

STAFF REPORT TO COUNCIL

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DATE: April 27, 2022

TO: MAYOR AND COUNCIL

NAME AND TITLE: Kris Dalio, Director of Finance

SUBJECT: Security Issue Resolution – Fall 2022 and Debt Relinquishment

ATTACHMENT(S): None

RECOMMENDATIONS:

1. That Council APPROVES borrowing from the Municipal Finance Authority of British Columbia, as part of their 2022 fall issue \$134,980 as authorized through “Dunbar Place Sanitary Sewer Extension Local Area Service Loan Authorization Bylaw No. 8911, 2017” and that the Regional District of Fraser-Fort George be requested to consent to the borrowing over a twenty (20) year term and include the borrowing in its security issuing bylaw.
2. That Council APPROVES the reduction of authorized debt liability under “Dunbar Place Sanitary Sewer Extension Local Area Service Loan Authorization Bylaw No. 8911, 2017” by \$27,020.

PURPOSE:

This report has been prepared for the purpose of having Council approve a security issue resolution for the debenture funding of the Dunbar Place Sanitary Sewer Extension Local Area Service project.

As part of this report, Administration has also presented the related authorized but unissued debt that is available for relinquishment.

POLICY/REGULATORY ANALYSIS:

The previous stages of approval for the capital projects in this report were as follows:

- Capital project was approved by Council in Financial Plan with MFA Debt as funding source
- First three readings of Loan Authorization Bylaw
- Final reading and adoption of Loan Authorization Bylaw after alternative approval process

Once construction of projects are completed and the total costs of the project are known, the final step in funding projects is to confirm the loan amount (via a “security issue”) with the Municipal Finance Authority. If a capital project is very large in dollars, the City may need to borrow funds before construction is complete to ensure the availability of funds for the project.

A loan authorization bylaw provides the legal authority for a municipality to enter into debt liability for the project work described in the bylaw. Once adopted, the bylaw is in effect for five years and the value of the liability is included in the City's debt servicing limit. The authorized debt on the bylaw can be reduced by Council resolution.

STRATEGIC PRIORITIES:

The project listed in this report requesting a security issue resolution support Council's Priorities of "Sustainable Fiscal Management" and "Sustainable Infrastructure".

FINANCIAL CONSIDERATIONS:

The security issue is described as follows:

Fund	Description	Loan Authorization Bylaw #	Security Issue Request
Sewer	Dunbar Place Sanitary Sewer Extension Local Area Service	8911	\$134,980
Total Security Issue Resolution Required			\$134,980

This security issue would have a repayment term of 20 years which would begin in the spring of 2023. The sewer fund would repay the debt for the project listed above at an estimated annual amount of \$10,211. As the lone project in this issue is an LAS, the debt servicing costs associated with this project are directly paid for by the affected properties and have a zero impact to any other taxpayer. The City will collect the payments as an extra levy on those properties' annual property taxes over the next 20 years.

Debt Relinquishment

It is recommended that Council approve resolutions to reduce the authorization for Loan Authorization Bylaws as listed below. The projects included in these bylaws have been completed or cancelled and there is no longer a need for the unissued amounts.

LA Bylaw	Project	Amount Authorized	Amount Borrowed	Amount Unissued
8911	Dunbar Place Sanitary Sewer Extension Local Area Service	\$162,000	\$134,980	\$27,020
TOTAL		\$162,000	\$134,980	\$27,020

Reducing the authorized liability of these bylaws by the amount unissued will reduce the overall estimated debt servicing costs on the liability servicing limit certificate by approximately \$2,137.

SUMMARY AND CONCLUSION:

A security issue resolution of Council is required in order to complete the debenture funding process for the projects identified in this report. This report details the amount of debenture that is required to be issued and has been prepared in order to meet the deadlines of the Municipal Finance Authority and the Regional District of Fraser-Fort George for the fall issue.

Approving the debt relinquishment recommendations in this report frees up room in the City's Liability Servicing Limit and keeps our debt capacity amounts current.

RESPECTFULLY SUBMITTED:

Kris Dalio, Director of Finance

APPROVED:

Walter Babicz, City Manager

Meeting date: May 9, 2022