

To: Warden and Members of County Council

From: Director of Corporate Services

North Street East Services Extension Project – Internal Long-term Debt Issue

RECOMMENDATION

1. That By-law No. 6367-2021, being a by-law to authorize the borrowing of funds in the amount of \$310,593 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 the North Street East Services Extension Project – Town of Tillsonburg, be presented to Council for enactment.

REPORT HIGHLIGHTS

- North Street East Services – Town of Tillsonburg extension project serviced 68 properties
 - \$482,649 of the assessed costs have been paid
 - \$305,968 to be financed over a ten-year term
 - \$4,625 to be financed over a five-year term
 - \$366,148 has been banked for future development or deferred

Implementation Points

The Town of Tillsonburg 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. 6367-2021 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 Tillsonburg 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 July 14, 2021, County Council approved the funding sources for the North Street East Services Extension Project under By-law No. 6348-2021 which also authorizes a charge to be billed to serviced properties. The total cost of the project was \$4,441,641. The costs are funded by \$218,205 from the Community Servicing Assistance Program (CSAP) Reserve, \$3,050,539 from Development Charges, \$16,627 from the Tillsonburg Wastewater Reserve, \$331,157 from future development and \$825,113 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 is \$14,779 for a new sanitary sewer service and \$11,233 for a new water service. Fees attributed to individual benefitting property owners for the North Street East project are below the CSAP maximum threshold at \$9,250 for a new sanitary sewer service and \$5,987 for a new water service.

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
North Street East Services Extension Project	6348-2021	July 14, 2021	\$310,593
Total			\$310,593

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 By-law No. 6348-2021. 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 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 \$310,593 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
5 Years	2.5%
10 Years	2.9%

Tables 3 and 4 illustrate annual payments required by the individual property owners, based on the amount charged to their property for sanitary only and for water and sanitary. Some property owners may have different repayment schedules due to deposits previously paid.

Table 3 – North Street East Services Extension Project Repayment Schedule – Sanitary Only

Loan Amount	\$9,250			
Annual Interest Rate	2.90%			
Length of Loan (Years)	10			
Year	Payment	Interest	Principal	Balance
2022	\$1,080.02	\$270.19	\$809.83	\$8,440.17
2023	1,080.02	246.54	833.48	7,606.69
2024	1,080.02	222.19	857.83	6,748.86
2025	1,080.02	197.14	882.88	5,865.98
2026	1,080.02	171.35	908.67	4,957.31
2027	1,080.02	144.80	935.22	4,022.09
2028	1,080.02	117.49	962.53	3,059.56
2029	1,080.02	89.37	990.65	2,068.91
2030	1,080.02	60.43	1,019.59	1,049.32
2031	1,080.02	30.70	1,049.32	0.00
Total	\$10,800.20	\$1,550.20	\$9,250.00	

Table 4 – North Street East Services Extension Project Repayment Schedule – Sanitary and Water

Loan Amount	\$15,497.00			
Annual Interest Rate	2.90%			
Length of Loan (Years)	10			
Year	Payment	Interest	Principal	Balance
2022	\$1,809.41	\$452.67	\$1,356.74	\$14,140.26
2023	1,809.41	413.04	1,396.37	12,743.89
2024	1,809.41	372.25	1,437.16	11,306.73
2025	1,809.41	330.27	1,479.14	9,827.59
2026	1,809.41	287.07	1,522.34	8,305.25
2027	1,809.41	242.60	1,566.81	6,738.44
2028	1,809.41	196.83	1,612.58	5,125.86
2029	1,809.41	149.73	1,659.68	3,466.18
2030	1,809.41	101.25	1,708.16	1,758.02
2031	1,809.41	51.39	1,758.02	0.00
Total	\$18,094.10	\$2,597.10	\$15,497.00	

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

Report Author:

Original signed by

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