2020) then consider next steps

Generational Equity

Comparison Property Taxes



Using unweighted average 2018 FIR
 * Local Area Municipality (LAM)

Property Taxes

Average Single Family Detached Home

	Local	Regional	Education	Total
Port Colborne	\$ 1,720	\$ 1,309	\$ 300	\$ 3,329
LAM* Average	\$ 1,567	\$ 2,035	\$ 497	\$ 4,099

The owners of a single family detached residence in Port Colborne pay **\$770 less** than the average single family detached residence in the rest of the Niagara Region

* Local Area Municipality (LAM)

Assessment

- The Municipal Property Assessment Corporation's (MPAC) Assessment Update planned for 2020 postponed due to COVID-19
- The Niagara Region provides a video that explains the relationship between tax rates and assessment (https://www.youtube.com/watch?v=QXi4U4mKr_g)



Water and Waste Water Rates

Increase over the two years (2019 and 2020)

	Port Colborne	Niagara Region
Water	6.93%	13.14%
Waste Water	10.32%	36.5%

This excludes impacts of flow changes. Water flows appear trending down from 2018 while waste water flows are trending up

Timeline: Proposed rate budget to be released November 9, 2020.

Options for monthly billing / Variable vs. Fixed Rate / Funding improvements will be included.

Thank You



Budget Timeline

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Key Policy Development

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 - Delegation of Authority Policy (to Council Spring 2021)





**Corporate Service Department
Financial Services Division**

Report Number: 2020-125

Date: September 17, 2020

SUBJECT: 2021 Capital and Related Projects Budget

1) PURPOSE

The purpose of this report is to propose the 2021 Capital and Related Projects Budget

2) HISTORY, BACKGROUND, COUNCIL POLICY, PRACTICES

The 2021 Capital and Related Projects Budget is presented here in accordance with the Council approved budget timeline found in Report 2020-97.

Financial Services would like to thank City Staff from all departments for their leadership and support in developing this Capital and Related Project Budget.

Should the 2021 Capital and Related Project Budget be approved by the Budget Committee of the Whole on September 17, 2020 it will move to be ratified at the September 28, 2020 Council meeting.

Financial Services acknowledges that the format of the 2021 Capital and Related Project budget is different than previous years. The hope is Council will find the new format as a continued movement towards increasing accountability and transparency.

Approving the 2021 Capital and Related Project budget at this time will allow Staff appropriate time to prepare and seek competitive pricing. To accommodate for potential changes in the needs and wants of the Capital and Related Capital Budget going forward Financial Services has proposed and included a Capital and related Capital Budget levy contingency of approximately \$225,000.

The 2021 Capital and Related Project Budget was developed through a process that obtained both Council and Staff input. Staff based their recommendations after considering:

- A need to focus on maintaining and improving core infrastructure;
- Organization capacity to complete the Capital and Related Projects Budget:
 - Recognizing the COVID-19 pandemic is on-going;
 - Recognizing there are 28 projects totaling \$1,967,831 (excluding the Downtown CIP) in Report 2020-116 which will be carried forward as on-going into 2021.
- Organization financial flexibility:
 - Taxpayer affordability;
 - Reserve balances have been reducing in recent years;
 - Long-term borrowing has been increasing in recent years.

Financial Services believes all recommendations have been accommodated either in

their entirety or by initiated phased increases to related project funding in either this 2021 Capital and Related Project Budget, the proposed Investing in Canadian Infrastructure Program (“ICIP”) grant application or will be added to the 2021 Levy and/or Rate Operating Budgets. One exception is the grading of City lands to potentially accommodate a future Fire Department sea container training facility. Staff will be reviewing options surrounding this potential project and seek Council direction in early 2021.

3) STAFF COMMENTS AND DISCUSSIONS

The 2021 Capital and Related Project Budget as outlined in Appendix A – Project Summary includes 38 projects and related transfers valued at \$5,859,738.

Further descriptions of these projects can be found in Appendix B – Project Descriptions. A couple highlights include:

- A 20% increase to the road reconstruction and maintenance budgets to \$1,440,000
- A proposal to perform a full infrastructure needs assessment of water, waste water and roads at a cost of \$750,000. The goal will be to assess the current condition and enhance planning and activities around unbilled water and waste water infiltration.
- Introduce flow monitors in the waste water system at a cost of \$100,000 to help isolate infiltration.
- A 20% increase to the sidewalk budget to \$150,000
- Replace the multi-use trail to Dain City at a cost of \$335,000.

The 2021 Capital and Related Project Budget requires no external borrowing. The City’s outstanding borrowing is projected to decline by approximately \$1,460,000 in 2021.

In addition to the 2021 Capital and Related Project Budget Staff are preparing for a potential ICIP grant as identified in Report 2020-96. Work related to these projects with the potential to include in the ICIP grant have not been included in the 2021 Capital and Related Project Budget. The facilities and projects identified for the ICIP grant are included in Appendix D – ICIP Grant for ease of reference.

