Premier Gateway Phase 2B Employment Area Integrated Planning Project

Town of Halton Hills

Fiscal Impact Study

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1. Introduction

1.1 Background

The lands identified as the Premier Gateway Phase 2B are designed to accommodate planned employment growth within the Region of Halton (Region) Best Planning Estimates. The Premier Gateway lands play an important role in the planning of future growth within the Town of Halton Hills (Town) and the Region. Macaulay Shiomi Howson Ltd. have been retained by the Town as Project Lead for the preparation of the integrated planning project (Secondary Plan) for the Premier Gateway Phase 2B Secondary Plan Area.

The Town's Official Plan policies require that appropriate financing policies are in place to clearly and effectively guide future development within secondary plan areas and that new secondary plans shall be based on "a Fiscal Impact Analysis that demonstrates development shall not negatively impact the Town's financial position". The Secondary Plan requires the preparation of a number of supporting studies, including a Fiscal Impact Assessment (FIA) of development of the Premier Gateway Phase 2B on the Town. The preparation of the FIA will inform the long-term financial sustainability of the Secondary Plan Area from a Town financing perspective as well as informing the ongoing update of the Town's Development Charge (D.C.) by-law.

Watson & Associates Economists Ltd. (Watson) has previously been retained by the Town to prepare a number of FIAs. These include a Long-Range Financial Plan (LRFP) for the Town in 2018 and in 2021 a FIA of alternative growth scenarios to 2051 to help inform Council recommendations on the preferred Town growth scenario to be included in the Region's integrated growth management strategy.

In preparing the prior FIAs, impacts were assessed on a municipal wide and area-specific basis (including for the Premier Gateway Employment area). As such, this fiscal impact assessment builds on of the findings and assumptions that have been reviewed and refined with Town Staff during the preparation of the prior FIA modeling.

The FIA is important from a municipal planning perspective, in that the Secondary Plan area should be serviced and implemented in a manner that does not place a fiscal burden on Town taxpayers, either in terms of increased tax rates, debt, or reduction in service levels below levels acceptable to the Town.

1.2 Approach

This study has been prepared to address the fiscal impacts of development within the Secondary Plan Area on the Town's costs of services from an operating and capital perspective. The study addresses the following annual net fiscal impacts at buildout of the Secondary Plan Area:

- Non-residential employment and gross floor area (G.F.A.) development by type and land use;
- Net operating expenditures;
- Capital expenditures and funding, including lifecycle capital replacement costs; and
- Tax and non-tax revenues.

The fiscal impact assessment measures the development's projected impacts on the Town's property taxes and D.C. rates over the buildout of the Secondary Plan Area.

1.3 Overview of the Fiscal Impact Assessment

Figure 1-1 provides a schematic overview of the methodology undertaken for the purposes of this Town-specific FIA, which is described as follows:

- Blue Boxes (labelled "A" in bottom right corner) – denote the anticipated development forecast for the buildout of the Secondary Plan Area. The proposed employment associated with new development is summarized in Chapter 2.

