



The Corporation of the City of Courtenay

Staff Report

To: Council

File No.: 1760-02

From: Director of Finance

Date: April 23, 2025

Subject: Loan Authorization Bylaw – Strategic Land Acquisition 2025

PURPOSE:

To seek first, second and third reading of Loan Authorization Bylaw No. 3183 – Strategic Land Acquisition 2025.

BACKGROUND:

The 2025-2029 Five Year Financial Plan includes \$1,800,000 in borrowing towards strategic land acquisitions in 2025, debt is the source of funding for the project.

DISCUSSION:

Borrowing Process:

Section 179 of the Community Charter provides Council with the authority to incur a liability by borrowing funds for any purpose of a capital nature. The local government borrowing process is highly regulated and closely monitored by the Province. All loan authorization bylaws must be approved by the Inspector of Municipalities and approval of the electors is required before adoption of the bylaw. In addition, sections 623 and 760 of the Local Government Act require a one-month quashing period after approval of the electors has been received, where an application can be made to the Supreme Court to set aside the loan authorization bylaw before final approval will be provided by the Inspector of Municipalities.

Finally, Section 182 of the Community Charter restricts local governments to financing long term debt with their local regional district through the Municipal Finance Authority of British Columbia (MFA). Once a certificate of approval has been received by the Inspector of Municipalities, Council must then pass a Municipal Security Issuing Resolution and forward it to the Comox Valley Regional District to be included in the next Regional District Security Issuing Bylaw that will go through further adoption at the regional level.

The borrowing process can take several months to complete; therefore, it is recommended to begin the process early to ensure appropriate approvals are in place before significant project spending occurs.

Elector Approval:

Section 180 of the Community Charter requires elector approval of a loan authorization bylaw before it can be adopted. The two options available to gain elector approval are through referendum or the alternative approval process. However, the City has the option to use the approval-free zone that does not require electoral approval per section Part 2 Section 7 of the Municipal Liabilities Regulation. The approval-free zone is for municipalities with annual debt servicing costs below 5% of the annual calculation revenue which is \$65,453,269 for 2023 that would limit annual debt servicing costs to \$3,272,663.

At December 31, 2024 the City has consumed 76% of its approval-free limit.

The 2025-2029 Financial plan contains two projects that are funded from debt:

- 6th Street Bridge (2025) for \$4.3M
- Strategic Land Acquisition 2025 for \$1.8M

The total consumption of the approval-free limit will increase to 87% when all proposed loans are taken in 2025. Although the City is consuming more of the approval-free limit there is an expected \$438,686 of annual debt servicing capacity available to be utilized through the approval-free limit. The remaining approval-free capacity represents an \$7.3 million in borrowing.

2026 Capital plan has several projects funded by debt and will push the City beyond its approval free limit thus requiring an elector approval. Elector approval can be sought through a referendum or the alternative approval process.

- East side fire hall \$23M
- Ryan Road Sidewalk Sandwick to Braidwood \$2M
- Braidwood Road Design – Storm & Road \$3M
- South Courtenay Sewer System \$6M
- Anderton Sanitary Lift Station \$4M

POLICY ANALYSIS:

Council adopted 2025-2029 Financial Plan Bylaw No. 3165, 2025, on March 12, 2025 which included the strategic land acquisition capital project.

FINANCIAL IMPLICATIONS:

Per the 2025-2029 Financial Plan the strategic Land Acquisition 2025 project is budget at \$1,800,000. The anticipated debt servicing cost at 4% over 30 years is \$106,868, this consist of \$34,868 principal and \$72,000 interest.

When the project is completed and the loan is ready to be finalized Council will be presented with a report and recommendations on total amount of money to go to long term debt and the choice of amortization periods (10-30 years)

ADMINISTRATIVE IMPLICATIONS:

Once Council gives first three readings to the proposed borrowing bylaw, the bylaw and liability servicing limit certificate are sent to the Inspector of Municipalities for approval. Once the approval is given then Council can adopt the loan authorization bylaw and move to adopt a temporary borrowing bylaw to allow the City to access funds. The typical approval time from the Province is 8 weeks.

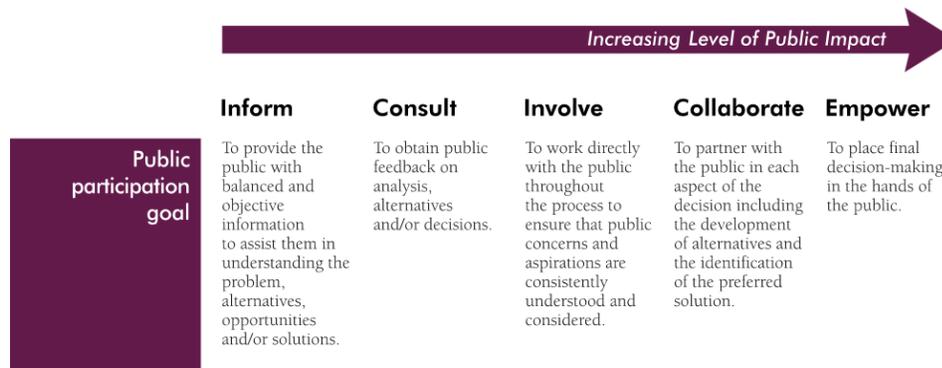
STRATEGIC PRIORITIES REFERENCE:

This initiative addresses the following cardinal direction:

COURTENAY WILL BE RESPONSIBLE FOR THE FUTURE by being more thoughtful, strategic, and efficient in all resources that we use whether it be land, energy, or public infrastructure, to ensure that actions deliver on multiple goals of fiscal responsibility, economic resilience, social equity, and ecological health.

PUBLIC ENGAGEMENT:

Staff would inform the public based on the IAP2 Spectrum of Public Participation:



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OPTIONS:

1. THAT Council give first, second, and third reading to “Loan Authorization Bylaw No. 3183, 2025 – Strategic Land Acquisition 2025”;
and
THAT Council proceed to adoption of “Loan Authorization Bylaw No. 3183, 2025 – Strategic Land Acquisition 2025” through the Approval-free Liability Zone granted by the Municipal Liabilities Regulation, section 7.
2. THAT Council provide alternative direction to staff.

ATTACHMENTS:

1. Loan Authorization Bylaw No. 3183, 2025 – Strategic Land Acquisition 2025

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