



***Tentative Agenda for Special
Meeting of Town Council***

Monday, March 28, 2022 @ 6:00 PM

55 Victoria Street
Kensington, PEI
C0B 1M0

Phone: (902) 836-3781

Fax: (902) 836-3741

Email: mail@townofkensington.com

Web Site: www.kensington.ca

***Please ensure all cell phones and other electronic devices are turned
off or placed on non-audible mode during the meeting.***

**Town of Kensington
Special Meeting of Town Council
March 28, 2022 – 6:00 PM**

- 1. Call to Order**
- 2. Adoption of Agenda (Additions/Deletions)**
- 3. Declaration of Conflict of Interest**
- 4. New Business**
 - 4.1 RFD2022-12 - 2022-23 Town of Kensington Financial Plan
 - 4.2 RFD2022-13 - 2022 Loan Consolidation
 - 4.3 RFD2022-14 - 2020 Ford Police Interceptor – Borrowing Resolution
- 5. Adjournment**

Town of Kensington - Request for Decision

Date: March 22, 2022	Request for Decision No: 2022-12
Topic: 2022/23 Town of Kensington Financial Plan	
Proposal Summary/Background: Section 150(1) of the Municipal Government Act states that a council shall on or before March 31 st in each year, adopt by resolution a financial plan for the upcoming fiscal year. The financial plan shall contain: (a) An operating budget that includes estimates of the amount of money required for expenditures and to be received as revenue; (b) A capital budget; and (c) A five-year capital expenditure program that includes an asset management (AM) plan.	
Benefits: <ul style="list-style-type: none">• None noted.	
Disadvantages: <ul style="list-style-type: none">• None noted.	
Discussion/Comments: The draft 2022/23 operational and capital budgets, as well as a proposed 5-year capital plan (Financial Plan) are being presented in final draft form for consideration. A copy of the proposed 2022/23 Financial Plan is circulated with this RFD. The proposed capital budget for the 2022/23 fiscal year includes capital purchases proposed for the	

upcoming fiscal year and includes the following revenue sources: transfer from operations (Municipal Funding), the Federal Gas Tax Program, Provincial/Federal Infrastructure Programs, and long-term borrowing.

The 5-year Capital Plan contains budget estimates based on identified needs over the next five years. The projects are generally based on the priorities as enunciated in the Town's 5-year strategic plan.

The attached final 'draft' budget projects a consolidated surplus position for fiscal year 2022/23 of \$19,675 which includes a deficit of \$-56,128 in the Water and Sewer Utility, a surplus of \$98,399 in Town operations, a \$-30,638 deficit in the Fire Department and a surplus in the Credit Union Centre operations of \$8,042.

Every effort is being made by staff and Council to hold the line on property taxes and to offset increases in expenditures by gaining efficiency and through growth in property assessment revenues.

Property taxation rates were approved by Town Council at their regular March meeting at \$0.55/per \$100 of assessed value for non-commercial properties and \$1.30 per \$100 of assessment for Commercial properties (rates remaining unchanged from previous years).

The 2022/23 Water and Sewer Utility rates will see an increase (effective January 1, 2022) based on the 5-year rates approved by the Island Regulatory Appeals Commission in 2021.

Options:

1. Approve the 2022/23 Financial Plan as recommended.
2. Not approve the 2022/23 Financial Plan.
3. Refer the Financial Plan back to staff for further deliberation.

Costs/Required Resources:

N/A

Source of Funding

N/A

Recommendation:

It is recommended that Town Council consider and adopt the following resolution:

WHEREAS Section 150(1) of the Municipal Government Act, R.S.P.E.I. 1988, Cap. M-12.1. requires a council to, on or before March 31 in each year, to adopt by resolution a financial plan for the upcoming fiscal year;

BE IT RESOLVED that Town Council approve the Town of Kensington 2022/23 Financial Plan with operational revenue estimates projected at \$3,647,618 and operational expenditure estimates projected at \$3,627,943.

BE IT FURTHER RESOLVED that Town Council approve the 2022/23 Capital Expenditure Plan and the 2022 – 2027, 5 Year Capital Expenditure Plan, as presented.

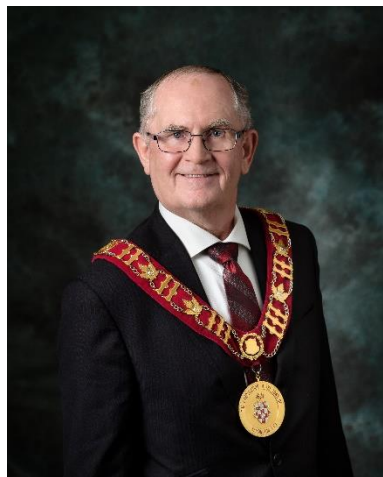


2022/23 Financial Plan

Town of Kensington
P.O. Box 418
Kensington, PE
C0B 1M0

Incorporated 1914

Kensington Town Council



Mayor Rowan Caseley



Deputy Mayor Coreen
Pickering



Councillor Ivan Gallant



Councillor Rodney Mann



Councillor Jeff Spencer



Councillor Bonnie MacRae



Councillor Wade Toombs

Background Financial Information

2022/23 Property Tax Rates (per \$100.00 of Assessed Value):

