

MEMORANDUM

To: Stettler Town Council
From: Administration
Date: February 26, 2019
Re: Capital Budget for 2019, 2020, 2021, 2022, and 2023 (5 years – MGA)

The 2019 proposed Capital Budget has been prepared for Council's consideration in the amount of **\$4,074,150**. A Departmental Project Summary is summarized below:

2019 Capital Budget - Department Summary		
Administration		\$38,000
Computer Replacement	\$14,000	
Computer Server Replacement	\$24,000	
Fire Department		\$178,150
2001 Engine Replacement (2026)	\$100,000	
2 way radio system Replacement AFRRCS (Alberta 1st Responder Communication System) in 2021	\$60,150	
Decontamination Containment System Air Shelter (total regional expense \$18,000)	\$18,000	
Transportation		\$1,369,000
Downtown Streetscape (Concept Planning - 2019 Strategic Plan)	\$20,000	
Pavement Patching (annual)	\$150,000	
51st Ave (59-61 street) Cement and Pave	\$450,000	
49th Ave Overlay	\$300,000	
3/4 Tonne Truck	\$40,000	
Tandem Truck	\$170,000	
Snow Blower	\$180,000	
Vehicle Scanner	\$12,000	
Christmas Decorations	\$12,000	
Cemetery Columbarium	\$20,000	
Bus Garage - Roof	\$15,000	
Water & Sewer & Storm		\$1,321,500
Watermain Replacement on 52nd Street between 48-49 Avenue	\$280,000	
Watermain Replacement West of 57A Street between 46-47 Avenue	\$220,000	
Water Reservoir Pump Upgrades	\$150,000	
Water Meter Reader	\$14,500	
Heart Haven / Health Unit Fire Hydrant	\$7,000	
Sanitary Main Replacement West of 57A Street between 46-47 Avenue	\$220,000	
Lift Stations A & B Furnaces	\$30,000	
Lagoon Cell C - Desludging	\$300,000	
Storm Replacement Northeast of Lift Station A (57 Street)	\$100,000	
Pathway, Sidewalks, Snow Removal		\$280,000
Sidewalk Replacement Program	\$130,000	
Pathway (Maintenance & rehab)	\$50,000	
Pathway Expansion (62nd Street)	\$100,000	
WTP (modify heating system, cathodic protection, aeration for low lift, MCC room air conditioning)		\$255,000
Parks		\$105,000
Off Leash Dog Park - Transition Area	\$8,000	
Off Leash Dog Park - Lighting	\$12,000	
Parks - West Stettler Park - Imp (2019 Strategic Plan)	\$25,000	
Outdoor Rink - Board Package	\$60,000	
Stettler Recreation Center		\$216,500
New Flooring - Dressing Rooms	\$165,000	
Red Arena - Revamp Player Boxes - (glass, boards, and gates)	\$16,500	
Pool - Roof Repairs	\$20,000	
Pool - Change Room Doors and Frames	\$15,000	
Planning - North Area Structure Plan		\$25,000
Arts and Culture		\$15,000
Stettler Community Hall - HVAC		\$271,000
Total - 2019 Capital Budget - Department Summary		\$4,074,150

Funding Sources for the **2019 Capital Budget** (only) are summarized as follow:

