

# Long Term Capital Planning and 2007 Capital Budget

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February 22, 2007



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# Agenda

- Planning Process
- Council Priorities
- Long Term Financial Plan
- Forecasted Capital Gap 2007 to 2016
- Narrowing the Gap
- Proposed 2007 Capital Budget
- Capital Levy Options

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# Capital Budget Planning Process



October 2006 - January 2007

- Preparation of 2007 Capital Budget and Review and Update of 10-year Capital Forecast

February 22, 2007

- Presentation to Council 10 Year Capital Needs and Financing

March 5, 2007

- 2007 Capital Budget Review

March 7, 2007

- Council Approval of Capital Budget



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## Council Priorities

- Infrastructure Investment
- Fiscal Sustainability

## Consistent with key themes from the Public Input Sessions:

- Infrastructure renewal (including roads)
- Quality of life new initiatives

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# Long Term Financial Plan

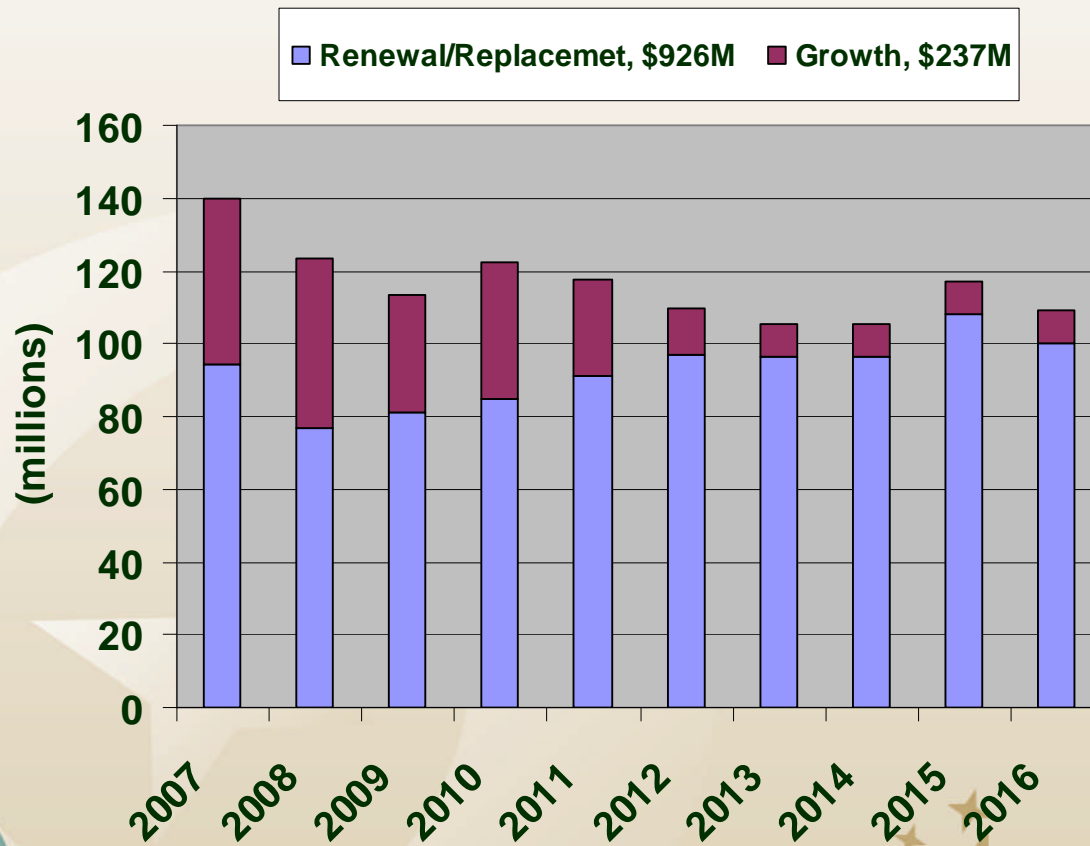


- Ensure long-term financial sustainability
- Manage the City's capital assets to maximize long-term community benefit
  - Maintain "state of good repair"
  - Asset management
  - Capital Levy
- Recognize that funding from senior governments is a crucial element of financial sustainability
- Ensure revenues are sustainable and consider community wide and individual charges
- Use debt financing where appropriate
- Maintain reserves and reserve funds at appropriate levels



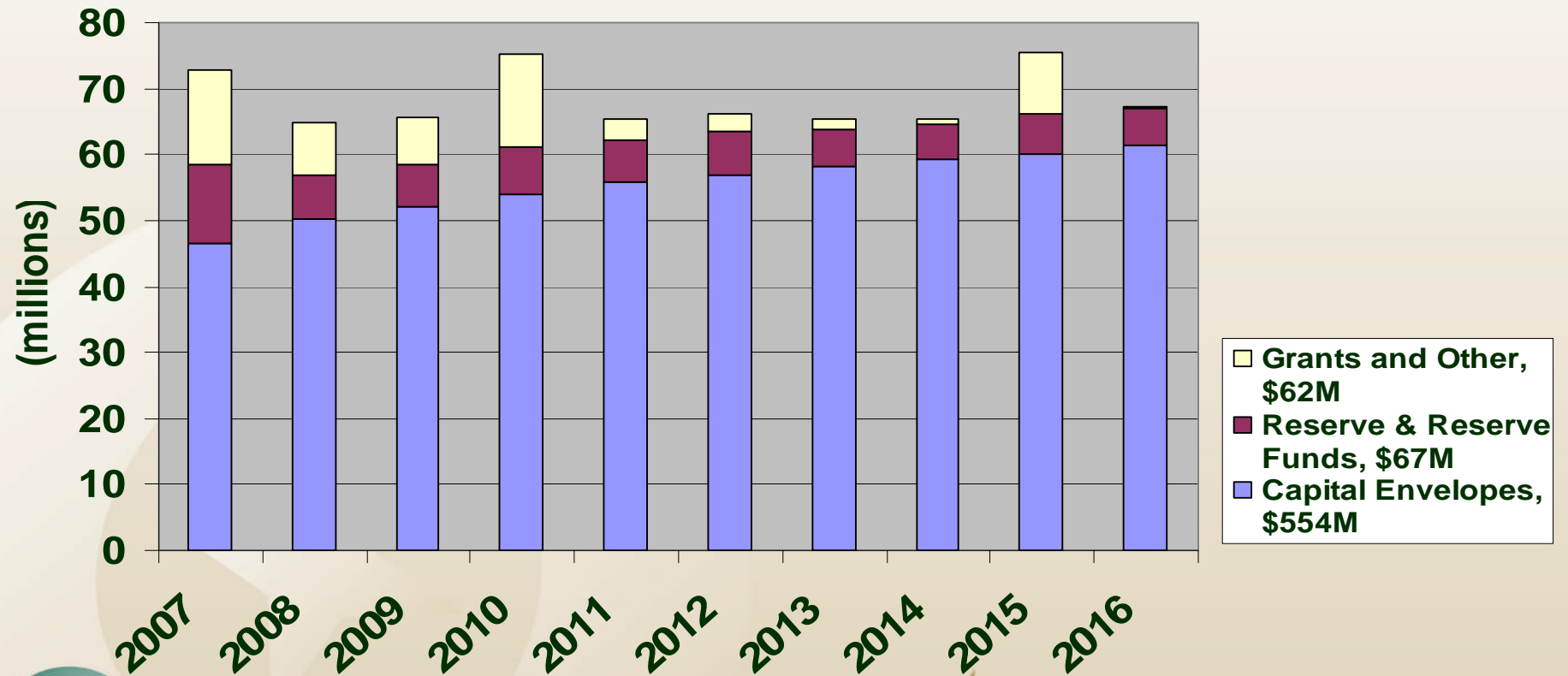
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# 2007 to 2016 Capital Needs



