

**SUBJECT: DISCRETIONARY CAPITAL RESERVES**

ISSUED: 13 / 07 / 04	REVISED: 15 / 06 / 25	REVISION NO.: 3	Page 1 of 2	POLICY: 123
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1. RESERVES

The eleven (11) capital reserves are listed below. Details on the revenue sources and the use of each reserve in the Capital Budget/Long Range Capital Forecast are outlined in ATT-1.

- Building Maintenance
- Capital Contingency
- CIP Development Improvement
- Debt Reduction (Slots)
- Debt Repayment
- Development
- General Infrastructure Maintenance
- Post Growth Capital
- Roads Maintenance
- Strategic Initiatives
- Vehicle/Equipment Replacement

2. SPENDING CAP GUIDELINE

- An annual spending cap guideline of 65% of a reserve's forecast total annual revenues, will be used by staff to guide the funding of the Capital Budget/Long Range Capital Forecast recommended to Council for approval
- The annual spending cap only applies to the following reserves:
 - Building Maintenance
 - Development
 - General Infrastructure Maintenance
 - Roads Maintenance
 - Strategic Initiatives
 - Vehicle/Equipment Replacement
- The annual spending cap is a guideline only. The actual expenditures in a given budget year may exceed or fall below the cap.

3. ALLOCATION OF SLOTS & VERIDIAN REVENUES

Background

- Slots Revenues - the Town's share of the slot and gaming revenue, as calculated according to the Municipality Contribution Agreement with Ontario Lottery and Gaming (OLG)
- Veridian Revenues – the promissory note interest and dividend income the Town receives from its 32.1% ownership share of Veridian Corporation.

Slots and Veridian revenues shall not be included in the operating budget as revenue to reduce the general levy, but shall be allocated to specified Capital Reserves as summarized below:

Reserve Name	Slots**	Veridian
Debt Reduction	25%	N/A
Building Maintenance	10%	20%
Development	25%	20%
General Infrastructure Maintenance	10%	15%
Roads Maintenance	10%	15%
Strategic Initiatives	5%	5%
Vehicle/Equipment Replacement	15%	25%

** Net of grandfathered grants program and social infrastructure funding

ATT-1 Revenue Sources and Use in Capital Budget/Long Range Capital Forecast

APPROVED: General Government Committee
(AUTHORITY)

15 / 06 / 25
(DATE)

(SIGNATURE)

**ATT-1 POLICY #123 DISCRETIONARY CAPITAL RESERVES
REVENUE SOURCES AND USE IN CAPITAL BUDGET/LONG RANGE CAPITAL FORECAST**

Reserve Name	Capital Budget/LRCF Funding	Revenue Source
Building Maintenance	<ol style="list-style-type: none"> 1) Maintenance/repair/rehabilitation of existing buildings and related facilities, including: <ul style="list-style-type: none"> ▪ the building itself and all components ▪ surrounding campus (e.g. parking lot, front entrance, grounds, etc.) 2) Renovations to existing buildings 	<ol style="list-style-type: none"> 1) General Levy budget allocation 2) 10% of Slots revenue 3) 20% of Veridian revenue 4) Portion of the tax room from the annual debt payments on retired (paid off) long term debt
Capital Contingency	<ol style="list-style-type: none"> 1) Town's portion of cost shared Federal/Provincial capital grant programs 2) Unbudgeted capital expenditures 	<ul style="list-style-type: none"> • If required, portion of Operating Budget Surplus to "top up" to \$2.5M target balance
CIP Development Improvement	<ul style="list-style-type: none"> • Capital projects within Downtown CIP area 	<ol style="list-style-type: none"> 1) Disposal/sale of land 2) 20% of building permit fees for projects in Downtown CIP area (0% from priority sites)
Debt Reduction (Slots)	<ol style="list-style-type: none"> 1) Reduce the amount of long term debt issued 2) Offset the operating budget impact of existing debt payment 	<ul style="list-style-type: none"> • 25% of Slots revenue
Debt Repayment Reserve	<ul style="list-style-type: none"> • Reduce the amount of long term debt issued 	<ul style="list-style-type: none"> • Portion of the tax room from the annual debt payments on retired (paid off) long term debt
Development	<ol style="list-style-type: none"> 1) Town's share (Ineligible & Benefit to Existing) of Development Charge projects 2) New Infrastructure not eligible for Development Charge funding 3) Waterfront and Shoreline Improvements 	<ol style="list-style-type: none"> 1) General Levy budget allocation 2) 25% of Slots revenue 3) 20% of Veridian revenue
General Infrastructure	<ul style="list-style-type: none"> • Maintenance/repair/rehabilitation of all other infrastructure not fundable from Building Maintenance Reserve or Roads Maintenance Reserve 	<ol style="list-style-type: none"> 1) General Levy budget allocation 2) 10% of Slots revenue 3) 15% of Veridian revenue

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Reserve Name	Capital Budget/LRCF Funding	Revenue Source
Post Growth Capital	<ul style="list-style-type: none"> • Not an active/current funding source 	<ol style="list-style-type: none"> 1) Up to 15% of assessment growth 2) Annual Surplus from Supplementary Tax revenue
Roads Maintenance	<ul style="list-style-type: none"> • Repair/Maintenance/Rehabilitation of roads and related infrastructure, including but not limited to bridges, streetlights, sidewalks, curbs & gutters, traffic signals, multi-use trails within the road allowance and storm water infrastructure 	<ol style="list-style-type: none"> 1) General Levy budget allocation 2) 10% of Slots revenue 3) 15% of Veridian revenue
Strategic Initiatives	<ol style="list-style-type: none"> 1) Master Plan, Studies, Strategies, EA's not fundable from another source 2) Traffic Calming 3) Capital projects resulting from Community Action Plan (e.g. Customer Polling) 4) New Software 5) Acquisition and installation of art in public spaces 	<ol style="list-style-type: none"> 1) General Levy Budget Allocation 2) 5% of Slots revenue 3) 5% of Veridian revenue
Vehicle/Equipment Replacement	<ol style="list-style-type: none"> 1) Operations - Vehicles and Equipment 2) Fire - SCBA, Bunker Gear, Hose, Auto Extrication, AED 3) Recreation - Fitness, Floor Care Machines 4) Information Technology – Workstations, Hardware, Servers, Software 	<ol style="list-style-type: none"> 1) General Levy budget allocation 2) Sale of used and surplus vehicles/equipment 3) 15% of Slots revenue 4) 25% of Veridian revenue