

# Municipality of Killarney

## SPECIAL SERVICES (AREA RATING)

August 2016

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### BACKGROUND:

- Municipal restructuring (amalgamation) was instituted by Mike Harris during his first term as Premier of Ontario (1995 – 1999) under his “Common Sense Revolution”. The provincial government of Mike Harris undertook an extensive program of municipal mergers between 1996 – 2002. The province had 815 municipalities in 1996 and by 2002 this had been reduced to just 447.<sup>1,2</sup>
- In order to further reduce provincial commitments, financial responsibility for provincial income assistance programs were transferred or “downloaded” to municipalities, increasing the burden on municipal tax bases with the formation of the District Social Services Boards in Northern Ontario.
- The Council of the former Township of Rutherford and George Island began investigating restructuring as they did not want Killarney to lose its identity.
- Restructuring proposals are required to be submitted to the Minister of Municipal Affairs for review. If the Minister is not satisfied that the restructuring proposal meets the requirements of the Act or comply with the restructuring principles, the Minister shall not make an order implementing the proposal.
- A Special Council Meeting was held November 27<sup>th</sup>, 1996 advising that our preliminary restructuring study area will include those noted in Resolution No. 96-178 (*attached*). This proposal only included 7 unorganized townships up Highway 637 – at this time the proposal did not include any properties south on Highway 69 (*Hartley Bay/Key River Area, etc.*).
- Then at a meeting held on January 3<sup>rd</sup>, 1997 one more unorganized Township was added to the proposal, that being Killarney Township (*Resolution No. 97-001 attached*).
- A letter dated March 10, 1997 was received from the President of the French River Delta Association (*attached*) applying for our consideration for them to be included in our restructuring plans for the future Greater Killarney Township. A letter dated March 7, 1997 received from the President of the Key River Area Association seeking an alliance with the Township of Rutherford and George Island was also included with this package. The letter from the FRDA included proposed boundaries; services expected; services now delivered.
- The draft restructuring proposal was then put on “hold” to consider the requests from the Delta and Key River.
- A Restructuring Meeting was held at the Killarney Community Centre on July 29<sup>th</sup>, 1997 with Council, Municipal Affairs Representative and 54 members of the public representing, Key River Area/French River Delta/Tyson Lake & the Association/Carlyle Lake/Bigwood/Killarney/Johnnie Lake/ Hartley Bay Roads & Waste Management Boards to explain the restructuring process and why we were proposing to annex the listed unorganized townships and islands. At this meeting the date of Friday, August 22<sup>nd</sup>, 1997 was set as voting day (*attached*). The meeting ended on a very positive note.
- On August 5, 1997 Council passed resolution #97-129 (*attached*) indicated that the restructuring proposal be submitted to the Minister of Municipal Affairs if the results of the vote to be held on August 22, 1997 were favourable.
- On August 22, 1997 a meeting and supervised vote was held in Bigwood Township. Notice of this meeting was given in the Sudbury Star (*notice attached*) and MCTV. A statutory declaration was signed where the votes supporting the proposal = 172 and votes against the proposal = 10.
- On August 28<sup>th</sup>, 1997, Council passed resolution #97-148 (*attached*) supporting the restructuring proposal in it’s entirety. The same day a letter was submitted by the former

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<sup>1</sup> “Archived copy”. Archived from the original on November 5, 2012. Retrieved January 11, 2014.

<sup>2</sup> “The Changing Shape of Ontario: Sources”. Archives.gov.on.ca Retrieved 2016-04-10.

Reeve Howard Beauvais to Mr. A. Leach, Minister of Municipal Affairs, requesting the implementation of our municipal restructuring proposal which would take effect on January 1<sup>st</sup>, 1999.

