

## PUBLIC MEETING 2019 BUDGET MINUTES

Tuesday, January 22<sup>nd</sup>, 2019 6:00 p.m. Tay Valley Municipal Office – 217 Harper Road, Perth, Ontario Council Chambers

#### **ATTENDANCE:**

Members Present: Chair, Reeve Brian Campbell

Deputy Reeve Barrie Crampton Councillor Gene Richardson Councillor Fred Dobbie Councillor RoxAnne Darling Councillor Mick Wicklum Councillor Beverley Phillips

Councillor Rob Rainer

**Staff Present:** Amanda Mabo, Clerk

Angela Millar, Treasurer Noelle Reeve, Planner

Sean Ervin, Public Works Technologist Janie Laidlaw, Recording Secretary

**Public Present:** 7 members of the public

#### 1. CALL TO ORDER

The public meeting was called to order at 6:00 p.m.

#### 2. INTRODUCTION

The Chair provided an overview of:

- the purpose of the public meeting
- the process of the public meeting

#### 3. 2019 BUDGET – PUBLIC PRESENTATION

The Treasurer provided an overview of the proposed budget that was attached to the meeting Agenda.

#### 4. PUBLIC COMMENTS AND QUESTIONS

One written comment was received from the public – attached, page 4.

Sharon McDougall – LAWS

 asked if Council would consider using any surplus in the Animal Control budget to provide pound services for cats with LAWS for 2019?

The Reeve indicated that this request was regarding a change in service provider as opposed to a donation request and should be a separate discussion from the budget. LAWS has already been scheduled as a delegation on February 5<sup>th</sup> for the Committee of the Whole Meeting and will make their request at that time.

The Treasurer informed the public the since the OMPF is unknown at this time that the same amount from last year was used in the draft budget, if it comes in as less than 2018, the budget will not be adjusted, but there will either be operational savings throughout the year to cover the shortfall or there will be a deficit which will come from the contingency reserve.

Scott Reid - spouse of a landowner and MP

wanted to discuss the request for a Deputy Clerk

Given the nature of S. Reid's remarks, the Reeve interjected and informed S. Reid that he was not talking about the budget but was speaking about a staff member; the Reeve explained that there will be an organizational review done to determine staffing requirements. S. Reid asked if there will be opportunity for the public to discuss the need for staff at that time.

The Clerk advised S. Reid that if he had concerns with a senior manager then he should contact the Chief Administrative Officer (CAO) as this is a human resources matter, or he could file a formal complaint via the Complaint Policy.

S. Reid distributed a document to Members of Council only.

Gordon Hill, Resident addressed Council – attached, page 5.

#### 5. NEXT STEPS

Committee of the Whole (Discuss Public Feedback) – February 5<sup>th</sup>, 2019 Council Meeting (Adopt Budget) – February 12<sup>th</sup>, 2019 Notice of Passing – February 13<sup>th</sup>, 2019

### 6. ADJOURNMENT

The public meeting adjourned at 6:56 p.m.

Chairperson

Clerk

January 21, 2019

Brian Campbell, Reeve And Council Tay Valley Township 217 Harper Rd. Perth ON K7H3C6

Subject: 2019 Budget

Dear Reeve Campbell and Council

The purpose of this letter is to provide a few comments on the draft 2019 budget.

First, I generally support the proposed increase in the tax assessment. As US Supreme Court Justice Oliver Wendell Holmes Jr said some 180 years ago "Taxes are what we pay for civilized society." In the case of Tay Valley Township, that is the price we pay for the programs and services provided by both Lanark County and Tay Valley Township. The fact that some 200 Tay Valley citizens volunteer to serve on Township committees and to help provide recreation, social and cultural programs is a testament to how much people value these programs. With respect to contributions to community agencies such as The Table, Big Brothers Big Sisters and YAK, I need not remind you that while many citizens of Tay Valley Township are financially comfortable, far too many are not.

Second, I strongly support a hospital levy. Indeed, I view this as an essential investment in the future of our community. Phrased another way, Tay Valley Township has a vested interest in the future of the Perth and Smiths Falls District Hospital. Staff and physicians live in Tay Valley Township and pay municipal taxes. Tay Valley citizens are patients at the hospital. People who convert their cottage into year-round homes – some of the Township's higher tax payers – do so, in part, because of the hospital.

Third, I strongly oppose paying taxes for private roads. There is an inherent contradiction in asking the public to pay for roads which they are not permitted to use. To pay for one private road opens the door to endless requests to pay for, upgrade or plow the endless number of private – usually cottage – roads in Tay Valley Township. Those who can afford to own homes or cottages on private roads are, for the most part, financially well off by any standard. There is no reason for tax payers to subsidize those with such an unwarranted sense of entitlement.

