



City of Richmond

Report to Committee

To Finance - OCT 19, 2006

To: Finance Committee

Date: September 19, 2006

From: Jerry Chong
Director, Finance

File: 03-0970-01-2007

Re: 2007 Capital Budget

Staff Recommendation

- 1) That the 2007 Capital Budget report be approved as the basis for preparing the 5 Year Financial Plan (2007-2011) and,
- 2) That staff be authorized to commence construction of the 2007 projects effective January 1, 2007.

Jerry Chong
Director, Finance
(4064)

FOR ORIGINATING DIVISION USE ONLY		
CONCURRENCE OF GENERAL MANAGER		
REVIEWED BY TAG	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
REVIEWED BY CAO	YES 	NO <input type="checkbox"/>

Staff Report

Origin

Subsection 165(1) of The Community Charter requires the City to adopt a Five Year Financial Plan Bylaw (which includes operating, utility and capital expenditures) before May 15th of each year. The bylaw is required to identify all expenditures for the current year (i.e. 2007) and provide estimates for the remainder of the five-year program. The 2007 Five Year Financial Plan Bylaw provides the City with the authority to proceed with spending to the limits outlined in the bylaw. The purpose of this report is to present the proposed 2007 Capital Plan (“the plan”) and to obtain Council’s approval to commence construction of these projects in a timely manner.

Analysis

Background and Process

The Land and Capital Team (“the Team”), which contain members from all divisions within the City, prepared the plan. The Team utilized a ranking system (in conjunction with comments and recommendations from all stakeholders) that is contained within the Long Range Capital Planning Model (“the Model”), which has been used since 1998. The ranking criteria include:

- The level of need for a project i.e. health/safety, opportunity, etc.
- Consistency with Council approved plans or direction.
- Financial costs and benefits.
- Financial risk associated with a project.
- Social/environmental/liveability benefits.
- Funding sources and availability.

The Model allows the Team to recommend a Capital Plan that matches the City’s needs for investment in capital with its available financial resources. The plan is then brought forward for review by TAG. Concurrently, Staff are preparing the details for the years 2007 to 2011 which will be brought forward to Council in the near future; the Plan for these years is intended to be a planning tool that will be reviewed and refined annually based on financial and other trends.

2007 Capital Plan Trends and Highlights

- The plan has a total value of approximately \$135.1 M.
- Roads program totals \$17.5 M and highlights include
 - Canada Line projects,
 - No. 3 Road restoration and design \$4.6 M (\$1.3 M funded by Translink; \$2 M funded by CLCO)
 - Brighthouse Bus Mall \$6.0 M (\$2.0 M each funded by GVTA and CLCO respectively)
 - \$1.0 M for phase 3 of the River Road re-alignment
 - \$2.0 M for No. 2 Road Bridge repayment
- Drainage program totals \$4.7 M and highlights include assessments and upgrades at the following areas: Francis Rd., Gilbert North, No. 7 Rd. South, Peace Arch and Steveston.
- Watermain Replacement program totals \$6.9 M for replacement and upgrades at areas within Lulu Island North, East and West and Sea Island. Consistent with Council's endorsement, \$2.0 M has been allocated towards the water-metering program.
- Sanitary Sewers program totals \$2.5 M and includes \$1.1 M for Broadmoor assessment and rehabilitation and \$0.7 M and \$0.4 M respectively for Bennett and Steveston areas sanitary sewers.
- Building Program totals \$69.2 M and includes the following:
 - "Olympic Oval" project amounts to \$52.7 M
 - Building Improvements Minor Capital of \$1.1 M
 - \$2.4 M for post games legacy opportunities
 - Seismic upgrades of Fire Hall No. 2 (\$0.24 M) and Fire Hall No. 6 (\$0.25 M), \$7.2 M for replacement of Fire Hall No. 3 on Bridgeport Road and \$0.3 M for Fire Rescue Upgrades
 - \$0.5 M for Watermania energy upgrades
- Land and Parks program total \$25.6 M and highlights includes the following:
 - Strategic Land Acquisitions of \$13.6 M
 - Oval Precinct Public Art \$1.7 M
 - McLennan North Park \$0.9 M
 - Characterization Neighbourhood Parks \$0.5 M
 - City Centre Middle Arm Park \$0.3 M
 - Hugh Boyd Master Plan Implementation \$0.4 M
 - Parkland Acquisition of \$6.0 M
- Equipment Program totals \$4.5 M and highlights include the following:
 - \$1.0 M for Fire vehicle purchases
 - \$0.2 M for fuelling system replacement
 - \$0.9 M for registration software and
 - \$0.5 M for future financial system upgrades

A summary of approved projects and funding sources are included below.

