

[June/62]



# CIVIC AFFAIRS

A BULLETIN ISSUED BY THE BUREAU OF MUNICIPAL RESEARCH, 32 ISABELLA STREET, TORONTO 5

## Municipal Sewer Service Charges

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June, 1962.

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 ANN I. CRAWFORD, B.A. .... *Research Associate*

# Municipal Sewer Service Charges

## SUMMARY

The advantage of levying user charges to defray the cost of certain municipal services has long been recognized. Parking, hydro electric power and water supply, for instance, have been financed by this means. Although the purification and distribution of water is simply the reverse process of collecting and treating sewage, most costs of sewage services are recovered through the general property tax and not by means of user charges.

The introduction of sewer charges in Metropolitan Toronto could result in two major advantages. First, since the benefits realized from a sewage system vary between users, sewer service charges would permit a more equitable distribution of the costs of this service. Second, a major portion of the eleven million dollars spent annually by the municipalities of Metropolitan Toronto for the collection and treatment of sewage could be removed from the property tax by use of sewer service charges. The resulting diversification of municipal revenues would be desirable.

The heavy dependence of municipalities upon the property tax has led to a search for alternate sources of revenue. One device that has been utilized is the user charge, under which, beneficiaries of services pay the proportion of the total cost occasioned by their consumption of services.

In addition to diversifying municipal tax sources, service charges facilitate the identification of the costs of services; they serve as pricing mechanisms which may regulate consumption; they may assist in the determination of public investment policy; and permit a more equitable distribution of the costs of government services.

The collection and treatment of sewage may be financed by service charges. An equitable distribution of cost requires that the needed total annual revenue of a sewage works be contributed by beneficiaries for whose use and benefit the facilities are provided, approximately in proportion to the costs of providing the benefits of the sewage works.

In general, three distinct groups derive benefits from a sewage system:

- users, each time they empty a sink or discharge an industrial waste into the sewer system.
- property owners, when storm and ground water is carried off by the sewage system.

- the community at large, through dry, pollution free surroundings.

The costs of collection and treatment should be apportioned between each of these groups according to the costs occasioned by their use of the system. The shares thus determined then must be allocated between individual beneficiaries within each group and recovered by a means which reflects the proportion of benefits each derives.

Since water consumption is closely related to the volume of sewage discharged, the user's share should be recovered by a charge related to water consumption and adjusted to reflect varying strengths of sewage discharged by individual users.

The benefit derived by property owners is related to the area of individual properties served. Charges to recover costs attributable to the drainage of property should reflect this factor.

Finally, since the value of general benefits derived by the community at large cannot be quantified, an arbitrary amount must be recovered from general municipal revenues in respect to this share.

The existing framework of local government in the Metropolitan Area, and available legislation, permits a system of sewer service charges to be instituted. Costs of sewer services may be divided between classes of beneficiaries in such a way as to provide a fair and equitable basis for the distribution of costs.



CIVIC AFFAIRS  
BULLETIN ISSUED BY THE BUREAU OF MUNICIPAL RESEARCH, 22 SPADINA AVENUE, TORONTO, ONTARIO

## Municipal Sewer Service Charges

A proposal to relieve real property of a substantial portion of taxes now levied for sewage services.

### The Nature of Service Charges

In 1959, property and business taxes levied by municipalities in Ontario accounted for 60% of their total current revenues and for almost 100% of their revenues from taxation. This dependence upon property and business taxes, in the face of continually increasing costs of local government and the inflexibility of the property tax has led municipal authorities to seek alternate sources of revenue. Pressures exerted by municipalities for the assumption of services by senior governments, or their participation through grants, the provision of public improvements by subdivision developers, and interest in service charges as a potential source of municipal revenue are all manifestations of their search.

Service charges are payments by individuals to governments in return for specific services. They are based on the general proposition that beneficiaries of services should pay the proportion of the total cost occasioned by their consumption of services. As such, they are to be distinguished from taxes, in that they are contractual, rather than compulsory payments conferring individual benefits rather than benefits of a general nature. In consideration of the payment of a charge by a consumer, a government agrees to perform a specific service benefiting the individual charged, rather than the community at large.

