



**The Corporation of the Township of Scugog
General Purpose and Administration Committee
Agenda**

Monday, October 4, 2021

Closed Session at 12:30PM, Open Session at 1:30PM

Via Electronic Participation

Alternative formats available upon request by contacting:

accessibility@scugog.ca or 905-985-7346 ext. 115.

Due to the current COVID-19 State of Emergency, and as authorized under section 238 of the Municipal Act, 2001, as amended, this meeting will be held via electronic participation.

The Council Chamber will not be open to the public.

The meeting will be recorded and live streamed and will be available from the Council meeting schedule on the Council & Meeting Calendar Page of the Township's website.

Those wishing to submit written correspondence with respect to items on the agenda may do so by emailing clerks@scugog.ca, or by sending or dropping off at 181 Perry Street, Port Perry.

Pages

- 1. Call to Order**
- 2. Disclosure of Pecuniary Interest and Nature Thereof in Closed Session**
- 3. Closed Session**

To discuss a position, plan, procedure, criteria or instruction to be applied to negotiations, pursuant to Section 239(2)(k).
- 3.1. Road and Fire Maintenance Agreement with MSIFN**
- 4. Rise from Closed Session**
- 5. Call Open Session to Order and Moment of Silence**
- 6. Disclosure of Pecuniary Interest and Nature Thereof**
- 7. Matters from Closed Session**
- 8. Announcements from Council and Staff**
- 9. Presentations and Delegations**
- 10. Consent Agenda**
 - 10.1. Reports**
 - 10.1.1. FIN-2021-030 - Property Tax Billing and Collection Policy**

Sarah Durward, Manager of Tax and Revenue

10.1.2.	FIN-2021-031 - Policy for Public Donations or Participation in Municipal Asset Acquisition Laura Barta, Director of Finance/Treasurer	16
10.1.3.	FIN-2021-032 - COVID-19 Financial Update – Impact to August 31, 2021 Laura Barta, Director of Finance/Treasurer	22

10.2. Correspondence

11. Items for Separate Discussion
12. New Business/General Information
13. Closed Session (if needed)
14. Adjournment

Township of Scugog Staff Report

To request an alternative accessible format, please contact the Clerks Department at 905-985-7346.

Report Number: FIN-2021-030

Prepared by: Sarah Durward, CPA, CA, Manager of Tax and Revenue

Department: Finance

Report To: General Purpose and Administration Committee

Date: October 4, 2021

Reference: Strategic Plan Direction 2: “Financial Sustainability”

Report Title: **Property Tax Billing and Collection Policy**

Recommendations:

1. **That** Report FIN-2021-030, Property Tax Billing and Collection Policy, be received; and
 2. **That** the Property Tax Billing and Collection Policy attached to Report FIN-2021-030 be approved.
-

1. Background:

The Township of Scugog follows the Ontario Municipal Act requirements for taxation of all properties in the Municipality. These taxes are collected on behalf of the Township of Scugog, the Region of Durham and the Province for Education purposes to support operations that benefit all property owners.

Having a policy to outline the billing and collection process ensures consistency, especially in regards to collections, and protects the Township's interests while being fair to all taxpayers. This policy updates an existing policy in order to reflect legislative changes and current processes.

2. Discussion:

This policy is to ensure a transparent and efficient process for the billing and collection of property taxes. The content of the policy is designed to minimize the Township's risk as it relates to tax arrears by clearly outlining payment information for property taxes at the time they are due.

Where arrears exist, the policy outlines a standardized procedure for collection activities and arrangements with ratepayers in compliance with legislation.

3. Financial Implications:

There are no direct costs associated with this report.

4. Communication Considerations:

Once approved, the Property Tax Billing and Collection Policy will be placed on the Township website in an accessible format. This document will also be available at the Tax counter in the Finance Department.

5. Conclusion:

The policy provides efficient processes for the Tax Department to meet the billing and collections obligations in collaboration with ratepayers.

Respectfully Submitted by:

Reviewed By:

Sarah Durward, CPA, CA
Manager of Tax and Revenue

Laura E. Barta, CPA, CMA
Director of Finance / Treasurer

Attachments:

Attachment 1: Property Tax Billing and Collection Policy

POLICIES AND PROCEDURES



Property Tax Billing and Collection Policy

EFFECTIVE: [DATE]

APPROVED BY COUNCIL: [MEETING DATE]

1. PURPOSE:

To establish fair and equitable processes for the purpose of billing and collection of municipal property taxes and to outline how payments shall be applied.

2. POLICY:

The Township of Scugog collects taxes on behalf of the Municipality (Township), Region of Durham, the school boards and the local business improvement area. The Municipality is responsible to ensure all overdue taxes are collected.

