

FINANCE COMMITTEE

TO: Mayor & Council

DATE: November 8, 2017

FROM: City Manager and
General Manager, Finance

FILE: 1705-05

SUBJECT: 2018 Five Year (2018-2022) Financial Plan - Capital Program

1.0 RECOMMENDATION

It is recommended that the Finance Committee recommend that Council:

1. Approve the capital projects as outlined in Section 3.0 of this report; and
2. Direct staff to prepare the 2018 Five-Year (2018–2022) Capital Financial Plan incorporating these projects.

2.0 BACKGROUND

A summary of the 2017–2021 Five Year Capital Plan is attached as Appendix “I”. The following is an update on the major projects that were funded in the 2017 component of that Plan:

2.1 District Energy System

Construction of the permanent natural gas peaking plant at the future West Village Park, located at 103 Avenue and 133 Street commenced in August 2017. Construction is scheduled for completion in the Fall of 2018 at which time the temporary natural gas boilers that are currently located on the site will be relocated to serve new customers in locations where the distribution system is not yet available.

Construction of the 3rd phase of the distribution piping system was required to connect 4 new customer buildings in the Surrey Central area in 2017 and 2018. This project was completed in the Fall of 2017 and includes the connection of the 3 Civic Plaza, Evolve, Prime on the Plaza and SFU developments as well as integrating the District Energy system with the City Hall geexchange heating plant to make use of its excess capacity.

2.2 Clayton Community Centre – Recreation, Arts & Library Facility

In consideration of the growth that has occurred in East Clayton and the growth that is expected over the next few years in West Clayton, the planning and concept design of a new community centre in Clayton that integrates arts, library, recreation and outdoor spaces in a single facility was completed in 2016, with detailed design being initiated in 2017. Construction will begin in the spring of 2018 and the project is expected to be complete in the Fall of 2020. The total project budget is to be \$42 million.

2.3 North Surrey Sport & Ice Complex

The existing North Surrey Arena contains 2 sheets of ice; one of the sheets was built in 1966 and is at the end of its useful life. To ensure that the users of that arena are not displaced due to a facility failure, it was necessary to plan and build a new three sheet replacement facility to accommodate this demand plus future growth. The replacement is taking place in South Westminster prior to closing the existing arena. Construction began in summer 2017 and is expected to be complete in the Fall of 2019. The multi-year budget requirement for this project is \$52 million.

2.4 Museum Expansion

The Museum expansion will address the Museum of Surrey's functional needs for gallery, program and work space. The design phase began in 2016; construction started in 2017 and is expected to be complete in the Fall of 2018. Included in this expansion will be a 2,500 sf flexible Feature Gallery for local, national and international exhibitions and programs, a dynamic atrium for community events, and back of house areas including additional collections storage, a fabrication workshop and office space. In addition, the Kids Explore Zone will be expanded from 800 sf to 2,000 sf to engage young families in Surrey in interactive and exciting ways. Supported by Federal Grants, additional work has been funded to compliment the museum expansion which includes a new Indigenous Hall, relocation and restoration of the 1881 Town Hall and 1891 Anniedale School to the site (interiors to be completed in 2019), and other campus improvements. The entire project is anticipated to cost \$14.7 million, with \$4.74 million coming from the Federal Government.

2.5 Cloverdale Sport & Ice Complex

Due to additional demand for ice sports, there is a need for a new twin sheet arena in the Cloverdale area. This new arena complex will be designed to be efficient and welcoming as it serves the community and the region for ice hockey, figure skating, public lessons & skating sessions, as well as dry floor summer use. Site clearing has been undertaken with construction expected to begin in early 2018. This facility is expected to open in the Winter of 2019 with a multi-year project cost of \$35 million.

2.6 RCMP Space Renovation at Old City Hall

The former City Hall has been upgraded to accommodate up to 574 members in an RCMP Detachment expansion. Staff will occupy the south tower and the main floor of the west wing. Interior renovations, system updates and improvements to the parking compound comprise the bulk of the expansion, which was completed in early 2017. Phase two of this project, renovations to Surrey RCMP Main detachment, are now underway following the occupation of the former City Hall, and are expected to be completed in 2018. A total of \$13.9 million was budgeted for both phases.

2.7 Biodiversity Conservation Program

In 2017, the City acquired 7 acres of parkland that fall within the Green Infrastructure Network identified in the Biodiversity Conservation Strategy. Further work is continuing on a financial strategy to increase the funding for acquisition.

2.8 Compressed Natural Gas ("CNG") Station - Main Works Yard

An upgrade to the current CNG station is underway. The new station will allow the City to continue with the program of replacing gas and diesel fuelled vehicles, with vehicles capable of running on CNG and Renewable Natural Gas ("RNG") once the Biogas facility is

operational. The use of CNG/RNG vehicles will continue to reduce our carbon footprint projecting us closer to our goal of eliminating our corporate carbon footprint. The contract has been awarded and construction of the new CNG station is expected to begin in early 2018, which will provide the City with fuelling capacity to convert our heavy vehicles to run on CNG/RNG, or a blended mix of diesel and CNG/RNG. This projects is expected to cost \$2.5 million

2.9 Training Centre Expansion – Hall # 9

The Training Centre Expansion is project has been awarded with preconstruction work underway with the vendor. Ground breaking is scheduled for November 2017 with an expected completion date in November 2018. When completed, the project will expand and reconfigure the Central Training Facility to allow for increased training services for all City Departments with added classrooms for lecture environments. The reconfiguration of the site will also improve traffic safety access to the site, and provide onsite parking that allows for unencumbered live public safety training exercises to run in conjunction with a revenue-based client schedule. The site design will provide for long term cost efficient training opportunities. Considerations in the future for potential in-house and client based revenue generated programs also exist. The total budget for this multi-year project is \$6 million.

