City of Orillia

Technical Evaluation for Settlement Area Boundary Expansion

Fiscal Impact Analysis

November 2025

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1. Introduction

1.1 Overview

The City of Orillia (“City”) is currently conducting a Settlement Area Boundary Expansion (SABE) as part of its long-term growth management strategy. This process is driven by the need to accommodate forecasted population and employment growth in accordance with the Provincial Planning Statement, 2024 and the *Planning Act*. Following a multi-stage technical evaluation process and City Council direction, the SABE is required to include a total of 195 gross hectares within the Focused Study Area (FSA), which includes lands in the Township of Severn (North FSA) and Township of Oro-Medonte (West FSA).

This Fiscal Impact Analysis (FIA) provides a high-level assessment of the financial considerations and implications associated with development in two geographies. First, it analyzes the entirety of the FSAs to provide comparable results to the other technical evaluation studies. Second, it analyzes the scoped land areas presented in the refined SABE concepts (Options 1 and 2). Option 1 is the preferred option from an overall planning perspective and has been carried forward in the Planning Justification Report.

The primary objectives of the FIA are to:

- Understand the order of magnitude costs of infrastructure required to support development within each of the West and North FSA, to inform the amount and location of growth to be allocated;
- Determine whether anticipated development will generate sufficient municipal revenues to offset the incremental operating and capital costs incurred by the City; and
- To inform City Staff and Council, support prudent financial planning, and highlight key risks and opportunities as the City considers its growth options.

Note to Reader

It is important to note that this analysis is intentionally high-level, reflecting the current stage of land use planning, infrastructure analysis, and technical analysis. All assumptions in this Report are based on the most current available data and recognized industry standards. However, given the high-level nature of this assessment, the results should be considered conceptual. More detailed fiscal analysis should be undertaken in the future, once municipal restructuring has advanced, to provide a more precise understanding of the financial implications for the City.

1.2 Proposed Development Scenario

The development scenario evaluated in this analysis is based on the most recent Land Needs Assessment (Hemson, 2023) and supporting technical reports. The residential component is projected to include a total of 714 new units, with a mix of apartments, row houses, and semi and single-detached houses. Specifically, the scenario anticipates 161 apartment units, 214 row houses, and 339 semi and single-detached houses. These proportions are consistent with the City's intensification targets and are informed by a combination of current plans of subdivision within Orillia, as well as forecasted shifts in buyer preferences and affordability across housing types. Unit sizes are based on industry standards in Ontario. **Table 1** presents the assumptions for residential development.

Table 1 - Housing Units Assumption

Dwelling Type	Proportion	Units	Average Unit Size (sq. ft.)
Apartments	22.5%	161	750
Row Houses	30.0%	214	1,400
Houses	47.5%	339	2,000
Total	**100.0%**	**714**	

In addition to residential growth, the SABE lands are forecasted to accommodate non-residential development. The scenario assumes the addition of approximately 11,500 square metres of new retail space and 80,500 square metres of new industrial space. These figures are derived from projected job growth and industry-standard floorspace-per-worker ratios, ensuring that the employment lands component is both realistic and aligned with the City's economic development objectives. The non-residential development assumptions are highlighted in **Table 2**.

Table 2 - Employment Assumptions

Employment Type	Floor space per worker (sq. m. per job)	Total GFA (sq. m.)
Retail	55	11,495
Industrial	100	80,500

Population and employment projections underpinning this scenario are based on a 1.2% annual growth rate, as established in the 2023 Land Needs Assessment. The proposed SABE is designed to accommodate a portion of the City's projected growth, specifically housing approximately 1,884 new residents and supporting the creation of 1,014 new jobs across both retail and industrial sectors. These figures represent a targeted response to the City's long-term demographic and employment forecasts, ensuring that the expansion aligns with anticipated community needs and economic development objectives. The main population and employment assumptions are detailed in **Table 3**.

Table 3 - Population and Employment Growth Assumptions

Variable	Unit	Value
Projected Population Growth	persons	1,884
Projected Employment Growth	jobs	1,014

2. One-Time Revenues

A critical component of the fiscal analysis is the estimation of one-time revenues for the City of Orillia generated by new development in a 195 ha. SABE. These revenues are primarily derived from development charges and building permit fees.

