

DATE: NOVEMBER 18, 2016
TO: MAYOR AND MEMBERS OF COUNCIL
**FROM: LAURA MIRABELLA-SIDDALL, CHIEF FINANCIAL OFFICER/CITY TREASURER
 LLOYD NORONHA, DIRECTOR OF FINANCIAL PLANNING AND DEVELOPMENT
 FINANCE/DEPUTY CITY TREASURER**
**RE: FINANCE, ADMINISTRATION AND AUDIT COMMITTEE – November 28, 2016
 DRAFT 2017 BUDGET AND 2018 PLAN**
Recommendation

The Chief Financial Officer/City Treasurer and the Director of Financial Planning and Development Finance/Deputy City Treasurer recommend:

1. That the Draft 2017 Budget and 2018 Plan be amended to increase assessment growth from 0.9 percent to 1.0 percent, resulting in a revised tax levy increase of 2.9 percent; and
2. That any assessment growth received above 1.0 percent be allocated to the tax rate stabilization reserve to address anticipated growth pressures in 2018 and beyond.

Purpose

The purpose of this communication is to present Council with a revision to the Draft 2017 Budget and 2018 Plan.

Background

As reported at the beginning of the budget process, the assessment growth of 0.9 percent was conservative and reflected the information available at the time the budget was introduced. Throughout the budget process, staff have been closely monitoring the status of assessment growth with MPAC. Staff have recently received information that the preliminary final estimate for assessment growth indicates that a 1.0 percent growth rate is reasonable to assume in the 2017 budget.

Table 1: Economic Impact of PROPOSED 2017 Budget and 2018 Plan

\$M	2017 Budget	2018 Plan
Gross Operating	277.1	289.2
Non-Tax Revenue	89.7	89.8
Net Operating	187.4	199.4
Less: Assessment Growth	1.7	3.4
Less: Supplemental Taxation & PIL	5.8	5.8
Less: Efficiency Target		4.8
Net Levy Requirement	179.9	185.4
Incremental Levy Requirement	5.1	5.5
Incremental Tax Rate	2.9%	3.00%

Note: some numbers may not add due to rounding.

It should be noted that the final assessment growth figure is expected early in December. Staff are confident that a 1.0 percent assessment growth rate will be attained. It is also highly likely that the growth assessment will come in above the 1.0 percent level. Given the growth pressures forecasted in 2018, it is prudent for the City to reserve this additional growth assessment to mitigate the financial impacts from growth.

Respectfully submitted,

A handwritten signature in dark ink, reading "Laura Mirabella-Siddall", written over a horizontal line.

Laura Mirabella-Siddall, CPA, CA
Chief Financial Officer/City Treasurer

A handwritten signature in blue ink, appearing to read "Lloyd Noronha", written over a horizontal line.

Lloyd Noronha, CPA, CMA
Director, Financial Planning and Development Finance/Deputy City Treasurer