



Council Meeting Minutes
Tuesday, March 27, 2012
9:30 a.m.
Council Chambers, Town Hall

Mayor M. Morrison
D. Beffort (left at 1:59 p.m.)
N. deBoer (left at 1:07 p.m.)
P. Foley
G. McClure (arrived at 9:40 a.m.)
R. Mezzapelli
R. Paterak
A. Thompson
R. Whitehead

Chief Administrative Officer: D. Barnes
Council/Committee Co-ordinator: B. Karrandjas
Director/Chief Financial Officer/Deputy CAO: R. Kaufman
Director of Human Resources: J. Porter
Legislative Services Manager/Deputy Clerk: D. Thompson
Treasurer: F. Wong

Other Staff Present Specific Items Only
Manager of Revenue: P. Tollett

1. **CALL TO ORDER**

Mayor Morrison called the meeting to order at 9:35 a.m.

2. **APPROVAL OF AGENDA**

Moved by R. Whitehead - Seconded by D. Beffort

2012-135

That the agenda for the March 27, 2012 Regular Council Meeting, be approved.

Carried.

3. **DISCLOSURE OF PECUNIARY INTEREST**

- (i) Councillor McClure disclosed a pecuniary interest with respect to Closed Meeting item 2, Confidential Verbal Report from Chris Barnett/Laura Bisset. He left the room and did not partake in any discussion or voting on this matter.

4. **CLOSED MEETING**

Council was in Closed Meeting from 9:35 a.m. to 12:05 p.m.

Moved by R. Paterak – Seconded by R. Whitehead

2012-136

That Council shall go into closed session under Section 239 of the *Municipal Act* for the purpose of:

- Personal matters about an identifiable individual, including municipal or local board employees;
 - Confidential Report PREC-2012-004 – 2012 Volunteer & Citizen Achievement Awards Recognition
- Advice that is subject to solicitor-client privilege, including communications necessary for that purpose and litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board and advice that is subject to solicitor-client privilege, including communications necessary for that purpose;
 - Confidential Verbal Report from Chris Barnett/Laura Bisset – OPA 226

Carried.

Moved by R. Paterak – Seconded by D. Beffort

2012-137

That Council move into open session.

Carried.

5. MATTERS ARISING FROM CLOSED MEETING

1. Confidential Report PREC-2012-004 re: Personal matters about an identifiable individual, including municipal or local board employees – 2012 Volunteer & Citizen Achievement Awards Recognition.

Moved by A. Thompson – Seconded by R. Paterak 2012-138

That Confidential Report PREC-2012-004 regarding personal matters about an identifiable individual, including municipal or local board employees – 2012 Volunteer and Citizen Achievement Awards, be received.

Carried.

2. Confidential Verbal Report from Chris Barnett/Laura Bisset re: Advice that is subject to solicitor-client privilege, including communications necessary for that purpose and Litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board – OPA 226.

See Item 3(i) regarding Disclosure of Pecuniary Interest – Councillor McClure.

Moved by R. Paterak – Seconded by A. Thompson 2012-139

That Confidential Verbal Report from Chris Barnett/Laura Bisset regarding advice that is subject to solicitor-client privilege, including communications necessary for that purpose and litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board and advice that is subject to solicitor-client privilege, including communications necessary for that purpose – OPA 226, be received.

Carried.

6. PRAYER AND O CANADA

Councillor McClure opened the meeting with a prayer.

7. SUMMARY OF ADDENDUM ITEMS – None.

8. COUNCIL WORKSHOP

Moved by D. Beffort - Seconded by R. Paterak 2012-140

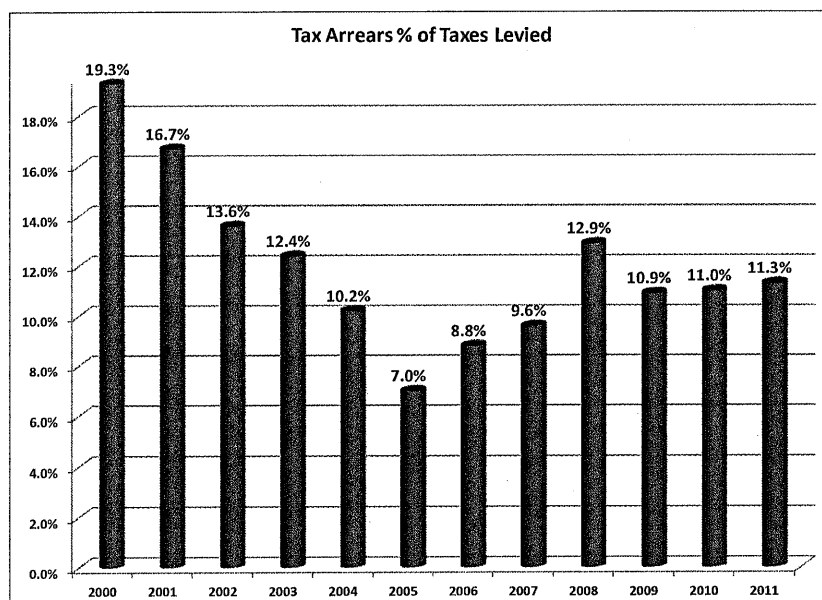
That Council convene into Council Workshop.

