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# Revenue Tools for Municipalities

# Important Notice

- Municipalities are responsible for making local decisions, including compliance with any applicable statutes or regulations.
- This presentation is for information only and is not a substitute for legal, financial or other professional advice in connection with any particular matter. This presentation deals with complicated issues and concepts in a highly summarized fashion, and key details may not be included. Users should verify this information from other sources prior to making decisions or acting upon it.

# Objectives

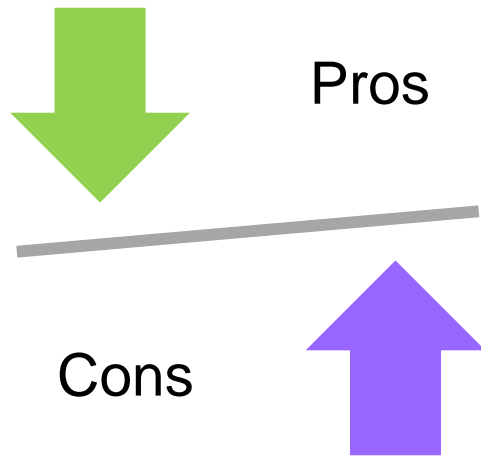
To provide information about:

- Current Municipal Environment
- Traditional Municipal Revenue Tools
- Other Municipal Financing and Economic Development Tools

