



Municipality of Port Hope

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Port Hope, ON
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REPORT TO: General Government and Finance
FROM: David Baxter, Director of Finance
SUBJECT: Area Rating Stage 1 Completion Update
DATE: February 18, 2014

RECOMMENDATION:

That Committee identify any services it deems appropriate for inclusion in the area rating stage 2 community consultation as a special service option.

BACKGROUND:

On January 14, 2014 Council approved the commencement of a 2 stage community consultation regarding area rating. The primary component of the first stage was an area rating survey. As of February 11, 2014, 818 survey responses had been received with respondents represented by Ward 1 33%, and Ward 2 66% with the remaining 1% undeclared. Each response has been provided to Council, is posted on the website and is available for viewing in hardcopy at Town Hall. This is considered to be strong public participation and in addition to indicating recommendations, there were many comments of clarification or perspectives.

The survey objective was community consultation, and very high quantities of responses were received compared to other community consultations and many perspectives have been shared for consideration making it extremely successful. Note that this does not correspond to the respective weighted assessments of each Ward which was Ward 1 73% and Ward 2 27% in 2013. Some households provided multiple surveys for a single property, while other properties did not provide a response.

The survey asked respondents to consider the services included as recommended by the Area Rating Focus Group and identify whether in the context of the definition of a special service, if they would recommend each service for consideration as a common or special service for the purpose of property taxation. Each respondent was also asked to provide their comments and/or reasons for their decision.

All services are considered common, unless the Municipality decides to pursue area rating, which is the unofficial name for the situation whereby different areas of the Municipality may be charged different property tax levy rates. In order to area rate, the Municipality must be able to identify special services under the Municipal Act, 2001 (Section 326) which defines a special service as a service or activity of a municipality that is,

- A) Not being provided or undertaken generally throughout the municipality, or
- B) Being provided or undertaken at different levels or in a different manner in different parts of the municipality.

Special services may be levied by by-law where a special service has been identified and the by-law designates the area of the Municipality in which the residents and property owners receive or will receive an additional benefit from the special service that is not received or will not be received in other areas of the municipality. Special services are not determined based on political boundaries such as wards, demographics or property types, but on a geographic definable benefitting area.

The Focus Group recommended that if criteria indicated a potential special service, it is subject to the following limitations:

- C) Fair and equitable (just and reasonable)
- D) Significant (more than minimal financial impact)
- E) Implementable (cost and/or effort does not outweigh benefit)
- F) Justifiable and defensible (can be defended and supported legally)

The Ministry of Municipal Affairs and Housing has identified that ultimately, Council should review and must be able to defend the justification of any service for being deemed by Council to be a special service under the Municipal Act. For clarity, if a service does not meet the definition of a special service then it is considered common. Ministry of Municipal Affairs and Housing further suggest Council should seek legal counsel as part of their due diligence and justification.

It is evident in the responses that there may be a desire by some to charge property taxes based on who uses what services or similarly what cost is incurred by a specific area. While this is understandable, the means to do so within the Municipal Act is typically through user fees. A pay per use system, as is already somewhat in place in Port Hope but could be enhanced, is a means to charge those who use certain services directly and reduce the financial amount required through property tax levy. Ultimately however, it

should be noted that it is the same pool of cost, just a differentiation in the venue to fund those expenses.

The current decision is regarding property taxes and a subsequent next step could be user fees, which Council has already requested a review of through the service delivery review process. During the December 5, 2013 Focus Group meeting, the Ministry representative providing guidance emphasized that the determination regarding whether a service is considered a special service is not about who utilizes the services, but rather if the service is available and accessible to all.

While all services operated by the Municipality of Port Hope can be considered for area rating as a special service there are several services which are not being included as they are not a component of the Municipal portion of the property tax levy. They are noted here, including an explanation, as the general public does often refer to them as part of the area rating discussion:

- Garbage and Recycling – excluded as this is a County responsibility and treated as a common expense shared by all Northumberland County property taxpayers through the County portion of the property tax bill.
- Paramedics – excluded as this is a County responsibility and treated as a common expense shared by all Northumberland County property taxpayers through the County portion of the property tax bill.
- Water and Wastewater – these services are legislatively required to be self-funding. Those using this service pay separately for it on a utility bill based on usage. The costs are kept separate as well and there is an independent study done every 5 years to plan system expenses and rates. Note this includes the cost of fire hydrants which is sometimes also not well understood by all property taxpayers.

