



BOARD Policy

Section:	Financial Services	BRD-0340-50
Title:	Debt Management	027

PURPOSE

- 1.1 To establish financial guidelines and appropriate controls for the issuance and use of new debt and to ensure financial sustainability for the Sunshine Coast Regional District (SCRD).

SCOPE

- 1.2 This Policy applies to issuance and management of all SCRCD debt, in accordance with the *Local Government Act* and *Community Charter*.

DEFINITIONS

POLICY

- 1.3 Debt is an ongoing component of the SCRCD's capital financing structure and is integrated into long-term plans and strategies.
- 1.4 Notwithstanding that debt is an ongoing component, it must be affordable, kept to a minimum, and in line with the goals of "Financial Sustainability". The SCRCD must maintain flexibility to issue debt in response to emerging financial needs.
- 1.5 Debt must be structured in a way that is fair and equitable to those who pay and benefit from the underlying asset over time.
- 1.6 Compliance with all legislation applicable to the SCRCD including public process, bylaws, and subject to Board approval.
- 1.7 Revenues must be sufficient to accommodate debt servicing.
- 1.8 Projects that are to be funded by debt should be submitted to the Board with a "business case", including recommendations on how the debt will be serviced.
- 1.9 Expense where debt may be recommended:
- One-time capital improvements.
 - Capital expenditures as a result of service enhancements.
 - When the useful asset life will exceed the term of financing.
 - Major equipment purchases.
 - Purchase of property, if deemed by the Board as essential to the operation of the SCRCD.
- 1.10 Reserves are to be considered as a funding source before debt.
- 1.11 Strategies to minimize debt will be considered, such as:
- Pay as you go.
 - Create capital reserves to help future capital replacement needs.
 - Shorten the number of years to repay the debt when possible.
- 1.12 Current and projected interest rates will be considered when determining the duration of a borrowing term.
- 1.13 In consideration of debt reduction, when Municipal Finance Authority Debenture Issues become open for interest rate re-sets (every 10 years); debt repayment will be considered.
- 1.14 Life cycle costs be matched with debt servicing.
- 1.15 This Policy will be reviewed annually by the Chief Administrative Officer and Chief Financial Officer in consideration of meeting the SCRCD's Financial Sustainability goals, market conditions, and industry best practices. Any required changes shall be submitted to the Board



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for consideration and approval. This Policy should be reviewed during each term of the Board to ensure its continued effectiveness.

- 1.16** The maximum debt servicing costs be limited to 15% of the SCRD's recurring revenues (includes taxation, investment income, fees and charges, and unconditional grants).

EXCEPTIONS

AUTHORITY TO ACT

REFERENCES (Bylaws, Procedures, Guiding documents)

Approval Date:	December 11, 2014	Resolution No.	579/14 Rec. No. 9
Review Date:	July 28, 2022	Resolution No.	192/22 Rec. No. 5
Amendment Date:	June 8, 2023	Resolution No.	141/23 Rec. No. 11
Review Date:	July 11, 2024	Resolution No.	209/24 Rec. No. 10
Review Date:	June 26, 2025	Resolution No.	178/25 Rec. No. 2