



DATE	MONDAY, APRIL 22, 2024
SUBJECT	SERVICE DELIVERY REVIEW – REBATE PROGRAMS
REPORT NO.	SDR-20

RECOMMENDATION

That Council of the Municipality of Greenstone approve the following:

1. **THAT** Council repeal the Reimbursement of Waste Disposal Fees Policy.
2. **THAT** Council adopt the Sewage Water Alleviation Program (SWAP) policy as presented.
3. **THAT** Council repeal the Financial Assistance for Rural Road Maintenance Policy and direct Staff to provide written notice of this change to the Windigokan Users Group and the Orient Bay Campers Association.
4. **THAT** Council amend the Septic Pumping Grant Program to include a sunset clause effective December 31, 2029; and

FURTHER THAT effective immediately, grant eligibility for properties taxed at the commercial rate be discontinued; and

FURTHER THAT Council direct Staff to discontinue the septic grant previously applied to community organizations.

SERVICE SUMMARY

SERVICE	REBATE PROGRAMS
DEPARTMENT	Public Services
SUMMARY	<p>Past Councils adopted several rebate program policies to offset taxpayer costs as interim means to address issues around the following scenarios:</p> <ol style="list-style-type: none"> 1) The standardization of service delivery across Greenstone; 2) A lack of service delivery; 3) Alternative service delivery;

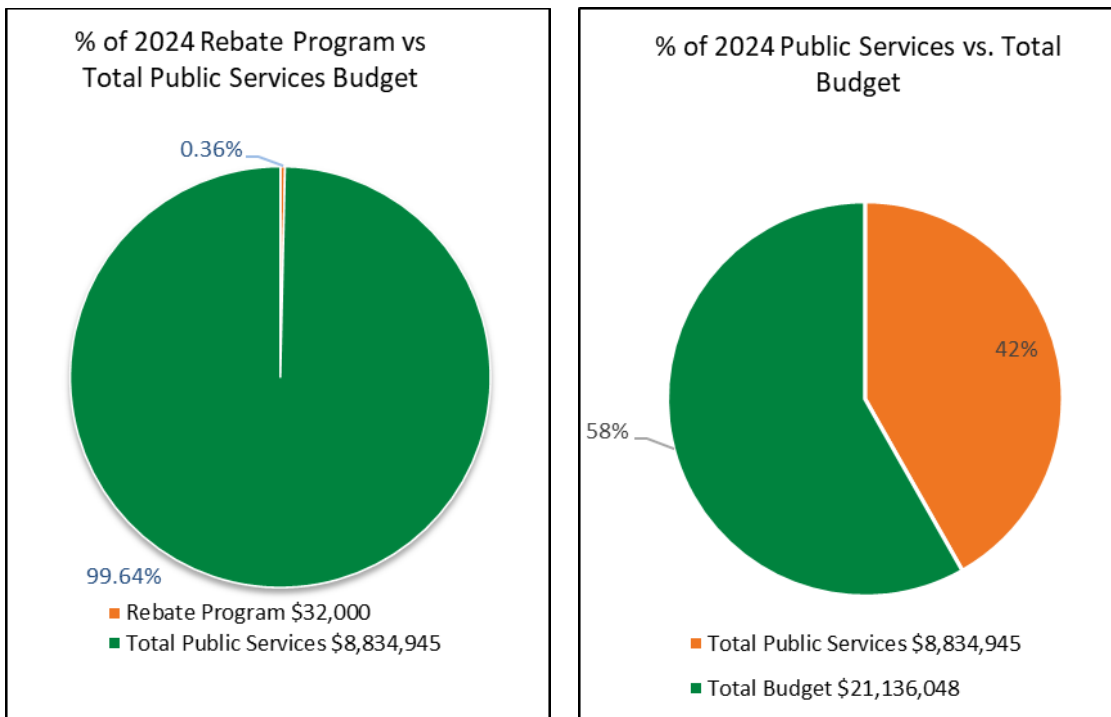
	<p>4) Homeowner incentives that help reduce mutual problems associated with sewer wastewater</p> <p>This SDR accomplishes an in-depth review of the implications of these policies that former Councils were not previously presented with. An assessment of program rationalization considering fairness and common practice is presented to assist Council in their review of these long-standing program policies.</p>
MANDATORY	N/A
LEGISLATION	<p>The adoption of Corporate Policies is made possible by the Municipal Act, 2001, S.O. 2001, c. 25.</p> <p>Awareness of the following legislation is relevant to the policies under review:</p> <p>Road Access Act, R.S.O. 1990, c. R.34 Public Lands Act, R.S.O. 1990, c. P.43 Environmental Assessment Act, R.S.O. 1990, c. E.18 Ontario Water Resources Act, R.S.O. 1990, c. O.40 Clean Water Act, S.O. 2006, c. 22 Nutrient Management Act, S.O. 2002, c. 4 Environmental Protection Act, R.S.O. 1990, c. E.19 Environmental Bill of Rights, S.O. 1993, c. 28</p>
BY-LAWS	<p>The following policies are in effect:</p> <ul style="list-style-type: none"> • Reimbursement of Waste Disposal Fees • Sewer Water Alleviation Rebate Program • Financial Assistance for Rural Road Maintenance • Septic Pumping Grant Program
FEES/CHARGES	N/A

