



2025 Capital Budget

Council-in-Budget Committee

November 25, 2024

Report No. CBC-01-2025



Presentation Agenda

- 1) Overview: Inputs & Process
- 2) Budget Program Highlights
- 3) Risks & Opportunities
- 4) Next Steps
- 5) Presentation Questions
- 6) Capital Project Worksheets Review



1) Overview: Inputs & Process

- Council's 2023-2026 Corporate Strategic Plan
- Year-round budget cycle and processes:
 - Plan: prepare, submit & review (Aug to Dec).
 - Approve: aligned with strategies & expectations.
 - Execute: recording & manager monitoring.
 - Evaluate: auditing & reporting.
- Asset values: \$443M historical cost; ~\$2B est. replacement.
- Proposals reviewed/prioritized considering numerous factors: leveraging grants/contributions, minimizing lifecycle maintenance & risk/cost to taxpayers, modernization, addressing levels of service, creating economic opportunity.

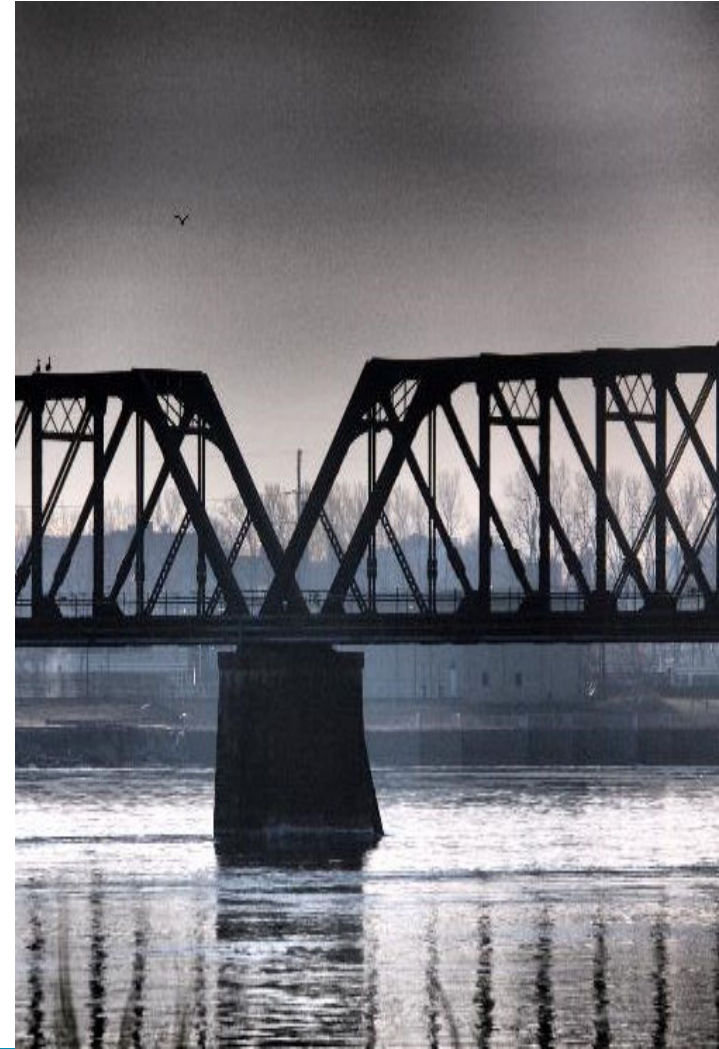
1) Overview: Inputs & Process

- **Guided by policies:**
 - Budget Policy (By-law [124-2022](#))
 - Reserve Policy (By-law [112-2022](#))
 - Asset Management Policy (By-law [78-2019](#))
 - Capital Asset Policy
 - Procurement Policy (By-law [123-2022](#))
- **Reporting:**
 - Capital close-out (e.g., [CS-09-2024](#)): 2024 returned \$6.2M to reserves.
 - Q2 variance status ([CS-06-2024](#) Appendix “2”)
 - 2024 added ~\$1.7M in additions through award/amendments.



1) Overview: Inputs & Process AMP Update

- Asset Management Plan (AMP): [IS-05-2024](#)
- 2024 AMP includes all Town assets to:
 - Meet [O. Reg 588/17](#) regulatory requirements.
 - Outline current state and LoS with desired targets.
 - Establish LT infrastructure goals with master plans for asset life.
 - Develop sustainable financial plans and budgets.
 - Support funding applications to upper governments.
 - Propose financial strategy for sustaining investment:
 - Current base reserve transfers: \$15.0M (Levy and W&WW)
 - Inflationary: \$884,480 increase again in 2025 to existing 2024 contributions
 - Reserve Policy and targets



