



TOWN OF AURORA
CAPITAL BUDGET 2020 ▶ ▶ ▶ ▶ ▶ ▶



Capital Budget Executive Summary

In 2020, we're investing \$24.6 million in Capital Projects. Your capital budget makes sure that the residents, families, visitors and businesses that call Aurora home have safe roads, modern water and sewage systems, up-to-date recreation facilities, expansive parks and trails and more. As our population grows and infrastructure ages, it is critical that we plan for today and for the future to ensure Aurorans for generations to come are able to enjoy a high quality of life and sense of community pride.

The Capital Budget includes costs for Repair and Replacement, Growth and New and Studies and Other. Repair and Replacement costs ensure our infrastructure is maintained and is safe and up-to-date. Growth and New budget items enable us to plan for the future and meet the demands of growth. Studies and Other position us to plan for the future by helping us develop long-term strategies by conducting studies and plans which will inform future capital and operational needs.

We continue to work hard here at the Town of Aurora to find efficiencies, strengthen financial controls and measure our success to provide increased transparency. We are committed to building a future-ready Town that is always mindful of our taxpayers.

Maintaining assets while providing for a growing community

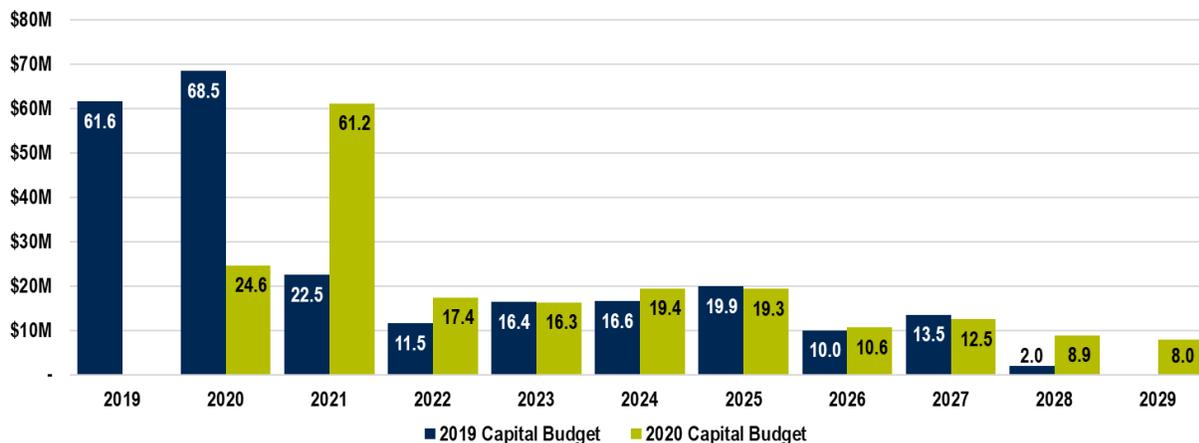
The Town of Aurora's 10-year capital investment plan is \$198.2 million and includes \$24.6 million in capital projects proposed for 2020. In addition to this the Town has \$106.3 million in previously approved capital projects that are active and in progress and \$56.5 million in projects that were conditionally approved in previous budgets.

The proposed 2020 budget does not include fleet equipment. The Town has a study underway to review the needs of the fleet. This study will determine the equipment the Town's fleet needs to include, how to maintain the fleet and the life-cycle of the fleet equipment. After the study is complete a separate budget for the fleet will come forward.

The 10-year capital plan is \$44.3 million less than last years'

In 2019 the Library Square project received conditional approval of \$35 million. This is the major reason why the overall ten-year plans for this year's budget is lower than the one presented last year. The table below also shows some change between years 2020 and 2021. This reflects the \$37 million for a new recreation facility that was deferred one year.

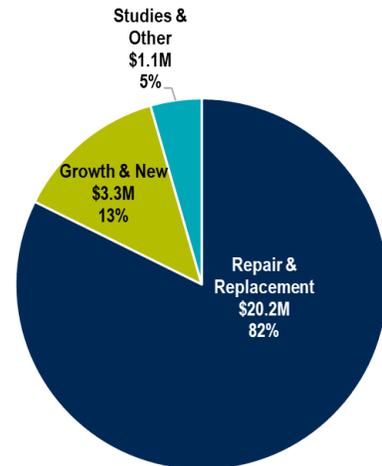
2020 capital plan compared to the 2019 capital plan



The 2020 capital budget is made up of three components:

- **Repair and Replacement:** Asset management of current town infrastructure funded mostly through tax levy and water rate reserves
- **Growth and New:** The addition of new capital throughout the Town which is mostly funded through development charges
- **Studies and Other:** The development of plans and reviews which are funded through tax levy reserves.

2020 Proposed Capital

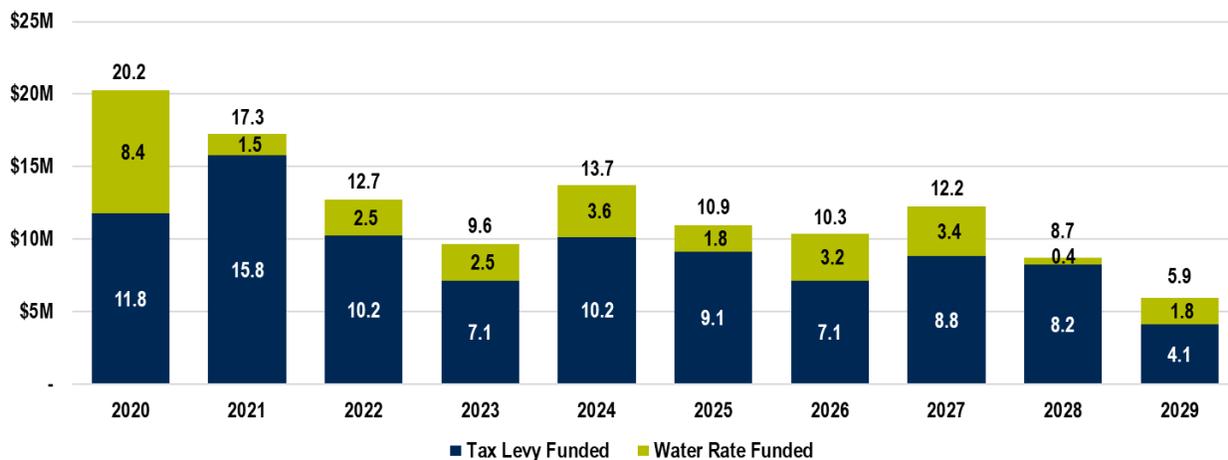


Repair and replacement capital promotes good asset management

The Town’s Asset Management Plan guides the development of the repair and replacement capital plan. The Asset Management Plan seeks to promote lifecycle and risk management of all municipal infrastructure assets, with the goal of achieving the lowest total cost of ownership while meeting desired levels of service. The Asset Management Plan is guided by the principles and goals set out in Aurora’s Asset Management Strategic Policy.

The repair and replacement budget for 2020 is \$20.2 million. This is mostly funded through cash to capital (tax levy) and rate reserves. In 2020 water rate funded capital is planned to be a higher share of the capital project spending than in the remaining years of the plan as shown in the graph below. This is because water and sewer infrastructure have long life spans and the current infrastructure is relatively young. This mix will change over time as the underground assets reach the end of their useful life.

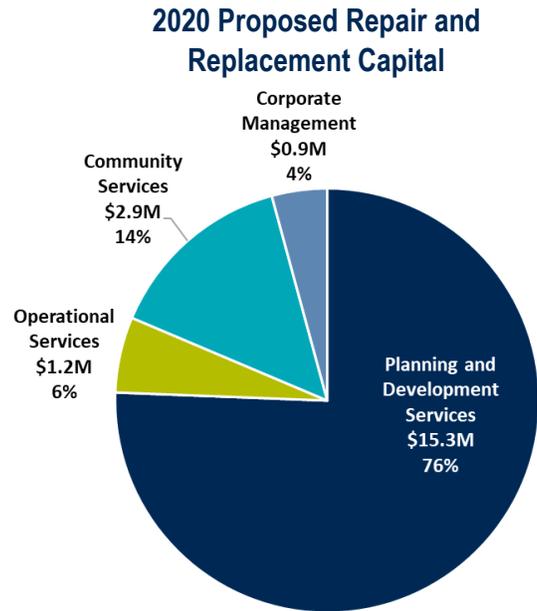
Repair and replacement ten-year capital plan



Planning and Development projects represent 76% of the 2020 repair and replacement capital

Repair and replacement is the largest segment of the capital plan at \$20.2 million. The largest share of these projects are led by Planning and Development Services. This department's projects include road resurfacing, road reconstruction, storm sewer and stream maintenance along with geographical information systems and equipment. The largest portion of their work being road reconstruction, at \$12.2 million, which includes the rebuilding of the roads and the related underground water and sewers on:

- Adair Drive
- Bailey Crescent
- Baldwin Road
- Browning Court
- Davidson Road
- Holman Crescent
- Johnson Road
- Poplar Crescent



Community Services plans to invest in maintaining its facilities with \$2.9 million in projects at locations that include work at:

- Aurora Public Library
- Aurora Family Leisure Complex
- Stronach Aurora Recreation Complex
- Town Hall
- 22 Church Street School
- Aurora Community Centre
- Central York Fire Stations

The repair and replacement work planned for the Aurora Public Library and the 22 Church Street School will be completed along with the Library Square project which received conditional approval in the 2019 Capital Budget.

The asset management needs for each facility vary. The capital project list in the Repair and Replacement tab summarizes the projects at each location.

The Operational Services budget of \$1.2 million includes \$666,000 for parks projects for playground equipment, trail maintenance and managing the impact of the Emerald Ash Borer which is an invasive species affected ash trees throughout the Town. The roads budget of \$450,000 in Operational Services includes the infrastructure inspection, repair and replacement, sidewalk reconstruction and Christmas decorations.

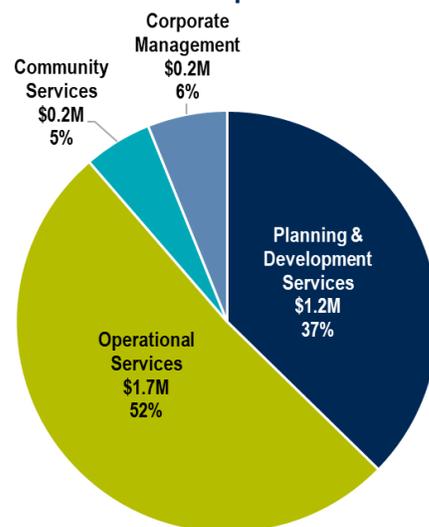
The balance of the Town's projects includes water meter replacements, information technology and the Town's website.

Growth and New capital supports the growing community

The 2020 Growth and New capital projects, at \$3.3 million, are mostly funded from development charges. Projects that will be managed by Operational Services and Planning and Development Services represent 89% of the 2020 growth and new capital. And 82% of the capital budget is represented by 4 projects:

- \$1.2 million – Sidewalk on Leslie Street north of Wellington to the Town limit
- \$1.0 million – Final installment for the Wildlife Park
- \$0.35 million – Paving for the snow storage facility at Lambert Willson Park
- \$0.1 million – Mattamy Phase 4/5 Trail

2020 Proposed Growth and New Capital



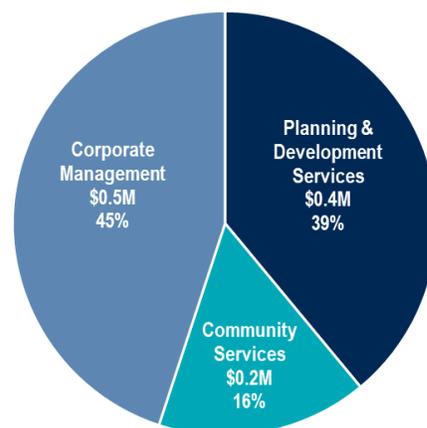
Studies and Other supports longer-term capital planning

The \$1.1 million 2020 Studies and Other budget is funded from tax levy reserves. These projects include plans and consultant studies which inform future capital and operational needs.

The five highest-valued studies and other projects accounts for 74% of the 2020 budget request. These projects include:

- \$230,000 – Information Technology Strategic Plan implementation
- \$200,000 – Climate Change Action Plan
- \$175,000 – Building Condition Assessment and Energy Audit
- \$100,000 – Municipal Heritage Register Review
- \$100,000 – Community Benefit Charge Study

2020 Proposed Studies and Other Capital



Reserves are used to manage funding for capital plans

Each capital project is mostly funded through the use of reserves. Grant funding, such as Federal Gas Tax and Ontario Community Infrastructure funding, supplement reserve funding when available. The types of reserves which are used are determined by the type of project. Things that are considered are:

- How much of the project supports growth and is it development charge eligible?
- Does the project have a water or sewer component which should be funded from user rate reserves?

Most of the Town’s capital budget supports asset management since much of the growth infrastructure is built on the Town’s behalf by developers as they build new homes and office space.

Development charges pay for growth

The Town collects development charges to pay for growth projects. The development charges collected pay for what the Act describes as hard and soft services. The types of capital projects the Town has in the budget, which are eligible for development charges, are shown in the box below.

Development Charge Hard Services

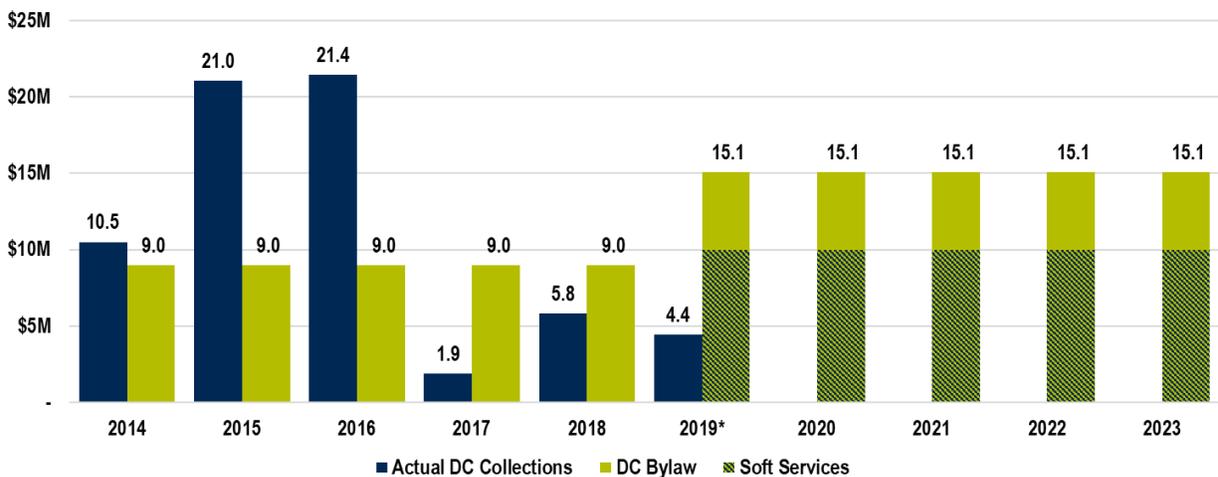
- Roads
- Water and sewer
- Fire
- Public works facilities, fleet and equipment

Development Charge soft services:

- Parks and recreation
- Library
- Municipal Parking
- General Government

In Aurora, hard services makes up 34% of the development charge while soft services are 66% of the charge. In 2019, the development charge bylaw was updated. The chart below shows the development charge collections from the previous bylaw and those forecasted in the current bylaw.

Development Charge Forecast



*2019 actual development charge collections reflect the amount collected up until August 31st, 2019

Bill 108 is changing development charges

Bill 108 will split how the current hard and soft services for development charges will be collected. Hard services will remain part of the Town's development charges and the soft services will move to a newly created Community Benefit Charge which must become effective on or before January 1, 2021. Municipalities that do not have a community benefit charge in place by this date will no longer be able to collect for soft services as part of their development charge.

Aurora has included as part of the 2020 budget a capital project to establish its Community Benefit Charge. It is expected that the Community Benefit Charge should be revenue neutral based on what is known to date and that it will be collected as a lump sum. However the Town is waiting to hear more details from the province about this charge.

The timing of payment for development charges will change for non-residential developments, rental and non-profit residential developments in 2020. The charge will be frozen at the time of the agreement and will be paid in installments. However, the Town will be able to charge interest on the development charge.

Most of Aurora’s development charge collections have historically come from for-profit residential. This type of development is expected to have less of an impact on development charge collections based on the changes known to date. However this mix could change over time as for-profit residential development transitions to more infill (smaller residential developments) meaning non-profit residential and non-residential developments could become a larger share which will slow down the timing of development charge collections.

Asset management needs will continue to grow

Aurora’s asset management reserves are funded through contributions from the tax levy and water and sewer user rates. The Town also uses federal and provincial grants to supplement the funding of its asset management needs.

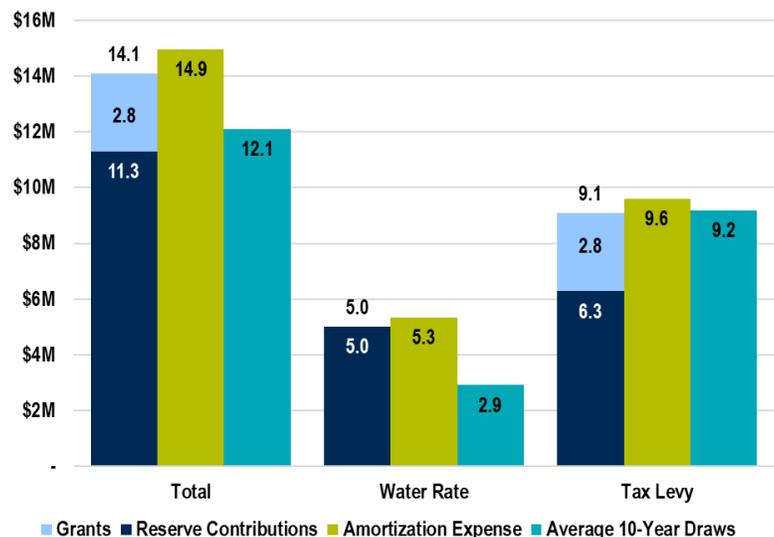
The Town is currently contributing less to reserve than the current amortization cost of today’s assets. Since amortization is based on the historical cost to build the original asset, the cost to replace or repair an asset is always more despite the table showing the average 10-year draws to be less than today’s amortization cost.

There are two main reasons why the average 10-year draws are less than the amortization. The first being the Town’s water and sewer assets are relatively young and underground assets are very costly to replace.

The second being, the repair and replacement capital plan tapers off toward the end of the 10-year plan. This may indicate that the outer years of the plan are not as complete. This is why the Town needs to start doing longer-term analysis to determine how much needs to be set aside for asset management reserve contributions. This will ensure residents today and tomorrow are paying their fair share, so when longer life-cycle assets like watermains, are ready for replacement, the Town has the reserves to fund the projects.

To support good asset management, the Town’s goal is to have the asset management reserve balances equal two-times the average annual need. The Town has yet to reach this goal. In an attempt to close this gap, the Town has adopted a fiscal strategy of increasing its tax levy contributions toward asset management reserves each year. For the past 5 years, it has funded this annual increase through the Town’s one percent tax increase in support of its fiscal strategies. The Town’s current financial strategy is to contribute 100 percent of the available fiscal strategy funding toward asset management reserves by 2022.

2020 Reserve Contributions Compared to Asset Amortization



Continuous improvement of the capital budget process will help guide the path to achieving financial sustainability

As part of the 2021 Capital Budget the Town will begin implementing a number of continuous improvement initiatives. These initiatives ensure the capital plan is more complete by bringing new and previously approved projects together. The plan will consider both the total capital project costs and the timing of capital spending. These improvements will be the first steps to developing improved longer-term plans and improve reporting on capital projects.

The improvements will also provide the building blocks which will help guide the Town to ensure long-term financial sustainability. There are three key elements to ensuring the Town is on the path the financial sustainability. They include:

1. **Capital Plan:** Managing multi-year capital commitments and annual cash flows through capital budget and long-term asset management and growth analysis.
2. **Reserve Management:** Planning for future use and funding of reserves over the long-term to ensure funds are available to pay for capital projects when they are needed.
3. **Debt Management:** Ensuring debt is used wisely and stays within the limit of the legislated annual repayment limit.

Balancing these three elements will help the Town further develop its fiscal strategy and set financial policy. Then the Town can ensure residents today and tomorrow are paying their fair share for asset management and that growth capital aligns with the timing of growth in the Town of Aurora.

