

**Agenda Item: D.4**

Request for Decision

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| **Title**  | **Bylaw 1532/21 - Debenture for Pine Sands Subdivision Road Rehabilitation - First Reading** |
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| **Proposed Motion** | That Council give first reading of Bylaw 1532/21. |
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| **Administrative****Recommendation** | Administration recommends that Council give first reading of Bylaw 1532/21 to authorize the use of long-term borrowing to fund the rehabilitation of roadways in the Pine Sands subdivision to ensure safe travel within the subdivision. |
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| **Previous Council Direction** | December 8, 2020 Regular Council MeetingMotion 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 MeetingMotion 563/20: That Council fund the Pine Sands Subdivision project for $2,790,000 in the 2021 proposed budget with funding to come from long-term debt.  |
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| **Report** | Background Information* The existing roadway surface in the Pine Sands subdivision is showing signs of distress with cracking and potholes being present. The rate of failure observed in these areas indicate the sand subgrade has poor stability and may require cement stabilization to achieve adequate compaction.
* The Pine Sands subdivision road project will rehabilitate the west end of the access road from Fir Street to the cul-de-sac and the six cul-de-sacs extending north of the access road with the aim to widen the roadway, install perforated pipe drains, and replace the failed subgrade materials. Rehabilitation of Pine Sands subdivision road was approved as part of the 2021 Capital Budget.
* The proposed Debenture Bylaw 1532/21 is for $2,790,000, 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 $388,383 and the annual payment is approximately $211,892.
* 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:**Maintain and Enhance Strong Communities** – Addressing the roadway rehabilitation requirements of the Pine Sands subdivision ensures residents have access to safe and reliable infrastructure assets.Organizational:Administration will implement the Pine Sands subdivision project through the 2021 Capital Plan.Financial:* The Debenture Bylaw request is for $2,790,000.
* The current interest rate for a 15-year debenture is anticipated to be 1.725%.

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| **Project** | **Debenture** | **Total Interest (15-Years)** | **Annual Payment (15-Years)** |
| Pine Sands Subdivision | $2,790,000 | $388,383 | $211,892 |

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| **Alternatives Considered** | Council may defeat the Bylaw and either not proceed with the Pine Sands subdivision roadway rehabilitation project or fund the project from another source. |
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| **Implications of Alternatives**  | Strategic Alignment: * Not proceeding with the project would be inconsistent with the County’s goal of providing residents access to safe and reliable infrastructure assets.

Organizational:* Administration would not complete the Pine Sands subdivision project through the 2021 Capital Plan.

Financial:* An alternative funding source, such as a draw from existing reserves, would be necessary if debt funding is not supported.
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| **Follow up Action** | 1. Advertise the Debenture Bylaw through various media outlets and on the Sturgeon County website (Financial Services and Corporate Communications). 2. Bring Bylaw 1532/21 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 1532/21
2. Debt Management Policy
3. Reserve Policy
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| **Report Reviewed by:** | Sabrina Duquette, Manager, Financial ServicesDawn Sauvé, Director, Financial, Assessment and Procurement ServicesReegan 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)* |[ ] [x] [ ]
| * *Supports a strong thriving business environment to strengthen our economic foundation*
 |[ ] [x] [ ]
| * *Plans for responsible growth through the MDP and regional growth plan.*
 |[ ] [x] [ ]
| * *Manages growth for current and future developments through:*
	+ *transparent bylaws, policies and processes to enable responsible land development*
 |[ ] [x] [ ]
| * + *targeting growth around existing and identified future growth areas*
 |[ ] [x] [ ]
| **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)* |[ ] [ ] [x]
| * *Provides access to programs and services that have a positive impact on residents’ quality of life*
 |[ ] [x] [ ]
| * *Provides access to safe and reliable infrastructure assets*
 |[ ] [ ] [x]
| * *Supports the safety of people and property*
 |[ ] [ ] [x]
| **Strong Local and Regional Governance** |  |  |  |
| *We promote consistent and accountable leadership through collaborative and* *transparent processes (Strategic Plan and pg. 27 MDP)* |[ ] [ ] [x]
| * *Provides effective leadership and management consistent with Strategic Plan, MDP, master plans, bylaws, policies, community engagement*
 |[ ] [x] [ ]
| * *Considers fiscal stability and sustainability*
 |[ ] [ ] [x]
| * *Fosters collaborative intergovernmental partnerships*
 |[ ] [x] [ ]
| **Community Identity & Spirit** |  |  |  |
| *We will build upon our strengths, where together we will create an inclusive, caring community (Strategic Plan and MDP pg. 27)* |[ ] [x] [ ]
| * *Promotes and/or enhances residents’ identification with Sturgeon County*
 |[ ] [x] [ ]
| * *Support and/or collaborate with voluntary organizations in the region*
 |[ ] [x] [ ]
| **Environmental Stewardship** |  |  |  |
| *We foster a healthy environment and minimize our impact on ecosystems. (Strategic Plan and MDP pg. 27)* |[ ] [x] [ ]
| * *Plans and partnerships that minimize environmental impact on natural areas*
 |[ ] [x] [ ]
| * *Provides awareness of environmental issues impacting the County*
 |[ ] [x] [ ]