Draft Report

Prepared by Hemson for The City of Niagara Falls

NIAGARA FALLS NORTHWEST SECONDARY PLAN FISCAL IMPACT ANALYSIS

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1. Introduction and Background

As part of the Northwest Secondary Plan presented by the City of Niagara Falls, Hemson Consulting Ltd. has been retained to complete a fiscal impact analysis. This report summarizes Hemson's evaluation of the capital costs, operating costs, and revenue sources associated with the secondary plan area.

Note, the focus of this fiscal impact analysis is on the services provided by the City of Niagara Falls. While the proposed development is also expected to impact the Region of Niagara services and finances, those impacts are not captured in this report.

The analysis addresses capital, including state of good repair or asset management costs, and operating costs and revenues. With respect to operating costs the focus is on property tax services and the potential impacts on the City's property tax levy needs and assessment base growth. Utility services, water and wastewater services, are fully funded by rates and the incremental costs, and utility revenues, arising from the proposed development will be reflected in subsequent utility rate setting.

A. Growth Forecasts for Build-Out of Northwest Secondary Plan Area

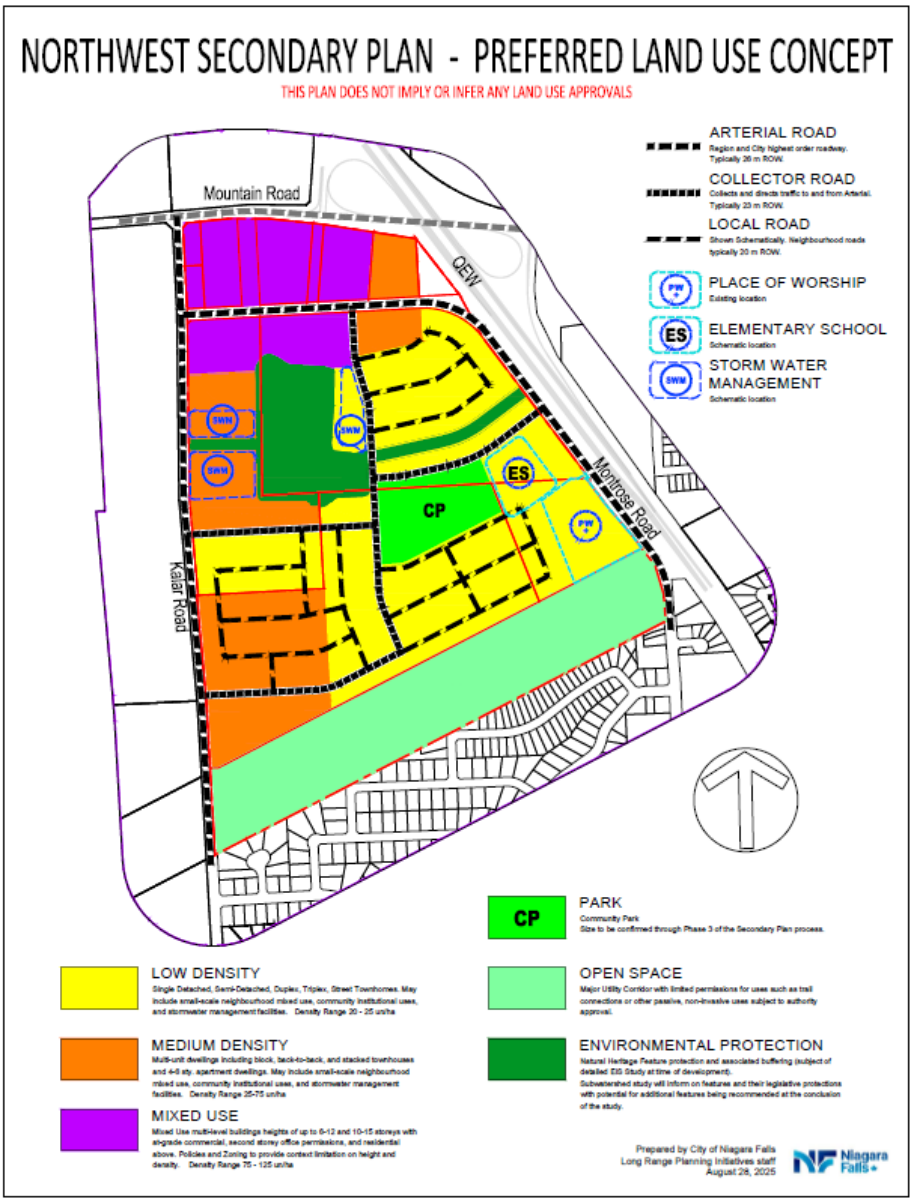
The Northwest Secondary Plan Area (NW Area) encompasses an area of approximately 101 hectares, which would include designated areas for low density and medium density residential development, mixed use residential and commercial development, an environmental protection area, a community park, and a major utility corridor. (See Figure 1 and Figure 2). A total of 3,062 residential units is estimated at full build-out of the NW Area, with an estimated minimum of 1,691 residential units. See Table 1 for a summary of the development potential of the site used in the fiscal analysis.

