

*Request for Decision United Townships of Head, Clara & Maria Council*

| Type of Decision  |                         |                  |  |    |                 |                         |      |  |        |
|-------------------|-------------------------|------------------|--|----|-----------------|-------------------------|------|--|--------|
| Meeting Date      | Friday, August 22, 2014 |                  |  |    | Report Date     | Wednesday, August-20-14 |      |  |        |
| Decision Required | X                       | Yes              |  | No | Priority        | X                       | High |  | Low    |
| Direction         | X                       | Information Only |  |    | Type of Meeting | X                       | Open |  | Closed |

## #22/08/14/1104 – Power Dam Financing Report

**Subject:**

Changes to the Power Dam Special Payment Program and results.

**RECOMMENDATION:**

That Council support the position of the Municipality of Wawa and others who will be significantly adversely affected by the proposed reductions.

**WHEREAS** in December 2000, the Province of Ontario passed the *Continued Protection for Property Taxpayers Act* exempting certain hydroelectric stations and poles & wires from municipal taxation starting in the year 2001 and replacing this “right of taxation” with a compensatory payment equivalent to taxes;

**AND WHEREAS** in July 2014, the Province of Ontario Introduced Bill 14, which proposes to phase down or decrease the compensatory payment program for hydroelectric stations, poles and wires by 23.53% by 2017, beginning in 2015;

**AND WHEREAS** the reduction in compensatory payments will result in reductions of annual revenues for municipalities such as Wawa of about \$542,000 annually by 2017;

**AND WHEREAS** the United Townships of Head, Clara & Maria will receive \$24,837 less, an amount equal to 24.909% of our current own revenues from taxation;

**THEREFORE BE IT RESOLVED THAT** the Council of the United Townships of Head, Clara & Maria does hereby support the position of the Municipality of Wawa in withholding its payments to the Minister of Finance as described in its Resolution #SP14027;

**AND FURTHER THAT** this Council requests that the Ministry of Finance reconsider the cuts to the Power Dam Special Payment Program;

**AND FURTHER THAT** the Ministry consult with and consider the financial commitments of municipalities prior to making arbitrary decisions such as these reductions in the future providing some security and continuity of financial support to municipalities.

## **BACKGROUND/EXECUTIVE SUMMARY:**

The attached information provides an extensive background. Basically the province has been amending the methods of compensating municipalities for hydroelectric dams, pole and wires within Ontario municipalities since 2001.

The latest reductions will affect some municipalities significantly reducing their ability to pay for necessary municipal services. Along with the accelerated Ontario Municipal Partnership Fund (OMPF) reductions municipalities are facing conditions which they cannot reasonably be expected to meet.

Head, Clara & Maria currently receives \$105,558 per year through this Payments In Lieu of Taxes (PILs). That amounts to 24.909% of our current revenues raised from taxation for our own purposes.

Come 2017, should this proposal move forward, our revenues will be reduced by \$24,837; just less than 25% of current PILs for this purpose. Programs and services will need to be reduced or revenues raised from other sources. Along with the reduced OMPF, this will have a significant effect on HCM.

## **Options/Discussion:**

To support the Municipality of Wawa, FONOM and others in their fight against this pending revenue cut or not.

## **Financial Considerations/Budget Impact:**

By 2017 cuts will be \$24,837 per year all other things remaining the same.

## **Policy Impact:**

As per policy

## **Others Consulted:**

Resources attached – Municipality of Wawa, County of Renfrew, Federation of Northern Ontario Municipalities.

Approved and Recommended by the Clerk

Melinda Reith,  
Municipal Clerk