



Haist St Arena Lands Financial Update

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Agenda

1. Haist St Arena Property Photos
2. Financial reasons why the Town needs to sell the arena lands on Haist St
 - Increase cash balance
 - Avoid additional costs
 - Increase future revenues
 - Cash required for capital projects
3. Debt Update



North & East Elevation of the Arena Building



Angled front and side view/north and west elevation of the arena building



Front view/north elevation of the arena building



View of the Quonset hut located on the arena site.



View of the southeasterly yard area and the east elevation of the arena located in distance.



View of the south elevation of the arena building taken from the southerly lot line.



View of the entrance driveway off of Haist St.



View of part of the frontage along Haist St showing the tennis courts.



View of the lawn area east of the arena looking south.



View of the parking lot area west of the building.



View of the parking lot area along the west side looking north.



View of the northern sector of the site looking east.



View of Haist St. looking south from the site.



View looking north along Haist St. to the north.



Why does the Town need to sell the arena lands on Haist St?

1. Town needs the \$3 Million cash from the sale of land
2. Avoid additional costs of demolition and remediation of soil
3. Avoid costs of retrofitting the building for other uses
4. Obtain future property tax revenue in perpetuity from the development
5. Cash needed to fund capital projects



1. Town needs the \$3 Million cash from the sale of land

Why does the Town need cash?

- The Town has invested its cash in tangible capital assets.
- ***Cash was borrowed from internal funds*** including reserves and reserve funds to fund these assets.
- As a consequence, the ***cash balance is bank indebtedness.***
- The Town has been in a bank indebtedness position since December 31, 2010.



Cash Position

Balances at December 31, 2017	
Deposits & Deferred Revenue	\$ 651,775
Deferred Revenue-obligatory reserve	3,840,767
	4,492,542
Reserves	1,947,719
Total	\$ 6,440,261
Cash (excluding debenture funds)	\$ 989,640
Bank indebtedness	(2,577,778)
Total	\$ (1,588,138)
Future Financing to be Received	
Long-term Debt	\$ 4,763,315
To be recovered from Developers	6,700,000
Total	\$ 11,463,315

Cash borrowed internally is \$8 Million

See slide 22

See slide 21

Source: Audited F/S December 31, 2017
The 2018 Audited F/S will be available in May 2019



1. Town needs the \$3 Million cash from the sale of land

Why does the Town need cash?

- The Town has invested monies to kick start the East Fonthill development. These capital projects were initially approved to be funded through debt payment. ***The debt has not been issued to date and current funds were used (\$4.8M).***
- The nature of these projects is such that ***funds will ultimately be recovered from the developers when the subdivisions are developed (\$6.7M).***



1. Town needs the \$3 Million cash from the sale of land cont'd

Why does the Town need cash?

- There is a ***timing issue of when this cash will be received from the developers*** since the Town up fronted development costs in East Fonthill.
- Amounts to be received from developers when development happens are as follows:

Parkland	\$3,600,000
Stormwater Pond	\$1,400,000
Summersides Road	<u>\$1,700,000</u>
Total	<u>\$6,700,000</u>



Unissued Approved Debt

Project Description		Year of Debt Issuance	Year of Debt Repayment	Revised Debt Amount @ December 31, 2017	Estimated Annual Payment (5%, 10 years)	
REC 12-13	Predevelopment Costs for PCC	2019	2029	\$ 1,000,000	\$ 129,505	← spent
RD 29-14	Wellspring Way/Shaw Ave Construction	2019	2029	1,173,568	149,376	← spent
RD 02-16	Summersides: East to Rice Rd	2019	2029	2,171,997	276,444	← spent
RD 01-17	Summersides: Station to Wellspring	2019	2029	417,754	54,101	← spent
				\$ 4,763,319	\$ 609,426	

Total cash of \$4.8 million was spent for these capital projects that still needs to be replenished with the issuance of a debenture.



