



TOWN OF
Parry Sound

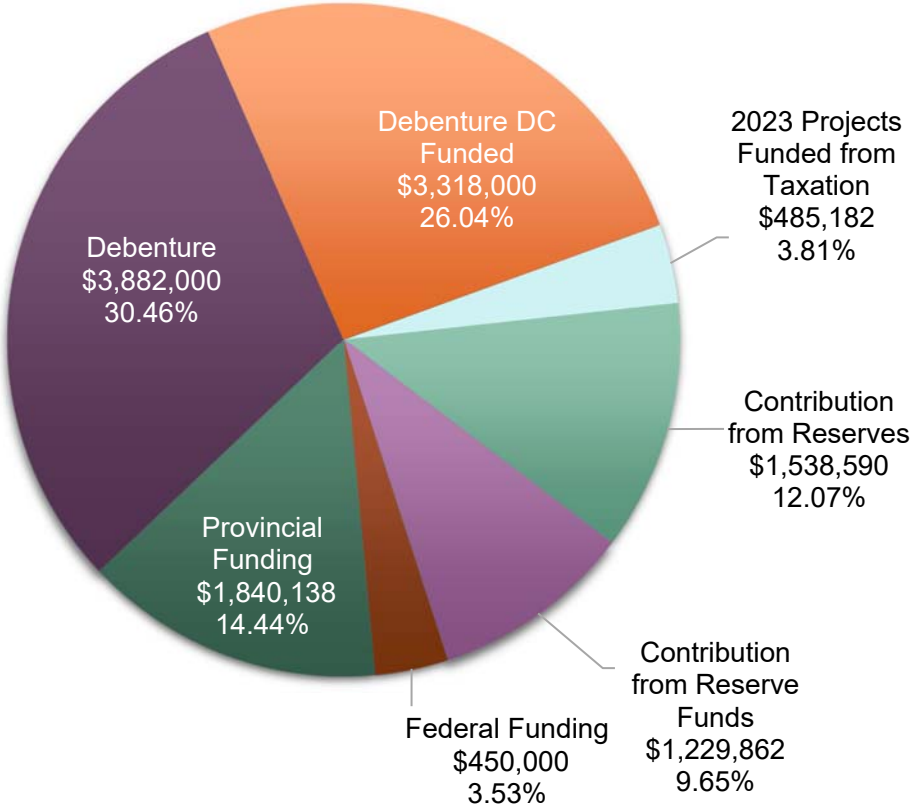
**2023 Capital Budget
DRAFT**

Capital Budget

While the focus of the Operating budget is on the day-to-day operations, it is the capital budget that ensures the public and staff have safe and reliable equipment and infrastructure for the provision of services.

For example, without regular repair and replacement the Tony Agnello Water Treatment Plant as well as the watermains underground the Town would be unable to provide the ratepayers with safe drinking water when they turn on the tap.

In 2023, the new capital budget request is \$12,743,772, which is funded through various sources.



Highlights

- Significant investment into Pumpstation 2 and Force main Initially, \$500k to be spent on engineering and \$6.7 million for the capital portion which is necessary for development and increase to capacity. \$7.2 million is planned to be debentured but, \$3.32 million and the cost of borrowing is currently forecasted and included in the Development Charges forecast. The remainder will require agreement and consideration as major development goes forward.
- An additional further investment into the Cascade Bridge project will be required of \$450k and \$950k in total on completion of engineering. Investment required to extend life and remediate deterioration.
- \$100k in additional investment into sidewalk improvement with total expenditure of \$200k
- Park Avenue and Georgina surface replacement/paving deferred and planned for 2023 for \$300k.
- Glen and Victoria Avenue including Storm, Water, Wastewater is planned for 2023 at a cost of \$2 million.
- Louisa Street double surface treatment and base work required as recommended within the details of the Town's updated asset management plan-\$150k.
- Planning for the repair of the corner at Wood/Isabella intersection to connect sidewalks with rail safety improvements of \$750k.
- Bobby Orr Hall of Fame Permanent Exhibit Redesign costing \$659k planned to open in 2023.
- Fleet replacement program to switch from capital purchase to a lease program which will form part of the operating budget for \$150k annually over the next 5 years through Enterprise Fleet Management starting in 2023. The program continues to be funded through the fleet reserve.

