CONSIDERATION OF REPORT OF THE

COMMITTEE ON FINANCE AND ADMINISTRATION

The Executive Policy Committee has had before it the Report of the Committee on Finance and Administration, dated January 9th, 1992, has concurred in the recommendations contained therein, except as noted below, and submits same to Council for approval and adoption.

On motion of Councillor Selinger, the Report of the Committee on Finance and Administration, dated January 9th, 1992, was considered.

West Committee Room,
Council Building, Winnipeg.
January 9th, 1992.

His Worship the Mayor and Councillors:

Your Committee on Finance and Administration submits the following Report and recommends:

Home Occupation Businesses
Files AA-1, EL-1 & EL-4

434 - 1. Council at its Special Meeting held on March 20th, 1991, referred to your Committee on Finance and Administration the following resolution, namely:-

"WHEREAS there are over 3,500 businesses operating as home occupancy businesses with permits at $60.00 and over 200 food vendors operating with similar permit fees;

THEREFORE BE IT RESOLVED that an interim fee of $600.00 per year be imposed on all 3,700 businesses for an annual fee of $2,220,000.00. These fees will be adjusted with inflation and are subject to further review by Committee on Finance and Administration."

The Committee on Finance and Administration subsequently referred the matter to its Ad Hoc Committee on Licensing and Animal Control, which Committee has not reported its recommendations to your Committee.

Your Committee on Finance and Administration requests an extension of time of 90 days in which to report.

Your Executive Policy Committee recommends that the last paragraph in the above clause be amended by deleting the words "90 days" and inserting the words "30 days" therein.

Moved by Councillor Selinger,
Adoption of the clause.

In amendment,

Moved by Mayor Norrie,
That the recommendation of the Executive Policy Committee be adopted.

Tabled.

Moved by Councillor Selinger,
That Rule 9.1 and Rule 10 be suspended to proceed to consider Clause 2 of the Report of the Committee on Finance and Administration, dated January 22nd, 1992.

Carried.

(Superseded by Clause 2 of the Report of the Committee on Finance and Administration, dated January 22nd, 1992. See Minute No. 435 for disposition.)

Report of the Committee on Finance and Administration, dated January 9th, 1992.

435 - Council proceeded to consider Clause 2 of the Report of the Committee on Finance and Administration, dated January 22nd, 1992, regarding the licensing of home occupations, under Files EL-1, FE(1991) and AA-1.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

(Note: See Minute No. 446 for clause.)

Council here reverted to the regular order of business, being Clause 2 of the Report of the Committee on Finance and Administration, dated January 9th, 1992.

Tax Forgiveness for Home Renovations.
File FL-2.2

436 - 2. Council at its May 9th, 1990 meeting referred the following resolution to your Committee on Finance and Administration, namely:-

"WHEREAS the City of Winnipeg does not provide a tax break on any home renovations;

AND WHEREAS home owners are reluctant to renovate their residences because they are immediately assessed and faced with an increase in taxes;

AND WHEREAS a five-year program of tax forgiveness on assessable home renovations suggested herein will give an incentive for the owners of any single-family owner-occupied home to renovate and upgrade their homes;

AND WHEREAS the City would not be losing any revenue with such a program, because the additional renovation work would not otherwise be done;

AND WHEREAS the City will make a major tax gain after expiration of the five-year period;

THEREFORE BE IT RESOLVED that the Committee on Finance and Administration be asked to explore the feasibility of the City forgiving the taxes for a period of five years on all assessable home renovations up to a maximum of $10,000.00 made by the owners of any single-family owner-occupied home."

Your Committee on January 8th, 1991 struck an Ad Hoc Committee comprised of Councillors Demare and Prystanski to investigate the matter of tax forgiveness for home renovations. Council on January 23rd, 1991, granted a 90-day extension of time in which to report on the above resolution.

The former Ad Hoc Committee did not complete its deliberations on this matter and therefore, Council on October 16th, 1991 granted your Committee a further 90-day extension of time in which to report on the matter.

