

COUNCIL REPORT

Date: January 9, 2024
File: 2.10.2.5.2
To: Warren Waycheshen, CAO - for Mayor and Council
From: Tracy Tavares, Director of Corporate Administration
Sue-Lin Tarnowski, Director of Finance
Re: District of Kitimat Water Treatment System Temporary
Borrowing Bylaw No. 2062, 2025
Applicant: N/A
Location: N/A



Recommendation:

Action: Council consider first three readings of District of Kitimat Water Treatment System Temporary Borrowing Bylaw No. xxxx, 2025

Recommended Motion:

THAT District of Kitimat Water Treatment System Temporary Borrowing Bylaw No. 2062, 2025 receive first three readings.

Background:

At the October 28, 2024, meeting Council adopted District of Kitimat Water Treatment System Loan Authorization Bylaw No. 2058, 2024. The certificate of approval has been issued for the loan authorization bylaw and the District may now consider temporary borrowing through the Municipal Finance Authority (MFA) for the District of Kitimat Water Treatment System.

Temporary borrowing would provide the District the ability to access funds through the construction period of the Water Treatment System project and once the project is complete, the outstanding temporary borrowing balance will be converted into long-term debt. One of the most significant advantages of temporary borrowing is the ability to access funds immediately, sometimes on the same day.

The quick turnaround time would allow the District to borrow cash that is needed for expenses that are pending. Borrowing may also occur incrementally to reduce the amount of interest on the overall temporary borrowed funds. Funds borrowed are charged daily interest at the MFA's variable interest rate on the balance outstanding.

The District has the option of securing long term borrowing funding semi-annually from the Municipal Finance Authority (MFA) through their spring or fall debt issues, however this process is not flexible and requires cash requests to be made several months prior. By adopting a temporary borrowing bylaw, the District will be able to reduce the amount of time cash is being unutilized, reducing unnecessary interest payments securing a long-term interest rate and start the long-term repayment process at the time of spring and fall debt issues. The maximum that can be borrowed temporarily is limited to the maximum amount remaining under the loan authorization bylaw which would be thirteen million five hundred thousand dollars (\$13,500,00.00).

At the completion of the project, the District will be in a better position to assess cash reserves and outstanding debt to decide how much of the temporary borrowing the District is able to pay down prior to locking it in for the long term. Paying down some of the temporary borrowing balance prior to converting the debt to the long term will reduce the interest paid on long term debt.

The District of Kitimat Water Treatment System Temporary Borrowing Bylaw No. 2062, 2025 is being presented for Council consideration of three readings. If Bylaw No. 2062, 2025 receives three readings at the January 20 meeting, it will be presented for Council consideration of adoption at the February 3, 2025 meeting.

Alternative Options:

1. Another option as developed through discussion of Council.

Budget Implications:

The current interest rate for temporary borrowing is 4.05%, with the interest payment varying based on the loan amount and duration. For budgetary purposes, an interest amount of \$199,726 for borrowing \$10,000,000 for a period of 6 months has been incorporated into the 2025 budget.

Director of Finance Initials

Budgeted:

Unbudgeted:

Council Initiative/Other Relevant Plans:

Strategic Plan (2023-2026)

- Strategic Priority 4
Infrastructure, Services and Human Resources
 - Complete the water system upgrade

District of Kitimat and Haisla Council Friendship Agreement - gi guálap ni

Not Applicable

Community Energy and Emissions Plan

Not Applicable

Housing Action Plan and Needs Assessment

Not Applicable

Kitimat Age-Friendly Assessment Report and Action Plan

Not Applicable

Kitimat Cycle Network Plan

Not Applicable

Kitimat Poverty Reduction Strategy

Not Applicable

Leisure Services Master Plan

Not Applicable

Minette Bay West Concept Plan

Not Applicable

Official Community Plan (and Downtown Design Guidelines)

Not Applicable

Solid Waste Action Plan

Not Applicable

Water Conservation Plan

4. Conservation Objectives

4.3 Potential Cost of New Supply Infrastructure to meet future demand

BC Transit Future Services Plan

Not Applicable

Economic Development Strategic Plan (2023-2029)

Not Applicable

Submitted by
Tracy Tavares,
Director of Corporate Administration

Submitted by
Sue-Lin Tarnowski, CPA, CMA
Director of Finance

Approved for Submission
Warren Waycheshen, CAO