- **\$2,317,487 - Grants**
 - \$1,632,090 - Municipal Sustainability Initiative (MSI – Capital & Operating) (\$1,310,117) – Carry Forward from 2018 / 2019 Un-Allocated MSI - \$225,600)
 - \$357,120 – Basic Municipal Transportation Grant (BMTG) – fully allocated (\$51,949) – Carry Forward from 2018 / 2019 Un-Allocated BMTG - \$25,536)
 - \$328,277 - Federal Gas Tax – fully allocated (\$76,719) – Carry Forward from 2018 / 2019 Un-Allocated FGT - \$76,719)
- **\$1,230,142 (\$1,044,118) - Amount Available for Capital from 2019 Interim Budget**
 - \$89,992 – Available for Capital – Utility (other) (Bal – 2019/12/31 - \$273,722)
 - \$346,500 – Available for Capital – Utility (water) (Bal – 2019/12/31 - \$191,469)
 - \$793,650 - Available for Capital – (tax) (Bal – 2019/12/31 - \$68,846)
- **\$177,513 - 2019 Interim Budget – Transfer from Operating**
 - \$75,000 – Sidewalk Replacement Capital Program
 - \$50,000 – Pathway Maintenance
 - \$52,513 – MSI Operating Grant – 49th Avenue Overlay
- **\$340,008 - Transfer From Other Reserves**
- **\$9,000 – Other (County)**
- **\$4,074,150 – Total 2019 Capital Budget**

A Closer Look.....

2019 Interim Budget – Available for Capital - \$1,230,142 + \$803,932 (previous year carry forward)

The 2019 Interim Operating & Capital Budgets collectively include the following amounts available for capital purposes from internally generated sources as follows:

Source	2019 Interim Operating Budget - Amount Available for Capital	Projected Ending Balance 2018	2019 Total Available for Capital	Current Year Proposed Capital (incl previous years carry forward)	Projected Ending Balance 2019
Contingency Reserve - Interim Budget Available for Capital	\$676,821	\$232,675	\$909,496	-\$840,650	\$68,846
Water	\$94,969	\$836,000	\$930,969	-\$739,500	\$191,469
Other (sewer, garbage, recycling)	\$272,328	\$455,318	\$727,646	-\$453,924	\$273,722
Total	\$1,044,118	\$1,523,993	\$2,568,111	-\$2,034,074	\$534,037

2019 Interim Budget – Available for Capital – Utility (sewer, waste and recycling) - \$89,992

The following projects are being allocated in 2019 from Other Utility (sewer, waste, recycling) fund surpluses, they include current and future utility and non-utility projects:

Project	Proposed Capital 2019 Budget	
Fire - Decontamination Containment System Air Shelter (total regional expense \$18,000-balance of funding from Disaster Reserve)	\$2,992	
Vehicle Scanner	\$12,000	
Outdoor Rink - Boards Package	\$60,000	
Bus Garage - Roof Upgrades	\$15,000	\$89,992
2018 Carry Forward - Lagoon Armor Banks of Cells 7, 8, & 9	\$125,000	
2018 Carry Forward - New Sewer Dump	\$115,000	
2018 Carry Forward - Snow Dump Expansion - (Telus line)	\$7,000	
2018 Carry Forward - Grave Bucket for Backhoe	\$6,000	
2018 Carry Forward - Airport GPS	\$16,275	
2018 Carry Forward - Lagoon - Cell Rehabilitation - Warranty expires in 2019	\$59,950	
2018 Carry Forward - SCADA Water Communications System	\$34,707	\$363,932
Total - 2019 Interim Budget - Available for Capital - Utility (Other)	\$453,924	\$453,924

2019 Interim Budget – Available for Capital – Utility (water) - \$346,500

The following projects are being allocated in 2019 from Utility (water) fund surpluses, they include current and future utility and non-utility projects:

Project	Proposed Capital 2019 Budget	
Water Meter Reader	\$14,500	
Heart Haven / Health Unit Fire Hydrant	\$7,000	
Lift Stations A & B – Furnaces	\$30,000	
3/4 T Truck	\$40,000	
WTP - MCC Room - Air Conditioning	\$10,000	
WTP - Aeration for Low Lift	\$50,000	
WTP - Cathodic Protection Distribution Line	\$100,000	
WTP - Primary Coagulant	\$80,000	
WTP - Modify Heating System	\$15,000	\$346,500
2018 Carry Forward - Water - Water reservoir - exterior and insulation (\$10,000 Available for Capital - Water & Coat Reservoir Exterior Reserve - \$40,000)	\$10,000	
2018 Carry Forward - Fire hydrant Hose Replacement	\$15,000	
2018 Carry Forward - WTP - Membrane Autopsy	\$18,000	
2018 Carry Forward - WTP - Waste Pond Dredging	\$350,000	\$393,000
Total - 2019 Interim Budget - Available for Capital - Utility (Water)	\$739,500	\$739,500