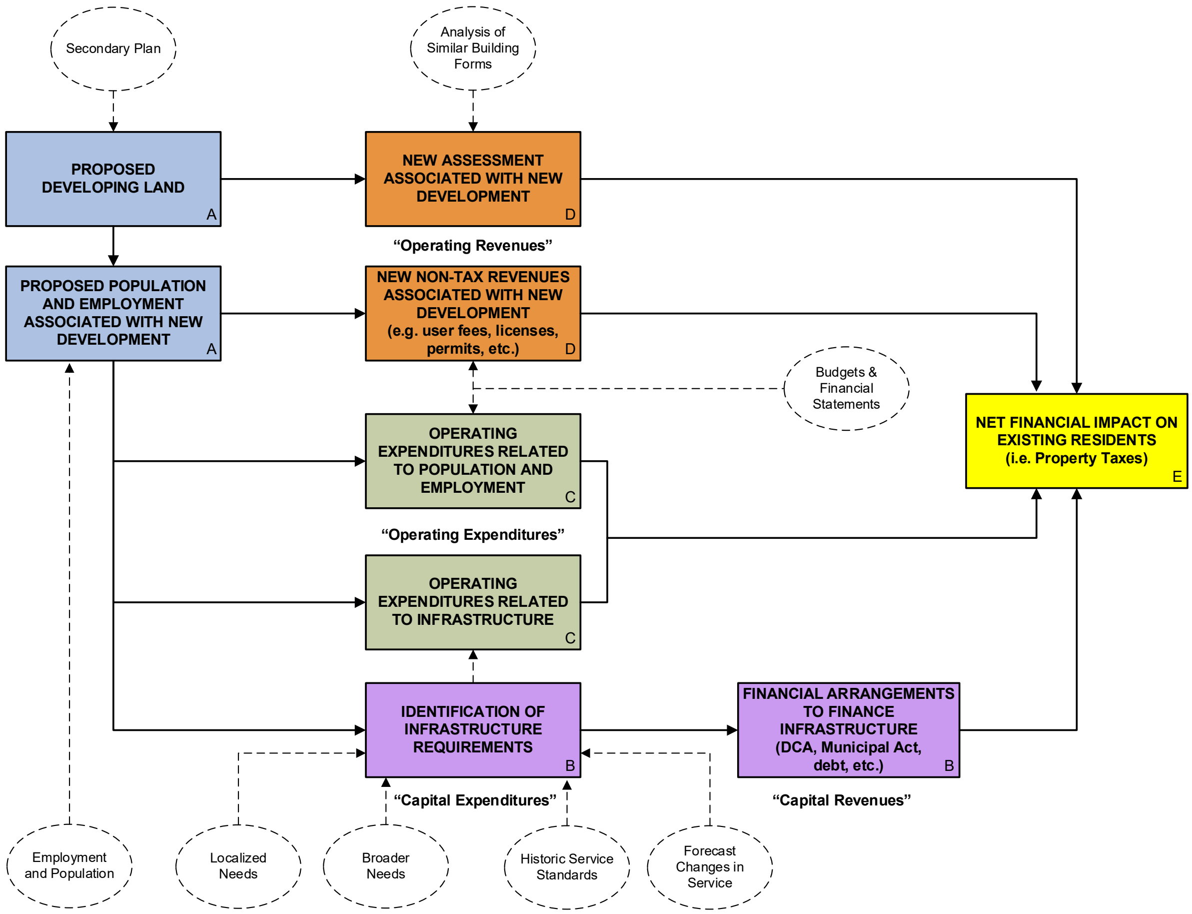
- Fuchsia Boxes (labelled "B" in bottom right corner) – denote capital infrastructure required to service the anticipated development over the forecast period. The capital requirements to support the servicing needs were derived from the Town's 2022 capital budget and forecast, and the Transportation Study prepared by Paradigm Transportation Solutions Limited as part of this assignment. In addition to the future development-related capital costs, the analysis also identifies the additional lifecycle requirements associated with the additional infrastructure based on the Town's asset management plan to provide for sustainable capital spending for new infrastructure.

- Green Boxes (labelled “C” in bottom right corner) – denote the incremental operating expenditures anticipated over the forecast period arising from new development. These expenditures comprise two parts: program/service costs assessed on the basis of anticipated employment and incremental operating expenditures associated with new capital works emplacement. Consideration of economies/diseconomies of scale have been provided in the incremental operating expenditure assessment reflective of anticipated future service levels.

- Orange Boxes (labelled “D” in bottom right corner) – denote incremental revenues commensurate with growth. The new assessment associated with development produces incremental property tax revenues as non-residential building activity occurs within the Secondary Plan Area. Moreover, new non-tax revenues associated with new development reflect anticipated user fees, permits, licences, and other revenues associated with service program demands arising from employment growth.

- Yellow Box (labelled “E” in bottom right corner) – denotes the overall fiscal impact on the Town’s net levy over the forecast period. This is the summation of the anticipated development and incremental net expenditures relative to the property taxes generated, at current tax rates, over the forecast period. Where net expenditures exceed anticipated property tax revenues, forecast development will apply increasing upward pressure on property tax rates. Where property tax revenues exceed net expenditures, additional revenues may serve to support increased funding of future service levels, increases in infrastructure lifecycle spending, etc.

