

CAPITAL PLAN

Introduction

The City acquires, operates, maintains and renews assets to support the delivery of services to residents, businesses, partner agencies and visitors. Roads, rail lines, bridges and sidewalks provide transportation networks to move goods and people, while watermains and treatment infrastructure ensure safe drinking water is available. Recreation centres and playgrounds are community gathering places where people learn, play, stay healthy and interact with one another. Fire trucks and snow ploughs are required to support emergency services and keep our city safe and accessible all year long. In total, the assets owned by the City amount to an estimated replacement value in excess of \$3.8 billion.

The City uses a risk-based approach to capital planning that prioritizes and balances the City's needs in a sustainable manner. The need to build and acquire new infrastructure to service development is ongoing, all while the City must maintain, renew, rehabilitate and replace existing aging assets, particularly roads, facilities, sanitary/storm water drainage systems, fleet, and water supply and treatment systems.

To ensure that the City manages its existing and future assets responsibly and is able to financially support future development, the application of leading asset management practices was a foundational element in the preparation of the 2019-2028 Capital Plan.

In 2009, the City developed a Corporate Asset Management Strategy focused on evidence-based decision making, risk management, and optimizing investment of limited financial resources to support service levels. Decisions about where to allocate capital and operating funds leverage data from computerized maintenance management systems like Cityworks, CFA and Archibus. Supplemented with increased asset condition assessments, this data is further used as input to risk calculations that consider both the probability and consequence of asset failure to prioritize investment decisions.

Council's Direction

In June 2018, Council's direction for future Capital Plans was as follows: That the previous year's capital plan be used to develop:

- 1 year approved Capital Budget (2019) with multi-year approvals in accordance with the capital control policy;
- 4 year Capital Forecast (2020 – 2023); and
- 5 year Capital Outlook (2024 - 2028).

Further, the objective was to prepare the 2019 Capital Plan with appropriate consideration of:

- Council's 2014-2018 strategic goals;
- Continued focus on the execution of the Growth Management Plans;
- Investment in renewing the City's current infrastructure utilizing a risk based approach to project selection;
- Availability of financial resources and consideration of the Financial Policy Framework; and
- Availability of staff resources to do the work.



Capital Needs Prioritization

A key element of a sustainable, coordinated capital program is the ability to compare competing needs and priorities across the Corporation. Within the City's capital planning framework, projects are analyzed and assigned scores depending on driving factors. In general, for projects that are addressing existing asset renewal and replacement needs, a Business Risk Exposure calculation is undertaken and used as one of many factors to prioritize the project when comparing it to other community needs. If the project is being driven by the need to expand existing services and assets or for the provision of new services and assets, an Importance and Urgency calculation is undertaken and used to prioritize the project against all other needs. Scoring for each type of project is mapped on a four quadrant matrix. In 2017, the Environmental Commissioner of Ontario, in the Annual Energy Conservation Progress Report highlighted the City of Barrie's project prioritization process as an example of the benefits of a structured decision making process.

Projects for which funds are being requested in the 2019-2028 Capital Plan have been identified to begin addressing the highest priority and most critical needs that the City of Barrie is facing over the next 10 years. In addition to the Business Risk Exposure and Importance/Urgency scoring, the following additional criteria and filters were considered:

- **Resourcing:** Each department reviewed their total work plan to ensure that the City has the resources to deliver the projects proposed to be committed for 2019.
- **Readiness:** The status of each project was reviewed to ensure that projects would be ready to proceed to the phase proposed to be committed for 2019, with a focus on delivering the plan as recommended.
- **Affordability:** Funding for each year was reviewed to ensure that the use of the Dedicated Infrastructure Renewal Fund and the Federal Gas Tax Fund are maximized, and that the draws from reserves, and reliance on debt are affordable.

- **Growth principles:** In 2009/10 Council endorsed "10 Principles for Growth and Planning for the Annexed Lands". The most applicable principle to capital planning is "that municipal services...be built at the same time or in advance of the issuance of occupancy". To this end, infrastructure projects are included as per the Infrastructure Implementation Plan (IIP), and facility projects to service the secondary plan lands are included to align with anticipated occupancy. The expectation is that the affordability of the growth projects will be monitored on an ongoing basis. A number of projects in the IIP will be delivered by developers, but are included in the City's capital plan as the developers will be entitled to development charge credits to offset the project delivery costs. The City has included these projects such that the timing aligns with the development plans, however it should be noted that the timing and costs are being reviewed regularly with the development community.

A significant amount of time and resources went into the prioritization of projects for the 2018 capital plan. With the goal of continuous improvement, the intent while preparing the 2019 Capital Plan was to build on the foundation of the existing capital plan. This means the emphasis was on refining projects in the existing plan in regard to the scope, budget dollars, and timing of cash flow requirements, and incorporating any newly identified critical projects while also rounding out 2028 for a complete 10 year plan.



2019 – 2023 Capital Budget	2019		2020		2021		2022		2023		Grand Total	
Previously Approved (Committed)	\$	99,833,478	\$	42,795,080	\$	993,100		\$	–	\$	143,621,658	
New Capital Requests	\$	87,870,222	\$	26,515,952	\$	5,608,933				\$	119,995,107	
New Investment and Service Recommendations (for Operating Budget requests)	\$	65,133	\$	–	\$	–	\$	–	\$	–	\$	65,133
Total 2019 Capital Budget	\$	187,768,833	\$	69,311,032	\$	6,602,033	\$	–	\$	–	\$	263,681,898
Forecast	\$	–	\$	157,794,818	\$	199,461,971	\$	165,679,676	\$	186,137,914	\$	709,074,379
Grand Total 2019-2023 Capital Budget	\$	187,768,833	\$	227,105,850	\$	206,064,004	\$	165,679,676	\$	186,137,914	\$	972,756,277

The total recommended capital budget for 2019 is approximately \$188 million, including \$88 million in new funding and \$100 million that was approved previously. The \$100 million in previously approved funding is primarily comprised of \$25 million for the Harvie Road and Big Bay Point Road New Crossing project and associated projects, \$43 million that was approved in June 2017 for the Barrie-Simcoe Emergency Services Campus and \$31 million for various projects approved through previous capital budgets. Capital costs associated with recommended service level change forms for 2019 account for \$65,133.

