

## REPORT TO COUNTY COUNCIL

# Concession St W Services Extension Project – Internal Long-term Debt Issue

**To:** Warden and Members of County Council

**From:** Director of Corporate Services

## RECOMMENDATION

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1. That By-law No. 6586-2023, being a by-law to authorize the borrowing of funds from the Landfill and Waste Diversion Reserve Fund in the amount of \$29,438.50 to be used for the purposes of financing property owners' charges for capital costs related to the Concession St West Services Extension Project, be presented to Council for enactment.

## REPORT HIGHLIGHTS

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- Concession St W services extension project serviced 8 properties
  - \$87,431.63 of the assessed costs have been paid
  - \$23,599.00 to be financed over a ten-year term
  - \$5,839.50 to be financed over a five-year term
  - \$143,000.00 of the assessed costs have been banked for future development

## IMPLEMENTATION POINTS

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The Town of Tillsonburg will add the annual debenture payments to the respective property tax rolls in 2024 and forward the funds to the County on the annual debenture payment date.

### Financial Impact

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

**Communications**

Upon enactment of By-law No. 6586-2023, a letter will be sent to each of the impacted properties detailing the annual debenture payments. A letter will also be sent to the Town of Tillsonburg indicating the amounts to be added to the respective property tax rolls.



**2023-2026 STRATEGIC PLAN**

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Oxford County Council approved the **2023-2026 Strategic Plan** on September 13, 2023. The Plan outlines 39 goals across three strategic pillars that advance Council’s vision of “Working together for a healthy, vibrant, and sustainable future.” These pillars are: (1) *Promoting community vitality*, (2) *Enhancing environmental sustainability*, and (3) *Fostering progressive government*.

The recommendation in this report supports the following strategic goals.

**Strategic Plan Pillars and Goals**

PILLAR 1	PILLAR 2	PILLAR 3
		
<b>Promoting community vitality</b>	<b>Enhancing environmental sustainability</b>	<b>Fostering progressive government</b>
		Goal 3.4 – Financial sustainability

See: [Oxford County 2023-2026 Strategic Plan](#)

**DISCUSSION**

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**Background**

On September 27, 2023, County Council approved the funding sources for the Oxford County Concession St West Services Extension Project under By-law No. 6570-2023 which also authorizes a charge to be billed to serviced properties. The total cost of the project was \$560,166. The costs are funded by \$79,713 from the Community Servicing Assistance Program (CSAP) Reserve, \$1,986 from the Water – Tillsonburg Reserve, \$114,180 from the Wastewater – Tillsonburg Reserve, \$107,643 from Development Charges and \$256,644 attributed to existing benefitting properties.

By-law No. 5345-2012 was set to establish program parameters and definitions for the Community Servicing Assistance Program (CSAP), including establishing the maximum charge

for the County portion of the cost to owners for connection. The 2020 CSAP maximum charge (cost for each equivalent service) is \$11,570 for water and \$15,222 for sanitary. Fees attributed to each equivalent service, for developed benefitting property owners, are at the CSAP maximum of \$11,570 for water and below the CSAP maximum for sanitary.

In addition to the total cost of the project, the following costs are added in accordance with the 2023 Fees and Charges By-law No. 4889-2007:

- \$300 billed to each of the unconnected existing and development properties for a water meter
- \$50 billed to each of the unconnected existing and development properties for the water application to connect review fee
- \$50 billed to each of the unconnected existing and development properties for the sanitary application to connect review fee

Table 1 provides a summary of the debenture requirement for the approved servicing costs.

**Table 1 – Debenture Financing by Project**

<b>Project Name</b>	<b>By-law to Approve Funding Sources</b>	<b>Date By-law Approved</b>	<b>Amount to be Debentured</b>
Oxford County Concession St West Services Extension Project	6570-2023	September 27, 2023	\$29,438.50
<b>Total</b>			<b>\$29,438.50</b>

**Comments**

In accordance with the County’s Water and Sewer Services Financing Policy 6.05, financing options were offered in addition to a full payment option to each of the property owners billed under By-law No. 6570-2023. The financing options include:

1. debenture the full amount owing over ten years; or
2. pay 50% of the charge now and finance the remaining 50% over five years.

Considering the County’s Landfill and Waste Diversion Reserve Fund balance has approximately \$1.75 million in idle funds and a 2023 forecasted closing balance of approximately \$19.8 million, it is recommended that the total amount of \$29,438.50 required to be debentured, be financed internally.

In accordance with the Debt Management Policy, the following rates have been fixed for the term of the options as set out in Table 2.

Table 2 – Annual Fixed Interest Rates

Term of Financing	Annual Interest Rate
10 Years	5.72%
5 Years	5.71%

Tables 3 and 4 illustrate the annual payment required by the individual property owners, based on the amount charged to their property.

Table 3 – Oxford County Concession St W Services Extension Project Repayment Schedule – 10 year debenture \$23,599

Loan Amount	\$23,599.00			
Annual Interest Rate	5.72%			
Length of Loan (Years)	10			
Year	Payment	Interest	Principal	Balance
2024	\$3,163.95	\$1,349.86	\$1,814.09	\$21,784.91
2025	3,163.95	1,246.10	1,917.85	19,867.06
2026	3,163.95	1,136.40	2,027.55	17,839.51
2027	3,163.95	1,020.42	2,143.53	15,695.98
2028	3,163.95	897.81	2,266.14	13,429.84
2029	3,163.95	768.19	2,395.76	11,034.08
2030	3,163.95	631.15	2,532.80	8,501.28
2031	3,163.95	486.27	2,677.68	5,823.60
2032	3,163.95	333.11	2,830.84	2,992.76
2033	3,163.95	171.19	2,992.76	0.00
<b>Total</b>	<b>\$31,639.50</b>	<b>\$8,040.50</b>	<b>\$23,599.00</b>	

Table 4 – Oxford County Concession St W Services Extension Project Repayment Schedule – 5 year debenture \$5,839.50

Loan Amount	\$5,839.50			
Annual Interest Rate	5.71%			
Length of Loan (Years)	5			
Year	Payment	Interest	Principal	Balance
2024	\$1,375.36	\$333.44	\$1,041.92	\$4,797.58
2025	1,375.36	273.94	1,101.42	3,696.16
2026	1,375.36	211.05	1,164.31	2,531.85
2027	1,375.36	144.57	1,230.79	1,301.06
2028	1,375.36	74.30	1,301.06	0.00
<b>Total</b>	<b>\$6,876.80</b>	<b>\$1,037.30</b>	<b>\$5,839.50</b>	

## CONCLUSIONS

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A by-law is required to authorize the financing and collection of annual debt obligation payments from the respective property owners through their property tax bills.

## SIGNATURES

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### Report author:

Original signed by

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Jennifer Lavalley, CPA, CGA  
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### Departmental approval:

Original signed by

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

### Approved for submission:

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