

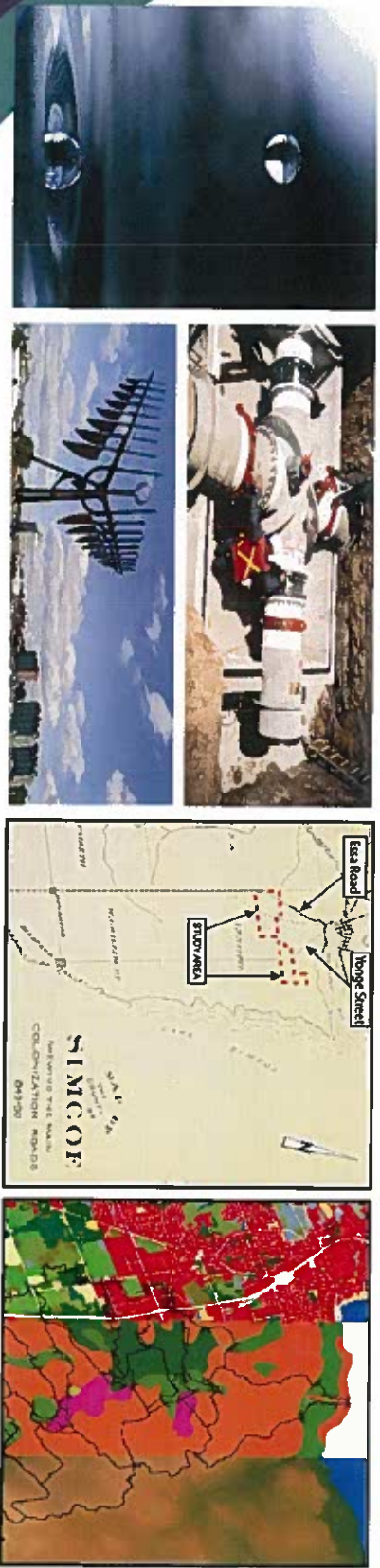
# City of Barrie

## Secondary Plan and Master Plans

### Fiscal Impact Analysis

### Presentation to General Committee

### April 22, 2014



# Introduction

- This is the same presentation made to the Stakeholders on January 31, 2014 (as revised).
- As the negotiations have proceeded with the developing landowners in the annexed lands, minor refinements have been made which will be highlighted during the presentation. These would include:
  - Timing of hard services;
  - Cost of land to be included in DC's vs. dedication;
  - Minor Cost adjustments to hard service projects as known;
  - Timing of growth;
  - Discounting of Water and Wastewater Debt Principal; and
  - Existing/anticipated wastewater debt to be issued.
- The above has made minor difference to the overall impact on the City and have not altered the final recommendations on the need for cash flow assistance and the capital contribution from the landowners.

# Introduction

The fiscal impact analysis is based on the following studies:

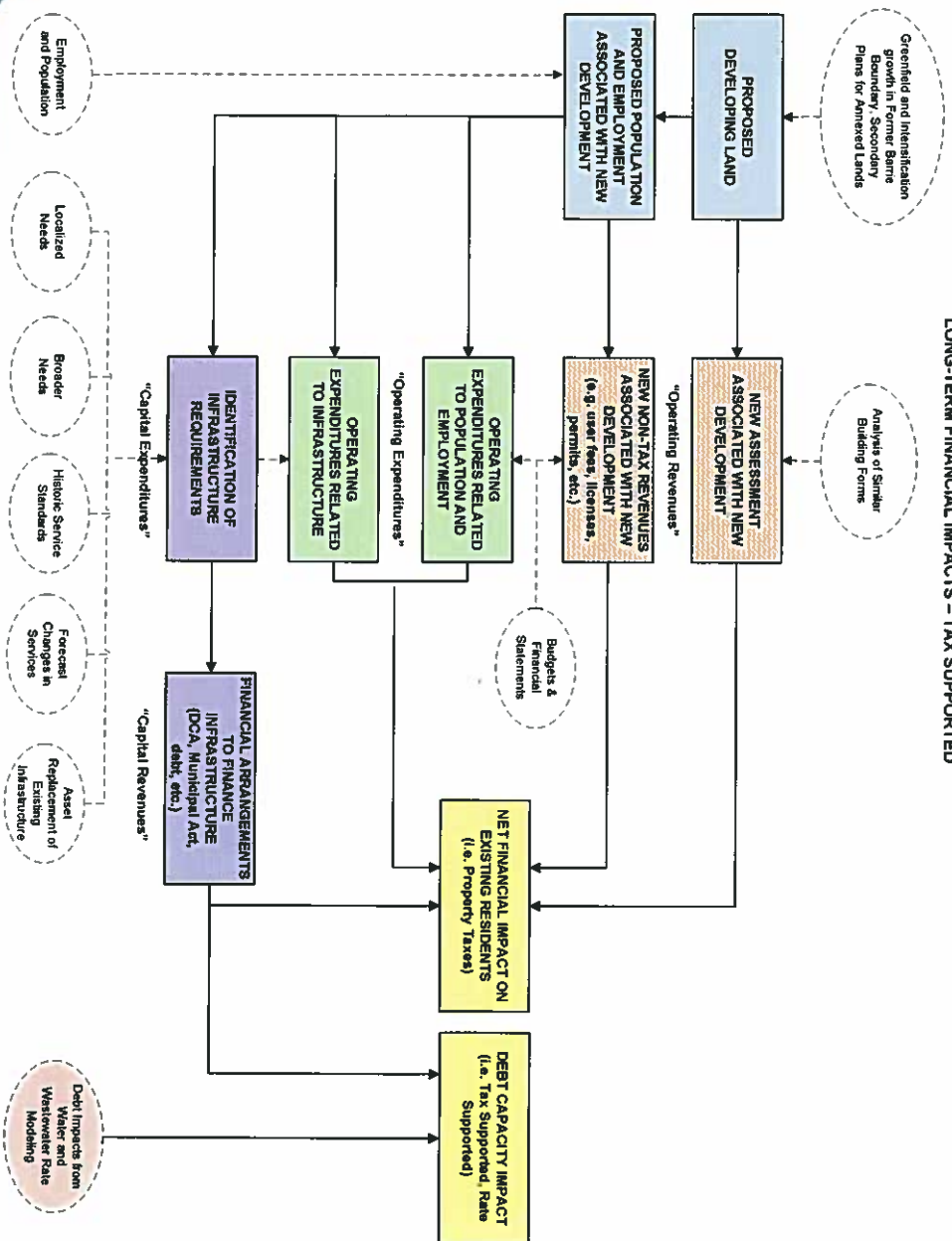
- Salem Rd. Secondary Plan Draft OPA, February 2013.
- Hewitt's Secondary Plan Draft OPA, February 2013.
- Draft Infrastructure Master Plans related to:
  - Transportation;
  - Water Storage and Distribution;
  - Wastewater Collection;
  - Water and Wastewater Treatment; and
  - Stormwater Management.
- Interviews with municipal staff on a service-by-service basis regarding capital and operating requirements associated with developing the preferred growth option.