The survey began with the services that the Focus Group was able to come to a general agreement on a recommendation, followed by the other services where there was no consensus among the Focus Group members.

Administration and Town Hall

The Focus Group recommended that these services and the building that it operates primarily out of be considered a common expense. The survey respondents were split with just over half disagreeing and the rest in agreement. Based on the responses there is some public support for this to be considered as a special service.

The reasons stated for it not being considered common included reference to the location being in Ward 1, that as a rural resident they did not attend the building, and that Canton housed administration for Ward 2.

In order to consider this a special service however, there is not a clear rationale that would be substantiated under the Municipal Act. Aspects such as Finance and Corporate Services are required for ongoing operations, all property owners are required to pay property taxes and the records and procedures of the Municipality are integral to the overall operation of Council. While payment is able to be received at the Canton building, all other finance functions occur at Town Hall. In addition, usage of the facility by taxpayers is not a determining factor, certainly Town Hall is accessible to all and there are residents in the urban area who do not use the building either. Further it is unknown how it could be determined what the definable benefitting area for Administration would be as it affects the whole of the Municipality and all services. Further, some rural residents are much closer to Town Hall than to the Canton office.

Staff were unable to find another Municipality in Ontario that treats Administration or a Town Hall building as a special service. Certainly this is not a common practice and a defensible argument does not seem available from comparators.

While there is certainly response indicating that the urban area should be responsible for a greater share of the expense of this category, staff note that under weighted assessment with Administration and Town Hall being common service, Ward 1 would pay for 73% and Ward 2 for 27%. However on an individual property owner basis, this service is being undertaken in the same manner, throughout the Municipality and therefore applying a consistent rate to all property owners is appropriate.

Ultimately, from a staff perspective, an argument to support consideration as a special service is not justified and therefore should be treated as common.

Fire and Emergency Services

The Focus Group recommended that this service be considered a common expense. Of survey respondents, 47% were in agreement and 50% were not with the remaining 3% undetermined. Of survey respondents in agreement, comments received were generally on the basis that fire response is provided to all as a unified Municipal wide fire service.

Of respondents in favor of consideration as a special service it is often noted that Ward 1 is equipped with municipal fire hydrants which provides a reliable and consistent pressurized water source to fight a fire. Ward 2 relies on dry hydrants and alternate sources in conjunction with a water tanker shuttle service. As well it was commented that response times to an emergency are quicker in Ward 1 due to the proximity of the fire stations to properties. There was also the perception that urban firefighters are full time staff and that the rural area does not require a ladder truck.

Alternatively, it was also commented in favor of special service that 2/3 of the stations were in Ward 2, where that area currently pays 18% of the expense collectively while incurring 66% of the benefit.

Fire prevention education attends schools, community groups, and individual properties throughout the Municipality. Fire code compliance applies, for example, the same for commercial properties such as a store in the urban and rural areas in the same way. Burn permits however are only available in the rural area and have an associated administration and enforcement cost, but there is a separate service fee. It is important to clarify that the only full time staff are administrative and support all stations as well as fire prevention, fire code compliance and other functions benefitting the whole of the Municipality. Firefighters across the Municipality provide a service to all areas and all are volunteer firefighters.

As previously mentioned, the water system is operated as a self-funded operation. Fire hydrants are included in this, all capital (if not paid by developers and therefore indirectly paid by benefitting new home owners), maintenance and water use is paid for by users of the system. It is noted, fire tanker trucks are often filled using urban hydrants and then the water used in the rural area, whereby the beneficiaries of the water are not paying for the usage. In addition, hydrant availability reduces the required usage of tanker trucks.

While there is arguably a benefit to being in close proximity of a fire hydrant connected to water service, it may not follow to charge more for property taxes when the cost of the benefit is already being paid for 100% by those benefitting. There is no increased cost to any other taxpayer.

Recently the Municipality has invested in establishing dry hydrants in the rural area and Water Tanker Shuttle Accreditation for the benefit of those living in more remote areas.

