

# **CITY OF NORTH BAY CAPITAL BUDGET**

**FEBRUARY 8, 2010**

## **LONG TERM CAPITAL FUNDING POLICY**

### **TEN-YEAR CAPITAL FORECAST**

# INFRASTRUCTURE INVESTMENT DEFICIT (GAP)

**IS THE CITY OF NORTH BAY CURRENTLY INVESTING  
SUFFICIENT FUNDS TO SUSTAIN OUR  
INFRASTRUCTURE???**

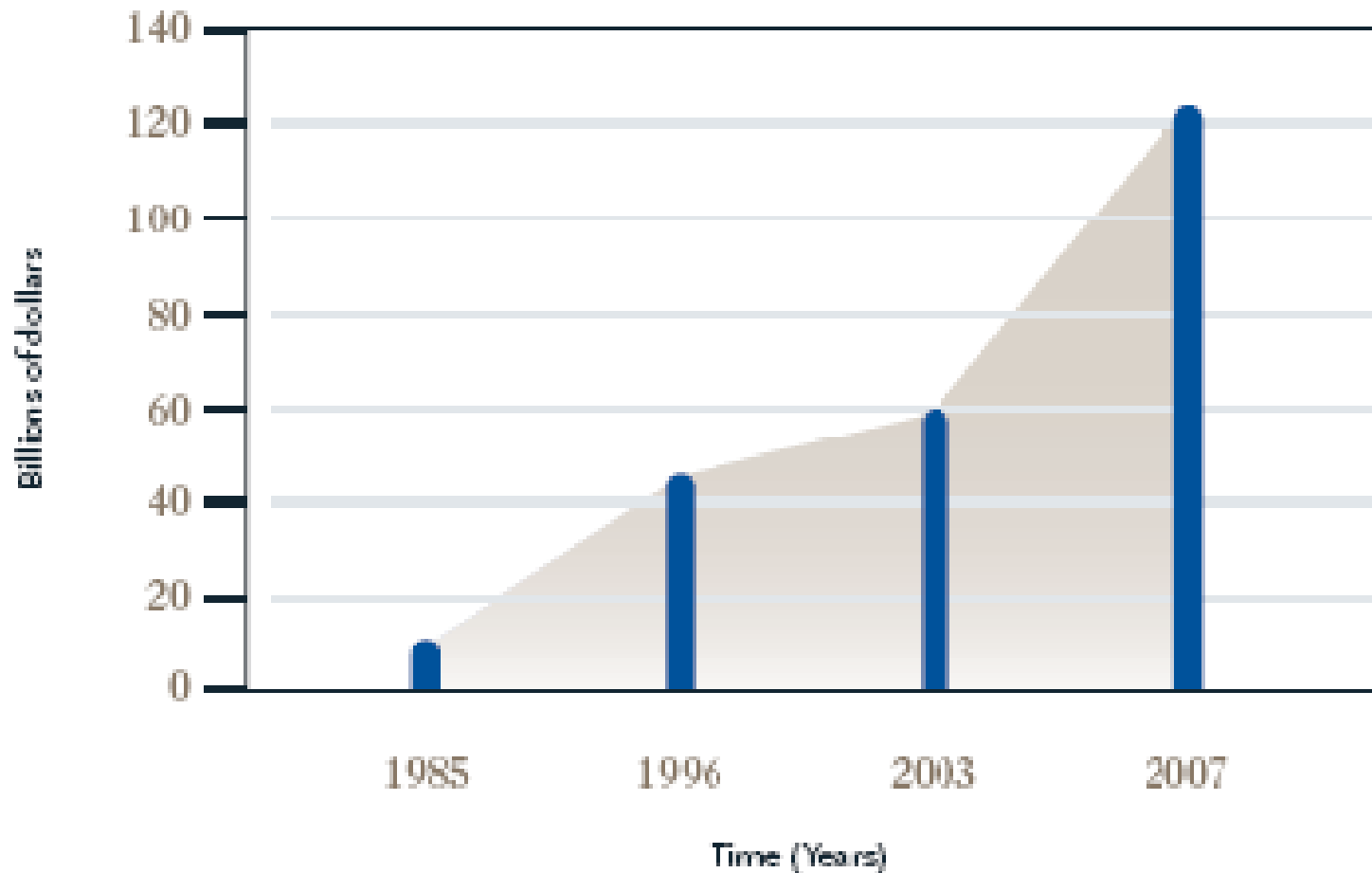
- 2007 FCM-McGILL REPORT: THE LOOMING COLLAPSE OF CANADA'S MUNICIPAL INFRASTRUCTURE
- PROVINCIAL – MUNICIPAL FISCAL AND SERVICE DELIVERY REVIEW
- NORTH BAY STATE OF THE INFRASTRUCTURE REPORT (STANTEC REPORT)

# 2007 FCM-McGill Report: Danger Ahead:

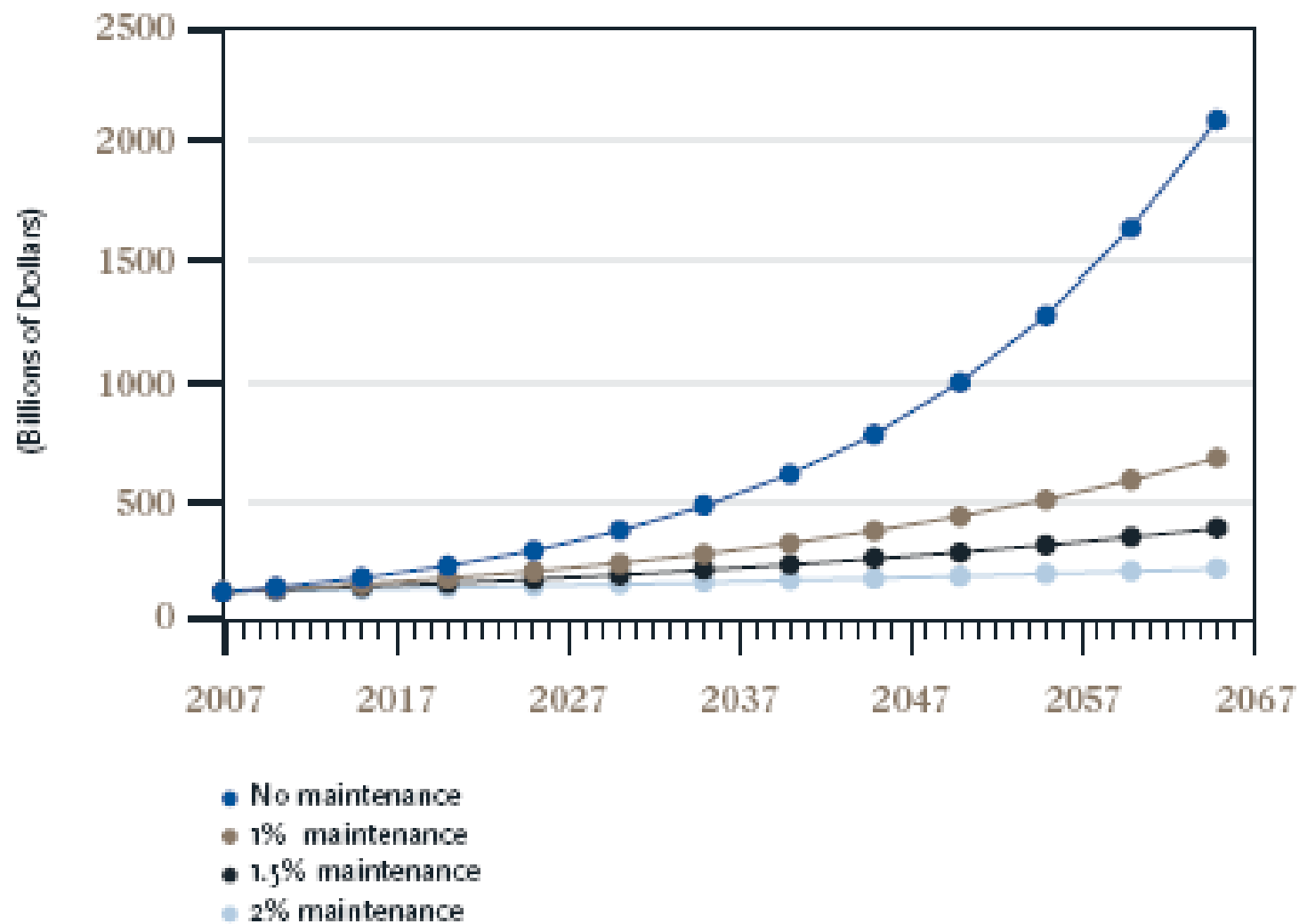
## The Looming Collapse of Canada's Municipal Infrastructure

- Municipal governments invest the majority (over 50%) of the total public funds directed to infrastructure.
- The infrastructure deficit is the difference between the funding needed for maintenance, repair, rehabilitation, retrofitting and replacement of existing deteriorated infrastructure and the funding available from all sources, including taxes, government subsidies and grants, private sector contributions, etc.
- The 2007 FCM-McGill report concludes that with current funding levels, infrastructure problems will continue to grow worse.

