

TOWN OF SEDGEWICK BUDGET

Approved _____

2022

CAPITAL - CURRENT



Current

| Category | Project | 2022 Budget | Funded by Sale of Asset | Funded by Grants | Funded by Reserves | Funded by Debenture | Funded by 2022 Taxes |
|--------------|-------------------------------------|-------------|-------------------------|------------------|--------------------|---------------------|----------------------|
| Public Works | Street Sweeper | \$50,000 | | | \$50,000 | | |
| Public Works | Grader | \$150,000 | | | \$150,000 | | |
| Recreation | Arena HVAC Completion | \$200,000 | | \$200,000 | | | |
| Water | Raw Water Pump and Well Maintenance | \$121,400 | | | \$121,400 | | |
| Water | Water Main Valve Replacement | \$80,000 | | | \$80,000 | | |
| Water | Raw Water Pipe Replacement | \$425,000 | | \$425,000 | | | |
| | | \$1,026,400 | \$0 | \$625,000 | \$401,400 | \$0 | \$0 |

2022 Capital Budget

The capital budget for 2022 includes 5 projects for a total of \$721,400. The projects include the following:

- 1) Street Sweeper- The current sweeper is 33 years old. The unit does not pickup well, has issues with inconsistent spraying of water and does not meet today's safety standards. A used regenerative vacuum sweeper was sought out in 2021 but not located so reappears in the 2022 budget. The sweeper will have an expected remaining lifespan of 15 years and will be funded through reserves.
- 2) Grader - The current grader is 37 years old and is wearing out. It has 13000 hours and many repairs are required including 4 new drive tires, several hydraulic leaks, a slope in the blade mount system and the replacement of the differential lock system. We expect to purchase a 2010 to 2013 grader with between 6000 and 8000 hours. We only put about 200 hours on the grader each year so the lifecycle of the new grader would be at least 20 years.
- 3) Arena HVAC Completion - The make up air unit to be installed outside the arena is expected to arrive in early January. This pushes the installation and connections to the 2022 budget. The remaining portion of work is expected to cost \$200,000 and source of funds will continue to be MSI.
- 4) Raw Water Pump and Well Maintenance - This is a thorough maintenance program of the existing well pumps and casings and a hydraulic analysis that will determine optimum piping configuration. As this work is technically operational in nature, it will be funded through reserves.
- 5) Raw Water Piping - Pending the outcome of the hydraulic analysis, the pipe leading from the wells to the reservoir will be replaced or at a minimum just valving and other repairs will be made. This work will be funded by MSI.

TOWN OF SEDGEWICK BUDGET

2023-2027

CAPITAL - FORECAST



Forecast

| Category | Project | 2023 | 2024 | 2025 | 2026 | 2027 | 5 Year Total |
|---------------------------------------|------------------------------------|------------------|------------------|-------------|------------------|------------------|--------------------|
| Public Works | Bucket Truck | | \$40,000 | | | | \$40,000 |
| Public Works | Utility Tractor | | \$35,000 | | | | \$35,000 |
| Public Works | Backhoe | | | | \$130,000 | | \$130,000 |
| Public Works | Pickup Truck | \$45,000 | | | | | \$45,000 |
| Water | WTP Filter Replacement | \$400,000 | | | | | \$400,000 |
| Sewer | Sanitary Sewer Replacement Program | | \$600,000 | | | \$600,000 | \$1,200,000 |
| Grants and Reserves | | | | | | | |
| | Accumulated MSI Funds* | \$356,320 | \$76,320 | -\$183,680 | -\$63,680 | \$56,320 | |
| | Accumulated FGTF* | \$302,425 | \$352,425 | \$202,425 | \$252,425 | \$302,425 | |
| | Accumulated Reserve Funds* | \$845,845 | \$1,000,845 | \$1,155,845 | \$1,260,845 | \$1,460,845 | |
| Total Cost of Capital Projects | | \$445,000 | \$675,000 | \$0 | \$130,000 | \$600,000 | \$1,850,000 |
| Funding Source | | | | | | | |
| | From MSI | \$400,000 | \$380,000 | | | \$295,000 | |
| | From FGTF | | \$200,000 | | | \$300,000 | |
| | From Reserves | \$45,000 | \$95,000 | | \$130,000 | \$5,000 | |
| | From Operating | | | | | | |
| | From Other | | | | | | |
| Unfunded | | \$0 | \$0 | \$0 | \$0 | \$0 | |

***Notes and Assumptions**

- MSI Capital adding \$120,000 per year
- FGTF adding \$50,000 per year
- Reserves adding \$200,000 per year