2.1 Development Charges

Development charges are levied to fund the initial capital costs of growth-related infrastructure. For the purposes of this analysis, the development charge rates have been drawn from the DC by-laws in effect as of July 1st, 2025, including those adopted by the City of Orillia and the school boards. However, for the purposes of the capital works and funding sources comparison, only the City's share of development charges is included. Charges levied by the school boards are excluded, as they do not impact the City's financial statements.

For the purposes of this analysis, an even split is assumed between smaller apartments (1 bedroom or less) and larger apartments (2 bedrooms or more) when calculating the average development charge rate for apartments. Additionally, the municipal development charges for apartments have been reduced by the City's average discount rate, as applied to reflect typical exemptions and discounts in accordance with current policy. It is important to note that the DC environment is undergoing significant changes, and municipalities are awaiting new regulations that may diminish DC revenues. **Table 4** shows the development charge rates and the projected development charge revenues from the SABE.

Table 4 - Projected Development Charge Revenues from SABE Development

	Development Charge Rates as of July 1, 2025			
	City	County (Recovery Area)	Education	Total
Residential		*Dollars / Unit*		
Apartments	20,627.58	-	5,483.00	26,110.58
Row Houses	28,879.60	-	5,483.00	34,362.60
Houses (Single & Semi-detached)	30,932.49	-	5,483.00	36,415.49
Non-Residential		*Dollars / Square Metre*		
Non-Retail	128.35	-	9.12	137.47
Retail	128.35	-	9.12	137.47

	Projected Development Charge Revenues			
	City	County (Recovery Area)	Education	Total
Residential		*Dollars*		
Apartments	$2,656,832	$0	$882,763	$3,539,595
Row Houses	$6,180,234	$0	$1,173,362	$7,353,596
Houses (Single & Semi-detached)	$10,486,114	$0	$1,858,737	$12,344,851
Total Residential	$19,323,180	$0	$3,914,862	$23,238,042
Non-Residential				
Retail	$1,475,383	$0	$104,874	$1,580,257
Industrial	$10,332,175	$0	$734,438	$11,066,613
Total Non-Residential	$11,807,558	$0	$839,312	$12,646,871
Grand Total	$31,130,738	$0	$4,754,174	$35,884,913

2.2 Building Permits

In addition to development charges, building permit fees represent a significant source of one-time revenue for the City of Orilla (i.e., they are paid to the city one time and are not recurring once a development has occurred). These fees are calculated based on the total floor area of new construction and the City's published 2025 rates. Building permit revenues are used to offset the direct and indirect operational costs of administering the permitting process. If permit revenues exceed the costs of service provision in a given year, the surplus is allocated to a reserve for specific purposes. The total building area, applicable permit rates, and resulting revenue estimates are presented in **Table 5**.

Table 5 - Estimated Building Permit Revenues from SABE Development

	Total Size	Building Permit Fees	Total
Residential	*sq. ft.*	*$ per sf*	*$*
Apartments	120,750	1.99	$240,293
Row Houses	299,600	1.68	$503,328
Houses (Single & Semi-detached)	678,000	1.68	$1,139,040
Total Residential	1,098,350		$1,882,661
Non-Residential			
Retail	104,874	1.72	$180,383
Industrial	734,438	0.90	$660,994
Total Non-Residential	839,312		$841,378
Grand Total	1,937,662		$2,724,038

3. Assessment and Property Taxes

The ongoing fiscal sustainability of development within the SABE depends heavily on the property tax base generated by new development. Assessment values for both residential and non-residential properties have been estimated using comparable fiscal analyses from the region and recent MPAC data. For residential properties, the analysis assumes average assessment values of $300,000 for apartments, $400,000 for row houses, and $500,000 for semi and single-detached houses. For non-residential properties, retail / commercial space is valued at $2,190 per square metre and industrial space at $912 per square metre.

Current municipal and education tax rates have been applied to these assessment values, with no anticipated policy shifts or area-specific rates considered. As the City of Orillia is a single-tier municipality, the County of Simcoe does not levy property taxes on properties within the City. Additionally, education taxes are collected by the City on behalf of the school boards and are fully remitted; they do not accrue as revenue to the City. To reflect potential non-collection or reassessment adjustments, a 5% write-off has been applied to the municipal portion of property tax revenues. Total property tax revenues generated for the City and the school boards are projected to be significant, with the residential component alone generating over $4.3 million annually. **Table 6** outlines the assumptions and the methodology used to calculate residential tax revenues.