Budget Change

| 2022 Budget | 2023 Budget | Dollar Change |
|--------------------|--------------------|----------------------|
| \$6,470,380 | \$12,743,772 | \$6,273,392 |

Asset Management Planning

The Town's strategic asset management policy requires that the asset management plan be referenced in the preparation of the capital budget by staff. As the asset management plan evolves the capital budget will become a more streamlined process, relying heavily on the asset management plans of a municipality helps make decisions regarding project priorities and timing. The Town's updated asset management plan was utilized in identifying capital needs for roads and coordinating the needs for roads, water, wastewater and storm assets in the development of this capital budget.

Today's reality is that many municipalities face an infrastructure gap, the difference between the work that needs to be done to keep municipal assets and infrastructure in good working condition, and the available funds to do so. The realization of this gap has led to various asset management changes, the most recent of which is Ontario Regulation 588/17.

Under Ontario Regulation 588/17, all Ontario municipalities are required to have:

- ❖ A strategic asset management policy by July 1, 2019, reviewed and updated at least every five years;
- ❖ An asset management plan for water, wastewater, storm, roads, bridges and culverts by July 1, 2022; and
- ❖ An asset management plan for buildings, machinery and equipment, land improvements and vehicles by July 1, 2024

The Town currently has a strategic asset management policy and passed an updated asset management plan for core infrastructure in 2022. In 2023, continued work on the asset management plan through facility assessments is planned to work towards the development of an asset management plan for all assets to meet the July 1st, 2024, deadline.

Dedicated Capital Levy

To assist with funding capital projects Council approved an annual calculation applied each year to identify the annual dedicated capital funding from taxation.

As this dedicated levy grows it will help to fund the plans established through the Town's Asset Management Plan. The dedicated levy is currently used to:

- Pay for tax-supported principal debt repayments
- Annual contribution to the Fleet Reserve
- Annual contribution to the Equipment Reserve
- Annual contribution to the Building Replacement Reserve
- Annual contribution to Capital Asset Replacement Reserve Fund (Infrastructure)
- Assist with funding other tax supported capital projects as they arise

The 2023 dedicated capital levy is: \$ 2,161,238

On August 9, 2022, Council officially received their Asset Management Plan (AMP), as submitted by Public Sector Digest Inc. (PSD). This document was extensive and provided a few recommendations for the Town to consider.

The Town of Parry Sound, just like most other municipalities, is dealing with aging infrastructure and an infrastructure gap. Council chose to continue to increase tax revenues by 1.8%/year as recommended in 2016 per PSD's recommendations.

Prior to 2025, the Town will continue to refine lifecycle and other data and assess levels of service with the overall objective of identifying opportunities to reduce the funding gap; however, difficult decisions will be required prior to 2025 when full infrastructure funding will be required.

Calculation of the Dedicated Capital Levy

| | |
|--|---------------|
| 2022 net tax levy required (per 2022 budget) | \$ 12,127,777 |
| Increase per Council policy | 1.8% |
| | <hr/> |
| | \$ 218,300 |
| 2022 dedicated capital levy | 1,942,938 |
| 2023 dedicated capital levy | <hr/> |
| | \$ 2,161,238 |

