



Pelham Finance and Audit Committee

Agenda

PFAC-03-2024

September 10, 2024

9:00 am

Council Chambers and Via Zoom

1. Call to Order and Declaration of Quorum

2. Land Recognition Statement

We begin this meeting by acknowledging the land on which we gather is the traditional territory of the Haudenosaunee and Anishinaabe peoples, many of whom continue to live and work here today. This territory is covered by the Upper Canada Treaties and is within the land protected by the Dish With One Spoon Wampum agreement. Today this gathering place is home to many First Nations, Metis, and Inuit peoples and acknowledging reminds us that our great standard of living is directly related to the resources and friendship of Indigenous people.

3. Approval of Agenda

4. Declaration of Pecuniary Interest and General Nature Thereof

5. Approval of Minutes

May 22, 2024

6. Unfinished Business

6.1. Different Rate Structures for Water

Teresa Quinlin-Murphy followed up with consultant and provided information on the different rate structures for water via email to Committee Members following the May meeting.

6.2. PFAC Committee Workplan

Proposed work plan for 2024 and onward:

May 22, 2024

Presentation of Audit Consolidated Financial Statements and Draft Budget Plan

Sept 10, 2024

Review the Debt Policy and Ten-Year Capital Plan

October 30, 2024

Audit Planning and Presentation of the Capital and Operating Budgets

January 29, 2025

Water and Wastewater Budgets

7. Regular Business

7.1. PowerPoint Presentation

7.2. 10-Year Capital Plan with Funding Sources

7.3. Updated Cash Management and Debt Policy

8. Adjournment

Date: 22, May, 2024
 Time: 9:00 am
 Location: Council Chambers, Town Hall

Attendance: Wayne Olson, Councillor
 John Wink, Councillor
 Brian Eckhardt, Councillor
 Michael Cottenden, Member
 Bill Crumm, Chair

Other: Trevor Ferguson, Deloitte

Staff Present: David Cribbs, CAO
 Teresa Quinlin-Murphy, Director of Corporate Services & Treasurer
 Usama Seraj, Manager of Financial Services & Deputy Treasurer (9:05am)
 Belinda Ravazzolo, Secretary/Andrea Metler, Minutes

Regrets: Caroline Mann, Member

1. Call to Order and Declaration of Quorum

Noting that quorum was present, Chair Bill Crumm called the meeting to order at approximately 8:55 am.

2. Land Recognition Statement

The Chair, Bill Crumm recited the land recognition statement.

3. Approval of Agenda

The Chair brought forth an amendment to the agenda to included discussion on the following two items 5.1 Business Arising From Minutes and 11.2 Regular Business

Moved by Member Michael Cottenden
Seconded by Councillor John Wink

That the agenda for the May 22, 2024 regular meeting of the Pelham Finance and Audit Committee be adopted, as amended.

Carried

4. Declaration of Pecuniary Interest and General Nature

There were no pecuniary interests disclosed by any of the members present.

5. Approval of Minutes

January 31, 2024

5.1 Business Arising From Minutes

The Chair noted that there was a commitment from staff to bring back the 10-year Capital Plan as an agenda item for the May Pelham Finance and Audit Committee (PFAC) Meeting. He requested that this item be discussed at the next Pelham Finance and Audit Committee meeting.

The Treasurer commented that they wanted to bring the 10-year plan to Council to show that it is in the Capital Budget. In the first quarter, staff had several meetings and went through each line item in detail to check that it was the right budget for each particular project. The updated 10-year plan is now helping our 2025 budget. The Treasurer further commented that the Town has consultants, Watson and Associates taking the updated information and using it to update the DC background study for funding. Once staff know which projects are funded by the DC study, they can then review the Reserves and Debt and show how the Town is going to fund the \$185 million commitment over the next ten (10) years for these projects and will show it to the Audit Committee first. Council was provided the updated list for of the 10-Year plan for the 2025 Budget.

The Chair asked if staff had an update from the Consultant about different rate structures for the water? The Treasurer noted that she did not have an update and would provide one.

The Chair asked if a Committee Work Plan was created for this Committee to align dates and timing when information is being brought forth to the PFAC Committee. The Treasurer commented that PFAC meetings were aligned with the budget schedule. The Chair noted that these meeting dates were not put in the Agenda.

The CAO commented that staff were distracted by the DC study and the 10-year plan. He mentioned that the current Debt Policy does not speak to what the Town is to do with future debt and the policy was created in an almost zero interest environment. He further commented that Staff want to have this discussion with members of PFAC prior to going to Council and that staff have not lost the principle of needing guidance from PFAC members but the order got mixed a bit for Q1 and Q2, but the early fall PFAC meeting will be critical for budget guidance.

Staff will provide an update to the Pelham Finance and Audit Committee on the following items at the next scheduled meeting September 25, 2024:

1. 10-Year Plan
2. Staff to follow up with the Consultant in regards to different rate structures for water
3. PFAC Committee Workplan- align dates and timing of information that is being brought forth to the PFAC Meeting
4. Staff will ensure that items from meeting minutes are placed on the next meeting Agenda.

Moved by Councillor Wayne Olson
Seconded by Councillor Brian Eckhardt

THAT the minutes of the January 31, 2024 Pelham Finance and Audit Committee be approved and the Business arising from the minutes be received for information.

Carried

6. Audit

6.1. 2023 Audited Consolidated Financial Statements

The Treasurer provided an overview of the 2024 Audited Consolidated Financial Statements and the Management Summary of the 2023 Financial Overview with the Finance and Audit Committee.

The Treasurer highlighted to the Committee that she is pleased with the taxes receivable number. A huge effort was made by the Tax Clerk, Revenue Analyst and both the Treasurer and Deputy-Treasurer on collections and this year staff have sent registered arrears letters for properties with greater than three (3) years of taxes owing. Staff have called property owners and made payment agreements with them. The Town has seven (7) properties currently registered with Real Tax, and owners have three hundred and sixty-five (365) days to pay the outstanding amount before the property is put up for sale. The Town does not want to have to sell the properties but it is to let the property owners know to take this serious. Out of seven (7) properties, five (5) have responded and are trying to make payments and two have not responded.

User Charges and Receivables have increased a bit. In the past, the Town use to shut off water, since COVID this changed and the Town does not shut off water anymore. Most municipalities do not shut off water, it is considered a necessity. Older arrears are put on the property taxes.

The Treasure pointed out that the Town was able to pay off the demand loan balance of \$900,000 this year due to having extra money with Supplemental and Interest Revenues. The Treasurer noted that bringing the debt balance down has been a goal of the Town since she has been Treasurer. The Treasurer highlighted that she is very proud of the Town for the tremendous accomplishment in reducing the net debt from \$33.3 million in 2019 to \$10 million five years later.

Moved by Councillor Wayne Olson

Seconded by Councillor John Wink

THAT the Committee received the 2023 Audited Consolidated Financial Statements for information.

Carried

6.2. Management Summary of 2023 Financial Overview

Moved by Councillor Brian Eckhardt

Seconded by Member Michael Cottenden

THAT the Committee received the Management Summary of 2023 Financial Overview for information.

Carried

7. Resolution to Move In-Camera

THAT the next portion of the meeting be closed to the public in order to consider a matter under Section 239 (2) of the Municipal Act, as follows:

(b) – personal matters about an identifiable individual, including municipal employees; and

(j) – a trade secret or scientific, technical, commercial or financial information that belongs to the municipality or local board and has monetary value or potential monetary value.

Trevor Ferguson vacated the meeting after the In-Camera Session.

8. Operating Financial Report

8.1. Report to Council: May 29, 2024, December 2023 Financial Reporting

The Treasurer noted that this is the December Q4 Report that will be presented to Council on May 29, 2024.

A member questioned whether the investment income should not be put on the levy but rather as a consideration for adjustment due to a budget of \$10,000 and an actual of \$8,078. The Treasurer responded that the 2024 budget was increased to \$500,000; interest rates increased significantly from one year to the other and the Town had almost \$11 million dollars in capital projects that were carried forward. That is why

the Town had a lot of extra money and this was adjusted for 2024. A member commented about a budget of \$970,000 to \$2.7 million and asked about how to close the gap on some of the other budget variances as well. The Treasurer commented that Supplemental Revenues number fluctuates year to year and depends on activity happening. The 2022 actuals were \$300,370; 2023 were \$730,000 and 2021 were under \$300,000, and last year was a really good year. This year, Staff are budgeting \$300,000 in 2024 from \$200,000 last year. Between \$100,000 in supplementals and a \$500,000 increase in interest, it went up \$600,000 in those two (2) line items which offsets the tax levy but we need to remain conservative with this.

A Member asked the Treasurer about profitability by segregation. The Treasurer responded that the budget is done that way, there are cost centres for each one. The Member further questioned if there was a way to show that to this Committee and that it may also be advantageous to Council, to show the running deficits when looking at a financial position of an activity. An example was provided from the Recreation, Culture and Wellness (RCW) Department in terms of the revenue brought in versus the expenses paid out. The member noted that it is a different lens to look at than just looking at revenue and isolation of expenses for that same type of segment. The Treasurer pointed out that staff reports show the revenue; the expenses and what the deficit and surpluses are and these reports can be provided to members if interested or Staff can do a separate summary. The Deputy Treasurer commented that these more detailed reports can be provided as an appendix. The Member responded that that kind of detailed reporting was not needed only the additional information of total revenue, total expenses and a net position on each one. The reserve schedule and statements show a \$300,000 loss as of December 31st and the Town should be looking at that to see what are their loss leaders or what are and what are not to be cost recovery type services and are they being delivered in a way that the Town is recovering cost and charging appropriate fees.

The Treasurer informed PFAC members that the Town has hired Watson and Associates to do a fee study on Recreation, Planning and Engineering fees to look into this. A Member would like to see the total revenue, total expenses and in the event of a deficit then greater analytics. The Treasurer noted that Staff can summarize the direct contributions that they get monthly. The member further commented that the consolidated

schedule segment operations for RCW ran a \$303,000 deficit and the previous year it broke even. This is good information for Council to be aware of and to question what staff are doing that is a sunk cost; putting pressure on the Town's financial budget and what can be done to alleviate from going back to tax levy all the time. Furthermore, review the user fees and charge the people appropriately for what they are using it for. A member commented that Recreation is a loss leader, the community center will never be profitable. The member further commented that they like the fact that a study is being done on user fees. A Member commented it is about creating awareness on different segments that will never be profitable and controlling how far in the red they are in and manage it from that perspective and to be aware of areas that are expected to break even or create profit.

Moved by Councillor Wayne Olson

Seconded by Councillor John Wink

THAT the Committee received the Operating Financial Report for information.

Carried

9. MCC Operating Financial Report

9.1. December 31, 2023 MCC Report

Treasurer noted that the Meridian Community Centre (MCC) report had a budget of almost \$1.5 million deficit and the Town came in at almost \$1.4 million. The good news story is that the Town has reduced the deficit by \$100,000. Overall, the MCC was under \$100,000 from what was budgeted due to increase in revenue.

Moved by Member Michael Cottenden

Seconded by Councillor Brian Eckhardt

THAT the Committee received the MCC Operating Financial Report for information.

Carried

10. Capital Report

10.1. December 31, 2023 Capital Report

Treasurer highlighted that in 2023 between carry forward numbers and the budget in that year, the Town had almost \$24 million worth of projects. The actual and committed at the end of December was \$21 million dollars and the carry forward was \$7.5 million dollars. Teresa Quinlin-Murphy further commented that there were several large projects completed this year and last year the carry forward was \$11 million dollars. The Town is working hard to complete these projects and many will be completed this year. For 2024 projects all the RFP and Tenders are out and done except for two (2).

Moved by Councillor Wayne Olson

Seconded by Councillor John Wink

THAT the Committee received the December 31, 2023 Capital Report for information.

Carried

11. Regular Business

11.1. 2025 Draft Budget Schedule

The Treasurer highlighted that the 2025 Draft budget schedule was sent out to PFAC members. This year staff are trying to bring the budget to Council a week earlier. The impact to this Committee, would be to bring the Capital and Operating budget on October 30, 2024 and the Water and Wastewater budget on January 29, 2025 for review. All the PFAC meetings have been changed to 9 am as per what was requested and this is working out well. The Draft Capital and Operating budgets to Council and PFAC for review October 23, 2023 which is 2-3 weeks earlier. A Member asked when staff start the budget process and the Treasurer responded that staff start having meetings in June. The 10-year plan has already been updated and Staff are already way ahead for the 2025 Capital Budget.

11.2. Target Setting around Tax Levy

A Member pointed out that an email from a Committee member was sent in advance of this meeting about target setting around tax levy. Staff starting in June should have some level of direction or upset limit and this is a discussion at Council to task staff about not wanting to see a tax increase for budget and the need to work within a parameter. A Member commented that there is a beneficial impact of knowing in advance what the target should be, trying to make it as low as possible. It is a philosophical conversation on how to set a budget. There is merit for setting a target and also a limitation on how that can be used for Staff. The Treasurer pointed out that when Staff go through the budget process, they go through every line with a fine-tooth comb. The Treasurer and Deputy Treasurer meet with both staff Directors and Managers. The Treasurer noted that 80% of the budget is salaries and there is a three percent (3%) increase because the collective agreement has a three percent (3%) increase so that has to at least be matched. The benefits and insurance increase and can not be cut back and then Staff try to build up the reserves by an increase of two percent (2%), which combining these two items increases it to 5%. Staff go line by line and look at three (3) years actual and the current year to see where things are going and try to adjust that number and we do this as a finance team with budget holders and it seems to work really well. Staff try to bring the number down as low as possible and when it is given to Council there could still be cuts which is fine, but it is very clear and transparent to Council. The Treasurer pointed out that she does not favour the targets because it impacts the service levels and she has heard that other municipalities do use targets and that they start with a certain percentage and windle it down. The Treasurer further commented that she does not think this way is a good use of time.

Through discussion, the Committee was fine with the budget process.

Moved by Councillor John Wink

Seconded by Councillor Brian Eckhardt

THAT the Committee received the 2025 Draft Budget Schedule for information and Regular Business: Target Setting around Tax Levy.

Carried**11.2. 2024 Meeting Dates**

Through discussion, Staff will circulate the Final 2024 meeting/workplan dates to the Committee via email:

September 25, 2024 – 10-year plan and the debt policy update

October 30, 2024 - Capital and Operating Budget

January 29, 2025 – Water and Wastewater Budget

Audit planning to be included in the October 30, 2024 meeting with the Capital and Operating Budget and the Treasurer will notify the Auditor for this meeting.

Moved by Councillor Brian Eckhardt

Seconded by Member Michael Cottenden

THAT the Committee discussed the 2024 Meeting Dates and that the final workplan come back to the Committee for information purposes.

Carried**11.3. Staffing Levels Report**

The CAO commented that he does not foresee a lot of future growth in the leadership/management side at the Town to the extent of the growth that will happen. Future growth realistically will dovetail with the population growth. The report shows that the Town has grown by less than the levy growth and the Town has used technology very well. This organization is more efficient than it was ten (10) years ago. The Treasurer has championed a number of initiatives to look at internal processes and she has done a lot to champion technology across the organization. When you look at department size, provision of service and people on the sunshine list, the picture is that the Town tries to use technology wherever we can. There is some office sharing and this small building never feels overfilled. Most of the Town's growth will be at the front staff level.

A Member commented that last year the Committee received a recreation report and fundamentally the Town hired a number of additional staff for the RCW department and rearranged some positions, but the piece missing was a Manager, and questioned whether the Town was still looking for a Manager. The CAO commented that the Town has not increased the leadership team in five (5) years and this position will be built into the next budget as per Council direct. There will be one (1) Manager position and that report has a three (3) year phase-in and phase 1 has been completed and phase 3 will be another part-time person. The Treasurer commented that the Town Solicitor position was an offset to external legal fees and one hundred percent (100%) funded. It was a huge savings and the CAO agreed.

A member commented that it was interesting that the Town had an external agency do a report on their staffing levels which are somewhat irrelevant because the external agency told the Town that they are the right size. The Treasurer noted that the Town was the right size last year. The CAO pointed out that we only ask for jobs when we have a business case and we have not asked for something that we do not have a business case for. Technology is the solution.

Moved by Member Michael Cottenden
Seconded by Councillor John Wink

THAT the Committee received the Staffing Levels Report for information.

Carried

12. Financial Risks

None.

13. Adjournment

Moved by Councillor Wayne Olson
Seconded by Member Michael Cottenden

THAT this Regular Meeting of the Pelham Finance and Audit Committee be adjourned at 10:40 am.



