

Intent to Borrow

ISSUE

City Council approval to borrow in the future for projects included in the 2021 Capital Budget is required. This report provides the public with information on future debt and repayment plans through a Public Notice Hearing.

RECOMMENDATION

That the planned borrowing to finance the following projects be approved, in principle, through capital budgets and capital plans:

- a) Up to \$30,881,000 for the North East Sector Reservoir (Capital Project 2219);
- b) Up to \$3,708,000 for the Wastewater N40 Forcemain (Capital Project 2592);
- c) Up to \$7,000,000 for the Civic Accommodation Plan (Capital Project 1949);
- d) Up to \$4,250,000 for the Fire – Regional Training Facility (Capital Project 2525); and
- e) An allowable 10% variance on the borrowing requirements for each project identified. Any variance greater than 10% of the borrowing amount identified must be reported to City Council.

BACKGROUND

The Cities Act and Bylaw No. 8171, Public Notice Policy Bylaw, 2003, require that Public Notice be given before borrowing money, lending money or guaranteeing the repayment of a loan. City Council authorized the above-noted projects to proceed during its 2020/2021 Business Plan and Budget Review, subject to a Public Notice Hearing for borrowing.

DISCUSSION/ANALYSIS

The 2021 Operating and Capital Budgets and Plans were initially approved by City Council on November 27, 2019, with adjustments approved on December 3, 2020. Projects included in the approved 2021 Capital Budgets and Plans that identified borrowing as a source of funding require a Public Notice Hearing prior to borrowing any amounts identified. While some expenditures may have already been incurred, no borrowing has been undertaken pending this Hearing.

It should also be noted that while authorization is being requested for the full borrowing requirements for all of these projects, actual borrowing will occur based on cash flow requirements and/or prevailing market conditions.

Some of the projects listed may have already had approved borrowings from previous Public Notice Hearings. The recommendation restates the full borrowing amount for the project that is anticipated.

The Civic Facilities Funding Plan includes the Civic Accommodation Plan (Capital Project 1949) and Fire – Regional Training Facility (Capital Project 2525). This funding plan is partially supported by borrowing and as such, the above-mentioned capital

projects may need to borrow to ensure adequate funding is in place for them to proceed.

Some of the other projects listed may be funded through internal borrowing instead of borrowing from an external source. Terms of the borrowings will not be known until the Administration is closer to initiating the loans. While the Administration has preferred 10-year terms for debt in the past, the terms for the actual borrowings will be reviewed based on a number of factors, including repayment plans, term interest rates, the debt instrument being considered and life of the asset.

FINANCIAL IMPLICATIONS

The requested borrowing identified through the recommendation is being proposed within the capital budget plan with debt repayment covered through mill rate funding that is in place or will be in place by the time the borrowing occurs or through water and wastewater utility rates.

The Administration will follow its existing practice with respect to borrowing. Once an administrative decision has been made to borrow, City Council will be requested to authorize the Chief Financial Officer to effect that borrowing within specified ranges (i.e. interest rates). Once a borrowing has occurred, the Administration will draft and present a borrowing bylaw with all of the relevant data related to the transaction for City Council approval.

City Council is also asked to allow a 10% variance on the borrowing requirements for each project identified. Any variance greater than 10% of the borrowing amount identified must be reported to City Council.

OTHER IMPLICATIONS

There are no privacy, legal, social or environmental implications identified.

NEXT STEPS

There is no follow-up required at this time.

PUBLIC NOTICE

Public Notice is required for consideration of this matter, pursuant to Section 3e) of Policy No. C01-021, Public Notice Policy. The following notice was given:

- Posted on the City's website on Friday, January 15, 2021
- Advertised in the Saskatoon StarPhoenix on Saturday, January 16 and Monday, January 18, 2021

APPENDICES

1. Copy of Public Notice – January 2021

REPORT APPROVAL

Written by: Jeremy Meinema, Senior Financial Business Partner
Reviewed by: Kari Smith, Director of Finance
Approved by: Kerry Tarasoff, Chief Financial Officer

Admin Report – Public Notice Intent to Borrow 2021.docx