Carried.

1. Property Tax Arrears.

Peggy Tollett, Manager of Revenue provided the following information:

Tax Arrears 2000-2011

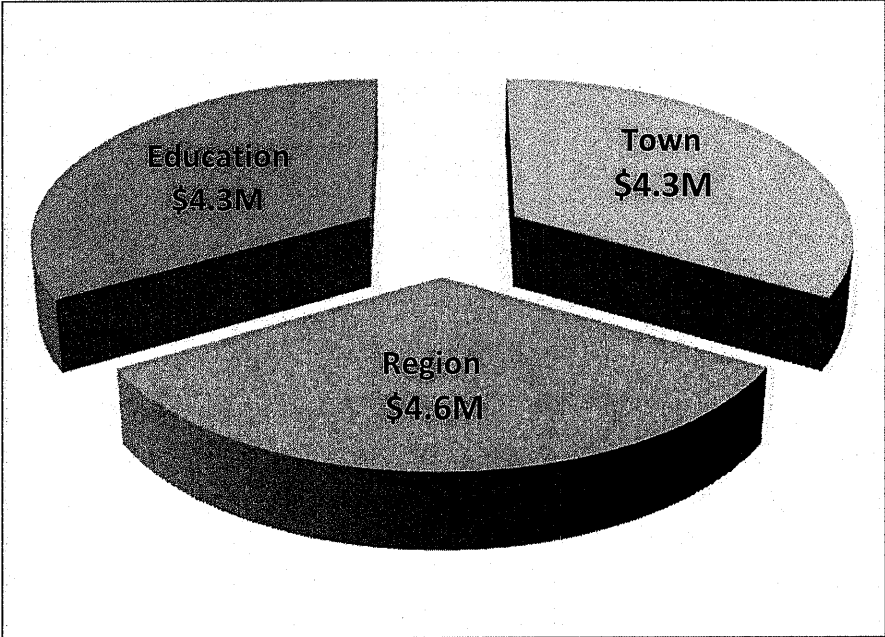


Tax Arrears in Dollars

- 2011 Tax Arrears is 11.3% of total taxes levied
- Total Taxes Levied in 2011 = \$116,964,318
 (Town \$38.2M; Region \$39.3M; Education \$39.4M)
- 11.3% equates to \$13.2M of taxes levied

Town Pays Regardless of Collection

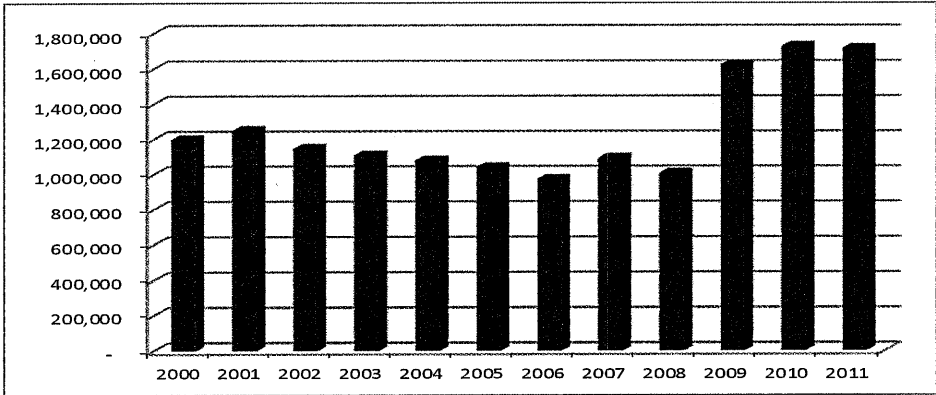
- \$13.2M of Outstanding Taxes (estimated split)



