

REPORT TO COUNTY COUNCIL

Internal Debt Financing – South-West Oxford

To: Warden and Members of County Council

From: Director of Corporate Services

RECOMMENDATION

1. That By-law No. 6632-2024, being a by-law to authorize the borrowing of funds in the amount of \$61,139.00 from the Landfill and Waste Diversion Reserve Fund, for the purposes of financing capital works associated with municipal drains authorized by Township of South-West Oxford by-laws, be presented to Council for enactment.

REPORT HIGHLIGHTS

- \$61,139 is required to finance benefitting property owners' portion of the Van Wynsberghe Capital Drain 2021 project in the Township of South-West Oxford.
- Interest to be fixed at 5.51% for a five year amortization period with semi-annual payments.

IMPLEMENTATION POINTS

Upon enactment of an authorizing by-law the proceeds will be forwarded to the Township on May 9, 2024, to be repaid semi-annually in blended principal and interest payments over the five year term.

Financial Impact

Financing the Van Wynsberghe Capital Drain 2021 project costs for benefitting property owners was authorized by Township of South-West Oxford By-laws 46-2021 and 26-2023, dated August 10, 2021 and May 16, 2023 respectively.

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

The debenture proceeds will be funded from the County's Landfill and Waste Diversion Reserve Fund which will encumber those funds on a declining balance basis over the five year term while generating additional revenues for the Landfill and Waste Diversion Reserve Fund in accordance with Reserve Policy 6.20.

The Landfill and Waste Diversion Reserve Fund balance currently has \$1.4 million in idle funds and a 2024 budgeted closing balance of \$19.6 million, therefore it is recommended that the total amount of \$61,139 capital works be financed internally and repaid in accordance with the County's Debt Management Policy.

Communications

A copy of the authorizing by-law and the amortization schedule will be provided to the Township at the time of transferring the principal proceeds, and the Township will inform the respective property owners of payment obligations that will be added to their annual tax bills until fully retired.

The Township will be invoiced on a semi-annual basis to repay the County for the debt proceeds and interest earned, pursuant to the amortization schedule.

2023-2026 STRATEGIC PLAN

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
		
Promoting community vitality	Enhancing environmental sustainability	Fostering progressive government
Goal 1.2 – Sustainable infrastructure and development		Goal 3.4 – Financial sustainability

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

DISCUSSION

Background

In accordance with Section 418 of the Municipal Act, 2001, as amended, and Ontario Regulation 438/97, the County's Investment Policy provides for short, mid and long-term investments of idle funds, allowing opportunities to borrow from within.

Section 6.0 of the County's Debt Management Policy 6.19 prescribes the interest rate calculation that will apply to internal borrowings. The formula is the average of the following rates over an equivalent term, if available:

- Debentures through the Ontario Infrastructure Lands Corporation;
- Debt facility through a Canadian Schedule 1 Chartered Bank; and
- Government of Canada marketable bonds average yield over ten years plus two percent.

Comments

The capital works project, as approved by Township Council, has been completed and certain benefitting property owners have requested financing for their share of the costs. The terms of the financing agreement as set out in Table 1 are in keeping with the County's Debt Management Policy.

Table 1 – Debenture Financing Terms

Project Name	Term	Annual Interest Rate	Debenture Amount
Van Wynsberghe Capital Drain 2021	5 years	5.51%	\$61,139

CONCLUSIONS

A by-law is required to authorize the financing and collection of semi-annual debt obligation payments from the Township of South-West Oxford for the Princeton Drainage System 2022 Project for Phases 1 and 2 previously approved for financing by Township Council.

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