



Staff Report

CORPORATE ADMINISTRATION

To: Council
From: Jon Wilsgard, CAO/CO
Subject: Loan Authorization Bylaw

File: 3900-20-1444, 2021
Date: February 9th, 2021

RECOMMENDATION

THAT per the Staff Report *Loan Authorization Bylaw* received February 9th, 2021 from the CAO, Council CONSIDER RESCINDING third reading for Town of Golden proposed Bylaw No. 1444, 2021 *Loan Authorization* and PASSING third reading AS AMENDED.

BACKGROUND

At its regular meeting held January 26th, 2021, Council passed three readings to proposed Bylaw No. 1444, 2021 *Loan Authorization*. Staff were then able to assemble a submission to the Inspector of Municipalities for its review of the bylaw and rationale, and thereby attain permission to obtain the approval of the electors in an Alternate Approval Process for the proposed borrowing.

DISCUSSION

The Province has provided staff with some initial commentary which until rectified stalls further review.

The templated bylaw format provided by the Province for these initiatives states in this case: “*The maximum term for which debentures may be issued to secure the debt created by this bylaw is XXXXX (XX) years.*”

The interpretation of this is literal in that the term stated must be followed and not and not subject to the municipality lessening the term upon budget discussions or application for borrowing as was staff’s interpretation. While Council were shown options for a 25 or 30 year debenture, it is recommended that 25 years be chosen.

As a result, the statement should be amended from 30 years to 25 years.

Staff have also removed reference to 8th Avenue North in the bylaw given that following 9th Avenue and 6th Street, the next infrastructure priority project should be discussed more fulsomely by Council as there are competing linear and non-linear priorities that may be considered equal in priority. Moreover, while intuitively 8th Avenue North may seem a logical next project, it does not technically merit the priority of these other projects.

The Province has commented in this case that it is comfortable in the fact that local governments are autonomous levels of government with professional staff and fiduciary duties to their taxpayers, with loan authorizations being approved by the electors. In other words, there is trust that we will spend the money wisely.

In making these amendments the Province will continue its review. The Staff Report from the January 26th, 2021 Council Meeting is attached for reference.

IMPLICATIONS

Strategic

(Guiding Documents Relevancy -Strategic Plan, OCP)

Council Strategic Priority Theme: *Managing our Assets for the Future*

This initiative is fully supported by inventory data and reports including the Town's Infrastructure Replacement Priority Plan. The projects contemplated are the highest priority linear asset replacements in this plan.

Borrowing capital funding for infrastructure replacement is a sound investment strategy, particularly in times when interest rates are amenable, the renewal need is clear, and the lens of temporal-fiscal equivalence is applied. In this viewpoint lies the positioning that those who benefit from a public investment should be the population that pays for it versus the contrary view that capital spending should occur only after sufficient funds have been saved for it. In such a scenario, those subjected to long term taxation in a savings regime may not be the beneficiaries of the eventual amenities being saved for. In a community experiencing population growth and development activity – like Golden, the former viewpoint is far more defensible, considering the lifespan of the assets under renewal.

Methodical implementation of an asset management paradigm in the municipality has included using funds to attain an engineered level for projects and therefore positioned for both grant applications and borrowing processes with an assurance of costs and project parameters.

Council Strategic Priority Theme: *Living Within Our Means*

This initiative proposes a relatively modest capital borrowing plan that will permit critical infrastructure renewal while ensuring our borrowing capacity and debenture payments are manageable through the lens of other municipal responsibilities.

Financial

(Corporate Budget Impact)

Attached to this report are two scenarios for debenture repayments at 25 years and 30 years respectively. Each scenario includes a Liability Servicing Limit Certificate (LSLC) and schedule of repayments. Central to the LSLC is the calculated statutory threshold limit the municipality must not exceed for annual debt payments. In both scenarios the Town's capacity is less than 42% of this threshold. This threshold includes debt payments made for both short and long term borrowing. As a result, the threshold is lowered whenever a debt is paid off. Staff recommend staying below 50%.

Choosing an even shorter debt term would lessen the interest paid over time but would significantly affect cash flow and borrowing capacity. Given that another fire truck must be purchased in another 2 years and keeping a margin for contingency borrowing in an emergency situation should it ever arise, the practicality of a lesser term is not revealed.

The interest savings, manageable difference in principle payments and overall shorter term make the 25 year option a better one.

Administrative

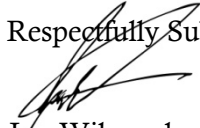
(Policy/Procedure Relevancy, Workload Impact and Consequences)

The administrative process and work load leading to the act of borrowing will consume a collectively estimated 32 hours of staff time and will be placed in the corporate work plan once confirmed.

OPTIONS

1. Consider rescinding third reading and passing third reading as amended for the bylaw.
2. Determine further amendments to the bylaw as deemed appropriate.
3. Determine to make no changes to the bylaw at this time.

