



2023 Capital Budget

February 23, 2023

Brandon Ferguson
Director of Finance/Treasurer



Capital Budget Scope

What is included in the Capital budget?

- Capital expenditure
 - a significant expenditure incurred for the improvement, acquisition or major rehabilitation of buildings, equipment, rolling stock and infrastructure used to provide municipal services.
 - A capital expenditure will have benefits lasting beyond one year and generally have a minimum threshold of \$3,000 or as otherwise stipulated in the City's Tangible Capital Asset Policy
- Repair or maintenance expenditure (Operating budget)
 - Expenditure to maintain an asset in its original state
 - Does not extend the useful life of the asset



Capital Budget Objectives

The Proposed 2023 Capital Budget contains a variety of projects which support several objectives:

- 1. Asset Management – Renewal - Support existing infrastructure using a life-cycle strategy and asset management best practices.**
 - Infrastructure maintenance and renewal (Road reconstruction, building energy and HVAC replacements)
 - Maintain existing service delivery levels (replacement of existing fleet and equipment, facility renewal and component replacement)

- 2. Asset Management – Growth - Recommend New infrastructure where it is in alignment with the current Asset Management and Strategic Plan.**
 - Enhance existing service delivery levels (Parks & Recreation Master plan projects; Transportation fleet expansion)

- 3. Risk mitigation by undertaking projects which improve infrastructure performance and enhance public safety**



Capital Budget Objectives

These projects are further reviewed and scored based on the **Capital Project Prioritization** matrix outlined in the Budget and Financial Controls Policy

- Criteria utilized includes;

Public Safety	Health & Safety, Legislated/Mandated	25
Service Levels	Maintain Service, Improve Access, Quality	20
Strategic Initiatives	Strategic goals/objects, council mandates	15
Financial	Budgetary impacts, financing sources	15
Economic	Economic impact, support growth strategy	10
Other	Timing, project readiness	10
Community Support	Level of community support	5
TOTAL		100

- Identified on the Capital Budget summary in the “Score” column



Capital Budget Objectives

ASSET MANAGEMENT PLAN

- O. Reg 588-17 – Asset Management Planning For Municipal Infrastructure provides for the following schedule;

Description	Due	Status
Strategic Asset Management Policy	July 1, 2019	Complete
Asset Management Plan – Phase 1 (Core Assets – standard levels of service metrics)	July 1, 2022	Complete
Asset Management Plan – Phase 2 (All Assets – standard levels of service metrics)	July 1, 2024	To be Completed
Asset Management Plan – Phase 3 (All Assets – custom levels of service metrics)	July 1, 2025	To be Completed

- Plans must be updated every five (5) years following Phase 3



Capital Budget Objectives

ASSET MANAGEMENT PLAN

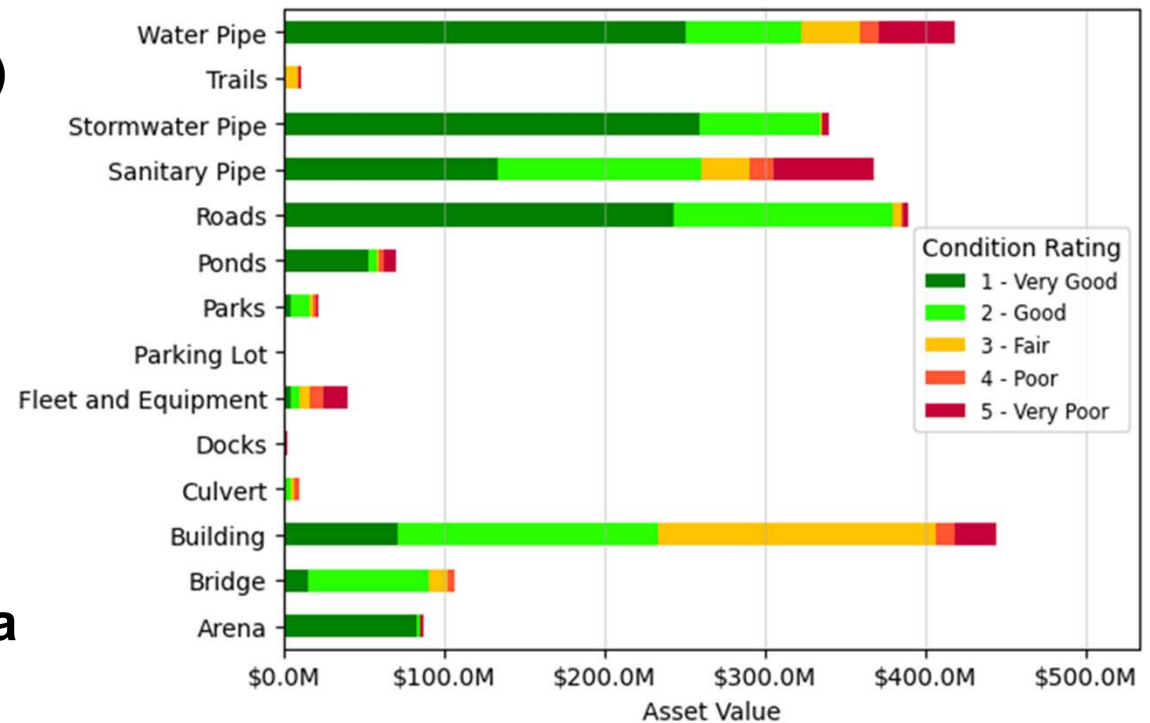
- Overall City infrastructure is in Good conditions, with selective areas requiring more immediate need for investment for overall condition improvement

