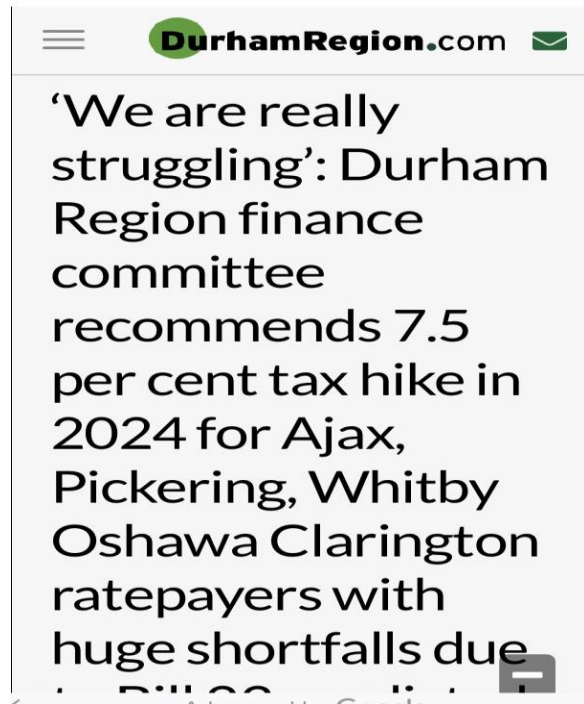


Unsustainable Spending & Property Taxes

Presentation to Durham Regional Council

June 26, 2024

Presented by Mr. Glass



'Taxing people 'til they bleed': Durham Region, Oshawa, Whitby, Pickering, Ajax, Clarington governments say 'enough is enough' to province, feds as local taxpayers bear burden of downloading

'Double-digit increases in years to come' just part of local need to fund growth

I am not here today to fight against you,

**I am here to appeal to you to fight for
Durham residents.**

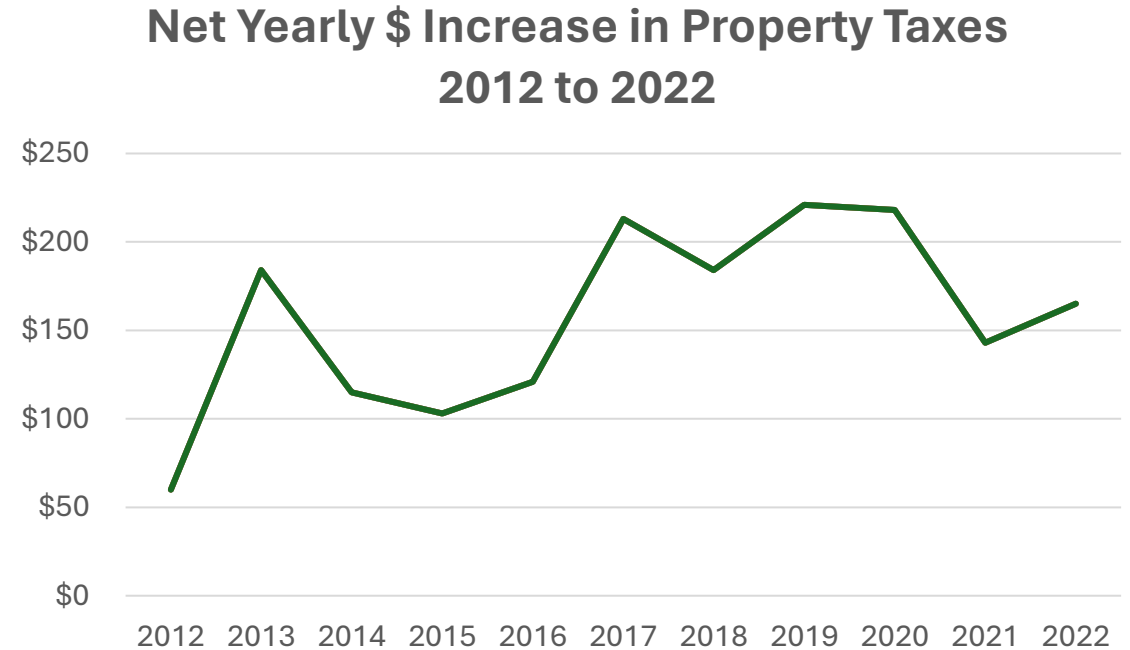
We Are Hurting!

