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Date	November 1, 2023
To	Finance Committee – November 1, 2023
From	Heather Sachs, Director of Financial Services/Treasurer
Report No.	FIN 26-23
Report Title	Final Capital Budget 2024

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## Recommendation

**That Report FIN 26-23 respecting, the ten-year Capital Budget, be received as information; and**

**That Council acknowledge the proposed ten-year Capital Budget and described work plan as presented; and**

**That Council approve the final 2024 Capital & Discretionary Budget and approve in principle as presented to allow for initial tenders and procurement to occur for 2024.**

## Executive Summary

This report seeks Council endorsement of the 10-year Capital Plan and seeks Council input upon the 2024 Capital Budget. Pursuant to section 219 (1.1) of the *Municipal Act 2001, S.O. 2001 c. 25*, in an election year the budget adoption cannot occur until the year costs will be incurred. Section 290 (1) of the *Municipal Act, 2001* requires that each year local municipalities prepare and adopt estimates for the purposes of the municipality including amounts sufficient to pay all debts falling due within the year, and amounts required for any board, commission, or other body. Preparing and adopting annual budget estimates determines Aylmer's revenue

requirements that will need to be collected through taxation and user rates and the capital and discretionary project budget has been separated to allow for the Town to take advantage of procurement opportunities where appropriate. This will be Council's second look at an overall Capital & Discretionary Budget of \$17,727,565 split between \$9,677,565 of new projects for 2024 plus some of which contains approximately \$8,050,000 carry forward projects from 2023 highlighted in grey of the appendix.

A few changes to note from the prior report to Council on August 9, 2023.

- the addition of a capital or discretionary projects identified as carry-forward projects with estimated amounts. (\*will change with year-end accruals)
- the inclusion of EECC projects identified in the facility condition assessment.
- the inclusion of Police Services capital estimates
- the finalization of the AIM Park servicing amount has been included.

This report is to present the 2024 Capital and Discretionary budget for discussion of Council which will be presented to the respective boards.

## **Background**

As Council is aware, the 10-year capital budget is a document that is continuously updated on a yearly basis with the best information that staff have available at a point in time. The senior leadership team have met to go through and highlight priorities for Council consideration in the next year and the best estimates have been provided on the consolidated document.

This report represents another step in the Town's continued efforts to move toward a more transparent and interactive budgeting process. While we are not addressing the substantial capital infrastructure gap for in this current operating budget year, staff have identified preliminary capital requirements that can be considered for 2024. The 2024 Capital is detailed first in this report followed by information about the revised 10-year Capital Plan. Staff have included appendices with more detail for the Capital infrastructure projects as well as the 10-year estimates.

Asset Management and Capital Planning are continuing to evolve due to the requirements of Ontario Regulation 588/17 Asset Management Planning for Municipal Infrastructure. This regulation requires enhanced asset management plans to be in place by 2024. The result of the regulatory changes is a better understanding of future infrastructure costs and how they are going to fund it which has not yet been addressed in this current budget proposal.

Overall, staff estimate the Capital & Discretionary budget for 2024 would be 17.728 m some of which are carry-forward projects from 2023.

# Analysis

Staff have had to investigate ways to reprioritize large infrastructure projects which have been driven up by unforeseen prior year inflationary pressures. The gap to fund the majority of these large-scale projects is required to be funded primarily by future grant opportunities, asset management reserves, water and wastewater user fees and reserves, and obligatory reserves.

The five priorities for 2024 to 2026 are suggested to be executed as follows:

1. Water Tower and Infrastructure Project
2. AIM Industrial Park Project
3. Scada Project
4. Lagoon Optimization Project
5. Elk Street Phases I & II

## Major Projects 2023 to 2026

### Corporate & Legislative Services

Boundary adjustment studies are being looked at to be carried forward for early 2024 since Staff have engaged the Ministry in these discussions and are awaiting further comment. Some of the Records management project money will be expended in 2023 relating to the email module and Laserfiche forms relating to establishing a method of online payment for some of the permitting services and the rest will be carried forward to early 2024.

