2018 Budget
Overview

Budget Overview

The 2018 City of Greater Sudbury Budget describes the City's business plans for the year, along with the related costs and revenues associated with delivering municipal services. It enables residents to build an understanding about how taxes are used to procure new infrastructure, repair existing assets and provide daily services that significantly impact the quality of life in Greater Sudbury.

The details in this budget document focus on the relationship between services, service levels and costs. It incorporates benchmarks to facilitate Greater Sudbury's performance compared to other municipalities and, in doing so, emphasizes the value the City places on the delivery of quality, reliable and, consistent services to residents.

The Budget has three objectives:

- To strengthen understanding of the relationship between services, service levels and cost.
- To engage City Council throughout the budget development process.
- To improve public engagement opportunities.

Narrative text describes the municipality's operating environment and general financial condition. Standard business plans for each major service area describes performance objectives, the services they provide, key issues and opportunities, and 2018 deliverables. Financial information that includes historical comparisons provides context.

The 2018 document also includes key performance indicators, where available, to demonstrate how the City of Greater Sudbury compares to other municipalities. This helps illustrate the effect that changing one element (cost or revenues) can have on the other (services and/or service levels). Some service areas do not have key performance indicators as they are not tracked through MBNCan. However all service areas will have a performance metric for the 2019 budget.

The Capital Budget presented in the budget document represents a $162 million investment in municipal assets. The majority of these funds will be invested in roads, citizen and leisure, facilities and water/ wastewater infrastructure. This is essential in addressing the infrastructure requirements experienced by municipalities across Canada, and in ensuring the long-term sustainability of our community.

This budget also focuses on key investments in applying tools and methods to identify productivity improvements, which will lead to ongoing affordability:

- Developing and using tools, such as intermunicipal performance benchmarks, to ensure we are delivering services as efficiently and effectively as possible.
- Establishing processes, such as long-range financial planning, to ensure we understand the long-term implications of investment opportunities.
- Improving internal processes, policies and information management systems to work as productively as possible.

Defining Services and Understanding Service Alternatives

This budget uses cost allocation methods that help identify a service's full cost, regardless of which division's budget is used to contribute to producing results. This approach also helps to:

- Identify improvements in operational processes, and program and service delivery.
- Understand service delivery implications of budget reductions or increases.
- Measure and compare service performance annually and in relation to other municipalities.
- Improve business planning processes, in particular to accurately identify capacity constraints and ensure the highest priority work receives sufficient attention.
- Provide clear, accurate information to residents about the services they receive.

Long-Term Financial Plan

The City has completed a comprehensive Long-Term Financial Plan as identified in the Corporate Strategic Plan (2015-2018). The plan covers the next 10 years (2018 to 2027) and incorporates projected funding requirements, tax levy increases and reserve balances under the current financial model. Staff will be using this information as a benchmark for operating and capital budgeting and forecasting. The following additional financial strategies were highlighted:

- Implementation of stormwater management fees,
- Use of alternative tax classes and adjusting property tax ratios,
- Capital financing: using debt to fund the infrastructure requirement,
- Infrastructure and service rationalizations: analyzing current service levels of arenas, community centres, playgrounds, municipal roads, municipal fleet and others.

The Long-Term Financial Plan incorporates key goals and objectives while being fiscally responsible and sustainable.

Measuring Performance

By measuring progress toward goals and objectives, key performance indicators (KPIs) enhance the explanation of achieved outcomes in the delivery of municipal services, and provide context for data-driven decision making.

BMA Study

Each year, the City participates in the BMA Management Consulting Inc. (Ontario) municipal comparative study, more commonly known as the BMA Study. Data from the BMA Study is collected mainly from two reliable sources: Financial Information Returns filed with the Ministry of Municipal Affairs, and tax roll and assessment data provided by the Municipal Property Assessment Corporation (MPAC). In addition, the City belongs to several industry-specific organizations, which collaboratively compile and analyze benchmarking data to determine service improvements.

MBNCan

The City recently joined the Municipal Benchmarking Network Canada (MBNCan) to share expertise and data designed to highlight opportunities for improving service performance and demonstrate transparency and accountability to taxpayers. MBNCan collects data on high level measures and provides Chief Administrative Officers and City Managers the opportunity to see what others were doing, ask questions and learn from each other to improve performance.

MBNCan collects data for 36 program areas and provides comparisons with up to 15 other municipalities across the country. Staff has access to a secure database of municipal performance data and to a network of peers that meet regularly throughout the year.

Through an annual process of collecting service performance data, Greater Sudbury's results can be compared with other communities across the country. Results are publicly reported in divisional business plans in the Operating Budget section of this document and on the City's website.

Operating Budget

The annual operating budget includes estimated operating expenditures and revenues required to allow the City to deliver service levels approved by Council. Increases to the operating budget are limited to contractual and legislated obligations, inflationary increases, and increased costs associated with maintaining current service levels.

While the overall increase is lower than previous periods, the City is facing significant pressures in some areas:

- Anticipated reduction in provincial funding from the Ontario Municipal Partnership Fund.
- Low Assessment Growth: Minimal increase in the number of new buildings in the community equals minimal change in the number of properties paying taxes, while expenses and costs continue to increase.
- WSIB Presumptive Legislation: New legislation related to the Workplace Safety and Insurance Board puts additional financial obligations on the City.
- Ontario Bill 148: Fair Workplaces, Better Jobs Act, including minimum wage implications and other labour law changes.

Capital Budget Highlights

Renewal:

The renewal of infrastructure relates to existing infrastructure and other assets to maintain business as usual functions. Generally, it's focused on rebuilding or replacing existing assets that have reached the end of their useful lives, or on repairing and rehabilitating existing assets to extend their useful lives. Asset renewal maintains existing services and service levels versus addressing new capacity needs or enhancing service levels.

