

Staff Report



| | |
|---------------|---------------------------------------|
| To | City Council |
| Service Area | Corporate Services |
| Date | Wednesday, October 23, 2019 |
| Subject | 2020-2029 Capital Budget and Forecast |
| Report Number | CS-2019-79 |

Recommendation

1. That the following recommendations from Report CS-2019-79 titled 2020–2029 Capital Budget and Forecast dated October 23, 2019 be referred to November 13, 2019:
 - a. The 2020 Capital Budget in the gross expenditure amount of \$151,590,100 and the required capital reserve fund transfers to capital projects as identified in Attachment-3 be approved;
 - b. The 2021-2029 Capital Forecast in the gross amount of \$1,732,967,110 be received;
 - c. That the 2021 operating impacts from the 2020 Capital Budget totaling \$1,461,710 for the both the tax and non-tax supported budgets be approved and included in the development of the 2021 base operating budgets;
 - d. That the forecasted operating impacts from the 2021 and 2022 capital forecast totaling \$15,284,175 and \$6,397,000 respectively, be received;
 - e. The Capital Transfer Allocation Policy as approved in report CS-2017-68 Capital Transfer Allocation Policy dated September 5, 2017 be repealed;
 - f. That the tax supported City Building Funding Strategy be approved, totaling an annual increase of \$5,325,000 or 2.19 per cent levy impact, to be phased-in equally over a three-year period, starting with \$1,775,000 in 2020 and that this increase be included in the base operating budget representing a 0.73 per cent levy increase, with future year impacts being reduced if the City is successful in securing grant or other revenues for this purpose;
 - g. That the tax supported Growth Funding Strategy be approved, totaling an annual increase of \$1,250,000 or 0.50 per cent levy impact, to be phased-in equally over a five-year period, starting with \$250,000 in 2020 and that this increase be included in the base operating budget representing a 0.10 per cent levy increase;
 - h. That a new reserve, 100RE Reserve (355), be created and **Appendix A of the City’s General Reserve and Reserve Fund Policy be amended** accordingly.
2. That the following recommendations from Report CS-2019-79 titled 2020–2029 Capital Budget and Forecast dated October 23, 2019 be referred to November 13, 2019:

- a. The Parking Services operating budget transfer to Parking Capital Reserve Fund (151) of \$2,000,000 be approved;
 - b. The Stormwater Services operating budget transfer to Stormwater Capital Reserve Fund (165) of \$5,546,060 be approved;
 - c. The Wastewater Services operating budget transfer to Wastewater Capital Reserve Fund (153) of \$14,750,000 be approved;
 - d. The Water Services operating budget transfer to Water Capital Reserve Fund (152) of \$15,150,000 be approved;
 - e. The Ontario Building Code operating budget transfer to Building Services OBC Stabilization Reserve Fund (188) of \$53,360 be approved; and
 - f. The Court Services operating budget transfer to Courts Capital Reserve Fund (211) of \$475,720 be approved.
3. That the following recommendations from Report CS-2019-79 titled 2020–2029 Capital Budget and Forecast dated October 23, 2019 be referred to December 3, 2019:
- The net tax supported operating budget transfer to the tax supported capital reserve funds of \$38,104,345 be approved.

Executive Summary

Purpose of Report

To introduce and seek approval of the proposed 2020 Capital Budget and to seek receipt of the 2021-2029 Capital Forecast.

Key Findings

The 2020 Capital Budget continues the work of previous budgets in moving towards a sustainable level of capital investment that focuses balancing the demands of Infrastructure Renewal, Growth and City Building.

The City's Corporate Asset Management plan continues to direct decision-making regarding investment in asset renewal and replacement. Water and Wastewater Services continue to lead the way in achieving sustainable levels of funding, which allows them to directly address much needed renewal both within the linear underground system and at treatment and pumping stations throughout the City. Stormwater also continues to see significant positive impacts from transitioning to a rate funded model in 2016. Progress is being made on tax funded assets as well, however at a slower pace than the non-tax funded businesses.

City Building projects represent a body of work that enhances and improves the lives of all residents of the City, based on current priorities and funding levels, there is a \$52.1 million shortfall in available funding over the next ten years. A recommendation is being made to increase the annual operating transfer to the City Building Reserve Fund by \$5.2 million, to be phased-in over three years starting in 2020.

The City's goal of achieving 100 per cent Renewable Energy (100RE) status for the corporation by 2050 has been partially included in the capital plan for the first time and includes an initial funding amount of \$500,000 towards these projects. The full cost projections and resulting operating savings of implementing this strategy are

currently being completed, and will be **incorporated in the “sustaining our future”** working group outcomes report that will be presented to Council in the second quarter of 2020.

Financial Implications

The 2020 Capital Budget of \$151.6 million is a 75 per cent increase over the 2019 budget. This is driven by a number of large life-cycle projects and an overall increase in the level of investment in infrastructure renewal across the organization.

The Capital Budget and Forecast is funded based upon a number of strategies and assumptions in revenue collection over the 10-year period. Staff are recommending that Council approve two new strategies as part of this budget that focus on tax supported Growth and City Building funding. Deviation from the staff recommendations for these categories of projects have significant and wide ranging impacts to the overall plan and would require **Council’s reconsideration of** project priorities going forward.

Building on the success of including the operating impacts from capital budget in 2019, staff have extended these projections for three years which will be a critical component of multi-year budgeting. For every Growth and City Building capital project, there is likely an associated operating cost to maintain, operate and replace that asset. Council should understand both the operating and future capital costs associated with the approval of a capital project. Approval of a capital project is also an approval to include the operating impacts into future year base budgets.

