Minutes – Executive Policy Committee – January 13, 2010

REPORTS

Minute No. 98 2010 Local Improvement Interest Rates
eFile SL(2010)

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 2010 be established as follows:

Term	2010 Interest Rate		2009 Interest Rate
2 – 5 years	5.00%	the same as	5.00%
6 – 15 years	6.00%	0.25% lower than	6.25%
16 – 20 years	6.25%	0.25% lower than	6.50%
21 – 25 years	6.50%	0.25% lower than	6.75%
26 – 30 years	7.00%	the same as	7.00%

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 Fielding,

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

Carried

ADMINISTRATIVE REPORT

ISSUE: 2010 LOCAL IMPROVEMENT INTEREST RATES

Critical Path: Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
Rob Provencher	Jo-Anne Ferrier	P. Olafson A/CFO	A. Robinson Acting CAO

RECOMMENDATIONS

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IMPLICATIONS OF THE RECOMMENDATIONS

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 2010.

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.

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.

FINANCIAL IMPACT

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 Janice Romaniuk"
Acting/Manager of Finance & Administration

CONSULTATION

In preparing this Report there was consultation with:

SUBMITTED BY

Department: Corporate Finance Department
Division: City Treasurer's Division
Prepared by: Rob Provencher, Manager of Financial Services
Date: December 16, 2009
File No.