Figure 1. Aerial View of NW Area



Source: City of Niagara Falls

Figure 2. NW Area Land Use Plan



Source: City of Niagara Falls

As shown in Table 1, the NW Area is anticipated to add approximately 3,062 residential units to accommodate a population of approximately 6,666. The addition of approximately 1,763 new jobs within the mixed-use sections of the NW Area are projected to generate approximately 68,715 square metres of new non-residential floor space at build-out, based on an estimated floor space per worker of approximately 39 square metres.

Table 1: Summary of NW Area Growth to Build Out (Target)[1]

Land Use	Residential Units	Population	Jobs	People + Jobs	Persons Per Unit (PPU)[3]	Non-Res. Floor Space[2] (m^2)
Low Density Residential	631	2,003	73	2,076	3.18	3,650
Medium Density Residential	1,023	2,128	-	2,128	2.08	-
Mixed Use	1,408	2,534	1,690	4,224	1.80	65,065
Total	**3,062**	**6,666**	**1,763**	**8,429**		**68,715**

[1] Forecast provided by City of Niagara Falls
[2] At 39 m^2 per worker.

B. Key Data and Assumptions

The results of the analysis are advanced in nature and are intended to illustrate the potential fiscal impact of new development on city budgets at full build-out of the NW Area, based on the projected development. Actual impacts will be influenced by several factors, including the cost and timing of infrastructure projects and the rate of development.

The analysis is based on the following key inputs:

- **City of Niagara Falls Financial Data:** actual expenditures and non-tax revenues for 2023, as reported in the Financial Information Returns

(FIRs) and city budget documents, were used to establish current city expenditures per capita and employment;

- **Current value assessments (CVAs):** derived from the current assessment roll to estimate future property tax revenues, using data from recently constructed (2013 – 2023) units and buildings; and
- **Development assumptions:** derived from the NW Draft Preferred Land Use Plan to estimate future total costs and revenues.

Unless otherwise stated, all values are expressed in constant 2025 dollars.

This report is organized as follows:

Section 2 provides the analysis of the capital costs associated with the anticipated servicing needs of the NW Area to build-out. Developer-funded, DC-funded, and City-funded costs are examined, as well as the long-term lifecycle costs associated with the new infrastructure.

Section 3 examines the additional annual operating costs arising from the new infrastructure, as well as the associated population and employment growth in the NW Area.

Section 4 provides a forecast of the assessment growth and City property tax revenue potential of the NW Area at full build-out and compares this potential with City-wide averages.

Section 5 summarizes the long-term annual tax-supported costs and revenues associated with the NW Area and provides concluding observations on the fiscal impact analysis.

