



Subject: 2022 Borrowing By-law

To: Council

From: Corporate Services Department

Report Number: 2021-281

Meeting Date: November 8, 2021

Recommendation:

That Corporate Services Department Report 2021-281 be received; and

That the draft by-law attached as Appendix A to Corporate Services Department Report 2021-281 be adopted to authorize temporary borrowing in 2022, as required, up to \$4,000,000 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.

Purpose:

The purpose of this report is to authorize temporary borrowing, as required, up to \$4,000,000 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.

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") has historically maintained a line of credit of \$4,000,000.

Discussion:

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

Staff are not anticipating the need to temporarily borrow in 2022. Borrowing in this capacity is aligned with the City of Port Colborne's Debt Management Policy.

Internal Consultations:

Internally, funding sources and borrowing have been discussed through the development of the 2022 Capital Budget.

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 1.95%.

Strategic Plan Alignment:

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

- Value: Financial Management to Achieve Financial Sustainability
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Conclusion:

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

Appendices:

- a. Draft 2022 Borrowing By-law

Respectfully submitted,

Adam Pigeau, CPA, CA
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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.