

Attachment 5: Historical and Unfunded Capital Costs

New communities require major capital investment by developers and The City. As The City prepares capital plans and budgets, the allocation of capital costs attributed to growth between initiating new communities and continued capital investment to complete existing communities needs to be balanced. This attachment provides an outline of historical and unfunded (future) capital costs for new community development.

Capital infrastructure is delivered at various times during community development. Initial infrastructure is required for the first occupied dwelling while some infrastructure is required to provide a complete array of services to the community and is often delivered later in the development timeframe.

Examples of early infrastructure that is The City's responsibility include utility pipes, treatment plants, interchanges, bridge crossings, and fire halls.

Examples of infrastructure that is introduced later in a community include libraries, transit, recreation centres, and operational work depots.

Capital infrastructure is funded from a variety of sources outlined in the chart below. Challenges exist with each funding source. The addition of more capital costs increases the risk of not finding enough sources to fund the additional costs.

| Cost | Funding Sources | Challenges |
|--|--|---|
| Capital (e.g., utility pipes, interchanges, fire halls, etc.) | <ul style="list-style-type: none"> Off-site levies Grants from other levels of government Utility rates Property taxes Debt | <ul style="list-style-type: none"> Levies do not cover City portion of cost Uncertainty with grants Downward pressure on utility rates and property taxes Operating cost of capital Debt servicing costs |

During Action Plan 2015-2018, the capital costs city-wide have been around \$1.5B per year. These capital costs are allocated across the corporation based on identified priorities. Table 1 below outlines the approximate historical capital expenditures for the 27 actively developing communities and future investment areas. These costs include infrastructure introduced early and late in community development and are attributed over many years to provide the necessary services for citizens. (See Attachment 1 for a map of actively developing communities and future investment areas.)

| Infrastructure | Actively Developing Communities (Previously Spent) |
|-------------------|---|
| Fire | \$90,300,000 |
| Other | \$1,083,800,000 |
| Transportation | \$871,035,937 |
| Utility Servicing | \$785,000,000 |
| Total | \$2,830,135,937 |

Table 1: Historical Capital Costs

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Table 2 below outlines the approximate future capital expenditures to complete development in the actively developing communities and in the 13-15 communities in future investment areas. In addition to the costs in Table 2 will be costs required to support all eventual services. These later costs will occur over decades and are thus not represented in Table 2. These costs have been identified through business plans and budgets, developer business cases and business unit assumptions.

| Future Capital for 27 Actively Developing Communities | Capital Costs for 13-15 Communities in Future Investment Areas | Total |
|--|---|-----------------|
| \$700,000,000 | \$950,000,000 | \$1,650,000,000 |

Table 2: Future Capital Costs

The City will continue to invest in capital infrastructure in new communities, however if capital availability is reduced, The City will be further challenged to prioritize the allocation of capital investment.