Municipal Non-Commercial \$0.55	Provincial Non-Commercial \$1.50
Municipal Commercial \$1.30	Provincial Commercial \$1.50

****Provincial Property Tax rate may be subject to \$0.50 Credit****

2022 Water and Sewer Rates **(Effective Jan 1, 2022)**

Sewer

Unmetred	\$ 375.00 per year
Metred	\$ 287.35 plus \$ 3.02 per thousand gallons

Water

Unmetred	\$ 267.00 per year
Metred	\$ 224.75 plus \$ 1.47 per thousand gallons

2022/23 Assessment Information

2022/23 Non-Commercial Assessment Value \$ 91,581,530

2022/23 Commercial Assessment Value \$ 13,256,670

2022/23 Fund Summaries

2022/23 Provincial Equalization (Estimated) \$ 390,516

2022/23 Property Tax & Tax Credit (Estimated) \$ 919,620

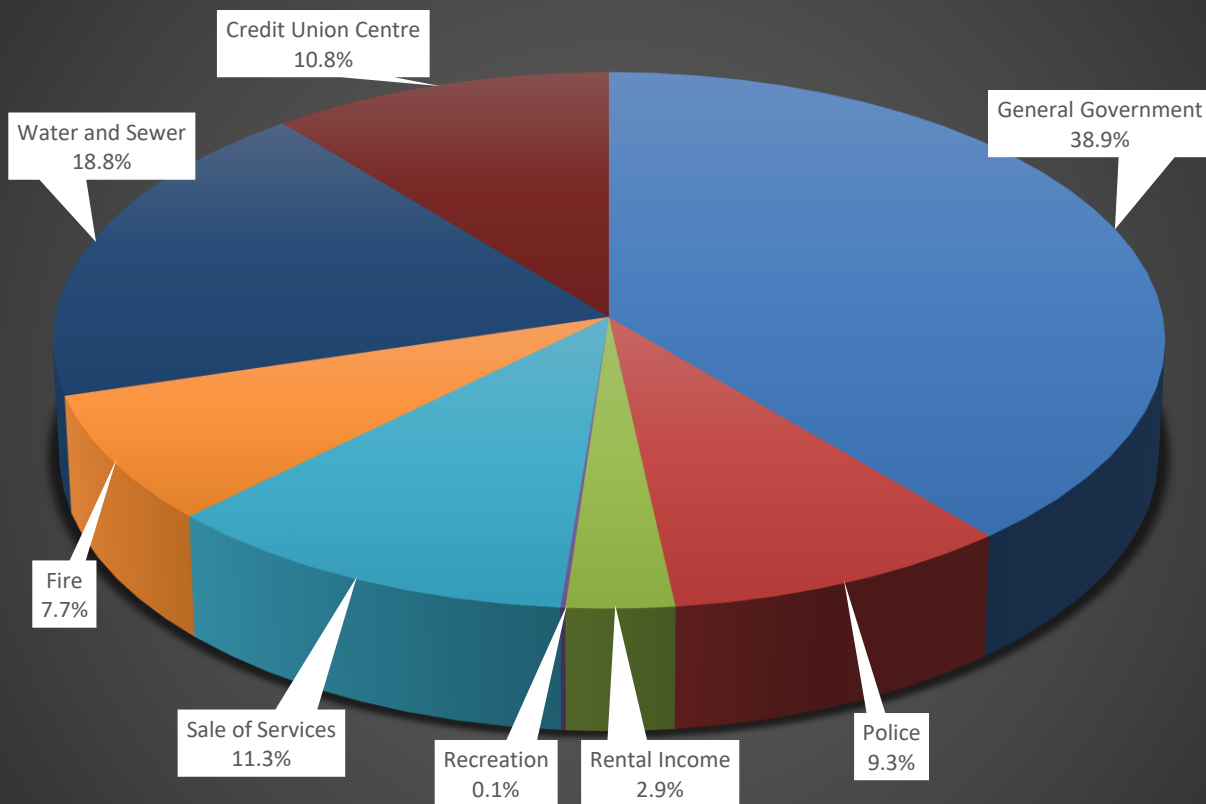
2022/23 Estimated Operational Revenue \$ 2,960,438