Respectfully Submitted,



Jøn Wilsgard
Chief Administrative Officer/
Corporate Officer

Attachments-

TOWN OF GOLDEN

BYLAW NUMBER 1444, 2021
LOAN AUTHORIZATION

Being a bylaw to authorize the borrowing of funds to conduct Priority Infrastructure Renewals

The Council of the Town of Golden, in open meeting assembled, **HEREBY ENACTS AS FOLLOWS:**

1. CITATION

- (a) This Bylaw may be cited for all purposes as “*Town of Golden Loan Authorization Bylaw No. 1444, 2021*”.

2. SUBSTANTIVE PROVISIONS

- (a) The Council is hereby empowered and authorized to undertake and carry out or cause to be carried out the renewal and reconstruction of portions of distinct roadways in the downtown namely 9th Avenue North, and 6th Street South in accordance with general plans on file held by the municipality notwithstanding the authority to affect changes to such plans as deemed appropriate and utilize remaining borrowed funds to address other priority infrastructure renewals as identified and otherwise do all things necessary in connection therewith and without limiting the generality of the foregoing:
 - (i) To borrow upon the credit of the Municipality a sum not exceeding \$5,000,000 (five million dollars).
 - (ii) To acquire all such real property, easements, rights-of-way, licenses, rights or authorities as may be requisite or desirable for or in connection with the project.
- (b) The maximum term for which debentures may be issued to secure the debt created by this bylaw is twenty five (25) years.

3. SEVERABILITY

- (a) If any portion of this bylaw is found invalid by a decision of a court of competent jurisdiction, the invalid portion is severed without effect on the remaining portions of the bylaw.

READ A FIRST TIME THIS 26TH DAY OF JANUARY, 2021.

READ A SECOND TIME THIS 26TH DAY OF JANUARY, 2021.

READ A THIRD TIME THIS 26TH DAY OF JANUARY, 2021.

Town of Golden Loan Authorization Bylaw 1444, 2021

THIRD READING RESCINDED THIS 9TH DAY OF FEBRUARY, 2021.

THIRD READING AS AMENDED THIS 9TH DAY OF FEBRUARY, 2021.

RECEIVED the approval of the Inspector of Municipalities this

____ day of _____, 2021.

RECEIVED the approval of the electors of the Town of Golden on the

____ day of _____, 2021.

RECONSIDERED AND ADOPTED THIS _____ DAY OF _____, 2021, BY A
UNANIMOUS DECISION OF ALL MEMBERS OF TOWN COUNCIL PRESENT
AND ELIGIBLE TO VOTE

MAYOR

CORPORATE OFFICER

Certified a true copy of Bylaw No.1444, 2021 as at third reading as amended.

CORPORATE OFFICER

Certified a true copy of Bylaw No.1444, 2021 as adopted

CORPORATE OFFICER



Staff Report

CORPORATE ADMINISTRATION

To: Council
From: Jon Wilsgard, CAO/CO
Subject: Loan Authorization Bylaw

File: 3900-20-1444, 2021
Date: January 26th, 2021

RECOMMENDATION

THAT per the Staff Report *Loan Authorization Bylaw* received January 26th, 2021 from the CAO, Council CONSIDER passing three readings for Town of Golden proposed bylaw No. 1444, 2021 *Loan Authorization*.

BACKGROUND

At its regular meeting held October 20th, 2020, Council passed the following resolution:

(20-302) THAT Council DIRECT staff to undertake a public approval process in 2021 seeking authorization to borrow up to \$5,000,000 in long term financing from the Municipal Finance Authority for priority asset management infrastructure renewals including the 600 Block of 9th Avenue North and 6th Street North between 8th and 9th Avenues North.

DISCUSSION

Long term capital borrowing by municipalities in British Columbia is governed by a legislated process of accountability, consultation, and risk distribution that involves the Province, the local electorate, and the regional district.

Following three readings of the bylaw, it then must be submitted with a package of supporting information to the Province for its approval in principle to garner elector approval, in this case through the Alternate Approval process.

The local electorate will be notified of council's intent to borrow and the rationale behind it through required advertising and proactive messaging. Within a specific time frame no less than 32 days in length the public must be provided the opportunity to represent opposition. This typically amounts to making a specific registration form available at Town Hall for any eligible voter to sign.

The definition of an eligible voter is that same as that for a municipal election for both Resident and Non Resident Property Electors. Despite its similarities, the process is not bound by the same legislative provisions as elections. It is not considered a vote; therefore the appointment of scrutineers or other verifications are neither required nor enabled. Only the Corporate Officer can certify and determine the AAP results and the determination is final and conclusive.

Staff have been provided with the estimated number of eligible voters in the Town of Golden by Elections BC, being 2,754. If at least 10% (275) of the estimated number of eligible voters within the municipality's jurisdiction register opposition, the bylaw will fail; otherwise, it can then be adopted and following a month long mandatory quashing period, council can then apply for a Certificate of Approval from the Province.

The final process step requires a municipal security issuing resolution by council to be forwarded to the regional district which must then adopt its own security issuing bylaw specific to the loan, also for approval by the Province.

The entire process requires about 6 months after which the municipality can request issuance of securities timed with bi-annual issuance of debentures by the Municipal Finance Authority – which will be this fall.

