

AGENDA
SPECIAL FINANCE COMMITTEE

Via Tele and Video Conference

Tuesday, June 2, 2020
9:00 a.m.

Time & Page

1. CALL TO ORDER
2. ANNOUNCEMENTS, ACKNOWLEDGEMENTS, RECOGNITION:
3. APPROVAL OF AGENDA
4. STAFF REPORTS:
 - 4.1 Finance Department
 - 4.1.1 2020 Tax Sale Update 1
 - 4.1.2 Uncollectable Accounts Under \$100..... 2
 - 4.1.3 Tax Billing Options – COVID-19 3-6
 - 4.2 Administration Department
 - 4.2.1 Community Facility Grant Policy 7-11
5. IN CAMERA: (If Required)
6. ADJOURNMENT



Municipality of the District of Lunenburg

INFORMATION REPORT

REPORT TO: Finance Committee
SUBMITTED BY: Elana Wentzell, CMA, CPA
DATE: April 7, 2020
RE: Tax Sale March 2, 2020

The 2020 Tax Sale was held on March 2, 2020. The following update is for your information:

1. Of the twenty-eight properties advertised, there were sixteen properties in the final tax sale, fourteen of which sold.
2. There were seventy-seven registered bidders for the sale.
3. Staff estimate that there were upwards of ninety people in attendance.
4. The sale ran smoothly with no issues. The RCMP attended the sale to provide security.

Department: Finance and Administration

Report Prepared By: Elana Wentzell

Date: Mar 13, 2020

Report Approved By: _____

Date _____

Reviewed By CAO:  _____

Date _____



Municipality of the District of Lunenburg

INFORMATION REPORT

REPORT TO: Finance Committee
SUBMITTED BY: Elana Wentzell, CPA, CMA
DATE: June 2, 2020
RE: Uncollectible Accounts Under \$100 Written off

The Municipality may write off accounts deemed uncollectible by the Municipal Treasurer as legislated in the MGA.

The Revenue Collection Policy MDL-71 Section 2 (9) states that a list be provided of any accounts that were written off by the Treasurer that were under \$100.

There were no accounts written off under this Policy in 2019-20.

Department: Finance and Administration

Report Prepared By: Elana Wentzell

Date: May 25, 2020

Report Approved By: _____

Date _____

Reviewed By CAO: _____

Date _____



Municipality of the District of Lunenburg

REQUEST FOR A DECISION

REPORT TO: Finance Committee

SUBMITTED BY: Elana Wentzell

DATE: June 2, 2020

RE: Municipal Tax Billing COVID-19 Response and Options

RECOMMENDATION

It is recommended that Municipal Council set the interest charged on overdue property taxes starting September 1, 2020 continuing through March 31, 2021 at 0%.

AND

That the due date of the final tax bill remains October 31, 2020

AND

That a policy be developed for tax relief measures to targeted groups to accommodate those hardest hit by the COVID-19 situation.

BACKGROUND

The Provincial Statement of Emergency and the COVID-19 pandemic has had a significant economic impact on many businesses and residents in MODL. The Province has developed a financing option that some Municipalities are utilizing – allowing taxpayers to defer and finance this year’s tax bill over the next 30 months at a reduced rate. This does not provide significant financial relief and could have the unintentional consequence of making it more difficult for taxpayers to pay future tax bills as there would be new bills due before the 2020/21 bills were paid.

The Municipal Government Act contains several legislative powers that would allow Council to provide help to its taxpayers including setting the due date for the tax bills, setting the interest rate on overdue taxes, providing discounts for the early payment of tax bills and setting up payment plans for overdue taxes. MODL currently does set up payment plans for overdue

taxes and follows the MGA for tax sales – properties 3 years in arrears must sold at Tax sale. However, interest charged on overdue taxes remains at 10%.

OPTIONS

The impact of any changes to taxation has both monetary and administrative implications. Any change to due dates requires adjusting the Tax Collection Schedule. For example, Municipal Council has already made the decision to delay the due date of the May interim tax bill by 3 months to August 31. Because tax customers have 3 months to pay the property tax bill, reminder notices (statements issued on overdue accounts) cannot be processed until September. With the final tax billing issued in the same month, it would be redundant to issue both tax statements and tax bills.

Final Tax Billing Due Date

The final tax bill will be issued in September with an October 31 due date. This due date could be delayed for 3 months until January 31, 2021.

