



Committee Agenda

**Committee Meeting of Council
October 22, 2012
at 7:00 p.m.**

MEETINGS

**FOR THE WEEK OF
OCTOBER 22ND, 2012**

Monday, October 22, 2012

7:00 p.m.

Committee Meeting of Council
Council Chambers, 2nd Floor
City Hall

Thursday, October 25, 2012

3:30 p.m.

Special Combined Committee
Meeting of Council
5th Floor Boardroom, City Hall

MEETINGS

**HELD UNDER THE
*PLANNING ACT***

COMMUNITY SERVICES COMMITTEE

Monday, October 22, 2012

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Chairperson: Councillor Mendicino
Vice-Chair: Councillor Mayne
Member: Councillor Vaillancourt
Ex-Officio: Mayor McDonald

- CS-2001-35 Rezoning applications by Consolidated Homes Ltd. – Golf Club Road (D14/2001/CHLTD/GOLFCLUB).
- CS-2003-37 Condominium application by Rick Miller on behalf of New Era Homes Ltd. - McKeown Avenue (D07/2003/NEHL/ MCKEOWN).
- CS-2004-29 Rezoning and Plan of Subdivision applications by Rick Miller on behalf of Grand Sierra Investments Ltd. - Sage Road (D12/D14/2003/GSIL/SAGERD).
- CS-2011-04 Motion moved by Councillor Mayne on January 24, 2011 re Designated Off-Leash Dog Area (R00/2011/PARKS/DOGPARK).
- CS-2012-16 Report from S. Kitlar dated June 12, 2012 re Multi-Use Recreation Facility Study update (R05/2012/ MURF/GENERAL).
- CS-2012-18 Report from Steve McArthur dated August 31, 2012 re Official Plan Amendment and Rezoning application by Miller & Urso Surveying Inc. on behalf of Perut Construction Ltd. Andrew & Grace Wood and W.M. Holdum Inc. – 309 - 333 King Street West and 1180 – 1188 Cassells Street (D09/D14/2012/PERUT/KINGSTW).
- CS-2012-19 Report from Steve McArthur dated September 11, 2012 re Rezoning application and Draft Plan of Condominium by Miller & Urso Surveying Inc. on behalf of Golden Estates Ltd. – Ski Club Road (D07/D14/2009/GEL/SKICLUB).

ENGINEERING & WORKS COMMITTEE

Monday, October 22, 2012

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Chairperson: Councillor Vrebosch

Vice-Chair: Councillor Koziol

Member: Councillor Campbell

Ex-Officio: Mayor McDonald

EW-2010-03 Report from A. Korell/J. Houston dated March 26, 2010 re Kate Pace Way west end bike route connection between Memorial Drive and Gormanville Road (R05/2010/KPWTR/WESTENDR).

►EW-2012-04 **Report from Alan Korell dated August 13, 2012 re Speed Limit in and around Schools (C00/2012/BYLAWS/TRAFFIC).**

EW-2012-04

Recommendation:

- "That
- 1) City Council endorses a reduction in the speed limit of 10 km/hr around all schools within the City of North Bay on collector and arterial streets;
 - 2) these areas be designated as "Community Safety Zones", which means fines will be doubled; and
 - 3) the Traffic & Parking By-Law 2002-001 be amended as required."

CITY OF NORTH BAY

SUPPLEMENTAL REPORT TO COUNCIL

Report No: EEWS 2012-050

Date: 17 October 2012

Originator: Alan Korell, P.Eng., MCIP

Managing Director, Engineering, Environmental Services & Works

Subject: Speed limit in and around schools

RECOMMENDATION

- That
- 1) City Council endorse a reduction in the speed limit of 10 km/hr around all schools within the City of North Bay on collector and arterial streets;
 - 2) these areas be designated as "Community Safety Zones" which mean fines will be doubled; and
 - 3) Traffic & Parking By-Law No. 2002-001 be amended as required.
-

BACKGROUND

City Council has decided to reduce the speed limit to 40 km/hr on all residential streets therefore, it is only the streets with speed limits above 40 km/hr that need to be addressed. In most cases, this would mean that the speed in these streets would be reduced to 40 km/hr except for Lakeshore Drive near Sunset Park School which would be 50 km/hr. This is because we just reduced the speed in that location due to the school and Omischl Sports Complex being arterial and collector streets in the City.

Note that Community Safety Signs will be going up, in the Lakeshore Drive case as well as the other arterial and collector streets. On higher volume streets, we will install a flashing light to the signage which will flash from 8 am. To 4 pm, Monday to Friday.

OPTIONS ANALYSIS

Option # 1: Proceed with the reduction of the speed limit of 10 km/hr near all school on arterial and collector streets in the City of North Bay.

This option is recommended. The cost will be the cost of signage. Installation will be done by the City's traffic personnel.

