



# Fact Sheet

## MUNICIPAL TAXATION REVIEW

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The Municipality is undertaking a review of our current taxation model, NOT to raise total Municipal taxes, but to potentially re-apportion Municipal taxes within the Municipality using a legally compliant method.

**No decisions have been made at this time.** Building on the work completed by the Working Group, six options for implementation of a revised tax model were developed as a launching point for dialogue. Council is seeking community input, suggestions and alternatives to assist in developing a long term approach for 2014 and beyond.

### HISTORY OF TAXATION IN PORT HOPE

Each year, the Municipality determines the total amount of levy that must be collected from the ratepayers to meet the requirements of its annual budget.

During amalgamation, Councils for Hope Township and the Town of Port Hope noted the potential for shifts in tax allocation between the two Wards, and the Councils for each community agreed to the principle that no one group of ratepayers would realize any significant benefit from amalgamation.

In 2001, amalgamation was a fairly new concept. The new Municipality of Port Hope had no past practice, or experience to draw from and limited examples existed on taxation approaches for newly blended communities.

In developing a taxation approach for the new community, a specific formula (area rate) was developed to calculate separate tax rates for each Ward. The formula used weighted assessment as the basis but also incorporated pre-amalgamation (year 2000) operating expenses of the former Town and Township. Costs were apportioned at 85.8% to the new Ward 1 and 14.2% to the new Ward 2. In calculating the tax rate each year, the weighted assessment for each Ward was incorporated into this formula to determine the percentage of the total Municipal tax levy to be paid by each Ward for that year.

The 2001 Area Rating approach was based on the following principles:

- The Municipality operates as one with a single budget and accounting system, and is continually working towards improvements to services and their delivery as common services.
- Weighted assessment, defined by a provincial standard and calculated by provincial ratios, is the basis for calculating rates for property taxation in Ontario and recognized as a measurable benchmark of a community by all levels of government.

- Area Rating is applied to the net Municipal levy (excluding costs for sewer and water services) to determine the levy allocation per ward. The levy allocation per Ward is then individually reduced by the interest from the LLRW hosting fee, as deemed appropriate by Council as per the principles of the Low Level Radioactive Waste Agreement and the Municipal Investment Policy.
- The levy allocation per Ward less the LLRW interest is defined as the “Net Levy” per Ward, and allocated for the purpose of taxation as per provincial guidelines.

### **Why is Council Municipal Taxation being reviewed?**

The taxation formula put in place at amalgamation (Ward 1 paying 85.5% of the total tax levy and Ward 2 paying 14.2% of the total tax levy):

- Is not compliant with the Ontario Municipal Act legislation
- Was approved by the new Council at amalgamation and was to be reviewed within 5 years
- Since its implementation in 2001, it has not reflected that all residents of the Municipality have access to and share the costs of Municipal facilities and services and has not properly allocated the costs of Municipal services and facilities (e.g. library, sports complex, recreation centre) to all taxpayers across the Municipality.
- Does not reflect significant budget impacts resulting from new legislation, increasing costs, and reduction of provincial funding including loss of the Community Reinvestment Fund grant of (\$369,000 in 2000) and substantial year over year reductions in the Ontario Municipal Partnership Fund)
- Does not allow flexibility for changes to services, costs and legislation over time

Considering the known concerns listed above, Council identified that an adjustment to the methodology was potentially required and the Area Rating Policy was to be reviewed to implement an allocation method for the long term that is fair, equitable, compliant, transparent and easy to understand.

### **Area Rating Citizens Working Group**

The Area Rating Citizens Working Group was established by Council in May 2012 to review all relevant background information, identify and review options for a revised approach to Municipal taxation, develop pertinent support information for the consultation process, and assist in framing final recommendations relevant to a taxation approach for the long term (2013 and beyond).

Members included Mayor Linda Thompson, Deputy Mayor Jeff Gilmer, Councillor and Chair of General Government & Finance Rick Austin, Ward 1 community representatives Gord Walter and John Quantrill; and Ward 2 community representatives Ian Angus, Rick Norman, and Bill Bickle. The Working Group met 22 times between June 2012 and July 2013.

From 2009 – 2012, the total budget increase for *Municipal* services (i.e. Municipal and library, but excluding all others) has been only 1% in total, and total salaries have decreased 2.2% in that same

time period. The Working Group reviewed Municipal expenditures and members agreed that the Municipality is in a solid financial position and continues to operate well within the prescribed Ministry of Municipal Affairs and Housing debt limits. The annual Municipal budget, audited financial statements (including LLRW funds), Strategic Financial Plan and the Service Delivery Review are available on the Municipal website.