2024 BUDGET SUMMARY

2024 Expenditures: \$32,000

2024 Revenues: -\$0

Net Budget: \$32,000



The Rebate Programs Budget includes funding for the following initiatives.

- Reimbursement of Waste Disposal Fees - \$0
- Sewage Water Alleviation Program Policy - \$1,000
- Financial Assistance for Rural Road Maintenance Policy - \$6,000
- Septic Pumping Grant Program Policy - \$25,000

STAFFING

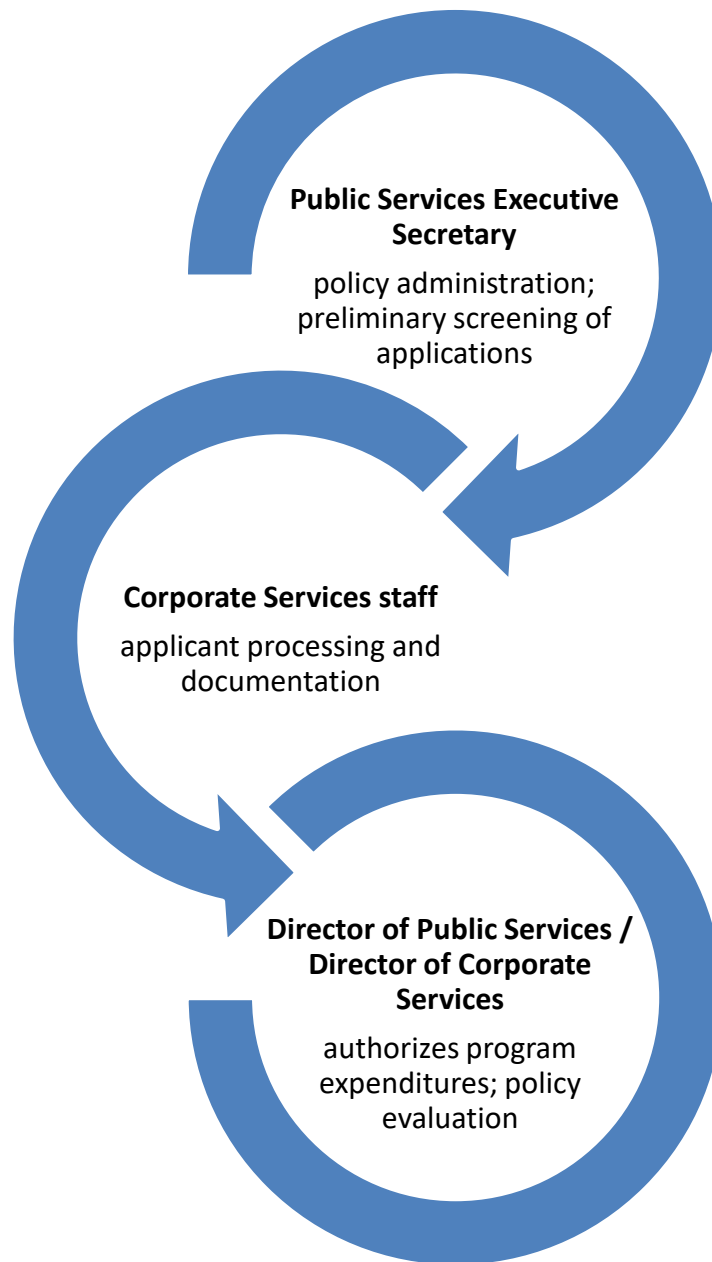
The Public Services Department has been tasked with the overall administration of these grant programs, though there is a necessity for cross-departmental involvement for the following reasons:

- 1) Corporate staff have financial accounting and payment processing responsibilities associated with these policies.
- 2) The support of Corporate staff has been integrated into the administration of the Septic Pumping Grant Program to assist with managing the administrative workload and accessing tax account information that the Public Services Department does not have access to.

All accounting clerks are required to be familiar with the general administrative process for the Septic Pumping Grant Program as applications may be submitted through the Ward Offices. Figure 1 describes the workflow.

Consideration for new programs should include a review of administrative processes and demands for service delivery.

Figure 1. Workflow for program administration



Currently, Corporate Services staff review the application for property tax standing to determine whether eligible applicants will receive a tax credit or be issued a cheque. Applications flow through the Nakina Ward Office Clerk to verify program eligibility (based on the date of the previous claim) and to document the current claim. These duties were transferred to the Nakina Ward Office Clerk to alleviate workload from the Public Services Executive Secretary who continues to oversee program administration. Often applications are received in waves (after a septic contractor has been to the area) during the summertime, which coincides with construction season.

The Public Services Department reviews applications for the Rural Road Maintenance tax subsidy for eligible receipts; the Tax Clerk calculates the 15% subsidy available.

The Sewage Water Alleviation Program required very little administration due to the limited number of applications received, and the Reimbursement of Waste Disposal Fees policy no longer has any administrative responsibilities as it has become redundant.

Table 1. Annual Applicants per Program

Policy	Number of Applications Received By Year*		
	2021	2022	2023
Septic Pumping	46	44	45
Rural Road Mtncce	2	2	2
Sewer Alleviation	0	0	0
Waste Disposal Fees	N/A	N/A	N/A
*applications received does not equate with number of grants issued			

It is recommended that any discretionary policy proposed in the future consider administrative implications in order to achieve customer service timelines.

SERVICE BACKGROUND

The following four program policies are administered through the Public Services Department, presumably due to their association with municipal service infrastructure. The recommendations presented in this SDR by the Public Services Department are made with contributing analysis from the Corporate Service Department.

REIMBURSEMENT OF WASTE DISPOSAL FEES POLICY

This policy adopted via RES 13-259 to compensate several Greenstone taxpayers with properties in the Orient Bay Area for annual dues to the Polly Lake Dump Association. Due to their geographic proximity to Nipigon, these ratepayers did not access commercial amenities in Greenstone. (The Polly Lake Dump is situated between Orient Bay and Nipigon.)

There has been no change to the to the policy since its adoption. The Polly Lake Dump was closed in 2017 and since then a couple affected residents turned to accessing the MacDiarmid waste disposal site. The MacDiarmid waste disposal site is an MNRF landfill which has since been closed (2023).

The Service Delivery Review for Waste Management will be addressing service delivery issues among Greenstone residents including those in the Orient Bay area that do not receive waste collection services for property taxes received.

SEWAGE WATER ALLEVIATION PROGRAM POLICY

This policy arose in response to the unprecedented number of sewer backup claims received by the Municipality. Council adopted the Sewer Water Alleviation Policy via RES 05-77.

Since this event, the Municipality has targeted a number of upgrades to the sewer system, particularly the replacement of the sewer line feeding into the McKenzie Lift Station with a larger capacity sewer line to address a bottle neck in the infrastructure. The Pollution Prevention Control Plans (PPCP) were completed with the assistance of an engineering consultant and were approved by the MECP.

The PPCP's included a recommendation to adopt a policy that would reduce infiltration to the sewage system. The Director of Public Services presented several options to Council (Dec. 6, 2012) based on this recommendation. Council amended the policy via RES 17-43 (amending an earlier amendment made under RES 14-202).

After the initial years of the policy, applications for the program have been significantly reduced. The program when utilized does have positive impacts to the sewer system thereby benefitting the Municipality as a whole.

FINANCIAL ASSISTANCE FOR RURAL ROAD MAINTENANCE POLICY

This policy was adopted via RES 03-22 in response to a request in 2002 made by the Windigokan Cottager's/Users Association formed by Greenstone waterfront property owners on Windigokan Lake. The group advocated that since they were now incorporated into the municipal boundaries of Greenstone and therefore subjected to municipal property taxation, they should receive compensation in the form of a financial contribution toward maintenance of the Crown-owned access road to their properties.

While no further debate has occurred on the relevance of the policy, it was amended via RES 12-319 and RES 16-246 to address individual property owner's requests.

The original determination of the 15% tax subsidy was made at a time when numerous decisions were being made to adjust to municipal amalgamation and has not been thoroughly scrutinized until now. The Director of Corporate Services has provided a financial perspective in this SDR for Council's information.

SEPTIC PUMPING GRANT PROGRAM POLICY

This program began during the 1960's and was significantly expanded post amalgamation.

This municipal practice has a long history that dates back to the days when the former Town of Geraldton was not serviced by a municipal sewer system. In 1968, Geraldton By-law 68-709 for example, authorizes a contract for the collection and disposal of

garbage and the cleaning of septic tanks under the direction of the Town's Sanitary Inspector.

Records indicate that Council adopted the "Septic, Effluent and Holding Tank Pumping Service Policy" via Resolution 02-167. This policy mirrored Geraldton By-law 94-148.

Since 1994, Council's have made changes or updates in 2006, 2008, 2013, 2017 and finally in 2022 with the passage of By-law 22-24.

The current policy provides a grant of up to \$200 for eligible residential properties on a frequency of once every three years, and a grant of up to \$1,500 annually for eligible commercial properties for septic pumping services received. If a claim is eligible under this criteria and property taxes are owed, the grant monies are credited to the property tax account. The three-year cycle is based on general recommendations from various sources that septic tanks be pumped once every 3-5 years. More information about septic systems is posted on the municipal website <https://www.greenstone.ca/en/living-here/private-septic-systems.aspx>

The administration of this policy has undergone multiple changes in how this service is delivered. Initially, the Municipality took primary responsibility for engaging a service provider for Greenstone residents, collecting addresses for service requests for submission to the Contractor, and maintaining service records for properties. This procedure was later changed such that the Municipality issued a tender in an effort to determine the most competitive service rate for a particular geographic area within Greenstone, on behalf of residents. This process was flawed because a tender legally creates a contractual relationship between the Contractor and the Municipality. A later review determined that this was not the most appropriate process for determining septic pumpout rates. This contributed to confusion among contractors and residents alike about the Municipality's service obligations. The process was revised to then request informal quotes for service by geographic location to then be able to implement flat rebate amounts for qualifying residential and commercial ratepayers.

Over the years, community organizations in the Geraldton Ward also claimed the septic grant for their recreational properties.

The purpose of the program has also evolved. In recent years it has been rationalized as a means to compensate property taxpayers for contributing to sewer services that they do not receive because they are not connected to the municipal sewer network. Immediately post-amalgamation taxes were significantly subsidizing municipal water and sewer.

