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November 11, 2016

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 2017 - Recommendations

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 2016.

The Chamber is pleased with the City's continued use of the multi-year budgeting process and the approach taken in terms of highlighting variations from that multi-year plan annually. We believe that this approach will better focus Council and the public at large on any new decisions concerning revenue generation and allocation of funds for 2017.

The London Chamber of Commerce, in consultation with our Government Affairs Committee, offers the following recommendations regarding the City's draft budget which was released for comment on November 7, 2016 and which Council is scheduled to approve on December 6, 2016.

1. As you are no doubt aware, it has been the Chamber's long standing position that we could support a tax increase formula that takes into account both population growth and inflation. This has for the last number of years fallen within the 2-3% range and we can therefore support the proposed budget increase of 2.8%.
2. In so far as Council may consider additions of unbudgeted items, the Chamber recommends they not result in an increase beyond 2.8%. Rather, Council should consider reprioritizing current items to ensure the tax increase remain between 2-3%.
3. The Chamber recommends annual or biannual asset reviews, noting that the last review was conducted in 2011. A regular asset review is an essential part of fiscal planning and will allow the City to identify and consider the sale of assets that are no longer serving their intended purpose or are no longer delivering a return.
4. In transit and infrastructure, the Chamber acknowledges the City's progress in developing the proposed BRT program and encourages further study to address the challenges associated with it. Specifically, identified roadways should be analyzed to see if their width can be sufficiently increased to accommodate future demand-based growth while causing a minimal impact on commerce. The City should continue to aggressively lobby the provincial and federal governments to secure additional funding for the rapid transit project. Since the 10 largest

municipalities in Canada all have some form of rapid transit, it is important for London to remain competitive.

5. Further as the BRT program envisioned will not come without incremental costs, we encourage the City to identify incremental costs and build them into the Multi-year plan as soon as reasonable estimates becomes available.
6. Finally, in reaching the 2.8% increase for 2017 the multi-year budget plan includes capital savings of (4,637)¹ over the period ended 2019; however, the long term plan from 2020 to 2025 reflects a large increase in projected incremental capital spending (19,619)¹. The Chamber recognizes that deferral of non-critical capital spending is one tool available to the City in managing the need to increase tax rates; however, the replacement of critical infrastructure should ideally be scheduled out to avoid potential service outages or force a severe spike in capital spending in the near future. We trust that the City is taking these considerations into account when scheduling out the Capital spending; however, additional information on how the timing of capital spending is developed could be a meaningful addition to the budget documents.

We trust that Council will make decisions that will have a positive impact on our long term economic health and have the interests of the City in mind. 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

¹ Amounts reflected in thousands.