Figure 1-1
Overview of the Fiscal Impact Study Methodology

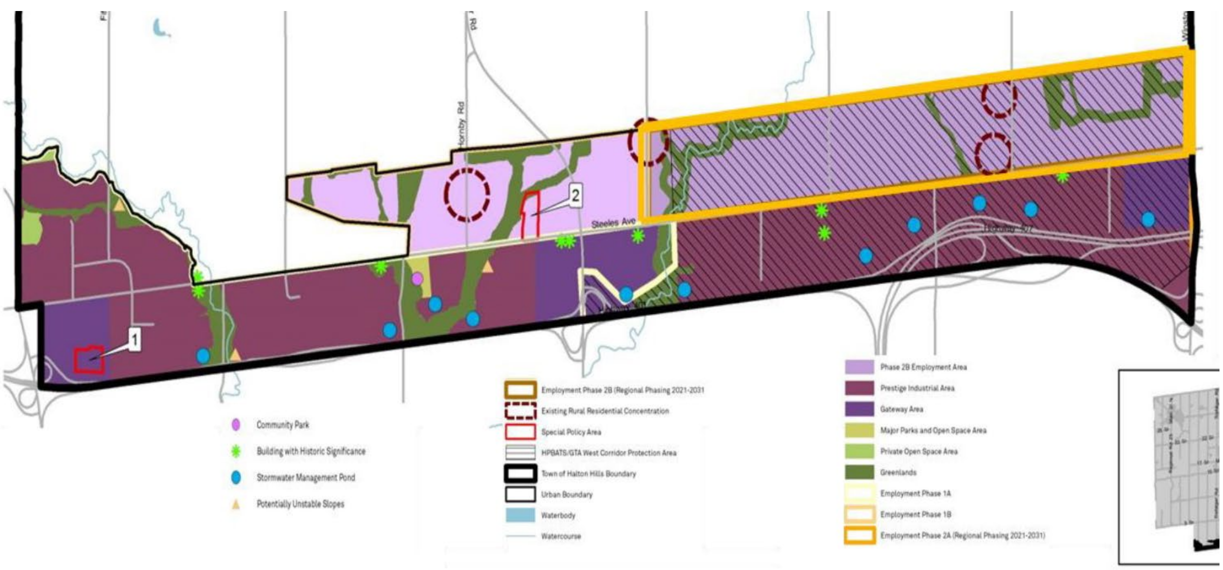


2. Anticipated Development & Property Value Assessment

2.1 Anticipated Development

The Premier Gateway Phase 2B Secondary Plan Area comprises 109 hectares, excluding environmental features. The plan area is bounded by Eighth Line to the west, Steeles Avenue to the south, and Winston Churchill Blvd. to the east, as illustrated in Figure 2-1.

Figure 2-1
Map of Premier Gateway Employment Area Land Use Plan



The developable land net of natural heritage systems and existing and future road rights-of-way and stormwater conveyance lands is 87 hectares.

The entire Premier Gateway employment area (Phase 1 and Phase 2B) is anticipated to accommodate 9,812 additional employees, of which 2,555 will be within the Premier Gateway Phase 2B Secondary Plan Area. A moderate amount of employment (798 jobs) have been included within the commercial sector based on active commercial developments in the Secondary Plan Area. Approximately 69% of the employment (1,757 jobs) will be within the industrial sector based on the net developable lands for industrial development (77 ha), the assumed land coverage (30%) and the floor space per worker assumptions and the anticipate (1,415 sq.ft. per employee).

The employment growth within the Premier Gateway Phase 2B Secondary Plan Area is anticipated to yield approximately 2.8 million sq.ft. of additional non-residential gross floor area, based on the following average floor space per worker assumptions:

- Commercial: 400 sq.ft. per employee

Development within Premier Gateway Phase 2 is anticipated to achieving full buildout by 2036. Furthermore, it assumes that the overall density over the period to buildout will be 29 jobs per net hectare.

Table 2-1
Summary of Employment and Non-Residential G.F.A. in Sq.Ft.

Description	Industrial	Commercial/ Population-Related	Institutional	Total
Employment	1,757	798	-	2,555
Gross Floor Area in Square Feet (estimated)	2,486,500	319,200	-	2,805,700

Note: Employment figures exclude work at home and no fixed place of work.
Source: Watson & Associates Economists Ltd., 2022.

2.2 Property Value Assessment

Property tax revenues are calculated based on the weighted taxable assessment and current residential tax rates. The forecast increment in weighted taxable assessment is determined by multiplying market assessed values per sq.ft. of G.F.A. by the anticipated type and amount of development over the buildout of the Secondary Plan Area to determine the forecast market value assessment. The forecast increase in market value assessment is then weighted based on the Town's current tax ratios to determine the incremental weighted assessment for taxation purposes.

