

Bylaw 15522

A Bylaw To authorize the City of Edmonton to construct and finance on a short-term basis for up to five years, various capital projects approved to be funded by provincial grants or fuel rebates

Purpose

To authorize the City of Edmonton to finance on a short-term basis for up to five years various capital projects originally approved for financing by provincial government grants or fuel rebates, up to \$200,000,000.

Readings

Bylaw 15522 is ready for three readings.

This Bylaw is authorized under sections 251 and 257 of the *Municipal Government Act*, R.S.A. 2000, c. M-26 *Act*. A majority vote of City Council on all three readings is required for passage.

If Council wishes to give three readings during a single meeting, then prior to moving third reading, Council must unanimously agree “That Bylaw 15522 be considered for third reading.”

Advertising and Signing

This Bylaw does not require advertising. As defined under section 257 of the *Municipal Government Act*, short-term borrowing made for the purpose of financing of a capital property when the term of 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 short-term borrowing to cover capital expenditures associated with projects approved for fast-tracking, as well as the shortfall in funding from delays in the payment of the Municipal Sustainability Initiative grant.

Previous Council/Committee Action

At the April 14, 2010, City Council meeting, the following motion was passed:

That Administration prepare a capital budget adjustment in response to the reduction of Municipal Sustainability Initiative funding, as outlined in scenario 3 of Attachment 1 of the Finance and Treasury Department report 2010FTB003, and return to Council at the same time as the Supplemental Capital Budget Adjustment.

Report

The Province has deferred payment on the Municipal Sustainability Initiative capital grant program from amounts previously anticipated. However, a commitment is in place to provide the funds over an extended time period.

City Council has approved proceeding with construction, based on the original Provincial cash flows announced for the Municipal Sustainability Initiative funding. As well, the 2009-2011 Capital Budget approved the fast-tracking of approximately \$200 million in capital projects financed by either the Municipal Sustainability Initiative or provincial fuel

tax rebates. Short-term borrowing will be required to bridge the timing gap between construction expenditures and the funding to be received.

Borrowing on this Bylaw can only be used for approved capital projects where construction has not commenced before approval of this Bylaw by Council.

Policy

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

Focus Area

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

Budget/Financial Implications

Both the principal and interest portion of the debt servicing costs associated with Municipal Sustainability Initiative grant funded projects will be covered by future grant payments from the Province. The principal portion of the debt servicing cost associated with fuel tax rebate projects will be covered by future rebates, and the interest will be managed within the approved operating budgets.

Attachments

1. Bylaw 15522