Pelham Finance and Audit Committee

PFAC-02-2024

Official Minutes

Carried

Chair, Bill Crumm

Admin. Assistant, Corporate Services, Andrea Metler

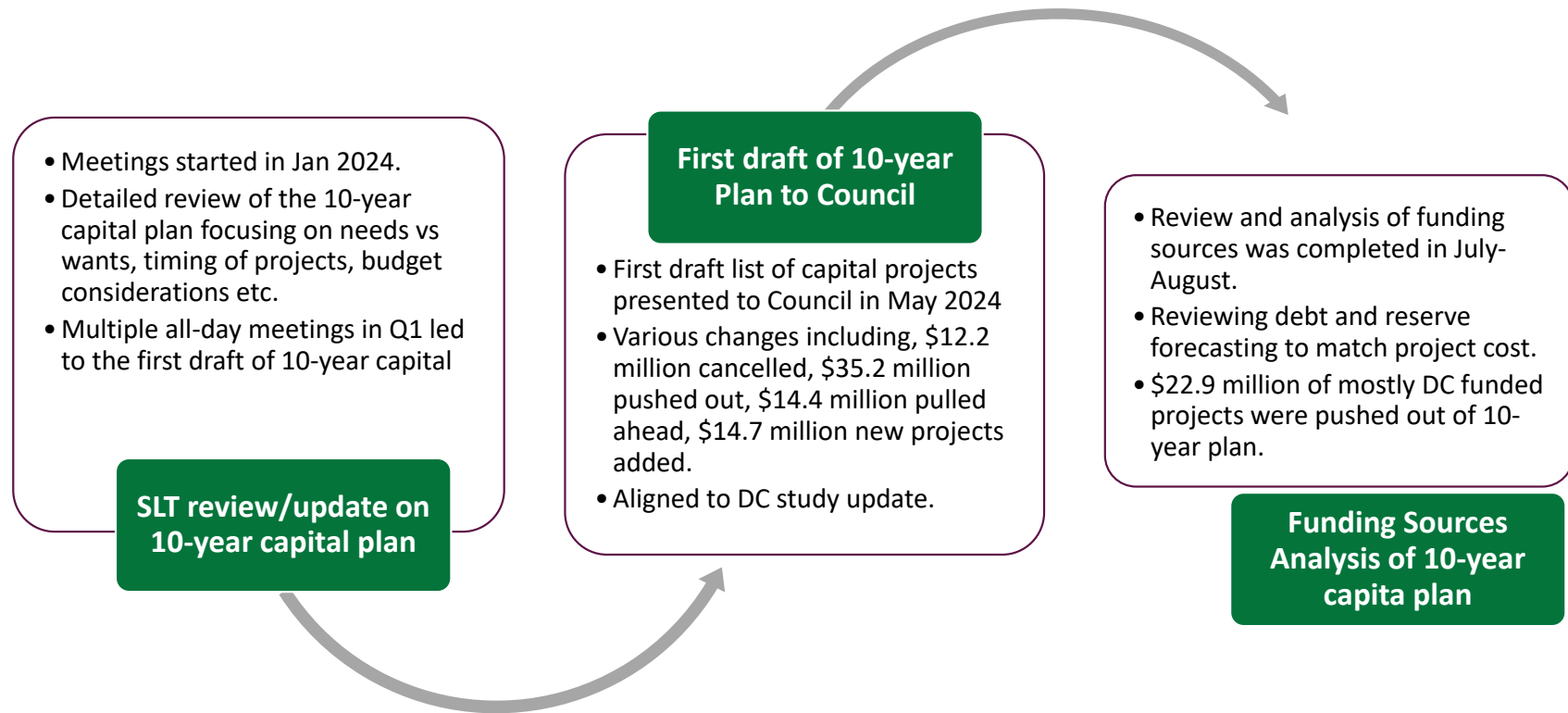
Pelham Finance and Audit Committee

September 10, 2024

Agenda

- 10-Year Capital Plan with Funding Sources
- Debt Forecast
- Reserves Forecast
- Debt Policy Update
- Reserve Policy Update

10 Year Capital Plan



10-Year Capital Plan – Funding

- Capital projects are primarily funded from Reserves, Grants, Development Charges and Debt.
- **Reserves & Reserve Funds** – Main funding source for majority of capital projects, especially rehab and replacement (i.e., road rehab, fleet replacement, playground, parks replacement etc.)
- **Development Charges (DC)** - Development charges revenue is accumulated in DC reserves which are then used to pay for growth related projects. DC debt is used if there are insufficient funds in the DC reserves due to timing of growth.
- **Grants** – Canada Community Building Fund (CCBF) and Ontario Infrastructure fund (OCIF) are two long term grants that reduce pressure on reserves. The Town also applies for many other grants annually to fund various capital projects.
- **Debenture** – Any funding shortfall is made up by issuance of debt. Tax funded debt impacts the tax levy while water and wastewater debt impacts rates. DC debt doesn't impact the budget as principal and interest payments can be covered from DC revenues (unless there isn't sufficient revenue to cover, in that case it impacts the tax levy).

10-Year Capital Plan

10 Year Capital Plan		Funding Sources								Total Budget
Row Labels	DCs	DC Debt	Debt	Developers Contr	Grant F	Grant M	Grants P	Parkland Res	Reserves	
+ 2025	(3,056,030)	(2,240,000)			(2,566,625)		(1,395,021)	(290,000)	(6,401,924)	15,949,000
+ 2026	(4,202,000)	(1,871,400)	(6,128,600)		(1,566,000)	(150,000)	(1,270,000)	(500,000)	(6,815,500)	22,503,500
+ 2027	(1,148,000)	(2,898,000)	(5,300,000)		(566,239)		(1,385,000)	(860,000)	(7,656,332)	19,813,571
+ 2028	(1,588,000)		(3,345,761)		(566,239)		(700,000)	(160,000)	(8,706,200)	15,066,200
+ 2029	(468,500)	(2,332,000)	(2,968,000)				(700,000)	(160,000)	(5,765,700)	12,394,200
+ 2030	(3,047,285)				(566,000)		(700,000)	(135,000)	(5,816,965)	10,265,250
+ 2031	(3,586,830)	(1,190,000)			(566,000)		(700,000)	(310,000)	(7,918,070)	14,270,900
+ 2032	(2,544,000)				(566,000)		(4,200,000)	(160,000)	(3,922,750)	11,392,750
+ 2033	(1,593,000)	(1,259,500)			(566,239)		(700,000)		(8,638,761)	12,757,500
+ 2034	(2,450,000)		(660,896)	(607,752)			(700,000)	(200,000)	(6,988,000)	11,606,648
Grand Total	(23,683,645)	(11,790,900)	(18,403,257)	(607,752)	(7,529,342)	(150,000)	(12,450,021)	(2,775,000)	(68,630,202)	146,019,519

10-Year Capital Plan – Tax

Sum of 10 Year total Revised	Funding Sources									Total Budget	In year	Difference
Row Labels	DCs	DC Debt	Debt	Developers Contr	Grant F	Grant M	Grants P	Parkland Res	Reserves		Reserve Contr	
2025	(2,570,840)	(2,240,000)			(2,032,600)		(950,000)	(290,000)	(5,291,160)	13,374,000	5,139,700	(151,460)
2026	(3,338,000)	(1,871,400)	(6,128,600)		(1,566,000)	(150,000)	(1,270,000)	(500,000)	(5,741,500)	20,565,500	5,513,900	(227,600)
2027	(1,148,000)		(3,800,000)		(566,239)		(1,385,000)	(860,000)	(5,024,332)	12,783,571	5,915,500	891,168
2028	(1,588,000)		(3,345,761)		(566,239)		(700,000)	(160,000)	(6,476,200)	12,836,200	6,346,800	(129,400)
2029	(265,000)	(2,332,000)	(2,968,000)				(700,000)	(160,000)	(4,188,200)	10,613,200	6,809,800	2,621,600
2030	(1,726,830)				(566,000)		(700,000)	(135,000)	(3,264,470)	6,392,300	7,306,900	4,042,430
2031	(1,446,830)				(566,000)		(700,000)	(310,000)	(4,927,070)	7,949,900	7,840,900	2,913,830
2032	(2,016,000)				(566,000)		(700,000)	(160,000)	(3,576,000)	7,018,000	8,414,100	4,838,100
2033	(807,000)				(566,239)		(700,000)		(6,473,261)	8,546,500	9,029,800	2,556,539
2034	(2,450,000)		(660,896)	(607,752)			(700,000)	(200,000)	(6,603,000)	11,221,648	9,691,000	3,088,000
Grand Total	(17,356,500)	(6,443,400)	(16,903,257)	(607,752)	(6,995,317)	(150,000)	(8,505,000)	(2,775,000)	(51,565,193)	111,300,819	71,620,500	15,291,867

10-Year Capital Plan – Water/WW

Sum of 10 Year total Revised	Funding Sources						Total Budget	Reserve Contr	Difference
Row Labels	DCs	DC Debt	Debt	Grant F	Grants P	Reserves			
2025	(485,190)			(534,025)	(445,021)	(1,110,764)	2,575,000	1,751,000	640,236
2026	(864,000)					(1,074,000)	1,938,000	2,013,858	939,858
2027		(2,898,000)	(1,500,000)			(2,632,000)	7,030,000	2,451,722	(180,278)
2028	(0)					(2,230,000)	2,230,000	2,940,253	710,253
2029	(203,500)					(1,577,500)	1,781,000	3,484,814	1,907,314
2030	(1,320,455)					(2,552,495)	3,872,950	3,659,100	1,106,605
2031	(2,140,000)	(1,190,000)				(2,991,000)	6,321,000	3,842,000	851,000
2032	(528,000)				(3,500,000)	(346,750)	4,374,750	4,034,100	3,687,350
2033	(786,000)	(1,259,500)				(2,165,500)	4,211,000	4,235,800	2,070,300
2034						(385,000)	385,000	4,447,600	4,062,600
Grand Total	(6,327,145)	(5,347,500)	(1,500,000)	(534,025)	(3,945,021)	(17,065,009)	34,718,700	32,860,247	15,795,238

Debt Forecast



Outstanding Debt

- Existing outstanding debentures balance as at December 31, 2023 is \$26,497,388.
- Forecasted debentures balance as at December 31, 2024 is \$24,274,670.

Sources of Funding for Debt and Annual Payments :

Operating Debt

- Funded by tax levy & Water Rates
- \$1.55 million in debt servicing cost annually (principal + interest)

Non-Operating Debt

- Funded by Development Charges, Parkland Dedication, MCC donation Pledges.
- \$1.2 million DC million in debt servicing cost annually (principal + interest)
- \$200K MCC pledges – will become operating debt by 2025/2026 based on estimates.

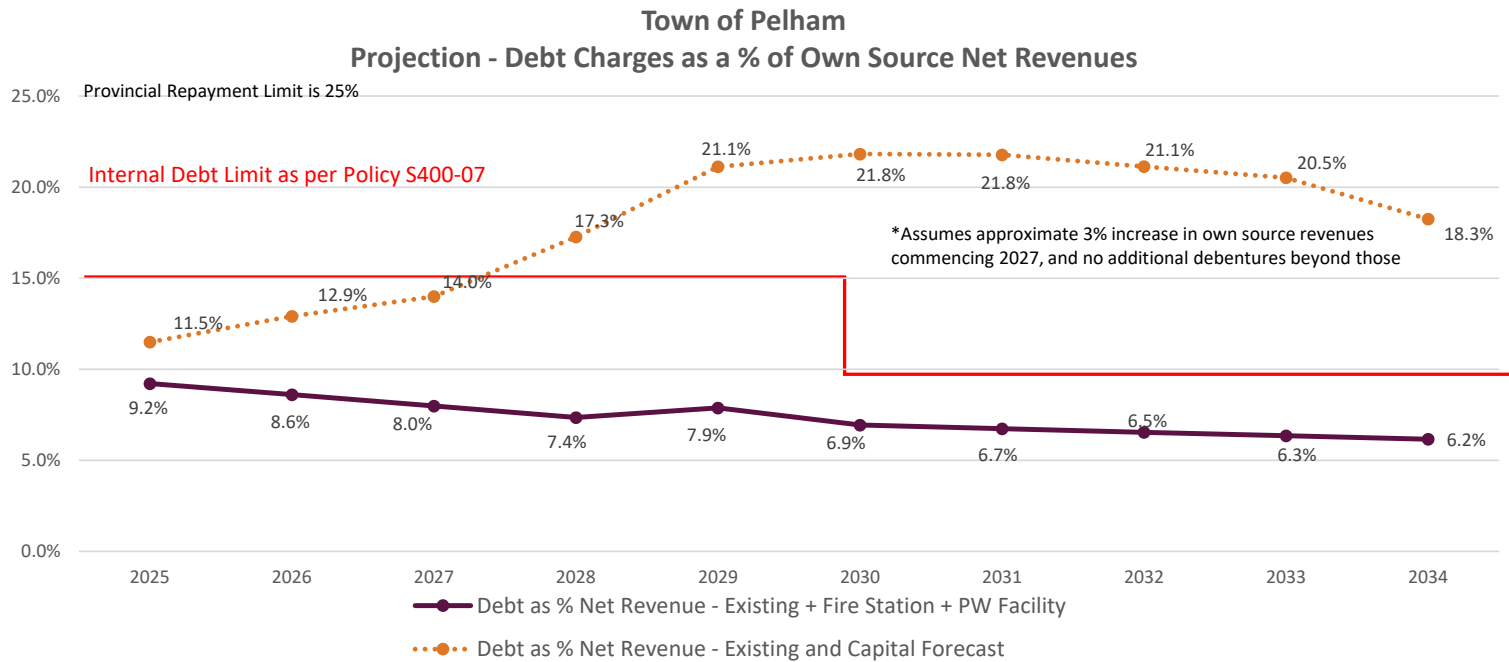
Annual Repayment Limit (ARL)

- Provincial legislation limits the amount a municipality can borrow.
- Annual debt servicing cost (principal and interest payments) cannot exceed 25% of own-source revenues.
- Pelham's 2024 ARL is \$2.9 million or 10.77% (Down from 13.5% in 2023)
- An updated ARL is included every year as part of the capital budget.
- Pelham's 2025 ARL is projected to be \$2.8 million or 9.52%

Debt Affordability

- Important to distinguish between the ARL and Affordability.
- Town can be compliance with the ARL at under 10% but it may not be affordable to carry on that debt.
- Each \$1 million in debt is approximately 0.5% of the tax levy (2025)
 - Based on 5% interest and 15-year payment term. Annual Payment of \$96,342.
 - 1% of Tax levy = \$193,936 (approximately)

Original ARL

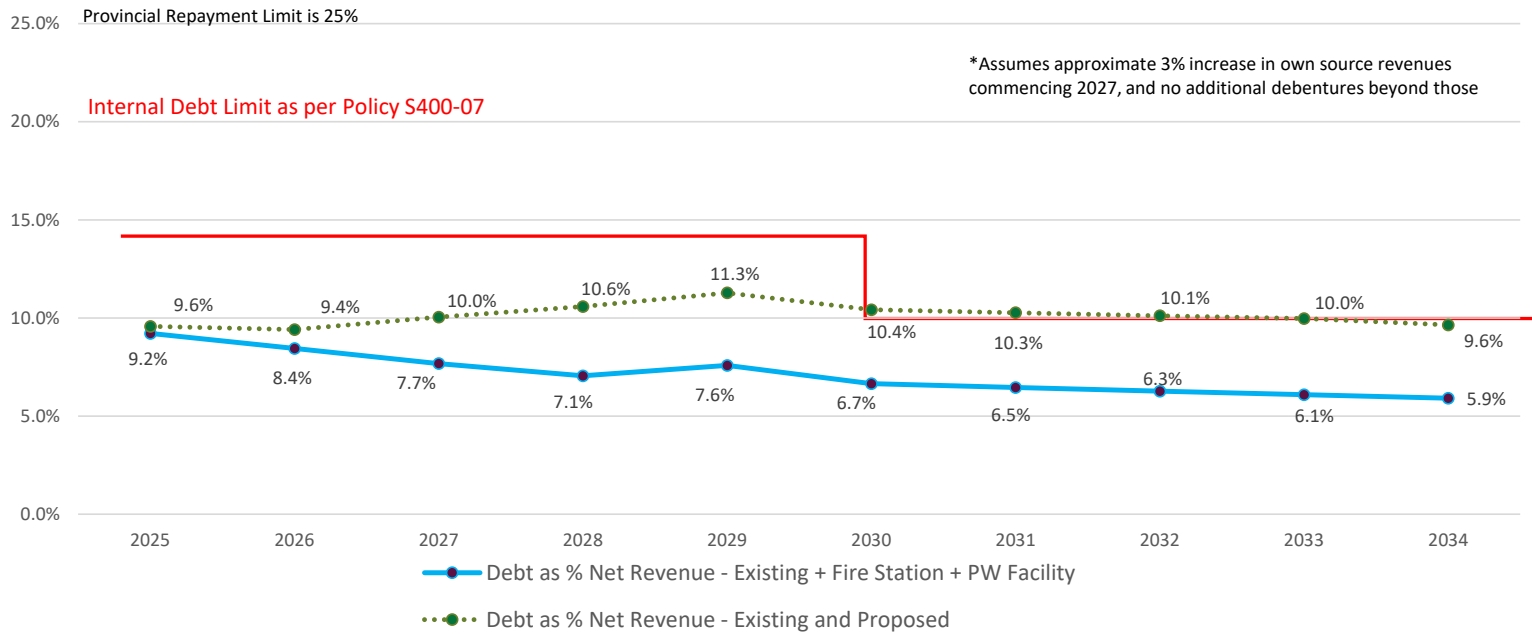


Original Debt Forecast

10 Year Capital Plan	Funding Sources	
Row Labels	DC Debt	Debt
+ 2025	(4,770,000)	(5,815,603)
+ 2026		(5,362,600)
+ 2027	(2,010,650)	(7,810,650)
+ 2028	(5,746,155)	(7,168,961)
+ 2029	(7,970,200)	(2,968,000)
+ 2030		(3,400,000)
+ 2034		(660,896)
Grand Total	(20,497,005)	(33,186,710)