Funding		
Surplus and Other	\$59,467,127	44.0%
Provisions and Reserves	23,925,251	17.7%
Developer Cost Contribution	19,057,314	14.1%
Grants, Developers and Donations	14,788,496	10.9%
Utilities	12,276,595	9.1%
Gaming Revenue	5,600,000	4.2%
	\$135,114,783	100.0%
Program Category		
Major Building	\$68,101,877	50.4%
Roads	17,575,100	13.0%
Land Acquisition	13,600,000	10.1%
Water Main Replacement	8,873,275	6.6%
Parkland Acquisition	6,000,000	4.4%
Major Parks/Streetscapes	5,491,250	4.1%
Drainage	4,715,077	3.5%
Sanitary Sewer	2,516,000	1.9%
Annual Fleet Replacement	1,669,000	1.2%
Computer Capital/Software	1,575,000	1.2%
Minor Building	1,115,000	0.8%
Fire Department Vehicles	1,097,700	0.8%
LIP/NIC	750,000	0.6%
Infrastructure Advanced Design	740,504	0.5%
Minor Public Works	600,000	0.4%
Minor Parks	500,000	0.4%
Technology	150,000	0.1%
Child Care Program	45,000	0.0%
	\$135,114,783	100.0%

The ongoing impact of the proposed plan on the Operating Budget is estimated at \$0.27 M; this amount has been incorporated into the draft 2007 Operating Budget and will increase the tax base by approximately 0.23%.

<u>Program Name</u>	<u>2007</u>
A. Infrastructure Program	\$19,800
B. Building Program	63,175
C. Parks Program	107,500
D. Land Program	-
E. Equipment Program	85,000
Totals for Recommended Projects with Impact	\$275,475

The costs for alterations at the Fire Halls in response to recommendations made by the Paishe and Ready reports have been included in the capital plan and are funded within the following capital projects as follows;

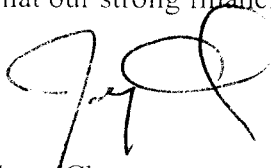
Building Improvements Minor Capital	\$ 120,000
Community Safety Building Replacement-Bridgeport	45,000
Fire Hall #2 Seismic Upgrade-Steveston	45,000
Fire Hall #6 Seismic Upgrade-Shellmont	45,000
Fire Rescue Improvements	30,000
	<u>\$ 285,000</u>

There have been concerns voiced over the impact that major projects would have with respect to the City's other capital projects. However as seen below there is no negative impact on capital as the total value of capital projects after adjustments for major projects has remained consistent with prior years.

Total Capital Plan	\$ 135,114,783
Oval Project	(52,750,000)
Strategic Land	(10,000,000)
Canada Line	(12,495,000)
Community Safety Buildings	(7,940,000)
Oval Grant/Donation Contributions	(3,830,000)
Olympic Oval Legacy	<u>(2,400,000)</u>
	\$ 45,699,783

Conclusion

The Land and Capital Team worked closely with the Business and Financial Services Department to develop a Capital Plan for 2007 within specific financial parameters. The plan was strategically developed to best represent the interests of all stakeholders while meeting our corporate vision. The Plan utilizes our existing funding in an effective manner while ensuring that our strong financial position is not impacted.



Jerry Chong
Chair, Land and Capital Team



Ivy Wong
Vice-Chair, Land and Capital Team

Att.

