



Date: September 2, 2010

City Council

To: Mayor & Council

Fr: Paul Derouard Budget/Auditor General

Re: Interest on Overdue Accounts

Recommendation:

That Council hereby approves interest to be charged on overdue accounts at a rate of 1½% monthly for all contracts or any other arrangements whereby the City is providing services for a fee where neither interest nor late penalty charges are currently assessed under existing by-laws, and

That the appropriate by-law be passed for this purpose.

Background:

In accordance with existing by-laws, the City's property taxes and water / sewer accounts. The City has numerous other types of accounts (for example, tipping fees, recreation centre facilities and day care), however, for which there is currently no by-law in place to levy any form of interest or late penalty if payment is not made within a certain period of time. The result is that some City accounts can be left unpaid for extended periods. It is felt that the introduction of an interest on past due accounts will help to ensure these accounts are paid in a more timely manner.

The City's solicitor, Bernd Richardt, has advised that there is no specific authority within the Municipal Act authorizing a municipality to charge or impose interest rates on overdue accounts, other than on overdue property taxes. He further comments, however, that Council may wish to pass a by-law setting out that where the municipality provides services for a fee, interest will be charged on overdue accounts at a defined rate. In addition, it was recommended that on a forward basis, any person being provided with services be required to sign an acknowledgement as to the amount they will be charged by the City and that interest will be charged at a certain rate. A copy of this letter is attached for your reference.

Budget: N/A

There is no expenditure impact related to the approval of this by-law. The result will be a modest increase in interest revenues for the City.

Communication Plan/Notice By-law Requirements:

Acknowledgement signed by person requesting services from City.