



GBSTF and PS₂ Projects

INFORMATION SESSION

August 22, 2017



Introduction

- ▶ Framework moving forward is based on information provided on July 11, 2017 COW and August 21, 2017
- ▶ This framework is based on several years of information gathering with Council, Stakeholders and Staff



Purpose of the Meeting

- To inform you of the following:
 - The final costs of the project
 - The Cost Recovery Amount per Household Equivalent
 - Cost Recovery Amount Payment Options
- Next Steps



Final Project Costs

- The GBSTF and the PS2 Projects are joint projects with the Municipality of Lambton Shores
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Final Project Costs

- ▶ Total project cost net of BCF funding is \$6,972,931.22
 - ▶ GBSTF \$6,492,131.50
 - ▶ PS 2 \$ 480,799.72

- ▶ **South Huron share** of final costs is \$2,717,539.37
 - ▶ GBSTF \$2,491,181.87
 - ▶ PS 2 \$ 226,357.50



Household Equivalencies

- ▶ 629 Household Equivalencies used in cost recovery calculations
- ▶ Methodology used
 - ▶ Residential Properties
 - ▶ Each single family lot = 1 household
 - ▶ Each home site in land lease properties = 1 household
 - ▶ Each vacant lot or home site = 1 household

Household equivalencies cont'd

- Methodology used
 - ICI Equivalency (Institutional, Commercial, Industrial)
 - 1. Allocated sewage capacity/ 373m^3 per year
 - 2. Metered sewage flow/ 373m^3 per year
 - 3. Metered water flow/ 200m^3 per year X 80%
 - 4. Theoretical sewage flow using Ontario Building Code/ 373m^3 per year
 - 5. Minimum equivalency per ICI properties = 1 household

Cost Recovery

- 80% of capital cost recovery amount will be recovered from benefitting properties in defined service area of Phase 1 of GBSTF project by;
 1. Full amount paid up front; or
 2. Recovered on utility bills as a separate identified debt charge for properties with a utility bill account and as a separate identified amount on tax bills for properties that do not have a utility bill account



Cost Recovery

- ▶ 20% of capital cost recovery amount will be deferred to future development
- ▶ Amount recovered by all sewer system users across the municipality

Cost per household equivalency

Projects	Project Costs (net of BCF grant)	Less 20% Deferred to future development	80% Capital Cost Recovery
Grand Bend Sewage Treatment Facility	2,491,181.87	498,236.37	1,992,945.50
Pumping Station 2	226,357.50	45,271.50	181,086.00
Total	2,717,539.37	543,507.87	2,174,031.50
Number of Household Equivalencies			629
Cost per household equivalency			\$ 3,456.33

Payment options

- ▶ Full amount upfront due October 16, 2017
 - ▶ \$3,456.33 per household equivalency
 - ▶ Once cost recovery by-law has been adopted (proposed date = September 5, 2017), letters will go out (September 6, 2017) to all affected customers advising amount and due date if paid up front and an **estimated** debenture amount if they choose not to pay upfront

▶ OR



Payment options

- ▶ If payment in full is not received by October 16, 2017 the amount will be debentured for a 20 year term
- ▶ Payment will be recovered through;
 - ▶ Utility bills issued quarterly – based on timelines, anticipate first billing would occur in April 2018
 - ▶ Quarterly amount unknown at this time – dependent on amount that financed and interest rate at time debenture is finalized

Estimated amortized amount

- The estimated per household debentured amount is \$4,744.63
- Above amount is based on a 20 year debenture at an estimated interest rate of 3.29%
- Estimated Annual amortized payment = \$237.23 paid in quarterly installments of \$59.31

Next Steps

- Commence Loan Application with Infrastructure Ontario
- Prepare and adopt Cost Recovery By-law
- Letters to benefitting customers/property owners advising of the amount owing and date due
- Once financing amount is determined, prepare and adopt Borrowing by-law (Infrastructure Ontario)
- Finalize Loan application with Infrastructure Ontario
- Notify Infrastructure Ontario – request to debenture (minimum 6 weeks)

Next Steps continued

- Finalize Financing Agreement, including debenture worksheet, treasurer's certificate, engage law firm for review of all documents
- Interest rate offer – 1 week prior to debenture by-law will receive offer from IO, must accept, sign and return within 24 hours
- Review of all documents and debenture by-law by external legal counsel
- Prepare and adopt Debenture by-law and amended cost recovery by-law

Next steps continued

- 2 days after adoption of above by-laws all original signed/sealed documents couriered to IO to be held in escrow until closing date
- Closing date, external legal counsel must contact IO to release documents from escrow
- Commence cost recovery on utility bills – based on timelines first billing anticipated to occur in April 2018



Thank You

- ▶ Questions related to this evening's presentation
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