Table 2-2 summarizes the property assessment samples that were derived from the Town's LRFP as well as the total market assessed value and weighted assessment forecast for the buildout of the Secondary Plan Area. The assessment assumptions presented in Table 2-2 assume that industrial development will be evenly split between the manufacturing and wholesale sectors. In aggregate, the buildout of the Secondary Plan Area would produce incremental weighted taxable assessment of $1.41 billion

Table 2-2
Property Assessment Assumptions and Incremental Assessment Value
50% of Industrial Development within Warehousing and 50% with Manufacturing Sectors

Premier Gateway Phase 2B Secondary Plan Area				
Description	**Industrial**	**Commercial/ Population Related**	**Institutional**	**Total**
Assessment Assumptions per sq.ft. of G.F.A.	257	160	115	n/a
Forecast sq.ft. of G.F.A.	2,486,200	319,200	-	2,805,400
Incremental Assessment				
Market Value	638,382,917	51,202,639	-	689,585,556
Weighted	**1,334,220,297**	**74,576,644**	**-**	**1,408,796,940**

Tax Ratios	
Industrial	2.09
Commercial	1.46
Other	-

To assess the impact on forecast property assessment growth of changes in the type of industrial development a sensitivity analysis was undertaken. The sensitivity analysis presented in Table 2-3 assesses the forecast property assessment growth if 80% of the forecast industrial development was to be within the warehousing sector and 20% within manufacturing, generally consistent with recent trends that have been observed within the Town. As shown in Table 2-3 the total weighted assessment growth would decrease by $471.1 million to $937.7 million as a result of the lower per sq.ft. assessment assumptions associated with industrial development in the warehousing sector.

Table 2-3
Property Assessment Assumptions and Incremental Assessment Value
80% of Industrial Development within Warehousing and 20% with Manufacturing Sectors

Premier Gateway Phase 2B Secondary Plan Area				
Description	**Industrial**	**Commercial/ Population Related**	**Institutional**	**Total**
Assessment Assumptions per sq.ft. of G.F.A.	166	160	115	n/a
Forecast sq.ft. of G.F.A.	2,486,200	319,200	-	2,805,400
Incremental Assessment				
Market Value	412,955,013	51,202,639	-	464,157,652
Weighted	**863,075,978**	**74,576,644**	**-**	**937,652,621**

Tax Ratios	
Industrial	2.09
Commercial	1.46
Other	-

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3. Capital Funding Impacts

3.1 Introduction

The growth-related capital needs that are required to provide the desired levels of service within the Town, including the development of the Secondary Plan Area, are identified within the Town's 2022 capital budget and forecast and the Transportation Study prepared by Paradigm Transportation Solutions Limited as part of the integrated planning project for the Premier Gateway Phase 2B Secondary Plan Area. In addition to these municipal capital expenditures, the Town also acquires growth-related capital assets through the assumption of works directly emplaced by developers as conditions of development. The costs of these local service capital needs have been estimated for the purposes of the FIA based on the preferred land use concept within the Transportation Study . The growth-related capital costs within the Town's 2022 capital budget and forecast pertain to the following service areas from the Town's 2017 D.C. Background Study:

- Transportation Services;
- Stormwater Management Services;
- Fire Services;
- Recreation and Parks Services;
- Library Services;
- Administration Services; and
- Transit Services

Consistent with the approach utilized in the development of the Town's 2017 D.C. Background Study, employees of the developments within the Secondary Plan Area can be expected to benefit from the existing and new assets installed across the Town on an average cost basis..

As noted above, local service assets (e.g. local roads, sidewalks, streetlights, intersection improvements, stormwater management, and related services internal to a plan, or within the area to with the plan relates) are not included in the Town's 2022 capital budget and forecast as these works are emplaced directly by the developers pursuant to conditions of development agreements. However, these works are addressed in the lifecycle capital analysis in Section 3.3, as the Town is responsible for maintaining these assets over their lifecycle once these assets are assumed, and these costs should be assigned to development within the Secondary Plan Area.

3.2 Premier Gateway Phase 2B Secondary Plan Area Capital Program

The Town-wide growth-related costs that have been allocated to development within the Phase 2B Secondary Plan Area are summarized in Table 3-1.

Table 3-1
Capital Costs Benefitting Development within the Premier Gateway Phase 2B Secondary Plan Area (2022-2036)

Description	Gross Cost Estimate (2022$)	Less: Benefit to Existing Development, Post Period Benefit and Other Deductions	Less: Other Contribution	D.C. Recoverable Share
Gross Capital Costs of D.C. Eligible Projects				
Non-Residential Share (17%)	68,095,515	17,837,962	1,379,900	48,877,653
Phase 2B Share of total Employment (22%)	**14,773,205**	**3,869,915**	**299,367**	**10,603,923**

Within the Town's 2022 capital budget and forecast, the gross capital costs of growth-related projects are $385.2 million. Of this total cost approximately 17% (or $68.1 million) has been allocated to non-residential development within the Town to 2036. Forecast employment growth within the Secondary Plan Area represents approximately 22% of the total forecast employment growth within the Town (i.e. 11,777 jobs), and as such 22% (or $14.8 million) of the total non-residential growth-related costs have been allocated to the Secondary Plan Area. Table 3-1 also identifies the Secondary Plan Area share of the capital costs that would be D.C. eligible after accounting for required deductions under the *Development Charges Act* (D.C.A.) for the benefit to existing development and other contributions towards the gross capital costs.