- 2.1 This policy covers all aspects of the collection of overdue property taxes, up to the initiation of Municipal Tax Sale proceedings. All procedures related to a Municipal Tax Sale are carried out in accordance with Regulation 181/03 and are not detailed in this policy.
- 2.2 This policy excludes collection of payments-in-lieu of taxes.
- 2.3 This policy is written in compliance with the Municipal Act, 2001, (the Act), related Ontario Regulations made under the Act and applicable Municipal by-laws, as amended from time to time.

3. DEFINITIONS:

For the purpose of this policy:

“Bailiff” means a duly appointed agent under contract with the Township to recover outstanding property taxes.

“Cancellation Price” means an amount owing equal to all tax arrears, together with all current taxes owing, late payment charges and other costs incurred by the Township after the registration of a Tax Arrears Certificate under section 373 of the Act.

“Collection Costs” means all costs incurred by the Township to obtain information for collection purposes and/or collect tax arrears including, but not limited to, title search fees, corporate

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search fees, registered or certified mail, administrative charges, legal costs and tax sale scale of costs.

“Extension Agreement” means a contract between the Township and the owner, spouse of the owner, a mortgagee or a tenant in occupation to extend the period of time in which the cancellation price is to be paid. The contract is entered into after the registration of a tax arrears certificate and before the expiry of the one-year period following the registration date.

“Late Payment Charges” means penalties and interest applied by the Township to unpaid property tax accounts, in accordance with section 345 of the Act and applicable Township of Scugog by-laws.

“Municipal Tax Sale” means the sale of land for tax arrears according to proceedings prescribed by the Act and Ontario Regulation 181/03.

“Property Taxes” means the total amount of taxes for municipal, regional and school purposes levied on a property and includes other amounts added to the tax roll as may be permitted by applicable Provincial legislation, including but not limited to outstanding fines under the Provincial Offences Act; charges pursuant to the Property Standards By-laws with authority provided by the Building Code Act; and fees and charges related to false alarms and/or grow-operations.

“Tax Arrears” means any portion of property taxes that remain unpaid after the date on which they are due and includes late payment charges or other charges added to the tax roll.

“Tax Arrears Certificate” means a document that is registered on title, indicating the described property will be sold by public sale if all property taxes are not paid to the Township within one year of the registration of the certificate.

4. PROCEDURES:

4.1 Tax Billing

A levying by-law passed by Council is required in advance of either an interim or final tax billing.

Interim tax billings shall be produced in January based on not more than 50% of the annualized taxes of the property for the previous calendar year. The tax billing may include local improvement charges, area charges, and any special charges levied by the Township or Provincial government. Outstanding charges authorized by legislation shall be added to the interim billing at 100%.

Final bills are produced subsequent to the passing of the annual Township and Region budgets and are based on tax rates established by by-law from the budget requirements of the Township, Region and the Ministry of Education. The tax billing will be calculated to

produce a tax billing equal to the current assessment and the appropriate tax rate, all local improvement charges, area changes and any special charges levied by the Township or Provincial government. The interim tax billing amount will be deducted from the total yearly amount calculated in order to produce final billing instalment amounts.

The tax bill will comply with the standardized tax bill format as defined by legislation.

Arrears are reflected in the first instalment due date amount.

4.2 Due Dates

The first instalment due date must be at least twenty-one (21) days after the date of mailing the tax bill in accordance with section 343(1) of the Act. Due dates will be clearly identified on the tax bill in accordance with the levying by-laws passed by Council.

Due dates for the payment of taxes are traditionally in the following months:

Interim Bill: February and April

Final Bill: June and September

Where due dates are delayed as a result of factors beyond the Township's control, they shall then be set with regard to the notice provision above.

4.3 Supplementary / Omitted Tax Billings

The Municipal Property Assessment Corporation (MPAC) regularly provides additional assessment data on properties necessitating a supplementary billing in accordance with section 341 of the Act. The Township will bill for these additional assessments as soon as practical after receipt of the supplementary assessment rolls from MPAC.

There are two sections of the *Assessment Act* that allow for taxation of property not included in the annual assessment roll. These sections deal with omissions and additions to the roll.

Section 33 of the *Assessment Act* allows for the assessment of property that has been omitted from the roll. Omitted assessments can be added for the current year and, if applicable, for any part or all of the previous two years.

Section 34 of the *Assessment Act* allows for the assessment of property that has increased in value due to an addition, renovation or construction during the current year. A supplementary assessment can also be issued when there has been a change in use since the return of the last revised roll. Supplementary assessments can be added for all or part of the current year.