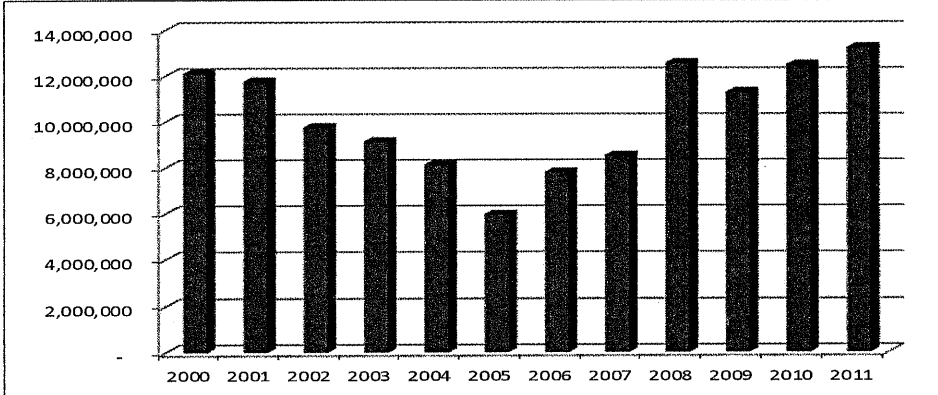
- Town up-fronts all payments to School Boards and Region of Peel regardless of collection.
- Based on figures above, Town has already paid \$8.9M total to Region of Peel and School Boards.
- All Penalty and Interest collected is retained by Town

