

**Agenda Item: D.3**

Request for Decision

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| **Title** | **Bylaw 1530/21 - Debenture for Broadband Infrastructure – Phase 1 - First Reading** |
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| **Proposed Motion** | That Council give first reading of Bylaw 1530/21. |
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| **Administrative**  **Recommendation** | Administration recommends that Council give first reading of Bylaw 1530/21 to authorize the use of long-term borrowing to fund Phase 1 of the development of broadband infrastructure to improve internet access throughout the County. |
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| **Previous Council Direction** | December 8, 2020 Regular Council Meeting  Motion 579/20: That Council approve the 2021 Operating and Capital Budget as amended by motions passed on November 27, 2020 and represented by a 0% tax rate increase with $8,932,886 Significant Tax Revenue Growth allocated to the policy priority reserves for Council consideration in early 2021.  November 27, 2020 Council Budget Meeting  Motion 554/20: That Council fund the Broadband Initiative project to a maximum of $7,300,000 in the 2021 proposed budget with funding to come from long-term debt. |
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| **Report** | Background Information   * In a 2020 survey, the majority of residents and businesses within Sturgeon County reported that internet access was either very important or that they could not live without it. The same study showed that most residents and business are currently dissatisfied or very dissatisfied with the reliability, speed, and value of their current internet service. * The broadband initiative project seeks to improve high-speed internet access for residents and businesses in Sturgeon County. Investments in broadband infrastructure will be implemented in phases, starting with a pilot project in the area including Villeneuve Airport, Pro North, and Heritage Industrial Parks and the hamlets of Villeneuve, Calahoo, and Rivière Qui Barre. * The broadband initiative project was presented and approved as part of the 2021 Capital budget. * The proposed Debenture Bylaw 1530/21 for Phase 1 is for $7,300,000, which is the full anticipated project cost. Administration will only draw on the debenture funds for the project as required. * The tax-supported debenture is a 15-year term with semi-annual interest payments. The total interest on the life of the debenture is approximately $1,016,200 and the annual payment is approximately $544,413. * Sturgeon County’s debt limit as of December 31, 2019 per the Municipal Government Act (MGA) is $110,341,380. * The total outstanding debt principal as of December 31, 2019 is $27,383,965 (audited). * Sturgeon County’s debt limit as of December 31, 2020 per the *Municipal Government Act* (MGA) is projected to be $120,834,213 (unaudited) with total long-term debt principal anticipated to be $34,229,692 (unaudited). * Based on the 2020 projected debt limit, the debt limit available within the current fiscal year based on MGA regulations is $86,604,521.   External Communication   * The bylaw will be advertised in various media outlets and posted on the Sturgeon County website to provide information to residents and to allow residents the opportunity to petition the use of long-term debt funding for this project.   Relevant Policy/Legislation/Practices:   * *Municipal Government Act*, RSA 2000 c.M-26 * Debt Management Policy |
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| **Implication of Administrative Recommendation** | Strategic Alignment:  **Planned Growth and Prosperity** – Reliable broadband is a driver for global economic competitiveness, enabling the attraction and retention of business and skilled workers.  **Maintain and Enhance Strong Communities** – The majority of Sturgeon County citizens and businesses require reliable broadband to work, learn, access health care services, conduct business, and communicate with others.  Organizational:  Administration will implement the first phase of the County’s Broadband Strategy through the 2021 Capital Plan.  Financial:   * The Debenture Bylaw request is for $7,300,000. * The current interest rate for a 15-year debenture is anticipated to be 1.725%.  |  |  |  |  | | --- | --- | --- | --- | | **Project** | **Debenture** | **Total Interest (15-Years)** | **Annual Payment (15-Years)** | | Broadband Infrastructure – Phase 1 | $7,300,000 | $1,016,200 | $544,413 | |
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| **Alternatives Considered** | Council may defeat the Bylaw and not proceed with the infrastructure investment necessary to support the Broadband Initiative project until alternative financing options can be explored. |
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| **Implications of Alternatives** | Strategic Alignment:   * **Strong Local and Regional Governance** – Deferral of the project until alternative partnership or financing options could be explored would negate the need to borrow funds. However, delays would result in a loss of momentum in broadband development throughout the County.   Organizational:   * Administration would not implement the first phase of the County’s Broadband Strategy in the 2021 Capital Plan.   Financial:   * An alternative funding source would be necessary if debt funding is not supported. |
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| **Follow up Action** | 1. Advertise the Bylaw in various media outlets and on the Sturgeon County website (Financial Services and Corporate Communications).  2. Bring the Bylaw to Council for consideration of second and third reading at the April 27, 2021 Regular Council Meeting (Financial Services). |
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| **Attachment(s)** | 1. Bylaw 1530/21 2. Debt Management Policy 3. Reserve Policy |
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| **Report Reviewed by:** | Sabrina Duquette, Acting Manager, Financial Services  Dawn Sauvé, Director, Financial, Assessment and Procurement Services  Reegan McCullough, County Commissioner – CAO |

**Strategic Alignment Checklist**

**Vision:** *Sturgeon County: a diverse, active community that pioneers opportunities and promotes initiative while embracing rural lifestyles.*

**Mission:** *Provide quality, cost effective services and infrastructure to meet the diverse needs of the Sturgeon County community, while improving competitiveness and sustainability.*

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| **Focus Areas** | **Not consistent** | **N/A** | **Consistent** |
| **Planned Growth and Prosperity** |  |  |  |
| *We encourage varied and integrated enterprises that enhance our strong economic*  *base, while balancing the needs of the community and natural environment.*  *(Strategic Plan and MDP pg. 36)* |  |  |  |
| * *Supports a strong thriving business environment to strengthen our economic foundation* |  |  |  |
| * *Plans for responsible growth through the MDP and regional growth plan.* |  |  |  |
| * *Manages growth for current and future developments through:*   + *transparent bylaws, policies and processes to enable responsible land development* |  |  |  |
| * + *targeting growth around existing and identified future growth areas* |  |  |  |
| **Maintain and Enhance Strong Communities** |  |  |  |
| *We are committed to a safe and viable community, where our residents are*  *provided with access to opportunities and quality of life.*  *(Strategic Plan and pg. 27 MDP)* |  |  |  |
| * *Provides access to programs and services that have a positive impact on residents’ quality of life* |  |  |  |
| * *Provides access to safe and reliable infrastructure assets* |  |  |  |
| * *Supports the safety of people and property* |  |  |  |
| **Strong Local and Regional Governance** |  |  |  |
| *We promote consistent and accountable leadership through collaborative and*  *transparent processes (Strategic Plan and pg. 27 MDP)* |  |  |  |
| * *Provides effective leadership and management consistent with Strategic Plan, MDP, master plans, bylaws, policies, community engagement* |  |  |  |
| * *Considers fiscal stability and sustainability* |  |  |  |
| * *Fosters collaborative intergovernmental partnerships* |  |  |  |
| **Community Identity & Spirit** |  |  |  |
| *We will build upon our strengths, where together we will create an inclusive, caring community (Strategic Plan and MDP pg. 27)* |  |  |  |
| * *Promotes and/or enhances residents’ identification with Sturgeon County* |  |  |  |
| * *Support and/or collaborate with voluntary organizations in the region* |  |  |  |
| **Environmental Stewardship** |  |  |  |
| *We foster a healthy environment and minimize our impact on ecosystems. (Strategic Plan and MDP pg. 27)* |  |  |  |
| * *Plans and partnerships that minimize environmental impact on natural areas* |  |  |  |
| * *Provides awareness of environmental issues impacting the County* |  |  |  |