



COUNCIL REPORT

To: Mayor and Council

Date: October 6, 2020

From: Paul Gipps, CAO

File No:

Subject: **City Hall Loan Authorization Bylaw Adoption**

RECOMMENDATION

THAT Council consider and resolve to adopt the “City of West Kelowna City Hall Loan Authorization Bylaw No. 0272, 2020.”

STRATEGIC AREA(S) OF FOCUS

Invest in Infrastructure

Strengthen our Community

BACKGROUND

In March 2020 when the unprecedented COVID-19 pandemic began, staff reallocated its project priorities to ensure the Rose Valley Water Treatment Plant continued to move forward during the pandemic above other Council *2020 – 2022 Strategic Priorities*.

Early works construction continued with minor effects to the supply chain and schedule during the first 6-months of COVID-19. Staff also undertook a Council Initiative – Subject to Petition Against process that, unofficially at the time of this report, resulted in minimal objection to long-term borrowing (less than 250 forms returned out of 8,267). This mail-in process was used to ensure that no in-person voting occurred that would put the public or staff at risk with social distancing requirements.

The City remains on solid financial ground despite the economic effects of COVID-19.

Throughout the pandemic, staff remained diligent in assessing the City’s revenue and debt load, including identifying potential risks for resuming major projects, such as roads and sidewalks, facilities and other necessary infrastructure. Building on the preliminary major project update report in May 2020 and the Chief Financial Officer’s latest report this month, staff are confident that COVID-19 has not adversely affected the City’s financial state and will begin re-starting projects that were on hold while staff focused on the Rose Valley Water Treatment Plant.

Major Rose Valley Water Treatment Plant milestones have been achieved during COVID-19, including early site works and long-term borrowing approval. Clean, safe and reliable drinking water will be delivered to more than half of the community in 2022.

The City Hall project remained a low priority during COVID-19 to ensure staffs' focus remained on the Rose Valley Water Treatment Plant. Staff is now seeking Council's endorsement to adopt the attached borrowing bylaw to utilize the recommended financial model in 2022 that will result in no new tax increases to property owners.

The Municipal Finance Association (MFA) has confirmed the City is eligible to borrow **up to** \$11 million against its equity based on the attached bylaw from February.

The financial model remains unchanged with no new tax increases to the community for City Hall.

The City's annual reserve contribution will pay for the borrowing. Additionally, once built, the operating costs for the five City facilities that include decentralized staff will pay for the consolidated City Hall building operations.

Staff would also resume planning the design and consultative process that would return the Mt. Boucherie Community Centre to the community once vacant and restored. With so few community centre facilities in West Kelowna, seeking the community's input that reflects their wishes for a restored community centre will provide community-shaping development and recreation opportunities to benefit our tots to seniors in just a few years instead of waiting for decades.

DISCUSSION

Borrowing Approved for 2022

For years the City has been transferring \$700,000 annually into a City Hall reserve fund to pay for its first City Hall building. The City Hall reserve fund will have a balance of \$7 million (+/-) in 2022 when funds would be drawn. 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 approved to obtain a loan of up to \$11 million from the MFA re-paid through its annual reserve contribution. The City would only borrow what it requires and not exceed \$11 million. The 'up to' project value is not to exceed \$18 million. With construction costs decreasing as a result of COVID-19, staff are encouraged that facility project costs are also on the decline.

City Hall Reserve and Loan Structure

Borrowing Amount Rate and Term	Annual Reserve Contribution	Annual Residual Reserve Balance	Potential Residual Reserve Use (example)
Up to \$11 M Approx 2.5% 25 – 30 Years	\$ 700,000	\$83,165	Restore Mt. Boucherie Community Centre

The balance/savings not used of the annual reserve contribution of \$83,165 could be directed to supplement the community center reserve (currently over \$650,000) to restore the Mt. Boucherie Community Centre and return it to our community. West Kelowna has been without a community center for 13 years and the return of this facility to the public as soon as practical is also a priority for staff as part of delivering Council's *2020 – 2022 Strategic Priorities*.

Status of City Hall Design

The City Hall building remains at the concept stage only with primary focus on functionality.

Although tenders have not been prepared to date, staff anticipate that the design and construction tenders will be awarded separately. Although not designed, the City Hall building is envisioned to be easily expanded if needed decades from now.

Consultation with Westbank First Nation, stakeholders and the public is paramount so the future site, building and gathering spaces reflect an integrated community vision. The design team would begin designing City Hall with opportunities for Preliminary Design and Detailed Design consultations. As staff have not progressed with the City Hall file, more information about the design consultation program would be available prior to the end of this year.

Status of Site Selection

Since the last report in February, staff were primarily evaluating existing City-owned land and that remains unchanged today. Staff also continue to evaluate the Westbank Centre area in the context of local area community development to determine area feasibility and ease of service areas close to the downtown core.

Staff anticipate providing Council with an update on land and facility progress this fall as the design moves from a concept to pre-design and site feasibility, accessibility, adjacent community services benefits and other elements are considered.

It is important to reiterate that any future City Hall site would not be associated with private developers. Staff remain diligent under Council's direction to provide a civic-services area and facility that benefits the Greater Westside community.

FINANCIAL IMPLICATIONS

West Kelowna's first City Hall will not result in new tax increases to its community.

The City has been pre-approved to borrow in 2022 based on its strong financial revenues and low debt load without any further tax increases to the community.

In 2022, the annual debt repayment will be less than the \$700,000 that the City currently transfers into its reserves.

CONCLUSION

Staff will be bringing regular updates to Council as we move to the next steps of finalizing the location, securing a design team and considering other Government partners that will provide expanded services to our community.

REVIEWED BY

Sandy Webster, Director of Corporate Initiatives

Powerpoint: Yes No

Attachments:

1. City Hall Loan Authorization Bylaw No. 0272