

HALIFAX

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Item No. 3

Budget Committee
March 7, 2018

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY:

Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: February 20, 2018

SUBJECT: 2018/19 Fiscal and Consolidated Accounts

ORIGIN

As per Administrative Order 1, and the Budget and Business Plan consultation schedule presented on November 14th, 2017 to Regional Council, staff is required to present the 2018/19 draft Business Unit Budget and Business Plans to the Committee of the Whole for review and discussion prior to consideration by Regional Council.

LEGISLATIVE AUTHORITY

Halifax Charter, section 35 (1) The Chief Administrative Officer shall (b) ensure that an annual budget is prepared and submitted to the Council.

RECOMMENDATION

It is recommended that the Committee of the Whole direct staff to:

- Proceed to prepare the 2018-19 Fiscal and Consolidated Accounts, as proposed in the accompanying presentation and consistent with the preliminary fiscal direction,

BACKGROUND

In February of 2016 Regional Council directed staff to undertake

... in 2017-2018 and the following years, a much broader view that looks at the underlying fiscal and economic assumptions and critical key decisions such as the level of the overall capital budget, debt, tax levels, reserves and the capacity to undertake service enhancements.

Being the second year of a multi-year budget, staff have prepared the 2018-19 budget as per Council direction, with some adjustments from the Approved in Principle budget, presented before Council in 2017-18.

In December 2017, Council directed that the: Budget Committee recommend that Halifax Regional Council recommended that staff revise the 2018-2019 Budget according to Council's approved priorities, and preliminary fiscal direction, including:

- maintaining the appropriate level of existing services with the addition of the new services previously approved by Council;*
- a stable capital budget that maintains state of good repair while also funding growth related issues and service improvements;*
- a responsible and declining debt position;*
- appropriate reserve balances that allow for risk mitigation, future obligations and opportunities;*
- alignment of the current average tax bill for residential homes and commercial properties at a 1.9% increase.*

DISCUSSION

Preparing and finalizing a budget is an extensive exercise which includes many iterative steps. Including four critical influences:

1. Operating Budget,
2. Net Capital Budget,
3. Tax Supported Debt, and,
4. Reserves (Net Obligations)

Since December, all business units have presented their 18/19 budgets for Council's consideration. Given current Council direction, staff have developed a tentative budget that incorporates the following assumptions.

- Average Single Family Home assessment is up 1.4%
- The Assessment cap is 0.9%
- Commercial Assessment growth is 0.2%
- The average tax bill for single family homes will increase by 1.9%, or \$36.

Based on Council's direction, these rates will see the average residential tax bill increase by 1.9% and the average commercial tax bill for properties under \$1.25m, increase by 1.9%.

Various other tax rates must be set by Regional Council for the 2018/19 fiscal year. These rates are to be set once the amounts are finalized. These tax rates include:

- Fire Protection Charge
- Supplementary Education
- Provincially Mandated Services:
 - Halifax Regional School Board
 - Correctional Services
 - Property Valuation Services Corporation
 - Metropolitan Regional Housing Authority

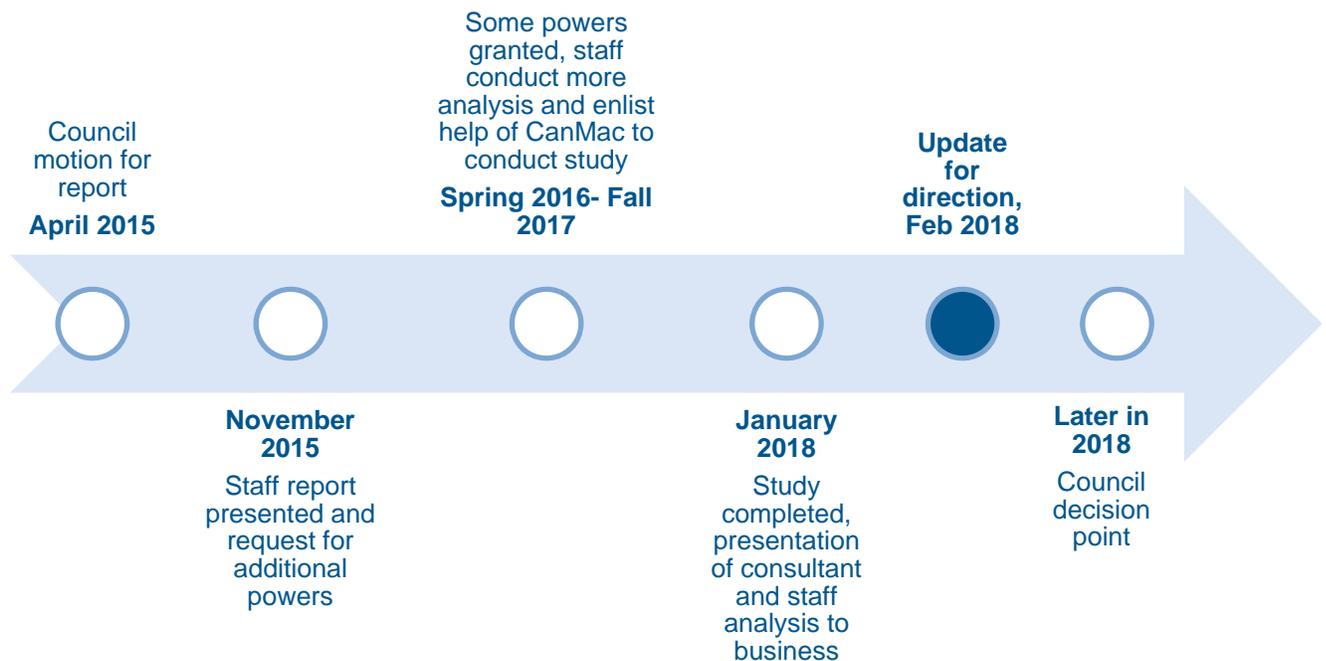
The Stormwater Right-of Way Charge is reviewed annually and adjusted, as required, by application of By-law C-900, the Charges for Stormwater from Municipal Streets By-law.

Other policy issues that impact the budget include HRM's responsibility to the Halifax Convention Centre (HCC), with approval required from the Province and Regional Council, administrative order (AO) review of District Capital and Discretionary funds, review of grants principles, Area Rate Review and updates to the Commercial Tax structure. Also included in fiscal services are some amounts that will be transferred into business units following full approval of the budget. These include amounts for IMP (\$350,000).

Commercial Tax Structure Update

Over the past 12-16 months, staff have been working with the business community on possible adjustments to the commercial tax structure. During this time, staff initiated a consultant report by CanMac Economics, entitled “An Economic Analysis of the Halifax Regional Municipality Commercial Tax”. The report conclusions were shared with the business community during a workshop held in mid-January. Staff have continued to analyze possible adjustments given current legislative powers, and are currently in dialogue with business about objectives and policy options. Ultimately, Regional Council will debate possible options during the 2018-19 budget cycle, or may defer a decision until more analysis is conducted on what adjustments it judges to be appropriate.

The timeline below indicates where the process currently stands:



Potential Funding of Budget Options:

During the Committee of the Whole Budget process, Council reviewed each Business Unit’s high level budget and proposed plans before detailed preparation. During this time Council developed a list of budget options. Council’s budget options list will be debated on March 28th, outlining potential increases to Business Unit expenditures.

