Frontage Levy By-law - 2002
File FE(2002) (Vol. 1)

3. On October 25, 2001, Council adopted the following motion, namely:

"WHEREAS By-law No. 549/73, a by-law of The City of Winnipeg to impose and fix yearly a frontage rate on sewers and watermains and to provide collection thereof currently does not allow expenditures for residential, streets and sidewalks

THEREFORE BE IT RESOLVED THAT the Administration be requested

1. To draft amendments to the Frontage Levy By-law No. 549/73 to include the repair and replacement of streets and sidewalks in residential areas as allowable expenditures

2. To utilize $10 million of revenue generated from the frontage levy in 2002 for the repair and replacement of streets and sidewalks in residential areas, and

3. To utilize unused frontage levy revenues from previous years, (i.e. 2001 or earlier) for the repair and replacement of sewer and water mains in 2002, as required

4. Not to increase the overall frontage levy rates beyond the 2001 levies."

The City of Winnipeg Act was recently revised to include subsection 351(6) as follows:

351(6)
Money from a frontage rate may be used for the repair and replacement of
a) water and sewer mains:
b) Streets and sidewalks in residential arrears.

The new by-law, as outlined on Appendix “A”, is designed to incorporate the change to The City of Winnipeg Act whereby money may be used for streets and sidewalks as outlined above. Changes were necessary since the former by-law only contemplated waterworks (watermains and sewers) projects.

Subsection 351(1) of The City of Winnipeg Act restricts the City as to where the frontage rate can be imposed.

351(1)
The city may impose a frontage rate on property fronting on streets in which mains of the city’s waterworks have been or are placed and the rate may be a uniform rate per foot of frontage.

Despite the City's new authority to spend frontage levy funds on streets and sidewalks, this provision continues to restrict the City to imposing frontage levies only on properties fronting streets that contain watermains and sewer mains. In addition to complying with this restriction, the new by-law maintains the same rates per frontage foot as the former by-law. As a result, properties to which frontage levies apply will pay exactly the same rates under this new by-law as they did under the previous by-law.

A rate of $0.65 is imposed annually on properties fronting streets with watermains. A rate of $1.90 is imposed annually on properties fronting on streets with sewers. The result is that a property with both watermain and sewer will have a rate of $2.55.

There are 216 properties that will be levied $0.65 as they have water but no sewer service. There are 15 properties that will be levied $1.90 as they have sewer but no water services. There are 1,116 properties that will not be levied as they have neither water nor sewer (these are residential owner occupied properties that receive the tax credit). In total, there are 8,226 tax accounts that do not pay a renewal charge. These are comprised of City owned lands or properties with a minimal amount of land.

As a result of unallocated equity in the watermain and sewer reserves this change will not mean less money is spent on watermains and sewers for 2002 as follows. The water and sewer renewal reserves are designed to be empty (money is to be spent in the year it is collected) at the end of each year. At present, the water and sewer reserves have an accumulated "unallocated equity" of approximately $10.9 million due to a 1996 initiative to increase reserves (a reduced capital program was approved in 1997 and 1998 with no corresponding decrease in the frontage levies) and due to closed projects and accumulated interest. This "unallocated equity" is defined as the amount of cash in the reserves less the amount approved in past capital budgets for spending. It is important to note that it is not "surplus" in terms of the need for watermain and sewer rehabilitation projects.

The "unallocated equity" means that the capital budget for 2002 water and sewer projects funding from the reserve do not have to be reduced to accommodate $10 million in residential street projects. In other words the addition of $16 million in water and sewer frontage levies combined with the accumulated "surplus" will allow the full 2002 program as proposed in the 2002 capital budget to proceed.

An addition of $10 million to the capital budget for 2002 for streets and sidewalks in residential areas to be funded from the 2002 frontage levy is appropriate.

