

**TO REPORT TO CAPITAL REGIONAL DISTRICT BOARD
MEETING OF WEDNESDAY, JANUARY 08, 2025**

SUBJECT Municipal Finance Authority 2025 Spring Issue – Capital Regional District Security Issuing Bylaw Nos. 4659, 4660, 4661, 4662 and 4663

ISSUE SUMMARY

Approval of the Security Issuing Bylaw Nos. 4659, 4660, 4661, 4662 and 4663 for borrowings by the Capital Regional District (CRD) and for borrowings by the City of Colwood, the District of Central Saanich, the City of Victoria and the District of Saanich.

BACKGROUND

Under Sections 410 and 411 of the *Local Government Act*, the CRD must adopt a security issuing bylaw to provide for the issue of debt for all or any part of the debt authorized under loan authorization bylaws for its own borrowings and on behalf of municipalities requesting debt.

Debt issuance is undertaken twice annually by the Municipal Finance Authority (MFA). The process requires the CRD Board to adopt separate security issuing bylaws for each borrower. The approved bylaws are then submitted to the Ministry of Municipal Affairs for approval.

The CRD is requesting the issue of securities as follows in Table 1 below:

TABLE 1: CRD Financial Plan Borrowing – (\$ Millions)

Security Issuing Bylaw No.	Service	LOAN AUTHORIZATION				Term of issue	Issue amount (\$M)	Notes
		Bylaw No.	Authorized (\$M)	Borrowed (\$M)	Remaining (\$M)			
4659	Land Banking and Housing	3715	\$25.000	\$18.488	\$6.512	15	\$6.425	2025 Capital Plan Projects
	Land Banking and Housing	4327	\$10.000	\$0.000	\$10.000	15	\$10.000	2025 Capital Plan Projects
	Environmental Resource Management	4515	\$36.000	\$17.250	\$18.750	15	\$4.900	2025 Capital Plan Projects
	Core Area Wastewater	4375	\$34.300	\$0.000	\$34.300	15	\$10.000	2025 Capital Plan Projects
	TOTAL		\$105.300	\$35.738	\$69.562		\$31.325	

Pursuant to Section 182 of the *Community Charter*, municipality borrowing under a loan authorization bylaw must be undertaken by the applicable regional district on behalf of the municipality. Pursuant to Section 410 of the *Local Government Act*, the regional district will finance the municipalities loan authorization bylaw approved under the *Community Charter*. For municipalities, the requisite loan authorization bylaws, provincial certificates of approval and municipal resolutions for the proposed security issuing bylaws are in place.

Municipal requests for the Spring 2025 MFA issue have been submitted by the City of Colwood, the District of Central Saanich, the City of Victoria and the District of Saanich.

The requests are outlined in Tables 2 to 5 below.

TABLE 2: Municipal Borrowings – City of Colwood (\$ Millions)

Security Issuing Bylaw No.	Municipality	LOAN AUTHORIZATION				Term of issue	Issue amount (\$M)	Notes
		Bylaw No.	Authorized (\$M)	Borrowed (\$M)	Remaining (\$M)			
4660	City of Colwood	2020	\$8.397	\$0.000	\$8.397	30	\$8.397	Public Works Operations Facility
	TOTAL		\$8.397	\$0.000	\$8.397		\$8.397	

TABLE 3: Municipal Borrowings – District of Central Saanich (\$ Millions)

Security Issuing Bylaw No.	Municipality	LOAN AUTHORIZATION				Term of issue	Issue amount (\$M)	Notes
		Bylaw No.	Authorized (\$M)	Borrowed (\$M)	Remaining (\$M)			
4661	District of Central Saanich	2198	\$3.000	\$0.000	\$3.000	15	\$3.000	Brentwood Bay Sewer Project
		2199	\$1.070	\$0.000	\$1.070	15	\$1.070	Wallace Drive Bike Lane
		2200	\$2.500	\$0.000	\$2.500	15	\$2.500	Keating Cross Roadway
	TOTAL		\$6.570	\$0.000	\$6.570		\$6.570	

TABLE 4: Municipal Borrowings – City of Victoria (\$ Millions)