Revised ARL

Town of Pelham
 Projection - Debt Charges as a % of Own Source Net Revenues



Revised Debt Forecast

10-Year Capital Plan	Funding Sources		
	DC Debt	Debt	
Row Labels	DC	Tax	Water/WW
+ 2025	(2,240,000)		
+ 2026	(1,871,400)	(6,128,600)	
+ 2027	(2,898,000)	(3,800,000)	(1,500,000)
+ 2028		(3,345,761)	
+ 2029	(2,332,000)	(2,968,000)	
+ 2031	(1,190,000)		
+ 2033	(1,259,500)		
+ 2034		(660,896)	
Grand Total	(11,790,900)	(16,903,257)	(1,500,000)

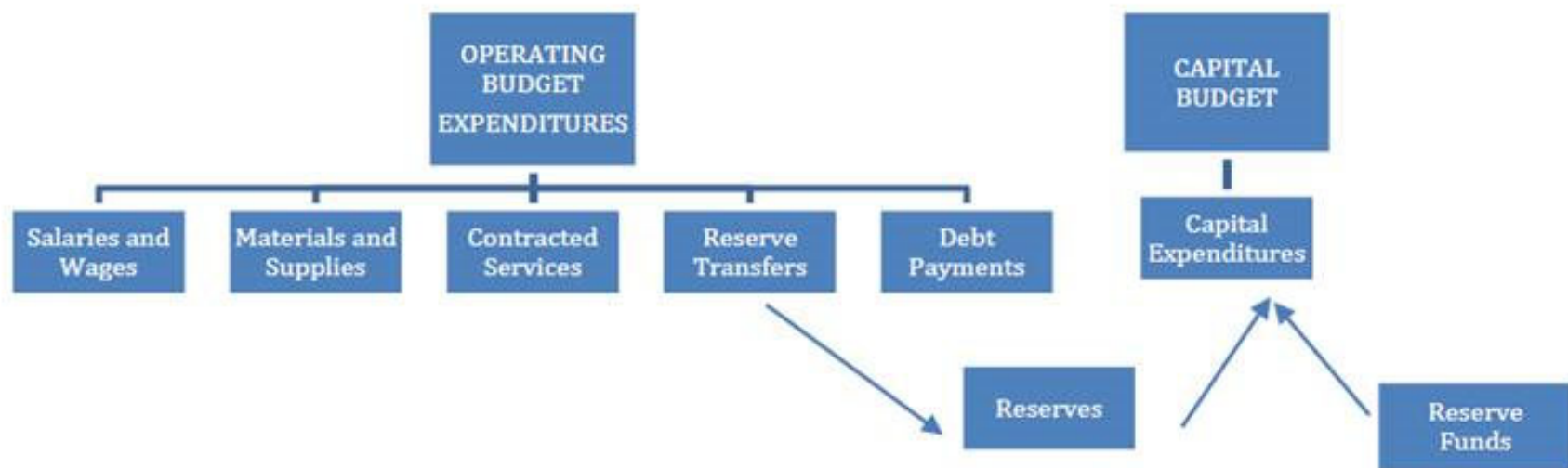
Dept Repayment Reserve Forecast

Debt Repayment Reserve Fund										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Opening Balance	-	150,347	503,989	743,086	931,615	1,075,528	936,666	1,008,284	1,079,903	1,151,521
Transfer to Reserve - Note 1										
Bridge Loan	150,347	150,347	150,347	150,347	150,347	150,347	150,347	150,347	150,347	150,347
Roads - Pelham St (310)		102,264	102,264	102,264	102,264	102,264	102,264	102,264	102,264	102,264
Fire Station #2		101,031	101,031	101,031	101,031	101,031	101,031	101,031	101,031	101,031
RDS - Port Robinson			27,028	27,028	27,028	27,028	27,028	27,028	27,028	27,028
Fire Station #3			153,650	153,650	153,650	153,650	153,650	153,650	153,650	153,650
RDS - Fenwick Downtown Rev				175,816	175,816	175,816	175,816	175,816	175,816	175,816
RDS - East Fonthill Roads Constr				68,836	68,836	68,836	68,836	68,836	68,836	68,836
REC - Predevelopment for New Facility							111,648	111,648	111,648	111,648
RDS - East Fonthill Roads (Wellspring/Shaw)							122,405	122,405	122,405	122,405
RDS - Summersides: East to Rice							195,831	195,831	195,831	195,831
RDS - Summersides: Station to Wellspring							18,756	18,756	18,756	18,756
Total Additions	150,347	353,642	534,319	778,971	778,971	778,971	1,227,611	1,227,611	1,227,611	1,227,611
Transfer From Reserve - Note 2										
Fire Station 1 - New Debt			295,222	590,443	590,443	590,443	590,443	590,443	590,443	590,443
PW Facility - Property Acquisition					44,615	89,230	89,230	89,230	89,230	89,230
PW Facility - Construction						238,160	476,320	476,320	476,320	476,320
Total Subtractions	-	-	295,222	590,443	635,058	917,833	1,155,993	1,155,993	1,155,993	1,155,993
Ending Balance	150,347	503,989	743,086	931,615	1,075,528	936,666	1,008,284	1,079,903	1,151,521	1,223,139

Reserves Forecast

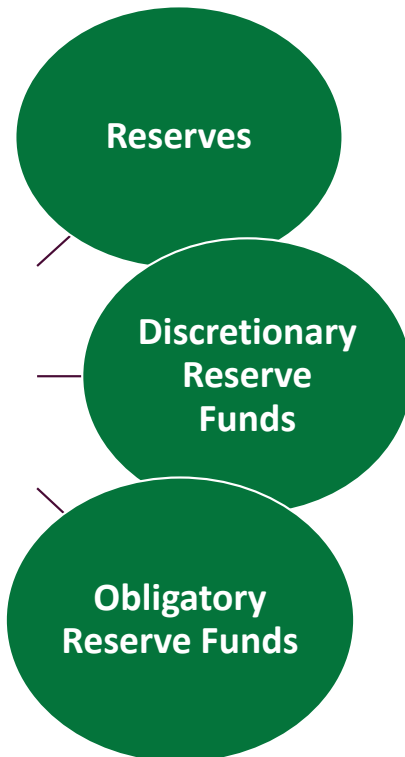


Reserves and Reserve Funds



Reserves and Reserve Funds

Reserve & Reserve Funds



- Established at Council's direction.
- Not associated with specific assets.
- Generally used to mitigate cost/revenue fluctuations.
- Example: Roads Reserve, Drainage Reserve etc.

- Like reserves but require segregation of funds.
- Some discretionary reserve funds are rate supported.
- Examples: Building Reserve Fund, Water/Wastewater Reserves.

- Segregated and restricted for specific purpose.
- Restricted by specific legislation and/or by-law
- Revenue is deferred until expenses occur.
- Examples: Development Charges Reserve Funds

Reserves Forecast

- Town's tax and rate funded reserves and reserve funds have historically been significantly underfunded.
- Contributions to reserves have increased in the last few years, however, are still short of the targets.
- Total Town's contributions to reserves in 2024 are as follows:
 - **\$4.75 million** to various **tax** funded reserves and reserve funds
 - **\$1.36 million** to **water and wastewater** reserves.
 - **\$6.13 million total** contribution to reserves
- Growing reserve contributions are necessary to avoid debt.
- 10-year capital plan assumes an annual increase of 2% of tax levy to tax funded reserves.
- Water & Wastewater Reserve contributions are based on BMA study guidelines.

Reserves Forecast – Tax Funded

10 Year Reserve Fund Forecast

Reserve Fund Name	Total Tax Reserves										
Reserve Fund Object Code	Tax Res										
Capital Department Number	Tax										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance - Beginning of the Year	4,687,620	(755,007)	(906,467)	(1,134,067)	(242,899)	(372,299)	2,249,301	6,291,731	9,205,561	14,043,661	16,600,200
Additions to Reserve											
Contribution from Operating Budget	4,751,800	5,139,700	5,513,900	5,915,500	6,346,800	6,809,800	7,306,900	7,840,900	8,414,100	9,029,800	9,691,000
Interest Revenue	-	-	-	-	-	-	-	-	-	-	-
Total Additions	4,751,800	5,139,700	5,513,900	5,915,500	6,346,800	6,809,800	7,306,900	7,840,900	8,414,100	9,029,800	9,691,000
Reductions from Reserve											
Approved Capital Commitment - 2024	(5,575,874)										
Approved Capital Commitment - 2023 and prior	(4,618,554)										
2024 Budget Transfers/Changes											
2024 Projected Surplus Tax Levy - One time											
Total Approved Capital Commitments - 2024 & Prior	(10,194,428)										
10 Year Capital Forecast		(5,291,160)	(5,741,500)	(5,024,332)	(6,476,200)	(4,188,200)	(3,264,470)	(4,927,070)	(3,576,000)	(6,473,261)	(6,603,000)
Total Reductions	(10,194,428)	(5,291,160)	(5,741,500)	(5,024,332)	(6,476,200)	(4,188,200)	(3,264,470)	(4,927,070)	(3,576,000)	(6,473,261)	(6,603,000)
Projected Reserve Balance/(Deficit) - End of Year	(755,007)	(906,467)	(1,134,067)	(242,899)	(372,299)	2,249,301	6,291,731	9,205,561	14,043,661	16,600,200	19,688,200
Year over Year Increase in Contribution - \$		387,900	374,200	401,600	431,300	463,000	497,100	534,000	573,200	615,700	661,200
Year over Year Increase in Contribution - %		8.16%	7.28%	7.28%	7.29%	7.30%	7.30%	7.31%	7.31%	7.32%	7.32%
Reserve Contribution % of Tax Levy		2.00%	1.86%	1.91%	1.98%	2.04%	2.11%	2.18%	2.25%	2.32%	2.40%

Reserves Forecast – Water/WW Funded

10 Year Reserve Fund Forecast

Reserve Fund Name Reserve Fund Object Code Capital Department Number	Total Water Wastewater											
	W/WW Res W/WW											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Opening Balance - Beginning of the Year	1,776,054	(881,390)	(241,154)	698,704	518,426	1,228,679	3,135,993	4,242,598	5,093,598	8,952,698	11,022,998	
Additions to Reserve												
Contribution from Operating Budget	1,362,168	1,751,000	2,013,858	2,451,722	2,940,253	3,484,814	3,659,100	3,842,000	4,034,100	4,235,800	4,447,600	
Interest Revenue	-	-	-	-	-	-	-	-	-	-	-	
Total Additions	1,362,168	1,751,000	2,013,858	2,451,722	2,940,253	3,484,814	3,659,100	3,842,000	4,034,100	4,235,800	4,447,600	
Reductions from Reserve												
Approved Capital Commitment - 2024	(2,210,000)											
Approved Capital Commitment - 2023 and prior	(1,809,612)											
2024 Budget Transfers/Changes												
2024 Projected Surplus Tax Levy - One time												
Total Approved Capital Commitments - 2024 & Prior	(4,019,612)											
10 Year Capital Forecast		(1,110,764)	(1,074,000)	(2,632,000)	(2,230,000)	(1,577,500)	(2,552,495)	(2,991,000)	(175,000)	(2,165,500)	(385,000)	
Total Reductions	(4,019,612)	(1,110,764)	(1,074,000)	(2,632,000)	(2,230,000)	(1,577,500)	(2,552,495)	(2,991,000)	(175,000)	(2,165,500)	(385,000)	
Projected Reserve Balance/(Deficit) - End of Year	(881,390)	(241,154)	698,704	518,426	1,228,679	3,135,993	4,242,598	5,093,598	8,952,698	11,022,998	15,085,598	
Year over Year Increase in Contribution - \$		388,832	262,858	437,864	488,531	544,561	174,286	182,900	192,100	201,700	211,800	
Year over Year Increase in Contribution - %		28.55%	15.01%	21.74%	19.93%	18.52%	5.00%	5.00%	5.00%	5.00%	5.00%	

Development Charge Reserve Fund

- Purpose of the Fund is to collect monies from developers to fund new infrastructure required due to economic and residential growth within the Town.
- Town is currently in the final stages of updating its DC Background Study.
- DC Open House was on August 27th 2024, the developers main concern was the slowdown in growth and the high cost of capital over the next 10 years.
- DC collections have been slowing down in recent years.
- DC Forecast is provided based on estimated collections and the expenditures from the 10-year capital plan.

DC Reserves Projections

DC Reserves Projection											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Opening Balance	4,424,118	3,734,769	2,774,437	662,867	1,635,931	2,266,243	3,804,254	2,877,867	1,312,124	828,899	1,201,889
Increase in Reserves											
Collections (Includes Interest until 2022)	3,000,000	3,500,000	3,570,000	3,641,400	3,714,228	3,788,513	3,864,283	3,941,568	4,020,400	4,100,808	4,182,824
Future Interest Earned - (2.5%)	110,603	93,369	69,361	16,572	40,898	56,656	95,106	71,947	32,803	20,722	30,047
Total Increases to DCs Reserves	3,110,603	3,593,369	3,639,361	3,657,972	3,755,126	3,845,169	3,959,389	4,013,515	4,053,203	4,121,530	4,212,871
Decrease in Reserves											
DC Capital Needs - From DC	(2,592,000)	(3,056,030)	(4,202,000)	(1,148,000)	(1,588,000)	(468,500)	(3,047,285)	(3,586,830)	(2,544,000)	(1,593,000)	(2,450,000)
DC Capital Needs - from Debt		(2,240,000)	(1,871,400)	(2,898,000)	-	(2,332,000)	-	(1,190,000)	-	(1,259,500)	-
Total Capital Needs - 10 year capital	(2,592,000)	(5,296,030)	(6,073,400)	(4,046,000)	(1,588,000)	(2,800,500)	(3,047,285)	(4,776,830)	(2,544,000)	(2,852,500)	(2,450,000)
Existing Annual DC Debt Payments	(1,207,953)	(1,207,580)	(1,016,486)	(629,159)	(629,065)	(628,903)	(628,737)	(628,564)	(628,564)	(628,564)	(628,564)
New Annual DC Debt Payments		(290,090)	(532,445)	(907,749)	(907,749)	(1,209,754)	(1,209,754)	(1,363,864)	(1,363,864)	(1,526,975)	(1,526,975)
Total Annual DC Debt Payments	(1,207,953)	(1,497,670)	(1,548,931)	(1,536,908)	(1,536,814)	(1,838,657)	(1,838,491)	(1,992,428)	(1,992,428)	(2,155,539)	(2,155,539)
Total Decreases to DCs Reserves	(3,799,953)	(4,553,700)	(5,750,931)	(2,684,908)	(3,124,814)	(2,307,157)	(4,885,776)	(5,579,258)	(4,536,428)	(3,748,539)	(4,605,539)
Ending Balance	3,734,769	2,774,437	662,867	1,635,931	2,266,243	3,804,254	2,877,867	1,312,124	828,899	1,201,889	809,221

Debt Policy



Region & LAMs Debt strategy

- Niagara Region is in discussion with Local Area Municipalities (LAMs) to enhance collective debt planning and adapt common strategies for capital financing.
- The Region issues debt on behalf of LAMs and uses two main sources, Capital markets and Infrastructure Ontario.
 - IO debt is typically used for longer term debentures (20+ years)
 - Capital market debt is used for shorter term debentures as investors typically aren't interested in large issuances of longer-term debt.
- The Region is required to maintain a credit rating (S&P AA+ as of Fall 2023).
- Region's use of debt is guided by their capital financing policy that supports using debt for growth and strategic capital investments rather than lifecycle replacements.

