

To: Warden and Members of County Council

From: Director of Corporate Services

OILC Financing Application – Woodstock

RECOMMENDATION

1. That By-law No. 6360-2021, 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 2021 capital projects
 - \$130,000 – Drew Street Reconstruction
 - \$300,000 – Huron Street Reconstruction
 - \$470,000 – Juliana Drive Reconstruction
 - \$775,000 – 486-488 Dundas Street Property

Implementation Points

An application, supported by the necessary documentation, will be submitted to OILC for consideration – including an endorsing by-law to be enacted by the City of Woodstock Council.

Upon approval of the application, a financing agreement will be endorsed to allow for construction and/or long-term financing as required. Debenture by-laws are anticipated to be brought forward to Council for September and December 2021 issues.

Financial Impact

The various road capital projects have been approved for financing through the City's 2021 Capital Budget By-law No. 9428-21 and the purchase of the 486-488 Dundas Street property has been approved for financing under the City's By-law No. 9465-21.







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 (2015-2018)

					
WORKS WELL TOGETHER	WELL CONNECTED	SHAPES THE FUTURE	INFORMS & ENGAGES	PERFORMS & DELIVERS	POSITIVE IMPACT
		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 in this report, the County is directly, jointly 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 by City Council for debenture financing, duly authorized by by-law. Subsequent to the passing of the OILC financing application authorizing by-law before County Council, City Council will then pass a similar by-law authorizing the financing application through OILC.

Table 1 – City of Woodstock Capital Projects

By-law No./ Project No.	Description of Capital Work	Estimated Costs	Loan Amount
9428-21	Drew Street Reconstruction	\$225,000	\$130,000
9428-21	Huron Street Reconstruction	740,000	300,000
9428-21	Juliana Drive Reconstruction	555,000	470,000
9465-21	486-488 Dundas Street Property	775,000	775,000
	Totals	\$2,295,000	\$1,675,000

Note: differences between the estimated costs and loan amounts are funded by reserves and/or development charges

Once approval is granted by 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

Michael Duben, B.A., LL.B.
Chief Administrative Officer