REPORT OF THE

COMMITTEE ON FINANCE AND ADMINISTRATION

DATED SEPTEMBER 3, 1993

On motion of Councillor Eadie, the Report of the Committee on Finance and Administration, dated September 3, 1993, was considered clause by clause.

Moved by Councillor Eadie,

That the Consent Agenda items, Clauses 1,2,3,4,5,6,7,9,10,11,12,13 and 14 be adopted.

Councillor Thomas requested that Clause 2 be pulled from the Consent Agenda.

Councillor Fraser requested that Clause 6 be pulled from the Consent Agenda.

The motion to adopt the Consent Agenda, Clauses 1,3,4,5,7,9,10,11,12,13 and 14 was put and declared carried.

Her Worship the Mayor and Councillors:

Renewal of General Insurance Policies - 1993 File FI-3 (Vol. 10)

935 - 1. Subsection (e) of Section 51 (1) of The City of Winnipeg Act requires the City Treasurer to attend to the placing of such insurance as may be decided by Council.

In addition, under Section 113 of The City of Winnipeg Act "The Council may provide for comprehensive insurance to protect the City against loss through damage to the real or personal property, or both, of the City by reason of fire or any other cause; and may provide insurance against claims for loss or damage for which the City may become liable."

Furthermore, the Council Order relative to General Insurance, dated May 2, 1979, states in part as follows:

"The Consortium, through the Principal Broker, in consultation with the appropriate officers of the City, shall place or bind such insurance as may be required, subject to the approval of the Council, and in the event of disapproval of the Council, the Consortium shall be reimbursed through the Principal Broker the appropriate premium for 'time-on-risk'."

The insurance policies contained in Appendix "A" are issued on an annual basis and the majority of them have an expiry date of December 31. Automobile insurance policies are written with an expiry date of March 1 to coincide with the Manitoba Public Insurance Corporation insurance year.

A number of policies are written on a "Continuing-Till-Cancelled" basis (accident and registered mail), Appendix "B". Other policies are written on an "As-Required" basis (mosquito abatement program, leased properties, etc.), Appendix "C".

The appendices provide the relevant details respecting categories of coverage, deductibles, insurers and annual premium costs. The following is a summary of premium costs for the current year, 1993, and 1992. Although it is inequitable to compare 1993 initial premiums to 1992 fully adjusted premiums as some premiums are subject to year-end adjustment, it is anticipated that the 1993 fully adjusted premiums will approximate 1992.

	1993 initial	1992 adjusted
Appendix "A" Policies renewed or placed	$3,113,502.00	$3,614,198.00
Appendix "B" Policies written on a "Continuing-		

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Till-Cancelled" basis	13,140.00	13,833.00
Appendix "C" Policies written on an "As Required" basis	17,395.00	37,625.00
Total	$3,144,037.00	3,665,656.00

The balance of the discussion addresses primarily the markets canvassed, responses and range of premium costs.

APPENDIX "A" - Main Insurance Program

Item 1 PROPERTY

The General Insurance Consortium approached approximately twenty-five underwriters for property insurance.

Item 1 (a) All Property except Municipal Hospital and Ambulance Department

Coverage was placed under a Subscription policy underwritten by eight insurance companies at the same rate as in 1992. The single loss limit of $300,000,000.00 is in excess of any single property value on the current insurance schedule.

The policy provides for extra expense of up to $1,000,000.00 at each of the three transit bus storage garages to enable operation of bus services in the event of a catastrophic loss at a garage.

Item 1 (b) Municipal Hospital Properties

The Municipal Hospital is funded by the Province. As such, it was considered prudent for the City to protect its insurance claims reserve by purchasing separate insurance with a minimal deductible. As the premium is paid for by the Municipal Hospital the net cost to the City is nil.

Coverage was renewed with the same insurers at no change in rate.

Item 1 (c) Ambulance Department

This policy insures mobile equipment and supplies, including mobile radio equipment and radio base station normal to ambulance service, and office equipment and supplies.

Coverage was renewed with the same insurers at no change in rate.

Item 1 (d) Boiler and Machinery

In this category of risk, it is essential that the successful underwriting company is able to provide resident engineering facilities and personnel to service the specialized requirements. This includes regular inspection of complex machinery, boilers and pressure vessels that exist at the sewage treatment plants, swimming pools, Transit garages and Hydro plants.

Coverage was renewed with the existing Underwriter with no change in premium.

Item 1 (e) Comprehensive Crime

This policy provides coverage to the City for loss because of employee dishonesty, computer theft, depositors' forgery, counterfeit currency, break-in, robbery and loss of money orders.

Due to an influx of insurers to this specialized field, the insurer on risk, Chubb Insurance Company of Canada, elected to enhance its standard coverage. Sub-limits for Depositors' Forgery were eliminated and coverage was extended for Money Orders and Counterfeit Currency, not previously available. At the same time, the premium quoted for the City's account was markedly reduced.

Coverage was renewed with Chubb Insurance Company of Canada at a reduction in premium of 36%, for the 1993 policy year.

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Item 2 AUTOMOBILES

Item 2 (a) i) and ii) Licensed Fleet

The City's fleet of approximately 1,600 licensed automobiles (excluding transit bus and fire-fighting equipment fleets) is covered by Autopac and a separate first Excess Liability policy providing a limit to $5,000,000.00.

Premium paid for basic Autopac and the number of units covered increased approximately 1%. The first Excess Liability policy was renewed with The Manitoba Public Insurance Corporation at an increase in premium of less than 1% from 1992.

Additional coverage is provided in the first and subsequent layers of Excess Liability insurance. (Item 6 (a) - Appendix "A").

Item 2 (b) i) and ii) Transit Bus Fleet

Basic Autopac for the 583 transit buses is self-insured. The Manitoba Public Insurance Corporation manages the program for an annual fee of $15,000.00. Insurance coverage to $5,000,000.00 above the $200,000.00 retained limit is provided in a separate first Excess Liability insurance policy renewed with The Manitoba Public Insurance Corporation at no change in premium from 1992.

Additional coverage is provided in the first and subsequent layers of Excess Liability insurance. (Item 6 (a) - Appendix "A").

Item 2 (c) i) and ii) Fire-fighting Equipment Fleet

Damage to the 98 unit fire-fighting equipment fleet and liability of up to $250,000.00 per occurrence is self-insured. A separate first excess liability insurance policy provides $5,000,000.00 coverage.

The first excess liability policy was renewed with the General Accident Assurance Company of Canada at no change in premium.

Additional coverage is provided in the first and subsequent layers of Excess Liability insurance. (Item 6 (a) - Appendix "A").

Item 2 (d) Unlicensed Vehicles

Specific liability coverage is provided for approximately 1,460 unlicensed vehicles and mobile equipment. This category includes all Autopac exempt vehicles and vehicles and equipment not normally operated on roads such as tractors, mowers, etc. The policy was renewed with The General Accident Assurance Company of Canada at an increase of 4.9% in premium from 1992.

Additional coverage is provided in the Primary and Excess Liability policies. (Item 5 (a) and Item 6 (a) to 6 (e) - Appendix "A").

Item 2 (e) Non-Owned Vehicles

The City has occasion to hire licensed vehicles for short-term periods. These vehicles are licensed and insured by their owner. The non-owned automobile liability insurance policy covers the City's exposure to claims in excess of insurance coverage provided by the owner. The policy was renewed with The General Accident Assurance Company of Canada at a 13% decrease in premium from 1992.

Additional coverage is provided in the Primary Liability and Excess Liability policies. (Item 5 (a) and Item 6 (a) to 6 (e) - Appendix "A").

Item 2 (f) Garage Owner's Liability

The exposure to liability for damage to "parking customers'" vehicles in the Civic Centre Car Park is insured under a standard garage automobile insurance policy renewed with The Manitoba Public Insurance Corporation on the same basis and cost as in 1992.

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Item 3 AVIATION LIABILITY

Item 3 (a) Aviation Premises

Liability coverage for the use of City-owned land as an airport by the lessee, Springfield Flying Club, is excluded from the City's liability insurance policies. While the Lessee carries liability insurance of $1,000,000.00 naming the City as an additional insured, the City maintains an aviation policy to provide it with coverage in the event the Lessee's policy becomes exhausted.

Coverage was renewed at an increase of 25% in premium from the previous year.

Item 3 (b) Non-owned Aircraft

The City hires aircraft and pilot for conducting aerial surveys, surveillance, and for chemical spraying as part of the mosquito abatement program.

Aircraft liability is a specialized coverage excluded from the City's Primary Liability insurance. A separate policy is carried to cover the exposure. Coverage was renewed at an increase in cost of 104% from 1992.

Additional coverage is provided in the first and subsequent layers of Excess Liability. (Item 6 (a) to 6 (e) - Appendix "A").

Applicable coverage for chemical spray drift liability, carried in previous years, is no longer available.

Item 4 SPECIFIC LIABILITY

Item 4 (a) i), ii) and iii) General and Malpractice Liability

Primary General and Malpractice Liability coverage to $250,000.00 for the Ambulance and Public Health Departments and Municipal Hospital was renewed with the General Accident Assurance Company of Canada. The premium increased by 33% mainly due to an accident involving Ambulance operations.