# Introduction

- The Fiscal Impact Assessment (FIA) addresses the following:
  - The growth forecast for both the former City limits and Annexed Area;
  - Total capital costs associated with growth within the former City limits and the Annexed Area to 2031 in accordance with the Preferred Growth Option and corresponding Infrastructure Master Plans, the City's Capital Forecast, and the City's Asset Replacement Plan;
  - Assessment of net operating impacts for the City of Barrie to 2031;
  - Impact on tax and water/wastewater reserve balances;
  - Impact assessment on water/sewer rates for the City of Barrie;
  - Impact assessment on tax rates for the City of Barrie; and
  - Impact on the City's debt capacity.

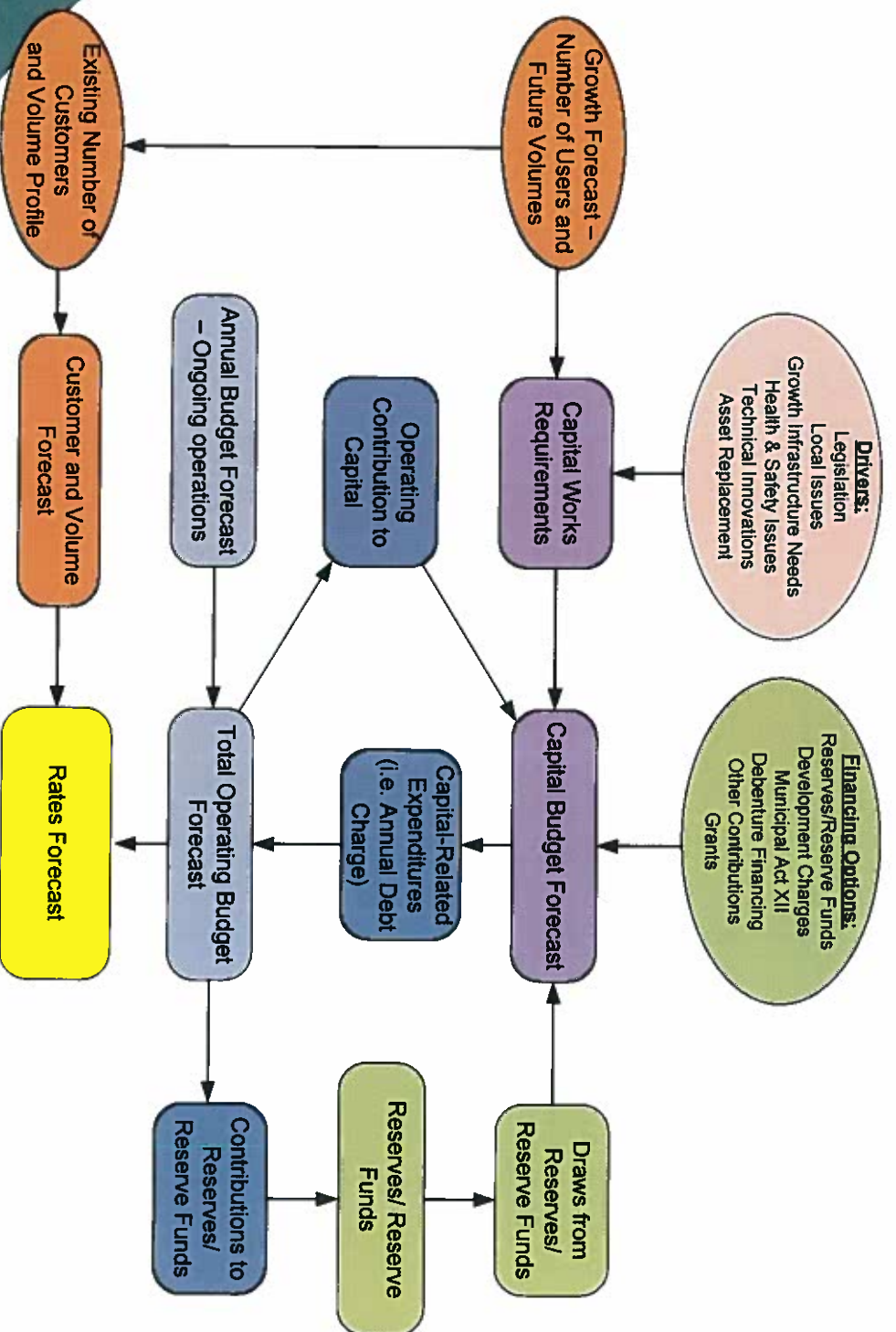
# Assessing the Fiscal Impacts of Growth – Tax Supported

LONG-TERM FINANCIAL IMPACTS – TAX SUPPORTED





# Assessing the Fiscal Impacts of Growth – Water & Wastewater Rates



# City of Barrie Growth Forecast

- The City of Barrie is planning to accommodate 210,000 persons<sup>(1)</sup> and 101,000 employees<sup>2</sup> by the year 2031.
- By 2031, the City of Barrie Annexed Lands will accommodate approximately 40,700 persons<sup>1</sup> and 10,400 jobs.
- By 2031, the former City of Barrie Municipal Boundary will accommodate approximately 28,200 persons<sup>1</sup> and 22,700 jobs.

