

2016 Capital Budget and 10-Year Forecast

November 4, 2015

Presentation Overview

1. Budget Timetable
2. Capital Budget Drivers
3. 2016 Capital Budget Highlights
4. Capital Budget Risks & Opportunities
5. Presentation Questions
6. Capital Project Worksheets

1) 2016 Budget Timetable

Budget	Date
Capital Budget <ul style="list-style-type: none">• <i>Capital Budget By-Law (Preliminary Approval)</i>	November 4, 2015 November 23, 2015
Water & Wastewater Budget & User Fee Report <ul style="list-style-type: none">• <i>Water & Wastewater Rate & User Fee By-Law</i>	December 9, 2015 January 18, 2016
Library & EDTC Budgets	January 13, 2016
General Levy Budget & Assessment Analysis Report <ul style="list-style-type: none">• <i>General Levy Budget and Capital Budget (General Approval) By-law</i>	January 27, 2016 February 22, 2016

2) Capital Budget Drivers

Priority replacement based on **MASTER SERVICING PLANS:**

- ✓ Facility Condition Assessment Study – **2007**
- ✓ Water Distribution System Master Plan Update – **2007**
- ✓ Wastewater Master Plan, Storm Water Master Plan and Pollution Control Planning – **2011**
- ✓ Road System Master Plan Update – **2015**
- ✓ Municipal Bridge / Culvert Appraisal Rehabilitation / Replacement Needs Report - **2013**
- ✓ Parks and Open Space Master Plan – **2006**

2) Capital Budget Drivers

ASSET MANAGEMENT PLAN (AMP)

- ✓ Approved February 17, 2015 with priority to Roads, Bridges, Water & Wastewater. Final report to be adopted November 2015.
- ✓ “AssetNAV” system tool
- ✓ Required by Province for grant funding
- ✓ Identifies long term capital requirements
- ✓ Financial strategy for sustaining investment
 - Staff recommended additional 2.5% levy increase over 5 years to reduce funding gap of capital reserves.
 - Reserve Policy and targets.

2) Capital Budget Drivers

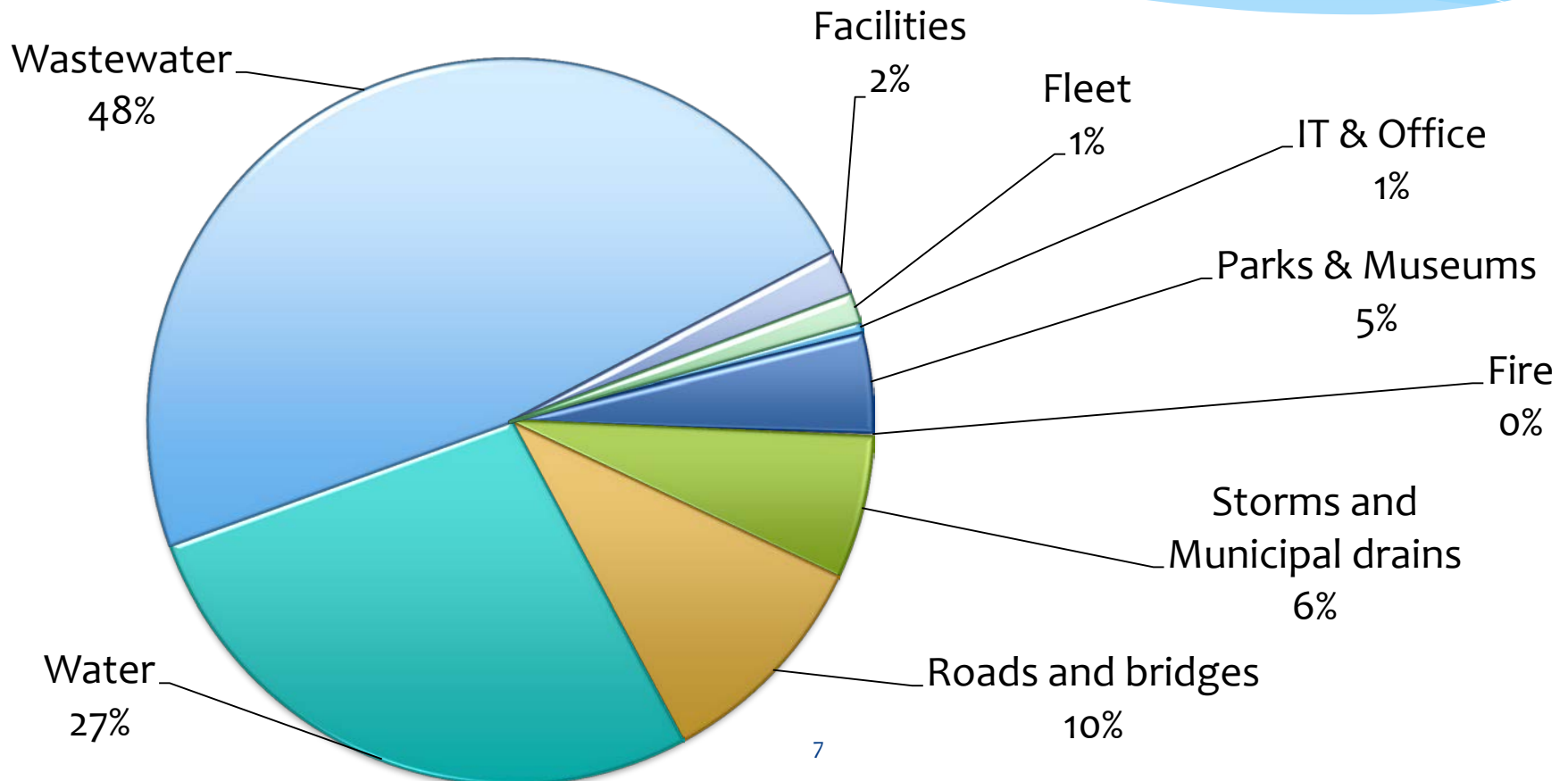
AMP identified **FUNDING GAP** for core infrastructure:

