



REQUEST FOR DECISION REPORT

TO: Finance Committee

FROM: Michelle Jones, Manager of Administrative Services

IN COLLABORATION WITH:

SUBJECT: Lund Community Centre Loan Authorization Elector Approval and Budget Change

ACTION/RECOMMENDATION

THAT the Committee recommend the Board approve allocating a further \$150,000.00 dollars from the Northside Recreation's 2023 and 2024 budgets for the Lund Community Centre project to fund budget shortfalls.

PURPOSE/SUMMARY

To consider options for obtaining electoral approval for "Lund Community Centre Loan Authorization Bylaw No. 564, 2020".

BACKGROUND

At the August 27, 2020 Regional Board meeting the following motion was made:

THAT the Board direct staff to submit an application for grant funding for the Lund Community Centre Upgrade Project through the Investing in Canada Infrastructure Program – Community, Culture and Recreation; and

THAT the Board support the project and commits to its \$1.6 million share of the project cost; and THAT the Board direct staff to proceed with plans to upgrade the Lund Community Centre if the grant funding is successful; and

THAT the Loan Authorization Bylaw for the Lund Community Centre upgrade borrowing be forwarded to the Board for first through third reading; and

THAT the Board direct staff to seek elector assent using the Alternate Approval Process in order to borrow up to \$1.1 million.

The "Lund Community Centre Loan Authorization Bylaw No. 564, 2020" (Appendix A) was given first, second and third reading at the September 30, 2020 Board meeting. This bylaw received statutory approval from the Inspector of Municipalities on November 13, 2020.

Staff submitted an application to the Investing in Canada Infrastructure Program – Community, Culture and Recreation for the project and a grant was subsequently awarded in early 2022. A contribution agreement was executed in April 2022.

STRATEGIC PLAN:

GOVERNANCE / MANAGEMENT EXCELLENCE

Effectively plan for and manage existing and new assets.

TYPE OF DECISION

Directive Decision

DISCUSSION/ANALYSIS

The Investing in Canada Infrastructure Program – Community, Culture and Recreation grant of \$4,186,000 was awarded in early 2022. The contribution agreement was executed in April of 2022 and sets out the following dates:

- Project approval - February 9, 2022.
- Requirement to commence project within one year of the date of reference of the Agreement.
- Date of reference is April 26, 2022.
- Substantial completion must be reached before March 31, 2026. All project works must be completed by March 31, 2026.

The feasibility study for this project was completed in 2019. At this time the budget was presented as \$5,843,533.85 for eligible and ineligible costs. The 2022 adjusted costs are outlined in the table below.

| Estimated Costs | \$6,021,197 |
|----------------------------------|--------------------|
| Grant | \$ 4,186,000 |
| Reserves (budgeted) | \$ 589,814 |
| 2023 and 2024 budget allocations | \$ 150,000 |
| Borrowing required | \$ 1,095,383 |

The substantive changes in the budget are due to rising cost of construction and building materials, as well as the addition of costs related to conducting a geotechnical survey and purchasing furniture, fixtures and equipment when the project is complete.

Option one:

The "Lund Community Centre Loan Authorization Bylaw No. 564, 2020" set the borrowing limit at \$1,100,000.00. This limit is still sufficient if the Board approves adding additional funds planned to be added to the reserve in 2023 and 2024 for use within the project. The qRD is able to proceed with seeking electoral approval via Alternate Approval Process (AAP) for this bylaw. This bylaw cannot be used to go directly to assent vote as legislation requires general voting day for assent voting to be on a Saturday and not more than 80 days after the day of the approval of the Inspector of Municipalities. The qRD is able to conduct an AAP and if the AAP is not successful, the qRD can hold assent voting within 80 days. This portion of the project is planned to be conducted in December 2022 and January 2023. A timeline of this portion of the project is detailed below:

| | |
|--|------------------------------|
| Project Webpage | June 2022 |
| Public Information Session(s) | Fall / Winter 2022 |
| AAP | December 2022 / January 2023 |
| Tender or Proposal | February 2023 - 4 weeks |
| Request Provincial Certificate of Approval | February / March 2023 |
| Project Commence | April 2023 |
| Project Completion | 2024 / 2025 |

As this option allows for more time for public engagement and has been added to 2022 and 2023 work plans this option is the preferred recommendation. Because the Board has already approved conducting an AAP for this borrowing, the only resolution required to continue with this course of action is to adopt the resolution presented as a recommendation on the Agenda to ensure that reserves are approved to be allocated towards the project.

Option two:

Because there is a substantial increase to the budget, the Board could ask the question during the 2022 General Election. A new bylaw would be required, and could be introduced at the June Board meeting and would incorporate the increased budget with a limit of \$1,250,000. Due to approval timing requirements, a bylaw would need to be considered and read three times this month and forwarded for Inspector of Municipalities for statutory approval.

Assent voting can be costly, so conducting it during the general local elections could result in lower administration costs and voter turnout may be higher. Individual residents may be

more motivated to vote when they are able to both elect local representatives and voice their support for or opposition to a major community decision at the same time.

Public information sessions would have to be conducted in September / October of 2022. However, there are current human resource capacity issues for such an unscheduled work plan.

If the Committee prefers this option the following motion is recommended:

THAT the Committee recommend the Board go to the public in October during the 2022 general election to ask the eligible electors of the Northside recreation service:

"Are you in favour of the qathet Regional District adopting "Lund Community Centre Loan Authorization Bylaw No. ###, 2022" to borrow up to \$1,250,000.00, with interest, over an amortization period of up to 30 years to develop and construct a community centre within the Northside Recreation Service Area?"

2. THAT a Lund Community Centre loan authorization bylaw with a borrowing limit of \$1,250,000.00 over an amortization period of up to 30 years be forwarded to the April, 2022 Board meeting for first through third readings.

*Note, a bylaw number will be assigned prior to the Board meeting if this is the preferred course of action.

A future report would be brought forward to abandon the Lund Community Centre Loan Authorization Bylaw No. 564, 2020.

FINANCIAL IMPACT

The substantive changes in the budget are due to rising cost of construction and building materials, as well as the addition of costs related to conduction a geotechnical survey and purchasing furniture, fixtures and equipment when the project is complete. The projected increase for these items is \$150,000.00.

Also, for future cost considerations, is the projected increase in long term borrowing rates. In 2020 a borrowing rate of 3.75% was projected as the MFA was projecting the long term borrowing rates at 2.64%. The MFA is now projecting the long term borrowing rates at 3.92% so the qRD may be looking at a rate of 4% or greater when the qRD actually adopts the security issuing bylaw or bylaws.

There could be some cost savings associated with conducting an assent vote in conjunction with the 2022 general election. The savings are not expected to be significant as there are more public notice requirements associated with assent voting. An AAP for this size of a service area can be projected to cost between \$2,500 to \$5,000.

PUBLIC AND/OR STAKEHOLDER ENGAGEMENT REQUIRED OR PERFORMED

Yes, significant engagement is planned for and required.

CONCLUSION

As conducting an AAP for this project was already planned for and as it provides more time for public engagement, this is the preferred option. However, the grant funding came at a time that lines up with the 2022 general election. If the Board would prefer to go straight to an assent vote a resolution and bylaw will need to be considered this month.

Approved By:

Michelle Jones, Manager of Administrative Services
Al Radke, Chief Administrative Officer

Status:

Approved - 14 Jun 2022
Approved - 15 Jun 2022