PROJECT LIST	2023	2024	2025	2026	2027
<b>Legislative/Corporate Services &amp; Facilities</b>					
CIP Applications	7,500	7,500	7,500	7,500	7,500
Boundary Adjustment Study	15,000	15,000			
Building by-law review (fee structure)	20,000				
Population growth study ** look at DC's zoning by-law	50,000				
Boundary adjustment study (vacant land)	30,000	30,000			
Boundary adjustment study (vacant land)	50,000	50,000			
EMS Facility Consultant Audit - Police/ Fire					
Condition assessment & Facilities Consultant Audit - PW, OTH, Townhall - TH, OTH, PW Building	30,000				
Keycode Management/ Security System Update - PW, Parks	25,000				
Phone System Integration - Fire Hall/PW/OTH/EECC	10,000				
DC study - 2027					45,000

PROJECT LIST	2023	2024	2025	2026	2027
<b>Clerk / CAO</b>					
Records Mgmt System	55,000	55,000			
IT Updates				50,000	

## Facilities – Townhall

There were two urgent projects identified in the latest facilities condition assessment which were the floor reinforcement in the Deputy Clerk's office and the concrete walkways and stairs at townhall that are crumbling. An incremental amount for the slate roof trims and flashing has been identified also for 2024 so staff are hoping to receive the engineering estimate to prioritize and tender these projects.

PROJECT LIST	2023	2024	2025	2026	2027
<b>Facilities - Townhall</b>					
Roof & HVAC at Townhall	90,000				
46 Talbot Clock Tower - Clock Face upgrades & Windows	75,000	75,000			
Bell Roof (46 Talbot Street)		20,000			
Townhall upgrades - window, emerg lighting, rooftop units, roof membrane		60,000			
Town Hall slate and sloped roof, roof trims and flashing		32,000			
Town Hall Third Floor Exterior Windows - wood frames and windows			36,000		
**Town Hall Pedestrian Paving (Concrete Walkways/ Stairs) - Site Development for Corrosion/ Staining		22,000			
Town Hall Exterior Wall Painting and Sealants				24,000	

## Facilities – Old Townhall

There were several projects identified in the latest facilities condition assessment related to the Old Townhall, staff will bring forward a further report relating to projects identified in 2025 and 2026 for consideration.

PROJECT LIST	2023	2024	2025	2026	2027
<b>Facilities - Old Townhall</b>					
OTH elevator updates - door operator, button upgrade for accessibility, modernization of cab interior, mechanical modernization					168,000
OTH slate roof tile replacement				240,000	
OTH exterior wood trim and painting				282,000	
OTH window restoration				769,000	
OTH exterior wall system remediation				166,000	
OTH Basement Wall Repair				10,000	
OTH Roof Decking, Covering (metal), roof canopy and eavestrough/ downspout replacement			60,000		

## Fire

Although the roof at the firehall has been identified in the latest facilities condition assessment, staff have added it into the 2025 budget for consideration although funding has not yet been determined.

PROJECT LIST	2023	2024	2025	2026	2027
<b>Facilities - Firehall</b>					
Fire Hall Roof			185,000		
Fire Hall Bay Light upgrade				10,000	
Fire Hall Exterior Cosmetic Masonry Repairs. Exterior wall sealants (caulking).				72,000	
Southside Fire Hall Fence Replacement			10,000		

PROJECT LIST	2023	2024	2025	2026	2027
<b>Fire</b>					
Car 1 Fire Pick up Truck replacement		0	100,000		
Rescue 6 replacement			0	0	375,000
Communication System upgrades*	15,000				
Portable Radios	13,000				
Bunker Gear	26,000	10,000	26,000	20,000	16,000
Electric Ram	15,000				
Fire Hose & thermal imaging equipment & gas tester	12,000			10,000	
Air Cylinders (Carbon Fibre)		0	13,000	13,000	13,000
SCBA Air Packs		23,000	35,000	35,000	35,000
Foam 110 gallon includes environmental Disposal fee		0	11,000	10,000	10,000
Fire Safety House				20,000	

## Operations

Within the operations department, there are additional impacts of 135k to see if staff can do more for the pavement management program in 2024 and 80k additional to see if staff can do more upgrades to sidewalks in 2024.

