



**City of Lloydminster
Request for Decision (RFD)**

Subject Matter: Bylaw No. 06-2023 Lloydminster Effluent Line

Department: Chief Financial Officer

Presented By: Denise MacDonald

Council Meeting Date: July 17, 2023

Recommendation:

That Council grant first reading to Bylaw No. 06-2023, with a maximum borrowing amount of \$6,400,000 for the construction of the Lloydminster Effluent Line.

Issue: On November 21, 2022, Council approved the ten (10) year capital plan in principle which included the construction of the Lloydminster Effluent Line. The estimated construction budget was established at \$7,000,000 for which the City estimates other Revenue Sources of \$600,000 to be applied to the project. The municipal requirements of a capital borrowing bylaw include that construction cannot commence until the borrowing bylaw is passed.

Background: The intent of this project is to construct a pipeline system that will provide treated effluent produced from the New Mechanical Wastewater Treatment Facility to be supplied to current and future industrial customers for use in their processes.

Specifically, the main components that will be designed and constructed are as follows:

- a connection to the New Mechanical Wastewater Treatment facility. This connection will either utilize existing infrastructure or the addition of components to provide the flows and pressures required for industrial use; and
- installation of an approximate 2.2 km pipeline directly south of the treatment facility.

Since the requirements of a capital borrowing bylaw state that construction cannot commence until the borrowing bylaw is passed; Administration proposes Borrowing Bylaw No. 06-2023 in the amount of \$6,400,000 for the term of thirty (30) years at a rate of ten (10) percent. Based on the most current estimates, this Borrowing Bylaw No. 06-2023 establishes the maximum threshold for the amount, interest rate, and the length of term for the borrowing. However, the City may choose to borrow below that threshold or a lesser term. The Province of Alberta's interest rate on July 1, 2023 with a thirty (30) year term was 5.15% with semi-annual payments of principal and interest of \$210,614. Interest rates are subject to change quarterly.

Capital borrowing bylaws are subject to advertising requirements under S. 159 (2) of *The Lloydminster Charter* which means a Notice of Electors will be advertised for two consecutive weeks in the local newspaper, as well as on the City's website. In accordance with S. 172(3) there is a 15-day petition period before the bylaw can return to Council for second and third readings.

The principal amount of outstanding debenture debt of the City as of December 31, 2022, is \$54,750,063. The annual debt service limit is \$22,182,727 of which the City had \$4,560,193 debt servicing at December 31, 2022.

Options:

1. That Council grant first reading to Bylaw No. 06-2023, with a maximum borrowing amount of \$6,400,000 for the construction of the Lloydminster Effluent Line and advertise the proposed Borrowing Bylaw No. 06-2023 for two consecutive weeks prior to second and third reading as legislated.
2. That Council not grant first reading to Bylaw No. 06-2023, with a maximum borrowing amount of \$6,400,000 for the construction of the Lloydminster Effluent Line.
3. That Council request further information and that the item be brought forward to a future Regular Council Meeting for decision.

Alignment with Strategic Plan: This item is in alignment with the following strategic area: Delivering Good Governance. The proposed Borrowing Bylaw No. 06-2023 is an equitable and efficient means of financing a long-term capital asset.

Legal Review: N/A

Governance Implications: Following final reading, the bylaw is subject to a 30-day appeal period for a valid borrowing bylaw.

Budget/Financial Implications: With semi-annual interest payments, the initial principal and interest payment will occur six (6) months following the first draw on the borrowing bylaw and the budgets will be adjusted accordingly.

Environmental Implications: N/A



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Report Approval Details

Document Title:	Bylaw No. 06-2023 Lloydminster Effluent Line.docx
Attachments:	- 2023-07-17 - Bylaw No. 06-2023 - Lloydminster Effluent Line.docx - 2023-07-17 - Public Notice and Information of Electors - Lloydminster Effluent Line.docx
Final Approval Date:	Jul 10, 2023

This report and all of its attachments were approved and signed as outlined below:

Denise MacDonald

Doug Rodwell

Dion Pollard