

TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON MARCH 9, 2015
FROM:	MARTIN HAYWARD MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	ALLOCATION OF 2015 ASSESSMENT GROWTH FUNDING

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer the Allocation of 2015 Assessment Growth Funding Report **BE RECEIVED** for information.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Assessment Growth Policy (April 30, 2012 meeting of the Strategic Priorities and Policy Committee, Agenda Item 3)

BACKGROUND

The process for applying assessment growth funding to the budget is outlined in the City's assessment growth policy, which was established and approved by Council in May 2012. The policy requires that the City Treasurer or designate review and approve the business cases prepared by the respective civic department, board or commission and that the City Treasurer, report annually, outside of the annual budget review process, on the allocation of assessment growth funding.

The assessment growth policy also outlines the guiding principles for allocating assessment growth funding, as per the policy;

- a) Assessment growth funding will be dedicated to civic departments, boards and commissions that incur costs to provide an extension of cores services to new growth areas;
- b) If assessment growth funding exceeds the accumulated growth costs of civic departments, boards and commissions in any one year, the balance available will be applied in that year as follows: 50% to reducing authorized debt; 50% to the Economic Development Reserve Fund and/or tax mitigation;
- c) If assessment growth funding is not sufficient to fund assessment growth costs, excess growth funding from previous years will be attributed to assessment growth costs to the extent that funding is available; and
- d) If excess assessment growth funding from previous years is not available to fund accumulated growth costs, consideration will be given for a tax levy increase or other cost reductions to fund the difference.

Assessment growth generally refers to the net increase in assessment attributable to new construction less adjustments resulting from assessment appeals and property classification changes. Each year, weighted assessment growth is calculated as it generates incremental tax revenue. For 2015, the weighted assessment growth is 1.17%, or \$5,835,136. This is the amount of assessment growth revenue available to fund costs associated with an expanding and growing city for 2015.

New homes and businesses expect to receive the same municipal services that existing taxpayers receive. Assessment growth funds the additional volume of municipal services such as; road maintenance, snow plowing, garbage collection, street lighting, recreation, fire and police services, resulting from the addition of new homes and businesses.

Each year service areas prepare and submit business cases to support requests for funding from assessment growth revenue to fund costs associated with an expanding city. The total amount of requests for funding received is \$7,186,807 (see Appendix A for a summary of all the business cases). For 2015, the growth costs exceed the available funding by \$1,351,671 and there is no available funding from previous years to be allocated to the excess costs.

Since not all assessment growth funding requests can be accommodated, the available assessment growth funding has been allocated based on the following criteria:

1. Flow through costs for business cases approved by Council in 2014

During the 2014 budget process, Council approved several requests for assessment growth funding for services that included approval for additional FTEs of 15.6. In consideration that the FTEs would not be in place for the entire year, the funding amount was reduced by 30%, noting that full year costs would be required in the following year. Service areas included; Community Centres, Sports Services, Roadway Maintenance, Heritage, Garbage Collection, Parks & Horticulture, City Planning & Research, Corporate Planning & Administration and Corporate Services.

2. Services that are aligned with those supported through Development Charges

For the purposes of allocating assessment growth funding, priority will be given to those services that are aligned and supported through development charges. The 2014 Development Charges Background Study supports engineered services such as roads and expansion of service capacity for Fire, Police, Parks, Recreation, Library and Transit services. These services are required for urban development.

3. Service urgency and/or cost reduction

The business cases seeking assessment growth funding were evaluated as to whether the service and/or funding could be deferred to next year and whether significant service disruptions would occur if the service did not receive funding in 2015. Furthermore, the cases were reviewed to determine whether any cost reductions were possible in the current year.

An overview of the submitted cases along with the recommended funding allocation is provided in Appendix A.

The chart below summarizes the business cases that have been allocated assessment growth funding.

Program/ Case #	Service	(\$) Total	FTE
ECONOMIC PROSPERITY			
	Business Attraction and Retention		
1	Community Improvement - Development Charges Incentive Program	1,912,269	-
TOTAL ECONOMIC PROSPERITY		1,912,269	-
ENVIRONMENTAL SERVICES			
	Garbage, Recycling and Composting		
2	Leaf and Yard Composting	15,000	-
3	Recycling Collection	58,000	-
4	Garbage Collection	257,000	0.2
5	Garbage Disposal	21,000	-
TOTAL ENVIRONMENTAL SERVICES		351,000	0.2
PARKS, RECREATION & NEIGHBOURHOOD SERVICES			
	Neighbourhood & Recreation Services		
6	Community Centres	89,000	1.0
7	Parks & Horticulture	155,344	0.6
TOTAL PARKS, RECREATION & NEIGHBOURHOOD SERVICES		244,344	1.6
PROTECTIVE SERVICES			
	Corporate Security & Emergency Management		
11	Corporate Security	110,000	1.0
TOTAL PROTECTIVE SERVICES		110,000	1.0
TRANSPORTATION SERVICES			
	Public Transit		
12	Conventional and Specialized Transit Services (London Transit Commission)	1,829,800	10.0
	Roadways		
13	Roadway Maintenance, Road and Sidewalk Snow Control	688,519	2.6
14	Roadway Planning & Design	230,675	2.0
15	Street Light Maintenance	76,800	-
16	Traffic Signal Maintenance	13,184	-
TOTAL TRANSPORTATION SERVICES		2,838,978	14.6
CORPORATE, OPERATIONAL & COUNCIL SERVICES			
	Corporate Services		
18	Growth Flow Through Costs (Approved in 2014)	378,545	-
TOTAL CORPORATE, OPERATIONAL & COUNCIL SERVICES		378,545	-
TOTAL		5,835,136	17.4

The business cases that did not receive 2015 assessment growth funding will be brought forward for priority consideration during the assessment growth allocation process next year.

PREPARED BY:	REVIEWED BY:
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CONCURRED BY:	RECOMMENDED BY:
Larry Palarchio Director, Financial Planning & Policy	Martin Hayward Managing Director, Corporate Services and City Treasurer, Chief Financial Officer,