Allocation of the Capital Levy

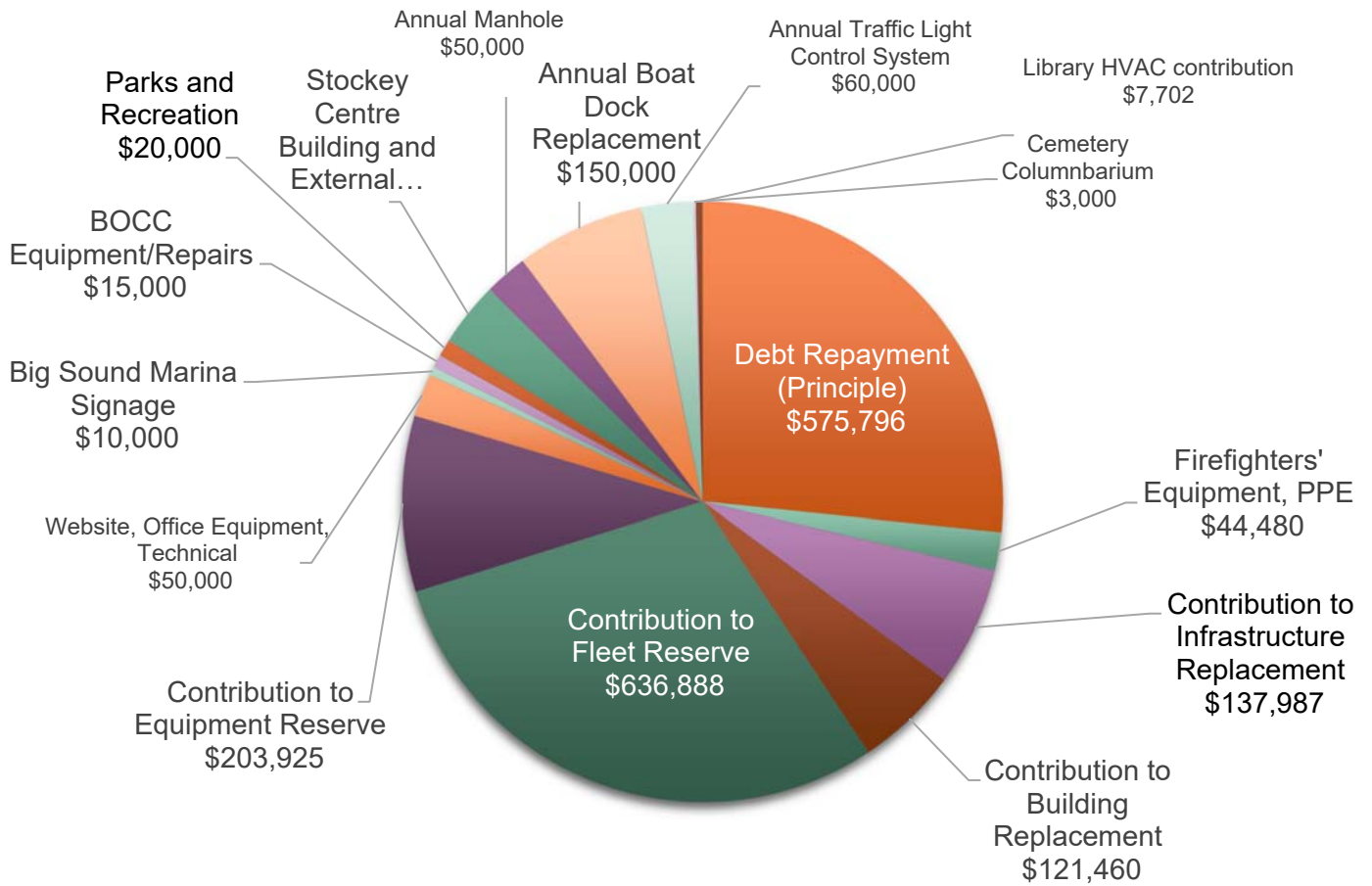
The goal of the capital levy is to provide funding for future capital projects. As the Town continues to develop its AMP the distribution of the capital levy will be refined to accurately reflect the funding needs of each asset category.

Currently, the dedicated capital levy is used for reserve contributions dedicated to fleet and equipment replacement, building repairs, infrastructure replacement as well as debt principal repayments. Any remaining levy is applied towards tax supported capital projects.

Highlights

- The projects funded by taxation have increased by \$211,582 in 2023. This means that the majority of Council's levy increase is going towards increased infrastructure spending this year.
- In 2022, there was an increase in annual contributions to reserve by the majority of the annual increase. Those increased levels continue in 2023.
- 36% of the total 2023 capital budget including carry forward items is funded from reserves/reserve funds compared to 59% in 2022, and 69% back in 2021.
- 26% of the total 2023 capital budget including carry forward items is funded from Provincial and Federal grants compared to 39% in 2022, and 28% back in 2021.

