

Shelburne gets failing grades on capital funding

From a political point of view, Shelburne's provincially mandated Asset Management Plan (AMP) probably couldn't have come at a worse time than at the start of an election year, but Treasurer Carol Sweeney says the plan is "not as bad as it really looks."

Based on the town's position as it existed in 2012, the plan makes it appear that Shelburne needs to set aside or spend \$801,000 annually on paved roads, bridges, culverts and storm sewers or \$574,000 a year more than the \$227,000 it does now.

From a different perspective, Shelburne's current annual tax revenue is about \$4.3-million. "Without consideration of any additional source of revenue, full funding would require an increase of 13.2 per cent over time," the report says.

There were similar results for all classifications based on 2012. Expressed as percentages of long-term requirements, the town was investing only 28 per cent of its requirement for roads and storm sewers and 41 per cent for sanitary sewers in 2012.

The AMP found that the town in 2012 was falling short of its \$1,098,000 requirement for sanitary and water services by \$646,000. But for 2013 it is covering all but \$38,000 of the requirement.

The plan is expected to be updated prior to the town's 2015 budget, and annually thereafter.

A continuation of under-spending in all categories would have meant funding future capital renewal projects by borrowing plus provincial/federal infrastructure grants, whereas the provincial aim of the required AMP is at forcing Ontario municipalities to avoid future debt financing, for infrastructure.

For the immediate future, it is apparent that municipalities cannot hope to succeed in grant applications if they do not have their AMPs in place.

Ms. Sweeney said, however, that Shelburne did foresee what the AMP "prepared by consultant Public Sector Digest Inc." would reveal and did begin preparing for it by doing much of what is recommended in the plan even before the consultant drafted it.

Now the capital funding future doesn't appear as gloomy as the AMP depicts it.

In 2011, Shelburne embarked on renewal of sewer and water mains on Jane and Marie streets, a \$1.6-million undertaking. The town's share of costs was paid via a 5-year loan at \$263,000 a year.

Ms. Sweeney said the loan would be paid off "in a couple of years," and the money would be used instead to reduce the tax-funded infrastructure deficit.

The consultant recommends "increasing rate revenues by 3.7% for sanitary sewers and 3.1% for water services each year for the next 10 years solely for the purpose of phasing in full funding." Thereafter, any increases would be tied to the inflation index.

If the plan is followed, Ms. Sweeney says, full funding would be achieved in 10 years.

The full 71-page plan is available on the town's website, along with a letter-grade assigned to each category for the state of infrastructure funding in 2012.

By Wes Keller