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Capital budget talks postponed

By Elaine Della-Mattia, Sault Star
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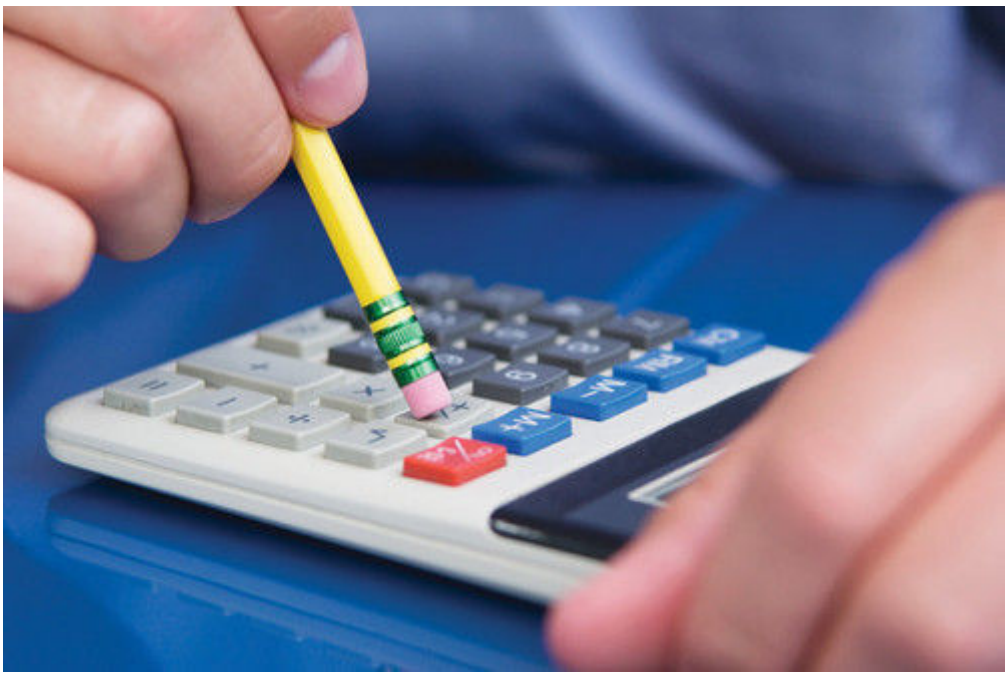

City council postponed approving its capital budget until Dec. 5.

Ward 3 Coun. Matthew Shoemaker raised concerns about approving the capital budget without seeing the city's complete budget in its entirety.

The rookie councillor said he was prepared to "conditionally" approve the capital budget but feared that some amendments or alternations may be needed once the whole budget picture is presented to council in the coming weeks.

"We don't want to tie our hands here. We don't know what the rest of the budget looks like or what our financial position is," he said.

CAO Al Horsman said the early approval better allows the building division to prepare early tenders – and get better prices – for the projec set to go next season.

Council also learned that it is important for the design portion of the project to be tendered out early and two projects will be presented to council for approval of that step at the next council meeting.

A special council meeting is set for Nov. 3 and full budget deliberations are scheduled for Dec 5 and 6 (if necessary).

Mayor Christian Provenzano,, who readily admits to pushing staff to complete budget deliberations before the start of the new year, said he too had some concerns about approving the capital budget too early without the rest of the budget known.

He told council he didn't expect the few weeks delay to hamper the process but stressed the budget must be approved before year-end.

The capital budget for 2017 includes $41.3 million of investment for a variety of road and bridge work, sanitary sewer work, building capita maintenance and upgrades to the city's landfill.

Vehicles for public works, transit and fire, along with community service projects and planning projects are also included in the project cost

Planning for the work will see about $15.5 million come from funding grants, $8.8 million from the sanitary sewer fee, $7.5 million from the operating levy, and smaller amounts from the capital budget net revenue and reserves. The report to council also includes an addition of $ million for longterm debt to fund the Civic Centre Windows and Cladding project.

That debt will be serviced through the budget's annual allocation to the Asset Management Reserve Buildings of $2.3 million included in tl operating budget, the report to council states. There will be no addition to the levy to service this debt.

In recent years, city council funded the Capital from Current budget annually $1 million. That allocation was reduced in 2016 to $600,000 i an attempt to help reduce the levy. The reduction was made by staff with the recommendation of annual increases of $175,000 per year un the $1 million annual amount is again reached.

Based on that principle, staff has added that increase to the budget, setting it at $775,000 for 2017.

Council already knows the city could face a $3 million deficit and, despite budget tightening measures, the full amount is not expected to b recouped by year end.

The brakes have already been put on all discretionary spending.

The city finds itself in the cash-strapped position because Essar Steel Algoma, currently in the midst of its Companies Creditors' Arrangement Act restructuring, has not paid its 2016 post-filing tax bills, owing the city about $21 million. Money has already been drawn from various reserve accounts with the intent of returning those funds once paid by the steelmaker, but there is no guarantee the city will recoup all of those tax dollars - or any - despite expectations that it is a priority lien holder in the process.

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