

SPECIAL COUNCIL AGENDA



Consolidated as of July 8, 2016

Council Chambers, City Hall, 1 Carden Street

DATE Wednesday, July 13, 2016 - 6:00 p.m.

Please turn off or place on non-audible all cell phones, PDAs, Blackberrys and pagers during the meeting.

Disclosure of Pecuniary Interest and General Nature Thereof

CAPITAL BUDGET WORKSHOP

(presentation)

1. Introduction - Derrick Thomson, Chief Administrative Officer
2. Capital Budget Presentation – Greg Clark, Senior Corporate Analyst – Asset Management
3. Summary – Mark Amorosi, Deputy CAO, Corporate Services

ADJOURNMENT

Capital funding options

	Nine Year Total
Current Requirements	\$372 million
Current Funding	\$202 million

Current forecast is not all inclusive

Per cent Increase	Dollar Increase	Nine Year Total
0.5% Increase	56	\$258 million
1.0% Increase	112	\$314 million
1.5% Increase	168	\$370 million
2.0% Increase	224	\$426 million

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Closing and discussion

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Capital Information Session: City Council

July 13, 2016

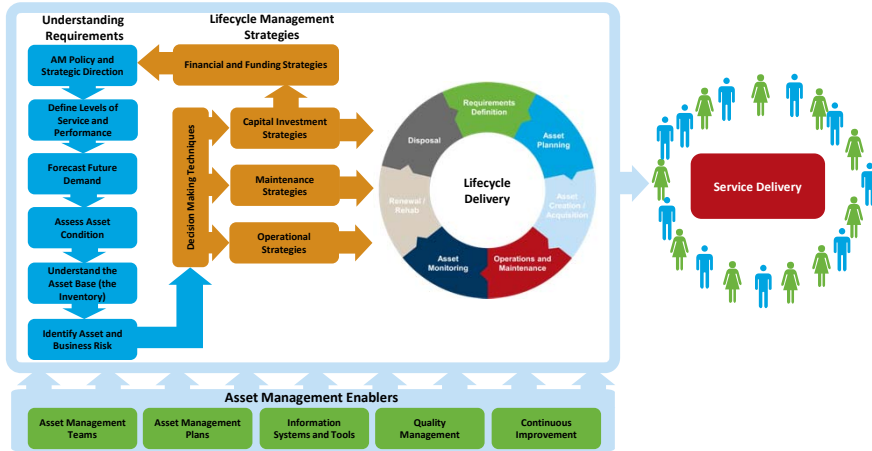
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Agenda

- Asset management
- Current capital funding outlook
- Impact of prior capital funding decisions
- Risk of staying the same
- Doing things differently
 - Long-term Capital strategy
 - Reserve realignment
 - Present capital differently
- Options to consider

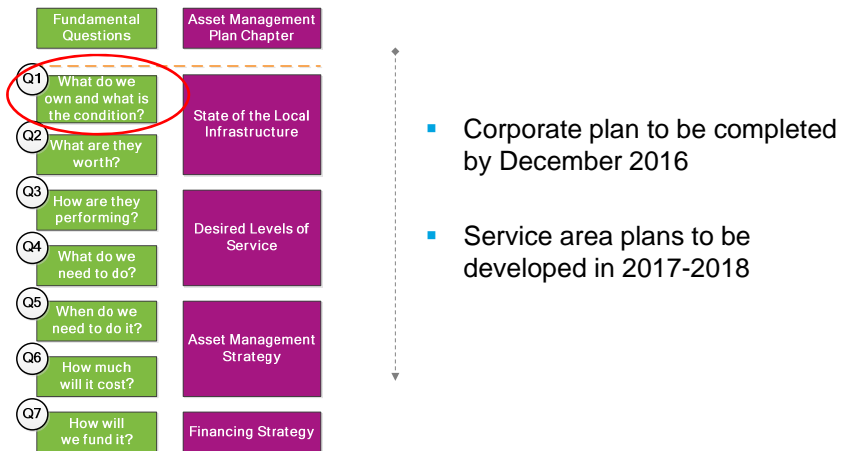
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Relating Asset Management and Capital Budgeting



