



City of Hamilton
AUDIT, FINANCE AND ADMINISTRATION COMMITTEE
AGENDA

Meeting #: 25-003
Date: February 27, 2025
Time: 9:30 a.m.
Location: Council Chambers
Hamilton City Hall
71 Main Street West

Tamara Bates, Legislative Coordinator (905) 546-2424 ext. 4102

1. **CALL TO ORDER**
2. **CEREMONIAL ACTIVITIES**
3. **APPROVAL OF AGENDA**
(Added Items, if applicable, will be noted with *)
4. **DECLARATIONS OF INTEREST**
5. **APPROVAL OF MINUTES OF PREVIOUS MEETING**
 - 5.1 February 3, 2025 (Special - Development Charges Hearing)
 - 5.2 February 6, 2025
6. **DELEGATIONS**
7. **ITEMS FOR INFORMATION**
8. **ITEMS FOR CONSIDERATION**
 - 8.1 FCS21082(h)
Utility Billing Transition 2025 Program Update

8.2 FCS25011

Changes to the Municipal Property Assessment Corporation's Role in Municipal Tax Applications

8.3 Amendments to the Outstanding Business List

8.3.a Items Considered Completed and to be Removed

8.3.a.a Stormwater Asset Management – Investigation of Recent Sewage Leaks (AUD23010) (City Wide)

Added: November 16, 2023

Addressed as Item 10.1 on the November 21, 2024 agenda.

9. MOTIONS

10. NOTICES OF MOTION

11. PRIVATE AND CONFIDENTIAL

11.1 Closed Minutes - February 6, 2025

Pursuant to Section 9.3, Sub-sections (e), (f) and (k) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-sections (e), (f), and (k) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to litigation or potential litigation, including matters before administrative tribunals, affecting the City or a local board; the receiving of advice that is subject to solicitor-client privilege, including communications necessary for that purpose; and a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board.

12. ADJOURNMENT



AUDIT, FINANCE & ADMINISTRATION COMMITTEE DEVELOPMENT CHARGES HEARING

MINUTES AFA-DC 24-018

9:00 a.m.

February 3, 2025

**Council Chambers, 2nd Floor (Hybrid)
Hamilton City Hall**

Present: Councillors M. Spadafora (Chair), J. Beattie (virtually), B. Clark, T. Hwang, C. Kroetsch (virtually), M. Tadeson (virtually), A. Wilson (virtually) and M. Wilson

Tribunal Chair M. Spadafora called the hearing to order at 9:00 a.m.

1. APPROVAL OF AGENDA

(Clark/Hwang)

That the agenda for the February 3, 2025 Audit, Finance and Administration Committee Development Charges Hearing, be approved, as presented.

CARRIED

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. DEVELOPMENT CHARGES HEARING

3.1 Development Charges Complaint – 12 Louisa Street

The parties presented their opening statements.

The parties presented their closing statements.

(Clark/Hwang)

That the Audit, Finance and Administration Committee retire to deliberate at 10:01 a.m.

CARRIED

The Audit, Finance and Administration Committee reconvened the hearing following private deliberations at 10:22 a.m.

Having heard and considered the evidence and submissions of the parties, respecting Development Charges Complaint – 12 Louisa Street, the Audit, Finance and Administration Committee’s decision is that the Complaint as presented to Tribunal does not fall within any of the three categories in Section 20 (1) of the *Development Charges Act*, and therefore this Development Charges Complaint has been DISMISSED. This decision is effective today. A final written decision including a summary of the evidence and submissions, as well as the Tribunal’s reasons will be forwarded to the parties shortly.

For further information respecting the outcome of this matter, refer to the Notice of Decision.

5. ADJOURNMENT

There being no further business, the Audit, Finance and Administration Committee Development Charges Hearing adjourned at 10:24 a.m.

Respectfully submitted,

Tamara Bates
Legislative Coordinator
Office of the City Clerk

Councillor Mike Spadafora, Chair
Audit, Finance and Administration
Committee



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE

MINUTES AFA 25-002

9:30 a.m.

February 6, 2025

Council Chambers (Hybrid), City Hall, 2nd Floor
71 Main Street West, Hamilton, Ontario

Present: Councillors M. Spadafora (Chair), J. Beattie (Vice-Chair) (virtually), B. Clark, T. Hwang, C. Kroetsch (virtually), M. Tadeson, A. Wilson (virtually) and M. Wilson (virtually)

1. CALL TO ORDER

Committee Chair M. Spadafora called the meeting to order at 9:30 a.m.