2022/23 Estimated Operational Expenditures \$ 2,884,635

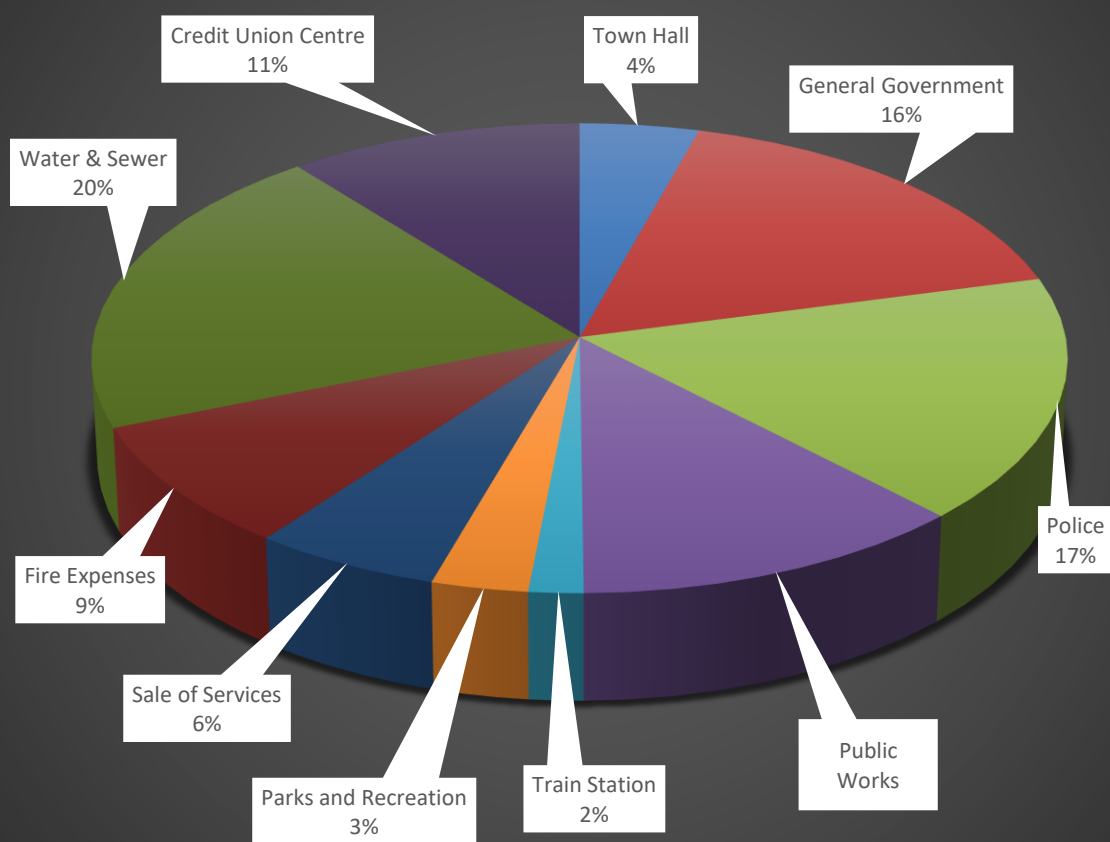
2022/23 Estimated Water and Sewer Revenue \$ 687,180

2022/23 Estimated Water and Sewer Expenditures \$ 743,308

Town of Kensington Revenue Estimates by Category



Town of Kensington Expenditure Estimates by Category



Revenue and Expenditure Summary

		2022/23
Revenue		
General Government	\$	1,420,136
Police	\$	339,618
Rental Revenue	\$	105,800
Recreation & Pool Revenue	\$	4,500
Sale of Services	\$	412,700
Fire Revenue	\$	282,684
Credit Union Centre	\$	395,000
Water and Sewer	\$	687,180
Total Revenue all Sources	\$	3,647,618
Expenditures		
Town Hall	\$	155,930
General Government	\$	601,802
Police	\$	612,005
Public Works	\$	439,805
Train Station	\$	60,290
Recreation	\$	106,905
Sale of Services	\$	207,619
Fire Department	\$	313,322
Credit Union Centre	\$	386,958
Water and Sewer	\$	743,308
Total Expenditures	\$	3,627,943
Net Revenue/Expenditure	\$	19,675

Town Hall: 2022/23 Budget Estimates

	2022/23
Expenditures	
Depreciation	\$ 49,020
Property Taxes	\$ 10,500
Electricity	\$ 17,600
Heating Oil	\$ 16,600
Wages – Custodian	\$ 38,210
Repair and Main. - Building	\$ 20,400
Janitor Supplies - Town Hall	\$ 3,600
Total Expenditures	<hr/> \$ 155,930

Sale of Services: 2022/23 Budget Estimates

	2022/23
Expenditures	
Office Expenses	\$ 360
IT Services	\$ 600
Allocation from General Government	\$ 36,000
Administration to Police Department	\$ (6,000)
Wages - Police Tech's	\$ 176,179
Professional Development	\$ 480
Total Expenditures	\$ 207,619

