

NO:

COUNCIL DATE: **November 2, 2009**

FINANCE COMMITTEE

TO: **Mayor & Council**

DATE: **October 13, 2009**

FROM: **City Manager and General Manager,
Finance & Technology**

FILE: **1705-05**

SUBJECT: **2010 Five Year (2010-2014) Financial Plan - Capital Program**

1.0 RECOMMENDATION

It is recommended that the Finance Committee recommend that Council:

- a) Approve the capital projects as outlined in Section 3.2 of this report; and
- b) Direct Staff to prepare the 2010 Five-Year (2010 – 2014) Capital Financial Plan incorporating these projects.

2.0 BACKGROUND

A summary of the 2009 – 2013 Five Year Capital Plan is attached as **Appendix A**. The following is an update on the major projects that were funded in 2009 through the budget process:

2.1.1 Cloverdale Multi Purpose Centre

This 60,000 square foot multi-purpose centre to be located on the Cloverdale Fairgrounds will cost \$18.5 million and is currently under construction. It is expected that the Centre will open in early 2011.

2.1.2 Chuck Bailey Recreation Centre

This facility, which is located in the City Centre area, is being built in phases. The first phase, having a floor area of approximately 6,000 sq. ft., opened in the Spring of 2009 and is being used as the Olympic Games Preparation Centre for the training of the volunteers. The second and final phase of the Centre, having a floor area of 15,000 sq. ft., is currently under construction and is expected to be completed by early 2010. The Centre will have a total construction cost of \$10.5 million for both phases.

2.1.3 Renovations to Kensington Prairie School

This former school is being renovated to a Community Centre for the Grandview, Morgan Creek and Rosemary Heights neighbourhoods. This project is expected to cost \$1.6 million to complete and will be completed during 2010.

2.1.4 Artificial Turf Fields

The 2009 Capital Financial Plan provided funding for one new artificial turf field, which has now been constructed at a cost of \$2.0 million and is located in South Surrey Athletic Park.

2.1.5 Covered Park Shelters

The Parks Capital Plan has an annual provision of approximately \$50,000 for the installation of covered park shelters in City parks. Beginning in 2009, this amount was augmented by a further \$50,000 for each of four consecutive years to better meet the needs of communities within the City.

2.1.6 Renovation of Fitness Room at Fraser Heights

The RCMP had a community office in the Fraser Heights Recreation Facility that was no longer necessary for policing services. This space has been converted to a small fitness area at a cost of \$350,000.

2.1.7 Replacement of Fire Hall #14

Fire Hall #14 located on 176 Street at 20 Avenue needs to be replaced to reflect the growing demands of the Grandview and Campbell Heights areas of the City. The design of this new hall is currently underway. It is expected that construction will commence in the next couple of months and the new building will be completed by the end of 2010 at a cost of \$3.55 million. The 2010 Capital Plan will include the remainder of the necessary funding to complete this project.

3.0 DISCUSSION

3.1 ***Funding Available for Capital Projects***

The following table documents the general revenue sources of funding available for the 2010 Five-Year (2010-2014) Financial Plan. The line 'On-Going Capital Requirements' reflects annual adjustments for inflation.

