

Town of Riverview

COUNCIL REPORT FORM



Presented to: Mayor and Council

Department: Finance

Date: September 24, 2018

Subject: Debt Borrowing – 2018 Capital Projects^[Title]

BACKGROUND

On February 20, 2018 Council passed a Resolution to borrow up to \$5,400,000 for Capital Items including the Arena Upgrades, Road and Street Reconstruction, Gunningsville Intersection Upgrade and a Storm Sewer Cleaner Vehicle.

The Town received approval for this from the Province on April 9, 2018. This was the first step in the borrowing process and amounted to a pre-approved loan.

The next step is merely a formality for Council to pass a Resolution to actually draw down this pre-approved borrowing. That is what the Resolution is included with your Council package for the September 24th Special Council Meeting.

During 2018 a few things occurred that have provided the opportunity to reduce the need to borrow at this time by \$900,000 to \$4,500,000. These items include:

- i) Deferral of the acquisition and delivery date of the Storm Sewer Cleaner until 2019. This results in eliminating the need at this time to borrow the amount of **\$550,000** until 2019. This capital item will be deferred and included in the 2019 Capital Budget.
- ii) In the previous year Council approved, based upon information available and provided by the Treasurer, the transfer of \$450,000 from the Capital Reserve Fund to the General Capital Account. After all final invoices and figures were received and determined for the previous fiscal year of 2017 it was determined that **\$300,000** of this transfer was not required to fund 2017 Capital Projects and could be carried forward and used to fund 2018 Capital Projects.
- iii) An additional **\$50,000** in overall budgetary savings should be attainable for fiscal 2018.

This does not mean that the Town has cost savings of \$900,000. It means that the Town simply won't have to borrow as much at this time to finance the Capital Program.

Once again, this process of passing the resolution before you today is a requirement of the Municipal Capital Borrowing Board and adds formality to the borrowing process.

CONSIDERATIONS

Legal: N/A

Financial:

The amount of borrowing directly impacts the debt ratio and the impact on the operating budget as it relates to debt service costs.

Policy: N/A

Stakeholders:

Tax payers, staff and Council must be cognizant of the borrowing limitations and costs in all future decision making.

Strategic Plan:

The borrowing is consistent with attaining the goals outlined in the Strategic Plan.

Interdepartmental Consultation:

The Director of finance has reviewed the borrowing described in the attached Resolution with the CAO.

Communication Plan: *If the initiative requires public notification, outline how and when this will happen.*

The borrowing shall be included in the minutes of the Council Meeting. As well, all borrowing by municipalities is published by the Province of New Brunswick and made available to the public.

OPTIONS *Provide 2/3 options for Council to consider.*

- 1) Approve the borrowing of \$4,500,000
- 2) Do not approve the borrowing – as the capital costs have already been incurred the Town must now fund these long term items from other than current revenues. Not approving the borrowing would result in a significant overdraft at the bank which is not permissible under current legislation.

RECOMMENDATION FROM STAFF [Click here to enter text.](#)

To pass the resolution to draw down \$4,500,000 under this pre-approved borrowing authority.

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Report Approval Details

Document Title:	Debt Borrowing.docx
Attachments:	
Final Approval Date:	Sep 19, 2018

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

Colin Smith - Sep 19, 2018 - 10:53 AM