

NO: R016

COUNCIL DATE: JANUARY 25, 2021

REGULAR COUNCIL

TO: Mayor & Council **DATE: January 21, 2021**

FROM: General Manager, Finance **FILE: 1760-01**

SUBJECT: Municipal Finance Authority of British Columbia Long-Term Borrowing for Newton Community Centre, City Centre Sports Complex, and Cloverdale Sport and Ice Complex

RECOMMENDATION

The Finance Department recommends that Council:

1. Receive this report for information;
2. Authorize the City Clerk to bring forward for the required readings the draft bylaws that are attached to this report as Appendix "I", II" and "III", which will initiate the process of obtaining funding through the Municipal Finance Authority of British Columbia ("MFA") for land acquisition and construction costs of the Newton Community Centre, construction costs of the City Centre Sports Complex, and construction costs of the Cloverdale Sport and Ice Complex; and
3. Authorize the General Manager, Finance to take all other necessary actions to complete the process of obtaining the subject funding through the MFA.

INTENT

The purpose of this report is to provide information about and to receive approval to obtain long-term borrowing through the MFA to acquire land, and fund the construction of the Newton Community Centre, along with the construction of both the City Centre Sports Complex and Cloverdale Sport and Ice Complex.

BACKGROUND

The following major general capital projects were approved on November 30, 2020 (contingent on receiving MFA funding), by Council as part of the 2021 Five-Year (2021–2025) Capital Financial Plan presented within Corporate Report No. Foo2; 2020.

Newton Community Centre & Land Acquisition

The Parks, Recreation & Culture's Strategic Plan 2018-2027 proposed a new integrated community hub for the Newton area. This new facility will meet the recreation needs of this growing community. Utilization of the site will be done through a multi-phase development to provide

aquatic, cultural, library and recreation services. Parks amenities will also be included on the site. Community engagement and facility utilization trends will guide the development process to determine facility needs and phased delivery of amenities.

On October 19, 2020, Council approved Corporate Report No. R152, 2020 for the acquisition of 16 contiguous land parcels in Newton for future parkland, road realignment, and civic purposes. The Newton Community Centre will be constructed on this site. The purchase was funded from the Parkland Acquisition Program, Roads and Transportation Utility, Sewer Utility and Corporate funding. MFA funding will be used to repay the original City funding sources.

The estimated cost of this project, inclusive of land acquisition, is \$90 million, which will be fully funded through MFA long-term borrowing.

City Centre Sports Complex

This facility will meet the growing recreation needs in the City Centre/North Surrey area. Additional recreation amenities will consider all ages and abilities and will complement the existing facilities in the area. \$500,000 in funding has been allocated in 2024 for the design of a potential second phase of this project.

The estimated cost of this project is \$40 million, which will be fully funded through MFA long-term borrowing.

Cloverdale Sport and Ice Complex

This facility will provide two additional sheets of ice in Cloverdale to meet the community's needs for ice hockey, figure skating, public lessons, skating sessions and dry-floor summer use for sports such as lacrosse and ball hockey.

The estimated cost of this project is \$50.1 million, with \$29.5 million funded through pay-as-you-go City financing and the remaining \$20.6 million financed through MFA long-term borrowing.

DISCUSSION

MFA Borrowing Process

The process of obtaining funds through the MFA is initiated by way of the introduction and related readings of a municipal loan authorization by-law, followed by approval of the Inspector of Municipalities, approval through the Metro Vancouver Board, and finally, approval by the MFA Board. Subject to Council approval of the recommendations of this report, staff plan to complete the above-referenced approval process within six months or less, which will allow the MFA to deliver the necessary funding to the City in the fall of 2021.

Staff is recommending that actions be commenced at this time to obtain long-term borrowing through the MFA given the presently favourable interest rate environment providing financing at less than 1.50% per annum (estimated). Interest rates are subject to fluctuation based on market conditions. Accordingly, the actual interest rate applicable to the City's long-term borrowing will not be known until MFA releases details of its Fall 2021 debenture issue later this year.

Staff recommend that the long-term borrowing for all three capital projects be taken under a 25-year amortization period. The interest rate term will be set at ten years, as per standard MFA practice. At the end of ten years, borrowers have the option to pay off the remaining loan principal in full, make a partial lump-sum principal payment and refinance the balance, or refinance the entire principal outstanding at that time. All interest rate terms, subsequent to the initial 10-year term, will be set at five years.

