

THE CORPORATION OF THE  
**CITY OF WHITE ROCK**  
CORPORATE REPORT



**DATE:** November 4, 2024

**TO:** Mayor and Council

**FROM:** Candice Gartry, Director, Financial Services

**SUBJECT:** Latecomer Interest Rate Bylaw, 2015, No. 2088, Amendment No. 6, 2024, No. 2524

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**RECOMMENDATIONS**

THAT Council:

1. Receive the November 4, 2024, corporate report from the Director, Financial Services, titled "Latecomer Interest Rate Bylaw, 2015, No. 2088, Amendment No. 6, 2024, No. 2524;" and
  2. Give first, second and third reading to "Latecomer Interest Rate Bylaw, 2015, No. 2088, Amendment No. 6, 2024, No. 2524."
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**EXECUTIVE SUMMARY**

This corporate report introduces the Latecomer Interest Rate Bylaw, 2015, No. 2088, Amendment No 6, 2024, No. 2524 (Appendix B).

**INTRODUCTION/BACKGROUND**

The latecomer interest rate bylaw serves a specific financial purpose related to infrastructure development and cost-sharing between municipalities and developers. These latecomer agreements are development finance agreements that outline off-site capital works infrastructure necessary for development to proceed. Municipalities often build or expand infrastructure, such as water, sewer systems, or roads, and the initial developers bear the cost of these improvements.

The agreements also specify terms by which developers can recover costs for excess infrastructure capacity - that is, infrastructure built beyond what is required for the initial development. Future developments that benefit from this extra capacity must contribute to its costs through latecomer charges.

The latecomer interest rate bylaw is important because it establishes the interest rate on these latecomer charges. This rate compensates the original developers or the municipality for the time value of money, especially since it may be years before future developers connect to the infrastructure. One of the terms in a latecomer agreement is determining what portion of the excess capacity will benefit future development. When that future development occurs, a latecomer charge is levied based on the terms of the agreement, and the interest rate applied to this charge is set by the bylaw.

This bylaw amendment is a housekeeping item to keep the interest rate current with market conditions. Staff process has been to adjust the latecomer interest rate to align with the Municipal Finance Authority (MFA) 15-year long-term lending rate, which is currently set at 4.47% (4.99% 2023, 4.58% 2022). Staff use the 15-year rate because it is consistent with the maximum term of these latecomer agreements. This ensures that both the municipality and developers are treated fairly in terms of financial recovery and that the cost-sharing remains equitable across all parties involved.

### **OPTIONS / RISKS / ALTERNATIVES**

Should Council decide not to adopt the Bylaw amendment, the interest rate for latecomer charges will remain at 4.99% (the 2023 rate).

### **CONCLUSION**

This proposed bylaw amendment is a housekeeping item to amend the bylaw to ensure the interest rate is in line with current market conditions. Following review, staff recommend that Council give first, second and third reading to "Latecomer Interest Rate Bylaw, 2015, No. 2088, Amendment No 6, 2024, No. 2524"

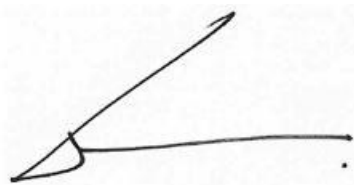
Respectfully submitted,



Candice Gartry, CPA, CGA  
Director, Financial Services

### **Comments from the Chief Administrative Officer**

I concur with the recommendations of this corporate report.



Guillermo Ferrero  
Chief Administrative Officer

Appendix A: 2024 MFA Long Term Lending Rates

Appendix B: Latecomer Interest Rate Bylaw, 2015, No. 2088, Amendment No. 6, 2024, No. 2524