The contractual nature of charge financed services indicates that not all municipal services may be financed in this manner. Some services provided by municipalities benefit the entire community and provide little or no basis for identifying individual beneficiaries. Such services can only be financed from revenues raised from the community. The cost of services which are essential to the wellbeing of the community can only be fully charge financed when users show at least an inferential ability or inclination to pay charges sufficient to cover the cost of providing the service. Under conditions in which charge financing discourages the consumption of services which are socially desirable, public benefits may be lost. Thus, in the Metro area, the maintenance of a fully self-sustaining public transit operation could necessitate such high user charges as to frustrate the advantages of mass public transportation. Though a number of services, such as education, confer benefits which may in part be attributed to individuals, their benefit to the entire community and the regressive nature of charges

sufficient to finance them, require that they be recovered by means of a tax structure providing for some redistribution of income rather than by a system of service charges.

Thus, government services may be entirely charge financed when they yield direct and measurable benefits to individuals who are able to pay their share of the service's total cost. At the same time, the nature of the service must be such that its financing does not require the redistribution of income. The decision as to whether the costs of services meeting these criteria are to be defrayed entirely by service charges, by general municipal revenues, or by a combination of the two, rests with the public. To the extent that costs are not fully reflected in the price of a public service, users of the service receive a subsidy at the expense of non-users, often in order to realize desirable public objectives.

### Types of Charges

Municipal activities commonly financed in whole or in part by service charges may be classified under three headings:

Regulatory-Inspectional	Service Functions	Enterprise Functions
building	sewage collection and disposal	water
health	private utility outlets	electricity
public	recreational facilities	transit
safety	special library services	airports
	garbage disposal	parking
		cemeteries

The most obvious case for financing municipal services by means of charges lies with enterprise functions. Though, as with practically any government service, the entire community benefits to some degree from the availability of these services, the greatest proportion of benefits accruing from use of hydro-electric power or public transit, for instance, is easily measured and directly attributed to users.

The extent to which individuals and groups benefit from service functions, which include many of the traditional municipal services, is less easily measured than services rendered as enterprise functions but is still attributable to beneficiaries in some reasonable fashion.

Regulatory and inspectional activities of municipal governments are not generally regarded as

being financed by service charges. But to the extent to which such functions are necessary to protect the community, rather than to raise revenues, the full cost of inspection and regulation should be recovered from those whose activities make the service necessary, whenever those responsible can be identified.

A final class of municipal services, which in effect are charge financed, is local improvements. A proportion of the advantages resulting from curbs, street lighting and sidewalks is directly attributable to owners of benefiting properties. Present legislation recognizes that to the extent to which the entire community benefits from the provision of such amenities, a portion of the capital cost of the works should be contributed from general municipal revenues with the balance being divided proportionately among those directly benefiting from the works.

At first glance, the proportion of revenues derived by municipalities from service charges is not large. In 1961, it was estimated that municipalities in Ontario raised \$19.2 million from property owners' shares of local improvements and service charges of various kinds. \$6.9 million also was raised from licenses and permits.<sup>1</sup> No more than 3% of gross current municipal revenue was derived from these sources. If utility and other municipal enterprise revenues are added to this amount, however, service charges become more significant in the total of municipal tax revenues. In the Metropolitan area in 1960, gross revenue from the sale of parking,<sup>2</sup> transit and water services alone totaled \$58 million, or a figure approaching a quarter of total general and school taxation revenues raised in the area. Since many municipal services suited to charge financing are lodged with special purpose bodies, the significance of their contribution to municipal revenue receipts is often overlooked.

