

2017 Capital Budget and 10-Year Forecast

November 16, 2016

Presentation Overview

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- 2) Capital Budget Drivers
- 3) Capital Budget Highlights
- 4) Capital Budget Unknown Factors & Opportunities
- 5) Presentation Questions
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1) 2017 Budget Timetable

Budget	Date
Capital Budget <ul style="list-style-type: none">• <i>Capital Budget By-Law (Appendix 1 Approval)</i>	November 16, 2016 <i>December 5, 2016</i>
Water & Wastewater Budget & User Fee Report <ul style="list-style-type: none">• <i>Water & Wastewater Rate & User Fee By-Law</i>	December 7, 2016 <i>January 23, 2017</i>
Library & EDTC Budgets	January 11, 2017
General Levy Budget & Assessment Analysis Report Follow-up meeting <ul style="list-style-type: none">• <i>General Levy Budget and Capital Budget (Appendix 2 Approval) By-law</i>	January 25, 2017 February 1, 2017 <i>February 27, 2017</i>

2) Capital Budget Drivers

ASSET MANAGEMENT PLAN (AMP)

- ✓ Approved in 2015 with priority to Roads, Bridges, Water & Wastewater
- ✓ Required by Province for grant funding
- ✓ Identifies long term capital requirements
- ✓ Financial strategy for sustaining investment
 - Council supported 2.5% levy increase over several years (2013-2018) to reduce funding gap of capital reserves
 - Reserve Policy and targets

2) Capital Budget Drivers

Asset plan priorities for budget & forecast periods are based on the following, with examples on the next slide:

- ✓ **MASTER SERVICING PLANS** – primarily replacement of existing assets.
- ✓ **DEVELOPMENT CHARGES BACKGROUND STUDY** – guides new or growth asset development.

2) Capital Budget Drivers

Plan	Most Recent Version	Scheduled Revision
Development Charges Background Study	2014	2019
Bridge & Culvert	2015	2017
Facility Condition Assessment	2007	2017
Water Distribution System MP	2007	2017
Wastewater MP, Storm Water MP & Pollution Control Plan	2011	2018
Road System MP	2015	2016
Parks & Open Space MP	2006	2017

2) Capital Budget Drivers

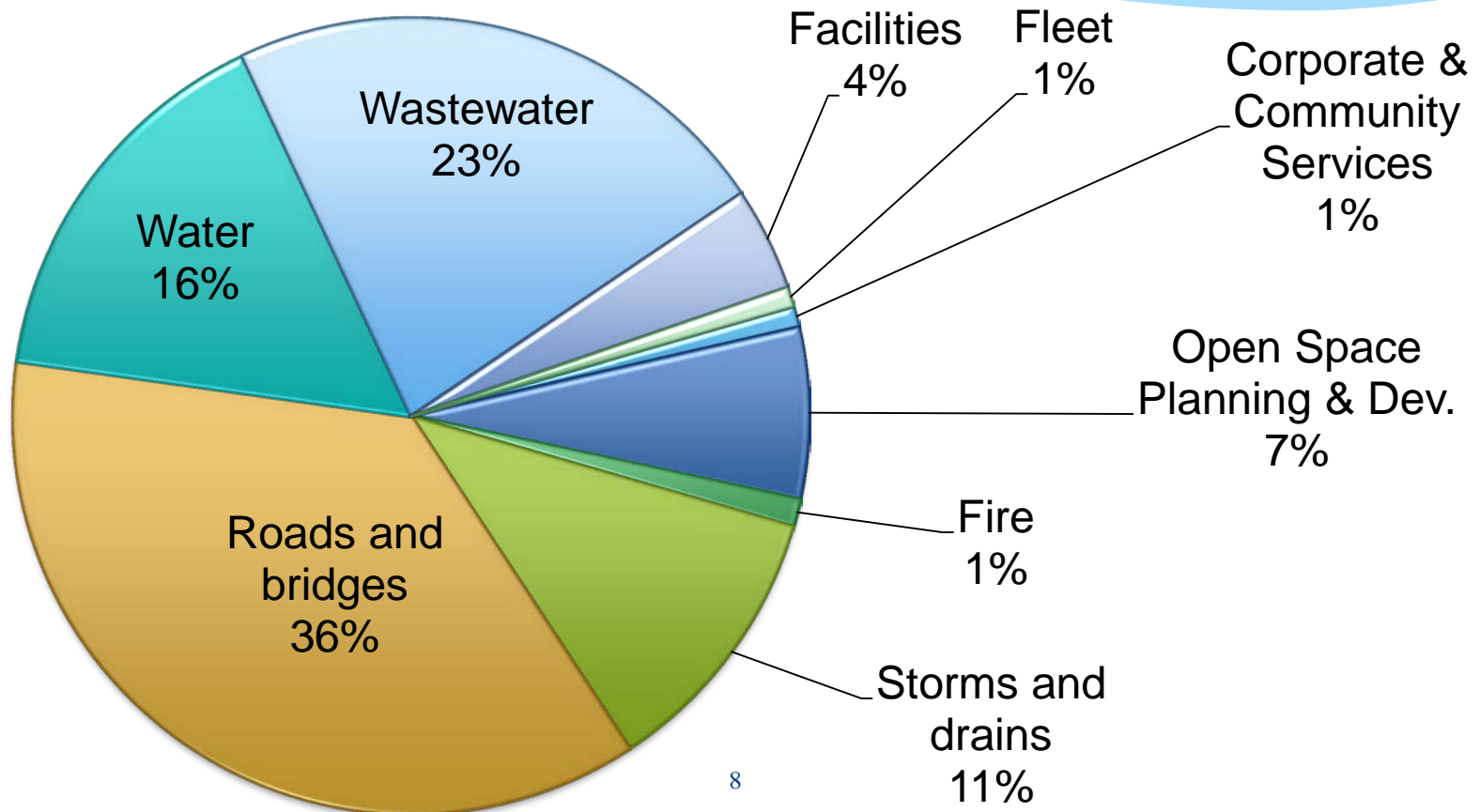
AMP identified **FUNDING GAP** for core infrastructure:

- Previously estimated at \$5 million/yr.
- Final AMP showed expanded estimate over 100 years.
- 2016 increased base contributions by \$800,000/yr.
- Proposed 2017 \$500,000/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) Capital Budget Highlights

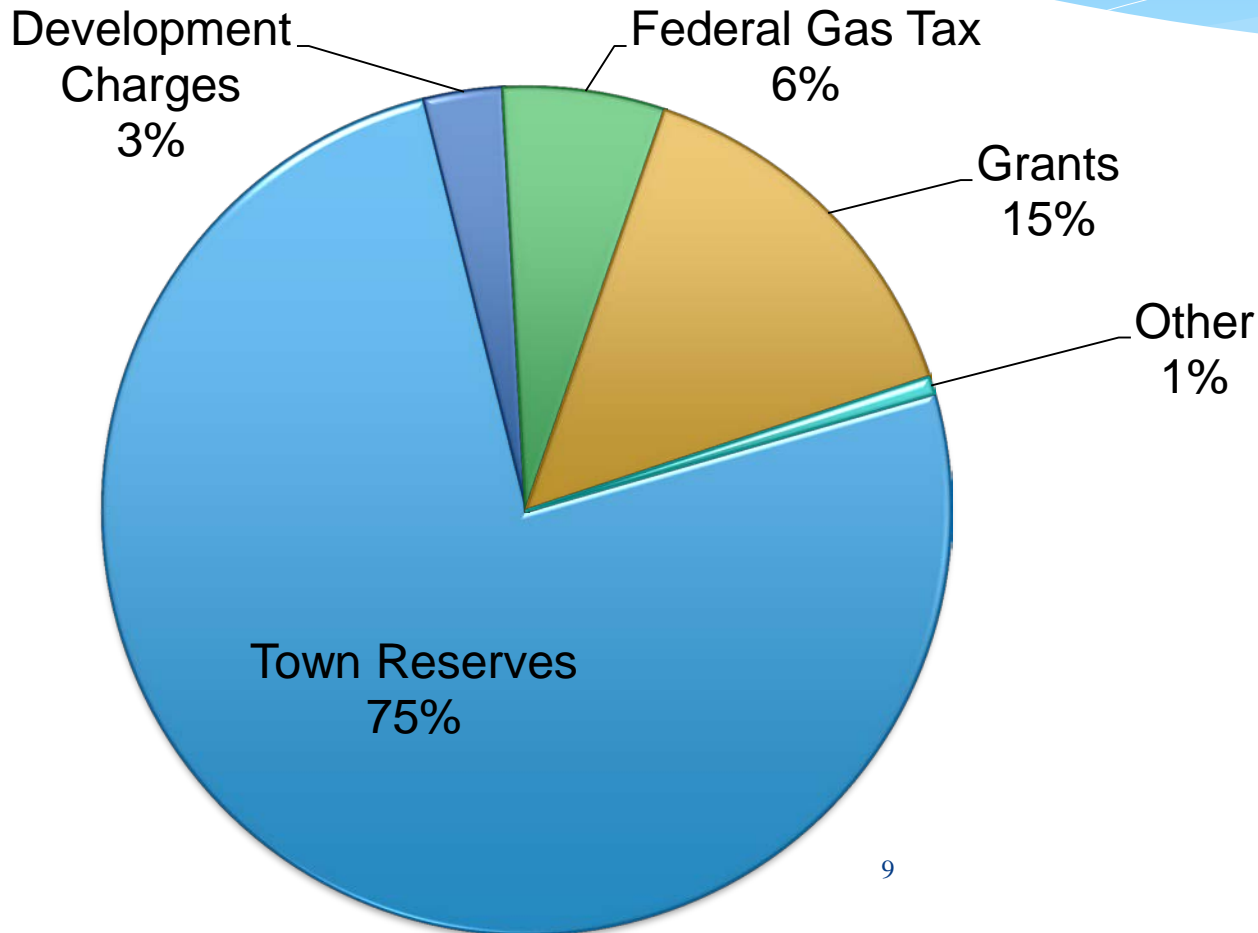
Costs = \$16,244,640

63 Projects



3) Capital Budget Highlights

Financing = \$16,244,640



3) Capital Budget Highlights - Replacement/Rehabilitation

94% of Capital is Replacement/Rehabilitation of Existing Assets:

- ✓ \$3,786,000 Highland Ave. Reconstruction
 - Crooks St. to Niagara Parkway. Replace watermain, storm sewer, sanitary sewer and road reconstruction. \$816,731 requested from OCIF Top-Up.
- ✓ \$1,305,000 Bridge & Culvert Replacement
 - Winger Rd., Black Creek & Nigh Rd. replacement. Railing improvements to Church Rd and Thunder Bay Rd.
- ✓ \$1,170,000 Murray St. Sanitary Sewer Replacement
- ✓ \$1,100,000 Road Resurfacing program
- ✓ \$675,000 Bay Beach Master Plan implementation
- ✓ \$450,000 for water meter life cycle replacement

3) Capital Budget Highlights - New/Growth Assets

6% of Capital is **New or Growth Assets**:

- ✓ \$317,000 Transit Bus Stop & Facility improvements
- ✓ \$200,000 QEW Gateway Feature
- ✓ \$180,000 Green Acres Drive upgrades – storm component (developer driven)
