



***RPT 20-424***

**TITLE:** Short-Term Borrowing Reduction

**DATE:** October 2, 2020

**TO:** City Council

**PUBLIC:** X **INCAMERA:**

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**RECOMMENDATION:**

1. That Bylaw Nos. 25 and 26 of 2020 be introduced and receive three (3) readings.

**TOPIC & PURPOSE:**

The purpose of this report is to reduce the amount of short-term debt authorized by City Council.

**BACKGROUND:**

As a result of the COVID-19 pandemic, the City considered various options to provide assistance to taxpayers who are experiencing an economic impact due to the pandemic.

At the April 8, 2020 Special Council meeting, Bylaw No. 10 of 2020 – “The COVID-19 2020 Property Tax Due Date Amending Bylaw”, was approved by City Council. This bylaw allowed for the deferral of taxes for qualified affected taxpayers to September 30, 2020.

In order for the City to offset the deferral of property taxes, and the related temporary decrease in cash flow, Administration recommended that short-term borrowing be approved to maintain financial flexibility. City Council approved the following in response:

- At the April 27, 2020 City Council meeting, The City was authorized to borrow an amount not to exceed ten million dollars (\$10,000,000) repayable within a twelve (12) month period (Bylaw No. 12 of 2020).

- At the May 19, 2020 City Council meeting, The City was authorized to increase the line of credit from \$12,000,000 to \$22,000,000 (Bylaw 11 of 2020).

Administration submitted RPT 20-398 (Financial Implications of COVID-19) to the September 28, 2020 Executive Committee meeting. In this report, Administration indicated its belief that the authorized short-term borrowing discussed above would not be required. City Council then approved the following motions:

1. That Bylaw No. 11 of 2020 be amended to reduce the City's Line of Credit from \$22 million to \$12 million; and,
2. That Bylaw No. 12 of 2020 regarding the Short-Term Loan of \$10 million be repealed.

### **PROPOSED APPROACH AND RATIONALE:**

As discussed above, RPT 20-398 (Financial Implications of COVID-19) indicated that it was Administration's belief that the short-term borrowing authorized by City Council in response to COVID-19 would not be required. As of the date of this report, The City did not require the increase in the line of credit from \$12 million to \$22 million and it did not need to secure a short-term loan for \$10 million dollars.

When the increase in the line of credit was executed with The City's financial institutions, the line of credit increase was established on a temporary basis with the limit reverting back to \$12 million on December 31, 2020.

Administration is therefore supportive of the motions approved by City Council at the September 28, 2020 Executive Committee meeting.

### **CONSULTATIONS:**

Administration has had preliminary consultations with its financial institution partners and do not foresee any issues related to the bylaw changes recommended by this report.

### **COMMUNICATION AND/OR ANNOUNCEMENT PLAN:**

Once approved Bylaw No. 25 and 26 of 2020 will be posted on the City website.

### **FINANCIAL IMPLICATIONS:**

The City did not incur any interest costs related to the short-term borrowing approved by City Council related to the COVID-19 pandemic. Administration does not anticipate any financial implications related to the bylaw changes recommended by this report.

**OTHER CONSIDERATIONS/IMPLICATIONS:**

There are no options to recommendations, official community plan implications, policy implications, privacy implications, or other considerations.

**STRATEGIC PLAN:**

This report supports the Strategic Goal of Fiscal Management and Accountability as Administration is recommending financing methods determined to be most cost effective.

**PUBLIC NOTICE:**

Public Notice is required for consideration of this matter, pursuant to Section 4 (n) of Public Notice Bylaw No. 24 of 2015. The following was given:

- October 1, 2020 a public notice was posted on the bulletin board of the main floor of City Hall.
- October 3, 2020 a public notice was published in the Prince Albert Daily Herald as well as posted to The City of Prince Albert website.

**ATTACHMENTS:**

1. Bylaw No. 25 of 2020
2. Bylaw No. 26 of 2020
3. Public Notice

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Approved by: Director of Financial Services & City Manager