The City's Capital Project Financial Control Policy provides for multi-year approvals for capital projects where a single phase will be implemented over multiple years. Some of the projects being proposed for 2019 will be in the initial year of a multi-year phase. **For these projects, City Council is approving the related future year budgets as well.** The table above details the amounts recommended for approval for 2019, as well as the amounts that will be committed for 2020 - 2023 as a result of approving the 2019 Capital Budget. The total funding to be approved through the 2019 process, including future year commitments is \$120 million. As part of the 2019 budget request approximately \$26 million of funds are requested for 2020. This value is primarily comprised of the McKay Road Right of Way (ROW) project, Veterans Drive New Trunk Watermain and Road Expansion project and Lockhart Road New Watermain, Reservoir and ROW Expansion project. These 3 important projects will service growth in the Secondary Plan Area and make up approximately 50% of the \$26 million.

Funding associated with project phases starting beyond 2019 will be identified as a forecasted amount only, and will not be recommended for approval until that phase begins. Forecast amounts and timing will be revisited each year through the annual capital planning process, and are subject to change as new, better information is available. The "Grand Total 2019 – 2023 Capital Plan" line represents the anticipated budget totals for all five years of the capital plan, including forecast amounts, previously approved funds and current budget requests.



What's in the Plan?

The charts in this section have been prepared to represent the new budget requests through the 2019 capital plan, the funds committed for 2019 in prior years, and also the full five-year budget and forecast.

The pie chart on the following page shows the total capital funding that is being recommended for approval in 2019, divided by asset class or major investment area. Partnerships represent contributions to the County of Simcoe, Georgian College and RVH. Beginning in the 2017 Business Plan and continuing into 2018, one time studies or projects of significant value were captured in the capital plan rather than departmental operating budgets. This approach is continuing in 2019 and these have been aggregated in the Corporate Studies & Projects portion of the chart.

Infrastructure accounts for the majority of the City's \$3.8 billion in assets, so it isn't surprising that over 60% of the City's capital investment recommended in this capital budget is related to infrastructure. Here the total investment in infrastructure has been separated into transportation, water, sanitary and storm infrastructure, however staff strive to consider all needs within a right-of-way when planning for infrastructure investment.

The current construction phase for the Harvie Road crossing of Highway 400, and associated projects accounts for approximately \$57 million, or about one third of the \$164 million in infrastructure requests. The plan includes a number of Developer led projects in the Secondary Plan Areas that will be funded through DC credits from the City, which account for approximately \$35 million in infrastructure requests in 2019. A further \$8.2 million is being requested to widen and reconstruct Mapleview Drive East from Country Lane to Yonge Street. Some other infrastructure projects that have budget requests for 2019 include Dunlop Street Corridor Improvements, Duckworth Street ROW Expansion and Hurst Drive Rehabilitation. Design work will continue on a number of Neighbourhood Renewal projects, focused on the most critical infrastructure renewal needs. The 2019 request also includes \$3.7 million to continue the Road Resurfacing program which is a proactive approach to pavement management, and other smaller programs targeting sewer and water main needs.

A number of City buildings require significant renewal investment to protect the City's investment, to support service delivery in the former City boundary and the secondary plan areas. The 2019 budget request pie chart includes \$46 million for the continuation of the construction phase for the Barrie-Simcoe Emergency Services Campus which will eventually replace several existing facilities which would otherwise require investment in repairs, and will also provide improved service throughout the City. The second year of construction for the Year Round Downtown Market is in 2019 which amounts to \$3.9 million. The remaining investment in buildings relates to various fire stations, recreation centres, the Marina Welcome Centre and the Landfill Household Hazardous Recycling Depot.

