

**REPORT TO CAPITAL REGIONAL DISTRICT BOARD
MEETING OF WEDNESDAY, JANUARY 08, 2025**

SUBJECT **Bylaw No. 4664: Regional Water Watershed Land Acquisition Loan Authorization Bylaw No. 1, 2025**

ISSUE SUMMARY

At the direction of the Capital Regional District (CRD) Board, this report brings forward a loan authorization bylaw for the purpose of financing a Regional Water Supply land acquisition at the south end of the Sooke Lake watershed.

BACKGROUND

In 2024, the Regional Board approved a recommendation from the Regional Water Supply Commission (RWSC) that a loan authorization bylaw be prepared to provide financing for a watershed land acquisition. This land acquisition has been included in the 2025 capital plan. Following the CRD Board approval of the provisional 2025 budget on October 30, 2024, loan authorization and security issuing bylaws were prepared by staff.

Loan authorization bylaws specify the maximum amount, restricted use and debt repayment amortization period. Since these bylaws expire after five years, they are drafted to cover the five-year financial plan for services requiring borrowing to fund capital.

The watershed land acquisition requires borrowing of \$32.3 million from the Municipal Finance Authority of British Columbia (MFABC). Requests for funds to be drawn against the loan authorization bylaw will only be authorized upon Board approval of a subsequent temporary borrowing and/or security issuing bylaw.

The following bylaw is proposed:

Service Area	Action	Purpose	Bylaw
Regional Water Supply	Loan Authorization Bylaw	To create a loan authorization bylaw to permit long-term borrowing related to the acquisition of land for this service.	4664

ALTERNATIVES

Alternative 1

1. That Bylaw No. 4664, "Regional Water Watershed Land Acquisition Loan Authorization Bylaw No. 1, 2025", be introduced and read a first, second, and third time;
2. That participating area approval be obtained by alternative approval process for the entire service area; and
3. That Bylaw No. 4664 be forwarded to the Inspector of Municipalities for approval.

Alternative 2

That the proposed bylaw be referred back to staff for further information.

IMPLICATIONS

Legislative and Financial Implications

Before adoption by the Board, a loan authorization bylaw requires three readings, elector approval, and approval by the Inspector of Municipalities. Upon final approval, borrowings of \$32.3 million will be authorized and will support the planned five-year capital plan expenditures commencing in January 2025. The estimated debt servicing costs for borrowing are included in the approved 2024 CRD final financial plan.

With MFABC's current indicative interest rate of 4.37% as of December 16, 2024, the estimated annual debt servicing payments are \$2 million with a 30-year amortization term. The total debt servicing payments are expected to be \$59.9 million. Debt servicing payments within the plan are funded from the sale of bulk water through the Regional Water Supply service. Actual borrowings in each of the next five years will be based on the cash flow requirements for the year.

As part of the loan authorization approval process, the bylaw requires elector approval. Elector approval can be obtained through a referendum, by an alternative approval process (AAP) for the entire service area, or by consent on behalf of municipal participant and electoral area specific AAP in the electoral participating area. It is recommended to obtain consent for the entire service area by way of AAP.

To ensure optimization of interest and timing of long-term debt, issuance of a temporary borrowing bylaw will be proposed if Ministerial approval is obtained, and the AAP proves successful. 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 debt issuance under the loan authorization will be 30 years.

CONCLUSION

The RWSC recommended to the CRD Board that a loan authorization bylaw be prepared to provide the financing of a watershed land acquisition. Bylaw No. 4664, "Regional Water Watershed Land Acquisition Loan Authorization Bylaw No. 1, 2025", is presented now in preparation for future borrowing to enable the watershed land acquisition included in the service's five-year (2025-2029) capital plan.

RECOMMENDATION

1. That Bylaw No. 4664, "Regional Water Watershed Land Acquisition Loan Authorization Bylaw No. 1, 2025", be introduced and read a first, second, and third time;
2. That participating area approval be obtained by alternative approval process for the entire service area; and
3. That Bylaw No. 4664 be forwarded to the Inspector of Municipalities for approval.

Submitted by:	Varinia Somosan, CPA, CGA, Sr. Mgr., Financial Services / Deputy CFO
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
Concurrence:	Jason Dales, Acting General Manager, Integrated Water Services
Concurrence:	Steven Carey, B.Sc., J.D., Acting General Manager, Corporate Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENT

Appendix A: Bylaw No. 4664, “Regional Water Watershed Land Acquisition Loan Authorization
Bylaw No. 1, 2025”

CAPITAL REGIONAL DISTRICT

BYLAW NO. 4664

**A BYLAW TO AUTHORIZE PLANNED BORROWING OF THIRTY-TWO MILLION AND
THREE HUNDRED THOUSAND DOLLARS (\$32,300,000)
FOR LAND ACQUISITION IN THE REGIONAL WATER SUPPLY SERVICE**

WHEREAS:

- A. Under Bylaw No. 2537, "Water Supply Local Service Area Establishment Bylaw No. 1, 1997", and as amended by subsequent bylaws, the Board of the Regional District established a local service area for the purpose of supplying water in the Regional District;
- B. The Board of the Capital Regional District may, by bylaw, borrow money for capital purposes in acquisition of water supply lands in the Regional District;
- C. The estimated cost of the acquisition of water supply lands, including expenses incidental thereto to be funded by debt servicing, is the sum of Thirty-Two Million and Three Hundred Thousand Dollars (\$32,300,000); which is the amount of debt intended to be authorized by this bylaw;
- 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 for the entire service area under section 345 of the *Local Government Act*;
- E. The approval of the Inspector of Municipalities is required under Section 403 of the *Local Government Act*; and
- F. 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. For the purposes of the Regional Water Supply Service, the Board is hereby empowered and authorized to undertake and carry out or cause to be carried out 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 deemed necessary in connection with land acquisition in the regional water supply services; 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 Capital Regional District a sum not exceeding Thirty-Two Million and Three Hundred Thousand Dollars (\$32,300,000); and
 - (b) to acquire all such real property, easements, rights-of-way, licenses, rights or authorities as may be requisite or desirable for or in connection with land acquisition.

- 2. The maximum term for which debentures may be issued to secure the debt intended to be created by this bylaw is 30 years.
- 3. This Bylaw may be cited as “Regional Water Watershed Land Acquisition Loan Authorization Bylaw No. 1, 2025”.

READ A FIRST TIME THIS	day of	20__
READ A SECOND TIME THIS	day of	20__
READ A THIRD TIME THIS	day of	20__
APPROVED BY THE INSPECTOR OF MUNICIPALITIES THIS	day of	20__
APPROVED BY ALTERNATIVE APPROVAL PROCESS PER s.345 OF THE <i>LOCAL GOVERNMENT ACT</i>	day of	20__
ADOPTED THIS	day of	20__

CHAIR

CORPORATE OFFICER