

Request for Decision

Title	Bylaw 1583/22 - Short-Term Debt Borrowing Bylaw (Repeal and Replacement of Bylaw 1512/20) – Second and Third Reading
Proposed Motion(s)	<ol style="list-style-type: none"> 1. That Council give second reading of Bylaw 1583/22. 2. That Council give third reading of Bylaw 1583/22.
Administrative Recommendation	Administration recommends that Council give second and third reading of Bylaw 1583/22.
Previous Council / Committee Direction	<p><u>March 22, 2022 Regular Council Meeting</u> Motion 117/22: That Council approve the amended Debt Management Policy as presented.</p> <p>Motion 118/22: That Council give first reading of Bylaw 1583/22.</p> <p><u>November 24, 2020 Regular Council Meeting</u> Motion 505/20: That Council approve the amended Debt Management Policy as presented.</p> <p><u>August 25, 2020 Regular Council Meeting</u> Motion 397/20: That Council give third reading of Bylaw 1512/20.</p>
Report	<p><u>Background Information</u></p> <p>Reserve Analysis for Financial Planning and Sustainability</p> <ul style="list-style-type: none"> • The Reserve analysis review consists of a three-pronged approach: <ul style="list-style-type: none"> ○ Part 1: Contingency Reserve (2022, Q1); ○ Part 2: Tax Stabilization Reserve (2022, Q2); and ○ Part 3: Asset Lifecycle/Replacement and Special Purpose (2022, Q3). • Administration has worked over the past months to perform financial and a risk assessment for Part 1: Contingency Reserve requirements for the County to bring forward recommendations to Council for consideration. • The analysis takes a risk-based approach to determine the appropriate level of reserve funds and further encompasses: <ul style="list-style-type: none"> ○ Risk management alignment to financial toolbox and targets ○ In scope, out of scope and methodology ○ Funding and financing strategy ○ Analysis of Reserves and Extraordinary Risks

- Climatic Analysis
 - Past events (wildfires, floods)
 - Potential events (wildfire, flood, storms)
 - Financial outcomes and assumptions
- Industrial Analysis
 - Past events (train derailment)
 - Potential events (refining, fertilizer, energy value chain, rail, pipeline, trucking)
 - Financial outcomes and assumptions
- Operational Analysis
 - Past events (uncollectible revenue)
 - Potential events (uncollectible revenue, revenue reductions)
 - Financial outcomes and assumptions
- Recommendation 1 – Temporary Cash Flow Impact
 - Financial analysis conclusion is to establish a \$25 million financing facility to be used as a temporary cash flow financing facility.
 - \$15 million climatic contingency
 - \$4 million industrial contingency
 - \$6.2 million operational contingency
 - Financial analysis conclusion is to establish a \$12 million uncommitted reserve balance target.
 - Government Finance Officers Association (GFOA) recommendation is to have two months of budgeted operating costs uncommitted.
 - Amend the short-term borrowing bylaw to allow for \$25 million in interim financing if required.
- Recommendation 2 – Permanent Costs
 - Financial analysis conclusion is to establish a \$4.5 million funding plan to establish a contingency reserve balance, on hand.
 - \$1.9 million operational contingency
 - \$1.8 million flood contingency
 - \$0.8 million wildfire contingency

Debt Management Policy

- On March 22, 2022, Council amended the Debt Management Policy to restrict \$25 million of the total debt capacity provided under the debt limit regulation to provide short term debt financing as a contingency for emergencies or extraordinary events.

Short Term Debt Borrowing Bylaw

- On March 22, 2022, Council approved first reading of Bylaw 1583/22 to repeal and replace Bylaw 1512/20, the current Short-Term Debt borrowing bylaw. Changes include:
 - Most recent financial information.
 - The ability to establish a short-term credit facility of \$25 million (increased from \$6 million currently).
 - Interest rate limit increase from 4 percent to 9 percent.

