

PUBLIC WORKS  
 2004 - 2006 CAPITAL BUDGET PROJECTS  
 2005 CAPITAL SOLID WASTE PROJECTS

FUNDING SOURCES

PROJECT	PROJECT DESCRIPTION	PROJECT COSTS	CAPITAL ENVELOPE	RESERVES AND RESERVES FUNDS	GRANTS SUBSIDIES	OTHER RECOVERIES	UNFINANCED COSTS
SUDBURY LANDFILL SITE	VISUAL AND NOISE BARRIERS	\$230,000					
WATER MODELLING	PHASE I STUDY	300,000					
AZILDA LANDFILL SITE	STORM WATER POND	100,000					
LITTER	NEW CONTAINERS	10,000					
MONITORING AND CONTINGENCIES	ALL SITES	170,000					
<b>TOTAL 2005</b>							

PUBLIC WORKS DEPARTMENT

EQUIPMENT

PROPOSED 2005 AND 2006 EQUIPMENT REPLACEMENT PROGRAM

FUNDING SOURCES

VEHICLE TYPE	NO. OF UNITS	UNIT COST	Costs	Capital Envelope	Reserves or Reserve Funds	Grants or Subsidies	Other Recoveries	Unfinanced Project Costs
Snow Plows & Spreaders	25	\$ 200,000	\$ 5,000,000					
Sidewalk Plows & Spreaders	6	\$ 110,000	\$ 660,000					
Light Trucks	36	\$ 30,000	\$ 1,080,000					
1 Ton Trucks	19	\$ 38,000	\$ 722,000					
Dump Trucks	8	\$ 75,000	\$ 600,000					
Cars and Mini-Vans	3	\$ 22,000	\$ 66,000					
Earth Moving Equipment	25	\$ 135,000	\$ 3,375,000					
Ice Resurfacers	5	\$ 80,000	\$ 400,000					
Steamers	6	\$ 8,000	\$ 48,000					
Trailers	21	\$ 3,000	\$ 63,000					
Asphalt Equipment	1	\$ 60,000	\$ 60,000					
Grass Mowers	40	\$ 25,000	\$ 1,000,000					
Pumps, Generators, Tampers...	60	\$ 4,000	\$ 240,000					
Street Sweepers, Sewer Cleaners	4	\$ 250,000	\$ 1,000,000					
<b>TOTAL 2005 to 2006</b>								\$8,314,000.00
<b>2005 estimate 50%</b>								\$ 4,157,000
<b>2006 estimate 50%</b>								\$ 4,157,000

2005 Closed Recreation Facilities Capital Projects

**FUNDING SOURCES**

<u>Project Description</u>	<u>Project Costs</u>	<u>Capital Envelope</u>	<u>Reserves or Reserve Funds</u>	<u>Grants or Subsidies</u>	<u>Other Recoveries</u>	<u>Unfinanced Project Costs</u>
<u>Adanac Ski Hill</u>						
Upgrade Snow Making Equipment	\$100,000					\$100,000
<u>Falconbridge Arena</u>						
Replace Condensor	\$25,000					\$25,000
<u>Barrydowne Arena</u>						
Roof Repairs/Coating	\$15,000					\$15,000
<b>TOTAL</b>	<b>\$140,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$140,000</b>

CITY OF GREATER SUDBURY  
2004 - 2006 CAPITAL BUDGET PROJECTS

2006 CAPITAL PROJECTS

FUNDING SOURCES

CAPITAL ENVELOPE	Unfunded Carried forward from Previous Year	Project Costs	FUNDING SOURCES				Total Funded	Cumulative Unfinanced Project Costs
			Capital Envelope	Reserve Funds	Grants or Subsidies	Reallocated Capital and Other Recoveries		
<b>Citizens and Leisure</b>								
Library	\$125,000	\$325,000	\$200,000			\$200,000	\$250,000	
Community Improvement Plan	0	200,000	200,000			200,000	0	
Neighbourhood Participation Projects	0	150,000	150,000			150,000	0	
General	11,075,839	29,200,000	494,581		50,000	544,581	39,731,258	
Cemetery	0	1,056,000			1,000,000	1,056,000	0	
Transit	0	1,780,000	206,000			386,000	1,394,000	
Parking	0	0				0	0	
<b>Subtotal</b>	<b>11,200,839</b>	<b>32,711,000</b>	<b>1,250,581</b>	<b>286,000</b>	<b>0</b>	<b>2,536,581</b>	<b>41,375,258</b>	
<b>Corporate Services</b>								
Corporate Infrastructure	0	311,340	311,340			311,340	0	
Information Technology	1,000,000	602,000	102,000			102,000	1,500,000	
Community Support Projects	0	1,520,000	1,520,000			1,520,000	0	
<b>Subtotal</b>	<b>1,000,000</b>	<b>2,433,340</b>	<b>1,933,340</b>	<b>0</b>	<b>0</b>	<b>1,933,340</b>	<b>1,500,000</b>	
<b>Economic Development</b>								
	0	230,000	230,000			230,000	0	
<b>Emergency Services</b>								
Fire and EMS	5812,101	1,300,000	122,818		1,300,000	1,300,000	11,084,391	
<b>Health and Social Services</b>								
	0	297,700	933,700			883,700	100,000	
<b>Police Services</b>								
	2,383,490	2,720,000	85,290		870,000	1,368,290	3,745,220	
<b>Public Works</b>								
Buildings	3,208,150	3,024,500	1,940,850			1,940,850	4,291,800	
Roads & Drainage	0	9,309,250	9,309,250			9,309,250	0	
Municipal Road 35	0	3,050,000	3,050,000			3,050,000	0	
Water	0	6,930,000	7,811,192		(881,192)	6,930,000	0	
Wastewater	0	7,270,000	7,584,722		(314,722)	7,270,000	0	
Solid Waste	0	1,780,000	1,020,000		760,000	1,780,000	0	
Fleet and Equipment	4,157,000	7,157,000	3,000,000			3,000,000	8,314,000	
<b>Subtotal</b>	<b>9,667,650</b>	<b>31,425,750</b>	<b>10,716,014</b>	<b>2,381,800</b>	<b>0</b>	<b>13,107,814</b>	<b>17,603,800</b>	
<b>2006 TOTAL</b>	<b>\$27,861,379</b>	<b>\$64,249,000</b>	<b>\$55,500,845</b>	<b>\$5,455,800</b>	<b>\$0</b>	<b>\$11,620,939</b>	<b>\$70,880,639</b>	

**2006 Citizen and Leisure Services Capital Projects - Libraries and Leisure**

Project Description	Project Costs	FUNDING SOURCES				Unfinanced Project Costs
		Capital Envelope	Reserve Funds	Grants or Subsidies	Other Recoveries	
<b>Library Projects</b>						
South Branch Expansion Phase III	\$3,500,000	\$200,000				\$125,000
Total project cost \$975,000 over 3 years (2004-2006)						
<b>Leisure Projects</b>						
Community Improvement Plans	\$200,000	\$200,000				
Neighbourhood Participation Projects	\$150,000	\$150,000				
Multi Pad/Sports Complex *includes 2 ice pads, sports fields, multi use rooms, fitness centre, swimming pool	\$25,000,000					\$25,000,000
Rotary Park Development Partnership with Rotary Clubs of Sudbury 50% each partner	\$100,000	\$50,000			\$50,000	
Land Acquisition/Trail Development *purchase lands necessary for community trail development	\$100,000	\$50,000				\$50,000
Recreation/Community Centre Upgrades	\$1,600,000	\$150,000				\$1,450,000

2006 Citizen and Leisure Services Capital Projects - Libraries and Leisure

**FUNDING SOURCES**

Project Description	Project Costs	FUNDING SOURCES			Unfinanced Project Costs	NOTES
		Capital Envelope	Reserves or Reserve Funds	Grants or Subsidies		
Playground Upgrades -purchase of new equipment -general landscaping -upgrades/outdoor rink/buildings	\$400,000	\$144,581			\$255,419	
Onaping Falls Pool -indoor swimming pool (re-piping entire pool system)	\$500,000				\$500,000	
Sports Fields/Facilities Enhancements	\$1,500,000	\$100,000			\$1,400,000	

**SUBTOTAL GENERAL**    \$29,200,000    \$494,581    \$0    \$0    \$50,000    \$28,655,419

**2006 GRAND TOTAL**    \$29,875,000    \$1,044,581    \$0    \$0    \$50,000    \$28,780,419

**3 YEAR TOTAL**    \$49,416,000    \$3,139,742    \$125,000    \$25,000    \$150,000    \$49,981,258

2006 Cemetery Services Capital Projects

**FUNDING SOURCES**

Project Description	Project Costs	Capital Envelope	Reserves or Reserve Funds	Grants or Subsidies	Other Recoveries	Unfinanced Project Costs
Civic Memorial Mausoleum Phase III	\$1,000,000				\$1,000,000	\$0
Eyre/Anglican Retaining Wall	\$33,000		\$33,000			\$0
Lasalle Cemetery Fencing	\$8,000		\$8,000			\$0
Civic Memorial Fencing	\$15,000		\$15,000			\$0
<b>2005 TOTAL</b>	<b>\$1,056,000</b>	<b>\$0</b>	<b>\$56,000</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$0</b>
<b>3 YEAR TOTAL</b>	<b>\$1,392,000</b>	<b>\$0</b>	<b>\$392,000</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$0</b>

2006 Transit Services Capital Projects

Project Description	FUNDING SOURCES				Unfinanced Project Costs
	Capital Envelope	Reserve Funds	Grants or Subsidies	Other Recoveries	
3 Bus Rebuilds		\$180,000			\$0
4 Replacement Buses		\$1,600,000	\$206,000		\$1,394,000
<b>2006 TOTAL:</b>		<b>\$1,780,000</b>	<b>\$206,000</b>	<b>\$0</b>	<b>\$1,394,000</b>
<b>3 YEAR TOTAL</b>		<b>\$2,140,000</b>	<b>\$206,000</b>	<b>\$0</b>	<b>\$1,394,000</b>

2006 Parking Section Capital Projects

FUNDING SOURCES

Project Description	Project Costs	Capital Envelope	Reserves or Reserve Funds	Grants or Subsidies	Other Recoveries	Unfinanced Project Costs
Implementation of Downtown Parking Strategic Plan	\$0	\$0	\$0	\$0	\$0	\$0
<b>2006 TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>3 YEAR TOTAL</b>	<b>\$390,000</b>	<b>\$0</b>	<b>\$390,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**NOTES**

During 2004 a Downtown Parking Strategic Plan was initiated. Recommendations and timelines for implementation will be incorporated into 2006 capital budget plans.

