

**REPORT TO CAPITAL REGIONAL DISTRICT BOARD
MEETING OF WEDNESDAY, OCTOBER 12, 2022**

SUBJECT **Bylaw No. 4515: Solid Waste Disposal Loan Authorization Bylaw No. 1, 2022**

ISSUE SUMMARY

A Capital Regional District (CRD) Board resolution is required to approve Loan Authorization Bylaw No. 4515 for the purpose of financing specific projects in the Solid Waste Disposal Service five year (2023-2027) capital plan.

BACKGROUND

On September 21, 2022, the Board gave provisional approval of the CRD 2023 financial plan, inclusive of the Solid Waste Disposal Service five year (2023-2027) capital plan. As is the case each year following plan approval, staff prepare necessary loan authorization bylaws and security issuing bylaws. The Solid Waste Disposal Service capital plan includes planned infrastructure and improvements totalling \$75.6 million, which requires borrowing of \$36 million. These capital projects include a renewable natural gas plant construction, landfill cell liner renewal, and sendimentation pond relining and expansion.

By legislation, loan authorization bylaws expire after five years, and so are most commonly drafted to cover the five-year financial plan. The loan authorization bylaw sets out the purpose of the borrowing, the maximum amount to be borrowed and the maximum duration of the borrowing. Requests for funds to be drawn against the loan authorization bylaw will only be authorized upon Board approval of a subsequent security issuing bylaw. The security issuing bylaws are prepared twice annually and include only those borrowings for which there is a cash flow need as authorized by the approved financial plan.

As part of the loan authorization bylaw process, the bylaw requires Municipal Inspector approval and elector consent. The following bylaw is proposed:

Service Area	Action	Purpose	Bylaw
Environmental Resource Management	Loan Authorization Bylaw	To create a loan authorization bylaw to permit long-term borrowing related to the capital plan for this service.	4515

ALTERNATIVES

Alternative 1

1. That Bylaw No. 4515, "Solid Waste Disposal Loan Authorization Bylaw No. 1, 2022", be introduced and read a first, second and third time; and
2. That Bylaw No. 4515 be referred to the Inspector of Municipalities for approval, and if received, that staff conduct an alternative approval process for the entire service area, as per section 345 of the *Local Government Act*, and, if successful, that Bylaw 4515 then be brought forward for adoption.

Alternative 2

That the proposed bylaw be referred back to staff for further information.

IMPLICATIONS

Financial & Legislative Implications

Section 24 of the *Municipal Finance Authority Act*, RSBC 1996 c 325 states that a regional district security issuing bylaw may only be enacted and financed if the long-term borrowing is arranged through the Municipal Finance Authority of British Columbia (MFABC). The loan authorization required is \$36 million and will support the planned five year capital plan expenditures commencing in January 2023. The estimated debt servicing costs for the borrowing are included in the 2023 CRD provisional financial plan. Based on MFABC's current indicative interest rate, the estimated annual debt servicing cost of approximately \$1.3 million over an amortization term of 15 years will total approximately \$19.6 million. The debt servicing costs within the plan are funded by tipping fees. Actual borrowings in each of the next five years will be based on the cash flow requirements for the year.

Long-term borrowing (i.e. loans with a term of more than five years) cannot be undertaken without the loan authorization bylaw being approved and, subsequently and separately, a security issuing bylaw being approved, in accordance with the *Local Government Act*.

As part of the loan authorization bylaw approval process the bylaw requires elector approval. Elector approval can be obtained through consent on behalf of municipal participants and electoral participating areas (by sub-regional AAP), a referendum, or by a regional alternative approval process (AAP) for the entire service area. A regional AAP is initiated when the loan authorization bylaw has received third reading by the Board and approval by the Inspector of Municipalities and is the preferred method administratively in this instance.

To ensure optimization of interest and timing of long term debt, issuance of a temporary borrowing will be proposed if Ministerial approval is obtained and the AAP proves successful. The timing of the debt issuance will be based on the timing of expenditures and will be dependent on prevailing interest rates at the time. Before long term debt issuance can be exercised, a security issuing bylaw will be brought forward for approval. The term of debt issuance under the loan authorization will be 15 years.

CONCLUSION

The CRD 2023 provisional financial plan sets out the capital expenditure of each service, including planned borrowings. Borrowing for the Solid Waste Disposal Service was identified as \$36 million for planned infrastructure and improvements. Bylaw No. 4515, "Solid Waste Disposal Loan Authorization Bylaw No. 1, 2022", is presented now in preparation for future borrowing to enable the identified projects within the Service's five year (2023-2027) capital plan.

RECOMMENDATION

1. That Bylaw No. 4515, “Solid Waste Disposal Loan Authorization Bylaw No. 1, 2022”, be introduced and read a first, second and third time; and
2. That Bylaw No. 4515 be referred to the Inspector of Municipalities for approval, and if received, that staff conduct an alternative approval process for the entire service area, as per section 345 of the *Local Government Act*, and, if successful, that Bylaw 4515 then be brought forward for adoption.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Larisa Hutcheson, P. Eng., General Manager, Parks & Environmental Services
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Bylaw No. 4515, Solid Waste Disposal Loan Authorization Bylaw No. 1, 2022