

Attachment 2: 2024 Capital Budget Highlights

Updates to 10-Year Capital Plan

1. Several new projects were added into the 10-year plan to meet the operational needs of the police service, including a \$6.0 million construction project for an aircraft hangar for the police helicopter, \$4.0 million for CCTV equipment, \$1.5 million for a new substation located in Vaughan, and \$1.8 million for specialized equipment. Due to the upcoming closure of Buttonville Municipal Airport, there is an operational need for a new aircraft hangar in order to maintain AIR2 helicopter within the Region. The CCTV project is a proactive measure which aims to combat crime and violence by leveraging video surveillance systems. In addition, funds are requested for a Community Substation in the newly established Vaughan Metropolitan Center (VMC).
2. Two major areas show significant fluctuations due to inflationary increases, resulting in a \$22.7 million increase in the 10-year capital plan. The vehicle project has seen an increase of 23% compared to the previous 10-year capital plan, based on recent procurement awards for new and replacement vehicles and specialty vehicles. In addition, a major district construction project planned for the years of 2032-2034 has increased by 42% based on the Non-residential Building Construction Price Index.
3. The 10-year capital plan is reduced by (\$36.8) million due to the transition of implemented Software as a Service IT projects from capital to operating budget. In recent years, IT projects have been shifting from the traditional model of hardware, software, or equipment purchases to a subscription or SaaS based model. With the subscription-based purchases, expenditures are no longer capitalized as assets. The ongoing subscription costs of the SaaS projects are moved from the capital budget to the operating budget once fully implemented.

Budget Challenges and Risks

The following project groups are identified as risks over the next ten years.

Risk 1: The capital construction and facilities renovation projects could experience inflationary increases and delays depending on the progress of permits, architect designs, and construction schedules. Since the pandemic recovery period, the construction prices have been fluctuating posing a risk of project delays and potential budget increase due to higher costs.

Risk 2: The contract for the radio system restoration will end in 2025 and the process to obtain a five-year renewal is underway. Based on early estimates received, a higher-than-expected price increase could potentially impact the current capital outlook for the period of 2026-30. The outlook budgeted amount is based on the current contract plus inflation.