

2017 Town of Parry Sound Budget

Presentation to Council January 10, 2017

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Director of Finance and POA Court Services

Agenda

- ▶ Upcoming Major Debt Projects and Impact



Upcoming Major Debt Projects 2018 to 2021

Project	Total Principal	Total Interest	Tax Levy Impact 1 st Yr	Tax Year Beginning
BOCC Floor Replacement	\$1,000,000	\$347,438	0.83%	2019
Champagne St	\$1,500,000	\$521,156	0.43%	2019
Property Purchase	\$4,000,000	\$1,389,751	3.34%	2019
Parry Sound Road Extension	\$9,375,000	\$3,258,275	2.65%	2020
Great North Road	\$8,000,000	\$2,781,360	2.27%	2021
Innovation Park	\$4,550,000	\$1,581,898	1.29%	2021

All figures are approximations based on current available information and are subject to change

Tax Levy Impact

- ▶ Assumes 20 year debt at 3.39% (actual rates may be higher)
- ▶ Principal is a rough estimate and is subject to cost and design fluctuations
- ▶ Tax levy increases solely for this debt are estimated to be:
 - ▶ 2019 4.60%
 - ▶ 2020 2.65%
 - ▶ 2021 3.56%
- ▶ Does not include 1.8% capital levy for the **existing** infrastructure replacement needs of the Town
- ▶ Does not include inflation, other service enhancements

Future Returns on Projects

- ▶ These development projects (other than BOCC floor) will have future tax base growth impact which will generate future revenues
- ▶ Potential timetable
 - ▶ Year 1 Infrastructure construction underway
 - ▶ Year 1 / 2 Infrastructure construction complete and debenture issued
 - ▶ Year 2 / 3
 - ▶ Repayments of debt start (tax levy impact to fund repayment)
 - ▶ Potential development construction begins
 - ▶ Year 5 First phase of development complete, partial tax income on new buildings
 - ▶ Year 6 First full year of tax revenue on the new assessment
- ▶ Staff suggest that there is at least a 2 year lag between when the Town needs to start repaying debt on the investment and when new revenue may be earned. This assumes immediate development. A longer timeframe could be realized on some projects.

Projected Debt to 2051

Total Current, Budgeted and Proposed Debt Servicing Costs 2016 to 2051

