

# Proposed Amendments to City Council Policy C03-027, Borrowing for Capital Projects

## ISSUE

As part of the Administration periodic review of existing policies, several updates were identified within City Council Policy C03-027, Borrowing for Capital Projects which would enhance clarity, ease of use, and update out of date terminology and processes.

## RECOMMENDATION

That the Standing Policy Committee on Finance recommend to City Council that the City Clerk's Office be requested to amend City Council Policy C03-027, Borrowing for Capital Projects as shown in Appendix 1.

## BACKGROUND

During a general review of Policy C03-027 various amendments were identified as recommended to improve the Policy.

## DISCUSSION/ANALYSIS

The Administration has been undertaking a comprehensive review of Policy C03-027 to identify areas where the policy could be improved. Appendix 1 provides the proposed amendments to with the most significant proposed amendments to Policy C03-027 described below:

1. Revise the definition of External Debt to include borrowing as outlined in the Bylaw No. 8507, The Capital line of Credit Bylaw. Currently only individual debt structures are used in the definition and using the Bylaw will encompass those additional debt issuance options as previously approved in Bylaw No. 8507.
2. Revise the definition of the Utility Debt to include the current Utility programs of Saskatoon Light and Power, Storm Water Management, Water Utility, Wastewater Utility and Waste Services Utility.
3. Add a definition for Green Loans, which would now include revenue generation as a source of repayment in addition to energy/water reductions. Clarification was also added that upon full repayment of the Green Loan, the savings from the Green Loan will be used to fund the Environmental Sustainability Reserve for any Green Loans taken in 2020 or later years. This is consistent with the direction received at [2019 Budget Deliberations](#) where it was resolved "that a green loan model be used to fund the new sustainability reserve on a go-forward basis, excluding projects that are currently underway".
4. Remove the 10% downpayment requirement for borrowing. Although many projects will still have existing reserve or operational funding that can be used to reduce the initial borrowing requirement, other loan repayments are made from future savings or rates and do not have existing funding. Removal of the downpayment requirement would ensure all projects approved for borrowing can

move forward without delays that could result in higher project costs in the future due to inflation.

5. Revise the Internal Debt section to remove the maximum term for loans and maximum loan amounts. Instead, Administration is proposing that Internal debt may be used as a source of financing for municipal capital projects as determined by the Investment Committee where the repayment plan timing, available cash balances and estimated borrowing amount suggest that internal debt is in the best long-term financial interest of the City.
6. Aligned the responsibility of the approvals to reflect the groups doing the work.

### **OTHER IMPLICATIONS**

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

### **NEXT STEPS**

If approved, the City Clerk's Office will amend Policy C03-027 as shown in Appendix 1.

### **APPENDICES**

1. Proposed Amendments to C03-027

### **REPORT APPROVAL**

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