City of Peterborough

TO: Members of the Budget Committee

FROM: Brian Horton, Senior Director of Corporate Services

MEETING DATE: April 6, 2009

SUBJECT: Report CPFPRS09-005
Tax Policies For 2009 And Subsequent Years

PURPOSE

A report to recommend property tax policies for 2009 and subsequent years, to provide an update on 2009 Education Tax Rates and to highlight key comparisons of the BMA Municipal Study – 2008.

RECOMMENDATIONS

That Council approve the recommendations outlined in report CPFPRS09-005 dated April 6, 2009, of the Senior Director of Corporate Services as follows:

a) That the following changes be made to Tax Policies effective for the 2009 taxation year:

i) That the Tax Ratio Reduction Program be accelerated so that over the ten-year period 2009-2018 the tax ratios for the Multi-residential, Commercial and Industrial classes are reduced each year by the amount shown below so that by the year 2018, a 1.50 tax ratio for each of the classes has been achieved.

Class & Subclass	2009- 2018 Annual Tax Ratio Change
Multi-residential	-0.05252
Commercial Occupied	-0.03149
Commercial, New Construction	-0.03149
Commercial Excess Lands & Vacant Units and Vacant Land	-0.02393
Industrial Occupied	-0.10976
Industrial Excess Lands & Vacant Units and Vacant Lands	-0.07134

ii) That the 2009 tax ratios be established as follows:

Class & Subclass	2009 Ratios
Residential	1.00000
Farm Property	0.25000
Multi-residential	1.97268
New Multi-residential	1.00000
Commercial Occupied	1.80771
Commercial, New Construction	1.80771
Commercial Excess Lands & Vacant Units and Vacant Land	1.26540
Industrial Occupied	2.48784
Industrial New Construction	2.48784
Industrial Excess Lands & Vacant Units and Vacant Lands	1.61710
Pipelines	1.27060

iii) That the 2009-2018 Tax Ratio Reduction Program be reviewed each year as part of the annual tax policy approval process.

iv) That properties that achieved CVA tax in 2008 remain at CVA tax from 2009 forward regardless of how reassessment affects the property.

b) That no changes be made to the following existing tax policies:

i) A system of graduated tax rates within the Commercial and Industrial classes not be implemented for 2009.

ii) That the capping policy for 2009 for the Multi-residential, Commercial and Industrial classes be as follows:

1. Capping be based on a maximum increase threshold at the greater of:

   - 10% of the previous year's annualized capped taxes and

   - 5% of the previous year's annualized CVA tax for the eligible property

2. No capping credit be applied for properties where the required billing adjustment is within a $250 credit of the properties' CVA tax; affected properties would be billed at their full CVA tax level.

iii) The threshold on the tax level for eligible new construction be 100%

iv) Tax ratio reductions for mandated subclasses of vacant units remain at 30% for the Commercial class and 35% for the Industrial class

v) The 2009 tax rate for farmland awaiting development subclasses be 25% of the residential rate

c) That a by-law be passed at the April 14, 2009 Council meeting authorizing the 2009 tax policies as set out in report CPFPRS09-005.

BUDGET AND FINANCIAL IMPLICATIONS

Approving the recommendations will not alter the $88.2 million net tax levy requirements reflected in the 2009 Operating Budget approved January 19, 2009. However, recommendation (a) will alter the 2009 municipal tax rates and shift tax burden amongst classes. It results in a 4.4% reduction in the Multi-residential tax rates from 2008, a 3.6% reduction in Commercial rates, and a 6.0% reduction in Industrial rates for the 2009 tax year. The Residential tax rates would decrease 1.8% as compared to the 2.3% decrease reflected in the 2009 Budget as of January 19, 2009.

The all-inclusive municipal, education and sewer surcharge payable for a "Median assessed single family dwelling not on water" will increase from the 2.0% approved January 19, 2009 by 0.4% to 2.4%.

BACKGROUND

Introduction

The Municipal Act 2001 stipulates Council is required on an annual basis to make certain tax policy decisions that will affect the apportionment of the tax burden both within and between tax classes. The statutory deadline for passing a tax policy by-law each year is April 30.

For the 2006 and previous budget years, staff included relevant tax policy recommendations in the annual budget documents. Beginning for the 2007 Budget year, however, staff have separated tax policy decisions from budget reviews. At the April 26, 2007 Budget Committee meeting, staff presented a comprehensive tax policy report FAFS07-004 which provided a detailed historical review of assessment and taxation legislated changes since 1998 and which proposed a variety of tax policies to be implemented in 2007 and future years.

The most important recommendation adopted by Council, as the result of report FAFS07-004, was recommendation (b) (i) of that report which was as follows:

> "That starting in 2008, one-half of the revenue generated from the real assessment growth in the Multi-residential, Commercial and Industrial classes be given back to that particular class as a tax ratio reduction with a goal that the tax

> ratios for the Multi-residential, Commercial and Industrial classes be reduced until they equal 1.50."

Through the recommendation, Council began addressing the inequity between the Residential tax rate and the Multi-residential, Commercial and Industrial (MCI) tax rates. At the same time, Council recognized changing tax ratios - even slightly - impacted the residential taxpayer.

As part of the 2008 Budget process, at the April 7, 2008 Budget Committee meeting staff presented Report CPFPRS08-003 dealing with 2008 Tax Policies, Education Rates, and the BMA Municipal Study. Through recommendations in Report CPFPRS08-003 Council reconfirmed the Tax Ratio Reduction Program that had been adopted through FAFS07-004.

Through this Report CPFPRS09-005, two key tax policy changes are being recommended for 2009.

Recommendation (a)(i) amends the previous tax ratio reduction program to one in which the tax ratio reduction for MCI classes is no longer dependent on the real assessment growth experienced the year before, but is based on a fixed annual reduction over a ten year period 2009-2018 so that the target 1.50 tax ratio is achieved for the year 2018.

Recommendation (a)(iv) proposes a new tool permitted by the Province be adopted starting in 2009 to have properties stay at CVA tax (no capping adjustments apply) that have attained that tax status during the previous taxation year.

Recommendation (b) confirms long-standing policies and proposes no change from 2008.

The report does provide an update on the Provincially legislated 2009 Education Tax Rates and concludes with some comments regarding the BMA Municipal Study 2008.

Tax Ratio Reduction Program

This section of the report provides a brief historical overview of tax ratios issues, and provides an analysis of various tax ratio reduction plans that could be considered for 2009 and onward.

Tax ratios – historical prospective

For the most part, Council's decisions from 1998 to 2007 with respect to the Property Tax reforms attempted to keep the relative tax burden among the classes the same as it was before 1998. In addition, Council has used some of the tools available to give relief to those eligible for certain programs such as phase-ins, capping, charitable rebates and senior's credit programs.

Appendix A "Tax Ratio Backgrounder" appended to this report provides additional Tax Ratio information.

Council's decision through report FAFS07-004 2007 "Tax Policies" was the first decision to move the (MCI) tax ratios closer to the Residential ratio and shift relative tax burden among the classes.

The adopted policy was…"That starting in 2008, one-half of the revenue generated from the real assessment growth in the Multi-residential, Commercial and Industrial classes be given back to that particular class as a tax ratio reduction with a goal that the tax ratios for the Multi-residential, Commercial and Industrial classes be reduced until they equal 1.50."

Chart 1 shows how the tax ratios have changed for the main classes over the period 2007 through to the January 19, 2009 version of the 2009 Budget based on the Tax Ratio Reduction Program implemented in 2007 to take effect for the 2008 taxation year.

Chart 1

Tax Ratios – 2007 to Jan 19, 2009

Class	2007	2008	2009 Jan 19, 2009	% Change 2007-2009
Residential	1.0000	1.0000	1.0000	-
Farm	0.2500	0.2500	0.2500	-
New Multi-Res	1.000	1.0000	1.0000	-
Multi-Res	2.0440	2.0252	2.0111	(1.6%)
Commercial	1.8912	1.8419	1.8204	(3.7%)
Industrial	2.6300	2.5976	2.5976	(1.2%)

Although this program has given the MCI classes some relief with relatively little impact on the residential classes, there are some disadvantages:

- Some classes benefit more than others,
- Some classes may not experience any real growth so the program will not benefit them at all. Such was the case for the industrial class as shown on Chart 1 that experienced no real growth 2008 over 2007 and therefore had no change to the 2009 tax ratio,

- It is not possible to project, with any degree of certainty, the reduction – if any – that will be made to tax ratios in future years beyond the current budget year,

- The calculation of the tax ratio reduction is complex and is not readily apparent in the annual operating budget documents.

New Proposed Tax Ratio Reduction Program

Staff have come to the conclusion a better approach is to amend the Tax Ratio Reduction Program so that tax ratios for the MCI classes are reduced equally each year over a specified term until the target tax ratio of 1.50 is achieved.

The number of years over which to achieve the 1.5 target ratios for the MCI classes is an important decision. The shorter the time period, the quicker the target ratios are reached and the quicker the MCI classes receive relief. At the same time however, the quicker the relief is given to the MCI classes, the quicker the tax burden is shifted to the other tax classes and in particular the Residential class.

Chart 2 below shows the number of properties within each class and the relative tax burden based on the January 19, 2009 version of the 2009 Budget.

Chart 2

2009 Property Counts, Relative Tax Burden by Class (Jan 19, 2009 Budget)

Class	2009 Property Count	% of Total	Tax Levy ($M)	% of Total
Residential	24,828	93.75%	$58.139	65.05%
Farm	48	0.18%	$0.014	0.02%
New Multi-Res	6	0.02%	$0.214	0.24%
Multi-Res	222	0.84%	$9.399	10.66%
Commercial	1,229	4.64%	$17.066	19.36%
Industrial	148	0.56%	$3.124	3.54%
Pipeline, Forest	3	0.01%	$0.194	0.22%
Total	26,482	100.0%	$85.151	100.00%

There are endless possibilities when it comes to shifting tax ratios as long as the shifts are within legislated parameters. Staff have limited the analysis in this report, however, to five possible Tax Ratio Reduction Programs that could be implemented to achieve a 1.5 target ratio for the MCI classes as follows:

- Achieve the 1.5 target ratio for the MCI classes for the tax year 2009,
- Achieve the 1.5 target ratio for the MCI classes over a five-year period 2009-2013,
- A Chamber of Commerce proposal which would make the Industrial Base Ratio equal to the Commercial Base Ratio and make the discount for vacant property for both classes equal to 35% of the base ratio as a first step in 2009, and then reduce the amended ratios to the 1.5 target over a five-year period 2009-2013. The Multi-residential ratio would not be reduced,
- The recommended approach which is to achieve the 1.5 target ratio for the MCI over a ten-year period 2009-2018,
- Achieve the 1.5 target ratio for the MCI classes over a fifteen-year period 2009-2023.

The analysis compares the resulting 2009 tax rate change to the approved 2008 tax rates. In some cases, comparisons were made to the 2009 Budget numbers as they were as of January 19, 2009.

Chart 3 shows by what percentage the resulting 2009 municipal tax rates calculated under each scenario change from the 2008 approved rates. It also shows how much the municipal tax rates as reflected in the January 19, 2009 version of the 2009 Budget changed from the 2008 approved rates.

Chart 3

Tax Rates % change from 2008 to 2009 - Under 5 Scenarios

Class	Jan 19, 2009 Version of Budget	1 Yr Plan	5 Yr Plan	Chamber Plan	10 Yr Plan (Recom-mended)	15 Yr Plan
Residential *(Avg SFD Tax Levy $ Change over 2008)*	(2.3%) *$47.71*	5.8% *$228.65*	(1.0%) *$76.18*	(0.7%) *$82.91*	**(1.8%)** ***$58.48***	(2.1%) *$52.64*
New Multi-Res	(2.3%)	5.8%	(1.0%)	(0.7%)	**(1.8%)**	(2.1%)
Multi-Res	(3.0%)	(21.7%)	(6.2%)	(0.7%)	**(4.4%)**	(3.8%)
Commercial	(3.4%)	(13.9%)	(4.7%)	(4.4%)	**(3.6%)**	(3.3%)
Industrial	(2.3%)	(38.9%)	(9.4%)	(32.2%)	**(6.0%)**	(4.8%)

Detailed supporting schedules that show how the percentage changes shown in Chart 3 were derived and are provided in the **Appendix B "Supplementary Support Calculations – Tax Ratio Reduction**" to this report.

Chart 3 highlights the fact that changing ratios for one or more classes can significantly impact the tax rates for other classes.

For example, as of the January 19, 2009 version of the 2009 Budget, the 2009 Residential tax rate was set to decrease by 2.3% from the 2008 approved rate. If the MCI ratios were all moved to 1.5 effective for 2009 (**One-Year Plan**), the 2009 Residential municipal tax rate would actually increase by 5.8% over the 2008 rate (a 8.1% increase from the January 19, 2009 2.3% reduction figure). The Multi-residential rate would decrease by 21.7%, the Commercial rate would decrease by 13.9% and the Industrial rate would decrease by 38.9% from the 2008 approved rates.

The One-Year plan is the quickest method of bringing the MCI class ratios to the 1.5 target ratio. But by providing relief to the 1,599 MCI owners, significant tax burden would be passed on to the 24,883 other property owners.

The **Five-year Tax Ratio Reduction Plan** is much less aggressive resulting in a 6.2% reduction in the Multi-residential tax rates from 2008, a 4.7% reduction in Commercial rates, and a 9.4% reduction in Industrial rates. The Residential tax rate would decrease by 1.0% as opposed to the 2.3% reduction reflected in the 2009 Budget as of January 19, 2009. By providing relief to the 1,599 MCI owners, some tax burden would be passed on to the 24,883 other property owners.

The Chamber of Commerce knew staff we were working on the 2009 Tax Policy Report and submitted a Research Paper that was endorsed by the Peterborough Chamber of Commerce, the Kawartha Manufacturers' Association and the Prosperity Round Table Municipal Competitiveness Task Team.

The **"Chamber Plan"** recommends the Industrial ratios immediately be changed to equal the Commercial ratios in 2009, and then the combined Industrial and Commercial class ratio be moved to 1.5 over the next five years beginning in 2009. To model the tax rate impact shown on Chart 3, staff have assumed the 30% discount that currently applies to vacant Commercial classes would be changed as well to the match the 35% rate received by the Industrial class.

Under the Chamber Plan, the Industrial Class would enjoy a 32.2% reduction in municipal tax rates in 2009 from 2008 levels. The Multi-residential tax rate would decrease by 0.7%, the Commercial rate would decrease by 4.4%, and the Residential rate would decrease by 0.7% as opposed to the 2.3% reduction reflected in the 2009 Budget as of January 19, 2009. Under this plan, 148 Industrial properties will receive immediate and significant relief, at the expense of 26,334 other taxpayers. The Industrial Class will then will enjoy a further five-year benefit along with the Commercial class at the expense of 25,105 other properties.

The **Ten-Year Tax Ratio Reduction Program** provides for a more balanced approach for all property classes. While this program takes 10 years to achieve the 1.5 tax ratio goal, the impact on the other classes is mitigated by the slower approach. The Ten-Year Tax Ratio Reduction Plan is much less aggressive than the Chamber Plan and somewhat less aggressive than the Five-Year Plan. It results in a 4.4% reduction in the Multi-residential tax rates from 2008, a 3.6% reduction in Commercial rates, and a 6.0% reduction in Industrial rates for the 2009 tax year. The Residential tax rate would decrease 1.8% as compared to the 2.3% decrease reflected in the 2009 Budget as of January 19, 2009.

The **Fifteen-Year Tax Ratio Reduction Program** achieves the 1.5 target ratio over a 15-year period and is the least aggressive. The plan would result in a 3.8% reduction in the 2009 Multi-residential tax rate from 2008, a 3.3% reduction in Commercial rates, and a 4.8% reduction in Industrial rates. The Residential tax rate would decrease 2.1% as compared to the 2.3% decrease reflected in the 2009 Budget as of January 19, 2009.

10-Year Tax Ratio Reduction Program Recommended

Staff believes the 10-year option strikes a balance between minimizing the impact to the Residential property classes while still reducing the MCI tax ratios.

Proposing to reduce the tax ratios for the MCI classes to 1.5 within 10 years lowers tax rates in the MCI classes, provides some rationale for the amount that is being reduced and tries to minimize the impact on the residential class.

Adopting the Ten-Year Tax Ratio Reduction program would have the following benefits:

- The City of Peterborough is making an ongoing effort to reduce the MCI tax ratios that may help attract and/or maintain businesses and industry and ensure the City remains competitive with other jurisdictions,

- It would lessen the difference between the New Multi-residential class tax burden (tax ratio is 1.0) and the Multi-residential properties that existed prior to the creation of the new Multi-residential class in 2005,

- MCI owners know that by 2018 their respective tax rates will be 1.5 times the residential rate, and they can plan for budgeting purposes and possible future expansions. They will also know by how much the tax ratios will decrease each year until 2018,

- Spreading the ratio reduction plan over 10 years lessens the burden on the Residential property class versus adopting the 1-Year, Chamber, or 5-year reduction plan,

- The plan provides for a known decrease each year whereas the existing plan relies on the previous years' real assessment growth – if any. When classes do not experience real growth over the ten-year period, the ratio reduction will still occur.

Adopting a ten-year tax ratio reduction program would have the following disadvantages:

- Some tax burden will shift to the Residential taxpayers, as the Residential class is the largest class from which to fund the program. The 2009 Residential tax rate will decrease by 1.8% from the 2008 approved rate as compared to the 2.3% reduction the rate would reflect if no changes to the tax ratio plan were implemented,

- The reductions do not reduce the tax ratios as quickly as some of the owners within the MCI classes would like.

There is no perfect solution to the tax ratio dilemma. It is not possible to assist one class of taxpayers by reducing their tax burden without affecting other classes.