2.10 Artificial Turf Replacement

Cloverdale Athletic Park Field #1 had the turf replaced in 2017, including a new under layer for improved safety, as well as new goal posts for football. This \$1.2 million project is funded from the Artificial Turf Replacement Reserve that has been established from the net operating surpluses from field management.

2.11 New Artificial Turf Fields

The 2017 Artificial Turf Field funding of \$1 million has allowed the City to begin construction on a new artificial turf field at Cloverdale Athletic Park as part of an on-going program that is intended to deliver an additional artificial turf field every other year. A Federal Grant is also allowing the City to include an artificial turf warm up field that expands the program and increases the efficiency of use for the field. With the 2018 funding allocation, the total project cost will be \$2 million.

2.12 Newton Urban Park

Thanks to a planning grant from the Federal Council of Municipalities (“FCM”) The Newton: Sustainability in Action project is working with the Newton community to plan a more sustainable community. The Newton Urban Park will be a manifestation of that plan as it will showcase community involvement in its design and realization. The park development is expected to cost \$3.61 million

2.13 Parks, Recreation & Culture Equipment Needs

Preschool equipment upgrades continue across the City’s 85 preschool classrooms along with improvements to recreation facility entrances that have been designed to ensure a welcoming and consistent experience for customers.

Additional deep cleaning equipment has also been purchased for various sites as well as replacing aging tables and chairs at various recreation facilities. A new sound system has been installed at Fraser Heights Recreation Centre and the PA system has been replaced at the Surrey Sport & Leisure Aquatics Complex, in addition to the new soft goods

(draperies) and an audio system that has been added to the Surrey Arts Centre Main Stage.

2.14 Performing Arts Space Feasibility and Land Acquisition

To further complement the existing Surrey Arts Centre's 400 seat theatre, and City Hall's Centre Stage 200 seat theatre, a new performing arts space is planned in the City Centre. Given the City's growth and large geographic area, there is demand for an additional performing arts space. The initial investment of \$10.8 million will support critical land acquisitions when identified.

2.15 Glades Parking

The new parking lot at the Glades Park is under construction and will improve access and safety during park openings such as Mother's Day when over 1500 people visit the park to view the flowering Rhododendrons and gardens. The total project cost is estimated at \$1.5 million.

2.16 Vehicle for Illegal Dumping

In 2015 the Solid Waste section initiated a goal to reduce illegal dumping and its associated costs by 50% over the next 5 years. The initial phase of the program involved a review of existing illegal dumping clean-up operations and piloting alternative approaches to determine the most effective approach to carrying out this work. The pilot phase was initiated in the Fall of 2015. The pilot phase of the project resulted in the successful reduction in the number of staff required to clean up illegal dumping, while at the same time significantly increasing the efficiency of the operation by leveraging alternative equipment, including a commercial rear-load garbage truck. During the pilot phase, the equipment needed to deliver this program was rented. Given the success of the program, the Solid Waste Section has initiated the purchase of the necessary equipment, which is expected to be delivered in mid-2018, to continue with this initiative. The equipment costs are expected to be approximately \$405,000.

2.17 Multi-Purpose Outdoor Sport Box

Design is underway for a new cover for an existing sports box at Cloverdale Athletic Park to provide further dry floor space for lacrosse and ball hockey. The expected cost of this project is \$300,000.

2.18 Newton Athletic Park Master Plan

An expanded community room was completed in 2017 at the Newton Athletic Park, which doubles the space available for seniors to meet and socialize, and can be utilized to support tournament meeting space. Design is underway for a new artificial turf warmup area south of Field 1 that will also be able to be covered in the future.

2.19 Interurban Railway Storage Barn

An addition to the Interurban Railway storage barn was required to accommodate the TransLink donation of BCER Car 1231 to the Fraser Valley Heritage Railway Society. This project has been supported through the City's Canada 150 Heritage program. The storage barn expansion was completed in October and the BCER Car arrived in early November. The City contributed \$150,000 towards this project.

2.20 Cloverdale Athletic Park Fieldhouse

With the approval of a grant from the Federal Government, the City of Surrey and the Surrey United Soccer Club have partnered together to construct a new fieldhouse at the Cloverdale Athletic Park. Design is underway for the fieldhouse that includes washrooms, change rooms, community space and office space for Surrey United. The City's contribution to this multi-year project is \$2.375 million.

2.21 South Surrey Contemporary Art Gallery and Café

The Surrey Cultural Plan recommends the development of additional gallery space in the City. An artist-run contemporary gallery and café is proposed to be operated with an arts organization in the South Surrey area. The Gallery will provide exhibition space, collaborative area and a café to foster the development of the arts community and build community engagement related to the arts. Space has not been identified as yet and may be integrated into a mixed use development. This multi-year project is expected to cost \$3 million.

2.22 Community Safety Centre

In 2017, a study was completed to determine the feasibility of building a Community Safety Centre ("CSC") to anchor our public safety prevention initiatives. It was determined that the capital requirements for such a centre are prohibitive. The project will not proceed.