An additional limit of $10,000,000.00 for malpractice liability is provided in the Primary Liability and the first layer of Excess Liability policies (see Item 5 (a) and Item 6 (a) - Appendix "A").

Additional coverage for general liability is provided in the Primary Liability and first layer of Excess Liability. (Item 5 (a) and Item 6 (a) to 6 (e) - Appendix "A").

Item 4 (b) i) to iv) General Liability

These insurance policies, subject to minimal deductibles, buy out the $250,000.00 Self-Insured Retention (S.I.R.) under the Primary Liability coverage for specific exposures.

The type of activities covered are described in detail in the Appendix and pertain to specific situations and operations where permission has been granted by the City for use of facilities and which might result in claims against the City.

Coverage was renewed with the General Accident Assurance Company of Canada who is the insurer of the subsequent Primary Liability policy. The advantage of utilizing the same underwriter is to ensure continuance of coverage and service.

Additional coverage is provided in Primary Liability and Excess Liability policies. (Item 5 (a) and Item 6 (a) to 6 (e) - Appendix "A").

Item 5 PRIMARY LIABILITY

A Comprehensive General Liability policy (CGL) in the amount of $5,000,000.00 excess of the $250,000.00 S.I.R. is placed with the General Accident Company of Canada at no change in premium from 1992.

Detail of coverage is described in Item 5 (a) - Appendix "A".

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Additional coverage is provided in Excess Liability policies. (Item 6 (a) to 6 (e) - Appendix "A").

Item 6 EXCESS LIABILITY

Item 6 (a) to 6 (e) - Excess Liability Insurance

Excess Liability policies with limits totalling $95,000,000.00 were placed with various excess liability underwriters, all of whom have participated on the City's excess liability insurance program in previous years. The premium decreased by 2.7% from 1992.

APPENDIX "B" - Incidental Coverage

Item 1, 2 and 3 Continued Till Cancelled policies

Policies described in Appendix "B" insure exposures that were not covered under the City's main insurance program at the time they were acquired.

APPENDIX "C" - Incidental Coverage

Item 1 to 6 As Required Policies

Policies outlined in Appendix "C" buy back the S.I.R. of the main program or insure other exposures excluded under the main insurance program.

An excellent day-to-day rapport exists between the City's officers and members of the General Insurance Consortium. The Consortium continues to work closely with City personnel advising of changing exposures and risks in light of trends in the industry and economic conditions. Coverages are examined in conjunction with the City's Insurance Reserve Fund which approximated $4.4 million as at December 31, 1992.

Your Committee on Finance and Administration therefore recommends:-

I. That formal approval be granted to the City's General Insurance Consortium for insurance coverage placed as outlined in Appendices "A", "B" and "C", copies of which are on file in the office of the City Clerk.

II. That the actions of the City's officers of providing the coverage from expiry dates to present date, be approved, ratified and confirmed.

III. That the written insurance policies be approved as to form by the City's General Insurance Consortium and the City Solicitor and as to financial detail by the City Treasurer.

IV. That the Proper Officers of the City be authorized to sign whatever insurance documents are necessary.

Adopted by consent.

Tendering Debt Financing to all Brokerage Firms File FC-2 (Vol. 16)

936 - 2. Council, at its Special Adjourned Meeting held on March 23 and March 24, 1993, referred the following motion to your Committee, namely:-

Moved by Councillor Reese,
Seconded by Councillor Murray,

THAT the City tender the debt financing to all brokerage firms including medium-sized firms in and outside of Winnipeg to achieve a reduction in brokerage costs.

Your Committee on Finance and Administration, at its meeting held on April 5, 1993, referred the above motion to the Commissioner of Finance and Administration for report, which report was considered by Committee on September 3,

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1993.

The City of Winnipeg Act permits the City to issue long-term debentures to finance capital projects and to issue short-term promissory notes to meet current expenditures, pending the collection of taxes and for capital purposes, pending the issuing of debentures.

Short-Term Borrowing

The City operates a very successful short-term promissory note program in the Canadian Money Market in order to meet its short-term borrowing requirements. City of Winnipeg Promissory Notes are offered for terms ranging from a few days to one year. The Promissory Notes are sold to the lowest bidder and the City receives very good competitive bids from all of the major Canadian Banks and Investment Dealers. There are virtually no issuance costs (commissions, fees, etc.) associated with this form of borrowing and the administrative costs for the City are also very minimal. From February to May, 1993, the City issued a total of $226 million in Promissory Notes, for terms ranging from 2 to 97 days. Five different banks were successful bidders on the City's Promissory Notes and on average the City was able to borrow at only 15 basis points above Government of Canada Treasury Bills.

Long-Term Capital Financing

The Commissioner of Finance and Administration, the City Treasurer and the Manager of Financial Services work in close cooperation with the Co-lead Managers of the City's Fiscal Agency (Wood Gundy Inc. and Richardson Greenshields of Canada Limited) in conducting the City's long-term capital financing. The City's goals related to capital financing are to preserve the City's credit rating and financial reputation; maintain access to as many financial markets as possible; minimize risk; and over the long-term to be able to borrow money for capital purposes at as low an overall cost as possible.

Since first established on July 19, 1972, City Council has reviewed the City's long-term capital financing arrangements on a number of occasions. While these reviews have resulted in a number of modifications to these arrangements, the basic make-up and thrust have remained fairly constant. Wood Gundy Inc. and Richardson Greenshields of Canada Limited have acted as Co-Managers of the underwriting groups that have been established for the purpose of marketing the City's debentures. The specific composition of these underwriting groups has evolved over time, reflecting the ongoing effort on the part of the City and the Co-Managers to ensure that at all times those investment dealers and banks with strong placing power in respect of government securities were appropriately represented in the group.

As an example, the syndicate for the City's most recent Canadian Domestic Debenture Issue ($100,000,000.00, 9 3/8%, February 11, 1993 - February 11, 2013) was comprised of the following investment dealers and banks:

- Wood Gundy Inc.
- Richardson Greenshields of Canada Limited
- RBC Dominion Securities Inc.
- Scotia McLeod Inc.
- Burns Fry Limited
- Nesbitt Thomson Inc.
- Merrill Lynch, Canada Inc.
- Midland Walwyn Capital Inc.
- Levesque Beaubien Geoffrion Inc.
- The Toronto-Dominion Bank

Prior to the unification of the City in 1972, both the former City of Winnipeg and the Metropolitan Corporation of Greater Winnipeg utilized the services of fiscal agents in order to market their debentures.

The re-appointment of Wood Gundy Inc. and Richardson Greenshields of Canada Limited, as Co-Managers of the City's Fiscal Agency was last formally approved by City Council on December 19, 1979, and it is the intention to review the details of the fiscal agency arrangement during 1993.

The following are some of the advantages of using a fiscal agency for marketing the City's debentures:

1. The fiscal agency combines the forces of several important banks and investment dealers who are active in selling government securities. The co-operation of such a group in the selling of Winnipeg debentures makes effective use of the substantial promotional and sales resources of these companies. The members of the fiscal agency offer the debentures for sale all across Canada, the U.S.A., Europe and indeed around the world. This results in a broad distribution of Winnipeg securities that helps ensure a continuing strong demand for the

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City's debentures. This is an important factor in obtaining the most favourable possible terms for the City's debenture issues.

2. The fiscal agency has designated Co-Managers whose duties include a continuous liaison with City of Winnipeg officials, particularly during the time leading up to a debenture issue. The Co-Managers, having an intimate view of the market as it relates to Winnipeg's needs, advises as to the timing of the issue, the size of the issue, the required interest rate, and which market could provide the funds at the lowest overall total cost. It is important to sell an issue during favourable market periods in order to secure satisfactory prices and to ensure that the debentures are successfully sold. An unsuccessful issue would reflect negatively on the City and jeopardize future debenture issues.

3. The fiscal agency ensures the group of banks and investment dealers that they will see a regular supply of Winnipeg debentures to sell to their clients over a long period of time. This encourages the fiscal agency members to engage in long-range planning and promotion of the City's securities. It also tends to maintain a continual interest in the credit and an active day-to-day market is established.

4. The fiscal agency has been instrumental in helping establish the City of Winnipeg's good reputation in the capital markets of the world. On several occasions, the most cost effective market to raise funds has been in the Euro-Canadian Market, and it would have been very difficult for the City to raise funds in this market, without an established fiscal agency.

The City of Winnipeg recently wrote to nine major cities across Canada and inquired as to whether any of them were contemplating issuing debentures without a fiscal agency. None of the respondents indicated that they were considering issuing debentures on their own. The following comments from the City of Vancouver are very similar to our thoughts on this subject:

"The second issue was one of discontinuing the services of fiscal agents in marketing the City's debentures, with the City presumably running its own tender for its debentures. The City of Vancouver has not seriously considered this option nor are we likely to, given the current complexities of the financial markets. We rely, to a significant extent, on our fiscal agents to give us guidance on timing for bond issues, terms of repayment, and identification of the best market to sell the debentures."

In terms of achieving a reduction in brokerage costs, it should be noted that the commission charges have come down somewhat over the years due to competitive pressure, and the Finance Department monitors the marketplace to ensure that the City is not paying any more than the current market rates. The commission charges cover not only all of the ongoing advice and information that the City receives; and the actual work involved in launching and marketing the City's debentures; but also the risk that the underwriters assume when a debenture issue is launched. When a debenture issue is launched the underwriters assume considerable risk because the City is assured that it will receive its money ($100,000,000.00 as an example) at the agreed-upon price, regardless of the price that the underwriters may have to eventually sell the debentures at. It should also be noted that with a fiscal agency arrangement, the City receives ongoing advice and information even if no debenture issue is imminent.