- Following the submission of the 1997 Restructuring Proposal on August 28<sup>th</sup>, 1997 we received word that the Ministry of Municipal Affairs did not accept the proposal due to a territory conflict. The new Municipality of French River claimed four properties in Bigwood Township that we had also claimed. The restructuring plan for French River reached the Minister prior to our proposal so theirs was accepted and ours was rejected. The Ministry also informed us that another vote on the amended proposal had to be held. So we excluded the 4 properties in Bigwood Township that belonged to French River and amended our proposal.
  - Another meeting and vote was scheduled for Sunday, May 17<sup>th</sup>, 1998. The notice was posted in the Sudbury Star on May 3<sup>rd</sup>, 1998 (*attached*).  
At this vote on May 17, 1998 there were a total of 118 eligible voters taking part: 115 votes supported the restructuring proposal and 3 votes were against.
  - The New Municipality of Killarney – A Restructuring Proposal for Rutherford & George Island, Unorganized Townships and Islands – Revised April 1998 – FINAL proposal was accepted by Council Resolution No. 98-072 (*attached*) on April 8<sup>th</sup>, 1998. Resolution No. 98-105 (*attached*) was passed on May 19<sup>th</sup>, 1998 stating we submit the document to the Minister of Municipal Affairs as the results of the vote held on May 17, 1998 by unorganized townships to be annexed, favoured the restructuring proposal.  
Resolution No. 98-106 (*attached*) was passed the same day stating that the Township of Rutherford and George Island supported the Revised April 1998 restructuring proposal in its entirety.
  - Resolution No. 98-211 (*attached*) passed on October 26, 1998 accepts the Order.
  - Restructuring Order made under the Municipal Act R.S.O. 1990 c. M.45 – was given approval by Minister Al Leach on October 30, 1998.  
Letter received from Ministry of Municipal Affairs and Housing (MMAH) dated November 3, 1998 regarding Minister's Restructuring Filing Notice stating it will be published in the Ontario Gazette.  
The Order stated that the status of the Corporation of the Township of Rutherford and George Island shall be changed from a township to a town under the name of the Corporation of the Municipality of Killarney effective January 1, 1999.  
The new Municipality of Killarney was born!
  - Special Election to be held for the new Municipality on November 13, 1998 (*attached*).
  - On January 12<sup>th</sup>, 2000 Municipal Council passed resolution #00-003 (*attached*) which approved of the restructuring proposal presented by Northeastern Manitoulin and the Islands (NEMI) whereby certain islands would be annexed to the Municipality of Killarney;
  - A public meeting was held on March 13, 2000 (*attached*) to inform the public of the proposed restructuring proposal from NEMI. A notice of the meeting was placed in the Manitoulin Expositor on March 1 and 8, 2000.
  - Declaration of a Public Consultation dated March 24<sup>th</sup>, 2000 stating a public meeting was held on Monday, March 13, 2000 to inform the public of a proposed restructuring proposal on January 1, 2001 to include certain islands.
  - Resolution 00-099 (*attached*) was passed April 17, 2000 where the Municipality of Killarney supports the restructuring proposal in its entirety.
  - May 1, 2000 letter received with a copy of the signed order from the Minister of Municipal Affairs – Tony Clement (*attached*) stating that on January 1<sup>st</sup>, 2001 the order will take effect.
  - These acquired islands to form part of Ward 1 [Resolution #99-278 (*attached*) passed November 10, 1999];
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## SPECIAL SERVICES (AREA RATING):

- The new Municipality of Killarney is vast, over 157,800 hectares, touching on three districts, Manitoulin, Sudbury and Parry Sound – it is an enormous area to service;
- Various ratepayers in the outlying areas have indicated over the years that their taxes are too high, further that the present taxation system is unfair as some ratepayers are paying for services they cannot or do not utilize. Some examples of items that could possibly be area rated:
  - *Fire Department Expenses*
  - *Street Lighting Expenses*
  - *Sidewalk Expenses*
  - *Community Centre Complex Expenses*
  - *Curbside Garbage Collection Expenses*
  - *Airport Expenses*
  - *Policing Expenses*