Table 6 - Residential Tax Revenues Assumptions and Calculations

Residential	Units	Assessment Value
Apartments	161	$300,000
Row Houses	214	$400,000
Houses (Single & Semi-detached)	339	$500,000
Assessment Value		
Total Assessment Value	$303,400,000	
Tax Rates		
Municipal	1.359%	
County	-	
Education	0.153%	
Total	1.512%	
Estimated Tax Revenues		
Municipal	$3,916,314	
County	$0	
Education	$464,202	
Total	$4,380,516	

Non-residential development is expected to contribute an additional $3.2 million per year, with industrial properties accounting for the majority of this amount. **Table 7** summarizes the assumptions and the calculations to obtain the non-residential tax revenues.

Table 7 - Non-Residential Tax Revenues Assumptions and Calculations

	Retail / Population-related	Non-Retail / Industrial	Total
	sq. m.		
Building Space	11,495	80,500	91,995
	Dollars per sq. m.		
Assessment Value	$2,190	$912	
	Dollars		
Total Assessment Value	$25,169,790	$73,443,821	$98,613,611
Tax Rates	*Percent*		
Municipal	2.491%	2.508%	
County	-	-	
Education	0.880%	0.880%	
Total	3.371%	3.388%	
Estimated Tax Revenues	*Dollars*		
Municipal	$595,530	$1,749,942	$2,345,473
County	$0	$0	$0
Education	$221,494	$646,306	$867,800
Total	$817,024	$2,396,248	$3,213,272

These ongoing revenues form the foundation of the City's ability to fund municipal services and infrastructure renewal over the long term. Only those revenues accruing directly to the municipality have been included in the calculation of the net operating impact.

4. Current Non-Tax Revenues

Beyond property taxes, the City derives a portion of its annual revenue from non-tax sources. These include payments in lieu of taxes, unconditional and conditional grants, investment income, fines, licenses, and other miscellaneous sources. For the purposes of this analysis, non-tax revenues have been allocated between residential and non-residential sectors based on historical patterns and applied on a per capita and per employee basis to the projected development. Only the revenue categories expected to be impacted by the proposed development within the SABE have been included in the calculation.

Table 8 - Non-Tax Revenues Assumptions and Calculations

	Total Revenues	Residential		Non-Residential		Per Capita	Per Employee	Total from Development
Revenue Category	*$ (000)*	*Percent*	*$ (000)*	*Percent*	*$ (000)*	*$ / Capita*	*$ / Employee*	*Dollars*
Payment in Lieu of Taxes	4,808	65.4	-	34.6	-	-	-	-
Unconditional Grants	473	65.4	309	34.6	164	9	9	25,549
Conditional Grants	9,081	65.4	-	34.6	-	-	-	-
Revenue from Other Municipalities for Tangible Capital Assets	-	65.4	-	34.6	-	-	-	-
Revenue from Other Municipalities	354	65.4	-	34.6	-	-	-	-
Licences, Permits, Rents, etc.	2,287	65.4	1,495	34.6	792	43	43	123,668
Fines and Penalties	1,281	65.4	837	34.6	443	24	24	69,258
Investment Income	8,881	65.4	-	34.6	-	-	-	-
Other Revenue	20,259	65.4	13,246	34.6	7,013	378	378	1,095,371
Total	47,423		15,888		8,412	453	453	1,313,846

As shown in **Table 8**, the total non-tax revenue attributable to development within the SABE is estimated at $1.3 million annually. Although non-tax revenues provide valuable support for municipal operations, their role in this analysis is focused on capturing the supplementary financial contributions associated with new development. These sources, while more limited in scale, remain a component of the City’s overall fiscal framework and are essential to understanding the full revenue picture tied to growth.

5. Implications for Operating Expenditures

5.1 Operating Expenditures

The incremental operating costs associated with the SABE have been estimated using the City's most recent financial statements, escalated at the expense budget growth rate and adjusted to exclude user fees and debt charges. These costs have been allocated between residential and non-residential sectors and calculated on a per capita and per employee basis.