	<ul style="list-style-type: none"> ○ Minor formatting and wording adjustments to reflect current Bylaw template. <p><u>External Communication</u></p> <ul style="list-style-type: none"> • Post Bylaw 1583/22 - Short-term Debt Borrowing on the County's website. • Local media coverage of Council deliberation. <p><u>Relevant Policy/Legislation/Practices:</u></p> <ul style="list-style-type: none"> • <i>Municipal Government Act</i> • Debt Management Policy • Short-term Borrowing Bylaw
Implication of Administrative Recommendation	<p><u>Strategic Alignment:</u></p> <p>Operational Excellence – Updates to the Short-term Debt Borrowing Bylaw are based on qualitative and quantitative analysis and establish flexibility in executing funding for emergent needs or at Council's discretion and ensures compliance with the <i>Municipal Government Act</i>. These recommendations are future focused and consider long-term financial planning and sustainability.</p> <p><u>Organizational:</u></p> <ul style="list-style-type: none"> • Approving the updated Short-term Debt Borrowing Bylaw would allow Administration to act quickly should the need arise for emergent or short-term funding needs. <p><u>Financial:</u></p> <ul style="list-style-type: none"> • Sturgeon County's financial institution has confirmed that the County would qualify for financing up to \$60 million; however, through the contingency review, the County would be establishing a facility up to only \$25 million. There would be no financial impact unless or until Council approved the financing usage which would result in a debt servicing obligation.
Alternatives Considered	Council may consider maintaining the Short-term Debt Borrowing Bylaw in its current form or propose an alternative structure.
Implications of Alternatives	<p><u>Strategic Alignment:</u></p> <p>Operational Excellence – Postponing a decision to establish contingency limits flexibility in the event of an extraordinary event occurrence; however, the necessary recommendations, policies, and bylaws can be brought forward at an alternate time should Council determine necessary.</p> <p><u>Organizational:</u></p> <p>Postponing the approval of the short-term borrowing bylaw would not impede current operations; however, it may require future steps to review, analyze, prepare, and present this information to Council at a later point in time. Should an extraordinary event occur, emphasis should be placed on managing the event needs with appropriate bylaws and policies in place to support flexibility.</p> <p><u>Financial:</u></p> <p>None.</p>

Follow up Action	<ol style="list-style-type: none"> 1. Obtain Mayor and CAO signatures on Bylaw 1583/22 (Legislative Services, April 2022). 2. Post Bylaw 1583/22 on website (Corporate Communications, April 2022).
Attachment(s)	<ol style="list-style-type: none"> 1. Attachment 1: Bylaw 1583/22 – Proposed Short-term Debt Borrowing Bylaw 2. Attachment 2: Bylaw 1512/20 – Current Short-term Debt Borrowing Bylaw 3. Attachment 3: Debt Management Policy
Report Reviewed by:	<p>Sabrina Duquette, Manager, Corporate Finance & Treasury</p> <p>Andrew Hayes, General Manager, Financial Services & Chief Financial Officer</p> <p>Reegan McCullough, County Commissioner – CAO</p>

Strategic Alignment Checklist

Vision: *Offering a rich tapestry of historical, cultural, and natural experiences, Sturgeon County is a municipality that honours its rural roots and cultivates desirable communities. Uniquely situated to provide world-class agricultural, energy, and business investment opportunities, the County prioritizes responsible stewardship and dreaming big.*

Guiding Principles: Collaboration | Accountability | Flexibility | Excellence | Safety | Future Readiness | Affordability | Innovation

Community Outcome	Not consistent	Consistent	N/A
Planned Growth			
<ul style="list-style-type: none"> Internationally competitive to attract, grow and sustain diverse businesses; tenacious focus on new growth and innovation 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Modern broadband and digital capabilities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Low cost, minimal red-tape regulations 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Reliable and effective infrastructure planning; comprehensive land use and infrastructure planning 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Thriving Communities			
<ul style="list-style-type: none"> Beautiful, surprising places with high standards; integrated natural spaces & trail systems; healthy and resilient 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Engaging cultural, historical, and civic amenities; strong community identity and pride 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Safe, welcoming, and diverse communities; small community feel and personal connection; commitment to high quality of life 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environmental Stewardship			
<ul style="list-style-type: none"> Clean air, land, and water; Carbon neutral municipal practices; circular economy opportunities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Conservation of natural areas and agricultural lands; enhanced greening and biodiversity; safekeeping ecosystems 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Sustainable development; partnerships with industry and others to drive emission reductions 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Collaborative Governance			
<ul style="list-style-type: none"> Predictable and stable external relationships; volunteer partnerships 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Meaningful connections with Indigenous communities 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Ongoing community consultation and engagement; transparent and action-oriented decision making based on sound rationale 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Respectful and informed debate; clear and supportive governance processes 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Operational Excellence			
<ul style="list-style-type: none"> Engaged and effective people – Council, Admin and Volunteers; continuous learning and improvement mindset; nimble and bold, with strong leadership 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> Quality cost-effective service delivery; robust procurement and operational practices and policies; asset management and performance measurement; careful debt and reserve stewardship; long-term financial planning and sustainability 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Future focused thinking to proactively respond to emerging opportunities and challenges 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Alternative revenue generation and service delivery models integrated strategic and business planning 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>