Total Asset Valuation (2020)
\$2.3 Billion

Average Asset Condition (2020)
GOOD

Annual Capital Renewal Infra Gap (2020)
\$29.5M

Annual Capital Growth Infra Gap (2020)
\$25.7M





Capital Budget Objectives

ASSET MANAGEMENT PLAN

2021-2023

Area	AMP*	Average	Difference
Transportation	\$ 17,700	\$ 17,300	\$ 400
Water	12,500	8,100	4,400
Wastewater	33,000	11,400	21,600
Stormwater	4,800	2,500	2,300
City Facilities	7,200	8,900	(1,700)
Fire	500	2,000	(1,500)
Police	300	900	(600)
Fleet & Equipment	2,000	4,600	(2,600)
Info. Technology	-	600	(600)
Library	-	-	-
Parking	100	200	(100)
	\$ 78,100	\$ 56,500	\$ 21,600

*AMP stormwater figure updated for stormwater pond investment as funded through operating



Capital Budget Process

- The Capital Budget process is outlined in the Budget and Financial Controls Policy.



- Project list is edited and modified to ensure that the recommended Capital Budget is *manageable financially* as well as *operationally*.



Capital Budget Process

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.

No.	PROJECT DESCRIPTION	Dept	Score	2023 Budget	Proposed Financing									
					User Rate Reserve Funds			Capital Reserve Funds		Grants		Canada Comm.	Long Term Debt	
					Water	Wastewater	Amount	Fund	Amount	Fund	Building Fund	Taxation	User Rates	
COMBINED SERVICES														
1.001	Sidney St. / College St. W Inters	EDS	83	1,500.0	400.0	40.0	1,060.0	DC / Casino - Infra Main						
1.002	Victoria Ave. (Herchimer Ave. to	EDS	81	200.0	200.0									
1.003	Murney St. - Sewer Separation	EDS	79	1,100.0	300.0						800.0			
1.004	South Foster Ave. - Utility Reloc	EDS	75	400.0			100.0	Asset Mgmt	300.0	OCIF				
1.005	Rollins Dr. and Chelford Cres. F	EDS	71	1,900.0	500.0						1,400.0			
1.006	Octavia St. and Henry St. - Sev	EDS	60	150.0	35.0	40.0	75.0	Asset Mgmt						
1.007	Prince of Wales Dr. and Elvins	EDS	60	300.0	100.0	100.0	100.0	Asset Mgmt						
1.008	Redevelopment of the Old Fairg	EDS	60	4,000.0	1,200.0				1,600.0	OCIF				1,200.0
1.009	Fahey St. / Tracey St. Trunk S	EDS	55	500.0		250.0	250.0	DC / Asset Mgmt						
TOTAL COMBINED SERVICES				\$ 10,050.0	\$ 2,735.0	\$ 430.0	\$ 1,585.0		\$ 1,900.0		\$ 2,200.0	\$ -	\$ 1,200.0	



Capital Budget Process

Capital Budget Justification Sheets - with project details, cost and financing information

