

# 2011 Drainage Services Capital Budget

## Recommendation:

That the Utility Committee recommends to City Council:

To reduce the 2011 Drainage Services Capital Budget by \$34.084 million to \$151.632 million as outlined in the May 6, 2011, Finance and Treasury Department report 2011FS6331.

## Report Summary

**This report provides an update on Drainage Services' 2009 – 2011 Capital Budget and recommends a budget adjustment to the 2011 Drainage Services Capital Budget.**

## Report

- At the April 5, 2011, Utility Committee meeting, Administration provided report 2011PW7936, Capital Program Review – Sanitary and Land Drainage, outlining the eight major capital programs of Drainage Services.
- At this meeting, report 2011PW4240 (2010 Drainage Services Utilities Annual Report) provided a review on how the operations have aligned to the Strategic Plan and highlights accomplishments and performance measures, along with a financial discussion of the 2010 results.
- The Annual Report highlighted the delays that occurred in the 2010 Capital Program.
- Administration does not foresee an increased demand for new trunk sewer or in rehabilitation work that

requires partial financing from Local Improvements. Accordingly, a \$13.8 million reduction is requested in the contributed Capital Program for 2011.

- Administration has also reviewed the capital programs that are constructed by the Utilities. Based on factors relating to the availability of consultants, ongoing negotiations for land requirement, projected savings from favourable tenders and the Utilities' financial position, Administration is requesting that the Capital Program funded by the Utilities be reduced by \$20.2 million in 2011.

## Policy

Policy C304C (under consideration) – Drainage Utilities Fiscal Policy

## Corporate Outcomes

This report supports City Council's Strategic Plan in terms of The Way We Finance by ensuring the Capital Plan of Drainage Services and the rates to support the plan is sustainable.

## Budget/Financial Implications

- The recommended \$34.084 million reduction in the 2011 Capital Budgets of the Sanitary and Land Drainage Utilities will reduce the immediate cash and debt requirement by \$19.4 million.
- The delay in the construction of Contributed Assets by \$14.7 million will reduce the operation and maintenance requirements associated with these assets.
- The implications of these adjustments will be reflected in the 2011 Forecast and through the 2012 budget preparation process.

### **Justification of Recommendation**

Approval of City Council is required to adjust the 2011 Approved Capital Budget to reflect the updated capital program forecast for 2011.

### **Attachments**

1. Drainage Services Capital Budget Adjustment Request

### **Others Reviewing this Report**

- M. Koziol, General Manager, Capital Construction Department and Acting General Manager, Asset Management and Public Works Department

## Drainage Services Capital Budget Adjustment Request

Major Project Class	Alignment	Budget 2010	Actual		Budget 2011	Total	2011 Budget Adjustment Request	2011 Adjusted Budget	Notes
			2009	2010					
Renewal & Upgrading	Drainage Neighbourhood Renewal	28,903	39,824	28,969	43,564	112,357	(2,118)	41,446	Note 1
	Drainage System Rehabilitation	19,361	19,745	21,037	22,940	63,722	(829)	22,111	
	Drainage Facilities Upgrading	5,729	8,233	2,648	7,337	18,218	(3,935)	3,402	Note 2
	Flood Prevention	17,232	9,310	11,050	14,072	34,432	(8,988)	5,084	Note 3
Environmental	Environmental Quality Enhancement	18,007	9,409	4,229	18,252	31,890	(4,192)	14,060	Note 4
	Combined Sewer Overflow Strategy	6,095	5,863	1,624	7,172	14,659	(179)	6,993	
Growth	Sanitary Servicing Strategy	32,235	28,111	23,303	38,545	89,959	679	39,224	
	Drainage System Expansion	36,798	9,785	4,127	33,834	47,746	(14,522)	19,312	Note 5
<b>Total Capital</b>		<b>164,360</b>	<b>130,280</b>	<b>96,987</b>	<b>185,716</b>	<b>412,983</b>	<b>(34,084)</b>	<b>151,632</b>	
<b>Utility Financed</b>		<b>95,731</b>	<b>77,837</b>	<b>76,217</b>	<b>126,111</b>	<b>280,165</b>	<b>(19,391)</b>	<b>106,720</b>	
Self Liquidating Debentures		64,316	66,057	50,578	96,578	213,213	(18,145)	78,433	
Retained Earnings		31,415	11,780	25,639	29,533	66,952	(1,246)	28,287	
<b>Grant</b>		<b>10,646</b>	<b>24,490</b>	<b>7,443</b>	<b>3,917</b>	<b>35,850</b>	<b>(1,784)</b>	<b>2,133</b>	
<b>Contributed</b>		<b>57,983</b>	<b>27,953</b>	<b>13,327</b>	<b>55,688</b>	<b>96,968</b>	<b>(12,909)</b>	<b>42,779</b>	
		<b>164,360</b>	<b>130,280</b>	<b>96,987</b>	<b>185,716</b>	<b>412,983</b>	<b>(34,084)</b>	<b>151,632</b>	

### NOTES TO THE PROPOSED 2011 BUDGET ADJUSTMENT REQUEST

- 1 Completion date for the Infrastructure Upgrading project was extended to 2011 due to delay in start of some of the required studies.
- 2 Eastgate Building renovations are on hold, pending review of other viable options.
- 3 Favourable tender prices in two neighbourhoods (Aldergrove and Bears paw) resulted in anticipated savings for the project during this timeframe.
- 4 Favourable tender pricing and project delays resulting from regulatory issues and development timing.
- 5 Slower economic recovery resulted in the start of several major projects being delayed.