Minutes – Executive Policy Committee – December 5, 2007

REPORTS

Minute No. 55 2008 Local Improvement Interest Rates
File SL(2008)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and recommends to Council:

1. That the interest rates for local improvements for which taxes are first imposed in 2008 be established as follows:

Term	2008 Interest Rate		2007 Interest Rate
2 – 5 years	5.50%	the same as	5.50%
6 – 15 years	5.75%	the same as	5.75%
16 – 20 years	6.00%	the same as	6.00%
21 – 25 years	6.25%	the same as	6.25%
26 – 30 years	6.50%	the same as	6.50%

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

DECISION MAKING HISTORY:

Moved by Councillor Swandel,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Carried

RE: 2008 LOCAL IMPROVEMENT INTEREST RATES

FOR SUBMISSION TO: EXECUTIVE POLICY COMMITTEE

ORIGINAL REPORT SIGNED BY: CHIEF FINANCIAL OFFICER

REPORT DATE: November 19, 2007

RECOMMENDATION:

That the interest rates for local improvements for which taxes are first imposed in 2008 be established as follows:

Term	2008 Interest Rate		2007 Interest Rate
2 – 5 years	5.50%	the same as	5.50%
6 – 15 years	5.75%	the same as	5.75%
16 – 20 years	6.00%	the same as	6.00%
21 – 25 years	6.25%	the same as	6.25%
26 – 30 years	6.50%	the same as	6.50%

Report Summary

Key Issues:

Allows for Council to formally establish interest rates for local improvements for 2008.

Implications of the Recommendation(s):

General Implications

( ) None

( ) For the organization overall and/or for other departments

(X) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s): This report determines the rate of interest to be paid by property owners on local improvement projects which are assessed in 2008.

Policy Implications

(X) No

( ) Yes

Comment(s):

Regulatory Implications

(X) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(X) No

( ) Yes

Comment(s):

Human Resources Implications

(X) No

( ) Yes

Comment(s):

Financial Implications

(X) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

Comment(s):

Report

REASON FOR THE REPORT:

The City of Winnipeg Charter provides that the cost of carrying out a local improvement may include the costs of financing. 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 for which local improvement taxes are first imposed in 2008.

HISTORY:

For many years the City has established interest rates for financing local improvements prior to the start of a new fiscal year. 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 the established rates over the financing period chosen.

DISCUSSION:

Section 418 of The City of Winnipeg Charter states, “The City may include the following in the cost of carrying out a local improvement: (d) the cost of financing the local improvement;”. For administrative purposes, it is desirable to have interest rates for local improvements approved by Council. The different interest rate terms are designed to reflect the variety of work being undertaken and to take into account the expected life expectancy of the work. As an example, concrete work is financed over a ten-year period, sewer work is financed over a twenty-year period. In 2006, the Fairfield Local Improvement District local improvement taxes were established with a 25 year term.

FINANCIAL IMPACT STATEMENT

There is no financial impact as the interest rates set for financing local improvements provide for the recovery of the City's cost of capital and assessment and collection costs.

"Original signed by Carrie Erickson"
Carrie Erickson
Manager of Finance & Administration

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Internal Services Department, Legal Services Division

External Consultation With:

THIS REPORT SUBMITTED BY:

Corporate Finance Department
Financial Services
Prepared by: Garry Steski , Manager of Financial Services
File No.