



INFORMATION UPDATE - APRIL 21, 2016

NEW PUBLIC WORKS SHOP FACILITY

On Wednesday, April 13, 2016 at the regular Council meeting, Council defeated Borrowing Bylaw 1558-16 New Public Works Shop Facility, which stated the County would borrow \$7.6 million. This money was to build a new shop facility on County land which was purchased in order to move County operations outside of the Town, two kilometers south of the Town of Stettler limits on Highway 56 and the corner of Township Road 38-4.

A sufficient petition of the electorate was received in opposition to Borrowing Bylaw 1558-16 New Public Works Shop Facility.

Upon receiving the petition of the electorate in opposition to Borrowing Bylaw 1558-16, Council had two options:

- a) Hold a plebiscite for a vote of the electorate within 90 days.
(Estimated cost to hold a plebiscite - \$23,000)
- b) Defeat Borrowing Bylaw 1558-16 in second reading.

Council voted to defeat the bylaw.

The message received from members of the public who came forward to explain why they signed the petition was:

- 1) They do not want the County to borrow so much money in this economy (\$7.6 million);
- 2) They do not want to personally be impacted by a tax increase related to building a new shop;
- 3) They wished Council had saved more; and
- 4) Couldn't we just fix the existing shop?

Could we just fix the old shop?

Council began investigating the need for a new shop (June 13, 2012). They formed a committee to investigate the condition of the shop and in November 2013 decided to hire a firm to provide them with a Property Condition Assessment. In December 2013 they awarded the job to Stantec Engineering. The purpose of this project was to provide Council with an opinion on the overall physical condition of the shop, to provide opinions on probable costs and address 'physical deficiencies' by conducting interviews with key personnel and a visual walk through of the premises. On January 31, 2014 Stantec provided Council with their assessment which identified \$1.3 million dollars in recommended repairs over the first five years. This report also established that the upstairs office space for Public Works staff and the lunch room, would need to be closed. On February 12, 2014 Council directed Administration to purchase portable offices for Public Works staff. On April 23, 2014 Council directed administration to pursue land purchase options and price comparisons on County lands which would be appropriate for a new County site. On August 13, 2014, the County purchased land two kilometers SW of the Town of Stettler limits on Highway 56 and the corner of Township Road 38-4.

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On March 9, 2016 Council directed Administration to seek further investigation into the existing 47-year-old shop to determine how deep the problems were and if it would make sense to invest in refurbishing the old shop. March 22, 2016, Council hired WSP Canada to conduct an 'Intrusive Investigation', which basically means leave no stone left unturned. WSP's investigation which was provided to Council on April 13, 2016 estimated over \$2.2 million in repairs would be required to bring the existing shop up to current code. Plus, an expansion would be needed to accommodate existing equipment and workspace requirements. The problem with investing in the existing shop is that it will not be an asset for the County. The Town of Stettler has indicated upon resale of this site it will likely rezone the area as Residential. Currently, we are operating within town limits at the pleasure of the Town. We are breaking weight restrictions on town roads when we move our equipment in and out of the Public Works site to the County roads. We have neighbors to the west (Points West Living-Supportive Living Community) who have to live with our heavy equipment coming and going, and the noise and operational hours attached to our business. Additionally, the sports park to the south of the Public Works yard is a constant stress to our operators who worry about visibility and children so close to our heavy equipment operations.

Why would the County consider borrowing money?

Just like when people save money for a down payment and then secure a mortgage to buy a house, that is how municipal governments would plan to pay for large capital projects which are investments for the County. Only unlike you or I, municipal government can access Alberta Capital Finance, a provincial organization whose sole purpose is to provide funding to municipalities and school boards at affordable interest rates. The Alberta Capital Finance Authority ("ACFA") is a provincial authority and acts only as an agent of the Alberta crown. Its business is to provide local entities with financing for capital projects. ACFA is able to borrow in capital markets at interest rates which would not be available to local authorities acting independently. ACFA makes loans to Alberta municipalities, school boards and other local entities at interest rates based on the cost of its borrowings.

Public members who came forward to share why they had signed the petition against Borrowing Bylaw 1558-16, told us they did not want the County to borrow so much (\$7.6 million). However with the downturn of the economy, we were able to save \$1.1 million in the tendering process. Administration is committed to trimming another \$500,000 from the project by finding savings within the facility and construction, without compromising quality. Scott Builders has pledged to assist Administration in finding savings through efficiencies. Alberta Capital Finance offers us *3.084% interest rate on a 30 year loan, making repayment very manageable (*\$270,082/year). The County is in good financial standing having just received another clean audit report for the 2015 year.

With our economy, why are you considering building anything at all?

The answer is that we can realize savings by building in a downturn and it is good business to invest in the County's future when we can capitalize on using Municipal Sustainable Initiative (MSI) funding, which the Provincial Government has promised in their most recent budget is secure for the County in 2016, 2017 and 2018.

Building a new Public Works Facility is a necessity. The existing shop, built in 1969 does not accommodate the size of the equipment we now service, it does not observe the safety codes which now exist, and it is in the middle of Stettler which is not a safe or ideal location to base an operation of this size. The original shop was built to last 25-30 years. We have stretched it to last 47 years. It is past the time to consider the health and safety of staff as well as the needs of the County today, tomorrow, and 30 years from now.

We have approximately \$11 million in reserves. Local trades are looking for work, and right now Council has the unique ability to move forward with a project which would stimulate our local economy, while at the same time taking advantage of a very competitive construction market.

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How much will it cost?

Post-tender estimates for building a new shop facility to house Public Works, Agricultural Services, Utilities and a mechanical shop are:

	\$9,261,000 Total Project Estimate
Above estimate includes:	\$1,565,755 Site Work to develop 5 acre shop site
	\$7,695,245 New Public Works Facility

The new County site is +/- 77 acres. County operations are intended to eventually occupy up to half of that land area leaving the remaining +/- 38.5 acres available for cost recovery sale or other development.

How big will you build?

Council has always directed that the new building will be created as a functional building. They have directed Scott Builders to build smart, build with the future in mind, and to get the best deal for our dollars. Our fleet is bigger, the size of the equipment is much larger than it was in 1969 when the original shop was built, and our services as well as the public's expectations of our services is much greater.

Currently, we have four buildings on our site accommodating Public Works, Agricultural Services, Utilities and our mechanical shop with square footage adding up to 28,500 sq. ft. The new shop design allows for 43,200 sq. ft. and will accommodate all of the above, plus it allows for a 2,750 sq. ft. bay for water storage tanks and related systems to supply water to the complex. Combining these four departments under one roof provides operational efficiencies. Energy efficiencies that come with new building systems will also be realized.

Public Works crews keep our rural road networks operating. In addition to servicing the County fleet, they maintain:

- Shirley McClellan Waterline
- Stettler Ambulances
- Stettler Regional Fire Trucks
- Waste Management services
- Protective Services

County staff members and facilities are also the heart of Stettler Regional Emergency Management Agency. In the event of a disaster or emergency in the Stettler Region our Emergency Operations Centre would be activated to handle the event.

This Council believes it is important to be able to provide all employees with proper workspace and equipment and a safe and healthy work environment.

Have you considered current losses and future projected losses in linear taxation income?

Absolutely. In February, Council was provided with notification that the 2016 County budget is projecting an estimated \$1 million loss in linear taxation revenue due to the downturn in the economy. We have continued to project and plan for liberal losses in linear revenue if the market should continue in the same way. We are not being extravagant or suggesting the County should live beyond its means.

What happens next?

On Wednesday, April 20 Council took the first step in making the decision to proceed with building a new shop, but will be financing it differently. They gave first reading to Borrowing Bylaw 1564-16 - New Public Works Shop Facility. This Bylaw will be brought back to Council on May 11.

How will we fund this project?

In response to what we heard from public members who came forward (see page 1):

- 1) The County is not borrowing as much (\$5.2 million), and will instead fund the project with a combination of reserves, grant funding and borrowing.
- 2) Ratepayers will not see an increase to their taxes to pay for this project.
- 3) Council has saved more. In 2004 County reserves (savings) were at \$4.5 million. Today, we have more than doubled our reserves and they sit at \$11.2 million. Council could choose to use these reserves to build. But this Council does not want to deplete the reserves leaving the County cash poor, especially when borrowing is so affordable. They are choosing to use approximately 20% of County reserves (like making a down payment), and will keep the remaining reserves for servicing other needs and emergencies that may present in the County.
- 4) We could fix the existing shop, but after reviewing all of the information and the Intrusive Investigation findings, Council has chosen the best use of County dollars is to invest them into an asset that will meet the needs of this County's current operations for today and for the future.

Council chose to still take \$2 million out of reserves for the Public Works Facility project, leaving the County's reserve balance at \$9,200,000. They will use \$1 million from the 2016 Municipal Sustainable Initiative (MSI) funding, and \$1 Million from the 2017 MSI funding. The Municipal Sustainability Initiative (MSI) is funding from the province, which helps support local infrastructure priorities and build strong, safe and resilient communities. Municipal Affairs has allocated approximately \$7.6 billion to municipalities since the program launched in 2007. This has meant communities across Alberta have been able to build municipal structures and rehabilitate their roadways, water and wastewater systems, public transit facilities, and recreation and sport facilities, and other key local priorities. In the most recent Provincial Budget released by the NDP Government on April 14, 2016 the County of Stettler was allocated \$2,532,000 in MSI funding for 2016, 2017 and 2018. Council is choosing to allocate approximately 39% of our annual MSI funding for the Public Works Facility project in 2016 and 2017.

Total Project Estimate:	\$9,261,000
Above estimate includes:	\$1,565,755 for site work and preparation to develop 5 acres
	\$7,695,245 New Public Works Facility

Funding Explained:	\$ 9,261,000 Total Project
Reserves:	- \$2,000,000
	= \$7,261,000
2016 MSI grant:	- \$1,000,000
2017 MSI grant	- \$1,000,000
	= \$5,261,000 Borrowed from Alberta Capital Finance at *3.084% over 30 years.

Yearly repayment for this loan is calculated to be *\$270,082.00. This yearly repayment would be made out of our operating budget.

As always, we encourage the public to take an interest in their municipal government and value your feedback. Please do not hesitate to call the County for clarification, more information, or to get in touch with your area Councillor.

* Interest rate as of April 15, 2016 from Alberta Capital Finance Authority. Subject to change.



For more information, clarification or questions about the new Public Works Shop Facility, please contact the County of Stettler at 403-742-4441. Updates and a history of this project are also available on our website at www.stettlercounty.ca