SOUTH GLENGARRY

Financing the Glen Walter Water Tower



Engagement Session November 12, 2026

Ontario's Celtic Heartland

Timeline of Project

- **2021**: Township secured funding through the Investing in Canada Infrastructure – Green Stream program.
- **2022**: Water and Wastewater Servicing Master Plan completed.
- **February 2024**: Construction contract awarded to Landmark Structures Co.
- **October 2025**: Bowl raised.
- **October 2026**: Substantial completion.

Estimated Cost of Project

Source	$
Federal	1,988,800
Provincial	1,657,168
Municipal	4,147,032
TOTAL COST	**7,793,000**

- South Glengarry borrowed money to cover its share. The financing agreement with Infrastructure Ontario provides the Township with **120 days from the date of substantial completion** to convert the current interest-only loan into a long-term mortgage (debenture) to pay off the project cost.

- Total project costs will also include borrowing costs that will depend on interest rates, the term of the loan, and whether any immediate repayment is made.

Allocating Costs

- Ontario makes financial viability a legal condition of maintaining a municipal licence to operate a water system.
- South Glengarry relies on connection fees and billing revenues to cover the day-to-day operating costs as well as the future capital maintenance/replacement costs for its water and wastewater systems.
- The Township's water financial plan highlights the anticipated requirements for upper-level grant funding and long-term debt to support new capital investments.
- **South Glengarry is seeking input on how to share the municipal portion of the water tower's construction cost among existing water-system users, the broader Township tax base and future development.**

Working Capital Reserve

- The working capital reserve is intended to mitigate any annual deficits or emergency unbudgeted spending.
- There is an uncommitted balance of $2,484,054 in the Township's working capital reserves that may be used to reduce the borrowing costs for this project.
- Overuse of funds from this reserve would limit the Township's ability to fund unanticipated shortfalls.

Key Variables - Options to Allocate Costs

All estimates assume that no working capital funding is used to reduce borrowing costs. Even if the working capital reserve is used, there will be an outstanding amount to pay.

1	Term of the loan	A shorter loan will reduce borrowing costs but require higher payments.
2	Operating Budget and/or User Funded	Full costs could be allocated to all residents (the Operating Budget relies on the tax base), or to Glen Walter water users. Costs could also be shared proportionally (e.g., 50/50, 60/40, 70/30).
3	Type of loan	The loan could be amortized or serial, depending on the allocation approach.

Amortized vs Serial Loan

- An **amortized** loan allows equal payments to be made over the life of the loan but with higher interest costs.
  - An amortized loan is possible no matter how costs are allocated between Glen Walter water users and the Operating Budget.
- A **serial** loan includes an annual fixed payment of the principal, plus whatever interest is owed on the remaining balance. It has higher initial payments that decrease over time with less interest costs overall.
  - A serial loan would either require higher initial contributions from the Township to maintain fixed payments for account holders or a varied payment schedule for residents which would be difficult to administer and may not be affordable for residents at the outset.

Options: **20-Year** *Amortized* Loan

Operating Budget			User Funded				
% Share	Total Cost	Annual Cost	% Share	Total Cost	Immediate Payment Cost [1]	Annual Cost if Added to Taxes [1]	Full Borrowed Cost if Added to Taxes [1]
58%	$3,762,591	$188,130	42%	$2,724,557	$3,849	$306	$6,123
40%	$2,594,911	$129,746	60%	$3,892,237	$5,498	$437	$8,747
30%	$1,946,101	$97,305	70%	$4,541,047	$6,415	$510	$10,205
10%	$648,659	$32,433	90%	$5,838,489	$8,248	$656	$13,120
0%	-	-	100%	$6,487,148	$9,164	$729	$14,578

Each 1% Change in Cost Distribution	
$92	Per Unit
$8	Annual Increase to Tax Bill
$146	Total Cost over Term of Loan

1 Costs are per Unit. To calculate your property's estimated cost, multiply the amount shown by the unit multiplier on your water bill.

* Estimates based on latest 4.98% interest rate for this length and type of loan.

* The total cost of the loan is $6,487,148.

Options: **15-Year** *Amortized* Loan

Operating Budget			User Funded				
% Share	Total Cost	Annual Cost	% Share	Total Cost	Immediate Payment Cost [1]	Annual Cost if Added to Taxes [1]	Full Borrowed Cost if Added to Taxes [1]
58%	$3,322,728	$221,515	42%	$2,406,114	$3,849	$360	$5,407
40%	$2,291,537	$152,769	60%	$3,437,305	$5,498	$515	$7,724
30%	$1,718,653	$114,577	70%	$4,010,189	$6,415	$601	$9,012
10%	$572,884	$22,152	90%	$5,155,958	$8,248	$772	$11,586
0%	-	-	100%	$5,728,842	$9,164	$858	$12,874

Each 1% Change in Cost Distribution	
$92	Per Unit
$8	Annual Increase to Tax Bill
$128	Total Cost over Term of Loan

1 Costs are per Unit. To calculate your property's estimated cost, multiply the amount shown by the unit multiplier on your water bill.