Background

- Two weeks ago on June 11th I delivered this presentation to the Durham Finance & Administration Committee
- I did so out of concern for the past 2 years of spending/tax increases and the forecasted spending you have projected ahead
- I also asked for the opportunity to speak to every Durham Mayor and Regional Councillor today
- I do so because I want to call on each of you to show leadership by putting Durham Residents first by reigning in spending and limiting future property taxes to 3%

My Property Tax Story – 2012 to 2022

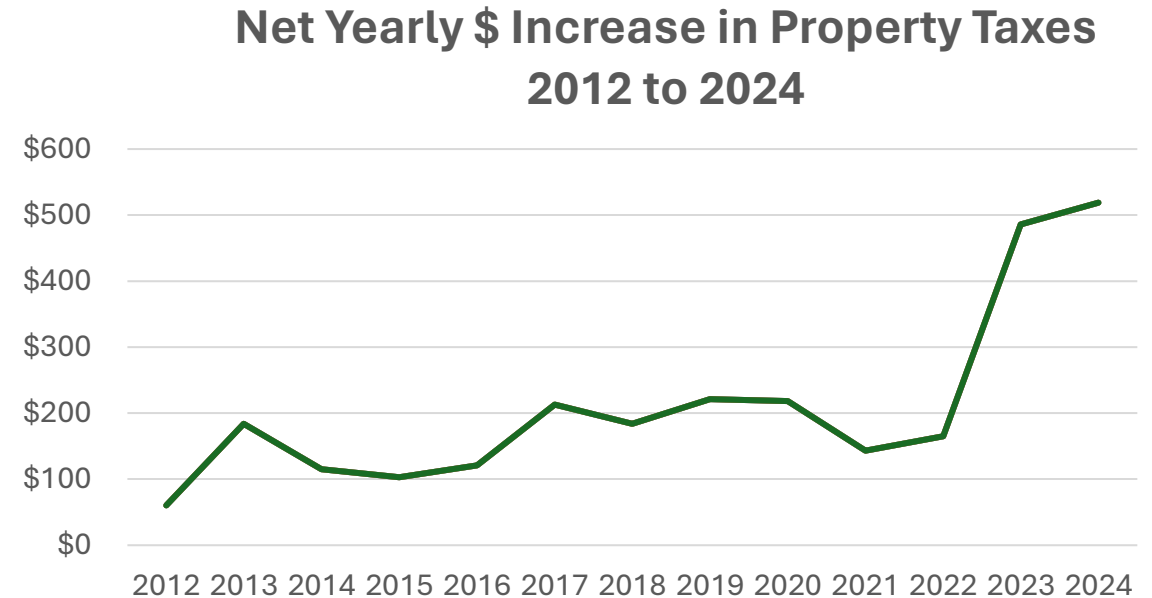
| Year | Net \$ Increase | % Increase |
|-----------------------|-----------------|--------------|
| 2012 | \$60 | 1.07% |
| 2013 | \$184 | 3.25% |
| 2014 | \$115 | 1.97% |
| 2015 | \$103 | 1.73% |
| 2016 | \$121 | 1.99% |
| 2017 | \$213 | 3.44% |
| 2018 | \$184 | 2.87% |
| 2019 | \$221 | 3.35% |
| 2020 | \$218 | 3.20% |
| 2021 | \$143 | 2.04% |
| 2022 | \$165 | 2.30% |
| Avg (12 to 22) | \$157 | 2.47% |



- For 11 years, my annual property tax increased at a **manageable 2.5% per year.**

My Property Tax Story - 2023 & 2024

| Year | Net \$ Increase | % Increase |
|----------------------|-----------------|---------------|
| 2023 | \$486 | 6.63% |
| 2024 | \$519 | 6.64% |
| Avg (23 – 24) | \$503 | 6.64% |
| Avg (12 – 22) | \$157 | 2.47% |
| Difference | \$346 | 220.3% |



- In 2023 & 2024, my property taxes vs the previous 11 years **increased by over 220%**.
- This is **not sustainable**. The compounding dollar value of higher rates like this hurts Durham families.
- Cap our total property taxes to no more than 3%.

