

Bylaw 15696

A Bylaw to amend Bylaw 15522, Authorizing the City of Edmonton to construct, and finance on a short-term basis, various capital projects approved to be funded by Provincial grants, Provincial fuel rebates or Federal grants.

Purpose

To amend Bylaw 15522, to increase authorization by the City of Edmonton to finance on a short-term basis, various capital projects originally approved for financing by Provincial grants, Provincial fuel rebates or Federal grants by \$596,667,000, up to \$796,667,000.

Readings

Bylaw 15696 is ready for three readings.

If Council wishes to give three readings during a single meeting, then prior to moving third reading, Council must unanimously agree "That Bylaw 15696 be considered for third reading."

Advertising and Signing

This Bylaw does not require advertising. As defined under section 257 of the *Municipal Government Act*, a short-term borrowing made for the purpose of financing a capital property when the term of the borrowing is five years or less states "a borrowing bylaw that authorizes the borrowing does not have to be advertised".

Position of Administration

Administration supports this Bylaw.

Report Summary

This Bylaw will provide for an increase in short-term borrowing authority to cover the delay of payments from both the Provincial and Federal funding programs directed to the construction of the North Light Rail Transit project.

Previous Council/Committee Action

At the February 16, 2011, City Council meeting, the following motions were passed:

- That the project restriction of "subject to receiving GreenTRIP funding" for Project 08-66-1672, North LRT (Downtown to NAIT), be removed.
- That the budget adjustment to the North LRT (Downtown to NAIT) (08-66-1672) increase from \$725 million to \$755 million, for the purchase of an additional ten light rail vehicles, be approved.

Report

The cash flows for the Provincial GreenTRIP program and the Federal Building Canada Fund are uncertain at this time. To complete the North Light Rail Transit project, without interruption, will require the City of Edmonton to use short-term financing, to be subsequently repaid by the grant funding.

The borrowing timing reflected in Schedule A to the Bylaw is based upon the expenditure cash flow in the capital project profile, as attached to this report. However, borrowing will only be taken to the amount required to fund expenditures net of the grant money received. The term of the borrowing will be determined based on the estimated

cash flows of the remaining grant funding at the time of the borrowing.

Policy

This Bylaw is consistent with Edmonton's *Debt Management Fiscal Policy* (C203C) and applicable sections of the *Municipal Government Act*.

Corporate Outcomes

This Bylaw is consistent with Council's priority of balanced infrastructure management.

Budget/Financial Implications

It is unknown, subject to the finalization of the grant agreements, whether the interest portion of short-term borrowing will be grant eligible or if these costs will need to be managed within the tax-supported operating budget.

Under the standard borrowing whereby blended principal and interest is payable on a semi-annual basis, each \$100,000,000 borrowed for five years at an estimated rate of 2.7 percent would result in semi-annual payments of \$10,757,000 and a total repayment of \$107,570,000.

Attachments

1. Bylaw 15696
2. Capital profile for Project 08-66-1672 NLRT (Downtown to NAIT)