Staff believe the Ten-Year plan is a reasonable compromise, and through recommendation (a) (i) and (ii) it is recommended:

a) That the following changes be made to Tax Policies effective for the 2009 taxation year:

   i) That the Tax Ratio Reduction Program be accelerated so that over the ten-year period 2009-2018 the tax ratios for the Multi-residential, Commercial and Industrial classes are reduced each year by the amount shown below so that by the year 2018, a 1.50 tax ratio for each of the classes has been achieved.

Class & Subclass	**2009- 2018 Annual Tax Ratio Change**
Multi-residential	-0.05252
Commercial Occupied	-0.03149
Commercial, New Construction	-0.03149
Commercial Excess Lands & Vacant Units and Vacant Land	-0.02393
Industrial Occupied	-0.10976
Industrial Excess Lands & Vacant Units and Vacant Lands	-0.07134

ii) That the 2009 tax ratios be established as follows:

Class & Subclass	2009 Ratios
Residential	1.00000
Farm Property	0.25000
Multi-residential	1.97268
New Multi-residential	1.00000
Commercial Occupied	1.80771
Commercial, New Construction	1.80771
Commercial Excess Lands & Vacant Units and Vacant Land	1.26540
Industrial Occupied	2.48784
Industrial New Construction	2.48784
Industrial Excess Lands & Vacant Units and Vacant Lands	1.61710
Pipelines	1.27060

If recommendations (a) (i) and (ii) are adopted, the tax ratios for the years 2009 to 2018 will be as set out in Chart 4.

Chart 4

Tax Ratios
2008-2018
Under 10-Year Plan 2009-2018

Description	2008 Ratios	2009 Ratios	2010 Ratios	2011 Ratios	2012 Ratios	2013 Ratios	2014 Ratios	2015 Ratios	2016 Ratios	2017 Ratios	2018 Ratios
Residential											
Residential	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Multiresidential	2.02520	1.97268	1.92016	1.86764	1.81512	1.76260	1.71008	1.65756	1.60504	1.55252	1.50000
New Multi-residential	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Farm Property/Farm Land Awaiting Development	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000
		-	-	-	-	-	-	-	-	-	-
Commercial		-	-	-	-	-	-	-	-	-	-
Commercial Class	1.84190	1.80771	1.77352	1.73933	1.70514	1.67095	1.63676	1.60257	1.56838	1.53419	1.50000
Commercial Class, New Construction	1.84190	1.80771	1.77352	1.73933	1.70514	1.67095	1.63676	1.60257	1.56838	1.53419	1.50000
Commercial Class, Excess Lands & Vacant Units	1.28933	1.26540	1.24147	1.21754	1.19361	1.16968	1.14575	1.12182	1.09789	1.07396	1.05003
Commercial Class, Vacant Land	1.28933	1.26540	1.24147	1.21754	1.19361	1.16968	1.14575	1.12182	1.09789	1.07396	1.05003
		-	-	-	-	-	-	-	-	-	-
Industrial		-	-	-	-	-	-	-	-	-	-
Industrial Class	2.59760	2.48784	2.37808	2.26832	2.15856	2.04880	1.93904	1.82928	1.71952	1.60976	1.50000
Industrial Tax Vacant Unit/Excess	1.68844	1.61710	1.54576	1.47442	1.40308	1.33174	1.26040	1.18906	1.11772	1.04638	0.97504
Industrial Class, Vacant Lands	1.68844	1.61710	1.54576	1.47442	1.40308	1.33174	1.26040	1.18906	1.11772	1.04638	0.97504
		-	-	-	-	-	-	-	-	-	-
Pipeline	1.27060	1.27060	1.27060	1.27060	1.27060	1.27060	1.27060	1.27060	1.27060	1.27060	1.27060

Municipal Tax Rate Change 2008 – 2009

Chart 5 (a) shows the Municipal Tax Rates for the main classes for 2008, as they were in the 2009 Budget as of January 19, 2009, and the final 2009 rates assuming the 10-Year Tax Rate Reduction plan is implemented effective 2009.

Chart 5 (a)

Tax Rates – If MR,C, & I Ratios changed to 1.5 over 10Yr Plan

Class	2008 Approved	2009 As of Jan 19th	% Change Over 2008 Approved	2009 MR,C,I Ratios = 1.5 over 10 Years	2008-2009 10 Yr Plan % Change
Residential	1.241%	1.213%	(2.3%)	1.219%	(1.8%)
New Multi-Res	1.241%	1.213%	(2.3%)	1.219%	(1.8%)
Multi-Res	2.514%	2.439%	(3.0%)	2.404%	(4.4%)
Commercial	2.286%	2.213%	(3.4%)	2.203%	(3.6%)
Industrial	3.225%	3.150%	(2.3%)	3.032%	(6.0%)

Tax rates rounded to 3 decimal points

Municipal Relative Tax Levy (Burden) Change 2008 – 2009

Chart 5 (b) shows the Municipal Tax Levy for the main classes for 2008, as they were in the 2009 Budget as of January 19, 2009, and the final 2009 levy assuming the 10-Year Tax Rate Reduction plan is implemented, effective 2009.

Chart 5 (b)

2008 to 2009 Relative Mun Tax Burden

Class	2008 Appr'd $M	2008 Appr'd % of Total	2009 As of Jan 19th, $M	2009 As of Jan 19th, % of Total	2009 Under 10Yr Tax Ratio Reduction $M	2009 Under 10Yr Tax Ratio Reduction % of Total
Residential	$55.789	66.1%	$58.138	66.0%	$58.426	66.3%
New Multi-Res	$0.163	0.2%	$0.214	0.2%	$0.215	0.2%
Multi-Res	$9.207	10.9%	$9.399	10.7%	$9.265	10.5%
Commercial	$15.931	18.9%	$17.066	19.36%	$17.030	19.3%
Industrial	$3.057	3.6%	$3.124	3.5%	$3.007	3.4%
Other	$0.217	0.3%	$0.209	.02%	$0.210	.02%
Total	**$84.365**	**100.0%**	**$88.151**	**100.0%**	**$88.151**	**100%**

0.4% all-inclusive Municipal, Education and Sewer Surcharge

Chart 6 shows the all-inclusive Municipal, Education and Sewer Surcharge Levy's impact of Council's previous 2009 Budget decisions and recommendations (a)(i) and (ii) of this report. The chart shows a 2.4% increase over the 2008 levels as compared to the 2.0% increase it was reflecting as of January 19, 2009. The 0.4% additional increase is the result of changing the tax ratios for 2009 as per recommendations (a)(i) and (ii) and equates to a $10.77 additional increase over the January 19, 2009 numbers.

Chart 6

Comparative All Inclusive Tax and Sewer Surcharge Rates and Levies
For Median Single Family Dwelling (Not on Water)
For the years 2008 and 2009
As of April 6, 2009 Under Ten-Year Tax Ratio Reduction Plan

Ref C1	Description C2	2008 C3	2009 C4	Change from 2008 Amount C5	Change from 2008 % C6
1.01	Gross Expenditures	187,146,096	189,777,652	2,631,556	1.4%
1.02	Amount raised from taxation	84,364,716	88,150,720	3,786,004	4.5%
2.00	Tax Rates				
2.01	Municipal general residential rate	1.2203490%			
2.02	Garbage mill rates	0.0209940%			
2.03	Subtotal Municipal Tax Rate	1.2413430%	1.2187850%	-0.0225580%	-1.8%
2.04	Residential education rate	0.2640000%	0.2520000%	-0.0120000%	-4.5%
2.05	Total Municipal and Education Tax Rates	1.5053430%	1.4707850%	-0.0345580%	-2.3%
3.00	Average annual water rates (Basic charge, six rooms, 500m2 lot)	366.60	379.20	12.60	3.4%
4.00	Sewer surcharge rate				
4.01	Sewer surcharge rate Jan 1	100.0%	100.0%	0.0%	0.0%
4.02	Sewer surcharge rate changed to	100.0%	100.0%	0.0%	0.0%
4.03	Effective date of change	01-Jan-08	01-Jan-09		
4.04	Number of months new rate in effect	12	12		
4.05	Effective rate over the year	100.0%	100.0%	0.0%	0.0%
4.06	Budget Water Revenues	13,401,000	13,590,000	189,000	1.4%
4.07	Total Sewer Surcharge Collected	13,401,000	13,590,000	189,000	1.4%
5.00	Median assessed value - SFD Not on Water	173,000	181,000	8,000	4.6%
6.00	Tax on assessment for median property				
6.01	Municipal general tax levy	2,111.20	0.00	(2,111.20)	-100.0%
6.02	Garbage tax levy	36.32	0.00	(36.32)	-100.0%
6.03	Subtotal Municipal Tax on Assessment	2,147.52	2,206.00	58.48	2.7%
6.04	Education tax levy	456.72	456.12	(0.60)	-0.1%
6.05	Subtotal Mun & Ed tax on assessment	2,604.24	2,662.12	57.88	2.2%
6.06	Per month	217.02	221.84	4.82	2.2%
7.00	Sewer surcharge payable annual	366.60	379.20	12.60	3.4%
7.01	Per Month	30.55	31.60	1.05	3.4%
8.00	Total municipal annual tax and sewer	2,514.12	2,585.20	71.08	2.8%
8.01	Per Month	209.51	215.43	5.92	2.8%
9.00	Combined Mun and Ed Tax on Assessment PLUS Sewer Surcharge	2,970.84	3,041.32	70.48	2.4%
9.01	Per Month	247.57	253.44	5.87	2.4%

Notes

1 The tax levies shown are for the median single family dwelling unit (not on water) assessed at **$173,000** for 2008 and **$181,000** for 2009. Individual tax levies and percentage changes will vary depending on actual assessed values each year.

2 The sewer surcharge payable figures assume an average house with six rooms and 500m2 lot. Individual sewer surcharge amount payable and percentage changes will vary depending on number of rooms and lot size.

Assessment impacts

The fact the Municipal tax rates for 2009 are decreasing as set out in Chart 5, under the proposed 10-Year Tax Ratio Reduction Plan, does not mean all taxpayers will realize a municipal tax reduction in 2009.

As the 2009 Budget Highlights book explained, all properties were reassessed for the 2009 taxation year based on the current value on January 1, 2008. In order to cushion the effects of the reassessment and allow taxpayers to budget, the new assessed values are being phased-in equally over a four-year period 2009-2012 at a rate of 25% per year.

Appendix C – "Assessment Backgrounder" provides more information.

New capping tool to be implemented

In addition to implementing a 10-Year Tax Ratio Reduction program, staff are proposing one amendment to the City's Tax Capping Policy.

A new capping option was also introduced for 2009 giving municipalities the opportunity to remove properties from the capping and claw-back system once they have reached their Current Value Assessment (CVA) level taxes. Historically in a reassessment year, properties that may have already been paying CVA tax could experience a large enough change in assessment to throw them back into the capping and claw-back program.

Staff recommend through recommendation (a)(iv) that properties that achieved CVA tax in 2008 remain at CVA tax from 2009 forward regardless of how reassessment affects the property.

Other Recommendations Maintain the Status Quo

Recommendation (b) includes a number of recommendations that maintain the status quo for long-established tax policies. They have been discussed at length in previous reports of previous years.

Appendix D – “Status Quo Recommendations Supporting Material” of this report provides the historical justification for each of the status quo recommendations.

It is recommended …

b) That no changes be made to the following existing tax policies:

i) A system of graduated tax rates within the Commercial and Industrial classes not be implemented for 2009.

ii) That the capping policy for 2009 for the Multi-residential, Commercial and Industrial classes be as follows:

1. Capping be based on a maximum increase threshold at the greater of:
    - 10% of the previous year’s annualized capped taxes and
    - 5% of the previous year’s annualized CVA tax for the eligible property
2. No capping credit be applied for properties where the required billing adjustment is within a $250 credit of the properties’ CVA tax; affected properties would be billed at their full CVA tax level.

iii) The threshold on the tax level for eligible new construction be 100%.

iv) Tax ratio reductions for mandated subclasses of vacant units remain be 30% for the Commercial class and 35% for the Industrial class.

v) The tax rate for farmland awaiting development subclasses be 25% of the residential rate.

Education tax rates

As a result of the reassessment for 2009 taxation purposes, the Province has again reduced the education tax rates for all classes. While Council is not involved in the decision, the 2009 Education rates do impact the total tax on assessment City taxpayers will pay in 2009 and impacts the amount of total taxes each class pays.

This section of the report provides an update on the latest developments affecting the City's 2009 education tax rates.

Residential Education Taxes

Since 1998, a uniform education tax rate has been levied against Residential, Multi-residential and Farm property, regardless of its location in Ontario. In reassessment years, the Province has tended to adjust the uniform residential/farm education rate to achieve a Province-wide revenue neutral tax yield from these classes. Each municipality is affected differently depending on how market values in their area have increased or decreased relative to Province-wide market change averages.

For 2009, the education tax rate for the Residential and Multi-residential class is 0.252% and the Farm class education rate is 25% of the 0.252% rate or 0.063%. All of the rates are 4.5% lower than they were in 2008.

Business Education Property Tax Rates

When the Province first assumed responsibility for establishing education tax rates in 1998, each municipality had different Business Education Tax (BET) Rates depending on their 1997 education tax levels that had been set by the individual school boards. As a result, there is a wide range of BET rates throughout the Province.

Business representatives across the Province have criticized high BET rates as being unfair and being a barrier to economic competitiveness stating they put many regions of the Province at a disadvantage compared to others.

In the 2007 Ontario Budget, the Province announced a plan to reduce the BET rates to a target maximum rate of 1.60%. This new maximum has been further reduced to 1.52% as a result of the latest Province-wide reassessment.

For the 2009 taxation year, the ceiling rates for existing properties are set at 2.30% for Commercial properties and 2.70% for the Industrial class. Each year, the annual ceiling rates will be reduced until they reach the target maximum BET rate of 1.52 in 2014.

For 2009, the City of Peterborough Commercial education rates have been set at 1.803590% while the Industrial rate will be 2.659890%. Both of these rates are currently below the maximum ceiling rate and will continue to decline as mandated by the Province until the target rate of 1.52% for both classes is achieved by 2014.

The Province's direct transfers to school boards will be increased to ensure that the BET cuts will not affect overall education funding.

In the City of Peterborough, at the end of seven years, when the target maximum ceiling rate for all BET is 1.52%, assuming the current value assessment remained the same, it is estimated that a Commercial property owner would pay approximately 16% less education taxes than they paid in 2008 and an Industrial property owner would pay 43% less.

New Construction BET Maximum Rate

In December 2007 the Deputy Minister of Finance announced that all new construction after March 22, 2007 was to be subject to a 1.60 maximum BET rate. This initiative is intended to stimulate new investment and immediately establish a level playing field for businesses facing decisions about where to build new Commercial or Industrial facilities. In order to be eligible for the reduced BET rate, properties have to meet the following requirements:

- The application for the building permit must be received by the municipality after March 22, 2007 accompanied by the applicable fees,
- A copy of the building permit is then forwarded by the City to MPAC,
- The application must be for the first building permit – in other words a property owner could not try to become part of this program by cancelling a permit issued before the March 22, 2007 date and reapply for a new permit in order to take advantage of this new initiative,
- The CVA for the property in question would have to increase by more than 50% of the current CVA value.

As a result of the reassessment, the target maximum BET rate will be reset to offset reassessment impacts. Beginning for the 2009 taxation year, the maximum BET rate will be lowered to 1.52% for both the Commercial and Industrial Classes.

Chart 7 lists shows the comparative Education tax rates for all classes for the City of Peterborough for years 2008 to 2009.

Chart 7

Education Tax Rates 2008 to 2009

Class	2008	2009	% Change
Residential	0.26400%	0.25200%	(4.5%)
New Multi-Residential	0.26400%	0.25200%	(4.5%)
Multi-Residential	0.26400%	0.25200%	(4.5%)
Commercial (Occupied)	1.952795%	1.803590%	(7.6%)
Commercial (Vacant @ 70%)	1.366957%	1.262513%	(7.6%)
Commercial New Construction (Full)	1.600000%	1.520000%	(5.0%)
Commercial New Construction (Vacant @70%)	1.120000%	1.064000%	(5.0%)
Industrial (Occupied)	2.863185%	2.659890%	(7.1%)
Industrial (Vacant @ 65%)	1.861070%	1.728929%	(7.1%)
Industrial New Construction (Full)	1.600000%	1.520000%	(5.0%)
Industrial New Construction (Vacant @65%)	1.040000%	0.988000%	(5.0%)
Pipeline	1.431035%	1.395701%	(2.5%)
Farm & Managed Forest	0.066000%	0.063000%	(4.5%)

Summary of Municipal and Education Tax Policy Impacts

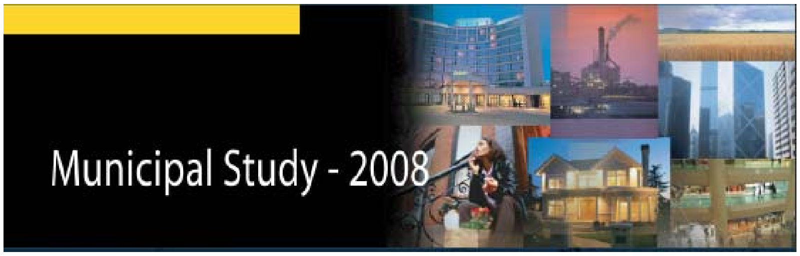
All of Council's deliberation on the 2009 Budget to date, plus the impact of adopting a Ten-Year Tax Ratio Reduction program as set out in this report, plus the Provincially-regulated education tax rates plus MPAC's 2009 assessment figures result in the 2009 Combined Municipal and Education tax rates as reflected on Chart 8.

