

# City Building Funding Strategy



City Building is a tax supported funding strategy that finances whole or parts of capital projects that represent enhancements to the City’s current service levels. Enhancing service levels beyond that currently, or projected to be delivered to the growing population, typically means an increase in the funding level for that service. For every dollar invested in City Building projects, there are also increased operating costs that will require a new funding source.

For example, expanding the City bus fleet beyond what is required for a growing population in order to achieve higher overall ridership means buying new buses. Forty per cent of each new bus is paid by City Building capital funding, and 60 per cent comes from development charges (growth). As a result, the net new operating cost required to operate each additional bus (fuel, maintenance, operator, route planning and ultimately its replacement) will require an increase in operating funding for Guelph Transit. Sixty per cent of this cost should be managed within new property tax assessment growth, but 40 per cent of this cost will mean an increase in the tax levy beyond current levels.

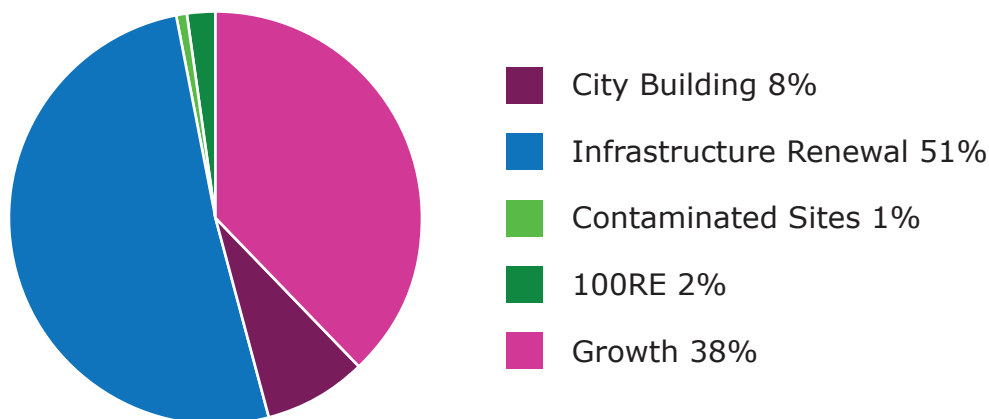
This is an evolving funding strategy and staff is attempting to provide Council with transparency when they are making service level changes through capital budget decisions. Consistency in approach across all departments is the focus as significant projects/plans are presented to Council.

## 2021 – 2030 Capital Budget and Forecast City Building Projects

Approximately 8 per cent or \$151.6 million in City Building capital spending is identified within the 10-year capital plan. Projects funded by this source include:

- Part of the new Main Central Library
- 40 per cent of transit route and facility expansion
- Active Transportation Network expansion
- Downtown streetscape enhancements
- Information Technology improvements
- Urban Forest Management

## 2021–2030 Capital Plan by Expenditure Type



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As indicated previously, the City Building capital investment for these projects will require an increase in funding beyond that included in the 2021 projected budget.

This can be demonstrated by the forecasted position of the City Building Reserve Fund. The City Building Reserve Fund is projecting a deficit of \$42.4 million at the end of 2030. This is an improved position over the \$52.1 million deficit projected through the 2020 budget for the following reasons:

- Reassessment of City Building requirement for the Central Library and commitment of a tax levy increase of 0.39 per cent over three years starting in 2021.
- Shifting the timing of Wellington Park construction outside of the 10-year forecast to better align this investment with approval of intensification along Wellington Street.
- Shifting of the streetscape investment in the downtown over an extended period to better reflect the likely timing of the infrastructure servicing upgrades beginning in 2024.

The total City Building tax funding requirement to fund all the projects in the 2021-2030 capital forecast is \$8.2 million on an annual basis. The current and planned City Building funding in the tax budget, inclusive of the 0.39 per cent approved by Council on October 7, 2020 for the new Central Library, is \$4.3 million, leaving an annual funding deficit of \$3.9 million or the requirement of a 1.51 per cent tax levy increase. While the operating impacts of these projects have been included in the 2021 to 2024 operating budget forecast, the 1.51 per cent capital requirement has not.