

Municipality Of Chatham-Kent

Finance, Budget, Information Technology & Transformation Services

Financial Services

TO: Mayor and Members of Council

FROM: Matt Torrance, MBA, CPA, CGA
Director, Financial Services

DATE: November 20, 2020

SUBJECT: 2021 Interim Tax Levy, Due Dates, and Borrowing By-laws

Recommendations

It is recommended that:

1. The tax rates in Schedule 1 be adopted for the purpose of calculating taxes levied under the 2021 Interim Tax Levy By-law.
2. The 2021 interim tax levy due dates be Monday, March 1 and Monday, May 3, 2021.
3. The 2021 Borrowing By-law be approved.

Background

The interim tax levy for 2021 requires passage of a by-law, which is attached. The levy will be based on 50% of last year's class applicable tax rates, multiplied by the 2021 assessment roll provided in December 2020, to a maximum of 50% of the previous year's actual tax levy. Actual tax rates and calculations applied under by-law may differ slightly from those presented in this report upon receiving updated information from MPAC after December with regard to the 2020 assessment used for the 2021 tax levy.

Area rating, tax cap and phase-in adjustments will not impact taxpayers until the final tax installment in July 2021.

The purpose of this report is to obtain approval for the interim tax rates, to establish interim tax due dates, and to approve a 2021 borrowing by-law enabling the Municipality to establish a line of credit to cover current expenditures.

Comments

Interim Tax Levy

The interim tax levy, due in two installments, is an advance on annual taxes. Decisions made by the Province and by Council before approval of the final 2021 tax levy will determine the 2021 taxes owing. The interim levy is applied as a credit against the final bill which is mailed in July and due August 3 and November 1.

The interim tax levy is usually less than the final tax levy issued in July. The following list illustrates why this is the case.

- Provincial tax cap increases and clawbacks to Industrial and Commercial properties apply to the final tax notice.
- Budgetary increases, if any, will be added at the time of the final tax notice.
- Most locals, drainage assessments, waterline charges, area levies and fringe rates are applied at the time of the final tax notice. BIA levies are also added to the final tax notice.

Current Value Assessment was last done on January 1, 2016, for years 2017 to 2020. The tax increase may be greater or less than the budget increase depending on tax policy decisions, assessment changes, and capping considerations. Due to the COVID19 pandemic, MPAC has extended their reassessment year to 2021.

These issues will not impact the interim bill but may result in some Council policy decisions prior to release of the final notice.

Due Dates

Tax due dates proposed for 2021 are essentially the same as those used since 1998. We use the same due dates to promote consistency and predictability.

The tax due dates would be as follows:

Monday, March 1, 2021	First instalment interim taxes due
Monday, May 3, 2021	Second instalment interim taxes due
Tuesday, August 3, 2021	First instalment final taxes due
Monday, November 1, 2021	Second instalment final tax due

Due dates are posted on the municipal website and on the tax notice.

Tax Payment Methods

- Pre-Authorized Payments
- Telephone & Internet Payments through Bank
- Automatic Banking Machines
- Payment at most Financial Institutions
- Debit Card
- Post Dated Cheques
- Mail
- Drop Box Locations
- Installment Plan
- In Person at Municipal Offices
- Credit card available for a fee through on-line payment option

2021 Borrowing By-law

Each year at this time Council approves a borrowing by-law for current expenditures during the upcoming year. Municipal cash balances are typically lower in the first few months of the year prior to the March tax due date. Borrowing for capital and construction projects is a separate approval process done periodically on an as needed

basis. We are not expecting to be in a borrowing position during 2021. The line of credit is done as a precautionary measure only. We have not borrowed under this facility for 2020 operations.

Council will recall that the Municipality is part of the Joint Banking Consortium under the Chatham-Kent Lambton Administrators Group (CKLAG). Consequently, we can borrow at preferred rates from our public sector partners for our current expenditure cash requirements if needed.

Section 407 of the Municipal Act permits temporary loans to cover for current expenditures. From January 1 to September 30, the amount borrowed may not exceed 50% of the total estimated revenues of the Corporation. For the balance of the year, the amount borrowed cannot exceed 25%. Total 2020 budget revenues were approximately \$337 million.

