



**Municipality of Port Hope**

56 Queen Street

Port Hope, ON

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REPORT TO: Finance Committee

FROM: Tax Levy Allocation Review Working Group

SUBJECT: Tax Levy Allocation Working Group Recommendation

DATE: June 6, 2017

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**RECOMMENDATION:**

That a By-law be prepared for presentation to Council to amend the Schedule 'A' to By-law 28/2014, revising the Special Services effective for the 2018 tax levy.

**BACKGROUND:**

On January 16, 2016 Council approved Resolution 12/2016 establishing the terms of reference for the Common and Special Services Tax Levy Allocation Review Working Group (Working Group). As part of the Community Strategic Plan objective to ensure a fair and equitable tax structure, the Working Group was to review the current Common and Special Services tax levy allocation methodology and to validate or recommend changes, supported by rationale, to ensure the fair allocation of Municipal property taxes in compliance with the Municipal Act.

The Working Group received presentations from both the Municipal Property Assessment Corporation (MPAC) and the Ministry of Municipal Affairs and Housing (MMAH), reviewed the line by line budget data, comparator municipalities and the current Special Services By-law. The Working Group established an initial recommendation and shared it with the public at a March 22, 2016 Tax Levy Allocation Open House.

The Working Group term was extended (Resolution 49/2016) in order to review the community feedback received and provide a follow-up opportunity to address the comments. Since then the Working Group met eight times in 2016, before other priorities required staff focus causing the meetings to be put on hold temporarily in July 2016, and another twelve times in 2017 to provide a more substantial collection of information in order to address many of the comments received and reconsider the recommendation. On May 10, 2017 the Working Group hosted a community consultation open house with all content posted on the website and have requested comments from the community.

The Working Group spent a considerable amount of time reviewing and discussing Municipal services as part of their review. A background document (Appendix 'A') was established as well as an extensive presentation (Appendix 'B') including financial review and evaluation of Special Service eligibility in accordance with the Municipal Act.

The current Special Services, as identified in Schedule 'A' of By-law 28/2014 are:

- Police Services (PHPS & OPP)
- Police Services Board
- Community Policing Committee
- Parking
- Transit
- Crossing Guards
- Streetlights
- Sidewalks
- Christmas Tree and Yard Waste Pickup
- Parks Recreation and Culture Programs (select)
- Parks

Community Policing Committee and Yard Waste Pickup are no longer Port Hope services and as such should be removed as Special Services. The Working Group's interpretation of the Municipal Act did not disqualify any service from being identified as a Special Service.

Further, the following table identifies the recommendation and primary rationale of the Working Group:

Table 1

<b>Eligible Service</b>	<b>Working Group Recommendation</b>	<b>Rational</b>
Paid Parking	Common	There is currently no impact on the levy
Police	Special - Both	Two different service providers, each with their own business and operational plan
Police Services Board	Common	The Board covers Urban and Rural areas
Crossing Guards	Common	Should be consistent with school bus transportation which is paid for by all property taxpayers
Roads	Common	Service provided to all ratepayers
Streetlights	Common	Service provided to all ratepayers
Sidewalks	Common	Service provided to all ratepayers
Christmas Tree Pickup	Special – Urban	Service only provided in and benefitting the Urban area
Transit	Special - Urban	Service only provided in the Urban area
PRC Programs and Facilities	Common	Service provided to all ratepayers

Physical Parks	Common	Service provided for all ratepayers
Marina	Common	Service provided to all ratepayers
Harbour	Common	Service provided to all ratepayers
Library	Common	Service provided to all ratepayers

Based on the review as outlined in the community consultation presentation and summarized above, the Working Group recommends the following services be Special Services effective for the 2018 and future tax levy allocations:

- Police Services (PHPS & OPP)
- Transit
- Christmas Tree Pickup

A draft revised Schedule 'A' to the Special Services By-law is attached as Appendix 'C' to this report to reflect the Working Group recommendation and identify the benefitting area as either Urban, Rural or both, removing the reference to Wards to align with Council's revised naming.

The Working Group recognizes that their recommendation does not include all of the Municipal services that, based on its interpretation of the Municipal Act, could be established as Special Services. The reduced list of Special Services represents a package that the Working Group believes is fair for the entire community when considered as a whole.

The Working Group has received a number of comments from the public and wishes to thank the ratepayers who responded to the May 10 Open House. Please refer to the full set of comment sheets and e-mails in Appendix 'D'. Appendix 'E' includes a summary chart of the comments that were received up to and including May 30.

The Working Group emphasizes that the determination of establishing Special Services should not be evaluated on the basis of 'do I benefit or not', nor is it appropriate to evaluate any single service in isolation without considering the consistency and impact on the package as a whole.

While the recommendation of the Working Group reduces the number of Special Services resulting in more services being Common Services, the Group did evaluate the opposite approach and found that establishing all of the services as Special Services that were eligible resulted in a financially similar impact on both the Urban and Rural areas.

**FINANCIAL IMPACT:**

The revised tax levy allocation recommendation has no impact to the total tax levy amount, only how it is allocated to different areas of the Municipality.

The tax impact to each area of the Municipality based on the allocation will change every year based on the financial requirements, however using the 2017 budget the revised tax allocation would result in a change as follows:

Table 2

	Urban Area	Rural Area	Total Tax Levy
Current	\$14.47 million (79.0%)	\$3.85 million (21.0%)	\$18.32 million
Revised	\$14.22 million (77.6%)	\$4.10 million (22.4%)	\$18.32 million
Change	\$ 0.25 million decrease	\$0.25 million increase	no change

Note: Of the total weighted assessment, which is how all Common Services tax levy requirements are allocated, the Urban area is 72.8% and the Rural area is 27.2%

Using the 2017 budget values for each Municipal service and based on the average single detached residential property valued at \$264,000, a Rural area resident would experience an increase of \$117 and an Urban area resident would experience a \$44 decrease.

The change would be implemented for the 2018 tax levy requirement, and would be reflected on the final tax levy bill issued at the beginning of June 2018. The current tax levy allocation By-law includes a provision that no changes to Special Services would be phased-in unless expressly established by Council.

**CONCLUSION:**

The Working Group was established as part of the Community Strategic Plan section 1.2(a) to undertake a review of Common and Special Services to ensure fair allocation of municipal taxes, in compliance with the Municipal Act.

After an extensive review, the Working Group recommends that Police, Transit and Christmas Tree Pickup be established as the Municipality’s Special Services, to be effective starting in 2018 through an amendment to the current By-law. The evaluation of whether a service should be a Special Service will continue to be reviewed annually as part of the regular budget process, with a more comprehensive review every 5 years.

With the provision of this recommendation report to the Finance Committee, the Working Group has completed its mandate.

Respectfully submitted:

Tax Levy Allocation Review Working Group