The type of trucks at the 3 stations are same – 1 pumper truck, 1 tanker truck, 1 commander vehicle. The Ontario Street station houses the aerial truck which is used in the urban area for multi-story buildings and in the rural area for grain elevator, silo and barn fires. The Garden Hill station has a forestry unit which could be used in both areas.

Currently there are 3 fire stations and all utilize volunteer firefighters. For other Municipalities that do consider fire as a special service, they do so on the justification that the areas where full time firefighters are in the primary response area are receiving the service in a different manner than the areas primarily serviced by volunteers. This does not apply in Port Hope.

If a special service could be justified it would be on the basis of response time which would mean that residents closest to each station would pay more and somehow determine a response radius around the station to establish the

definable benefitting area, as well as what the cost differential would be between those properties inside and outside the area. Those areas would likely not align with any other service and therefore be difficult to implement. In the station location study the 2 station model being implemented in 2015 will be able to service the majority of properties within a 10 minute response time.

Location of cost incurred is not a factor, and the service which is being provided throughout the Municipality is a unified service of benefit to all property owners. Staff does not recommend Fire and Emergency Services be considered a special service as apparently not sufficient rationale for doing so in order to present it as an option.

Police Services and Police Service Board

Over 80% of respondents were in agreement with the Focus group recommendation that Police Services as well as the Board be considered a special service.

Although there were accurate comments that policing is required and provided to the whole of the Municipality, the use of different service providers with separate business plans and budgets is considered by staff to be justification for special service consideration, pending agreement of legal counsel.

The legal contract of each service provider aligns with the Ward geopolitical boundaries and thus is appropriate to establish the definable benefitting area on a Ward basis.

In terms of the Police Service Board, it was often accurately noted that the Board is a requirement regardless of the service provider and that there is one board responsible for both service providers. There is however, a difference between the responsibilities the board has in relation to each service provider. For the Port Hope Police Service as a locally managed service, the Board has a greater role and responsibility that is established in legislation than it does for the Ontario Provincial Police Service. As a result, it can be justified that there is an increased operating cost attributed to those increased responsibilities and therefore could be considered a special service. It has been recommended that the costs of the Board be allocated based on the relative cost of each service. Many comments received indicated this was thought to be fair.

Given that Police Service and Police Service Board could meet the requirements for consideration as a special service, the Police Service and the Board could be included as an option for area rating although the Board component is not a substantive amount of money.

Planning and Development Services

The Focus Group recommended that this service be common, however the slight majority of respondents disagreed. The primary reason provided was the location of costs incurred, however this is not a valid reason for establishing a special service and both urban and rural areas have needs that can have their own complications whether it is residential intensification or commercial in the urban area or Entech-Rem or Oak Ridges Moraine in the rural area.

The services provided by the Planning and Development Department, parking excluded as included separately, are available to all at the same service level and fee, and are in most cases required by both areas. Staff is not aware of a sufficient argument used in other Municipalities that could be utilized, a reason that would be applicable to Port Hope as a special circumstance, or that has been provided in the feedback received to substantiate a special service under the Municipal Act.

Transit

There was 90% agreement in responses with the Focus Group Recommendation that Transit be considered a special service. This is based on service being contracted to only operate in the urban area and provide coverage to the majority of the urban area establishing justification that this service is not undertaken generally throughout the Municipality and the definable benefitting area be Ward 1.

There are however some comments that the rates are the same for all, all can use the service and that if the cost is not shared by all then some difference in access to use or rate should be reflected. Certainly there are circumstances, such as high school students who are from the rural area but use public transit after school, where the rural area does receive some benefit. If some people in the rural area are using the system it is practical that they are using the system more than some people in the urban area that choose to drive and do not ever use the bus.

Ultimately, comparator Municipalities have established transit as a special service and given the current service is contracted to operate only in the urban area there is justification for consideration as a special service and therefore this service could be considered as an option for area rating.

Crossing Guards

While there was also support from respondents for considering crossing guards as a special service this was generally based on location of the service with consistent comment to the percentage of locations physically located between the urban and rural areas. Physical location of the service is difficult to argue as a determining factor when attendees from all areas of the Municipality attend the schools with crossing guards.

