



**Town of Hinton  
Special Meeting of Council  
AGENDA  
April 7, 2020 - 2:00 PM  
Committee Room, Hinton Government Centre  
2nd Floor, 131 Civic Centre Road  
Hinton, Alberta**

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**ADOPTION OF AGENDA**

1. Special Meeting of Council Agenda - April 7, 2020

**ACTION ITEMS**

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1. Deferment of Taxes and Utility Fees

**ADJOURNMENT**



# TOWN OF HINTON Administrative Report

DIRECTION REQUEST     REQUEST FOR DECISION     INFORMATION ITEM

**DATE:** Special Council Meeting April 7, 2020  
**PRESENTED BY:** Emily Olsen, Interim Chief Administrative Officer  
**RE:** DEFERMENT OF TAXES AND UTILITY FEES

## Recommended Action

1. *That Council approve to extend the deadline for payment of 2020 Property Taxes from June 30, 2020 to August 31, 2020 in order to provide residents and businesses payment deferral as a result of the COVID-19 pandemic.*
2. *That Council approve deferring payment of Town Utilities for a period of 120 days covering the billings for April, May, June and July 2020 including the cancellation of any associated penalties in order to provide residents and businesses payment deferral as a result of the COVID-19 pandemic.*
3. *That Council rename the Recreation Expansion Reserve to the Climatic and Emergency Response Reserve.*
4. *That Council directs Administration to seek operational, service, and capital expenditure adjustments to respond to the COVID-19 pandemic and where needed utilize funding from the Climatic and Emergency Response Reserve to address the 2020 operational shortfall.*

## Background

During these extraordinary times the Province of Alberta has announced a deferral program for businesses on the Education Tax for six months and has frozen Education Property Tax at 2019 levels. The Province also announced a program for all Albertans to defer electricity and natural gas payments. Other Alberta municipalities have offered deferral programs for property taxes and utility payments.

## Analysis

### Tax Deferment

Under the Municipal Government Act S.347(1) Council may consider with or without conditions to defer the collection of a tax; cancel or reduce tax arrears; or cancel or refund all or part of a tax. Council does not have the authority to change assessments or the way assessments are determined.

The Town of Hinton collects 90% of property taxes owing between May and September each year, and for 2020, taxation is estimated to collect \$17.9M (\$13M Municipal and \$4.9M for Requisition Tax) during these months. Administration has analyzed the impact of deferring the collection of property taxes for a sixty-day period from June 30<sup>th</sup> until August 31<sup>st</sup>. During this time the Town would continue to send out tax notices but would extend the period for payment to the new deadline date of August 31, 2020.

Written by: Peter Vana, Director of Development Services

The financial impact of this deferral will result in a projected revenue shortfall of \$103,000. The shortfall will come from losses in investment income of \$50,000 and penalty income of \$53,000.

### Utility Deferment

The Town of Hinton typically collects between \$330,000 and \$500,000 in utility revenue each month. The billing cycle for utilities is on a two-month period. The Town receives on average approximately \$2,000 bi-monthly or \$6,000 over a five-month period in penalty revenue.

Administration has reviewed the financial impact of deferring utility payments for a two-billing cycle or four-month period. The projected loss of revenue will be approximately \$11,000. This shortfall will come from losses in investment income of \$5,000 and penalty income of \$6,000.

The Town has made and continues to make operational decisions to balance revenue losses with service level reductions, permanent and temporary layoffs, and facility closures. Even with service level reductions, employee layoffs and facility closures, the financial projections identified during the pandemic will result in an operational shortfall of approximately \$306,012. The loss of revenue as a result of the deferral of taxes and utilities projected at \$114,000 is over and above the projected operational shortfall to date of \$192,012. It is for this reason that Administration is also recommending Council establish a Climatic and Emergency Response Reserve to address extraordinary events such as COVID 19, and other potential climate change disasters, such as wildfire related to effect the mountain pine beetle. The reserve dollars are recommended to come from renaming and allocating the money in the Recreation Centre Expansion Reserve. The Reserve has \$240,000 in 2019 and is projected to \$480,000 at the end of 2020.

### Implications of Decision

Financial Implications	
Items	Comments
Operating Cost/Implications	\$306,011 Operational Shortfall
Capital Cost	None
Budget Available	\$0
Source of Funds	Operational reductions and adjustments \$204,396 Climatic and Emergency Response Reserve \$306,012
<ul style="list-style-type: none"> <li>○ Budgeted Amount</li> <li>○ Grants (successful/unsuccessful)</li> </ul>	
Unbudgeted Costs	Anticipated losses in revenue \$362,657
<ul style="list-style-type: none"> <li>○ Options for where to acquire the necessary funds</li> </ul>	Tax and Utility deferral revenue loss \$114,000 Expenditures incurred or anticipated \$33,751 <i>*60day estimated projection</i>

#### Level of Service Implications (if applicable)

- The pandemic has resulted in closure of recreation facilities, park structures, FCSS services.

#### Public Engagement (if applicable)

- None

#### Communications

- There have been weekly communications related to the pandemic and there will be additional communications through media releases, website, and other media on the tax and utility deferral.

#### Risk / Liability (if applicable)

- These measures will provide relief to businesses and residents during the pandemic.
- Funding the relief plan may result in permanent and temporary loss of some services.

- The deferral of incoming revenues over this period will have a negative affect on cashflow and will result in capital and project delays to ensure enough cash is available for day to day operations. In addition, the reduction of reserve balances will result in the decrease in anticipated investment income anticipated.
- Deferral does not mean waive or loss, this strategy will mean that as of August 31 the total deferred amount will be due at that time, as well as the current billing.
- An additional risk to payment deferral is the potential for an increase in uncollectable taxes or payments.

<b>Legislative Implications</b>		
<b>Conforms with:</b>	<b>Yes/No/Partial</b>	<b>Comments</b>
<b>Council's Strategic Plan</b>	No	The current Strategic Plan does not specifically address climatic or emergency events such pandemics.
<b>Community Sustainability Plan</b>	Yes	Ensure local governments and authorities are responsive to the needs of the community.
<b>Municipal Policies or Bylaws</b>	No	The Municipal Development Plan does not currently address climate change and other extraordinary events.
<b>Provincial Laws or MGA</b>	Yes	MGA S. 347
<b>Other plans or policies</b>	No	

#### **Options / Alternatives**

1. That Council approve deferral of the deadline for payment of 2020 Property Taxes from June 30, 2020 to August 31, 2020 in order to provide residents and businesses payment deferment as a result of the COVID 19 pandemic.
2. That Council approve deferral of payment and penalties for the Town Utilities for a period of 120 days covering the billings for April, May, June and July 2020 in order to provide residents and businesses payment deferment as a result of the COVID 19 pandemic.
3. That Council rename the Recreation Expansion Reserve to the Climatic and Emergency Response Reserve.
4. That Council directs Administration to seek operational, service, and capital expenditure adjustments to respond to the COVID 19 pandemic and where needed utilize funding from the Climatic and Emergency Response Reserve to address the 2020 operational shortfall.
5. That Council refer this matter to the next Standing Committee

#### **Attachment(s)**

None