Although the Finance Department intends to review the City's fiscal agency arrangement during 1993, it is not recommended that the City attempt to market public debenture issues by some form of tendering without the assistance of fiscal agents. One of the main reasons why the City of Winnipeg has maintained an excellent reputation in the world-wide financial markets has been the strength and continuity of the City's fiscal agency arrangement.

Your Committee on Finance and Administration recommends that the City of Winnipeg continue to utilize a fiscal agency arrangement to conduct its capital financing activities, rather than attempting to market public debenture issues by some form of tendering.

Moved by Councillor Eadie,
Adoption of the clause.

Carried.

Councillor Thomas asked to be recorded as having voted against the clause, in accordance with Rule 50.7 of the Procedure By-law.

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Application for Exemption from The City of Winnipeg License By-law No. 4007/85 - Eritrean Community In Winnipeg Inc.
File EL-1 (Vol. 27)

937 - 3. On September 3, 1993, the Committee on Finance and Administration considered a report dated July 14, 1993, from the Commissioner of Finance and Administration recommending that the Eritrean Community in Winnipeg Inc. be exempted from the licensing of a billiard parlour and certain amusement devices kept at its premises located at 597 Notre Dame Avenue.

The Eritrean Community in Winnipeg Inc. applied for an exemption from the licensing of a billiard table within its premises. It has provided evidence that it operates on a non-profit basis for social and charitable purposes.

The License Branch has inspected the premises and reports that it has not received any complaints regarding the operation. It advises that the premises contain one billiard table which is offered free of charge for the use of the Club's members and two coin-operated amusement devices.

The City of Winnipeg has the power to exempt non-profit clubs from licensing under Section 524 (1) (t) of The City of Winnipeg Act and would accomplish same by proceeding with the outlined by-law (Exhibit "A", copy of which is on file in the office of the City Clerk).

The City's practise has been to exempt billiard parlours, games and amusement devices provided by social clubs for the use of its membership whether those games and devices are offered free of charge or upon payment of a fee. Exemptions of that nature presently apply to 42 clubs which have been given exemptions under the License By-law.

On May 4, 1993, the Committee on Finance and Administration requested the Administration to prepare a report direct to the Ad Hoc Committee on Licensing and Animal Control on the suggestion that the License By-law be amended with the result that licensing exemptions provided to clubs only apply to those amusement devices, game and billiard tables which are provided free of charge to the membership.

To maintain consistency with the licensing exemption which presently apply to the other social clubs, it is recommended that an exemption presently be given to both the billiard table and amusement devices operated by the Eritrean Community in Winnipeg Inc. If the License By-law were subsequently amended to restrict all exemptions to those tables and devices provided free of charge to the membership, the exemption would then apply only to the billiard table and licensing of the two amusement devices would be required.

Your Committee on Finance and Administration submits draft by-law and recommends:-

I. That the License By-law No. 4007/85 be amended to exempt the Eritrean Community in Winnipeg Inc. from the licensing of a billiard parlour and certain amusement devices kept at its premises located at 597 Notre Dame Avenue.

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.

Adopted by consent.

Soldiers' Taxation Relief Assistance
File FL-2.3 (Vol. 6)

938 - 4. The Soldiers' Taxation Relief Act provides for the granting of relief from taxation in certain cases in an amount not exceeding $50.00 in each case. The amount so rebated by a municipality is recoverable in full through the Province of Manitoba.

The City Treasurer has received an application for relief from taxation for the year 1992 under the provisions of this Act, and has been satisfied as to the bona fide and merit of the application. The application in the amount of $50.00 was authorized by the Benefit and Entitlement Unit of the Department of Veterans Affairs on behalf of a resident of the Riel Community.

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Your Committee on Finance and Administration recommends that Council authorize the partial exemptions from taxation, the cancellation of the unpaid taxes or penalties, or the refund of tax or penalties paid, as the case may be, in respect to the property set forth in the schedule on file in the office of the City Clerk in the amount of $50.00 recoverable from the Province of Manitoba.

Adopted by consent.

Appointment of a Special Constable - Health Department File GF-2.3 (Vol. 4)

939 - 5. Your Committee on Finance and Administration has been advised by the Law Department that the Chief Inspector, Food Protection Division Health Department, has requested that the following employee who is employed as a Public Health Inspector and will be required to perform by-law enforcement duties, be sworn in as a Special Constable, namely: -

TREVOR THOMAS WILLIAMS

Your Committee on Finance and Administration recommends that the City Solicitor be authorized to make the necessary application to the Attorney-General's Department to have the above-named employee from the Health Department sworn in as a Special Constable.

Your Committee also recommends that the Proper Officers of the City be authorized to execute the required Forms of Indemnity of whatsoever kind or nature arising out of the acts and conduct of anything done, said or written by the said Special Constable when he functions as a Special Constable under the said appointment.

Adopted by consent.

Kirkfield-Westwood Community Centre - Keith Bodley Arena - Loan Guarantee Extension File PR-2.1 (Vol. 20)

940 - 6. On June 28, 1993, the Committee on Finance and Administration requested a report on the recommendation from the Assiniboia Community Committee that the Kirkfield-Westwood Community Centre be allowed to renegotiate its current loan, which is guaranteed by the City.

On December 4, 1985, City Council approved the guarantee of the long-term financing in an amount not exceeding $425,000.00 with respect to the construction of a Communiplex Project (Keith Bodley Arena).

On March 20, 1993, the Kirkfield-Westwood Community Centre wrote to the City's Parks and Recreation Department requesting permission from the City to revise the terms of their loan to reduce their monthly payments which are currently $4,350.00 per month.

On May 18, 1993, the Assiniboia Community Committee considered this request and forwarded it to the Committee on Finance and Administration with the recommendation that the Community Centre be allowed to renegotiate its current loan.

In reviewing the correspondence related to this request it would appear that the Community Centre's rationale for wanting to renegotiate this loan is that due to the fact that interest rates have declined, they are repaying their loan faster than they anticipated (by the year 2000 rather than 2005) and, therefore, would like to reduce their monthly payments and use the cost savings to assist them in being able to continue to offer their programs at a reasonable cost.

The Finance Department has advised that it cannot support this request for the following reasons:

(1) Loan guarantees constitute meaningful financial commitments by the City that have to be recorded as contingent Liabilities in the notes to the City's financial statements. The City hopes that it will never

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have to make payment on any of the loans it guarantees and, therefore, strives to ensure that any of the loans it guarantees are based on conservative assumptions and are paid off as soon as possible.

(2) There is no guarantee interest rates will remain at their relatively low levels, and it would be imprudent to make any financing decisions predicated on the assumption that interest rates will remain at their current levels.

(3) When the City agreed to guarantee this loan the Kirkfield-Westwood Community Centre presented financial projections that indicated the Communiplex Project would produce sufficient revenues to cover all operating costs and the $4,350.00 in monthly payments for interest and principal, and still produce an annual surplus of $49,000.00.

(4) On June 17, 1992, City Council approved a policy and criteria to be used as a guideline in considering requests for loan guarantees, and the request of the Kirkfield-Westwood Community Centre does not meet the criteria of this policy. The policy states that the loan the City is guaranteeing must be related to a capital asset. What the Kirkfield-Westwood Community Centre is endeavouring to do is take an existing loan and use it as a means of improving their current operating position by reducing this expense item for interest and principal charges.

Your Committee on Finance and Administration therefore recommends that the City of Winnipeg deny the request of the Kirkfield-Westwood Community Centre for the City to guarantee the renegotiation of its current loan.

Moved by Councillor Eadie,
Adoption of the clause.
Carried.

Amendment to the City of Winnipeg License By-law No. 4007/85 - Massage Therapists File EL-1.35 (Vol. 4)

941 - 7. Council at its meeting held on March 24, 1993, adopted Clause 8 of Report "A" of the Committee on Finance and Administration dated March 1, 1993, with respect to amendments to the License By-law 4007/85 relating to the licensing of massage therapists. Effective September 1, 1993, massage therapists will be distinguished from the general license category of "massagists" by providing evidence that the applicant has successfully completed the requirements of a training program in massage therapy and has received accreditation from one of twelve registered educational facilities. That report recognized that additional schools over and above those initially identified likely existed and stated that "minor amendments to the By-law may be necessary in future to address such situations".

A recent survey conducted by the City of Winnipeg with respect to massagists and massage therapists operating in the City of Winnipeg has provided evidence that several persons operating in Winnipeg have training from schools other than those currently listed in the License By-law. These schools fall into two main categories:

(a)Schools that have not been registered by the respective government or government-appointed licensing body under provincial acts governing the practice of massage therapy; or

(b) Schools that are outside Canada where research is required to determine whether or not the school is registered by the respective government or government-appointed licensing body.

Some of the schools in category (a) are pursuing registration with the Province of Manitoba and once so registered, are expected to seek inclusion in the By-law.