The counter argument which was noted is that 'Ward 2 children attending Ward 1 schools would likely be bussed and would have little use of Ward 1 crossing guards.' Understanding the larger taxation system though, all property owners share in the cost to provide education throughout the Province. As part of that cost, bussing of students is shared by all property owners. Therefore it is difficult to justify why property owners already contributing to the bussing of other students should have to pay an additional amount that is not shared with all to walk to school in a safe manner instead of being driven.

A special definable benefitting area would have to be established based on those areas that do not receive school bus service, however this would likely not be deemed by the community to be fair, nor would the cost of doing so outweigh the minor cost associated with crossing guards given the overall tax levy. Crossing guard service does not meet the full criteria established to be considered as an option for area rating as a special service.

Bulky Waste Pickup

The Focus Group recommended that Bulky Waste Pickup be considered a special service and 90% of respondents agreed.

This service is provided in the urban area for residents to schedule in advance a pickup of a maximum 200kg of acceptable material and take it to a waste management location and use the property owner's waste voucher. Ultimately the cost of this service is manpower and a transfer vehicle, with the voucher provided by the property owner in lieu of payment for disposal, and a \$50 service fee is charged. This service was used less than 10 times per year in 2012 and 2013. Consideration could be given to expanding the service throughout the Municipality or cancelling it altogether, however it is convenient for those property owners who would otherwise have difficulty transporting waste that is not able to be picked up through curbside collection. This service does not generate any expense that is material and therefore does not pass the significance test criteria for special service, nor does the cost of implementing outweigh benefit.

Christmas Tree and Yard Waste Pickup

The Focus Group recommended that Christmas Tree and Yard Waste Pickup be considered a special service and 90% of respondents agreed.

Comments ranged from desire for more frequent pickups to no pickup at all. It was noted that in terms of Christmas trees, some had artificial trees and others no holiday tree at all. There was some suggestion that a tag like system, similar to garbage bag tags run by Northumberland County could be used. Ultimately though, use cannot be a deciding factor in the determination of a special service.

Given that the current operation of this service is only available in Ward 1, on this basis it can be justified that the service is not undertaken generally throughout the Municipality and the geopolitical Ward 1 could be the definable benefitting area. Therefore, this service could be area rated as it meets the definition of a special service under the Municipal Act.

Port Hope Public Library

Of respondents, 61% indicated that Library should be considered as a special service and 36% indicated it should be common with the remainder being undetermined.

The reasons provided in favor of special service included differences in operating hours of the branch, respondents who did not use the service and did not want to pay for the service, and the suggestion that each area should pay based on the allocation of Library memberships for each area.

Conversely, comments in support of the common approach noted that both branches as well as the virtual library are available to all.

It is noted again that services cannot be charged through property taxes at different rates as a special service based on use or cost allocations based on use.

It is noted that there are different operating hours as well as physical attributes and the corresponding resource collection size. However, it should also be noted that many administrative functions occur at the Mary J. Benson branch that benefit both branches such as the Provincial inter-library loan program. Within the Port Hope Public Library books and other resources are transferred between branches making the collection available at both branches.

In terms of determining the definable benefitting area, Wards would not be a justifiable boundary. The primary factor would be proximity and therefore the southern half of the Municipality would pay for the Mary J. Benson Branch and the northern half of the Municipality would pay for Garden Hill branch. It could further be argued, that for instance Garden Hill property owners should pay more than Elizabethtown property owners. Any cost determination for specific area would have to pertain to only branch specific costs, with general costs such as administration and virtual library being shared by both. The result would be at least 2 areas with 2 factors in each area, which would be difficult to implement and not straight forward for taxpayers to understand. Consider also that the real estate market values proximity to services such as libraries and this value may already be reflected in the property values in Garden Hill and Downtown Port Hope which results in an increased property tax for those properties.

Both libraries are available to all and certainly library membership reflects that residents in all areas of the Municipality utilize the service either online or at a physical branch, while acknowledging that some residents in all areas do not use the library. The hours of operation would be more dependent on demand and usage. As there are more properties that are in closer proximity to the Mary J. Benson branch, there is also more weighted assessment in that area that is contributing to the operating costs through property taxes.

Based on this information, Staff recommend that the Port Hope Public Library be considered a common cost however further work could be done to develop a special service scenario area and associated cost for site specific activity if this is the direction of the Committee.

Economic Development and Tourism, and Business Park

Similar to library services, 61% of respondents indicated that Economic Development and Tourism should be given consideration as a special service and the Business Park response was very similar.