2. CEREMONIAL ACTIVITIES

There were no ceremonial activities.

3. APPROVAL OF AGENDA

(Hwang/Clark)

That the agenda for the February 6, 2025 Audit, Finance and Administration Committee meeting, be approved, as presented.

CARRIED

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. APPROVAL OF MINUTES OF PREVIOUS MEETINGS

5.1 January 16, 2025

(Beattie/Kroetsch)

That the minutes of the January 16, 2025 Audit, Finance and Administration Committee, be adopted, as presented.

CARRIED

6. DELEGATIONS

There were no Delegations.

7. ITEMS FOR INFORMATION

There were no Items for Information.

8. ITEMS FOR CONSIDERATION

**8.1 GSC 25-001
Grants Sub-Committee Report (January 27, 2025)**

(Kroetsch/Tadeson)

That the Minutes GSC 25-001, being the Minutes of the Grants Sub-Committee meeting held on January 27, 2025, be received and the recommendations therein be approved.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
 YES - Ward 2 Councillor Cameron Kroetsch
 YES - Ward 4 Councillor Tammy Hwang
 YES - Ward 9 Councillor Brad Clark
 YES - Ward 10 Councillor Jeff Beattie
 YES - Ward 11 Councillor Mark Tadeson
 YES - Ward 13 Councillor Alex Wilson
 YES - CHAIR - Ward 14 Councillor Mike Spadafora

8.2 Amendments to the Outstanding Business List

(Hwang/A. Wilson)

That the following amendments to the Outstanding Business List, be approved:

- (i) Items Considered Completed and to be Removed (Item 8.2(a))
 - (1) Financial Impact of the Hamilton Renewable Power Inc.'s Losses on the City of Hamilton (Item 8.2(a)(a))

Added September 25, 2023
Addressed as Item 9.1 on the Audit, Finance and Administration Committee agenda of June 20, 2024
 - (2) Amendment to Code of Conduct Policy (HUR23009) (City Wide) (Item 8.3(a)(a))

Added June 1, 2023

Addressed as Item 10.7 on the November 21, 2024 agenda

- (3) Council Access to and Copies of Confidential Records (Item 8.3(a)(b))

Added February 16, 2023

Addressed as Item 10.1 on the September 19, 2024 agenda

Result: Motion CARRIED by a vote of 8 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
 YES - Ward 2 Councillor Cameron Kroetsch
 YES - Ward 4 Councillor Tammy Hwang
 YES - Ward 9 Councillor Brad Clark
 YES - Ward 10 Councillor Jeff Beattie
 YES - Ward 11 Councillor Mark Tadeson
 YES - Ward 13 Councillor Alex Wilson
 YES - CHAIR - Ward 14 Councillor Mike Spadafora

9. MOTIONS

There were no Motions.

10. NOTICES OF MOTION

There were no Notices of Motion.

11. PRIVATE AND CONFIDENTIAL

Committee determined that discussion of Item 11.1 was not required in Closed Session; therefore, the matter was addressed in Open Session, as follows:

11.1 Closed Session Minutes – January 16, 2025

(Tadeson/M. Wilson)

That the Closed Session minutes of the January 16, 2025 Audit, Finance and Administration Committee meeting, be adopted and remain confidential.

CARRIED

(Clark/Tadeson)

That the Audit, Finance and Administration Committee move into Closed Session respecting Item 12.2, pursuant to Section 9.3, Sub-sections (e), (k), and (f) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-sections (e), (f), and (k) of the Ontario Municipal Act, 2001, as amended, as the subject

matter pertains to litigation or potential litigation, including matters before administrative tribunals, affecting the City or a local board; the receiving of advice that is subject to solicitor-client privilege, including communications necessary for that purpose; and a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
 YES - Ward 2 Councillor Cameron Kroetsch
 YES - Ward 4 Councillor Tammy Hwang
 YES - Ward 9 Councillor Brad Clark
 YES - Ward 10 Councillor Jeff Beattie
 YES - Ward 11 Councillor Mark Tadeson
 YES - Ward 13 Councillor Alex Wilson
 YES - CHAIR - Ward 14 Councillor Mike Spadafora

The Audit, Finance and Administration Committee resolved into Closed Session at 9:37 a.m.

The Audit, Finance and Administration Committee meeting reconvened in Open Session at 9:50 a.m.

