



# **City of Thorold Capital and Operating Budget 2010**

**A Presentation to Budget Committee of the Whole**

**Prepared by the St. Catharines – Thorold Chamber of Commerce**

**March 23, 2010**

**Good Evening Mayor D' Angela, City Councillors, and members of city staff. My name is Rob DePetris, and I am the President of the Board of Directors of the St. Catharines – Thorold Chamber of Commerce and a Senior Tax Manager at Deloitte. I am joined by Kithio Mwanzia, the Chamber's Policy Coordinator.**

**On behalf of the Chamber, I would first like to thank you for the opportunity to comment on Thorold's 2010 Capital and Operating Budgets.**

**As I am sure you are well aware, the Niagara economy has been in transition for the better part of the past decade. Given the number of jobs lost due to the decline in large-scale manufacturing and a difficult tourism environment, unemployment rates are among the highest in the country at just over 10 per cent.**

**This is an important time to give priority to the needs of private enterprise. A healthy business environment not only helps create employment, it also reduces the burden on current taxpayers by growing the tax base. The St. Catharines – Thorold Chamber of Commerce is a member driven organization representing over 1150 businesses and 28,000 employees. We view it as a responsibility to our members to provide input and direction on municipal and regional budgets to ensure that our members are able to operate in an environment that fosters prosperity and opportunity.**

**Now, before addressing aspects of the budgets directly, we would like to make an observation about this year's budget process. It would appear that the city has moved away from its engagement of the community in the budget process.**

Unlike previous years, in which the budget process in Thorold was a model for public engagement and development, this year's truncated process has made it more of a challenge to participate fully in the development of both capital and operational budgets. Moving forward now might be a good opportunity to develop a formal budget policy that guides future councils to ensure consistency and an appropriate timeline for public engagement and input into the budget process.

That being said, the Chamber's staff and our Finance and Taxation Committee have been able to review the draft budget proposals and develop recommendations for the consideration of city council.

First, it's the Chamber position that city council should reconsider using the Hydro Reserve to reduce tax rates. Based on a review of the Operations Budget, the City will be using \$318,000 to reduce the tax rates. This reduction represents approximately 4% of the tax rate. When the Hydro Reserve was created by the sale of Thorold Hydro to Hydro One, city council at the time committed to strategically deploy the funds to support community and business development. Unless the policy has changed, the use of the interest from the funds should not be used to reduce taxes – it isn't the purpose of the fund, and it should not be a solution to lower taxes. If taxes are increasing beyond the rate of inflation, council should direct staff to take a more detailed review of overall city expenses. From our perspective, the use of reserves to cover structural deficits will cost the taxpayer more in the end.

Now, connected to the increases in the operations budget, the Chamber has requested in past presentations to city council that the city create an inventory

**of municipally owned land holdings and buildings as a means to identify property and buildings that can be deemed surplus and sold. The city has taken to create such as list – and we applaud you for taking action.**

**In reviewing the building and land inventory ‘List A’ that is scheduled to come to council on April 6, it must be noted that old city halls are not included on the list. With a surplus of city halls that come with capital and operational expenses for maintenance – it’s time to address the ongoing costs of the buildings. Too many opportunities have passed by the city in dealing with the buildings over the past four years. It is the view of the Chamber that these buildings should be included in the ‘List A’ of lands and buildings deemed surplus. In addition, the funds from the sale of said lands should be directed into capital projects that enhance the quality of life for Thorold residents – it should not be used to keep taxes artificially lower.**

**Now, in reviewing the budgeted allocation for economic development for the city, we’ve noted that is been reduced for each year of the past three years. The amount has gone from \$15k to \$5k to this year’s allocation of \$6k. Although we understand that the city and Niagara Economic Development Corporation have worked on a web site to attract economic investment in Thorold, we believe that a stronger partnership with St. Catharines Economic Development Office would accelerate economic growth in the city.**

**Using the model of Thorold’s service agreement with St. Catharines Transit as a means to efficiently provide public transit for the community, we urge the city to develop a similar model for economic development with St. Catharines. Combined with the St. Catharines Small Business Enterprise Centre, which is**

**mandated to serve Thorold as well, an integrated economic development agreement between the two cities will create an effective and efficient system that will benefit local businesses and attract much needed investments to the city. The tools are there in St. Catharines – it's time council made the investment into economic development that will create real results.**

**Finally, when it comes to growth and prosperity, some believe that growth should pay for growth. Although we are not here to debate that point – we would like to address the issue of applying development charges for public institutions. Last year this council voted to increase development charges for public institutions. With post secondary development expanding in Niagara – we questioned the reasoning of this measure last year, and we bring it up again tonight. There are opportunities for redevelopment in downtown Thorold, as well as areas close to Brock University, and in each case the developments could be led by public institutions. Tonight, we are asking council to take the steps to remove development charges on public buildings. Although not a budget item – the longer term impact of this policy on the prosperity of the city could impact future budgets.**

**In conclusion, we would like to thank the Chamber's Finance and Taxation Committee, the Executive Committee and Chamber staff for their work on this presentation. We hope you will consider our recommendations as council deliberates the budgets tonight.**

**We thank you again for providing us the opportunity to speak this evening and we look forward to your questions.**

**Thank you**