The primary reason provided was that there was no benefit to the rural resident. It was not clear, however what additional benefit an urban resident receives from tourism or economic development or the business park that would be different.

It was noted that this service benefits most directly in many aspects to the commercial and industrial businesses. When discussing the topic as part of the Focus Group, Ministry of Municipal Affairs and Housing representatives providing guidance noted that having healthy businesses benefit the community as a whole. They further reminded that a special service applies to a geographic area and not a specific property type. It should be noted that commercial and industrial properties are already taxed at a higher rate for property taxes through the use of ratios (more than 50% higher rate than residential unless vacant).

A respondent recommending common service indicated:

‘The overall strength of the community and the maintenance of the tax base is dependent on the continued attraction of new businesses and industry as well as residential developers to the community.’

Another stated, ‘I believe we are one Municipality, so economic development will benefit the municipality regardless if you live (in a rural or urban area)’. As well it should be noted that business owners and employees are residents from both wards and all benefit indirectly.

Certainly events such as the farmers market, the annual Port Hope Fair hosted by the Port Hope and District Agricultural Society, and the Local Farm Fest in August which are more rural oriented as well as urban oriented events are both

supported by this department. Staff participate in the Agricultural Advisory Committee, which is currently comprised entirely of Ward 2 members, as well as the HBIA and Chamber of Commerce and other community organizations locally and external as a local representative. The department also promotes available business properties in both Wards. This precludes the argument that this service only pertains to one specific area of the Municipality.

Of the 444 other Ontario local governments, our Ministry representatives as well as Staff are not aware of any other local government that has justified Economic Development and Tourism as a special service.

Parking

Police respond to calls regarding parking in both urban and rural areas under the Highway Traffic Act. As this is not a high priority for Police Services and the urban area has determined it appropriate to establish a parking function, under the administration of the Planning and Development Department, for which the contractual boundary is the geopolitical Ward 1, it can be argued that a special service exists (which the majority of respondents supported). However, parking is now setup such that the net revenue is transferred to the parking reserve to be utilized to implement the Council-approved Municipal Parking Study and fund future equipment and parking lot needs, to the accessibility reserve towards improving the accessibility of the whole of the Municipality, and to the HBIA beautification reserve. The funds are no longer a net levy impact so the determination of common or special services is not warranted.

Cemeteries

Of survey respondents, 59% recommended Cemeteries as a special service. It was commented that the costs should be paid by the area in which they are incurred.

Some people noted that ultimately we will all be deceased and cemeteries are available to all. Others noted plans to use an alternative final resting place.

Currently the Ward 2 cemeteries require maintenance as any cemetery that is no longer being maintained by another organization is required to be maintained by the Municipality. Ward 2 cemeteries are available to all visitors, but there are no remaining available lots. In the urban area the fee structure for a lot and associated services are the same regardless if from the urban or rural area and are available to all. Even though there is a higher quantity of cemeteries in the rural area that are likely used more by the rural area, this would not justify a special service. In 2013 residents from both the urban and rural areas bought lots, and were buried in the urban cemetery land. The services currently provided are available to all and therefore should be considered a common expense.

Parks Recreation and Culture Administration, Parks, Marina, Facilities and Programs

The responses related to Marina and Parks were 65-70% in favor of special service. Parks, Recreation and Culture Administration, Facilities and Program areas of the survey all received a consistent range from 57-59% support from respondents to be considered a special service. The primary reasons provided were that the rural area does not use the facilities and programs that are located in the urban area. The other reason was the quantity of parks and proximity of those in the rural area to the services.

The Municipality of Port Hope Parks, Recreation and Culture Vision is, 'Port Hope supports community and individual well-being through a collaborative delivery system comprised of sustainable parks, recreation and cultural opportunities that are accessible to all.' In 2010, Council adopted the Leisure Services Master Plan which covers the entire Municipality. As part of the establishment of the plan, a total of 391 surveys were completed by Port Hope Residents, resulting in 76% indicating that all or most of their recreation and cultural needs were being met, and 17% indicating some but not all needs were met. A primary objective of the Master Plan is to promote and facilitate the participation of the diverse population in our community.