2. Capital Cost Analysis

The fiscal impact analysis examines growth-related capital costs to be funded through direct developer contributions and development charges (DCs) on new development. In addition, a non-growth share of $2.84 million has been identified to be funded by the City. The potential long-term lifecycle costs associated with the new infrastructure is also examined. Given that the Northwest Secondary Plan is a not a greenfield development and therefore will require both net new infrastructure and the upgrade or replacement of existing infrastructure during development, not all costs are strictly development-related and a replacement share has been allocated to be funded by the City.

Anticipated capital costs to support growth within the NW Area are summarized in Table 2 and total $126.83 million at full build-out of the area. These capital costs will be paid for through a combination of development charges, local services, property tax funding and utility rates. Furthermore. a benefit-to-existing (BTE) share of $2.84 million will be funded by the City, likely from property tax revenues and capital reserves. This amount has been identified as the proportional benefit (29%) of roadway improvements on the NW Area's boundary to the existing City population.

The Average Annual Cost values shown on Table 2 are the amounts necessary to replace the assets at the end of useful life, providing monies to maintain assets in a state of good repair (SOGR). To estimate the City's incremental increase in capital replacement contributions, useful life assumptions were applied. Assumptions for long-term inflation (2.0%) and borrowing (3.5%) were also used. The costs have been assigned against the development as part of this fiscal impact analysis.

As shown on Table 2, the utility services of Stormwater, Water Management and Wastewater Management the development will generate an additional $547,000 in annual SOGR needs; the City's total utility revenues are in

excess of $54 million, the increase SOGR needs approximately 1% of this amount . These needs will be reflected in the City's utility rate model as will the additional utility revenues generated by the development thereby likely resulting is little to no increase pressure on the utility rates. The analysis separates the SOGR between utility services and property tax supported services.

The proposed development will trigger an additional $1.65 million in annual SOGR needs for property tax supported services, as shown on Table 2. These are based on full funding of the assets being added to service the development, the annual cost is incorporated into the fiscal impact analysis undertaken in this study.

A. Developer Funded Capital (Local Service Capital)

This analysis estimates the amount of additional funding for the future lifecycle replacement capital cost (or state of good repair costs) required as a result of the installation of local services capital by developers. Local services capital typically includes local roads, streetlights, and sidewalks, as well as any water, sanitary, and storm sewer infrastructure that is internal to a development. For the purposes of this analysis, any sanitary sewers, storm sewers and associated infrastructure along collector roads are considered to be local services capital; infrastructure along local roads is considered to be external to future individual developments and eligible for funding through DCs. In addition, parkland improvements provided by developers through Section 42 of the *Planning Act* is considered to be local services capital.

To estimate the City's incremental increase in capital replacement contributions, useful life assumptions were applied. Assumptions for long-term inflation (2.0%) and borrowing (3.5%) were also used.

Table 2: Capital Cost Summary

Asset Type	Gross Cost	BTE Share	Net Growth-Related Cost	Average Annual Cost
Utility Services				
Stormwater	$12,415,705	$0	$12,415,705	$121,307
Water Management	$9,719,000	$0	$9,719,000	$121,354
Wastewater Management	$24,398,000	$0	$24,398,000	$304,640
Sub-Total Utility Services	**$46,532,705**	**$0**	**$46,532,705**	**$547,300**
Property Tax Supported Services				
Transportation Services	$36,937,117	$2,843,037	$34,094,080	$607,762
Recreation and Parks Services	$21,136,673	$0	$21,136,673	$527,596
Fire Protection Services	$3,999,399	$0	$3,999,399	$79,396
Indoor Recreation Services	$15,997,596	$0	$15,997,596	$317,584
Library Services	$5,066,160	$0	$5,066,160	$122,598
Sub-Total Property Tax Services	**$83,136,945**	**$2,843,037**	**$80,293,908**	**$1,654,936**
Total	**$129,669,650**	**$2,843,037**	**$126,826,613**	**$2,202,237**

Note: DC Study costs have been indexed to current $.