Chart 8

Combined Municipal and Education Tax Rates (2008 to 2009) (10 Yr Reduction Plan)

Class	2008	2009	% Change
Residential	1.505343 %	1.470785 %	(2.3%)
New Multi-Residential	1.505343 %	1.470785 %	(2.3%)
Multi-Residential	2.777968 %	2.656273 %	(4.4%)
Commercial (Occupied)	4.239225 %	4.006800 %	(5.5%)
Commercial (Vacant @ 70%)	2.967458 %	2.804764 %	(5.5%)
Commercial New Construction (Occupied)	3.886430 %	3.723210 %	(4.2%)
Commercial New Construction (Vacant @70%)	2.720501 %	2.606251 %	(4,2%)
Industrial (Occupied)	6.087698 %	5.692032 %	(6.5%)
Industrial (Vacant @ 65%)	3.957003 %	3.699826 %	(6.5%)
Industrial New Construction (Occupied)	4.824513 %	4.552142 %	(5.6%)
Industrial New Construction (Vacant @65%)	3.135933 %	2.958897 %	(5,6%)
Pipeline	3.008285 %	2.944289 %	(2.1%)
Farm & Managed Forest	0.376336 %	00367696 %	(2.3%)

BMA Municipal Study – 2008



For eight years, BMA Management Consulting Inc. has annually completed a municipal comparative study on behalf of participating Ontario municipalities. In 2008, the study included 82 Ontario municipalities. The results are compiled in an extensive 410-page report as well as a BMA database. The database provides participating municipalities with the ability to extract data for selected municipalities or to select specific areas of interest or analyze trends. The database includes data from 2001-2008.

The 2008 study can be found on-line at BMA Tax Study - Peterborough 2008 Full Report.

Appendix E - Staff Analysis of BMA Municipal Study – 2008 provides some staff analysis and Appendix F is the Executive Summary of the BMA Study - 2008.

SUMMARY

The recommendations in this report satisfy the City of Peterborough's statutory tax policy responsibilities for the 2009 taxation year and lay the foundation for the 2009 Tax Rate By-law.

One of the good news stories for property owners is the continued reduction in the Education Tax Rates due to reassessment as well as the continuation of reduced BET rates for Commercial and Industrial classes.

The key tax policy decision in this report is the change to the Tax Ratio Reduction Program to be a 10-year (2009-2018) plan rather than the reductions being dependent on whether there is real growth in the class over the previous year. This will assist the Multi-residential, Commercial and Industrial taxpayers by providing a consistent plan to reduce the tax ratios until they reach 1.50.

The proposed policy to exclude capping from properties that have achieved CVA tax in the previous year provide an additional tool to move towards full CVA.

Staff will continue to participate in the annual BMA Study and monitor the City of Peterborough's position year over year and in relation to other municipalities.

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Attachments:

Appendix A - Tax Ratio Backgrounder

Appendix B - Supplementary Support Calculations – Tax Ratio Reduction Scenarios

Appendix C - Assessment Backgrounder

Appendix D - Status Quo Recommendations Supporting Material

Appendix E - Staff Analysis of BMA Municipal Study – 2008

Appendix F - Executive Summary of the BMA Municipal Study –

Full report is available only on-line and can be viewed by clicking on the following link:

BMA Tax Study - Peterborough 2008 Full Report

Appendix A

Tax Ratio Backgrounder

Tax ratios introduced in 1998

In 1998, tax ratios were introduced to enable a municipality, within certain parameters, to have different tax rates for different property classes. Tax ratios are used to "weight" assessment before the tax rate calculations are made and result in different tax rates for classes of property as opposed to having the one "uniform rate". If there are six property classes, there are 6 tax ratios: one for each of the 6 main property classes and discounted ratios will apply to the subclasses within the Commercial and Industrial classes.

Tax Ratios Used to Weight Assessment in Tax Rate Calculation

To illustrate, the 2009 Municipal Residential Tax Rate is calculated by dividing the total $88.1 Million 2009 net tax levy requirements for the year by the $7.2232B total taxable weighted assessment. The residential tax rate is then multiplied by each of the other classes' applicable tax ratio to determine the tax rates for the other classes.

For example, the 1.2187850% residential tax rate for 2009 (assuming all recommendations in this report are adopted) is calculated as follows:

A – Total 2009 net tax levy = $88,150,730
B – Total 2009 weighted taxable assessment = $ 7,232,672,347
C – Residential Tax rate = 1.2187850% ($88,150,730% / $ 7,232,672,347) X 100)

The 2.4042730% multi-residential rate for 2009 is then calculated by multiplying the 1.2187850% residential tax rate times a 1.9726800 multi-residential tax ratio. The tax rates for the other business classes would be calculated the same way using their own tax ratio.

Transition Ratios Used in 1998

In 1998, the first tax rates under the new tax policies were calculated based on "Transition ratios" as regulated by the Province.

The Province introduced the concept of transition ratios to address these potential inequities. The transition ratios were prescribed by the Province for each Ontario municipality and were designed to reflect the relative tax burden of each property class just before reform of the assessment and taxation system in 1998. Their use was intended to represent the "status quo" at the time of reassessment.

The transition ratios regulated by the Province resulted in the same 1998 relative tax burden for each class using current value assessment, as was the case in 1997 under the old system. Chart A-1 lists the Transition Ratios for the City of Peterborough.

Chart A-1
City of Peterborough Transition Ratios

Ref	Class	Transition Ratios
1	Residential	1.0000
2	Multi-residential	2.0440
3	Commercial	1.8912
4	Industrial	3.4984
5	Pipelines	1.2706
6	Farm Property	0.2500

Council made the decision in 1998 to implement the Province's transition tax ratios and keep the relative burdens the same as they had been prior to the tax reforms.

Ranges of Fairness

As part of the 1998 reform measures, the Province also provided Municipalities with the flexibility to alter the relative tax burden between the various classes by changing the transition ratios to some other ratios as long as they fell within "ranges of fairness regulated by the Province". The Province also introduced "Provincial Thresholds" for the business classes. If a municipality's ratio was above the provincial threshold, tax increases could not be passed onto that class and were allocated to the other tax classes. For the City of Peterborough, this was the case for the industrial class until 2005 when the City's ratio reached the Province's threshold.

Chart A-2 shows the City's transition ratios, provincial threshold ratios, 2008 tax ratios, 2009 ratios as reflected in the 2009 operating budget as of January 19, 2009, the 2009 tax ratios assuming the ten-year tax ratio reduction as recommended in this report is approved, and the range of fairness ratios.

Chart A-2
Tax Ratios 2008 - 2009

Ref	Class	Trans-ition Ratios	Prov Thres-hold Ratios	2008 Tax Ratios	2009 Tax Ratios (Jan 19, 2009)	2009 Tax Ratios (Assuming 10-Yr Reduction Plan	Low Ranges Of Fairness	High Ranges of Fairnes s
C 1	C2	C3	C4	C5	C6	C6	C7	C8
1	Residential	1.0000		1.0000	1.0000	1.00000	1.0000	1.0000
2	Multi-residential	2.0440	2.7400	2.0252	2.0111	1.97268	1.0000	1.1000
3	Commercial	1.8912	1.9800	1.8419	1.8204	1.80771	0.6000	1.1000
4	Industrial	3.4984	2.6300	2.5976	2.5976	2.48784	0.6000	1.1000
5	Pipelines	1.2706	1.2706	1.2706	1.2706	1.27060	0.6000	0.7000
6	Farm Property	0.2500	0.2500	0.2500	0.2500	0.25000	0.2500	0.2500

The City's 2009 proposed tax ratios, assuming the recommendation in this report are adopted, exceed the high range of fairness for Multi-residential, Commercial, Industrial and the Pipeline classes. That is permissible under the Municipal Act 2001. These ratios can be outside the prescribed ranges providing they remain constant or do not increase. Council can only reduce the ratios so they move closer to the high range of the range of fairness. If they are moved closer, they can never be moved further away. Once they are within the range of fairness, Council can move the ratio anywhere within the range.

Appendix B

Supplementary Support Calculations

– Tax Ratio Reduction Scenarios

CHART B-S1-(A)

Tax Ratio Comparisons

2008-2009

Under 1-year Plan 2009

Description	2008 Approved	Approved Jan 19, 2009 Per 2009 Budget	Target Ratio At end of yr 1 2009	Required Annual Change: Change	Required Annual Change: % Change From 2008	2009 Amended Ratios	2008 - 2009 Budget: Over (Under) 2008 Budget %	2008 - 2009 Budget: Over (Under) 2008 Budget $
Residential								
Residential	1.00000	1.00000	1.00000	-		1.00000		-
Multiresidential	2.02520	2.01110	1.50000	(0.52520)	-25.90%	1.50000	-0.7%	(0.525200)
New Multi-residential	1.00000	1.00000	1.00000	-		1.00000		-
Farm Property/Farm Land Awaiting Development	0.25000	0.25000	0.25000	-		0.25000		-
Commercial								
Commercial Class	1.84190	1.82040	1.50000	(0.34190)	-18.60%	1.50000	-18.6%	(0.341900)
Commercial Class, New Construction	1.84190	1.82040	1.50000	(0.34190)	-18.60%	1.50000		(0.341900)
Commercial Class, Excess Lands & Vacant Units	1.28933	1.27428	1.05000	(0.23933)	-18.60%	1.05000	-18.6%	(0.239330)
Commercial Class, Vacant Land	1.28933	1.27428	1.05000	(0.23933)	-18.60%	1.05000	-18.6%	(0.239330)
Industrial								
Industrial Class	2.59760	2.59760	1.50000	(1.09760)	-42.30%	1.50000	-42.3%	(1.097600)
Industrial Tax Vacant Unit/Excess	1.68844	1.68844	0.97500	(0.71344)	-42.30%	0.97500	-42.3%	(0.713440)
Industrial Class, Vacant Lands	1.68844	1.68844	0.97500	(0.71344)	-42.30%	0.97500	-42.3%	(0.713440)
Pipeline	1.27060	1.27060	1.27060	-		1.27060		-

CHART B-S1-(B)

Tax Ratios, Municipal Tax Rates and Levy

For the Years 2008 and 2009

Assuming Target Ratios Achieved in 2009

		As per 2008 Approved Budget					Assuming Target Ratios Achieved in 2009										
Ref	Class	Tax Ratios	CVA Per Bud	Municipal Tax Rates	Municipal Tax Levy	% of Total Levy	CVA Used in the 2009 Budget	Tax Ratio Before Discount	% of Occupied to apply to Vacant subcls	Tax Ratios	Weighted CVA used in 2009 Budget	Municipal Tax Rates	Municipal Tax Levy	% of Total Levy	2008 to 2009 Tax Levy $ Change	2008 to 2009 % of Total Levy Change	2008 to 2009 Tax Rate Change
C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18
1	Residential	1.00000	4,494,281,136	1.2413430%	55,789,444	66.1%	4,793,595,754	1.000000	100.00%	1.00000	4,793,595,754	1.3128000%	62,930,325	71.39%	7,140,881	12.80%	5.8%
2	Multi-residential	2.02500	366,255,060	2.5139680%	9,207,535	10.9%	385,338,383	2.011100	100.00%	1.50000	578,007,575	1.9692000%	7,588,083	8.61%	-1,619,452	-17.60%	-21.7%
3	New Multi-residential	1.00000	13,115,250	1.2413430%	162,805	0.2%	17,645,693	1.000000	100.00%	1.00000	17,645,693	1.3128000%	231,653	0.26%	68,848	42.30%	5.8%
	Commercial																
4	Commercial Occupied	1.84190	684,713,305	2.2864300%	15,655,490	18.6%	752,062,588	1.820400	100.00%	1.50000	1,128,093,882	1.9692000%	14,809,616	16.80%	-845,874	-5.40%	-13.9%
5	Commercial Occupied New Construction			2.2864300%			3,741,250	1.820400	100.00%	1.50000	5,611,875	1.9692000%	73,673	0.08%	73,673		
6	Commercial Vacant Units	1.28933	9,889,078	1.6005010%	158,275	0.2%	10,468,693	1.820400	70.00%	1.05000	10,992,128	1.3784400%	144,305	0.16%	-13,970	-8.80%	-13.9%
7	Commercial Vacant Lands	1.28933	7,298,200	1.6005010%	116,808	0.1%	14,054,600	1.820400	70.00%	1.05000	14,757,330	1.3784400%	193,734	0.22%	76,926	65.90%	-13.9%
8	**Total Commercial**		**701,900,583**		**15,930,573**	**18.9%**	**780,327,131**				**1,159,455,215**		**15,221,328**	**17.27%**	**-709,245**	**-4.50%**	
	Industrial																
9	Industrial Occupied	2.59760	91,981,696	3.2245130%	2,965,962	3.5%	95,952,388	2.597600	100.00%	1.50000	143,928,582	1.9692000%	1,889,494	2.14%	-1,076,468	-36.30%	-38.9%
10	Industrial Vacant Units	1.68844	2,623,675	2.0959330%	54,990	0.1%	2,604,643	2.597600	65.00%	0.97500	2,539,527	1.2799800%	33,339	0.04%	-21,651	-39.40%	-38.9%
11	Industrial Taxable Vacant Land	1.68844	1,723,200	2.0959330%	36,117	0.0%	2,354,525	2.597600	65.00%	0.97500	2,295,662	1.2799800%	30,137	0.03%	-5,980	-16.60%	-38.9%
12	**Total Industrial**		**96,328,571**		**3,057,069**	**3.6%**	**100,911,556**				**148,763,771**		**1,952,970**	**2.22%**	**-1,104,099**	**-36.10%**	
13	Pipeline taxable	1.27060	13,128,000	1.5772500%	207,081	0.2%	12,646,250	1.270600	100.00%	1.27060	16,068,325	1.6680440%	210,945	0.24%	3,864	1.90%	5.8%
14	Farm Property Taxable Full/Farmland Awaiting	0.02500	3,207,840	0.3103360%	9,955	0.0%	4,622,455	0.250000	100.00%	0.25000	1,155,614	0.3282000%	15,171	0.02%	5,216	52.40%	5.8%
15	Managed Forests	0.02500	87,500	0.3103360%	272	0.0%	72,200	0.250000	100.00%	0.25000	18,050	0.3282000%	237	0.00%	-35	-12.90%	5.8%
16	**Grand Total**		**5,688,303,940**		**84,364,734**	**100.0%**	**6,095,159,422**				**6,714,709,997**		**88,150,712**	**100.00%**	**3,785,978**	**4.50%**	

CHART B-S2 (A)
Tax Ratio Comparisons
2008-2009
Under 5-Year Plan 2009-2013

Description	2008 Approved	Approved Jan 19, 2009 Per 2009 Budget	Target Ratio At end of yr 5 2013	Required Annual Change: Change	Required Annual Change: % Change From 2008	2009 Amended Ratios	2008 - 2009 Budget: Over (Under) 2008 Budget %	2008 - 2009 Budget: Over (Under) 2008 Budget $
Residential								
Residential	1.00000	1.00000	1.00000	-		1.00000		-
Multiresidential	2.02520	2.01110	1.50000	(0.10504)	-5.20%	1.92016	-0.7%	(0.105040)
New Multi-residential	1.00000	1.00000	1.00000	-		1.00000		-
Farm Property/Farm Land Awaiting Development	0.25000	0.25000	0.25000	-		0.25000		-
Commercial								
Commercial Class	1.84190	1.82040	1.50000	(0.06838)	-3.70%	1.77352	-3.7%	(0.068380)
Commercial Class, New Construction	1.84190	1.82040	1.50000	(0.06838)	-3.70%	1.77352		(0.068380)
Commercial Class, Excess Lands & Vacant Units	1.28933	1.27428	1.05000	(0.04787)	-3.70%	1.24146	-3.7%	(0.047870)
Commercial Class, Vacant Land	1.28933	1.27428	1.05000	(0.04787)	-3.70%	1.24146	-3.7%	(0.047870)
Industrial								
Industrial Class	2.59760	2.59760	1.50000	(0.21952)	-8.50%	2.37808	-8.5%	(0.219520)
Industrial Tax Vacant Unit/Excess	1.68844	1.68844	0.97500	(0.14269)	-8.50%	1.54575	-8.5%	(0.142690)
Industrial Class, Vacant Lands	1.68844	1.68844	0.97500	(0.14269)	-8.50%	1.54575	-8.5%	(0.142690)
Pipeline	1.27060	1.27060	1.27060	-		1.27060		-

CHART B-S2-(B)