In its decision-making, Council may need to recognize that the program rationale is not likely widely understood among residents that claim the grant; public feedback suggests it is most commonly understood that this grant is provided to offset property taxes in rural areas with limited municipal services.

KEY PERFORMANCE INDICATORS

The following KPI's are proposed to assist Council with decision-making around discretionary policies.

Program Equity: The Program supports the equitable delivery of infrastructure services and/or the Program provides equitable financial assistance to ratepayers.

Benefit to Ratepayers: The Program improves the efficiency of municipal infrastructure and operations for the benefit of all ratepayers.

Alignment with Best Practices or Legislation: The Program implements a best practice as recommended by a Canadian or Provincial organization affiliated with the improvement of municipal service delivery. The Program implements a recommendation of the Federal or Provincial governments. The Program is aligned with Greenstone's Strategic Plan and/or it's sub-strategies.

ASSET USE

Public Services and Corporate Services staff involved in the administration of these programs work out of the main administrative office. General office space and office furniture along with IT resources are used including the IT network, printers, and desktop/laptops.

Total asset value allocation is less than \$50,000. General IT replacements are required to complete all functions.

ANALYSIS

OPTIONS:

1. DISCONTINUE PROGRAMS.

Programs are discretionary and may be created or discontinued at will by Council. The discontinuation of programs is an option that would redirect tax funds dedicated to programs to other areas of expenditure.

The discontinuation of the Reimbursement of Waste Disposal Fees Policy and the Financial Assistance for Rural Road Maintenance Policy is recommended. The discontinuation of the Septic Pumping Program in 2029 is also recommended.

2. MAINTAIN EXISTING PROGRAMS.

This SDR considers the validity of the existing programs. Routine evaluation of programs should be conducted to determine their effectiveness and appropriateness in relation to uptake and changing priorities. It is apparent that not all of the Municipality's four programs under review are aligned with current municipal objectives.

The continuation of the Sewage Water Alleviation Program (SWAP) Policy is recommended.

3. REVISE EXISTING PROGRAMS.

This option recognizes recommendations to cancel, change, or update existing programs as per staff recommendations.

The amendment of the Septic Pumping Grant Program Policy is recommended.

4. ENHANCE PROGRAMS.

Municipalities implement a variety of programs. These may be designed, for example, to influence positive practices of residents, promote access to public services, or meet a financial need. Consideration for programs that are aligned with the Municipality's current Strategic Plan and the degree to which these programs would be funded would be integrated with the annual budget planning process.

No new programs are proposed or presented for discussion at this time.

IMPROVING IN-HOUSE PROCESS AND PERFORMANCE:

The administration of several versions of the septic pumping program policy offers a good example of how the approach to program administration can impact:

- 1) the efficiency of a program delivery,
- 2) the degree of taxpayer value for the service provided, and
- 3) what public perceptions can develop from the provision of programs at the direction of Council.

Using the Septic Pumping policy as an example, Staff have handled numerous phone calls over the years dealing with questions and complaints about service delivery. The following list is meant to provide Council an awareness of the challenges in delivering this particular program.

The general theme of the questions and concerns indicate that there is an impression by ratepayers that the Municipality is responsible for the property owner's infrastructure.

The Public Service Department attempts to address these educational matters via the Municipal website and by answering questions by phone call. The Septic Smart document is a good reference document on how different septic systems are designed and function, and how to properly maintain them. The Municipality also refers residents to the Thunder Bay District Health Unit (TBDHU) for more information on the regulation of septic systems in the region. The installation and inspection of septic tanks, and the investigation of septic system related complaints are addressed by TBDHU health inspectors.