Allocation of the Town's Capital Levy



- \$435,182 is going towards 2023 capital projects.
- \$575,796 is financing principal debt repayment.
- \$1,100,260 is contributed to various reserves for future capital replacement. (Equipment, Infrastructure, Buildings, and Fleet)

Capital Projects

Capital projects vary in size from replacement of the desktop and laptops used by Town staff daily to the replacement of water, wastewater, storm sewer, roads, and sidewalks for a section of road.

A project may be completed within a budget year, or over multiple years. At times, the Town can secure funding from Provincial or Federal programs, or access savings from reserves and reserve funds, and other times it needs to use debt.

Previously Approved Projects

Carried Forward from 2022 to 2023

Projects that have not been completed in 2022 have been deferred to 2023. In some cases, some preliminary work may have been performed or new funding has been made available in 2023.

| Project | 2022 | 2023 | Change | Funding Source |
|---------------------------------------|---------------|--------------|--------|----------------|
| | Carry Forward | Total Budget | | |
| SPS #3 Upgrade | 1,800,000 | 1,800,000 | - | Reserves |
| SPS #6 Pump Replacement | 1,500,000 | 1,500,000 | - | Reserves |
| Mission Park Playground Equipment | 80,000 | 80,000 | - | Reserves |
| Tower Hill - Rock Path Restoration | 10,000 | 10,000 | - | Reserves |

| Project | 2022 | 2023 | Change | Funding Source |
|--|---------------|--------------|--------|--|
| | Carry Forward | Total Budget | | |
| Waubuno Beach Fall safety material and equipment | 88,500 | 88,500 | - | Reserves |
| CP Station Furnace | 35,000 | 35,000 | - | Reserves |
| Continue Parks/Garbage Recycling Replacement | 20,000 | 30,000 | 10,000 | Taxation |
| Bird Netting - Kinsman | 5,000 | 5,000 | - | Reserves |
| Enhancement of Treescape Downtown | 30,000 | 30,000 | - | Reserves |
| Lifesaving Recommendations | 5,800 | 5,800 | - | Reserves |
| BOCC Tables and Chairs | 33,500 | 33,500 | - | Reserves |
| WPS Rec & Cult Centre Town Contribution | 2,271,619 | 2,271,619 | - | 50% Reserves/50% Borrow – Half will be funded from DCs |
| Town Dock Concrete Repairs | 80,000 | 80,000 | - | Reserves |
| Town Dock Lights & Electrical | 40,000 | 40,000 | - | Reserves |
| Town Dock Washroom Fixtures | 25,000 | 25,000 | - | Reserves |
| Town Dock Roof | 12,000 | 12,000 | - | Reserves |
| Stucco Exterior | 15,000 | 15,000 | - | Reserves |
| Municipal Office Stair Replacement/Outdoor Staff Space | 50,000 | 50,000 | - | Reserves |
| New meeting room upgrade | 15,000 | 15,000 | - | Reserves |

| Project | 2022 | 2023 | Change | Funding Source |
|---|---------------|--------------|---------|--|
| | Carry Forward | Total Budget | | |
| Plotter and Scanner | 13,500 | 13,500 | - | Reserves |
| Replacement of Host Servers/Etc. IT | 117,000 | 117,000 | - | Reserves |
| Second Generation Firewall | 13,000 | 13,000 | - | Reserves |
| Phone System Upgrades-Fire Hall, Operations, WTP, WWTP | 21,500 | 21,500 | - | Reserves |
| Fire Hall Improvements Accessibility/Safety | 100,000 | 100,000 | - | Reserves |
| Fire Hall Roof | 20,000 | 20,000 | - | Reserves |
| W/WW SCADA | 300,000 | 600,000 | 300,000 | Modernization 2022/W & WW Reserves 2023 additional |
| Membrane Tank Repairs | 50,000 | 50,000 | - | Water Reserves |
| Preliminary Design of WTP High lift pumps and Church Street Booster Station | 50,000 | 50,000 | - | Water Reserves |
| Water Tower Work | 40,000 | 40,000 | - | Water Reserves |
| SUEZ I/O upgrades | 40,000 | 40,000 | - | Water Reserves |
| Polymer Injection System | 30,000 | 30,000 | - | Water Reserves |
| 70003 - Cla-Val Replacement | 25,000 | 25,000 | - | Water Reserves |

