TO: Bert Meunier, Chief Administrative Officer
FROM: Denis Leger, Commissioner of Corporate Services
PREPARED BY: Pat Carrol, Manager of Taxation & Revenue
DATE OF MEETING: 2004-05-18
SUBJECT: Tax Arrears Status Report – 1st Quarter Ending March 31, 2004

RECOMMENDATION:
Not Applicable

ORIGIN/PURPOSE:
The purpose of this report is to update City Council on the status of taxes receivable and the collection of tax arrears in accordance with governing legislation. This report provides information up to March 31, 2004.

OPTIONS/DISCUSSION:
We reported to Council in March, 2004 that realty taxes receivable, including interest, for the 4th quarter ending December 31, 2003, was $11M. The taxes receivable for the 1st quarter period ending March 31, 2004 is $14.5 million.

Realty Taxes:
During the first quarter $75.1 million in interim taxes were billed. Payments received are within anticipated levels; however, it is difficult to compare this year’s experience to last year because of the change in pre-payments made under the new pre-authorized tax payment plan. (see table 1 on page 2 for comparison).

Letters were mailed in January to owners of 230 properties that are three years in arrears of taxes. The total amount outstanding, due at December 31, for these 230 properties was $2.5M and the total to clear the oldest years and remove the property from being registered was $852K. Of these 230
properties, 93 properties are still 3 years in arrears. Of the 93 properties, 42 have made partial payment or payment arrangements, leaving 51 properties ready for registration. We are working with Legal Services on the registration process.

There continues to be 21 properties remaining in the tax sale process that are ready for sale. We will be advertising these properties for sale by public tender during 2004. We need to ensure that sufficient time is allotted for handling the property through the Failed Tax Sale Properties/Policy as identified in report 04-013, as we feel that most of these properties will not sell.

Council approved a new Alternative Instalment Tax Payment Program, (By-law no. 2003-368) with the first instalment paid on January 2, 2004. As of March 2004 monthly payments totaled $1.24M for the 4,364 properties on this plan (compared to $1.1M for 4,105 accounts at the end of the 2003 plan). The change of commencement date for pre-authorized instalment payments, which now begins January 1 compared to September 30 under the former plan, has increased the taxes receivable when comparing to 2003 (table 1). Properties on the new pre-authorized plan have paid three instalments (representing 30% of last year's tax levy and not yet covering the interim tax levy) compared to seven payments (representing 70% of the year's tax levy) on the former plan.

The current collection program, which includes mailing monthly reminder notices to all property owners having outstanding balances over $10 is under review as part of our service review initiatives. The review will consider the appropriateness of monthly reminders for all accounts, the minimum amount for the notice versus incremental amounts and/or other alternatives as the review may provide. Information will be included in the next quarterly report.

The table below reflects realty taxes receivable and provides a comparison with last quarter and last year. It indicates a reduction in arrears for all years commencing 1998 to present. Tax arrears outstanding from 1997 and prior relate to properties that have been registered for sale.

### TABLE 1 – TAXES RECEIVABLE

<table>
<thead>
<tr>
<th>Year</th>
<th>December 31, 2003</th>
<th>March 31, 2004</th>
<th>Prior Year March 31, 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>pre-paid</td>
<td>$ 0.00</td>
<td>0</td>
<td>($ 2,217,308.24)</td>
</tr>
<tr>
<td>2003/4</td>
<td>3,790,059.88</td>
<td>4,924,637.59</td>
<td>3,552,783.32</td>
</tr>
<tr>
<td>2002/3</td>
<td>1,934,239.42</td>
<td>2,844,753.76</td>
<td>2,966,661.72</td>
</tr>
<tr>
<td>2001/2</td>
<td>1,014,559.76</td>
<td>1,640,241.34</td>
<td>1,490,050.12</td>
</tr>
<tr>
<td>2000/1</td>
<td>503,874.19</td>
<td>749,227.03</td>
<td>696,273.24</td>
</tr>
<tr>
<td>1999/00</td>
<td>398,647.17</td>
<td>468,492.98</td>
<td>453,916.36</td>
</tr>
<tr>
<td>1998/9</td>
<td>402,884.48</td>
<td>399,273.43</td>
<td>466,415.46</td>
</tr>
<tr>
<td>1997/8</td>
<td>479,388.00</td>
<td>406,377.61</td>
<td>534,003.58</td>
</tr>
<tr>
<td>1996/7</td>
<td>493,801.31</td>
<td>488,369.85</td>
<td>527,796.91</td>
</tr>
<tr>
<td>1995/6 &amp; prior</td>
<td>2,035,651.19</td>
<td>2,585,726.88</td>
<td>1,966,742.44</td>
</tr>
</tbody>
</table>

Net Receivable: $ 11,053,105.40
Outstanding Receivable: $ 11,053,105.40
EXISTING POLICY/BY-LAW:
As per the provisions of the Municipal Act, 2001, S.O. 2001, c.25, as amended.

LINK TO STRATEGIC PLAN:
N/A

FINANCIAL CONSIDERATIONS:
Continuous effort is required to keep the realty tax arrears from increasing. A number of properties are to be registered for tax sale, which will either effectively reduce the arrears immediately or within the year. Arrears letters were sent late for 2003 accounts, which accounts in part for some of the increased arrears for previous years. The rest of the increase in arrears for older years is due to properties that are ready for sale.

CONTACTS:
Gerard Hunt Manager of Finance 546-4291 Ext. 2205
Pat Carrol Manager of Taxation & Revenue 546-4291 Ext. 2468

DEPARTMENTS/OTHERS CONSULTED AND AFFECTED:
Finance Division

NOTICE PROVISIONS:
Not Applicable

APPENDICES:
Not Applicable

Denis Leger
Commissioner of Corporate Services

Bert Meunier
Chief Administrative Officer
Subject: Gas Rate Adjustment

Date of Meeting: May 18, 2004

From: J. Keech, President and C.E.O., Utilities Kingston

Prepared By: K. Mundell, Rate Analyst, Utilities Kingston

RECOMMENDATION

Information Only.

OPTIONS/DISCUSSION

Effective May 01, 2004 the rate for the commodity component of the natural gas charges changed from $0.2795 to $0.2250 per cubic metre. The decrease is due to the lower prices of natural gas in the recent months and anticipated stable pricing in the near future.

The rate for the transportation and storage component will increase from $0.0676 to $0.0976. This increase reflects the actual costs of transportation and storage apportioned on a cubic meter basis.

Both the commodity and transportation & storage components of the natural gas pricing are 'pass through' costs. Utilities Kingston does not profit from these components of the gas billing.

These changes represent an annual decrease of $67.19 for a typical home consuming 3100 cubic metres of gas per year or – 4.9%.

The next review of the commodity and transportation and storage components will occur for August 01, 2004.

J.A. Keech
President and C.E.O.
Utilities Kingston

Bert Meunier
Chief Administrative Officer