

Asset Management Update 2021 Budget

The County Infrastructure Deficit

November 4, 2020

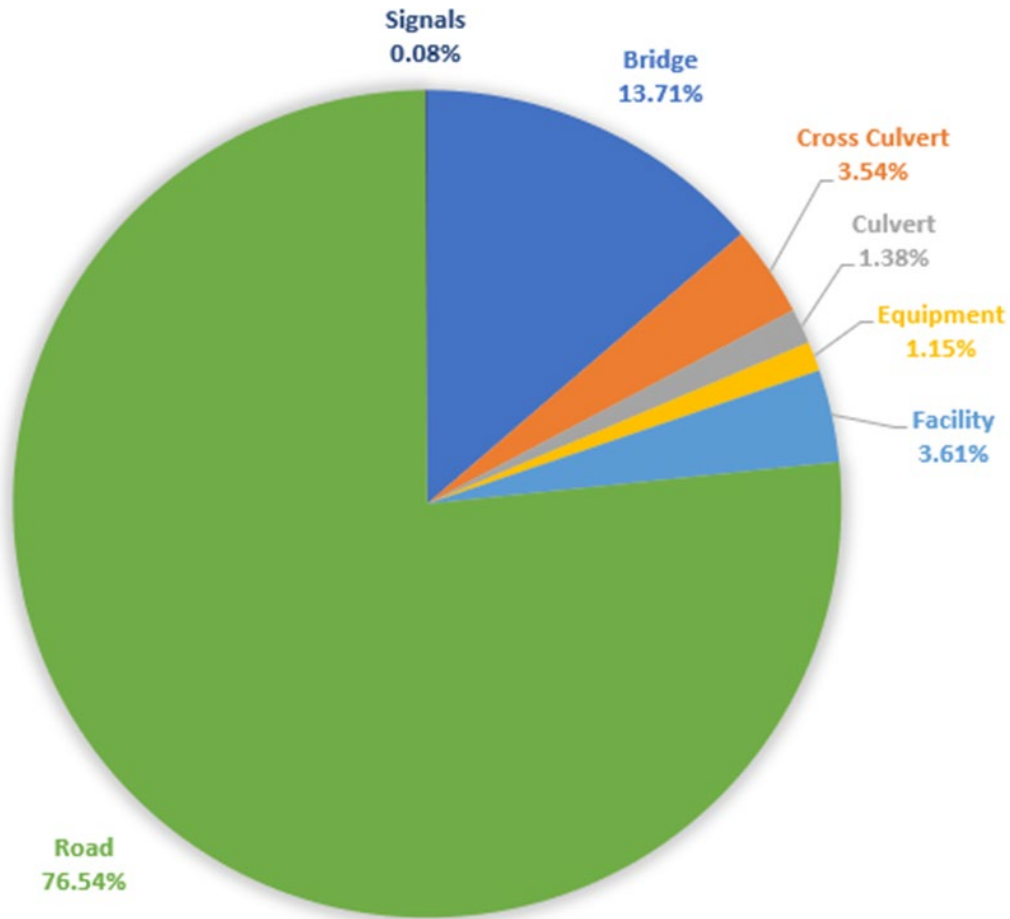




Challenges Faced by the County

- Aging critical infrastructure
- Deteriorating infrastructure condition due to environmental conditions
- Increased demand and expectations for service by rate payers
- Tax levy supported funding falling behind the needs
- Rising construction and operating costs
- Low levels of growth within the County
- Downloading costs from senior levels of government
- Covid-19 Pandemic impacts

Asset Replacement Costs



PCI = 100

PCI = 75

PCI = 50

Addressing The Deficit

Council Approval – February 20, 2019

- 2018 Asset Management Policy and Plan
- Identified significant challenges to sustaining its aging infrastructure assets

\$84.5M deficit
over next 8 years
(2021-2028)

2020 Budget

- Council approved a dedicated infrastructure levy of 2.5% for the 2020 budget (\$1,085,352) and cumulatively \$9,768,168 from 2020-2028

This tax levy increase
had a significant
positive impact to
closing is the deficit.

