



Report to County Council

From: Jennifer Ford, Director of Financial Services/Treasurer

Date: March 26, 2024

Subject: 2024 Borrowing By-Law

Recommendations:

THAT the March 26, 2024, report titled, “2024 Borrowing By-Law”, submitted by the Director of Financial Services/Treasurer to outline the need to maintain a credit facility be received and filed; and,

THAT the amended accompanying Borrowing By-Law for 2024 be read for approval.

Introduction:

Section 407 of the Municipal Act 2001, S.O. 2001, c.25, provides authority for a Council, through the use of a By-Law, to authorize the head of Council and the Treasurer to borrow from time to time, by way of a promissory note or bankers' acceptance, such sums as Council may consider necessary to meet the current expenses and other qualifying expenditures (as set forth in the said section 407 of the Act) of the Corporation until levies from local municipalities and other revenues are received. This report outlines the need for this By-Law to support the maintenance of our credit facility annually in order to provide business continuity.

Background and Discussion:

The County of Elgin has historically enacted a Borrowing By-Law to enable potential borrowings of either a specified percentage or amount based on the current year revenue budget which must be refreshed each year once budget has been passed. The purpose of a blanket short-term Borrowing By-Law is to enable the County to meet current year obligations for short term purposes only. It is expected that any borrowing that takes place under this authority would be fully repaid within the same year when expected revenues are received.

In the past several years, the County has experienced occasions where the need for the provisions offered by this By-Law were relevant from an emergency preparedness standpoint. The most notable occasion occurred during the Covid-19 pandemic. During the onset of the pandemic, the County extended the levy payment timeline in an effort to relieve financial pressures on our Local Municipal Partners related to paying the levy

revenue to us quarterly. In turn, our Local Municipal Partners were able to offer ratepayers further time to pay property taxes and provided relief from the initial unknown financial stresses on households in the County during the state of emergency.

The extension of the timelines had the potential to put the County in a position where we may have had need to borrow to meet our obligations between payment periods. However, ratepayers were able to meet their commitment to paying taxes on time which enabled our Local Municipal Partners to pay the levy to the County in the usual manner. As a result, the need to borrow during that time did not materialize.

Financial Implications:

It is prudent for us to maintain trusted working relationships with our employees, vendors, and partners. Our employees and vendors expect timely payment of their payroll and invoices respectively so that the County is able to continue to deliver critical services to our community such as Long-Term Care and Ambulance Services.

From time to time, the County may experience extreme external events, pressures, or other emergency situations that may affect or interfere with our receipt of revenue or expense timelines for a short period of time. In order to meet our payment obligations, and to ensure continuity of service, it is best practice to ensure that documentation with our banking partner is in place in advance of our need to borrow.

Council approval of the Budget By-Law and the Borrowing By-Law are the two pieces of documentation that our banking partner requires to ensure that our credit facility obligations remain in place annually and in advance of our need.

Alignment with Strategic Priorities:

Serving Elgin	Growing Elgin	Investing in Elgin
<input checked="" type="checkbox"/> Ensuring alignment of current programs and services with community need. <input type="checkbox"/> Exploring different ways of addressing community need. <input type="checkbox"/> Engaging with our community and other stakeholders.	<input type="checkbox"/> Planning for and facilitating commercial, industrial, residential, and agricultural growth. <input type="checkbox"/> Fostering a healthy environment. <input type="checkbox"/> Enhancing quality of place.	<input checked="" type="checkbox"/> Ensuring we have the necessary tools, resources, and infrastructure to deliver programs and services now and in the future. <input checked="" type="checkbox"/> Delivering mandated programs and services efficiently and effectively.

Local Municipal Partner Impact:

No immediate impact at this time.

Communication Requirements:

Once approved, the Borrowing By-Law and Budget By-Laws will be forwarded to our banking partner to enable us to fulfill the final obligation related to credit facility documentation that will place us in good standing with them should the need to borrow arise.

Conclusion:

The County has not had the need to borrow for short-term purposes for many years but has maintained a credit facility with our banking partner over this time. From an emergency preparedness and best practice perspective, advanced planning enables the County to quickly pivot and lean on our ability to borrow immediately should the need arise. Staff recommend the continuation of the credit facility and that the Borrowing By-Law be approved in order to complete the documentation with our banking partner.

All of which is Respectfully Submitted

Approved for Submission

Jennifer Ford
Director of Financial Services/Treasurer

Blaine Parkin
Chief Administrative Officer/Clerk