# 2007 FCM-McGill Report Canada's Municipal Infrastructure Deficit (\$ Billion)

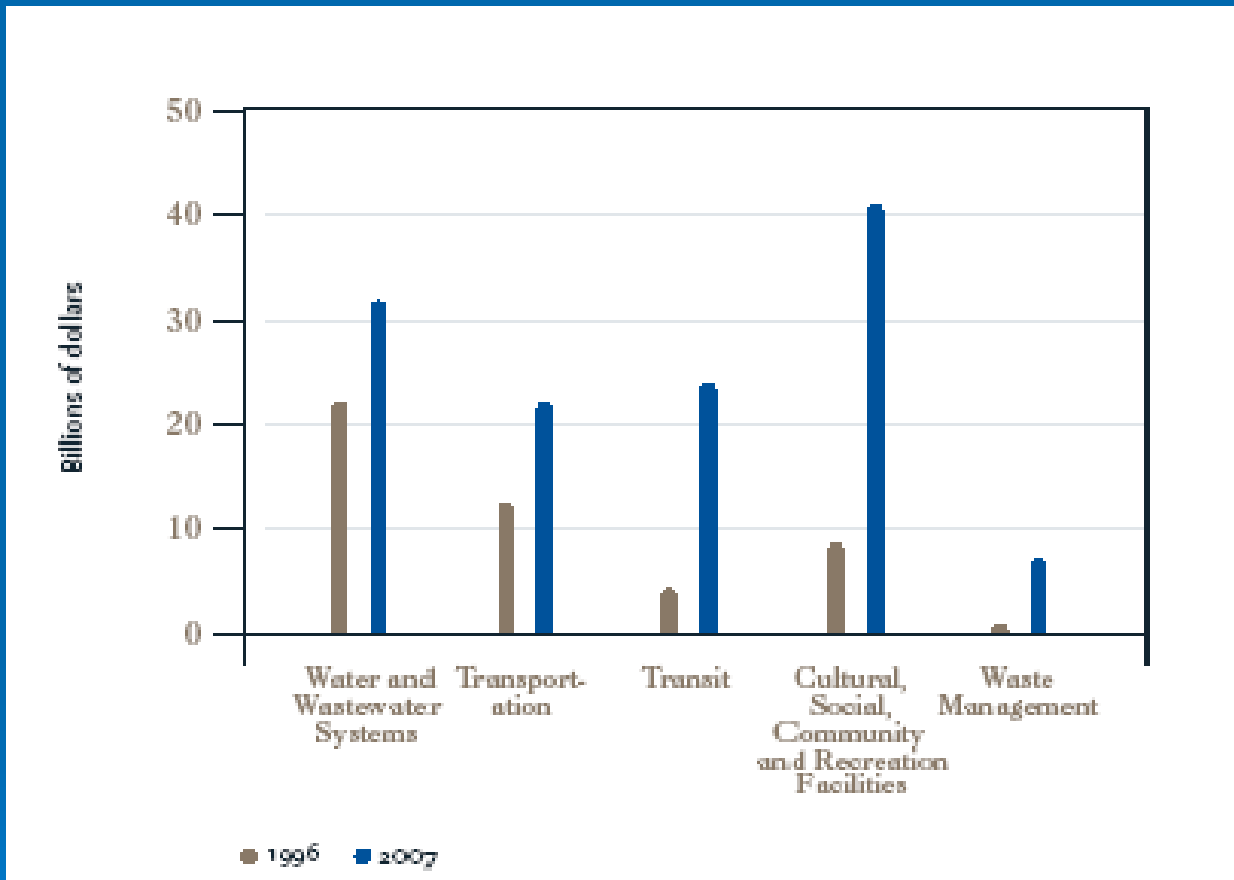


# 2007 FCM-McGill Report Infrastructure Deficit: Projected Growth



# 2007 FCM-McGill Report

## Infrastructure Deficit by Category in 1996 and 2007



Infrastructure Deficit (2007)

= \$123.6 billion

(New Needs = \$115 billion)

Courtesy FCM Report

# INFRASTRUCTURE INVESTMENT GAP

## 2007 FCM-McGill Report

- 41% of Canadian infrastructure is 40 years old or less
- 31% between 40 and 80 years
- 28% more than 80 years old
- 79% of life expectancy of Canada's infrastructure has been used up (2006)
- \$123.6 billion infrastructure deficit prorated translates to \$210 million for the City of North Bay

*Courtesy FCM Report*

# INFRASTRUCTURE INVESTMENT GAP PROVINCIAL – MUNICIPAL FISCAL AND SERVICE DELIVERY REVIEW

- Report released October 31, 2008
- Extensive work done by Infrastructure Working Table to quantify the Infrastructure Investment Gap in Ontario
- Concluded that the Infrastructure Investment Gap for Ontario municipalities totals almost \$6 billion per year
- To put in perspective this is 6 times the level of one-time funding distributed to municipalities under the Investing in Ontario Act in 2008 (i.e. Provincial surplus distribution)

**INFRASTRUCTURE INVESTMENT GAP PROVINCIAL –  
MUNICIPAL FISCAL AND SERVICE DELIVERY REVIEW  
Infrastructure Working Table  
Investment Gap  
\$millions**

Municipal Infrastructure Category	Investment Needs				Average	Gap
	Lifecycle	Eliminate Deficit	Growth	Total Needs	Spending	
	1	2	3	4 = 1+2+3 4	5	6=4-5
Roads and Bridges	\$2,671.1	\$935.8	\$651.6	\$4,258.5	\$1,460.2	\$2,798.3
Water and Wastewater	\$844.3	\$1,277.7	\$661.3	\$2,783.3	\$1,520.5	\$1,262.8
Stormwater	\$525.3	\$27.8	\$234.7	\$787.8	\$106.7	\$681.1
Transit	\$899.8	\$0.0	\$730.1	\$1,629.9	\$563.7	\$1,066.2
Conservation Authorities	\$4.4	\$3.2	\$0.0	\$7.6	na	\$7.6
Solid Waste Management	\$316.5	n/a	\$77.4	\$393.9	\$291.1	\$102.8
<b>TOTALS</b>	<b>\$5,262.4</b>	<b>\$2,246.5</b>	<b>\$2,358.1</b>	<b>\$9,861.0</b>	<b>\$3,947.2</b>	<b>\$5,918.8</b>

INFRASTRUCTURE INVESTMENT GAP PROVINCIAL –  
MUNICIPAL FISCAL AND SERVICE DELIVERY REVIEW  
Infrastructure Working Table  
Investment Gap

- The \$5.9 billion gap does not include any infrastructure investment gap for buildings, facilities, parks, parking lots, trails, vehicles and equipment
- The gap works out to an average of \$1,200 per household
- This would translate to \$28.6 million for the City of North Bay if we are a typical municipality in Ontario ( $\$1,200 \times 23,841$ )

**INFRASTRUCTURE INVESTMENT GAP PROVINCIAL –  
MUNICIPAL FISCAL AND SERVICE DELIVERY REVIEW**  
Infrastructure Working Table  
Investment Gap By Region

- The size of the infrastructure investment gap varies across the Province
- The gap is generally greater in northern and rural municipalities
- The investment gap for the Nipissing region is estimated to be between \$1,500 to \$1,750 per household which is above the Provincial average
- This would translate to between \$36 million and \$42 million for the City of North Bay if we are a typical municipality within the region

# INFRASTRUCTURE INVESTMENT GAP PROVINCIAL – MUNICIPAL FISCAL AND SERVICE DELIVERY REVIEW

## Infrastructure Working Table

### Investment Gap

#### Consensus Included in Final Report

- Municipalities recognize the need to increase their investment in municipal infrastructure, in partnership with the provincial and federal governments.
- Participants in the review agreed that municipalities need to develop and share best practices in asset management planning.
- We agree to begin a joint provincial-municipal process to develop options regarding responsibilities and funding arrangements for roads and bridges.
- We affirm the need for partnership in public transit, such as the Province's Move Ontario 2020 approach in the Greater Toronto Area, and allocation of a portion of the provincial gasoline tax to transit.

**INFRASTRUCTURE INVESTMENT GAP  
CITY OF NORTH BAY  
STATE OF THE INFRASTRUCTURE REPORT  
Stantec (SotI Report)  
Sustainable Revenue Deficit**

<b>Tax Levy Funded Infrastructure</b>	<b>Sustainable Funding</b>	<b>2008 Funding Levels</b>	<b>Infrastructure Investment Gap</b>
<b>Roads, Bridges and Related Infrastructure (Stantec Report)</b>	<b>\$27.5 million</b>	<b>\$12 million</b>	<b>\$15.5 million</b>
<b>Buildings, Parks, Parking Lots, Vehicles, Equipment, Transit, Landfill and Other (Estimate – needs to be reviewed)</b>	<b>To be determined</b>		<b>\$4.5 million</b>
<b>Total funding increase required over 2008 levels</b>			<b>\$20 million</b>

**INFRASTRUCTURE INVESTMENT GAP  
CITY OF NORTH BAY  
STATE OF THE INFRASTRUCTURE REPORT  
Stantec (SotI Report)  
Sustainable Revenue Deficit**

<b>Water and Sanitary Infrastructure</b>	<b>Sustainable Funding</b>	<b>2008 Funding Levels</b>	<b>Infrastructure Investment Gap</b>
<b>Watermains and related Infrastructure (Stantec Report)</b>	<b>\$7.6 million</b>	<b>\$4.4 million</b>	<b>\$3.2 million</b>
<b>Sewermains and Related Infrastructure (Stantec Report)</b>	<b>\$5.5 million</b>	<b>\$3.1 million</b>	<b>\$2.4 million</b>
<b>Facilities (Estimate)</b>	<b>To be determined</b>		<b>\$1.4 million</b>
<b>Total funding increase required over 2008 levels</b>			<b>\$7.0 million</b>

