



2021 Capital Budget

December 1, 2020

Carol J. Hinze
Director of Finance/Treasurer



Capital Budget Objectives

The Proposed 2021 Capital Budget contains a variety of projects which support the following broad objectives:

- Delivering initiatives previously identified in the Strategic Plan
- Infrastructure maintenance and renewal (Road reconstruction, building energy and HVAC replacements)
- Maintain existing service delivery levels (replacement of existing fleet and equipment, information technology updates)
- Enhance existing service delivery levels (Intersection improvements, transit vending machines, additional pop-ups)



Capital Budget Process

- Capital Budget process is outlined in the Budget and Financial Controls Policy.
- Each Department submitted their Capital Budget requests and forecasts to Finance in September
- A series of meetings were held to collectively review each Capital issue with department staff, CAO and Treasurer and members of the Finance Committee
- Project lists were reviewed, refined, edited and abbreviated prior to the preparation of the Council package.



Capital Budget Process

Each proposed Capital Budget project is evaluated based on the following factors:

- **Prioritization:** A key part of a sustainable, coordinated capital program is the ability to compare competing needs and priorities across the City. As noted in the Budget documents section, each project is analyzed and assigned scores based on a number of factors including:
 - Public Safety
 - Service Levels
 - Strategic Initiatives
 - Financial Impact
 - Economic Impact/Contribution to Growth



Capital Budget Process

Appendix A
City of Belleville
Capital Project Prioritization
 v.1

Public Safety	Health & Safety	Extent to which project eliminates, prevents, or reduces an immediate hazard to health and safety	15
	Legislated, Mandated, or Required by Law	Extent to which the project is required for regulatory reasons, or satisfies Federal/Provincial/County/Municipal recommendations or pending regulations. (i.e. - AODA)	10
			25
Service Levels	Maintain Current Level of Service	Extent to which project is necessary for the City to continue to provide one or more services at current standards, and extent to which affects all customers	10
	Improving Access	Extent to which project improves citizen access to current services	5
	Service Improvement	Extent to which project improves the quality of exiting services	5
Extent to which project increases the quantity of exiting services			
			20
Strategic Initiatives	Goals/Objectives	Extent to which project meets strategic planning goals & objectives of Council	10
	Mandates	Extent to which project helps council meet existing or new mandates. (i.e. Energy Savings initiative, Green initiative, etc.)	5
			15
Financial	Budget Impact	Projects that lower future operating expenses, increase own source revenues, or avoid future capital cost receive a positive score, ranging from 0 to 12. Projects that have no effect on operating expenses, own source revenues, or future capital cost receive a score of 0. Projects that increase operating expenses, decrease own source revenues, or increase future capital cost score anywhere from 0 to -12. Ranking of budget impact should be base on the relative return on investment.	12
	Financing	Extent to which project can be financed with non-general fund revenue sources	3
			15
Economic	Economic Impact	Extent to which project enhances economic development in City or directly/indirectly adds to tax base	5
	Growth	Extent to which the project increase infrastructure capacity; a) to service existing population, b) to meet future growth needs	5
			10
Other	Timing/Linkages	Extent to which is project is timely, a continuation of project currently underway, related to other high priority projects etc.	5
	Timeliness of Submission	Extent to which project request is submitted in a timely way	5
			10
Community Support	Community Support	Extent to which project has broad and/or strong support from the community	5
			5
TOTAL			100



Capital Budget Process

The following factors are also considered when evaluating projects:

- **Resourcing:** - The ability of each department to manage and complete projects within their area.
- **Readiness:** - The status of each project presented for development of the capital budget was reviewed to determine if it was ready to proceed to the phase proposed. Many projects require more than one year to complete so balancing workload is important.
- **Affordability:** - Staff have reviewed available funding sources and applied funding in a manner which maximizes use of external financing, applies current taxation and reserve funding in a conservative manner, and minimizes the issue of future debt.



Capital Budget - Highlights

- Draft Budget is \$36,113.4 versus \$39,405.5 in 2020
- Funding from Taxation has been held constant at \$5,673.2 to support recovery from the effects of COVID-19
- Grant funding is 52% lower than 2020 which featured 3 projects funded in part by ICIP grants
- 40% reduction in Transportation based projects and 100-200% increase in Water and Wastewater projects due to Orchard Drive, Dundas St East and Relining projects in 2021
- Police Capital is 55% or \$782.0 lower due to completion of the new station
- \$100.0 has been provided pursuant to the recent Meyers Pier Condition assessment



Capital Budget - Highlights

- As **Parks & Recreation Master Plan** is still in process, we have limited projects for 2021 but have included \$375.0 for related Design fees which will allow some projects to get underway once the plan is approved by Council.
- We recently were advised that we are eligible for **COVID-19 Resiliency** funding of \$1.12 million. There are strict criteria applicable to this funding and an application must be filed by January 7. Staff have developed a list of projects which will be identified later in this presentation.



Capital Budget Documents

Budget documents include:

- **Capital Budget Summary** – master list of all proposed Capital Budget issues. All projects which represent the acquisition and development of new assets are highlighted in blue. All remaining projects are related to Asset Maintenance and Replacement. Impact on taxes raised is summarized on last page of summary.
- **Capital Budget Justification Sheets** - with project details, cost and financing information
- Other supporting documents including photos of existing fleet and equipment as appropriate and staff reports.



Capital Budget Scope

- Capital projects are presented for all City operations including the Library and Police Services Boards
- The Capital Budget needs to reflect Council's priorities as outlined in the Strategic Plan and our Asset Management Plan.
- Projects have been identified as those which address the highest priority and most critical needs.
- Once the Strategic Plan is updated, projects to support new initiatives may be presented in future Budgets



Capital Budget Scope

Category	Total Budget (\$000)	Number of Projects	Example
Continuation of previously approved projects	\$15,744.3	6	Herchimer Avenue, Bridge St. Lower Bridge
New Projects supporting Asset Management	\$15,510.6	56	Shave and Pave, and Resurfacing programs, Watermain relining
Energy efficiency projects	\$ 145.0	2	HVAC Replacements & Energy retrofits
New initiatives or development related projects	\$ 4,713.5	21	Portable Bleachers, BAS Site Development, PRMP Funding
Total 2021 Budget	\$36,113.4	85	
<i>Total 2020 Budget</i>	<i>\$39,405.5</i>	<i>87</i>	



Capital Budget Scope

- A number of projects are recommended for deferral to 2022 or later
- Deferred projects include:
 - Sidney Street North (Quinte West shared project) \$ 1,000.0
 - 3 Zero Emissions Transit Buses \$ 1,600.0
 - Symington Pump Station \$ 800.0



