 <b>COBOURG</b>	<b>THE CORPORATION OF THE TOWN OF COBOURG</b>
	<b>STAFF REPORT</b>
TO:	Mayor and Council Members
FROM: TITLE:	Ian D. Davey, BBA CPA CA Treasurer / Director of Corporate Services
DATE OF MEETING:	November 16, 2020
TITLE / SUBJECT:	Long-Term Debt Summary
REPORT DATE:	November 5, 2020

1.0 STRATEGIC PLAN

N/A

2.0 PUBLIC ENGAGEMENT

N/A

3.0 RECOMMENDATION

That Council receive the report from the Municipal Treasurer providing a summary of the current long-term debt of the corporation for information purposes.

4.0 ORIGIN

The Ministry of Municipal Affairs and Housing (MMAH) establishes the municipality's Annual Repayment Limit (ARL) respecting long-term debt and financial obligations. Municipalities in Ontario are responsible for ensuring that they do not exceed their ARL. In a report dated February 25, 2020, the Municipal Treasurer provided a report to Council providing the 2020 ARL as calculated by MMHA.

Based on the ARL for 2020, the Town of Cobourg is currently operating well below the total debt capacity.

## 5.0 BACKGROUND

The authorization to take on additional long-term debt is provided in the annual capital budget as approved by Council.

The nature of capital projects are that they can take several years in some cases from the time the project is approved until it is completed. Typically, projects are funded from current cash flows during this period and long-term (permanent) financing is not put in place until after the completion of the project when the final costs are known.

As a result this report will break down existing long-term debt, future debt as approved in 2020 and prior year budgets for projects completed or nearing completion and future capital projects to be funded from long-term debt but the projects have not yet started.

This information is provided as background information as Council prepares for 2021 budget deliberations.

## 6.0 ANALYSIS

### **Existing Long-Term Debt (December 31, 2019 Audited Financial Statements)**

- 1) RBC – Landfill – Dec 31/19 - \$87,576.02 – paid in full September 3, 2020
- 2) RBC – Building 7 – Dec 31/19 - \$2,766,755.01 – rate 2.49% - projected balance at Dec 31/20 \$1,867,438.52 – final payment Dec 12/22
- 3) I/O – CCC – Dec 31/19 - \$2,978,036.16 – rate 3.35% - projected balance at Dec 31/20 \$2,800,288.06 – final payment May 2, 2033 – being funded from development charges.
- 4) I/O – Digester Roof – Dec 31/19 - \$652,775.38 – rate 2.93% - projected balance at Dec 31/20 \$496,631.34 – final payment Jul 4/23 – being funded from sewer rates.
- 5) LUSI – Streetlights – Dec 31/19 - \$450,000 – rate 5.4% - projected balance at Dec 31/20 \$405,000 – final payment Jan 01/29

**Total long-term Debt – Dec 31/19 - \$6,935,142.57**

**Future Approved Debt**

1) 2016	Alexandria Drive	\$ 762,000
	Harden St Bridge	\$ 108,086
	Division St Upgrades	\$ 75,000
	Midtown Creek Storm	<u>\$ 66,667</u>
	Total 2016	<u>\$1,011,753</u>
2) 2017	Kerr Street Extension	\$ 335,104
	Midtown Creek Storm	<u>\$ 66,667</u>
	Total 2017	<u>\$ 401,771</u>
3) 2018	Midtown Creek Storm	\$ 336,667
	Building 7 Roof	<u>\$ 210,000</u>
	Total 2018	<u>\$ 546,667</u>
4) 2019	Midtown Creek Storm	\$ 225,000
	Streetlight Replacement	\$ 355,000
	Harbour Improvements	\$ 25,000
	East Pier Improvements	\$ 100,000
	Sanitary Sewer Rehab	<u>\$1,000,000</u> (not started)
	Total 2019	<u>\$1,705,000</u>
5) 2020	Victoria Hall Sandstone	\$ 250,000
	Victoria Hall Elevator	\$ 70,000
	Terry Fox Storm Pond	\$ 350,000
	Streetlight Replacement	\$ 355,000
	Public Washroom Design	\$ 20,000
	Waterfront East Pier	\$ 275,000
	Waterfront Campground	\$ 127,000
	Harbour Improv Phase I	\$ 88,000
	Harbour Seawalls	\$ 200,000
	Harbour Electrical	<u>\$ 310,000</u>
Total 2020	<u>\$2,045,000</u>	
Total Future Approved		<u>\$5,710,191</u>

