

# Multi year Capital plan – Remapping Exercise Introduction

April 12, 2023



# What are we discussing today?

- Capital Budget:
  - Capital Budget Overview
  - Drivers - Capital
  - Recap – Current 10-year plan
    - Reserve Balance
    - Debt Projection
- Recommendations
- Next Steps



# Capital Budget Overview

The Capital Budget pays for investment in new municipal infrastructure & rehabilitation of existing Town-owned assets

Municipalities don't always have money for projects in the bank, nor should they always, so borrowing becomes a tool for us

## Impact to levy:

- Funding capital projects is also included in the operating budget (long-term debt repayments) & in the overall levy requirements for the budget year
- Capital levy is the pay as you go portion, funding projects that do not have dollars set aside (reserves) or are not large enough for long-term borrowing



# Drivers



Growth



Council Priorities



Health & Safety



Asset Management Plan



Grant Funding



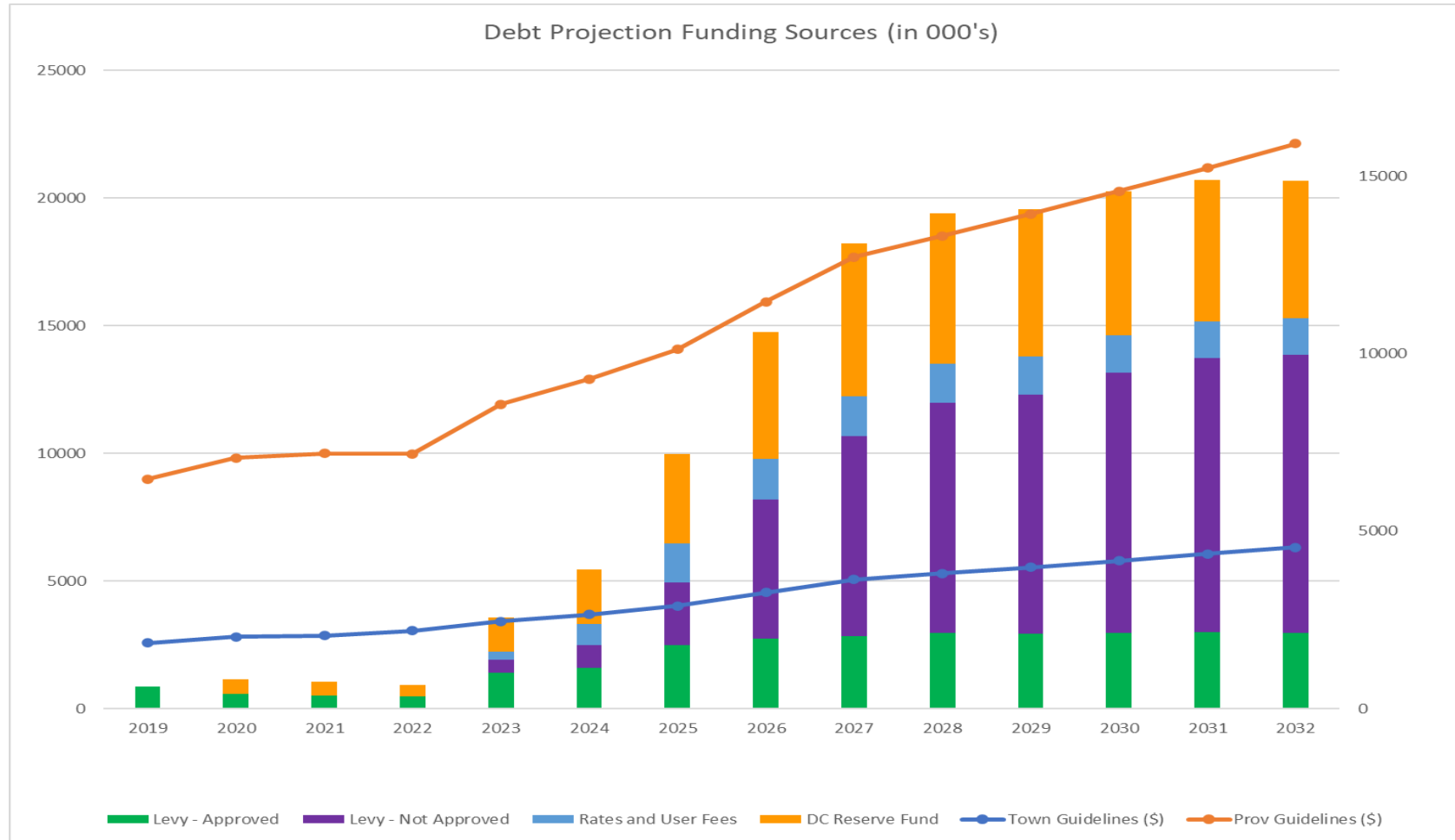
Borrowing Costs



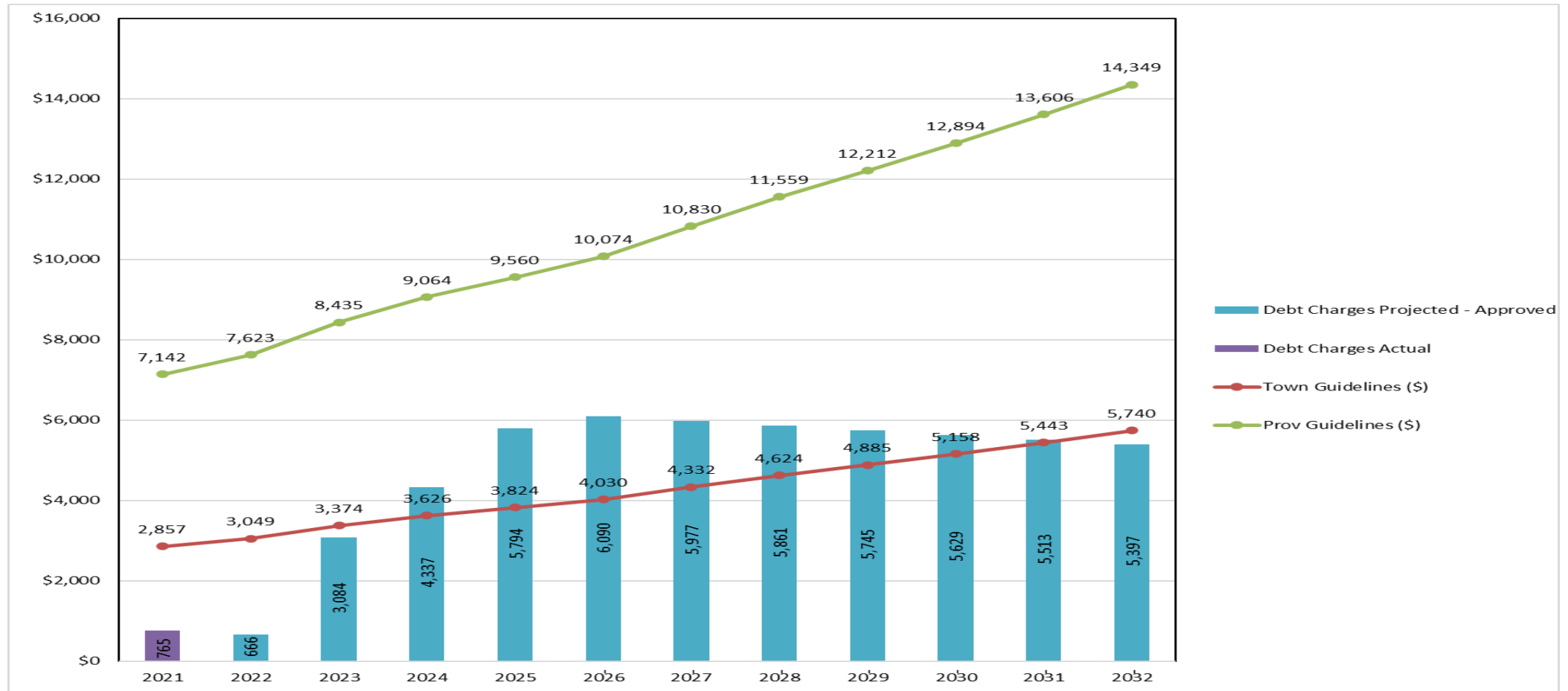
Inflation



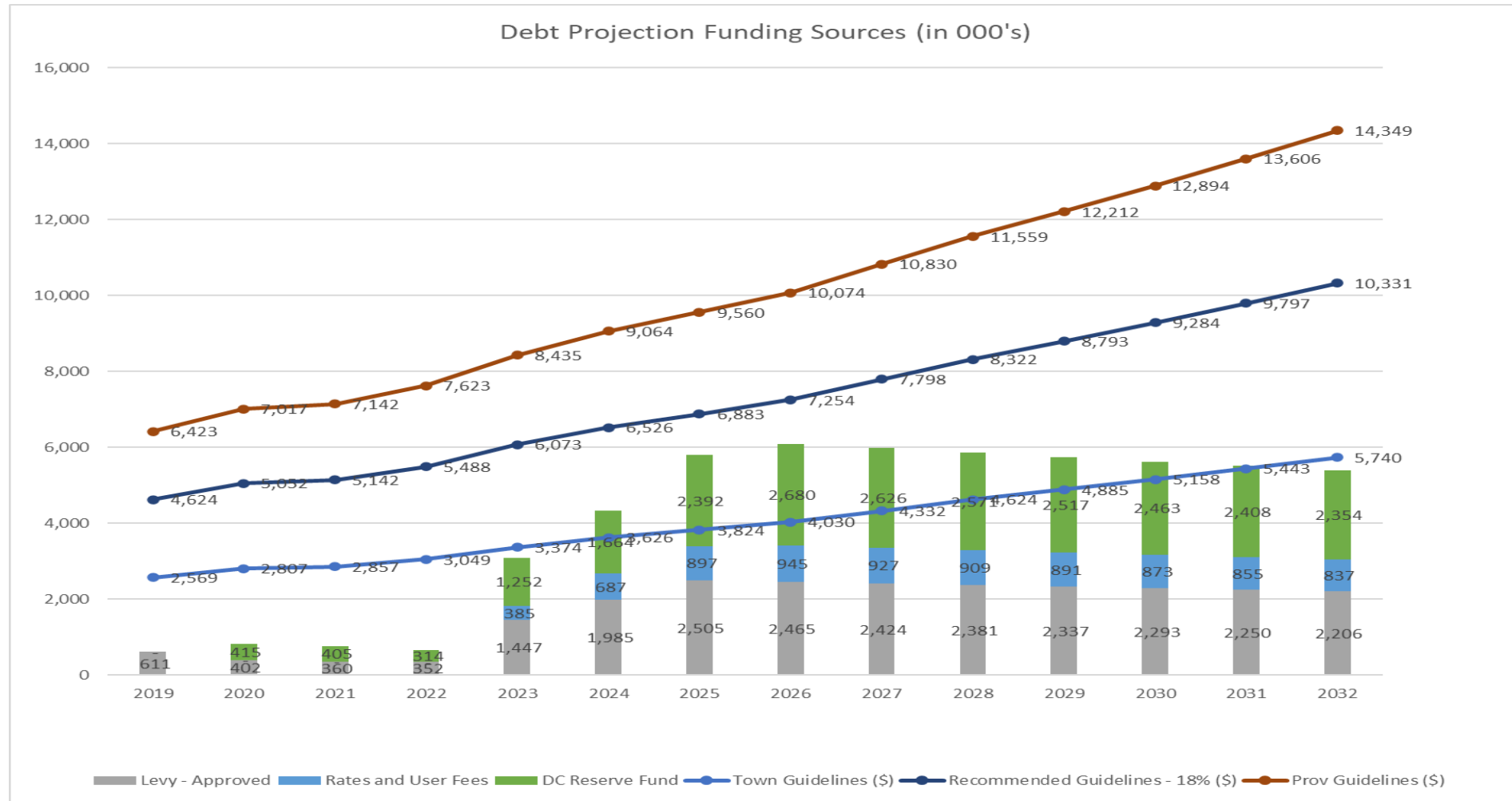
# Current Debt Projection – 10-year horizon