Cash Position

- The bank indebtedness for December 31, 2018 is \$ 1.4 Million.
- Per the Municipal Act, the Town can borrow up to 50% of the tax levy up to September 30, then at 25% to December 31. This is to help with the timing of cash flow when the taxes are collected and expenditures are incurred.
- The maximum line of credit is at \$7 Million to September 30 and then \$4.5 Million to December 31.



Cash Position

- There is no requirement under the Municipal Act or Town Policy for the Town to maintain cash or liquid assets equal to the balance of deposits and non-obligatory deferred revenue and reserves.
- The deferred revenue-obligatory reserve funds are required to be supported by a cash balance; however, the Town is permitted to borrow against these funds as long as interest is allocated. Interest is being allocated by the Town.
- In 2019, the Town will be developing Reserve and Reserve Fund Policies



2. Avoid additional costs of demolition and remediation of soil

1. The cost of ***demolition*** includes the following:

- Decommissioning and removal of the ammonia and brine
- Asbestos abatement and disposal offsite
- Demolition of the building, Quonset hut and foundations
- Removal of the asphalt parking lot and tennis courts

Less the estimated scrap metal

Total estimated costs is \$500,000



2. Avoid additional costs of demolition and remediation of soil

2. **Remediation** of the soil is a way of purifying and revitalizing the soil. It is the process of removing contaminants in order to protect the health of people and the environment.

Total Estimated cost is \$500,000

Total demolition and remediation is approximately \$1 Million



3. Avoid costs of retrofitting the building for other uses

- The Facilities Assessment Report showed a minimum \$2 Million in repairs which did not include elevators or improvements to any exterior features
- Approximately \$912,000 of repairs were critical



4. Obtain future property tax revenue in perpetuity from the development

The development of the property included 13 singles and 28 townhouses.

The property taxes revenue that will be generated will be \$84,300 per year. This will be in perpetuity. This is equivalent to 0.7% of the tax levy.

If the development does not happen, this revenue will not contribute to the Town's bottom line.



5. Cash needed to fund capital projects

GENERAL GOVERNMENT		
IT 02-18	Annual Equipment PSAB additions/replacements	712
IT 03-18	Innovation Technology	32,865
IT 04-18	Voice Activation System	15,000
IT 05-18	Website Enhancements	30,000
Total General Government		78,577
TRANSPORTATION SERVICES		
ROADS		
RD 08-17	Easement for Station Street storm outlet	35,000
RD 09-17	Station: Town Square to Port Robinson Road	38,164
RD 11-17	Road Reconstruction - Haist St: Welland Rd to Beckett Cres, including Welland Rd Haist to Edward	111,150
RD 21-17	Replace 2 Farm Culverts on Big Creek Drain in road	10,000
No Project ID	(resolution during 2017)	21,126
RD 04-18	Culvert Replacement Program	6,051
RD 06-18	FUNDING REQUIRED Cycling Signage Initiative	12,000
RD 10-18	Roadside Ditching Program	71,292
RD 11-18	Sign Replacement Program	5,000
RD 12-18	Stormwater Facility Maintenance - Station, Timber Creek	70,000
RD 13-18	Streetlights and Traffic Signal Maintenance	49,817
RD 14-18	Sulphur Spring Drive Engineering	19,821
RD 15-18	Traffic Safety and Intersection Operations Review	15,000
RD 16-18	Cycling Counter - PATC Request	3,000
FACILITIES		
FAC 09-17	Masonry Repairs (Park Lane, Fonthill Library, Model Railway, Municipal Building, Tice Rd) - FCA Critical 2017	24,500
FAC 03-18	Tice Road Operations Centre - Man Door Repairs, insulation and vapour barrier in north bay - FCA Critical	37,000
FAC 09-18	Harold Black Park - reconfiguration of soccer fields	10,000
Total Transportation Services		538,921



