



## REQUEST FOR DECISION

**MEETING DATE:** April 11, 2023

**TITLE:** C-1257-23 New Growth Transportation - Pioneer Road Borrowing Bylaw - First Reading

**DIVISION:** Corporate Services

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### **SUMMARY:**

A borrowing bylaw is required to debt finance the construction of the Pioneer Road Top Lift Asphalt project approved by Council as part of the 2023-2025 Corporate Plan.

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### **PROPOSED MOTION:**

THAT first reading be given to C-1257-23 - New Growth Transportation - Pioneer Road Borrowing Bylaw.

### **BACKGROUND / ANALYSIS:**

On December 5, 2022, Council approved the 2023-2025 Corporate Plan, which included the construction of the Pioneer Road Top Lift Asphalt developer project for a total cost of \$1.5 million. The approved project was to be funded by a \$1.2 million debenture and a \$300,000 transfer from developer reserves.

The 2023 Pioneer Road Top Lift Asphalt project was tendered to contractors between February 21, 2023 and March 10, 2023, and tendered costs have come in lower than budgeted. The total estimated cost to complete the project is now \$1.0 million. To ensure the funding sources in the approved long term capital plan remain adhered to, the project will now be funded by a \$700,000 debenture borrowing and a \$300,000 transfer from developer reserves.

The New Growth Transportation - Pioneer Road Borrowing Bylaw will enable the City to borrow up to a maximum of \$700,000 for a 25-year period at an interest rate not to exceed 6 per cent.

The debenture payments for this borrowing bylaw will be funded through offsite levy payments that are received by the City from developers. In the case of a shortfall of levy payments, the City will raise funds through municipal taxation to address the debt payments.

### **OPTIONS / ALTERNATIVES:**

Council could choose not to support the New Growth Development - Pioneer Road Borrowing Bylaw, which would require the City to find an alternative source of funding to finance the construction of the project as the developer reserve balances are currently not sufficient.

### **CONSULTATION / ENGAGEMENT:**

Administration will engage with financial institutions to ensure minimization of cost and risk exposure to the City when undertaking this borrowing process.

### **IMPLEMENTATION / COMMUNICATION:**

In accordance with the *Municipal Government Act*, the bylaw will be advertised in the Spruce Grove Examiner for two consecutive weeks following first reading on April 14 and April 21. A 15-day petition period will follow, ending May 6, 2023. Since the end of the petition period falls on a Saturday, as per the *Interpretation Act*, a petition may be accepted on the next business day (Monday, May 8, 2023). It is anticipated that second and third reading will be brought forward for Council's consideration on May 8, 2023, if no petitions are received by end of business hours on that date.

### **IMPACTS:**

If this borrowing bylaw is approved, funding will be secured to complete the top lift asphalt project on Pioneer Road in 2023.

### **FINANCIAL IMPLICATIONS:**

The 2023-2025 Corporate Plan includes anticipated annual debt servicing costs of approximately \$94,000 commencing in 2024, calculated based on borrowing \$1.5 million for 20 years at an annual interest rate of 4.77 per cent. Borrowing \$700,000 for 25 years at the maximum interest rate of 6 per cent will result in an estimated debt servicing cost on this debenture in 2024 of approximately \$55,000.