Research is presently being conducted on several schools in category (b). One of these schools is The Atlanta School of Massage which meets the requirements of the Nonpublic Postsecondary Education Commission of the State of Georgia to offer instruction in massage therapy. It is recommended that the Atlanta School of Massage, Atlanta, Georgia be added to the list of recognized schools of massage therapy in the License By-Law. Further recommendations of this nature will be submitted to Council in future to add to the list of registered educational facilities in the License By-law.

The second recommendation in this report is the deletion of the restrictions on advertising with respect to misrepresentation of training as follows:

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"34A.Massage Therapist

(2)No person other than a licensed massage therapist shall use the title "massage therapist", or a variation or abbreviation or an equivalent in another language, or hold himself or herself out as a person who is qualified to practice as a massage therapist."

While in the long term this restriction is desirable, at the present time this provision may be too onerous for persons who may have essentially equivalent training and/or experience but not from one of the schools recognized in the By-law. Until further research can be completed on the approximately 12 remaining schools, it is recommended that this section be deleted.

Your Committee on Finance and Administration submits draft by-law and recommends:-

I. That the License By-law No. 4007/85 be amended with respect to message therapists by:

a) adding to the list of registered educational institutions recognized under the License By-law, the Atlanta School of Massage, Atlanta, Georgia; and

b) deleting the restrictions on advertising in Subsection 34A(2) related to misrepresentation of training to provide more time for persons in the license category of massagist to meet the criteria for the license category of massage therapists.

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

Adopted by consent.

Proposed Amendment to the Amusement Tax By-law 3107/81
File FL-2.5 (Vol. 7)

942 - 8. Council on May 27, 1992, referred the following resolution to your Committee on Finance and Administration, namely:-

"WHEREAS in view of the concerns expressed towards the tax exemption obtained by the owners of the Walker Theatre to put on Phantom of the Opera;

THEREFORE BE IT RESOLVED that By-law No. 3107/81 be reviewed by the Committee on Finance and Administration;

BE IT FURTHER RESOLVED that the Committee on Finance and Administration consider abolishing the amusement tax exemption and replace it with a system of grants."

Your Committee on Finance and Administration referred the matter to the Ad Hoc Committee on Licensing and Animal Control for consideration and possible proposals to put an end to the perceived abuse of exemptions.

The Municipal Act provides municipalities, including the City of Winnipeg, with the authority to impose a tax upon persons attending places of amusement. Under The City of Winnipeg Amusement Tax By-law 3107/81, the tax is 10% of the admission price, on admission prices of $1.50 or more. A 5% commission is paid to owners who collect the tax on the City's behalf. The By-law provides for exemptions for amusement tax in certain situations.

Section 7(1) of the By-law exempts several types of performances, exhibitions and games. This section includes exemptions for any performance staged directly by a corporation organized for the promotion of social welfare, civic improvement, artistic, musical, social, or recreational purposes, provided no part of the revenue enures to the benefit of private profit or gain of any person who is a proprietor, member, officer, director or shareholder of a person who organizes, promotes, or manages the game. This "revenue" excludes fees, salaries, wages or commission paid to any person for work done, or services performed on behalf of the organization, provided they are reasonable.

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The Ad Hoc Committee on Licensing and Animal Control met numerous times with the cultural community (Manitoba Arts Alliance, Manitoba Theatre Centre, Royal Winnipeg Ballet, Winnipeg Symphony Orchestra, Winnipeg Arts Advisory Council) and the Winnipeg Football Club; and developed a proposal recommending changes to the exemption process for amusement tax.

The intent of the proposal is to specifically exempt organizations in the By-law similar to the existing exemption for the Winnipeg Jets. The mandate of the Winnipeg Arts Advisory Council would be augmented to include the review of applications for amusement tax exemption for recommendation to the appropriate Standing Committee. Organizations would be identified in the By-law by name as well as the venue(s) and scope of events for which the exemption applies. This concept would facilitate approvals of exemptions in the long term as applications per event or season would not require review once a specific exemption was approved. Provisions should be established for the revocation of the specific exemption if the exemption ceases to comply with the intent of the By-law. Specific exemptions could be granted temporarily with a review and further recommendation by the Winnipeg Arts Advisory Council at the expiry of the conditional approval.

Currently financial reporting is not a requirement for an organization specifically exempted in the By-law (the Winnipeg Jets). If this same approach was to be applied to the new organizations which will be specifically exempted, financial information with respect to foregone amusement tax revenue would be lost. Therefore, it is recommended that at a minimum, the submission of annual financial statements be required.

The process of specific exemptions may become quite subjective for non-profit organizations staging events outside their normal venue(s) or mandate. The Ad Hoc Committee on Licensing and Animal Control indicated that the following types of events would likely not qualify for an exemption under the new criteria:

a) A health clinic sponsors a benefit to raise funds for AIDS research with local artists donating their services;

b) Students of a local high school are putting on a play and rent space in a mid-size downtown theatre, with proceeds to support high school activities;

c) The Ladies Auxiliary of a church sponsor an amateur talent night in a neighbourhood hall with proceeds to their religious organization; and

d) Trade shows providing an advertising opportunity to their membership which predictably may lead to sales or business transactions.

The Ad Hoc Committee on Licensing and Animal Control also indicated that exemptions would not be available to organizations which host events (either produced locally or elsewhere) for the purpose of fund raising, that is, organizations hosting events unrelated to their character for fund raising purposes would not be considered for exemptions, such as Hospital Research Foundations, the Variety Club, the Khartum Temple (Shrine Circus), etc.

Negative reaction can be expected from these organizations no longer eligible for exemption, and possibly from the general public.

Criteria for Exemption.
The main concern with the proposal was the development of equitable criteria to assess applications for exemption from amusement tax which would be capable of withstanding legal challenges both relating to particular decisions and to the entire By-law scheme.

Policy direction was provided by the Ad Hoc Committee to articulate the purpose of the amusement tax exemption in order that new criteria for exemption could be developed in accordance with that intent. The stated objectives were:

1. That Council establish a policy that monies collected from amusement tax be allocated to the arts community;

2. That the process be designed to achieve a system of fairness in the collection of amusement tax and to support the cultural community;

3. That the By-law not be used as a fund raising vehicle whereby organizations receive exemptions solely for the purpose of raising funds;

4. That the exemption process not be used as a vehicle to increase personal or for-profit gain;

5. That the Winnipeg Jets current exemption be continued because of historic reasons; and

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6. That the City honour its agreement with Winnipeg Enterprises to pay to that organization amusement tax revenue resulting from events held in its facilities.

The intent of the exemption process is to allow not-for-profit cultural and athletic organizations who provide entertainment produced locally to keep their prices at a level which will encourage a broader audience.

The proposed criteria to be used to assess applications for exemptions from amusement tax are outlined in Exhibit "A".

Mandate of the Winnipeg Arts Advisory Council.
The mandate of the Winnipeg Arts Advisory Council would require augmentation in order to perform the duties outlined in the proposal, as its current mandate is to make recommendations to Committee on Protection, Parks and Culture for the consideration and disposition of cultural grant applications. The new mandate would have to include the review of applications for amusement tax exemption for recommendation to the appropriate Standing Committee. This issue could be resolved by amendments to the Amusement Tax By-law.

Standing Committee.
Currently the Winnipeg Arts Advisory Council reports to the Committee on Protection, Parks and Culture, while amusement tax issues are normally dealt with by the Committee on Finance and Administration. As it is recommended that the Winnipeg Arts Advisory Council become the body to recommend amusement tax exemptions, it may be more practical if responsibility for both cultural grant applications and applications for amusement tax exemptions are assigned to one Standing Committee. Your Committee on Finance and Administration recommends that the Committee on Protection, Parks and Culture be the Standing Committee responsible for both cultural grants and amusment tax exemptions. To accommodate this change, an amendment to the City's Organizational By-law 4444/86 may be required.

Authority to Recommend only.
Under existing enabling legislation, the City of Winnipeg cannot delegate the power to approve amusement tax exemptions to the Winnipeg Arts Advisory Council, therefore, the Winnipeg Arts Advisory Council's authority would be limited to the power to recommend, which is the existing authority of this group for cultural grants.

Organizations other than "Arts" groups**.**
Currently exemptions from amusement tax are received by organizations other than those funded by the Winnipeg Arts Advisory Council such as sports organizations, educational and religious institutions, environmental associations, and other non-profit groups such as Age and Opportunity, the Multiple Sclerosis Society of Canada and so forth. Although some of these organizations may no longer be eligible for an exemption, the membership of the Winnipeg Arts Advisory Council may require augmentation in order to better represent other types of organizations eligible for exemption, perhaps through sub-committees or ad hoc committees. At the present time, the Winnipeg Arts Advisory Council recommends grants for approximately 40% of organizations receiving amusement tax exemptions, therefore, analysis is already being conducted on many of the organizations which would be submitting applications. Organizations other than arts groups may also feel some entitlement to grant funds from the global allocation since amusement tax revenues collected on admission prices to sporting events and so forth would now be flowing into the global allocation for arts funding.

Administrative Workload.
The added responsibility of recommending organizations for exemption from amusement tax would create an additional workload on the Winnipeg Arts Advisory Council which should be considered. Currently the exemption process is the responsibility of one clerk in the License Branch of the Finance Department and represents approximately 10% to 15% of the incumbent's workload. With the assumption that a number of organizations will be specifically exempted under the provisions of the Amusement Tax By-law, similar to that currently provided to the Winnipeg Jets, the workload could decrease in the longer term, as fewer applications would require review on an on-going basis. However, in the short term, a review of each organization, in light of new criteria, would be very time consuming.