This information was used to estimate an annual replacement contribution that would be required by the end of each asset's useful life. As shown in Table 3, the anticipated replacement costs are estimated at approximately $268,800 per year, which translates to $31.89 per capita and employment when allocated across the NW Area development forecast.

Table 3: Summary of Replacement Costs and Annual Tax-Supported Replacement Contribution for Local Services Capital

Asset Type	Replacement Cost	Useful Life	Annual Provision	Per Capita + Employment
Transportation Services	$54,244,850	60	$266,697	$31.64
Recreation and Parks Services	$1,132,996	50	$2,134	$0.25
Total	**$55,377,845**		**$268,831**	**$31.89**

B. DC-Funded Capital

For the purposes of this analysis, DC-eligible engineered capital costs include collector and arterial roads, active transportation paths, and select additions to water and wastewater infrastructure in the NW Area. DC-eligible general services capital costs have also been estimated based on service levels set out in the City's 2024 DC Background Study.

Table 4 compares the total anticipated DC-eligible costs with anticipated revenues associated with the build-out of the NW Area under the current (2026) DC rates imposed by the City. Overall, DC revenues exceed DC costs by approximately $2.19 million at full build-out.

This notional DC revenue "surplus" is primarily associated with the City's water, wastewater, and road infrastructure. As Sanitary Sewer costs account for approximately 28% of current City DC rates for residential development, it is the largest source of revenue from DCs in the NW Area during it's build-out, followed by Parks and Recreation (~25%) and Services Related to Highways(~23%). It is important to stress that development of the subject lands will generate additional road activity which will necessitate improvements to roads across the City; these needs are reflected in the most recent DC Background Study for the City of Niagara Falls.

Table 4: DC-Eligible Costs and Revenues Under Current (2026) DC Rates

DC Service Category	Total Cost	DC Revenues Under Current Rates	Net Revenue
Utility Services			
Stormwater	$0	$462,772	$462,772
Water Management	$3,313,000	$13,708,829	$10,395,829
Wastewater Management	$18,381,000	$25,416,316	$7,035,316
Sub-Total Utility Services	**$21,694,000**	**$39,587,916**	**$17,893,916**
Property Tax Supported Services			
Transportation Services	$17,885,386	$20,971,898	$3,086,512
Recreation and Parks Services	$20,185,523	$18,955,771	$(1,229,752)
Fire Protection Services	$3,999,399	$3,272,144	$(727,255)
General Government	$0	$1,951,900	$1,951,900
Indoor Recreation Services	$15,997,596	$0	$(15,997,596)
Library Services	$5,066,160	$2,278,101	$(2,788,059)
Sub-Total Property Tax Services	**$63,134,064**	**$47,429,813**	**$(15,704,251)**
Total	**$84,828,064**	**$87,017,729**	**$2,189,665**

The difference may also be due to the categorization of costs as local vs. DC-eligible services in the analysis (it is noted that cities and municipalities are granted some flexibility in the determination of local services).

The development-related infrastructure needs for general services are based on the level of service standards and capital program costs set out in the respective DC Background Studies. These per capita service standards do not include the costs of land associated with each service.

DC revenue calculations incorporate the inability of the City to impose DCs for social housing and public health as of November 28, 2022. The calculations also do not account for DC revenue losses arising from other Bill 23, the *More Homes Built Faster Act* changes: rental housing discounts,

exemptions for affordable housing, attainable housing, non-profit housing, and inclusionary zoning, changes to historical service level calculations, fixed interest rates on frozen DCs, and potential ineligibility of certain capital costs (e.g. land acquisition). Any such revenue loss is assumed to be minor or indeterminable for the NW Area at the present time.

i. Lifecycle Costs

Once again, useful life assumptions were used to estimate the City's long-term incremental increase in capital replacement contributions associated with the new DC-funded infrastructure. As shown in Table 5, at full build-out these replacement costs are estimated at approximately $1.34 million per year, which translates to $158.90 per capita and employment when allocated across the NW Area development forecast.

