

**REPORT OF THE DIRECTOR OF FINANCE & TREASURER
RE. 2023 CAPITAL BUDGET & RESERVES EXPENDITURES
FOR THE CONSIDERATION OF COUNCIL**

OBJECTIVE

To provide information pertaining to the capital budget and planned reserves expenditures for 2023.

RECOMMENDATION

That the report of the Director of Finance/Treasurer re: 2023 Capital Budget; be received

And that the Ad Hoc Budget Committee approve the 2023 capital budget;

And that it be forwarded to Council for consideration and adoption.

BACKGROUND

The purpose of this report is to present the 2023 Capital Budget for the City of Elliot Lake. The capital budget is unique in that each line item is based on estimated actual costs obtained during the research process; therefore, each budget line has been reviewed and individually justified.

Capital projects that were not started in the prior fiscal year are subject to re-consideration in the 2023 budget. Based on emergent information, some of these projects may have been removed or deferred to future years.

ANALYSIS

Presented below: a high level summary of 2023, planned capital expenditures; a detailed listing of activities is in Schedule B¹. Capital projects that are in progress at the time of budget preparation (classified as Work in Progress WIP) are summarized separately.

RESERVE FUND	2023
INFORMATION TECHNOLOGY	\$ 219,802
INFRASTRUCTURE SERVICES - FLEET MANAGEMENT	\$ 1,868,308
INFRASTRUCTURE SERVICES - LINEAR, TRAFFIC OPERATIONS & ROADSIDE	\$ 1,185,686

¹ 2023 Budget will include two schedules; Schedule A: Operational Budget & Schedule B: Capital Budget.

INFRASTRUCTURE SERVICES - USER PAY	\$ 5,245,035
INFRASTRUCTURE SERVICES - BUILDINGS & FACILITIES	\$ 3,047,684
ECONOMIC DEVELOPMENT	\$ 15,264
ACCESSIBILITY	\$ 46,790
PUBLIC LIBRARY	\$ 53,500
LANDFILL SITE - WASTE MANAGEMENT	\$ 91,584
PHYSICIAN RECRUITMENT	\$ 105,000
CEMETERY CAPITAL DEVELOPMENT	\$ 66,144
ARTS & CULTURE HUB	\$ 201,485
COMMUNITY SERVICES/RECREATION & CULTURE	\$ 18,419
LAND SALES & PURCHASES	\$ 206,108
TOTAL CAPITAL BUDGET PER YEAR	\$ 12,370,808

WORKING FUNDS

To ensure that the City's website is properly maintained in both official languages, an investment of \$17,500 is required in 2023.

INFORMATION TECHNOLOGY

Staff continue to seek grant opportunities to support wireless expansion to rural areas. If and when funding is available the expansion will proceed given council's approval. At the time of report writing, there were no known grants for expansion. In 2023, the capital budget includes a provision for a refresh of aging servers. Given council's support of risk mitigation, further Cyber Security testing is required.

INFRASTRUCTURE SERVICES - FLEET MANAGEMENT

Includes replacement of seventeen assets. Including one ATV's, eleven existing passenger vehicles (including nine that are carried forward from 2022) consistent with the City's historical replacement. Replacement two pieces of heavy equipment and three transit vehicles.

INFRASTRUCTURE SERVICES - LINEAR, TRAFFIC OPERATIONS & ROADSIDE

In 2021, Public Works began the process of grinding and reusing refuse asphalt; this process was very successful and the project will continue in 2023. With the success of the surface treatment to Dunlop Shores Road, surface treatment will continue in 2023 on Scott Road. The 2023 capital budget also allows a carry forward for the work on the Spine Road extension. Also carrying forward from 2022 is the City's required investment in an updated Ontario Regulated Asset Management Plan. With assistance from an ICIP grant (federal/provincial cost sharing), a review of the transit system is included in the 2023 capital budget.

