

GREATER NAPANEE

RURAL RATEPAYER'S ASSOCIATION

Deputation Greater Napanee Council

March 10/2015

Presenter: Larry Holmes

INTRODUCTION:

- I represent the Greater Napanee Rural Ratepayers Association and am here to collaborate with Council in moving forward in a manner that is mutually equitable to both urban and rural residents by resolving the longstanding concerns, for some, over our municipal tax differential.
- We shall provide the rationale for our requests as well as the related implications.

REQUESTS:

- We have 2 requests of Council:
 - That Council defeat Councillor Lucas' motion that has the potential to arbitrarily increase rural taxes.
 - That Council not proceed with any discussion about alteration to the prevailing tax regime without first undertaking a robust, objective, independent, professional, third party Cost of Services Study.

RATIONALE:

Defeat the Motion

- This motion is non-compliant with Council resolution 324/13 which was carried at the council meeting Sept 10 2013.
- A potential rural tax increase of 32% is unfair, and unjustified, without substantiation.
- The current 68% that rural residents pay has never had any foundation upon actual documented costs, as far as we can determine.
- The original rural tax differential had been determined on the basis of a now very dated estimation of rural policing service costs. More recent investigation suggests that actual policing services are probably closer to 90% urban and 10% rural.
- This motion is particularly inappropriate so soon after an election where taxation changes were not among the major election issues communicated to voters.
- Rural residents are willing to pay for the services they receive but are unwilling to be exploited as a revenue source for services that will never benefit them in the rural countryside.
- Services in rural areas are minimal and rural residents' expectations of services are correspondingly lower than those of urban dwellers.
 - Rural residents have no municipal sidewalks, few street lights, curbs, community sewer systems, community water systems or access to natural gas lines.
 - Rural residents have longer EMS and fires service response times and correspondingly end up paying additional insurance premiums.
 - Rural residents already pay for garage tags like everyone else in Greater Napanee.

- Many rural residents have their snow ploughed and roads maintained by the province or the county and not the municipality. No rural residents have sidewalk clearing or snow bank removal as occurs in town.
 - Libraries for rural residents have very, very limited hours, unlike the full service library in town.
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- Prior to amalgamation the town of Napanee survived without the benefit of the additional tax base from the rural areas which now comprise “Greater Napanee”, and the former townships also survived without intervention from the town of Napanee, so what has changed that the town of Napanee is now seeking additional financial assistance from the rural residents?
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- The great majority of waterfront properties within Greater Napanee are in rural areas and the municipality already extracts an additional levy on waterfront properties without providing any additional service in return. Waterfront is already factored into the MPAC market value property assessment, so the municipality is essentially “double dipping” with a further waterfront levy on top of the established property assessment.
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- The motion implies that rural residents view Napanee as “their town”, however many in the rural far reaches of the municipality have long established travel and socializing patterns that do not include the town and therefore there are no benefits to be realized by many rural residents from improvements that occur within the town proper.
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- Efforts by the municipality to secure changes that would permit commercial / industrial tax rates to be applied to solar farms would more than offset the additional tax revenue that some wish to glean from increased rural residential property taxes.
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- Elimination of any tax accommodation for the limited services in rural areas is the start down the slippery slope to the elimination of the Ward system, which then would be result in “**taxation without**

representation” and history has well documented how badly that ended up.

Cost of Services Study:

- For years Councils have been working blind, basing the rural tax reduction on conjecture and a notional realization that rural residents benefit from fewer services.
- Researching back to the time of amalgamation there has been virtually no accounting which provides actual tangible evidence that the 66%, and now 68%, of the urban tax being paid by rural residents is based upon actual measured costs.
- The previously proposed Service Delivery Review is a measure of service efficiency and would be an insufficient and inappropriate instrument for addressing the rural / urban tax differential.
- A **Cost of Services Study** is far more fulsome than a service delivery review because it focuses strictly upon the cost and value of the services and any corresponding infrastructure which creates the capacity to provide a service.
- A Cost of Services Study would benefit **both** urban and rural residents and assist Council and town administration immeasurably because it establishes a factual baseline to use into the future as a basis for comparison and would permit a more informed taxation discussion.
- A Cost of Services Study is complex, and being so, the capacity for undertaking such a study is very specialized and beyond the scope of being assigned as an “in house” project of the municipality. Recognition of the limited “in house” capacity was already recognized by the municipal administration in the tendering out of the previously proposed Service Delivery Review.

- The professional capacity for undertaking a Cost of Services Study is well established among credible consultancy firms with the experience and expertise with the appropriate methodology.
- An outside third party analysis keeps Council whole, and avoids the pitfalls, personal biases, and criticisms of an “in house” approach to the analytical task.
- With the growth of Greater Napanee it must be recognized that approaches and processes of the past become outgrown and are no longer appropriate for the magnitude of growth which Greater Napanee envisages for the future. Therefore seeking the expertise of those who have experience is the mark of a maturing and responsible municipal government.
- The cost of a professional third party Cost of Service Study will be far less than the cost of addressing further alienation, divisiveness and suspicion about Council resulting from continuing with arbitrary tax changes.

THE IMPLICATIONS:

- By defeating this motion Council has the opportunity to exhibit its understanding of and respect for the value of the diversity in lifestyle choices that the municipality of Greater Napanee affords residents.
- Greater Napanee still suffers from the “birth pangs” of amalgamation in 1999; further alienation will result from an arbitrary imposition of a common tax throughout the municipality with no discernible benefit to those being required to pay more tax.
- Potential investors seek predictability and stability. If this motion moves forward and taxes are arbitrarily increased without any credible and objective basis or analysis, word will spread very quickly among investors about the high risks of such an unpredictable and undisciplined jurisdiction.

- The imposition of the full urban tax rate upon rural residents risks giving rise to the former rural townships endeavouring to seek out the process to again become independent, as rural residents feel that if they must pay the full urban tax, then they should also enjoy the autonomy of again being a separate municipality with their own representation, and their own cheaper services. Should rural residents embark upon such a separation process, there will be significant costs to Greater Napanee either way, in facilitating the divorce or in resisting such an initiative.

CONCLUSION:

- I thank Council for your attention.
- The Greater Napanee Rural Ratepayers Association looks forward to working with Council to find a mutually equitable approach for urban and rural taxation.
- We encourage Council to:
 - Defeat this motion that significantly impacts rural taxes.
 - Undertake an independent professional Cost of Service Study to reference **prior** to moving forward with any discussion of the tax system.
 - Seriously consider the rationale for our requests and the related implications that we have presented.
 - Maintain the Ward system in the interest of supporting the diversity of residency choices which is among the many reasons that make Greater Napanee greater.

Thank you.