Supplementary and omitted tax billings will provide for two instalment dates when possible. The first due date must be at least twenty-one (21) days after the date of mailing.

4.4 Delivery of Tax Bills

Property tax bills and notices are mailed to the address of the property as shown on the tax roll unless the property owner advises the Township in writing, of an alternate mailing address. Use of the alternate mailing address continues until it is revoked in writing or ownership of the property changes.

Any bill or notice sent by standard letter mail is considered delivered to and received by the addressee unless the notice is returned by Canada Post and an error in the mailing address is evident. Taxpayers are responsible to notify the Township of any changes to a mailing addresses. Failure to notify the Township of an address change in writing is not an error on behalf of the Township.

A mortgage listing of roll numbers, taxes due and owing, and the due dates will be provided to each mortgage company who has provided the Township with notification that they hold an interest in a particular property and will be paying the property taxes on behalf of the assessed owner(s).

4.5 Settlement of Accounts

The following methods will be accepted for tax payments:

- Township of Scugog pre-authorized payment plans
- Through a financial institution by internet, telephone or in person
- Cheque payments through Canada Post
- In person by cash, cheque, money order or debit at the property tax counter at 181 Perry Street, Port Perry
- By credit card online using a third party payment service provider
- Mortgage company payments

Post-dated cheques will be accepted and held by the Township.

If three cheques are returned by the bank on a taxpayer's account, personal cheques from the taxpayer will no longer be accepted for a period of one year, unless they are certified. If three pre-authorized payments are returned by the bank on a taxpayer's account, the taxpayer will be removed from the pre-authorized payment plan.

Should payment of a tax account be tendered in U.S. funds, it will be accepted at the exchange rate established by the bank on the processing date.

4.6 Application of Payments

Property Tax payments are applied as follows:

1. The payment is first applied against any late payment charges according to the length of time the charges have been outstanding, with the charges that have been outstanding the longest being discharged first.
2. The payment is then applied to the amount outstanding by year for the other charges that have been added to the property, i.e. service charges and property taxes owing. The oldest year for each is cleared, then the next oldest year.

Note: Partial payment is not accepted where a tax arrears certificate has been registered against a property, except where the Township has entered into an extension agreement. If a partial payment is received, it will be returned or refunded, as appropriate.

4.7 Late Payment Charges and Collection Costs

All tax arrears are subject to late payment charges. A penalty at a rate established by by-law is added to the unpaid amount of a tax instalment on the first day after the instalment due date. In addition, as long as the property taxes remain unpaid, interest at a rate established by by-law is added on the first day of each month thereafter. Penalty and interest charges cannot be waived.

All collection costs incurred by the Township are payable by the property owner and are added to the tax account, with the exception of Bailiff fees, which are charged and collected by the Bailiff directly.

4.8 Tax Arrears Collection

Property taxes are a secured special lien on land in priority to any other claim, except a claim by the Crown. Taxes may be recovered with costs as a debt due to the Township from the original owner and/or any subsequent owner of the property.

The Township will primarily use the following methods to collect Tax Arrears:

- Reminder notices
- Verbal communication
- Send the taxpayer a form or personalized letter(s)
- Issue overdue notices and final notices
- Arrange terms of payment
- Issue notices and or letters to interested parties
- Bailiff services
- Rent attornment
- Collection agency

- Legal action, and
- Municipal tax sale

4.9 Collection Steps:

1. Reminder Notices

Reminder notices are sent out a minimum of six times per year. Reminder notices for balances of \$10.00 or less are not produced, as it is not cost efficient.

2. Collection Letters

Collection letters are sent to all owners with arrears in the current and previous years. The letter advises property owner(s) of the tax arrears situation and asks for payment in full or satisfactory payment arrangements to be made by a given date. If acceptable payment arrangements are made, the account is monitored for compliance and follow up is done by telephone or in writing as required. Telephone contact is only used when the taxpayer has provided the Township with a telephone number. Penalty and interest charges will continue to accrue during the payment period and remain payable during or upon completion of payment arrangements.

3. Payment Arrangements

Staff may enter into payment arrangements at any time prior to the registration of a tax arrears certificate. Payment arrangements must include all tax arrears, current taxes, accruing estimates of future taxes and late payment charges and be sufficient to ensure payment in full is realized within a reasonable period of time. Late payment charges will continue to accrue during all such payment arrangements until full payment on the account has been made.

If acceptable payment arrangements are negotiated, the account is monitored for compliance. Follow-up with the taxpayer is done by telephone or in writing, as required.