Report 2020-116 identified the City can access approximately \$3,000,000 for matching funds if required without increasing the levy or requiring additional borrowing. In the event the City is not successful in its ICIP grant application a prioritization process will occur to see which projects, if any, could still move forward

One item that is short on highlights in the 2021 Capital and Related Project Budget is technology. Technology advancements are being worked on with respect to the website and building department as previously approved by Council. New technology and uses that will be proposed in the operating budget as a result of their on-going software costs include a new budget system that will allow Council and the public to track budget to actual in real time online, a system to support records management, a

system to streamline the hiring process and a ticket system to support City events and beach access. Related to third-party activities and related technologies there are some exciting opportunities being considered in the Niagara South Tourism Association that the City is discussing with partnering municipalities which Staff will be bringing forward in the coming months as an update.

The 2021 Capital and Related Project budget also proposes a recalibration of the Downtown CIP project.

The Downtown CIP project was originally proposed as Clarence Street from West Street to Catharine Street. With Council's approval this project was expanded to design the infrastructure for the whole Downtown CIP. As noted in Report 2020-116 this is a multi-year project moving towards tender ready for design with conceptual drawings which can facilitate a grant application, if required. Staff have been reviewing this project and as identified in Report 2020-116 recommend the timeline be adjusted so that the tender for engineering design follow at least preliminary work from the Infrastructure Needs Studies which will include asset condition assessments. For this reason, the budget and related funding has been reconsidered by Staff and reflected here in this 2021 Capital and Related Project Budget for approval. Specifically, the budget reflected in this report only considers engineering design. The other funding representing a previous estimate of \$3,500,000 previously allocated and planned to be allocated to this project has been reallocated in this 2021 budget. In the absence of this change the 2021 capital budget would have been constrained by approximately 60%. Staff point out that in a best-case scenario there will be no meaningful physical construction of this project until 2022. Staff will recommend construction funding options during the 2022 Capital budget process which will consist of both grant and borrowing given the potential funding needs of the project.

If the proposed 2021 Capital and Related Projects Budget is approved as presented, the 2021 Capital and Related Project Budget would result in a 1% or \$34 increase to the average detached family house valued at \$196,036. The combined water and wastewater for a house using 170 m3 of water will see a 1.8% or \$24 increase.

Funding for the 2021 Capital and Related Project Budget is illustrated at a high level below with corresponding comments. An additional summary that attempts to illustrate the moving parts and calculations is attached in Appendix C – Funding Summary:

Description	Amount	Notes
2020 Capital Budget	\$4,028,079	1
Catch-up Factor (increased from 1.25% to 1.5%)	\$464,813	2
CPI Construction (2019 – 2.3% inflation)	\$130,961	3
Transfers from borrowing	\$148,402	4
Transfers to operating	(\$917,877)	5
2021 Capital Budget	\$3,854,378	6
Prior Year Grants Available	\$1,668,000	7
Reserves	\$282,360	8
Other	\$55,000	9
Adjusted 2021 Capital Budget	\$5,859,738	10

The notes identified above correspond to notes in Appendix C - Funding Summary.

Financial Services identifies that the City's cost of Ditching remains in the operating in this 2021 budget process. This will be re-examined as Staff develop the 2021 Levy Operating Budget.

4) OPTIONS AND FINANCIAL CONSIDERATIONS:

Financial Services identifies the proposed 2021 Capital and Related Projects Budget is a Staff recommendation which Council can adjust, if required.

5) COMPLIANCE WITH STRATEGIC PLAN INITIATIVES

The 2021 Capital and Related Projects Budget has been developed to support a sustainable City of Port Colborne.

6) ATTACHMENTS

- Appendix A – Project Summary
- Appendix B – Project Descriptions
- Appendix C – Funding Summary
- Appendix D – ICIP Grant

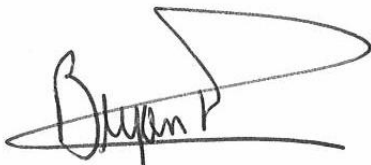
7) RECOMMENDATION

That the Corporate Service Department, Financial Services Division, Report No. 2020-125 Subject: 2021 Capital and Related Projects Budget, be received; and

That the 2021 Capital and Related Projects Budget as outlined in Report 2020-125, be approved and that the projects identified in the 2021 Capital and Related Projects Budget can begin immediately where feasible.

8) SIGNATURES

Prepared on September 8, 2020 by:



Bryan Boles, MBA, CA, CPA
Director of Corporate Services/
Treasurer

Reviewed and respectfully submitted by:



C. Scott Luey
Chief Administrative Officer

Appendix A - Summary of 2021 Capital Budget

Project	Type	Budget	Levy	Rate	Grant - 2021	Grant - PY	Reserves	Other	Project # *
ITS - Server Back-up	DM / G	52,000	52,000	-	-	-	-	-	1
ITS - Evergreening	DM / G	150,000	150,000	-	-	-	-	-	2
Corporate Services		202,000	202,000	-	-	-	-	-	
Multi-Use Trail (to Dain City)	DM	335,000	67,000	-	-	268,000	-	-	3
East / West Wig Wags	SLE	82,360	-	-	-	-	82,360	-	C 4
Splash Pad Replacement and Backup Pumping System	DM	8,000	8,000	-	-	-	-	-	5
VHWC - Berm Headwall	SLE	20,000	20,000	-	-	-	-	-	C 6
West St Electrical Infrastructure for Canal Days	SLE	10,000	10,000	-	-	-	-	-	C 7
Community Services		455,360	105,000	-	-	268,000	82,360	-	
Edraulic combi tool	DM	20,000	20,000	-	-	-	-	-	C 8
Fire Hose	DM	75,000	75,000	-	-	-	-	-	C 9
Fire Department		95,000	95,000	-	-	-	-	-	
At-Grade Rail Crossing Improvements	DM	75,000	75,000	-	-	-	-	-	C 10
Bridges, Culverts and Walls	DM	105,500	21,100	-	84,400	-	-	-	11
CIMCO System Gantry Crane	DM	18,000	18,000	-	-	-	-	-	12
COPC Welcome Centre Painting and Fire System	HS / DM	14,500	14,500	-	-	-	-	-	13
Domestic HW Boiler Air Removal Unit	DM	18,000	18,000	-	-	-	-	-	14
Downtown CIP	DM / G / SP/ SL	1,000,000		-	-	800,000	200,000	-	15
Fire Station BAS Install and HVAC Upgrades	DM	18,000	18,000	-	-	-	-	-	C 16

Fire Station Security Camera System Upgrades	DM	24,000	24,000	-	-	-	-	-	17
Fleet - Purchase	DM	300,000	300,000	-	-	-	-	-	18
Flow Monitors for Waste Water System	DM	100,000		100,000	-	-	-	-	19
Glycol Pipe Insulation	DM	52,000	52,000	-	-	-	-	-	20
Harbourmaster Roof Replacement	SP	12,500	12,500	-	-	-	-	-	21
Infrastructure Needs Studies	SP	750,000	50,000	100,000	-	600,000	-	-	22
PCOC Facilities Upgrade	DM	83,500	83,500	-	-	-	-	-	23
Programmable Speed Display Signage	HS / SLE	20,000	20,000	-	-	-	-	-	C 24
Programmable Speed Signs	HS / SLE	12,000	12,000	-	-	-	-	-	C 25
	DM / G /								
Roads - Base and Surface Replacement	SL	960,000	192,000	-	768,000	-	-	-	C 26
Roads - Preventative Maintenance	PM	480,000	480,000	-	-	-	-	-	C 27
	DM / G /								
Sidewalk	SL	150,000	30,000	-	120,000	-	-	-	C 28
Site Remediation	HS	130,000	130,000	-	-	-	-	-	29
Tennessee Avenue Gate Inspection	HS / DM	30,000	30,000	-	-	-	-	-	30
Public Works		4,353,000	1,580,600	200,000	972,400	1,400,000	200,000	-	
		5,105,360	1,982,600	200,000	972,400	1,668,000	282,360	-	
Library	DM / G	45,000	45,000	-	-	-	-	-	31
Museum	DM	5,000	5,000	-	-	-	-	-	32
Board and Committees		50,000	50,000	-	-	-	-	-	
Marina - Hydro Pedestels	DM	15,000	-	-	-	-	-	15,000	33
Cemetery - Columbarium and Concrete Work	DM / SLE	40,000	-	-	-	-	-	40,000	34
Self Sustaining Entities		55,000	-	-	-	-	-	55,000	
		5,210,360	2,032,600	200,000	972,400	1,668,000	282,360	55,000	

Transfer to Capital Water	150,000	-	150,000	-	-	-	-	35
Transfer to Capital Waste Water	250,000	-	250,000	-	-	-	-	36
Transfer to Capital Levy	225,654	225,654	-	-	-	-	-	37
Transfer to Capital Storm	23,724	-	23,724	-	-	-	-	38
Reserve Transfers	649,378	225,654	423,724	-	-	-	-	
Total Capital Budget	5,859,738	2,258,254	623,724	972,400	1,668,000	282,360	55,000	

* High level project descriptions can be found in Appendix B - Project Description

Notes: DM = Deferred Maintenance, G = Growth, HS = Health and Safety, SLE = Service Level Enhancement, SP = Special Project