Region & LAMs Debt strategy

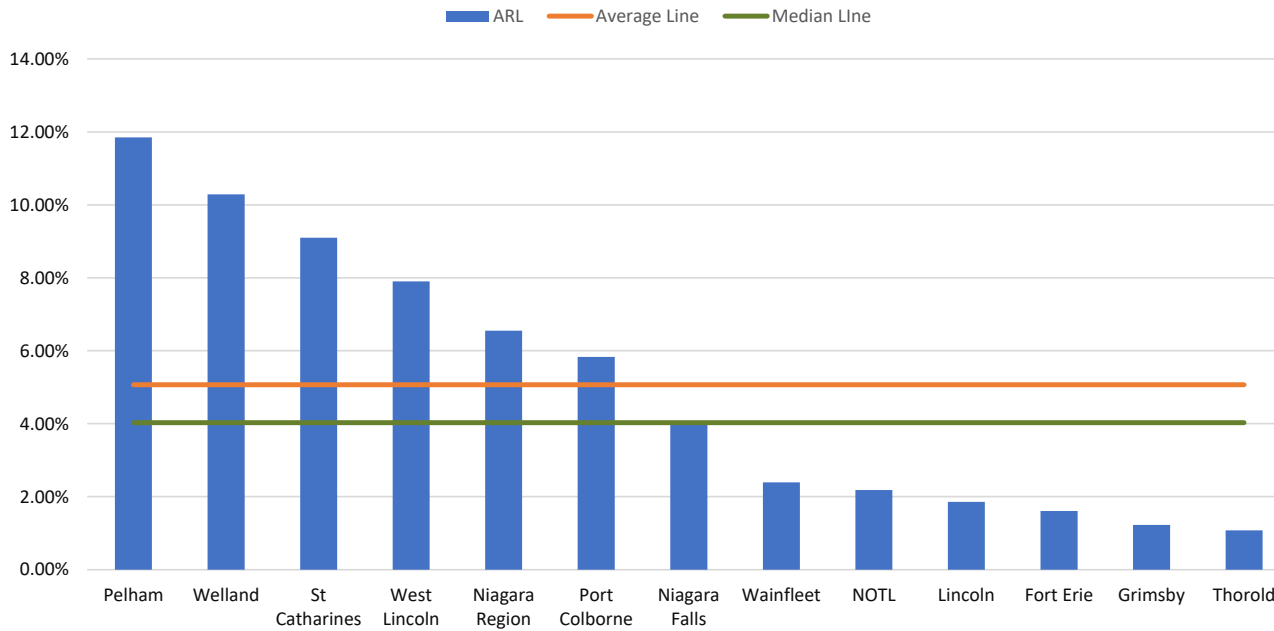
- Region is facing several challenges regarding debt:
 - The debt burden for Region is expected to double over the next 5 years.
 - Increased debt burden can reduce S&P Rating which will increase cost of debt.
 - Infrastructure Ontario (IO) debt is subject to a sector limit of \$623 million which is fast approaching (\$55 million left).
 - Capital market debt may have less favourable conditions and higher cost than IO issued debt.
 - Annual Repayment Limit and other affordability considerations.

Region & LAMs Debt strategy

- Proposed Strategies to mitigate the challenges related to debt include:
 - Region and LAMs moving to sustainable funding models for infrastructure replacement by ensuring adequate funds are transferred to reserves annually.
 - Pay as you go capital approach ensures that current property owners are paying for the sustainment of capital assets that they are using, through annual operating budget transfers to capital reserves.
 - Agreeing and prioritizing how to best utilize the remaining IO debt room among LAMs. IO deb is best used for 20-year terms, anything shorter may have more options at capital markets.
 - Collective debt planning by working with LAMs to smooth debt asks and provide reliable forecasts as investors are looking for predictable annual issuances.
 - Maintain debt room for growth and strategic projects.

Debt & ARL comparison

2022 ARL - Niagara Municipalities



Municipality	ARL
Pelham	11.85%
Welland	10.29%
St Catharines	9.10%
West Lincoln	7.90%
Niagara Region	6.55%
Port Colborne	5.83%
Niagara Falls	4.03%
Wainfleet	2.39%
NOTL	2.18%
Lincoln	1.86%
Fort Erie	1.61%
Grimsby	1.23%
Thorold	1.08%

Pelham Debt Policy Update

- Town's debt policy will be updated with the following changes:
 - Change to Internal debt limits:
 - Phased in internal debt limit from 2025-2030 is recommended to be lowered to **12%** from **15%**
 - Internal debt limit beyond 2030 is set at 10% (no change from existing policy)
 - Reference to the new Debt Repayment Reserve
 - The Town established a debt repayment reserve in December 2023.
 - Purpose of the reserve is to offset operating budget increases due to issuance of new debt for major rehabilitation projects (i.e., fire station, PW facility etc.)
 - Reserve is funded from existing expiring debt payments which are already built into the operating budget.

Reserve Policy Update

- Most of the tax funded reserves and reserve funds are not at their target balance.
- Annual contribution to reserves is getting closer to policy (will be met by 2028).
 - 2025 Contribution is \$5.13 million (up from \$4.75 million in 2024)
 - Target annual contribution is \$6.5 million.
- Based on the current 10-year capital plan, there is no updated required for the reserve policy.
- Staff will review the reserve policy in 2025.

Questions?

10 Year Capital Plan	Funding Sources									
Row Labels	DCs	DC Debt	Debt	Developers Contr	Grant F	Grant M	Grants P	Parkland Res	Reserves	Total Budget
2025	(3,056,030)	(2,240,000)			(2,566,625)		(1,395,021)	(290,000)	(6,401,924)	15,949,000
Cemeteries									(42,000)	42,000
400017 - Fonhill Cemetery - yard buffering / reflective area									(42,000)	42,000
Facilities							(50,000)		(343,000)	393,000
300541 - Concrete & Asphalt Repairs - Various Facilities									(50,000)	50,000
300545 - Municipal Building - interior lighting upgrades									(10,000)	10,000
300549 - Fire Station #2 - upgrade lighting to LED									(22,000)	22,000
300558 - Fire Station #2 - Building Automation System (BAS)									(35,000)	35,000
301108 - Town Hall - Window Replacement									(115,000)	115,000
301110 - MCC - Gymnasium Floor Refinish/Replacement									(50,000)	50,000
301112 - OPTH - Furnace Replacement									(6,000)	6,000
301117 - Rental Table & Chair Replacement (bi-annual program)									(20,000)	20,000
301220 - MCC Youth Activity Area							(50,000)			50,000
301221 - MCC Building Condition Assessment									(10,000)	10,000
301223 - OPTH - Septic Replacement Design									(25,000)	25,000
Fire	(56,000)								(410,000)	466,000
200131 - Rescue 3									(350,000)	350,000
200132 - Bunker Gear									(60,000)	60,000
200159 - Thermal Imaging Cameras (2)	(16,000)									16,000
200169 - Jaws of Life (2)	(40,000)									40,000
Fleet	(350,000)								(715,000)	1,065,000
300896 - Combination Snow Plow & Spreader (Replaces Truck 408 - 2010 International)									(350,000)	350,000
300899 - Work Truck (Replaces 107 - 2011 Ford F150 3/4 ton)									(100,000)	100,000
300908 - Backhoe (Replaces unit 501 - 2009 Cat 416E)									(240,000)	240,000
300916 - Combination Snow Plow & Spreader (Growth related addition)	(350,000)									350,000
300921 - Lawn Mower (Replaces unit 529 - 2015 John Deere X754)									(25,000)	25,000
IT									(123,000)	123,000
100198 - Annual Equipment PSAB adds/replacements									(33,000)	33,000
100199 - Server Replacement									(16,000)	16,000
100200 - Innovation Technology									(50,000)	50,000
100263 - Mobile Ticketing Management System									(24,000)	24,000
Parks	(430,000)				(1,466,600)		(150,000)	(290,000)	(1,074,000)	3,410,000
301183 - Class EA for MSSP Entrance									(250,000)	250,000
500216 - North Pelham Multi Purpose Court redevelopment								(200,000)	(200,000)	400,000
500224 - North Pelham Park Ball Diamonds Upgrade (clay infields)								(90,000)		90,000
500232 - General Park Furniture (Benches/Picnic Tables/Receptacles)									(20,000)	20,000
500254 - Replace outdoor pool and electrical	(280,000)				(1,466,600)				(254,000)	2,000,000
500515 - Centennial Park - Paving for Pre-existing Gravel Parking lot									(350,000)	350,000
500521 - East Fonhill Storm pond landscaping							(150,000)			150,000
500533 - Design East Fonhill Park	(150,000)									150,000
Roads	(1,734,840)	(2,240,000)			(566,000)		(750,000)		(2,444,160)	7,735,000
300610 - EA for Merritt - Pelham St to Rice Rd									(125,000)	125,000
300665 - Road Reconstruction - Canboro: Haist St to Pelham St	(0)	(2,240,000)			(566,000)				(394,000)	3,200,000
300674 - Concrete Repair & Replacement Program									(110,000)	110,000
300677 - Culvert Replacement Program									(100,000)	100,000
300682 - Road Base and Surface Repair Program									(300,000)	300,000
300684 - Road Extension - Station St: South of Port Robinson Rd	(1,600,000)									1,600,000
300685 - Road Rehabilitation Program							(700,000)		(550,000)	1,250,000
300687 - Sign Retro-Reflectivity Assessment									(25,000)	25,000
300688 - Stormwater Facility Maintenance									(400,000)	400,000
300726 - Pelham Quaker & Welland Rd intersection reconstruction	(134,840)								(15,160)	150,000
301027 - Design: Canboro Road: 75m East of Baxter Lane to Balfour									(100,000)	100,000
301069 - Design - Stella St/John St/Vera Ave Urbanization									(250,000)	250,000
301224 - Feasibility Study for pedestrian connection between Fenwick and Fonhill							(50,000)		(75,000)	125,000
Planning									(100,000)	100,000
600126 - Zoning By-law Review and Update									(100,000)	100,000
Drainage									(40,000)	40,000
600134 - Replace Culverts									(40,000)	40,000
Wastewater									(460,000)	460,000

10 Year Capital Plan		Funding Sources								Total Budget
Row Labels	DCs	DC Debt	Debt	Developers Contr	Grant F	Grant M	Grants P	Parkland Res	Reserves	
700207 - Sanitary Sewer Inspection, CCTV and Flushing Program									(150,000)	150,000
700208 - Sanitary Sewer Capital Construction Adjustments and Repairs									(60,000)	60,000
700378 - Maple St - Memorial Sanitary Design									(250,000)	250,000
Water	(485,190)				(534,025)		(445,021)		(650,764)	2,115,000
700290 - Canboro: Haist St to Pelham St Watermain Replacement	(441,190)				(534,025)		(445,021)		(579,764)	2,000,000
700297 - Water Loading Station Replacement - Canboro Road and Effingham									(60,000)	60,000
700355 - Design: Welland: Canboro Rd to E of Balfour, Watermain Replacement	(44,000)								(11,000)	55,000
2026	(4,202,000)	(1,871,400)	(6,128,600)		(1,566,000)	(150,000)	(1,270,000)	(500,000)	(6,815,500)	22,503,500
Cemeteries									(135,000)	135,000
400019 - Fonhill and Hillside Cemeteries - entry features									(65,000)	65,000
400026 - Fonhill Cemetery Columbarium									(70,000)	70,000
Facilities		(1,871,400)	(6,128,600)						(521,500)	8,521,500
300525 - Fire Station #1 - Expansion and Rehabilitation		(1,871,400)	(6,128,600)							8,000,000
301096 - OPTH - 50% Repair and Repointing of Brick									(126,500)	126,500
301098 - OPTH - Septic Replacement - deferred from 2020									(100,000)	100,000
301101 - Replace siding, windows and doors									(100,000)	100,000
301175 - MCC Rubber Floor Replacement									(90,000)	90,000
301181 - Space Needs Study									(50,000)	50,000
301222 - OPTH Floors & Windows									(55,000)	55,000
Fire									(245,000)	245,000
200120 - Car 2									(60,000)	60,000
200133 - Bunker Gear									(60,000)	60,000
200165 - Service Vehicle 2									(50,000)	50,000
200172 - Training Vehicle 1									(75,000)	75,000
Fleet	(198,000)								(797,000)	995,000
300915 - Tandem Axle Combination Snow Plow & Spreader (Replaces unit 410 - 2013 International)									(450,000)	450,000
300922 - 48" Zero Turn Mower (Replaces Unit 505 - 2011 Kubota ZD221)									(22,000)	22,000
300923 - 60" Zero Turn Mower (Replaces Unit 506 - 2011 Kubota ZD326)									(25,000)	25,000
300925 - Loader - (Replaces Unit 523 - 2006 Cat 924)									(300,000)	300,000
301202 - 60" Mower - New Crew required due to growth	(25,000)									25,000
301203 - 48" Mower - New crew due to growth	(22,000)									22,000
301204 - Landscape Trailer - New crew due to growth	(13,000)									13,000
301205 - Pickup Truck - New crew due to growth	(57,000)									57,000
301206 - 16FT Mower Deck - New crew required due to growth	(26,000)									26,000
301207 - 50 hp Tractor for bulk mowing - New crew due to growth	(55,000)									55,000
IT									(95,000)	95,000
100201 - Annual Equipment PSAB adds/replacements									(45,000)	45,000
100202 - Innovation Technology									(50,000)	50,000
Parks	(490,000)				(1,000,000)		(570,000)	(500,000)	(276,000)	2,836,000
500197 - East Fonhill Parkland Development	(150,000)				(1,000,000)		(570,000)	(500,000)		1,150,000
500205 - Saffron Meadows Park Development										500,000
500227 - Centennial Park Cenotaph Restoration									(40,000)	40,000
500235 - Peace Park Bandshell - upgrade lighting - FCA Critical 2024									(5,000)	5,000
500239 - General Park Furniture (Benches/Picnic Tables/Receptacles)									(20,000)	20,000
500520 - Playground Equipment - Saffron Meadows park	(340,000)								(10,000)	350,000
500525 - Parks LED light upgrade - Centennial Park Tennis Court							(190,000)			190,000
500526 - Parks LED light upgrade - Centennial Park Ball Diamond 1							(230,000)			230,000
500528 - Parks LED light upgrade - Harold Black Park Soccer Field							(150,000)			150,000
500532 - MSSP Skatepark LED lighting									(201,000)	201,000
Roads	(2,650,000)				(566,000)	(150,000)	(700,000)		(3,672,000)	7,738,000
300589 - Design - Merritt: Line Ave to Rice Rd	(70,000)								(30,000)	100,000
300621 - Design - Merritt Rd: Pelham St to Line Ave	(60,000)								(140,000)	200,000
300642 - Road Reconstruction - Station Street: Port Robinson to Hwy 20	(2,520,000)								(1,080,000)	3,600,000
300652 - Bridge Replacement Program - Roland Rd									(684,000)	1,250,000
300661 - Design - Orchard Place: Haist St to limit									(45,000)	45,000
300679 - Design - Pinecrest: Hwy 20 to end									(63,000)	63,000
300690 - Bridge/Culvert Appraisal (legislated)									(25,000)	25,000
300692 - Concrete Repair & Replacement Program									(110,000)	110,000
300693 - Culvert Replacement Program									(100,000)	100,000

