



Ministry of  
Community  
Development



# HOW TO BUILD A FIREHALL

WITHOUT GETTING BURNED...



# Council is Keen

- You get your marching orders. A new fire hall is to be constructed....
- Now what?
- You know where it will be built. What it will look like.

# Follow the money \$\$\$

- Before you do anything, do your homework – get a solid idea of the cost.
- Engineering / drawings / estimates / is it in your 5 year financial plan?
- If you think you know what it will cost, how are you going to pay for it?

# You Want to Borrow

- So now you have a solid estimate of your costs and make sure you add in sufficient for contingencies and the unexpected.
- While you're at it, think green.....

# Gross Or Net?

- If you know how much it will cost to do the work, how much will you need to borrow?
- MFA returns 98.25% of what is requested! Don't forget about the borrowing cost. 1% is DRF which you get back at the end, and .75% is the cost of borrowing money.
- If there is a grant, is the borrowing bylaw for the net amount?
- Never make your bylaw for too little.

# Non-Traditional Borrowing

- What kind of borrowing is traditional? Non traditional?
- Why does this make a difference.

# BORROWING AMOUNT

- ROUND UP THE AMOUNT OF THE BORROWING !
- The Loan Authorization bylaw authorizes council to spend **UP TO** the specified amount in the bylaw. You can be under, but you can't go over the amount.

# THE BYLAW

- Get a sample from MFA website or contact your Advisory Officer.
- Consider the maximum term
- Give the bylaw 3 readings so you can submit it to the Ministry.

**THEN WHAT?**

# Know section 135 of CC

- Requirements for passing bylaws.
- Inspector's approval and elector's approval is given after 3<sup>rd</sup> reading and before adoption.
- Inspector's approval before approval of the electors.

# Section 135 of the Community Charter

- **Requirements for passing bylaws**
- Before a bylaw is adopted by a council, it must be given 3 readings by the council.
- Subject to this section and the applicable procedure bylaw, a bylaw may be given up to 3 readings at one meeting of council.
- There must be at least one day between the third reading and the adoption of a bylaw.
- **(4) If this or another Act requires that a bylaw receive (a) approval of the Lieutenant Governor in Council, or the minister or the inspector, or (b) approval of the electors or assent of the electors, the approval or assent must be obtained *after the bylaw has been given third reading and before it is adopted.***
- **(5) If a bylaw is subject to both requirements referred to in subsection (4), the approval referred to in subsection (4)(a) MUST be obtained before the bylaw is submitted for the approval or assent referred to in subsection (4)(b).**

# What do you send to the Ministry?

- Two certified copies of the bylaw at THIRD reading.
- Your Liability Servicing Limit Certificate with the CORRECT numbers on it (more on that in a minute)
- Tell us the assent method you are going to use, at least in the cover letter.
- Do you have assent free “room” you are using?

- Do you have a tight deadline? DON'T !! But make sure you tell us if there are timing issues.



- Give background information, such as the impact on an average homeowner.
- The executive summary given to council is often all that you need to include.

# Financial Information Necessary for Bylaw Review

- Circular 08:17
- You will find it on our website  
[http://www.cd.gov.bc.ca/lgd/infra/financial\\_circulars/index.htm](http://www.cd.gov.bc.ca/lgd/infra/financial_circulars/index.htm)
- Great details

# Liability Servicing Limit Certificates

- The magic numbers – Where do they come from?
- From your LGDE, but not this year.....
- Available on our website at [http://www.cd.gov.bc.ca/lgd/infra/statistics\\_index.htm](http://www.cd.gov.bc.ca/lgd/infra/statistics_index.htm)
- Make sure your numbers match – we check!

