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**REPORT TO REGIONAL WATER SUPPLY COMMISSION  
MEETING OF WEDNESDAY, OCTOBER 21, 2020**

**SUBJECT Bylaw 4382: Regional Water Supply Water Works Facilities Loan Authorization Bylaw**

**ISSUE SUMMARY**

A Capital Regional District (CRD) Board resolution is required to approve loan authorization Bylaw No. 4382 for the purpose of financing the Regional Water Supply five year 2021-2025 capital plan.

**BACKGROUND**

The most recent loan authorization for the Regional Water Supply was approved in 2013 under Bylaw 3902 to finance capital spending over 2015 to 2020. A loan authorization is typically prepared every five years, or as long-term debt is required. The Regional Water Supply capital plan (the “Capital Plan”) includes planned replacement and improvements that will require borrowing of \$46 million from the Municipal Finance Authority of British Columbia (MFABC). This borrowing will occur as required to meet cash flow needs for implementation of Commission approved capital projects. Under the *Local Government Act*, participating area approval is required.

The following bylaw is proposed:

Service Area	Action	Purpose	Bylaw
2.670	Loan Authorization Bylaw	To create a loan authorization bylaw to permit long-term borrowing related to the capital plan for this service.	4382 Regional Water Supply Loan Authorization Bylaw No. 5, 2020

**ALTERNATIVES**

*Alternative 1*

The Regional Water Supply Commission recommends to the Capital Regional District Board:

1. That Bylaw No. 4382 cited as “Regional Water Supply Water Works Facilities Loan Authorization Bylaw No. 5, 2020” be introduced and read a first, second and third time; and
2. That Bylaw No. 4382 be referred to the Inspector of Municipalities for approval, and if received, to proceed with elector approval by way of regional alternative approval process.

*Alternative 2*

The Regional Water Supply Commission recommends to the Capital Regional District Board: That Bylaw No. 4382 be deferred to a future meeting pending further information.

## **IMPLICATIONS**

### *Financial & Legislative Implications*

The loan authorization for the provisional Capital Plan is \$46 million and will support the planned five year capital plan expenditures commencing in January 2021. The estimated debt servicing costs for the borrowing are included in the 2021–2025 five-year operating budget. Capital funds on hand will provide additional funds as required.

This loan authorization covers planned spending contained within the next five years of the capital plan. Actual borrowings in each of the next five years will be based on the cash flow requirements for the year, subject to the availability of funds from consumption revenue (net of operating expenditures).

Long-term borrowing (i.e. loans with a term of more than 5 years) cannot be undertaken without the loan authorization bylaw being approved by the Inspector of Municipalities after the bylaw is given three readings by the local government. In addition, in accordance with the *Local Government Act*, elector approval is required in order to approve the loan authorization bylaw. Electoral approval can be obtained through consent on behalf of two-thirds of municipal participants' councils and by alternative approval process in the Juan de Fuca Electoral Area; or by alternative approval process for the entire service area. It is recommended that elector approval be obtained by alternative approval process for the entire service area, as this process will need to be run for the Juan de Fuca Electoral Area in any event. This can be initiated when the loan authorization bylaw has received third reading.

To ensure optimization of interest and timing of long term debt, issuance of a temporary borrowing will be proposed if municipal consent is received and Ministerial Approval is obtained. The timing of the debt issuance will be based on the timing of expenditures and will be dependent on prevailing interest rates at the time. Before long term debt issuance can be exercised, a security issuing bylaw will be brought forward for approval. The term of any debt issuances under such loan authorization will be 15 years.

## **CONCLUSION**

Capital program work on the Regional Water Supply system is planned for 2021 and ongoing. The work will be funded through a combination of capital funds on hand and borrowed funds. Timely access to the borrowed funds in 2021 is critical to meeting the capital program spending needs. To that end, a Capital Regional District (CRD) Board resolution is required to commence the loan authorization process for Bylaw No. 4382 for the purpose of financing the Regional Water Supply system five year 2021-2025 capital plan. An elector consent process will be undertaken to obtain elector approval and can be initiated once the loan authorization bylaw has received third reading.