Tax Ratios, Municipal Tax Rates and Levy

For the Years 2008 and 2009

Assuming 5-Year Tax Ratio Reduction Program Beginning in 2009

		As per 2008 Approved Budget					Assuming 5-Year Tax Ratio Reduction Program Beginning in 2009										
Ref	Class	Tax Ratios	CVA Per Bud	Municipal Tax Rates	Municipal Tax Levy	% of Total Levy	CVA Used in the 2009 Budget	Tax Ratio Before Discount	% of Occupied to apply to Vacant subcls	Tax Ratios	Weighted CVA used in 2009 Budget	Municipal Tax Rates	Municipal Tax Levy	% of Total Levy	2008 to 2009 Tax Levy $ Change	2008 to 2009 % of Total Levy Change	2008 to 2009 Tax Rate Change
C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18
1	Residential	1.00000	4,494,281,136	1.2413430%	55,789,444	66.1%	4,793,595,754	1.000000	100.00%	1.00000	4,793,595,754	1.2285610%	58,892,248	66.81%	3,102,804	5.60%	-1.0%
2	Multi-residential	2.02500	366,255,060	2.5139680%	9,207,535	10.9%	385,338,383	2.011100	100.00%	1.92016	739,911,350	2.3590340%	9,090,263	10.31%	-117,272	-1.30%	-6.2%
3	New Multi-residential	1.00000	13,115,250	1.2413430%	162,805	0.2%	17,645,693	1.000000	100.00%	1.00000	17,645,693	1.2285610%	216,788	0.25%	53,983	33.20%	-1.0%
	Commercial																
4	Commercial Occupied	1.84190	684,713,305	2.2864300%	15,655,490	18.6%	752,062,588	1.820400	100.00%	1.77352	1,333,798,041	2.1788780%	16,386,526	18.59%	731,036	4.70%	-4.7%
5	Commercial Occupied New Construction	1.84190		2.2864300%			3,741,250	1.820400	100.00%	1.77352	6,635,182	2.1788780%	81,517	0.09%	81,517		
6	Commercial Vacant Units	1.28933	9,889,078	1.6005010%	158,275	0.2%	10,468,693	1.820400	70.00%	1.24146	12,996,464	1.5252090%	159,669	0.18%	1,394	0.90%	-4.7%
7	Commercial Vacant Lands	1.28933	7,298,200	1.6005010%	116,808	0.1%	14,054,600	1.820400	70.00%	1.24146	17,448,224	1.5252090%	214,362	0.24%	97,554	83.50%	-4.7%
8	**Total Commercial**		**701,900,583**		**15,930,573**	**18.9%**	**780,327,131**				**1,370,877,911**		**16,842,074**	**19.11%**	**911,501**	**5.70%**	
	Industrial																
9	Industrial Occupied	2.59760	91,981,696	3.2245130%	2,965,962	3.5%	95,952,388	2.597600	100.00%	2.37808	228,182,455	2.9216160%	2,803,360	3.18%	-162,602	-5.50%	-9.4%
10	Industrial Vacant Units	1.68844	2,623,675	2.0959330%	54,990	0.1%	2,604,643	2.597600	65.00%	1.54575	4,026,127	1.8990480%	49,463	0.06%	-5,527	-10.10%	-9.4%
11	Industrial Taxable Vacant Land	1.68844	1,723,200	2.0959330%	36,117	0.0%	2,354,525	2.597600	65.00%	1.54575	3,639,507	1.8990480%	44,714	0.05%	8,597	23.80%	-9.4%
12	**Total Industrial**		**96,328,571**		**3,057,069**	**3.6%**	**100,911,556**				**235,848,089**		**2,897,537**	**3.29%**	**-159,532**	**-5.20%**	
13	Pipeline taxable	1.27060	13,128,000	1.5772500%	207,081	0.2%	12,646,250	1.270600	100.00%	1.27060	16,068,325	1.5610100%	197,409	0.22%	-9,672	-4.70%	-1.0%
14	Farm Property Taxable Full/Farmland Awaiting	0.02500	3,207,840	0.3103360%	9,955	0.0%	4,622,455	0.250000	100.00%	0.25000	1,155,614	0.3071400%	14,197	0.02%	4,242	42.60%	-1.0%
15	Managed Forests	0.02500	87,500	0.3103360%	272	0.0%	72,200	0.250000	100.00%	0.25000	18,050	0.3071400%	222	0.00%	-50	-18.40%	-1.0%
16	**Grand Total**		**5,688,303,940**		**84,364,734**	**100.0%**	**6,095,159,422**				**7,175,120,786**		**88,150,738**	**100.00%**	**3,786,004**	**4.50%**	

CHART B-S3 (A)

Tax Ratio Comparisons

2008-2009

Under Chamber Proposal C+I & 5-Year Plan 2009-2013

Description	2008 Approved	Approved Jan 19, 2009 Per 2009 Budget	Change Ind Ratio to = Comm Ratio	Target Ratio At end of yr 5 2013	Required Annual Change "Chamber" Change	Required Annual Change "Chamber" % Change From 2008	2009 Amended Ratios "Chamber"	2008 - 2009 Budget Over (Under) 2008 Budget %	2008 - 2009 Budget Over (Under) 2008 Budget $
Residential									
Residential	1.00000	1.00000	1.00000	1.00000	-		1.00000		-
Multiresidential	2.02520	2.01110	2.02520	2.02520	-		2.02520	-0.7%	-
New Multi-residential	1.00000	1.00000	1.00000	1.00000	-		1.00000		-
Farm Property/Farm Land Awaiting Development	0.25000	0.25000	0.25000	0.25000	-		0.25000		-
Commercial									
Commercial Class	1.84190	1.82040	1.84190	1.50000	(0.06838)	-3.70%	1.77352	-3.7%	(0.068380)
Commercial Class, New Construction	1.84190	1.82040	1.84190	1.50000	(0.06838)	-3.70%	1.77352		(0.068380)
Commercial Class, Excess Lands & Vacant Units	1.28933	1.27428	1.19724	0.97500	(0.04445)	-3.40%	1.15279	-10.6%	(0.136540)
Commercial Class, Vacant Land	1.28933	1.27428	1.19724	0.97500	(0.04445)	-3.40%	1.15279	-10.6%	(0.136540)
Industrial									
Industrial Class	2.59760	2.59760	1.84190	1.50000	(0.06838)	-2.60%	1.77352	-31.7%	(0.824080)
Industrial Tax Vacant Unit/Excess	1.68844	1.68844	1.19724	0.97500	(0.04445)	-2.60%	1.15279	-31.7%	(0.535650)
Industrial Class, Vacant Lands	1.68844	1.68844	1.19724	0.97500	(0.04445)	-2.60%	1.15279	-31.7%	(0.535650)
Pipeline	1.27060	1.27060	1.27060	1.27060	-		1.27060		-

CHART B-S3-(B)

Tax Ratios, Municipal Tax Rates and Levy

For the Years 2008 and 2009

"Chamber" - "I" Ratios = "C" ratios in 2009; Discount = 65% - 5Yr Reduction Beginning in 2009

		As per 2008 Approved Budget					"Chamber" - "I" Ratios = "C" ratios in 2009; Discount = 65% - 5Yr Reduction Beginning in 2009										
Ref	Class	Tax Ratios	CVA Per Bud	Municipal Tax Rates	Municipal Tax Levy	% of Total Levy	CVA Used in the 2009 Budget	Tax Ratio Before Discount	% of Occupied to apply to Vacant subcls	Tax Ratios	Weighted CVA used in 2009 Budget	Municipal Tax Rates	Municipal Tax Levy	% of Total Levy	2008 to 2009 Tax Levy $ Change	2008 to 2009 % of Total Levy Change	2008 to 2009 Tax Rate Change
C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18
1	Residential	1.00000	4,494,281,136	1.2413430%	55,789,444	66.1%	4,793,595,754	1.000000	100.00%	1.00000	4,793,595,754	1.2322800%	59,070,522	67.01%	3,281,078	5.90%	-0.7%
2	Multi-residential	2.02500	366,255,060	2.5139680%	9,207,535	10.9%	385,338,383	2.02520	100.00%	2.02520	780,387,293	2.4956130%	9,616,555	10.91%	409,020	4.40%	-0.7%
3	New Multi-residential	1.00000	13,115,250	1.2413430%	162,805	0.2%	17,645,693	1.00000	100.00%	1.00000	17,645,693	1.2322800%	217,444	0.25%	54,639	33.60%	-0.7%
	Commercial																
4	Commercial Occupied	1.84190	684,713,305	2.2864300%	15,655,490	18.6%	752,062,588	1.773520	100.00%	1.77352	1,333,798,041	2.1854730%	16,436,125	18.65%	780,635	5.00%	-4.4%
5	Commercial Occupied New Construction						3,741,250	1.773520	100.00%	1.77352	6,635,182	2.1854730%	81,764	0.09%	81,764		
6	Commercial Vacant Units	1.28933	9,889,078	1.6005010%	158,275	0.2%	10,468,693	1.773520	65.00%	1.15279	12,068,205	1.4205600%	148,714	0.17%	-9,561	-6.00%	-11.2%
7	Commercial Vacant Lands	1.28933	7,298,200	1.6005010%	116,808	0.1%	14,054,600	1.773520	65.00%	1.15279	16,202,002	1.4205600%	199,654	0.23%	82,846	70.90%	-11.2%
8	**Total Commercial**		**701,900,583**		**15,930,573**	**18.9%**	**780,327,131**				**1,368,703,430**		**16,866,257**	**19.13%**	**935,684**	**5.90%**	
	Industrial																
9	Industrial Occupied	2.59760	91,981,696	3.2245130%	2,965,962	3.5%	95,952,388	1.773520	100.00%	1.77352	170,173,479	2.1854730%	2,097,014	2.38%	-868,948	-29.30%	-32.2%
10	Industrial Vacant Units	1.68844	2,623,675	2.0959330%	54,990	0.1%	2,604,643	1.773520	65.00%	1.15279	3,002,606	1.4205600%	37,001	0.04%	-17,989	-32.70%	-32.2%
11	Industrial Taxable Vacant Land	1.68844	1,723,200	2.0959330%	36,117	0.0%	2,354,525	1.773520	65.00%	1.15279	2,714,273	1.4205600%	33,447	0.04%	-2,670	-7.40%	-32.2%
12	**Total Industrial**		**96,328,571**		**3,057,069**	**3.6%**	**100,911,556**				**175,890,358**		**2,167,462**	**2.46%**	**-889,607**	**-29.10%**	
13	Pipeline taxable	1.27060	13,128,000	1.5772500%	207,081	0.2%	12,646,250	1.270600	100.00%	1.27060	16,068,325	1.5657350%	198,007	0.22%	-9,074	-4.40%	-0.7%
14	Farm Property Taxable Full/Farmland Awaitin	0.02500	3,207,840	0.3103360%	9,955	0.0%	4,622,455	0.250000	100.00%	0.25000	1,155,614	0.3080700%	14,240	0.02%	4,285	43.00%	-0.7%
15	Managed Forests	0.02500	87,500	0.3103360%	272	0.0%	72,200	0.250000	100.00%	0.25000	18,050	0.3080700%	222	0.00%	-50	-18.40%	-0.7%
16	**Grand Total**		**5,688,303,940**		**84,364,734**	**100.0%**	**6,095,159,422**				**7,153,464,517**		**88,150,709**	**100.00%**	**3,785,975**	**4.50%**	

Chart B-S4-(A)
Tax Ratio Comparisons
2008-2009
Under 10-Year Tax Ratio Reduction Plan 2009-2018

Description	2008 Approved	Approved Jan 19, 2009 Per 2009 Budget	Target Ratio At end of yr 10 2018	Required Annual Change: Change	Required Annual Change: % Change From 2008	2009 Amended Ratios	2008 - 2009 Budget: Over (Under) 2008 Budget %	2008 - 2009 Budget: Over (Under) 2008 Budget $
Residential								
Residential	1.00000	1.00000	1.00000	-		1.00000		-
Multiresidential	2.02520	2.01110	1.50000	(0.05252)	-2.60%	1.97268	-0.7%	(0.052520)
New Multi-residential	1.00000	1.00000	1.00000	-		1.00000		-
Farm Property/Farm Land Awaiting Developmen	0.25000	0.25000	0.25000	-		0.25000		-
Commercial								
Commercial Class	1.84190	1.82040	1.50000	(0.03419)	-1.90%	1.80771	-1.9%	(0.034190)
Commercial Class, New Construction	1.84190	1.82040	1.50000	(0.03419)	-1.90%	1.80771		(0.034190)
Commercial Class, Excess Lands & Vacant Units	1.28933	1.27428	1.05000	(0.02393)	-1.90%	1.26540	-1.9%	(0.023930)
Commercial Class, Vacant Land	1.28933	1.27428	1.05000	(0.02393)	-1.90%	1.26540	-1.9%	(0.023930)
Industrial								
Industrial Class	2.59760	2.59760	1.50000	(0.10976)	-4.20%	2.48784	-4.2%	(0.109760)
Industrial Tax Vacant Unit/Excess	1.68844	1.68844	0.97500	(0.07134)	-4.20%	1.61710	-4.2%	(0.071340)
Industrial Class, Vacant Lands	1.68844	1.68844	0.97500	(0.07134)	-4.20%	1.61710	-4.2%	(0.071340)
Pipeline	1.27060	1.27060	1.27060	-		1.27060		-

CHART B-S4-(B)

Tax Ratios, Municipal Tax Rates and Levy

For the Years 2008 and 2009

Assuming 10-Year Tax Ratio Reduction Program Beginning in 2009

		As per 2008 Approved Budget					Assuming 10-Year Tax Ratio Reduction Program Beginning in 2009										
Ref	Class	Tax Ratios	CVA Per Bud	Municipal Tax Rates	Municipal Tax Levy	% of Total Levy	CVA Used in the 2009 Budget	Tax Ratio Before Discount	% of Occupied to apply to Vacant subcls	Tax Ratios	Weighted CVA used in 2009 Budget	Municipal Tax Rates	Municipal Tax Levy	% of Total Levy	2008 to 2009 Tax Levy $ Change	2008 to 2009 % of Total Levy Change	2008 to 2009 Tax Rate Change
C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18
1	Residential	1.00000	4,494,281,136	1.2413430%	55,789,444	66.1%	4,793,595,754	1.000000	100.00%	1.00000	4,793,595,754	1.2187850%	58,423,626	66.28%	2,634,182	4.70%	-1.8%
2	Multi-residential	2.02500	366,255,060	2.5139680%	9,207,535	10.9%	385,338,383	1.97268	100.00%	1.97268	760,149,321	2.4042730%	9,264,587	10.51%	57,052	0.60%	-4.4%
3	New Multi-residential	1.00000	13,115,250	1.2413430%	162,805	0.2%	17,645,693	1.000000	100.00%	1.00000	17,645,693	1.2187850%	215,063	0.24%	52,258	32.10%	-1.8%
	<u>Commercial</u>																
4	Commercial Occupied	1.84190	684,713,305	2.2864300%	15,655,490	18.6%	752,062,588	1.80771	100.00%	1.80771	1,359,511,061	2.2032100%	16,569,518	18.80%	914,028	5.80%	-3.6%
5	Commercial Vacant Units	1.28933	9,889,078	1.6005010%	158,275	0.2%	10,468,693	1.807710	70.00%	1.26540	13,247,084	1.5422510%	161,454	0.18%	3,179	2.00%	-3.6%
6	Commercial Vacant Lands	1.28933	7,298,200	1.6005010%	116,808	0.1%	14,054,600	1.807710	70.00%	1.26540	17,784,691	1.5422510%	216,757	0.25%	99,949	85.60%	-3.6%
8	**Total Commercial**		**701,900,583**		**15,930,573**	**18.9%**	**780,327,131**				**1,397,305,931**		**17,030,157**	**19.32%**	**1,099,584**	**6.90%**	
	<u>Industrial</u>																
9	Industrial Occupied	2.59760	91,981,696	3.2245130%	2,965,962	3.5%	95,952,388	2.597600	100.00%	2.48784	238,714,189	3.0321420%	2,909,413	3.30%	-56,549	-1.90%	-6.0%
10	Industrial Vacant Units	1.68844	2,623,675	2.0959330%	54,990	0.1%	2,604,643	2.597600	65.00%	1.61710	4,211,968	1.9708970%	51,335	0.06%	-3,655	-6.60%	-6.0%
11	Industrial Taxable Vacant Land	1.68844	1,723,200	2.0959330%	36,117	0.0%	2,354,525	2.597600	65.00%	1.61710	3,807,502	1.9708970%	46,405	0.05%	10,288	28.50%	-6.0%
12	**Total Industrial**		**96,328,571**		**3,057,069**	**3.6%**	**100,911,556**				**246,733,659**		**3,007,153**	**3.41%**	**-49,916**	**-1.60%**	
13	Pipeline taxable	1.27060	13,128,000	1.5772500%	207,081	0.2%	12,646,250	1.270600	100.00%	1.27060	16,068,325	1.5485880%	195,838	0.22%	-11,243	-5.40%	-1.8%
14	Farm Property Taxable Full/Farmland Awaiting	0.02500	3,207,840	0.3103360%	9,955	0.0%	4,622,455	0.250000	100.00%	0.25000	1,155,614	0.3046960%	14,084	0.02%	4,129	41.50%	-1.8%
15	Managed Forests	0.02500	87,500	0.3103360%	272	0.0%	72,200	0.250000	100.00%	0.25000	18,050	0.3046960%	220	0.00%	-52	-19.10%	-1.8%
16	**Grand Total**		**5,688,303,940**		**84,364,734**	**100.0%**	**6,095,159,422**				**7,232,672,347**		**88,150,728**	**100.00%**	**3,785,994**	**4.50%**	

CHART B-S5 (A)
Tax Ratio Comparisons
2008-2009
Under 15-Year Plan 2009-2023

Description	2008 Approved	Approved Jan 19, 2009 Per 2009 Budget	Target Ratio At end of yr 15 2023	Required Annual Change: Change	Required Annual Change: % Change From 2008	2009 Amended Ratios	2008 - 2009 Budget: Over (Under) 2008 Budget %	2008 - 2009 Budget: Over (Under) 2008 Budget $
Residential								
Residential	1.00000	1.00000	1.00000	-		1.00000		-
Multiresidential	2.02520	2.01110	1.50000	(0.03501)	-1.70%	1.99019	-0.7%	(0.035010)
New Multi-residential	1.00000	1.00000	1.00000	-		1.00000		-
Farm Property/Farm Land Awaiting Development	0.25000	0.25000	0.25000	-		0.25000		-
Commercial								
Commercial Class	1.84190	1.82040	1.50000	(0.02279)	-1.20%	1.81911	-1.2%	(0.022790)
Commercial Class, New Construction	1.84190	1.82040	1.05000	(0.02279)	-1.20%	1.81911		(0.022790)
Commercial Class, Excess Lands & Vacant Units	1.28933	1.27428	1.05000	(0.01595)	-1.20%	1.27338	-1.2%	(0.015950)
Commercial Class, Vacant Land	1.28933	1.27428	1.05000	(0.01595)	-1.20%	1.27338	-1.2%	(0.015950)
Industrial								
Industrial Class	2.59760	2.59760	1.50000	(0.07317)	-2.80%	2.52443	-2.8%	(0.073170)
Industrial Tax Vacant Unit/Excess	1.68844	1.68844	0.97500	(0.04756)	-2.80%	1.64088	-2.8%	(0.047560)
Industrial Class, Vacant Lands	1.68844	1.68844	0.97500	(0.04756)	-2.80%	1.64088	-2.8%	(0.047560)
Pipeline	1.27060	1.27060	1.27060	-		1.27060		-

CHART B-S5-(B)