Trend Analysis 2000-2011

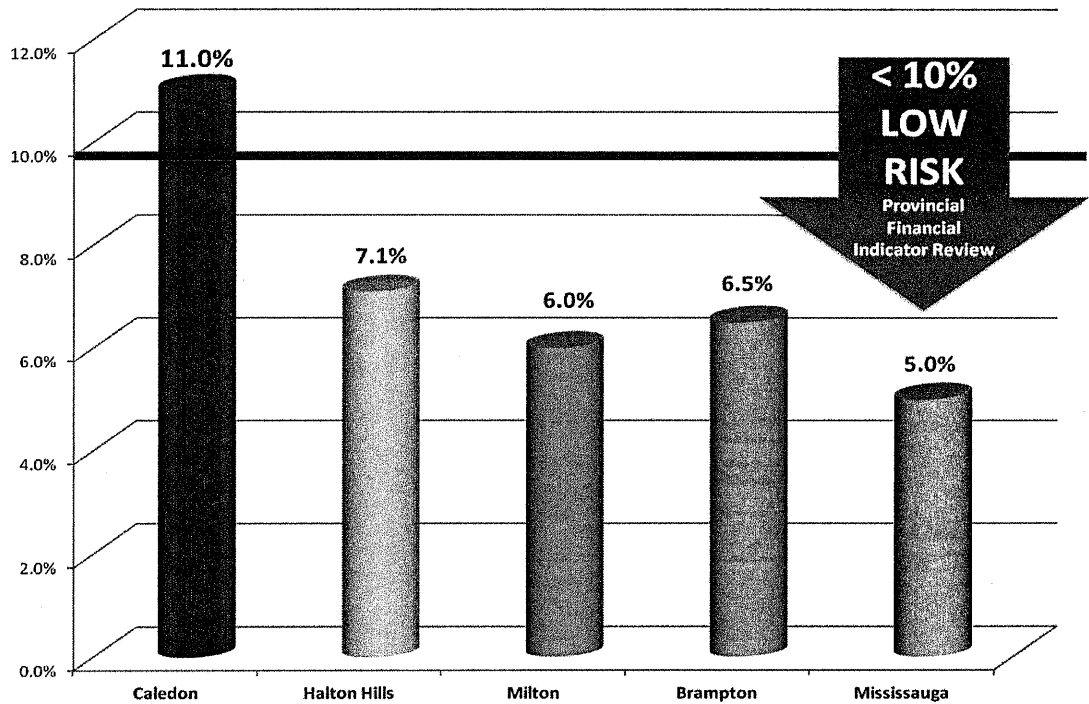
PENALTY AND INTEREST



TAX RECEIVABLE

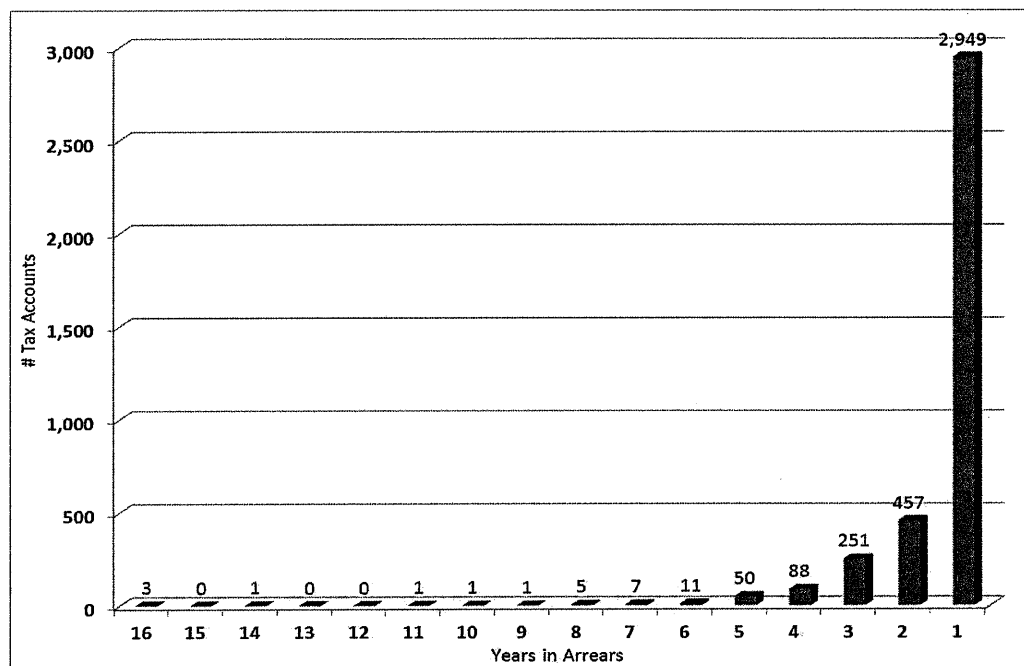


Comparison of Tax Arrears as a % of Taxes Levied*



*2010 Figures as 2011 Financial Information Return (FIR) data is not currently available

Distribution of Properties in Tax Arrears as of December 31, 2011



Findings:

- There are 22,510 property tax accounts
- At the end of 2011, 2949 tax accounts are in arrears (13%)
- Majority of Arrears 1 year old (e.g. within 2011)
 - May relate to supplementals due in early 2012
 - Opportunity to proactively manage to avoid tax sale
 - Some of properties in arrears for a number of years relate to:
 - Town properties that should be written-off
 - Old/Long-standing tax file issues that were not adequately addressed in the past

Tax Arrears Collection – Current/Past Practice

- Notice of Tax Arrears letters mailed out three (3) times a year + \$5 cost recovery charge (2011 & prior - approximately 3,500 notices sent out monthly)

After 3 years in tax arrears:

