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**REPORT TO FINANCE COMMITTEE
MEETING OF WEDNESDAY, JULY 06, 2022**

SUBJECT Bylaw No. 4506: Regional Parks Loan Authorization Bylaw No. 1, 2022

ISSUE SUMMARY

Pursuant to the Capital Regional District (CRD) Bylaw No. 4481, “2022 to 2026 Financial Plan Bylaw, 2022”, this report brings forward the loan authorization Bylaw No. 4506 for the purpose of financing Regional Park land acquisition.

BACKGROUND

On March 16, 2022, the Board approved Bylaw No. 4481, “2022 to 2026 Financial Plan Bylaw, 2022”. The plan sets out capital expenditure for each service, including planned borrowings. As is the case each year following plan approval, staff prepare necessary loan authorization bylaws and security issuing bylaws. Borrowing for the Regional Parks Service was identified in the approved financial plan for up to \$25 million; \$5 million a year in each of the five years covered by the plan.

Loan authorization bylaws expire after five years, so bylaws are most commonly drafted to cover the five-year financial plan for services requiring borrowing to fund capital. The loan authorization bylaw will specify the maximum amount, the restricted use and the debt repayment amortization period.

The Regional Parks capital plan (the “Capital Plan”) includes land acquisitions that will require borrowing up to \$25 million from the Municipal Finance Authority of British Columbia (MFABC). 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 determined by the approved financial plan.

The following bylaw is proposed:

Service Area	Action	Purpose	Bylaw
Regional Parks	Loan Authorization Bylaw	To create a loan authorization bylaw to permit long-term borrowing related to the capital plan for this service.	4506

ALTERNATIVES

Alternative 1

The Finance Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4506, “Regional Parks Loan Authorization Bylaw No. 1, 2022”, be introduced and read a first, second and third time;
2. That approval on behalf of the participating areas for Bylaw No. 4506 be obtained through the municipal and electoral area consent process, according to sections 346 and 347 of the Local

Government Act, and if successful, that Bylaw No. 4506 be referred to the Inspector of Municipalities for approval.

Alternative 2

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

IMPLICATIONS

Legislative & Financial Implications

Regional park and trail borrowing, as per section 3 of the *Regional District Liabilities Regulation*, only requires consent of at least two-thirds of service participants, and permits consent by municipal councils and electoral area directors, rather than a more formal elector assent or alternative approval process.

The loan authorization bylaw requires three readings followed by participant consent and then Inspector of Municipalities approval. After this, it requires adoption by the Board. Upon final approval, borrowings of up to \$25 million will be authorized. Security issuing bylaws also require Board approval and must be enacted before a borrowing request may be submitted to the MFABC.

To ensure optimization of interest and timing of long-term debt, issuance of a temporary borrowing will be proposed upon approval of the loan authorization bylaw by the Board.

The request for borrowing will be based on the timing of expenditures. In order to request funds a security issuing bylaw will be brought forward for Board approval.

Borrowing for land within the Regional Parks service has been planned as part of a land acquisition financing strategy approved by the Board on March 16, 2022. The strategy anticipated a maximum, cumulative borrowing over a 10-year period of up to \$50 million. The proposed loan authorization bylaw proposes \$25 million to enable expenditures as already approved in the 2022-2026 Financial Plan Bylaw.

As land is purchased during the course of the year, cash on hand in the land acquisition fund will be used to temporarily fund purchases. Security issuing bylaws will be brought forward each time a new purchase(s) requires long-term debt financing.

The plan anticipates annual acquisitions of \$5 million per year. Annual debt servicing, based on the current MFA indicative rate of 4.24%, is anticipated to be \$0.5 million. The estimated annual cost per average household is \$3.00. The term of any debt issuances under such loan authorization will be 15 years.

This bylaw is required to provide the necessary authority to acquire future land purchases for Regional Parks through debt, as approved in the 2022-2026 Financial Plan Bylaw.

CONCLUSION

The Board-approved Bylaw No. 4481, "2022 to 2026 Financial Plan Bylaw, 2022", sets out capital expenditure for each service, including planned borrowings. Borrowing for the Regional Parks

Service was identified in the approved financial plan of up to \$25 million at \$5 million per year in each of the five years covered by the plan. Bylaw No. 4506, “Regional Parks Loan Authorization Bylaw No. 1, 2022”, is presented now in preparation for future borrowing to enable the acquisition of Regional Park land and requires three readings and consent by the participating areas and the Inspector of Municipalities prior to adoption.

RECOMMENDATION

The Finance Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4506, “Regional Parks Loan Authorization Bylaw No. 1, 2022”, be introduced and read a first, second and third time;
2. That approval on behalf of the participating areas for Bylaw No. 4506 be obtained through the municipal and electoral area consent process, according to sections 346 and 347 of the Local Government Act, and if successful, that Bylaw No. 4506 be referred to the Inspector of Municipalities for approval.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, 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:	Kevin Lorette, Acting Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Bylaw No. 4506, “Regional Parks Loan Authorization Bylaw No. 1, 2022”