**CORPORATE SERVICES  
2004 - 2006 CAPITAL BUDGET PROJECTS**

2005 Corporate Services Capital Projects

Project Description	Project Costs	FUNDING SOURCES				Unfinanced Project Costs	NOTES
		Capital Envelope	Reserves or Reserve Funds	Grants or Subsidies	Other Recoveries		
<b>Corporate Infrastructure</b>							
Voice Communications							
Docutech							
Records Maintenance							
POA Court Facilities							
Contingencies	\$341,340						\$0
		\$510,340					
<b>Information Technology</b>							
Replace Central Network Switch	\$102,000	\$102,000					\$0
Geographic Information System	\$200,000					\$200,000	
Ortho-imagery and Mapping	\$300,000					\$300,000	
<b>Subtotal</b>	<b>\$602,000</b>	<b>\$102,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$500,000</b>	
<b>Community Support Projects</b>							
Sudbury Regional Hospital and Northeastern Ontario Cancer	\$1,000,000	\$1,000,000					\$0
Other Support	\$295,000	\$295,000					\$0
<b>Subtotal</b>	<b>\$1,295,000</b>	<b>\$1,295,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>2005 TOTAL</b>	<b>\$2,298,340</b>	<b>\$1,708,340</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$500,000</b>	

**ECONOMIC DEVELOPMENT  
2004 - 2006 CAPITAL BUDGET PROJECTS**

2006 GSDC Capital Projects

Project Description	Project Costs	FUNDING SOURCES				Unfinanced Project Costs	NOTES
		Capital Envelope	Reserves or Reserve Funds	Grants or Subsidies	Other Recoveries		
<b><u>Contingent Commitments</u></b>							
Subury Neutrino Observatory Outreach and P.R. Campaign Year 5 of 5	\$25,000	\$25,000				\$0	
Deep Mining Research Consortium, Year 4 of 5	\$40,000	\$40,000				\$0	
Three Year Tourism Development Plan, Year 3 of 3	\$165,000	\$165,000				\$0	
<b>2006 TOTAL:</b>	<b>\$230,000</b>	<b>\$230,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

**EMERGENCY SERVICES DEPARTMENT  
2004 - 2006 CAPITAL BUDGET PROJECTS**

2006 Emergency Services Capital Projects

Project Description	Project Costs	FUNDING SOURCES				Unfinanced Project Costs	NOTES
		Capital Envelope	Reserve Funds	Grants or Subsidies	Other Recoveries		
<u>Vehicles</u>							
Pumper 11	\$375,000		\$410,958			-\$35,958	
Pumper 19	\$375,000					\$375,000	
Pumper 25	\$375,000					\$375,000	
Tanker 9	\$185,000					\$185,000	
Ambulance 5184	\$113,000		\$113,000			\$0	
Ambulance 5223	\$113,000		\$113,000			\$0	
Ambulance 5225	\$113,000		\$113,000			\$0	
Ambulance 5226	\$113,000		\$113,000			\$0	
Ambulance 5228	\$113,000		\$113,000			\$0	
Ambulance 5251	\$113,000		\$113,000			\$0	
Ambulance 5253	\$113,000		\$113,000			\$0	
Vehicle 5008	\$35,000		\$35,000			\$0	
<b>TOTAL:</b>	<b>\$2,136,000</b>	<b>\$0</b>	<b>\$1,236,958</b>	<b>\$0</b>	<b>\$0</b>	<b>\$899,042</b>	Represents Contribution to Equipment Reserve Fund
<u>Equipment</u>							
SCBA	\$100,000					\$100,000	
Forestry Pumps	\$7,558					\$7,558	
Stationary Generators	\$26,500					\$26,500	
Portable Generators	\$7,957					\$7,957	
4" Gate Valve	\$2,971					\$2,971	
Lanterns	\$1,504					\$1,504	
Suction Strainer	\$1,219					\$1,219	
Heavy Hydraulics	\$31,827					\$31,827	
Hand Tools	\$10,600					\$10,600	
45 mm Hose	\$16,405					\$16,405	
100 mm Hose	\$18,147					\$18,147	
Nozzles	\$17,261					\$17,261	
Leather Boots	\$26,500					\$26,500	
Immersion Suits	\$6,583					\$6,583	
Foam Eductors	\$8,186					\$8,186	
4 new Defibrillators	\$117,000		\$117,000			\$0	
Defibrillator Equipment	\$21,150		\$21,150			\$0	
Proflex Stretcher @ 5	\$20,500		\$20,500			\$0	
<b>TOTAL:</b>	<b>\$441,888</b>	<b>\$0</b>	<b>\$158,650</b>	<b>\$0</b>	<b>\$0</b>	<b>\$283,238</b>	

**EMERGENCY SERVICES DEPARTMENT  
2004 - 2006 CAPITAL BUDGET PROJECTS**

2006 Emergency Services Capital Projects

[REDACTED]

Project Description	Project Costs	FUNDING SOURCES			Unfinanced Project Costs	NOTES
		Capital Envelope	Reserves or Reserve Funds	Grants or Subsidies		
<u>Project List</u>						
Bunker Gear - career staff	\$55,909	\$55,909			\$0	
Training - AlerTech	\$56,244	\$56,244			\$0	
Thermal Imaging Camera	\$29,714	\$29,714			\$0	
Portable Radios	\$16,979	\$16,979			\$0	
Pagers	\$22,922	\$22,922			\$0	
Opticoms	\$11,142	\$11,142			\$0	
EP Guidebook	\$70,000				\$70,000	
<b>TOTAL:</b>	<b>\$262,910</b>	<b>\$192,910</b>			<b>\$70,000</b>	
<u>Facilities</u>						
Joint EMS/Fire Headquarters	\$4,000,000				\$4,000,000	
<b>TOTAL:</b>	<b>\$4,000,000</b>				<b>\$4,000,000</b>	
<b>2006 GRAND TOTAL:</b>	<b>\$4,262,910</b>	<b>\$192,910</b>			<b>\$51,252,250</b>	

**HEALTH AND SOCIAL SERVICES DEPARTMENT  
2004 - 2006 CAPITAL BUDGET PROJECTS**

2006 Capital Projects

**FUNDING SOURCES**

Project Description	Project Costs	Capital Envelope	Reserves or Reserve Funds	Grants or Subsidies	Other Recoveries	Unfinanced Project Costs	NOTES
<u>Pioneer Manor</u> Capital Redevelopment	\$693,740	\$693,740				\$0	
<u>Children Services</u> Day Care Repairs	\$100,000					\$100,000	Matching funds for non-profit agencies to repair or replace aging child care facilities
<b>TOTAL:</b>	<b>\$793,740</b>	<b>\$693,740</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	

Greater Sudbury Police Service  
2004 - 2006 CAPITAL BUDGET PROJECTS

2006 Police Services Capital Projects

FUNDING SOURCES

Project Description	Project Costs	Capital Envelope	Reserves or Reserve Funds	Grants or Subsidies	Other Recoveries	Unfinanced Project Costs	NOTES
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Vehicles

22 Marked Patrol Vehicles	\$640,000		\$640,000				1 Police Equipment Reserve
8 Unmarked Vehicles	\$230,000		\$230,000				
Command Post	\$350,000					\$350,000	2 Mobile Command Post to be shared with Police, Fire, EMS

TOTAL: \$1,220,000      \$0      \$870,000      \$0      \$0      \$0      \$350,000

Mobile Data	\$685,000	\$423,260					
Specialty Unit/Enforcement Supplies	\$20,000	\$20,000				\$261,740	
Automation	\$20,000	\$20,000					
Leasehold Improvements	\$5,000	\$5,000					
Security/Camera System							
Communications Reserve	\$20,000	\$20,000				\$750,000	

TOTAL: \$1,605,000      \$468,260      \$0      \$0      \$0      \$0      \$1,036,740

2006 GRAND TOTAL: \$2,825,000      \$870,000      \$0      \$0      \$0      \$0      \$1,386,740

**PUBLIC WORKS DIVISION  
BUILDING & FACILITIES SECTION  
2004 - 2006 CAPITAL BUDGET PROJECTS**

**2006 Building & Facilities Capital Projects**

**FUNDING SOURCES**

Location	Project Description	Project Costs	Capital Envelopes	FUNDING SOURCES			Unfinanced Project Costs
				Reserve Funds	Grants or Subsidies	Other Recoveries	
<b>Building Conservation</b>							
Tom Davies Community Centre & Arena	dehumidifiers / ventilation (2) units	\$ 30,000					
Tom Davies Community Centre & Arena	compressors	\$ 40,000					
Centennial Arena	electrical accommodations / special events	\$ 7,500					
Raymonde Plourde Arena	shelter for generator	\$ 20,000					
Raymonde Plourde Arena	hall-windows	\$ 50,000					
Raymonde Plourde Arena	canteen improvements	\$ 10,000					
Cambrian Arena	ventilation dress - rooms	\$ 5,000					
Cambrian Arena	dehumidifier replacement	\$ 15,000					
Cambrian Arena	metal roof retrofit	\$ 150,000					
Centre Lionel E. Lalonde Centre	windows / exterior shell preservation	\$ 60,000					
Countryside Arena	electrical accommodations / special events	\$ 5,000					
Countryside Arena	concession upgrades	\$ 10,000					
McClelland Arena	condenser	\$ 35,000					
McClelland Arena	concession upgrades	\$ 10,000					
Sudbury Community Centre / Arena	external repairs to brick / paving	\$ 30,000					
Sudbury Community Centre / Arena	compressors Phase 2	\$ 90,000					
Sudbury Community Centre / Arena	handicap access / elevator	\$ 80,000					
Chelmsford Arena	upstairs hall - replace windows	\$ 25,000					
Chelmsford Arena	canopy @ exterior doorway	\$ 8,000					
Chelmsford Arena	overhead door Zamboni room	\$ 5,000					
Chelmsford Arena	upstairs hall - washroom improvements	\$ 10,000					
Chelmsford Arena	Parking Lot upgrade south side	\$ 5,000					
Chelmsford Arena	upstairs hall - replace flooring	\$ 15,000					
Dr. Leclair Community Centre & Arena	Dr. Leclair Hall - heating / air equipment	\$ 40,000					
Dr. Leclair Community Centre & Arena	shower floor / doors & frames	\$ 20,000					
I.J. Coady Memorial Arena	flooring, rubber in hallway	\$ 10,000					
I.J. Coady Memorial Arena	canteen upgrade	\$ 10,000					
Coniston Arena / Community Centre	parking lot improvements	\$ 25,000					
Garson Arena / Community Centre	replace chiller	\$ 35,000					
Garson Arena / Community Centre	replace lobby glass facing rink	\$ 8,000					
Capreol Community Centre & Arena	metal roof retrofit (rink #1)	\$ 100,000					
Various Locations	TSSA / oil tank / ice melting pits	\$ 40,000					
Lively Citizen Service Centre / Library	800 sf expansion	\$ 150,000					
Walden Citizen Service Centre / Library	heating / cooling system improvement	\$ 30,000					
Walden Citizen Service Centre / Library	washrooms (Youth Centre)	\$ 15,000					
Copper Cliff Centennial Library	re-roof	\$ 65,000					
Bennet W. Moxam Community Centre	improvements to main entrance	\$ 15,000					
Naughton Community Centre	roofing	\$ 40,000					

**PUBLIC WORKS DIVISION**  
**BUILDING & FACILITIES SECTION**  
**2004 - 2006 CAPITAL BUDGET PROJECTS**  
**2006 Building & Facilities Capital Projects**