Key Deliverables

- Fixing roadways in our community continues to be one of the top priorities. The City continues to spend record levels on road infrastructure, from $32.8 million in 2009 to $103.4 million in 2018, which includes the four-laning of Municipal Road (MR) 35 at a cost of $33.2 million, proposed to be funded with the use of external debt financing. The roads budget also includes the reconstruction of Lorne Street at a cost of $24.9 million, and $10 million for various bridges and culverts.
- Staff is completing capital projects as a result of significant federal and provincial funding announcements which took place in 2016 and were reflected in the 2017 Capital Budget. The funding assisted the City in the area of roads, water, wastewater and transit by replacing aging assets and improving service quality for residents and transit riders. The majority of these projects are required to be completed by March 2018, with the exception of the Maley Drive Extension project.
- The City has, and continues to, contribute $250,000 per year toward subwatershed studies, which will help to protect our ecological functions. In addition, the City continues to contribute $800,000 per year toward cycling infrastructure.
- An increase in the Ontario Community Infrastructure Fund from $2.2 million per year in 2016 to a total of $19 million for the years 2017 to 2019 will be spent on various road-related capital projects. The amount for the 2018 budget is $6 million, an increase from the 2017 grant of $4.3 million.
- The Asset Management Plan was presented to Council in December 2016. The results of this plan showed that the City has infrastructure requirements of $1.9 billion as of the end of 2016, which will grow to $3.1 billion by the end of 2026. The additional government funds announced in 2016 for roads, water/wastewater, drains/stormwater and transit will help in addressing requirements in their respective areas, however, City facilities are also in need of replacements, renovations and improvements to bring them back to a state of good repair. The majority of City buildings and facilities were constructed in the 1960s and 1970s and are at the end or close to the end of their estimated useful lives. These facilities include arenas, pools, fire and paramedic stations, public works depots and Tom Davies Square.
- Consistent with prior years, staff has recommended a special capital levy of 1.5 % which would mean a $3.75 million investment into our capital assets (see Capital Budget section of this document for further information).
- Staff is revising the Capital Budget Policy along with the prioritization of capital projects using an enterprise-wide approach planned for the 2019 Budget.

Accounting Process

Basis of Presentation

The City of Greater Sudbury uses fund accounting for management reporting purposes in the form of operating and capital budgets.

The operating fund is comprised of transactions relating to operational revenues and expenses such as grant revenues, user fees, salaries and benefits, materials, and purchased contract services. The operating budget funds the day-to-day operations of the City. The annual operating budget is in excess of half a billion dollars.

The capital fund is comprised of revenues and expenses relating to capital projects, as approved in the capital budget. These accounts are maintained until projects are complete, which can be over multiple years.

Basis of Accounting

The City of Greater Sudbury utilizes the modified cash basis of accounting for budgeting purposes, in accordance with the Municipal Act, Budget Preparation Policy and best practices. The annual operating and capital budgets are tools to raise the funds necessary to meet spending requirements. Revenues are recognized as they are earned, and expenses are recognized in the period in which they are expected to be paid.

Revenue recognition policies are classified by major category such as government transfers, taxation revenues, user charges, fines and penalties, other revenue and investment income.

Summary of revenue recognition policies:

- Taxation revenue: recognized when bills are issued.
- Government transfers: recognized when eligibility or stipulation criteria have been met.
- User charges, other revenue and investment income: recognized when services have been provided or the event that has given rise to the revenue has occurred.
- Fines and penalties: recognized on a cash basis as the City is not able to reliably estimate the collection of these revenues.

Revenues with external restrictions, such as grants, which are not earned in the period, are recorded as deferred revenue until the criteria for recognition has been met.

Tangible capital assets are recorded at the cost which includes amounts directly attributable to the acquisition, construction, development or betterment of the asset.

Budget Process

The operating and capital budgets are prepared annually, with the capital budget providing a four-year outlook. City Council is also responsible for funding its share of three outside boards' budgets: Greater Sudbury Police Service, the Sudbury & District Health Unit, and Conservation Sudbury (Nickel District Conservation Authority).

The first stage of the budget process is prepared in accordance with the Base Budget Preparation Policy. An analysis of inflationary pressures, such as wage adjustments in accordance with collective bargaining agreements, contract and material price increases, is prepared.

Operating departments and finance staff review projected year end actuals against budgets to identify variances such as overruns, areas in need of more resources to maintain service levels, or items that can be cut or reduced while maintaining service levels. A review of historical trend analysis is performed to verify the accuracy of the budget. Any adjustments are done in accordance with the Base Budget Preparation Policy. The budget also reflects any known funding approvals from senior levels of government or partnerships. Any requests for additional permanent staff must be approved by City Council unless required by legislation. The program support allocations and internal recoveries are calculated in accordance with the Municipal Benchmarking Network Canada (MBNCan) methodology.

A review of provincially-mandated programs and service contracts, costs to service growth, and prior year Council decisions and commitments is also conducted. Assessment growth is applied to total pressures to reduce the impact on property taxes.

In order to propose service level changes, operating departments prepared comprehensive business cases. All submitted business cases for service level changes were reviewed by the Executive Leadership Team, and based on priorities, available funds, and need, a prioritized list is included in this budget document for Council's consideration (see Business Cases section of this document).

Budget Process (Continued)

Council provides final approval of the operating and capital budgets. Budgets are monitored by departments in accordance with the Operating Budget and Capital Budget Policies. These policies provide fiscal control and accountability. On a quarterly basis, the Finance and Administration Committee of Council reviews variance reports including a year-end projection of operating revenues and expenditures. The variance reports provide Council with an overview of potential year-end variances by division or section. Furthermore, the Finance and Administration Committee reviews a Capital Variance Report for completed projects.

