

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 to acquire equipment requiring a significant investment. The borrowed capital and the interest due are repayable over a predefined period corresponding to the life of the work or equipment financed. A special tax will be levied which will reimburse the borrowed capital and interest. This special tax will be paid by all or part 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 can cover essential works mentioned in the three-year investment plan. Each work project requires its own loan by-law. The *Cities and Towns Act* defines who has to pay for which project (all citizens or only some of them) and which borrowing by-law is subject to the approval of the qualified voters. In this case, a register is open to determine if a [referendum vote](#) (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* provides for restrictions on the use of municipal reserves. For the project mentioned above, 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, but that reserve is currently insufficient for the work envisaged. As for the unallocated accumulated surplus, it can only be used for emergencies or unforeseen expenses.

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*.

If a loan by-law is subject to the approval of the qualified voters, the opening of a register and, if necessary, the holding of a referendum are compulsory 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 are for the benefit of all citizens, as is the case with proposed loan by-law number 318.

**SPECIAL QUESTIONS CONCERNING LOAN BY-LAW NUMBER 318
FOR THE REPAIR OF A PART OF THE NORTH SUTTON ROAD
AND FOR THE REPLACEMENT OF 14 CULVERTS
ON NORTH SUTTON, DRAPER, VALLÉE MISSISQUOI AND SCHWEIZER ROADS**

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

If adopted, this loan by-law will authorize an expenditure and a loan of \$3,019,799.70 over a 25-year period to repair North Sutton Road, between Road 139 and Favreau Road, and the replacement of 14 culverts on North Sutton, Draper, Vallée Missisquoi and Schweizer roads.

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

This is a municipal expense that benefits everyone and will be reimbursed by all city taxpayers up to \$1,118,236.70, corresponding to the difference between the total amount of the loan and the two grants to be received from the *ministère des Transports du Québec* (MTQ):

Total amount of the loan:	\$3,019,799.70
MTQ Grant:	- \$1,901,563.00
Cost to taxpayers:	\$1,118,236.70

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 \$1,118,236.70 and the interest rate is 2%, the annual loan repayment for a 25-year period will cost around \$16.50 for a building with a municipal assessment of \$341,407.

The table below summarizes the proposed loan by-law number 310 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. 318	Repair of a part of North Sutton Road and replacement of 14 culverts on North Sutton, Draper, Vallée Missisquoi and Schweizer roads	\$1,118,236.70	25 years	\$16.50	All taxpayers	No

* For a property with an average property assessment of \$341,407.

3. Why are North Sutton, Draper, Vallée Missisquoi and Schweizer roads prioritized over other streets or roads?

The Town prioritizes repair work based on the state of deterioration of the roads or equipment. The rehabilitation of the section of North Sutton Road between Road 139 and Favreau Road and the replacement of 14 culverts on North Sutton, Draper, Vallée Missisquoi and Schweizer roads had long been identified as a priority in the *Plan d'intervention et infrastructures routières* (PIIRL) of 2015 made by the MRC Brome-Missisquoi. However, because of the large amounts required for this major work, they had to be subject to a prior request for government subsidy. The Town is pleased to receive financial assistance from the *ministère des Transports*, which will total \$1,901,563. Please note that such a grant can only be obtained for roads transferred back to the municipalities by Quebec Government in 1993, which excludes certain local streets.

4. Why is there no register required for this loan by-law?

The Cities and Towns Act specifies who must repay a loan by-law and which loan by-law requires the opening of a register for a referendum. Loan by-law number 318 pertaining to road works will be reimbursed by all taxpayers and is not subject to referendum approval.