10 Year Capital Plan		Funding Sources								Total Budget
Row Labels	DCs	DC Debt	Debt	Developers Contr	Grant F	Grant M	Grants P	Parkland Res	Reserves	
300697 - Pavement Condition Assessment									(30,000)	30,000
300699 - Road Base and Surface Repair Program									(300,000)	300,000
300702 - Road Rehabilitation Program								(700,000)	(550,000)	1,250,000
300704 - Sign Retro-Reflectivity Assessment									(15,000)	15,000
300705 - Stormwater Facility Maintenance									(300,000)	300,000
301067 - Pelham Street & Highway 20 Intersection Street Scaping with the Region						(150,000)			(200,000)	350,000
Wastewater	(864,000)								(1,074,000)	1,938,000
700213 - Sanitary Sewer Inspection, CCTV and Flushing Program									(150,000)	150,000
700214 - Sanitary Sewer Capital Construction Adjustments and Repairs									(60,000)	60,000
700360 - Station Street sani upgrade (Port Robinson to Hwy 20)	(864,000)								(864,000)	1,728,000
2027	(1,148,000)	(2,898,000)	(5,300,000)		(566,239)		(1,385,000)	(860,000)	(7,656,332)	19,813,571
Cemeteries									(62,000)	62,000
400018 - Hillside Cemetery - yard buffering / reflective area									(39,000)	39,000
400020 - Fonhill Cemetery - Mausoleum Crypt repairs - FCA Critical 2017 - 2024									(23,000)	23,000
Facilities									(316,000)	316,000
300547 - Concrete & Asphalt Repairs - Various Facilities									(50,000)	50,000
301121 - Town Hall - Carpet Replacement									(110,000)	110,000
301123 - 33 Park Lane - Overhead Door Replacement									(46,000)	46,000
301124 - Operations Centre - Fence and Gate Replacement									(110,000)	110,000
Fire	(75,000)								(60,000)	135,000
200135 - Bunker Gear									(60,000)	60,000
200136 - Utility 2	(75,000)									75,000
Fleet									(773,000)	773,000
300884 - PTO driven Wood Chipper (Replaces Unit 709 - 1994 Bandit Chipper) - deferred from 2020									(15,000)	15,000
300891 - Wood Chipper (Replaces unit 708 - 2010 Vermeer BC1000XL)									(65,000)	65,000
300909 - Leaf Vacuum Trailer (Replaces 2014 Trac-Vac)									(5,000)	5,000
300910 - Tandem Axle Combination Snow Plow & Spreader (Replaces unit 409 - 2013 International)									(450,000)	450,000
300911 - Shoring Box Trailer (Replaces unit 717 - 2009 Dave Black Built)									(11,000)	11,000
300924 - Park Maintenance Tractor 4x4 (Replaces Unit 507 - 2011 Kubota L5240)									(60,000)	60,000
300931 - Van with Utility Body - (Replaces unit 225 - 2012 Ford E450)									(150,000)	150,000
300933 - Lawn Mower (Replaces unit 530 - 2015 John Deere X754)									(17,000)	17,000
IT									(134,000)	134,000
100203 - Annual Equipment PSAB adds/replacements									(45,000)	45,000
100204 - Server Replacement									(16,000)	16,000
100205 - Main Core Switch									(8,000)	8,000
100206 - ActiveNet Upgrade									(15,000)	15,000
100207 - Innovation Technology									(50,000)	50,000
Parks	(490,000)						(685,000)	(860,000)	(189,000)	2,224,000
500211 - Design Build - Harold Black Park Diamond 2 Lighting								(300,000)		300,000
500238 - Forest Park Development								(400,000)		400,000
500246 - General Park Furniture (Benches/Picnic Tables/Receptacles)									(20,000)	20,000
500247 - Woodstream Park Playground Retrofit								(160,000)		160,000
500300 - OPTH Cenotaph Cleaning and UV Coating									(9,000)	9,000
500301 - Civic Square - Design									(150,000)	150,000
500511 - MSSP Playground	(250,000)									250,000
500523 - Parks LED light upgrade - Centennial Park Soccer # 1							(150,000)			150,000
500524 - Parks LED light upgrade - Centennial Park Pickleball Court							(125,000)			125,000
500527 - Parks LED light upgrade - Centennial Park Ball Diamond 2							(180,000)			180,000
500529 - Parks LED light upgrade - Harold Black Park Ball Diamond # 1							(230,000)			230,000
500530 - Woodstream Park	(240,000)								(10,000)	250,000
Roads	(495,500)		(3,800,000)		(566,239)		(700,000)		(3,402,832)	8,964,571
300582 - Design - Welland: Canboro Rd to E of Balfour									(124,571)	124,571
300583 - Road Rehabilitation - Effingham St: 500m South of Metler to Tice	(145,500)								(339,500)	485,000
300619 - Foss Road - Regional Forcemain Sani - Culvert Replacements									(200,000)	200,000
300635 - Road Reconstruction - Pancake Ln: Pelham St to Haist St									(0)	3,800,000
300638 - Design - Emmett & College									(250,000)	250,000
300647 - Summersides Blvd secondary servicing/landscaping - PHASE 1B (2,289,600 with 3 phases)									(500,000)	500,000
300694 - Design - Strathcona Dr North and South: Haist St to Moote Ln									(110,000)	110,000
300701 - Road Reconstruction - Pinecrest Cr: Hwy 20 to end					(566,239)				(63,761)	630,000

10 Year Capital Plan		Funding Sources								Total Budget
Row Labels	DCs	DC Debt	Debt	Developers Contr	Grant F	Grant M	Grants P	Parkland Res	Reserves	
300708 - Concrete Repair & Replacement Program									(110,000)	110,000
300709 - Culvert Replacement Program									(100,000)	100,000
300710 - Design - Hurricane Rd: Chestnut to Hwy 20									(250,000)	250,000
300712 - Road Base and Surface Repair Program									(300,000)	300,000
300716 - Road Rehabilitation Program								(700,000)	(550,000)	1,250,000
300718 - Sign Retro-Reflectivity Assessment									(25,000)	25,000
300719 - Stormwater Facility Maintenance									(300,000)	300,000
300727 - Road Resurfacing - Top course asphalt on Port Robinson Rd from Station St to Rice Rd	(350,000)								(150,000)	500,000
301071 - Pavement Condition Assessment									(30,000)	30,000
Planning	(87,500)								(87,500)	175,000
600128 - Official Plan Review and Update	(87,500)								(87,500)	175,000
Wastewater		(2,898,000)							(2,142,000)	5,040,000
700217 - Sanitary Sewer Inspection, CCTV and Flushing Program									(150,000)	150,000
700218 - Sanitary Sewer Capital Construction Adjustments and Repairs									(60,000)	60,000
700358 - Foss Road Sanitary Upgrades		(2,898,000)							(1,932,000)	4,830,000
Water			(1,500,000)						(490,000)	1,990,000
700285 - Construction: Pancake: Pelham St to Haist St, Watermain Replacement			(1,500,000)						(1,500,000)	1,500,000
700371 - Annual Watermain Replacement 2027									(490,000)	490,000
2028	(1,588,000)		(3,345,761)		(566,239)		(700,000)	(160,000)	(8,706,200)	15,066,200
Cemeteries									(120,000)	120,000
400016 - Hillside Cemetery - cremation garden, pedestrian loop, green burial interment section									(120,000)	120,000
Facilities	(888,000)		(1,112,000)						(345,000)	2,345,000
300557 - Concrete & Asphalt Repairs-Variou Facilities									(50,000)	50,000
301113 - Operations Centre - Property Acquisition Place Holder	(888,000)		(1,112,000)							2,000,000
301120 - Operations Centre - Architechural Design									(250,000)	250,000
301131 - HBP - Parking Lot Fence Replacement									(35,000)	35,000
301133 - Rental Table & Chair Replacement (bi-annual program)									(10,000)	10,000
Fire									(1,360,000)	1,360,000
200137 - Bunker Gear									(60,000)	60,000
200138 - SCBA									(700,000)	700,000
200146 - Tanker 1									(600,000)	600,000
Fleet									(715,000)	715,000
300920 - Hydro-Vac Trailer (Replaces unit 714 - 2010 Vermeer Vacuum Excavator)									(100,000)	100,000
300926 - Backhoe (Replaces unit 504 - 2010 John Deere 310J) Scheduled Replacement									(200,000)	200,000
300936 - Small SUV Replaces unit 004 - 2017 Ford Escape									(60,000)	60,000
300937 - Small SUV - Building Department Replaces unit 005 - 2017 Ford Escape									(60,000)	60,000
300938 - Van with utility shelving Replacement unit 133 - 2016 Nissan NV200									(60,000)	60,000
300939 - Turf Mower (Replaces unit 526 - Kubota GF1800 48")									(25,000)	25,000
300940 - Turf Mower (Replaces unit 527 - Kubota GF1800 60")									(25,000)	25,000
300941 - Ice Resurfacer (Replaces Unit 712 - 2018 Unit) Scheduled Replacement									(160,000)	160,000
300942 - Slip In Poly Tank (Replaces 2016 Purchase)									(25,000)	25,000
IT									(95,000)	95,000
100209 - Annual Equipment PSAB adds/replacements									(45,000)	45,000
100210 - Innovation Technology									(50,000)	50,000
Parks	(340,000)							(160,000)	(70,000)	570,000
500213 - Installation of Community Bulletin Boards									(40,000)	40,000
500250 - General Park Furniture (Benches/Picnic Tables/Receptacles)									(20,000)	20,000
500252 - Marlene Stewart Streit Park Playground Retrofit								(160,000)		160,000
500519 - Playground Equipment - Forest park	(340,000)								(10,000)	350,000
Roads	(360,000)		(2,233,761)		(566,239)		(700,000)		(3,731,200)	7,591,200
300188 - Smart Technology for Street Lights									(100,000)	100,000
300588 - Design - Lorimer St: Hurricane to South Limit									(63,000)	63,000
300644 - Pelham St Quaker Rd Reg Rd 20 traffic control - Merritt Rd	(360,000)								(40,000)	400,000
300655 - Summersides Blvd secondary servicing/landscaping - PHASE 2 (2,289,600 with 3 phases)									(763,200)	763,200
300666 - Road Reconstruction - College St & Emmett St: Pelham St to Station St									(0)	2,800,000
300723 - Concrete Repair & Replacement Program									(110,000)	110,000
300728 - Culvert Replacement Program									(100,000)	100,000
300731 - Road Base and Surface Repair Program									(300,000)	300,000
300733 - Road Rehabilitation Program								(700,000)	(550,000)	1,250,000

10 Year Capital Plan	Funding Sources									
Row Labels	DCs	DC Debt	Debt	Developers Contr	Grant F	Grant M	Grants P	Parkland Res	Reserves	Total Budget
300735 - Sign Retro-Reflectivity Assessment									(15,000)	15,000
300736 - Stormwater Facility Maintenance									(300,000)	300,000
301128 - Maple Street Parking Lot Repaving									(125,000)	125,000
301132 - HBP - Asphalt Parking Lot Repaving (20%)									(15,000)	15,000
301187 - Road Rehabilitation - Effingham St: Highway 20 to Canboro									(1,250,000)	1,250,000
Drainage									(40,000)	40,000
600135 - Replace Culverts									(40,000)	40,000
Wastewater									(175,000)	175,000
700221 - Sanitary Sewer Inspection, CCTV and Flushing Program									(115,000)	115,000
700222 - Sanitary Sewer Capital Construction Adjustments and Repairs									(60,000)	60,000
Water				(0)					(2,055,000)	2,055,000
700291 - Emmett St & College - Watermain Replacement									(275,000)	275,000
700308 - Watermain Replacement - cast iron replacement program									(400,000)	400,000
700372 - Annual Watermain Replacement 2028									(1,380,000)	1,380,000
700383 - Merritt Road New Watermain - Line Ave. to Rice Rd				(0)						
2029	(468,500)	(2,332,000)	(2,968,000)				(700,000)	(160,000)	(5,765,700)	12,394,200
Cemeteries									(75,000)	75,000
400021 - Fonhill Cemetery - roof replacement Mausoleum - FCA Critical 2024									(75,000)	75,000
Facilities									(60,000)	5,360,000
300546 - Tice Road Operations Centre Addition		(2,332,000)	(2,968,000)							5,300,000
300564 - Concrete & Asphalt Repairs-VariouS Facilities									(50,000)	50,000
301145 - Rental Table & Chair Replacement (bi-annual program)									(10,000)	10,000
Fire									(1,060,000)	1,060,000
200139 - Bunker Gear									(60,000)	60,000
200140 - Pumper 1									(1,000,000)	1,000,000
Fleet				(190,000)					(292,000)	482,000
300897 - Tractor with Snow Plow and Salt Spreader (growth related addition)				(190,000)						190,000
300906 - Small SUV Replaces 105 - 2012 Ford Super Cab									(62,000)	62,000
300945 - Small SUV - Building Department (end of 2018 lease)									(60,000)	60,000
300946 - Small SUV - Facilities Department (end of 2018 lease)									(60,000)	60,000
300947 - Work Truck with Landscape Box (end of 2018 lease)									(110,000)	110,000
IT									(111,000)	111,000
100211 - Annual Equipment PSAB adds/replacements									(45,000)	45,000
100212 - Server Replacement									(16,000)	16,000
100214 - Innovation Technology									(50,000)	50,000
Parks				(75,000)					(160,000)	575,000
500236 - North Pelham Park - Playground retrofit									(160,000)	160,000
500237 - Centennial Park Playground Retrofit									(160,000)	160,000
500253 - Cherry Ridge Park Playground Retrofit									(160,000)	160,000
500256 - General Park Furniture (Benches/Picnic Tables/Receptacles)									(20,000)	20,000
500531 - Cherry Ridge Mister				(75,000)						75,000
Roads									(700,000)	2,850,200
300676 - Summersides Blvd secondary servicing/landscaping - PHASE 3 (2,289,600 with 3 phases)									(763,200)	763,200
300741 - Christmas Decoration Replacements									(12,000)	12,000
300742 - Concrete Repair & Replacement Program									(110,000)	110,000
300743 - Culvert Replacement Program									(100,000)	100,000
300746 - Road Base and Surface Repair Program									(300,000)	300,000
300748 - Road Rehabilitation Program									(700,000)	1,250,000
300750 - Sign Retro-Reflectivity Assessment									(15,000)	15,000
300751 - Stormwater Facility Maintenance									(300,000)	300,000
Planning									(100,000)	100,000
600129 - Zoning By-law Review and Update									(100,000)	100,000
Wastewater				(203,500)					(341,500)	545,000
700196 - Concord upgrade existing				(203,500)					(166,500)	370,000
700225 - Sanitary Sewer Inspection, CCTV and Flushing Program									(115,000)	115,000
700226 - Sanitary Sewer Capital Construction Adjustments and Repairs									(60,000)	60,000
Water									(1,236,000)	1,236,000
700368 - Water Meter Replacement Project - Phase 1									(1,000,000)	1,000,000
700373 - Annual Watermain Replacement 2029									(236,000)	236,000