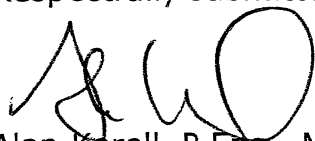
Option # 2: Status quo, leaving the current speed limit

This option is not recommended as it fails to address concerns that have been voiced by many individuals and groups in the community.

RECOMMENDED OPTION

- That 1) City Council endorse a reduction in the speed limit of 10 km/hr around all schools within the City of North Bay on collector and arterial streets;
- 2) these areas be designated as "Community Safety Zones" which mean fines will be doubled; and
- 3) Traffic & Parking By-Law No. 2002-001 be amended as required.

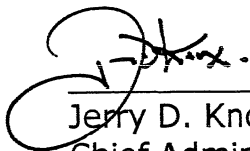
Respectfully submitted,



Alan Korell, P.Eng., MCIP
Managing Director, Engineering, Environmental Services & Works

AK/cjc
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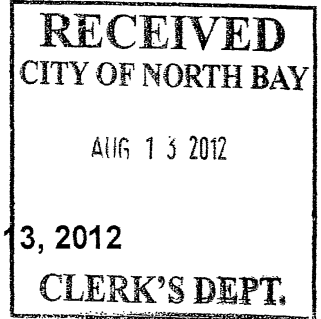
I concur in this report and recommendation.



Jerry D. Knox
Chief Administrative Officer

Personnel designated for continuance: Catherine Conrad, City Clerk
Joe Germano, Manager of Roads

City of North Bay
Report to Council



Report No. EEW 2012-043

Date: August 13, 2012

Originator: Alan Korell, P. Eng. M.C.I.P.
Managing Director of Engineering, Environmental Services & Works

Subject: Speed limit in and around schools

RECOMMENDATION

That City Council endorses a reduction of the speed limit from 50 km/hr to 40km/hr around all schools within the city of North Bay. And that these areas be designated Community Safety Zones, which means fines will be doubled. And that the Traffic & Parking By-Law 2002-001 be amended accordingly.

BACKGROUND

The City has received a large number of requests to reduce speed limits in the City near schools. These requests have come from individuals, the schools themselves, police department and from the school bus company.

The Engineering Departments feels that rather than dealing with the requests individually, there is merit in reducing the speed to 40 km/hr around all schools. This will slow traffic around our schools and make it safer for the students.

OPTION ANALYSIS

Option 1

Proceed with the reduction of the speed limit to 40 km/hr near all schools

This option is recommended. The cost will be the cost of the signs. Installation will be done by the City's Traffic Personnel.

Option 2

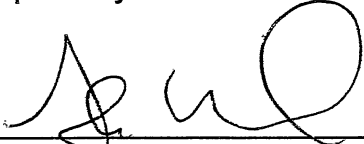
Status Quo of leaving the speed limit at 50 km/hr.

This option is the status quo and is not recommended as it fails to address concerns that have been voiced by many individuals and groups in the community.

RECOMMENDED OPTION

That City Council endorses a reduction of the speed limit from 50 km/hr to 40km/hr around all schools within the city of North Bay. And that these areas be designated Community Safety Zones, which means fines will be doubled. And that the Traffic & Parking By-Law 2002-001 be amended accordingly.

Respectfully submitted



**Alan Korell, P. Eng., M.C.I.P.
Managing Director of Engineering,
Environmental Services & Works**

and



**Peter Chirico
Managing Director, Community Services**

I concur in this report and recommendation.



**Jerry Knox
Chief Administrative Officer**

Personnel designated for continuance:
City Clerk and Manager of Roads

w:-AlanK~EEW2012-043-RTC speed limit schools

C. Conrad, City Clerk

GENERAL GOVERNMENT COMMITTEE

Monday, October 22, 2012

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Chairperson: Councillor Lawlor
Vice-Chair: Councillor Anthony
Members: Councillors Bain, Marosis
Ex-Officio: Mayor McDonald

- GG-2011-04 Motion from Councillor Anthony dated January 10, 2011 re Council remuneration (F16/2011/CNB/COUNCIL).
- GG-2011-16 Report from C.M. Conrad dated August 2, 2011 re Election campaign signs (C07/2011/ELECT/GENERAL).
- GG-2012-04 Report from Karen McIsaac dated July 30, 2012 re Business Licencing By-Law (C00/2012/BYLAW/BUSLICEN).
- ▶ **GG-2012-05 Report from Margaret Karpenko dated August 22, 2012 re Long Term Capital Funding Policy Review (F05/2012/CAPBU/GENERAL).**
- GG-2012-06 Report from Margaret Karpenko dated August 29, 2012 re 2013 Operating Budget Timelines and Process (F05/2012/OPEBE/GENERAL).
- GG-2012-08 Report from Lorraine Rochefort / Laura Boissonneault dated October 1, 2012 re 2013 Water and Sanitary Sewer Rates (F22/2012/TAXR/GENERAL).