As discussed above, the renewal of residential streets will require additional water and sewer renewals of about $3 million. Therefore, the Public Works Department is suggesting a reduction in the basement flooding relief project of $3 million. The 2002 capital budget would be changed as follows:

	Frontage Levy Capital	
Item	**2002 Capital**	**Revised 2002 Capital**
Watermain Renewal Program	$7,000,000	$9,000,000
Combined Sewer Renewals	$11,080,000	$12,080,000
Wastewater Sewer Renewals	$420,000	$420,000
Combined Sewer Flood Relief	$7,500,000	$4,500,000
Sub-Total	$26,000,000	$26,000,000
Residential Streets and Sidewalks	$0	$10,000,000
Total	$26,000,000	$36,000,000

For 2002, the money collected will be for "infrastructure renewal". Spending for sewer and water projects would come out of this fund in 2002 and also from the existing separate reserves for water and for sewer.

The Standing Policy Committee on Public Works recommends:

I. That the Frontage Levy By-law, as outlined on Appendix "A", be approved.

II. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing, including the execution of any documents related thereto.

Appendix "A" referred to in Clause 3 of the Report of the Standing Policy Committee on Public Works dated January 11, 2002

REFERENCE: FILE NO. .

THE CITY OF WINNIPEG

BY-LAW NO. /2001

A By-law of THE CITY OF WINNIPEG to impose and fix frontage rates and to provide for their collection and expenditure.

THE CITY OF WINNIPEG, in Council assembled, enacts as follows:

Short Title

1. This By-law may be referred to as "The Frontage Levy By-law."

Definitions

2. In this By-law,

"Chief Financial Officer" means the Chief Financial Officer of the City of Winnipeg or designate.

"Frontage" means that side or limit of a property that abuts directly on a street containing a main of the City's waterworks and, when a property abuts on two intersecting streets containing mains of the City's waterworks, means the shorter of its sides or limits abutting on those streets.

"Fronting" includes "abutting".

"Property" means land or buildings or both or any part thereof.

"Sewer" has the same meaning as it has in the Sewer By-law.

"Special waterworks connection" means a connection to the City's waterworks of a property that does not front on a street containing a main of the City's waterworks.

"Streets" includes roads, road allowances, lanes, bridges, thoroughfares and other places or ways that the public is ordinarily entitled or permitted to use for the passage of vehicles.

"Waterworks" includes water mains and sewer mains.

Frontage levy for properties fronting on water mains
3(1) A rate of $.65 per foot of frontage is hereby imposed annually on all properties fronting on streets in which water mains have been or are placed.

Frontage levy for properties fronting on sewer mains
3(2) A rate of $1.90 per foot of frontage is hereby imposed annually on all properties fronting on streets in which sewer mains have been or are placed.

Application clarified
3(3) For greater certainty, where a property fronts on a street containing both water and sewer mains, the rates imposed by both subsections (1) and (2) apply.

Frontage determined
4. The Chief Financial Officer shall determine the frontage of a property

(a) by calculating the extent to which a property fronts on streets that contain mains of the City's waterworks; or

(b) where inequities would result from the application of clause (a) for groups of irregularly-shaped properties, by apportioning the frontage among the properties on an equitable basis.

No levy imposed until a year after installation of main
5(1) Frontage rates will not be imposed on a property until the calendar year following the installation of a main of the City's waterworks in the street on which the property fronts.

Levy imposed regardless of use
5(2) Frontage rates are imposed regardless of whether the property is vacant or is not connected with the mains of the City's waterworks or does not use or receive services from such waterworks.

Levy imposed for special connections
5(3) A frontage rate applies to properties serviced by special waterworks connections as if those properties fronted on streets containing mains of the City's waterworks.

Process for imposing frontage rates
6. The Tax Collector shall determine the frontage rates payable for each property and shall enter the amount of the rates in the rolls against the property in the same manner as ordinary rates and taxes.

Process for collecting frontage rates
7. The frontage rates imposed under this By-law shall be collected in the same manner and otherwise treated as ordinary rates and taxes imposed on land.

Expenditures of frontage rates

8. The money from the rates imposed under section 3 may be used for the repair and replacement of:

(a) water and sewer mains; and

(b) streets and sidewalks in residential areas.

By-law 549/73 repealed

9. The Frontage By-law No. 549/73 is hereby repealed.

Coming into force

10. This By-law comes into force on January 1, 2002.

DONE AND PASSED, in Council assembled, this ____ day of _____, 2002.

_____
Mayor

_____
City Clerk

Approved as to content and financial details:

_____
City Treasurer

Certified as to form:

_____
for City Solicitor/Manager of
Legal Services