Departments have the ability to amend their Council approved operating budget during the year based on a several factors, including announcements of new funding, or by reallocating funds for new contracts. In these instances, the Council approved budget is revised with no impact to overall property taxes.

The Capital Budget Policy outlines how the capital budget can be amended during the year through approvals by a separate Council report with an appropriate funding source, such as reserve funds, grants or future capital envelopes. In addition, departments can reallocate previously approved funds toward other projects when required to fund over expenditures from a project with a surplus of funds or when one project is required to be cancelled to provide additional funds for an existing priority project. Council is informed of cancelled projects within the quarterly Capital Variance Reports.

The City of Greater Sudbury is constantly looking at ways to improve its financial sustainability through a balanced approach to financial management. Finding ways to save money and improve efficiency is always top of mind.

Council's Role

Council directly participates in the budget process at three stages:

At the start of the process, Council provides direction on the building of the budget plan for 2018.

In the middle of the process, Council receives an update and provides any feedback necessary to help staff prepare a recommended budget that reflects expectations about anticipated services, service levels and costs.

At the conclusion of the process, Council reviews the recommended budget, makes any amendments required and approves the budget.

The Public's Role

Public engagement opportunities continue to give interested members of the public the opportunity to review and understand the information staff used to prepare the budget and provide comments and feedback. Public engagement is essential in building trust and credibility with the community.

An interactive, online budget tool provided residents with an opportunity to adjust proposed 2018 tax amounts for major service areas. The tool presented residents with a direct link between their choices and the impact on their own property taxes. This was an important step in identifying where residents' priorities lie and the level of spending they believe is appropriate.

Several community meetings will be held across Greater Sudbury following the tabling of the proposed budget. The goal of these community meetings is to provide residents with an overview of the 2018 budget, including key investments and challenges. Key City staff will be in attendance to discuss the basis of the 2018 budget.

Budget Schedule

Financial Condition

The Public Sector Accounting Board has a Statement of Recommended Practice, which offers guidance to public sector entities to support discussions about their financial condition.

The City's financial condition is determined using three elements: Sustainability, Flexibility and Vulnerability.

See the Glossary in the Appendices for a description of the calculation of all financial condition indicators.

Sustainability

Sustainability is the ability to maintain existing service levels and meet existing requirements without significantly increasing the relative debt or property taxes.

The financial position per capita can vary on a year over year basis but remains much stronger than the average and median of all municipalities in the BMA Study. The City's asset consumption ratio shows that the City's assets are not being replaced as quickly as the City's comparators. The City's ratio of financial assets and liabilities at 1.67 is higher than the recommended range of 0.75 to 1.5 and much higher than the City's comparators as noted in the City's Long-Term Financial Plan. The ratio of debt to revenue has a stable or positive trend in the first years in the table and then shows a change as a result of incurring external debt for the Biosolids Plant and Transit Garage in 2015 but it is quite low compared to other municipalities.

The debt per household is not an estimate of how much each household must contribute to debt repayment. It is simply a way of describing the City's debt relative to the size of the community. As part of the City's financial planning, accommodation must be made to repay debt over time.

Sustainability Indicators

	2011	2012	2013	2014	2015	BMA Average	BMA Median
Financial Position Per Capita	$912	$1,143	$1,126	$906	$1,042	$357	$437
Net Financial Liability Ratio	(0.42)	(0.51)	(0.49)	(0.39)	(0.45)	(0.36)	(0.27)
Asset Consumption Ratio	46.5%	48.0%	49.1%	49.3%	48.6%	39.8%	38.7%

* 2016 BMA Study

	2011	2012	2013	2014	2015	2016
Ratio of Financial Assets to Liablities	1.70	1.86	1.80	1.54	1.62	1.67
Ratio of Debt to Revenue	0.09	0.08	0.07	0.06	0.16	0.15
Debt Per Household	$629	$588	$502	$434	$1,178	$1,096

* Public Sector Accounting Board (PSAB) Indicators

Flexibility

Flexibility is the ability the City has to increase its financial resources to address additional commitments and change service levels. This is done by increasing property tax revenues or by taking on additional debt.

When analyzing the flexibility indicators, the two major factors to consider are reserves and debt. Compared to other municipalities, discretionary reserve funds are lower than the average, but so is overall debt. The City's ability to react to unanticipated expenditures, take on new capital spending and change service levels is quite strong. Debt, particularly debt combined with funding opportunities from senior levels of government is a viable, partial solution to the City's asset condition issues.

The City's debt outstanding per capita is low compared to the median and average municipality of a comparable size which can indicate a capacity for increased borrowing as noted in the Long-Term Financial Plan.

	2011	2012	2013	2014	2015	BMA Average	BMA Median
Tax Discretionary Reserves as a % of Taxation	46%	56%	54%	54%	57%	72%	70%
Discretionary Reserves as a % of Own Source Revenues	33%	39%	39%	39%	41%	51%	50%
Tax Debt Interest as a % of Own Source Revenues	0.5%	0.3%	0.3%	0.3%	0.4%	1.4%	1.2%
Debt to Reserve Ratio	0.40	0.30	0.20	0.20	0.50	1.00	0.70
Total Reserves per Capita					$998	$396	$345
Total Debt Charges as a % of Own Source Revenues					1.9%	5.2%	5.0%
Total Debt Outstanding per Capita**					$532	$1,409	$1,277
Debt Outstanding as a % of Own Source Revenues					22.8%	40.5%	37.5%

* 2016 BMA Study

**The average and the median are based on the comparator municipalities with population over 100,000.

	2011	2012	2013	2014	2015	2016
Ratio of Debt Charges to Total Revenue	-0.01	0.00	0.01	0.01	0.01	0.01
Municipal Taxes as % of Household Income	4.49%	4.11%	3.71%	4.01%	3.76%	3.63%

* Public Sector Accounting Board (PSAB) Indicators

Vulnerability

Vulnerability is the degree to which the City is susceptible to changes in funding sources outside its control. There is a risk in relying too heavily on funding sources, which can be reduced or eliminated without notice.

