

HALDIMAND COUNTY

2023 Draft Tax Supported Capital Budget & Forecast 2023-2032

Committee of the Whole | February 2, 2023



Council Review of the 2022 Draft Budgets

Budget	Review Dates
Rate Supported Operating Budget & Capital Forecast	Approved - December 8 th , 2022
Tax Supported Capital Budget and Forecast	February 2 nd and February 3 rd , 2023 (if required)
Tax Supported Operating Budget Review	March 2 nd and March 3 rd , 2023 (if required)

Agenda

- Budget Principles
- Capital Budgeting Process
- Capital Project Forecast
- Financing Strategy
- Draft Capital Budget Book component review

3 Pillars of Financial Planning



Principles to Maintain Sustainability

- Establish targets/principles for adequate levels of capital replacement reserves to limit tax increases;
- Maintain assets in a condition to ensure safe, reliable and affordable delivery of service
- Maintain adequate resources to fund all current and future financial obligations
- Review process – Peer Review Committee

Principles to Mitigate Vulnerability

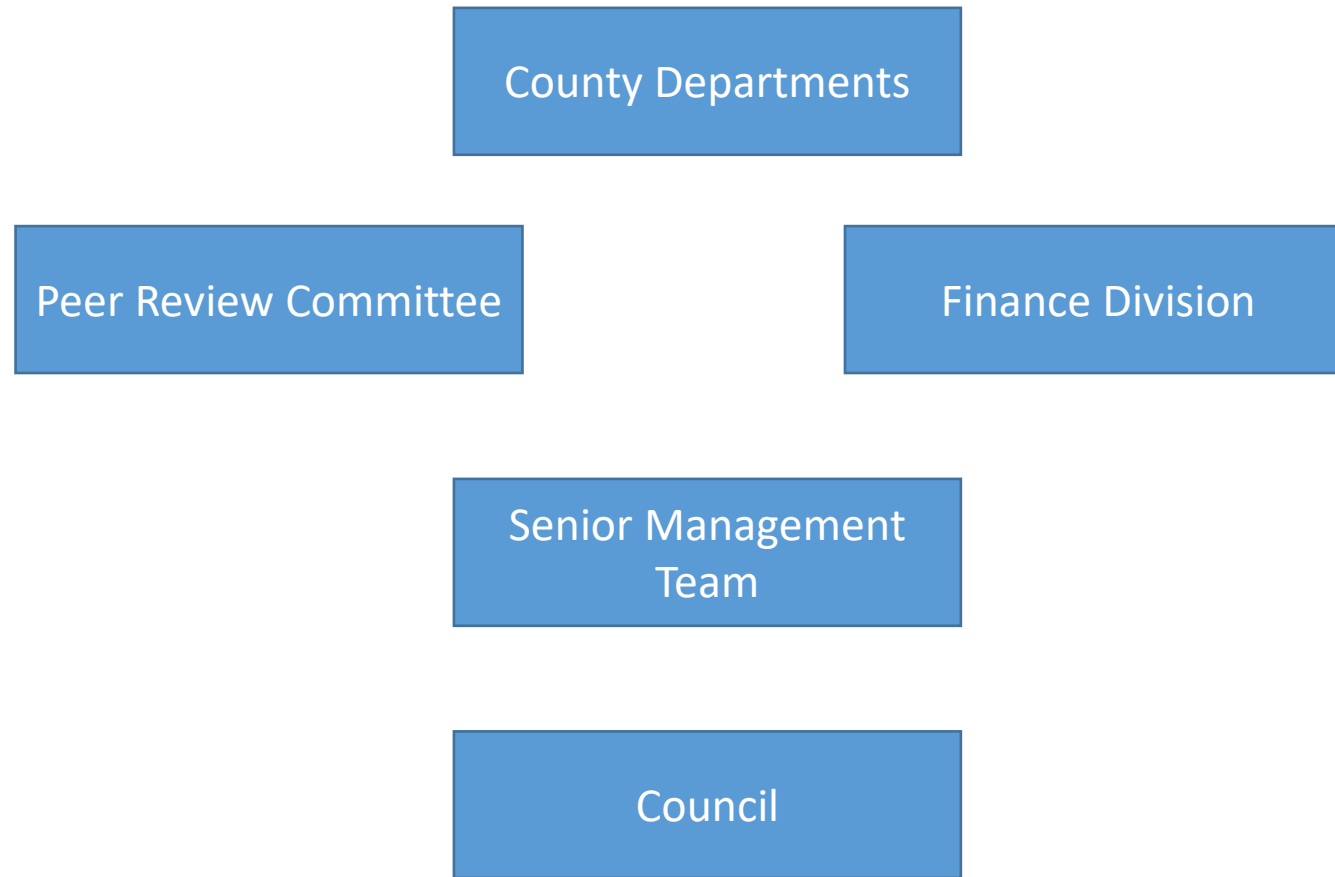
- Establish appropriate Development Charge rates and Local Service Policy to ensure growth pays for the necessary growth related infrastructure
- Limit/Manage the County's reliance on external revenue sources beyond the County's control

Principles to Maintain Flexibility

- Establish target debt repayment limits to ensure ability to take on new/unforeseen priority projects

Capital Budgeting Process

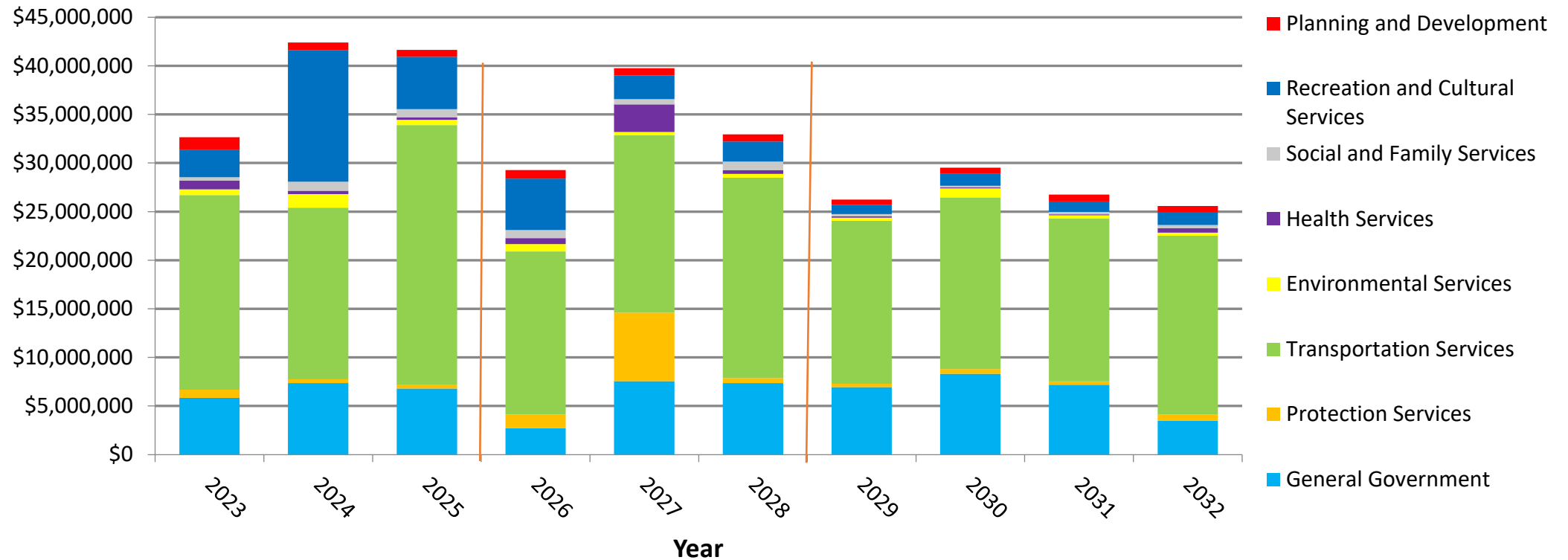
Prioritizing Capital Projects and Timing



Capital Project Plan

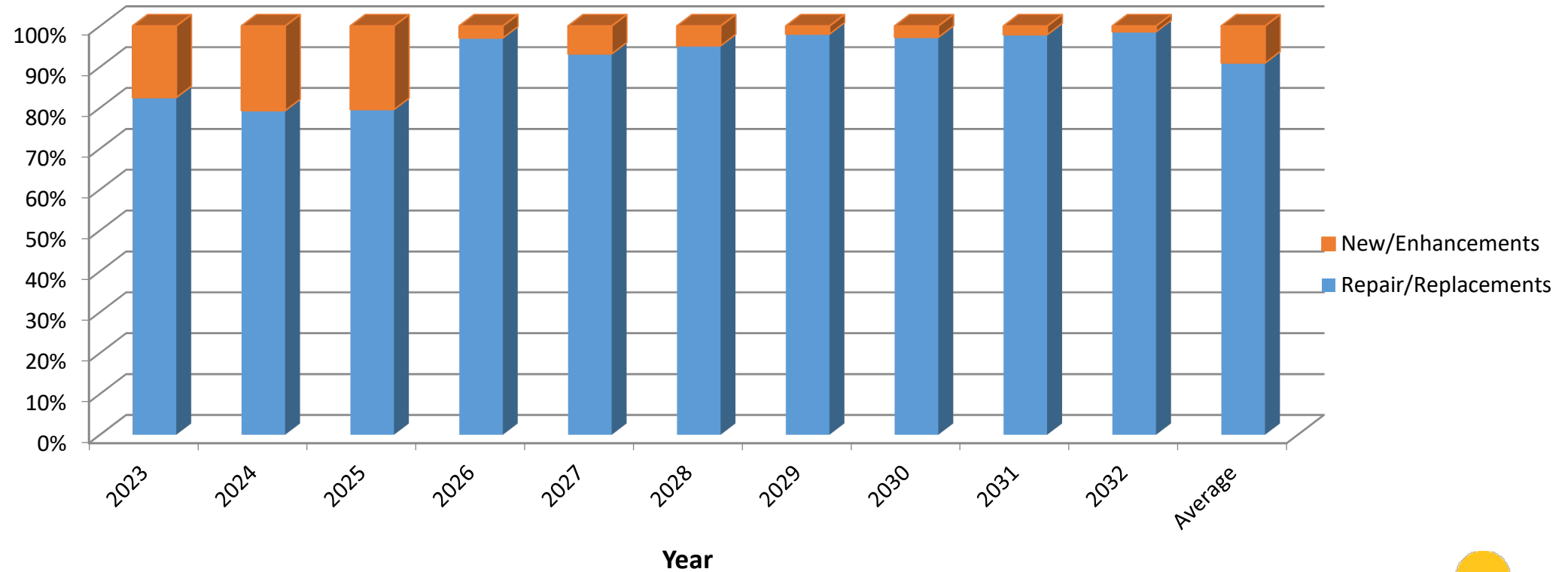
2023 Draft Tax Supported Capital Forecast

Forecasted Gross Capital Costs



Focus on "State of Good Repair"

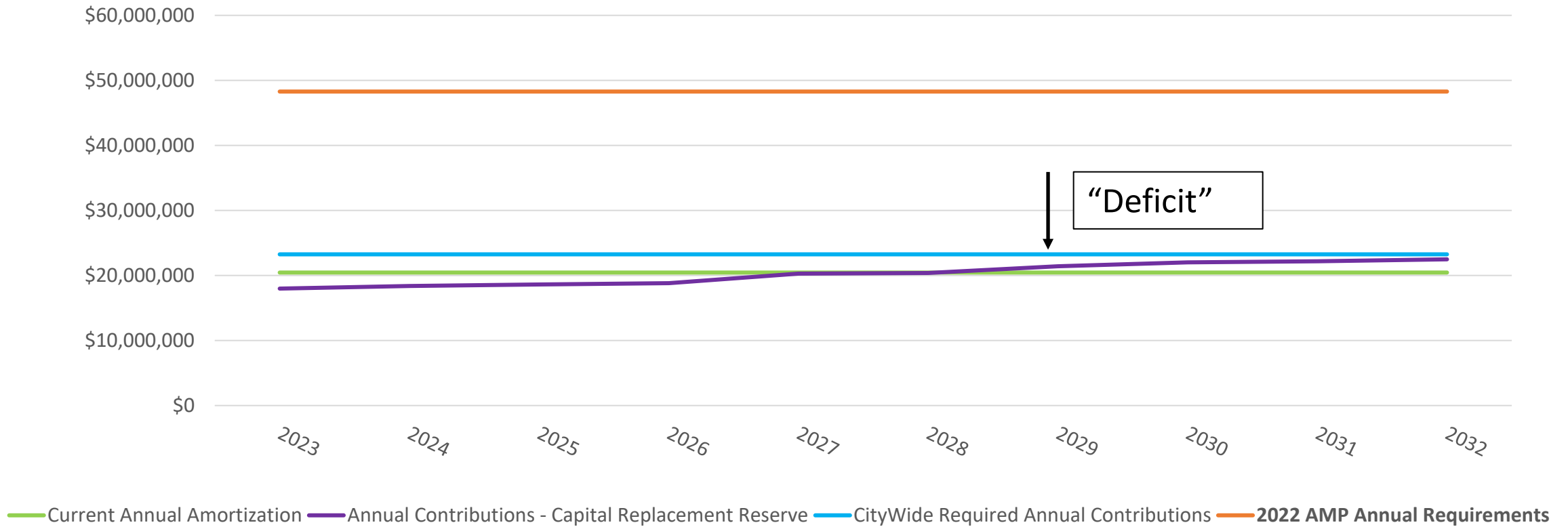
"Replacement" vs. "New"



Financing Strategy

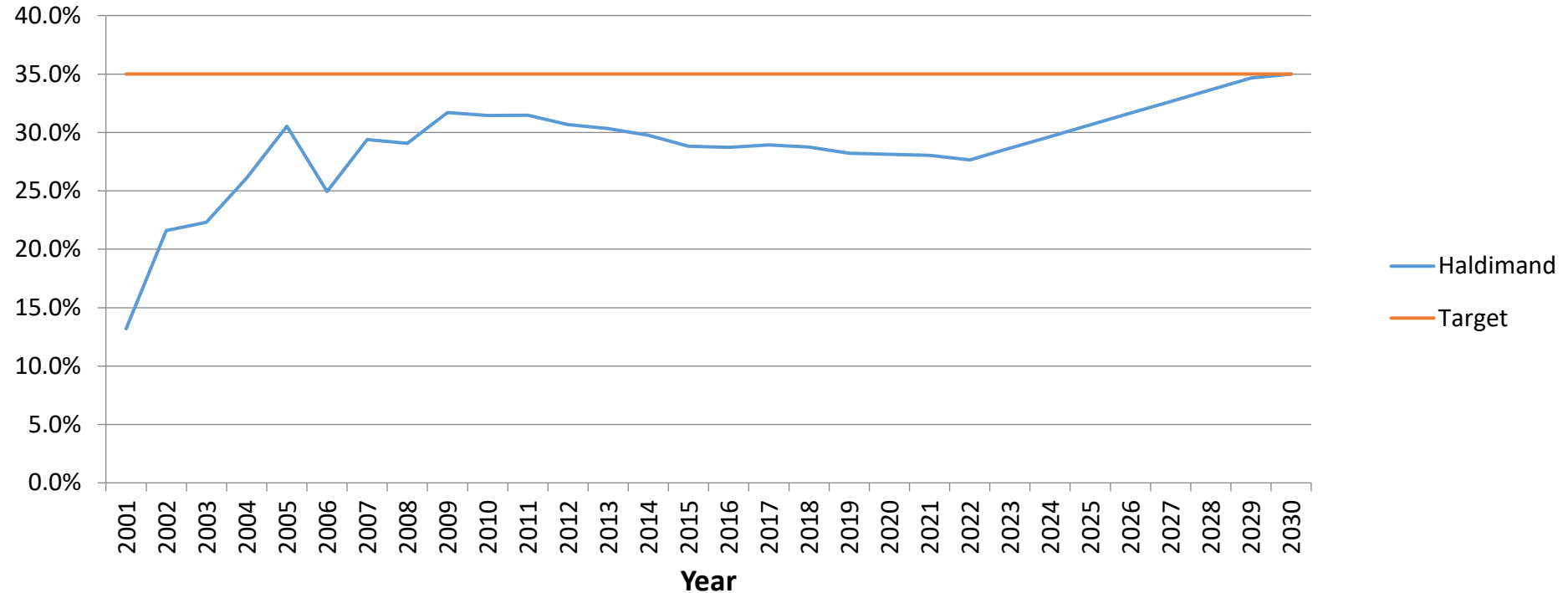
Haldimand's Current Infrastructure

Haldimand County's Infrastructure Deficit



Targeted Capital Investment

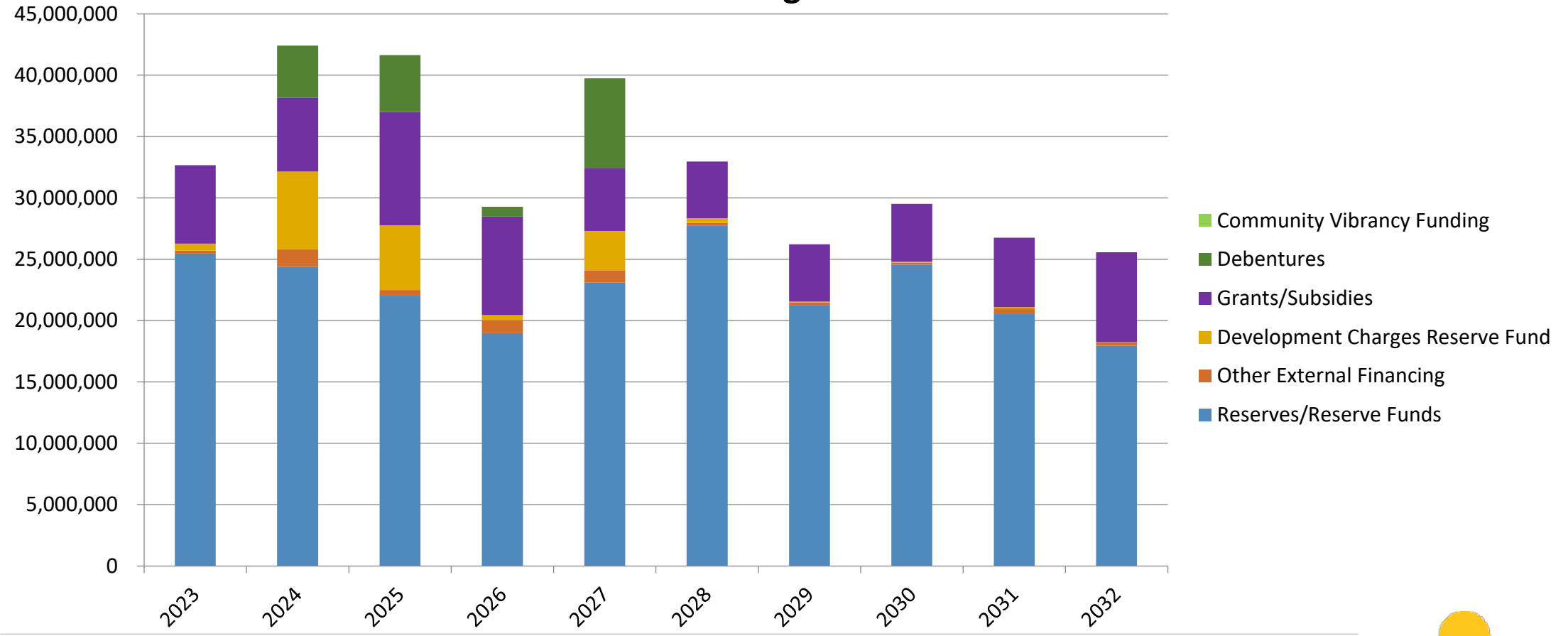
Capital Levy as Percentage of Total Levy



Note: The years 2001 through 2008 are based on reported expenditures in the annual Financial Information Return (FIR) As a result, the percentages can fluctuate year over year due to timing of completion of capital projects. The year 2009 to 2022 are based on the capital related levy in relation to the base levy for that year. The remaining years are based on the projections of the capital related levy in relation to the 2022 base levy.

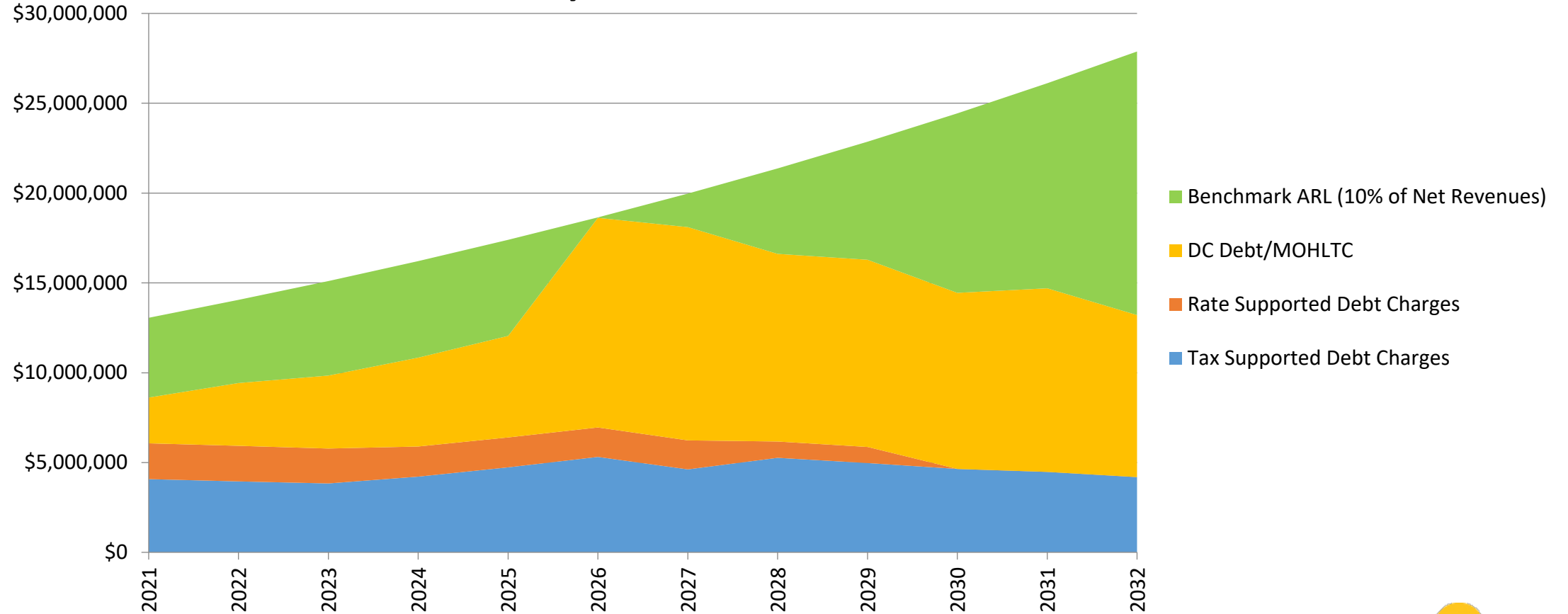
2023 Draft Tax Supported Capital Forecast

Forecasted Financing Sources



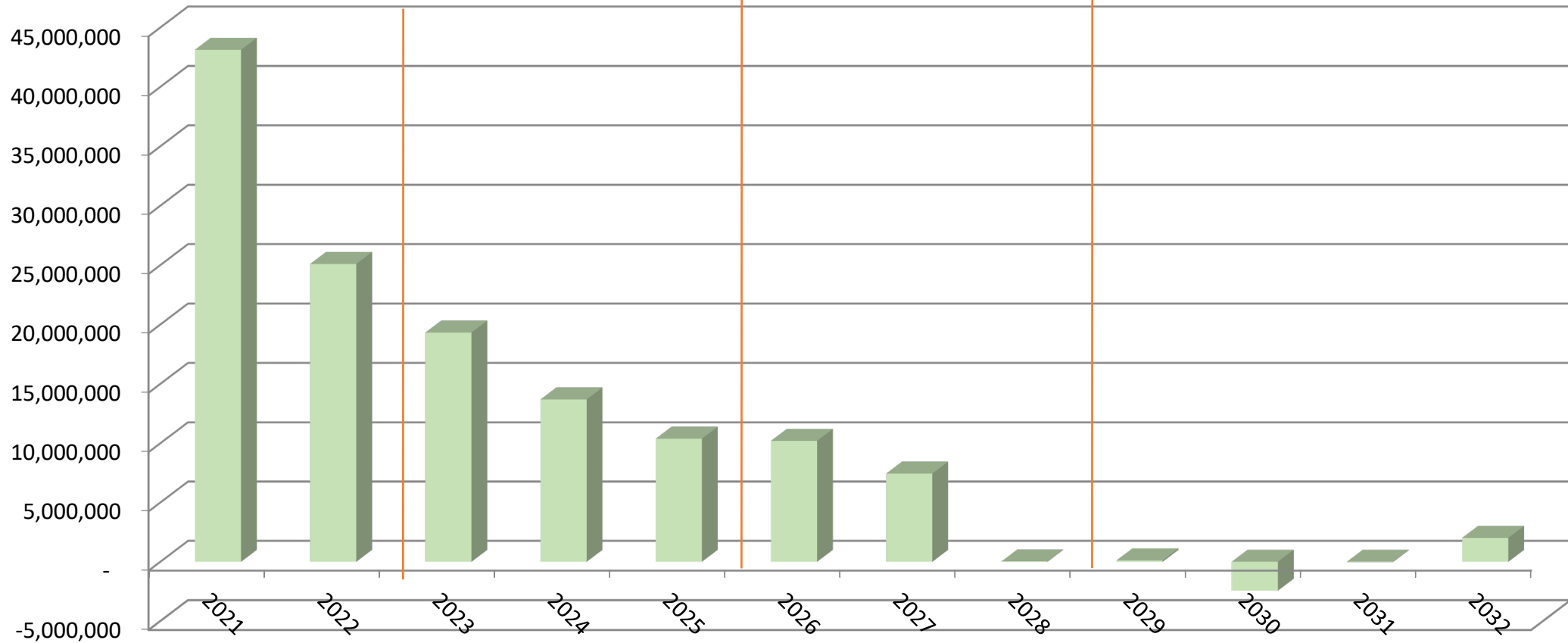
Long Term Debt Financing

Debt Payments to Benchmark ARL



Impact on Reserves and Reserve Funds

Capital Replacement Reserves



Capital Replacement Reserves (CRR)– Pressures

Both CRR-General & CRR-Roads Infrastructure facing pressures due to:

- Inflationary pressures
- Reduced grant funding (OCIF)

Mitigation Measures:

- Focus on state of good repair and timing of projects
- Review of all reserves

CRR – General

- A one-time contribution of \$1.6 million from the Contingency Reserve

CRR- Roads Infrastructure

- Closing of Roads Development and Roads Rehabilitation Reserves

Other Borrowing to Fund Current Capital Program

Development Charges:

- Growth related capital expenditures in advance of collection of Development Charges
- Ensure reserve funds remain positive in aggregate – need to issue growth related debt
- Growth has resulted in positive impacts in projected balances for Tax Supported areas only:

Financing Strategy Summary

- Commitment to increased infrastructure investment - ensure safe reliable services to develop and grow the County
- Maintain credit rating based on financial parameters (i.e. adequate reserves for future infrastructure replacements)
- Financial flexibility – manage use of debt and maintain relative health of capital reserves
- Attempt to align capital programs to the available funding envelopes

Key Takeaways

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- Staff employ a rigorous review process to ensure capital projects being recommended are aligned to Council priorities and community needs.
- Finance has reviewed the financing strategy and are confident the current budget is in line with the County's Financial Principles
- A comprehensive long term financial plan to address anticipated funding pressures/shortfalls – aligned with Asset Management legislative financial requirements
- Haldimand County has developed a robust toolbox for financial analysis to utilize with innovative thinking, constructive debate, and tough prioritization to ensure sustainable levels of service and funding into the future.

Council Role before Approval

- Review Project Expenditures
 - Ensure project recommendations are aligned to County priorities and requirements
- Review Financing Strategy
 - Ensure appropriate due diligence has been completed with a long-term sustainability perspective