Program Name	Program Total	Developer Cost Contribution	Gaming Rev.	Provisions/Reserves	Utilities	Grant/Developer/Donation	Surplus/Other
A. Infrastructure Program							
Roads							
1 Arterial Road Crosswalk Improvement Program	\$150,000	\$142,500	-	\$7,500	-	-	-
2 Canada Line - No. 3 Road Preliminary Design Consultant Fee	395,000	-	-	395,000	-	-	-
3 Canada Line - No. 3 Road Restoration	4,600,000	-	-	1,300,000	-	3,300,000	-
4 Canada Line - No. 3 Road Restoration	1,500,000	-	-	-	-	1,500,000	-
5 Canada Line - Richmond-Brighouse Bus Mall	6,000,000	-	-	2,000,000	-	4,000,000	-
6 Future Grant/Donation Contributions	200,100	-	-	-	-	200,100	-
7 Miscellaneous Intersection Improvements	100,000	95,000	-	5,000	-	-	-
8 Neighbourhood Traffic Safety Program	100,000	95,000	-	5,000	-	-	-
9 River Rd/North Loop (2005) Repayment	1,200,000	1,200,000	-	-	-	-	-
10 River Road Realignment - Phase 3	1,000,000	-	-	-	-	-	1,000,000
11 T1368/1369 - No. 2 Road Bridge	2,030,000	2,030,000	-	-	-	-	-
12 Traffic Signal Installation Program	250,000	237,500	-	12,500	-	-	-
13 Transit Plan Infrastructure Improvements	50,000	23,750	-	1,250	-	25,000	-
Roads Total	\$17,575,100	\$3,823,750	\$0	\$3,726,250	\$0	\$9,025,100	\$1,000,000
Drainage							
1 Dyke Upgrades	250,000	-	-	-	250,000	-	-
2 Francis Road Drainage Pump Station Upgrades	700,000	-	-	-	700,000	-	-
3 Gilbert North Drainage Area - Assessment and Upgrade	2,489,637	142,500	-	7,500	989,574	1,350,063	-
4 No. 7 Rd South Drainage Area - Assessment and Upgrade	1,000,000	-	-	-	666,667	333,333	-
5 Peace Arch Drainage Area - Assessment and Upgrade	125,440	21,117	-	1,111	103,212	-	-
6 Steveston Drainage Area - Assessment and Rehabilitation/Replacement	150,000	-	-	-	150,000	-	-
Drainage Total	\$4,715,077	\$163,617	\$0	\$8,611	\$2,859,453	\$1,683,396	\$0
Water Main Replacement							
1 Lulu East Waterworks Area - Replacement and Upgrade Works	452,950	131,017	-	8,363	313,570	-	-
2 Lulu North Waterworks Area - Replacement and Upgrade Works	1,056,000	-	-	-	1,056,000	-	-
3 Lulu West Waterworks Area - Replacement and Upgrade Works	4,178,745	510,773	-	32,603	3,635,370	-	-
4 Minor Capital Waterworks Program	400,000	-	-	-	400,000	-	-
5 Sea Island Waterworks Area - Replacement and Upgrade Works	785,580	-	-	-	785,580	-	-
6 Volunteer Residential Water Metering Program	2,000,000	-	-	2,000,000	-	-	-
Water Main Replacement Total	\$8,873,275	\$641,790	\$0	\$2,040,965	\$6,190,520	\$0	\$0

Program Name	Program Total	Developer Cost Contribution	Gaming Rev.	Provisions/Reserves	Utilities	Grant/Developer/Donation	Surplus/Other
Sanitary Sewer							
1 Broadmoor SSA Assessment and	1,136,000	53,960	-	2,840	1,079,200	-	-
2 Rehabilitation Phase II Pump Station Condition Assessment	100,000	-	-	-	100,000	-	-
3 Pump Station Rehabilitation - Bennett	700,000	133,000	-	7,000	560,000	-	-
4 Steveston SSA Assessment and Rehabilitation Phase I	400,000	-	-	-	400,000	-	-
5 Steveston/Shellmont/Terra Nova SSA Models	180,000	-	-	-	180,000	-	-
Sanitary Sewer Total	\$2,516,000	\$186,960	\$0	\$9,840	\$2,319,200	\$0	\$0
Minor Public Works							
1 Public Works Minor Capital	350,000	-	150,000	-	200,000	-	-
2 PW Minor Capital - Traffic	250,000	-	250,000	-	-	-	-
Minor Public Works Total	\$600,000	\$0	\$400,000	\$0	\$200,000	\$0	\$0
LIP/NIC							
1 Local Area Service Program (LASP)	750,000	-	-	750,000	-	-	-
LIP/NIC Total	\$750,000	\$0	\$0	\$750,000	\$0	\$0	\$0
Infrastructure Advanced Design							
1 Infrastructure Advanced Design	740,504	31,198	-	1,884	707,422	-	-
Infrastructure Adv Design Total	\$740,504	\$31,198	\$0	\$1,884	\$707,422	\$0	\$0
Total Infrastructure Program	\$35,769,956	\$4,847,314	\$400,000	\$6,537,551	\$12,276,595	\$10,708,496	\$1,000,000
B. Building Program							
Minor Building							
1 Building Improvements Minor Capital Program	1,115,000	-	-	1,115,000	-	-	-
Minor Building Total	\$1,115,000	\$0	\$0	\$1,115,000	\$0	\$0	\$0
Major Building							
1 Civic Building Infrastructure Advanced Design	310,000	-	-	310,000	-	-	-
2 Community Safety Building Replacement	7,150,000	-	-	7,150,000	-	-	-
3 Facilities and Parking Upgrades	371,877	-	-	-	-	-	371,877
4 Fire Hall #2 Seismic Upgrade - Steveston	240,000	-	-	240,000	-	-	-
5 Fire Hall #6 Seismic Upgrade - Shellmont	250,000	-	-	250,000	-	-	-
6 Fire Rescue Upgrades	300,000	-	-	-	-	-	300,000
7 Future Grant/Donation Contributions - Oval	3,830,000	-	-	-	-	3,830,000	-
8 Olympic Oval Legacy	2,400,000	-	-	-	-	-	2,400,000
9 Olympic Oval Project	52,750,000	4,900,000	5,000,000	100,000	-	-	42,750,000
10 Watermania Energy Upgrades	500,000	-	-	-	-	-	500,000
Major Building Total	\$68,101,877	\$4,900,000	\$5,000,000	\$8,050,000	\$0	\$3,830,000	\$46,321,877
Total Building Program	\$69,216,877	\$4,900,000	\$5,000,000	\$9,165,000	\$0	\$3,830,000	\$46,321,877

