

DATE: May 29, 2019

TO: MAYOR AND COUNCIL

NAME AND TITLE: Kris Dalio, Director of Finance

SUBJECT: Security Issue Resolution – Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service

ATTACHMENT(S): None

RECOMMENDATIONS:

That Council approve borrowing from the Municipal Finance Authority of British Columbia, as part of their 2019 fall issue, \$1,584,026 as authorized through “Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service Loan Authorization Bylaw No. 8722, 2015” and that the Regional District of Fraser-Fort George be requested to consent to the borrowing over a twenty (20) year term and include the borrowing in its security issuing bylaw.

PURPOSE:

This report has been prepared for the purpose of having Council approve a security issue resolution for the debenture funding for the Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service project.

POLICY/REGULATORY ANALYSIS:

The previous stages of approval for the Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service were as follows:

- December 14, 2015 – Report to Council proposed the capital project and was approved by Council with MFA Debt as funding source and first three readings of Loan Authorization Bylaw #8722 was given;
- March 7, 2016 - Final reading of Loan Authorization Bylaw #8722 after Inspector Approval.

Construction of Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service was completed in late 2018 and the total costs of the project are now known. Three of the properties commuted the payment and so the City will only be asking to borrow the remainder of the costs that were not commuted. The final step in funding this project is to confirm the loan amount (via a “security issue”) with the Municipal Finance Authority.

STRATEGIC PRIORITIES:

The Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service project supports Council's Priorities of "Sustainable Fiscal Management" and "Sustainable Infrastructure".

FINANCIAL CONSIDERATIONS:

The security issue is described as follows:

Loan Authorization Bylaw # and Fund	Description	Total Loan Authorization	Total Project Costs	Commuted Payments Received	Security Issue Request
8722 - Sewer	Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service	\$1,944,000	\$1,645,741	\$61,715	\$1,584,026
Total Security Issue Resolution Required					\$1,584,026

This security issue would have a repayment term of 20 years which would begin in the spring of 2020. The general fund would repay the debt for the Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service project at an estimated annual amount of \$99,819. As the residents of the 80 properties requested and approved this project, they will also repay the annual debt servicing costs. The City will collect the payments as an extra levy on those properties' annual property taxes over the next twenty years.

SUMMARY AND CONCLUSION:

A security issue resolution of Council is required in order to complete the debenture funding process for the Killarney-Sussex-Wildwood Sanitary Sewer Extension Local Area Service project. This report details the amount of debenture that is required to be issued and has been prepared in order to meet the deadlines of the Municipal Finance Authority and the Regional District of Fraser-Fort George for the fall issue.

RESPECTFULLY SUBMITTED:



Kris Dalio, Director of Finance

APPROVED:



Kathleen Soltis, City Manager
Meeting date: June 10, 2019