2019 Interim Budget – Available for Capital – General (taxes) - \$793,650

Project	Proposed Capital 2019 Budget	
Fire - 2001 Engine replacement (2026)	\$100,000	
2 way radio system Replacement AFRRCS (Alberta 1st Responder Communication System) in 2021	\$60,150	
Downtown Streetscape (Concept Planning - 2019 Strategic Plan)	\$20,000	
Sidewalk Replacement	\$55,000	
Pathway Expansion	\$100,000	
Pavement Patching (annual)	\$150,000	
Trans - Christmas decorations	\$12,000	
Cemetery Columbarium	\$20,000	
SRC - New Flooring - Dressing Rooms	\$165,000	
SRC - Red Arena - Revamp Player Boxes - (glass, boards, and gates)	\$16,500	
SRC - Pool - Roof Repairs	\$20,000	
SRC - Pool - Change Room Doors and Frames	\$15,000	
Off Leash Dog Park - Transition Area	\$8,000	
Off Leash Dog Park - Lighting	\$12,000	
Parks - West Stettler Park - Imp (2019 Strategic Plan)	\$25,000	
Arts and Culture	\$15,000	\$793,650
2018 Carry Forward - Airport Beacon	\$17,500	
2018 Carry Forward - Council - Board Room Chairs	\$5,500	
2018 Carry Forward - Cemetery Vacuum Mower	\$24,000	\$47,000
Total - 2019 Interim Budget - Available for Capital - Taxes	\$840,650	\$840,650

Transfer from Other Reserves & Prior Years General Reserves - \$340,008

Project	Transfer from General Reserve	Transfer from Other Reserves	Amount	
Office - Computer replacement program		Office Equipment Reserve - balance Dec31, 2019 - \$25,960	\$14,000	
Office - Computer server replacement		Office Equipment Reserve - balance Dec31, 2019 - \$25,960	\$24,000	
Fire - Decontamination Containment System Air Shelter (total regional expense \$18,000 - balance of funding from Amount Available for Capital - Utility - \$2992)		Disaster Reserve - Balance Dec31, 2019 - \$0	\$6,008	
Stettler Community Hall - HVAC		Community Hall Reserve - Balance Dec31, 2019 - \$523 / Culture Reserve - \$61,000	\$271,000	
North ASP		SE ASP Plan Reserve - Balance Dec31, 2019 - \$25,000	\$25,000	\$340,008
2018 Carry Forward - Water - Water reservoir - exterior and insulation (\$10,000 Available for Capital - Water & Coat Reservoir Exterior Reserve - \$40,000)		Exterior Coat Reserve - Balance Dec 31, 2019 - \$0	\$40,000	
2018 Carry Forward - WTP - WTP - 400mm Distribution Line Valve	\$250,000			
2018 Carry Forward - WTP - Dual Chemical Feed Line		WTP Reserve - Balance Dec31, 2018 - \$30,698	\$25,000	
2018 Carry Forward - Pathway System Improvements (AG Society - need to relandscape boulevard in 2019)		Walking Pathway Reserve - Balance Dec31, 2018 - \$67,982	\$10,000	\$75,000
Total - 2019 Capital Budget (inc 2018 Carry Forward)	\$250,000		\$415,008	\$415,008

As a trade-off, Administration recommends that Council continue to utilize Municipal Sustainability Initiative (MSI - \$1,071,127), Federal Gas Tax (FGT - \$328,277), and Basic Municipal Transportation Grant (BMTG - \$357,120) funds in the amount of:

