

THE CORPORATION OF VILLAGE OF SLOCAN
Slocan Village Council
AGENDA
Special Meeting
Thursday, July 30th, 2020 - 4:45 pm
COUNCIL CHAMBERS
503 Slocan Street, Slocan, BC

The Mayor calls the special meeting to order.

1. Acknowledgement of Traditional Territory:
"The Village of Slocan acknowledges and respects the indigenous peoples whose traditional land and territory we stand."
2. Adoption of agenda
3. Bylaws:
- Village of Slocan Loan Authorization Bylaw

6. Late Items:

8. Public Participation:

Protocol to be read aloud prior to commencing public participation: *During "public participation", the presiding member shall permit **comments** from the public on issues Council is presently dealing with or on any other issue that is of interest to the general public. Comments from individual members of the public shall be limited to five (5) minutes and the total time for all comments during this session shall not exceed fifteen (15) minutes.*

9. Adjournment



**The Corporation of the
Village of Slokan
Memo**

MTG DATE: JULY 30/20
ITEM: BYLAWS
FILE: LOAN AUTH - ACC

DATE: July 30, 2020
TO: Mayor and Village Council
FROM: M. Gordon, CAO
SUBJECT: Loan Authorization Bylaw 2020 – Land Acquisition

ANALYSIS SUMMARY:

Village of Slokan, located in the heart of the West Kootenays, has been known as a mill town for many generations. In 2013, the Village was notified of the permanent closure of Springer Creek Forest Products sawmill, after over 40 years of service, which ultimately resulted in an abrupt decline in property tax revenue from one of Slokan's largest and only major industry on the tax roll. In 2014, all structures on the property were demolished and/or removed, and the property was made available for purchase shortly after.

Over the past several years, the Village has seen enhanced interest in the site, and received feedback from the public that the best-case scenario would be for the property to revert back to Village ownership. There are many moving parts to the site, including restoration and remediation, daylighting the creek to its original and natural condition, and visioning for best use of the land as a whole, in the future.

After learning of two unsuccessful offers on the property, Council felt some urgency to secure the land. Council began exploring options to gain control of the site. Exercising due diligence, staff investigated current environmental impacts and required remediation, and consulted with Ministry stakeholders and environmental engineers, as well as its Financial Officers, the Municipal Finance Association, and Columbia Basin Trust, to see if the purchase was viable.

It was mid-June that Council received the unfortunate news that the principle owner of the mill site had suddenly passed. Subsequently, it was announced shortly after that the sale price of the property had dropped from \$2.3M to \$1.6M. Council called an emergency In-Camera meeting to discuss the information that had emerged.

On July 6th, Council passed a resolution to submit an offer to purchase the mill site lands for \$1.5M, conditional on financing and other regulatory conditions. In the offer, Council proposed a subject removal date of October 6th and a closing date of October 15th, 2020.

A counter-offer was received from the seller accepting the offer price, but changing the subject removal date to September 4th and closing date to September 15th. Council understood at this point, time was of the essence.

Slocan Council recognizes the importance of this site – not only for the future of the community, but for the region as a whole. The 19.22 acre property presents an incredibly unique opportunity, and holds tremendous social, environmental and economic value to Slokan Valley residents.

A draft Loan Authorization Bylaw has been attached for Council's consideration of first, second and third readings. After first three readings, the Bylaw will be submitted to the inspector of municipalities for approval.

IMPLEMENTATION:

1. Council to give first three readings to the *Village of Slocan Loan Authorization Bylaw No. ____, 2020*.
2. Submit the bylaw for the statutory approval from the Inspector of Municipalities.
Application for approval must include Financial Plan, funding sources, cost recovery, method of electoral approval (not required as per Section 7 of the *Municipal Liabilities Regulation approval free liability zone*), and Council resolution.
3. Upon receipt of approval from the Inspector, adoption of the bylaw.
4. Quashing period for the bylaw – one month.
5. Apply for Certificate of Approval from the Ministry.
6. Municipal Security Issuing Resolution.
7. All Offer-to-Purchase subjects removed by September 4, 2020.
8. Completion of sale by September 15, 2020.