Thanks you for considering my perspective on the draft budget.

Yours sincerely,

Kay Rogers 190 Pike Lake Rd 11 RR3 Perth ON K7H3C5

cc Amanda Mabo, Clerk

# Presentation by Gordon Hill Public meeting on the Proposed 2019 Budget January 22, 2019

#### Preamble

Setting a municipal budget is not an easy task, particularly for the Treasure and her staff, but also for Councillors. I commend each of you for the time, effort and energy you have taken so far, and will continue take, to achieve what you ultimately find to be the best compromise. I am completely satisfied that each of you is making his or her best effort to give the 2019 budget the time and attention that it deserves. The intent of my presentation this evening is to ask you to consider issues which you

The intent of my presentation this evening is to ask you to consider issues which you may not have considered already. I don't ask or expect you to follow my advice or recommendations. I only ask that you consider them fully and fairly.

#### 1 - Sustainability

Balance required

Sustainability of services must be balanced with that of taxpayer's ability to pay

Historical numbers chart – Tax increases compared to increases in CPI, CPP, and OAS increases [Note: at least 136 different CPI indices]

TVT stats – per Stats Can 2016 Census – Se	ee Notes at e	end of memo	
Total Number of dwellings	3,689		
TVT Total Population	5,665		
TVT Population age 65 and older	1,560		
% of Population age 65 and older	27.5%	Provincial %	16.7
No. of persons aged 65 and older			
with low incomes based			
on Low-income (LIM) after tax			
(LIM-AT)	110		
% of those aged 65 and older in			
LIM-AT Category	8.7%		
my calculation 110/1560 X 100 =	7.1%		

TVT has a much larger proportion of those 65 and older than does the province - 1.66 times larger.

Those over 65 years of age tend to be on fixed (or relatively fixed) incomes. Year over year tax levies which increase at a faster rate than CPI, CPP, OAS, and interest rates on GIC's or other fixed income securities takes a greater share of disposable income as each year passes. The effects are cumulative. At some point

increased taxes will become unsustainable for them, or some of them. For some it may have already.

In all the years that I have been coming to budget meetings, Council has proceeded on the assumption that TVT should maintain the same level service as it did in the previous year. That assumption appears to have been accepted without consideration, question or debate. Have Councillors considered whether or not that assumption is reasonable for 2019? If not, why not?

If taxpayers' ability to pay is relevant to the issue of balance, and if the rate of increase in the TVT tax levy in the past 15 years is:

- 4.00 times greater than the rate of increase in CPI over the same period,
- 3.14 times greater than the rate of increase in CPP over the same period
- 4.32 times greater than the rate of increase in OAS over the same period at what point do tax increases become unsustainable?

If Councillors believe that taxpayer ability to pay is relevant to the question of sustainability, then to achieve the desired balance, perhaps they should considered whether they need to reduce the level of service somewhat to achieve the desired balance.

#### 2 Misleading information.

Although the statement (in the first paragraph of the Narrative in the 2019 draft Operating and Capital Budget) that a "0.71% residential tax <u>rate</u> increase" is accurate, it is also <u>misleading</u>, irrelevant and should not be the subject of comment <u>in the Narrative</u>. I don't mean to imply any improper intent on the part of the Treasurer. I believe her to be a person of integrity.

Taxes payable by each taxpayer are a function of two variables – assessment and tax rate. You can't talk about in a change in either variable in any meaningful way without holding the other variable constant. In the proposed 2019 budget, neither variable remains constant. If, for example, assessments across TVT doubled in 2019, and the TVT chose not to increase in the tax levy from its 2018 level, TVT could cut its 2019 tax rate in half and raise the same amount of tax revenue as it did in 2018. That is a mathematical certainty. If there is a material change in assessment, reference to a percentage change in the tax rate is meaningless at best and misleading at worst.

The 2019 residential assessment totals amount to \$1,131,369,897, an increase of \$34,410,370 from 2018. Of that latter amount approximately 91% (2.6%/2.8% = 91.5%) or \$31,284,948 is attributable to phased- in residential assessment. Same owners, same property, simply higher assessment. If the residential tax rate for 2019 remained unchanged from 2018 (0.00431597), the \$31,284,948 increase in

phased-in residential assessment would generate \$135,025 in additional tax revenue, or 73% of the proposed increase. And that's just the additional revenue generated by **phased-in residential** assessment. The increase in Large Industrial assessment (\$1,528,331) would generate an additional \$17,000, at the 2018 Large Industrial tax rate (0.01112441), or 9.16% of the proposed 2019 increase in the tax levy. So it is no wonder that the % increase in the 2019 tax rate required to generate a \$185,555 tax levy increase in 2019 is miniscule. Not only is it miniscule, **it is misleading**. It reeks of "**politician spin**". It can be used to say: "See low we kept the increase in the tax rate!"