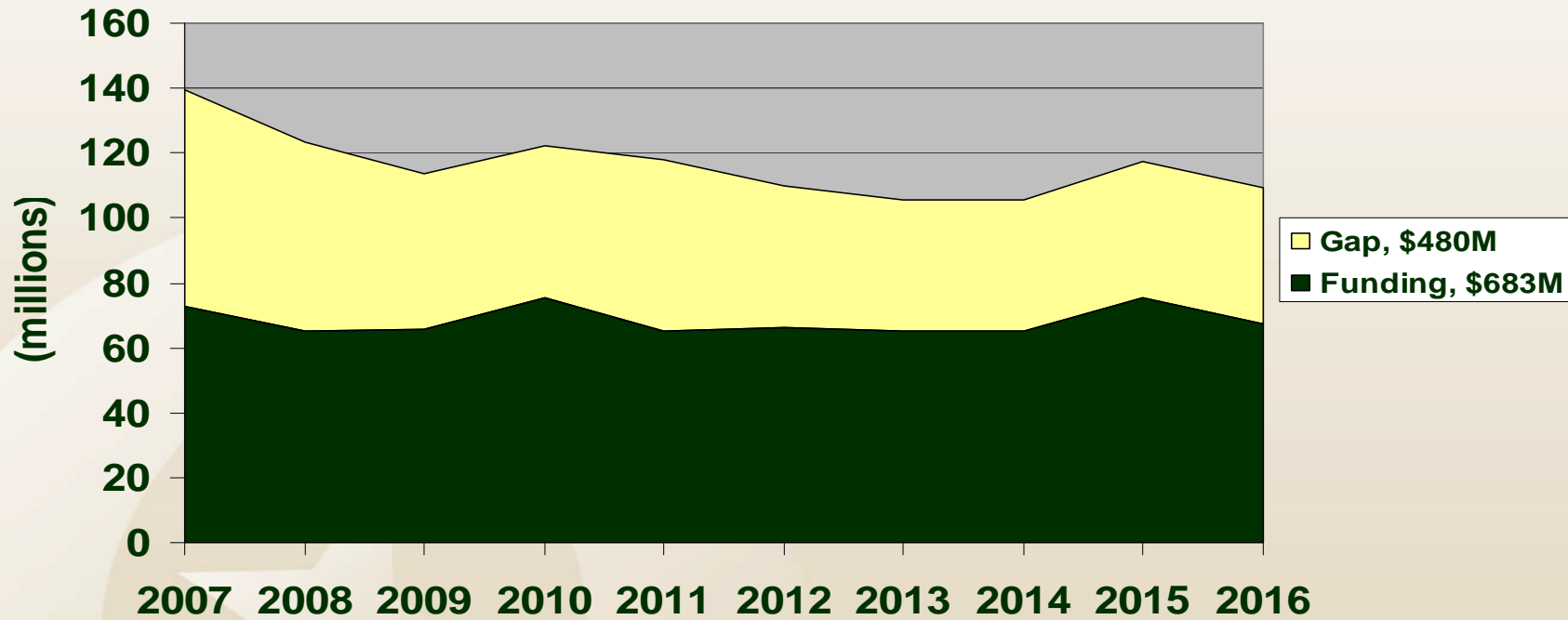
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# 2007 to 2016 Available Financing



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# Forecasted Capital Gap 2007 to 2016



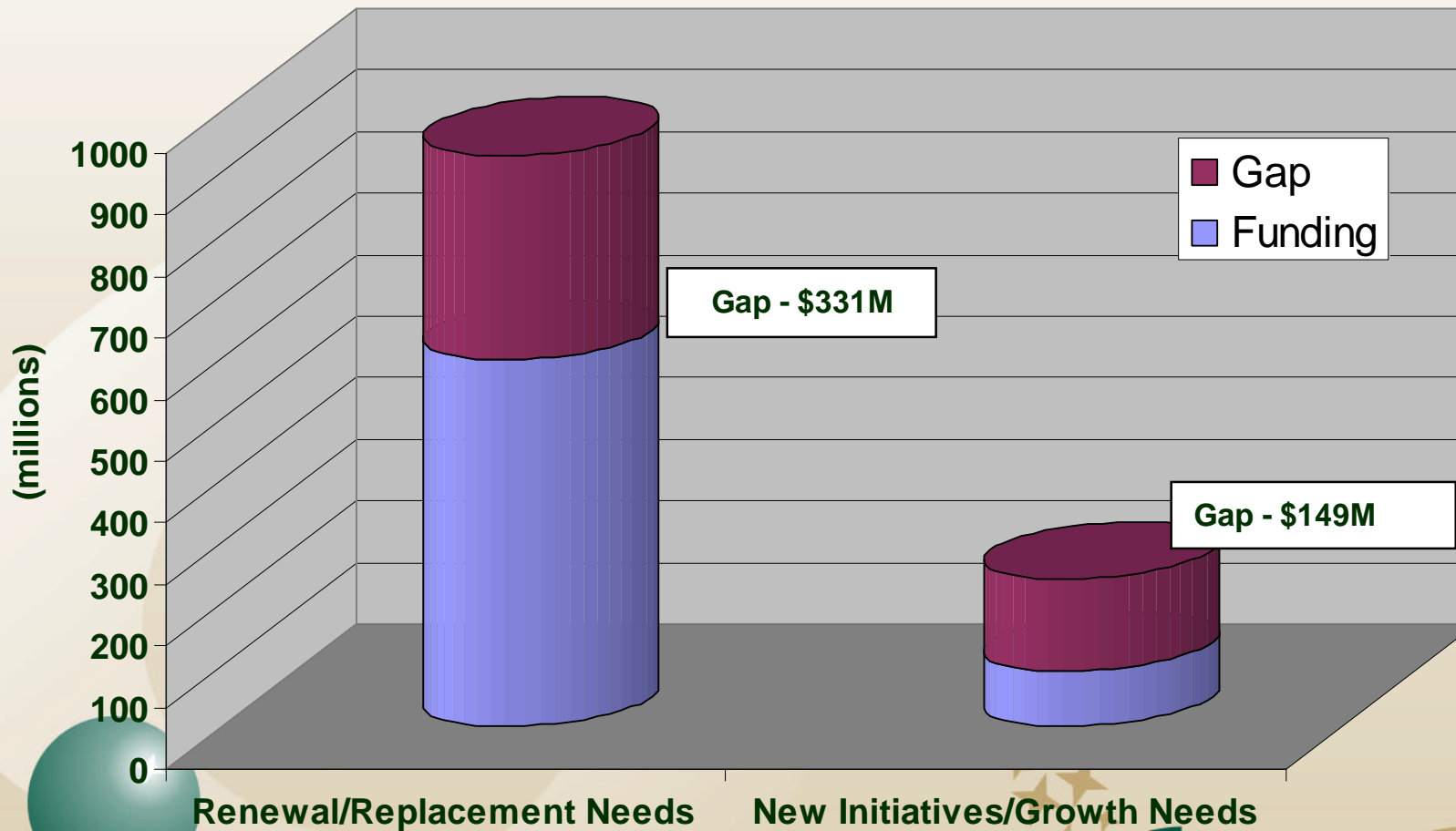
Renewal Replacement Gap	\$331M
New Initiatives/Growth Gap	\$149M
<b>Total Gap</b>	<b>\$480M</b>