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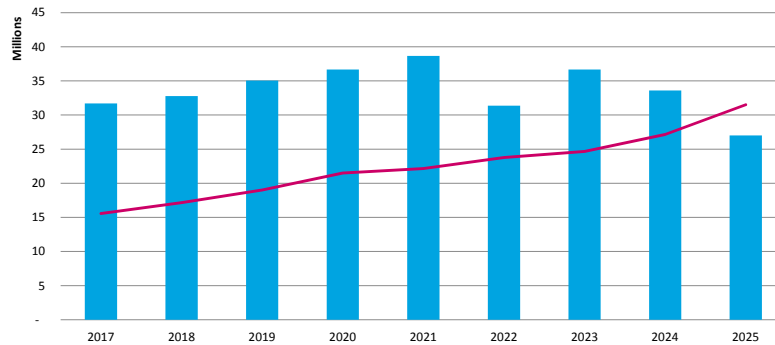
Long Term: Asset Management Plans



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Current Capital funding outlook

9 Year Capital Forecast

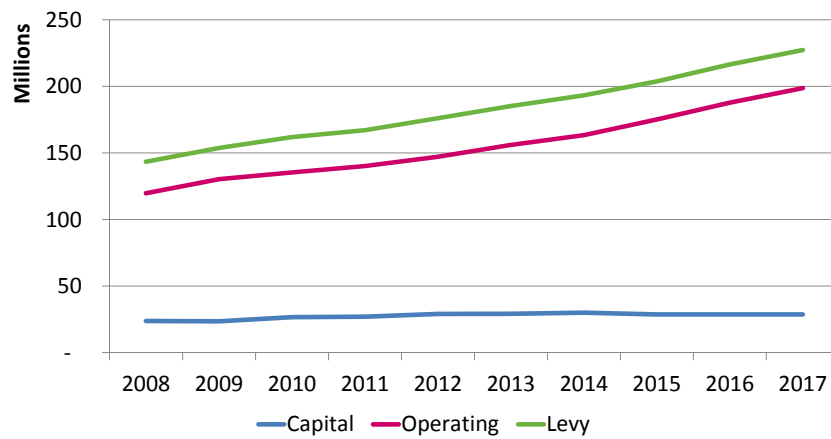


As per 2016 Capital Budget

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Impact of prior decisions

Flat capital contribution



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Impact of prior decisions

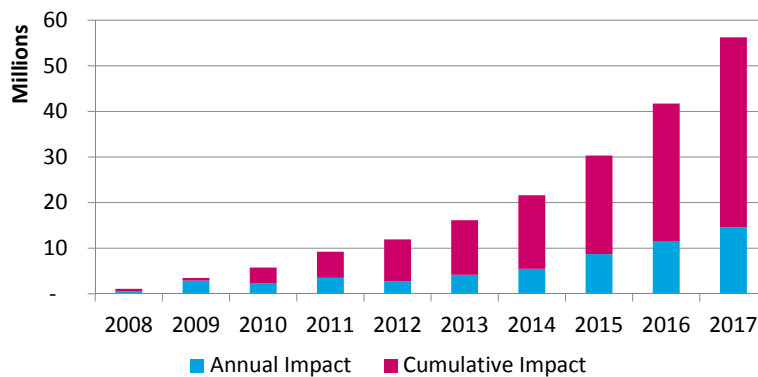
Flat capital contribution

	2008 to 2017	
	\$ Increase	% of Total
Operating	78,962,477	94%
Capital	4,848,015	6%
Total	83,810,492	100%

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Impact of prior decisions

Cumulative Capital impact \$56.26 million



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Risks of staying the same

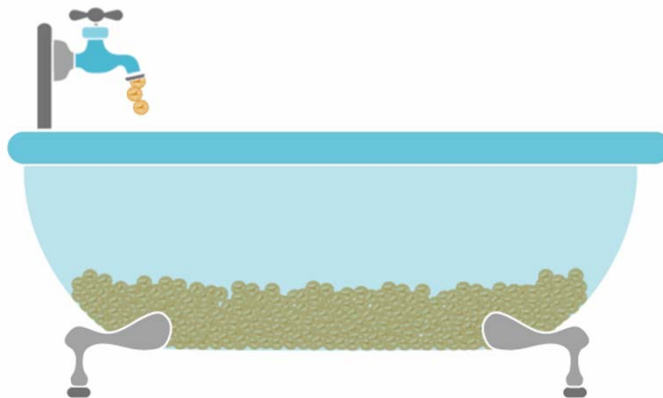
- Limited ability to match federal and/or provincial funding
- Reduced debt capacity
- Underfunding capital infrastructure replacement
- Delay in realizing City Building programs

Potential impacts

- Negative impact to credit rating

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Long-term Capital strategy



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Long-term Capital strategy

Disconnecting funding from budget

Capital funding

- Determine what is “sustainable capital funding”
- Achievable 10 year forecast
- Meeting City's needs