	A	B	C	D	E	F	G	H	I	J	K
1	<b>602.1 Liability Servicing Limit as at December 31, 2007</b>										
2	Municipalities	Type	RD	Total Municipal Revenue	Less: Actual Class 4 Revenue	Plus: Capped Class 4 Revenue	Total Revenue for Purposes of Limit	Liability Servicing Limit	Actual Debt Servicing Cost	Additional Estimated Debt Servicing Cost	Liability Servicing Capacity Available
10	Bowen Island	D	GVR	5,156,158	0	0	5,156,158	1,289,040	223,694	3,206	1,062,140
11	Burnaby	C	GVR	326,658,968	5,541,800	4,793,351	325,910,519	81,477,630	0	0	81,477,630
12	Burns Lake	V	BUL	3,201,261	0	0	3,201,261	800,315	74,353	0	725,962
13	Cache Creek	V	TNR	2,662,582	0	0	2,662,582	665,646	0	0	665,646
14	Campbell River	C	COM	38,312,091	6,032,516	5,056,715	37,336,290	9,334,073	6,257,712	753,732	2,322,629
15	Canal Flats	V	EKO	1,051,691	48,535	48,535	1,051,691	262,923	35,224	0	227,699
16	Castlegar	C	CKO	12,076,511	2,840,857	2,840,857	12,076,511	3,019,128	539,783	0	2,479,345
17	Central Saanich	D	CAP	17,142,271	0	0	17,142,271	4,285,568	3,024	0	4,282,544
18	Chase	V	TNR	2,395,620	37,472	37,472	2,395,620	598,905	6,511	221,992	370,402
19	Chetwynd	D	PEA	6,310,667	2,342,894	1,653,349	5,621,122	1,405,281	0	4,508	1,400,773
20	Chilliwack	C	FVR	80,331,521	0	0	80,331,521	20,082,880	2,174,672	6,700,000	11,208,208
21	Clinton	V	TNR	936,810	169,452	106,003	873,361	218,340	34,021	0	184,319
22	Coldstream	D	NOK	6,704,045	508,435	508,435	6,704,045	1,676,011	437,288	0	1,238,723
23	Colwood	C	CAP	12,851,519	0	0	12,851,519	3,212,880	818,812	2,297,071	96,997
24	Comox	T	COM	12,137,964	365	365	12,137,964	3,034,491	717,867	535,285	1,781,339
25	Coquitlam	C	GVR	171,386,670	1,064,639	757,414	171,079,445	42,769,861	2,510,008	0	40,259,853
26	Courtenay	C	COM	28,770,108	0	0	28,770,108	7,192,527	3,351,417	38,217	3,802,893

# Getting Public Approval

- To Alternative Approval Process (AAP)
- or to Referendum?

# ALTERNATIVE APPROVAL PROCESS

- Read the letter we send you!
- Section 86 of Community Charter
- Public Notice – section 94 of CC
- Deadline “at least” 30 days after second publication
- Elector response forms
- Council may adopt if not more than 10% of eligible electors signed elector response forms

# What if AAP Fails?

- Decisions? Decisions? Or not?
- There are time constraints – s. 162 of LGA
- If general voting day will be more than 80 days after the deadline, then what?

# Referendum Process

- Read your letter!
- Public Notice
- What is the question you will ask (Hint: Keep it simple)
- Council has 80 days from Inspector's approval to put bylaw to the vote.

# The Question

- Vote simply on borrowing \$XXX “to build a firehall” or “to build a recreation complex”. Never go into great detail, as any variation from detail in a vote can come back and bite you.



