



TO: GENERAL COMMITTEE


SUBJECT: DELEGATED AUTHORITY TO EXECUTE EXTENSION AGREEMENTS

WARD: ALL

PREPARED BY AND KEY CONTACT: K. SHORT, MANAGER OF REVENUE, EXT 4428 

SUBMITTED BY: D. MCKINNON, DIRECTOR OF FINANCE 

GENERAL MANAGER APPROVAL: E. ARCHER, GENERAL MANAGER OF CORPORATE AND COMMUNITY SERVICES 

CHIEF ADMINISTRATIVE OFFICER APPROVAL: C. LADD, CHIEF ADMINISTRATIVE OFFICER 

RECOMMENDED MOTION

1. That the Director of Finance be authorized to execute extension agreements with residential property owners that have been registered for tax sale, when the cancellation price does not exceed \$50,000.
2. That the City Clerk be authorized to prepare all necessary by-laws to formally establish extension agreements.

PURPOSE & BACKGROUND

3. Under Section 378 of the Municipal Act, 2001, as amended, a municipality may pass a by-law after the registration of a tax arrears certificate and before the expiry of the one year payment period to authorize an extension agreement with the owner in order to lengthen the time within which the cancellation price is to be paid.
4. The cancellation price is the total owing to the Municipality, including all tax arrears, including current property taxes, penalty/interest charges, legal fees, costs associated with the tax sale process and other costs directly related to the property.
5. Since 2009, nine staff reports have been prepared for General Committee which recommends the execution of an extension agreement. Of these, seven were for residential properties where the cancellation price did not exceed \$10,000 and the other two were for non-residential extension agreements where the cancellation price was between \$101,000.00 and \$375,000.00. All staff reports were approved on consent.
6. Delegated authority would reduce the administrative work associated with preparing staff reports for Council's consideration in instances where the likelihood of Council not approving the recommendation is low. Extension agreements for non residential properties are generally for larger dollar values and therefore staff will continue to prepare staff reports recommending the execution of extension agreements that are either for non-residential properties or exceed the \$50,000 threshold.

ANALYSIS

7. When a property owner contacts the Finance Department to discuss the payment of tax arrears for a property registered for tax sale, the first objective is to arrange full payment of the cancellation price prior to the expiry of the one year payment period. In some cases this is not possible due to financial hardship. In these cases an extension agreement is recommended to the property owner as an alternative solution in order to give them additional time to pay the cancellation price.
8. The length of the extension agreement is based on two main factors: what the property owner can afford to pay on a monthly basis and the total amount outstanding. Staff work with the property owner to ensure that both of these factors are reasonable and that the arrears are paid as quickly as possible. If the payment terms included in an extension agreement are not met the agreement is terminated and the tax registration process continues. Of the nine extension agreements executed, there have been two agreements that have gone into default, both are non residential properties.
9. The Tax Sale legislation is an effective mechanism for collecting outstanding taxes. Since 2009, 94 properties have been registered for tax sale and with the exception of one property, all paid their taxes in full or are making payments through an extension agreement.
10. Execution of an extension agreement does not impact the City's ability to ultimately collect the taxes; it simply provides property owners experiencing financial hardship additional time to pay the taxes. Without this alternative, the City would need to initiate the sale of the property in order to recover the outstanding taxes from the proceeds of the sale.

ENVIRONMENTAL MATTERS

11. There are no environmental matters related to the recommendation.

ALTERNATIVES

12. There are two alternatives available for consideration by General Committee:

Alternative #1

General Committee could choose to not approve the recommended motion to allow the Director of Finance the delegated authority to execute extension agreements and instead maintain the existing procedure of having each agreement recommended in a confidential staff report.

This alternative is not recommended as Council has approved all previous extension agreements on consent.

Alternative #2

General Committee could choose to change the conditions as set out in Item #1, thereby reducing or increasing the level of delegated authority.

This alternative is not recommended as extension agreements for non-residential property owners and residential arrears exceeding \$50,000 would only be recommended in unique situations and staff believes that Council should have the opportunity to understand the issues that are driving non-standard terms in an extension agreement.

FINANCIAL

13. There are no direct financial implications for the Corporation resulting from the proposed recommendation as extension agreements do not impact the City's ability to ultimately collect the taxes.

LINKAGE TO COUNCIL STRATEGIC PRIORITIES

14. This is an operational matter that has no direct relationship to the City of Barrie's Strategic Priorities.