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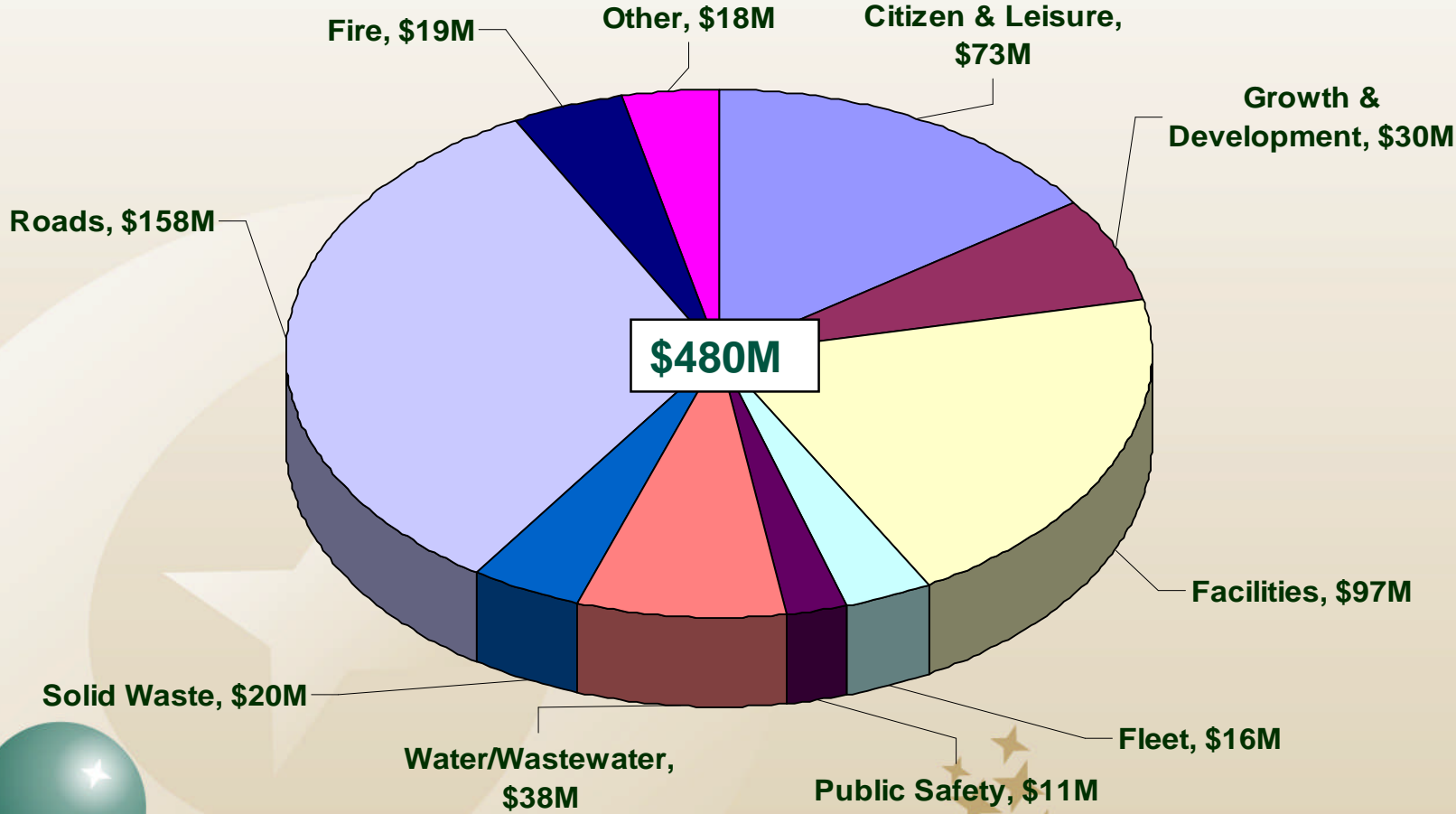


# Needs by Renewal/Replacement & New Initiatives/Growth 2007-2016



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# Capital Financing Gap by Envelope



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# How has the Gap changed?

(in millions)



	<b>2006-2015 LTFP</b>	<b>2007-2016 LTFP</b>	<b>Increase</b>
Capital gap	\$417M	\$480M	\$63M

<b>Increase – New Growth Initiatives</b>			
Roads	\$99M	\$158M	\$59M
Buildings	\$83.7M	\$97M	\$13.3M
Leisure and Growth & Development	\$85.9M	\$103M	\$17.1M



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# Narrowing the Gap

## Financing Sources

- Continued implementation of the capital levy
- Continued applications to senior levels of governments
- Use of debt financing where appropriate

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# Continued Implementation of the Capital Levy



- Long Term Financial Plan Recommendation
- 2.3% of previous year's tax levy added annually
- \$3.2 million (2005) and \$3.3 million (2006) dedicated to roads

## **Action/Result:**

- Approximately \$200 million over next 10 years
- Allocation to be determined by Council

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# Continued Application to Senior Levels of Governments



- COMRIF
- Move Ontario
- Increased allocation of Federal and Provincial Gas Taxes
- Northern Ontario Heritage Funds
- Fednor