Table 5: Summary of Replacement Costs and Annual Tax-Supported Replacement Contribution for DC-Funded Capital

Asset Type	Replacement Cost	Useful Life	Annual Provision	Per Capita + Employment
Transportation Services	$59,856,151	60	$294,285	$34.91
Recreation and Parks Services	$15,380,006	15	$525,462	$62.34
Fire Protection Services	$10,764,734	50	$79,396	$9.42
Indoor Recreation Services	$43,058,938	50	$317,584	$37.68
Library Services	$16,622,227	50	$122,598	$14.55
Total	**$145,682,056**		**$1,339,326**	**$158.90**

C. City-Funded Capital

City-funded shares of capital costs were also considered as part of the analysis. This includes identified replacement or benefit-to-existing components of capital projects. A total of $9.51 million in Transportation Services replacement costs has been estimated; this amount is related to an

urbanization and widening of an existing road on the NW Area's boundary (Kalar Road) and is intended to capture the road resurfacing costs that would have otherwise been incurred as part of the City's regular asset management practices. No other DC discounts or ineligible costs have been identified at this time.

As shown in Table 6, the average annual cost to the City of capital is calculated at $46,800 per year over the course of the course of the asset's useful life, or $5.55 per capita and employment in the NW Area. No additional lifecycle costs are associated with this share.

Table 6: City-Funded Shares of Capital

Asset Type	Replacement Cost	Average Annual Cost	Per Capita + Employment
Transportation Services	$9,514,654	$46,779	$5.55

3. Operating Cost Analysis

Tax-supported operating costs arising from the construction of new developer- and DC-funded capital, and the addition of households, people and jobs in the NW Area, were estimated based on data from the City's 2023 FIR, NW Draft Land Budget and projected development. Utility-supported Water and Wastewater services are not included in this analysis.

Table 7 summarizes the gross operating costs anticipated to be associated with development in the NW Area. Cost drivers were applied to FIR operating cost data net of any amortization and interest on long-term debt. For each service, costs are driven by population growth, population and employment growth, or household growth, with unit costs estimated and used to calculate the total operating cost of each service. For all services, incremental cost savings are common and factors of 50% and 75% were applied accordingly. The total additional annual operating cost associated with development of the NW Area is calculated at approximately $6.62 million.

Table 8 summarizes the anticipated non-tax revenues and resulting net operating costs. These non-tax revenues include grants, user fees, and service charges as per the FIR. It is assumed that these revenues will remain consistent on a per-unit and per-capita basis in the NW Area. Annual non-tax revenues associated with the NW Area at build-out are calculated at approximately $1.23 million.

The total net annual operating cost associated with the NW is approximately $5.36 million. This translates to about $640.19 per capita and employee in the NW Area.

Table 7: Anticipated Additional Operating Costs Based on 2023 Financial Information Return

Service	City Cost / Unit	Unit of Measure	NW Quantity	NW Total Operating Cost
General Government	$29.41	Pop + Emp (50%)	8,429	$247,851
Fire	$645.32	Households (75%)	3,062	$1,975,973
Police	$84.34	Households (75%)	3,062	$258,254
Protective Inspection and Control	$12.99	Pop + Emp (75%)	8,429	$109,451
Building Permit and Inspection Services	$60.04	Households (75%)	3,062	$183,844
Emergency Measures	$0.01	Pop + Emp (75%)	8,429	$104
Roads and Related	$221.31	Pop + Emp (75%)	8,429	$1,865,308
Air Transportation	$3.27	Pop + Emp (50%)	8,429	$27,524
Parking	$8.46	Pop + Emp (75%)	8,429	$71,319
Storm - Urban	$23.16	Households (75%)	3,062	$70,925
Storm - Rural	$2.69	Households (75%)	3,062	$8,245
Public Health	$1.95	Population (75%)	6,666	$12,991
Cemeteries	$20.43	Population (75%)	6,666	$136,149
Social Services	$7.03	Population (75%)	6,666	$46,861
Parks	$37.32	Population (75%)	6,666	$248,787
Recreation	$78.59	Population (75%)	6,666	$523,885
Libraries	$48.71	Population (75%)	6,666	$324,701
Museums & Cultural Services	$11.22	Population (50%)	6,666	$74,801
Niagara Convention and Civic Centre Inc.	$32.86	Population (50%)	6,666	$219,036
Planning and Development	$25.96	Pop + Emp (50%)	8,429	$218,833
Total				**$6,624,840**

