

TO: Board of Directors

File No: 3900.2910

FROM: Corporate Services

Date: September 22, 2021

SUBJECT: Greater Vernon Multi-Purpose Cultural Facility Loan Authorization Bylaw No. 2910, 2021

RECOMMENDATION 1:

That Greater Vernon Multi-Purpose Cultural Facility Loan Authorization Bylaw No. 2910, 2021 be given First, Second and Third Readings; and further,

That Greater Vernon Multi-Purpose Cultural Facility Loan Authorization Bylaw No. 2910, 2021 be forwarded to the participants for consent; and further,

That upon receipt of consent of the participants, Greater Vernon Multi-Purpose Cultural Facility Loan Authorization Bylaw No. 2910 be forwarded to the Inspector of Municipalities for approval.

RECOMMENDATION 2:

That staff be directed to undertake an alternative approval process for the entire proposed service area being the District of Coldstream, City of Vernon, and Electoral Areas "B" and "C" of the Regional District of North Okanagan pursuant to section 342(4) of the *Local Government Act* to determine the opinion of the electors with regard to adopting the Greater Vernon Multi-Purpose Cultural Facility Loan Authorization Bylaw No. 2910, 2021 to borrow up to \$25 million to facilitate a portion of the funding required for the acquisition of lands and construction of a Greater Vernon Multi-Purpose Cultural Facility.

SUMMARY:

The Loan Authorization Bylaw to authorize the borrowing of up to \$25 million will require approval of the electors and approval of the Inspector of Municipalities prior to adoption. Based upon direction from the Greater Vernon Advisory Committee at the September 8, 2021 meeting, staff is proposing to proceed by obtaining elector approval through the Alternative Approval Process (AAP) for the entire service area.

Concurrent with obtaining the authority to borrow up to \$25 million through a new Loan Authorization Bylaw, it will be necessary to repeal the existing authority provided by *Greater Vernon Multi-Purpose Cultural Facility Loan Authorization Bylaw No. 2786, 2018*.

LEGAL/STATUTORY AUTHORITY:

The RDNO currently has the authority to borrow up to \$25 million through *Greater Vernon Multi-Purpose Cultural Facility Loan Authorization Bylaw No. 2786, 2018*. However, communications associated with the referendum to obtain elector approval indicated that if supplemental funding was not received, the RDNO would not be proceeding with the project. Consequently, the RDNO is looking to obtain a new authority to borrow up to \$25 million for similar purposes through *Greater Vernon Multi-Purpose Cultural Facility Loan Authorization Bylaw No. 2910, 2021*. The difference will be that the proposed project will not be dependent on external funds. The RDNO will still pursue additional funding sources to augment the project.

As Bylaw No. 2910 will be repealing *Greater Vernon Multi-Purpose Cultural Facility Loan Authorization Bylaw No. 2786, 2018* upon adoption, consent of the participants is required in accordance with section 349(1)(b) of the *Local Government Act*.

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:

Statutory procedural requirements to adopt a Loan Authorization Bylaw through an Alternative Approval Process would include the following:

1. First, Second and Third Readings of *Greater Vernon Multi-Purpose Cultural Facility Loan Authorization Bylaw No. 2910, 2021* by the Board;
2. Consent of the Participants (2/3 required);
3. Statutory approval by the Inspector of Municipalities;
4. Participating Area Approval by an Alternative Approval Process; and,
5. Upon receiving approval of the electors, Bylaw No. *Greater Vernon Multi-Purpose Cultural Facility Loan Authorization Bylaw No. 2910, 2021* can be Adopted by the Board.

FINANCIAL/BUDGETARY CONSIDERATIONS:

If adopted, the proposed bylaw will replace the existing loan authorization bylaw. Based on the 2021 tax base, the annual tax impact of borrowing \$25 million is approximately \$45 per year for twenty years for the average residential property with an assessed value of \$504,000. This equates to a residential tax rate of about \$0.09 per \$1,000 of taxable value of land and improvements.

