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# HOWARD A. ALLAN

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April 16, 1987

To: The Members of Council, Inhabitants and Ratepayers of the  
Town of Carleton Place, the Town of Almonte, the Township  
of Ramsay and the Township of Beckwith:

We have now completed our study to determine a fair and equitable sharing of costs in providing recreation, swimming pool, library and other cultural services to the residents of Almonte, Carleton Place, Beckwith and Ramsay. During the course of this study, we noted there were various limitations. These include the following:

- (i) The study was confined to four municipalities. There is a possibility other Townships such as Drummond, Goulbourn and West Carleton should also share in some of the recreational and cultural costs for this area.
- (ii) Many of the assumptions were somewhat subjective. Although we believe that our role as auditor of the four participating municipalities helped us to be objective as to the facts of this study, there is no question certain assumptions had to be made which could not be based on truly objective information.
- (iii) Lack of precedent. In our review of other cost-sharing arrangements, it became clear there were not established cost-sharing formulas from which we could base our model.

Nevertheless, we are suggesting what in our view, is a fair and equitable formula for the sharing of costs in providing recreational and cultural services for neighbouring municipalities. We do not believe it is the perfect formula, but rather one that may be improved in the future. We have enjoyed working on this study for you and will look forward to dealing with any questions you may have.

Yours truly,



Howard A. Allan

enclosure  
HAA/jhf

COST-SHARING OF RECREATIONAL AND CULTURAL SERVICES STUDY

Town of Almonte, Town of Carleton Place,

Township of Beckwith, Township of Ramsay

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COST-SHARING OF RECREATIONAL AND CULTURAL SERVICES STUDY  
TOWN OF ALMONTE, TOWN OF CARLETON PLACE, TOWNSHIP OF BECKWITH,  
TOWNSHIP OF RAMSAY

Recommendations and Conclusions

- I That the basis of the cost-sharing be adjusted taxable property and business assessment.
- II That the Townships of Beckwith and Ramsay prorate their adjusted assessment to account for distance from recreational and cultural facilities.
- III That the participating municipalities include in their adjusted assessment the equivalent assessments for the municipal share of both telephone taxation and grants-in-lieu.
- IV That an apportionment of recreational and cultural net operating costs be based on the total adjusted assessment, including equivalent assessment for a specific area.
- V That the municipality in which the facility is located be responsible for the initial capital cost of the project but that a reserve fund be established to meet future major repairs of the facility.
- VI That the neighbouring municipalities negotiate in good faith the specific services or programs in which to share costs.
- VII That all municipalities have board representation for the services or programs in which they participate.
- VIII That these recommendations be phased in over at least a two to three year period to allow for appropriate planning.

## COST SHARING OF RECREATIONAL AND CULTURAL SERVICES STUDY

### Purpose of Study

The purpose of this study is to determine a fair and equitable basis for the sharing of costs involved in the providing and maintaining both recreational and cultural facilities and programs, between neighbouring municipalities.

In view of your request to develop a cost-sharing formula, it is not our intent to discuss the advantages or disadvantages of such an agreement but rather to confine our study to the establishing of a suitable formula.

### Factors Affecting the Cost-Sharing Formula

#### A Basis of Cost-Sharing

In the past number of years there have been numerous methods suggested as a basis of cost-sharing. Ideas have included user fees, per household charges, subjective amounts determined by Council and arbitrary percentages of net operating expenses. During the past few weeks, we have contacted various municipalities, provincial officials and certain municipal auditors in an effort to establish an equitable formula. However no one appears to have the definitive answer. Ideas vary depending on the individual whom you are speaking to.

In our view the fairest way to share costs is on the basis of taxable property and business assessment, the basis of municipal taxation. Advantages of using the assessment basis are as follows:

- (i) Consistent with other cost-sharing expenditures such as County and School levies;
- (ii) Reflects the ability of a municipality to pay, taking into account grants-in lieu, commercial and business taxation as well as residential taxation;
- (iii) Assessment is updated on an annual basis reflecting change in the area municipalities;
- (iv) Does not create the practical problems in collecting differing user fees for 'outside' municipalities.

Disadvantages of this sharing basis include:

- (i) Does not relate directly to those using the facilities or program. Although this is often seen as being unfair, there would appear to be a much broader question. Does the municipality have a responsibility to provide recreational and cultural services to its residents?