PROJECT LIST	2023	2024	2025	2026	2027
<b>Operations - General, Transportation &amp; Roads</b>					
Elk St. - Engineering	157,350				
CLI-ECA License - Storm (MECP Obligation)	20,000	20,000			
Pavement Management Program	130,000	275,000	275,000	275,000	275,000
Elk St. - Roadwork & Storm - Phase I			1,035,000	1,000,000	140,000
Elk St. - Roadwork & Storm - Phase II				505,000	1,520,000
Fath Ave - Treelawn to John St. - Engineering					50,000
Fath Ave - Treelawn to John St. - Roadwork/ Watermain					
Wellington St. - Talbot to South - Roadwork/ Watermain					
South St. - Park to Town limit - Roadwork					126,960
South, Pine, and Victoria St. - Engineering					75,000
South, Pine, and Victoria St. Reconstruction					
Myrtle St - Catfish Cr. to Forest - Engineering					
Myrtle St - Catfish Cr. to Forest - Reconstruction					
Forest - Elm to John - Engineering					
Forest - Elm to John - Reconstruction					
Parkview Hghts - Chestnut to Forest - Engineering					
Parkview Hghts - Chestnut to Forest - Reconst.					
Vehicle Replacement (Following replacement schedule adopted by Council)			75,000		55,000
#16 Tractor - 1989	114,500				
Plow Peterbilt - 5 ton dump - 2010			350,000		
International - 3 ton dump - 2016					
White Street Industrial Park - Road & Servicing	1,416,900	4,630,000			
Infrastructure Review - 10 year Capital Plan Project lifecycle assessment	50,000				
Main street lights optimization	170,000				
Sidewalk budget	70,000	150,000	70,000	70,000	70,000
Street lights project lifecycle enhancement				40,000	40,000

PROJECT LIST	2023	2024	2025	2026	2027
<b>Operations - 411 (Sanitary Sewer)</b>					
CLI-ECA License - Sanitary (MECP Obligation)	20,000	20,000			
Elk St. - Sanitary Sewer - Phase I			541,000		
Elk St. - Sanitary Sewer - Phase II				435,000	

PROJECT LIST	2023	2024	2025	2026	2027
<b>Operations - 412 (Lagoons)</b>					
Filter Pump #3 - Power Cable Replacement	15,000				
Optimization and expansion of treatment facility - Phase	162,600	0	2,700,000	900,000	
SCADA (\$1,800,000 split between water,sanitary collection and sanitary treatment)		750,000			
Mars Aeration membrane replacement			30,000		
Blower building: Replace exhaust fans & louvers			10,000		
ISF pumps (Intermittent Sand Filter pumps)			15,000		

PROJECT LIST	2023	2024	2025	2026	2027
<b>Operations - 413 (Pumping Stations)</b>					
Caverly Road Pumping Station - Pump replacement		40,000			
Caverly Road Pumping Station - Isolation Valves and Treadwell pumping station	15,000				
Elm St Pump Station Rehabilitation	250,000	250,000			
Elm St. Pump replacement (2of 4)	80,000		80,000		
SCADA (\$1,800,000 split between water,sanitary collection and sanitary treatment)		750,000			
Forcemain Chamber Repairs					50,000
Annual Funding					50,000

PROJECT LIST	2023	2024	2025	2026	2027
<b>Operations - 431 (Water)</b>					
New Water Tower & site works	7,000,000	11,500,000			
SCADA (\$1,800,000 split between water,sanitary collection and sanitary treatment)		300,000			
Water and Wastewater Rates Study			45,000		
Water tower decommissioning/service					350,000
Elk St. - Water - Phase I			775,000		
Elk St. - Water - Phase II				728,000	728,000

## Pavement Management Program

The pavement management program has been established to prolong the service life of roadways that have not been identified for reconstruction in the 10-year capital plan. Several application methods have been utilized in the past such as, Micro surfacing, fiber-mat, and crack sealing to prevent the migration of water to the road base and prolong the life of a roadway. Staff is requesting that the annual budget for the pavement program be increased to \$275,000. This will allow for the implementation of a “mill and pave” program. The mill and pave process involves the grinding and removing of the top layer of asphalt and replacing with a new asphalt road surface. Typically mill and pave projects are completed on roadways where the underground infrastructure is still in good shape, but the asphalt surface is failing.

The Town has completed crack sealing and micro surface treatments for the past 5 years with success. The pavement condition of remaining roadway candidates would benefit from a full mill and pave program. Micro surfacing has a life expectancy of between 5-7 years where a mill and pave have a life expectancy of 10-15 years. A further report will be brought forward to discuss recommendations of roads that may be eligible.