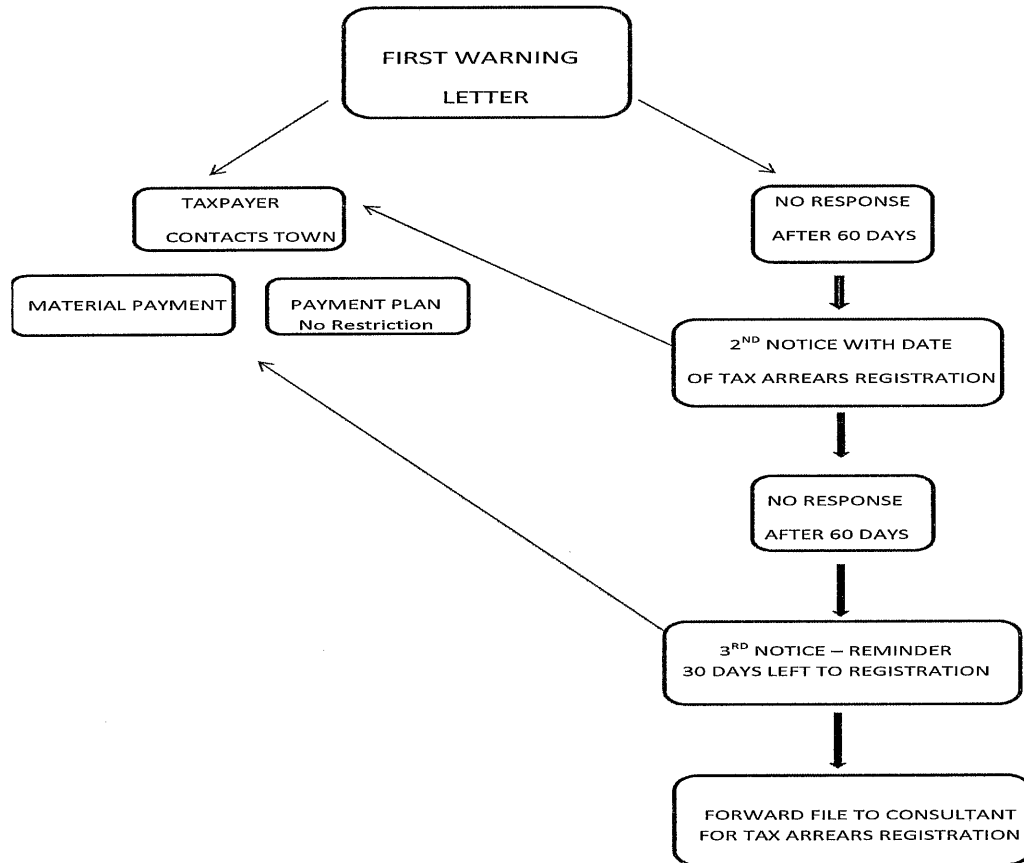
- Warning of registration of tax arrears for potential tax sales
- Over the last 10 years the Town of Caledon has only been involved in one tax sale of a property

Registration of Tax arrears certificate

Section 373.(1) Municipal Act, 2001

Where any part of tax arrears is owing with respect to land in a municipality on January 1 in the third year following that in which the real property taxes become owing, the treasurer of the municipality, unless otherwise directed by the municipality, may prepare and register a tax arrears certificate against the title to that land.

Tax Arrears Collection – Current/Past Practice



Town of Caledon Tax Arrears Payment Plans:

- No defined timeline or guidelines as to when the tax account would be brought current
- No consistency with payment or plans

Registration of Tax Arrears Process

- Process is a minimum of 1 year
- Consultants registers tax arrears certificate
- Farm Debt Mediation – Prepare Farm Debt Notices (22 business days)
- Registration
 - Conduct searches, prepare Tax Arrears Certificates
 - Register Tax Arrears Certificate, update title search
 - Prepare First Notices and send out notices to all interested parties (including mortgage companies)
 - Prepare Treasurer’s Statutory Declaration (ie. Declaration that the property is in arrears for 3 years.
- Final Notices (280 days after registration)
 - Update Title Search, Prepare Final Notices, Send out Notices to all interested parties
- 1 Year following the date of registration of tax arrears certificate
 - The property can now be sold by a public sale

Registration of Tax Arrears Certificate

When a property is registered for Tax Arrears

OPTIONS:

1. The taxpayer at this point is to either pay the balance in FULL (Including any other costs that were added to the account – e.g. costs to register) OR
2. Apply for an extension agreement which must be approved by Council and by-law

A property cannot be removed from registration once sent to consultant.

Overview of Tax Sale Procedure

Final Notice - Section 379 (1) Public Sale

- If the cancellation price remains unpaid 280 days after the day the tax arrears certificate is registered, the treasurer may send a final notice to the property owner with outstanding taxes, that the land will be advertised for public sale unless the cancellation price is paid before the expiry of one year since the time of registration

Section 379 (2) Advertisement of Public Sale

- If, at the end of the one-year period following the date of the registration of the tax arrears certificate, the cancellation price remains unpaid and there is no subsisting extension agreement, the land shall be offered for public sale auction or public tender, as the treasurer shall decide, and the treasurer shall immediately,
 - a. Make a statutory declaration stating the names and addresses of the persons to whom notice was sent
 - b. Advertise the land for sale for 4 weeks in the newspaper

Proposed Practice

Proposed Changes:

- Quarterly review of tax properties in arrears
- Enhanced and Proactive collection protocol in year 2 to actively manage and prevent tax arrears from becoming 3 years in arrears
- Defined Pre-Authorized Payment Plans that will bring the tax accounts current within a few years

Goals:

- Encourage and assist property owners in tax arrears to become current in property taxes by providing a payment plan
- Reduce Town's Taxes Receivable below 10% of total taxes levied as recommended by the Province
- Improve Town's cash flow (\$13.2M cash in the bank vs. \$13.2M receivable)
- Last Resort – Tax Sale

