



Subject: Sale of Fleet Assets to Tillsonburg Hydro Inc.

Report Number: FIN 25-047

Department: Finance Department

Submitted by: Renato Pullia, Director of Finance / Treasurer

Meeting Type: Council Meeting

Meeting Date: Monday, December 8, 2025

RECOMMENDATION

- A. THAT report FIN-25-047 titled “Sale of Fleet Assets to Tillsonburg Hydro Inc.” be received as information; and
- B. THAT the Bill of Sale Agreement between the Town of Tillsonburg and Tillsonburg Hydro Inc. for the sale of Fleet assets, effective December 31, 2025, be approved, with the Director of Finance authorized to affix his signature thereto; and
- C. THAT \$265,000 of the \$600,000 be transferred to the Fleet Reserve, earmarked to pay the remaining principal + interest on debt of sold assets, and \$335,000 be transferred to the Tax Rate Stabilization Reserve earmarked for future THI purposes.

BACKGROUND

Through its Master Service Agreement, the Town has owned all fleet assets utilized by Tillsonburg Hydro Inc. (THI), and has charged THI an annual amount for the operating and maintenance costs incurred by such assets. THI is desirous of purchasing such fleet assets through a Bill of Sale, attached as Appendix A, and this report is to seek Council approval of such sale.

DISCUSSION

Staff representing THI and the Town have reviewed the listing of fleet assets utilized by THI, attached as Appendix B, and have arrived at a value for each asset, based on age of each unit, mileage, operating hours, and market value. The units are being sold on as-is basis.

THI’s desire to purchase the fleet assets comes from the need for THI to own and operate and fund its fleet through hydro rates, and when replacements come due, THI is the one funding and financing as required and that the Town is not burdened financially for having to carry the cost on its budget and debt and allocate the costs to THI. As part

of the discussions, THI has agreed to utilize the Town's fleet management services for continuation of the maintenance of the transferred fleet assets.

CONSULTATION

Graig Pettit, THI GM; Carlos Reyes, Director of Operations and Development

FINANCIAL IMPACT/FUNDING SOURCE

The purchase price arrived at for all fleet owned assets is \$600K. There are two leased vehicles, with the intent of transferring those leases to THI. There is also debt owing on 3 of the units, with a total outstanding balance of \$265K, payable over the next 10 years. Thus, \$265K of the \$600K is recommended to be transferred to the Fleet Reserve to pay the principal + interest, as IO debt cannot be paid off, and the balance of \$335K is recommended to be transferred to the Tax Rate Stabilization Reserve for future offset/transition purposes.

CORPORATE GOALS

How does this report support the corporate goals identified in the Community Strategic Plan?

- Lifestyle and amenities
- Customer service, communication and engagement
- Business attraction, retention and expansion
- Community growth
- Connectivity and transportation
- Not Applicable

Does this report relate to a specific strategic direction or project identified in the Community Strategic Plan? Please indicate section number and/or any priority projects identified in the plan.

Goal – N/A

Strategic Direction – N/A

Priority Project – N/A

ATTACHMENTS

1. Appendix A – Bill of Sale Agreement
2. Appendix B – List of Fleet Assets