



REQUEST FOR DECISION

MEETING DATE: May 8, 2023

TITLE: C-1259-23 - Industrial Watermain - Diamond Avenue Borrowing Bylaw - Second and Third Reading

DIVISION: Corporate Services

SUMMARY:

A borrowing bylaw is required to debt finance the completion of watermain upgrades on Diamond Avenue as part of the Industrial Watermain and Surface Rehabilitation project approved by Council in the 2023-2025 Corporate Plan.

PROPOSED MOTION:

THAT second reading be given to C-1259-23 - Industrial Watermain - Diamond Avenue Borrowing Bylaw.

THAT third reading be given to C-1259-23 - Industrial Watermain - Diamond Avenue Borrowing Bylaw.

BACKGROUND / ANALYSIS:

On December 5, 2022, Council approved the 2023-2025 Corporate Plan, which included the completion of watermain upgrades on Diamond Avenue as part of the Industrial Watermain and Surface Rehabilitation project for a total cost of \$4.44 million. The approved project was originally planned to be funded by utility reserves.

In the first quarter of 2023, it was identified that the \$4.068 million 2023 City Centre Area Redevelopment Plan (ARP) work on McLeod Avenue and Main Street in the City Centre area would need to be completed early in the spring, which necessitated the City switch the funding source for the ARP work from debenture financing to reserves. This shift required a

corresponding shift be made for the industrial watermain work on Diamond Avenue from reserves to a mix of debt funding (\$4.068 million) and reserve funding (\$372,000) to ensure the approved funding sources in the approved long term capital plan remain adhered to.

The Industrial Watermain - Diamond Avenue Borrowing Bylaw will enable the City to borrow up to a maximum of \$4.068 million for a 20-year period of time at an interest rate not to exceed 6 per cent. The City will raise funds annually for debenture payments under this borrowing bylaw through utility user fees.

OPTIONS / ALTERNATIVES:

Council could choose not to support the Industrial Watermain - Diamond Avenue Borrowing Bylaw, which would require the City to find an alternative source of funding to finance the construction of the project. Alternatively, Council could choose not to proceed with the borrowing and thus not proceed with the project.

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 was advertised in the April 14 and 21, 2023 editions of the Spruce Grove Examiner. A 15-day petition period followed the advertisements, which ended May 6, 2023. Since the end of the petition period falls on a Saturday, as per the *Interpretation Act*, a petition would have to be accepted on the next business day (Monday, May 8, 2023). If a petition is received by the end of the business day on May 8, this agenda item will be removed from the agenda to allow time to validate the petition. If no petition is received, the agenda item will proceed accordingly.

IMPACTS:

If this borrowing bylaw is approved, funding will be secured to complete the watermain upgrades on Diamond Avenue in 2023.

FINANCIAL IMPLICATIONS:

Borrowing \$4.068 million for 20 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 \$355,000. This is already considered in the Council-approved debt limit.