## **Action/Result:**

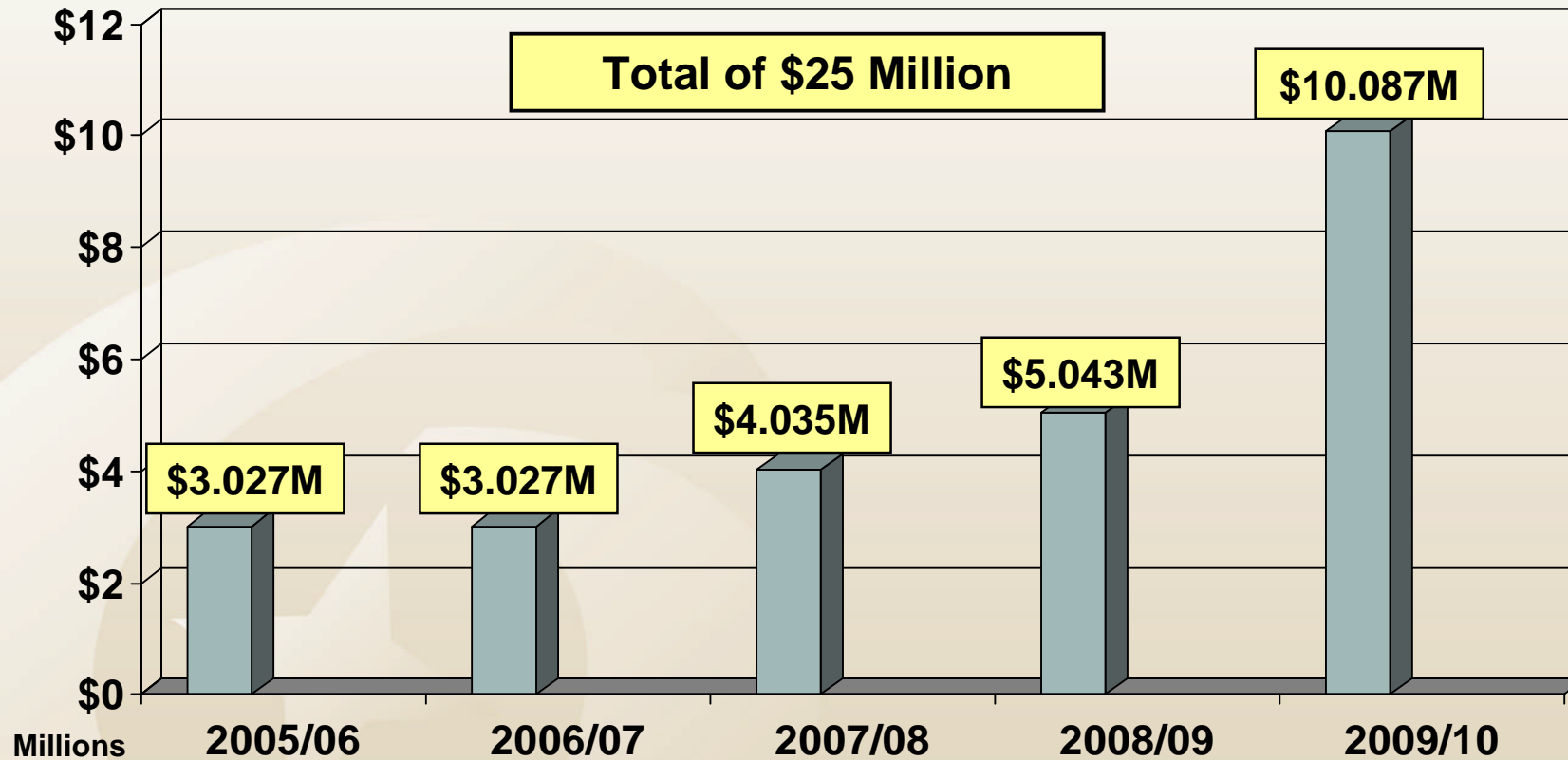
- Municipal share funding TBD by Council



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# Federal Gas Taxes

Allocated On a Per Capita Basis



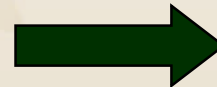
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# Federal Gas Taxes



Eligible Categories (environmentally sustainable municipal infrastructure projects)

- Public Transit
- Water / Wastewater
- Solid Waste
- Community Energy Systems
- Local Roads and Bridges
- Capacity Building



Outcomes:

- Cleaner Air
- Cleaner Water
- Lower Greenhouse Gas Emissions
- More Sustainable Communities



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# Use of Debt Financing Where Appropriate



Debt financing (LTFP) should only be considered for:

- New, non-recurring infrastructure
- Programs and facilities which are self supporting
- Projects where the costs of deferring expenditures exceeds debt servicing costs

## **Action/Result:**

- Development of affordable debt plan for Council's consideration to close key capital gaps or for new initiatives (e.g. external or internal financing)



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# 2007 Capital Budget Highlights



**2007 Capital Budget = \$73 M**

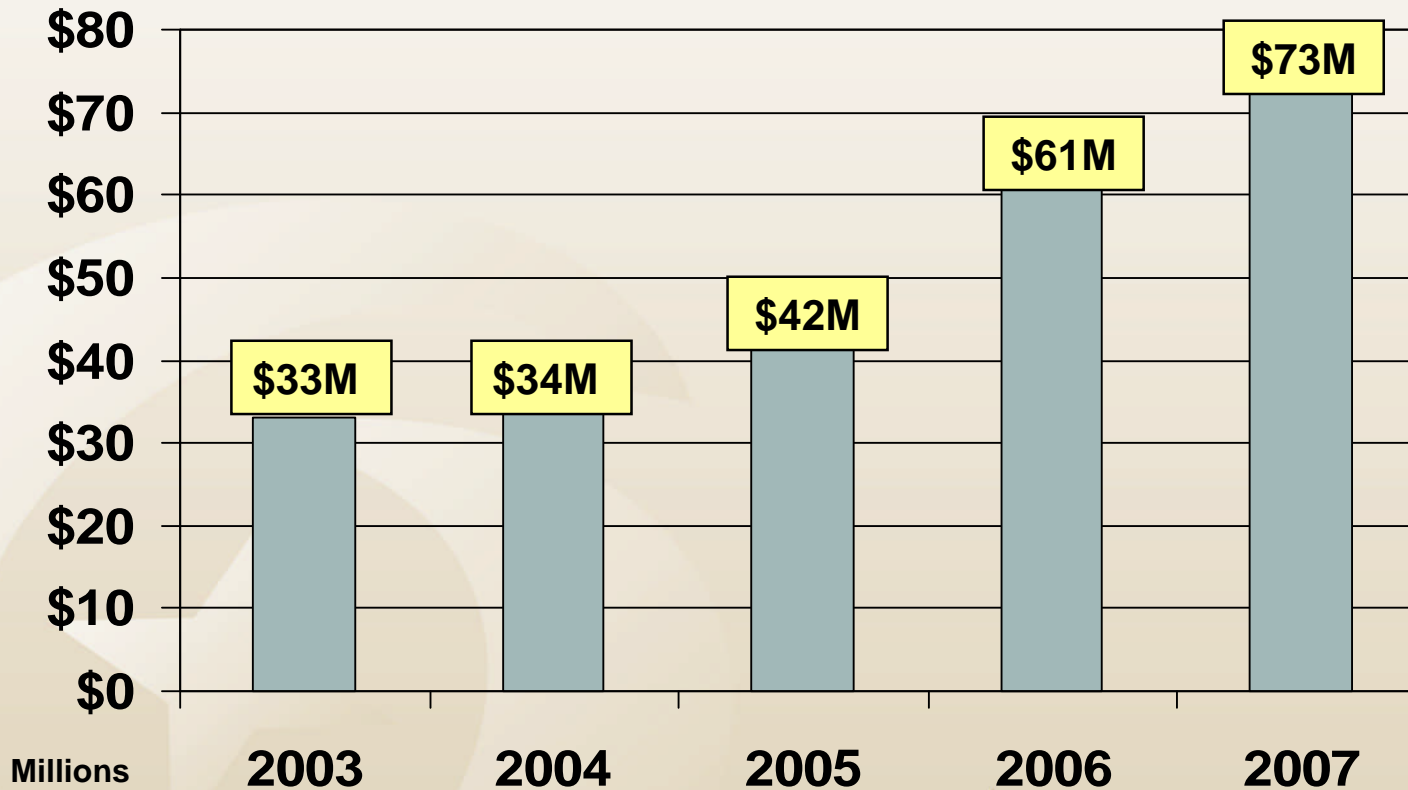
## Highlights of Expenditures:

- Roads \$ 32.1 M
- Water/Wastewater \$ 20.4 M
- Replace Fleet and Equipment \$ 2.6 M
- Transit \$ 4.5 M
- Police Equipment and Vehicles \$ 1.8 M
- Contributions to Community Projects (IE: SRH, Dynamic Earth) \$ 1.4 M
- Leisure and Recreation \$ 1.5 M
- Replace EMS Fleet and Equipment \$ .8 M



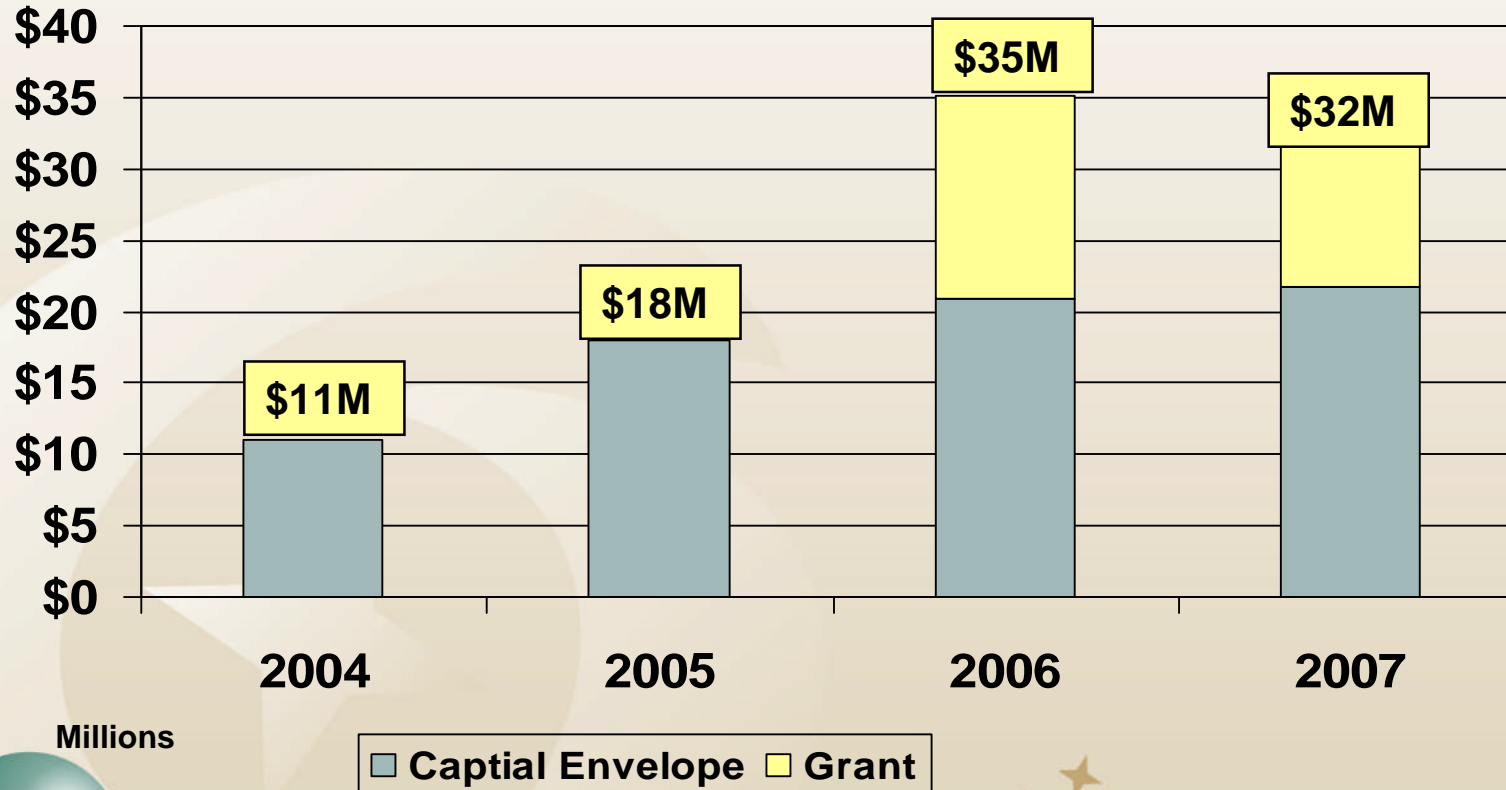
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# Five Year Capital Budget History



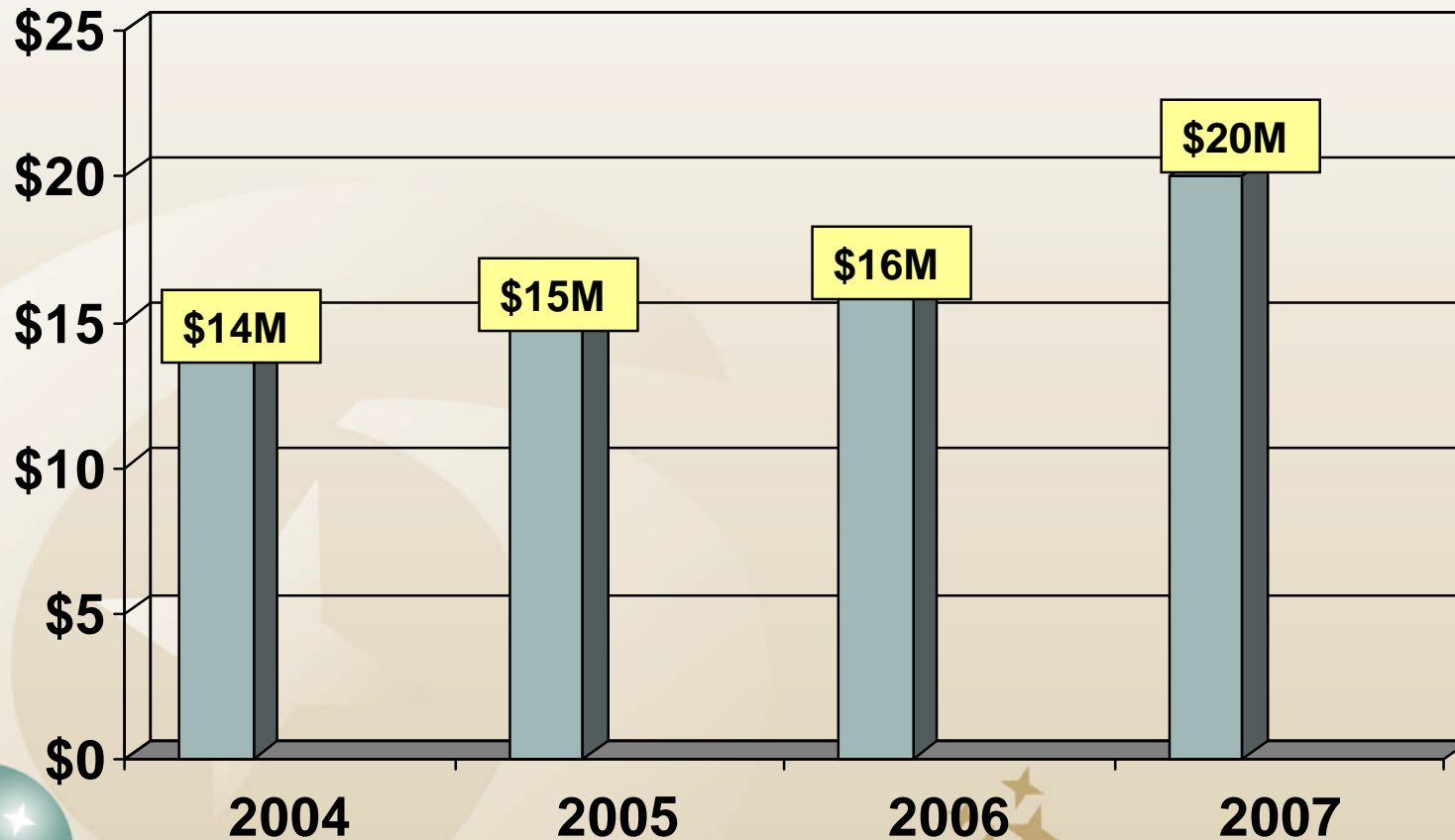
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# History of Roads Budget



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# History of Water/Wastewater Budget

