Minute No. 13
Report – Executive Policy Committee – November 8, 2017

Item No. 1 Religious or Not-For-Profit Cemeteries – Frontage Levy Exemption

COUNCIL DECISION:

Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

1. That amendments to the Frontage Levy By-law No. 7958/2002 be enacted to provide an exemption from the frontage levy effective January 1, 2018 for any property where all or a portion of the property is used as a religious cemetery or a not-for-profit cemetery (a draft amending by-law is attached as Appendix "A").

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

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DECISION MAKING HISTORY:

Moved by His Worship Mayor Bowman,
That the recommendation of the Executive Policy Committee be adopted.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 8, 2017, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

COUNCIL DECISION:

On October 25, 2017, Council concurred in the October 11, 2017, recommendation of the Executive Policy Committee, that the Winnipeg Public Service be granted an extension of time of 30 days to consult with representatives of cemeteries and report back on the inclusion of cemeteries that share the same property with a Church.

On September 27, 2017, Council concurred in the September 20, 2017, recommendation of the Executive Policy Committee, that the matter be referred to the Winnipeg Public Service for review and report back to the October 11, 2017, meeting of the Executive Policy Committee, on the inclusion of cemeteries that share the same property with a Church.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 20, 2017, the Executive Policy Committee recommended to Council that the matter be referred to the Winnipeg Public Service for review and report back to the October 11, 2017, meeting of the Executive Policy Committee, on the inclusion of cemeteries that share the same property with a Church.

COUNCIL DECISION:

On July 19, 2017, Council concurred in the July 5, 2017, recommendation of the Executive Policy Committee and granted an extension of time of 30 days for the Winnipeg Public Service to report back on the January 25, 2017 Council decision.

On January 25, 2017, Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

Report – Executive Policy Committee – November 8, 2017

DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

1. That the Winnipeg Public Service review the impact of the 'Frontage Levy' on the future operations and viability of religious and not for profit' Cemeteries, and that representatives of all these cemeteries be consulted.

2. That the Winnipeg Public Service report back to Council by July 30, 2017 on the financial implications to the City's budget.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On January 11, 2017, the Executive Policy Committee concurred in the Council Motion of December 14, 2016 with the following amendment, namely:

- Delete words "and recommended changes to Winnipeg by-laws to remove frontage levies on religious and not for profit cemeteries" at the end of the Council Motion

and submitted the matter to Council.

Further on January 11, 2017, the Executive Policy Committee received submissions with respect to the matter from the following:

- Jim Baker, Executive Director, Historic Elmwood Cemetery, submitted a communication dated January 9, 2017
- Margaret Steele, Manager, St. James Cemetery, submitted a communication dated January 10, 2017
- Ian Staniloff, Executive Director, Shaarey Zedek, submitted a communication dated January 10, 2017
- Councillor Eadie, Mynarski Ward, submitted a communication dated January 10, 2017
- Councillor Sharma, Old Kildonan Ward, submitted a communication dated January 10, 2017.

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DECISION MAKING HISTORY (continued):

COUNCIL DECISION:

On December 14, 2016, Council ruled automatic referral of the following motion to the Executive Policy Committee:

Moved by Councillor Eadie,
Seconded by Councillor Schreyer,

WHEREAS religious and not for profit cemeteries are exempt from paying property taxes;

AND WHEREAS religious and Non-Profit cemeteries have been adversely impacted by the 41% increase in the 'Frontage Levy' imposed on their large properties, located throughout Winnipeg, in the 2016 & 2017 budget;

AND WHEREAS some of these Cemeteries have also been re-assessed by the Public Service and 'Flankage' as been added to their calculation of the 'Frontage Levy' which has added to their tax related payment problems;

AND WHEREAS cemetery representatives have specifically requested that an 'Administrative Committee' be established and tasked with reviewing this matter together with all 'Religious and Non-Profit Cemeteries' and then report to EPC with recommendations and;

AND WHEREAS cemetery representatives note that long term increases in this 'Frontage Levy', without relief to all cemeteries, could result in some or all of them facing the possibility of ceasing operations sometime in the future, due to the high levels of taxation;

AND WHEREAS these Cemeteries may face only one option under current circumstance and that is to "turn the keys over" to the City of Winnipeg which will impact future City of Winnipeg operating costs;

THEREFORE BE IT RESOLVED that Council direct the Winnipeg Public Service to review the impact of the 'Frontage Levy' on the future operations and viability of religious & not for profit' Cemeteries, and that representatives of all these cemeteries be consulted;

BE IT FURTHER RESOLVED that the Winnipeg Public Service report back to Council by July 30, 2017 on the financial implications to the City's budget and recommended changes to Winnipeg by-laws to remove frontage levies on religious and not for profit cemeteries.

