



**TOWN OF FORT FRANCES
ADMINISTRATION & FINANCE DIVISION
TREASURY REPORT 2013/115**

To: Mayor Avis & Members of Council
FROM: Laurie Witherspoon, Treasurer
DATE: November 20, 2013
SUBJECT: 2013 Honeywell Energy Project Financing

BACKGROUND

On June 7, 2012, Council approved proceeding with the Honeywell Energy Performance Contract. The report prepared by Travis Rob, EIT Facilities/Sustainable Coordinator outlined that the project addresses immediate needs within the Town of Fort Frances facilities with the aim to save the corporation money, energy, curb unexpected equipment failures, and revitalize facilities. The Honeywell Performance Contract was intended to be a comprehensive self-funded program guaranteed for a 15-year term. Council authorized a CIBC loan in the amount of \$1,000,000.00 for a 5-year term and 15-year amortization for the Honeywell Energy Project completed to December 31, 2012 and the necessary Water, Sanitary Sewer and Corporate Project Reserve Funds to fully finance the balance of the 2012 completed portion of the Honeywell Energy Project.

Phase II of the Honeywell Energy Project was approved in the 2013 Capital budget being the Corporate Honeywell Improvements Project of \$1,505,425, Sewage Treatment Plant Improvements of \$130,457 and Water Treatment Plant of \$212,366 with estimated Long-term Debt Financing required of \$1,243,000 (see 2013 Capital Budget attached). Travis Rob has prepared the attached spreadsheet that forecasts the project costs for 2013 to be \$1,794,488.72, less the estimated OPA Incentive Grants, contribution from RRDSSAB for the Daycare and CIF Grant for the Memorial Sports Centre, for a net cost of \$1,201,099.11. There would be an additional amount for the non-rebated portion of HST. It is noted that the Waterworks and Sanitary Sewer portion of the project is funded through their individual funds.

In order to ensure that financing for Phase II of this project is in place for the end of the year, consideration for a loan in the amount of \$1,200,000, the amortization period and terms is required with any residual amount remaining funded from Corporate Reserve Funds (estimated at \$1,099.11 plus non-rebated HST). As the 2012 loan was for a 5-year term, the 2013 loan could be for a 4-year term and a 14-year amortization, therefore both loans would be renewable at the same time (December 2017) with the possibility of combining the loans for the remaining 10 years as they are for the same project. Rob Georgeson, CIBC Financial Advisor was indicated that at the present interest rates for a \$1.2 Million loan with 14-year amortization on the day requested was 3.38% for a 4-year term (the rates change on a daily basis and are not locked in until the bank officially books the rate).

RECOMMENDATION

The Administration & Finance Executive Committee recommends approval of new long-term debt financing, in the form of a bank loan, in the amount of \$1.2 Million, with a 4-year term and 14-year amortization for the Phase II (2013) Honeywell Energy Project completed to December 31, 2013 and to proceed with a borrowing By-Law. Further that the Waterworks, Sanitary Sewer and Corporate Projects Reserve Funds finance the balance of the 2013 completed portion of the Honeywell Energy Project.

Council Approval of this Report Will Agree to the recommendation of the Administration & Finance Executive Committee recommendation to approve new long-term debt financing, in the form of a bank loan, in the amount of \$1.2 Million, with a 4-year term and 14-year amortization for the Phase II (2013) Honeywell Energy Project completed to December 31, 2013 and to proceed with a borrowing By-Law. Further that the Waterworks, Sanitary Sewer and Corporate Projects Reserve Funds finance the balance of the 2013 completed portion of the Honeywell Energy Project.

Laurie Witherspoon/Frances

11/14/2013 05:22 PM

To

cc

bcc

Subject Fw: Loan #1819550



"Georgeson, Rob"

<Rob.Georgeson@cibc.com>

11/13/2013 02:57 PM

To

"lwitherspoon@fort-frances.com"

<lwitherspoon@fort-frances.com>

cc

Subject RE: 2013 Honeywell Loan

Hi Laurie,

For the amount of 1.2 Million

- 3yr - 2.99%
- 4yr - 3.38
- 5yr - 3.68

And as always this rates change on a daily basis and are not locked in until we officially book the rate. Hope this gives you some idea on how the town plans on proceeding.

