

DATE OF MEETING DECEMBER 18, 2023

AUTHORED BY WENDY FULLA, DEPUTY DIRECTOR, FINANCE

SUBJECT INTERNAL BORROWING RESOLUTION

OVERVIEW

Purpose of Report

To have Council approve an internal borrowing resolution for the portion allocated to growth for Sanitary Sewer project DCC SS44: Hammond Bay & Turner Area. |

Recommendation

That Council approve internal borrowing from the Development Cost Charge (DCC) City Wide Drainage Reserve Fund in the amount of \$2,163,150 in 2024 to fund the Sanitary Sewer DCC project SS44: Hamond Bay & Turner Area, for a 20-year term at an interest rate of 2.0% with repayment from sewer operations.

BACKGROUND

Sections 189 (4.1) and (4.2) of the *Community Charter* govern borrowing between capital reserve funds. These subsections allow borrowing between any capital reserves, including those established for DCCs. Section 189 (4.2) of the *Community Charter* provides as follows:

“189 (4.2) If money from one reserve fund is used under subsection (4.1) for the purposes of another reserve fund, the municipality must repay to the first reserve fund, no later than the time when the money is needed for the purposes of that reserve fund,

- (a) the amount used, and
- (b) an amount equivalent to the interest that would have been earned on the amount used had it remained in the first reserve fund.”

The temporary borrowing between reserve funds does not require a bylaw or Ministry approval; however, best practice would be for Council to authorize the borrowing resolution. |

DISCUSSION

The 2024 – 2028 Financial Plan contains internal borrowing between Sanitary Sewer and the Drainage Development Cost Charge Reserve Fund for DCC SS44: Hammond Bay & Turner Area in 2024 as the projected balance in the City Wide Sewer DCC Reserve Fund is insufficient to fund the project.

The current DCC Bylaw was adopted by Council on 2018-APR-23. A DCC review process is underway which will include:

- Updating community growth and type of development estimates.
- Projecting infrastructure investment including timing and cost.
- Proposed changes to current charges.

As part of the review process staff will also explore options to address the funding challenges for Sewer DCC projects and report back to Council with their findings.

In the future, if sufficient funding is available, repayment from the Sewer DCC Reserve will be considered for the debt servicing for this borrowing and other outstanding Sewer DCC internal borrowing.

OPTIONS

1. That Council approve internal borrowing from the Development Cost Charge (DCC) City Wide Drainage Reserve Fund in the amount of \$2,163,150 in 2024 to fund the Sanitary Sewer DCC project SS44: Hamond Bay & Turner Area, for a 20-year term at an interest rate of 2.0% with repayment from sewer operations.

- The advantages of this option: An internal borrowing resolution is considered best practice and supports Council's strategic framework of governance and corporate excellence and communicating with the community.

2. That Council provide alternative direction,

SUMMARY POINTS

- The City will fund the portion of the project allocated to growth for the Sanitary Sewer DCC SS44: Hammond Bay & Turner Area project with internal borrowing from the City Wide Drainage DCC Reserve Fund.
- Section 189 (4.1) and (4.2) of the *Community Charter* allow internal borrowing between capital reserves.

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