- 51 Avenue (59-61st Street) – Curb, Gutter, Paving – \$450,000
 - FGT - \$92,880 / BMTG - \$357,120
- 49th Avenue – Overlay – \$300,000
 - MSI - \$12,090 / MSI Operating - \$52,513 / BMTG - \$235,397
- 52nd Street – Water Main Replacement – \$280,000
 - MSI - \$280,000
- 57A Street between 46-47th Avenue - \$440,000
 - MSI - \$440,000
- Water Reservoir Pump Upgrades - \$150,000
 - MSI - \$150,000
- Lagoon Cell – C – Desludging - \$300,000
 - MSI - \$300,000
- Storm Replacement Northeast of Lift Station A (57th Street) - \$100,000
 - MSI - \$100,000
- Operations – Tandem - \$170,000
 - MSI - \$170,000
- Operations – Snow Blower - \$180,000
 - MSI - \$180,000
- 2018 Carry Forward – 51st Avenue – 57-59th Street – Cement and Paving - \$25,000.00
 - MSI - \$25,000
- 2018 Carry Forward – 51st Avenue – 57-59th Street – Water & Sewer - \$16,413.00
 - BMTG - \$16,413
- 2018 Carry Forward – 51st Avenue – 59-61st Street – Water & Sewer - \$25,000.00
 - MSI - \$25,000
- 2018 Carry Forward – Lagoon Desludging – Cells A, B, C, D - \$335,248.44
 - MSI - \$335,248.44
- 2018 Carry Forward – 4203-50A Avenue – Water & Sewer - \$140,000.00
 - MSI - \$140,000
- 2018 Carry Forward – 50th Avenue Back Alley – 55-56th Street - \$10,000.00
 - BMTG - \$10,000

What this effectively accomplishes is that the Town will access MSI, FGT and BMTG Grant Funding for utility projects and use freed-up utility surpluses to fund projects and savings for non-utility purposes. This will crystallize the savings into real dollars in our bank account (as opposed to having unspent MSI grant funds that are not in our possession).

Significant items included in the 2019 Capital Budget include:

1. Major Capital Grant Funding – Federal and Provincial

Alberta Municipalities are fortunate to have a significant amount of grant programs available to assist funding capital assets. Administration is continually challenged to allocate projects towards specifically eligible grants in order to maximize the overall amount of funding received in any given year. The amount available on an annual basis is as follows:

Federal and Provincial Grants	2019 Based on 2018 Allotment	Projected Ending Balance 2018	2019 Total Available for Capital	Current Year Proposed Capital (incl previous years carry forward)	Projected Ending Balance 2019
Municipal Sustainability initiative (MSI Capital)	\$1,018,614	\$1,310,117	\$2,328,731	-\$2,103,130	\$225,600
Municipal Sustainability initiative (MSI Operating)	\$52,513		\$53,680	-\$53,680	\$0
Federal Gas tax (FGT)	\$328,277	\$76,719	\$404,996	-\$328,277	\$76,719
Basic Municipal Transportation Grant (BMTG)	\$357,120	\$51,949	\$409,069	-\$383,533	\$25,536
Total	\$1,756,524	\$1,438,785	\$3,196,476	-\$2,868,620	\$327,855

Over and under allocations/expenditures from MSI, FGT and BMTG can be carried forward to the following year. Any unallocated grants are available to cover budget to actual adjustments, funding source changes during the year, as well as future project considerations. The reality of the challenge facing the Town is that there are too many future projects for the amount of expected and uncertain grant monies available. Unless the provincial funding is increased Council will need to prioritize projects thereby postponing some to future years. At this time the Premier and the Prime Minister has committed funds as promised to municipalities. Although Administration is optimistic, it remains uncertain as to just how much funding will be available in the next few years.

