

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	REPEAL AND AMENDMENT OF FINANCIAL SERVICES 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 "A") BE INTRODUCED at the Municipal Council meeting to be held on December 19, 2016 for the purpose of repealing the following Council Policies as they are no longer required and outdated given current operational processes:
 - 8(2) Notice of Tax Arrears Interest Rate
 - 8(10) Disaster Relief Policy
 - 8(24) Bid Funding for Sports Events; and
- b) 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 8(21) entitled "Property Tax Relief for Legions" and replacing it with a revised Council Policy 8(21).

PREVIOUS REPORTS PERTINENT TO THIS MATTER
--

None.

BACKGROUND

The purpose of this report is to seek Municipal Council approval to repeal and make minor amendments to identified policies from Chapter 8 – Financial Services of the City Council Policy Manual in order to reflect current operational processes. Each policy to be repealed or amended is shown below along with the associated rationale. Copies of the approved Council Policies are provided in Appendix "C" attached to this report.

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.

As a first step to having the policy manual for financial services updated to reflect current operational processes, certain policies need to be repealed. These policies are listed below.

8(2) Notice of Tax Arrears Interest Rate

That a policy be established whereby the City Treasurer be authorized to give notice to the citizens of the City of London that the City of London intends to commence charging interest at the rate of 1-1/2% per month on all outstanding accounts with the City of London if not paid within 30 days; and further that the City Treasurer be authorized to indicate to the public that special arrangements for payment can be made at the request of the individual.

Repeal Rationale:

This policy was adopted February 15, 1971 to establish the charging of interest on outstanding tax accounts. Penalty/interest of 1.25% is currently charged on taxes due and unpaid on the first day of default and the first day of each month thereafter. The *Municipal Act, 2001* sets out the contents that each tax bill sent out to the taxpayer must contain and this includes identifying any late payment charges which will be imposed on overdue taxes. This Policy was superseded by subsequent by-laws and should have been removed from the City's policy manual. The current by-law in place is Tax Collection By-law A-8 as amended which was originally introduced in November 1993. Therefore this policy is no longer relevant and should be repealed.

8(10) Disaster Relief Policy

That for the purpose of handling requests from a municipality or an appropriately constituted organization representing a municipality or municipalities for a contribution to a Disaster Relief Fund, the City of London may, on the recommendation of the Community and Protective Services Committee, with the approval of the Municipal Council, make an appeal to the general public for donations on behalf of the affected Municipality or Municipalities; and further, that the following procedures be established for the handling of requests for donations to disaster relief funds, namely:

- a) upon receipt of a request for funds, the City Clerk shall forward the request to the City Council, through the Community and Protective Services Committee, for determination of whether an appeal will be made to the general public for donations;
- b) should City Council decide to make an appeal to the general public, the City Clerk shall immediately inform the requesting Municipality of this fact and of the fact that when the funds are collected from the public, they will be forwarded in the total amount of the donations received to the disaster relief fund; subject to confirmation from Revenue Canada that such donations are eligible for Income Tax purposes;
- c) the City Clerk insert an appropriately worded advertisement in "Living in the City" section of the London Free Press, at City expense, to launch the public appeal, and to indicate that the City of London, through the office of the City Treasurer or his agent, is prepared to accept donations on behalf of the affected Municipality or Municipalities and that such donations will be held in trust by the City of London and forwarded to the disaster relief fund when sufficient funds have been collected;
- d) the City Treasurer be directed to issue a receipt to each donor which would be eligible as a deduction for income tax purposes in accordance with the provisions of Section 110(a)(iv) of the *Income Tax Act*, subject to confirmation from Revenue Canada that such donations are eligible for Income Tax Purposes.

Repeal Rationale:

This policy was adopted September 2, 1980. Canada Revenue Agency introduced amendments to the *Income Tax Act* beginning January 1, 2012 which sets out the regulatory framework for a municipality to issue income tax receipts. Generally, the City is not allowed to issue donation receipts when it is simply acting as a conduit of those funds. Donations given to the City intended to flow through a specified recipient who does not have charitable status would not qualify for a receipts. Not for profit organizations supporting any disaster relief effort are more appropriate to accept donations and issue any receipts for income tax purposes. This policy should be repealed to limit the risk of the City losing its status under the *Income Tax Act* for any donations that may not qualify under the new rules.

An updated donations policy is currently under development and will be brought forward at a later date that will provide for the consistent treatment and guidance with respect to all donations that may be received by the municipality.