1) Overview: Inputs & Process AMP Update

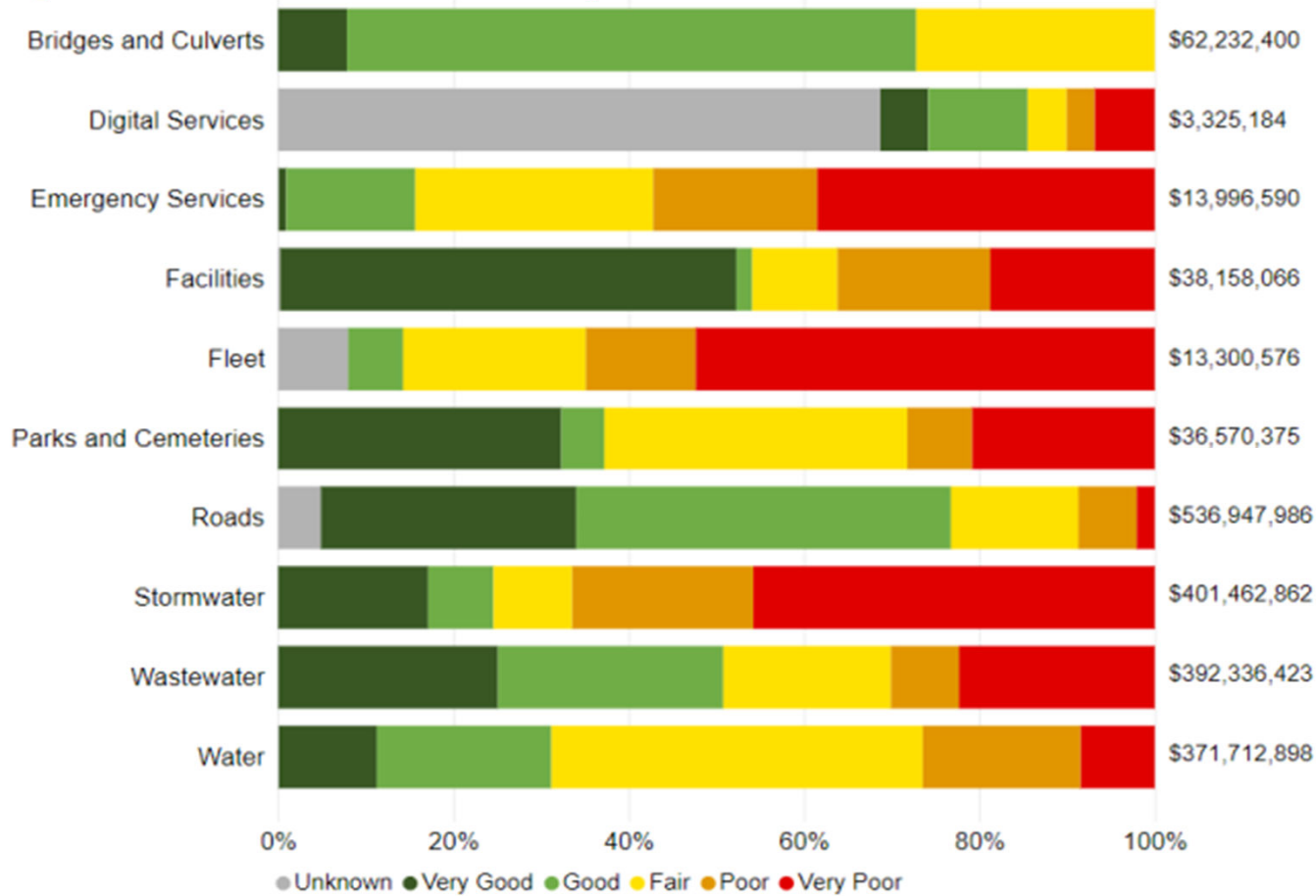
- Master Plans & condition assessments core to AMP and guide priorities to replace existing assets. For example:
 - [IS-51-2021](#) Bridge & Culvert Assessment
 - [COS-01-2021](#) Corporate Software Review
 - [IS-08-2021](#) Road Condition Assessment
 - [FES-06-2021](#) Fire MP
 - [IS-15-2019](#) Wastewater & [IS-17-2017](#) Water MPs
 - [IS-14-2018](#) Facility Condition Assessment
- 2024 DC Study ([By-laws 20 to 22-2024](#)) guides new/growth asset development.
- Provincial Drinking Water requirements.
- Consultation with external partners and agencies



1) Overview: Inputs & Process AMP Update (IS-05-2024)

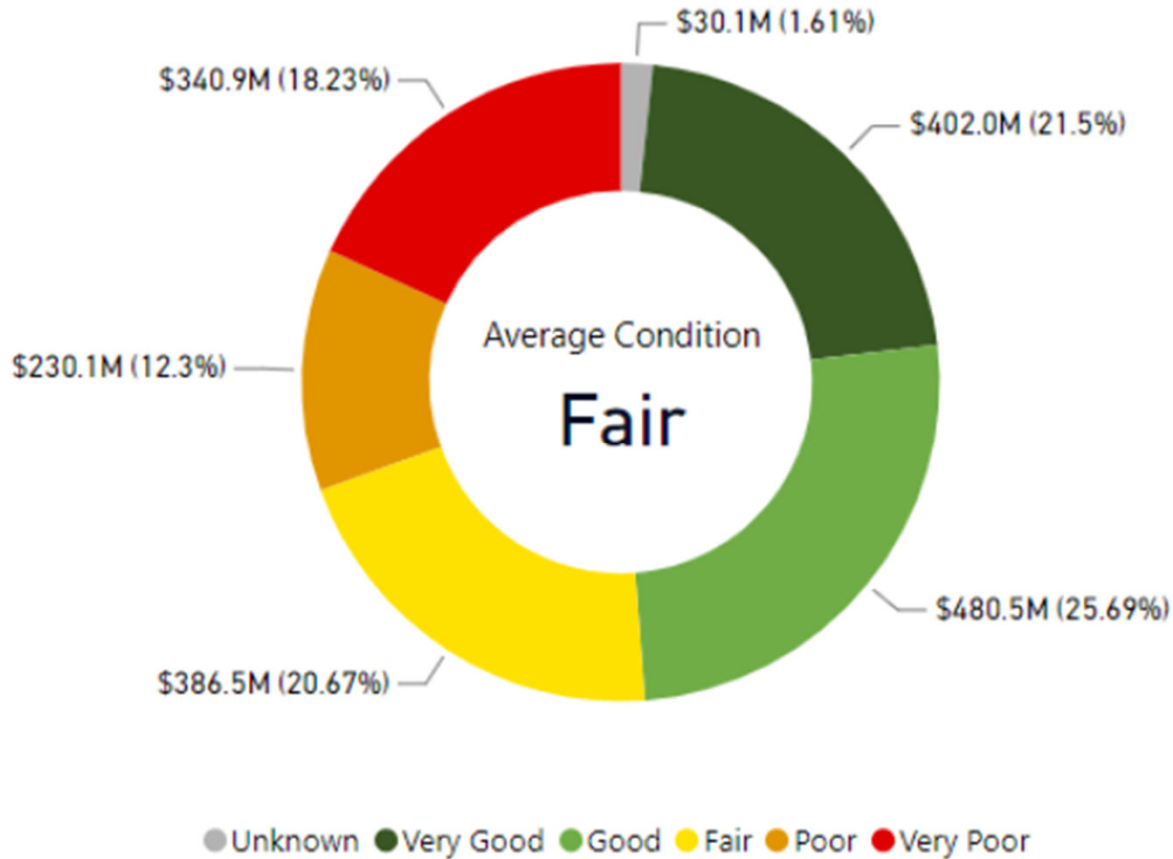


1) Overview: Inputs & Process



Asset category condition by Replacement Value

1) Overview: Inputs & Process



Overall asset condition by Replacement Value

1) Overview: Inputs & Process

| Lifecycle Activity | Average Annual Budget | Average Annual Cost to Maintain Current LOS | Average Annual Cost As Per Proposed LOS Target/ Infrastructure Needs |
|--|-----------------------|---|--|
| Disposal | \$15,000 | \$15,000 | \$15,000 |
| Growth | \$10,907,595 | \$10,907,595 | \$10,907,595 |
| Non-Infrastructure | \$521,100 | \$521,100 | \$521,100 |
| Operations & Maintenance | \$35,443,628 | \$35,443,628 | \$35,443,628 |
| Renewal, Rehabilitation & Replacement | \$17,577,181 | \$29,958,019 | \$46,791,485 |
| Service Improvement | \$1,229,973 | \$1,229,973 | \$1,229,973 |
| Total | \$65,694,477 | \$78,075,315 | \$94,908,781 |
| Average Annual Spending Gap | | \$12,380,838 | \$29,214,304 |
| Percentage Increase Required to Address Gap | | 19% | 44% |

Average Annual Expenditures and Infrastructure Gap

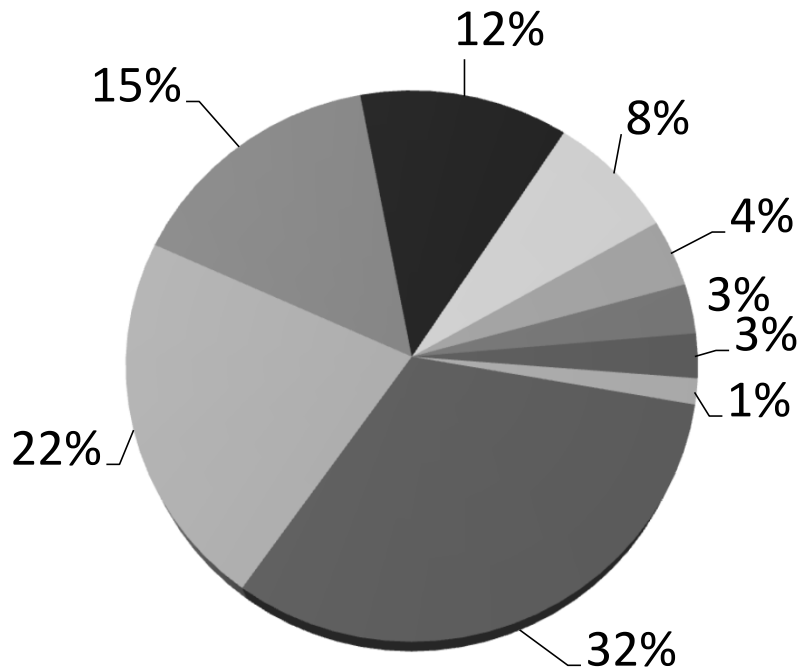
AMP identified an annual spending gap of \$12M to maintain current LoS, and an annual gap of \$29M to meet proposed LoS as per lifecycle strategies documented throughout the plan.

1) Overview: Inputs & Process

- AMP Lifecycle Management (LCM) Strategy:
 - Establish and implement a series of planned activities, based on industry best practices.
 - Enable assets to consistently provide a sustainable level of service to the residents of Fort Erie, while managing risk at the lowest lifecycle cost.
 - Outline various LCM strategies for each asset class including required activities, data confidence, scenario comparisons and recommended funding.
- Refer to [2024 Corporate Asset Management Plan](#).

2) Budget Program Highlights

2025 Request = \$26.0M (66 projects)



| | | |
|----------------------------------|--------|-----|
| ■ Roads, bridges & sidewalks | \$8.3M | 32% |
| ■ Wastewater | 5.7M | 22% |
| ■ Storms & drains | 4.0M | 15% |
| ■ Water | 3.2M | 12% |
| ■ Parks & Facilities | 2.0M | 8% |
| ■ Fleet | 1.0M | 4% |
| ■ Planning, Building & By-law | 0.8M | 3% |
| ■ Corporate & Community Services | 0.7M | 3% |
| ■ Fire & Emergency Services | 0.4M | 2% |

2) Budget Program Highlights Existing vs. Growth Assets

Existing Assets

\$19.3M or 74% for replacement or rehabilitation, for example:

- \$ 3,040,056 15.8% Thunder Bay Rd Upgrade
- \$ 2,986,250 15.5% Walden Blvd Upgrade
- \$ 2,500,000 13.0% Wastewater Trenchless Repair
- \$ 2,010,450 10.4% Road Resurfacing Program
- \$ 950,000 4.9% Water Meter Replacement Program

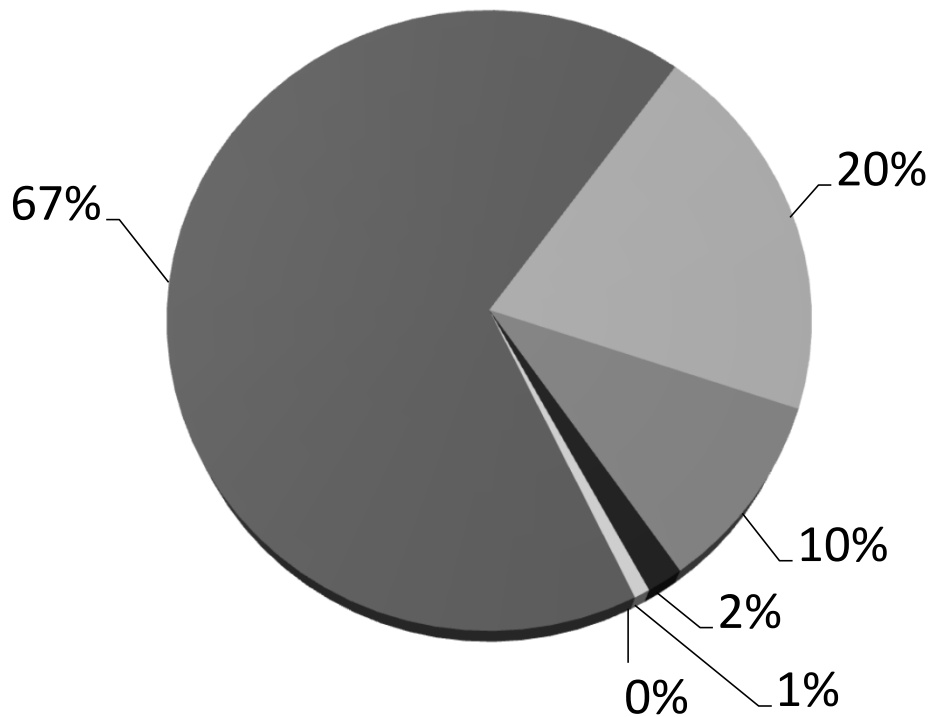
2) Budget Program Highlights Existing vs. Growth Assets

Growth or New Assets

\$6.8M or 26% for new or growth, for example:

- \$ 1,404,306 20.8% Thunder Bay Rd Upgrade
- \$ 1,326,600 19.6% Catherine St SPS Catchment Area
- \$ 993,600 14.7% Walden Blvd Upgrade
- \$ 813,600 12.0% Albany St

2) Budget Program Highlights 2025 Financing = \$26.0M

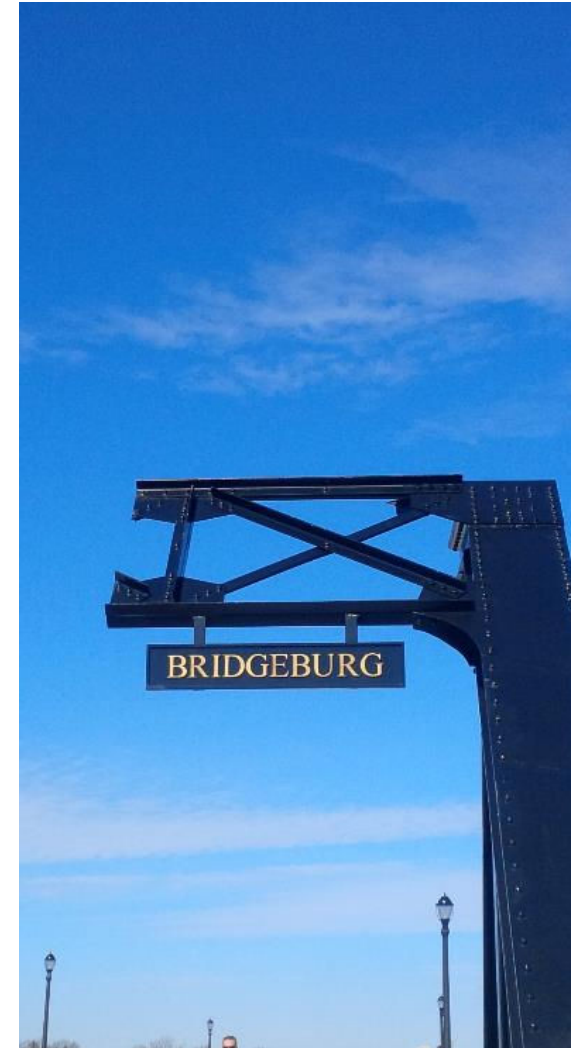


| | | |
|----------------------------------|---------|-----|
| ■ Town Reserves | \$17.5M | 67% |
| ■ Development Charges | 5.2M | 20% |
| ■ Grants | 2.6M | 10% |
| ■ Other | 0.5M | 2% |
| ■ Canada Community-Building Fund | 0.2M | 1% |
| ■ Debentures | N/A | - |

2) Budget Program Highlights Financing Strategy - Reserves

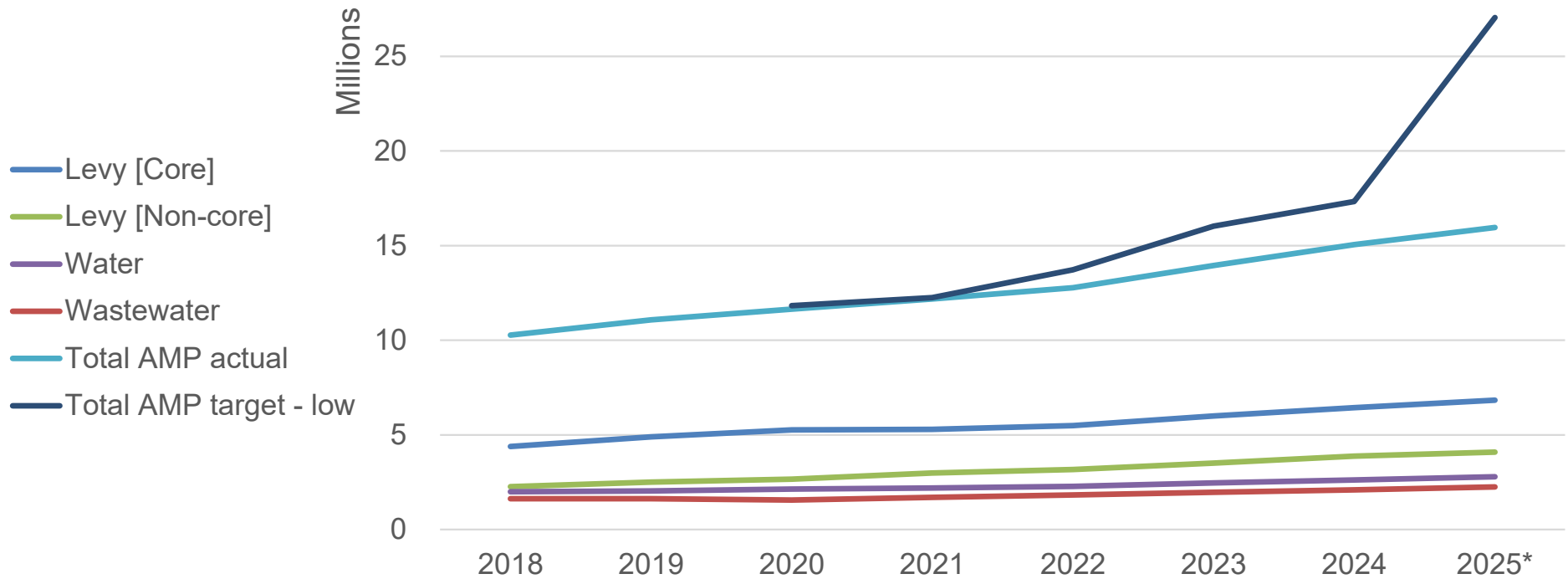
Reserves: \$17.5M or 67% for 2025 program

- Available Capital Reserve balances of approx. \$31.0M.
- Total annual contribution of \$15.0M from Levy and W&WW.
- Proposed 2025 Capital Budget shows inflationary increases but future forecasts do not rely upon until approved.



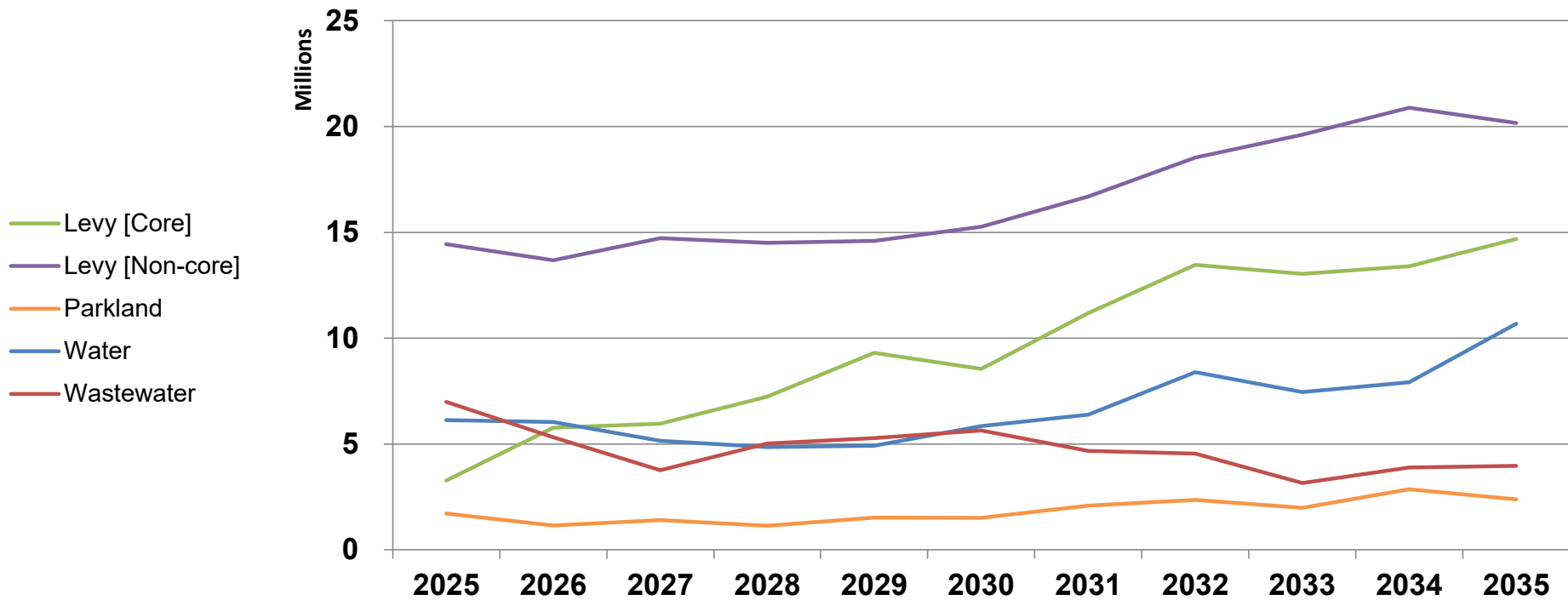
2) Budget Program Highlights Financing Strategy - Reserves

Capital Reserve contributions (in millions)



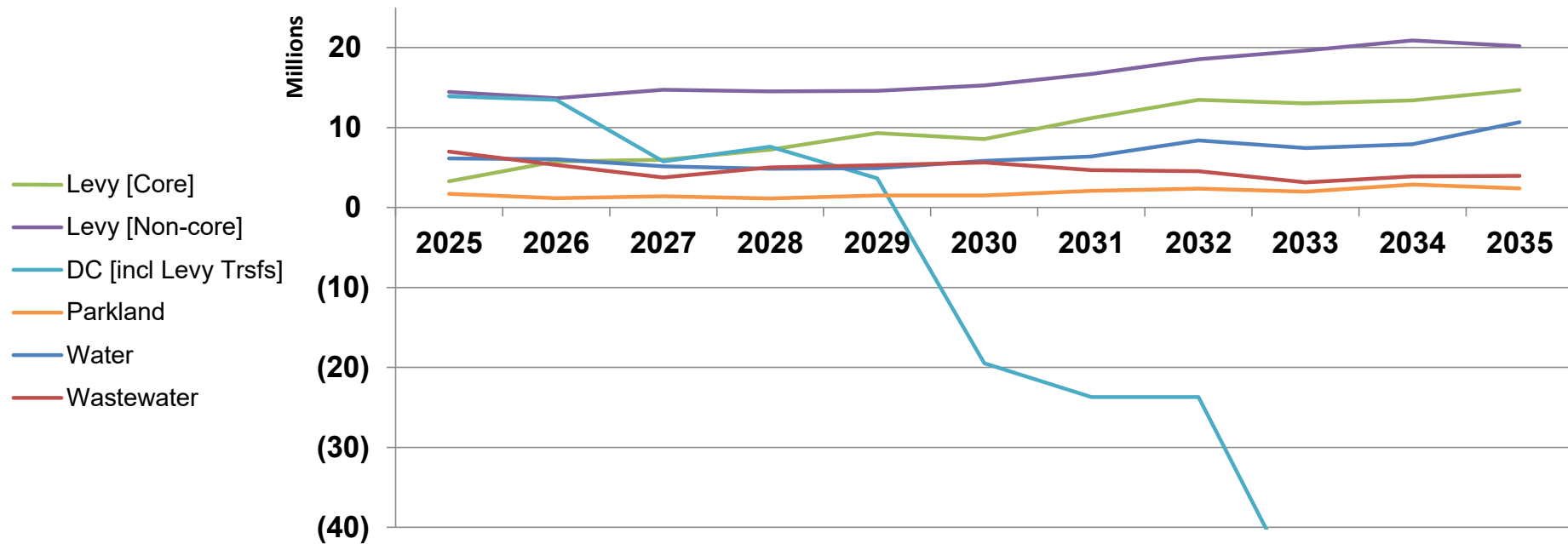
2) Budget Program Highlights Financing Strategy - Reserves

Capital Reserve balances (in millions) – excl DCs



2) Budget Program Highlights Financing Strategy - Reserves

Capital Reserve balances (in millions) - incl DCs



2) Budget Program Highlights Financing Strategy - Debt

Debt: Expiring

- \$1.78M for Central Fire Station #4 (10-year): \$200K in 2023.

Debt: Previously Approved

- \$2.08M for Point Abino Rd S Reinstatement (15-year): 2026.
- \$3.8M Six Mile Creek: placeholder.
- 2024 year-end balance: \$9.3M.
- 2025 principal payments of \$1.16M; interest payments of \$368K.

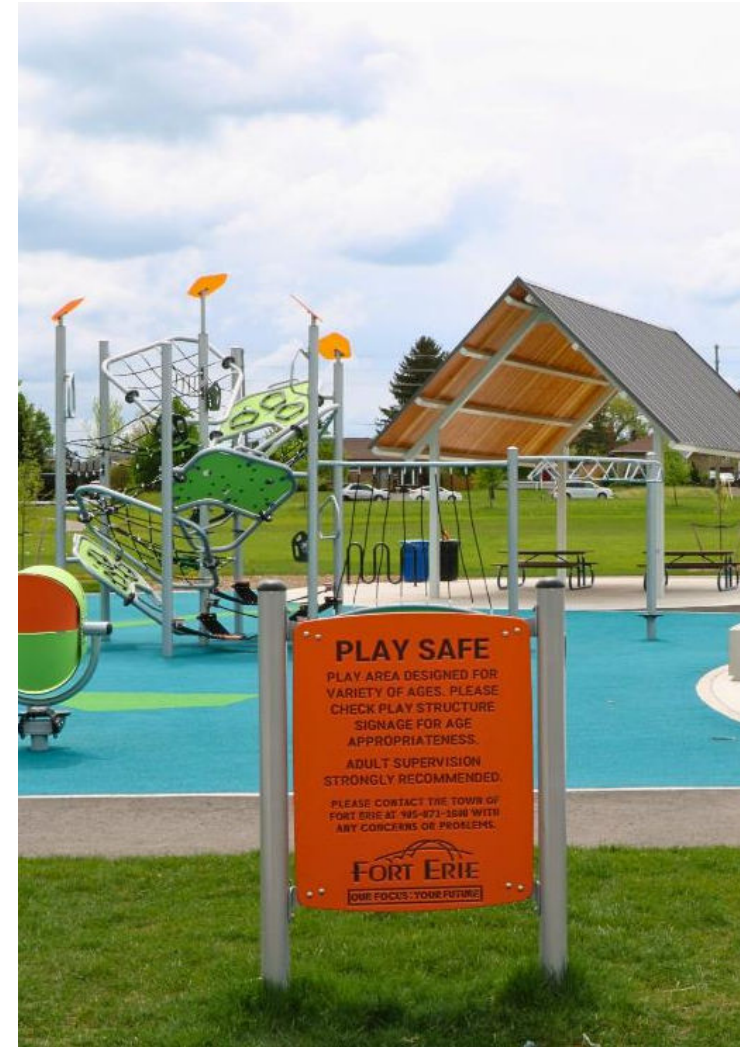


2) Budget Program Highlights Financing Strategy - Debt

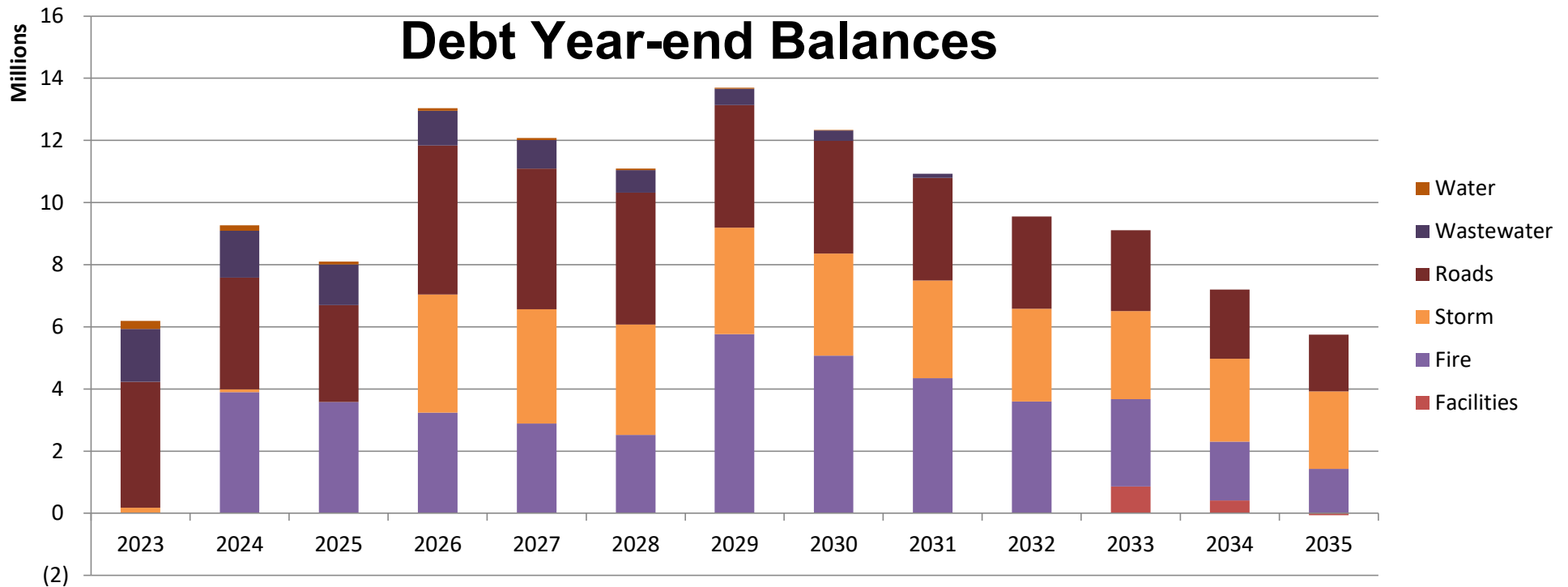
Debt: Proposed

- 1) Fire Station #3 (FSTN30) in 2029.
 - \$3,624,000 10-year.
- 2) Hershey Cemetery Phase 1 (CHDV23) in 2032.
 - \$1,200,000 10-year.

Annual Repayment Limit (ARL): 2023: 1.6%,
2024: 1.7% and 2025: 2.3%. High of 2.3% in
2025. FE well positioned.



2) Budget Program Highlights Financing Strategy - Debt



Debt charges <5% Town revenue = “low risk” (25% limit)

2) Budget Program Highlights Financing Strategy

Canada Community-Building Fund (CCBF): \$200,000 or 1% (\$1.07M receipt in 2025)

- \$200,000 Road Resurfacing Program

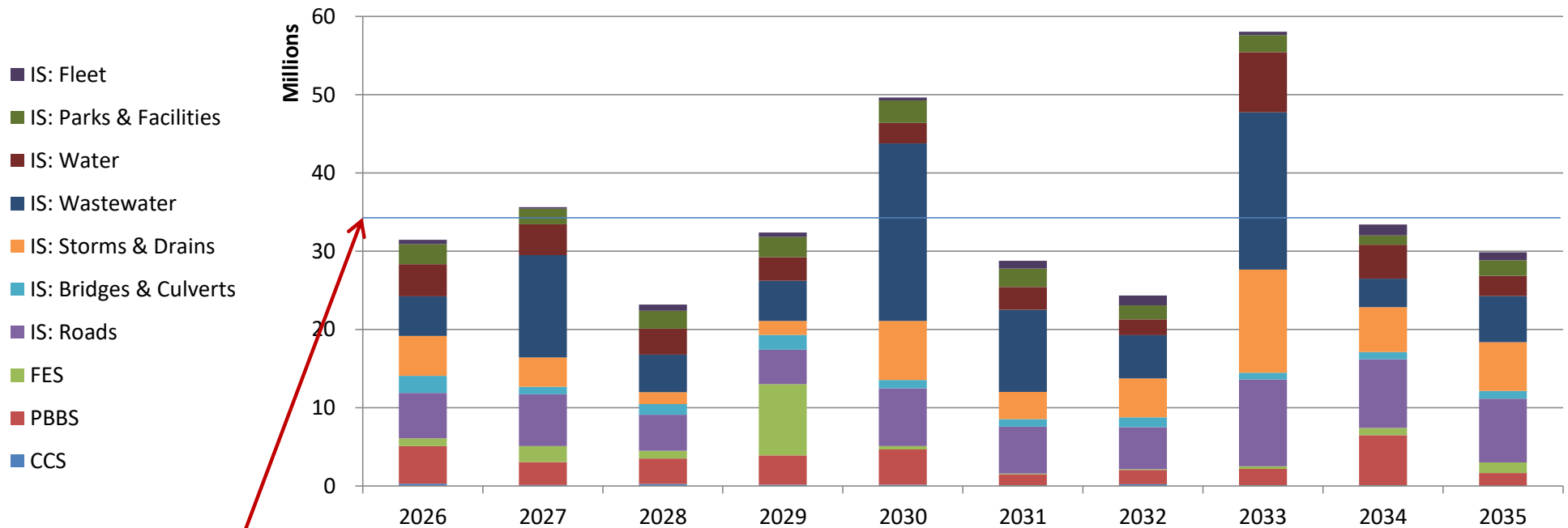
Development Charges (DC): \$5,215,506 or 20%

- 13 projects including \$1.4M for Thunder Bay Rd Upgrade
- 2024 DC Study introduced new rates to address burden of growth costs

Grants: \$2,635,450 or 10%

- OCIF (RSRF25, TBAY19, WALD29, LKSH25)

2) Budget Program Highlights 10-year Forecast



Average annual Capital Program is \$33.9M (2025 to 2035)

2) Budget Program Highlights Approvals

Preliminary approval:

- \$12,988,900 in Appendix “1”
- By-law: Dec 16/24
- Reserve funding currently available; Op Impact considerations.

General approval:

- \$13,049,512 in Appendix “2”
- By-law: Feb 24/25
- Reserve funding requires 2025 levy contributions



3) Risks

- **AMP:** \$12M-\$29M/yr IS-05-2024 gap to be refined. Exasperated by inflation. Master plans and assessments continue to be updated and studied. Ongoing initiatives require software and human resources. 2025 capital increase to match 2024 as an affordability compromise.
- **Growth demands:** Housing targets, immigration, labour markets. Operating impact of \$118K/yr (App “3”). Estimated \$45K/yr per km for core infrastructure or \$75K/yr per hectare of parks.
- **Debt:** Limited Regional access under IO.
- **DCs:** Program outpaces rates; needs debt.
- **OCIF Funding:** Forecast includes annual 15% reduction.
- **Climate impacts:** Ontario est. of 17% to 32%. Extraordinary events (e.g., windstorms, flooding) show impact/need for resiliency.

3) Risks

- AMO “[Finance, Infrastructure and Economy](#)”:
 - “Municipalities face increasingly complex challenges without the financial tools to solve them. Property taxpayers, including people on fixed incomes and struggling small businesses, cannot afford to subsidize income redistribution, investment for those most in need, and significant capital investments”.
 - “Ontario is planning on historic growth, with a housing target of over 1.5M homes by 2031. With Ontario municipalities planning to meet this challenge, significant capital expenditures will be needed over the next decade which cannot be funded by municipalities alone. All levels of government need to play a role to ensure Ontario's infrastructure supports economic prosperity and quality of life in the long-term.”
 - “AMO is calling on the provincial government to sit down with municipalities and work together on a joint review of municipal finance, including a detailed analysis of Ontario’s infrastructure investment and service delivery needs.”

3) Opportunities

- **AMP:** Life-cycle needs to be reviewed with possible changes to Levels of Service. Upcoming MPs will help refine needs.
- **Grant funding:** Advocating for external Federal, Provincial & Region funding (e.g., Housing-enabling, CSO, application-based).
- **Debt ratios:** Low current debt & healthy reserves provides capacity for new/growth assets as needs arise or opportunities emerge.
- **Operating budget impact:** Replaced assets may result in lower costs and efficiencies (e.g., energy, maintenance).
- **Modernization:** New corporate systems to assist in prioritizing plans.
- **Communications:** Reviewing expanded resources (e.g., Let's Talk FE, new website) to enhance engagement and clarity.

4) Next Steps - Key Messages

- Proposed Capital program of **\$26.0M** based on Council strategy and AMP priorities. Total 11-yr horizon of \$373M.
- Funded primarily through capital reserves transferred annually from the Levy and Rate budgets. Large increased reliance on DCs.
- Capital Funding: 2024 AMP gap widened due to extraordinary inflation. 2025 to study and refine needs based on condition.
- Program results in Operating budget impacts of \$118K in 2025 and \$146K in 2026.



4) Next Steps - Calendar

Capital Budget:

- Dec 16 By-law approval (Appendix 1 “Preliminary”)
- Feb 24 By-law approval (Appendix 2 “General” following Levy)

Water & Wastewater Budget and User Fees:

- Dec 4 W&WW reports/presentations
- Dec 16 By-law approval

General Levy Budget:

- Jan 29 General Levy #1: Town & Library reports/presentations
- Feb 5 General Levy #2: Town review (if necessary)
- Feb 24 By-law approvals: Levy & Capital (Appendix 2 “General”)

5) Presentation Questions

Council Q&A led by Chair

Refer to Council Report No. [CBC-01-2025](#) for further information



6) Capital Project Worksheets Review

Refer to the Capital Budget Package included as a Council Memo with [CBC-01-2025](#) for further information (beginning on Page 4, or Page 9 of PDF)

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