



**Subject: 2025 Borrowing By-law**

**To: Council**

**From: Corporate Services Department**

Report Number: 2024-204

Meeting Date: November 12, 2024

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### **Recommendation:**

That Corporate Services Department Report 2024-204 be received; and

That the by-law to authorize the temporary borrowing of \$6,000,000 for 2025 for operating cash flow to meet the City's day-to-day expenditures, pending receipt of tax levies, user fees, and revenues anticipated during the year, be brought forward for approval.

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### **Purpose:**

The purpose of this report is to authorize temporary borrowing, as required, up to \$6,000,000 (2024- \$6,000,000) for operating cash flow to meet the City's day-to-day expenditures, pending receipt of tax levies, user fees, and revenues anticipated during the year.

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### **Background:**

Section 407 of the *Municipal Act, 2001*, as amended, provides authorization to borrow for expenditures. It is common practice among municipalities to establish a set borrowing amount for each year for cash flow purposes as a contingency to meet day-to-day expenditures, pending receipt of tax levies, user fees, and revenues anticipated during the year.

The City of Port Colborne (the "City") temporary borrowing limit increased to \$6,000,000 in 2024. Prior to 2024, the borrowing limit was \$4,000,000. The increase resulted from an increase in growth related activity within the City.

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**Discussion:**

The authorization for temporary borrowing is requested as a contingent cash flow planning mechanism.

Staff are not anticipating the need to temporarily borrow in 2025 but identify the operating and related capital program of the City is getting larger and from time-to-time can result in significant draws to the City's cash flow.

Seasonally, the City's cashflow is lowest between October and February.

Staff do plan City investment maturities to align with cashflow needs; however, as debt funded projects related to water, wastewater, and storm sewer move forward, the City will need to pre-fund certain construction prior to issuing long-term debt. One source of pre-funding is operating cash flow.

This report proposes a temporary borrowing limit of \$6,000,000 (2024 - \$6,000,000).

Borrowing in this capacity is aligned with the City of Port Colborne's Debt Management Policy.

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**Internal Consultations:**

Internally, funding sources and borrowing have been discussed through the development of the 2025 Capital and Related Project Budget.

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**Financial Implications:**

As staff are not anticipating the need to use the line of credit, no amount has been budgeted.

Should Council approve the recommendation in this report, staff have pre-negotiated a line of credit at a cost of bank prime rate less 0.50%. At the time of writing this report this equates to an interest rate of 6.45%.

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**Public Engagement:**

This report serves to provide public notification.

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## **Strategic Plan Alignment:**

The initiative contained within this report supports the following pillar(s) of the strategic plan:

- Economic Prosperity
  - Sustainable and Resilient Infrastructure
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## **Conclusion:**

Staff recommend Council approve the adoption of a by-law to authorize temporary borrowing as outlined in this report.

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## **Appendices:**

- a. Draft 2025 Borrowing By-law

Respectfully submitted,

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## **Report Approval:**

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final review and approval by the Chief Administrative Officer.