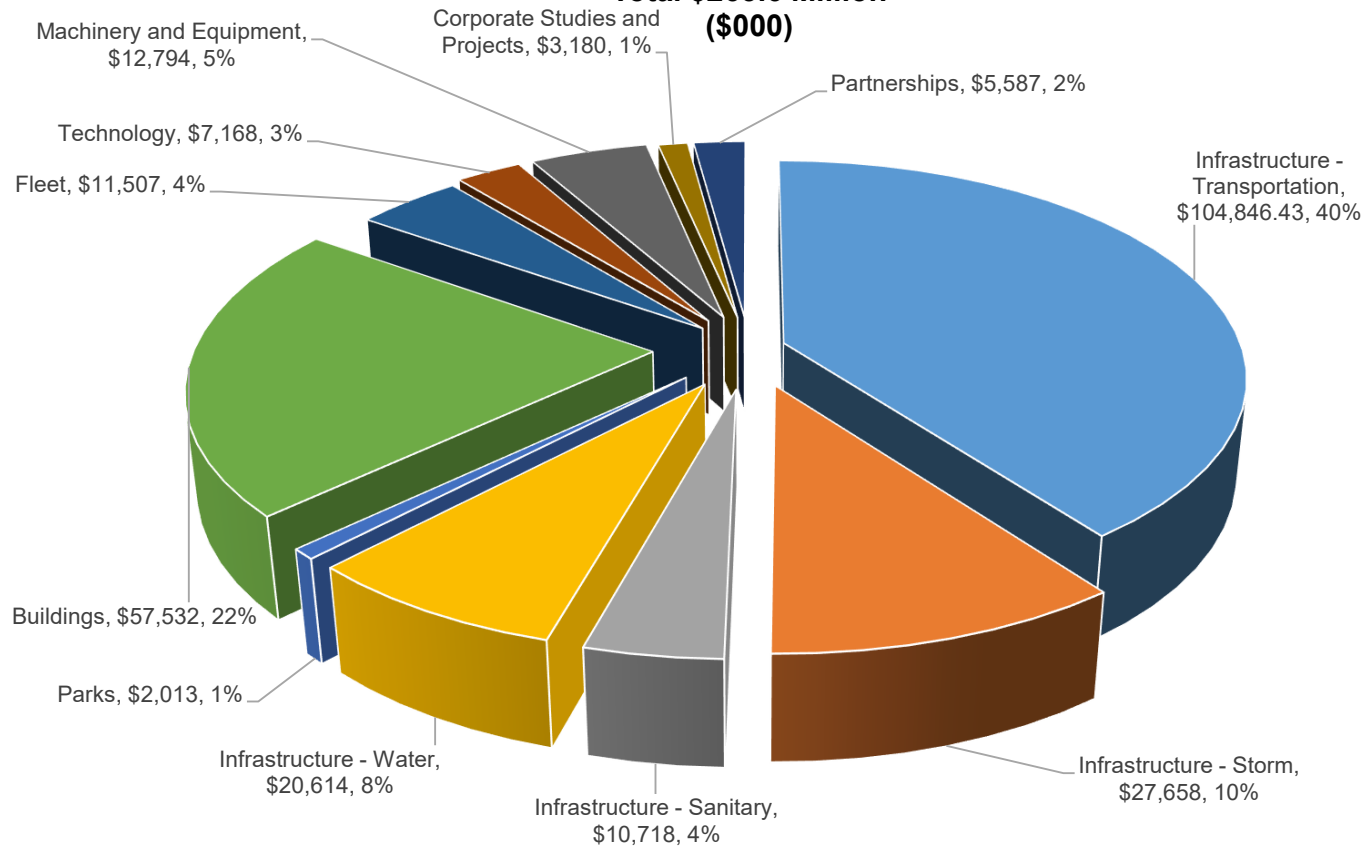
Starting in 2019, fleet reinvestment is being considered a program which has a 2019 request of \$10.2 million to replace any Light, Medium and Heavy Duty vehicles that have reached the end of their useful lives. This program will not include Transit fleet replacement costs or acquisition of new fleet vehicles that are required for the primary purpose of servicing growth. Investment in fleet replacement supports operations in various service areas throughout the City. In addition to the new Fleet Replacement Program budget request, there is also a request for \$1.3 million to replace two transit buses.

The majority of the parks investment is attributed to the continuation of the Painswick Park Rehabilitation which will see the construction of a community park, with 2 lit baseball diamonds to replace those lost at Georgian Fields. Other large park investments are the playground and tennis/pickleball court rehabilitation programs.

The largest investments in the Technology area relate to the Integration Engine (nearly \$1.2 million over three years) sustaining existing hardware and systems through programs such as the Corporate PC Infrastructure Program and Network Technology Infrastructure Program. The Machinery and Equipment asset class encompasses a range of projects from street light pole upgrades in conjunction with Alectra, fire-fighting equipment, and improvements at the Wastewater Treatment Facility.

2019 Requested Budget By Asset Class & Investment Area

Total \$263.6 Million
(\$000)



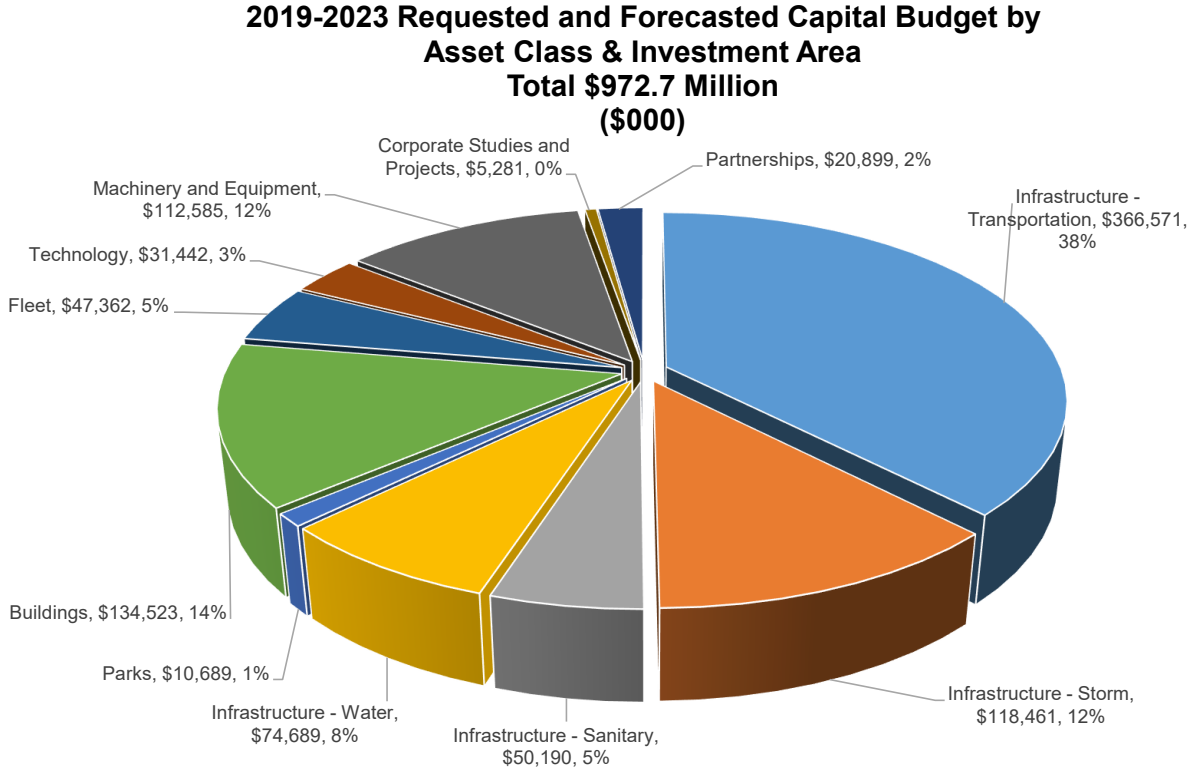
When considering the 5-year plan from 2019-2023, the investment profile for several asset classes and investment areas shifts from what is seen in 2019. The majority of the spending on the Barrie-Simcoe Emergency Services Campus will be complete in 2019, so the overall investment in the Buildings asset class decreases from 22% of the 2019 budget request to 14% of the 5-year plan. Additional facilities projects within the 5 year window include Hewitt's Creek Community Centre and Library, a major renovation to the existing Operations Centre to address aging, deteriorated components, and the continuation of a City Hall Revitalization project as well as other renewal needs throughout the Buildings portfolio.