2023 CAPITAL BUDGET JUSTIFICATION																				
Department:	Engineering & Development Services	BUDGET AMOUNT: \$ 1,500,000.00																		
Division:	Engineering	Budget Reference #: 1.001																		
Category:	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Asset Maintenance or Replacement</td> <td style="width: 20%; text-align: center;">X</td> </tr> <tr> <td>New Asset Acquisition/Development</td> <td style="text-align: center;">X</td> </tr> </table>	Asset Maintenance or Replacement	X	New Asset Acquisition/Development	X															
Asset Maintenance or Replacement	X																			
New Asset Acquisition/Development	X																			
Project Information		Supporting Information																		
Project Name & Description		Project Priority																		
Sidney St / College St W Intersection, including Sidney St Widening - Design and Utilities		Capital Project Prioritization Ranking: <input style="width: 50px; text-align: center;" type="text" value="83"/> <i>(projects ranked based on City's Budget and Financial Control Policy - Appendix A)</i>																		
Project Detail, Justification & Reference Map		Reasons/ Highlights for Capital Project Prioritization Ranking:																		
This project is being brought forward as a continuance of previous work completed for Sidney Street and College Street West intersection widening design and construction.																				
This project includes the widening of this intersection to add left turn lanes and improve traffic safety. Sidney Street will be widened with a two-way centre left turn lane from the intersection southerly to the CPR overhead structure. It will also include replacement of the distribution watermain through the intersection as a continuation of the watermain replacement project completed on Sidney Street immediately north of the intersection 5 years ago.		Asset Management Plan																		
		Included in Current AMP? (Yes/No) <input style="width: 50px; text-align: center;" type="text" value="Yes"/> <i>If not, provide explanation:</i>																		
		<i>Other Supporting Plan/Study:</i> Environmental Assessment previously completed for this project.																		
Project Components		Commitments Made																		
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;"></th> <th style="width: 20%; text-align: center;"><u>Budget</u></th> <th style="width: 70%; text-align: center;"><u>Funding</u></th> </tr> </thead> <tbody> <tr> <td>Roads</td> <td style="text-align: right;">\$ 960,000.00</td> <td>DC's (\$131K) / Reserve Fund (\$829K)</td> </tr> <tr> <td>Sanitary Sewer</td> <td style="text-align: right;">40,000.00</td> <td>User Rates</td> </tr> <tr> <td>Storm Sewer</td> <td style="text-align: right;">100,000.00</td> <td>Reserve Fund</td> </tr> <tr> <td>Water</td> <td style="text-align: right;">400,000.00</td> <td>User Rates</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">\$ 1,500,000.00</td> <td></td> </tr> </tbody> </table>		<u>Budget</u>	<u>Funding</u>	Roads	\$ 960,000.00	DC's (\$131K) / Reserve Fund (\$829K)	Sanitary Sewer	40,000.00	User Rates	Storm Sewer	100,000.00	Reserve Fund	Water	400,000.00	User Rates		\$ 1,500,000.00		2021 #1.007 - Sidney St / Bridge St West - Intersection Improvements - \$1,000,000 2022 #1.010 - Sidney St / College St West - Intersection Improvements - \$350,000 Total Estimated Project Budget = \$9,500,000
	<u>Budget</u>	<u>Funding</u>																		
Roads	\$ 960,000.00	DC's (\$131K) / Reserve Fund (\$829K)																		
Sanitary Sewer	40,000.00	User Rates																		
Storm Sewer	100,000.00	Reserve Fund																		
Water	400,000.00	User Rates																		
	\$ 1,500,000.00																			
		Operating Impacts																		
		Description: Additional maintenance; expansion of infrastructure																		
		Financial: Asset Management Reserve Contribution required \$24,000 Additional Maintenance costs required \$15,000																		



2023 Capital Budget

Category	Total Budget (\$000)	Number of Projects	Example
Continuation of Previously Approved Projects	5,711,000	6	Sidney St/ College intersection, Rollins Dr, Murney St
New Projects Supporting Asset Management	39,547,300	68	Shave & Pave, Resurfacing, Watermain relining, Fleet replacement
Energy Efficiency Projects	670,000	3	HVAC Replacements & Energy retrofits
New Initiatives or Development Related Projects	12,546,000	28	Fairgrounds redevelopment, Parks & Rec MP projects, Transit enhancements
Total 2023 Budget	58,474,300	105	