Minimizing The Deficit

- Several options available for the 2021 budget and future years

Strategic direction
is needed to plan
for the future.

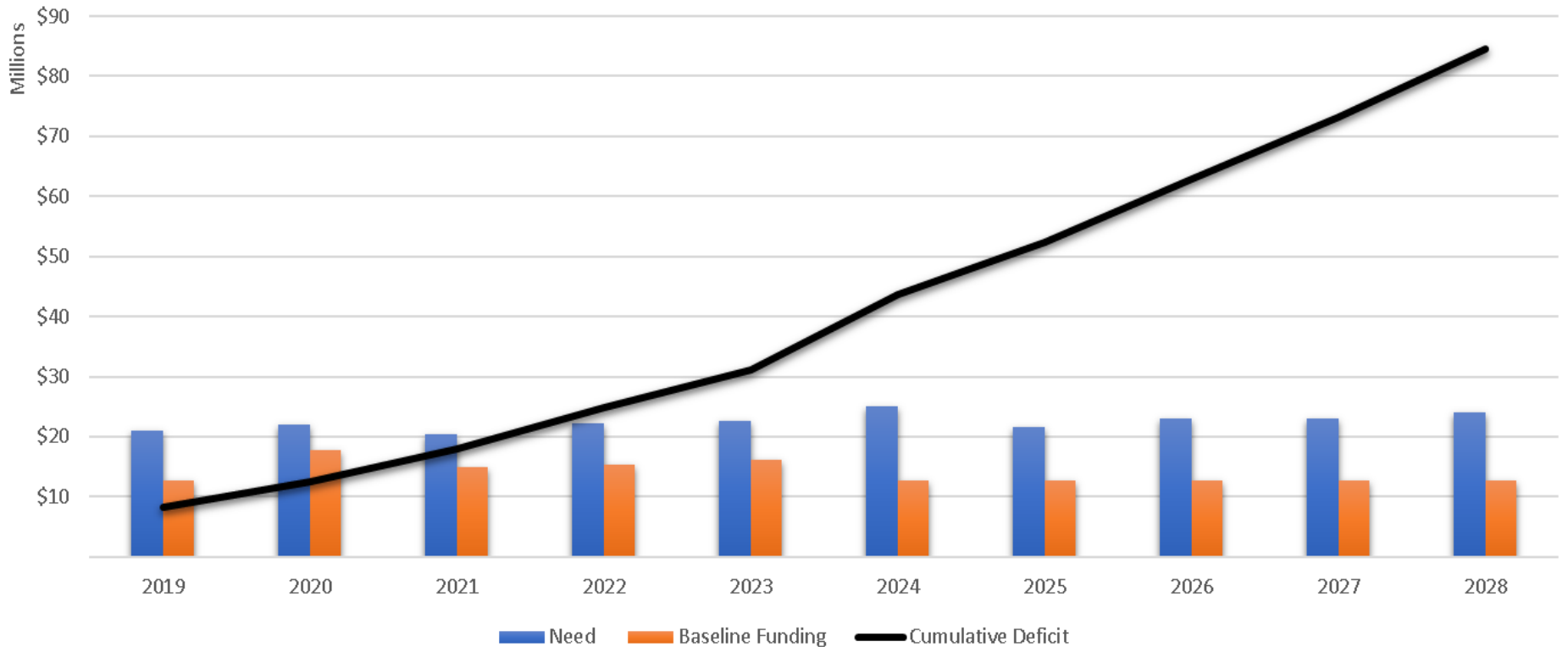



What the extra 2.5% did in 2020

- Approximately 2.6 kilometres of extra road rehabilitation (\$843,715)
- Replacement of 5 extra cross culverts (\$219,930)
- Contribution to the ISD Facilities Reserve (\$21,707)
- Total \$1,085,352

Needs VS. Funding

Peterborough County - Infrastructure Deficit
2020 Asset Management Update





Baseline Funding Assumptions (2021-2028)

Funding Source	Total Amount (\$)
Levy Supported	78,129,440
Federal Gas Tax	14,614,854
Other Grant Funding	7,947,250
Development Charges	7,200,000
Operating – Facilities	1,731,328
Operating – Traffic Signals	80,000
Total	109,702,872

- The Ontario Community Infrastructure Fund (OCIF) has not been assumed for the 2021-2028 horizon in the baseline funding assumptions. No clarification if the County will receive this grant going forward. \$524,000 in 2020.

Ways to Reduce the Infrastructure Deficit

- Divesting
 - Road/Bridge closures
 - Downloading responsibility to lower tier
- Revenue Base Increase
 - Mores homes and businesses
= higher tax revenue
- Prioritization of Services
 - Changes in strategic priorities
 - Reallocating budget spending
- Debt Financing
 - Spreads the tax burden over further periods
 - Debt always needs to be paid back
- Property Tax Levy Increase
 - Rate payer affordability
 - Stable own source revenue

The County has applied for FCM grant funding in support of engaging a consultant in 2021 to review the options available

The Org. & Service Delivery Review Committee to look into alternatives as well



Risk Management

- Potential risks that may be associated with an increased Infrastructure Deficit for all assets:

Asset Risk:


- Risk of an asset failing to perform the way the County needs to deliver the service

Strategic Risk:

- A change that would affect the ability to achieve other County objectives

Other risks include:

- Tax Rate Stability
- Reduced Public Safety
- Emergency Repair Costs
- Resident Dissatisfaction
- Economic Growth



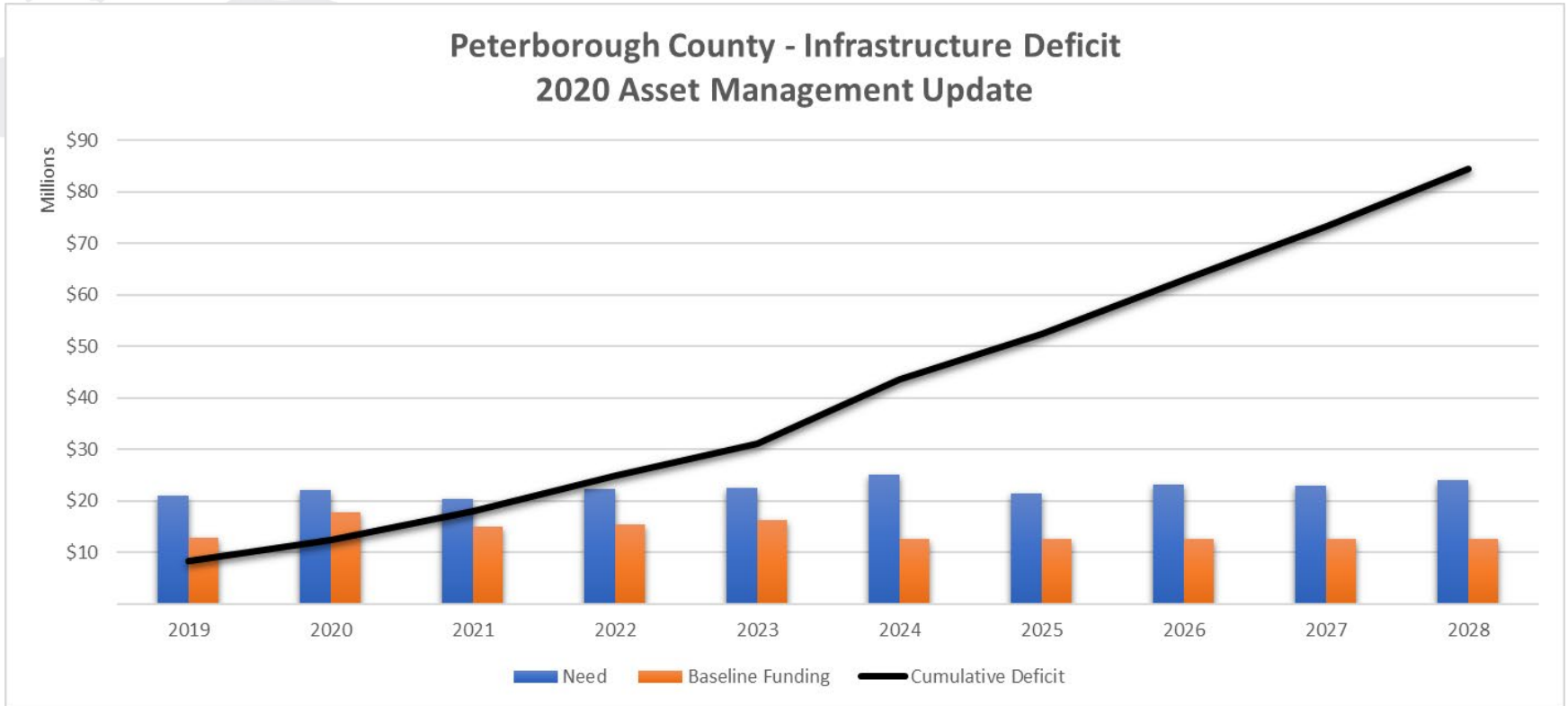
Scenarios for 2021 Budget Consideration

- A) 0% Dedicated Infrastructure Levy increase from 2021-2028
= \$84.5 million Infrastructure Deficit by 2028

- B) 2.5% Dedicated Infrastructure Levy increase from 2021-2028
= \$40.1 million Infrastructure Deficit by 2028

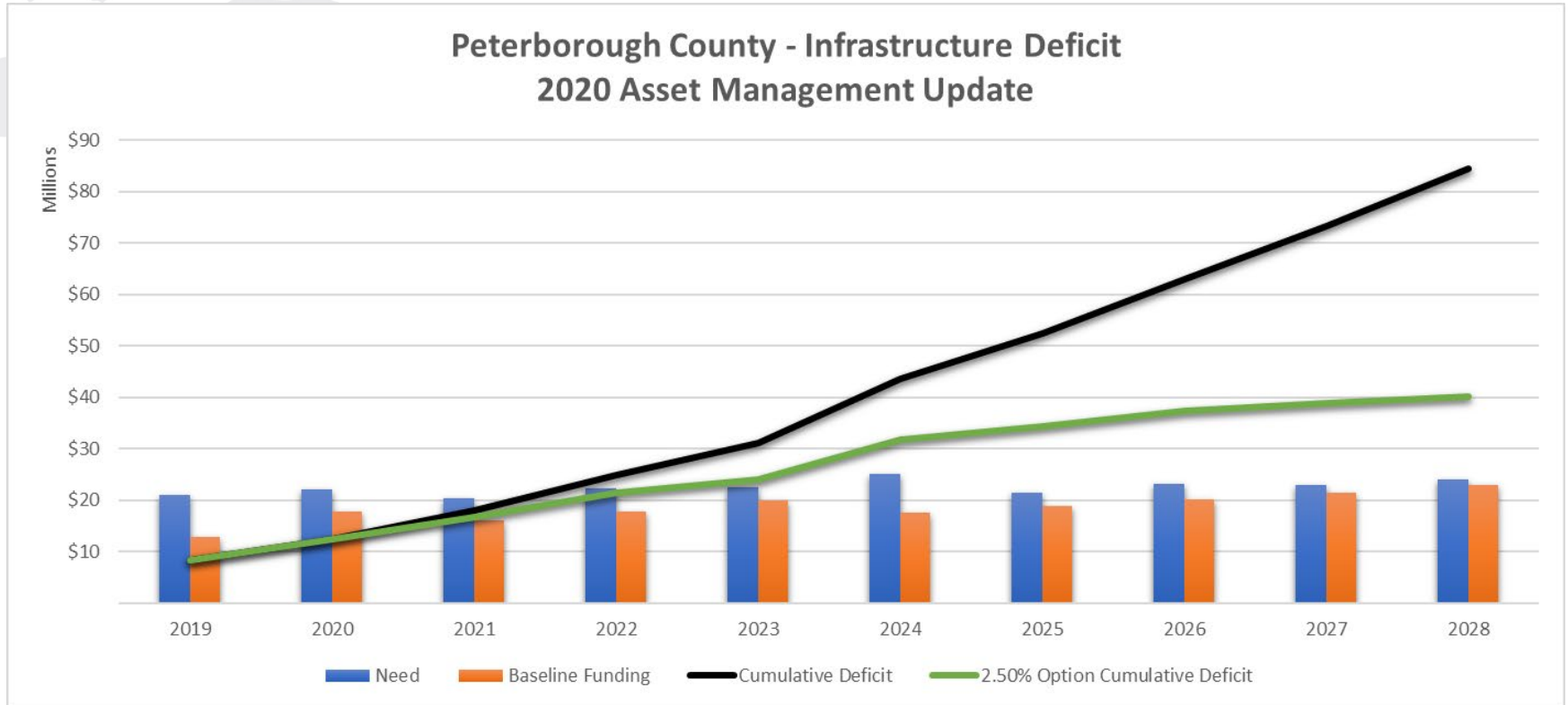
- C) 4.5% Dedicated Infrastructure Levy increase from 2021-2028
= \$600,000 Infrastructure Deficit by 2028

Scenario A – 0% Increase



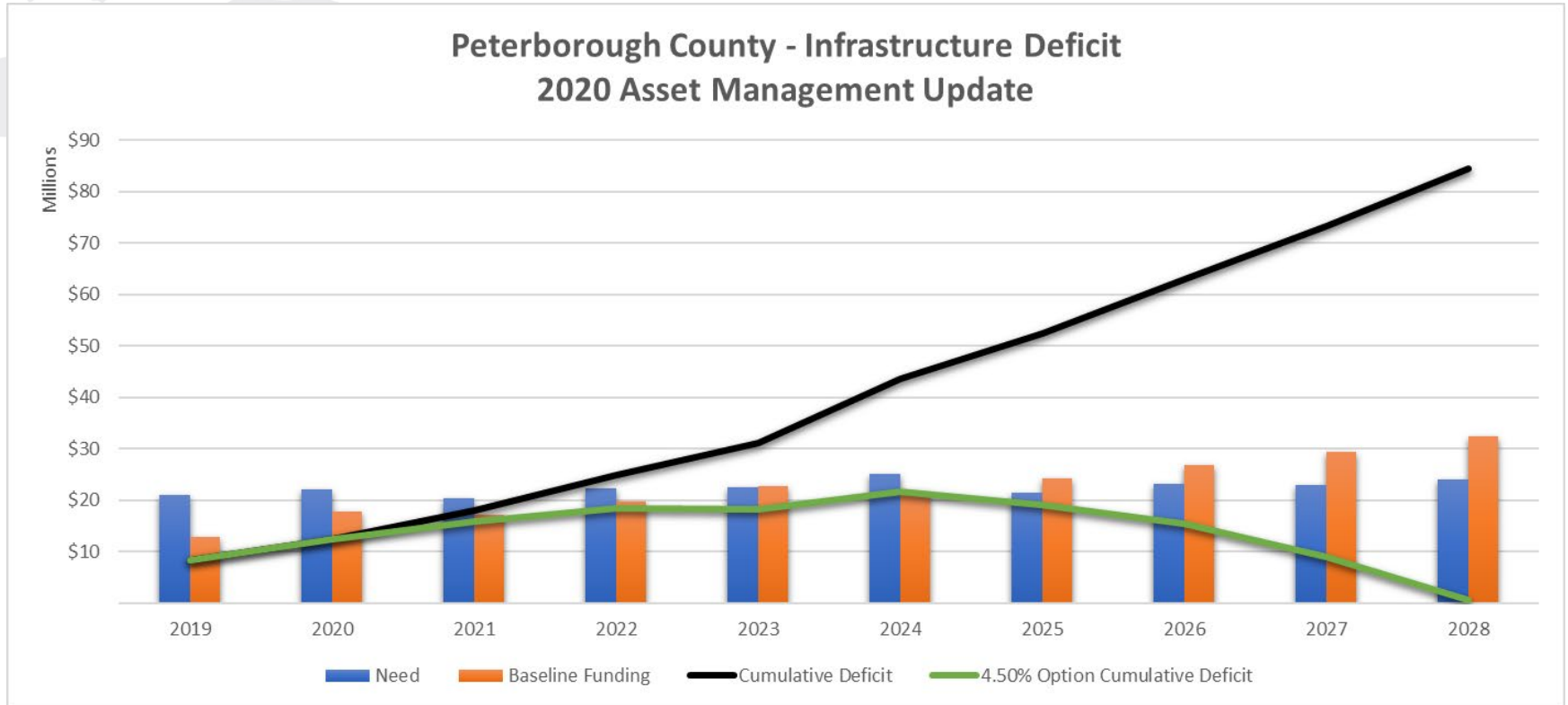
- Infrastructure deficit continues to grow to \$84.5M by 2028
- Service levels and infrastructure condition deteriorates
- Risk increases – safety, asset, liability

Scenario B – 2.5% Increase



- Infrastructure deficit reduces to \$40.1M by 2028
- Service levels and infrastructure condition deteriorates
- Risk increases – safety, asset, liability

Scenario C – 4.5% Increase



- Infrastructure deficit reduces to \$600,000 by 2028
- Service levels and infrastructure condition stabilize
- Risk decreases – safety, asset, liability



Closing the Infrastructure Deficit

Scenario	Dedicated Tax Levy	Infrastructure Deficit	Asset Condition	Risks
0% Increase (2021-2028) Infrastructure Deficit Grows To \$84.5M by 2028	0%	\$84.5M	Declines	Increase
2.5% Increase (2021-2028) Reduce Infrastructure Deficit to \$40.1M by 2028	2.5%	\$40.1M	Declines	Increase
4.5% Increase (2021-2028) Reduce Infrastructure Deficit to \$600K by 2028	4.5%	\$600K	Stabilize	Decrease



ISD Funding Sources - Draft 2021

Funding Source	Total Amount (\$)
Regular Levy	9,766,180
Additional 2.5% Dedicated Levy	1,163,764
Federal Gas Tax	1,769,166
ICIP Grant Funding	1,986,813
Contribution from ISD LTP Reserve (County share of ICIP)	406,938
Development Charges	1,200,000
Total	16,292,861

Major ISD Capital Road Projects – Draft 2021

CR #	Section #	Budget Amount	Description
14	R014000	\$1,196,875	EA/100mm – Gifford Causeway (ICIP)
14	R0140144	\$1,196,875	EA/50mm – Gifford Causeway to Kawartha Lakes Boundary (ICIP)
20	R0201511	\$570,000	Pulverize & Pave 100mm – Hwy 28 to CR25
21	R021000/R021002	\$1,050,000	DST – Glamorgan Rd to Millbrook
37	R037000	\$1,676,000	EA/50mm overlay – Gannon’s Narrows to Jacksons Farm
507	R5071263	\$759,000	EA/50mm – From Mississauga Dam Rd to 5.1km south of Beaver lake Rd
507	R5072094	\$1,172,200	DST – Baker Dr. to Salmon Lake Rd

Major ISD Capital Engineered Structures / Transportation Plan Projects – Draft 2021

Structure Name	Structure #	Budget Amount	Description
Deer Hatchery River Bridge	B099049	\$1,500,000	Replacement
Westwood Bridge	B099021	\$1,200,000	Replacement
Baxter Creek Bridge	B028002	\$1,000,000	Rehabilitation
Cross Culverts	CC99999	\$840,042	Replacement/Rehabilitation

Project Name	Project #	Budget Amount	Description
Gifford Causeway – Widening	T014000	\$1,224,052	Continuous Widening Work



Recommendation & Questions

- The Finance Committee recommends a 2.5% Dedicated Infrastructure Levy increase to be incorporated into the 2021 draft budget

- Questions?