**INFRASTRUCTURE INVESTMENT GAP  
CITY OF NORTH BAY  
STATE OF THE INFRASTRUCTURE REPORT  
Stantec (SotI Report)**

**Sustainable Revenue Deficit Recommendations**

- 1. Develop, through more detailed analysis, a plan for allocating the additional funds to the operating and/or capital budgets, as required (including additional staff), in order to successfully develop, implement, and maintain the required asset management plans;
- 2. Develop a plan to close the gap between sustainable revenue and the current revenues applied to the assets identified in the SotI Report;
- 3. Develop a policy and implement a strategy to reach sustainable funding for each of the assets covered in this SotI Report;
- 4. Implement a comprehensive budget structure along service delivery lines, so that service managers can adequately know what the true total cost of their service is (including asset management, operations, capital, and borrowing costs) as well as measure their progress towards sustainable funding;
- 5. Develop a public communication program to engage the community in discussing the true cost of services and the assets required to provide those services. Develop and implement service levels (and by default the required assets) that are in line with public expectations and willingness/ability to pay;

**INFRASTRUCTURE INVESTMENT GAP  
CITY OF NORTH BAY  
STATE OF THE INFRASTRUCTURE REPORT  
Stantec (SotI Report)  
Sustainable Revenue Deficit  
Recommendations**

- 6. Review the selection and use of rehabilitation technologies on a least life-cycle cost and return-on-investment (ROI) basis. This SotI Analysis was generally based only on replacement costs except for the road centreline sections. Within the road centreline section analysis, rehabilitation has been selected for all sections that have not past the point of rehabilitation;
- 7. Review operating and maintenance practices balancing least life-cycle cost against level of service and risk exposure, on a business-case basis using InfraGuide Best Practices and other industry sources;
- 8. Develop the necessary operations, maintenance, inspection, and analytical programs as the City reduces its reliance on internal resources for execution of capital projects and increases its focus on life-cycle management of its assets;
- 9. Develop more robust figures for optimum funding of operations and maintenance activities, as a percent of replacement cost. This will assist in future SotI Reports;
- 10. Provide regular updates to the SotI Report Card and Analysis.

**INFRASTRUCTURE INVESTMENT GAP  
CITY OF NORTH BAY  
STATE OF THE INFRASTRUCTURE REPORT  
Stantec (SotI Report)  
Other Highlights**

➤ **Roads**

- Replacement value \$548 million
- 81% of City's roads require rehabilitation or reconstruction
- Would cost over \$200 million to complete this backlog
- Sustainable annual funding level of \$27.5 million (up \$15.5 million) would reduce backlog over 20 year period
- Additional \$15.5 million per year required just to maintain current Poor / Fair Rating of overall network condition

# INFRASTRUCTURE INVESTMENT GAP CITY OF NORTH BAY STATE OF THE INFRASTRUCTURE REPORT Stantec (SotI Report) Other Highlights

- Water and Sanitary Sewer
  - Replacement value \$328 million
  - 61% of City's water mains are candidates for rehabilitation or reconstruction
  - 65% of City's sanitary sewer mains are candidates for rehabilitation or reconstruction
  - The current backlog is not significant but the revenue requirements in the next ten years are higher than the current investment levels
  - Additional \$7.0 million per year required just to maintain current Fair Rating of overall network condition

# City of North Bay

## Long-Term Capital Funding Policies

- Last reviewed on December 8, 2008
- The General Government Committee Report 2008-09 adopted December 15, 2008 included the following changes to the policies
- 3. That the Long-Term Capital Funding Policy be amended as follows:
  - a) Long-Term Capital Funding allowance in the Operating Budget be increased by \$600,000 each year instead of the \$100,000 in the current policy;
  - b) the annual debenture funding be increased by \$2,000,000; and
  - c) the Capital Expenditure Limits be set based on the capital revenue sources generated by the policy.
- 4. That the Long-Term Capital Funding Policy be reviewed in detail to address the infrastructure investment deficit identified in the Stantec State of the Infrastructure Report.

# City of North Bay

## Long-Term Capital Funding Policies

- 5. That the Water and Sanitary Sewer Long-Term Capital Funding Policy be amended as follows:
  - a) Long-Term Capital Funding allowance in the Operating Budget be increased by \$300,000 each year;
  - b) the annual debenture funding be increased by \$2,000,000; and
  - c) the Capital Expenditure Limits be set based on the capital revenue sources generated by the policy.
  
- 6. That the Water and Sanitary Sewer Long-Term Capital Funding Policy be reviewed in detail to address the infrastructure investment deficit identified in the Stantec State of the Infrastructure Report.

# City of North Bay

## Long-Term Capital Funding Policies

### Factors Likely to Influence Restructuring of Long-Term Capital Funding Policy

- **Infrastructure Asset Management Review**
  - Evaluation of the current state of the city's infrastructure (roads, water, sanitary and storm sewer systems) – Stantec Final Report now completed
  - Reassess lifecycle and replacement needs and sustainable investment revenues for all other capital assets
- **Accounting for Tangible Capital Assets**
  - Inventory of all City assets using historical costs
  - Recording and reporting of assets in financial statements
- **Senior Levels of Government Uploading/Funding?**
  - Uploading or funding of services could mean more funds available for capital projects without impacting taxes

# City of North Bay

## Long-Term Capital Funding Policies

### CHANGES REQUIRED TO ADDRESS INFRASTRUCTURE INVESTMENT GAP

#### ➤ POTENTIAL REVENUE SOURCES

- INCREASE PAY AS YOU GO CAPITAL LEVY
- INCREASE RELIANCE ON LONG TERM DEBT
- INCREASE USER FEES
- NEW SUSTAINABLE REVENUE SOURCES FROM FEDERAL AND PROVINCIAL LEVELS
- ALTERNATIVE FINANCING / PARTNERSHIPS

# City of North Bay

## Long-Term Capital Funding Policies

### CHANGES REQUIRED TO ADDRESS INFRASTRUCTURE INVESTMENT GAP

#### ➤ CONCLUSIONS

- SHOULD NOT RELY ON NEW SUSTAINABLE REVENUE SOURCES FROM FEDERAL AND PROVINCIAL LEVELS IN THE SHORT TERM DUE TO THEIR DEFICIT ISSUES
- RELYING SOLELY ON PAY AS YOU GO AND USER FEES WILL PUT TOO MUCH BURDEN ON EXISTING RATEPAYERS
- NEED TO CONSIDER INCREASING LEVELS OF LONG TERM DEBT TO REINVEST IN INFRASTRUCTURE THAT WILL BENEFIT FUTURE CITIZENS

# City of North Bay

## Long-Term Capital Funding Policies

### CHANGES REQUIRED TO ADDRESS INFRASTRUCTURE INVESTMENT GAP

#### ➤ CONCLUSIONS

- SHOULD RECOGNIZE NEED TO CONTROL DEBT, NOT ELIMINATE DEBT
- DEBT SERVICE COSTS (PRINCIPAL AND INTEREST PAYMENTS), AS A PERCENTAGE OF TOTAL TAX LEVY, SHOULD NOT EXCEED 15%
- CAPITAL REVENUE MIX OF PAY AS YOU GO AND DEBT SHOULD BE TARGETED TO BE MAINTAINED AT CURRENT LEVELS

# City of North Bay

## Long-Term Capital Funding Policies

### Moody's Credit Rating, November 2009

- Consistent operating surpluses support pay-as-you-go capital financing
- Stable revenue and expenditure bases
- Strengthened internal liquidity base (increase in reserves)
- Modest borrowing program
- Low debt burden
- Strong governance and management characteristics
- Small but diverse local economic base
- Modest population growth

# City of North Bay

## Long-Term Capital Funding Policies

### Moody's Credit Rating, November 2009

#### City of North Bay Debt Rating:

November 2009	Aa1	November 2008	Aa1
November 2007	Aa1	November 2006	Aa1
October 2006	Aa2	October 2005	Aa3
October 2004	A1	October 2002	A2

- **Moody's outlook for North Bay's debt rating is stable, reflecting their expectation that the city will continue with the well structured fiscal plan**
- **The only higher rating level is Aaa**
- **North Bay has the same Aa1 rating as the Province of Ontario**
- **During Moody's visit to North Bay October 23, 2009 they were presented with details of the changes to the policies, the impact on debt levels and the impacts on debt service costs that would result if the policies are adopted as recommended tonight**

# Tax Levy Supported Ten-Year Capital Forecast

- The Ten-Year Capital Forecast is prepared in accordance with the existing Long-Term Capital Funding Policies ***with amendments proposed later in this presentation.***
- The summary lists all proposed projects for 2010 and identifies the projected capital funding policy expenditure limit for each year.
- The variance identified at the bottom of the project list is the difference between the total project costs and the total funding sources including the amount allowed within the policy expenditure limit. ***The CFO will be required to sign any Report to Council of a capital project to ensure the approvals will not cause the expenditure targets to be exceeded.***

# Long Term Capital Funding Allowance in the Operating Budget

- The 2010 Preliminary Operating Budget includes an expenditure of \$14,702,000 to pay for long-term capital financing. The City's Long-Term Capital Funding Policy establishes the total level as the previous year's amount plus \$600,000 plus an inflation factor.

