



Calgary



PFC2020-1028 City of Calgary Debt Policy

2020 October 13

Priorities and Finance Committee

CITY OF CALGARY
RECEIVED
IN COUNCIL CHAMBER

OCT 13 2020

ITEM #7.1 PFC2020-1028

R. B. 112

CITY CLERK'S DEPARTMENT

- The City's current debt limits are set out in the MGA
 - Total Debt $\leq 2 \times$ Revenue
 - Total Debt Service $\leq 0.35 \times$ Revenue
- The City Charter allows The City to establish debt limits within a debt policy
- The proposed policy encapsulates current approvals & practice (e.g. FB2002-11 & FCS2006-42)
- Formal review of the policy elements will be completed by Q4 2022

Main Debt Elements

- Total Debt $\leq 1.6 \times \text{Revenue}$ (80% of the MGA limit)
- Total Debt Service $\leq 0.28 \times \text{Revenue}$ (80% of the MGA limit)
- Tax supported debt service $\leq 10\%$ tax-supported expenditures
- Term for short-term debt for cash management ≤ 365 days
- Preference for amortizing debt

Other Elements

- Target credit rating of AA+/AA(high)
- Explicitly identifies derivatives as a policy tool if deemed prudent
- Measurement will include:
 - Debt/capita
 - Debt as % of taxable assessment base

Next Steps

- Public Hearing & Council approval
 - Required in the City Charter
- Review of the policy elements
 - Any changes brought to Council by Q4 2022

Administration Recommendation

That the Priorities and Finance Committee recommends that Council:

1. Hold a public hearing on the proposed The City of Calgary Debt Policy (Attachment 2); and
2. Approve The City of Calgary Debt Policy.