2.23 Vehicle for Cart Delivery

In 2013 the Solid Waste Section established an in-house Cart Maintenance and Management Program. Since this program was initiated, the City has experienced a 10% increase in service requests. A 3-Tonne truck was rented on a month to month basis at a cost of \$28,000 annually to address the additional demand. It was determined that purchasing a 3-tonne truck amortized over a 7 year period would result in greater cost savings compared to the ongoing cost to rent the same unit. The purchase of this unit is underway, with delivery expected in mid-2018.

3.0 DISCUSSION

The Annual Capital Program is composed of the following elements:

- 1) On-going general capital programs and minor capital projects to maintain and/or enhance the City's current inventory of infrastructure, and
- 2) Major capital, which includes a series of new large-scale capital projects that will be constructed over the next few years to support business and residential growth over the next 10 years.

3.1 Available Funding for the Capital Program

The following table documents the revenue sources of funding that are expected to be available in each of the next five years to support the Annual Capital Program.

	2018	2019	2020	2021	2022
General Program					
Contribution from General Operating	\$ 9,800	\$ 12,400	\$ 15,200	\$ 18,200	\$ 21,200
Proceeds from Gaming Revenue	4,500	4,600	4,700	4,800	4,900
Proceeds from SCDC Dividends	4,500	4,500	4,500	4,500	4,500
Proceeds from Tree Replacement Revenue	2,000	2,025	2,050	2,075	2,100
Contribution from City Reserve Funds	5,236	4,411	4,596	4,992	5,138
Other Contributions	1,325	3,899	0	0	0
Canada Grant	4,905	166	165	0	0
Prior Years' Operating Savings	500	0	500	0	0
Internal Borrowing	83,162	22,143	7,300	22,930	61,990
Amenity Contributions	0	120	0	3,750	0
Contributions from Utility Funds	12,293	7,560	9,191	15,795	16,217
TOTAL FUNDING SOURCES	\$ 128,222	\$ 61,824	\$ 48,202	\$ 77,042	\$ 116,045

(in thousands of dollars)

3.2 On-going Capital Requirements

On-going capital is required to sustain our existing assets through major maintenance type initiatives such as building envelope, roof repairs, technology enhancements, and to initiate minor facility enhancements such as flooring and washroom improvements along with minor park enhancements.

The following table documents the breakdown of funding required over the next five years.

	2018	2019	2020	2021	2022
Building Repairs and Upgrades	3,558	2,925	3,215	3,280	3,780
Parking Lot Repairs and Upgrades	250	250	250	250	250
Library Books	2,100	2,100	2,100	2,100	2,100
City Beautification - Green City Program	1,325	1,350	1,375	1,400	1,425
Sundry & Contingency	550	600	650	750	800
Land Purchases	500	500	4,000	11,150	6,000
Contribution to New Technology	1,600	1,500	2,000	2,500	3,000
Contribution to Roads & Traffic	5,605	5,957	6,330	6,725	7,057
Contribution to Parks Development	3,540	3,516	3,750	3,500	4,200
TOTAL ON-GOING CAPITAL REQUIREMENTS	\$ 19,028	\$ 18,698	\$ 23,670	\$ 31,655	\$ 28,612

(in thousands of dollars)

Some of the initiatives that will be addressed over the next five years include exterior and interior upgrades, building envelope repairs, video surveillance, park staircase repairs, playground renovations and minor park improvements.

3.3 Major Capital

The following table identifies the major capital projects that are expected to be undertaken over the next five years. They are categorized between capital funded from borrowing and/or general operating and self-funded capital.

3.3.1 General Capital

	2018	2019	2020	2021	2022
FUNDED FROM BORROWING/GENERAL OPERATING					
3.3.1.1 Cloverdale Sport & Ice Complex (total \$35M)	29,000	0	0	0	0
3.3.1.2 North Surrey Sport & Ice Complex (total \$52M)	16,500	0	0	0	0
3.3.1.3 Performing Arts Space Feasibility & Land Acquisition	10,000	0	0	0	0
3.3.1.4 Clayton Community Centre (total \$42M)	9,750	12,000	0	0	0
3.3.1.5 Museum Expansion (total \$14.7M)	8,740	0	0	0	0
3.3.1.6 Hawthorne Rotary Park Improvements	3,000	0	0	0	0
3.3.1.7 RCMP Cell Block/Exhibit Expansion	3,000	5,000	0	0	0
3.3.1.8 RCMP District Office Relocation	3,000	0	0	0	0
3.3.1.9 Cloverdale Athletic Park Fieldhouse	2,275	0	0	0	0
3.3.1.10 Cloverdale Library Renovation	2,250	0	0	0	0
3.3.1.11 New Artificial Turf Fields	2,100	1,000	0	0	0
3.3.1.12 Additional Parking at Grandview Pool	1,800	0	0	0	0
3.3.1.13 PRC Equipment Needs	1,265	155	0	0	0
3.3.1.14 The Glades	1,000	1,000	1,500	0	0
3.3.1.15 Newton Athletic Park Master Plan	1,000	2,000	0	0	0
3.3.1.16 Newton Urban Park	1,000	0	0	0	0
3.3.1.17 Surrey Nature Centre Improvements	800	0	0	0	0
3.3.1.18 Cultural Corridor - Art Space at City Centre Phase 2	500	1,232	0	0	0
3.3.1.19 Strawberry Hill Hall/RA Nicholson Park	365	300	500	0	0
3.3.1.20 South Surrey Contemporary Art Gallery & Café	250	2,650	0	0	0
3.3.1.21 Nicomekl Riverfront Park	200	1,200	1,200	0	0
YMCA Agreement	0	10,000	10,000	0	0
Modular Childcare Spaces	0	0	3,300	0	3,300
Fleetwood Community Centre Expansion	0	0	0	16,000	0
Grandview Heights Community Park	0	0	0	7,500	0
Fleetwood Library Expansion	0	0	0	6,000	0
Indigenous Gathering Place	0	0	0	1,250	0
Grandview Heights Community Centre	0	0	0	0	45,000
Grandview Heights Library	0	0	0	0	13,000
Newton Library Expansion	0	0	0	0	11,260
TOTAL PROPOSED NEW PROJECTS	\$ 97,795	\$ 36,537	\$ 16,500	\$ 30,750	\$ 72,560