The by-law on tonight's agenda authorizes the Mayor and Treasurer to borrow up to \$60 million. This amount is well below our 50% limit under the Municipal Act. Further, we have never used the full amount of credit available.

This by-law is a routine matter required under our banking agreement and has no budget effect. Further, because these loans are short term, they do not impact debt levels or our debt limit.

Areas of Strategic Focus and Critical Success Factors

The recommendations in this report support the following areas of strategic focus:

- Economic Prosperity:
Chatham-Kent is an innovative and thriving community with a diversified economy
- A Healthy and Safe Community:
Chatham-Kent is a healthy and safe community with sustainable population growth
- People and Culture:
Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community
- Environmental Sustainability:
Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

- Financial Sustainability:
The Corporation of the Municipality of Chatham-Kent is financially sustainable
- Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

- Has the potential to support all areas of strategic focus & critical success factors
- Neutral issues (does not support negatively or positively)

Consultation

Municipal Property Assessment Corporation and the Canadian Imperial Bank of Commerce were consulted. Legislative Services has reviewed the by-laws.

Financial Implications

The interim tax levy by-law requires Council approval in order to fund school boards and the on-going operations of municipal government and its boards and agencies. The interim tax levy will raise approximately \$95 million. See Attachment A for details. The following timeframe is prudent to ensure preparation of the interim tax bill.

By-law approval:	December 7, 2020
Receive Roll:	November 30, 2020
Update roll information:	January 4, 2021
File transfer update:	January 22, 2021
Mailed by:	February 5, 2021
Interim due dates:	March 1 & May 3, 2021

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c. Legislative Services

Attachments: Attachment A – Interim Taxes Raised
Interim Tax Levy By-law
Borrowing By-law

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ATTACHMENT A

2021 Interim Taxes Raised Summary

Assessment Type	DESCRIPTION	INTERIM TAX RAISED
C1	Comm Farmland Awaiting Development 1	1,651.47
C4	Comm Farmland Awaiting Development 11	-
C7	Comm Value Added Farm	630.23
X7	Comm (New Construction) Value Added Farm	92.48
CH	Comm Occupied/Hydro	81,451.91
CT	Comm Occupied	13,789,136.02
XT	Comm (New Construction)	3,190,309.86
CK	Comm Vacant Units & Excess Land/ Hydro	2,704.50
CU	Comm Vacant Units & Excess Land	150,470.50
XU	Comm (New Construction) Excess Land	18,718.95
CJ	Comm Vacant Land\Hydro	2,846.87
CX	Comm Vacant Land	214,987.63
XX	Comm (New Construction) Vacant Land	-
DH	Office Buildings Occupied/ Hydro	5,912.14
DT	Office Buildings Occupied	402,744.88
YT	Office Buildings (New Construction)	-
DU	Office Buildings Vacant	106.58
YU	Office Buildings (New Construction) Excess Land	-
FT	Farmlands	9,201,400.75
HT	Landfill	162,668.28
GT	Parking Lot	38,806.57
I1	Industrial Farmland Awaiting Development 1	-
I4	Industrial Farmland Awaiting Development 11	-
I7	Industrial Value Added Farm	-
IH	Industrial Occupied/ Hydro	26,165.27
IT	Industrial Occupied	1,767,744.67
J7	Industrial (New Construction) Value Added Farm	222.66
JT	Industrial (New Construction)	1,485,000.17
IK	Industrial Vacant Units & Excess Land/Hydro	1,745.46
IU	Industrial Vacant Units & Excess Land	24,286.09
JU	Industrial (New Construction) Excess Land	735.15
IJ	Industrial Vacant Land/Hydro	-
IX	Industrial Vacant Land	105,157.04
JX	Industrial (New Construction) Vacant Land	-
LT	Large Industrial Occupied	790,116.77
KT	Large Industrial (New Construction)	68,875.95
LU	Large Industrial Vacant Units & Excess Land	2,350.22
KU	Large Industrial (New Construction) Excess Land	-
MT	Multi-Residential	3,239,442.13
NT	New Multi-Residential	-
PT	Pipelines	2,220,589.11
R1	Residential Farmland Awaiting Development 1	13,386.29
R4	Residential Farmland Awaiting Development 11	-
RH	Residential & Farm/Hydro	5,915.70
RT	Residential & Farm	56,245,330.93
ST	Shopping Centre Occupied	2,106,562.12
ZT	Shopping Centre (New Construction)	65,355.88
SU	Shopping Centre Vacant & Excess Land	4,186.58
ZU	Shopping Centre (New Construction) Excess Land	-
TT	Managed Forests	6,064.59
E	Conservation Land	EXEMPT
TOTAL		95,443,872.41

THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT

BY-LAW No. _____-2020

Being a By-law to provide for a 2021 interim Tax Levy, an annual minimum levy surcharge and to provide for the payment of taxes and to provide for penalty and interest of fifteen percent per annum.