Those items which are one-time in nature could possibly be funded through using the general contingency reserve. However, ongoing increases to services are best funded through an ongoing, sustainable source such as a permanent decline in other expenditures or a permanent revenue increase, such as through taxes. As Council has already reviewed the budgets of each business unit, further tax increases may be the most realistic option to achieve the balance of tax and service that Council desires. However, Council can also defer parking lot items to the 2019-20 budget debate and consider them at that time.

FINANCIAL IMPLICATIONS

Capital from Operating, Debt and tax rates have been adjusted accordingly to align projected revenues and expenditures. Debt per household continues to decline at 3 per cent per year. Capital from Operating

appears in both Transit and Fiscal Services and is unchanged from the “Approved in Principle” budget. The recommendations in this report will lead to the development of a proposed budget for 2018-19, the second year of Council’s Multi-Year Budget.

RISK CONSIDERATION

The risk associated with this report is financial to the extent Regional Council approves expenditures over the proposed budget.

COMMUNITY ENGAGEMENT

Public participation was invited throughout the Business Unit presentations during the Committee of the Whole process.

ENVIRONMENTAL IMPLICATIONS

None

ALTERNATIVES

The Committee of the Whole can choose to amend the Budget as proposed in the accompanying presentation through specific motion, and direct staff to proceed to prepare the Budget for inclusion in the proposed HRM Budget and Business Plan documents.

ATTACHMENTS

Attachment A - Fiscal and Consolidated Accounts 2018 – 2019 Budget Presentation

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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HALIFAX

**Fiscal & Consolidated
Accounts
18/19 Multi-Year Budget &
Business Plan**

Committee of the Whole on Budget
March 7, 2018

Overview

Recommendations

What is Fiscal Services?

Framework and Linkage to Priorities

- Revenues and Taxation
- Expenditures
 - Capital from Operating
 - Debt
 - Reserves
 - Halifax Convention Centre
 - Other Issues
- Pressures and Risks
- Council's Direction – Questions and Answers

Recommendations

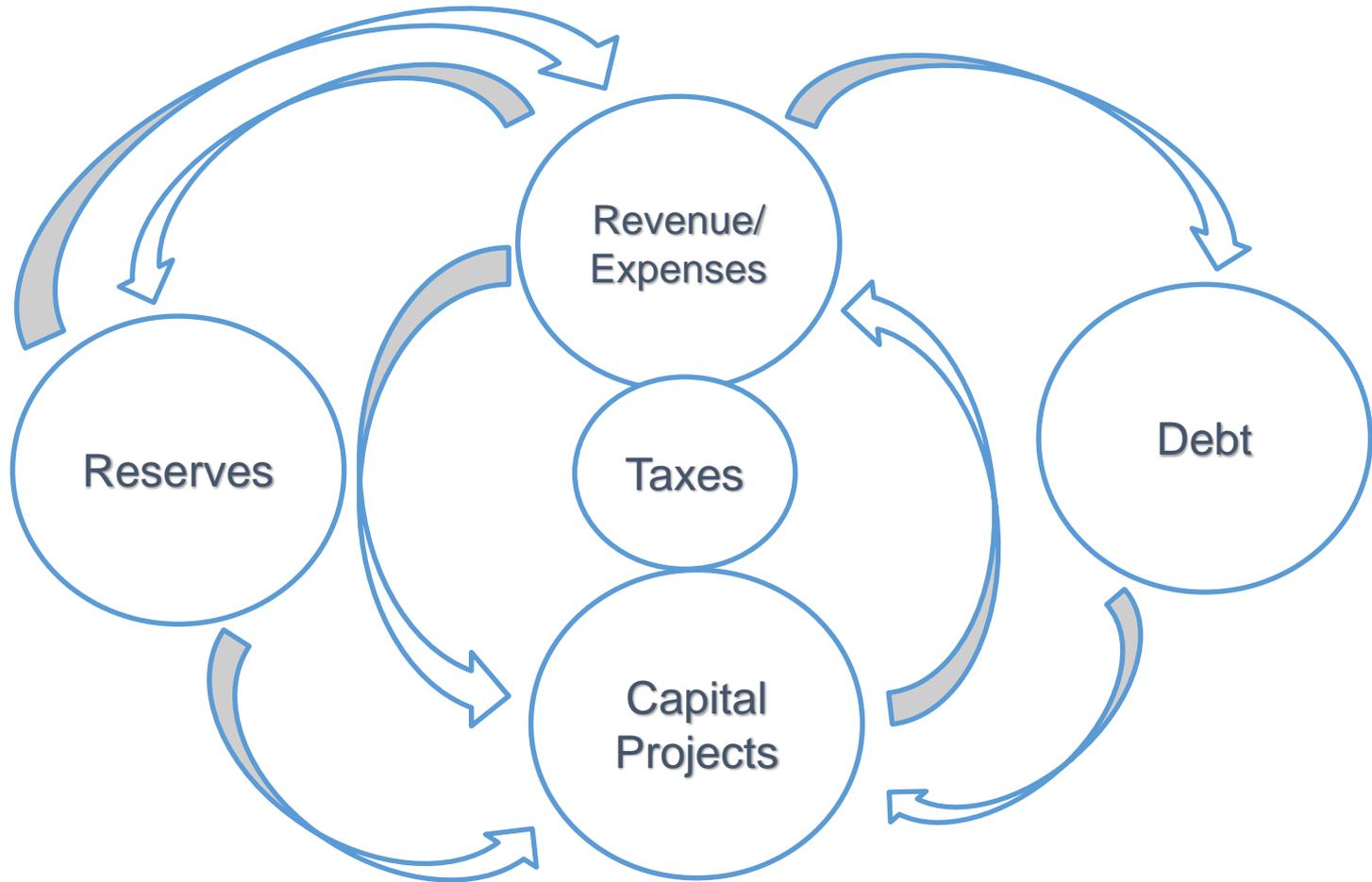
Proceed to prepare the 2018-19 Fiscal and Consolidated Accounts, as proposed in the accompanying presentation and consistent with the preliminary fiscal direction.

What is Fiscal Services?

Organization wide costs and revenues that are not fully allocated to Business Units including:

- Property and Other Taxes
- Non-departmental Revenues
- Private Roads, other Area Rates
- Debt Charges
- Capital from Operating
- Reserves
- Provincial Mandatory Costs
- Supplementary Education
- Contingencies for Compensation
- Intern Program, Other Compensation costs
- Grants and Tax Relief
- Valuation Allowance
- Insurance

HRM Budget Framework



The 7 Key Council Decisions

Operating Budget

- **1. Taxes** – Should taxes rise, fall or stay the same?
- **2. Services (Existing)** – How can value be optimized?
- **3. Services (New)** – Will new services be approved?

Capital Budget

- **4. Capital Budget** – How much should be invested in State of Good Repair, Growth and Service?
- **5. Capital from Operating** – How much current year tax revenue should be applied to capital projects?

Debt

- **6. Debt** – Maintain debt policy or amend?

Reserves

- **7. Reserves** – What reserve balances should HRM maintain?