The administrative implications of a January 31 due date include delaying the installation of the 2021 assessment roll, and the issuance of tax collection letters and reminder notices.

The assessment roll is usually installed in January. Name changes from December 1 onwards are not made until after the roll is installed. With 30,000 tax accounts, installing the roll and dealing with the many name changes takes a significant amount of time. Processing tax payments at the same time could be onerous for department staff.

Reminder notices are usually mailed in December; Collection letters for accounts 1 and 2 years in arrears are usually mailed in January. Collection calls are made to those accounts 3 years in arrears in late January/early February with 3-year collection letters sent to those who did not follow through with payments in March. These procedures would have to be adjusted.

The Municipality uses mirror accounting on its bank accounts. Some accounts can be in a negative position and others in a positive position, interest is paid on the net balance. The Municipality's policy is to utilize its operating surpluses to cover cash flow in the Operating Fund. Cash flow is important and will be monitored throughout the fiscal year.

Delaying the due dates affects the cash flow, which will be monitored, and the amount of interest earned on deposit. Lost interest revenue by delaying due dates could equal upwards of \$30,000.

Interest on overdue Taxes

The Municipality charges a daily interest rate of 10% per year compounded monthly on its tax bills. Interest is not charged until after the due date. Council may consider reducing this rate to 5% or even 0%. Reducing the interest rate would help both resident and businesses who are having difficulty paying their tax bill and would also benefit those who are currently in arrears. Any changes to the interest rate would be system wide and affect all overdue accounts.

A determination of when the rates would be reduced combined with the amount of the reduction must be made. Does Council wish to reduce interest starting June 1 or wait until September 1 when the current tax bills are due? Staff suggest that any interest reduction start on September 1 to give relief to those taxpayers who normally pay their bills on time.

If rates were reduced to 5%, it is estimated there would be \$74,000 in lost interest revenue. If rates were reduced to 0%, it is estimated that the impact would be \$147,900 in lost revenue.

If interest on overdue taxes was adjusted to 0% for this fiscal year, the due date for the final tax billing could remain the same. No interest would be charged until April 1, 2021 and the tax sale, assessment roll and reminder notice schedule could remain intact.

Payment Plans for Overdue Taxes

Municipal Council may want to set up specialized payment plans for targeted groups such as businesses facing losses due to COVID-19. This would require a Council approved policy. The policy would have to set out which groups are included, and the tax relief measures that would be put in place. This could be a combination of interest relief and a payment plan. Staff have compiled a list of potential businesses that could be affected. It is not an exhaustive list but gives some idea of what kinds of businesses are located within our Municipality (see attached).

BUDGET IMPLICATIONS

The budget includes amounts for interest earned on deposit and interest on overdue taxes. Both of these line items would be affected by a due date deferral and a reduction in interest charged on overdue taxes. As well cash flow will be affected. The Municipality is in a good financial position and the cash flow will be monitored.

The approved budget contains amounts to be transferred from the Operating Surplus reserve if revenues like interest and deed transfer tax are reduced due to the economic impact of COVID-19. If interest rates were reduced, the lost revenue would have to be made up by the reserves. The interest earned on overdue taxes is budgeted at \$250,000. Lost revenue could range from \$74,000 to \$147,900 based on a September 1 start date and rates of 5% and 0% respectively.

Delaying the due date of taxes would have implications on the amount of interest earned on monies on deposit at the bank. All interest earned is based on the prime rate. Staff estimate that upwards of \$30,000 in deposit interest could be lost based on delayed due dates.

CONCLUSION

Council has several options available to provide relief to its residents to ease the property tax burden during the COVID-19 pandemic.

Staff believe that if interest rate on overdue amounts was reduced to 0% starting September 1, 2020 continuing through March 31, 2021 then both residents and businesses would have time to get their taxes paid with no overdue interest charges until the new fiscal year.

A payment plan at a reduced interest rate could be set up by policy and administered on a case-by-case basis. That would ensure those hardest hit by the COVID-19 situation have an avenue for tax payment deferral and interest relief.

Department: Finance and Administration	
Report Prepared By: Elana Wentzell	Date: May 27, 2020
Report Approved By: _____	Date _____
Reviewed By CAO: _____	Date _____



Municipality of the District of Lunenburg

REQUEST FOR A DECISION

REPORT TO: Finance Committee

SUBMITTED BY: Elana Wentzell

DATE: June 2, 2020

RE: Community Facility Grant Policy

RECOMMENDATION

It is recommended that the Finance Committee direct staff to develop a Community Facility Grant Policy based on the Municipality of the District of Chester's Emergency Assistance Fund for Community Facilities Policy with changes as determined by the Committee.