Notes: Unit costs based on 2023 FIR operating expenditures, Census estimates of population (98,813), Households (40,034), and 2024 DC Background Study estimate of employment (39,524)

Table 8: Anticipated Grant, User Fees, and Service Charges and Resulting Net Operating Costs

Service	City Non-Tax Revenues Per Unit	Unit of Measure	NW Total Non-Tax Revenues	NW Total Net Operating Costs	Per Pop + Emp
General Government	$9.32	Pop + Emp (8,429)	$78,555	$169,295	$20.09
Fire	$3.29	Households (3,062)	$10,074	$1,965,899	$233.24
Police	$0.00	Households (3,062)	$0	$258,254	$30.64
Protective Inspection and Control	$1.49	Pop + Emp (8,429)	$12,559	$96,892	$11.50
Building Permit and Inspection Services	$0.07	Households (3,062)	$214	$183,630	$21.79
Emergency Measures	$0.00	Pop + Emp (8,429)	$0	$104	$0.01
Roads and Related	$2.47	Pop + Emp (8,429)	$20,819	$1,844,489	$218.84
Air Transportation	$0.12	Pop + Emp (8,429)	$1,011	$26,513	$3.15
Parking	$7.12	Pop + Emp (8,429)	$60,012	$11,307	$1.34
Storm - Urban	$0.78	Households (3,062)	$2,388	$68,536	$8.13
Storm - Rural	$0.00	Households (3,062)	$0	$8,245	$0.98
Public Health	$0.00	Population (6,666)	$0	$12,991	$1.54
Cemeteries	$6.23	Population (6,666)	$41,527	$94,622	$11.23
Social Services	$2.89	Population (6,666)	$19,264	$27,597	$3.27
Parks	$13.10	Population (6,666)	$87,320	$161,467	$19.16
Recreation	$32.61	Population (6,666)	$217,367	$306,518	$36.37
Libraries	$8.67	Population (6,666)	$57,791	$266,909	$31.67
Museums & Cultural Services	$1.15	Population (6,666)	$7,666	$67,136	$7.97
Niagara Convention and Civic Centre Inc.	$72.60	Population (6,666)	$483,927	($264,891)	$(31.43)
Planning and Development	$15.23	Pop + Emp (8,429)	$128,369	$90,464	$10.73
Total			**$1,228,864**	**$5,395,976**	**$640.19**

4. Revenue Analysis

This section describes the analysis of the future assessment, property tax revenues, and development charge revenues in the NW Area.

A. Assessment

The major source of new revenue generated by new development in the NW Area will be annual property taxes. To estimate future property taxes, forecasts of new residential and non-residential assessment values were prepared.

Assessed values for residential units were determined with reference to the current value assessment (CVA) of homes constructed in the City of Niagara Falls between 2013 - 2023 that are of similar quality and size to those that are likely to be constructed in NW Area. Three categories of CVAs are used to calculate residential property tax revenues: Low Density Residential, Medium Density Residential, and High Density Residential (corresponding to all Mixed Use Area Units in the NW Area).

Similarly, the non-residential assessment forecasts were based on values per square metre of gross floor area of recently constructed buildings in Niagara Falls.

The CVAs used in the analysis are as follows:

Low Density Residential Units	$450,000 per unit
Medium Density Residential Units	$300,000 per unit
High Density Residential Units	$250,000 per unit
Non-Residential Buildings	$1,580 per sq.m.