WHEREAS the Municipal Act, as amended provides that the Council of a local municipality may, before the adoption of the estimate for the year, pass a by-law to levy on the whole of the assessment for real property according to the last revised assessment roll, a sum not to exceed that which would be produced by applying the prescribed percentage (or 50 percent if no percentage is otherwise prescribed) against the prior year tax rates.

WHEREAS section 317(1) of the Municipal Act, 2001 permits the Municipality before the adoption of the estimates for the year under section 290 to pass a by-law levying amounts on the assessment of property in the Municipality rateable for Municipal purposes.

WHEREAS Council can moderate the impact of reassessment for purposes of the interim tax levy.

NOW THEREFORE the Council of the Corporation of the Municipality of Chatham-Kent enacts as follows:

1. That an interim tax levy is hereby imposed for all ratable real property in all municipal property classes and against all assessment that relates to railroads, hydro corridors, airports and other such unique properties.
2. That the interim levy shall be calculated using the 2020 assessment roll received by the Municipality, for the 2021 taxation year hereafter referred to as "the roll".
3. The rates shall be the rates identified in Schedule #1.
4. Interim taxes on each individual property shall be capped at not more than 50% of the 2020 final composite Education and Municipal tax levy.
5. That the interim levy shall become due and payable in two installments as follows: fifty percent (50%) of the interim levy shall become due and payable on the 1st day of March, 2021 and the balance of the interim levy shall become due and payable on the 3rd day of May, 2021 and non-payment of the amount on the dates stated in accordance with this section shall constitute default;
6. Alternative installment due dates, other than those stipulated under #5 above, be established in certain circumstances to allow taxpayers to spread the payment of taxes more evenly over the year.
7. Where a taxpayer under #5 above, fails to make a tax installment when due immediate payment of the balance of the year's tax installments be due and if not paid, be considered arrears.
8. That an annual minimum levy of ten dollars (\$10.00) is hereby established for 2021.
9. That on all taxes of the interim levy, which are in default on the day following the due date, a penalty of one-and-one-quarter percent (1 ¼%) shall be added and thereafter a penalty of one-and-one-quarter percent (1 ¼%) per month will be added on the first day of each and every month the default continues, until December 31, 2021, in accordance with section 345 of the Municipal Act.

10. On all taxes of the interim tax levy in default on January 1, 2022, interest will be added at the rate of one-and-one-quarter percent (1 ¼%) per month for each month or fraction thereof in default.
11. On all other taxes in default on January 1, 2021, interest shall be added at a rate of one-and-one-quarter percent (1 ¼%) per month for each month or fraction thereof.
12. Penalties and interest added on all taxes of the interim tax levy in default shall become due and payable and shall be collected forthwith as if the same had originally been imposed and formed part of such unpaid interim tax levy.
13. The Treasurer may mail, to the residence or place of business of such person indicated on the last revised assessment roll, a written, printed, or on request if available, an electronic notice specifying the amount of taxes payable.
14. That taxes are payable at the Municipal offices of the Municipality of Chatham-Kent, located throughout the Municipality of Chatham-Kent, by internet, or by mail to Box 640, Chatham, Ontario, N7M 5K8; or, for payments made on or before the due date, at most financial institutions throughout the Municipality of Chatham-Kent.

THIS By-law shall come into full force and effect upon the first day of January, 2021.

READ a **FIRST**, **SECOND** and **THIRD** time and finally **PASSED** this 7th day of December, 2020.