(in thousands of dollars)

3.3.1.1 Cloverdale Sport & Ice Complex

Due to additional demand for ice sports, there is a need for a new twin sheet arena in the Cloverdale area. The new arena complex will be designed to be efficient and welcoming as it serves the community and the region for ice hockey, figure skating, public lessons and skating sessions, as well as dry floor summer use. This facility will have 2 regulation size ice sheets, multipurpose rooms, community meeting spaces, food service, additional dressing rooms and room for further expansion. It is expected that this multi-year project will cost \$35 million to complete and will open in the Winter of 2019.

3.3.1.2 North Surrey Sport & Ice Complex

The existing North Surrey Arena contains 2 sheets of ice; one of the sheets was built in 1966 and is at the end of its useful life. To ensure that the users of that arena are not displaced due to a facility failure, it has been necessary to plan and build the replacement of the 2 sheets prior to closing the existing arena. An additional sheet of sheet of ice is also being added to meet the growing demand for ice sports and dry floor use in the City, resulting in a 3 sheet sports complex in South Westminster. The facility

will also include program space, multipurpose and community meeting spaces, food services and room for further expansion. It is anticipated that the multi-year budget requirement for this project will be \$52 million and will open in the Fall of 2019.

3.3.1.3 Performing Arts Space Feasibility and Land Acquisition

To further complement the existing Surrey Arts Centre's 400 seat theatre and City Hall's Centre Stage 200 seat theatre, a new performing arts space is planned in the City. Given the City's growth and large geographic area, there is demand for an additional performing arts space. The initial investment of \$10.8 million will support critical land acquisitions when identified.

3.3.1.4 Clayton Community Centre – Recreation, Arts & Library Facility

In consideration of the growth in East Clayton and the development expected over the next few years in West Clayton, the new Clayton Community Centre will include visual and performing arts components, a library and associated circulation management spaces, a gymnasium, fitness and weight rooms, preschool/daycare facilities, child minding space, youth gathering space, staff spaces and supporting infrastructure and spaces. Detailed design is currently in progress and construction is expected to begin in 2018. The total project budget is expected to be \$42 million.

3.3.1.5 Museum Expansion

The Museum expansion will address the Museum of Surrey's functional needs for gallery, program and work space. The design phase began in 2016, construction started in 2017 and is expected to be complete in Fall 2018. Included in this expansion will be a 2,500 sf flexible Feature Gallery for local, national and international exhibitions and programs, a dynamic atrium for community events, and back of house areas including additional collections storage, a fabrication workshop and office space. In addition, the Kids Explore Zone will be expanded from 800 sf to 2,000 sf to engage young families in Surrey in interactive and exciting ways. Additional work has been funded to compliment the museum expansion, some through Federal Grants. This includes the addition of an Indigenous Hall, relocation and restoration of the 1881 Town Hall and 1891 Anniedale School to the site (interiors completed in early 2019), and other campus improvements. The entire project is anticipated to cost \$14.7 million, with \$4.74 million coming from the Federal Government.

3.3.1.6 Hawthorne Rotary Park Improvements

Public Consultation is underway to develop the Hawthorne Rotary Park Master Plan. Proposed improvements will include biodiversity and environmental enhancements, improved access to the park, new walking trails, a new water park, a destination scale playground, new washroom building, and new fenced off leash dog area.

3.3.1.7 RCMP Cell Block/Exhibit Expansion

The Surrey RCMP Detachment Cellblock and Exhibits areas are rapidly reaching maximum capacity. Expansion in both areas is required to meet the current and future operational needs of the Surrey RCMP Detachment. The City has engaged the services of an architectural firm for the purposes of a feasibility study, needs analysis and high level costing. DGBK Architects are providing design options to accommodate future growth projections in the Cellblock and Exhibits areas over the next 10-15 years. It is anticipated that the design for this expansion will take place in 2018, followed by a 2019 construction start.

3.3.1.8 RCMP District Office Relocation

The current District Three (“Newton”) and District Four (“Cloverdale”) Community Police Offices are leased spaces. The City’s Realty Department is currently negotiating a new lease for the Newton office and exploring options for the relocation of the Cloverdale office. This funding will provide for leasehold improvements and relocation expenses.

3.3.1.9 Cloverdale Athletic Park Fieldhouse

The City has been successful in receiving a Federal Grant, allowing the City to Partner with the Surrey United Soccer Club to construct a new fieldhouse at the Cloverdale Athletic Park. Design is underway for the fieldhouse, which will include washrooms, change rooms, community space and office space for Surrey United. The fieldhouse will further enhance Cloverdale Athletic Park as a sports tournament destination.

