

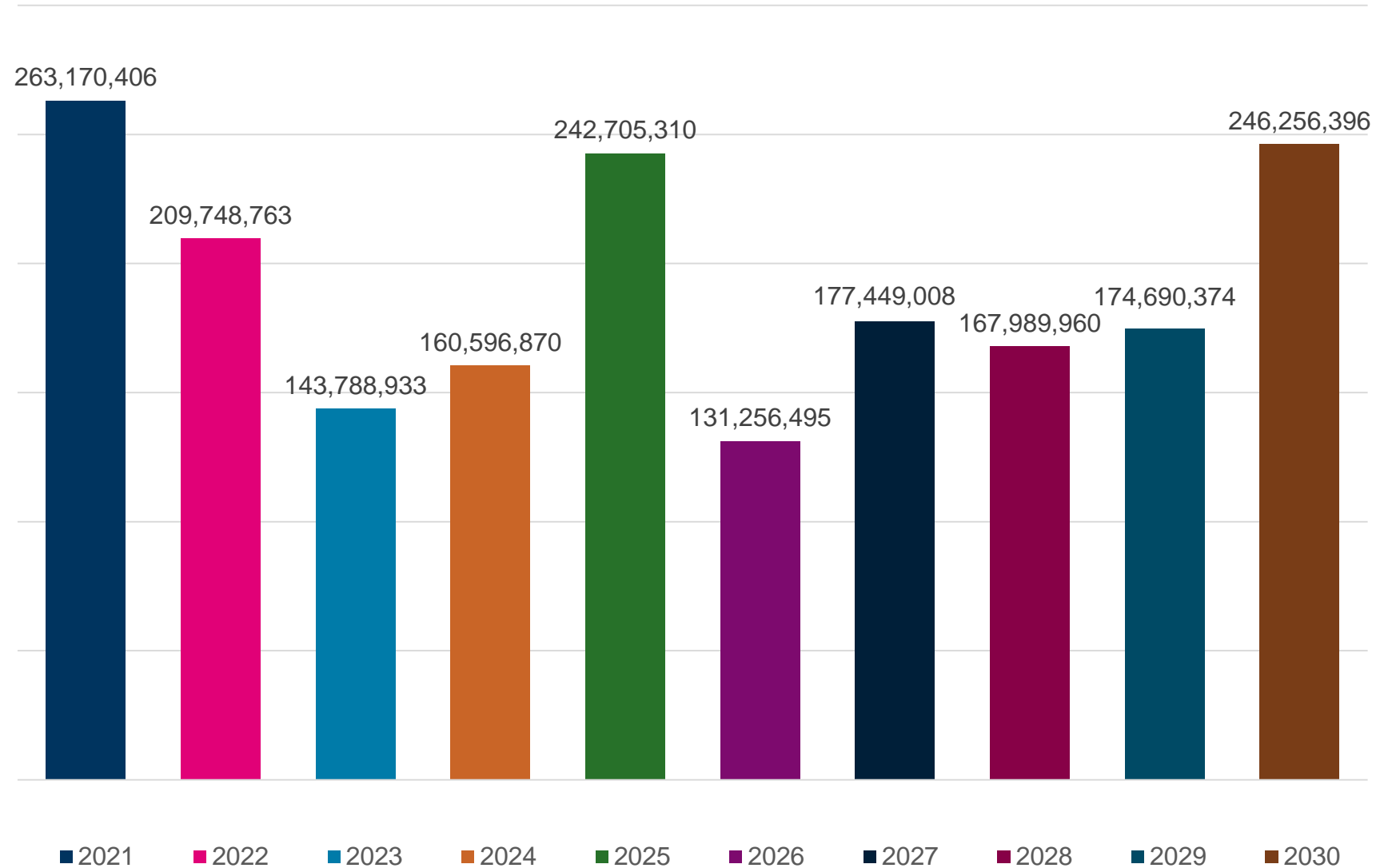


# Money Talk:

## Capital Project Financing

# Capital budget and forecast

10 year  
Capital budget



# Capital funding sources



## Reserve Funds

- Tax/rate capital reserve funds
- Development charges and parkland dedication
- Capital grants - ongoing