| Project | 2022 | 2023 | Change | Funding Source |
|--|---------------|--------------|---------|------------------------------|
| | Carry Forward | Total Budget | | |
| Tower Insertion Meters | 20,000 | 20,000 | - | Water Reserves |
| Dechlorination ORP System | 15,000 | 15,000 | - | Water Reserves |
| water tank level transmitter replacements | 15,000 | 15,000 | - | Water Reserves |
| VFD Blowers Review | 10,000 | 10,000 | - | Water Reserves |
| Operations yard paving/laneway to Transfer Station | 210,000 | 210,000 | - | OCIF |
| Traffic Light Control System | 50,000 | 110,000 | 60,000 | Taxation |
| Fitness Trail Renovations | 250,000 | 250,000 | | Reserves/FEDNOR |
| Isabella Train Crossing Safety Improvements | 750,000 | 750,000 | - | Federal Grant & Reserve Fund |
| Church Street Retaining Walls | 200,000 | 200,000 | - | OCIF |
| Cascade Bridge | 500,000 | 950,000 | 450,000 | CCBF \$900k/\$50k OCIF |
| Sidewalks | 100,000 | 200,000 | 100,000 | OCIF |
| Repair Corner of Wood/Isabella extension | 600,000 | 600,000 | - | CCBF |
| Park Avenue and Georgina | 300,000 | 300,000 | - | OCIF |
| Bobby Orr Hall of Fame Permanent Exhibit Redesign | 659,000 | 659,000 | - | FEDNOR/ Reserves/ Other |
| SC Hot Water Tanks | 5,500 | 5,500 | - | Stockey Reserves |
| Commercial Freezers | 6,000 | 6,000 | - | Stockey Reserves |

| Project | 2022 | 2023 | Change | Funding Source |
|---------------------------------------|----------------------|---------------------|------------------|-----------------------|
| | Carry Forward | Total Budget | | |
| Commercial Fridges | 6,000 | 6,000 | - | Stockey Reserves |
| Performance Hall Lighting Consult Fee | 16,000 | 16,000 | - | Stockey Reserves |
| Total Carried 2022 to 2023 | \$10,648,919 | \$11,568,919 | \$920,000 | |

- ❖ Sewage Pump Station 3 (SPS #3) – 7 Hawthorne Crescent
- ❖ Sewage Pump Station 6 (SPS #6) - 2 Johnson Street

Taxation funded projects are highlighted in blue.

Annual Capital Expenditures

There are capital assets owned by the Town that are either pooled (e.g. water meters) or part of a large group of assets (e.g. paving). Annually there is a portion of these assets that need to be replaced/upgraded as there is a continual cycle of items reaching the end of their useful lives.

| Project | Tax Levy | Provincial Funding | Federal Funding | Reserve | Reserve Funds |
|--|----------------|--------------------|-----------------|----------------|---------------|
| Laptop & Desktop Replacement | - | - | - | 34,000 | - |
| Firefighters Pooled' Gear | 24,480 | - | - | - | - |
| Firefighters' PPE | 20,000 | - | - | - | - |
| Manhole repairs ¹ | - | - | - | 50,000 | - |
| Annual Paving Program Specified in individual projects | - | - | - | - | - |
| Culvert Replacements & Stormwater | - | 200,000 | - | - | - |
| Boat dock replacement ² | 150,000 | - | - | - | - |
| Water Meters | - | - | - | 50,000 | - |
| Water Plant Lifts & Pumps | - | - | - | 60,000 | - |
| Rotork Actuators | - | - | - | 30,000 | - |
| Total | 194,480 | 200,000 | - | 224,000 | - |

¹ \$50,000 per year invested

² Waubuno Boat Launch Repairs

New 2023 Capital Projects

Each year there are new projects requiring staff's attention. In 2023, staff's focus was on prioritizing core infrastructure projects within the asset management plan. Replacement forecasts were reviewed and cross referenced between roads, water, wastewater, and storm to identify which projects are good candidates for surface only replacement, which were total replacements, as well as the projects with the most need. Some projects have continued to encounter supply chain issues or delays due to the pandemic. Rising costs of materials and services have been encountered in recent years with inflationary and economic factors impacting capital works. Significant investment in infrastructure projects is being undertaken within 2023.