In addition to being a supplementary source of municipal revenue, a number of advantages are claimed for service charges. Costs of services are more easily distinguished when they are financed by means of service charges than when they are submerged in general municipal expenditures. If the cost or nature of a service prohibits its full financing by user charges, subsidies or contributions made in support of the service by non-users from general revenues, again, are easily distinguished. If users of a service pay its full economic cost, the resulting charges are, in effect, prices which will assist in regulating consumption according to consumer preference. Consequently, charges may be adjusted to reflect demand for service and can assist in formulating public investment policy and better utilization of available public funds. If a service is financed by contributions from users which cover the full costs of providing the service, the charges levied

will automatically reflect changes in the price level. Finally, when the objectives of social policy permit particular services to be supported solely by users, a more equitable distribution of the costs of government can result.

### Sewer Service Charges

A municipal service suited to charge financing is the collection and treatment of sewage. Traditionally, costs associated with sewage disposal have been recovered from general municipal revenues. However, user charges are now levied by a number of Ontario cities to defray all, or part of the costs of sewage collection and treatment.

How well suited is this municipal service to charge financing? An analysis of the function of sewers shows that costs of operating a sewage system can be readily identified. It can also be shown that benefits accruing from the collection and treatment of sewage, and the costs occasioned by these benefits, are attributable to three distinct types of beneficiaries, each deriving direct and measurable benefits from the removal and treatment of wastes.

First, residential, industrial and commercial users derive direct and personal benefits each time they discharge polluted water to the sanitary sewer system. Second, the collection of storm and sub-surface drainage waters enhances the value of land thereby benefiting property owners. Third, the community-at-large benefits in a less direct but nonetheless substantial manner as a result of healthy, dry and pollution free surroundings.

In so far as the identification of costs and beneficiaries is concerned, the operation of sewers may be charge financed. Whether consumers should each pay for their proportionate use of sewage facilities, or whether the service should be financed from general funds without regard to individual use is a decision that must be made by the community. If it is determined that full charge financing may inhibit use of this service by some members of the community and thus obstruct the larger social objective of public health, then the cost of sewage services should be subsidized to some extent from general municipal revenues. But on the other hand, if the costs of a sewage system are recovered by means of service charges, each class of beneficiary should contribute to the total cost of providing the service according to the proportion of benefits each derives from use of the system.

### Statutory Provision for Sewer Service Charges

Under existing Ontario legislation, municipalities may recover operating and capital costs of their sewage systems from users of these facilities. Considerable flexibility is permitted.

1. D.B.S., Financial Statistics of Municipal Governments, 1960-1961, p. 19.  
2. Toronto Parking Authority, 1959 only.

Under terms of the Municipal Act, capital costs (principal and interest) may be recovered by municipalities through the imposition of "sewer rates" which are levied against occupants of property who derive, or who will in the future derive, a direct benefit from the system. These rates may be computed on the basis of a charge per front foot, an acreage rate, a charge based on water consumption or a mill rate charge. Operating costs, including maintenance, repair, replacement and depreciation charges can be recovered from users of the system by means of a "sewage service rate" calculated to reflect the volume or frequency of use and the nature of wastes discharged into the system.

The provisions of this Act permit sewer charges to be levied on a wide variety of bases. Both capital and operating costs can be recovered in a manner which reflects the use of sewage facilities by the three classes of beneficiaries previously mentioned.

*Use of Sewer Charges by Ontario Cities*

In order to determine the use of sewer charges in Ontario, the Bureau circularized the 31 cities of the Province together with the Municipality of Metropolitan Toronto. The results from 30 of these municipalities, summarized in Tables I and II, show that 12 cities with treatment facilities either in operation or under construction, recover a portion of the capital costs through sewer charges — invariably related to water consumption. Five cities levy charges to defray the capital costs of sewers other than interceptor and outfall sewers. Twelve cities recover the capital costs of treatment facilities from the general levy and twenty-five, the capital costs of sewers in the same manner.

