

## Staff Report

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**Report To:** Council  
**Report From:** Kerri Mighton, Director of Finance/Treasurer  
**Meeting Date:** April 1, 2025  
**Subject:** Infrastructure Ontario Borrowing for Police Station

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### Recommendations:

THAT in consideration of staff report 'Infrastructure Ontario Borrowing for Police Station', Council directs staff to bring forward a bylaw to:

- i. authorize certain new capital work;
- ii. authorize the submission of an application to Ontario Infrastructure and Lands Corporation (OILC) for financing of such capital work;
- iii. authorize temporary borrowing from OILC to meet expenditures in connection with such capital work; and
- iv. authorize long-term borrowing for such capital work through the issue of debentures to OILC.

### Highlights:

- On April 16, 2024, Council awarded the tender for the police station to Domm Construction in the amount of \$8,880,000.
- The 2025 budget included payments for construction financing for this project.
- A borrowing bylaw is required for submission of a loan application to Ontario Infrastructure and Lands Corporation (OILC).
- The bylaw will permit both temporary and long-term borrowing.

### Previous Report/Authority:

None.

### Analysis:

On April 16, 2024, Council awarded the tender for the West Grey Police Station to Domm Construction in the amount of \$8,880,000. The 2025 budget included payments

for construction financing for this project. A borrowing bylaw is required as part of the loan application to Ontario Infrastructure and Lands Corporation (OILC). The Municipality is applying for both temporary construction financing and eventual long-term borrowing.

For construction financing, the Municipality will be required to make interest payments only based on the amount of each drawdown. The interest rate will change monthly during the construction process.

Once the project reaches substantial completion, the Municipality will need to issue a debenture to pay down the loan. At that point the loan will be on a fixed interest rate for the entire amortization period of the loan.

### **Financial Implications:**

The 2025 budget included construction financing and long-term borrowing for the police station. The combined 2025 budgeted tax levy for the borrowing is \$526,000 which would represent the estimated annual borrowing costs for a 25-year amortization period. Current OILC lending rates range from 3.65 percent to 4.46 percent. Infrastructure Ontario provides an affordable, long-term financing option for municipalities, regardless of their size or location.

### **Climate and Environmental Implications:**

None.

### **Communication Plan:**

This report is available on the West Grey website through the agenda.

### **Consultation:**

None.

### **Attachments:**

None.

### **Recommended by:**

Kerri Mighton, Director of Finance/Treasurer

### **Submission approved by:**

Michele Harris, Chief Administrative Officer

For more information on this report, please contact Kerri Mighton, Director of Finance/Treasurer at [kmighton@westgrey.com](mailto:kmighton@westgrey.com) or 519-369-2200 ext. 223.