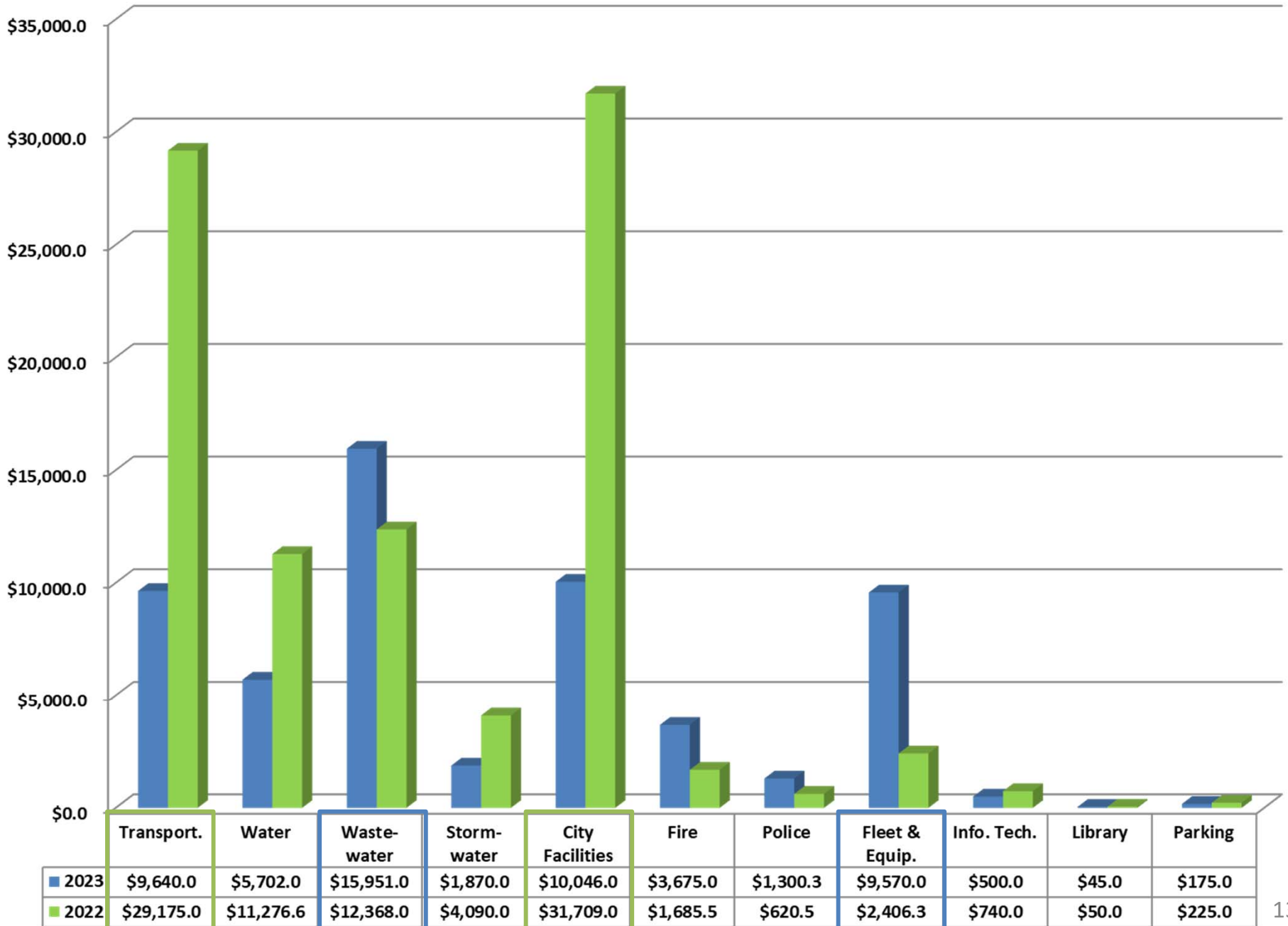


2023 Capital Budget

- Continued investment in Transportation programs \$9.6M; Road resurfacing programs, renewal projects, etc.
- Significant fleet renewal and growth investment \$13.0M
- The budget assumes the addition of \$17.2 million in debt:
 - Redevelopment of the Old Fairgrounds Site - \$1.2M
 - Zero Emission Bus Replacements - \$1.3M
 - Fire Pumper / Rescue Vans - \$3.2M
 - Hillcrest Park – Phase 2 - \$2.0M
 - Wastewater Treatment Plant Upgrades - \$9.5M



2023 Capital Budget





2023 Capital Budget

Deferrals – Future Capital Projects

- Over 50 various projects totaling \$82M have been recommended for deferral to 2024 or later.
- Some significant projects include:

Project	\$
Avonlough Sewage Pumping Station and Bridget St West Reconstruction	\$50,000,000
Phillipston Road – Hwy 37 north 4.4 km	5,700,000
Sidney St/ College St Intersection	6,000,000
Bridge St E – Herchimer to Haig	5,000,000

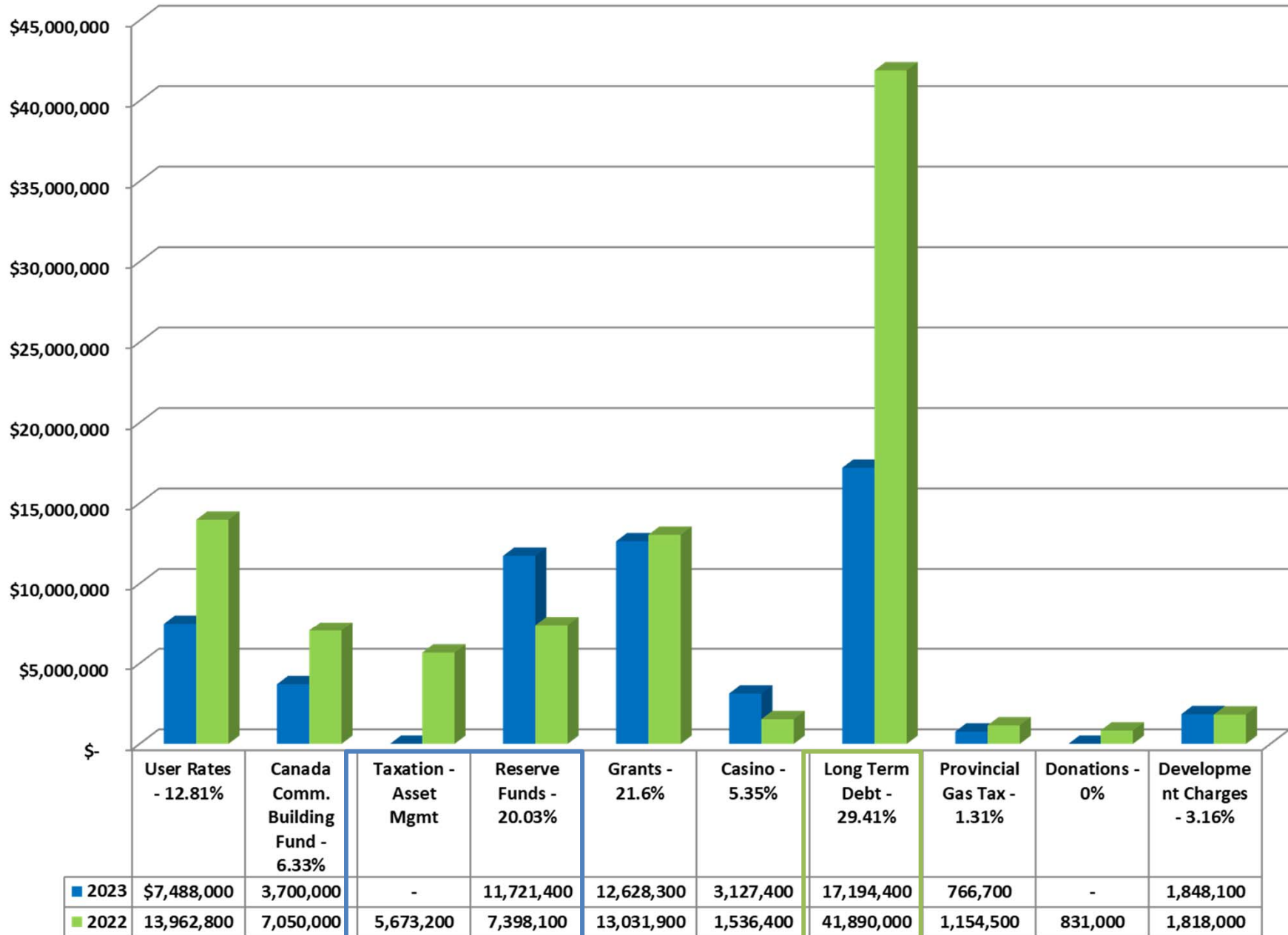


2023 Capital Budget Financing

	2023		2022
Source	Amount	%	%
Internal – User Rates	7,488.0		
Internal – Reserve Funds	16,696.9		
Internal - Long Term Debt	17,194.4		
Total Internal Financing	\$ 41,379.3	70.8%	76.7%
External – Grants	6,278.3		
External – OCIF	6,350.0		
External – CCBF	3,700.0		
External – Prov. Gas Tax	766.7		
Total External Financing	\$ 17,095.0	29.2%	23.3%
Total Capital Financing	\$ 58,474.3	100.0%	100.0%



2023 Capital Budget Financing





2023 Capital Budget Financing

User Rate Funded Reserve Funds

Reserve funds are an accumulation of resources set aside as savings for future needs.