A loan authorization bylaw is just that and does not bind Council into borrowing a certain amount or any at all. Actual borrowing may only occur by specific council resolution and then only once elector approval is attained, the Province is satisfied with the assent process and the ability of the municipality to pay; and the regional district has also passed a securities issue resolution.

Following three readings of this bylaw the next immediate process step is submission of all relevant materials to the Province to attain consent to undertake an elector approval process.

IMPLICATIONS

Strategic

(Guiding Documents Relevancy -Strategic Plan, OCP)

Council Strategic Priority Theme: *Managing our Assets for the Future*
This initiative is fully supported by inventory data and reports including the Town's Infrastructure Replacement Priority Plan. The projects contemplated are the highest priority linear asset replacements in this plan.

Borrowing capital funding for infrastructure replacement is a sound investment strategy, particularly in times when interest rates are amenable, the renewal need is clear, and the lens of temporal-fiscal equivalence is applied. In this viewpoint lies the positioning that those who benefit from a public investment should be the population that pays for it versus the contrary view that capital spending should occur only after sufficient funds have been saved for it. In such a scenario, those subjected to long term taxation in a savings regime may not be the beneficiaries of the eventual amenities being saved for. In a community experiencing population growth and development activity – like Golden, the former viewpoint is far more defensible, considering the lifespan of the assets under renewal.

Methodical implementation of an asset management paradigm in the municipality has included using funds to attain an engineered level for projects and therefore positioned for both grant applications and borrowing processes with an assurance of costs and project parameters.

Council Strategic Priority Theme: *Living Within Our Means*

This initiative proposes a relatively modest capital borrowing plan that will permit critical infrastructure renewal while ensuring our borrowing capacity and debenture payments are manageable through the lens of other municipal responsibilities.

Financial

(Corporate Budget Impact)

Attached to this report are two scenarios for debenture repayments at 25 years and 30 years respectively. Each scenario includes a Liability Servicing Limit Certificate (LSLC) and schedule of repayments. Central to the LSLC is the calculated statutory threshold limit the municipality must not exceed for annual debt payments. In both scenarios the Town's capacity is less than 42% of this threshold. This threshold includes debt payments made for both short and long term borrowing. As a result, the threshold is lowered whenever a debt is paid off. Staff recommend staying below 50%.

Also attached is a projection of property taxation impacts to various values in Classes 1 and 6. It is important to note the apportionment of repayment to the utilities and therefore future rates to recover these annual costs versus

all accruing directly to property taxes. The taxation impacts are presented in two scenarios based on either a 25 year loan or a 30 year loan.

Administrative

(Policy/Procedure Relevancy, Workload Impact and Consequences)

The administrative process and work load leading to the act of borrowing will consume a collectively estimated 32 hours of staff time and will be placed in the corporate work plan once confirmed.

OPTIONS

1. Consider readings for proposed bylaw No. 1444, 2021.
2. Determine amendments to proposed bylaw No. 1444, 2021 prior to any readings.
3. Determine to pass no readings of the bylaw at this time.

Respectfully Submitted,



Jon Wilsgard
Chief Administrative Officer

Attachments-



BYLAW RATIONALE STATEMENT

Town of Golden Bylaw 1444, 2021 – *“Loan Authorization”*

A Council of a municipality in British Columbia may borrow funds for capital projects deemed necessary to meet public safety requirements, infrastructure needs, or any other need it may have identified within its Official Community Plan and 5-Year Financial Plan.

In most cases, the authorization to borrow starts with the development of a loan authorization bylaw which is an instrument of a council’s intent to borrow funds subject to the approval of the Province and the local electorate.

This comprehensive process of consultation and accountability provides for an exceptional interest rate and the loaning security provided by the Municipal Finance Authority (MFA) of BC.

This bylaw provides authority for the municipality to borrow up to \$5 million from the MFA to undertake core downtown street renewals and reconstruction including deep utility replacements, and complete road reconstructions including curbing, gutters, sidewalks, and landscaping with authority to apply remaining borrowed funds to other priority infrastructure project renewals as identified and as necessary.

Long term borrowing is a cost effective and fair mechanism to enable the municipal funding contribution for large infrastructure renewal projects as it distributes the financial liability for paying for such assets over a long period of time to a wider number of tax payers accruing the benefits from the assets.

TOWN OF GOLDEN

BYLAW NUMBER 1444, 2021
LOAN AUTHORIZATION

Being a bylaw to authorize the borrowing of funds to conduct Priority Infrastructure Renewals

The Council of the Town of Golden, in open meeting assembled, **HEREBY ENACTS AS FOLLOWS:**

1. CITATION

- (a) This Bylaw may be cited for all purposes as “*Town of Golden Loan Authorization Bylaw No. 1444, 2021*”.