11.2 LS25002

**Appeal to the Ontario Land Tribunal of Development Charges By-law
24-072**

(Clark/Hwang)

- (a) That the directions provided to staff in closed session respecting Report LS25002, BE APPROVED;
- (b) That the closed session recommendations respecting Report LS25002 BE RELEASED to the public, following approval by Council; and
- (c) That the balance of Report LS25002 remain confidential.

Result: Motion CARRIED by a vote of 8 to 0, as follows:

YES - Ward 1 Councillor Maureen Wilson
 YES - Ward 2 Councillor Cameron Kroetsch
 YES - Ward 4 Councillor Tammy Hwang
 YES - Ward 9 Councillor Brad Clark
 YES - Ward 10 Councillor Jeff Beattie
 YES - Ward 11 Councillor Mark Tadeson

YES - Ward 13 Councillor Alex Wilson
YES - CHAIR - Ward 14 Councillor Mike Spadafora

12. ADJOURNMENT

There being no further business, the Audit, Finance and Administration Committee, adjourned at 9:53 a.m.

Respectfully submitted,

Tamara Bates
Legislative Coordinator
Office of the City Clerk

Councillor M. Spadafora,
Chair, Audit, Finance and Administration
Committee



City of Hamilton Report for Consideration

To: Chair and Members
Audit, Finance and Administration Committee

Date: February 27, 2025

Report No: FCS21082(h)

Subject/Title: Utility Billing Transition 2025 Program Update

Ward(s) Affected: (City Wide)

Recommendation

That the General Manager, Finance and Corporate Services, **BE AUTHORIZED** and **DIRECTED** to execute, on behalf of the City of Hamilton, an Amending Agreement with Alectra Utilities for continued billing services on a contingency basis and all necessary associated documents, all in a form satisfactory to the City Solicitor and with content acceptable to the General Manager of Finance and Corporate Services.

Key Facts

- The purpose of Report FCS21082(h) is to provide an update on the implementation of a new utility billing solution that will be administered by City staff to replace billing services currently provided by Alectra Utilities (Alectra).
- The City's new utility billing solution was planned for a Q4 2025 "go-live" launch (refer to Report FCS21082(g)) and is currently the latest point in time to transition from Alectra in 2025.
- The current implementation timeline carries an inherent risk that any delays could result in the "go-live" launch being postponed to Q1 2026.
- Risk mitigation plan requires a contingency extension agreement with Alectra to continue to provide utility billing services into 2026.

Financial Considerations

The Utility Billing Transition Capital Project (5142201967) has sufficient funds to fund the utility billing implementation phase in the event that the "go-live" launch is delayed to Q1 2026.

Background

On August 6, 2021, Alectra advised the City that it would discontinue water and wastewater utility billing services by December 31, 2024 (for further details refer to the Background section of Report FCS21082(g)). It should be noted that Alectra similarly provided notice of termination to the municipalities of Guelph, Markham and Vaughan. Collectively, the four municipalities engaged Kaihen Inc. (Kaihen) as a consultant resource to support each municipality's transition to a new utility billing solution.

Hamilton has moved forward with a Hybrid Billing Model which entails acquiring a billing software solution referred to as a Customer Information System (CIS). Once the CIS was selected, staff proceeded with procurements for a Contact Centre, Customer Portal, Bill Print and Meter Reading services and the establishment of an in-house Back Office (billing and collections) unit (refer to Report FCS21082(b) for details).

As detailed in the Background section of Report FCS21082(g), the Procurement Phase involving four RFP procurements (related to CIS and customer portal acquisition, customer contact and bill print services) and a single source procurement for meter reading has resulted in a protracted timeline such that the Procurement Phase that was not complete until June 2024. The estimation of the billing transition implementation completion was identified to occur in October / November 2025.

In March 2024, an amending agreement was executed with Alectra for the continuation of utility billing services for the City until December 31, 2025.

Utility Billing Program Organization Structure

Kaihen was engaged to support the City to develop the internal utility billing back office organization structure. With no existing utility billing organization in place, new functions and resources are required including the need to hire staff and to adopt new technologies and processes.

In March 2024, Council approved Report FCS24015 "Corporate Services Department Organizational Changes" that incorporated a resource plan for the implementation and ongoing operation of the Utility Billing Program.

As of January 2025, four positions have been filled in the Hamilton Utility Billing (HUB) section: Manager, Supervisor, Business Support Coordinator and Senior Financial Analyst. Recruitment of the remaining staff positions (one Utility Billing Specialist and ten Utility Billing Clerks) will commence in Q1 2025 with all positions to be onboarded by July to August 2025.