Public Works: 2022/23 Budget Estimates

	2022/23
Expenditures	
Depreciation	\$ 276,000
Property Taxes	\$ 489
Electricity	\$ 2,430
Heating Oil	\$ 3,550
Street Lights	\$ 36,000
Cellular	\$ 3,600
Wages	\$ 234,336
Repair and Main. - Equip	\$ 12,000
Repair and Main. - Vehicle	\$ 1,800
Repair and Main. - Building	\$ 2,400
Vehicle - Gas & Oil	\$ 7,200
Snow and Ice Control	\$ 14,500
Uniforms - Clothing & Supplies	\$ 1,200
Gas & Oil - Equipment Public Works	\$ 5,700
Small Tools & Shop Supplies	\$ 1,800
Miscellaneous	\$ 6,000
Garbage Disposal	\$ 2,400
Asphalt Patching/Sidewalk	\$ 36,000
Water and Sewer Share	\$ (207,600)

Total Expenditures	<hr/> \$ 439,805
---------------------------	------------------

Recreation: 2022/23 Budget Estimates

	2022/23
Expenditures	
Depreciation	\$ 5,700
Property Taxes	\$ 3,390
Electricity	\$ 3,515
Wages - EVK Pool	\$ 20,200
Repair and Maint - Equip	\$ 1,250
Repair and Maint. - Building	\$ 5,450
Uniforms - Clothing & Supplies	\$ 500
Special Events Expense	\$ 15,200
Chemicals	\$ 3,500
Canada Day Expenses	\$ 3,000
Credit Union Centre Grant	\$ 25,200
Park Improvements	\$ 20,000
Total Expenditures	<hr/> \$ 106,905

Train Station: 2022/23 Budget Estimates

	2022/23
Expenditures	
Depreciation	\$ 24,000
Water & Sewer	\$ 720
Property Taxes	\$ 2,100
Electricity	\$ 12,115
Heating Oil	\$ 6,400
Freight Shed Electricity	\$ 2,655
Repair and Main. - Equip	\$ 300
Repair and Main. - Building	\$ 12,000
Total Expenditures	<hr/> \$ 60,290

General Government: 2022/23 Budget Estimates

	2022/23
Expenditures	
Depreciation	\$ 10,980
Property Taxes	\$ 1,236
Telephone	\$ 3,960
Cellular	\$ 4,260
Office Expenses	\$ 12,000
IT Services	\$ 8,500
Advertising	\$ 13,800
Wages – Administration	\$ 297,106
Workers Compensation	\$ 7,200
Honorariums	\$ 27,500
Conventions and Meetings	\$ 3,600
Dues and Memberships	\$ 6,850
Travel and Mileage	\$ 7,400
Professional Development	\$ 2,400
Donations and Grants	\$ 26,450
KISH Scholarship	\$ 1,000
Miscellaneous	\$ 4,500
Crosswalk Duties	\$ 3,600
Emergency Shelter Expense	\$ 600
Insurance – Other	\$ 100,000
Professional Fees – Accountant	\$ 17,000
Professional Fees – Other	\$ 96,000
Bylaw Enforcement	\$ 2,400
Fire Share of General Government	\$ (48,360)
Animal Control	\$ 120
Photocopier	\$ 4,400
Web Page Expense	\$ 1,450
ADP Payroll Expenses	\$ 4,806
Bank Charges	\$ 2,580
Promotional Materials & Flags	\$ 7,200
Operating Loan Interest	\$ 3,000
Fire Protection Charge	\$ 57,120
Allocation to Sales of Services	\$ (36,000)
W&S Share of General Government	\$ (198,000)
Kensington Fire Dues	\$ 47,520
Business Park Expense	\$ 2,400
Interest – Long Term Debt	\$ 21,480
Cogsdale Maintenance Fee – Finance software	\$ 8,100
Business Park Loan Expense	\$ 45,144
COVID-19 Expense	\$ 1,200
Library Expense	\$ 13,800
VueWorks Maintenance Fee – GIS	\$ 5,500
Total Expenditures	\$ 601,802

Fire Protection: 2022/23 Budget Estimates

	2022/23
Revenue	
Fire Dues District 1910	\$ 147,804
Fire Dues Malpeque	\$ 87,360
Fire Dues Kensington	\$ 47,520
Total Revenue	\$ 282,684
Expenditures	
Depreciation	\$ 142,800
Water & Sewer	\$ 1,692
Property Taxes	\$ 2,250
Electricity	\$ 5,640
Heating Oil	\$ 12,900
Telephone	\$ 4,200
Cellular	\$ 2,640
Advertising	\$ 1,050
Honorariums	\$ 30,300
Fire Equipment, Uniforms & Supplies	\$ 12,000
Repair and Main. - Equip	\$ 1,200
Repair and Main. - Vehicle	\$ 6,000
Repair and Main. - Building	\$ 4,800
Vehicle - Gas & Oil	\$ 6,000
Snow and Ice Control	\$ 3,250
Conventions and Meetings/Prof Dev	\$ 600
Insurance	\$ 2,500
Answering Service - Fire	\$ 2,880
Interest – Long Term Debt	\$ 10,560
Administration and Operating Costs	\$ 60,060
Total Expenditures	\$ 313,322
Variance	\$ (30,638)