The analysis indicates that the total incremental operating expenditure required to service the new development will be approximately $4.7 million per year. This figure encompasses a wide range of municipal services, including general government, protection services, transportation, environmental services, health, social services, social housing, recreation, and planning. **Table 9** reports a comprehensive overview of the operating expenditures, beginning with historical financial information on the left, followed by residential and non-residential share in the center, and concluding with the potential impact of the SABE and the calculated incremental costs per service category on the right.

Table 9 - Operating Expenditures Assumptions and Calculations

	Operating Expenditures	Interet on Long Term Debt	User Fees and Service Charges	Net Operating Expenditures	Residential Share		Non-Residential Share		Potential Impact	Per Capita Impact	Per Employee Impact	Incremental Costs for Development
General government	*$ (000)*	*$ (000)*	*$ (000)*	*$ (000)*	*Percent*	*$ (000)*	*Percent*	*$ (000)*		*$ / Capita*	*$ / Employee*	*Dollars*
Governance	1,148	–	85	1,063	65.4	695	34.6	368	50%	10	10	28,732
Corporate Management	4,757	–	–	4,757	65.4	3,110	34.6	1,647	50%	44	44	128,589
Program Support	5,739	–	–	5,739	65.4	3,752	34.6	1,987	50%	54	54	155,151
Total	11,643	–	85	11,558		7,557		4,001		108	108	312,473
Protection Services												
Fire	9,782	–	162	9,620	65.4	6,290	34.6	3,330	100%	179	179	520,128
Police	10,076	–	–	10,076	65.4	6,588	34.6	3,488	100%	188	188	544,801
Protective Inspection and Control	1,049	–	–	1,049	65.4	686	34.6	363	100%	20	20	56,739
Building Permit and Inspection Services	744	–	–	744	65.4	486	34.6	257	100%	14	14	40,201
Emergency Measures	3	–	–	3	65.4	2	34.6	1	100%	0	0	154
Total	21,654	–	162	21,492		14,052		7,440		401	401	1,162,023
Transportation services												
Roads - Paved	7,178	261	20	6,897	65.4	4,509	34.6	2,388	100%	129	129	372,907
Roads - Bridges and Culverts	5	–	–	5	65.4	3	34.6	2	100%	0	0	263
Roads - Traffic Operations & Roadside	1,829	–	–	1,829	65.4	1,196	34.6	633	100%	34	34	98,880
Winter Control - Except Sidewalks, Parking Lots	1,033	–	–	1,033	65.4	676	34.6	358	90%	17	17	50,285
Winter Control - Sidewalks, Parking Lots Only	399	–	–	399	65.4	261	34.6	138	90%	7	7	19,400
Transit - Conventional	4,165	–	1,126	3,039	65.4	1,987	34.6	1,052	100%	57	57	164,326
Transit - Accessible	362	–	–	362	65.4	237	34.6	125	100%	7	7	19,565
Parking	875	–	797	79	65.4	51	34.6	27	90%	1	1	3,825
Street Lighting	700	14	–	686	65.4	448	34.6	237	90%	12	12	33,367
Total	16,546	275	1,942	14,328		9,368		4,960		263	263	762,816
Environmental services												
Wastewater Collection / Conveyance	2,890	22	10,513	–	65.4	–	34.6	–	100%	–	–	–
Wastewater Treatment & Disposal	6,657	–	–	6,657	65.4	4,352	34.6	2,304	100%	124	124	359,916
Urban Storm Sewer System	2,046	214	–	1,832	65.4	1,198	34.6	634	100%	34	34	99,036
Rural Storm Sewer System	15	–	–	15	65.4	10	34.6	5	0%	–	–	–
Water Treatment	4,705	13	–	4,692	65.4	3,068	34.6	1,624	100%	88	88	253,699
Water Distribution / Transmission	4,204	–	10,571	–	65.4	–	34.6	–	100%	–	–	–
Solid Waste Collection	408	–	–	408	65.4	267	34.6	141	100%	8	8	22,057
Solid Waste Disposal	994	–	689	304	65.4	199	34.6	105	100%	6	6	16,458
Waste Diversion	2,682	–	–	2,682	65.4	1,754	34.6	928	100%	50	50	145,018
Pollution Control	391	–	–	391	65.4	256	34.6	136	100%	7	7	21,167
Total	24,992	249	21,773	16,982		11,103		5,879		317	317	917,350

