

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

**From:** Director of Corporate Services

## **Tanager Drive and Falcon Road Services Extension Project and North Street Services Extension Project – Internal Long-term Debt Issue**

### **RECOMMENDATION**

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1. That By-law No. 6482-2022, being a by-law to authorize the borrowing of funds in the amount of \$51,617 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. Oxford County Tanager Drive and Falcon Road Services Extension Project;  
and
  - b. Oxford County North Street Services Extension Project.

### **REPORT HIGHLIGHTS**

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- Tanager Drive and Falcon Road services extension project serviced 11 existing residential properties and 4 development properties
  - \$77,400 of the assessed costs have been paid
  - \$30,960 to be financed over a ten-year term
  - \$5,160 to be financed over a five-year term
  - \$71,768 of the assessed costs have been banked for future development or deferred
- North Street East services extension project fees of \$15,497 to be financed over a ten-year period

### **Implementation Points**

The Town of Tillsonburg will add the annual debenture payments to the respective property tax rolls in 2023 and forward the funds to the County on the annual debenture payment date.







## 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. 6482-2022 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)

					
<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

### Background

On September 28, 2022, County Council approved the funding sources for the Oxford County Tanager Drive and Falcon Road Services Extension Project under By-law No. 6472-2022 which also authorizes a charge to be billed to serviced properties. The total cost of the project was \$530,823. The costs are funded by \$37,671 from the Community Servicing Assistance Program (CSAP) Reserve, \$23,453 from the Tillsonburg Wastewater Reserve, \$286,461 from the Tillsonburg Water Reserve, \$70,268 from future development and \$112,970 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 2021 CSAP maximum charge for a new Sanitary Sewer service is \$15,679. Fees attributed to individual developed benefitting property owners for the Tanager Drive and Falcon Road project are below the CSAP maximum threshold, being charged \$10,270 per property.

In addition to the total cost of the project the following costs are added in accordance with the 2022 Fees and Charges By-law No. 4889-2007:

- \$275 billed to each of the development properties with new water connections for a water meter;

- \$50 billed to each of the existing and development properties for the sanitary application to connect review fee;
- \$50 billed to each of the development properties for the water application to connect review fee.

One property owner on North Street East in Tillsonburg had applied for a temporary deferral of fees approved for the North Street East Services Extension Project on July 14, 2021 under By-Law No. 6348-2021. A six month deferral was granted, which expired on April 30, 2022. Staff sent a letter to the impacted property owner in April, just prior to the expiry, and again in late August noting that the deferral had expired and payment was due. In accordance with County process, fees are to be debentured using a 10-year period if the form outlining the payment options is not completed and returned to the County within a specified period of time.

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

**Table 1 – Debenture Financing by Project**

<b>Project Name</b>	<b>By-law to Approve Funding Sources</b>	<b>Date By-law Approved</b>	<b>Amount to be Debentured</b>
Oxford County Tanager Drive and Falcon Road Services Extension Project	6472-2022	September 28, 2022	\$36,120
North Street East Services Extension Project	6348-2021	July 14, 2021	15,497
<b>Total</b>			<b>\$51,617</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. 6472-2022 and 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 \$4.5 million in idle funds and a 2022 forecasted closing balance of \$21.8 million, it is recommended that the total amount of \$51,617 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	4.9%
5 Years	4.9%

Tables 3, 4 and 5 illustrate annual payments required by the individual property owners, based on the amount charged to their property.

Table 3 – Tanager Drive and Falcon Road Services Extension Project Repayment Schedule – 10 year debenture \$10,320

Loan Amount		\$10,320		
Annual Interest Rate		4.9%		
Length of Loan (Years)		10		
Year	Payment	Interest	Principal	Balance
2023	\$1,333.89	\$511.87	\$822.02	\$9,497.98
2024	1,333.89	471.10	862.79	8,635.19
2025	1,333.89	428.31	905.58	7,729.61
2026	1,333.89	383.39	950.50	6,779.11
2027	1,333.89	336.25	997.64	5,781.47
2028	1,333.89	286.76	1,047.13	4,734.34
2029	1,333.89	234.82	1,099.07	3,635.27
2030	1,333.89	180.31	1,153.58	2,481.69
2031	1,333.89	123.09	1,210.80	1,270.89
2032	1,333.89	63.00	1,270.89	0.00
<b>Total</b>	<b>\$13,338.90</b>	<b>\$3,018.90</b>	<b>\$10,320.00</b>	

Table 4 – Tanager Drive and Falcon Road Services Extension Project Repayment Schedule – 5 year debenture \$5,160

Loan Amount	\$5,160			
Annual Interest Rate	4.9%			
Length of Loan (Years)	5			
Year	Payment	Interest	Principal	Balance
2023	\$1,190.51	\$255.94	\$934.57	\$4,225.43
2024	1,190.51	209.58	980.93	3,244.50
2025	1,190.51	160.93	1,029.58	2,214.92
2026	1,190.51	109.86	1,080.65	1,134.27
2027	1,190.51	56.24	1,134.27	0.00
<b>Total</b>	<b>\$5,952.55</b>	<b>\$792.55</b>	<b>\$5,160.00</b>	

Table 5 – North Street East Services Extension Project Repayment Schedule – \$15,497

Loan Amount	\$15,497			
Annual Interest Rate	4.9%			
Length of Loan (Years)	10			
Year	Payment	Interest	Principal	Balance
2023	\$2,003.04	\$768.66	\$1,234.38	\$14,262.62
2024	2,003.04	707.43	1,295.61	12,967.01
2025	2,003.04	643.17	1,359.87	11,607.14
2026	2,003.04	575.72	1,427.32	10,179.82
2027	2,003.04	504.92	1,498.12	8,681.70
2028	2,003.04	430.61	1,572.43	7,109.27
2029	2,003.04	352.62	1,650.42	5,458.85
2030	2,003.04	270.76	1,732.28	3,726.57
2031	2,003.04	184.84	1,818.20	1,908.37
2032	2,003.04	94.67	1,908.37	0.00
<b>Total</b>	<b>\$20,030.40</b>	<b>\$4,533.40</b>	<b>\$15,497.00</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:

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