**Sewer Related Long-Term Debt  
(to be funded from sewer rates)**

1)	2014	Plant 1 Headworks	\$7,000,000	(project completed)
2)	2020	Sequence Batch Reactor	<u>\$3,000,000</u>	
Total Sewer Related LTD			<u>\$10,000,000</u>	

7.0 FINANCIAL IMPLICATIONS/BUDGET IMPACT

A three year funding plan is presented each year as part of budget based on existing debt and expected new debt to be placed each year for the three year budget cycle. A copy of the relevant pages from the 2020 operating budget has been provided for your reference.

Funding is provided through a combination of tax levy, development charges, sewer rates, Holdco dividends and Northam dividends. The objective of the funding plan is to limit the impact on property taxes in any given year.

A copy of the current indicative rates from Infrastructure Ontario has been provided for your reference.

8.0 CONCLUSION

That this report be received for information purposes and as background to 2021 budget.

9.0 POLICIES AFFECTING THE PROPOSAL

N/A


10.0 COMMUNICATION RESULTS

N/A

11.0 ATTACHMENTS

2020 – 2022 Long-term debt funding model  
Indicative rate sheet from Infrastructure Ontario

12.0 AUTHORIZATION ACKNOWLEDGMENT



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Ian D. Davey, BBA CPA CA  
Treasurer / Director of Corporate Services



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Tracey Vaughan  
Chief Administrative Officer

THE CORPORATION OF THE TOWN OF COBOURG

2019 debt repayment

2019 DEBT PAYMENTS SCHEDULE

By-Law Description	Original Loan Amt	Roads	Sewer	Parks	Library	Landfill	Total
<b>Gross Expenditure</b>							
051-09 Sewers	2,375,000		147,600.00				147,600.00
072-10 Landfill	1,000,000					118,500.00	118,500.00
027-13 Community Centre (20 Yr)	4,000,000			276,000.00			276,000.00
050-13 Digester Roof WPCP 1	1,500,000		174,000.00				174,000.00
091-17 Parks/Public Works #7 (5 Yr)	4,500,000	638,800.00		319,400.00			958,200.00
Jul 2019 WPCP #1 Headworks (20 Yr)	6,000,000		206,000.00				206,000.00
Jul 2019 Roads Projects - 2016 - 2018 (10 Yr)	2,000,000	121,500.00					121,500.00
<b>Subtotal</b>		760,300.00	527,600.00	595,400.00	0.00	118,500.00	2,001,800.00
<b>Sources of Funding</b>							
Development Charges				-276,000.00	-40,000.00		-316,000.00
Sewer Rates			-527,600.00				-527,600.00
Holdco Reserve		-351,300.00	0.00	-56,200.00	0.00	0.00	-407,500.00
Northam Reserve		-100,000.00					-100,000.00
<b>Subtotal</b>		-451,300.00	-527,600.00	-332,200.00	-40,000.00	0.00	-1,351,100.00
<b>Net Expenditure from tax base</b>		<b>309,000.00</b>	<b>0.00</b>	<b>263,200.00</b>	<b>-40,000.00</b>	<b>118,500.00</b>	<b>650,700.00</b>

**THE CORPORATION OF THE TOWN OF COBOURG**

2020 debt repayment

**2020 DEBT PAYMENTS SCHEDULE**

By-Law Description	Original Loan Amt	Roads	Sewer	Parks	Library	Landfill	Total
<b>Gross Expenditure</b>							
072-10 Landfill	1,000,000					89,000.00	89,000.00
027-13 Community Centre (20 Yr)	4,000,000			276,000.00			276,000.00
050-13 Digester Roof WPCP 1	1,500,000		174,000.00				174,000.00
091-17 Parks/Public Works #7 (5 Yr)	4,500,000	638,800.00		319,400.00			958,200.00
Jul 2020 WPCP #1 Headworks (20 Yr)	7,000,000		233,000.00				233,000.00
Jul 2020 Roads Projects - 2016 - 2019 (10 Yr)	2,500,000	145,000.00					145,000.00
<b>Subtotal</b>		783,800.00	407,000.00	595,400.00	0.00	89,000.00	1,875,200.00
<b>Sources of Funding</b>							
Development Charges				-276,000.00	-40,000.00		-316,000.00
Sewer Rates			-407,000.00				-407,000.00
Holdco Reserve		-150,000.00	0.00	-110,400.00	0.00	0.00	-260,400.00
Northam Reserve		-121,100.00		-120,000.00			-241,100.00
<b>Subtotal</b>		-271,100.00	-407,000.00	-506,400.00	-40,000.00	0.00	-1,224,500.00
<b>Net Expenditure from tax base</b>		<b>512,700.00</b>	<b>0.00</b>	<b>89,000.00</b>	<b>-40,000.00</b>	<b>89,000.00</b>	<b>650,700.00</b>