Please do not misconstrue my intent. I do not mean to imply any inappropriate action or intent on the part of the Treasurer. I believe her to be a person of integrity. She has merely done what is routinely done in other municipalities. But the fact that others engage in misleading "political spin" is not a good reason for TVT to do so. I would hope that TVT Councillors would rise above that conduct. The only bottom-line information that is material to taxpayers is the increase in the tax levy from the prior year and the corresponding % increase.

#### 3 Hiring additional office staff

Before hiring additional staff, I recommend that TVT hire an independent consultant with expertise in office systems, administration and technology to assess the level at which the office is functioning, make recommendations for improvement in efficiency, office systems and technology, where appropriate, and recommendations in relation to office staffing. Do not make the assessment in-house, even if it appears to be fiscally prudent to do so.

Even assuming the CAO has appropriate qualifications and abilities to conduct the required review and provide the necessary recommendations, asking him make recommendations which may not be well received by staff (perhaps those who favour a staff addition) risks his relationship with those with home he works on a daily basis, and increases the risk of future intra-staff conflict or ill-will. There would be considerably less risk of intra-staff conflict/ill-will if an outside, independent expert were to make the same or similar recommendations. In addition, if the CAO were to make the assessment and recommendations, there is the risk that he may be biased, subconsciously or otherwise, in favour of those he works with on a daily basis, or may simply wish to avoid future intra-staff conflict/ill-will. If that should be the case, and I do not suggest that it is, his investigation and report would be of little benefit to Council.

#### 4 Grants for Private Roads

<u>It is a mistake to open this Pandora's Box</u>. Once you start providing money for private roads it will be difficult, if not impossible, to stop doing so. It will also be

unpopular with those who apply for grants and are turned down or told they don't qualify. The cry will be heard: "I am a cottager who pays my full share of taxes. Why does one private road get taxpayer money and another does not." Once lake associations/road associations make it known that TVT has authorized grants for private roads, there will be a flurry of activity to organize, or reorganize, so as to comply with TVT's procedure policy and, I predict, a flurry of applications for grants will follow. Who doesn't want a personal financial benefit to which all TVT taxpayers will contribute, i.e. a freebee?

If the procedure policy is drawn so tightly that only a few applicants will qualify, the backlash will be loud. "The policy is unfair. It was purposely designed to benefit only a select few!" If a road association received a grant for a private road on which a member of Council owned a residence, and if other applications were refused or didn't qualify, think of the optics of the policy and public relations damage to all Councillors.

According to Report # PW- 2017-09 – relating to roadside collection of garbage, there are an estimated 180 km of private roads in TVT. If the Township were to fund the road grants program to the tune of:

\$10,000 per year, that would equate to \$55 per km of private road; \$25,000 per year, that would equate to \$140 per km of private road.

If the policy is written such that only 1/3 of the 180 km of private roads should be eligible for grants and if TVT were to fund the road grants program to the tune of:

\$10,000 per year, that would equate to \$165 per km of eligible private road;

\$ 25,000 per year, that would equate to \$416 per km of eligible private road. The amount of money for road repairs is miniscule and will undoubtedly involve

Abandon the idea of grants for private roads.

Save staff time and energy that would be required to draft a road grants policy, the parameters of which are unknown at this time;

Save staff time and effort in administering the grant program;

Councillors and staff in criticism and confrontation.

Save staff and Councillors from criticism/confrontations with disgruntled applicants who were refused a grant or did not meet the policy criteria;

Save Councillors the embarrassment of being accused of "favouring one of their own" with the grants' policy;

Save taxpayers the expense of the grant program, no matter how small.

#### 5 Questions for Treasurer

- Q. 5.1 TVT Tax rates for 2015-2018 are posted on the TVT website at:

  <a href="http://www.tayvalleytwp.ca/en/resident-services/Property-Taxes.asp">http://www.tayvalleytwp.ca/en/resident-services/Property-Taxes.asp</a>

  Tax rates vary within the various assessment classes from year to year.

  Does TVT set the various tax rates? If not, who does?

  If TVT sets the tax rates, are they set so that the proportion of the tax levy paid in any year by each tax rate class (e.g. Residential/farm; large industrial occupied; Pipelines; etc.) will remain relatively constant from year to year?

