



## ADMINISTRATIVE REPORT

Report Date: October 9, 2015  
Contact: Tim Leung  
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RTS No.: 11113  
VanRIMS No.: 08-2000-20  
Meeting Date: November 3, 2015

TO: Vancouver City Council  
FROM: Director of Finance  
SUBJECT: Annual Financial Authorities - 2016

### *RECOMMENDATION*

- A. THAT, for the period January 1 to December 31, 2016, Council authorize the Director of Finance to draw warrants for payment and to report the same in writing to the City Clerk for the information of Council as soon as possible, and no later than 15 days, following the month-end in which each warrant is drawn, in accordance with Sections 215 and 216 of the Vancouver Charter.
- B. THAT, for the period January 1 to July 15, 2016, Council authorize the Director of Finance to temporarily use such proceeds from the sale of debentures as are available to meet other expenditure requirements of the City, pending collection of general purpose property taxes, in accordance with Section 259 (1) (b) of the Vancouver Charter.
- C. THAT, for the period January 1 to December 31, 2016, Council authorize the Director of Finance to invest City funds not immediately required and to vary the investments from time to time where appropriate, in accordance with Sections 201, 259 and 260 of the Vancouver Charter, in one or more of the following:
  - securities of Canada or of a province;
  - securities guaranteed for principal and interest by Canada or by a province;
  - securities of a municipality, including the city, or a regional district;
  - securities of the Greater Vancouver Water District or the Greater Vancouver Sewerage and Drainage District;
  - securities of the Municipal Finance Authority;

- securities of or investments guaranteed by a chartered bank;
  - deposits in a savings institution, or non-equity or membership shares of a credit union;
  - pooled investment funds under Section 16 of the Municipal Finance Authority Act;
  - any of the investments permitted for the Municipal Finance Authority under Section 16(3) of the Municipal Finance Authority Act, including pooled investment portfolios under the Financial Administration Act.
- D. THAT, for the period January 8, 2016 to January 7, 2017, pursuant to Section 263 of the Vancouver Charter, Council authorize the Director of Finance to establish a short-term borrowing facility to assist in managing the City's cash flow with the maximum outstanding amount not to exceed \$60 million.
- E. THAT Council instruct the Director of Legal Services to prepare a Borrowing Pending Collection of Real Property Taxes By-law for enactment by Council.

#### ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

Council has a policy of delegating to the Director of Finance, on an annual basis, the financial authorities of Council under the *Vancouver Charter* to:

- approve the issuance of warrants and report the details in writing to the City Clerk for the information of Council on a monthly basis
- use capital funds on a temporary basis to meet other expenditure requirements of the City pending collection of the general purpose tax levy
- invest City funds not immediately required

Council also has a policy of establishing a short-term borrowing facility, by by-law, to meet the City's expenditure requirements pending collection of the general purpose tax levy under the *Vancouver Charter*.

#### ***CITY MANAGER'S/GENERAL MANAGER'S COMMENTS***

The City Manager RECOMMENDS approval of the foregoing.

#### ***REPORT***

##### ***Background/Context***

The purpose of this report is to request that Council, for 2016, delegate to the Director of Finance the financial authorities of Council under the *Vancouver Charter* to approve issuance of warrants; use capital funds on a temporarily basis to meet other expenditure requirements of the City pending collection of the general purpose tax levy; invest City funds not immediately required; and establish a short-term borrowing facility not to exceed \$60 million.

## *Strategic Analysis*

The *Vancouver Charter* provides Council with a variety of financial authorities required for the City's operation. To allow for the effective day-to-day administration of the City, Council has delegated these authorities to the Director of Finance on an annual basis.

As outlined in the following sections, these financial authorities are administrative in nature and in no way infringe on Council's policy-making powers. They are integral to the effective management of the City's financial affairs and various funds. The Director of Finance is seeking confirmation of these authorities for 2016.

### *1) Authority to Issue Warrants*

Sections 213 to 216 of the *Vancouver Charter* specify the manner in which payments are to be made by the City. Sections 213 and 214 authorize the Director of Finance to issue warrants for payments and Sections 215 and 216 stipulate that all payments be approved by Council except for amounts necessary in the case of an emergency. In every circumstance, payments by the City are approved by Council either as part of the annual budget process or through specific approvals.

### *2) Authority to Use Capital Funds Pending Collection of General Purpose Tax Levy*

Section 259 of the *Vancouver Charter* authorizes Council to temporarily use the proceeds of debenture sales to meet other expenditure requirements of the City pending collection of the general purpose tax levy for each year, provided that the use of such funds be limited to the period January 1 to July 15 and that such funds be returned to the Capital Fund on or before July 15.

### *3) Authority to Invest the City's Surplus Cash Balances*

Section 201 of the *Vancouver Charter* authorizes Council to invest City funds that are not immediately required, including proceeds from the sale of debentures (Section 259) and monies in the Sinking Fund (Section 260).