Property Taxes – The Next 6 Years?

| Based on 3.0% Increase | | | | |
|------------------------|----------------|-------|-------------|----------------|
| Year | Start | Rate | \$ Increase | Close |
| 2025 | \$8,300 | 3.00% | \$249 | \$8,549 |
| 2026 | \$8,549 | 3.00% | \$256 | \$8,805 |
| 2027 | \$8,805 | 3.00% | \$264 | \$9,070 |
| 2028 | \$9,070 | 3.00% | \$272 | \$9,342 |
| 2029 | \$9,342 | 3.00% | \$280 | \$9,622 |
| 2030 | \$9,622 | 3.00% | \$289 | \$9,911 |
| Total Paid | | | \$1,611 | \$55,298 |

| Based on 6.5% Increase | | | | |
|------------------------|----------------|-------|-------------|-----------------|
| Year | Start | Rate | \$ Increase | Close |
| 2025 | \$8,300 | 6.50% | \$540 | \$8,840 |
| 2026 | \$8,840 | 6.50% | \$575 | \$9,414 |
| 2027 | \$9,414 | 6.50% | \$612 | \$10,026 |
| 2028 | \$10,026 | 6.50% | \$652 | \$10,678 |
| 2029 | \$10,678 | 6.50% | \$694 | \$11,372 |
| 2030 | \$11,372 | 6.50% | \$739 | \$12,111 |
| Total Paid | | | \$3,811 | \$62,440 |
| Difference | | | | \$7,141 |

22% More a Year?

- Should I prepare to pay 22% more in property taxes a year in 2030?

What Unprecedented Population Growth?

| Year | Durham Population Past 30 Years | Year | Durham Population Next 30 Years |
|---------------------|---------------------------------|---------------------|---------------------------------|
| 1991 | 409,000 | 2021 | 724,000 |
| 2021 | 724,000 | 2051 | 1,299,000 |
| 30 Year Chg. | 315,000 or 77% | 30 Year Chg. | 575,000 or 79% |

- Population has grown at an identical rate. (77% previous vs 79% projected)
- But you are justifying the rapidly growing tax rates because of the demands to fund unprecedented population growth.
- The data clearly shows that this is not true! Return to a total 3% tax

