Capital Financing

The capital program is financed from various sources including development charges (DCs), the Canada Community-Building Fund, the Capital Infrastructure & Debt Repayment Levy, recoveries from other levels of government, and debt. Funding for capital projects flows through various reserve funds. The amount of funding projected to be available determines the size of the committed capital plan over the next 10 years. The following section describes the various sources used to fund the City's capital budget.

Reserve Funds

Reserve funds are established for specific purposes. Subject to Council approval, capital projects can draw on these reserve funds for funding.

Some funds are available for specific services. For example:

- The Canada Community-Building Fund Reserve Fund may be used to fund transit, facilities, roads, bridges and parks projects
- The CIL Parkland Reserve Fund primarily funds parkland acquisitions, and to a limited extent may be used to fund other public recreational projects
- DC reserve funds fund projects required due to growth

The Tax Capital Reserve Fund is funded through contributions from the operating budget. These contributions grow annually through the infrastructure portion of the Capital Infrastructure & Debt Repayment Levy.

Details on all reserves and reserve funds can be found in Volume III of this document.

Development Charges

The *Development Charges Act, 1997* lays out the regulatory and legislative framework governing Ontario municipalities for the collection of development charges. Development charges are fees collected from developers, generally at the time a building permit is issued, to help offset the cost of the infrastructure required to provide municipal services (e.g., roads, transit, community centres, and fire stations) to support the associated growth in the population or employment base.

Capital Infrastructure & Debt Repayment Levy

Repairing and rehabilitating aging infrastructure requires an increased focus on the funding of the City's asset renewal needs. To this end, enhanced infrastructure funding strategies and mechanisms have been developed to assist the City in addressing its infrastructure funding challenges.

Most notably, the Capital Infrastructure & Debt Repayment Levy of three per cent on the prior year's tax levy provides funding necessary to maintain the City's current assets. The levy is allocated between funding capital infrastructure directly and funding debt principal and interest costs. This three per cent levy is planned to continue for the next four years and then fall to two per cent thereafter.