On November 12th, 1991 your Committee laid over consideration of appointments to the Ad Hoc Committee on Tax Forgiveness for the 1991 - 1992 term and referred the matter to the Administration for report.

Your Committee on Finance and Administration therefore requests a further 90-day extension of time in which to report on the above resolution.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

Report of the Committee on Finance and Administration, dated January 9th, 1992.

1992 Rates of Interest – Local Improvements. File SL

437 - 3. WHEREAS Section 357 of The City of Winnipeg Act provides for the inclusion in the cost of any work carried out as a local improvement, an amount to be charged as interest on such work as is financed by means other than debentures;

AND WHEREAS 357 further provides that such interest rate is to be determined by the City Treasurer and authorized by resolution of Council;

AND WHEREAS in accordance with the present policy of financing local improvements and various other capital projects internally from the City's General Reserve Fund at interest rates of up to 1% below the current market thereby giving some advantage to the annual expenditure budgets;

THEREFORE BE IT RESOLVED that the rate of interest to be charged on local improvements for the year 1992 shall be:-

Term	Current Market	Interest Rate for Assessment	Amount for Assessment and Collection	Total Rate for Assessment
2-5 yrs.	9%	8%	1%	9%
6-15 yrs.	9 3/4%	8 3/4%	1%	9 3/4%
16-20 yrs.	10%	9%	1%	10%

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

Winnipeg Convention Centre. File G-2

438 - 4. Any changes to the amount of money which The Convention Centre may, with the approval of Council, raise or borrow for temporary purposes, requires an amendment to legislation.

Sections 6(1) of The Convention Centre Corporations Act reads as follows:

"6(1) With the approval of the Council of The City of Winnipeg, the corporation, upon terms and conditions determined by the corporation may,

(a) issue bonds, debentures, debenture stock or other securities of the corporation, and pledge or sell them for such sums, and at such prices, as are deemed expedient;

(b) from time to time, borrow or raise money for temporary purposes by way of overdraft, line of credit, or loan, or otherwise upon the credit of the corporation from a bank, in such amounts not exceeding in the aggregate the sum of $100,000.00 of principal outstanding at any one time, and for such periods, as are deemed expedient;

(c) hypothecate, mortgage, or pledge the real or personal property of the corporation or both to secure any such bonds, debentures, debenture stock or other securities, and any money borrowed from the bank."

A normal part of any business operation is access to a line of credit for cash flow purposes.

Report of the Committee on Finance and Administration, dated January 9th, 1992.

When The Winnipeg Convention Centre Corporations Act was enacted on July 20th, 1972, the amount of $100,000.00 for short-term banking arrangements was reasonable in relation to the operation at that time. Due to the growth and magnitude of the present Convention Centre operation, it is proposed that the amount of $100,000.00 be raised to $250,000.00 and that Council retain authority for this amount.

Your Committee on Finance and Administration is of the opinion that Council should delegate the authority to the Board of Directors of The Convention Centre Corporation to make, as the need arises, short-term banking arrangements in such amounts not exceeding the sum of $100,000.00, by issuing a standing approval of this amount. This proposal is being made because the long approval process through Council (four to six weeks) is not in tune with the more immediate cash flow requirements that can occur in the operation of a business venture of the magnitude of the Convention Centre.

For example, during the month of November it became evident to the administration of the Convention Centre that the facility would require interim financing to offset a short-term cash flow deficiency.

The current recession, extraordinary expenses associated with the prepurchase of commodities for the Grey Cup, and timing of accounts receivable late in the budget year, caused pressure on the cash position of the facility. Revenues generated as a result of the Grey Cup Festival have more than offset the overdraft. However, monitoring of the facility's cash flow will be on-going until year-end.

Your Committee on Finance and Administration recommends:-

1. That the action taken by the Winnipeg Convention Centre in arranging for a short-term overdraft, approved by the Convention Centre Board, be ratified.