Police Protection: 2022/23 Budget Estimates

	2022/23
Expenditures	
Depreciation	\$ 42,000
Telephone	\$ 6,500
Cellular	\$ 3,120
Office Expenses	\$ 2,400
IT Services & Cameras	\$ 3,000
Wages - Police Full Time	\$ 345,080
Wages – Training	\$ 12,000
Wages - Part Time/Casual	\$ 10,639
Wages – Recoverable	\$ 83,618
Wages – Major Crime	\$ 12,000
Workers Compensation	\$ 7,020
Repair and Main. - Equip	\$ 6,400
Repair and Main. - Vehicle	\$ 4,800
Vehicle - Gas & Oil	\$ 18,000
Travel and Mileage	\$ 9,200
Professional Development	\$ 4,800
Uniforms - Clothing & Supplies	\$ 2,400
Insurance – Life	\$ 1,428
Answering Service - Police	\$ 24,000
Vehicle – Rental	\$ 300
Court Costs & Witness Fees	\$ 600
Crime Prevention Initiatives	\$ 300
PROS	\$ 5,200
Interest – Long Term Debt	\$ 1,200
Administration - Sales of Services	\$ 6,000
Total Expenditures	\$ 612,005

Credit Union Centre: 2022/23 Budget Estimates

	2022/23
Expenditures	
Depreciation	\$ 26,196
Water and Sewer	\$ 5,400
Property Taxes	\$ 540
Electricity Arena	\$ 71,600
Heating Oil	\$ 12,200
Electricity Sign	\$ 1,700
Electricity Ball Field / Canteen	\$ 360
Telephone	\$ 3,120
Cellular	\$ 780
Office Supplies	\$ 600
Advertising	\$ 1,200
Wages and Salaries	\$ 174,202
Workers Compensation	\$ 1,480
Repair and Main Equip	\$ 480
Repair and Main Vehicle (Zamboni)	\$ 1,600
Repair and Main Building	\$ 6,000
Repair and Main Ice Plant	\$ 4,050
Repair and Main Property	\$ 600
Repair and Main Ice Surface	\$ 3,850
Zamboni Propane	\$ 2,400
Ball Field Expenses	\$ 600
Canteen Expenses	\$ 17,500
Harvest Festival Expenses	\$ 17,200
Fitplex Expenses	\$ 2,400
Snow Removal	\$ 3,300
Interest – Long Term Debt	\$ 2,200
Fund Raising Expenses	\$ 3,500
Senior Center Oil	\$ 900
Senior Center Electricity	\$ 2,400
Senior Center Repair and Main	\$ 600
Travel and Mileage	\$ 1,800
Insurance	\$ 7,500
Janitorial Supplies	\$ 3,900
Bank Charges	\$ 2,400
Garbage Removal	\$ 2,400
Total Expenditures	\$ 386,958

Kensington Water & Sewer Utility: 2022/23 Budget Estimates

	2022/23
Revenue	
Water Revenue	\$ 246,300
Interest Water A/R	\$ 2,160
Water Rating Charge	\$ 68,820
Sewer Revenue	\$ 369,900
Total Revenue	\$ 687,180
Expenditures	
Depreciation	\$ 144,000
Property Tax	\$ 2,700
Electricity	\$ 26,400
Telephone	\$ 3,720
Advertising	\$ 120
Professional Development	\$ 1,200
Repairs & Maintenance Water	\$ 18,000
Bank Charges water	\$ 3,900
Interest on LT Debt Water	\$ 37,728
Water Analysis	\$ 5,160
Water Chlorination	\$ 3,600
Bank Charges - Sewer	\$ 3,780
Interest on LT Debt - Sewer	\$ 32,400
Repairs and Maintenance Sewer	\$ 55,000
Share of Gen Gov't	\$ 198,000
Share of Public Works	\$ 207,600
Total Expenditures	\$ 743,308
Variance	\$ (56,128)