Major Project Summary

1. 2019 Pavement / Sidewalk Improvement Program

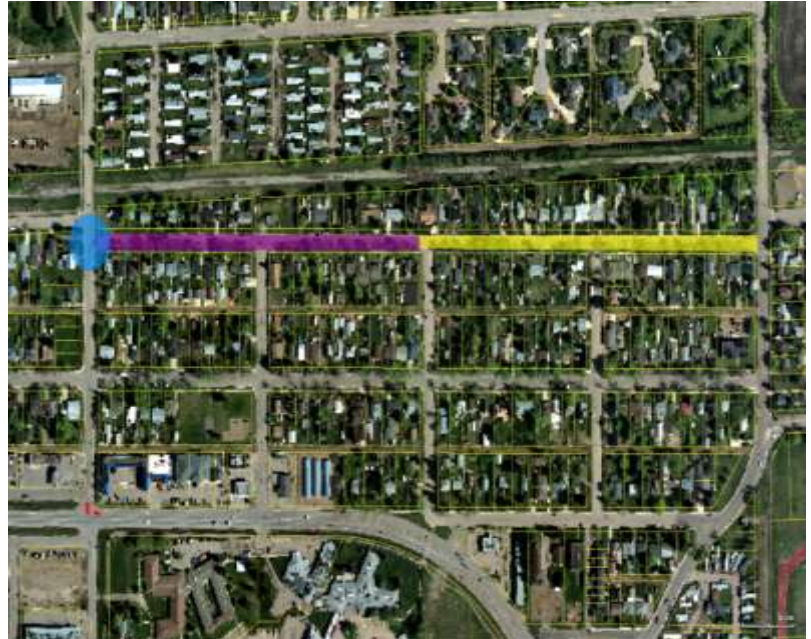
The 2019 Capital Budget includes \$280,000 towards the annual Sidewalk Replacement projects and Pavement Patching Program

1. Sidewalk Replacement Program - \$130,000 - (\$75,000 – 2019 Interim Operating Budget + \$55,000 – Available for Capital 2019 Interim Budget - General Reserves)
2. Pavement Patching Program – \$150,000 - (\$150,000 – Available for Capital 2019 Interim Budget – (Tax Reserves)

2. 2019 Road Way Reconstruction, Water, Sanitary and Storm Service Replacement – \$1,720,000

These projects are very emergent in nature, and difficult to specific location one-off repair, given the ongoing deterioration of the cast iron service pipe.

51st Avenue was in need of major reconstruction. Cast iron water mains that have deteriorated and were at risk for ongoing water breaks due to its age. These underground improvements must be completed a minimum of one year ahead of road work to allow the trenches to settle.



Cast iron water main and services in 51st Avenue from 59-61 Street were replaced in 2018

The 2019 Capital Budget includes \$1,720,000 towards the following Utility Replacement Projects:

1. 51st Avenue – Curb, Gutter, Pavement - Complete Water/Sewer Replacement from 2018 (59– 61st Street) - Total-\$450,000
FGT - \$92,880 & BMTG - \$357,120
2. 49th Avenue Overlay - Total - \$300,000
MSI - \$64,603 / FGT – \$235,397

Mill the existing asphalt and repave 49 Street from 46 Street to the rail tracks east of 43 Street. AltaGAS is replacing the mains in this area of town to have them relocated prior to Town construction.



- 3. 57A Street between 46-47th Avenue – Water and Sanitary main replacement - Total- \$440,000
MSI - \$440,000

Replace cast iron water and clay tile sanitary sewer in the back alley of 58 Street between 46-47 Avenues. There is a separation of the sanitary sewer on the south end of the back alley, discovered late 2018.



- 4. 52nd Street between 48-49th Avenue - Water main replacement – Total - \$280,000
MSI - \$280,000

Replace the existing cast iron water main on 52 Street between 48-49 Avenues. There have been several watermain breaks on this section of line in the past two summers



- 5. 57 Street Storm replacement northeast of Lift Station A – Total - \$100,000
MSI - \$100,000



- 6. Water reservoir pump upgrades - Total-\$150,000
MSI - \$150,000

Upgrades to back up power and pump upgrades to existing water reservoir pumphouse.