Also any additional info on the phase II Honeywell loan would be appreciated so that we are not rushing in December for signatures ☺

Thanks

Rob

Rob Georgeson
Financail Advisor, Business
Fort Frances, ON
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Email: rob.georgeson@cibc.com

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G. Reynolds
VISA

2013 CAPITAL BUDGET

	RESERVE FUND	TOTAL BUDGET	FEDERAL GRANTS	PROVINCIAL GRANTS	CONTRIBUTION FROM OTHERS	FEDERAL GAS TAX RESERVE	RESERVE FUNDS	WATER & SEWER RESERVE FUNDS	FUNDED BY WATER & SEWER RATES	Long-Term Debt Financing
GENERAL GOVERNMENT	P	42,000					42,000			
Server01 Replacement	P	20,000					20,000			0
Computer Upgrades										0
TOTAL GENERAL GOVERNMENT		62,000	0	0	0	0	62,000	0	0	0
CORPORATE HONEYWELL IMPROVEMENTS PROJECT					OPA/FEPC					
Airport		15,209			1,235					13,974
Civic Centre		269,897			17,456					252,441
MSC		392,883		127,338	46,146					219,399
Sorting Gap		1,497			723					774
East End Hall		1,843			632					1,211
Day Care		99,466			2,383					97,083
Museum		86,815			1,845					84,970
Sister Kennedy Centre		8,403			1,876					6,527
Riverview Cemetery		4,663			1,335					3,328
Public Works Garage		43,415			6,972					36,443
Streetslights		581,334			54,484					526,850
TOTAL CORPORATE HONEYWELL IMPROVEMENTS		1,505,425	0	127,338	135,087	0	0	0	0	1,243,000
PROTECTION										
<i>Fire</i>										
Fire Hose Replacement	P	4,000					4,000			0
Compressor/Fill Station	P	4,000					4,000			0
TOTAL PROTECTION		8,000	0	0	0	0	8,000	0	0	0
TRANSPORTATION										
Public Works Buildings/General Misc										
Public Works Small Equipment	V	8,000					8,000			0
		8,000					8,000			0
<i>GIS/Engineering Services</i>										
Develop of Asset Management Plan - by Dec 31/13		25,531		25,531						0
		25,531		25,531						0
<i>Roads</i>										
Phase 2 Tender No. 12-OF-01 2nd St from Central Ave to Mowat Ave & Mowat Ave from 2nd St to 3rd St.	FGT	203,832				203,832				0
Williams Ave from 5th St to 3rd St (190 meters)	FGT	201,000				201,000				0
		404,832				404,832				0
<i>Streetlight Pole Replacement</i>										
Pole Replacement	P	5,000					5,000			0
		5,000					5,000			0
TOTAL TRANSPORTATION		443,363	0	25,531	0	404,832	13,000	0	0	0
PARKS & CEMETERIES										
<i>Parks</i>										
Small Equipment Replacement (Mowers & whipper snippers)	V	5,000					5,000			0

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<i>Cemeteries</i>										
Replace 1999 275 JD Tractor with X360 Tractor	C	5,000					5,000			0
Fort Frances Cemetery - Remove old Underground Fuel Tank	P	10,000					10,000			0
TOTAL PARKS & CEMETERIES		20,000	0	0	0	0	20,000	0	0	0
<i>AIRPORT</i>										
Remove Underground Fuel Storage Tank	P	10,000					10,000			0
Front End Loader c/w Sweeper - Dependant on ACAP Funding		225,000	225,000							0
TOTAL AIRPORT		235,000	225,000	0	0	0	10,000	0	0	0
<i>ENVIRONMENT</i>										
<i>Sanitary Sewer - Collection System</i>										
Tools & Equipment		10,000							10,000	0
Refurbishing Sanitary Manholes		50,000							50,000	0
Phase 2 Tender No. 12-OF-01 2nd St from Central Ave to Mowat Ave & Mowat Ave from 2nd St to 3rd St.	FGT	578,156				110,084			256,072	0
Williams Ave from 5th St to 3rd St (190 meters)	SS	343,954		212,000				255,697	88,257	0
Residential Development of old Huffman School Property	SS	139,405						139,405		0
Year 3 of 3 Phase design for Infrastructure Renewal Project		37,500							37,500	0
		1,159,015	0	212,000	0	110,084	0	395,102	441,829	0
<i>Sewage Treatment Plant</i>										
Misc Capital Upgrades	SS	150,520							150,520	0
Honeywell Improvements		130,457						130,457		0
		280,977	0	0	0	0	0	130,457	150,520	0
<i>Water System</i>										
<i>Water Distribution System</i>										
Replacing Main Line Water Valves/Hydrants		97,935							97,935	0
Leak Detection Equipment		23,000							23,000	0
Phase 2 Tender No. 12-OF-01 2nd St from Central Ave to Mowat Ave & Mowat Ave from 2nd St to 3rd St.	FGT	489,080		212,000		110,084			166,996	0
Williams Ave from 5th St to 3rd St (190 meters)		384,171							384,171	0
Residential Development of old Huffman School Property	W	192,514						192,514		0
Year 3 of 3 Phase design for Infrastructure Renewal Project		37,500							37,500	0
General Misc Tools/Equipment		10,000							10,000	0
		1,234,200	0	212,000	0	110,084	0	192,514	719,602	0
<i>Water Treatment Plant</i>										
Misc Small Capital Equipment		40,000							40,000	0
Replace In-Plant Water Lines		27,000							27,000	0
Honeywell Improvements	W	212,366						144,808	67,558	0
Backup Generator		130,000							130,000	0
		409,366	0	0	0	0	0	144,808	264,558	0
TOTAL ENVIRONMENT		3,083,558	0	424,000	0	220,168	0	862,881	1,576,509	0
<i>SOCIAL & FAMILY SERVICES</i>										
<i>Children's Complex</i>					RRDSSAB					
Handicap Washroom Accessibility Project - Dependant on Funding		22,000			22,000					0
Infant Care Feasibility Study (Operational) - Dependant on Funding		25,000			25,000					0