2. That Council delegate authority to the Board of Directors of The Convention Centre Corporation to make, from time to time, short- term banking arrangements in such amounts not exceeding the sum of $100,000.00 by issuing a standing approval for this amount.

3. That Section 6(1) (b) of The Convention Centre Corporations Act be amended to allow The Winnipeg Convention Centre Corporation, with the approval of Council, to make short-term banking arrangements in such amounts not exceeding the sum of $250,000.00.

4. That the Proper Officers of the City do all things necessary to implement the above recommendations including the execution of any documents related thereto.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

Land Exchange between the St. Boniface School Division No. 4 (J.H. Bruns Collegiate) and The City of Winnipeg - St. Boniface-St. Vital Community.
File FI-2.4.4(School)

439 - 5. Your Committee on Finance and Administration has considered the attached Item 1 of Report No. 1 of the Technical Advisory Committee on City Properties, dated December 17th, 1991, (File No. SB 4865/2), regarding a proposed land exchange between the St. Boniface School Division No. 4 (J.H. Bruns Collegiate) and The City of Winnipeg, in the St. Boniface-St. Vital Community.

Your Committee has been advised that on September 9th, 1989 the St. Boniface-St. Vital Community Committee requested the Parks and Recreation Department to initiate negotiations with the St. Boniface School Division No. 4 for a land exchange and on November 30th, 1989 the Parks and Recreation Department requested that Land Surveys and Real Estate Department investigate a possible land exchange with the St. Boniface School Division No. 4.

Report of the Committee on Finance and Administration, dated January 9th, 1992.

The Land Surveys and Real Estate Department on January 22nd, 1990, provided details for a potential land exchange together with sketch identifying the lands for proposed exchange and on October 23rd, 1990, the St. Boniface School Division No. 4 agreed in principle to support the proposed land exchange.

On March 15th, 1991 the Board of Commissioners considered a communication from the Committee on Protection, Parks and Culture indicating its concurrence in the recommendation contained in report dated February 21st, 1991 from the Commissioner of Protection, Parks and Culture and subsequently instructed the Director of Land Surveys and Real Estate Department to undertake the necessary negotiations for the proposed land exchange.

Ongoing negotiations have resulted in the School Division advising by letter dated December 8th, 1991 that they are prepared to recommend a land exchange to the School Board in accordance with the terms and conditions as outlined in attached Schedule "A".

The proposed exchange resolves several issues. Firstly, it allows for the regularization of the existing encroachment of the J.H. Bruns Collegiate building onto City-owned lands. Secondly, it facilitates the City's ability to control unauthorized parking use of Parcel A, which has in the past resulted in surface damage to adjacent City-owned lands. Thirdly, it allows the City to consolidate Parcel "A" with adjacent City-owned lands to facilitate the development of a new softball diamond.

Funding for incidental costs related to the proposed exchange are available in the Land Acquisition for General Unspecified Purposes Account.

For the information of Council, disposition of the City owned park lands (Parcel B) will require approval by at least two-thirds (2/3) of Council in accordance with Section 156(2) of The City of Winnipeg Act.

Your Committee on Finance and Administration therefore recommends:-

1. That Parcel "B" shown on Misc. Plan SBSV 7861/7 be declared surplus to the City's needs.

2. That the proposed land exchange be approved in accordance with the terms and conditions as outlined in Schedule "A".

3. That the Proper Officers of the City be authorized to do all things necessary to effect the proposed exchange of lands, including the execution of any documents related thereto.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

(Note: See Minute No. 442 for attachments.)

Acquisition of Land by Land Exchange for the Beecher Avenue Widening Project - Mr. B. Los - Lord Selkirk-West Kildonan Community. File FI-2(24)

440 - 6. Your Committee on Finance and Administration has considered the attached Item 1 of Report No. 1A of the Technical Advisory Committee on City Properties, dated December 17th, 1991, (File No. 6026/21), with respect to the acquisition of land by Land Exchange for the Beecher Avenue widening project - Mr. B. Los, in the Lord Selkirk-West Kildonan Community.

