



City of Moose Jaw

COMMUNICATION # EC-2021-0057

TITLE: Moose Jaw Municipal Airport Authority Line of Credit Guarantee

TO: Executive Committee

FROM: Department of Financial Services

DATE: February 20, 2021

PUBLIC: PUBLIC DOCUMENT

RECOMMENDATION

THAT representatives of the Moose Jaw Municipal Airport Authority be allowed to address City Council.

THAT City Council agree to provide a guarantee to the Moose Jaw Municipal Airport Authority for a \$1,000,000 line of credit from Jameson Gilroy & B & L Livestock Limited (JGL) to be used to provide cashflow during the municipal airport runway and taxiway extension and rehabilitation project; and

THAT City Council authorize the Director of Financial Services to negotiate any guarantee that the City needs to provide related to this financing; and further

THAT City Administration be authorized to bring forward a Guarantee bylaw with the particulars of the guarantee for Council's approval.

EXECUTIVE SUMMARY

The Moose Jaw Municipal Airport Authority (MJMAA) has embarked on an exciting project to extend the runway and rehabilitate the taxiways at the Moose Jaw Municipal Airport. The MJMAA has secured financing for this project from a number of sources.

The project's cashflow requirements are such that the MJMAA will have to fund expenditures related to the project for up to 90 days prior to reimbursement. As such, a line of credit has been negotiated with JGL to cover this interim cashflow need. In order for this line of credit to move forward, the MJMAA requires the City to guarantee the line of credit.

BACKGROUND

In 2018, the City of Moose Jaw established the Moose Jaw Municipal Airport Authority (MJMAA) by passing Bylaw No. 5561 The Moose Jaw Municipal Airport Authority Bylaw. The bylaw established an airport authority as a self-sustaining business operation such that annual operating and capital budgets are funded by airport revenues and other sources.

The MJMAA was established to provide governance management and operation of the Moose Jaw Municipal Airport. The purpose of the MJMAA is to build assets that further economic and social development of the residents of Moose Jaw and region. The MJMAA Board consists of seven members. Four of the members must be City of Moose Jaw residents and up to three members may be appointed from aviation and aerospace industries or from the region. The Mayor of Moose Jaw is one of the seven members. All members are appointed by City Council.

The MJMAA has undertaken to secure government grant funding for a \$3,200,000 airport runway and taxiway extension and rehabilitation project. The funding for this project will come from:

- ICIP – Rural & Northern \$2,199,990
- City of Moose Jaw \$ 500,000
- Stakeholder Loan \$ 500,000

Also, of note is the MJMAA has an application in to the Community Airport Partnership Grant Program for \$550,000. If successful, the Province would fund \$275,000 and the MJMAA \$275,000.

The project commenced in the fall of 2020 with the majority of the work to occur in 2021.

DISCUSSION

The airport runway and taxiway extension and rehabilitation project is receiving the majority of its funding from the Federal ICIP Rural and Northern Grant Program, with the remaining funding from the City of Moose Jaw and a stakeholder loan.

The MJMAA needs to have the necessary cashflow to be able to provide interim financing for the project until reimbursed by the other funding partners. That cashflow requirement is estimated to be \$1,000,000 through April 30th of 2022. The MJMAA will secure a potential line of credit with Jameson Gilroy & B & L Livestock Limited (JGL) for \$1,000,000. In order to access this funding, JGL requires a guarantee from the City of Moose Jaw for that line of credit. The MJMAA disclosed a potential conflict of interest and protocols are in place to avoid any misconduct.

The Cities Act provides Council with the authority to guarantee loans for associated third party groups:

"151(1) A city may only lend money or guarantee the repayment of a loan if it is:

- (a) a loan or guarantee made pursuant to subsection (2);
 - (b) a loan made to one of its controlled corporations or to a business improvement district established by it; or
 - (c) a guarantee made with respect to a loan between a lender and one of its controlled corporations or a business improvement district established by it.
- (2) If the council considers that money loaned or money obtained under a loan that is guaranteed will be used for a purpose that will benefit the city, the city may:
- (a) lend money to a non-profit organization; or
 - (b) guarantee the repayment of a loan between a lender and a non-profit organization."

Financing costs related to the line of credit will be the responsibility of the MJMAA.

FINANCIAL IMPLICATIONS

The guarantee being requested by the MJMAA will count towards the City of Moose Jaw's overall debt limit. That limit is currently \$95 million with \$70.2 million currently being utilized. There are no other anticipated costs to the City of Moose Jaw from this guarantee.