3.3.1.10 Cloverdale Library Renovation

The Museum of Surrey will be expanding and revamping the layout of the entrances and parking, including the entrance to the Cloverdale Library. In order to realign operations to the new entrance, reorganization of the functions and spaces (both staff and public) within the library are required. Interior renovations will add dramatic improvements in layout and workflow adjacencies, resulting in further opportunities for collaboration with the museum and enhanced services for the public.

3.3.1.11 New Artificial Turf

Continuing the City’s investment in artificial turf maximizes usage of the City’s sports fields and lowers operating costs. Funding in 2018 will complete the new artificial turf field at Cloverdale Athletic Park and also fund upgraded turf surfaces at Tamanawis Park for field hockey and South Surrey Athletic Park for the Soccer Nationals Tournament. Total project costs are \$4.3 million and there will be no additional operating costs associated with this project as costs are recovered through user fees for the artificial turf fields. This is an on-going program that is intended to deliver an additional artificial turf field every other year.

3.3.1.12 Additional Parking at Grandview Pool

The design for the additional parking lot at Grandview Pool is underway, including a master drainage plan for the Grandview Heights Campus that plans for future facilities in the precinct.

3.3.1.13 Parks, Recreation & Culture Equipment Needs

Items included in the recreation equipment needs request include additional fitness equipment for the North Surrey Arena & Sport Complex and a new accessible bus. In addition, preschool programs across the City continue with their equipment upgrading, along with improvements to facility entrances to ensure a welcoming and consistent experience for our customers. Improvements also need to be completed for the Main Stage theatre, gallery signage and equipment at the Surrey Arts Centre.

3.3.1.14 The Glades

The City has acquired the 5 acre property to the south of The Glades Park. An update to the park master plan is completed with parking areas, garden pavilion, new horticultural areas, events lawn and maintenance area. These improvements will allow

the park to open more frequently and remove parking from the busy 172 Street at the front of the park. In 2017, the City developed a new parking area. Funding in 2018 and 2019 is required to complete the master plan. This multi-year project is expected to be \$4 million.

3.3.1.15 Newton Athletic Park Master Plan

The Newton Athletic Park project is the continued development of the park to create a regional sport tournament destination as well as a complete destination park for the rapidly growing community of Newton. Remaining projects include: renovations to the existing fieldhouse to improve its tournament hosting facilities; development of a covered artificial practice field; and a new field house on the north end of the park to provide improved facilities for seniors and sport user groups.

3.3.1.16 Newton Urban Park

The Newton Urban Park project will create a central urban park for the Newton Town Centre including festival and public event spaces. It will encourage and develop place-making opportunities through public art and urban design elements. The multi-year budget for this project is \$3 million.

3.3.1.17 Surrey Nature Centre Improvements

The Surrey Nature Centre project includes improvements to the parking, entrance area and outdoor spaces at the Surrey Nature Centre in order to improve its performance and ability to host large school groups.

3.3.1.18 Cultural Corridor – Art Space at City Centre Phase 2

The Cultural Corridor is comprised of cultural opportunities generally following King George Boulevard, from City Centre to South Surrey. Phase 1 delivered approximately 2,500 square feet of a 7,500 square foot building in the City Centre as art space that is operated by the Royal Canadian Theatre Company and Streetrich Hip Hop Society. The proposal for Phase 2 is to develop additional art space and realize a Creative Hub in City Centre that will house multiple cultural organizations. Additional art and cultural opportunities along the Cultural Corridor will engage the artistic community in creating positive destinations for local residents and visitors.

3.3.1.19 Strawberry Hill Hall/RA Nicholson Park

The Strawberry Hill Hall/RA Nicholson Park project is a combined Parks & Recreation Services project to renovate Strawberry Hill Hall to accommodate daycare space while also expanding RA Nicholson Park and providing more outdoor recreation opportunities for residents in Newton. Strawberry Hill Hall is a heritage listed building and its renovation and long term retention will be a great benefit.

3.3.1.20 South Surrey Contemporary Art Gallery & Cafe

The Surrey Cultural Plan recommends the development of additional gallery space in the City. An artist-run contemporary gallery and café is proposed to be operated within an arts organization in the South Surrey area. The Gallery will provide exhibition space, a collaborative area, and a café to foster the development of the arts community and build community engagement related to the arts. The space may be integrated into a mixed use development.

3.3.1.21 Nicolmekl Riverfront Park

The City is achieving a complete park system along the south bank of the Nicomekl River including three large park sites. A master plan is being developed that will create a continuous path network through the park system along with opportunities for a boat launch and other activities along the Nicomekl River. This project is expected to cost \$2.6 million over the next three years.

3.3.2 Self-Funded Capital

		2018	2019	2020	2021	2022
SELF FUNDED PROJECTS						
3.3.2.1	District Energy System	7,524	2,464	3,748	9,984	10,101
3.3.2.2	Biodiversity Conservation Program	3,875	4,125	4,284	4,653	4,772
TOTAL SELF FUNDED NEW PROJECTS		11,399	6,589	8,032	14,637	14,873

(in thousands of dollars)

3.3.2.1 District Energy System

Construction of the West Village Park and District Energy Centre commenced in August 2017 and is scheduled for completion in the Fall of 2018 at which time the temporary natural gas boilers that are currently located on the site will be relocated.

In 2017, the 3rd phase of the district energy network expansion was completed including piped connections to 4 new customer buildings in the Surrey Central area. This project was completed in the Fall of 2017 and includes the connection of the 3 Civic Plaza, Evolve, Prime on the Plaza and SFU developments as well as integrating the District Energy system with the City Hall geoexchange heating plant to make use of its excess capacity.

