



REQUEST FOR DECISION (RFD)

Date: September 9, 2025
To: Mayor Milligan and Members of Council
From: Bryn Burditt, Director of Finance
Subject: Loan Authorization Bylaw Adoption

RECOMMENDATION

THAT the “Fire Hall Loan Authorization Bylaw No. 2533, 2025” be adopted;

AND THAT Council direct Staff to apply for grant funding through the Canada Community Building Fund – Strategic Priorities Fund for the Fernie Fire Hall project;

AND THAT Council supports the Fernie Fire Hall project and commits to the City’s share (\$9,000,000) of the project, as well as cost overruns.

PURPOSE

This report presents the Loan Authorization Bylaw for adoption. The Loan Authorization Bylaw was prepared given Council’s direction at the July 8, 2025, Regular Meeting of Council.

BACKGROUND

At the July 8, 2025, Regular Meeting, Council received a presentation from the Director of Engineering & Public Works and the Director of Finance on the Fire Hall Conceptual Design and Budget. This presentation detailed for Council the Class C Cost Estimate, plus contingency and additional owner costs. The total project budget is \$16M.

The total amount to borrow if the City is unsuccessful in its application to the Canada Community Building Fund – Strategy Priorities Fund (SPF) would be \$12M.

As part of this presentation, Council approved the financing strategy that included \$5M of borrowing. This figure assumes a successful application to SPF in the amount of \$7M.

The \$5M includes \$3.6M of the City portion, and \$1.4M of the portion to be reimbursed by the Regional District of East Kootenay.

Reviewed by:			
Chief Administrative Officer 	Corporate Officer 	Director of Finance 	Other:

As detailed for Council, the application deadline for SPF is September 12, 2025. Historically, the SPF has announced its successful applications 8-9 months after the intake close date. This means we would expect to hear about our application roughly in June of 2026. Staff is optimistic about our chances of success in this SPF intake period, given the history of the program funding fire halls, the timing of our project, and initial discussions with the Union of British Columbia Municipalities (UBCM), who administers the SPF.

At the July 8, 2025, Regular Meeting, Council gave direction to proceed with approval free borrowing. As a result, the following schedule has been followed. This is a slightly accelerated schedule given the bylaw approval was received from the Province after 2 weeks, against their original timeline of 6-8 weeks. The original schedule had the bylaw being adopted at the September 23, 2025, Regular Meeting of Council.

Date	Milestone	Deliverable
July 15, 2025	Special Council Meeting: Loan Authorization Bylaw	First, Second, and Third Readings of the Loan Authorization Bylaw
July 16, 2025	Submission to Inspector of Municipalities	
July 31, 2025	Loan Authorization Bylaw approval returned	
Week of Sept 9, 2025	Right of Reverter Covenant removal process initiated	Following a successful loan authorization bylaw review, Right of Reverter Covenant Removal Process can be initiated, this can be advanced concurrently
Sept 9, 2025	Regular Council Meeting	Council adopts the Loan Authorization Bylaw
Oct 9, 2025	Quashing Period (1 Month)	
Oct 23, 2025		Certificate of Approval received
	Apply for Temporary Borrowing with Municipal Finance Authority	

Strategic Priorities Fund Application

While completing initial work on the SPF grant application, Staff was made aware of specific wording the fund requires from Council resolutions.

Council previously passed a resolution at the July 15, 2025 Special Meeting. The resolution as passed was *THAT Council direct Staff to apply for the Canada Community Building Fund – Strategic Priorities Fund for the Fernie Fire Hall project.*

The grant application requires slightly different wording to this initial resolution, and also a resolution confirming Council's support for the City's share of the costs. These two resolutions included in the staff recommendation are as follows:

THAT Council direct Staff to apply for grant funding through the Canada Community Building Fund – Strategic Priorities Fund for the Fernie Fire Hall project;

AND THAT Council supports the Fernie Fire Hall project and commits to the City's share (\$9M) of the project, as well as cost overruns.

The requirement to cover any cost overruns is a standard grant funding requirement ensuring the grantor will not be approached by the applicant for additional funds to complete the project should costs escalate, and the \$9M in the second resolution consists of the \$5M in borrowing as described above, plus the \$4M that is to be funded through reserves.

INTERNAL CIRCULATION

This report has been reviewed by the Director of Engineering and Public Works, the Deputy Director of Finance, and the Manager of Communications.

LEGAL/STATUTORY AUTHORITY

The following sections of the B.C. Reg. 254/2004 and section 174 of the *Community Charter* below, describe the provincial limitations on municipal liabilities.