OPTIONS TO RECOMMENDATION

1. The City of Moose Jaw could provide the cashflow needed directly to the MJMAA from its sources. The City's cashflows may be sufficient to provide this funding, although it may cause the City to have to utilize its line of credit to provide the funding. City Administration would recommend that the MJMAA source its line of credit rather than being provided by the City of Moose Jaw in order to ensure that the City has sufficient cashflow for its capital projects.
2. The City of Moose Jaw decline to provide a guarantee for the MJMAA line of credit request. City Administration would not recommend this denial as it would put the runway and taxiway project in jeopardy with the potential loss of Federal funding and contractor liabilities left outstanding.

COMMUNICATION PLAN

The City has followed the Public Notice requirements as laid out in the City Administration Bylaw.

PUBLIC NOTICE

Public Notice is required for consideration of this matter, pursuant to Section 3.1 (e) borrowing money, lending money or guaranteeing the repayment of a loan; of the Public Notice Policy [Bylaw No. 5175, City Administration Bylaw].

Public Notice was advertised in the Moose Jaw Express on February 24 and March 3, 2021.

PRESENTATION

Mr. Jim Puffalt, City Manager, will introduce the report. Mr. Brian Acker, Director of Financial Services, will be available to answer questions of Council.

Representatives from the MJMAA will be in attendance to present their request.

ATTACHMENTS

1. Letter from Mr. Greg Simpson, Chair of the MJMAA.
2. MJMAA PowerPoint.

REPORT APPROVAL

Written by: Brian Acker, B.Comm., CPA, CMA, Director of Financial Services
Reviewed by: Tracy Wittke, Assistant City Clerk
Approved by: Jim Puffalt, City Manager
Approved by: Fraser Tolmie, Mayor

~~To be completed by the Clerk's Department only.~~

~~Presented to Regular Council or Executive Committee on _____~~

~~Resolution No. _____~~

Report Approval Details

Document Title:	Moose Jaw Municipal Airport Authority Line of Credit - EC-2021-0057.docx
Attachments:	- Attach 1 Letter from Greg Simpson Chair of the MJMAA.docx
Final Approval Date:	Mar 2, 2021

This report and all of its attachments were approved and signed as outlined below:



Tracy Wittke



Jim Puffalt



Fraser Tolmie



Dear Mayor Tolmie,

The MJMAA respectfully requests the City of Moose Jaw to guarantee JGL for a \$1,000,000.00 Operating Line of Credit.

The loan's purpose is to provide a Revolving Line of Credit to support the Moose Jaw Municipal Airport Runway and Taxiway extension and rehabilitation project's cash flow requirements. The contractors require an invoice to be paid within 30 days of invoicing; however, the MJMAA cannot invoice for funding from the ICIP and Moose Jaw's City until the payment(s) has cleared the bank. We will need the Line of Credit in place from May 1st, 2021 until April 30th, 2022.

Please contact me if you have any further questions.

Kindest Regards,

Greg Simpson | Chair

Moose Jaw Municipal Airport Authority

Box 5, Moose Jaw, SK S6H 4N7

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MJMAA
MOOSE JAW MUNICIPAL
AIRPORT AUTHORITY

Executive Committee Meeting Monday, March 8th, 2021

Presented by:

Greg Simpson

Chair: MJMAA

Good News Report

- Transition of the governance and operations of the airport from the city to the authority are now completed
- Airport Maintenance, managing leases, communications with stakeholders.
- We have attracted new businesses to the airport. A new aerial applicator, and more mechanics
- Air Ambulance has not missed a single mission since the MJMAA took over the snow removal of the airport
- The newly upgraded Pilot lounge and new executive washrooms have been appreciated by the Air Ambulance pilots. These updated facilities have attracted more planes to visit our airport
- The MJMAA has approved 4 requests to build hangars. hanger owners, insurance

Airport Runway Extension and Rehab Project

- All the design and engineering has been completed by Associated Engineers
- The excavation and grading was completed in September/October. The runway and taxiway extensions are ready for paving
- The tendering has been completed for surfacing, rehabilitation of the old runway and the construction of the new hangar access road
- Botkin expects to start June 1st and have the project completed by mid August
- We are not aware of any risks related to the operating loan guarantee since all of the construction costs are eligible under the ICIP funding agreement.



Runway Extension Project Started on September 25



Earthworks and Grading
completed in late October