



## REQUEST FOR DECISION

**MEETING DATE:** July 8, 2024

**TITLE:** C-1343-24 - 2024 Support to City Centre Sanitary Sewer - Mohr Avenue Borrowing Bylaw - Second and Third Reading

**DIVISION:** Corporate Services

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### **SUMMARY:**

A borrowing bylaw is required to debt finance the replacement of the sanitary sewer main for the Mohr Avenue - Support to City Centre utility project in the amount of \$1M.

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### **PROPOSED MOTION:**

THAT second reading be given to C-1343-24 - 2024 Support to City Centre Sanitary Sewer - Mohr Avenue Borrowing Bylaw.

THAT third reading be given to C-1343-24 - 2024 Support to City Centre Sanitary Sewer - Mohr Avenue Borrowing Bylaw.

### **BACKGROUND / ANALYSIS:**

During the design of the Mohr Avenue City Center Watermain Rehabilitation Project, it was discovered that the sanitary sewer main needs to be replaced from Calahoo Road to Main Street.

On June 10, 2024 Council approved a \$1M sanitary sewer budget that is required to complete the project.

Administration recommends the funding for the sanitary sewer utility work be by debenture borrowing and would therefore require a borrowing bylaw.

### **OPTIONS / ALTERNATIVES:**

Council could choose not to support the Borrowing Bylaw, which would require the City to find an alternate source of funding to finance the construction of the project. 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.

### **IMPLEMENTATION / COMMUNICATION:**

In accordance with the *Municipal Government Act*, the Borrowing Bylaw was advertised following first reading on the City's webpage starting June 11, 2024, and in the Spruce Grove Examiner on June 14, 2024. The 15-day petition period ends July 5, 2024. Second and third reading are being brought forward for Council's consideration on July 8, 2024, if no petitions are received by end of business hours on July 5, 2024.

### **IMPACTS:**

If the Borrowing Bylaw is approved, funding will be secured to complete the sanitary sewer project.

### **FINANCIAL IMPLICATIONS:**

The annual debt servicing cost of a 20-year, 5.17 per cent debenture (latest rate offered by the Government of Alberta) is estimated to be \$80,817. A \$1M debenture would result in the City's debt being at 49.6 per cent of its debt limit.

The impact of the \$1M sanitary sewer project on utility rates is not easily determined, as the City considers all utility capital project costs and operations in its utility rate setting. Administration is currently identifying proposed capital plan changes, and will then determine whether a utility rate model update will need to be performed for 2025 rate setting.