

The “**NINTH MEETING**” (**SPECIAL**) of the Committee of the Whole was held at the Municipal Offices, 66 Charlotte Street, Port Colborne on Monday, March 31, 2014 commencing at approximately 5:42 p.m.

**ATTENDANCE:**

Mayor Vance Badawey presided with the following members in attendance:

**COUNCILLORS:**

	W. Steele
A. Desmarais	Y. Doucet
F. Danch	
R. Bodner	B. Butters

Absent: D. Elliott (due to work), B. Kenny (due to illness)

**STAFF:**

R. Heil, Chief Administrative Officer  
D. Aquilina, Director of Planning & Development  
R. Hanson, Director of Engineering & Operations  
P. Senese, Director of Community & Corporate Services  
H. Hakim, Manager of Community Services  
T. Cartwright, Fire Chief  
A. Grigg, City Clerk

Also in attendance were interested citizens, members of the news media and Cogeco TV.

**CALL MEETING TO ORDER – MAYOR VANCE BADAWEY**

**1. CONFIRMATION OF THE AGENDA**

Moved by Councillor R. Bodner  
Seconded by Councillor Y. Doucet

That the agenda dated March 31, 2014 be confirmed, as circulated.  
CARRIED.

**2. DISCLOSURES OF INTEREST**

Nil.

**3. PRESENTATIONS**

**(a) Robert J. Heil, Chief Administrative Officer, and Peter Senese, Director of Community & Corporate Services Re Capital Budget**

The Chief Administrative Officer and the Director of Community and Corporate Services provided a PowerPoint presentation regarding the City’s current debt level and future debt capacity for funding of future capital projects. The Chief Administrative Officer and Director provided an overview concerning the following: total estimated value of the City’s assets; asset replacement; a summary of existing capital and lifecycle depreciation; committed and uncommitted capital projects; the City’s current debt level; future debit capacity; and the funding of future capital projects. A copy of the presentation is attached. Members of Council made enquiries of staff and engaged in discussion regarding capital prioritization and the identification of new funding sources.

Members of Council discussed the desire to schedule a strategic planning session to review capital projects. Staff was directed to schedule a special meeting for the purposes of engaging in a strategic planning session, to include a review of capital projects.

**4. COMMITTEE ITEMS:**

**1. Department of Community & Corporate Services, Corporate Services Division, Report No. 2014-13, Subject: Future Debt Funded Capital Projects and Debt Capacity**

Moved by Councillor W. Steele  
Seconded by Councillor F. Danch

That Department of Community & Corporate Services, Corporate Services Division, Report No. 2014-13, Subject: Future Debt Funded Capital Projects and Debt Capacity, be referred to the strategic planning session.

CARRIED.

**2. Department of Chief Administrative Officer, Report No. 2014-2, Subject: Street Lighting Retrofit to LED**

Moved by Councillor A. Desmarais  
Seconded by Councillor F. Danch

That Department of Chief Administrative Officer, Report No. 2014-2, Subject: Street Lighting Retrofit to LED, be referred to the strategic planning session.

CARRIED.

**5. ADJOURN**

Moved by Councillor B. Butters  
Seconded by Councillor F. Danch


That there being no further business, the Special Committee of the Whole meeting be adjourned at approximately 7:34 p.m.

CARRIED.

AG/ag

# The City of Port Colborne

## Capital Budget March 31, 2014



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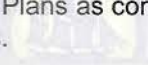
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### What is Capital

1. ASSETS: Buildings, Land and land improvements (parks), Roads, Bridges, Curbs and Sidewalks, Pipes in the ground (water/sewer/storm), Equipment, Street lights, Library Books, Computer Hardware,
2. Existing Assets have limited life and must be considered in the Capital Program
3. The Province through PSAB (Public Sector Accounting Board) now mandates Asset Management Plans as condition of grants and subsidies.



