



The Corporation of the

TOWNSHIP OF MELANCTHON

157101 Highway 10, Melancthon, Ontario, L9V 2E6

STAFF REPORT

TO: Mayor White and Members of Council

FROM: Sarah Culshaw, Treasurer/Deputy Clerk

DATE: February 16, 2023

SUBJECT: 5-year Capital Plan

Purpose

The purpose of this report is to present the estimated capital expenditures over the next 5 years, and methods of funding considerations.

Discussion

The 2023 Draft budget is proposing to spend \$1,748,000.00 on capital expenditures. This includes road projects, bridge projects and equipment. Of these capital expenses, \$1,157,000.00 are from reserves and \$591,000.00 are through the tax base and OCIF formula funding (\$100,000.00). If Council were to choose not to do all the proposed projects in 2023, it would be recommended to put the bulk of the unspent money in to reserves. Since many of our capital reserves are low, going forward we will be limited as to what we can use. We could continue to spend approximately \$500,000.00 per year through the tax base and an additional \$100,000.00 of OCIF formula funding (if we continue to receive it), or we can opt to put some or all those funds in to reserves.

Other revenue sources for capital expenses are the Canadian Community Building Reserve Fund (formerly known as Gas Tax Funding) approximately \$100,000.00. When the Development Charge Study is redone next year, we can discuss road projects that we feel need upgrading as a result of growth.

Currently, as per the DC chart we are only permitted to spend 27.53% of DC reserves on road projects. Other considerations would be long term borrowing. Our estimated annual repayment limit is currently \$843,353.00. This amount includes interest on the loan. This will be lower if we take out a loan for the tractor.

Lastly, at some point in the next five years, there **may** be an opportunity to apply for capital grant funding. Currently there are no eligible grants available for road work, but if any become available, Council will be notified and decisions can be made at that time as to what projects can be updated.

Below is a chart for the road projects, the bridge projects, and a chart for equipment with approximate costing. Also provided, is a list of the Township's current equipment.

5 YEAR CAPTIAL PLAN - ROADS

Road	Road Section	Approximate Distance	Approximate Costing	Annual Total
2024				
15 Sideroad	Main Street E to Gravel	1km	\$250,000	\$795,000
4th Line OS	County Rd 17 S to Lot 9 & 10	750m	\$125,000	
Hunter Parkway	5 Sideroad to County Rd 124	300m	\$70,000	
Goegre, Addeson & Lloyd Street	Loop off of Main Street	500m	\$100,000	
Mill Lane	Main Street to Deadend	650m	\$250,000	
2025				
3rd Line OS	5 Sideroad to County Rd 17	2km	\$350,000	\$1,075,000
5 Sideroad	3rd Line OS to County Rd 124	1.3km	\$325,000	
3rd Line OS	County Rd 17 to 15 Sideroad	2km	\$400,000	
2026				
2nd Line SW	300 Sideroad to County Rd 17	2km	\$350,000	\$1,050,000
2nd Line SW	County Rd 17 to 270 Sideroad	4km	\$700,000	
2027				
2nd Line SW	270 Sideroad to 250 Sideroad	4km	\$700,000	\$850,000
5 Sideroad	3rd Line OS to County Rd 124	1.3km (2nd Lift of Asphalt)	\$150,000	
2028				
260 Sideroad	2nd Line SW - Outskirts of Riverview	3.65km	\$600,000	\$600,000
			5 Year Total	\$4,370,000

Bridge #	Road Name	Recommended Work	Estimated Construction Cost	Suggested year for completion
2023	4th Line NE	Constuction - Rehabilitation	\$160,000.00	2023
7	7th Line SW	Engineering - Design	\$25,000.00	2023
7	7th Line SW	Constuction - Rehabilitation	\$175,000.00	2024
18	2nd Line NE	Engineering - Design	\$25,000.00	2024
18	2nd Line NE	Constuction - Rehabilitation	\$197,500.00	2025
16	250 Sideroad	Engineering - Design	\$30,000.00	2025
16	250 Sideroad	Constuction - Rehabilitation	\$230,000.00	2026
2021	2nd Line NE	Engineering - Design	\$40,000.00	2026
2021	2nd Line NE	Constuction - Replacement	\$450,000.00	2027
14	4th Line SW	Engineering - Design	\$35,000.00	2027
14	4th Line SW	Constuction - Rehabilitation	\$275,000.00	2028
2011	20 Sideroad	Engineering - Design	\$45,000.00	2028
Total Costs			\$1,662,500.00	

Over a five-year period, using the above model of \$500,000.00 from taxes, \$100,000.00 from OCIF the total is \$3,600,000.00. Over this same period the Roads portion of our plan would cost approximately \$4,370,000.00, and the bridges would be approximately \$ 1,662,500.00 totaling \$6,032,500.00. This creates a shortfall of \$2,432,500.00 Depending on the priority of the project, some of the shortfall could potentially come from financing, DC charges and or working reserves. We could also re-open and contribute to the bridge reserve to close the gap.

5 YEAR CAPTIAL PLAN - EQUIPMENT		
Equipment	Approximate Costing	Comments
2024		
Pick-up Truck	\$100,000	Would replace Truck 7
2025		
Plow Truck	\$375,000	Would replace a plow truck
2026		
Backhoe or Excavator	\$300,000	Would replace current backhoe
2027		
Plow Truck	\$375,000	Would replace a plow truck
2028		
Pick-up Truck	\$110,000	Would replace Truck 1
5 Year Total	\$1,260,000	

CURRENT EQUIPMENT IN PW

Truck #	Equipment	Model	Year
#1	Pick-up Truck	Ford F150	2016
#2	Plow Truck	Western Star	2004
#3	Water Truck	Western Star	2002
#4	Plow Truck	Volvo	2007
#5	Plow Truck	Volvo	2010
#6	Plow Truck	International	2014
#7	Pick-up Truck	GMC Sierra	2011
#8	Plow Truck	Western Star	2022
	Grader	John Deere	2011
	Grader	CAT	2005
	Loader	CAT	1986
	Backhoe	JCB	1999

Due to the age of some of our equipment, it may be wise to continue to put \$150,000.00 in our equipment reserve per year. At the end of 2028, we would have \$815,000.00.00 If we could put \$200,000.00 per year in equipment reserves, we could fund all the above equipment. However, this would raise our tax rate by over 1.5% every year. If purchasing the above equipment became essential, we could also get financing. Another option could be to buy used equipment.

Prior to COVID achieving our goals was a lot more realistic, however, due to the substantial inflation increase we will not be able to fund our capital projects at the rate we had hoped. This is currently a challenge among all Municipalities.

Respectfully submitted,

Sarah Culshaw