

## The Quarters Downtown Community Revitalization Levy - Financial Projections

### Program Overview

City Council approved Bylaw 15800, "Schedule "A" - The Quarters Downtown Community Revitalization Levy Plan" on June 20, 2011. The Quarters CRL provides funding for investments in public infrastructure needed to attract private investment, redevelopment and revitalization of the defined area. To date, Council has approved \$95 million in funding for The Quarters Phase I and Phase II capital projects.

The CRL enables the City to apply both the municipal and education tax levy increases related to the incremental assessed value over the baseline to pay debt servicing and other related infrastructure improvements. Annual program shortfalls will be transferred to the CRL reserve to be recovered through future CRL revenues.

The assessment baseline for the CRL was set on December 31, 2011. The Quarters CRL can remain in place for up to a maximum of 20 years from 2012 to 2031, unless the Province specifies an earlier date.

### Financial Update:

This attachment includes three sections:

- 1) **Current 20-year Revenue Projections** **Page 2**  
Updated revenue projection, and how they compare to projections that were previously shared with Council.
  
- 2) **Current Revenue Projections vs. Approved Expenditures** **Page 3**  
A comparison of current revenue projection scenarios compared with expenditures related to approved CRL-funded projects. Includes a description of assumptions used in developing the different revenue scenarios.
  
- 3) **Detailed Budget Projections** **Page 5**  
Updated year-by-year budget projections for The Quarters Downtown CRL, based on the Low Revenue Scenario.

**Current 20-year Revenue Projections**

This chart compares the revenue projections for The Quarters Downtown CRL at three points in time. As part of the approval process each of the CRL Plans was required to show low, medium, and high revenue Scenarios. Subsequent projections for The Quarters Downtown CRL have been based on Low Scenario assumptions.

Projected Revenue (\$millions)	Scenarios		
	High	Medium	Low
<b>Current Projection</b>			<b>\$133</b>
February 22, 2022 City Council Report UPE00880 Community Revitalization Levy Update - Downtown, The Quarters Downtown, Belvedere			\$132
Approved Quarters Downtown CRL Plan (June 2011)	\$150.5	\$143.5	\$139.5

**Current Revenue Projections vs. Approved and Potential Expenditures**

From 2012 to 2031 (entire life of The Quarters Downtown CRL)  
(\$millions)

	Revenue Scenario LOW (Note 1)	Revenue Scenario STRESS TEST (Note 2)
<b>Revenue</b>		
<b>CRL Revenue and Base Tax Levy</b>	<b>\$133</b>	<b>\$88</b>
<b>Expenses (Note 3)</b>		
<u>Funded Project Costs</u>		
2012-2026 Approved Capital Profiles	\$128	\$128
<u>Non-Capital and Project Office Expenses</u>	\$30	\$30
<b>Excess/(Deficient) CRL Revenue</b>		
<b>Only Funded Projects and Operating Expenses Included</b>	<b>\$(24)</b>	<b>\$(69)</b>
<u>Unfunded Project Costs</u>		
No Capital Spending currently proposed	\$-	\$-
<b>Excess/(Deficient) CRL Revenue</b>		
<b>All Projects, CRL Revenue or Costs</b>	<b>\$(24)</b>	<b>\$(69)</b>

Notes:

- 1 Low Scenario Assumptions:  
 Market Value Change:  
     2022-25: -11 per cent cumulative to +8 per cent cumulative depending on property class  
     2026-31: 3 per cent per year  
 New Development:  
     20 year development based on Colliers low scenario for new developments.
- 2 “Stress Test” Scenario Assumptions:  
 Market Value Change:  
     Same as Low Scenario  
 New Development:  
     Only buildings under construction are included.
- 3 Principal and Interest:

### **Attachment 3**

Expenses for funded and unfunded project costs include all principal and interest charges currently forecast to retire Quarters Downtown CRL debt used to finance Council-approved capital profiles, as well as any operating costs related directly to specific projects

