

Municipal District of Bonnyville No. 87

Request for Decision (RFD)

Meeting: Regular Meeting of Council
Meeting Date: May 9, 2023
Originated By: Susan Walker, General Manager of Corporate Services
Title: Bylaw No. 1841 Firehall No. 1 Renovation Loan Bylaw

PROPOSAL & BACKGROUND

A Special Meeting of Council was held March 7, 2023, in which Council deliberated on the request from BRFA and finally approved the following resolution:

THAT Council directs Administration to draft a lending bylaw for the Bonnyville Regional Fire Authority's renovation project at Fire Hall No. 1 in the amount of \$4,500,000.00 over 20 years at 5% interest commencing April 25, 2023 to be funded by Cash Flow Reserves and bring it back to the March 14, 2023 Regular Meeting of Council for consideration.

On March 14, 2023, Council gave first reading to Bylaw No. 1841.

Bylaw No. 1841 was advertised according to MGA requirements.

DISCUSSION ON BENEFITS, DISADVANTAGES & OPTIONS

The Bonnyville Regional Fire Authority (BRFA) is funded by the Municipal District of Bonnyville No. 87 (M.D.) and by the Town of Bonnyville (Town) and is therefore a municipally controlled corporation. As such, it is in the best interests of the M.D. to lend the funds from existing reserves, as opposed to guaranteeing a loan with an outside lending institution and incurring the additional interest that the lending institution would charge on the loan.

Provisions in the Municipal Government Act allow lending to municipally owned corporations. This loan is well within the M.D.'s debt limit capacity of \$23M as at December 31, 2022.

There is an opportunity cost associated with lending reserve funds in that those funds will no longer be available for the M.D. to invest to generate interest revenue which is used to reduce the tax burden on the M.D. rate payors. The financial impact of this cost is dependent on the interest rate the M.D. would otherwise be able to realize from its investments. Additionally, these funds are no longer available for M.D. purposes until the loan is fully repaid.

BRFA will repay the M.D. on a bi-annual basis over the next 20 years, or until the debt is retired. Because BRFA is fully funded by the M.D. and the Town, a budget adjustment will be required to amend the approved to amend the approved 2023 fiscal year to increase the funding provided to BRFA and to reduce the anticipated interest revenue.

Attached for Council's review:

- Appendix A: Bylaw No. 1841 Firehall No. 1 Renovation Loan Bylaw

REFERENCE TO STRATEGIC PLAN

Council Strategic Plan 2022 – 2027, Goal 3; Enhance Safety in the Community.

REFERENCE TO PROVINCIAL/FEDERAL LEGISLATION

Municipal Government Act, Section 264 (2)

Municipal Government Act, Section 265 (1)

Municipal Government Act, Section 268

COSTS & SOURCE OF FUNDING

The source of funding for this lending bylaw is the Cash Flow Reserve.

Over the 20 years of the loan, the Town will fund approximately 36% of the loan, or \$1,620,000. Additionally, the Town will fund 5% interest or \$961,400. Of the total debt servicing.

In 2023, the increased 64% budget expenditure to BRFA will be \$229,456.70, plus estimated lost investment revenue estimated at 5.8% or \$261,000.00 for a total of \$490,456.70. This amounts to a 0.8% tax increase for M.D. rate payors.

COMMUNICATIONS STRATEGY

Upon final approval, Bylaw No. 1841 will be posted on the M.D. website.

ADMINISTRATION RECOMMENDED ACTION

THAT Bylaw No. 1841, being a bylaw of the Municipal District of Bonnyville No. 87, to lend funds to the Bonnyville Regional Fire Authority be amended by changing the commencement date for the loan to May 12, 2023, and be given second reading.

THAT Bylaw No. 1841 be given third reading.

COUNCIL OPTIONS

1. THAT Bylaw No. 1841, being a bylaw of the Municipal District of Bonnyville No. 87, to lend funds to the Bonnyville Regional Fire Authority be amended by changing the commencement date for the loan to May 12, 2023, and be given second reading. CARRIED (*Bylaw will proceed*).
2. THAT Bylaw No. 1841, being a bylaw of the Municipal District of Bonnyville No. 87, to lend funds to the Bonnyville Regional Fire Authority be amended by changing the commencement date for the loan to May 12, 2023, and be given second reading. DEFEATED (*Bylaw will not proceed*)
3. THAT Bylaw No. 1841, being a bylaw of the Municipal District of Bonnyville No. 87, to lend funds to the Bonnyville Regional Fire Authority be given second reading.
4. THAT Bylaw No. 1841, being a bylaw of the Municipal District of Bonnyville No. 87, to lend funds to the Bonnyville Regional Fire Authority be tabled until _____, for additional information.

Report Approval Details

Document Title:	Bylaw No. 1841 - Lending Bylaw - BRFA Firehall Renos - 2nd-3rd reading.docx
Attachments:	- Appendix A-Bylaw 1841 Firehall No 1 Renos Loan Bylaw.pdf
Final Approval Date:	May 1, 2023

This report and all of its attachments were approved and signed as outlined below:

Stephanie Severin