



## TOWN OF MINTO

DATE: August 26, 2016

REPORT TO: Mayor and Council

FROM: Gordon Duff, Treasurer, Lorie Forbes, Deputy Treasurer

SUBJECT: Revised Capital Budget & Long-term Borrowing

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### **STRATEGIC PLAN:**

Manage Town finances in a transparent and fiscally responsible manner using a wide variety of accepted methods such as maintaining healthy reserves, investing conservatively, sensible user fees, property tax control, and responsible borrowing.

### **BACKGROUND:**

Council adopted the 2016 budget on March 29, 2016. At that time, the costs of certain projects and the funding available was uncertain. The Town was successful in obtaining funding for the Jane and Inkerman Street reconstruction project in Palmerston under the Ontario Community Infrastructure Fund (OCIF). However, when the tenders were received and the contract awarded the scope of the project was increased to replace more sanitary and other services. The estimated total capital costs for this project are now just under \$500,000 in excess of the eligible approved costs under the OCIF grant.

### **COMMENTS:**

As noted, the scope of the large Palmerston Jane and Inkerman Streets project has been expanded from that contemplated in the original grant application submitted in late 2015. It was discussed at the time of the tender approval that the 2016 capital budget would be revised. At this time, it has also been confirmed that other Wellington County municipalities will be going to the debenture market this fall. In general, there are cost savings for the financial transactional and legal costs when they are shared under a County of Wellington debenture. Therefore it is recommended that the Town of Minto participate in the fall County of Wellington debenture issue to fund the long terms debt requirements for 2016, other than the completion of loans from Infrastructure Ontario for projects which commenced in 2015.

In view of the cash pressures in the water and wastewater departments as the transition to full water meter billing, it is proposed that contributions to the long-term lifecycle reserves be deferred until operations are returned to normal. This will have no effect on the separation of utility and tax-supported activities, but will make the presentation of the reserves more consistent and reduce the negative balance currently carried in the short-term operations part of total reserves.

### **FINANCIAL CONSIDERATIONS:**

The revised capital expenditures and changes to debenture amounts will allow the 2016 new borrowing issues to proceed. Debt servicing costs will be included in future operating budgets.

### **RECOMMENDATION:**

THAT Council accepts the Treasurer and Deputy Treasurer's August 26<sup>th</sup> 2016 Revised Capital Budget & Long Term Borrowing Report dated, and considers the amendment to Schedule A of By-Law 2016-19 in Regular Session.

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Gordon Duff  
Treasurer

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Lorie Forbes  
Deputy-Treasurer