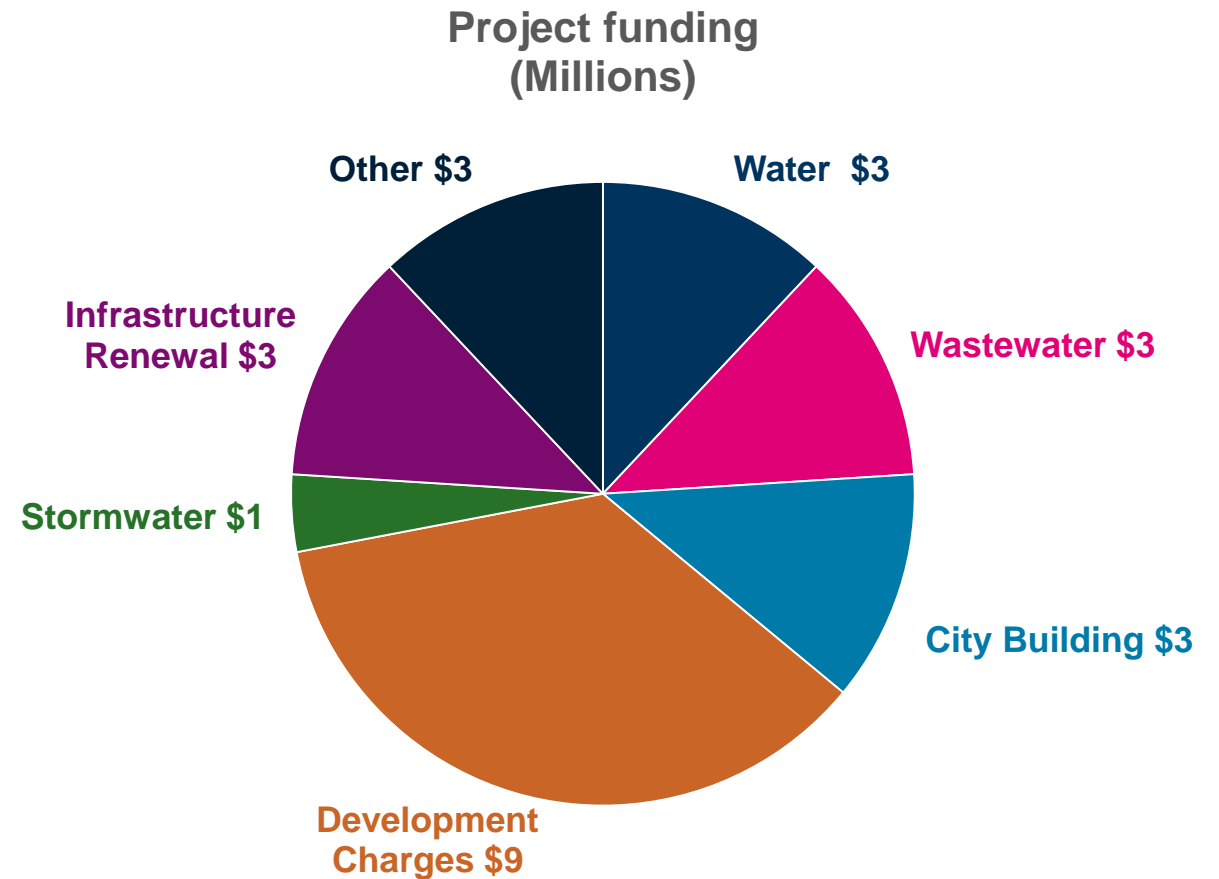
## Other

- One-time grants
- Partner contributions
- Donations



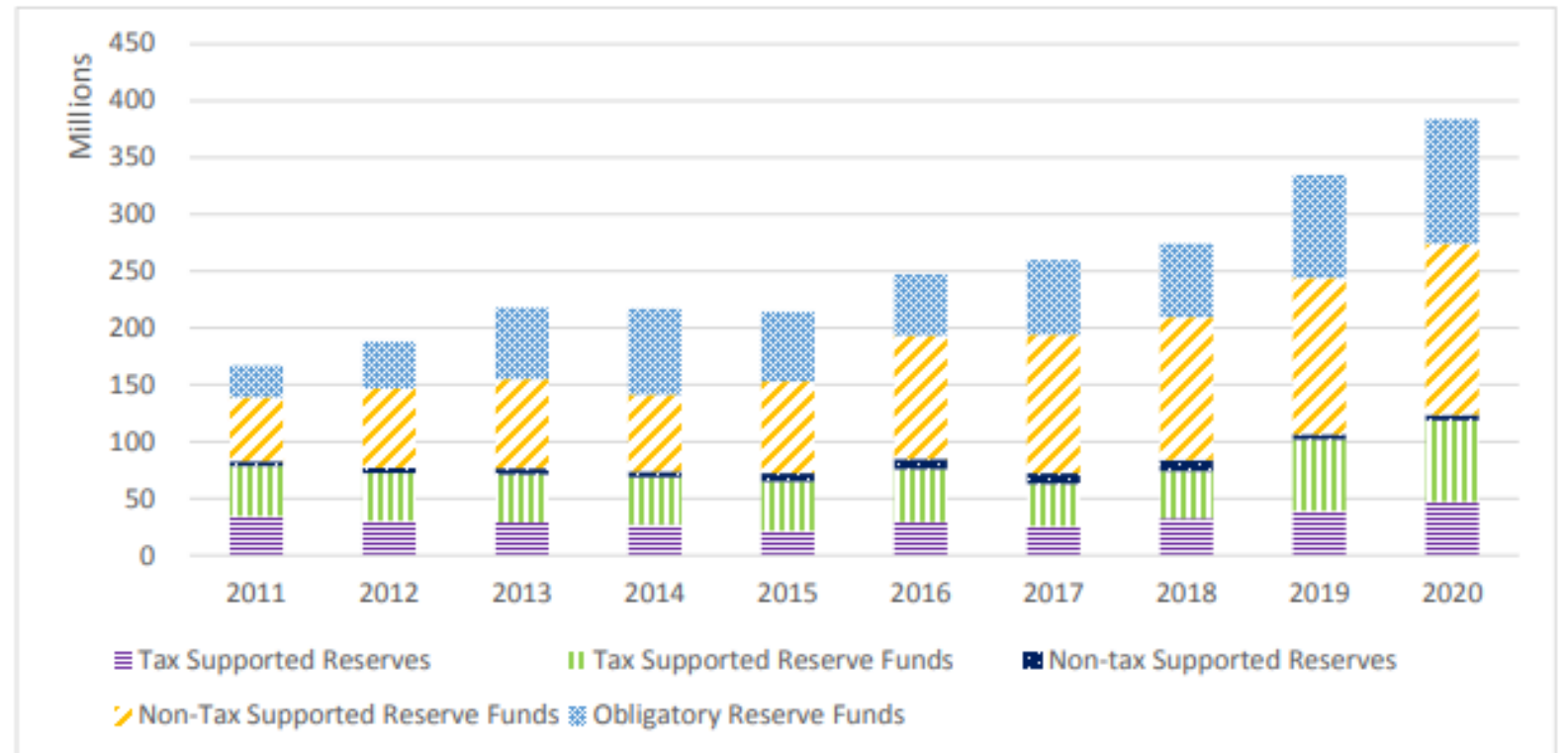
# Capital project funding example

- Capital project: Road reconstruction
  - Replace and upsize water and wastewater pipe
  - Stormwater run-off improvements
  - Replace aging road and streetscape
  - Expand road by one additional lane for active transportation
  - Laying city-owned fibre
  - Streetscape/sidewalk upgrades



# Reserves and Reserve Funds

- Reserves typically support operating budget initiatives and contingency
- Reserve funds accumulate investment income and typically are capital in nature



# Development Charges and related Reserve Funds

- As the city is developed or redeveloped to meet the provincial growth target of 203,000 people by 2051, expenses to accommodate that growth for new infrastructure, facilities and land increase.
  - Development industry pays a portion of project costs to city to aid funding of new and revitalized infrastructure
  - Development Charges, Cash-in-Lieu of Parkland Dedication and potential Community Benefit Charge
- Highly regulated and public process to set these fees every five years
- Annual reporting to development community on status of these reserve funds, and use of these funds

# Grants

- Allocation based versus application based grants
- Awarded based on agency goals (e.g. Environmental sustainability projects)
- Various sources:
  - Government grants and incentives (Canada community building fund, Provincial gas tax, Investing in Canada Infrastructure Program, Clean Water and Wastewater Fund)
  - NGOs (e.g. Trillium Foundation)
  - Private sector (e.g. TD Friends of the Environment Foundation)
- Planning and timing – Shovel ready projects and funding stability
- Operating impact from capital projects is typically not funded through grants