Table 1: 2020 to 2022 Operating Impacts From Capital Projects (Tax and Non-tax)

| | Operating Impact from 2020 Recommended Capital Budget | Operating Impact from 2021 Forecasted Capital Budget | Operating Impact from 2022 Forecasted Capital Budget |
|-------------------------------|---|--|--|
| Operating budget | \$454,710 | \$10,946,175 | \$4,169,000 |
| Infrastructure renewal budget | \$1,007,000 | \$4,338,000 | \$2,228,000 |
| Total | \$1,461,710 | \$15,284,175 | \$6,397,000 |

Report

2020-2029 Capital Budget and Forecast

The 2020-2029 Capital Budget and Forecast builds on the successful 2019 budget process outcomes delivered earlier this year focused on a funded, comprehensive long-term plan aligned with the Strategic Plan and that incorporates sustainable funding strategies for infrastructure renewal, growth and city building.

This proposed 2020 budget of \$151.6 million and 10-year forecast totaling \$1.9 billion, achieves these goals and continues the progress which has been **accomplished over the last three budgets to incrementally close the City’s** infrastructure gap, improve the overall condition of our assets and support the

policy directions of Council. Attachment-1 to this report summarizes the planned **10-year capital investment by Program of Work for Council's consideration.**

Each budget year, staff use a continuous improvement outlook on budget development to incorporate learnings and feedback received from all stakeholders including internal staff, the community, media and Council. This year is no different and notable improvements and betterments to this process include:

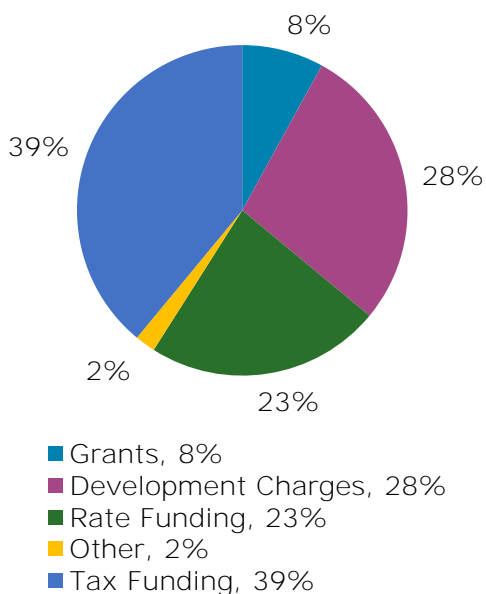
- **Enhanced communication to provide clarity and education about the City's** capital funding strategies and how they are supporting the journey to sustainability
- Better linkages between the Capital Budget funding and the related operating budgets
- Extension of the identifiable operating impacts for the three-year period of 2021 to 2023 to align with requirements for multi-year budgeting
- Enhanced summarization of the 10-year forecast for improved understandability
- Extension of the debt forecast from 10 years to 25 years
- Proposed strategy to address the City Building Reserve Fund funding shortfall over the 10-year horizon
- Preliminary conceptual 100RE funding strategy

The City is continuing to put the building blocks of a long-term financial plan in place as the journey to sustainability continues over the next decade.

With the newly approved Strategic Plan coming into effect this year, a complete integration of its stated goals and objectives will be an outcome of the strategy teams presented on September 23, 2019 and reflected in the 2021-2023 multi-year budget. The current budget and forecast has been reviewed to ensure that in principal all projects proposed align with the overall goals of the new Strategic Plan.

The 2020-2029 Capital Budget and Forecast is funded from various sources, including tax funded reserve funds, non-tax funded reserve funds, development charges (DCs), grants and other minor sources.

Figure 1: 2020-2029 Capital Budget Funding Sources



Capital Funding Strategies

The City’s capital plan is built on a number of funding assumptions and strategies, which over time, enable the City to reach sustainable levels of annual capital investment. The previously approved Capital Transfer Allocation Policy was an **interim solution to achieve a predictable level of funding for the City’s tax supported** priorities. Based on work completed in the past two years, a more robust model has been developed, and these strategies are summarized below for both the tax and non-tax supported capital funding. Staff are recommending to repeal the Capital Transfer Allocation Policy as these more robust and specific policies are expanded and refined over time.

1. Infrastructure Renewal Strategy

- impacts of rising costs of construction, guided by the Construction Price Index
- replacement and state of good repair impacts of prior year approved City Building and Growth capital expenditures
- impact of closing the historical infrastructure gap
- sustainable funding requirements to monitor and action rehabilitation for the **City’s inventoried contaminated sites**
- Provincial and Federal Gas Tax revenues are dedicated to infrastructure renewal and achieving sustainable funding levels

2. City Building Strategy

- long-term funding requirement to support City Building projects, including **investment in modernizing the City’s technology and systems, construction of the new main library (report IDE-2019-100 Baker District Redevelopment) Transit expansion and the Active Transportation Network (ATN)**

3. Growth Strategy

- where possible, utilize DCs, parkland dedication and density bonusing revenues (or new Community Benefit Charges (CBC) when legislation is enacted) to fund growth-related capital costs
- tax and non-tax supported capital investment is required to fund the portion of cost not recoverable by DCs as described in report CS-2019-03 2018 Development Charge Background Study and 2019 Development Charge By-law
- incorporation of the phased-in tax supported fiscal impact of the 2018 DC background study as recommended in report CS-2019-02 2019-2028 Capital Budget and Forecast
- continued investigation and alignment required through 2020 to match expected revenues to expenditures, especially with the expected release of the new CBC regulations in the fall of 2019
- further research and consideration of debt management strategy to address secondary plan servicing requirements

4. 100RE Strategy

- introduction of funding to support the Council direction of achieving 100RE initiatives by 2050 as per Report IDE-2019-44 Corporate 100% Renewable Energy Target by 2050

