



Township of McNab/Braeside

Long-Term Building Plan - July 2017 Update

Executive Summary

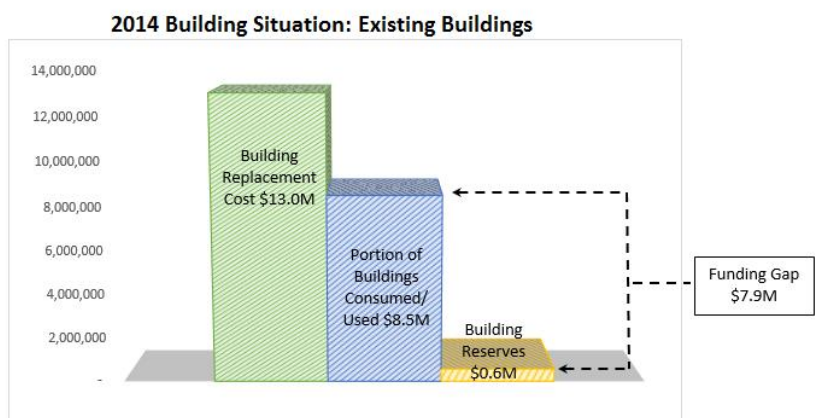
The Township of McNab/Braeside is developing a long-term building plan for Township buildings. Phase 1 of this plan includes the replacement of the Braeside Sand/Salt Shed, Braeside RA Centre and Municipal Office as well as the renovation of the Perneel and White Lake Park Buildings. These projects are required to address the age, condition and space requirements of the Township as well as provincial accessibility requirements for public government buildings.

Historically, sufficient funding was not set aside to replace these aging buildings. In 2014, this represented a funding gap of \$7.9M. As a result, debt will be required to finance these projects. Overall, these projects are estimated to increase the average residential property tax bill by \$132-\$155, however, it is proposed to phase-in this increase over a number of years. These figures will be updated once final costs are known and development of the Long Term Building Plan is completed.

Background

In 2014, the Township of McNab/Braeside conducted a Building Condition Assessment review of key Township buildings. The results of this report underscored a significant funding deficit of the Township for the maintenance, repair and eventual replacement of Township's aging buildings. The expected 10-year maintenance on Township buildings was estimated at \$1.4M against current budget levels of \$0.5M, representing a funding gap of \$0.9M.

Overall, future building replacement costs are currently estimated at \$13.0M. In 2014, with 65% or \$8.5M of these buildings consumed/used based on their age and only \$0.6M set aside in reserves, this represents an additional funding gap of \$7.9M. Over the year, insufficient funding has been set aside over the lifespan of these buildings to fund necessary maintenance, repair and replacement. Given the age and condition of Township buildings, this situation must be addressed.



The Way Forward

Since 2014, the Township has worked on the development of a long-term building plan to address the building issues identified. Significant progress has been made in the implementation of Phase 1 of this plan. Phase 1 building projects include:

Phase 1 Building Projects

Project	Rationale	Status
Replacement of Braeside PW Sand/Salt Shed	Age-related structural issues	Construction of a new Sand/Salt Shed and PW garage was completed in 2016. Demolition of the old shed is expected in 2018.
Replacement of Braeside RA Centre	Age, condition, accessibility	Conceptual design has been approved by Council. Detailed design is underway.
Renovation of the Perneel Building	Utility, need for Central Rec space, accessibility	\$150,000 grant received from Ontario 150 Community Capital Program. Conceptual design has been approved by Council. Detailed design is underway.
Replacement of the Municipal Office	Age, condition, space requirements, accessibility	Conceptual design has been approved by Council. Detailed design is underway.
Renovation of the White Lake Park Canteen Building	Age, condition, accessibility	\$17,160 grant received from Canada 150 Community Infrastructure Program to upgrade for accessibility and providing new windows and doors.

Expected Costs: Phase 1 Major Building Projects

As of May 2017, the expected costs for these projects are noted below. With the exception of the Braeside Public Works (PW) project, costs are based on preliminary designs with a +/- 20% level of accuracy consistent with this stage of the building process.

	Design	Construction	Total	Contingency +/-	FF&E*
Braeside PW	\$ 50,000	\$ 1,048,870	\$ 1,098,870	N/A	
Braeside RA	\$ 91,513	\$ 1,515,257	\$ 1,606,770	\$ 291,971	\$ 55,000
Perneel	\$ 59,973	\$ 804,142	\$ 864,115	\$ 156,089	\$ 80,000
Municipal Office	\$ 139,937	\$ 2,741,749	\$ 2,881,686	\$ 534,893	\$ 260,000

**FF&E = Furniture, Fixtures and Equipment

Financial Impact: Phase 1 Major Building Projects

Historically, funding was not set aside for the future replacement of these aging buildings. As a result, a portion of these projects require financing through long-term debt.