In total, the Secondary Plan area share of the gross capital costs is $14.8 million of which $10.6 million would be eligible for D.C. funding after deducting $3.9 million for the benefit to existing development and $299,400 reflective of other contributions towards the growth-related costs.

The Town funding implications of the non-D.C. eligible share (i.e. $3.9 million) is addressed in the assessment of net operating expenditures in Chapter 4.

3.3 Annual Capital Lifecycle Replacement Costs

As the objective of the FIA is to assess the net financial impact at the buildout of the Secondary Plan Area, once the incremental capital needs have been assessed, the annual lifecycle costs of the incremental capital assets are calculated to determine the on-going funding obligation. This funding obligation has been included in the annual operating expenditure impacts.

In addition to assessing the annual operating expenditure impacts associated with lifecycle costs of the incremental D.C.-eligible capital assets, the analysis also considers the lifecycle costs and funding implications of the assets that will be constructed as a condition of development and assumed by the Town.

Table 3-2 summarizes the estimated non-residential share of Town-wide growth-related capital costs, the Secondary Plan Area share of those costs, and annual lifecycle costs of all incremental infrastructure attributed to the Secondary Plan Area. Infrastructure to be constructed as a local service has been based on the preferred land use plan and the needs identified in the Paradigm Transportation Solutions Limited Transportation Study. Furthermore, the number and costs of new stormwater management ponds that would be constructed as a local service have been estimated based on estimated land needs for stormwater management ponds and the Town's 2018 LRFP.

The annual lifecycle costs have been calculated based on the relationship of the total capital replacement costs and the annual sustainable funding amount identified in the Town's 2018 Corporate Asset Management Program – State of Infrastructure report for all services, with the exception of transit services. The annual lifecycle costs of the incremental transit infrastructure required to meet the level of service identified in the Town's Transit Service Strategy and reflected in the 2022 capital budget and forecast have been calculated using a sinking fund calculation. This alternative approach to calculating the lifecycle costs of transit assets was utilized as the current transit assets are not representative of the incremental infrastructure (i.e. full-size transit buses).

Table 3-2
Premier Gateway Phase 2B Secondary Plan Area Incremental Capital and Annual Lifecycle Costs

Description	Non-Residential Share of Growth-Related Costs[1]	Phase 2B Cost Share	Annual Lifecycle Costs of Phase 2B Cost Share
Local Transportation Services East-West Collector Road	7,753,000	7,753,000	254,530
Road A	656,000	656,000	21,536
Road B"	3,919,000	3,919,000	128,660
Intersection Signalization at Road A and East-West Collector Road	325,000	325,000	10,670
Intersection Signalization at Road B and East-West Collector Road	325,000	325,000	10,670
Local Transportation Services Total	**12,978,000**	**12,978,000**	**426,066**
Local Stormwater Management Services 4 stormwater management ponds	6,400,000	6,400,000	87,677
Local Stormwater Management Services Total	**6,400,000**	**6,400,000**	**87,677**
-			
D.C. Eligible Growth Related Costs Non-Residential Growth-Related Cost Share			
Transportation Services	34,454,052	7,474,748	245,395
Fire Protection Services	4,567,371	990,883	53,563
Transit Services	1,464,413	317,702	49,769
Recreation and Parks Services	7,725,368	1,676,005	73,416

Description	Non-Residential Share of Growth-Related Costs[1]	Phase 2B Cost Share	Annual Lifecycle Costs of Phase 2B Cost Share
Library Services	925,880	200,868	13,865
Stormwater Management Services	309,529	67,152	920
D.C. Eligible Growth Related Costs Total	**49,446,614**	**10,727,358**	**436,928**
Phase 2B Total	**68,824,614**	**30,105,358**	**950,671**

1. Includes growth-related cost share to be funded by through other contributions

The incremental annual lifecycle costs total $95,700 including $513,700 pertaining to local infrastructure that will be assumed by the Town.

