

EASTERN ONTARIO COUNTIES
FUTURE DIRECTIONS
UPDATE AUGUST 2004
AMENDED

EASTERN ONTARIO COUNTIES

FUTURE DIRECTIONS

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Update August 2004

AMENDED

The firm of Allan & Partners Inc. was asked to update the Future Directions report for 2004. The report was originally produced in 2002 and then updated in June 2003. This update includes the data available for the:

- 2002 CRF reconciliation
- the 2003 and 2004 CRF allocation
- the 2003 actual expenditures
- the 2004 budget
- 2004 assessment
- 2004 population data

Limited Assessment Growth

Assessment growth within Eastern Ontario continues to be modest. The 2002 re-assessment has improved the total assessment increase for the region to an average annual growth of 3.73% for the period 1998 to 2003. MPAC information for the 2004 assessment indicates new growth for the two year period to be less than 2% for ten of the twelve Counties. Lanark and Prescott Russell had growth of 2.25% and 2.77%, respectively. Commercial assessments did not increase above the average and industrial assessment saw a decrease in eight of the twelve Counties.

Property Tax Base

The November study highlighted the limitation of the property tax base indicating the total 2002 budgeted taxation for the twelve counties was only \$184.7 million. Concern was expressed that the Eastern Ontario Counties would not be able to absorb increased expenditures without raising taxes

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significantly.

The impact of local services realignment was reflected in the total 2003 County levies which increased to \$203.2 million, an overall increase of approximately 10%. The year 2004 indicates a tax levy of \$219.9 million for Eastern Ontario Counties, an increase of 8.3%. These tax increases, which are significantly higher than inflation, are necessary due to the modest tax base and the increasing expenditure requirements in Eastern Ontario.

Tax Policies

The significant potential shift from commercial and industrial ratepayers to the residential class continues to be an issue for those Counties with higher ratios. Disparities between Counties with respect to commercial and industrial education tax rates continue to exist.

Impact of Local Services Realignment (LSR)

The LSR deficit continues to grow for the Counties of Eastern Ontario. The original study showed most Counties were in a positive position with regard to the funding of local services realignment for the period 1998 to 2001, however, 2002 saw a funding shortfall of \$1.2M and an additional shortfall for 2003 of \$6.3M. The projected shortfall for 2004 is \$15.9M. These numbers exclude the initial required savings of approximately \$5,000,000 per year.

- **Land Ambulance Service** · 2003 budgets reflected a widening spread between CRF funding for the ambulance services and the required net expenditure. The CRF update did reflect increases to ambulance funding, but the Counties are left with a shortfall of \$4.5 million for 2003 and a projected shortfall of \$9.0 million in 2004.

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- **Social Housing** · The 2004 social housing budgets for the Eastern Ontario Counties show funding deficits. Some Counties are trying to address the future capital needs and have begun to plan for future capital expenditure. Rising utility and insurance costs are adding pressure to increases in the manageable costs budgets.
- **Farmland and Managed Forests** · Despite the fact that the 2003 CRF reconciliation updated the farmland and managed forest rebate calculation, the level of foregone revenue continues to grow. We have not been able to obtain the technical calculations for the CRF reconciliation. In our view the level of foregone revenue continues to grow.
- **Education Tax Room** · Currently three of the Counties in Eastern Ontario do not receive any CRF allocation as the education room transferred from the lower tiers is calculated to be sufficient to fund the downloaded programs. The Counties include Frontenac, Peterborough and Northumberland. Given the fact the CRF programs are reconciled in the fall of the subsequent year, the Counties are not aware of the education tax room that will be allocated to the upper tier. Consequently they do not have an ability to recover tax room for prior years. The 2002 reconciliation shifted \$1.67 million for Northumberland from the lower tier to the upper tier and \$1.2 million for Peterborough.

Downloaded Highways/Other Issues

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The costs of highway infrastructure continues to be a grave concern for Eastern Ontario Counties. No new funding for the downloaded highways has been announced by the Province. It is anticipated the cumulative impact for the twelve Counties will exceed \$21,000,000 per annum.

The other issues identified in the initial report, including the taxation of crown lands, conservation lands, hydro corridors and pipelines have not yet been addressed.

This 2003 update demonstrates the ongoing need for a major investment in the infrastructure of the Eastern Ontario Counties. Increasing financial pressure due to the broad range of services transferred through the provincial government's Local Services Realignment Initiative is clearly being felt in many jurisdictions in Eastern Ontario. The conclusions and recommendations contained in the 'Future Directions November 2002' Study are vital to the financial well being of Eastern Ontario.