The City receives several funding grants from senior levels of government, including Ontario Municipal Partnership Fund allocations, Provincial and Federal gas taxes, and Stewardship Ontario blue box funding, to name a few.

The rates covered ratio states that the City is able to cover 75.1 % of the municipality's cost without the use of external funding. According to the Ministry of Municipal Affairs, a basic target is 40 to 60 %, an intermediate is 60 to 90 %, and an advanced target is 90 % or greater. Although the City's ratio is intermediate, the comparable municipalities are within advanced range.

The trend over the last five years has been a decrease in reliance on federal and provincial funding sources as shown by a decrease in the City's government transfers to total revenue. Although a higher ratio indicates higher vulnerability the City will continue to maximize grant revenue.

	2011	2012	2013	2014	2015	BMA Average	BMA Median
Taxes Receivable as a % of Tax Levied	2.5%	2.7%	2.8%	2.3%	2.5%	6.8%	5.8%
Rates Covered Ratio					75.1%	90.1%	90.4%

* 2016 BMA Study

	2011	2012	2013	2014	2015	2016
Ratio of Government Transfers to Total Revenue	0.30	0.26	0.26	0.26	0.27	0.25

* Public Sector Accounting Board (PSAB) Indicators

Summary

The City of Greater Sudbury's current financial condition has been relatively stable over the last two years with many areas showing slight improvement. As noted in the discussion above, many of the financial ratios compare favourably to other municipalities, when considering taxation and debt. As the Long-Term Financial Plan suggests, the 2018 Budget is another reminder that the City faces increasing costs to maintain existing service levels. Coupled with the need to address long-term asset investment issues, this may place upward pressure on the tax levy and user fees. The City is embarking upon a robust asset planning methodology to minimize long-term costs as assets are rehabilitated or replaced. The City has an Asset Management Plan and Long-Term Financial Plan and will be using these tools to address the infrastructure requirement, and has significant debt capacity to address these challenges.

