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**REPORT TO ELECTORAL AREA SERVICES COMMITTEE
MEETING OF WEDNESDAY, 01 JUNE 2011**

SUBJECT **TEMPORARY BORROWING BYLAW FOR CAPITAL FINANCING (HIGHLAND AND FERNWOOD WATER SERVICE)**

ISSUE

Temporary financing for construction related to the Highland and Fernwood Water Service.

BACKGROUND

The Board previously approved loan authorization bylaw No. 3754 to fund the construction of facilities for the provision, supply, treatment, conveyance, storage and distribution of water for the Highland and Fernwood Water Service. 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 provided through bylaw No. 3754 as noted above.

ALTERNATIVES

1. That Bylaw No. 3787, "Temporary Loan (Highland and Fernwood Water Service) Bylaw No. 1, 2011" be introduced and read a first time, read a second time, read a third time and adopted.
2. That spending on this project be delayed until long-term funds are issued by the MFA.

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.

CONCLUSION

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. 3787, “Temporary Loan (Highland and Fernwood Water Service) Bylaw No. 1, 2011” be introduced and read a first time, read a second time, read a third time and adopted.

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COMMENTS:

Attachment: 1