# Current Debt Projection 000s (approved)



# Current Debt Projection 000s (detailed breakdown)



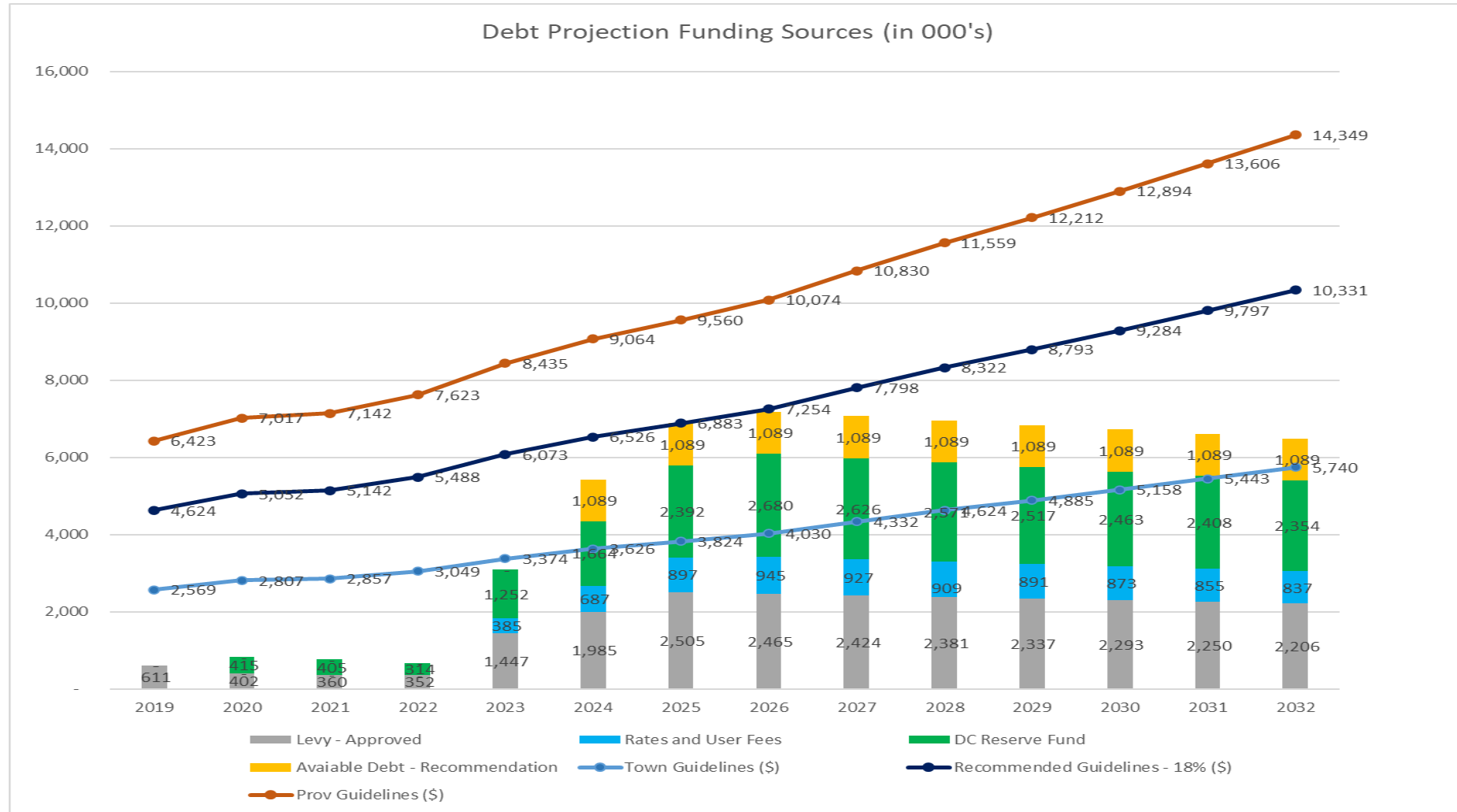
# Key points - Takeaways

- Growth projections expected to remain strong – we have forecast that are very modest and conservative
- Inflation and interest rates expected to continue to impact long-term projections – but overall, leveling off and we hope, may come down in the next few years
- Reserves levels have declined but are expected to level off and remain within approved thresholds
- Capital costs to be largest levy related cost by 2026
- Current debt ceiling – 10% did not fully consider growth





# Recommended Debt Threshold



# Recommended Considerations

- Development charge debt not to exceed rolling 3-year average of revenues (past 3 years)
- User rate funded debt on a per annum basis not to exceed 75% of forecasted revenue
- User rates to be adjusted annually to meet debt forecast
- Total user rate and levy related debt not to exceed 10% - target
- Total value of debt not to exceed 18% combined
- Reserve balances to be maintained within approved thresholds
- New debt each year shall not exceed available debt threshold in current or future years
- Annual report to be provided to council on debt projections, reserve balances and any variances on capital works.



# Recommendation

Tonight, staff seek Council's approval on the following:

- That Council approve the total user rate and levy related debt not to exceed 10% target; and
- That Council approve the total value of debt not to exceed 18% combined; and
- That Council direct staff to bring forward an annual report on debt projections, reserve balances and any variances on capital works.



# Budget Schedule

Budget Phase	Timing
Capital Remapping Kick off – Recommendation (debt)	April 12, 2023
Capital debt continued (if required)	April 24, 2023
Capital project remapping options/proposal	May 2023
Capital project remapping options/proposal continued (if required)	May 2023
Revised Capital plan approval	June 2023



**Questions?**  
**Comments?**  
**Clarity?**

