



Report to Municipal Council

Meeting Date: October 16, 2024	Report Date: October 7, 2024
Reason Before Council: Financial Approval	Priority: Normal
Department: Protection to Persons & Property	Type of Meeting: Regular Meeting

Report Title: Pumper Truck Financing

Recommended Resolution:

The Council direct the Treasurer on the amount to be borrowed and what reserve is to be used. A future report will be presented once we receive more lending terms for comparison.

Options:

1. Use reserves from the second group of reserves listed below to bring down the borrowed amount to the desired figure.
2. Borrow the original suggested amount of \$600,000.00.

Analysis & Background:

The Treasurer asked the Director of Operations and Fire Chief to provide a list of vehicles and equipment that they feel will need to be replaced in the next five (5) years to give Council and idea of some of the future funding requirements. That list is below.

	2025	2026	2027	2028	2029
2014 Chevy Silverado	\$45,000.00				
2012 Western Star #2	\$380,000.00				
2004 #11 Ford Utility Truck F550	\$80,000.00				
2015 Western Star #1		\$380,000.00			



2022 Chevrolet Silverado					\$65,000.00
2005 Case Model 580sm Backhoe with loader					\$135,000.00
2008 Case 650 Crawler Dozer * rehab	\$25,000.00				
Trailer for generator	\$6,000.00				
Fire Department Breathing Apparatuses	\$40,000.00				
2006 International Fire Tanker					\$600,000.00
New Playground Structure		\$250,000.00			
Arena Grant Upgrades	\$371,450.00				

\$630,000.00

\$947,450.00 0 \$0.00 \$0.00 \$800,000.00

There is also the Lake Road, East and West side Village Roads rehabilitation projects that are expected in the next few years. Depending on which direction Council chooses, these projects can be in the millions.

From the 2024 budget, the below is the expected reserve balances at the end of 2024. Please note that approx. \$135,000.00 will be taken from the Fire Department reserve to bring the loan amount to \$600,000.00.

Landfill Restoration Reserve	\$48,514.06
Sewer Reserve	\$204,885.77
Election Reserve	\$10,323.39
Safe Restart	\$92,986.97
Cenotaph Reserve	\$15,217.59
Reserve - Library	\$14,121.08
Hot & Cold Meals	\$6,838.81
Fire Department Reserve	\$196,618.81
PW Equipment Reserve	\$1,301,546.17
Working Capital Reserve	\$54,644.06
Parks and Recreation	\$1,117.02



Garbage reserve	\$27,621.36
Contingency Reserve	\$200,148.46
OCIF - Formula	\$154,811.54
Federal Gas Tax	\$121,032.51
NORDS Funding	\$42,930.50
YOPAC - P&R	\$0.00
Modernization Grant	\$0.00
CBO Reserve	\$0.00

They have been grouped into five (5) different categories.

The first group of reserves that are set aside for specific reasons and should not, and some, can not be used to other purposes than originally intended for.

The second group, in the Treasurers opinion, should be combined and called Asset Management Plan Reserve, as they all relate to funding capital in different departments. The Asset Management Plan will document what the funds are used for and when.

The third group is your discretionary reserves that are put aside for “one offs” or items that are not included in the Asset Management Plan. For example, if our Asset Management Plan was fully funded, the Grant that we applied for the arena upgrades, should have most of the funds already saved up, however, the solar panels is a new asset, therefore we would not have been placing money into reserve for it, so these funds could come out of this reserve, or would need to be a loan of some sort. Going forward, the AMP reserve contribution would need to increase to now account for the replacement of the solar panels over its estimated life cycle.

The fourth group are obligatory reserves that have set guidelines set by the organization that provide the funding. We use these funds yearly for our road work and even if we could use these funds for the purchase of the Pumper, it would not be recommended as we always have road work to complete.

The last group are reserves that have a zero balance at the end of 2024, and there are no plans to contribute to these reserves in the future.

Funds can be used from the reserve to lower the borrowing amount, but just know that the cost of borrowing in the future will increase since the future needs of the Municipality cost more than what we have in reserves.



Based on the previous Council meeting, it was agreed upon a 10-year term. The Treasurer has placed some calls to other financial institutions for funding terms, but as of writing this report, has not heard back from them. The chart below is based off the rates provided by Infrastructure Ontario from the previous report.

Loan Amount	\$600,000.00	\$550,000.00	\$50,000.00
Duration	10	10	10
Total Interest Paid	\$124,003.00	\$113,669.00	\$103,336.00
Yearly Financial Commitment	\$72,400.00	\$66,367.00	\$60,334.00

Another thing that Council needs to keep in mind is our Annual Repayment Limit (ARL). This is the max amount that the Ministry of Municipal Affairs and Housing would like to see to ensure that the Municipality does not become a going concern.

Attached you will see our most recent ARL which states that we have \$591,976.00 in principal and interest payments before we reach our limit. In 2023 we did have a tile drain loan of \$35,100.00 with an annual repayment of \$4,768.98, which must be deducted from the \$591,976.00, leaving us \$587,207.00. We would also need to deduct the yearly financial commitment stated above depending on the scenario we go with.

The chart below came from the same report and is very important for our future financial planning. This gives a very clear picture of what are limits because we do know that we have many high-priced projects in the near future. Also allow us some room or unexpected emergencies.



FOR ILLUSTRATION PURPOSES ONLY,

The additional long-term borrowing which a municipality could undertake over a 5-year, a 10-year, a 15-year and a 20-year period is shown.

If the municipalities could borrow at 5% or 7% annually, the annual repayment limits shown above would allow it to undertake additional long-term borrowing as follows:

5% Interest Rate		
(a)	20 years @ 5% p.a.	\$ 7,377,329
(a)	15 years @ 5% p.a.	\$ 6,144,508
(a)	10 years @ 5% p.a.	\$ 4,571,082
(a)	05 years @ 5% p.a.	\$ 2,562,946
7% Interest Rate		
(a)	20 years @ 7% p.a.	\$ 6,271,402
(a)	15 years @ 7% p.a.	\$ 5,391,667
(a)	10 years @ 7% p.a.	\$ 4,157,792
(a)	05 years @ 7% p.a.	\$ 2,427,218

Attachments:

- By-Law 2017-13 Reserve and Reserve Fund
- By-Law 2017-13 Reserve and Reserve Fund Policy Schedule
- 2024 Annual Repayment Limit

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