TABLE I  
METHOD OF RECOVERING CAPITAL COSTS OF SEWAGE WORKS existing or under construction by cities in Ontario<sup>(a)</sup>

	Treatment Plant, Interceptor and Outfall sewers (b)	Balance of sewers (excluding locals)
1. Entirely from general levy	12 <sup>(c)</sup>	25
2. Combination surcharge on water consumption and general levy.	12	1
Proportion of total cost recovered by surcharge:		
75%	3	
50%	2	
45%	1	
33 1/3%	1	
25%	1	
Not reported	4	
3. Combination foot frontage rate and general levy.		4
TOTAL —	24	30

(a) Results from 29 of the 31 cities in Ontario plus the Municipality of Metro Toronto are reported.  
 (b) The cities of Toronto, Sudbury, Welland, Fort William, Cornwall Windsor do not operate treatment facilities. The cities of Ottawa, Galt, Chatham, Belleville and Niagara Falls currently have treatment works under construction.  
 (c) In addition to recovering capital costs through the general levy, Metro Toronto and Woodstock require lump sum sewage treatment imposts from subdividers.

With respect to operating costs of sewage facilities, nine cities defray treatment costs by means of sewer service charges while only one uses charges in connection with the operating costs of sewers.

TABLE II  
METHOD OF RECOVERING OPERATING COSTS OF SEWAGE WORKS existing or under construction by cities in Ontario

	Entirely from the gen. levy	Water Sur-charge	Combination water surcharge & gen. levy
Treatment plant collector, outfall	15	5	4
Sewers	29		1

Where capital and operating costs are recovered by charges — usually in conjunction with revenues from general levies — the proportion of the total cost recovered from users by surcharges on the water rate varies widely from 75% to 25%.

There is little evidence that the proportion of the total cost raised by means of these charges from users has been established on a basis which reflects actual consumption of services by types of beneficiaries. It appears that revenues raised as a direct charge against users have been set more with an eye to "what the traffic will bear" than to the actual proportion of the total annual cost occasioned by the use of sewage facilities by various types of beneficiaries.

*An Equitable Distribution of Sewer Costs*

There is at least one exception to this statement however. The City of Ottawa currently is studying a structure of sewer service charges which is designed to recover from beneficiaries, the full cost of sewage treatment and collection on a fair and equitable basis. The unique nature of the approach adopted by the City of Ottawa warrants more detailed examination.

The method of allocating costs between beneficiaries of a sewage system is based on a principle adopted by a joint committee of the

American Society of Civil Engineers and the American Bar Association which studied the use of sewer service charges. The committee concluded that:

The needed total annual revenue of a sewage works should be contributed by beneficiaries for whose use and benefit the facilities are provided approximately in proportion to the cost of providing the use and the benefits of the works.

It has been suggested above that benefits from a sewage system accrue to three distinct groups:

1. *Users* benefit each time they empty a sink, flush a toilet or discharge an industrial waste into the sewer system.
2. *Property owners* benefit when ground water drains into storm sewers, infiltrates or is conducted into sanitary sewers.
3. *The community* at large benefits from dry, pollution free surroundings.

Therefore, in accordance with the above principle, the costs of sewage collection and treatment should be recovered from each of these beneficiaries in proportion to the costs occasioned by their use of the system.

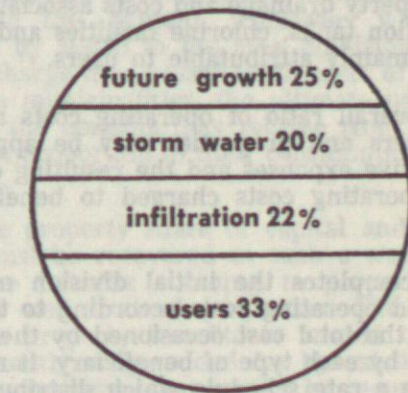
Since benefits accruing to the community at large are intangible and cannot be measured, the share to be borne by the community must be an arbitrary amount requiring a value judgment. If this share is to be five or ten per cent of the total cost, for instance, the two other classes of beneficiaries — users and properties — must bear the remainder.

