



Town of Erin

Governance Review – For Discussion Purposes

Draft Findings
December 7, 2021

Study Objective



- The objective of this review is to provide an analysis which outlines the costs of how certain Town services (roads, water, and future wastewater) are currently delivered and compared against potential efficiencies that may be gained through various delivery models
- Scenarios involve a comparative study of the Town coordinating service delivery with Wellington County and surrounding upper-tier municipalities
- The calculations and analysis are based on 2019 FIRs

Scenarios Undertaken



The following scenarios were examined as part of the governance review:

Scenario 1: Erin to upload all road responsibilities to Wellington County

Scenario 2: Erin to assume all county roads from Wellington County

Scenario 3: Erin to be serviced as part of Halton Region

- Scenario 3a: Erin to be part of Halton Hills

Scenario 4: Erin to be serviced as part of Peel Region

- Scenario 4a: Erin to be part of Caledon

Scenario 5: Erin to be a Single Tier

Assumptions



1. High level analysis using the 2019 FIR information.
2. No detailed considerations of economies of scale or potential increased costs due to realignment of services.
3. Purpose of the analysis is to elicit discussions and does not consider service level variations due to the changes in the delivery of services.
4. Analysis provides for adjustment of operating costs and operating revenues but does not consider potential future capital spending for growth or for any existing infrastructure deficiencies. As well, no adjustments to D.C.s, reserve funds, or other grants were considered.



Scenario 1: Erin to Upload Roads to Wellington County

- The following scenario assumes that the County will oversee all lower tier roads, including the costs and revenues associated with all roads within Erin.
- The expenditures and revenues were examined on a per km basis. The impacts include the following:
 - The upper tier tax rates would increase by 49.1%
 - Erin's tax rates would decrease by 68.9%
- This scenario would have an overall impact of a 10.9% increase to the Erin taxpayers

Existing Taxes (Based on 2019 FIR)

Description	Erin	Wellington County	Total
Tax Rate Revenues (Based on Required Tax-Supported Expenditures)	7,049,140	14,718,159	21,767,299
Current Residential Tax Rates (2019)	0.2957%	0.6175%	0.9133%

Scenarios

Wellington County to Maintain All Roads in Erin

Description	Erin	Wellington County	Total
Tax Rate Revenues (Based on Required Tax-Supported Expenditures)	2,192,641	19,787,049	21,979,690
Difference from Status Quo	(4,856,499)	5,068,890	212,391
Revised Residential Tax Rates	0.0920%	0.9207%	1.0127%
% Change in Tax Rates	-68.9%	49.1%	10.9%



Scenario 2: Erin to Assume All County Roads from Wellington County

- The following scenario assumes that the County will download all upper tier roads to the lower tier municipalities.
- The expenditures and revenues were examined on a per km basis. The impacts include the following:
 - The upper tier tax rates would decrease by 26.5%
 - Erin's tax rates would increase by 61.6%
- This scenario would have an overall impact of a 2% increase to the Erin taxpayers

Existing Taxes (Based on 2019 FIR)

Description	Erin	Wellington County	Total
Tax Rate Revenues (Based on Required Tax-Supported Expenditures)	7,049,140	14,718,159	21,767,299
Current Residential Tax Rates (2019)	0.2957%	0.6175%	0.9133%

Scenarios

Wellington County Downloading Roads

Description	Erin	Wellington County	Total
Tax Rate Revenues (Based on Required Tax-Supported Expenditures)	11,391,652	10,813,735	22,205,387
Difference from Status Quo	4,342,512	(3,904,424)	438,087
Revised Residential Tax Rates	0.4779%	0.4537%	0.9316%
% Change in Tax Rates	61.6%	-26.5%	2.0%



Scenario 3: Erin to be Serviced by Halton Region

- The following scenario assumes that the Town will be serviced by Halton Region.
- The expenditures and revenues have been adjusted to match the services that Halton Region provides (e.g. remove recoveries for conservation authority and waste diversion but add libraries).
- The weighted assessments for Erin were adjusted and added to the Region's.
- Other adjustments include the following:

Halton Region Adjustments (Erin under Halton)	
Description	Values to add to Expenditures
Halton Region Schedule 40 (increase non-roads, non-w/ww by 2%)	\$ 11,951,723
Roads Costs - Assuming County Roads within Erin (adjusted for Regional cost per lane kilometer)	\$ 11,289,408
Total (to be added to Tax Recovery)	\$ 23,241,132
Description	Values to add to Revenue
Halton Region Schedule 12 (increase non-roads, non-w/ww by 2%)	\$ 670,718
Road revenues for County Roads within Erin (adjusted for Regional revenue per lane kilometer)	\$ 478,372
Aggregates Revenue	\$ 40,345
Total (to be subtracted from Tax Recovery)	\$ 1,189,434



