

ITEM 10
MANAGER'S REPORT NO. 73
COUNCIL MEETING 87/11/23

RE: FINANCING OF LOCAL IMPROVEMENT LANES

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Finance be adopted.

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TO: MUNICIPAL MANAGER
FROM: DIRECTOR FINANCE

1987 November 19
File: I52-4

RE: FINANCING OF LOCAL IMPROVEMENT LANES

1. THAT a by-law be brought down to appropriate \$13,192.28 from the Local Improvement Fund, to finance the work shown in this report.

SUMMARY

Periodically a by-law needs to be passed to permit use of the Local Improvement Fund to finance the cost of recently constructed lanes. Only one lane has been constructed to date in 1987 and is the subject of this report.

REPORT

The Corporation has a Local Improvement Fund established under Section 381 of the Municipal Act which is used to permanently finance local improvement lanes and to temporarily finance local improvement works pending permanent financing. Mostly it is used for the latter purpose. Currently the fund stands at \$4,946,000, of which \$37,000 is being used to finance lanes on a permanent basis. Funds on hand, when not being used to finance local improvement works, are kept fully invested at all times.

We have on hand one completed lane totalling \$13,192.28 to be financed out of the Fund with repayment, in accordance with the construction by-law, to be made over five years. This sum and repayment period are too small and too short to make it worthwhile financing through the Regional District and the Municipal Finance Authority. The work, a 14' asphaltic paved lane, is described as follows:

<u>By-law No.</u>	<u>Description</u>	<u>Amount</u>
8626	Lane east of South Fell Avenue and south of Dundas Street	\$13,192.28 =====

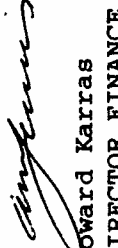
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Recent amendments to the Municipal Act eliminated the need for the Inspector of Municipalities' approval to charge an interest rate in excess of 6% on monies borrowed from the Fund. At the time the construction by-law was brought down the 6% rate was in effect; this rate will be used for the permanent financing of the lane.

Subsequent internal financing of local improvement works will be charged the same interest rate that is used for the internal financing of other capital projects. This internal financing rate is set once a year and is based on the prime rate that is in effect at the beginning of the year.

It is recommended that a by-law be brought down to appropriate \$13,192.28 from the Local Improvement Fund to finance the works shown in this report.


for HOWARD KARRAS
DIRECTOR FINANCE

AML:gw

cc: Municipal Clerk
Municipal Solicitor