



Attention: Chair and Members
Strategic Priorities and Policy Committee
The City of London c/o City Hall
300 Dufferin Avenue P.O. Box 5035
London, Ontario - N6A 4L9

Dear Committee Members:

Re: City Budget Priorities Balanced with the Need for Growth

As you approach the various issues before you in regards to the 2013/14 Municipal Budget, we want you to be aware of the position of the London Chamber of Commerce as you finalize your thoughts around priorities. You may know that we wrote to the Mayor and Council in November of 2012 outlining what our priorities are.

Water: In that letter we applauded the City's intended approach to close the gap between the primarily fixed cost of delivering clean water (as well as treating waste water and handling storm water) and the current primarily variable rate charged for water usage. We recognize the need to maintain a substantial variable charge component to continue to encourage and reward conservation and we believe the City's proposal strikes the right balance. We also approve of the proposal's progress toward a neutral rate card (water charges based on actual usage, pipe requirements and density, land area, etc. versus the type of entity using the water).

Property Taxes: We also applaud all efforts to get the maximum efficiency out of the system and we encourage Council to continue to seek cost saving efforts wherever it is practical to do so. However, the Chamber has no objection to property tax increases that are generally in line with inflation. Indeed, we firmly believe that to practice fiscal prudence (adequate reserves, top bond ratings) plus deliver adequate quality and quantity of municipal services as well as maintaining our vital infrastructure, the City may be required to raise taxes from time to time to generate the revenue required. We also stated in our letter of November 2012 that if Council were to achieve another zero tax increase it must not be achieved through the deferral of infrastructure maintenance or necessary capital improvements and/or draw-downs or deferrals of contributions to reserve funds.

Planning: Our letter also pointed out that the City has, in recent years, announced many plans of one kind or another related to different areas of the city (downtown, SoHo, 401/402, etc.) and to different aspects of living in London (transportation, environment, arts and culture, etc.) along with zoning, capital, governance and other perspectives on city operations. The Chamber, its members and the general population of London would (we are sure) appreciate a clearer vision and explanation of how all of these are aligned against the overall strategic plan, how they are being costed, what strategies are being used to determine priorities, and what constitutes a realistic ROI (return on investment).

Today we write you to build on these points and to emphasize once again, that it is critically important that London has a growth strategy that is not only current, but allows us to grow and prosper well into the future.

Growth Boundaries: We agree that Growth Boundaries need to be planned and properly managed but we would argue that they also need to be flexible when the need arises and supported with appropriate resources to maximize their potential. We know for instance that senior governments will contribute something in the neighborhood of \$125 million towards our critically important highway corridors and exchanges. However, if we as a municipality don't act to support such initiatives, we may never reap the maximum benefits that they could deliver to our economy and in all likelihood, we would discourage senior governments from wanting to participate with us on future projects.

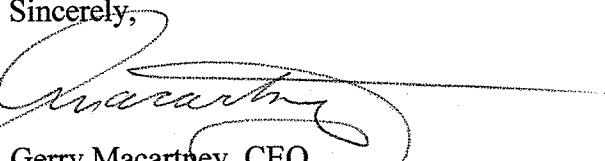
Development Charges: It's been our constant view that Development Charges (DCs), while essential to pay for growth, must also reflect the competitive realities that we are faced with in this economy. If we are to have any competitive advantage over other jurisdictions and given our limited ability under provincial law to incent investment to come here, we must employ every possible advantage we can to ensure that we continue to attract investment and help the investment we already have here to grow and prosper.

We continue to advocate for zero DCs for the Industrial Sector for obvious reasons. Implementing a DC charge for the Industrial Sector would render us uncompetitive when measured against our strongest competing jurisdictions and significantly hamper the Economic Development Corporation from fulfilling its mandated job of attraction.

Similarly DC charges being applied in the core at this time may stifle the excellent residential growth we have seen in recent years and may also stall efforts to have enough critical mass in the core to warrant investment in additional retail operations, such as a grocery store, along with more professional services.

We respectfully offer our views and recommendations and we would be pleased to elaborate on them at your request.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerry Macartney", with a long horizontal flourish extending to the right.

Gerry Macartney, CEO
London Chamber of Commerce

Copy: The Board of Directors