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS

Part 1 — Liability Limit (B.C. Reg. 254/2004)

Liability limit

2 For the purpose of section 174 (2) [*limit on borrowing and other liabilities*] of the [*Community Charter*](#), a municipality may not incur a liability if

- (a) at the time it proposes to incur the liability,
 - (i) the annual cost of servicing the aggregate liabilities of the municipality for the year, as determined in accordance with section 3 of this regulation, exceeds
 - (ii) 25% of the annual calculation revenue of the municipality for the previous year, as determined in accordance with sections 4 and 5 of this regulation, or
- (b) incurring the liability would cause the annual costs referred to in paragraph (a)
 - (i) to exceed the limit established by paragraph (a) (ii).

Annual costs of servicing aggregate liabilities

3 The annual cost of servicing the aggregate liabilities of a municipality for a year is the total of the annual expenditures for the year, determined for each of the following types of calculation liability:

- (a) *Type 1 — general capital commitments*: in relation to a liability of the municipality that
 - (i) is or includes a non-current commitment,
 - (ii) is of a capital nature, and
 - (iii) is not covered by paragraphs (b) to (e),the calculation liability is the current and non-current commitments in relation to the liability;

- (b) *Type 2 — contingent capital commitments*: in relation to a liability of the municipality that
- (i) is a contingent commitment,
 - (ii) is of a capital nature, and
 - (iii) is not covered by paragraphs (c) to (e),
- the calculation liability is the commitments in relation to the liability;
- (c) *Type 3 — debts under loan authorization bylaws*: in relation to a liability of the municipality that is the amount of debt borrowed under a loan authorization bylaw, the calculation liability is the outstanding amount of that debt;

Limit on borrowing and other liabilities (*Community Charter*)

- 174** (1) A municipality may only incur a liability as expressly authorized under this or another Act.
- (2) A municipality may not incur a liability if incurring the liability would cause the municipality to exceed a limit established under subsection (3) unless this is approved under subsection (4).
- (3) For the purposes of subsection (2), the Lieutenant Governor in Council may make regulations
- (a) establishing a limit on the aggregate liabilities and the method for determining that limit, and
 - (b) establishing a limit on the annual cost of servicing the aggregate liabilities and the method for determining that limit.
- (4) With the approval of the inspector, a municipality may exceed the limit established under subsection (3).
- (5) Except for borrowing under section 177 [*revenue anticipation borrowing*], a municipality must not incur a liability for which expenditures are required during the planning period for its financial plan, unless those expenditures are included for the applicable year in the financial plan.

COMPLIANCE WITH CORPORATE STRATEGIES & POLICIES

The Fernie Fire Hall directly advances Council Strategic Objectives of Quality Services and a Liveable Community by providing a critical piece of infrastructure at a potentially very reasonable tax increase to taxpayers in Fernie. It also contributes to community safety, aligns with Council's Asset Management goal, and advances new agreements with the RDEK, all of which helps to address part of our infrastructure deficit.

FINANCIAL/BUDGETARY CONSIDERATIONS

If the City is successful in its SPF application, the total amount borrowed is expected to be \$5M. At current interest rates (4.2%), this would amount to annual payments of \$296,213. Ongoing negotiations with the RDEK to cover a portion of this annual payment (or \$1.4M contribution to a new Fire Hall) would leave the City of Fernie taxpayers to cover approximately \$213,273 of this payment.

This amounts to approximately a 2.08% taxation increase, or a \$55.72 annual increase for the average single-family home in 2026.

If the City is unsuccessful in its SPF application, the total amount borrowed is expected to be \$12M. At current interest rates (4.2%), this would amount to annual payments of \$710,911. Ongoing negotiations with the RDEK to cover a portion of this annual payment would leave the City of Fernie taxpayers to cover approximately \$627,971.

This amounts to approximately a 6.13% taxation increase, or a \$164.07 annual increase for the average single-family home in 2026.

PERSONNEL IMPLICATIONS

The Fire Hall project has received input by every department across the City and will continue to require a collaborative effort to bring it to completion.

EXTERNAL AGENCY/PUBLIC COMMENTS

A copy of the Fire Hall Loan Authorization Bylaw No. 2533, 2025 was sent to the Inspector of Municipalities on July 16, 2025. Staff received approval from the Inspector of this bylaw on July 31, 2025.

COMMUNICATION CONSIDERATIONS

Communications will continue to be involved in the Fire Hall project, including updates on borrowing, and project updates as the project commences.

OPTIONS

1. THAT Council approve the three resolutions in the Staff recommendation above, adopting the Fire Hall Loan Authorization Bylaw No. 2533, 2025.
2. Council direct otherwise.

CONCLUSION

This report presents the Loan Authorization Bylaw for Council adoption. The Loan Authorization Bylaw has been prepared given Council's direction at the July 8, 2025, Regular Meeting of Council.

Respectfully submitted,



Bryn Burditt, Director of Finance

Attachments

1. Fire Hall Loan Authorization Bylaw No. 2533, 2025
2. Statutory Approval Certificate Loan Authorization Bylaw No. 2533, 2025 - Approved