REVENUE SUMMARY (\$ 000's)	2010	2011	2012	2013	2014
<i>On-Going Capital Funding Sources</i>					
1 General Operating Contributions	\$ 5,700	\$ 5,800	\$ 4,300	\$ 2,800	\$ 2,400
2 Interest Revenue from City Land Sale Reserve Fund	1,400	1,450	1,000	500	0
3 Proceeds from Gaming Revenue	2,800	3,300	3,700	3,800	3,900
4 Contribution from Surrey City Development Corporation		1,810	2,810	3,310	4,330
5 Proceeds from Building Revenue (Green City Fund)	250	250	250	250	250
6 Sub Total	10,150	12,610	12,060	10,660	10,880
<i>One-time Capital Funding Sources</i>					
8 Proceeds from Land Sales	1,050	1,000	500	0	0
9 Internal Borrowing - Legacy Fund	9,040	12,800	2,300	8,000	4,000
10 NCP funds	960	250	1,650	750	250
11 MFA Borrowing for City Centre/City Hall Project	20,000	30,000	30,000	10,000	0
12 Grants from Senior Levels of Government	16,833	5,297			
13 Other External Contributions	917	400			
14 Prior Years' Operating Savings	3,483	850	900	0	0
19 Total Revenues	\$ 62,433	\$ 63,207	\$ 47,410	\$ 29,410	\$ 15,130
20 Less Ongoing Capital Requirements funded from General Capital:					
21 - Building Repairs and Upgrades	800	823	823	881	899
22 - Information Technology	936	936	936	955	974
23 - Vehicles & Equipment	550	550	550	561	572
24 - Library Books	1,390	1,440	1,680	1,840	1,840
25 - City Beautification - Green City Program & Other	500	500	500	500	500
26 - Sundry & Contingency	819	855	856	874	926
27 Contribution to Parks Acquisition and Development Program					
28 - Parks Development	920	920	920	938	957
29 - City Contribution to Parks DCC Program	800	800	800	816	832
30 Total Contribution to Parks Acquisition & Development Program	1,720	1,720	1,720	1,754	1,789
31 Contribution to Roads and Traffic					
32 - Non-Growth Roads and Traffic Program	2,685	2,685	685	85	0
33 - To Local Roads and Traffic Utility	800	800	800	800	0
34 - City Contribution to Roads DCC Program	1,400	1,400	1,400	0	0
35 Total Contribution to Roads and Traffic	4,885	4,885	2,885	885	0
36 Total Baseline Re-occurring Capital Needs	11,600	11,709	9,950	8,250	7,500
37 TOTAL AVAILABLE FOR NEW PROJECTS	\$ 50,833	\$ 51,498	\$ 37,460	\$ 21,160	\$ 7,630

3.1.1 Gaming Revenue

The Plan anticipates on-going revenues from the Fraser Downs Casino over the five years of the Plan with revenue increases on a year-by-year basis. In addition to this, Council has recently approved the construction of a new Community Gaming Centre in Newton that will include a maximum of 150 slot machines. The revenue generated from this Centre has been included in the Five Year Plan and will be allocated to the Capital Program, particularly the continued development of the Newton Athletic Park based on the Master Plan for that Park.

3.1.2 Land Sale Proceeds/Legacy Fund/Surrey City Development Corporation

In the last decade, the construction of many of the City's new facilities was funded from the proceeds of land sales. In view of the potential for the Surrey City Development Corporation to achieve added value on City lands through development rather than sale, a review of City land holdings has been undertaken with a view to ensuring that remaining City lands are positioned for maximum long term financial benefit to the City. As such, the majority of proceeds from land sales are now being directed towards the strategic purchase of new lands that will provide longer term returns to the City.

It is expected that the activities of the Surrey City Development Corporation will result in annual revenue to the City that will act to replace the funding that land sales have been providing to the Capital budget for the last decade. In the mean time, the City's Legacy Fund is being used as a source of internal borrowing for the Capital Program. Annual repayments to this Reserve spread over the expected life of the asset being constructed will replenish the Legacy Fund over time. Annual repayments to the Fund will be included in the City's operating budget. The Fund will be replenished and will continue to act as a revolving capital funding reserve.

3.1.3 Contributions from Neighbourhood Concept Plans

NCP contributions are collected for specific amenities as development occurs in certain areas of the City. These contributions are matched with related projects in the Five-Year Capital Plan.

3.1.4 Funding for Civic Centre Project in City Centre

As previously reported to Council, this project has an estimated cost of \$90 million spread over the years 2010 to 2013, which will be funded by borrowing with repayment of the borrowing in part being funded by lease revenues from the existing City Hall and in part from other general revenue sources.

3.1.5 Grants from Senior Levels of Government

The City has been successful in applications for several capital grants for 2010. These include \$20M from senior governments for the City Centre Library. Other grants including \$660,000 for an artificial turf field, \$500,000 for a covered youth park and \$297,000 for renovations to the Surrey Arts Centre are expected to be announced shortly.