Infrastructure Renewal Strategy

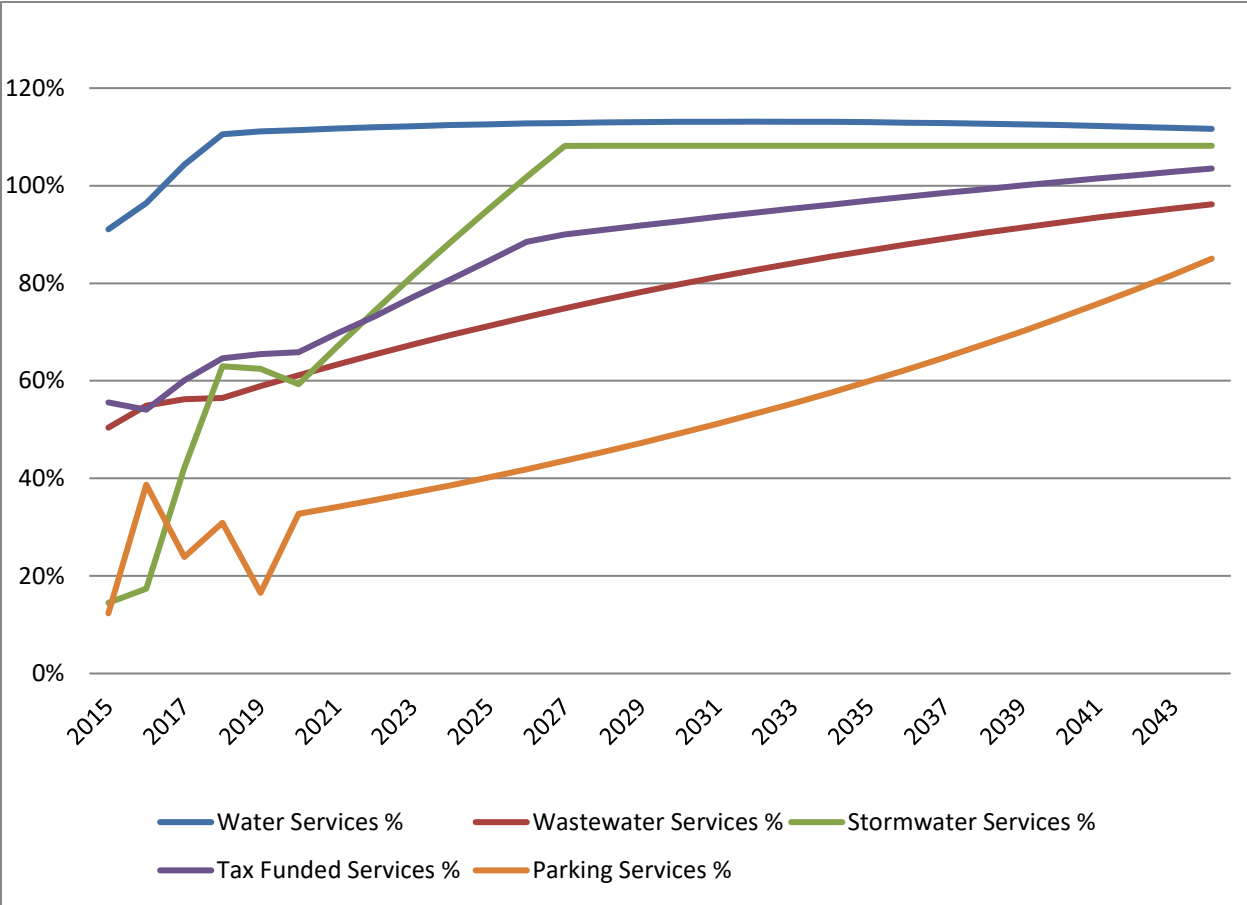
Sustainable Tax and Non-tax Operating Transfers to Capital Reserve Funds

Based on asset management data, estimates of the sustainable level of funding for each of the tax and non-tax asset groups are included in Figure 2 below. This shows how each of these areas are progressing towards achieving infrastructure sustainability and that the strategies in place will yield significant progress over the long-term.

Funding above 100 per cent indicates that the infrastructure backlog for that particular group of assets is being reduced, and once it has been brought to the optimal level, the funding will return to the 100 per cent amount. All of these are long-term forecasts and the estimates are continually being refined and reviewed as new condition assessment data is gathered.

Included in the tax supported sustainable funding transfers are the on-going Federal and Provincial gas tax funding grants, as well as investment income and **dividends from the city's wholly-owned entities** that all assist in reducing the property tax impact of this strategy.

Figure 2: Operating Transfers to Capital Reserves as Per Cent of Sustainable Targets



Asset Service Level Forecasting and Sustainable Funding

The integration of the budget with asset management data allows for presentation of service level forecasting for each group of assets. Throughout the budget document, staff has incorporated charts showing the overall rating of assets in a range from very poor to very good. These charts layer the predicted condition of city-owned assets with the planned financial investment, creating a visual that enables Council to see trends in performance of assets and be accountable to infrastructure renewal investment decisions.

In most situations, an asset in a very good condition is generally new or recently refurbished and it is expected that assets will stay in this range in the early years of their lifespan. Over time, due to normal use, it is expected that assets will move to good and then to fair condition as these assets are still expected to provide a consistent and expected level of service but may require higher levels of maintenance and refurbishment, depending on the relevant benefits of intervening at this stage of their life. Once assets begin to reach the end of their useful life they will enter the poor and then very poor condition and in some cases, this may affect their availability and the service level they are able to provide. At this time, a need for intervention is required and based on the type of asset, this could mean a complete replacement or a significant renewal. At any given time, the City will have assets in each group, a sustainable approach sees a stable level of funding to

support assets in each group based on service level expectations. The next phase of Asset Management maturity will be to establish targets for these bands, determining what level of assets are acceptable to be in each condition group.

Figure 3 shows that until sustainability for the tax supported assets is reached in 2035, the portion of assets in very poor, poor and fair condition continues to increase quite rapidly, even with increased transfers from the tax funded operating budget to the capital reserves funds. This illustrates significant risk to the City as facilities and transportation infrastructure begins to exceed their useful life. Once sustainable funding is reached, these three groups see a decline and an overall reduction in the risk that a service interruption will be realized. Council is encouraged to stay on the path of previously approved infrastructure renewal strategy.

