

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON DECEMBER 13, 2016
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT	UPDATE OF COUNCIL TAX POLICIES

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken:

- a) the attached proposed by-law (Appendix "B") BE INTRODUCED at the Municipal Council meeting to be held on December 19, 2016 for the purpose of repealing Council Policy 26(4) entitled "Treatment of Properties that Do Not Sell at Municipal Tax Sales" and replacing it with a revised Council Policy 26(4); and
- b) the attached proposed by-law (Appendix "C") BE INTRODUCED at the Municipal Council meeting to be held on December 19, 2016 for the purpose of introducing a new Council Policy that provides for the delegation to the City Treasurer to approve and sign minutes of settlement for assessment appeals filed under the Assessment Act or other legislation.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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None

BACKGROUND

The purpose of this report is to seek Municipal Council approval to make minor amendments to policies and add a new policy to Chapter 26 – Taxes of the City Council Policy Manual in order to reflect current operational processes. Each policy to be amended or added is shown below along with the associated rationale.

As part of a corporate-wide project to update the Council Policy Manual, the service areas under the direction of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer are continuing the process of reviewing all Council Policies in order to bring forward any necessary updates for consideration by the Municipal Council. Further to the amendments previously brought forward to the Municipal Council, the following amendments are being recommended for consideration and approval; it being noted that work will continue of reviewing the remaining policies to ensure they are also current. Throughout the coming year, further updated or new policies will be developed and brought forward for Municipal Council's Consideration.

The following policy listed below is being recommended to be amended in order to update the references made to the appropriate Committee of Council as well as reflect changes based on the most recent experience with properties that have not sold at Municipal tax sales. The current Municipal Council Policy 26(4) is shown as attached as (Appendix "A").

Recommended Changes to Council Policy 26(4)

Based on the most recent experience with properties that have not sold at municipal tax sales, the following amendments to the policy are being recommended to provide additional clarity and guidance for civic administration:

Step 1 of the Policy –delete the reference to the Finance and Administration Committee.

Step 3 of the Policy – add in the following wording: “and conduct any further environmental testing and review as may be indicated by phase 2 information.”

Step 4 of the Policy is being updated to replace the reference to the Finance and Administration Committee as well as add in the ability to market the property through the use of a Tender, where appropriate, in addition to a Request for Proposal. The revised recommended wording is shown below:

“Report to the appropriate Committee of Council and if there is no internal department or external agency interest in the property, market the property by either issuing a Request for Proposals or a Request for Tenders as deemed appropriate in the circumstance. A Request for Proposals shall include an evaluation criteria with weighted scoring. A draft Agreement of Purchase and Sale shall be included with either process.”

Step 5 of the Policy is being updated to replace the reference to the Finance and Administration Committee as well as add in the process to be followed when a Request for Tenders is issued. The revised recommended wording is shown below:

“In the case of a Request for Proposals, evaluate the submissions received and prepare a recommendation report for the appropriate Council Committee for the Proponent with the highest technical combined score for the property acquisition. In the case of a Request for Tenders, the award of the tender will be recommended to the highest bidder and shall also have a recommendation report prepared for the appropriate Council Committee.”

Step 6 of the Policy is being updated to remove the reference to the Finance and Administration Committee:

“Vest property and convey to the purchaser after approval of sale agreement by the Municipal Council.”

Proposed New Council Policy for Tax section of the City Policy Manual

Under subsection 40(11) of the *Assessment Act* the City of London is a party to all assessment appeals involving properties within its boundaries. The other parties to these appeals are the Municipal Property Assessment Corporation, the appellant, and the owner. Since the City is a party to all appeals, a representative of the City is required to sign all minutes of settlement or other documents related to the settlement of all assessment appeals.