Council on February 13th, 1991 approved the 1991 Capital Estimates which included the installation of a full range of services (by way of local improvement levy) in that portion of Beecher Avenue between Diplomat Drive and Ferrier Street.

Report of the Committee on Finance and Administration, dated January 9th, 1992.

On June 6th, 1991, the Board of Commissioners instructed, among other things;

> That the lane north of Beecher Avenue from Diplomat Drive to Ferrier Street be legally closed; and,
>
> That the Land Surveys and Real Estate Department be authorized to obtain a widening of the above described portion of the Beecher Avenue Right-of-Way by means of land exchanges (i.e. the widening requirement in exchange for a portion of the lane).

The overall Beecher Avenue widening project involves the acquisition of land, by exchange, from thirteen properties on the north side and thirteen properties on the south side of Beecher Avenue as shown on the attached Misc. Plan No. LSWK 8235/1.

On the north side, the Land Surveys and Real Estate Department is pursuing the acquisition of a ten foot wide strip of land by way of exchange for the public lane existing at the rear of the properties. The Planning Department has circularized the proposed lane closing and is currently submitting this matter for the consideration of the Committee on Planning and Community Services.

On the south side, the Land Surveys and Real Estate Department is pursuing the acquisition of a seven foot wide strip of land by way of exchange for a City-owned parcel of land existing at the rear of the properties.

The City's consultant has designed the alignment of the services (concrete roadway, waterline, sewerline) such that they will be installed within the existing Beecher Avenue Right-of-Way. The land proposed for acquisition is still required for the creation of a boulevard which will accommodate snow storage and the potential installation of a sidewalk (in the event the residents petition for same). Currently a sidewalk is proposed for the south side but not the north side.

Negotiations undertaken with the owners of the subject property have resulted in an agreement to enter into a land exchange.

The terms and conditions of the proposed exchange are attached as Schedule "A".

Acquisition of the widening requirement from the subject property will result in the setback distance between the house and the front property limit being reduced to approximately 12.5 feet.

The creation of the proposed boulevard will involve the City's contractor relocating the owners fence to the proposed new property limit (at City cost).

The Land Surveys and Real Estate Department considers the proposed terms and conditions to be reasonable.

Many of the owners on Beecher Avenue including the owner of the subject property, have given their Consent to the City to Enter and Construct, to provide for convenient access to the construction area and to allow for regrading of the lands for boulevard purposes. In this regard the City's contractor has initiated the installation of servicing this past September and it is anticipated that construction will, for the most part, be completed in the Spring/Summer of 1992. The District Engineer has advised that the boulevards and sidewalk will be constructed only on those properties whose owners have agreed to enter into the land exchange.

It is anticipated that the majority of the owners are agreeable to the land exchange. Therefore, as a means of expediting the finalization of the remaining Beecher Avenue acquisitions, the Land Surveys and Real Estate Department is requesting that the authority to approve the terms and conditions be delegated to the Director of Land Surveys and Real Estate Department.

Report of the Committee on Finance and Administration, dated January 9th, 1992.

Funding for the Beecher Avenue acquisitions/exchanges is available from Work Order No. 03-118117-5189970303.

Your Committee on Finance and Administration therefore recommends:-

1. That the terms and conditions of the land exchange be approved as outlined herein.

2. That the Director of Land Surveys and Real Estate be authorized to approve other subsequent settlements of a similar nature for this project on the understanding that the said delegation would be exercised substantially in accordance with the attached Schedule "A" and that significant variances will require referral to the Committee on Finance and Administration for its consideration.

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

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

(Note: See Minute No. 443 for attachments.)

Land Exchange - The City of Winnipeg and M.H.R.C. - Extension of Gaylene Place - Assiniboine Park-Fort Garry Community.

