

July 9, 2019

To the residents of Cedar Brae Crescent

Thank you for your petition titled “Unfair Taxation” which was presented at the regular meeting of Council on June 17th, 2019 by Councillor Ian Froude. In order to further some discussion on the issue it is beneficial to understand the legislative restrictions in terms of what the City can and cannot do in accordance with the provincial legislation.

Legislative Framework

In terms of mill rates, the City must charge only one mill rate to all residential properties. There are only two legally permitted reductions to this mill rate. The mill rate charged shall be discounted in two instances: 1) where a property is not serviced by water, and 2) where a property is not serviced by sanitary sewer. The current residential mill rate is 7.7 and the discount is 0.5 mills for each service. As a result, the net residential mill rate being charged is 6.7 which is 13% below the rate being charged to a fully serviced property. It is this lower rate which should be reflected on all the tax bills of Cedar Brae Crescent.

Water Taxes

In addition to the mill rate discount – residents not serviced for water and sewer are not charged the water tax which is currently \$605 per water unit. This water tax includes all costs of the City’s water operations from treatment at original source to ultimate discharge including all the necessary staffing and maintenance costs in between. Water tax also includes the repayment of capital debt associated with facilities such as Bay Bulls Big Pond and Winsor Lake, as well as the Riverhead Wastewater Treatment Facility. As a result, none of the residents of Cedar Brae Crescent pay any amount towards such costs. Factoring in the reduced mill rate and exemption from water taxes, this results in a tax bill which is 31% lower for residents of Cedar Brae Crescent than a fully serviced property of the same assessed value.

	Fully Serviced Property	Cedar Brae Property
Assessed value	300,000	300,000
Mill rate	7.7	6.7
Property Taxes	\$ 2,310	\$ 2,010
Water Taxes	\$ 605	
Total Taxes	\$ 2,915	\$ 2,010
	Taxes lower by	\$ 905.00
	Taxes lower by	31.0%

The above deals with water servicing issues and are the only discounts and/or reductions the City can provide in terms of tax reductions. That said it is important to address the other concerns which have been raised.

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Compromised Fire Protection

In reviewing the location of Cedar Brae Crescent, it has taken City fire crews approximately 5 minutes to respond to the corresponding area of Thorburn Road for various incidents which is within the service standard applied to all the region. In responding to Cedar Brae Crescent for a residential structure fire two Engines, two Rescues and one Ladder would be initially dispatched. The Engines carry 500 gallons of water each and the Ladder carries 300 gallons, totaling 1300 gallons of water. Upon arrival on the scene of a fire a third Engine and Water Tanker would be called in if deemed necessary. These additional resources allow the City to have a level of fire coverage for the area which meets fire protection standards.

Availability, Proximity, and Access to Services and Infrastructure – Sidewalks, Metrobus, etc.

The mill rate the City charges is not based on a fee for service approach. Given the large geographic layout of the City, ensuring every property has the exact same access to every service is impossible meaning there will always be what one could argue is an inequity. That said, access to services can have an impact on assessed value which ultimately leads to the calculation of property taxes. For example, if a property is on a bus route which the residential property market deems a factor which would increase the value of the property this would result in a higher tax bill. In terms of sidewalks, a property without sidewalks could be assessed lower than one with sidewalks, meaning a lower tax bill. While these are simplistic examples, and each property can have unique circumstances, they do illustrate how the assessed value – and ultimately the taxes paid – are impacted by availability, proximity, and access to various services and infrastructure.

Cost of Services

Providing new infrastructure to Cedar Brae Crescent is a substantial capital project. Most notably water and sewer which would require extending the existing services from Thorburn Road. When a serviced lot is purchased by an individual they pay for the full cost of installation as these amounts are passed on by developers. It is important to note that when the City installs new services there is a resulting civic assessment charge levied against each property owner. In some cases these costs can be substantial - scenarios involving the installation of water, sanitary, and storm services, in addition to sidewalk, can result in property owners receiving a bill upwards of \$12,000 based on a standard 15.25 meter lot. As most of the lots on Cedar brae Crescent are in excess of 15.25 meters the civic assessment bills could be much larger.

Hopefully the above provides further clarity on the issues raised in the petition. If there are other questions or concerns, please feel free to contact the undersigned or your ward councillor.

Sincerely yours,

Kevin Breen,
City Manager

ST. JOHN'S