

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

**From: Director of Corporate Services**

## **Mount Elgin Wastewater System – Internal Long-term Debt Issue**

### **RECOMMENDATION**

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1. That By-law No. 6378-2021, being a by-law to authorize the borrowing of funds in the amount of \$45,500 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 Mount Elgin Wastewater System Project, be presented to Council for enactment.

### **REPORT HIGHLIGHTS**

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- Mount Elgin Wastewater System project serviced 124 properties
  - \$964,948 of the assessed costs have been paid
  - \$662,750 of the assessed costs were previously debentured
  - \$45,500 to be financed over a ten-year term

### **Implementation Points**

The Township of South-West Oxford 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. 6378-2021 a letter will be sent to each of the impacted properties detailing the annual debenture payments. A letter will also be sent to the Township of South-West Oxford indicating the amounts to be added to the respective property tax rolls.

## Strategic Plan (2020-2022)

					
<b>WORKS WELL TOGETHER</b>	<b>WELL CONNECTED</b>	<b>SHAPES THE FUTURE</b>	<b>INFORMS &amp; ENGAGES</b>	<b>PERFORMS &amp; DELIVERS</b>	<b>POSITIVE IMPACT</b>
		3.iii.			

## DISCUSSION

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### Background

On September 25, 2013, County Council approved the funding sources for the Mount Elgin wastewater system under By-law No. 5509-2013 which also authorizes a charge to be billed to serviced properties. The total estimated cost of the project was \$2,814,603. The costs are funded by \$607,872 attributed to future development and the remaining \$1,685,698 shared by existing development, net of CSAP in the amount of \$521,033.

Billing was to be completed in two installments. The first installment was due at the passing of by-law 5509-2013 and the second installment due at the earlier of connection to the Mount Elgin wastewater system or at the mandatory connection date of September 30, 2016 for properties with septic systems constructed before 1990 and September 30, 2020 for those properties with septic systems constructed after 1990.

In response to economic impacts created by COVID-19, at a meeting held May 13, 2020, County Council approved By-law No. 6223-2020 which amends By-law No. 5509-2013, delaying the mandatory connection date to September 30, 2021, for properties with private septic systems constructed after 1990.

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

Table 1 – Debenture Financing by Project

Project Name	By-law to Approve Funding Sources	Date By-law Approved	Amount to be Debentured
Mount Elgin Wastewater System	5509-2013	September 25, 2013	\$45,500
<b>Total</b>			<b>\$45,500</b>

### 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. 5509-2013. 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 \$5.9 million in idle funds and a 2021 budgeted closing balance of \$22.8 million, it is recommended that the total amount of \$45,500 required to be debentured, be financed internally.

In accordance with the Debt Management Policy, the following rate has been fixed for the term of the option as set out in Table 2.

Table 2 – Annual Fixed Interest Rate

Term of Financing	Annual Interest Rate
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.

**Table 3 – Mount Elgin Wastewater System Project Repayment Schedule - \$6,500**

Loan Amount	\$6,500			
Annual Interest Rate	2.90%			
Length of Loan (Years)	10			
Year	Payment	Interest	Principal	Balance
2022	\$758.93	\$189.87	\$569.06	\$5,930.94
2023	758.93	173.24	585.69	5,345.25
2024	758.93	156.14	602.79	4,742.46
2025	758.93	138.53	620.40	4,122.06
2026	758.93	120.41	638.52	3,483.54
2027	758.93	101.76	657.17	2,826.37
2028	758.93	82.56	676.37	2,150.00
2029	758.93	62.80	696.13	1,453.87
2030	758.93	42.47	716.46	737.41
2031	758.93	21.52	737.41	0.00
<b>Total</b>	<b>\$7,589.30</b>	<b>\$1,089.30</b>	<b>\$6,500.00</b>	

**Table 4 – Mount Elgin Wastewater System Project Repayment Schedule – \$13,000**

Loan Amount	\$13,000			
Annual Interest Rate	2.90%			
Length of Loan (Years)	10			
Year	Payment	Interest	Principal	Balance
2022	\$1,517.86	\$379.73	\$1,138.13	\$11,861.87
2023	1,517.86	346.49	1,171.37	10,690.50
2024	1,517.86	312.27	1,205.59	9,484.91
2025	1,517.86	277.06	1,240.80	8,244.11
2026	1,517.86	240.81	1,277.05	6,967.06
2027	1,517.86	203.51	1,314.35	5,652.71
2028	1,517.86	165.12	1,352.74	4,299.97
2029	1,517.86	125.60	1,392.26	2,907.71
2030	1,517.86	84.93	1,432.93	1,474.78
2031	1,517.86	43.08	1,474.78	0.00
<b>Total</b>	<b>\$15,178.60</b>	<b>\$2,178.60</b>	<b>\$13,000.00</b>	

## **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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### **Report Author:**

Original signed by

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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:**

Original signed by

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