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### Asset Replacement

- Capital levy funding depreciation at historical cost vs replacement cost
- Debt funding for new/replacement assets
- Potential grants
- Available Reserve funds
- Water/Sewer Capital Rates
- Asset management plan at future value replacement cost based on age/time life cycle replacement
- Asset management plan based on asset conditions – potentially extending time of replacement



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TOTAL CAPITAL	
1. Total City Assets (Historical Cost)	= \$175,713,173
2. Total Accumulated Depreciation	= \$ 60,981,319 (unfinanced and will be required in whole or in part now and in the near future)
3. TOTAL Net Book Value	= \$ <u>114,731,854</u>
Based on Dec 31 2012 Financial Report <sub>4</sub>	

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Existing Capital Summary	
1. City of Port Colborne Total Assets:	<b>\$175,713,173</b> (value based on lowest of cost or value and NOT replacement cost)
2. Present Day value (estimated replacement cost) =	\$800,000,000±
3. City of Port Colborne Annual Depreciation (non-rate supported and based on straight time method of depreciation):	<b>\$2,819,880.</b>

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Depreciation Deficit based on Historical Cost and Time Lifecycle	
<b>Total Depreciation (non-rate supported), 2012</b>	<b><u>\$2,819,880</u></b>
2014 Depreciation Levy	\$1,254,800
2014 Savings Application (Edo, Tourism)	\$147,052
Library levy for depreciation	\$35,000
Gas Tax Rebate Application	\$535,000
2014 Depreciation Funding	<u>\$1,971,852</u>
<b>NET DEPRECIATION DEFICIT (30%)</b>	<b><u>\$848,028</u></b>

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<b>TOTAL ESTIMATED CAPITAL</b>	
Existing Capital at/near Life Cycle End <small>(replacement value levy supported, not yet funded (in part))</small>	\$77,423,437
Existing Capital at/near Life Cycle End <small>(replacement value rate supported, not yet funded (in part))</small>	\$18,809,005
Committed Projects <small>(in process)</small>	\$16,225,000
Uncommitted Projects <small>(not in process)</small>	\$116,365,000
Water Sewer Projects <small>(rate supported)</small>	\$5,208,576
<b><u>TOTAL CAPITAL ESTIMATES =</u></b>	<b><u>\$234,031,018</u></b>

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Summary of "Critical Capital"		
Straight Line Depreciation >=95% Based on <u>Time Lifecycle</u>		
	Historical Cost	Replacement Cost
Bridges & Culverts	\$629,206	\$5,360,000
Buildings	\$562,752	\$4,164,813
Sidewalks & Curbs	\$2,345,842	\$14,905,710
Land Improvements	\$1,161,836	\$2,235,753
Library - Office Computer	\$26,790	\$30,156
Library - F & F	\$3,080	\$3,486
Machinery & Equipment	\$1,124,697	\$1,420,926
Office Equipment	\$278,073	\$323,779
Guide Rails	\$40,051	\$149,824
Roads	\$6,803,807	\$44,791,470
Signs	\$77,148	\$93,221
Storm Sewer	\$481,470	\$2,529,711
Street Lights	\$8,139	\$21,236
Vehicles	\$932,664	\$1,393,352
<b><u>TOTAL LEVY SUPPORTED CAPITAL</u></b>	<b><u>\$14,475,556</u></b>	<b><u>\$77,423,437</u></b>

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Summary of Rate Supported "Critical Capital"		
Straight Line Depreciation >=95% Based on <u>Time Lifecycle</u>		
	Historical Cost	Replacement Cost
Watermains	\$2,166,105	\$18,447,790
Wastewater main	\$33,795	\$361,215
<b><u>TOTAL RATE SUPPORTED CAPITAL</u></b>	<b><u>\$2,199,900</u></b>	<b><u>\$18,809,005</u></b>