Location	Project Description	Project Costs	FUNDING SOURCES				
			Capital Envelope	Reserve Funds	Grants or Subsidies	Other Recoveries	
						Unfinanced Project Costs	
Howard Armstrong Recreation Centre	building shell repairs - Phase 3	\$ 300,000					
Onaping Community Centre / Pool	replace pool pump / filter	\$ 15,000					
Falconbridge Community Centre	heating system - furnace	\$ 35,000					
Economic Development / Other-Various	mechanical - various locations	\$ 50,000					
Beaver Lake Fire Hall Garage	insulation / energy retrofit	\$ 40,000					
Capreol Fire Hall	* Council Resolution # 2003-288	\$ 10,000					
Capreol Garage / Fire Department	renovations, Fire / Ambulance	\$ 250,000					
Hammer / Garson / Dowling Stations	roofing - various; subject to inspection	\$ 60,000					
Lourdes School Archive Building	doors / hardware	\$ 15,000					
Valley East Health Clinic - Town Hall	washroom upgrade (basement)	\$ 20,000					
Fielding Memorial Park Building	air conditioning system	\$ 25,000					
Fielding Memorial Park Building	electrical upgrade	\$ 5,000					
Lively Tennis Centre Building - Rink	door / window replacement	\$ 5,000					
Simon Lake Park multi-use building	shingle replacement soffit / fascia	\$ 10,000					
Various Studies / Reports	Ontario Disabilities Act - barrier free	\$ 75,000					
Sunnyside Playground Centre	shell improvements / cladding	\$ 20,000					
Bell Park Changehouse / Washrooms	re-roof	\$ 50,000					
Bell Park Concession Building	re-roof	\$ 15,000					
Bell Park Lifeguard Building	re-roofing	\$ 10,000					
Little Britain Tot Lot Fieldhouse	re-roof / soffit / fascia	\$ 15,000					
White Water Lake Park	canopy / shelter - concrete floor repairs	\$ 15,000					
Gatchell Pool	replace pool blanket	\$ 8,000					
Nickel District Pool	pool blanket	\$ 8,000					
Nickel District Pool	change rooms, lockers	\$ 15,000					
Public Works Facilities - various locations	* Council Resolution # 2003-288	\$ 50,000					
Public Works Facilities - various locations	Roofing - various locations	\$ 50,000					
Kathleen St. Facility	Overhead Door	\$ 10,000					
St. Clair Public Works Office / Garage	garage lighting upgrade / paint	\$ 45,000					
Levack Municipal Building	windows & doors	\$ 10,000					
Nickel Centre Equipment Depot	replace - 2 overhead doors	\$ 15,000					
Nickel Centre Garage / Storage	replace - 2 overhead doors	\$ 15,000					
Sudbury Transit Garage	heating / suspended heaters - various	\$ 20,000					
Sudbury Transit Garage	electrical upgrade	\$ 20,000					
Sudbury Transit Garage	Roof "A" - Tar & Chip Roof	\$ 50,000					
Asbestos Audit	Asbestos Audits - various locations	\$ 50,000					
Contingency	unexpected failures / breakdowns	\$ 250,000					
Various Studies / Reports	specialized reports / studies	\$ 50,000.00					

**TOTAL 2006** **\$ 1,083,650**

**PUBLIC WORKS DIVISION  
ROADS & DRAINAGE  
2004 - 2006 CAPITAL BUDGET PROJECTS  
2006 Roads & Drainage Capital Projects**

**FUNDING SOURCES**

Project	Project Description	Project Costs	Capital Envelope	Reserves or			Unfinanced Project Costs
				Reserve Funds	Grants or Subsidies	Other Recoveries	
<b>Structures</b>							
MR 63 College Street Phase II	Underpass Improvements and Road Work	\$ 1,900,000	\$ 1,900,000				
MR 96 Desmarais Road	Bridge Rehabilitation	\$ 500,000	\$ 500,000				
Culvert Replacement	Various	\$ 100,000	\$ 100,000				
Engineering Consultants	Structural Investigations	\$ 200,000	\$ 200,000				
<b>Storm Drainage Improvements</b>							
Struthers/Whittaker Phase II	Storm Sewer Outlet	\$ 250,000	\$ 250,000				
Fourth Avenue	Storm Sewer Outlet	\$ 150,000	\$ 150,000				
Eastern Avenue/A Street	Replace/Upgrade East Storm Sewer	\$ 400,000	\$ 400,000				
Spot Improvements Drainage Studies	Various	\$ 150,000	\$ 150,000				
<b>Sidewalks &amp; Walkways</b>							
Falcon	Cote to Edward	\$ 30,000	\$ 30,000				
Morris	Annie to Landmark Entrance	\$ 45,000	\$ 45,000				
Poplar	First to Fourth	\$ 85,000	\$ 85,000				
MR 24	MR 55 to Jacobson	\$ 150,000	\$ 150,000				
Victoria	Gilman to Albinson, Phase II	\$ 100,000	\$ 100,000				
Pine	Elm to Berean Baptist Church	\$ 50,000	\$ 50,000				
Struthers	Regent to Whittaker	\$ 20,000	\$ 20,000				
Queen Elizabeth	9th to 6th	\$ 30,000	\$ 30,000				
Longyear	Parkinson to Hardy	\$ 30,000	\$ 30,000				
Onaping Falls	Various	\$ 30,000	\$ 30,000				
Gary	Madison Northerly	\$ 30,000	\$ 30,000				
Downtown	Lockstone Repair - Various	\$ 20,000	\$ 20,000				
Paraplegic Ramps	Various	\$ 30,000	\$ 30,000				

**PUBLIC WORKS DIVISION  
ROADS & DRAINAGE  
2004 - 2006 CAPITAL BUDGET PROJECTS  
2006 Roads & Drainage Capital Projects**

**FUNDING SOURCES**

Project	Project Description	Project Costs	Capital Envelope	Reserves or Reserve Funds	Grants or Subsidies	Other Recoveries	Unfinanced Project Costs
<b>New Street Lights</b>							
Telstar, Playground behind Houses		\$ 2,500	\$ 2,500				
Footpath, Dearbourne to Agincourt, House #1570		\$ 1,000	\$ 1,000				
Lane, East of Logan, North of Jane		\$ 3,700	\$ 3,700				
Vermillion Street, House #2417		\$ 1,300	\$ 1,300				
Lane, North of Jean,							
Between Eva and Antwerp		\$ 5,300	\$ 5,300				
Footpath, West of Attlee at							
Gemmill Intersection		\$ 1,900	\$ 1,900				
Footpath, Hebert to Wiltshire		\$ 1,500	\$ 1,500				
Footpath, Margaret to Garland		\$ 3,600	\$ 3,600				
Township of Dill, Cleland and Dryden		\$ 3,000	\$ 3,000				
<b>Roads</b>							
Kingsway	Four Laning, Falconbridge to	\$ 2,200,000	\$ 2,200,000				
	By-Pass, Phase I	\$ 1,000,000	\$ 1,000,000				
Notre Dame Avenue	Kathleen Street to CNR Tracks	\$ 100,000	\$ 100,000				
Notre Dame Avenue	Phase II	\$ 100,000	\$ 100,000				
Garson/Coniston	Spot	\$ 100,000	\$ 100,000				
Penage Lake Road	Spot	\$ 100,000	\$ 100,000				
Fielding Road	Spot	\$ 100,000	\$ 100,000				
Cobalt Street	Spot	\$ 50,000	\$ 50,000				
Falcon Street	Cote Avenue to Edward	\$ 50,000	\$ 50,000				
Morris Street	Spot	\$ 80,000	\$ 80,000				
Poplar	First to Fourth	\$ 60,000	\$ 60,000				
Spruce Street	Church to MR 89	\$ 80,000	\$ 80,000				
Laneways	Various	\$ 80,000	\$ 80,000				

**PUBLIC WORKS DIVISION**  
**ROADS & DRAINAGE**  
**2004 - 2006 CAPITAL BUDGET PROJECTS**  
**2006 Roads & Drainage Capital Projects**

**FUNDING SOURCES**

Project	Project Description	Project Costs	Capital Envelope	Reserves or Reserve Funds	Grants or Subsidies	Other Recoveries	Unfinanced Project Costs
<b>Other</b>							
Crack sealing		\$ 100,000	\$ 100,000				
Traffic sytems upgrades		\$ 170,000	\$ 170,000				
Street lights upgrades		\$ 175,000	\$ 175,000				
Contingencies and s&w works		\$540,450	\$ 540,450				

**TOTAL ROADS AND DRAINAGE 2006**

PUBLIC WORKS  
2004 - 2006 CAPITAL BUDGET PROJECTS

2006 CAPITAL WATER PROJECTS

PROJECT DESCRIPTION	PROJECT COSTS	CAPITAL ENVELOPE	FUNDING SOURCES			
			RESERVES AND RESERVE FUNDS	GRANTS SUBSIDIES	OTHER RECOVERIES	UNFINANCED COSTS
Robinson - Ascott to Kelly Lake - 12"	\$700,000					
Seiwood - Dennie to Stull (Fire flow and freezing services)	750,000					
Bouchard - Regent to Southview - 16" (# 5 by break rate)	400,000					
Marcel - Martindale to Nesbitt	300,000					
MR24 Lively - 3rd to 10th - 12" and services on Queen Elizabeth St.	650,000					
Operating Manuals	200,000					
Water Upgrade with road program	200,000					
Long Lake Road - Ester to Harrison -24" (with road program and to loop mains)	450,000					
Wanapitae WTP upgrades	1,000,000					
Groundwater protection	500,000					
Abandon well no 6 Capreol	300,000					
Energy management	50,000					
Plant security	250,000					
Communication systems upgrade	200,000					
New Valley well and pumphouse	300,000					
Well and pump rehabilitations	250,000					
Scada upgrades	100,000					
Operating manuals and as-builts	100,000					
Contingencies	230,000					
<b>TOTAL WATER 2006</b>						\$0

**PUBLIC WORKS**  
**2004 - 2006 CAPITAL BUDGET PROJECTS**  
**2006 CAPITAL WASTEWATER PROJECTS**

**FUNDING SOURCES**

PROJECT DESCRIPTION	PROJECT COSTS	CAPITAL ENVELOPE	RESERVES AND RESERVE FUNDS	GRANTS SUBSIDIES	OTHER RECOVERIES	UNFINANCED COSTS
South End Rock Tunnel	\$1,600,000					
New Sudbury Trunk Sewer	500,000					
Sewer Upgrade with road program	200,000					
Operating Manuals	200,000					
Lively WWTP expansion	1,850,000					
Cheimsford WWTP tertiary treatment	1,000,000					
Azilda WWTP expansion	1,000,000					
Sudbury WWTP replace 4'th clarifier	200,000					
Lift station upgrades	150,000					
Scada upgrades	150,000					
Operating manuals and as-builts	100,000					
Energy management	50,000					
Contingencies	270,000					
<b>TOTAL WASTEWATER 2006</b>		<b>7,685,000</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

PUBLIC WORKS  
 2004 - 2006 CAPITAL BUDGET PROJECTS  
2006 CAPITAL SOLID WASTE PROJECTS

FUNDING SOURCES

PROJECT	PROJECT DESCRIPTION	PROJECT COSTS	CAPITAL ENVELOPE	RESERVES AND RESERVES FUNDS	GRANTS SUBSIDIES	OTHER RECOVERIES	UNFINANCED COSTS
SUDBURY LANDFILL SITE	ACCESS ROAD	\$150,000					
HANMER LANDFILL SITE	CELL CLOSURE	1,450,000					
LITTER	NEW CONTAINERS	10,000					
MONITORING AND CONTINGENCIES	ALL SITES	170,000					
<b>TOTAL 2006</b>							

PUBLIC WORKS DEPARTMENT

EQUIPMENT

PROPOSED 2005 AND 2006 EQUIPMENT REPLACEMENT PROGRAM

FUNDING SOURCES

VEHICLE TYPE	NO. OF UNITS	UNIT COST	Costs	Capital Envelope	Reserves or Reserve Funds	Grants or Subsidies	Other Recoveries	Unfinanced Project Costs
Snow Plows & Spreaders	25	\$ 200,000	\$ 5,000,000					
Sidewalk Plows & Spreaders	6	\$ 110,000	\$ 660,000					
Light Trucks	36	\$ 30,000	\$ 1,080,000					
1 Ton Trucks	19	\$ 38,000	\$ 722,000					
Dump Trucks	8	\$ 75,000	\$ 600,000					
Cars and Mini-Vans	3	\$ 22,000	\$ 66,000					
Earth Moving Equipment	25	\$ 135,000	\$ 3,375,000					
Ice Resurfacers	5	\$ 80,000	\$ 400,000					
Steamers	6	\$ 8,000	\$ 48,000					
Trailers	21	\$ 3,000	\$ 63,000					
Asphalt Equipment	1	\$ 60,000	\$ 60,000					
Grass Mowers	40	\$ 25,000	\$ 1,000,000					
Pumps, Generators, Tampers...	60	\$ 4,000	\$ 240,000					
Street Sweepers, Sewer Cleaners	4	\$ 250,000	\$ 1,000,000					

