



City of Niagara Falls

Debt Management

October 3, 2011

Debt Management



- **Start of 2012 Budget – first of 3 parts**
- **Overview Current Debt Position**
- **Existing Annual Debt Commitment**
- **Council's Strategic Priorities**
- **Options Moving Forward**

Current Position



- **Total Outstanding Debt as at December 31, 2011:
\$75,557,698**
- **Total Debt Servicing as at December 31, 2011:
\$8,237,149**
- **Percentage of Own Source Income (2010):
8.3%**
- **Provincial Maximum is 25%**
- **Current Comparators 2010**

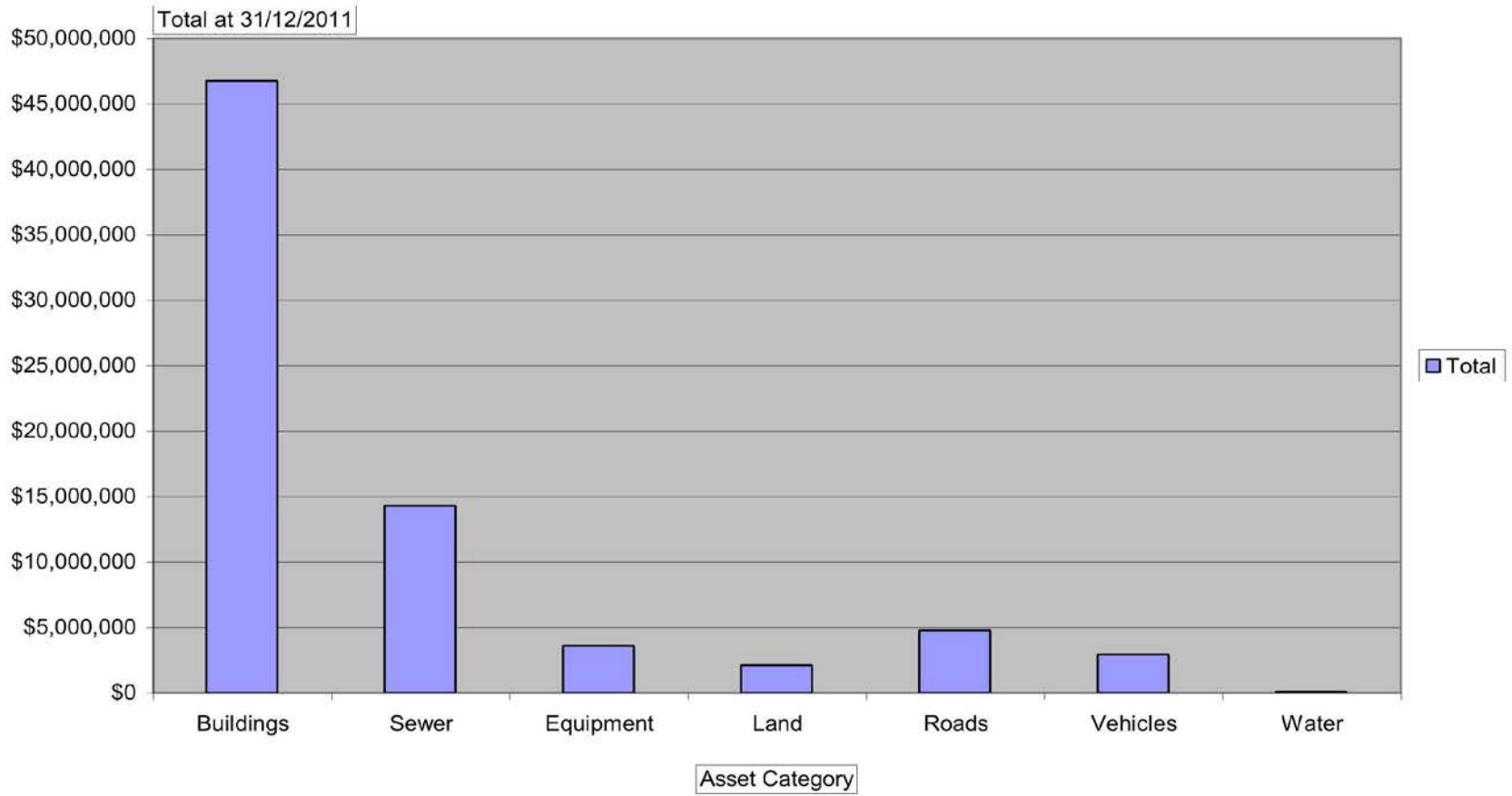
Debt Allocation by Asset Category

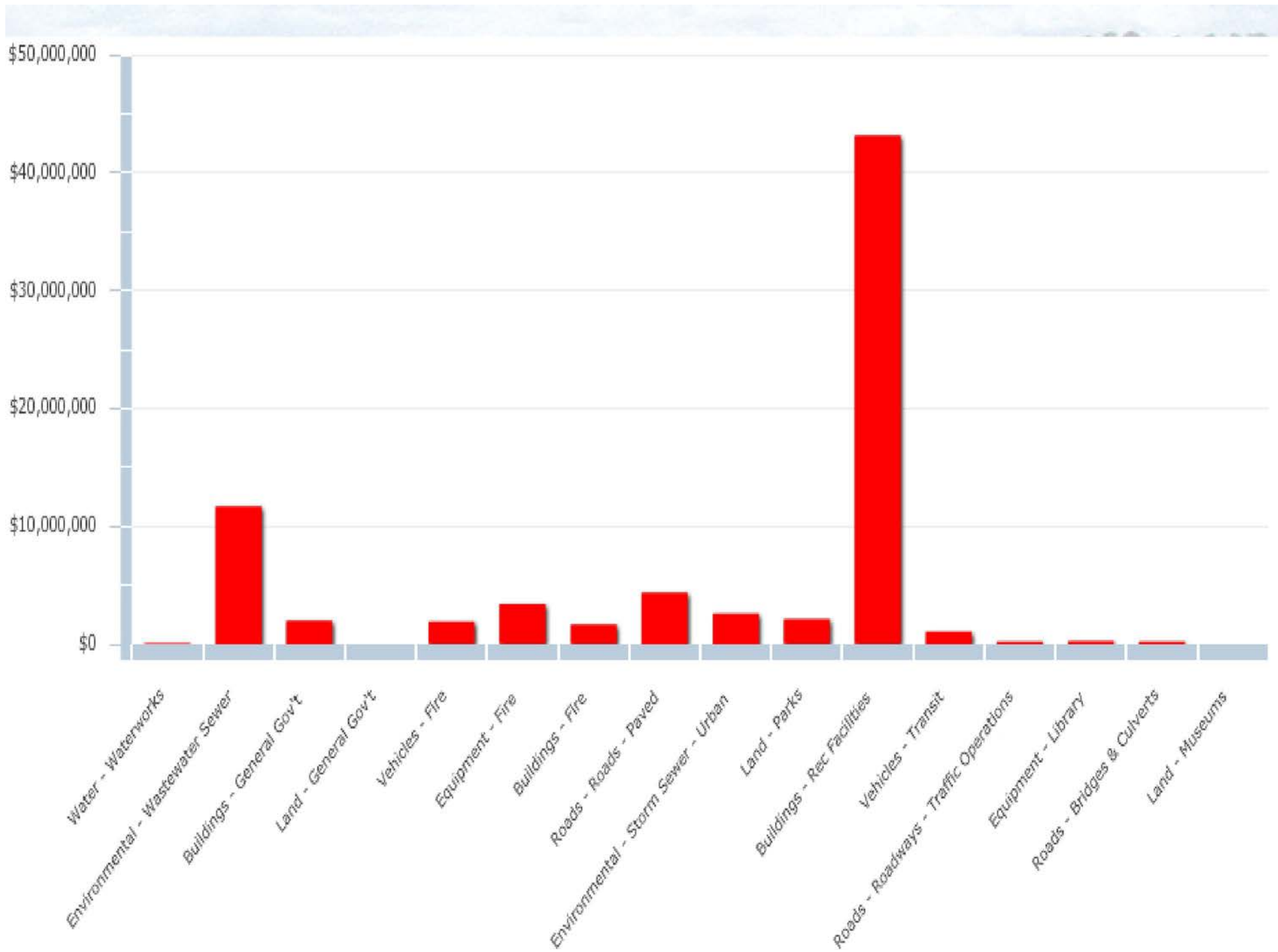


As at December 31, 2011


Buildings	\$46,759,292
Sewer	14,289,769
Water	86,336
Equipment	3,611,799
Land	2,092,091
Roads	4,775,883
Vehicles	2,942,528
Total	\$75,557,698