Tax Ratios, Municipal Tax Rates and Levy

For the Years 2008 and 2009

Assuming 15-Year Tax Ratio Reduction Program Beginning in 2009

		As per 2008 Approved Budget					Assuming 15-Year Tax Ratio Reduction Program Beginning in 2009										
Ref	Class	Tax Ratios	CVA Per Bud	Municipal Tax Rates	Municipal Tax Levy	% of Total Levy	CVA Used in the 2009 Budget	Tax Ratio Before Discount	% of Occupied to apply to Vacant subcls	Tax Ratios	Weighted CVA used in 2009 Budget	Municipal Tax Rates	Municipal Tax Levy	% of Total Levy	2008 to 2009 Tax Levy $ Change	2008 to 2009 % of Total Levy Change	2008 to 2009 Tax Rate Change
C1	C2	C3	C4	C5	C6	C7	C8	C18	C20	C9	C22	C10	C11	C12	C16	C17	C18
1	Residential	1.00000	4,494,281,136	1.2413430%	55,789,444	66.1%	4,793,595,754	1.000000	100.00%	1.00000	4,793,595,754	1.2155600%	58,269,033	66.10%	2,479,589	4.40%	-2.1%
2	Multi-residential	2.02500	366,255,060	2.5139680%	9,207,535	10.9%	385,338,383	2.011100	100.00%	1.99019	766,896,596	2.4191950%	9,322,087	10.58%	114,552	1.20%	-3.8%
3	New Multi-residential	1.00000	13,115,250	1.2413430%	162,805	0.2%	17,645,693	1.000000	100.00%	1.00000	17,645,693	1.2155600%	214,494	0.24%	51,689	31.70%	-2.1%
	Commercial																
4	Commercial Occupied	1.84190	684,713,305	2.2864300%	15,655,490	18.6%	752,062,588	1.820400	100.00%	1.81911	1,368,084,574	2.2112370%	16,629,886	18.87%	974,396	6.20%	-3.3%
5	Commercial Occupied New Construction						3,741,250	1.820400	100.00%	1.81911	6,805,745	2.2112370%	82,728	0.09%	82,728		
6	Commercial Vacant Units	1.28933	9,889,078	1.6005010%	158,275	0.2%	10,468,693	1.820400	70.00%	1.27338	13,330,624	1.5478700%	162,042	0.18%	3,767	2.40%	-3.3%
7	Commercial Vacant Lands	1.28933	7,298,200	1.6005010%	116,808	0.1%	14,054,600	1.820400	70.00%	1.27338	17,896,847	1.5478700%	217,547	0.25%	100,739	86.20%	-3.3%
8	**Total Commercial**		**701,900,583**		**15,930,573**	**18.9%**	**780,327,131**				**1,406,117,790**		**17,092,203**	**19.39%**	**1,161,630**	**7.30%**	
	Industrial																
9	Industrial Occupied	2.59760	91,981,696	3.2245130%	2,965,962	3.5%	95,952,388	2.597600	100.00%	2.52443	242,225,087	3.0685960%	2,944,391	3.34%	-21,571	-0.70%	-4.8%
10	Industrial Vacant Units	1.68844	2,623,675	2.0959330%	54,990	0.1%	2,604,643	2.597600	65.00%	1.64088	4,273,907	1.9945880%	51,952	0.06%	-3,038	-5.50%	-4.8%
11	Industrial Taxable Vacant Land	1.68844	1,723,200	2.0959330%	36,117	0.0%	2,354,525	2.597600	65.00%	1.64088	3,863,493	1.9945880%	46,963	0.05%	10,846	30.00%	-4.8%
12	**Total Industrial**		**96,328,571**		**3,057,069**	**3.6%**	**100,911,556**				**250,362,487**		**3,043,306**	**3.45%**	**-13,763**	**-0.50%**	
13	Pipeline taxable	1.27060	13,128,000	1.5772500%	207,081	0.2%	12,646,250	1.270600	100.00%	1.27060	16,068,325	1.5444910%	195,320	0.22%	-11,761	-5.70%	-2.1%
14	Farm Property Taxable Full/Farmland Awaitin	0.02500	3,207,840	0.3103360%	9,955	0.0%	4,622,455	0.250000	100.00%	0.25000	1,155,614	0.3038900%	14,047	0.02%	4,092	41.10%	-2.1%
15	Managed Forests	0.02500	87,500	0.3103360%	272	0.0%	72,200	0.250000	100.00%	0.25000	18,050	0.3038900%	219	0.00%	-53	-19.50%	-2.1%
16	**Grand Total**		**5,688,303,940**		**84,364,734**	**100.0%**	**6,095,159,422**				**7,251,860,309**		**88,150,709**	**100.00%**	**3,785,975**	**4.50%**	

Appendix C

Assessment Backgrounder

Current Value Assessment

Current Value Assessment (CVA) was introduced beginning in 1998 and is a key component of the current property tax structure in Ontario.

This Appendix provides an update on valuation dates, describes the impact of updated assessed values for the 2009 taxation year including the mandatory phase in effect for the years 2009 – 2012, and addresses a common question as to how declining real-estate values affect 2009 assessed values.

When introduced in 1998, the CVA system was touted as a fair, consistent and understandable system of property assessment and taxation in Ontario. Under the system, all properties are assessed at their current value defined as the amount of money a property would realize if sold at arm's length by a willing seller to a willing buyer.

CVA Valuation Dates

Chart C-1 below sets out the valuation days for taxation years in the past and the most up-to-date plan for the future.

Chart C-1
Current Value Assessment - Valuation Dates

Taxation Year	Valuation Date/Method
1998, 1999, 2000	Current Value on June 30, 1996
2001, 2002	Current Value on June 30, 1999
2003	Current Value on June 30, 2001
2004, 2005	Current Value on June 30, 2003
2006, 2007, 2008	Current Value on January 1, 2005
2009,2010,2011,2012	Current Value on January 1, 2008
2013,2014,2015,2016	Current Value on January 1, 2012

The valuation dates have changed several times since the tax reforms were implemented as the Province tried to respond to public criticism in years where CVA values were updated to market and some taxpayers' assessments and corresponding taxes increased substantially. There have also been many complaints about some of the processes used by the Municipal Property Assessment Corporation (MPAC) to assess property and deal with assessment appeals.

In 2006 the Ontario Ombudsman reviewed MPAC and made a number of recommendations. To give MPAC time to review and implement the recommendations, the Province declared a two-year freeze on reassessments for 2007 and 2008.

As part of the Ontario Budget in 2007, the McGuinty government announced several changes to address some of the concerns. These changes were described in staff Report CPFPRS08-017 presented to the October 20, 2008 Committee of the Whole. One of the changes is that the reassessment is being phased-in over a four-year period beginning with the 2009 taxation year until properties reach their full January 1, 2008 destination CVA in 2012.

Mandatory Assessment Phase-In

As shown in Chart C-1, all properties were reassessed for the 2009 taxation year based on the current value on January 1, 2008.

In order to cushion the effects of the reassessment and allow taxpayers to budget, the new values are being phased-in equally over a four-year period 2009-2012 at a rate of 25% per year. An example is provided in Chart C-2. It lists the values each year for a property that experiences a change in CVA from $200,000 as of January 1, 2005 to $240,000 effective January 1, 2008.

Chart C-2
Sample Phase-in for a Property where the Assessment is increasing from $200,000 to $240,000

Taxation Year	2008	2009	2010	2011	2012	2013
Valuation Date	Jan 1, 2005	Jan 1, 2008	Jan 1, 2008	Jan 1, 2008	Jan 1, 2008	Jan 1, 2012
CVA	$200,000	$240,000	$240,000	$240,000	$240,000	--
Phase-In	--	25%	50%	75%	100%	--
CVA for taxation	$200,000	$210,000	$220,000	$230,000	$240,000	--

The phased-in assessment program applies to all property types, but only to properties that experience an increase. The increased difference between the January 1, 2005 current value and the January 1, 2008 current value or “destination value” is the amount that is to be phased-in over the four-year period regardless of the amount of the increase. Properties that realize a decrease in their assessment from the January 1, 2005 value to the January 1, 2008 value are not subject to the phase-in and will realize an immediate decrease in their assessment.

Current value assessment will be updated as of January 1, 2012 and will be used to establish assessed values for the tax years 2013 through 2016.

Chart C-3 compares the City's 2008 CVA to the 2009 totals used for 2009 taxation purposes. The 2009 amounts reflect both real growth and the market-updated phased-in value.

Chart C-3
2008-2009 Assessment

CITY OF PETERBOROUGH

2009 Operating Budget Summaries

Description	2008 Appr'd	2009 Approved	Variances 2008 - 2009 Budget: Over (Under) 2008 Budget %	Variances 2008 - 2009 Budget: Over (Under) 2008 Budget $
CURRENT VALUE ASSESSMENT				
Residential				
Residential (Taxable)	4,494,281,136	4,793,595,754	6.7%	299,314,618
Residential (Exempt for Garbage)	177,764,000	167,340,003	-5.9%	(10,423,997)
Multiresidential	366,255,060	385,338,383	5.2%	19,083,323
New Multi-residential	13,115,250	17,645,693	34.5%	4,530,443
Farm Property/Farm Land Awaiting Development	3,295,340	4,694,655	42.5%	1,399,315
Subtotal Residential	**5,054,710,786**	**5,368,614,488**	**6.2%**	**313,903,702**
Commercial				
Commercial Class	684,713,305	752,062,588	9.8%	67,349,283
Commercial Class, New Construction		3,741,250		3,741,250
Commercial Class, Excess Lands & Vacant Units	9,889,078	10,468,693	5.9%	579,615
Commercial Class, Vacant Land	7,298,200	14,054,600	92.6%	6,756,400
Subtotal Commercial	**701,900,583**	**780,327,131**	**11.2%**	**78,426,548**
Industrial				
Industrial Class	91,981,696	95,952,388	4.3%	3,970,692
Industrial Tax Vacant Unit/Excess	2,623,675	2,604,643	-0.7%	(19,032)
Industrial Class, Vacant Lands	1,723,200	2,354,525	36.6%	631,325
Subtotal Industrial	**96,328,571**	**100,911,556**	**4.8%**	**4,582,985**
Pipeline	13,128,000	12,646,250	-3.7%	(481,750)
Grand Total	**5,866,067,940**	**6,262,499,425**	**6.8%**	**396,431,485**
Excluding Exempt	**5,688,303,940**	**6,095,159,422**	**7.2%**	**406,855,482**

Market adjusted CVA and declining real-estate values impact on property taxes

There continues to be confusion among some taxpayers as to what effect updated CVA values have on the property tax they pay. Some also argue the decline in real-estate values since the January 1, 2008 valuation date upon which assessed values for the taxation years 2009-2012 are based should be grounds for appealing their 2009 assessed values.

The 2009 tax bills are based on a property's updated current value assessment as of January 1, 2008, but with the added protection that any increase in valuation from January 1, 2005 to January 1, 2008 is being phased in over four equal 25% instalments during the years 2009-2012.

Taxpayers who believe the value of their property has decreased since January 1, 2008 compared to what their property is now worth given the decline in real estate values since January 1, 2008, believe their 2009 taxes will be too high and they have grounds to seek an assessment reduction.

In reality, if real estate values have decreased the same percentage across the municipality, property taxes are not being affected by the current economic situation. Property taxes are calculated based on the net tax levy requirement as approved by Council during budget deliberations and total assessed values weighted by tax ratios. If all real estate prices have dropped, for instance, by 15%, the budgetary requirement remains the same and the entire basis upon which the taxes are paid is reduced by 15%, an individual property would still pay the same.

Appendix D

Status Quo Recommendations Supporting Material

Other Recommendations Maintain the Status Quo

Recommendation (b) includes a number of recommendations that maintain the status quo for long-established tax policies. They have been discussed at length in previous reports of previous years.

This Appendix provides additional background material to support the status quo recommendation.

Graduated Tax Rates

Through recommendation (b) (i) staff recommend a system of graduated tax rates within the Commercial and Industrial classes not be implemented for 2009.

The following provides a brief explanation:

The graduated taxation option was introduced in order to apply lower tax rates to lower-valued Commercial or Industrial properties, and higher tax rates to higher-valued properties.

The City of Peterborough has not implemented a system of graduated tax rates due to the following concerns:

- The assessment bands and the percentage of the high band rates selected were arbitrary and resulted in different rates applying to properties within the Commercial and /or Industrial classes. The Business Occupancy Tax was widely criticized for being arbitrary and difficult to justify, and it could be argued that a graduated tax rate system could be criticized for the same reasons.

- There was no real justification for taxing higher levels of assessment with a higher tax rate. This could have had the potential for discouraging large companies from locating to Peterborough and could have conceivably prompted some of our larger existing companies to think about relocating.

- The system was very complex for both the taxpayer and administration. It would have been very difficult to explain the process to the taxpayer and then to confirm for the taxpayer how the taxes were calculated. If there was a three-band system, there could be as many as 9 different Commercial tax rates for municipal purposes for a large Commercial property. If you consider that the education tax rates need to be shown on each tax notice as well, there would potentially be 18 rates that would appear on a large Commercial property's tax notice.

- Many large properties are a mix of Commercial and Industrial parcels or components and could quite conceivably result in 36 different tax rates appearing on one tax bill for the Commercial and Industrial classes.

Because the tax levy on the whole class had to be the same, Council would be asking larger assessed Commercial properties to pay a higher tax rate so that lower assessed Commercial properties could pay a lower tax rate.

Capping

When the system of imposing a 5% limit (cap) on tax increases was introduced in 2001 it became a permanent successor to the 10-5-5 capping regime, which was previously in place for 1998 through 2000. This mandatory tax impact mitigation program was intended to protect Multi-residential, Commercial and Industrial taxpayers from year-over-year increases of greater than 5%, exclusive of any municipal budgetary change.

While the basic structure of this scheme remains mandatory, municipalities do have some flexibility to tailor the capping system to their local priorities and needs. Since 2005 municipalities have been provided with a number of optional tools that may be used in addition to the mandatory limits to alter the amount of protection provided and the rate at which property taxpayers are moved towards their full CVA tax level.

The 2008 Ontario Budget announced that the assessment phase-in was to be extended to all property classes including Commercial, Industrial and Multi-residential. This measure was introduced to ensure that business taxpayers would benefit from the same increased stability and predictability that the phase-in of assessments is to provide to homeowners. It is also intended to maintain equity and consistency between different classes of properties.

The phasing-in of reassessment increases will reduce the overall cost of the capping program and ease the burden on properties paying higher taxes due to a claw-back.

A new capping option was also introduced for 2009 giving municipalities the opportunity to remove properties from the capping and claw-back system once they have reached their Current Value Assessment (CVA) level taxes. Historically in a reassessment year, properties that may have already been paying CVA tax could experience a large enough change in assessment to throw them back into the capping and claw-back program.

Capping Calculation Options

The capping options include:

- The ability to increase the annual cap from 5% of the previous year's final (annualized) capped taxes up to 10%,
- The option of setting a second limit for annual increases of up to 5% of the previous year's annualized CVA taxes; and/or
- Up to a maximum $250 threshold can be put in place to bring those properties within $250 of their CVA tax level directly to their full tax liability. The municipality may use a threshold for increasing properties, decreasing properties, or both; and/or
- Properties that achieved CVA tax status in the 2008 taxation year remain at the CVA tax level for 2009.

While these tools do not eliminate all issues related to capping, they appear to balance the interests of those in favour of maintaining property tax protection against the call to give municipalities the flexibility to accelerate movement towards full CVA for all classes of property if this is the locally preferred approach. Even as greater local autonomy over decisions related to capping may be an improvement over past practice, municipalities and taxpayers need to be aware of both the advantages and disadvantages of the new capping provisions as shown in Chart D-1.

Chart D-1
Advantages and Disadvantages of the Optional Capping Tools

	Advantages	Disadvantages
5% Limit on Increases “Pro-Capping”	➢ May be less confusing for taxpayers because the capping calculation will not change ➢ “Capped” properties receive maximum increase protection/tax relief; therefore, minimum political backlash will be received from this group of ratepayers ➢ Limits volatility in taxation caused by reassessment to the greatest extent possible ➢ Maximum claw-back/reduction room is maintained	➢ Maximum capping costs means that decreasing properties will continue to subsidize protected properties at the highest rate of claw-back ➢ Maintaining capping costs at the highest levels, the risk of capping shortfall in future tax years may increase ➢ Maximum number of tax bills will be issued with capping adjustments under this model – preserves the greatest distance between capped and CVA tax for all affected ratepayers ➢ Potential negative reaction politically from properties subject to claw-back if Council fails to take advantage of this opportunity to provide them with a reprieve ➢ Given the popularity of capping options available, this program could become less common than those employing optional tools
Use of Capping Tools “Pro-CVA” including: ➢ 10% of Base Tax, and/or ➢ 5% of CVA Tax, and/or ➢ $250 Threshold on Billing Adjustments ➢ Properties at CVA tax maintain CVA tax regardless of reassessment	➢ Accelerates movement to CVA tax ➢ Does not allow current CVA properties to be reintroduced into the capping/claw-back program ➢ Allows for a more rapid reduction in capping costs, which in turn translates into lower rates of claw-backs, and diminishes propensity for capping shortfalls in the shorter term ➢ Potentially fewer bills will be issued with capping adjustments; the result is: (i) enhanced simplicity and transparency for a large number of ratepayers at CVA, and (ii) reduced administrative requirements ➢ Widely embraced around the Province; has become the new capping model “norm”	➢ Results in a more complicated capping calculation ➢ Greater likelihood of capping shortfalls in subsequent years could result; rapid loss of reduction room could translate into shifts in capping cost to other classes if reassessment increases outpace capping thresholds over the longer term ➢ Potential for political backlash from capped properties who will lose protection when increases are phased in at a more rapid rate than they have been accustomed to

Based on the premise that, while a capping system protects the business classes from year-over-year increases to a certain extent, the overall goal is to move towards a taxpayer paying their full CVA tax level.

Through recommendation (b)(ii) (1) and (2) staff recommends**:**

ii) That the capping policy for 2009 for the Multi-residential, Commercial and Industrial classes be as follows:

1. Capping be based on a maximum increase threshold at the greater of:
    - 10% of the previous year's annualized capped taxes and
    - 5% of the previous year's annualized CVA tax for the eligible property
2. No capping credit be applied for properties where the required billing adjustment is within a $250 credit of the properties' CVA tax; affected properties would be billed at their full CVA tax

Recommendation (a) (iv) changed the capping policy to add "that properties that achieved CVA tax in 2008 remain at CVA tax from 2009 forward regardless of how reassessment affects the property".