Capital program & budget approval

- Comprehensive program presentation
- Commitment to funding and resourcing complete program

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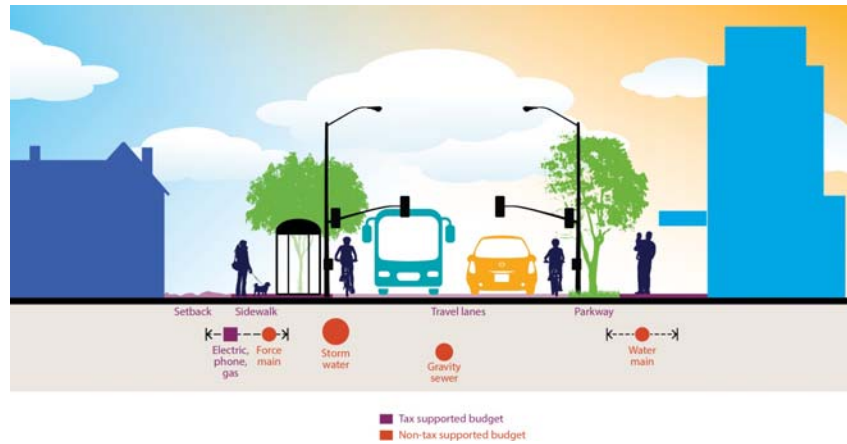
Reserve realignment

Corporate alignment of reserve funds

- Consolidate tax funded reserves into three corporate reserve funds
 - Infrastructure Renewal
 - Growth
 - City Building
- Align with Corporate priorities
- Increased flexibility to deal with opportunities and emergencies

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Present Capital Differently



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Present Capital Differently



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Present Capital Differently

- Organized by overall programs of work
- Program information will include:
 - tier level
 - associated risks
 - program and funding time frame
 - complete capital costing
 - details of funding - complexity and interrelation
 - operating impacts

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Present Capital Differently

Capital program portfolio framework (tiers)

Tier-1 Project Criteria	Tier-2 Project Criteria	Tier-3 Project Criteria
<ul style="list-style-type: none"> • > \$10 million • High Risk • Large complex scope • New initiatives • High-profile • Multi-stakeholders / partnerships • Highly controversial / political • Other (specified by ET) 	<ul style="list-style-type: none"> • \$1 million ~ \$10 million • Medium Risk • Medium scope and complexity • Medium profile • Mainly internal focus • Other (specified by ET) 	<ul style="list-style-type: none"> • < \$1 million • Low Risk • Minor scope, routine / operational • Low profile • Departmental focus
3 – 5 projects	~20 projects	> 250 projects
Immediate Focus		

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Options to consider

- Assessment growth
 - Currently used to reduce net levy increase – would add pressure to operating budget
- User fee surcharges
 - Direct tax on end users
- Debt
 - Requires additional net levy increase to make annual payments
- Dividend income
 - \$1.5 million from GHESI, used to reduce net levy increase – would add pressure to operating budget
- Infrastructure levy
 - Dedicated source of funding, allocated to fund designated capital programs

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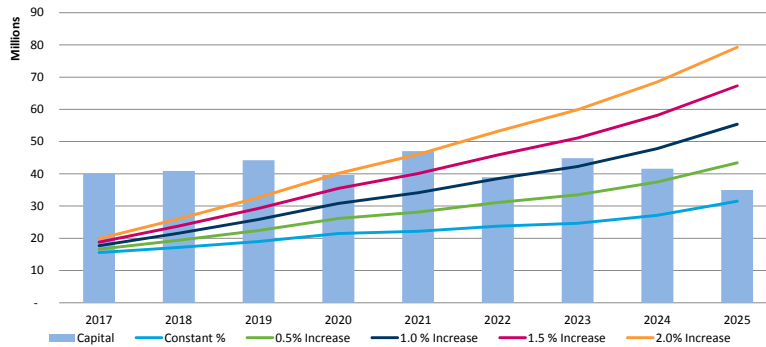
Comparators

- Mississauga
 - Implemented an annual two per cent per year levy that was split between funding current and servicing debt
- Barrie
 - Implemented an annual one per cent Infrastructure Levy
- Kitchener
 - Through a combination of debt and levy increases, created a \$100 million plus fund for redevelopment and infrastructure renewal, as well as creating ongoing additional capital funding within the operating budget

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Capital funding options

9 Year Capital Forecast



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