

**TO: CITY MANAGER**

**2001 November 19**

**FROM: DIRECTOR FINANCE**

**File: B2-1**

**SUBJECT: TEMPORARY FINANCING BYLAW**

**PURPOSE:** To obtain borrowing authority to temporarily finance expenditures.

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**RECOMMENDATION:**

1. THAT a bylaw be brought down to permit borrowing to a maximum of \$5 million for the period 2002 January 01 to December 31, repayable 2002 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.

**2001 ACTIVITY**

In 2001 a temporary financing bylaw was adopted authorizing \$5 million to meet operating needs between January and December, to date the City borrowed funds nine times. The average loan advance was approximately \$1,600,000 with five of the nine temporary borrowings less than \$750,000. The maximum balance outstanding in a short term loan at any time during the year 2000 was \$4.7 million, on 2001 June 29 for four 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 6.29%.

**2002 REQUIREMENTS**

For 2002 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