

**REPORT TO CAPITAL REGIONAL DISTRICT BOARD
MEETING OF WEDNESDAY, MARCH 24, 2021**

SUBJECT **Bylaw No. 4408 – Southern Gulf Islands Harbours Service Loan Authorization Bylaw No. 1, 2021**

ISSUE SUMMARY

A Capital Regional District (CRD) Board resolution is required to approve Loan Authorization Bylaw No. 4408 for the purpose of financing the Southern Gulf Island Harbours Service five year 2021-2025 Capital Plan.

BACKGROUND

The CRD Southern Gulf Islands Harbours Service owns and operates twelve dock facilities in the Southern Gulf Islands, with a new facility under construction at Anson Road. Additional funds are required to complete construction of this facility, as well as conduct safety improvements and replacements at the Swartz Bay Dock, address capacity issues at the Piers Island Dock and carry out minor safety improvements at the other facilities. The total borrowing of \$1.18 million over a 20-year term to complete all recommended work is incorporated into the five year 2021-2025 capital plan, as recommended by the Southern Gulf Islands Harbour Commission (the “Commission”), to the Electoral Area Committee (EAC) and CRD Board for approval.

This report seeks resolution from the Board authorizing the required loan authorization bylaw and approval process.

Under the *Local Government Act*, participating area approval is required for the loan authorization and can be obtained through the Alternative Approval Process (AAP), which is the most efficient process regarding time and cost.

Borrowing from the Municipal Finance Authority of British Columbia (MFABC) under this bylaw will occur as required to meet cash flow needs for implementation of approved capital projects.

ALTERNATIVES

Alternative 1

1. That Bylaw No. 4408, “Southern Gulf Islands Harbours Service Loan Authorization Bylaw No. 1, 2021”, be introduced and read a first, second, and third time;
2. That Bylaw No. 4408 be referred to the Inspector of Municipalities for approval, and elector approval be obtained via alternative approval process.

Alternative 2

That this report be referred back to staff for further information.

IMPLICATIONS

Legal Implications

Long-term borrowing (i.e. loans with term of more than 5 years) cannot be undertaken without the loan authorization bylaw being approved by the inspector of municipalities after the bylaw is given three readings by the local government. In addition, in accordance with the *Local Government Act*, elector approval is required in order to approve the loan authorization bylaw by either consent on behalf of the service's participating areas or by AAP. The loan will enable the Anson Road Dock facility to be completed and numerous safety and capacity improvements be made at the other dock facilities such as Piers Island and Swartz Bay, pending elector approval.

The costs of an alternative approval process are covered by the service. Generally an alternative approval process of this scope would cost approximately \$10,000. The alternative approval process costs will be funded by the service's Capital Projects budget. If this method is approved by the Province, the notice of alternative approval process will be presented at a future CRD Board meeting for approval.

Financial Implications

The loan authorization for the approved capital plan is \$1.18 million and will support the planned five year 2021-2025 capital plan expenditures. The estimated debt servicing costs for the borrowing are included in the five year 2021-2025 operating budget. Based on Municipal Finance Authority BC's indicative interest rate, the estimated annual debt servicing cost of \$1.18 million over an amortization term of 20 years is \$77,634 or \$12.65 per taxable folio (based on an estimate of 6,139 taxable folios). This would be an additional parcel tax requisition for taxpayers in the service area.

The timing of the actual debt issuance and commencement of payments will be based on the timing of expenditures and the parcel tax amount will be dependent on prevailing interest rates at the time. Before long term debt issuance can be exercised, a security issuing bylaw will be brought forward for approval. To optimize the timing of the long term debt, issuance of a temporary borrowing will be proposed to access interim financing if the AAP proves successful and Ministerial Approval is obtained.

CONCLUSION

The Southern Gulf Islands Harbours service requires additional capacity and is in need of renewal to prevent infrastructure failure, minimize operational costs, and to address future safety issues. The total cost of these capital works is estimated at \$1.18 million to be funded by long term debt through the loan authorization bylaw. An alternative approval process is recommended to obtain elector approval of borrowing.

RECOMMENDATION

1. That Bylaw No. 4408, "Southern Gulf Islands Harbours Service Loan Authorization Bylaw No. 1, 2021", be introduced and read a first, second, and third time;
2. That Bylaw No. 4408 be referred to the Inspector of Municipalities for approval, and elector

approval be obtained via alternative approval process.

Submitted by:	Dale Puskas, P.Eng. Manager, Capital Projects
Concurrence:	Stephen Henderson, Acting General Manager, Corporate Services
Concurrence:	Nelson Chan, Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Ted Robbins, B.Sc., C.Tech., General Manager, Integrated Water Services
Concurrence:	Robert Lapham, M.C.I.P., R.P.P., Chief Administrative Officer

ATTACHMENT

Appendix A – Bylaw No. 4408, Southern Gulf Islands Harbours Service Loan Authorization Bylaw No. 1, 2021