- **Water, Wastewater and Parking** operations are fully funded by User Fees. Rates are developed to ensure long term financial sustainability and adequate revenue to cover operations and long-term capital plan
- Funding models ensure that rates provide adequate revenue to address future capital needs as they occur

Service	Budgeted Transfer 2022	Applied to 2023 Capital
Water	9,112.6	\$ 5,727.0
Wastewater	4,400.3	1,586.0
Parking	57.7	175.0
Total Capital Financed by User Fees	13,570.6	\$ 7,488.0



2023 Capital Budget Financing

Non-User Rate Funded Reserve Funds

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 reserve funds, their purpose and source of funding:

Discretionary Reserve Fund	Supports	Funding Source
Environmental	Environmental Liabilities	Allocation from Operating
Industrial Land	Purchase & servicing	Allocation from Operating & land sales
Museum Improvements	Glanmore capital	Donations
Municipal Accommodation (MAT)	Tourism and general Municipal expenditures	Allocation of MAT Tax revenue (50%)
Asset Management	Corporate Capital needs	Allocation from Operating
OLG (Casino)	Various – per policy	Allocation from Casino Revenues
Police Services	Police Capital and stabilization	Allocation from Operating



2023 Capital Budget Financing

Non-User Rate Funded Reserve Funds (cont'd)

The following tables provide examples of our non -discretionary reserve funds, their purpose and source of funding:

Non-discretionary Reserve	Supports	Funding Source
Provincial Gas Tax	Transit Infrastructure	Annual Provincial Gas Tax
Canada Community Building Fund	Defined Infrastructure	Annual CCBF
Building Code Act	Contingency/future capital	Operating Surplus - Building
Parkland Development	New parks infrastructure	Developer Contributions
Development Charges	Growth infrastructure	Builders

- Ensuring optimal Reserve fund contributions is an integral part of an Asset Management Funding strategy and a key priority for the City.



2023 Capital Budget Financing

Asset Management Reserve Fund

- Primary source of taxation funding for capital program

Asset Management Reserve Fund	2023 Budget
Preliminary Opening Balance	5,854,443
Contribution to Asset Management	
Contribution to Asset Management reserve fund	4,085,000
Funding for Capital projects (reclassified 2023)	5,084,000
<i>Operating impacts – 2023 proposed capital budget*</i>	543,500
Subtotal	15,566,943
<i>Proposed 2023 project funding – Asset Management</i>	(8,906,100)
2023 Closing Balance	6,660,843

* Operating impacts are identified in each Capital budget sheet and include total capital reserve fund contribution adjustments required of **\$543,500**



2023 Capital Budget Financing

OLG (Casino) Reserve Fund

- 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, 4% of table proceeds, and 4% of Sportsbook revenue
- 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%



2023 Capital Budget Financing

OLG (Casino) Reserve Fund (cont'd)

Project	OLG Revenue - Area	Amount
1.001 Sidney/College Intersection	Infrastructure Main.	\$ 929.4
1.013 Slurry Seal & Reclamite	Infrastructure Main.	50.0
1.014 McWilliams Bridge Design	Infrastructure Main.	200.0
1.016 Sidewalk Repair Program	Infrastructure Main.	300.0
1.019 Guardrail Replac. Program	Infrastructure Main.	75.0
1.062 MA Sills - Field Two Turf Repl.	Infrastructure Main.	680.0
1.085 Coleman St. Storm Main Repl.	Infrastructure Main.	460.0
1.021 College St. East – Sidewalk	Develop. Infrastructure	133.0
1.078 BMX Pump Track - Phase Two	Economic Development	300.0
Total Casino Funding – 2023		\$ 3,127.4
<i>Total Casino Funding – 2022</i>		<i>\$ 1,536.4</i>



2023 Capital Budget Financing

Police Services Reserve Fund

- **Police Services Reserve Fund** was established in 2022 to broaden and replace the Police Facility Reserve Fund.
- Utilization of this reserve fund has been applied to the 2023 Capital Budget as follows:

Opening Balance, 2023	\$ 2,629.0
2023 Allocation (estimated)	620.5
Allocation to Police Facility project on closure (estimated)	(1,000.0)
Total Available	\$ 2,249.5
<i>2023 Proposed Police Capital Budget</i>	\$ 1,300.3
Closing Balance, 2023	\$ 918.7



2023 Capital Budget Financing

Canada Community Building Fund (CCBF) Reserve Fund

- CCBF (*previously Federal Gas Tax*) is a long-term source of funding to help build and revitalize public infrastructure. Funds can be accumulated in a dedicated reserve fund until projects meeting the requirements of the program are brought forward.
- 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 CCBF, for 2023 is **\$3.357 million**.



