

DATE OF MEETING OCTOBER 15, 2025
AUTHORED BY WENDY FULLA, DIRECTOR, FINANCE
SUBJECT DEBT MANAGEMENT POLICY AMENDMENT

OVERVIEW

Purpose of Report

To update the Debt Management Policy in response to recent Provincial changes to municipal borrowing regulations and remove the requirement for electoral approval for long-term borrowing within the City's asset free zone.

Recommendation

That the Finance and Audit Committee recommend that Council endorse the proposed amendments to Council Policy COU-234 - "Debt Management Policy" as presented in Attachment A of the Staff report titled "Debt Management Policy Amendment" dated 2025-OCT-15.

BACKGROUND

At its meeting 2023-NOV-06, Council endorsed Debt Management Policy COU-234, which outlines the fundamental objectives and principals of borrowing and provides guidance to staff when making borrowing recommendations to Council.

On 2025-JUN-18, the Province issued an information circular announcing amendments to the Municipal Liabilities Regulation and Short-Term Capital Borrowing Regulation. These changes were in response to concerns raised by municipalities regarding elector approval requirements for borrowing, specifically:

- the amount of staff resources and costs associated with obtaining elector approval for essential infrastructure replacement,
- the risks associated with delays in implementing critical infrastructure if electoral approval fails, and,
- limited scope of infrastructure replacement that can be completed without approval of the electors.

A key change introduced by the Province was the increase of the approval-free liability zone from 5% to 10% of sustainable and controllable revenues.

At the 2025-SEPT-17 meeting of the Finance and Audit Committee, the following motion was passed:

“Direct Staff to update Council’s Debt Management Policy to allow long-term borrowing without electoral approval when the City is within the allowable assent free borrowing limit.” |

DISCUSSION

The Debt Management Policy has been revised to incorporate both the Provincial regulatory changes and the direction provided by the Committee and approved by Council.

Key amendments include:

1. Adjustment to the reference of the approval-free liability zone from 5% to 10% of sustainable and controllable revenues, in alignment with Provincial changes.
2. Removal of the requirement for electoral approval - via referendum or Alternative Approval Process (AAP) - for borrowing terms exceeding five years, provided the City remains within the assent-free borrowing limit.

Additionally, the reference to short-term borrowing under Section 179 of the Community Charter within the assent-free zone has been removed, as the policy no longer differentiates borrowing requirements based on term length under this section.

Under the revised policy, electoral approval for borrowing within the assent-free zone - whether short or long term - will be at Council’s discretion. |

OPTIONS

1. That the Finance and Audit Committee recommend that Council endorse the proposed amendments to Council Policy COU-234 - “Debt Management Policy” as presented in Attachment A of the Staff report titled “Debt Management Policy Amendment” dated 2025-OCT-15
 - The advantages of this option:
 - i. Eliminates the need for electoral approval within the assent-free zone, reducing administrative burden and streamlining the borrowing process.
 - ii. Avoids the significant costs associated with referendums or Alternative Approval Processes (AAP).
 - iii. Ensures the City’s policy is consistent with updated Provincial legislation.
 - iv. Council retains the authority to seek electoral approval if deemed necessary.
 - The disadvantages of this option:
 - i. Removing mandatory electoral approval may be perceived as limiting public input on significant financial decisions.
 - Financial Implications: Amending the policy does not impact the 2025 – 2029 Financial Plan.
2. That the Committee provide alternative direction. |

SUMMARY POINTS

- To update the City's Debt Management Policy (COU-234) in response to Provincial changes and remove the requirement for electoral approval for long-term borrowing within the assent-free zone.
- The Province has increased the approval-free liability zone from 5% to 10% of sustainable and controllable revenues.
- On 2025-SEPT-17, the Finance and Audit Committee directed staff to revise the policy to allow long-term borrowing without electoral approval when within the assent-free limit.

ATTACHMENTS:

Attachment A – Debt Management Policy

Attachment B- Debt Management Policy – Track Changes |

Submitted by:

Wendy Fulla
Director, Finance |

Concurrence by:

Laura Mercer
General Manager, Corporate Services |