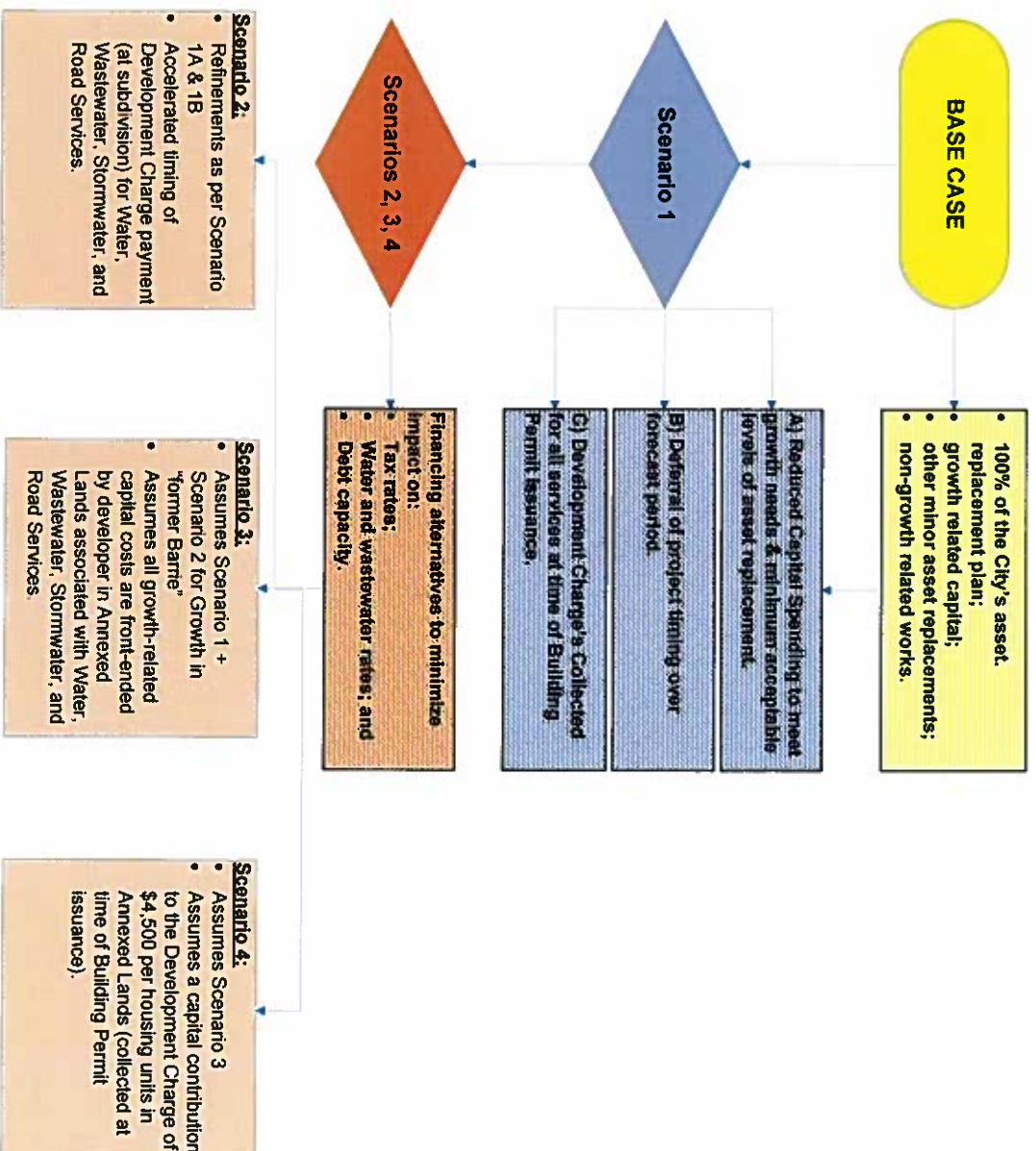
Development Location	Residential		Non-Residential	
	Net Population Increase <sup>1</sup>	Housing Unit Increase	Gross Floor Area Increase (ft <sup>2</sup> )	Employment <sup>2</sup>
Former City of Barrie Municipal Boundary	28,200	18,100	13,238,600	22,700
Annexed Area	40,700	15,800	6,277,300	10,400
<b>Total</b>	<b>68,900</b>	<b>33,900</b>	<b>19,515,900</b>	<b>33,100</b>

Source: Derived from Salem Secondary Plan Draft OPA, February 2013, Hewitt's Secondary Plan Draft OPA, February 2013.

<sup>1</sup> Population includes net Census undercount of approx. 4%

<sup>2</sup> Includes employment related to work at home and no fixed place of work

# Overview of Model Approach





## Base Case

- **Base Case** - \$3.61 billion in capital costs (excluding \$0.55 billion debt charges for W/WW plants) from 2012 to 2031 based on secondary plan studies, capital budget/forecast, asset replacement and other refinements provided by staff, including:
  1. Water and Wastewater Master Plan
  2. Drainage and Stormwater Management Master Plan
  3. Transportation Master Plan
  4. Other City Master Plans – Fire, Parks and Recreation, Solid Waste Management
  5. Staff interviews for remaining soft services
  6. Property Tax asset replacement needs
  7. Water & Wastewater rate asset replacement needs

# Base Case: Existing Asset Replacement Component

- Asset Replacement Costs = \$1.6 B or \$88.7 M annually
  - Includes both back log projects and life cycle investment
1. Back log projects – \$449.3 M or \$24.96 M annually
  2. Projected Replacement Needs 2014-2031 - \$1.13 B or \$62.88 M annually (excluding back log)

Asset Replacement Plan			
	Backlog	2014-2031 Needs	Total
Tax	\$411,465,593	\$895,996,860	\$1,307,462,453
Water	7,977,416	57,617,800	65,595,216
Wastewater	29,874,307	178,260,584	208,134,891
<b>Total</b>	<b>\$449,317,316</b>	<b>\$1,131,875,244</b>	<b>\$1,581,192,560</b>
Average Annual (18 Years)	\$24,962,073	\$62,881,958	\$87,844,031

Note: Amounts above do not include minor asset replacement (e.g. library collection materials, IT infrastructure replacement, small equipment/gear, etc.)

