

Risk Assessment

This report provides information on program details from the previous year (2019) therefore, there are no specific risks associated with receiving this report for information. However, development activities and real estate market movements are directly related to the future revenues for off-site levy and centre city levy program. Broader consideration on risk assessment might be required.

- City Financial Risk - Slower development is expected for the next couple of years and may result in lower annual collections. To fund the committed capital projects and to pay the principal and interest payments related to Utilities, funding from other sources or capital deferrals may be required.
- Market Risk - The recent economic downturn caused by the COVID-19 pandemic and world oil and gas markets poses significant challenges to the local developers. Prolonged economic downturn could result in developers delaying their projects or an increased risk of developers' default or cancelled development agreements.
- Payment relief program - If the collection of 2020 deferred payment is not achieved as anticipated, The City could experience significant cash flow and liquidity impacts, which may require The City to cancel projects, or pass the costs on to the utility rate payer or property taxpayer as a result.
- Pandemic Risk – Should the risk of COVID-19 increase and result in a second wave, City and Developer financial risk may be significantly increased.

Administration will continue to monitor the local economy, development industry market trends and identify service and funding requirements through the annual service plan and budget process to mitigate any risk that the City could face.