

To: Warden and Members of County Council

From: Director of Corporate Services

Dufferin Street and McKeand Street Sanitary Sewer Extension Projects – Internal Long-term Debt Issue

RECOMMENDATION

1. That By-law No. 6362-2021, being a by-law to authorize the borrowing of funds in the amount of \$49,721 from the Landfill and Waste Diversion Reserve Fund to be used for the purposes of financing serviced property owners' charges for capital costs relating to sanitary services through the following projects, be presented to Council for enactment;
 - a. Dufferin Street Sanitary Sewer Extension Project; and
 - b. McKeand Street Sanitary Sewer Extension Project.

REPORT HIGHLIGHTS

- Dufferin Street sanitary sewer extension project serviced 6 properties
 - \$31,491 of the assessed costs have been paid
 - \$31,491 to be financed over a ten-year term
- McKeand Street sanitary sewer extension project serviced 4 properties
 - \$18,230 of the assessed costs have been paid
 - \$18,230 to be financed over a ten-year term

Implementation Points

The Town of Ingersoll will add the annual debenture payments to the respective property tax rolls beginning in 2022 and forward the funds to the County.







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. 6362-2021 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 Ingersoll indicating the amounts to be added to the respective property tax rolls.

Strategic Plan (2020-2022)

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

DISCUSSION

Background

On June 23, 2021, County Council approved the funding sources for the Dufferin Street Sanitary Sewer Extension Project under By-law No. 6349-2021 which also authorizes a charge to be billed to serviced properties. The total cost of the project was \$83,973. The costs are funded by \$20,991 from the Community Servicing Assistance Program (CSAP) Reserve and \$62,982 attributed to existing benefitting properties.

On June 23, 2021, County Council approved the funding sources for the McKeand Street Sanitary Sewer Extension Project under By-law No. 6350-2021 which also authorizes a charge to be billed to serviced properties. The total cost of the project was \$48,611. The costs are funded by \$12,151 from the CSAP Reserve and \$36,460 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 2019 CSAP maximum charge for a new Sanitary Sewer service is \$14,779. Fees attributed to individual benefitting property owners for both the Dufferin Street and McKeand Street projects are below the CSAP maximum threshold, being charged \$10,497 and \$9,115 per property respectively.

Table 1 provides a summary of the debenture requirements for each of the previously approved servicing projects.

Table 1 – Debenture Financing by Project

Project Name	By-law to Approve Funding Sources	Date By-law Approved	Amount to be Debentured
Dufferin Street Sanitary Extension Project	6349-2021	June 23, 2021	\$31,491
McKeand Street Sanitary Extension Project	6350-2021	June 23, 2021	18,230
Total			\$49,721

Comments

In accordance with the County's Water and Sewer Services Financing Policy No. 6.05, financing options were offered in addition to a full payment option to each of the property owners billed under the by-laws and reports referenced in Table 1. The financing options include:

1. debenture the full amount owing over ten year; 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 currently has \$6.0 million in idle funds and a 2021 budgeted closing balance of \$22.8 million, it is recommended that the total amount of \$49,721 required to be debentured, be financed internally.

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

Table 2 – Annual Fixed Interest Rates

Term of Financing	Annual Interest Rate
10 Years	2.9%

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

Table 3 – Dufferin Street Sanitary Sewer Extension Project Repayment Schedule

Loan Amount		\$10,497.00		
Annual Interest Rate		2.90%		
Length of Loan (Years)		10		
Year	Payment	Interest	Principal	Balance
2022	\$1,225.61	\$306.62	\$918.99	\$9,578.01
2023	1,225.61	279.78	945.83	8,632.18
2024	1,225.61	252.15	973.46	7,658.72
2025	1,225.61	223.71	1,001.90	6,656.82
2026	1,225.61	194.45	1,031.16	5,625.66
2027	1,225.61	164.33	1,061.28	4,564.38
2028	1,225.61	133.33	1,092.28	3,472.10
2029	1,225.61	101.42	1,124.19	2,347.91
2030	1,225.61	68.58	1,157.03	1,190.88
2031	1,225.61	34.73	1,190.88	0.00
Total	\$12,256.10	\$1,759.10	\$10,497.00	

Table 4 – McKeand Street Sanitary Sewer Extension Project Repayment Schedule

Loan Amount		\$9,115.00		
Annual Interest Rate		2.90%		
Length of Loan (Years)		10		
Year	Payment	Interest	Principal	Balance
2017	\$1,064.25	\$266.25	\$798.00	\$8,317.00
2018	1,064.25	242.94	821.31	7,495.69
2019	1,064.25	218.95	845.30	6,650.39
2020	1,064.25	194.26	869.99	5,780.40
2021	1,064.25	168.85	895.40	4,885.00
2022	1,064.25	142.69	921.56	3,963.44
2023	1,064.25	115.77	948.48	3,014.96
2024	1,064.25	88.07	976.18	2,038.78
2025	1,064.25	59.55	1,004.70	1,034.08
2026	1,064.25	30.17	1,034.08	0.00
Total	\$10,642.50	\$1,527.50	\$9,115.00	

Conclusions

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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Original signed by

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