

DATE: April 7, 2015

FILE: 1700-02

TO: Chair and Directors
Comox Valley Regional District (Comox Strathcona Waste Management) Board

FROM: Debra Oakman, CMA
Chief Administrative Officer

RE: Temporary borrowing for loan authorization bylaw

Purpose

To provide the board with information regarding the borrowing process for the Comox Strathcona waste management service and to recommend adoption of the temporary borrowing bylaws related to the capital works projects identified in Comox Strathcona Waste Management Service (Capital Projects) Loan Authorization Bylaw No. 351, 2014.

Policy analysis

Per the *Local Government Act*

Temporary borrowing under loan authorization bylaw

- 823.2** (1) A board that has adopted a loan authorization bylaw may, by bylaw, temporarily borrow money not exceeding the difference between the total amount authorized by the loan authorization bylaw and the amount already borrowed in relation to that bylaw.
- (2) To the extent necessary, the proceeds of the borrowing under section 825 [*security issuing bylaws*] in relation to the loan authorization bylaw must be used to repay the money temporarily borrowed.

Executive summary

On November 20, 2014, the board adopted Comox Strathcona Waste Management Service (Capital Projects) Loan Authorization Bylaw No. 351, 2014. This bylaw authorized the borrowing for three multi-year projects in the following amounts:

Capital project	L/A bylaw Estimated cost	Temporary Borrowing Bylaw
Campbell River closure	\$13,125,000	#371
Comox Valley closure	\$10,620,000	#372
Comox Valley new landfill expansion (8m excavation)	\$21,550,000	#373
Total project estimate	\$45,295,000	

These projects have commenced and the portion of the 2015 expenses that are to be funded through borrowing as per the 2015-2019 adopted financial plan are as follows:

Project Details	2015 Budgeted Expenditures
Campbell River closure - Phase 2 engineering	\$ 350,000
Comox Valley closure - Phase 1 construction	8,050,000
Comox Valley new engineered landfill - Phase 1 design	800,000
Total 2015 borrowing (net of debt issue expense)	\$9,240,000

As the borrowing is for three distinct projects as identified in the loan authorization bylaw, a temporary borrowing bylaw has been prepared for each project.

The temporary borrowing will provide the authorization to enter into interim financing agreements with the Municipal Finance Authority (MFA). Funds will be borrowed only as required as the projects progress. Each interim financing agreement cannot be for more than a five year term. The interest rates will be monitored during the interim financing period and if it is deemed beneficial prior to the expiry of the five year term, the necessary security issuing bylaws would be presented to the board to enter into long term debt. This will provide the most efficient and economical method for financing these capital projects.

Recommendation from the chief administrative officer:

THAT the following Comox Strathcona Waste Management Temporary Borrowing bylaws be considered for adoption:

Bylaw No. 371 being “Comox Strathcona Waste Management Service Temporary Borrowing (Campbell River Closure) Bylaw No. 371, 2015”

Bylaw No. 372 being “Comox Strathcona Waste Management Service Temporary Borrowing (Comox Valley Closure) Bylaw No. 372, 2015”

Bylaw No. 373 being “Comox Strathcona Waste Management Service Temporary Borrowing (Comox Valley New Landfill Expansion) Bylaw No. 373, 2015”

Respectfully:

D. Oakman

Debra Oakman, CMA
Chief Administrative Officer

Prepared by:

C. Sellers

Cheryl Sellers
Senior accounting technician

Concurrence:

W. Byrne

Wendy Byrne
Manager of Financial Planning

Concurrence:

B. Dunlop

Beth Dunlop, CGA
Corporate Financial Officer