

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf.
Your File/V/Réf.

DATE 18 November 1996

TO/DEST. Co-ordinator
Corporate Services and Economic Development Committee

FROM/EXP. Finance Commissioner

SUBJECT/OBJET **TEMPORARY BORROWING BY-LAW FOR 1997 CURRENT OPERATIONS**

DEPARTMENTAL RECOMMENDATION

That the Corporate Services and Economic Development Committee recommend Council approve the enactment of a By-law authorizing temporary borrowings for current purposes for the year 1997 in accordance with existing legislation.

BACKGROUND

Each year Council considers a report to enact a by-law authorizing such short term borrowings as may be required to cover temporary shortfalls between the time expenditures are incurred and the time revenues are received. In accordance with Section 110 of the *Regional Municipalities Act*, R.S.O. 1990, a By-law is required each year to authorize such short term borrowings. This authority supports the Region's line of credit facility with its banker, Royal Bank of Canada, as well as the temporary loaning of funds from reserve funds to the Region's operating funds for cash management purposes.

Although the Region manages its cash position on a consolidated basis, disbursements and receipts are recorded according to the following seven separate operations which reflect the services provided to Ottawa-Carleton residents.

Region - Wide Fund
Transit Fund
Sewer Capital Levy Fund
Child Care Fund

Water Fund
Solid Waste Disposal Fund
Sewer Operation Fund

The Region's consolidated cashflow results in only occasional and small external borrowing requirements. However, a review of the Region's internal operating funds cashflow (Schedule I) reveals a net borrowing position for both operating and capital requirements at the end of each month during 1996. This largely reflects the fact that although expenditures are incurred daily, revenues such as provincial grants and subsidies are received only periodically and the Region's share of property taxes is received in regular instalments. Other revenues such as water supply charges, sewer surcharges and tipping fees which represent approximately 13.2% of total revenues are received daily. This borrowing requirement is primarily met from internal sources such as various Reserve funds and advances from the Sinking Fund. During 1996 (to November 7) the consolidated net borrowing position for current purposes for all operating funds as at month end, ranged from a net borrowing position of \$17.8 million to \$51.6 million. Temporary borrowings for capital projects pending the issuance of debentures is also met from reserve fund holdings.

Over the past several years, the Region's consolidated cash position has been sufficient to finance its own cash requirements as well as to allow cash to be invested in a variety of money market investments in order to optimize investment income. For the ten month period ending October 31, 1996, the Region's short term investments have provided interest earnings of \$8.4 million. Each business day, data is transmitted and received from the Region's banker. That information, along with estimates of cash disbursements and receipts which are anticipated to clear the Region's bank accounts that day, allows the Region to determine its consolidated cash position. Occasionally short term investment terms and the need for operating funds results in small overdraft positions. In these instances the Region may draw on its short term borrowing facility at the bank until cash revenues are received or investments are liquidated. Any overdraft positions are remedied on the next business day.

It is felt that a maximum temporary borrowing limit not to exceed \$50,000,000 at any one time would be sufficient to meet the short term borrowing requirements for operating purposes in 1997 in accordance with existing legislation.

CONSULTATION

The authority requested to enact a by-law authorizing temporary borrowings is an administrative matter and entirely in accordance with existing legislation. The proposed by-law would facilitate the administration of payments by the Region and the cash management process by supporting a line of credit facility. Consultation is not required on this administrative matter.

FINANCIAL IMPLICATIONS

The interest expense which may be incurred when occasional advances are made under the line of credit facility with the Royal Bank will be minor and will be offset by earnings from the investment of surplus funds. Interest is charged to those operating funds which receive advances from the various capital and reserve funds and is a budgeted expense.

CONCLUSION

It is recommended that a by-law be enacted by Council authorizing temporary borrowings for the year 1997 in accordance with existing legislation.

*Approved by
J.C. LeBelle*

THE REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

BY-LAW NO. OF 1996

FINANCE: A by-law to authorize the borrowing of monies not to exceed an amount of fifty million dollars (\$50,000,000.00) at any one time in 1997 to meet the current expenditures until levies and other revenues are received.