File FI-2.4(21)

441 - 7. Your Committee on Finance and Administration has considered a report dated January 3rd, 1992 regarding a proposed Land Exchange between The City of Winnipeg and M.H.R.C. for the extension of Gaylene Place, in the Assiniboine Park-Fort Garry Community.

In order to investigate the ability to create a marketable site out of surplus lands residual to the Route 165 - Pembina Highway interchange project, the Land Surveys and Real Estate Department on July 25th, 1989 initiated contact with the Housing Department of the Province of Manitoba (formerly M.H.R.C.) to determine whether certain lands were available for purchase and which would be required to provide access to the City's surplus lands.

On November 16th, 1989, the Housing Department indicated a preparedness to negotiate the sale of a part of its land needed by the City for access purposes and on January 11th, 1990 The Board of Commissioners authorized the Land Surveys and Real Estate Department to negotiate the acquisition of land required for the extension of Gaylene Place.

The Land Surveys and Real Estate Department, on February 13th, 1990, was contacted by the Harambee Housing Co-op for the purpose of pursuing discussions for purchase of the City lands which are surplus to the Bishop Grandin Right-of-Way.

The Committee on Finance and Administration on October 16th, 1990, authorized the Land Surveys and Real Estate Department to negotiate a sale of certain surplus lands to the Harambee Housing Co-op Ltd. for the price of $308,500.00. The negotiations related to this sale are now completed and are the subject of a separate companion report.

The Land Surveys and Real Estate Department has now also completed its negotiations with the Housing Department of the Province.

The details of the properties are outlined in the attached report.

The conveyance of the "additional lands" referred to in No. 1 of the Terms and Conditions is intended to eliminate some minor encroachments (lamp standards and fencing).

Report of the Committee on Finance and Administration, dated January 9th, 1992.

With respect to No. 6 of the Terms and Conditions, it is the position of M.H.R.C that creation of the cul-de-sac will completely eliminate some existing parking stalls and make it more difficult to access others. Consequently M.H.R.C. requires that these parking stalls be relocated. This project will, among other things, involve:

a) relocating: The electrical supply; fencing; and,

b) the removal of: Asphalt and base; fencing; and,

c) the installation of: Asphalt, topsoil, sod and hedging.

In the existing situation M.H.R.C. has asphalted entrances to each of its parking areas. As a result of the proposed creation of the new cul-de-sac, there will exist a City requirement that concrete approaches of certain design be constructed. This forms the basis of M.H.R.C.'s Term No. 8.

Term No. 9 (the removal of the existing concrete cul-de-sac) is a requirement of M.H.R.C. The Streets and Transportation Department confirms that, if left in place, the existing cul-de-sac together with the new cul-de-sac and new approach could create hazardous traffic conditions.

Nos. 5, 11 and 12 are terms/conditions the Land Surveys and Real Estate Department has been hesitant to recommend. With respect to No. 5, M.H.R.C. advises that its land transactions require the review or assistance from other Provincial Departments and that those Departments submit billings for its time expended. M.H.R.C. indicates that because this street extension proposal has originated from outside that agency, it has not budgeted for those expenses and would require the City pay for any invoices submitted.

With respect to No. 11, the Land Surveys and Real Estate Department, has conveyed its position that there is no connection between the issue of sidewalk construction and the proposed street extension and that it is unable to recommend that the City agree with the request. The view of M.H.R.C. is otherwise.

With the implementation of No. 12, M.H.R.C. intends to place restrictions on the type of future use and on the density of development of the City lands. It is the position of the Land Surveys and Real Estate Department that if the City is successful in selling its lands to Harambee Co-op Ltd., that the M.H.R.C. density restriction is not of consequence (in that the density of "Harambee's" residential development is less than the restriction as proposed by M.H.R.C.).