Security Issuing Bylaw No.	Municipality	LOAN AUTHORIZATION				Term of issue	Issue amount (\$M)	Notes
		Bylaw No.	Authorized (\$M)	Borrowed (\$M)	Remaining (\$M)			
4662	City of Victoria	24-018	\$32.000	\$0.000	\$32.000	20	\$32.000	Transportation Improvements
		24-019	\$3.000	\$0.000	\$3.000	20	\$3.000	Public Washroom Improvements
		24-020	\$18.000	\$0.000	\$18.000	20	\$18.000	Parks Redevelopment
	TOTAL		\$53.000	\$0.000	\$53.000		\$53.000	

TABLE 5: Municipal Borrowings – District of Saanich (\$ Millions)

Security Issuing Bylaw No.	Municipality	LOAN AUTHORIZATION				Term of issue	Issue amount (\$M)	Notes
		Bylaw No.	Authorized (\$M)	Borrowed (\$M)	Remaining (\$M)			
4663	District of Saanich	9708	\$1.100	\$0.700	\$0.400	15	\$0.400	Sewer Capital Program
		9767	\$0.800	\$0.000	\$0.800	15	\$0.800	Sewer Capital Program
		9768	\$2.100	\$0.800	\$1.300	15	\$1.300	Drainage Capital Program
		9770	\$0.900	\$0.200	\$0.700	15	\$0.700	Parks Capital Program
		9899	\$0.600	\$0.000	\$0.600	15	\$0.600	Sewer Capital Program
		9900	\$2.000	\$0.000	\$2.000	15	\$2.000	Drainage Capital Program
		9901	\$3.400	\$0.000	\$3.400	15	\$3.400	Transportation Capital Program
		9791	\$25.000	\$0.000	\$25.000	30	\$25.000	Property Acquisition
	TOTAL		\$35.900	\$1.700	\$34.200		\$34.200	

Proposed Arrangement Between the City of Victoria and the Municipal Finance Authority

The MFA has proposed an exception to its standard borrowing process to accommodate the City of Victoria's phased borrowing approach for the spring 2025 borrowing cohort. While the MFA implemented changes approximately seven years ago to align borrowing strictly with Council-approved Municipal Security Issuing Resolutions (MSIRs), this exception will allow the city to stagger the drawdown of funds approved under three existing bylaws (\$32 million, \$3 million and \$18 million).

The MFA has clarified that this exception is being granted as a one-time measure, given the City of Victoria's historical borrowing practices prior to the process change. MFA leadership has emphasized that moving forward, all local governments must adhere to the standard process, ensuring that the exact amounts approved in MSIRs are drawn without deviation.

The MFA and the City of Victoria retain responsibility for managing MSIRs and reconciling any discrepancies between council resolutions and the timing of fund draws. The CRD is limited to a facilitative role, transferring funds from the MFA to the City of Victoria in accordance with council resolutions. The CRD does not provide input on or approve MSIRs and will continue to draft security issuing bylaws strictly based on the council-approved resolutions as delivered.

This proposed arrangement reflects the MFA's acknowledgment of phased borrowing as a governance concern while ensuring that total borrowing does not exceed council-approved amounts. As a final step, the City of Victoria must submit a written Letter of Direction to the MFA by February 13, 2025, specifying the amount needed for the spring 2025 borrowing.

This one-time exception provides clarity for all parties involved and reaffirms the need for consistent governance practices in future borrowing processes.

ALTERNATIVES

Alternative 1

1. That Bylaw No. 4659, "Security Issuing Bylaw No. 1, 2025", be introduced and read a first, second, and third time; and
2. That Bylaw No. 4659 be adopted.
3. That Bylaw No. 4660, "Security Issuing Bylaw No. 2, 2025", be introduced and read a first, second, and third time; and
4. That Bylaw No. 4660 be adopted.
5. That Bylaw No. 4661, "Security Issuing Bylaw No. 3, 2025", be introduced and read a first, second, and third time; and
6. That Bylaw No. 4661 be adopted.
7. That Bylaw No. 4662, "Security Issuing Bylaw No. 4, 2025", be introduced and read a first, second, and third time; and
8. That Bylaw No. 4662 be adopted.
9. That Bylaw No. 4663, "Security Issuing Bylaw No. 5, 2025", be introduced and read a first, second, and third time; and
10. That Bylaw No. 4663 be adopted.