Notwithstanding any such arrangements, no third party payments will be refused for payment on account (e.g. payment from a mortgagee).

Once a payment arrangement has been established, if there are two consecutive missed or returned payments or two payments are returned within six months, the payment arrangement is deemed void and the taxpayer is advised that payment in full, by certified funds or money order, is required or the next collection step will be taken.

4. Escalation if Two Years in Arrears

In addition to issuing overdue collection letters each year, the following actions will be taken once a residential property owner is two years in arrears:

- Final Notice-Prior to Tax Sale
- Notice to Interested Parties
- Final Notice-Prior to Tax Arrears Certificate Registration
- Tax Arrears Certificate Registration

(a) Final Notice Prior to Tax Sale

Final Notices Prior to Tax Sale are mailed to those property owners approaching two years of property taxes in arrears. The Final Notice Prior to Tax Sale advises that they have thirty (30) days to pay the taxes or enter into a firm, suitable payment arrangement with the Township.

(b) Notice to Interested Parties

If a residential property owner fails to respond to the Final Notice Prior to Tax Sale, a property title search is carried out by an agent engaged of the Township in order to identify all parties with a financial interest in the property. The identified parties are then notified of the tax arrears. The Notice to Interested Parties advises that the Township intends to proceed with a Municipal Tax Sale and provides interested parties with an opportunity to pay the arrears in order to protect their interest in the property.

(c) Final Notice Prior to Tax Arrears Certificate Registration

If neither the property owner nor interested parties respond to the previous notices, a Final Notice Prior to Tax Arrears Certificate Registration is issued by the engaged agent as one last notification to the property owner of their outstanding balance prior to proceeding with a Municipal Tax Sale. The Final Notice Prior to Tax Arrears Certificate Registration advises the property owner that they have 30 days to pay their taxes or enter into a firm, suitable arrangement with the Township. Otherwise, the Township will register a Tax Arrears Certificate against their property.

A Notice of Intent to Realize on Security that asks if the taxpayer is currently engaged in farming for commercial purposes and as required by the Farm Debt Mediation Act, is sent with the Final Notice Prior to Tax Arrears Certificate Registration.

(d) Tax Arrears Certificate Registration

Municipal Tax Sale proceedings can begin once taxes have been in arrears for at least two years. Once all other collection efforts are exhausted and the Township has been unable to secure payment of the tax arrears or a firm, suitable repayment plan, the Township commences Municipal Tax Sale proceedings. This is done through an agent engaged of the Township, by registering a Tax Arrears Certificate against the property. The agent sends a Notice of Registration of Tax Arrears Certificate (Form 1) to the property owner and all interested parties on behalf of the Township.

(e) Property Sale

If full payment is not received within 280 days of registration of the Tax Arrears Certificate, the agent issues a Final Notice (Form 3) to the property owner and all interested parties within 30 days after the expiry of the 280-day period. Form 3 specifies the date on which the property will be advertised for public sale if the tax arrears are not paid or unless there has been an extension agreement between the owner and the Township. If the Township does not receive a response, the account may be sent to the Bailiff or By-Law Department to perform a site visit and advise the property owner, mortgage company, lawyer or interested parties of the pending sale of the property and attempt collection. Once a Tax Arrears Certificate has been registered, only full payment of the cancellation price will be accepted unless an extension agreement has been entered into. Full payment will be accepted up to the date of transfer of the property following a sale. In the event of non-payment, the Township will proceed with a Municipal Tax Sale.

4.10 Collection Steps – Crown Tenants

When Crown property is leased to or occupied by a taxable tenant, the land is assessed as if the tenant is the owner and the tenant is then responsible for the payment of property taxes. The Municipal Tax Sale provisions of the Act do not apply to Crown property.

In addition to issuing overdue notices, once a Crown tenant's current year's taxes are in arrears the following actions will be taken:

- Final Notice-Pre-Bailiff
- Bailiff Action
- Legal Action
- Application to Crown

1. Final Notice-Pre-Bailiff

Following the last tax instalment date of the year, a Final Notice-Pre-Bailiff is mailed to every Crown tenant with an outstanding balance greater than \$100, advising the tenant that they have 30 days to pay their taxes or enter into a firm, suitable payment arrangement with the Township.

Otherwise, their account will be issued to a Bailiff for collection. The costs of the Bailiff services are the full responsibility of the Crown tenant.

2. Bailiff Action

If a Crown tenant fails to respond to the Final Notice-Pre-Bailiff, the Township issues a Tax Warrant to the Bailiff to collect the outstanding taxes. Once a Tax Warrant is

issued, the Crown tenant makes payments on the outstanding amount directly to the Bailiff.