Figure 3: Tax Supported Asset Condition Forecast

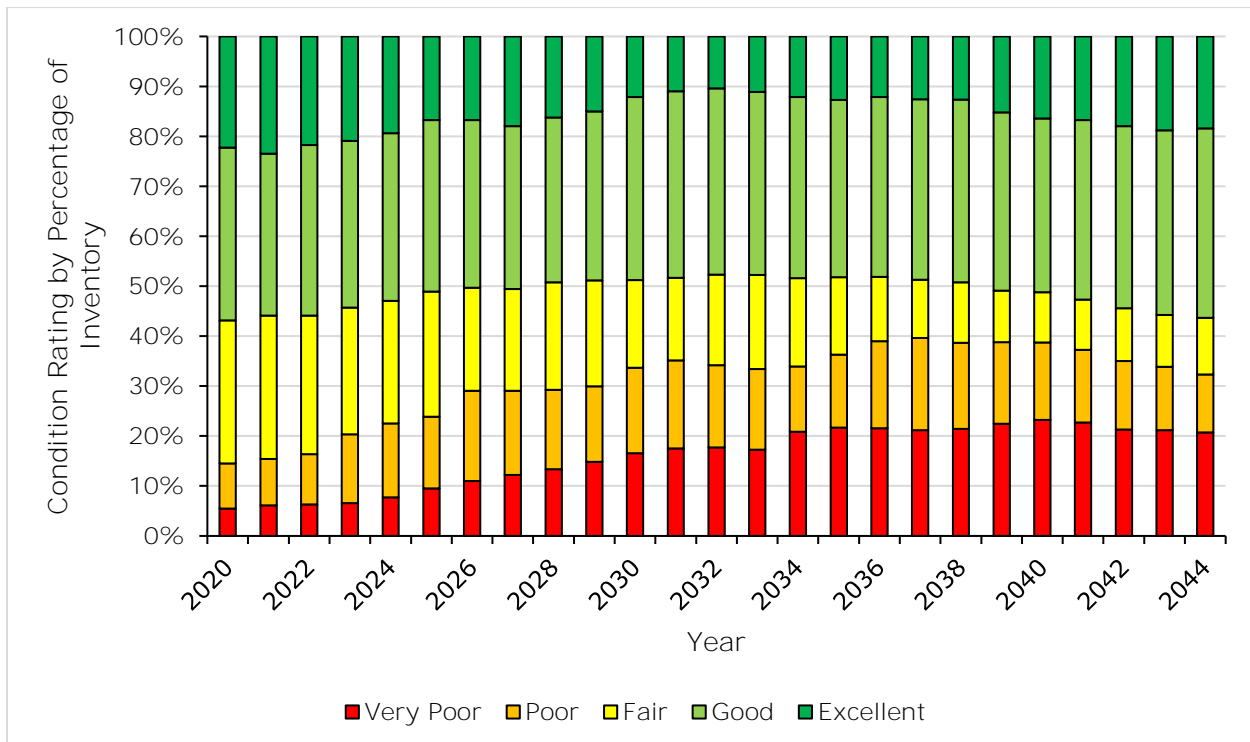
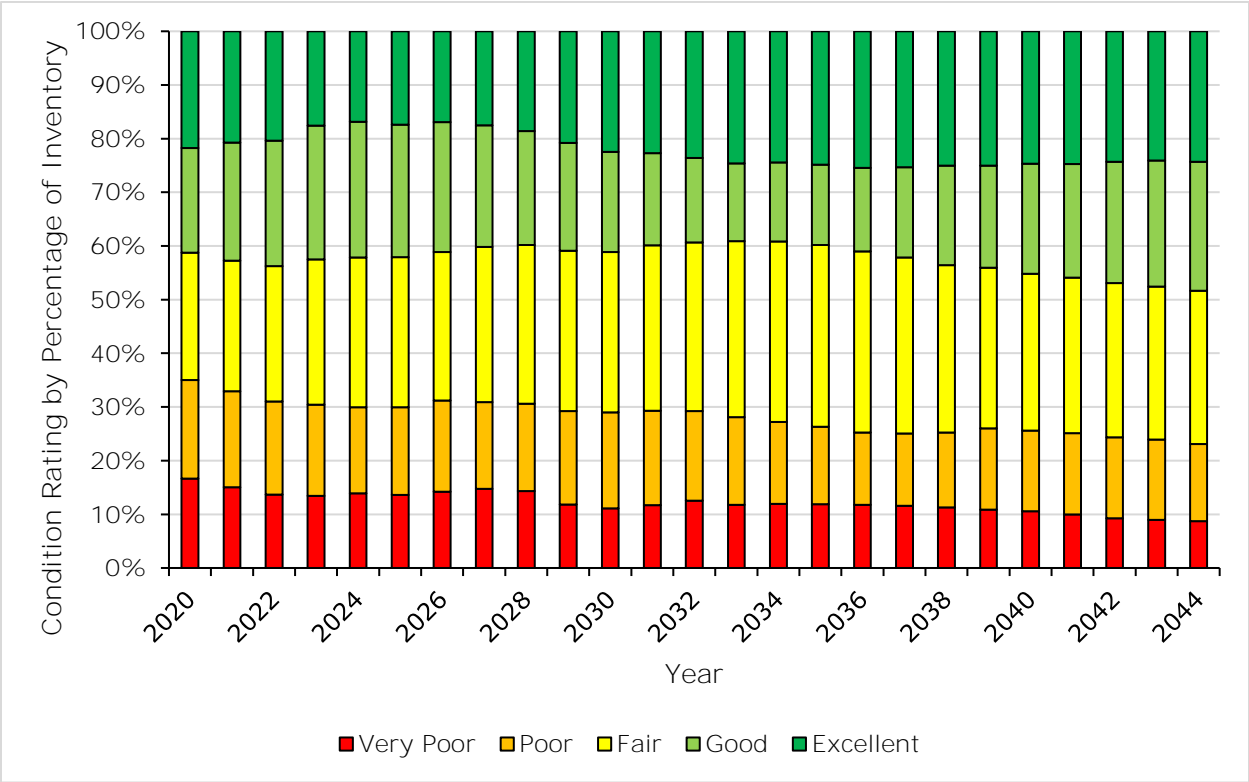


Figure 4 shows the non-tax supported assets over the same period and the achievement of starting a water and wastewater sustainable capital strategy over a decade ago. With this group of assets, that also includes the more recently transitioned stormwater and parking assets, the relative starting position of asset condition is worse with 32 per cent in very poor or poor versus 16 per cent of tax supported assets. The figure shows that due to the dedicated strategy for capital sustainability, their backlog is being addressed more immediately. Assets rated as very poor and poor will decline over time instead of the increase that is forecasted in the tax supported graph in Figure 3.