Analysis

The current project plan features a November 2025 "go-live" launch which represents the latest point in time to transition from Alectra in 2025. The current implementation timeline carries an inherent risk that any delays could result in the "go-live" launch having to be postponed to Q1 2026.

The project risk mitigation plan requires a contingency extension agreement with Alectra to continue to provide utility billing services into 2026.

- Legal implications – Legal Services will be providing assistance for the finalization and execution of the amending agreement with Alectra.
- Corporate Policy implications – Not applicable.
- Staffing Considerations – Not applicable.

Alternatives

Not Applicable. If the City is unable to assume the utility billing responsibilities, they will need to continue being provided by the current billing agent, Alectra.

Relationship to Council Strategic Priorities

Responsiveness & Transparency

- 1.1. Prioritize customer service and proactive communication
- 1.2. Get more people involved in decision making and problem solving
- 1.3. Build a high performing public service
- 1.4. Modernize City systems

Responsiveness and Transparency – prioritizing clear communication, engaging residents in decision-making and ensuring a high-performing public service. Modernizing systems through technology enhances efficiency, allows for proactive customer service and improves transparency. These efforts help build trust and ensure that billing processes are both fair and responsive to community needs.

Previous Reports Submitted

- FCS21082: Discontinuation of Water Billing Services by Alectra Utilities
October 7, 2021
<https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=287449>
- FCS21082(a): Discontinuation of Water Billing Services by Alectra Utilities Corporation
February 17, 2022
<https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=308736>
- FCS21082(b): Implementation of Utility Billing Services
November 24, 2022
<https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=344124>
- FCS21082(c): In-House Bid for Utility Billing Contact Centre Services Request of Proposal (RFP)
December 1, 2022
<https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=341797>
- FCS21082(d): Utility Billing Transition Project Procurement Plan
January 19, 2023
<https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=347866>

- FCS21082(e): Utility Billing Transition Program Update
June 1, 2023
<https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=364810>
- FCS21082(f): Request for Continuation of Utility Billing Services with Alectra
September 21, 2023
Confidential Report
- FCS21082(g): Utility Billing Transition Program Update Spring 2024
May 16, 2024
<https://pub-hamilton.escribemeetings.com/filestream.ashx?DocumentId=407646>

Consultation

Alectra Utilities has been consulted and supports the recommendation in Report FCS21082(h).

Appendices and Schedules Attached


Not Applicable.

Prepared by: John Savoia, Acting Manager of Utility Billing
Corporate Services, Revenue Services

Submitted and recommended by: Clayton Pereira, Director Revenue Services
Corporate Services, Revenue Services



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Revenue Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 27, 2025
SUBJECT/REPORT NO:	Changes to the Municipal Property Assessment Corporation's Role in Municipal Tax Applications (FCS25011) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Maria Di Santo (905) 546-2424 Ext. 5254 David Janaszek (905) 546-2424 Ext. 4546
SUBMITTED BY:	Clayton Pereira Director, Revenue Services Corporate Services Department
SIGNATURE:	

RECOMMENDATION

- (a) That Taxation staff be directed to continue to receive and review applications submitted for the cancellation, reduction or refund of taxes and payment in lieu of taxes under sections 357(1)(d)(ii), 357(1)(g) on 357.1(1) of the *Municipal Act* (which pertain exclusively to damage by fire or demolition and repairs/renovations preventing normal use) and be responsible to determine the amount of property tax relief.
- (b) That the Municipal Tax Appeals Process (Sections 357, 357.1 and 358 of the *Municipal Act*) as outlined in Appendix "A" to report FCS25011 be approved.

EXECUTIVE SUMMARY

In follow up to the Council Communication Update "Changes to the Municipal Property Assessment Corporation's (MPAC) Role in Municipal Tax Applications" (item 10.1 (5), September 11, 2024 City Council), the purpose of this Report is to provide Committee with staff's recommendation on how best to address applications for the cancellation, reduction or refund of taxes and payment in lieu of taxes under sections 357(1)(d)(ii), 357(1)(g) and 357.1(1) of the *Municipal Act*, resulting from changes to the Municipal Property Assessment Corporation's (MPAC's) role in these applications.

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SUBJECT: Changes to the Municipal Property Assessment Corporation's Role in Municipal Tax Applications (FCS25011) (City Wide) - Page 2 of 7

Effective July 2, 2024, MPAC will no longer provide adjusted assessments in response to applications for tax relief due to damage from fire, demolition, or repairs/renovations that prevent normal use. Instead, MPAC will simply provide a notional assessed value for the affected building which the municipality may use to assist in calculating the level of property tax relief to be provided for the eligible applications. There will be no changes to MPAC's response to applications for tax relief under the other subsections.

Staff reviewed three available options for handling the affected applications:

- Assume internally by Taxation staff.
- Delegate to the Assessment Review Board (ARB)
- Outsource to a third-party

At this time, staff are recommending that these applications be handled internally using existing resources within Taxation. To do so, Taxation staff will be required to develop a set of criteria to determine the appropriate amount of property tax relief as a result of damage by fire/demolition or repair/renovation preventing normal use of the property. Legal resources will only be required if the approved property tax relief is appealed to the ARB, which is consistent with current practice.

In addition to this and to facilitate a better understanding of the Municipal Tax Appeals process and ensure consistency and fairness to all applicants, staff are recommending the approval of the attached "Municipal Tax Appeals Process (Sections 357, 357.1 and 358 of the *Municipal Act*)" as outlined in Appendix "A" to report FCS25011. This will ensure transparency for all such applications seeking tax relief.

Alternatives for Consideration – See Page 5

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: No additional costs are required currently.

Staffing: No additional staffing is required currently.

Legal: Legal will continue to provide support to Taxation staff where required in the process.

HISTORICAL BACKGROUND

As outlined in Appendix "A", sections 357(1) and 357.1(1) of the *Municipal Act* allow taxpayers to make application for the cancellation, reduction or refund of property taxes and payment in lieu of taxes due to:

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SUBJECT: Changes to the Municipal Property Assessment Corporation's Role in Municipal Tax Applications (FCS25011) (City Wide) - Page 3 of 7

- A change in property classification resulting from a change event (e.g. change in use from commercial to residential) – Subsection (a)
- Land has become vacant or excess land – Subsection (b)
- Property is now tax exempt– Subsection (c)
- Building razed by fire/demolition– Subsection (d)(i)
- **Building damaged by fire/demolition - Subsection (d)(ii)**
- Mobile unit removed – Subsection (e)
- Gross or Manifest error – clerical/factual, not an error in judgement – Subsection (f)
- **Repairs/renovations preventing normal use (minimum of three months) – Subsection (g)**

In 2019, City Council delegated the approval of these applications to staff. As part of the process, Taxation staff send these applications to MPAC, who in turn determines the impact, if any, on the property's assessed value. Taxation staff use MPAC's adjusted assessment to calculate the level of property tax relief (reduction in assessment multiplied by the applicable tax rate). It is important to note that MPAC does not have a legislative role in these applications with exception of confirming if a clerical/factual error was returned on the assessment roll. Historically, MPAC has been providing this information, which Taxation staff have relied on to facilitate the determination of an appropriate level of property tax relief.

Effective July 2, 2024, MPAC will no longer provide adjusted assessments for applications made solely under subsections 357(1)(d)(ii), 357(1)(g), and 357.1(1) (bolded above for emphasis). Instead MPAC will provide a notional assessed value for the affected building which the municipality may use to assist in calculating the level of property tax relief.

MPAC's rationale for this change is to "improve consistency across the organization when responding to municipal tax applications and eliminate any subjectivity that may have previously been provided as to what degree a building is substantially unusable." As a result, municipalities are faced with the task of determining the amount of property tax relief to be provided to applicants for which there is no standard approach nor formula. It will be crucial to ensure that the criteria to determine the appropriate amount of property tax relief is fair, equitable and consistent, as well as defensible, should it be appealed to the ARB.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Sections 357(1) and 357.1(1) of the *Municipal Act* allow municipalities to cancel, reduce or refund property taxes and payment in lieu of taxes for applications made for a variety of reasons as identified under "Historical Background".

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SUBJECT: Changes to the Municipal Property Assessment Corporation's Role in Municipal Tax Applications (FCS25011) (City Wide) - Page 4 of 7

In accordance with the *Municipal Act*, on or before September 30 of the year following the year in respect of which the application is made, municipalities are required to hold a meeting at which applicants may attend and make representations with respect to their application. In 2019 through passage of By-Law 19-098, Council delegated its authority to staff to give notice and make decisions for these applications. Applicants are notified of the meeting by mail at least 14 days in advance of the meeting date. Following review of the application and completion of delegate presentations, a decision must be made as to the amount of property tax relief to be provided. Within 14 days, applicants are notified of the decision by mail. Applicants may appeal the decision to the ARB within 35 days from the date of decision.

