

2009 Life Cycle Reserve Study Update

General Committee

June 15, 2009

Agenda

- **Reserve Study Update Process**
- **Projected Life Cycle Expenditures** (2009 Update vs. 2008 Update)
- **Expenditure Comparison Summary – By Component** (2009 Update vs. 2008 Update)
- **Replacement/Rehabilitation Expenditures – By Component** (2010-2034)
- **Inflow Assumptions Comparison** (2010 – 2034)
- **Financial Implications**
- **Projected Reserve Balances** (2009 Update vs. 2008 Update)
- **Assets Not Included in the Reserve Study**
- **Next Steps**

2009 Life Cycle Reserve Study Update Process

- **2009 Update covers the 25 year period from 2010 to 2034 (2008 update – 2009 to 2033)**
- **No change in assumption on inflation rate of 3.2% per year for Fleet vehicles and 2% per year for all other assets**
- **Includes all assets as identified by the departments to the end of December 2008 as well as items included in the 2009 Capital Budget**
- **Reconciles to inventory as identified through PSAB except for assets currently without detailed work programs**

Projected Life Cycle Expenditures

2009 Update vs. 2008 Update

(\$ Millions)

	2010	2011	2012	2013	2014	Total
2008 Update	28.7	21.9	24.5	25.1	24.9	125.1
2009 Update	23.6	25.7	30.8	28.4	22.8	131.2
Increase / (Decrease)	(5.1)	3.8	6.3	3.3	(2.1)	6.1

