

# Revenue Anticipation Borrowing Bylaw

## **RECOMMENDATION:**

*That the Revenue Anticipation Borrowing Bylaw No. 4174 be given first three readings and adoption.*

## **PREVIOUS COUNCIL/COMMITTEE ACTION**

On April 7, 2020, Committee of Council directed staff to prepare a Revenue Anticipation Borrowing Bylaw for \$30 Million.

## **REPORT SUMMARY**

In order to reduce the burden on taxpayers during the COVID-19 pandemic, Committee of Council will be extending the property tax deadline and waiving penalties on outstanding utility fees until September 2, 2020. As utility fees and property taxes make up approximately 85% of the City's revenues, the deadline extension may require that the City borrow funds to meet its obligations in the short term, until the tax payments are received. A Revenue Anticipation Borrowing Bylaw is required to enable the City to borrow the funds temporarily.

## **BACKGROUND**

The COVID-19 pandemic has caused hardship for many Port Coquitlam taxpayers. Although the federal and provincial governments have taken some actions to help those facing hardship, local governments are considering ways they can also reduce the burden on taxpayers, while maintaining enough funding to continue providing as many services as possible. While local governments continue to lobby the province for expansion of the property tax deferment program and standardization and extension of the due date, there has been no announcement to date, and the impending financial impact to residents and businesses is looming.

As a result, on April 7, 2020, Committee of Council passed a motion recommending that Council adopt an Alternative Tax Scheme Bylaw to extend the deadline for payment of property taxes to September 2, 2020 and waive penalties on outstanding utility fees until September 2, 2020. Committee also noted that if the province introduces legislation for the expansion of the property tax deferment program, or delays the property tax due date, Committee will assess if modifications to this approach are necessary.

## **DISCUSSION**

As utility fees and property taxes make up approximately 85% of the City's revenues, deferral of their due dates to September 2 may require the City to temporarily borrow funds to ensure sufficient cash flow is available to meet the City's obligations.

# Revenue Anticipation Borrowing Bylaw


The Community Charter allows local governments to borrow funds necessary to meet the current lawful expenditures of the City, in anticipation of future revenues (*Section 177 Community Charter: Revenue Anticipation Borrowing*). This type of borrowing follows a different set of rules than borrowing for capital projects. The legislation allows for borrowing of up to 75% of all taxes levied for all purposes in the preceding year. A Revenue Anticipation Borrowing Bylaw to allow up to \$30 Million in temporary borrowing is recommended.

The City's bank has agreed to increase the current \$5 Million line of credit to \$30 Million to facilitate this borrowing, or potentially the City could borrow through the Municipal Finance Authority. This will be determined at a later date.

## **FINANCIAL IMPLICATIONS**

Interest costs will be incurred on the borrowing. The additional expense will depend on the amount borrowed and the length of time the funds are borrowed for.

## **OPTIONS** (✓ = Staff Recommendation)

	#	Description
	1	Approve the Revenue Anticipation Borrowing Bylaw
	2	Provide alternate direction

## **ATTACHMENTS**

Att#1: Revenue Anticipation Borrowing Bylaw No. 4174

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