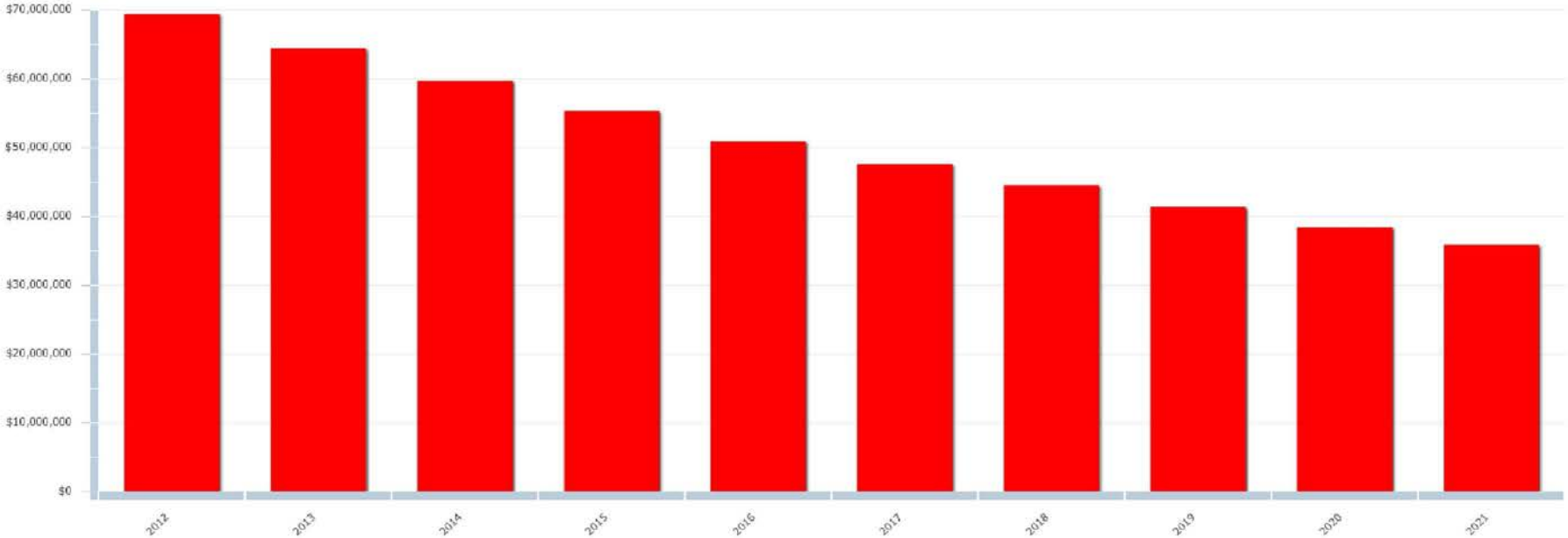
Debt Position at December 31, 2011
Allocated by Asset Category





