

Assessment Services 2008 Budget Document

Section I. Existing Services and Service Levels:

Through the Assessment Services program the Region of Peel provides funding to the Municipal Property Assessment Corporation (MPAC) which administers the province-wide property assessment service for municipalities. Each year, MPAC prepares an assessment roll for every Ontario municipality which provides the assessed value of all the properties in a municipality. It also prepares supplementary assessment lists, which municipalities use to add in-year tax revenue from new construction or major alterations to properties.

MPAC is funded by municipalities. The funding formula is set in legislation and allocates MPAC's costs to upper-tier and single tier municipalities using a formula based on assessment value and the number of properties of each municipality as a per cent of the provincial totals. Each element in the allocation formula is assigned a 50 per cent value in order to strike a balance between the number of properties and the value of assessment in each municipality.

Section II. Resources to Deliver 2007 Services:

Current \$'000	2006 Actual	2007 Budget	2007 Projection	2007 Variance Under/(Over)
Total Expenditures	\$13,421	\$14,279	\$14,279	\$0
Total Revenue	\$0	\$0	\$0	\$0
Net Cost	\$13,421	\$14,279	\$14,279	\$0

2007 Budget:

The total budget is \$14.3 million, of which \$14.2 million is the MPAC allocation based on the funding formula and \$0.1 million is for internal charges for staffing resources dedicated to property tax and assessment policy issues. The allocation to Peel represents 8.93 per cent of the MPAC 2007 budgeted costs.

2007 Projection:

No variance from budget is expected for 2007.

Section III. Performance Measurement/Benchmarking:

Not applicable to this program.

Section IV. 2008 Base Pressures:

Peel's portion of MPAC's costs has increased by 5.73 per cent annually over the past five years. This trend is expected to continue due to MPAC internal cost pressures as well as the allocation formula which unfavourably impacts higher growth municipalities like Peel. For 2008, it is estimated that Peel's portion of MPAC costs is expected to increase by 5.5 per cent.

Section V. Cost Mitigation Through Efficiencies and Recoveries:

Funding of assessment services through MPAC is legislated. Municipalities do not have an option to pursue other service delivery alternatives.

Section VI. Challenges and Emerging Trends:

On March 28, 2006 the Provincial Ombudsman submitted a report entitled "Getting it Right". The report was the result of an investigation into whether the MPAC process of valuing properties was fair and transparent. The report contained 22 recommendations that addressed these concerns. In its response to the report, MPAC agreed that 20 of the recommendations were its responsibility. MPAC stated that it could implement 17 of the recommendations fairly quickly and with minimal impact while the other three would require substantial time and resources to complete. The remaining two recommendations were identified as being the responsibility of the provincial government. On June 29, 2006 the Minister of Finance announced that the scheduled property reassessments for the next two years would be cancelled in order to allow for full implementation of the Ombudsman's recommendations to Ontario's property assessment system. The next reassessment is scheduled for the 2009 taxation year using January 1, 2008 values.

The provincial government announced in the 2007 Ontario budget that residential property reassessment related to increases would be phased-in over four years, starting in 2009. The phase-in program will be administered by MPAC who will adjust the assessment values of residential properties to affect the phase-in.

Section VII. 2008 Program Pressures – Current:

Peel's allocation of the MPAC 2008 budget costs is expected to increase by 5.5 per cent over 2007 levels. This estimate is based on historical trends for MPAC budget costs as well as the provincial allocation formula that penalizes high growth municipalities.

Section VIII. 2008 Program Pressures – Capital:

Not applicable to this program.

Section IX. 2008 Summary:

Budget Summary \$'000s	2007 Budget	2007 Projection	2008 Proposed	2009 Forecast	2010 Forecast
Current Budget – Total Expenditures	\$14,279	\$14,279	\$15,056	\$15,800	\$16,600
Current Budget – Total Revenue	\$0	\$0	\$0	\$0	\$0
Current Budget – Net Cost	\$14,279	\$14,279	\$15,056	\$15,800	\$16,600

Future Outlook:

2009 and 2010 Current Budget:

It is expected that Peel share of MPAC costs will continue to grow due to inflation as well as the mandated allocation formula. Based on historical trends, the 2008 and 2009 increases are expected to be in the area of five per cent annually. Additionally, MPAC has indicated that its costs will be significantly impacted by the implementation of the Ontario Ombudsman’s recommendations to improve its operations. MPAC estimates that it will incur annual incremental costs of \$15.5 million by 2009 due to these improvements. Of this total, \$2.2 million relates to the 17 recommendations while \$13.3 million relates to the remaining three. Peel’s portion of the total incremental cost is expected to be \$1.4 million. At this time it is expected that most of this annual incremental cost will be incurred starting in 2009. The future outlook is summarized as follows:

2009 \$15.8 million

2010 \$16.6 million

Service Level Contract for 2008:

The 2008 Current Budget for Assessment Services is \$15.1 million.

This is an increase of \$0.8 million over the 2007 approved budget. The final cost for Peel will be known in January 2008 when the MPAC Board is expected to approve the 2008 budget.

Section X. Pressures not included in 2008 Budget:

Not applicable to this program.

Appendices:

- Appendix I 2008 Current Pressures
- Appendix II 2008 Capital Overview – N/A
- Appendix III Existing Capital Project List – N/A
- Appendix IV 2008 New Capital Detail – N/A
- Appendix V Ten Year Capital Plan – N/A
- Appendix VI Performance Measures/Benchmarks – N/A
- Appendix VII Staffing Information – N/A
- Appendix VIII User Fees – N/A

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**APPENDIX I
ASSESSMENT SERVICES
2008 CURRENT PRESSURES (\$'000)**

	Assessment Services		
	Total Expenditures	Total Revenue	Net Cost
2007 Revised Cost of Service	14,279	-	14,279
Annualizations - Section IV - N/A	-	-	-
<i>Subtotal</i>	-	-	-
Cost of Living Increase/Inflation - Section IV			
Inflation	777	-	777
<i>Subtotal</i>	777	-	777
Efficiencies - Section V - N/A	-	-	-
<i>Subtotal</i>	-	-	-
Recoveries - Section V - N/A	-	-	-
<i>Subtotal</i>	-	-	-
2008 Base Changes	777	-	777
Growth - Section VII - N/A	-	-	-
<i>Subtotal</i>	-	-	-
Service Demand - Section VII - N/A	-	-	-
<i>Subtotal</i>	-	-	-
Subsidy and Fee Changes - Section VII - N/A	-	-	-
<i>Subtotal</i>	-	-	-
Other - Section VII - N/A	-	-	-
<i>Subtotal</i>	-	-	-
2008 New Pressures	-	-	-
Total 2008 Pressures	777	-	777
2008 Recommended Cost of Service	15,056	-	15,056

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