

Report to Municipal Council



Meeting Date: September 26, 2024	Report Date: September 24, 2024
Reason Before Council: Policy Direction / Approval	Priority: Normal
Department: Protection to Persons & Property	Type of Meeting: Special Meeting

Report Title: Replacement of Pumper 1201 and Financing Options

Recommended Resolution:

That Council authorize the purchase of a new pumper rescue truck from Battleshield Industries Limited at a cost of \$719,000.00 plus HST.

Options:

1. Finance full amount of the new pumper.
2. Use most of the Fire Department reserve as a down payment to lower the financed amount.
3. Selecting a debenture duration range from 10 to 20 years.

Analysis & Background:

With the decision to purchase the new pumper with a purchase price of \$719,000, there will be a portion of the HST that we will not be able to claim back, and therefore will increase the purchase price of the unit to approximately \$731,000.00.

The Treasurer reached out to Caisse Alliance and Infrastructure Ontario for a quick rate quote to get an idea of what we are looking at since this was happening fast.

Caisse Alliance came back with the following rate:

***“We can amortize the fire truck over 10 years, with 2 terms of 5 years for the loan.*”**



Current rate would be 7.02%, with a discount of 1.10% for a 5-year rate of 5.92%.

We can finance at 100% of the purchase cost, not including the HST.”

I have confirmed with Caisse Alliance that at the end of the first 5-year term, the rates would be renegotiated.

Infrastructure Ontario gave the following rates on September 12, 2024



STANDARD RATES: SPOTS

Rate updated on: 9 12 2024

► **Primary Sector**

	Construction	4.96%
	Amortizing	Serial
5Y	3.44%	3.44%
10Y	3.72%	3.70%
15Y	4.03%	3.99%
20Y	4.24%	4.18%
25Y	4.35%	4.28%
30Y	4.40%	4.34%

The following scenarios below are using the Infrastructure Ontario Amortizing rates.

Loan Amount	\$731,000.00	\$731,000.00	\$731,000.00
Duration	10	15	20
Total Interest Paid	\$151,077.00	\$250,193.00	\$360,512.00
Yearly Financial Commitment	\$80,208.00	\$65,413.00	\$54,576.00



Loan Amount	\$600,000.00	\$600,000.00	\$600,000.00
Duration	10	15	20
Total Interest Paid	\$124,003.00	\$205,357.00	\$295,906.48
Yearly Financial Commitment	\$72,400.00	\$53,690.00	\$44,795.00

Please note, that a 1% tax levy increase represents \$29,239.00

At the beginning of 2024, the Fire Department Reserve had a balance of \$156,618.00. The 2024 budget included a \$60,000.00 contribution, but also a \$20,000.00 withdrawal for the new holding tank and Firehall insulation and washroom upgrades (grant dependent), given an anticipated year-end balance of \$196,618.00.

The Fire Chief has indicated that the next major purchase would be new breathing apparatuses in the next few years, and a replacement tanker truck within the next 5 to 7 years. It is recommended that not all reserves be used to allow for these upcoming purchases and to continue to fund the reserve as well to reduce the need for future debentures and interest costs.

Attachments:

- Quote from Battleshield Industries Limited
- Quote from City View Specialty Vehicles

Prepared By: Pamela McCracken, Treasurer