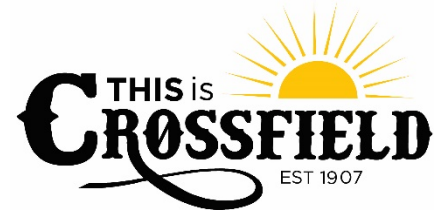


Report to Council



Meeting Date: Click or tap to enter a date
Meeting Type: Council Meeting
Prepared By: Amber Ouellette, CFO
Presented By: Amber Ouellette, CFO
Subject: Laut Avenue Reconstruction and Deep Utilities Borrowing Bylaw
Department: Finance

REPORT PURPOSE:

Administration is seeking Council approval of a borrowing bylaw in the amount of **\$1,850,000** to support the completion of critical infrastructure upgrades, including the reconstruction of Laut Avenue, replacement of aging deep utilities, and drainage improvements at the Bulk Water Station.

These projects are necessary to maintain service levels, address infrastructure at end-of-life, and mitigate operational and environmental risks. Borrowing allows the Town to complete the work in a timely manner while spreading the cost over the useful life of the assets.

RECOMMENDATION:

That Council give first reading to the Borrowing Bylaw authorizing the Town to borrow up to **\$1,850,000** to fund the Laut Avenue Reconstruction and Deep Utility Replacement project, including associated Bulk Water Station drainage improvements.

PREVIOUS COUNCIL DIRECTIONS:

Council approved the 2026 Capital Budget inclusive of the Laut Avenue Reconstruction, Deep Utility Replacement and Bulk Water Station Drainage Improvement project.

BACKGROUND:

The Laut Avenue Reconstruction and Deep Utility Replacement project has been identified through the Town's capital planning processes, including engineering assessments and asset management planning, as a priority due to the condition of existing infrastructure.

Key components of the project include:

- Reconstruction of Laut Avenue surface infrastructure
- Replacement of aging water, sanitary, and storm utilities
- Improvements to drainage infrastructure at the Bulk Water Station to address capacity and operational concerns

Delaying this work may result in increased maintenance costs, higher risk of infrastructure failure, and potential service disruptions.

Municipal borrowing is a common and appropriate tool to finance large-scale infrastructure projects, particularly where the benefits of the investment extend over multiple years.

The proposed borrowing:

- Aligns repayment with the useful life of the assets
- Enables the Town to proceed with priority infrastructure upgrades without significant immediate tax impacts
- Supports long-term financial sustainability by avoiding deferral of critical capital work

Administration has reviewed the Town’s current and projected debt levels and confirms that the proposed borrowing remains within the limits prescribed under the **Municipal Government Act**.

Debt Term and Amortization

The proposed borrowing is limited to a twenty-five-year amortization period, which aligns the repayment of the debt with the expected useful life of the infrastructure assets being constructed. This approach reflects the principle of intergenerational equity, ensuring that the cost of the project is shared by current and future users who benefit from the infrastructure.

Based on current borrowing conditions, the debt servicing cost assumes an interest rate ranging from 4.22% to 4.64%, with semi-annual payments ranging from \$62,902 to \$83,857, depending on the length of the borrowing. Over the full term of the loan, the total cost of borrowing (interest) is estimated at between \$665,700 - \$1,295,097, dependent on the loan term.

ANALYSIS:

Strategic Alignment

- Reliable Infrastructure Readiness
- Calculated Financial Path
- Responsible Community Growth
- Safe and Connected Community
-

Relevant Statutes / Master Plans / Town Documents

Municipal Government Act, Section 276 and the Debt Limit Regulation (Alberta Regulation 255/2000)

Risks

Risks of proceeding:

- Increased debt servicing obligations

Risks of not proceeding:

- Infrastructure failure and emergency repairs
- Increased long-term costs due to deferred maintenance
- Service disruptions and potential environmental impacts
- Reduced service levels and community dissatisfaction

Overall, the risks of not proceeding outweigh the risks associated with borrowing.

COMMUNICATIONS AND ENGAGEMENT:

In accordance with legislative requirements, the borrowing bylaw will be advertised to provide an opportunity for public input.

FINANCIAL IMPLICATIONS:

The maximum borrowing required is **\$1,850,000**.

Debt servicing costs (principal and interest) will be incorporated into future operating budgets and funded through a combination of taxation and utility revenues, as applicable.

The Town remains within its legislated debt limit and debt servicing limit. This borrowing has been evaluated in the context of the Town's long-term financial plan and is considered sustainable.

ATTACHMENTS:

2026-05 Laut Avenue Reconstruction, Deep Utility Replacement and Bulk Water Station Drainage Improvement Borrowing Bylaw.