Scenario 3: Erin to be Serviced by Halton Region - Continued

- Based on the prior slide, the impact to Erin includes:
 - The upper tier tax rates would decrease by 56.9%
 - Erin's tax rates would increase by 8%
- This scenario would have an overall impact of 35.9% decrease to the Erin taxpayers

Existing Taxes (Based on 2019 FIR)

Description	Erin	Wellington County	Total
Tax Rate Revenues (Based on Required Tax-Supported Expenditures)	7,049,140	14,718,159	21,767,299
Current Residential Tax Rates (2019)	0.2957%	0.6175%	0.9133%

Scenarios

Erin to be Serviced by Halton

Description	Erin	Halton Region	Total
Tax Rate Revenues (Based on Required Tax-Supported Expenditures)	7,506,187	6,259,002	13,765,188
Difference from being under Wellington County	457,047	(8,459,157)	(8,002,111)
Revised Residential Tax Rates	0.3194%	0.2663%	0.5857%
% Change in Tax Rates	8.0%	-56.9%	-35.9%



Scenario 3: Erin to be Serviced by Halton Region - Continued

- In addition to the Tax-supported analysis, the water (and potential wastewater) bill impacts were also examined. Based on the serviced customer information from Erin and Halton, the average annual bills were calculated, and a weighted average was taken to examine the potential increase to the Halton water rates.

Halton W/WW Serviced Population	599,336
Erin Serviced Population	4,869
% of Erin to Halton	0.81%

Customer	Yearly Base Charge Revenues	Yearly Volume Rate Revenues	Total	Weighting	Weighted Total
Erin Customer (20mm meter)	\$ 196	\$ 705	\$ 901	0.81%	\$ 7.32
Halton Customer (20mm meter)	\$ 182	\$ 236	\$ 418	99.19%	\$ 414.61
Erin Average Annual Water Bill			Weighted Water Bill:		\$ 421.93
Erin Estimated New Annual Water Bill			% Increase to Halton Bill		0.9%

- Based on the above, the Halton water rates will need to increase by 0.9% to accommodate Erin. (It is assumed that a similar increase for wastewater will be required as the Town does not have wastewater rates for comparison purposes)

Scenario 3a: Erin to be part of Halton Hills



- In addition to Scenario 3, the following scenario assumes that the Town will be part of Halton Hills.
- The expenditures and revenues have been adjusted to match the cost per capita (for non-road services) or a cost per kilometer (for roads-related services).
- The weighted assessments for Erin were adjusted and added to Halton Hills.
- The adjustments are summarized as follows:

Halton Hills Adjustments (Erin combined with Halton Hills)	
Description	Values to add to Expenditures
Halton Hills Schedule 40 (increase non-roads on a per capita basis)	\$ 10,892,206
Roads Expenditures for Roads within Erin (adjusted for Halton Hills cost per lane kilometer)	\$ 8,746,911
Other Miscellaneous Expenditures	\$ -
Total (to be added to Tax Recovery)	\$ 19,639,117
Description	Values to add to Revenue
Halton Hills Schedule 12 (increase non-roads on a per capita basis)	\$ 1,502,681
Road revenues for Roads within Erin (adjusted for Halton Hills revenue per lane kilometer)	\$ 150,562
Aggregates Revenue	\$ 161,378
Total (to be subtracted from Tax Recovery)	\$ 1,814,621



Scenario 3a: Erin to be part of Halton Hills - Continued

- Based on the prior slide, the impact to Erin includes:
 - The upper tier tax rates would decrease by 56.9% (as noted in Scenario 3)
 - Erin's lower tier tax rates would increase by 39.6%
- This scenario would have an overall impact of 25.6% decrease to the Erin taxpayers
- For Halton Hills:
 - The Halton Hills lower tier residential tax rates would increase from 0.3565% to 0.4130% (15.8%)

Existing Taxes (Based on 2019 FIR)

Description	Erin	Wellington County	Total
Tax Rate Revenues (Based on Required Tax-Supported Expenditures)	7,049,140	14,718,159	21,767,299
Current Residential Tax Rates (2019)	0.2957%	0.6175%	0.9133%

Scenarios

Erin to be Part of Halton Hills

Description	Erin (Halton Hills)	Halton Region	Total
Tax Rate Revenues (Based on Required Tax-Supported Expenditures)	9,706,082	6,259,002	15,965,084
Difference from being under Wellington County	2,656,942	(8,459,157)	(5,802,215)
Revised Residential Tax Rates	0.4130%	0.2663%	0.6793%
% Change in Tax Rates	39.6%	-56.9%	-25.6%



Scenario 4: Erin to be Serviced by Peel Region

- The following scenario assumes that the Town will be serviced by Peel Region.
- The expenditures and revenues have been adjusted to match the services that Peel Region provides (e.g. remove recoveries for conservation authority and waste diversion but add libraries).
- The weighted assessments for Erin were adjusted and added to the Region's.
- Other adjustments include the following:

Peel Region Adjustments (Erin under Peel)	
Description	Values to add to Expenditures
Peel Region Schedule 40 (increase non-roads, non-w/ww by 2%)	\$ 31,443,890
Roads Costs - Assuming County Roads within Erin (adjusted for Regional cost per lane kilometer)	\$ 15,180,836
Total (to be added to Tax Recovery)	\$ 46,624,726

Description	Values to add to Revenue
Peel Region Schedule 12 (increase non-roads, non-w/ww by 2%)	\$ 1,225,912
Road revenues for County Roads within Erin (adjusted for Regional revenue per lane kilometer)	\$ 1,361,985
Aggregates Revenue	\$ 40,345
Total (to be subtracted from Tax Recovery)	\$ 2,628,241



Scenario 4: Erin to be Serviced by Peel Region - Continued

- Based on the prior slide, the impact to Erin includes:
 - The upper tier tax rates would decrease by 52.9%
 - Erin's tax rates would increase by 8%
- This scenario would have an overall impact of 33.2% decrease to the Erin taxpayers

Existing Taxes (Based on 2019 FIR)

Description	Erin	Wellington County	Total
Tax Rate Revenues (Based on Required Tax-Supported Expenditures)	7,049,140	14,718,159	21,767,299
Current Residential Tax Rates (2019)	0.2957%	0.6175%	0.9133%

Scenarios

Erin to be Serviced by Peel

Description	Erin	Peel Region	Total
Tax Rate Revenues (Based on Required Tax-Supported Expenditures)	7,362,427	6,707,056	14,069,483
Difference from being under Wellington County	313,287	(8,011,103)	(7,697,816)
Revised Residential Tax Rates	0.3194%	0.2909%	0.6103%
% Change in Tax Rates	8.0%	-52.9%	-33.2%



Scenario 4: Erin to be Serviced by Peel Region - Continued

- In addition to the Tax-supported analysis, the water (and potential wastewater) bill impacts were also examined. Based on the serviced customer information from Erin and Peel, the average annual bills were calculated, and a weighted average was taken to examine the potential increase to the Peel water rates.

Peel W/WW Serviced Population	1,433,500
Erin Serviced Population	4,869
% of Erin to Peel	0.34%

Customer	Yearly Base Charge Revenues	Yearly Volume Rate Revenues	Total	Weighting	Weighted Total
Erin Customer (20mm meter)	\$ 196	\$ 705	\$ 901	0.34%	\$ 3.06
Peel Customer (20mm meter)	\$ -	\$ 318	\$ 318	99.66%	\$ 316.68
Erin Average Annual Water Bill			Weighted Water Bill:		\$ 319.74
Erin Estimated New Annual Water Bill			% Increase to Peel Bill		0.6%

- Based on the above, the Peel water rates will need to increase by 0.6% to accommodate Erin. (It is assumed that a similar increase for wastewater will be required as the Town does not have wastewater rates for comparison purposes)

Scenario 4a: Erin to be part of Caledon



- In addition to Scenario 4, the following scenario assumes that the Town will be part of Caledon.
- The expenditures and revenues have been adjusted to match the cost per capita (for non-road services) or a cost per kilometer (for roads-related services).
- The weighted assessments for Erin were adjusted and added to Caledon.
- The adjustments are summarized as follows:

Caledon Adjustments (Erin combined with Caledon)	
Description	Values to add to Expenditures
Caledon Schedule 40 (increase non-roads on a per capita basis)	\$ 10,607,962
Roads Expenditures for Roads within Erin (adjusted for Caledon cost per lane kilometer)	\$ 8,941,232
Other Miscellaneous Expenditures	\$ -
Total (to be added to Tax Recovery)	\$ 19,549,194
Description	Values to add to Revenue
Caledon Schedule 12 (increase non-roads on a per capita basis)	\$ 1,450,591
Road revenues for Roads within Erin (adjusted for Caledon revenue per lane kilometer)	\$ 228,521
Aggregates Revenue	\$ 161,378
Total (to be subtracted from Tax Recovery)	\$ 1,840,490



