



CAPITAL WORKS AND RECOVERY COSTS FOR THE CHALK RIVER WATER TREATMENT PLANT

**Informational Council meeting held on January 24th at 6:30p.m.
at the Chalk River & Area Lions Hall - 11 Kellet Street Chalk River, ON**

The Town of Laurentian Hills working with Jp2g Consultants engineers, contracted an independent inspector to assess one of the vertical storage vessels (Filter 1/tank) at the Chalk River Water Treatment Plant. The tank base and wall was found to be severely compromised due to corrosion and heavy delamination and it was recommended that it be taken out of service.

The tank is an integral part of the drinking water system and MUST be replaced. The Town, working with the project engineers will be moving forward with implementing the necessary steps for the design, fabrication, transportation, delivery, installation of the new tank and the required construction.

The Water Treatment Plant operations/upgrade costs connected to water services are charged to the owner(s) of properties for which an immediate or future benefit will be derived.

The total project costs are \$836,704.00. As approved by Council to help reduce the costs to the property owners, the Town will assume the project construction costs and funds from the Ontario Community Infrastructure Funding (OCIF) grant will be used for the project.

The remainder of the costs will be borrowed at an interest rate of 5.45% to be repaid and collected in the same manner as taxes (O. Reg 581/06) over a period of 2 years.

The total costs to be recovered from the users (461) is \$408,734.00 (384,770.00 plus interest 23,964.00).

Property owners have two options to consider:

Option 1: An upfront payment at present value (no interest) in the amount of \$834.64.

Option 2: An annual installment based on cost plus interest spread over a 2-year period and collected in the same manner as taxes in the amount of \$886.62. The installments will be applied and collected in the same manner as property taxes for the years 2024 and 2025 (\$443.31/yr).

Property owners that wish to make an upfront payment as outlined in Option 1 MUST provide the Town with the full payment in the amount of \$834.64 by February 23rd, 2024. If you wish to make the upfront payment on-line, please use your tax account number. The on-line payment should be made in the full amount of \$834.64 and should not be combined with any other payments.

Anyone who has not made the full payment for Option 1, by February 23rd, 2024, will be assumed to be part of Option 2.

Property Owners on monthly preauthorized payments for property taxes who do not make the upfront payment will automatically have their monthly payments adjusted for Option 2.

Information on the capital works and costs to be recovered can be found on page 2.

For more information contact the Town Treasurer at - treasurer@laurentianhills.ca

Town of Laurentian Hills Capital Works Chalk River Water Treatment Plant

Filter replacement Expenses	557,474.00
** Construction Expense	279,230.00
Total Project Expenses	\$ 836,704.00

		Net of HST Rebate
Costs to be recovered from users		
Project cost		547,831.00
HST	@ 13%	71,218.00
HST Rebate	@ 86.46%	(61,575.00)
		<u>557,474.00</u>
 ***OCIF Grant		 (172,704.00)
		<u>384,770.00</u>
 Interest cost		 23,964.00
		<u><u>408,734.00</u></u>
 Users on local improvement roll	461	
Option 1 - Upfront Payment		
Cost before interest		384,770.00
Per user		<u>834.64</u>
Option 2 - Two Annual Payments		
Cost including interest		408,734.00
Per user		886.62
Annual payment x 2 years		<u>443.31</u>

Notes:

Bank interest rate ~ 8%. Town's Treasury account was paying 5.45% interest.
The Town will borrow from its Treasury account and is assuming repayments to be quarterly for 2 years

The *Municipal Act* requires 2 options for users

1. a present value installment for those who wish to pay upfront
2. an annual installment based on cost plus interest, spread over a number of years (2)

** The Town will assume construction costs

*** OCIF grant funds will be used to offset the user costs.