Figure 4, Non-tax Supported Asset Condition Forecast



2020-2029 City Building Strategy

As presented as part of the 2019 Capital Budget, City staff committed to further review the City Building projects included in the 10-year forecast due to the shortfall of funding. Staff approached this exercise in 2019 considering strategies to address this shortfall including deferring projects over a longer horizon, reducing the size or scope of projects and identifying new sources of revenue.

The projects collectively represent enhancements to the City’s current service levels and contribute to Council’s vision and priorities as identified in the Strategic Plan. **Through staff’s analysis, deferring of reducing the scope of projects would have significant impacts on Council’s overall vision and, in some cases, is not viable** due to project timing and integration with other City asset renewal or growth priorities.

For this reason, staff are recommending increasing funding of the tax supported City Building Strategy in order to accomplish the projects included in the 10-year budget and forecast (a summary of these projects is included in Attachment-2 to this report). The total 10-year shortfall is \$52.1 million, converting to an annual shortfall of \$5.2 million or a 2.19 per cent net tax levy impact, to be phased-in over three years starting in 2020. It should be noted that this shortfall includes the 0.86 per cent or \$2.1 million annually, of funding approved as part of report IDE-2019-100 Baker Street Development, to fund the new main library.

Staff are recommending the three-year phase-in of this strategy as part of this report and the 2020, 2021 and 2022 levy impact of \$1.78 million or 0.73 per cent will be incorporated into the tax supported operating budget accordingly. Successful grant and partnership revenue has the ability to reduce this tax levy impact in

future years. Without this envelope of funding, it will not be possible to complete the City Building projects as listed in Attachment-2 to this report within the 10 years as identified in this forecast.

100RE Strategy

In 2019, Council committed to achieving a 100 per cent renewable energy status for the corporation by 2050, and provided direction to begin funding this work via a \$500,000 transfer to a Green Energy Reserve Fund starting with the 2020 budget. Since this direction was given, staff have worked to further refine this strategy and are recommending the creation of creating a new reserve, 100RE (355) that will be used to fund projects throughout the City that contribute towards this goal. This strategy is still under development and will become more defined throughout the work of the Strategic Plan action plan.

Within the 2020 to 2029 Capital Budget and Forecast, a number of projects have been identified that help in moving the City towards this goal. The most significant project is the electrification of the Transit fleet, which is partially dependent on Federal/Provincial funding described in more detail later in this report.

Part of this strategy will be the identification of operating cost savings expected from these projects (for example sustainable long-term energy strategies) and this is still under development. As progress is made and additional details become available they will be communicated to Council.

Other Funding Opportunities

Over the past four years, a number of significant Federal and Provincial funding programs have been made available to municipalities to assist in addressing needed infrastructure renewal and expansion. These programs have been focused on the priorities of other levels of government which do not necessarily align with the **City's planned timelines** and priorities, and has required the City to shift projects within the forecast to maximize these grant opportunities. Through these programs the City has been successful in addressing needs related to renewal of the Transit conventional bus fleet, renewal of water and wastewater infrastructure on Metcalfe Street, cleanout and repair of numerous stormwater ponds as well as construction of a new snow disposal facility. In some cases these projects were already in the planning phases, in others they were part of the long-term capital forecast. This funding has relieved the need for City funding, both tax supported and non-tax supported, allowing funding to be directed to other projects. This funding is one-time in nature and not sustainable in that it impacts only specific projects over a short time frame; it helps to make City funding go further and additional projects are able to be accomplished in the near term.

The 2020-2029 Capital Budget and Forecast contains the best estimate of funding programs that the City is reasonably assured of receiving or have already received on a one-time basis. Specifically these grants include the one-time extra Federal Gas Tax funding and the Investing in Canada Program: Public Transit Stream (ICIP:PTS):

- i. As part of the 2019-2020 Federal budget there was a one-time doubling of the Federal Gas Tax allocation to all municipalities which has provided an additional \$7.6 million of funding that can be used for any project normally eligible as part of the program. As part of the proposed budget, this funding

has enabled accelerating a number of projects that have been identified as immediate priorities by condition assessments and studies:

- Bridge and structural repair work, as identified in report IDE-2019-96 Bridge and Structure Lifecycle Management Strategy has identified an **annual need for increased spending on maintaining and renewing the City's** aging bridges and structures. This funding helped additional work to be accommodated in 2020-2022.
 - Replacement of the Collection Administration Building at the Solid Waste Services site was identified as an urgent need with the condition assessment resulting in the facility closure due to health and safety concerns. Funding is being used to allow the planning and design to begin in 2020 with construction starting in early 2021.
 - Remaining one-time funding is being directed towards playground replacement across the City to ensure that safe, inclusive, and accessible structures are available for the community to gather and enjoy the outdoors.
- ii. The ICIP:PTS is part of the Federal program to achieve increased investment in non-vehicular modes of transportation, together with the Provincial Government have committed to provide funding of up to 73 per cent for eligible projects. As previously communicated in report CS-2019-67 Federal and Provincial Capital Grant Funding Update, this program distributed on a ridership allocation basis, with the City expected to receive \$106.7 million in funding between 2019 and 2027. The City applied for five projects in May 2019 with eligible amounts totaling \$83.2 million, leaving \$23.5 for the City **to consider for eligible projects in the next phase of submissions. The City's** five projects were forwarded by the Province to the Federal government for consideration with an expectation to receive a response from the Federal government before the end of the year. Once this approval is received, staff will be bringing the entire proposal to Council (early 2020) with the capital and operating impacts of this eight-year plan for approval and incorporation into the 2021 and future multi-year budgets.

