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**REPORT TO FINANCE COMMITTEE
MEETING OF WEDNESDAY, MARCH 06, 2024**

SUBJECT Bylaw No. 4588: Regional Parks Loan Authorization Bylaw No. 1, 2024

ISSUE SUMMARY

Pursuant to the Capital Regional District (CRD) provisionally approved 2024 to 2028 Financial Plan, this report brings forward loan authorization Bylaw No. 4588 for the purpose of financing the Regional Trestles Renewal, Trails Widening and Lighting Project.

BACKGROUND

On October 25, 2023, the CRD Board (the “Board”) gave provisional approval to the 2024 to 2028 Financial Plan and approved the new initiatives and capital for January 1, 2024. The Regional Parks Service included borrowing in the capital plan for the Regional Trestles Renewal, Trail Widening and Lighting Project.

Following approval, staff prepare the required loan authorization bylaw to enable borrowing from the Municipal Finance Authority (MFA). Since loan authorization bylaws expire after five years, bylaws are commonly drafted to cover the five-year financial plan for services requiring borrowing to fund capital. The loan authorization bylaw specifies the maximum amount, restricted use and the debt repayment amortization period.

Requests for funds to be drawn against the loan authorization bylaw will only be authorized upon the Board’s 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 Regional Parks Capital Plan for this service	4588

ALTERNATIVES

Alternative 1

The Finance Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4588, “Regional Parks Loan Authorization Bylaw No. 1, 2024”, be introduced and read a first, second and third time; and
2. That approval on behalf of the participating areas for Bylaw No. 4588 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. 4588 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 Parks borrowing, as per section 3 of the *Regional District Liabilities Regulation*, requires consent by two-thirds of service participants. Rather than a more formal elector assent or alternative approval process, municipal councils and electoral area directors are permitted to consent.

Before adoption by the Board, the loan authorization bylaw requires three readings followed by participant consent and then approval by the Inspector of Municipalities. Upon final approval, borrowings of up to \$50 million will be authorized.

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. Security issuing bylaws will be brought forward to convert the short-term borrowing to long-term debt financing.

In years two through six of the Project, the plan anticipates borrowing approximately \$10 million annually. Annual debt servicing, based on the current Municipal Finance Authority indicative rate of 4.65%, is anticipated to be \$5 million when the \$50 million is fully borrowed. The estimated annual cost per average household is \$28. The term of any debt issuances under such loan authorization will be 15 years.

This bylaw is required to provide the necessary authority to carry out project work through debt, as provided in the 2024 to 2028 Financial Plan Bylaw.

CONCLUSION

The CRD 2024 provisional financial plan sets out the capital expenditure for each service, including planned borrowing. Borrowing for the Regional Parks Service was identified in the financial plan of up to \$50 million. Bylaw No. 4588, “Regional Parks Loan Authorization Bylaw No. 1, 2024”, is presented in preparation for future borrowing to enable the Regional Trestles Renewal, Trail Widening and Lighting Project.

RECOMMENDATION

The Finance Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4588, “Regional Parks Loan Authorization Bylaw No. 1, 2024”, be introduced and read a first, second and third time; and
2. That approval on behalf of the participating areas for Bylaw No. 4588 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. 4588 be referred to the Inspector of Municipalities for approval.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Sr. Mgr., Financial Services / Deputy CFO
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Concurrence:	Larisa Hutcheson, P. Eng., General Manager, Parks & Environmental Services
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT

Appendix A: Bylaw No. 4588, “Regional Parks Loan Authorization Bylaw No. 1, 2024”