

Cost “Sharing” Agreement: Carleton Place, Beckwith, Mississippi Mills

History and Library Issue

According to Mississippi Mills Treasurer Rhonda Whitmarsh in our budget documents, a cost “sharing” agreement was initiated in 1987 between the town of Carleton Place and the Township of Ramsay for recreational facilities. There was a separate one for pool use only between Almonte and Carleton Place. These were intended to contribute some of Ramsay’s money to Carleton Place for the construction and maintenance of several of CP’s recreational facilities that were used by some Ramsay residents living around Carleton Place’s borders from Appleton to the Scotch Line area. Sometimes a municipality will help fund recreational facilities when they do not have such facilities themselves:

“The Municipality currently has an agreement with the Town of Carleton Place and the Township of Beckwith for the sharing of costs for recreational and cultural services. The original agreement came into effect on September 28, 1987 between the Town of Carleton Place and the former Township of Ramsay. The former Town of Almonte also had a similar agreement, however, it was specific to use of the pool owned and operated by the Town of Carleton Place.”

- Budget Report, Special Council Agenda, December 11, 2018

According to the [“Howard Allan Report” of April 16, 1987](#), the basis for the 1987 and ongoing agreement is “adjusted taxable property and business assessment.” While the report states 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 met future major repairs of the facility.”

In 1984 the current Public Libraries Act came into force. Under the Act, once a Library Board has been established by a municipal council, responsibility for determining library services falls to that Library Board. The 1987 Agreement should not have included library services, and certainly should not have included library services after amalgamation.

In 2002, the Ontario government provided this clarification:

“Can a municipality that has already established a library board, enter into a contract for library services with a neighbouring library board under the Municipal Act, 2001, s. 19

(1) (2) and receive provincial operating funding under the Public Libraries Act?

No. Although the Municipal Act, 2001 may permit a municipality that has already established a library board to enter into a library services agreement with a neighbouring library board, such an arrangement would not be consistent with the provisions of the PLA. PLA s. 29(1) enables organizations such as the council of a municipality, a local service board or the council of an Indian band may, instead of establishing or maintaining a public library, enter into a contract with a public library board, union board or county library board for the purpose of providing the residents of the municipality or local service board area or the members of the band, as the case may be, with library services, on the terms and conditions set out in the agreement. 2002, c. 17, Sched. C, s. 24 (13); 2009, c. 33, Sched. 11, s. 7 (5).

Under the PLA, a municipality cannot enter into an agreement with a neighbouring library board for library service when it has already established a library board. Once library boards have been established, any agreement regarding library service must be between boards, and there is provision for such board-to-board cooperation under PLA clause 20 (2)."

- source: Southern Ontario Library Service

Note that the Carleton Place Library receives provincial funding on the same basis as Mississippi Mills.

The November 13, 2013 Parks and Recreation Master Plan, in its recommendations to review recreation agreements, said that Council reviews the Cost Sharing Agreement with Carleton Place and Beckwith annually. This has not been the case.

At the January 16, 2016 meeting of Council, then-CAO Diane Smithson presented [two reports](#). Council mandated the CAO and Mayor to negotiate a fair and reciprocal Cost Sharing Agreement. The motion was as follows:

"Resolution No. 260-15

Moved by Councillor Lowry

Seconded by Councillor Wilkinson

BE IT RESOLVED THAT Council authorizes the Mayor and CAO to negotiate a fair and reciprocal Cost Sharing Agreement with Carleton Place, and

THAT the final costs to Mississippi Mills not exceed current value, and

THAT the agreement returns to Mississippi Mills Council for approval.

Councillor Lowry requested a recorded vote

Yeas - Councillors Abbott, Cameron, McCubbin, Torrance, Wilkinson, Mayor McLaughlin

Nays - Councillors Ferguson, Gillis, Lowry

(Councillor Edwards was absent)

CARRIED 6-3"

Thus armed, the former Mayor and CAO went to the "Recreation and Culture Cost Sharing Committee" [meeting of January 13, 2016](#). Most of the rest of Mississippi Mills Council attended as observers. There are three participating communities – Carleton Place, Beckwith and Mississippi Mills – with representatives on this committee.

At that meeting, Howard Allan, the architect of the agreement, provided a review and said that it was last reviewed in 2001. A motion was put forward to retain Howard Allan at a cost of \$500 per municipality to complete a review and make recommendations. The motion was defeated by members of the committee. The matter was then dropped.

Later that year, on November 30, 2016, the Mississippi Mills Library Board questioned the agreement; SOLS advisor Peggy Malcolm confirmed the Public Library Act provisions noted above and stated that if there was an agreement board to board, then such an Agreement would be in compliance with the Act and its powers and authorities. She provided a template agreement. Councillor John Edwards was in attendance and urged to Board to continue the present agreement. It seemed from the minutes that the libraries might establish a board-to-board agreement, but that didn't happen.

At the February 21, 2020 meeting of the Mississippi Mills Library Board, Mayor Lowry and CAO Kelly sat in as observers for former board member Wendy Hansen's

presentation on the Cost Sharing Agreement. Mayor Lowry urged the Board to keep the agreement in place as it was “long-standing.”

The 2020 Mississippi Mills Library Board had sent a letter to the Mayor and Council urging them to extinguish the agreement. This letter was only put into the February 18, 2020 “Information List” of correspondence received. Chair Peacock reiterated the legal and fiscal reasons for urging that the contributions for the library be terminated. She noted that the contribution requests from the agreement for the Library alone have increased more than 30% since 2016. The MM Public Library Board supports “Reciprocal Sharing Agreements,” as do most libraries in the province.

“Reciprocal Sharing” agreements between municipalities allow residents of each community to borrow items freely at no additional costs. Mississippi Mills Public Library has such an agreement with Perth and discussed one with Arnprior. No money changes hands.

In 2016, the Library portion paid to Carleton Place was \$46,141.50; the charge in 2020 was \$59,974.00. This is an **increase of 30% in only four years** under the calculation. The request for 2021 is \$61,775, which would represent an increase of 33%: one-third more in only 5 years.

Premise

The premise on which a cost sharing agreement is based is that a municipality which has facilities obtains some financial assistance from another that does not have them. A small municipality may not be able to afford facilities but can contribute so that their residents can use the facilities at the same rate as residents of the municipality that maintain the facility, rather than pay increased user fees. This was the original premise of the agreement that Ramsay had with the towns of Carleton Place and Almonte.

At the time of amalgamation, Mississippi Mills had – and continues to maintain – two arenas and two libraries, as well as a number of other fields, trails and recreational facilities. Yet we have contributed a significant amount to a third library and a third arena in Carleton Place, as well as other facilities, under the premise that some residents prefer to use ones that are closer (Beckwith does not have a library).

The arenas and sports fields cannot be based on usage or residency, because these users are primarily groups, organizations and leagues whose members may be from many areas.

As for the pool, Mississippi Mills does not have one. However, while some residents choose to use the Carleton Place Pool, others use pools in Ottawa and Arnprior. Yet all residents subsidize only one. This is not fair, and to subsidize all pools would be

unsustainable. It is better in my view that users pay for their own choices of recreational locations, even if that means paying a non-resident fee.

When a consideration of basing payments on actual usage has arisen, Carleton Place has argued that tracking usage is too difficult. However, usage is only a red herring that perpetuates the idea of contributing costs to another municipality's facilities at the expense of our own.

Smiths Falls and Perth have pursued cost sharing agreements with surrounding municipalities who do not have the facilities. There is strong opposition, and Smiths Falls in particular threatened to bar other residents from using the facilities, even if they pay non-resident rates.

The Howard Allan calculation is based on property values in and around Carleton Place, which is why the increases have greatly outstripped the rates of inflation and price indexes lately. It is not based on costs, distances or usage which might reasonably be expected to be factors. It is mainly based on property values.

It appears that part of the calculation of the required contribution for Carleton Place is the expenses minus the revenues. This removes any incentive on the recipient to control expenditures. One of the agreement's rationalizations for Mississippi Mills' contribution was that "Mississippi Mills is offering a choice of services to its ratepayers across the municipality." This is demonstrably not true, when considering Pakenham ratepayers for example. The agreement generously points out that Pakenham residents may also use the Carleton Place pool, conveniently ignoring the significant differences in distance and the fact that many Pakenham and Ramsay residents use the Nick Smith complex pool in Arnprior. The calculation is so "complex", factoring in mill rates, weighted values supposedly based on areas (not numbers of residents in the areas).

The distances for Ramsay residents to attend one facility or another is not significant (see distance comparisons chart). Nearly all Ramsay residents are closer to the Almonte or Pakenham libraries and arenas, than the Carleton Place or Beckwith facilities. [Click on this table which looks at distances in Ramsay to the Almonte and Carleton Place libraries.](#)

As far as "growth" being a driving factor, the official population of the two Mississippi Mills Census Dissemination Areas (CDAs) in Ramsay that border Carleton Place show that the population has been stagnant from the 2011 to the 2016 census: Mississippi Mills has grown by 6.3%, but the growth in the two areas bordering Carleton Place was only 0.5%. [Click here to see the comparison.](#)

The effect of this inequity has been that Mississippi Mills is subsidizing a third library and a third arena at the expense of its own. Mississippi Mills is in long term debt to

cover upgrades to the Pakenham Library, the Stewart Community Centre, Gemmill Park and the roof of the Almonte Arena.