Proposed Collection Protocol – Year 1 and 2

First Year in Property Taxes Arrears

- Tax Arrears Notices sent 3 times a year + \$5 recovery per mailing (no change from current practice)

Second Year in Property Taxes Arrears (Enhanced Collection Practices)

- Attempt to contact tax payer by letter and follow-up phone call
- Letter to include:
 - Reminder of Town's Penalty & Interest, \$5 recovery charge
 - Property owners in this category would be encouraged to make a payment in full or a material lump sum payment
 - Customized Payment Plan Offer (more details on next slide)
 - Notice that Town may register against the property for tax arrears once it is 3 years in arrears
 - Notice that title search maybe applied and interested parties contacted (e.g. Mortgage companies)

Customized Payment Plan Offer

Customized Payment Plans to be calculated for each taxpayer in arrears

- Basic Principles proposed:
 - Penalty and interest calculation as normal and included with payment plan
 - Town agrees not to register property for tax arrears if taxpayers are making payments in accordance with the Payment Plan
 - Payment Plans are not to exceed 5 years for Residential and 3 years for Non-Residential properties
 - Payment Plans will be calculated to recover 66% of tax arrears within the first 2 years of the plan + projections for future year taxes
 - Payment Plans will be re-calculated each year to ensure that taxpayers will be current at the end of 5 years or 3 years
 - Payment Plan payments must be made via Pre-Authorized Payment (No longer accepting post dated cheques for this plan)
 - Payments are to be withdrawn on the first of each month

- In event that two consecutive payments are missed, the missed payments must be paid by the third month or the tax payer will be considered in default.
- Tax payers that default on payment plans would not be eligible to enroll in another payment plan for 5 years following the year of default
- At the discretion of the Treasurer, the Town may continue the payment plan if:
 - payments resume within 4 months of default;
 - defaulted payments are fully caught-up within the 6 month window (2 months missed + 4 months after); and
 - the payment plan's 3 or 5 year end date remains unchanged (e.g. end date to be current on taxes cannot be renegotiated)
- The Town will begin the tax arrears registration process with respect to the property, if the outstanding property tax arrears are greater than 3 taxation years
- At anytime the taxpayers may pay the balance owing during the payment plan
- Once the taxpayer has reached the end of the payment plan and is current with their taxes they will be encouraged to remain on one of the Town's regular PAP plans

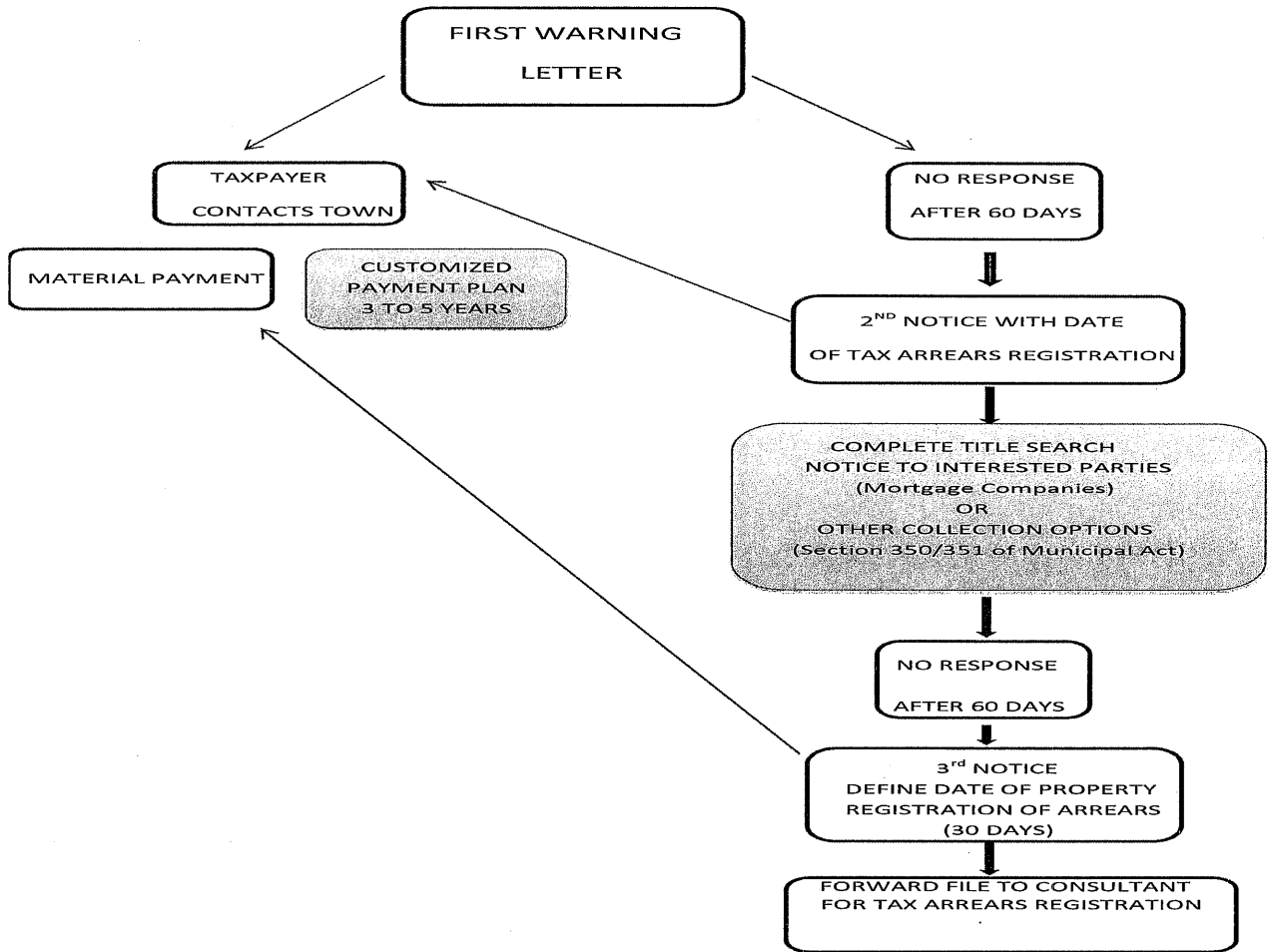
Tax Arrears – 3 Years or Greater (Residential)