Debt Principal End

 Show Data Tips ▾



Debt Retirement 2012-2018

Existing Debt Commitments

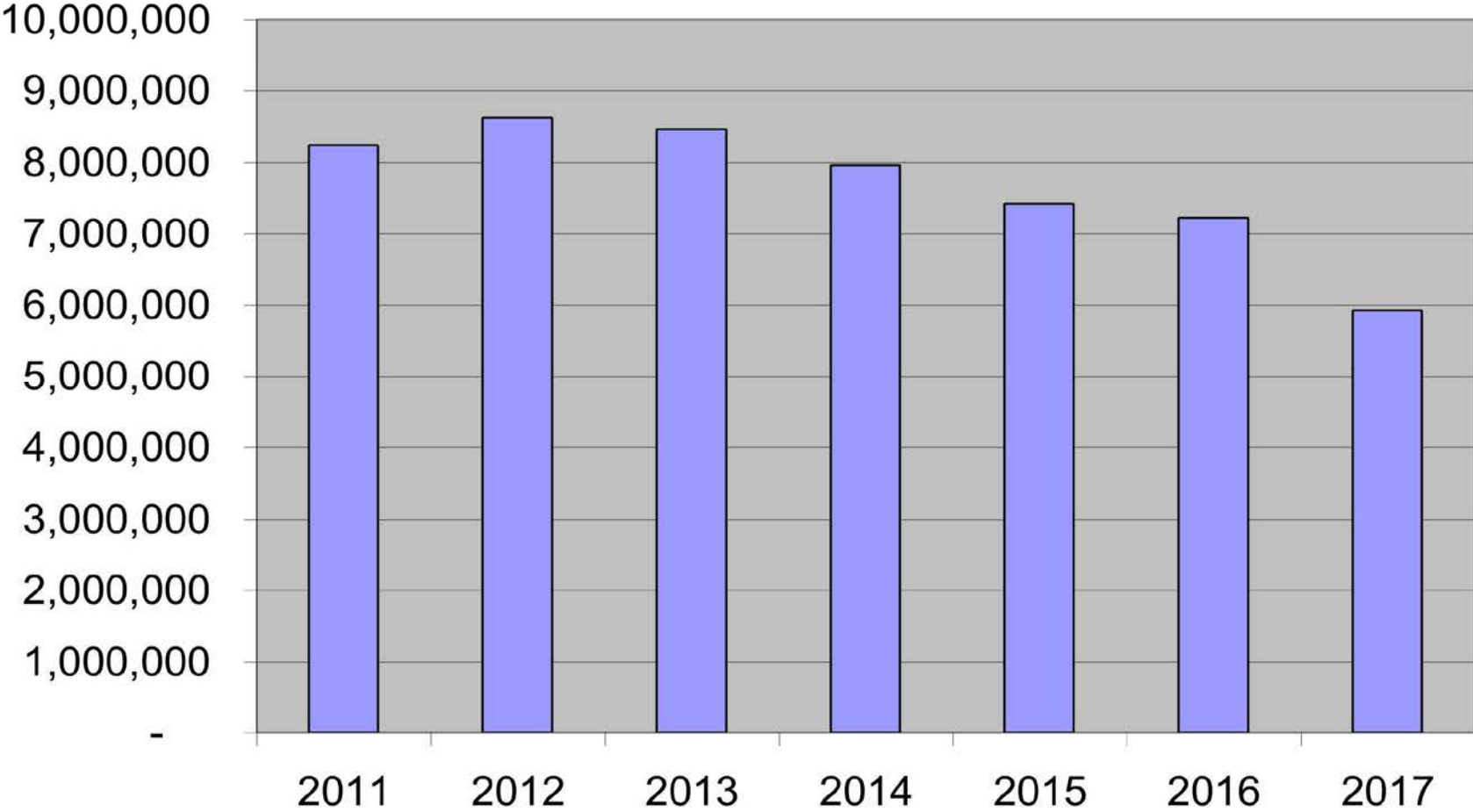


2013 Historical Museum \$2,032,019

30 year (estimate) at 5% \$132,186

10 year (estimate) at 4% \$250,530

Debt Servicing with Museum Commitment



Debt Servicing Impact on Budgets

	Actual Debt Servicing	With Museum	% of own Revenues (2010)
2011	8,237,149		8.3%
2012	8,619,203		8.7%
2013	8,221,511	8,472,041	8.6%
2014	7,720,552	7,971,082	8.1%
2015	7,189,228	7,439,758	7.5%
2016	6,992,095	7,242,625	7.3%
2017	5,687,443	5,937,973	6.0%

Council Strategic Initiatives



- **Fiscal Sustainability**
 - appropriate level of taxation & rates
- **Sustainability of Infrastructure**

Options for Council



- **Status Quo – No New Debt (Option 1)**
- **Maintain Total Debt at Existing Level**
 - a) **\$8.6M Servicing Amount (Option 2)**
 - b) **\$74.5M Debt (Option 3)**
- **Increase Debt Servicing to 10% of Own Revenues (Option 4)**

Option 1



Use Decrease in Debt Servicing to increase Contribution to Capital

	Debt Servicing	Contribution to Capital	Budget Impact (\$400,000 = 1%)
2012	\$382,054	N/C	0.96%
2013	(147,162)	147,162	0
2014	(500,959)	500,959	0
2015	(531,324)	531,324	0
2016	(197,133)	197,133	0
2017	(1,304,652)	1,304,652	0
Total 6 year Increase in Capital Spending		\$2,681,230	

Option 2



**Keep Debt Servicing Level Constant at
\$8.6 Million & Decrease Capital Contribution**

	Decrease in Contribution to Capital	New Debt at 4% over 10 years	Budget Impact (\$400,000 = 1%)
2012	n/a	1,193,616	0
2013	(147,162)	4,063,226	0
2014	(500,959)	4,309,514	0
2015	(531,324)	1,598,925	0
2016	(197,133)	10,581,896	0
2017	(1,304,652)	3,180,655	0
Total 6 year Increase in Capital Spending		\$24,927,832	

Option 3



Keep Debt Level Constant at \$75 Million

	Annual Decrease in Total Debt	Debt Servicing at 4% over 10 years	Budget Impact (\$400,000 = 1%)
2012	(5,171,113)	0	0
2013	(3,395,298)	637,551	1.2%
2014	(5,647,409)	418,609	(0.2%)
2015	(5,830,176)	691,851	0.4%
2016	(6,352,938)	707,250	1.3%
2017	(5,830,740)	760,075	(1.4%)
		Total 6 Year Increase in Capital Spending	\$32,227,674

Option 4



Raise Debt Servicing to 10% of Own Revenues & keep at that level

	Available Servicing	Capital Spending (10 yrs at 4%)	Budget Impact (400,000 = 1%)
2012	0	\$11,418,543	0
2013	1,407,803	4,063,226	3.15%
2014	500,959	4,309,514	0
2015	531,324	1,598,925	0
2016	197,133	10,581,896	0
2017	\$1,304,652	\$3,180,655	0
Total 6 year increase in Capital Spending		\$35,152,760	

Summary



- **Overview of Existing Debt Levels**
- **Council consider options in conjunction with Long Term Capital Needs and 2012 Operating Budget**