Further phases of the district energy network expansion are planned for 2018 to extend the network east across King George Blvd in order to provide service to the Anthem Developments project at 102 Ave between King George Blvd and Whalley Blvd. Surrey City Energy will continue to expand this network in order to add new customers to the system in step with new development in the City Centre area.

District Energy infrastructure costs are fully recovered from future customers through their rate structure.

3.3.2.2 Biodiversity Conservation Program

The rollout of the Biodiversity Conservation Program continues as a major component of the City’s management plans, include the acquisition of land. A funding strategy for the acquisition program is still in development with implementation anticipated in 2018. Dedicated staffing is also anticipated in 2018 that will oversee the program’s highest priority projects.

3.4 Proposed 2018 Capital Program for Roads, Sewer, Drainage and Water

The table in section 3.3.1 addresses the capital projects that are funded from General Revenue. Capital funding is also available from Development Cost Charges, the GVTA (TransLink) and Sundry Developer Contributions. The total funding amounts available in 2018 for all Engineering and Parks-related Capital Infrastructure Projects are listed below:

Arterial	\$ 96.5M
Local/Collector Roads	10.4M
Drainage	19.0M
Sewer	22.8M
Water	20.1M
Parks Acquisition & Development	<u>61.4M</u>
Total	<u>\$ 230.2M</u>

As in previous years, a detailed list of the Engineering and Parks-related capital projects to be completed in 2018 will be provided to Council for their consideration, in the next few months. These Capital Infrastructure Projects will be in line with the 10-Year Servicing Plan. An overview of the entire Capital Program is attached as Appendix “II” to this report.

SUMMARY

To allow the completion of the 2018 Five Year (2018–2022) Capital Financial Plan, it is recommended that the Finance Committee recommend that Council:

1. Approve the capital projects as outlined in Section 3.0 of this report, and
2. Direct Staff to prepare the 2018 Five Year (2018-2022) Capital Financial Plan incorporating these projects.

Kam Grewal, CPA, CMA
General Manager, Finance

Vincent Lalonde, P. Eng
City Manager

KG:llh

Attachments:

Appendix “I”: 2017 Five Year (2017–2021) Capital Financial Plan

Appendix “II”: 2018–2022 Capital Financial Plan

APPENDIX “I”

2017 FIVE YEAR (2017-2021) CAPITAL FINANCIAL PLAN (000's)

EXPENDITURE SUMMARY	2017	2018	2019	2020	2021
2.1 District Energy System	13,037	8,287	3,507	4,193	4,084
2.2 Clayton Community Centre - Recreation, Arts & Library	10,000	9,750	12,000	0	0
2.3 North Surrey Sport & Ice Complex	9,250	16,500	0	0	0
2.4 Museum Expansion	5,500	4,000	0	0	0
2.5 Cloverdale Sport & Ice Complex	5,250	29,000	0	0	0
2.6 RCMP Space Renovations at OCH	4,660	0	0	0	0
2.7 Biodiversity Conservation Program	3,200	3,875	4,200	4,284	4,678
2.8 CNG Station - Main Works Yard	2,500	0	0	0	0
2.9 Training Centre Expansion - Hall 9	2,500	0	0	0	0
2.10 Artificial Turf Replacement	1,200	0	0	0	0
2.11 New Artificial Turf Fields	1,000	1,000	1,000	1,000	1,000
2.12 Newton Urban Park	1,000	1,000	0	0	0
2.13 PRC Equipment Needs	689	105	80	0	0
2.14 Performing Arts Space Feasibility and Land Acquisition	500	10,000	0	0	0
2.15 Glades Parking	500	1,000	0	0	0
2.16 Vehicle for Illegal Dumping	405	0	0	0	0
2.17 Multi-Purpose Outdoor Sport Box	300	0	0	0	0
2.18 Newton Athletic Park Master Plan	250	1,000	1,600	0	0
2.19 Interurban Railway Storage Barn	150	0	0	0	0
2.20 Cloverdale Athletic Park Fieldhouse	100	2,275	0	0	0
2.21 South Surrey Art Contemporary Gallery and Café	100	250	2,650	0	0
2.22 Community Safety Centre	100	0	0	0	0
2.23 Vehicle for Cart Delivery	90	0	0	0	0
RCMP Cell and Exhibit Enhancement	0	3,000	5,000	0	0
RCMP District Office Relocation	0	3,000	0	0	0
Grandview Pool - Parking	0	1,800	0	0	0
Cultural Corridor	0	500	1,232	0	0
Fleetwood Athletic Park	0	250	2,000	0	0
YMCA Partnership	0	0	10,000	10,000	0
Grandview Heights Community Park	0	0	250	2,000	2,000
Unwin Community Park	0	0	0	0	2,000
Unranked Capital	0	0	0	0	4,850
	<u>\$ 62,281</u>	<u>\$ 96,592</u>	<u>\$ 43,519</u>	<u>\$ 21,477</u>	<u>\$ 18,612</u>

APPENDIX “II – 1”