Health services												
Public Health Services	559	–	–	559	65.4	366	34.6	194	100%	10	10	30,230
Ambulance Services	2,258	–	–	2,258	65.4	1,476	34.6	782	100%	42	42	122,073
Total	2,817	–	–	2,817		1,842		975		53	53	152,302
Social and Family Services												
General Assistance	1,251	–	–	1,251	100.0	1,251	–	–	100%	23	23	67,636
Assistance to Seniors	2,716	–	–	2,716	100.0	2,716	–	–	100%	51	51	146,873
Child Care and Early Years Learning	699	–	–	699	100.0	699	–	–	100%	13	13	37,781
Youth Services	852	–	–	852	100.0	852	–	–	100%	16	16	46,061
Total	5,518	–	–	5,518		5,518		–		103	103	298,351
Social Housing												
Public Housing	2,585	–	–	2,585	100.0	2,585	–	–	100%	48	48	139,763
Total	2,585	–	–	2,585		2,585		–		48	48	139,763
Recreation and Cultural Services												
Parks	3,465	–	1,486	1,979	100.0	1,979	–	–	90%	33	33	96,286
Recreation Programs	4,419	–	1,991	2,428	100.0	2,428	–	–	90%	41	41	118,156
Recreation Facilities - Golf Course, Marina, Ski Hill	310	–	165	145	100.0	145	–	–	90%	2	2	7,052
Recreation Facilities - All Other	8,393	–	10	8,383	100.0	8,383	–	–	90%	141	141	407,952
Libraries	4,337	–	33	4,304	100.0	4,304	–	–	90%	72	72	209,432
Museums	627	–	–	627	100.0	627	–	–	90%	11	11	30,530
Cultural Services	2,293	–	741	1,552	100.0	1,552	–	–	90%	26	26	75,535
Total	23,844	–	4,426	19,419		19,419		–		326	326	944,943
Planning and Development												
Planning and Zoning	1,443	–	403	1,040	65.4	680	34.6	360	30%	6	6	16,873
Commercial and Industrial	1,680	–	11	1,669	65.4	1,091	34.6	578	30%	9	9	27,072
Total	3,124	–	414	2,709		1,771		938		15	15	43,946
Total	112,721	524	28,802	97,407		73,214		24,193		1,634	1,634	4,733,966

5.2 Capital Expenditures

To account for the ongoing capital requirements associated with the new development, this analysis includes a capital financing provision equal to 30% of the incremental operating expenditures. This allowance is intended to reflect the ongoing financial requirements for both the rehabilitation of municipal infrastructure and the potential financing costs related to capital investments that are not fully recoverable through development charges or other external funding sources. By incorporating this factor, the analysis ensures that the City is positioned to maintain service levels and infrastructure quality over time. The resulting capital financing cost for the proposed development is estimated at approximately $1.4 million annually (see **Table 10**).

Table 10 - Ongoing Capital Expenditures Assumptions and Calculations

Incremental Operating Expenditure from Development	4,733,966
Capital Financing Cost	30.0%
Financing costs	$1,420,190

6. Net Operating Impact

The core objective of this FIA is to evaluate whether the revenues generated by new development within the SABE are sufficient to offset the incremental costs associated with servicing and supporting that growth over time. The analysis demonstrates that, on an annual basis, the proposed development is expected to generate a net operating surplus for the City. When all new annual revenues, including property taxes and non-tax sources, are compared to the combined incremental operating and capital financing costs, the result is a projected annual surplus of $1.4 million.

This positive net operating impact suggests that the City will cover incremental costs associated with the SABE, benefiting from ongoing positive cash flows. This surplus provides the City with flexibility to address future needs, invest in service enhancements, contribute to reserve funds for long-term financial stability, or help offset the shortfall associated with initial capital investments. A summary of the projected ongoing revenues and expenditures associated with the SABE, along with the estimated net fiscal impact, is presented in **Table 11**.