3. Lagoons – Ongoing maintenance - \$300,000



The 2019 Capital Budget includes \$300,000 towards the following Lagoon rehabilitation projects:

- 1. Lagoon – Desludging Cell C - Total - \$300,000
MSI - \$300,000

4. Pathway Development - \$150,000

1. Pathway – Ongoing existing pathway maintenance – Total \$50,000
(2019 – \$50,000 included in 2019 Interim Operating Budget)

2. Pathway – Expansion - Total \$100,000
2019 Interim Budget – Available for Capital (taxes) - \$100,000

The 2019 - 2023 Capital Budgets includes: \$50,000 per year for ongoing existing pathway maintenance and \$100,000 per year as a commitment towards the construction and or upgrade of connecting pathways as per the



Town's Trail Master Plan that was accepted by Council in September 2010 and reviewed as per the 2018 Strategy Priority. As previously discussed with Council, the Trail Master Plan is a living document that is a long term a work in progress with annual priorities to be determined each year by Council.

5. Stettler Community Hall Upgrades – Total HVAC Project - \$271,000 – Community Hall Reserve / Culture Reserve

The Community Hall approaching 20 years old requires maintenance on some bigger items. This well used facility needs to be current to meet the needs of our community. Town Staff continue to provide day to day maintenance however it shows that it was built 20 years ago. Balance between rental revenue/annual operational deficit and its appearance level is constantly monitored by staff to give a good venue for our patrons. Listed are proposed improvements required to keep its integrity.

An Engineering Study was completed by Williams Engineering Ltd on the existing HVAC system late in 2017. It was noted that the cost of a new HVAC system complete with new air units, ductwork and diffusers is budgeted at \$250,000. Other upgrades also to be completed in 2018 include; LED lights, ceiling tiles, and a sound system review. Total cost of the upgrades including the HVAC system is \$290,000 (Included 2018 Capital Budget).

The 2018 Capital Budget approved by Council had a budget to replace the HVAC and Lighting in the Community Hall of \$290,000. The Scope of the Project included renovations to the Hall's heating, ventilation, and air-conditioning systems as well as building lighting and T-Bar ceiling. The Tender was advertised through the Alberta Purchasing Connection.

The Tender included:

- A non-mandatory pre-tender site meeting – June 15, 2018
- Tender closing date – Tuesday, June 26, 2018 – 2:00 p.m.
- Tender Construction Schedule – September – November 2018.

Tender Summary

3 Companies submitted Tenders:

- Boald Electric \$406,088
- Action Plumbing \$419,000
- Shunda \$472,000

The following Motion 18:07:03 was adopted by Council at the July 3, 2018 Council meeting:

Moved by Councillor Fischer that the Town of Stettler Council does not award the 2018 Capital Budget – Community Hall HVAC and LED Lights installation to any company due to all tenders received have been determined to be significantly in excess of the 2018 Capital Budget amount of \$290,000 and directs administration to notify all companies that the project will not be awarded.

One item that was not originally included in the above project scope was to address the quality of the sound system within the hall. Earlier in 2018 Councillor Pfeiffer (having considerable years of sound system experience as the owner of Pfeiffer House of Music) helped to identify and install affordable improvements to the sound system at the HUB in the SRC. Given the success and quality of this smaller sound system configuration/installation project, Administration requested that he help identify needs and cost estimates for similar sound upgrades in the Community Hall

The following Motion 18:08:04 was adopted by Council at the July 3, 2018 Council meeting:

Moved by Councillor Barros that the Town of Stettler Council approves \$12,000.00 + GST in Capital upgrades to the primary sound system at the Community Hall has an addition to the 2018 Capital Budget with funding to come from the Culture Reserve. And further authorizes Administration in accordance with the Town's Purchasing of Goods and Services Policy to locally sole source both acquisitions from Pfeiffer House of Music as specified within their quotation.

