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Communication
COUNCIL: <u>Jan 30/18</u>
Item <u>3</u>

DATE: JANUARY 22, 2018

TO: MAYOR AND MEMBERS OF COUNCIL

FROM: LAURA MIRABELLA, CHIEF FINANCIAL OFFICER AND CITY TREASURER

RITA SELVAGGI, INTERIM DIRECTOR FINANCIAL PLANNING AND DEVELOPMENT FINANCE AND DEPUTY CITY TREASURER

**RE: COMMUNICATION
SPECIAL COUNCIL – JANUARY 30, 2018**

DRAFT 2018 BUDGET AND 2019-2022 PLAN: UPDATE TO 2018 ASSESSMENT GROWTH

Recommendation

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

1. That the Draft 2018 Budget and 2019-2022 Plan be amended to include a revised assessment growth rate of 1.9041% for 2018; and
2. That the increased growth assessment revenue resulting from Recommendation 1 be allocated as follows:
 - a. Increase the balance in the tax rate stabilization reserve by \$0.6M to provide flexibility in future years to mitigate growth related costs
 - b. Augment funding for Service Excellence Initiatives by \$0.25M to support programs that increase citizen experience and operational efficiency to better position the City to manage future growth
 - c. Increase the 2018 operating contingency by \$0.3M and
 - d. Allocate \$0.3M to help fund the non-development charge funded portion of growth-related capital

Purpose

This memo is to advise Council of the final 2018 assessment growth rate provided by the Municipal Property Assessment Corporation (MPAC) and to seek Council approval for an amendment to the Draft 2018 Budget and 2019-2022 Plan.

Background

Assessment growth is a source of incremental tax revenue for the City and represents the extra revenue the City receives from adding new residents. The Draft 2018 Budget that was tabled on November 6, 2017 incorporated an assessment growth rate of 1% for 2018. This figure was an estimate that was based on the level of assessment growth experienced in recent years.

In late December 2017, the City received notification from MPAC of a final assessment growth rate of 1.9041% for 2018. This represents an additional 0.9041% above what had been reflected in the Draft 2018 Budget and equates to an additional \$1.65 million in assessment growth to be allocated for 2018 and beyond.

Analysis and Options

The City is growing rapidly. The financial impact of such growth is experienced both on the operating and capital budgets of the City, with increasing demand placed on municipal services and infrastructure to meet the needs of the increasing population. Assessment growth is incremental revenue that should, to the fullest extent possible, be used to help address these growth-related cost pressures.

To ensure that the City continues to appropriately manage the financial impacts associated with growth and augment the City's ability to withstand economic and operational uncertainty, staff recommend that the incremental assessment growth amount of \$1.65 million be allocated as follows:

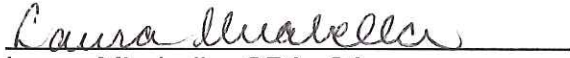
1. Increase the balance in the tax rate stabilization reserve by \$0.6M to provide flexibility in future years to mitigate growth related costs
2. Augment funding for Service Excellence Initiatives by \$0.25M to support programs that increase citizen experience and operational efficiency to better position the City to manage future growth
3. Increase the 2018 operating contingency by \$0.3M
4. Allocate \$0.3M to help fund the non-development charge funded portion of growth-related capital

As a result of the proposed amendments to the Draft 2018 operating budget, the increase to the property tax levy would decrease from 3.0 percent to 2.89 percent.

Conclusion

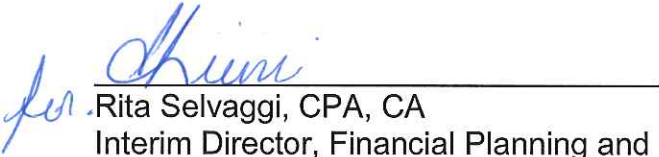
The proposed amendments to the Draft 2018 Budget outlined in the communication help position the City to better manage growth pressures and continue its pursuit of service excellence, while delivering the needed services and infrastructure to Vaughan citizens.

Respectively submitted,



Laura Mirabella, CPA, CA

Chief Financial Officer and City Treasurer and City Treasurer



Rita Selvaggi, CPA, CA

Interim Director, Financial Planning and Development Finance and
Deputy City Treasurer