# Base Case: Capital by Service

Service	Asset Management & Other Non-Growth Related Works <sup>(1)</sup>	Growth Related			Total Growth Related	Grand Total	% of Grand Total
		Former City Limits Growth	Annexed Lands Growth				
General & Administration - General Government		3,695,983	46,192,652		49,888,635	49,888,635	1.4%
Arts & Culture		3,771,602	14,600,000		18,371,602	18,371,602	0.5%
Parks & Recreation - Parkland Development		14,704,104	42,363,800		57,067,904	57,067,904	1.6%
Parks & Recreation - Parks & Recreation Vehicles & Equipment		737,000	1,475,000		2,212,000	2,212,000	0.1%
Parks & Recreation - Recreation Facilities		39,657,220	120,763,780		160,421,000	160,421,000	4.4%
Engineering Services - Landfill		-	36,155,273		36,155,273	36,155,273	1.0%
Engineering Services - Roads and Related		636,574,416	274,057,850		910,632,266	910,632,266	25.2%
Engineering Services - Sidewalks		45,110,510	7,561,775		52,672,286	52,672,286	1.5%
Engineering Services - Traffic Lights & Services		4,745,270	0		4,745,270	4,745,270	0.1%
Engineering Services - Facilities		1,485,000	21,025,000		22,510,000	22,510,000	0.6%
Engineering Services - Vehicles & Equipment		761,213	2,070,000		2,831,213	2,831,213	0.1%
Engineering Services - Parking*		5,664,717	2,051,535		7,716,252	7,716,252	0.2%
Engineering Services - Transit		96,802,879	13,458,766		110,261,645	110,261,645	3.1%
Fire - Facilities		13,776,574	13,082,490		26,859,064	26,859,064	0.7%
Fire - Vehicles		1,290,953	650,000		1,940,953	1,940,953	0.1%
Fire - Equipment		135,000	138,000		273,000	273,000	0.0%
Police		7,775,890	50,439,690		58,215,580	58,215,580	1.6%
Ambulance		7,751,068	7,751,068		15,502,136	15,502,136	0.4%
Development Services		795,800	1,089,200		1,885,000	1,885,000	0.1%
Stormwater/Drainage		68,398,323	14,500,000		82,898,323	82,898,323	2.3%
Tax Supported Asset Replacement <sup>(1)</sup>	1,307,462,453	-	-		1,307,462,453	1,307,462,453	36.2%
Minor Asset Replacement & Other Non-Growth Related Works <sup>(2)</sup>	171,972,691	-	-		171,972,691	171,972,691	4.8%
Total Tax-Supported Services	1,479,435,143	953,633,521	669,425,860		1,623,059,401	3,102,494,545	
Water <sup>(3)</sup>	67,768,989	41,910,744	51,708,115		93,618,859	161,387,858	4.5%
Wastewater <sup>(4)</sup>	229,532,396	37,698,218	79,798,242		117,496,660	347,028,856	9.6%
Total Rate-Supported Services	297,301,395	79,608,962	131,506,357		211,115,319	508,416,714	
<b>Grand Total Capital</b>	<b>\$1,776,736,538</b>	<b>\$1,033,242,483</b>	<b>\$800,932,237</b>		<b>\$1,834,174,720</b>	<b>\$3,610,911,259</b>	<b>100%</b>

<sup>(1)</sup> Includes 2014-2031 Projected Needs, 2013 & Prior Years Backlog for major infrastructure including roads, facilities, fleet, stormwater, parks features, parking, etc.  
<sup>(2)</sup> Include replacement of library collection materials, IT infrastructure, small equipment/gear, non-growth related studies and other non-growth related city initiatives  
<sup>(3)</sup> These capital costs do not include the debt principal & interest for Water however, they do include minor asset replacement and other non-growth related works  
<sup>(4)</sup> These capital costs do not include the debt principal & interest for Wastewater however, they do include minor asset replacement and other non-growth related works  
 \* Note: Parking is an eligible service under the Development Charges Act however, the City does not currently impose a DC for parking; the Fiscal Impact assumes that parking will be collected under the 2014 DC study.



# Glossary of Terms

- **Asset Replacement** – Replacement of existing City assets. They have been categorized as Extreme, High, Medium and Low based on risk exposure which is calculated using the probability and consequence of failure. The consequence of failure is assigned to assets based on criteria including economic, social, environmental and service delivery impacts.
- **DC** – Development Charges.
- **DCA** – *Development Charges Act, 1997*
- **Existing Benefit** – Portion of Capital Costs that will benefit existing residents/businesses
- **Hard Services for the purpose of this presentation** – Water, Wastewater, Stormwater, and Roads
- **Non-Eligible/Exempt Services** – Services not eligible for inclusion in the DC based on restrictions/limitations of the DCA.
- **Over Service Standard** – Capital costs required to service growth that are in excess of the upper limit allowable to be included in the DC based on the historic service calculations required by the DCA.
- **Post Period Benefit** – Portion of Capital Costs that will benefit development post 2031
- **Soft Services** – All services except Water, Wastewater, Stormwater, Roads & Related, Fire and Police
- **Statutory Reduction** – The mandatory 10% deduction to DC calculations related to “soft services” based on the DCA.



# Base Case: Capital Funding Overview

Service	Description	Capital Cost 2012-2031	Non-Growth Related Capital Exp.	Growth Related Capital Exp.	Non-DC Eligible/Exempt Services under DCA	Other Recovery	Over Service Standard	Post Period Benefit	Existing Benefit Deduction	2012 DC Reserve Fund Adjustment	Net Growth-Related Capital Exp.	Statutory Reduction \$	DC Eligible Capital Exp.
General & Administration	General & Administration	80,549,395	30,660,220	49,889,635	22,508,278	-	-	1,308,354	25,314,869	(123,999)	757,134	75,713	881,421
Arts & Cultural/Leisure	Arts & Cultural/Leisure	24,233,292	5,881,930	18,371,632	186,938	186,938	885,381	2,920,000	209,896	(123,999)	14,314,417	1,418,942	12,894,475
Parks & Recreation	Parkland Development	62,166,622	5,008,218	57,067,394	-	10,375,000	-	6,397,760	4,638,490	1,993,621	33,465,032	3,545,865	29,919,167
Parks & Recreation	Parks & Recreation Vehicles & Equipment	8,237,022	6,025,022	2,212,000	-	-	-	295,000	265,352	-	1,661,648	166,165	1,495,483
Parks & Recreation	Recreation Facilities	170,087,217	9,666,217	160,421,000	-	-	-	24,276,560	35,914,700	1,993,621	98,298,119	10,022,974	88,275,145
Parks & Recreation	Mainline	693,000	693,000	-	-	-	-	-	-	-	-	-	-
Parks & Recreation	Studios/lecticellaneous	300,000	-	300,000	-	-	-	-	-	-	300,000	-	300,000
Engineering Services	Landfill	40,191,089	4,025,616	36,165,273	35,533,728	-	-	-	621,546	16,969,445	-	-	587,104,462
Engineering Services	Roads and Related	988,166,798	20,416,986	967,749,822	-	41,893,711	-	49,273,937	272,478,266	-	597,104,462	-	587,104,462
Engineering Services	Facilities	22,510,000	-	22,510,000	-	-	-	4,199,500	1,267,000	-	17,083,500	-	17,083,500
Engineering Services	Vehicles & Equipment	5,460,981	3,629,768	1,831,213	-	-	-	414,000	30,795	-	2,388,417	-	2,388,417
Engineering Services	Parking*	9,176,449	1,460,197	7,716,252	-	1,251,678	-	414,000	30,795	-	2,388,417	-	2,388,417
Engineering Services	Transit	116,071,400	5,909,755	110,251,645	-	4,297,483	50,994,334	2,562,177	4,442,178	1,418,185	2,022,195	202,220	1,819,976
Engineering Services	Drainage/Stormwater	150,577,502	67,679,180	82,898,323	-	-	-	2,900,000	41,090,758	(1,265,389)	40,212,933	-	40,212,933
Fire	Fire	33,415,195	4,342,179	29,073,017	-	-	-	2,774,098	10,097,631	193,725	16,037,563	-	16,037,563
Police	Police	64,807,042	6,591,462	58,215,580	-	-	-	2,659,592	41,256,000	193,725	13,817,495	1,395,192	13,996,263
Ambulance	Ambulance	15,502,136	-	15,502,136	-	-	-	1,550,214	-	134,428	-	-	12,422,303
Development Services	Development Services	1,985,000	-	1,985,000	-	-	-	192,340	110,700	125,550	1,456,410	158,196	1,298,214
Development Services	Lifecycle - Asset Management	1,307,462,453	1,307,462,453	-	-	-	-	-	-	-	-	-	-
Non-Growth Related Works	Lifecycle - Asset Management	1,307,462,453	1,307,462,453	-	-	-	-	-	-	-	-	-	-
SUB-TOTAL - Non-Water & Wastewater		3,162,494,648	1,478,435,143	1,622,039,491	63,042,005	67,864,900	61,869,716	161,683,631	482,667,761	21,663,913	889,048,606	19,768,876	649,280,630
Water	Water Services	161,387,899	80,827,697	80,564,897	-	-	-	27,726,180	8,253,121	(8,665,802)	53,449,398	-	53,449,398
Water	Wastewater Services	347,028,657	229,532,290	117,496,459	-	-	-	19,915,201	29,090,261	11,471,998	873,648,884	-	873,648,884
SUB-TOTAL - Including Water & Wastewater		3,640,911,281	1,738,796,438	1,821,390,957	63,042,005	67,964,900	61,869,716	181,604,812	491,811,133	24,449,077	1,529,978,163	19,768,876	1,509,918,287
Water	Debt (Principal)	176,028,894	-	176,028,894	-	-	-	-	-	-	176,028,894	-	176,028,894
Water	Debt (Interest - Discounted)	151,871,845	-	151,871,845	-	-	-	-	-	-	151,871,845	-	151,871,845
Water	Debt (Interest - Discounted)	109,280,160	-	109,280,160	-	-	-	-	-	-	109,280,160	-	109,280,160
Wastewater	Debt (Interest - Discounted)	112,947,409	-	112,947,409	-	-	-	-	-	-	112,947,409	-	112,947,409
TOTAL		4,161,038,699	1,738,796,438	2,371,609,066	63,042,005	67,964,900	61,869,716	181,604,812	491,811,133	24,449,077	1,529,978,163	19,768,876	1,509,918,287

