

**REPORT OF THE DIRECTOR OF FINANCE & TREASURER
RE. 2024 CAPITAL BUDGET & RESERVES EXPENDITURES
FOR THE CONSIDERATION OF COUNCIL**

OBJECTIVE

To provide information pertaining to the capital budget and planned reserves expenditures for 2024.

RECOMMENDATION

That the report of the Director of Finance/Treasurer re: 2024 Capital Budget; be received

And that the Ad Hoc Budget Committee approve the 2024 capital budget;

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

BACKGROUND

The purpose of this report is to present the 2024 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.

Capital projects that were not started in the prior fiscal year are subject to re-consideration in the 2024 budget. Capital projects that are ongoing from prior approved capital budgets are included in work-in-progress (WIP).

ANALYSIS

Presented below: a high-level summary of 2024, 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.

¹ 2024 Budget will include two schedules; Schedule A: Operational Budget & Schedule B: Capital Budget.

2024 CAPITAL BUDGET

RESERVE FUND	2024
WORKING FUNDS	\$62,268
DISCRETIONARY RESERVES	
FLEET	\$927,944
INFORMATION TECHNOLOGY	\$251,936
PUBLIC WORKS	\$6,678,763
PUBLIC LIBRARY	\$11,417
ECONOMIC DEVELOPMENT	\$15,264
BUILDINGS & FACILITIES	\$6,417,162
PHYSICIAN RECRUITMENT	\$75,000
MOUNT DUFOUR SKI HILL	\$141,768
WIRELESS TOWERS	\$150,000
DIRECTED - SPECIFIC PURPOSE	
WATER / WASTE WATER - USER PAY	\$4,583,166
ARTS & CULTURE HUB	\$201,485
CEMETERY CAPITAL DEVELOPMENT	\$113,768
TOTAL CAPITAL BUDGET PER YEAR	\$19,629,940

WORKING FUNDS

In May 2023, council approved the implementation of a new accounting and work order software program. At that time, council approved upset limit for this project of \$360,000. This project is not yet complete; the balance of the project is included in estimated 2024 expenditures and is included in the WIP summary.

FLEET

Includes replacement of plated and non-plated assets. Based on departmental needs and the retiring of existing assets, two mowers, an ATV, and a mini excavator are requested for small fleet. Heavy equipment requests include an MT Trackless and backhoe loader.

At the time of report writing, the City has yet to commit to Enterprise for fleet management of light duty vehicles, budget requested is in line with initial presentations.

Carried forward from the 2023 budget, is one additional transit bus and the completion of the review of the transit system. Both of these projects are supported with assistance from an ICIP grant (federal/provincial cost sharing).

INFORMATION TECHNOLOGY & WIRELESS TOWERS

Staff continue to seek grant opportunities to support wireless expansion to rural areas. 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 2024, the capital budget includes a

provision for a refresh of aging servers, upgrading council chambers for audio and visual, and a wireless tower upgrade.

PUBLIC WORKS

In 2021, Public Works began the process of grinding and reusing refuse asphalt; this process was very successful and the project will continue in 2024. Under both the capital budget and WIP, we see the renewal of Hillside Dr. North – including expenditures specific to road and storm sewers (water and waste water is included in the user pay budget).

Also carrying forward and included in WIP 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 2024 capital budget.

Included in Public Works Infrastructure Renewal is the Hillside Drive North project. With reference to Appendix A, further detail on this project is provided.

PUBLIC LIBRARY

The operational budget includes consideration 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. Due to aging assets, the library also requires the replacement of the computers for public use.

ECONOMIC DEVELOPMENT

The Trailhead (Highways 17 and 108 tourism information area) will see improvements to the facilities and an increased utilization to promote tourism to the City in 2024. Specific to this year will be the consideration of a fenced area as a dog run.

INFRASTRUCTURE SERVICES – BUILDINGS AND FACILITIES

At the Elliot Lake Municipal Airport, the treeline requires attention to ensure safe navigation approach.

The Collins Hall is in need of floor refinishing and the HVAC (heating and air conditioning) requires attention and repair.

Signage across the City requires attention and updating, including the billboard at Collins Hall. The budget provides an estimate for digital signage. The City is under contract with Johnson Controls to provide ESCO design for all facilities.

Budget consideration for Parks includes lighting at Burley 1 and Burley 2 baseball fields. The swing set at the Fire Tower Lookout is in need of replacement this year. The Kiwanis Park “All

Wheel Project” is included and reflective of the grant provided by BHP in the amount of \$250,000.

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 are included in WIP with the addition of a 2024 budget for repairs to the roof and a provision for a refresh on fitness equipment. On April 22, 2024, Council entered into an agreement with the Northern Ontario Heritage Fund Corporation (NOHFC) for potential funding in the amount of \$1,581,561 to support the reopening of the pool.

Reparations of the Centennial Arena are ongoing, at the time of report writing the City does not have finalized plans or costing related to the scope of work. At this time, the estimate is as follows for the project.

