



## Legislation Details (With Text)

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<b>Title:</b>	Bylaw 22/2021 Bylaw - Fire Hall Station 4 Borrowing Bylaw (1st reading) Presented by: Diane McMordie, Director, Financial Services & Information Technology/CFO				
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<b>Attachments:</b>	1. Bylaw 22 2021 Borrowing Bylaw Fire Hall Station #4, 2. Borrowing Bylaw Timelines Fire Hall #4, 3. Debt Limits				

Date	Ver.	Action By	Action	Result
4/6/2021	1	City Council		

TAMRMS#: B06

### Bylaw 22/2021 Bylaw - Fire Hall Station 4 Borrowing Bylaw (1st reading)

Presented by: Diane McMordie, Director, Financial Services & Information Technology/CFO

### RECOMMENDATION(S)

1. That \$2,250,000 be approved from the Off-Site Levy Recovery Fund to support the land purchase for Fire Hall #4 and future TOD site.
2. That upon successful execution of Bylaw 22/2021, the related funds for the land purchase shall be secured though said debt and the Off-Site Levy Recovery fund shall be reimbursed for the funds advanced.
3. That Bylaw 22/2021, being a Borrowing Bylaw to design and construct Fire Hall Station #4 and purchase related equipment and land, be read a first time.
4. That, notwithstanding City Council Policy C-CAO-22 Borrowing Bylaw Advertising, Bylaw 22/2021 be initially advertised on April 14, 2021.

### PURPOSE OF REPORT

At the December 16, 2019 Council Meeting, Council approved the Municipal and Utility budgets for 2020, which included 4 capital charters for the construction of Fire Hall Station #4 and related equipment/vehicles.

The total costs for all 4 capital charters is estimated at \$26.5 million dollars (including a 25% contingency). The intent is to fund this project through borrowing through the Alberta Treasury

Board.

## **ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN**

Strategic Priority #4: Infrastructure Investment: Identify and build needed capital assets.

Update and implement the Capital Plan based on an assessment of community needs and financial capacity, including a review of all funding options and shared use opportunities.

## **ALIGNMENT TO LEVELS OF SERVICE DELIVERY**

### **Fire Response**

Response to all types of emergency events including fire, rescue, Medical First Response, service calls, dangerous goods release, motor vehicle accident and ice/water rescue.

## **ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION**

On December 16, 2019, Council passed the following motion: AR-19-432

That the 2020 Consolidated Municipal and Utility Budget in the amount of \$309,919,300 detailed in the attachment titled "2020 Consolidated Budget" be approved.

## **BACKGROUND AND DISCUSSION**

Fire Hall Station #4 is needed to mitigate the increased risk associated with community growth within the City of St. Albert. The original construction start date of 2012 was established in the 2002 Long Range Plan. In 2009, the City undertook a Service Level Review for Fire Services and that date for Fire Hall 4 is now slated for 2019-2022.

At the present, if the City boundaries stay the same, the St. Albert Fire Services (SAFS) is not meeting our target as set out by Council Policy C-PS-01 and service delivery could be impacted through increased response times.

The first capital charter, FIRE -005 is for the construction of a new Fire/MS station with double wide, double deep, vehicle bay and quarters for 14 people 24/7.

In order to make Fire Station 4 fully operational, a new Fire Engine, which will be stationed at the new station is required. The engine, along with the equipment needed to support this new vehicle, must be purchased, fully tested and in place with the opening of the new station. This is the second capital charter, FIRE-007.

The third capital charter is for a Fire Aerial Apparatus - FIRE -016. This will assist with enhanced growth and infrastructure development within the City of St. Albert. Presently there is an increase in the number of multi-family, multi-story, high-rise, and wide rise buildings being developed within the city. A second Aerial Apparatus is necessary in order to handle these additions as well as manage increased densification.

Lastly, a Fire tanker vehicle is required to offset the risk created by community growth, in capital charter FIRE-032. The scope of this charter includes a Fire Tanker Vehicle as well as all the

equipment needed to equip the truck. The vehicle is required during the construction of Fire Hall Station #4 in order to support fire fighting efforts.

To ensure flexibility to deal with unanticipated events, it is our standard practice to secure a borrowing bylaw with a 25% contingency added to the approved projects total. While the borrowing bylaw is proposed to be set at \$26.5 million, Administration is held to the total project budget approved by Council which is \$21,130,300. Should events unfold that would require use of the 25% contingency in the bylaw, Administration would be required to obtain Council approval for a project budget increase before any additional amounts could be accessed.

Administration continues to pursue options for an alternate built form (ie portable) fire station. Should this be ultimately pursued there would be significant costs savings within this project.