The Working Group considered two potential compliant approaches:

- Single Tax Rate - the same tax rate would be applied to all properties across the Municipality
- Common Plus Special Services Tax Rate - one rate applied to all properties covering all services/costs common to all properties plus a separate rate applied for special services available only in a certain area or to a certain group of tax payers (with a potential phase-in approach using LLRW monies)

It has been determined by the Working Group that the Single Tax Rate would not be the preferred approach.

Working Group members preferred a Common Plus Special Services approach and worked to develop an implementation structure. There was substantive discussion amongst the Working Group on how to allocate the common tax rate and varying degrees of support for a number of key concepts:

- Application of a new taxation method should include a phased approach so that any resulting increase to the Ward 2 tax rate would be applied gradually over time
- A phased approach could involve the use of some LLRW fund interest, but should not rely on the principal funds or the full amount of annual interest earned on those funds
- Identification of “common” elements that could be included in a potential common services rate (see Common Services below)
- Notwithstanding the annual Taxation By-law, the Municipal Taxation policy is to be reviewed in detail every 5 years to ensure the principles are still being served
- At Council’s discretion, LLRW interest may be used, directly or from a capital reserve, for ward-specific local improvements identified by Council and/or residents as a priority, and/or LLRW interest may be transferred to a capital reserve for use on common services/projects

The original intent was for the group to bring back recommendations for community consultation by September 2012 however, that deadline was extended to allow the group more time. As the group had not come to an agreement on recommendations by the deadline to set tax rates for 2013, Council set an interim tax rate for 2013 and granted a second extension so that the Working Group could continue its review.

On May 27, 2013 the Working Group was advised of Council’s direction that recommendations be available for Council review by July 2013 to allow time to determine next steps and define a public process for review of potential options prior to the 2014 tax rate deadline. As of July 22, 2013, Working Group Ward 1 and Ward 2 community representatives could not reach consensus on recommendations to forward to Council.

Building on the work completed by the Working Group, six options for a Common Plus Special Services approach (ranging from 1 to 5 years for implementation) were developed for discussion.

### **The Common Plus Special Services Approach**

The Working Group agreed that the most fair and equitable method of Municipal taxation would be a Common Plus Special Services approach in accordance with the Ontario Municipal Act. All expenses and services considered common would be included in a common rate applied to all properties and any expenses/special services that are specific to one area or group of taxpayers would be applied in that area.

## **THE ONTARIO MUNICIPAL ACT, 2001 - TAXATION GUIDELINES**

### **Determination of Common Services**

The Ontario Municipal Act, Section 307 (re: taxes being levied equally for equal service) states *'All taxes shall, unless expressly provided otherwise, be levied upon the whole of the assessment for real property or other assessments made under the Assessment Act according to the amounts assessed and not upon one or more kinds of property or assessment or in different proportions.'*

The key element in determining common services is whether that service is available and accessible at the same level to all ratepayers. All Municipal services are deemed common to all ratepayers unless it can be proven that a particular service is only offered within a specific area or at a different service level in that area. This has been confirmed in consultation with legal counsel, other municipalities with similar composition, and the Ministry of Municipal Affairs and Housing.

### **Determination of Special Services**

Section 326 (re: special services) states, *'A Municipality may by by-law, identify a special service... meaning a service or activity of a municipality or a local board of the 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.'*

Therefore, only those services with a distinct service or level of service provided to the ratepayer that is different from others within the Municipality and/or not available to others within the Municipality, would qualify as a 'special service'. The designation of a special service is reliant upon those benefitting from that service, or different level of service, in a definable benefitting area. It is not contingent upon geographic or political boundaries such as wards.

Proximity is not a consideration of whether any service should be considered a special service. Distance to facilities is one of the factors taken into account in an MPAC property evaluation and reflected in the assessment of that property. Frequency of use is also not a consideration for designation as a special service. From a taxation perspective, where Municipal facilities or services

are available to all (e.g. library, sports complex, recreation centre), it is not relevant whether a ratepayer or group of ratepayers chooses to use those facilities. If they all have equal access, they are all equally assigned for the related costs.

The determination of special services is made solely on the basis of whether or not a service or facility is accessible and available to a group of taxpayers.

The Working Group, with the assistance of Municipal Staff reviewed all Municipal Services to determine which services would be designated as common and which would be eligible as special services. To comply with the Municipal Act, all services provided by the Municipality can be considered common with the exception of Ward 1 Bulk Waste/Christmas Tree Pickup, Sidewalks, Transit and Parking Authority, and specific Police and Streetlight costs per Ward. For details on the evaluation process, see Evaluation of Special Services below.

### **How would the Common Plus Special Services approach be allocated?**

Municipal Staff, Legal Counsel and the Ministry of Municipal Affairs and Housing agree that weighted assessment is the only legislatively compliant methodology to allocate the tax levy for common services. Any other formula, e.g. assigning common services in different proportions for different areas, would not be compliant with legislation.