The 2020-2029 Budget and Forecast includes the \$83.2 million in grant revenue under the assumption that the following projects will be approved as submitted by the Federal and Provincial governments with the planning and design work commencing in early 2020:

- construction of a new Transit Operations Facility – construction of a new facility at the 110 Dunlop Drive site to house all Transit operations, including administration, electrical charging and storage of the entire fleet
- transit service expansion – implementation of expanded routes as proposed in the Dillon Study prepared for the 2019 DC Background Study;
- Electrification of conventional transit buses – selection and purchase of equipment to charge buses and the replacement of 30 existing diesel buses with new electric buses
- transit terminal upgrades and expansion - the construction of a facility at Guelph Central Station to provide public washrooms for patrons, a place to wait out of the elements and a separate area for staff, including a break room and area for supervisors

- implementation of the ATN – faster implementation of portions of the ATN for non-vehicular connection of people to the transit system

There are additional grant programs that have the potential to provide significant funding to the new main library and 100RE projects, however, at the time of budget development, there is a large degree of uncertainty and therefore these revenues have not been included as sources of funding.

2020 Capital Budget and Operating Reserve Fund Transfers

In a culmination of all the strategies discussed above, Attachment-3 to this report provides a complete summary of all transfers to and from capital reserves that staff are seeking approval from Council to fund the 2020 Capital Budget.

Debt Funding Strategy

An integrated debt management strategy is also a critical component of the City’s 2020-2029 Capital Budget and Forecast. Debt is used on certain significant capital projects as a way to match the cost of long-lived assets to the benefit that future tax and rate payers will receive. Inter-generational equity is an important consideration to the long-term financial plan.

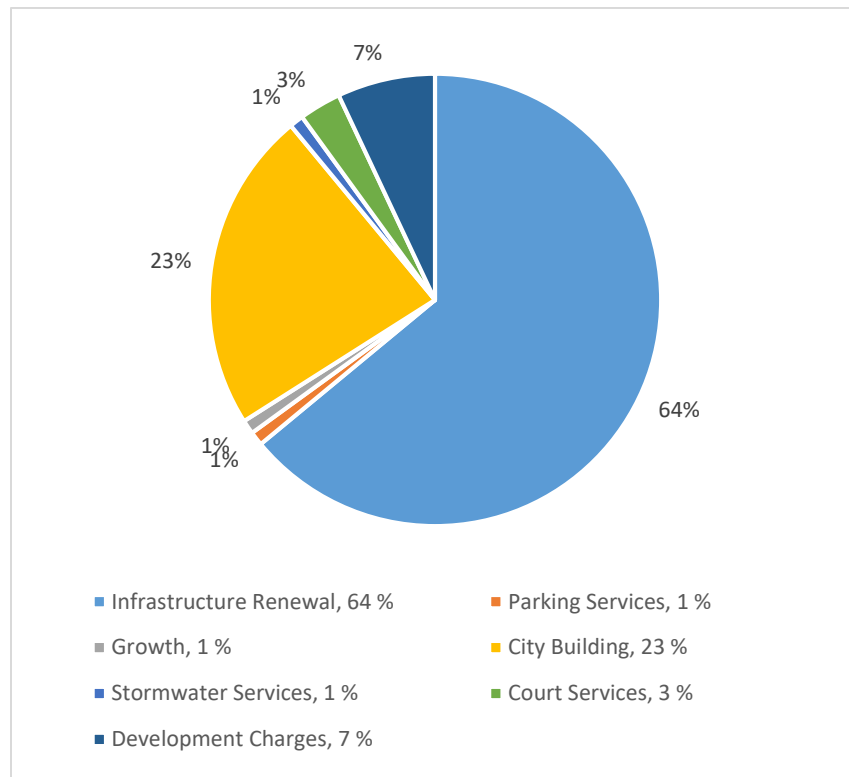
The 2020 capital budget proposes debt to be approved for the following projects:

Table 2: 2020 Capital Projects Funded By Debt

| Project | Source of Funding | Total Debt ('000s) |
|--------------------------------------|-------------------|--------------------|
| PN0693 FM Woods Station Upgrade | Non-Tax | 10,634 |
| GG0252 Dunlop Drive Site Preparation | Tax | 5,500 |
| TC0059 Transit Operations Facility | Tax | 2,819 |
| Total | | \$18,953 |

The City has approved debt in past capital budgets as a long-term funding strategy and the 2020 debt principal and interest costs total \$11.5 million and recommended to be funded **from the City’s** capital reserve funds as shown in Attachment-3 to this report. Figure 5 **shows the City’s total** 2020 debt costs categorized by supporting reserve fund. **Additional details regarding the City’s forecasted debt usage** throughout the 2021-2029 forecast can be found in Appendix-1 of the Capital Budget document, including **details regarding the City’s forecasted position relative** to its approved Debt Policy.

Figure 5: 2020 Debt Costs By Reserve Fund



Looking Forward to 2021 and Beyond

Although the capital strategy provides for adequate funding strategies to achieve the budget and forecast, pressures and risk remain that will need to continue to be monitored and adjusted. These include:

- Reprioritizing projects within the funding constraints as a result of updated condition assessments and maturity of asset management practices throughout the organization
- Alignment of DC funded projects with expected levels of collections as compared to those used to complete the 2019 DC Background Study will require deferring required growth projects further out in the 10 year forecast, this work is expected to be completed prior to the 2021 budget development
- Continuation of work to identify operating costs associated with all assets will assist in developing appropriate asset management strategies as well as forecasting for impacts from new assets being proposed over the next decade
- Complete alignment of the 10-year capital forecast with the recently completed Strategic Plan as the working teams begin to develop action plans and budget impacts
- Changing legislation and government grant allocations will continue to require refinement and updates to long-term capital strategies as assumptions change

Financial Implications

To support the long-term sustainable capital plan developed by staff the following assumptions require Council’s continued endorsement and support.

