



The Corporation of the Town of Espanola
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October 25, 2019

NOV 04 2019

Manitoulin-Sudbury District Services Board
Attn: Mr. Fern Dominelli
210 Mead Blvd
Espanola, ON
P5E 1R9

Dear Fern,

Re: Power Dam Apportionment

The Town of Espanola is requesting that the manner in which the Power Dam Special Payment is included in the Town's apportionment be reconsidered.

As discussed in previous years and in detail with your Director of Finance and Administration, we do understand that the apportionment formula overall is specified in the legislation however the inclusion of the power dams has not been as clearly defined and there is some discretion on how this is included. Previous to our mill reassessment, the historical assessment value of the power dam of \$13,325,000 was included with our Large Industrial (LI) tax class and included overall in the weighted assessment. As a result of the substantial loss in assessment our weighted ratio for this class changed significantly from 3.603582 To 8.211243 in 2014 and this ratio was then also applied to our historical power dam assessment. Recognizing the unfairness in this methodology, MSDSB reverted to a previous method of inclusion of the power dam grant dating back to the methodology used in 2001. While the municipality is grateful for this recognition, this too presents an unfair apportionment for the Town of Espanola.

Please note the 2019 Apportionment as an example, Espanola's overall weighted assessment is 12.42% of organized municipalities, therefore it would be expected that Espanola's share of apportionment would be 9.94% (80.1%) when the Unorganized areas are factored in. Espanola's representative share for Land Ambulance is 10.59%, Social Housing is 10.75%, Ontario Works is 18.61%, Child Care 10.68% and overall 11.36% after the adjustment for the power dam is factored in. The most significant outlier is in Ontario Works which is amplified as a result of the on-going uploads that have occurred since 2001 when this formula was utilized. The Ontario Works costs have decreased by approximately 75% however the calculation is including the same 11.995% of the grant for this program. Overall, 21.5% or \$171,794 of our grant is directly claimed in the apportionment formula when our share should be closer to half that figure.

As an alternative, the municipality would like to suggest that the original power dam assessment of \$13,325,000 be included in weighted assessment for the industrial tax class. This would be consistent with the other municipalities that do not have the LI tax class and would more accurately reflect the

The Town of Espanola is committed to serving the needs of our community by supporting the positive, well-balanced, social, economic, environmental and physical growth of the town. We will continue to pursue excellence by providing accountable and affordable services while promoting the highest quality of life.

historical levels of the overall power dam grant which has not changed for many years. The municipality feels this would be a fairer inclusion in the apportionment formula and would result in a reduction of Espanola's apportionment of approximately \$80,000.

When I last discussed this with the Director of Finance and Administration, it was suggested to me that I would have to write to the Ministry. I am hopeful that the Board will review this particular item before the 2020 Apportionment is finalized so that such action will not be required, however a copy of this letter will be forwarded to the respective Ministries involved.

If you require additional information on the above, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Cynthia Townsend". The signature is written in a cursive style.

Cynthia Townsend, CPA, CA, CMA
CAO/Treasurer

cc – Bryan Searle, Ministry of Municipal Affairs
Kenny Li Cheong Man, Ministry of Community and Social Services
Alan Doheny, Ministry of Finance