



Regional Board Report

TO: Regional Board

FROM: Marilyn Rilkoff, Director of Financial Services
Mary Jane Drouin, Manager – Corporate Services

DATE: March 25, 2021

SUBJECT: Establishing a Service and Loan Authorization Bylaws on behalf of the Okanagan Regional Library for Municipal Finance Authority Borrowing

Voting Entitlement: All Directors – Unweighted Corporate Vote – 2/3 majority (LGA 208 / 214)

Purpose: To seek Board approval to establish a new service to enable the Regional District to borrow funds from MFA on behalf of the Okanagan Regional Library (ORL) to construct library facilities in the Central Okanagan.

Executive Summary:

At the regular Board meeting held on February 22, 2021 the Okanagan Regional Library provided an overview of a new library branch in the City of West Kelowna along with a request for assistance from the RDCO to access Municipal Finance Authority (MFA) capital funding. Following the presentation, the Board approved the following resolution:

THAT the Regional Board receive for information the presentation by the Okanagan Regional Library (ORL) regarding the proposed Municipal Finance Authority borrowing process for a new library in the City of West Kelowna;

AND FURTHER THAT staff be directed to work with the ORL to draft the required bylaws and Alternative Approval Process.

Of note, Library Districts are not permitted to borrow directly from the MFA. It is however, not uncommon for Regional Districts to enter into agreements with Library Districts to arrange financing for capital projects on their behalf through the MFA. The Okanagan Regional Library Board would like to borrow up to \$8mil for the West Kelowna library, and have agreed to pay all debt and costs associated with this process. There will be no financial impact to the RDCO.

In order to achieve these objectives, a service establishment bylaw and loan authorization bylaw will need to be adopted. In time, participating area approval in the form of an alternative approval process will be required along with a formal agreement between the RDCO and ORL.

RECOMMENDATION #1:

THAT the Regional Board receive the service establishment and loan authorization report dated March 25, 2021 regarding the Okanagan Regional Library's request for Municipal Finance Authority borrowing through the Regional District of Central Okanagan.

RECOMMENDATION #2

THAT Regional District of Central Okanagan, Okanagan Regional Library Borrowing Service Area Establishment Bylaw No. 1477, 2021 be given first, second and third readings.

RECOMMENDATION #3

THAT Regional District of Central Okanagan, Okanagan Regional Library Borrowing Loan Authorization Bylaw No. 1478, 2021 be given first, second and third readings.

Respectfully Submitted:



Marilyn Rilkoff, Director of Financial Services
Mary Jane Drouin, Manager – Corporate Services

Approved for Board's Consideration



Brian Reardon, CAO

Implications of Recommendation:

Strategic Plan: The Library supports Sustainable Communities

Financial: See below

Legal/Statutory Authority: Local Government Act

Background:

A service is being established to enable the Okanagan Regional Library (ORL) to borrow funds through the Municipal Finance Authority (MFA) for building construction financing within the region.

Library Districts are not permitted to borrow directly from MFA. Within the Province, it has become relatively common practice to make arrangements to borrow from MFA via regional districts.

The RDCO and ORL entered into a similar arrangement in 2008 for \$4.5 million for ORL's Administration Building on KLO Road. The relationship has been excellent. ORL has been proactive in making payments in advance of any deadlines. They are extremely responsive to any information requests. At the time, the service that was established was specific to their Administration Building. The new service establishment bylaw would enable borrowing for future projects, should they arise.

The current project on the table is the strata building project for the West Kelowna Library. ORL has indicated that the maximum borrowing will be \$8 million. The PowerPoint Presentation made by ORL at the February 22, 2021 Board Meeting is attached for the Board's reference.

The Okanagan Regional Library (ORL) has agreed to pay all of the debt and costs associated with this process. A formal agreement will be put into place, such as a mortgage on the property, to ensure that the Library will be responsible for payments of debt.

Included on the agenda for three readings and forwarding to the Inspector of Municipalities for approval are the:

- Service Establishment Bylaw No. 1477
- Loan Authorization Bylaw No.1478

Once approval has been received from the Inspector an alternative approval process will be undertaken to receive participating area approval.

Financial Considerations:

There will be no financial impact to the RDCO's budget. However, an amendment to the financial plan will be required to show the borrowing costs and repayment by ORL. ORL has agreed to pay all of the debt and any costs associated with this process.

An alternative approval process will need to be undertaken as the borrowing term is longer than 5 years.

Once these bylaws are approved, the formal agreements, Temporary Borrowing and Security Issuing Bylaws would need to be completed.

The Okanagan Regional Library District's taxpayers will pay less because of the cheaper borrowing available through MFA. As Westbank First Nation has a separate agreement with the Library Board, they are excluded in this process.

Staff will bring forward a further report on the Alternative Approval Process at a later date for the Board's consideration.

An estimated timeline as presented by ORL on Feb 22nd is attached to this report.

Alternative Recommendation:

None.

Considerations not applicable to this report:

- General
- Organizational
- Policy
- Organizational Issues
- External Implications

Attachment(s):

- ORL PowerPoint from Feb. 22, 2021 Board Meeting
- RDCO Okanagan Regional Library Borrowing Service Area Establishment Bylaw No. 1477
- RDCO Okanagan Regional Library Borrowing Loan Authorization Bylaw No. 1478