- Previously estimated at \$5 million/yr
- Final AMP to show expanded estimate over 100 years
- 2015 increased base contributions by \$400,000/yr
- Proposed 2016 \$600,000/yr increase to be related to AMP
- Budget based on what Town can afford
- Difficulty in maintaining or improving service level on existing assets, acquiring new assets every year as a result of development.

3) 2016 Capital Budget Highlights

Costs = \$31,336,592

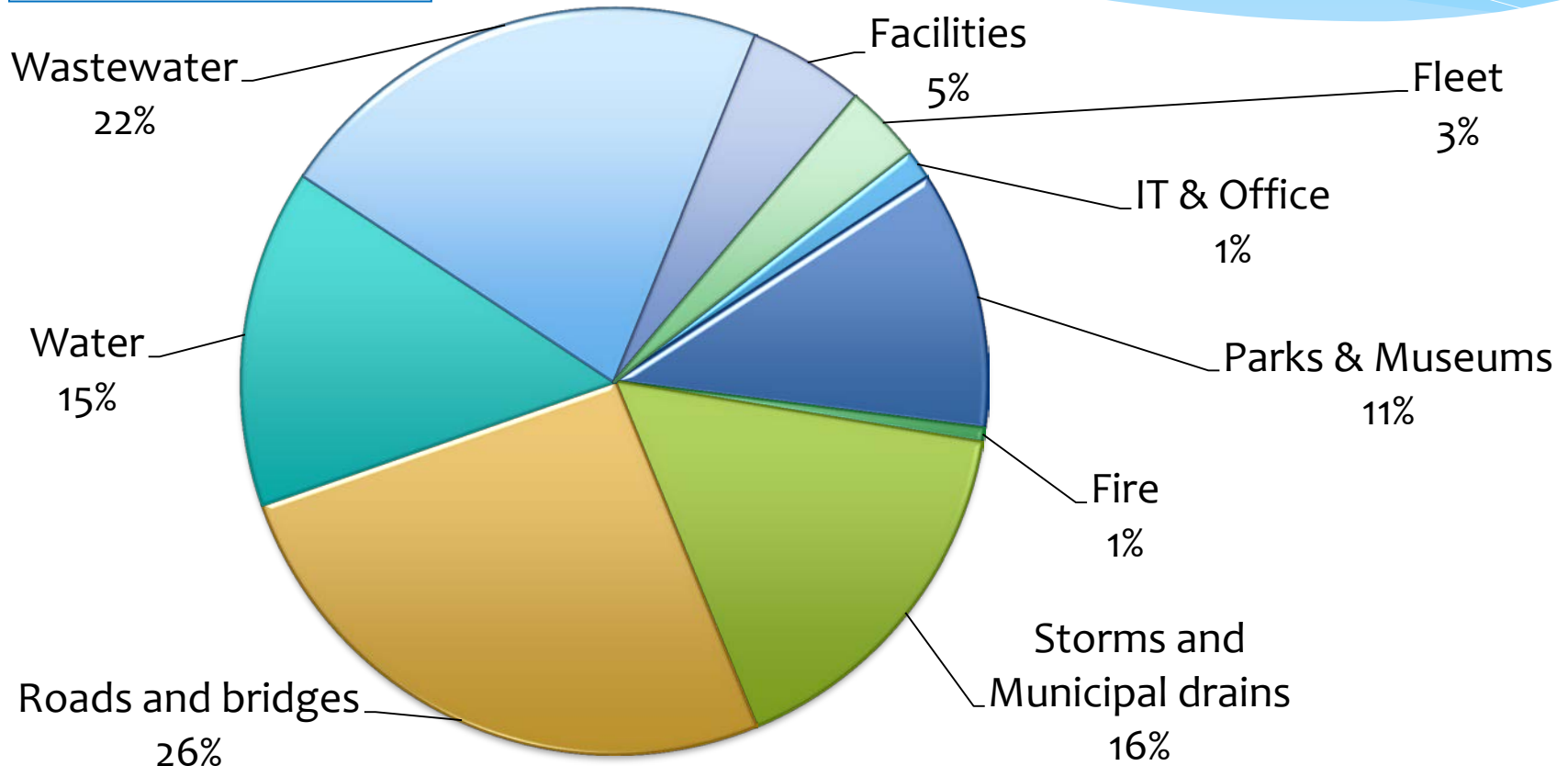
48 PROJECTS



3) 2016 Capital Budget Highlights

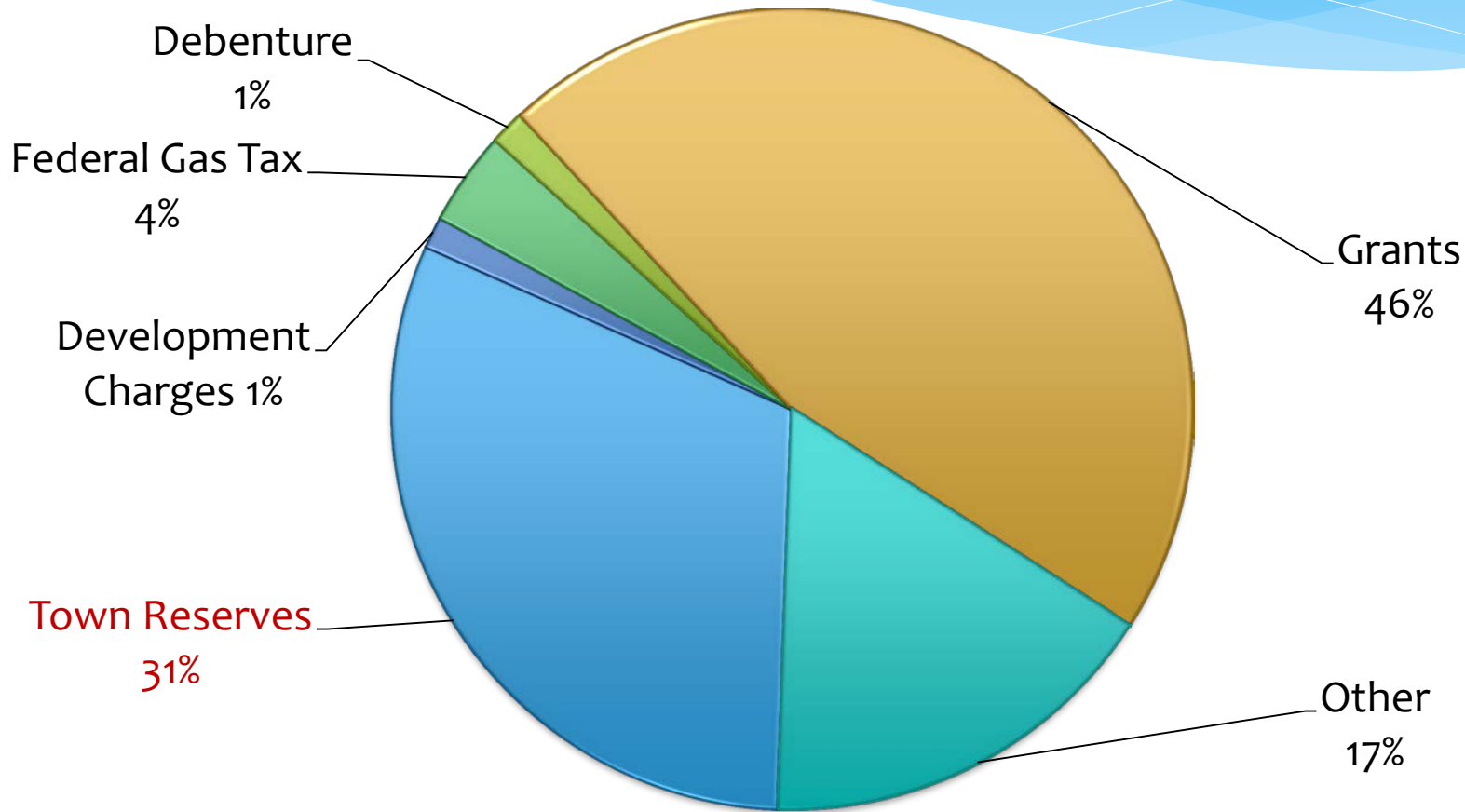
Costs = \$12,253,000 (without Bowen)

