



December 12, 2014

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

Dear Mayor Brown and Members of Council:

Re: City Budget 2015 - Recommendations

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At the request of the Chamber's Board of Directors, a Task Force of our Government Affairs Committee has been closely studying the City's budget process during 2014. We wish to extend our sincere appreciation to Martin Hayward and his team for presenting the Task Force with a Budget 101 presentation which has helped to better inform our recommendations.

The London Chamber of Commerce, in consultation with our Government Affairs Committee, offers the following recommendations regarding the City budget which was tabled on December 8<sup>th</sup> 2014 and which Council is scheduled to approve on February 26<sup>th</sup> 2015.

The Chamber applauds the City's decision to move to a multi-year budgeting process. We believe that this approach will better prepare Council in making sound decisions concerning revenue generation and allocation of funds going forward.

We also commend the Council and Administration on their development of an overarching strategic plan for the City and we urge Council to ensure that all fiscal decisions within their control and all other related plans have a direct and measurable relationship to the objectives set out in the strategic plan.

The Chamber does have concerns that after several years of a "near-zero percent tax increases", the City may now find itself in a position where it may have to play "catch-up" in order to fund the current infrastructure gap.

The Chamber has long advocated for a tax increase formula that takes into account both population growth and inflation – typically, a 2-3% increase.

While the 2015 projection of a 2.9% increase falls within this range, the Chamber is confident that the administration and Council will take the appropriate steps to mitigate any unforeseen expenditures that may cause a tax increase to creep higher than that 3% threshold. Furthermore, the Chamber believes that the 2016 projection of a 4.2% will slow the recovery of London's economy which, in spite of pockets of success, has remained somewhat fragile since the 2008 recession.

While we understand that it will be extremely challenging, we urge Council to keep annual property tax increases within the 2-3% range and employ other strategies and efficiencies to achieve that.

The Chamber supports the City's administration in its efforts to promote sound financial management strategies of containing costs and pay-as-you-go financing.

Furthermore we urge Council not to be tempted to dip into reserve funds as these funds are key to the City being able to maintain our coveted Aaa credit rating.

Having strong reserves not only ensures that London's reliance on debt to fund investments lowers over time (a plan that City administration has in place and that we applaud) it also allows the City to keep borrowing costs as low as possible.

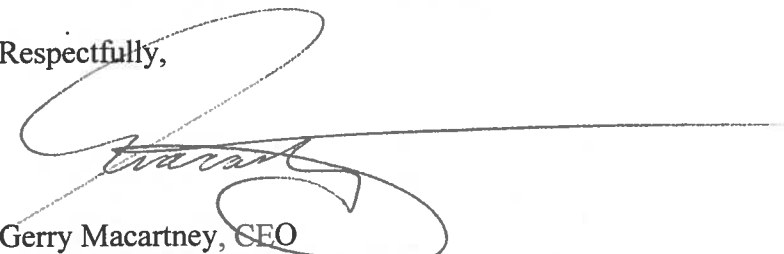
**The London Chamber of Commerce respectfully makes the following recommendations:**

**London Chamber of Commerce Recommendations Re: City Budget 2015**

- 1.) That Council refer to the City's new strategic plan when making spending and revenue decisions in order to ensure that any initiatives undertaken align with the City's strategic objectives.*
- 2.) That if conditions are such that we must have tax increases, that Council support a tax increase that is indexed to be close to the annual rate of inflation.*
- 3.) That Council support a fiscally prudent policy of pay-as-you-go lifecycle maintenance spending.*
- 4.) That Council resist the temptation to draw from reserve funds.*

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 Council's response and we welcome comments on any and all of the above noted recommendations.

Respectfully,



Gerry Macartney, CEO  
London Chamber of Commerce

Copies: Chamber Board of Directors, Government Affairs Committee