B. City Property Tax Revenue

The property tax revenue forecasts at build out of the NW Area were developed by applying the current (2026) City tax rates for the applicable land classes to the projected assessments. The projected total of non-residential floor area in the NW Area is estimated based on an assumed average space requirement of 39 square metres per worker. Based on the projection of 1,763 new jobs within the NW Area, total non-residential floor area is estimated at 68,715 square metres at full build-out.

As shown in Table 9 the total CVA of new buildings within the NW Area is forecast at approximately $1.05 billion, primarily associated with High Density Residential Development ($352.0 million) and Medium Density Residential Development ($306.9 million). After applying the City's 2026 tax rates to each property class, total annual City property tax revenue is calculated at approximately $6.79 million, or an average of $805.47 per person or employment in the area (see Table 10).

Table 9: Summary of Annual City Tax Revenues at Build Out

Land Use	Forecast	Assessment (2025)	Total Assessment	City Tax Rate (2026)	Annual City Tax Revenue	Per Unit / m^2
Residential	**Units**	**Per Unit**				
Low Density	631	$450,000	$283,950,000	0.006001610	$1,704,157	$2,700
Medium Density	1,023	$300,000	$306,900,000	0.006001610	$1,841,894	$1,800
High Density	1,408	$250,000	$352,000,000	0.006001610	$2,112,567	$1,500
Non-Res.	**m^2**	**Per m^2**				
Population-Related	68,715	$1,580	$108,564,070	0.010412200	$1,130,391	$16.45
Total			**$1,051,414,070**		**$6,789,009**	

Generally, development of the NW Area is anticipated to generate higher taxation residential revenues per capita relative to (2023) City-wide averages (see Table 10). This reflects the higher assessed values of newer homes, which are typically larger and constructed with more modern materials and amenities and thus produce relatively higher residential tax revenues on a per capita basis. The non-residential assessment growth and revenues, on a per employee basis, are similar to the prevailing City-wide average. These finding are consistent with other development fiscal impact studies.

Table 10: City Property Tax Revenue Comparison with City Average

	NW Area		City Average (2023)	
	Annual Revenue	Per Capita/Job	Annual Revenue	Per Capita/Job
Residential	$5,658,618	$848.92	$54,996,378.00	$556.57
Non-Residential	$1,130,391	$641.17	$27,242,705.00	$689.27
Total	**$6,789,009**	**$805.47**	**$82,239,083.00**	**$594.48**

C. Development Charge Revenue

Table 11 summarizes the development charge revenue that would be generated up to full build-out of the NW Area, using current (2026) development charge rates. The analysis, based on the City's prevailing DC rates, would generate upwards of $87 million in DC revenues. As discussed above (see Table 4), the total cost for DC-funded capital is estimated at $85 million, at an overall level the development should yield sufficient DC revenues to fund the DC eligible-increase in capital costs associate with meeting the needs of the development.

The development charge revenue calculations are based on the estimated unit mix in the NW Area, as detailed in the NW Draft Preferred Land Use Plan. The applied calculations also account for the inability of the City to impose DCs for social housing and public health.

The calculations do not account for DC revenue loss arising from the following changes arising from the *More Homes Built Faster Act 2022*: rental housing discounts, exemptions for affordable housing, attainable housing, non-profit housing, and inclusionary zoning, changes to historical service level calculations, fixed interest rates on frozen DCs, and potential ineligibility of certain capital costs (e.g. land acquisition). Any such revenue loss will require funding from other sources which may include transfers from higher levels of government but may also require property tax and utility rate support.