Mayor – Darrin Canniff

Clerk – Judy Smith

2021 Interim Tax Rate

Assess				
Type	DESCRIPTION	Dresden	Chatham City	W'burg
C1	Comm Farmland Awaiting Development 1	0.00209962	0.00229224	0.00227531
C4	Comm Farmland Awaiting Development 11	0.00389426	0.00426801	0.00423516
C7	Comm Value Added Farm	0.00492801	0.00530176	0.00526891
X7	Comm (New Construction) Value Added Farm	0.00492801	0.00530176	0.00526891
CH	Comm Occupied/Hydro	0.02106201	0.02255703	0.02242562
CT	Comm Occupied	0.02106201	0.02255703	0.02242562
XT	Comm (New Construction)	0.01971201	0.02120703	0.02107562
CK	Comm Vacant Units & Excess Land/ Hydro	0.01661840	0.01766492	0.01757294
CU	Comm Vacant Units & Excess Land	0.01661840	0.01766492	0.01757294
XU	Comm (New Construction) Excess Land	0.01526840	0.01631492	0.01622294
CJ	Comm Vacant Land/Hydro	0.01481207	0.01581252	0.01572459
CX	Comm Vacant Land	0.01481207	0.01581252	0.01572459
XX	Comm (New Construction) Vacant Land	0.01481207	0.01581252	0.01572459
DH	Office Buildings Occupied/ Hydro	0.01683724	0.01804210	0.01793620
DT	Office Buildings Occupied	0.01683724	0.01804210	0.01793620
YT	Office Buildings (New Construction)	0.01683724	0.01804210	0.01793620
DU	Office Buildings Vacant	0.01325606	0.01409946	0.01402533
YU	Office Buildings (New Construction) Excess Land	0.01325606	0.01409946	0.01402533
FT	Farmlands	0.00187062	0.00204012	0.00202523
HT	Landfill	0.07457612	0.08025757	0.07975821
GT	Parking Lot	0.01481207	0.01581252	0.01572459
I1	Industrial Farmland Awaiting Development 1	0.00209962	0.00229224	0.00227531
I7	Industrial Value Added Farm	0.00407478	0.00446676	0.00443230
I4	Industrial Farmland Awaiting Development 11	0.00510853	0.00550051	0.00546605
IH	Industrial Occupied/ Hydro	0.02178413	0.02335204	0.02321423
IT	Industrial Occupied	0.02178413	0.02335204	0.02321423
J7	Industrial (New Construction) Value Added Farm	0.00510853	0.00550051	0.00546605
JT	Industrial (New Construction)	0.02043413	0.02200204	0.02186423
IK	Industrial Vacant Units & Excess Land/Hydro	0.01634719	0.01736633	0.01727675
IU	Industrial Vacant Units & Excess Land	0.01634719	0.01736633	0.01727675
JU	Industrial (New Construction) Excess Land	0.01499719	0.01601633	0.01592675
IJ	Industrial Vacant Land/Hydro	0.01634719	0.01736633	0.01727675
IX	Industrial Vacant Land	0.01634719	0.01736633	0.01727675
JX	Industrial (New Construction) Vacant Land	0.01499719	0.01601633	0.01592675
LT	Large Industrial Occupied	0.02178413	0.02335204	0.02321423
KT	Large Industrial (New Construction)	0.02043413	0.02200204	0.02186423
LU	Large Industrial Vacant Units & Excess Land	0.01634719	0.01736633	0.01727675
KU	Large Industrial (New Construction) Excess Land	0.01499719	0.01601633	0.01592675
MT	Multi-Residential	0.01557701	0.01707203	0.01694062
NT	New Multi-Residential	0.00916183	0.01000934	0.00993485
PT	Pipelines	0.01597088	0.01695262	0.01686633
R1	Residential Farmland Awaiting Development 1	0.00209962	0.00229224	0.00227531
R4	Residential Farmland Awaiting Development 11	0.00209962	0.00229224	0.00227531
RH	Residential & Farm/Hydro	0.00839848	0.00916895	0.00910123
RT	Residential & Farm	0.00839848	0.00916895	0.00910123
ST	Shopping Centre Occupied	0.02334670	0.02507232	0.02492065
ZT	Shopping Centre (New Construction)	0.02199670	0.02372232	0.02357065
SU	Shopping Centre Vacant & Excess Land	0.01821769	0.01942563	0.01931946
ZU	Shopping Centre (New Construction) Excess Land	0.01686769	0.01807563	0.01796946
TT	Managed Forests	0.00209962	0.00229224	0.00227531
E	Conservation Land	Exempt	Exempt	Exempt

THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT

BY-LAW NUMBER _____ - 2020

A By-law to authorize the Mayor and Treasurer of The Municipality of Chatham-Kent to borrow certain sums to meet current expenditures of The Municipality and to act for the Municipality in the Sale, purchase and/or transfer of financial securities for the year 2021.