Appendix "A" to report FCS25011 provides for more detailed information on the Municipal Tax Appeals Process as it relates to Sections 357, 357.1 and 358 of the *Municipal Act*.

RELEVANT CONSULTATION

- The Municipal Property Assessment Corporation (MPAC)
- Assessment Review Board (ARB)
- Surveyed other Ontario municipalities.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Staff have examined three available options for handling these applications:

- Assume internally by Taxation staff.
- Delegate to the ARB
- Outsource to a third-party

All three available options require some degree of staff involvement.

Assume internally by Taxation staff:

As identified in staff report "Annual Assessment Appeals as of December 31, 2023 (FCS24021)", staff processed 195 municipal tax applications in 2023, resulting in total municipal tax relief granted of \$529,400. This equates to an average municipal property tax relief of approximately \$2,715 per application. This is inclusive of all tax applications under Sections 357 and 358 of the *Municipal Act*, not just the sections affected by MPAC's change.

Due to the relatively small dollar value of the resulting property tax relief for these types of applications, it would not be financially prudent to incur additional external costs to assist with these applications or dedicate more Taxation and Legal resources required to fully participate in an ARB appeal process for all applications. These external costs

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SUBJECT: Changes to the Municipal Property Assessment Corporation's Role in Municipal Tax Applications (FCS25011) (City Wide) - Page 5 of 7

and internal resources are better directed to continue to assist in mitigating the more significant municipal property tax losses resulting from Assessment Appeals.

Staff are therefore recommending that the affected applications continue to be handled internally by existing Taxation staff. This requires staff to develop a set of criteria to assist in determining the appropriate amount of property tax relief because of damage by fire or demolition and repairs/renovations preventing normal use of the property. More specifically, Taxation staff will continue to receive and review applications submitted for the cancellation, reduction, or refund of taxes under sections 357(1)(d)(ii), 357(1)(g) and payment in lieu of taxes under section 357.1(1) of the *Municipal Act*; however, will now be required to calculate an appropriate amount of property tax relief. All applications (inclusive of applications under the affected subsections) will proceed for consideration at the required public meeting for approval and still allow applicants the right to file an appeal with the ARB should they disagree with the decision.

Staff are currently developing best practices including methods and formulas for calculating appropriate amounts of property tax relief, with reference to past ARB Decisions, previous MPAC responses for similar applications (prior to MPAC's change in their role in these applications) and consultation with other Ontario municipalities. Where appropriate, the established criteria may differ based upon the property type and approach to value used by MPAC to determine the property's assessment. It is important to recognize that a one-size-fits-all approach will not apply in determining property tax relief and that best practices are expected to evolve with time, based on experiences and in alignment with new ARB Decisions.

In response to applications received, staff have recently proven their ability to recommend appropriate amounts of property tax relief. Staff have also been successful at both defending and mitigating potential property tax loss through the appeal process where applicants have filed an appeal of staff's decision to the ARB.

Existing resources within Taxation and Legal would be utilized for participation in the appeals, which is consistent with the current practice. Staff believe that having the ability to continue handling these applications internally will provide the highest level of efficiency, fairness and consistency for applicants while utilizing existing resources, ensuring the most efficient use of staff time, and eliminating the need to incur additional expenses. Staff will report back to Committee if there are challenges with capacity due to increased volumes of applications.

ALTERNATIVES FOR CONSIDERATION

Delegate to the ARB:

The first alternative for consideration that staff reviewed was to delegate authority to the ARB to make decisions for these specific types of applications. This would require a Council approved By-Law, similar to By-Law 07-103 which Council delegated its

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SUBJECT: Changes to the Municipal Property Assessment Corporation's Role in Municipal Tax Applications (FCS25011) (City Wide) - Page 6 of 7

authority to the ARB for compassionate tax appeals due to sickness or extreme poverty under section 357(1)(d.1) of the *Municipal Act*.

Delegating to the ARB would require applicants to file their applications directly with the ARB along with the applicable application fee of \$25 (2024 \$). Decisions with respect to eligibility for property tax relief, as well as the amount of property tax relief granted, would ultimately rest with the ARB. ARB decisions are final, with no avenue to appeal, with exception of a Request for Review based on material error of law or fact or through an appeal to Superior Court on a question of law only.

