

TO: CITY MANAGER

1999 November 09

FROM: DIRECTOR FINANCE

File: B2-1

SUBJECT: TEMPORARY FINANCING BYLAW

PURPOSE: To obtain borrowing authority to temporarily finance expenditures.

RECOMMENDATION:

1. THAT a bylaw be brought forward to permit borrowing to a maximum of \$5 million for the period 2000 January 01 to December 31, repayable 2000 December 31.

REPORT

BACKGROUND

Temporary borrowing sometimes becomes necessary during the year prior to collection of property taxes, and at other times to make large unexpected payments or to cover an overdraft because of payments which arise ahead of the planned cashflow.

A new bylaw must be passed annually to provide the authority to borrow as the borrowing relates to the current year's anticipated tax levy. Section 334.3 of the Municipal Act provides the authority for borrowing of this nature. The bylaw appears elsewhere on this agenda for the first three readings.


1999 ACTIVITY

In 1999 a temporary borrowing bylaw was adopted authorizing \$5 million to meet operating needs between January and December. To date during 1999 the City utilized the temporary borrowing 24 times, the average loan advance was approximately \$675,000 with 15 of the 24 temporary borrowings being under \$500,000. The maximum balance outstanding in a short term loan at any time during the year 1999 was \$5 million, on 1999 May 10 for one business day.

All funding requirements were met by the primary line of credit with the Royal Bank of Canada at an average borrowing rate of 6.25%.

2000 REQUIREMENTS

For 2000 it is estimated that a \$5 million authority is required to cover cash shortfalls which may occur during the year.


Rick Earle
DIRECTOR FINANCE

SM:aj

cc. City Clerk
City Solicitor