

## Intent to Borrow – 2022 Roadways Emergency Response Borrowing

### ISSUE

City Council approval to borrow for projects is required. This report provides the public with information on the planned borrowing for the 2022 Snow Response through a Public Notice Hearing.

### RECOMMENDATION

That City Council authorize the following planned borrowing:

1. Up to \$20,000,000 to finance the 2022 Snow Response;
2. An allowable 10% variance on the borrowing requirements for the project identified. Any variance greater than 10% of the borrowing amount identified would require a new public notice.

### BACKGROUND

*The Cities Act* and Bylaw No. 8171, Public Notice Policy Bylaw, 2003, requires that Public Notice be given before borrowing money, lending money or guaranteeing the repayment of a loan.

At its regular business meeting on September 27, 2021 City Council approved the [Roadways Emergency Response Plan for Extreme or Unusual Snow Events](#). This plan outlined the five-phased operational strategy that would be activated if:

- Major snowfall with snow accumulation greater than 25 cm and/or combination of snow, freezing rain, and wind; and,
- Reduced mobility to the point that light vehicles cannot travel on city streets; mobility across the city is severely impacted and the regular winter maintenance level of service applicable to typical winter snow events can not be met.

At its regular business meeting on [January 25, 2023](#) City Council resolved:

“That borrowing be approved as the funding source for the 2022 Snow Response, with reporting to be provided to Council in advance of budget including options for borrowing to be repaid by reductions to the 2024-2035 Major Capital Plan as contained in Option 3 or building in a 0.75% dedicated property tax phase in for the 2024 to 2027 budgets to repay the borrowing and build in base funding for future snow responses as contained in Option 4. “

## DISCUSSION/ANALYSIS

The City of Saskatoon (City) activated the Roadways Emergency Response Plan for Extreme or Unusual Snow Events on December 29, 2022 (2022 Snow Response) in response to two snow events which contributed 34 cm of snow and immobilized many streets and sidewalks. While some of the financial impacts of the snow events will be experienced in 2022, a large amount of the clearing and removal costs will impact the 2023 budget year.

Work is still ongoing to remove snow, therefore the final costs of the 2022 Snow Response are not known at this time. Once the total amount of borrowing is determined, the Administration will determine if the City should proceed with either an internal borrowing or an external borrowing.

If the Administration determines the City can cash flow the borrowing internally then an internal loan will be issued to fund the project. A rate comparable to what the City would have received if the funds were instead invested in the bond market will be used to charge the loan. This option will not require the City to draft a bylaw and it will not have any impact on the City's debt limit.

If the Administration determines the City is unable to cashflow this borrowing internally then an external source for borrowing will be used and the Administration will follow its current practice for external borrowing. When it is time to borrow, City Council will be requested to authorize the Chief Financial Officer to initiate the borrowing within the specified ranges. After the borrowing has been initiated with the Fiscal Agents or the City's banking agents the Administration will work with Solicitors to draft a borrowing bylaw containing all relevant information for City Council to approve.

It is important to note that under the City's Borrowing for Capital Projects Policy (C03-027) section 3(a) borrowing for ongoing operating expenditures are not permitted. Reference to the specific wording in the policy can be seen below:

“Internal and external debt shall be utilized as a source of financing for capital projects and will not be available for ongoing expenditures that are or would be financed initially from the Operating Budget.”

However, as the emergency snow response was not initially funded by the operating budget and is not ongoing in nature (estimated to be a 1 in 10-year event) the Administration believes that borrowing for this purpose would still be in compliance with the Borrowing for Capital Projects Policy.

Since this borrowing is to fund operating expenditures, the City must also comply with Section 136 of *The Cities Act* as per below:

“The amount to be borrowed for the purpose of financing operating expenditures, together with unpaid principal of the other borrowings made for that purpose, may not exceed an amount equal to twice the amount the city estimates that:

- a) it will raise in taxes in the year the borrowing is made; and
- b) it will receive in unconditional provincial or federal grants in the year the borrowing is made”

The maximum amount of \$20 million requested for this borrowing is well within the limits defined in Section 136 of *The Cities Act* just referenced.

### **FINANCIAL IMPLICATIONS**

All financial implications are detailed in the background and discussion/analysis of this report.

### **OTHER IMPLICATIONS**

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

### **PUBLIC NOTICE**

Public Notice is required for consideration of this matter, pursuant to Section 3(e) of Council Policy No. C01-021, Public Notice. As shown in Appendix 1, the following notice was given:

- Posted on the City’s website on Friday, February 10, 2023; and
- Advertised in the Saskatoon StarPhoenix on Saturday, February 11, 2023.

### **NEXT STEPS**

Once final costs are known from the 2022 Snow Response, the Administration will borrow the funds, either internally or externally. In advance of the 2024-2025 budget deliberations, the Administration will also provide City Council options for the repayment of the borrowing.

### **APPENDICES**

1. Copy of Public Notice – 2022 Roadways Emergency Response Borrowing

### **REPORT APPROVAL**

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