



Staff Report

Request for Decision

TO: Committee of the Whole – June 26, 2025

AUTHOR: Sherry Reid, Corporate Officer
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SUBJECT: **Langdale Wellfield Construction Project – Financial Update**

OVERVIEW

Purpose of Report:

The purpose of this report is to provide the Board with options to consider regarding financing in support of an elector approval process to facilitate long-term borrowing for the Langdale Wellfield Construction Project. This report requests Board decision to accept, reject or provide alternate direction with respect to staff's recommendations as presented below.

Recommendation:

THAT a Loan Authorization Bylaw for the Langdale Wellfield Construction project proposing borrowing for an amount up to \$13,181,144 over a 20-year term be brought forward to the July 24, 2025 Regular Board Meeting for consideration.

BACKGROUND

As part of the 2025 Budget process, the Board approved a budget of \$18,100,000 for the Langdale Wellfield Construction Project that included long-term debt funding in the amount of \$13,181,144. Specifically, at the January 23, 2025 Board meeting, the Board adopted the following motion:

016/25 **Recommendation No. 6** *2025 Round 2 Budget Proposal for Regional Water Service [370]*

THAT the report titled 2025 Round 2 Budget Proposal for Regional Water Service [370] be received for information;

AND THAT the following budget proposal be approved and included into the 2025 Budget:

- Budget Proposal 3 - Langdale Wellfield Construction, \$18,100,000 including additional 0.45 Full Time Equivalent (FTE) for 2025, funded as follows:
 - Long Term Debt \$13,181,144
 - Canada Community Building Funds (Community Works Funds)

- Area B - \$1,049,734;
- Area D - \$1,122,091;
- Area E - \$2,140,187;
- Growing Communities Funds \$606,844

AND THAT the future Full Time Equivalent (FTE) for this Budget Proposal be incorporated as follows:

	2026	2027	2028	2029
Existing FTE	0.08	0.08	0.08	0.08
Additional FTE	0.40	0.40	0.35	0.35
Total for this Project	0.48	0.48	0.43	0.38

AND FURTHER THAT Elector Approval to authorize long-term borrowing up to \$13,181,144 for a minimum term of 20 years be sought through the Alternate Approval Process to fund Regional Water Service's Langdale Wellfield Construction project.

DISCUSSION AND ANALYSIS OF OPTIONS

As per resolution 016/25, the board authorized borrowing of \$13,181,144 for a minimum borrowing period of 20 years. In order for staff to proceed to the next steps in the borrowing process, the board must approve a defined term for borrowing. Once a borrowing term has been approved, the SCRD may proceed with conducting the required participating area approval. The Municipal Finance Authority (MFA) offers three options with borrowing terms equal to or greater than 20 years.

OPTION 1 -20 year Borrowing Period

Under this option the SCRD would borrow for the purposes of funding the Langdale Wellfield Construction project for a term of 20 years.

Financial Considerations

The cost of borrowing for a 20-year loan based on the current indicative MFA long-term borrowing rate would result in an annual debt servicing cost of \$1,095,087. This equates to an estimated \$97.28 increase to the annual Regional Water Service (RWS) Parcel Tax. Total debt servicing over the life of the loan would be \$21,901,731.

Staff Recommendation

Staff recommend this option. Should the Committee choose to go with Option 1, a recommendation could be considered, as provided in the Overview section on page one of this report.

OPTION 2 – 25 Year Borrowing Period

Under this option the SCRD would borrow for the purposes of funding the Langdale Wellfield Construction project for a term of 25 years.

Financial Considerations

The cost of borrowing for a 25-year loan based on the current indicative MFA long-term borrowing rate would result in an annual debt servicing cost of \$967,545. This equates to an estimated \$85.95 increase to the annual RWS Parcel Tax. Total debt servicing over the life of the loan would be \$24,188,632.