Capital Budget Scope

Parks & Recreation Master Plan

- As part of the 2020 Capital Budget, Council approved funding to complete the Parks & Recreation Master Plan
- Once the Plan is completed, Council will be provided with project options to consider for 2021.
- The 2021 Capital Budget includes \$375,000 in seed funding for projects derived from the Plan. This funding should address design and other preliminary work required with full construction to be completed in 2022.
- Need to consider the capital, operating and replacement costs for new projects in the context of our existing Parks & Recreation infrastructure

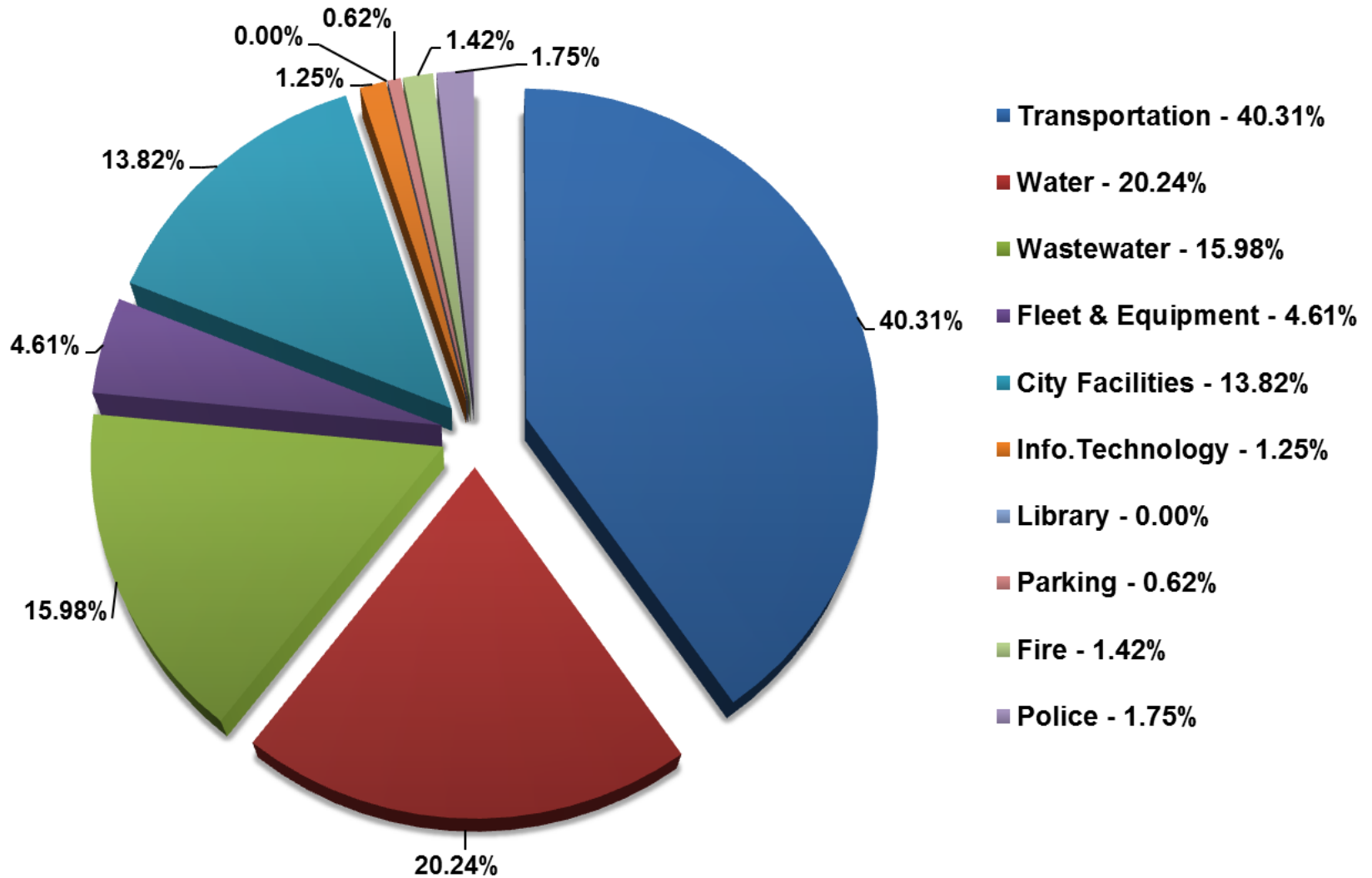


Ontario Construction Act (OCA)

- New prompt payment and adjudication processes, and amendments related to liens against municipalities, came into effect on October 1, 2019
- Contract documents and the Purchasing By-Law were updated in early 2020 to reflect OCA requirements.
- The OCA meant the city effectively had more projects which required comprehensive project management
- 2021 Capital Budget highlights in pink all projects which fall under the rules of the Construction Act
- To ensure compliance, a review of existing project management resources was undertaken and Council approved the hire of 3 additional Project Managers in the 2020 Operating Budget