Investment in infrastructure is planned to stay steady with a slight increase from 62% of the 2019 budget request to 63% over the full 5 year plan. This is primarily attributable to large scale projects that extend over multiple years, within the 5 year plan window. Much of the proposed spending is for storm

infrastructure including a number of significant culvert upgrades to mitigate flooding, both in established, long-urbanized areas of the City, and associated with transportation improvements in the secondary plan areas.

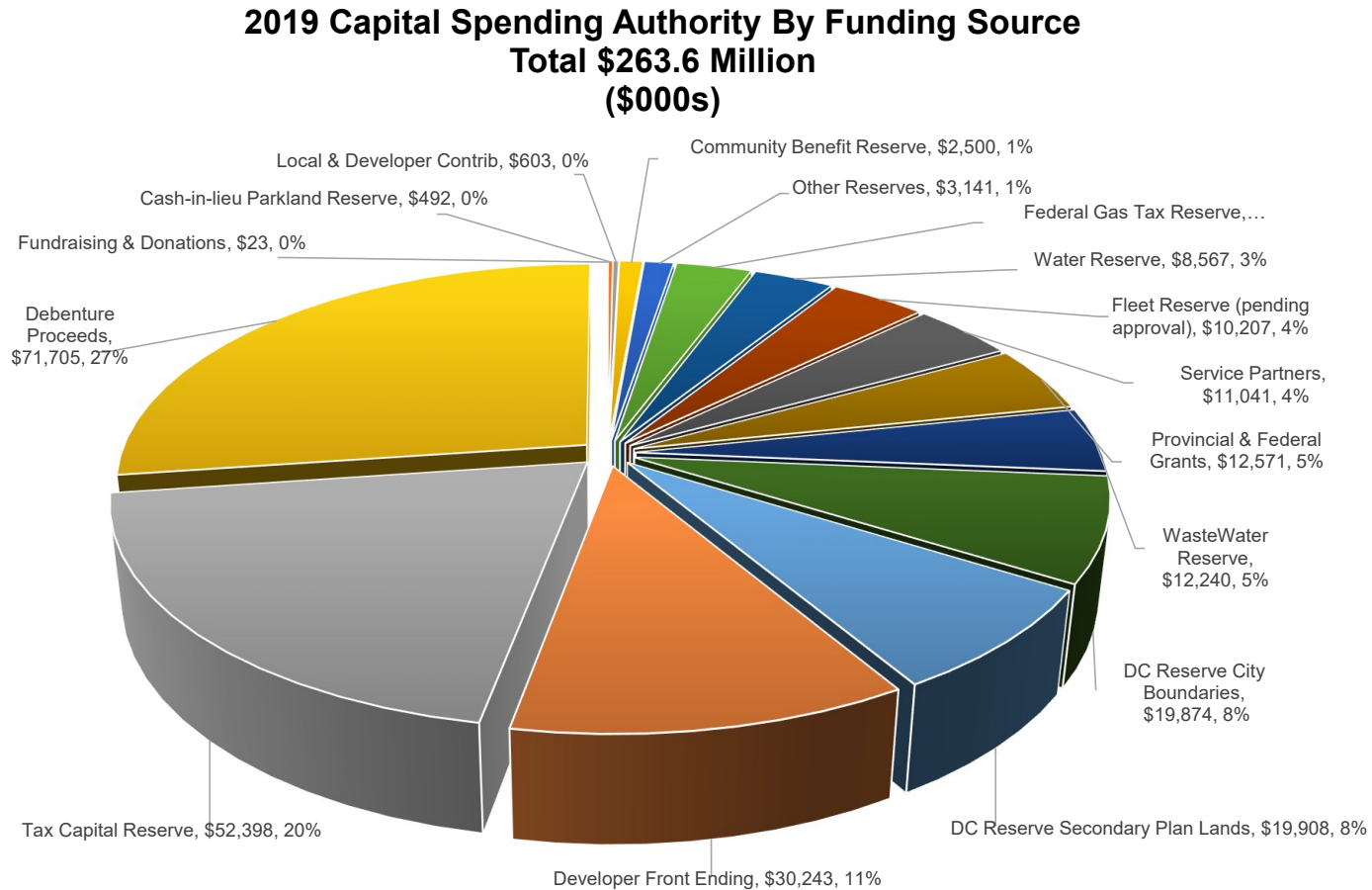
The investment in Machinery and Equipment is expected to increase from 5% of the 2018 budget request to 12% of the 5-year plan. This is primarily due to the \$60 million in improvements at the Wastewater Treatment Facility (WwTF) to reduce phosphorus in Lake Simcoe, with the majority of spending planned to begin in 2020. Along with this project, there are other projects that should be noted, such as Anne St New 3N and 2N Booster Pump Stations, Minets Point Sewage Pump Station and various other projects at the WwTF.

Investment in other areas will remain relatively the same in terms of percentage of the total plan, with infrastructure continuing to make up the majority of the capital spending.



How is the Plan Funded?