If the types of services being offered were truly focused on the needs of the urban area, being different than the needs of the rural area as has been argued, then it would be reasonable to expect that as commented in the survey rural residents would not use the services located in the urban area.

Port Hope Minor Hockey, a primary user of the Jack Burger Sports Complex ice pad, has a considerable number of youth that reside in Ward 2.

Port Hope Minor Baseball Association is a primary user of ball diamonds in the Municipality with participants from both urban and rural areas. The 2 ball diamonds in Welcome are used primarily, as well as those in the urban area and sometimes the Garden Hill park is used.

Program registrations, memberships at the Ruth Clarke Activity Centre and inquiry into the users of the marina also indicate that both urban and rural residents are using the services.

If the type of service offered does not justify a special service, then the location of the services is the remaining justification. Similar to the fire station scenario, this becomes a matter of proximity. In many Municipalities, it is not uncommon to travel 15-20 minutes to get to the desired recreational destination. Certainly it is reasonable that primary facilities are located in areas where the highest concentration of the population is located. Since parks however are more easily established it could be considered a reasonable expectation by some to have a park in closer proximity to all areas than currently exists in the Municipality.

If it is determined that some rural areas do not have a park service located in their area, then definable benefitting areas would need to be established around the existing parks or new parks could be established. Given the existing park locations, the urban area would be included as well as Welcome and Garden Hill, but it is not readily apparent what an appropriate radius would be from a park to be determined the benefitting area. Since the parks are still available to all those outside the immediate benefitting area would also need to contribute and the differentiation in cost would need to be determined.

Survey respondents noted that if a special service was implemented for any Parks, Recreation and Culture services, then an appropriate user fee would also have to be established to reflect that some users are not already contributing to the operating and capital costs.

While there are perceptions and in some cases reasons that could support a special service if the Committee decided to investigate further, Staff do not recommend this approach. During discussion regarding Parks Recreation and Culture with the Ministry of Municipal Affairs and Housing, representatives specified that the debate to determine if a service is deemed a special service is not about who is using Municipal facilities, but rather if the facility is accessible and/or available to all. However, if the option is requested by the Committee, it would need to be established what the basis and corresponding benefitting area would be so Staff could estimate the implementation implications.

Canton

Canton in 2014 is going to be used as the Fire and Emergency Services administration location as well as available for general administrative services such as property tax payments in addition to being a Parks, Recreation and Culture space that is also available for use as a public meeting space. As a result, it is difficult to establish that this building should be a special service without justifying each service that utilizes the building in the same way, or apportioning out an allocation of the cost of the building on that basis. Currently, none of the services using the building have been justified as a special service.

Harbour Dredging

The cost of dredging the harbour has historically and will continue to be paid out of reserves pertaining to the harbour which were funded by harbour related sources as well as through harbour related revenue. There is no direct property tax impact related to the harbour dredging.

Works and Engineering

Of survey respondents, 57-72% were in favor of considering Works and Engineering Administration, Roads, Traffic Lights, Street Lights, Street Sweeping and Catch Basins as a special service, with sidewalks notably higher at 89%.

Respondents from both areas raised concern about the service being received, while it was also advocated that less should be done.

There was comment regarding comparison to how other roads are paid for through property taxes other than the Municipal portion, 'I don't drive on all Provincial Highways, but my provincial taxes pay for them all.' A similar comment was also made regarding County roads.

A common theme of comments indicated that the service 'Should be allocated on actual costs spent and based on historical data.' The reality is that the road system is a large network and each property owner utilizes more of the system than the portion that is in immediate proximity to their property. It is a public road system and therefore cannot be charged based on usage unless tolls or some other mechanism were established. Like all other services, some will use the service more than others.

Maintenance on roads, streetlights, traffic lights and sidewalks all occur based on a number of factors, including but not limited to, safety, volume and need. Sidewalks, traffic lights and streetlights are all mechanisms to ensure pedestrian and vehicle safety. Some people consider these services a benefit, while others would prefer not to have traffic signals to wait for, or sidewalks to shovel, or streetlights to shine through their windows at night. When new areas are developed it is often the developer who establishes the infrastructure, and in other circumstances when a need is identified the community as represented by Council decides. Generally, increased requirements occur when the concentration of people increases which has a corresponding increased potential for safety issues.