2023-2027 Capital Forecast

Projects

The capital forecast for 2023-2027 remains focused on the completion of replacing outdated public works equipment and rehabing water and sewer infrastructure. In 2024, the Town plans on replacing the bucket truck and utility tractor but the cost exceeds what is currently in the public works equipment reserve. This means the purchases will need to be funded from 2023 taxes unless put off to future years. In 2026 the backhoe is due for replacement. One or two pieces of equipment have been getting replaced each year in the last few years as they are well past their life cycle and in many cases cause safety/operational issues for staff if not replaced as per the forecast or as soon as possible. The Town also has an agreement to replace a 1/2 ton pickup truck in 2023. There remains a need for a concerted effort to put away funds into reserves in a timely fashion to meet these milestones. To date we have been able to achieve this by direct transfers from the operating budget to the capital budget each year although this method does little to grow reserves in the long term.

Other items planned in the next 5 years include 5-6 blocks of sanitary sewer replacement. The next phase of this project has been delayed due to the emergency arena roof repair. Initially rehab was planned for 2022 and 2025 but has now been pushed back to 2024 and 2027.

The three filters at the water treatment plant have a life expectancy of 35 years and are past their expected service life including the greensand media within. In addition, the existing raw water and back wash piping is failing and should be updated to be capable of automation so as to be included in SCADA programming. In 2018 the project was estimated to cost \$400,000. These items should be inspected independently in 2022 to ensure they are indeed at the end of their life cycle.

It is estimated that a block of sani sewer replacement generally costs \$200,000. This estimate is based on doing more than 1 block at a time so as to minimize mobilization costs. The earliest construction season that the town would be able to proceed with more than one block would be 2024 when there would be approximately \$600,000 available through a combination of MSI and FGTF funding. We expect to complete 3 blocks with this amount (largely dependent on amount of paving that would need to be done). With approximately 13 blocks of clay tile sewer main still to be replaced, if two cycles are completed as per the forecast (2024 & 2027) then at least 7 blocks would remain after 2025 with a completion year of approximately 2034.

Funding

Identified sources of funding over the next five years include the Municipal Sustainability Initiative capital grant (MSI) and its successor the Local Government Fiscal Framework, the Federal Gas Tax Fund Grant (FGTF) and restricted reserves. MSI funding was frontloaded in 2021 with an additional 20% being allocated to the town in that year, but with funding further reduced 44% thereafter and coming to an end in 2023-24 and to be replaced by the Local Government Fiscal Framework which would be dependent thereafter on levels of provincial revenue.

The FGTF has consistently allocated \$50,000 to the Town of Sedgewick since 2010. As of 2020, \$150,000 had been allocated to the Town and unspent with a further \$50,000 allocated in 2021. Half of these funds were allocated to the arena roof project. The forecast has assumed a consistent \$50,000 FGTF payment over the next 5 years.

The Town currently has 10 'restricted' reserve funds that total \$984,945. This number has stabilized somewhat since decreasing in recent years with balances being \$1,768,760 in 2018, \$1,224,153 in 2019, \$945,916 in 2020 and 726,291 in 2021. Funds are placed into reserves within a general category such as water infrastructure, sewer infrastructure or public works. Despite this, by resolution, the funds can be allocated to a project as per Council's wishes. Policy 18-12 places minimum threshold balances on reserves and the General Capital reserve and the Recreation Capital reserve have been below their respective thresholds in recent years with with other reserves all having balances just slightly above their respective thresholds. In 2019 Council adopted a 3-year payback period program to replenish all underfunded reserves to above their minimum levels. The Water, Sewer and Natural Gas infrastructure reserves are contributed to each year due to the accompanying charge on utility bills. The Recreation Capital reserve sees a small contribution each year due to sponsorship agreements. The other reserves are not regularly contributed to.

The forecast has assumed that \$200,000 will be added to the Town's reserves each year. in 2018 \$337,540 was transferred to reserves, in 2019 \$208,846, in 2020 \$318,156 and in 2021 \$318,606. In 2022, it is expected that \$267,300 will be moved into restricted reserves which is a significant drop from previous years.