2018 - 2022 FINANCIAL PLAN EXECUTIVE SUMMARY *(in thousands)*

CONTRIBUTION SUMMARY	2018	2019	2020	2021	2022
Non-Discretionary Contributions					
DCC Reserve Funds	\$ 107,486	\$ 110,907	\$ 140,222	\$ 157,965	\$ 159,663
NCP Reserve Funds	1,950	4,070	5,700	5,450	5,700
Other Statutory Reserve Funds	21,283	4,115	4,115	4,115	4,115
	<u>130,719</u>	<u>119,092</u>	<u>150,037</u>	<u>167,530</u>	<u>169,478</u>
Discretionary Contributions					
Operating Appropriated Surplus	4,525	5,776	3,250	2,775	2,800
Contribution from Operating	84,220	81,053	85,198	96,644	94,189
Other Statutory Reserve Funds	14,661	14,343	19,240	13,139	14,390
	<u>103,406</u>	<u>101,172</u>	<u>107,688</u>	<u>112,558</u>	<u>111,379</u>
Other Contributions					
External Sources	27,409	22,920	27,834	33,408	34,817
Borrowing Proceeds	84,998	24,852	9,187	24,844	63,931
	<u>112,407</u>	<u>47,772</u>	<u>37,021</u>	<u>58,252</u>	<u>98,748</u>
Unspecified - Budget Authority	50,000	50,000	50,000	50,000	50,000
Total Current Year's Contributions	396,532	318,036	344,746	388,340	429,605
Carry Fwd from Previous Years	118,960	95,411	103,424	116,502	128,882
	<u>\$ 515,492</u>	<u>\$ 413,446</u>	<u>\$ 448,170</u>	<u>\$ 504,842</u>	<u>\$ 558,487</u>
EXPENDITURE SUMMARY					
Statutory & Asset Maintenance					
Property Acquisition	\$ 54,629	\$ 40,903	\$ 70,847	\$ 78,022	\$ 72,872
Buildings	4,306	3,673	3,963	4,028	4,528
Engineering Structures	159,333	161,316	171,127	193,251	201,092
Equipment	18,421	19,153	24,550	19,024	20,825
	<u>236,689</u>	<u>225,045</u>	<u>270,487</u>	<u>294,325</u>	<u>299,317</u>
Ranked Projects					
Buildings	83,355	31,182	13,800	23,250	72,560
Engineering Structures	25,223	11,654	10,459	20,765	7,728
Equipment	1,265	155	-	-	-
	<u>109,843</u>	<u>42,991</u>	<u>24,259</u>	<u>44,015</u>	<u>80,288</u>
Unidentified - Budget Authority	50,000	50,000	50,000	50,000	50,000
Total Current Year's Expenditures	396,532	318,036	344,746	388,340	429,605
Carry Fwd from Previous Years	118,960	95,411	103,424	116,502	128,882
	<u>\$ 515,492</u>	<u>\$ 413,446</u>	<u>\$ 448,170</u>	<u>\$ 504,842</u>	<u>\$ 558,487</u>

APPENDIX “II-2”

2018 - 2022 FINANCIAL PLAN CONTRIBUTION (FUNDING) SUMMARY (in thousands)

CONTRIBUTION SUMMARY	2018	2019	2020	2021	2022
Non-Discretionary Contributions					
DCC Reserve Funds					
Arterial Roads	\$ 26,988	\$ 26,988	\$ 26,988	\$ 42,466	\$ 42,466
Major Collector Roads	4,688	4,688	4,688	6,761	6,761
Local Roads	808	808	808	1,045	1,045
Park Lands	31,908	35,246	60,848	60,848	60,848
Parkland Development	1,719	1,802	3,819	3,819	3,819
Drainage	6,226	6,226	6,226	11,003	11,003
Sewer	8,848	8,848	8,848	7,940	7,940
Water	7,991	7,991	7,991	4,077	4,077
Anniedale Tynehead	1,697	1,697	3,392	3,392	5,089
Campbell Heights	12,538	12,538	12,539	12,539	12,540
Hwy 99 Corridor	4,075	4,075	4,075	4,075	4,075
	<u>107,486</u>	<u>110,907</u>	<u>140,222</u>	<u>157,965</u>	<u>159,663</u>
NCP Reserve Funds					
Fire	100	100	100	100	100
Library Services	100	100	100	100	100
Recreation Services	1,750	3,870	5,500	5,250	5,500
	<u>1,950</u>	<u>4,070</u>	<u>5,700</u>	<u>5,450</u>	<u>5,700</u>
Other Statutory Reserve Funds					
Cash In Lieu of Parkland	21,043	3,875	3,875	3,875	3,875
Environmental Stewardship	240	240	240	240	240
	<u>21,283</u>	<u>4,115</u>	<u>4,115</u>	<u>4,115</u>	<u>4,115</u>
	130,719	119,092	150,037	167,530	169,478
Discretionary Contribution					
Operating Appropriated Surplus					
Other Appropriations	3,825	5,076	2,550	2,075	2,100
Utility Rate Stabilization Reserve	700	700	700	700	700
	<u>4,525</u>	<u>5,776</u>	<u>3,250</u>	<u>2,775</u>	<u>2,800</u>
Contributions from Operating					
General	9,800	12,400	15,200	18,200	21,200
Gaming	4,500	4,600	4,700	4,800	4,900
SCDC	4,500	4,500	4,500	4,500	4,500
Drainage	13,867	14,027	14,221	19,210	19,425
Roads	21,220	20,868	20,552	23,001	22,726
Energy	8,173	2,329	3,475	8,612	2,956
Sewer	11,425	11,444	11,488	5,618	5,666
Solid Waste	2,085	2,218	2,359	2,510	2,585
Water	8,650	8,667	8,703	10,193	10,231
	<u>84,220</u>	<u>81,053</u>	<u>85,198</u>	<u>96,644</u>	<u>94,189</u>
Other Statutory Reserve Funds					
Cranley Drive Revolving	15	15	15	15	15
Vehicles & Equipment	14,646	14,328	19,225	13,124	14,375
	<u>14,661</u>	<u>14,343</u>	<u>19,240</u>	<u>13,139</u>	<u>14,390</u>
	103,406	101,172	107,688	112,558	111,379
Other Contributions					
External Sources					
Federal/Provincial Contribution	14,727	9,988	14,511	17,759	18,816
P3 Partnership Contribution	-	-	-	-	-
Private Contributions	4,075	4,325	4,484	4,853	4,972
GVTA	8,607	8,607	8,839	10,796	11,029
	<u>27,409</u>	<u>22,920</u>	<u>27,834</u>	<u>33,408</u>	<u>34,817</u>
Borrowing Proceeds					
Internal Borrowing	83,162	22,991	7,300	22,930	61,990
Local Improvement	1,836	1,861	1,887	1,914	1,941
	<u>84,998</u>	<u>24,852</u>	<u>9,187</u>	<u>24,844</u>	<u>63,931</u>
	112,407	47,772	37,021	58,252	98,748
Unspecified - Budget Authority only (not funded)					
	50,000	50,000	50,000	50,000	50,000
	<u>\$ 396,532</u>	<u>\$ 318,036</u>	<u>\$ 344,746</u>	<u>\$ 388,340</u>	<u>\$ 429,605</u>