Town of Caledon Proposed Process	City of Mississauga
Notice of Arrears 3 times a year at \$5 each (April, August, October)	Notice of Arrears in Oct for \$3 each (Effective for 2012)
In January each year – Statement for all Taxpayers in Arrears of the prior year – No Charge	In January each year – Statement for all Taxpayers in Arrears of the prior year – No Charge
Final Notice – Prior to Tax Sale (60 Days to response)	Final Notice – Prior to Tax Sale (30 Days to Response)
2nd Notice – Prior to Tax Sale (60 Days to response)	No Second Notice Given
Notice to Interested Parties	Notice to Interested Parties
Final Notice – Prior to Tax Arrears Certificate Registration	Final Notice – Prior to Tax Arrears Certificate Registration
Tax Arrears Certificate Registration	Tax Arrears Certificate Registration

Tax Arrears – 3 Years or Greater (Commercial)

Town of Caledon Proposed Process	City of Mississauga
Notice of Arrears 3 times a year at \$5 each (April, August, October)	Notice of Arrears in Oct for \$3 each (Effective for 2012)
In January each year – Statement for all Taxpayers in Arrears of the prior year – No Charge	In January each year – Statement for all Taxpayers in Arrears of the prior year – No Charge
Final Notice – Prior to Tax Sale (60 Days to response)	Final Notice – Prior to Tax Sale (30 Days to Response)
2nd Notice – Prior to Tax Sale (60 Days to response)	No Second Notice Given
Notice to Interested Parties	Notice to Interested Parties
Bailiff Action Collect from tenants of property – Section 350	Bailiff Action Collect from tenants of property – Section 350
Bailiff Action Seizure of Goods / Assets of the property – Section 351	Bailiff Action Seizure of Goods / Assets of the property – Section 351
Final Notice – Prior to Tax Arrears Certificate Registration	Bailiff Action – To Present Final Notice – Prior to Tax Arrears Certificate Registration
Tax Arrears Certificate Registration	Tax Arrears Certificate Registration