4. Net Operating Expenditures and Property Tax Impacts

4.1 Introduction

The analysis to follow provides a review of the operating expenditures and revenues arising from development within Secondary Plan Area. The product of the analysis is to assess whether the Town's current property tax rates would be sufficient to fund the costs of service of future development within the Secondary Plan Area.

Operating expenditures have been assessed on two different bases: (1) operating costs related to the incremental capital assets identified in the previous chapter, and (2) service/program operating costs required to service the incremental population and employment-related demands. The former identifies the specific operating costs anticipated to be incurred as additional capital assets (i.e. new roads, stormwater management ponds, etc.) are constructed or assumed, based on current maintenance cost of assets (e.g. $/lane km of road). The latter identifies service/program expenditures which are linked to population and employment growth at anticipated service levels. In addition to these projections of operating costs, additional lifecycle funding costs of incremental assets identified in the previous chapter are also included. Moreover, the annual financing costs of funding the Town share of growth-related infrastructure identified in Chapter 3 is also included.

Operating revenues are assessed for property tax and non-property tax sources. Incremental weighted property assessment, anticipated as a result of non-residential building activity over the forecast period, gives rise to additional property tax revenues. Non-property tax revenues, such as user fees, permits, licences, etc., are generally anticipated to grow in concert with population and employment growth to offset some of the incremental program costs.

The sufficiency of property tax and non-property tax revenues to support the incremental operating costs determines the fiscal impact of the forecast development within the Secondary Plan Area.

4.2 Operating Expenditure Impacts

The operating expenditure impacts of the development within the Premier Gateway Phase 2B Secondary Plan Area have been considered with regard for:

- Service/Program related operating costs;
- Capital-related operating costs;
- Lifecycle capital costs for incremental growth-related capital assets (See Section 3.2); and
- Annual costs of funding the non-growth-related share of incremental capital assets identified in Section 3.1.

The Town's 2021 Operating Budget and 2018 LRFP were assessed to determine whether operating expenditures were capital-related and required to maintain the incremental assets as constructed or assumed, or service/program related and driven by population and employment growth. Moreover, capital-related items, such as debt payments and transfers to reserves/reserve funds were removed from the analysis as these items are addressed separately for growth-related assets.

4.2.1 Service/Program Related Operating Costs

Table 4-1 summarizes the operating expenditures for each service, as defined in the Town's 2018 LRFP modeling, based on population and employment-related benefits. The cost per capita and per employee have been adjusted based on anticipated economies of scale associated with growth. For example, a growth-related adjustment of 10% has been applied to the service/program operating costs for administration, consistent with the 2018 LRFP. The result of this adjustment is per capita and employee costs of $149 for administration services to meet the needs of new development. In total, the annual operating expenditures are forecast to increase by approximately $312 per employee for the forecast period.

Table 4-1
Service/Program Related Operating Expenditures

Category	2021 Costs	Growth Related Adj. %	Growth Related Adj. $	Per Capita %	Per Capita $	Per Employee %	Per Employee $
		Program Related					
Administration	13,843,200	90%	12,446,748	74%	148.83	26%	148.83
Corporate Revenues	-	0%	-	74%	-	26%	-
Long Term Planning	-	0%	-	74%	-	26%	-
Recreation & Culture	7,011,133	92%	6,429,915	95%	98.52	5%	14.86
Library Services	28,000	100%	28,000	95%	0.43	5%	0.06
Fire Services	1,706,000	41%	695,806	74%	8.32	26%	8.32
Transportation & Transit	7,697,427	93%	7,141,113	74%	85.39	26%	85.39
Planning & Development	4,881,073	55%	2,662,095	74%	31.83	26%	31.83
Parks & Open Space	1,049,402	76%	796,954	95%	12.21	5%	1.84
Environmental Services	2,301,759	75%	1,726,045	74%	20.64	26%	20.64
Total	**38,517,994**		**31,926,675**		**406.17**		**311.77**
Incremental Employment - Buildout of Premier Gateway Phase 2B Secondary Plan Area							2,555
Incremental Annual Program Related Operating Costs (at Buildout)							**796,581**

Applying the per employee operating assumptions to the anticipated employment growth produces incremental service/program operating expenditures of $796,600 at buildout of the Secondary Plan Area.