During the 2018 referendum process for the existing bylaw, the annual debt payment equated to a residential tax rate of approximately \$0.11 per \$1,000 of taxable assessment, or \$48 per year on an average residential property valued at \$433,000. The tax impact has been reduced mainly due to new growth and development within the Greater Vernon service area.

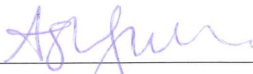
It should be noted that loan authorization bylaws do not result in the immediate borrowing of long term debt, but rather provide the authority to do so within the next five years. If the bylaw is adopted, no borrowing will occur until the subsequent adoption of a security issuing bylaw or a temporary borrowing bylaw.

COMMUNICATIONS CONSIDERATIONS:

Staff will be undertaking a communications process to disseminate why the RDNO is seeking elector approval for borrowing that has already been provided for through referendum in 2018. Specifically, the revised anticipated scope of the project and the variance to the communication included in the original referendum will be provided.

Submitted by:

Reviewed and endorsed by:

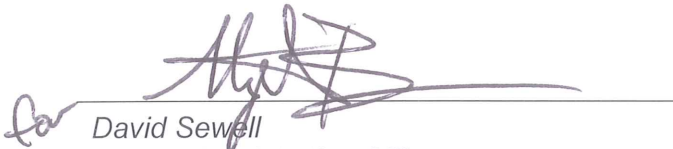


Ashley Bevan
Deputy Corporate Officer



Stephen Banmen
General Manager, Finance

Approved for Inclusion:



David Sewell
Chief Administrative Officer

REGIONAL DISTRICT OF NORTH OKANAGAN

BYLAW No. 2910

A bylaw to authorize the borrowing of \$25,000,000 to facilitate a portion of the funding required for the acquisition of lands and construction of the Greater Vernon Multi-Purpose Cultural Facility with repayment of the debt over a twenty (20) year term

WHEREAS pursuant to section 406 [*Regional district loan authorization bylaws*] of the *Local Government Act*, and section 179 [*Loan authorization bylaws for long term borrowing*] of the *Community Charter*, the Board of the Regional District of North Okanagan may, by a Loan Authorization Bylaw, borrow money for any purpose of a capital nature;

AND WHEREAS this Bylaw relates to the *Greater Vernon Cultural Service Establishment Bylaw No. 2785, 2018* to provide for facilitation of a portion of the financing required for the acquisition of lands and construction of a Greater Vernon Multi-Purpose Cultural Facility building for the Greater Vernon Cultural Service;

AND WHEREAS the Board has requested and the Regional District proposes to borrow a sum not exceeding twenty five million dollars (\$25,000,000), with repayment of the debt over a term up to twenty (20) years, to facilitate a portion of the funding required for the acquisition of lands and construction of a building for the Greater Vernon Cultural Service;

AND WHEREAS the participating area is all of the District of Coldstream, City of Vernon and Electoral Areas “B” and “C” of the Regional District of North Okanagan;

AND WHEREAS the Board has, by resolution, provided that approval of the electors be given by alternative approval process within the entire Service Area;

AND WHEREAS pursuant to section 345 [*Approval by alternative approval process*] of the *Local Government Act* and section 86 of the *Community Charter* participating area approval has been obtained within the entire service area for borrowing money for any purpose of a capital nature to finance the acquisition of lands and construction of a Greater Vernon Multi-Purpose Cultural Facility building;

AND WHEREAS the authority to borrow under this bylaw expires five years from the date on which this bylaw is adopted;

NOW THEREFORE the Board of the Regional District of North Okanagan, in open meeting assembled, hereby **ENACTS AS FOLLOWS:**

CITATION

1. This Bylaw may be cited as ***“Greater Vernon Multi-Purpose Cultural Facility Loan Authorization Bylaw No. 2910, 2021”***.

LOAN AUTHORIZATION

2. The Regional District of North Okanagan is hereby empowered and authorized to borrow upon the credit of the Regional District a sum of twenty-five million dollars (\$25,000,000).
3. The debt incurred in this Loan Authorization Bylaw relates specifically to the *Greater Vernon Cultural Service Establishment Bylaw No. 2785, 2018*.