In accordance with subsection 286(1) of the *Municipal Act, 2001*, the Treasurer is responsible for handling all the financial affairs of the municipality on behalf of and in the manner directed by council. The past practice, therefore, has been for a person designated by the Treasurer to review and sign all minutes of settlement after the Municipal Property Assessment Corporation and the appellant/owner have agreed to a settlement of the appeal. The recommendation of this report documents the past and current practice in the City's policy manual. The recommended wording for the policy manual is as follows:

“In accordance with subsection 286(1) of the *Municipal Act, 2001*, the City Treasurer or his delegate is authorized to approve and sign minutes of settlement and any related documents for assessment appeals filed under the Assessment Act or other legislation where the property owner/appellant and the Municipal Property Assessment Corporation have agreed to a settlement of the appeal.”

Summary:

The attached proposed by-law (Appendix “B” and Appendix “C”) effect the necessary updates to the policies noted above. The next phase of the policy review process will address any remaining policies under the direction of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer that need to be updated.

This report was prepared with the assistance of Jim Logan, Division Manager, Taxation and Revenue.

PREPARED BY:	RECOMMENDED BY:
ANNA LISA BARBON DIRECTOR, FINANCIAL SERVICES	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

Attachment – Appendix “A”
Appendix “B”
Appendix “C”

APPENDIX "A"

Bill No. 450
2011

By-law No. A.-6745-314

A By-law to amend Council Policy 26(4), Procedures on the Treatment of Properties that Do Not Sell at Municipal Tax Sales.

WHEREAS subsection 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. Council Policy 26(4) is deleted and replaced with Schedule "A" attached.
2. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council November 7, 2011



Joe Fontana
Mayor



Catharine Saunders
City Clerk

First Reading - November 7, 2011
Second Reading – November 7, 2011
Third Reading – November 7, 2011

APPENDIX "A"

Schedule A

26(4) Procedures on the Treatment of Properties That Do Not Sell at Municipal Tax Sales

- 1) After a failed tax sale, circulate the property to internal departments and external agencies in accordance with City policy for the sale of City owned properties in order to determine if they have any interest in the property should the City vest the property; (if there is internal or agency interest in a property, this interest will be presented to the Finance and Administration Committee and Council for a decision as to whether or not to take ownership for the department or agency after conducting a Phase 1 and Phase 2 ESA as considered appropriate).
- 2) Conduct a Phase 1 Environmental Site Assessment (ESA).
- 3) Conduct a Phase 2 Environmental Site Assessment where appropriate as indicated by the Phase 1 ESA.
- 4) Report to the Finance and Administration Committee and if there is no internal department or external agency interest in the property, market the property by issuing a Request for Proposals which shall include an evaluation criteria with weighted scoring and a draft Agreement of Purchase and Sale.
- 5) Evaluate the submissions received from the Request for Proposals and prepare a recommendation report for the Finance and Administration Committee for the Proponent with the highest technical combined score for the property acquisition.
- 6) Vest property and convey to purchaser after approval of sale agreement by the Finance and Administration Committee and Council.
- 7) Apply the proceeds of the sale against the tax arrears; deem any remaining tax arrears uncollectible and write off the remaining tax arrears upon registration of the notice of vesting of the property by the City.

NOTES:

- A) Clauses in a form satisfactory to the City Solicitor will be included in the Agreement of Purchase and Sale to clarify that the property is being sold by the City on an "as is, where is" basis and that the purchaser acknowledges that the City has regulatory liability limitation from MOE orders under the EPA for the time that it owns the property (for up to five (5) years).
- B) Where encumbrances of the Federal or Provincial governments or their agencies exist, city staff will attempt to negotiate a resolution of the interest as part of or prior to step 4.
- C) Where it is determined that a property has no environmental risks or liabilities or where the estimated market value will exceed the estimated costs of clean up, City staff may vest the property at any time and follow standard procedures for the designation and sale of surplus City land.
- D) Where it is determined that environmental risks or liabilities are so severe with respect to a property that the City should not vest a property even for the purposes of immediate transfer, then a recommendation to take no action with respect to the property will be provided to Council by staff.

APPENDIX "B"

Bill No.
2017

By-law No. A.-

A by-law to repeal and replace Council Policy 26(4) entitled "Treatment of Properties that Do Not Sell at Municipal Tax Sales" Policy.