If the answer is affirmative, then, surely assessment is a reasonable basis as not all residents use schools, County services, day care, fire services etc. on an equal basis. These are paid for on the basis of assessment - the ability to pay.

- (ii) Does not take into account certain residents are a distance from the various facilities. This is a definite problem. Nevertheless in our suggested formula we have attempted to account for this by pro-rating the assessment included in the formula based on distance.

#### B Nature of Costs to Share In - Capital vs. Operating

There is no clear-cut precedent with respect to this issue - should municipalities share in both operating and capital costs? As a general rule, it is our view that the individual municipality in which the facility is built should cover the initial cost. To do otherwise would mean that a municipality may not be responsible for its own destiny. There is also the question of ownership. It seems that for practical planning purposes, the municipality in which the facility resides should have control. Nevertheless, we would not preclude negotiation between neighbouring municipalities on this issue.

Given our view with respect to capital expenditure, we believe that operating expenses should include a replacement reserve fund of three percent of gross operating expenditure to maintain the facility in its original state. This reserve fund would be classified as an operating expense in which the municipalities would share based on the established formula. This fund would not be used for normal repair and maintenance but rather for capital expenditure as defined by generally accepted accounting principles for Ontario municipalities.



#### C Areas of Cost-Sharing

There is a broad question of what specific facilities or programs in which municipalities should share. It is clear that there should be a recognition that all municipalities may provide recreational and cultural services. For example, while urban centres may provide arenas, pools, libraries, ball diamonds, etc., rural municipalities may provide cross-country ski trails, ball diamonds, snowmobile trails, etc. It seems clear this issue must be negotiated in good faith by all parties to arrive at a fair conclusion.

#### D Board Representation

It is clear that all municipalities involved in the cost-sharing must have representation on the boards to which they are contributing. The basis of representation should correlate to the various municipal contributions.

## Township of Ramsay Assessment

### Assumptions

In order to establish a reasonable weighting of assessment of the township between the two towns, we have split the assessment into polls. In turn we have attempted to estimate on an equitable basis, what portion of the assessment in each poll should be weighted to each town. It is clear this exercise is somewhat subjective and we have made the following assumptions:

- (i) The assessment included in Ramsay's base by poll is as follows:
- |        |      |
|--------|------|
| Poll 1 | 100% |
| 2      | 50%  |
| 3      | 100% |
| 4      | 100% |
| 5      | 50%  |
- (ii) Polls two and four, to the extent their assessment has formed part of the base, have been allocated one-hundred percent (100%) to Almonte. An argument could be made that a portion of poll two should be directed towards Carleton Place but it is our view the amount would not be significant.
- (iii) The assessment base of polls one, three and five have been allocated eighty percent (80%) Carleton Place, twenty percent (20%) Almonte. This allocation has been based on our estimate that the assessment of these polls tends to be weighted around Carleton Place as opposed to Almonte. However given that poll three borders Almonte, and a portion of poll one is close by, we made the assumption on an 80/20 split was fair.

### PRORATION OF RAMSAY ASSESSMENT

	Residential (page 6)	Adjusted Commercial	Total Assessment Base	Total Adjusted Assessment
	-----	-----	----	-----
Poll 2		\$5,327@1.176		
	\$791,707	\$6,265	\$ 797,972	\$ 398,986 (50%)
Poll 4		\$55,277@1.176		
	\$876,941	\$65,006	941,947	941,947
Poll 1		\$29,725@1.176		
	\$512,238	\$34,957	547,195	547,195
Poll 3		\$202,717@1.176		
	\$1,200,983	\$238,395	1,439,378	1,439,378
Poll 5		\$23,580@1.176		
	\$528,771	\$27,730	556,501	278,251 (50%)
			-----	-----
			\$4,282,993	\$3,605,757
			=====	=====

Conclusion: Percentage of Assessment Used in Area Recreational  
and Cultural Facilities and Programs Cost-Sharing

$$\frac{3,605,757}{4,289,993} = 84.2\%$$

Say 84%

Carleton Place/Almonte Share of Ramsay Assessment Base

	Carleton Place -----	Almonte -----
Pol1 2	\$ ---	\$ 398,986
Pol1 4	---	941,947
Pol1 1	437,756	109,439
Pol1 3	1,151,502	287,876
Pol1 5	222,601	55,650
	-----	-----
	\$1,811,859	\$1,793,898
	=====	=====
Carleton Place	\$1,811,859	50.2%
Almonte	1,793,898	49.8%
	-----	-----
	\$3,605,757	100.0%
	=====	=====

Conclusion: Assessment Base should be shared on a 50/50 basis.

