

# 2017 Capital Budget and Financial Plan

Maintaining the Foundation for  
Today and the Future

December 2, 2016

Presenters: Elsie Hutton, CFO  
Linda Ollivier, Director of Financial Services

# Funded versus Unfunded

## Funded

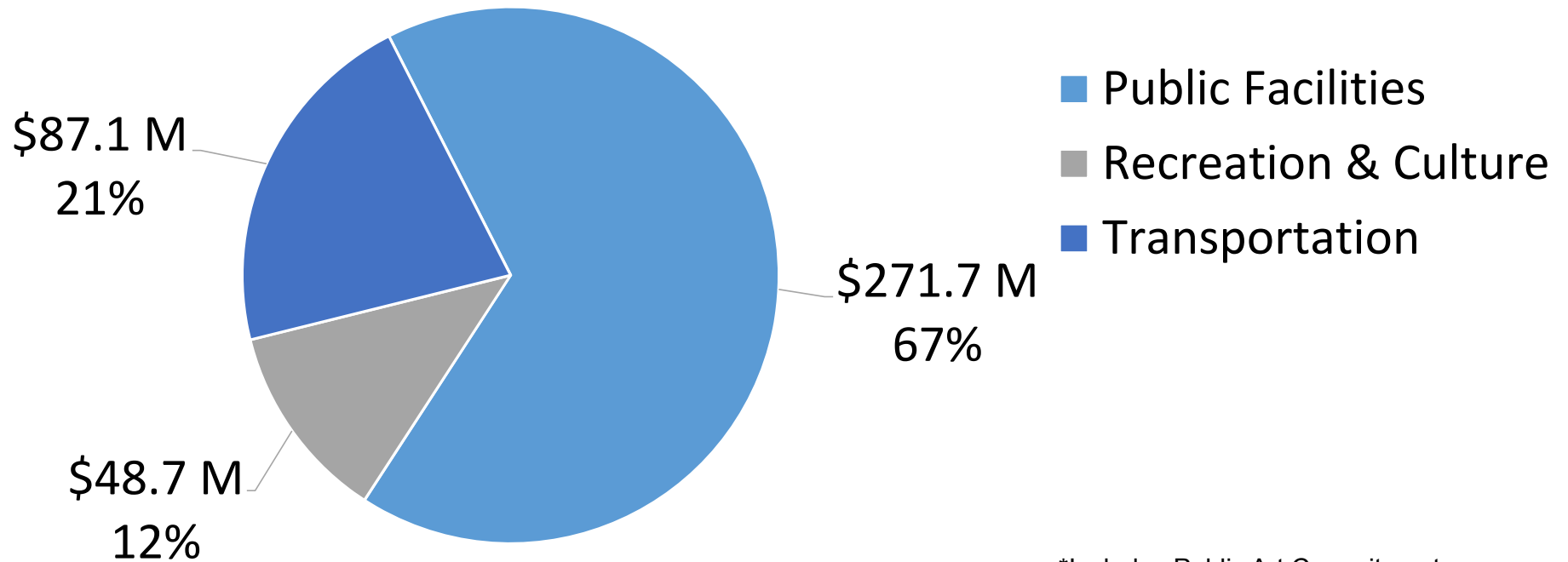
- The administrative review assigned funding to projects required to maintain the current service levels or business continuity

## Unfunded

- The administrative review did not assign funding to projects not required to maintain current service levels or business continuity

