



COUNCIL REPORT

To: Paul Gipps, CAO

Date: July 27, 2021

From: Warren Everton, Director of Finance/CFO

Subject: **Rose Valley Water Treatment Plant Temporary Borrowing Bylaw and Next Steps**

RECOMMENDATION

THAT Council resolve to adopt the City of West Kelowna Rose Valley Water Treatment Plant Temporary Borrowing Bylaw No. 0289, 2021.

STRATEGIC AREA(S) OF FOCUS

Invest in Infrastructure – The Rose Valley Water Treatment Plan is considered a priority project in Council's Strategic Priorities.

LEGISLATIVE REQUIREMENTS

As provided by the *Community Charter* Section 181, a Council that has adopted a loan authorization bylaw may, by bylaw, temporarily borrow money not exceeding the difference between the total amount authorized by the loan authorization bylaw and the amount already borrowed in relation to that bylaw. To the extent necessary, the proceeds of the borrowing under Section 182 must be used to repay the money temporarily borrowed.

DISCUSSION

Adoption of the temporary borrowing bylaw allows the City to move forward with the main funding phase of the Rose Valley Water Treatment Plant Project while balancing cash flow and grant usage. As invoices are submitted and accepted by the City, the temporary borrowing regime allows for numerous draws on the debt throughout the project as needed. It is also important to reiterate that in the event the project comes under budget only the actual cash outlay would be converted to long-term debt thereby saving rate payers money in the long-term.

Next Steps – Short Term Borrowing for Infrastructure and City Hall Temporary Borrowing

Temporary borrowing for the Rose Valley Water Treatment plant as compared to overall borrowing is completely focused on the budget for the water utility and is directly tied to published water rates with no effect on the general budget.

Upcoming planned borrowings are centered on the general budget and are tied to facilities and pedestrian infrastructure. The next step for staff is to bring a bylaw forward utilizing the 1% infrastructure levy as an annual payment to support short-term borrowing for pedestrian and multi-use infrastructure. At the current five-year rate of 0.93% using the \$360,500 infrastructure levy as a yearly payment, just under \$1.8 million is available through the Municipal Finance Authority's short-term borrowing program.

1% Infrastructure Levy Short-term Borrowing:

The following chart is a summary of projects the 2021 Levy is projected to support:

	1% Capital	Total Project
Capital Funding - 1% Infrastructure	Tax Funding	Costs
Gellatly/Carrington Roundabout/ Active Transportation	635,000	2,500,000
Shannon Lake/ Bartley/Stevens Roundabout/ Active Transportation	615,000	6,150,000
Lansbury Way Drainage	300,000	630,000
Whitworth Multi Use Path - Trail of the Okanagan	100,000	100,000
Design 2022 Sidewalk Program	150,000	150,000
Total	\$1,800,000	\$9,530,000

Later in the third quarter there will be another report and bylaw coming forward covering the temporary borrowing required for the construction of the City Hall project. The timing will be somewhat flexible on acquiring and drawing on such debt since the funding sources include the City Hall reserve.

FINANCIAL IMPLICATIONS

Temporary Borrowing:

Since starting the main construction phase of the water treatment plant project, cash outlay has accelerated with the City receiving its first few progress invoices totaling just over \$1 million to date. We have also been utilizing provincial and federal grant money to cover much of the design and early works costs in the interim and will need to draw on debt soon to recover the City's portion not covered by grants.

COUNCIL REPORT / RESOLUTION HISTORY

Date	Report Topic / Resolution	Resolution No.
July 13, 2021	THAT Council give first, second and third readings to City of West Kelowna Rose Valley Water Treatment Plant Temporary Borrowing Bylaw No. 0289, 2021. CARRIED UNANIMOUSLY	C238/21
Oct 13, 2020	THAT Council receive for information, the Certificate of Insufficiency for City of West Kelowna Rose Valley Water Treatment Plant Local Area Service Establishment Bylaw No. 280, 2020 and City of West Kelowna Rose Valley Water Treatment Plant Loan Authorization Bylaw No. 281, 2020; and THAT Council adopt the “City of West Kelowna Rose Valley Water Treatment Plant Local Area Service Establishment Bylaw No. 280, 2020”; and THAT Council adopt the “City of West Kelowna Rose Valley Water Treatment Plant Loan Authorization Bylaw No. 281, 2020”. CARRIED UNANIMOUSLY	C258/20
July 14, 2020	THAT Council consider and resolve to read the City of West Kelowna Rose Valley Water Treatment Plant Local Area Service Establishment Bylaw No. 280, 2020 a first, second and third time; and further, THAT Council consider and resolve to read the City of West Kelowna Rose Valley Water Treatment Plant Loan Authorization Bylaw No. 281, 2020 a first, second and third time; and, THAT Council directs staff to submit the City of West Kelowna Rose Valley Water Treatment Plant Local Area Service Establishment Bylaw No. 280, 2020 and the City of West Kelowna Rose Valley Water Treatment Plant Loan Authorization Bylaw No. 281, 2020 to the Province, publish the required advertising and issue notification to the property owners within the proposed Local Area Service for establishment of the local area service on Council Initiative -Subject to Petition Against for both the establishment of the Local Area Service and to authorize borrowing. CARRIED UNANIMOUSLY	C180/20

Alternate Motion:

THAT Council resolve to rescind third reading of City of West Kelowna Rose Valley Water Treatment Plant Temporary Borrowing Bylaw No. 0289, 2021 and authorize the borrowing of a different amount; and

THAT Council give third reading as amended.

REVIEWED BY

Shelley Schnitzler, Legislative Services Manager/Corporate Officer

APPROVED FOR THE AGENDA BY

Paul Gipps, CAO

PowerPoint: Yes ☐ No ☒

Attachments:

Rose Valley Water Treatment Plant Temporary Borrowing Bylaw No. 0289, 2021