Treatment of New Construction Eligible Properties

Through recommendation (b)(iii) staff recommend the "threshold on the tax level for eligible new construction be 100%".

Although no changes are being proposed for 2009, a brief history and explanation of treatment of new construction eligible properties follows:

Prior to 2005, qualified "new construction" properties received tax relief that reduced their tax liability. This meant other classes paid more than their share to protect the new construction class.

Commencing in 2005, the Province provided municipalities with a tool to limit the amount of relief provided and therefore expedite the movement towards full CVA taxation. The tax protection program could be phased-out by establishing a "floor" on tax levels. The minimum tax level could be set at 70% for 2005, 80% for 2006, 90% for 2007 and 100% for 2008.

This option must be reconfirmed each year through a by-law and the municipality can adopt the maximum level prescribed for that year. The provision applies to properties that become eligible for new construction treatment during the year in question, it has no retroactive implications.

Tax Reductions for Vacant Classes

Through recommendation (a) (iv) it is recommended that "Tax ratio reductions for mandated subclasses of vacant units remain at 30% for the Commercial class and 35% for the Industrial class".

With the tax reforms in 1998 came new rules to enable a property to be assessed in one of the vacant Commercial or Industrial classes and thereby take advantage of the reduced rates that apply. Commercial vacant properties are currently taxed at 70% of the occupied rate and Industrial vacant properties are currently taxed at 65% of the occupied rate. The 30% and 35% reduction figures are the legal default reductions. Council could elect, however, to set a uniform discount rate for both classes anywhere between 30% and 35%.

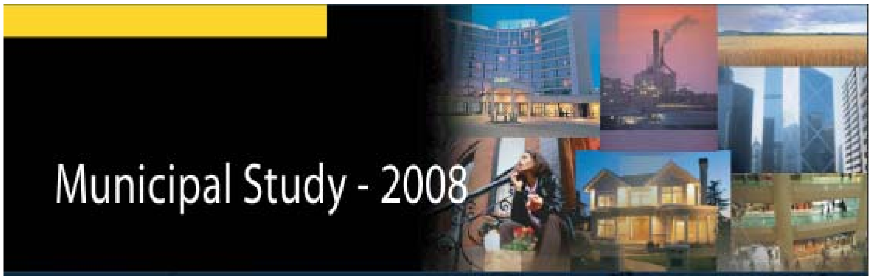
Tax rate for Farmland Awaiting Development

The City of the Peterborough does not currently have any farmland awaiting development, however municipalities must identify what tax reduction this subclass will receive as part of their statutory requirements. Since 1998, the City of Peterborough has approved a reduction the same as the Farm Class receives. Therefore, through recommendation a) (iv) it is recommended that "the 2009 tax rate for farmland awaiting development subclasses be at 25% of the residential rate".

Appendix E

Staff Analysis of BMA Municipal Study – 2008

BMA Municipal Study – 2008



For eight years, BMA Management Consulting Inc. has annually completed a municipal comparative study on behalf of participating Ontario municipalities. In 2008, the study included 82 Ontario municipalities. The results are compiled in an extensive 380-page report as well as a BMA database. The database provides participating municipalities with the ability to extract data for selected municipalities or to select specific areas of interest or analyze trends. The database includes data from 2001-2008. The 2008 study can be found on-line at BMA Tax Study - Peterborough 2008 Full Report

The study identifies key quantifiable indicators and selected environmental factors that would be reviewed in evaluating a municipality's financial condition similar to those used by credit rating agencies. However, as identified by BMA, the comparative study is designed to achieve the following goals and objectives:

- To help municipal decision-makers in assessing market conditions;
- To understand the unique characteristics of each municipality;
- To understand the relationship between various controllable and uncontrollable factors in addressing a municipality's competitive opportunities and challenges;
- To develop a database of material that can be updated in future years to assess progress and establish targets;
- To create awareness of the trends and the potential need to modify policies;
- To assist in aligning municipal decisions in property taxation with other economic development programs and initiatives;
- To assist municipalities in developing a long term strategy for property taxation to achieve municipal competitive objectives in targeted property classes;
- To create a baseline source of information that will assist municipalities in addressing specific areas of concern and gain a better understanding of how other municipalities have addressed similar concerns;

- To understand the impact of reassessment and growth; and
- To identify areas that may require further review (e.g. service levels, user fees, service delivery).

The BMA Study provides various key municipal indicators and gives the minimum, maximum, median and average value for each statistic tracked.

2008 Tax Rate Comparison

The BMA study compares Peterborough's tax rates to the overall survey average. This comparison shows that Peterborough's municipal tax rates are above the overall survey average in all categories. Chart E-1 is a replica of one in the BMA Study and lists the 2008 tax rates:

Chart E-1
Comparison of 2008 Tax Rates

Tax Rates	Peterborough (%)	Overall Survey Average (%)
Municipal		
Residential	1.2413	1.1712
Multi-residential	2.5140	2.2872
Commercial Residual	2.2864	1.9099
Standard Industrial	3.2245	2.5716
Large Industrial	3.2245	2.7127
Education		
Residential	0.2640	0.2640
Multi-residential	0.2640	0.2640
Commercial Residual	1.9528	1.6869
Standard Industrial	2.8632	2.2388
Large Industrial	2.8632	2.3370
Total		
Residential	1.5053	1.4352
Multi-residential	2.7780	2.5512
Commercial Residual	4.2392	3.5968
Standard Industrial	6.0877	4.8104
Large Industrial	6.0877	5.0497

Tax Ratios

The BMA Study also compares tax ratios. Tax ratios define how each municipality weighs their other property class' rate of taxation in relation to the rate of their residential property class.

Chart E-2 shows how the City of Peterborough's 2008 tax ratios, and 2009 recommended ratios, compare to the BMA 2008 study average.

Chart E-2
Tax Ratios

Class	Peterborough 2008	Survey Average 2008	Peterborough 2009- Recommended 10 Year Plan
Multi-residential	2.0252	2.0862	1.97268
Commercial	1.8419	1.7277	1.80771
Industrial	2.5976	2.2845	2.48784

While the City of Peterborough tax rates were all above the survey average that is not the case with tax ratios. The Multi-residential rate is below the survey average. Of the 41 municipalities included in this part of the study the following statistics regarding tax ratios were highlighted:

- 10 of the 41 municipalities decreased their Multi-residential tax ratio in 2008 including Peterborough.

- 7 of the 41 municipalities reduced their Commercial tax ratio in 2008 including Peterborough.

- 12 of the 41 municipalities decreased their Industrial tax ratio in 2008 including Peterborough.

These statistics attest to Peterborough's commitment to reduce the ratios and by doing so reducing the tax burden on the business classes.

Comparison of Relative Taxes

Tax rates are only one-half of the equation that goes into calculating a property's taxes; the other part is the property's assessment. For this reason, the BMA study does a comparison of relative taxes. It defines 11 "like" property types and compares across municipalities. In this comparison, Peterborough is above the average for some classes and below the average for others. Chart E-3 is a replica of the table of Comparison of Relative Taxes in the study.

Chart E-3
Comparison of Relative Taxes

Description	Peterborough Property Taxes	Average Within Population Range (50,000 – 99,999)	Ranking Against total Survey	Relative Tax Burden
Residential				
Detached Bungalow	$2,804	$2,854	Mid	Mid
Senior Executive	$4,856	$4,805	Mid	Mid
Multi-residential				
Walkup Apartment (per unit)	$1,466	$1,303	Mid	Mid
Mid/High Rise (per unit)	$1,724	$1,558	Mid	Mid
Commercial				
Office Building (sq ft)	$2.91	$2.50	Mid	Mid
Neighbourhood Shopping (sq ft)	$4.48	$3.37	High	High
Motels/Suite	$2,341	$1,396	High	High
Industrial				
Industrial Standard (sq ft)	$1.88	$1.89	Mid	Mid
Industrial Large (sq ft)	$1.64	$1.26	High	High
Industrial vacant land (per acre)	$2,126	$2,990	Low	Mid

Even comparing relative taxes is difficult. The BMA study cautions that the results should be used to provide trends rather than exact differences in relative tax burdens between municipalities. As an example, in the first five years, the BMA study had shown Peterborough to be in the "mid" range for a detached bungalow. 2006 was the first year it was shown as "high". For the 2007 and 2008 taxation years it is back to the "mid" range. Another trend that will be interesting to follow is the Industrial vacant land category that was shown as "mid" in 2007 but is "low" in 2008.

There are many reasons why there are differences in the relative tax burdens across municipalities and across property classes such as:

- The values of like properties varies significantly across municipalities
- The tax burden within a municipality varies based on the tax ratios used. As such, it is possible for a municipality to have a relative low tax burden in a particular class and a relatively high tax burden in another class
- The use of optional classes
- Non-uniform education tax rates in the non-residential classes (this variance will be corrected over the next six years)
- Tax burdens across municipalities also vary based on the level of service provided and the associated costs of providing these services
- The extent to which a municipality charges user fees
- Access to other sources of revenues such as dividends from hydro utilities or gaming and casino revenues

Municipal Profile

It is important to consider the City of Peterborough's municipal profile when evaluating our tax burden compared to other municipalities because some of those trends contribute to the difference in tax burden and our municipal profile can be a consideration to citizens or businesses choosing to live in Peterborough.

As an example, one of the local conditions that affects the cost of providing municipal goods and services is the population density of the community. Communities that have compact boundaries and a high population density can provide services such as street maintenance, fire and police services less costly per household. Peterborough has a land area of 58 square kilometres and a population density per square kilometre of 1,298. That means for every square kilometre, the City of Peterborough has 1,298 residents. The survey average is a land size of 424 square kilometres with a population density of 603. This indicates that, compared to the average of the municipalities surveyed, Peterborough's population density is higher than the average.

This is most likely due to Peterborough's high composition of Multi-residential assessment and Council's good planning policies. It is the third highest in the survey as 6.7% of its assessment comes from the Multi-residential class, compared to an average of 2.6%. This is not unusual for an older urban City and would assist in keeping the municipality's cost per capita down.

However, the fact that Peterborough's population density is higher than the average may come as a surprise to some as very often Peterborough gets compared to cities closer to the GTA and all of those cities such as Mississauga, Toronto, Newmarket have a very high population density. While their high density helps them to keep their costs and taxes low, maybe lower than Peterborough's, there is often an attraction to communities with a lower population density such as Peterborough that can make citizens want to move here.

Assessment per Capita

The Assessment per Capita provides an indication of the "richness" of the assessment base in the municipality. Unweighted assessment in the BMA Study includes all taxable assessment including Payments in Lieu and excludes exempt properties.

Peterborough's 2008 unweighted assessment per capita is $75,532 compared to a survey average of $99,001, it is considered in the low range in its relative position to other municipalities. This would contribute to higher tax rates because of the lower assessment upon which to fund municipal services. It is, however, also a key factor when a business or citizen is choosing to live here because the lower assessment compared to other municipal assessments can mean a lower tax burden depending on the tax rate. This is the reason strictly a tax rate comparison does not provide all the applicable information.

Assessment Composition

Another interesting statistic from the BMA study is Peterborough's assessment composition. As mentioned previously, Peterborough's Multi-residential assessment is higher than the survey average. The other classes however, are relatively close to the average. Chart E-4 lists the percentage of unweighted assessment for Peterborough compared to the survey average.

Chart E-4
Assessment Composition %

Class	Peterborough	Survey Average
Residential	79.0	79.6
Multi-residential	6.7	2.8
Commercial	12.3	10.6
Industrial	1.7	3.0
Pipelines	0.2	0.5
Farmlands	0.1	3.7

Peterborough is less than the survey average in the Residential, Industrial, Pipelines and Farmlands classes, while significantly above in the Multi-residential class and somewhat above in the Commercial class. However the gaps between Peterborough and the average for the Residential class have tightened over the years as shown in Chart E-5. In 2002, Peterborough was 2.2% less than the average residential assessment while for 2008 the City is a mere 0.6% less. The gap for the Industrial class has been fairly constant at 1.2% less than the average while the variance for the Multi-residential has increased from 3.6% in 2002 to 4.1% for 2008.

Chart E-5
Assessment Composition change from 2002 to 2008

Year	Class	Peterborough	Average	Difference
2002	Residential	76.1%	78.3%	-2.2%
	Commercial	14.3%	11.6%	2.7%
	Industrial	2.1%	3.3%	-1.2%
	Multi-residential	7.1%	3.5%	3.6%
2008	Residential	79.0%	79.6%	-0.6%
	Commercial	12.3%	10.6%	1.7%
	Industrial	1.7%	3.0%	-1.3%
	Multi-residential	6.7%	2.6%	4.1%

Taxes as a percentage of Income

The BMA Study provides a comparison of the allocation of gross income to fund municipal services on a typical household in each municipality. The average household income for Peterborough in the 2008 BMA Study is $60,700 (taken from the 2008 Financial Post Canadian Demographics). The average for all the municipalities surveyed is $81,240. Peterborough is considered in the low range. Peterborough's average household income decreased from the 2007 level whereas the average for all municipalities increased.

The 2008 Residential Tax for an average value of dwelling in Peterborough is $3,230 whereas the study average is $3,751. This is also considered in the low range. However, the municipal burden as a % of household income is 5.3%, the BMA study average is 4.8% and this is considered in the high range.

Appendix F

Executive Summary of the BMA Municipal Study

BMA
Management Consulting Inc.

Municipal Study - 2008

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EXECUTIVE SUMMARY—CITY OF PETERBOROUGH

This section of the report encompasses economic and demographic characteristics that effect community demands, such as demands for public safety, capital improvements and social services. The following provides some of the key municipal profile statistics. The results have been presented to show a comparison to the overall survey average of 82 Ontario municipalities as well as a comparison to the average within the geographic location.

Population & Growth Profile

	Peterborough	Survey Average	Eastern Average
2001-2006 Population Increase	4.8%	9.0%	4.1%
2006-2008 Population Increase	1.1%	3.9%	2.9%
2007 Building Permit Activity per Capita	$ 1,655	$ 2,328	$ 1,837

Dwelling & Density Profile

	Peterborough	Survey Average	Eastern Average
% Dwellings Requiring Major Repair	8%	6%	7%
% Dwellings Constructed Before 1986	76%	64%	70%
Population Density per sq. km.	1,298	15	485

Assessment Profile

	Peterborough	Survey Average	Eastern Average
2008 Unweighted Taxable Assessment Per Capita	$ 75,532	$ 99,001	$ 77,762
% of Residential Assessment	85.7%	86.0%	84.2%
% of Non-Residential Assessment	14.3%	14.0%	15.8%

Changes in community needs and resources are interrelated in a continuous, cumulative cycle of cause and effect. For example, a decrease in population decreases the demand for housing and causes a corresponding decline in the market value of housing. A gradually increasing population trend is generally considered favorable. Another growth related indicator is the building permit activity. Changes in building activity impact other factors such as the employment base, income, and property values. Information on the condition of dwellings in a municipality provides a general indication of age of the municipality, the infrastructure and the mix of new versus older growth.

Population density indicates the number of residents living in an area (usually measured by square kilometre). Density readings can lend insight into the age of a city, growth patterns, zoning practices, new development opportunities, the level of multi-family unit housing, whether a municipality may be reaching build-out, as well as service and infrastructure needs.

Assessment per capita statistics have been included to provide an indication of the "richness" of assessment base in each municipality. Assessment composition has also been included to provide an understanding of the mix of assessment.

Financial Indicators

Levy Per Capita

2008 Net Municipal Levy	Peterborough	Survey Average	Eastern Average
Net Municipal Levy per Capita	$ 1,120	$ 1,163	$ 1,126
Net Municipal Levy per $100,000 Unweighted CVA	$ 1,483	$ 1,286	$ 1,527

In order to better understand the relative tax position for a municipality, another measure that has been included in the study is a comparison of net municipal levies on a per capita basis. This measure indicates the total net municipal levy to provide services to the municipality. Net levy per $100,000 of assessment provides a measure of the burden on properties with the same assessed value. This analysis does not indicate value for money or the effectiveness in meeting community objectives which varies from municipality to municipality.

Expenditures Per Capita

Costs will vary significantly based on a number of factors including but not limited to:

- *Size of municipality and mix of urban and rural coverage*
- *Service levels*
- *How the service is provided*
- *Geographical factors*
- *Accounting and reporting practices*

It is important to review trends overtime to determine how costs are growing compared with revenue growth.

2007 FIRs & MPMPs	Peterborough	Survey Average
Fire per Capita	$ 175	$ 113
Police per capita (MPMP)	$ 230	$ 228
Roadways Operating Costs per Lane Km (MPMP)	$ 643	$ 2,161
Winter Control Operating Costs per Lane Km (MPMP)	$ 2,090	$ 2,038
Transit per Capita	$ 83	$ 57
Parking per Capita	$ 8	$ 4
Storm Sewer per Capita	$ 32	$ 13
Waste Collection per Capita	$ 15	$ 12
Waste Disposal per Capita	$ (13)	$ 15
Recycling per Capita	$ 22	$ 19
Public Health per Capita	$ 16	$ 19
Ambulance Services per Capita	$ 38	$ 37
General Assistance per capita	$ 227	$ 144
Assistance to Aged per Capita	$ 14	$ 20
Social Housing per capita	$ 58	$ 81
Library per Capita	$ 31	$ 35
Cultural Services per Capita	$ 44	$ 11
Planning per Capita	$ 30	$ 19
Parks, Recreation & Facilities Operating Costs per Capita (MPMP)	$ 128	$ 118
Commercial and Industrial	$ 20	$ 21

Municipal Revenues

Revenues determine a municipality's capacity to provide services. Under ideal conditions revenues would grow at a rate equal to or greater than the combined effects of inflation and expenditures. A municipality's largest source of revenues are from taxation. The following is a comparison of the rates within the survey. It should be noted that a comparison of the tax rate in isolation does not reflect the relative tax burden for various properties within the municipality. Comparisons of relative tax burden, as will be shown later in the report must also consider the assessments within a municipality for comparable properties.

