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Bylaw 18/2019 - Ray Gibbon Drive Borrowing Bylaw (1st Reading)
Presented by: Diane McMordie, Director, Finance & Assessment Department

RECOMMENDATION(S)
That Bylaw 18/2019, being a Borrowing Bylaw to upgrade Ray Gibbon Drive, be read a first time.

PURPOSE OF REPORT

At the February 25, 2019 Council Meeting, Council approved a cost sharing arrangement with the Government of Alberta for the upgrading of Ray Gibbon Drive. St. Albert's share towards the cost of the project is currently estimated at $36.6 million dollars (including a 35% contingency). The intent is to fund this project through borrowing with Alberta Capital Finance Authority (ACFA).

ALIGNMENT TO PRIORITIES IN COUNCIL'S STRATEGIC PLAN

Strategic Priority #3: Building a Transportation Network: Integrated transportation systems.

> 3.2 Develop the Intelligent Transportation System (ITS) strategy and recommend phased implementation, inclusive of St. Albert Trail, according to our ability to implement quickly.
>
> 3.3 Evaluate the arterials networks in St. Albert and recommend improvements.

ALIGNMENT TO LEVELS OF SERVICE DELIVERY

N/A

ALIGNMENT TO COUNCIL DIRECTION OR MANDATORY STATUTORY PROVISION

On February 25, 2019 Council passed the following motion:

(AR-19-160)

That Council approves a cost sharing arrangement with the Government of Alberta for the upgrading of Ray Gibbon Drive from the City's south boundary to the intersection of Fowler Road, to a 4 lane City arterial standard, on the terms and conditions set out in an agreement effective February 15, 2019 between Her Majesty the Queen in Right of Alberta and the City of St. albert, and that Council hereby ratifies and approves the execution of the said agreement by the Mayor and the Chief Administrative Officer.

BACKGROUND AND DISCUSSION

Ray Gibbon Drive is a main commuter road in St. Albert for traffic from the North to South end of the City. It was first built in 2006 and since that time has seen a considerable increase in traffic volume.

The City of St. Albert and the Government of Alberta reached a cost sharing agreement on February 15, 2019 to upgrade Ray Gibbon Drive to a 4 lane City arterial standard.

STAKEHOLDER COMMUNICATIONS OR ENGAGEMENT

In order to action a long term borrowing and begin design and construction, the *Municipal Government Act* (MGA) specifies a required process for engagement through advertising of the proposed bylaw. Details of these requirement are included under the Legal/Risk section of this report.

IMPLICATIONS OF RECOMMENDATION(S)

Financial:

The City will be looking to borrow funds from the Alberta Capital Finance Authority (AFCA) on a 20 year term. The actual interest rate will be based on the current posted rates at the actual time of borrowing and the advancement of funds.

The current cost estimates for the 10-year project are listed in the Attachments.

For 2019 the costs will be funded by the City and the borrowing from ACFA will begin in 2020.

Provincial legislation requires municipalities to calculate a debt limit and a service on debt limit and to stay within those limits. In addition to the MGA regulations, Council Policy C-FS-03 - Debt Management imposes further restrictions on the use of debt financing. The Council Policy restrictions stipulate that the City will stay within 85% of the provincial limits overall and further restricts tax-supported debt to an additional 50% of this level. The new levels of debt contemplated for the City against these various limits, presented in the attachment titled “Debt Limits - Debt Balances”, demonstrates that the additional proposed debt for the Ray Gibbon Drive is well within MGA and City policy limits.

Ray Gibbon Drive Upgrade Debenture and Borrowing Bylaw

The MGA also requires the Borrowing Bylaw to set out the amount of money to be borrowed, for what purpose, the maximum rate of interest, the term, and the terms of repayment. The actual rate of interest will be determined when the financing is secured and could differ from what is presented in the attachment.

The total maximum borrowing for this capital project is proposed to be set at $36,600,000. The City has the room to borrow the required funds within the Provincial debt limits as well as the internal limits prescribed through Council’s debt policy.

Legal / Risk:

Section 254 of the MGA states that, “No municipality may acquire, remove, or start the construction or improvement of a capital property that is to be financed in whole or in part through a borrowing unless the borrowing bylaw that authorizes the borrowing is passed.”

In accordance with Section 251(3) a Borrowing Bylaw must be advertised, unless the term is five years or less (Section 257), then advertising is not required. Therefore, Bylaw 18/2019, being the Borrowing Bylaw for the twinning of Ray Gibbon Drive must be advertised in the local paper, with time given for petition before the bylaw is presented for second and third reading.

Council Policy C-CAO-22 - Borrowing Bylaw Advertising further stipulates that an initial advertisement of the bylaw will take place immediately after 1st reading and that the two mandated advertisements as per Section 606 of the MGA will be delayed such that electors are afforded a full 60 days to mobilize a petition if desired.

Assuming a petition is not received, in accordance with Council Policy C-CAO-22 - Borrowing Bylaw Advertising, the planned timelines for advertisement and 2nd and 3rd reading of the Borrowing Bylaw Advertising are presented in the attachment titled “Borrowing Bylaw Timelines”

Program or Service:

If the Borrowing Bylaw is not passed the City will be unable to secure the financing required to support the project. This would then require identification of other funding or the project would need to be cancelled or postponed.

Organizational:

If 1st reading does not proceed, Project Management resources will be reassigned to other funded projects as timelines will likely not be met to achieve a 2020 construction start.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

If Council does not wish to support the recommendation, the following alternatives could be considered:

- Alternative 1: Choose an alternate level of debt and identify sources for any potential funding shortfall.
- Alternative 2: Cancel/Postpone the project.

Report Date: June 17, 2019
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