

**REPORT TO CAPITAL REGIONAL DISTRICT BOARD
MEETING OF WEDNESDAY, DECEMBER 13, 2023**

SUBJECT **Bylaw No. 4581: Temporary Borrowing (Saanich Peninsula Water Supply Waterworks)**

ISSUE SUMMARY

Approval of temporary borrowing bylaw authorizing short-term funds for projects included in the approved five-year capital plan for the Saanich Peninsula Water Supply Service.

BACKGROUND

At its meeting June 9, 2021, the Capital Regional District (CRD) Board adopted Loan Authorization Bylaw No. 4411, intended to fund the planned infrastructure and improvements within the Saanich Peninsula Water Supply system. A temporary borrowing bylaw is required to facilitate capital expenditures authorized for debt funding by the loan authorization bylaw.

Long-term debt will be issued near or at completion of the project when the total borrowing amount is known. The conversion of temporary borrowings to long-term debt is an additional and subsequent approval by the Board. The proposed temporary borrowing bylaw No. 4581 authorizes temporary borrowing against Bylaw No. 4411 "Saanich Peninsula Water Supply Water Works Facilities Loan Authorization Bylaw No. 1, 2021". When ready for a long-term issue, a Security Issuing Bylaw will be brought forward by staff and will require approval by the Board in advance of the regular Municipal Finance Authority (MFA) spring or fall long-term debt issues.

The following temporary borrowing bylaw is proposed:

Service Area	Action	Purpose	Bylaw
2.610	Temporary Borrowing Bylaw No. 4581	Short-term funding of Saanich Peninsula Water Supply System Upgrade and Expansion arising from the approved capital plan	4581 Temporary Borrowing (Saanich Peninsula Water Supply Waterworks) Bylaw No. 1, 2023

ALTERNATIVES

Alternative 1

1. That Bylaw No. 4581 Temporary Borrowing (Saanich Peninsula Water Supply Waterworks) Bylaw No. 1, 2023, be introduced and read a first, second and third time; and
2. That Bylaw No. 4581 be adopted.

Alternative 2

That Bylaw No. 4581 be deferred to a future meeting pending further information.

IMPLICATIONS

Financial Implications

The proposed temporary borrowing bylaws will give the CRD access to interim financing according to the terms specified in Loan Authorization Bylaw No. 4411. Borrowing will not exceed the difference between the total \$12,900,000 authorized by the loan authorization bylaw No. 4411 and the amount previously borrowed under this authority. The use of the temporary borrowing will be based on the timing of approved capital expenditures. The associated financing costs will be monthly variable interest-only payments. Currently, MFA's short-term borrowing rate is 5.62% (variable rate as of November 20, 2023). The cash flows required to service short-term debt are in the approved financial plan.

CONCLUSION

Temporary borrowing authority, through the approval of the Temporary Borrowing (Saanich Peninsula Water Supply) Bylaw No. 4581 is required to access interim financing to fund the Saanich Peninsula Water Supply system upgrade and expansion. Timely access to borrowed funds is critical to meeting the approved five-year capital program. All temporary borrowings will be either repaid within five years or converted to long-term debt up to the maximums stated in the approved Loan Authorization Bylaw No. 4411.

RECOMMENDATION

1. That Bylaw No. 4581 Temporary Borrowing (Saanich Peninsula Water Supply Waterworks) Bylaw No. 1, 2023, be introduced and read a first, second and third time; and
2. That Bylaw No. 4581 be adopted.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
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. 4581, Temporary Borrowing (Saanich Peninsula Water Supply Waterworks) Bylaw No. 1, 2023