2023 Capital Budget Financing

Canada Community Building Fund (CCBF) Reserve Fund

- CCBF funding has been applied to 2023 Capital Projects as follows:

Opening Balance, 2023	\$ 849.7
2023 Allocation	3,356.8
Total Available	\$ 4,206.5
Allocated to 2023 Capital Projects	
1.003 Murney St. & Henry St.	\$ 800.0
1.004 Rollins Dr. & Chelford Cres.	1,400.0
1.096 WWTP - Primary Clarifier Upgrades	1,500.0
Total Allocated to Projects	\$ 3,700.0
Closing Balance, 2023	\$ 506.5



2023 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 CCBF funding, Provincial Gas Tax can be used for both capital and operating initiatives. Examples include new buses (capital) or the initial funding of new transit operating initiatives (operating)



2023 Capital Budget Financing

- **Provincial Gas Tax** has been applied to the 2023 Capital Budget as follows:

Opening Balance, 2023	\$ 883.6
2023 Allocation (estimated)	842.9
Total Available	\$ 1,726.5
Allocated to 2023 Projects	
1.053 Hybrid Accessible Vans	\$ 60.0
1.054 Smart Fare-Card Project	320.0
1.055 Energy Savings – Transit Garage	200.0
1.073 Bus Stop Upgrades	160.0
1.074 New Bus Stop Shelters	26.7
Total Allocated to Projects	\$ 766.7
Closing Balance, 2023	\$ 959.8



2023 Capital Budget Financing

Development Charge Reserve Fund (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.
- The amount of contributions is dependent on the level and type of construction activity in any given year.

Year	DC Waived/Collected
2022	\$ 20,890,365
2021	\$ 7,333,507
2020	\$ 3,871,631
2019	\$ 3,279,562
2018	\$ 2,864,698



2023 Capital Budget Financing

Development Charge Reserve Fund (DC's)

- DC's have been applied to the 2023 Capital Budget as follows:

Allocated to Projects	
1.001 Sidney / College Intersection	\$ 130.6
1.009 Fahey St & Tracey St Trunk Sewer	38.8
1.046 Tandem Plow Truck	229.8
1.047 Trackless Sidewalk Machine	109.4
1.049 New Pick-up Truck	32.8
1.075 Shirley Langer Trail - Phase Three	54.1
1.096 WWTP - Primary Clarifier Upgrades	626.3
1.097 WWTP - Sludge Thickener	626.3
Total Allocated to Projects	\$ 1,848.1



2023 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

Grant Program	2023 Funding
Ontario Community Infrastructure Fund (OCIF)	\$ 6,350.0
Investing in Canada Infrastructure Program (ICIP) - Transit	5,628.3
Enabling Accessibility	200.0
Natural Infrastructure Fund (NIF)	200.0
Green Municipal Fund (GMF)	250.0
Total	\$ 12,628.3



2023 Capital Budget Financing

Ontario Community Infrastructure Funding (OCIF)

- 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, 2023	\$7,450.3
Allocated to 2023 Projects	
1.005 South Foster Ave. Design	\$ 300.0
1.008 Old Fairgrounds Site Re-Development	1,600.0
1.011 Road Resurfacing Program	1,800.0
1.012 Shave & Pave Program	1,250.0
1.013 Slurry Seal & Reclamite Program	300.0
1.015 Airport Parkway Culvert Replacement	1,000.0
1.082 Life Cycle Mang. / Network Monitoring	100.0
Total Allocated to Projects	\$ 6,350.0



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 \$40.2 million
 - 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

- For 2023, Debt financing is proposed for:

Project	\$ (000)
Old Fairgrounds site	1,200.0
Three (3) Zero Emissions Bus	1,347.0
Fire Vehicles – Pumper / Rescues	3,200.0
Hillcrest Park – Phase Two (2)	2,000.0
Wastewater Treatment Plant upgrades	9,447.4
Total 2023 Proposed Debt Financing	17,194.4