FUTURE DIRECTIONS

Comparison of 2002 to 2004 Tax Rates

County	2002 Residential	2003 Residential	2004 Residential
Frontenac	0.368967	0.329993	0.303575
Haliburton	0.234524	0.236736	0.209960
Hastings	0.466900	0.428500	0.412400
Lanark	0.507084	0.507385	0.469076
Leeds & Grenville	0.390572	0.389491	0.389634
Lennox & Addington	0.510900	0.480200	0.471300
Northumberland	0.458525	0.453323	0.493129
Peterborough	0.394768	0.375424	0.350880
Prescott Russell	0.566737	0.529088	0.482783
Prince Edward	0.954387	0.911232	0.915715
Renfrew	0.437019	0.464956	0.453014
Stormont Dundas Glengarry	0.741850	0.800180	0.737030

County	2002 Multi-Residential	2003 Multi-Residential	2004 Multi-Residential
Frontenac	0.368967	0.329993	0.303575
Haliburton	0.326785	0.329868	0.292558
Hastings	0.538500	0.494200	0.475700
Lanark	1.155798	1.156522	1.069164
Leeds & Grenville	0.799033	0.738632	0.680846
Lennox & Addington	1.260000	1.184200	1.162200
Northumberland	1.016091	1.004563	1.092774
Peterborough	0.702766	0.668329	0.624637
Prescott Russell	1.168158	1.090556	0.995112
Prince Edward	1.374508	1.312356	1.318813
Renfrew	0.849390	0.903689	0.880478
Stormont Dundas Glengarry	2.029780	2.189370	2.016580

FUTURE DIRECTIONS

Comparison of 2002 to 2004 Tax Rates/continued

County	2002 Commercial	2003 Commercial	2004 Commercial
Frontenac	0.368967	0.329932	0.303575
Haliburton	0.347728	0.351008	0.311307
Hastings	0.513600	0.471300	0.453700
Lanark	0.764075	0.764554	0.706803
Leeds & Grenville	0.553558	0.524411	0.524603
Lennox & Addington	0.724600	0.681000	0.668300
Northumberland	0.694757	0.686875	0.747189
Peterborough	0.433692	0.412441	0.385477
Prescott Russell	0.716979	0.669349	0.610769
Prince Edward	1.061755	1.013745	1.018733
Renfrew	0.793058	0.843756	0.822085
Stormont Dundas Glengarry	1.140820	1.230520	1.113340

Comparison of 2002/2004 Tax Rates/continued

County	2002 Industrial	2003 Industrial	2004 Industrial
Frontenac	0.368967	0.329932	.303575
Haliburton	0.402935	0.406736	.360732
Hastings	0.527200	0.483800	.465700
Lanark	1.577224	1.503809	1.367973
Leeds & Grenville	0.744704	0.705525	.705782
Lennox & Addington	1.112100	1.045300	1.025800
Northumberland	1.205920	1.192239	1.296930
Peterborough	0.609209	0.579354	.541478
Prescott Russell	1.205449	1.125370	1.026879
Prince Edward	1.439406	1.266157	1.272386
Renfrew	1.395388	1.348615	1.375837
Stormont Dundas Glengarry	1.392380	1.501860	1.383330

County	2002 Large Industrial	2003 Large Industrial	2004 Large Industrial
Frontenac	0.368967	0.329932	.303575
Haliburton	0.402935	0.406736	.360732
Hastings	0.527200	0.483800	.465700
Lanark	1.577224	1.503809	1.367973
Leeds & Grenville	1.152579	1.091939	1.092338
Lennox & Addington	1.396000	1.312100	1.287700
Northumberland	1.205920	1.192239	1.296930
Peterborough	0.609206	0.579354	.541478
Prince Edward	1.439406	1.266157	1.379890
Prescott Russell	1.619847	1.512239	1.272386
Renfrew	1.740851	1.682491	1.716446
Stormont Dundas Glengarry	2.795810	3.015640	2.777640

FUTURE DIRECTIONS

Commercial Education Tax Rates (2003 vs 2004)