These projects will have an impact on the annual costs of the Township. Long Term Debt will require annual repayment. Under new asset management rules, the Township is required to apportion the cost of these projects over their lifespan and charge these “amortization” costs as an annual expense. This will provide funding for the future renovation/replacement of these buildings, supporting the stronger financial management of the Township moving forward.

For example, if a new building cost \$1M, had an expected lifespan of 30 years before major renovations were required, and was financed by debt at a rate of 3.75%, then annual costs would be as follows:

Annual Debt Repayment <i>\$1M loan at a 3.75% annual interest rate</i>	\$55,808
Amortization Expense <i>\$1M cost divided by its lifespan of 30 years</i>	\$33,333
Total Annual Cost	\$89,141

The tables below outline the:

- **Sources of funding** for the projects, broken down by funding provided by Township reserves, grant funding and debt.
- **Estimated annual costs** of the projects, broken down by annual debt repayment requirements assuming a borrowing rate of 3.75% and annual amortization costs
- **Levy Increase %** which reflects the percentage increase in total property tax revenues required to fund the new annual costs. This is not the tax rate increase.
- **\$ Impact** which reflects the estimated total annual property tax impact on the average residential property.

Given the relative uncertainty of construction costs at this stage of project development, two versions of this information is provided—excluding and including a +20% contingency.

Excluding contingency

	Sources of Funding (excl. contingency)				Est. Annual Costs			
	Twp Reserve	Grant	Debt	Total	Annual Debt Repayment	Amortization	Levy Increase %	\$ Impact+
Braeside PW	\$ 50,000		\$ 1,048,870	\$ 1,098,870	\$ 58,535	\$ 36,629	2.0	\$ 24.82
Braeside RA	\$ 175,000		\$ 1,486,770	\$ 1,661,770	\$ 82,974	\$ 57,226	3.0	\$ 36.56
Perneel	\$ 80,000	\$ 150,000	\$ 714,115	\$ 944,115	\$ 39,853	\$ 34,137	1.6	\$ 19.29
Municipal Office	\$ 460,000		\$ 2,681,686	\$ 3,141,686	\$ 149,659	\$ 113,390	4.3	\$ 51.70
							10.9	\$ 132.37

Including +20% contingency

	Sources of Funding (incl. contingency)				Est. Annual Costs			\$ Impact+
	Twp Reserve	Grant	Debt	Total	Annual Debt	Levy	\$	
					Repayment			
Braeside PW	\$ 50,000		\$ 1,048,870	\$ 1,098,870	\$ 58,535	\$ 36,629	2.0	\$ 24.82
Braeside RA	\$ 175,000		\$ 1,778,741	\$ 1,953,741	\$ 99,268	\$ 66,958.03	3.6	\$ 43.35
Perneel	\$ 80,000	\$ 150,000	\$ 870,205	\$ 1,100,205	\$ 48,564	\$ 39,340.16	1.9	\$ 22.92
Municipal Office	\$ 460,000		\$ 3,216,579	\$ 3,676,579	\$ 179,511	\$131,219.31	5.3	\$ 64.13
								\$ 155.22

Based on current estimates, Phase 1 projects will increase the average annual residential tax bill by \$132-\$155. This said, it is proposed to phase-in this increase over a number of years. This phase-in target will be finalized once final costs are known and development of the Long Term Building Plan is completed.

Expected Costs and Financial Impact: Phase 1 Minor Building Projects

In comparison, the White Lake Park renovation is considered a minor renovation project with a budget of \$52,000 funded through reserves. Long term debt financing is not required. This level of project cost will not have a significant impact on taxation.

Future Phases

Work on planning future phases of the Township’s long-term building plan is underway, with a final plan expected as part of Budget 2018.

Projects under consideration include:

Project	Rationale
Demolition of the old Braeside Municipal Office	Age, condition
Replacement or renovation of McNab Centre Park Building	Age, condition
Expansion of Fire Station #1	2-bay shortage
Upgrades to Braeside RA outdoor rink	Age and condition of rink boards, lack of asphalt or concrete surface
Construction of Recreation Garage space	To address shortage due to the repurposing of the Perneel building
Repurposing or Demolition of Current Municipal Office	Issue once construction of a new office is complete
Expansion of the PW Glasgow Roads Garage	To address future growth
Replacement or further renovation of the White Lake Park Building	Age, condition
Large Central Rec Space	To address future growth