APPENDIX “II – 3”

2018 - 2022 FINANCIAL PLAN EXPENDITURE SUMMARY (In thousands)

EXPENDITURE SUMMARY	2018	2019	2020	2021	2022
Statutory & Asset Maintenance					
Land Acquisition					
General Corporate	\$ 691	\$ 692	\$ 4,242	\$ 11,417	\$ 6,267
Parks, Recreation & Culture	53,938	40,211	66,605	66,605	66,605
	54,629	40,903	70,847	78,022	72,872
Buildings					
General Corporate	3,806	3,173	3,463	3,528	4,028
Parks, Recreation & Culture	500	500	500	500	500
	4,306	3,673	3,963	4,028	4,528
Engineering Structures					
Drainage Services	19,035	19,035	22,743	32,331	32,574
Roads & Transportation	89,904	89,904	92,322	118,324	120,742
Parks, Recreation & Culture	7,497	9,478	12,713	8,487	13,212
Sewer Services	22,766	22,767	23,032	16,234	16,502
Water Services	20,131	20,132	20,317	17,875	18,062
	159,333	161,316	171,127	193,251	201,092
Equipment					
General Corporate	16,042	15,842	16,492	17,017	17,667
Drainage Services	200	200	200	200	200
Parks, Recreation & Culture	425	425	425	450	475
Protective Services	1,254	2,186	6,933	857	1,983
Sewer Services	200	200	200	200	200
Water Services	300	300	300	300	300
	18,421	19,153	24,550	19,024	20,825
	236,689	225,045	270,487	294,325	299,317
Ranked Projects					
<u>Buildings</u>					
Clayton Recreation & Culture Facility	9,750	12,000	-	-	-
Cloverdale Twin Ice Surface	29,000	-	-	-	-
Cultural Corridor	500	1,232	-	-	-
Fleetwood Community Centre Expansion	-	-	-	16,000	-
Grandview Heights Community Centre	-	-	-	-	45,000
Indigenous Gathering Place	-	-	-	1,250	-
Modular Childcare Spaces	-	-	3,300	-	3,300
Museum Expansion	8,740	-	-	-	-
North Surrey Arena Replacement	16,500	-	-	-	-
Performing Arts Centre	10,000	-	-	-	-
South Surrey Contemporary Art Initiatives	250	2,650	-	-	-
Strawberry Hill Hall & RA Nicholson Park	365	300	500	-	-
YMCA Partnership	-	10,000	10,000	-	-
RCMP Cell and Exhibit Enhancement	3,000	5,000	-	-	-
RCMP District Office Relocation	3,000	-	-	-	-
Cloverdale Library Renovation	2,250	-	-	-	-
Fleetwood Library Expansion	-	-	-	6,000	-
Grandview Heights Library	-	-	-	-	13,000
Newton Library Expansion	-	-	-	-	11,260
	83,355	31,182	13,800	23,250	72,560
<u>Engineering Structures</u>					
Artificial Turf Fields	2,100	1,000	-	-	-
Hawthome Rotary Park Improvements	3,000	-	-	-	-
Cloverdale Athletic Park Fieldhouse	2,275	-	-	-	-
Glades Parking	1,000	1,000	1,500	-	-
Grandview Heights Community Park	-	-	-	7,500	-
Nature Centre Improvements	800	-	-	-	-
Newton Athletic Park Master Plan	1,000	2,000	-	-	-
Newton Town Centre Urban Park	1,000	-	-	-	-
Parking - Grandview Pool	1,800	-	-	-	-
Nicomekl Riverfront Park	200	1,200	1,200	-	-
District Energy System	8,173	2,329	3,475	8,612	2,956
Biodiversity Conservation Program	3,875	4,125	4,284	4,653	4,772
	25,223	11,654	10,459	20,765	7,728
<u>Equipment</u>					
PRC Fixtures & Equipment	1,265	155	-	-	-
	1,265	155	-	-	-
	109,843	42,991	24,259	44,015	80,288
Unidentified - Budget Authority only (not funded)	50,000	50,000	50,000	50,000	50,000
	\$ 396,532	\$ 318,036	\$ 344,746	\$ 388,340	\$ 429,605