Other Receipts include:  
 - Grant Income of Parkland Acquisition Needs  
 - Revenue & Related Funding from Provincial & Federal Grants/Share of Project  
 - Transit Land-Use from 3P on Facility  
 - Other Capital Receipts - Growth Related Amount that is in excess of the service standard maximum limit allowed under the Development Charges Act  
 - Other Receipts - Growth Related Amount that is in excess of the service standard maximum limit allowed under the Development Charges Act however, the City does not currently impose a DC for parking. It is assumed that parking would be included in the 2014 DC Update



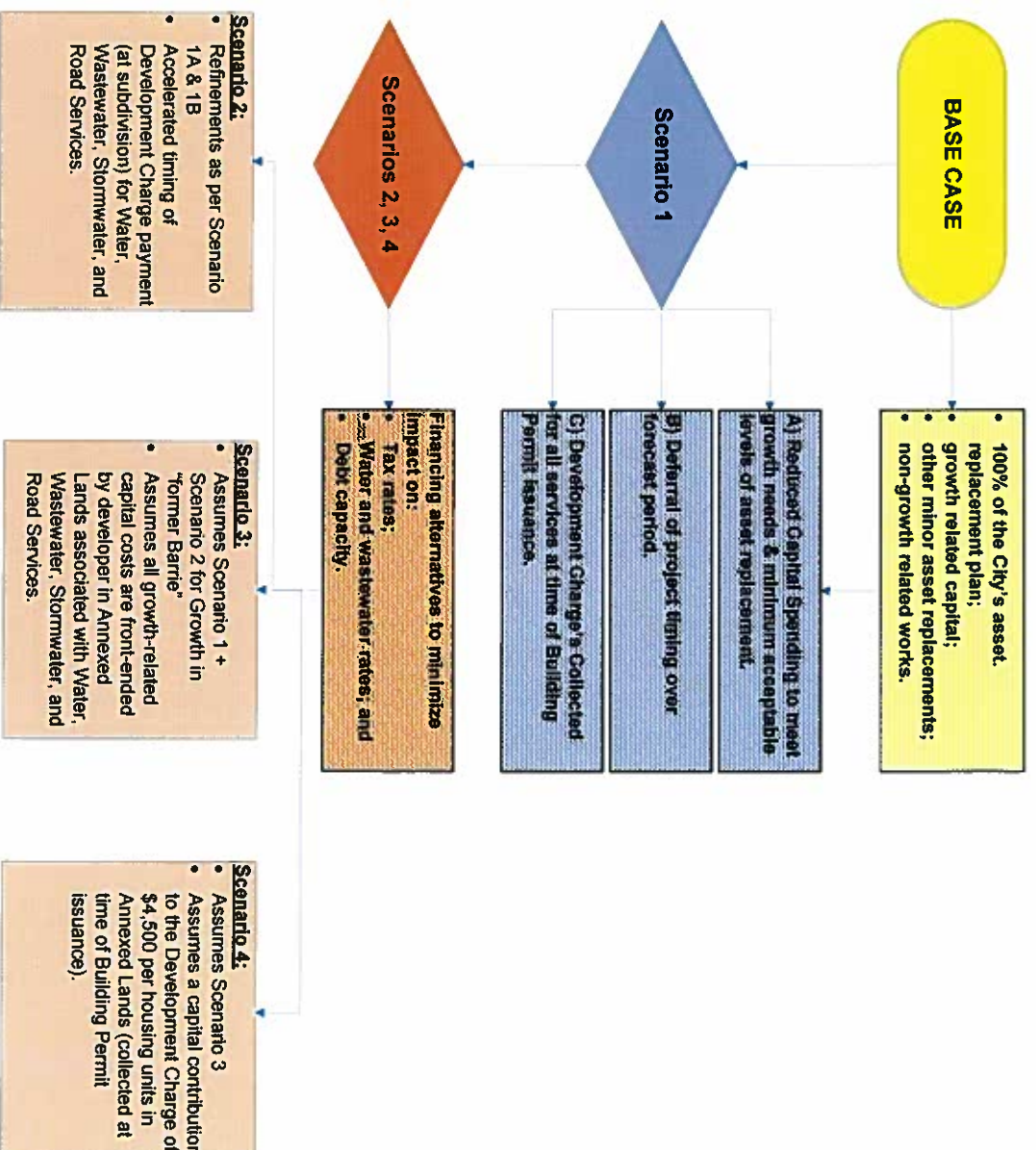
Refer to page 1-3 of Watson & Associates Economists Ltd., Long-Term Fiscal Impact Assessment of Growth - Capital Forecast Detail and Summary, January 23, 2014