While this option provides the ARB the authority to make decisions, municipalities are **required** to fully participate in the process for all these tax applications. A municipality's participation would be like the ARB assessment appeal process. These applications would be placed in the ARB's Summary Proceeding stream for which a Schedule of Events is produced, outlining requirements under strict and tight deadlines for the applicant and municipality. This process is time consuming and would likely require additional Taxation resources. In addition, this option would require increased assistance from Legal to fill the mandatory advocacy role for participation in these applications. When considering the time and resources required, in comparison to the minimal amount of municipal property tax relief often provided for applications, particularly for those pertaining to the residential property class, staff believe that this process would not result in the most effective or efficient use of City resources and therefore are not recommending this option.

Outsource to a third-party:

The second alternative for consideration would be to hire an external third-party to review these applications and determine both eligibility for property tax relief and the amount of property tax relief to be recommended for consideration. Public meetings would still be required to approve the third-party's recommendations for these applications.

This option would result in the City incurring costs associated with the work undertaken by the third-party which would be in addition to the amount of property tax relief granted. With respect to applications pertaining to residential properties, there is the potential for these costs to exceed the actual amount of property tax relief provided. It is important to note that unlike ARB assessment appeals, where more significant tax dollars are at stake and costs for external expertise often result in mitigation of potential municipal property tax losses, the use of a third-party for these types of applications would only result in additional costs, as there would be minimal to no mitigation of property tax losses. At this time, there is no information to suggest the amount of property tax relief determined by the third-party would be significantly different than the amount of tax relief that would be determined by staff.

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**SUBJECT: Changes to the Municipal Property Assessment Corporation's Role in
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Although this option removes Taxation staff from any involvement in determining eligibility and the amount of property tax relief, Taxation staff would still be responsible for sending letters, holding meetings, and ultimately approving the third-party's recommended property tax relief for these applications. Applicants would also still have the right to appeal to the ARB, should they disagree with the decision. As such, additional costs would be incurred by the City as the third-party would be expected to participate in the appeal to defend their recommended property tax relief. In addition, Legal representation would be required to fill the advocacy role in an appeal.

Given that this option does not completely remove staff from the process and considering that the City would incur costs for third-party assistance in addition to any tax relief provided, and that it would not result in mitigation of municipal property tax loss, staff are not recommending this as a viable option.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS25011 - Municipal Act Appeals Process (Sections 357, 357.1 and 358 of the *Municipal Act*)"

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Municipal Act Appeals Process
(Sections 357, s.357.1 and 358 of the *Municipal Act*)

The *Municipal Act* allows taxpayers to make application for the cancellation, reduction or refund of property taxes or payment in lieu of taxes due to:

Section 357 and 357.1 (change that occurred during the current taxation year or after the assessment roll is returned in the previous year):

- A change in property classification resulting from a change event (e.g. change in use from commercial to residential) – Subsection (a)
- Land has become vacant or excess land – Subsection (b)
- Land has become exempt from taxation – Subsection (c)
- Building razed by fire/demolition – Subsection (d)(i)
- Building damaged by fire/demolition – Subsection (d)(ii)
- Mobile unit removed – Subsection (e)
- Gross or Manifest error – clerical/factual, not an error in judgement – Subsection (f)
- Repairs/renovations preventing normal use (minimum of 3 months) – Subsection (g)

Section 358 (error that occurred in one or both of the two years preceding the year in which the application is made):

- Gross or Manifest error – clerical/factual, not an error in judgement

Errors that qualify as a Gross or Manifest:

An error in the preparation of the assessment roll (full year) or supplementary/omitted assessment that is clerical or factual in nature, including transposition of figures, a typographical error, or similar errors, **but not an error in judgment in assessing the property.**

- Examples of what is considered "Gross or Manifest Error":
 - If confirmed by MPAC that the assessor meant to enter an assessment of 27,000 and in error entered 72,000.
 - If confirmed by MPAC that the assessor meant to enter an assessment of 100,000 and in error entered 1,000,000.
 - If confirmed by MPAC that the assessor meant to select Commercial as the property class and in error selected Industrial.
- Examples of what is **not** considered "Gross or Manifest Error":
 - Incorrect property classification, demolished buildings that continue to be assessed or damaged buildings believed to be assessed incorrectly (if not a result of a typographical error, as confirmed by MPAC).
 - These are considered an error in judgement and not clerical in nature, even though they may be factual.
 - Should instead apply under the appropriate subsection of Section 357 by the applicable deadline.

- Land has become exempt from taxation.
 - These are considered an error in judgement and not clerical in nature such as typographical or transposition of figures.
 - Should instead apply under Section 357(c) by the applicable deadline.

