

Mayor Fred Eisenberger, Mayor of the City of Hamilton,
Hamilton City Council
City Clerk, City of Hamilton

November 19, 2009

Re: Area Rating Recommendations
Test Case of the Hamilton – Many Communities, One Economy Policy

On behalf of the three area Chambers of Commerce and the three Hamilton Chamber of Commerce Divisions, we are submitting two related policies resulting from consultation between the Flamborough Chamber of Commerce, Hamilton Chamber of Commerce (including the Ancaster, Dundas and Glanbrook Divisions), and the Stoney Creek Chamber of Commerce. *You will note that these recommendations appear to be consistent with the approach that is being recommended to Council by the Mayor.* We applaud the decision to emphasize consultation, as we believe that effective public consultation is critical to moving forward as a unified city.

The area rating policy was initially developed as a way of illustrating the effectiveness of the Hamilton - Many Communities, One Economy policy for resolving contentious "Chamber" issues. This earlier policy was adopted by all Chambers / Divisions in the Hamilton area (Appendix 1 of the Area Rating Policy). This approach to collaboration was developed in order that the Hamilton Chambers would have a consistent approach to decision making on matters that affect all Chambers / Divisions across the city. This policy is viewed as a strategic economic stimulus / stabilization strategy for strengthening the overall economy of the city, for contributing positively to the health of individual communities and for removing the economic / cultural imbalances across the city.

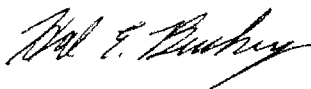
The resulting area rating policy represents a consistent "Chamber" view on area rating. It is the view of all Chambers / Divisions in Hamilton that the current "Area Rating issue" negatively affects private sector job and prosperity growth because it makes our city uncompetitive with other jurisdictions in attracting or increasing local business investments.

We encourage City Council to embrace the Hamilton – Many Communities, One Economy Approach to consultation, to use this approach in the review of the city’s current area rating policy and to adopt this approach in day-to-day activities of the city.

We would welcome opportunities to discuss these policies with city staff / Council. Please note that it has been our experience that these policies are best understood through open, constructive and ongoing dialogue. Please note also that it has been our experience that discussions on area rating and the Hamilton – Many Communities, One Economy Concept are very sensitive. As a consequence we have found that any dialogue on these topics requires participants to participate with an open mind and a desire to put policies in place that enhance our competitive advantage in a global market. To compete successfully in this environment the Hamilton Area Chambers believe that we must move forward as one united city – supported in a symbiotic relationship by strong, healthy communities. Our competition is beyond our borders – not within it.

The Hamilton Chambers / Chamber Divisions remain committed to working in partnership with the business, industry, citizens, City Staff and Council in doing our part to enhance the economic / social prosperity and competitive position of our city. Questions related to this submission should be sent to Dr. John Knechtel, Chair, Government Affairs Sub-Committee, Hamilton Chamber of Commerce.

Sincerely,



Hal Bushey
Vice-President
Flamborough Chamber



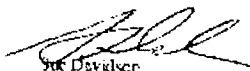
RUTH LIEBERSBACH,
PRESIDENT

Ruth Liebersbach
President
Hamilton Chamber



Brad Perco C.A., Partner

Brad Perco
President
Stoney Creek Chamber

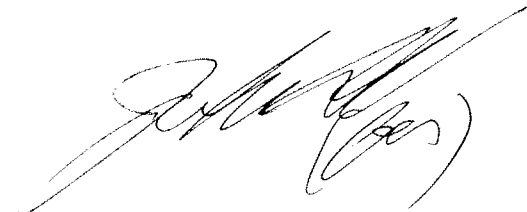


Sue Davidson
Ancaster Division
Hamilton Chamber

Sue Davidson
Ancaster Division
Hamilton Chamber



Devin Tuinstra
Dundas Division
Hamilton Chamber



Neil Dring
Glanbrook Division
Hamilton Chamber



**PUBLIC POLICY RECOMMENDATION
October 13, 2009**

**Hamilton Chamber of Commerce
Service / Area Rating Policy**

Issue:

The Chamber's current strategic public policy goal focuses efforts on those issues that will positively influence local private sector job and prosperity growth. The current "Area Rating" is an issue that negatively affects private sector job and prosperity growth because it makes us uncompetitive with other jurisdictions in attracting or increasing local business investments. This alternative to area rating was developed in order that the Hamilton Chambers have a consistent policy on area rating.

This policy is complementary to the "Hamilton - Many Communities, One Economy Policy of the Chambers. It is viewed as a strategic economic stimulus / stabilization strategy for strengthening the overall economy of the city, for contributing positively to the health of individual communities and for removing the economic / cultural imbalances across the city. This policy also illustrates the effectiveness of the Hamilton - Many Communities, One Economy policy for resolving contentious issues.

Representatives of the Flamborough and Stoney Creek Chambers as well as the Ancaster, Dundas and Glanbrook Divisions of the Hamilton Chamber participated in the formulation of this policy and are in agreement with this policy.

Background:

Whereas:

1. The Hamilton Chamber of Commerce, the Flamborough Chamber of Commerce, the Stoney Creek Chamber of Commerce and the Ancaster, Dundas and Glanbrook Divisions of the Hamilton Chamber endorsed a Hamilton - Many Communities, One Economy Policy / Principle in the spring of 2009.
2. Hamilton is recognized as a city of many communities but one economy (Appendix 1).
3. Area rating was initiated as a temporary measure at amalgamation to reduce the impact of amalgamation on the suburban communities and was designed to be "revenue neutral" (i.e. does not add to or reduce city revenues). It was also designed to mitigate differences in: services and service levels, cost to deliver the service and user fees for same service. Further background information on area rating is attached as Appendix 2.

4. Current "Area rating" policies are inconsistently applied and have created inequities within communities and across the city. Appendix 3 illustrates these inequities.
5. Many residents / businesses believe that amalgamation has increased their property taxes significantly. Consequently, revising or eliminating area rating without some effort to reduce or eliminate the extra tax burden on some residents / businesses would be difficult for many to accept and further alienate Hamilton area communities.
6. Dropping of area rating will result in a material tax shift from the previous municipality of Hamilton to the previous suburban municipalities which would result in tax increases ranging from 5% to 18% according to estimates by city officials and a small decrease in the order of 1.5% to areas in the previous municipalities of Hamilton. Rates of increase of this magnitude are clearly unacceptable and would need to be mitigated.
7. Area rating in its present form and eliminating area rating without compensating policies is inconsistent with a Hamilton - Many Communities, One Economy Concept.
8. Replacing "Area Rating" with a "Service Ratings" approach is complementary to the Hamilton, Many Communities, One Economy concept, could, in time, remove the inequities associated with the current "area rating policy", will contribute constructively to job growth and the overall economy of the city and has the potential to enhance uniqueness, self-sustainability and contribution of each community to the overall economy of the City. Appendix 3 illustrates the fundamental difference between area rating and a service rating approaches.

Recommendations:

The three Chambers of Commerce in Hamilton (i.e. Hamilton, including Ancaster, Dundas and Glanbrook Divisions, Stoney Creek and Flamborough) jointly recommend that, if area rating is to be changed, that the City of Hamilton:

1. Create a Citizen Task Force comprising equitable representation from all of Hamilton's Communities, with a mandate to organize a comprehensive public consultation process across the entire city before adopting any replacement policy;
2. Ensure that any new policies derived there from are fair and equitable across the City, by applying the principles of a "Hamilton - Many Communities, One Economy" approach; and
3. Without in any way pre-judging the outcome of this process, suggest to those engaged in this process that they actively consider replacing the current "Area Rating" system with a "Service Rating" policy (or an alternative policy that is fully consistent with the "Hamilton - Many Communities, One Economy" approach.