5. Cash needed to fund capital projects cont'd

FLEET		
VEH 01-18	01 - Lease - Heavy Duty Pick-up Truck with landscape box Replaces Truck 125 - 2004 F250	13,596
VEH 06-18	Fuel Pump / Diesel and Regular Equipment unreliable and Parts no longer available	18,000
VEH 07-18	GPS/ALV Tracking of Snow Clearing Fleet includes \$2400 annual fee for unit tracking and web based reporting platform (annual tracking to go to winter maintenance operating budget in 2019)	20,000
VEH 12-18	2 Tractor w/ plow and spreader - seasonal rent 7 month seasonal rent - (Replaces Truck 422 - 2003, 5 Tonne Sterling) - approved by Council	35,000
VEH 13-18	Equipment unreliable	11,000
Total Fleet		97,596
HEALTH SERVICES		
CEM 01-18	Fonthill Cemetery - circulation fans/dehumidifiers in mausoleum - FCA Critical 2017 - 2025	20,000
Total Health Services		20,000
WASTEWATER		
WST 06-17	Hurricane Road Sewer lateral Replacement - Design &	85,000
WST 01-18	Sanitary Lateral Replacement Program (5 laterals)	12,000
WST 02-18	Sanitary Sewer Inspection, CCTV and Flushing Program	80,309
WST 03-18	Pollution Control Plan - Welland Wastewater Treatment	100,000
WST 04-18	Foss Road Upgrade existing sewer from 350 to 450mm	21,640
WST 05-18	Rice Road North of 20 - Sewer services - additional	24,995
Total Wastewater		323,944
WATER		
WTR 03-17	Water Model - Field Calibration & Water Needs Study	8,254
WTR 05-17	Design: Haist Street: Welland Rd to Beckett Cres, including Welland Rd Haist to Edward	26,338
WTR 01-18	Backflow Prevention Program	50,000
WTR 02-18	Station Street: Hwy 20 to Port Robinson, Watermain Replacement - trench only	544,063
WTR 03-18	Water System Repair	30,000
Total Water		658,655



5. Cash needed to fund capital projects cont'd

RECREATION & CULTURAL SERVICES- PARK FACILITIES		
REC 02-16	Fenwick Rail Trail Furnishings	16,932
PRK 03-17	Design & Public Consultation - Weiland Heights Park	21,228
PRK 01-18	Design Build - Weiland Heights Park Development	150,000
PRK 02-18	Ash tree removals - continued program	15,378
PRK 03-18	Design Build - Residences at Lookout Park Development	230,000
Total Recreation & Cultural Services		433,538
COMMUNITY PLANNING & DEVELOPMENT		
PLN 03-15	Comprehensive Zoning by-law	26,974
PLN 01-17	East Fenwick Secondary Plan	200
PLN 03-17	Comprehensive Zoning By-law Mapping	5,900
PLN 04-17	Comprehensive Zoning By-law	17,000
Total Community Planning & Development		50,074
LIBRARY SERVICES		
LIB 02-18	Computer Services Development	3,002
Total Library Services		3,002
Total East Fonthill		400,000
Grand Total		2,604,306



5. Cash needed to fund capital projects cont'd

The reserves and reserve funds do not have the cash to fund these capital projects that are carry forward from 2018 and prior years.

The cash from the land sale is required to fund \$2.6M of capital projects.



