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**REPORT TO ELECTORAL AREA SERVICES COMMITTEE
MEETING OF WEDNESDAY, 05 MAY 2010**

SUBJECT: Temporary Borrowing Bylaw No. 3694

PURPOSE:

The purpose of this report is to request approval of temporary borrowing bylaw to fund capital expenditures authorized by loan authorization bylaw, as follows:

- Bylaw 3633, Magic Lake Estates Water System (cited as “Magic Lake Estates Water System Loan Authorization Bylaw No. 1, 2009”).

BACKGROUND:

The Board previously approved Loan Authorization bylaw No. 3633 for upgrading of the existing distribution and storage facilities and construction of a new water treatment plant. Work is ongoing on this project and the cash on hand is insufficient to carry on the works until the Municipal Finance Authority (MFA) funds are issued.

A temporary loan allows borrowing of money for capital expenditures that are incurred before the long term funding is issued by the Municipal Finance Authority. This Temporary Borrowing Bylaw is an authorization to borrow short-term for the Loan Authorization 3633, as noted above.

ALTERNATIVES:

1. That Bylaw No. 3694, “Temporary Loan (Magic Lake Estates Water System) Bylaw No. 1, 2010” be introduced and read a first time, read a second time, read a third time and adopted.
2. That spending on this project is delayed until long-term funds are issued by the MFA.

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.

SUMMARY:

It has been the practice of the Capital Regional District to fund large capital projects with short term temporary borrowing until the long-term funds are issued by Municipal Finance Authority.

RECOMMENDATION:

That Bylaw No. 3694, “Temporary Loan (Magic Lake Estates Water System) 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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COMMENTS:

Attachment: 1