



November 26, 2021

Mayor Brown & Budget Committee Members
City of Brampton
2 Wellington Street
Brampton, ON
L6Y 1M8

Re: 2022 City of Brampton Municipal Budget

Dear Mayor Brown & Budget Committee Members:

The Brampton Board of Trade has been actively engaged in the 2022 municipal budget process. Thank you to members who have met with us directly to review the themes and topics of interest to Brampton's business community in depth. We are additionally appreciative of the time and effort of senior city staff who provided the opportunity to meet, answer questions and listen to our concerns. We are writing today with a synopsis of key concerns and recommendations from the Brampton Board of Trade as you begin formal budget deliberations.

Budget Consultation: Thank you to Council for implementing the Board of Trade's recommendation for better consultation with business. The November 16th Business Community Consultation on the municipal budget was a step in the right direction. From our own experience, we have long maintained that small roundtable-style discussions are the best way to engage stakeholders. We hope to see this become a regular feature of the budget process next year. As the city considers a range of big-ticket items in the near future, consultation is the best way to identify business and resident priorities through frank dialogue about strategic trade-offs.

Reserve Levels and Property Tax Impact: An initial concern of ours is providing clarity around the sustainability of the city's finances and reserves. Proposed infrastructure and transit levy increases jump nearly five-fold over the next several years, which would require significant property tax rate increases. Concurrently, various reserve funds are forecast to be depleted. We note:

- Financial Strategy Reserve Funds have dropped \$21 million from 2019 to 2021 (projected)
- Tax Based Reserve Funds have dropped \$34 million from 2019 to 2021 (projected). These funds are forecast to be completely depleted at the end of 2021.

These budget deliberations should provide better transparency and clear forecasts of future property tax increases.

Increase in Use of Debt: The 2022 capital budget recommends \$20 million in additional debt. 2023 and 2024 increase the use of debt by an additional \$38 million and \$75 million respectively. Debt payments increase from \$11 million per year to \$27 million per year in 2025. This is before any major expenditures on new hospitals or an LRT. Combined with the proposed increases in Reserve Fund contributions Brampton taxpayers will see a 7% annual property tax increase in both 2023 and 2024. This is not acceptable. Action now is required to address this situation.

Full Information Required: As you enter your formal deliberations, you are missing two critical documents that set the foundation for the city's fiscal health – the Corporate Asset Management Plan (CAMP) and the State of Local Infrastructure (SOLI) report. We encourage you to query the impact that not having these documents could have on your deliberations, and to seek commitments that they will be provided in advance of future budget processes.

Confidence in Delivery of Large Infrastructure Projects: Further, the city's unspent capital situation has reached the point where it requires urgent addressing. Unspent capital now exceeds \$1 billion, a level that causes confusion to taxpayers who have funded this backlog, and senior government partners who wonder about Brampton's ability to deliver on large infrastructure projects.

Ten-year Capital Asset Forecast and Strategic Infrastructure Fund: Finally, and directly related to seeking funding partners for critical projects, a longer horizon capital spending plan is required. One of the key determinants of success in obtaining funding for large items such as hospitals and light rail infrastructure is the capacity to demonstrate 'skin in the game.' A ten-year capital spending forecast and establishment of a strategic infrastructure fund would demonstrate to senior orders of governments necessary credibility regarding when, and how much, Brampton intends to contribute to get key assets, like a third hospital and the Main St LRT Extension built.

Recommendation Summary:

- 1) Continue to expand and enhance opportunities for in-depth stakeholder engagement with the budget process
- 2) Provide clarity around the sustainability of reserves and proposed multi-year property tax increases
- 3) Seek commitments from staff that major reports including CAMP and SOLI will be provided before budget deliberations, so their impact can be fully understood

- 4) Address the backlog of unspent capital by determining the city's true capacity to deliver projects and finding a credible pathway to build approved projects
- 5) Request a ten-year capital plan in order to strengthen the City's hand when competing with other municipalities for the federal and provincial portions of big projects
- 6) Establish a strategic infrastructure fund

Sincerely,



Michelle McCollum
Chair, Brampton Board of Trade



Todd Letts
CEO, Brampton Board of Trade