Township of Ramsay Assessment By Poll

Poll 1

Residential Public	451,625
Residential Separate	60,613
Commercial Public	19,335
Commercial Separate	105
Business Public	10,085
Business Separate	200

Poll 2

Residential Public	757,180
Residential Separate	34,527
Commercial Public	4,002
Business Public	1,325

Poll 3

Residential Public	996,180
Residential Separate	175,222
Commercial Public	148,735
Commercial Separate	772
Business Public	52,980
Business Separate	230

Poll 4

Residential Public	755,606
Residential Separate	121,335
Commercial Public	22,849
Commercial Separate	14,958
Business Public	8,415
Business Separate	9,055

Poll 5

Residential Public	479,730
Residential Separate	49,041
Commercial Public	23,580
Business Public	6,495



Zoning By-Law No 1545  
as Amended, for the

# Township of Ramsay

County of Lennox, Ontario

Schedule 'A'  
Official Consolidation

ALLS, No 74-3-200  
Amended 02-18-78

township  
boundary  
zoning  
boundary



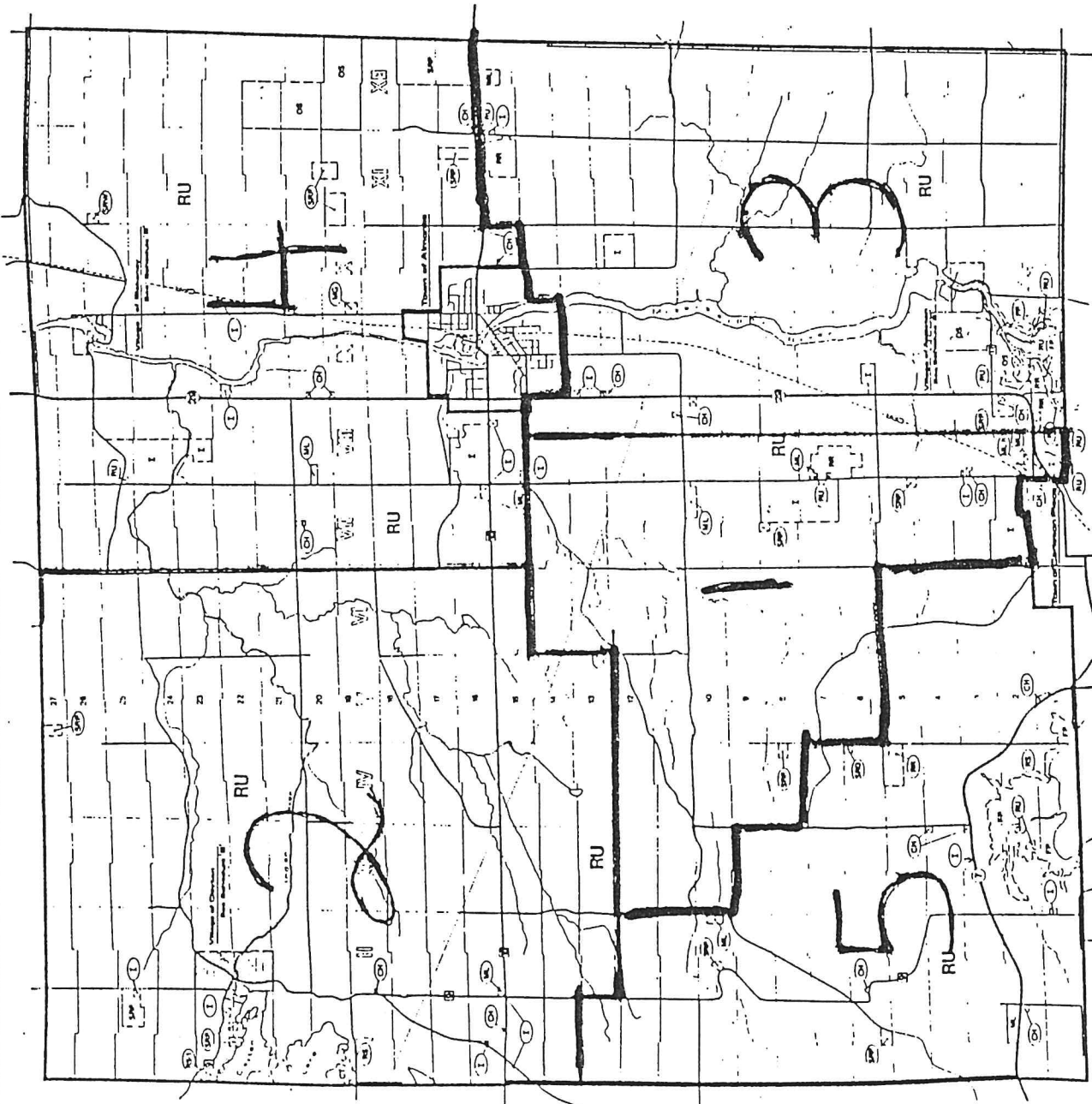
Legend:

residential general	R	Institutional	I
residential rural	RR	open space	OS
residential seasonal	RS	flood plain	FP
commercial general	C	rural	RU
commercial highway	CH	Special Rural	
commercial tourist	CT	pit or quarry	SAP
industrial restricted	ML	wrecking yard	SRW
industrial general	MG	solid waste disposal site	SRD
		holding	h
		special exception	(further)

Scale of 1:25,000 (approx.)  
1" = 25,000' (approx.)  
1" = 25,000' (approx.)

REVISIONS	NOTES
1. Original By-Law No. 1545	1. Original By-Law No. 1545
2. Amended By-Law No. 1545	2. Amended By-Law No. 1545
3. Amended By-Law No. 1545	3. Amended By-Law No. 1545
4. Amended By-Law No. 1545	4. Amended By-Law No. 1545
5. Amended By-Law No. 1545	5. Amended By-Law No. 1545

J.L. Edwards & Associates Limited  
Consulting Engineers & Planners



## Township of Beckwith Assessment

### Assumptions

In order to establish what portion of Beckwith's assessment should be used to establish a cost-sharing formula, we broke down the assessment by poll. In turn we have attempted to estimate on an equitable basis the portion of the assessment that may reasonably use Carleton Place facilities and programs. This is somewhat subjective and we have made the following assumptions:

- (i) Polls seven and six which border Carleton Place have been allocated one hundred percent (100%) to the assesment base.
- (ii) For polls five, four and three, somewhat removed from the town, we have included sixty percent (60%) of the assessment base.
- (iii) Poll one and two, including Prospect and Franktown have been allocated twenty-five percent (25%) to the assessment base. A case could be made that many of the ratepayers here use Richmond, Smiths Falls and Perth as a recreation and cultural centre.

### Proration of Beckwith Assessment

	Residential	Adjusted Commercial	Total Assessment Base	Adjusted Assessment Base
	-----	-----	-----	-----
Poll 7		\$192,132@1.176		
	\$390,100	\$225,947	\$ 616,047	\$ 616,047
Poll 6		\$135,055@1.176		
	\$710,785	\$158,825	869,610	869,610
Poll 5		\$ 43,875@1.176		
	\$488,275	\$ 51,597	539,872	323,923 (60%)
Poll 4		\$ 22,630@1.176		
	\$439,490	\$ 26,613	466,103	279,662 (60%)
Poll 3		\$ 71,672@1.176		
	\$642,860	\$ 84,286	727,146	436,288 (60%)
Poll 2		\$ 655@1.176		
	\$430,095	\$ 770	430,865	107,716 (25%)
Poll 1		\$ 5,735@1.176		
	\$537,805	\$ 6,744	544,549	136,137 (25%)
			-----	-----
			\$4,194,192	\$2,769,383
			=====	=====

Conclusion: Percentage of Assessment Used in Area Recreational  
and Cultural Facilities and Programs Cost-Sharing

$$\frac{2,769,383}{4,194,192} = 66.02\%$$

Say 66%

Township of Beckwith Assessment By Poll

Poll 1

Residential Public	499,525
Residential Separate	38,280
Commercial Public	4,385
Business Public	1,350

Poll 2

Residential Public	401,385
Residential Separate	28,710
Commercial Public	505
Business Public	150

Poll 3

Residential Public	561,666
Residential Separate	81,194
Commercial Public	32,652
Commercial Separate	21,805
Business Public	10,675
Business Separate	6,540