#### Sidewalk Program

An annual sidewalk budget of \$70,000 is included in the 10-year Capital Plan. The budget for 2024 has been increased to \$150,000 to complete the sidewalk on Spruce Street from Cedar Street to Elm Street. This project is currently being designed. The goal of the sidewalk program is to complete any “missing links” in the sidewalk system and repair existing sidewalks that do not meet the minimum maintenance standards. A sidewalk warrant system has been created to rate each missing sidewalk section with a point-based system. Each missing sidewalk section is rated with points on various factors such as, pedestrian safety, pedestrian trip generators and latent demand. This rating system ensures that each sidewalk section is rated consistently to justify if a sidewalk addition is warranted and rank its order of precedence.

#### AIM Industrial Park

The land is zoned Industrial, and the Town would like to advance its development. It has branded the project as AIM Park: Aylmer Industrial Manufacturing Park.

The following site works could be anticipated:

- Construction of new roads
- Extend a sewage collection system and all works necessary to connect the system to an existing sewage outlet where such facilities are not in an existing road allowance or an existing utility corridor.
- Extend a water distribution system and all works necessary to connect the system to an existing system or water source, where such facilities are not in either an existing road allowance or an existing utility corridor; and
- Establish new stormwater retention / detention ponds and including outfall to receiving water body where additional property is required. (Additional property refers to land that is not currently used for stormwater management).

Staff would like to fund the additional capital investment ahead of selling the lots from the Industrial Land Sale Reserve until the lots are sold. Upon the sale of the lots, the funds would be put back into the Industrial land sale reserve.

#### Elk Street Reconstruction

The estimate for the Elk Street project provided by the Town’s asset management program and engineering consultant is a total of \$7.407 million. Staff believe that this estimate is accurate with the current market pressures that have increased costs for projects. It is anticipated that the project will be phased to limit social impact and extend these costs over multiple years. The proposed Capital Plan shows that scheduling of Elk Street is 2025-2027. Phase 1 of the project will commence east from Victoria Street to Talbot Street South. Phase 2 will see the completion west of Victoria Street to John Street South. Both phases are approximately 600 m in length, therefore will have a similar total cost of \$4.0 million per phase. The engineering and tender for this project will still be completed in 2023 and this will form a ‘shovel ready’ project for future grant submissions. Staff are optimistic that grant funding or market corrections will allow the Elk Street project to be advanced prior to 2027.

### Parks & Recreation

It was brought to staff’s attention this year that the outdoor pool will require a condition assessment for substantial repairs in the near future. An amount of 10k was added for that in 2024. Council may wish to sponsor a project identified in the parks & recreation master plan such as the Ball Diamond of around 65k for 2024.

PROJECT LIST	2023	2024	2025	2026	2027
<b>Operations - Parks</b>					
Parks and Recs Master plan	50,750				
Optimist Park ball diamond	200,000	65,000			
Projects identified in Recreation Masterplan			100,000	100,000	100,000
Tennis Court Exterior Lighting Upgrades			25,000		
Optimist / Kinsmen Pavilion Concrete Upgrades			12,000		
Park rehabilitation					
Park Trails Expansion - pedestrian bridge to EECC through Malahide (Engineering)					50,000
Park Trails Expansion - pedestrian bridge to EECC through Malahide					150,000
Park Trails Expansion - Cottonwood to existing trail network					400,000
Park Trails Expansion - Confirm with Thom & Rob					50,000
Pool Bath House Painting	15,000				
Pool Filter Building Exterior Lighting Upgrades	15,000				
Pool Condition Assessment		10,000			
Pool Maintenance			10,000	10,000	10,000
Truck #7 Replacement					75,000
Pool upgrade & skimmers			200,000		

### Police

The Aylmer Police Service has presented and received approval of the capital budget items from the Police Service Board. The items have been included in the presentation document.



PROJECT LIST	2023	2024	2025	2026	2027	2028
<b>Police</b>						
Cruiser Replacement 2024		85,000				
Cruiser Replacement 2026				75,000		
Video security system		30,000				10,000
Building assessment		20,000				
IT upgrades		0				10,000
Building provision for addition			1,036,350			

## EECC

The EECC items would be presented at a future meeting to the board and will be discussed in detail but have been included in the overall capital budget presentation file for reference.

