



## COUNCIL REPORT

Report Date: October 29, 2024  
Contact: Grace Cheng  
Contact No.: 604.871.6654  
RTS No.: 16059  
VanRIMS No.: 08-2000-20  
Meeting Date: November 13, 2024  
[Submit comments to Council](#)

TO: Standing Committee on City Finance and Services  
FROM: Director of Finance  
SUBJECT: Annual Financial Authorities 2025

### Recommendations

- A. THAT for the period from January 1 to December 31, 2025, Council authorize the Director of Finance to draw warrants for payment (i.e. issue an authorization to the City Treasurer to disburse funds from a City account), provided that any such warrants for payment be reported in writing to the City Clerk for the information of Council within 15 days after the end of the month 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, 2025, Council authorize the Director of Finance to temporarily use such proceeds from the sale of debentures that have not yet been expended to meet other expenditure requirements of the City, pending collection of the 2025 general purpose tax levy, in accordance with Section 259(1)(b) of the *Vancouver Charter*.
- C. THAT for the period from January 1 to December 31, 2025, 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*.
- D. THAT for the period from January 8, 2025 to January 7, 2026, 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 instruct the Director of Legal Services to bring forward a by-law for enactment by Council authorizing the borrowing.

## **Purpose and Executive Summary**

The purpose of this report is to request that Council, consistent with past practice and the provisions of the *Vancouver Charter*, delegate certain financial authorities to the Director of Finance and authorize establishing a short-term borrowing facility to allow for effective daily administration of the City. As outlined in the report, these financial authorities are administrative in nature and remain subject to Council's approval of the 2025 Operating and Capital Budgets. Upon Council approval of the 2025 budget, these delegated authorities will continue to be integral to the effective management of the City's financial affairs across various funds.

## **Council Authority/Previous Decisions**

Council's practice for at least the last 50 years has been to delegate certain financial authorities to the Director of Finance, on an annual basis, as provided for in the *Vancouver Charter* to allow for effective daily administration of the City's cash reserves and ongoing operating expenses. Council's practice for at least the last 35 years has also been to establish, annually, a \$60 million short-term borrowing facility, by by-law, to meet the City's expenditure requirements pending collection of the general purpose tax levy and amounts receivable from other governments, as provided for under section 263 of the *Vancouver Charter*.

## **City Manager's Comments**

The City Manager concurs with the foregoing recommendations.

## **Context and Background**

The *Vancouver Charter* provides Council with a variety of financial authorities necessary for the City's operation, including the authority to borrow for expenditure pending collection of property taxes and amounts receivable from other governments. Council has historically delegated certain financial authorities to the Director of Finance each year to allow for effective daily administration of the City's cash reserve and ongoing operating expenses.

## **Discussion**

The Director of Finance is recommending confirmation of these authorities for 2025:

### **1. Authority to Draw Warrants for Payment**

Sections 213 to 215 of the *Vancouver Charter* specify the manner in which the City makes payments. Sections 213 and 214 require the Director of Finance to issue warrants for payments (i.e. issue an authorization to the City Treasurer to disburse funds from a City account), while section 215 stipulates that only Council may authorize payment of warrants except for small amounts necessary in the case of an emergency. Section 216 provides that Council may give that authorization in advance for a period of up to 12 months.

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

Section 259 of the *Vancouver Charter* authorizes Council to use the available proceeds of debenture sales, those not yet required to fund the applicable capital projects/programs, to

temporarily meet the City's other expenditure requirements pending collection of the general purpose tax levy for each year, provided that such use 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 the unused proceeds from the sale of debentures (Section 259) and amounts held in the Sinking Fund (Section 260). The section allows investments in one of 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

### 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 short-term expenditure requirements, with repayment guaranteed by the general purpose tax levy to be collected for the year.

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 recommended in this report would 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, 2025 to January 7, 2026. Upon approval, this borrowing facility would likely be established (as in past years) with the City's primary banking service provider, which is currently the Bank of Montreal.

## Financial Implications

The recommendations brought forward in this report will facilitate effective cash management and financial administration activities of the City. The decisions regarding the level of operating and capital expenditures, debt financing for the capital programs/projects and other financial considerations for 2025 will be brought forward for Council approval as part of the 2025 Budget.

**Legal Implications**

The *Vancouver Charter* provides Council with financial authorities required for the City's operation. To ensure effective daily administration, Council has historically delegated these financial authorities to the Director of Finance on an annual basis, in accordance with the *Vancouver Charter*.

\* \* \* \* \*

**APPENDIX A****DRAFT By-law to authorize the borrowing of certain sums of money  
from January 8, 2025 to January 7, 2026,  
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, 2025 up to and including January 7, 2026, 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, 2025 to and including January 7, 2026, 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, 2026; 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, 2025, the real property taxes for general purposes remaining unpaid as of January 8, 2025, together with the real property taxes for general purposes to be levied in the year 2025, in an amount equal to not more than \$869,604,544, which amount is equal to 75% of the real property taxes for general purposes levied in 2024; and
- (ii) the monies so borrowed subsequent to December 31, 2025, 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, 2025;

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. 13853
- 4. This By-law is to come into force and take effect on January 8, 2025.

ENACTED by Council this 13th day of November 2024.

---

Mayor

---

City Clerk

**EXPLANATION****DRAFT By-law to authorize the borrowing of certain sums of money from January 8, 2025 to January 7, 2026, pending the collection of real property taxes**

Section 263 of the *Vancouver Charter* authorizes Council, without the assent of the electors, to borrow from time to time by way of promissory notes or overdraft such sums as the Council deems necessary to meet the lawful expenditures of the City, pending collection of real property taxes.

The authority permits the Director of Finance to borrow on a day-to-day basis and is used only for short periods of time if the need arises.

Enactment of the attached By-law, to take effect January 8, 2025, will authorize the Director of Finance to borrow a sum of money by overdraft, of which the total outstanding at any one time, must not, during the period from January 8, 2025, to January 7, 2026, exceed \$60,000,000.

Director of Legal Services  
November 13, 2024