



September 19, 2016

Mayor & Council
City of Brampton
2 Wellington Street W.
Brampton, ON L6Y 4R2

Re: Rethinking tax increase targets/recommendations for the City of Brampton's 2017 budget

Dear Mayor Jeffrey and Members of Council,

I'm writing to you to share our preliminary recommendations on the 2017 City of Brampton Budget. Specifically, to encourage council to re-think its tax increase targets as you begin budget planning.

Operating a successful business is getting tougher every day. Given increased costs associated with new taxes and government regulation, paired with a relatively soft national economy, we recommend avoiding a municipal tax increase of the magnitude forecast in the coming year.

We recognize that Brampton is one of the fastest growing communities in Canada. A review of the past 4 years demonstrates that Council has traditionally approved tax increases well above current inflation.

	2013	2014	2015	2016
Tax levy	4.9%*	2.9%*	5.8%*	4.9%*

* Plus levy for redevelopment of the Peel Memorial Hospital site

** Current Ontario all items inflation is 1.5%

Each year, the Brampton Board of Trade follows the budget process and makes recommendations to staff and Council on its budget process. We want to commend the City in incorporating many of the Board of Trade's recommendations. These include:

- Significant improvements in available public consultation, including budget meetings with the members of the Brampton Board of Trade.
- Public release of detailed budget information three weeks before formal budget deliberations.
- Creation of a website providing budget details.
- Preparation of multi-year budgets.
- A shift to accrual based accounting.
- Capital budgeting using the "Capital Contract Budgeting" methodology.
- Capital budgeting that includes operating cost impacts of proposed capital projects.

Although we differ with the quantum of increases targeted, we believe the current budget process meets the needs of the community and helps Council to make informed decisions. Council and staff should be commended for the process that has been put in place. Please accept our congratulations to The City of Brampton on being awarded The Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada (GFOA) for the Approved Business Plan and Budget 2016-2018.

To assist in this year's planning, The Brampton Board of Trade is making the following recommendations. Specifically, the Board recommends that each component of the Budget Increase Methodology be revised downward or eliminated altogether. Further, it is time for taxpayers to expect a return on efficiencies brought about by better management.

TAX INCREASE COMPONENTS	City of Brampton Target Forecast	Brampton Board of Trade Recommendation	Rationale for Brampton Board of Trade Recommendation
Base Increase	2.0%	1.5%	This increase is consistent with inflation
Efficiency Adjustment	No benefit	Minus (1%)	This is a reasonable benefit taxpayers' can expect by achieving efficiencies and better management
Infrastructure Levy	2.0%	1.0%	This is sufficient in 2017, given the City's track-record of collecting more than it spends (\$79M)
Service Enhancements	0.9%	0.0%	Any new or enhanced services should be financed by elimination of programs and services no longer required or ones that can be better delivered by organizations other than the City
Total Forecast Increase (Municipal Portion)	4.9%	1.5%	This increase is consistent with inflation and is 3 times lower than the City's current forecast

Base Increase: This amount has been over-stated in past municipal budgets. It should be equal to the current inflation rate in Ontario.

Efficiency Adjustment: As Council continues to identify efficiencies and reviews alternative delivery options the Board believes a portion of these tax savings should be passed on to taxpayers. To include this in the budget process an "efficiency adjustment" factor should be added.

Infrastructure Levy: The Board accepts that more needs to be done to maintain the City's ageing infrastructure. We also look forward to the Long Term Financial Master Plan being completed.

It will provide better direction on priorities, costs and impact on taxes. What is important to note is that without this plan, almost \$80 million was returned to the capital program in 2015. As such we feel it is time to restrain the increases to the infrastructure levy. Please don't collect what you don't need to spend. Instead, leave that money in taxpayers' hands to stimulate the local economy and grow local businesses.

Service Enhancements: We believe tax increases for this component should be eliminated. New programs or services should be paid for by the elimination of existing programs or services that are no longer relevant or no longer need to be delivered by the City.

Our recommendations not only have solid rationale but are also buoyed by the improved financial position of the City in recent years as evidenced by the healthy balance in its many reserve accounts.

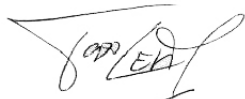
- Discretionary reserves balance has increased 24% since 2013, standing at approximately \$288 million in 2015.
- Obligatory reserves have increased more than 200% from a deficit of \$120 million in 2013, to approximately \$161 million in 2015.
- Total reserves have increased more than 3 times since 2013 to \$449 million in 2015.

In summary, it is time for Council to show restraint and mitigate tax increases for its constituents.

Due to the need for restraint in this sluggish economy, the current low inflation environment, the City's improved financial position and taxpayer expectation that identified efficiencies accrue to lower tax increases, **The Brampton Board of Trade recommends that for the 2017 to 2019 budget cycle, the overall increase in the City's portion of the tax levy be set at no more than 1.5%.** This increase is both reasonable and responsible for a growing community in this economic environment. The components of that increase are comprised of 1.5% for a "base adjustment", 1% for an "infrastructure levy" and a return to taxpayers in the form of a deduction of 1% for efficiencies.

Thank you for giving consideration to these recommendations as Council begins budget planning. Please feel free to contact us if we can provide any further detail.

Sincerely,



Todd Letts BSc, MBA, CCE
Chief Executive Officer
Brampton Board of Trade