Table 11: Development Charge Revenue Generated in NW (Current Rates)

Service	Residential			Non-Residential		Total
	Low Density	Medium Density	Mixed Use Area	Commercial & Institutional	Office	
General Government	$400,631.00	$510,416.00	$722,015.00	$212,976.00	$105,861.60	$1,951,899.60
Library Services	$559,086.00	$712,310.00	$1,006,705.00	$0	$0	$2,278,101.00
Fire Protection	$672,133.00	$855,646.00	$1,209,075.00	$357,561.00	$177,728.85	$3,272,143.85
Parks & Recreation	$4,655,739.00	$5,923,972.00	$8,376,060.00	$0	$0	$18,955,771.00
Services Related to Highways: Public Works & Fleet	$593,142.00	$754,262.00	$1,066,730.00	$316,251.00	$157,195.35	$2,887,580.35
Services Related to Highways: Roads & Related	$3,714,469.00	$4,726,592.00	$6,681,640.00	$1,978,290.00	$983,326.50	$18,084,317.50
Water	$2,888,611.00	$3,676,044.00	$5,198,165.00	$1,299,888.00	$646,120.80	$13,708,828.80
Sanitary Sewer	$5,337,332.00	$6,791,854.00	$9,600,570.00	$2,462,535.00	$1,224,024.75	$25,416,315.75
Storm Water Management	$95,073.00	$120,612.00	$171,500.00	$50,490.00	$25,096.50	$462,771.50
Total NW Area DC	**$18,916,216.00**	**$24,071,708**	**$34,032,460**	**$6,677,991**	**$3,319,354**	**$87,017,729.35**

5. Summary of Fiscal Impact

Table 12 provides an overall summary of the estimated fiscal impacts associated with the full build-out of the NW Area. Revenues are projected at $805 per capita and employment per year, while expenditures are estimated at $837, resulting in an annual deficit of approximately $32 per capita and employment, or a -4.0% difference. This result indicates that the NW Area development will likely be fiscally neutral, and thus additional revenues (largely property taxes and development charges) should generally cover the additional city costs generated by the development, especially if the development exceeds the targets used in this analysis.

Table 12: Overall Findings

Revenue or Expenses	Total Amount	$/Person & Employee
Revenue		
Assessment	$6,789,009	$805
Sub-Total Revenue	**$6,789,009**	**$805**
Expenses - Property Tax Supported		
Developer Constructed Assets - AMP Contribution	$268,831	$32
DC Funded Assets - AMP Contribution	$1,339,326	$159
City-Funded Assets - AMP Contribution	$46,779	$6
Net Operating Impacts	$5,395,976	$640
Sub-Total Expenses	**$7,050,912**	**$837**
Net Difference ($)	$(261,904)	$(32)
Net Difference (%)	-3.9%	-4.0%

Before reviewing the key implications, it is important to reiterate that the main purpose of the analysis is to inform decisions regarding the Northwest Secondary Plan as it relates to the NW Area. The fiscal impact analysis results should not be viewed as precise forecasts of what will occur at full build-out of the NW Area.

The results point to incremental operating cost efficiencies within the NW Area. Due to economies of scale arising from the high density and localized nature of development, the cost to service new residents and employees is expected to be lower on a per capita basis than the cost to services existing populations. As well, the relatively high assessed values of new residential units, high density in particular, in the NW Area are expected to generate higher property taxes per capita than existing development in the City. Overall, the NW Area is anticipated to be fiscally sustainable over the long-term.

That said, several areas of caution must be noted:

- First, the analysis assumes full city funding of new infrastructure lifecycle costs. In reality, contributions toward lifecycle funding for existing infrastructure may not currently meet 100% of calculated needs. Moreover, infrastructure renewal requirements are expected to grow as existing infrastructure ages and is adapted to address climate change.
- Second, the fiscal projections of development charge revenue assume the use of the City's recently-passed development charge rates, but do not account for the anticipated passage of new DC by-laws during the build-out period. Therefore, the total NW Area DC revenue is likely to exceed estimates when new rates are inevitably implemented. In addition, any future legislative changes that restrict the ability to levy development charges could materially affect the financial outlook set out in this report negatively.

Finally, the fiscal impact analysis evaluates the fiscal impact at full build-out of the NW Area. However, costs associated with financing NW Area infrastructure—such as debt costs incurred to cover servicing expenditures prior to development—are not included in the analysis.