In order to quantify the benefits users and properties receive, the major parts or functions of the sewage works must be studied to ascertain what part of the total annual cost is necessitated by service to users and what part by service to properties. Capital costs of the system, after deducting the community portion, must be divided between users and properties in proportion to the benefits each derives from the system, and the shares thus determined, recovered from the two classes of beneficiaries. A similar procedure is required with respect to operating costs.

Before costs are distributed between beneficiaries, an analysis of each component of the sewage system to determine its function must be made. If a particular part of the system serves users, its capital and operating costs should be paid for by users. If an element serves both users

and property, its capital cost and operating expense should be divided according to its function and added to the shares to be paid by users and properties.

To illustrate the manner in which the capital cost of the sewer system can be allocated to users and properties, Figure I shows, in cross section, the use by volume, of one element in a sewer system — a typical collector sewer.



Waste, discharged by users accounts for 33% of the sewer's capacity while ground water (infiltration) and surface storm water drained from property take up a further 43% of the sewer's capacity. The remaining 25% is excess capacity that, as all lands in the drainage basin served by the sewer are developed, will be taken up by users and properties approximately in the same ratio as now is indicated. Pending utilization of this excess capacity, the capital cost represented by the unused portion can be charged to the vacant lands that will use the capacity as they are developed, or to the share to be paid by property being regarded as "stand-by" capacity.

The same procedure can be applied to all sewers making up the collection system and each element in the sewage treatment works. For instance, as sewage enters a treatment plant, screens and grit tanks remove sand and grit carried into the system by ground water drained from property. Consequently, a large proportion of the cost of the screens and tanks is attributable to property. Sludge disposal facilities are necessitated by the presence of suspended solids discharged to the works by users and therefore should be allocated mainly to users. Applying this procedure to each element of the sewage system, an overall ratio of costs attributable to users and properties can be established. This ratio is then applied to the annual fixed charges (debt service, depreciation) payable in respect to the sewage system. The share occasioned by service to users should be paid by users and the share attributable to service to property should be borne by property owners.

The division of operating costs (labour, power, supplies, maintenance, repairs, etc.) follows much the same pattern. The proportion of the cost of maintaining sewers that is to be borne by users and properties is related to the characteristics of wastes discharged into sewers by these classes of users. The abrasive qualities of sand introduced by ground water affects pumps and sewer walls, while sludge from users must be flushed from sewers annually. In the treatment plant, the operating costs of grit tanks are again due to property drainage and costs associated with sedimentation tanks, chlorine facilities and sludge tanks are mainly attributable to users.

The overall ratio of operating costs attributable to users and properties may be applied to administrative expenses and the resulting division of total operating costs charged to beneficiaries accordingly.

This completes the initial division of fixed charges and operating costs according to the proportion of the total cost occasioned by the use of the system by each type of beneficiary. It remains to compute a rate schedule which distributes the user share according to the characteristics and quantity of sewage each user discharges. For example, normal residential sewage is cheaper to process and places fewer demands on the physical plant of the collection and treatment system than a highly noxious liquor discharged by an industrial plant. By determining the cost of treating sewage of differing strengths and characteristics, it is possible to construct a rate schedule which reflects, in unit prices, the cost of processing sewage. Users can then be charged according to the demands their wastes place on the system.

*The Recovery of Annual Charges*

How should the shares of the total annual cost attributable to users on the one hand and properties on the other, be recovered? Dealing first with the share to be paid by users, the most accurate, practical means of measuring the volume of sewage discharged is by relating use to water consumption. Allowances can be made in unusual cases — such as bottling plants — for water consumed but not directly returned to the sewage system. The volume of sewage discharged by each user can be applied against the rate which is appropriate to the strength and characteristics of wastes released into the system.

