

# The Regional Municipality of York

Committee of the Whole  
Finance and Administration  
June 15, 2023

Report of the Commissioner of Finance

## Capital Financing for the City of Vaughan

### 1. Recommendations

1. Council approve the issuance of debentures for the City of Vaughan, subject to the following conditions:
  - a. The total debentures shall not exceed \$45,489,000, and the term not exceed 10 years, to finance the construction of the capital infrastructure projects identified in Appendix A.
  - b. The prior receipt of the necessary council bylaws and supporting documentation for the debenture financing from the City of Vaughan.

### 2. Summary

This report seeks Council approval for the issuance of debentures up to \$45,489,000 on behalf of the City of Vaughan (City), subject to their Council passing and supplying the necessary bylaws anticipated to take place on June 20, 2023

### 3. Background

#### **Regional Council authority is required to issue long-term debentures on behalf of local municipalities**

At its meeting on June 20, 2023, the City of Vaughan's Council is expected to approve a request for debenture financing for an amount up to \$45,489,000 and a term not to exceed ten years. City staff have asked this financing be included as part the Region's next debenture issuance which is expected in the early fall and therefore Council's approval is being requested at this time.

The City's financing request will be used for the construction of capital infrastructure listed in Appendix A and will be entirely repaid from the City's operating budget funded by property taxes.

Under section 401 of the *Municipal Act, 2001* (Act), Regional Council approval is required for all long-term financing required by local municipalities. In addition, the Act, states all debentures issued by the Region for either its own purposes or the purposes of its lower-tier municipalities will be direct, joint and several obligations of both the Region and its lower-tier municipalities. While the Region will be responsible for making the principal and interest payments on the debenture it will receive those funds from the City on the due dates.

#### **4. Analysis**

##### **The requested debenture of \$45,489,000 will be within the City's Annual Repayment Limit**

The City's Treasurer has confirmed with the requested debenture financing, Vaughan's total annual debt repayments would be \$12 million, which is within the City's Annual Repayment Limit of \$124.5 million.

##### **The City of Vaughan's borrowing would not affect the Region's Annual Repayment Limit**

The Act excludes the long-term debt borrowed for its local municipalities from the Region's own annual repayment limit calculation. Therefore, the City's borrowing does not affect the Region's annual repayment limit.

#### **5. Financial**

The requested debenture financing of \$45.49 million would increase the total amount guaranteed by the Region to \$51.41 million.

Local municipalities' outstanding debt is consolidated within the long-term liabilities for financial reporting purposes on the Region's audited financial statements.

#### **6. Local Impact**

##### **The requested debenture of \$45,489,000 will cost the City of Vaughan approximately \$5.88 million per year**

Based upon the current interest rate of approximately 4.25% for a ten-year sinking fund debenture, the City would incur costs of approximately \$5.88 million per year for the next ten years to service the \$45,489,000 debenture. The actual borrowing rate will be determined at the time of the debenture issuance. Included in the above servicing costs is the annual sinking fund contribution of approximately \$3.95 million which is paid starting after the first year of debenture issuance.

## 7. Conclusion

The City of Vaughan has requested the approval for the issuance of debentures of up to \$45,489,000. The financing will be for the construction of capital infrastructure consistent with the City's priorities.

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For more information on this report, please contact Edward Hankins, Director, Treasury Office at 1-877-464-9675 ext.71644. Accessible formats or communication supports are available upon request.



Recommended by:

**Laura Mirabella, FCPA, FCA**  
Commissioner of Finance and Regional Treasurer



Approved for Submission:

**Bruce Macgregor**  
Chief Administrative Officer

May 26, 2023  
eDOCS # 15287144

Appendix A - List of capital infrastructure projects

## Required Debenture Funding and the List of Capital Projects

Project & Project Description	Total Project Budget (\$)	Total Budget (Debenture Financing \$)	Actual Expenses as of Dec 31, 2022 (\$)	Funding % from Debenture Financing	Debenture Funding Required (\$)
Civic Centre-Demolition, Parking and Storm Drainage	2,069,300	2,069,300	1,234,118	100%	1,234,118
Garnet Williams CC - Rink Concrete Pad Replacement	1,444,179	1,246,300	453,211	86%	391,113
Energy Retrofits - City Facilities	1,545,000	1,545,000	536,156	100%	536,156
2018 Road Rehabilitation/ Reconstruction	6,839,816	1,762,515	6,839,999	26%	1,762,562
2016 Road Rehabilitation	9,193,069	2,648,703	8,554,489	29%	2,464,716
2017 Road Rehabilitation/ Reconstruction	5,654,467	3,441,580	5,654,767	61%	3,441,763
2019 Road Rehabilitation/ Reconstruction	15,655,400	10,101,282	15,593,214	65%	10,061,158
VMC Edgeley Pond Design and Construction	27,896,092	11,049,544	2,233,314	40%	884,608
Black Creek Channel Renewal Design and Construction	17,852,424	1,568,947	1,974,201	9%	173,501
Bridge Rehabilitation/ Removal - Humber Bridge Trail/ Other	2,166,801	151,943	2,169,301	7%	152,118
Bridge Rehabilitation - Glen Shields Avenue	1,985,444	154,500	1,920,587	8%	149,453
Bridge Replacement/ Rehabilitation Environmental Assessment - King Vaughan Road	231,725	133,378	231,725	58%	133,378
Methane Station Rehabilitation	1,231,880	1,231,880	1,135,630	100%	1,135,630
Utility Relocations for City Hall Campus Improvements	1,133,000	1,133,000	420,686	100%	420,686
Garnet A. Williams Community Centre Renovation	18,986,857	13,216,857	12,678,327	70%	8,825,454
2020 Road Rehabilitation/ Reconstruction	8,203,727	1,381,127	6,802,331	17%	1,145,197
Dufferin Works Yard Improvements/ Renovations	11,804,197	5,441,830	1,158,985	46%	534,301
2021 Road Rehabilitation/ Reconstruction	13,328,562	3,248,034	3,576,198	24%	871,483
Road Reconstruction, Watermain Replacement, SW, Cyc & SL on Nashville, Islington & Stegman's Mill	1,776,132	639,524	542,305	36%	195,265
Road Reconstruction, Watermain & Street Lighting Replacement in the Woodland Acres Area	10,532,599	4,042,544	3,386,340	38%	1,299,720
City Hall Entrance/ Intersection & Parking Lot Improvements	6,628,050	6,628,050	3,711,455	100%	3,711,455
York Hill District Park Redevelopment	4,975,670	2,885,633	732,657	58%	424,903
Public Works and Parks Operations Yard Expansion and Upgrade Strategy	16,209,557	6,090,951	14,743,903	38%	5,540,213
<b>Total required debenture</b>					<b>\$45,489,000</b>