## The Quarters Downtown CRL - Detailed Budget Projection

(\$000)	Project Total	Actual 2012 to 2022	2023	2024	2025	2026	2027 to 2031
<b>Revenues</b>							
Community Revitalization Levy (Note 1)	\$ 131,540	\$ 37,395	\$ 4,348	\$ 4,648	\$ 5,274	\$ 9,274	\$ 70,601
Base Tax Levy	\$ 500	\$ 500					
Other Funding	\$ 1,286	\$ 1,286					
<b>Total Revenues</b>	<b>\$ 133,326</b>	<b>\$ 39,181</b>	<b>\$ 4,348</b>	<b>\$ 4,648</b>	<b>\$ 5,274</b>	<b>\$ 9,274</b>	<b>\$ 70,601</b>
<b>Expenditures</b>							
Debt Servicing	\$ 127,732	\$ 35,242	\$ 8,032	\$ 8,881	\$ 8,881	\$ 8,881	\$ 57,815
Non-Capital Items	\$ 13,044	\$ 9,054	\$ 630	\$ 630	\$ 630	\$ 630	\$ 1,470
Other Costs	\$ 16,812	\$ 11,286	\$ 947	\$ 966	\$ 1,072	\$ 1,122	\$ 1,419
<b>Total Expenditures</b>	<b>\$ 157,588</b>	<b>\$ 55,582</b>	<b>\$ 9,609</b>	<b>\$ 10,477</b>	<b>\$ 10,583</b>	<b>\$ 10,633</b>	<b>\$ 60,704</b>
<b>Net Income (Loss)</b>	<b>\$ (24,262)</b>	<b>\$ (16,401)</b>	<b>\$ (5,261)</b>	<b>\$ (5,829)</b>	<b>\$ (5,309)</b>	<b>\$ (1,359)</b>	<b>\$ 9,897</b>
Cumulative Net Income (Deficit), Beginning			\$ (16,401)	\$ (21,662)	\$ (27,491)	\$ (32,800)	\$ (34,159)
<b>Cumulative Net Income (Deficit), Reserve Balance (Note 2)</b>	<b>\$ (24,262)</b>	<b>\$ (16,401)</b>	<b>\$ (21,662)</b>	<b>\$ (27,491)</b>	<b>\$ (32,800)</b>	<b>\$ (34,159)</b>	<b>\$ (24,262)</b>
Previous Cumulative Net Income (Deficit), Reserve Balance (Note 3)	(15,551)	(18,019)	(23,462)	(27,937)	(28,857)	(27,759)	(15,551)
Net Change (Note 4)	\$ (8,711)	\$ 1,618	\$ 1,800	\$ 446	\$ (3,943)	\$ (6,400)	\$ (8,711)

## Explanatory Notes:

- 1 Current Projection
  - The current projection for The Quarters Downtown has been revised to reflect current economic conditions and updated expenditure cash flows.
  - Community revitalization levy revenue increased by \$0.8 million. The changes reflect updated assessment information and timing of private development projects.
  - The Quarters Downtown revenue projections are based on the Low Scenario.
- 2 Reserve Balance
  - The \$24 million shown in the reserve balance at the end of the CRL in 2031 represents the projected reserve deficit at that time combined with the remaining debt payments that continue beyond 2031.
- 3 Previous Projection
  - The previous projection reflects the projection included in the February 22, 2022 Council Report UPE00880, adjusted for actual results for the year ended December 31, 2021.
- 4 Net Change
  - From 2027 onwards (previous projection 2026) this program is projected to have an annual positive net position, which will be

## Attachment 3

transferred to the CRL reserve if no further capital spending is approved.

- This projection indicates that CRL revenues will not be sufficient to cover all outstanding principal and interest costs of the Quarters approved to date catalyst projects before expiry of the CRL in 2031. The shortfall is projected to be \$24.3 million. Ongoing municipal tax revenues that continue beyond 2031 would be used to retire the remaining debt by 2033, two years after the CRL ends.