2. SUBSTANTIVE PROVISIONS

- (a) The Council is hereby empowered and authorized to undertake and carry out or cause to be carried out the renewal and reconstruction of portions of distinct roadways in the downtown namely 9th Avenue North, 6th Street South and 8th Avenue North in accordance with general plans on file held by the municipality notwithstanding the authority to affect changes to such plans as deemed appropriate and utilize remaining borrowed funds to address other priority infrastructure renewals as identified and otherwise do all things necessary in connection therewith and without limiting the generality of the foregoing:
 - (i) To borrow upon the credit of the Municipality a sum not exceeding \$5,000,000 (five million dollars).
 - (ii) To acquire all such real property, easements, rights-of-way, licenses, rights or authorities as may be requisite or desirable for or in connection with the project.
- (b) The maximum term for which debentures may be issued to secure the debt created by this bylaw is thirty (30) years.

3. SEVERABILITY

- (a) If any portion of this bylaw is found invalid by a decision of a court of competent jurisdiction, the invalid portion is severed without effect on the remaining portions of the bylaw.

READ A FIRST TIME THIS 26TH DAY OF JANUARY, 2021.

READ A SECOND TIME THIS 26TH DAY OF JANUARY, 2021.

READ A THIRD TIME THIS 26TH DAY OF JANUARY, 2021.

RECEIVED the approval of the Inspector of Municipalities this

_____ day of _____, 2021.

RECEIVED the approval of the electors of the Town of Golden on the

____ day of _____, 2021.

RECONSIDERED AND ADOPTED THIS _____ DAY OF _____, 2021, BY A
UNANIMOUS DECISION OF ALL MEMBERS OF TOWN COUNCIL PRESENT
AND ELIGIBLE TO VOTE

MAYOR

CORPORATE OFFICER

Certified a true copy of Bylaw No.1444, 2021 as at third reading

CORPORATE OFFICER

Certified a true copy of Bylaw No.1444, 2021 as adopted

CORPORATE OFFICER

**Loan Authorization Bylaw 1444, 2021 Schedule and Cost of Capital Projects
Scenario 1 - Successful Award of CERIP Grants**

Project	Cross Streets	Start	Finish	Project Scope	Cost
9th Ave N	6th and 7th Sts N	2021	2022	Complete renewal of road structure, water sewer, storm, surface works	\$2,115,000
6th St N	8th and 9th Aves N	2021	2022	Complete renewal of road structure, install new water, storm, surface works, Underground hydro	\$932,000
TBD		2023	2024		\$1,953,000
				TOTAL	\$5,000,000

**Loan Authorization Bylaw 1444, 2021 Schedule and Cost of Capital Projects
Scenario 2 - Without CERIP Grant Funding**

Project	Cross Streets	Tender	Finish	Project Scope	Cost
9th Ave N	6th and 7th Sts N	Fall 2021	Fall 2022	Complete renewal of road structure, water sewer, storm, surface works	\$2,178,500
6th St N	8th and 9th Aves N	Fall 2022	Fall 2023	Complete renewal of road structure, install new water, storm, surface works, Underground hydro	\$987,900
TBD		Fall 2023	Fall 2024		\$1,833,600
TOTAL					\$5,000,000

Town of Golden

Report: Long Term Loan - Potential Tax Impacts

Date: January 21, 2021

Class	Tax Rates by Class and by Year			(with new debt)	
	2019	2020	Projected 2021	Projected 2021	
1 - Residential	5.750	5.219	5.348	5.472	
6 - Business	12.434	12.115	12.414	12.702	

RESIDENTIAL		Approx. Municipal Taxes		Projected Municipal Taxes with new debt		Impact with debt	
Class	Property	2019	2020	(A) 2021	(B) 2021	Dollar Change (A) to (B)	Percentage Change (A) to (B)
1	\$ 300,000	1,725	1,566	1,604	1,642	\$ 37	2.32%
1	\$ 400,000	2,300	2,088	2,139	2,189	\$ 50	2.32%
1	\$ 500,000	2,875	2,610	2,674	2,736	\$ 62	2.32%
1	\$ 600,000	3,450	3,131	3,209	3,283	\$ 75	2.32%
Residential - Additional cost per \$1,000 of Assessed Value						\$	0.124174

BUSINESS		Approx. Municipal Taxes		Projected Municipal Taxes with new debt		Impact with debt	
Class	Property	2019	2020	(A) 2021	(B) 2021	Dollar Change (A) to (B)	Percentage Change (A) to (B)
6	\$ 400,000	4,974	4,846	4,966	5,081	\$ 115	2.32%
6	\$ 600,000	7,460	7,269	7,448	7,621	\$ 173	2.32%
6	\$ 800,000	9,947	9,692	9,931	10,162	\$ 231	2.32%
6	\$ 1,000,000	12,434	12,115	12,414	12,702	\$ 288	2.32%
Business - Additional cost per \$1,000 of Assessed Value						\$	0.288241

ADDITIONAL NOTES:

1. The contemplated tax increase is over and above the regular budget increase of 5%
2. For the purpose of this estimate, assessments were kept constant at the 2020 roll values to eliminate increases/decreases based on valuations and non-market changes.
3. The full amount of debt would not be drawn all at once, resulting in a lesser immediate increase in 2021/22. With increases actually phased over the course of multiple years.
4. The annual debt servicing amount used was \$277,148 which is an outside estimate based on a 25 year loan at the Municipal Finance Authority Rate of 2.32% as at January 21, 2020.