As the proposal suggests amusement tax remittances would increase, there likely would be minimal or no labour savings in the License Branch, as any reduced workload due to the simplification of the exemption process would be offset by increased amusement tax remittances. Remittances are more time consuming administratively than exemptions, as they involve on-going cash transactions with the requirement for accompanying bookkeeping, particularly for seasonal activities.

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Administrative Process.
As the License Branch would continue to be responsible for the collection of amusement tax, good communication would be required between the Winnipeg Arts Advisory Council and the License Branch in order that appropriate amusement tax revenues could be collected and to avoid enforcement activity with respect to exempted organizations. Any By-law amendments

should delineate the new process for applications for amusement tax exemption, for example, that applications will continue to be sent to the License Branch and so forth. The License Branch will ensure that appropriate documentation is filed prior to the referral to the Winnipeg Arts Advisory Council which will then analyze the material and make the recommendation to the appropriate Standing Committee.

The Winnipeg Arts Advisory Council would recommend approval of exemptions for a particular period of time, not to exceed five (5) years. The exemption would automatically require review at the end of that period. The Winnipeg Arts Advisory Council would have discretion to approve groups of applications for different lengths of time so as to stagger the dates at which they would come up for review based on random order, the order the applications were received, or by a grouping of amusements of a similar nature. Exemptions would be subject to revocation if the exemption failed to meet the intent of the By-law.

Application Submission Deadlines.
Applications for exemption from amusement tax, in many cases, are received a short time before the organization wishes to begin ticket sales. The Winnipeg Arts Advisory Council currently meets once a month at which time applications could be reviewed. However, the application would then have to proceed to the appropriate Standing Committee and then to Council, making the timing of approval a critical factor. An appropriate submission deadline schedule would require approval and the Winnipeg Arts Advisory Council should have input into the development of the schedule. Currently the By-law indicates that applications must be filed prior to tickets being offered for sale, but additional time would be required under the proposed system to allow analysis and review by the Winnipeg Arts Advisory Council and the subsequent passing of a By-law amendment. It is recommended that applications for exemption be submitted 90 days before tickets are offered for sale.

Exemptions approved for 1994.
Prior to the freeze on approving exemptions from amusement tax for 1994, one seasonal exemption had been approved for the Manitoba Theatre Centre for the period June 1, 1993 to May 31, 1994, with a value estimated at approximately $209,700.00 for the season. As this organization would continue to be exempt under the ne criteria, no revenue loss will occur.

Commissions Expense.
Currently a commission of 5% of the tax collected is paid to the organization for collecting the tax on the City's behalf. If this proposal is adopted, amusement tax revenue will increase, therefore, the expenditure budget for commissions expense should be increased accordingly in the 1994 Current Budget.

Assigning all amusement tax revenues to the Winnipeg Arts Advisory Council's Global Allocation.
Currently amusement tax revenue forms part of general revenue which is used to offset tax-supported expenditures. The global allocation for culture is a tax-supported expenditure. Amusement tax revenue retained by the City after the payment to Winnipeg Enterprises is generally in the neighbourhood of $1.4 million per annum. This report is based on the premise:

a) that the City will honour its existing agreement with Winnipeg Enterprises;

b) that the City will exempt the Winnipeg Jets for historic reasons;

b) that the amusement tax revenue assigned to the Winnipeg Arts Advisory Council will be net of the payment to Winnipeg Enterprises; and

c) that the assignment of amusement tax revenues to the Winnipeg Arts Advisory Council will replace the existing global arts funding formula.

The estimate of $1.4 million excludes any effect of having amusement tax apply to admissions of $5.00 or more rather than to $1.50 or more as at present. The approved amount in the 1993 Current Budget for the global allocation for culture is $1,408,795.00 and the guaranteed minimum to arts funding in the proposal is $1,974,552.00, an increase of $565,757.00. Any variance between amusement tax revenues generated under the new proposal and the guaranteed minimum amount for arts funding would have to be offset by other general revenues.

Guarantee of $1,974,552.00 to global allocation for culture.

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The approved global allocation for cultural grants approved in the 1993 current estimates is $1,408,795.00. Based on the previously approved funding formula for the global allocation for operating grants to arts groups, the 1993 level of funding should have been $2,004,165.00 in 1993. The guaranteed minimum amount of $1,974,552.00 would reflect similar funding to that approved in the 1992 Current Estimates. The Ad Hoc Committee on Licensing and Animal Control recommended that this be reviewed by the Ad Hoc Committee set up to study the global funding allocation for arts groups.

If amusement tax revenue is used to fund arts groups in lieu of the existing funding arrangement, organizations other than arts groups may feel some entitlement to grants from this fund. This may result in the global allocation amount remaining at the 1992 level which is the guaranteed minimum, while receiving grant applications from a larger group of organizations.

Application of Amusment Tax to admissions of $5.00 or more.
Currently amusement tax applies to admission prices of $1.50 or more. Based on 1992 financial data with respect to amusement tax revenues retained by the City, approximately $557,299.00 gross amusement tax revenue ($529,434.00 net) is collected on admission prices of $5.00 and under. The change from $1.50 to $5.00 would result in an estimated loss of this amount per annum. This estimate excludes the effect of new criteria which may result in increased amusement tax remittances. Currently amusement tax collected on admissions of $5.00 or less represents the following percentage of amusement tax collected in the following categories, based on 1993 financial data to date:

Cinemas	31%
Cabarets	76%
Race Track	100%
Trade Shows	40%
Amusement Rides	100%

Businesses in the above noted categories would benefit from this change.

Financial Implications.
Based on approved exemptions to date, the estimated value of foregone amusement tax revenue for events held or to be held in 1993 is approximately $1,918,000.00, which is not a full year figure. A significant portion of this amount (over $570,000.00) is related to one major production being staged in Winnipeg in 1993. Therefore, additional amusement tax revenue from those organizations currently exempt could fluctuate from year to year dependent upon the number of larger productions that the city could attract.

In order for this proposal to have a neutral effect on the City's finances, additional amusement tax revenue from organizations currently exempt from the tax would have to be generated in an amount of approximately $1.2 million per annum ($1,152,833.00) as outlined in Exhibit "B".

The last fiscal period for which a full year of data is available with respect to amusement tax exemptions is the 1991 calendar year. During that period, the estimated value of foregone amusement tax revenue through exemptions was approximately $2 million. An additional $708,000.00 was paid to Winnipeg Enterprises based on the City's agreement with that Corporation. Therefore exemptions and refunds for 1991 were approximately $2.7 million (excluding the Winnipeg Jets).

Your Committee on Finance and Administration has been advised that as this proposal recommends that the City honour its existing agreement with Winnipeg Enterprises, $1.2 million of an estimated total of $2 million will have to be generated in additional amusement tax revenue each year in order that the proposed system have a neutral effect on the City's finances. It should further be noted that the $2 million figure has not been adjusted to reflect the change from $1.50 to $5.00 as this information is not available. Based on available data, it may not be possible to generate sufficient additional amusement tax revenue on an on-going basis to have a neutral effect on the City's finances.

The Committee on Protection, Parks and Culture at its meeting held on September 2, 1993, considered the report of the Ad Hoc Committee on Licensing and Animal Control and referred the entire matter to the Winnipeg Arts Advisory Council for comment.

Your Committee on Finance and Administration has also considered the recommendations of its Ad Hoc Committee on Licensing and Animal Control and heard representation by Mr. B. McArton, Winnipeg Symphony Orchestra, Mr. Z. Bajon, Manitoba Theatre Centre, Mr. Brian Peel and Ms Billie Stewart, both of the Winnipeg Arts Advisory Council, in support of the recommendations of the Ad Hoc Committee and implementation of the proposal as expeditiously as possible to become effective January 1, 1994.

Your Committee on Finance and Administration therefore recommends:-

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I. That the Amusement Tax By-law 3107/81 be amended to reflect the following:

(a) That exemptions will be available for events and amusements held or operated by not-for-profit cultural and athletic organizations where the events or amusements are directly related to the character of the organization. "Cultural organizations" will be interpreted to include organizations providing the following types of entertainment or amusements: musical, artistic, ethno-cultural, museums, galleries and exhibits of a non-commercial nature.

(b) That all applications for exemption from amusement tax be analyzed by the Winnipeg Arts Advisory Council in light of the recommended criteria (Appendix A) and that the Winnipeg Arts Advisory Council make recommendation to the appropriate Standing Committee as to whether or not an exemption should be given.

(c) That all exemptions from amusement tax be given by a specific By-law amendment enacted by City Council naming the organization as well as the venue(s) and the scope of events for which the exemption applies.

(d) That amusement tax exemptions be given for a specific period of time with provision for earlier revocation if the exemption fails to meet the intent of the By-law.

(e) That Section 7 of the Amusement Tax By-law which presently gives entitlement to exemptions upon administrative approval where the organization and event comply with criteria established under the By-law be deleted.

(f) That amusement tax apply only to admission fees of $5.00 or more, instead of $1.50 or more, as at present.