TOWN OF SEDGEWICK BUDGET

2022

Capital Reserves and Grants - Sources of Funding

| Capital Reserves | Jan. 1 2022 Amount | To be Used | Remaining | Policy 18-11 |
|---------------------------------------|--------------------|------------------|------------------|---------------|
| 49700900 - General Operating | \$76,323 | \$0 | \$76,323 | min \$75,000 |
| 49700901 - General Capital | \$150,457 | \$0 | \$150,457 | min \$150,000 |
| 49700995 - PW Equipment | \$240,181 | \$200,000 | \$40,181 | min \$40,000 |
| Street Sweeper | | \$50,000 | | |
| Grader | | \$150,000 | | |
| 49700997 - Rec Operating | \$68,159 | \$0 | \$68,159 | min \$50,000 |
| 49700998 - Rec Capital | \$75,541 | \$0 | \$75,541 | min \$75,000 |
| 49741991 - Water Infrastructure | \$222,078 | \$201,400 | \$20,678 | no min |
| Raw Water Pump and Well Maintenance | | \$121,400 | | |
| Water Main Valve Replacement | | \$80,000 | | |
| 49742901 - Sewer Infrastructure | \$235,134 | \$0 | \$235,134 | no min |
| 49791900 - Natural Gas Infrastructure | \$153,175 | \$0 | \$153,175 | no min |
| 49791901 - Cemetery | \$24,720 | \$0 | \$24,720 | min \$5000 |
| Total Capital Reserves | \$1,245,768 | \$401,400 | \$844,368 | |

| Grants | Jan 1. 2022 | Use in 2022 | Allocated 2022 | Ending 2022 |
|----------------------------|------------------|------------------|------------------|------------------|
| 497321000 - MSI Capital | \$563,633 | \$625,000 | \$297,687 | \$236,320 |
| Raw Water Pipe Replacement | | \$425,000 | | |
| Arena HVAC Completion | | \$200,000 | | |
| 49701005 - FGTF | \$202,425 | \$0 | \$50,000 | \$252,425 |
| Total Grants | \$766,058 | \$625,000 | \$347,687 | \$488,745 |

List of Reserves

| | Jan. 1, 2021 | 2021 Contribution | 2021 Used | To 2022 Operating | From 2022 Operating | Available |
|--------------------------------------|------------------|----------------------|-------------------|----------------------|------------------------|--------------------|
| Restricted Reserves | | | | | | |
| 49700900 General Operating | \$76,323 | \$0 | (\$0) | (\$0) | | \$76,323 |
| 49700901 General Capital | \$122,457 | \$14,000 | (\$0) | (\$0) | \$14,000 | \$150,457 |
| 49700995 PW Equipment | \$59,553 | \$145,000 | (\$41,872) | (\$0) | \$77,500 | \$240,181 |
| 49700997 Rec Operating | \$73,159 | \$0 | (\$5,000) | (\$0) | | \$68,159 |
| 49700998 Rec Capital | \$56,686 | \$13,355 | (\$500) | (\$0) | \$6,000 | \$75,541 |
| 49723901 Fire Capital | \$34,936 | \$0 | (\$33,459) | (\$0) | | \$1,477 |
| 49741991 Water Infrastructure | \$74,478 | \$75,500 | (\$0) | (\$5,000) | \$77,100 | \$222,078 |
| 49742901 Sewer Infrastructure | \$107,384 | \$63,250 | (\$0) | (\$0) | \$64,500 | \$235,134 |
| 49791900 Natural Gas Capital Reserve | \$96,595 | \$28,380 | (\$0) | (\$0) | \$28,200 | \$153,175 |
| 49791901 Cemetery | \$24,720 | \$0 | (\$0) | (\$0) | | \$24,720 |
| All Reserves | \$726,291 | \$339,485 | (\$80,831) | (\$5,000) | \$267,300 | \$1,247,245 |

List of Available Grants

| | Jan. 1, 2021 | 2021 Contribution | 2021 Used | To 2022 Operating | From 2022 Operating | Available |
|---------------------------------|------------------|----------------------|--------------------|----------------------|------------------------|------------------|
| MSI Op. | | | | | | |
| 49701009 MSI Operating Grant | \$0 | \$38,492 | (\$38,492) | (\$38,492) | \$38,492 | \$0 |
| 49701006 MSI Operating Interest | | | | | | \$0 |
| Total MSI Op. | | | | | | \$0 |
| MSI Capital | | | | | | |
| 497321000 MSI Capital Grant | \$613,582 | \$297,687 | (\$347,636) | | | \$563,633 |
| 49701010 MSI Capital Interest | | | | | | \$0 |
| Total MSI Cap. | | | | | | \$563,633 |
| FGTF | | | | | | |
| 49701005 FGTF Grant | \$152,425 | \$150,000 | (\$100,000) | | | \$202,425 |
| 49701008 FGTF Interest | | | | | | \$0 |
| Total FGTF | | | | | | \$202,425 |
| All Grants | \$766,007 | \$486,179 | (\$486,128) | | | \$766,058 |