



**Brampton Board of Trade Deputation
City of Brampton
December 1, 2021, 7pm
Council Budget Meeting**

CHECK AGAINST DELIVERY

MM: Good evening, I'm Michelle McCollum, Chair of the Brampton Board of Trade and I am pleased to be joined by a familiar face to many of you, our lead volunteer on the municipal budget Glenn Williams. Many of you have participated in meetings with our organization leading up to this process, and we appreciate that very much. It has helped to inform our perspective and our recommendations that are of mutual benefit to the business community and the City of Brampton. Because of the importance of the most recent budget information provided, I ask that we have a little bit more time than the 5 minutes allotted. I'll turn it over to Glenn now.

GW: Thank you.

Why is the city budget important to the business community?

Looking at this budget from the business community's perspective, we're interested in the implications for companies' decisions to hire in Brampton, invest in Brampton and re-locate from elsewhere to Brampton.

'Last Minute Timing' of Budget Proposals and Information

The Brampton Board of Trade wants to comment on the information made available to us and the general public. The draft budget documents were made available a few weeks ago. And details were made available a couple of weeks ago. This is good. But...only on the weekend was the Corporate Asset Management Plan and State of Local Infrastructure report made available. And less than 72 hours ago, the 3rd quarter Capital Project report was issued.

It contained over \$69 million dollars of projected project closures to facilitate 'return of financing' for various projects.

The report on the Interest Rate Stabilization Reserve was also released just two days ago, on November 29th.

These have major implications to the City....and to taxpayers. We note that the projected year end reserves, both discretionary and obligatory, have increased by \$43 million from \$583 million to \$626 million.....These millions just 'appeared' between the published budget documents and the staff report that led off the budget discussions?

How confident are you of these numbers?

We question how Council can be expected to fully understand all of this, and make informed decisions, when information is changing, and numbers are shifting by tens of millions of dollars daily. **The Board of Trade expects better.**

It is not surprising that during these discussions, when potential funding for a hospital was brought up by Councilor Fortini, there appeared to be complete confusion. **How confident are you of these numbers?**

We observe in these **last-minute proposals and documents**:

- Funds currently sitting in the Workers Compensation Reserve Fund and the Employee Benefit Rate Stabilization Reserve Fund will now be used to fund future operation costs. Current reserve surpluses (money to be saved for the future) are being used to fund current operating costs.
- \$30.6 million of funding in place for the Centre for Innovation is being unapproved. This makes it appear more money is now available for other projects. But the CFI costs have not changed. All you have done is removed funding that will have to be reinstated in a future year, if the CFI is to go ahead. You've entered negotiations with Guelph-Humber under the assumption that there would be a CFI – Centre for Innovation. Is CFI still going ahead? Why is it not in the budget?
- The Office of the CAO report shows an option of shifting the lease costs of the West Tower to Capital. **This is very creative accounting.** It puts pressure on the ability to fund capital projects in the future. There are no real savings here. Operating cost and capital costs are very different.

What's also disturbing is what's not in the proposed budget.

- The Corporate Asset Management Plan shows an infrastructure gap of \$307 million for existing assets. There is a further \$594 million for expansion assets. These forecasts assume:

- All federal gas tax funds, now called Canada Community-building Fund, are allocated to asset replacement projects. We note the Williams Parkway Fire Campus, now being funded by this money, was not planned to come from this funding source which will result in further challenges to asset replacement.
 - The infrastructure levy increases each year by 2% **(which is not in the 2022 proposed budget)**.
 - The transit levy increases by 1% each year **(which is also not in the 2022 proposed budget)**.
 - There is a disconnect between this Corporate Asset Management Plan report and the 2022 budget before you. **The two documents that Council is expected to rely on to inform their decisions - are incompatible.**
- Further, it appears that Future debt has been reduced by over \$30 million related to bus replacement. Does this mean fewer buses? Are the buses still being purchased?

Concern About Rising Debt and Long-term Impact on Property Tax

Brampton businesses have also expressed concern to the The Board of Trade about rising debt. Both 2023 and 2024 see the increased use of debt by an additional \$38 million and \$40 million respectively. Debt payments, for interest on that debt, increase from \$11 million per year to \$25 million per year in 2025. But that's not the whole story.

These increased debt costs are all before factoring in the need to fund big-ticket projects like the LRT, an additional hospital and other priorities. By not including them in your debt estimates, this could lead, by our estimate, to a 7% annual property tax increase following the election. **Council should request staff provide a multi-year tax rate increase forecast.**

Businesses need predictability, so this is an important item to clarify.

Business certainty brings business investment. The Board of Trade believes the City should adopt a ten-year capital asset forecast and strategic infrastructure fund. We have elaborated on all of these recommendations, plus several others, in a letter you received last week and is also included in the agenda package. Members have spoken during these deliberations about the need to show 'skin in the game' and a longer-range capital asset forecast will greatly strengthen our case when seeking funding commitments from senior orders of government. **When can we expect a long-term plan that demonstrates Brampton's ability to partner on major projects?**

Council needs to provide clarity as to what the implications for property taxes will be as reserves are used up and forecasted use of debt grows. If Council needs more time to fully understand all of this, **the budget process should not be rushed.**

Brampton businesses are losing confidence in this budget.

A credible plan needs to be brought forward to address the ballooning backlog of unspent capital. We note that close to a \$100 million dollar decrease in the year end projection from the Q2 Capital Project report to Monday's staff report. These major changes reduce our confidence in these reports. This causes residents to wonder why they paid taxes the city is unable to spend and could undermine senior orders of government's confidence in our ability to partner on big projects.

Lastly, the establishment of a Project Management Office is a good step, and we look forward to more precise clarification around this to be better boost businesses' confidence in the city's capacity to plan and deliver.

Thank you members of Council. I will turn it over to your questions.