3.1.6 Partnerships with Other Agencies

The City is actively pursuing a partnership with respect to the construction of an artificial turf field at the Newton Athletic Park. This partnership is expected to result in a 50/50 cost sharing of the construction of the new artificial turf field that will replace one of the existing all weather fields on the Park.

3.2 *Capital Projects Proposed for the 2010 Five Year Plan*

The following table lists the capital projects that are proposed for the 2010 Five Year (2010-2014) Financial Plan:

EXPENDITURE SUMMARY (\$ 000's)	2010	2011	2012	2013	2014
Parks, Recreation & Culture Master Plan					
1 Artificial turf fields (2010 includes \$1.3M grant & \$917K external contrib.)	5,000	2,200	0	2,000	0
2 Covered Park Shelters	50	50	50		
3 Covered Youth Parks (includes \$500 grant)	1,500	0		0	0
4 Facilitation of Newton Athletic Park Master Plan (cricket fields, water park, etc.)	100	300	400	500	500
5 Continuation of City-Wide Trail System		0	0	150	300
6 Fitness Facilities & Gym at Fraser Heights	500	6,000	0		0
7 Fitness Facilities at South Surrey			2,700	0	
8 Arts Centre - Storage & Seating replacement (includes \$297 grant)		638	0	0	
9 Major Recreation Facility (eg. Pool/Multi Purpose Ctre/Youth Pk)			1,000	2,000	2,000
10 Multi Purpose Space/Gym				4,000	2,000
12 Fire Hall #14 - Replacement	3,550				
13 Community Safety Office - City Centre	133				
14 Other:					
15 Private Partnerships for Recreational Delivery	0	500	500	500	500
16 City Centre (City Hall/Library/Performing Arts Centre)	40,000	40,000	30,000	10,000	0
17 Unallocated & Contingency	0	1,810	2,810	2,010	2,330
18 TOTAL PROPOSED NEW PROJECTS	\$ 50,833	\$ 51,498	\$ 37,460	\$ 21,160	\$ 7,630

3.2.1 Artificial Turf Fields

The proposed Five Year Plan includes two additional artificial turf fields for 2010. The proposed locations include Newton Athletic Park (including bleachers and a time clock) and Hjorth Road. The 2010 funding also includes advance design and site preparation for an additional field to be constructed in 2011. It is anticipated that this field will be located at Tamanawis Park and will be used for field hockey. As noted previously, these fields will be funded in part by grants and partnerships.

3.2.2 Covered Youth Park

The proposed Five Year Plan includes funding for the construction of a covered youth park in 2010. It is anticipated that the City will receive grant funding of \$500,000 for this project which will be located at Tom Binnie Park.

3.2.3 Newton Athletic Park Master Plan

In 2010, it is proposed that funding be allocated for the design work related to projects outlined in the recently revised Newton Athletic Park Master Plan, i.e. cricket fields, volleyball courts, a water park, parking facilities and landscaping.

3.2.4 Fitness Facility/Gymnasium at Fraser Heights

In 2010 it is proposed that funding be allocated to design a gymnasium, fitness, youth and multi-purpose addition to Fraser Heights Recreation Centre to meet the growing needs of the community. This will allow for the construction to begin in early 2011. This project was identified as a priority in the Parks, Recreation and Culture Master Plan.

3.2.5 City Centre Library

The City has been awarded a grant of \$20M by senior governments towards the construction of a new library in City Centre subject to the City making a contribution to the project of \$10M. Design is currently underway and construction will begin in 2010 and will be completed by March 2011.

3.3 Surrey City Development Corporation

The following tables outline the expected financial activities of the Surrey City Development Corporation over the next five years.