Economic Assumptions

Conference Board of Canada, Fall 2017

	Trends Earlier this Year			Revised Trends		
	Base Year	Year 1	Year 2	Base Year	Year 1	Year 2
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
Real GDP	1.4%	1.7%	1.7%	1.4%	2.2%	2.2%
Personal Income per Capita	45,198	46,121	47,286	44,883	45,985	47,278
Percent Change	-	2.0%	2.5%	-	2.5%	2.8%
Inflation (CPI)	1.2%	1.9%	2.2%	1.2%	2.0%	2.2%
Population (000s)	434	440	445	434	440	446
Dwelling Units	194,984	196,954	198,782	194,159	195,529	198,837
Dwelling Units %	-	1.0%	0.9%	-	0.7%	1.7%

Note: Personal Income per Capita is defined as the sum of all revenues (wages, dividends, self employment, etc.) received in a year, divided by total population. Data are in dollars and not corrected for inflation (current dollars).

Fiscal Operating Budget Overview

Description	16/17 Budget	17/18 Budget	17/18 Projected	18/19 Approved in Principle	18/19 Proposed Budget
Total Expenditures	\$160,169,200	\$162,203,700	\$163,765,100	\$181,691,300	\$149,977,000
Total Revenue	(551,521,400)	(568,861,000)	(574,881,800)	(588,847,600)	(585,921,100)
Total	(\$391,352,200)	(\$406,657,300)	(\$411,116,700)	(\$407,156,300)	(\$435,944,100)

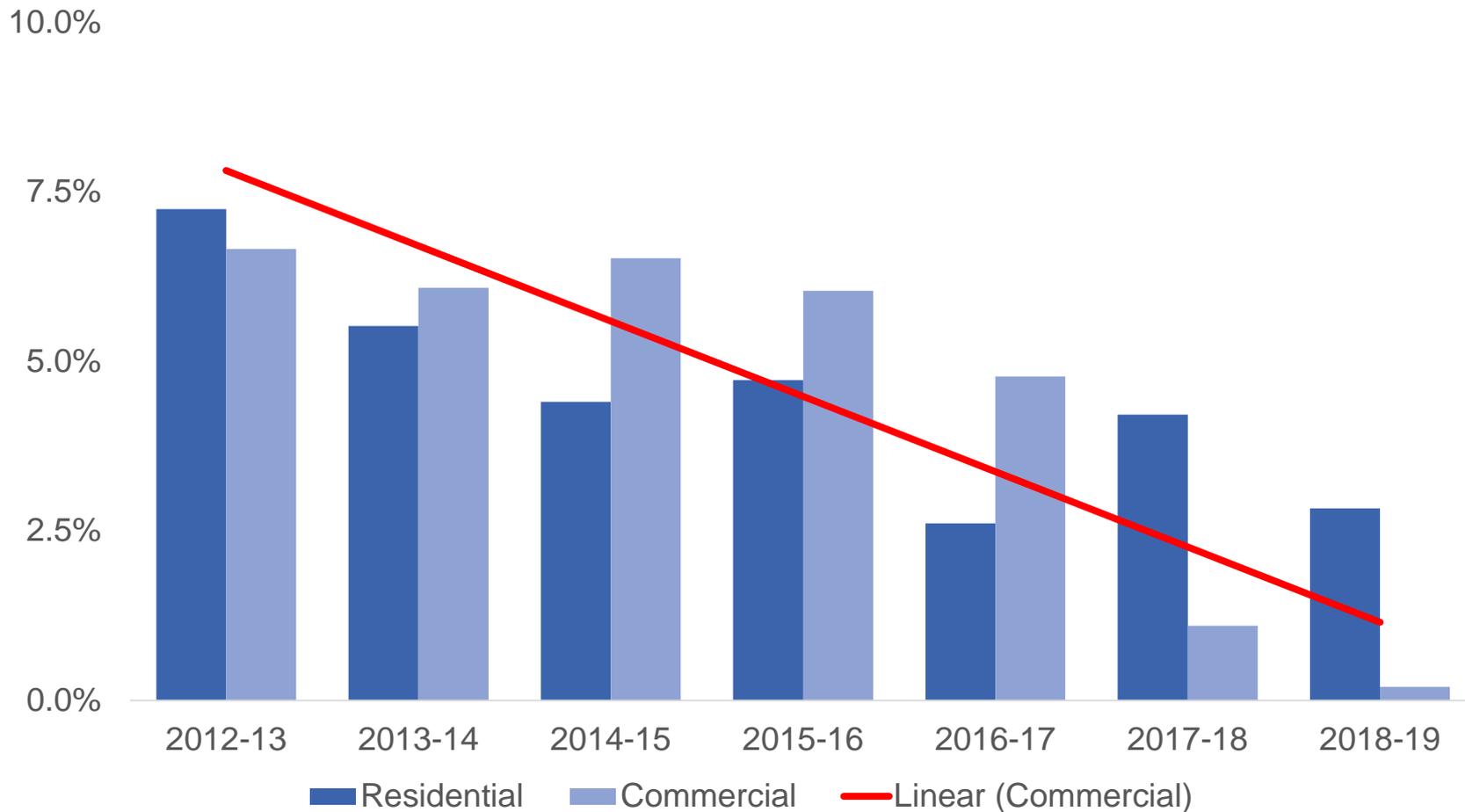
Summary of Proposed Budget Adjustments

Proposed Adjustments	Projected 18/19 \$ Impact	Amount
18/19 Approved in Principle		(\$407,156,300)
Contingencies Transferred to Business Units		(26,207,800)
Budget Adjustments:		
Lower Property Tax Revenues	\$6,350,000	
Higher Deed Transfer Tax	(3,000,000)	
Reduction in Debt Service Costs	(4,248,500)	
Reduction in Valuation Allowance	(1,200,000)	
Other Changes (net)	(481,500)	
	Sub-Total of Budget Adjustments	(2,580,000)
	Total Proposed Changes	(\$28,787,800)
	Proposed 18/19 Budget	(\$435,944,100)