LIABILITY SERVICING LIMIT CERTIFICATE

The Town of Golden (the "Municipality")

In relation to POTENTIAL LONG TERM LOAN - - - - - 25 YEARS

The undersigned Financial Officer assigned responsibility for financial administration under section 149 of the Community Charter, SBC 2003, Chapter 26 (the "Charter") or Auditor appointed for the Municipality under section 169 of the hereby certifies as follows:

Calculation revenue for the previous year <i>(section 4 & 5, BC Reg 254/2004)</i>	\$9,822,428.00 a
Liability Servicing Limit (a x 25%) <i>(section 2, BC Reg 254/2004)</i>	\$2,455,607.00 b
Annual Servicing cost for previous year	\$498,455.00 c

Plus: New liabilities incurred, other than current request

Liability Type and reference	Annual servicing cost
20-123 Grader	\$96,108.60 d
20-369 Fire Engine	\$182,898.72 e
Total of lines d through l	\$279,007.32

Less: Liabilities which have matured

Liability type and reference	Annual servicing cost
	n
Total of lines n through r	\$0.00 s

Amount of new liability **\$5,000,000.00** t

(section 3, BC Reg 254/2004)

Annual servicing cost of new liability **\$277,147.58** u

(section 3, BC Reg 254/2004)

Total liability servicing cost including current request (lines c+m-s+u) **\$1,054,609.90** **42.95%**

which is less than the annual liability servicing limit stated on line b. \$1,400,997.10

OR

which exceeds the annual liability servicing limit stated on line b, and the undersigned hereby requests approval of the Inspector of Municipalities under section 174 of the Charter to exceed the limit established under the section.

In accordance with section 179(5) or section 175(1)(b) of the Charter, as applicable, the debt to be contracted under the loan authorization bylaw, or other liability for which certification is being made, referred to above will not exceed the lesser of 30 years and the reasonable life expectancy of the capital asset, activity, work or service, or the remaining term of the applicable agreement, as the case may be, for which the debt is to be contracted.

The undersigned Financial Officer or Auditor also hereby authorizes Legal Counsel of the Municipal Finance Authority of British Columbia to rely on this Certificate in giving any opinion in connection with any borrowing by the Municipal Finance Authority of British Columbia ("MFA") and the issuance of bonds, debentures, and other securities by the MFA in respect of the loan authorization bylaw, or other liability for which certification is being made, referred to above.

25 Year Term**Estimated Annual Debt Payments: 277,148***1.75% Capitalization Rate**S/F Factor:**0.032230***Principal: 5,000,000****Interest Rate: 2.32%**

	Estimated Principal Payment	Estimated Interest Payment	Estimated Total Payment	Estimated Actuarial	Reducing Balance
Yr 1 Semi Annual		58,000	58,000		5,000,000
Yr 1 Annual	161,148	58,000	219,148		4,838,852
Yr 2 Semi Annual		58,000	58,000		4,838,852
Yr 2 Annual	161,148	58,000	219,148	2,820	4,674,885
Yr 3 Semi Annual		58,000	58,000		4,674,885
Yr 3 Annual	161,148	58,000	219,148	5,690	4,508,048
Yr 4 Semi Annual		58,000	58,000		4,508,048
Yr 4 Annual	161,148	58,000	219,148	8,609	4,338,291
Yr 5 Semi Annual		58,000	58,000		4,338,291
Yr 5 Annual	161,148	58,000	219,148	11,580	4,165,563
Yr 6 Semi Annual		58,000	58,000		4,165,563
Yr 6 Annual	161,148	58,000	219,148	14,603	3,989,813
Yr 7 Semi Annual		58,000	58,000		3,989,813
Yr 7 Annual	161,148	58,000	219,148	17,678	3,810,987
Yr 8 Semi Annual		58,000	58,000		3,810,987
Yr 8 Annual	161,148	58,000	219,148	20,808	3,629,032
Yr 9 Semi Annual		58,000	58,000		3,629,032
Yr 9 Annual	161,148	58,000	219,148	23,992	3,443,893
Yr 10 Semi Annual		58,000	58,000		3,443,893
Yr 10 Annual	161,148	58,000	219,148	27,232	3,255,513
Yr 11 Semi Annual		58,000	58,000		3,255,513
Yr 11 Annual	161,148	58,000	219,148	30,529	3,063,837
Yr 12 Semi Annual		58,000	58,000		3,063,837
Yr 12 Annual	161,148	58,000	219,148	33,883	2,868,807
Yr 13 Semi Annual		58,000	58,000		2,868,807
Yr 13 Annual	161,148	58,000	219,148	37,296	2,670,363
Yr 14 Semi Annual		58,000	58,000		2,670,363
Yr 14 Annual	161,148	58,000	219,148	40,769	2,468,447
Yr 15 Semi Annual		58,000	58,000		2,468,447
Yr 15 Annual	161,148	58,000	219,148	44,302	2,262,997
Yr 16 Semi Annual		58,000	58,000		2,262,997
Yr 16 Annual	161,148	58,000	219,148	47,898	2,053,952
Yr 17 Semi Annual		58,000	58,000		2,053,952
Yr 17 Annual	161,148	58,000	219,148	51,556	1,841,249
Yr 18 Semi Annual		58,000	58,000		1,841,249
Yr 18 Annual	161,148	58,000	219,148	55,278	1,624,823
Yr 19 Semi Annual		58,000	58,000		1,624,823
Yr 19 Annual	161,148	58,000	219,148	59,066	1,404,610
Yr 20 Semi Annual		58,000	58,000		1,404,610
Yr 20 Annual	161,148	58,000	219,148	62,919	1,180,543
Yr 21 Semi Annual		58,000	58,000		1,180,543
Yr 21 Annual	161,148	58,000	219,148	66,841	952,555
Yr 22 Semi Annual		58,000	58,000		952,555
Yr 22 Annual	161,148	58,000	219,148	70,830	720,577
Yr 23 Semi Annual		58,000	58,000		720,577
Yr 23 Annual	161,148	58,000	219,148	74,890	484,539
Yr 24 Semi Annual		58,000	58,000		484,539
Yr 24 Annual	161,148	58,000	219,148	79,021	244,371
Yr 25 Semi Annual		58,000	58,000		244,371
Yr 25 Annual	161,148	58,000	219,148	83,224	0
TOTALS:	4,028,690	2,900,000	6,928,690	971,310	

