



STAFF REPORT

Title: Bylaw No. 651-FN-19 - Short-Term Borrowing Bylaw

Meeting Date: August 13, 2019

Executive Summary:

Section 256(1) of the Municipal Government Act allows a municipality to pass a bylaw authorizing short-term borrowing for the purpose of financing operating expenditures. The short term borrowing bylaw authorizes the City to have an overdraft if required. The City rarely requires overdraft and has not utilized overdraft for years. Due to the large number of projects the City is managing some uncertainty as to when the progress payments will be due and the fact that taxes are not due until the end of June the City may be required to utilize overdraft protection to cover the cash flow requirements. A bylaw that applies to short term borrowing does not have to be advertised if the term does not exceed 3 years.

Background:

The City of Cold Lake rarely utilizes short term borrowing but if required must have a bylaw in place prior to the requirement of short term borrowing. The City from time to time especially when managing cash flow for numerous large projects may utilize short term borrowing. As per the MGA section 256 the City may have a bylaw to borrow funds for operational requirements provided the amount does not exceed the municipalities debt limit, does not exceed the amount the municipality estimates will be raised in taxes in any of the years the borrowing is made and that the term does not exceed 3 years. The City looks at all options when analyzing cash flow including investments, debentures, other revenue sources and invoice payment options. The last bylaw for short term borrowing was passed in 2016 and has expired.

Alternatives:

Council may consider the following options:

1. Council may give first reading to Bylaw No. 651-FN-19 Short-term borrowing bylaw for 3 years.
2. Council may decide not to give first reading and not have an overdraft coverage.

Recommended Action:

Administration recommends that Council give first reading to Bylaw No. 651-FN-19, being a Short-Term Borrowing Bylaw.



Budget Implications (Yes or No):

No

Submitted by:

Kevin Nagoya, Chief Administrative Officer