- total 2020 gross increase in transfer to tax funded capital reserve funds of \$4.0 million inclusive of the four strategies identified in this report
- transition of Parking Services to a blended rate-supported model, in accordance with the Council-approved Downtown Parking Master Plan financial model (See CS-2019-92 Parking Services Transition to a Blended Non-Tax Supported Enterprise), maintaining the approved 2019 capital transfer of \$2 million
- water, wastewater and stormwater capital transfers increasing by a total of \$1.5 million as a build towards sustainability and meeting growth impacts continues
- DC revenues of \$28.5 million and associated \$3.0 million of tax supported funding for growth-related capital projects

Operating Impacts From the 2020 Capital Budget

When Council approves Growth and City Building capital projects, there are direct operating cost increases and pressures that need to be considered as part of the capital project approval. Operating impacts in the current and future years from 2020 capital projects have been identified within each Program of Work transmittal.

Departments have worked to identify certain projects that will lead to increased or decreased operating costs in 2020 and beyond. These costs will be approved by Council with approval of the 2020 capital budget and will be included as part of the 2021 base operating budget accordingly.

Figure 6 summarizes the 2020 capital budget by Program of Work along with the associated 2021 operating budget impact and further details are provided within the budget document.

Figure 6: 2020 Program of Work Summary and 2021 Operating Impacts

| Program of Work | 2020 Budget | 2021 Operating Impact | Highlights |
|--|-------------------------|-----------------------|--|
| Contaminated Sites | \$3,750,000 | \$0 | |
| Corporate Projects | \$17,188,400 | \$38,620 | software licencing |
| Emergency Services | \$5,398,750 | \$0 | |
| Open Spaces, Recreation, Culture and Library | \$12,004,500 | \$26,270 | Parks Operations – Seasonal staff, maintenance |
| Solid Waste Services | \$2,213,000 | \$0 | |
| Stormwater Management | \$7,666,000 | \$13,500 | maintenance |
| Transportation Systems | \$29,209,850 | \$376,320 | Operations – maintenance Transit –software services and maintenance |
| Wastewater Services | \$24,399,800 | \$0 | |
| Water Services | \$49,759,800 | \$0 | |
| Total City | \$151,590,100 | \$454,710 | |
| | Total Tax Supported | \$441,210 | |
| | Total Non-tax Supported | \$13,500 | |

Figure 7 provides an estimate of the operating impacts for projects from 2020-2022 which will appear in the 2021-2023 base operating budget. Significant projects include the South End Community Centre \$3.0 million, new main library \$3.5 million, Transit service expansion/growth \$3.5 million over the three year period and a new growth-related Fire Services aerial/pumper truck requiring additional positions to operate. Staff are actively working to develop comprehensive operating plans for these new assets to enable Council to make informed decisions when approving the 2021 and beyond capital budgets.

In addition to the operating costs included in Figure 7, as new assets are added to **the City's portfolio through Growth** and City Building strategies, these now create increased pressures for infrastructure renewal. The average 100 year annual impact of new assets in each year is also required to be approved at the time of the capital project approval.

Figure 7: 2020 to 2022 Capital Budget Operating Impacts

| Program of Work | Operating Impact from 2020 Recommended Capital Budget | Operating Impact from 2021 Forecasted Capital Budget | Operating Impact from 2022 Forecasted Capital Budget |
|--|---|--|--|
| Contaminated Sites | \$0 | \$0 | \$0 |
| Corporate Projects | \$38,620 | \$173,300 | \$255,100 |
| Emergency Services | \$0 | \$1,900 | \$3,000,000 |
| Open Spaces, Recreation, Culture and Library | \$26,270 | \$6,528,575 | \$10,000 |
| Solid Waste | \$0 | \$387,700 | \$100,000 |
| Stormwater Management | \$13,500 | \$0 | \$0 |
| Transportation Systems | \$376,320 | \$3,854,700 | \$803,900 |
| Wastewater Services | \$0 | \$0 | \$0 |
| Water Services | \$0 | \$0 | \$0 |
| Total | \$454,710 | \$10,946,175 | \$4,169,000 |

Consultations

The 2020-2029 Capital Budget and Forecast was developed through the oversight of the Capital Planning Steering Committee made up of senior staff from all service areas. This group planned and led the budget process which was carried out by an integrated staff team that included members from all departments. This team worked collaboratively to achieve the goal of presenting to Council a 2020-2029 Capital Budget and Forecast that addresses the organizations key priorities in a comprehensive and sustainable plan.

Strategic Plan Alignment

With the newly approved Strategic Plan coming into effect this year, a complete integration of its stated goals and objectives will be an outcome of the strategy teams and reflected in the 2021-2023 multi-year budget. The current budget and forecast has been reviewed to ensure that in principal, all projects proposed align with the overall goals of the new Strategic Plan.

Attachments

Attachment-1 2020 to 2029 Capital Budget and Forecast, By Program of Work

Attachment-2 2020-2029 City Building projects

Attachment-3 2020 Net Transfer To and From City Capital Reserve Funds

Departmental Approval

Terry Gayman, Acting General Manager of Engineering and Transportation Services

Jessica Angers, Manager of Corporate Asset and Project Management

Heather Flaherty, General Manager of Parks and Recreation

Jennifer Rose, General Manager of Environmental Services

Antti Vikko, General Manager Facilities Management

Sasha Einwechter, General Manager Information Technology

Robin Gerus, General Manager Guelph Transit Services

Stephen Dewar, General Manager Guelph-Wellington Paramedic Services

Report Author

Greg Clark, CPA, CMA Manager Financial Strategy and Long-term Planning



Approved By

Tara Baker, CPA, CA

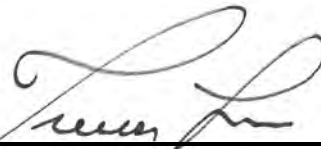
General Manager Finance, City

Treasurer

Corporate Services

519-822-1260 extension 2084

tara.baker@guelph.ca



Recommended By

Trevor Lee

Deputy Chief Administrative Officer

Corporate Services

519-822-1260 extension 2281

trevor.lee@guelph.ca

Attachment-1 2020 to 2029 Capital Budget and Forecast, By Program of Work (000s)