Bailiff tax recovery actions include:

- Serving a Warrant to Distrain for Taxes (Warrant) to the assessed address advising the Crown tenant of such outstanding taxes, Late Payment Charges and lawful costs of said distress
- Mailing notices to the Crown tenant advising that a Warrant has been issued and the amount of the Warrant
- Telephone contact with the Crown tenant
- Site visits
- Attornment of Rent(s) - if the property is sub-leased by the Crown tenant, the Bailiff can direct the sub-tenant to submit rent payments to the Bailiff. Attornment of Rent(s) are then applied against the outstanding property taxes
- Issuing a Warrant to Seize Goods/Chattels. The Bailiff can physically seize and remove goods/chattels from the property and ultimately sell items seized to recover the tax arrears;
- Issuing a Warrant to Distrain Goods/Property. The Bailiff can register a common law lien against goods/property located in or on a tenant's property

3. Legal Action

If the Bailiff is unable to collect the overdue amount or secure a payment arrangement within six months of the assignment date, the account is returned to the Township.

4. Application to the Crown

If all collection steps are exhausted, the Township shall make application to the Crown for payment of the tenant's tax arrears.

4.11 Cancellations & Write-Offs

Cancellation of Late Payment Charge

Late Payment Charges are cancelled only in the following circumstances:

- Taxes are adjusted under section 357 or 358 of the Act, including cancellation, reduction or refund of overcharges;
- Assessment Review Board Decisions
- Penalty and/or interest were charged as a result of the Municipality's error or omission

The amount of late payment charges cancelled is limited to the amount related to the tax reduction associated with a tax adjustment, or Municipality error or omission.

Minimum Balance Write-off

A balance owing of less than \$4.00 on an account at December 31st each year will automatically be written off, as it is uneconomical for the Township to pursue collection of these amounts.

Municipal Treasurer Write-offs

In accordance with section 354 of the Act, uncollectible taxes may be approved for write-off by Council on the recommendation of the Municipal Treasurer.

4.12 Miscellaneous

Bankruptcy

When a property owner files for bankruptcy, the Municipality is a secured creditor, as the tax debt is a charge against the real property. The Municipality ranks in preference and priority to any other claims, except those of the Provincial and Federal government. A letter is forwarded to the trustee advising them of the Municipality's claim and that it is assumed property taxes will be paid once the property is sold.

Applications and Settlement of Accounts

Applications for items such as, but not limited to, building permits, lot grading, zoning, planning, require that all property taxes owing are up to date or have satisfactory payment arrangements on file before such applications will be processed.

Accounts payable by the Township to any local supplier of goods and/or services may be applied against any outstanding property taxes owing to the Township. Written notice will be given to the supplier in advance of the application of the payment towards the property taxes owing.

Contaminated Property

Council shall approve any tax sale proceedings where it is suspected that a property is environmentally contaminated.

5. RESPONSIBILITIES AND AUTHORITIES:

In order to ensure that all taxpayers are treated fairly and equitably, the Municipal Clerk or his/her designate, in coordination with the Tax Collector and/or the Treasurer have the authority to exercise discretion in the application of this policy where unusual circumstances are apparent, provided such discretion is in accordance with all applicable legislation.

Township of Scugog Staff Report

To request an alternative accessible format, please contact the Clerks Department at 905-985-7346.

Report Number: FIN-2021-031

Prepared by: Laura E. Barta, CPA, CMA, Director of Finance/Treasurer

Department: Finance Department

Report To: General Purpose and Administration Committee

Date: September 13, 2021

Reference: Strategic Plan Directions 2: "Pursue Alternative Revenue Sources"

Report Title: **Policy for Public Donations or Participation in Municipal Asset Acquisition**

Recommendations:

1. **That** Report FIN-2021-031, Policy for Public Donations or Participation in Municipal Asset Acquisition be received; and
 2. **That** the policy be endorsed.
-

1. Background:

Municipalities have traditionally benefited from the generosity of residents, businesses and community groups who see the need for a particular public asset that is not currently available or in need of significant improvements and make the effort to obtain or improve it. These assets range in value and type depending on the donor and their interests. While donations come with no visible "strings attached", the Township has many legislative requirements to consider when these projects are proposed. These include current health

and safety legislation; current labour legislation; insurance implications; environmental requirements; inspection and maintenance requirements; and these are just a few. This report and the attached policy have been designed to ensure all relevant legislation and implications are considered in advance of the project being supported.

