

Memo



Date: August 2, 2011
File: 3900-20
To: City Manager
From: Jackie Dueck, Finance Special Projects Manager
Subject: MFA Borrowing Electrical System Upgrades

Recommendation:

THAT Council receives for information, the Report from the Finance Special Projects Manager dated August 2, 2011 regarding the borrowing from the Municipal Finance Authority for the Electrical System Upgrades at the City of Kelowna;

AND THAT Council approves borrowing from the Municipal Finance Authority of British Columbia for the amount of Four Million Dollars (\$4,000,000.00) for the Electrical System Upgrades within the City of Kelowna;

AND THAT Council gives reading consideration to Bylaw No. 10582 being Loan Authorization Bylaw for the Electrical System Upgrades;

AND FURTHER THAT after approval is received from the Inspector of Municipalities, staff ~~will~~ report back to Council to initiate an Alternative Approval Process (AAP) opportunity that will be open to all electors within the City of Kelowna.

Purpose:

To give reading consideration to Bylaw No. 10582 in order to initiate an Alternative Approval Process for the borrowing of Four Million Dollars (\$4,000,000.00) for the Electrical System Upgrades at the City of Kelowna.

Background:

The majority of the spending for this capital upgrade was initiated in 2009 to address issues with aging cables and feeder cables. Cables of a certain vintage were being considered for replacement or being downgraded to limit the reliability and safety impacts of running them to failure. There was also a switcher replacement project to replace vintage Carte oil switches. These projects supported our Strategic Plan Objectives which was to provide infrastructure that keeps pace with population growth and evolving opportunities.

Legal/Statutory Authority:

Community Charter - Section 86 - Alternative Approval Process

Community Charter - Section 174- establishes the limit on borrowing and other liabilities and/or a limit on the annual cost of servicing those liabilities. The *Municipal Liabilities Regulation* (B.C. Reg. 254/2004) was passed by Cabinet and became effective on June 10, 2004. The regulation limits the annual cost of servicing financial liabilities to 25% of revenues from the previous year.

Community Charter - Section 179 - Long Term Borrowing

Financial/Budgetary Considerations:

Funding for the Electrical System Upgrades was approved in the 2009 and 2010 Carryover budgets. The repayment of the loan will be funded by the Electrical utility and will not affect general taxation.

Internal Circulation:
Office of the City Clerk

Considerations not applicable to this report:

Legal/Statutory Procedural Requirements:

Existing Policy:

Personnel Implications:

External Agency/Public Comments:

Communications Comments:

Alternate Recommendation:

Submitted by:



Jackie Dueck

J. Dueck, Special Projects Manager

Approved for inclusion



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Cc: