Subject: Draft Deferred 2020 Capital Summary
Report Number: FIN 20-13
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Meeting Type: Council Meeting
Meeting Date: Tuesday, April 14, 2020

RECOMMENDATION
THAT Council receives Report FIN 20-12 for information;

AND THAT Council approves the deferral of the recommended projects until they are reviewed again at the end of the current pandemic.

BACKGROUND

In March 2020, Canada started action to restrict the activity of Canadians to reduce the spread of COVID 19, a global pandemic. As a result, Council asked staff to review the 2020 approved capital projects to determine those that could be deferred to reduce the cash flow and demonstrate fiscal responsibility.

DISCUSSION

The projects were reviewed by analyzing the stage they were in the procurement cycle, the urgency to complete the project and the source of funding. Projects that impacted cash flow were chosen to defer first as they could assist the Town through a period of lower receipts. Other projects that were aligned with facilities closed were also removed and finally projects that were well over budget in the procurement cycle were also recommended for deferral.

CONSULTATION

TD Bank has confirmed the Town’s overdraft plan of $3.5 million is at prime minus 1%, which means when the Town needs to borrow it will be at 1.45%.

FINANCIAL IMPACT/FUNDING SOURCE

The total projects that are being recommended amount to $3 million which will create $1.4 million in reduced cash outflow. The amount from reserves is $521,000 and the asset management reserve that is funded from taxation is $890,600 of which one quarter has been collected thus far and the balance over the rest of the year. It is
recommended that the funds remain in the various reserves to be used to assist with cash flow immediately and to be available to do this work when the current situation improves. In 2009, Council significantly reduced the tax rate and used reserves to help during that time of a global economic crisis. The impact on the Town’s assets from this decision has been significant as the recovery from that over ten years ago is still impacting the community. Today, the Town has facilities like summer place, the water park, station arts and the customer service centre that are literally falling apart.

COMMUNITY STRATEGIC PLAN (CSP) LINKAGE

1. Excellence in Local Government
   ☒ Demonstrate strong leadership in Town initiatives
   ☒ Streamline communication and effectively collaborate within local government
   ☒ Demonstrate accountability

ATTACHMENTS
Appendix A – Draft Deferred 2020 Capital Summary