

Subject: 2013 Debenture Borrowing for New and Previously Approved Capital Projects**APPROVALS:**

Kola Oladimeji, Director
Elsie Hutton, Chief Financial Officer
Glen Laubenstein, Chief Administrative Officer

Administrative Recommendation(s):

1. That Bylaw No. 13/006, being a debenture borrowing bylaw amendment for the Lift Station Upgrades project, be read a first time.
2. That Bylaw No. 13/007, being a debenture borrowing bylaw for fourteen capital projects approved in the 2013 Capital Budget, be read a first time.
3. That Bylaw No. 13/008, being a debenture borrowing bylaw for seven capital projects approved in the 2013 Capital Budget, be read a first time.
4. That Bylaw No. 13/009, being a debenture borrowing bylaw for Land Acquisition 2013-2014 project, be read a first time.

Summary:

Approval of debenture bylaws is required to proceed with projects approved through the Capital budget process. In accordance with Section 251 of the *Municipal Government Act*, Council approval is required for any borrowing.

Background:

Twenty-nine projects identifying debenture borrowing as a source of funding were approved by Council as part of the 2013 Capital Budget on December 11, 2012. Debenture borrowing for six projects had been previously approved. The debenture borrowing for the Lift Station Upgrades (South) project, which had been previously approved, is now subject to amendment due to project cost increases while the remaining new twenty-two projects are being presented to Council the first time for approval of debenture borrowing.

The twenty-two new projects requiring debenture borrowing have been grouped into composite bylaws based on the duration or term of the bylaw. This is for efficient administration and it is typical of large municipalities to have several projects covered in a single debenture bylaw.

Budget/Financial Implications:

A total of \$410,498,588 in debenture borrowing, ranging from 10 – 25 years duration, is required for the proposed projects. Annual debt service payment of \$30,684,052 is estimated for the first

ten years. This reduces afterwards as projects with a repayment term of ten years would have been fully repaid thereby leaving only projects with a repayment plan greater than ten years. There are no changes to project costs from what has been previously approved by Council and as such there are no changes to budgeted and projected debt ratios.

Estimated debt service consist of principal and interest repayment and based on December 1, 2012 interest rates from the Alberta Capital Finance Authority. Actual interest rates will be applicable rates when debt is drawn.

Rationale for Recommendations:

Section 251 of the *Municipal Government Act* requires that a borrowing bylaw be advertised when the term of borrowing for financing a capital project exceeds five years. Various capital projects approved in the 2013 Capital Budget identifying debenture as a source of funding require terms of borrowing greater than five years and are therefore subject to advertisement.

The impacted projects were approved through the 2013 Capital Budget process and identified debenture borrowing as a source of funding. If debenture borrowing is not approved, the projects cannot proceed as planned. Debenture funds are drawn by the Municipality only once a project commences and funds have been committed or expended, therefore, no costs are incurred if a project is delayed, does not proceed as planned or sufficient cash is available as an interim funding source.

Attachments:

1. Bylaw No. 13/006.
2. Bylaw No. 13/007.
3. Bylaw No. 13/008.
4. Bylaw No. 13/009.
- 5 – 27. Amortization schedules of projects requiring debentures bylaw approval.