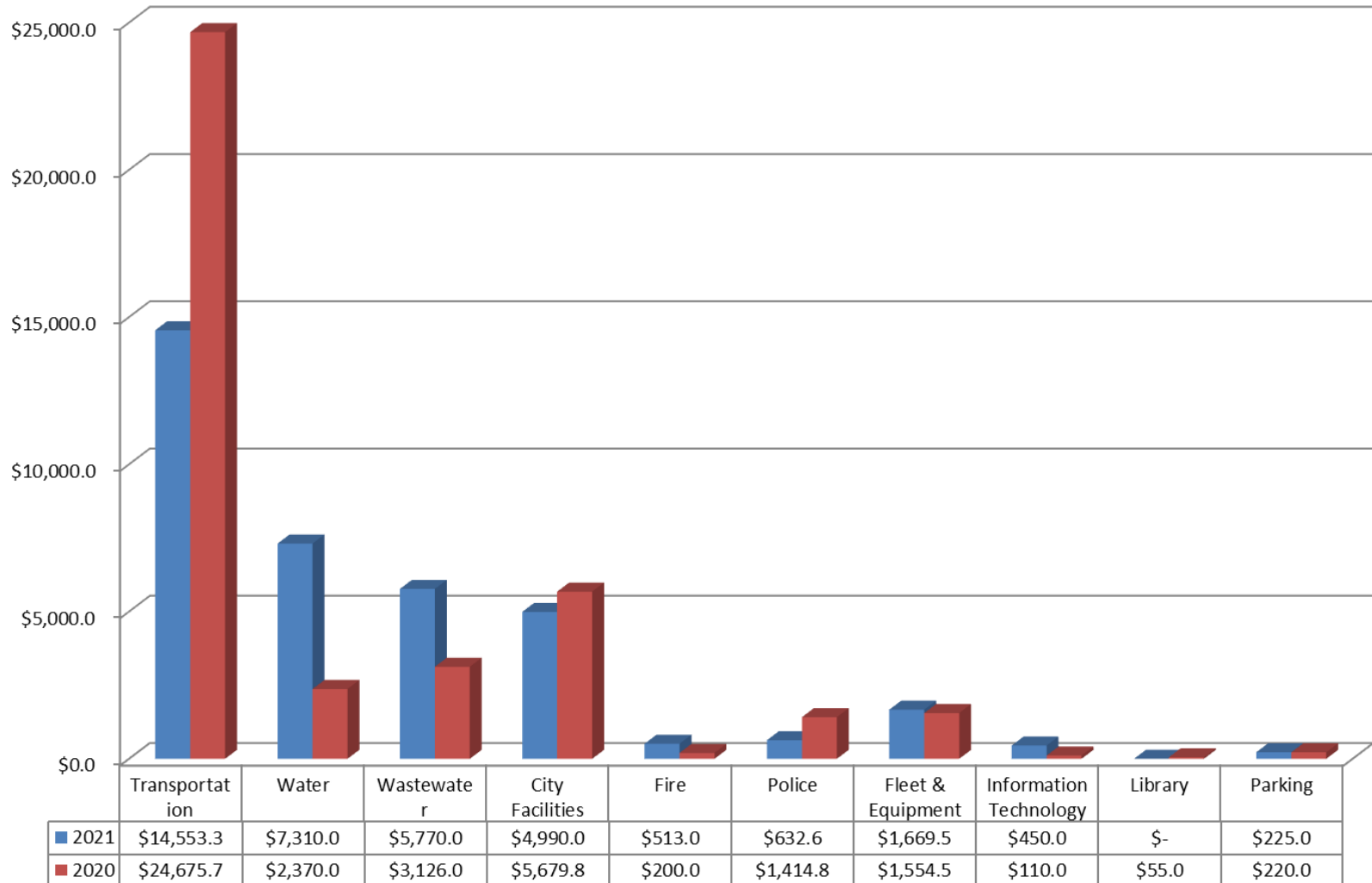
2021 Proposed Capital Projects





2021 Proposed Capital Projects

2021 Capital Budget by Infrastructure Area



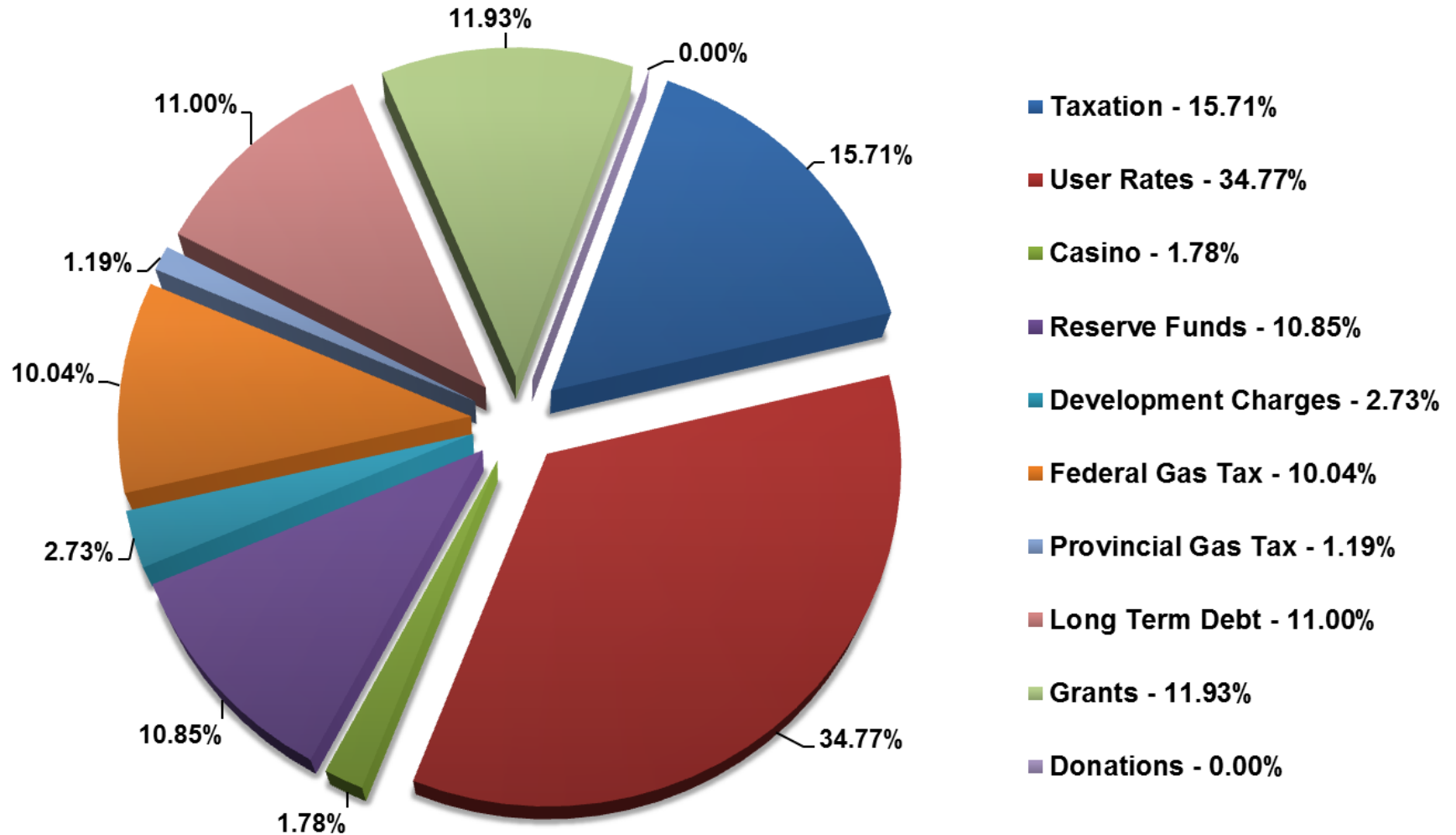


2021 Capital Budget Financing

Source	Amount	%
Internal – Taxation	\$ 5,673.2	
Internal – User Fees	\$ 12,555.0	
Internal – Reserve Funds	\$ 5,545.9	
Internal - Long Term Debt	\$ 3,975.0	
Total Internal Financing	\$27,749.1	76.84%
External – Grants	\$ 4,309.3	
External – Donations	\$ -----	
External – Fed Gas Tax	\$ 3,625.0	
External – Prov. Gas Tax	\$ 430.0	
Total External Financing	\$8,364.3	23.16%
Total Capital Financing	\$36,113.4	100.0%