2009 Budget	<b>\$13,881,900</b>
Policy increase	<b>\$600,000</b>
Inflation allowance (1.6%)	<b><u>\$220,100</u></b>
2010 Operating Budget	<b><u>\$14,702,000</u></b>

- 2010 Capital Budget per the Long-Term Capital Funding Policy:

Total	<b>\$14,702,000</b>
Less: Debt service costs	
Principal	<b>\$5,779,000</b>
Interest	<b><u>\$1,490,000</u></b>
Pay-as-you-go Capital Levy	<b><u>\$7,433,000</u></b>

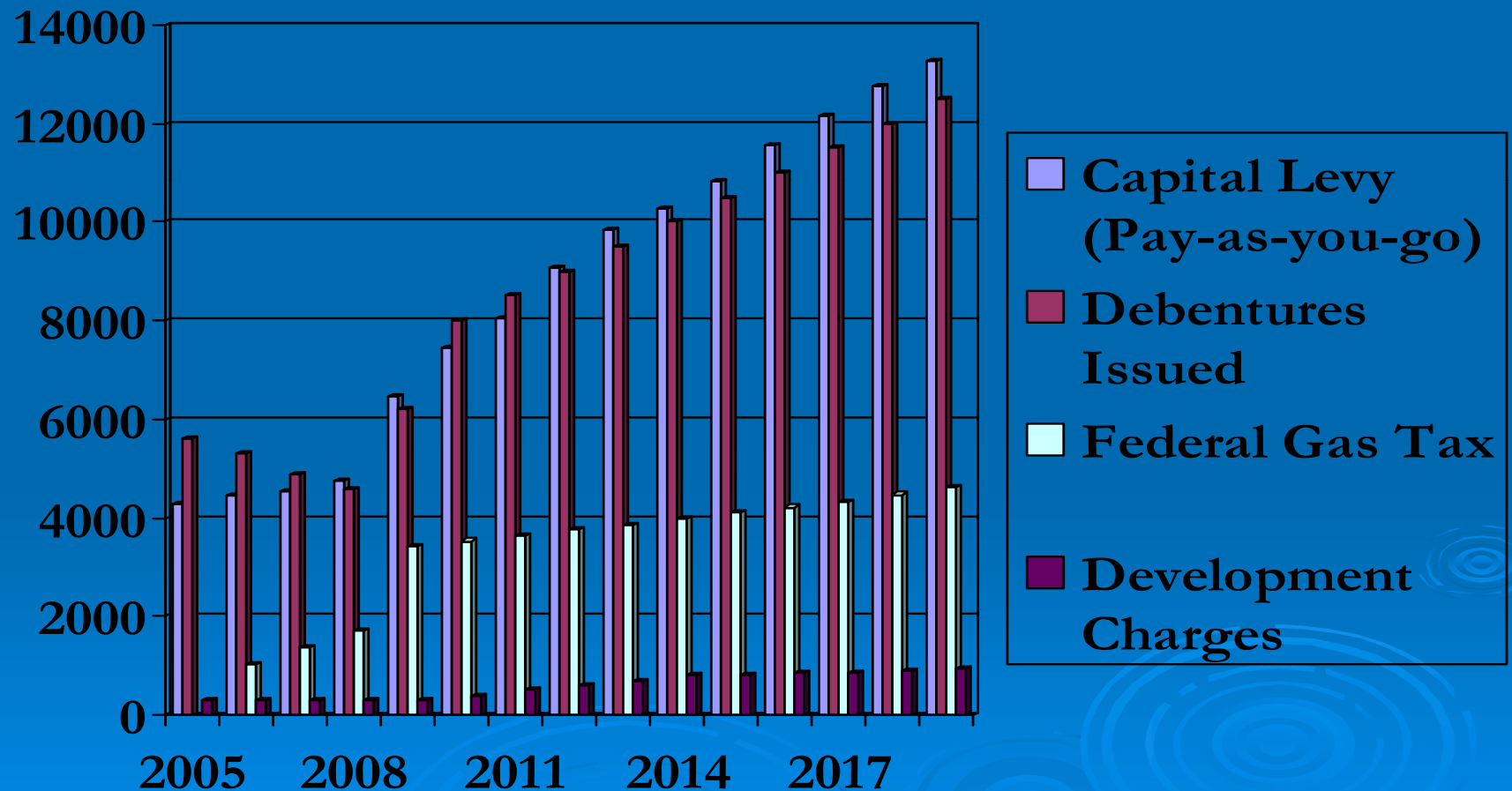
## Tax Levy Supported Ten-Year Capital Forecast Capital Funding Policy Revenue Sources

<u>Source</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Capital Levy, from the Operating Budget	\$7,433,000	\$8,058,000	\$9,090,000	\$9,835,000	\$10,285,000
Debentures	\$8,000,000	\$8,500,000	\$9,000,000	\$9,500,000	\$10,000,000
Federal Gas Tax	\$3,532,000	\$3,638,000	\$3,747,000	\$3,859,000	\$3,975,000
Development Charges	\$400,000	\$500,000	\$600,000	\$700,000	\$800,000
Reallocation of Funds From 2009	\$2,000,000				
<b>Total Funding Sources = Proposed New Capital Funding Policy Expenditure Limit</b>	<b>\$21,365,000</b>	<b>\$20,696,000</b>	<b>\$22,437,000</b>	<b>\$23,894,000</b>	<b>\$25,060,000</b>
Variance over (under) Proposed Policy Target	\$350,000	(\$188,000)	\$231,000	\$317,000	(\$20,000)
<b>Net Construction</b>	<b>\$21,715,000</b>	<b>\$20,508,000</b>	<b>\$22,668,000</b>	<b>\$24,211,000</b>	<b>\$25,040,000</b>

## Tax Levy Supported Ten-Year Capital Forecast Capital Funding Policy Revenue Sources

<u>Source</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Capital Levy, from the Operating Budget	\$10,851,000	\$11,575,000	\$12,176,000	\$12,743,000	\$13,286,000
Debentures	\$10,500,000	\$11,000,000	\$11,500,000	\$12,000,000	\$12,500,000
Federal Gas Tax	\$4,094,000	\$4,217,000	\$4,344,000	\$4,474,000	\$4,608,000
Development Charges	\$824,000	\$849,000	\$874,000	\$900,000	\$927,000
Reallocation of Funds From 2009					
<b>Total Funding Sources = Proposed New Capital Funding Policy Expenditure Limit</b>	<b>\$26,269,000</b>	<b>\$27,641,000</b>	<b>\$28,894,000</b>	<b>\$30,117,000</b>	<b>\$31,321,000</b>
Variance over (under) Proposed Policy Target	(\$18,000)	\$526,000	\$118,000	\$374,000	(\$194,000)
<b>Net Construction</b>	<b>\$26,251,000</b>	<b>\$28,167,000</b>	<b>\$29,012,000</b>	<b>\$30,491,000</b>	<b>\$31,127,000</b>

# Tax Levy Supported Ten-Year Capital Forecast Capital Funding Policy Revenue Sources (000's)



## Tax Levy Supported Ten-Year Capital Forecast Other Revenue Sources

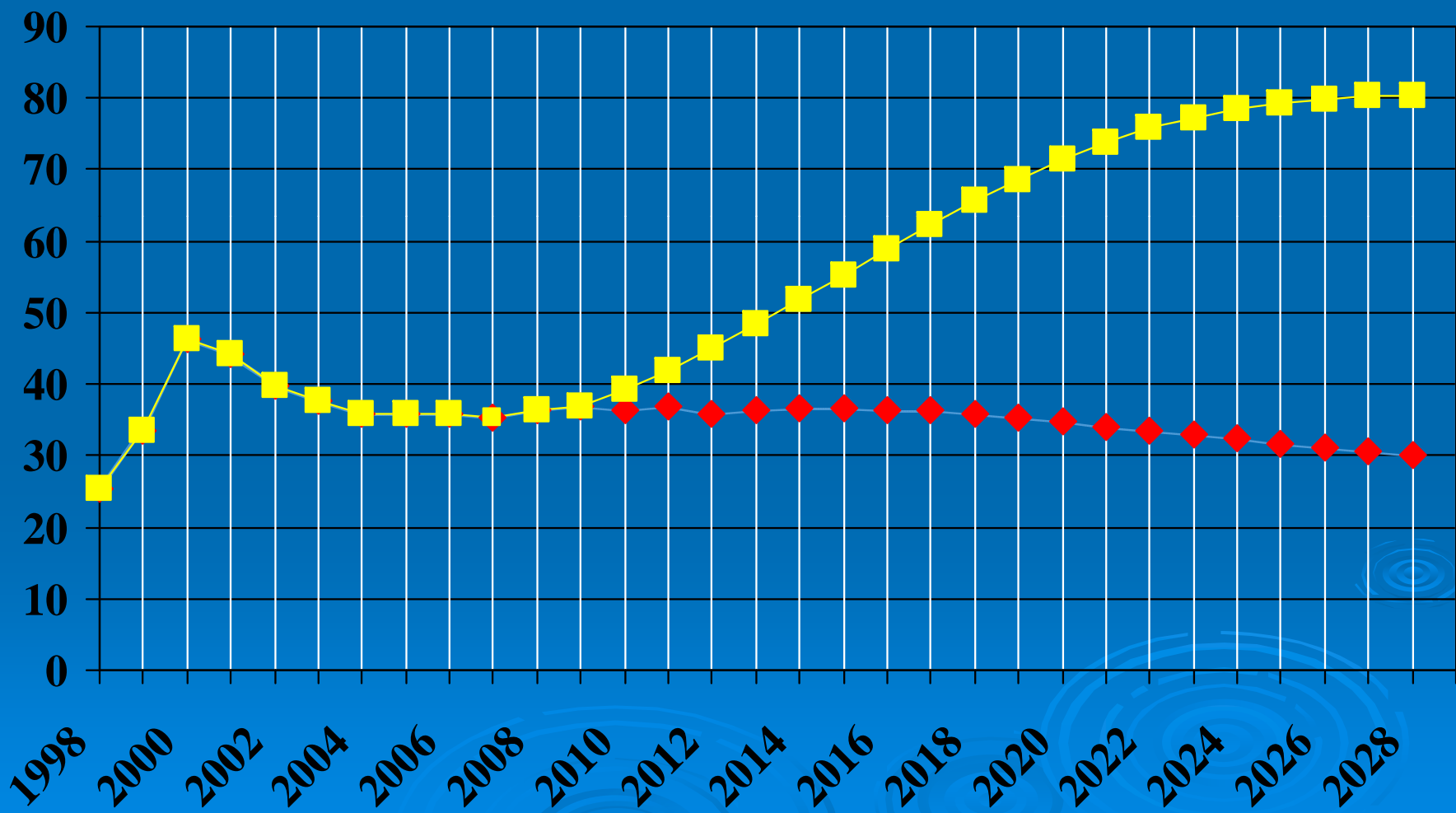
	2010	2011	2012	2013	2014
Government Grants	\$12,916,000	\$2,468,000	\$2,112,000	\$9,232,000	\$2,828,000
Developers / Partners	\$1,500,000	\$100,000			\$300,000
Reserves, incl. Prov Ded Gas Tax	\$700,000	\$500,000	\$1,000,000		\$2,800,000
Property Sale Proceeds	\$1,200,000	\$300,000		\$300,000	
<b>Total Funding Other Sources</b>	<b>\$16,316,000</b>	<b>\$3,368,000</b>	<b>\$3,112,000</b>	<b>\$9,532,000</b>	<b>\$5,928,000</b>

