



ADMINISTRATIVE REPORT

Report Date: August 15, 2017
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VanRIMS No.: 08-2000-20
Meeting Date: September 20, 2017

TO: Standing Committee on City Finance and Services
FROM: Director of Finance
SUBJECT: Annual Financial Authorities - 2018

RECOMMENDATION

- A. THAT, for the period from January 1 to December 21, 2018, 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 from January 1 to July 15, 2018, Council authorizes 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 from January 1 to December 31, 2018, 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 from January 8, 2018 to January 7, 2019, 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; and
- E. THAT, Council instructs 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.
- Temporarily use capital funds 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 2018, delegate to the Director of Finance the financial authorities of Council under the Vancouver Charter to approve issuance of warrants; temporarily use debenture sales proceeds 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 to manage the City's cashflow.

Strategic Analysis

The Vancouver Charter provides Council with a variety of financial authorities necessary for the City's operation. Annually Council has delegated these authorities to the Director of Finance to allow for effective daily administration of the City.

As outlined in the following sections, these financial authorities are administrative in nature and in no way infringe upon 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 2018.

1. Authority to Issue Warrants

Sections 213 to 216 of the Vancouver Charter specify the manner in which the City makes payments. Sections 213 and 214 authorize the Director of Finance to issue warrants for payments and Sections 215 and 216 stipulate that Council approves all payments except for amounts necessary in the case of an emergency. In every circumstance, Council approves City payments 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 debenture sales proceeds to meet the City's other expenditure requirements pending collection of the general purpose tax levy for each year, provided that the use of such funds be limited to the period from 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 daily 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, 2018 to January 7, 2019. This borrowing facility is established with Bank of Montreal, the City's primary financial institution.

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

The recommendations brought forward in this report will facilitate the cash management and financial administration activities of the City; there are no additional financial expenditures being approved at this time. The decisions regarding the level of expenditures, debt financing for the capital budget, and other financial considerations for 2018, will be brought forward for Council approval as part of the 2018 Budget.

Legal

A By-law to authorize the borrowing of certain sums of money from January 8, 2018 to January 7, 2019 pending 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 daily financial administration, Council has delegated these financial authorities to the Director of Finance on an annual basis.

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