GG-2012-05

Recommendation:

- "That 1) City Council approve a one million (1,000,000) one-time baseline adjustment to the pay as you go amount in the 2013 Capital and Operating Budget; and
- 2) Council approve the Long Term Capital Funding Policy, as attached and amended, with debt being held at nine million (9,000,000)."

CITY OF NORTH BAY

Report to Council

Report No: CORP 2012- 137

Date: Oct. 17, 2012

Originator: Margaret Karpenko

Subject: Long Term Capital Funding Policy Review – Supplemental Report

RECOMMENDATIONS:

That City Council approves a one million one-time baseline adjustment to the pay as you go amount in the 2013 capital and operating budget and;

That City Council approves the Long Term Capital Funding Policy as attached and amended, with debt being held at 9 million.

BACKGROUND:

The Long Term Capital Funding Policies were last updated January 2010. The updates to the policies, between 2008 and 2010, amended the documents to include several recommendations for changes designed to begin to address the Infrastructure Investment Gap identified in the Stantec State of the Infrastructure Report. Stantec recently presented an updated infrastructure report that highlighted that our current Long-Term Capital Funding Policy is making a difference in reducing the City's infrastructure gap, however, a gap continues to exist. With the information gained from the Stantec report, Administration has looked at two additional scenarios for Council to consider. The scenario being recommended continues to support the City's commitment to improve infrastructure and foster growth.

Attached as appendix A is option 1: a million dollar one-time baseline adjustment and option 2: a three million dollar one time baseline adjustment. Both options retain the structure and goal of improving the City's infrastructure.

Administration recommends option 1 based on the following analysis:

1. A review of all current projects and unspent money's revealed that there is sufficient work and funding to be completed in 2013 that will catch up on active projects. A one-time baseline adjust will, therefore, facilitate the completion of current active projects.
2. The one time baseline adjustment effectively defers a number of projects to a future year. The projects that are impacted do not relate to core infrastructure that is reported within the Stantec report. The highlights of the adjustments are as follows:
 - **6125PR Trail System Development Program 2013 On-Going** – reduction of \$450,000 in 2013 was deferred to 2016 to coincide with the roads project. Community Services will work with Engineering & Public Works on the implementation.
 - **6134GGG System Technology Program 2013 On-Going** – reduction of \$307,750 to allow for completion of previously budgeted projects.

-
- **3602RD College Drive –Pathway from Hospital to University** - reduction of \$400,000 was moved into 2014 to coincide with part of the Cedar Heights Reservoir project that should also proceed at that time; assuming substantial funding from both levels of government is received.

Option 2 was also analyzed and may be achievable in the short term (being 2013) however, it is not being recommended as it has long term consequences to the City's infrastructure. Consequences relate to the increased number of projects required to be deferred thereby increasing the pressures in each subsequent year and also placing a larger burden on maintaining our infrastructure.

OPTIONS:

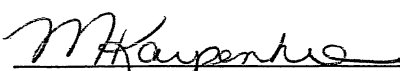
1. That City Council receive and file the report on Long Term Capital Funding Policy. With no amendments to the policy and no one time adjustment.
2. That City Council consider that the attached draft policy be approved and used for the development of the 2013 Capital Budget with the following noted amendments:
 - a. That debt is held constant at 9 million dollars.
 - b. That a million dollar one-time baseline adjustment be made to pay as you go
3. That City Council consider that the attached draft policy be approved and used for the development of the 2013 Capital Budget with the following noted amendments **and** that the CPI adjustment not be applied for one year being the 2013 capital budget year:

RECOMMENDED OPTION:

That City Council approves a one million one-time baseline adjustment to the pay as you go amount in the 2013 Capital and Operating Budget and;

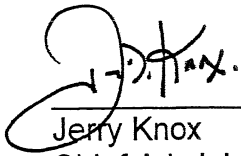
That City Council approves the Long Term Capital Funding Policy as attached and amended, with debt being held at 9 million.

Respectfully submitted,



Margaret Karpenko, CMA
Chief Financial Officer/Treasurer

I concur in this report and recommendation.

A handwritten signature in black ink, appearing to read "J. Knox", is written over a horizontal line.