II. That the mandate of the Winnipeg Arts Advisory Council be augmented to include the review of applications for amusement tax exemption for recommendation to the appropriate Standing Committee.

III. That responsibility for both cultural grant applications and applications for amusement tax exemption be assigned to the Committee on Protection, Parks and Culture.

IV. That amusement tax revenue be assigned to the Winnipeg Arts Advisory Council, replacing the existing global arts funding formula.

V. That the annual global allocation for culture be guaranteed at a minimum of $1,974,552.00, and that excess revenues, if any, from the collection of amusement tax be set aside in a reserve account for the next year's global allocation of funding.

VI. That the revenue assigned to the Winnipeg Arts Advisory Council be net of the payment to Winnipeg Enterprises, to enable the City to honour its existing agreement with Winnipeg Enterprises.

VII. That the revenue assigned to the Winnipeg Arts Advisory Council be net of the expenditure budget for commission expense and that said budget be increased in the 1994 Current Budget to correspond to 5% of the budgeted gross amusement tax revenue.

VIII. That this proposal be vetted through the Ad Hoc Committee developed to study the global arts funding formula, as well as the Winnipeg Arts Advisory Council to determine feasibility and resource requirements.

IX. That the Chief License Inspector be instructed to communicate with organizations which are currently exempt from collecting amusement tax advising them of the By-law amendments effective January 1, 1994 removing such exemption and informing them that applications to receive a specific exemption under the new scheme must be submitted at least 90 days prior to the offering of tickets for sale.

X. That implementation of the above be on a three-year trial basis, with a review of the proceedings to be conducted in the third year of the program.

XI. That the Proper Officers do all things necessary to effect the intent of the foregoing.

Your Committee on Finance and Administration submits for favourable consideration draft by-law to implement the

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intent of the above recommendations.

Your Executive Policy Committee recommends as follows:

(i) That Recommendation III, V, and IX be deleted in their entirety and substituted with the following:

III. That responsibility for applications for amusement tax exemption be assigned to the Committee on Finance and Administration.

V. (a) that the annual Global Allocation for Culture be guaranteed at a minimum of $1,974,552.00;

(b)that excess revenues, if any, from the collection of amusement tax be set aside in a reserve account for the next year's global allocation;

(c) that, while maintaining the guaranteed minimum, any excess revenues in 1995, or in subsequent year, would be allocated to any accumulated shortfall; for example, any excess revenues in 1996 would be allocated to any accumulated shortfall in 1994 and 1995 and

(dt hat a reserve account be established to cover a shortfall, if any in the global allocation.

IX. That the By-law amendments take effect immediately upon enactment by City Council and that the Chief License Inspector be instructed to communicate with organizations which are currently exempt from collecting amusement tax advising them of the By-law amendments removing such exemption and informing them that applications to receive a specific exemption under the new scheme must be submitted immediately.

(ii) And that Recommendation XI be renumbered XII and the following Recommendation be included:

XI. Transitional

Amend the By-law to include a transitional provision allowing the Finance Department to receive applications and refer to the Winnipeg Arts Advisory Council for analysis and recommendation until June 1st, 1994 notwithstanding the fact that those applications may be filed outside the 90 day period referred to in the proposed by-law.

Moved by Councillor Eadie,
Adoption of the clause.

In amendment,

Moved by Mayor Thompson,
That the recommendation of Executive Policy Commmittee be adopted.

In amendment,

Moved by Councillor Thomas,
Seconded by Councillor Boychuk,
WHEREAS this is new legislation and we are unaware of what the potential positive impacts may be of heightening the amusement tax loopholes;

AND WHEREAS the change of the floor, from $1.50 to $5.00 will result in an estimated net revenue lost of $529,434.00 as based on the report prepared by our Finance Department, License Branch, in consultation with the Law Department, dated July 5, 1993;

AND WHEREAS if we do raise substantial revenues, the issue of the floor can be addressed based on actual revenues at the end of next year;

THEREFORE BE IT RESOLVED that Section 1(f) be amended to remove the new base of $5.00 and maintain the existing floor of $1.50.

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The Speaker called the Deputy Speaker, Councillor Reese, to the Chair in order to participate in the debate, and after speaking, resumed the Chair.

The amendment proposed by Councillors Thomas and Boychuk was put.

The Speaker called for the yeas and nays, which were as follows:-

Yea: Councillors Reese, Boychuk, Duguid, Hyman, Murray, O'Shaughnessy, Prystanski and Thomas. 8

Nay: Councillors Eadie, Fraser, Golden, Lazarenko, Silva, Clement, Mayor Thompson and Councillor Angus. 8

and the amendment proposed by Councillors Thomas and Boychuk was declared carried lost in accordance with Rule 58.

The recommendation proposed by the Executive Policy Committee was put and declared carried.

Councillors Boychuk and Thomas asked to be recorded as having voted against the recommendation of the Executive Policy Committee, in accordance with Rule 50.7 of the Procedure By-law.

The motion for the adoption of the clause, as amended, was put and declared carried.

Councillors Boychuk and Thomas asked to be recorded as having voted against the clause, in accordance with Rule 50.7 of the Procedure By-law.

(Note:See Minute No. 949 for attachment)

Appointments to the Board of Directors Convention Centre Corporation Files G-1 (Vol. 7) and GC-7 (Vol. 22B)

943 - 9. The Convention Centre Corporation Act provides for the appointment of 13 members to the Board of Directors of the Convention Centre Corporation.

Your Committee on Finance and Administration at its Special Meeting held on July 16, 1993, considered a number of applications received as a result of an advertisement requesting citizens to apply for the two vacancies on the Board. Committee short-listed the applications for the Convention Centre Board of Directors to seven applicants and referred same to the Ad Hoc Committee established to conduct interviews and recommend to the Committee on Finance and Administration the required two nominations.

Pursuant thereto, your Committee on Finance and Administration recommends:-

1. That Kenneth Ian Shiffman and Lorena B. Trann be appointed as citizen members to the Board of Directors of the Convention Centre Corporation for a three-year term to expire November, 1996.

Adopted by consent.

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Redemption of 637 Oakdale Drive from Tax Sale by Instalments
File FL-2.4 (Vol. 10)

944 - 10. On. September 3, 1993, the Committee on Finance and Administration considered a report dated August 16, 1993, from the Acting Commissioner of Finance and Administration with respect to the above-referenced request for redemption from Tax Sale by instalment payments.

The City of Winnipeg Act Section 255(4) states the following:

Notwithstanding Section 245 and Subsection (1), but subject to Subsection (5), the City, if authorized by by-law, may enter into an agreement in writing with an owner of, or a person who has an interest or estate in, or a charge on, land that has been sold for taxes, for the redemption of the land from the tax sale and the payment of all taxes payable in respect of the land subsequently accrued to the date of the agreement and during the currency of the agreement, by instalments.

The City of Winnipeg has entered into six Agreements for Redemption by Instalments. Of the six agreements, only one was completed in accordance with terms agreed to. The other five cases required a considerable expenditure of time and effort by both the Law Department and Tax Branch in order to collect the required payments. In spite of the effort put into collection, two of the cases required the negotiation of time extensions.

Section 255(8) of The City of Winnipeg Act gives the District Registrar of the Land Titles Office authority to postpone the City's application for Title for a one-year period from the date of default in a Tax Agreement situation. In the past, the Land Titles Office has been very generous to the taxpayer, and the possibility exists that intermittent payments could significantly delay the City in completing its application.

On June 24, 1993, Mr. and Mrs. Stock, through their Solicitor, requested to be allowed to redeem their property at 637 Oakdale Drive from Tax Sale by instalment payments.

On June 29, 1993, the Finance Department Tax Branch replied with a proposed payment plan for discussion purposes that would allow Mr. and Mrs. Stock to complete redemption within a reasonable period of time (34 months) as outlined in Schedule "A". The Solicitor was advised that any agreement is contingent upon City Council passing a by-law to authorize the agreement.

On September 3, 1993, the Committee on Finance and Administration heard represenation from Mr. and Mrs. Stock requesting a redemption from Tax Sale by instalments with a proposed initial deposit of $1,000.00 and subsequent monthly payments commencing September 30, 1993, of $300.00 each.

Since December of 1991, Mr. and Mrs. Stock have made three commitments to redeem by specific dates, but did not honour them. On several occasions, contact had to be initiated by the Law Department in order to determine the status of the situation. The failure to meet these commitments indicates the possibility that an agreement in this matter could continue to be a collection problem.

The property is subject to a mortgage with an outstanding balance of $63,000.00. The mortgage holder, Household Trust, has been in contact with the Law Department and has advised that they would not let the property be taken in Tax Sale. If Mr. and Mrs. Stock could not make arrangements to redeem, the mortgage holder would either redeem or take an Assignment of the Tax Sale Certificate.

Your Committee on Finance and Administration recommends:-

I. That a redemption from Tax Sale by instalments of 637 Oakdale Drive be granted with an initial deposit of $1,000.00 and monthly payments commencing September 30, 1993, of $300.00 each for a one-year period, at which time a review of the payment plan is to be conducted.

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.

Adopted by consent.

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Call for Tenders - 539 Henderson Highway - (PD 93-133)

File FI-2.4 (33) (Vol. 1)

945 - 11. Your Committee on Finance and Administration has considered Item No. 1 of Report No. 1A of the Technical Advisory Committee on City Properties dated August 13, 1993 (File 7046) with respect to the above-referenced call for tenders in the East Kildonan-Transcona Community.