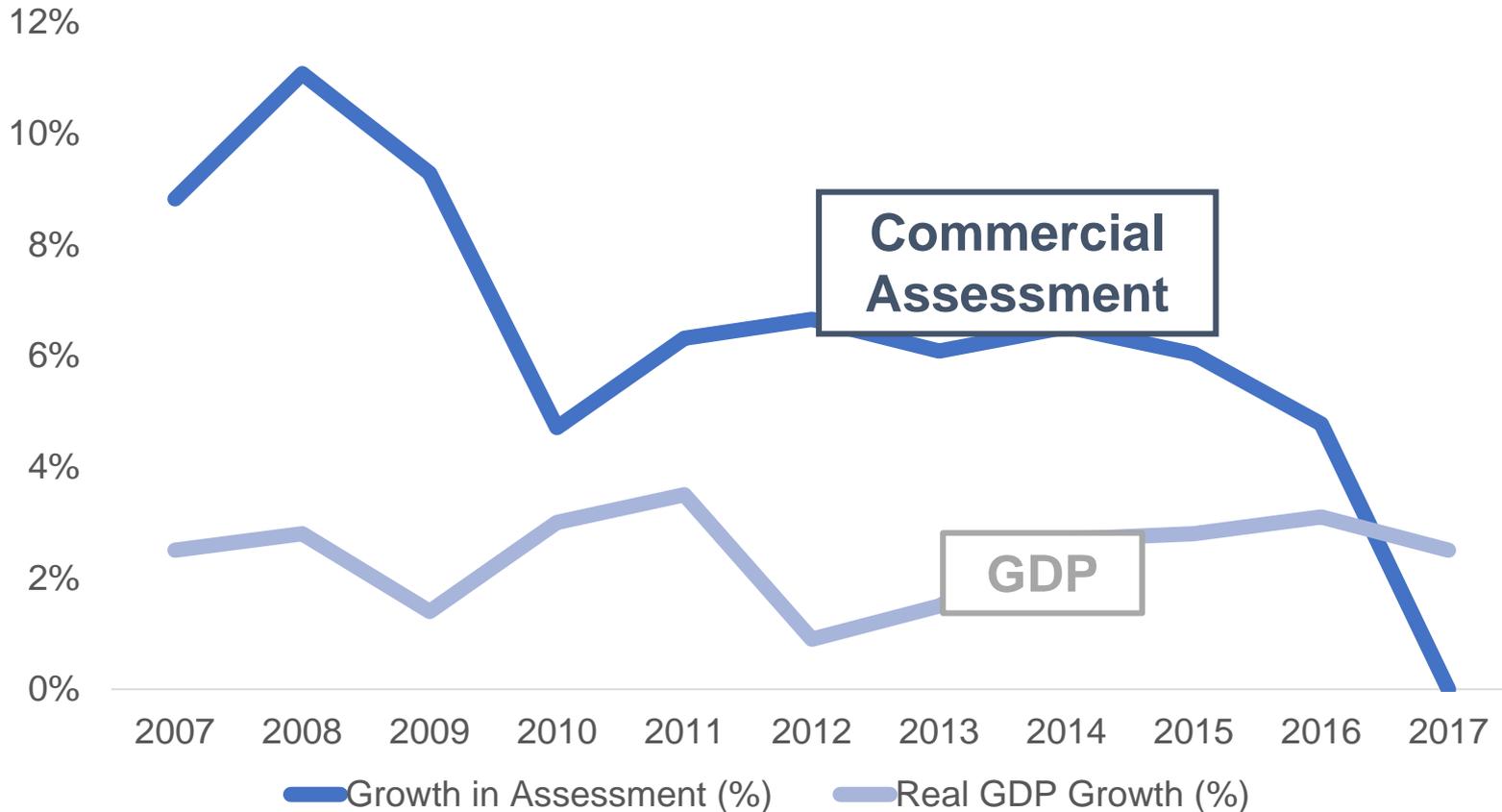
Total Municipal Revenues

	16/17 Budget	17/18 Budget	17/18 Projection	18/19 Approved in Principle	18/19 Proposed
Revenues					
Tax Revenue	(445,037,700)	(462,064,600)	(466,567,400)	(481,499,200)	(476,511,600)
Area Rate Revenue	(23,917,200)	(23,031,200)	(23,651,600)	(22,951,200)	(23,434,300)
Tax Agreements	(10,358,500)	(10,617,300)	(10,797,500)	(10,627,000)	(12,165,000)
Payments in Lieu of taxes	(37,509,000)	(38,804,000)	(38,747,000)	(39,384,000)	(39,010,000)
Transfers from other Gov'ts	(3,700,000)	(3,700,000)	(3,628,000)	(3,772,000)	(3,530,000)
Interest Revenue	(6,806,900)	(7,099,200)	(7,404,200)	(7,309,000)	(7,307,500)
Fee Revenues	(4,575,000)	(4,682,700)	(4,922,700)	(4,719,700)	(4,875,000)
Other Revenue	(19,617,100)	(18,862,000)	(19,163,400)	(18,585,500)	(19,087,700)
Fiscal Services Total	(551,521,400)	(568,861,000)	(574,881,800)	(588,847,600)	(585,921,100)
Business Unit Revenues	(172,484,800)	(173,986,200)	(172,777,001)	(175,082,900)	(174,078,800)
Municipal Total	(724,006,200)	(742,847,200)	(747,658,801)	(763,930,500)	(759,999,900)

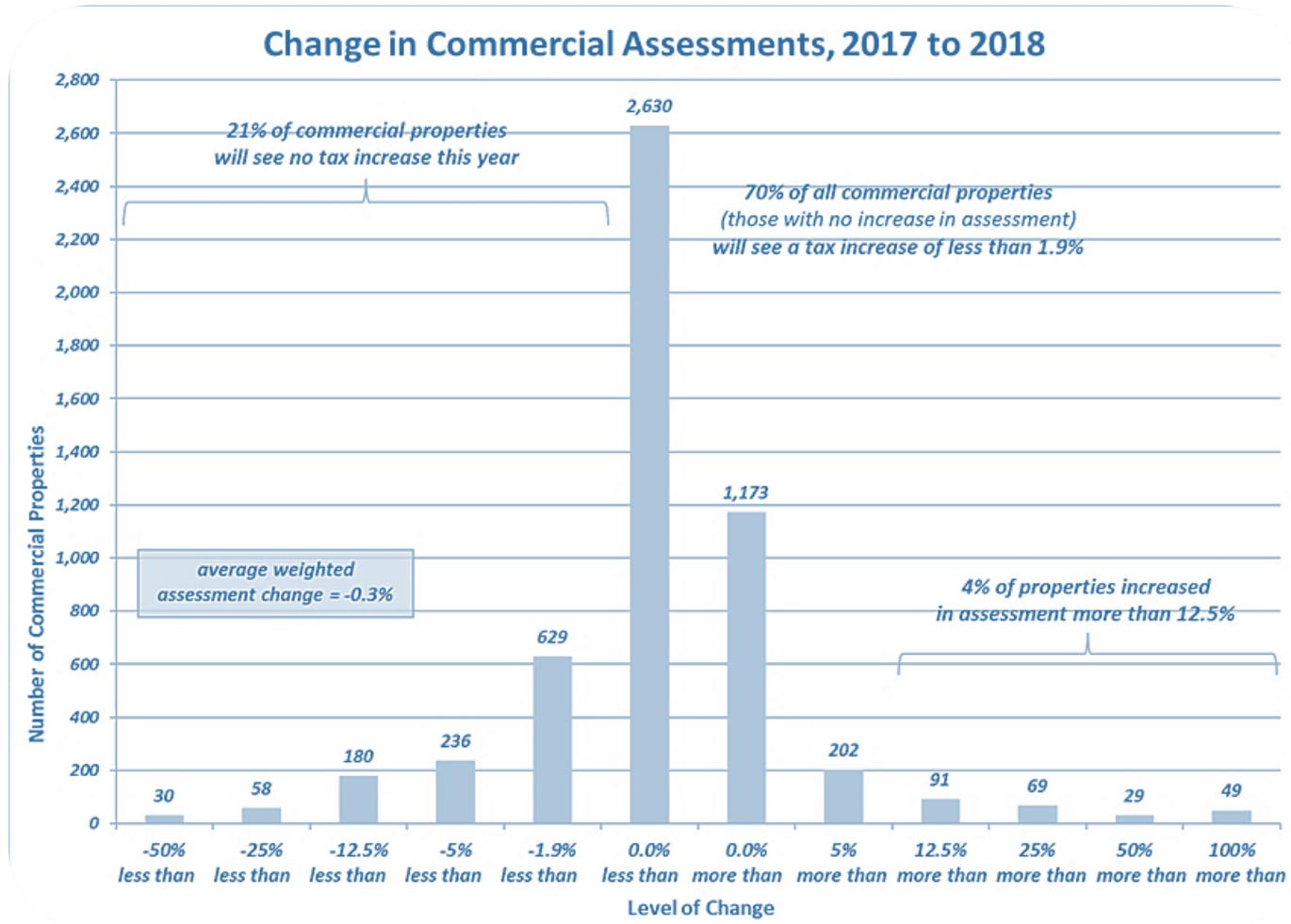
Residential and Commercial Assessment (Annual Rate of Change)



