

STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG



Report to:	Mayor and Council Members	Priority:	<input checked="" type="checkbox"/> High <input type="checkbox"/> Low
Submitted by:	Ian D. Davey, BBA CPA CA Treasurer / Director of Corporate Services	Meeting Type:	Open Session <input checked="" type="checkbox"/> Closed Session <input type="checkbox"/>
Meeting Date:	March 7, 2022		
Report No.:	[Report Number]		
Submit comments to Council			

Subject/Title: Northam Industrial Park – 2022 Operating & Capital Budget

RECOMMENDATION:

THAT Council receive this report for information purposes;

AND FURTHER that Council approve the Northam Industrial Park 2022 Operating & Capital Budget as presented.

1. STRATEGIC PLAN

Prosperity – The Town of Cobourg plans for markets and develops assets for economic growth and financial security.

2. PUBLIC ENGAGEMENT

N/A

3. PURPOSE

The purpose of this report is to provide Council with an overview of the 2022 operating and capital budget for Northam Industrial Park as prepared by the property management company and reviewed with staff.

4. ORIGIN AND LEGISLATION

N/A

5. BACKGROUND

The annual operating and capital budget for Northam Industrial Park is prepared by Delcom Management Inc. in consultation with Town of Cobourg senior staff.

The 2022 operating budget provides a comparison to the 2021 budget and to the 2021 projection for actual results for the year just ended.

The 2022 capital budget summary provides a list of capital works to be completed during 2022.

6. ANALYSIS

The 2022 budget is projecting revenue of \$3,451,687 less operating expenses net of recoveries of \$423,896 and administrative expenses of \$272,983 for a net income from operations of \$2,754,788 before capital projects. The net deficit after capital spending of \$2,915,849 would be \$161,060.

The 2022 budgeted net income from operations is approximately \$55,000 higher than the budgeted amount for 2021 and about the same amount lower than the projected net income from operations for 2021. The operating budget is prepared on a cash basis and does not take into account amortization of capital assets which has been averaging about \$725,000 per year.

The 2022 capital budget includes one major project which is the reconstruction of West Street including replacement of services contained within the roadway. This project has been budgeted at \$1,700,000 and accounts for almost 60% of the total capital budget of \$2,915,849. This project will consist of the section of West Street from Ewart north to Boggs Road.

Other 2022 capital projects include a refresh of the Building Condition Assessments, a section of the Building 3 roof replacement and the completion of works agreed to as part of recent long-term lease renewals for both Graphic Packaging and Horizon Plastics.

Historically, the annual capital budget for the park has been an average of \$1M per year however over the last five year period this average has declined to just

over \$500,000. The 2022 fiscal year will see the completion of 20 years of ownership of the park by the Town of Cobourg. The 2022 capital budget of \$2.9M will bring the 20 year capital projects total to just over \$19M which is much closer to our original capital forecasts of \$1M per year.

Future year capital projects will see a continued emphasis on the internal road network, including all underground services and parking areas.

7. FINANCIAL IMPLICATIONS/BUDGET IMPACTS

It is anticipated that the 2022 net income from operations will contribute approximately \$1.5M to towards the Town of Cobourg operating and capital budgets which will leave \$1.25M to support the 2022 capital requirements. The balance required will be funded from the Northam Capital Reserve which was \$2M to start the 2022 fiscal year.

In terms of cash flow the major project of the reconstruction of West Street may end up being completed in 2023 which would mean that not all of the capital funding will be required in 2022.

There will be no impact on the approved 2022 Town of Cobourg operating and capital budgets.

8. CONCLUSION

Northam Industrial Park is at almost 100% occupancy going into 2022 with some of the larger tenants recently entering into long-term renewal agreements for their occupied space. The 2022 operating and capital budget for the Park reflect the continuation of a program of investing in the Park infrastructure while also contributing to the operations and capital budgets of the Town of Cobourg.

Report Approval Details

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Final Approval Date:	Feb 24, 2022

This report and all of its attachments were approved and signed as outlined below:

Tracey Vaughan, Chief Administrative Officer - Feb 24, 2022 - 7:45 PM