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**REPORT TO THE ELECTORAL AREA SERVICES COMMITTEE
MEETING OF WEDNESDAY, 3 MARCH 2010**

SUBJECT: Temporary Borrowing Bylaw for Capital Financing for the Construction of the New Salt Spring Island Public Library Building

PURPOSE:

The purpose of this report is to recommend approval to the Board of a temporary borrowing bylaw to provide financing for the construction of the New Public Library Building for Salt Spring Island.

BACKGROUND

On December 9, 2009 the Board adopted Bylaw # 3612 to amend the Salt Spring Island Public Library Service Area establishment bylaw. This amendment increased the maximum annual requisition in order to pay for the annual cost of the service, including the annual debt and operating costs of a new public library building. The CRD Board also adopted Bylaw No. 3613 to authorize the borrowing of Two Million, Seven Hundred and Fifty Thousand dollars for the construction of the new library building. Work is beginning on this project and the cash on hand is insufficient to carry on the works until long term financing by the Municipal Finance Authority (MFA) are issued.

A temporary loan bylaw allows borrowing of money for capital expenditures that are incurred before the long term funding is issued by MFA. This Temporary Borrowing Bylaw is authorization to borrow short-term for the Loan Authorization noted above.

ALTERNATIVES:

1. That the committee recommend to the Board of the Capital Regional District that Bylaw No. 3685, "Temporary Loan (Salt Spring Public Library) Bylaw No. 1, 2010" be introduced and read a first time, read a second time, read a third time and adopted.
2. That the committee recommend to the Board of the Capital Regional District that spending on some or all of the capital works be delayed until long-term funds are issued by the Municipal Finance Authority.

FINANCIAL IMPLICATIONS:

Temporarily borrowed money will not exceed the difference between the total amount authorized by the loan authorization bylaw and the amount already borrowed in relation to that bylaw. The proceeds of borrowing long-term in relation to the loan authorization bylaw are used to repay the money temporarily borrowed. The cost of the temporary borrowings will be included in the 2010 budget and recovered by way of requisition.

SUMMARY:

It has been the practice of the Capital Regional District to fund large capital projects with short term temporary borrowing until long-term financing is secured by the Municipal Finance Authority. The Board has adopted a Loan Authorization Bylaw to permit long term financing for construction of the New Salt Spring Island Public Library Building. Construction is anticipated to begin prior to the next MFA debenture issue and approval of a temporary borrowing bylaw in order to permit short term borrowing is therefore requested.

RECOMMENDATION:

That the committee recommend to the Board of the Capital Regional District that Bylaw No. 3685, "Temporary Loan (Salt Spring Public Library) Bylaw No. 1, 2010" be introduced and read a first time, read a second time, read a third time and adopted.

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Attachments: 1