City of Kelowna
MEMORANDUM

DATE: December 2, 2002
FILE: 3900-20, 1950-03

TO: City Manager

FROM: Deputy Director of Finance

RE: **Revision of Schedules "A" & "B" to Local Improvement Bylaw 6600-90**

RECOMMENDATION:

THAT Council approve the revised Schedules "A" and "B" which form part of bylaw 8944, amendment No. 13 to Local Improvement Charges Bylaw 6600-90.

BACKGROUND AND COMMENTS:

In 1997, Finance prepared and implemented a formal procedure to annually review and coordinate revisions to the Local Improvement Bylaw in order to address changing construction costs and interest rates.

Review of charges per assessable metre for local improvement projects are necessary to ensure that rates are reflective of the current estimated cost of providing these services. These charges are detailed in the matrix forming the top portion of Schedule "A" under 'Cash Charges per Assessable Metre' and are unchanged from 2001-2002 on the advice of the Transportation Services Division.

Revisions of the lower portion of Schedule "A", 'Annual Charges Per Assessable Metre for 20 Years' reflect any changes in current long-term interest rates. The lower portion of Schedule "A", Annual Charges Per Assessable Metre for 20 Years reflects marginally lower long term rates relative to the previous year.

Revisions to Schedule "B" 'Cash Commutation Factors' reflect any changes in current short-term interest rates and the factors have been changed accordingly. The factors are used to determine the lump sum payment required, after debenture borrowing has already taken place, in order to end annual charges on benefiting rolls. Once debenture borrowing has occurred, the City has an ongoing obligation until the debt is retired. The City must ensure that the lump sum payment, plus accumulated earned interest on that payment, will be sufficient to service the debt in a manner consistent with those funds being recovered through the annual charges to taxes.

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Paul Macklem

PM/pb

Attachments

cc: Transportation Manager
      Revenue Supervisor