Table 11 - Net Operating Impact Summary

	Total Revenues / Expenditures
Incremental Revenues	*Dollars*
Taxation Revenues	6,261,786
Residential Growth	*3,916,314*
Non-Residential Growth	*2,345,473*
Non-Tax Revenues	1,313,846
Total Revenues	7,575,632
Incremental Expenditures	
Operating Costs	4,733,966
Capital Costs (30% of Operating)	1,420,190
Total Costs	6,154,156
Surplus / (Deficit)	1,421,475

7. Capital Works

While the annual operating outlook is positive, the initial capital costs required to service development within the entire FSA are substantial and vary depending on the location of development. The discussion below provides a preliminary analysis of both the entire Focused Study Area, as well as the refined SABE concepts including Option 1 which is presented as the recommended option in the Planning Justification Report.

7.1 Focused Study Area Analysis

This analysis considers all potential SABE areas in the North FSA (Severn) and the West FSA (Oro-Medonte). The analysis has been informed by the Technical Evaluation process including the Municipal Services Review and Community Connectivity Report to understand the nature of capital projects which may be required. The Study Area for this analysis matches those used in the other Technical Evaluation Reports to provide for consistency in comparing results and findings.

Table 12 - Capital Works Assessment of FSA

Infrastructure Type	Unit	North FSA Qty	West FSA Qty
Road Construction (urban arterial)	km	Lower	Higher
Watermain Installation (400mm)	km	Lower	Higher
Wastewater Trunk Sewer (600mm)	km	Lower	Higher
Forcemain (200mm)	km	Lower	Higher
Water Storage	ML	Equal	Equal
Pump Station (Water)	each	Equal	Equal
Pump Station (Wastewater)	each	Lower	Higher
Stormwater Management	**ha**	**Lower**	**Higher**

In addition to the above noted quantities, it is also anticipated that existing system upgrades will be required within the City to accommodate growth. Those upgrades have not been quantified in this analysis.

With respect to the above table, it should be noted that this information reflects general capital works that would be needed, hypothetically, if the City was to consider the entire North or West FSA. The purpose of this analysis is to allow for a comparison of general order of magnitude differences. Overall, the West

FSA would require significantly more capital works to support growth, largely attributed to changes in topography and fragmented development blocks requiring more units of infrastructure to service future development.

7.2 Option 1 and 2 Analysis

Based on the preliminary SABE concept presented in Spring 2023 and the Council's February 2025 decision to establish a SABE comprising 195 ha. for future development, two refined SABE options were developed to allow for appropriate discussion and feedback. These two Options have been analyzed based on the capital works inputs to determine overall costs in each scenario.

It is important to note that the unit quantity assumptions presented in this section are:

- Conceptual, high-level figures intended to provide an order-of-magnitude understanding of infrastructure requirements;
- The infrastructure items/quantities are a high-level estimation needed to service each developable area. The required infrastructure to service each development area should not be treated as a definitive list;
- Informed by the extent of Options 1 and 2;
- Based on preliminary design assumptions and available documentation and include only basic unit costs. They do not account for land use planning, environmental assessments, detailed engineering design, other pre-construction activities and other indirect costs.

As such, these figures are intended to provide a conceptual understanding of infrastructure needs and are not suitable for budgeting or implementation purposes.

Despite their limitations, these unit quantity estimates are useful for comparative analysis between the two options. Given that omitted cost categories are expected to be similar across both options, their exclusion does not materially affect the relative comparison of capital requirements. The purpose of this exercise is to provide a preliminary indication of infrastructure investment needs. A more detailed engineering and financial analysis will be required to refine these estimates and support future decision-making as the project advances. Below are summarized the main drivers of the initial infrastructure costs.

Table 13 - Preliminary Capital Works – Estimated Unit Quantities

Infrastructure Type	$ / Unit	Option 1 Qty	Option 2 Qty	Recommended - Option 1 Cost (CAD)	Not Recommended - Option 2 Cost (CAD)
Road Construction (urban arterial) [1]	6,500,000 / km	1.7	2.9	$11,050,000	$18,850,000
Watermain Installation [2] **(400mm)**	2,000,000 / km	3.2	4.5	$6,400,000	$9,000,000
Forcemain (200mm)	600,000 / km	3.2	4.5	$1,920,000	$2,700,000
Water Storage	4,000,000	2.53	2.53	$7,590,000	$7,590,000
Pump Station (Wastewater)	23,000,000 each	2.0	4.0	$46,000,000	$92,000,000
Stormwater Management [3]	500,000 ha.	4.5	5.7	$2,250,000	$2,850,000
Totals [4]				$75,210,000	$132,990,000

In addition to the above noted quantities, it is also anticipated that existing system upgrades will be required within the City to accommodate growth. Those upgrades have not been quantified in this analysis.