LEGISLATIVE IMPACTS, PRECEDENTS, POLICIES:

<p><i>Community Charter:</i> S. 179 – Loan Authorization Bylaws</p> <p>S. 188 – Establishment of Reserve Funds (Village Land Sale Reserve) S. 189 – Use of Money in Reserve Funds</p>	<ul style="list-style-type: none"> • A Council may, by bylaw, incur a liability by borrowing. A loan authorization bylaw, both short-term and long term, must set out the amount, the purpose, and the term of the loan. The term cannot exceed 30 years. Short-term borrowing is considered any loan for a term of less than 5 years; long-term borrowing is considered any loan for a term longer than 5 years. All long-term borrowing requires electoral approval. • A Council may, by bylaw, establish a reserve fund for a specified purpose. • Money in a reserve fund must be used only for the purpose for which the fund was established.
<p><i>Municipal Liabilities Regulation:</i> S. 7 – Approval Free Liability Zone</p>	<ul style="list-style-type: none"> • Approval of the electors is not required under section 175 [<i>liabilities under agreements</i>] or section 180 [<i>loan authorization bylaws</i>] of the <i>Community Charter</i> if the annual cost of servicing the aggregate liabilities of the municipality for the year does not exceed 5% of the annual calculation of revenue of the municipality for the previous year. Once the total annual cost of servicing liabilities exceeds the 5%, all subsequent borrowing requires electoral approval.
<p>Village Official Community Plan (OCP)</p>	<ul style="list-style-type: none"> • 5.2.6: In the event that the mill is closed permanently, allow for redevelopment of the mill site to non-industrial land uses subject to a planning process and rezoning application; • 5.2.8.1: Preserve open spaces, natural beauty and environmentally-sensitive areas; • 5.2.8.4: Promote new development or redevelopment that shall strive to be sustainable and sympathetic to the character of the community; • 5.2.12: Work with other levels of government and agencies to respect the comprehensive management plan for Slocan Lake to ensure protection of the water quality of the lake for fisheries;

	<ul style="list-style-type: none"> • 6.2.5: Consideration for redevelopment of the mill site located in the “SD” Special Development Designation Schedule ‘B’ – Land Use Designation Map shall be limited to non-industrial land uses, that may include residential, and subject to a public planning process and rezoning application; • 7.2.9: Consider future commercial development along the Lake Shore that is limited to quiet and clean water related enterprises and subject to a public planning process and rezoning application; • 8.1.2: Support the current operation and economic activity of the Springer Creek Forest Products mill site but consider long-term site redevelopment to non-industrial land uses in the event the mill is closed permanently; • 14.2.3: Recognize riparian areas on Slocan Lake, Slocan River and Springer Creek require protection and ensure that any proposed use or development will not have an adverse affect on the riparian areas;
Village Zoning Bylaw	<p>Property is currently zoned M1: Mill Industrial. In 2017, Council approved an amendment to the Zoning Bylaw, essentially removing all existing permittable uses under the M1 zone aside from <i>sawmill and accessory structures</i>. This would limit development on the property to mill use only. It is unlikely that another sawmill would locate on the property, given its remote location, the state of the lumber market, the value of the Canadian dollar, the rising fuel costs, and the fact that all mill structures and machinery have been demolished and removed. This would encourage initiation of re-zoning process for future development. By removing other types of industrial uses, the Village is less vulnerable to having an industrial operation establish, without the need of a rezoning and public process. The mill site is an important community and regional asset; the OCP supports the change of use away from industrial uses, and limiting the permitted uses encourages establishment of the vision for the community. All rezone applications are subject to community consultation by way of a public hearing.</p>
Slocan Valley Economic Development Plan, 2017, Strategy 5.4	<p>Successful community development strategies are guided by a broadly-held vision. Participants in the public input sessions remarked how they see the Slocan Valley mill site as a tremendous asset and want to make sure it is well planned, to encourage economic development activity that meets the needs of the community. The Village may want to work with interested parties to acquire the property until the completion of a comprehensive planning process is completed and new zoning reflecting the desires of the community is passed. It is recommended that the Village seek funding to complete a Charette Plan for the Slocan Valley mill site, that pulls together stakeholders and interested residents to ensure that the land is developed with the highest level of economic impact while respecting the desires of the community.</p>
Village Sustainability & Transition Plan	<ul style="list-style-type: none"> • The Municipality will diversify its tax base in order to be

