

TO: CITY MANAGER

2000 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 down to permit borrowing to a maximum of \$5 million for the period 2001 January 01 to December 31, repayable 2001 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 resulting from revenue shortfalls. Section 334.3 of the Local Government Act provides that Council may by bylaw authorize borrowing of this nature.

2000 ACTIVITY

In 2000 a temporary financing bylaw was adopted authorizing \$5 million to meet operating needs between January and December, to date the City borrowed funds six times. The average loan advance was approximately \$522,500 with four of the six temporary borrowings less than \$500,000. The maximum balance outstanding in a short term loan at any time during the year 2000 was \$1.6 million, on 2000 May 26 for three business days.

All funding requirements were met by the primary line of credit with the Royal Bank of Canada at an average borrowing rate of 7.18%.

2001 REQUIREMENTS

For 2001 it is estimated that a \$5 million temporary financing bylaw is required to cover cash shortfalls which may occur during the year. The bylaw appears elsewhere on this agenda for the first three readings.



Rick Earle
DIRECTOR FINANCE

DGS:aj

cc. City Clerk
City Solicitor