



Committee Report

To: Warden Mitch Twolan
Members of the Corporate Services Committee

From: Edward Henley
Director of Corporate Services

Date: October 17, 2019

Re: Borrowing - Oswald Bridge

Staff Recommendation:

That the Treasurer be authorized to apply for a loan through Ontario Infrastructure and Lands Corporation (OILC) with a 20-year amortization and for an amount of \$3,066,000; and,

That the Treasurer shall bring an OILC borrowing by-law for the Oswald Bridge Replacement to Council for approval followed by an OILC debenture by-law.

Background:

The Oswald Bridge Replacement project is fully funded by Bruce County. The bridge was damaged the week of February 18, 2018 by unseasonable high-water flows in the Saugeen River and was a priority for Bruce County. Funding was sought from the Province's Municipal Disaster Recovery Assistance program and the Province communicated in August 2019 that the project was not eligible. It was further determined not to deplete the bridge reserve and to instead finance the full amount with a debenture.

In order to receiving funding on December 16, 2019, the final funding date for the 2019 calendar year, the following by-laws are proposed to be presented to Council for approval;

- An OILC borrowing by-law on November 7, 2019, and
- An OILC debenture by-law on December 5, 2019.

Financial/Staffing/Legal/IT Considerations:

This project has been completed and the final project cost is confirmed. The County is borrowing the full amount of the Bruce County funds for the project to replace the internal financing currently in place as noted in the Director of Transportation and Environmental Service's report dated October 17, 2019.

The cost to be financed is \$3,066,000 over a period of 20 years. OILC has indicated a 20 year locked-in rate of 2.48% as at October 7, 2019. The actual debenture will not be finalized until December 16, 2019 and the final interest rate will not be known until approximately December 2, 2019.

The annual payments will be approximately \$196,304. The estimated total cost of borrowing will be \$3,926,074.50 which includes \$860,074.50 of interest.

Annual Repayment Limit and Borrowing Declarations

Bruce County’s 2019 Annual Repayment Limit (ARL) is \$10,056,308 which allows for total borrowing of \$125,323,000 assuming a 20 year amortization and a 5.00% interest rate on the debt. The amount proposed to be borrowed for the Oswald Bridge along with other debenture requirements for the municipality for 2019 as set out in the 2019 Corporate Budget and updated to lower actual numbers where available are as follows:

2019 Debenture Requirements for Capital and Operating projects and projects not included in 2019 ARL

Project	Loan Amount
Integrated Energy Performance Project	\$ 2,226,449
Long Term Care Homes Exterior Cladding	\$ 1,785,000
Kincardine Housing Project	\$11,650,000
Oswald Bridge	\$ 3,066,000
Total	\$18,727,449

Annual Amounts Payable assuming 5.00% or otherwise noted

Item	Annual Payments
2019 ARL available for payments	\$10,056,308
Integrated Energy Performance Project (2.33% act.)	-\$ 273,363
Long Term Care Homes Exterior Cladding (3.00% est.)	-\$ 119,980
Kincardine Housing Project (3.00% est.)	-\$ 594,374
Oswald Bridge (2.48% est.)	-\$ 196,304
Total	\$8,872,287

Bruce County has the capacity within the ARL to finance this project and all other projects both in progress and currently proposed for 2019 which involve debt financing. If all of these projects are financed at the amount indicated then Bruce County has \$8,872,287 remaining available in its ARL which represents additional borrowing capacity of \$110,568,000 assuming 5% with a 20 year amortization.

**Source of Funds for Oswald Bridge Loan Payment
(\$3,066,000 at 2.48% over 20 years)**

Department	Annual Payments
Transportation and Environmental Services (taxation)	\$196,304

The loan payments will commence in the 2020 calendar year and will be included in subsequent budgets. The anticipated actual loan payments for 2020 will be the full noted amount due to the anticipated disbursement date being December 16, 2019.

In summation, while recognizing that the numbers used are estimates of anticipated or proposed costs and interest rates, Bruce County has the financial capacity to finance this investment in Bruce County.

Interdepartmental Consultation:

The Director of Transportation and Environmental Services confirmed the request for a 20 year debenture in the Oswald Bridge Construction Finance Update report to Council dated October 17, 2019.

Link to Strategic Goals and Elements:

N/A

Approved by:

A handwritten signature in cursive script that reads "Bettyanne Cobean". The signature is written in a dark ink and is positioned above the printed name and title.

Bettyanne Cobean
Acting Chief Administrative Officer