# City's Financial Framework Considerations

- **Debt Targets**
  1. Principal and interest not to exceed 20% of City's own source revenues
  2. Principal and interest for tax-supported debt not to exceed 10% of City's net property tax levy requirement
- **Budget Targets**
  1. Municipal taxes levied not to exceed 4% of average household income
  2. Average water and wastewater costs not to exceed 2.5% of average household income

Fiscal Scenario	Financial Framework			
	Principal and interest must not exceed 20% of own source revenues	Principal and interest for tax supported debt not to exceed 10% of the City's net levy requirement	Municipal Taxes Levied do not exceed 4% of Average household income	Average water and wastewater costs do not exceed 2.5% of average household income
Base Case	46%	41%	5%	0.9%

# Overview of Model Approach



# Fiscal Impact Scenario Development

## Scenario 1

- **Scenario 1**- \$3.1 Billion (excluding water & wastewater debt charges) in capital costs and assumes:
  - Reduction in rate-supported (wastewater) and tax-supported annual asset replacement capital projects to be funded over the forecast
  - Reduction in growth-related transit buses (to match the Base Service Plan with a total of 68 buses by 2031 vs. 128) and reduction in transit facility expansions
  - Adjustments to timing of roads, sidewalks, the South West Community Centre and the Allandale Recreation Centre Expansion projects
  - Updates to water and wastewater capital projects and timing of the projects as identified by staff and engineers
  - Development charges for all services collected at time of BP issuance



# Fiscal Impact Scenario Development

- **Scenario 1** – Assumes all changes as previously mentioned in slide 16
- **Scenario 2** – Assumes Scenario 1 and accelerated timing of hard service DC payment by three years. Applies to lands within former City of Barrie Municipal Boundary and Annexed Lands (subdivision vs. building permit)
- **Scenario 3** – Assumes Scenario 1, Scenario 2 for growth in “former Barrie” and assumes all growth-related capital costs associated with water, wastewater, stormwater and roads for Annexed Lands are front-ended by developer
- **Scenario 4** – Assumes Scenario 3, plus assumes a capital contribution to the DC of \$4,500 per housing unit for Annexed Lands (collected at time of BP issuance)

# Scenario: Capital by Service

Scenario 1: Capital by Service

Service	Asset Management & Other Non-Growth Related Works <sup>(1)</sup>	Growth Related			Total Growth Related	Grand Total	% of Grand Total
		Former City Limits Growth	Annexed Lands Growth				
General & Administration - General Government		3,695,993	46,192,652		49,888,635	49,888,635	1.6%
Arts & Culture		3,771,802	14,600,000		18,371,802	18,371,802	0.6%
Parks & Recreation - Parkland Development		14,704,104	42,363,800		57,067,904	57,067,904	1.8%
Parks & Recreation - Parks & Recreation Vehicles & Equipment		737,000	1,475,000		2,212,000	2,212,000	0.1%
Parks & Recreation - Recreation Facilities		39,657,220	120,763,780		160,421,000	160,421,000	5.1%
Engineering Services - Landfill		-	36,155,273		36,155,273	36,155,273	1.2%
Engineering Services - Roads and Related		636,384,933	274,059,013		910,443,946	910,443,946	29.1%
Engineering Services - Sidewalks		41,898,996	7,001,644		48,900,640	48,900,640	1.6%
Engineering Services - Traffic Lights & Services		4,745,270	-		4,745,270	4,745,270	0.2%
Engineering Services - Facilities		1,485,000	21,025,000		22,510,000	22,510,000	0.7%
Engineering Services - Vehicles & Equipment		761,213	2,070,000		2,831,213	2,831,213	0.1%
Engineering Services - Parking*		5,664,717	2,051,535		7,716,252	7,716,252	0.2%
Engineering Services - Transit		35,765,432	7,212,766		42,978,198	42,978,198	1.4%
Fire - Facilities		13,776,574	13,082,490		26,859,064	26,859,064	0.9%
Fire - Vehicles		1,290,953	650,000		1,940,953	1,940,953	0.1%
Fire - Equipment		135,000	138,000		273,000	273,000	0.0%
Police		7,775,890	50,439,690		58,215,580	58,215,580	1.9%
Ambulance		7,751,068	7,751,068		15,502,136	15,502,136	0.5%
Development Services		795,800	1,089,200		1,885,000	1,885,000	0.1%
Stormwater/Drainage		68,398,323	14,500,000		82,898,323	82,898,323	2.7%
Tax Supported Asset Replacement <sup>(1)</sup>	893,976,308	-	-		893,976,308	893,976,308	28.6%
Minor Asset Replacement & Other Non-Growth Related Works <sup>(2)</sup>	170,422,472	-	-		170,422,472	170,422,472	5.5%
Total Tax-Supported Services	1,064,398,780	893,195,077	662,620,912		1,551,815,989	2,616,214,769	
Water <sup>(3)</sup>	67,768,999	41,910,744	51,708,115		93,618,859	161,387,858	5.2%
Wastewater <sup>(4)</sup>	229,532,386	37,699,218	79,798,242		117,496,460	347,028,856	11.1%
Total Rate-Supported Services	297,301,395	79,608,962	131,506,357		211,115,319	508,416,714	
Grand Total Capital	\$1,361,700,175	\$688,804,039	\$794,127,269		\$1,762,931,308	\$3,124,631,483	100%

<sup>(1)</sup> Includes 2014-2031 Adjusted (Reduced) Needs, 2013 & Prior Years Backlog for major infrastructure including roads, facilities, fleet, stormwater, parks features, parking, etc.  
<sup>(2)</sup> Include replacement of library collection materials, IT infrastructure, small equipment/vehicles, non-growth related studies and other non-growth related city initiatives  
<sup>(3)</sup> These capital costs do not include the debt principal & interest for Water however, they do include minor asset replacement and other non-growth related works  
<sup>(4)</sup> These capital costs do not include the debt principal & interest for Wastewater however, they do include minor asset replacement and other non-growth related works  
 \* Note: Parking is an eligible service under the Development Charges Act however, the City does not currently impose a DC for parking; the Fiscal Impact assumes that Parking will be collected under the 2014 DC Act.



Amounts highlighted indicate where changes have occurred between the Base Case (side 11) and Scenario 1 relating to reduced capital spending.



