



## Council Report

For the Meeting of January 14, 2016

---

**To:** Governance and Priorities Committee  
**From:** Susanne Thompson, Director of Finance  
**Subject:** Temporary Borrowing Bylaw, 2016

---

**Date:** December 29, 2015

### RECOMMENDATION:

That Council approve the Temporary Borrowing Bylaw, 2016

### EXECUTIVE SUMMARY

Each year, the City adopts a temporary borrowing bylaw to allow the City to borrow money to meet cash flow demands before property taxes are collected in July. This is done as a proactive measure only and has rarely been used since the City has sufficient reserves in place to address cash flow needs. The proposed borrowing maximum under this bylaw is \$10 million.

Under Section 177 of the Community Charter, Council may, by bylaw, provide the authority to borrow money that may be necessary to meet the current year expenditures and to pay amounts required to meet the City's taxing obligations to other local governments or public bodies. If money is borrowed pursuant to this bylaw, revenue from property taxes must be used to repay the money borrowed. The maximum amount of borrowing allowed is the sum of the unpaid taxes for the current year plus the money remaining to be collected from other governments; or if the current year tax bylaw has yet to be adopted, the maximum is 75% of prior year taxes. For 2016, the maximum amount would be approximately \$100 million.


Respectfully submitted,

  
Jo-Ann O'Connor  
Manager, Financial Planning

  
Susanne Thompson  
Director, Finance

Report accepted and recommended by the City Manager: \_\_\_\_\_

Date: \_\_\_\_\_

  
January 4, 2015

Attachments:  
Attachment A - Temporary Borrowing Bylaw, 2016

## **TEMPORARY BORROWING BYLAW, 2016**

### **A BYLAW OF THE CITY OF VICTORIA**

The purpose of this Bylaw is to provide for the borrowing of money that may be necessary to meet the current lawful expenditures of the City.

#### ***Contents***

- 1 Title
- 2 Definition
- 3 Borrowing authorized
- 4 Form of borrowing
- 5 Time of repayment
- 6 Tax revenue to be used for repayment

Under its statutory powers, including section 177 of the *Community Charter*, the Council of the City of Victoria enacts the following provisions:

#### **Title**

- 1 This Bylaw may be cited as the "TEMPORARY BORROWING BYLAW, 2016".

#### **Definition**

- 2 In this Bylaw, "Director" means the City's Director of Finance.

#### **Borrowing authorized**

- 3
  - (1) The Director may borrow, on behalf of the City, on the credit and for the purposes of the City, from any bank, credit union, corporation, or other person, as the Director may from time to time consider appropriate, an amount of money not exceeding \$10 million.
  - (2) The Director must not borrow the money described in subsection (1) at a rate of interest that exceeds the prime rate of interest charged by the Royal Bank of Canada at the time when the lender imposes a rate of interest.

#### **Form of borrowing**

- 4
  - (1) The Director may borrow by means of bank overdrafts.
  - (2) Where the borrowing is other than by way of bank overdrafts, the form of an obligation to be given as an acknowledgement of the liability must be a promissory note, demand note, or a banker's acceptance, sealed with the seal of the City and signed by the Mayor and the Director.

**Time of repayment**

- 5** The money borrowed under this Bylaw and any interest on it must be repaid on or before December 31, 2016.

**Tax revenue to be used for repayment**

- 6** Revenue from all property value taxes must be used as necessary to repay the money borrowed under this Bylaw.

READ A FIRST TIME the **14** day of **January,** 2016.

READ A SECOND TIME the **14** day of **January,** 2016.

READ A THIRD TIME the **14** day of **January,** 2016.

ADOPTED on the **28** day of **January,** 2016.

CITY CLERK

MAYOR