2. Discussion:

From time-to-time community organizations or user groups wish to influence the Township's capital program by advancing a project that is not in the current capital plan. This influence can be in the form of a submitting a grant application to finance the project; providing a cash contribution towards completion of the project; providing a donation of land to use for the asset's location; providing for the construction of a completed asset on Township owned land; or any combination of these.

For the organization or group to be successful, it is recommended that a formal proposal be submitted to Staff for consideration and then to Council well in advance of the annual budget deliberations. The proposal should include the following:

- (a) Detailed outline of the proposed project.
- (b) Detail of grant requirements and group's intentions.
- (c) Detail of Group's financial commitment to proposed project.
- (d) Expectation for Township's support

When the Township accepts the group's proposal and agrees to move forward with the project, all Municipal by-laws and legal requirements then must be followed. These include permitting, procurement, authorizations, reporting, accessibility, etc.

The community organization or user group will be asked to sign an agreement or memorandum of understanding with the Township before the project proceeds. This is a legal document that will outline the terms and conditions of the project plan including each party's responsibility both administratively and financially.

Any cash donations towards the project will result in a charitable donation receipt being issued to the donor. All funds will be held by the Township in reserve and used to offset the cost of the project. At no time will a donation be refunded. If more funds are donated than required to complete the project the excess will be used at the direction of Council, and every attempt will be made to apply the money in a manner that compliments the original intent.

Completed assets donated to the Township will be maintained as part of the Township's Asset Management Plan for the duration of their useful life. Should the asset be damaged, destroyed or rendered obsolete, the township makes no guarantee to replace it.

The asset will be insured by the Township for the duration of its useful life under the Township's policy. This policy may allow for repair or replacement should the asset be damaged or destroyed and the decision to do so will be at the discretion of Council.

3. Financial Implications:

The approval of this report and the attached policy will have no financial impact.

4. Communication Considerations:

Once approved, the policy document would be posted on the Township's website and distributed to anyone looking to partner in a project or become a donor.

5. Conclusion:

Implementation of a policy for the donation of or participation in acquisition of municipal assets will allow for a clearer determination of the process and each party's responsibility.

Respectfully Submitted by:

Reviewed By:

Carol Coleman, P. Eng.
Director of Public Works, and Infrastructure Services

Laura E. Barta, CPA, CMA
Director of Finance/Treasurer

Ken Nix, CPA, CMA
Chief Administrative Officer

Attachments:

Attachment 1: Public Donations or Participation in Municipal Asset Acquisition Policy

POLICIES AND PROCEDURES



Public Donations or Participation in Municipal
Asset Acquisition

EFFECTIVE: [DATE]

APPROVED BY COUNCIL: [MEETING DATE]

1. PURPOSE:

While wishing to encourage public interest and participation in the acquisition of assets for public use, it is important to establish guidelines that outline the Township's process. Any asset acquisition will be considered based on the priorities of the Township, current legislative requirements, funding contributions from all sources, future maintenance obligations, annual operating costs, and public needs.

2. POLICY:

The Township of Scugog will review any proposal for the donation of, or participation in, the acquisition of a Municipal asset and/or retrofit of the asset to determine if the asset meets the current or future needs of the Township. If appropriate, the Township will enter into an agreement with the individual or group to protect both parties and ensure obligations are clear. All assets become the property of the Township of Scugog and will be utilized, maintained, or replaced as directed by Council.

3. DEFINITIONS:

For the purpose of this policy.

"Agreement" means a legal document outlining the duties and responsibilities of each part.

"Asset" means a tangible piece of equipment, structure, improvement, or parcel of land.

"Donor" means the individual; community group; organization; company or any other entity that offers to give freely of their time, money and/or expertise for the completion of the proposed project.

"Procurement By-Law" means the By-Law currently in force that dictates the procurement process that must be followed for the purchase or construction of any asset owned by the Township.

"Township" means the Township of Scugog being the entity that will take ownership of the asset.

4. PROCEDURES:

4.1 Review Stage

Groups and/or individuals shall meet with Township staff to review proposed asset donation or project to determine the asset's use and suitability relative to location, liability, operating costs, on-going maintenance requirements and training (if applicable) requirements. The staff involved in the review will represent departments that may have involvement with the project including a representative from the finance department.

4.2 Approval Stage

All proposals will be subject to the approval and acceptance of the Township of Scugog Council. Projects that have been reviewed by staff will be presented to Council in the form of a staff report and through a deputation presented by the donor depending on the nature of the project.

4.2 Agreement

Once approved, Township staff will work with donor to draw up the legal agreement outlining the proposal and each parties' responsibilities. The formal agreement will be signed by parties with authority to bind the organization.