WHEREAS the Council ("Regional Council") of The Regional Municipality of Ottawa-Carleton ("the Regional Corporation") is authorized by Section 110 of the Regional Municipalities Act, R.S.O. 1990, Chapter R.8, ("the Act") to provide by by-law for borrowing such sums as the Regional Council may deem necessary to meet, until the levies on area municipalities and other revenues are received, the current expenditures of the Regional Corporation for the year, including amounts required for principal and interest falling due within the year upon any debt of the Regional Corporation and the sums required by law to be provided by the Regional Council for any local board of the Regional Corporation;

AND WHEREAS subsection (2) of Section 110 of the Act provides that the amount that may be borrowed at any one time for the purposes as aforesaid together with any similar borrowings that have not been repaid, shall not exceed from January 1st to September 30th of the year, 50 per cent and from October 1st to December 31st, 25 per cent of the total of the estimated revenues of the Regional Corporation as set forth in the estimates adopted for the year;

AND WHEREAS subsection (3) of Section 110 of the Act provides that until such estimates are adopted, the limitation upon borrowing prescribed above shall temporarily be calculated upon the estimated revenues of the Regional Corporation as set forth in the estimates adopted for the next preceeding year;

AND WHEREAS the estimates of the Regional Corporation for the year 1997 have not yet been adopted;

AND WHEREAS the estimated revenues of the Regional Corporation as set forth in the estimates adopted for the year 1996 amounted to one billion, eighty-two million, seven hundred and twenty-four thousand dollars (\$1,082,724,000);

AND WHEREAS it may be necessary to borrow a sum not to exceed fifty million dollars (\$50,000,000.00) to meet the current and other expenditures of the Regional Corporation as aforesaid until the levies on area municipalities and other revenues are received;

AND WHEREAS such sum does not exceed from January 1st to September 30th of the year, 50 per cent and from October 1st to December 31st, 25 per cent of the total of the estimated revenues of the Regional Corporation as set forth in the estimates adopted for the year 1996 in accordance with the Act.

NOW THEREFORE the Council of the Regional Corporation ENACTS AS FOLLOWS:

1. Temporary Borrowing

The Regional Corporation is hereby authorized to borrow from time to time by way of promissory note or bankers' acceptance from any bank or local municipality or person who is willing to loan the same for the purpose of meeting the current expenditures of the Regional Corporation in the year 1997, including the amounts required for principal and interest falling due within the year upon any debt of the Regional Corporation until the levies and other revenues for 1997 are received.

2. Statutory Limit

Until the estimates for the year 1997 are adopted, the limitations upon borrowing prescribed by the Act shall not exceed from January 1st to September 30th of the year, 50 per cent and from October 1st to December 31st, 25 per cent of the total of the estimated revenues of the Regional Corporation as set forth in the estimates adopted for the next preceding year, which amounted to one billion, eighty-two million, seven hundred and twenty-four thousand thousand dollars (\$1,082,724,000);

3. Limit of Borrowing

The amount that may be borrowed at any one time as authorized by Section 1 hereof together with the total of any similar borrowings that have not been repaid shall not exceed fifty million dollars (\$50,000,000.00).

4. Interest

The amount borrowed by the Regional Corporation pursuant to the authority of this by-law shall bear interest at such rate or rates as may be agreed upon.

5. Promissory Notes

The Regional Corporation shall draw and deliver from time to time promissory notes or bankers' acceptances evidencing and securing the said borrowings pursuant to this by-law, which promissory notes or bankers' acceptances shall be signed by the Chair or the Director, Treasury Services or the Manager, Treasury and Debt Services and by the Treasurer of the Regional Corporation.

6. Repayment

All sums of money borrowed under the authority of this by-law shall be repaid to the bank or local municipality or person from whom the same were borrowed as soon as may be after the levies and other revenues for the year 1997 have been received.

7. Effective Date

This by-law shall come into force and take effect on the 1st day of January, 1997.