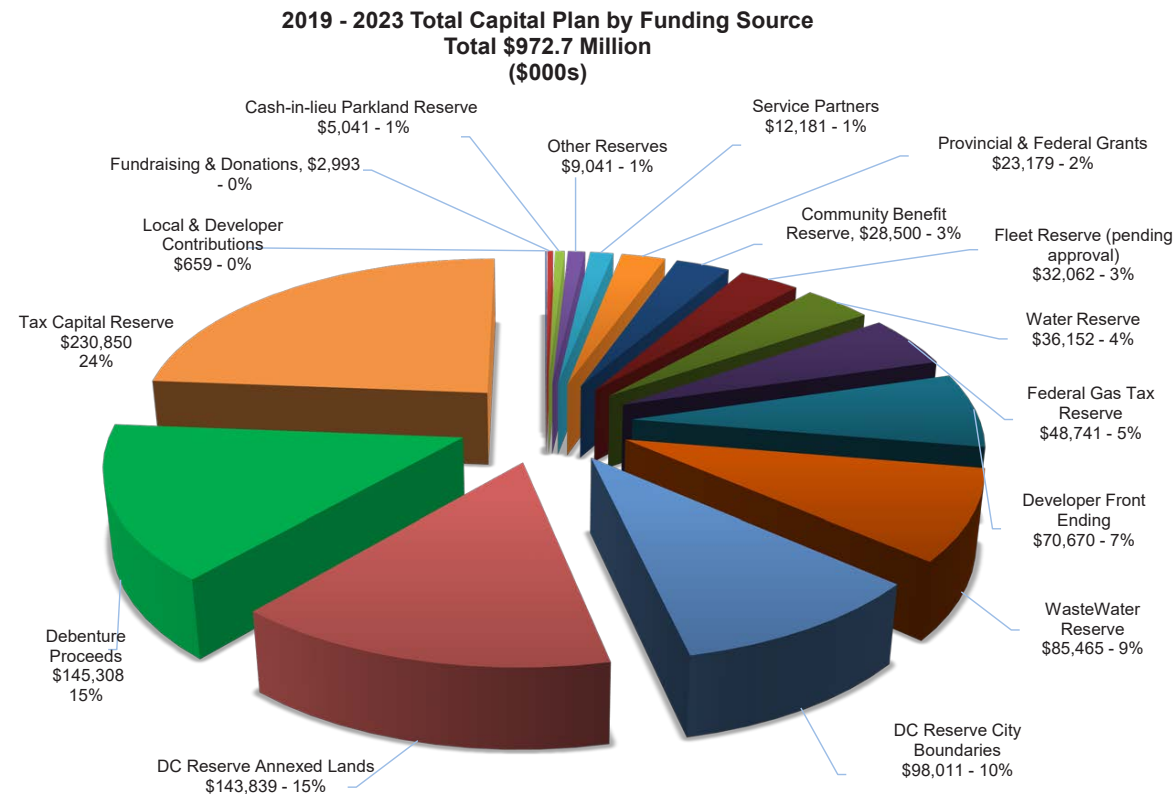
The capital plan is funded from a variety of sources including debt financing, the Tax Capital Reserve, user rates (water and wastewater), development charges, and Provincial and Federal government funding. The figure below depicts funding sources for the total budget request being recommended through this business planning process, and the proportions of each.



The funding sources provide some insight into the type of projects being advanced in the capital plan. 16% of the budget requests are funded from DCs, with an additional 10% in DC debentures and 11% developer front ending (the 10% DC debentures, \$26,038,264, has been rolled up into the Debenture Proceeds section of the previous chart). This speaks to the amount of investment in growth, particularly in the secondary plan areas. Some projects are funded almost entirely from these sources including Mapleview Drive East widening, the new McKay Road/Highway 400 interchange, and Hewitt's Creek Community Centre. Projects that address growth needs, but also provide significant benefit to existing areas, are funded more equally from the sources noted above, and the tax capital, water and wastewater reserves. The tax capital, water and wastewater reserves are also used to fund renewal work such as road resurfacing, fleet replacement, and facility rehabilitation, as well

as investment in new non-growth assets such as the Year Round Downtown Market.

The gross investment in the 2019-2023 Capital Plan increases throughout the five years, peaking in 2020. This is primarily due to the mix of projects changing to include more construction work, which builds on the EA and design work that has been underway for several years, and continues as the secondary plan areas are developed. In 2020, much of the construction in the secondary plan lands is expected to be underway, including both infrastructure and facilities projects. As the mix of projects in the plan changes to an increased percentage of growth related projects, the amount of the plan funded from development charges and developer front ending also increases.



Impacts of the 2019 Plan

ASSET CLASS: BUILDINGS			
Routine Expenditures	Non-Routine Expenditures	Service Impact	Ongoing Risks & Unaddressed Needs
<ul style="list-style-type: none"> Barrie Fire and Emergency Service (BFES) Station No. 3 Rehabilitation, which is being completed to keep the facility in a state of good repair. Biosolids Storage Facility Coating Rehabilitation to prevent recurring water damage and maintain structural integrity. Georgian Theatre Catwalk Structural Repairs to address building code deficiencies. 	<ul style="list-style-type: none"> Barrie Simcoe Emergency Services Campus to provide a single shared facility for Barrie Police Service, Simcoe County Paramedic Services & BFES dispatch communications. Year Round Downtown Market. New BFES Station No. 6 to serve Hewitt's Secondary Plan Area. Landfill Household Hazardous Recycling Depot. City Hall Space optimization to support city growth. 	<ul style="list-style-type: none"> Appropriately timed renewal works on building assets will ensure existing services and service levels are sustained. BFES Station No. 3 Rehabilitation will reduce reactive maintenance. The Barrie Simcoe Emergency Services Campus will provide a more centralized location which will reduce response time for the first responders and support the continued growth of the city. 	<ul style="list-style-type: none"> Investment into the expansion or creation of new building assets to support growth must be sustainable. Appropriate timing of lifecycle intervention activities to extend the life of building assets must be balanced with the extensive backlog of existing building replacement needs. Appropriate rehabilitation strategies reduce safety concerns and may increase maintenance cost.

ASSET CLASS: TECHNOLOGY			
Routine Expenditures	Non-Routine Expenditures	Service Impact	Ongoing Risks & Unaddressed Needs
<ul style="list-style-type: none"> Technology services to support intra- and inter-City communications and security, including server and desktop software, and IT disaster recovery program. PC infrastructure investment, including desktop, laptop and mobile devices. Server and Desktop Software Program. Network Technology Infrastructure Program, includes renewal and deployment of core devices and services associated with network hardware across the City. 	<ul style="list-style-type: none"> Implementation of an Integration Engine to connect a number of corporately significant, City-wide systems including SAP, Accela, Questica, Great Plains, City Works, etc. Continued development and implementation of Corporate-wide ERP. Cloud and Hosted Services Security Review will evaluate City data storing precautions and safekeeping. 	<ul style="list-style-type: none"> Implementation of a City-wide integration engine will increase data accuracy and reliability, leading to better reporting to support internal decision making, as well as creating the foundation for a more seamless experiences for our residents. Application and technology services allow employees to better manage data and respond more quickly and accurately to service delivery needs. 3rd party reviews of City data safe-guarding process ensures the protection of both corporate and citizen information. 	<ul style="list-style-type: none"> Lack of an integration engine limits the degree to which our corporately significant systems can be integrated, increasing the resources required to manually share data between our systems. There is also a significantly higher risk of inaccurate or incomplete data. Ongoing investment is required to ensure that computer equipment is supported by manufacturers and licensing organizations.

ASSET CLASS: FLEET

Routine Expenditures	Non-Routine Expenditures	Service Impact	Ongoing Risks & Unaddressed Needs
<ul style="list-style-type: none"> Replacement of light, medium, and heavy fleet assets (vehicles, equipment, trailers, etc.) that have reached the end of their useful lives and are requiring significant maintenance investment to keep in service. Conventional Transit Bus Replacement, the 2019 budget includes the replacement of two buses that are at the end of their economic life. 	<ul style="list-style-type: none"> Examples of non-routine expenditures would be additional transit fleet to support transit system expansion, additional fire vehicles to support new fire station and associated services; while there are no non-routine fleet expenditures requested for 2019, it is anticipated that as the growth in the Secondary Plan areas comes to fruition, additional fleet vehicles will be required to support various services in the new developments. 	<ul style="list-style-type: none"> Replacement of pickup trucks, vans and specialized equipment used by road, water, and wastewater operation crews, will ensure front line service delivery is sustained. Contractually obligated renewal of transit buses approaching the end of their useful life is required to provide a safe and reliable transit system to residents. 	<ul style="list-style-type: none"> Despite the fleet renewal proposed in 2018, many fleet assets continue to have extremely high maintenance costs and are approaching the end of their useful life. Excessive downtime of any of these vehicles may result in delays to providing service, or if the service level must be maintained, excessive maintenance costs and rental charges may be incurred.



ASSET CLASS: INFRASTRUCTURE

Routine Expenditures	Non-Routine Expenditures	Service Impact	Ongoing Risks & Unaddressed Needs
<ul style="list-style-type: none"> Local right of way (ROW) reconstruction identified through the Neighbourhood Reconstruction Program (NRP). Full and partial depth asphalt road rehabilitation projects. Watermain and sewer lining to extend the useful life of pipes where other subsurface infrastructure is in good condition. Cathodic protection program to extend useful life of ductile iron watermain that are susceptible to corrosion. 	<ul style="list-style-type: none"> Harvie Road/ Highway 400 crossing and ROW expansion from Essa Rd. to Bryne Dr. End of Life Pavement Replacement program, to address roads which are not included in preservation or larger reconstruction projects. Mapleview Drive East ROW expansion including new trunk watermain and new sanitary main to provide services and accommodate increased traffic volume for the proposed growth in the Hewitt's secondary plan area. Various storm pond, culvert, and watercourse channel upgrades, including but not limited to Lover's, Sophia, and Kidd's Creek ponds, and a number of culverts. Early-life preservation program that promotes preservation of younger roads to mitigate more costly lifecycle activities and limit repair and maintenance overtures, includes micro surfacing and reclamite programs. 	<ul style="list-style-type: none"> NRP projects ensure expected levels of service such as reliable drinking water, sanitary and stormwater collection and transportation in local communities. Current EAs, design work and construction to ensure that infrastructure assets are constructed before the new growth subdivisions are assumed by the City. Road widening and active transportation initiatives improve traffic flow and create pedestrian/bike friendly linkages in the City. Road rehabilitation provides better driving surfaces and responds directly to community concerns about road network condition as well as reducing the required maintenance work by City staff. Channel realignment, culvert upgrades and SWMF rehabilitation will increase stormwater capacity and mitigate the impacts of localized flooding 	<ul style="list-style-type: none"> Continuous challenge of achieving a balance between proactive preservation work in newer areas of the City and reactive reconstruction work in older neighbourhoods. Continued deterioration of aging infrastructure, such as road surfaces, metallic watermain, and clay sanitary sewers, expose the City to increased risk of costly unplanned, reactive investment. Pressures on operating budgets to maintain and repair aging infrastructure that is approaching or reached its expected service life. Increased risk, and decreased level of service for large network assets, such as roads, sewers, and watermain, as investment levels don't keep pace with needs. Increased frequency of large weather events and changes in climate change continues to pose challenges to the current stormwater network.