As Council approval of the land purchase is being recommended to move forward prior to the conclusion of the Borrowing Bylaw process, it is required that we identify what we hope to be an interim source of financing. This is required to maintain compliance with MGA section 254 which states, "No municipality may acquire, remove, or start the construction or improvement of a capital property that is to be financed in whole or in part through a borrowing unless the borrowing bylaw that authorizes the borrowing is passed."

Once the borrowing bylaw is passed, the Off-site Levy Recovery Fund would be reimbursed the full amount. It is important to acknowledge however that in the rare chance that the Borrowing Bylaw is not passed, the Off-Site Levy Recovery Fund would become the permanent funding source for this land purchase and therefore the dollars would not be available to support future projects for which this fund is intended.

## **STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT**

In order to action a long term borrowing and begin design and construction, the Municipal Government Act (MGA) specifies a required process for engagement through advertising of the proposed bylaw. Details of these requirement are included under the Legal/Risk section of this report.

## **IMPLICATIONS OF RECOMMENDATION(S)**

### Financial:

The City will be looking to borrow funds from the Alberta Treasury Board on a 20 year term. The actual interest rate will be based on the current posted rates at the actual time of borrowing and the advancement of funds.

The current cost estimates for this project are listed in the attached Capital Charters.

- Fire Hall Station - \$16,341,000
- Fire Engine - \$1,540,500
- Fire Aerial Apparatus - \$2,469,800
- Fire Tanker Truck - \$779,000

Total Costs = \$21,130,300

Provincial legislation requires municipalities to calculate a debt limit and a service on debt limit and to stay within those limits. In addition to the MGA regulations, the City of St. Albert Council Policy C-FS-03 Debt Management imposes further restrictions on the use of debt financing. Policy restriction stipulate that the City will stay within 85% of the provincial limits overall and further restricts tax-supported debt to an additional 50% of this level. The new levels of debt contemplated for the City against these various limits, presented in the attachment titled "Debt Limits - Debt Balances", demonstrates that the additional proposed debt for the Fire Hall Station # 4 is well within MGA and City policy limits.

### **Fire Hall #4 and Borrowing Bylaw**

The Municipal Government Act also requires the Borrowing Bylaw to set out the amount of money to be borrowed, for what purpose, the maximum rate of interest, the term, and the terms of repayment. The actual rate of interest will be determined when the financing is secured and could differ from what is presented in the attachment.

The total maximum borrowing for this capital project is proposed to be set at \$26,500,000. The City has the room to borrow the required funds within the Provincial debt limits as well as the internal limits prescribed through Council's debt policy.

#### **Legal / Risk:**

Section 254 of the Municipal Government Act states that, "No municipality may acquire, remove, or start the construction or improvement of a capital property that is to be financed in whole or in part through a borrowing unless the borrowing bylaw that authorizes the borrowing is passed."

In accordance with Section 251(3) a Borrowing Bylaw must be advertised, unless the term is five years or less (Section 257), then advertising is not required. Therefore, Bylaw 22/2021, being the Borrowing Bylaw for construction of Fire Hall Station #4 must be advertised in the local paper, with time given for petition before the bylaw is presented for second and third reading.

Council Policy C-CAO-22 Borrowing Bylaw Advertising further stipulates that an initial advertisement of the bylaw must take place within seven days after 1<sup>st</sup> reading (the "Policy initial advertisement stipulation") and that the two mandated advertisements will be delayed such that electors are afforded a full 60 days to mobilize a petition if desired. Given the changes to the Gazette's publishing schedule from twice weekly to once per week on Wednesdays, Administration is unable to comply with the Policy initial advertisement stipulation following first reading on a Monday or a Tuesday. Accordingly, a Council motion will be required to override the Council Policy initial advertisement stipulation to permit Administration to conduct the initial advertisement for Bylaw 22/2021 on April 14, 2021, which is more than 7 days following 1<sup>st</sup> reading, and in compliance with the advertising requirements stipulated in the Municipal Government Act.

Assuming a petition is not received, in accordance with Council Policy C-CAO-22, the planned timelines for advertisement and 2<sup>nd</sup> and 3<sup>rd</sup> reading of the Borrowing Bylaw Advertising are presented in the attachment titled "Borrowing Bylaw Timelines."

#### **Program or Service:**

- If the Borrowing Bylaw is not passed the City will be unable to secure the financing required to support the project. The planned interim funding supported by the Off-Site Levy Recovery fund would become the permanent source of funding for the land purchase only. An alternate funding source for the actual construction and purchase of vehicles would need to be identified or the project would need to be cancelled or postponed.

Organizational:

- If 1<sup>st</sup> reading does not proceed, Project Management resources will be reassigned to other funded projects as timelines will likely not be met to achieve a 2021 construction start.

## **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

If Council does not wish to support the recommendation, the following alternatives could be considered:

- Alternative 1. Choose an alternate level of debt and identify sources for any potential funding shortfall.
- Alternative 2. Cancel/Postpone the project.

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