



The Corporation of the Town of LaSalle

To: Mayor and Members of Council

Prepared by: Tano Ferraro

Department: Finance

Date of Report: July 25, 2024

Report Number: FIN-20-2024

Subject: Fire Station 2 Debt Issuance

Recommendation

That the report of the Manager of Finance/Deputy Treasurer dated July 25, 2024 (FIN-20-2024) regarding the Fire Station 2 debt issuance be received;

And that, the application for a loan with Infrastructure Ontario for Fire Station 2 project for an amount of \$9,000,000 with a 20-year term and a locked-in interest rate determined at a point in time at which the debenture is to be issued be authorized.

Report

Background

As part of the approved Three Fire Station Operating plan (Council Report FIRE-2206-06) an additional Fire Station was identified at the intersection of Front Road and Gary Avenue. JP Thompson Architects was awarded the overall design for the project and worked closely with administration to prepare necessary documentation for a public tender. The construction of Fire Station 2 was awarded through public tender to the lowest bidder, Gulf Developments (Council Report PW-19-2023) and construction of Fire Station 2 continues at this time with anticipated completion in late 2024.

The Fire Master Plan Implementation Financial plan has included an annual build up within the Town's operating budget to allow for funding of various operational and capital expenditures contained within the Fire Master Plan. Included within the financial plan is the funding of construction of Fire Station 2, with funding of the debt servicing with Development Charges and the Fire Master Plan funding.

Authority to Borrow

Section 401 of the Municipal Act permits municipal governments in Ontario to issue debentures to finance capital projects. Ontario regulation 403/02 limits municipal

governments as to the amount of own purpose revenues that can be dedicated towards principal and interest payments – the annual debt repayment limit. According to the regulation, municipal governments are permitted to dedicate a maximum of 20% of their own purpose revenues to the repayment of debt. The Town has confirmed that there remains existing capacity within the prescribed limit to allow for the issuance of the debt associated with the Fire Station 2. Currently, the Town of LaSalle's annual debt repayment limit is \$12,483,500. The total annual debt payments for all five of the Town's current debts (Town Civic Facilities, Vollmer Complex, Sewage Capacity, LaSalle Landing Phase 1 and 2) amounts to \$3,404,900. Based on this information, after issuing the proposed \$9,000,000 of debt with approximately \$697,200 of annual debt repayments, the Town will still have significant debt capacity left for future projects.

Infrastructure Ontario

As Council may be aware, municipalities and public sector organizations have the ability to borrow funds through Infrastructure Ontario. Infrastructure Ontario is a crown corporation, which among other services provides financing solutions and support services to the broader sector. Further information can be found on the Infrastructure Ontario web site at www.infrastructureontario.ca.

As was the case for the debt issuance related to the new Civic facilities construction and phase 1 and phase 2 of the LaSalle Landing waterfront project, it should be noted that no other financial institution was consulted in this process as historically, no other financial institution has been able to compete with Infrastructure Ontario's rates. As part of the debt issuance for the Vollmer Centre and Lou Romano Sanitary Capacity expansion a request for proposal was issued to all the financial institution locations within the municipality with the limitation that the Infrastructure Ontario rates would be matched. All institutions declined to submit a proposal. The Procurement and Purchasing Policy, under section 4 and 5, provides the ability to award contracts/engagement of service providers without a full tender/request for proposal process. In addition, under Chapter 19-5 of the Comprehensive Economic and Trade Agreement (CETA), and under Article 504, Section 11(h) of the Canadian Free Trade Agreement (CFTA), financial services are exempt from the tendering process requirements of these agreements.

The Senior Relationship Manager with Infrastructure Ontario was contacted to discuss various debt issuance options available to the municipality. The details of the proposed Fire Station 2 debt issuance are as follows:

Detail	Fire Station 2
Principal	\$9,000,000
Term	20 Years
Payments	Equal Semi Annual
Type	Amortizing Debentures
Infrastructure Ontario Benchmark Rate (at July 24, 2024)	4.67%
Benchmark Semi Annual Payment	\$348,600
Total Annual Cost	\$697,200

Summary and Recommendation

As the Town's Fire Station 2 is scheduled to be completed in December 2024, it is recommended that the Town fund the cost through debt issuance as identified in the Fire Master Plan Implementation Financial Plan. The debt issuance is projected to take place in February 2025 with the final Infrastructure Ontario Benchmark Rate set approximately one month in advance. While there has been a period of higher interest rates in relation to the recent past, the market has experienced decreases in rates in 2024, furthermore sufficient funding exists within the Fire Master Plan Implementation Plan to fund the annual payment. Annually for the period of 20 years, the debt servicing payment will be included in the Town's operating budget similar to existing debt payments. The payments will be funded annually through 60% (\$418,320) from Development Charges and the remaining 40% (\$278,880) from the Fire Master Plan build-up.

Consultations

Infrastructure Ontario

Financial Implications

Refer to the body of the report

Prepared By:



Manager of Finance/Deputy Treasurer

Tano Ferraro

Link to Strategic Goals

- 1. Enhancing organizational excellence - Not Applicable
- 2. Strengthen the community's engagement with the Town - Not Applicable
- 3. Grow and diversify the local economy - Not Applicable
- 4. Build on our high-quality of life - Yes
- 5. Sustaining strong public services and infrastructure - Yes

Communications

Not Applicable.

Report Approval Details

Document Title:	FIN-20-2024 Fire Station 2 Debt Issuance.docx
Attachments:	
Final Approval Date:	Aug 5, 2024

This report and all of its attachments were approved and signed as outlined below:



Director of Finance/Treasurer

Dale Langlois



Chief Administrative Officer

Joe Milicia