Town of Kensington
2022/23 Proposed Capital Plan

Project Category	Budget 2022/23	Municipal Funding	MBCU 50/50/Other	Federal/Gas Tax	Provincial/Federal Funding (RGI, MSC, ICIP, etc)	Long Term Borrowing
Credit Union Centre						
Facility Upgrades	\$1,635,000				\$1,135,000	\$500,000
Outdoor Ice Surface Upgrades (Re-pave, Furnishings)	\$65,000			\$65,000		
Senior Centre Upgrades (Heating Upgrade, Hot Water Tank, Lighting)	\$5,000		\$2,500		\$2,500	
Fitplex Equipment Replacement	\$10,000		\$5,000		\$5,000	
Ballfield Upgrades	\$7,500		\$3,750		\$3,750	
Total Credit Union Centre	\$1,722,500	\$0	\$11,250	\$65,000	\$1,146,250	\$500,000
Police Department						
Office Equipment Replacement	\$1,500	\$1,500				
Live Scan Finger Print Computer	\$32,778	\$7,778			\$25,000	
Police Equipment Replacement	\$2,000	\$2,000				
Police Vehicle	\$70,000					\$70,000
Total Police Department	\$106,278	\$11,278	\$0	\$0	\$25,000	\$70,000
Fire Department						
Mechanical Floor Cleaner	\$5,000				\$2,500.00	\$2,500
SCBA Replacement	\$78,000				\$39,000.00	\$39,000
Jaws of Life	\$50,000				\$25,000.00	\$25,000
Crib Stabilizer (Motor Vehicle Accidents)	\$8,000				\$4,000.00	\$4,000
Fire Hall Upgrades	\$35,000				\$17,500.00	\$17,500
Heat Pump (Fire Hall)	\$11,000				\$5,500.00	\$5,500
Total Fire Department	\$187,000	\$0	\$0	\$0	\$93,500	\$93,500
Town Hall/General Government						
Website Development	\$15,000	\$15,000				
Business Park Development	\$1,433,984				\$1,003,789	\$430,195
Official Plan/Development Control Bylaw Review	\$18,860	\$18,860				
Flag Poles	\$5,000	\$5,000				
Business Park Signage	\$10,000	\$10,000				
Town Hall Sign Replacement	\$7,500	\$7,500				
Total Town Hall/General Government	\$1,490,344	\$56,360	\$0.00	\$0	\$1,003,789	\$430,195
Public Works						
Bobcat Replacement	\$50,000					\$50,000.00
Broadway Street S Sidewalk Replacement	\$351,145			\$351,145		
EV Charger Installation	\$60,000	\$30,000		\$15,000	\$15,000	
Parking Lot Paving	\$100,000					\$100,000
Total Public Works	\$561,145	\$30,000	\$0	\$366,145	\$15,000	\$150,000
Parks/Recreation/Railyards						
Park and Recreation Improvements	\$21,558			\$21,558.00		
Active Transportation Project	\$476,075	\$47,608		\$190,430	\$238,038	
<i>Broadway Street S Sidewalk Extension</i>						
<i>Barrett Street Sidewalk Extension</i>						
<i>Victoria Street E Sidewalk Extension</i>						
KISH Tennis Court Upgrades	\$7,500	\$3,750			\$3,750	
EVK Pool Upgrades	\$69,212	\$13,842		\$34,606	\$20,764	
Total Parks/Recreation/Railyards	\$574,345	\$65,200	\$0	\$246,594	\$262,551	\$0
Water and Sewer Utility						
Broadway Street South W/S Extension	\$2,096,696				\$1,537,507	\$559,189
WWTP Mechanical System Upgrades	\$135,000				\$135,000	
WWTP Building - Roof and Eastrough Replacement	\$11,000				\$11,000	
Wellfield Signage	\$2,500	\$2,500				
Total Water and Wastewater	\$2,245,196	\$2,500	\$0	\$0	\$1,683,507	\$559,189
Total	\$6,886,807	\$165,338	\$11,250	\$677,739	\$4,229,597	\$1,802,884