# 2017 Proposed Capital Budget, by Category

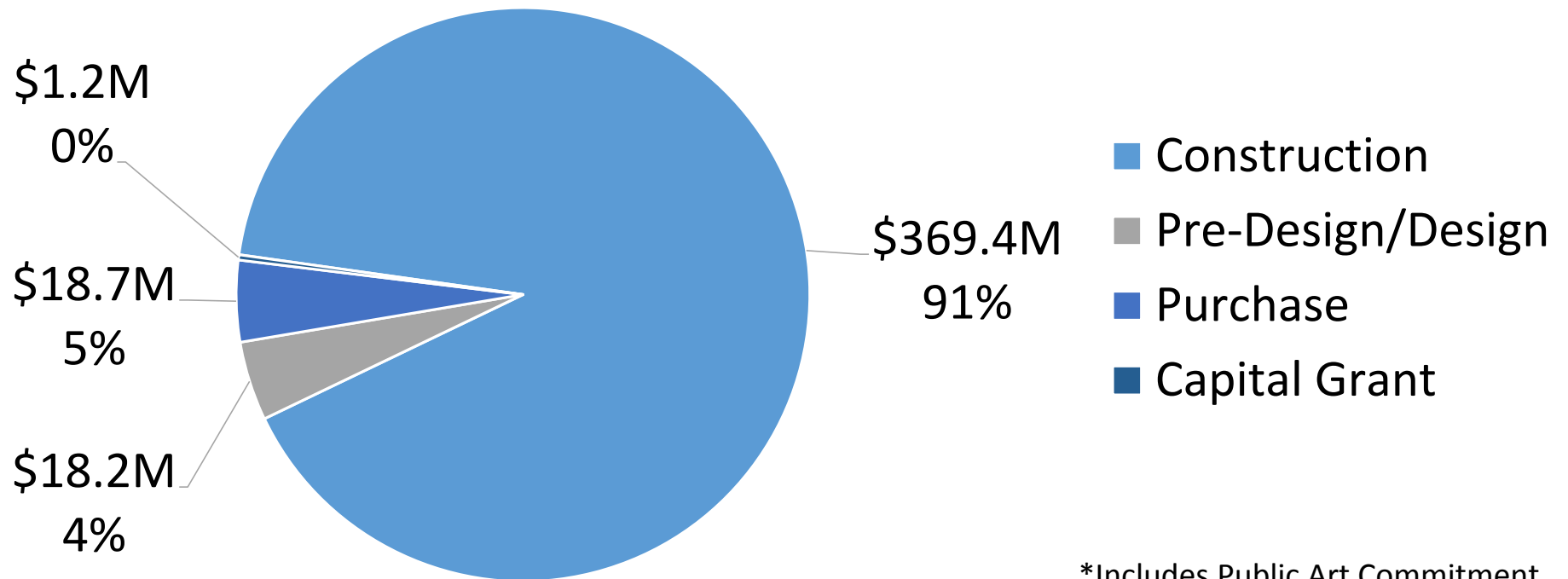
67 Projects = \$407.5M\*



\*Includes Public Art Commitment

# 2017 Proposed Capital Budget, by Type

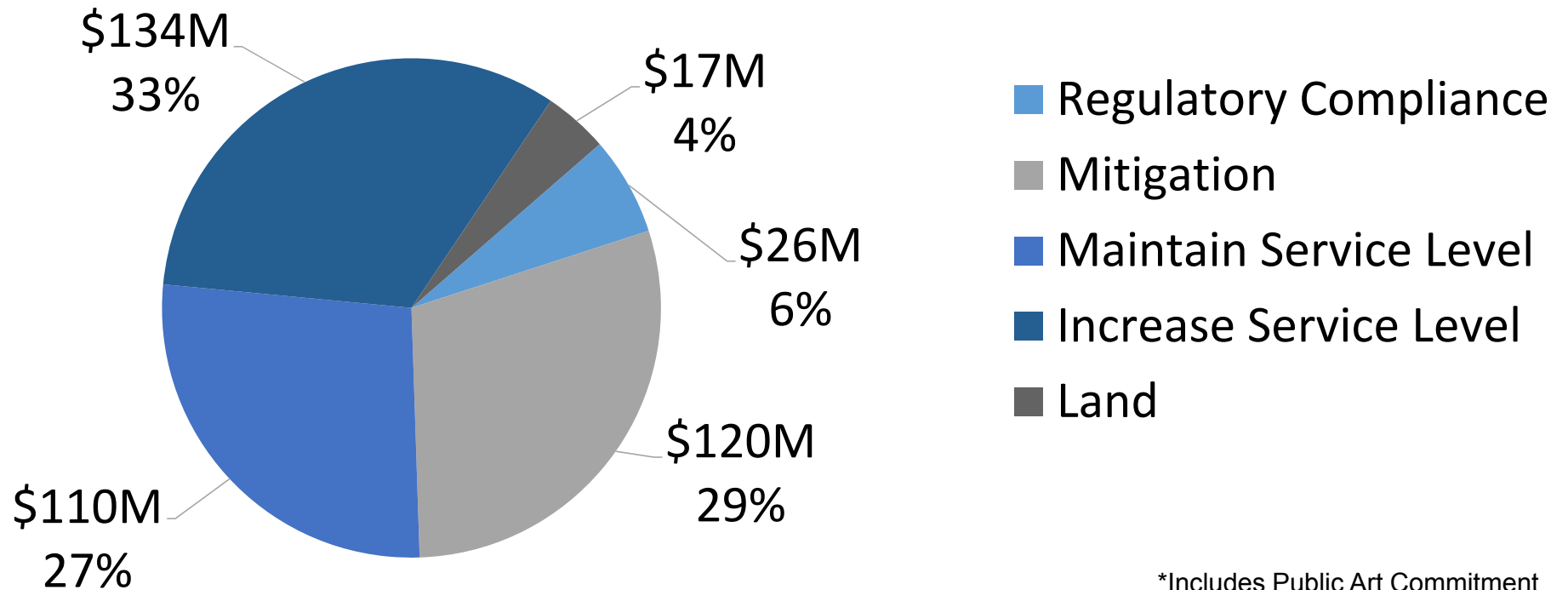
Total = \$407.5M\*



\*Includes Public Art Commitment

# 2017 Proposed Capital Budget, by Secondary Category

67 Projects = \$407.5M\*



\*Includes Public Art Commitment

## 2017 Proposed Capital Budget & 2018 - 2022 Plan

Category	2017	2018	2019	2020 &	Total
	(\$'M)	(\$'M)	(\$'M)	After (\$'M)	(\$'M)
First year of a pre-approved multi-year projects	43.6	48.3	17.0	-	<b>108.9</b>
Single year projects	94.6	-	-	-	<b>94.6</b>
First year of multi-year projects	34.8	76.8	23.4	-	<b>135.0</b>
Other than first year of a multi-year project	232.9	293.7	135.7	4.2	<b>666.5</b>
Equipment purchases	0.8	0.8	-	-	<b>1.6</b>
<b>2017 Proposed Capital Budget/Plan</b>	<b>406.7</b>	<b>419.6</b>	<b>176.1</b>	<b>4.2</b>	<b>1,006.6</b>

## 2017 Proposed Capital Budget & 2018 - 2022 Plan

Category	2017 (\$'M)	2018 (\$'M)	2019 (\$'M)	2020 & After (\$'M)	Total (\$'M)
Funded	406.7	419.6	176.1	4.2	1,006.6
Unfunded	51.4	292.9	299.7	217.7	861.7
<b>Total Funded and Unfunded</b>	<b>458.1</b>	<b>712.5</b>	<b>475.8</b>	<b>221.9</b>	<b>1,868.3</b>

\*Excludes Public Art Commitment

# **2017 PROPOSED BUDGET FUNDING AND DEBT OVERVIEW**



## 2017 Proposed Capital Funding Sources

	(\$'M)
Transfer from Operating Budget for Capital / 2016 deficit reduction	335.6
Debentures	77.7
Grants	44.2
Developer Charges / Levies	20.7
<b>Total Funding Available</b>	<b>478.2</b>

## 2017 Proposed Unallocated Capital Funding

	(\$'M)
Total 2017 Proposed Capital Budget	406.7
Public Art Allocation	0.8
Sub-Total	407.5
Total Funding Available	478.2
<b>Unallocated Funds</b>	<b>70.7</b>

## Recommended Funding Allocation

	(\$'M)
Unallocated Funds	70.7
Outstanding Issues to be funded:	
• 2016 Projected Deficit (as of Sept 30 <sup>th</sup> )	(12.1)