INFRASTRUCTURE SERVICES – USER PAY

Includes allowance for major projects including the pipe replacement to the north industrial area, design and engineering expenses for future projects, lift station repairs and the infrastructure for the Spine Road extension (carry forward from 2021) and the Hillside Drive North infrastructure renewal. Additional major capital maintenance includes upgrades to plants, clarifier rebuilding, and digester cleanouts.

INFRASTRUCTURE SERVICES – BUILDINGS AND FACILITIES

Several of these activities are necessary to address current needs where immediate solutions are required. The Collins Hall will undergo a review and performance space retrofit (carry forward 2022), and is also in need of floor refinishing. Signage across the City is requires attention and updating, including the relocation of the Civic Centre signage.

The Navy League Building was budgeted in 2018 with an upset budget of \$40,000. To date expenses related to this project total \$48,948. An additional \$15,264 is required from the building and facilities reserve to complete the installation of doors.

Pool repairs, have been 50% funded by the Northern Ontario Heritage Fund Corporation (NOHFC) and are in progress at the time of report writing.

RECREATION AND CULTURE

The 2020 capital budget included the replacement of event fencing for recreation and culture. Due to the pandemic and the late 2022 announcement of the return to events, rental fencing was used in 2022. In 2023, replacement of event fencing is required for upcoming and future events.

ECONOMIC DEVELOPMENT

The Trailhead (Highway 17 and 108 tourism information area) will see improvements to the facilities and an increased utilization to promote tourism to the City in 2023.

ACCESSIBILITY

Provision of accessible aids at the public boat launch for water sports is included in the 2023 capital budget.

INFRASTRUCTURE SERVICES – WASTE MANAGEMENT - LANDFILL

Landfill design and expansion is ongoing since 2019.

LAND SALES & PURCHASES

In late 2021 and throughout 2022, the number of City properties sold has drastically increased. To that extent, investment in lands 'yet to be sold' is included in the capital budget. Investing in these properties will increase the likelihood of future revenue from both the sale of the land and future taxation.

PHYSICIAN RECRUITMENT

The Elliot Lake Family Health Team is actively recruiting physicians to replace the outgoing retirees. To that extent, staff anticipate in year expenditures from the recruitment reserve.

CEMETERY CAPITAL DEVELOPMENT

Based on a review of the structure, a niche wall at Woodlands Cemetery requires replacement. To that extent, a 120-space niche wall is required to support the needs of the cemetery.

PUBLIC LIBRARY

The operational budget includes a transfer to reserve for new library books and audio visual material. These materials are capitalized as assets and due to the nature of fluctuation in purchasing is best run through capital activities.

EMERGENT PROJECTS

Included in appendix one are capital projects that may come to fruition in the current fiscal or future fiscal year. When new information becomes available, council will be duly informed.

For example, Elliot Lake Retirement Living (ELRL) is continues to plan for construction on Spine Road; however a start date has yet to be determined. To that extent, the ‘Spine Road Access to ELRL’ project will only proceed if external conditions warrant, therefore project is earmarked for 2024.

Presented as ‘work in progress’, Hillside Drive North includes expenditures related to engineering and geotechnical studies. Staff have clearly communicated with council with respect to the increased expense of the project this project will be subject to further revisions as an emergent project. Hillside Drive North will likely be tendered in 2023 for a 2024 start date.

FINANCIAL IMPACT

The capital budget has no impact on the 2023 levy. The 2023 operational budget includes departmental transfers to reserve.

The funding for these capital projects is from City reserves. Some projects are funded through alternative streams; these streams are added as income to the reserves and the expenditures flow through the reserves. From Schedule A, the chart below summarizes the impact of anticipated grants.

Summary	Estimated Cost	Grant Subsidy	Reserves	To Date Spending
Total 2023 Capital Budget	\$12,370,808	\$3,321,990	\$9,066,317	\$0
Total Carryover Work in Progress	\$2,962,712	\$750,000	\$2,212,712	\$515,547
Total	\$15,333,519	\$4,071,990	\$11,279,029	\$515,547

SUMMARY

It is recommended that the 2023 Capital Budget be adopted as presented in the amount of \$12,370,808.