This policy supports Private Sector Jobs and Prosperity Growth in Hamilton
(insert checkmark ✓)

Appendix 1



PUBLIC POLICY RECOMMENDATION April 14, 2009

Hamilton Chamber of Commerce Hamilton - Many Communities, One Economy Policy

Issue:

The goals of the Hamilton City Council recognize that Hamilton is a city of many communities. The Hamilton Chamber of Commerce Government Affairs Committee created a sub-committee and invited representatives of the Flamborough and Stoney Creek Chambers of Commerce to participate. This committee was formed to bring back recommendations on how to operationalize a “City of Many Communities” concept.

Background:

Note: These policy recommendations are in keeping with the Strategic Role of Advocacy and Core Values as outlined in the Business Plan 2009 of the Hamilton Chamber of Commerce.

Whereas:

1. Hamilton is recognized as a “City of Many Communities” but one economy.
2. The Chambers of Commerce in the Hamilton area perceive an urgent need to review and revise current municipal structures as a means of strengthening the economy and social prosperity of the city.
3. Economic & social prosperity of the City are in part dependent on economic & social health of communities within the city, & effective connections/collaboration between communities.
4. Provincial legislation, city council goals, Hamilton Chamber of Commerce policies and Hamilton Economic Summit initiatives reflect the importance of this inter-dependence.
4. A balanced meaningful voice for all communities that make up the City of Hamilton is essential to the economic and social well being of the City.
5. The Chambers of Commerce, the Jobs Prosperity Collaborative and the Hamilton City Council can potentially play a leadership role in strengthening the economy of the city by encouraging an effective inter-dependent approach to City activities.
6. Other cities (e.g. Montreal, Quebec and Cleveland, Ohio) have successfully used the creation of unique districts (communities) for successfully revitalizing their economies.
7. The definition of community for the purposes of these recommendations includes non-geographic communities as well as geographic communities.

8. The slogan “Hamilton - Many Communities, One Economy” captures the spirit of a “City of Many Communities” and at the same time recognizes that the communities in the Hamilton area are inter-dependent and one economy.
9. Hamilton Economic Summit in its Orientation Guide emphasizes “collaborative leadership.”¹

Recommendations:

It is recommended that the Hamilton Chamber of Commerce, in partnership with the Flamborough & Stoney Creek Chambers:

(Internal & Externally Focused Recommendations to be completed as parallel activities)

I Internally Focused Chamber of Commerce Recommendations

- a) Adopt the concept of “Hamilton - Many Communities, One Economy” as a priority and a guiding principle in planning / activities.
- b) Mirror best practices (i.e. “lead by example”) by using a “Hamilton - Many Communities, One Economy” Concept in respective Business Plans as a means of guiding activities of the three Chambers.

Note: We anticipate that there will be many sensitive issues to address in the implementation of this concept. Individuals working on the implementation of this concept should be encouraged to anticipate issues and to suggest strategies to address these issues so that these issues do not become obstacles to the implementation of the concept.

II Externally Focused (Advocacy) Chamber of Commerce Recommendations

- a) Seek endorsement for the “Hamilton - Many Communities, One Economy” Concept from business and community leaders through endorsement by the JPC / Hamilton Economic Summit and the Hamilton City Council.

Note: the concept of “Hamilton - Many Communities, One Economy” as a priority and a guiding principle for city wide activities / policies / planning is complementary to the JPC Principle “Work collaboratively across all sectors”² and the Hamilton Economic Summit’s stated role:

“to help our community achieve a courageous new vision for economic development: **“Hamilton will pursue with passion and collaborative leadership, a dramatic improvement of our economic importance and will rise substantially in the rankings of Canadian cities”³.**

¹ Hamilton Economic Summit Orientation Guide, Revised as of November 2008, Hamilton Chamber of Commerce Website, www.hamiltonchamber.on.ca.

² JPC Creating a Framework for Action on Jobs, Johnson Associates / Dobbie Consulting, Draft 3, Page 3.