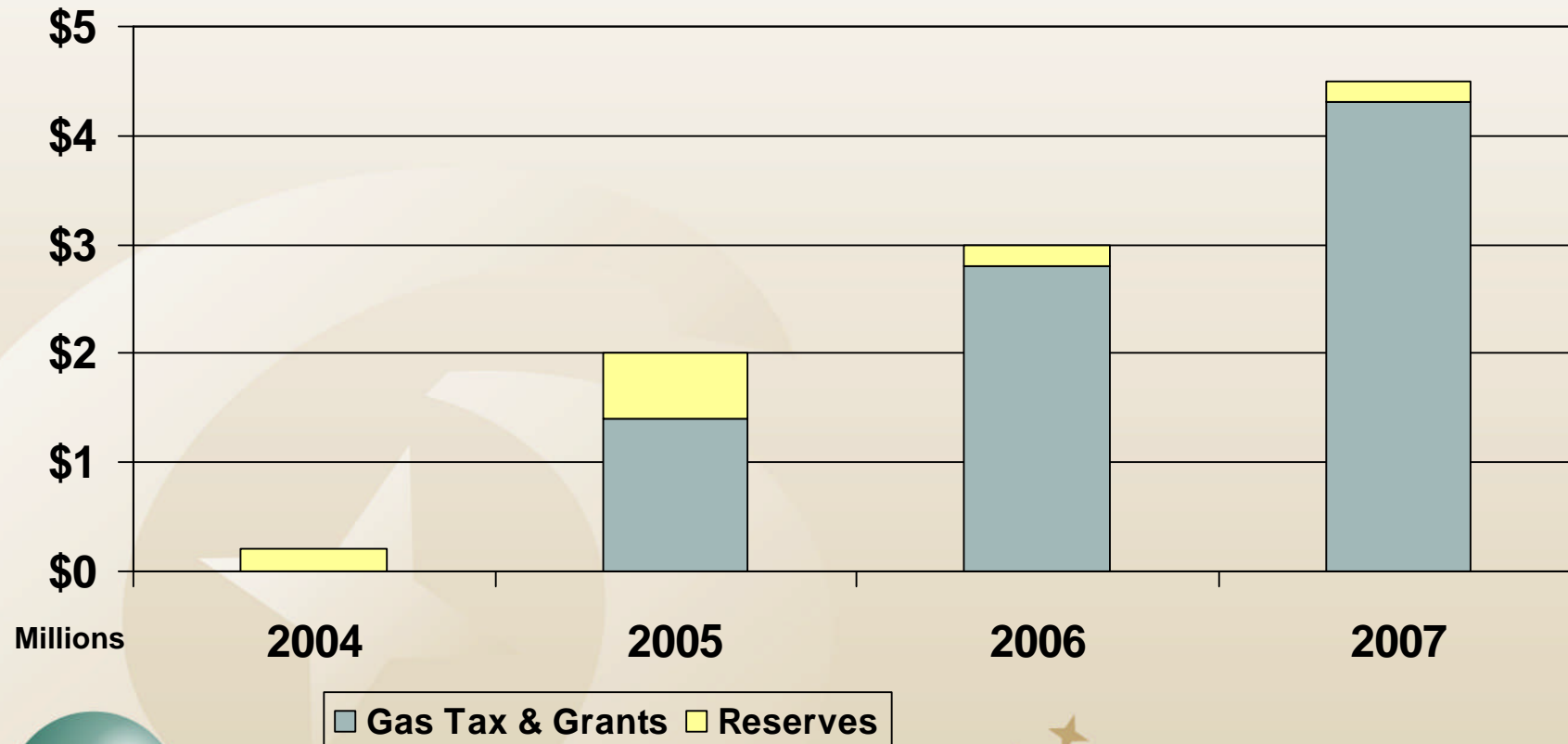


Millions

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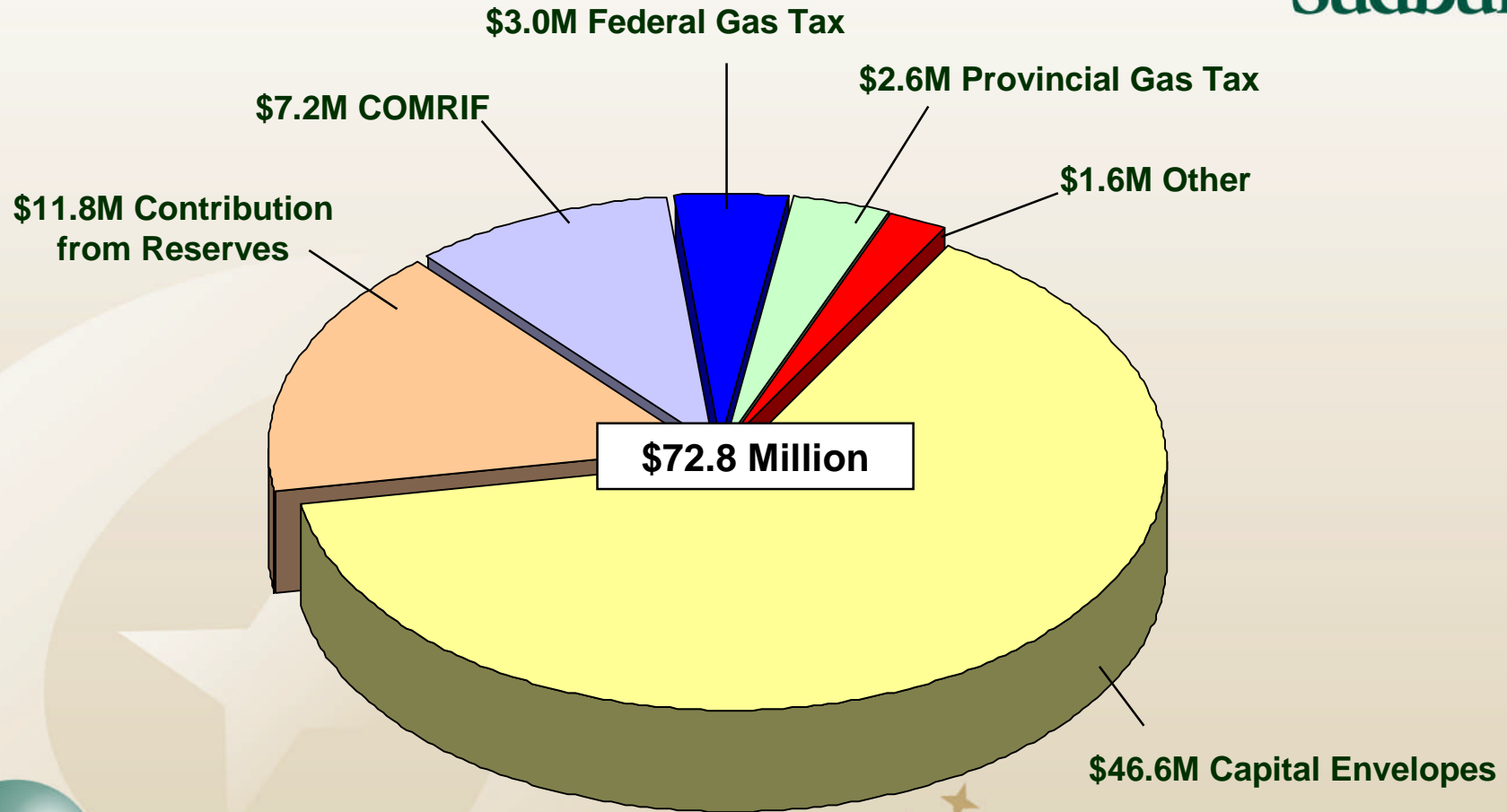
# History of Transit Budget

(Funded Mainly by Provincial Gas Tax Grants)



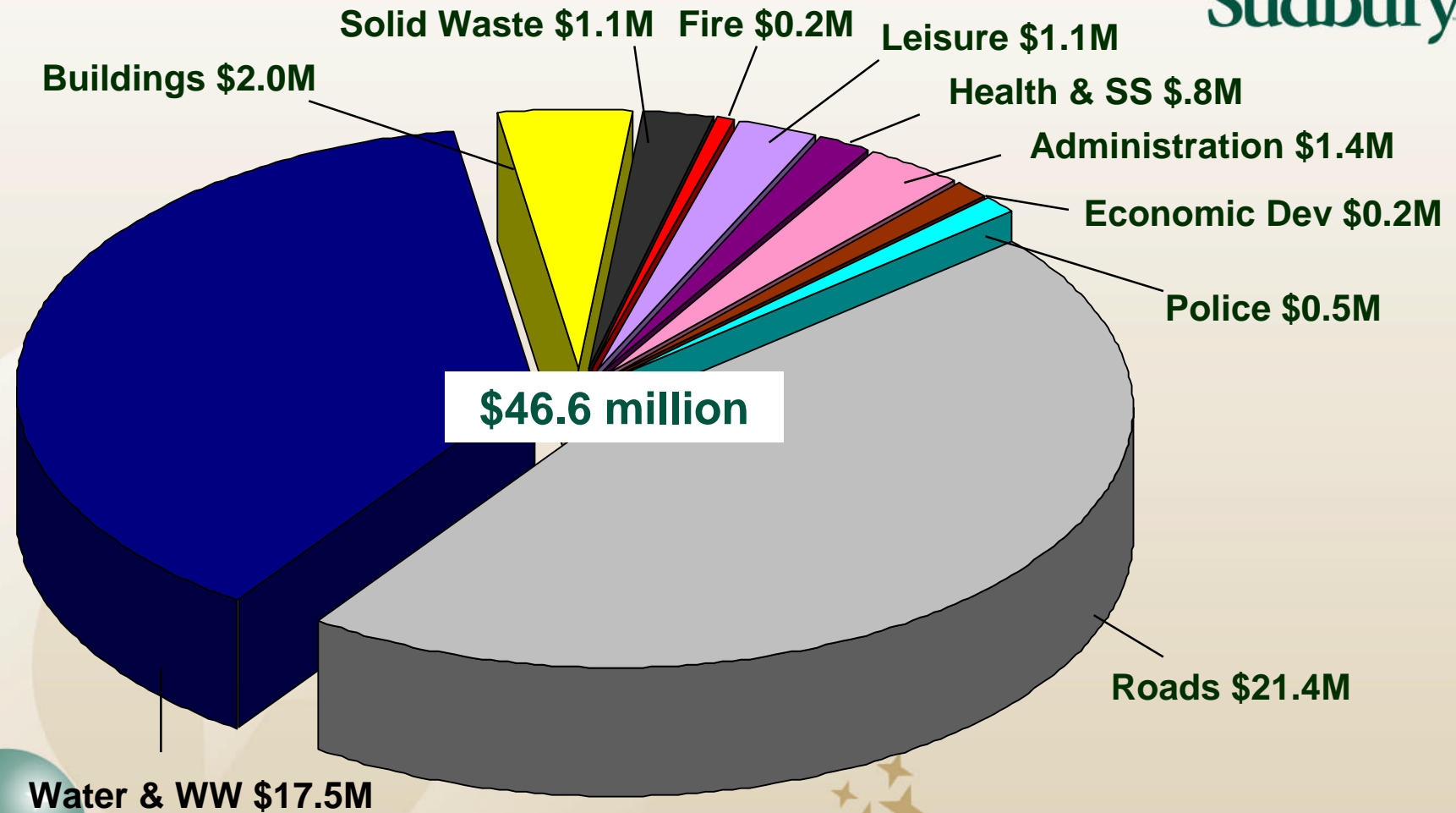
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# 2007 Funding Sources