Commercial Assessment, Real GDP (Annual Rate of Change)



Changes in Commercial Assessments 2017-18



Recommended Average Tax Bill

Residential	Average Taxable Value	Rate (Urban)	Bill (Rate X Value)
2017	\$231,300	\$0.813	\$1,880
2018	234,500	\$0.817	\$1,916

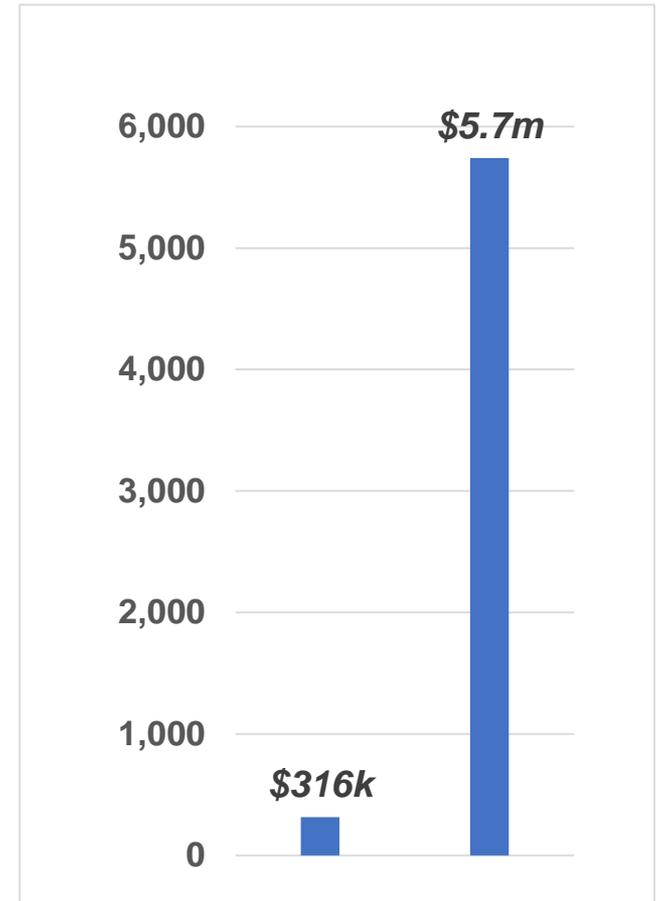
1.9% Increase or \$36 per home

Commercial	Average Taxable Value	Rate (Urban)	Bill (Rate X Value)
2017	\$1,445,000	\$2.869	\$41,457
2018	\$1,401,000	\$2.924	\$40,965

1.2% Decrease or \$492 per property

Small vs Large Commercial Taxpayers

- The average commercial property declined 3% in value. But there was a significant split between the smaller and the larger properties.
 - The average value for those under \$1.25m didn't change.
 - The average for the top 20% fell by 3.8%.
- We have a choice:
 - Raise the rate by 4.9%, keeping overall average taxes at 1.9%.
 - Recommendation: Base the tax rate on the average for smaller properties and adjust the rate by less.



Recommended Average Tax Bill Small vs Large Commercial Taxpayers

Small Properties (Bottom 80 Percent)	Average Taxable Value	Rate (Urban)	Bill (Rate X Value)
2017	\$316,220	\$2.869	\$9,072
2018	\$316,150	\$2.924	\$9,244

1.9% Increase or \$172 per property

Commercial (Top 20 Percent)	Average Taxable Value	Rate (Urban)	Bill (Rate X Value)
2017	\$5,960,000	\$2.869	\$170,992
2018	\$5,740,000	\$2.924	\$167,838

1.8% Decrease or \$3,154 per property

Recommended Tax Rate Changes

Tax Rate (\$)	2017-18	2018-19	Change
Residential			
Urban	0.667	0.673	.006
Suburban/Rural	0.634	0.640	.006
Local + Regional	0.146	0.144	-.002
Commercial			
Urban/Suburban	2.869	2.924	.055
Rural	2.542	2.591	.049

Other Tax Rates

Stormwater Right-of-Way Charge

- By-Law completed September, 2017
- Increase of \$1 per account, from \$39 to \$40

Supplementary Education

- MOU expires March 31, 2019.

Fire Protection – \$7.1M

Provincial Area Rates

- Final amounts not official, will be set as an Area Rate:
 - Halifax Regional School Board \$140.3M
 - Correctional Services \$6.75M
 - Property Valuation (PVSC) \$7.0M
 - Metropolitan Regional Housing Authority \$3.5M

Total Municipal Expenditures

Expenditures	16/17 Budget	17/18 Budget	17/18 Projection	18/19 Approved in Principle	18/19 Proposed
Compensation and Benefits	14,193,700	17,126,900	17,126,900	26,397,700	7,532,800
Office	17,800	20,100	20,100	20,100	20,100
External Services	1,230,300	873,000	523,000	1,552,000	2,152,000
Supplies	5,800	6,100	6,100	6,100	6,100
Building Costs	122,950	221,700	221,700	221,700	321,700
Equipment & Communications	15,600	18,000	18,000	18,000	18,000
Other Goods & Services	2,079,050	5,387,100	5,623,300	9,946,800	3,403,100
Interdepartmental	140,000	141,000	491,000	145,000	145,000
Debt Service	45,495,100	43,284,500	43,012,400	45,468,700	41,220,200
Grants	569,000	1,039,000	1,138,200	769,000	992,000
Tax Relief	5,655,000	6,555,000	6,555,000	6,570,000	6,635,000
Reserves	21,617,200	20,439,600	20,340,400	18,672,600	15,599,200
Capital from Operating	32,280,000	27,654,500	27,654,500	31,551,000	31,310,000
Other Fiscal	36,747,700	39,437,200	41,034,500	40,352,600	40,621,800
Fiscal Services Total	160,169,200	162,203,700	163,765,100	181,691,300	149,977,000
Business Unit Expenditures	563,837,000	580,643,500	583,893,701	582,239,200	610,022,900
Municipal Total	724,006,200	742,847,200	747,658,801	763,930,500	759,999,900

