



GRAND VALLEY

STAFF REPORT

To: Mayor and Members of Council
From: Meghan Townsend, CAO/Clerk
Meeting Date: December 10, 2024
Report Number: **2024-127**
Subject: Draft 2025 Capital Budget

Recommendation

THAT Council receives Report – Draft 2025 Capital Budget,
AND FURTHER THAT Council authorizes the following projects to proceed:

- Bridge 5 rehabilitation
- Water Tower Generator
- Community Centre Expansion
- Concession 2-3 Park Gravel parking lot expansion
- Payment for the Bridge 10 loan
- Gravel tender for material up to \$400,000
- Microsurfacing Water and Main Streets
- Sand/Salt distribution system for Truck 46
- Purchase of Equipment by Public Works and Recreation
- Microsurfacing Mount Haven Crescent and Deaken Drive
- Southeast Sewage Pumping Station (as authorized previously)
- Wastewater Treatment Plant 2025 Capital Expenditures

- Feasibility of streetlight at the intersection of Amaranth/East Luther Townline and County Road 109

AND FURTHER THAT that the changes discussed in the meeting be made for the Operating Budget presentation on January 28, 2025.

Executive Summary

Purpose

To present the 2025 Capital Budget.

Key Findings

Luther Road Inflow and Infiltration project has put the budget above affordability. Other projects are funded with reserves, grants, development charges or property taxes within what the levy can afford. Decisions on Luther Road will be required.

Financial Implications

Total 2025 Budget Request for Capital Projects is \$15,747,850. Of that, \$2,407,093 is currently budgeted to be paid with property taxes through the levy.

Report

Background

For the 2025 budget, Council directed that the capital budget portion of the 2025 budget be presented, deliberated and approved before the end of 2024. In so doing, the Town will be able to issue its capital tenders early in 2025 to obtain the most interest from vendors, to obtain competitive pricing and have projects scheduled for completion in a timely manner.

Discussion

The status of the Town's reserves is presented as Attachment 1. On this document,

The following attachments present the various capital projects proposed for 2025. Each page describes the 2024 projects and status, then the 2025 proposed projects and costs. The "Total Capital Budget Request" stated for each category is the cost to be paid for by property taxes and that will therefore impact the levy.

The information is presented for discussion. Council direction is requested.

Financial Impact

Total 2025 Budget Request for Capital Projects is \$15,747,850. Of that, \$2,407,093 is currently budgeted to be paid with property taxes through the levy.

The 2025 Capital Budget, as is, will not be manageable for the Town once the operational costs and levy obligations are factored in. The property tax burden needs to decrease by at least half. Options to assist with capital costs include:

- Borrowing
- Use of proceeds from sale of assets
- Reserves

The Town's Annual Repayment Limit is \$1,524,945. This is the maximum amount of yearly debt repayments that the Province will allow our municipality to carry in our budget. This means that the Town could borrow approximately \$20,000,000 at 5% on a 20 year loan, if so desired. If we want to exceed this amount, special approvals are required. While staff do not recommend that the Town proceed with approaching this Limit, it shows that we have the option of borrowing to facilitate our capital needs.

The Town will be borrowing from Infrastructure Ontario to pay for the Bridge 10 replacement project. The sewage treatment plant loan is the other significant loan that the Town is carrying. We have financed equipment as well, contributing slightly to our debt level. Within the next 5 years, the Town will be asked to finance infrastructure projects more than before, including the expansion to the community centre, growth related infrastructure projects and possible road construction projects.

Some of the capital projects proposed in this budget could be considered for debt financing, specifically the Luther Road infiltration project. Financing these large projects could help the Town spread the cost of these projects over their useful lives, help pay for the projects to allow them to proceed before costs increase even more, and we may secure interest rates that are competitive with inflationary impacts on construction costs.

In addition to or alternative to borrowing, the Town is planning to sell parcels of land that are surplus to the Town's needs. Council can decide to use these proceeds toward capital projects in 2025. These proceeds have not been incorporated into this budget.

Finally, this capital budget presents projects funded by reserves and the planned reserve contributions are included in this budget. Council could direct the further use of reserves to fund more projects.

Consultations

RJ Burnside and Associates

Attachments

Attachment 1 – 2025 Reserve Status and Recommendations

Attachment 2 – Council and Administration

Attachment 3 – Community Centre

Attachment 4 – Recreation

Attachment 5 – Bridges

Attachment 6 – Storm System

Attachment 7 – Gravel Road

Attachment 8 – Road Construction

Attachment 9 – Public Works Vehicles and Equipment

Attachment 10 – Drinking Water System

Attachment 11 – Wastewater and Inflow and Infiltration Projects

Attachment 12 – Streetlights

Attachment 13 – Growth Related Infrastructure

This report was submitted by

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