Town of Kensington
2022 - 2027 Proposed 5 year Capital Plan

Project/Category	Estimated Cost	2022/23	2023/24	2024/25	2025/26	2026/27
Credit Union Centre						
Facility Upgrades	\$1,635,000	\$1,635,000				
Outdoor Ice Surface Upgrades	\$65,000	\$65,000				
Senior Centre Upgrades	\$5,000	\$5,000				
Fitplex Equipment Upgrades	\$10,000	\$10,000				
Ballfield Upgrades	\$7,500	\$7,500				
Total Credit Union Centre	\$1,722,500	\$1,722,500	\$0	\$0	\$0	\$0
Police Department						
Office Equipment Replacement	\$7,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Live Scan Fingerprint Computer	\$32,778	\$32,778				
Police Equipment Replacement	\$10,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Vehicle Replacement	\$70,000	\$70,000				
Total Police Department	\$120,278	\$106,278	\$3,500	\$3,500	\$3,500	\$3,500
Fire Department						
Bunker Gear Replacement	\$60,000		\$15,000	\$15,000	\$15,000	\$15,000
Jaws of Life Replacement	\$50,000	\$50,000				
Water Rescue Craft	\$60,000		\$60,000			
Pumper Truck	\$400,000				\$400,000	
SCBA Replacement	\$78,000	\$78,000				
Mechanical Floor Cleaner	\$5,000	\$5,000				
Crib Stabilizer	\$8,000	\$8,000				
Fire Hall Upgrades	\$35,000	\$35,000				
Heat Pump (Fire Hall)	\$11,000	\$11,000				
Total Fire Department	\$707,000	\$187,000	\$75,000	\$15,000	\$415,000	\$15,000
Town Hall/General Government						
Website (including app)	\$15,000	\$15,000				
Business Park Development	\$1,433,984	\$1,433,984				
Parking Area Improvements	\$50,000		\$50,000			
Sign Replacement	\$7,500	\$7,500				
Core Area Re-Development/Street Scape (Phased)	\$1,500,000		\$500,000	\$500,000	\$500,000	
Official Plan and Zoning Bylaw Update	\$18,860	\$18,860				
Flag Poles	\$5,000	\$5,000				
Business Park Signage	\$10,000	\$10,000				
Total Town Hall/General Government	\$3,040,344	\$1,490,344	\$550,000	\$500,000	\$500,000	\$0
Public Works						
Bobcat Replacement	\$50,000	\$50,000				
EV Charger Installation	\$60,000	\$60,000				
Trackless V-Blade	\$8,000		\$8,000			
Broadway Street Sidewalk Replacement	\$351,145	\$351,145				
Trackless Replacement	\$125,000			\$125,000		
Lawn Equipment Replacement	\$18,000		\$18,000			
Parking Lot Paving	\$100,000	\$100,000				
Total Public Works	\$712,145	\$561,145	\$26,000	\$125,000	\$0	\$0
Parks/Recreation/Railyards						
Parks and Recreation Improvements	\$21,558	\$21,558				
Active Transportation Projects	\$476,075	\$476,075				
EVK Pool Upgrades	\$69,212	\$69,212				
KISH Tennis Court Upgrades	\$7,500	\$7,500				
EVK Pool Replacement	\$125,000				\$125,000	
Total Parks/Recreation/Railyards	\$699,345	\$574,345	\$0	\$0	\$125,000	\$0
Water & Sewer Utility						
Sewer Main Replacement	\$2,150,000		\$1,150,000		\$500,000	\$500,000
Water Tower Replacement	\$2,124,000			\$2,124,000		
Broadway Street South W/S Main Extension	\$2,096,696	\$2,096,696				
Wellfield Signage	\$2,500	\$2,500				
WWTP Mechanical Upgrades	\$135,000	\$135,000				
WWTP Building Roof Replacement	\$11,000	\$11,000				
Water Model and System Capacity Study	\$50,000		\$50,000			
	\$6,569,196	\$2,245,196	\$1,200,000	\$2,124,000	\$500,000	\$500,000
Total	\$13,570,808	\$6,886,808	\$1,854,500	\$2,767,500	\$1,543,500	\$518,500

Town of Kensington - Request for Decision

Date: March 25, 2022	Request for Decision No: 2022-13 (Office Use Only)
Topic: 2022 Proposed Loan Consolidation	
Proposal Summary/Background: <p>In reviewing the annual commitment letter regarding outstanding loans with the Scotiabank, staff and the Mayor have been seeking ways to increase cash flows, reduce administrative time in administering the loans, and continuing with our debt repayment strategy that is more in keeping with the life span of the purchased assets.</p> <p>It is proposed that three loans (Credit No.'s 7, 8, and 9) be consolidated into one loan and that all of the principal and interest be allocated to general government. It is proposed that the consolidated loan be amortized over a <u>10-year period</u> as the majority of the loan is associated with longer term assets.</p> <p>2016 Consolidation Town Loan (Credit Number 7) – (Loan amount as of February \$512,657). This loan was set to cover previous expenditures for capital assets that are either mostly or fully depreciated or for the purchase of long-term assets such as property, streets and street design. The majority of the interest for this loan is attributed to the General Department, with some portion attributed to the Police Department, Credit Union Centre, and Public Works. Current principal payment is \$11,859.38 per month or \$142,312.56. Continuing to pay at this rate and the loan will be paid off in 43 months or 3.6 years.</p> <p>2020 Fire Rescue Truck Loan (Reserve portion) (Credit Number 8) – (Loan amount as of February \$227,513). This loan was set up to cover the unfunded reserve for the Fire Department and is considered an expense of the Town. The principal payments for the loan are \$1,011.18 per month or \$12,134.16 per year. Continuing to pay at this rate will mean the loan will be paid off in 225 months or 18.75 years. The loan is not necessarily tied directly to an asset and reflects past fire department funds that were not reserved. As Councillors are aware, any future fire department reserve funds, will be deposited into a separate bank account (or applied directly to a loan).</p> <p>2020 Capital Loan (Credit Number 9) – (Loan amount as of February \$127,920). This loan was taken out for 5 years and covered various capital purchases. Purchases included the train station</p>	

boardwalk, gazebo, office carpeting and painting, etc. This principal of this loan is \$2,843 per month or \$34,116 per year. At this rate the loan will be paid off in 45 months or 3.75 years.

Summary

	Loan Amount	Principal \$/Month	Years Left on loan
Credit Number 7	\$ 512,657	\$ 11,859.38	3.60
Credit Number 8	\$ 227,513	\$ 1,011.18	18.75
Credit Number 9	\$ 127,920	\$ 2,843.00	3.75
Total	\$ 860,090	\$ 15,713.56	4.56
2022 Proposed Cons.	\$ 860,090	\$ 7,167.42	10.0

Benefit:

Cash flow improvement per month \$ 8,546.14 (\$102,553.68/year)

It is requested that Town Council authorize the CAO to proceed with the consolidation of the aforementioned loans as proposed and that all principal and interest be allocated to the General Government Department. It is requested that the new (consolidated) loan be amortized over a ten year period to more closely align with the life span of the assets.