Appendix B - Project Description

#	Description
1	The City currently utilizes a time consuming manual back-up process for City data with a single point of failure. A new back-up system with related process upgrades is needed to protect City data and free up IT resources to support the further digitization and expansion of customer services at the City.
2	This balance represents an on-going investment in evergreening (replacing) current technology in the City. In addition to traditional computer and related mobile device replacements a priority project will be to enhance surrounding video communications at the City's Emergency Management location at the Fire Hall.
3	The trail runs from Lakeview Park along the Promenade to Dain City. In recognition of recent trail deterioration it has been closed due to safety concerns. This budget would replace the trail from Robin Hood to Dain City limits.
4	Wig Wags would reduce potential for trail users from entering traffic and for drivers to see trail users at the intersections.
5	Purchase two replacement grey water pumps for HH Knoll Discovery Splashpad. Pumps to replace failed equipment. Also add redundant pump cycling (automatic back up functionality).
6	The existing retaining wall/berm housing the VHWC stone is not sufficient to withstand the foot traffic and physical demands of the public. Additionally, the berm's design wears away the grass during time of heavy rain as its drainage run to one catch basin in the area. It is suggested that the existing support structure be replaced with armour stone.
7	Funding for the addition of West St electrical infrastructure was planned as \$5,000 in 2019, 2020 and the 2021 budgets. This funding was approved in 2019 and 2020. In 2020 it was subsequently deferred through report 2020-81 to support immediate work at the VHWC. This budget request will fulfill the 2020 and 2021 funding commitment.
8	Combination rescue tool to replace hydraulic equipment on Engine 2.
9	Fire hose replacement expected to fulfill need for next 10 years.
10	In 2016 the City of Port Colborne initiated a Request for Proposal to complete inspections at all At-Grade Railway Crossing's throughout the City. The inspections were completed in accordance with all requirements of the latest edition of the Railway Safety Act – Grade Crossings Regulations and the Transport Canada – Grade Crossings Standards. In September 2018 the final report was submitted which outlined all work required to be completed along with recommended works for each crossing. This budget request is phase two of a two year funding plan (note phase 2 was previously deferred in 2020) to complete all work determined to be required. Work is required to be completed by November 2021.
11	The 2019 Bridge & Culvert Inspection Report identified several assets within the city that are required to be maintained within two years of the inspection under the Ontario Structure Inspection Manual guidelines. Work is required to be completed by December 2021.
12	Plan and design framing system for chain fall or gantry crane installation. To allow COPC staff to service CICMO ice plant system pumps and components. Certified engineering drawings required (lifting apparatus). Fabrication and installation of engineered solution.

13	Strip and repaint white fascia and doors, frames, and windows. Integrate fire alarm system into existing monitored alarm system (smoke alarms/fire alarm are not monitored currently and the battery powered smoke detectors do not meet current regulations or fire code)
14	Supply and installation of air removal 'scrubber' system to domestic hot water system at VHWC. Entrained air and contaminants are causing accelerated wear and erosion/corrosion to (4) PK hot water natural gas boilers. Boiler replacement cost \$250,000 x4. Air removal system was not installed at time of construction. Proper air removal, and subsequent effective filtration of solid captive contaminants as well as reduced chemical treatment will allow full service life of boilers and piping system (estimated 50 years) and negate related premature failure of boilers.
15	The Downtown CIP project was originally proposed as Clarence Street from West Street to Catharine Street. With Council's approval this project was expanded to design the infrastructure for the whole Downtown CIP. As noted in Report 2020-116 this is a multi-year project moving towards tender ready for design with conceptual drawings which can facilitate a grant application, if required. Staff have been reviewing this project and as identified in Report 2020-116 recommend the timeline be adjusted so that the tender for engineering design follow at least preliminary work from the Infrastructure Needs Studies which will include asset condition assessments. For this reason, the budget and related funding has been reconsidered by Staff and reflected here in this 2021 Capital and Related Project Budget for approval. Specifically, the budget reflected here only considers engineering design. The other funding representing approximately \$3,500,000 previously allocated and planned to be allocated to this project has been reallocated in this 2021 budget. In the absence of this change the 2021 capital budget would have been constrained by approximately 60%. Staff point out that in a best-case scenario there will be no meaningful physical construction of this project until the begin of 2022 at best. Staff will recommend construction funding options during the 2022 Capital budget process which will consist of both grant and borrowing given the potential funding needs of the project.
16	Install BAS remote monitoring and control system to existing legacy system (Johnson Controls) to allow remote alarm response, logging, adjustments and troubleshooting, similar to VHWC and PCOC. This will reduce maintenance visits.
17	Fire Hall Request. Replace five LD/Analogue cameras (existing non-functional and/or obsolete) and add two additional HD digital cameras to existing Genetec system. Upgrade system to network unit and allow remote monitoring.
18	This balance represents an on-going investment in the City's Fleet. The City's historic combined purchase price for all of its fleet is approximately \$5,100,000. Vehicles in the fleet have a useful live of approximately 10-15 years representing an amortization value between \$340,000 and \$510,000. No funds will be spent from this account prior to Staff demonstrating to Council a 10 year fleet optimization strategy that supports all departments of the City. The plan will provide future fleet needs and forecasted timing of future payments with estimated amount, including assumptions used in the analysis.
19	Recognizing the current waste water variable and fix rates this budget is proposed to introduce flow monitoring along City waste water pipes to work towards identifying points of infiltration. As this project is developed and is implemented Staff have identified this cost may need to be expanded and if so Staff would draw on the Waste Water reserve transfer proposed under Project #36.
20	Insulate newly installed 3" glycol piping to Rink #1 and Rink #2 areas. Replace minor sections of pipe insulation compromised in the same area. This will increase efficiency and reduce energy consumption. Additional roof/gutter repairs. Address residual leaks as well as additional flashing at gutter and louvre areas, as recommended/proposed. This will help achieve roof/gutter useful life expectancy. Required PRV replacement for TSSA compliance - 5year. PRV parts and labour to replace on remaining five AHU systems, including refrigerate evacuation and replacement, as well as four domestic hot water boilers.