# DC-Related Capital Costs Comparison (2012\$)

(in Millions)

	Base Case	Scenario 1*	Difference
Total Capital Costs, 2012-2031	\$3,610.9	\$3,124.6	\$486.3
Plus: Existing growth-related debt (water & wastewater)	\$550.1	\$550.1	\$0.0
Less: Non-Growth-Related Capital Expenditures	\$1,821.4	\$1,374.4	\$447.0
Growth-Related Capital Expenditure (included existing growth-related water & wastewater debt)	\$2,339.7	\$2,300.4	\$39.3
Other Recovery	\$58.0	\$58.0	\$0.0
Over Service Standard	\$51.9	\$5.4	\$46.4
Post Period Benefit	\$149.6	\$148.2	\$1.4
Existing Benefit Deductions	\$499.9	\$483.1	\$16.8
2012 DC Reserve Fund Adjustment	\$24.5	\$24.5	\$0.0
Non-DC Eligible/Exempt Services	\$58.0	\$58.0	\$0.0
Net Growth-Related Capital Expenditures	\$1,497.8	\$1,523.1	-\$25.3
Statutory Deduction	\$19.8	\$19.5	\$0.3
Net Growth-Related Capital Expenditures	\$1,478.1	\$1,503.7	-\$25.6

\* Approximately 65% of total growth-related capital costs are DC-eligible within the 2012-2031 forecast period (6% additional in the post-2031 period).



# Summary of Asset Replacement Included in Base vs. Scenarios

Scenario	Amount Included			Percent of Needs Included		
	Water	Wastewater	Tax	Water	Wastewater	Tax
<b>Base Case</b>						
High & Extreme	18,601,674	55,508,834	847,855,104	100%	100%	100%
Medium & Low	46,993,542	152,626,057	459,607,349	100%	100%	100%
<b>Total</b>	<b>\$65,595,216</b>	<b>\$208,134,891</b>	<b>\$1,307,462,453</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Scenarios 1 - 4</b>						
High & Extreme	18,601,674	55,508,834	847,855,104	100%	100%	100%
Medium & Low	46,993,542	152,626,057	46,121,204	100%	100%	10%
<b>Total</b>	<b>\$65,595,216</b>	<b>\$208,134,891</b>	<b>\$893,976,308</b>	<b>100%</b>	<b>100%</b>	<b>68%</b>

Amounts above do not include minor asset replacement (e.g. library collection materials, IT equipment, small equipment & gear, etc.)

# Capital Reserves

- 2014 Opening Balance in:
  - Property Tax Capital Reserve \$5.87 million;
  - Water Reserve \$5.1 million; and
  - Wastewater Reserve negative \$9.4 million
- Property Tax Capital Reserve:
  - Property Tax Capital Reserve Fund Balance – an annual minimum balance of \$5.875 million is maintained over the forecast period.
  - Average annual Tax-supported Capital spending (2012-2031) is \$130.8 million.
  - The minimum reserve balance is = 4.5% of the average annual capital budget.
  - This provides a risk to the City in the event of a large event (e.g. breakdown of a large asset, weather event causing damage to assets, etc.).
  - Provides low flexibility for changing capital priorities.
- Water and Wastewater Capital Reserves:
  - Water Reserve Balance \$11.4 million by end of 2031; and
  - Wastewater Reserve Balance \$4.73 million by end of 2031.

# Development Charge Comparison

	Calculated DC Charge	Existing DC Charge
Single/Semi Detached	44,303	30,707
Non-Residential - Commercial Retail (per sq.ft.)	22.28	16.77
Non-Residential - Industrial (per sq.ft.)	22.28	11.28
Non-Residential - All other Non-Residential (per sq.ft.)	22.28	13.61

Over the forecast period the DC amount will increase based on changes to service standards and capital needs.

Note: Council has requested that the industrial rate be reduced.

# Capital Contribution Calculation

- The capital contribution represents only growth related costs which are not recoverable as per the DCA.

Over Service Standard	\$5,438,237
Statutory Reduction	\$19,453,358
Exempt Services - Landfill	\$35,533,728
Exempt Services - City Hall Expansion, Network Updates	\$22,508,278
Total	\$82,933,601
Total Annexed Area Units	15,824
Per Unit Charge	\$5,241
Amount Assumed for Modelling Purposes	\$4,500





# Summary of Capital Funding of Works by Phase (Scenario 4)

		Funding								
	Grand Total Expenditures (2012 \$)	Grand Total Expenditures (inflated \$)	DC Funding/ Front End Financing	Growth Related Capital Contribution	Grants/ Subsides/ Other Recoveries	Non-Growth Related Debt	Direct Tax Capital Contribution	Direct Water/ Wastewater Capital Contribution	Gas Tax (Fed. & Prov.)	Total Funding
Total 2012-2013	600,241,418	611,382,995	155,793,439	18,216,000	40,834,405	176,395,517	110,625,127	61,710,212	37,808,294	601,382,995
Total 2017-2021	763,727,869	845,844,611	414,333,800	33,228,000	-	115,456,174	214,199,260	35,079,595	33,547,781	845,844,611
Total 2022-2026	872,170,945	1,055,299,307	391,108,917	17,082,000	-	296,590,477	214,933,565	100,811,000	34,773,347	1,055,299,307
Total 2027-2031	888,491,251	1,179,952,073	358,421,890	2,682,000	-	125,405,008	403,233,565	255,702,005	34,507,605	1,179,952,073
Grand Total	3,124,631,483	3,692,478,986	1,319,656,046	71,208,000	40,834,405	713,847,177	942,991,518	453,302,812	140,637,028	3,682,478,986
% Total			36%	2%	1%	19%	26%	12%	4%	100%

# Recovery of Growth Related Costs by Scenario

SUMMARY OF PERCENTAGE OF RECOVERY FROM GROWTH FOR GROWTH RELATED CAPITAL

Scenario	DC Eligible Growth-Related Cost (1)	Non-DC Eligible Growth-Related Costs (2)	Total Growth-Related Costs	DC Recoverable (3)	Capital Contribution	Total Recoverable (2012-2031)	Percentage of Growth-Related Recoverable (2012-2031)	Post Period Benefit	Additional Percentage Recoverable through future DCs (Post 2031)	Total Recoverable (2012-Post 2031)	Total Percentage Recoverable of Growth-Related Costs (2012+Post 2031)
Base Case	2,313,467,061	58,042,005	2,371,509,066	1,529,675,163	-	1,509,919,287	64%	149,586,992	6%	1,659,506,279	70%
Scenario 1	2,242,335,648	58,042,005	2,300,377,653	1,503,687,356	-	1,503,687,356	65%	148,223,647	7%	1,651,911,003	72%
Scenarios 2 & 3	2,242,335,648	58,042,005	2,300,377,653	1,503,687,356	-	1,503,687,356	65%	148,223,647	7%	1,651,911,003	72%
Scenario 4	2,242,335,648	58,042,005	2,300,377,653	1,503,687,356	71,208,000	1,574,895,356	68%	148,223,647	7%	1,723,119,003	75%

(1) The growth related costs do not include non-DC eligible growth related works such as expansions to City Hall and related IT equipment.