Poll 4

Residential Public	387,895
Residential Separate	51,595
Commercial Public	16,555
Business Public	6,075

Poll 5

Residential Public	447,075
Residential Separate	41,200
Commercial Public	33,755
Business Public	10,120

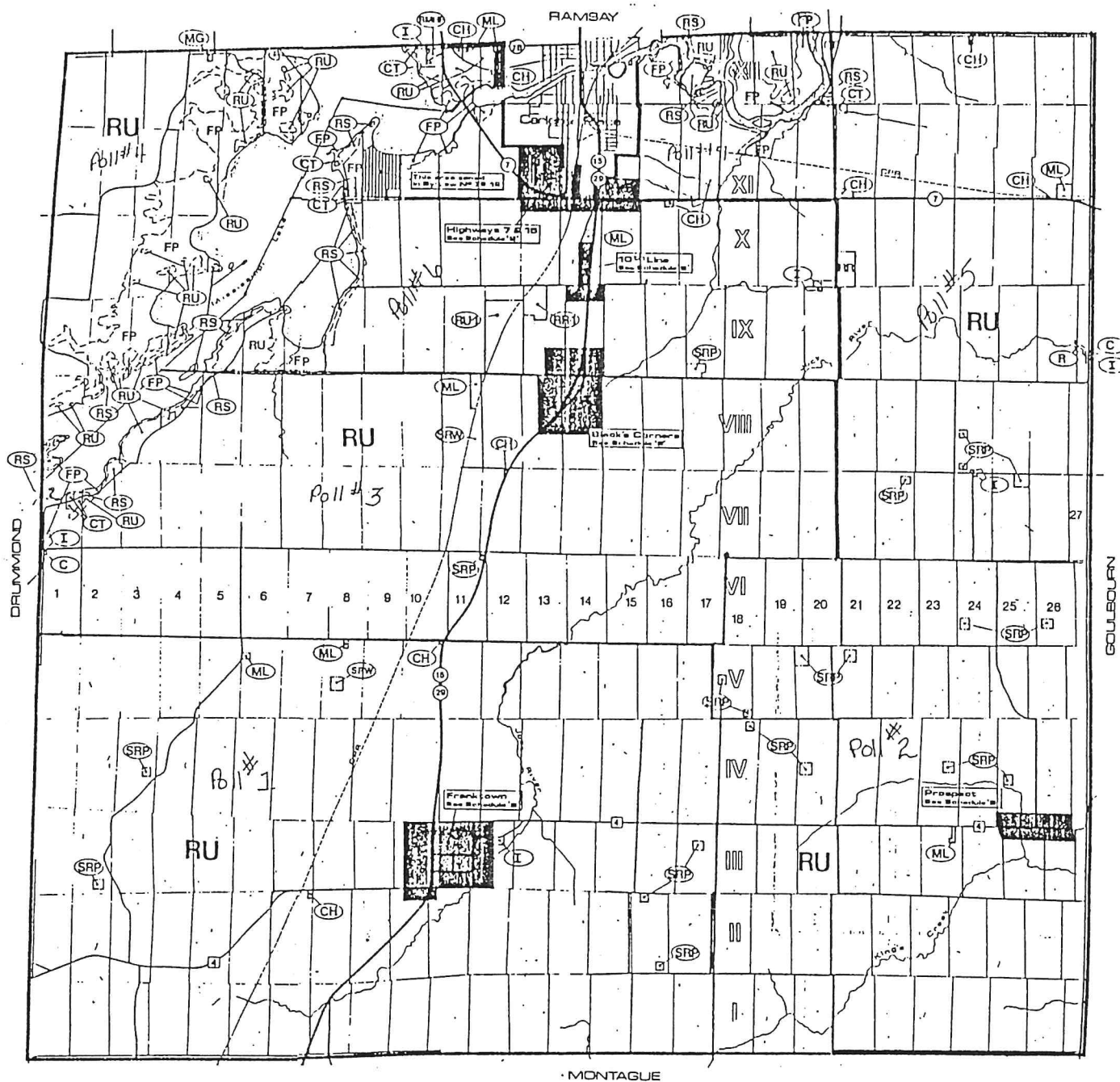
Poll 6

Residential Public	624,780
Residential Separate	86,005
Commercial Public	101,820
Business Public	33,235

Poll 7

Residential Public	390,100
Commercial Separate	36,635
Commercial Public	130,542
Business Public	24,955