### **Current Value Assessment**

The Municipal portion of property taxes is calculated based on the Current Value Assessment (CVA) of a property as determined by the Municipal Property Assessment Corporation (MPAC). The CVA represents the estimated market value (i.e. the amount that the property would sell for in an open market, arm's length sale between a willing seller and a willing buyer at a fixed point in time). All properties are assessed based on the same valuation date as set by MPAC. Increases in assessment values are phased in over a four year period while decreases are applied 100% in the first year of the re-assessment year.

In accordance with the Municipal Act, the Municipal Property Assessment Corporation (MPAC) determines the CVA of all properties in Ontario based on five major factors which generally account for 85% of the assessed value:

- location (and available services associated with the location)
- lot dimensions
- living area
- age of the structure(s) (adjusted for any major renovations or additions)
- quality of construction

Other features that may affect residential property value include: number of bathrooms, fireplaces, finished basements, garages, and pools. Site features such as traffic patterns; corner lots, and proximity to a golf course, hydro corridor, railway or green space can also increase or decrease the assessed value of a property.

## Tax Ratio and Weighted Assessment

In accordance with the Municipal Act, the County of Northumberland sets the tax ratios each year for each property class (primarily residential, multi-residential, farm, commercial, industrial). Tax ratios distribute the tax burden between classes relative to the residential class tax ratio, which is equal to 1.

The tax ratio for farms, for example, reduces the weighted assessment while commercial and industrial classes raise the weighted assessment.

### Primary Tax Ratios

Farmlands	0.25000
Residential	1.00000
Commercial	1.51520
Industrial	2.63000

The CVA is multiplied by the tax ratio to determine the weighted assessment for each property.

### Calculation of the Common Plus Special Services Tax Rate

The common services tax levy would be divided by the total weighted assessment (Ward 1 and Ward 2) to determine the common services tax rate. The common services tax rate would then be multiplied by each property's weighted assessment to determine the taxes payable for common services.

The special services tax levy would be divided by the weighted assessment for the area or group of taxpayers receiving the special services, to determine special services tax rate. The special services tax rate would then be multiplied by the weighted assessment for each property in that area/group to determine the taxes payable for special services.

The common services tax amount and special services tax amount are added together to determine the total Municipal Tax Rate to be applied to a property's weighted assessment value.

### What does this mean for your property tax bill?

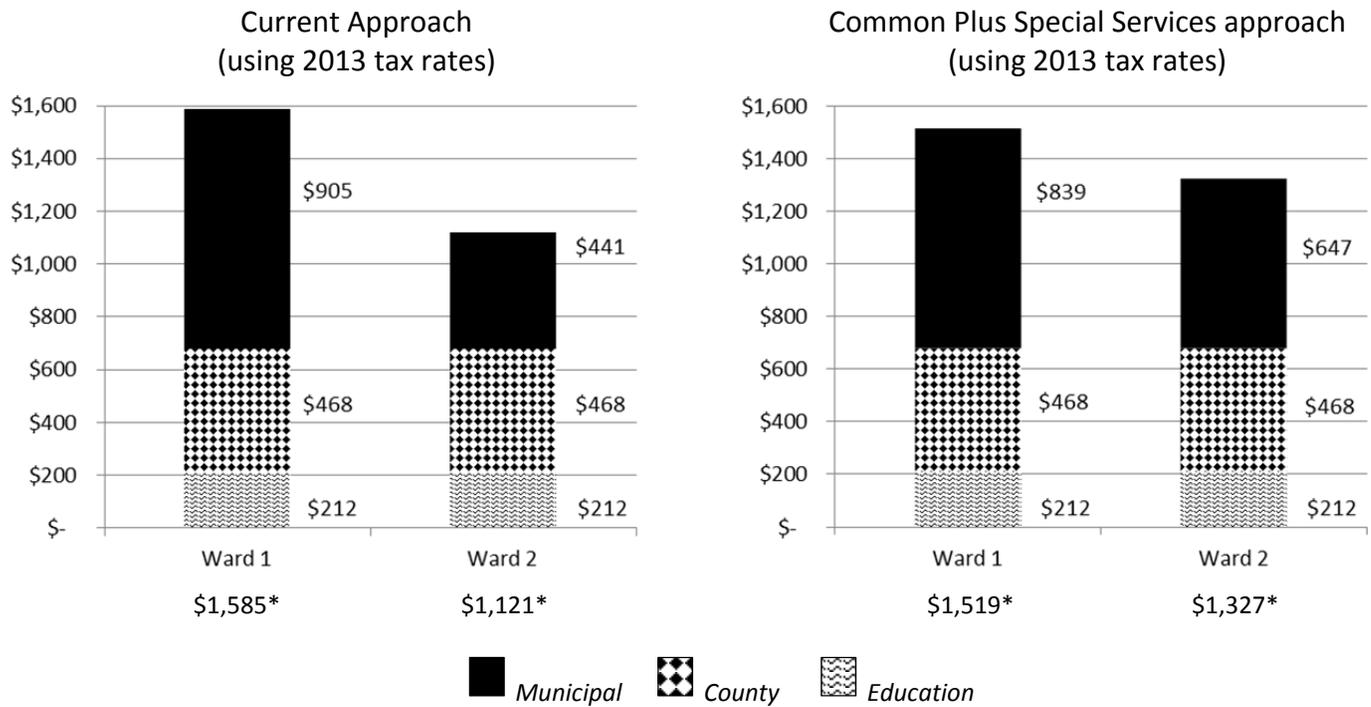
Property tax collected comprises three components: Municipal, Education and County taxes. The proposed revised approach would impact **only the Municipal portion** of a property tax bill. Education and County tax rates are set by the Province and County respectively and are the same in Ward 1 and Ward 2. For 2013 the education tax rate is 0.002120 and the County tax rate is 0.004681.