Proposed Collection Protocol – Year 3 and Greater



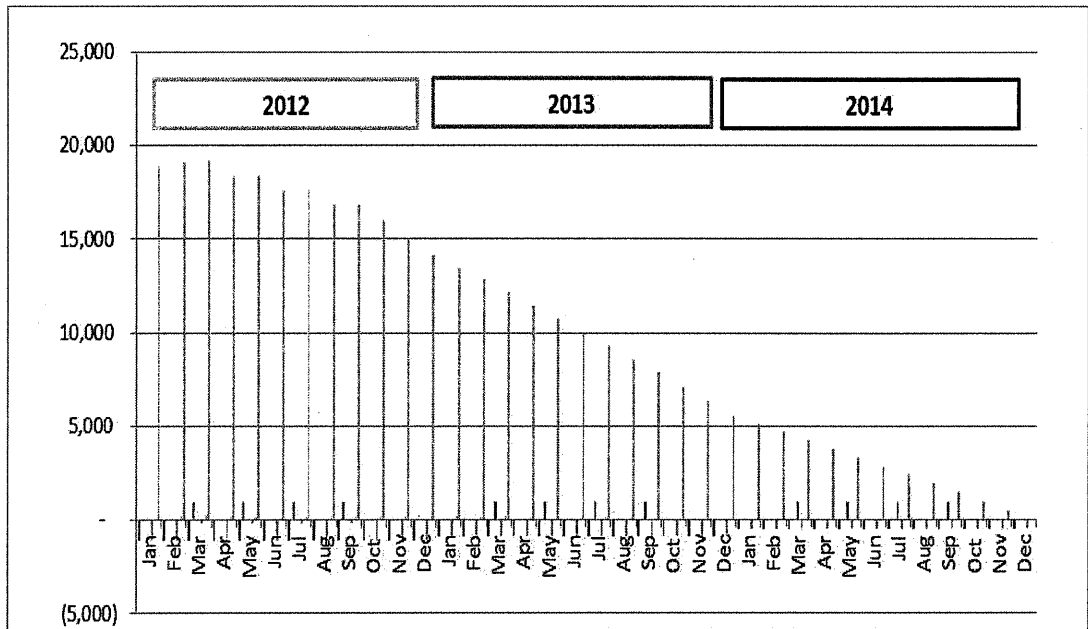
Other Collection options

- Title search on properties to look for parties of interest
 - e.g. Mortgage Companies
- Section 350 of the Municipal Act, 2001
- Obligations of Tenant
 - Provides the City Treasurer with the same authorization as the landlord to collect rent from tenants of a property to collect the outstanding property taxes.
 - Does not impose responsibilities of the landlord for the premise
- Section 351 of the Municipal Act, 2001
- Seizure
 - Allows for the City Treasurer to seize personal assets of a property owner who has fallen into tax arrears
- The Town would use the Bailiff in enforcing some of these options and with the serving the Final Notice

Sample of 3 Year PAP Plan

	Jan - Dec Payment amount is \$1100				Jan - Dec Payment amount is \$850				Jan - Dec Payment amount is \$507				
	2012				2013				2014				
	Jan	Feb	Mar	Apr	Jan	Feb	Mar	Apr	Jan	Feb	Mar	Apr	Dec
Tax Balance as of Jan 1, 2012	(1,100)	(1,100)	(1,100)	(1,100)	(850)	(850)	(850)	(850)	(507)	(507)	(507)	(507)	(510)
\$20,000 In Arrears													
Estimated Taxes for 2012	-	-	950										
Estimated Taxes for 2013							969						
Estimated Taxes for 2014											988		
Total Payment	(1,100)	(1,100)	(150)	(1,100)	(850)	(850)	(850)	(850)	(507)	(507)	(507)	(507)	(510)
Penalty and Interest	-	236	251	240	177	169	172	152	70	64	71	53	6
Projected Outstanding Balan	18,900	19,136	19,237	18,378	13,502	12,820	12,143	11,445	5,137	4,694	4,258	3,804	0
(Includes 1.25% Interest and estimated taxes for Future years at 2% Increase)													

Sample of 3 Year PAP Plan



Moved by R. Paterak – Seconded by A. Thompson

2012-141

That Council rise out of Council Workshop.

Carried.

9. **PUBLIC QUESTION PERIOD** - No one in attendance came forward.

10. **BY-LAWS**

Moved by R. Paterak – Seconded by R. Whitehead

2012-142

That the following by-law be taken as read three times and finally passed in open council:

2012-024 To confirm the proceedings of the March 27, 2012 Council Meeting.

Carried.

11. **ADJOURNMENT**

On verbal motion moved by Councillor McClure and seconded by Councillor Thompson, Council adjourned at 2:11 p.m.

Marolyn Morrison
 Marolyn Morrison, Mayor

per Debbie Thompson
 Debbie Thompson, Deputy Clerk