ADJUSTING SERVICE LEVELS:

The rationalization of a discretionary service program should involve a review that considers whether a program aligns with the Municipality's Strategic Plan, whether it can be delivered in a cost-effective manner, and whether the program offers good value as a public service. Council may refer to a number of criteria to assist in the decision-making process, including:

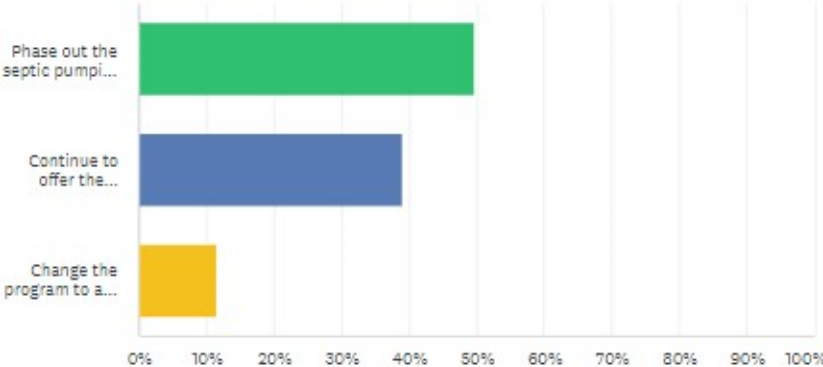
- 1) Cost-benefit analysis
- 2) The use of performance metrics (to indicate public satisfaction, program uptake, or per household cost for service)
- 3) Benchmarking to compare the methodology or effectiveness of a program with programs offered by other municipalities, and
- 4) Alternatives to service delivery (which may include contracting services, partnering with other organizations, or using other service models)

A thorough exercise in evaluating the pros and cons of offering a program will guide Council in determining whether Strategic Planning objectives can be met for new or existing programs. Program delivery should be re-evaluated on a continual basis to determine whether the program should be continued, modified or eliminated.

Responses to the SDR Survey Questions are provided below.

The Septic Pumping Program uses tax dollars to subsidize household septic pumping service fees. Across Ontario, private septic systems are the responsibility of the homeowner. In Greenstone, rural residents contribute to public water and sewer services through a small portion of their taxes. The Municipality should:

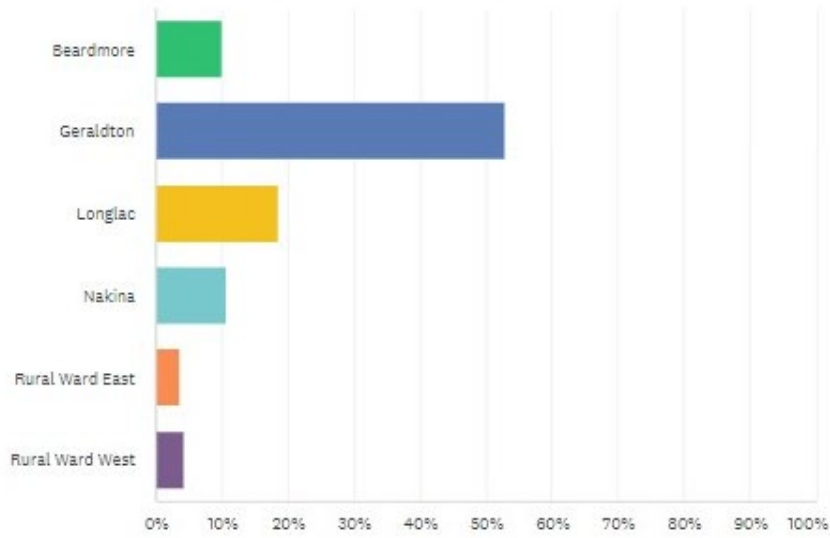
Answered: 149 Skipped: 25



ANSWER CHOICES	RESPONSES
▼ Phase out the septic pumping program and change taxation so that rural taxpayers are no longer contributing to municipal water and sewer costs.	49.66% 74
▼ Continue to offer the current Septic Pumping Grant Program that provides a \$200 grant to property owners once every 3 years.	38.93% 58
▼ Change the program to an incentive grant for septic system inspections.	11.41% 17
TOTAL	149

Which Municipal Ward do you reside or own property in?