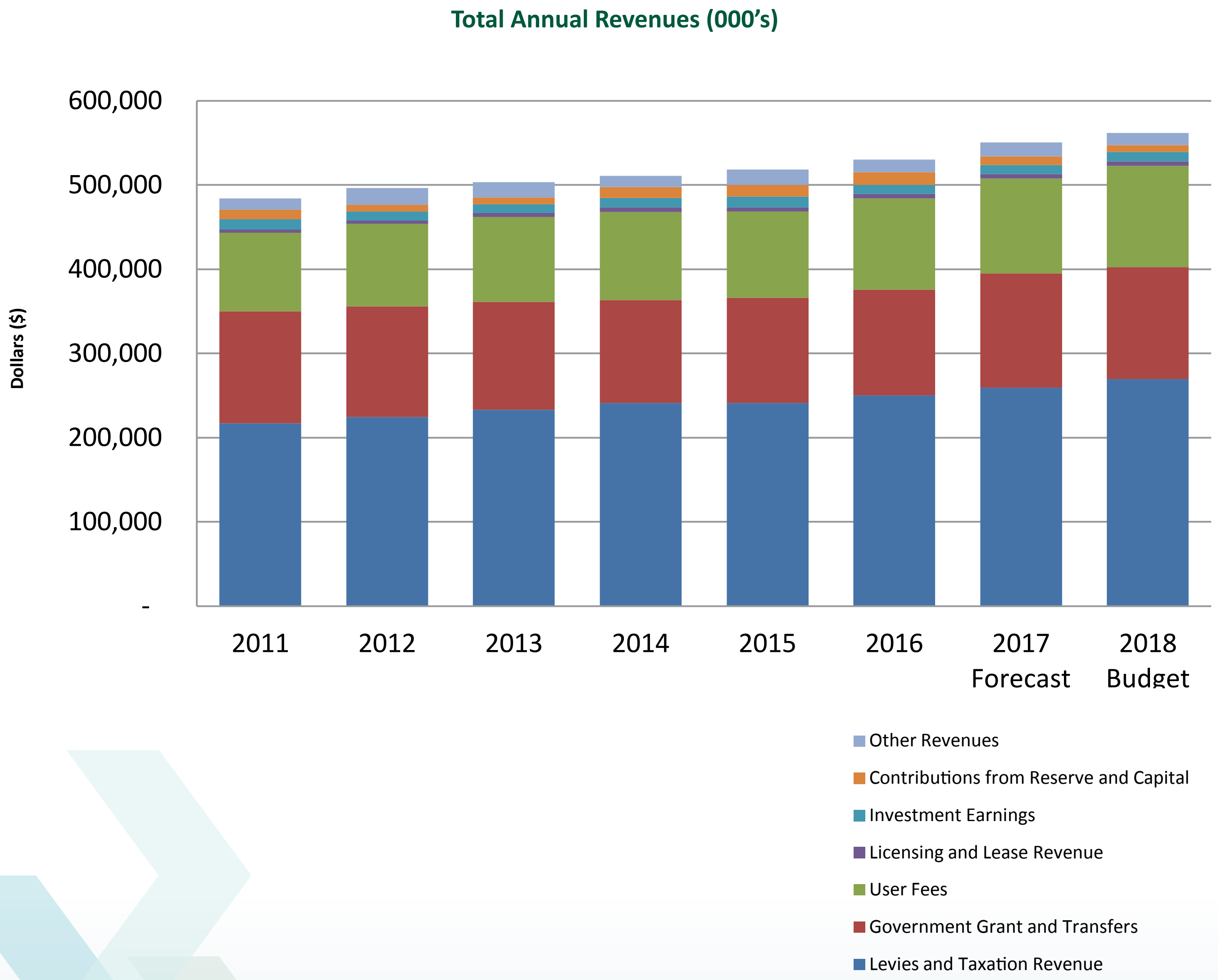
Financial Position

Revenues

The City's revenues are used to provide and maintain existing service levels and sustain infrastructure. Revenues are comprised of government transfers, property taxes, user fees, investment earnings, licensing and lease revenues, and other sources of revenue.

Revenues from property taxes and user fees have seen the greatest increase over the years. The 2018 budget proposes that the City will collect 46 % of its total revenues from property taxes.

Increasing other revenues, such as user fees, allows the City to maintain lower property taxes while maintaining service levels.

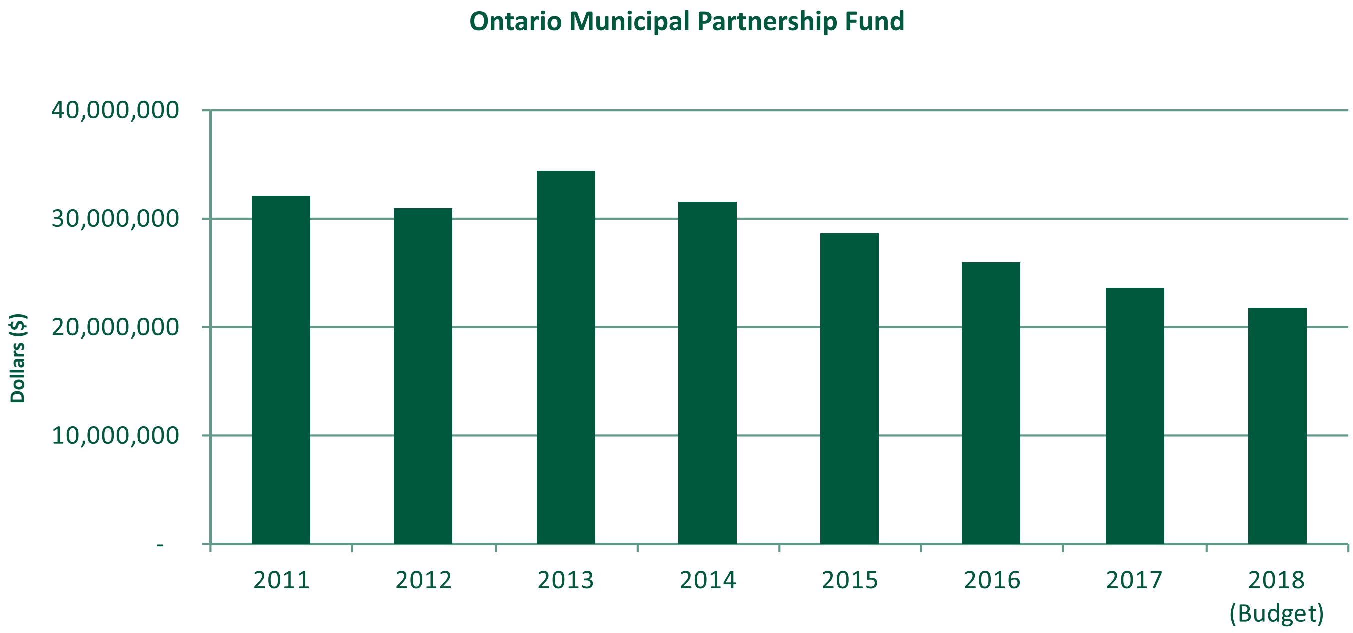


Ontario Municipal Partnership Fund (OMPF)

The OMPF is the Province's main unconditional transfer payment to municipalities which primarily supports rural and northern communities.

There is no anticipation that the Ontario government will vary from its current practice of allocation of the OMPF based on the municipality's fiscal health.

