

# APPROVAL REPORT

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## Intent to Borrow

### ISSUE

City Council approval to borrow in the future for projects included in the 2022/2023 Capital Budget and Plan 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 the capital budgets and capital plans:

- a) Up to \$15,210,000 for the Wastewater Bioreactor Expansion (Capital Project 2585);
- b) Up to \$5,778,000 for the Wastewater N40 Force Main (Capital Project 2592);
- c) Up to \$12,645,000 for the Water Capital Development Expansion Plan (Capital Project 10006); and
- d) An allowable 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 2022/2023 Business Plan and Budget Review, subject to a Public Notice Hearing for borrowing.

### DISCUSSION/ANALYSIS

The 2022/2023 Operating and Capital Budgets and Plans were approved by City Council on December 1, 2021. Projects included in the approved 2022/2023 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 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. Some of the projects listed may be funded through internal borrowing instead of borrowing from an external source. Terms of the borrowings will not be known until Administration is closer to initiating the loans. While Administration

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has preferred 10-year terms for debt in the past, the terms for the actual borrowings will be reviewed based on several factors, including repayment plans, term interest rates, the debt instrument being considered and life of the asset.

After the public notice, as shown in Appendix 1, was published in the Saskatoon Star Phoenix and posted on the City's website it was noticed there was an error in the amount for Capital Project 10006. The amount as shown in Appendix 1 was \$12,665,000 but it should have been \$12,645,000. The recommendation for this report has been updated for the correct amount. Administration did not defer and repost the public notice for the February Public Hearing of City Council in order to be transparent around the error and the fact that the Public Notice was \$20,000 higher than the amount required which still met the intent of the bylaw which is to give the public notice and opportunity to speak to planned borrowing by the City.

### **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 which is in place, will be in place by the time the borrowing occurs, or through water and wastewater utility rates.

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 initiate borrowing within specified ranges (i.e. interest rates). Once a borrowing has occurred, Administration will draft and present a borrowing bylaw with all 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 21, 2022.
- Advertised in the Saskatoon StarPhoenix on Saturday, January 22 and Monday January 24, 2022.

**APPENDICES**

1. Copy of Public Notice – January 2022

**REPORT APPROVAL**

Written by: Jeremy Meinema, Senior Financial Business Partner  
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