SPECIAL GENERAL COMMITTEE
2016 BUDGET REVIEW
MEETING AGENDA

MONDAY, SEPTEMBER 28, 2015
7 P.M.

COUNCIL CHAMBERS
AURORA TOWN HALL

PUBLIC RELEASE
September 23, 2015

TOWN OF AURORA
SPECIAL GENERAL COMMITTEE
2016 BUDGET REVIEW
MEETING AGENDA

Monday, September 28, 2015
7 p.m.
Council Chambers

1. DECLARATION OF PECUNIARY INTEREST AND GENERAL NATURE THEREOF

2. APPROVAL OF THE AGENDA

RECOMMENDED:

THAT the agenda as circulated by the Legal and Legislative Services be approved.

3. PUBLIC CONSULTATION – OPEN SESSION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO PROVIDE INPUT REGARDING THE 2016 BUDGET

4. DELEGATIONS

RECOMMENDED:

THAT the requirements of section 3.8(c) of the Procedural By-law be waived to permit the delegation of Dan Elliott, Director, Corporate & Financial Services, to speak for more than five (5) minutes.

(a) Dan Elliott, Director, Corporate & Financial Services – Treasurer
Re: 2016 Capital Budgets – Asset Management Plan, Ten Year Capital Investment Plan, 2016 Detailed Capital Budget

5. CONSIDERATION OF ITEMS

6. ADJOURNMENT

AGENDA ITEMS

1. CFS15-040 – Review of Financial Health pg. 1

RECOMMENDED:

THAT Report No. CFS15-040 be received for information.

2. CFS15-039 – 2016 Capital Investment Program Overview pg. 9

RECOMMENDED:

THAT Report No. CFS15-039 be received; and

THAT the final draft of the 2015 Asset Management Plan, the 2015 Ten Year Capital Investment Plan and the detailed Draft 2016 Capital Budgets be reviewed at the Special General Committee meeting scheduled for October 5, 2015.

TOWN OF AURORA
GENERAL COMMITTEE REPORT No. CFS15-040

SUBJECT: ***Review of Financial Health***

FROM: ***Dan Elliott, Director, Corporate & Financial Services - Treasurer***

DATE: ***September 28, 2015***

RECOMMENDATIONS

THAT Report No. CFS15-040 be received for information.

PURPOSE OF THE REPORT

To provide General Committee- Budget with an update of the Town's current financial health to assist budget review discussions regarding capital and operating budgets.

BACKGROUND

As Council considers the Town's long range asset plan and financial plan, the following information has been provided from a review of the 2014 audited financial statements, and the published BMA Management Consulting Inc.'s 2014 Municipal Study which compared 95 participating municipalities in a multitude of analysis.

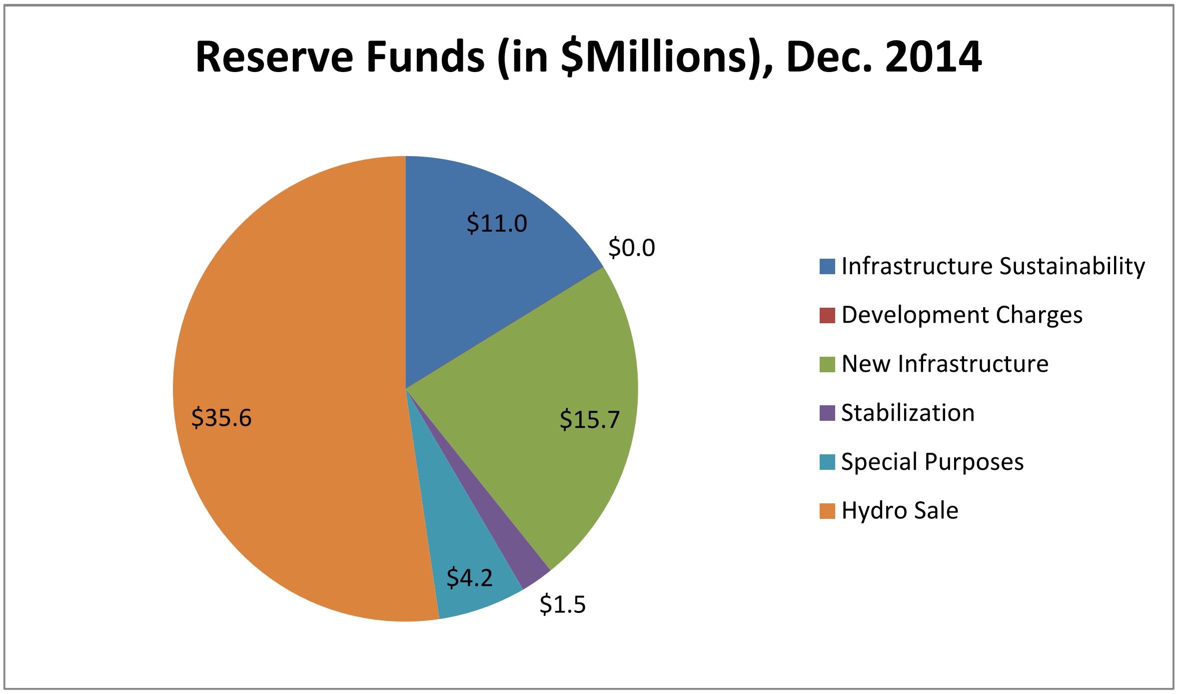
Strong Asset Planning Leads to Strong Financial Planning
The Town's 2014 financial statements reflect relatively strong fiscal health and improved sustainability. The Town undertakes long range infrastructure planning for both existing assets and their needed repair, as well as new assets required to accommodate growth and meet strategic goals of the Town. These long term plans are evaluated and coupled with a long range financial plan and reserve fund strategy to ensure financial resources will be available to fund the plan when required. Existing and planned assets are managed using modern asset management strategies and tools, including evaluation tools and proactive maintenance plans to ensure assets are planned to be serviced, refurbished or replaced at optimal times for financial efficiency. A funding model is created and evaluated to ensure financial resources are available at the planned times for these expenses.