2013 CAPITAL BUDGET

	RESERVE FUND	TOTAL BUDGET	FEDERAL GRANTS	PROVINCIAL GRANTS	CONTRIBUTION FROM OTHERS	FEDERAL GAS TAX RESERVE	RESERVE FUNDS	WATER & SEWER RESERVE FUNDS	FUNDED BY WATER & SEWER RATES	Long-Term Debt Financing
TOTAL SOCIAL & FAMILY		47,000	0	0	47,000	0	0	0	0	0
RECREATION & CULTURAL SERVICES										
<i>Memorial Sports Centre</i>	B	68,600					68,600			0
52 Canadian Condenser Replacement		68,600	0	0	0	0	68,600	0	0	0
<i>Recreation</i>										
Sunny Cove Upgrades Russell Hall - Dependant on Funding	B	65,000		52,000			13,000			0
<i>Sister Kennedy Centre</i>		65,000	0	52,000	0	0	13,000	0	0	0
Enabling Accessibility Van - Dependant on Funding		25,000		25,000						0
<i>Museum</i>	P	25,000	0	25,000	0	0	0	0	0	0
Computer/Scanner		2,189		1,751			438			0
Photo Studio Lighting	P	455		364			91			0
		2,644	0	2,115	0	0	529	0	0	0
		161,244	0	79,115	0	0	82,129	0	0	0
TOTAL RECREATION & CULTURAL SERVICES										
PLANNING & DEVELOPMENT										
<i>Planning & Development</i>		229,383					229,383			0
Huffman Demolition	P	229,383	0	0	0	0	229,383	0	0	0
TOTAL PLANNING & DEVELOPMENT										
		5,794,973	225,000	655,984	182,087	625,000	424,512	862,881	1,576,509	1,243,000
14 Year Amortization										
70,045 Est Loan Principal										
42,385 Est Loan Interest										
112,430										
Corporate Building Reserve Fund										
Cemetery Reserve Fund										
Federal Gas Tax										
Corporate Projects Reserve Fund										
Sanitary Sewer Reserve Fund										
Waterworks Reserve Funds										
Corporate Vehicles & Equipment Reserve Fund										
625,000 424,512 862,881										
\$1,912,393										
81,600 5,000 324,912 525,559 337,322										
625,000 424,512 862,881										
\$1,912,393										

Museum & Tech 80% Funding

Long Term Debentures Principal and Interest

PRINCIPAL

Account	By-law # Name	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
C-L70-000-000	B3596 WPCP	24,100.00	26,300.00	28,700.00	31,300.00												110,400.00
C-L70-000-000	B698 Arena	165,059.62	175,622.16	186,860.62	198,818.24	211,541.09											937,901.73
C-L70-000-000	B698 Aud	59,421.46	63,223.98	67,269.82	71,574.56	76,154.78											337,644.60
C-L70-000-000	B698 WPCP	66,023.85	70,248.86	74,744.25	79,527.30	84,616.71											375,160.97
	<i>Sub-total</i>	314,604.93	335,395.00	357,774.69	381,220.10	372,312.58											1,761,107.30
	CIBC Loan - PW	169,107.99															169,107.99
	B3596 WPCP	58,885.21															58,885.21
	09 Cap Loan - PW	134,387.00	138,883.40														273,270.40
	09 Cap Loan - HT	43,091.87	44,523.34														87,615.21
	10 Cap Loan - PW	83,007.50	83,007.50	83,007.50	83,007.50	83,007.50	83,007.50										498,045.00
	10 Cap Loan - HTP	10,478.63	10,478.63	10,478.62	10,478.62	10,478.62	10,478.62										62,871.74
	Solar Panel Project	24,686.79	25,562.23	26,468.74	27,407.37	28,379.29	29,385.68	30,427.75	31,506.80	28,600.74	70,498.00	72,860.00	75,300.00	77,824.00	80,432.00	83,125.97	252,425.39
	Honeywell Proj. (12)	52,345.63	54,153.78	55,968.12	57,843.27	59,781.23	61,792.00	63,862.00	66,001.00	68,213.00	89,437.36	92,618.39	95,912.52	99,323.85	102,856.49	106,515.03	1,000,000.00
	Honeywell Proj. (13)		67,622.85	70,027.99	72,518.67	75,097.95	77,769.00	80,534.96	83,399.34	86,365.60	159,935.36	165,478.39	171,212.52	177,147.85	183,288.49	189,641.00	1,200,000.00
	<i>TOTAL</i>	890,595.55	759,626.73	603,525.66	632,475.53	629,057.17	262,432.80	174,824.71	180,907.14	183,179.34	159,935.36	165,478.39	171,212.52	177,147.85	183,288.49	189,641.00	5,363,328.24

