

DATE OF MEETING MARCH 21, 2022

AUTHORED BY LAURA MERCER, DIRECTOR, FINANCE

SUBJECT MUNICIPAL SECURITY ISSUING RESOLUTION – FIRE STATION NO. 1

OVERVIEW

Purpose of Report

To seek Council's approval for borrowing \$280,269 (the fourth and final draw) from the Municipal Financial Authority (MFA) for Fire Station No. 1 (a project previously approved by Council) in 2018.

Recommendation

That Council:

1. Approve borrowing two hundred eighty thousand, two hundred and sixty nine dollars (\$280,269) from the Municipal Finance Authority of British Columbia, as part of the 2022 fall Borrowing Session and as authorized through "Fire Station #1 Borrowing Bylaw 2018 No. 7257"; and,
2. That the Regional District of Nanaimo be requested to consent to the City of Nanaimo borrowing the two hundred eighty thousand, two hundred and sixty nine dollars (\$280,269) over a 20-year term and include the borrowing in a Security Issuing Bylaw.

BACKGROUND

At the 2018-FEB-19 Council meeting, Staff was directed to conduct an Alternative Approval Process to obtain approval of the electors to borrow up to \$17M for Fire Station No. 1 through "Fire Station #1 Borrowing Bylaw 2018 No. 7257". Approval of the electors was obtained, the bylaw was adopted, and the Certificate of Approval for the Bylaw was received from the Ministry of Municipal Affairs and Housing on 2018-JUN-13.

To avoid paying interest on money that is not needed immediately, the Municipal Finance Authority (MFA) has a process in place (through the passing of a Security Issuing Resolution) whereby municipalities can take draws (as needed) on the amount approved under the bylaw.

In 2018, Council did its first draw and passed a resolution to borrow \$3,235,354. These funds were used towards the detailed design.

In 2020, Council did its second draw and passed a resolution to borrow \$2,000,000. These funds were used to start the construction phase.

In 2021, Council did its third draw and passed a resolution to borrow \$11,160,000. These funds were used to continue with the construction phase.

DISCUSSION

As noted in the background section of the report, Council passed a resolution in 2018 to borrow \$3,235,354 to commence detailed design of the project. Projected funding requirements in 2020 and 2021 required the City to undertake its second and third borrowings in the amount of \$2,000,000 and \$11,160,000 respectively to proceed to the construction phase.

Now that construction is almost complete, the final borrowing needed in 2022 is \$280,269.

This will bring the total borrowing for the project to \$16,810,269. This includes \$16,675,623 in new borrowing and the allocation of \$134,646 of debt funding remaining from the 2007 borrowing for Fire Station #4.

OPTIONS

1. That Council:

1. Approve borrowing two hundred eighty thousand, two hundred and sixty nine dollars (\$280,269) from the Municipal Finance Authority of British Columbia, as part of the 2022 fall Borrowing Session and as authorized through “Fire Station #1 Borrowing Bylaw 2018 No. 7257”; and,
2. That the Regional District of Nanaimo be requested to consent to the City of Nanaimo borrowing the two hundred eighty thousand, two hundred and sixty nine dollars (\$280,269) over a 20-year term and include the borrowing in a Security Issuing Bylaw.
 - To meet MFA’s fall borrowing opportunity, the City must pass the resolution and forward it to the Regional District of Nanaimo (RDN) for consideration by the Board at a May/June 2022 meeting. From there, the RDN would make an application, on the City’s behalf, for a certificate of approval from the Ministry before the July/August 2022 fall borrowing deadline.
 - Financial Implications: Borrowing to support building Fire Station No. 1 was previously approved by Council in 2018 through “Fire Station #1 Borrowing Bylaw 2018, 2017”.
2. That Council deny approval of borrowing from the Municipal Finance Authority for British Columbia.
 - Financial Implications: The \$280,269 funding would need to be taken from another funding source. This could result in other projects being delayed or removed from the 2022 – 2026 Financial Plan.

SUMMARY POINTS

- The next step in the process to replace Fire Station #1 and obtain borrowing is for Council to pass a Municipal Security Issuing Resolution.
- All long-term financing under Section 179 of the Community Charter, must be done through a regional district, and the Municipal Finance Authority of BC.
- As this resolution is a requirement for continuing with the project, if Council chose to not pass the recommendation, funding would need to come from another funding source.

ATTACHMENTS:

Fire Station #1 Borrowing Bylaw 2018 No. 7257 |

Submitted by:

Laura Mercer
Director, Finance

Concurrence by:

Sheila Gurrie
Director, Legislative Services |