³ Hamilton Economic Summit Orientation Guide, Revised as of November 2008, Hamilton Chamber of Commerce Website, www.hamiltonchamber.on.ca.

Appendix 2

Area Rating Background Information / Clarifying Comments

1. Provincial Government has recently empowered municipalities to delegate certain powers and expanded area rating parameters provided there is a difference in service.
2. Previously, the Municipal Act prescribed the allowable special services: culture, parks, recreation and heritage systems; waste management systems; fire protection and prevention systems; parking systems, except on highways; transportation systems, other than highways; sewer, water and storm (drainage) systems; street lighting. Health programs and services cannot be identified as a special service.
3. Toronto, Brantford, Guelph and Windsor do not area rate, Ottawa rates fire, transit and waste; Sudbury area rates fire, transit; Kingston rates fire and waste; London rates transit. Some municipalities have successfully adopted an urban / rural split for area rating (e.g. Ottawa). Hamilton is the only community in Canada that does area rating based on former municipalities.
4. Before amalgamation, the Hamilton Wentworth Region area rated transit, Wentworth Library, waste management and storm drainage (Hamilton only). In 2001, Council adopted area rating in transit, fire, culture & recreation, storm senior's tax credit, slot revenues and financial adjustments. Storm, senior's tax credit and financial adjustments have been removed from area rating. Fire, transit, culture and recreation and Slot revenue have been rated in the past. Fire & transit are currently rated. To reinstate a service it must adhere to the "special service" definition⁴.
5. Area rating was dealt with at the Committee of the Whole in 2008. Council is currently reviewing the appropriateness of existing area rated services to ensure criteria of cost and service differential is still applicable, developing alternative area rating methodologies (e.g. urban vs. rural, mix of area rating and assessment -i.e. 50/50 transit model, and developing alternatives to phase-out some or all area rated services over 5, 10 or 15+ years).
6. On going comprehensive and effective consultation⁵ with residents and businesses will

⁴ Special Service Definition: "a service or activity of a municipality that is, (a) not being provided or undertaken generally throughout the municipality, or (b) being provided or undertaken at different levels or in a different manner in different levels or in a different manner in different parts of the municipality". Note that Culture & Recreation and Slot Revenues do not qualify under this definition.

⁵ Two stage Consultation Process Suggestion:

In the first Phase (i.e. Approval in Principle Phase - Fall 2009) Council could create a Task Force. The Task Force should have the support of city staff and take a leadership role in explaining (to the residents and businesses in the city) the rationale for a

be required in the development and implementation of a Service Rating Policy. These discussions should focus on explaining the rationale for an economic/social “service rating” approach as an alternative to an “area rating” approach. This alternative approach should include consultation on a phasing in of Service Ratings in order to maximize economic benefits to the city and minimize negative economic impact on residents and businesses. These consultations should also include ongoing discussions designed to keep “service ratings” current, relevant and economically feasible and desirable. Any Service Rating Policy resulting from these consultations must be acceptable to all communities across the city.

7. Service needs (as they relate to economic and social wellbeing) driving taxation rates rather than taxation rates driving service needs. However, service needs must be reviewed on a regular basis to make sure services and costs are consistent with the economic / social approach associated with this policy.
8. Councilors and / or community councils should be accountable for make service rating recommendations to City Council for strengthening the economic / cultural output of their respective communities and reducing imbalances between communities.

replacement of Area Rating with a Service Rating Approach to economic / social development, including:

1. an explanation of how a Service Rating Policy will be used as a strategic economic stimulus / stabilization strategy for strengthening the overall economy of the city,
2. how this approach contributes positively to the health of individual communities and removes the economic / cultural imbalances across the city,
3. how stakeholders will benefit from this approach,
4. a confirmation of community support “in principle” for the replacement the current Area Rating Policy with a Service Rating Approach,
5. an invitation to stakeholders to provide suggestions for enhancing the effectiveness of the second (implementation) phase.