	<p>able to maintain or increase services to its residents and create a sustainable future for the Village of Slocan;</p> <ul style="list-style-type: none"> • Citizens will be actively engaged in determining the future of the Village; • Current business activity and offerings will be expanded to support residents in their work and endeavours to produce meaningful work and quality goods/services; • Local jobs will be maintained and more will be created; • Affordable housing will be available; • The Village and its residents will be as self-sustaining as possible.
<p>Village Waterfront Development Strategy, 2018</p>	<ul style="list-style-type: none"> • Provide a long-term vision that can evolve with the redevelopment of the Springer Creek Mill Site; • Acquire privately-owned land: work with CPR and the Springer Creek Mill Site to acquire privately-owned land; • Promote progressive and sustainable land use development that ensures continued community enjoyment of the waterfront; • Promote innovative and sustainable design to improve environmental impact and resiliency to climate change; • Village has significant investment in their waterfront and public space amenities, and is highly-utilized during summer months by multiple user groups; • Village has taken steps to encourage investment in the community, such as amending OCP and Zoning Bylaws, to encourage planning for the future use of the former mill site; • Potential to designate the old highway as trail and connect to the Rail Trail; • Increased development of the foreshore could privatize the waterfront over time if not managed; • Lack of information and regulatory protection of the foreshore and Springer Creek; • Some privately-owned parcels of land within the waterfront has the potential to limit future use of the waterfront; • During peak days, waterfront parking lot at capacity; • Develop traffic routes and signage; • Potential to improve the environmental protection of the waterfront, specifically around the Springer Creek Mill Site, through development approvals. Recommend establishing riparian buffer around Springer Creek, daylight creek, and implement environmental best practices to protect the foreshore area; • Explore potential land acquisition; • Linking Harold Street to the waterfront is an important community priority; • Infill development around the waterfront could create desirable living and working areas, increasing safety by increasing “eyes on the street” and be sensitive to the surrounding community, while maintaining pedestrian-

	friendly space; <ul style="list-style-type: none"> • Lighting around waterfront can increase safety; •
Harold Street North Conceptual Design Plan, 2018	Potential to integrate Harold Street Plan north to the waterfront.
Other Considerations:	Municipal Councils can change only some aspects of the land use controls that apply to certain properties. Provincial, regional, and federal controls that also affect development include environmental and fisheries regulations, public health, building and fire codes, and highway/transit plans.

BENEFITS & NEGATIVE IMPACTS:

- Local governments have access to grants and other funding that private sectors do not.
- Purchasing the mill site property will enable a robust community planning process for future best use of the land.
- Village can work with Ministry staff and stakeholders to restore Springer Creek.
- Village can work with Ministry staff and stakeholders to develop a remediation plan for best use of the property. The size, shape, topography, soil conditions and ease of access all affect the potential uses of the site. The property will be examined for aspects of design, condition, and size, to determine appropriate placement of proposed developments in the future.
- Given the minimum lot size in the current zones, the proposed lot could support a variety of subdivision development scenarios.
- An immediate public sector investment does not preclude future private sector investments, based on a well thought out plan.
- Opportunity for the Village to increase its tax base in the future, thus having more funds to put back into the community.
- Purchase of the mill site land shows excellent leadership initiative for a small BC community in transition.
- Council is in possession of a (confidential) environmental report procured by Columbia Basin Trust, outlining level of contamination and recommendations for remediation.

COSTS AND BUDGET IMPACT: *(Colin McClure, CFO)*

At this time, the Village of Slokan currently has no debt. As the Village's debt does not exceed the annual liability servicing limit, the Village may borrow up to \$845,000 under the approval free liability zone, and therefore, electoral approval is not required.

The Village has submitted an offer to purchase the mill site lands for \$1.5M, and intends to apply for a loan through the Municipal Finance Authority under the assent free zone for \$845,000. The term of the loan would be 30 years, at the MFA indicative market rate of 2.4%, resulting in an annual servicing cost of \$41,109. It is important to note that the current MFA 10-year rate is 1.62%, which if the Village was successful in achieving that rate when the long-term borrowing is incurred, would result in a drop to \$34,518 in annual servicing cost. The remainder of the purchase would be accommodated by using \$180,000 from the Village's Land Sale Reserve, and \$475,000 coming from general surplus.

To fund the new \$41,109 annual servicing cost, the Village would allocate the additional small community grant amount received for 2020 of \$16,000, that is higher than what was budgeted and is expected to receive ongoing into future years. The remaining \$25,000 will come from a proposed 3% tax increase to fund this purchase, that produces approximately \$5,000 in new revenue, \$6,000 from the Community Development Grant that is provided by the RDCK annually, and \$14,000 reduction in current operating expense budgets.

A Financial Plan Amendment will be presented to Council, to formally approve these expenditures.

RECOMMENDATION:

That Council give first, second and third readings to the "Village of Slocan Loan Authorization Bylaw No. ____, 2020", and that staff be directed to submit to the Inspector of Municipalities for approval.



Michelle Gordon
Chief Administrative Officer

THE CORPORATION OF THE VILLAGE OF SLOCAN

BYLAW NO. ____, 2020

BEING A BYLAW TO AUTHORIZE THE BORROWING OF A PORTION OF THE ESTIMATED COST TO PURCHASE THE SLOCAN MILL SITE PROPERTY.