The calculations in the Howard Allan agreement are heavily weighted in favour of the recipient. For example, Carleton Place's share of their own arena costs are attributed at only about 60% to their own ratepayers. In contrast, Mississippi Mills bears 100% of the cost of its own facilities and subsidizes Carleton Place. In 2015 and 2016, as noted above, the representatives of Carleton Place and Beckwith would not even consider negotiating a "fairer agreement" with Mississippi Mills, when costs for the library in Pakenham (\$1M), Pakenham rink repairs (\$1M), Almonte arena roof repairs (\$300K) and Gemmill Park upgrades (\$1M) were looming.

Howard Allan's calculations are based on property values in and around Carleton Place. In the Census Dissemination Areas bordering Carleton Place, the property values are much higher in these two areas than in Mississippi Mills generally, to the greater benefit of Carleton Place (source: Statistics Canada).

The issue is further problematic in that both Carleton Place and the accountant have a pecuniary interest in preparing and benefiting from these reports. A bad deal for Mississippi Mills was never likely to be pointed out by either the cost sharing committee or the auditor.

Most seriously, the "agreement" abrogates the authority of Mississippi Mills Council and its ability to manage expenditures. It has been lodged with third parties that have not demonstrated a sense of economy, justice or concern for this municipality. The non-compliance with the *Public Library Act* means that Mississippi Mills should never have agreed to this, having appointed a Library Board and trying to maintain two libraries.

The agreement has never been reciprocal and is no longer fair, if it ever was. The premises on which it is calculated do not benefit the vast majority of residents; in fact, it can be argued that the redirection of a million dollars over the last 8 years has hurt our facilities, our staff resources and our residents.

Costs of Mississippi Mills Subsidy since 2012

Year	Carleton Place Library		Carleton Place Pool		Carleton Place Recreation		Totals for year	
	Amount	% change	Amount	% change	Amount	% change	Total Amount	% change
2012	\$45,473.50		\$22,491.00		\$47,432.00		\$115,396.50	
2013	\$46,413.50	2.03%	\$22,488.00	-0.01%	\$47,297.00	-0.28%	\$116,198.50	0.70%
2014	\$46,110.50	-0.66%	\$21,760.00	-3.24%	\$47,068.00	-0.48%	\$114,938.50	-1.08%
2015	\$45,262.50	-1.87%	\$19,660.00	-9.65%	\$39,972.00	-15.08%	\$104,894.50	-8.74%
2016	\$46,141.50	1.91%	\$17,323.00	-11.89%	\$41,186.00	3.04%	\$104,650.50	-0.23%
2017	\$49,574.50	6.92%	\$17,839.00	2.98%	\$45,546.00	10.59%	\$112,959.50	7.94%
2018	\$51,032.50	2.86%	\$21,537.00	20.73%	\$49,667.00	9.05%	\$122,236.50	8.21%
2019	\$57,554.50	11.33%	\$22,922.00	6.43%	\$53,318.00	7.35%	\$133,794.50	9.46%
2020	\$59,974.00	4.03%	\$28,821.00	25.74%	\$61,037.00	14.48%	\$149,832.00	11.99%
TOTAL	\$447,537.00		\$194,841.00		\$432,523.00		\$1,074,901.00	
Total paid 2012 - 2020			\$1,074,901.00					
Total Requested for 2021			Amount		% Change from 2020		The 3% at left may only be based upon our Treasurer's estimate, seeing as they are all a flat 3% compared to previous years when amounts varied between items. From 2013 to 2016, payments went down, slightly for the most part. Payments rose sharply afterward.	
Carleton Place Library			\$61,775.00		3.00%			
Carleton Place Pool Grant			\$29,685.00		3.00%			
Carleton Place Rec Grant			\$62,870.00		3.00%			
			\$154,330.00					

Mississippi Mills expenditures in only the last 8 years – or two council terms – by item
[Download this table:](#)

I attended the first meeting of the Cost Sharing Committee during this Council's term in Carleton Place (January 16, 2019). I asked the group if Carleton Place had a cost-sharing agreement with the City of Ottawa, as the city also borders it. I was told that the City was asked to contribute to one and refused. There is therefore no calculation and no "empty share" to account for those users. It would appear that Mississippi Mills is filling this void.

The agreement must be terminated immediately for the library as it contravenes the Public Library Act. With two libraries, there is no need for us to subsidize a third. This subsidy represents 8% of our library's budget (Strategy Corp). The same may be said for our two arenas, numerous sport fields, trails and other recreational facilities. The Carleton Place pool should be maintained by users in the broader area, and Carleton Place taxation. Subsidizing only the users who use that particular pool and not other pools is not fair.

It is recommended that council:

- 1) terminate the agreement and
- 2) have a discussion soon about what to do with the \$150,000+ per year. I recommend

that it be placed into recreational capital reserves, which have been depleted by the significant debt we face. As the Deputy Mayor noted and the Strategy Corp consultants confirmed on August 13, our current “reserves” are used as a downpayment to future projects and additional debt.