21	Remove and replace damaged cedar shake roof and sheeting. Replace with GAF Timberline HD shingles. Many shakes are missing at peak and remainder of roof is deteriorated and needs full replacement. Asphalt shingles will be sufficient and economical with excellent life span. No identified historical implications.
22	This project is intended to provide a long range capital and operating plan for the City of Port Colborne's water distribution system, sanitary and storm sewer collection systems, and road network. A consultant will be retained to provide comprehensive reports which will incorporate all facets of the management, expansion, and funding of these systems. The objectives of this study are to undertake a comprehensive analysis of the City's existing infrastructure to identify existing and potential future deficiencies, define and prioritize maintenance works and capital upgrades that are required to service existing and future land use, and develop a suitable financing strategy to support the recommended capital and maintenance program. For the road network, traffic counts will be taken and analyzed to provide official classifications to each road within the City based on provincial guidelines. In addition, the consultant will be asked to identify and provide recommendation on any potential traffic safety issues.
23	Complete conversion of gravel to asphalt areas, ducting rework to reroute hot compressor room exhaust air out of the building (currently exhaust goes into Stores causing HVAC issues and elevated temperatures and noise), supply and install BAS VPN module to allow remote BAS PMs to be performed (allowing remote troubleshooting and diagnosis by HVAC techs).
24	Programmable speed radar signs that can display measured speeds and other messages while collecting statistics which are uploaded to a cloud-based access point. Proposing four units, one per ward which can then be cycled through multiple locations throughout the year to increase driver awareness in regards to the speed they are driving.
25	Programmable speed signs that can change speed in identified school zones at established times. Proposing at least four units as an initial pilot
26	going forward. This budget proposes a 20% increase to the roads budget over the previous year to start the process of moving towards a sustainable roads replacement plan. No funds will be spent from this account prior to Staff identifying to Council the roads to be included in the 2021 roads replacement plan.
27	As identified in Project #26 a significantly higher roads replacement budget is required in the long-term. One mechanism to slow road deterioration is through an aggressive preventative maintenance program. This budget proposes a 20% increase to the roads preventative maintenance budget. While for all other items repair and maintenance has been moved to the operating budget. Recognizing the size of the investment and the strong linkage to our roads useful life the roads preventative maintenance program is recommended to remain in the capital and relate projects budget. In the event Staff assess that a portion of the budget is not required for preventative maintenance (timing of this would be the Spring of 2021) due to pricing or other reasons Staff will repurpose the funds to support the roads replacement budget.
28	The City has approximately 97 km of concrete sidewalks plus the Promenade along West Street and numerous asphalt trails. This budget proposes increasing the allocation to \$150,000 (20% higher then the prior year).
29	To perform site remediation as identified in Confidential Council report 2020-14.

30	This is a request to retain a consultant to inspect and recommend repairs for the East side limestone pillars and wall at the entrance to Tennessee Avenue, off of Sugarloaf Street. The wall currently has a number of cracks running along the mortar joints which have reached a point of requiring a possible rebuild. The wall has also shifted and may require rebuilding to ensure it remains stable. These gates were built in 1898 and are part of Port Colborne's historic sites.
31	This transfer is the same amount as 2020. In 2021 it will primarily support improved accessibility with respect to workstation spaces and improved accessibility / security with respect to the Library's front desk.
32	This transfer to the Museum capital budget will support the Museum in replacing chairs in the Gallery and Archives.
33	This balance represents an on-going investment in evergreening (replacing) current hydro pedestals.
34	Existing columbarium was moved from a church to its current location prior to the City taking of management of the Cemetery - the move compromised the security and footing of the existing unit - new purchase will be new location of existing remains and existing unit will be restored for future use - 2nd unit to be purchased will be for future use as current unit is almost sold out - this purchase will support our future business model especially with the expansion proposal to be executed in 2020. Donation of memorial benches may lower this estimate
35	This transfer will support future water capital work following the Infrastructure Needs Studies.
36	This transfer will support future waste water capital work following the Infrastructure Needs Studies and supplemental funding to Project #19 related to monitoring sewer flows.
37	This transfer (representing 10% of the capital levy funding) acknowledges the early timing of the capital budget and provides flexibility should additional needs and wants require funding subsequent to the approval of the 2021 capital budget. This transfer further acts as an over/short contingency should approved capital and related projects experience unforeseen or unbudgeted circumstances.
38	This transfer will support future storm capital work following the Infrastructure Needs Studies.

Appendix C - Funding Summary

Funding Category	Description	2020 Budget	Factor Increase (Note 2)	On "Pay-as-you-go" Costs (Note 3)	On Borrowing Costs (Note 3)	Transfer from/(to) Borrowing to/(from) "Pay-as-you-go" (Note 4)	Transfer to Operating Budgets (Note 5)	Proposed 2021 Balance
Funding for "Pay-as-you-go" Costs								
2020 Capital Levy	Construction Price Index (2019 - 2.3%)	2,108,260	-	48,490	40,017	-	-	2,196,767
	Transfer	-	-	-	-	148,402	(374,805)	(226,403)
2020 Levy	Catch-up Factor (1.5%)	-	286,176	-	-	-	-	286,176
		2,108,260	286,176	48,490	40,017	148,402	(374,805)	2,256,540
Gas Tax	2020 Amount	555,355	-	-	-	-	-	555,355
OCIF (Ontario Community Infrastructure Fund)	2020 Amount	418,760	-	-	-	-	-	418,760
Water Rate	Construction Price Index (2019 - 2.3%)	436,851	-	10,048	8,379	-	-	455,277
	Transfer	-	-	-	-	-	(282,876)	(282,876)
	Catch-up Factor (1.5%)	-	77,598	-	-	-	-	77,598
		436,851	77,598	10,048	8,379	-	(282,876)	250,000
Waste Water Rate	Construction Price Index (2019 - 2.3%)	508,853	-	11,704	-	-	-	520,557
	Transfer	-	-	-	-	-	(260,196)	(260,196)
	Catch-up Factor (1.5%)	-	89,639	-	-	-	-	89,639
		508,853	89,639	11,704	-	-	(260,196)	350,000