Alternative 2

That adoption of Bylaw No. 4659, 4660, 4661, 4662 and 4663 be referred back to staff for amendments.

IMPLICATIONS

Financial Implications

The CRD funds capital projects through various sources including long-term borrowing. Debt is one financing tool utilized to spread the cost of capital over time. Financial implications for borrowings are included within the approved financial plan bylaw for the respective years.

The Land Banking and Housing Service will borrow funds to fulfill the remaining portion of the CRD's \$40 million commitment to the Regional Housing First Program. This includes \$10.675 million for the Village on the Green redevelopment project and \$5.8 million for the Campus View redevelopment project.

The Environmental Resource Management service is borrowing funds for three capital plan items. The first is \$3.5 million for the landfill Cell 5 Liner Construction, with a total project borrowing of \$4.9 million, including \$1.4 million anticipated in Fall 2025. The second borrowing, \$1 million, is for construction related to the transition liner for Cells 1, 2, and 3. The third borrowing, \$0.4 million, will fund construction for the northeast and northwest aggregate stockpile cover project.

The Core Area service is borrowing funds primarily to complete Bowker Sewer Rehabilitation Phase 2, a project valued at \$8 million. An additional \$2 million will be allocated to support a range of system upgrade initiatives.

Borrowing Terms

Each borrowing request will be funded by the MFA as part of the spring issue, with proceeds expected to be received in May. The amortization period is stipulated in the respective loan authorization bylaw and is for a period established during the public approval process. The rate and initial term of the loan will be determined by the MFA at the time of issuance. As of 2021, the period rates will be locked in and will no longer follow the general 10-year initial term, with 5-year renewal terms thereafter. Depending on market conditions at the time of issuance, the MFA may use longer initial and renewal periods.

The MFA provides current indicative market interest rates as an estimate of potential rates for the upcoming issue. The indicative rates as of December 11, 2024, are:

Loan Amortization	MFABC – Indicative Rates
5 years	3.26%
10 years	3.83%
15 years	4.17%
20 years	4.26%
25 years	4.26%
30 years	4.26%

CONCLUSION

The CRD, through security issuing bylaws, is authorized to borrow from the MFA for both regional district and municipal borrowings. Borrowing costs are covered by the requesting CRD service or municipality.

For the Spring 2025 MFA debt issuance, the CRD has submitted one security issuing bylaw request, and four municipalities have submitted their respective requests. Approval of these bylaws is recommended to facilitate participation in the Spring 2025 MFA debt issuance.

RECOMMENDATION

1. That Bylaw No. 4659, “Security Issuing Bylaw No. 1, 2025”, be introduced and read a first, second, and third time; and
2. That Bylaw No. 4659 be adopted.
3. That Bylaw No. 4660, “Security Issuing Bylaw No. 2, 2025”, be introduced and read a first, second, and third time; and
4. That Bylaw No. 4660 be adopted.
5. That Bylaw No. 4661, “Security Issuing Bylaw No. 3, 2025”, be introduced and read a first, second, and third time; and
6. That Bylaw No. 4661 be adopted.
7. That Bylaw No. 4662, “Security Issuing Bylaw No. 4, 2025”, be introduced and read a first, second, and third time; and
8. That Bylaw No. 4662 be adopted.
9. That Bylaw No. 4663, “Security Issuing Bylaw No. 5, 2025”, be introduced and read a first, second, and third time; and
10. That Bylaw No. 4663 be adopted.

Submitted by:	Varinia Somosan, CPA, CGA, Sr. Mgr., Financial Services / Deputy CFO
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
Concurrence:	Steven Carey, B.Sc, J.D., Acting General Manager, Corporate Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT

Appendix A: Bylaw No. 4659, "Security Issuing Bylaw No. 1, 2025"

Appendix B: Bylaw No. 4660, "Security Issuing Bylaw No. 2, 2025"

Appendix C: Bylaw No. 4661, "Security Issuing Bylaw No. 3, 2025"

Appendix D: Bylaw No. 4662, "Security Issuing Bylaw No. 4, 2025"

Appendix E: Bylaw No. 4663, "Security Issuing Bylaw No. 5, 2025"