## Tax Levy Supported Ten-Year Capital Forecast Other Revenue Sources

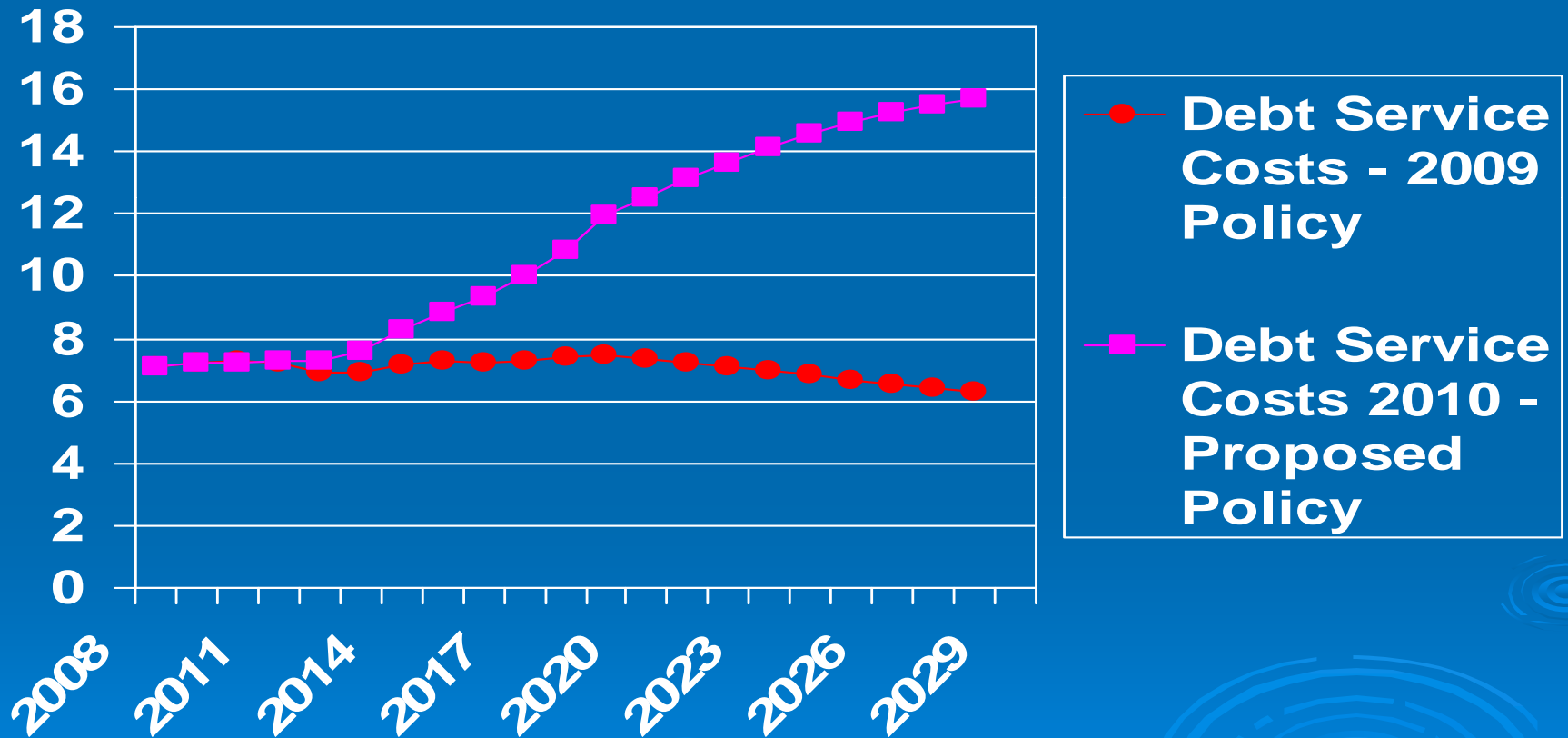
	2015	2016	2017	2018	2019
Government Grants	\$8,853,000	\$1,853,000	\$9,132,000	\$1,813,000	\$9,088,000
Developers / Partners					
Reserves, incl. Prov Ded Gas Tax		\$500,000		\$2,500,000	
Property Sale Proceeds	\$500,000				
Total Funding Other Sources	\$9,353,000	\$2,353,000	\$9,132,000	\$4,313,000	\$9,088,000

# Debt and Capital Commitments 1998 to 2028

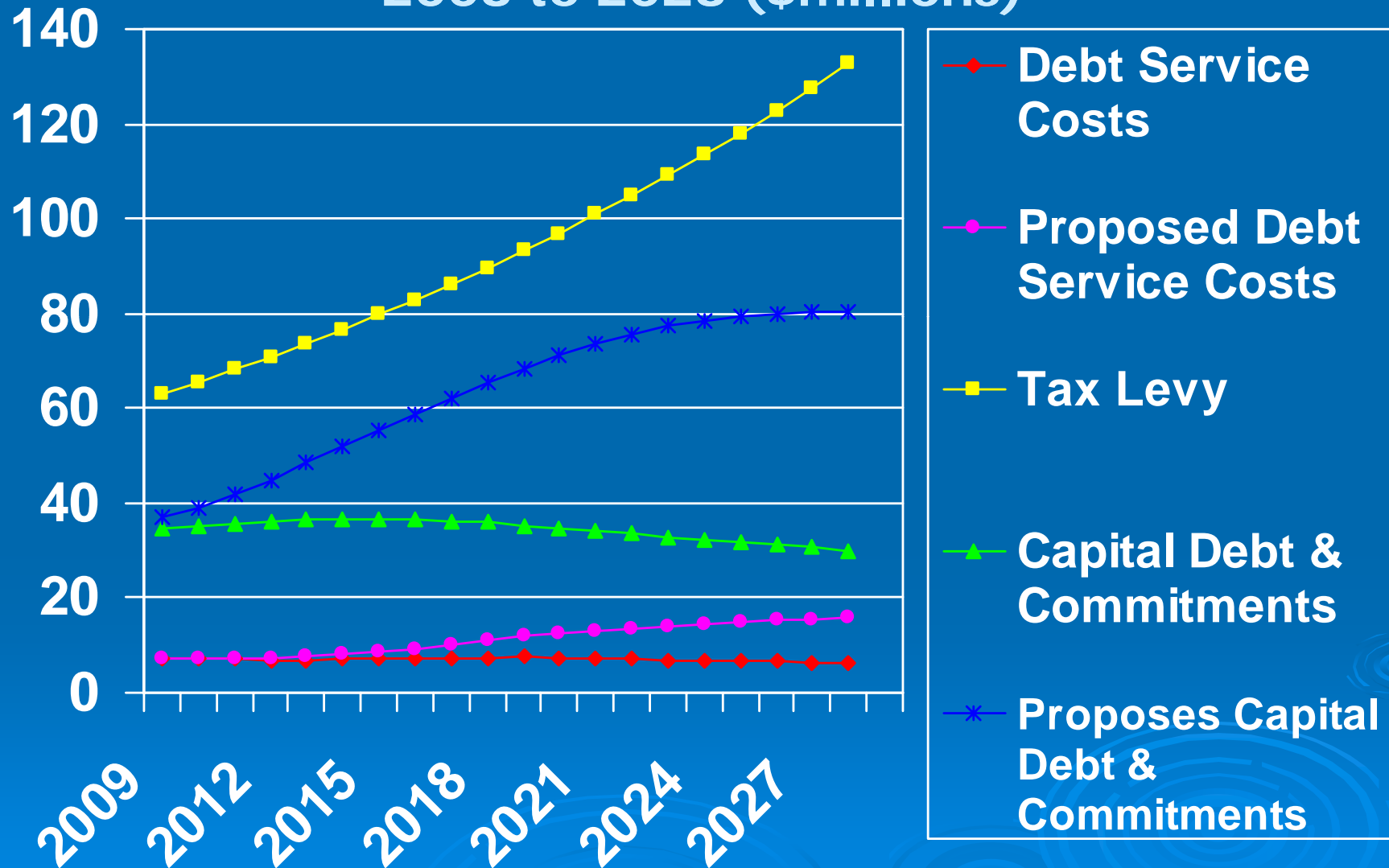
Based on Existing Policy (red triangles)  
and Proposed Policy (yellow squares)  
(\$millions)