- ✓ \$265,000 other additions (e.g., park enhancements, Building Division equipment & vehicle)

3) Capital Budget Highlights - Capital Financing

75% from Reserves:

- Additional \$800,000 approved in 2016
- Strategic increases of \$2,950,985 since 2013

Year	General Levy	Water/Wastewater
2013 – 2015	\$1,300,000	\$531,641
2016	<u>\$800,000</u>	<u>\$319,344</u>
Total approved	\$2,100,000	\$850,985
<i>2017 Proposed</i>	<i>\$500,000</i>	<i>*\$150,000</i>
<i>Levy/Rate % impact</i>	<i>2.03%</i>	<i>0.87%</i>
<i>App “3” impact</i>	<i>0.28%</i>	<i>N/a</i>

*No repurposed debt

2017 request not relied upon for delivery of 2017 capital program

3) Capital Budget Highlights - Capital Financing

15% from Grants

- CWWF: \$1.72 million for 3 projects
- OCIF Formula-based: \$489,721 for Highland Ave.
- PTIF: \$149,056 for bus stops
- Niagara Public Realm Investment: \$17,000 for bus stops
- Niagara Waterfront Investment: \$850,000 for Bay Beach Master Plan implementation

No Debentures

- Debt charges <5% of total Town revenue = “low risk” (Provincial limit is 25%)

3) Capital Budget Highlights - Capital Financing

6% from Gas Tax Funding

- \$910,876/year Federal commitment; use \$1 million in 2017
- Amount to increase for 2018 by 5% to \$954,255