The subject property shown on Misc. Plan No. EKT 7796/1 (Exhibit "A") was acquired by the Streets and Transportation Department for a radius improvement at the south-east corner of Henderson Highway and Munroe Avenue. The corner cut has since been physically developed and legally opened, and hence, the balance of the property is now considered surplus by the Streets and Transportation Department.

The property was advertised for sale by Public Tender on June 19 and 26, 1993, and closed on July 22, 1993. Although two bids were received, one bid was rejected as it was below the reserve bid.

Particulars of the remaining bid are as follows:

Location:	South-east corner Henderson Highway at Munroe Avenue.
Legal Description:	Lot 7, Block 1, Plan 2091
Certificate of Title No.:	1272235
Roll No.:	2-5940
Zoning:	"R1-4" Single-family Residential
Size:	Land - Irregular 326.82 m² (3,518 sq. ft.) Building - 1,205 sq. ft.
Assessment:	Land - $13,200.00 Building - $31,000.00
Building Description:	A 1949 one and one-half storey frame and stucco dwelling with a full basement.
Reserve Bid:	$43,500.00
Bidder:	Albert M. Proskin
87 Larchdale Crescent	
Price Offered:	$43,600.00

Terms: $4,360.00 bank draft, deposited, to be applied on the purchase price if the offer is accepted. Balance of the purchase price to be paid on or before 60 days of receipt of notification of the acceptance of the offer by the City.

Adjustments: On the date which full payment is received by the City.

Special Conditions:

1. It is agreed that there is no representation, warranty, collateral agreement or condition affecting this offer or the property as expressed herein. The City does not warrant the present or future quality or fitness of the buildings and their systems/components located upon the land. The Purchaser agrees with the City that the application of the maxim "Caveat Emptor" ("Buyer Beware") shall apply to the offer in the strictest meaning.

2. The Purchaser acknowledges that in submitting this application, the Purchaser relies entirely upon personal inspection of the land and structures independent of any representation made by or on behalf of the City and accepts this dwelling on an "as is" basis, and that should there be any error or discrepancy in the description or in the dimensions of the land as contained herein which error or discrepancy shall not entitle the Purchaser to any compensation in respect thereof nor would it entitle the Purchaser to the cancellation of this Offer to Purchase.

At its Special Meeting held on March 22, 1993, Council, in considering revenue sources for the 1993 Current Estimates, directed that in the "Sale of City of Winnipeg Lands, which were acquired by a variety of means, including tax sales, which are determined to be surplus to the City's needs [the net sale proceeds therefrom will be credited to the revenue requirement of] $5,000,000.00".

The Streets and Transportation Department recommends that the proceeds of this sale be credited back to the Account "Future Right-of-Way for Regional Transportation Purposes" inasmuch as it had provided an additional $47,818.00 beyond the $25,000.00 budgeted for the required corner cut in order to buy the entire property. By doing so an

Report of the Committee on Finance and Administration dated September 3, 1993

expedient settlement was reached without expropriation.

Your Committee on Finance and Administration recommends:-

I. That the subject property be declared surplus and that the Application and Agreement for Option to Purchase be accepted.

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.

Adopted by consent.

(Note:Attachment referred to in the above clause is on file in the office of the City Clerk)

Proposed Sale of Part Public Reserve in Plan 17125 File FI-2.4(34) (Vol. 1)

946 - 12. Your Committee on Finance and Administration has considered Item No. 2 of Report No. 1A of the Technical Advisory Committee on City Properties dated August 13, 1993, (File 5805) with respect to the above-referenced sale in the Lord Selkirk-West Kildonan Community.

The owners of 57 Vince Leah Drive have applied to purchase the subject City property shown outlined on Misc. Plan No. LSWK 8233 (Exhibit "A") which forms part of the public reserve as an addition to their holding.

The Parks and Recreation Department is supportive of the proposed sale as it will provide a buffer between No. 57 and a proposed public parking lot. In addition, the Lord Selkirk-West Kildonan Community Committee had no objections to the proposed sale which was considered at its meeting held October 10, 1991.

The adjoining owners have returned and completed an Offer to Purchase and are agreeable to the special conditions outlined in Schedule "A".

Proceeds from the sale of this surplus parks property are to be credited to the 1993 Current Estimates of the Parks and Recreation Department commitment for revenues of $580,000.00.

Pursuant to Section 156(2) of the City of Winnipeg Act, approval of at least two-thirds of the members of Council is required on the sale of any property that has been designated or acquired for park purposes.

Your Committee on Finance and Administration recommends:-

I. That the subject land be declared surplus to the City's needs and that the Offer to Purchase in accordance with the special conditions outlined on Schedule "A" be accepted.

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

Adopted by consent.

(Note:Attachments referred to in the above clause are on file in the office of the City Clerk)

Sale of Part of Former Bergen Cut-off File FI-2.4(33) (Vol. 1)

947 - 13. Your Committee on Finance and Administration has considered Item No. 3 of Report No. 1A of the Technical Advisory Committee on City Properties dated August 13, 1993, (File 5876/A-3) and heard representation from Councillor Duguid, North Kildonan Ward, together with Mr. Kruk, 24 Corne Street, with respect to the above-referenced sale of lands in the East Kildonan-Transcona Community.

The subject City property, shown outlined on Misc. Plan No. EKT 7696/2 (Exhibit "A"), was acquired by the City in

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December 1987 for transportation and Parks and Recreation purposes.

Mr. M. Kruk, the southerly adjoining owner, has been leasing a portion of the former Cut-off since 1963, first from the Canadian Pacific Railway and then from the City. Mr. Kruk has applied to purchase the subject property on several occasions and as recently as January 1993, the East Kildonan-Transcona Community did not concur in the sale of any of the adjacent City-owned land. Mr. Kruk has again applied to purchase the said property as an addition to his present holding, in order to facilitate the expansion of his dwelling as well as to landscape.

The Parks and Recreation Department has advised that, given Mr. Kruk's longtime use of the property and his intention to improve his single-family residence, it is supportive of a limited sale of parks property.

On April 20, 1993, the East Kildonan Transcona Community Committee reconsidered the matter and heard representation from Mr. Kruk. The Committee subsequently rescinded its decision of January 19, 1993, and referred the matter to the Land Surveys and Real Estate Department for consultation with the applicant to determine an appropriate sale/lease arrangement.

The City is now in receipt of a completed Offer to Purchase with special conditions as outlined on Schedule "A".

Proceeds from the sale of this surplus parks property are to be credited to the 1993 Current Estimates of the Parks and Recreation Department commitment for revenues of $580,000.00.

Pursuant to Section 156(2) of the City of Winnipeg Act, approval of at least two-thirds of the members of Council is required on the sale of any property that has been designated or acquired for park purposes.

Your Committee on Finance and Administration recommends:-

I. That the subject land be declared surplus to the City's needs and that the Offer to Purchase in accordance with the special conditions outlined on Schedule "A" be accepted.

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

Adopted by consent.

(Note:Attachments referred to in the above clause are on file in the office of the City Clerk)

Leave and License Agreement to Operate Sidewalk Cafe - Bailey's Restaurant and Bar, 185 Lombard Avenue
File FI-2.2(32) (Vol. 1)

948 - 14. Your Committee on Finance and Administration has considered Item No. 4 of Report No. 1A of the Technical Advisory Committee on City Properties dated August 13, 1993, (File 39/134) with respect to the above-referenced leave and license agreement in the City Centre Community.

The Committee on Planning and Community Services at its meeting held on January 15, 1993, approved an application on behalf of Bailey's Restaurant & Bar to permit the establishment of an encroaching sidewalk cafe into Lombard Avenue west of Rorie Street as outlined on Misc. Plan No. CCFR 8753 (Exhibit "A").

Negotiations between the City and Bailey's Restaurant and Bar have resulted in agreement to the following terms and conditions of lease:

Area:	Land shown outlined in black line on Misc. Plan No. CCFR 8753 (Exhibit "A") with the cafe area limited to that area dotted on said plan.
Term:	Seasonal from May 15 or spring clean-up, whichever is later, to September 30 in each year.
Hours:	11:00 a.m. to 11:00 p.m. subject to change upon review and approval by the Commissioner of Finance and Administration
Rental:	$750.00 per season plus an initial administrative fee of $250.00.
Insurance:	Public liability insurance of at least $500,000.00 naming the City as additional insured and containing a cross-liability clause.

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Cancellation: Upon 10 days notice by either party; immediate upon default.

Your Committee on Finance and Administration recommends:-

I. That a Leave and License Agreement to Bailey's Restaurant and Bar be approved in accordance with the terms and conditions outlined above, in a form satisfactory to the Acting City Solicitor.

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.

Adopted by consent.

(Note:Attachments referred to in the above clause are on file in the office of the City Clerk)

949 - Exhibit "A" referred to in Clause 8 of the Report of the Committee on Finance and Administration dated September 3, 1993

CRITERIA FOR EXEMPTION FROM AMUSEMENT TAX

This list incorporates some existing (E) and some new criteria (N).