Jerry Knox
Chief Administrative Officer

Personnel designated for continuance: Chief Financial Officer

Attached: Appendix "A" – New Scenario's with 1 million and 3 million one time adjustments
Appendix "B" – Marked up Long Term Capital Funding Policy

APPENDIX A

		Current Plan			1 million baseline adjustment		3 million baseline adjustment	
		Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		2012	2013	2029	2013	2029	2013	2029
PAYGO	PAYGO - Operating budget Prior Year before P & I	15,793,000	16,979,000	40,589,196	16,979,000	39,262,984	16,979,000	36,610,561
	1% levy	712,924	737,886	1,279,484	737,886	1,279,484	737,886	1,279,484
	Inflation Factor (CPI) Adjustment	473,790	322,601	771,195	322,601	745,997	322,601	695,601
	Subtotal	16,979,714	18,039,487	42,639,874	17,039,487	41,288,464	15,039,487	38,585,646
	Principal Payments	5,863,350	6,326,300	12,950,000	6,226,300	9,000,000	6,226,300	9,000,000
	Interest Payments	1,403,650	1,435,007	3,936,000	1,362,257	2,700,000	1,362,257	2,700,000
	Sub total P&I	7,267,000	7,761,307	16,886,000	7,588,557	11,700,000	7,588,557	11,700,000
	PAYGO Capital Levy Current Year	9,712,714	10,278,180	25,753,874	9,450,930	29,588,464	7,450,930	26,885,646
	Annual Increase within Operating Levy	1,151,613	1,059,773	2,050,678	59,773	2,025,480	(1,940,227)	1,975,084
	Increase as a Percentage of Levy	1.62%	1.44%	1.60%	0.08%	1.58%	-2.63%	1.54%
Debt								
	Debenture Debt at Beginning of the Year	36,701,150	39,837,800	71,477,650	39,837,800	50,660,983	39,837,800	50,660,983
	Debt Issue Current Year	9,000,000	9,500,000	13,000,000	9,000,000	9,000,000	9,000,000	9,000,000
	Principle Payments	(5,863,350)	(6,326,300)	(12,950,000)	(6,226,300)	(9,000,000)	(6,226,300)	(9,000,000)
	Hospital Commitment?							
	Forecasted Debt Year End	39,837,800	43,011,500	71,527,650	42,611,500	50,660,983	42,611,500	50,660,983
Capital Plan	Capital Funding Plan - General							
	PAYGO	9,712,000	10,278,180	25,753,874	9,450,930	29,588,464	7,450,930	26,885,646
	Debt	9,000,000	9,500,000	13,000,000	9,000,000	9,000,000	9,000,000	9,000,000
	Development Charges	600,000	700,000	1,246,374	700,000	1,246,374	700,000	1,246,374
	Federal Gas Tax	3,310,814	3,310,814	3,310,814	3,310,814	3,310,814	3,310,814	3,310,814
	Total Annual Capital Plan	22,622,814	23,788,994	43,311,062	22,461,744	43,145,652	20,461,744	40,442,834
	Monitoring and Reporting Statistics							
	Debt Service Costs As a % of Tax Levy - Policy as adopted in 2010			12.75%	9.94%	8.84%	9.94%	8.84%
	Annual Change from Pre 2013 Capital Plan				(1,327,250)	(165,409)	(3,327,250)	(2,868,228)
	Cumulative Capital investment Change from Cumulative Plan			547,328,413		526,269,258		486,575,973
						(21,059,155)		(60,752,440)

The Corporation of the City of North Bay

FINANCIAL SERVICES POLICY	SECTION: FINANCIAL PLANNING
	APPROVED: APRIL 2010 REVISION DATE: JUNE 2012
	SUBJECT: LONG TERM CAPITAL FUNDING POLICY POLICY 2010-01

PURPOSE

The purpose of the City of North Bay Long Term Capital Funding Policy is to plan capital funding for levy supported capital over a rolling twenty-year period.

GOALS AND OBJECTIVES

The goals and objectives of the Long Term Capital Funding Policy include,

1. To provide maximum annual funding for capital projects excluding water and sanitary sewer projects;
2. To provide maximum funding for special major capital projects excluding water and sanitary sewer projects;
3. To control but not eliminate the level of long term capital debt and commitments each year;
4. To provide for the effects of inflation through annual adjustments;
5. To gradually increase the level of funding for capital projects to a sustainable level;
6. To ensure that the Policy continues to reflect the City's needs and its citizens' capabilities.

ROLES AND RESPONSIBILITIES

Chief Financial Officer / City Treasurer (CFO) is responsible for:

1. Monitoring the debt servicing costs (principal and interest payments), as a percentage of total tax levy to ensure the ratio does not exceed 15%.

2. Ensuring that the funding mix be such that "pay as you go" capital revenue be equal to or greater than "long term debt" capital revenue.

3. Signing all Capital related reports to Council to ensure that the approvals will not cause the expenditure targets to be exceeded.

