

Rock Tunnel Financing Options

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South End Rock Tunnel

- Approximately 68% of the capacity relates to existing development
- 32% relate to new/future development that could occur within the catchment area

Financing Growth Related Infrastructure

- Initial cost of infrastructure – generally the responsibility of the developer
- Replacement of infrastructure – generally funded from tax levy/water/wastewater levy or reserves

Municipal Wide Compared to Area Specific

- Municipal wide charges are appropriate when development and infrastructure occur evenly throughout the municipality
- Alternatively, when infrastructure provides service to a defined area, an area specific charge is reasonable

Recap of Financing Strategy

Contributions from Wastewater Capital Budgets (future and past)	\$15.6M
Contributions from Wastewater Reserves	\$ 3.1M
Provincial Grant	\$ 8.4M
Proposed Recovery Fee - Section 391	\$ 4.0M
Total Project Budget	\$31.1M

Options

- Options 1, 2, 3 – area specific and exclude institutional classes
- 5% interest rate
- 40 year term

Option 1 - \$4M @ 5% over 40 years

(rates to be set for each 5 year period)

Period	Residential	Multi-Dwelling	Commercial / Industrial (/sq.metre)
Years 1 – 5	\$1,175	\$ 704	\$ 4.31
Years 16 – 20	\$2,442	\$1,465	\$ 8.96
Years 36 – 40	\$6,479	\$3,886	\$23.76

Option 2 - \$6.4M @ 5% over 40 years

(rates to be set for each 5 year period)

Period	Residential	Multi-Dwelling	Commercial / Industrial (/sq. metre)
Years 1 – 5	\$1,887	\$1,132	\$ 6.93
Years 16 – 20	\$3,923	\$2,353	\$14.41
Years 36 – 40	\$10,409	\$6,243	\$38.22

Option 3 - \$4M @ 5% over 40 years

(rates to be set for the 40 year period)

Period	Residential	Multi-Dwelling	Commercial / Industrial (/sq. metre)
Over 40 Years	\$2,371	\$1,422	\$8.70

Option 4

- Refer to a future development charge study to determine:
 - Which land uses to charge
 - Recovery target
 - Municipal wide or area specific approach
- Potential for considerable lost revenues as a result of time required for background research, analysis and process

Recommendation

- Proposed fees be as outlined in Option 1, based on \$4M recovery at 5% interest, rates to be set for year 5 year period
- Proposed fees be subject to a public hearing
- Any potential Federal funding be used to reduce the recovery target and the fees be recalculated

Recommendation (Cont'd)

- Funds be borrowed from the Capital Financing Reserve Fund – wastewater and recovery fees credited back to this reserve as collected
- Policy framework be developed for area specific vs municipal wide recoveries of capital projects

Questions?