ADMINISTRATIVE REPORT

Title: Religious or Not-For-Profit Cemeteries – Frontage Levy Exemption

Critical Path: Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Chambers	M. Chambers	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

The *City of Winnipeg Charter* provides Council the authority to adopt a by-law that imposes a frontage levy on real property that is determined to abut or front on a street or right-of-way, a back lane, or a water main or sewer main.

Currently, the City has established, by way of the Frontage Levy By-law No. 7958/2002, uniform frontage levies for properties fronting on water mains ($1.40) and sewer mains ($4.05), for a total of $5.45 per frontage foot.

As a result of financial concerns raised by religious and not-for-profit cemeteries, the Winnipeg Public Service has undertaken a review of the impact of the frontage levy on the future operations and viability of these types of cemeteries.

Unlike other entities, religious and not-for-profit cemeteries have limited ability to earn revenue and are constrained by available land resources. The recommendation (and accompanying by-law amendment) contained herein is intended to provide financial relief to properties owned and used solely as religious or not-for-profit cemeteries by exempting these properties from payment of the frontage levy.

RECOMMENDATIONS

1. That Council enact amendments to the Frontage Levy By-law No. 7958/2002 to provide an exemption from the frontage levy effective January 1, 2018 for any property where all or a portion of the property is used as a religious cemetery or a not-for-profit cemetery (a draft amending by-law is attached as Appendix “A”).

2. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

On December 14, 2016, Council ruled an automatic referral of a motion dealing with frontage levy impacts on religious and not-for-profit cemeteries to the Executive Policy Committee. On January 11, 2017, the Executive Policy Committee concurred with the December 14, 2016 Council Motion, as amended. Also on January 11, 2017, the EPC received submissions with respect to the matter from:

- o Elmwood Cemetery
- o St. James Cemetery
- o Sharrey Zedek Cemetery
- o Councillor Eadie
- o Councillor Sharma

On January 25, 2017, Council concurred with the EPC recommendation and adopted the following:

> *1. That the Winnipeg Public Service review the impact of the "Frontage Levy" on the future operations and viability of religious and not for profit" Cemeteries, and that representatives of all these cemeteries be consulted.*
> *2. That the Winnipeg Public Service report back to Council by July 30, 2017 on the financial implications to the City's budget.*
> *3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.*

On July 19, 2017, Council concurred with the EPC recommendation and granted an extension of time of 30 days for the Winnipeg Public Service to report back on the January 25, 2017 Council Decision.

On September 20, 2017, the EPC considered an Administrative Report and recommended that the matter be referred back to the Public Service for a review and a report back on October 11, 2017 on the inclusion of cemeteries that share the property with a church.

On September 27, 2017, Council concurred with the EPC recommendation and granted an extension for the Public Service to report back on October 11, 2017 on the inclusion of cemeteries that share the property with a church.

On October 11, 2017, the EPC considered a request from the Public Service for a 30 day extension and recommended that the requested extension be granted and that further consultation with representatives of cemeteries be undertaken with a report back on the inclusion of cemeteries that share the property with a church.

On October 25, 2017, Council concurred with the EPC recommendation and granted a 30 day extension to include further consultation with representatives of cemeteries with a report back on the inclusion of cemeteries that share the property with a church.

IMPLICATIONS OF THE RECOMMENDATIONS

If the recommendations of this report are concurred in, any property of which all or a portion thereof is used as a religious cemetery or a not-for-profit cemetery will be exempt from paying the frontage levy effective January 1, 2018.

HISTORY/DISCUSSION

Subsection 432(1) of The *City of Winnipeg Charter* ("the Charter") provides Council the authority to adopt a By-law that imposes frontage taxes on real property that is determined to abut or front on a street or right-of-way, a back lane, or a water main or sewer main.

Subsection 432(2) of the Charter requires the establishment of a „uniform" rate to be applied throughout the city for each frontage tax imposed.

Currently, the City has established, by way of the Frontage Levy By-law No. 7958/2002, uniform frontage levies for properties fronting on water mains ($1.40) and sewer mains ($4.05), for a total of $5.45 per frontage foot.

Given that the uniform rate is applied against the calculation of the frontage feet attributable to each property serviced by a water main and/or a sewer main, properties with large frontages have experienced increases over the past few years. In addition, the frontage calculation for non-residential properties includes all sides (i.e. frontage, flankage and rearage) that abut a street containing water main and/or a sewer main.

