



Appendix D

Long-Term Capital and Operating Cost Examination



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As a requirement of the D.C.A. under subsection 10(2)(c), an analysis must be undertaken to assess the long-term capital and operating cost impacts for the capital infrastructure projects identified within the D.C. As part of this analysis, it was deemed necessary to isolate the incremental operating expenditures directly associated with these capital projects, factor in cost saving attributable to economies of scale or cost sharing where applicable and prorate the cost on a per unit basis (i.e. sq.ft. of building space, per vehicle, etc.). This was undertaken through a review of the County's approved 2017 Financial Information Return (F.I.R.).

In addition to the operational impacts, over time the initial capital projects will require replacement. This replacement of capital is often referred to as lifecycle cost. By definition, lifecycle costs are all the costs which are incurred during the life of a physical asset, from the time its acquisition is first considered, to the time it is taken out of service for disposal or redeployment. The method selected for lifecycle costing is the sinking fund method which provides that money will be contributed annually and invested, so that those funds will grow over time to equal the amount required for future replacement.

Table D-1 depicts the annual operating impact resulting from the proposed gross capital projects at the time they are all in place. It is important to note that, while County program expenditures will increase with growth in population, the costs associated with the new infrastructure (i.e. facilities) would be delayed until the time these works are in place.



Table D-1
Operating and Capital Expenditure Impacts for Future Capital Expenditures

SERVICE	ANNUAL LIFECYCLE EXPENDITURES	ANNUAL OPERATING EXPENDITURES	TOTAL ANNUAL EXPENDITURES
Land Ambulance	210,541	1,508,205	1,718,745
Administration	-	-	-
Waste Diversion	19,847	468,792	488,639
Library	35,663	395,375	431,038
Roads and Related	407,447	3,160,453	3,567,899
Water Services	195,916	4,426,200	4,622,116
Wastewater Services	1,107,285	3,625,550	4,732,836
Total	1,976,699	13,584,574	15,561,273