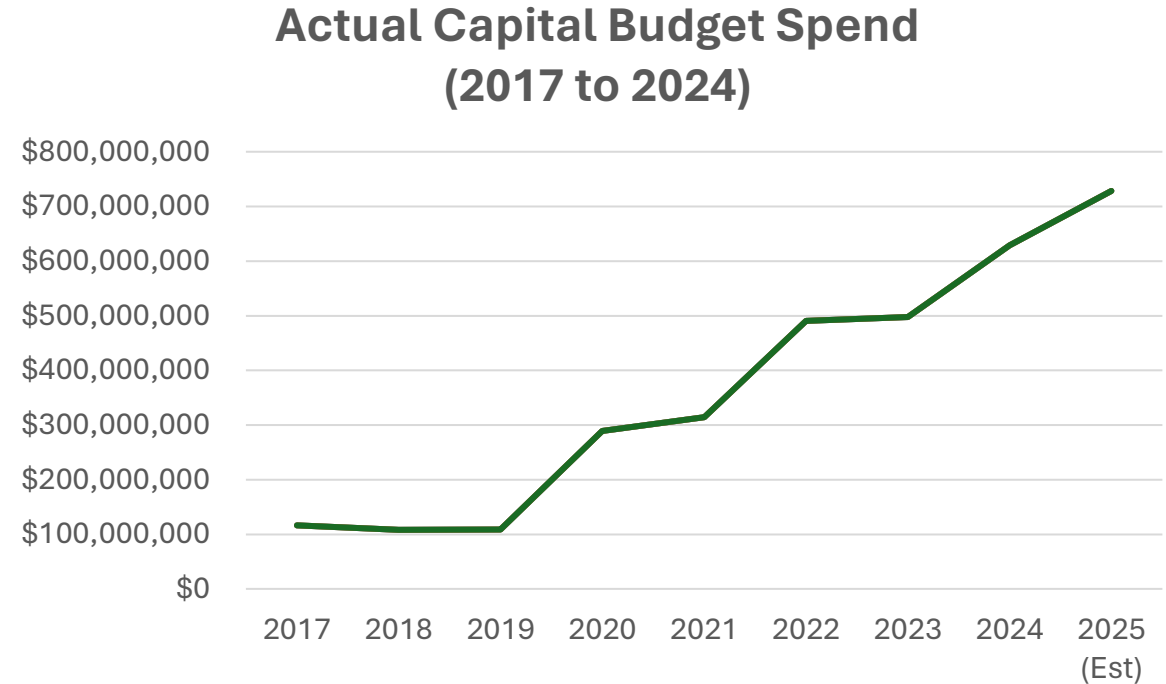
It's Spending that is out of control

not population growth

With my limited time, here is an example

Actual Capital Budget Spend (2017 to 2024)

| Year | Capital Budget Spend |
|---------------|----------------------|
| 2017 | \$116,400,000 |
| 2018 | \$108,500,000 |
| 2019 | \$108,600,000 |
| 2020 | \$289,400,000 |
| 2021 | \$314,610,000 |
| 2022 | \$490,984,000 |
| 2023 | \$497,773,000 |
| 2024 | \$629,004,000 |
| 2025 Estimate | \$728,530,000 |



- Between 2017 and 2021, the average spending was \$187 million a year.
- Between 2022 and 2024 the average skyrocketed to \$539 million a year or a 188% increase.
- Forecast for 2025 is \$728 million dollars (3.9 times the 2017 to 2021 average)

There is no excuse for this. Uncontrolled spending is what is driving our significantly higher property taxes!

Your Capital Budget Forecasting Doesn't Inspire Confidence

- In 2023
 - You forecasted capital budget spending of \$460 million for 2025.
- Then in 2024
 - One year later, you revised your forecast for 2025 to \$729 million, an increase of 58% in one year.

Durham residents are sacrificing so much in paying these higher property taxes.

On slide 15 in the appendix, please see several other poor forecasting examples to illustrate my point. On slide 14 I attach the actual pages from the 2023 and 2024 budgets to support the above example

Remember, if variables (inflation, lost revenue, increased costs) emerge, then push spending down by eliminating things. You cannot just keep adding new items without removing others. We cannot continue like this.

Stop Blaming Everything Else

- All I hear is deflecting blame for the high property tax increases.
 - Covid , Inflation, supply chain, union wages
 - Provincial Government - Bill C-23, loss of revenue
 - Federal Government – Immigration, Population Growth, Crime management
- I don't hear this Council taking responsibility for **your** significant portion of property tax increases due to massive spending increases (staffing, projects, etc)
- We need measurable result's based leadership, not **blame avoidance**

What You Must Do

1. Limit total Property Tax increases on residents to 3% and spending to 3% as well
2. Focus exclusively on Regional and Municipal priorities.
3. Any new staff or projects must pay for themselves. (meaning they generate new revenue or cut costs elsewhere)
4. If the private sector, Provincial &/or Federal Government's demands more than our 3% capacity, tell them we are not prepared to fund it.

Existing Durham Residents cannot fund this continued level of spending.

