Minutes - Executive Policy Committee - December 10, 2003

REPORTS

Minute No. 54 2004 Local Improvement Interest Rates
File SL-1

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the administrative recommendation and recommends to Council:

1. That the interest rates for local improvements for which taxes are first imposed in 2004 be established as follows:

Term	2004 Interest Rate		2003 Interest Rate
2 – 5 years	5.50%	down from	5.60%
6 – 15 years	6.60%	the same as	6.60%
16 – 20 years	6.75%	down from	7.15%

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

DECISION MAKING HISTORY:

Moved by Councillor Clement,
That the administrative recommendation be concurred in and forwarded to Council.

Carried

ADMINISTRATIVE REPORT

RE: 2004 LOCAL IMPROVEMENT INTEREST RATES

FOR SUBMISSION TO: EXECUTIVE POLICY COMMITTEE

ORIGINAL REPORT SIGNED BY: CHIEF FINANCIAL OFFICER

REPORT DATE: December 3, 2003

RECOMMENDATION(S):

That the interest rates for local improvements for which taxes are first imposed in 2004 be established as follows:

Term	2004 Interest Rate		2003 Interest Rate
2 – 5 years	5.50%	down from	5.60%
6 – 15 years	6.60%	the same as	6.60%
16 – 20 years	6.75%	down from	7.15%

REPORT SUMMARY:

Key Issue(s):

Allows for Council to formally establish interest rates for local improvements for 2004.

Implications of the Recommendation(s):

General Implications

	None
	For the organization overall and/or for other departments
X	**For the community and/or organizations external to the City**
	Involves a multi-year contract

Comment(s):

Policy Implications

X	**No**
	Yes

Comment(s):

Environmental Implications:

X	**No**
	Yes

Comment(s):

Human Resources Implications:

X	**No**
	Yes

Comment(s):

Financial implications

X	**Within approved current and/or capital budget**
	Current and/or capital budget adjustment required

Comment(s):

REASON FOR THE REPORT:

The City of Winnipeg Charter Act 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 2004.

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.

DISCUSSION:

Section 418 of The City of Winnipeg Charter, which came into effect January 1, 2003, 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 STATEMENT

There is no financial impact as the interest rates set for financing local improvements provide for the recovery of the City's cost of capital and assessment and collection costs.

"Original signed by Carrie Erickson"
Carrie Erickson
Manager of Finance & Administration

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

Corporate Services Department, Legal Services Division
Taxation & Revenue Branch, Corporate Finance Department

THIS REPORT SUBMITTED BY:

Corporate Finance Department
Financial Services
Prepared by: Garry Steski, Manager of Financial Services
File No. V:\REPORTS\2003\Steski\031124 - 2004 Local Improvement Interest Rate.doc