



Staff Report

Finance – Budgets & Accounting

Report To: Committee of the Whole
Meeting Date: May 4, 2021
Report Number: FAF.21.071
Title: Land Long-Term Debt
Prepared by: Sam Dinsmore – Deputy Treasurer/Manager of Accounting and Budgets

A. Recommendations

THAT Council receive Staff Report FAF.21.071, entitled “Land Long-Term Debt”;

AND THAT Council approve Parkland Dedication funding in the amount of \$1,247,221 for the purchase of 125 Peel Street;

AND THAT Council approve Long-term Debt funding in the amount of \$2,785,821.54 for the remaining cost of 125 Peel Street and the purchase of 19 Napier Street;

AND THAT Council direct staff to start the process with Infrastructure Ontario to obtain the long-term debt.

B. Overview

This report is seeking Council direction on the funding sources for two land purchases: 19 Napier Street and 125 Peel Street.

C. Background

In 2020 the Town purchased 19 Napier Street for \$425,000 and in early 2021 the Town also purchased 125 Peel Street for \$3,450,000; both purchases require funding. Staff have included a few options in this report, however the majority of the funding will be long-term debt paid through annual taxation.

D. Analysis

In October of 2020 the Town purchased 19 Napier Street for \$425,000. At the time no funding source was identified. Factoring in legal costs, non-recoverable HST and carrying costs, staff are recommending that the Town take out long-term debt in the amount of \$433,648.31 for this purchase.

In March of 2021 the Town purchased 125 Peel Street for \$3,450,000. At the time no funding sources were identified. Factoring in legal costs, non-recoverable HST and carrying costs, the amount requiring funding is \$3,599,393.85. Staff are recommending that the Parkland Dedication Reserve Fund be used to fund \$1,247,220.62 for this purchase with the remaining \$2,352,173.23 be included in the long-term debt with the Napier Street purchase.

The total debt that staff are recommending that the Town take out with Infrastructure Ontario is \$2,785,821.54. A 25-year loan with a current rate of 2.85% (Town's current borrowing rate) would result in an annual payment of \$191,000 with \$1.032M paid in interest over the 25 years. The \$191,000 annual payment equates to a 1.10% increase over the 2021 tax levy. Without other funding sources long-term debt is the best option for these purchases.

Included in the annual budget book is an analysis of the Town's Annual Repayment Limit (ARL). The Province limits how much debt a municipality can have at 25% of Net Revenues. The Town further restricts this to 15% of Net Revenues to leave room in case emergency debt needs to be incurred through its Debt Policy POL.COR.17.01. A revised ARL analysis is included below to give Council an up-to-date look at the remaining debt limits.

Description	Amount
Net Revenues	\$27,562,694
25% Limit as per Provincial Legislation	\$6,890,674
15% Limit as per Town Debt Policy POL.COR.17.01	\$4,134,404
Current Annual Payments	
Town Hall	\$255,735
OPP Detachment	\$37,375
Thornbury Water Reservoir	\$123,955
Thornbury Harbour	\$56,845
Total Current Annual Payments	\$473,910
Approved Projects	
Landfill Mining (completed awaiting long-term debt)	\$67,475
Thornbury West Road Reconstruction	\$195,227
Tyrolean Village Servicing	\$146,710
Total Approved Projects	\$409,412
Total Annual Payments	\$883,322
Remaining Limit (15%)	\$3,251,082
Proposed Annual Payments (2021 Budget)	
Fire Aerial Pumper	\$45,868
Bridge #2 and #3	\$134,090
Land Purchases	\$191,000
Total Proposed Annual Payments (2021 Budget)	\$370,958
Total of All Annual Payments	\$1,254,280
Remaining Limit (15%)	\$2,880,124

If Council approves the recommendations staff will start the process to incur the long-term debt. A future staff report will come back to Council with more details and to get approval for the Borrowing By-law.

E. Strategic Priorities

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

4. Quality of Life

We will foster a high quality of life for full-time and part-time residents of all ages and stages, while welcoming visitors.

F. Environmental Impacts

N/A

G. Financial Impacts

To fund the annual repayment amount of \$191,000 staff would include this in the 2022 Base Budget, which would lead to a 1.10% increase over the 2021 tax levy. If the Town does not use the Parkland Dedication, the principal amount will increase to \$4,033,042.16 which would result in a \$276,000 annual payment and \$1.495M in interest costs. A \$276,000 annual payment would represent a 1.6% increase over the 2021 tax levy.

H. In Consultation With

Katherine Dabrowa, Budget Analyst

I. Public Engagement

The topic of this Staff Report has not been the subject of a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. However, any comments regarding this report should be submitted to Sam Dinsmore, Deputy Treasurer/Manager of Accounting and Budgets, budgetteam@thebluemountains.ca.

J. Attached

None

Respectfully submitted,

Sam Dinsmore
Deputy Treasurer/Manager of Accounting & Budgets

Ruth Prince
Director Finance & Information Technology Services

Shawn Everitt
Chief Administrative Officer

For more information, please contact:
Sam Dinsmore, Deputy Treasurer/Manager of Accounting & Budgets
budgetteam@thebluemountains.ca
519-599-3131 extension 274

Report Approval Details

Document Title:	Land Long-Term Debt.docx
Attachments:	
Final Approval Date:	Apr 19, 2021

This report and all of its attachments were approved and signed as outlined below:

Ruth Prince - Apr 19, 2021 - 10:52 AM

Shawn Everitt - Apr 19, 2021 - 6:08 PM