On this point, M.H.R.C. is prepared to waive the residential density restriction if the City land is sold to Harambee Co-op Ltd. However, in the event the sale to Harambee does not proceed the City (by agreeing to the restriction) will have created a site it can market only for certain limited residential uses. This would constitute a problem only if higher uses and densities could be supported by the Planning Department and the Community. In that regard, the Planning Department has advised it would object to a use of the City property for Commercial purposes. Further, the Planning Department has indicated that the densities as proposed by "Harambee Co-op" are appropriate for the area. If the Harambee transaction is not completed as recommended in the companion report then the Land Surveys and Real Estate Department would recommend that further negotiations be undertaken with M.H.R.C. regarding the issue of density.

The net costs of the negotiated settlement is $40,000.00. The construction of the sidewalk would add an additional $10,000.00 (more or less) to the City's costs. It should be noted that under this proposal there will be no ability to recover any of the costs through Local Improvement Levy. (M.H.R.C. will not sell the land if it appears they are to incur costs.)

Report of the Committee on Finance and Administration, dated January 9th, 1992.

To summarize, this transaction has two areas of concern: A) the fact that if the sale to Harambee doesn't proceed, any attempt to market the land to others may be hampered by M.H.R.C.'s density restriction and; B) the gross costs to satisfy M.H.R.C.'s requirements include two items (sidewalk and administrative time of other Provincial Departments) that the Land Surveys and Real Estate Department would not normally recommend. Essentially, the City has three options:

1. Not proceed with the development of the City's surplus lands and in so doing eliminate the need for the M.H.R.C. land;

2. Proceed to develop the City's surplus lands by using an access through the Chancellor frontage; and,

3. Achieve access though M.H.R.C. lands by completing this transaction.

Alternative No. 1 is unacceptable as the City would therefore not achieve any sale proceeds and there would be no consequent increase in the tax base. Alternative No. 2 is unacceptable because creating such an access would make the Chancellor frontage less marketable. Alternative No. 3 creates the best access to the City's rearage lands.

The costs associated with this transaction should be charged to the Land Operating Reserve Account with the costs being reimbursed from the sale proceeds.

Your Committee on Finance and Administration recommends:-

1. That the land exchange be approved in accordance with the attached terms and conditions.

2. That the Committee on Works and Operations instruct the City Solicitor to prepare the necessary By-law for submission to Council to effect the opening and closing in accordance with Plan No. APFG 7371/12, hereto attached, the cost of the By-law, estimated at $200.00 to be charged to the Land Operating Reserve Account and to be reimbursed from the sale proceeds.
3. That the Proper Officers of the City do all things necessary to implement the above recommendations including the execution of any documents related thereto.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

(Note: See Minute No. 444 for attachments.)

442 - SEE OFFICIAL SET OF MINUTES FOR ATTACHMENT.

443 - SEE OFFICIAL SET OF MINUTES FOR ATTACHMENT.

444 - SEE OFFICIAL SET OF MINUTES FOR ATTACHMENT.

CONSIDERATION OF REPORT OF THE

COMMITTEE ON FINANCE AND ADMINISTRATION

The Executive Policy Committee has had before it the Report of the Committee on Finance and Administration, dated January 22nd, 1992, has concurred in the recommendations contained therein and submits same to Council for approval and adoption.

On motion of Councillor Selinger, the rule was suspended and the Report of the Committee on Finance and Administration, dated January 22nd, 1992, was considered.

West Committee Room,
Council Building, Winnipeg.
January 22nd, 1992.

His Worship the Mayor and Councillors:

Your Committee on Finance and Administration submits the following Report and recommends:

Rental Space for the Accommodation of the Purchasing Department - Mandarin Building. File FI-2.3(22)

445 - 1. Council at its meeting held on December 18th, 1991, passed the following motion, as amended, namely:-

"WHEREAS on December 3rd, 1991, the Committee on Finance and Administration approved a 10 year lease for the Purchasing Department to be located in the Mandarin Building;

AND WHEREAS, there were other proposals located in the downtown area at a more reasonable cost which would have resulted in a saving to the City in excess of $1 Million;

THEREFORE BE IT RESOLVED that the Committee on Finance and Administration reconsider its decision of December 3rd, 1991, and either negotiate a more reasonable leasing arrangement with the Mandarin Building owners or consider alternate locations;

AND THEREFORE BE IT FURTHER RESOLVED that the Committee on Finance and Administration be instructed to seek outside legal advice on the legal ramifications."