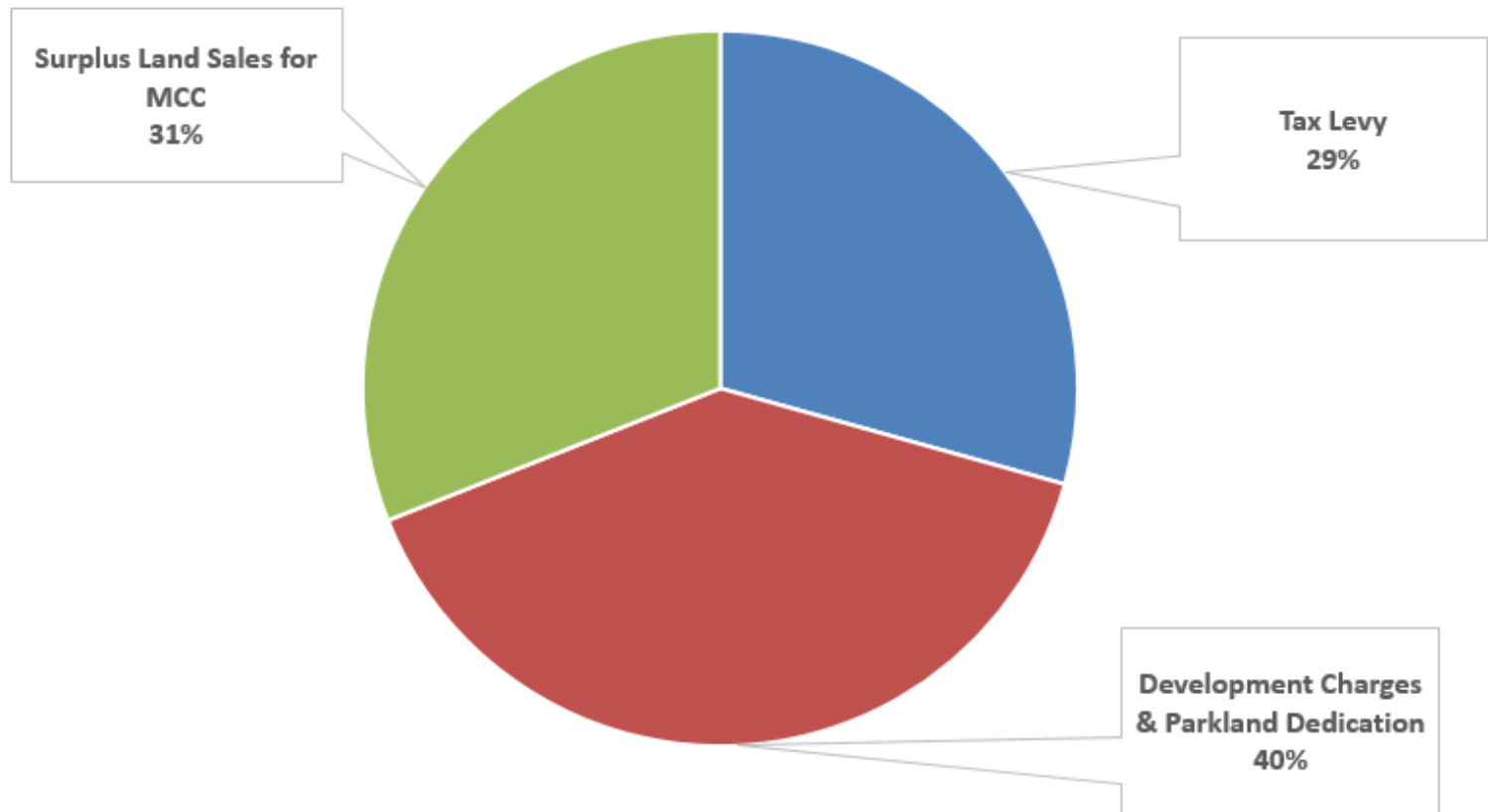
Debt at December 31, 2018

Debenture	Purpose	Projected Balance at Dec. 31, 2018
67-2009	Centennial Park	\$ 24,000
83-2011	Haist & Pelham St	571,867
73-2012	Haist St & Rice Rd	346,000
72-2013	Effingham & Hwy 20	377,312
78-2014	Pelham St & Fire Stn #2	1,116,338
75-2015	Fire Station #3 & Pt. Robinson Rd.	2,392,000
72-2016	Pelham Community Centre	8,701,170
35-2016	Fenwick & Port Robinson	4,666,550
55-2017	Pelham Community Centre	11,893,451
	Total Long-Term Debt	\$30,088,688
	MCC Construction Bridge Loan	13,527,443
	Total	\$43,616,131



Debt

How is the Debt Funded?