(2) Includes \$35.53 million for Landfill, \$22.51 million for expansion to City Hall and related IT equipment.

(3) Front ending of works in Scenarios 3 & 4 would increase cash flow but not the DC percentage recoverable. Front ending of water capital \$51.33 million, wastewater capital \$62.14 million & Tax supported (roads & stormwater) of \$208.76 million.

Total Front Ending Value \$322.22 million



# Summary of Fiscal Impact Analysis Relative to City Budgeting Targets

Fiscal Scenarios	Financial Policy Framework: Budgeting Targets	
	Municipal Taxes Levied do not exceed 4% of average household income	Average water and wastewater costs do not exceed 2.5% of average household income
Base Case	5.0%	0.9%
Scenario 1	4.4%	0.8%
Scenario 2	4.3%	0.8%
Scenario 3	4.3%	0.8%
Scenario 4	4.2%	0.8%

Note that the current DC water reserve is currently in a deficit position and continues to be until the end of 2014. It is also assumed that the water rates will cash flow the 2013 growth-related debt payment and the DC reserve will pay back the water rates over the 2015-2018 forecast period.

# Average Annual Tax and Water/ Wastewater Increases

Scenario	Average Annual Tax Increase		Average Year over Year Residential Tax Bill Increase Based on Average Assessment of 293,300 for a Single Detached Unit (2012-2017)	Average Annual Water Rate Increase				Average Annual Wastewater Rate Increase		Average Year over Year Residential Water & Wastewater Bill Increase (2012-2017) Based on Average annual volume of 180m <sup>3</sup>	Total Average Change in Bill (Tax & Water/ Wastewater)
	2012-2017	2018-2031		2012-2017	2018-2031	2012-2017	2018-2031				
Base Case	5.9%	1.7%	\$210	Base Charge 2% Volume Charge 4.6%	Base Charge 2% Volume Charge 2%	Base Charge 2% Volume Charge 10%	Base Charge 2% Volume Charge 2%	\$38	\$248		
Scenario 1	4.1%	2.3%	\$143	Volume Charge 4.7%	Volume Charge 2.1%	Volume Charge 7.1%	Volume Charge 2.5%	\$31	\$173		
Scenario 2	3.5%	2.3%	\$118	Base Charge 2% Volume Charge 4.7%	Base Charge 2% Volume Charge 2.1%	Base Charge 2% Volume Charge 7.1%	Base Charge 2% Volume Charge 2.5%	\$31	\$148		
Scenario 3	4.1%	2.0%	\$142	Base Charge 2% Volume Charge 4.7%	Base Charge 2% Volume Charge 2.1%	Base Charge 2% Volume Charge 7.1%	Base Charge 2% Volume Charge 2.5%	\$31	\$173		
Scenario 4	3.9%	2.1%	\$135	Base Charge 2% Volume Charge 4.7%	Base Charge 2% Volume Charge 2.1%	Base Charge 2% Volume Charge 7.1%	Base Charge 2% Volume Charge 2.5%	\$31	\$166		

# Debt Capacity

- Municipalities are limited in the levels of debt they can issue
- Debt charges cannot exceed 25% of total net revenues (Legislated by Province)
- The City's Council-approved policy is not to exceed a 20% limit in order to preserve capacity for unforeseen events



# Summary of Fiscal Impact Analysis Debt Targets

Fiscal Scenarios	Financial Policy Framework: Debt Targets	
	Principal and interest must not exceed 20% of own source revenues	Principal and interest for tax supported debt not to exceed 10% of the City's net levy requirement
New Base Case	46%	41%
Alternative Scenario 1	27%	26%
Alternative Scenario 2	22%	22%
Alternative Scenario 3	22%	20%
Alternative Scenario 4	20%	19%

# Summary of Fiscal Impact Analysis as it Relates to Legislated and Council Directed Fiscal Thresholds

Fiscal Scenario	Capital Spending Plan Excluding Existing Debt Charges (billion\$)	Legislated and Council Directed Fiscal Thresholds			
		Municipal Taxes Levied do not exceed 4% of Average household income	Average water and wastewater costs do not exceed 2.5% of average household income	Principal and interest must not exceed 20% of own source revenues	Principal and interest for tax supported debt not to exceed 10% of the City's net levy requirement
Base Case	\$3.61	5%	0.9%	46%	41%
Revised Capital Program	\$3.12	4%	0.8%	27%	26%
Revised Capital Program + accelerated payments	\$3.12	4%	0.8%	22%	22%
Revised Capital Program + accelerated payments + front-ending	\$3.12	4%	0.8%	22%	20%
Revised Capital Program + accelerated payments + front-ending+ capital contribution	\$3.12	4%	0.8%	20%	19%

# Refinements since January 2014

- For Cash Flow purposes:
  - Upgrades to the timing of roads, water and wastewater projects as outlined in the Infrastructure Implementation Plan (IIP).
  - Minor upgrades to costing of projects where known (as per IIP).
  - Potential reduction of roads/water/wastewater costing related to land requirements.
  - Growth Forecast has been refined to reflect:
    - Initiation of development in annexed lands beginning in early 2017
    - Growth in Former Barrie Municipal Boundary to reflect actual permit data for 2012 & 2013
- Refinements to Debt (see next slide)

## Refinements to Debt

- Refinements to Debt to recognize discounting and actual wastewater debt issuance in 2013 & updated balance of debt requirements for 2014 vs. amount anticipate during 2012 FIA:
- 2013 Actual/2014 anticipated vs. FIA assumptions = reduction of \$45.275 million in debt principal payments (undiscounted) – Results in a reduction to the DC and a minor reduction to debt capacity (20% cap is still reached by 2024).
- FIA assumed full principal and discounted interest costs vs. discounted principal and interest costs - Results in a reduction to the DC



# Refinements to DC for Water, Wastewater & Roads

- Refinements to DC Calculations for Water, Wastewater & Roads DC (per SDU):
  - Roads – Reduced by \$747
  - Water (including Debt) – Reduced by \$3,061
  - Wastewater (including Debt) – Reduced by \$2,514
  - Total DC reduction = \$6,322
- Total DC as per FIA was calculated at \$44,303, revised total with reductions identified above as per cash flow analysis \$37,981.



# Questions