

To: Warden and Members of County Council

From: Director of Corporate Services

OILC Financing Application – Woodstock

RECOMMENDATION

1. That By-law No. 6563-2023, being a by-law to authorize the submission of an application to the Ontario Infrastructure Lands Corporation for temporary and long-term borrowing through the issue of debentures for the purposes of the City of Woodstock, be presented to Council for enactment.

REPORT HIGHLIGHTS

- City of Woodstock requires financing for various 2023 capital projects
 - \$450,000 – Wellington Street Reconstruction
 - \$200,000 – Dundas Street Reconstruction
 - \$250,000 – Sprucedale Road Reconstruction
 - \$4,900,000 – Southgate Centre
 - \$900,000 – West End Market Centre Renovation
 - \$908,000 – Splash Pad Design and Build
 - \$5,000,000 – Outdoor Pool Design and Build

Implementation Points

An application, supported by the necessary documentation, will be submitted to OILC for consideration.

Debenture by-laws are anticipated to be brought forward to Council for December issues.

Financial Impact

The various road projects have been approved for financing through the City's 2023 Capital Budget By-law No. 9570-23 with the exception of an increase to the cost of the Southgate Centre and the Outdoor Pool Design and Build, both of which will be considered for approval at the City's Council meeting scheduled for August 10, 2023.







The City's Treasurer has updated their Annual Debt Repayment Limit to ensure the inclusion of this debt does not exceed their limit as prescribed by the Ministry of Municipal Affairs and Housing.

The recommendations contained in this report will have no financial impact beyond what has been approved in the current year’s budget.

Communications

County staff will continue to work with the City’s Treasurer to facilitate the debenture process with OILC through to final debentures upon completion of the capital works.

Strategic Plan (2020-2022)

					
<i>WORKS WELL TOGETHER</i>	<i>WELL CONNECTED</i>	<i>SHAPES THE FUTURE</i>	<i>INFORMS & ENGAGES</i>	<i>PERFORMS & DELIVERS</i>	<i>POSITIVE IMPACT</i>
		3.iii.			

DISCUSSION

Background

OILC’s infrastructure renewal loan program provides low-cost, longer term financing to meet critical municipal infrastructure priorities. OILC is based on a proven “pooled financing” concept that combines the infrastructure investment needs of many borrowers into one borrowing pool.

OILC provides access to infrastructure capital that would not otherwise be available to smaller borrowers. Larger borrowers receive a longer term on their loans than they could obtain in the financial markets, and can also benefit from significant savings on transaction costs such as legal costs and underwriting commissions. Under the OILC approach, all borrowers receive the same low interest rate. OILC will enter into a financing agreement jointly with the City and the County subject to technical and credit reviews, for a loan up to the maximum amount of the loan request.

OILC provides indicative lending rates upon request, tracking the capital markets. Rates on debentures are fixed for the entire life of the loan once the debenture is issued. Rates on construction loans float throughout the term of the loan until they are replaced by a debenture.

Although there is no direct impact on the County’s annual budgets as a result of adopting the recommendation contained this report, the County is direct, joint and severally liable for default of the terms and conditions of the resulting financing agreements pertaining to area municipalities.

Comments

The capital projects included in this OILC financing application as set out in Table 1 have been approved or anticipated to be approved by City Council for debenture financing, duly authorized by by-law.

Table 1 – City of Woodstock Capital Projects

By-law No./ Project No.	Description of Capital Work	Estimated Costs	Loan Amount
9570-23	Wellington Street Reconstruction	\$1,515,000	\$450,000
9570-23	Dundas Street Reconstruction	750,000	200,000
9570-23	Sprucedale Road Reconstruction	1,182,000	250,000
9570-23/13546	Southgate Centre	8,610,000	4,900,000
9570-23	West End Market Centre Renovation	900,000	900,000
9570-23	Splash Pad Design Build	908,000	908,000
11278	Outdoor Pool Design Build	5,350,000	5,000,000
	Totals	\$19,215,000	\$12,608,000

Note: differences between the estimated costs and loan amounts are funded by the Canada Community-Building Fund, Ontario Community Infrastructure Fund, reserves, fundraising, development charges and taxation

Once approval is granted by City Council and OILC and if a project does not go forward or if, for any reason, the municipalities desire to finance by other means, the municipalities have the option to do so, and are not bound to borrow through OILC by approval of an application.

Conclusions

The OILC program is presented to Council as an alternative financing mechanism for future capital projects, however, at the time financing is required, alternative methods will be researched to ensure the most economical borrowing method is used.

SIGNATURES

Departmental Approval:

Original signed by

Lynn S. Buchner, CPA, CGA
 Director of Corporate Services

Approved for submission:

Original signed by

Benjamin R. Addley
Chief Administrative Officer