

2019 CITY OF CAMBRIDGE

# BUDGET

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2019 Draft Capital Budget Summary

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## Capital Budget

### Summary

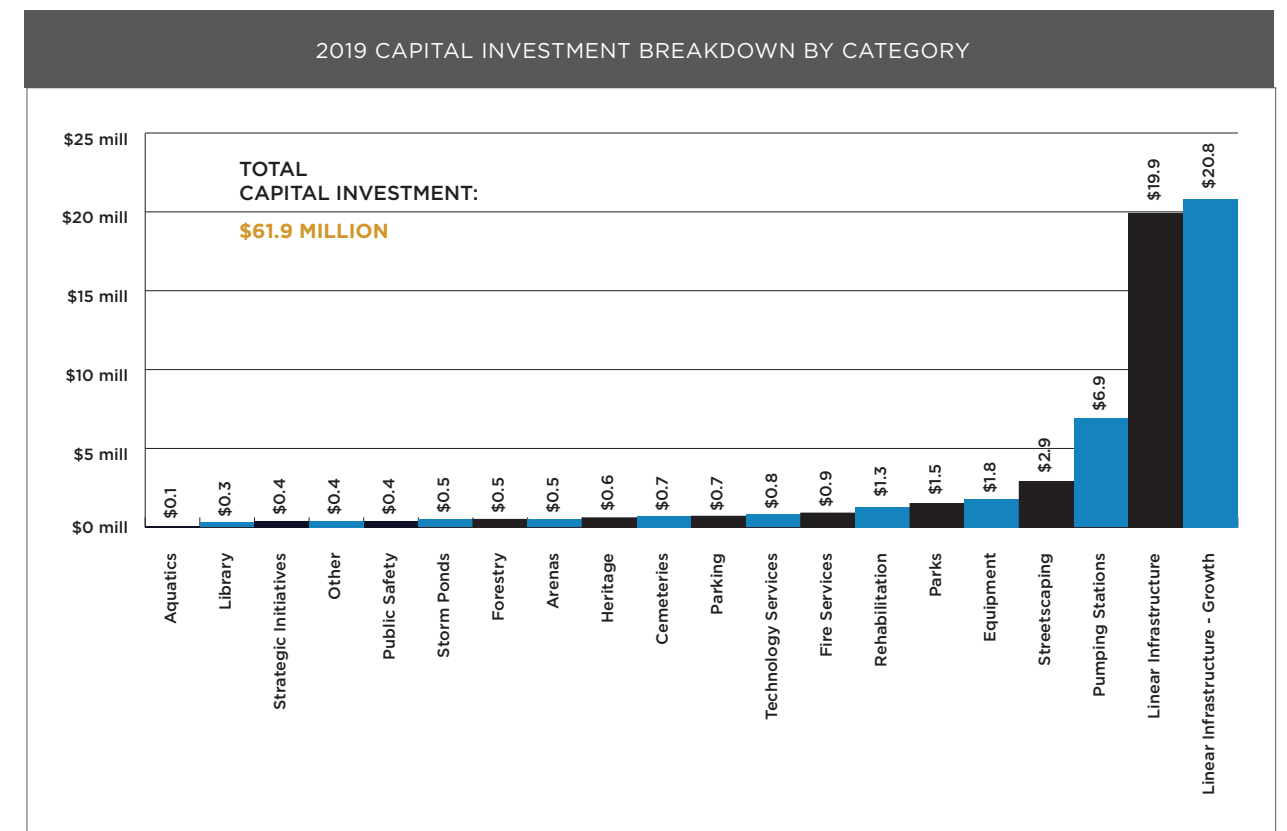
The capital budget is the City's capital investment plan, covering repairs and renovations to existing City assets as well as new assets built or acquired due to growth or strategic economic investment. The City is committed to maintaining infrastructure in a state of good repair to provide reliable and efficient services, building new infrastructure for service enhancement or future growth, and implementing priorities identified by the City's strategic plan. The capital investment plan is prepared in collaboration with the Region of Waterloo and other utilities to coordinate infrastructure renewal. The capital investment plan is funded from a combination of property taxes, water and sewer rates, development charges, debt, gas tax funding from federal government and other reserve funds.

As per the 2017 Infrastructure Status and Outlook report, the City owns, operates and maintains public infrastructure with an estimated replacement value of \$2.4 billion. Currently, the City is in the process of preparing a Strategic Asset Management Policy and Asset Management Plan in accordance with O. Reg. 588/17.

The capital investment plan includes a budget for 2019 projects and a forecast for the future nine years. The City's proposed 2019-2028 capital investment plan is \$468 million, which includes \$299 million for renewal of existing infrastructure and \$169 million for new infrastructure.

## Capital Budget

The 2019 capital budget of \$61.9 million is allocated across the following categories of investments.

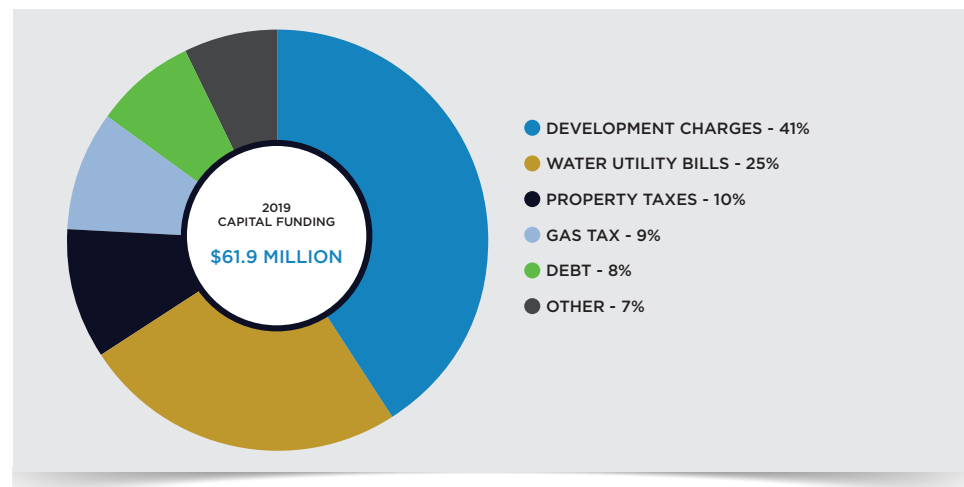


The 2019 capital investment plan includes significant investment towards the growth of the city, as shown in the Linear Infrastructure - Growth grouping. This includes the infrastructure required to support the development of the Region's East Side Lands, on the North end of the city. The predominant funding source for these growth investments is development charges. Development charges are also used to fund other projects that support growth and intensification in the city. In total, development charges fund 41 per cent of the 2019 capital investment plan, for a total of \$25.3 million.

## Capital Budget

The significant size of these development projects exceeds what the City currently has collected in the development charge reserve funds. Borrowing will be required in 2019 to fund some development projects until the development charges are collected. This borrowing has no cost to tax payers, as all debt charges are covered through growth funding in the form of development charges. The City is currently completing a development charge study, with an update to the City's development charge bylaw and rates expected in May 2019.

Other funding sources towards the 2019 capital investment plan are as follows:



The 2019 capital budget includes \$4.9 million in debt funding, for the King Street reconstruction project in Preston and Main Street reconstruction project in Galt. The City's debt policy requires all debt repayment amounts to be included in the operating budget. The policy also requires that in the year that a debt-financed capital project is approved, 50 per cent of the annual debt repayment amounts are to be included in the operating budget with the full impact being included in the following year. In accordance with this policy, \$0.3 million has been included in the tax-supported operating budget as the 50 per cent annual repayment portion. However, the payments will be covered through a draw from the hydro dividend reserve fund, so there is no impact to the tax rate.

## Capital Budget

CAPITAL PROJECT	2019 CAPITAL PROJECTS DEBT FUNDING	SEMI-ANNUAL ESTIMATED PAYMENT AMOUNT	FUNDING SOURCE
A/00390-40 Main Street Streetscaping (19C023)	\$2,920,000	\$118,800	Hydro Dividend Reserve Fund
A/00391-40 Reg Project / King St Phase 1 & 2 (Dover to Bishop) (19C028)	\$1,990,000	\$174,300	Hydro Dividend Reserve Fund

## Capital Impacts

For effective financial planning, staff identify when projects may impact the operating budget. These include costs to run new infrastructure, new licensing costs for technology, as well as savings from efficiencies obtained through capital investment such as energy efficiency improvements. These impacts are commonly referred to as capital impacts or operating impact from capital. The impacts that the 2019 capital investment plan have on the operating budgets are \$126,400 over the next three years for the tax bill, and \$29,000 for the water bill.

These are itemized in the table on the following page. Further details on the projects and the impacts can be found within the capital budget details.

## Capital Budget

	OPERATING IMPACT 2019	OPERATING IMPACT 2020	OPERATING IMPACT 2021
<b>Tax-Supported Impacts</b>			
<b>Corporate Services</b>			
<b>Technology Services</b>			
A/00400-10 General Technology Enhancements (19F001)	0	\$20,000	0
<b>Community Development</b>			
<b>Public Works</b>			
A/00391-40 Reg Project / King St Phase 1 & 2 (Dover to Bishop) (19C028)	0	\$5,000	0
A/00431-40 East Side 3132 EW Collector Rd (NS Collector to Municipal Boundary) (19S003)	0	0	\$8,000
A/00432-40 East Side 3128 NS Collector (Allendale Rd to EW Collector) (19S004)	0	0	\$8,000
A/00889-10 Equipment Growth (2019)	\$28,000	0	0
<b>Parks, Recreation &amp; Culture</b>			
A/00419-40 Outdoor Relamping - West River Walkways/Soper Park (21G006)	0	(\$1,600)	0
A/00682-40 W.G. Johnson Redundancy Boiler	0	\$1,800	0
A/00686-40 Riverside Park Path Lighting	\$800	0	0
A/00889-10 Equipment Growth (2019)	\$56,400	0	0
<b>Tax-Supported Operating Impact from 2019 Capital Projects</b>	<b>\$85,200</b>	<b>\$25,200</b>	<b>\$16,000</b>
<b>Water Utility Supported Impacts</b>			
<b>Water</b>			
101730 Watermain Maintenance			
A/00392-40 Regional Project - Franklin Blvd Improvements Year 2 North (19C033)	0	\$5,000	0
A/00431-40 East Side 3132 EW Collector Rd (NS Collector to Municipal Boundary) (19S003)	0	0	\$6,000
A/00432-40 East Side 3128 NS Collector (Allendale Rd to EW Collector) (19S004)	0	0	\$6,000
<b>Sewer</b>			
101800 Sewer Line Maintenance			
A/00431-40 East Side 3132 EW Collector Rd (NS Collector to Municipal Boundary) (19S003)	0	0	\$6,000
A/00432-40 East Side 3128 NS Collector (Allendale Rd to EW Collector) (19S004)	0	0	\$6,000
<b>Water Utility Supported Operating Impact from 2019 Capital Projects</b>	<b>\$-</b>	<b>\$5,000</b>	<b>\$24,000</b>

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