Agenda - Executive Policy Committee - December 4, 2002

3. By-law to Authorize the Temporary Borrowing of Monies under Section 293 of The City of Winnipeg Charter
File FC-2 (Vol. 18)

ADMINISTRATIVE RECOMMENDATION:

That the City of Winnipeg be authorized to borrow monies for operating and capital expenditures not exceeding the revenues estimated in the City's operating budget for the previous fiscal year, and to authorize the issuance and delivery of promissory notes in respect thereof.

Re: BY-LAW TO AUTHORIZE THE TEMPORARY BORROWING OF MONIES UNDER SECTION 293 OF THE CITY OF WINNIPEG CHARTER

For submission to: **Executive Policy Committee**

Submitted by: **Chief Financial Officer**

Report date: **November 26, 2002**

In camera item: ☐ Yes ☒ NO

Recommendations:

That the City of Winnipeg be authorized to borrow monies for operating and capital expenditures not exceeding the revenues estimated in the City's operating budget for the previous fiscal year, and to authorize the issuance and delivery of promissory notes in respect thereof.

Report Summary

Key Issue(s):

Gives the City authority to borrow on a temporary basis by the issuance of promissory notes if required.

Implications of the Recommendation(s):

General Implications

- [X] None
- [ ] For the organization overall and/or for other departments
- [ ] For the community and/or organizations external to the City of Winnipeg
- [ ] Involves a multi-year contract

Policy implications

- [X] No
- [ ] Yes

Financial implications

X	Within approved current and/or capital budget
	Current and/or capital budget adjustment required

Comments: The financial impact is that the associated interest costs will be budgeted through debt and finance charges.

Report

Recommendations:

That the City of Winnipeg be authorized to borrow monies for operating and capital expenditures not exceeding the revenues estimated in the City's operating budget for the previous fiscal year, and to authorize the issuance and delivery of promissory notes in respect thereof.

Reason for the Report:

The City of Winnipeg Charter comes into effect on January 1, 2003. Section 293 of the Charter states that "Council may pass by-laws to provide for temporary borrowing by the City, in such amounts and on such security as Council may consider necessary, for operating and capital expenditures not exceeding the revenues estimated in the City's operating budget for the previous fiscal year."

History:

Council has approved a by-law each year to establish a temporary or short-term borrowing limit, which the City can access if need be. The short-term borrowing limit for 2002 was $250 million.

Discussion:

The existing City of Winnipeg Act did not have a limit as to the amount of temporary borrowing the City could undertake. In 1992, Council adopted a policy whereby the temporary borrowing limit was established based on an analysis of cash flow projections and budget requirements. For the past several years, the limit has been set at $250 million. The new City of Winnipeg Charter has a limit built into it whereby the amount of temporary borrowing cannot exceed the revenues estimated in the City's operating budget for the previous fiscal year.

Historically, the City has approved a by-law on an annual basis to provide for the temporary borrowing of money. The new Charter allows for a by-law to be approved once, which will establish a temporary borrowing limit to be used each year. The limit is based on the revenues estimated in the previous year's operating budget. An analysis of the City's potential cash flow needs indicates this level of temporary borrowing authority will be sufficient to cover any anticipated short-term needs the City may have.

It should be noted that authorizing this temporary borrowing authority provides the City with greater flexibility in its financial management. The City has not had to use this method of borrowing since 1997.

Financial Impact Statement

No financial impact

"Original signed by Carrie Erickson"
Carrie Erickson
Manager of Finance & Administration

In preparing this report, there was consultation with and concurrence by:

Ursula Goeres, City Solicitor

This Report Submitted By:

Department:	Corporate Finance Department
Division:	Financial Services
Prepared by:	Garry Steski, Manager of Financial Services
File No.:	V:\REPORTS\2002\Steski\021030 Authorize Temporary Borrowing (250 mil) 2003.doc