Your Committee on Finance and Administration at a Special Meeting held on January 22nd, 1992 further considered the leasing of the Mandarin Building for the Purchasing Department, and have renegotiated a preliminary lease at a substantially lower cost to the City, subject to final negotiations being concluded.

Your Committee therefore recommends that the clause be received as information.

Moved by Councillor Selinger,
Adoption of the clause.

Carried.

Licensing of Home Occupations.
Files EL-1, (FE(1991) and AA-1.

446 - 2. Your Committee on Finance and Administration has considered the matter of Licensing of Home Occupations as referred to it on March 19th, 1991.

The matter had been referred to the Ad Hoc Committee on Licensing and Animal Control but due to time constraints the matter has instead been considered by your Committee.

Report of the Committee on Finance and Administration, dated January 22nd, 1992.

The Home Occupations By-law license in lieu of business tax is calculated to be in line with the business taxes that would be levied against a comparable commercial premise. The 1991 reassessment of annual rental value, raising the level of value from 1974 to 1985 levels, should also be reflected in the Home Occupation License.

The operation of a trade within a residential dwelling or a building accessory to that dwelling unit is subject to the following:

(a) Compliance with the use regulation - applicable in the Zoning District in which it is located.

(b) Payment of the prescribed license fee as set out in By-law No. 201/72. Namely, the License in Lieu of Business Tax By-law.

On September 20th, 1972, Council passed By-law No. 201/72 which imposed a License Fee in Lieu of Business Tax on Persons carrying on a trade in a residence:

License Fee Payable - Twenty-five ($25.00) Dollars per annum.

On December 17th, 1975, Council passed By-law No. 1137/75 to amend By-law No. 201/72 to increase the license fee to Sixty ($60.00) Dollars per annum.

On June 3rd, 1976, Council passed By-law No. 1299/76 to amend By-law No. 201/72 to reduce the annual license fee payable by handicapped or disabled persons from $60.00 to $5.00 per annum.

The relevant sections of the former City of Winnipeg Act (which still applies until Council passes a By-law approving a single tax rate) is as follows:

Power to classify license.
527(1) In addition to any other power granted by this Act, the city shall have power to classify and license (including the power to fix the license fee for each class) persons carrying on any of the trade classified under this Act for business tax purposes, whether or not such persons occupy premises for the purpose of such trades.

License fee in lieu of business tax.
527(2) The license fee shall be payable in lieu of business tax and no license fee in respect of any trade carried on in any premises shall be payable for any year under any by-law passed pursuant to this section by any person who for such year and in respect of such premises has been assessed for business tax, or has paid a license or other fee in respect of such trade or premises under section 176.

The Assessment Department has reviewed the level of assessment on comparable business premises (see Exhibit I). The comparisons used were all on arterial streets and in commercially-zoned areas and have none of the restrictions of size, sign use, employees, etc. that home occupations have. It should be noted that the amount of business generated or profit realized has no bearing on the amount of tax paid.

In addition the City Assessor has advised that if consideration is given to assessing currently licensed premises on the Business Assessment roll a number of difficulties would be encountered. Most notable are the nature of the business operation, the typical small size, and the difficulty in determining the area used and the annual rental value of same, would present difficulties in identifying and calculating a unique assessed value for each individual business premise.

Report of the Committee on Finance and Administration, dated January 22nd, 1992.