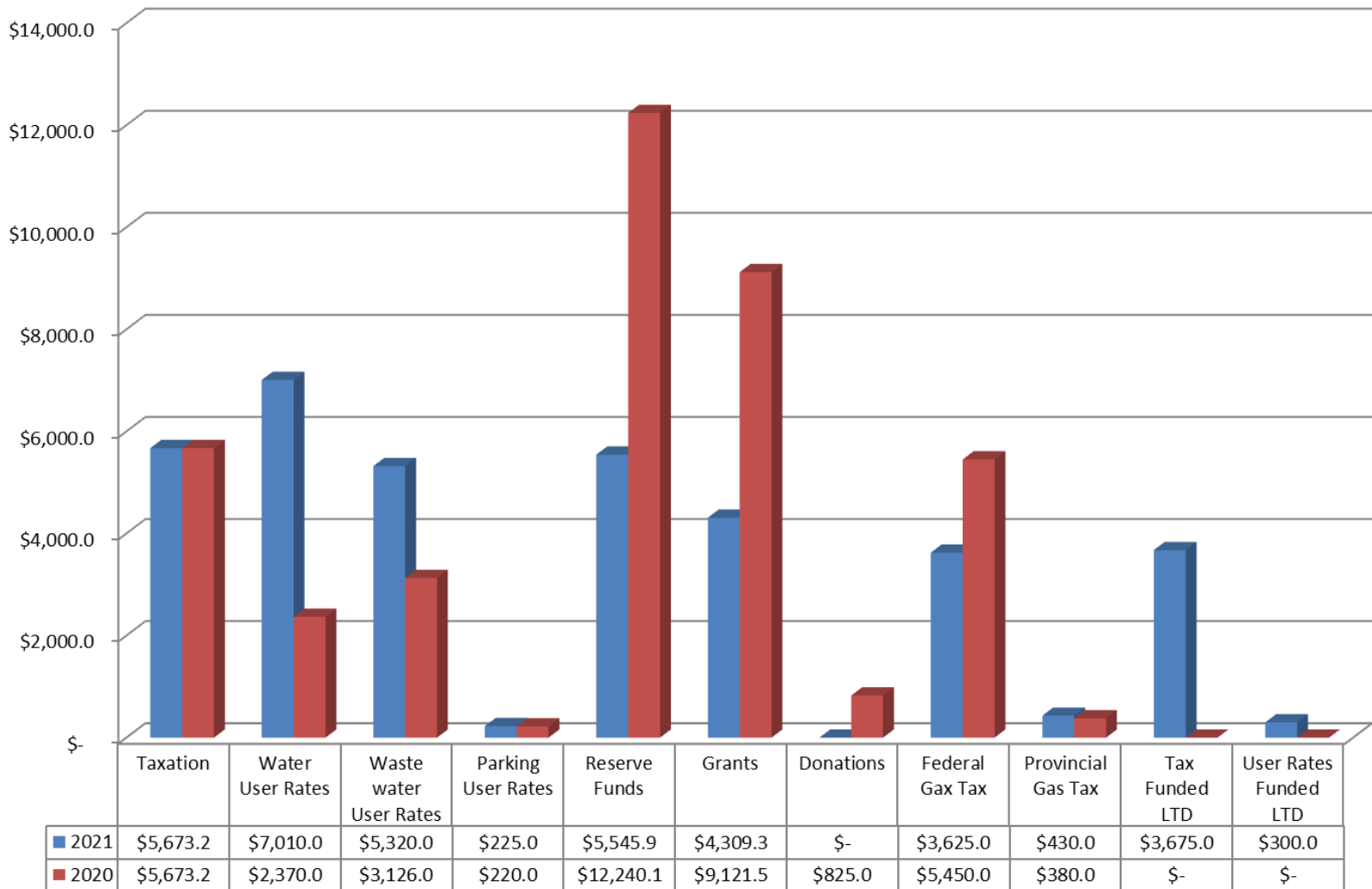
2021 Capital Budget Financing





2021 Capital Budget Financing

2021 Capital Budget Funding Breakdown





2021 Capital Budget Financing

- **Taxation** - funds raised annually in taxation to fund capital projects; 2021 held constant at 2021 levels \$5,673.2 million representing 5.4% of total taxation raised in 2020
- Taxation also funds a \$3,960,000 contribution to Asset Management

Raised in Taxation	2021 Budget	2020 Budget
Capital Project – Direct Funding	\$ 5,673.2	\$ 5,673.2
Contribution to Asset Management *		
Capital Levy	2,500.0	2,500.0
Police Facility	1,000.0	1,000.0
Fleet	460.0	460.0
Total Capital Financed by Taxation	\$ 9,633.2	\$ 9,633.2

** increase will be recommended in 2021 Operating Budget*



2021 Capital Budget Financing

- **User Fees** – Water, Wastewater and Parking are not tax supported and are fully funded by User Fees. Rates are developed in accordance with regulation for Water and Wastewater to ensure long term financial sustainability and adequate revenue to cover both current operations and long term capital replacement.

Service	2021 Budget	2020 Budget
Water	\$ 7,010.0	\$2,370.0
Wastewater	\$ 5,320.0	\$ 3,126.0
Parking	\$ 225.0	\$ 220.0
Total Capital Financed by User Fees	\$12,555.0	\$5,716.0



2021 Capital Budget Financing

- **Reserve funds** - are an accumulation of resources set aside as savings for future needs. These funds are classified as discretionary or non- discretionary (required by regulation, i.e. Building Code, Gas Tax). The following tables provide examples of our discretionary and non-discretionary reserve funds, their purpose and source of funding:



2021 Capital Budget Financing

Reserve Funds (cont'd)

Non-discretionary Reserve	Supports	Funding Source
Provincial Gas Tax	Transit Infrastructure	Annual Provincial Gas Tax
Federal Gas Tax	Defined Infrastructure	Annual Federal Gas Tax
Building Code Act	Contingency/future capital	Operating Surplus- building
Parkland Development	New parks infrastructure	Developer contributions

- Reserve Funds represent 15.36% of financing proposed for the 2021 Capital Budget. This includes Casino, MAT and DC funding which is placed in reserve when received.
- Integral part of an Asset Management Funding strategy and a key priority for the City as we commence Long Term Planning.