## **RECOMMENDATION**

The Regional Water Supply Commission recommends to the Capital Regional District Board:

1. That Bylaw No. 4382 cited as "Regional Water Supply Water Works Facilities Loan Authorization Bylaw No. 5, 2020" be introduced and read a first, second and third time; and

2. That Bylaw No. 4382 be referred to the Inspector of Municipalities for approval, and if received, to proceed with elector approval by way of regional alternative approval process.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., General Manager, Integrated Water Services
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

**ATTACHMENT(S)**

Appendix A: Bylaw 4382, "Regional Water Supply Facilities Loan Authorization Bylaw No. 5, 2020"

**CAPITAL REGIONAL DISTRICT**

**BYLAW NO. 4382**

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**A BYLAW TO AUTHORIZE THE BORROWING OF FORTY SIX MILLION DOLLARS  
(\$46,000,000) FOR THE PURPOSE OF ACQUIRING, DESIGNING AND CONSTRUCTING  
WATER WORKS FACILITIES OF REGIONAL WATER SUPPLY**  
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**WHEREAS:**

- A. Under Bylaw No. 2537, "Water Supply Local Service Area Establishment Bylaw No. 1, 1997", the Board of the Regional District established a local service for the purpose of supplying water in the Regional District;
- B. It is deemed desirable to fund works relating to the acquiring, designing and constructing water distribution facilities in the Regional District water distribution system, and the work shall include the planning, study, public consultation, site selection, design, land and material acquisition, construction, supply and installation of all material, equipment and components and all construction necessary for the preparation and works relating to the acquiring, designing and constructing water distribution facilities in the Regional District water distribution system;
- C. The estimated cost of the works is the sum of forty-six million dollars (\$46,000,000) dollars;
- D. Pursuant to s. 407 of the *Local Government Act*, participating area approval is required for this borrowing and shall be obtained by alternative approval process under s. 345 of the *Local Government Act*;
- E. Financing is proposed to be undertaken by the Municipal Finance Authority of British Columbia pursuant to agreements between it and the Capital Regional District;

**NOW THEREFORE** the Capital Regional District Board in open meeting assembled hereby enacts as follows:

1. The Board is hereby empowered and authorized to undertake and carry out or cause to be carried out the acquisition of land, planning, study, design and construction of buildings, plant, mains, dams, and other water works facilities and equipment herein before described and to do all things necessary in connection therewith and without limiting the generality of the foregoing:
  - a) to borrow upon the credit of the Regional District a sum not exceeding Forty Six Million Dollars (\$46,000,000);

- b) to acquire all such real property, easements, rights-of-way, leases, licenses, rights or authorities as may be requisite or desirable for or in connection with the acquisition of land, planning, study, design and construction to add, replace, upgrade water works facilities and all related ancillary works, studies and equipment deemed necessary by the Board.
- 2. The maximum term for which debentures may be issued to secure the debt intended to be created by this bylaw is 15 years.
- 3. This Bylaw may be cited as "Regional Water Supply Water Works Facilities Loan Authorization Bylaw No. 5, 2020".

READ A FIRST TIME THIS	___	day of	202_
READ A SECOND TIME THIS	___	day of	202_
READ A THIRD TIME THIS	___	day of	202_
APPROVED BY THE INSPECTOR OF MUNICIPALITIES THIS	___	day of	202_
APPROVED BY ALTERNATIVE APPROVAL PROCESS PER S.345 OF THE LOCAL GOVERNMENT ACT THIS	___	day of	202_
ADOPTED THIS	___	day of	202_

\_\_\_\_\_  
CHAIR

\_\_\_\_\_  
CORPORATE OFFICER