Staff Recommendation

Staff do not recommend this option. Should the Committee choose to go with Option 2, a recommendation could be considered, as follows:

THAT a Loan Authorization Bylaw for the Langdale Wellfield Construction project proposing borrowing for an amount up to \$13,181,144 over a 25-year term be brought forward to the July 24, 2025 Regular Board Meeting for consideration.

OPTION 3 – 30 Year Borrowing Period

Under this option the SCRD would borrow for the purposes of funding the Langdale Wellfield Construction project for a term of 30 years.

Financial Considerations

The cost of borrowing for a 30-year loan based on the current indicative MFA long-term borrowing rate would result in an annual debt servicing cost of \$884,619. This equates to an estimated \$78.58 increase to the annual RWS Parcel Tax. Total debt servicing over the life of the loan would be \$26,538,575.

Staff Recommendation

Staff do not recommend this option. Should the Committee choose to go with Option 3, a recommendation could be considered, as follows:

THAT a Loan Authorization Bylaw for the Langdale Wellfield Construction project proposing borrowing for an amount up to \$13,181,144 over a 30-year term be brought forward to the July 24, 2025 Regular Board Meeting for consideration.

FINANCIAL IMPLICATIONS

It is recommended that the term of the loan be 20 years to avoid additional interest. As indicated above and in Table 1, option 1 would result in \$2,286,901 and \$4,636,844 less in debt servicing costs than option 2 and 3 respectively.

Table 1 outlines a scenario analysis illustrating the cost of borrowing for 20-, 25- and 30-year terms based on the current indicative MFA long-term borrowing rate of 4.79%. The indicative rate is representative of a forecasted interest rate that a borrower may pay over the life of a loan. The actual rate that is secured is subject to differ and is dependent on the interest rate environment when the project is completed.

Table 1

	Option 1 20 Years	Option 2 25 Years	Option 3 30 Years
Yearly Debt Servicing	\$1,095,087	\$967,545	\$884,619
Total Debt Servicing (Life of Loan)	\$21,901,731	\$24,188,632	\$26,538,575
Annual Parcel Tax Implication	\$97.28	\$85.95	\$78.58

LEGISLATIVE IMPLICATIONS

Section 179 of the *Community Charter* sets out requirements for Loan authorization bylaws for long-term borrowing. A liability by borrowing may be incurred for any purpose of a capital nature. For borrowing of a capital nature, the maximum term of a debt that may be authorized is the lesser of 30 years, and the reasonable life expectancy of the capital asset for which the debt is contracted.

STRATEGIC PLAN IMPLICATIONS

Proceeding with long-term borrowing for the Langdale Wellfield Construction Project supports the Service Delivery Focus Area of Water Stewardship to "Continue to secure reliable and diverse water sources across the Sunshine Coast..." in the Board's 2023 – 2027 Strategic Plan.

TIMELINE

A loan authorization bylaw for the Langdale Wellfield Construction Project is scheduled to go forward for Board consideration at the July 24, 2025 Regular Board meeting. Upon receiving three readings, the bylaw will be sent to the province for review and approval by the Inspector of Municipalities. Review timelines are between six and eight weeks.

Once approval is granted by the provincial Inspector of Municipalities, the SCRD may then proceed with elector approval for long-term borrowing. A staff report to launch that process will be brought to a September Board meeting to set the deadline for receiving elector response forms, approve the elector response form and determine the total number of electors to which the AAP applies. A communications strategy in support of the electoral approval process for the Langdale Wellfield Construction project will also be developed and brought forward at that time.

SUMMARY AND CONCLUSION

The purpose of this report is to provide a financial update in support of an elector approval process to facilitate long-term borrowing for the Langdale Wellfield Construction Project. Staff recommend proceeding with long-term borrowing to fund an amount up to \$13,181,144 over a 20-year term.

Reviewed by:			
Manager		Finance	
GM		Legislative	
CAO	X – T. Perreault	Other	