10 Year Capital Plan	Funding Sources									
Row Labels	DCs	DC Debt	Debt	Developers Contr	Grant F	Grant M	Grants P	Parkland Res	Reserves	Total Budget
2030	(3,047,285)				(566,000)		(700,000)	(135,000)	(5,816,965)	10,265,250
Facilities									(199,000)	199,000
301140 - Town Hall - TPO Roof Replacement									(60,000)	60,000
301141 - 33 Park Lane - Metal Siding Replacement									(50,000)	50,000
301144 - Fire Station #2 - On Demand Hot Water Heaters									(10,000)	10,000
301146 - Fire Station #2 - Training room AC Unit Replacement									(9,000)	9,000
301170 - Concrete & Asphalt Repairs - Various Facilities									(50,000)	50,000
301218 - MCC Gym Maintenance									(20,000)	20,000
Fire									(60,000)	60,000
200142 - Bunker Gear									(60,000)	60,000
Fleet	(130,000)								(205,000)	335,000
300952 - Work Truck Facilities (end of 2019 lease)									(65,000)	65,000
300953 - Work Truck Facilities (end of 2019 lease)									(65,000)	65,000
300955 - Pick Up Truck	(65,000)									65,000
300957 - Compact SUV	(65,000)									65,000
300959 - Work Truck 4x4 Roads (end of 2019 lease)									(75,000)	75,000
IT									(103,400)	103,400
100215 - Annual Equipment PSAB adds/replacements									(45,000)	45,000
100216 - Main Core Switch - Town Hall									(8,400)	8,400
100217 - Innovation Technology									(50,000)	50,000
Parks	(150,000)							(135,000)	(340,000)	625,000
500230 - Hurlleston Park - Playground Retrofit									(160,000)	160,000
500231 - Harold Black Park Playground Retrofit									(160,000)	160,000
500260 - General Park Furniture (Benches/Picnic Tables/Receptacles)									(20,000)	20,000
500262 - Deferred Project: Skate Park/MSSP Parking Lot Lighting								(135,000)		135,000
500534 - Design East Fenwick Park	(150,000)									150,000
Roads	(1,446,830)				(566,000)		(700,000)		(2,357,070)	5,069,900
300667 - Road Reconstruction - Station St: Hurricane Rd to Hwy 20					(566,000)				(284,000)	850,000
300678 - Design - Donahugh Dr: Pelham St to Terrace Heights Crt									(60,000)	60,000
300714 - Merritt Rd Pelham St Rice Rd Urbanize Rd Section - Phase 1 of 2	(1,225,000)								(525,000)	1,750,000
300715 - Merritt Rd Pelham St Rice Rd Sidewalk both sides - Phase 1 of 2	(221,830)								(95,070)	316,900
300755 - Concrete Repair & Replacement Program									(110,000)	110,000
300756 - Culvert Replacement Program									(100,000)	100,000
300759 - Road Base and Surface Repair Program									(300,000)	300,000
300761 - Road Rehabilitation Program							(700,000)		(550,000)	1,250,000
300763 - Sign Retro-Reflectivity Assessment									(15,000)	15,000
300767 - Stormwater Facility Maintenance									(300,000)	300,000
301143 - OPTH - Asphalt Parking Lot Repaving									(18,000)	18,000
Wastewater									(375,000)	375,000
700229 - Sanitary Sewer Inspection, CCTV and Flushing Program									(115,000)	115,000
700231 - Sanitary Sewer Capital Construction Adjustments and Repairs									(60,000)	60,000
700232 - Sanitary Sewer Model - Development Update									(200,000)	200,000
Water	(1,320,455)								(2,177,495)	3,497,950
700282 - Merritt: Pelham St to Line Ave, Watermain Replacement									(211,245)	211,245
700283 - Merritt Road Watermain replacement	(1,320,455)									1,320,455
700293 - Orchard Place: Haist Street to limit, Watermain Replacement									(101,250)	101,250
700369 - Water Meter Replacement Project - Phase 2									(1,000,000)	1,000,000
700379 - Annual Watermain Replacement 2030									(865,000)	865,000
2031	(3,586,830)	(1,190,000)			(566,000)		(700,000)	(310,000)	(7,918,070)	14,270,900
Cemeteries									(50,000)	50,000
400023 - Cemeteries Master Plan Update									(50,000)	50,000
Facilities									(178,000)	178,000
301151 - Town Hall - Exterior Paint									(40,000)	40,000
301152 - Fire Station #2 - Radiant Tube Heater Replacement									(20,000)	20,000
301154 - MCC - Hot Water Tank Replacement									(18,000)	18,000
301157 - Fire Station #2 - Air Make Up & Ventilator System Replacement									(10,000)	10,000
301158 - Model Railway Building - Woodland and Stairs									(30,000)	30,000
301166 - Rental Table & Chair Replacement (bi-annual program)									(10,000)	10,000
301171 - Concrete & Asphalt Repairs - Various Facilities									(50,000)	50,000

10 Year Capital Plan	Funding Sources									
Row Labels	DCs	DC Debt	Debt	Developers Contr	Grant F	Grant M	Grants P	Parkland Res	Reserves	Total Budget
Fire									(2,060,000)	2,060,000
200143 - Bunker Gear									(60,000)	60,000
200144 - Aerial 1									(2,000,000)	2,000,000
Fleet									(110,000)	110,000
300962 - Small SUV Building (Replaces Unit 104 - 2009 Ford Ranger)									(55,000)	55,000
300963 - Small SUV By-Law (Replaces Unit 101 - 2009 Ford Ranger)									(55,000)	55,000
IT									(141,000)	141,000
100219 - Annual Equipment PSAB adds/replacements									(45,000)	45,000
100220 - Server Replacement									(16,000)	16,000
100221 - iCity Upgrade									(30,000)	30,000
100222 - Innovation Technology									(50,000)	50,000
Parks									(310,000)	370,000
500244 - Rolling Meadows Park - Playground Retrofit								(160,000)	(60,000)	160,000
500263 - Peace Park Cenotaph Restoration									(40,000)	40,000
500264 - General Park Furniture (Benches/Picnic Tables/Receptacles)									(20,000)	20,000
500265 - Lookout Park Pavilion								(150,000)		150,000
Roads	(1,446,830)				(566,000)		(700,000)		(2,328,070)	5,040,900
300609 - Road Reconstruction - Balfour, Canboro to Welland									(219,000)	219,000
300695 - Road Reconstruction - Lorimer St: Hurricane to South Limit					(566,000)				(64,000)	630,000
300724 - Merritt Rd Pelham St Rice Rd Urbanize Rd Section - Phase 2 of 2	(1,225,000)								(525,000)	1,750,000
300725 - Merritt Rd Pelham St Rice Rd Sidewalk both sides - Phase 2 of 2	(221,830)								(95,070)	316,900
300771 - Concrete Repair & Replacement Program									(110,000)	110,000
300772 - Culvert Replacement Program									(100,000)	100,000
300774 - Pavement Condition Assessment									(30,000)	30,000
300776 - Road Base and Surface Repair Program									(300,000)	300,000
300778 - Road Rehabilitation Program							(700,000)		(550,000)	1,250,000
300780 - Rural Transportation Network Safety Review									(20,000)	20,000
300781 - Sign Retro-Reflectivity Assessment									(15,000)	15,000
300782 - Stormwater Facility Maintenance									(300,000)	300,000
Wastewater	(2,140,000)								(175,000)	2,315,000
700188 - Merritt Road Sewer Main	(2,000,000)									2,000,000
700212 - Provision for potential oversizing	(140,000)									140,000
700235 - Sanitary Sewer Inspection, CCTV and Flushing Program									(115,000)	115,000
700237 - Sanitary Sewer Capital Construction Adjustments and Repairs									(60,000)	60,000
Water									(1,190,000)	4,006,000
700328 - Water Meter Replacement Project - Phase 3									(1,000,000)	1,000,000
700380 - Annual Watermain Replacement 2031									(1,215,000)	1,215,000
700381 - Annual Watermain Replacement 2032									(601,000)	601,000
700383 - Merritt Road New Watermain - Line Ave. to Rice Rd			(1,190,000)							1,190,000
2032	(2,544,000)				(566,000)		(4,200,000)	(160,000)	(3,922,750)	11,392,750
Cemeteries									(35,000)	35,000
400024 - Hillside Cemetery Section Expansion (North/West Corner)									(35,000)	35,000
Facilities									(243,000)	243,000
301162 - Fire Station #2 - Modified Bitumen Roof Replacement									(150,000)	150,000
301165 - 55 Park Lane - Overhead Door Replacement									(15,000)	15,000
301167 - OPTH - Electric Panel Replacement									(10,000)	10,000
301168 - HBP - Public Washroom Vanity Replacement									(18,000)	18,000
301172 - Concrete & Asphalt Repairs - Various Facilities									(50,000)	50,000
Fire									(45,000)	45,000
200145 - Bunker Gear									(45,000)	45,000
Fleet									(74,000)	74,000
300966 - 60" Turf Mower (Replaces 2020 Purchase)									(17,000)	17,000
300967 - 72" Turf Mower (Replaces 2020 Purchase)									(17,000)	17,000
300969 - Road Patrol Vehicle (Replaces 2019 Purchase)									(40,000)	40,000
IT									(126,000)	126,000
100223 - Annual Equipment PSAB adds/replacements									(50,000)	50,000
100224 - Main Core Switch - Firehall Station 2									(6,000)	6,000
100225 - Innovation Technology									(50,000)	50,000
100226 - ActiveNet Upgrade									(20,000)	20,000

10 Year Capital Plan	Funding Sources									Total Budget
Row Labels	DCs	DC Debt	Debt	Developers Contr	Grant F	Grant M	Grants P	Parkland Res	Reserves	Total Budget
Parks								(160,000)	(20,000)	180,000
500249 - Pelham Corners Park - Playground Retrofit								(160,000)		160,000
500267 - General Park Furniture (Benches/Picnic Tables/Receptacles)									(20,000)	20,000
Roads	(2,016,000)				(566,000)		(700,000)		(2,818,000)	6,100,000
300737 - Road Reconstruction - Haist Crt: Haist St to limit					(116,000)				(144,000)	260,000
300738 - Road Reconstruction - Orchard Pl: Haist St to limit					(450,000)					450,000
300786 - Concrete Repair & Replacement Program									(110,000)	110,000
300787 - Culvert Replacement Program									(100,000)	100,000
300790 - Road Base and Surface Repair Program									(300,000)	300,000
300792 - Road Rehabilitation Program							(700,000)		(550,000)	1,250,000
300794 - Sign Retro-Reflectivity Assessment									(15,000)	15,000
300795 - Stormwater Facility Maintenance									(300,000)	300,000
301160 - Fire Station #1 - Asphalt Parking Lot Repaving									(260,000)	260,000
301161 - Fire Station #2 - Asphalt Parking Lot Repaving									(175,000)	175,000
301198 - Balfour Street	(1,323,000)								(567,000)	1,890,000
301201 - Haist Street urbanization	(693,000)								(297,000)	990,000
Planning									(175,000)	175,000
600130 - Official Plan Review and Update									(175,000)	175,000
Drainage									(40,000)	40,000
600136 - Replace Culverts									(40,000)	40,000
Wastewater	(528,000)								(175,000)	4,203,000
700240 - Sanitary Sewer Inspection, CCTV and Flushing Program									(115,000)	115,000
700242 - Sanitary Sewer Capital Construction Adjustments and Repairs									(60,000)	60,000
700377 - Haist Street new sani	(528,000)									528,000
700382 - Maple Street and Memorial Drive Sanitary Sewer Installation							(3,500,000)			3,500,000
Water									(171,750)	171,750
700280 - Lorimer Street: Hurricane to South Limit, Watermain Replacement									(171,750)	171,750
2033	(1,593,000)	(1,259,500)			(566,239)		(700,000)		(8,638,761)	12,757,500
Cemeteries									(90,000)	90,000
400028 - Fonhill Cemetery Columbarium									(90,000)	90,000
Fire									(60,000)	60,000
200166 - Bunker Gear									(60,000)	60,000
Fleet									(45,500)	45,500
300972 - Vehicle Pressure Washer - Replaces 2018 unit Replacement schedule 15 years									(10,500)	10,500
300977 - Work Truck (Replaces Truck 127 - 2006 Ford F-150)									(35,000)	35,000
IT									(116,000)	116,000
100227 - Annual Equipment PSAB adds/replacements									(50,000)	50,000
100228 - Server Replacement									(16,000)	16,000
100229 - Innovation Technology									(50,000)	50,000
Parks									(20,000)	20,000
500269 - General Park Furniture (Benches/Picnic Tables/Receptacles)									(20,000)	20,000
Roads	(747,000)				(566,239)		(700,000)		(6,141,761)	8,155,000
300713 - Road Reconstruction - Hurricane Rd: Chestnut to Hwy 20					(566,239)				(1,623,761)	2,190,000
300799 - Concrete Repair & Replacement Program									(110,000)	110,000
300800 - Culvert Replacement Program									(60,000)	60,000
300803 - Road Base and Surface Repair Program									(300,000)	300,000
300805 - Road Rehabilitation Program							(700,000)		(550,000)	1,250,000
300807 - Sign Retro-Reflectivity Assessment									(15,000)	15,000
300808 - Stormwater Facility Maintenance									(300,000)	300,000
301194 - Canboro Road - Garner Ave to Balfour St semi urbanize road section	(540,000)								(360,000)	900,000
301195 - Canboro Road - Garner Ave to Balfour St traffic control-Maple Street	(207,000)								(23,000)	230,000
301217 - Welland: Canboro Rd to E of Balfour - Recons									(2,800,000)	2,800,000
Planning	(60,000)									60,000
600153 - Development Charge Background Study	(60,000)									60,000
Wastewater	(786,000)	(1,259,500)							(1,729,500)	3,775,000
700191 - Welland Rd upgrade existing sewer from 200mm to 300 mm	(786,000)								(524,000)	1,310,000
700195 - Hurricane Rd upgrade existing Station to Hwy 20		(1,259,500)							(1,030,500)	2,290,000
700245 - Sanitary Sewer Inspection, CCTV and Flushing Program									(115,000)	115,000
700247 - Sanitary Sewer Capital Construction Adjustments and Repairs									(60,000)	60,000

10 Year Capital Plan	Funding Sources									
Row Labels	DCs	DC Debt	Debt	Developers Contr	Grant F	Grant M	Grants P	Parkland Res	Reserves	Total Budget
Water									(436,000)	436,000
700278 - Welland: Canboro Rd to E of Balfour, Watermain Replacement									(396,000)	396,000
700322 - Hydrant Replacement Projects									(40,000)	40,000
2034	(2,450,000)		(660,896)	(607,752)			(700,000)	(200,000)	(6,988,000)	11,606,648
Facilities									(80,000)	80,000
301107 - Operations Centre - Modified Bitument Roof Replacement									(80,000)	80,000
Fire									(810,000)	810,000
200148 - Bunker Gear									(60,000)	60,000
200173 - Fire Radio Equipment									(750,000)	750,000
Fleet									(573,000)	573,000
300904 - Crew-Cab Truck with Landscape Box (replaces unit 132 - 2009 Dodge 2500)									(75,000)	75,000
300905 - Wood Chipper (Replaces Unit 708 - 2010 Vermeer BC1000XL)									(50,000)	50,000
300951 - Baseball Diamond Grooming Machine (Replaces 2022 Purchase)									(28,000)	28,000
300973 - Combination Snow Plow & Spreader Unit Replaces Truck 413 which replaced 420 in 2021									(350,000)	350,000
300976 - Work Truck (Replaces Truck 129 - 2008 Dodge 1500)									(35,000)	35,000
300981 - Small SUV Replaces 105 - 2012 Ford Super Cab									(30,000)	30,000
300983 - Leaf Vacuum Trailer (Replaces 2024 Purchase)									(5,000)	5,000
IT									(108,000)	108,000
100231 - Annual Equipment PSAB adds/replacements									(50,000)	50,000
100232 - Innovation Technology									(50,000)	50,000
100233 - Main Core Switch - Arena									(8,000)	8,000
Parks								(200,000)	(35,000)	235,000
500223 - Peace Park - roof replacement - FCA Critical 2024									(15,000)	15,000
500270 - General Park Furniture (Benches/Picnic Tables/Receptacles)									(20,000)	20,000
500271 - Skateboard Park Rebuild								(200,000)		200,000
Roads	(2,450,000)		(660,896)	(607,752)			(700,000)		(4,897,000)	9,315,648
300584 - Burying hydro highway 20 - East Fonthill			(660,896)	(607,752)					(2,500,000)	3,768,648
300811 - Christmas Decoration Replacements									(12,000)	12,000
300812 - Concrete Repair & Replacement Program									(110,000)	110,000
300813 - Culvert Replacement Program									(60,000)	60,000
300816 - Road Base and Surface Repair Program									(300,000)	300,000
300818 - Road Rehabilitation Program							(700,000)		(550,000)	1,250,000
300820 - Sign Retro-Reflectivity Assessment									(15,000)	15,000
300821 - Stormwater Facility Maintenance									(300,000)	300,000
301070 - Road Reconstruction - Stella/John/Vera	(2,450,000)								(1,050,000)	3,500,000
Planning									(100,000)	100,000
600131 - Zoning By-law Review and Update									(100,000)	100,000
Wastewater									(325,000)	325,000
700248 - Sanitary I/I Study Program - Planned Replacements									(70,000)	70,000
700249 - Sanitary Lateral Replacement Program (5 laterals)									(80,000)	80,000
700250 - Sanitary Sewer Inspection, CCTV and Flushing Program									(115,000)	115,000
700251 - Sanitary Sewer Capital Construction Adjustments and Repairs									(60,000)	60,000
Water									(60,000)	60,000
700326 - Hydrant Replacement Projects									(40,000)	40,000
700327 - PRV Valve Replacements: Haist Street, Berkwood Place, Park Lane									(20,000)	20,000
Grand Total	(23,683,645)	(11,790,900)	(18,403,257)	(607,752)	(7,529,342)	(150,000)	(12,450,021)	(2,775,000)	(68,630,202)	146,019,519

Policy S400-07

Town of Pelham: Corporate Services



Policy Name: Capital Financing and Debt Management Policy	Policy No: S400-07
Committee approval date:	December 16, 2019
Council approval date:	January 13, 2020
Revision date(s):	October 2, 2024
Department/Division:	Corporate Services

1. Purpose

The purpose of this policy is to establish guiding principles, primary objectives, key management and administrative responsibilities, and standards of care for the prudent financing of the Town's operating and capital needs.