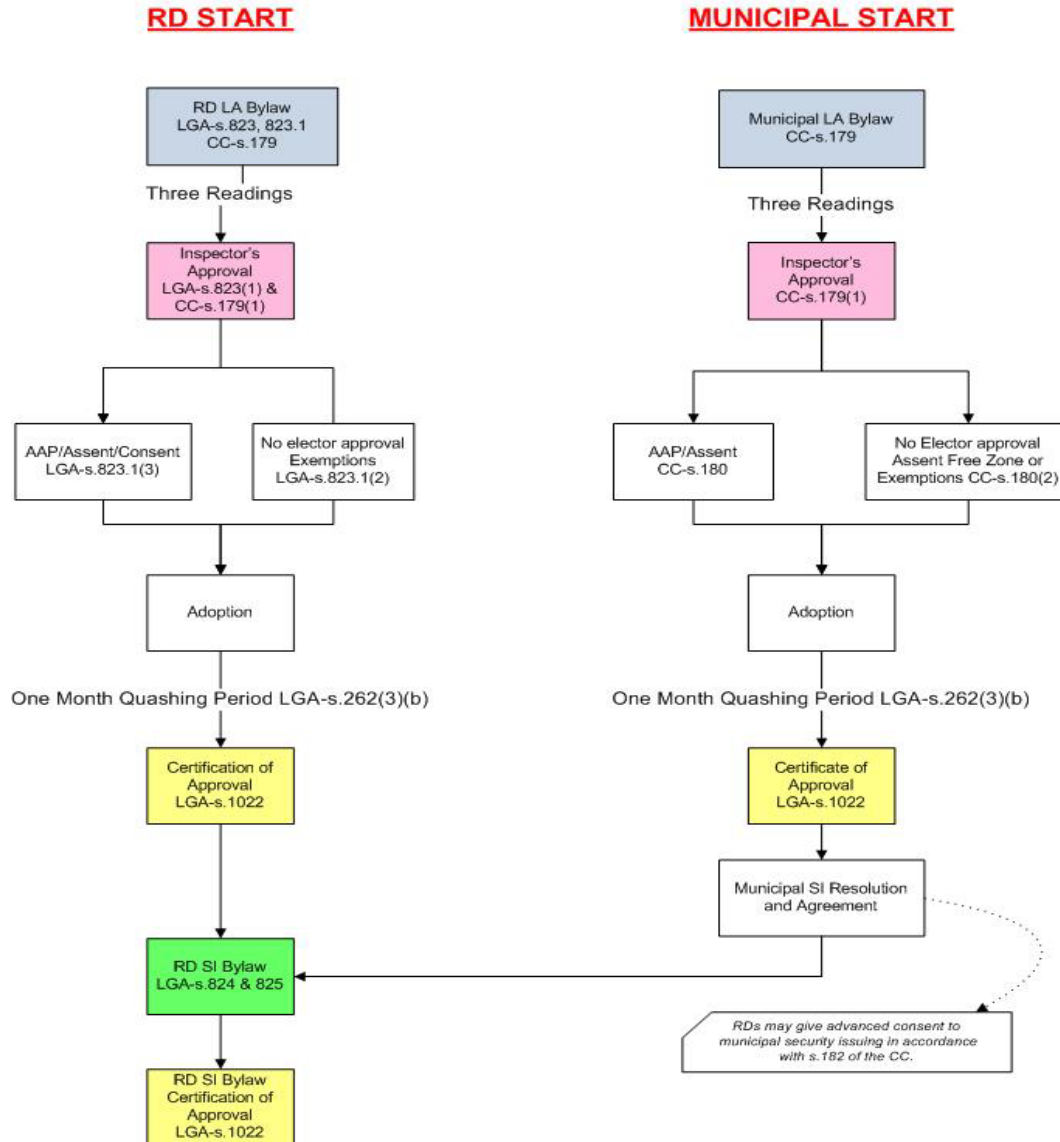
# You Have Approval of Electors

- Council may now adopt bylaw
- 1 month quashing period after adoption for LA's
- WHY?
- Corporate Officers Certificate
- Application for Certificate of Approval (C of A)
- Advisory Officers have a C of A checklist

# The Certificate of Approval Checklist

- Statutory approval
- Notice – 1<sup>st</sup> and 2<sup>nd</sup> / Advertising
- AAP deadline
- Adoption date
- Application is one month after adoption
- We report discrepancies to Inspector

## Revised Loan Authorization and Security Issuing Procedures



# How does all this differ for a Regional District borrowing for a fire hall?

- No Liability Servicing Limit Certificate required.
- No assent free zone so you must get assent/approval.
- Still submit the bylaw at third reading.
- If you are creating a new service, the Loan Authorization bylaw and the service establishing bylaw can move as one for elector approval .

# NEXT - the Security Issuing Bylaw

- Must have a Certificate of Approval to Loan Authorization Bylaws
- Resolution
- Separate out municipal borrowing from regional district borrowing
- The SI table

# Municipal Security Issuing Resolution

- CC Sec. 122 – must do a resolution
- Quote the L A Bylaw and the amount requested
- If you are changing the term (downward) this is the time to do it
- If you know which issue – specify (spring or fall)
- Consent
- MFA and RD both get a certified copy

# Temporary Borrowing

- Section 181 of the Community Charter
- No Inspector's or elector approval
- Bylaw should be done if borrowing internally
- Temporary borrowing is just that

# MFA - Spring and Fall

- RD deadlines for submissions to Ministry end of February, end of August (check the website)
- Count backwards from RD deadline
- Don't ask for money you don't need yet – you can't give it back!

# Why has my LA Bylaw Expired?

- 5 years from the date of adoption if the Local Government has not done temporary borrowing or gone to long term borrowing through a security issuing bylaw.
- Amending a LA Bylaw does **not** extend its life

# Amending a Loan Authorization Bylaw

- Reduce or increase amount of borrowing
- Change the scope
- RD consent?
- Inspectors Approval

# USE OF BORROWED MONEY

- Sections 190 of the Community Charter and 814 of the Local Government Act.
- money borrowed shall not be used for any purpose other than those specified in the bylaw or agreement authorizing the borrowing

# Extra Money?

- Council resolution for no more borrowing
- Let the Ministry know
- Let MFA know

# Other Borrowing

- Short Term Capital Borrowing
  - must be fully repaid within 5 years
  - does not require assent
  - limited by regulation to \$50 times your population
  - still requires approval of the Inspector

# QUESTIONS?

- Shelley Hahn, Municipal Finance Authority  
[Shelley@mfa.bc.ca](mailto:Shelley@mfa.bc.ca)
- June Hicklin, Advisory Officer  
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