Using 2013 as the base year, and residential property as an example, the Common Plus Special Services approach would result in a:

- 7.3% decrease (\$66 per \$100,000 in weighted assessment) on the Municipal portion of Ward 1 property tax bill (for example, the 2013 the Municipal tax rate for Ward 1 would have been 0.008394).
- 46.9% increase (\$207 per \$100,000 in weighted assessment) on the Municipal portion of Ward 2 property tax bill (for example, for 2013 the Municipal tax rate for Ward 2 would have been 0.006471).

Though the Single Rate approach is not being considered, the 2013 tax rate would have been 0.007872 for all taxpayers (13.1% decrease in Ward 1 and 78.7% increase in Ward 2).

**Property Tax Bill Allocation (per \$100,000 Weighted Assessment\*)**



**LLRW Community Fund Interest**

Through the Low Level Radioactive Waste (LLRW) Legal Agreement, the Town of Port Hope and the Township of Hope each received an LLRW Hosting Fee of \$10 million. The money has been invested and earns interest each year. The Legal Agreement specified that interest should be used to benefit tax payers in each Ward until the license to construct the waste management facility was granted. Council may consider consolidating the two \$10 million funds into one community fund for the benefit of the entire community.

The 2003 Area Rating By-law states that the hosting fee interest can be used to reduce the tax levy in each respective Ward, as deemed appropriate by Council and historically this has been the case.

The Municipality then transfers any remaining interest from the Community Fund into building and equipment reserves to fund capital items such as fire equipment, snow plows, building repairs/upgrades, and park repairs. By using the interest for these capital items, Council has reduced the amount of tax levy required for capital items, thus keeping the tax levy down. The investment of these funds is managed by CIBC, audited annually and the report is published each year (quarterly on CIBC investments funds).

Once the license was granted for the LLRW facility in 2009 and as subsequently confirmed by legal counsel, all hold points and stipulations as defined in the agreements regarding the hosting fee funds became null and void allowing the Municipality of Port Hope to use the Community Fund as deemed appropriate by Council. In February 2013, Council adopted the Strategic Financial Plan which recommends that reliance on the Community Fund interest to reduce the tax levy be phased out and the interest redirected to capital reserves to fund future capital works and thereby continue to reduce the tax levy. Since the agreement was signed in 2001, subsequent Councils have continued to support the investment policy of maintaining the principal balance.

### **Phasing in the Common Plus Special Services Approach**

There is no provision within the Municipal Act that allows for non-compliant phasing in of the Common Plus Special Services Approach. In order to be compliant, the target tax rate for Ward 1 should be implemented immediately.

However, the Municipal Act does not restrict the use of a compliant phased approach to reduce any immediate impact of an increase on the ratepayers in Ward 2 and members of the Working Group agreed that the increase on the Ward 2 tax rate should be phased in using interest from the Community Fund.

### **Potential Implementation Options for the Municipal Portion of Property Tax**

Municipal Staff developed four compliant common plus special services options based on weighted assessment to be considered. It is important to note that the option calculations reflect future impacts based on 2013 levy and weighted assessment values. Actual results will vary based on such factors as levy increases and changes to the assessment base. Ultimately the tax allocation methodology (e.g. number of years to phase, community investment income used, etc.) will form the basis upon which other changes will be incorporated.

## Compliant Common Plus Special Services Implementation Options

### OPTION 1 – One-Year Implementation Approach

Municipal portion of Ward 1 tax is decreased in year one by 7.3% with a corresponding increase of 46.9% in the Municipal portion of Ward 2 taxes.