# TOWNSHIP OF BECKWITH



## FORMULA FOR COST-SHARING PURPOSES

### Basis of Formula

- (i) Calculate total assessments to be used for recreational and cultural purposes. On the basis that the recreation and cultural facilities or programs are located in either Carleton Place or Almonte, their total adjusted assessment (100%) would be included in the formula (Page 12) with the prorated assessments of the townships.
- (ii) In addition, the equivalent assessment of the municipal share of both telephone taxation and grants-in-lieu should be calculated and added to the assessment determined under (i) above. To perform this calculation the dollars raised for telephone taxation and grants-in-lieu are divided by the greater of (a) the actual municipal mill rate or (b) the average municipal mill rate of the four municipalities. This is to ensure a municipality will not be adversely affected for having a low municipal mill rate. The resultant equivalent assessment will be prorated on the same basis as part (i) of the formula noted above. (Page 12).
- (iii) The assessment used for apportionment purposes will be the total adjusted assessment plus the equivalent assessment as calculated under parts (i) and (ii).
- (iv) The recreation and cultural centres would then be established with the appropriate neighbouring municipalities. On the basis of the total assessment for the area, an apportionment formula would then be established for the year.

Based on the figures available to us, we have made the following calculations:

### A CALCULATION OF ASSESSMENT BASE FOR COST-SHARING APPORTIONMENT PURPOSES

	Carleton Place -----	Almonte -----	Beckwith -----	Ramsay -----
Adjusted assessment	\$8,017,213	\$4,804,430	\$2,769,383	\$3,605,757
	(page 12)	(page 12)	(page 7)	(page 3)
Add: additional equivalent assessment (page 13)	801,905	378,409	65,483	719,538
	-----	-----	-----	-----
Assessment Base	\$8,819.118	\$5,182,839	\$2,834,866	\$4,325,295
	=====	=====	=====	=====

B    RECOMMENDED APPORTIONMENT FOR RECREATION  
AND CULTURAL PURPOSES

<u>Carleton Place Area</u>		<u>Apportionment %</u>
Carleton Place	\$ 8,819,118	63.8
Beckwith	2,834,866	20.5
Ramsay (50%)	2,162,647	15.7
	-----	-----
	\$13,816,631	100.0
	=====	=====
<u>Almonte Area</u>		
Almonte	\$ 5,182,839	70.6
Ramsay (50%)	2,162,647	29.4
	-----	-----
	\$ 7,345,486	100.0
	=====	=====

With regard to services offered only in Almonte or Carleton Place a further modification of assessments would be necessary. For example, if all the neighbouring municipalities wanted to share in the Carleton Place swimming pool a portion of Almonte's adjusted assessment, say fifty per-cent, could be added to the assessment base for pool apportionment purposes. The reverse may be true if Almonte offered certain services not available in Carleton Place. In either case, negotiation in good faith could resolve these issues.

TOWN OF ALMONTE ASSESSMENT

	<u>Taxable</u>		<u>Adjusted</u>
Residential	\$3.826,436	@ 1.0	\$3,826,436
Commercial	614,773	@ 1.176	722,973
Business	216,855	@ 1.176	255,021
	<u>-----</u>		<u>-----</u>
	\$4,658,064		\$4,804,430
	<u>=====</u>		<u>=====</u>

TOWN OF CARLETON PLACE ASSESSMENT

Residential	\$5,573,990	@ 1.0	\$5,573,990
Commercial	1,491,475	@ 1.176	1,753,975
Business	586,095	@ 1.176	689,248
	<u>-----</u>		<u>-----</u>
	\$7,651,560		\$8,017,213
	<u>=====</u>		<u>=====</u>

ADDITIONAL EQUIVALENT ASSESSMENT - ALL MUNICIPALITIES

	<u>Carleton Place</u>	<u>Almonte</u>	<u>Beckwith</u>	<u>Ramsay</u>
(1986 figures)				
Telephone & Taxation (Municipal Share)	\$ 56,403	\$ 29,763	\$ 8,403	\$ 7,890
Grants in lieu (Municipal Share)	79,945	24,410	2,372	85,136
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
	\$136,348	\$ 54,173	\$ 10,775	\$ 93,026
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
	170.03	143.16	108.6	108.6
Equivalent Assessment	\$801,905	\$378,409	\$ 99,217	\$856,593
			(66%)	(84%)
			\$ 65,483	\$719,538