2. Policy Statement

A policy governing the management and administration of capital financing and debt.

3. Definitions

Amortizing Debenture: A Debenture for which the total annual payment (principal and interest) is approximately even throughout the life of the Debenture issue.

Annual Debt Financing Charges: The total mandatory payments of principal and interest in respect of outstanding Long-Term Debt.

Annual Repayment Limit (ARL): For the purpose of this Policy, it has the same meaning as the Debt and Financial Obligation Limit, in accordance with The Act, O. Reg. 403/02. Generally, municipalities in Ontario may incur Long-Term Debt for infrastructure as long as annual Debt payments do not exceed 25% of "own source" revenues without prior approval of the Local Planning Appeal Tribunal (LPAT). The ARL is the maximum amount that a municipality can pay in principal



and interest payments in the year for new Long-Term Debt without first obtaining approval from LPAT. The ARL is provided annually to the municipality by the Ministry of Municipal Affairs and Housing, and must be updated by the Treasurer prior to Council authorizing an increase in Debt financing for capital expenditures.

Bank Loan: A loan between the Town and a bank listed in Schedule I, II, or III of the *Bank Act (Canada)*, a loan corporation registered under the *Loan and Trust Corporations Act*, or a credit union to which the *Credit Unions and Caisses Populaires Act, 1994* applies.

Budget: An estimated financial plan of revenue and expenditure for a set period of time.

Capital Financing: A generic term for the financing of capital assets. This can be achieved through a variety of sources such as the tax levy, grants, Reserve Funds, Debt, or financing leases.

Construction Financing: A form of Debt financing in which the issuer does not pay any principal or interest for a period of up to 5 years during the construction or rehabilitation of the facility from which a revenue stream is expected to be generated. Construction Financing must be obtained in accordance with section 408(4)(d) of The Act, and O. Reg. 278/02, amended to O. Reg. 76/16.

Council: The Council of the Town of Pelham.

Debenture: A formal written obligation to repay specific sums on certain dates. In the case of a municipality debentures are typically unsecured, that is, backed by general credit rather than by specified assets. The Town assumes responsibility for debentures issued on its behalf by the Regional Municipality of Niagara, the upper-tier municipality, under section 401 of The Act. Under subsection 401(3.1), those debentures constitute joint and several obligations of the Regional Municipality of Niagara and the Town.



Debt: Any obligation for the payment of money. For Ontario municipalities, debt would normally consist of Debentures as well as either notes or cash from financial institutions. Financial Guarantees and/or Letters of Credit provided by the Town will be considered as Debt and will be governed by this Policy.

Financial Guarantee: An agreement whereby the Town will take responsibility for the payment of Debt in the event that the primary liable fails to perform.

Development Charges (DC): Fees collected from developers at time of building permit issuance to help pay for the cost of infrastructure required to provide municipal services to new development, such as roads, fire protection, water and sewer infrastructure, and recreation facilities. Development Charges are imposed under the Town's Development Charges By-law.

Infrastructure Ontario, or Successor Organization: Any entity established by the Province of Ontario to provide Ontario municipalities, universities and hospitals with access to alternative financing service for longer-term fixed rate loans for the building and renewal of public infrastructure.

Installment (Serial) Debenture: A Debenture of which a portion of the principal matures each year throughout the life of the Debenture issue.

Internal Debt Limit: The internal limit, approved by Council, regarding Debt payments as a percentage of "own source" revenues. This limit is not referring to limits imposed by The Act or regulations thereunder, but may not exceed the ARL.

Lease Financing Agreement: A lease allowing for the provision of Municipal Capital Facilities, where the lease may or will require payment by the Town beyond the current term of Council. For example, a vehicle lease.

Letter of Credit: A binding document from a bank guaranteeing that an "applicant's" payment to a "beneficiary" will be received on time and for the correct amount. In the event that the applicant is unable to make payment, the bank will be required to cover the full or remaining amount of the purchase (Debt).



Lifecycle Renewal Projects: Projects that maintain the infrastructure that is in place today, for example resurfacing roads or replacing roofs.

Long-term Bank Loan: Long-term Debt provided by a bank, or syndicate of banks.

Long-term Debt: Any Debt for which the repayment of any portion of the principal is due beyond one year.

Municipal Capital Facilities: Tangible capital assets that include land, as defined in the *Assessment Act*, works, equipment, machinery and related systems and infrastructures.

Own-Source Revenue: Determined by the Ministry of Municipal Affairs and Housing, it is revenue for the fiscal year excluding certain items such as grants, proceeds from the sale of real property, contributions or net transfers from a Reserve or Reserve Fund, donated tangible capital assets, equity earnings in government business enterprises, and revenue from other municipalities.

Present Value of Minimum Lease Payments: Minimum lease payments include all amounts that the lessee is expected to pay over the term of the lease, any mandatory renewal term, and any required purchase at termination of the lease. The present value measures the future payments in today's dollars because the value of money decreases over time due to inflation.

Reserve: An appropriation from net revenue and/or cost savings at the discretion of Council, after the provision for all known expenditures. It has no reference to any specific asset and does not require the physical segregation of money or assets as in the case of a Reserve Fund. Municipal Councils may set up Reserves for any purpose for which they have the authority to spend money, as outlined in section 290(4) of The Act. Reserves are either "discretionary" or "non-discretionary". Discretionary Reserves are funded by the tax levy or other funding sources, and drawdowns or transfers from the Reserve can be approved for any



purpose at Council's discretion. Non-discretionary Reserves are "non-tax supported", and receive revenues and incur expenses on their own without support from the general tax levy; drawdowns from non-discretionary Reserves must be for expenditures related to their revenue source as approved by Council. Non-discretionary Reserves include the Water and Wastewater Reserves.

Reserve Fund: Funds that have been set aside either by a by-law of the municipality or by a requirement of senior government statute or agreement to meet a future event. As a result, Reserve Funds are either "discretionary" being those set up by Council, or "obligatory" being those set up by virtue of a requirement of senior government statute or agreement. Municipal councils may set up Reserve Funds for any purpose for which they have the authority to spend money, as outlined in section 290(4) of The Act. Discretionary Reserve Funds can be funded from the general tax levy or they can be "non-tax supported", and receive revenues and incur expenses on their own without support from the general tax levy; drawdowns from non-tax supported Reserve Funds must be for expenditures related to their revenue source as approved by Council. Non-tax supported Reserve Funds include the Building Department Reserve Fund.

Rolling-Stock: Equipment that moves on wheels used for transportation and/or transit purposes. Examples include trucks and buses.

Short-Term Debt: Any Debt for which repayment of the entire principal is due within one year.

The Act: The *Municipal Act*, 2001, S.O. 2001, c.25, as amended.

Town: The Corporation of the Town of Pelham.

Treasurer: The individual appointed by the municipality as Treasurer, in accordance with section 286 of The Act.



4. General Provisions

4.1 Principles and Objectives

Council may, where it is deemed to be in the best interest of its taxpayers, approve the issuance of Debt for its own purposes. Capital financing and Debenture practices will be responsive and fair to the needs of both current and future taxpayers and will be reflective of the underlying life cycle and nature of the expenditure.

The guiding principles for the Town's Capital Financing and Debt program shall be:

a) Adherence to statutory requirements

Capital financing may be undertaken if and when it is in compliance with the relevant sections of The Act, the *Development Charges Act*, and their related regulations. These requirements include, but are not limited, to:

- i) The term of temporary or Short-Term Debt for operating purposes will not exceed the current fiscal year, and will be borrowed in accordance with section 407 of The Act, and with the Town by-law in that regard.
- ii) The term of Capital Financing will not exceed the lesser of 40 years or the useful life of the underlying asset, in accordance with section 408(3) of The Act. The maximum term over which an asset may be financed is set out in Appendix A.
- iii) Long-term Debt will only be issued for capital projects in accordance with section 408(2.1) of The Act.
- iv) The total annual financing charges cannot exceed the Annual Repayment Limit, as applicable, unless approved by the Local



Planning Appeal Tribunal (LPAT), in accordance with O. Reg. 403/02 amended to O. Reg 45/18.

- v) Prior to entering into a Lease Financing Agreement, an analysis will be prepared that assesses the costs as well as the financial and other risks associated with the proposed lease with other methods of financing, in accordance with section 401(8) of The Act.
- vi) Prior to passing a Debenture by-law which provides for installments of principal, interest, or both, and said installments are not payable during the period of construction of an undertaking, Council will consider all financial and other risks related to the proposed Construction Financing.

b) Long-term financial sustainability and flexibility

The Town of Pelham's Debt management strategy will seek to ensure that it is able to meet any future financing needs (sustainability), and that it can adapt and respond to unanticipated capital or operating requirements should they arise (flexibility).

- i) The Capital Financing program will be managed in a manner consistent with other long-term planning, financial and management objectives.
- ii) Prior to the issuance of any new Capital Financing, consideration will be given to its impact on future ratepayers in order to achieve an appropriate balance between Capital Financing and other forms of funding.
- iii) To the extent practicable, replacement assets as well as regular or ongoing capital expenditures (for example annual replacement of firefighter protective gear) will be recovered on a "pay as you go" basis through rates, taxy levy, user fees or Reserves and Reserve Funds.



- iv) It is recognized that Reserves must be developed and maintained, as outlined in the Town's Reserve and Reserve Fund Policy, for all capital assets owned by the Town to ensure long-term financial flexibility.

c) Limitation of financial risk exposure

- i) The Capital Financing program will be managed in a manner to limit, where practicable, financial risk exposure. The Town will generally only issue Debt with interest rates that will be fixed over its term. Notwithstanding, if a borrowing structure is presented for which there is a material financial advantage and/or it is deemed prudent for the Town to issue Debt that is subject to interest rate fluctuations, the Town may, at the discretion of the Treasurer, consider entering into this type of arrangement. Variable interest rate structures must be in accordance with O. Reg. 247/01.
- ii) The Town shall not issue long-term financing on projects/capital works until they are substantially complete or a discernable phase is complete, in order to minimize borrowing costs and ensure that principal amounts required are known with certainty.
- iii) Financing leases have different financial and non-financial risks than traditional Debt. These risks may include contingent payment obligations, lease termination provisions, equipment loss, equipment replacement options, guarantees and indemnities. These risks will be identified prior to entering into any material financing lease.

d) Minimizing long-term cost of financing

The timing, type and term of financing for each capital asset will be determined with a view to minimize both its and the Town's overall long-term cost of financing. Factors to be considered include:

- i) Current versus future interest rates;



- ii) Shape of the interest rate curve and recent economic forecasts;
- iii) Availability of related Reserve or Reserve Fund monies;
- iv) Pattern of anticipated revenues or cost savings attributable to the project; and
- v) Providing a buffer for significant unanticipated expenditures, or loss of revenues beyond the control of the Town.

4.2 Suitable and Authorized Financing Instruments

a) Short-term (Under One Year)

Financing of operational needs for a period of less than one year pending the receipt of taxes and other revenues, or interim financing for capital assets pending long-term Capital Financing, may be from the following sources:

- i) Reserves and Reserve Funds (this may be used as the primary source of short-term financing provided that interest is paid in accordance with the Town's Reserve and Reserve Fund Policy);
- ii) Bank line of credit;
- iii) Short-term promissory notes issued to approved financial institutions; and
- iv) Infrastructure Ontario (or successor organization) short-term advances pending issuance of long-term Debentures.

Short-term borrowing for operational needs borrowed under section 407 of The Act, shall not exceed the amount specified in the Town by-law 4122(2019), or a successor by-law.



b) Long-Term (Greater than One Year)

Financing of capital assets for a period greater than one year may be from any of the following sources:

- i) Debentures issued by the Regional Municipality of Niagara, which, dependent on their policy and financial practice, may be in the form or a combination of installment, term, amortizing, or variable interest rate.
- ii) Reserves and discretionary Reserve Funds may be used for both interim and medium-term, for a period of no greater than five years if deemed cost effective or otherwise necessary. Any borrowing must be in accordance with the Town's established Reserve and Reserve Fund Policy.
- iii) Long-term Bank Loans may be either a fixed or variable interest rate as determined by the Treasurer. Fixed rates will be preferred, in order to reduce interest rate risk.
- iv) Construction Financing may be used for a period up to five years during construction or rehabilitation of certain facilities from which a revenue stream is expected to be generated upon its completion.
- v) Lease Financing Agreements (capital financing leases) may be used when it provides material and measurable benefits compared to other forms of financing.

4.3 Financing Risk Identification and Mitigation Strategies

The following financing risks have been identified and linked with mitigation strategies. It is recognized that there may be additional risks associated with certain types of financing. Any additional risk must be identified and considered prior to their use, and only if it meets the criteria in this Policy.



a) Debt Capacity for Future Priority Projects

The Town could face the risk in any fiscal year of having insufficient Debt capacity to fully execute its priority capital projects based on the ARL.

Risk mitigation:

- The capital plan will show the amount of Debt financing that will be required for each project over a minimum of ten years;
- Each project will be prioritized by staff on the basis of criteria such as health and safety impact, impact on the Town's growth plan, and/or any strategic plan adopted by Council, to ensure priority projects can be completed;
- Debt financing shall be avoided as a source of funding for Lifecycle Renewal Projects; and
- The Town will develop an Internal Debt Limit that is lower than the provincial limit, to allow for future additional Debt funding if necessary.

b) Liquidity Risk

The Town could face the risk that it would be unable to respond to an unanticipated emergency or infrastructure need if a significant portion of operating revenue is committed to paying for existing Long-Term Debt.

Risk mitigation:

- Debt financing shall be avoided as a source of funding for lifecycle renewal projects;



- The Town will develop an Internal Debt Limit that is lower than the provincial limit, to allow for future additional Debt funding if necessary; and
- The Town will strive to meet the minimum recommended and target balances as outlined in the Town's Reserve and Reserve Fund Policy.

c) Construction Financing Risk

Construction Financing may be used to fund Debt needed for a capital project that will eventually generate a revenue stream which could be used to make principal and interest payments (e.g. recreation centre).

Risks:

- Interest rates may increase from the time the rate for the construction loan is established and the completion of the construction;
- The final cost of construction could be materially more or less than initially forecasted and financed; and
- The construction project may not be able to proceed or may not be completed for technical and/or other reasons.

Risk mitigation:

- Prior to Council approval of a project requiring a Construction Financing loan, the Treasurer will prepare a report outlining recent economic forecasts regarding interest rates, along with a sensitivity analysis outlining the impact that changing interest rates could have on loan payments, as well as the potential impact on the Debt Limit.



- Long-Term Debt will not be issued until all critical construction contracts have been awarded and the project is substantially completed, or a discernable phase is complete.

d) Financing Lease Agreement Risk

Leases may be used to finance equipment, vehicles, buildings, land or other assets that the Town does not own, cannot acquire, or for which the benefits of leasing outweigh the benefits of purchasing.

Risks:

- Uncertainty of leasing costs if the contract needs to be extended or renewed;
- The potential for seizure or removal of leased equipment if the leasing company goes into default on its obligations to its creditors;
- The lease may include contingent payment obligations; and
- The Town may not have the ability to terminate the lease immediately if the asset is no longer required.

Risk mitigation:

- The Town will enter into Lease Financing Agreements with payments that are fixed over the lease term and any additional lease payments are known with certainty;
- Lease Financing Agreements will only be entered into with vendors in accordance with the Town's Procurement Policy; and
- Prior to entering into a Lease Financing Agreement, the Treasurer will prepare a report for Council outlining the costs and financial and other risks inherent in the agreement.



e) Interest Rate Risk

Where the Town enters into short-term or long-term borrowing at variable interest rates, there is a risk that volatility in the financial market would result in increasing Debt payment costs.

Risk mitigation:

- Fixed rate borrowing will be preferred; and
- Where variable-rate borrowing is used, a maximum of 10% of total outstanding Town Debt may be variable, and must comply with O. Reg. 247/01. This will exclude Construction Financing, which is temporary until a Debenture is issued.

4.4 Internal Debt Limit

The Town recognizes the importance of protecting and preserving capital while maintaining solvency and liquidity to meet ongoing financial requirements. In order to ensure long-term financial sustainability and flexibility, the Town will strive to implement an Internal Debt Limit which is lower than the ARL. This internal limit will be phased in as follows:

- a) ~~From 2020 to 2024: Annual Debt Financing Charges shall not exceed 20% of Own-Source Revenues.~~
- b)a) From 2025 to 2029: Annual Debt Financing Charges shall not exceed ~~15~~12% of Own-Source Revenues.
- e)b) From 2030 onward: Annual Debt Financing Charges shall not exceed 10% of Own-Source Revenues.