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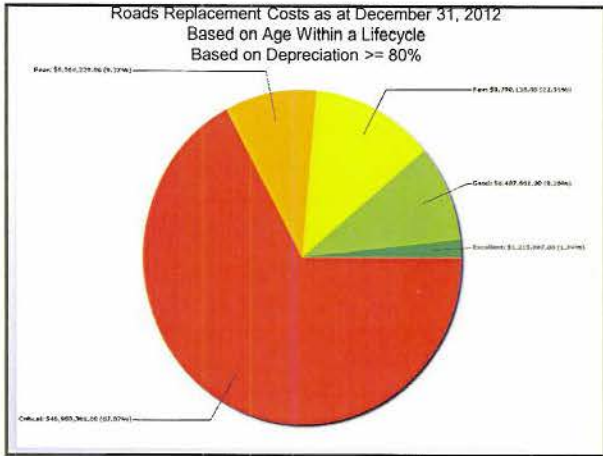
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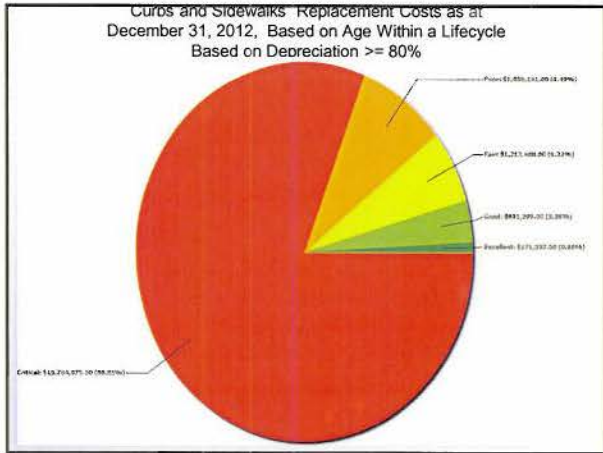
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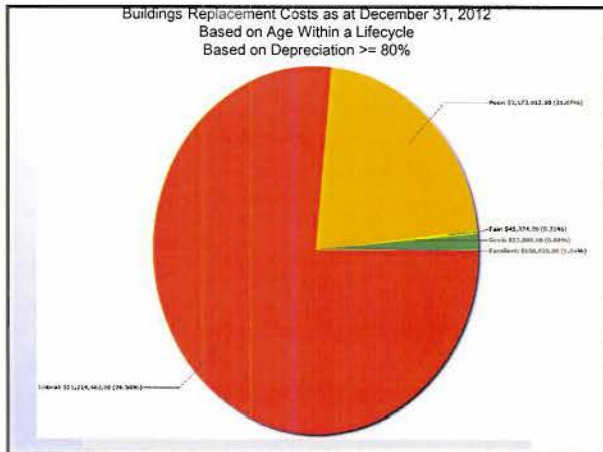
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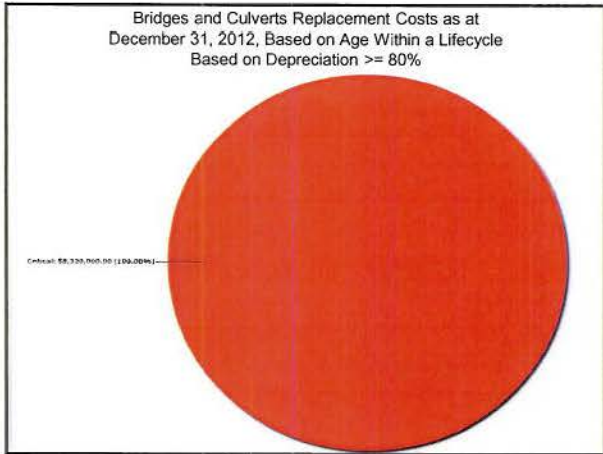
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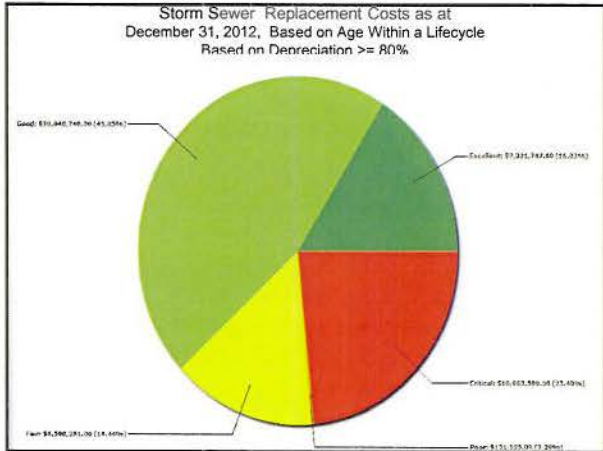
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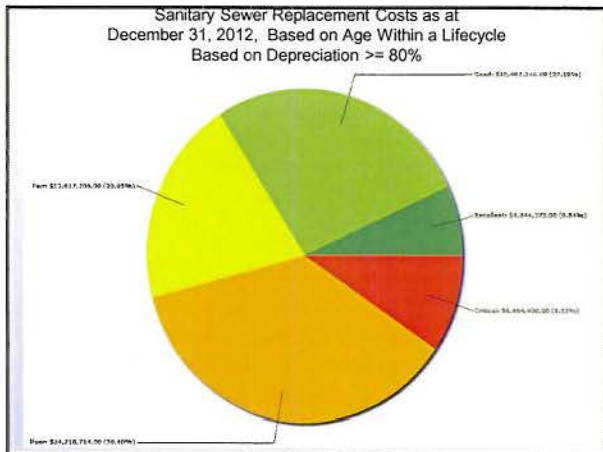
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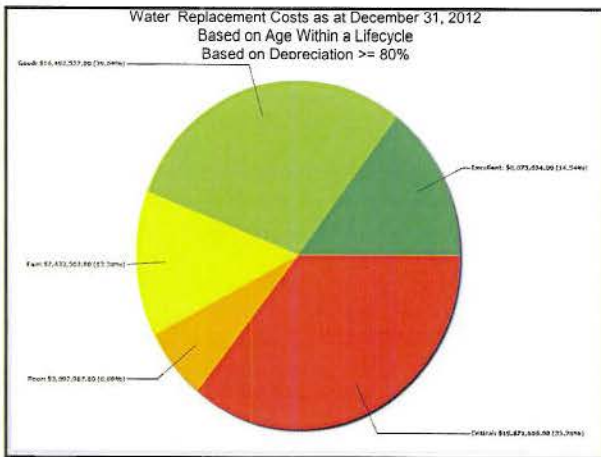
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### Committed Projects

