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**REPORT TO CAPITAL REGIONAL DISTRICT BOARD
MEETING OF WEDNESDAY, JUNE 09, 2021**

SUBJECT Bylaw Nos. 4424 and 4425: Temporary Borrowing for Liquid Waste Management Core Area and Western Communities

ISSUE SUMMARY

Approval of temporary borrowing bylaws authorizing short-term borrowing for projects included in the approved five-year capital plan for the Core Area and Western Communities Liquid Waste Service.

BACKGROUND

On August 12, 2020, the Board agreed to a cost-apportionment system for the Core Area and Western Communities Liquid Waste management service, per Liquid Waste Management Core Area and Western Communities Service Establishment Bylaw No. 1, 1995, Amendment Bylaw No. 3, 2020 (Bylaw No. 4304). All conveyance and treatment capital is to be cost apportioned on the basis of treatment capacity as outlined in Schedule C to Bylaw No. 4304.

At the October 14, 2020, meeting, the Capital Regional District (CRD) Board gave three readings to loan authorization Bylaw Nos. 4374 and 4375 to fund capital projects in the Core Area and Western Communities Liquid Waste Service.

Approval for Bylaw No. 4375 was obtained by via municipal council consent from 2/3s of area participants as per the alternative approval process outlined in s. 342 and 345 of the *Local Government Act*. Bylaw No. 4374 does not require additional consent for adoption.

Temporary borrowing bylaws allow interim financing during construction of capital projects before the long-term debt is issued by the Municipal Finance Authority (MFA). The proposed temporary borrowing bylaws are required to facilitate capital expenditures authorized for debt funding by loan authorization Bylaw Nos. 4374 and 4375.

The following two temporary borrowing Bylaws are proposed:

Service Area	Action	Purpose	Bylaw
3.798C	Temporary Borrowing Bylaw No 1	Short-term funding of planned works approved by the Province in the CRD's Liquid Waste Management Plan (LWMP).	4424 Temporary Borrowing Liquid Waste Management Core Area and Western Communities Service Bylaw No. 1, 2021
3.798C	Temporary Borrowing Bylaw No 2	Short-term funding of planned works arising since the approval of the LWMP.	4425 Temporary Borrowing Liquid Waste Management Core Area and Western Communities Service Bylaw No. 2, 2021

ALTERNATIVES

Alternative 1

1. That Bylaw No. 4424, “Temporary Borrowing Liquid Waste Management Core Area and Western Communities Service Bylaw No. 1, 2021” be introduced and read a first, second, and third time;
2. That Bylaw No. 4424 be adopted.
3. That Bylaw No. 4425, “Temporary Borrowing Liquid Waste Management Core Area and Western Communities Service Bylaw No. 2, 2021” be introduced and read a first, second, and third time;
4. That Bylaw No. 4425 be adopted.

Alternative 2

That Bylaw Nos. 4424 and 4425, “Temporary Borrowing Liquid Waste Management Core Area and Western Communities Service Bylaw No. 1, 2021” and “Temporary Borrowing Liquid Waste Management Core Area and Western Communities Service Bylaw No. 2, 2021”, be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

The proposed temporary borrowing bylaw will provide access to interim financing according to the terms specified in Loan Authorization Bylaw Nos. 4374 and 4375. Temporary borrowing will not exceed the total amounts authorized by the loan authorization bylaws. The use of the temporary borrowing facility will be based on the timing of approved capital expenditures. The associated financing costs will be monthly variable interest-only payments.

The temporary borrowing will be converted to long-term borrowing as stated in the loan authorization bylaws upon completion of construction. Before long term debt issuance can be exercised, a security issuing bylaw will be brought forward for approval.

CONCLUSION

Temporary borrowing through the approval of Bylaw Nos. 4424 and 4425 is required to access interim financing to fund capital projects within the Core Area and Western Communities Liquid Waste Service. Timely access to borrowed funds in 2021 is critical to meeting the approved five-year capital plan program. All temporary borrowings will be converted to long-term debt up to the maximum stated in the approved Loan Authorization Bylaw Nos. 4374 and 4375.

RECOMMENDATION

1. That Bylaw No. 4424, “Temporary Borrowing Liquid Waste Management Core Area and Western Communities Service Bylaw No. 1, 2021” be introduced and read a first, second, and third time; and
2. That Bylaw No. 4424 be adopted.

3. That Bylaw No. 4425, “Temporary Borrowing Liquid Waste Management Core Area and Western Communities Service Bylaw No. 2, 2021” be introduced and read a first, second, and third time;
4. That Bylaw No. 4425 be adopted.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., General Manager, Integrated Water 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. 4424, “Temporary Borrowing Liquid Waste Management Core Area and Western Communities Service Bylaw No. 1, 2021”
- Appendix B: Bylaw No. 4425, “Temporary Borrowing Liquid Waste Management Core Area and Western Communities Service Bylaw No. 2, 2021”