Timing of MFA Long-Term Borrowing

The 2021 Five-Year (2021–2025) Capital Financial Plan allocates funding for the Newton Community Centre & Land Acquisition and City Centre Sports Complex projects in 2021. Accordingly, the MFA long-term borrowing request for these two projects is anticipated for Fall 2021. Funding for the Cloverdale Sport & Ice Complex is allocated beginning in 2022. The MFA borrowing request for this project is anticipated for Spring 2022.

Construction Schedule

Following Council adoption of the 2021 Five-Year (2021–2025) Capital Financial Plan, staff have initiated activities associated with procurement of the works and services required to deliver the three facilities which are the subject of this report.

For the Newton Community Centre, staff are also at the programming stage, and currently proceeding with the survey of hazardous material and the procurement process associated with demolition of the existing structures on the property. This will pave the way for the next phase of the project which will include procurement of professional services required for the design and construction of the facility and associated road infrastructure. It is anticipated that design work will commence for this project in early 2021 with construction targeted to begin in late 2021 over an estimated duration of 18 – 20 months.

The City Centre Sports Complex is currently at the programming stage. The procurement process for professional services required for the design and construction of the facility and associated infrastructure is currently being finalized. It is anticipated that design work will commence for this project in early 2021 with construction targeted to begin in late 2021 with completion expected in mid-2022.

The design for the Cloverdale Sport and Ice Complex is essentially complete. Staff are currently considering two options regarding the construction procurement for this project. Traditional procurement would see staff work with consultants on preparing the building permit package allowing for the tender of the entire project to General Contractors. Alternatively, a Design-Build methodology could be utilized, as was recently employed for the North Surrey Sport and Ice Complex. Regardless of the procurement option chosen, construction for this project is targeted to commence in 2022 with completion in early 2024.

FUNDING

The City's 2021-2025 General Operating Financial Plan includes appropriate allocations for the annual principal and interest repayments of the new MFA long-term borrowing for the three capital projects referenced in this report and also the funding for the operations of each respective facility.

SUSTAINABILITY CONSIDERATIONS

Accessing MFA long-term borrowing at historically affordable interest rates supports the City's Sustainability Charter 2.0 Corporate Sustainability Objective #8: Work towards corporate financial sustainability.

Additionally, utilizing MFA funding to finance construction of the Newton Community Centre, City Centre Sports Complex, and Cloverdale Sport and Ice Complex relates to the themes of Built Environment & Neighborhoods and Health & Wellness. Specifically, these capital projects support the following Desired Outcomes ("DO"):

- Neighborhoods and Urban Design DO8: The built environment enhances quality of life, happiness and wellbeing; and
- Wellness and Recreation DO6: Residents participate in a wide range of recreation and leisure opportunities.

CONCLUSION

This report provides Council with background information for initiating the process of obtaining funding through the MFA for land acquisitions and construction costs of the Newton Community Centre, City Centre Sports Complex, and construction costs of the Cloverdale Sport and Ice Complex. Staff seek to obtain Council's approval of the proposed *Newton Community Centre Construction and Land Acquisition Loan Authorization Bylaw, 2021, No. 20272*, *City Centre Sports Complex Loan Authorization Bylaw, 2021, No. 20270*, and *Cloverdale Sport and Ice Complex Loan Authorization Bylaw, 2021, No. 20271*, and authorize the General Manager, Finance to take necessary steps to obtain the subject funding through the MFA.

Kam Grewal, CPA, CMA
General Manager
Finance

Appendix "I" - *Newton Community Centre Construction and Land Acquisition Loan Authorization Bylaw, 2021, No. 20272*

Appendix "II" - *City Centre Sports Complex Loan Authorization Bylaw, 2021, No. 20270*

Appendix "III" - *Cloverdale Sport and Ice Complex Loan Authorization Bylaw, 2021, No. 20271*

CITY OF SURREY

BYLAW NO. 20272

A bylaw to authorize the borrowing of the
estimated cost of construction of a community centre
in Newton

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WHEREAS it is deemed desirable and expedient to acquire land and construct a new community centre in Newton upon such land;