Application Deadline:

The deadlines to apply are prescribed in the Municipal Act, being:

- Section 357 and s.357.1 – an application must be filed no later than the last day in February of the year following the taxation year to which the application relates.
- Section 358 – an application must be filed between March 1 and December 31 of a year and may apply to taxes levied for one or both of the two years preceding the year in which the application is made, and the application shall indicate to which year or years it applies.

Applications received after the deadline to apply will not be accepted and returned to the applicant.

Applicant:

The applicant may be the current property owner, a tenant, occupant, or a person in possession of the land, a spouse of any of the aforementioned, or a person with an interest in the property as shown on the Land Registry records and the sheriff's office. The onus is on the Applicant to submit the completed application and supporting documentation by the due date. The onus is on the Applicant to provide sufficient supporting document to support their application. If additional information is required, it is the Applicant's responsibility to provide within the timelines granted on the request.

Application Submission:

The application form is available on the City's website under "Tax Assistance Programs", included within Building Service's Demolition Permit package or available upon request.

Completed applications can be emailed to taxappeals@hamilton.ca, dropped off in person at one of the City's Municipal Service Centres or mailed to:

City of Hamilton
Corporate Services Department, Taxation Section
71 Main St West, 1st Floor
PO Box 2040 STN LCD 1
Hamilton ON L8P 4Y5

The Applicant is responsible to ensure the completed application is received by the application deadline. Late applications will not be processed and returned to the applicant.

Application Process:

Applications received by the application deadline will be reviewed by the **Coordinator - Municipal Tax Appeals**. The **Coordinator - Municipal Tax Appeals** is responsible to review the application for completeness and to determine if it meets the criteria. The **Coordinator - Municipal Tax Appeals** will advise the Applicant if further information is required and provide for a deadline to receive the additional information. If the required additional information is not received by the required deadline, no tax relief will be recommended for the application. In reviewing the applications to determine eligibility under the Municipal Act, the **Coordinator - Municipal Tax Appeals** may consult with the **Tax Assessment and Appeals Advisor** and/or the **Tax Assessment and Appeals Administrator** and/or **Legal Services**.

For applications not meeting the criteria, the **Coordinator - Municipal Tax Appeals** will recommend a tax reduction of \$0.

For applications meeting the criteria, the **Coordinator - Municipal Tax Appeals** will calculate an appropriate tax reduction by use of various resources, not limited to the following, to ensure fairness and consistency:

- The Municipal Property Assessment Corporation (MPAC)
- Internal guidelines developed through review of past applications, Assessment Review Board (ARB) decisions, consultation with other municipalities.

Using the above resources the **Coordinator - Municipal Tax Appeals** will recommend an appropriate amount of tax reduction.

In adherence to the Municipal Act, the **Coordinator - Municipal Tax Appeals** will mail out letters to the applicants advising of the recommended tax reduction, if any, and the date of the meeting for approval at least 14 calendar days in advance of the meeting. The letter will include contact information should the applicant wish to discuss the recommended tax reduction further or how to register as a delegation at the meeting.

Required Meeting for Approval:

A meeting must be held to consider and approve the recommended tax reductions. By-Law 19-098 has delegated this authority to staff. The recommended tax reductions, as determined by the **Coordinator - Municipal Tax Appeals** will go before the **Tax Assessment and Appeals Administrator** and **Manager of Taxation** for approval. It is the responsibility of the **Tax Assessment and Appeals Administrator** and **Manager of Taxation** to approve the applications or pull the application if further review is warranted. At the conclusion of the meeting, the **Coordinator - Municipal Tax Appeals** will mail out letters advising Applicants of the approved tax reduction, if any. Information on the Applicant's right to appeal will be included in the letter.

Applicant's Appeal of Decision:

If the Applicant disagrees with the recommended tax reduction the following steps must be taken in advance of the application being approved at the meeting:

- Discuss with the **Coordinator - Municipal Tax Appeals** for clarification on the recommended tax reduction.
- If there are further concerns, the following escalation process, in the order presented, is recommended:
 - **Tax Assessment and Appeals Administrator**
 - **Manager of Taxation**
 - **Director of Revenue Services** which will have the authority for the final decision.

(Please note escalating concerns past the Director of Revenue Services or lobbying Elected Officials is prohibited.)

Once the tax reduction, if any, is approved at the required meeting, the Applicant may appeal the decision to the ARB within 35 days from the date of the decision. A decision of the ARB is final.