
SECTION:	FINANCE
DEPARTMENT/DIVISION:	CORPORATE SERVICES / FINANCE
SUBJECT:	ASSESSMENT GROWTH FUNDS

POLICY STATEMENT

It is the policy of The Corporation of the City of Thunder Bay (the “City”) to apply a priority framework in directing Assessment Growth Funds to support municipal priorities.

PURPOSE

The purpose of this Policy is to establish the parameters for how Assessment Growth Funds will be allocated through the annual budget process.

SCOPE

This Policy applies to the annual tax-supported operating and capital budget.

DEFINITIONS

When a term set out below appears in the text of this policy with its first letter capitalized, the term is intended to have the meaning set out for it in this section. Wherever a term below appears in the text of this Policy in regular case, it is intended to have the meaning ordinarily attributed to it in the English language.

- a. “Assessment”: The dollar value assigned to a property by the Municipal Property Assessment Corporation (MPAC) for the purposes of municipal taxation.
- b. “Net Assessment Growth”: The difference between the assessment roll at the beginning of the year and the end of the year as provided by MPAC.
- c. “Assessment Growth Funds”: The additional taxation revenue generated from Net Assessment Growth.
- d. “Business Case”: A proposal that outlines the need, costs, benefits, and impacts of a proposed service expansion or budget allocation.
- e. “City”: The Corporation of the City of Thunder Bay.
- f. “City Treasurer”: The individual appointed by the municipality as treasurer by by-law.
- g. “Community Improvement Plan”: A municipal planning and financial tool, established under Section 28 of the *Planning Act*, that allows the City to provide financial incentives and support for revitalization, redevelopment, and economic growth in designated areas.

- h. "Executive Leadership Team" means a committee of administrators selected and chaired by the City Manager.
- i. "Growth-Adjusted Municipal Tax Levy": The Municipal Tax Levy plus Assessment Growth Funds, representing the total property tax funding available to support both existing services and the costs associated with new development and population growth.
- j. "Municipal Tax Levy": The total amount of property tax revenue required to fund the City's annual operating and capital budgets, after accounting for other revenue sources such as grants, user fees, and reserves and reserve funds.

1. GENERAL

The City of Thunder Bay values accountability and transparency in its Budget process. The Budget process is designed to effectively allocate the City's financial, technological, and human resources to deliver key services in the City of Thunder Bay.

The Municipal Tax Levy is the total amount that needs to be raised from property taxes to fund City programs and services and to contribute to capital infrastructure programs.

Net Assessment Growth in the City's assessment base due to new construction, additions, and improvements for the next year is based on the returned Assessment roll provided by MPAC. For budgeting purposes, Assessment Growth Funds will be added to the Municipal Tax Levy annually to support the cost of growth-related services and infrastructure. This will be known as the Growth-Adjusted Municipal Tax Levy.

2. PRIORITIZATION

2.1. Business Cases

City Divisions/Departments that expect to incur one-time or permanent costs to extend existing services due to growth or to generate future growth are required to submit a Business Case to access Assessment Growth Funds.

Business Cases must be submitted to the City Treasurer in accordance with the timeliness identified in the annual budget calendar and will be reviewed by the Executive Leadership Team during budget deliberations.

Business Cases will be evaluated based on the following priorities:

- a. Operating or one-time capital costs directly linked to the extension of existing services to new development.
- b. Addressing cost pressures resulting from increased demand on City services due to population and economic growth.
- c. The establishment, maintenance and/or enhancement of a dedicated funding mechanism for a Community Improvement Plan.

- d. The establishment, maintenance and/or enhancement of a dedicated funding mechanism for growth-related priorities.
- e. Contributions to the capital budget that support efforts to address the City's infrastructure deficit.
- f. Support services and activities required to support the delivery of services related to the above.

2.2. Business Case Requests Exceed Assessment Growth Funds

If funding requests through approved Business Cases exceed available Assessment Growth Funds in a year, Business Cases will be evaluated as to whether the service and/or funding could be deferred and whether significant service disruptions would occur if the service did not receive current year Assessment Growth Funds.

2.3. Assessment Growth Funds Exceeds Business Cases Requests

If Assessment Growth Funds exceeds the cost of approved Business Cases, the remaining balance available will be applied in that year based on the following:

If Assessment Growth Funds exceeds the cost of approved Business Cases, the remaining balance will be allocated as follows:

- * If the remaining balance is less than \$100,000, it will be allocated entirely to the Capital General Reserve Fund to support infrastructure renewal and reduce the infrastructure funding gap.
- * If the remaining balance is \$100,000 or more, it will be allocated as follows:
 - 40% - one-time contribution to the Capital General Reserve Fund to support infrastructure renewal and reduce the infrastructure funding gap.
 - 40% - permanent reduction to debt financing in the capital budget.
 - 20% - one-time contribution towards the establishment, maintenance and/or enhancement of a dedicated funding mechanism to support the development of new sport and recreational facilities and parks or major enhancements to existing facilities beyond normal life-cycle renewal.

2.4. One-Time Assessment Growth Funds

Assessment Growth Funds not allocated permanently each year, will be carried forward to the following year and considered available for allocation through the prioritization framework outlined above.

3. MONITORING AND REVIEW

This Policy will be reviewed every four years or as required to ensure alignment with the City's financial and strategic priorities.

APPROVED BY: Replacing/Amending:	City Council	Date:	26/05/2025
Originating Department:	Corporate Services		
Contact:	Director, Finance – Corporate Services		
Departmental Procedural Manual:			
Affected Departments:			