Report - Executive Policy Committee - December 4, 2002

1. 2003 Local Improvement Interest Rates
File SL-1 (Vol. 22)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 4, 2002, the Executive Policy Committee considered this matter and recommends to Council:

1. That the interest rates for local improvements in 2003 be established as follows:

Term	Interest Rate
2 - 5 years	5.60%
6 - 15 years	6.60%
16 - 20 years	7.15%

2. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.

Re: 2003 LOCAL IMPROVEMENT INTEREST RATES

For submission to: **Executive Policy Committee**

Submitted by: **Chief Financial Officer**

Report date: **November 26, 2002**

In camera item: ☐ Yes ☒ NO

Recommendations:

That the interest rates for local improvements in 2003 be established as follows:

Term	Interest Rate
2 – 5 years	**5.60%**
6 – 15 years	**6.60%**
16 – 20 years	**7.15%**

Report Summary

Key Issue(s):

Allows for Council to formally establish interest rates for local improvements for 2003.

Implications of the Recommendation(s):

General Implications

☐ 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

Comment:

Policy implications

☒ No
☐ Yes

Comment:

Financial implications

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

Comment: There is no financial impact as the interest rates set for financing local improvements through the Equity in Capital Assets Fund provide for the recovery of the City's cost of capital and assessment and collection costs.

Report

Recommendations:

That the interest rates for local improvements in 2003 be established as follows:

Term	Interest Rate
2 – 5 years	**5.60%**
6 – 15 years	**6.60%**
16 – 20 years	**7.15%**

Reason for the Report:

The existing City of Winnipeg Act provided for interest rates for local improvements to be authorized by Council. In keeping with this requirement it is desirable to have Council formally approve the interest rates to be charged to property owners for local improvements in 2003.

History:

For many years all local improvements have been financed through the Equity in Capital Assets Fund and it is appropriate that the 2003 interest rates be established before the end of 2002. When a property owner chooses to have a local improvement financed over time as opposed to paying it outright, the property owner is charged interest on the local improvement at these rates over the period.

Discussion:

Under Section 418 of The City of Winnipeg Charter, which comes into effect January 1, 2003, the City may include the cost of financing and expenses incidental to the raising

of revenue as part of the cost of carrying out a local improvement. For administrative purposes it is desirable to have uniform interest rates established for local improvements. The different interest rate terms are designed to reflect the variety of work being undertaken. As an example concrete work is financed over a ten-year period, sewer work is financed over a twenty-year period etc.

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:

Diane Papst, Legal Services
Norm Dobson, Taxation

This Report Submitted By:

Department:	Corporate Finance Department
Division:	Financial Services
Prepared by:	Garry Steski, Manager of Financial Services
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