- **Tax Impact** - Based on current financing rates , the financing charges for each additional \$1 million in new debt represents \$66,100 annually
- Impact of annual debt for 2023 projects would represent an increase in taxation of 0.39%



Debt

- Approved, but not Issued Debt Forecast:

Year *	Debt	Projects
2023	\$ 31.4 M	Police Station, Mineral & Maitland Rd, QSWC Power and Energy, Sidney St Corridor, NE Industrial Park, Fire Radios
2024	\$ 24.1 M	BAS Relocation servicing, Solar Fit, Herchimer Rd
2025	\$ 15.6 M	Farnham Road, Fire Trucks, Transit Buses
2026	\$ 27.0 M	Wastewater Treatment Plant, Hillcrest Property, BAS Relocation Building
	\$ 98.1 M	
<i>Tax Funded</i>	<i>\$ 76.4 M</i>	
<i>User Rates</i>	<i>\$ 21.7 M</i>	

*Debt issue timing may vary depending on project progress



Debt

- Outstanding Debt Forecast (Millions):

	2022	2023	2024	2025	2026	2027	2028
Opening	\$112.70	\$106.20	\$130.50	\$146.70	\$153.50	\$170.70	\$160.30
Additions*	-	31.40	24.10	15.60	27.00	-	-
Principal	(6.50)	(7.10)	(7.90)	(8.80)	(9.80)	(10.40)	(10.70)
Closing	\$106.20	\$130.50	\$146.70	\$153.50	\$170.70	\$160.30	\$149.60

<i>Taxation</i>	\$89.80	\$114.86	\$125.56	\$119.07	\$137.99	\$129.38	\$120.54
<i>User Rates</i>	\$16.40	\$15.64	\$21.14	\$34.43	\$32.71	\$30.92	\$29.06

*Debt issue timing may vary depending on project progress



Debt

Debt Servicing Costs:

	2022	2023	2024	2025	2026	2027	2028
Principal	\$6.50	\$7.10	\$7.90	\$8.80	\$9.80	\$10.40	\$10.70
Interest	\$3.40	\$3.70	\$4.40	\$5.20	\$6.00	\$6.40	\$6.00
Total	\$9.90	\$10.80	\$12.30	\$14.00	\$15.80	\$16.80	\$16.70
<i>Taxation</i>	<i>\$8.30</i>	<i>\$9.10</i>	<i>\$10.60</i>	<i>\$11.90</i>	<i>\$12.70</i>	<i>\$13.70</i>	<i>\$13.60</i>
<i>User Rates</i>	<i>\$1.60</i>	<i>\$1.70</i>	<i>\$1.70</i>	<i>\$2.10</i>	<i>\$3.10</i>	<i>\$3.10</i>	<i>\$3.10</i>
Debt Servicing Ratio	6.16%	6.52%	7.23%	7.92%	8.73%	8.99%	8.69%



2023 Operating Budget Impact

Increased Operating Costs:

- The Capital Budget includes new capital assets and infrastructure which will have direct impacts on future operating budgets (i.e. fuel, energy, staffing, maintenance, reserve contributions, etc.)
- Operating impacts are identified in each Capital budget sheet. An increase to capital reserve fund contributions totaling **\$543,500** represents additional capital requirements due to new asset additions. These will be included as base adjustments in the Operating budget.
- Additional asset management contributions will be recommended as part of the continued strategy to bridge the City's infrastructure gap



Next Steps

Asset Management:

- Asset Management Plan – Phase 2 update to begin in 2023, with completion in by July 1, 2024 legislative deadline
- Updates and enhancements to include;
 - Refinement and inclusion of Non-core assets
 - Detailed 10-year capital plan
 - Council and public engagement process
 - Infrastructure condition update
- Critical to proper Asset Management decisions is the availability of reliable Asset Condition data.
- As the regulations continue to become effective, Plan Content will provide stringent influence on Capital Planning decisions and basis for multi-year capital budgeting



Next Steps (cont'd)

- To support the Asset Management Plan, enhanced reserve provisions for asset management need to be provided in the Operating Budget
- Need to continue to explore new opportunities for financing.
- Changes to User Rates:
 - Wastewater rates will continue to be impacted by recommendations from the IPS (Infrastructure Phasing Strategy) as well as the Wet Weather Master Plan
 - Rate recommendations will continue to be updated and provided annually