

Financial and Corporate Services

Pay-As-You-Go Replenishment and Dedicated Universal Renewal Fund - Draft Strategy

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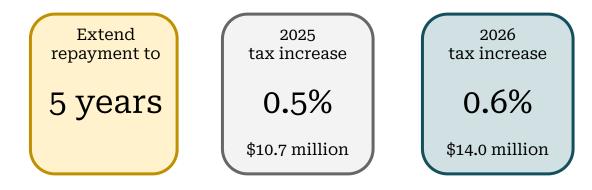
#### Subsequent Motion #1 (Fall 2024 SOBA)

That Administration prepare a report outlining a draft strategy to **replenish cumulative impact of the \$15,000,000 reduction in annual Pay-As-You-Go** and establish a **Dedicated Universal Renewal Fund** aligned with the following principles:

- a. Repayment of the cumulative impact of the \$15,000,000 reduction in annual Pay-As-You-Go by 2030.
- b. Redirection of tax levy funding used to replenish the Financial Stabilization Reserve once the minimum balance is achieved.
- c. Incorporation of dedicated tax levy increase of successive 0.5% in 2027 and beyond to meet the draft strategy.

### Financial Stabilization Reserve (approved in Fall 2024)

• In Fall 2024 SOBA, Council approved a strategy to restore the FSR to minimum 5% balance



- Key assumption: results = budget
- Full \$24.7 million annual contribution to DURF starting in 2030

### Pay-As-You-Go Replenishment

• In Fall 2024 SOBA, Council approved an ongoing \$15 million reduction to the operating transfer of Pay-As-You-Go to capital starting in 2025

	2025	2026	2027	2028	2029	2030	TOTAL
Fall 2024 SOBA - \$15 million reduction per year	(\$15.0)	(\$15.0)	(\$15.0)	(\$15.0)	(\$15.0)	(\$15.0)	(\$90.0)

- The cumulative impact to be restored by 2030 is:
  - \$90 million reduction (\$15 million per year from 2025-2030)
  - Reinstating the annual \$15 million in Pay-As-You-Go funding
- Strategy to replenish: 0.5% annual tax increase to be included in the Proposed 2027-2030 Budget
- Starting in 2031:
  - Annual \$15 million to Pay-As-You-Go reinstated
  - Remaining \$39.3 million annual transfer to DURF

### **Strategy - Dedicated Universal Renewal Fund (DURF)**



#### What the Strategy Addresses

	2025-2030 Total	2031 Annual	
FSR Repayment by 2029	\$109.7	\$0	
Replenish PayGo - \$90 million repaid and \$15 annual restored by 2030	\$90.0	\$15.0	
Total	\$199.7	\$15.0	



#### A portion of the renewal gap

### **Dedicated Universal Renewal Fund (DURF)**



Future funding or other mechanisms required

Covers renewal of all City-owned assets not covered by other dedicated sources

Total contribution of \$66.8 million by 2030

Annual \$64.1 million in contributions starting in 2031

Requires successive increases of 0.5% until 2047 to reach ideal funding level



## Thank you!

# **Questions?**