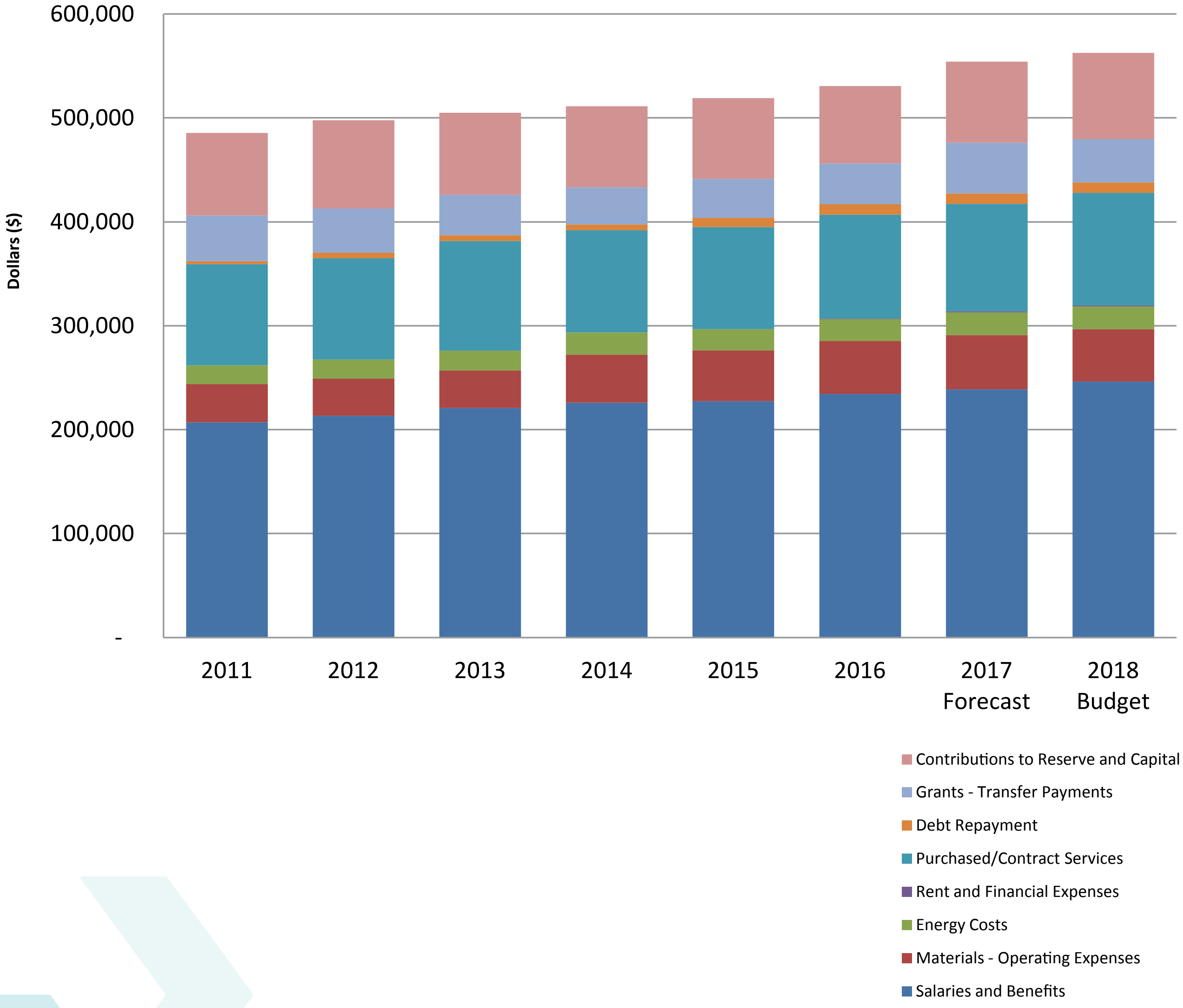
The Municipal Fiscal Circumstances Index, which determines the fiscal health of a municipality, will use updated indicators from the 2016 Census. For this reason, Greater Sudbury could reflect a lower fiscal health indicator than in previous years. As a result, staff is using a conservative estimate for loss of OMPF funding similar to 2017. This budget reflects 92 % of the 2017 OMPF allocation for 2018. This translates to a loss of $1.9 million equivalent to a 0.8 % property tax increase.



Expenses

The City's expenditures have increased during the past several years to maintain existing service levels and include Council requests for new or enhanced service levels.

Total Annual Expenditures (000's)



Capital Assets

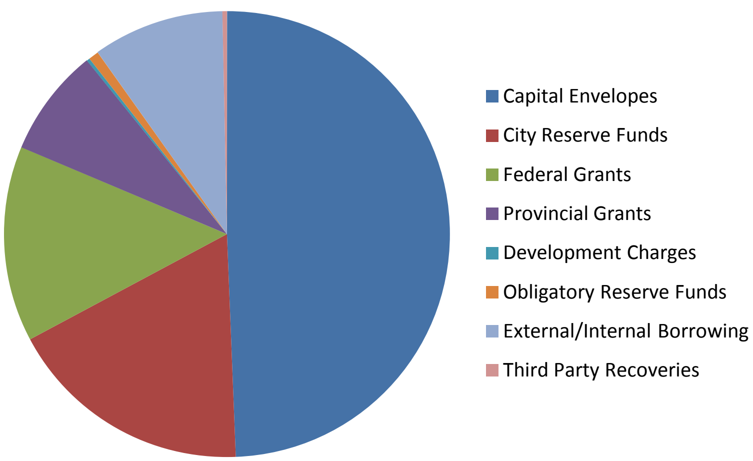
The 2018 Capital Budget shows a significant decrease of $54.4 million in government funding in comparison to the 2017 Capital Budget. The 2017 Capital Budget included grants announced in 2016 from the federal and provincial levels of government, consistent with other municipalities in Ontario. The majority of this capital funding announced in 2016 consists of one time allocations and is required to be spent by March 31, 2018.

Prior to 2016, a reduction in funding from other levels of government meant the City used more of its own financing sources to cover infrastructure costs.

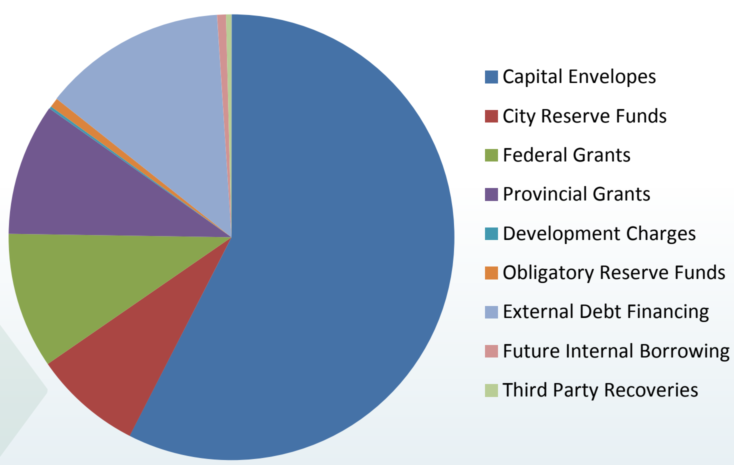
In the figure that follows, the larger section of each pie chart represents the percentage of the City's resources which have been allocated, or are anticipated to be allocated, to capital projects.