WHEREAS the Council of the Village of Slocan deems it desirable and expedient to acquire the former Springer Creek Mill Site property; approximately 19.55 acres located at 610 Delany Avenue, and legally described as Lot 1, Plan NEP 8719, DL 292, Kootenay Land District, PID: 008-206-031, as appended hereto and marked as Schedule 'A' to this bylaw;

AND WHEREAS the estimated cost to acquire the property including expenses incidental thereto is the sum of \$1,500,000.00 of which the sum of \$845,000 is the maximum amount of debt intended to be borrowed by this bylaw;

NOW THEREFORE, the Council of the Village of Slocan, in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. Provision

- a) The Council is hereby empowered and authorized to undertake and carry out or cause to be carried out the purchase of the land as indicated in Schedule 'A' attached to and forming part of this bylaw, and to do all things necessary in connection therewith and without limiting the generality of the foregoing:
 - i. To borrow upon the credit of the municipality a sum not exceeding eight hundred & forty-five thousand dollars (\$845,000.00).
 - ii. To acquire all such real property, easements, rights-of-way, licenses, rights or authorities as may be requisite or desirable for or in connection with the acquisition of the lands legally described as Lot 1, Plan NEP 8719, DL 292, Kootenay Land District, PID: 008-206-031.
- b) The maximum term for which debentures may be issued to secure the debt created by this bylaw is thirty (30) years.

2. Severability

If any portion of this bylaw is found invalid by a decision of a court of competent jurisdiction, the invalid portion is severed without effect on the remaining portions of the bylaw.

3. Citation

This Bylaw may be cited as the "**Village of Slocan Loan Authorization Bylaw No. ____, 2020**".

READ A FIRST TIME the 30th day of July, 2020;

READ A SECOND TIME the 30th day of July, 2020;

READ A THIRD TIME the 30th day of July, 2020;

RECEIVED THE APPROVAL OF THE INSPECTOR OF MUNICIPALITIES
on the ___ day of _____, 2020.

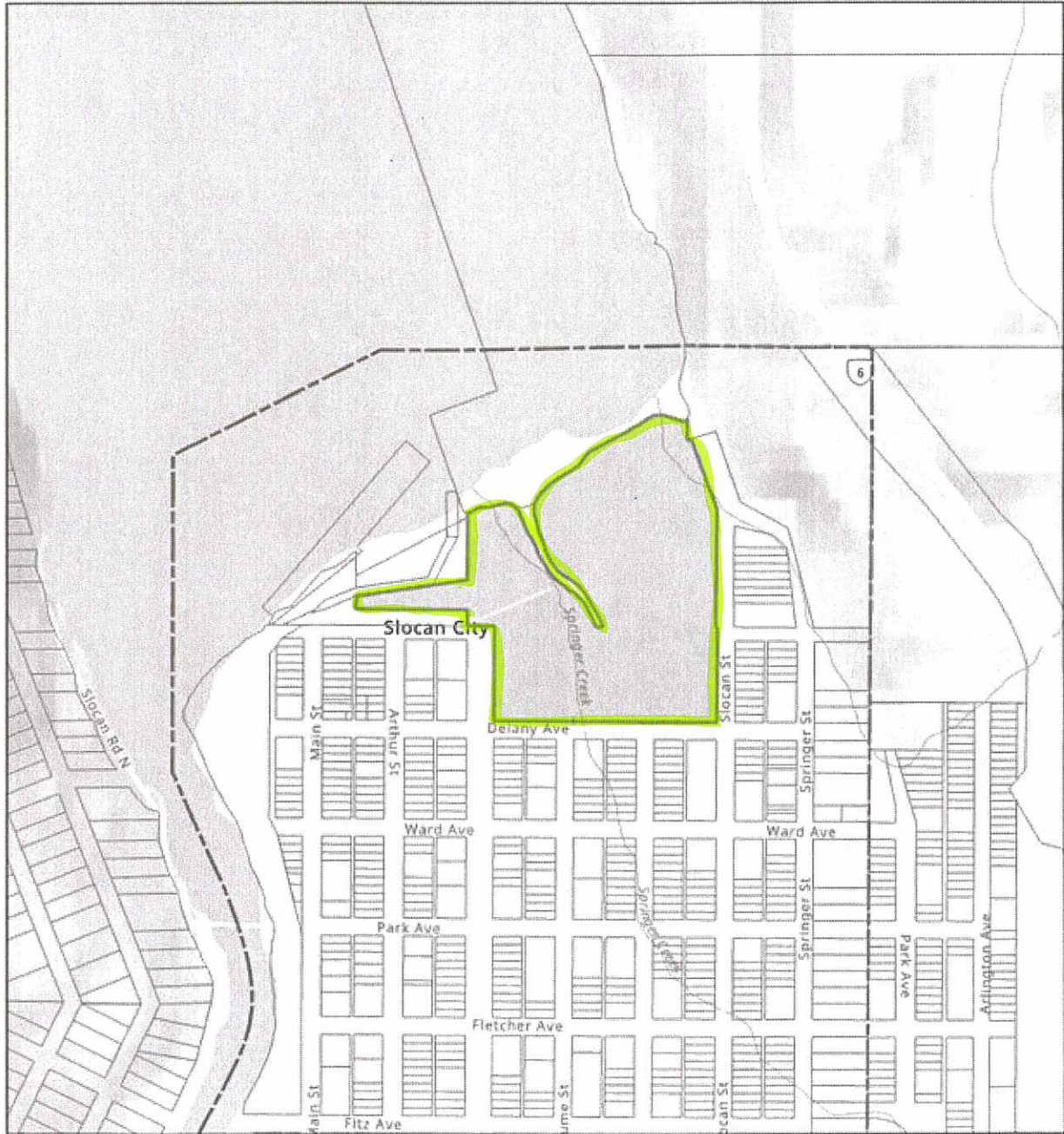
Assent of the electors of the Village of Slocan is not required as per Section 7 of
the *Municipal Liabilities Regulation* (approval-free liability zone).