Effect of Proposed Recommendation and Conclusions

	<u>Almonte Library</u>		<u>Carleton Place Library</u>	
	1986 Actual -----	Proposed -----	1986 Actual -----	Proposed -----
Almonte	\$ 57,227 (i)	\$ 47,420		
Ramsay	9,940	19,747	\$ 6,998	\$ 13,320
Carleton Place			64,398	54,129
Beckwith			13,446	17,393
	-----	-----	-----	-----
	\$ 67,167	\$ 67,167	\$ 84,842	\$ 84,842
	=====	=====	=====	=====

(i) Net of internal rent.



**MEMORANDUM OF AGREEMENT FOR  
COST SHARING OF RECREATION AND  
CULTURAL SERVICES IN THE  
TOWNS OF CARLETON PLACE AND ALMONTE, AND THE  
TOWNSHIPS OF BECKWITH AND RAMSAY**

- (i) That the four municipalities agree to accept the report "Cost Sharing of Recreational and Cultural Services" dated April 16, 1987 by Howard A. Allan, CA and the formulae contained therein with the following adjustments:

- (a) The assessment included in Ramsay's base by poll is as follows:

Poll 1	80%
2	40%
3	80%
4	80%
5	40%

- (b) The assessment included in Beckwith's base by poll is as follows:

Poll 1	15%
2	15%
3	50%
4	50%
5	50%
6	80%
7	80%

- (c) That the assessment base for apportionment purposes for 1987 is as follows:

**CARLETON PLACE AREA**

Carleton Place	\$ 8,819,118	68.9%
Beckwith	2,253,984	17.6%
Ramsay (50%)	<u>1,729,261</u>	<u>13.5%</u>
	<u>\$12,802,363</u>	<u>100.0%</u>

**ALMONTE AREA**

Almonte	\$ 5,182,839	75.0%
Ramsay	<u>1,729,261</u>	<u>25.0%</u>
	<u>\$ 6,912,100</u>	<u>100.0%</u>

(ii) That the four municipalities agree to calculate revised apportionment percentages on an annual basis, in accordance with updated assessment figures no later than April 30. The calculation will be prepared by a joint committee of the four municipalities or as otherwise agreed.

(iii) That the cost sharing agreement be phased in over a three year period as follows:

1987

- (a) Determine actual 1986 contribution by townships.
- (b) Calculate proposed 1987 contribution using report formula.
- (c) Calculate 1987 contribution as 1986 contribution plus one-third of difference between 1987 proposed contribution and 1986 actual.

1988

- (a) Calculate proposed 1988 contribution using report formula.
- (b) Calculate actual 1988 contribution as 1986 contribution plus two-thirds of difference between 1988 proposed contribution and 1986 actual.

1989

- (a) Calculate actual 1989 contribution by Ramsay and Beckwith in accordance with the report formulas.

(iv) That, if for any reason, the townships are unable to pay the towns the entire 1987 contribution as per clause (iii) in 1987, the townships may pay the balance owing by January 31, 1988.

(v) That the four municipalities agree by joint committee on the cost sharing expenditures and revenues. \*

(vi) That the municipalities agree to consider an alternate agreement for Township recreational and cultural services when required.

(vii) That the four municipalities agree the recreation and cultural services committees shall have proportional representation.

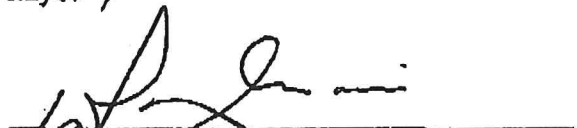
\* Condition added at request of the Township of Ramsay

"That the said committee shall have an equal number of representatives from each municipality"


## MEMORANDUM OF AGREEMENT

dated this 28th day of September 1987


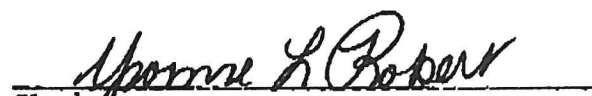
TOWN OF CARLETON PLACE

  
Mayor  
Clerk

TOWN OF ALMONTE

  
Mayor  
Clerk

TOWNSHIP OF BECKWITH

  
Reeve  
Clerk

TOWNSHIP OF RAMSAY

  
Reeve  
Clerk