The property share must be recovered by a means which reflects the benefits accruing to individual property owners. Since the amount of drainage water entering a sewage system is directly related to the area of each property served,

the amount paid by benefiting property owners should reflect this factor. A charge based on acreage or foot frontage is the most accurate measure of benefits derived by properties, though such information is not always maintained by municipalities. The assessed value of property, though an imperfect indicator, does reflect property area to a degree and is a practical measure of property benefit from an administrative standpoint. By dividing the total costs occasioned by service to property by the total area or assessed value of all properties served, a rate per square foot or per dollar of assessment can be established to be paid by benefiting property owners.

*Sewage Expenditures in Metro Toronto*

Under terms of the Metropolitan Toronto Act, responsibility for the construction and operation of treatment facilities and major trunk sewers is vested in the Metropolitan Corporation. Area municipalities are responsible for their own local collecting systems. The Metro Corporation and area municipalities may recover costs of sewage operations by means of sewer rates and service charges as authorized by the Municipal Act.

TABLE III  
ANNUAL SEWER EXPENDITURES  
MUNICIPALITIES OF METROPOLITAN TORONTO

1961 - Estimated		
	Debt. Charges	Operating Expense
Metro	\$5,724,306	\$3,380,512 <sup>1</sup>
Area Municipalities		2,039,366
Total	\$5,724,306	\$5,419,878

1. 1961 - Actual.

Table III shows the total expenditure required in 1961 to service the sewage system of the Metropolitan municipalities. In general, the capital and current sewage expenditures of the Metropolitan Corporation are raised through its general levy upon the area municipalities. Similar expenditures by the area municipalities are recovered through general property taxes. However, additional sources of revenue are utilized. The Metropolitan Corporation each year applies a portion of the proceeds of its special two mill capital levy toward the enlargement or improvement of its sewage facilities. In addition, both the Metropolitan Corporation and eleven of the thirteen area municipalities subscribe to a policy adopted in

1958 whereby a portion of "sewage treatment imposts" collected by the area municipalities from subdividers is paid over to Metro to defray the cost of improving the sewage system.

A further source of revenue, which has not yet been exploited was secured recently by the City of Toronto. Where newly constructed buildings increase the load upon existing sewers, a charge may be levied which is sufficient to pay all or part of the costs of increasing the effected sewers' capacity.

For the sake of comparison, sewer costs are recovered in Metropolitan Winnipeg by means of a series of sewer charges. The distribution of responsibilities between the Metro Corporation and area municipalities is similar to that in Metro Toronto. However, the annual cost (operating and debt service) incurred by the Winnipeg Metro Corporation is apportioned between the area municipalities on the basis of water consumed by each municipality. The area municipalities, in turn, pass the Metro charge along to beneficiaries of the sewer system as a surcharge on water consumption. Their own costs, resulting from the construction and operation of local sewers, are recovered either by inclusion in their general mill rate, by a foot-frontage charge or by adding their costs to the water surcharge levied in respect of the Metro impost. Thus, the method of recovering sewer charges in Winnipeg is similar to that used by a number of cities throughout Ontario, but not in Metro Toronto, and suffers from the same defects. The costs of collecting and treating sewage are not apportioned between types of beneficiaries according to the benefits each receives.

*Recovery of Sewage Costs Incurred by Metro Toronto*

If sewage costs were to be recovered by the Metropolitan Corporation through a system of service charges, what form should they take? One method of providing for a fair and equitable distribution of cost between beneficiaries is that which is based on the principle adopted by the joint committee of the American Bar Association and American Society of Civil Engineers.

Applying this principle to Metro's sewer operations, it would be necessary to determine the proportion of benefits accruing first, to the community at large and second, to users and properties from each part of the collection and treatment system. With these proportions established, the capital and operating costs could be divided between the three classes of beneficiaries.

Since the community at large benefits from an efficient sewer system, some part of the cost incurred by Metro and each area municipality

should be taken from general revenue. This portion could be deducted, pro rata, from the use and property shares determined by Metro in respect to its expenses, and the area municipalities in respect to theirs.