Centennial Arena		
2023 Res.	Emergency Renovation	\$764,513
2024 Budget	Structural Design	\$190,000
2024 Budget	ESCO Design for Arena	\$275,000
2024 Budget	Structural Assessment and Renewal	\$3,663,360
2024 Budget	Score clock & Equipment	\$77,846
2025 Budget	Structural Assessment and Renewal	\$2,442,240
Total		\$7,412,959

<i>Work in Progress as of 12/31/2023</i>	\$437,244
--	------------------

With the success of the donation from both the Armstrong Family (\$300,000 USD), Kraft Hockeyville (\$250,000), BHP (\$100,000) and the City wide fundraising initiatives (\$75,000 target), an estimate of \$725,000 is included in grant considerations. At the time of report writing further grant opportunities are being pursued.

BALANCE OF BUILDING & FACILITIES RESERVE

The unaudited opening balance of the building and facilities reserve on January 1, 2024² is \$1,146,344. The reserves balances will require a detailed review - debt financing or reserve restructuring will need to be considered if the 2024 Capital Budget is approved.

² All contributions to reserve are presented as negative values. A negative balance is good, where the reserve remains healthy, and a positive value shows that a reserve is overspent.

Building & Facilities	
2024 Opening Balance	(1,146,344)
2024 Municipal Contribution	(320,000)
2024 Grants (see below)	(2,306,561)
2024 Capital Plan	6,417,162
2025 Opening Balance	2,644,257

Building & Facilities - Grants	
NOHFC Agreement - Pool	(1,581,561)
Armstrong Family	(300,000)
Kraft Hockeyville	(250,000)
BHP	(100,000)
City Wide Fundraising	(75,000)
Total 2024 Grants	(2,306,561)

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.

At the March 5, 2024 adhoc budget committee meeting Council approved a contribution to the Mount Dufour Ski Hill 2024 Ski Hill Lift Audit with an upset limit of \$141,767.

WATER / WASTE WATER – USER PAY

Includes allowance for major projects including the WIP for pipe replacement to the north industrial area, design and engineering expenses for future projects, and lift station. Additional major capital maintenance includes upgrades to fire hydrants, the primary clarifier rebuilding, and the SCADA system. Furthermore, the City is under contract with Johnson Controls to provide ESCO design for all facilities.

Included in Water Waste Water Infrastructure Renewal is the Hillside Drive North project. With reference to Appendix A, further detail on this project is provided.

ARTS AND CULTURE

In early 2024, the revitalization of the downtown arts centre continued, as such we note that for 2024 the project is included in WIP. In 2024, the capital budget includes the completion of the building façade.

CEMETERY CAPITAL DEVELOPMENT

On February 15, 2024 Council approved the installation of a new niche wall at Woodlands Cemetery.

Niche Wall Project	
Niche Wall	53,729
Plaques	25,949
Landscaping	20,000
Total	99,678

Added to the 2024 Capital Budget is a request for additional funds for crane rental and additional installation supports.

FINANCIAL IMPACT

The capital budget has no impact on the 2024 levy. The 2024 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 B, the chart below summarizes the impact of anticipated grants.

Summary	Estimated Cost	Taxation	Grants	Gas Tax	Debt	Spending at 12/31/2023	Reserves
Total 2024 Capital Budget	\$19,242,577	\$55,640	\$1,126,834	\$4,040,069	\$0		\$14,020,034
Total Work in Progress	\$10,136,951	\$0	\$4,050,776	\$0	\$0	\$5,130,952	\$2,250,626
Total	\$29,379,528	\$55,640	\$5,177,610	\$4,040,069	\$0	\$5,130,952	\$16,270,660

SUMMARY

It is recommended that the 2024 Capital Budget be adopted as presented in the amount of \$19,242,577.

APPENDIX A: INFRASTRUCTURE RENEWAL - HILLSIDE DRIVE NORTH

BUDGET

On November 27, 2023 Council received and approved the report of the Acting Director of Public Works which presented the tender results for the pending RDS 23-07 – Hillside Dr. Reconstruction Project. The recommendation provided that funds in the amount of \$9,416,918.00 be committed from the Infrastructure Services - Linear, Traffic Operations & Roadside reserve to support the project.

This recommendation should have referenced the portion of the project related to water and wastewater and the amount to be drawn from the Water / Waste Water – User Pay reserve.

The 2024 Capital Budget provides the following consideration:

Hillside Dr. North		
2024 Budget	\$6,117,048	Public Works Reserve - Roads and Storm Sewers
2024 Budget	\$3,299,870	Water / Waste Water – User Pay Reserve
Total 2024 Budget	\$9,416,918	
<i>Work in Progress as of 12/31/2023</i>		<i>\$209,320</i>

FEDERAL GAS TAX

The use of Federal Gas Tax is included in the 2024 Capital Budget - Public Works Reserve - Roads and Storm Sewers.

The (unaudited) reserve balance for Federal Gas Tax at December 31, 2024 is \$3,329,142.20. The 2024 allocation for Federal Gas Tax is \$710,926.88; providing an available fund of \$4,040,069.08 for projects. In 2023, the City initiated a project to fund the renewal with the Association of Municipalities of Ontario to include the Hillside Dr. N project to use available funds. This project is eligible as it materially enhances infrastructure and improves the movement of people and freight over roads, bridges or culverts.