Growing Where We Invest

Region of Peel Growth Management Workshop

Financial Considerations of Future Growth

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Growth Management Principles

- Growth guided by and conforms to Regional Official Plan to 2031
- Growth pays for growth to the fullest extent under *DC Act* - minimize impact on existing taxpayers
- Infrastructure to be provided in a way that maximizes efficient delivery and minimizes impact on communities
- Debt to be issued for growth infrastructure leveraging Region's high credit rating, but not to the extent of compromising its high credit rating

DC By-law – Pending Actions

- CFO provided with authority to:
  - Monitor closely DC finances and report annually through Capital Budget process
  - Update DC by-law if 20% threshold exceeded
  - Undertake review of employment to further inform Regional service planning and future DCs
    - Collaborate with area municipalities
    - Development industry involvement

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Implications of Future Investment

- Review infrastructure investment impacts on Peel economy
- Review funding approaches to mitigate financial risk of key infrastructure investments
  - Staff directed to review infrastructure funding options (April 2013)
- Council to consider findings in 2014

Development Cost Pressures and Risks

- Escalating costs to Capital Plan
  - Externally mandated environmental standards (Province/EAs)
  - Long Term Master Servicing Plans
- Financing costs re: debt repayment
  - Impacting $2.6 Billion of debt to be issued
- Cost of infrastructure to support additional population to be included

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Extended Horizon Impact on DCs

- DC rates to be updated to reflect additional population and employment (to 2041) and related infrastructure costs
- Must determine additional infrastructure and cost required to support new population/employment:

$$\textbf{DC Rates} = \frac{\textbf{Infrastructure Costs}}{\textbf{Population / GFA}}$$

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Location of Additional Growth – Financial Considerations

- Expansion of capacity in highly urbanized areas likely to involve replacement of useful assets resulting in DC deduction for ‘benefits to existing development’
- Infrastructure planned for upgrades and/or replacement could be an opportunity for coordination

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Location of Additional Growth – Financial Considerations (cont'd)

- Generally, infrastructure construction (over short-term) in highly urbanized areas may be more costly vs. green field locations
- Benefits to be gained in lower operating costs (over long-term) for some services in highly urbanized areas vs. green field locations (same level of infrastructure vs. more infrastructure)
- Growth and State of Good Repair (SOGR) costs need to be looked at in an integrated way
- Impact of non-continuous development patterns

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Location of Additional Growth – Financial Considerations (cont'd)

- Taxpayers to fund DC incentives or discounts
- Regional DC debt growing over next several years
- Balance between reducing future costs vs. impact on 'one taxpayer'

Summary from Finance Breakouts

- Enhanced coordination of financial planning needed to fully understand/assess short and long term impacts of infrastructure investments
- Support for intensification in designated areas to maximize use of existing infrastructure
- Incentives are beneficial if future costs/risks are reduced – concern for impact on ‘one taxpayer’
- Benefits of more orderly and focused growth
- Approach municipal business planning differently
- Advocate for senior governments infrastructure funding support/role