THE CORPORATION OF THE TOWN OF COBOURG

2021 debt repayment

2021 DEBT PAYMENTS SCHEDULE

By-Law Description	Original Loan Amt	Roads	Sewer	Parks	Library	Landfill	Total
<b>Gross Expenditure</b>							
027-13 Community Centre (20 Yr)	4,000,000			276,000.00			276,000.00
050-13 Digester Roof WPCP 1	1,500,000		174,000.00				174,000.00
091-17 Parks/Public Works #7 (5 Yr)	4,500,000	638,800.00		319,400.00			958,200.00
Jul 2020 WPCP #1 Headworks (20 Yr)	7,000,000		466,000.00				466,000.00
Jul 2020 Roads Projects - 2016 - 2018 (10 Yr)	2,500,000	290,000.00					290,000.00
<b>Subtotal</b>		928,800.00	640,000.00	595,400.00	0.00	0.00	2,164,200.00
<b>Sources of Funding</b>							
Development Charges				-276,000.00	-40,000.00		-316,000.00
Sewer Rates			-640,000.00				-640,000.00
Holdco Reserve		-150,000.00	0.00	-110,400.00	0.00	0.00	-260,400.00
Northam Reserve		-152,100.00		-145,000.00			-297,100.00
<b>Subtotal</b>		-302,100.00	-640,000.00	-531,400.00	-40,000.00	0.00	-1,513,500.00
<b>Net Expenditure from tax base</b>		<b>626,700.00</b>	<b>0.00</b>	<b>64,000.00</b>	<b>-40,000.00</b>	<b>0.00</b>	<b>650,700.00</b>



THE CORPORATION OF THE TOWN OF COBOURG

2022 debt repayment

2022 DEBT PAYMENTS SCHEDULE

By-Law Description	Original Loan Amt	Roads	Sewer	Parks	Library	Landfill	Total
<b>Gross Expenditure</b>							
027-13 Community Centre (20 Yr)	4,000,000			276,000.00			276,000.00
050-13 Digester Roof WPCP 1	1,500,000		174,000.00				174,000.00
091-17 Parks/Public Works #7 (5 Yr)	4,500,000	638,800.00		319,400.00			958,200.00
Jul 2020 WPCP #1 Headworks (20 Yr)	7,000,000		466,000.00				466,000.00
Jul 2020 Roads Projects - 2016 - 2019 (10 Yr)	2,500,000	290,000.00					290,000.00
<b>Subtotal</b>		928,800.00	640,000.00	595,400.00	0.00	0.00	2,164,200.00
<b>Sources of Funding</b>							
Development Charges				-276,000.00	-40,000.00		-316,000.00
Sewer Rates			-640,000.00				-640,000.00
Holdco Reserve		-150,000.00	0.00	-110,400.00	0.00	0.00	-260,400.00
Northam Reserve		-152,100.00		-145,000.00			-297,100.00
<b>Subtotal</b>		-302,100.00	-640,000.00	-531,400.00	-40,000.00	0.00	-1,513,500.00
<b>Net Expenditure from tax base</b>		<b>626,700.00</b>	<b>0.00</b>	<b>64,000.00</b>	<b>-40,000.00</b>	<b>0.00</b>	<b>650,700.00</b>



**Infrastructure  
Ontario**

## STANDARD RATES: SPOTS

Rate updated on: 04-Nov-20

### ► Primary Sector

	Construction	0.60%
	Amortizer	Serial
5Y	1.05%	1.05%
10Y	1.48%	1.47%
15Y	1.84%	1.81%
20Y	2.09%	2.05%
25Y	2.28%	2.23%
30Y	2.39%	2.33%