



City of
Peterborough

TO: Members of the Budget Committee

FROM: Brian Horton, Senior Director of Corporate Services

MEETING DATE: November 26, 2009

SUBJECT: Report CPFPRS09-045
5-Year, and 8-Year, Tax Ratio Reduction Program Comparison

PURPOSE

A report to outline the impact on the 2010 Draft Operating Budget of adopting a 5-year Tax Ratio Reduction Program, as opposed to the 8-year Program reflected in the Draft 2010 Operating Budget.

RECOMMENDATION

That Council approve the recommendation outlined in Report CPFPRS09-045 dated November 26, 2009, of the Senior Director of Corporate Services, as follows:

That report CPFPRS09-045, that outlines the impact on the 2010 Draft Operating Budget of adopting a 5-year Tax Ratio Reduction Program, as opposed to the 8-year Program as reflected in the Draft 2010 Operating Budget, be received.

BUDGET AND FINANCIAL IMPLICATIONS

This report is provided for information purposes.

BACKGROUND

During the November 9, 2009 Budget Committee meeting, Councillor Vass requested staff provide the impact of adopting a 5-Year Tax Ratio Reduction Program Alternative as opposed to the 8-Year Program reflected in the Draft 2010 Operating Budget as presented November 9.

Under a 5-year Tax Ratio Reduction Program, the Tax Ratios for the Multi-residential, Commercial and Industrial and Pipeline classes would be 1.5 in the year 2014, as opposed to the year 2017, as shown in the following chart.

2009-2014 Tax Ratios If 5-Year Tax Ratio Reduction Plan Adopted

Description	2009 Ratios	2010 Ratios	2011 Ratios	2012 Ratios	2013 Ratios	2014 Ratios
<u>Residential</u>						
Residential	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Multiresidential	2.01110	1.90888	1.80666	1.70444	1.60222	1.50000
New Multi-residential	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
<u>Commercial</u>						
Commercial Class	1.82040	1.75632	1.69224	1.62816	1.56408	1.50000
Commercial Class, New Construction	1.82040	1.75632	1.69224	1.62816	1.56408	1.50000
Commercial Class, Excess Lands & Vacant Units	1.27428	1.22942	1.18456	1.13970	1.09484	1.04998
Commercial Class, Vacant Land	1.27428	1.22942	1.18456	1.13970	1.09484	1.04998
<u>Industrial</u>						
Industrial Class	2.59760	2.37808	2.15856	1.93904	1.71952	1.50000
Industrial Tax Vacant Unit/Excess	1.68844	1.54575	1.40306	1.26037	1.11768	0.97499
Industrial Class, Vacant Lands	1.68844	1.54575	1.40306	1.26037	1.11768	0.97499
<u>Pipeline</u>						
	1.27060	1.27060	1.27060	1.27060	1.27060	1.27060

Under a 5-year Tax Ratio Reduction Program the 2010 Municipal Tax Rates would change from the rates reflected in the Draft 2010 Budget as shown in the following chart.

**2009 – 2010 Municipal Tax Rates
8-Year and 5-Year Tax Ratio Reduction Program**

Description	8-Yr Tax Ratio Reduction Program				5-Yr Tax Ratio Reduction Program		
	2009 Approved	2010 Recommended	Variances 2009 - 2010 Budget		2010	Variances 2009 - 2010 Budget	
			Over (Under) 2009 Budget %	Over (Under) 2009 Budget		Over (Under) 2009 Budget %	Over (Under) 2009 Budget \$
MUNICIPAL TAX RATES							
Residential	1.2128320%	1.2194100%	0.5%	0.006578%	1.2265710%	1.1%	0.013739%
Residential garbage (Included above)	0.0363160%	0.0364640%	0.4%	0.000148%	0.0366740%	1.0%	0.000358%
Multiresidential	2.4391260%	2.3744470%	-2.7%	-0.064679%	2.3413770%	-4.0%	-0.097749%
New Multi-residential	1.2128320%	1.2194100%	0.5%	0.006578%	1.2265710%	1.1%	0.013739%
Farm Property/Farm Land Awaiting Development	0.3032080%	0.3048530%	0.5%	0.001645%	0.3066430%	1.1%	0.003435%
Commercial							
Commercial Class	2.2078390%	2.1709770%	-1.7%	-0.036862%	2.1542510%	-2.4%	-0.053588%
Commercial Class, Excess Lands & Vacant Units	1.5454880%	1.5196900%	-1.7%	-0.025798%	1.5079710%	-2.4%	-0.037517%
Commercial Class, Vacant Land	1.5454880%	1.5196900%	-1.7%	-0.025798%	1.5079710%	-2.4%	-0.037517%
Industrial							
Industrial Class	3.1504520%	3.0002360%	-4.8%	-0.150216%	2.9168840%	-7.4%	-0.233568%
Industrial Tax Vacant Unit/Excess	2.0477940%	1.9501540%	-4.8%	-0.097640%	1.8959720%	-7.4%	-0.151822%
Industrial Class, Vacant Lands	2.0477940%	1.9501540%	-4.8%	-0.097640%	1.8959720%	-7.4%	-0.151822%
Pipeline	1.5410240%	1.5493820%	0.5%	0.008358%	1.5584810%	1.1%	0.017457%

