

CORRIGAN'S CORNER

“Hard choices needed to limit tax increase and maintain essential services”

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At this time of government cut backs, down loading and economic uncertainty it is budget time for the City of London. The Civic Administration has proposed a City operating budget of \$536.1 million with a property tax increase of 5.7 % to maintain current service levels in 2002 as in 2001. The proposed Capital Budget is \$143.0 million. This includes \$86.3 corporate budget, \$13.4 million water and \$43.3 million capital investment in sewers.

City staff also presented two alternative budgets. The first called for a 6.5 % increase which would maintain current service levels and would provide for additions to environment services, children's programs, services to lower income families and support for growth in recreation. The second alternative called for an increase of 7.7% which would build on the above budget with further enhancements' for environmental programs, community services and recreation facilities.

Nobody likes a tax increase. A 5.7% increase, if approved, would amount to a \$113.58 tax increase on a property valued at \$134,000. This amounts to \$94.38 property tax increase and \$19.20 increase on the sewer improvement tax. In order to reduce the tax increase by 1 per cent \$2.8 million would have to be cut from the operating budget.

According to a recent study published in the Toronto Star a comparison of municipal taxes showed that London compared very well for a similar valued single family home. The tax rates were as follows: Oakville - \$3,673; Toronto - \$3,641; Pickering - \$3,299; Burlington - \$3,203; Oshawa - \$2,871; Vaughan - \$2,361 and London - \$2,169.

This year's budget includes a large number of mandatory cost items including Police Services, Social Housing, Public Health, Ontario Works and Land Ambulance billings. For example the Police Budget totals \$45,442,000 and is largely set by provincial legislation and provincial standards. The Community Services net operating budget is \$50,454,000. This budget area covers Social Assistance, the Deerness Home, public health, fire protection, recreation services and maintaining recreation facilities.

Other large operating budget items include \$41.9 million for water and \$35.3 for sewers. The Library operating budget is \$12,310,000. The London Transit Commission operating budget is \$14,250,000. The Middlesex Health Unit's operating budget is \$5,557,000. All of these expense areas are important to the continued vitality and safety of our community.

Much of the above expenditures are mandatory, i.e., legislatively or contractually required. On the operating side \$282.3 million is mandatory. Only \$11.4 million is considered discretionary. It does not leave a lot of room to maneuver or to cut the budget.

After many years of austerity the City has recently made several major capital investments including the 4 pad arena at the Western Fairgrounds, the new Downtown arena, the new Central Library and the new Westmount library. Long delayed upgrading of arenas', including Earl Nichols, refurbishing Storybook Gardens and Springbank Park have been made. Much of this new infrastructure was desperately needed.

These investments will have some cost implications, however, as they are capitalized through debentures, much like a mortgage, the payments are spread out. The City normally retires these debentures over 7-10 years. The cost to service one million of capitalized debt at 6% is \$135,868 per year over ten years.

City Council will have to make hard choices in trying to limit tax increases while maintaining essential services. I would like to hear your thoughts on the budget and other civic matters. I can be reached at (o) 661-1558 or (r) 652-0973.