ENACTED AND PASSED in open Council this day of , 1996.

CLERK

CHAIR

THE REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

SCHEDULE I

MONTHLY SCHEDULE OF CASH REQUIREMENTS & SOURCES OF FINANCING

<u>CASH REQUIREMENTS</u>	<u>FEB 7</u>	<u>MAR 8</u>	<u>APRIL 10</u>	<u>MAY 8</u>	<u>JUNE 7</u>	<u>JULY 5</u>	<u>AUG 9</u>	<u>SEPT 6</u>	<u>OCT 7</u>
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>OPERATING FUNDS</i>									
REGION WIDE	(14,448)	(35,410)	(58,629)	(27,984)	(66,311)	(74,890)	(37,099)	(44,303)	(70,852)
SEWER	(2,949)	(7,895)	(8,777)	(5,656)	(7,950)	(13,437)	(7,965)	(8,905)	(9,720)
TRANSIT	(902)	(1,216)	(19,609)	(2,377)	(2,904)	(19,417)	(1,229)	(1,461)	(17,981)
CHILD CARE	(3,162)	175	4,987	7,089	5,797	(3,914)	(1,255)	(2,951)	(6,324)
POLICE	(9,877)	(16,408)	(4,613)	(7,482)	(14,052)	(3,041)	(6,680)	(12,427)	1,888
WATER	(7,199)	(8,920)	(12,789)	(11,180)	(204)	(10,430)	(4,921)	(2,462)	(7,279)
SOLID WASTE	(42)	(3,623)	836	635	(2,143)	2,549	473	(1,189)	3,430
100% PROVINCIAL PROGRAM	6,635	7,825	8,585	10,017	10,232	11,585	11,392	10,024	9,576
	<u>(31,944)</u>	<u>(65,472)</u>	<u>(90,009)</u>	<u>(36,938)</u>	<u>(77,535)</u>	<u>(110,995)</u>	<u>(47,284)</u>	<u>(63,674)</u>	<u>(97,262)</u>
LEVIES	<u>-</u>	<u>25,898</u>	<u>72,200</u>	<u>-</u>	<u>25,898</u>	<u>77,684</u>	<u>-</u>	<u>25,897</u>	<u>74,848</u>
<i>OPERATING REQUIREMENTS</i>	<u>(31,944)</u>	<u>(39,574)</u>	<u>(17,809)</u>	<u>(36,938)</u>	<u>(51,637)</u>	<u>(33,311)</u>	<u>(47,284)</u>	<u>(37,777)</u>	<u>(22,414)</u>
<i>CAPITAL REQUIREMENTS</i>	<u>(68,991)</u>	<u>(68,533)</u>	<u>(71,642)</u>	<u>(72,859)</u>	<u>(68,763)</u>	<u>(29,360)</u>	<u>(32,785)</u>	<u>(30,544)</u>	<u>(34,566)</u>
<i>TOTAL REQUIREMENTS</i>	<u><u>(100,935)</u></u>	<u><u>(108,107)</u></u>	<u><u>(89,451)</u></u>	<u><u>(109,797)</u></u>	<u><u>(120,400)</u></u>	<u><u>(62,671)</u></u>	<u><u>(80,069)</u></u>	<u><u>(68,321)</u></u>	<u><u>(56,980)</u></u>
 <i>SOURCES</i>									
SINKING FUND	3,807	2,525	4,660	2,300	5,141	11,567	12,074	8,430	7,820
RESERVE FUNDS (Net of Advances to Agencies and Municipalities)	295,296	309,623	314,471	307,912	285,810	310,177	306,556	283,704	315,711
<i>TOTAL SOURCES</i>	<u><u>299,103</u></u>	<u><u>312,148</u></u>	<u><u>319,131</u></u>	<u><u>310,212</u></u>	<u><u>290,951</u></u>	<u><u>321,744</u></u>	<u><u>318,630</u></u>	<u><u>292,134</u></u>	<u><u>323,531</u></u>