Storm Sewer	Construction Price Index (2019 - 2.3%)	-	-	-	12,324	-	-	12,324
2020 Levy	Catch-up Factor (1.5%)	-	11,400	-	-	-	-	11,400
		-	11,400	-	12,324	-	-	23,724
		4,028,079	464,813	70,241	60,719	148,402	(917,877)	3,854,378

Note 1

Note 6

Funding for Borrowing Costs

Add: Approved principal and capital lease payment / authorization (estimate)

Levy	Construction Price Index (2019 - 2.3%)	1,739,854		40,017	(40,017)	(233,079)	-	1,506,775
Water Rate	Construction Price Index (2019 - 2.3%)	364,301		8,379	(8,379)	-	-	364,301
Waste Water Rate	Construction Price Index (2019 - 2.3%)	-		-	-	-	-	-
Storm Rate	Construction Price Index (2019 - 2.3%)	535,819		12,324	(12,324)	-	-	535,819
		2,639,974	-	(60,719)	(60,719)	(233,079)	-	2,406,895
Internal Financing - Marina (Ballon Payment Required 2020)		-	-	-	-	84,677		84,677
Total Capital Funding		6,668,053	464,813	9,522	-	-	(917,877)	6,345,950

Notes

1	This balance represents the 2020 in-year funding from the levy and rates plus grants available and/or identified for capital purposes. This balance is referred to as “pay-as-you-go” funding which basically means funding available to pay upfront for a project rather than paying through borrowing costs.
2	In prior years the City has maintained a 1.25% growth rate on capital. This Capital and Related project budget recommends increasing that amount to 1.5% and looking at growing to 2% in future years based on the fact a 2018 report identified the annual replacement cost of current infrastructure to be approximately \$10,800,000 while the 2021 Capital and Related Project Budget only recommends \$6,345,950 (\$3,854,378 identified as “pay-as-you-go” funding from the table above and \$2,491,572 in internal and external borrowing). The result being the Capital and Related Project Budget is under funded by approximately \$4,460,000 annually. This assumes all capital dollars are spent on deferred maintenance and as highlighted in Appendix A – Project Summary not all proposed projects are related to deferred

3	This amount attempts to keep the total Capital and Related Project funding envelope identified as \$6,668,053 in Appendix C – Funding Summary up with construction inflation.
4	needed funding can transfer from the “pay-as-you-go” envelope to the borrowing envelope and visa versa. In 2021 funding is transferring from the borrowing envelope to the “pay-as-you-go” as debt was repaid.
5	In the development of the 2021 Capital and Related Project budget it was noted a number of costs being charged to the Capital and Related Project budget historically related to borrowing, recurring consultants, repair and maintenance, lease and equipment rentals. As presented the 2021 Capital and Related Project budget is transferring those costs to the operating budget. While some consultant reports remain in the 2021 Capital and Related Project budget these were identified as exceptions given their size and/or non-recurring nature.
6	The same as Note 1 above, this balance represents the “pay-as-you-go” 2021 in-year funding from the levy and rates plus grants available and/or identified for capital purposes.
7 (from body of report)	A – Project Summary provides greater clarity with respect to which projects it is recommended these funds be allocated. The allocation was determined based on eligibility requirements. It will be noted that in all cases that grant funding was allocated grant funding was allocated up to 80% of the project to allow for flexibility should a project come in under budget and allow for potential differences between eligible and in-eligible costs.
8 (from body of report)	This funding is from reserves.
9 (from body of report)	This funding is from entities that Staff recommend be viewed as Self Sustaining Entities and as such will require plans that ensure sustainability.
10 (from body of report)	This balance represents the funding available for the 2021 Capital and Related Project Budget.

Appendix D – Investing in Canadian Infrastructure Program (“ICIP”) Grant

The first application will surround the needs of the City of Port Colborne owned facilities and include, but not be limited to, the projects outlined in the chart below. These projects will directly relate to two of the four project categories listed above: Retrofits, Repairs, and Upgrades, and COVID-19 Response Infrastructure.

Location	Description
Bethel Community Centre	Updates and modernization
City Hall	Renovate all floors of City Hall to modernize in order to improve service delivery and meet COVID-19 needs
Lions Field Park	Updates and modernization to buildings and site infrastructure
Pilot House	Updates and modernization
Roselawn Centre	Interior, and mechanical updates
Tennis Club	Updates and modernization
Vale Health & Wellness Centre	Upgrades to adapt to COVID-19. Repairs and system updates.