TOTAL 2005 to 2006 \$ 20,000,000 \$ 88,374,000.00

2005 estimate 50% \$ 10,000,000 \$ 44,187,000.00

2006 estimate 50% \$ 10,000,000 \$ 44,187,000.00

**2006 Closed Recreation Facilities Capital Projects**

**FUNDING SOURCES**

<u>Project Description</u>	<u>Project Costs</u>	<u>Capital Envelope</u>	<u>Reserves or Reserve Funds</u>	<u>Grants or Subsidies</u>	<u>Other Recoveries</u>	<u>Unfinanced Project Costs</u>
<b><u>Adanac Ski Hill</u></b>						
Rebuild Chalet	\$415,000					\$415,000
Including washroom upgrades						
Upgrade Parking Area	\$40,000					\$40,000
Upgrade Park Fencing	\$15,000					\$15,000
<b><u>R.G. Dow Pool</u></b>						
Coating/Sealing South Wall	\$20,000					\$20,000
Replace 2 Heat Exchangers	\$20,000					\$20,000
Replace Pool Filter Systems/Pumps	\$50,000					\$50,000
Pool Deck Repair and Replacement	\$10,000					\$10,000
Replace Pool Tank Heater System	\$15,000					\$15,000
<b><u>Falconbridge Arena</u></b>						
Ventilation Upgrades	\$65,000					\$65,000
Chiller Replacement	\$35,000					\$35,000
<b><u>Barrydowne Arena</u></b>						
Roof Repairs/Coating	\$30,000					\$30,000
<b>2006 TOTAL \$715,000 \$0 \$0 \$0 \$0 \$0 \$715,000</b>						
<b>3 YEAR TOTAL \$2,621,000 \$0 \$400,000 \$0 \$0 \$0 \$2,211,943</b>						

# Referred & Deferred Matters

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# Request for Recommendation Finance Committee




Type of Decision									
Meeting Date	January 24, 2004				Report Date	January 22, 2004			
Decision Requested	<input checked="" type="checkbox"/>	Yes		No	Priority	<input checked="" type="checkbox"/>	High		Low
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open		Closed

Report Title
Capital Financing Alternatives

Policy Implication + Budget Impact	
<input checked="" type="checkbox"/>	This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.
N/A	
<input checked="" type="checkbox"/>	Background Attached

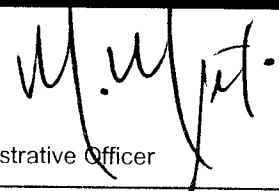
Recommendation
<p>WHEREAS Council has adopted the Long Term Financial Plan which identified the need to have a Capital Levy and which recommended the use of a managed debt program; and</p> <p>WHEREAS the Long Term Plan has now been updated, identifying a greater funding gap;</p> <p>NOW therefore be it resolved that:</p> <p>Annual inflation be applied to all capital envelopes;</p> <p>Option ___ of a Managed Debt Program be undertaken, as outlined in this report, contingent upon the implementation of a Capital Levy;</p>
<input checked="" type="checkbox"/> Recommendation Continued

**Recommended by the General Manager**



D. Wuksinic  
General Manager of Corporate Services

**Recommended by the C.A.O.**



M. Mieto  
Chief Administrative Officer

**Report Prepared By**



C. Mahaffy  
Manager of Financial Planning & Policy/Deputy Treasurer

**Division Review**



S. Jonasson  
Director of Finance/City Treasurer

**RECOMMENDATION CONTINUED**

An annual Capital Levy of 2.27% of the previous years net levy be implemented;

The Ontario Municipal Economic Infrastructure Financing Authority (OMEIFA) program, where available, be utilized for any debenturing and the regular market be used where necessary;

Application be made to OMEIFA to participate in the 2004 funding scheme;

The City of Greater Sudbury obtain a credit rating, to be funded from the Capital Financing Reserve Fund - General, at an approximate cost of \$25,000 with an annual maintenance fee of approximately \$10,000; and

WHEREAS Council has requested capital financing alternatives in order to address infilling of Water and Waste Water services;

NOW therefore be it resolved that:

Option \_\_\_ of the Capital Financing Alternatives for Water/Wastewater extensions, as outlined in the report from the General Manager of Corporate Services dated September 19,2003 be approved and included in the 2005 base budget and the calculation of future Water/Wastewater Rates;

The OMEIFA program be utilized for any debenturing, where possible and the regular market used where necessary;

Application be made to OMEIFA to participate in the 2004 funding scheme;

Council policy to maintain existing infrastructure only, and not build new infrastructure be suspended for Water and Wastewater projects on the approved priority list, in order to address these servicing needs; and

The policy on Water and Wastewater extensions be amended as outlined in this report.

**BACKGROUND**

The attached report went to the previous Council in September, 2003 and was deferred to the incoming Council. Of the recommendations contained in that report, the capital levy of \$2.9 million and the addition of inflation to each of the capital envelopes has been included in the 2004 base budget. Both the capital levy and adding inflation to the envelopes are essential parts of implementing the Long Term Financial Plan in order to prevent the capital funding gap from increasing.

### ***Part 1 - Implementation of Long Term Financial Plan Recommendations***

Since that report, an update to the Long Term Financial Plan has been presented to Council in December. Because the plan was not implemented in 2003, and because further capital needs have been identified since the original Plan was presented at the end of 2002, the capital funding gap has widened.

The original 2002 Plan identified how the City could meet it's annual capital funding needs by the end of 10 years and at the same time achieve funding for 70% of the outstanding capital needs. The understanding was that the senior levels of government would be petitioned to provide the other 30% funding required to meet all outstanding capital needs.

When the Plan was updated at the end of 2003 it was apparent that achieving funding for 70% of the outstanding capital needs within 10 years was now impossible. This is illustrated on Table 7 of the updated Plan. Council was advised that a way would be found to again reach this 70% goal. A revised Table 7 from the LTFP is found on the following page. It shows that greater debenturing (\$32 million) over a slightly longer time frame (2 years) will bring the City to almost 70% by the end of year 12. The original Plan recommended \$61 million in debenturing over a 10 year period. The revised means to achieve the 70% goal has \$93 million in debenturing over a 12 year period. There is no change to the recommended Capital Levy; it continues for the same ten year period as in the original recommendation.

Council had requested information on borrowing \$100 million up-front from OMEIFA. This was the first option to investigate. OMEIFA does not provide up-front funding; thus Option 1 is not viable.

Table 7 has three different scenarios representing two options:

- ▶ Option 2 - borrowing from OMEIFA over 12 years
- ▶ Option 2 - borrowing at market rates over 12 years
- ▶ Option 3 - borrowing from OMEIFA over 4 years

The results of the three scenarios illustrate that spreading the borrowing out over the longer period, either through OMEIFA or the market (a combination of the two would also be a possibility, thus they are presented as one option) brings the City closer to the 70% goal than does an accelerated borrowing program through OMEIFA. Accelerated borrowing at market rates would result in an even lower percentage addressed after 12 years. As a result, accelerated borrowing is not being recommended.

Date: January 22, 2004

CITY OF GREATER SUDBURY  
TEN-YEAR FINANCIAL PLANTABLE 7  
amended Jan. 2004CAPITAL GAP FINANCING PLAN  
(\$000)

## Option 2 OMEIFA

\$7 million in debentures per year for 11 years and one issue of \$16 million in OMEIFA debentures (15 years @ 3%)

	FORECAST PERIOD												TOTAL
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Capital Financing Gap	41,455	42,352	54,095	37,536	38,394	39,105	40,385	41,381	42,585	43,942	44,821	45,718	511,770
<b>Capital Financing Sources</b>													
Increased contributions to capital envelopes from Capital Levy	2,915	6,209	9,698	13,379	17,245	21,305	25,565	30,031	34,708	39,605	40,397	41,205	282,262
Portion for new debt repayment	(586)	(1,172)	(2,512)	(3,098)	(3,684)	(4,270)	(4,856)	(5,442)	(6,028)	(6,614)	(7,200)	(7,786)	(53,248)
Inflation on capital envelopes	374	769	1,175	1,590	2,016	2,450	2,894	3,348	3,811	4,284	4,712	5,136	32,558
New Debt Issued	7,000	7,000	16,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	93,000
<b>Total Capital Financed in Year</b>	<b>9,702</b>	<b>12,806</b>	<b>24,361</b>	<b>18,870</b>	<b>22,577</b>	<b>26,486</b>	<b>30,603</b>	<b>34,937</b>	<b>39,491</b>	<b>44,275</b>	<b>44,910</b>	<b>45,556</b>	<b>354,573</b>
<b>% Capital Completed</b>	<b>23.4%</b>	<b>30.2%</b>	<b>45.0%</b>	<b>50.3%</b>	<b>58.8%</b>	<b>67.7%</b>	<b>75.8%</b>	<b>84.4%</b>	<b>92.7%</b>	<b>100.8%</b>	<b>100.2%</b>	<b>99.6%</b>	<b>69.3%</b>

## Option 2 Market

\$7 million in debentures per year for 11 years and one issue of \$16 million in market-rate debentures (15 years @ 5.75%)

	FORECAST PERIOD												TOTAL
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Capital Financing Gap	41,455	42,352	54,095	37,536	38,394	39,105	40,385	41,381	42,585	43,942	44,821	45,718	511,770
<b>Capital Financing Sources</b>													
Increased contributions to capital envelopes from Capital Levy	2,915	6,209	9,698	13,379	17,245	21,305	25,565	30,031	34,708	39,605	40,397	41,205	282,262
Portion for new debt repayment	(709)	(1,418)	(3,039)	(3,748)	(4,457)	(5,166)	(5,875)	(6,584)	(7,293)	(8,002)	(8,711)	(9,420)	(64,422)
Inflation on capital envelopes	374	769	1,175	1,590	2,016	2,450	2,894	3,348	3,811	4,284	4,712	5,136	32,558
New Debt Issued	7,000	7,000	16,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	93,000
<b>Total Capital Financed in Year</b>	<b>9,579</b>	<b>12,560</b>	<b>23,834</b>	<b>18,220</b>	<b>21,804</b>	<b>25,590</b>	<b>29,584</b>	<b>33,795</b>	<b>38,226</b>	<b>42,887</b>	<b>43,399</b>	<b>43,922</b>	<b>343,399</b>
<b>% Capital Completed</b>	<b>23.1%</b>	<b>29.7%</b>	<b>44.1%</b>	<b>48.5%</b>	<b>56.8%</b>	<b>65.4%</b>	<b>73.3%</b>	<b>81.7%</b>	<b>89.8%</b>	<b>97.6%</b>	<b>96.8%</b>	<b>96.1%</b>	<b>67.1%</b>

## Option 3 OMEIFA

\$20 million in debentures per year for 3 years and one issue of \$33 million in OMEIFA debentures (15 years @ 3%)

	FORECAST PERIOD												TOTAL
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Capital Financing Gap	41,455	42,352	54,095	37,536	38,394	39,105	40,385	41,381	42,585	43,942	44,821	45,718	511,770
<b>Capital Financing Sources</b>													
Increased contributions to capital envelopes from Capital Levy	2,915	6,209	9,698	13,379	17,245	21,305	25,565	30,031	34,708	39,605	40,397	41,205	282,262
Portion for new debt repayment	(1,675)	(3,350)	(6,114)	(7,790)	(7,790)	(7,790)	(7,790)	(7,790)	(7,790)	(7,790)	(7,790)	(7,790)	(81,249)
Inflation on capital envelopes	374	769	1,175	1,590	2,016	2,450	2,894	3,348	3,811	4,284	4,712	5,136	32,558
New Debt Issued	20,000	20,000	33,000	20,000	0	0	0	0	0	0	0	0	93,000
<b>Total Capital Financed in Year</b>	<b>21,613</b>	<b>23,628</b>	<b>37,759</b>	<b>27,178</b>	<b>11,471</b>	<b>15,966</b>	<b>20,669</b>	<b>25,589</b>	<b>30,729</b>	<b>36,099</b>	<b>37,320</b>	<b>38,552</b>	<b>326,572</b>
<b>% Capital Completed</b>	<b>52.1%</b>	<b>55.8%</b>	<b>69.8%</b>	<b>72.4%</b>	<b>29.9%</b>	<b>40.8%</b>	<b>51.2%</b>	<b>61.8%</b>	<b>72.2%</b>	<b>82.2%</b>	<b>83.3%</b>	<b>84.3%</b>	<b>63.8%</b>

## Notes:

- 1) OMEIFA lending rate at January 20, 2004 is 2.62% for 15 years
- 2) Bank debenture rate is between 5.35 and 5.8% at January 20, 2004
- 3) The delay in implementing the plan together with the identification of increased capital needs made the goal of achieving 100% funding for annual capital needs, plus funding to address 70% of outstanding capital projects within ten years impossible to achieve
- 4) The changes necessary in order to bring the capital addressed up close to the 70% identified in the original long term financial plan are higher debenture issues (\$93 million as opposed to the original \$61 million) and longer debenturing (12 years of issues rather than 10).

### ***Key Elements of the Long Term Financial Plan***

When the original Plan was presented at the end of 2002 a number of key elements to the plan were identified. Three of those elements are addressed with approval of the recommendations in this report:

- ▶ Implementation of a 2.27% per year Infrastructure Renewal Levy
- ▶ Inflation Protection by adding inflation (2%) to the existing Capital Allocations
- ▶ Undertaking a Managed Debt Program, as illustrated on the revised Table 7.

### ***Allocation of Debenture Proceeds***

One of the recommendations in the Long Term Financial Plan is to undertake a managed debt program, when certain conditions exist. These conditions include debenturing "projects where the cost of deferring expenditures exceeds debt servicing costs". Clearly our roads fall into this category. Therefore, it is recommended, that for 2004, the full debenture proceeds of \$7 million be allocated to roads. The General Manager of Public Works has provided three print-outs, also attached, as follows:

- ▶ ASET\_ART - is a ten year program for Arterial Roads which totals almost \$45 million
- ▶ ASET\_COLL - is a ten year program for Collector Streets which totals almost \$94 million
- ▶ ASET\_LOC - is a ten year program for local roads which totals \$91 million.

These projects total \$230 million and represent the \$23 million per year that the Long Term Plan shows as needed for Roads. There is no shortage of projects to be undertaken with the additional \$7 million in debenture proceeds. If debenturing is approved, the General Manager of Public Works will provide Council with a recommended additional roads program.

For 2004, any debenturing could be delayed until late in the year, so no repayments would be required this year. However, Council would have to commit to implementation of the Capital Levy in 2005 in order to fund repayments. However, delaying the implementation of the levy will result in an increased funding gap.

### ***Allocation of Capital Levy***

It is recommended for 2004 that the Capital Levy implemented be allocated to fleet. There is a shortfall of adequate fleet in Public Works, Fire, and Transit. The total shortfall identified in these three areas is almost \$37 million. Again, a report would come from the General Managers recommending specific fleet purchases.

Should the levy not be implemented, these requirements would have to be deferred to future years. As pointed out above, delaying the implementation of the levy results in a wider funding gap.

The allocation of Capital Levies of future years can be brought forward to Council later in 2004, and Council can prioritize projects.

### ***OMEIFA Financing***

At present, it is unknown whether OMEIFA will continue, with the change in governments. Assuming it does continue, it is too late to apply for participation in the 2003 program, and no announcements have been made for the 2004 program to date. Last year's limit was \$100 million for any municipality, but OMEIFA could provide no estimates as to what, if any, limit there would be this year. They did, however, explain roughly what the process is at present:

- ▶ OMEIFA makes announcement as to amounts available, eligible projects, maximum allocations, and interest rates (usually half of market rates)
- ▶ Municipalities apply for funding for specific projects
- ▶ OMEIFA makes announcement as to applications approved, some months later
- ▶ OMEIFA sends out draft agreements
- ▶ Municipalities get Council authorization to enter into agreements
- ▶ Agreements are signed and returned to OMEIFA
- ▶ As invoices come in, Treasurers present invoices and a Treasurer's Statement to OMEIFA by either the 10<sup>th</sup> or 20<sup>th</sup> of the month
- ▶ OMEIFA forwards funds to municipalities by the 5<sup>th</sup> working day after receipt of the Treasurer's Statement
- ▶ Funding can also be delayed until the end of the project to avoid interest costs if there are sufficient funds on hand to self-finance.

### ***Debenturing in the Open Market***

The City debentured just last spring, through the open market process, and the Royal Bank of Canada has been appointed the City's fiscal agent. If OMEIFA financing is not available, the City can debenture in this manner. Usually, the funds are not up-front, but at the end of a project. However, interim financing settlement dates can be established and funds transferred as scheduled.

It should be pointed out that OMEIFA funds are available for only water, wastewater, roads, solid waste, and transit projects. Should the City wish to undertake other major capital projects and debenture them, the open market would be the only choice for debenturing.

As illustrated on Table 7, using either OMEIFA or the market will still bring us close to achieving the 70% target by the end of 2015.

### ***Bond Rating***

If it becomes apparent that the open market will be the debenturing vehicle, it is also recommended that the City obtain a bond rating. Having a rating could well mean savings of as much as one quarter of a percent on borrowing. Over 15 years, this would be about \$25,000 per \$1 million debentured. If we borrow up to the \$93 million illustrated on Table 7, savings could be substantial. The initial rating would cost in the neighbourhood of \$25,000 with the annual maintenance fee being between \$10,000 and \$15,000. It is recommended that the initial rating be funded from the Capital Financing Reserve Fund - General. Funding for the maintenance will be identified at a later date.

Title: Capital Financing Alternativ  
Date: January 22, 2004

## **Part 2 - Financing Alternatives - Water and Wastewater Projects**

### **Capital Financing Alternatives - Water / Wastewater Projects**

#### **Water/Wastewater Priority List**

In 1998 a priority list for Water / Wastewater projects was approved by the former Region (copy attached - Appendix A). At that time this list totaled \$28 million. To allow for changes and inflation since that time, a total of \$35 million has been used for the purpose of this report.

Two options have been developed to finance Water and Wastewater projects in order for the City to begin addressing the priority list for these services. The first option would allow the City to address half of the projects, while the second allows for the full priority list to proceed. For this report, and for illustrative purposes only, it has been assumed that wastewater projects will cost about 16% more than water projects. However, each project will have different costs. Some will affect both rates, some will affect only water rates, while others will affect only wastewater rates.

#### **Amendments to Existing Policies**

If Council decides to proceed with these projects, two existing policies must be addressed. The first is Council's policy to maintain infrastructure only and not expand services. If the priority list is to proceed, this policy should be suspended for water/ wastewater projects until the priority list (or a portion thereof) has been serviced.

The second policy is "Policy on Sewer and Water Extensions" and is attached to the September report.

The recommended revised policy is as follows:

#### **Policy on Water/Wastewater Extensions**

- That the authority provided in the Municipal Act be used for projects initiated by City Council;
- That each lot (parcel) at the time of project initiation be provided with one standard size service connection from main to lot line. Any lot (parcel) requiring a service larger than standard size must pay the difference up-front between the size required and standard size. Any additional connections requested will be paid for up-front, at actual costs;
- That any lot (parcel) created through the severance or subdivision process following project initiation be required to pay the appropriate per lot charge, plus the actual cost of any water and/or wastewater connection at that time;
- That the interest rate to be charged on repayments for those properties not paid up-front be the interest rate to be charged on debentures for the project; and

Date: January 22, 2004

- That water and/or wastewater extension projects proceed, subject to the availability of capital funding or financing, based on the following criteria:
  - Every effort will be made to proceed with any project which receives Provincial subsidy
  - Projects must be on the Water/Wastewater Priority list, as adopted in March 1987, and as amended from time to time. It is further recommended that Council review this list annually, or as required, in order that any projects resulting from health-related issues may be added to or moved up on this list. Where possible, projects will proceed in priority order
  - Per policy, all benefitting property owners must connect to newly constructed water and/or wastewater services
  - Those benefitting property owners not providing up-front funding will be subject to the same per lot (parcel) charges, to be repaid annually over a period not to exceed fifteen (15) years, or the debenture period of the project, with the established rate of interest being used to calculate the repayment amount
  - The annual repayments will be credited back to the appropriate cost centres in the current budget (either Water or Wastewater or both, depending on the project), in order to repay the debentured amounts.

The September report gave two alternatives for Water and Wastewater projects. The first was to borrow \$17.5 million from either OMEIFA or the market and proceed with about one half of the water and wastewater priority list over the next ten years. The second was to borrow \$35 million and proceed with the entire priority list over the next ten years. A third is to finance the Priority list through OMEIFA for 40 years. The open market does not have 40 year money available.

The following three pages present the financial details of each of these options.

Date: January 22, 2004

Option 1 - W/WW

**CITY OF GREATER SUDBURY**  
**Capital Financing Alternatives - Water / Wastewater Projects**  
**Option 1 - \$17.5 million over 10 Years and Debenturing at Market**

Year	Gross* Project Cost \$	Recovery** from Landowners \$	Net City Share \$	Amount to be Debentured \$	Annual*** Repayments \$	Recovered from Landowners \$	Net City Share \$	Water Portion \$	Wastewater Portion \$
2004	1,750,000	875,000	875,000	1,750,000	180,200	90,100	90,100	41,713	48,387
2005	1,750,000	875,000	875,000	1,750,000	180,200	90,100	90,100	41,713	48,387
2006	1,750,000	875,000	875,000	1,750,000	180,200	90,100	90,100	41,713	48,387
2007	1,750,000	875,000	875,000	1,750,000	180,200	90,100	90,100	41,713	48,387
2008	1,750,000	875,000	875,000	1,750,000	180,200	90,100	90,100	41,713	48,387
2009	1,750,000	875,000	875,000	1,750,000	180,200	90,100	90,100	41,713	48,387
2010	1,750,000	875,000	875,000	1,750,000	180,200	90,100	90,100	41,713	48,387
2011	1,750,000	875,000	875,000	1,750,000	180,200	90,100	90,100	41,713	48,387
2012	1,750,000	875,000	875,000	1,750,000	180,200	90,100	90,100	41,713	48,387
2013	1,750,000	875,000	875,000	1,750,000	180,200	90,100	90,100	41,713	48,387

- \* Undertake \$17.5 million of projects over ten years, assuming that costs for wastewater are 116% of costs for water
- \*\* Per policy, benefitting landowners will pay 50% of the project costs, either up-front or over the repayment period of 15 years
- \*\*\* Annual repayments are based on financing at market rates (6%, 15 years)

Option 1 - W/WW

**CITY OF GREATER SUDBURY**  
**Capital Financing Alternatives - Water / Wastewater Projects**  
**Option 1 - \$17.5 million over 10 Years using OMEIFA financing**

Year	Gross* Project Cost \$	Recovery** from Landowners \$	Net City Share \$	Amount to be Debentured \$	Annual*** Repayments \$	Recovered from Landowners \$	Net City Share \$	Water Portion \$	Wastewater Portion \$
2004	1,750,000	875,000	875,000	1,750,000	146,600	73,300	73,300	33,935	39,365
2005	1,750,000	875,000	875,000	1,750,000	146,600	73,300	73,300	33,935	39,365
2006	1,750,000	875,000	875,000	1,750,000	146,600	73,300	73,300	33,935	39,365
2007	1,750,000	875,000	875,000	1,750,000	146,600	73,300	73,300	33,935	39,365
2008	1,750,000	875,000	875,000	1,750,000	146,600	73,300	73,300	33,935	39,365
2009	1,750,000	875,000	875,000	1,750,000	146,600	73,300	73,300	33,935	39,365
2010	1,750,000	875,000	875,000	1,750,000	146,600	73,300	73,300	33,935	39,365
2011	1,750,000	875,000	875,000	1,750,000	146,600	73,300	73,300	33,935	39,365
2012	1,750,000	875,000	875,000	1,750,000	146,600	73,300	73,300	33,935	39,365
2013	1,750,000	875,000	875,000	1,750,000	146,600	73,300	73,300	33,935	39,365