PROS	CONS
<ul style="list-style-type: none"> <li>• Immediately compliant with Municipal Act</li> <li>• Does not use any community fund interest</li> <li>• Most efficient to implement</li> </ul>	<ul style="list-style-type: none"> <li>• Highest year one increase for Ward 2 taxpayers</li> </ul>

### OPTION 2 – Five-Year Implementation Approach

In year one, \$600,000 of community fund interest would be used to offset tax increase and in each subsequent year, interest usage decreases by \$150,000. Municipal portion of Ward 1 tax decreases in year one by 7.3%. Municipal portion of Ward 2 tax increases 19.9% in year one, 5.6% in year two, 5.3% in year three, 5.1% in year four, and 4.8% in year five.

PROS	CONS
<ul style="list-style-type: none"> <li>• phases the tax increase impact over 5 years</li> <li>• immediately compliant with Municipal Act</li> <li>• implements tax decrease impact immediately</li> </ul>	<ul style="list-style-type: none"> <li>• requires \$1,500,000 of community fund interest</li> <li>• implementation is a 5 year process</li> <li>• more difficult to understand and implement</li> <li>• tax payer increase higher in first year and lower increases in 4 following years</li> </ul>

### Option 3 – Four-Year Implementation Approach

Year one uses \$750,000 community fund interest to offset tax increase and each following year interest usage decreases by \$250,000. Municipal portion of Ward 1 tax decreases in year one by 7.3%. Municipal portion of Ward 2 tax increases 13.2% in year one, 9.9% in year two, 9.0% in year three, 8.3% in year four.

PROS	CONS
<ul style="list-style-type: none"> <li>• phases the tax increase impact over 4 years</li> <li>• immediately compliant with Municipal Act</li> <li>• implements tax decrease impact immediately</li> </ul>	<ul style="list-style-type: none"> <li>• requires \$1,500,000 of community fund interest</li> <li>• implementation is a 4 year process</li> <li>• more difficult to understand and implement</li> <li>• tax payer increase higher in first year and lower increases in 3 following years</li> </ul>

### Option 4 – Five-Year Leveling Approach

Community fund interest is used each year to create an equal distribution of the tax increase over 5 years. Municipal portion of Ward 1 tax decreases in year one by 7.3%. Municipal portion of Ward 2 tax increases 9.4% in year one, 8.6% in year two, 7.9% in year three, 7.3% in year four, and 6.8% in year five. (The Ward 2 year over year Municipal tax increase is \$41 per \$100,000 in weighted assessment for each of the 5 years).

PROS	CONS
<ul style="list-style-type: none"> <li>• phases the tax increase impact over 5 years</li> <li>• immediately compliant with Municipal Act</li> <li>• implements tax decrease impact immediately</li> <li>• lowest year one increase impact for tax payers</li> </ul>	<ul style="list-style-type: none"> <li>• requires \$2,087,445 of community fund interest</li> <li>• implementation is a five year process</li> <li>• more difficult to understand and implement</li> </ul>

## Non-Compliant Common Plus Special Services Options

Staff and Working Group including Council member representatives reviewed many potential scenarios inclusive of longer term phasing options, however if the term of the phasing is extended, more Community Fund interest is required meaning those funds are not available to be used for capital purposes per the Strategic Financial Plan.

This will ultimately result in the need to increase the levy to fund capital requirements or reduce capital investment. There is also the risk that interest rates may decrease therefore making less interest available to subsidize the levy, or could require use of principal which is contrary to the investment policies and practice of Council.

At the request of the Working Group Council member representatives, an additional 2 options which are not compliant with legislation are included for discussion purposes. As these options are not compliant staff do not recommend the following:

## Non-Compliant Common Plus Special Services Implementation Options

### Option 5 – Five-Year Hybrid Approach

Tax decreases are phased in over 5 years while the tax increases are phased in over 5 years. Municipal portion of Ward 1 tax decreases 2% in year one, 1.3% in year two, 1.4% in year three, 1.4% in year four, and 1.4% in year five. Municipal portion of Ward 2 tax increases 8.9% in year one, 8.7% in year two, 8.0% in year three, 7.4% in year four, and 6.9% in year five.

PROS	CONS
<ul style="list-style-type: none"> <li>phases the tax increase impact over 5 years</li> <li>less community reserve interest required than other phased options</li> <li>lowest year one increase impact for tax payer</li> </ul>	<ul style="list-style-type: none"> <li>requires \$500,000 of community fund interest</li> <li>implementation is a 5 year process</li> <li>most difficult to understand and implement</li> <li>implements tax decrease impact over 5 years</li> <li>not compliant with Municipal Act so could be challenged publicly and legally</li> </ul>

### Option 6 – Four-Year Hybrid Approach

Tax decreases are phased in over 3 years while the tax increases are phased in over 4 years. Municipal portion of Ward 1 tax decreases 2.9% in year one, 2.3% in years two and three. Municipal portion of Ward 2 tax increases 9.2% in year one, 11.1% in year two, 10.0% in year three, and 10.1% in year four.