Capital from Operating

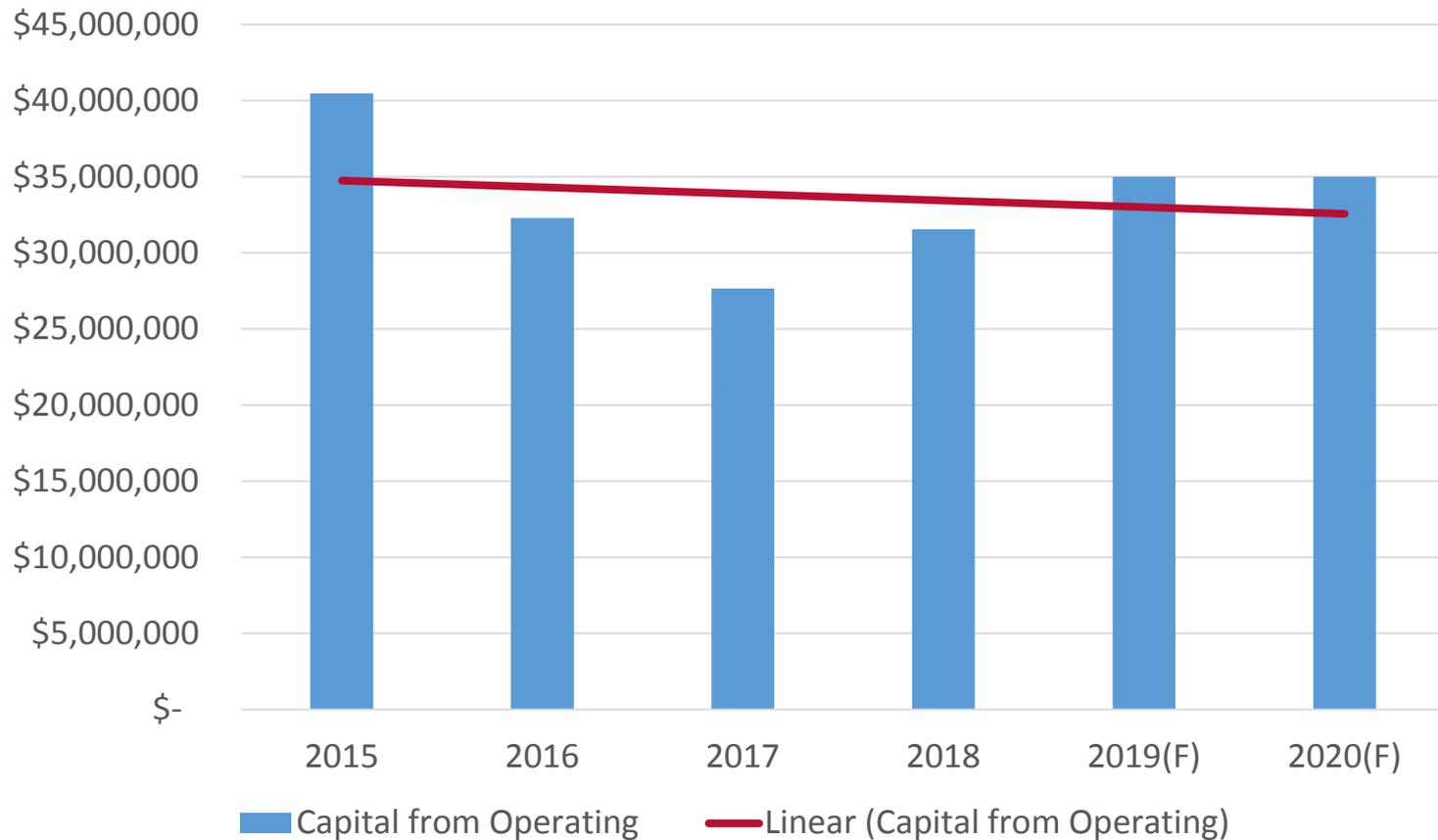
Strategy: Shift funding from Debt to Capital from Operating.

Targets:

- Outstanding debt per dwelling unit declines 3 per cent per year.
- Capital from Operating per dwelling unit increases 3 per cent + CPI per year

State of Good Repair is approximately 67 per cent of the total Capital Budget. The goal is to use Capital from Operating for all State of Good Repair projects, due to their shorter-term nature.

Long Term Trends: Capital from Operating



Municipal Debt

HRM budgets for both principle and interest costs

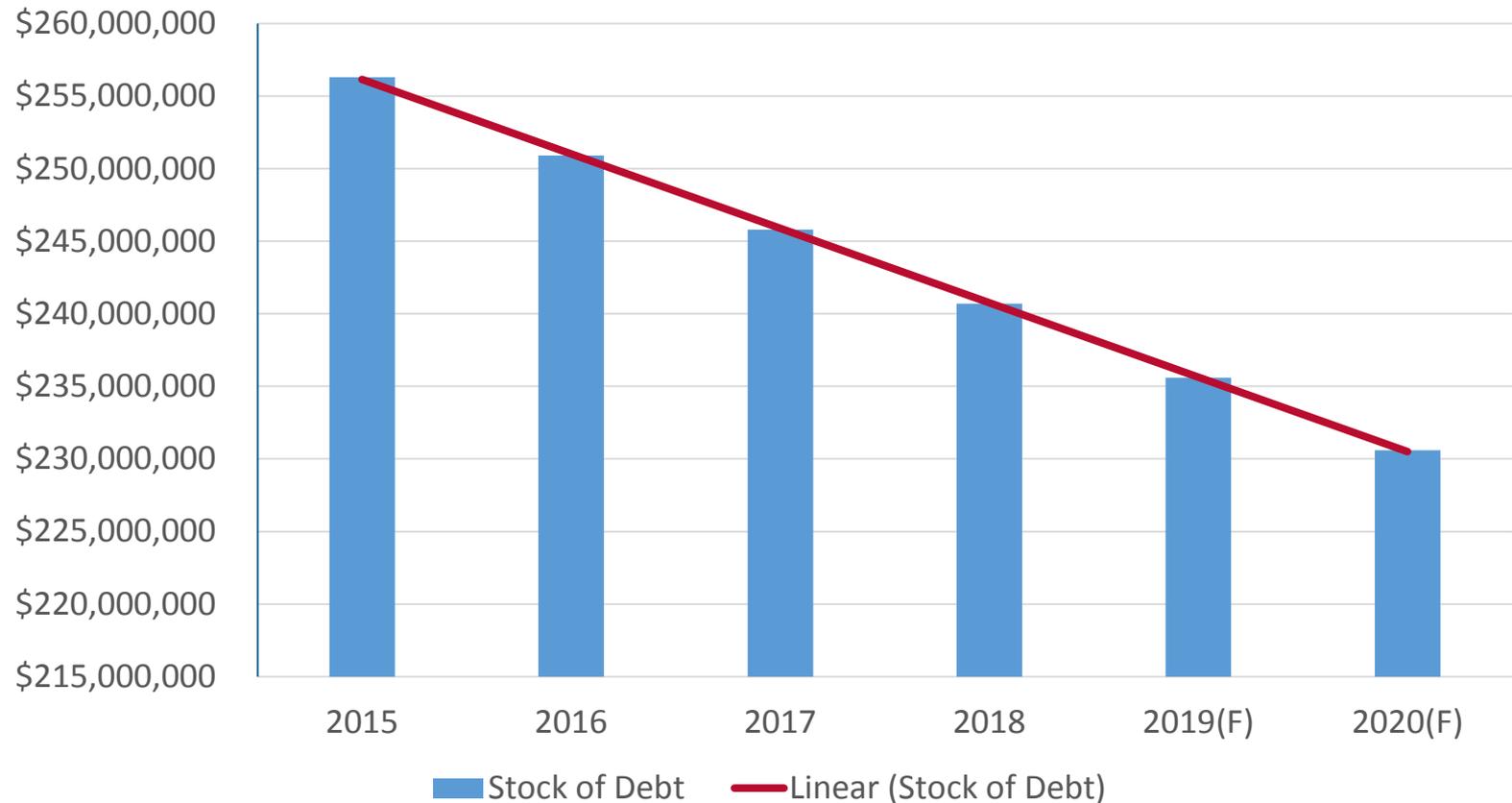
Debt is a longer-term financial tool.