Benefits:

- Will improve cash flows to allow Town Council to effective complete their proposed 2022/23 capital spending.
- Will more closely align debt repayment with the life span of assets.
- Will result in an annual cash flow improvement for the Town in the amount of approximately \$102,553.68.
- Will shorten the amortization on Credit No. 8 from 18.75 years to 10 years.

Disadvantages:

- Will increase the loan amortization period on Credit No. 7 from 3.6 years to 10 years.
- Will increase the loan amortization period on Credit No. 9 from 3.75 years to 10 years.

Discussion/Comments:

It is recommended by the CAO that Town Council proceed with authorizing staff to move forward with the loan consolidation as contemplated.

Options:

1. Approve the loan consolidation as proposed.
2. Not approve the loan consolidations as proposed.
3. Send it back to staff for further analysis.

Costs/Required Resources:

N/A

Source of Funding:

N/A

Recommendation:

It is recommended that Town Council consider and adopt the following resolution:

WHEREAS Section 164 of the Municipal Government Act R.S.P.E.I. 1988, Cap. M-12.1. authorizes a Town Council to borrow money for capital purposes;

AND WHEREAS Town Council intends to consolidate Credit Number 7, Credit Number 8, and Credit Number 9 into a single loan;

AND WHEREAS the amount to be borrowed will not cause the Town to exceed its legislated debt capacity;

BE IT RESOLVED THAT Town Council approve the consolidation of the following Scotiabank Town of Kensington loans at a negotiated interest rate, with an amortization period of 10 years; current loans identified as follows:

<i>Credit #</i>	<i>Loan Name</i>	<i>Outstanding Balance (Feb 2022)</i>
<i>7</i>	<i>Miscellaneous Capital</i>	<i>\$512,657</i>
<i>8</i>	<i>Rescue Fire Truck</i>	<i>\$227,513</i>
<i>9</i>	<i>Miscellaneous Capital</i>	<i>\$127,920</i>

Town of Kensington - Request for Decision

Date: March 25, 2022	Request for Decision No: 2022-14
Topic: 2020 Ford Police Interceptor – Borrowing Resolution	
Proposal Summary/Background: <p>At the March regular meeting of Town Council, authorization was given to staff to proceed with bidding on a 2020 Ford Police Interceptor (Explorer) in an amount not to exceed \$60,000. The auction was held on March 23, 2022 and the vehicle was secured at a bid of \$58,500.</p> <p>It has been recommended by the Police Chief that the vehicle be ‘marked’ with Kensington Police Service Decals (note that both police vehicles will now be ‘marked’ vehicles). The total estimated cost to complete the decaling, and to install the required police emergency equipment is \$13,500 plus HST, bringing the total cost of the Interceptor to \$72,000 plus HST (\$58,500 + \$13,500).</p> <p>It is recommended that Town Council consider a borrowing resolution to leverage the required funds to complete the purchase of the Interceptor.</p>	
Benefits: <ul style="list-style-type: none">• Will allow the Interceptor to be paid for according to its estimated useful life.	
Disadvantages: <ul style="list-style-type: none">• None noted.	
Discussion/Comments: <p>It is recommended that Town Council authorize the CAO to borrow \$72,000 from the Scotiabank to facilitate the purchase the 2020 Ford Police Interceptor (Explorer)</p> <p>Based on borrowing \$72,000, a 2.2% interest rate, and a 5-year amortization period, the estimated monthly payment is approximately \$1,268.31.</p>	

Options:

1. Authorize the borrowing, as recommended.
2. Not authorize the borrowing.
3. Refer the matter(s) back to staff for further direction and deliberation.

Costs/Required Resources:

\$72,000

Estimated monthly payment of
\$1,268.31

Source of Funding:

Long Term Borrowing

Recommendation:

That Town Council consider and adopt the following resolution(s):

WHEREAS Section 164 of the Municipal Government Act R.S.P.E.I. 1988, Cap. M-12.1. authorizes a Town Council to borrow money for the completion of a capital project;

AND WHEREAS Town Council has purchased a 2020 Ford Police Interceptor at a price of \$58,500;

AND WHEREAS Town Council intends to install emergency equipment and decaling on the 2020 Ford Police Interceptor at an estimated price of \$13,500;

AND WHEREAS the amount to be borrowed will not cause the Town to exceed its legislated debt capacity;

BE IT RESOLVED that the Town of Kensington be empowered to borrow \$72,000 from the Scotiabank, under the following terms:

- repayable in full by Town Council over an amortization of 5 years.*
- at a negotiated interest rate, with interest payable monthly.*
- advances repayable on demand.*