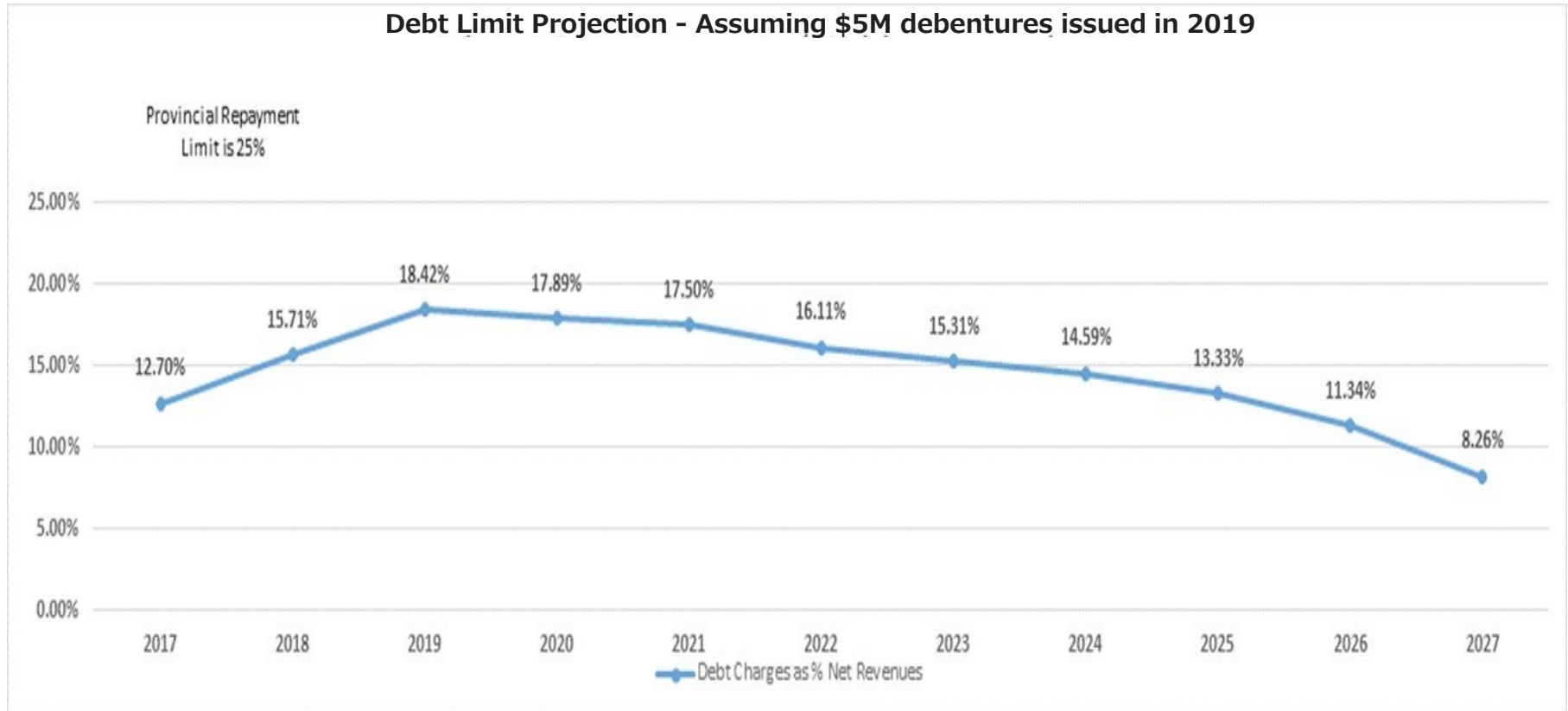
Long-Term Debt

- The annual debt and financial obligation limit for municipalities is determined from Ontario Regulation 403/02 of the Municipal Act 2001.
- The Town has no choice but to stay within these limits, unless OMB approval is obtained.
- Annual Repayment Limit (ARL) is calculated as: 25% of Town Operating Revenues less debt charges.
- The Treasurer is responsible for providing Council with an updated calculation of the annual repayment limit prior to any approval for new debt.



Long-Term Debt

Debt Limit Projection - Assuming \$5M debentures issued in 2019



Questions?