## **Financial Impact**

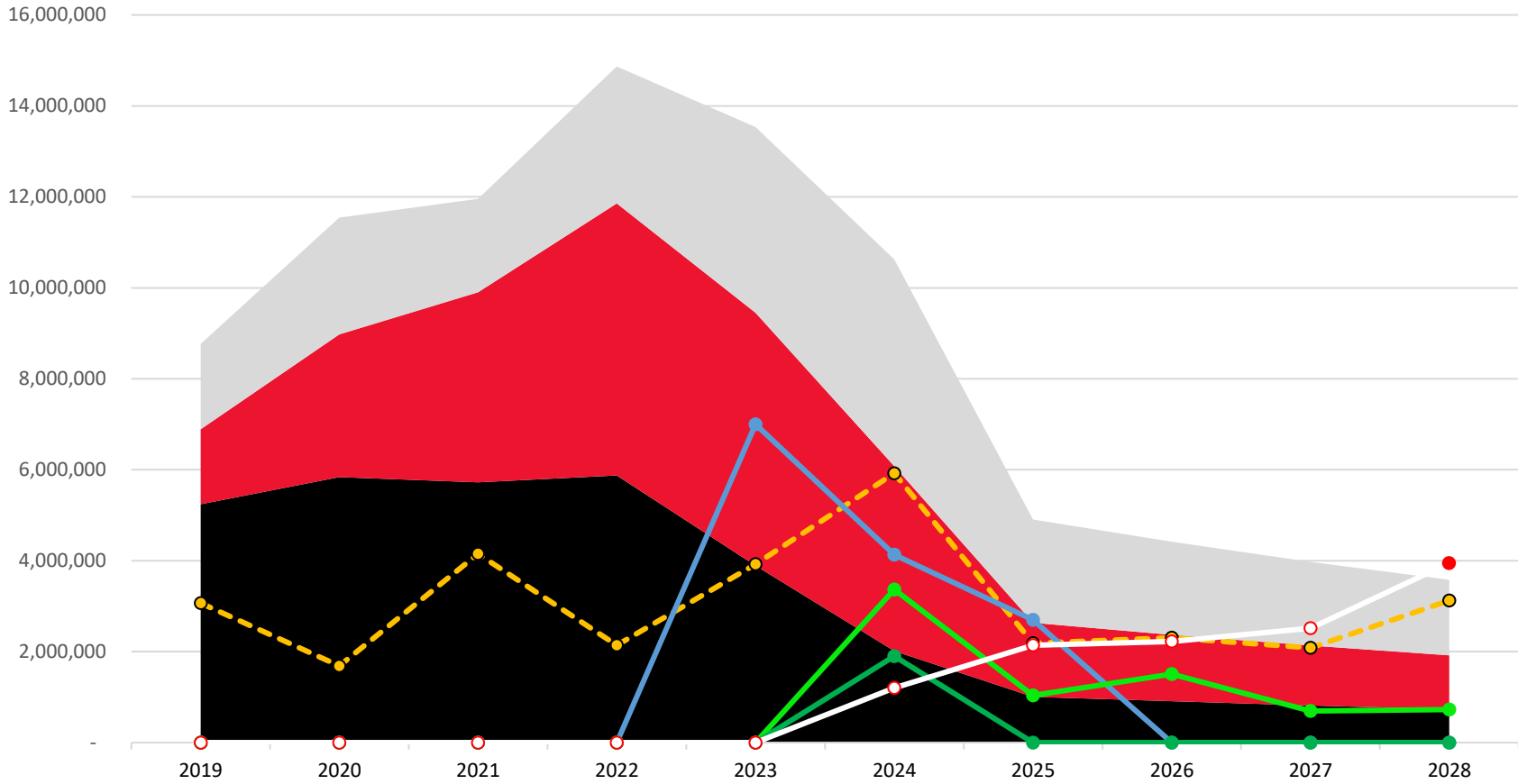
The graph below shows how the past reserve balances will be drawn down to normal levels by the 2027-2028 time frame. The blue line represents the issuance of debt for the water tower in 2023 and the bright green line represents the cash injection from the ICIP grant for the water tower occurring in 2023-2025. The remainder of the projects have been suggested to be paid from reserves as in past practices.

The white line shows how future capital investment will have to be considered to contribution to reserves and / or by identifying projects within the operational budget to be funded.

The orange dotted line shows the cash outlay of capital investment required from reserves spiking in 2024 and continuing to be higher than average in 2025-2027 due to Elk Street, Lagoon Optimization, Scada and investment in the industrial infrastructure for AIM Park.