### *4) Operating Line of Credit*

Section 263 of the *Vancouver Charter* authorizes Council to borrow by way of promissory note or overdraft to meet the City's expenditure requirements, with repayment guaranteed by the general purpose tax levy to be collected for the year.

This authority permits the Director of Finance to borrow for short term on a day-to-day basis if the need arises. To execute this authority, Council must enact a by-law stipulating the maximum amount of any short-term indebtedness and the period for which the authority is in effect, and that repayment of any outstanding balances be guaranteed by the general purpose tax levy.

The terms of the by-law will authorize the Director of Finance to borrow by overdraft a sum of money not to exceed \$60 million at any one time during the period January 8, 2016 to January 7, 2017. This borrowing facility is established with the City's primary financial institution, the Bank of Montreal.

*Implications/Related Issues/Risk (if applicable)**Financial*

There are no financial implications.

*Legal*

A By-law to authorize the borrowing of certain sums of money from January 8, 2016 to January 7, 2017 pending the collection of real property taxes accompanies this report.

*CONCLUSION*

The *Vancouver Charter* provides Council with a variety of financial authorities required for the City's operation. These include the authority to issue warrants, temporary use of capital funds and/or short-term borrowing by way of promissory note or overdraft to meet expenditure requirements pending collection of general purpose tax levy, and investment of surplus funds. To ensure effective day-to-day financial administration, Council has delegated these financial authorities to the Director of Finance on an annual basis.

\* \* \* \* \*

BY-LAW NO. [ ]

**A By-law to authorize the borrowing of certain sums of  
money from January 8, 2016 to January 7, 2017,  
pending the collection of real property taxes**

**PREAMBLE**

In exercise of the power provided by Section 263 of the Vancouver Charter, Council deems it necessary to authorize the Director of Finance to borrow from time to time on behalf of the City of Vancouver, by way of overdraft, a sum or sums of money of which the total outstanding must not on any one day during the period from January 8, 2016 up to and including January 7, 2017, exceed \$60,000,000 to meet the lawful expenditures of the City, pending the collection of real property taxes, and to provide for the repayment of the monies so borrowed as hereinafter set forth.

By Section 263 of the Vancouver Charter, Council may provide by by-law for the hypothecation, subject to any prior charge thereon, to the lender of, any amounts receivable from other governments and the whole or any part of the real property taxes then remaining unpaid, together with the whole or part of the real property taxes levied or to be levied for the year in which the by-law is passed. Provided that if the by-law is passed before the passing of the rating by-law, the amount of the current taxes that may be hypothecated must be not more than 75% of the real property taxes levied in the next preceding year.

**NOW THEREFORE** the Council of the City of Vancouver, in public meeting, enacts as follows:

1. In this By-law, the words "real property taxes for general purposes" means that portion of the real property taxes levied or to be levied, pursuant to an annual general rating by-law, to meet expenses of the City other than the payment of interest on outstanding debentures, payments of principal on serial debentures, and payments to sinking funds in respect of debenture debt.

2. The Director of Finance is hereby authorized to borrow on behalf of the City of Vancouver, from any lender by way of overdraft, a sum or sums of money of which the total outstanding must not on any one day, during the period from January 8, 2016 to and including January 7, 2017, exceed \$60,000,000, in such amounts and at such time or times (subject as herein provided) as the same may be required, bearing interest at such rate or rates as agreed to by the Director of Finance and the lender or lenders at the time of such borrowing, and to cause the sum or sums to be paid into the hands of the City Treasurer of the City of Vancouver, for the purpose of meeting the lawful expenditures of the City of Vancouver, pending the receipt of monies from other governments and the collection of real property taxes by the City of Vancouver, upon the following conditions:

- (a) the monies so borrowed as herein provided, together with interest thereon, will be a liability payable out of the revenues of the City of Vancouver, and must be payable and repaid to the lenders on or before January 7, 2017; and
- (b) the City of Vancouver hereby hypothecates as security for the repaying of:

- (i) the monies so borrowed up to and including December 31, 2016, the real property taxes for general purposes remaining unpaid as of January 8, 2016, together with the real property taxes for general purposes to be levied in the year 2016, in an amount equal to not more than \$492,406,500, which amount is equal to 75% of the real property taxes for general purposes levied in 2015, and
- (ii) the monies so borrowed subsequent to December 31, 2016, the real property taxes for general purposes then remaining unpaid, and any amounts receivable by the City of Vancouver from other governments as of December 31, 2016,

and the said taxes will be a security for the monies so borrowed under this By-law, and such taxes and monies receivable from other governments must be applied, inter alia, in the repayment of such monies so borrowed by way of overdraft and the interest thereon, provided always that the granting of such security will in no way limit or affect the general liability of the City of Vancouver.

- 3. Council repeals By-law No. 11134.
- 4. This By-law is to come into force and take effect on January 8, 2016.

ENACTED by Council this \_\_\_\_ day of \_\_\_\_\_, 2015.

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Mayor

\_\_\_\_\_  
City Clerk