LIABILITY SERVICING LIMIT CERTIFICATE

The Town of Golden (the "Municipality")

In relation to POTENTIAL LONG TERM LOAN - - - - - 30 YEARS

The undersigned Financial Officer assigned responsibility for financial administration under section 149 of the Community Charter, SBC 2003, Chapter 26 (the "Charter") or Auditor appointed for the Municipality under section 169 of the hereby certifies as follows:

Calculation revenue for the previous year <i>(section 4 & 5, BC Reg 254/2004)</i>	\$9,822,428.00 a
Liability Servicing Limit (a x 25%) <i>(section 2, BC Reg 254/2004)</i>	\$2,455,607.00 b
Annual Servicing cost for previous year	\$498,455.00 c

Plus: New liabilities incurred, other than current request

Liability Type and reference	Annual servicing cost
20-123 Grader	\$96,108.60 d
20-369 Fire Engine	\$182,898.72 e
Total of lines d through l	\$279,007.32

Less: Liabilities which have matured

Liability type and reference	Annual servicing cost
	n
Total of lines n through r	\$0.00 s

Amount of new liability **\$5,000,000.00** t

(section 3, BC Reg 254/2004)

Annual servicing cost of new liability **\$244,148.77** u

(section 3, BC Reg 254/2004)

Total liability servicing cost including current request (lines c+m-s+u) **\$1,021,611.09** **41.60%**

which is less than the annual liability servicing limit stated on line b. \$1,433,995.91

OR

which exceeds the annual liability servicing limit stated on line b, and the undersigned hereby requests approval of the Inspector of Municipalities under section 174 of the Charter to exceed the limit established under the section.

In accordance with section 179(5) or section 175(1)(b) of the Charter, as applicable, the debt to be contracted under the loan authorization bylaw, or other liability for which certification is being made, referred to above will not exceed the lesser of 30 years and the reasonable life expectancy of the capital asset, activity, work or service, or the remaining term of the applicable agreement, as the case may be, for which the debt is to be contracted.

The undersigned Financial Officer or Auditor also hereby authorizes Legal Counsel of the Municipal Finance Authority of British Columbia to rely on this Certificate in giving any opinion in connection with any borrowing by the Municipal Finance Authority of British Columbia ("MFA") and the issuance of bonds, debentures, and other securities by the MFA in respect of the loan authorization bylaw, or other liability for which certification is being made, referred to above.

30 Year Term

Estimated Annual Debt Payments: 244,149

1.75% Capitalization Rate

Principal: 5,000,000

Interest Rate: 2.32%

S/F Factor:

0.025629755

	Estimated Principal Payment	Estimated Interest Payment	Estimated Total Payment	Estimated Actuarial	Reducing Balance
Yr 1 Semi Annual		58,000	58,000		5,000,000
Yr 1 Annual	128,149	58,000	186,149		4,871,851
Yr 2 Semi Annual		58,000	58,000		4,871,851
Yr 2 Annual	128,149	58,000	186,149	2,243	4,741,460
Yr 3 Semi Annual		58,000	58,000		4,741,460
Yr 3 Annual	128,149	58,000	186,149	4,524	4,608,787
Yr 4 Semi Annual		58,000	58,000		4,608,787
Yr 4 Annual	128,149	58,000	186,149	6,846	4,473,792
Yr 5 Semi Annual		58,000	58,000		4,473,792
Yr 5 Annual	128,149	58,000	186,149	9,209	4,336,434
Yr 6 Semi Annual		58,000	58,000		4,336,434
Yr 6 Annual	128,149	58,000	186,149	11,612	4,196,673
Yr 7 Semi Annual		58,000	58,000		4,196,673
Yr 7 Annual	128,149	58,000	186,149	14,058	4,054,466
Yr 8 Semi Annual		58,000	58,000		4,054,466
Yr 8 Annual	128,149	58,000	186,149	16,547	3,909,770
Yr 9 Semi Annual		58,000	58,000		3,909,770
Yr 9 Annual	128,149	58,000	186,149	19,079	3,762,543
Yr 10 Semi Annual		58,000	58,000		3,762,543
Yr 10 Annual	128,149	58,000	186,149	21,656	3,612,738
Yr 11 Semi Annual		58,000	58,000		3,612,738
Yr 11 Annual	128,149	58,000	186,149	24,277	3,460,312
Yr 12 Semi Annual		58,000	58,000		3,460,312
Yr 12 Annual	128,149	58,000	186,149	26,945	3,305,219
Yr 13 Semi Annual		58,000	58,000		3,305,219
Yr 13 Annual	128,149	58,000	186,149	29,659	3,147,412
Yr 14 Semi Annual		58,000	58,000		3,147,412
Yr 14 Annual	128,149	58,000	186,149	32,420	2,986,843
Yr 15 Semi Annual		58,000	58,000		2,986,843
Yr 15 Annual	128,149	58,000	186,149	35,230	2,823,464
Yr 16 Semi Annual		58,000	58,000		2,823,464
Yr 16 Annual	128,149	58,000	186,149	38,089	2,657,225
Yr 17 Semi Annual		58,000	58,000		2,657,225
Yr 17 Annual	128,149	58,000	186,149	40,999	2,488,078
Yr 18 Semi Annual		58,000	58,000		2,488,078
Yr 18 Annual	128,149	58,000	186,149	43,959	2,315,971
Yr 19 Semi Annual		58,000	58,000		2,315,971
Yr 19 Annual	128,149	58,000	186,149	46,971	2,140,851
Yr 20 Semi Annual		58,000	58,000		2,140,851
Yr 20 Annual	128,149	58,000	186,149	50,035	1,962,668
Yr 21 Semi Annual		58,000	58,000		1,962,668
Yr 21 Annual	128,149	58,000	186,149	53,153	1,781,365
Yr 22 Semi Annual		58,000	58,000		1,781,365
Yr 22 Annual	128,149	58,000	186,149	56,326	1,596,891
Yr 23 Semi Annual		58,000	58,000		1,596,891
Yr 23 Annual	128,149	58,000	186,149	59,554	1,409,187
Yr 24 Semi Annual		58,000	58,000		1,409,187
Yr 24 Annual	128,149	58,000	186,149	62,839	1,218,199
Yr 25 Semi Annual		58,000	58,000		1,218,199
Yr 25 Annual	128,149	58,000	186,149	66,182	1,023,869
Yr 26 Semi Annual		58,000	58,000		1,023,869
Yr 26 Annual	128,149	58,000	186,149	69,582	826,138
Yr 27 Semi Annual		58,000	58,000		826,138
Yr 27 Annual	128,149	58,000	186,149	73,043	624,947
Yr 28 Semi Annual		58,000	58,000		624,947
Yr 28 Annual	128,149	58,000	186,149	76,563	420,234
Yr 29 Semi Annual		58,000	58,000		420,234
Yr 29 Annual	128,149	58,000	186,149	80,146	211,940
Yr 30 Semi Annual		58,000	58,000		211,940
Yr 30 Annual	128,149	58,000	186,149	83,791	0
TOTALS:	3,844,463	3,480,000	7,324,463	1,155,537	



Staff Report

OPERATIONS DEPARTMENT

To: Council

File: 1855-30 CERIP

From: Chris Cochran, ASCT, Manager of Operations

Date: October 20, 2020

Subject: **Community Economic Recovery Infrastructure Program – Request for Supporting Resolution**

RECOMMENDATION

THAT based on the October 20, 2020 report from the Manager of Operations, *Community Economic Recovery Investment Program – Request for Supporting Resolution*, Council pass the following resolution:

That Council DIRECT staff to undertake a public approval process in 2021 seeking authorization to borrow up to \$5,000,000 in long term financing from the Municipal Finance Authority for priority asset management infrastructure renewals including the 600 Block of 9th Avenue North and 6th Street North between 8th and 9th Avenues North.

CAO COMMENTS

I support the recommendation. These two streets not only meet the technical grounds for highest priority infrastructure projects in the community, but every resident in town would likely agree from a purely layperson's perspective. The real bonus with these streets beyond basic renewal is the finished landscape they will provide, giving a contiguous look and finish to the downtown as well as expanding curb service for economic development. Council and staff have been waiting for several years for applicable grants and with no other opportunities on the horizon until now. Successful grant leveraging is preferable but if not, the borrowed principle will still permit this project to proceed.

BACKGROUND

Council's top priority infrastructure renewal project is renewal of the roads and underground infrastructure in the Historic Downtown, including the 600 blocks of 8th and 9th Avenues North, and 6th Street North between 8th and 9th Avenues North.

