PRESENTATION TO HAMILTON COUNCIL

2014 Municipal Budget
Tuesday, February 25, 2014

First of all, thank you for allowing me - on behalf of the Flamborough Chamber of Commerce (FCC) - to share some thoughts as you address the challenges of finalizing the 2014 Hamilton Municipal Budget.

Let me reiterate upfront that the FCC is determined to be a constructive partner in promoting the best interests of the entire city. There is no better example of that than the joint, unanimous submission to Council (formulated after some two years of regular meetings) by the Flamborough, Hamilton and Stoney Creek Chambers of Commerce on the contentious issue of 'area rating.' Many of our recommendations were incorporated in the ultimate Council decision that was championed by Councillors Collins and Powers. And guess what? You don't hear about area rating anymore. Why? Because at its core, your decision was FAIR!!

I have been asked frequently how the seeming impossible (three separate and independent chambers of commerce representing very divergent parts of the city) could arrive at a unanimous submission. This is my answer:

1. Amalgamation angst notwithstanding, we were all passionately committed to 'city building.'
2. We had an extraordinary chair – Dr. John Knechtel of Ancaster.
3. We respected each other, meaning we listened carefully and spoke thoughtfully.
4. And – perhaps most importantly – we 'parked' our local – and frequently narrow – partisan positions outside the door of the meeting rooms.

All of the above brings me to this submission.

There was an opinion column published yesterday in the ***National Post*** under the title of '***The myth of the poor municipality***.' There is much food for thought in the column, but allow me to focus on just the following quote:

"Instead of asking for more money, municipalities need to start controlling their spending. ***Consider that while population in Canadian municipalities has grown by 12% since 2000, inflation-adjusted spending over the same period has exploded by 55%****. These are national numbers, but whether you are talking about Vancouver, Calgary, Toronto, Ottawa or Montreal, the profile is similar, with inflation-adjusted spending growth far outpacing increases in population.* ***Municipalities that don't fit this profile are the exception, and should be applauded.****"*

I draw your attention to the last line. Time restraints didn't allow me the opportunity to research the specific numbers for Hamilton, but I intend to do so in the coming weeks. And the FCC will be the first to "applaud" if Hamilton is the "exception" and "doesn't fit the (national) profile."

The FCC doesn't have the resources to conduct a line-by-line review of the proposed 2014 Hamilton Budget. Instead, I would like to focus on a single line item - with the hope it is an anomaly rather than the rule.

For the most part, the issue flew below the radar screen.

You may recall that last year, Council decided to hike the fee for a rezoning application by an incredible 70% – from $5,930 to $10,275. And that's just for a "simple" application. The costs for a "complex" application are even more. And many rezoning applications relate to new commercial and industrial investment options.

We acknowledge the argument that applications should be "revenue neutral" (ie: all – mostly staff – costs are to paid for by the applicant and not by existing taxpayers). But perhaps we need a change in direction. Maybe we should look at application costs as "investments" that will result in significant "dividends" (ie: new jobs and taxes) in the future.

Let's also not forget that commercial and industrial tax rates are some three and four times that of residential rates. And the message we are hearing is that Hamilton taxpayers – at all levels and in all categories and in all communities – are "maxed out."

We share your concern about the imbalance between residential assessment on the one hand and commercial/industrial assessment on the other. In simple language, the key to solving the fiscal challenges facing Hamilton is to recruit and retain additional commercial and industrial investments – complete with new employment opportunities and additional commercial and industrial tax revenues.

The reality is that the current economy remains fragile. The prolonged recession has had a devastating impact on businesses far and wide – including those in the "new" Hamilton.

Further, we are not only competing with neighbouring municipalities like Burlington, Cambridge and Brantford. We are now competing within the context of global economy, which doesn't recognize international borders, let alone municipal ones.

We agree with the popular opinion that Hamilton is on the cusp of something very special. All the blood, sweat and tears of hard work – complete with its agonies and frustrations – of so many folks (many of them volunteers) over the past two decades is finally starting to bear some fruit.

We want that momentum to continue. ***But increasing rezoning application fees by 70% within current economic realities sends the WRONG message to the commercial and industrial investment community.***

To confirm that Hamilton is indeed "***OPEN FOR BUSINESS***" we recommend – with the utmost of respect – that you revisit the matter of rezoning application fees.

Thank you for your time and attention. If there are any questions, I will be happy to try and answer them.

Arend Kersten
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