* Estimates based on latest 4.7% interest rate for this length and type of loan.

* Total loan is $5,728,842 ($758,306 less than 20-year)

Options: **20-Year** *Serial* Loan

Operating Budget				User Funded				
% Share	Total Cost	Annual Cost (Years 1-10)	Annual Cost (Years 11-20)	% Share	Total Cost	Immediate Payment Cost [1]	Annual Cost if Added to Taxes [1]	Full Borrowed Cost if Added to Taxes [1]
58%	$3,551,438	$237,500	$97,550	42%	$2,571,750	$3,849	$289	$5,779
50%	$3,061,544	$204,000	$82,075	50%	$3,061,544	$4,582	$344	$6,880
40%	$2,449,338	$165,000	$59,840	60%	$3,673,850	$5,498	$413	$8,256
30%	$1,837,038	$128,000	$35,610	70%	$4,286,150	$6,415	$482	$9,632

Each 1% Change in Cost Distribution	
$92	Per Unit
$7	Annual Increase to Tax Bill
$138	Total Cost over Term of Loan

1 Costs are per Unit. To calculate your property's estimated cost, multiply the amount shown by the unit multiplier on your water bill.

* Estimates based on latest 4.89% interest rate for this length and type of loan.

* Total loan is $6,123,088.

Options: **15-Year** *Serial* Loan

Operating Budget				User Funded				
% Share	Total Cost	Annual Cost (Years 1-8)	Annual Cost (Years 9-15)	% Share	Total Cost	Immediate Payment Cost [1]	Annual Cost if Added to Taxes [1]	Full Borrowed Cost if Added to Taxes [1]
58%	$3,216,196	$275,000	$133,000	42%	$2,328,970	$3,849	$349	$5,234
50%	$2,772,583	$229,000	$135,000	50%	$2,772,583	$4,582	$415	$6,231
40%	$2,218,066	$175,000	$117,000	60%	$3,327,100	$5,498	$498	$7,477
30%	$1,663,550	$135,000	$83,500	70%	$3,881,616	$6,415	$582	$8,723

Each 1% Change in Cost Distribution	
$92	Per Unit
$8	Annual Increase to Tax Bill
$124	Total Cost over Term of Loan

1 Costs are per Unit. To calculate your property's estimated cost, multiply the amount shown by the unit multiplier on your water bill.

* Estimates based on latest 4.64% interest rate for this length and type of loan.

* Total loan is $5,545,166 ($394,246 less than 20-year).

Options for Users to Pay

The Township will send Glen Walter residents a notice outlining the total charges for their property, and payments can be made in one of three ways:

1. One-time full payment – submitted by January 29, 2027.

2. Partial payment – an amount equal to ¼, ½, or ¾ of the total charge may be submitted by January 29, 2027. The remaining charges (plus interest) will be paid over 15-20 years, through the resident's taxes.

3. Added to taxes – the full amount of the total charge may be paid over 15-20 years (plus interest), through the resident's taxes. This is the default if no full or partial payment is made by the deadline. The first charge would be added to the 2027 interim tax bill.

Future Costs

- Separate from the costs to repay the loan for the water tower, additional funding will be required:
  - For capital costs to increase water and wastewater capacity in Glen Walter; and
  - For water rates to fund ongoing operational costs. Historically, water rates have increased by 3% per year, which is lower than the 7% recommended by DFA Infrastructure International Inc. in the Township's Water Financial Plan to ensure the systems remain financially sustainable.

Future Development

- New connections will depend on addressing current water and wastewater capacity limitations.
- The Township could recoup costs through connection fees as new housing and developments are completed but relying on uncertain revenue for debt recovery is risky.
- Future connection fees would depend on:
  - The amount of any additional debt required to provide water and wastewater capacity;
  - The amount of remaining debt principal for the water tower;
  - Annual user charges; and
  - Any amount reserved for major maintenance on the entire water system.

Next Steps

- Residents to complete surveys by November 16th.
- Decision on allocation approach to be made at Council meeting on November 23rd.
- Notices sent to Glen Walter system users with payment options by November 26th.
- January 29, 2027 deadline for Glen Walter system users to make a full or partial payment (if not paid, then the flat rate property charge and interest will be added to the resident's taxes).

QUESTIONS?

