
GENERAL QUESTIONS CONCERNING LOAN BY-LAWS

1. What is a loan by-law?

A [loan by-law](#) (definition only in French) allows a municipality to obtain a long-term loan to finance certain work or acquire equipment that requires a significant investment. The borrowed capital and the interest due are repayed over a predefined period that corresponds to the lifespan of the work or equipment financed. A special tax is levied to reimburse the borrowed capital and the interest. This special tax is paid by all or some of the municipality's taxpayers, depending on the nature of the work or the equipment.

2. How am I affected by a loan by-law and how much will it cost me as a taxpayer?

A loan by-law is typically used for essential works or purchase of assets mentioned in the three-year investment plan. Usually, each work or purchase project has its own loan by-law. The *Cities and Towns Act* defines who pays for which project (all taxpayers or only some of them), and which loan by-law is subject to approval by the qualified voters. In such a case, a register is opened to determine if a [referendum poll](#) (definition only in French) must be held to approve the loan by-law.

3. Why are the Town's reserves not used to finance planned projects instead of a loan by-law?

The *Cities and Towns Act* stipulates the restrictions for the use of municipal reserves. For the projects mentioned in loan by-laws 311 and 312 no reserve can be used. Working capital is not intended for such large expenses. Only projects related to road works can be financed from the public works reserve. As for the unallocated accumulated surplus, sound financial management promotes its use for emergencies or unforeseen expenses rather than capital investments.

4. What approvals are required for a loan by-law?

All loan by-laws adopted by a municipality must be approved by the ministère des Affaires municipales et de l'Habitation (Ministry of Municipal Affairs and Housing), even those under \$100,000.

For loan by-laws subject to the approval of the qualified voters, the opening of a register and, if necessary, the holding of a referendum poll are obligatory and subject to the provisions of the *Act respecting Elections and Referendums in Municipalities*.

Some loan by-laws do not require citizen approval, including those for road works that benefit all citizens.

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**SPECIAL QUESTIONS CONCERNING LOAN BY-LAW NUMBER 311
FOR THE REPLACEMENT OF A PUMPER TRUCK AND
THE REPLACEMENT OF TWO TANKER TRUCKS**

1. What is the purpose of this loan by-law?

If adopted, this loan by-law will authorize an expense and a loan of \$1,619,663 over a period of twenty (20) years. The loan will purchase two (2) new fire trucks, namely a pumper truck and a tanker truck, as well as the appropriate equipment. These two (2) vehicles will replace three (3) existing fire trucks that have come to the end of their useful lives. The three (3) trucks to be replaced are:

- Truck #4-21 — a 1998 (23 years old) pumper truck.
- Truck #4-61 — a 2002 (19 years old) tanker truck.
- Truck #4-62 — a 1997 (24 years old) tanker truck.

The replacement of the trucks is required to meet safety norms (see point 3 below) and takes into account the 14–16-month lead time for their delivery. The new pumper truck will have an increased water capacity compared to the existing one. This also enables the two existing tanker trucks to be replaced with just one which reduces maintenance costs.

2. Who will pay the loan and how much will it cost taxpayers?

This is a municipal expense that benefits the entire population and will be reimbursed by all municipal taxpayers up to a total of \$1,619,663.

The annual cost to taxpayers will depend on the final expense, the interest rate, and the number of taxpayers during the borrowing period. As an example, assuming the number of taxpayers remains the same as in 2021, the amount of the loan is \$1,619,663 and the interest rate is 2%, the special tax for the loan repayment will be around \$23 per year for 20 years for a property with the average municipal assessment of \$322,000.

The table below summarizes the proposed loan by-law number 311 and indicates the amount to be paid by the taxpayers.

By-law	Purpose	Amount to be paid by taxpayers	Repayment period	Average annual cost per property*	Payable by	Register
No. 311	Purchase of a pumper truck and purchase of one tanker truck	\$1,619,663	20 years	\$23	All taxpayers	Yes

* For a property with an average property assessment of \$322,000.

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3. The Town has replaced a lot of equipment in the past years. Why is it replacing equipment again this year?

The Town of Sutton monitors its equipment by assessing its age and condition, among other things. Timely preventive maintenance of some equipment, in addition to the replacement of others, avoids breaks in service to the public, reduces costly repairs, and ensures the safety of Town's employees.

As regards fire trucks, their life expectancy is based on NFPA 1901 "Guidelines for First-Line and Reserve Fire Apparatus." These standard states : *"Apparatus that were not manufactured to the applicable NFPA fire apparatus standards or that are over 25 years old should be replaced."*

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**SPECIAL QUESTIONS CONCERNING LOAN BY-LAW NUMBER 312
FOR THE REPLACEMENT OF A TRACTOR AND ITS EQUIPMENT**

1. What is the purpose of this loan by-law?

If adopted, this loan by-law will authorize an expense and a loan of \$413,651 repayable over a period of fifteen (15) years for purchase of a tractor and equipment to replace tractor #37, purchased in 2004 (17 years old) with approximately 6,000 hours of use and which has reached the end of its useful life. It is important to note that there will be considerable maintenance savings by having a new tractor, whereas used equipment requires important maintenance.

In addition, the new tractor will be equipped with the necessary snow removal equipment.

2. Who will pay the loan and how much will it cost taxpayers?

This is a municipal expense that benefits the entire population and will be reimbursed by all municipal taxpayers up to a total of \$413,651.

The annual cost to taxpayers will depend on the final expense, the interest rate, and the number of payers during the borrowing period. As an example, assuming the number of payers is the same as in 2021, the amount of the loan for the taxpayers is \$413,651 and the interest rate is 2%, the annual loan repayment for a 20-year period will cost around \$9 for a property with a municipal assessment of \$322,000.

The table below summarizes the proposed loan by-law number 312 and indicates the amount to be paid by the taxpayers.

By-law	Purpose	Amount to be paid by taxpayers	Repayment period	Average annual cost per property*	Payable by	Register
No. 312	Purchase of a tractor and its equipment	\$413,651	15 years	\$9	All taxpayers	Yes

* For a property with an average property assessment of \$322,000.

3. The Town has replaced a lot of equipment over the past years. Why is it replacing equipment again this year?

The Town of Sutton monitors its equipment by assessing its age and condition, among other things. Timely preventive maintenance of some equipment, in addition to the replacement of others, avoids breaks in service to the public, reduces costly repairs and ensures the safety of Town's employees.