Under a 5-year Tax Ratio Reduction Program, the All-Inclusive Residential Municipal Tax, Education Tax, and Sewer Surcharge Levy would increase 4.7% as opposed to the 4.3% increase reflected the November 9, Draft Budget.

The following chart provides further details:

Comparative All Inclusive Tax and Sewer Surcharge Rates and Levies								
For Median Single Family Dwelling (Not on Water)								
Assuming 8-Yr and 5-Yr Tax Ratio Reduction Program								
			As per Nov 9, 2009 Draft		Under 5-Yr Tax Ratio Plan			
Ref C1	Description C2	2009 C3	2010 C4	Change from 2009		2010 C7	Change from 2009	
				Amount C5	% C6		Amount C8	% C9
1.01	Gross Expenditures	190,099,291	201,496,126	11,396,835	6.0%	201,496,126	11,396,835	6.0%
1.02	Amount raised from taxation (see note 3)	88,150,720	93,334,005	5,183,285	5.9%	93,334,005	5,183,285	5.9%
1.03	Effect of tax ratio plan on all-inclusive rate				0.8%			1.2%
1.04	Effect of 2010 Real Assessment Growth on all-inclusive rate				-0.7%			-0.7%
2.00	Residential Tax Rates							
2.01	Municipal Residential Tax Rate	1.2128320%	1.2194100%	0.0065780%	0.5%	1.2265710%	0.0137390%	1.1%
2.02	Education	0.2520000%	0.2407000%	-0.0113000%	-4.5%	0.2407000%	-0.0113000%	-4.5%
2.03	Total	1.4648320%	1.4601100%	-0.0047220%	-0.3%	1.4672710%	0.0024390%	0.2%
3.00	Average Annual Water Rates (Basic charge, six rooms, 500m2 lot)	379.20	392.52	13.32	3.5%	392.52	13.32	3.5%
4.00	Sewer Surcharge Effective Rate	100.0%	100.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	Levies / Collected							
5.00	Water Revenues	13,590,000	14,232,000	642,000	4.7%	14,232,000	642,000	4.7%
5.01	Sewer Surcharge	13,590,000	14,232,000	642,000	4.7%	14,232,000	642,000	4.7%
6.00	Median Assessed Value - SFD Not on Water	181,000	189,500	8,500	4.7%	189,500	8,500	4.7%
7.00	Residential Tax Levy on Assessment							
7.01	Municipal	2,195.23	2,310.78	115.55	5.3%	2,324.35	129.12	5.9%
7.02	Education	456.12	456.13	0.01	0.0%	456.13	0.01	0.0%
7.03	Total	2,651.35	2,766.91	115.56	4.4%	2,780.48	129.13	4.9%
8.00	Sewer Surcharge Payable	379.20	392.52	13.32	3.5%	392.52	13.32	3.5%
9.00	Total Municipal Tax and Sewer	2,574.43	2,703.30	128.87	5.0%	2,716.87	142.44	5.5%
10.00	Combined Mun and Ed Tax on Assessment PLUS Sewer Surcharge	3,030.55	3,159.43	128.88	4.3%	3,173.00	142.45	4.7%

Submitted by

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