



December 19, 2013

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City Clerk

His Worship Mayor Joe Fontana and Members of City Council
The City of London
300 Dufferin Avenue
London, Ontario, N6A 4L9

Dear Mayor Fontana and Members of Council:

At the request of the Chamber's Board of Directors, a Task Force of our Municipal Affairs Committee has been closely studying the City's budget process during 2013. Based on that effort, the Chamber Board, in consultation with our Municipal Affairs Committee, offers the following observations and recommendations.

As the City approaches the tabling of its budget for fiscal year 2014, the Chamber has concerns that Council's current economic vision of a zero percent tax increase is likely not sustainable. We believe that the sustainability of base services and programs coupled with critical infrastructure requirements can only be accomplished through reasonable tax increases. (The Chamber has historically subscribed to the notion that annual property tax increases should be aligned with the combination of the annual rate of inflation coupled with that year's population growth percentage).

It is crucial to our City's economic future that we are able to maintain current infrastructure and are able to invest in new infrastructure needs without becoming saddled by unacceptable levels of debt. Having a solid infrastructure is one of the keys to attracting and keeping business and industry – and therefore jobs - within the city.

If we drill into this a little deeper, we note that the cumulative property tax increase is less than half a per cent (.5%) over the past three years. Compare this with the 2.4% average for other like municipalities in Southwest Ontario. We estimate that this represents \$60 million in uncollected funds when compared to other municipalities. Coincidentally, the accumulative current infrastructure gap for the City stands at just over \$50 million. Should we continue on this path, the City will have a gap in its infrastructure maintenance funds of over \$400 million, or 4.5% of the budget within the next ten years. (*All figures from the City of London draft budget, December 3, 2013*).

The Chamber feels that our City and its citizens can ill afford to ignore this economic certainty: A zero today will in fact, seriously jeopardize not only our current infrastructure but that of several generations to follow.

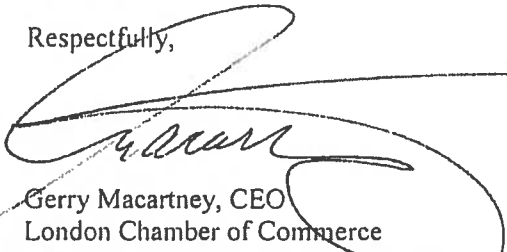
As a result of these observations, the London Chamber of Commerce respectfully makes the following recommendations:

London Chamber of Commerce Recommendations Re: City Budget 2014

- 1.) *That while we and the citizens of London appreciate the efforts and the difficult decisions that were made to curb tax increases in recent years, it would not be prudent or practical to continue to curb them in such an aggressive fashion at the expense of much needed infrastructure spending;*
- 2.) *That Council should supports a tax increase that is indexed to be close to the annual rate of inflation;*
- 3.) *That Council should support a fiscally prudent policy of pay-as-you-go in lifecycle maintenance spending.*

We trust that Council has the best interests of the City at heart and will make decisions that will have a positive impact on our long term economic health. The Chamber looks forward to your response and we welcome your comments on any and all of the above noted issues.

Respectfully,



Gerry Macartney, CEO
London Chamber of Commerce
Copies: Chamber Board of Directors, Municipal Affairs Committee