Scenario 4a: Erin to be part of Caledon - Continued

- Based on the prior slide, the impact to Erin includes:
 - The upper tier tax rates would decrease by 52.9% (as noted in Scenario 4)
 - Erin's lower tier tax rates would increase by 41.8%
- This scenario would have an overall impact of 22.2% decrease to the Erin taxpayers
- For Caledon:
 - The Caledon lower tier residential tax rates would increase from 0.3757% to 0.4194% (11.6%)

Existing Taxes (Based on 2019 FIR)

Description	Erin	Wellington County	Total
Tax Rate Revenues (Based on Required Tax-Supported Expenditures)	7,049,140	14,718,159	21,767,299
Current Residential Tax Rates (2019)	0.2957%	0.6175%	0.9133%

Scenarios

Erin to be Part of Caledon

Description	Erin (Caledon)	Peel Region	Total
Tax Rate Revenues (Based on Required Tax-Supported Expenditures)	9,668,524	6,707,056	16,375,580
Difference from being under Wellington County	2,619,384	(8,011,103)	(5,391,719)
Revised Residential Tax Rates	0.4194%	0.2909%	0.7103%
% Change in Tax Rates	41.8%	-52.9%	-22.2%

Scenario 5: Erin to be a Single Tier



- The following scenario assumes that the Town will operate as a Single Tier Municipality.
- The expenditures and revenues from Wellington County have been calculated on either a cost per capita (for non-road services) or a cost per kilometer (for roads-related services) and added to Erin.
- The adjustments are summarized as follows:

Erin Adjustments (Erin to be a Single Tier)	
Description	Values to add to Expenditures
Wellington County Schedule 40 (Transfer non-roads costs on a per capita basis)	\$ 6,791,312
Roads Expenditures for County Roads within Erin (cost per kilometer)	\$ 5,488,260
Other Miscellaneous Expenditures (Public Health, Ontario Works, Social Services, Child Care, Ambulance)*	\$ 16,298,263
Total (to be added to Tax Recovery)	\$ 28,577,835
Description	Values to add to Revenue
Wellington County Schedule 12 (Transfer of non-roads on a per capita basis)	\$ 1,018,301
Roads Revenues for County Roads within Erin (revenue per kilometer)	\$ 1,105,089
Garbage Bags/Tags (\$2.50 per bag - assume 2 bags per home per week)	\$ -
Other Miscellaneous Revenues (Public Health, Ontario Works, Social Services, Child Care, Ambulance)*	\$ 12,323,473
Aggregates Revenue	\$ 40,345
Total (to be subtracted from Tax Recovery)	\$ 14,487,208

- *Note that this scenario will require the Town to enter into cost sharing agreements with the County of Wellington and the City of Guelph (see next slide).

Scenario 5: Erin to be a Single Tier - Continued



- Ontario Works, Ontario Disability, Child Care, Social Housing, and Ambulance were part of an Arbitration Decision in 2010 and the method for apportioning the costs are based on the following criteria:
 - The method for apportioning Ontario Works is based on the residence of the recipient
 - The method for apportioning Ontario Disability Support Program is based on residence of recipient
 - The method for apportioning Child Care is based on the residence of recipient for fee subsidy and special needs resourcing, and based on location of the centre.
 - The method for apportioning Social Service Housing will be based on the prior residence of the tenant.
 - The method for apportioning land ambulance average call cost will be based on the locations of call codes (1-4)
- For Public Health, the costs are shared between Wellington, Dufferin, and Guelph.
- Based on the above, the details for their expenditures and revenues are not available for this study, but the figures could vary by +/- 10%.



Scenario 5: Erin to be a Single Tier - Continued

- The current combined LT and UT Tax rates for Erin are 0.9133%.
- Based on the prior slides, the Erin tax rates as a Single Tier could range from 0.8702% to 0.9036%, or a decrease in taxes by 2.9%
- This provides for the following impacts to the Town:
 - Using the low estimates for Public Health and Social Services, the tax rates for Erin could decrease by 4.7%
 - Using the high estimates for Public Health and Social Services, the tax rates for Erin could decrease by 1.1%

Summary of Scenarios



- The following table summarizes the scenarios presented herein:

Scenario Summaries	Property Taxes Impact (Combined)	Water Bill Impacts
Scenario 1 - Wellington County to Maintain All Roads in Erin	10.9%	N/A
Scenario 2 - Wellington County Downloading All County Roads	2.0%	N/A
Scenario 3 - Erin to be Serviced by Halton	-35.9%	-53%
Scenario 3a - Erin to be Part of Halton Hills	-25.6%	
Scenario 4 - Erin to be Serviced by Peel	-33.2%	-65%
Scenario 4a - Erin to be Part of Caledon	-22.2%	
Scenario 5 - Erin to be a Single Tier	From -4.7% to -1.1%	N/A

Other Considerations



- Historical Context on Amalgamations and Boundary Adjustments:
 - Historically, in the late 1990's, the Province pushed for reductions in the number of municipalities as part of their Local Service Realignment policy.
 - Since the early 2000s, there has been a focus on efficient service delivery.
 - The Province has allowed for amalgamations or boundary adjustments for single tier municipalities to absorb adjacent areas (e.g. Guelph taking land from Puslinch or Barrie taking land from Innisfil).
 - Significant restructuring proposals have generally been considered by consenting governments (i.e. upper and lower tier) but generally are judged on many factors, such as financial and economic impacts, to all parties.
 - If this process was allowed, it would be unclear if the Town would remain independent, or be a part of another lower tier municipality (e.g. part of Caledon or Halton Hills) given the population difference:
 - Erin (2019): 12,110
 - Caledon (2019): 74,649
 - Halton Hills (2019): 61,161



Impact to Wellington County

- Based on scenarios 3, 4, and 5, Erin would be serviced by either Halton Region, Peel Region, or become a Single Tier. This would have the following impact to Wellington County:
 - The assessments generated from Erin would be removed from Wellington County.
 - Erin's portion of County expenditures and revenues have been removed.
 - In total, the County would reduce the recovery from taxes by \$14.1 million (15%).
 - The net impact to the County's tax rates is an increase of 0.7%.

Wellington County Impact if Erin goes to Halton or Peel

Description	Wellington County (With Erin)	Wellington County (Without Erin)	Difference
Residential Tax Rates	0.618%	0.622%	0.7%
Schedule 22A Tax Requirement	99,741,800	85,651,173	-14.1%

- Note: the 0.7% increase does not assess a detailed impact of programs such as: social services, health department, grants from Upper levels of government, etc. (as mentioned in Scenario 5)

Pros for Halton Hills/Caledon if Erin Joins	Cons for Halton Hills/Caledon if Erin Joins
Minor expansion of tax base and rate customer base	Lower Tier tax rates of existing residents will need to increase to accommodate Erin <ul style="list-style-type: none"> • 15.9% increase for Halton Hills • 11.6% increase for Caledon
Inheriting some assets which are new (Wastewater Treatment Plant, Wastewater mains, possibly new roads/watermains/etc. if constructed prior to joining)	Upper Tier tax rates of existing residents will need to increase to accommodate Erin <ul style="list-style-type: none"> • 3.3% increase for Halton • 4.4% increase for Peel
Closer proximity to Caledon villages and to #10/410 highways makes accessibility attractive to Peel – with proposed 400 series highway, may be more attractive over time for goods/person movement	Water and Wastewater rates will need to increase to accommodate Erin <ul style="list-style-type: none"> • 0.9% increase for Halton • 0.6% increase for Peel
Provides additional lands for further development to occur, most likely in the mid- to longer term	Inheritance of some older assets (e.g. watermains)
	Longer distance to Halton Hills villages makes connectivity less attractive than Caledon
	School Board Jurisdiction Issues to be considered

Debt Capacity Impacts – Scenario 3 and 4



- Under scenarios 3 and 4, Erin would forgo revenues related to water, but will add potential revenues from library services. The following provides the impacts to the Town's debt capacity based on those revenues changes:
 - The Annual repayment limit would decrease from \$2.1 million to \$1.8 million, which is a 15% decrease.
 - However, the Regions would take over responsibility of the Water and Wastewater Services.
- On a per household basis (assuming 4,200 households as per the FIR):
 - the existing annual debt capacity equals \$505 per home.
 - the revised annual debt capacity reduces that amount to \$427 per home.

Debt Capacity Impacts – Scenario 5



- Under scenario 5, Erin would be a single tier municipality and assume new revenues related to various County services. The following provides the impacts to the Town's debt capacity based on those revenues changes:
 - The Annual repayment limit would increase from \$2.1 million to approximately \$3.2 million, which is a 50% increase.
- On a per household basis (assuming 4,200 households as per the FIR):
 - the existing annual debt capacity equals \$505 per home.
 - the revised annual debt capacity increases that amount to \$760 per home.



Questions?