ASSET CLASS: PARKS

Routine Expenditures	Non-Routine Expenditures	Service Impact	Ongoing Risks & Unaddressed Needs
<ul style="list-style-type: none"> Rehabilitation of tennis courts throughout the city. Replacement or revitalization of playground equipment at or near the end of its lifecycle at various locations throughout the city. 	<ul style="list-style-type: none"> Painswick Park rehabilitation and expansion. 	<ul style="list-style-type: none"> Proactive activities will extend the expected service levels of the assets through the tennis/ court surface replacement project. Painswick Park expansion will create a new destination for inner-city baseball league games and will respond to programming needs from adjacent development lands including those in the Hewitt's Secondary Plan area. 	<ul style="list-style-type: none"> Challenges in justifying investment in trail system improvements, trail and park bridge replacement, and informal recreational sites due to competition for limited funding from more critical service areas. Limited data is available to inform decisions on investment in parks operations and maintenance. Need to collect condition assessment data and establish appropriate lifecycle activities.

ASSET CLASS: MACHINERY AND EQUIPMENT

Routine Expenditures	Non-Routine Expenditures	Service Impact	Ongoing Risks & Unaddressed Needs
<ul style="list-style-type: none"> WwTF/BSF/SPS condition assessments for Wastewater Asset Management Plan. WwTF Underground Sludge Transfer Pipe replacement – Admin Building. Marina – End of life dock replacement. 	<ul style="list-style-type: none"> Minet's Point Sewage Pump station relocation. Fire Communications Centre – Barrie-Simcoe Emergency Services Campus. SCBA Fill Station CO Alarm integration. 	<ul style="list-style-type: none"> Appropriately timed renewal/upgrade works at the WwTF assets will ensure existing services and service levels are sustained, and environmental compliance requirements are met. Marina Dock Replacement will increase the Level of Service back to a reliable state. 	<ul style="list-style-type: none"> Appropriate timing of lifecycle intervention activities to extend the life of WwTF assets must be balanced with the extensive backlog of existing replacement needs at the WwTF, as well as expansion and upgrade requirements. Due to the backlog of expensive replacement needs at the WwTF, and the need to continue to operate the plant during construction projects, projects must be balanced throughout the 10-year Capital Plan based on affordability, which could in turn increase the City's risk and operational/ maintenance costs in the short term.

2024 – 2028 Capital Outlook

Over the past several years, the City of Barrie has expended significant efforts to ensure that there is a sustainable plan for the future of the City. This work has been undertaken in two primary areas. Land use and infrastructure growth management plans have been produced to guide the City's expansion in the Salem and Hewitt's secondary plan areas. Simultaneously, asset management plans and master plans for all City-owned assets have been prepared to guide decision making regarding capital investments required to sustain services and service levels to existing residents and businesses. All of this information together has formed the foundation for the ten year Capital Plan being presented to City Council. The outer five years of that plan have been prepared as an outlook to provide Council and the community a high-level view of anticipated works required to expand the City as outlined in the growth management plans as well as to sustain existing services as detailed in the City's asset management plans and master plans. The 2024 – 2028 Capital Outlook is not intended to capture every capital investment required but rather to focus on investment requirements across various asset classes and service areas. Projects included in the capital outlook are the most critical needs that have been identified for the 10 year window. As future capital plans are developed, the previous year's outlook will be used as a starting point for planning purposes, and is likely to change.

The table below represents the expected investment in various asset classes and investment areas. This includes specific projects recommended to begin between 2024 and 2028, and continuation of work begun in the first five years of the Capital Plan. After 2024, the capital spending decreases substantially and remains relatively constant until 2027 where it climbs to approximately \$175 million. The large increase in 2027 is related to the Barrie-Simcoe Emergency Services Campus – Phase 2 and projects such as the Salem Community Centre/Library New Building Development and the Wastewater Peak Flow Attenuation Facility entering construction. The decrease in the plan after 2024 undoubtedly relieves some financial pressures on the City, however documents such as asset management plans and stormwater management master plans identify ongoing investment needs. As noted above, the projects included in the capital outlook are the most critical needs that are currently identified for the 10 year window. As staff monitor the condition and capacity of existing infrastructure, it can be expected that the criticality of needs will change, and that additional needs will be identified. The impact of not investing in these needs, will be an increase in the City's infrastructure gap.

The gross expenditures over the 2024-2028 Capital Outlook window are anticipated to be approximately \$928 million. When combined with the \$973 million 2019-2023 Capital Plan, gross spending for the 10 years is approximately \$1.9 billion.

2023-2027 Capital Outlook (\$000)

Asset Class and Investment Area	2024	2025	2026	2027	2028	Grand Total
Buildings	\$ 93,033	\$ 93,297	\$ 43,731	\$ 86,194	\$ 90,777	\$ 407,032
Corporate Studies and Projects	\$ 75	\$ 100	\$ 370	\$ 0	\$ 0	\$ 545
Fleet	\$ 6,606	\$ 7,617	\$ 8,084	\$ 8,253	\$ 6,801	\$ 37,361
Infrastructure	\$ 133,657	\$ 90,847	\$ 80,530	\$ 68,223	\$ 55,529	\$ 428,786
Machinery and Equipment	\$ 4,975	\$ 3,555	\$ 3,085	\$ 1,600	\$ 85	\$ 13,300
Parks	\$ 1,686	\$ 1,334	\$ 1,786	\$ 3,595	\$ 327	\$ 8,728
Partnerships	\$ 4,558	\$ 4,738	\$ 5,039	\$ 5,020	\$ 0	\$ 19,355
Technology	\$ 2,741	\$ 2,766	\$ 2,792	\$ 2,380	\$ 2,609	\$ 13,288
Grand Total	\$ 247,331	\$ 204,254	\$ 145,417	\$ 175,265	\$ 156,128	\$ 928,395

Net Operating Impacts of the Capital Plan

The Capital Budget includes growth and renewal capital assets and infrastructure that may have a direct impact on future operating budgets when these assets are completed and placed into service. Any combination

of increased revenues, increased expenditure and/or cost savings may be the result associated with maintaining the operation and use of these new or expanded assets.