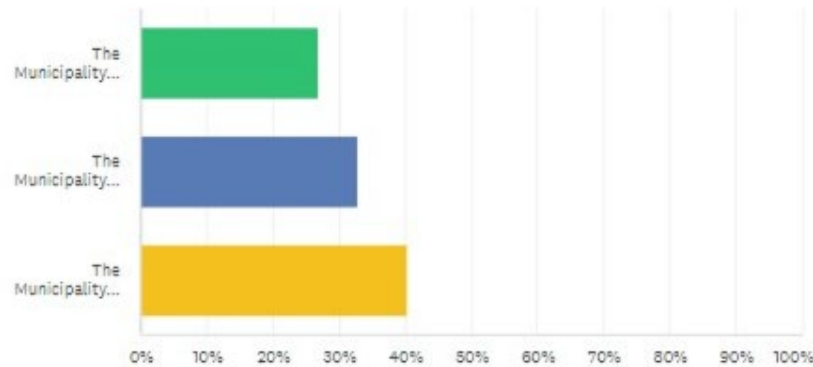
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ANSWER CHOICES	RESPONSES
▼ Beardmore	10.12% 17
▼ Geraldton	52.98% 89
▼ Longlac	18.45% 31
▼ Nakina	10.71% 18
▼ Rural Ward East	3.57% 6
▼ Rural Ward West	4.17% 7
TOTAL	168

Council can adopt/change/or end these programs through policy changes. The Service Delivery Review (SDR) process may result in the restructuring of incentives/grants offered to residents. Which of the below do you feel is most important.

Answered: 149 Skipped: 25



ANSWER CHOICES	RESPONSES
▼ The Municipality should continue to set aside a portion of its budget for individual benefit programs.	26.85% 40
▼ The Municipality should budget for and offer more types of programs to assist more taxpayers.	32.89% 49
▼ The Municipality should improve public infrastructure (eg. roads) as a priority over offering financial programs.	40.27% 60
TOTAL	149

COST AVOIDANCE: OPERATING COSTS AND CAPITAL INVESTMENTS:

Each program is associated with an annual budget. The cancellation of discretionary programs would result in cost savings.

ENHANCING AND EXPANDING SERVICE LEVELS:

Staff are not proposing to introduce any program enhancements or expansions at this time. This said, it is recommended that the promotion and advertising for the Sewer Water Alleviation Program be a focus for the upcoming budget year and that the 2025 operating budget for this program increase in preparation for an increase in use of the grant program.

DISCONTINUING THE SERVICE:

Staff recommend the discontinuation of three of the four programs under review as per the rationale provided for each.

1) REPEAL THE REIMBURSEMENT OF WASTE DISPOSAL FEES POLICY

This policy is no longer effective given the closure of the Polly Lake Dump. Repealing this Corporate Policy should be done for proper records management.

2) REPEAL THE FINANCIAL ASSISTANCE FOR RURAL ROAD MAINTENANCE POLICY

An investigation of how this program translates to per household benefits was conducted by the Director of Corporate Services.

Windigokan Lake has 24 properties with a total assessment value of \$1,586,000. Total taxes payable in 2024 will be \$39,837.32 for this property group. The current policy allows up to 15% of the combined taxes for the Association to be refunded - \$5,975.60 in 2024.

The 2024 Tax Levy is \$18,045,600 with \$2,828,850 allocated to the Public Works functions (or 15.67% of the total budget). The policy directive results in less than 1% or \$269.35 remaining as the contribution for all other municipal road maintenance costs across Greenstone which the road association taxpayers have full access to year round.

Other than the Windigokan group, the only other grant applicant in recent years is the Orient Bay Cottager's Association which involves 8 properties.

The Municipality has a total of 4,581 properties. This policy is only being used by 32 properties and affects a total of 0.69% of the tax base and is therefore an historical "entitlement" program that affects a very narrow subsection of the tax base and should be discontinued immediately.

Ultimately, the issue is a matter of cost recovery for maintenance of a Crown-owned road.

