

APPROVAL REPORT

Intent to Borrow

ISSUE

City Council approval to borrow for projects is required. This report provides the public with information on future debt and repayment plans for three projects as described in this report.

RECOMMENDATION

That City Council authorize the following planned borrowings:

1. Up to \$34,833,200 for the Home Equity Loan Program (Capital Project P.01956);
2. Up to \$2,230,000 for Utility Solar Scale Energy Implementation (Capital Project P.01955);
3. Up to \$1,650,000 for the Civic Water Conservation (Capital Project P.02197); and
4. An allowable 10% variance on the borrowing requirements for the projects 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](#), The Public Notice Policy Bylaw, 2003, requires public notice for any civic borrowing.

At its meeting held on [April 26, 2021](#) City Council resolved in part that:

“1. Up to \$2,500,000 for the Property Assessed Clean Energy Financing Program (Capital Project 1956);”

At its meeting held on [March 28, 2022](#) City Council resolved in part that:

“1. Up to \$9,833,200 for the Property Assessed Clean Energy Financing Program (Capital Project 1956), from the Federation of Canadian Municipalities and internal borrowing (which includes \$2,500,000 in previously approved borrowing and \$7,333,200 in new borrowing);”

At its meeting held on [March 27, 2024](#) City Council resolved in part:

“1. That up to \$25 M of internal borrowing be allocated, subject to public notice and an internal borrowing report, to implement a program incorporating all 3 sectors (residential, multi and commercial);”

At its meeting held on [May 29, 2024](#) City Council resolved in part:

“2. That a budget increase to Capital Project P.01955 – Utility Solar Scale Energy Implementation in the amount of \$4.07 million, funded by \$1.84 million from the

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Electrical Distribution Extension Reserve and \$2.23 million through borrowing, subject to a public hearing and intent to borrow report, be approved”

At its meeting held on [August 28, 2024](#) City Council resolved:

“That Capital Project P.02197 be increased by \$1.65 million, funded through a Green Loan, subject to public notice and an intent to borrow report, to fund the Spray Pad Improvements Initiative.”

DISCUSSION/ANALYSIS

Home Equity Loan Program (HELP) (Capital Project P.01956)

This program will require an additional \$25 million of borrowing to fund loans for both HELP and C-PACE / MURB participants. Previous borrowings of \$9,833,200 were approved for the initial stages of the program with \$2,500,000 from internal loans and \$7,333,200 from the Federation of Canadian Municipalities. It is expected the average loan will be \$30K/loan for HELP participants and \$450K/loan for C-PACE / MURB participants. Each loan will be paid back over either a 5-, 10- or 20-year period and will be charged an interest rate that is equivalent to what the City of Saskatoon (City) would receive if the funds were instead invested in the bond market using current rates.

Utility Solar Scale Energy Implementation (Capital Project P.01955)

This project will require \$2.23 million in borrowing to help fund the construction of the Solar Farm for its full scope. Annual savings are expected to be \$0.45 million and will be realized through bulk energy purchase offsets. The loan will be paid back through these expected savings. Using current borrowing rates, it is expected this loan will be paid back in 16 years. The Investment Committee will determine, at the appropriate time, if this will be funded through internal debt or external debt.

Civic Water Conservation (Capital Project P.02197)

This project is requesting a Green Loan in the amount of \$1.65 million. There is potential for the project to receive a grant of up to \$600,000 from the Federation of Canadian Municipalities (FCM) which will be used to pay back the loan early. Based on current interest rates, it is expected this loan will be paid back over a 10-year period without any FCM grant money. Any grant money received from FCM will be used to pay down the loan sooner.

Repayment of the loan will be through annual water savings of \$255,000 less annual operating impacts of the program which are expected to be \$54,000. Using current interest rates and a 10-year repayment term, the payments of principal and interest will be approximately \$202,000 per year.

FINANCIAL IMPLICATIONS

The Administration will follow its existing practice with respect to borrowing. Once the project has advanced to a point where borrowing is required, the City's Investment Committee will evaluate borrowing options. If external borrowing is recommended to be utilized, City Council will be presented with a report to authorize the Chief Financial

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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 the relevant data related to the transaction for City Council approval.

If internal borrowing is the recommended source of funding, the Administration will work to allocate the funds to the capital project and will make the appropriate loan and repayment schedule. The interest rate charged on the borrowing will be comparable to what the City would have received if the funds were instead invested in the bond market. There would be no further reporting back to City Council for additional approvals.

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 Policy No. C01-021, Public Notice Policy. As shown in Appendix 1, the following notice was given:

- Posted on the City's website on Friday, September 13, 2024; and
- Advertised in the Saskatoon StarPhoenix on Saturday, September 14, 2024.

NEXT STEPS

There is no follow up at this time.

APPENDICES

1. Public Notice – Intent to Borrow

REPORT APPROVAL

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