47 PROJECTS



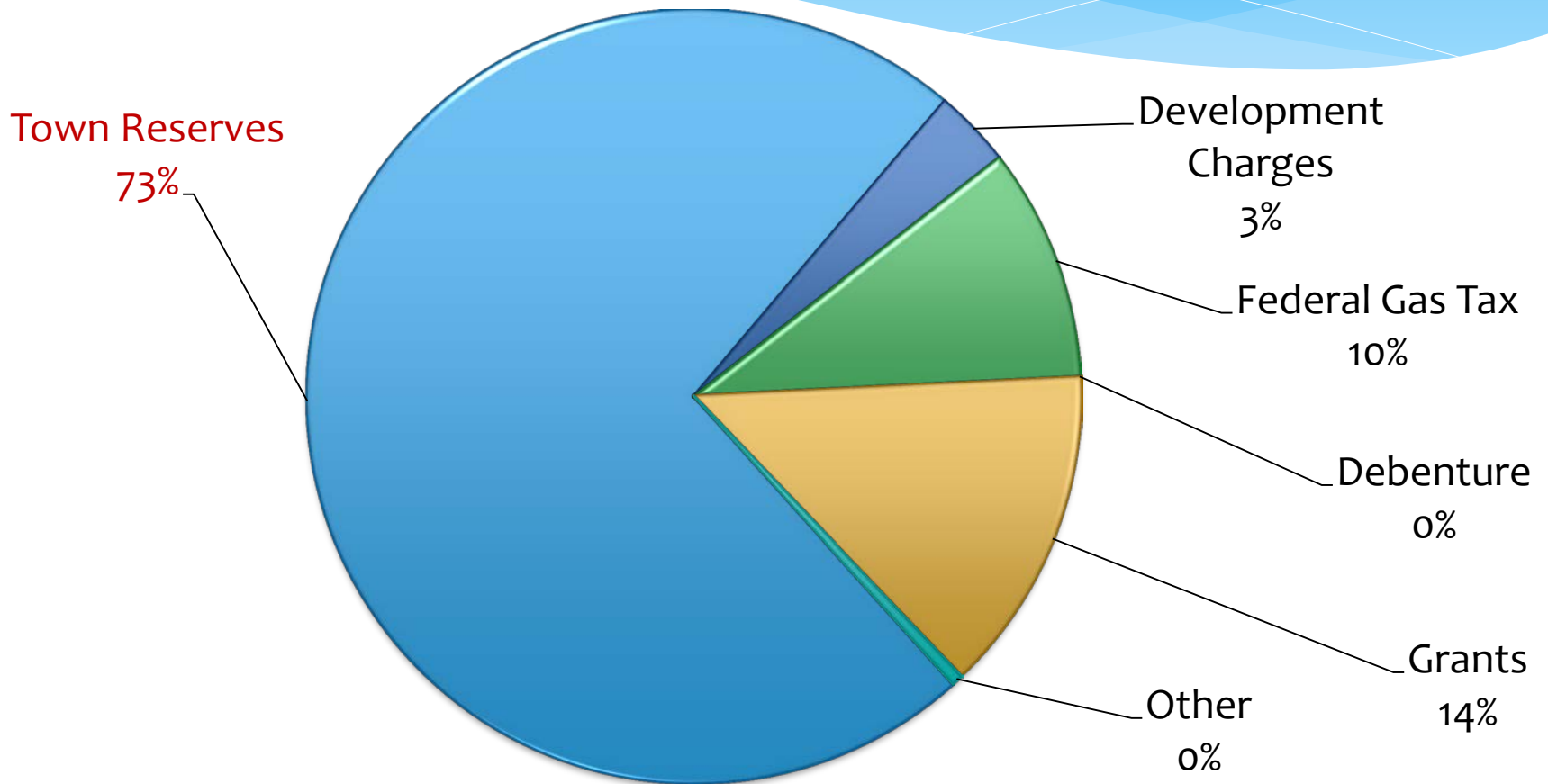
3) 2016 Capital Budget Highlights

Financing = \$31,336,592



3) 2016 Capital Budget Highlights

Financing = \$12,253,000 (without Bowen)



3) 2016 Capital Budget Highlights - Replacement/Rehabilitation

38% of Capital is Replacement/Rehabilitation of Existing:

- ✓ \$2,905,000 Catherine Street Phase 1
 - Catherine St from Niagara Blvd to Central Ave. Replace watermain, storm sewer, sanitary sewer and road reconstruction
- ✓ \$3,215,000 Catherine Street Phase 2
 - Catherine St from Central Ave to Concession. Replace watermain, storm sewer, sanitary sewer and road reconstruction
- ✓ \$1,750,000 Road Resurfacing program
 - \$850,000 Town; \$900,000 requested from OCIF Application-Based funding
- ✓ \$1,000,000 Bay Beach Master Plan implementation
- ✓ \$400,000 for water meter life cycle replacement

3) 2016 Capital Budget Highlights - New/Growth Assets

62% of Capital is **New or Growth Assets:**

- ✓ \$19,083,592 Bowen Rd sanitary & water services
- ✓ \$100,000 Beaver Creek South Branch Municipal Drain
- ✓ \$110,000 parks and enhancements
- ✓ \$175,000 operational enhancements (e.g., accessible transit shelters, cemetery software, and valve turning machine).

3) 2016 Capital Budget Highlights - Capital Financing

31% from RESERVES:

- Additional \$400,000 approved in 2015
- Strategic increases of \$2,313,741 since 2011

Year	General Levy	Water/Wastewater
2011 – 2014	\$1,240,100	\$504,000
2015	\$400,000	\$169,641
Total approved	\$1,640,100	\$673,641
2016 Proposed	\$600,000	*\$264,899
Levy/Rate % impact	2.59%	1.21%

*Includes \$64,899 repurposed debt (no budget impact)

2016 request not relied upon for delivery of 2016 capital program

3) 2016 Capital Budget Highlights - Capital Financing

46% from Grants

- BCF-SCF \$12.7 million for Bowen Rd services
- OCIF-Application \$900,000 Road Resurfacing
- OCIF-Formula \$272,595 for Catherine Street Phase 1
- Niagara Lakefront Enhancement Strategy \$500,000 for Bay Beach Master Plan implementation

1% from Debentures

- New debenture proposed of \$442,519 for Town's portion of Bowen Rd services for approval in 2016
- Debt charges <5% of total Town revenue = "low risk"
(Provincial limit is 25%)

