

Subject: New Corporate Services Department Fees**Recommendation:**

BE IT RESOLVED THAT Council receive Report #2021-0131- New Corporate Services Department Fees;

AND THAT Council approve the following Corporate Services Department fees, effective October 1, 2021, be included in the Town of Pelham User Fees and Charges By-Law:

**\$40.00 for new roll creation, and
\$40.00 for ownership change;**

AND THAT Council direct staff to amend the Fees and Charges By-law to reflect these new fees.

Background:

The *Municipal Act, 2001*, S.O. 2001, c.25, as amended provides that a municipality may pass by-laws imposing fees or charges on any class of persons for services or activities provided.

The Town provides a service whenever there is a change to an account, either water or tax, which requires the use of staff time and Town resources. This can occur because of a real estate transaction, such as the sale of a home, the apportioning of a property tax roll into multiple rolls, or other reasons. The Town of Pelham charges a \$15.00 administrative fee to set up a new water account but does not charge an administrative fee for new property tax roll creation or to process a change of ownership.

Analysis:

Staff have conducted an informal survey and online search and have found that practices in this regard vary between municipalities. Based on the survey, two (2) Niagara local area municipalities currently charge a fee for a property tax account ownership change and six (6) charge a fee for a water account change. The fees

for property tax account changes range from \$35.00 to \$40.00 and the fees for water account changes range from \$10.00 to \$40.00.

An estimate of the number of property tax account changes in Pelham in recent years is as follows:

2018 (12 months) - 496

2019 (12 months) - 555

2020 (12 months) - 661

2021 to June 30 (6 months) – 347

These numbers are estimates only, and may be higher than actuals due to ownership changes that would be exempted from a fee based on staff recommendations below.

Staff propose that the Town of Pelham charge a \$40.00 fee for a property tax ownership change or new roll creation, effective October 1, 2021. This fee is considered to be appropriate in offsetting the costs required to process a change of ownership or administer property tax roll creation.

Further, staff recommend the following procedures related to the fee:

a) The fee will be charged on the first day of the month following the account change, and will be due by the end of that month. Normal penalty and interest rates will apply to any balance owing on the first day of the month after the fee is added. (For example, if a property tax account change occurs on October 15, the fee will be added to the account November 1 and will be due by November 30. Penalty will be charged on December 1.)

b) Property owners will be sent a letter informing them that the fee has been added.

c) Where there are multiple ownership changes on a single property on the same day, the fee only applies to the final ownership change.

d) Where there are two owners on an account and one is being removed, the fee will not apply.

Financial Considerations:

Not all property tax account changes will be subject to the fee if they are exempt as per above, however it is estimated that fees could total approximately \$15,000 per

calendar year toward the cost of staff time and resources spent processing the changes. By implementing this fee, there will be a full cost-recovery for the underlying service, and when the number of real estate transactions fluctuate, the fees collected will fluctuate to offset the cost of additional resources required.

The Corporate Services Department is conducting a review and comparison of other fees charged by local area municipalities and will bring forward any other recommended changes or additions to Pelham fees in the 2022 User Fee Guide.

Alternatives Reviewed:

Council could choose not to implement the new fee and continue to provide the service, which results in the cost being borne by the entire tax base as part of property taxes, rather than by the property owners benefitting from the service. In addition, the fee would not fluctuate based on the number of transactions that occur in the year.

Strategic Plan Relationship: Financial Sustainability

Implementing a fee for processing property tax ownership changes and new roll creation will ensure that the costs of providing the service are recovered from those benefitting from the service.

Consultation:

The Area Treasurers were informally surveyed.

The Town Solicitor was consulted. The item was addressed by SLT and is considered a fair and pragmatic manner to increase revenue for town services that benefit only the individual property owners in question.

Other Pertinent Reports/Attachments:

None.

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