2021 Capital Budget Financing

Discretionary Reserve Fund	Supports	Funding Source
Capital Levy	Capital financing	Allocation from Operating
Environmental Remediation	Environmental Liabilities	Allocation from Operating
Industrial Land	Purchase & servicing	Allocation from Operating & land sales
Police Facility	Construction of new facility	Allocation from Operating
Capital Equipment	Fleet & equipment purchases	Departmental allocations from Operating
Sidewalks	Sidewalk construction	Funds unspent in prior Capital Projects
Museum Improvements	Glanmore capital	Donations
Election Expenses	Future election costs	Annual allocation from Operating Budget
Winter Control	Contingency for operations	Operating surplus
Wastewater	Contingency for operations/Capital Funding	Operating Surplus per Financial Plan
Canada Day	Contingency for operations	Operating Surplus



2021 Capital Budget Financing

- **OLG Casino Proceeds**: City continues to benefit financially from OLG proceeds from the Shorelines Casino.
- Consistent with the City's policy for use of OLG funding, the proceeds received are used in the Capital Budget in the year following receipt of the funds.
- The city's share of the Casino revenue is 5.25% of electronic games and 4% of table proceeds.
- A total of \$643.4 has been utilized as funding in the 2021 Capital Budget for a variety of high priority capital projects as compared with \$2,861.0 in 2020.
- The closure and abbreviated re-opening of the Shorelines Casino in 2020 will significantly impact the funds available for allocation to Capital projects in 2021. A shortfall of \$2,518,300 is projected for 2020. The loss has been claimed in our Safe Restart Phase 2 funding application, but capped at a loss of \$629,600 by the program.



2021 Capital Budget Financing

Allocation of OLG Annual Proceeds Policy:

Area	Share %
Infrastructure – Maintenance and Rehab	65%
Vehicle & Equipment Replacement	5%
Economic Development	10%
Development Infrastructure	5%
Social Infrastructure	10%
Disaster Mitigation/Contingency	5%
	100%



2021 Capital Budget Financing

- A detailed listing of the 2021 capital projects funded from the OLG proceeds is as follows:

Project	OLG Revenue - Area	Amount
1.006 Sidney/Bridge Intersection	Infrastructure	\$ 200.0
1.007 Sidney/College Intersection	Infrastructure	\$ 200.0
1.021 Traffic Calming Pilot	Infrastructure	\$ 50.0
1.063 Belleville Commons/Square	Economic Development	\$ 100.0
1.065 Pop-Up Shops – Phase 3	Economic Development	\$ 50.0
1.070 Vehicle - Police	Vehicles	\$ 43.4
Total Casino Funding -2021		\$ 643.4
<i>Total Casino Funding -2020</i>		<i>\$ 2,861.0</i>



2021 Capital Budget Financing

- **Municipal Accommodation Tax (MAT)** funding is being proposed to finance 2 Tourism supportive Capital Projects in 2021
- This funding has been included with Reserves on the Capital Summary

Opening Balance – MAT Reserve fund	\$ 168.0
2020 MAT Tax earned to date	\$ 229.1
2020 Commitments	(75.0)
Total Available	\$ 322.1
Allocated to 2021 Capital Projects	
1.040 Portable Bleachers	\$ 90.0
1.060 H. Collip Memorial	110.0
Total Allocated to Projects	\$ 200.0
Closing Balance, 2021	\$ 122.1

- **Note:** MAT is shared 50% with the Bay of Quinte Marketing Board. The above only includes the City's share



2021 Capital Budget Financing

- **Federal Gas Tax (FGT)** is a long-term source of funding to help build and revitalize public infrastructure.
- Funds are generated from the 10 cents per litre charge on all gasoline sold in Canada and can be used for infrastructure renewal and construction of a broad range of service areas including local roads and bridges, public transit, culture, tourism, recreation and sport.
- Based on population, the City's share of GTF, is **expected to increase from \$3.077 million in 2019 to \$3.357 million in 2023**. These funds can be accumulated in a dedicated reserve fund until projects meeting the requirements of the program are brought forward.



2021 Capital Budget Financing

- **Federal Gas Tax (FGT)** funding has been applied to 2021 Capital Projects as follows:

Opening Balance, 2021	\$ 417.7
2021 Allocation	\$ 3,216.9
Total Available	\$ 3,634.6
Allocated to 2021 Capital Projects	
1.002 Orchard Drive Phase 1	\$ 1,525.0
1.003 Alexander Street	2,100.0
Total Allocated to Projects	\$ 3,625.0
Closing Balance, 2021	\$ 9.6



2021 Capital Budget Financing

- **Provincial Gas Tax (PGT)** - Created in 2004, the Provincial Gas Tax Fund is a long-term source of transit funding to improve and expand municipal transit through a 2 cent per litre tax, part of the current total 14.7 cents collected on every unleaded litre sold in Ontario.
- Allocations are announced annually and are based on 70% ridership as derived from CUTA data and 30% population based on the most recent census.
- Unlike the FGT funding, Provincial Gas Tax can be used for capital projects (i.e. new buses) or the initial funding of new transit operating initiatives (i.e. new routes).



2021 Capital Budget Financing

- **Provincial Gas Tax** has been applied to the 2021 Capital Budget as follows:

Opening Balance, 2021	\$ 1,037.6
2021 Allocation (estimated)	\$ 498.3
Total Available	\$ 1,535.9
Allocated to 2021 Projects	
1.030 Unit 53-01 Truck Replacement	\$ 75.0
1.037 Transit Pass Vending Machines	33.0
1.038 On Board Advertising	12.0
1.055 Bus Stop Upgrades - AODA	300.0
1.056 Real Time Arrival Monitors	10.0
Total Allocated to Projects	\$ 430.0
Closing Balance, 2021	\$ 1,105.9



2021 Capital Budget Financing

- **Grants** - The City continues to actively pursue all current external financing options including government grants, to reduce the portion of capital investment allocated to our taxpayers
- Council has been provided with a summary of the City's current grant funding, both application and formula based
- For 2021, we are applying Grant funding of \$4,309.3:
 - OCIF Formula \$3,189.3
 - COVID-19 Resiliency \$1,120.0



2021 Capital Budget Financing

- **Ontario Community Infrastructure Funding (OCIF) - Formula component Grant** - OCIF formula funding can be applied to capital projects and capital maintenance for the renewal, rehabilitation and replacement of core infrastructure assets or capital construction of new core infrastructure that addresses an existing health or safety issue.