Rank	Municipality	2004
1	Parry Sound	0.992987
2	Prince Edward County	1.015457
3	Hastings County	1.284112
4	Huron County	1.284857
5	Wellington County	1.413496
6	Dufferin County	1.481919
7	Haliburton County	1.442428
8	Bruce County	1.521501
9	Halton	1.528601
10	Elgin County	1.557740
11	Essex	1.572722
12	Perth County	1.569548
13	Prescott-Russell	1.690480
14	Peterborough County	1.614576
15	Peterborough, City	2.142617
16	York	1.683154
17	Niagara Region	1.741881
18	Leeds-Grenville	1.771012
19	Lanark County	1.851903
20	Simcoe County	1.782575
21	Prescott	1.917697
22	Renfrew County	1.926016
23	Grey County	2.065048
24	Ottawa	1.960096

FUTURE DIRECTIONS

Commercial Education Tax Rates (2003 vs 2004)/continued

Rank	Municipality	2004
25	Lennox & Addington	2.112446
26	Northumberland	2.127219
27	Pembroke	2.268611
28	Oxford County	2.162773
29	Frontenac County	2.093925
30	Stormont Dundas Glengarry	2.164799
31	Kingston	2.124239
32	Gananoque	2.314787
33	Brockville	2.309206
34	North Bay	2.366729
35	Smiths Falls	2.380441
36	Timiskaming District	2.543536

FUTURE DIRECTIONS

Industrial Education Tax Rates (2003 vs 2004)

Rank	Municipality	2004
1	Parry Sound	0.842673
2	Huron County	1.524133
3	Haliburton County	1.414305
4	Hastings County	1.582523
5	Prince Edward County	2.066838
6	Bruce County	2.295922
7	Halton	2.118413
8	North Bay	1.890988
9	Frontenac County	2.272336
10	Ottawa	2.261241
11	York	1.871896
12	Perth County	2.443310
13	Dufferin County	2.440792
14	Peterborough County	2.501903
15	Peterborough, City	3.112747
16	Wellington County	2.572129
17	Prescott-Russell	2.538861
18	Grey County	2.836862
19	Essex	2.665669
20	Simcoe County	2.748826
21	Smiths Falls	2.827741
22	Lanark County	2.848086
23	Stormont Dundas Glengarry	2.922874
24	Oxford County	3.207818
25	Niagara Region	3.217603
26	Renfrew County	2.896717

FUTURE DIRECTIONS

Industrial Education Tax Rates (2003 vs 2004)/continued

Rank	Municipality	2004
27	Gananoque	2.815196
28	Timiskaming District	3.413562
29	Lennox & Addington	3.334999
30	Northumberland	3.362540
31	Brockville	2.286299
32	Pembroke	3.045677
33	Elgin County	3.458058
34	Prescott	2.967344
35	Leeds-Grenville	3.203409
36	Kingston	3.408942

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1% TAX RATE INCREASE REVENUE						
	2004		2003		2002	
County	Levy	Amount	Levy	Amount	Levy	Amount
Frontenac	7,120,053	71,200	6,718,471	67,184	6,467,263	64,673
Haliburton	7,460,423	74,604	7,296,157	72,962	6,097,202	60,972
Hastings	10,009,195	100,091	9,427,475	94,275	9,216,241	92,162
Lanark	19,189,278	191,893	17,843,862	178,439	16,268,663	162,687
Leeds & Grenville	20,317,171	203,172	17,757,064	177,571	16,177,458	161,775
Lennox & Addington	13,435,193	134,352	12,606,486	126,065	12,421,319	124,213
Northumberland	28,581,300	285,813	24,008,491	240,085	22,315,553	223,156
Peterborough	22,115,935	221,159	20,635,824	206,358	17,601,506	176,015
Prescott Russell	20,868,875	208,689	19,490,042	194,900	18,704,583	187,046
Prince Edward	16,159,702	161,597	14,860,423	148,604	14,231,844	142,318
Renfrew	26,049,015	260,490	24,574,234	245,742	21,610,479	216,105
Stormont Dundas Glengarry	28,592,483	285,925	27,939,114	279,391	23,630,433	236,304
Total	219,898,623	2,198,985	203,157,643	2,031,576	184,742,544	1,847,426

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Population

County	2004
Frontenac	22,279
Haliburton	15,037
Hastings	35,101
Lanark	53,355
Leeds & Grenville	62,245
Lennox & Addington	39,461
Northumberland	77,497
Peterborough	50,496
Prescott Russell	74,045
Prince Edward	22,690
Renfrew	79,368
Stormont Dundas Glengarry	60,657
Total	592,237