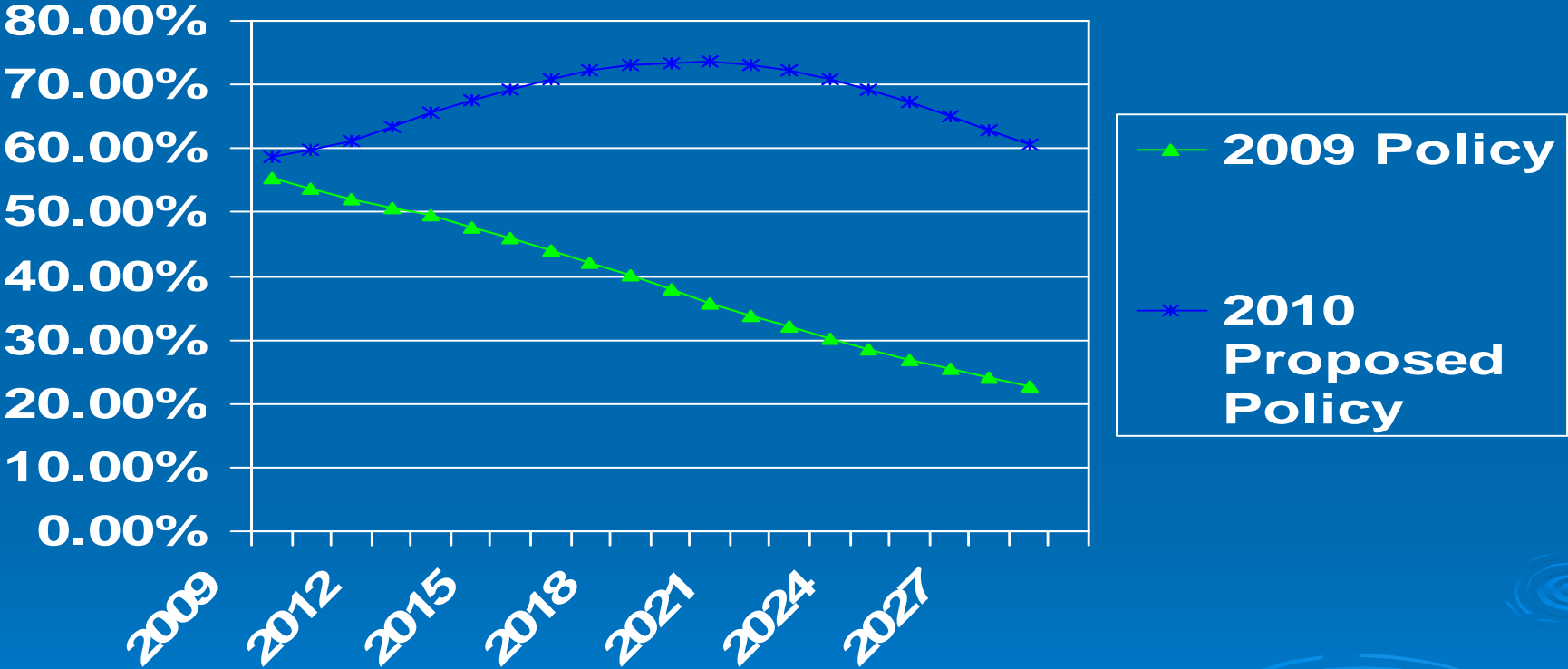
# Debt Service Costs Principal and Interest Payments 2009 to 2028 (\$millions)



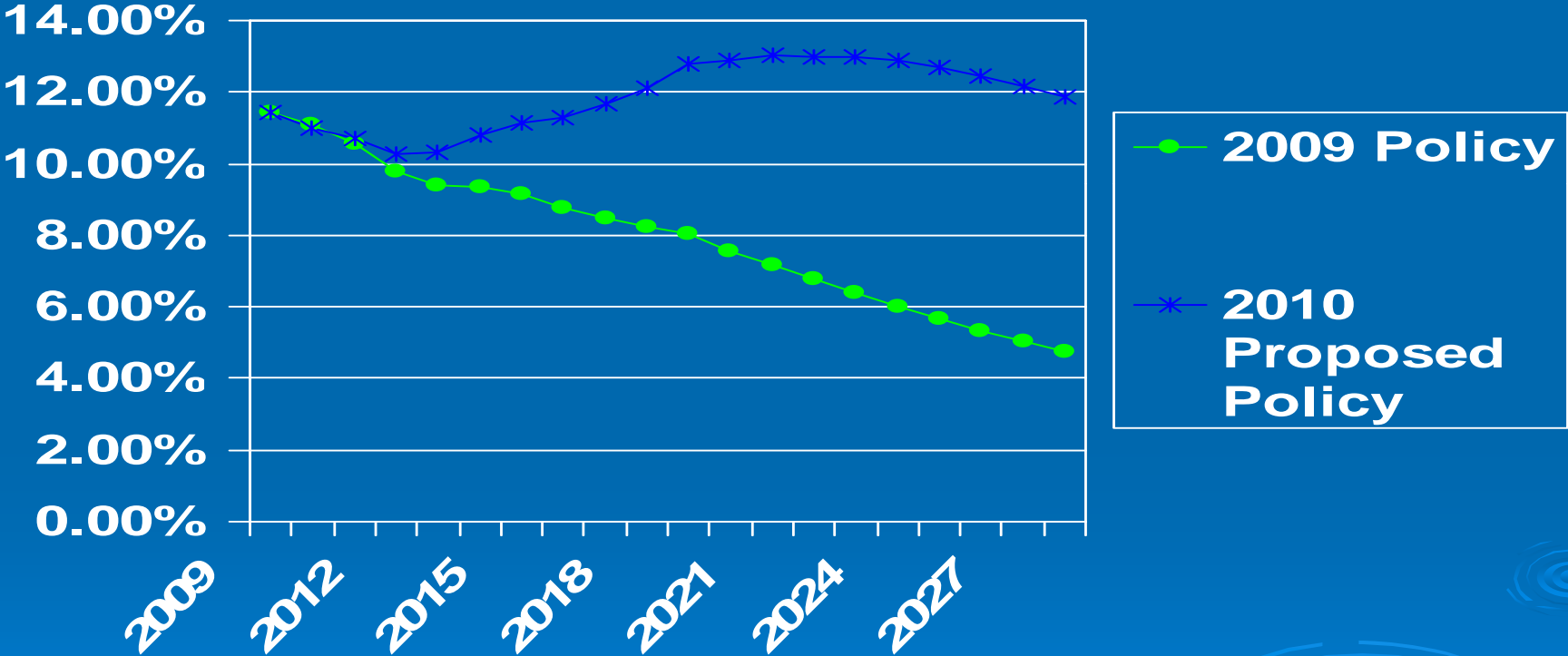
# Debt Service Costs and Capital Debt Relative to the Tax Levy and Budgeted Expenditures 2008 to 2028 (\$millions)



# Capital Debt Levels Percentage of Tax Levy 2009 to 2028 (\$millions)



# Debt Service Cost Levels Percentage of Tax Levy 2009 to 2028 (\$millions)



# Water Levy Supported

## 2010 Capital Budget and Ten-Year Capital Forecast

- The 2010 Water and Sanitary Sewer Operating Budget includes an expenditure of **\$7,591,000** to pay for long-term capital financing. The City's Water and Sanitary Sewer Long-Term Capital Funding Policy establishes the level as the previous year's amount, adjusted for inflation plus annual funding for debt service costs for special major capital projects.