INTEREST

Account	By-law # Name	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
	B3596 WPCP	9,936.00	7,767.00	5,400.00	2,817.00												25,920.00
	B698 Arena	56,528.42	45,965.90	34,727.44	22,769.81	10,046.98											170,038.55
	B698 Aud	20,350.24	16,547.72	12,501.87	8,197.13	3,616.92											61,213.88
	B698 WPCP	22,611.37	18,386.36	13,890.97	9,107.93	4,018.79											68,015.42
	<i>Sub-total</i>	109,426.03	88,666.98	66,520.28	42,891.87	17,682.69											325,187.85
	CIBC Loan - PW	2,479.00															2,479.00
	B3596 WPCP	863.22															863.22
	09 Cap Loan - PW	6,975.94	2,487.33														9,463.27
	09 Cap Loan - HT	2,236.87	797.57														3,034.44
	10 Cap Loan - PW	15,225.79	12,476.34	9,728.83	6,984.13	4,233.80	1,486.29										50,135.18
	10 Cap Loan - HTP	1,922.30	1,575.17	1,228.29	881.77	534.53	187.65										6,259.71
	Solar Panel Project	8,513.21	7,637.77	6,731.26	5,792.63	4,820.71	3,814.32	2,772.25	1,693.20	575.91	14,114.16	11,752.16	9,312.16	6,788.16	4,180.16	1,486.19	269,152.38
	Honeywell Proj. (12)	32,266.52	30,458.39	28,644.02	26,738.89	24,838.93	22,820.16	20,750.16	18,611.16	16,399.16	19,107.56	15,926.53	12,632.40	9,221.07	5,688.43	2,030.15	319,629.18
	Honeywell Proj. (13)		40,922.07	38,516.93	36,026.25	33,446.97	30,775.96	28,009.96	25,145.58	22,179.32	19,107.56	15,926.53	12,632.40	9,221.07	5,688.43	1,486.19	708,996.31
	<i>TOTAL</i>	179,908.88	183,021.62	151,369.61	119,315.54	85,549.63	59,084.38	23,522.41	20,304.36	18,317.93	159,935.36	165,478.39	171,212.52	177,147.85	183,288.49	189,641.00	6,072,324.55
	Total Principal & Interest	1,070,504.43	944,648.35	754,895.27	751,791.07	714,606.80	321,517.18	198,347.12	201,211.50	183,179.34	159,935.36	165,478.39	171,212.52	177,147.85	183,288.49	189,641.00	5,363,328.24

SUMMARY

Principal	WPCP	149,009.06	96,548.86	103,444.25	110,827.30	84,616.71											544,446.18
	Arena	165,059.62	175,622.16	186,860.62	198,818.24	211,541.09											937,901.73
	Auditorium	59,421.46	63,223.98	67,269.82	71,574.56	76,154.78											337,644.60
	Public Works	386,502.49	221,890.90	83,007.50	83,007.50	83,007.50	83,007.50										940,423.39
	Heritage Tourism Project	53,570.50	55,001.97	10,478.62	10,478.62	10,478.62	10,478.62	30,427.75	31,506.80	28,600.74							150,486.95
	Solar Panel Project	24,886.79	25,562.23	26,468.74	27,407.37	28,379.29	29,385.68	144,396.96	149,400.34	154,578.60	159,935.36	165,478.39	171,212.52	177,147.85	183,288.49	189,641.00	2,200,000.00
	Honeywell Project	52,345.63	121,776.63	125,996.11	130,361.94	134,879.18	139,561.00	174,824.71	180,907.14	183,179.34	159,935.36	165,478.39	171,212.52	177,147.85	183,288.49	189,641.00	5,363,328.24
	<i>TOTAL</i>	890,595.55	759,626.73	603,525.66	632,475.53	629,057.17	262,432.80	174,824.71	180,907.14	183,179.34	159,935.36	165,478.39	171,212.52	177,147.85	183,288.49	189,641.00	5,363,328.24