2019 Capital Budget - \$271,000 – Community Hall Reserve / Culture Reserve

In 2019, Administration continues to look at options with the HVAC in the Community Hall. A recommendation will be brought back to Council at a future Council meeting.

Phase 3 – 2019-2023 Capital Budgets

- Replace existing HVAC – 2019 Capital Budget
- Replace light with new LED lights, flooring

Phase 2 – 2017/2018 Capital Budgets

- Engineering to Replace existing HVAC - \$30,540
- LED Lights, ceiling tiles, sound system review - \$12,000

Phase 1 - Completed in 2016/2017 Capital Budgets

- | | |
|---|----------|
| • New flooring in main bathrooms (completed) | \$2,485 |
| • Seal vinyl sheet flooring seams (carry forward to 2017 Capital Budget) | \$3,000 |
| • Painting of hall/patching wall paper (carry forward to 2017 Capital Budget) | \$9,000 |
| • New shingles (carry forward to 2017 Capital Budget) | \$67,100 |

6. Fire Department Equipment Renewal

The “second line” apparatus, a 2001 Freightliner fire engine will have to be replaced in 2026. The Fire Underwriters have an age requirement for Fire Apparatus Insurance Grading Recognition. In small communities fire apparatus can be used as “First Line” up to 20 years, “Second Line” up to 25 years and “Reserve only” up to 29 years with the condition of completing a strict performance test every year of service beyond 20 years. Based on the tender results from the previous apparatus purchase, the estimated cost for a new fire engine in 2026 will be \$1,000,000. The 2019-2023 Capital Budget includes a provision of \$100,000 per year to ensure adequate funding is available in 2026. – Fire Capital Reserve - December 31, 2019 - \$450,300)

7. Arts & Culture Annual Allocation

The 2019 Capital Budget does include \$15,000 towards Arts & Culture projects. During 2017 Capital Budget deliberations, Council did not fund the Arts and Culture component of the Capital Budget. At the end of 2016 the Arts and Culture Reserve Fund totaled \$97,000. During the 2018 Capital Budget deliberations, Council allocated \$50,000 from the Arts and Culture Reserve Account to the Community Hall Upgrades.

8. County of Stettler No. 6 – Recreation Agreement

The 2019 Interim Operating Budget includes **\$474,000** in recreation support from the County of Stettler. The Administrative assumptions incorporated are as follows:

PLS Revenue:	\$474,000	
PLS Expenditures:		
Transfer to SRC Capital Reserve -Town	\$173,600	(represents 65% of \$4M debt payment)
Transfer to SRC Capital Reserve -County	<u>\$93,300</u>	(represents 35% of \$4M debt payment)
	\$266,900	
Remains as net operational support	\$88,700	(deemed \$128,000 - to support property tax mitigation)
Remains as new net operational support	<u>\$118,400</u>	(enhances available for Capital Budget)
	\$207,100	

With the County of Stettler current loss of linear assessment, the deemed \$128,000 for operations is now \$88,700, the balance of \$385,300 is available for Capital Projects. Currently in the 2019 Interim Budget adopted by Council on December 18, 2018, the \$266,900 will be allocated to the Recreation Agreement Reserve to be used for future Capital Projects. The \$118,400 is included in the \$1,044,118 available for Capital.

Administration recommends that the \$118,400 remain in the 2019 Total amount available for Capital projects moving forward.

9. Future Utility Trunk Main Extensions

The 2019 Capital Budget does not commit any available resources towards extending growth related municipal infrastructure. In 2014 the Town of Stettler and the County received a Regional Collaboration Grant for a Master Servicing Study. Some of this infrastructure will be installed at the expense of developers while a significant amount will have to be borne through Offsite levies together with long term debt. When needed, Council will likely have to increase utility rates to pay for associated annual debt servicing costs.