WHEREAS subsection 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

AND WHEREAS the Municipal Council wishes to take the necessary steps to repeal and replace the existing Council Policy 26(4) entitled "Treatment of Properties that Do Not Sell at Municipal Tax Sales";

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. Council Policy 26(4) is hereby repealed and replaced with a new Council Policy 26(4) attached hereto as Schedule "A".
2. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on December 19, 2016.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading – December 19, 2016
Second reading – December 19, 2016
Third reading – December 19, 2016

SCHEDULE "A"

26(4) Treatment of Properties That Do Not Sell at Municipal Tax Sales

- 1) After a failed tax sale, circulate the property to internal departments and external agencies in accordance with City policy for the sale of City-owned properties in order to determine if they have any interest in the property, should the City vest the property; (if there is internal or agency interest in a property, this interest will be presented to Council for a decision as to whether or not to take ownership for the department or agency after conducting a Phase 1 and Phase 2 ESA as considered appropriate).
- 2) Conduct a Phase 1 Environmental Site Assessment (ESA).
- 3) Conduct a Phase 2 Environmental Site Assessment where appropriate as indicated by the Phase 1 ESA and conduct any further environmental testing and review as may be indicated by phase 2 information.
- 4) Report to the appropriate Committee of Council and if there is no internal department or external agency interest in the property, market the property by either issuing a Request for Proposals or a Request for Tenders as deemed appropriate in the circumstance. A Request for Proposals shall include an evaluation criteria with weighted scoring. A draft Agreement of Purchase and Sale shall be included with either process.
- 5) In the case of a Request for Proposals, evaluate the submissions received and prepare a recommendation report for the appropriate Council Committee for the Proponent with the highest technical combined score for the property acquisition. In the case of a Request for Tenders, the award of the tender will be recommended to the highest bidder and shall also have a recommendation report prepared for the appropriate Council Committee.
- 6) Vest property and convey to the purchaser after approval of sale agreement by the Municipal Council.
- 7) Apply the proceeds of the sale against the tax arrears; deem any remaining tax arrears uncollectible and write off the remaining tax arrears upon registration of the notice of vesting of the property by the City.

NOTES:

- A. Clauses in a form satisfactory to the City Solicitor will be included in the Agreement of Purchase and Sale to clarify that the property is being sold by the City on an "as is, where is" basis and that the purchaser acknowledges that the City has regulatory liability limitation from MOE orders under the EPA for the time that it owns the property (for up to five (5) years).
- B. Where encumbrances of the Federal or Provincial Governments or their agencies exist, City staff will attempt to negotiate a resolution of the interest as part of or prior to step 4.
- C. Where it is determined that a property has no environmental risks or liabilities or where the estimated market value will exceed the estimated costs of clean up, City staff may vest the property at any time and follow standard procedures for the designation and sale of surplus City land.
- D. Where it is determined that environmental risks or liabilities are so severe with respect to a property that the City should not vest a property even for the purposes of immediate transfer, then a recommendation to take no action with respect to the property will be provided to Council by staff.

APPENDIX "C"

Bill No.
2017

By-law No. A.-

A by-law to adopt Council policy entitled "Minutes of Settlement for Assessment Appeals" Policy.

WHEREAS subsection 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

AND WHEREAS the Municipal Council of The Corporation of the City of London wishes to adopt a new Council policy entitled "Minutes of Settlement for Assessment Appeals" Policy that provides for the delegation to the City Treasurer to approve and sign minutes of settlement for assessment appeals filed under the Assessment Act or other legislation.;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Council policy entitled "Minutes of Settlement for Assessment Appeals" is hereby adopted as follows:

In accordance with subsection 286(1) of the *Municipal Act, 200*, the City Treasurer or his delegate is authorized to approve and sign minutes of settlement for assessment appeals filed under the Assessment Act or other legislation where the property owner/appellant and the Municipal Property Assessment Corporation have agreed to a settlement of the appeal.

2. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on December 19, 2016.

Matt Brown
Mayor

Catharine Saunders
City Clerk

First Reading – December 19, 2016
Second reading – December 19, 2016
Third reading – December 19, 2016