| Program | 2020 | 2021 | 2022 | 2023 | 2024 | 2025-2029 | Total |
|--|---------|---------|---------|---------|---------|-----------|-----------|
| Contaminated Sites | 3,750 | 3,550 | 3,895 | 3,645 | 4,145 | 11,360 | 30,345 |
| Corporate Projects | 17,188 | 19,877 | 11,533 | 6,943 | 55,031 | 28,042 | 138,614 |
| Emergency Services | 5,399 | 5,675 | 8,430 | 6,908 | 7,275 | 33,728 | 67,413 |
| Open Spaces, Recreation, Culture and Library | 12,005 | 145,014 | 9,602 | 16,855 | 15,958 | 113,421 | 312,854 |
| Solid Waste Services | 2,213 | 12,863 | 6,127 | 4,675 | 7,409 | 23,102 | 56,390 |
| Stormwater Management | 7,666 | 9,424 | 7,200 | 6,652 | 6,293 | 44,796 | 82,031 |
| Transportation Systems | 29,210 | 35,807 | 139,921 | 48,251 | 38,683 | 296,723 | 588,596 |
| Wastewater Services | 24,400 | 62,769 | 20,913 | 13,999 | 23,755 | 116,724 | 262,559 |
| Water Services | 49,760 | 32,132 | 45,520 | 30,684 | 37,280 | 150,380 | 345,756 |
| Total Capital Budget | 151,590 | 327,110 | 253,141 | 138,611 | 195,830 | 818,275 | 1,884,557 |

Attachment-2 2020-2029 City Building Projects

| Portfolio of projects | 2020-2029 budget |
|--------------------------------------|------------------|
| Active Transportation Network | 17,300,610 |
| Baker District | 44,609,000 |
| City Facility Enhancements | 5,485,900 |
| Downtown Streetscapes | 22,305,600 |
| Information Technology Enhancements | 3,699,000 |
| Open Spaces and Culture Enhancements | 11,167,500 |
| Operations Campus | 24,796,000 |
| Transit System Expansion | 14,673,840 |
| Total | 144,037,450 |

Attachment-3 2020 Net Transfers To and From City Capital Reserve Funds

| Reserve Fund | Transfer to Capital Reserve Funds | Inter Fund Transfers | Funding of 2020 Capital Projects | Funding of 2020 Debt Servicing Costs | Net Reserve Fund Increase (Decrease) |
|---|-----------------------------------|----------------------|----------------------------------|--------------------------------------|--------------------------------------|
| Contaminated Site Reserve Fund | 2,535,000 | 1,000,000 | (3,750,000) | n/a | (215,000) |
| Infrastructure Renewal Reserve Fund | 25,152,000 | n/a | (18,131,030) | (7,331,704) | (310,734) |
| Guelph Police Capital Reserve Fund | 893,000 | n/a | (1,733,300) | n/a | (840,300) |
| Guelph Library Capital Reserve Fund | 450,000 | n/a | (400,000) | n/a | 50,000 |
| Growth Reserve Fund | 3,011,000 | (1,848,400) | (273,500) | (136,696) | 752,404 |
| City Building Reserve Fund | 5,093,000 | n/a | (4,655,510) | (2,582,474) | (2,144,984) |
| 100RE Reserve Fund | 500,000 | n/a | (544,010) | n/a | (44,010) |
| Paramedic Provincial Funding Reserve Fund | 500,000 | n/a | (409,900) | n/a | 90,100 |
| Efficiency, Innovation and Opportunity Reserve Fund | 509,225 | n/a | (1,150,000) | n/a | (640,775) |
| Various other Capital Reserve Funds | 237,860 | n/a | (560,200) | n/a | (322,340) |
| Parking Capital Reserve Fund | 2,000,000 | (132,500) | (890,000) | (136,696) | 840,804 |
| Court Services Capital Reserve Fund | 475,720 | (400) | (40,100) | (397,076) | 38,144 |
| Stormwater Capital Reserve Fund | 5,546,060 | (24,700) | (8,411,503) | (109,383) | (2,999,526) |
| Wastewater Capital Reserve Fund | 14,750,000 | (1,222,350) | (21,081,700) | n/a | (7,554,050) |

| Reserve Fund | Transfer to Capital Reserve Funds | Inter Fund Transfers | Funding of 2020 Capital Projects | Funding of 2020 Debt Servicing Costs | Net Reserve Fund Increase (Decrease) |
|-----------------------------------|-----------------------------------|----------------------|----------------------------------|--------------------------------------|--------------------------------------|
| Water Capital Reserve Fund | 15,150,000 | (1,264,100) | (30,083,200) | n/a | (16,197,300) |
| Development Charges Reserve Funds | 24,999,245 | 3,492,450 | (22,796,489) | (776,204) | 4,919,003 |
| Federal Gas Tax Reserve Fund | 7,996,250 | n/a | (13,751,697) | n/a | (5,755,447) |
| Provincial Gas Tax Reserve Fund | 3,041,721 | n/a | (1,889,500) | n/a | 1,152,221 |
| Federal and Provincial Grants | n/a | n/a | (1,709,598) | n/a | n/a |
| Partner Contributions | n/a | n/a | (350,820) | n/a | n/a |
| Donations | n/a | n/a | (25,000) | n/a | n/a |
| Debt | n/a | n/a | (18,953,043) | n/a | n/a |
| Total | 112,840,081 | n/a | (151,590,100) | (11,470,233) | (29,181,791) |