

ITEM	16
MANAGER'S REPORT NO.	47
COUNCIL MEETING	1979 07 03

RE: FINANCING - THE RECONSTRUCTION OF BOUNDARY ROAD  
BETWEEN IMPERIAL STREET AND MARINE WAY

Following is a report from the Municipal Treasurer regarding the above subject.

RECOMMENDATION:

1. THAT the recommendations of the Municipal Treasurer be adopted.

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1979 June 28  
File: C4-16

TO: MUNICIPAL MANAGER  
FROM: MUNICIPAL TREASURER  
RE: FINANCING - THE RECONSTRUCTION OF BOUNDARY ROAD  
BETWEEN IMPERIAL STREET AND MARINE WAY

RECOMMENDATIONS

1. THAT, in the event that Council approves the recommendations of the Transportation Committee concerning the reconstruction of Boundary Road from Imperial to Marine Way, a tax sale moneys by-law in the amount of \$2,201,000 should be brought down; and
2. THAT repayment of the \$2,201,000, or whatever portion of this sum is used on the project, together with interest at 9%, be amortized as a charge to the annual budget over a period of ten years to commence with the year 1980.

REPORT

Council has before them a report from the Transportation Committee recommending that the above project be undertaken. The work on the project is expected to take place over the three year period 1979-1981. In this connection, Section 247(1) of the Municipal Act reads:

"The Council shall not incur any liability beyond the amount of the municipal revenue for the current year and any of the accumulated revenue surplus of prior years appropriated for the annual budget or the annual budget as amended, except as hereinafter provided in this Division."

To comply with this Section of the Act, Council must assure itself that there is a definite source or sources of funds to finance Burnaby's share of the cost of the project.

The cost estimates and proposed sharing between Burnaby, Vancouver and the Province are:

<u>Item</u>	<u>Estimated Total Cost</u> \$	<u>Burnaby Share</u> \$	<u>Provincial Revenue Sharing to Burnaby</u> \$	<u>Final Burnaby Cost</u> \$
Construction cost	3,500,000	1,750,000	875,000	875,000
Land acquisition costs	2,304,000	1,152,000	576,000	576,000
Landscaped berm, frontage road on Burnaby side	750,000	750,000	375,000	375,000
Total	6,554,000	3,652,000	1,826,000	1,826,000

As pointed out in the Transportation Committee's report, we have no definite commitment of funds from the Province concerning the landscaped berm and frontage road on the Burnaby side. Therefore, our cost could be \$2,201,000 rather than the \$1,826,000 shown.

This project is shown in the Capital Improvement Program 1979-1984, in the years 1979, 1980 and 1981 with Burnaby's sharing being as follows:

			<u>CIP Estimate</u>	<u>Committee Estimate</u>
Construction	1979	\$103,000		
and berm	1980	355,000		
	1981	<u>342,900</u>	\$ 800,900	\$ 1,250,000
Land acquisition	1979		<u>576,000</u>	<u>576,000</u>
			<u>\$ 1,376,900</u>	<u>\$ 1,826,000</u>

The C.I.P. was compiled on the best estimates available. Inasmuch as we had a grant for \$576,000 committed by the Province which must be matched and taken up by the year end, the C.I.P. shows Burnaby's \$576,000 coming out of the Reserve for Capital Works. Now that the whole project is before us for financing, it would be better to consider financing this sum from some other source, particularly as the sum must be paid back from general revenue over a period of years in any event.

There are only two sources of funds available:

1. Borrow from the bank, repayable over five years.

This would require the passage of a short term capital borrowing by-law approved by the Inspector of Municipalities.

If Burnaby's share of the cost turns out to be \$2,201,000 as mentioned above, at the current bank prime rate of interest of 12%, repayment cost for each of five years would be \$610,000, which represents almost one mill of taxation. As this is not debenture debt, the Province considers it to be part of the general purposes tax levy, rather than the debt levy. This has significance when the Province imposes tax levy limitations which in 1979 applied to the debt levy only. In any event, I consider this sum of money to be too large to add to the general purposes levy at this time.

2. The alternative is to pass a tax sale moneys by-law pursuant to Section 304 of the Municipal Act. This requires approval of the Minister of Municipal Affairs. In accordance with Council policy, the moneys advanced would be repaid annually over a period of ten years at an average rate of interest which is calculated to be 9%. \$2,201,000 would require a charge to the annual budget of \$343,000 or approximately .55 mills of general purpose taxation.

My recommendation is that Council bring down a tax sale moneys by-law for the full amount of \$2,201,000 and that the by-law make provision that any money left over in the by-law revert to the Tax Sale Fund. This will take care of the situation in the event that we are successful in negotiating revenue sharing with the Province or find some other means of finance for a part of the project.

  
MUNICIPAL TREASURER