In addition, staff have been hard at work in identifying capacity issues within wastewater services in particular to service new development. Pumpstation 2 and the West Parry Sound Recreation and Cultural Centre are both significant projects that benefit growth and will require a portion/or all to be funded by debenture. A portion of these projects are forecasted to be funded by development charges. Information on the proposed development charges will be coming forward to a Public Meeting to be held on March 7, 2023. The background study is available on the Town's website at www.parrysound.ca.

General Government

Office of the Chief Administrative Officer, Finance & Information Technology

| Project | Tax Levy | Municipal Partners | Reserve | Reserve Funds |
|--|----------|--------------------|---------|---------------|
| Surveillance Camera Project | - | - | 6,500 | - |
| Core Network Switches | - | - | 21,500 | - |
| Parrysound.ca Redesign | 25,000 | | - | |
| Projector and Presentation Equipment (BOCC or Prelude) | 10,000 | | - | |

| Project | Tax Levy | Municipal Partners | Reserve | Reserve Funds |
|--------------------------------|---------------|--------------------|---------------|---------------|
| Basement Offices – Town Office | 15,000 | | | |
| Total | 50,000 | - | 28,000 | - |

Protection Services

Emergency & Protective Services, Fire, By-law Enforcement & Building Inspection

| Project | Tax Levy | Municipal Partners | Reserve | Reserve Funds |
|---|----------|--------------------|---------------|---------------|
| Antenna relocation for fire/pw to Tower hill - communications | - | - | 20,000 | - |
| Fire Hall Two rooftop HVAC units | - | - | 28,000 | - |
| Total | - | - | 48,000 | - |

Transportation Services

Operations & Winter Control

| Project | Tax Levy | Provincial Funding | Reserve | Reserve Funds |
|--------------------------------|----------|--------------------|---------|---------------|
| Joseph/Tudhope St. Railings | - | - | - | 25,000 |
| New Door Transfer Station | 5,000 | - | - | - |
| Sander Unit Replacement 08-090 | - | - | 16,000 | - |
| Snowplow 08-160 (Heavy Duty) | - | - | 400,000 | - |

| Project | Tax Levy | Provincial Funding | Reserve | Reserve Funds |
|--|-----------------|---------------------------|----------------|----------------------|
| Glen and Victoria (Storm, Water, Wastewater Included) | - | 1,390,138 | - | 609,862 |
| Louisa Street (Double Surface Treatment/Base) | - | 150,000 | - | - |
| Public Works Trailer 08-430 | - | - | 5,000 | - |
| Automated Speed Enforcement (Modernization) | - | 70,000 | - | - |
| Shop hoist replacement | - | - | 30,000 | - |
| Trench box | - | - | 20,000 | |
| Operations 08-270 Specialized aftermarket equipment for Leased pick up through Enterprise (equip stays with the Town) | - | - | 29,635 | - |
| Operations 08-230 Specialized aftermarket equipment for Leased pick up through Enterprise (equip stays with the Town) | - | - | 29,255 | - |
| Total | 5,000 | 1,610,138 | 529,890 | 634,862 |

Environmental Services

Storm Water Control, Waste Management, Wastewater Services & Water Services

| Project | Debenture | Debenture DC | Reserve | Reserve Funds |
|--|------------------|------------------|----------------|---------------|
| Coagulant Bulk Delivery System | - | - | 20,000 | - |
| Water Plant Gate Security | - | - | 25,000 | - |
| VFD for 1 pump | - | - | 46,000 | |
| Wastewater Admin Building Roof Repair | - | - | 20,000 | - |
| 2 Wetwell Wizards SPS 12 and 10 for grease control | - | - | 60,000 | - |
| Pumpstation 2 and Forcemain | 3,382,000 | 3,318,000 | - | - |
| Pumpstation 2 Engineering | 500,000 | - | - | |
| Total | 3,882,000 | 3,318,000 | 171,000 | - |

