

Town of Newmarket Capital Financing Strategy Updated Part 2 Report Presentation



Monday, April 7, 2014

HEMSON
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Today we will discuss...

- Study context
- Key recommendations
- Funding scenarios
- Next steps

Overall Study Context

1. Capital Financing Strategy (Parts 1 and 2)
 - The Part 1 Peer Review Study was submitted in January 2013
 - Part 2 Draft (mostly expense side) was presented to Council in November 2013
2. Development Charges Study and By-law (Part 3)
 - Town's by-laws expire on August 31, 2014
 - Work on inventories largely complete and 2014 capital budget will be basis of forecast

Updates from Previous Reports

- Integration of development-related capital and assessment growth
- Consideration of timing of development and expenditures (cash-flow)
- Preparation of overall funding scenarios

Key Recommendations

1. Establish dynamic asset inventory
 - Establish service level targets to assist with funding decisions
2. Consider more advanced (software) asset management solution
3. Create assessment management report cards

Key Recommendations (cont.)

4. Move to a 10-year capital budget
5. Establish three categories of capital (i.e. growth, repair & replacement, enhancement)
6. Establish a Storm Water Utility Rate

Key Recommendations (cont.)

7. Review and Update Corporate Debt Policy
8. Follow recently completed Investment Strategy
9. Other
 - Review carry-forward projects and reassign funds if projects are no longer required
 - Merge outdated, small or infrequently used capital reserves with the ARF or other reserves

Funding Option 1: Status Quo

- ARF contribution increases at inflation only
- RAS surcharge and operating capital held static
- Gas tax growth at 2% per year
- \$500M cumulative funding shortfall at 2033

Funding Option 2: Full Funding

- Full funding of useful life and replacement cost based contributions
- ARF contribution, RAS surcharge and operating capital increases with growth and inflation
- Requires 1.8% annual tax increase to 2033

Funding Option 3: Adjusted Targets

- Same as Option 2 with adjusted funding targets:

Asset Type	% of Ideal Contribution
Buildings	70%
Land Improvements	70%
Vehicles and Equipment	100%
Roads and Related	90%
Storm	100%

- Requires 1.08% annual tax increase to 2033

Funding Option 4: Rate Supported Storm

- Adjusted funding targets
- Assume taxation room from storm infrastructure is applied to other tax-supported assets
- Requires 0.85% annual tax increase to 2033

Next Steps

- Respond to any questions from Council
- Continue work on DC Study (Part 3)
 - Council Committee presentation on May 12