



REQUEST FOR DECISION

MEETING DATE: February 26, 2024

TITLE: C-1302-24 - Operating Expenditures Borrowing Bylaw - First Reading

DIVISION: Corporate Services

SUMMARY:

A borrowing bylaw is required to establish the authority and conditions for revolving credit for the City of Spruce Grove to meet its operating expenditure needs.

PROPOSED MOTION:

THAT first reading be given to C-1302-24 - Operating Expenditures Borrowing Bylaw.

BACKGROUND / ANALYSIS:

C-1144-21 - Operating Line of Credit Borrowing Bylaw has expired. The proposed C-1302-24 - Operating Expenditures Borrowing Bylaw will provide the City with \$6,000,000 of revolving credit. The revolving credit will support operational expenditure requirements as well as secure access to funds when needed to mitigate potential short-term cash flow shortfalls.

As per the *Municipal Government Act*, short-term borrowing bylaws are not to exceed three years. A December 31, 2026 expiry date is therefore reflected in the proposed bylaw.

OPTIONS / ALTERNATIVES:

Council could choose not to support the Operating Expenditures Borrowing Bylaw and the City would be unable to access revolving credit to address potential short-term cashflow shortfalls.

CONSULTATION / ENGAGEMENT:

Administration will engage with an authorized financial institution to ensure minimization of cost and risk exposure to the City when undertaking this borrowing process.

IMPLEMENTATION / COMMUNICATION:

In accordance with section 256(3) of the *Municipal Government Act*, a bylaw for short-term borrowing for operations does not require advertising as is required for long-term borrowings for capital purposes.

IMPACTS:

If this borrowing bylaw is approved, revolving credit will be secured.

FINANCIAL IMPLICATIONS:

Passing of Bylaw C-1302-24 authorizes Administration to secure access to short-term financing.

The interest rate on the revolving credit is expected to be prime interest rate, which is currently 7.20 per cent. The revolving credit is anticipated to be accessed very infrequently and would only be used until other funding source draws come available.