

REQUEST FOR DECISION

Subject: Bylaw 355 – Borrowing Bylaw – 535-547 Deer Street and 145-155 Cave Avenue Lands



Presented to: Council

Date: January 11, 2016

Submitted by: Chris Hughes, Senior Accountant Agenda #: 7.1

RECOMMENDATION

That council give first reading to Bylaw 355 – Borrowing Bylaw – 535-547 Deer Street and 145-155 Cave Avenue Lands and direct administration to advertise Bylaw 355 for two consecutive weeks.

BACKGROUND

Reason for Report

On December 17, 2015 Council directed administration to bring back a borrowing bylaw to finance the acquisition of lots including 535-547 Deer Street, 145-155 Cave Avenue and the preliminary consultation and analysis of the land for the construction of below market housing on 535-547 Deer Street.

Summary of Issue

The total project cost for the acquisition of the lease of the lands and preliminary analysis is \$965,001, with all of it to be funded from debt financing for a period not to exceed thirty years from the Alberta Capital Finance Authority (ACFA). Once the analysis and consultation part of the project is complete, administration will bring back options for construction on the Deer Street lands.

Land acquisition	\$550,001.00
Demolition costs	\$250,000.00
Engineering assessments/community consultation	\$165,000.00

January 11, 2016	First Reading of Bylaw 355
January 14, 2016	Advertise Bylaw 355 (Week 1)
January 21, 2016	Advertise Bylaw 355 (Week 2)
January 22, 2016	Start of 15 day petition period
February 5, 2016	End of 15 day petition period
February 8, 2016	Second and Third reading of Bylaw 355
March 8, 2016	Bylaw 355 becomes valid (if no application has been made to Court of Queen's Bench to have the bylaw declared invalid within 30 days after the bylaw has been passed or application is dismissed)
March 15, 2016	Borrow from ACFA

Response Options

- a) Give first reading to Bylaw 355 and direct administration to advertise Bylaw 355 for two consecutive weeks.
- b) Do not give first reading to Bylaw 355.

IMPLICATIONS OF RECOMMENDATION

Financial

Principle Amount - \$965,001				
Interest Rate (as of January 1, 2016) – 3.175%				
Term	Project Cost	Annual Debt Payment	Total Interest Charges	Final Project Cost
30 Years	\$965,001	\$50,118	\$538,552	\$1,503,553

Legislation/Policy

Borrowing which exceeds five years is governed by section 258 of the *Municipal Government Act*. As such the bylaw must be given first reading then be advertised in at least one newspaper circulating with the limits of the municipality once a week for two consecutive weeks. The electors may, within 15 days from the date of the last publication of the notice, petition Council for a vote on the money by-law. If a valid petition is presented to Council within the specified time period, the Council may abandon the project, or, if it decides to proceed with the by-law, shall first submit the by-law to a vote of the electors, and if assented to by the vote, may proceed.

CONCLUSION

Repayment of these debentures will be financed over the thirty year term through revenues collected from the eventual development of properties on these lots.

ATTACHMENTS

- Bylaw 355 – Borrowing Bylaw – 535-547 Deer Street and 145-155 Cave Avenue Lands

Submitted By:

2016.01.06

Chris Hughes, Senior Account

Reviewed By:

2016.01.06

Robert Earl, Town Manager

TOWN OF BANFF

BYLAW 355

THIS BYLAW AUTHORIZES THE COUNCIL OF THE TOWN OF BANFF TO INCUR INDEBTEDNESS BY THE ISSUANCE OF DEBENTURE(S) IN THE AMOUNT OF \$965,001 FOR THE PURPOSE OF ACQUIRING THE LEASE OF LANDS (INCLUDING DEMOLITION, PRELIMINARY ENGINEERING ASSESSMENT AND PUBLIC CONSULTATION FOR A BELOW MARKET HOUSING PROJECT) AT 535-547 DEER STREET (PLAN 6719BC; BLOCK 30; LOTS 18-25) AND 145-155 CAVE AVENUE (PLAN 6588JK; BLOCK R7; LOTS 45-49 AND PLAN 2381HR; BLOCK R7; LOT 31B).