  [IF YES, go to Q. 5.3]

  If not, what factors are taken into account when setting the tax rates for the various tax rate classes?
- Q. 5.2 is the % of total of the TVT tax levy paid by owners of residential property increasing faster than the % of total of the TVT tax levy paid by owners of non-residential property. If so, why?

Preamble to Q. 5.3 and Q. 5.4: The Treasurer advises that 90.92 % of TVT's total 2019 assessment is residential assessment. Although commercial and industrial tax rates may be higher than residential rates, it is clear that owners of properties in residential zones taxpayers pay the largest portion of the TVT tax bill by a very large margin. I think there is no dispute that, over the past 25 years, assessments for waterfront properties have been increasing at a faster rate than non-waterfront properties. Since one's tax bill for a given year is equal to assessment multiplied by the tax rate, owners of waterfront property are, I believe, bearing an ever-increasing portion of TVT tax expenditures.

- Q. 5.3 Does Treasurer have a breakdown by year of residential waterfront assessments and residential non-waterfront assessments? [IF "NO" go to Q. 5.5]
- Q. 5.4 If so,
  - (a) when did TVT start keeping track of that differential?
  - (b) What was the % of total of the TVT tax levy paid by owners of waterfront property in the year in which TVT first started keeping track of the differential?
  - (c) What was it for owners of non-waterfront property in that year?
  - (d) What was the % of total of the TVT tax levy paid by owners of waterfront property in 2018?
  - (e) What was it for owners of non-waterfront property in 2018?
  - (f) What is the average assessment for; residential waterfront properties? residential non-waterfront properties?
  - (g) What is the financial effect (in \$) of the proposed tax levy increase on the average;

# residential waterfront property? residential non-waterfront property?

- Q. 5.5 Did the TVT 2018 budget provide a surplus or deficit at the end of 2018? What was the size of the surplus/deficit?
- Q. 5.6 Budget process how you begin the budget process?
- Q. 5.7 Do you think you would benefit (in terms of time and energy spent) if, before you started preparation for the budget in any particular year, Councillors gave you direction as to what they consider acceptable, but also giving you the authority to also provide a "Wish List" of those items and expenses you consider necessary or appropriate? [e.g. Bring us a budget for the year in issue which keeps the tax levy increase for such year (expressed as a percentage of the previous year's tax levy) to an amount not exceeding the 1.75 multiplied by the percentage increase in the Consumer Price Index for Ontario All items on the 2002 base during the 12 month period immediately preceding the start of the budget process]?
- Q. 5.8 Is TVT permitted by law to assign different tax rates to different <u>residential</u> zones? That is, could TV set a different tax rates for "residential". "seasonal residential" and "limited services residential" if Council chose to do so?

#### **6 Questions for Councillors**

- Q. 6.1 If TVT does not have a breakdown of residential waterfront assessments and residential non-waterfront assessments, do Councillors consider that information relevant when reviewing the proposed budget and the appropriate tax levy for a particular year?
- Q. 6.2 If yes, is this information which Councillors would like the Treasurer to provide in relation to?
  - (a) the 2019 budget, or
  - (b) the 2020 budget and future years
- Q. 6.3 Would Councillors benefit by having a budget committee struck for the purpose of advising the Councillors as to issues they might, or should, consider when reviewing the budget for any particular year?
- Q. 6.4 Is the comparison of TVT's annual tax levy increases to annual increases in CPI, CPP and OAS over a 15 year period meaningful or relevant when reviewing a proposed budget?
  - If yes, should you direct the Treasurer to provide such information in future years when presenting a draft budget for consideration?
  - If "no", I won't re-address these statistics during the life of this Council, unless requested to do so by the Treasurer of one or more of the Councillors.
- Q. 6.5 When do increases in TVT tax levies become unsustainable for taxpayers?

- Q. 6.6 Should Council consider the pros and cons of reducing services (or not expanding services) as a means of keeping tax levy increases to a minimum in order to balance the need for tax dollars against taxpayers' ability to pay.
- Q. 6.7 If TVT is permitted to assign different tax rates to within the "residential" category, should it consider doing so to reflect the fact that owners of properties in "Season Residential" and "Limited Services Residential" zones who are not permanently resident in TVT do not use many of the services provided and only use services for a limited time during the year and their assessments are increasing at a faster rate than owners of non- waterfront properties?