PROS	CONS
<ul style="list-style-type: none"> <li>phases the tax increase impact over 4 years</li> <li>second lowest year one increase impact for tax payer</li> </ul>	<ul style="list-style-type: none"> <li>requires \$900,000 of community fund interest</li> <li>implementation is a 4 year process</li> <li>difficult to understand and implement</li> <li>implements tax decrease impact over 3 years</li> <li>not compliant with Municipal Act so could be challenged publicly and legally</li> </ul>

## Where can I find more information about taxation review?

Detailed information on Municipal taxation review is available at [www.porthope.ca](http://www.porthope.ca) under Quick Links:

- Municipal Taxation FAQs
- Fact Sheet - Municipal Taxation Review (Oct 29, 2013)
- Municipal Taxation (Oct 28, 2013) – mailed to all Port Hope taxpayers
- Area Rating Citizens Working Group Minutes from June 20, 2012 to July 22, 2013
- Open House Hand Out, Re: Community input vital to taxation review process (Oct 21, 2013)
- Open House Display Boards - October 21, 2013
- Open House Presentation - October 21, 2013
- Media Release - October 17, 2013
- Report to Budget Committee - October 8, 2013
- Presentation to Budget Committee - October 8, 2013
- Media Release - October 8, 2013
- Overview - Municipal Taxation
- Evaluation of Potential Special Services
- Transition Board (Amalgamation) Order - March 28, 2000
- Link to the PHAI Legal Agreement
- Glossary of Terms
- Public Comment Sheet

**All comments, suggestions and alternatives received by November 15, 2013** will be considered in the development of a report to Committee of the Whole on November 26, 2013 outlining recommendations for a Municipal taxation approach for 2014 and beyond.

For more information contact David Baxter, Director of Finance at 905.885.4544 or [dbaxter@porthope.ca](mailto:dbaxter@porthope.ca)

## MUNICIPAL TAXATION GLOSSARY OF TERMS

**Amalgamation Formula** Original area rating formula used to allocate the tax levy prior to 2012

**Area Rating Method** Method used since amalgamation for allocation of the tax levy between Ward 1 and Ward 2

**Base + Ward Specific Formula** Method used since 2012 to allocate the tax levy to Wards. Common services (base) are allocated based on weighted assessment and as subsequently adjusted. Services deemed to be Ward-specific allocated directly to the Ward where the service is offered. Allocated 'base' services plus the ward specific services equal total tax levied for that Ward.

**Common Services** Municipal services available to all the ratepayers within the Municipality of Port Hope

**County Levy** Amount of levy required to fund services offered by Northumberland County. A single tax rate is calculated based on weighted assessment and applied to all properties across Northumberland County.

**Current Value Assessment (CVA)** Estimated market value (amount that the property would sell for in an open market, arm's length sale between a willing seller and a willing buyer at a fixed point in time). Value and valuation date are determined by the Municipal Property Assessment Corporation (MPAC). All properties are assessed based on the same valuation date. Increases in assessment values are phased in over a 4 year period while decreases are applied 100% in the first year of the re-assessment year.

**Education Levy** Amount of levy required to fund the education system as determined by the provincial government. A single rate is calculated and applied across the Province of Ontario.

**Municipal Levy** Amount of levy required to fund the services offered by the Municipality of Port Hope, based on the net expense (expenses less funding/user fees) determined at budget time.

**PIL** Payment in Lieu of taxes for properties owned by federal / provincial bodies. PILs are based either on the assessment of the property or the acreage. If assessment-based, the Municipality is reimbursed based upon tax rates established for the current year. If based on acreage, the amount paid is based on a legislated amount per acre.

**Property Class** Categorization of a property or a portion of a property according to its use (see Tax Ratio). There are seven major classes of property (residential, multi-residential, commercial, industrial, pipe line, farm, managed forests) and other specialty classes (new multi-residential, office building, shopping centre, parking lots and vacant land property, large industrial and professional sports facilities).

**Tax Levy** Levy on property that the owner is required to pay. The tax is levied by the governing authority of the jurisdiction in which the property is located.

**Tax Rate** (Formerly mill rate) Rate applied (based on class) to each property to calculate the property tax by dividing the total levy required by the Municipality by the total weighted assessment, multiplied by Tax Ratio for each property type.

**Tax Ratios** (Weighting Factors) – Ratios used to adjust base assessment to weighted assessment. In accordance with the Municipal Act, ratios are determined annually at the County level.

Farmlands	0.25000
Residential	1.00000
Commercial	1.51520
Industrial	2.63000

**Special Services** Municipal services with a distinct service or level of service provided to the ratepayer that is different from others within the Municipality and/or not available to others within the Municipality (also known as area specific)

**Weighted Assessment** Value obtained when multiplying the MPAC-determined Current Value Assessment by the appropriate tax ratio for the property class.