BACKGROUND

Municipal Council has budgeted \$150,000 for a Community Facility Grant to help community facilities that have been negatively impacted due to the COVID-19 situation. The Municipality of the District of Chester has developed a similar policy – Emergency Assistance Fund for Community Facilities. It is attached for your information.

OPTIONS

There are a few issues to address if a policy similar to Chester's was adopted.

1. Should Fire Departments be included?

Fire Departments could be excluded from this funding stream and request financial aid through the Finance Committee by demonstrating financial need.

2. Can organizations that serve MODL residents but are not located in MODL apply for the grant?

These organizations could be permitted to apply but limit their funding to a percentage of the total amount normally available on the premise that they can apply to the unit in which they are located.

CONCLUSION

The Committee should make a determination of which organizations can apply and what limits, if any, should be placed on the funding requests.

Department: Finance and Administration

Report Prepared By: Elana Wentzell

Date: May 28, 2020

Report Approved By: _____

Date _____

Reviewed By CAO: _____

Date _____



MUNICIPALITY OF THE DISTRICT OF CHESTER GRANT APPLICATION

Emergency Assistance Fund for Community Facilities

Background

The Municipality of Chester recognizes that the coronavirus has had a direct negative impact on the operation of local community facilities. Following the advice of provincial officials, fundraising events and activities such as suppers, concerts and bingos have been cancelled in an attempt to prevent the spread of the virus.

The closure of community facilities has resulted in a financial loss for many. This emergency fund has been established to assist community facilities cover their basic operating costs during the coronavirus closures. This is a one-time fund and will not be available annually.

Guidelines

- Only groups located within the Municipality of Chester and who own and operate a community facility are eligible.
- The applicant must demonstrate the negative financial impact the facility has experienced since closing in March 2020.
- Churches that have halls or multi-purpose space and who can clearly demonstrate a financial loss during the closure, are eligible to apply (places of worship are not eligible).
- Legions and clubs are eligible.
- Fire Departments are NOT eligible.
- If a community facility has not been negatively affected by the coronavirus closures, they should not apply for emergency funding.
- Groups may not request funding above and beyond the funds lost as a direct result of the coronavirus closures.
- Groups approved for emergency assistance funding and who qualify are still eligible to apply for regular Municipal grants in the 2020-21 fiscal year.
- There is no application deadline date. Council will review applications as they are submitted.
- Council reserves the right to approve funding amounts lower than requested. Council also reserves the right to reject any grant application, regardless of whether the criteria have been met.

Funding

- Maximum eligible funding is \$1,000 per month to a maximum of \$5,000.
- It is not known how long the coronavirus closure will last and since each group has different financial circumstances, groups may submit one application that covers anticipated financial losses. Depending on the timing of the application and the timing of the group's financial losses, funds may be dispersed in a lump sum or multiple payments. Staff will work with each applicant to determine payment schedule.

Emergency Assistance Fund for Community Facilities

Name of Organization / Facility:	
Contact Person:	
Mailing Address:	
Email:	Phone:
Date:	

1. Please provide a brief description of the events and activities that have been cancelled at your facility as a direct result of the coronavirus closure. For example, community breakfasts, facility rentals, dances, etc.

2. Please provide an overview of the financial loss that your organization has suffered as a result of the recent closure:

Date	Event / Activity / Facility Rentals Cancelled	Financial Loss
TOTAL		\$

3. Based on information provided above, what is the total amount of emergency funding requested?

\$ _____

4. Is your emergency funding request time sensitive? _____ Yes _____ No

Please Explain: (For example, some facilities may have cash flow constraints by a specific date)

5. Any additional comments about your application?

(Please attach a separate page if insufficient space to respond to questions)

If funding is approved, who should the cheque be made payable to: _____

(Cheque must be made payable to a group not an individual)

Please forward applications to the following: recreation@chester.ca

Or

Or

Recreation & Parks Services
"Emergency Assistance Fund Request"
Municipality of the District of Chester
151 King St PO Box 369
Chester, NS B0J 1J0

Or

Municipal Office Drop-box
151 King St Chester