

District of Barriere
REPORT TO COUNCIL
Request for Decision

Date: February 3, 2025	File: 530.20/Rpts
To: Council	From: T. Buchanan, Corporate Officer
Re: DRAFT Revenue Anticipation Borrowing Bylaw No. 253	
<u>Recommendation:</u> <i>THAT Council give first three readings to the Revenue Anticipation Borrowing Bylaw No. 253</i>	

Purpose

To establish a revenue anticipation borrowing bylaw which will allow the District to obtain interim funding for the construction of its Wastewater Treatment Upgrade project funded in part under the Investing in Canada Infrastructure Program (ICIP). The Province will make financial contributions to the District which will not exceed the lesser of seventy three point thirty three percent (73.33%) of the total Eligible Expenditures of the Project or Five Million Two Hundred Thirteen Thousand Three Hundred Dollars and Zero Cents (\$5,213,376) being the maximum amount (the 'Total Contribution') approved to be paid under the funding agreement to pay for Eligible Expenditures incurred by the District.

Background

Section 177 of the *Community Charter* (Revenue Anticipation Borrowing) gives municipalities the authority to borrow money for a short term in anticipation of the receipt of funding such as grant payments from other levels of government, or to fund operating expenditures pending the receipt of current year property taxes. The maximum allowable term for this borrowing is one year.

The District is forecasting significant capital expenditures towards the Wastewater Treatment Upgrade project in 2025 and may face cash flow shortfalls due to the turnaround time between cash being outlaid and reimbursed by the Provincial government.

The total amount approved under the grant is \$5,213,376.00 and to date, a total of \$184,446.25 in expenses have been submitted and reimbursed by the Province. This leaves a total of \$5,037,193.04 of the ICIP grant outstanding.

Any borrowing under this bylaw will only be used to fund expenditures which have been included in the 2025-2029 financial plan.

The loan would be in the form of a non-revolving line of credit with the Municipal Finance Authority, with interest payable only when drawdowns are made against it.

Council approved similar bylaws in 2012, and 2017 to finance the Solar Aquatics Wastewater Reclamation and the Water Supply and Distribution System Improvement projects, respectively. The same scenario is expected for 2025 and use of these funds is only a last resort to fund unforeseen cashflow constraints that may arise.

This bylaw, No. 253, relates only to the grant revenue available under the ICIP program, as it relates to capital expenditures for Wastewater Treatment Upgrades, and is separate and distinct from Bylaw No. 252, which applies to the District's proposed operating line of credit with the Barriere Credit Union. Although borrowing for both the credit union and MFA could be included in a single bylaw, the Municipal Finance Authority has recommended that the District adopt two separate bylaws.

Benefits or Impacts

General

Revenue anticipation bylaws can cause confusion. For clarification, this bylaw does not allow the District to take on a debt in the amount of \$5.1million. This bylaw reflects that the District has already been approved for and will be receiving, prior to the end of 2025, \$5,213,376m to complete an already approved and funded project. It also allows the District, in the event that the District does not have \$5.1m in cash to pay for the expenses incurred by this project up front without impacting day to day operational expenditures while waiting for reimbursement, to borrow in this amount, provided it be reimbursed by December 31st 2025. As noted previously, this is a purely precautionary and proactive measure to ensure the District can continue meeting their short-term grant-funded capital project expenditure cashflows.

Finances

This short-term borrowing would be at a variable interest rate which, at the time of writing this report is 3.88%. Interest charges are not eligible expenses under the ICIP funding agreement. This expense will not be incurred unless the District utilizes the loan.

Strategic Impact

Priority #3 – Goal 1 – Complete Wastewater Treatment Project

Risk Assessment

Compliance:

This is an annual bylaw authorized under Section 177 of the Community Charter and is required to set up short-term credit with the Municipal Finance Authority, and will expire at year end.

Risk Impact:

Moderate.

Internal Control Process:

Staff will need to provide the Municipal Finance Authority with a copy of the bylaw upon adoption, as well as a copy of this report.

Any funds received from the Federal or Provincial Governments as included in this bylaw, must be used to repay amounts borrowed under this bylaw, with the loan repayable in full by the end of the year.

Next Steps / Communication

If Council provides this draft Bylaw's first three readings at this meeting, the bylaw will return for adoption consideration at the next Regular Council Meeting. From there, if adopted, Staff will proceed with setting up the line of credit with the Municipal Finance Authority.

Attachments

- 1) DRAFT Revenue Anticipation Borrowing Bylaw, No. 253
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Recommendation

THAT Council gives first three readings to Revenue Anticipation Borrowing Bylaw, No. 253

Options

1. Council could choose not to consider this draft bylaw. In that case, the District would not be able to access any short-term borrowing to fund Water Treatment Upgrade expenditures and a cash flow issue may occur.



DRAFT - BYLAW NO. 253

REVENUE ANTICIPATION BORROWING BYLAW

DISTRICT OF BARRIERE

A bylaw to provide for the borrowing of money in anticipation of revenue

WHEREAS the District of Barriere does not have sufficient money on hand to meet the current lawful expenditures of the municipality;

AND WHEREAS it is provided by Section 177 of the *Community Charter* that Council may, without the assent of the electors or the approval of the Inspector of Municipalities, provide for the borrowing of such sums of money as may be necessary to meet the current lawful expenditures of the municipality provided that the total of the outstanding liabilities does not exceed the sum of:

- a) The whole amount remaining unpaid of the taxes for all purposes levied during the current year, provided that prior to the adoption of the annual property tax bylaw in any year, the amount of the taxes during the current year for this purpose shall be deemed to be 75% of the taxes levied for all purposes in the immediately preceding year; and
- b) The whole amount of any sums of money remaining due from other governments;

AND WHEREAS the District of Barriere's grant application for a Wastewater Treatment Upgrade has been approved under the Investing in Canada Infrastructure Program (ICIP) for the amount of \$5,213,376.00 or 73.33% of the actual eligible costs;

AND WHEREAS \$5,037,193.04 of the ICIP grant is still outstanding;

AND WHEREAS claims will be submitted to the Province on a monthly basis;

AND WHEREAS a maximum of Two Million Dollars (\$2,000,000) may be outstanding under this bylaw at any given time;

AND WHEREAS there are no liabilities outstanding under Section 177;

NOW THEREFORE the Council of the District of Barriere, in open meeting assembled, enacts as follows:

1. This bylaw may be cited as "**Revenue Anticipation Borrowing Bylaw No. 253.**"

2. The Council shall be and is hereby empowered and authorized to borrow upon the credit of the municipality an amount or amounts not exceeding the sum of Five Million, Thirty-Seven Thousand, One Hundred and Ninety-Three Dollars and Four Cents (\$5,037,193.04), of which a maximum of Two Million Dollars (\$2,000,000.00) may be outstanding at any given time.
3. The form of obligation to be given as acknowledgement of the liability shall be a promissory note or notes bearing the corporate seal and signed by the Mayor and Financial Officer.
4. All ICIP funds received or so much thereof as may be necessary shall, when collected, be used to repay the money so borrowed.
5. Any money so borrowed shall be paid before December 31, 2025.

READ A FIRST TIME this day of , **2025**.

READ A SECOND TIME this day of , **2025**.

READ A THIRD TIME this day of , **2025**.

RECONSIDERED ADOPTED this **day of** , **2025**.

Acting Mayor, Scott Kershaw

Tasha Buchanan, Corporate Officer