- \* Undertake \$17.5 million of projects over ten years, assuming that costs for wastewater are 116% of costs for water
- \*\* Per policy, benefitting landowners will pay 50% of the project costs, either up-front or over the repayment period of 15 years
- \*\*\* Annual repayments are based on OMEIFA financing (3%, 15 years)

Date: January 22, 2004

Option 2 - W/WW

CITY OF GREATER SUDBURY  
 Capital Financing Alternatives - Water / Wastewater Projects  
 Option 2 - \$35 million over 10 Years and Debenturing at Market

Year	Gross* Project Cost \$	Recovery** from Landowners \$	Net City Share \$	Amount to be Debentured \$	Annual*** Repayments \$	Recovered from Landowners \$	Net City Share \$	Water Portion \$	Wastewater Portion \$
2004	3,500,000	1,750,000	1,750,000	3,500,000	360,400	180,200	180,200	83,426	96,774
2005	3,500,000	1,750,000	1,750,000	3,500,000	360,400	180,200	180,200	83,426	96,774
2006	3,500,000	1,750,000	1,750,000	3,500,000	360,400	180,200	180,200	83,426	96,774
2007	3,500,000	1,750,000	1,750,000	3,500,000	360,400	180,200	180,200	83,426	96,774
2008	3,500,000	1,750,000	1,750,000	3,500,000	360,400	180,200	180,200	83,426	96,774
2009	3,500,000	1,750,000	1,750,000	3,500,000	360,400	180,200	180,200	83,426	96,774
2010	3,500,000	1,750,000	1,750,000	3,500,000	360,400	180,200	180,200	83,426	96,774
2011	3,500,000	1,750,000	1,750,000	3,500,000	360,400	180,200	180,200	83,426	96,774
2012	3,500,000	1,750,000	1,750,000	3,500,000	360,400	180,200	180,200	83,426	96,774
2013	3,500,000	1,750,000	1,750,000	3,500,000	360,400	180,200	180,200	83,426	96,774

\* Undertake \$17.5 million of projects over ten years, assuming that costs for wastewater are 116% of costs for water  
 \*\* Per policy, benefitting landowners will pay 50% of the project costs, either up-front or over the repayment period of 15 years  
 \*\*\* Annual repayments are based on financing at market rates (6%, 15 years)

Option 2 - W/WW

CITY OF GREATER SUDBURY  
 Capital Financing Alternatives - Water / Wastewater Projects  
 Option 2 - \$35 million over 10 Years using OMEIFA financing

Year	Gross* Project Cost \$	Recovery** from Landowners \$	Net City Share \$	Amount to be Debentured \$	Annual*** Repayments \$	Recovered from Landowners \$	Net City Share \$	Water Portion \$	Wastewater Portion \$
2004	3,500,000	1,750,000	1,750,000	3,500,000	293,200	146,600	146,600	67,870	78,730
2005	3,500,000	1,750,000	1,750,000	3,500,000	293,200	146,600	146,600	67,870	78,730
2006	3,500,000	1,750,000	1,750,000	3,500,000	293,200	146,600	146,600	67,870	78,730
2007	3,500,000	1,750,000	1,750,000	3,500,000	293,200	146,600	146,600	67,870	78,730
2008	3,500,000	1,750,000	1,750,000	3,500,000	293,200	146,600	146,600	67,870	78,730
2009	3,500,000	1,750,000	1,750,000	3,500,000	293,200	146,600	146,600	67,870	78,730
2010	3,500,000	1,750,000	1,750,000	3,500,000	293,200	146,600	146,600	67,870	78,730
2011	3,500,000	1,750,000	1,750,000	3,500,000	293,200	146,600	146,600	67,870	78,730
2012	3,500,000	1,750,000	1,750,000	3,500,000	293,200	146,600	146,600	67,870	78,730
2013	3,500,000	1,750,000	1,750,000	3,500,000	293,200	146,600	146,600	67,870	78,730

\* Undertake \$17.5 million of projects over ten years, assuming that costs for wastewater are 116% of costs for water  
 \*\* Per policy, benefitting landowners will pay 50% of the project costs, either up-front or over the repayment period of 15 years  
 \*\*\* Annual repayments are based on OMEIFA financing (3%, 15 years)

Date: January 22, 2004

Option 3a - W/WW

CITY OF GREATER SUDBURY  
 Capital Financing Alternatives - Water / Wastewater Projects  
 Option 3 - \$17.5 million over 10 Years using OMEIFA financing

Year	Gross* Project Cost \$	Recovery** from Landowners \$	Net City Share \$	Amount to be Debentured \$	Annual*** Repayments \$	Recovered from Landowners \$	Net City Share \$	Water Portion \$	Wastewater Portion \$
2004	1,750,000	875,000	875,000	1,750,000	75,700	37,850	37,850	17,523	20,327
2005	1,750,000	875,000	875,000	1,750,000	75,700	37,850	37,850	17,523	20,327
2006	1,750,000	875,000	875,000	1,750,000	75,700	37,850	37,850	17,523	20,327
2007	1,750,000	875,000	875,000	1,750,000	75,700	37,850	37,850	17,523	20,327
2008	1,750,000	875,000	875,000	1,750,000	75,700	37,850	37,850	17,523	20,327
2009	1,750,000	875,000	875,000	1,750,000	75,700	37,850	37,850	17,523	20,327
2010	1,750,000	875,000	875,000	1,750,000	75,700	37,850	37,850	17,523	20,327
2011	1,750,000	875,000	875,000	1,750,000	75,700	37,850	37,850	17,523	20,327
2012	1,750,000	875,000	875,000	1,750,000	75,700	37,850	37,850	17,523	20,327
2013	1,750,000	875,000	875,000	1,750,000	75,700	37,850	37,850	17,523	20,327

- \* Undertake \$17.5 million of projects over ten years, assuming that costs for wastewater are 116% of costs for water
- \*\* Per policy, benefitting landowners will pay 50% of the project costs, either up-front or over the repayment period of 15 years
- \*\*\* Annual repayments are based on OMEIFA financing (3%, 40 years)

Option 3b - W/WW

CITY OF GREATER SUDBURY  
 Capital Financing Alternatives - Water / Wastewater Projects  
 Option 3 - \$35 million over 10 Years using OMEIFA financing

Year	Gross* Project Cost \$	Recovery** from Landowners \$	Net City Share \$	Amount to be Debentured \$	Annual*** Repayments \$	Recovered from Landowners \$	Net City Share \$	Water Portion \$	Wastewater Portion \$
2004	3,500,000	1,750,000	1,750,000	3,500,000	151,400	75,700	75,700	35,046	40,654
2005	3,500,000	1,750,000	1,750,000	3,500,000	151,400	75,700	75,700	35,046	40,654
2006	3,500,000	1,750,000	1,750,000	3,500,000	151,400	75,700	75,700	35,046	40,654
2007	3,500,000	1,750,000	1,750,000	3,500,000	151,400	75,700	75,700	35,046	40,654
2008	3,500,000	1,750,000	1,750,000	3,500,000	151,400	75,700	75,700	35,046	40,654
2009	3,500,000	1,750,000	1,750,000	3,500,000	151,400	75,700	75,700	35,046	40,654
2010	3,500,000	1,750,000	1,750,000	3,500,000	151,400	75,700	75,700	35,046	40,654
2011	3,500,000	1,750,000	1,750,000	3,500,000	151,400	75,700	75,700	35,046	40,654
2012	3,500,000	1,750,000	1,750,000	3,500,000	151,400	75,700	75,700	35,046	40,654
2013	3,500,000	1,750,000	1,750,000	3,500,000	151,400	75,700	75,700	35,046	40,654

- \* Undertake \$17.5 million of projects over ten years, assuming that costs for wastewater are 116% of costs for water
- \*\* Per policy, benefitting landowners will pay 50% of the project costs, either up-front or over the repayment period of 15 years
- \*\*\* Annual repayments are based on OMEIFA financing (3%, 40 years)

**Repayments**

In accordance with policy, benefitting landowners would be responsible for 50% of the cost of the projects. It has been assumed that both the City and the landowners would simply pay their respective shares over the term of the borrowing. The total annual repayments for each year of debenturing is shown below, for each option. Half of the repayments would come from per lot (frontage) charges and the remainder would be raised through water/wastewater rates.

	\$		Total Annual Repayments
			\$
Option 1	1.75 million / yr	Market	180,200
Option 1	1.75 million / yr	OMEIFA	146,600
Option 2	3.5 million / yr	Market	360,400
Option 2	3.5 million / yr	OMEIFA	293,200
Option 3a	1.75 million / yr	OMEIFA	75,700
Option 3b	3.5 million / yr	OMEIFA	151,400

**Rates**

In order to finance the City's share of the projects, water rates would have to be increased. The following chart shows how each option would affect the rates, by percentage and by dollar value for the average customer, consuming 240 cubic meters of water annually.

	\$		Water and Wastewater Annual Increase		Water and Wastewater Cumulative Increase	
			%	\$	%	\$
Option 1	1.75 million / yr	Market	.22	1.46	2.22	14.64
Option 1	1.75 million / yr	OMEIFA	.18	1.19	1.80	11.91
Option 2	3.5 million / yr	Market	.44	2.93	4.43	29.29
Option 2	3.5 million / yr	OMEIFA	.36	2.38	3.61	23.82
Option 3a	1.75 million / yr	OMEIFA	.09	0.62	0.93	6.15
Option 3b	3.5 million / yr	OMEIFA	.19	1.23	1.86	12.30

Any increase to the water rates would be in addition to the increased rates for inflation, maintenance of the Sustainable Capital Assets Management Plan and the implementation of any legislated water and wastewater programs.

**Total Costs**

The total costs to the City are shown below:

	\$		\$
Option 1	1.75 million / yr	Market	13,515,000
Option 1	1.75 million / yr	OMEIFA	10,995,000
Option 2	3.5 million / yr	Market	27,030,000
Option 2	3.5 million / yr	OMEIFA	21,990,000
Option 3a	1.75 million / yr	OMEIFA	15,140,000
Option 3b	3.5 million / yr	OMEIFA	30,280,000

Clearly, the longer term is more expensive.

**Summary**

In summary, it is recommended that Council implement the Long Term Financial Plan recommendations and address the Water/Wastewater priority list by:

- Directing the existing Capital Envelopes to be further increased by inflation
- Adopting an option from the Capital Financing Alternatives for implementation of the Long Term Financial Plan recommendations
- Adopting an option from the Capital Financing Alternatives for Water/Wastewater extensions
- Applying to the Ontario Municipal Economic Infrastructure Financing Authority to participate in this funding scheme, it being understood that OMEIFA financing will be utilized by the City wherever possible and that the open market will be used where necessary
- Obtaining a credit rating
- Suspending the moratorium on constructing new infrastructure for the Water/Wastewater priority list projects; and
- Adopting a revised policy on Water and Wastewater extensions.

Regardless of which of the recommendations of this report are adopted, the end result will be increased funding available to address our capital needs. Until the end of the twelve year forecast, needs still outweigh funding, and the funds should be allocated on a priority basis.

