
CITY OF KELOWNA

MEMORANDUM

Date: June 10, 2008

File No.: 1750-30

To: City Manager

From: Director of Financial Services

Subject: **Municipal Finance Authority Borrowing for Fall 2008 Issue**

Report Prepared by: Pat Sibilleau, Financial Analyst, Financial Accounting

RECOMMENDATION:

THAT Council approves borrowing from the Municipal Finance Authority of British Columbia, as part of their 2008 fall issue, \$7,577,000 as authorized through Loan Authorization Bylaw No. 9879 which authorized borrowing for the construction of the Cedar Creek Pump Station & UV Treatment Plant

AND THAT Council approves borrowing from the Municipal Finance Authority of British Columbia, as part of their 2008 fall issue, \$10,400,000.00 as authorized through Loan Authorization Bylaw No. 9880 which authorized borrowing for the construction of DCC road improvements located at Clifton Road, Pandosy Street, High Road, Richter Street, and Central Okanagan Bypass (Cerise to Spall) in the City of Kelowna

AND THAT Council approves borrowing from the Municipal Finance Authority of British Columbia, as part of their 2008 fall issue, \$40,000,000.00 as authorized through Loan Authorization Bylaw No. 9878 which authorized borrowing for the construction of the expansion of the Wastewater Treatment Facility at 951 Raymer Avenue

AND THAT Council approves borrowing from the Municipal Finance Authority of British Columbia, as part of their 2008 fall issue, \$6,572,024.00 as authorized through Loan Authorization Bylaw No. 8929 which authorized the establishment of a specified area for the purpose of providing a sewer system in Rutland

AND THAT Council approves borrowing from the Municipal Finance Authority of British Columbia, as part of their 2008 fall issue, \$297,209.00 as authorized through Loan Authorization Bylaw No. 9559 which authorized the establishment of a specified area for the purpose of providing a water system at Fisher Road

AND THAT Council approves borrowing from the Municipal Finance Authority of British Columbia, as part of their 2008 fall issue, \$2,021,105.00 as authorized through Loan Authorization Bylaw No. 9558 which authorized the establishment of a specified area for the purpose of providing a sewer system at Fisher Road



AND THAT Council approves borrowing from the Municipal Finance Authority of British Columbia, as part of their 2008 fall issue, \$435,038.00 as authorized through Loan Authorization Bylaw No. 9576 which authorized the establishment of a specified area for the purpose of providing a sewer system in Country Rhodes

AND THAT Council approves borrowing from the Municipal Finance Authority of British Columbia, as part of their 2008 fall issue, \$267,073.00 as authorized through Loan Authorization Bylaw No. 9743 which authorized the establishment of a specified area for the purpose of providing a sewer system at Clifton Road

AND THAT the Regional District of Central Okanagan be requested to prepare a security issuing bylaw with a 20 year term.

BACKGROUND:

The Cedar Creek Pump Station and UV Treatment Facility is a project that is cost shared between the Water Utility and the Sector B Water DCC Program. The loan authorization bylaw provides for the borrowing required for the Water Utility portion of the funding. This is a \$12.4 million project that is approximately 1/3 funded through DCC's. Water Utility revenues will be used to repay this debt.

The Development Cost Charge road program is over \$40 million with many of the larger projects occurring in the town centre area. The DCC Reserve balance for Sector I is not sufficient to provide the appropriate share of funding for these projects. A total of \$10.4 million was budgeted to be borrowed for the Clifton Road, Pandosy Street, High Road, Richter Street and the Central Okanagan Bypass (Cerise to Spall) projects. This debt, principal and interest, will be repaid from future DCC revenues.

The Wastewater Treatment Facility plant expansion is a \$60.7 million project that is cost shared between the Wastewater Utility and the Wastewater Treatment DCC Program. In this case the borrowing is required on behalf of the DCC program and will be repaid from future DCC revenues. The stage 2 Phase 1 upgrade will expand the treatment capacity of the Wastewater Treatment Facility from 40 to 60 million litres per day. The actual borrowing of the funds will be over a two year period.

The Rutland Sewer Specified Area will provide a sewer system for the special benefit of the local service area. Capital costs of the work were paid out of money borrowed and repaid by way of a parcel tax under Section 360 of the Local Government Act, levied in 20 annual instalments.

The Fisher Road Water Specified Area 26 Water System will provide potable water to the benefiting area. Capital costs of the work were paid out of money borrowed and repaid by way of a parcel tax under Section 360 of the Local Government Act, levied in 20 annual instalments.

The Fisher Road Specified Area 26 Sewer System will provide sanitary sewer system to improve sanitary disposal to the benefiting area. Capital costs of the work were paid out of money borrowed and repaid by way of a parcel tax under Section 360 of the Local Government Act, levied in 20 annual instalments.

The Country Rhodes Specified Area 34 Sewer System will provide sanitary sewer system to improve sanitary disposal to the benefiting area. Capital costs of the work were paid out of money borrowed and repaid by way of a parcel tax under Section 360 of the Local Government Act, levied in 20 annual instalments

The Clifton Road Specified Area 36 Sewer System will provide sanitary sewer disposal to the benefiting area. Capital costs of the work were paid out of money borrowed and repaid by way of a parcel tax under Section 360 of the Local Government Act, levied in 20 annual instalments

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:

Under the Community Charter, Section 182, *Municipal financing through regional district*, the authority for the Regional District to proceed with borrowing through the Municipal Finance Authority of British Columbia requires a Council resolution and the adoption of a municipal loan authorization bylaw by the Regional District (previously under the Local Government Act a security issue bylaw was required by the municipality).

Considerations that were not applicable to this report:

INTERNAL CIRCULATION TO:

LEGAL/STATUTORY AUTHORITY:

EXISTING POLICY:

FINANCIAL/BUDGETARY CONSIDERATIONS:

PERSONNEL IMPLICATIONS:

TECHNICAL REQUIREMENTS:

EXTERNAL AGENCY/PUBLIC COMMENTS:

ALTERNATE RECOMMENDATION:

Submitted by:



Paul Macklem
Director of Financial Services