



REQUEST FOR DECISION

MEETING DATE: February 26, 2024

TITLE: 2024 Corporate Plan Borrowing Bylaws - First Readings

DIVISION: Corporate Services

SUMMARY:

Borrowing bylaws are required to debt finance the construction of certain capital projects as approved by Council as part of the 2024 - 2026 Corporate Plan, December 4, 2023. The borrowing bylaws are being brought forward for consideration of first reading.

PROPOSED MOTION:

THAT first reading be given to C-1304-24 - Solar Installation Protective Services Borrowing Bylaw.

THAT first reading be given to C-1305-24 - City Hall Renovation 2024-2025 Borrowing Bylaw.

THAT first reading be given to C-1306-24 - 2024 Stormwater Management Facility Rehabilitation - Harvest Ridge Borrowing Bylaw.

THAT first reading be given to C-1307-24 - 2024 Support to City Centre Water Infrastructure - Mohr Avenue Borrowing Bylaw.

THAT first reading be given to C-1308-24 - 2024 Storm Sewer Rehabilitation - 49 Diamond Avenue Borrowing Bylaw.

BACKGROUND / ANALYSIS:

On December 4, 2023, the 2024 - 2026 Corporate Plan and 2024 Budget was approved by Council. The approved 2024 Capital Budget included the following projects to be funded with long term debt:

Municipal Capital	Budgeted Term, Rate	Debt Financing	Total Project Cost
2024 Solar Installation Protective Services	15 Yrs, 5.26%	\$425,000	\$425,000
City Hall Renovation 2024-2025	20 Yr, 5.82%	\$3,020,000	\$3,020,000
Utility Capital			
2024 Stormwater Management Facility Rehabilitation - Harvest Ridge	20 Yrs, 5.82%	\$800,000	\$800,000
2024 Support to City Centre Water Infrastructure - Mohr Avenue	20 Yrs, 5.82%	\$1,500,000	\$1,500,000
2024 Storm Sewer Rehabilitation - 49 Diamond Avenue	20 Yrs, 5.82%	\$450,000	\$1,200,000

The Borrowing Bylaws will enable the City to borrow up to a maximum of \$6,195,000 for a 15 - 20-year period at an interest rate not to exceed eight per cent. The current interest rate for a 20-year term borrowing with the Government of Alberta is 5.28 per cent. The current interest rate for a 15-year term borrowing with the Government of Alberta is 5.19 per cent.

The debenture debt servicing payments for the Municipal Capital Borrowing Bylaws will be funded through municipal taxation. The debenture debt servicing for the Utility Capital Borrowing Bylaws will be funded through the utility rates.

OPTIONS / ALTERNATIVES:

Council could choose not to support one or more of the borrowing bylaws, which would require the City to find an alternate source of funding to finance the construction of the corresponding project(s). This action could delay the project and prevent construction from proceeding.

CONSULTATION / ENGAGEMENT:

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

Additionally, should an alternate funding like an eligible grant become available, Administration will make every effort to secure the alternate funding to offset the debt financing.

IMPLEMENTATION / COMMUNICATION:

In accordance with the *Municipal Government Act*, the borrowing bylaws will be advertised following first reading on the City’s webpage starting February 27, 2024 and in the Spruce Grove Examiner on March 1, 2024. A 15-day petition period will follow, ending March 22, 2024. It is anticipated that second and third reading will be brought forward for Council’s consideration on March 25, 2024, if no petitions are received by end of business hours on that date.

IMPACTS:

If the Borrowing Bylaws are approved, funding will be secured to complete the capital projects.

FINANCIAL IMPLICATIONS:

The annual debt servicing costs are estimated to begin in 2025 and are as follows:

Municipal Capital	Budgeted Term, Rate	Debt Financing	Debt Servicing
2024 Solar Installation Protective Services	15 Yrs, 5.26%	\$425,000	\$41,660
City Hall Renovation 2024-2025	20 Yr, 5.82%	\$3,020,000	\$259,500
Utility Capital			
2024 Stormwater Management Facility Rehabilitation - Harvest Ridge	20 Yrs, 5.82%	\$800,000	\$68,700
2024 Support to City Centre Water Infrastructure - Mohr Avenue	20 Yrs, 5.82%	\$1,500,000	\$128,900
2024 Storm Sewer Rehabilitation - 49 Diamond Avenue	20 Yrs, 5.82%	\$450,000	\$38,700

While the borrowing bylaws limit the borrowing rate to not exceed an interest rate of 8 per cent, the expectation is that the fixed borrowing rate will be under 6 per cent for each Borrowing Bylaw.