Opening Balance, 2021	\$ 3,189.3
Allocated to 2021 Projects	
1.010 Shave & Pave - Annual	\$ 1,075.0
1.011 Resurfacing Program - Annual	1,400.0
1.015 Bridge Street – Lower Bridge Arch	714.3
Total Allocated to Projects	\$ 3,189.3



2021 Capital Budget Financing

- **COVID-19 Resiliency Fund:** 80% Federal/20% Provincial
 - 4 main categories:
 - Renovations (i.e. retrofits, repairs or upgrades) to recreation centers
 - COVID-19 response infrastructure i.e. HVAC, new builds or renovations to enable physical distancing
 - Active transportation (i.e. parks and trails)
 - Disaster mitigation, adaptation or remediation (i.e. flood mitigation)
 - Intended to get shovel-ready projects underway sooner to effectively kick-start local economies.
 - Projects must begin by September 30, 2021 and be completed by December 31, 2021



2021 Capital Budget Financing

■ COVID-19 Resiliency Fund (cont'd)

Staff are recommending that the following projects be approved for submission of our COVID-19 Resiliency Fund application:

Issue	Project	Details	Budget
1.059	Thurlow Dog Park	Construction, fencing, amenities	\$100,000
1.062A	Cascade Park	Swing sets with sand surrounds	\$200,000
1.062B	Haig Park	Swing set, concrete climber and whale climber	\$200,000
1.062C	Stanley Parkette	Complete playground	\$200,000
1.062D	Bird Park	Parking area and trail upgrades	\$300,000
1.062E	MA Sills Park	Improvements - Fencing, Lighting	\$120,000
		Total Proposed Projects	\$1,120,000

- These projects can be completed in compliance with the financial and timing requirements of the program
- Focuses on improvements to existing facilities in advance of the completion and approval of the Parks & Recreation Master Plan



2021 Capital Budget Financing

- **Development Charges (DC's)**- The City currently has two Development Charge by-laws: City-wide and Stanley Park. Every 5 years, the city undertakes a Development Charge Background Study to review the City's development related capital program and establish the development charges for the next 5 years.
- To date the City has collected \$2.8 million in Development Charges in 2020 as compared to \$3.2 million in 2019 and \$2.3 million in 2018. The amount collected is dependent on the level and type of construction activity in any given year.



2021 Capital Budget Financing

- **Development Charges (DC's)** have been applied to the 2021 Capital Budget as follows:

Allocated to Projects	
1.006 Sidney St./Bridge St. Intersection	\$ 150.0
1.007 Sidney St./College St. Intersection	150.0
1.022 Dundas St. West Sidewalk	210.0
1.061 Stanley Park Parking Lot	25.0
1.081 Avonlough Sewage Pump Station	350.0
1.082 Tracey St./Fahey St. WW Oversizing	100.0
Total Allocated to Projects	\$ 985.0



Capital Project Reporting

- Following Council approval, Capital Projects are established for each issue and the expenditure tracking begins.
- Some projects can take over a year to complete.
- We currently have 255 active projects with only 88 more than 60% complete to October
- Capital Project Reports are prepared monthly and Council is provided with a summary on a quarterly basis.
- Finance Committee reviews year end report and makes recommendations to Council to effectively close projects and address any over or under expenditures consistent with our Budget and Financial Controls Policy.
- Recommendations are addressed by Council at the same time as our audited financial statements.



Debt Policy

- Debt Policy was updated in early 2020 to permit borrowing for a maximum term not to exceed 25 years or the estimated life of the asset being financed per the City's Tangible Capital Asset Policy
- **Annual Debt Repayment Limit (ADRL) & City Debt Policy**
 - Maximum amount of annual debt servicing costs the City can undertake; limited to 25% of operating revenue or \$37.2 million for 2020
 - Per the City's Debt Policy, servicing costs cannot exceed 12% of operating revenue
 - The City's forecast servicing costs appear on the following table along with the estimated % of operating revenue



Debt

- In 2020, we issued 3 debentures totaling \$19,697,000 with amortization terms of 15, 20 and 25 years and rates of 1.88%, 2.13% and 2.30% respectively.
- For 2021, Debt financing is proposed for:
 - Herchimer Avenue \$2,625.0
 - BAS Site Development \$1,350.0
- **Tax Impact** - Based on current financing rates , the financing charges for each additional \$1 million in new debt represents \$52,800 annually



Debt

- Approved, but not Issued Debt Forecast:

Year *	Debt	Projects
2021	\$ 29.3 M	Police Station, Mineral & Maitland Rd, AGS Relocation
2022	\$ 16.0 M	QSWC Power and Energy, Sidney St Corridor, NE Industrial Park, AGS Relocation*
2023	\$ 9.1 M	Environmental Remediation, Herchimer Ave Reconstruction
2024	\$ 10.8 M	Wastewater Treatment Plant
	\$ 67.4 M	
<i>Tax Funded</i>	<i>\$ 54.1 M</i>	
<i>User Rates</i>	<i>\$ 13.3 M</i>	

Debt issue timing may vary depending on project progress

* 2nd Phase of AGS Relocation will be included in 2022 capital budget;



Debt

Debt Servicing Costs:

	2020	2021	2022	2023	2024	2025	2026
Principal	\$ 6.3	\$ 6.5	\$ 7.4	\$ 7.9	\$ 8.4	\$ 9.0	\$ 9.3
Interest	\$ 3.4	\$ 3.6	\$ 4.0	\$ 4.3	\$ 4.2	\$ 4.2	\$ 3.9
Total	\$ 9.7	\$ 10.1	\$ 11.4	\$ 12.2	\$ 12.6	\$ 13.2	\$ 13.2
<i>Taxation</i>	\$ 7.2	\$ 8.3	\$ 9.7	\$ 10.5	\$ 10.8	\$ 10.9	\$ 10.9
<i>User Rates</i>	\$ 2.5	\$ 1.8	\$ 1.7	\$ 1.7	\$ 1.8	\$ 2.3	\$ 2.3
Debt Servicing Ratio	6.5%	6.6%	7.4%	7.7%	7.9%	8.1%	7.9%

Note: Debt Servicing Ratio includes interest only on Ag Society Relocation advances, as planned to be repaid from previous land acquisitions.



Debt

- Outstanding Debt Forecast (Millions):

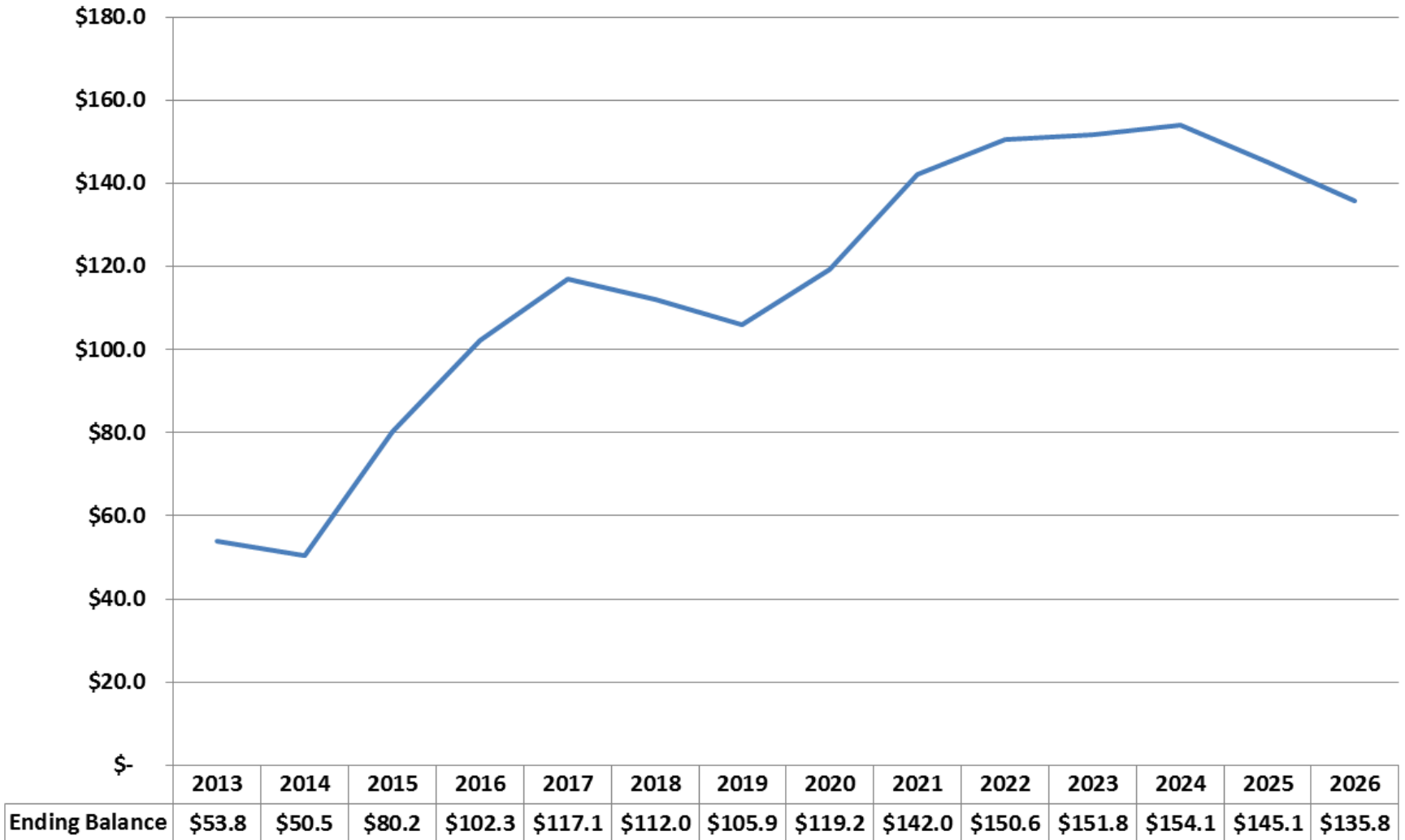
	2020	2021	2022	2023	2024	2025	2026
Opening	\$ 105.8	\$ 119.2	\$ 142.0	\$ 150.6	\$ 151.8	\$ 154.2	\$ 145.2
Additions *	19.7	29.3	16.0	9.1	10.8	-	-
Principal	(6.3)	(6.5)	(7.4)	(7.9)	(8.4)	(9.0)	(9.3)
Closing	\$ 119.2	\$ 142.0	\$ 150.6	\$ 151.8	\$ 154.2	\$ 145.2	\$ 135.9

<i>Taxation</i>	\$ 100.6	\$ 124.6	\$ 134.3	\$ 136.6	\$ 140.1	\$ 132.7	\$ 125.0
<i>User Rates</i>	\$ 18.6	\$ 17.4	\$ 16.3	\$ 15.2	\$ 14.1	\$ 12.5	\$ 10.9

*Debt issue timing may vary depending on project progress



Debt 2013 - 2026





2021 Operating Budget Impact

The impact on the Operating Budget should be a critical consideration when deciding whether or not the City should accept a proposed capital project :

1. **Funding for Projects:** We currently raise \$9.6 million annually through taxation and \$11 million from User fees to directly fund our capital program.
2. **Debt Costs:** The servicing costs for new debt issues must be reflected in the Operating Budget and raised through Taxation or User Fees.
3. **Cost Savings and Efficiencies:** Projects which reduce energy consumption (LED lighting as an example) result in decreased operating costs.



2021 Operating Budget Impact

- 4. Increased Operating Costs:** The Capital Budget includes new capital assets and infrastructure which may have a direct impact on future operating budgets. Any combination of additional costs (i.e. fuel, energy, staffing, maintenance) may be associated with the operation of these assets going forward.

While external financing (i.e. Prov. Gas Tax) is available to finance capital infrastructure cost (i.e. new bus purchase) the on-going operating costs are the municipality's responsibility and impact Taxation and User Fees.