Tax Rates	Peterborough	Survey Average
Residential - Municipal	1.2413%	1.1712%
Multi-Residential - Municipal	2.5140%	2.2872%
Commercial Residual - Municipal	2.2864%	1.9099%
Standard Industrial - Municipal	3.2245%	2.5716%
Large Industrial - Municipal	3.2245%	2.7127%
Residential - Education	0.2640%	0.2640%
Multi-Residential - Education	0.2640%	0.2640%
Commercial Residual - Education	1.9528%	1.6869%
Standard Industrial - Education	2.8632%	2.2388%
Large Industrial - Education	2.8632%	2.3370%
Residential - Total	1.5053%	1.4352%
Multi-Residential - Total	2.7780%	2.5512%
Commercial Residual - Total	4.2392%	3.5968%
Standard Industrial - Total	6.0877%	4.8104%
Large Industrial - Total	6.0877%	5.0497%

The table to the right provides a comparison of some additional revenue sources on a per capita basis as well as a comparison of building permit fees on a residential home.

Select User Fee & Revenue Information	Peterborough	Survey Average
2008 Building Permits Fees on Residential Home 1,800 sq.ft	$ 1,239	$ 1,554
Licenses, Permits, Rents per Capita	$ 40	$ 46
Business Enterprise Revenues per Capita	$ 34	$ 24
OMPF Grants per Capita	$ 92	$ 58
Canadian Conditional Grants per Capita	$ 53	$ 11
Ontario Conditional Grants per Capita	$ 602	$ 162
Investment Income per Capita	$ 61	$ 26
Contributions from Reserves and Reserve Funds per Capita	$ 35	$ 49
Penalties, Interest & Fine Revenues	$ 11	$ 20

Reserves

Reserve Analysis	Peterborough	Survey Average
Reserves as a % Total Expenditures	26.3%	43.0%
Reserves as a % Total Expenditures (Excluding Water/Sewer)	22.6%	44.1%
Reserves as a % Total Taxation (Excluding Water/Sewer)	52.7%	71.4%
Reserves per Capita	$ 1,038	$ 739

Reserves are a critical component of a municipality's long-term financing plan. The purpose for maintaining reserves is to:

- *Provide stability of tax rates in the face of variable and uncontrollable factors*
- *Provide financing for one-time or short term requirements*
- *Make provisions for replacements/acquisitions of assets/infrastructure*
- *Provide a source of internal financing*
- *Ensure adequate cash flows*
- *Provide flexibility to manage debt levels and protect the municipality's financial position*
- *Provide for future liabilities incurred in the current year but paid for in the future*

Debt

Debt Analysis	Peterborough	Survey Average
Debt Charges as a % of Expenditures	3.7%	4.1%
Debt Charges as a % of Expenditures (Excluding Water/Sewer)	3.7%	3.5%
Debt as a % of Taxation (Excluding Water/Sewer)	8.7%	5.9%
Debt Per Capita	$ 782	$ 510
Debt + Unfinanced Capital/Unweighted Assessment	$ 788	$ 608

An examination of a municipality's debt, particularly over time can reveal the municipality's:

- *Reliance on debt to finance infrastructure*
- *Expenditure flexibility (due to fixed costs in the form of debt)*
- *The amount of additional debt a municipality can absorb*

Debt to Reserve Ratio

Municipal credit rating agencies recommend a debt to reserve ratio of 1.0, in other words, for every $1 in debt there should be $1 in reserves.

Debt Analysis	Peterborough	Survey Average
Debt to Reserve Ratio	1.0	1.2

Taxes Receivable

Every year, a percentage of property owners is unable to pay property taxes. If this percentage increases over time, it may indicate an overall decline in the municipality's economic health. Additionally, as uncollected property taxes rise, liquidity decreases. If the percentage of uncollected property taxes increases, the municipality should try to identify the causes and devise action strategies

	Peterborough	Survey Average	Eastern Average
Taxes Receivable as a % of Tax Levies	2.9%	6.4%	5.5%

Financial Position

A comparison was made of each municipality's overall financial position (assets less liabilities). This is calculated as follows:

- *Accumulated net revenue or deficit of the operating fund—this is the current year's operating surplus or deficit*
- *Plus the capital fund position—this is the surplus or deficit in the capital fund*
- *Plus the reserves and discretionary reserve funds—this does not include obligatory reserve funds such as DCs and park dedication which must be used for specific purposes*
- *Plus equity in business enterprises—this is the municipality's share in hydro operations.*
- *Less long term liabilities—this is the debt outstanding*
- *Less post employment benefits—this includes accumulated sick leave, vacation pay and WSIB claims*

The following table provides a comparison of the financial position per capita against the total survey average. A comparison of the change in financial position over time will assist in understanding the trend within the municipality.

	Peterborough	Survey Average
Financial Position per Capita	$ 742	$ 292

Taxes and Comparison of Relative Taxes

The purpose of this section of the report is to undertake "like" property comparisons across each municipality and across various property types. In total, 11 property types were defined based on those property types that were of most interest to the participating municipalities. There are many reasons for differences in relative tax burdens across municipalities and across property classes. These include, but are not limited, to the following:

- *The values of like properties varies significantly across municipalities*
- *The tax burden within a municipality varies based on the tax ratios used. As such, it is possible for a municipality to have a relative low tax burden in a particular class of property and a relatively high tax burden in another class*
- *The use of optional classes*
- *Non-uniform education tax rates in the non-residential classes*
- *Level of service provided and the associated costs*
- *Extent to which a municipality employs user fees*
- *Access to other sources of revenues such as dividends from hydro utilities, gaming & casino revenues*

	Peterborough	Survey Average	Average Within Population Range 50,000-99,999	Location Group Average Eastern
Detached Bungalow				
Property Taxes	$ 2,804	$ 2,819	$ 2,854	$ 2,584
Senior Executive				
Property Taxes	$ 4,856	$ 5,184	$ 4,805	$ 5,096
Walk Up Apartment per unit				
Property Taxes	$ 1,466	$ 1,306	$ 1,303	$ 1,400
Mid/High Rise per unit				
Property Taxes	$ 1,724	$ 1,486	$ 1,558	$ 1,531
Office Building /sq. ft.				
Property Taxes	$ 2.91	$ 2.90	$ 2.50	$ 3.04
Neighbourhood Shopping /sq. ft.				
Property Taxes	$ 4.48	$ 3.43	$ 3.37	$ 3.75
Motels /Suite				
Property Taxes	$ 2,341	$ 1,316	$ 1,396	$ 1,301
Industrial Standard /sq.ft				
Property Taxes	$ 1.88	$ 1.91	$ 1.89	$ 1.52
Industrial Large sq.ft				
Property Taxes	$ 1.64	$ 1.34	$ 1.26	$ 1.27
Industrial Vacant Land per acre				
Property Taxes	$ 2,126	$ 2,993	$ 2,990	$ 2,150

Comparison of Water and Sewer User Costs

A comparison was made of water/sewer costs in each municipality. In order to put into perspective the impact of water/sewer costs on the overall burden to a property owner, typical consumptions were estimated for property types that followed predictable patterns. The following table summarizes the costs in the municipality for water and sewer on typical annual consumption against the overall survey average.

Water/Sewer	Peterborough	Survey Average
Residential - 250 m3	$ 463	$ 666
Commercial - 10,000 m3	$ 13,079	$ 19,636
Industrial - 30,000 m3	$ 35,860	$ 57,023
Industrial - 100,000 m3	$ 101,617	$ 185,164
Industrial - 500,000 m3	$ 410,053	$ 912,878
Industrial - 1,000,000 m3	$ 790,050	$ 1,807,159

Taxes as a % of Income

This section of the report provides a comparison of the availability of gross household income to fund municipal services on a typical household. This provides a measure of affordability within each community.

	Peterborough	Survey Average	Eastern Average
Property Taxes as a % of Household Income	5.3%	4.8%	5.1%
Water/Sewer + Taxes as a % of Household Income	6.1%	5.6%	6.2%

Next Steps—Trend Analysis

For municipalities participating in the study for a number of years, there is the ability to undertake a trend analysis. A trend analysis offers several advantages:

- *It provides information on changes in the municipality in the most recent years, revealing the most current trends and their relative impact on the financial health of the municipality*
- *It allows the evaluator to determine how quickly an indicator is changing and in which direction*
- *It permits one trend to be evaluated in conjunction with other trends*
- *It allows local trends to be compared with Regional/Provincial trends*
- *It provides a database that can be used to make long-term projections necessary for effective budgeting, capital programming and master planning efforts and general decision making*
- *It builds awareness and the potential need to modify policies*
- *It provides useful information to efficiently manage public funds and to provide adequate services*
- *It educates citizens about potential areas of need for additional tax revenues and/or changing priorities*
- *It provides a good indication of where a municipality is heading*

EXECUTIVE SUMMARY

The Executive Summary provides a high level overview of the analysis contained in the comprehensive report with averages calculated for municipalities within geographic locations. The following table provides a summary of the municipalities included in the study within geographic locations.

Eastern	GTA	Niagara/Hamilton	North	Simcoe/ Muskoka/ Dufferin	Southwest
Belleville	Ajax	Fort Erie	North Bay	Barrie	Amherstburg
Brockville	Aurora	Grimsby	Sault Ste. Marie	Bracebridge	Brantford
Cobourg	Brampton	Hamilton	Sudbury	Bradford West Gwillimbury	Cambridge
Cornwall	Burlington	Lincoln	Thunder Bay	Collingwood	Central Elgin
Kawartha Lakes	Caledon	Niagara Falls	Timmins	Gravenhurst	Chatham-Kent
Kingston	Clarington	Niagara-on-the-Lake		Huntsville	Guelph
Ottawa	East Gwillimbury	Pelham		Innisfil	Kitchener
Peterborough	Georgina	Port Colborne		Orangeville	Leamington
Prince Edward County	Halton Hills	St. Catharines		Wasaga Beach	London
Quinte West	King	Thorold			Middlesex Cent
	Markham	Wainfleet			Norfolk
	Milton	Welland			North Dumfries
	Mississauga	West Lincoln			Sarnia
	Newmarket				St. Thomas
	Oakville				Stratford
	Oshawa				Tecumseh
	Pickering				Tillsonburg
	Richmond Hill				Waterloo
	Toronto				Wellesley
	Uxbridge				Wilmot
	Vaughan				Windsor
	Whitby				Woolwich
	Whitchurch-Stouffville				

The study includes a good cross section of Ontario municipalities including:

Number of Municipalities	Populations
23	100,000 or greater
17	between 50,000 - 99,999
21	between 20,000 - 49,999
21	less than 20,000
82	**Total**

The results for each area municipality have been included in the detailed report, along with comparisons against geographic areas and within population ranges.

Municipal Profile

This section of the report includes information on population changes since 2001 by municipality, density and land area as well as assessment information and building permit activity to assist in understanding some of the basic facts about each municipality and the overall growth patterns.

Population

- *The report includes an analysis of 82 Ontario municipalities, representing in excess of 80% of the Ontario population:*
  - *Ranging in population from 6,200 to approximately 2.5 million—there was a good distribution of comparable properties across various population groups*
  - *Ranging in land area from 16 km to 3,200 km*
  - *Ranging in population per square kilometre (Density) ranges from 15 to 4,021*
  - *Includes single tier and two-tier municipalities*
  - *Includes municipalities from across all parts of Ontario—North, South, East and West*
- *Average estimated population growth of municipalities in the study between 2006-2008 is 3.6% and the Ontario average is 2.3%.*

2006 - 2008 Population % Growth by Location		
Area	2006-2008 Growth	Rank Against Survey Average
GTA	5.8%	Above
Simcoe/Muskoka/Dufferin	3.7%	Below
Southwest	3.3%	Below
North	2.9%	Below
Eastern	2.9%	Below
Niagara/Hamilton	2.4%	Below
Survey Average	3.9%	

- *Municipalities surrounding the City of Toronto have experienced the largest population growth.*

Age Demographics

The age profile of a population may affect municipal expenditures. For example, expenditures may be affected by seniors requiring higher public service costs and families with young children demanding services for recreational, and related programs. As shown in the table, the GTA, on average has a lower median age than the rest of the geographic areas. For example, the GTA municipalities have on average 11% of the population 65 years of age or greater compared with 19% in Eastern Ontario municipalities.

Area	0-19	20-64	65+	Median Age
GTA	28%	61%	11%	37.9
Simcoe/Muskoka/Dufferin	24%	59%	17%	42.0
Southwest	26%	60%	14%	39.0
Niagara/Hamilton	24%	59%	17%	42.0
Eastern	23%	58%	19%	42.9
North	24%	61%	16%	41.4

Age and Condition of Private Dwellings

These statistics provide a general indication of the age of the infrastructure and the growth rate of a municipality.

Northern Ontario has the highest percentage of dwellings constructed before 1986 and the highest percentage of dwellings needing major repairs.

Area	% of Dwellings Requiring Major Repair	% of Dwellings Constructed Before 1986
GTA	4.6%	51%
Simcoe/Muskoka/Dufferin	6.3%	55%
Southwest	5.9%	69%
Niagara/Hamilton	6.5%	73%
Eastern	6.7%	70%
North	7.6%	83%

Assessment Per Capita

Average Taxable Assessment per Capita by Location		
Area	Amount	Rank Against Survey Average
Simcoe/Muskoka/Dufferin	$ 125,617	Above
GTA	$ 125,595	Above
Niagara/Hamilton	$ 87,535	Below
Southwest	$ 87,290	Below
Eastern	$ 77,762	Below
North	$ 52,586	Below
Survey Average	$ 99,001	

Unweighted assessment per capita which is a measure of the "richness" of the assessment base ranged significantly across the survey, from $46,206 to $197,943 with a survey average of $99,001. The taxable assessment on a per capita basis in the GTA is over twice that of Northern municipalities.

Change in Unweighted Assessment

% Change in Unweighted Assessment 2007 - 2008		
Area	**% Change**	**Rank Against Survey Average**
Simcoe/Muskoka/Dufferin	2.6%	Above
GTA	2.5%	Above
Southwest	2.3%	Above
Eastern	1.5%	Below
Niagara/Hamilton	1.5%	Below
North	1.2%	Below
Survey Average	2.1%	

From 2007—2008 assessment increased by 2.1% on average. The Simcoe/Muskoka/Dufferin and the GTA experienced the largest increase at 2.5%. The change in assessment between 2007 and 2008 reflects primarily the impact of growth as there was no reassessment.

Building Permit Value

Building permits per capita were analyzed between 2005-2007 to provide a measure of relative building activity in each municipality. The range in activity for 2007 was $544 per capita to $6,952 per capita, with an average of $2,325.

2005- 2007 Average Building Permit Activity per Capita by Location		
Area	**Per Capita Building Activity**	**Rank Against Survey Average**
GTA	$ 3,256	Above
Simcoe/Muskoka/Dufferin	$ 2,916	Above
Southwest	$ 2,005	Below
Niagara/Hamilton	$ 1,590	Below
Eastern	$ 1,837	Below
North	$ 1,513	Below
Survey Average	$ 2,328	

Financial Indicators

Net Municipal Levy per Capita

This analysis does not indicate value for money or the effectiveness in meeting community objectives. Net municipal expenditures per capita may vary as a result of:

- *Different service levels*
- *Variations in the types of services*
- *Different methods of providing services*
- *Different residential/non-residential assessment composition*
- *Varying demand for services*
- *Locational factors*
- *Demographic differences*
- *Socio-economic differences*
- *Urban/rural composition differences*
- *User fee policies*
- *Age of infrastructure*
- *What is being collected from rates as opposed to property taxes*

2008 Net Municipal Levy per Capita and by $100,000 of Assessment (by Location)		
Area	Per Capita	$100,000 Assessment
North	$ 1,141	$ 2,195
Eastern	$ 1,126	$ 1,527
Niagara/Hamilton	$ 1,206	$ 1,429
Southwest	$ 1,089	$ 1,305
Simcoe/Muskoka/Dufferin	$ 1,236	$ 1,018
GTA	$ 1,202	$ 990
Survey Average	$ 1,163	$ 1,286

Net municipal levy per capita was calculated using 2007 estimated population and the 2008 municipal levies. The net levy on a per capita basis ranged across the municipalities from $805 to $1,749 (with an average of $1,163 per capita). Average spending per capita is within a 10% range, however, because of the variations in assessment in each of the areas, there is a substantial range in levy per $100,000 of assessment.

Municipal Position

A municipality's financial position is defined as the total fund balances including equity in business government enterprises less the amount to be recovered in future years associated with long term liabilities. A comparison was made of each municipality's overall financial position (assets less liabilities) over time. As shown in the table below, there is a significant range in municipal financial position across Ontario.