### Examples of various items which are area rated in some municipalities:

1. Northeastern Manitoulin and the Islands (Little Current):
  - Roads
  - Fire Protection
  - \* Sidewalks
  - \* Recycling & Garbage Pick-up
  - \* Marina Expenses
  - \* Crossing Guards
2. The City of Greater Sudbury:
  - Fire Services
  - Transit
3. The Township of North Huron (Wingham):
  - Policing
  - Street Lighting
  - Long Term Debt

- So what are special services? Most often it is referred to as “area rating”. The Municipal Act which governs Ontario municipalities states under Section 326 that a municipality may adopt a special services by-law for a service or activity that is not being provided or undertaken generally throughout the municipality or is being provided or undertaken at different levels or in a different manner in parts of the municipality.
- The Restructuring Order spoke to Area Rating but in the context that the municipality shall provide for a “special mill rate” for debts created prior to January 1, 1999 by the former Township. A “special mill rate” was also to be set on the rateable property located in the former Township to pay for any reserves/reserve funds designated for special purposes on or before December 31, 1998 by the former Township. Lastly, the new municipality was to provide for a special tax rate adjustment upon rateable property located in the area of the local roads board to pay for any debts/deficit created on or before December 31, 1998 by the local roads board.  
*Note: Special mill rates were not required as there were no debts, deficits or reserve funds.*
- Services that cannot be identified as a special service are health programs and services under Part II of the Health Protection and Promotion Act (Municipal Act, 2001 Ontario Regulation 585/06);
- An area rating report was prepared by staff in July 2012 which showed that village ratepayers do receive some municipal services that are not available or utilized by ratepayers outside the village;
- Following the report of July 2012, Council tabled a motion to implement some form of area rating as per Section 326 of the Municipal Act but Resolution No. 12-283 (*attached*) was defeated.
- The Municipality has implemented user fees for various memberships, passes, rentals, etc. ensuring that users pay. Also, water/sewer expenses are not part of your tax bill, they are separate billings paid by the users only.

- MPAC takes various components of a property into consideration to arrive at the valuation/assessment of a property. Adjustments are applied to a number of property variables including no access, and no hydro.
- MPAC advised that for the 2016 Assessment Update the following adjustments were applied:  
**No hydro (\$-5,000) Seasonal Property (- 5%) Water Access (- 10%)  
No Access (- 30%)**
- Taxes are not a fee for service, property taxes are based on the assessed value of your property and not on the value of the municipal services a property owner may or may not use. There is no legislated relationship between services provided and property value. However, some municipal services for example, water/sewer service, road maintenance, etc. may have a direct impact on the assessed value of a property;
- 28 municipalities were polled, asking if they area rated, the results were:
  - 22 had not implemented any form of area rating
  - 6 did area rate some services

## **PUBLIC MEETINGS/COMMENT PERIOD:**

Public Meetings will be held to discuss Special Services (area rating) on the following dates:

- **Ward 2 on Wednesday, August 25, 2016 at 6:00 P.M.**
- **Ward 1 on Thursday, August 26, 2016 at 6:00 P.M.**

These meetings are being held to allow ratepayers to voice their concerns and ask questions etc.

MPAC has also been invited to make a presentation and answer questions.

Please see attached agenda for more information.

Copies of detailed information will be available at the Public Meetings.

**COMMENT PERIOD – SEPTEMBER 1<sup>st</sup> – SEPTEMBER 30<sup>th</sup>, 2016**

## **CONCLUSION:**

Council will consider all the information gathered at the two public meetings as well as the comments received during the month of September.

If it is determined by Council to proceed to implement a special services by-law (area rate) the items to be area rated would have to be established, regulate revenue sharing with a review of various tax rates for various areas of our Municipality.

Further, depending on the items that could be area rated in conjunction with sharing the revenues generated in the village, the Ward 2 as well as the Ward 1 tax rate could also increase.

This is a complex matter that requires extensive and careful consideration.

**- Please send in your comments – Your Opinion Matters -**