Capital Projects

Infrastructure Renewal

Roof replacement will prolong the life of the facility.



City Building

Addition to an existing recreation centre will add services provided by the City.

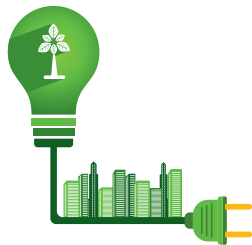


Growth

Development of a new recreation facility to service a new subdivision.



Operating Costs



Energy Savings



Additional Staff Costs



Utility Costs



New Service Revenue

Operating impacts should be a critical consideration when deliberating whether or not the City should proceed with a capital project given that the result may be an additional burden on the annual operating budget.

The City has begun to implement a phased in approach to quantify the net operating impact of the capital plan. The focus in 2019 was to evaluate the impact of growth and renewal capital projects for City owned facilities and linear infrastructure assets. As part of the phased in approach, process

guidelines have been developed and will be expanded and updated annually through engagement with departments that have specific knowledge on different types of operating costs.

Table A summarizes the proposed annual incremental net operating impact of new facilities and renovations. Table B summarizes the proposed annual incremental net operating impact of consolidated linear infrastructure assets.

Table A: City Facilities

Project	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Fisher Auditorium Redevelopment	–	–	\$ 534,438	\$ 542,455	\$ 550,591	\$ 558,850	\$ 567,233	\$ 575,742	\$ 584,378	\$ 593,143
Operations Satellite Yard New Building Development	–	–	–	–	–	–	–	–	–	\$ 622,979
Hewitt's Community Centre New Building Development	–	–	–	–	\$ 2,117,417	\$ 2,075,069	\$2,053,894	\$ 2,032,720	\$2,011,546	\$ 1,990,372
City Hall Expansion	–	–	–	–	\$ 388,773	\$ 394,605	\$ 400,524	\$ 406,532	\$ 412,630	\$ 418,819
BFES Station 6 New Building Development	\$2,069,385	\$2,384,811	\$ 2,711,975	\$ 3,051,389	\$ 3,111,180	\$ 3,172,147	\$3,234,316	\$ 3,297,708	\$3,362,350	\$ 3,428,264
Salem Community Centre New Building Development	–	–	–	–	–	–	–	–	–	\$ 1,393,163
Total Net Operating Impact	\$2,069,385	\$2,384,811	\$ 3,246,413	\$ 3,593,844	\$ 6,167,961	\$6,200,671	\$6,255,967	\$ 6,312,702	\$6,370,903	\$ 8,446,739
Annual Impact on the Tax Rate	\$2,069,385	\$ 315,426	\$ 861,603	\$ 347,430	\$ 2,574,118	\$ 32,710	\$ 55,296	\$ 56,735	\$ 58,201	\$ 2,075,836

Table B: Linear Infrastructure Assets by Class

Operating Costs	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Watermain	–	\$ 280	\$ 33,828	\$ 49,736	\$ 61,738	\$ 84,056	\$ 105,589	\$ 133,660	\$ 137,177	\$ 156,707	\$ 182,634
Storm Sewer	\$ 858	\$ 871	\$ 30,992	\$ 60,200	\$ 89,729	\$ 108,352	\$ 145,779	\$ 197,925	\$ 207,056	\$ 252,086	\$ 276,226
Sanitary	–	\$ 4,466	\$ 15,225	\$ 24,803	\$ 26,187	\$ 26,580	\$ 34,151	\$ 34,663	\$ 35,183	\$ 42,575	\$ 43,214
Sidewalk	\$ 10,304	\$ 21,043	\$ 74,894	\$ 144,170	\$ 183,684	\$ 221,691	\$ 271,161	\$ 345,592	\$ 369,844	\$ 436,040	\$ 476,460
Streetlights	\$ 2,075	\$ 2,106	\$ 10,463	\$ 26,445	\$ 33,666	\$ 34,171	\$ 38,134	\$ 56,281	\$ 57,125	\$ 73,432	\$ 85,058
Roads	–	–	\$ 114,741	\$ 224,005	\$ 342,289	\$ 391,710	\$ 411,249	\$ 508,979	\$ 524,605	\$ 663,502	\$ 682,360
Total Net Operating Impact	\$ 13,237	\$ 28,766	\$ 280,143	\$ 529,358	\$ 737,294	\$ 866,560	\$1,006,062	\$ 1,277,100	\$ 1,330,990	\$1,624,342	\$ 1,745,952
Annual Impact on Water Rate	–	\$ 280	\$ 33,548	\$ 15,907	\$ 12,002	\$ 22,318	\$ 21,533	\$ 28,072	\$ 3,517	\$ 19,530	\$ 25,927
Annual Impact on Wastewater Rate	–	\$ 4,466	\$ 10,759	\$ 9,578	\$ 1,384	\$ 393	\$ 7,571	\$ 512	\$ 520	\$ 7,392	\$ 639
Annual Impact on Tax Rate	\$ 13,237	\$ 10,783	\$ 105,566	\$ 125,248	\$ 181,832	\$ 182,383	\$ 272,691	\$ 327,107	\$ 306,918	\$ 454,640	\$ 383,104

Total Impact on Tax Rate for Both Facilities and Linear Infrastructure

Operating Costs	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total Net Operating Impact on Tax Rate	\$ 13,237	\$2,093,405	\$2,514,397	\$3,501,247	\$4,030,509	\$6,787,009	\$7,092,410	\$7,474,813	\$7,838,466	\$8,351,307	\$10,810,247

The tables above do not capture all the net operating costs associated with the City's current and recommended capital plan. The analysis instead focused on major projects that are still in the planning stage. Over the next 5 years, the total net operating impact of the capital works included above are estimated to result in an additional \$12 million pressure on the tax rate.

*Labels are references to Project Numbers, as noted on Capital Project Detail Reports.