3) 2016 Capital Budget Highlights - Capital Financing

1% from Development Charges (DC)

- Reserve for projects identified in the 2014 DC Study

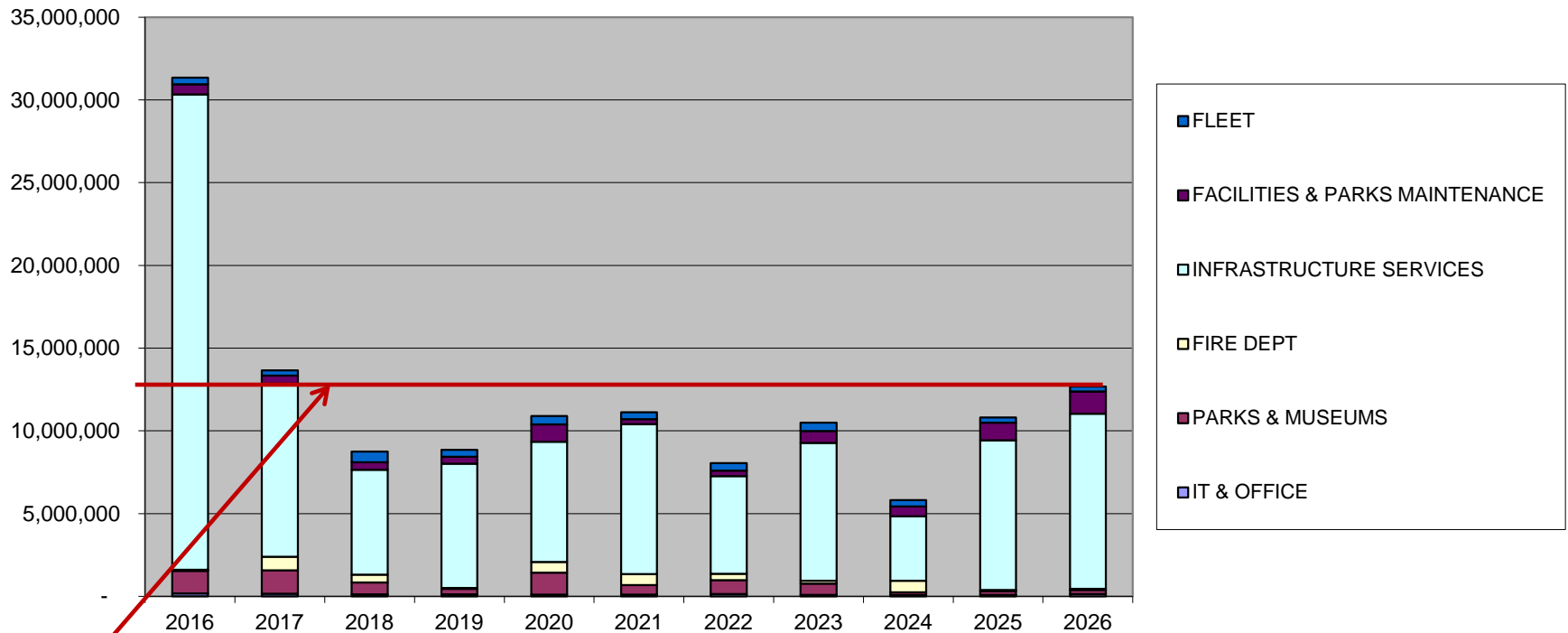
4% from Gas Tax Funding

- \$910,876/year Federal commitment; use \$1,194,500 in 2016
- Amount to increase for 2018 by 5% to \$954,255

16% from Other

- \$5,111,564 from CMS for Bowen Rd services
- \$57,500 from landowner contributions for Drains

3) 2016 Capital Budget Highlights - Capital Spending Forecast



Avg. annual Capital is \$12.0 million

3) 2016 Capital Budget Highlights - Preliminary vs. General approval

Preliminary approval:

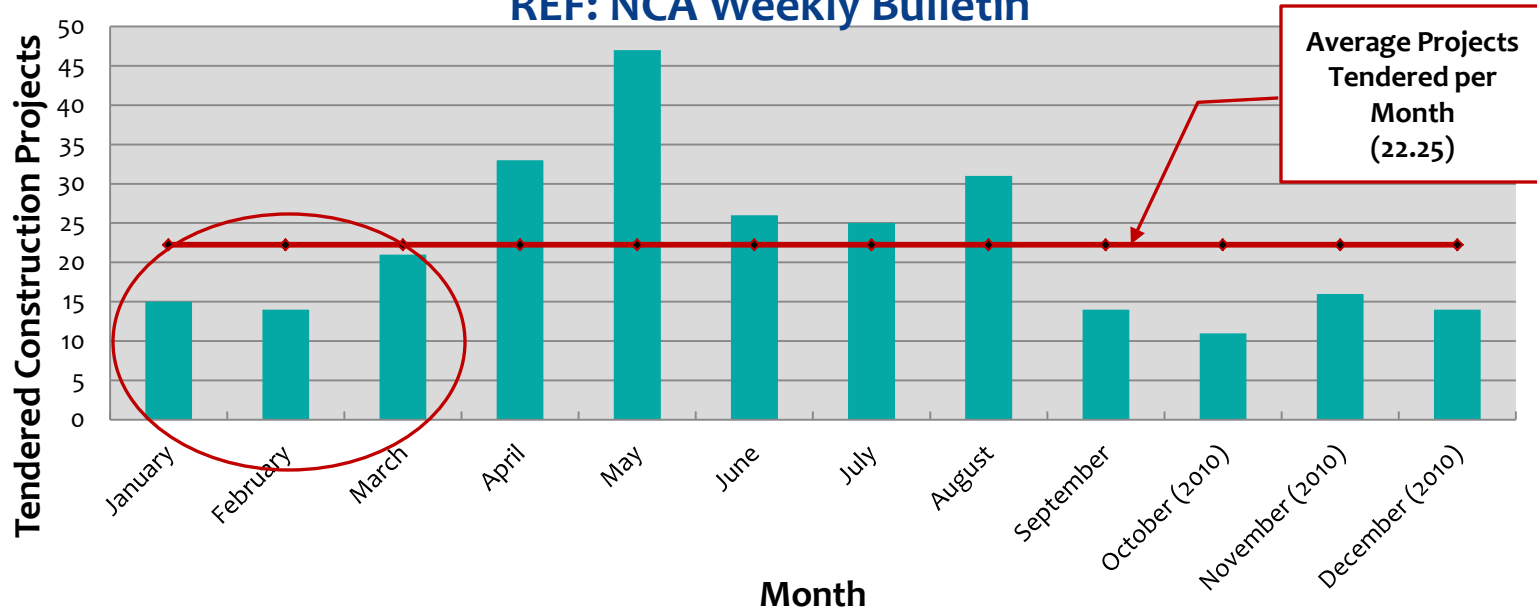
- ✓ By-law: November 23, 2015
- ✓ \$5,683,000 (Appendix “1”)
- ✓ Reserve funding currently available; expedite process

General approval:

- ✓ By-law: February 22, 2016
- ✓ \$25,653,592 (Appendix “2”)
- ✓ Reserve funding not sufficient; requires 2016 levy contributions

Preliminary Capital Budget

Construction Projects Tended within Niagara (2011)
REF: NCA Weekly Bulletin



4) Capital Budget - Risks

- **Grant** funding approvals are required for a number of projects to proceed or they may be reduced in scope.
- **Land sales** are required to fund the Bay Beach project.
- **Operating budget** impact:
 - Provided on worksheets for each project.
 - \$282,032/year, or 1.22% of General Levy (Appendix “3”), of which \$254,448 relates to Bowen Rd amortization.
- **Parks** relies on unconfirmed cash-in-lieu of parkland.
- **Infrastructure gap** well documented in AMP; condition of assets (e.g., roads) will continue to deteriorate.

4) Capital Budget - Opportunities

- **Operating budget** impact:
 - Some initiatives result in favourable operating impacts (e.g., lower energy & maintenance costs).
- **Preliminary** budget approval:
 - Tends to generate greater interest and may minimize costs.
- **Bowen Road** project synergies:
 - Approximately \$5.1 million in CMS contributions.
- **Grant** funding:
 - If successful, would see a marked increase in external Federal, Provincial, & Region funding.

5) Presentation Questions

