**Minute No. 36**
**Report – Executive Policy Committee – December 1, 2010**

**Item No. 1 2011 Local Improvement Interest Rates**

COUNCIL DECISION:

Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

1. That the interest rates for local improvements for which taxes are first imposed in 2011 be established as follows:

| Term | 2011 Interest Rate | | 2010 Interest Rate |
|---|---|---|---|
| 2 – 5 years | 4.00% | 1.00% lower than | 5.00% |
| 6 – 15 years | 5.25% | 0.75% lower than | 6.00% |
| 16 – 20 years | 6.00% | 0.25% lower than | 6.25% |
| 21 – 25 years | 6.25% | 0.25% lower than | 6.50% |
| 26 – 30 years | 6.25% | 0.75% lower than | 7.00% |

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

**Report – Executive Policy Committee – December 1, 2010**

DECISION MAKING HISTORY:

Moved by His Worship Mayor Katz,

That the recommendation of the Executive Policy Committee be adopted by consent.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 1, 2010, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

# ADMINISTRATIVE REPORT

**ISSUE:** **2011 LOCAL IMPROVEMENT INTEREST RATES**

**Critical Path:** **Executive Policy Committee - Council**

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| R. Provencher | J. Ferrier | M. Ruta | M. Ruta<br>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 2011.

## 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** **Date:** October 20, 2010

**Project Name:** **First Year of Program** **2011**

2011 Local Improvement Interest Rates

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | - | - | - | - | - |
| Additional Capital Budget Required | $ - | $ - | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Debt - Internal | $ - | $ - | $ - | $ - | $ - |
| Debt - External | - | - | - | - | - |
| Grants (Enter Description Here) | - | - | - | - | - |
| Reserves, Equity, Surplus | - | - | - | - | - |
| Other - Enter Description Here | - | - | - | - | - |
| Total Funding | $ - | $ - | $ - | $ - | $ - |
| Total Additional Capital Budget Required | $ - | | | | |
| Total Additional Debt Required | $ - | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | $ - | $ - | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | - | - | - | - | - |
| Net Cost/(Benefit) | $ - | $ - | $ - | $ - | $ - |
| Less: Existing Budget Amounts | - | - | - | - | - |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:**

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 R. Abeysekera)
Radhika Abeysekera
Manager of Finance (Campus)
Corporate Finance Dept.

## 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: October 20, 2010
File No.