

GREATER NAPANEE

RURAL RATEPAYER'S ASSOCIATION

Summary of Deputation to Greater Napanee Council

March 10/2015

Presenter: Larry Holmes

COUNCIL HAS AN OPPORTUNITY:

- By defeating the Lucas motion Council can be responsible and display its understanding of and respect for the value of the diversity in lifestyle choices that the municipality of Greater Napanee affords residents.
- BEFORE any discussion of the tax system is undertaken Council's maturity and professionalism can be exhibited by commissioning the objective independent third party expertise of those with experience in the complexities of undertaking a Cost of Services Study which would then permit Council to establish a tax system that is equitable to both urban and rural and abandon the prevailing unsubstantiated arbitrary approach to taxation.

CONSIDERATIONS:

- The Lucas motion is non-compliant with Council resolution 324/13 which was carried at the Council meeting Sept 10 2013.
- For years Councils have been working blind, basing the rural tax reduction on conjecture and a vague recognition that rural residents benefit from fewer services.

- A potential rural tax increase of 32% is unfair, unjustified and without substantiation and would be strongly opposed by the Greater Napanee Rural Ratepayers Association.
- 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 result in “**taxation without representation**”.
- 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.
- The municipality has other potential new sources of revenue such as solar farms or the new gas plant to pursue. There is no reason to add a new burden on rural ratepayers for the benefit of a few.
- 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 provides validated baseline data permitting Council to move forward in an informed manner. A Service Delivery Review* is only about the efficiencies in delivering services and NOT the actual costs of the services.

***Differences between a Cost of Services Study and a Service Delivery Review.**

The **objective** of a **Cost of Services Study** would be to **determine the cost of delivering services in which there is a significant difference in the service level between rural taxpayers and urban taxpayers**. This cost differential would then be used as a basis for establishing a tax rate difference between rural and urban taxpayers. The following basic steps would be required in carrying out the review:

- Identify services in which the benefit is primarily only for either rural or urban taxpayers (e.g. sidewalks and streetlights) or where there may be a significant difference in the service level (e.g. response time for emergency services).
- Determine the net cost of providing these services (i.e. the cost of providing the service less any applicable user charges that are received related to that service). What is being determined is the amount of tax revenue that is used to provide that service. Water and sewer are good examples, although these services may only be for the benefit of urban taxpayers, the cost of providing the services may be covered by billings for water and sewer and, therefore, the net cost is minimal.

- *These net costs are then utilized as a basis for determining a tax rate difference between rural and urban taxpayers.*

The detailed methodology to carry out this type of study would be developed to suit Greater Napanee's particular circumstances. Significant judgments will be required; however, much of the information will have to be developed by Staff. That is why it is important that an independent consulting firm be engaged to lead such a study.

*The **objective** of a **Service Delivery Review** is to **identify ways in which services can be delivered more efficiently or effectively**. This type of a review generally focuses on how the service is delivered and identifying the ways in which processes can be improved. The actual cost of delivering the service may not necessarily be determined and identifying differences in service levels between rural and urban taxpayers would not be identified. The Ministry has developed guidelines to help municipal districts carry out Service Delivery Reviews.*