4.3 Procurement

All parties to the agreement will follow the Township's Procurement By-Law to ensure procedures meet the current legal requirements. This will be required if the Township acts as the purchaser or the donor takes on that responsibility. Should the donor act as purchaser, the Township will have the right to review their procurement process.

4.4 Financial Obligations

Project financing will utilize first, the full value of any grants available to offset the total cost of the project; followed by the donor's offered contributions; with the Township's share making up the balance. This allocation method will be followed unless the agreement specifically provides for an alternate allocation. Any invoices issued by the Township to the donor will be paid within 30 days. Late payment charges of 1 ¼% per month will apply to any overdue invoice.

4.5 Grant Reporting

If the agreement has the donor taking responsibility for the grant application, they would also be responsible for grant reporting unless the Grantor asks that the Township take on this role. The donor will provide the Township with copies of

all grant related documentation. The Township will be given the opportunity to review any application before it is submitted for consideration to ensure consistency with the agreement.

4.6 Ownership

All donated assets become the property of the Township of Scugog and will be utilized, maintained, and insured as part of the normal operation of the Township. The Township is not under any obligation to replace donated assets that exceed their useful life.

5. RESPONSIBILITIES AND AUTHORITIES:

In order to ensure that potential donors are treated fairly and equitably, the Municipal Clerk and the Treasurer have the authority to exercise discretion in the application of this policy where unusual circumstances are apparent, provided such discretion is in accordance with all applicable legislation.

Township of Scugog Staff Report

To request an alternative accessible format, please contact the Clerks Department at 905-985-7346.

Report Number: FIN-2021-032

Prepared by: Laura E. Barta, CPA, CMA, Director of Finance/Treasurer

Department: Finance Department

Report To: General Purpose and Administration Committee

Date: October 4, 2021

Reference: Strategic Plan Direction 2: “Financial Sustainability”

Report Title: **COVID-19 Financial Update – Impact to August 31, 2021**

Recommendations:

1. **That** Report FIN-2021-032, COVID-19 Financial Update, be received for information.
-

1. Background:

The global pandemic continues to be a major issue influencing the Township’s ability to return to normal operations and this is not expected to change any time in the near future. The Province of Ontario is currently in step three of their Reopening Ontario Plan and has indicated that even when they leave step three some measures will remain in place. These will include the use of masks and social distancing protocols when indoors along with the requirement for mandatory vaccinations in certain settings and enhanced contact tracing. The ongoing restrictions and protocols in place have changed the way the Township delivers some programs and services. The purpose of this report is to provide Council with an updated breakdown of the financial impact related to COVID-19 for the Township to the end of August 2021.

2. Discussion:

This report and financial update is at a point in time and the assumptions built into this update are made with the best information available at the time of writing the report. Keep in mind that the situation with the pandemic is evolving, as is the direction from the Province and the Federal Government. Senior staff will continue to monitor the situation as well as the impact on revenue, expenditures, and cash flow of the Township.

2.1. Grants and Expenditures

The Province of Ontario will provide the Township with \$429,360 in 2021 COVID-19 Recovery Funding to support operating costs and pressures related to the pandemic. This is in addition to the \$224,000 received in January and the \$528,900 for 2020. This support is critical to ensure property owners are not expected to cover the added costs and lost revenue resulting from pandemic restrictions and lockdowns. The utilization of the 2020 grant was included in report FIN-2021-021 2020 Operating Surplus and the following chart is an extract of those details showing the Township's loss related to COVID-19.

COVID-19 Impact on 2020 Operations		
Direct Costs		
Supplies (Sanitizer, PPE, Barriers, etc.)		51,265.55
Signs		15,891.62
Computer equipment/upgrades (Work at home)		26,757.83
Extra Cleaning and Disinfecting		8,082.61
Portable toilet rentals & cleaning		26,196.32
Consulting (Pandemic related issues)		7,830.43
Extra staffing costs incurred re COVID		47,078.29
		183,102.65
Revenue Lost		
Cancelled Programming (Budget vs Actual)		736,000.00
Interest on Investments		189,800.00
Penalty Waiver for 2 months		106,600.00
		1,032,400.00
Cost Savings		
Program staff not hired		460,974.00
Program Direct costs avoided		36,171.00
		497,145.00
Unbudgeted Revenue		
Provincial Safe Restart Funding		528,900.00
		528,900.00
Net Impact to Township		189,457.65

It is expected that the use of the 2021 grant funding will focus on continued improvements to help the public access Township services electronically; to provide additional cleaning supplies, personal protective equipment, and enforcement staffing; as well as to offset lost revenue for the facilities closed or offering reduced services due to the pandemic restrictions. The following chart shows the Township's direct COVID-19 costs posted as of the end of August 2021:

COVID-19 Impact on 2021 Operations to August 31st			
Direct Costs (posted to Covid tracking accounts)			
	Supplies (Sanitizer, PPE, Barriers, etc.)		20,011.54
	Signs		11,573.48
	Computer equipment/upgrades-improve accessibility		113,892.19
	Extra cleaning and disinfecting		9,331.51
	Keyless access, security upgrades, and repairs		46,063.24
	Extra staffing costs incurred		15,264.40
	Low Income tax grant & Support		4,875.00
			<u>221,011.36</u>
Unbudgeted Revenue			
	Provincial Safe Restart Funding received January 2021		224,000.00
	Provincial Safe Restart Funding received May 2021		214,680.00
			<u>438,680.00</u>
Balance to offset revenue losses and other COVID Costs			<u>217,668.64</u>

It is important to note that there are still a number of commitments for work directly related to COVID-19 that will be paid before the end of the year. These will be offset by the \$217,668.64 noted above and the second installment of the 2021 Provincial Safe Restart Funding grant.

Additional Commitments (not yet paid)			
	Security related to implementation of Passports		39,788.00
	New contract tracing software and equipment		11,900.00
	Additional upgrades to technology		35,850.00
	Renovations to Council Chambers & meeting rooms		15,000.00
	Extra Staffing costs & IT consulting		43,400.00
			<u>145,938.00</u>

The charts above do not include the extra internal staff time related to enforcement of COVID-19 related measures nor does it reflect revenue losses due to facility closures. These will be reflected in the final report at the end of 2021.

At this point, with the proactive efforts to mitigate the impacts of COVID-19 closures, it is anticipated that the extra grant funding supplied by the Province will be sufficient to offset any additional COVID-19 related costs incurred in 2021 and any revenue losses.

2.2. Property Taxes

Property Tax revenue is the main source of revenue to the Township of Scugog. As of August 31st the taxes outstanding for the Township, including those collected on behalf of the Region of Durham and the School Boards were somewhat higher than they were for the same period in 2020 and 2019. While the numbers currently are not significant, they do show a trend that will require monitoring. Staff will continue to review this balance and follow up as needed. No penalty waiver has been recommended as many residents are working from home or have returned to work at businesses that are now permitted to open.

2.3. Revenue Shortfalls

When the 2021 operating budget was prepared, it was assumed that the recreation facilities and programming would be open during for the full year. This has not been the case and has resulted in significant revenue shortfalls for the spring season. The full impact of this shortfall will not be known until the end of the year as staff have made efforts to limit the magnitude and are working within the current restrictions to promote fall programs.

2.4. Operating Cost Savings

The 2021 operating budget also assumed that costs would be incurred based on normal operating costs being incurred. This has also not proven to be the case in some departments. Senior staff are monitoring potential underspending and reallocating funds to offset unanticipated needs. An example of this would be the use of savings in conference and education spending to offset unexpected costs for accessibility training.

2.5. Direct Costs

Direct costs related to supplying staff with personal protective equipment, increased cleaning protocols, and technological improvements continue to be an issue as reported in 2.1 above. These costs will continue to be incurred based on staff

needs and changes to the provincial regulations. These costs have not been reflected in the commitments as they are unknown.

2.6. Improvements

In anticipation of the Township offices reopening, renovations are being undertaken to allow for social distancing in the Council Chambers and in meeting rooms. The estimated cost of these renovations has been set at \$15,000 however this number could increase depending on the design and rewiring requirements. These renovations are required prior to holding any in person meetings and will be financed from the Safe Restart grant.

Additional update reports will be provided to Council at the end of the year or sooner if there are significant changes to the Township's financial position.

3. Financial Implications:

Township staff continue to review the impact of measures in place to respond to health directives and will utilize grant funding to offset costs as needed to keep our operations running smoothly

4. Communication Considerations:

n/a

5. Conclusion:

Township staff have taken proactive steps throughout the pandemic to mitigate losses and overall the Township remains in good financial shape. It is the recommendation of staff that Council receive this report for information.

Respectfully Submitted by:

Reviewed By:

Laura E. Barta, CPA, CMA
Director of Finance/Treasurer

Ken Nix, CPA, CMA
Chief Administrative Officer

Attachments:

Attachment: N/A

Report Approval Details

Document Title:	COVID-19 Financial Update - Impact to August 31, 2021 - FIN-2021-032.docx
Attachments:	
Final Approval Date:	Sep 29, 2021

This report and all of its attachments were approved and signed as outlined below:

Kenneth Nix - Sep 29, 2021 - 1:42 PM