• 2016 Assessment Appeal Shortfall	(41)
• Pre-Design – East Clearwater Highway	(5)
<b>Revised Unallocated Funds</b>	<b>12.6</b>

## Debt Service

- Represents debenture interest and principal payments
- 2017 Debt Service \$32.8M/year
- Estimated annual future debt service on undrawn debt additional \$46M/year

## Capital Funding Considerations

- Capital projects continue to be deferred/cancelled
- Due to changing economy, priorities have changed
- Council continues to approve capital budget amendments
- Funding allocated to projects that is no longer required in 2017
- As a result, \$350M uncommitted Capital Infrastructure Reserve funding available
- Options should support long term fiscal management

# Options

- Pay down undrawn debt by \$350M
- Fund future capital projects to offset future shortfalls
- Fund future operating budget impacts

## Pay Down Undrawn Debt

- Estimated \$24M/year debt service payment avoidance
- Estimated interest savings of \$140M
- Provides greater flexibility for future budgets
- Unique opportunity in light of Bill 21 proposed amendments

## **Fund Future Operating and/or Capital Budgets**

- Estimated \$24M/year debt service payment still required
- Defers issue to future
- Bill 21 proposed amendments will impact ability to increase taxes



# Administrative Recommendation

- Apply \$350M to pay down undrawn debt

## Mayor/Councillor Budget Requests

- Budget requests received have been assigned a preliminary budget estimate
- Departments will identify the specific requests during their presentations
- Council motion required to include in 2017 Budget

## **Budget Binder Orientation**

- Tab A – 2017 Proposed Budget – Funded
- Tab A – 2016 Projects in Progress – carry forwards
- Subsequent tabs coordinate with presentations
- Tab J – 2017 Proposed Budget - Unfunded

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