1. Exemptions will be available for events and amusements held or operated by not-for-profit cultural and athletic organizations where the events or amusements are directly related to the character of the organization. "Cultural organizations" will be interpreted to include organizations providing the following types of entertainment or amusements: musical, artistic, ethno-cultural, museums, galleries and exhibits of a non-commercial nature. (N)

2. (a)Exemptions will not apply to for-profit productions or performances which are mounted and assembled outside Winnipeg and have limited local content or for - profit touring productions which are offered through a bidding process. (N)

   (b)Where an admission price includes entertainment that would qualify for an exemption as well as a component which is mounted and assembled outside Winnipeg, an exemption will only be available if the outside entertainment forms a minor part of the complete package and does not result in an increase in the admission price that would otherwise be charged. (N)

3 .That the organization be organized without share capital. (N)

   Note: While this criteria has generally been met, it should be specifically included in the guidelines.

4. That the organization be democractic in nature. (N)

5. That the organization be financially sound. The organization must be in a surplus position, or, at least have a sound deficit reduction plan. (N)

6. The organization renders a service to a segment of the community while being of a general benefit to the community as a whole. (N)

7. Less than 50% of the organization's directors are "related" persons. (N)

   Note: Individuals can be related to each other by blood, marriage, adoption, common-law relationship, or close business or corporate association (e.g., business partners, employee and employer). Individuals or groups can also be related to a corporation in which they have a controlling interest. Those people related to these individuals are also related to the corporation.

8. Related party transactions of the organization are not significant. Related party transactions shall be deemed to be significant if they comprise 20% of transactions or more than $300,000.00 per annum, whichever is lesser. Significance of transactions less than 20% and $300,000.00 will be considered on a case by case basis. (N)

   Note: Accompanying regulations should include a requirement for the annual submission of externally audited financial statements with adequate disclosure of any related party transactions which have occurred during the period covered by the audit, including future obligations and/or liabilities. A self-declaration from the applicant organization indicating that this criteria is met would allow initial analysis and review. Should audited financial statements prove otherwise, the specific exemption in the by-law could be revoked for future events. While the rationale for this particular rule with respect to related parties is similar to that of number 4, this regulation may also avoid the possibility of, or perception that, revenue is flowing through non-profit organizations into for-profit organizations.

9. That no part of the revenue arising from the event will be paid to a proprietor, member, officer, or director of the organization or to a person who organizes, promotes or manages the event other than a reasonable fee, salary or commission for actual work done or services performed. (E)

10. Exemptions will be available only where the organization is liable for payment of all expenses relating to the event. (E)

Exhibit "A" referred to in Clause 8 of the Report of the Committee on Finance and Administration dated September 3, 1993 (continued)

11. That net revenues will be used to further the organization's undertaking. (N)

Note: It is not intended that funds be used to raise funds for other organizations, although donations of a moderate amount from year end surpluses will be allowed on an exception basis.

12. That exemptions for amusement tax not be available to individuals. (N)

Note: While this criteria has generally been met, it should be specifically included in the guidelines.

13. That at the time of application for exemption, prior to the staging of the event and prior to offering of tickets for sale, the following documents are filed:

(a) completed declarations (application forms) which are a schedule to the by-law, including a proposed budget; (E)
(b) if a corporation, the most recent annual return, or in the case of a new corporation, proof of corporate status; (E and N)
(c) disclosure of current officers and directors; (N)
(d) copies of the organization's constitution and operating by-law; (N)
(e) copies of contracts between the organization holding, staging or operating the event(s) and any person organizing, promoting or managing the event(s) on its behalf; (E)
(f) where any part of the revenue from the performance(s) or event(s) was or is to be paid to a promoter, proprietor, member, officer, or director a completed "Promoter's Financial Statement which is a schedule to the by-law; (E)
(g) the organization's last annual audited financial statement (except in the case of new organizations); (N)
(h) upon request, copies of contracts with entertainers, actors, performers, musicians and so forth; (N) and
(i) such further information as may reasonably be required to verify that the performance(s) or event(s) comply with the intent of the by-law. (E)

Note: The onus would be on the organization to advise the City of changes to the above noted documents.

14. (a) That within thirty (30) days following the performance(s) or event(s), or at such times as may be directed, file:

(i) a completed financial statement, which is a schedule to the by-law which shall be certified by the officers of the organization or by a member of a body of professional accountants incorporated by a statute of the Province of Manitoba; (E)

(ii) where any part of the revenue from the performance(s) or event(s) was or is to be paid to a promoter, proprietor, member, officer, or director, a completed "Promoter's Financial Statement, which is a schedule to the by-law. (E)

(b) That within ninety (90) days following the end of the organization's fiscal year, or at such times as may be directed, file an annual audited financial statement in order to determine the value of foregone amusement tax revenue and to determine compliance with other criteria. (N)

Note 1:
The Winnipeg Jets is the only organization which currently has a specific exemption in the by-law. Currently there is no financial reporting requirement for this organization.

Exhibit "B" referred to in Clause 8 of the Report of the Committee on Finance and Administration dated September 3, 1993

	1993 Current Budget	Proposed
Gross Amusement Tax Revenue	2,000,000	
	2,000,000	
Less: Change to $5.00 from $1.50 - based on analysis of 1992 net revenue	-(557,299)	
Add:Additional amusement tax revenue required to have neutral effect on City's finances		***1,152,833***
Sub-total Gross Amusement Tax Revenue		2,000,000
		,595,534
Commissions at 5%	-(100,000)	-(129,777)
Payment to Winnipeg Enterprises	-(505,000)	-(505,000)
Net Amusement Tax Revenue	1,395,000	1,960,757
Global Allocation for Culture	-(1,408,795)	-(1,974,552)
Net Loss to City to be offset by other tax supported revenues	(13,795)	(13,795)

COMMITTEE ON FINANCE AND ADMINISTRATION

CONSIDERATION OF BY-LAWS

950 - On motion of Councillor Eadie, By-law No. 6228/93, a By-law of the City of Winnipeg to amend By-law No. 4007/85, being the City of Winnipeg License By-law, was read a first, second and third time, the rule being suspended for the third reading, and was passed and ordered to be signed and sealed.
File EL-1 (Vol. 27)

On motion of Councillor Eadie, the rule was suspended and By-law No. 6237/93, a By-law of the City of Winnipeg to amend By-law No. 4007/85, being the City of Winnipeg License By-law, was read a first, second and third time, the rule being suspended for the third reading and was passed and ordered to be signed and sealed.
File EL-1.35 (Vol. 4)

On motion of Councillor Eadie, the rule was suspended and By-law No. 6238/93, a By-law of the City of Winnipeg to amend the Amusement Tax By-law No. 3107/81 and the City Organization By-law No. 4444/86 was read a first time. File FL-2.5 (Vol. 7)

Councillor Eadie moved that this constitute the first reading of By-law 6238/93, which motion was carried.

Councillor Eadie moved that By-law 6238/93 be read a second time.

In amendment,

Moved by Councillor Eadie,
Seconded by Councillor Golden,

WHEREAS the Executive Policy Committee has recommended amending the Amusement Tax By-law to change the exemption process in order to eliminate the perceived abuse in the current amusement tax system;

AND WHEREAS under the proposed amendments, applications for exemptions will require review by the Winnipeg Arts Advisory Council, consideration by a Standing Committee, and implementation through a by-law of Council;

AND WHEREAS two applications for amusement tax exemptions have been received for events to be held in 1994 which require consideration in order that the organizations may offer tickets for sale;

AND WHEREAS the two applications for amusement tax exemption meet the newly developed criteria;

THEREFORE BE IT RESOLVED that Section 2 of By-law No. 6238/93 be amended by inserting the following at the end of Subsection 7(6) thereof:

Committee on Finance and Administration - Consideration of By-laws (continued)

"Concerts held by Prairie Performances (Manitoba) Inc. entitled "An Evening of Piano Music" and "The Young Voices of Spring" to be held on February 17 and 18, 1994 and April 28 and 29, 1994 respectively at the Winnipeg Art Gallery Auditorium; and

Live plays held by Prairie Theatre Exchange Inc. during its regular 1993/94 season to be held between September 28, 1993 and April 4, 1994 at Portage Place."

Carried.

In amendment,

Moved by Councillor Eadie,
Seconded by Councillor Golden,

WHEREAS the Executive Policy Committee has recommended amending the Amusement Tax By-law to change the exemption process in order to eliminate the perceived abuse in the current amusement tax system;

AND WHEREAS the Executive Policy Committee has recommended that the threshold to which the amusement tax applies be changed from $1.50 or more to $5.00 or more;

AND WHEREAS the raising of the threshold is intended to be effective for the 1994 fiscal year;

THEREFORE BE IT RESOLVED that By-law No. 6238/93 be amended by adding at the end thereof the following:

"10.Sections 3 and 5 will be effective January 1, 1994."

Carried.

Councillor Eadie moved that this constitute the second reading of By-law 6238/93, as amended, which motion was carried.

On motion of Councillor Eadie, the rule was suspended and By-law 6238/93, as amended, was read a third time.

Councillor Eadie moved that this constitute the third reading of By-law 6238/93, as amended, and that same be passed and ordered to be signed and sealed, which motion was carried.

Councillors Boychuk, Reese and Thomas asked to be recorded as having voted against all three reading of the by-law, in accordance with Rule 50.7 of the Procedure By-law.

Speaker.