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# 2007 Capital Envelopes



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# Capital Levy Options for 2007

Option 1	Option 2	Option 3
2.3%	1.3%	1%
\$3.5M	\$2.028M	\$1.56M

2008 to 2010 – Proposed 2.3% Capital Levy



# Proposed Allocation of Capital Levy



	Option 1 - 2.3%	Option 2 – 1.3%	Option 3 – 1%
Assets	\$1.5	\$1.48	\$1.0
Roads	\$1.29	-	-
Economic Development	\$0.25	\$0.2	\$0.2
Fire	\$0.25	\$0.2	\$0.2
Library / Citizen Leisure	\$0.025	\$0.2	\$0.16
<b>Total Capital Levy</b>	<b>\$3.5</b>	<b>\$2.28</b>	<b>\$1.56</b>

(in million \$)



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# Capital Financing Plan 2007 to 2010

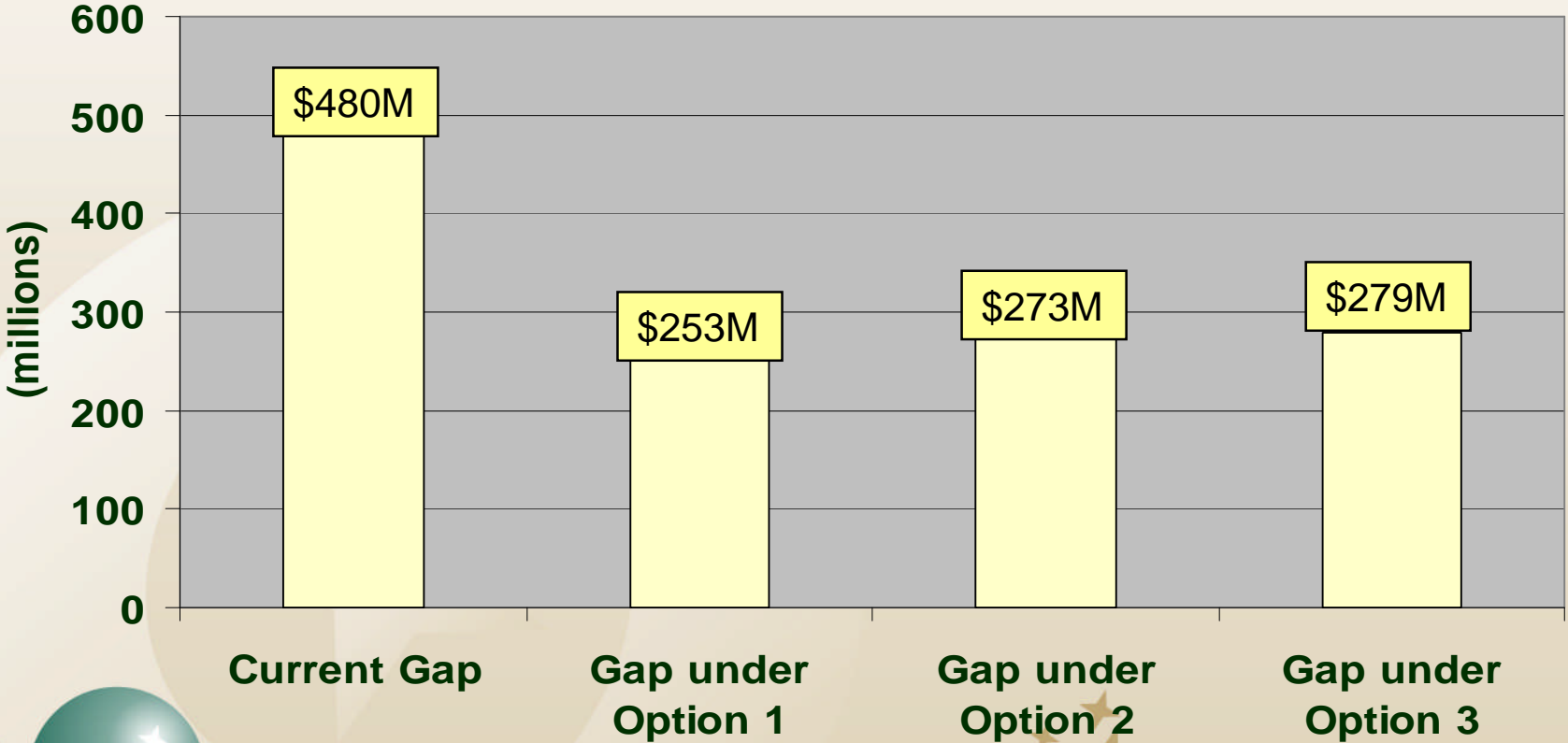


	Reduce Capital Financing Gap by	
<b>Option 1</b>	2.3%	\$108M
<b>Option 2</b>	1.3%	\$94.3M
<b>Option 3</b>	1.0%	\$90.9M



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# Capital Levy Options – Impact on 10 year Capital Financing Gap



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**Questions?**

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