2009 Budget		\$7,071,700
Inflation 3%		\$219,300
Annual Increase Per Policy		<u>\$300,000</u>
2010 Operating Budget		<b>\$7,591,000</b>
Less: Debt service costs:		
Principal	\$439,000	
Interest	<u>\$228,000</u>	<u>\$667,000</u>
<b>Pay-as-you-go Capital Levy</b>		<b><u>\$6,924,000</u></b>

# Water Levy Supported

## 2010 Capital Budget and Ten-Year Capital Forecast

### Funding Sources 2010-2019

<u>Source</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
From Water and Sewer Rates	\$6,924,000	\$7,385,000	\$7,910,000	\$8,044,000	\$8,567,000
Debt Issue	\$2,000,000	\$2,500,000	\$3,000,000	\$3,000,000	\$3,000,000
Development Charges	\$200,000	\$300,000	\$400,000	\$412,000	\$424,000
<b>Total</b>	<b>\$9,124,000</b>	<b>\$10,185,000</b>	<b>\$11,310,000</b>	<b>\$11,456,000</b>	<b>\$11,991,000</b>
Government Grants		\$4,002,000	\$2,001,000	\$3,251,000	\$4,002,000
Developers and Partners					
Property Sale Proceeds	\$200,000				
<b>Total Other Funding</b>	<b>\$200,000</b>	<b>\$4,002,000</b>	<b>\$2,001,000</b>	<b>\$3,251,000</b>	<b>\$4,002,000</b>
<b>Total Funding Sources</b>	<b>\$9,324,000</b>	<b>\$14,187,000</b>	<b>\$13,311,000</b>	<b>\$14,707,000</b>	<b>\$15,993,000</b>
<b>Total Construction</b>	<b>\$9,515,000</b>	<b>\$14,046,000</b>	<b>\$13,427,000</b>	<b>\$14,659,000</b>	<b>\$15,743,000</b>

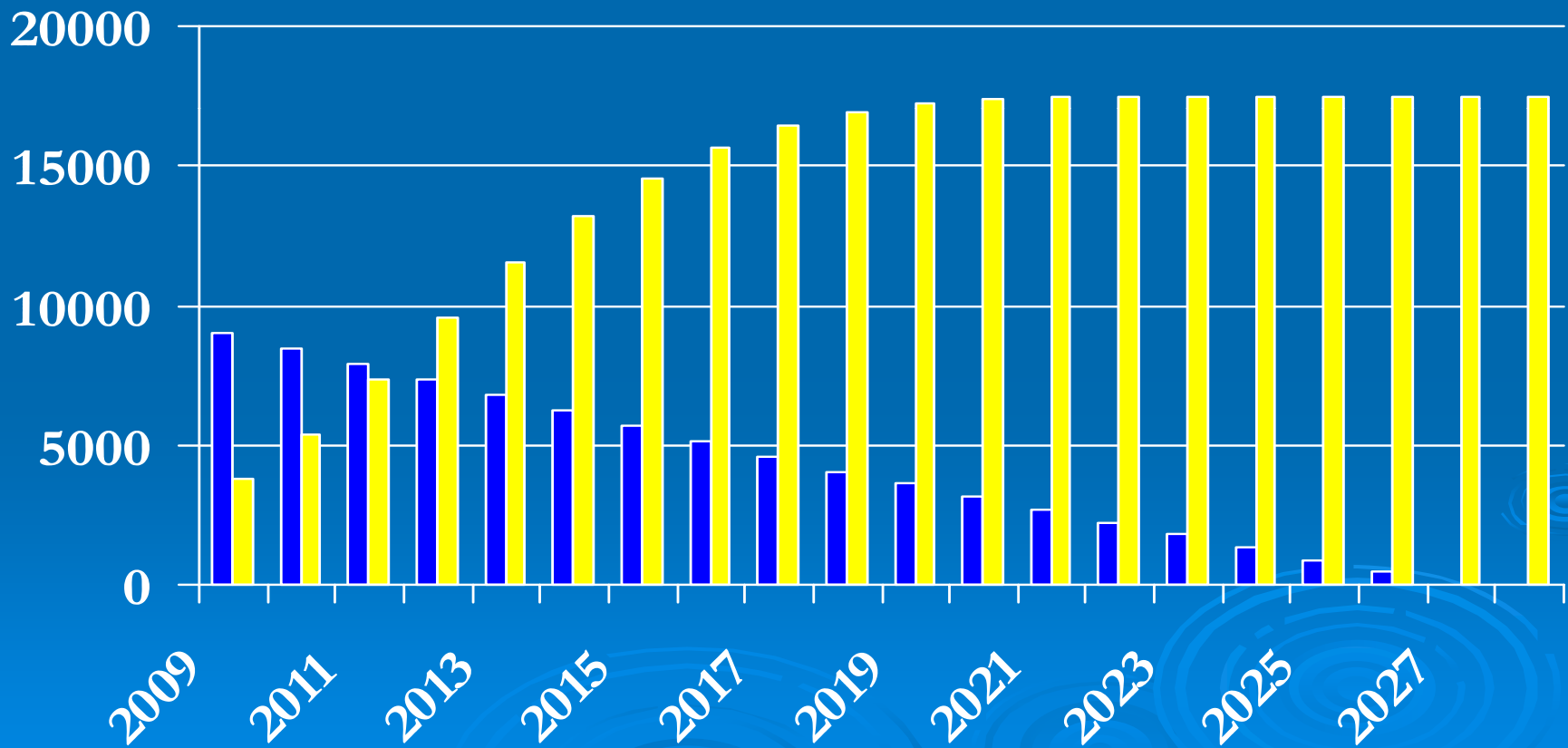
# Water Levy Supported

## 2010 Capital Budget and Ten-Year Capital Forecast Funding Sources 2010-2019

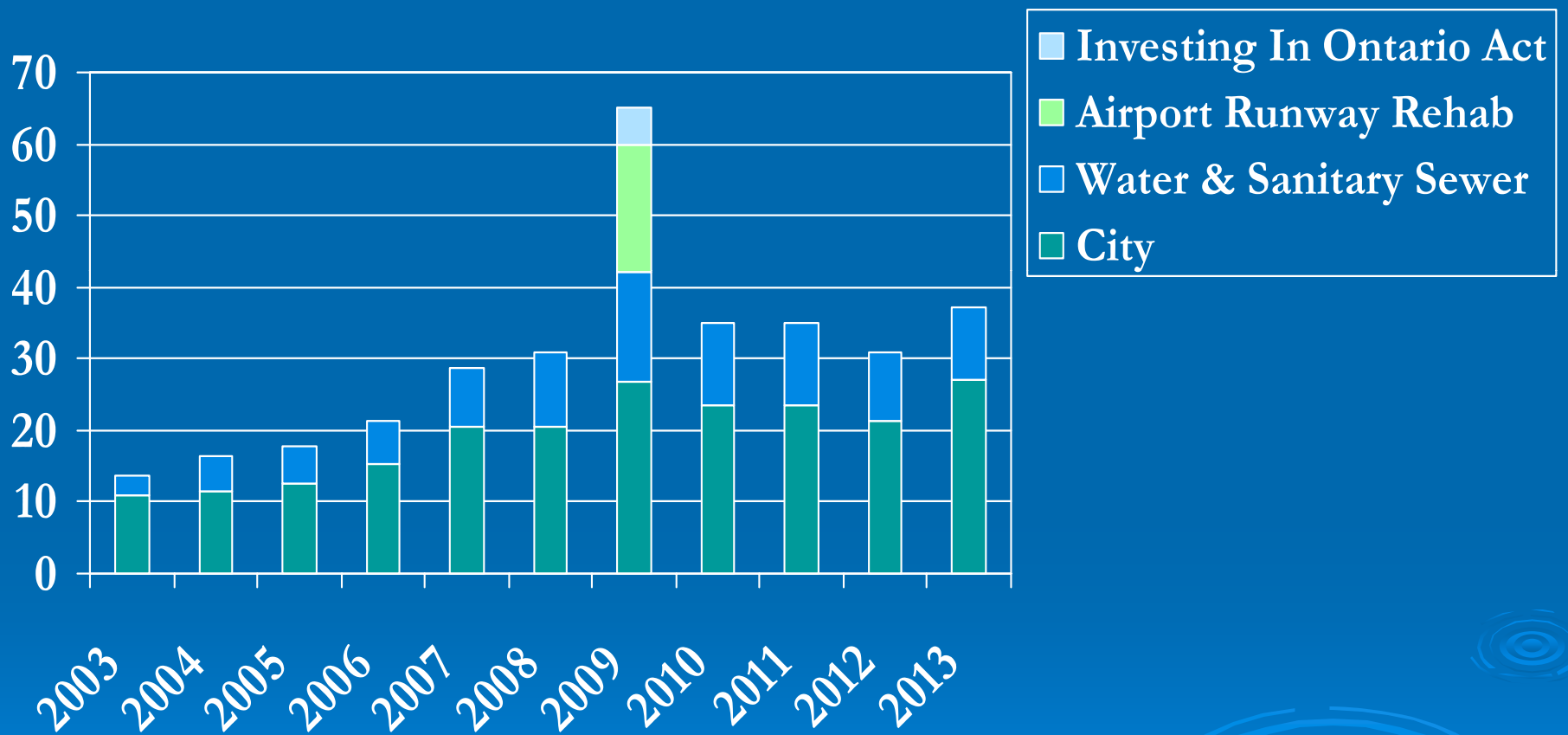
<u>Source</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
From Water and Sewer Rates	\$9,319,000	\$9,518,000	\$10,490,000	\$11,119,000	\$11,467,000
Debt Issue	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Development Charges Reserve	\$437,000	\$450,000	\$464,000	\$478,000	\$492,000
<b>Total</b>	<b>\$12,756,000</b>	<b>\$12,968,000</b>	<b>\$13,954,000</b>	<b>\$14,597,000</b>	<b>\$14,959,000</b>
Government Grants	\$4,000,000	\$670,000	\$670,000	\$9,330,000	\$9,330,000
Property Sale Proceeds					
<b>Total Other Funding</b>	<b>\$4,000,000</b>	<b>\$670,000</b>	<b>\$670,000</b>	<b>\$9,330,000</b>	<b>\$9,330,000</b>
<b>Total Funding Sources</b>	<b>\$16,756,000</b>	<b>\$13,638,000</b>	<b>\$14,624,000</b>	<b>\$23,927,000</b>	<b>\$24,289,000</b>
<b>Total Construction</b>	<b>\$16,645,000</b>	<b>\$13,351,000</b>	<b>\$14,771,000</b>	<b>\$24,624,000</b>	<b>\$24,391,000</b>

# Water Levy Supported Debenture Debt 2008 to 2028 (000's)

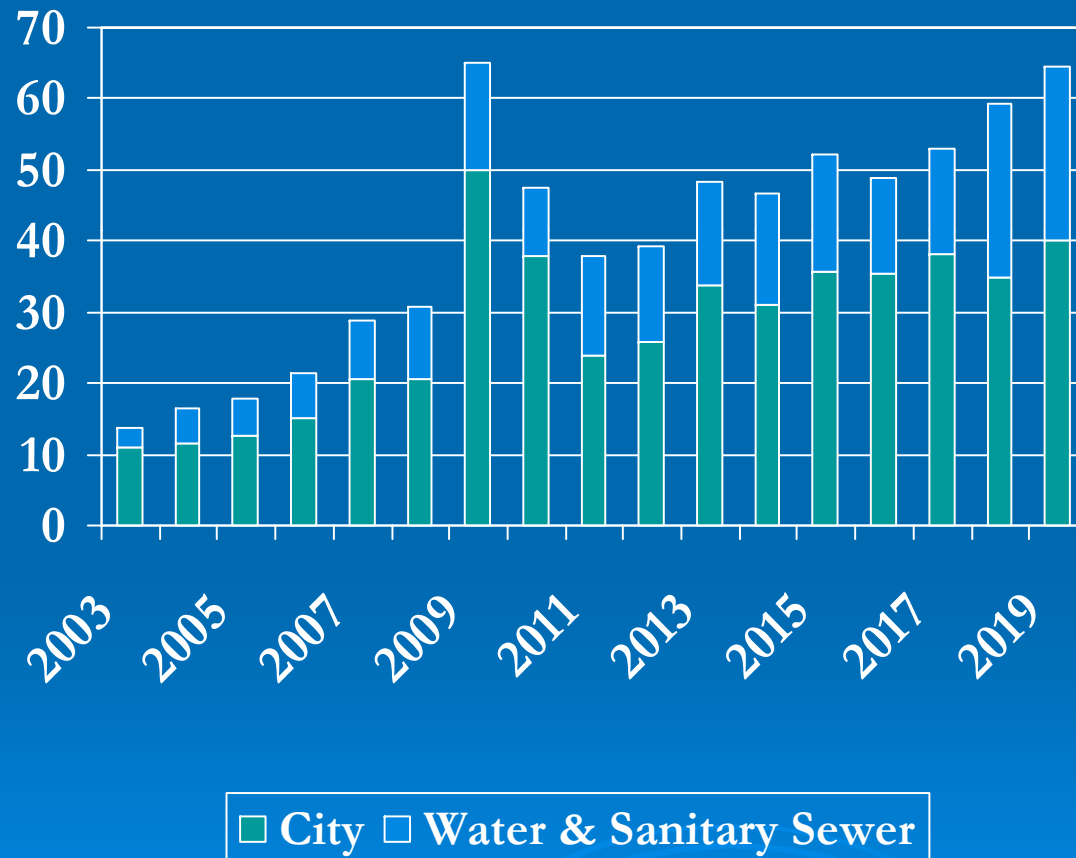
■ New Water Treatment Plant ■ Water and Sanitary



# City of North Bay Infrastructure Investment 2003 – 2013 (\$millions)



# City of North Bay Infrastructure Investment 2003 – 2019 (\$millions)



# City of North Bay

## Infrastructure Investment

### 2010 – 2019 (Millions \$)

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
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### City Projects

Capital Funding Policy Expenditure Limit <i>(Proposed)</i>	\$21.7	\$20.5	\$22.7	\$24.2	\$25.0
Other Funding	\$16.3	\$3.4	\$3.1	\$9.5	\$5.9
<b>Total City</b>	<b>\$38.0</b>	<b>\$23.9</b>	<b>\$25.8</b>	<b>\$33.7</b>	<b>\$30.9</b>

### Water and Sanitary Sewer Projects

Capital Funding Policy Expenditure Limit <i>(Proposed)</i>	\$9.3	\$10.0	\$11.4	\$11.4	\$11.7
Other Funding	\$0.2	\$4.0	\$2.0	\$3.3	\$4.0
<b>Total W &amp; SS</b>	<b>\$9.5</b>	<b>\$14.0</b>	<b>\$13.4</b>	<b>\$14.7</b>	<b>\$15.7</b>
<b>TOTAL</b>	<b>\$47.5</b>	<b>\$37.9</b>	<b>\$39.2</b>	<b>\$48.4</b>	<b>\$46.6</b>

# City of North Bay

## Infrastructure Investment

### 2010 – 2019 (Millions \$)

	2015	2016	2017	2018	2019	Total
<b>City Projects</b>						
Capital Funding Policy Expenditure Limit (Proposed)	\$26.3	\$28.2	\$29.0	\$30.5	\$31.1	\$259.2
Other Funding	\$9.4	\$2.4	\$9.1	\$4.3	\$9.1	\$72.5
<b>Total City</b>	<b>\$35.7</b>	<b>\$30.6</b>	<b>\$38.1</b>	<b>\$34.8</b>	<b>\$40.2</b>	<b>\$331.7</b>
<b>Water and Sanitary Sewer Projects</b>						
Capital Funding Policy Expenditure Limit (Proposed)	\$12.7	\$12.7	\$14.1	\$15.3	\$15.1	\$123.7
Other Funding	\$4.0	\$0.7	\$0.7	\$9.3	\$9.3	\$37.5
<b>Total W &amp; SS</b>	<b>\$16.7</b>	<b>\$13.4</b>	<b>\$14.8</b>	<b>\$24.6</b>	<b>\$24.4</b>	<b>\$161.2</b>
<b>TOTAL</b>	<b>\$52.4</b>	<b>\$44.0</b>	<b>\$52.9</b>	<b>\$59.4</b>	<b>\$64.6</b>	<b>\$492.9</b>

# **CITY OF NORTH BAY TEN YEAR CAPITAL FORECAST RECOMMENDATIONS**

## **RECOMMENDATIONS:**

- 1. The Ten-Year Capital Forecast (2010-2019) for Capital Projects to be funded from Debentures, Capital Levy, Development Charges, Federal and Provincial Government Grants Programs, Reserves and other contributions totaling \$331,685,000, as set out in Report to Council CORP 2009-193 be adopted.**

# **CITY OF NORTH BAY TEN YEAR CAPITAL FORECAST RECOMMENDATIONS**

- 2. The Ten-Year Capital Forecast (2010-2019) for Capital Projects to be funded from Water and Sanitary Sewer Rates, Debentures, Development Charges, Federal and Provincial Government Grants Programs, Reserves and other contributions totaling \$161,172,000, as set out in Report to Council CORP 2009-193 be adopted.**

**CITY OF NORTH BAY  
2010 LONG TERM CAPITAL FUNDING POLICY  
RECOMMENDATIONS**

**3.) That the Tax Levy Supported Long Term Capital Funding Policy be amended as follows:**

**Based on the 2008 estimate of the need to increase the annual investment in infrastructure by \$20 million to reach a sustainable investment level**

**(a) Debt levels need to be controlled but not eliminated in the 20 year framework of the policy**

**(b) Debt service costs (principal and interest payments) as a percentage of total tax levy will not exceed 15%**

**CITY OF NORTH BAY  
2010 LONG TERM CAPITAL FUNDING POLICY  
RECOMMENDATIONS**

- 3. (c) “Pay as you go” capital revenue will be targeted at levels equal to or greater than “long term debt” capital revenues**
- (d) Long Term Capital Funding Allocation in the Operating Budget be increased by an inflationary allowance plus 1% of the tax levy each year instead of the \$600,000 in the current policy**
- e) The annual debenture funding be increased from \$6,200,000 in 2009 to \$8,000,000 in 2010 and be increased each year by \$500,000 until it reaches a level of \$13,000,000 in 2020**

**CITY OF NORTH BAY  
2010 LONG TERM CAPITAL FUNDING POLICY  
RECOMMENDATIONS**

- f) The Capital Expenditure Limits be set based on the capital revenue sources generated by the policy**
  
- g) That the Long Term Capital Funding Policy be reviewed each year to ensure that the sustainable target levels are reasonable and that it is adjusted based on the impact of new alternative revenues sources and sustainable revenue sources from the Federal and Provincial governments.**

**CITY OF NORTH BAY  
2010 LONG TERM CAPITAL FUNDING POLICY  
RECOMMENDATIONS**

**4.) That the Water Levy Supported Long Term Capital Funding Policy be amended as follows:**

- a) Long Term Capital Funding allowance in the Water and Sanitary Sewer Operating Budget be increased by an inflationary allowance plus 2% of the water bill revenues each year instead of the \$300,000 in the current policy**
- b) The annual debenture funding be set at \$2,000,000 in 2010 and increased each year by \$500,000 until it reaches a level of \$3,000,000 in 2012**

**CITY OF NORTH BAY  
2010 LONG TERM CAPITAL FUNDING POLICY  
RECOMMENDATIONS**

- 4.) c) The Capital Expenditure Limits be set based on the capital revenue sources generated by the policy**
- d) That the Long Term Capital Funding Policy be reviewed each year to ensure that the sustainable target levels are reasonable and that it is adjusted based on the impact of new alternative revenues sources and sustainable revenue sources from the Federal and Provincial governments.**