2009 vs. 2008 Update

2010 – 2014 Increase of \$6.1M

2010 – 2034 Increase of \$30.0M

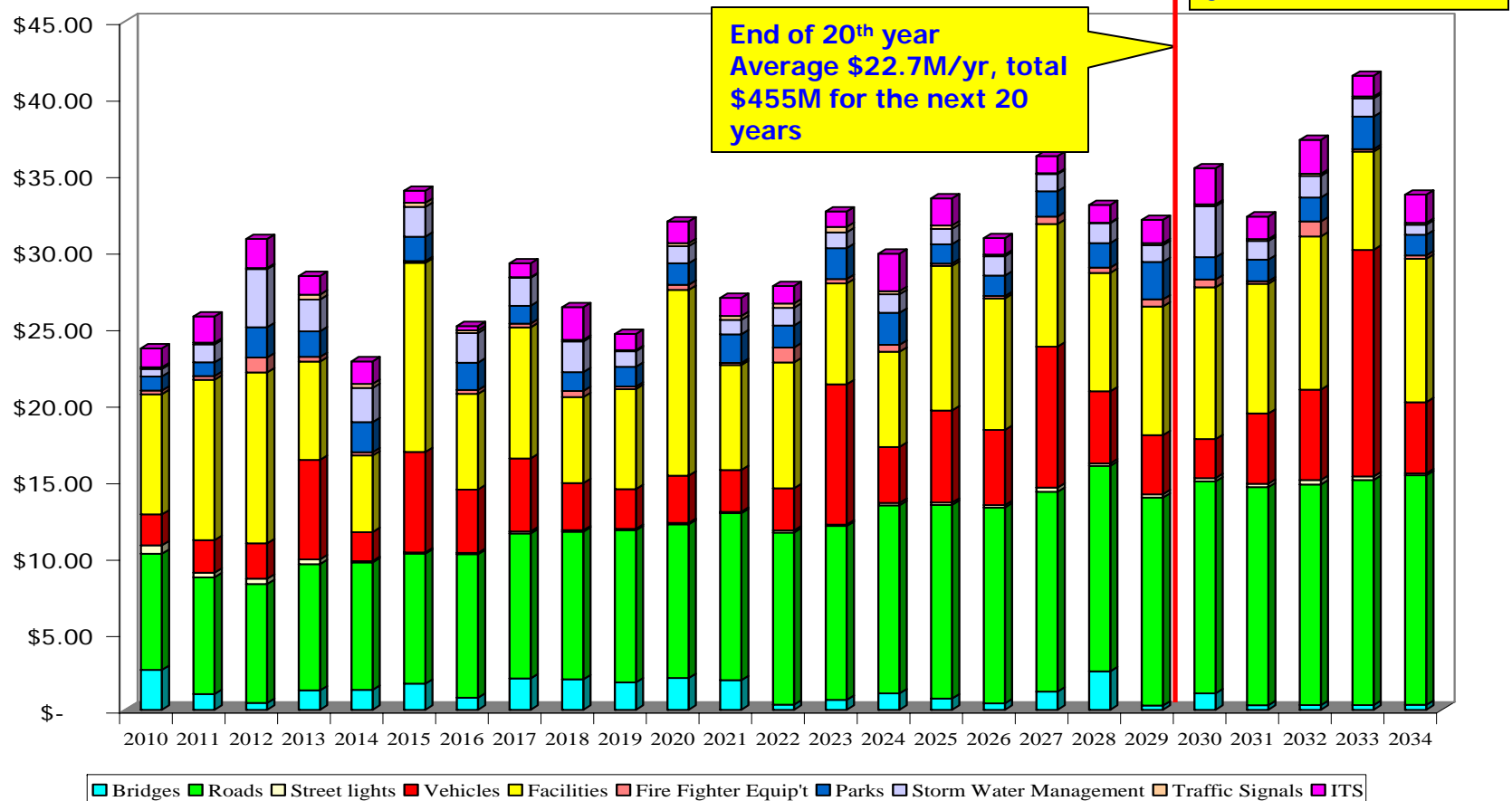
2009 Life Cycle Reserve Study Update

Expenditure Comparison Summary – By Component (2009 Update vs. 2008 Update) (\$ Millions)

	2008 Update	2009 Update	Change
Fire Fighter Equipment	9.0	9.0	0.0
Traffic Signals	4.1	4.1	0.0
ITS Infrastructure	36.2	35.8	(0.4)
Parks	38.5	39.5	1.0
Streetlights	6.2	4.7	(1.5)
Vehicles & Operations Equipment	116.9	118.6	1.7
Bridges & Culverts	26.6	28.5	1.9
SWM, Storm Sewers, Erosion Sites & Watercourse Mgmt	32.8	37.6	4.8
Roads	270.9	280.2	9.3
Facilities	193.5	206.8	13.3
Total	734.7	764.7	30.0

2009 Life Cycle Reserve Study Update

Replacement/Rehabilitation Expenditures – By Component 2010-2034 (in 2009 \$ - in Millions)



Inflow Assumptions Comparison (2010 – 2034)

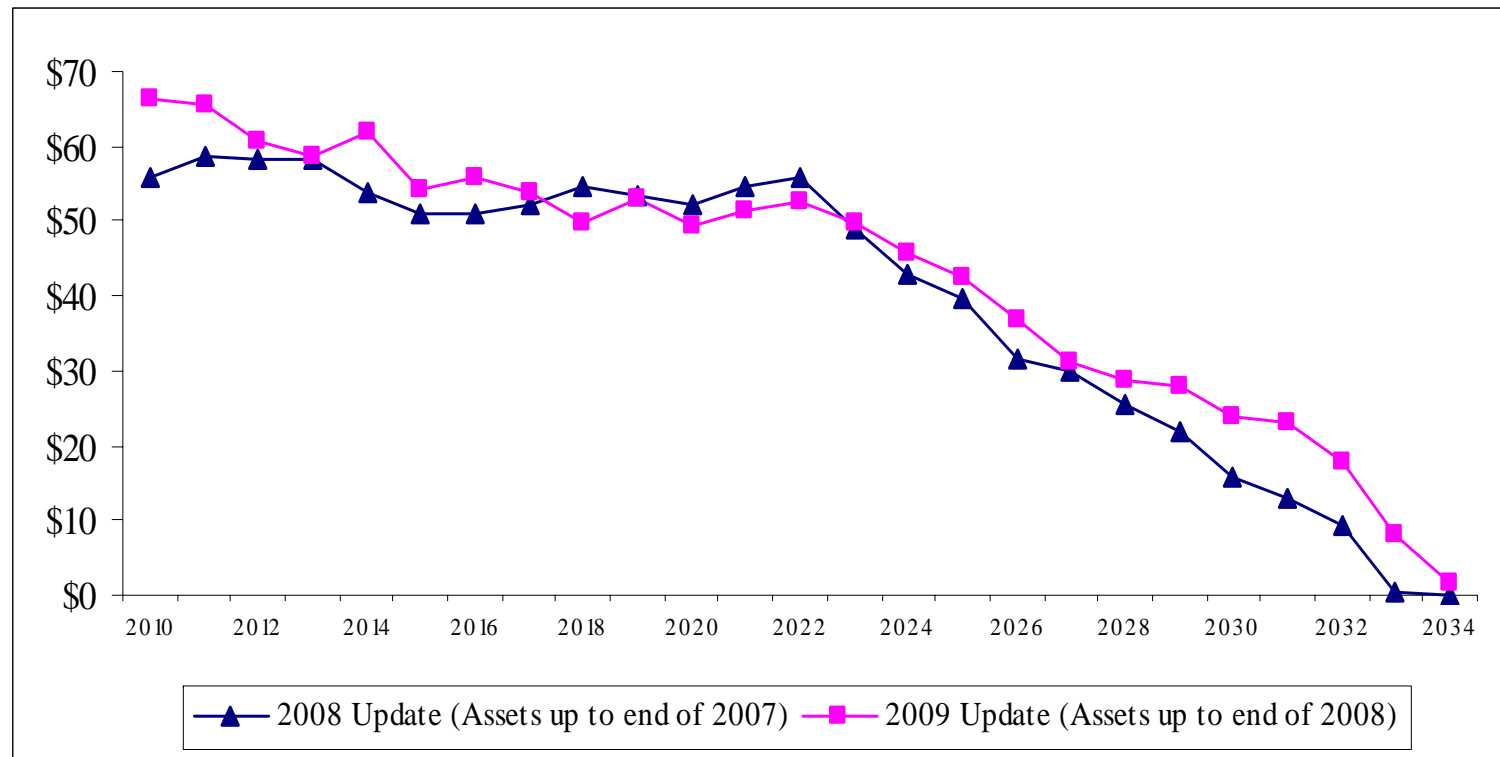
<u>Inflow Item</u>	<u>2008 Update</u>	<u>2009 Update</u>
Operating Budget Transfer to Capital	Incremental Increase of \$0.5M/yr (\$16.9M)	No Change (\$17.4M)
Interest (PowerStream, MEC & MDEI) *	\$3.5M/yr	No Change
Dividend (PowerStream)	\$3.8M/yr	\$3.8M/yr (2010 & 2011) \$3.87M/yr (2012 & onwards)
Dividend (PowerStream merger with Barrie Hydro)	n/a	Total of \$2.9M spread over years 2009 to 2018
Dividend (MDEI)	\$0.3M (2014 - 2016) \$0.4M (2017 & onwards)	No Change
Interest Revenue from Reserve Balance	3.5%	1.5% in 2010, 2.5% in 2011 3.5% in 2012 4%/yr starting in 2013