3) AMEND THE SEPTIC PUMPING GRANT PROGRAM POLICY, AND REPEAL AT A LATER DATE.

A financial analysis for this program is provided by the Director of Corporate Services.

Based on the 2024 budget, the total levy is approximately \$18,045,500 with \$662,300 funding the user rate budget or 3.67% of the total tax levy. The average residential property assessment (with a house) is \$64,000 in Greenstone. At the current rebate of \$200 every three years for residential properties, the property assessment would need to be approximately \$74,000 for a property owner to "break even". In other words, there are a number of residential properties (those with an assessment of less than \$74,000) who can currently claim more grant funding than what those property owners contribute to the water and sewer budget. Conversely, some property owners do not receive full compensation for their water and sewer contributions even if they claim the \$200 grant.

Table 2 identifies a sampling of five commercial operators located across Greenstone that receive the septic grant (up to \$1,500 annually), what they are paying in taxes, and what the share of the water and sewer user rate budget would be (@ 3.67%).

Table 2. Comparison of Taxes with Water & Sewer Contribution and Grant Provided

Sample Properties across Greenstone for Comparison	2024 Taxes	Portion of Taxes applied to Water & Sewer	Septic Pumping Grant Claimed (up to \$1,500)
Property 1	\$ 4,591.32	\$ 168.50	\$1,175.20 in 2023
Property 2	\$ 10,240.92	\$ 375.84	\$1,500.00 in 2023
Property 3	\$ 21,702.05	\$ 796.47	\$1,500.00 in 2023
Property 4	\$ 6,948.41	\$ 255.01	\$1,107.40 in 2023
Property 5	\$ 6,881.04	\$ 252.53	\$1,500.00 in 2022

The staff report prepared by the Director of Public Services in 2002 recommended the discontinuation of this program, pointing out that full-cost recovery for sewer and water services will be a legislated requirement in the future.

Staff advise that this policy can not be rationalized as a municipal service, being that the maintenance of private septic systems is not the responsibility of Municipalities.

The Municipality has a total of 4,581 properties. This policy has only been used by 135 properties over the last 3-year cycle and affects a total of 2.95% of the tax base. There are 1707 total sewer accounts reflecting 2874 total properties not serviced by a sanitary system. In this regard, only 4.70% of all eligible properties are using the program and is therefore an historical “entitlement” program that affects a narrow subsection of the tax base and should be discontinued immediately.

In order to mitigate the discontinuation of the program, Staff recommend a two-step process:

- 1) Discontinuing the grant for commercial properties immediately.
 - a. Ratepayers have been and continue to subsidize commercial business through this grant program as highlighted in Table 2.
 - b. A review of this grant as it applies to commercial properties identified a clear financial benefit to commercial businesses. This is problematic for two main reasons:
 - i. It is not an equitable distribution of taxpayer funds in comparison with residential ratepayers, particularly those paying similar tax rates, and
 - ii. the commercial grant is most likely considered bonusing under the Municipal Act and therefore prohibited

2) Discontinuing the grant for residential properties by 2029.

Full-cost recovery for water and sewer services is scheduled to be fully implemented as identified in Greenstone’s Water and Wastewater Financial Plan by 2030.

FINANCIAL IMPACT

Program cost information is provided in Table 3 for reference.

Table 3. Annual Program Expenditures

Policy	Annual Program Expenses		
	2021	2022	2023
Septic Pumping	\$12,336.41	*\$13,811.35	\$12,539.29
Rural Road Mtnc	\$5,167.62	\$7,542.00	\$5,497.11
Sewer Alleviation	0	0	0
Waste Disposal Fees	0	0	0
*year of policy amendment to \$200 flat rate for residential properties			

COST AVOIDANCE

Financial Assistance for Rural Road Maintenance Program

Discontinuation of the program will save \$6,000 per year as contained in the budget.

Septic Pumping Grant Program

Discontinuation of the program will save \$25,000 per year as contained in the budget.