

Brampton Board of Trade Deputation and Council Q&A Summary
November 26, 2020
City of Brampton Budget Committee

Thank you I am Vanessa White, Chair of the Board and CHRO with Maple Lodge Farms. With me today is Glenn Williams of Williams Financial and our Policy and Government Relations Committee and Todd Letts, our CEO. I understand we have 5 minutes; we may need a short extension.

Economic Context:

- Brampton’s business community is in the middle of its second lock-down this year and that has put many businesses in a precarious position.
- Revenues streams have been compromised. Yet City staff have recommended a property tax increase. That will be difficult to accommodate for many.
- At the same time, our community continues to grow in population. Our challenge, both private sector and public sector is to attract more business investment (industrial and commercial) so that we can retain and grow the number of jobs.
- As such, our recommendations today are two-fold:
 1. Build Brampton’s Competitive Advantage
 - i. Amend Budget Process and Assumptions
 - ii. Pause Reserve Contribution Increases
 2. and Reduce the proposed Property Tax Increase
 - i. Specifically, to Provide Small Business Property Tax Relief

Our business volunteers have reviewed the budget documents and submitted a dozen or so preliminary questions. We thank Mark Medeiros for his response. I will ask Glenn to now take us through our preliminary recommendations and associated comments and questions.

Glenn Williams

- Budgets are important tools not only to manage staff performance, but to build long-term comparative advantage.
- For Brampton to succeed in the competition for jobs, investment and talent, Brampton must outperform on a number of factors:
 - Convenient and reliable transit,
 - fast building permit and development approvals,
 - incubation of innovative ideas and
 - investment in infrastructure that add to the health, safety and quality of life of its residents are just a few
- Competitive tax rates are critical to the success of attracting and retaining business in Brampton. Right now, according to the 2019 BMA Municipal benchmark Study, we know Brampton’s taxes remain higher than our comparison municipalities.
- As such, having reviewed the budget at a high level, in the spirit of building Brampton’s competitive advantage, three preliminary recommendations stand out:

1. Amend Budget Process and Assumptions
2. Pause Reserve Contribution Increases and
3. Provide Small Business Property Tax Relief

Amend Budget Process and Assumptions

Process

- We note that the budget details were only made available 3 days ago. How is Council to make informed decisions?
- We look forward to a time when the budget and details are released three weeks before formal budget committee meetings to allow a full review.
- Brampton has won awards for its process in the past - we look forward to returning to more robust public consultation process.

Assumptions

- For Transit, we notice the 2021 revenue assumption is \$87M, even though 2020's actual revenue was only \$45M. We have learned that the budget is prepared essentially assuming no impacts of Covid-19. Does this seem reasonable to you?
- In effect, it defeats the purpose of budgeting if management doesn't make realistic revenue and expenditure projections. Without realistic parameters, how can performance be managed? And aren't municipal employees at risk of spending more tax dollars than they have, requiring a much larger draw on reserves than is necessary?
- A more prudent approach would be to require staff to make more realistic revenue and expenditure projections and to live within our means. This is how business and family budgets are prepared. More realistic projections would preserve reserve funds for important investments to make in roads, hospitals, recreation etc.
- We know it is too late now to change this assumption. But Council needs to ask staff seriously, how are you going to manage and monitor budget performance with no realistic budget being prepared?
- As well, we notice that this year's budget is no longer a three-year current budget. Again, we are encouraging Council to return to this practice in next year's budget process.
- To be ready for investments in long term comparative advantage, we also suggest that Brampton implement 10-year capital budgets, not just three.
- Why this needs to be done is illustrated by the recent federal funding announcement for Riverwalk. We know a budget amendment is forthcoming. But these large, strategic projects should already be part of a long-term capital plan. We should not need to add \$100 million dollar projects – and amend budgets – every time senior government funding, through a media release is announced.
- Specifically, we encourage Council, as we have done in the past, to create a Strategic Economic Development Infrastructure Fund. We need to plan for major projects like the LRT to downtown and a third hospital. We need to demonstrate to the province and federal government that we, in our own budget, are ready for their investment.

Pause Reserve Contribution Increases

- Mayor and Council - Brampton is in a strong financial position.
- With so many businesses and families in precarious position due to the pandemic, now is not the time to increase property taxes. It's simply not necessary.
- As evidence of our financial strength and therefore no need to increase property tax:
 - i. At the end of 2019 Brampton had over \$1 Billion in cash and investments

- ii. We have a triple A credit rating.
- iii. Unspent capital is over \$800 million. With the approval of this 2021 capital budget, unspent capital will exceed \$1 Billion.
- iv. We note that Preventative maintenance expenditures, representing a 1.8% of the operating tax levy, is being shifted to capital projects.
- v. We see internal debt repayments being stopped representing another 0.6% of the tax levy.
- BBOT has suggested, for years, that the contributions to reserves may already be sufficient.... allowing Council to stop-overtaxing.
- Further evidence of our financial strength includes:
 - Compared to Mississauga, Peel, York, Ottawa and Hamilton – Brampton contributes more to reserves, as a percentage of other tax revenue, than any of these municipalities.
 - In 2020, a record amount was contributed to reserves.
- We are encouraged that the Corporate Asset Management Plan is being updated in 2021.
- Based on our strength, and the tough situation taxpayers are in due to Covid-19, Brampton Board of Trade recommends that reserve contribution increases be paused this year. Brampton can afford to give taxpayers a break.

Small Business Property Tax Relief

- Lastly, we're pleased to see the Municipal Property Tax Relief announcement, as proposed in the Province of Ontario's 2020 Budget.
- If passed, the province will provide municipalities with a powerful tool to extend real and significant tax relief to our small- and medium-sized enterprises.
- We ask that the City do all it can to administer these measures promptly to reduce property taxes on our small businesses.

Thank You. We are open to questions.

Council Question Summary (check against video/transcript: topic themes paraphrased here)

Mayor Brown: Can we get more budget details, by department, distributed earlier next year?

Staff Response (Mark Medeiros): Yes

Cllr Palleschi: Do we have a 3 yr Operating Budget? How would a 10 yr capital budget help?

Staff response (Mark Medeiros): one number in Operations summary

BBOT response: only one number is not a budget/forecast, tax increase in each year 5%; no other detail

BBOT response: a 10 yr capital budget demonstrates commitment to major infrastructure projects

Staff response (David Barrick): we can do a 10 yr capital forecast next year

Cllr Medeiros: How do we communicate/send a signal to senior level governments that we have "skin in the game" dedicated, ready and serious for major infrastructure projects?

BBOT response: Strategic Economic Development Fund and 10 yr capital forecast

Cllr Medeiros: How many more years can we do tax freeze?

BBOT: For sure this year (businesses are in precarious position) and maybe next. Re-evaluate at that time. Leverage financial strength.

Cllr Whillans: I've heard that we can establish a special category for small business. Can staff connect with BBOT to explore?

Staff/BBOT: Yes