Thank You

Global NEWS



CANADA

Ontario town will return federal housing money after vote against density

By **Uday Rana** • Global News

Posted May 30, 2024 1:42 pm EST

2 min read

Appendix - Property Taxes Could Have Been Worse Than 6.64%

- Durham Region actually increased taxes 7.65% in 2024
- Ajax also increased taxes by 7.59%
- But because the Province of Ontario didn't add an increase to Education, this reduced total taxes to 6.64%.
- Cap the Total Blended Tax Rate going forward to 3%

| Durham Region Budget Impact on Residential Property Tax Bill | | | |
|-----------------------------------------------------------------|--------------|-------------|-----------------|
| Allocation | % Increase | Weighting | Tax Rate Impact |
| Durham Region | 7.65% | 54.50% | 4.17% |
| Town of Ajax | 7.59% | 32.50% | 2.47% |
| Province - Education | 0% | 13% | 0.00% |
| Total Blended Tax Rate | | 100% | 6.64% |

Appendix – Capital Budget 2025 Forecast Source

2023 Capital Budget and Nine-Year Forecast

| Durham Budget | 2023 | 2022 Approved Budget | 2023 Proposed Budget | Forecast | | | |
|---------------------------------------------|------|----------------------|----------------------|----------|---------|---------|---------|
| | | | | 2024 | 2025 | 2026 | 2027 |
| Capital Expenditures | | | | | | | |
| Property Tax Supported Capital Expenditures | | 492,767 | 497,773 | 580,629 | 460,201 | 363,639 | 314,714 |
| Capital Financing | | | | | | | |
| General Levy | | 29,533 | 35,793 | 53,938 | 82,949 | 95,298 | 108,669 |
| Development Charges | | 69,645 | 78,435 | 71,296 | 91,812 | 96,641 | 80,712 |
| Reserves and Reserve Funds | | 152,486 | 135,612 | 227,435 | 145,295 | 141,158 | 102,856 |
| Expenditures | | 134,300 | 129,549 | 55,390 | 126,504 | 30,538 | 21,471 |
| Subsidy/Grant | | 102,345 | 103,749 | 168,883 | 13,525 | - | - |
| Other Financing | | 4,458 | 14,635 | 3,687 | 116 | 4 | 1,000 |
| Property Tax Supported Capital Financing | | 492,767 | 497,773 | 580,629 | 460,201 | 363,639 | 314,714 |

Investment / Household
 >>> 2024 capital forecast to be updated to include most recent information on Bill 2 growth projections and updated DC Background Study and By-law
 >>> Region is entering into a period of significant investment in a number of major projects which the Region has been accumulating financing in reserve and reserve funds

2024 Capital Budget and Nine-Year Forecast

| Durham Budget | 2024 | 2023 Approved Budget (\$,000's) | 2024 Proposed Budget (\$,000's) | Forecast (\$,000's) | | | |
|---------------------------------------------|------|---------------------------------|---------------------------------|---------------------|---------|---------|---------|
| | | | | 2025 | 2026 | 2027 | 2028 |
| Capital Expenditures | | | | | | | |
| Property Tax Supported Capital Expenditures | | 493,159 | 629,004 | 728,530 | 572,537 | 475,827 | 493,291 |
| Capital Financing | | | | | | | |
| General Levy | | 31,179 | 34,265 | 56,147 | 107,714 | 76,005 | 132,300 |
| Development Charges | | 78,435 | 47,499 | 109,982 | 173,453 | 164,274 | 186,500 |
| Reserves and Reserve Funds | | 135,612 | 240,404 | 210,254 | 170,591 | 139,748 | 148,900 |
| Expenditures | | 129,549 | 109,928 | 201,495 | 74,109 | 48,134 | 25,500 |
| Subsidy/Grant | | 103,749 | 191,048 | 147,909 | 46,666 | 46,666 | - |
| Other Financing | | 14,635 | 5,860 | 2,743 | 4 | 1,000 | - |
| Property Tax Supported Capital Financing | | 493,159 | 629,004 | 728,530 | 572,537 | 475,827 | 493,291 |

Investment / Household to Replace
 >>> Region is entering into a period of significant investment in a number of major projects
 >>> Region has been accumulating financing in reserve and reserve funds over the past several years
 >>> Need to continue to increase tax levy investment in capital for sustainable growth

I include these images to support my points made on slide 10 where I spoke to budget forecasts for 2025 growing by 58% in one year (between 2023 & 2024) from \$460 million to \$729 million.