Religious and not-for-profit cemeteries have raised concerns over the frontage levy impacts on their operations. As noted above, as a result of these concerns, the Winnipeg Public Service was directed to review the impact of the frontage levy on the future operations and viability of religious and not-for-profit cemeteries, and that representatives of all these cemeteries be consulted.

Consultation Process

Over the years, a number of the affected cemeteries have contacted the Assessment and Taxation Department on a case-by-case basis with respect to their concerns over the frontage levy and other taxation matters. As such, the Department developed an understanding of the frontage levy and taxation concerns/issues prior to the commencement of this review.

Therefore, in order to facilitate an easier, focused and more productive process for receiving input from cemetery operators on the frontage levy issue, the Department decided that Council's direction to the Public Service to consult with the cemeteries could be achieved by requesting formal written submissions from the owners/operators.

On April 28, 2017, a letter was mailed to **all cemeteries** (28) operating in the City of Winnipeg. The letter invited religious and not-for-profit cemeteries to provide their comments/feedback on the impact the frontage levy was having on the future operations and viability of their operations. In response to the letter, the Department received eight (8) formal written submissions from religious and not-for-profit cemeteries.
While most, if not all, of the cemeteries that provided feedback indicated that the frontage levy does have an impact on their operations, there are other business/industry related factors being faced by religious or not-for-profit cemeteries that may threaten their ongoing viability as well, including:

- Declining plot sales;
- Fees charged for plots and burial services being below market prices;
- Declining donations;
- Lack of available space for future plot sales;
- Depleted perpetual care funds, and;
- Changes in burial practices (e.g. cremation and ash burials).

These business impacts coupled with frontage levies (which have increased over the past few years) has resulted in financial challenges posing a threat to the ongoing operational viability of many of the cemeteries who provided feedback.

In addition to the consultation process noted above and Council's September 27, 2017 direction for the Public Service to undertake further consultations, a formal meeting between the Public Service and representatives of various religious and not-for-profit cemeteries was held on October 23, 2017.

The purpose of the October 23, 2017 meeting was to engage the industry on available options for including those properties that are occupied by a religious cemetery and a church, synagogue or place of religious worship in the proposed frontage levy exemption.

Other Considerations

Similar to other Canadian assessment jurisdictions surveyed, cemeteries in Manitoba (including the City of Winnipeg) are exempt from property taxes under provincial legislation (i.e. the Municipal Assessment Act).

The City of Winnipeg owns and operates three cemeteries: Brookside, St. Vital and Transcona. These City-owned cemeteries do not pay the frontage levy. If approved, the recommendations in this report would result in religious or not-for-profit cemeteries being treated in the same manner as City-owned cemeteries.

The recommendations in this report were developed in consideration of the following assumptions:

- Properties used exclusively as religious or not-for-profit cemeteries, are included;
- Properties that are occupied by a religious cemetery and a church, synagogue or place of religious worship whereby the portion of the property used for the purposes of a cemetery represents an area of 80% or more of the entire property, are included.

Based on the above noted assumptions, there are sixteen (16) religious or not-for-profit cemeteries with a combined annual frontage levy of approximately $71,000 for 2017.

FINANCIAL IMPACT

Financial Impact Statement **Date:** October 26, 2017

Project Name: **First Year of Program** **2018**

Religious or Not-For-Profit Cemeteries – Frontage Levy Exemption

	2018	2019	2020	2021	2022
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	(71,000)	(71,000)	(71,000)	(71,000)	(71,000)
Net Cost/(Benefit)	$ 71,000	$ 71,000	$ 71,000	$ 71,000	$ 71,000
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ 71,000	$ 71,000	$ 71,000	$ 71,000	$ 71,000

Additional Comments: Exemption of the sixteen (16) religious or not-for-profit cemeteries from frontage levies would result in a reduction in frontage levy revenue of approximately $71,000 assuming the frontage levy of $5.45 per frontage foot remains unchanged. The 2018-2020 budget submission includes the revenue associated with the religious or not-for-profit cemeteries, therefore a change to the 2018-2020 budget submission would be required to be made.

original signed by
Tanis Yanchishyn
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

Legal Services Department (as to Legal issues)
Planning, Property and Development Department
Representatives of Religious and not-for-profit Cemeteries

OURWINNIPEG POLICY ALIGNMENT

01-3 Prosperity

Direction 2: Provide a predictable and cost-effective business environment that promotes investment and growth.

- Re-think regulation and taxation from the viewpoint of fostering economic growth.

SUBMITTED BY

Department: Assessment and Taxation
Division: Office of the Director
Prepared by: Mel Chambers
Date: October 26, 2017
File No:

Attachments:

1. Appendix “A” – draft amending By-law