SURREY CITY DEVELOPMENT CORPORATION

REVENUE SUMMARY (\$ 000's)					
	2010	2011	2012	2013	2014
1 Borrowing *	77,500	101,868	100,622	88,799	23,170
2 Sale Proceeds **	0	15,000	20,000	20,000	20,000
3 Lease Revenue		2,200	5,700	9,200	16,300
4 Consulting	500	500	500	500	500
5 TOTAL REVENUES	\$ 78,000	\$119,568	\$126,822	\$ 118,499	\$ 59,970

EXPENDITURE SUMMARY (\$ 000's)					
	2010	2011	2012	2013	2014
6 Income Producing Opportunities	41,000	90,000	90,000	65,000	0
7 Development Opportunities	37,000	23,000	23,000	33,000	33,000
8 Debt Servicing	0	3,488	8,014	12,407	16,188
9 Contribution to Equity	0	1,270	2,997	4,782	6,452
10 Contribution to the City	0	1,810	2,810	3,310	4,330
11 TOTAL EXPENDITURES	\$ 78,000	\$119,568	\$126,822	\$ 118,499	\$ 59,970

* The above borrowing would depend upon the City of Surrey obtaining the approval of the electors, through a counter petition process as outlined in the Community Charter. The amount to be borrowed and the terms of the repayment would be included in the counter petition.

** This line represents the sale of developed property. At the end of 2014, at least \$120 million will be available to be sold in future years.

3.4 Proposed 2010 Capital Program for Roads, Sewer, Drainage and Water

Only the General Capital portion of the 2010 funding is shown in the table in the previous section. Over and above the General Capital portion, funding is available from Development Cost Charges, GVTA and sundry developer contributions. The total funding available in 2010 for all Engineering and Parks-related projects is:

Arterial/Collector Roads	\$37.4M
Local Roads	6.7M
Drainage	18.5M
Sewer	8.7M
Water	15.9M
Parks Acquisition & Development	<u>24.5M</u>
Total	<u>\$111.7M</u>

As in previous years, a detailed list of the capital projects to be completed 2010 will be provided to Council in the early part of 2010.

4 **SUMMARY**

To allow the completion of the 2010 Five Year (2010 – 2014) Capital Financial Plan, it is recommended that the Finance Committee recommend that Council:

- a) Approve the capital projects as outlined in Section 3.2 of this report, and
- b) Direct Staff to prepare the 2010 Five Year (2010-2014) Capital Financial Plan incorporating these projects.

Murray Dinwoodie
City Manager

Vivienne Wilke, CGA
General Manager,
Finance & Technology

2009 FIVE YEAR CAPITAL PLAN

EXPENDITURE SUMMARY (\$ 000's)	Annual Operating Costs	2009	2010	2011	2012	2013
Parks, Recreation & Culture Master Plan						
Cloverdale Multi-Purpose Centre (Total Funding \$22.6M)	1,000	4,850	3,850			
New Recreation Facility at Tom Binnie Park (\$3M prior years)	650	7,500				
Renovation to Kensington Prairie School	489	1,600				
Artificial turf fields (2009 field currently under construction)		2,000	500	3,500	2,000	
Covered Park Shelters		50	50	50	50	
Covered Youth Parks	91		1,000			
Renovation of Fitness Room at Fraser Heights (previously RCMP space)		250				
Continuation of City-Wide Trail System						500
Fitness Facilities & Gym at Fraser Heights	500		1,450	2,100	2,950	
Fitness Facilities at South Surrey	110					2,700
Update Playfield Infrastructure	70					750
Arts Centre - Additional Storage & Seating replacement						415
Major Recreation Facility (eg. Pool/Multi Purpose Centre/Youth Park)	770				8,000	8,000
Advance design for Multi Purpose Space/Gym Newton	0					1,200
Protection Services:						
Fire Hall #14 - Replacement		500	5,000			
Other:						
Private Partnerships for Recreational Delivery			1,000	1,000	1,000	1,000
Campbell Heights Land Purchases re: Surrey Development Corporation		20,000	20,600	21,218	21,855	22,510
City Centre - City Hall/Library/Civic Centre	N/A	1,400	50,000	76,000	9,000	
Unallocated & Contingency	0		0			
TOTAL PROPOSED NEW PROJECTS	\$ 3,680	\$ 38,150	\$ 83,450	\$ 103,868	\$ 44,855	\$ 37,075