City Council is responsible for:

1. Reviewing the Long Term Capital Funding Policy in detail a minimum of every 4 years, at the beginning of each term of Council.
2. Reviewing the funding policy each year;
 - i. To ensure that the sustainable target levels are reasonable and;
 - ii. That alternative revenue sources are maximized

IMPLEMENTATION

The implementation of the Long Term Capital Funding Policy includes:

1. Any unused debt in any given year may be carried forward up to a maximum of two years while still adhering to the annual Net Capital Budget total.
 - 1.1. For example, the 2012 budget allows for debt to be issued in the amount of 9 million dollars. If only 7 million is required to fund projects that have incurred substantial costs then 2 million will be carried forward up to 2014.
2. A capital project that is approved in any given year's budget must have by-law approval and begin incurring substantial costs within a two year period; otherwise, the project must be re-submitted for budget approval in a future year. The initial approval is then considered cancelled and will not be allocated to other projects.
 - 2.1. For example, if project X is approved in the 2012 capital budget and no costs have been incurred by 2014 the project will be required to compete for capital dollars in 2015.
3. Addition of a capital project called Capital Financing within the current capital plan that equates to 2% of the funding envelope.
 - 3.1. This project is intended to facilitate funding timing differences. After considerable review of the allocation of available funding for a particular year it was determined that funding allocations are being allocated to prior year projects. In an effort to move towards any given years funding envelope to fund that years capital initiatives the new project would be established. Currently the amount of unfunded capital is approximately 5.4 million dollars. The goal is to manage this difference within a 2 million dollar range.

4. That the monitoring of debt servicing costs (principal and interest payments), as a percentage of total tax levy not exceed 15% be calculated as a total of levy, water and sewer rates and that levy, water and sewer debt servicing costs when measured independently not exceed the rate established by the Ministry of Municipal Affairs.
 - 4.1. The prior policy is not clear with respect to the application of the 15% target. We have seen through analysis of the long range funding plan that when evaluating the debt servicing costs on the individual segments in some cases the debt servicing costs do exceed the 15% target. This clarification is to ensure that the individual units do not exceed the Ministry's overall target and that on a global basis the internal policy of 15% is monitored.
5. Providing annual funding for debt service costs from the Operating Budget be increased by an inflationary allowance plus 1% of the tax levy each year. Definitions of inflationary allowances; 1% of levy and 2% of water bill revenues.
 - 5.1. Inflationary Allowances shall be the twelve month percentage change in the total Consumer Price Index (CPI) (Table 1- Core Items CPI) as determined from the most current Statistics Canada report. This percentage is to be applied to the previous year's long term capital funding allowance in the operating budget.
 - 5.2. 1% of the tax levy shall be 1% on the previous year's budgeted tax levy.
6. Transactions flowing through the Capital reserves would be any capital project surplus or deficits. The intent of these reserves balances would be to offset future unanticipated or abnormal capital expenditures.
7. Providing debenture and other long-term debt financing in the amount of \$9,000,000 in 2012 and hold.
8. That Capital Expenditure Limits be set based on the capital revenue sources generated by the policy. The sources of revenue include but may not be limited to the following:
 - i. Debentures
 - ii. Capital Levy
 - iii. Development Charges
 - iv. Federal and Provincial Government Grants & Programs
 - v. Reserves and other
9. *Development Charges, reserves and other grants will be budgeted for on a project specific basis as specific criteria are required to be met.

* Proposed revisions

CITY OF NORTH BAY

Report to Council

Report No: CORP 2012-114

Date: August 22, 2012

Originator: Margaret Karpenko

Subject: Long Term Capital Funding Policy Review

RECOMMENDATIONS:

That City Council refers the Long Term Capital Funding Policy Review to General Government Committee.

BACKGROUND:

The Long Term Capital Funding Policies were last updated January 2010. The updates to the policies between 2008 and 2010, amended the documents to include several recommendations for changes designed to begin to address the Infrastructure Investment Gap identified in the Stantec State of the Infrastructure Report. Stantec is currently conducting a review of our infrastructure to provide an update on the state of infrastructure. The development of the Long Term Capital Funding Policy provides for a capital investment of 547 million over the 17 year period of 2013 to 2029.

During the 2012 budget process, Administration reviewed the policy and recommended several amendments to provide increased definition of terms as well as some amendments that deal with cash flow and project management.

During 2012 budget deliberations, several questions were also raised about the Long Term Capital Funding Policy. The purpose of this report is to review the elements of the Long Term Capital Funding Policy and to provide for further amendments to the policy.

The total Capital Funding Policy Expenditure Limit is defined as the sum of Pay as You Go, Debenture, Federal Gas Tax, and Development Charges. Each of these components is then individually calculated. For the purposes of developing the City's 10 year capital plan, several estimates are also used. Over time the assumptions used in the estimates need to be reviewed.

Plan assumptions are as follows:

Original Plan

Levy growth of 4%
 CPI factor – 3%
 1% of Levy
 Development Charges increase by \$100,000 per year until 2014 then increase by 3%
 Debt Max at 13 million, \$500,000 per year
 Most recent debenture rate used for long term forecast

Actual Results

Levy growth 3.5%
 CPI – 1.9%
 1% Levy
 Development Charges have not been fully allocated annually
 Debt Max at 13 million, \$500,000 per year
 Debenture issues in future years projected at 2% until 2020 then up to 5.5%

Pay as You Go

The Pay as You Go component is the link to the operating budget. Examination of the current policy over the next 17 years has an operating levy component that is projected to add approximately 1.44% annually. The annual amount of Pay as You Go is adjusted and increased by 1% of the operating levy and the Consumer Price Index. Prior to any amounts being transferred to fund capital, principal and interest payments are paid.