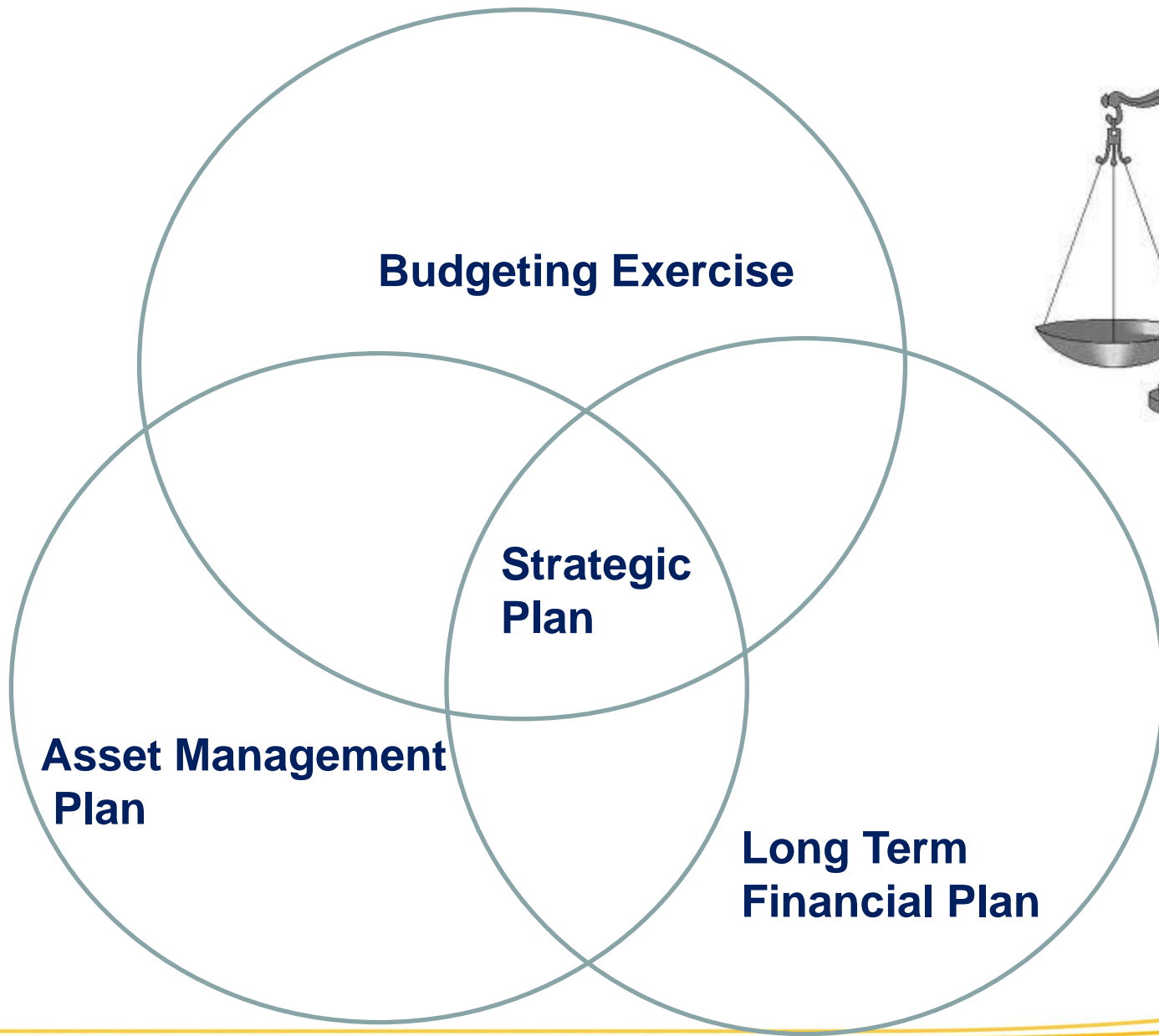
# Current Municipal Environment



# Typical Council Discussion and Debate



- Do we want to raise taxes?
- Can we afford projects?
- What about the “pay-as-you-go” philosophy?
- Debate “good debt” vs. “bad debt”



# Traditional Municipal Revenue Tools



Property Taxes  
Fees and Charges  
Investment Income  
Special Services / Area Rating  
Local Improvement Charges  
Development Charges

# Fees and Charges

- Broad powers to charge fees for municipal services or activities, and for the use of its property
- Costs covered in a fee or charge could include both operation (administration, enforcement) and capital (acquisition and replacement of capital assets)
- Users are required to pay – water and wastewater are good examples
- Non-resident user fees





## *Fees and Charges*

# Current Examples

- City of Thorold implementing full cost recovery model for water and wastewater services (in 2011 raised \$5.9M equivalent to 53.8% of own purpose taxation)
- City of Brockville increased user fees to keep pace with inflation
- Markstay-Warren charges higher arena fees for non-residents (↑ \$2,261 which represents 0.1% of tax levy)
- City of Thunder Bay animal services can alter fees if shelter is at or near capacity to increase adoptions (↓ overall sheltering costs)

# Investment Income

Within regulated limits, municipalities may invest in prescribed securities, including:

- Bonds and debentures issued by governments and municipalities
- Deposit receipts, deposit notes, certificates of deposit or investment
- Rated negotiable promissory notes or commercial paper
- Certain short term securities



# Special Services/Area Rating

- Allows municipalities to identify a “special service” and levy a special municipal levy on rateable property in certain designated areas.



## *Special Services / Area Rating*

# **Current Examples**

- To recognize differentiated service levels in rural and urban areas, some municipalities implemented special service levies / area rates
  - City of Kingston - fire protection
  - Greater Sudbury - transit and fire protection
  - Township of Madawaska Valley – waste management
  - Thunder Bay - garbage, public transit, sewage and drainage, and street lighting

# Local Improvement Charges

- Charges on properties abutting or immediately benefiting from capital works undertaken by municipality
- Municipalities can generally undertake capital works as local improvements
- Priority lien status
- Local improvements on private property by agreement.

## *Local Improvement Charges*

# **Current Examples**

- Town of Wasaga Beach has implemented a local improvement scheme to pay for expansion of water services to areas of the municipality at full cost recovery.

# Development Charges

- Fees levied on new development to help pay for the infrastructure required to service new growth.
- They help to ensure that growth pays for a portion of growth-related costs



## *Development Charges*

# Current Examples

- Consultant's report to Town of Prescott Council provides consultant's opinion that development charges (DCs) do not hinder new development
- Town of Gravenhurst website clearly outlines level of DC, links to the DC study and features a DC deferral program for affordable housing
  - 2013 DCs range from \$2,151 for apartment to \$4,571 for single detached dwelling
  - 2013 Non-residential DC of \$2.83 per square foot
- Ottawa has four categories of development charges – inside and outside the greenbelt, for both serviced and unserviced areas.
- Markham is another example: Town-wide charge (\$18,320) per unit plus there are 19 additional area rated by-laws that levy a per net hectare charge ranging from \$3,200 to \$899,000. Typically these additional charge are for roads, storm water management and sewers or some combination thereof.



# Other Municipal Financing and Economic Development Tools



Service Delivery Review  
Community Improvement Plans  
Municipal Service Corporations  
Municipal Capital Facilities  
Municipal Small Business Programs  
Alternate Financing Procurement

# Questions?



# For further information

*Please contact:*

Eastern - Municipal Services Office  
Ministry of Municipal Affairs and Housing

1-800-267-9438 or 613-545-2100