**COMMITTED PROJECTS**

Marina Fuel Tanks (on PSAB list)	100,000
Drains Construction (not on PSAB list)	450,000
Industrial Park - lands/services (not on PSAB)	
Industrial ES Servicing Plan (\$3,000,000)	
Industrial ES for Lands/services (\$19,500,000)	
Service Only: Site 4 Phase 1 =	7,000,000
Operations centre - (\$8M - \$10M)(on PSAB list)	8,000,000
Fire Tanker replacement (on PSAB list)	275,000
Fire Engine 2 replacement (on PSAB list)	400,000
<b>TOTAL COMMITTED =</b>	<b>16,225,000</b>

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COMMITTED PROJECTS			
Marina Fuel Tanks	2014 Debenture - 30 yrs@4.09%	\$5,816	operations-2015
Drains Construction	2014/2017 Debenture- 10 yrs@3%	\$26,184	Tax Levy 2015 Tax Levy 2018
Industrial Park - lands/services	report provided - 2010	deferred	future debentures
Industrial ES Servicing Plan (\$3,000,000)			
Industrial ES for Lands/services (\$19,500,000)			
Service Only: Site 4 Phase 1	2014/2015 Debenture - 30yrs@4%	\$28,768	Tax levy - 2015= 28,768 2016= 28,768
	2016 Debenture - 30 yrs@5%	\$388,240	Tax Levy - 2016=194,120 2017=388,240
Operations centre - (\$8M - \$10M)	2015 Debenture - 30 yrs@4%	\$232,658	Tax Levy - 2015=116,329 2016=232,658
Fire Tanker replacement	2015 Debenture - 20 yrs@3.76%	\$19,684	Tax levy 2015= 9,842 2016= 19,684
Fire Engine 2 replacement	2020 Debenture - 20 yrs@5%	\$31,900	Tax levy 2021

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WATER/SEWER PROJECTS	
Sanitary Sewers	1,000,000
Water - Killaly St West	1,400,000
Water-Lakeshore Rd Project	2,808,576
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	5,208,576

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- Principles of Capital Management
1. No new capital without new funding source
  2. Continue to increase annual levy to fund depreciation deficit (working on 1% per year (approx. \$130,000))
  3. Assess capital assets condition and where possible defer expenditure to manage cost and depreciation.
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FINANCING CAPITAL	
2015	1.360%
2016	3.600%
2017	2.430%
2018	0.200%

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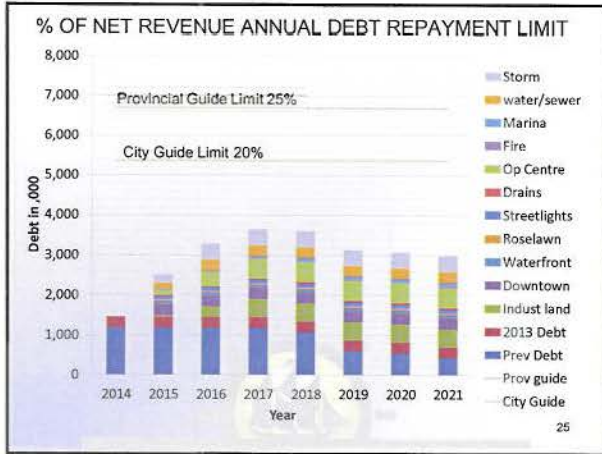
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