



MUNICIPAL PROPERTY ASSESSMENT CORPORATION

December 12, 2016

To: Heads of Council, All Ontario Municipalities
From: Dan Mathieson, Chair, MPAC Board of Directors
Subject: 2017 Budget and Municipal Levy

On behalf of MPAC's Board of Directors, I would like to advise you that the Board has approved the corporation's 2017 budget including a province wide municipal levy increase of 2.65%.

After four years with an agenda focused primarily on finding efficiencies while increasing organizational effectiveness through our 2013-2016 strategic plan, the Board has determined that the organization needs to make additional investment in its core business to ensure we continue to serve our stakeholders going forward.

In looking forward to next year, the requirement for MPAC to support and respond to the Assessment Review Board's (ARB) commitment to improve the appeals process played a critical role in the Board's review of the 2017 budget. Next year, the ARB will be implementing a strategy to eliminate backlogs and complete appeals within the assessment cycle which will have a direct impact on MPAC's staffing and resources. It is anticipated that MPAC will be required to respond to the scheduling of approximately 1,250 appeals per month. We believe the work being undertaken by the ARB will continue to support stability and predictability in Ontario's property assessment and taxation system.

A stable and predictable assessment base is similarly important to the Board and the changes such as disclosure, pre-roll discussions and the extensive outreach activities implemented for the 2016 Assessment Update are a reflection of our commitment. Taking this approach forward and building on it for the 2020 Assessment Update requires the establishment of a larger reserve fund for the 2020 Assessment Update. This requirement has also been reflected in the 2017 budget.

In 2017, MPAC will introduce formal Service Level Agreements (SLA) with municipalities across the province. The 2017 budget reflects the need to right size the number of senior valuation staff in the field to meet the demands of our workload, continue with programs to ensure the quality and consistency of data in our systems and continue to build our pool of accredited valuation experts and professionals.

As context, prior to 2013, the annual levy increase ranged from as low as three per cent to as high as six per cent. Over the last four years, MPAC dramatically enhanced its products and services and achieved \$20 million in savings while maintaining a commitment to an annual levy increase of only 0.95%. The levy increase has taken into account further operational savings and incremental revenues generated through MPAC's business development activities totaling over \$2 million for 2017. The move to a municipal levy increase of 2.65% ensures that going forward MPAC will continue to serve our municipal and government stakeholders as well as the property taxpayers of Ontario through service excellence and product leadership.

The levy amount for each municipality is determined by the levy formula contained within the MPAC Act and will be finalized following the delivery of the 2016 Assessment Roll later this year. Municipalities can expect to receive additional details in the coming weeks with final statements sent in January 2017.

Questions about MPAC's 2017 budget and municipal levy should be directed to Antoni Wisniowski, President and Chief Administrative Officer or Carla Y. Nell, Vice-President, Municipal and Stakeholder Relations.

Yours truly,



Dan Mathieson

Copy Chief Administrative Officers, Chief Financial Officers, Clerks & Treasurers
MPAC Board of Directors