The Town will strive toward the target that a maximum of 50% of the anticipated obligatory Reserve Fund collections will be spent on Debt in order to maintain a minimum cash balance in the Reserve Fun

Policy S400-07

Town of Pelham: Corporate Services



| 2

(c)d.



- e)d) Annual Debt Financing Charges for non-tax supported Debentures, such as water and wastewater rate supported Debt, shall not exceed 15% of own-source rate-supported revenues.

4.5 Debt Repayment Reserve

The Town established a new debt repayment reserve in December 2023 under Council's direction. The purpose of this reserve is to mitigate significant increases in the operating budget as a result of new debt issuance and the relating principal and interest cost. The debt repayment reserve will be funded from principal and interest payments already built into the operating budget for existing debt as it expires. When future debt is issued, the debt repayment reserve can be used to transfer funds to the operating budget to fully or partially offset the cost of issuance of new debt.

4.54.6 Thresholds for Debt Issuance

In recognition of the cost of issuing Debt as well as the annual interest cost, the Town will not issue Debt for a capital project or group of projects where the Town's share of the project (including water and wastewater) is less than \$100,000.

4.64.7 Rolling-Stock

The Town will not issue Long-Term Debt for Rolling-Stock. Purchases of Rolling-Stock are to be funded through the use of Reserves, or lease funding where the overall cost to the taxpayer will be lower than if the vehicle was purchased.

4.74.8 Non-Tax Supported Projects

The Town has areas which have been identified as being "Non-Tax Supported", that is to say that the activity receives revenues and incurs expenses on its own without support from the general tax levy. These Non-Tax Supported activities include, but are not limited to, the water system and the wastewater system.

- a) Where a project includes tax-supported and non-tax supported activities (for example road reconstruction where water and sanitary sewers are also

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replaced), the financing will be shared between the general tax levy and the non-tax supported activity.

- b) The cost of the project will be split proportionately between the tax-supported and non-tax supported activities based on the estimated cost provided by the engineer.
- c) Funds received from senior levels of government will be attributed, where allowed under the terms of the agreement, to the tax-supported portion first.



Any remaining funding after the allocation to the tax-supported costs, is then attributed to the non-tax supported portion in the same ratio as the costs are attributed.

- d) Debt, and related interest, taken on by the Town for the use of a non-tax supported activity will be repaid by the revenues of that activity.

4.84.9 Lease Financing Agreements

The discussion of financial and other risks to the Town of using Lease Financing Agreements is included in section 4.3 d) of this Policy.

The Lease Financing Agreement must include a schedule of all fixed payments, if any, required by the agreement and that may be required by any extension or renewal of the agreement, in accordance with O. Reg. 604/06, s. 2.

a) Immaterial Lease Financing Agreements

- i) Lease Financing Agreements which will be considered immaterial for the Town will be defined as those which, individually for one asset result in payments less than or equal to \$15,000 per year, and for which the Present Value of Minimum Lease Payments is less than or equal to \$75,000. In aggregate, immaterial leases shall not exceed payments of \$50,000 per year, and the total Present Value of Minimum Lease Payments shall not exceed \$150,000.
- ii) Prior to entering into an immaterial Lease Financing Agreement, it must be the opinion of the Treasurer and Council that the proposed agreement is within this category and that its costs and risks, in combination with all the others of this category entered into or proposed to be entered into in that year by the Town, would not result in a material impact for the community.
- iii) The Treasurer will report to Council annually regarding Lease Financing Agreements (see Reporting Requirements below).



b) Material Lease Financing Agreements

- i) Any Lease Financing Agreements not classified under 4.8 a) i) will be considered material.
- ii) Prior to entering into any material lease financing agreement, Council shall meet all of the requirements of section 401(10) of The Act, including but not limited to requiring a report of the Treasurer, obtaining legal and financial advice, notifying the Regional Municipality of Niagara, and performing an assessment of the report prepared by the Treasurer.
- iii) At any time after the Treasurer prepares a report under section 401(10)(1) of The Act, if the Treasurer becomes of the opinion that a changed circumstance may result in a material impact for the Town, the Treasurer will update the report and present it to Council as soon as reasonably possible.
- iv) The Treasurer will report to Council annually regarding Lease Financing Agreements (see Reporting Requirements below).

4.94.10 Standard of Care

a) Ethics and Conflicts of Interest

Officers and employees involved in the Capital Financing process are expected to abide by the Town's Code of Ethics. In particular, they shall:

- i) Refrain from personal business activity that could conflict with the proper execution and management of the Capital Financing program, or that could impair their ability to make impartial decision;
- ii) Disclose any material interests in financial institutions with which they conduct business;



- iii) Disclose any personal financial/investment institutions with which they conduct business;
- iv) Disclose any personal financial/investment positions that could be related to the performance of their Capital Financing duties; and
- v) Not undertake personal financial transactions with the same individual with whom business is conducted on behalf of the Town.

b) Responsibilities

- i) Council:
 - Shall approve Capital Financing in accordance with this policy;
 - Shall develop and evaluate policies to ensure that administrative practices and procedures are in place to maintain the long-term financial flexibility of the Town and limit financial risk exposure; and
 - The Mayor may execute and sign documents on behalf of the Town with respect to the issuance of Debt approved by Council.
- ii) The Town Clerk:
 - May certify and sign documents on behalf of the Town with respect to the issuance of Debt approved by Council.
- iii) The Treasurer shall:
 - Review and recommend the type and term of financing for capital projects and operating requirements;
 - Calculate the Financial Obligation Limit for the Town as prescribed by The Act;



- Approve the timing and structure of Debt issues;
- Co-ordinate the preparation of Debt issue by-laws for Council;
- Execute and sign documents on behalf of the Town and perform all other related acts with respect to the issuance of Debt as approved by Council;
- Review and recommend to Council the financial and business aspects of any material lease agreements and transactions; and
- Ensure all reporting requirements identified in this Policy are met.

c) Delegation of Authority

- i) The Treasurer will have the overall responsibility for the Capital Financing program of the Town.
- ii) No person shall be permitted to engage in a Capital Financing activity except as provided within this Policy.
- iii) The Treasurer shall establish a system of controls to regulate the activities of the Corporate Services department and exercise control over all Capital Financing activity.

d) Requirement for External Advice

Town staff is expected to have sufficient knowledge to prudently evaluate standard financing transactions. However, should in their opinion the appropriate level of knowledge not exist for unusual or non-standard transactions, or as otherwise directed by Council, outside financial and/or legal advice will be obtained.

e) Reporting Requirements

The Treasurer shall prepare the following reports for submission to Council:



- i) Annual Audited Financial Statements.
- ii) A request for authority for temporary borrowing up to a stipulated amount to meet the day-to-day expenditures, pending receipt of tax levies, user fees and revenues anticipated during the year.
- iii) As part of the annual Budget:
 - A Debenture schedule for the year, including opening balance, principal and interest payments anticipated, new proposed Debt to be issued, and expected closing balance;
 - The Treasurer's Adjustment of the ARL, beginning with the most recently submitted Financial Information Return, and adding in additional approved Debt, as well as showing the impact of proposed Debt in the capital plan;
 - A report on financial indicators, including, but not limited to, those listed in Appendix B. The report will include an analysis of those indicators, a comparison to other similar municipalities, where available, and a discussion of the impact that is anticipated from the long-term capital plan. If new Debt is recommended in the capital Budget, the report will include the expected impact of the new Debt on the financial indicators. If new Debt is recommended outside of the Budget process, this report must be prepared prior to Council approval;
 - A list of any outstanding leases which are immaterial and require payment beyond the current year;
 - If there are any outstanding Lease Financing Agreements, an estimate of the proportion of financing leases to the Town's total Long-Term Debt, a description of any changes since the previous year's report, if any, and a statement that in his or her opinion all financing leases were made in accordance with this Policy; and
 - A statement indicating that the capital plan is compliant with this Policy.



- iv) Prior to entering into a finance lease, which is other than immaterial, a report meeting all of the requirements of section 401(10) of the Act, including, but not limited, to:
- A comparison between the fixed and estimated costs and the risks associated with the proposed lease and those associated with other methods of financing;
 - A statement summarizing, as may be applicable, the effective rate or rates of financing for the lease, the ability for lease payment amounts to vary and the methods or calculations, including possible financing rate changes, that may be used to establish that variance under the lease;
 - A statement summarizing any contingent payment obligations under the lease that could result in a material impact for the Town;
 - A summary of assumptions applicable to any possible variations in the agreement payment and contingent payment obligations; and
 - Any other matters the Treasurer or Council considers advisable.
- v) Prior to the Town passing a by-law providing for Construction Financing, a report meeting the requirements of O. Reg. 278/02, amended to O. Reg. 76/16, including, but not limited to:
- The fixed and estimated costs to the Town;
 - Whether the costs of the proposed financing for construction of the undertaking are lower than other methods of financing available;
 - A detailed estimate with respect to the terms of the Town's expectation of revenue generation from the undertaking, once constructed;



- The risks to the Town if the undertaking is not constructed or completed within the period of construction as estimated by Council; and
 - The financial and other risks for the Town.
- vi) Other reports in line with this policy shall be brought forward to Council as needed.

c) Policy Review:

This policy shall be presented to Council for review (and update if required) every four years, in the first year of each newly elected Council, or more frequently as deemed necessary by Council, the Chief Administrative Officer, or the Treasurer.

5. Attachments

- Appendix A Maximum Financing Term of an Asset
- Appendix B Debt-Related Financial Indicators

Policy S400-07 Appendix A
 Town of Pelham: Corporate Services
 Maximum Financing Term of an Asset

Maximum Financing Term	Type of Asset
3 Years	Computer Software Desktop/Laptop Computer, Monitor
5 years	Audio, Video, and Security Equipment Computer Server and Network Equipment Office Equipment Office Furniture
10 years	General Purpose Vehicle Park Facility, Trail Parking Lot Public Works Facility Sidewalk Specialized Equipment Specialized Vehicle (e.g. Snow Plow, Fire Truck) Street Lighting, Traffic Signal Underground Wiring Unlicensed Mobile (e.g. Tractor, Ice Resurfacer) Water Meter
20 years	Bridge, Culvert Fire Station Library Office Building Road Sanitary sewer, Storm Sewer Watermain, Hydrant
30 years	Recreational Facility with Useful Life > 30 years

Policy 5400-07 Appendix B
Town of Pelham: Corporate Services
Debt-Related Financial Indicators

Indicator	Category	Definition	Importance	Benchmarks	Agency/Source	Calculation
Debt Servicing Cost as a % of Own-Source Revenues	Flexibility	Percentage of revenues that are used to pay for principal and interest on debt (Revenue excludes items which are not guaranteed or non-recurring, such as grants, development charges, and gains on disposal of tangible capital assets. See Definitions in this Policy. Debt excludes non-recurring items such as lump-sum or balloon payments.).	A measure of the Town's ability to service debt payments. A higher number indicates that debt servicing is consuming a higher portion of the operating budget and may constrain the funding that is available for other service delivery.	<ul style="list-style-type: none"> Provincial limit is 25%. The MMAH monitors a similar indicator, Debt Servicing as a % of Total Revenues (Less Donated TCA). Less than 5% is low risk, 5 to 10% is moderate risk, and above 10% is high risk. 	MMAH, modified	<u>Debt Servicing Cost for the Year (SLC 81 9920 01)</u> Own-Source Revenues (SLC 81 2610 01)
Debt Service Coverage Ratio	Flexibility	Cash flow that is available to pay for principal and interest on debt.	A measure of the Town's ability to service debt with recurrent operating cash flows. If this ratio is 1, the Town has just enough cash flow to pay for debt servicing. If it is less than one, the Town operating income is constrained in covering debt servicing costs.	<ul style="list-style-type: none"> Less than 1 is constrained, 1 is just sufficient to cover debt servicing, 1.5 or higher would indicate more flexibility to meet operating demands. 	Infrastructure Ontario, modified	<p><u>Adjusted Operating Surplus*</u> Debt Servicing Cost for the Year (SLC 81 9920 01)</p> <p>*Adjusted Operating Surplus = Own-Source Revenues (SLC 81 2610 01) - Operating Expenses (SLC 40 9910 07) + Amortization (SLC 40 9910 16) + Interest on Long-term Debt (SLC 40 9910 02)</p>
Debt to Reserve Ratio	Flexibility	Total debt outstanding as a ratio of total reserves (excluding obligatory reserve funds).	A measure of the amount of debt taken out that will need to be funded in the future, versus the amount that has been put away into reserves to provide for future expenditures. A ratio of greater than 1 means that debt outstanding exceeds reserves available. A ratio of less than 1 means that debt outstanding is lower than reserves available.	<ul style="list-style-type: none"> Less than 1 is low risk, 1 to 1.25 is moderate risk, and above 1.25 is high risk. 	BMA Study	<u>Total Long-term Liabilities (SLC 70 2699 01)</u> Total Reserves and Discretionary Reserve Funds (SLC 60 2099 03 + SLC 60 2099 02)
Debt per Capita	Flexibility	The amount of debt that is outstanding per Town citizen.	A measure of how much debt is outstanding per citizen of the Town. This can give an indication of the amount of future tax revenues that need to be recovered to pay for existing infrastructure, and a high level of debt relative to other similar municipalities may mean that the Town would have less flexibility to respond to an unanticipated event or expenditure.	<ul style="list-style-type: none"> We do not have a specific benchmark, but the Town ratio can be compared to other similar municipalities to provide a point of reference. 	BMA Study	<u>Total Long-term Liabilities (SLC 70 2699 01)</u> Population (SLC 01 0041 01)
Net Financial Assets (Net Debt) as a % of Own-Source Revenues	Sustainability	Net financial assets (or net debt) as a percentage of Own-Source Revenues. (Revenue excludes items which are not guaranteed or non-recurring, such as grants, development charges, and gains on disposal of tangible capital assets. See Definitions in this Policy.).	A measure of the amount that Own-Source Revenue is servicing debt. A ratio less than zero indicates that the Town is in a Net Debt position (liabilities exceed financial assets). An increasing negative number may indicate challenges for long-term sustainability because an increasing amount of future revenues will be required to pay for the existing debt.	<ul style="list-style-type: none"> The MMAH indicates greater than -50% is low risk, -50% to -100% is moderate risk, and less than -100% is high risk. Trend should be viewed over a minimum 3-year period. 	MMAH, modified	<u>Net Financial Assets (Net Debt) (SLC 70 9945 01)</u> Own-Source Revenues (SLC 81 2610 01)
Total Reserves and Reserve Funds as a % of Operating Expenditures	Sustainability	Total reserves and discretionary reserve funds as a percentage of operating expenditures.	A measure of the amount of funds that have been set aside for future needs and contingencies. A higher percentage means that the Town may be relying less on debt or putting funds away for future expenditures. A lower percentage may mean that the Town is relying more heavily on in-year tax levy and rates to pay for expenditures.	<ul style="list-style-type: none"> The MMAH indicates greater than 20% is low risk, 10% to 20% is moderate risk, and less than 10% is high risk. The Town will consider greater than 40% is low risk, 20% to 40% is moderate risk, and less than 20% is high risk. 	MMAH	Total Reserves and Discretionary Reserve Funds (SLC 60 2099 03 + SLC 60 2099 02) Total Expenses - Revenue Received from Other Municipalities for Operations - Revenue Received from Other Municipalities for Tangible Capital Assets (SLC 40 9910 11 - SLC 12 9910 03 - SLC 12 9910 07)
Asset Consumption Ratio	Sustainability	Accumulated amortization of tangible capital assets as a percentage of historical cost of tangible capital assets	A measure of the amount of the Town capital assets' life expectancy which has been consumed. A higher ratio may indicate that there are significant replacement needs, and a lower ratio may indicate that there is not significant aging of the Town's capital assets.	<ul style="list-style-type: none"> The MMAH indicates less than 50% is low risk, 50% to 75% is moderate risk, and greater than 75% is high risk. 	MMAH	Closing Accumulated Amortization Balance of Tangible Capital Assets (SLC 51 9910 10) Closing Cost Balance of Tangible Capital Assets (SLC 51 9910 06)

Note: "SLC" refers to the Financial Information Return (FIR) schedule, line, column