Appendix - More Poor Capital Budget Forecasting examples like those on slide 9

- In 2022, you forecasted spending for 2024 of \$454 million. But 2 years later in 2024 the actual budget this year increased by 39% to \$629 million.
- In 2021 you forecasted spending of \$372 million in 2024, the actual budget is \$629 million (69% more)
- Also in 2021, you forecasted spending of \$284 million in 2022, the actual spend was \$491 million (73% more)
- In 2020 you forecasted spending of \$228 million in 2021, the actual was \$315 million (38% more)

When you consistently spend more than you forecast, it is a clear and present danger to Durham residents

Growth of the Capital Budget vs Population

| Year | Durham Population | Capital Budget | Cost Per Resident |
|---------------|-------------------|----------------|-------------------|
| 2017 | 650,000 | \$116,400,000 | \$179.08 |
| 2024 | 770,000 (est) | \$629,004,000 | \$816.89 |
| % Chg. | 18.5% | 440.4% | 356.2% |

This is not sustainable. **Cap our total property taxes to 3% in 2025 and beyond**

Appendix - Accountability

- I value your work and the sacrifices you make to serve.
- But nowhere on your Durham website does it state that you are accountable to Durham residents. Here is all it says now.

“Durham Region values accountability and we strive to provide transparent government”

- This isn't enough given the times and the fiscal direction you are taking us on. I strongly suggest you change this (and then model it accordingly) to the following.

Every Durham Region employee/elected official is accountable to our residents. We achieve this by always working in an ethical and fiscally responsible manner so that we always put the interests of Durham residents first and foremost.

Appendix - Is This Our Future As Durham Residents?

| Year | Open Total | Rate | New Yearly Tax | Total Tax Paid |
|-------------------------------------|------------|-------|----------------|------------------|
| 2025 | \$8,300 | 6.60% | \$548 | \$8,848 |
| 2030 | \$11,425 | 5.50% | \$628 | \$12,054 |
| 2035 | \$14,932 | 5.00% | \$747 | \$15,679 |
| 2040 | \$19,058 | 4.50% | \$858 | \$19,915 |
| 2045 | \$23,749 | 4.00% | \$950 | \$24,699 |
| 2050 | \$28,895 | 3.50% | \$1,011 | \$29,906 |
| 2051 | \$29,906 | 3.50% | \$1,047 | \$30,953 |
| 26 Year Declining Rate Total | | | | \$507,976 |
| 26 Year 3% Total | | | | \$348,027 |
| Difference | | | | \$159,949 |

- Given your back to back 6.6% tax hikes and your increased capital budget spend in the years ahead, is this what Durham residents can expect in terms of property tax rate hikes over the next 26 years?
 - Should I prepare to spend over \$500,000 in property taxes the next 26 years?**

Compounding With A 3% Average (to 2051)

| Year | Open Total | Rate | New Yearly Tax | Total Tax Paid |
|----------------------|------------|-------|----------------|------------------|
| 2025 | \$8,300 | 3.00% | \$249 | \$8,549 |
| 2030 | \$9,622 | 3.00% | \$289 | \$9,911 |
| 2035 | \$11,155 | 3.00% | \$335 | \$11,489 |
| 2040 | \$12,931 | 3.00% | \$388 | \$13,319 |
| 2045 | \$14,991 | 3.00% | \$450 | \$15,440 |
| 2050 | \$17,378 | 3.00% | \$521 | \$17,900 |
| 2051 | \$17,900 | 3.00% | \$537 | \$18,437 |
| 26 Year Total | | | | \$348,027 |

- Property taxes like this will grow to a whopping \$18,437 by 2051.
- Which means, paying out \$348,037 in total property taxes over the next 26 years. (is this value for money?)

Do you think it is fair to tax like this, let alone more? (Like the 6.6% the last 2 years)

Appendix - Background

- Resident of Ajax and taxpayer for almost 30 years
- Active in my community (coach, organize events, attend council and budget meetings, etc)

I am speaking out like this because I am deeply concerned by the unsustainable path you are leading us down