Consistent with prior years, staff is recommending a special capital levy of 1.5 % to advance key projects and reduce the infrastructure requirements estimated in the Asset Management Plan (please refer to the Capital Budget tab for further information).

Capital Funding Sources



2013-2017



2018 - 2022

Reserve and Reserve Funds

Reserves and reserve funds are a critical component of a municipality's long-term financing plan. The purpose of maintaining reserves is to:

- Provide stability of tax rates in the face of variable and uncontrollable factors, including consumption, interest rates, unemployment rates and changes in subsidies.
- Provide financing for one-time or short-term requirements without permanently impacting property tax and utility rates.
- Make provisions for replacements and acquisitions of assets and infrastructure currently being consumed and depreciated.
- Avoid spikes in funding requirements of the capital budget by reducing reliance on long-term debt borrowings.
- Provide a source of internal financing.
- Ensure adequate cash flows.
- Provide flexibility to manage debt levels and protect the municipality's financial position.
- Provide for liabilities incurred in the current year, but paid for in the future.

In 2018, reserves will fund $13.9 million in capital projects. The net impact of the 2018 capital budget results in a reduction of City reserves and reserve funds.

It's important to note that a significant portion of the reserve funds are committed to previous Council approved capital and other projects. These funds remain in reserves and reserve funds until spent on the related project.

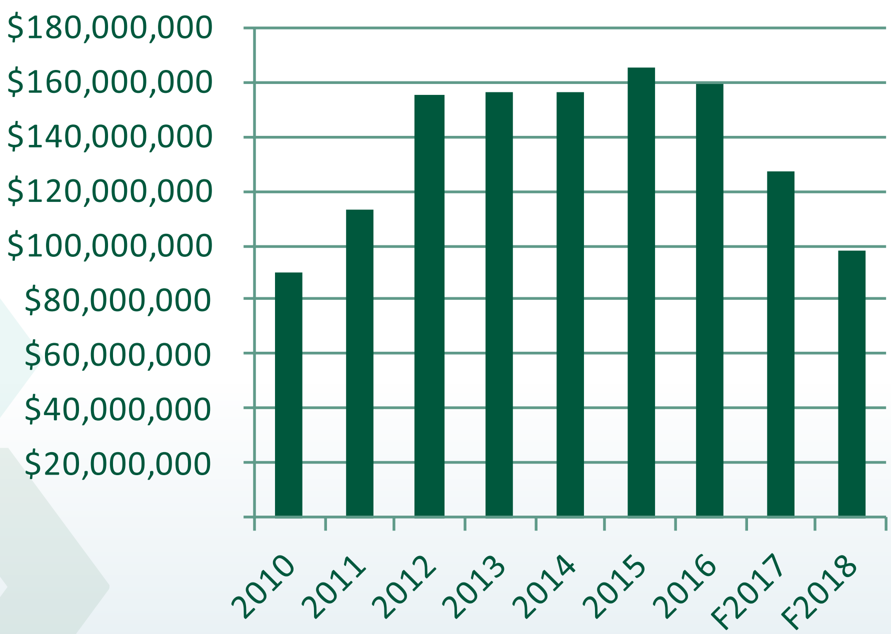
Increased revenues will be required to replace and strengthen reserve balances over the long-term. Alternatively, a service could undergo changes in which it requires less municipal funding, such as public-private partnerships, or service levels could be reduced.

The City has a low debt to reserve ratio in comparison to the median of 0.7 and the average of 1.0. The results of this ratio is a strong indicator for assessing long-term sustainability and the ability to meet the City's debt obligations.

	Debt to Reserve Ratio
Greater Sudbury	0.5
Median	0.7
Average	1.0

* 2016 BMA Study

Reserve Fund Balances 2010 – 2018



Debt Financing

The Debt Management Policy, approved by City Council in 2013, was revised in 2017 to increase the amount of debt the City can obtain. The limit on annual debt repayment was approved to be increased from 5 % to 10 % of the City's net revenues. The limit provides more flexibility for the City, but remains below the Provincial limit of 25 % of net revenues. The main principles of the Debt Management Policy state that debt should be affordable, sustainable, and structured in a way that those who benefit from the asset pay for the debt. The policy also sets out the principles of debt financing in accordance with the City's Long-Term Financial Plan. These principles state that debt financing should only be considered for:

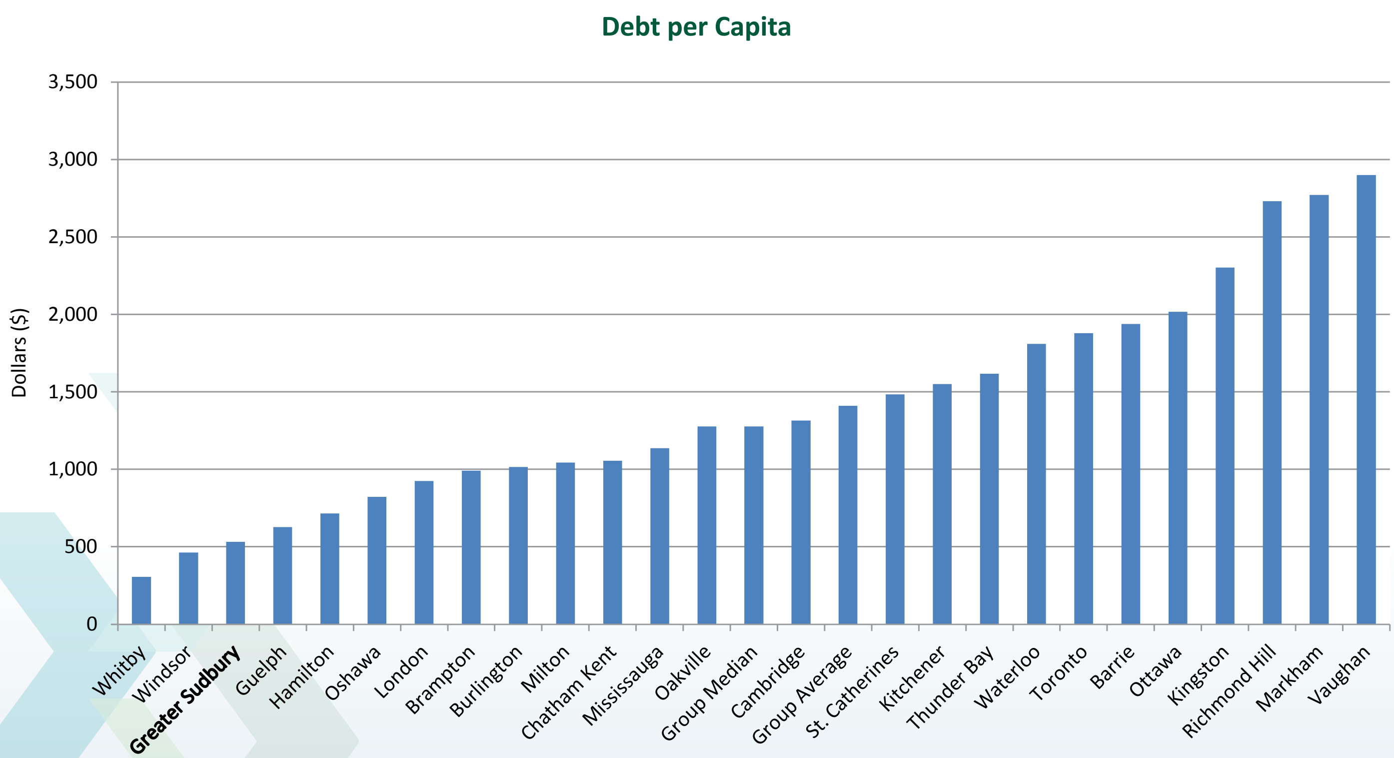
- New, non-reoccurring infrastructure requirements.
- Self-supporting programs and facilities.
- Projects where the cost of deferring expenditures exceeds debt servicing costs.
- Debt with terms no longer than the anticipated life of the funded asset.

The City's current reliance on its own source of funding for capital investment has also impacted debt levels. While the issuance of debt can provide increased capital funding, the amount owing, plus the related interest must be paid off in future years from operating funds. Debt is a trade-off between increased fiscal flexibility in the short-term, versus reduced fiscal flexibility over the term of the repayment.

While interest costs will add to the total bill, the rapid escalation of construction costs over the past few years indicates debt financing could lower overall costs in certain circumstances. Although interest rates have increased recently, they remain near historic lows and the City is planning to access debt markets while rates remain low.

Based on the City's current external debt and the 2017 increase in the debt repayment limit, there is a range of $420 to $530 million in additional debt capacity within the 10 % debt repayment limit. This amount can provide required funding sources for large projects and infrastructure renewal.

The City's debt per capita is much lower than those of other municipalities with a population over 100,000.



* 2016 BMA Study

Debt Financing

The chart below reflects the City's current external debt and long-term financial commitments.

Project Name	Term (Start Date - End Date)	Total Principal Amount Borrowed / Committed	Total Outstanding as of Dec 31, 2017	2018 External Debt Payment
External Debt (000's)				
199 Larch St.	2003-2023	17,261	6,586	1,456
Pioneer Manor	2004-2024	10,000	4,760	818
Purchase of Falconbridge Wells from Glencore (Xstrata)	2009-2025	2,000	1,060	181
Purchase of Onaping Wells from Glencore (Xstrata)	2010-2029	2,175	1,480	173
1160 Lorne St.	2015-2035	14,000	12,640	940
Biosolids Plant	2015-2035	46,781	42,617	3,456
External Debt		**92,217**	**69,143**	**7,024**
Long-Term Financial Commitments (000's)				
Health Sciences North	2001-2023	26,700	5,700	1,000
Northern Ontario School of Architecture	2009-2019	10,000	1,500	1,000
Health Sciences North Research Institute	2014-2018	750	100	100
Long-Term Financial Commitments		**37,450**	**7,300**	**2,100**
	Total	**129,667**	**76,443**	**9,124**

Development Charges

Development Charges (DCs) are established by municipalities in accordance with the Development Charges Act. These charges are collected when new development, redevelopment and expansions for residential and non-residential buildings or structures occur.

Most municipalities in Ontario use development charges to ensure the cost of providing the infrastructure to service new development is not carried by existing residents and businesses in the form of higher property taxes. The principle behind development charges is that growth pays for growth, meaning development pays a portion of capital costs associated with new growth and development, while taxpayers fund capital infrastructure which benefits the existing population.

Generally, the City finances the growth-related portion of capital projects. At the end of each year, the capital projects are reviewed, and the growth-related portion of the capital costs are identified. Actual development charges collected during the year are then applied to fund any growth-related portion of the project as identified in the current DC Background Study. The next DC Background Study and related by-law will commence in 2018 with approval in late winter or early spring of 2019 before the existing by-law expires on June 30, 2019.

Development Charges Collected 2009 – 2016