8(24) Bid Funding for Sports Events

That a policy be established that provides for bid funding to be a non-recoverable grant to the bidding organization on the understanding that the initial approval to submit a bid for a sports event involving municipal funding requires the approval of Municipal Council based on a recommendation from the Community and Protective Services Committee.

Repeal Rationale:

This policy was adopted November 19, 2001 as part of the Tourism London Sports Tourism Initiative and the 5 year bidding plan. Since this time, funding to support a bid for Sports events or other large events has been allocated to Tourism London through the budget process. There is no additional approved annual budget within the City of London’s budget that sets aside annual amounts for bid funding for sports events. Any requests for additional bid funding from the City of London must go through the appropriate Committee and Municipal Council to identify and approve a source of funding. As Municipal Council has the general power to make grants for any purpose that council considers to be in the interests of the municipality, this policy is redundant and should be repealed.

Amendments required to Council Policies

The Council approved policy entitled “Property Tax Relief for Legions” is shown below with an amendment being recommended for consideration and approval.

8(21) Property Tax Relief for Legions

That a policy be established to include an annual allocation, for a period not to exceed ten years, in the City’s Operating Budget to fund an annual “Royal Canadian Legion Branch Property Tax Relief Program”, on the understanding that this policy is subject to annual review during budget deliberations and that should the Municipal Council decide in any one year to not include property tax exempt funding in the annual Operating Budget for this program, then this program is deemed to be collapsed for the following year.



Amendment Rationale:

This policy was adopted December 14, 1999 as part of the annual budget approval process to initiate the Royal Canadian Legion Branch Property Tax Relief Program to exempt municipal property tax for the Royal Canadian Legion on an annual basis. This property tax relief program has been in place since 1999 and therefore, has long exceeded the ten years outlined when the policy was initially approved.

We are recommending that this policy be amended to delete the wording “for a period not to exceed ten years” given the long standing practice to provide property tax relief to the Legion under this program. For simplicity of reference, we are repealing this policy in its entirety and replacing it with the amended policy.

Summary:

The attached proposed by-law (Appendix “A” and Appendix “B”) 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.

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.
2017

By-law No. A.-

A by-law to repeal Council Policies 8(2) Notice of Tax Arrears Interest Rate, 8(10) Disaster Relief Policy, and 8(24) Bid Funding for Sports Events.

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 deems it advisable to repeal Council Policies 8(2) Notice of Tax Arrears Interest Rate, 8(10) Disaster Relief Policy, and 8(24) Bid Funding for Sports Events;

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

1. Council Policy 8(2) adopted February 15, 1971, and all of its amendments, are hereby repealed.
2. Council Policy 8(10) adopted September 2, 1980, and all of its amendments are hereby repealed.
3. Council Policy 8(24) adopted November 19, 2001, and all of its amendments are hereby repealed.
4. 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

APPENDIX 'B'

Bill No.
2017

By-law No. A.-

A by-law to repeal and replace Council Policy 8(21) entitled "Property Tax Relief for Legions" Policy.

WHEREAS subsection 5(3) of the *Municipal Act, 2001*, as amended 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 8(21) entitled "Property Tax Relief for Legions";

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

1. Council Policy 8(21) is hereby repealed and replaced with a new Council Policy 8(21) as follows:

That a policy be established to include an annual allocation in the City's Operating Budget to fund an annual "Royal Canadian Legion Branch Property Tax Relief Program", on the understanding that this policy is subject to annual review during budget deliberations and that should the Municipal Council decide in any one year to not include property tax exempt funding in the annual Operating Budget for this program, then this program is deemed to be collapsed for the following year.

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

APPENDIX 'C'

8(2) Notice of Tax Arrears Interest Rate

That a policy be established whereby the City Treasurer be authorized to give notice to the citizens of the City of London that the City of London intends to commence charging interest at the rate of 1-1/2% per month on all outstanding accounts with the City of London if not paid within 30 days; and further that the City Treasurer be authorized to indicate to the public that special arrangements for payment can be made at the request of the individual.

ADOPTED FEBRUARY 15, 1971

8(10) Disaster Relief Policy

That for the purpose of handling requests from a municipality or an appropriately constituted organization representing a municipality or municipalities for a contribution to a Disaster Relief Fund, the City of London may, on the recommendation of the Community and Protective Services Committee, with the approval of the Municipal Council, make an appeal to the general public for donations on behalf of the affected Municipality or Municipalities; and further, that the following procedures be established for the handling of requests for donations to disaster relief funds, namely:

- (a) upon receipt of a request for funds, the City Clerk shall forward the request to the City Council, through the Community and Protective Services Committee, for determination of whether an appeal will be made to the general public for donations;
- (b) should City Council decide to make an appeal to the general public, the City Clerk shall immediately inform the requesting Municipality of this fact and of the fact that when the funds are collected from the public, they will be forwarded in the total amount of the donations received to the disaster relief fund; subject to confirmation from Revenue Canada that such donations are eligible for Income Tax purposes;
- (c) the City Clerk insert an appropriately worded advertisement in "Living in the City" section of the London Free Press, at City expense, to launch the public appeal, and to indicate that the City of London, through the office of the City Treasurer or his agent, is prepared to accept donations on behalf of the affected Municipality or Municipalities and that such donations will be held in trust by the City of London and forwarded to the disaster relief fund when sufficient funds have been collected;
- (d) the City Treasurer be directed to issue a receipt to each donor which would be eligible as a deduction for income tax purposes in accordance with the provisions of Section 110(a)(iv) of the *Income Tax Act*, subject to confirmation from Revenue Canada that such donations are eligible for Income Tax Purposes.

ADOPTED SEPTEMBER 2, 1980

8(21) Property Tax Relief for Legions

That a policy be established to include an annual allocation, for a period not to exceed ten years, in the City's Operating Budget to fund an annual "Royal Canadian Legion Branch Property Tax Relief Program", on the understanding that this policy is subject to annual review during budget deliberations and that should the Municipal Council decide in any one year to not include property tax exempt funding in the annual Operating Budget for this program, then this program is deemed to be collapsed for the following year.

ADOPTED DECEMBER 14, 1999

8(24) Bid Funding for Sports Events

That a policy be established that provides for bid funding to be a non-recoverable grant to the bidding organization on the understanding that the initial approval to submit a bid for a sports event involving municipal funding requires the approval of Municipal Council based on a recommendation from the Community and Protective Services Committee.

ADOPTED NOVEMBER 19, 2001

C. O. Logan, Esq.
Finance Commissioner.

CITY CLERK'S OFFICE 25.1.1.71.
London, Ontario
R. H. Cooper, F.C.I.S.
City Clerk


February 16, 1971.

I hereby certify that the Municipal Council, at its last session, resolved:

1. That, on the recommendation of the Finance Commissioner, the Finance Commissioner be authorized to give notice to the citizens of the City of London that the City of London intends to commence charging interest at the rate of 1-1/2% per month on all outstanding accounts with the City of London if not paid within 30 days; and further that the Finance Commissioner be authorized to indicate to the public that special arrangements for payment can be made at the request of the individual. (25.1.1) (1/3/B.C.)

/dr

Yours very truly,


City Clerk.

10.18.3.80

APPENDIX "C"

September 3, 1980

Mr. S. F. Readings
City Treasurer

I hereby certify that the Municipal Council, at its session held on September 2, 1980, resolved:

1. That, on the recommendation of the Senior Management Team the following policy be established for the purpose of handling requests from a municipality or an appropriately constituted organization representing a municipality or municipalities for a contribution to a Disaster Relief Fund, namely:

1. That the City of London may, on the recommendation of the Community and Protective Services Committee, with the approval of the Municipal Council, make an appeal to the general public for donations on behalf of the affected Municipality or Municipalities.

And further, that the following procedure be established for the handling of requests for donations to disaster relief funds, namely:


- (a) That upon receipt of a request for funds, the City Clerk shall forward the request to the City Council, through the Community and Protective Services Committee, for determination of whether an appeal will be made to the general public for donations;
- (b) That should City Council decide to make an appeal to the general public, the City Clerk shall immediately inform the requesting Municipality of this fact and of the fact that when the funds are collected from the public, they will be forwarded in the total amount of the donations received to the disaster relief fund; subject to confirmation from Revenue Canada that such donations are eligible for Income Tax purposes;

APPENDIX "C"

- 2 -

(c) That the City Clerk insert an appropriately worded advertisement in the Civic Corner section of the London Free Press, at City expense, to launch the public appeal, and to indicate that the City of London, through the office of the City Treasurer or his agent, is prepared to accept donations on behalf of the affected Municipality or Municipalities and that such donations will be held in trust by the City of London and forwarded to the disaster relief fund when sufficient funds have been collected;

(d) That the City Treasurer be directed to issue a receipt to each donor which would be eligible as a deduction for income tax purposes in accordance with the provisions of Section 110(a) (iv) of The Income Tax Act. (10.18.3) (1/17/BC)
(AS AMENDED)


City Clerk
/gh

c.c. Policy Book Update File



APPENDIX "C"

December 15, 1999

N. G. Bellchamber
Commissioner of Finance and Administration & City Treasurer

I hereby certify that the Municipal Council, at its session held on December 14, 1999 resolved:

35. That the 2000 Operating Budget for Corporate Revenues and Expenses as submitted in the net amount of \$19,747,493 **BE ADJUSTED** as follows:

- a) +\$275,000 to reflect an increase in the capital levy to fund the additional roadworks associated with the new Fire Station #12;
- b) +\$20,000 to assist community groups in participating in all aspects of the community planning process, on the understanding that such funds will only be released when the Commissioner of Planning and Development reports back to the Planning Committee on the criteria that will be used to allow community groups to access such funds and on who will administer such funding;
- c) +\$200,000 to fund the first year operating costs for surveillance cameras in the downtown, on the understanding that this initiative is being supported in principle but that the funding will not be released until such time as the Municipal Council, through the Community and Protective Services Committee, approves a report in early 2000 on the details of this
- d) (\$300,000) by reducing the contribution to the Library Reserve Fund;
- e) +\$1,061,977 by transferring a portion of the savings from the closing of the Energy from Waste Facility to the Sanitary Landfill Site Reserve Fund;
- f) +\$58,000 to reflect a contribution to the Property Tax Exemption Reserve to fund property tax relief for Royal Canadian Legions as set out in Appendix "B" attached hereto;
- g) (\$1,031,760) to reflect a 1999 surplus;

and **BE APPROVED** in the gross amount of \$45,825,018 and in the net amount of \$20,030,710. (35/33/BC) (AS AMENDED)

Jeff Malpass
Deputy City Manager
/bs

c.c. Royal Canadian Legions
V. A. Côté
J. Logan
Planning Committee
Community & Protective Services Committee

APPENDIX "B"

Property Tax Relief for Legions

THAT WHEREAS the Royal Canadian Legion provides, through its branches in the City of London, significant services to those who have served in the Armed Forces of Her Majesty, or Her Majesty's Allies; and to the local community;

AND WHEREAS a local municipality has several methods available to it for providing municipal property tax relief or its equivalent to Royal Canadian Legion Branches;

AND WHEREAS the Civic Administration has previously advised, and continues to advise that an annual grant upon application to the City Treasurer by each local Legion Branch would be the most appropriate method through which to assist Legion Branches with property tax relief;

AND WHEREAS the Municipality encourages the local Legion Branches to examine and pursue cost saving strategies that reduce their combined property taxes over time;

THEREFORE BE IT RESOLVED:

1. that a policy be established to include an annual allocation, for a period not to exceed ten years, in the City's Operating Budget to fund an annual "Royal Canadian Legion Branch Property Tax Relief Program", on the understanding that this policy is subject to annual review during budget deliberations and that should the Municipal Council decide in any one year to not include property tax exempt funding in the annual Operating Budget for this program, then this program is deemed to be collapsed for the following year.
2. that each local Branch of the Royal Canadian Legion seeking property tax relief be required to make application annually to the City Treasurer by no later than November 30 in the year preceding the tax year in question, and in the case of the year 2000, by no later than January 31, 2000, for a property tax relief grant under this Program;
3. that the 2000 Operating Budget be adjusted to include an amount of \$58,000.00 to fund this Program starting next year, and
4. that any by-law required in order to establish this Program be prepared by the Civic Administration and be presented to the Municipal Council for enactment.

APPENDIX "C"

November 20, 2001

J. Winston
General Manager
Tourism London

I hereby certify that the Municipal Council, at its session held on November 19, 2001 resolved:

2. That the following actions be taken with respect to the status of bid funding:
- (a) \$38,000 for the year 2002 **BE APPROVED** to assist with the preparation of the final bid proposal for the hosting of the 2005 World Transplant Games subject to the approval of the 2002 Operating and Capital Budget; it being noted that funding has been included in the draft 2002 Operating and Capital Budget; and
 - (b) a policy **BE ESTABLISHED** that provides for bid funding to be a non-recoverable grant to the bidding organization on the understanding that the initial approval to submit a bid for a sports event involving municipal funding requires the approval of the Municipal Council based on a recommendation from the Community and Protective Services Committee. (2/24/CPSC)

G. H. Hallman
City Clerk
/hal

cc: Heather Fisher, Canadian Councillor, World Transplant Federation, 267 Regent Street, N6A 2H1
Janet Brady, President, Canadian Transplant Association, 22 Willowick Close, N6K 3Y8
N. G. Bellchamber, Commissioner of Finance and Administration, Room 406
M. St. Amant, City Treasurer, Room 406
H. G. Howlett, Commissioner of Community Services
B. Graham, Manager - Sports Tourism, Tourism London
L. Cunningham, Policy Analyst