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DATE: February 3, 2020  
TO: Mayor and Council  
FROM: Paul Gipps, CAO  
RE: City Hall Loan Authorization Bylaw

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**RECOMMENDED MOTION:**

**THAT** Council give first, second and third reading to “City of West Kelowna City Hall Loan Authorization Bylaw No. 0272, 2020”.

**EXECUTIVE SUMMARY:**

This report outlines how the City is eligible to borrow up to \$11 million dollars for design and construction of a City Hall without the need to increase taxes.

The City of West Kelowna has the ability to build its first City Hall without increasing taxes by utilizing its annual reserve contribution to pay the principle and interest on a Municipal Finance Authority (MFA) loan, in addition to using the existing reserve fund slated to build City Hall.

The City has been transferring money annually into a City Hall reserve fund to pay for a long overdue City Hall. The City Hall reserve fund will have a balance of \$7 million (+/-) in 2022 when funds would be drawn. Using this \$7 million will not affect proceeding with our Capital Plan outlined in the 2020 Budget or our 5-Year Financial Plan.

As the City’s current debt is below five per cent of its annual revenue calculation, outlined by the Province of British Columbia (BC), the City is eligible to obtain a loan of up to \$11 million from the MFA that would be re-paid through its annual reserve contribution. The City would only borrow what it requires and not exceed \$11 million.



It is important for the public to understand that, in accordance with the BC Local Government Act regulations, the City cannot transfer between its statutory reserves to pay for a water utility. Funds paid by all water users are regulated under a separate bylaw. In addition Council should not transfer general reserves into statutory reserves that only serve a portion of the community.