AND WHEREAS the estimated cost to acquire land and construct the project including expenses incidental thereto is the sum of ninety million dollars (\$90 million), of which the sum of ninety million dollars (\$90 million) is the amount of debt intended to be borrowed by this Bylaw;

NOW THEREFORE, the Council of the City of Surrey ENACTS AS FOLLOWS:

1. The Council is hereby empowered and authorized to undertake and carry out or cause to be carried out the acquisition of land and construction of a community centre in Newton generally in accordance with plans on file in the municipal office 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 municipality a sum not exceeding ninety million dollars (\$90 million); 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 the acquisition of land and construction of a community centre in Newton.
2. The maximum term for which debentures may be issued to secure the debt created by this Bylaw is thirty (30) years.
3. This Bylaw may be cited as "Newton Community Centre Construction and Land Acquisition Loan Authorization Bylaw, 2021, No. 20272".

PASSED FIRST READING on the on the ____ day of _____, 2021.

PASSED SECOND READING on the on the ____ day of _____, 2021.

PASSED THIRD READING on the on the ____ day of _____, 2021.

APPROVED BY THE INSPECTOR OF MUNICIPALITIES on the ____ day of _____, 2021.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the ____ day of _____, 2021.

_____ MAYOR

_____ CLERK

CITY OF SURREY

BYLAW NO. 20270

A bylaw to authorize the borrowing of the
estimated cost of construction of a Sports Complex in
Surrey City Centre

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WHEREAS it is deemed desirable and expedient to construct a sports complex in Surrey City Centre;

AND WHEREAS the estimated cost to construct the project including expenses incidental thereto is the sum of forty million dollars (\$40 million), of which the sum of forty million dollars (\$40 million) is the amount of debt intended to be borrowed by this Bylaw;

NOW THEREFORE, the Council of the City of Surrey ENACTS AS FOLLOWS:

1. The Council is hereby empowered and authorized to undertake and carry out or cause to be carried out the construction of a sports complex in Surrey City Centre generally in accordance with plans on file in the municipal office 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 municipality a sum not exceeding forty million dollars (\$40 million); 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 the construction of a sports complex in Surrey City Centre.
2. The maximum term for which debentures may be issued to secure the debt created by this Bylaw is thirty (30) years.
3. This Bylaw may be cited as "City Centre Sports Complex Loan Authorization Bylaw, 2021, No. 20270".

PASSED FIRST READING on the on the ____ day of _____, 2021.

PASSED SECOND READING on the on the ____ day of _____, 2021.

PASSED THIRD READING on the on the ____ day of _____, 2021.

APPROVED BY THE INSPECTOR OF MUNICIPALITIES on the ____ day of _____, 2021.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the ____ day of _____, 2021.

_____MAYOR

_____CLERK

CITY OF SURREY

BYLAW NO. 20271

A bylaw to authorize the borrowing of the
estimated cost of construction of a Sport and Ice
Complex in Cloverdale

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WHEREAS it is deemed desirable and expedient to construct a sport and ice complex in Cloverdale;

AND WHEREAS the estimated cost to construct the project including expenses incidental thereto is the sum of fifty million and fifty thousand dollars (\$50.05 million), of which the sum of twenty million six hundred thousand dollars (\$20.6 million) is the amount of debt intended to be borrowed by this Bylaw;

NOW THEREFORE, the Council of the City of Surrey ENACTS AS FOLLOWS:

1. The Council is hereby empowered and authorized to undertake and carry out or cause to be carried out the construction of a sport and ice complex in Cloverdale generally in accordance with plans on file in the municipal office 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 municipality a sum not exceeding twenty million six hundred thousand dollars (\$20.6 million); 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 the construction of a sport and ice complex in Cloverdale.
2. The maximum term for which debentures may be issued to secure the debt created by this Bylaw is thirty (30) years.
3. This Bylaw may be cited as "Cloverdale Sport and Ice Complex Loan Authorization Bylaw, 2021, No. 20271".

PASSED FIRST READING on the on the ____ day of _____, 2021.

PASSED SECOND READING on the on the ____ day of _____, 2021.

PASSED THIRD READING on the on the ____ day of _____, 2021.

APPROVED BY THE INSPECTOR OF MUNICIPALITIES on the ____ day of _____, 2021.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the ____ day of _____, 2021.

_____MAYOR

_____CLERK