4.2.2 Capital-Related Operating Costs

Table 4-2 summarizes the incremental capital-related operating costs at buildout of the Secondary Plan Area, based on the incremental capital assets to be constructed or assumed. To maintain and support the Secondary Plan Area share of the Town-wide growth-related capital costs, $704,500 annual operating costs have been identified based on the infrastructure operating costs within the Town's LRFP and FIA of growth scenarios to 2051 and the Secondary Plan Area cost share. Moreover, the following annual operating costs per asset/unit have been assumed based on the Town's 2021 Operating Budget for the assets to be constructed as a local service and assumed by the Town:

- Roads and related – $10,250/lane kilometre
- Storm ponds - $3,100/pond

Table 4-2
Annual Capital-Related Operating Expenditures

Category	Quantity	Per Unit Operating Costs	Premier Gateway Phase 2B Secondary Plan Area Costs
Phase 2B Capital Needs	-	-	-
Transportation & Transit	-	-	-
Roads & Related (lane km equivalents of New Collector Roads)	12	$10,250	$123,000
Environmental Services	-	-	-
Storm Ponds (count)	4	$3,100	$12,400
Town-Wide Infrastructure	-	-	-
Phase 2B Share of Town-Wide Operating Costs			$704,455
Total			**$839,855**

In aggregate, the annual capital related operating expenditures at buildout of the Secondary Plan Area would total $839,900.

In addition to maintaining and operating the incremental infrastructure, the Town will also be responsible for funding the non-growth share capital costs that are attributable to the Secondary Plan Area (i.e. $3.9 million identified in Table 3-1). This funding obligation has been assessed based on the associated annual debt payments associated with the Town cost share. Based on a 3% annual interest rate and 10-year amortization period, consistent with the Town's current financing approach, the annual debt payments would total $453,700.

4.3 Revenue Impacts

The revenue impacts of development over the buildout of the Secondary Plan Area have been considered with regard for:

- Service/Program related non-tax revenues; and
- Property tax revenues.

Similar to the assessment presented in Section 4.2, the Town's 2021 Operating Budget and 2018 LRFP were assessed to determine whether operating revenues were service/program related and driven by population and employment growth, or capital-related and driven by increases in revenue producing infrastructure. Moreover, capital funding from grants and transfers from reserves/reserve funds were removed from the analysis as these items are addressed directly for development.

4.3.1 Service/Program Related Non-Tax Revenues

Non-tax service/program revenues (e.g. user fees, licenses, etc.) are presented in the same format as service/program related operating expenditures in Section 4.2.1. Table 4-3 details the service/program related non-tax operating revenues per capita and per employee. Non-tax revenues of $88 per employee are anticipated based on the Town's 2021 Operating Budget.

Table 4-3
Service/Program Related Operating Revenues

Category	Program Related						
	2021 Revenue	Growth Related Adj.		Per Capita		Per Employee	
		%	$	%	$	%	$
Administration	(1,976,400)	100%	(1,976,400)	74%	(23.63)	26%	(23.63)
Corporate Revenues	-	0%	-	74%	-	26%	-
Long Term Planning	-	0%	-	74%	-	26%	-
Recreation & Culture	(2,223,873)	100%	(2,223,873)	95%	(34.08)	5%	(5.14)
Library Services	(6,000)	100%	(6,000)	95%	(0.09)	5%	(0.01)
Fire Services	(30,000)	100%	(30,000)	74%	(0.36)	26%	(0.36)
Transportation & Transit	(1,893,200)	100%	(1,893,200)	74%	(22.64)	26%	(22.64)
Planning & Development	(2,948,273)	100%	(2,948,273)	74%	(35.25)	26%	(35.25)
Parks & Open Space	(288,725)	100%	(288,725)	95%	(4.42)	5%	(0.67)
Environmental Services	(11,500)	100%	(11,500)	74%	(0.14)	26%	(0.14)
Total	**(9,377,971)**		**(9,377,971)**		**(120.61)**		**(87.84)**
Incremental Employment - Buildout of Premier Gateway Phase 2B Secondary Plan Area							2,555
Incremental Annual Program Related Non-Tax Revenues (at Buildout)							**(224,431)**

As referenced in Table 4-1, applying the per employee operating assumptions to the anticipated employment growth produces incremental service/program operating revenues of $224,431 at buildout of the Secondary Plan Area.

4.3.2 Property Tax Revenues

The Town's incremental weighted assessment at buildout of the Secondary Plan Area was presented in Table 2-2. In total the incremental weighted assessment for taxation purposes at buildout is $1.41 billion Applying the Town's 2021 residential tax rates to the incremental weighted assessment forecast produces annual property taxation revenues at buildout of the Secondary Plan Area of $5.1 million (Table 4-4). Consistent with the findings of the 2021 FIA of growth scenarios to 2051, the robust taxation revenue is driven by the predominantly industrial employment growth within the Secondary Plan Area and the market value assessment assumptions for industrial development within the Premier Gateway Employment Area (i.e. $257 per sq.ft.).