WHEREAS:

The Council of the Town of Banff has decided to issue a bylaw pursuant to section 258 of the *Municipal Government Act* to authorize the financing, undertaking of the acquisition of the lease of lands (including demolition, preliminary engineering assessments and public consultation for a below market housing project at 535-547 Deer street (Plan 6719BC; Block 30; Lots 18-25) and 145-155 Cave Avenue (Plan 6588JK; Block R7; Lots 45-49 and Plan 2381HR; Block R7; lot 31B).

Plans and specifications have been prepared and the total cost of the project is estimated to be \$965,001. The Town of Banff estimates the following grants and contributions will be applied to the project:

Capital Reserves	\$0
Provincial Grants	\$0
Debenture	<u>\$965,001</u>
<hr/> Total Cost	<u>\$965,001</u>

In order to complete the project, it will be necessary for the Town of Banff to borrow the sum of \$915,001 for a period not to exceed thirty years, from the Alberta Capital Finance Authority or another authorized financial institution, by the issuance of debentures on the terms and conditions referred to in this bylaw.

The estimated lifetime of the project financed under this bylaw is equal to, or in excess of thirty years.

The principle amount of the outstanding debt of the Town of Banff at December 31, 2015 is \$19,236,036 and no part of the principal or interest is in arrears.

All required approvals for the project have been obtained and the project is in compliance with all *Acts and Regulations* of the Province of Alberta.

NOW THEREFORE the Council of the Town of Banff, in the Province of Alberta, duly assembled, ENACTS AS FOLLOWS:

1.0 CITATION

- 1.1 This bylaw may be cited as Borrowing Bylaw –535-547 Deer Street and 145-155 Cave Avenue Lands.

2.0 PROVISIONS

- 2.1 That for the purpose of acquiring the lease of the lands at 535-547 Deer street (Plan 6719BC; Block 30; Lots 18-25) and 145-155 Cave Avenue (Plan 6588JK; Block R7; Lots 45-49 and Plan 2381HR; Block R7; lot 31B), the sum of NINE HUNDRED AND SIXTY FIVE THOUSAND AND ONE DOLLARS (\$965,001) be borrowed from the Alberta Capital Finance Authority or another authorized financial institution by way of debenture on the credit and security of the Town of Banff at large, of which amount the full sum of \$965,001 is to be paid by the Town of Banff at large.
- 2.2 The proper officers of the Town of Banff are hereby authorized to issue debenture(s) on behalf of the Town of Banff for the amount and purposed as authorized by this bylaw, namely the acquisition of the lease of the lands at 535-547 Deer street (Plan 6719BC; Block 30; Lots 18-25) and 145-155 Cave Avenue (Plan 6588JK; Block R7; Lots 45-49 and Plan 2381HR; Block R7; lot 31B).
- 2.3 The Town of Banff shall repay the indebtedness according to the repayment structure in effect, namely semi-annual or annual equal payments of combined principal and interest installments not exceed THIRTY (30) years calculated at a rate not exceeding the interest rate fixed by the Alberta Capital Finance Authority or another authorized financial institution on the date of the borrowing, and not to exceed SIX (6%) percent.
- 2.4 The Town of Banff shall levy and raise municipal taxes sufficiently to pay the indebtedness.
- 2.5 The indebtedness shall be contracted on the credit and security of the Town of Banff.
- 2.6 The net amount borrowed under this bylaw shall be applied only to the project specified by this bylaw.

2.7 This bylaw comes into force on the date it is passed.

READ A FIRST TIME this xx day of month, 20xx.

READ A SECOND TIME this xx day of month, 20xx.

READ A THIRD TIME this xx day of month, 20xx.

SIGNED AND PASSED this _____ day of _____, 20xx.

Karen Sorensen
Mayor

Robert Earl
Town Manager