As noted above, the most practical and equitable method of recovering the user's share of the total annual cost of the sewage system is by relating use to consumption of water. Accordingly, if a surcharge, equal to the user share of sewage costs incurred by the Metro Corporation, were added to the present wholesale water rates charged by Metro to the area municipalities, and the surcharge then passed on to users of sewers by the area municipalities, the ultimate users would pay for the benefits they receive from the Metro works in proportion to their consumption of sewer services.

The property share of capital and operating costs must be recovered in such a way as to reflect the benefits accruing to property owners through well drained properties. The extent to which a property benefits is related to its area. Consequently, as provided for by existing legislation, the property shares may be recovered by a charge tied to property area or frontage. The share of expenses incurred by Metro and attributable to property could be collected from the area municipalities according to the proportion that the areas of each bear to the total area benefiting from the sewage works of the Metropolitan Corporation. If neither of these measures of benefit are administratively practical, the property share might be related to assessed value, in which case, the share of expenses incurred by Metro could be recovered from the area municipalities as an addition to the present Metro levy which is divided according to the assessed value of each municipality.

On their part, the area municipalities could recover the Metro charge by charging individual properties according to the proportion that the area or assessment of each bears to the total area or assessment of the municipality. In this way, the expenses incurred by Metro and attributable to users and properties could be recovered from these beneficiaries through charges which reflect the benefit each receives.

*Recovery of Sewage Costs Incurred by the Area Municipalities*

The capital and operating costs of each area municipality could be recovered in much the same manner. If the components of the local sewage system were analysed and the capital and operating costs divided between users and properties, the user's share could be recovered from

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individual users according to the use made of sewage services as reflected in consumption of water and according to the characteristics of sewage discharged. The property share again could be related to the areas or assessments of each benefiting property owner.

Thus, the three identifiable beneficiaries of the sewage system would contribute to the total costs approximately in proportion to the benefits they receive. All residents of Metro — through property taxes — would pay for the general benefits accruing to the community. Users would pay their proportionate share of costs occasioned by the use of the system through a surcharge on their water bill. This charge would include the use shares passed on to area municipalities by Metro and the municipality's own costs attributable to use. Property owners, through a charge reflecting the areas of their respective properties or a mill rate charge based on assessed value would pay the expenses incurred by both Metro and the area municipality in respect to costs attributable to property.

Such a distribution of costs might not reflect precisely benefits accruing to each type of beneficiary but charges distributed in this manner would reflect costs occasioned by each class of beneficiary and individual user to a far greater degree than the present system. A number of adjustments would be required for extraordinary circumstances but the validity of the basic principle holds.

Advantages of Charge Financing Sewage Expenses

The primary advantages of charge financing sewage costs are two fold. First, sources of municipal revenues may be increased and diversified, thereby reducing reliance upon the property tax. Since the share of total costs attributable to users is recovered by a service charge, the property tax can be relieved by that amount. If the property share is based on land area and recovered by a separate charge, a similar advantage can be realized.

With total annual expenditures for sewage services in Metropolitan Toronto, for all municipalities, running at \$11 million a year, it could be expected that this entire amount, save the proportion of annual expenses recovered from general revenues and attributable to benefits accruing to the community at large, might be recovered directly from users and property owners in the form of service charges.

Second, the cost of sewage disposal and collection can be distributed equitably between beneficiaries of the service. The use made of sewage facilities and benefits resulting from the presence of an efficient system vary between users and between properties. Consequently, a fair distribution of cost requires that each beneficiary pay the share of the total annual cost occasioned by his use of the system.

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Founded in 1914 by a group of public-spirited citizens — operating since then under provincial charter as a non-partisan, non-profit research agency — staffed full time by well qualified personnel — the Bureau of Municipal Research keeps local government operations in Greater Toronto under constant scrutiny.

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Your inquiries are invited

Michael D. Goldrick  
DIRECTOR

32 ISABELLA STREET, TORONTO 5

Phone 924-9717

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Your inquiries are invited

Michael D. Goldfarb  
DIRECTOR

33 ISABELLA STREET, TORONTO 2

Phone 924-8717