The second application will outline a City of Port Colborne Waterfront Plan, which will tie all lakefront and canal projects to a single application. This application will focus largely on two of the four project categories being: Retrofits, Repairs, and Upgrades, and Active Transportation Infrastructure.

Location	Description
Nickel Beach	Upgrades to include parking lot, washrooms, pavilion, playground, gatehouse, volleyball courts, and a Welcome/Interactive Learning Centre.
Centennial Park/Cedar Bay Beach	Upgrades include new Community Centre, washrooms, parking lot, pavilion, playground expansion, and volleyball court upgrades.
West Street Cruise Ship Port	Construction of a new Welcome Centre, landscaping and trail upgrades, parking lot, welcoming park and activity area.
Marina	Dock expansion and upgrades, dredging, fuel dock upgrades, storage expansion, interior updates, connect to NRBN fibre network to expand internet capabilities.
H.H. Knoll Park	Install grey water system at washroom facility.
Active Transportation	Upgrades to Welland Street including trail, landscaping, retaining walls, decorative noise barrier wall.
Active Transportation	Creation of bicycle lanes to major destinations and thoroughfares. Accessibility improvements for Cultural Block trails and sidewalks.

2021 Capital and Related Capital Budget

September 17, 2020



Agenda

- Recommendation
- Process
- Tax and Rate Impact
- Funding
 - Sources
 - Level
 - Detail
- Internal Financing / Debt Repayment
- Projects
 - Department
 - Highlights
- Community Improvement Project (CIP)



Recommendation

That the Corporate Service Department, Financial Services Division, Report No. 2020-125 Subject: 2021 Capital and Related Projects Budget, be received; and

That the 2021 Capital and Related Projects Budget as outlined in Report 2020-125, be approved and that the projects identified in the 2021 Capital and Related Projects Budget can begin immediately where feasible.



Process

The 2021 Capital and Related Project Budget was developed through a process that obtained both **Council and Staff input**. Staff based their recommendations after considering:

- A need to focus on maintaining and improving core infrastructure
- Organization capacity to complete the Capital and Related Projects Budget
- Organization financial flexibility

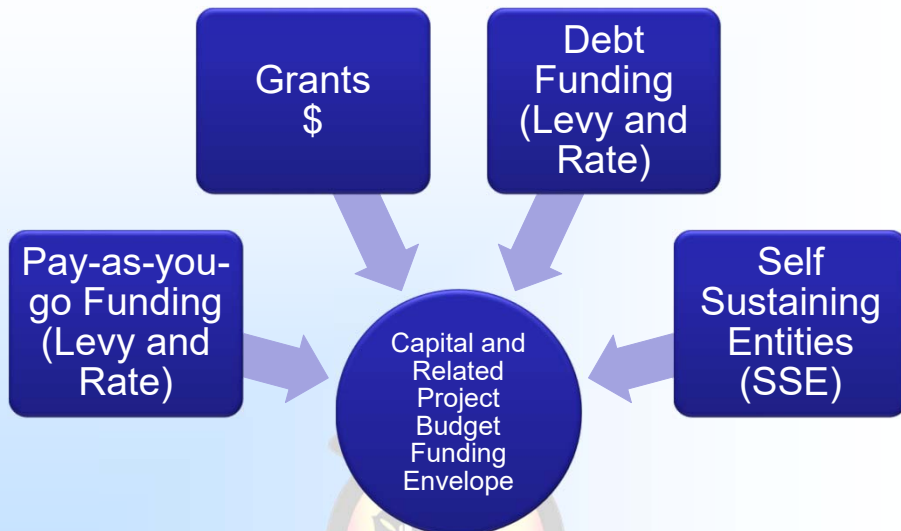


Tax and Rate Impact

- 1% or \$34 increase to the average detached family house valued at \$196,036
- 1.8% or \$24 increase on water and wastewater for a house using 170 m3 of water

Report 2020-125

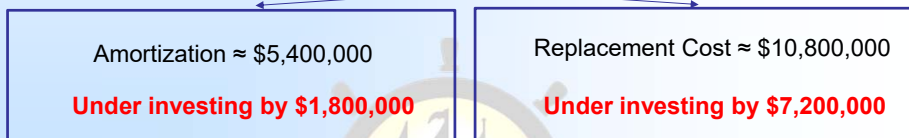
Funding Sources



Funding Level

Pay-as-you-go Funding (2021)	\$3,854,378	
Borrowing Costs (2021)	2,491,572	
	6,345,950	\$6,345,950
Amortization	5,400,000	
Annual Replacement Cost (per subject matter expert)		10,800,000
Achieving / (Underfunded)	\$945,950	(\$4,454,050)