# Request for Recommendation Finance Committee



## Type of Decision

Meeting Date	September 22, 2003				Report Date	September 19, 2003			
Decision Requested	<input checked="" type="checkbox"/>	Yes		No	Priority	<input checked="" type="checkbox"/>	High		Low
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open		Closed

## Report Title

Capital Financing Alternatives

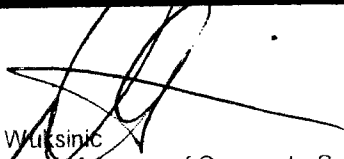
### Policy Implication + Budget Impact

<input checked="" type="checkbox"/>	This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.
N/A	
<input checked="" type="checkbox"/>	Background Attached

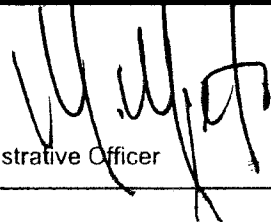
### Recommendation

<p>WHEREAS Council has adopted the Long Term Financial Plan which identified the need to have a Capital Levy and which recommended the use of a managed debt program;</p> <p>NOW THEREFORE BE IT RESOLVED THAT:</p> <ul style="list-style-type: none"> <li>▶ Inflation be applied to all existing Capital Envelopes</li> <li>▶ Option ____ of the Capital Financing Alternatives for implementation of the Long Term Financial Plan recommendations, as outlined in the report from the General Manager of Corporate Services dated September 19, 2003 be included in the 2004 Base Budget;</li> </ul>	
<input checked="" type="checkbox"/>	Recommendation Continued

### Recommended by the General Manager

  
D. Wukosinic  
General Manager of Corporate Services

### Recommended by the C.A.O.

  
M. Mieto  
Chief Administrative Officer

Date: September 19, 2003

Report Prepared By



C. Mahaffy  
Manager of Financial Planning & Policy / Deputy Treasurer

Division Review



S. Jonasson  
Director of Finance/City Treasurer

**RECOMMENDATION CONTINUED**

- ▶ The Ontario Municipal Economic Infrastructure Financing Authority program, where available, be utilized for any debenturing and the regular market be used if necessary;
- ▶ The General Managers of Public Works and Corporate Services make application to the Ontario Municipal Economic Infrastructure Financing Authority to participate in the funding scheme (if above options are approved);
- ▶ A report be prepared before the end of the year recommending capital envelope priorities, based on the additional capital funding approved.

WHEREAS Council has requested capital financing alternatives in order to address infilling of Water and Wastewater services;

NOW THEREFORE BE IT RESOLVED THAT:

- ▶ Option WWW of the Capital Financing Alternatives for Water/Wastewater extensions as outlined in the report from the General Manager of Corporate Services dated September 19, 2003 be included in the 2004 Base Budget and the calculation of future Water/Wastewater rates;
- ▶ The Ontario Municipal Economic Infrastructure Financing Authority program, where available, be utilized for any debenturing and the regular market be used if necessary;
- ▶ The General Managers of Public Works and Corporate Services make application to the Ontario Municipal Economic Infrastructure Financing Authority to participate in the funding scheme (if above options are approved);
- ▶ Council policy to maintain existing infrastructure only, and not build new infrastructure be suspended for Water and Wastewater projects on the Priority List, in order to address these servicing needs;
- ▶ The Policy on Water and Wastewater Extensions be amended as outlined in this report.

Date: September 19, 2003

## BACKGROUND

In December of 2002, Council approved the Long Term Financial Plan (LTFFP), prepared by Hemson Consulting, which identified significant capital funding gaps in excess of \$40 million per year. The consultants also suggested three alternatives to funding these capital needs. The recommended option, (Option #2 found on page 27 of the LTFFP) was:

"Implement an Infrastructure Renewal Levy which will generate sufficient tax dollars in 2012 to meet the annual capital gap, combined with managed use of debt financing in order to complete 70 percent of the identified Capital Financing Gap of \$343.6 million. No debt would be issued after 2012."

This option recommended the use of debt financing of approximately \$6 million per year for 10 years for some of the infrastructure needs, together with the implementation and continuation of an annual Infrastructure Renewal Levy in the amount of 2.27% of the previous year's levy. The annual debt repayments are included in the recommended Capital Levy.

As Council is aware, every municipality in Ontario has an Annual Repayment Limit (ARL) which is a calculation provided by the Province annually, and which must be updated by the Treasurer throughout the year. All of the debt repayments calculated for the options presented in this report are well within the City of Greater Sudbury's ARL, which is in the vicinity of \$40 million.

Another component of the LTFFP was to automatically increase the existing capital envelopes each year by an inflation amount. Without incorporating this increase, the funding gap will widen each year as project costs increase while capital contributions remain constant.

Although the LTFFP was adopted by Council, none of the capital levy, the managed debt program, nor the inflation increases to the existing envelopes were implemented in 2003. Council did permanently increase the roads capital envelope by \$588,000 in 2003, and some of the other issues identified in the LTFFP were addressed on a one-time basis, such as the contribution to the Social Housing, Ontario Works and the Sick Leave Reserves.

Since the adoption of the Plan, the Province of Ontario has introduced the Ontario Municipal Economic Infrastructure Financing Authority (OMEIFA) financing. Under this program, municipalities may finance certain infrastructure renewal projects at a rate considerably less than that available on the open market. Were the City to take advantage of this opportunity, basically only Roads, Solid Waste, Transit, Water and Wastewater projects could be debentured. Funding the gap for other capital needs would occur through the new annual capital levy, debenturing through the regular market, and the inflation applied to each envelope. Only Roads, Solid Waste, or Transit projects can be addressed under the OMEIFA options in the first part of the report, while Water and Wastewater projects are the topic of the second part.

At the June 25<sup>th</sup> meeting of the Priorities Committee, through recommendation 2003-45, a Financing Plan was to be brought back to Council in the Fall of this year outlining various options in keeping with the LTFFP for funding Capital infrastructure. The recommendations were to include a capital levy and use of the OMEIFA financing.

**Date: September 19, 2003**

This report will present two options to fully implement the LTFP recommendations to fund the capital gap, as adopted by Council. Each of these options includes both the annual capital levy and the inflation of existing capital envelopes. The options are:

- ▶ \$6.1 annual debenture issue for 10 years, for Roads, Solid Waste and/or Transit projects only, utilizing OMEIFA funding, if possible,
- ▶ \$15.25 annual debenture issue for 4 years, for Roads, Solid Waste and/or Transit projects only, utilizing OMEIFA funding, if possible .

In addition, during the 2003 budget process Councillor Davey requested funding options which would allow water and wastewater extensions in accordance with the approved priority list. A further two options have been developed to address this need in the second part of the report. These options also involve debenturing, again using OMEIFA funding, if possible.

The two issues are separated because water and wastewater capital needs are funded through the water and wastewater rates while all other capital is funded through the taxation levy.

***All of the charts in the report are attached, in larger print.***

Date: September 19, 2003

**Implementation of the Long Term Financial Plan Recommendations**

*(For all options, it should be noted that all debt repayments are included in the 2.27% Capital Levy, not in addition to it)*

**Option 1 - Implement a Capital Levy of 2.27% of the previous year's Net Levy and have a managed debt program of debenturing approximately \$6.1 million per year for the next 10 years, at market rates**

This is the recommendation from the Long Term Financial Plan, as adopted by Council last December. The recommendation was not implemented in 2003, but implementing the program in 2004 will achieve the same results by 2013, rather than 2012 as indicated in the study.

The chart below shows that over the ten year period, the cumulative capital levy is estimated to be about \$40 million (column 2), which will fully address the annual funding gap identified in the LTFP, and brings the capital component of the budget to the amount necessary to meet the projected annual needs at the end of ten years. It also allows for about 70% of the outstanding capital needs to be addressed during the period.

Column 9 in each of the charts illustrates the amount of capital which can be undertaken during each of the ten years, including the amount to be debentured.

CITY OF GREATER SUDBURY Long Term Financial Plan - Capital Financing Alternatives Option 1 - 2.27% Capital Levy and Debentures at Market									Option 1
Year	1 Estimated * 2.27% Capital Levy \$	2 Cumulative Cap Levy \$	3 Portion for** Debt Repay. \$	4 (1-3) Net Cum. New Capital \$	5 10-Year *** Capital Policy Incr. To Env. \$	6 Est. Infla- tion - 2% \$	7 Est **** Existing Envelopes \$	8 (4+7) Total Capital Excl Debt \$	9 Capital to be Under- taken \$
2003								19,692,275	
2004	2,914,816	2,914,816	648,800	2,266,016	750,000	393,846	20,836,121	23,102,137	29,202,137
2005	3,279,168	6,193,984	1,297,600	4,896,384	749,235	416,722	22,002,078	26,898,462	32,998,462
2006	3,492,314	9,686,298	1,946,400	7,739,898	127,000	440,042	22,569,119	30,309,017	36,409,017
2007	3,687,884	13,374,182	2,595,200	10,778,982	139,279	451,382	23,159,781	33,938,763	40,038,763
2008	3,887,029	17,261,211	3,244,000	14,017,211	46,423	463,196	23,669,399	37,686,610	43,786,610
2009	4,096,929	21,358,140	3,892,800	17,465,340	-	473,388	24,142,787	41,608,127	47,708,127
2010	4,314,066	25,672,206	4,541,600	21,130,606	28,383	482,856	24,654,026	45,784,632	51,884,632
2011	4,542,712	30,214,918	5,190,400	25,024,518	82,713	493,081	25,229,820	50,254,338	56,354,338
2012	4,783,476	34,998,394	5,839,200	29,159,194	-	504,596	25,734,416	54,893,610	60,993,610
2013	5,037,000	40,035,394	6,488,000	33,547,394	-	514,688	26,249,104	59,796,498	65,896,498

\* Based on Long Term Financial Plan recommendations

\*\* \$6.1 million/year debt issued for 10 years for \$61 million in debentures (15 years, 6.5%)

\*\*\* As adopted by Council in April, 2001 and since amended (changes to envelopes plus any decreased debt repayments)

\*\*\*\* Excludes Water and Wastewater Envelopes

Using the regular market place to issue debentures would make the annual debenture repayments reach their maximum of \$6,488,000 in 2014, and all of the issued debt would be repaid by 2028. Using the regular market place for the debentures means any project could be debentured. The projects to be undertaken as funding becomes available would be decided by Council, on a priority basis.

Date: September 19, 2003

**Option 1 continued - Implement a Capital Levy of 2.27% of the previous year's Net Levy and have a managed debt program of debenturing approximately \$6.1 million per year for the next 10 years through OMEIFA**

The second part of Option 1 illustrates using OMEIFA for debenturing eligible projects. The cost of debenturing the projects is considerably reduced because of the lower interest rates available through OMEIFA. Again, implementing this option in 2004 will achieve the same results indicated in the study, but in 2013 rather than 2012.

The chart below shows that over the ten year period, the cumulative capital levy is still estimated to be about \$40 million, and the capital component of the budget is sufficient to meet the projected annual capital needs at the end of ten years. It also allows for 70% of the outstanding needs to be addressed during the period. The differences are that the maximum annual repayment amount is \$5.2 million rather than the \$6.5 million illustrated in the previous chart, and the total capital, shown in column 8 is \$61.1 million rather than \$59.8 million.

Column 9 shows that the total amount of capital to be undertaken is increased from the first chart, by the difference in the repayment amounts.