In order to provide some perspective a scenario analysis has been provided as Appendix A. Specifically Scenario 2 in the Appendix demonstrates that if you remove the CPI adjustment for one year (2013) the cumulative capital investment over 17 years will be reduced by 8.3 million. There is an off setting benefit with respect to the operating budget in 2013 because the impact to the operating levy is reduced from 1.44% to 1%. Therefore, the conflicting needs between the capital budget and operating budget need to be evaluated. As mentioned earlier in the report, North Bay like any other City has a significant infrastructure gap that needs to be dealt with in order to minimize impacts on the operating budget. The Council of the day has supported the capital funding policy that slowly but consistently increases in order to tackle the infrastructure gap. It is the recommendation of the Chief Financial Officer to not deviate from the Pay as You Go formula and continue to apply the 1% Levy adjustment as well as the CPI adjustment because it is a plan that provides a slow and steady growth to the capital budget while also slowly increasing the impact to the operating budget over time. This approach is planned and reduces sudden spikes and valleys within the operating budget.

Debt

Debt is currently scheduled to reach its maximum amount of 13 million in 2020. In 17 years the City's debt levels are projected to reach 71.5 million notwithstanding water and sewer debt and the hospital commitment. It is the opinion of the Chief Financial Officer that this amount of debt is aggressive and will lead to little budget flexibility in the future. As an alternative approach to ensuring the corporation's goal of reducing the infrastructure gap, while allowing for future flexibility, it is the Chief Financial Officer's recommendation to hold annual debt issuances at 9 million annually. This is the amount of debt issued in 2012. Over a period of 17 years the City would be 1.9 million below the original plan; however, principal and interest payments would also significantly lower and total debt outstanding would be approximately 50.3 million (notwithstanding water and sewer and the hospital commitment). As you can see in Appendix A, holding debt at 9 million annually, results in more funds being transferred to the capital budget in 16 years (2029). This effect can be described as investing in ourselves. Also note in Appendix A, this approach reduces the debt servicing cost as a percentage of the levy from 12.75% to 8.84%. The City's policy limits this performance measure to less than 15%; therefore, in special circumstances such as an introduction of another stimulus program or other funding opportunities to leverage money, Council would be in a good position to issue special one time debt.

Development Charges

Development Charges have been applied to the entire funding envelope. This has been misleading as development charge funds can only be applied to specific projects that meet specified criteria and are a result of growth. Therefore, the Chief Financial Officer recommends that these dollars be allocated to projects on the same basis as grants and that development charges are to be applied on a project by project basis rather than on a global amount.

Federal Gas Tax

The Federal Gas Tax has been held constant for the purposes of this review. At this point there is no concern that would suggest this funding would be changed.

State of the Infrastructure

A State of the Infrastructure Report filed with City Council on February 3, 2010 (EESW 2010-007), outlined the required level of funding to replace, rehabilitate and maintain the existing infrastructure networks at a sustainable level for a timeframe of more than one typical lifecycle. Sustainability means having sufficient funding available to ensure that assets can be managed over the long term. The report documented that the City of North Bay currently has an estimated 'annual' funding shortfall of \$ 21.1 Million (based on 2008 figures) for the City's water, sewer, and roadway '*linear*' infrastructure. Note this figure does not include any capital investment gap for buildings, facilities, parks, parking lots, trails, vehicles, and equipment.

Council resolved that the report be accepted and to work towards incrementally increasing capital budgets over time through further development of an Asset Management Program and Long Term Capital Financing Plan. Council recognized by not making a commitment there would be a requirement to dramatically increase future operating budgets in order to react to more frequent emergency repairs and/or increased regular maintenance on fully depreciated infrastructure.

It is the opinion of the Chief Financial Officer that the essence of previous council resolutions is being maintained with the modifications contained in this report.

OPTIONS:

1. That City Council receive and file the report on Long-Term Capital Funding Policy.
2. That City Council consider that the attached draft policy be approved and used for the development of the 2013 Capital Budget with the following noted amendments:
 - a. That debt is held constant at 9 million dollars.

3. That City Council consider that the attached draft policy be approved and used for the development of the 2013 Capital Budget with the following noted amendments **and** that the CPI adjustment not be applied for one year being the 2013 capital budget year:

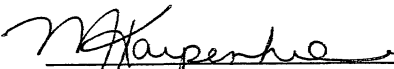
a. That debt is held constant at 9 million dollars.

RECOMMENDED OPTIONS:

That City Council consider that the attached draft policy, Appendix B, be approved and used for the development of the 2013 Capital Budget with the following noted amendments:


b. That debt is held constant at 9 million dollars.

Respectfully submitted,



Margaret Karpenko, CMA
Chief Financial Officer/Treasurer

I concur in this report and recommendation.



Jerry Knox
Chief Administrative Officer

Personnel designated for continuance: Chief Financial Officer

Attached: Appendix "A"
Appendix "B"

APPENDIX A

				Scenario 1		Scenario 2		
				Debt Held At 9 million		No CPI Debt held at 9 million		
				Forecast	Forecast	Forecast	Forecast	
				2013	2029	2013	2029	
		Current Plan						
		Actual	Forecast	Forecast				
		2012	2013	2029				
PAYGO	PAYGO - Operating budget Prior Year before P & I	15,793,000	16,979,000	40,589,196	16,979,000	40,589,196	16,979,000	40,161,358
	1% levy	712,924	737,886	1,279,484	737,886	1,279,484	737,886	1,279,484
	Inflation Factor (CPI)	473,790	322,601	771,195	322,601	771,195	-	763,066
	Adjustment		-					
	Subtotal	16,979,714	18,039,487	42,639,874	18,039,487	42,639,874	17,716,886	42,203,908
	Principal Payments	5,863,350	6,326,300	12,950,000	6,326,300	9,000,000	6,326,300	9,000,000
	Interest Payments	1,403,650	1,435,007	3,936,000	1,435,007	2,700,000	1,435,007	2,700,000
	Sub total P&I	7,267,000	7,761,307	16,886,000	7,761,307	11,700,000	7,761,307	11,700,000
	PAYGO Capital Levy Current Year	9,712,714	10,278,180	25,753,874	10,278,180	30,939,874	9,955,579	30,503,908
	Annual Increase within Operating Levy	1,151,613	1,059,773	2,050,678	1,059,773	2,050,678	737,172	2,042,549
	Increase as a Percentage of Levy	1.62%	1.44%	1.60%	1.44%	1.60%	1.00%	1.60%
Debt	Debt at Beginning of the Year	36,701,150	39,837,800	71,477,650	39,837,800	50,377,650	39,837,800	50,377,650
	Debt Issue Current Year	9,000,000	9,500,000	13,000,000	9,000,000	9,000,000	9,000,000	9,000,000
	Principle Payments	(5,863,350)	(6,326,300)	(12,950,000)	(6,326,300)	(9,000,000)	(6,326,300)	(9,000,000)
	Hospital Commitment?							
	Forecasted Debt Year End	39,837,800	43,011,500	71,527,650	42,511,500	50,377,650	42,511,500	50,377,650
Capital Plan	Capital Funding Plan - General							
	PAYGO	9,712,000	10,278,180	25,753,874	10,278,180	30,939,874	9,955,579	30,503,908
	Debt	9,000,000	9,500,000	13,000,000	9,000,000	9,000,000	9,000,000	9,000,000
	Development Charges	600,000	700,000	1,246,374	700,000	1,246,374	700,000	1,246,374
	Federal Gas Tax	3,310,814	3,310,814	3,310,814	3,310,814	3,310,814	3,310,814	3,310,814
	Total Annual Capital Plan	22,622,814	23,788,994	43,311,062	23,288,994	44,497,062	22,966,393	44,061,096
Monitoring and Reporting Statistics								
	Debt Service Costs As a % of Tax Levy - Policy as adopted in 2010			12.75%	10.16%	8.84%	10.16%	8.84%
	Annual Change from Pre 2013 Capital Plan				(500,000)	1,186,000	(822,601)	750,034
	Cumulative Capital investment Change from Cumulative Plan			547,328,413	545,397,638	(1,930,775)	538,995,092	(8,333,322)

The Corporation of the City of North Bay

FINANCIAL SERVICES POLICY	SECTION: FINANCIAL PLANNING
	APPROVED: APRIL 2010
	REVISION DATE: JUNE 2012
	SUBJECT: LONG TERM CAPITAL FUNDING POLICY
	POLICY 2010-01

PURPOSE

The purpose of the City of North Bay Long Term Capital Funding Policy is to plan capital funding for levy supported capital over a rolling twenty-year period.

GOALS AND OBJECTIVES

The goals and objectives of the Long Term Capital Funding Policy include,

1. To provide maximum annual funding for capital projects excluding water and sanitary sewer projects;
2. To provide maximum funding for special major capital projects excluding water and sanitary sewer projects;
3. To control but not eliminate the level of long term capital debt and commitments each year;
4. To provide for the effects of inflation through annual adjustments;
5. To gradually increase the level of funding for capital projects to a sustainable level;
6. To ensure that the Policy continues to reflect the City's needs and its citizens' capabilities.

ROLES AND RESPONSIBILITIES

Chief Financial Officer / City Treasurer (CFO) is responsible for:

1. Monitoring the debt servicing costs (principal and interest payments), as a percentage of total tax levy to ensure the ratio does not exceed 15%.

2. Ensuring that the funding mix be such that “pay as you go” capital revenue be equal to or greater than “long term debt” capital revenue.
3. Signing all Capital related reports to Council to ensure that the approvals will not cause the expenditure targets to be exceeded.

City Council is responsible for:

1. Reviewing the Long Term Capital Funding Policy in detail a minimum of every 4 years, at the beginning of each term of Council.
2. Reviewing the funding policy each year;
 - i. To ensure that the sustainable target levels are reasonable and;
 - ii. That alternative revenue sources are maximized

IMPLEMENTATION

The implementation of the Long Term Capital Funding Policy includes:

1. Any unused debt in any given year may be carried forward up to a maximum of two years while still adhering to the annual Net Capital Budget total.
 - 1.1. For example, the 2012 budget allows for debt to be issued in the amount of 9 million dollars. If only 7 million is required to fund projects that have incurred substantial costs then 2 million will be carried forward up to 2014.
2. A capital project that is approved in any given year’s budget must have by-law approval and begin incurring substantial costs within a two year period; otherwise, the project must be re-submitted for budget approval in a future year. The initial approval is then considered cancelled and will not be allocated to other projects.
 - 2.1. For example, if project X is approved in the 2012 capital budget and no costs have been incurred by 2014 the project will be required to compete for capital dollars in 2015.
3. Addition of a capital project called Capital Financing within the current capital plan that equates to 2% of the funding envelope.
 - 3.1. This project is intended to facilitate funding timing differences. After considerable review of the allocation of available funding for a particular year it was determined that funding allocations are being allocated to prior year projects. In an effort to move towards any given years funding envelope to fund that years capital initiatives the new project would be established. Currently the amount of unfunded capital is approximately 5.4 million dollars. The goal is to manage this difference within a 2 million dollar range.

4. That the monitoring of debt servicing costs (principal and interest payments), as a percentage of total tax levy not exceed 15% be calculated as a total of levy, water and sewer rates and that levy, water and sewer debt servicing costs when measured independently not exceed the rate established by the Ministry of Municipal Affairs.
 - 4.1. The prior policy is not clear with respect to the application of the 15% target. We have seen through analysis of the long range funding plan that when evaluating the debt servicing costs on the individual segments in some cases the debt servicing costs do exceed the 15% target. This clarification is to ensure that the individual units do not exceed the Ministry's overall target and that on a global basis the internal policy of 15% is monitored.
5. Providing annual funding for debt service costs from the Operating Budget be increased by an inflationary allowance plus 1% of the tax levy each year. Definitions of inflationary allowances, 1% of levy and 2% of water bill revenues.
 - 5.1. Inflationary Allowances shall be the twelve month percentage change in the total Consumer Price Index (CPI) (Table 1- Core Items CPI) as determined from the most current Statistics Canada report. This percentage is to be applied to the previous year's long term capital funding allowance in the operating budget.
 - 5.2. 1% of the tax levy shall be 1% on the previous year's budgeted tax levy.
6. Transactions flowing through the Capital reserves would be any capital project surplus or deficits. The intent of these reserves balances would be to offset future unanticipated or abnormal capital expenditures.
7. Providing debenture and other long-term debt financing in the amount of \$9,000,000 in 2012 and hold.
8. That Capital Expenditure Limits be set based on the capital revenue sources generated by the policy. The sources of revenue include but may not be limited to the following:
 - i. Debentures
 - ii. Capital Levy
 - iii. Development Charges
 - iv. Federal and Provincial Government Grants & Programs
 - v. Reserves and other
9. *Development Charges, reserves and other grants will be budgeted for on a project specific basis as specific criteria are required to be met.

* Proposed revisions

ITEMS REFERRED BY COUNCIL FOR A REPORT

<u>DATE</u>	<u>ITEM</u>
March 29, 2005	Backflow Prevention Program survey of all industrial, commercial and institutional buildings (due September 2005) .
September 21, 2009	Review, update and consolidation of Noise By-Law (due June 30, 2010) .
March 8, 2010	Comprehensive Long-Term Financial Plan (due April 30, 2010) .
May 3, 2010	Track the net financial benefits created through increased assessment as a result of the Airport Industrial Community Improvement Plan sites being developed.
December 30, 2010	Quarterly report on progress of WSIB appeal, error corrections and cost projections for 2011.
January 24, 2011	Comprehensive review of City owned Lake Nipissing accesses.
July 4, 2011	Comprehensive Status Report relating to BCIP (due July 2014) .
August 2, 2011	Review of smoking at City facilities and commercial establishment patios.
August 15, 2011	Effectiveness of the Residential Rental Housing By-Law (due May 2013) .
July 16, 2012	Review of water and sewage rates for the dispensing facility on Patton Road (due March 2013) .