



Report to: General Committee

Meeting Date: October 24, 2023

SUBJECT: 2024 Temporary Borrowing By-law
PREPARED BY: Shane Manson, Senior Manager Revenue & Property Tax

RECOMMENDATION:

1. That the report titled “2024 Temporary Borrowing By-law” be received; and
2. That a by-law be brought forward for Council approval to authorize temporary borrowing, if required, of amounts not to exceed \$222,357,599 from January 1, 2024 to September 30, 2024 and \$111,178,800 from October 1, 2024 to December 31, 2024 to meet the expenditures of the municipality until taxes are collected and other revenues are received; and
3. That the Treasurer report to Council in advance of borrowing, if temporary borrowing is required; and
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

To obtain Council approval to allow the City of Markham to temporarily borrow funds for the 2024 fiscal year, if required to do so.

BACKGROUND:

This is an annual administrative report, usually tabled for Committee’s consideration around October in anticipation of the following budget year. Section 407(1) of the *Municipal Act, 2001* states:

“At any time during a fiscal year, a municipality may authorize temporary borrowing until the taxes are collected and other revenues are received, of the amount Council considers necessary to meet the current expenditures of the municipality for the year...”

The City of Markham (the City) is known for its financial performance, fiscal responsibility and operational excellence. With sound cash management practices and policies in place, the City’s strong financial position has not necessitated bank financing for operating purposes in the past. However, enacting a temporary borrowing by-law is recommended for unforeseen circumstances and has been the City’s practice for many years.

On an annual basis, the City’s banker, TD Canada Trust, has requested a copy of the by-law in order to be aware of the limits, should a necessity to borrow arise.

Subsection 407(2) of the *Municipal Act, 2001* governs the upper limits on the amounts the City can borrow, as follows:

(a) From January 1 to September 30 in the year, 50 per cent of the total estimated revenues of the municipality, as set out in the budget adopted for the year; and

(b) From October 1 to December 31 in the year, 25 per cent of the total estimated revenues of the municipality as set out in the budget adopted for the year.

Section 407(3) of the *Municipal Act, 2001* provides that until the budget is adopted in a year, the limits upon borrowing under subsection (2) shall temporarily be calculated using the estimated revenues of the municipality set out in the budget adopted for the previous year (\$444,715,197 for the City of Markham in 2023).

This authority for temporary borrowing remains with Council and is unchanged by revisions to the Municipal Act introducing Special Powers and Duties of the Head of Council (Part VI.1).

OPTIONS/ DISCUSSION:

Not applicable.

FINANCIAL CONSIDERATIONS

The City would be required to pay interest on any short-term borrowing.

HUMAN RESOURCES CONSIDERATIONS

Not applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable.

BUSINESS UNITS CONSULTED AND AFFECTED:

Not applicable.

RECOMMENDED BY:

Joseph Silva
Treasurer

Trinela Cane
Commissioner, Corporate Services

ATTACHMENTS:

Appendix A, "2024 Temporary Borrowing Bylaw"

APPENDIX A: 2024 Temporary Borrowing Bylaw

By-law to authorize temporary borrowing to meet the expenditures of the City of Markham until taxes are collected and other revenues received.

A by-law to authorize the temporary borrowing of an amount not to exceed \$222,357,599 from January 1 to September 30, 2024 and \$111,178,800 from October 1 to December 31, 2024 to meet the current expenditures of the Corporation for the year, until taxes are collected and other revenues received.

WHEREAS Section 407 (1) of The Municipal Act authorizes that Council may borrow from time to time such sums as Council considers necessary to meet, until the taxes are collected and other revenues received, the current expenditures of the Corporation for the year; and

WHEREAS Section 407 (2) of The Municipal Act states the amount to be borrowed shall not exceed from January 1st to September 30th of the year, 50 per cent of the total estimated revenues of the Corporation, and from October 1st to December 31st, 25 per cent of the total estimated revenues for the Corporation; and

WHEREAS Section 407 (3) of The Municipal Act states that until the budget is adopted in a year, the limits upon borrowing shall temporarily be calculated using the estimated revenues of the municipality set out in the budget adopted for the previous year; and

WHEREAS the total revenues of the Corporation as set forth for the year 2023 are \$444,715,197 which was adopted by Council at the Council meeting on April 5, 2023.

NOW THEREFORE THE CORPORATION OF THE CITY OF MARKHAM HEREBY ENACTS AS FOLLOWS:

1. The Treasurer is hereby authorized on behalf of the Municipality to borrow from time to time by way of promissory note from the Municipality's banker a sum or sums not exceeding \$222,357,599 from January 1 to September 30 of the year and \$111,178,800 from October 1 to December 31 to meet, until the taxes and other revenues are received, the current expenditures of the Municipality for the year, including the amount required for the purposes mentioned in Subsection 1 of Section 407 of The Municipal Act and to give on behalf of the Municipality to the Bank a promissory note or notes sealed with the Corporate Seal and signed by the Treasurer for the monies so borrowed, with interest, which may be paid in advance or otherwise.
2. All sums borrowed pursuant to the authority of this by-law from the said bank for any or all purposes mentioned in the said Section 407 shall with interest thereon, be a charge upon the whole of the revenues of the Municipality for the current year.

READ A FIRST, SECOND, AND THIRD TIME AND PASSED THIS

_____ DAY OF _____ 2023.

KIMBERLEY KITTERRINGHAM
CITY CLERK

FRANK SCARPITTI, MAYOR