Option 1

**CITY OF GREATER SUDBURY  
Long Term Financial Plan - Capital Financing Alternatives  
Option 1 - 2.27% Capital Levy and Debentures through OMEIFA**

Year	1 Estimated * 2.27% Capital Levy \$	2 Cumulative Cap Levy \$	3 Portion for** Debt Repay. \$	4 (1-3) Net Cum. New Capital \$	5 10-Year *** Capital Policy Incr. To Env. \$	6 Est. Infla- tion - 2% \$	7 Est **** Existing Envelopes \$	8 (4+7) Total Capital Excl Debt \$	9 Capital to be Under- taken \$
2003								19,692,275	
2004	2,914,816	2,914,816	520,300	2,394,516	750,000	393,846	20,836,121	23,230,637	29,330,637
2005	3,279,168	6,193,984	1,040,600	5,153,384	749,235	416,722	22,002,078	27,155,462	33,255,462
2006	3,492,314	9,686,298	1,560,900	8,125,398	127,000	440,042	22,569,119	30,694,517	36,794,517
2007	3,687,884	13,374,182	2,081,200	11,292,982	139,279	451,382	23,159,781	34,452,763	40,552,763
2008	3,887,029	17,261,211	2,601,500	14,659,711	46,423	463,196	23,669,399	38,329,110	44,429,110
2009	4,096,929	21,358,140	3,121,800	18,236,340	-	473,388	24,142,787	42,379,127	48,479,127
2010	4,314,066	25,672,206	3,642,100	22,030,106	28,383	482,856	24,654,026	46,684,132	52,784,132
2011	4,542,712	30,214,918	4,162,400	26,052,518	82,713	493,081	25,229,820	51,282,338	57,382,338
2012	4,783,476	34,998,394	4,682,700	30,315,694	-	504,596	25,734,416	56,050,110	62,150,110
2013	5,037,000	40,035,394	5,203,000	34,832,394	-	514,688	26,249,104	61,081,498	67,181,498

\* Based on Long Term Financial Plan recommendations

\*\* \$6.1 million/year debt issued for 10 years for \$61 million in debentures (15 years, 3.25%)

\*\*\* As adopted by Council in April, 2001 and since amended (changes to envelopes plus any decreased debt repayments)

\*\*\*\* Excludes Water and Wastewater Envelopes

It should, however, be pointed out that there is no guarantee that OMEIFA funding will still be available to municipalities for the next ten year period, but that assumption has been made for purposes of this chart. Using OMEIFA to issue debentures would make the annual debenture repayments reach their maximum of \$5,203,000 in 2014, and all of the issued debt would still be repaid by 2028. Using OMEIFA financing for the debentures means only Roads, Solid Waste or Transit projects could be debentured. Other capital needs would be funded through the existing envelopes, debenturing at market, and the portion of the capital levy not required for debt repayment. Again, the other capital needs would be undertaken on a priority basis, as decided by Council.

Date: September 19, 2003

**Option 2 - Implement a Capital Levy of 2.27% of the previous year's Net Levy and have a managed debt program of debenturing approximately \$15.25 million per year for the next 4 years at market rates**

This option modifies the recommendation from the Long Term Financial Plan by accelerating the debenturing program. The total cost of debenturing the projects is identical to that in Option 1, but the debt would be fully repaid 6 years earlier. Again, implementing this option in 2004 will achieve the same results indicated in the study, but in 2013 rather than 2012.

The chart below shows that over the ten year period, the cumulative capital levy is still estimated to be about \$40 million, which fully addresses the annual funding gap, and brings the capital component of the budget to the amount necessary to meet the projected annual needs at the end of ten years. It also allows for 70% of the outstanding needs to be addressed during the period.

Column 9 illustrates the increase in capital which can be undertaken during the first four years, as compared to Option 1, and also shows that total capital undertaken would be less in the later years.

CITY OF GREATER SUDBURY									Option 2
Long Term Financial Plan - Capital Financing Alternatives									
Option 2 - 2.27% Capital Levy and Accelerated Debenturing at Market									
Year	1 Estimated * 2.27% Capital Levy \$	2 Cumulative Cap Levy \$	3 Portion for** Debt Repay. \$	4 (1-3) Net Cum. New Capital \$	5 10-Year *** Capital Policy Incr. To Env. \$	6 Est. Infla- tion - 2% \$	7 Est **** Existing Envelopes \$	8 (4+7) Total Capital Excl Debt \$	9 Capital to be Under- taken \$
2003								19,692,275	
2004	2,914,816	2,914,816	1,621,900	1,292,916	750,000	393,846	20,836,121	22,129,037	37,379,037
2005	3,279,168	6,193,984	3,243,800	2,950,184	749,235	416,722	22,002,078	24,952,262	40,202,262
2006	3,492,314	9,686,298	4,865,700	4,820,598	127,000	440,042	22,569,119	27,389,717	42,639,717
2007	3,687,884	13,374,182	6,488,000	6,886,582	139,279	451,382	23,159,781	30,046,363	45,296,363
2008	3,887,029	17,261,211	6,488,000	10,773,611	46,423	463,196	23,669,399	34,443,010	34,443,010
2009	4,096,929	21,358,140	6,488,000	14,870,540	-	473,388	24,142,787	39,013,327	39,013,327
2010	4,314,066	25,672,206	6,488,000	19,184,606	28,383	482,856	24,654,026	43,838,632	43,838,632
2011	4,542,712	30,214,918	6,488,000	23,727,318	82,713	493,081	25,229,820	48,957,138	48,957,138
2012	4,783,476	34,998,394	6,488,000	28,510,794	-	504,596	25,734,416	54,245,210	54,245,210
2013	5,037,000	40,035,394	6,488,000	33,547,794	-	514,688	26,249,104	59,796,898	59,796,898

\* Based on Long Term Financial Plan recommendations

\*\* \$15.25 million/year debt issued for 4 years for \$61 million in debentures (15 years, 6.5%)

\*\*\* As adopted by Council in April, 2001 and since amended (changes to envelopes plus any decreased debt repayments)

\*\*\*\* Excludes Water and Wastewater Envelopes

Using the regular market place to issue debentures would make the annual debenture repayments reach their maximum of \$6,488,000 in 2007, and all of the issued debt would be repaid by 2022. Using the regular market place for the debentures means any project could be debentured. The projects to be undertaken as funding becomes available would be decided by Council, on a priority basis.

Date: September 19, 2003

**Option 2 continued - Implement a Capital Levy of 2.27% of the previous year's Net Levy and have a managed debt program of debenturing approximately \$15.25 million per year for the next 4 years through OMEIFA**

The second part of Option 2 illustrates using OMEIFA for debenturing eligible projects. The cost of debenturing the projects is considerably reduced because of the lower interest rates available through OMEIFA. This is illustrated in the chart below.

CITY OF GREATER SUDBURY Long Term Financial Plan - Capital Financing Alternatives Option 2 - 2.27% Capital Levy and Accelerated OMEIFA Debenturing									Option 2
Year	1 Estimated * 2.27% Capital Levy \$	2 Cumulative Cap Levy \$	3 Portion for** Debt Repay. \$	4 (1-3) Net Cum. New Capital \$	5 10-Year *** Capital Policy Incr. To Env. \$	6 Est. Infla- tion - 2% \$	7 Est **** Existing Envelopes \$	8 (4+7) Total Capital Excl Debt \$	9 Capital to be Under- taken \$
2003								19,692,275	
2004	2,914,816	2,914,816	1,300,700	1,614,116	750,000	393,846	20,836,121	22,450,237	37,700,237
2005	3,279,168	6,193,984	2,601,400	3,592,584	749,235	416,722	22,002,078	25,594,662	40,844,662
2006	3,492,314	9,686,298	3,902,100	5,784,198	127,000	440,042	22,569,119	28,353,317	43,603,317
2007	3,687,884	13,374,182	5,202,800	8,171,382	139,279	451,382	23,159,781	31,331,163	46,581,163
2008	3,887,029	17,261,211	5,202,800	12,058,411	46,423	463,196	23,669,399	35,727,810	35,727,810
2009	4,096,929	21,358,140	5,202,800	16,155,340	-	473,388	24,142,787	40,298,127	40,298,127
2010	4,314,066	25,672,206	5,202,800	20,469,406	28,383	482,856	24,654,026	45,123,432	45,123,432
2011	4,542,712	30,214,918	5,202,800	25,012,118	82,713	493,081	25,229,820	50,241,938	50,241,938
2012	4,783,476	34,998,394	5,202,800	29,795,594	-	504,596	25,734,416	55,530,010	55,530,010
2013	5,037,000	40,035,394	5,202,800	34,832,594	-	514,688	26,249,104	61,081,698	61,081,698

\* Based on Long Term Financial Plan recommendations  
 \*\* \$15.25 million/year debt issued for 4 years for \$61 million in debentures (15 years, 3.25%)  
 \*\*\* As adopted by Council in April, 2001 and since amended (changes to envelopes plus any decreased debt repayments)  
 \*\*\*\* Excludes Water and Wastewater Envelopes

Using OMEIFA to issue debentures on an accelerated program would make the annual debenture repayments reach their maximum of \$5,203,000 in 2007, and all of the issued debt would be repaid by 2022. Again, using OMEIFA financing for the debentures means only Roads, Solid Waste, or Transit projects could be debentured. Public Works indicates that although it would be possible to undertake a Roads program at this accelerated rate, it might well be too disruptive to the public. The differences between the two charts are that maximum repayments are \$5.2 million rather than \$6.5 on the previous chart, while total capital in column 8 is \$61.1 million rather than \$59.8 million.

Column 9 shows the greater amount of total capital to be undertaken, as a result of the lower repayments.

Other capital needs would be funded through the envelopes and the portion of the capital levy not required for debt repayment. Again, the other capital needs would be undertaken on a priority basis, as decided by Council. The timing would be different than in Option 2 since more of the capital levy would be required to repay debt in the earlier years, but the debt would be repaid sooner, freeing up the funding for other capital needs.

## **Capital Financing Alternatives - Water / Wastewater Projects**

### ***Water/Wastewater Priority List***

In 1998 a priority list for Water / Wastewater projects was approved by the former Region (copy attached - Appendix A). At that time this list totaled \$28 million. To allow for changes and inflation since that time, a total of \$35 million has been used for the purpose of this report.

Two options have been developed to finance Water and Wastewater projects in order for the City to begin addressing the priority list for these services. The first option would allow the City to address half of the projects, while the second allows for the full priority list to proceed. For this report, and for illustrative purposes only, it has been assumed that wastewater projects will cost about 16% more than water projects. However, each project will have different costs. Some will affect both rates, some will affect only water rates, while others will affect only wastewater rates.

### ***Amendments to Existing Policies***

If Council decides to proceed with these projects, two existing policies must be addressed. The first is Council's policy to maintain infrastructure only and not expand services. If the priority list is to proceed, this policy should be suspended for water/ wastewater projects until the priority list (or a portion thereof) has been serviced.

The second policy is "Policy on Sewer and Water Extensions". This policy has been attached, as Appendix B. The proposed revised policy is as follows:

#### ***Policy on Water/Wastewater Extensions***

- That the authority provided in the Municipal Act be used for projects initiated by City Council;
- That each lot (parcel) at the time of project initiation be provided with one standard size service connection from main to lot line. Any lot (parcel) requiring a service larger than standard size must pay the difference up-front between the size required and standard size. Any additional connections requested will be paid for up-front, at actual costs;
- That any lot (parcel) created through the severance or subdivision process following project initiation be required to pay the appropriate per lot charge, plus the actual cost of any water and/or wastewater connection at that time;
- That the interest rate to be charged on repayments for those properties not paid up-front be the interest rate to be charged on debentures for the project; and
- That water and/or wastewater extension projects proceed, subject to the availability of capital funding or financing, based on the following criteria:
  - Every effort will be made to proceed with any project which receives Provincial subsidy
  - Projects must be on the Water/Wastewater Priority list, as adopted in March 1987, and as amended from time to time. It is further recommended that Council review this list annually, or as required, in order that any projects resulting from health-related issues may be added to or moved up on this list. Where possible, projects will proceed in priority order

- Per policy, all benefitting property owners must connect to newly constructed water and/or wastewater services
  
- Those benefitting property owners not providing up-front funding will be subject to the same per lot (parcel) charges, to be repaid annually over a period not to exceed fifteen (15) years, with the established rate of interest being used to calculate the repayment amount
  
- The annual repayments will be credited back to the appropriate cost centres in the current budget (either Water or Wastewater or both, depending on the project), in order to repay the debentured amounts.