* Loan to PowerStream - matures in 2023 (assumes renewal of loan)

Financial Implications

- Based on the updated inflows and outflows, there is sufficient funds for the major replacement and rehabilitation of existing assets with known work programs for the next 25 years (2010 to 2034)

Projected Reserve Balances (2009 Update vs. 2008 Update) (\$ Millions)



2009 Life Cycle Reserve Study Update

Assets Not Included in the Reserve Study

Type of Work	Estimated Cost (\$ Millions)	Status
1. Flood control allowances	10-50	- Infrastructure to be included In the Life Cycle Reserve Study once the assets are built as per the Town-Wide Flood Emergency Response Plan - Consultant hired to develop a plan with expected completion in 2010
2. Town-wide stream erosion control	80	- Estimated 300 erosion sites, of which 30 sites are included in the 2009 update. - 30 sites identified for remediation between 2010 to 2018 (total of \$7.8M) - Studies to be completed to identify future priority sites in 30 site increments
3. Watercourse management	10-15	- 7 watercourses identified - Pomona Mills Phase 1 completed with 3 outstanding phases to be completed by 2012 (\$1.6M, which is included in the 2009 update) - Remaining 6 Watercourses to be included in future Reserve Study updates
4. SWM ponds maintenance	40	- Included in 2008 Reserve Study
5. Stormwater asset management (rehabilitation of aging SWM infrastructure)	40-50	- \$200k bi-annually has been included in the 2009 Reserve Study update
Total	180 - 235	

* Source: Engineering Department presentation to Development Services Committee June 26, 2007

- **Stormwater Flood Remediation program**
 - West Thornhill (5 year protection \$17M, 100 year protection \$40M)
 - Rest of the Town (5 year protection \$33M, 100 year protection \$77M)
 - Alternative funding strategies are being developed to fund this program

Assets Not Included in the Reserve Study (continued)

- **With the inclusion of these programs, the Life Cycle Replacement & Capital Reserve will not have sufficient funds for the next 25 years**
- **Studies and work plans on these programs are currently and/or will be developed over the coming years**
- **Cost estimates to be reviewed upon conclusion of future studies**
- **Once detailed work programs have been developed with more refined costs, Staff will identify a strategy for including these assets in upcoming reserve study updates**

Next Steps

- The 2010 replacement/rehabilitation requirements as identified in the Reserve Study will establish the basis for the 2010 capital submissions contingent on condition assessments
- June - DF review of the 2010 proposed capital budget
- Sept. – CCC review of the 2010 proposed capital budget
- Oct. – Meeting with the Mayor and the Budget Chief
- Oct. to Feb. 2010 – Budget Sub-Committee review of the 2010 Budget