



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

Municipal Hall
1229 Esquimalt Road
Esquimalt, B.C. V9A 3P1

Staff Report

File #:15-570

REQUEST FOR DECISION

DATE: December 15, 2015

Report No. FIN-15-023

TO: Laurie Hurst, Chief Administrative Officer

FROM: Ian Irvine, Director of Financial Services

SUBJECT:

2016 Revenue Anticipation Borrowing Bylaw

RECOMMENDATION:

That the Revenue Anticipation Borrowing Bylaw, 2016, No. 2863, in the amount of \$2,500,000 be given 1st, 2nd and 3rd reading.

RELEVANT POLICY:

Community Charter - Section 177

STRATEGIC RELEVANCE:

The adoption of this bylaw would allow the Township to secure additional funds that may be necessary for the payment of lawful expenditures in advance of the 2016 tax collection date.

BACKGROUND:

Section 177 of the *Community Charter* permits a Council to borrow money for short term purposes to a limit of 75% of the taxes levied for all purposes in the preceding year. For 2016, this limit will be \$19,775,337.

No outside short-term borrowing has been required since 1991 as our net cash balance has been sufficient to cover operating expenditures until the end of June each year when taxes are due. Even if no funds are borrowed, our bank requires the bylaw as security for the bank account overdraft.

For 2016, an amount not exceeding \$2,500,000 may be required by either overdraft or short term borrowing. This amount is deemed sufficient by our bank and represents approximately 6% of the

Township's budget. The applicable rate of interest would be determined at the time should any borrowing be required.

ISSUES:

1. Rationale for Selected Option

In the unlikely event that the Township requires additional short term funding prior to the 2016 tax collection period, the bank requests security in the form of an adopted bylaw. Even if no funds are borrowed, the bank requires the bylaw as security for the bank account overdraft.

2. Organizational Implications

There are no organizational implications of this decision

3. Financial Implications

There is no expectation that any outside short term borrowing will be required as our current net cash balance is sufficient to cover lawful expenditures until the end of June 2016 when taxes will be due.

4. Sustainability & Environmental Implications

There are no sustainability or environmental implications of this decision

5. Communication & Engagement

A copy of the adopted bylaw will be provided to our bank and maintained in their files to facilitate timely processing of any necessary short term borrowing requests.

ALTERNATIVES:

1. That the Revenue Anticipation Borrowing Bylaw, 2016, No. 2863, in the amount of \$2,500,000 be given 1st, 2nd and 3rd reading.
2. Make amendments and give the amended Bylaw 1st, 2nd and 3rd reading.