- Lower debt stocks may imply
 - Assets are deteriorating
 - Cost of maintaining assets are increasing.
 - Opportunity costs.
- Higher stocks of debt may place financial pressure on future tax rates.
 - Attractive if used for productive/efficient capital spending.

HRM has capacity to borrow, however

- Future debt payments will put pressure on current tax take.

Long Term Trends: Municipal Debt



Reserves

The Gross balance of Reserves is \$202.15m (as of December 31, 2017). The Net Available balance is projected to be \$85.16 million (as of March 31, 2018).

HRM has 20 reserves, with Council approved business cases. There are three categories of reserves:

- To offset **Risk** - \$16.08m (projected for March 31st, 2018)
- To save for **Future Obligations** - \$31.5m (projected for March 31st, 2018)
- To provide for **Opportunity** - \$37.53m (projected for March 31st, 2018)

Update: Halifax Convention Centre

- Taxes from Nova Centre go into a HCC Reserve. The reserve pays HRM's share of annual costs (50%):
 - Nova Centre assessed at \$200m but is under appeal. Value is expected to grow as full complex is completed.
 - Convention centre portion is under tax agreement.
- Final HCC budget must be approved by both the Province and Regional Council.
 - 2018-19 budget is estimated at \$7.5m for HRM. Will be fully funded from reserve for 2018-19.
 - In 2019-20 the reserve is likely insufficient to fund the HCC budget.
 - Transition issues under review

Other Updates

- **District Capital and Discretionary** – Proposed AO is being revised as discussed at Council.
 - Budget rounded to \$4,500 per Councillor
- **Grants Review** – Principles are before Regional Council for consideration.
- **Area Rate Review** – Staff returning on Area Rates and Grants and Capital Projects.
- **Stormwater Rate** – Information report tabled should Council wish to debate. Rate increase of \$1 in 2018-19.
- **Supplementary Education** – MOU expires at end of 2018-19.

Pressures and Risks

- 2018-19 Budget is balanced.
 - Anticipated Year 2 pressures in 2017-18 and were able to prepare. Otherwise, tax increase may have been larger.
- Heading for Next Two Year Cycle (19-20 and 20-21):
 - Additional collective agreement increases
 - Fuel Prices subject to change
 - Grant requests (number and amount)
 - Capital Budget
 - Halifax Convention Centre
 - Sustaining Deed Transfer Tax revenues
 - Overall economy strong but Commercial tax base will likely remain flat

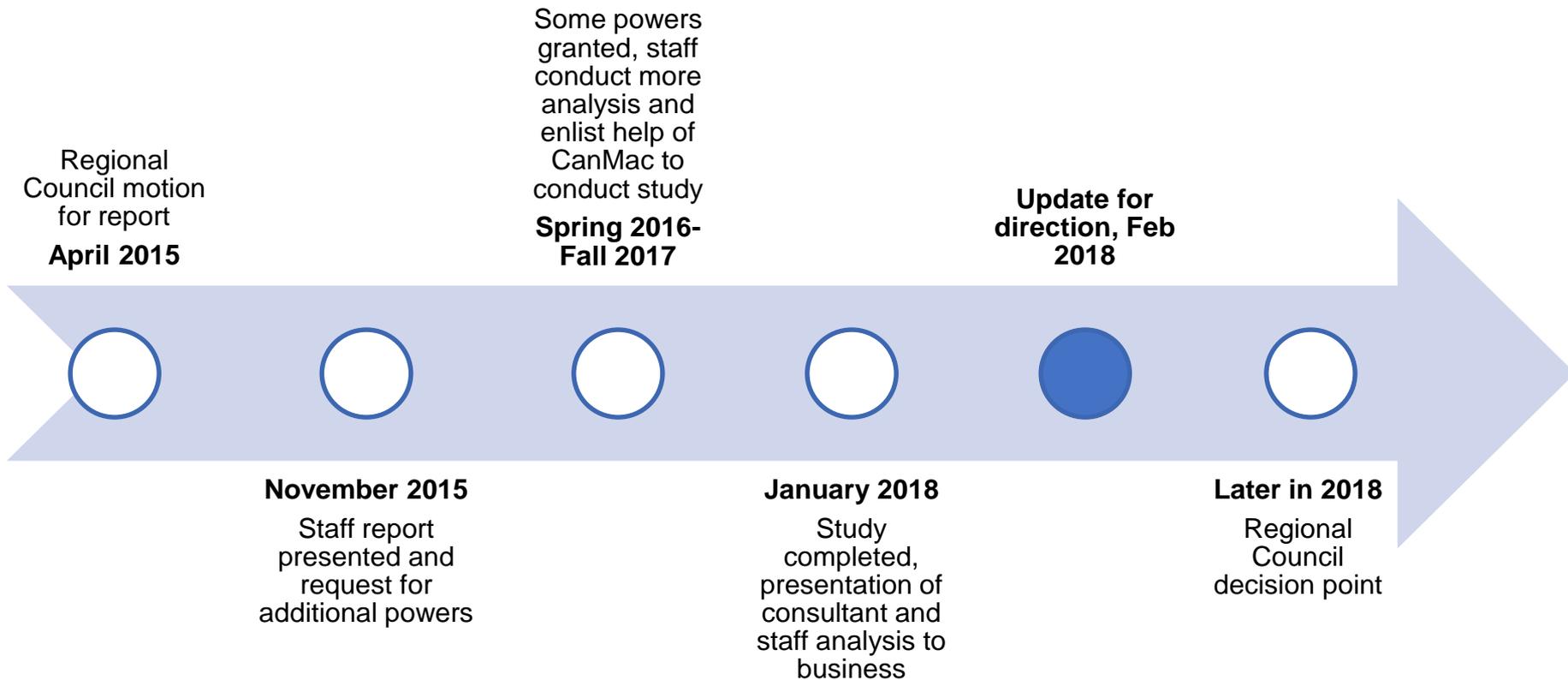
Commercial Tax Structure Update

Original Motion

Request a “*staff report and recommendations for potential changes to the commercial tax structure and for implementation approaches that shall:*

- *Address concerns regarding small and independent businesses*
- *Outline options to address these issues*
- *Contain pros and cons of various courses of action.”*

Timeline



What “is” allowed under current property tax law

- Municipality has legal authority to tax by:
 - Property values
 - Geographic area
 - Size of property (e.g. square footage, land size)
 - Frontage
 - Combination of above, including:
 - multiple rates
 - surtaxes
 - Deductions
- Ability to phase assessment up to ten years

What “is not” allowed under current property tax law

- No legal authority to tax by
 - Size of the business (vs property)
 - Type of business (e.g. retail, high tech)
 - Type of property (e.g. warehouse, office tower)
 - Sales, profits or revenues
 - Ownership (local vs elsewhere)
- Cannot tell a landlord how much tax to collect from their tenants.
- Cannot exempt businesses from property tax (Heritage District an exception).