We would expect that the second (implementation) phase will need at least one year (e.g. 2010). During this phase, the Task Force would take a leadership role in engaging communities in the development of mitigating strategies where there is a negative impact on communities.

Once the new Service Rating Policy is implemented, ongoing periodic review of the policy would be required.

Appendix 3

Area Rating vs. Service Rating

Area ratings were created as a temporary measure at amalgamation to reduce the impact of amalgamation on the suburban communities. Fire Services in Stoney Creek is one example to illustrate the imbalances created by the current area rating system and how a "Service Rating" approach can be used to remove these imbalances.

Fire services are currently offered through either Full-Time, Volunteer (Part-time), or combined Composite stations throughout the City. Under the current levy system for Fire services, areas within the former municipal boundaries are taxed regardless of the service they receive. As an example, currently the former municipality of Stoney Creek is serviced by 5 Fire Stations comprised of 3-Part-time, one Full Time, and one Composite, yet all residents of Stoney Creek pay the same levy for their Fire Services. This application of 'one levy' allows those with a 'higher service' (Full Time) to pay the same as those with a 'lower service' (Volunteer / Part-time), even though the service provided is not at the same level.

Under a "Service Rating" approach to Fire Service, residents and businesses would pay taxes based on perceived economic and social benefits of a service and the level of service that residents / businesses actually receive. For example, if it was deemed to be in the economic and social interest of the City to maintain differential Fire Service levels in Stoney Creek, residents and businesses would pay taxes based on the services they received, not based on the former municipality that they live.

It should be noted that an economic and social case for differential service would need to be completed on an ongoing basis. For example, if it was determined that all residents / businesses in Stoney Creek should receive the same level of Fire Service, the desired service would be provided and in this scenario, all residents / businesses would pay the same taxes for fire services based on the services they receive. However, if it was determined for economic and / or social reasons, Stoney Creek residents / businesses should receive differential services, then different "Service Ratings" would apply.

Approaches to accommodating the additional infrastructure needs associated with the expected growth in the Flamborough / Waterdown and Glanbrook areas of the city is another way of illustrating the difference between a Service Rating Policy and current city policies. This growth is being driven in part by Provincial Growth related Policies.

The city is expecting significant growth in the suburban designated areas of Waterdown and Glanbrook. These communities are currently area rated for fire, emergency services and transportation. Under the current city policies, it is proposed that residents / businesses in Waterdown / Glanbrook would see an increase in their taxes to pay for the additional fire and emergency services that they receive.

In addition, any improvements in transportation across the city (e.g. light rail) would be shared across the city and Waterdown / Glanbrook would be expected to pay a share of these overall city improvements. In the past, Waterdown and Glanbrook would have been exempt from paying a portion of these new transportation costs across the city. If area rating were eliminated, these area-rated areas of the city would see a further increase in their taxes. The net effect of these changes to infrastructure and removal of area rating is that business / residential taxes would go up in Waterdown / Glanbrook and down in the older parts of the city since the suburban areas of these communities would be picking up the cost of new infrastructure in their areas and a portion of the new infrastructure costs in the other areas of the city. Under this scenario businesses and residents in the Waterdown / Glanbrook communities would be a competitive disadvantage over other areas of the city that are not subject to the increased taxation.

Under a service rating approach the infrastructure in the urban areas of Waterdown / Glanbrook areas would be brought up to the same standard as the rest of the urban areas of the city and the residents / businesses in the Waterdown / Glanbrook areas would pay the same rate as other areas of the city that receive the same level of service. Rural areas of Flamborough / Glanbrook would have a lower level of service and as a result would pay proportionally less for these services. As required, there would be a phase in period for increases / decreases in taxation because of the move to a Service Rating System for these services. Under this system, businesses and residents across the city would have the same competitive position assuming service levels were the same. In this way, this move to a Service Rating approach for these services becomes a strategic economic stimulus / stabilization strategy for strengthening the overall economy of the city. This approach would also contribute positively to the health of individual communities and remove the economic / cultural imbalances across the city.