Table 4-4
Incremental Property Tax Revenues
50% of Industrial Development within Warehousing and 50% with Manufacturing Sectors

Description	Industrial	Commercial/ Population Related	Institutional	Total
Incremental Weighted Assessment	1,334,220,297	74,576,644	-	1,408,796,940
Annual Tax Levy	**4,852,251**	**271,218**	**-**	**5,123,469**

Table 4-5 includes the forecast annual property taxation revenues based on the incremental weighted assessment shown in Table 2-3 as a result of a greater share of warehouse development within the Secondary Plan Area. In total the forecast annual property taxation revenue at buildout of the Secondary Plan Area would be $3.4 million in this scenario.

Table 4-5
Incremental Property Tax Revenues
80% of Industrial Development within Warehousing and 20% with Manufacturing Sectors

Description	Industrial	Commercial/ Population Related	Institutional	Total
Incremental Weighted Assessment	863,075,978	74,576,644	-	937,652,621
Annual Tax Levy	**3,138,808**	**271,218**	**-**	**3,410,026**

5. Summary

The analysis provided herein has considered the fiscal impact of the growth at buildout of the Premier Gateway Phase 2B Secondary Plan Area.

The Town's 2022 capital budget and forecast and Paradigm Transportation Solutions Limited Transportation Study address the infrastructure needs of future development. Operating expenditures arising from the service demands for each growth scenario considered the service/program related operating costs of additional employment growth (based the Town's 2021 Operating Budget and LRFP), as well as the capital-related maintenance and lifecycle costs for incremental capital assets (emplaced through D.C. funding or installed by developers as a condition of development).

Incremental revenues associated with growth have been considered for incremental property tax revenues over the buildout of the Secondary Plan Area. New non-tax revenues associated with new development reflect anticipated user fees, permits, licences, and other revenues associated with service program demands arising from employment growth.

Table 5-1 summarizes the annual Town fiscal impact results for the buildout of the Secondary Plan Area in the context of the Town's current tax rates, including:

- The net operating and capital costs;
- Tax levy at current tax rates; and
- Net operating surplus.

Furthermore, the Town FIA summary includes the impacts of the two Tax Levy scenarios for industrial development presented in Tables 2-2 and 2-3 (i.e. industrial development evenly split between manufacturing and warehousing sectors, or 80% of industrial development occurring in warehousing and 20% within manufacturing sectors).

Table 5-1
Fiscal Impact Summary

Description	Buildout
Operating	
Expenditures	
Program Related	796,581
Capital Related	839,855
Revenues	
Program Related	(224,431)
Net Expenditures	**1,412,005**
Capital	
Annual Debt Payments on Non-D.C. share of Growth-Related Costs	453,672
Lifecycle Replacement Reserve Contributions	950,671
Incremental Capital Costs	**1,404,343**
Total Operating & Capital	**2,816,348**
Tax Levy Option 1 (Table 2-2)	
Industrial development comprised of 50% manufacturing and 50% warehousing	(5,123,469)
(Surplus)/Deficit	**(2,307,121)**
Tax Levy Option 2 (Table 2-3)	
Industrial development comprised of 20% manufacturing and 80% warehousing	(3,410,026)
(Surplus)/Deficit	**(593,678)**

In conclusion, the incremental annual operating and capital costs total $2.8 million at buildout of the Secondary Plan Area. This compares to anticipated annual tax revenue at current tax rates of $5.1 million under Tax Levy Option 1. The resultant fiscal impact at buildout of the Secondary Plan Area is a $2.3 million annual surplus. The strong financial position is consistent with the findings of the 2021 FIA of growth scenarios to 2051 (which included the same property value assessment assumptions as those in Table 2-2), in that the development of employment areas would generate considerable surpluses relative to the cost of service that would contribute towards the financial sustainability of the Town. Furthermore, the forecast operating surpluses could help limit future property taxation increases or provide funding towards the existing infrastructure deficit related to existing assets to maintain current service levels.

Based on the forecast property taxation revenue under Tax Levy Option 2, the property tax revenue would decrease by $1.7 million to $3.4 million resulting in the annual operating surplus decreasing to $593,700. The foregoing shows that a shift in industrial development towards warehousing sectors (as opposed to manufacturing) and the lower assessed value of warehousing development will result in lower assessment growth and annual property tax revenues and therefore place downward pressure on the annual fiscal impacts of the development of the Secondary Plan Area.