The most support was for sidewalks and streetlights, however this represents the lowest cost aspects and availability is inconsistent even in the urban area. Sidewalks under the responsibility of the Works and Engineering department include those as part of the road system, not park or municipal buildings generally. While it can be justified that sidewalks are not generally undertaken throughout the Municipality, based on 62km of sidewalks and estimating that half are on both sides of the street as would occur on arterials or collector roads more generally then approximately 40km of the 85km of roads in the urban area have a sidewalk on at least one side of the street, so roughly half as a rough estimation.

It should be noted that sidewalk costs are almost negligible as a component of Municipal property taxes and not all urban residents have sidewalks in close

proximity to their property. It was noted in the comments from the surveys that the actual benefit for many in the urban area is no different than someone in the rural area who may also only use the sidewalks once they have travelled to a specific location with sidewalks.

Streetlight costs are not a significant component of the property tax levy and are included in some areas of both wards but not in others. The cost will significantly decrease in the future from a maintenance and hydro utilization perspective given the recently retrofitted fixtures. The significance of the costs of these services relative to the fair implementation of definable benefitting areas is hard to justify.

Works and Engineering department is capital intensive and a review of recent years spending identifies that there is significant spending in both urban and rural areas. Currently there are annual programs to address road resurfacing, bridge repair, bridge guiderail safety improvement, embankment protection and sidewalk maintenance. The draft 2014 capital budget introduces a rural subdivision pavement resurfacing program.

Staff does not support the area rating of Works and Engineering services included in this section. Certainly roads are the primary cost driver and that service is provided generally throughout the Municipality. If Committee determines it wants to pursue establishing a special service on the basis of a different level of service the specific aspects would need to be established as well as the corresponding definable benefitting area. Note that the paved versus gravel roads reasoning which was frequently received would mean that geopolitical Ward boundaries would not be appropriate as some areas in the rural area are also paved.

Representatives from the Ministry of Municipal Affairs and Housing indicated that property assessment reflects positive and negative impacts which is factored into the market value of a property and therefore reflected in the amount of property tax paid. Further, it was noted that plowing and maintenance is based on volume and need as well. Of the 444 other Ontario local governments, Ministry staff were not aware of any that area rated roads.

CONCLUSION:

Ultimately, the services provided by the Municipality are generally for the betterment for the community as a whole. Some funding of these services comes from property tax levy while other comes from user fee or other revenue sources. Property taxes are not meant to be a user fee and certainly many services would not be sustainable purely on a user fee basis so it is reasonable that property tax levy would provide financial support.

The Municipality may decide to area rate some services within the legislative requirements of a special service but this should be done on a fair and

equitable basis and not to achieve a desired property tax rate for any one group of property owners.

If stability in taxes is important, then consideration should also be given to the impact of establishing special services. Effectively in years with larger capital investment this could have a much bigger impact on the property owners in a specific location as these costs would no longer be shared collectively. For any individual benefitting area for some years this would mean a decrease and others an increase which when pertaining to the financially material services creates instability. However for services that are more consistent in the costs to operate then the risk of property tax variability is not a cause for concern.

Finally, it has been noted repeatedly by the Ministry of Municipal Affairs and Housing that the current value assessment of a property takes into account all market factors and therefore to some degree the availability of service is already taken into account on the property tax levy allocation which is on a property value basis as this is established throughout the Province as the most fair and equitable approach to property taxation.

The next steps as already approved by Council are to begin stage 2 of community consultation which includes the posting of area rating documents and notice on the Municipal website, a mailing to all property owners, 2 public meetings in each Ward with a facilitator, and advertisements be placed in local newspapers, with all feedback to be received by March 21, 2014 which will be consolidated and included in a report to Committee of the Whole on April 1, 2014.

The open houses have been scheduled as follows:

Wednesday, March 5, 2014
Canton Municipal Office
5325 County Rd 10
Session 1 – 2:00 p.m. to 4:00 p.m.; or
Session 2 – 7:00 p.m. to 9:00 p.m.; or

Thursday, March 6, 2014
Town Park Recreation Centre
62 McCaul Street
Session 1 – 2:00 p.m. to 4:00 p.m.; or
Session 2 – 7:00 p.m. to 9:00 p.m.

Original Signed by:

David Baxter
Director of Finance