# Reserve balances

Actual 2019 to 2022  
Estimated 2023 to 2028



- Unrestricted Reserves OB
- Restricted Reserves OB
- Obligatory Reserves OB
- Capital projects from Debt
- Capital projects from TPA/Grants
- Capital projects from sale of land
- Capital Projects from Reserve
- Capital projects Unfunded/ or required by tax levy

**2024 Capital Funding Summary**

<b>Expenditure by Dept</b>	<b>Total Cost</b>	<b>Reserves</b>	<b>DC's</b>	<b>Grants</b>	<b>Debt</b>	<b>One time funding</b>	<b>Unfunded</b>
<b>Operations - General, Transportation &amp; Roads</b>	5,075,000	(3,175,000.00)					(1,900,000.00)
<b>Operations - 411 (Sanitary Sewer)</b>	20,000	(20,000.00)					
<b>Operations - 412 (Lagoons)</b>	750,000	(250,000.00)	(500,000.00)				
<b>Operations - 413 (Pumping Stations)</b>	1,050,000	(1,050,000.00)					
<b>Operations - 431 (Water)</b>	7,800,000	(300,000.00)		(3,366,666.00)	(4,133,334.00)		
<b>Legislative/Corporate Services &amp; Facilities</b>	125,000	(125,000.00)					
<b>Clerk / CAO</b>	50,000	(50,000.00)					
<b>Facilities - Townhall</b>	209,000	(209,000.00)					
<b>Facilities - PW Building</b>	0						
<b>Facilities - Old Townhall</b>	0						
<b>Facilities - Firehall</b>	0						
<b>Fire</b>	33,000	(33,000.00)					
<b>Police</b>	135,000	(135,000.00)					
<b>Operations - Parks</b>	75,000		(75,000.00)				
<b>EECC</b>	2,405,565					(1,202,782.50)	(1,202,782.50)
	17,727,565	(5,347,000.00)	(575,000.00)	(3,366,666.00)	(4,133,334.00)	(1,202,782.50)	(3,102,782.50)

**AIM Park**

In October, Council had endorsed the plan to award and move forward with the AIM Park Industrial award for the creation and servicing of the area. Currently, approximately 1.9 m of this project remains unfunded awaiting the sale of land. Upon servicing, a temporary financing strategy was offered in the previous report explaining that these reserves would be refunded with the sale of the serviced parcels.

**Water Projects**

In June, Council had endorsed that staff prepare a final loan application and had approved an overall project amount of 11.5 m for the water tower project to move forward as planned. This project will be entirely funded out of debt and grant funding at this point.

**Sanitary/Sewer Projects**

The Sanitary/ Sewer projects have been planned to be funded from Sanitary/ Sewer or DC reserves in 2024.

**Police Projects**

At this point, staff have included the Aylmer Police capital in this budget file. The PSB board has approved the budget for the Aylmer Police, which would all be funded from the Police Reserve.

## **EECC Projects**

At this point, staff have included the EECC capital in this capital budget file. The EECC capital budget has not been presented to the board at this time. Upon discussion and prioritization with the EECC board, a further request for council approval will come specifically related to the approved capital projects by the board in 2024.

## **Strategic Priorities**

This report supports the goals and objectives set out in [Council's Strategic Pillars](#). The goal(s) it supports includes:

Pillar Two – Planning for the Future, related to ensuring sustainability by ensuring the community has infrastructure to support future growth and sustain current needs for providing safe drinking water for all users.

Pillar Three – Economic Vitality by helping to attract growth to the town and creating opportunities for our neighbours.

Pillar Five – Public Service Excellence by delivering municipal services in a safe and efficient manner.

## **Conclusion**

In short, this report summarizes the projects that Staff are recommending Council review and discuss related to the 10-year Capital Budget. Staff are also requesting that Council consider approving the 2024 Capital Budget in principle as early adoption of a Capital Budget in any given year may result in preferable tender outcomes.

Respectfully submitted,

Heather Sachs  
Director of Financial Services/Treasurer

Reviewed by Andy Grozelle, Chief Administrative Officer

# Appendix

## Attachments

1. Final Capital Budget 2024
  - a. Appendix A – 10-year capital plan
  - b. Appendix B –Capital Financing Summary 2024-2028

## Follow Up

In adopting this report, what follow up action is required?

- By-law
- Agreement(s)/document(s) to be signed by Mayor and/or Clerk
- Social media/Website update or communication
- Other communication – Specify: