

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
Current Projection			\$156
December 10, 2019 City Council Report CR_7543Community Revitalization Levy Update - Downtown, The Quarters Downtown, Belvedere			\$161
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)
Revenue		
CRL Revenue and Base Tax Levy	157	91
Expenses (Note 3)		
<u>Funded Project Costs</u>		
2012-2015 and 2015-2018 Capital Budget (Approved)	121	121
<u>Base CRL Operating Expenses</u>	25	25
Excess/(Deficient) CRL Revenue		
Only Funded Projects and Operating Expenses Included	146	146
<u>Unfunded Project Costs</u>		
No Capital Spending currently proposed	0	0
Excess/(Deficient) CRL Revenue		
All Projects, CRL Revenue or Costs	11.5	-55

Notes:

- 1 Low Scenario Assumptions:
 Market Value Change:
 2021-24: -21% cumulative to -3% cumulative depending on property class
 2025-31: 2% 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:
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 2019	Projected			2023 to 2031
			2020	2021	2022	
Revenues						
Community Revitalization Levy (Note 1)	\$ 155,665	\$ 22,393	\$ 4,725	\$ 4,156	\$ 4,983	\$ 119,408
Base Tax Levy	\$ 500	500	-	-	-	-
Other Funding	\$ 1,286	1,286	-	-	-	-
Total Revenues	157,451	24,179	4,725	4,156	4,983	119,408
Expenditures						
Debt Servicing	\$ 120,519	19,221	4,562	5,194	6,263	85,279
Non-Capital Items	\$ 13,097	7,217	630	630	630	3,990
Other Costs	\$ 12,272	6,391	3,095	998	994	794
Total Expenditures	145,888	32,829	8,287	6,822	7,887	90,063
Net Income (Loss)	11,563	(8,650)	(3,562)	(2,666)	(2,904)	29,345
Cumulative Net Income (Deficit), Beginning	-	-	(8,650)	(12,212)	(14,878)	(17,782)
Cumulative Net Income (Deficit), Reserve Balance	\$ 11,563	\$ (8,650)	\$ (12,212)	\$ (14,878)	\$ (17,782)	\$ 11,563
Previous Cumulative Net Income (Deficit), Reserve Balance (Note 2)	-	(8,202)	(11,060)	(14,027)	(16,807)	18,580
Net Change (Note 3)	-	\$ (448)	\$ (1,152)	\$ (851)	\$ (975)	\$ (7,017)

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 decreased by \$5.7 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 Previous Projection

- The previous projection reflects the projection included in the December 10, 2019 Council Report CR_7543, adjusted for actual results for the year ended December 31, 2019.

3 Net Change

- From 2025 onwards (previous projection 2024) this program is projected to have an annual positive net position, which will be transferred to the CRL reserve if no further capital spending is approved.
- In 2031 (previous projection 2030) the CRL reserve is projected to accumulate sufficient funds to cover the remaining debt servicing costs. This means that starting in 2032 (2031 previously projected) the CRL tax levy, excluding the education tax lift, is forecasted to be available to the general tax pool if no additional capital projects are funded.