	Municipal Position Per Capita
Average	$ 292
Maximum	$ 1,641
Minimum	$ (1,215)

Reserves

Reserves are a critical component of a municipality's long-term financing plan. The purpose for maintaining reserves is to:

- *Provide stability of tax rates in the face of variable and uncontrollable factors (consumption, interest rates, unemployment rates, changes in subsidies)*
- *Provide financing for one-time or short term requirements without permanently impacting the tax and utility rates*
- *Make provisions for replacements/acquisitions of assets/infrastructure that are currently being consumed and depreciated*
- *Avoid spikes in funding requirements of the capital budget by reducing their reliance on long-term debt borrowings*
- *Provide a source of internal financing*
- *Ensure adequate cash flows*
- *Provide flexibility to manage debt levels and protect the municipality's financial position*
- *Provide for future liabilities incurred in the current year but paid for in the future*

Reserves	Reserves as a % of Expenditures Excluding W/S	Water Reserves as a % of Water Expenditures	Sewer Reserves as a % of Sewer Expenditures
Average	44.1%	39.6%	49.8%
Median	33.2%	23.9%	32.6%
Maximum	190.0%	175.5%	301.9%
Minimum	9.5%	-18.8%	-66.3%

Debt

The Ministry of Municipal Affairs and Housing regulates the level of debt that may be incurred by municipalities, such that no more than 25% of the total own purpose revenue can be used to service debt and other long term obligations without receiving OMB approval. In addition to confirming that the debt is within the legislated limits, Government Finance Officers' Association (GFOA) recommends the following analysis be undertaken:

Measures of the tax and revenue base, such as:

- *projections of key, relevant economic variables*
- *population trends*
- *utilization trends for services underlying revenues*

Evaluation of trends relating to the government's financial performance, such as:

- *revenues and expenditures*
- *net revenues available after meeting operating requirements*
- *reliability of revenues expected to pay debt service*
- *unreserved fund balance levels*

Debt service obligations such as:

- *existing debt service requirements*
- *debt service as a percentage of expenditures, or tax or system revenues*

Measures of debt burden on the community such as:

- *debt per capita*
- *debt as a percentage of full or equalized assessed property value*

Debt Charges	Debt Charges as a % of Total Expenditures (Excluding Water and Sewer)	Water Debt Charges as a % of Water Expenditures	Sewer Debt Charges as a % of Sewer Expenditures
Average	3.5%	7.6%	8.8%
Median	3.1%	2.2%	3.8%
Maximum	14.4%	33.9%	44.0%
Minimum	0.0%	0.0%	0.0%

Taxes Receivable

Every year, a percentage of property owners is unable to pay property taxes. If this percentage increases over time, it may indicate an overall decline in the municipality's economic health. Additionally, as uncollected property taxes rise, liquidity decreases. If the percentage of uncollected property taxes increases, the municipality should try to identify the causes and devise action strategies.

Taxes Receivable as a % of Tax Levies	
Area	**% of Tax Levies**
Eastern	5.5%
Southwest	5.6%
GTA	6.3%
North	6.0%
Niagara/Hamilton	7.8%
Simcoe/Muskoka/Dufferin	8.4%
Survey Average	6.4%

Revenue & Expenditure Analysis & MPMPs

The following summarizes the lowest, highest and survey average of net expenditures per capita for select municipal services.

Municipal Service	Low Net Expenditures per Capita	High Net Expenditures per Capita	Average Net Expenditures per Capita
Protective Services			
Fire	$ 42	$ 201	$ 113
Police (MPMP Operating Costs per Person)	$ 67	$ 392	$ 228
POA	$ (17)	$ 3	$ (6)
Transportation Services			
Roadways (lower and single tier)	$ 30	$ 310	$ 129
Winter Control (lower and single tier)	$ -	$ 106	$ 35
Transit	$ 3	$ 242	$ 57
Parking	$ (4)	$ 35	$ 4
Environmental Services			
Storm	$ -	$ 76	$ 13
Waste Collection	$ (90)	$ 69	$ 12
Waste Disposal	$ (26)	$ 67	$ 15
Recycling	$ (7)	$ 37	$ 15
Health Services			
Public Health	$ 9	$ 37	$ 19
Ambulance	$ 9	$ 117	$ 37
Cemeteries	$ (1)	$ 30	$ 4
Social and Family Services			
General Assistance	$ 26	$ 257	$ 144
Assistance to the Aged	$ 1	$ 112	$ 20
Child Care	$ 2	$ 38	$ 15
Social Housing	$ 15	$ 233	$ 81
Recreation and Culture			
Parks - MPMP	$ 13	$ 101	$ 38
Recreation Programs and Facilities (combined) - MPMP	$ 16	$ 268	$ 67
Library	$ 1	$ 73	$ 35
Cultural Services	$ -	$ 50	$ 11
Planning and Development Services			
Planning and Zoning	$ -	$ 68	$ 19
Commercial and Industrial	$ 1	$ 219	$ 21

As illustrated on the previous page, there is a wide variation across the survey in the cost of municipal services. Certain factors may be attributed to factors beyond the control of the municipality such as location, topography, climate conditions, demographics and economic conditions. Factors that a municipality controls include how the service is provided, extent to which user fees are established, service levels and service standards. MPMPs have been included in the report.

Select User Fee and Revenue Information

*The **Select User Fee and Revenue Information** section of the report includes select user fees based on feedback received from the participating municipalities. The following information is provided to assist municipalities in understanding some basic facts about each municipality included in the study.*

- *Development Charge Fees*
- *Building Permit Fees and Comparison of Building Permit Costs on a Residential Property*
- *Commercial Solid Waste Tipping Fees*
- *Transit Fare Comparison*
- *Penalties and Interest on Taxes and Other Fine Revenues*
- *Gaming and Casino Revenues Per Capita*
- *OMPF Per Capita*
- *Contributions from Reserves, Reserve Funds*

Development Charges

The following table summarizes the findings for 2008 development charges. Information on each of the municipalities is included in the study. There are some clear trends across Ontario in terms of Development Charges and costs, with the lowest DCs generally in the North and the East and the highest DCs in the GTA where the majority of growth is occurring. Note: some municipalities do not charge any development charges.

Development Charges	Residential	Multiples Dwelling 3+	Apartments Units >=2	Non-Residential Commercial Sq. Ft.	Non-Residential Industrial Sq. Ft.
Average	$ 18,175	$ 15,108	$ 11,561	$ 9.52	$ 5.62
Median	$ 13,393	$ 10,993	$ 9,942	$ 6.49	$ 4.66
Min	$ 1,216	$ 901	$ 754	$ 0.33	$ 0.24
Max	$ 43,338	$ 39,328	$ 29,131	$ 28.87	$ 14.75

Average Development Charges	Residential	Multiples Dwelling 3+	Apartments Units >=2	Non-Residential Commercial Sq. Ft.	Non-Residential Industrial Sq. Ft.
North	$ 3,627	$ 2,675	$ 2,114	$ 0.71	$ 0.71
Eastern	$ 7,872	$ 6,487	$ 5,135	$ 4.07	$ 3.78
Southwest	$ 10,951	$ 8,938	$ 6,998	$ 5.09	$ 4.83
Niagara/Hamilton	$ 12,890	$ 9,826	$ 7,433	$ 7.14	$ 3.89
Simcoe/Muskoka/Dufferin	$ 18,064	$ 14,900	$ 11,888	$ 6.30	$ 5.44
GTA	$ 33,414	$ 28,532	$ 21,270	$ 18.50	$ 7.94

Building Permit Fees

Building permit fees were calculated on an 1,800 sq. ft. residential property with a construction value of $135,000. Building permit fees ranged from a low of $898 to a high of $2,489 across the 82 Ontario municipalities, with a survey average of $1,554.

Building Permit Fees by Location (Residential 1,800 Sq. Ft. Property, $135,000 Value) Area		Amount
Simcoe/Muskoka/Dufferin	$	1,346
Southwest	$	1,475
Eastern	$	1,496
North	$	1,570
Niagara/Hamilton	$	1,651
GTA	$	1,679
Survey Average	$	1,554

Commercial Solid Waste Tipping Fees

Commercial solid waste tipping fees ranged from a low of $42 per tonne to a high of $120 per tonne, with an average of $78 per tonne

OMPF Grants Per Capita

The Ontario Municipal Partnership Fund assists municipalities with their social program costs; includes equalization measures; addresses challenges faced by Northern and rural municipalities and responds to policy costs in rural municipalities.

OMPF Grants per Capita by Location Area		Amount
GTA	$	7
Simcoe/Muskoka/Dufferin	$	38
Niagara/Hamilton	$	49
Southwest	$	49
Eastern	$	113
North	$	324

Other Revenue Sources Per Capita

Other Revenues	Low Revenues per Capita	High Revenues per Capita	Average Revenues per Capita
Ontario & Canada Conditional Grants	$ -	$ 903	$ 162
Licenses, Permits, Rents, etc.	$ -	$ 290	$ 46
Penalties and Interest on Taxes	$ 8	$ 41	$ 20
Investment Income	$ -	$ 90	$ 26
Gaming & Casino Revenues	$ 5	$ 252	$ 43
Contributions From Reserves	$ -	$ 364	$ 49
Revenues From Government Business Enterprise	$ 5	$ 74	$ 24

Tax Policies

The following table summarizes the tax ratios ranking across the survey for each of the classes.

Municipality	Multi-Residential	Commercial (Residual)	Industrial (Residual)	Industrial (Large)
Barrie	1.0787	1.4331	1.5163	
Belleville *	2.5102	1.9191	2.8287	
Brantford *	2.1355	1.9360	2.9334	
Brockville	1.8000	1.9785	2.6276	
Central Elgin *	2.1386	2.2255	3.3788	
Chatham-Kent *	2.1488	1.9671	2.4350	2.9265
Cornwall	2.3492	1.9650	2.6300	
Dufferin	2.6801	1.2133	2.1984	
Durham	1.8665	1.4500	2.2598	
Essex *	1.9554	1.0697	1.9425	2.6861
Guelph	2.7400	1.8400	2.6300	
Halton	2.2619	1.4565	2.3599	
Hamilton *	2.7400	2.0193	3.3705	3.9523
Kawartha Lakes	1.9931	1.2782	1.2782	
Kingston	2.6750	1.9800	2.6300	
Lambton *	2.5014	1.6585	2.0536	3.0124
London	2.1455	1.9800	2.6300	
Middlesex Centre	1.7697	1.1449	1.7451	
Mississauga	1.7788	1.4098	1.5708	
Muskoka	1.0000	1.1000	1.1000	
Niagara	2.0600	1.7586	2.6300	
Norfolk	1.6929	1.6929	1.6929	
North Bay	2.2059	1.8822	1.4003	
Northumberland	2.2160	1.5152	2.6300	
Ottawa *	1.7500	2.1461	2.7468	2.3588
Oxford	2.7400	1.9018	2.6300	
Peel (Brampton & Caledon)	1.7050	1.2971	1.4700	
Peterborough (City)	2.0252	1.8419	2.5976	
Prince Edward County	1.4402	1.1125	1.3895	
Quinte West	2.1300	1.5385	2.4460	
Sault Ste. Marie *	1.2829	1.6730	1.9251	2.7431
Simcoe	1.5385	1.2521	1.5385	
St. Thomas *	2.4987	1.9475	2.2281	2.6774
Stratford *	2.1539	2.1032	3.2200	
Sudbury	2.0591	1.7206	2.4386	2.7640
Thunder Bay	2.7400	1.9527	2.4300	2.6275
Timmins *	1.6816	1.7501	2.1780	2.7114
Toronto *	3.5463	3.5841	3.9200	
Waterloo	2.1500	1.9500	2.2800	
Windsor *	2.6495	1.9826	2.3828	3.1836
York	1.0000	1.2070	1.3737	
Average	2.0862	1.7277	2.2845	2.8766
Minimum	1.0000	1.0697	1.1000	2.3588
Maximum	3.5463	3.5841	3.9200	3.9523
Provincial Threshold	2.7400	1.9800	2.6300	2.6300

* denotes municipalities with one or more ratios above the Provincial Threshold

XXX	reflects increase in tax ratios
XXX	reflects decrease in tax ratios

The highlighted cells reflect changes in tax ratios between 2007 and 2008

Comparison of Relative Taxes

Like property comparisons were undertaken on 11 property types that were of most interest to the participating municipalities.

- Residential
- Multi-Residential
- Commercial
- Industrial
- Farmlands

In order to calculate the relative tax burden of "like" properties, every effort was made to hold constant those factors deemed to be most critical in determining a property's assessed value. However, given the number of factors used to calculate the assessed value for each property, and the inability to quantify each of these factors, the results should be used to provide the reader with ***overall trends*** *rather than exact differences in relative tax burdens between municipalities. By selecting multiple property types within each taxing class (e.g. Residential—Detached Bungalow, Executive), and by selecting multiple properties from within each municipality and property subtype, the likelihood of anomalies in the database has been reduced. Every effort was made to select a minimum of 3-8 properties from each municipality and from within each property type.*

There are many reasons for differences in relative tax burdens across municipalities and across property classes. These include, but are not limited, to the following:

- *The values of like properties varies significantly across municipalities*
- *The tax burden within a municipality varies based on the tax ratios used. As such, it is possible for a municipality to have a relative low tax burden in a particular class of property and a relatively high tax burden in another class*
- *The use of optional classes*
- *Non-uniform education tax rates in the non-residential classes*
- *Tax burdens across municipalities also vary based on the level of service provided and the associated costs of providing these services*
- *Extent to which a municipality employs user fees*
- *Access to other sources of revenues such as dividends from hydro utilities, gaming & casino revenues*

Residential

Area	Detached Bungalow	Senior Executive
Eastern	$ 2,584	$ 5,096
GTA	$ 3,255	$ 5,426
Niagara/Hamilton	$ 2,905	$ 5,283
North	$ 2,554	$ 5,208
Simcoe/Muskoka/Dufferin	$ 2,479	$ 4,841
Southwest	$ 2,557	$ 5,027
Survey Average	$ 2,819	$ 5,184

Multi-Residential

Multi-Residential Comparison by Location		
Area	Walk-Up	Mid/High-Rise
Eastern	$ 1,400	$ 1,531
GTA	$ 1,362	$ 1,448
Niagara/Hamilton	$ 1,314	$ 1,445
North	$ 1,134	$ 1,243
Simcoe/Muskoka/Dufferin	$ 1,127	$ 1,486
Southwest	$ 1,296	$ 1,571
Survey Average	$ 1,306	$ 1,486

Commercial

Commercial Properties				
	Office	Neigh. Shopping	Hotel	Motel
Eastern	$ 3.04	$ 3.75	$ 1,997	$ 1,301
GTA	$ 3.25	$ 3.74	$ 1,700	$ 1,285
Niagara/Hamilton	$ 2.28	$ 3.29	$ 2,340	$ 1,289
North	$ 3.17	$ 3.50	$ 2,461	$ 1,507
Simcoe/Muskoka/Dufferin	$ 2.45	$ 2.64	$ 1,882	$ 1,042
Southwest	$ 2.68	$ 3.29	$ 1,888	$ 1,455
Survey Average	$ 2.90	$ 3.43	$ 1,983	$ 1,316

Industrial

Industrial Properties			
	Standard	Large	Vacant
Eastern	$ 1.52	$ 1.27	$ 2,150
GTA	$ 2.26	$ 1.39	$ 4,780
Niagara/Hamilton	$ 1.81	$ 1.14	$ 2,522
North	$ 2.01	$ 1.94	$ 2,522
Simcoe/Muskoka/Dufferin	$ 1.38	$ 1.21	$ 2,236
Southwest	$ 1.91	$ 1.29	$ 2,050
Survey Average	$ 1.91	$ 1.34	$ 2,993

Comparison of Water/Sewer Costs

- *The establishment of water and sewer rates is a municipal responsibility and the absence of standard procedures across Ontario has resulted in the evolution of a great variety of rate structure formats.*
- *There was considerable diversity across the survey in terms of the costs of water/sewer and how services are charged. Municipal decisions on whether the rates are uniform, increasing or decreasing, whether the rate varies by meter size or whether a service charge is levied impacts the relative ranking across the various property types*

Comparison of Water/Sewer Costs by Various Consumptions						
Volume Meter Size	Residential 250 m3 5/8"	Commercial 10,000 m3 2"	Industrial 30,000 m3 3"	Industrial 100,000 m3 4"	Industrial 500,000 m3 6"	Industrial 1,000,000 m3 6"
Average	$ 666	$ 19,636	$ 57,023	$ 185,164	$ 912,878	$ 1,807,159
Median	$ 638	$ 19,192	$ 55,050	$ 183,500	$ 910,530	$ 1,820,875
Min	$ 291	$ 7,810	$ 23,430	$ 78,100	$ 321,121	$ 621,119
Max	$ 1,143	$ 36,666	$ 107,100	$ 357,000	$ 1,785,000	$ 3,570,000

Taxes and Water/Sewer as a % of Income

A comparison was made of relative property tax burdens and water/sewer costs on comparable properties against the median household incomes. The report also calculates the total municipal tax burden as a percentage of income available on an average household. As shown below, the ability to pay for municipal services (measured in municipal burden as a percentage of household income) in the GTA is greater than other geographic locations.

Area	2008 Est. Avg. Household Income	2006 Average Value of Dwelling	Property Taxes as a % of Household Income	Total Municipal Burden as a % of Household Income
Simcoe/Muskoka/Dufferin	$ 70,089	$ 270,052	5.2%	6.4%
Niagara/Hamilton	$ 70,827	$ 238,474	5.3%	6.3%
Eastern	$ 65,240	$ 216,992	5.1%	6.2%
North	$ 61,500	$ 150,874	5.0%	5.9%
Southwest	$ 77,427	$ 244,347	4.5%	5.4%
GTA	$ 106,383	$ 388,531	4.3%	4.8%
Survey Average	$ 81,240	$ 277,644	4.8%	5.6%

Economic Development Programs

- *A summary was completed on programs that municipalities have implemented to promote economic development. This included a review of the following:*

    - *Municipal Land Assembly & Industrial Land Prices*
    - *Business Retention & Expansion Programs*
    - *Downtown/Area Specific Programs*
    - *Brownfield Redevelopment*

  - *Municipal Land Assembly—approximately 50% of the municipalities surveyed have municipal industrial lands.*
  - *Business Retention and Expansion Programs—the majority of the municipalities surveyed provide programs to retain existing business and attract new businesses. These include company visitation programs, seminars, ambassador programs, business enterprise centres, partnership funds, entrepreneurship centres, recruitment programs, marketing alliances, venture centres and cluster marketing.*
  - *Downtown/Area Specific Programs—These include interest free loans, business incentive programs, waiving of fees, grants, tax incremental waiver programs, façade programs and tax rebates. Hamilton, London, Cambridge, Oshawa, Kitchener and Waterloo have numerous proactive programs to encourage economic redevelopment, particularly targeted to their downtown cores.*
  - *Brownfield Redevelopment—several municipalities have developed and implemented their Brownfield programs.*