❖ Sewage Pump Station 2 (SPS #2) - Champagne Street

Health Services

Cemeteries & Land Ambulance

| Project | Tax Levy | Federal Funding | Reserve | Reserve Funds |
|-------------------------------------|----------|-----------------|---------|---------------|
| Hillcrest Cemetery Columbarium | 3,000 | | 25,000 | |
| EMS Base Repairs | | | | 40,000 |
| Miscellaneous EMS Medical Equipment | - | - | - | 15,000 |

| Project | Tax Levy | Federal Funding | Reserve | Reserve Funds |
|-------------------------------|--------------|-----------------|---------------|----------------|
| Replacement of Ambulance 5277 | - | - | - | 220,000 |
| Replacement of Ambulance 5270 | - | - | - | 220,000 |
| Replace PRU 5317 | - | - | - | 100,000 |
| Total | 3,000 | - | 25,000 | 595,000 |

Recreation and Culture

Bobby Orr Community Centre, Parks and Recreation, Charles W. Stockey Centre & Bobby Orr Hall of Fame

| Project | Tax Levy | Debenture | Federal Funding | Reserve | Reserve Funds |
|--|----------|-----------|-----------------|---------|---------------|
| Parks 08-290 Specialized aftermarket equipment for Leased pick up through Enterprise (equip stays with the Town) | - | - | - | 29,700 | - |
| Parade santa float (trailer donation) refurb | 5,000 | - | - | - | - |
| BOCC Canteen Fridge | 15,000 | - | - | - | - |
| BOCC Olympia Replacement | - | - | - | 150,000 | - |
| Stockey Floor Refinishing | 15,000 | - | - | - | - |
| Stockey Transformer | 10,000 | - | - | - | - |

| Project | Tax Levy | Debenture | Federal Funding | Reserve | Reserve Funds |
|--|-----------------|------------------|------------------------|----------------|----------------------|
| External facility freshen up Stockey Centre | 50,000 | - | - | - | - |
| Library HVAC contribution | 7,702 | - | - | - | - |
| Big Sound Marina Sign | 10,000 | - | - | - | - |
| BOCC Scoreboard (Searching for Sponsorship Opportunities) | | | | 13,000 | |
| Total | 112,702 | - | - | 192,700 | - |

- ❖ Items for Council Consideration from the public will be brought forward to the March 14th meeting of Council.

Summary of New Capital Projects

| Department | Tax Levy | Provincial Funding | Federal Funding | Debenture | Debenture DC | Reserve | Reserve Funds | Total |
|--|----------------|--------------------|-----------------|------------------|------------------|------------------|------------------|-------------------|
| <i>Changes in Funding/Additional Dollars to Carryforward Items</i> | | | | | | | | |
| New Changes to Carryforward | 70,000 | 150,000 | 400,000 | | - | 300,000 | - | 920,000 |
| <i>Annual Capital Expenditures</i> | | | | | | | | |
| Annual Replacement Program without Carryforward | 194,480 | 200,000 | - | | - | 224,000 | - | 618,480 |
| <i>New Capital Projects</i> | | | | | | | | |
| General Government | 50,000 | | - | | - | 28,000 | - | 78,000 |
| Protection Services | - | - | - | | - | 48,000 | - | 48,000 |
| Transportation Services | 5,000 | 1,610,138 | - | | - | 529,890 | 634,862 | 2,779,890 |
| Environmental Services | - | - | - | 3,882,000 | 3,318,000 | 171,000 | - | 7,371,000 |
| Health Services | 3,000 | - | - | | - | 25,000 | 595,000 | 623,000 |
| Recreation and Culture | 112,702 | - | - | - | - | 192,700 | - | 305,402 |
| Total | 435,182 | 1,960,138 | 400,000 | 3,882,000 | 3,318,000 | 1,518,590 | 1,229,862 | 12,743,772 |