As a result of refining the analysis to the recommended lands within each of the Options, the capital expenditure required to service each area is estimated at approximately $75.2 million for Option 1 and $133 million for Option 2, which is exclusive of any upgrades required to the City's existing water and sanitary systems. However, all quantities and unit costs should be considered indicative and are subject to refinement as the level of design advances. At a high-level, the difference can also be attributed to Option 1 only requiring capital works to service three blocks (instead of 4 as identified in Option 2).

[1] Option 1 assumes extension of Brook Trout Dr. and urbanization of Fairgrounds Rd.; Option 2 adds urbanization of Old Barrie Rd.
[2] As measured to development block boundaries (excluding any internal servicing)
[3] Informed by assumptions in the Municipal Servicing Review (2023)
[4] Excludes water storage and water pump stations, based on the extent locations of development for Options 1 and 2.

8. Commentary and Recommendations

The results of this high-level Fiscal Impact Analysis indicate that the proposed Settlement Area Boundary Expansion (as shown in the Planning Justification Report – Option 1) can be expected to generate a net operating surplus for the City of Orillia.

The analysis underscores the challenge posed by the initial capital funding gap and highlights the importance of identifying viable financing strategies to support infrastructure delivery. As a single-tier municipality undertaking a boundary expansion, the City has access to a range of funding mechanisms that can be strategically leveraged to close this gap. Internally, the City may consider implementing area-specific development charges (ASDCs), which allow for the recovery of infrastructure costs directly tied to the SABE lands. ASDCs are commonly used in Ontario to ensure that growth pays for growth in a geographically targeted manner. In addition, the City may explore the use of community benefits charges (CBCs), applicable to higher-density developments, and cash-in-lieu of parkland dedication, which can generate funds for parkland acquisition and improvement. Development application fees and site plan review fees, while typically used to offset administrative costs, may also contribute to reserve funds that support infrastructure planning. Front-end financing agreements with developers represent another option, whereby developers fund infrastructure upfront and are reimbursed over time through development charge credits or negotiated arrangements.

Externally, the City may pursue long-term, low-interest financing through Infrastructure Ontario's loan programs, which are designed to support municipal capital projects such as water, wastewater, and transportation infrastructure. Grant funding opportunities should also be explored, including the Ontario Community Infrastructure Fund (OCIF), the Canada Community-Building Fund, and other provincial or federal programs targeting housing-enabling infrastructure. For larger infrastructure components, public-private partnerships (P3s) may offer a means to accelerate delivery while sharing financial risk. These external sources can be complemented by strategic asset management planning, which ensures that infrastructure investments are prioritized, cost-effective, and aligned with long-term service delivery goals.

To fully understand and address the initial capital funding gap, a dedicated financial analysis would be required by the City. Such an analysis should assess the eligibility of the proposed development for external funding programs, quantify the additional revenues, and evaluate the cost of financing over time. This would include a detailed review of applicable grants, loans, and developer contributions, as well as the timing and structure of infrastructure investments[5].

[5] While this report outlines a range of potential funding mechanisms available to municipalities undertaking boundary expansions, the applicability, financial impact, and administrative feasibility of each option must be evaluated in the context of the City's specific planning, financial, and regulatory environment.

It is recommended that the City undertake further analysis as new data becomes available regarding key fiscal drivers, particularly with respect to the characteristics of new residential and non-residential land uses and buildings, new DC rates, and evolving costs of infrastructure delivery. Given the high-level nature of this assessment, it is important that Council and decision-makers understand its limitations and view the findings as preliminary. More detailed fiscal analysis and cost estimates should be undertaken as the municipal restructuring process (i.e. annexation) advances, to ensure that financial planning remains aligned with actual development outcomes and infrastructure needs.

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