WHEREAS the Council of The Municipality of Chatham-Kent deems it necessary to borrow monies to meet current expenditures of The Municipality for the year 2021 pending the collection of current revenues and to sell, purchase and/or transfer financial securities.

AND WHEREAS under Section 407 of the Municipal Act, the Municipality is empowered to borrow for current purposes from January 1st to September 30th up to fifty percent (50%) of the total estimated revenue and from October 1st to December 31st, twenty-five percent (25%) of the total of the estimated balance of the estimated revenues of the Municipality as set forth in the budget adopted for the year.

AND WHEREAS pending the passing of the by-law for imposing the rates for the current year, the limitation upon borrowing is calculated upon the estimated revenues of the Municipality, as set forth in the estimates adopted for the current year.

AND WHEREAS the Municipal Council of the Municipality of Chatham-Kent deems it expedient to authorize the Mayor and Treasurer to borrow funds from the Canadian Imperial Bank of Commerce as part of a joint banking agreement operated through The Chatham-Kent Lambton Administrator's Group (CKLAG) as well as to sell, purchase and/or transfer financial securities on an as needed basis.

BE IT THEREFORE ENACTED by the Municipal Council of The Municipality of Chatham-Kent as follows:-

1. That the Mayor and Treasurer of The Municipality are hereby authorized to borrow from time to time from the Canadian Imperial Bank of Commerce, by way of promissory notes, and at such rate or rates of interest as they may approve, sums not to exceed \$60,000,000.00 (sixty million dollars) at any one time outstanding and unpaid, to meet until the taxes are collected, the current expenditures of the Municipality for the year 2021, provided that notwithstanding the sums authorized to be borrowed hereunder, the amount that may be borrowed hereunder at any one time, together with the total of any similar borrowings that have not been repaid, shall not exceed the limits imposed by Section 407 of the Municipal Act.
2. The Mayor and Treasurer be authorized on behalf of the Municipality to accept and convey, assign, transfer or otherwise dispose of all or any shares, bonds,

debentures, debenture stock and other securities of every description now or hereafter registered in the name of the Municipality or held or owned by the Municipality and to sign and execute on behalf of the Municipality all and any instrument of acceptance and transfer and other documents whenever necessary or proper to effectuate the same with full power to appoint any attorneys with full power of substitution therein, and that any and all instruments of acceptance and transfer and other documents in connections therewith heretofore signed and executed on behalf of the Municipality in accordance with the authority set out above are hereby ratified and confirmed;

3. The Mayor and Treasurer are hereby authorized to execute, on behalf of The Municipality, a promissory note or notes in the manner signified in paragraph 4 hereof.

4. A promissory note or notes, signed by the Mayor and Treasurer and sealed with the seal of the Municipality, for the amounts from time to time borrowed under the authority hereof and interest thereon, may be given to such lenders as heretofore mentioned as security for such loans.

5. The Mayor and Treasurer are authorized to open, close or transfer bank accounts of the Corporation when done so in the normal course of business.

6. The Treasurer is hereby authorized and directed to apply in payment of the money borrowed as aforesaid, together with the interest thereon, all monies now or hereafter collected or received on account or realized in respect of taxes levied for the current year and previous years and all of the monies collected or received from other sources which may be lawfully charged for such purpose be and the same are hereby charged with repaying of the sums so borrowed.

7. All of the taxes levied or to be levied for the year 2021 and previous years, and all such other revenues of the Municipality which may be lawfully charged for such purpose be hereby charged with repaying of the sums so borrowed.

THIS By-law shall come into full force and effect upon the final passing thereof.

READ a **FIRST, SECOND** and **THIRD** time and finally **PASSED** this 7th day of December, 2020.

Mayor – Darrin Canniff

Clerk - Judy Smith