

**Assessment Services
2009 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 2008 Services:

Current \$'000	2007 Actual	2008 Budget	2008 Projection	2008 Variance Under/(Over)
Total Expenditures	\$14,274	\$14,871	\$14,871	\$0
Total Revenue	\$0	\$0	\$0	\$0
Net Cost	\$14,274	\$14,871	\$14,871	\$0

2008 Budget:

The total budget is \$14.9 million, of which \$14.8 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 8.96 per cent of the MPAC 2008 budgeted costs.

2008 Projection:

No variance from budget is expected for 2008.

Section III. Performance Measurement/Benchmarking:

Not applicable to this program.

Section IV. 2009 Base Pressures:

Peel's portion of MPAC's costs has increased by 5.51 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 2009, it is estimated that Peel's portion of MPAC costs is expected to increase by 3.5 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:

Property taxation for 2009 will be based on January 1, 2008 assessment values. This is the first reassessment under the new rules announced by the Ontario government. Reassessments will now be scheduled on a four year cycle. This means that January 1, 2008 assessment values will be used for the 2009 through 2012 taxation years. Additionally all reassessment increases will be phased-in (i.e. 25% in each year) during this four year period. The phase-in program will be administered by MPAC who will adjust the annual assessment values of properties to affect the phase-in. The phase-in is designed to assist those taxpayers facing reassessment related tax increases by cushioning the impact over a four year period rather than the one year previously. All reassessment decreases will be implemented in the first year of the reassessment period.

Section VII. 2009 Program Pressures – Current:

Peel's allocation of the MPAC 2009 budget costs is expected to increase by 3.5 per cent over 2008 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. 2009 Program Pressures – Capital:

Not applicable to this program.

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Section IX. 2009 Summary:

Budget Summary \$'000s	2008 Budget	2008 Projection	2009 Proposed	2010 Forecast	2011 Forecast
Current Budget – Total Expenditures	\$14,871	\$14,871	\$15,377	\$16,150	\$17,000
Current Budget – Total Revenue	\$0	\$0	\$0	\$0	\$0
Current Budget – Net Cost	\$14,871	\$14,871	\$15,377	\$16,150	\$17,000

Future Outlook:

2010 and 2011 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 2010 and 2011 increases are expected to be in the area of five per cent annually. The future outlook is summarized as follows:

2010 \$16.2 million
2011 \$17.0 million

Service Level Contract for 2009:

The 2009 Current Budget for Assessment Services is \$15.4 million.

This is an increase of \$0.5 million over the 2008 approved budget.

Section X. Pressures not included in 2009 Budget:

Not applicable to this program.

Appendices:

Appendix I	2009 Current Pressures
Appendix II	2009 Capital Overview – N/A
Appendix III	Existing Capital Project List – N/A
Appendix IV	2009 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
2009 CURRENT PRESSURES (\$'000)**

	Assessment Services		
	Total Expenditures	Total Revenue	Net Cost
2008 Revised Cost of Service	14,871	-	14,871
Annualizations - Section IV - N/A <i>Subtotal</i>	-	-	-
Cost of Living Increase/Inflation - Section IV Inflation	506	-	506
<i>Subtotal</i>	506	-	506
Efficiencies - Section V - N/A <i>Subtotal</i>	-	-	-
Recoveries - Section V - N/A <i>Subtotal</i>	-	-	-
2009 Base Changes	506	-	506
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>	-	-	-
2009 New Pressures	-	-	-
Total 2009 Pressures	506	-	506
2009 Recommended Cost of Service	15,377	-	15,377