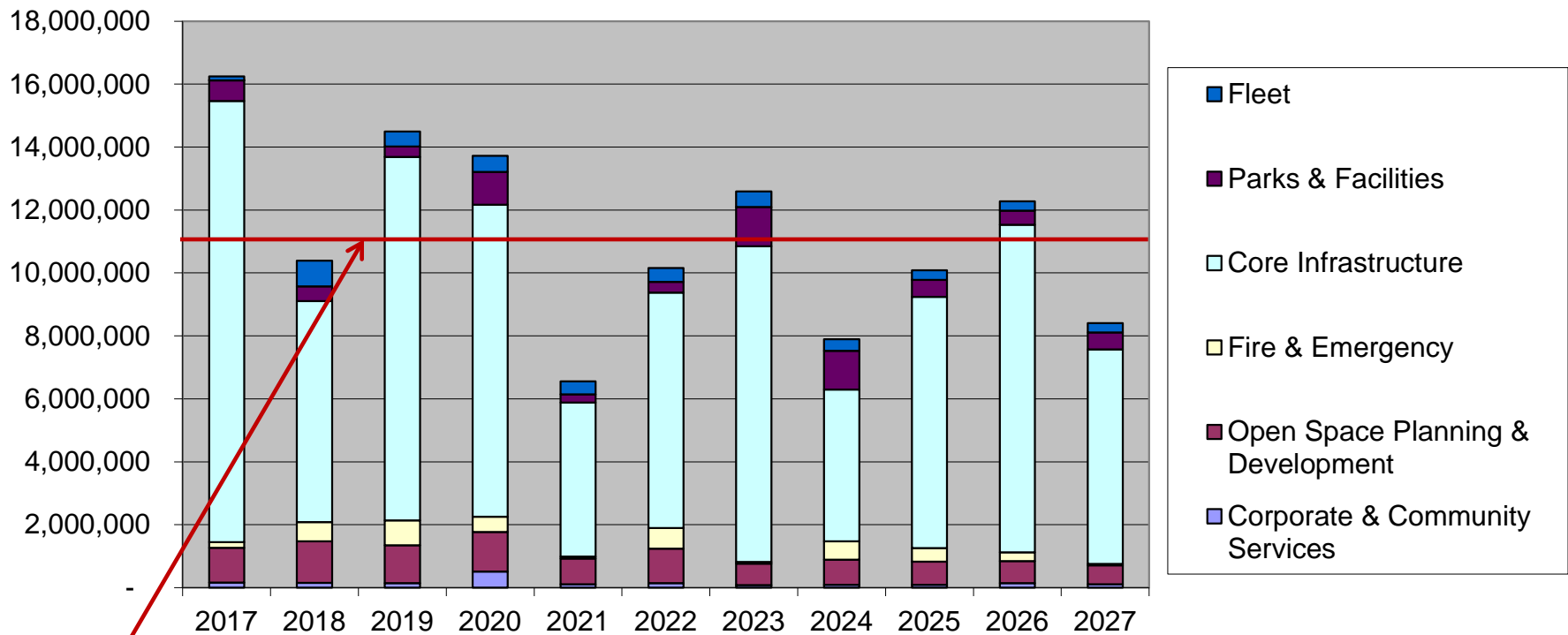
3% from Development Charges (DC)

- Reserve for projects identified in the 2014 DC Study

1% from Other

- \$77,500 from landowner contributions for Drains

3) Capital Budget Highlights - Capital Spending Forecast



Avg. annual Capital is \$11.2 million

3) Capital Budget Highlights

- Preliminary vs. General approval

Preliminary approval:

- ✓ By-law: December 5, 2016
- ✓ \$2,137,000 (Appendix “1”)
- ✓ Reserve funding currently available; expedite process

General approval:

- ✓ By-law: February 27, 2017
- ✓ \$14,107,640 (Appendix “2”)
- ✓ Reserve funding not sufficient; requires 2017 levy contributions

4) Capital Budget - Unknown Factors

- **Grant** funding approvals are required for a number of projects to proceed or they may be reduced in scope.
- **Project details** are required to determine the forecasted nature & scope for some projects (e.g., Bay Beach).
- **Operating budget** impact:
 - Provided on worksheets for each project.
 - \$69,702 /year, or 0.28% of General Levy (Appendix “3”).
- **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

- **Grant funding:**
 - If successful, would see a marked increase in external Federal, Provincial, & Region funding (e.g., OCIF).
- **Preliminary budget approval:**
 - Tends to generate greater interest and may minimize costs.
- **Operating budget impact:**
 - Some replaced assets may result in favourable operating impacts (e.g., lower energy & maintenance costs).

5) Presentation Questions



Please refer to Council Report No. CBC-01-2017 for further information

6) Capital Project Worksheets - Review