## Evaluation of Municipal Services as Potential 'Special Services'

In accordance with the *Municipal Act, 2001* (Section 326) a special service is 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 (definable benefitting area) 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 geographic or political boundaries such as wards.

The Working Group, with the assistance of Municipal Staff, developed the Municipal Services Evaluation Table which outlines all of the items that were evaluated for potential as Special Services. Each item was subject to the following evaluation criteria:

- (a) Is there an added benefit to those in a designated area?
- (b) Is there a difference in the level of service provided in a designated area?
- (c) Is the service equally accessible to all residents and property owners within the Municipality? (proximity is not a factor)
- (d) Is there a different fee structure applicable to different residents and property owners within the Municipality?

If a service did not meet the criteria for a special service, that service would be considered a common service and levied as part of the Municipal Tax Rate as per Section 307 of the Municipal Act.

Evaluation of Municipal Services as Potential “Special Services”

Service	Available to All Ratepayers	Added Benefit to one group	Different Level of Service	Different Fee Structure	Details	Special Service per Sec. 326
Bulky Waste/Christmas Tree Pickup	x	✓	✓	x	<ul style="list-style-type: none"> <li>Ward 1 – yard waste pickup twice a year</li> <li>Ward 1 – Christmas tree pickup</li> <li>Services not available in Ward 2</li> </ul>	✓
Parking	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>Parking enforcement applies to both wards – applied to common levy</li> <li>Defined downtown parking plan with capital budget and revenue</li> <li>Special area rate could be applied for Ward 1 (net of revenue and expenses)</li> </ul>	✓
Sidewalk Maintenance	✓	✓	✓	x	<ul style="list-style-type: none"> <li>Sidewalks located in Ward 1</li> <li>Accessible to all property owners but with defined benefit to Ward 1 ratepayers</li> </ul>	✓
Streetlights	✓	✓	✓	x	<ul style="list-style-type: none"> <li>Streetlights located in both Ward 1 and Ward 2</li> <li>Streetlights in Ward 1 provide coverage at intersections and along streets</li> <li>Streetlights in Ward 2 generally only at intersections (different level of service)</li> </ul>	✓
Transit	✓	✓	✓	x	<ul style="list-style-type: none"> <li>Transit only operates in Ward 1</li> <li>No difference in fee structure for Ward 1 vs. Ward 2 ratepayers</li> </ul>	✓
Police	✓	x	✓	✓	<ul style="list-style-type: none"> <li>Ward 1 - Port Hope Police Service</li> <li>Ward 2 - Ontario Provincial Police</li> <li>Different levels of service for Ward 1 and Ward 2 (separate business plans/budget)</li> <li>Police Services Board costs are allocated based on each Ward's percentage of total policing costs</li> </ul>	✓
Port Hope Public Library (2 branches)	✓	x	x	x	<ul style="list-style-type: none"> <li>All ratepayers have equal access/same level of service at both branches</li> <li>Location of the branches has no bearing on level of available service</li> <li>No difference in fee structure for Ward 1 vs. Ward 2 ratepayers</li> </ul>	x
Parks, Recreation & Culture	✓	x	x	x	<ul style="list-style-type: none"> <li>All ratepayers have equal access/same level of service for activities/facilities</li> <li>No difference in fee structure for Ward 1 vs. Ward 2 ratepayers</li> </ul>	x
Ruth Clarke Activity Centre (RCAC)	✓	x	x	x	<ul style="list-style-type: none"> <li>All seniors have equal access to the facility/services</li> <li>No difference in fee structure for Ward 1 vs. Ward 2 ratepayers</li> </ul>	x
Cemeteries	✓	x	x	x	<ul style="list-style-type: none"> <li>Rural cemeteries considered “closed” but available to visitors and require maintenance</li> <li>Urban cemeteries open to all ratepayers</li> <li>No difference in fee structure for Ward 1 vs. Ward 2 ratepayers</li> </ul>	x
Marina	✓	x	x	x	<ul style="list-style-type: none"> <li>All ratepayers have equal access/same level of service</li> <li>Tourism attraction benefits all ratepayers (increased business/assessment)</li> </ul>	x
Harbour Dredging and Capital Costs	✓	x	x	x	<ul style="list-style-type: none"> <li>Makes harbour accessible to all ratepayers</li> <li>Tourism attraction benefits all ratepayers (increased business/assessment)</li> </ul>	x
Economic Development and Tourism	✓	x	x	x	<ul style="list-style-type: none"> <li>Supports economic activity – benefits all ratepayers</li> <li>Support available for all new and existing businesses across Municipality</li> </ul>	x