Program Name	Program Total	Developer Cost Contribution	Gaming Rev.	Provisions/Reserves	Utilities	Grant/Developer/Donation	Surplus/Other
C. Parks Program							
Minor Parks							
1 Parks General Development	300,000	294,000	-	6,000	-	-	-
2 Unsafe Playground Upgrade Program	200,000	-	200,000	-	-	-	-
Minor Parks Total	\$500,000	\$294,000	\$200,000	\$6,000	\$0	\$0	\$0
Major Parks/Streetscapes							
1 Characterization - Neighbourhood Parks	500,000	490,000	-	10,000	-	-	-
2 City Centre Middle Arm Park	350,000	343,000	-	7,000	-	-	-
3 Hugh Boyd Field & Site Furnishings	195,000	-	-	195,000	-	-	-
4 Hugh Boyd Master Plan Implementation	400,000	392,000	-	8,000	-	-	-
5 McLennan North Community Park	950,000	931,000	-	19,000	-	-	-
6 Middle Arm Trail - #2 to Oval	50,000	49,000	-	1,000	-	-	-
7 Natural Areas	200,000	196,000	-	4,000	-	-	-
8 Oval Precinct Public Art	1,746,250	-	-	-	-	-	1,746,250
9 Parks Advance Design/Planning	250,000	245,000	-	5,000	-	-	-
10 Public Art	350,000	-	-	100,000	-	250,000	-
11 Special Sports Statutory Reserve Fund	250,000	245,000	-	5,000	-	-	-
12 Trails	250,000	245,000	-	5,000	-	-	-
Major Parks/Streetscapes Total	\$5,491,250	\$3,136,000	\$0	\$359,000	\$0	\$250,000	\$1,746,250
Parkland Acquisition							
1 Parkland Acquisition	6,000,000	5,880,000	-	120,000	-	-	-
Parkland Acquisition Total	\$6,000,000	\$5,880,000	\$0	\$120,000	\$0	\$0	\$0
Total Parks Program	\$11,991,250	\$9,310,000	\$200,000	\$485,000	\$0	\$250,000	\$1,746,250
D. Land Program							
Land Acquisition							
1 Strategic Land Acquisition	13,600,000	-	-	3,600,000	-	-	10,000,000
Land Acquisition Total	\$13,600,000	\$0	\$0	\$3,600,000	\$0	\$0	\$10,000,000
Total Land Program	\$13,600,000	\$0	\$0	\$3,600,000	\$0	\$0	\$10,000,000

Program Name	Program Total	Developer Cost Contribution	Gaming Rev.	Provisions/ Reserves	Utilities	Grant/ Developer/ Donation	Surplus/ Other
E. Equipment Program							
Technology							
1 Wireless Network at City Hall and Public Works	150,000	-	-	150,000	-	-	-
Technology Total	\$150,000	\$0	\$0	\$150,000	\$0	\$0	\$0
Annual Fleet Replacement							
1 Vehicle Reserve Purchases (PW)	1,669,000	-	-	1,495,000	-	-	174,000
Annual Fleet Replacement Total	\$1,669,000	\$0	\$0	\$1,495,000	\$0	\$0	\$174,000
Fire Dept Vehicles							
1 Vehicle Reserve Purchases (Fire)	1,097,700	-	-	1,097,700	-	-	-
Fire Dept Vehicles Total	\$1,097,700	\$0	\$0	\$1,097,700	\$0	\$0	\$0
Computer Capital/Software							
1 Fueling System (Gas Boy) Replacement	225,000	-	-	-	-	-	225,000
2 PeopleSoft Financial Upgrade	500,000	-	-	500,000	-	-	-
3 Registration Software/POS/Internet Payment Verification	850,000	-	-	850,000	-	-	-
Computer Capital/Software Total	\$1,575,000	\$0	\$0	\$1,350,000	\$0	\$0	\$225,000
Total Equipment Program	\$4,491,700	\$0	\$0	\$4,092,700	\$0	\$0	\$399,000
F. Child Care Program							
Child Care Program							
1 Child Care Projects	45,000	-	-	45,000	-	-	-
Child Care Program Total	\$45,000	\$0	\$0	\$45,000	\$0	\$0	\$0
Total Child Care Program	\$45,000	\$0	\$0	\$45,000	\$0	\$0	\$0
Total	\$135,114,783	\$19,057,314	\$5,600,000	\$23,925,251	\$12,276,595	\$14,788,496	\$59,467,127
	100.0%	14.1%	4.1%	17.7%	9.1%	10.9%	44.0%