Asset Management Plan

Based on report dated May 2014 prepared by Dillion Consulting Limited the City should allocate at least \$23 million to ensure sustainability of its assets:

Infrastructure Network	Replacement Value	2% Annual Investment
Watermain	\$198 million	\$4.0 million
Storm Sewer	\$ 80 million	\$1.6 million
Sanitary Sewer	\$110 million	\$2.2 million
Roads	\$217 million	\$4.3 million
Buildings/ Facilities	\$351 million	\$7.0 million
Bridges/ Culverts	\$106 million	\$2.1 million
Other Assets	\$ 91 million	\$1.8 million



Asset Management Plan

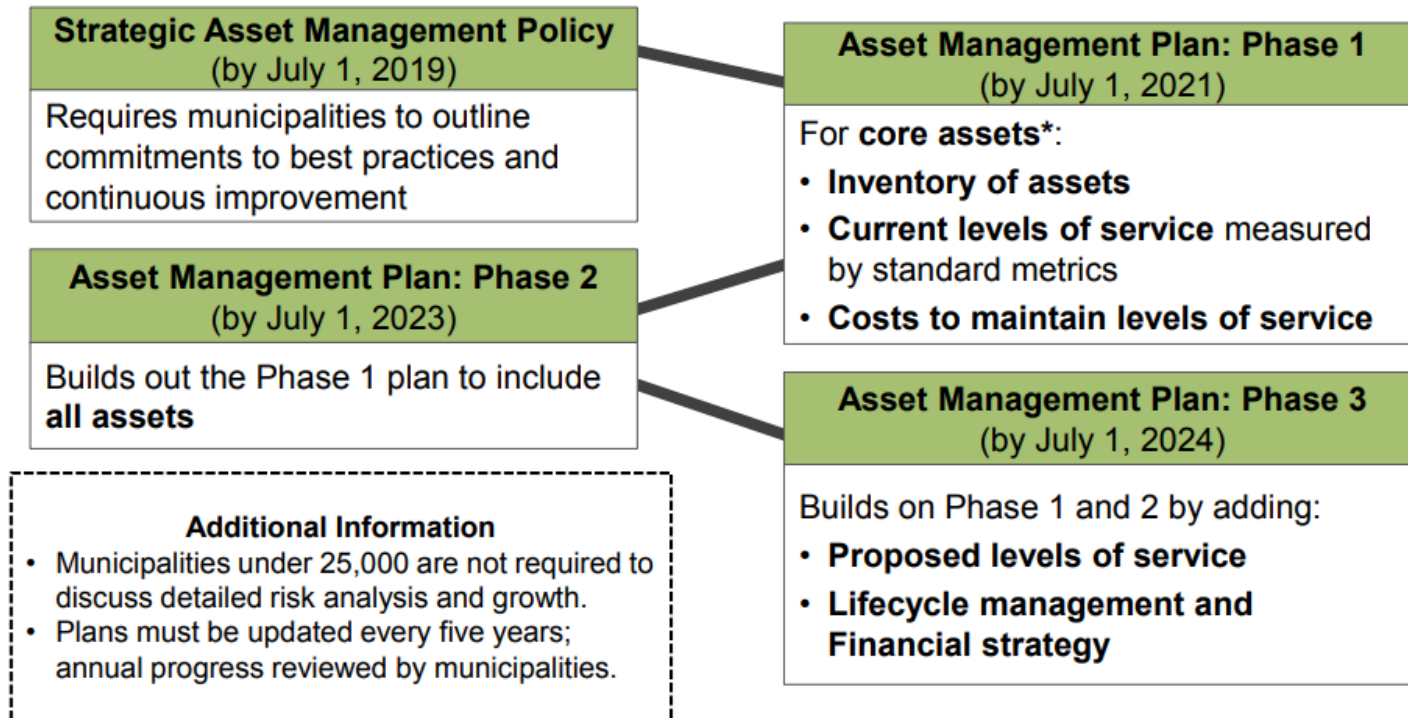
- Completed in 2014 – Policy was created in 2019
- \$1.152 billion in replacement cost assets
- “Rule of Thumb” – a 2-4% investment would require annual asset maintenance and replacement by the City of \$23-46 million
- In addition, the current “backlog” of repairs was identified as over \$175 million
- Since the plan the City has been making significant investment in capital infrastructure;

2020 - 2015 Capital Investment	Average Annual Replacement (\$M)
Asset Management Plan requirements	\$29.8
Total Capital Budget	\$37.8



Asset Management Planning

O.Reg 588/17 - Asset Management Planning for Municipal Infrastructure Overview



*Core assets are municipal roads, bridges water, wastewater and stormwater assets



Asset Management Planning

Current Progress – O.Reg 588/17

- 2019 - the City created and approved a strategic asset management policy that addresses governance, budget integration, climate change, TCA thresholds, and incorporation with other City plans.
- 2020 - the City contracted a consultant to undertake an AMP update. The updated AMP will;
 - be completed prior to July 1, 2021 (O.Reg 588/17 Phase 1 deadline)
 - include Council and Public consultation and feedback
 - include all City Infrastructure and improved level of service metrics
 - provide guidance on future asset management and is expected to have a significant impact on capital budgets.



Next Steps

- On December 14, Council will need to approve a project for submission to the COVID-19 Resiliency Fund
- Parks and Recreation Master Plan to be completed in 2021
 - 2021 Budget has funding in place to permit commencement of some projects
 - Plan will provide direction on related Capital Projects going forward
- City-wide Development Charges Background Study will require project endorsement and funding for non-DC share
- Changes to User Rates:
 - Pressure from the proposed DC Background Study and the recommendations of the Wet Weather Master Plan will require higher Wastewater Rates
 - Rate recommendations will be provided to Council on December 14



Next Steps (cont'd)

- Asset Management Plan is currently being updated. As the regulations become effective, Plan Content will provide stringent influence on Capital Planning decisions in the future.
- Critical to proper Asset Management decisions is the availability of reliable Asset Condition data.
- Finance are recommending that Departments commence a regular infrastructure assessment program for all major asset categories. Operating Budget provisions will be addressed to ensure that resources are in place to conduct the assessments.
- To support the Asset Management Plan, enhanced reserve provisions for asset management need to be provided in the Operating Budget
- The impact of COVID-19 on the finances of all government levels has been extreme. More than ever, there is serious concern regarding the future availability of grant and other similar programs.
- Need to continue to explore new opportunities for financing.



RED Program – Announcement

- **Rural Economic Development (RED) Program:**
- Two streams have been announced and details provided on **November 28:**
 - *Economic Diversification & Competitiveness Stream will fund operating related projects to support diversifying regional economies. Funding is 50% with municipal partners required to contribute 50%*

- **Strategic Economic Infrastructure Stream** is designed for minor Capital projects which advance economic development and investment opportunities in rural Ontario. Project examples include rehabilitation or restoration of cultural, heritage or tourism attractions and improving the design quality of public spaces (i.e WiFi, lighting, banners, street amenities, public art and trees). Funding is 30% with municipal partners required to contribute 70%
 - This funding is not reflected in the 2021 Capital Budget
 - Examples from the proposed 2021 Capital Budget include:
 - 1.046 & 1.047 City Hall Mansard and Façade
 - 1.049 Trail Improvements
 - 1.052 Meyers Pier Dock B

Staff will consider these projects and formulate an application prior to the February 1, 2021 deadline