Key Fiscal Indicators

	2013	**2014**
Net Financial Position	$437,926,000	$460,878,000
Cash and Financial Investments	$71,727,000	$76,550,000
Total Capital Assets: amortized cost	$378,381,000	$395,727,000
Tax Receivables as % of total taxes levied	8.5%	5.7%
Asset Consumption Ratio	32.9%	33.1%
Capital Reserve Contribution	$6,623,900	$6,831,900
Capital Reserve Contribution as % of Amortization	62.9%	62.6%
Total External Long Term Debt	$5,928,000	$4,286,000
Debt and Interest Payment Limit – 25% Net Revenues	$15,250,198	$16,159,809
Total Debt and Interest Payments	$1,872,787	$1,757,684
Debt Payments as % of Limit	12.28%	10.88%
Debt and Interest Payment Limit unused	$13,326,235 annually	$14,402,125 annually

Net Financial Position
This term refers to the remainder of book value of the corporation’s assets after deducting all liabilities. Positive balances indicate the Town’s ability to meet its debt responsibilities, and to have funds set aside for future sustainability. The value is growing, indicating a growing infrastructure base and/or growing cash reserves. Infrastructure grows with the growth of the community and through investment in renewing existing assets. Reserves grow through planned contributions from the operating budgets, but also fluctuate as capital investments are made each year. On a Financial Position per capita basis, Aurora was the thirteenth highest municipality in the BMA study with a per capita value of $1,045, compared to a study average of $185. Aurora’s trend is one of increasing Financial Position per capita over the last five years.

Reserve Balances
Net Financial Position is substantially the combination of Net Capital Assets at book value and all other assets net of all liabilities. This second portion is then apportioned to reserve funds over time by Council. The following table outlines the Towns Reserve Funds at December 31, 2014.

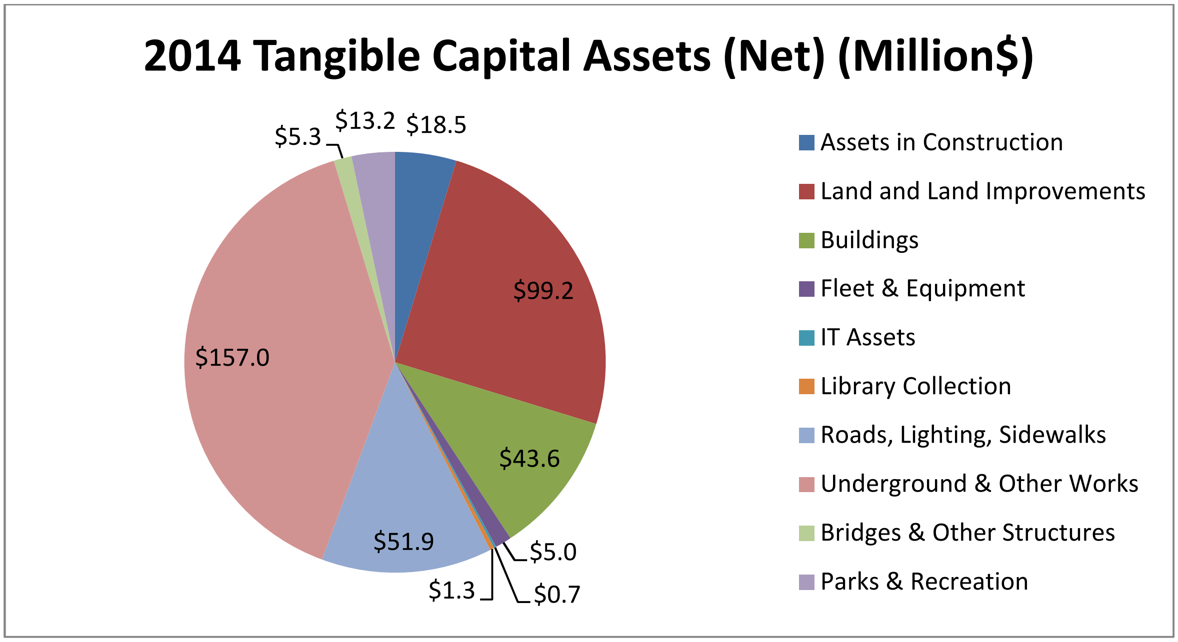


In the BMA Study Aurora is reported as having "tax funded discretionary reserve funds as a percentage of taxation of 145% for 2013, seventh highest in the study, compared to a study average of 70%. This strong percentage is an indicator of the Town's financial flexibility to address one-time or short term taxation pressures, face uncontrollable factors such as local economic issues of unemployment or vacancy, provides a source of internal financing, and ensures adequate operating cash flows to meet daily cash obligations. The Town's reserve funds are all detailed on the Town's website, with the balances updated periodically through the year.

Cash and Financial Investments - $76.5 Million
This represents the amount of cash available to the corporation for various purposes. The actual reserve accounts document how much of this balance can be used for which purposes. Some, like development charges, are highly restricted by provincial legislation, while others, like tax rate stabilization or perhaps our Hydro Sale Investment Reserve can be invested in anything that Council sees is in the best interest of the corporation. Maintaining the daily operations of the Town also requires a certain amount of cash available due to fluctuations in cash receipts and payments due on a week to week basis.

Taxes Receivables as % of total taxes levied
This value is a general reflection of the state of the local economy and the community's ability to pay their taxes. This indicator shows improvement between 2013 results and 2014 results.

Total Capital Assets: Amortized Cost $395 Million
This value represents the original value of all the Town's assets, less an amount called "amortization" which represents an estimate of the assets already consumed through time, use or wear. While an accounting value only, it is important to bear in mind that the cost to replace an older asset has been subject to inflation, and so costs to replace our assets are much higher in some cases than our original costs. Particularly susceptible to this are long life assets such as our underground pipes which have expected lives of 75 years or more in some cases. Financial sustainability relies upon planning for the actual cost to replace these assets, and the timing for such replacement, to ensure funds are on hand to complete the work when required. The chart below outlines the current composition of the Town's total assets at Net Book Value, or amortized cost.



Asset Consumption Ratio
This value represents the portion of the existing assets that are estimated to have already been consumed through time, use or wear. On average, our assets are estimated to be approximately one third of the way through their useful service life. In a recent study of 95 municipalities, the average consumption ratio was 37.6%. The low average reflects a generally younger age of assets, as well as strong asset management initiatives to manage the service condition of the Town's assets.

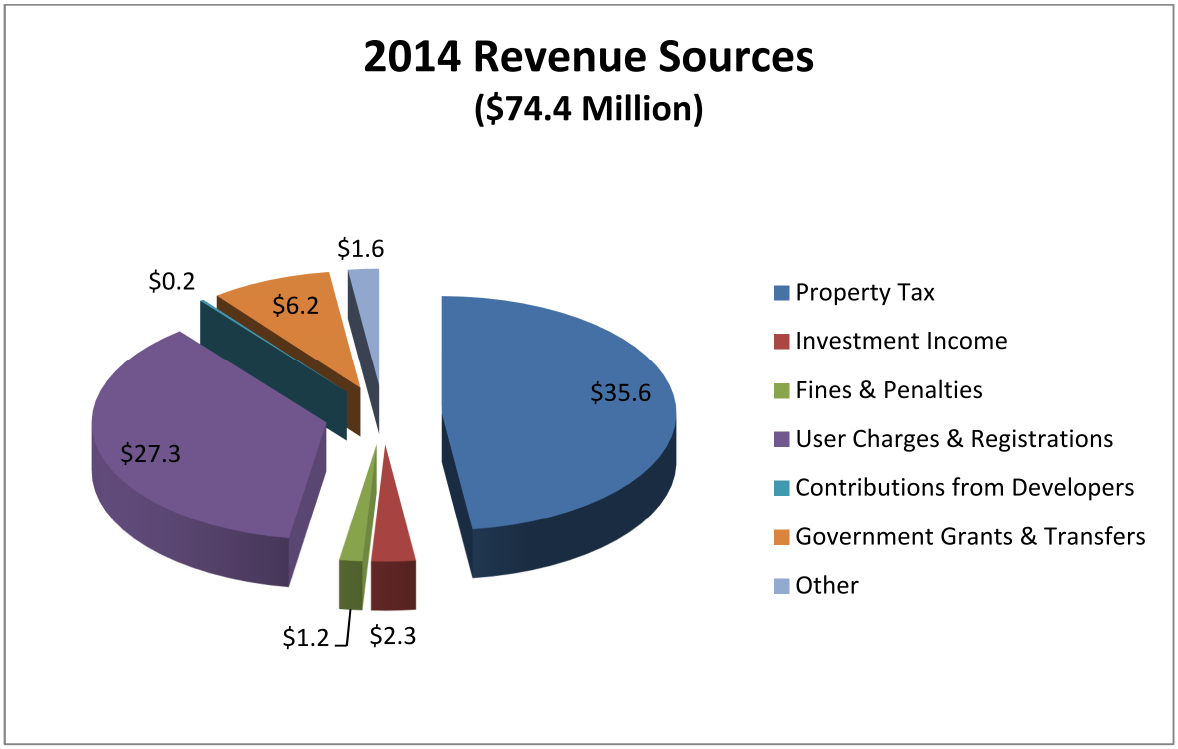
Capital Reserve Contribution as % of Amortization - 62.6%
This value reflects the amount of annual contribution to asset sustainability reserves compared to the amount of annual amortization of the assets on hand. Most municipalities are well below 100%, when in reality, this value ought to be more than 100%. The reason for this is that amortization is based on the historic cost of the existing assets, but replacing those assets will cost much more than that historic cost

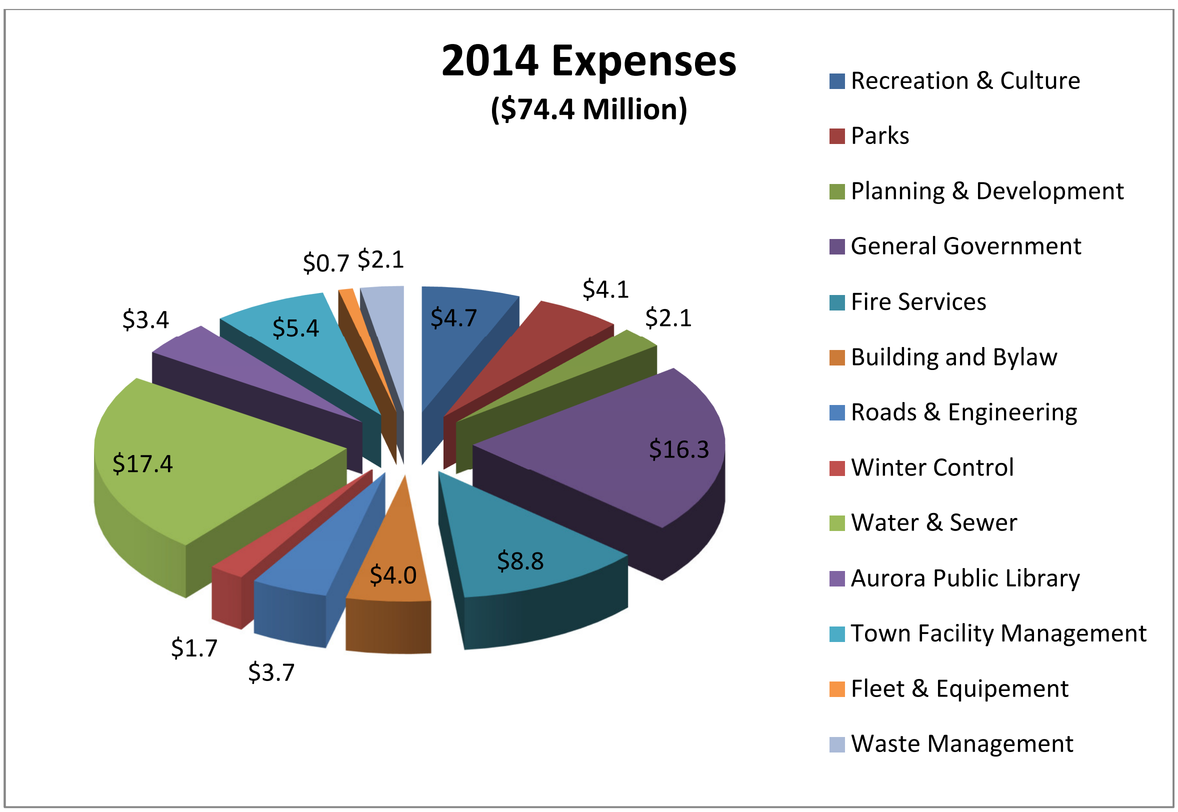
due to inflation over time. Just how much the annual contribution amount ought to be is the role of long term financial planning. For Aurora, we update our long term financial plan every year, and we have a detailed ten year asset management and investment plan to ensure we keep all of our assets delivering the service levels our residents have come to expect, whether this is from a watermain, grass cutting equipment or a community centre. Increasing the contributions to these reserves each year is required, and is included in our financial planning. Unfortunately, such increases add pressure to tax and water rate levels. In past years when assets were not measured, reported or regularly evaluated as a whole, contribution to these reserves were not important decisions to make. However, in today's regulated environment, continuing to underfund asset sustainability is not really an option. In part, the tax increases arising could be seen as increases which were previously deferred. These increases should be seen as tax level corrections rather than tax increases related to daily operations.

Total External Debt
When the Stronach Arena Recreation Complex (SARC) was built, it was built larger than necessary at the time. The Town financed part of the construction with external debt. The debt is long term, and is being paid off over time from development charges collected from new homes and buildings being constructed. With the future growth of the town in mind at the time, this financing plan made sense then, and still makes sense today. This debt will be fully paid off in 2025. The Town did a similar overbuild of the central library, however the debt was created from internal cash reserves on hand. Similar to the SARC debt, this library debt is being paid off by the collection of development charges from the growing community. The new Joint Operations Center currently under construction is also being overbuilt, and is being funded by current and future development charges, as well as the proceeds of sale of lands currently for sale by the Town. At the time of completion of the project, the expected shortfall in development charges collected to date and land sales proceeds will be funded from debt. At the end of 2014, the total debt of the Town was $4,286,000.

Total Debt and Interest Payments, Limits and Capacity
The amount of external debt that a municipality carries is limited by a formula in provincial legislation. Basically, the total interest and principal payments due in a year cannot exceed 25% of revenues. This threshold is referred to as the Annual Repayment Limit or ARL and is calculated each year by the province for each municipality. For the 2014 year, the Town's debt service payment was $1,757,684, being only 10.88% of our ARL of $16,159,809. While not likely to be financially prudent to do so, based on the ARL remaining available, the Town has the capacity to borrow a further $178,000,000, for 20 years at an interest rate of 5%, as an example. Many municipalities are struggling to keep within their ARL restrictions. The Town's low usage of debt reflects prudent financial decisions, using debt only in sustainable ways. In 2015, the Town expanded its use of debt to include financing some portions of the new Joint Operations Centre on Industrial Parkway North. This debt will be paid off through collection of future development charges and through the sale of lands already listed for sale by the Town.

Other Financial Information:





COMMENTS

The Town of Aurora is in strong financial condition relative to other municipalities in Ontario. The reserve funds arising from the sale of Aurora Hydro continue to contribute very much to this situation. In order to protect the financial health of the Town, it is recommended that Council continue its practice of increasing its annual contributions to infrastructure reserves. The goal should be that the cost of consumption of our existing assets needs to reflect the replacement costs. Contributions to reserves should be higher than annual accounting amortization amounts where possible.

LINK TO STRATEGIC PLAN

Outlining and understanding the Town's long term financial planning and use of financial reserves to buffer fluctuating financial requirements from year to year contribute to achieving the Strategic Plan guiding principle of ***"Leadership in Corporate Management"*** and improves transparency and accountability to the community.

ALTERNATIVE(S) TO THE RECOMMENDATIONS

1. N/A, information report only.

FINANCIAL IMPLICATIONS

None. This report is for information only and expresses a variety of facts and comparators about the Town's financial condition, health and sustainability.

CONCLUSIONS

The Town continues to be in a relatively strong financial condition and health, and will remain so if annual increases to contributions to infrastructure reserves remains a key budget priority of Council. The Town's ten year capital investment plan calls for annual tax increases of 1% for such contribution increases each year for the full ten years of the plan.

PREVIOUS REPORTS

None.

ATTACHMENTS

None.

PRE-SUBMISSION REVIEW

CAO and Treasurer Only.

Prepared by: Dan Elliott, Director of Corporate & Financial Services - Treasurer

Dan Elliott, CPA, CA
Director of Corporate & Financial Services - Treasurer

Patrick Moyle
Interim Chief Administrative Officer

TOWN OF AURORA
GENERAL COMMITTEE REPORT **No. CFS15-039**

SUBJECT: ***2016 Capital Investment Program Overview***

FROM: ***Dan Elliott, Director, Corporate & Financial Services - Treasurer***

DATE: ***September 28, 2015***

RECOMMENDATIONS

THAT Report No. CFS15-039 be received; and

THAT the final draft of the 2015 Asset Management Plan, the 2015 Ten Year Capital Investment Plan and the detailed Draft 2016 Capital Budgets be reviewed at the Special General Committee meeting scheduled for October 5, 2015.

PURPOSE OF THE REPORT

To introduce to Committee the Town's 2015 Asset Management Plan and accompanying Ten Year Capital Investment Plan for its review and recommendation to Council; and the 2016 Draft Capital Budgets in order to commence the budget committee's review. The Asset Management Plan sets out the "how" of the Town's asset planning and management methodologies, including an assessment of the overall condition of the Town's depreciating assets. The Ten Year Capital Plan is essentially the fruit of that work, setting out specific capital investments needed to maintain the serviceability of the existing assets, as well as new assets required or anticipated to service and meet the expectations of the growing community. Both of these documents serve as information and planning documents. The third piece of this report is the actual detailed 2016 proposed capital budget for review and approval, being a highly detailed subset of the Ten Year Capital Plan.

NOTE: The Budget Binder materials referenced in this report will be distributed at the September 28, 2015 Committee meeting, for review prior to the first deliberation meeting on October 5, 2015. All materials will be available from the Town's website immediately after the September 28 meeting.

BACKGROUND

The Province of Ontario released in June 2011, "Building Together", a long-term infrastructure plan for Ontario. A key element of this plan is ensuring good stewardship through proper asset management. Along this vein, the province requires all municipalities to have in place a council approved Asset Management Plan (AMP) by December 31, 2015. As of this date, an approved AMP will become an essential application requirement for all municipal requests for provincial or federal infrastructure funding. In response to this new requirement, the Town has taken a pro-active approach in preparing a detailed draft AMP which has now been peer assessed by a third party. In addition, an earlier draft of this AMP was presented to the budget committee for its review and comment on November 30, 2014.

Complementing the Town's AMP is its annual Ten Year Capital Invesment Plan Update representing a consolidation of the anticipated needs of all Town departments. This plan is intended to assist the managers responsible for each asset category to carefully plan the long term sustainability of each asset, and ensure appropriate and timely budgeting for the replacement of assets at the optimal time, balancing available funding, with the need and condition of the asset and its service. The plan is sorted into three sections: Repair and Replacement of existing assets (R&R), plans for growth and new assets (G&N), and periodic studies and other special projects (S&O). This plan is reviewed and updated each year and presented to Council for its review and endorsement.

In 2014, council endorsed the following four asset sustainability strategies upon which this year's ten year capital plan funding recommendations are based:

1. The Town generally will not use debt to finance the major restoration or replacement of its assets which were originally funded from Development Charges or would be so funded if initially constructed today. To avoid incurring debt, the Town will annually set aside sufficient reserves to provide for existing asset sustainability.
2. Targets for R&R reserve funds future balances should be set to reach two times the average of the next ten year's annual funding requirements for R&R, reviewed annually.
3. Annual "tax cash to capital" funding will be apportioned pro rata amongst the asset specific reserve funds based on the ten year forward average funding requirement for each asset category, including tax funded Growth & New and Studies & Other projects.
4. Annual "tax cash to capital" budget amounts must achieve sustainable infrastructure funding and should be reviewed annually with the ten year capital plan update process to ensure annual contributions keep pace with capital cost inflation, capital plan needs, and ultimately reach a goal of being approximately equal to the ten year average funding requirement of the plan.

As part of its review of the ten year capital investment plan, staff have undertaken its usual detailed review and documentation of their recommended 2016 capital budgets. This review considered several factors which included the foundation as set out in the Town's draft AMP, available reserve funding, as well as other key Town priorities.

COMMENTS

2015 Asset Management Plan (AMP)

The primary objective of an AMP is to maximize benefits, control risks, and provide a satisfactory level of service to the community in a sustainable manner. Infrastructure management ensures that the Town is capable of providing the desired level of service to support attaining our ultimate goals. The AMP is a strategic document stating the characteristics and condition of infrastructure assets, levels of service expected from them, planned actions to ensure the assets are providing the expected level of service and financing strategies to implement the planned actions. The overall intent of the AMP is to help the Town ensure investments are made at the right time, future repair and rehabilitation costs are minimized, and municipal assets are being appropriately maintained.

This AMP is an outcome of the Town's stewardship responsibilities: how we plan to look after what we have. However, the Town has also incorporated future growth and future asset investments into the plan to document what new assets we plan to invest in as the community grows, and how we plan to finance those investments. The growth side of the plan also becomes an input into the existing asset replacement side of the plan, as the new assets begin to require replacement, sometimes within the same 10-year period, such as for new fleet vehicle additions.

The final draft of the 2015 Asset Management Plan will be included in the Budget Binder.

2015 Ten Year Capital Investment Plan

This year's ten year capital plan contains detailed plans for assets showing the approved 2015 capital budget, plus ten forecast years from 2016 to 2025. It reflects a comprehensive review and update by each asset manager of the 2014 Ten Year Capital Investment Plan.

The ten year plan shows a planned investment requirement of $205 million total over the next ten years; $106 million for R&R, $95 million for growth and new assets, and approximately $3 million for studies and other. The Town's updated Ten Year Capital Investment Plan is included in the Budget Binder. Committee is encouraged to review this material in detail, and raise questions with regard to any proposed project, with a particular review of the first three years of the plan, as well as any significant one-time projects showing in the plan.

Comparing the previous ten year capital plan and this year's ten year capital plan the change in the average required investment per year is as follows:

Table 1: Historic and Planned Average Annual Investment

	Ten Year Average Annual Required Investment	
	2014	2015
Tax Funded:		
R & R	9,129,827	9,314,949
G & N	7,446,441	9,143,796
S & O	290,200	267,700
	16,866,468	18,726,445
Rates Funded:		
	2,734,297	2,659,749

The assets that the Town owns need to be segregated as to whether they are maintained and funded by general taxation ("tax funded assets", or whether they are maintained and funded by utility rates ("Rates funded assets"). Rates funded assets are restricted to all underground water, sanitary sewer, and stormwater systems, pumping stations, stormwater management ponds, and storm drainage ditches, culverts and related infrastructure. Tax funded assets are all other assets owned by the Town, including fleet, equipment, technology assets, roads, sidewalks, street lighting, facilities, parks, fields and other structures, together with Aurora located firehalls.

As will be seen in the next section of this report, the funding strategy of the Ten Year Capital Plan hinges on the reliability and reasonableness of the Ten Year Plan. If the spending plan is inflated, the funding strategy will impose an unnecessary burden on the taxpayers and the annual budget. Contrary, if the ten year plan is understated, the funding strategy employed will be insufficient in order to meet the real needs of the organization for its future infrastructure. While this plan is updated each year in detail by staff, it is important for Council to identify any projects which may be in the plan which may require further discussion. Amendments could be made by removing projects altogether or amending the planned timing of projects to more realistically meet the expectations of Council.

Repair & Replacement

Optimally staff recommend that the annual funding of capital R&R from source match the 10 year planned average spend. Currently, the annual funding compared to annual planned average spend is as follows:

Table 2: Budget Funding Compared to Average Annual Planned Investment

	2015 10 Year Avg R&R Requirement	2015 Approved Cash to Capital Funding	Funding (Short fall) / Surplus
Tax Funded	4,002,198	3,082,684	(919,514)
Rates Funded	2,659,749	2,800,000	141,251

We see that the annual tax contribution to capital for R&R is less than the average spending by $919,514 per year. This represents the equivalent of an unfunded 2015 tax rate pressure of 2.40%. This short-fall will be offset by the proposed cash to capital increases recommended in Table 3 below.

The 2015 contribution from utility rates is more than required for the next ten year average requirement as it is based upon a much longer time horizon, in an effort to grow these related reserve balances in preparation for the future when the R&R costs of these very expensive but long term (50 to 100 years) assets will begin arising. Annual utility budgets consider this updated plan and the long term funding needs.

Overall Cash to Capital Contributions to Reserves

Overall in 2015, excluding the receipt of federal gas tax funding, the tax base contributed $3,977,200 to the Capital Reserves for Infrastructure. This amount gets immediately allocated amongst R&R, G&N and S&O capital reserves. As infrastructure costs increase with inflation, so must the annual contribution from the tax base.

For all infrastructure reserve types to achieve the desired ending balance at the end of the ten year period target of “2 times the average annual spend requirement” the Town will require a minimum increase to the prior year’s cash to capital contribution as outlined in Table 3 below. The following schedule of increases to the base cash to capital contribution each year has been designed to achieve a more manageable annual budget impact:

Table 3: Proposed Cash to Capital Increases for Infrastructure Sustainability as a percentage of the prior year’s tax levy

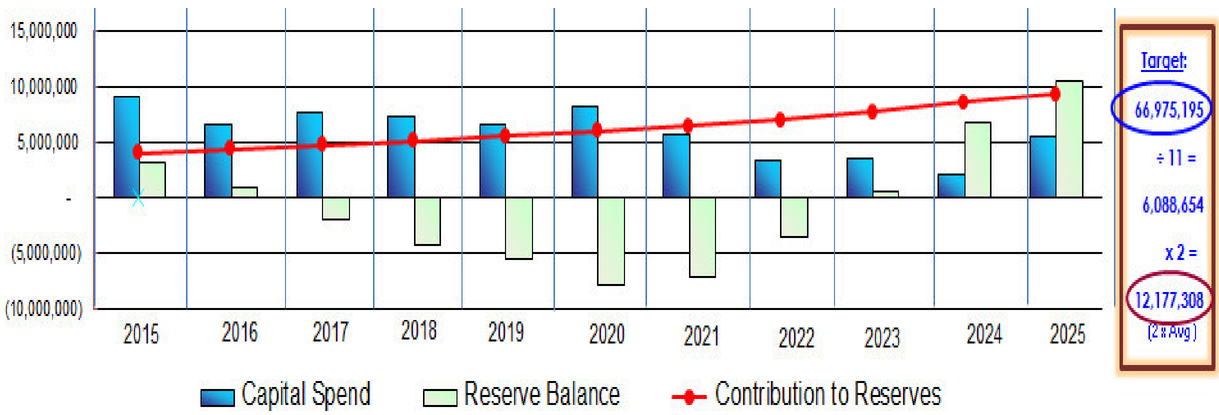
2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
0.60%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

In recognition of growing inflationary and aging asset pressures, staff recommend a constant growth rate increase of 1% of the prior period’s tax levy per year commencing in 2016 for the next ten years. No annual operating surpluses contributed to these reserves are included in the forecast model, however will only contribute to reducing the impact of inflationary pressures on the plan and contributions.

Ten Year view of the Repair and Replacement Reserves

While individual asset group reserves are kept, on a consolidated level, the Town's Asset Sustainability Reserves (R&R) which are tax funded can be summarized as follows:

Tax Based R&R Reserve



This graph shows the annual planned spend from these reserves, based on the updated 2015 ten year capital plan. It shows the expected reserve fund balance at the end of each year, and the expected increase in tax cash to capital flowing into these reserves as a whole for each year. Looking at the far right hand side, the Town's target is to achieve an ending balance of reserves of approximately two times the average annual spend for that planning period, as well as a cash to capital contribution equal to that ten year average spend. As can be seen above, the tax funded R&R reserves, as a group, do not reach the desired year end reserve balance target. The credit balance total in the interim years is offset by strong balances in other categories of the Town's reserve fund structure. Included in the detailed Ten Year Capital Plan, under the "Funding Sources" tab, similar analysis is presented for the other key capital funding reserves.

Each year, this model must be reviewed in order to ensure that the ten year plan for contributions remain sustainable and balanced with the funding requirements of the plan, with an expectation of annual increases in the long term to keep pace with inflationary pressures on capital program costs.

Since the preparation of the 10 Year Capital plan, and the resulting analysis, staff note that the speed of the development of the 2C lands is more accelerated now than originally planned. This results in higher ending reserve balances particularly for DC reserves, as the spending plans for these funds have not been accelerated as much, due to the long lead times necessary to implement large capital facilities such as the planned new community centre.

Staff also note that some capital works anticipated to be completed by developers such as parks and sewer works may not all be included in the spending forecast, resulting in possibly higher than otherwise ending reserve balances for the development charges. These areas will be the focus of staff reviews and updates for next year's version of these documents.

Draft 2016 Capital Budgets

For 2016, the capital budget continues to be segregated into three parts for more focused examination due to the conceptual differences in funding sources:

- Repair and Replacement (R&R) Infrastructure Capital
- Growth and New Infrastructure Capital
- Major Studies and Other Capital

The **Draft 2016 Repair and Replacement Capital** program is summarized as follows:

2016 to 2025 Avg annual plan	$4,002,198
2016 plan as forecasted in 2014 ten year plan	$10,622,400
2016 Draft R&R Budget	$8,248,000
Funded by: Tax funded R&R reserves	$3,988,900
Rate funded R&R reserves	$1,482,600
Federal Gas Tax Grants	$1,617,500
EAB reserve	$235,000
Cash in Lieu Parkland	$ 92,000
Ontario Community Infra	$234,600
Buildings Reserve	$175,000
Canada 150 Grants	$422,100

The recommended Repair & Replacement Capital program for 2016 is included in the Budget Binder.

The **Draft 2016 Growth & New Infrastructure Capital** program is summarized as follows:

2016 to 2025 Avg annual plan	$9,143,796
2016 plan as forecasted in 2014 ten year plan	$4,606,660
2016 Draft Growth & New Capital Budget	$5,530,000
Funded by: Development Charges	2,723,100
Cash in Lieu Parkland	177,500
Tax funded G&N Reserve	3,191,100

This capital program includes three larger projects, the construction of a sanitary sewer on Leslie St. to service the 2C lands project, the construction of a Leslie Street Underpass and the implementation of the Promenade Streetscape Design capital works. Among the other projects are: the construction of sidewalks, purchase of an additional street sweeper, community improvement plan, various customer service driven initiatives and a SCADA monitoring system for the Town's water booster and waste water pumping stations. The recommended *Growth and New Infrastructure Capital* program for 2016 is included in the Budget Binder.

The **Draft 2016 Studies and Other** program is summarized as follows:

2016 to 2025 Avg annual plan	$267,700
2016 plan as forecasted in 2014 ten year plan	$350,000
2016 Draft Studies & Other Budget	$350,000
Funded by: Development Charges	270,000
Tax funded S&O Reserve	30,000
Water Reserve	50,000

This represents a gross cost of $350,000, funded with $270,000 from development charges, $30,000 from The Studies & Other Reserve and $50,000 from rate reserves. New projects proposed for this year include a storm sewer reserve fund and rates study and the Town's official plan review. The recommended *Studies and Other Capital* program for 2016 is included in the Budget Binder.

A 2016 Capital Budget Detail Binder is being distributed to members of Council at the meeting of September 28, 2015. All such material will be subject to review and discussion by Committee at the first scheduled budget deliberation meeting to be held 9:00 a.m. Monday, October 5, 2015, The October 5 meeting will include discussion on the Asset Management Plan, the Ten Year Capital plan, and will then turn to the detailed 2016 Capital Budgets.

LINK TO STRATEGIC PLAN

Developing the annual capital budget supports all aspects of the Strategic Plan. Outlining and understanding the Town's long term financial planning and the use of financial reserves to buffer related fluctuating financial requirements from year to year contribute to achieving the Strategic Plan guiding principle of "Leadership in Corporate Management" and improves transparency and accountability to the community.

ALTERNATIVE(S) TO THE RECOMMENDATIONS

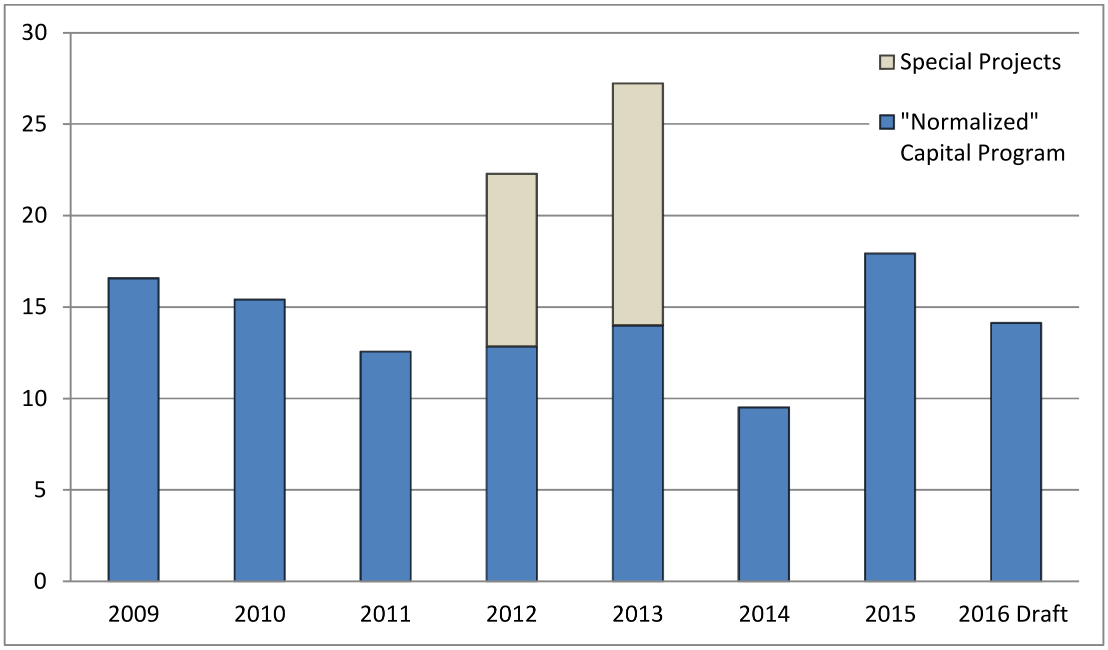
1. Council may choose to accept, amend or reject any or all of the recommendations of this report.
2. Council may provide alternative directions with respect to the Asset Management Plan and/or the Ten Year Capital Plan contents.

FINANCIAL IMPLICATIONS

With regards to the AMP and its associated Ten Year Capital Investment Plan, there are no direct financial commitments being made in this report. The AMP and Ten Year Capital Investment Plan are guidance and/or planning documents only, serving to assist in asset repair and replacement decision points as well as long range financial planning, and thereby providing insight and opportunity to make financial planning adjustments to avoid future financial pinches or problems. The AMP and associated ten year plan also give clear insight to Council and to the public of planned projects well in advance, and the context of the priorities of projects relative to each other.

Staff recommend that an increase of 1% in the tax cash to capital contribution be inserted into the 2016 draft operating budget consistent with the recommendations contained within this report.

The 2016 Draft Capital Budget proposes a total capital program of $14,129,935. The recent five years of approved capital budget totals are outlined below for comparison.



CONCLUSIONS

It is recommended that the Town's final draft of its Asset Management Plan be approved.

Staff recommend endorsement of the updated Ten Year Capital Investment Plan.

The 2016 recommended capital investment budget is introduced by this report. Committee will now begin its detailed reviews of the Asset Management Plan, Ten Year Capital Plan and the 2016 Capital Budgets.

All budget committee meetings are open to the public. Members of the public interested in providing input to these proceedings are encouraged to attend as early in the process as possible, or to provide their comments by email through the Town's website at www.Aurora.ca or by email to OurTownBudget@Aurora.ca. All constructive input related to the 2016 Capital Budgets is welcomed. Any email submission comments will be summarized and presented to Council as they are submitted. Submissions related to Operating Budgets will be held, and presented at the appropriate time to Committee.

PREVIOUS REPORTS

None

ATTACHMENTS - NONE

The following materials will be included in the Budget Binder to be distributed separately at the September 28 introductory meeting for review at the subsequent meeting on October 5, 2015.

- 2015 Final Draft Asset Management Plan
- 2015 Ten Year Capital Investment Plan
- *Repair and Replacement Capital Investment Program*
- *Growth and Other Infrastructure Capital Investment Program*
- *Studies and Other Capital Investment Program*
- *Reserve and Reserve Fund Schedule – Forecast December 31, 2015*

PRE-SUBMISSION REVIEW

Executive Leadership Team - Thursday, September 17, 2015

Prepared by: Dan Elliott, Director of Corporate & Financial Services - Treasurer

Dan Elliott, CPA, CA
Director of Corporate & Financial Services - Treasurer

Patrick Moyle,
Interim Chief Administrative Officer