FINALLY PASSED AND ADOPTED the ___ day of _____, 2020.

Mayor

Chief Administrative Officer

SCHEDULE 'A'



LIABILITY SERVICING LIMIT CERTIFICATE

The Village of Slocan (the "Municipality")
 In relation to Village of Slocan Loan Authorization Bylaw NO. 2020

The undersigned Financial Officer assigned responsibility for financial administration under section 149 of the Community Charter, SBC 2003, Chapter 26 (the "Charter") or Auditor appointed for the Municipality under section 169 of the Charter hereby certifies as follows:

Calculation revenue for the previous year <i>(section 4 & 5, BC Reg 254/2004)</i>	<u>\$825,552.00</u>	a
Liability Servicing Limit (a x 25%) <i>(section 2, BC Reg 254/2004)</i>	<u>\$206,388.00</u>	b
Annual Servicing cost for previous year	<u>\$0.00</u>	c

Plus: New liabilities incurred, other than current request

Liability Type and reference	Annual servicing cost	
<u>Nil</u>	<u>\$0.00</u>	d
_____	_____	e
_____	_____	f
_____	_____	g
_____	_____	h
_____	_____	i
_____	_____	j
_____	_____	k
_____	_____	l
Total of lines d through l	<u>\$0.00</u>	m

Less: Liabilities which have matured

Liability type and reference	Annual servicing cost	
<u>Nil</u>	<u>\$0.00</u>	n
_____	_____	o
_____	_____	p
_____	_____	q
_____	_____	r
Total of lines n through r	<u>\$0.00</u>	s

Amount of new liability <i>(section 3, BC Reg 254/2004)</i>	<u>\$845,000.00</u>	t
Annual servicing cost of new liability <i>(section 3, BC Reg 254/2004)</i>	<u>\$41,109.00</u>	u
Total liability servicing cost including current request (lines c+m-s+u)	<u>\$41,109.00</u>	v

- which is less than the annual liability servicing limit stated on line b
- OR
- which exceeds the annual liability servicing limit stated on line b, and the undersigned hereby requests approval of the Inspector of Municipalities under section 174 of the Charter to exceed the limit established under the section.

In accordance with section 179(5) or section 175(1)(b) of the Charter, as applicable, the debt to be contracted under the loan authorization bylaw, or other liability for which certification is being made, referred to above will not exceed the lesser of 30 years and the reasonable life expectancy of the capital asset, activity, work or service, or the remaining term of the applicable agreement, as the case may be, for which the debt is to be contracted.

The undersigned Financial Officer or Auditor also hereby authorizes Legal Counsel of the Municipal Finance Authority of British Columbia to rely on this Certificate in giving any opinion in connection with any borrowing by the Municipal Finance Authority of British Columbia ("MFA") and the issuance of bonds, debentures, and other securities by the MFA in respect of the loan authorization bylaw, or other liability for which certification is being made, referred to above.

DATED this _____ day of _____, 20__.

_____	OR	_____
Financial Officer		Auditor
_____		_____
(Please print full name)		(Please print full name & company)