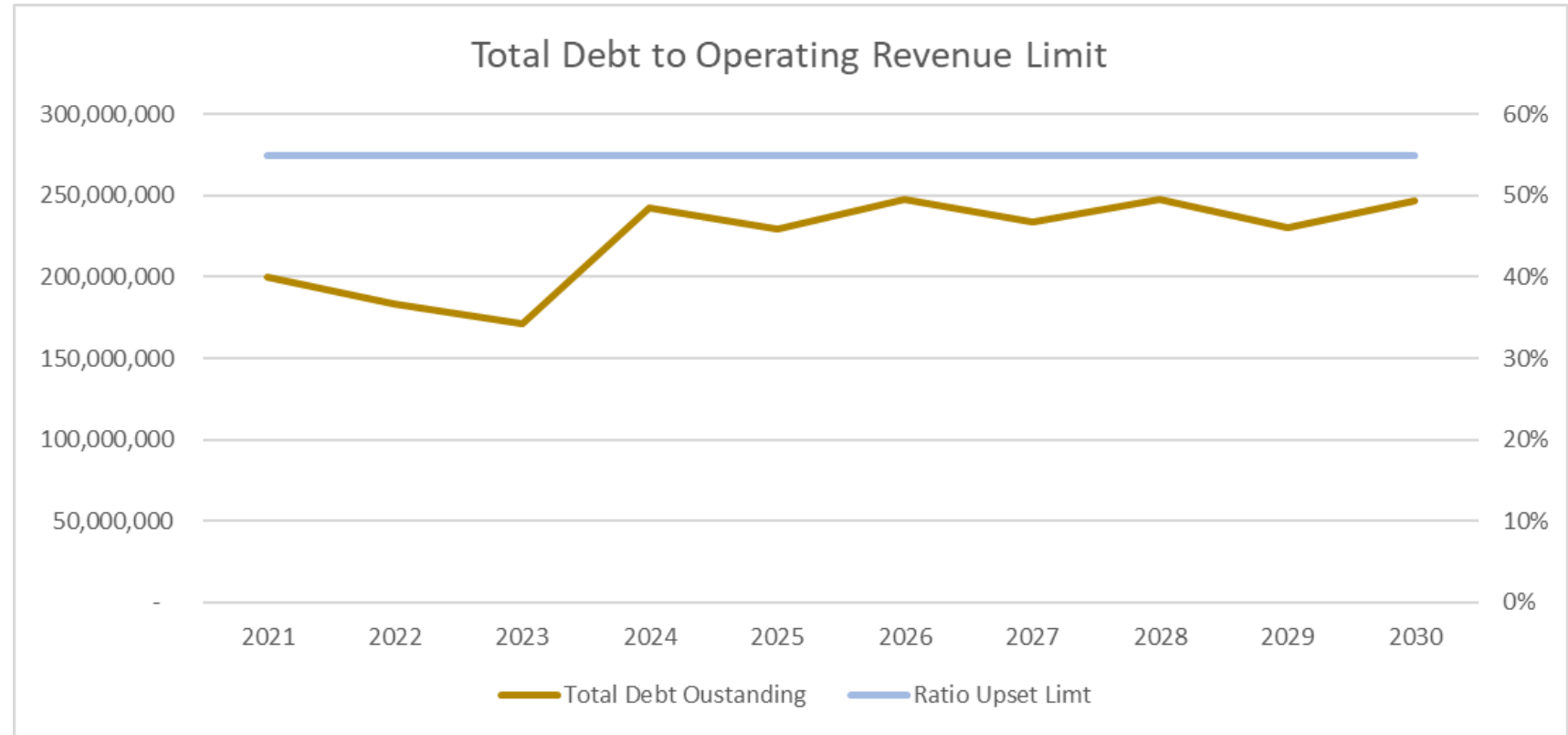
# Debt financing

- Debt is permitted only for certain capital projects and within policy limitations
- Strategic, cost-effective way to finance significant infrastructure that will be used by the community for over 25 years
  - Similar to a home mortgage, you can build up the money in advance to buy a home, or you can pay for your home throughout the time you use it.
  - Intergenerational equity – those that use it, pay for it
  - Necessary to fund significant infrastructure in advance of population growth
- Favorable debt rates due to COVID economic decline
- City seeks a third party credit rating in order to issue debentures on the open market and seek the most affordable debt for the community



# Debt Forecast

- Debt limitations maintained throughout 10-year period
- Total debt liability \$101 million as at 2020
- Issued \$49 million new debt in May 2021



[guelph.ca/budget](http://guelph.ca/budget)