#### **Notes**

2016 Census Information

TVT <a href="https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CSD&Code1=3509015&Geo2=PR&Code2=35&Data=Count&SearchText=Tay%20Valley&SearchType=Begins&SearchPR=01&B1=All&GeoLevel=PR&GeoCode=3509015&TABID=1

Or search in your browser for 2016 Census - Tay Valley Township, Ontario

Ontario <a href="https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/Page.cfm?Lang=E&Geo1=PR&Code1=35&Geo2=&Code2=&Data=Count&SearchText=Ontario&SearchType=Begins&SearchPR=01&B1=All&GeoLeve=I=PR&GeoCode=35</a>

Or search in your browser for 2016 Census - Ontario

2019 Budget Presentation by Gordon Hill to Meeting of Council of Tay Valley Township - Jan 12, 2019

	ΤV	СРІ			CPP Retirement Pension Payments			Old Age Security				
Voor	Total Tax	increase from	% tax	CPI - Ont All Items 2002 =	annual CPI	CPI - %		annual increase in CPP	% annual increase in CPP	Maximum annual payment -	annual increase in OAS	% annual increase in OAS
Year 2003	requirement	prior year	increase	100	increase	increase	Annual	payments	payments	Single	payments	payments
2003	2,716,700			102.8	1.9	1.8%	9,615.00	455.04	4.5404	5,497.62		
2004	2,902,000	185,300	6.82%	104.7	2.3	2.2%	9,770.04	155.04	1.61%	5,592.75	95.13	1.73%
2005	3,073,000	171,000	5.89%	107.0	2.3	2.2%	9,945.00	174.96	1.79%	5,706.63	113.88	2.04%
2007	3,279,000	206,000	6.70%	111.5	2.1	2.0%	10,134.96	189.96	1.91%	5,885.79	179.16	3.14%
2007	3,437,000	158,000	4.82%	111.5	2.4	2.2%	10,365.00	230.04	2.27%	5,952.00	66.21	1.12%
2009	3,659,000	222,000	6.46%	114.1	0.3	0.3%	10,614.96	249.96	2.41%	6,082.23	130.23	2.19%
2010	3,790,000	131,000	3.58%	116.5	2.1	1.8%	10,905.00	290.04	2.73%	6,203.52	121.29	1.99%
2011	4,006,000	216,000	5.70%	119.9	3.4	2.9%	11,210.04	305.04	2.80%	6,222.15	18.63	0.30%
2012	4,237,000	231,000	5.77%	121.7	1.8	1.5%	11,520.00	309.96	2.77%	6,368.25	146.10	2.35%
2013	4,369,000	132,000	3.12%	122.8	1.1	0.9%	<del></del>	320.04		6,510.60	142.35	2.24%
2014	4,447,700	78,700	1.80%	125.2	2.4	2.0%	12,150.00	309.96	2.62%	6,579.06	68.46	1.05%
2015	4,738,655	290,955	6.54%	126.6	1.4	1.1%	12,459.96 12,780.00	309.96	2.55%	6,676.59	97.53	1.48%
2016	5,005,109	266,454	5.62%	128.4	1.8	1.1%	13,110.00	320.04 330.00	2.57% 2.58%	6,786.90	110.31	1.65%
2017	5,274,761	269,652	5.39%	130.4	2.0	1.6%	13,370.04	260.04	1.98%	6,878.82	91.92	1.35%
2018	5,406,203	131,442	2.49%	133.5	3.1	2.4%	13,610.04	240.00	1.80%	6,978.87 7,121.31	100.05 142.44	1.45%
2019	5,587,502	181,299	3.35%	155.5	3.1	2.470	13,010.04	240.00	1.60%	7,121.31	142.44	2.04%
Totals		2,870,802	74.05%		30.7	26.4%	in a second	3,840.00	33.6%		1,528.56	24.4%
Avg ye	arly increase	191,387										
	ease over perio		105.7%			30.7%			39.9%			27.8%
Avg annual % increase (simple) 7.04%				2.0%			2.7%			1.9%		
Avg an	nual % increase	(compounded)	6.73%			1.9%			2.2%			1.6%
				See See			COUNTY OF		0.270			1.070

Votes	
1	Total Tax requirement info taken from TVT Budget Summaries as posted on the TVT Website
2	% tax increase info taken from TVT Budget Summaries as posted on the TVT Website
3	% tax increase for 2012 calculated: (= 231,000 - 30.833)/4,006,000 X 100)
4	CPI information for 2003 to 2015 was obtained from Statistics Canada Website
	http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/econ46a-eng.html
5	CPI information for 2016 is shown as at October 2016 -2018 and was obtained from
	http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/cpis01a-eng.htm
6	CPI information for 201 is shown as at November 2018, the last month for which information was available
7	CPP Information obtained from
8	OAS Information obtained from https://open.canada.ca/data/en/dataset/ff1e4882-685c-4518-b741-c3cf9bb74c3e