Conclusions of Economic Study

- Commercial property tax is a relatively low share of firm costs.
- Econometric simulation showed no material impact on investor behaviour by dropping the commercial tax rate substantially. May differ within sub-groups.
- Service costing (marginal cost pricing) would be optimal. Requires determining the cost of servicing each commercial property.
- Selective incentives for economic development may be desirable.

Four critical success factors

- 1) Agreement as to an equitable or “fair” way to pay tax.
- 2) Well defined objectives: **How will we know a changed tax system is successful?**
- 3) Options identified for achieving that success.
 - Acceptance that for some properties to pay less tax, other properties must pay more tax.
- 4) Ability to administer
 - Understandable to business

Options for Tax Changes (Success and Consequences)

- Small Properties (Geographic) >>
 - Special Main Street Tax Rate
 - Special BIDC Tax Rate
 - Special Tax by Zone
- Small properties (Multi-Tier Taxes) >>
 - Lower Taxes for First \$ of Assessment
 - Lower Taxes for Higher Taxed Business
 - Square Footage Tax
 - Max Tax
- Development >>
 - Frontage Tax
 - Land Tax (by Size)

Hypothetical Examples

\$230k Value =
\$8k Tax



grocery store

\$26m Value =
\$863k Tax



\$1.4m Value =
\$46k Tax



\$12m Value =
\$398k Tax

\$230k Avg Value
= \$2,700 Tax

\$2.3m Value =
\$76k Tax



\$2.5m Value =
\$83k Tax



\$750k Value =
\$25k Tax



Success and Consequences: Special Main Street Tax Rate

- What is it and Why Consider It?
 - Lower taxes for business on main streets
 - Small local business are often on the main street
 - Taxes appear higher on arterial and main roads
 - Links to vibrancy, planning
- Considerations:
 - What is a “main street”
 - Presumably includes side streets
 - Which properties are “in” vs “out”
 - Those “out” pay higher taxes
 - Requires clear objectives and consistent boundary definition

Small Properties >> Main Street (Reduce Main Street Taxes by 50%)

\$8k Tax
(\$5.3 per Sq. Ft)
Extra \$500



grocery store

\$863k Tax
(\$6.6 per Sq. Ft)
Extra \$60K

\$46k Tax
(\$4.6 per Sq. Ft)
Extra \$4K



\$398k Tax
(\$3.1 per Sq. Ft)
Extra \$28K

\$83k Tax
(\$10.4 per Sq. Ft)
Saves \$42K



\$25k Tax
(\$2.5 per Sq. Ft)
Saves \$12.5K



\$76k Tax
(\$7.6 per Sq. Ft)
Saves \$38K



Success and Consequences: Create Tax Zones

- What is it and Why Consider It?
 - Create Tax Zones and separate tax rates for
 - Industrial and Business Park(s),
 - Central Business Districts
 - Urban
 - Rural
 - Attempt to match zones to taxes
 - Maximize benefit to small firms
 - Instead of choosing who is “in”, choose who is “out”
- Considerations:
 - Set separate tax rate(s) for each zone
 - Might work better if we could also tax by “type” of property

Small Properties >> Zones

(Urban Taxes reduce 10% Bus Park Offsets)

\$8k Tax
(\$5.3 per Sq. Ft)
Saves \$1K



\$863k Tax
(\$6.6 per Sq. Ft)
No Change

Central Business District

\$46k Tax
(\$4.6 per Sq. Ft)
No Change



\$398k Tax
(\$3.1 per Sq. Ft)
Extra \$19K

Industrial and Business

Urban

\$76k Tax
(\$7.6 per Sq. Ft)
Saves \$7K



\$83k Tax
(\$10.4 per Sq. Ft)
Saves \$8K



\$25k Tax
(\$2.5 per Sq. Ft)
Saves \$3K



Success and Consequences: Multi-Tier (High Value Assessment)

- What is it and Why Consider It?
 - Lower Taxes on Mid-range Assessment
 - E.g., Tax Rate is 0 between \$2m and \$2.2m of value
 - Not all properties receive
 - Higher tax rate over \$2.2m
 - Benefit more valuable to modest-value properties
- Considerations:
 - Leased properties may not get much benefit
 - Should target those with higher tax bills
 - Low value properties shouldn't change
 - Higher value properties increase but not as much as for first \$200k

Small Properties >> Multi-Tier \$

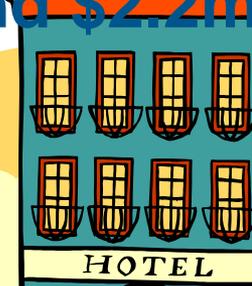
No tax on between \$2m and \$2.2m of assessment

\$8k Tax
1,500 Sq. Ft
=\$5.3 per Sq. Ft
No Change



\$863k Tax
130,000 Sq. Ft
=\$6.6 per Sq. Ft
Extra \$13K

\$46k Tax
10,000 Sq. Ft
=\$4.6 per Sq. Ft
No Change



\$398k Tax
130,000 Sq. Ft
=\$3.1 per Sq. Ft
Extra \$2K

\$76k Tax
10,000 Sq. Ft
=\$7.6 per Sq. Ft
Saves \$6K



\$83k Tax
8,000 Sq. Ft
=\$10.4 per Sq. Ft
Saves \$7K



\$25k Tax
10,000 Sq. Ft
=\$2.5 per Sq. Ft
No Change



Initial Thoughts from Workshop

- Consensus from participants was difficult. Not ready to commit to any specific tax approach.
- Requested additional workshops on broader tax reform and analysis about what an optimal commercial tax structure looks like.
- There was broad agreement on need to deal with predictability issue on taxes.

Staff Conclusions

- Re Assessment Averaging:
 - Staff believe they may be able to use recent legislative changes (Bill 177) to provide for some form of three year assessment averaging. Requires additional analysis and review. Staff to return this Summer.
- Re: Changes for Small Business:
 - Can achieve some of Council's objectives indirectly through a Main Street Tax, Zone Taxes or a Multi-Tier Tax. There will be some negative consequences.

Possible Council Direction

- Recommendation: Set Urban Commercial Tax Rate at 2.924% as per the current Budget.
 - Continue with business consultation during 2018. Bring forward any recommendations for next budget cycle.
- Option: Delay finalizing the commercial tax rate in favour of a Committee of the Whole on options for this year:
 - Main Street Tax Rate
 - Multi-Tier Tax Rate
 - Zone Tax Rate
 - Other

Questions and Discussion