Unfortunately, to-date two funding applications for this work have been unsuccessful. The roads component of this project represents the largest cost component overall and so far road renewals seem to be typically viewed unfavorably by funders. However, the Community Economic Recovery Infrastructure Program (CERIP) under the Community Economic Resilience (CER) stream seems to be a fit for infrastructure renewals of this sort, specifically for downtown revitalizations.

The entire project design has been brought to a tender-ready state complete with associated final design cost estimates. Due to expected limitations with funding and construction timing within construction weather windows, the entire project is easily divisible into individual, stand-alone renewal projects by street.

DISCUSSION

The CERIP allows for applicant to submit up to two applications for a maximum of \$1,000,000 per application. According to the funding program guide, the program is aimed

at “...investing in projects that consider the benefits of residents, local businesses and improve the visitor experience”.

Staff recommends that two applications be made for \$1,000,000 each to apply towards 9th Avenue North and 6th Street North, as the projects are respectively estimated at approximately \$1.9 million and \$900,000 plus contingency. Based on the foregoing, if successful with one or both applications, the cost of 6th Street North could be entirely covered by granting and about 50% of 9th Avenue North could be covered through the grant.

While a Council resolution isn't required for this funding intake specifically, if funding for one or both applications are granted, there will still be a funding shortfall. In order to proceed with 9th Avenue North or alternatively both projects, it is recommended that Council direct staff to undertake a public approval process in 2021 seeking authorization to utilize long term borrowing for up to \$5,000,000.

8th Avenue North constitutes another approximate \$1.9 million plus contingency, so with granting and Council direction the entire Historic Downtown project may be able to be completed, or alternatively remaining borrowing power may be directed to other higher infrastructure renewal priorities or not utilized depending of direction received.

The proposed project location is shown on the appended map.

IMPLICATIONS

Strategic (Guiding Documents Relevancy -Strategic Plan, OCP) Submitting funding applications for this project is recommended in favour of other possible application content as it leverages considerable work already completed including a tender ready design. Applying for up to \$2,000,000 in grant funding for a previously unfunded project that will renew water, sewer, road and streetscape assets, improve available fire flows in the Historic Downtown, and service developable vacant lots is in keeping with the 2019 Corporate Strategic Priority Guiding Principle, *Managing our Assets for the Future*.

Financial (Corporate Budget Impact) The Municipal Finance Authority (MFA) takes requests for long term financing twice each year. Members repay their loan obligations annually through principal payments and semi-annually for interest. Sections 179 – 182 of the *Community Charter* cover the establishment of the Loan Authorization Bylaw (five to thirty years), Temporary Borrowing Bylaw (before debenture debt) and issuance of the long-term debt through the Regional District Financing. All long-term debt under these sections must be borrowed through the MFA.

It can take between 3 to 6 months to go from first reading of a municipality's Loan Authorization Bylaw to receipt of borrowed funds. Under the loan authorization, money can be used borrowed for any capital purpose as detail under Section 179. The maximum term of debt borrowed for a capital purpose is the less of thirty years and reasonable life expectancy of the capital for which the debt is contracted. The loan authorization bylaw expires 5 years from the date of adoption.

If a municipality needs to borrow short term monies against a Loan Authorization Bylaw, it must pass a Temporary Borrowing Bylaw (Section 181) which is only valid for five years. The purpose of this bylaw is to make Council

aware that the Finance Officer intends to borrow short-term moneys until it transfers the borrowing to long term debt.

Long term moneys are loaned through the municipality's Regional District (Section 182) and requires the municipality to specifically ask the Regional District to consent to the borrowing.

Council will consider the borrowing process and costs during the 2021-2025 Five Year Financial Plan process for priority asset management infrastructure renewals including the 600 Block of 9th Avenue North and 6th Street North between 8th and 9th Avenues North.

Administrative (Policy/Procedure Relevancy, Workload Impact and Consequences) If the grant applications are successful and borrowing occurs the administrative work will become part of the 2021-2025 Corporate Work Plans. It is estimated at this time that undertaking a funding approval process, administration of the grant applications, and projects will require approximately 100-120 hours of combined staff time depending on final scope.

OPTIONS

Option 1: That Council DIRECT staff to undertake a public approval process in 2021 seeking authorization to borrow up to \$5,000,000 in long term financing from the Municipal Finance Authority for priority asset management infrastructure renewals including the 600 Block of 9th Avenue North and 6th Street North between 8th and 9th Avenues North.

Option 2: Direct staff to take any other action deemed appropriate by Council.

Respectfully Submitted,



Chris Cochran, AScT,
Manager of Operations

Attachment



1:1,656

Date: 10/14/2020

DISCLAIMER
This map is provided for informational purposes only. It is not to be used as a substitute for a professional survey or other legal document. The Town of Golden does not warrant the accuracy of the information shown on this map. The Town of Golden is not responsible for any errors or omissions on this map. For more information, please contact the Planning Department at 303.440.2000.