New spend on capital asset replacement = \$3,600,000



Funding Detail

Funding Category	2020 Budget	Factor Increase (1.5)	CPI on "Pay-as-you-go" Costs (2.3%)	CPI on Borrowing Costs (2.3%)	Transfer from/(to) Borrowing to/(from) "Pay-as-you-go"	Transfer to Operating Budgets	Proposed 2021 Balance
Funding for "Pay-as-you-go" Costs							
Levy	2,108,260	286,176	48,490	40,017	148,402	(374,805)	2,256,540
Gas Tax	555,355	-	-	-	-	-	555,355
OCIF (Ontario Community Infrastructure Fund)	418,760	-	-	-	-	-	418,760
Water	436,851	77,598	10,048	8,379	-	(282,876)	250,000
Waste Water	508,853	89,639	11,704	-	-	(260,196)	350,000
Storm Sewer	-	11,400	-	12,324	-	-	23,724
	4,028,079	464,813	70,241	60,719	148,402	(917,877)	3,854,378
Funding for Borrowing Costs							
Borrowing Costs	2,639,974	-	(60,719)	(60,719)	(233,079)	-	2,406,895
Internal Financing - Marina (Ballon Payment Required 2020)	-	-	-	-	84,677	-	84,677
Total Capital Funding	6,668,053	464,813	9,522	-	-	(917,877)	6,345,950

Report 2020-125 – Appendix C

Internal Financing / Debt Repayment

	Fire Truck	Marina (SSE)
Issued Debt in 2010	281,000	900,000
Repaid over 10 years	145,606	(466,354)
Balloon Payment	135,394	433,646
Recommended funding for balloon payment	Reserves	Internal financing over five years

- The balloon payment occurred because the debt repayment schedule was based on 15 years but the term of the debt was only 10 years. This is common and similar to a standard mortgage where the payments are often calculated over 25 or 30 years but the mortgage renews more frequently.
- The alternative to the proposed reserve funding or internal financing is external borrowing (formal approval for the recommended strategy will accompany the Borrowing and Reserve Policies at the September 28, 2020 Council meeting).

Projects by Department

Project	Type	Budget	Levy	Rate	Grant - 2021	Grant - PY	Reserves	Other
Corporate Services		202,000	202,000	-	-	-	-	-
Community Services		455,360	105,000	-	-	268,000	82,360	-
Fire Department		95,000	95,000	-	-	-	-	-
Public Works		4,353,000	1,580,600	200,000	972,400	1,400,000	200,000	-
Library	DM / G	45,000	45,000	-	-	-	-	-
Museum	DM	5,000	5,000	-	-	-	-	-
Board and Committees		50,000	50,000	-	-	-	-	-
Marina - Hydro Pedestals	DM	15,000	-	-	-	-	-	15,000
Cemetery - Columbarium and Concrete Work	DM / SLE	40,000	-	-	-	-	-	40,000
Self Sustaining Entities		55,000	-	-	-	-	-	55,000
		5,210,360	2,032,600	200,000	972,400	1,668,000	282,360	55,000
Transfer to Capital Water		150,000	-	150,000	-	-	-	-
Transfer to Capital Waste Water		250,000	-	250,000	-	-	-	-
Transfer to Capital Levy		225,654	225,654	-	-	-	-	-
Transfer to Capital Storm		23,724	-	23,724	-	-	-	-
Reserve Transfers		649,378	225,654	423,724	-	-	-	-
Total Capital Budget		5,859,738	2,258,254	623,724	972,400	1,668,000	282,360	55,000

Current Year New Capital Contribution = 3,854,378

Report 2020-125 – Appendix A

Some Project Highlights

- A 20% increase to the road reconstruction and maintenance budgets to \$1,440,000
- A proposal to perform a full infrastructure needs assessment of water, waste water and roads at a cost of \$750,000. The goal will be to assess the current condition and enhance planning and activities around unbilled water and waste water infiltration.
- Introduce flow monitors in the waste water system at a cost of \$100,000 to help isolate infiltration.
- A 20% increase to the sidewalk budget to \$150,000
- Replace the multi-use trail to Dain City at a cost of \$335,000

Community Improvement Project (CIP)

- The Downtown CIP project was originally proposed as Clarence Street from West Street to Catharine Street.
- With Council's approval this project was expanded to design the infrastructure for the whole Downtown CIP.
-
- As noted in Report 2020-116 this is a multi-year project moving towards tender ready for design with conceptual drawings which can facilitate a grant application, if required.
- Staff have been reviewing this project and as identified in Report 2020-116 recommend the timeline be adjust so that the tender for engineering design follow at least preliminary work from the Infrastructure Needs Studies which will include asset condition assessments.

Community Improvement Project (CIP)

- Adjusted budget reflected in this report reflects \$1,000,000 for engineering design.
- Previously it was estimated this project would cost \$4,500,000.
- The other funding representing a previous estimate of \$3,500,000 previously allocated (\$1,000,000) and planned to be allocated (\$2,000,000) to this project has been reallocated in this 2021 budget.
- In the absence of this change the 2021 capital budget would have been constrained by approximately 60%.
- Staff point out that in a best-case scenario there will be no meaningful physical construction of this project until 2022.
- Staff will recommend construction funding options during the 2022 Capital budget process which will consist of both grant and borrowing given the potential funding needs of the project.

Thank You

Recommendation

That the Corporate Service Department, Financial Services Division, Report No. 2020-125 Subject: 2021 Capital and Related Projects Budget, be received; and

That the 2021 Capital and Related Projects Budget as outlined in Report 2020-125, be approved and that the projects identified in the 2021 Capital and Related Projects Budget can begin immediately where feasible.

