Agenda – Executive Policy Committee – November 14, 2023

REPORTS

Item No. 16 2024 Local Improvement Interest Rates

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the interest rates for local improvements for which taxes are first imposed in 2024 be established as follows:

Term	2024 Interest Rate	Difference	2023 Interest Rate
2 – 5 years	4.75%	0.75% higher than	4.00%
6 – 15 years	5.00%	0.75% higher than	4.25%
16 – 20 years	5.25%	0.75% higher than	4.50%
21 – 25 years	5.25%	0.50% higher than	4.75%
26 – 30 years	5.25%	0.50% higher than	4.75%

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

ADMINISTRATIVE REPORT

Title: 2024 Local Improvement Interest Rates

Critical Path: Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Adams	C. Kloepfer	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

Interest rates are established to compensate the City for the recovery of the cost of capital in financing local improvement projects as well as assessment and collection charges. Council approval of the interest rates charged to property owners provides transparency and aids in the administration of this program.

RECOMMENDATIONS

1. That the interest rates for local improvements for which taxes are first imposed in 2024 be established as follows:

Term	2024 Interest Rate	Difference	2023 Interest Rate
2 – 5 years	4.75%	0.75% higher than	4.00%
6 – 15 years	5.00%	0.75% higher than	4.25%
16 – 20 years	5.25%	0.75% higher than	4.50%
21 – 25 years	5.25%	0.50% higher than	4.75%
26 – 30 years	5.25%	0.50% higher than	4.75%

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

REASON FOR THE REPORT

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 2024.

IMPLICATIONS OF THE RECOMMENDATIONS

The interest rates have been set to recover the City's projected cost of financing and are estimated well in advance of the anticipated debt financing date. Bond market interest rates are dynamic and may change due to economic and market conditions.

HISTORY/DISCUSSION

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.

FINANCIAL IMPACT

Financial Impact Statement Date: September 29, 2023

Project Name: 2024 Local Improvement Interest Rates

COMMENTS:

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

Sheridel Faderon for R. Bernard

Randy Bernard, CPA, CMA
Manager of Finance & Administration (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with: N/A

OURWINNIPEG POLICY ALIGNMENT

Establishing Local Improvement interest rates for Council consideration is generally aligned with strategies in the OurWinnipeg 2045 goal: Leadership and Good Governance policy 1.8.

1.8 **Accountable Revenue Generation**

Pursue municipal revenue generation based on a predictable, equitable and evidence-informed methodology that offsets service costs while achieving this Plan's sustainability goals.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CAP), and it was determined that the CAP is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Corporate Finance Department
Division: Treasury
Prepared by: Bob Adams, Manager of Treasury Services
Date: October 4, 2023