Service	Available to All Ratepayers	Added Benefit to one group	Different Level of Service	Different Fee Structure	Details	Special Service per Sec. 326
					<ul style="list-style-type: none"> <li>Attracts new business investment - potential employment opportunities/assessment across MPH</li> <li>Shifts tax burden from residential to commercial/industrial</li> </ul>	
Business Park	✓	✗	✗	✗	<ul style="list-style-type: none"> <li>Enhances business community – potential employment opportunities/assessment</li> </ul>	✗
Planning & Development	✓	✗	✗	✗	<ul style="list-style-type: none"> <li>Services available to all ratepayers</li> <li>No difference in fee structure for Ward 1 vs. Ward 2 ratepayers</li> </ul>	✗
Fire & Emergency Services	✓	✗	✗	✗	<ul style="list-style-type: none"> <li>All ratepayers receive same level of service</li> <li>All equipment is available to all areas as required</li> <li>No difference in fee structure for Ward 1 vs. Ward 2 ratepayers</li> </ul>	✗
Administration	✓	✗	✗	✗	<ul style="list-style-type: none"> <li>As per Section 322 of The Municipal Act, 2001 - the portion of Payments in Lieu of taxes (PILs) not distributed by a local municipality shall be credited to its general fund.</li> <li>There is no added benefit to any one group in the billing and collection of payments</li> </ul>	✗
Town Hall/ Canton Municipal Office	✓	✗	✗	✗	<ul style="list-style-type: none"> <li>Accessible to all ratepayers</li> <li>No difference in fee structure for Ward 1 vs. Ward 2 ratepayers</li> </ul>	✗
Roads	✓	✗	✗	✗	<ul style="list-style-type: none"> <li>All roads accessible to all ratepayers</li> <li>Surface type (asphalt, gravel) is not relevant</li> <li>All roads are connected and all require some level of maintenance</li> </ul>	✗
Catch Basins	✓	✗	✗	✗	<ul style="list-style-type: none"> <li>Catch basins are maintained in association with overall road maintenance</li> <li>All roads are accessible to all ratepayers</li> </ul>	✗
Crossing Guards	✓	✗	✗	✗	<ul style="list-style-type: none"> <li>Eight crossing guards (seven in Ward 1, one in Ward 2) operate at schools across the Municipality</li> <li>School children in both Wards benefit from enhanced safety</li> </ul>	✗
Street Sweeping	✓	✗	✗	✗	<ul style="list-style-type: none"> <li>Street sweeping conducted in association with overall road maintenance</li> <li>All ratepayers have access to all roads - no specific benefit to any one group</li> </ul>	✗

Municipality of Port Hope

Area Rating Summary

Summary of Service Areas - Common vs. Special Service Expenses

Based on 2013 Budget Values

Main Budget Centres	Sub Budget	Common	Special Service	Common	W1	W2	Total
Administration		X		\$ (1,087,300)			\$ (1,087,300)
Council		X		\$ 226,000			\$ 226,000
Corp. Services / HR /CAO		X		\$ 1,350,500			\$ 1,350,500
Finance		X		\$ 660,400			\$ 660,400
Fire and Emergency		X		\$ 1,320,900			\$ 1,320,900
Parks and Rec		X		\$ 1,843,300			\$ 1,843,300
Econ. Dev. And Tourism		X		\$ 562,500			\$ 562,500
Planning and Dev.	Planning/Develop	X		\$ 327,600			\$ 327,600
	Parking		X		\$ (90,000)		\$ (90,000)
Works	Eng	X		\$ 847,200			\$ 847,200
	Roads	X		\$ 2,013,400			\$ 2,013,400
	GRCA	X					\$ -
	Sidewalks		X		\$ 30,000		\$ 30,000
	Streetlights		X		\$ 190,417	\$ 6,583	\$ 197,000
	Christmas Tree		X		\$ 5,000		\$ 5,000
	Bulk Waste		X		\$ 52,600		\$ 52,600
	Transit		X		\$ 398,400		\$ 398,400
Library		X		\$ 633,100			\$ 633,100
Police	Policing		X	\$ -	\$ 3,954,200	\$ 740,400	\$ 4,694,600
	PSB	X			\$ 59,044	\$ 11,056	\$ 70,100
	Community Policing	X		\$ -			\$ -
Revenue	PIL	X		\$ (222,000)			\$ (222,000)
Capital				\$ 766,100	\$ 37,000		\$ 803,100
				\$ 9,241,700	\$ 4,636,661	\$ 758,039	\$ 14,636,400

\*\*allocated based on each Ward's police costs

\*\* area rated sidewalks capital

Based on 2013 using Common Plus Special Services

	100.0%	72.83%	27.17%	
2013 Total Levy By Ward	\$ 6,730,994	\$ 2,510,706	\$ 9,241,700	
Special Services	\$ 4,636,661	\$ 758,039	\$ 5,394,700	
Based upon Legislation	\$ 11,367,655	\$ 3,268,745	\$ 14,636,400	
Proposed Phasing	\$ (943,723)	\$ 943,723	\$ -	