



REQUEST FOR DECISION

MEETING DATE: June 13, 2022

TITLE: C-1203-22 – Civic Centre Borrowing Bylaw (Municipal Portion) –
First Reading

DIVISION: Corporate Services

SUMMARY:

Council is required to pass two borrowing bylaws to enable the debt financing for the construction of the Civic Centre project. This bylaw is to provide for the borrowing required to finance the municipal-funded portion of the construction of the Civic Centre.

PROPOSED MOTION:

THAT first reading be given to C-1203-22 – Civic Centre Borrowing Bylaw (Municipal Portion).

BACKGROUND / ANALYSIS:

On June 13, 2022 Council will be considering whether to approve the Civic Centre project construction. If they approve the project, Council is then required to pass two borrowing bylaws to enable the debt financing for the construction of the Civic Centre project, as only a portion of the project is funded through grants and other revenue sources.

There are two borrowing bylaws due to the nature of how the Civic Centre project is funded as outlined in the Financial Analysis section of this Request for Decision.

The Civic Centre Borrowing Bylaw (Municipal Portion) will enable the City to borrow up to a maximum of \$25,704,000 for a 20-year period of time at an interest rate to not exceed six percent upon the completion of the Civic Centre construction.

To minimize the cost of borrowing during the construction of the Civic Centre, the City will borrow only as needed over the construction period to the maximum amount stated. During the construction period, the borrowing rate will be the lender's prime rate plus zero per cent.

The debenture payments for this borrowing bylaw will be funded through municipal revenue, including taxation levy.

OPTIONS / ALTERNATIVES:

Council could choose not to support Civic Centre Borrowing Bylaw (Municipal Portion) and not proceed with the borrowing and thus not proceed with the project.

CONSULTATION / ENGAGEMENT:

Administration has engaged with investment and 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 June 17 and June 24, 2022 editions of the Spruce Grove Examiner. A 15 day petition period will follow, ending July 9, 2022. 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, July 11, 2022). It is anticipated that second and third reading will be brought forward for Council's consideration on July 18, 2022.

Upon the passing of third reading of the Civic Centre Borrowing Bylaw (Municipal Portion), Administration will commence to finalize the draft financial agreements to secure the borrowing rate within the allotted bylaw cap.

IMPACTS:

The combination of the two borrowing bylaws being passed will have the City exceeding the self-imposed debt policy limit as prescribed in the Debt Management Policy, from 2023 - 2028. Council recognized this exceedance as part of its approval of the Civic Centre project approval.

FINANCIAL IMPLICATIONS:

Total Civic Centre capital cost is estimated at \$72,789,000.

Funding sources

Municipal Sustainability Initiative (MSI):	\$18,967,000
Cost share revenue:	\$4,378,000
Municipal debt (i.e. municipal-funded portion):	\$25,704,000
Proposed developer funded:	\$21,450,000
Reserves:	\$2,290,000

STRATEGIC VISION ELEMENT:

This topic relates to all three of the City's strategic vision elements contained in Council's Strategic Plan

RELATED GOAL:

High quality leisure, recreational, commercial and social infrastructure and amenities as well as policies that meet the interests and needs of the greater community are in place and conveniently accessible.