The equivalent business taxes based on Statutory rates would be as follows:

Statutory Rates:

Retail Space - Class A
700.00 A.R.V. x 7% Class A2 = $ 49.00 tax
1400.00 A.R.V. x 8 1/2% Class A3 = $119.00 tax

Trades & Service - Class B
700.00 A.R.V. x 7 1/2% Class B2 = $ 52.50 tax
1400.00 A.R.V. x 9% Class B3 = $126.00 tax

Unclassified - Class P
700.00 A.R.V. x 10% Class P = $ 70.00
1400.00 A.R.V. x 10% Class P = $140.00

Averaging these three examples equates to $92.00. The recommended fee is $100.00.

By averaging the annual rental value across a number of classes the fee assumes all home occupations utilize the same area (approximately 400 feet) and are the same class of business.

In the past the License fee has been calculated as a license in lieu of business tax. If it is considered to be more equitable that the license fee should also reflect the differential paid in realty taxes between a residential property and a commercial property the current legislation must be amended. The City is now empowered to set the license fee as only equivalent to the business tax payable by a comparable business establishment. For demonstration purposes only, the Assessment Department was requested to provide an equivalent realty assessment in order to determine the differential paid in realty taxes because of portioning (attached Exhibit II). It is estimated that the equivalent maximum 400 square foot area is assessed at $12,500.00.

Municipal Realty taxes on a residential area of a $12,500.00 assessment, Class 10 is as follows:

12,500 x Residential-1 portion x municipal mill rate = municipal taxes

12,500 x 48.6 x .03148 = $191.00

Municipal Realty taxes on a commercial area of a $12,500.00 assessment, class 60 is as follows:

12,500 x other portion x municipal mill rate = municipal taxes

12,500 x 65.5 x .03148 = $258.00

The differential in tax caused by portioning is $67.00.

The total license fee can be calculated as follows if the difference in realty tax is included:

Equivalent Business Tax:	$ 92.00
Differential Municipal Realty Tax:	67.00
	$159.00

The number of Home Occupation Licenses that were sold in 1990 was 3,788 raising revenue of $212,305.00. If the fee was changed to $100.00 in 1992 it is anticipated to raise an additional $150,000.00 annually. In 1991, 1,900 licenses have already been sold to the end of February (renewals were issued to businesses in December 1990). Because the license fee is considered an annual fee, the Law Department has advised that any change in the fee should be effective at the beginning of the new year.

If the legislation was amended to include the differential in the realty tax caused by portioning, additional revenue estimated at approximately $250,000.00 annually would be raised (assuming the same number of licenses would be sold as in 1990).

Report of the Committee on Finance and Administration, dated January 22nd, 1992.

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

1. That the Home Occupations By-law No. 201/72 (Exhibit III) be amended to reflect the 1991 business reassessment raising the Home Occupation License fee from $60.00 to $100.00 effective January 1st, 1992.

2. That the Home Occupations By-law No. 201/72 be amended to reflect the 1991 business reassessment raising the Home Occupation License fee from $5.00 to $10.00 for handicapped or disabled persons effective January 1st, 1992.

3. That the possibility of changing the license fee for future years to include the differential in realty tax between residential and commercial property be explored by the Assessment and Finance Departments and if such a proposal appears desirable, that suitable amendments to The City of Winnipeg Act be requested of the Province.

4. That the Proper Officers of the City do all things necessary to implement the foregoing.

(Note: See Minute No. 435 for disposition of Clause 2.)

COMMITTEE ON FINANCE AND ADMINISTRATION

CONSIDERATION OF BY-LAWS

447 - On motion of Councillor Selinger, the rule was suspended and By-law No. 5845/92, 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 third reading, and was passed and ordered to be signed and sealed. File No. EL.

On motion of Councillor Selinger, the rule was suspended and By-law No. 5849/92, a By-law of the City of Winnipeg to amend By-law No. 201/72, being a by-law to impose a license fee in lieu of business tax on certain persons carrying on a trade in the City of Winnipeg, was read a first, second and third time, the rule being suspended for third reading, and was passed and ordered to be signed and sealed. File Nos. FE(1991), AA-1 and EL-1.