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Where initiatives are included at \$0 net cost, the resources are provided internally or are fully offset by revenues or transfers from reserves. The figures above only include the additional resources or costs being added to the 2009-2011 Business Plan estimates and therefore do not include the investments already included in the Budget that support these priorities.

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Strategic Priorities and the Business Plan and Budget

The 2009 and 2010 Business Plan and Budget will start to implement the City's new Strategic Plan. Since the Strategic Plan is a 40 year document, for 2009 and 2010, the Business Plan and Budget will focus on five priority areas. The following table provides a summary of the financial implications of each priority area in the budget. It is followed by more detailed tables which provide the operating and capital costs of the individual initiatives. Detailed descriptions of each of these items can be found in the individual Service Area Business Plans. They are also summarized in the City Business Plan document. Additional financial information related to the entire budget can be found later in this section.

The 2009 and 2010 Business Plan and Budget provides significant resources and new funding to advance the City's draft Strategic Plan. We are making important investments to improve service and programs which make Mississauga a better place to live, work and play. We are also doing this in a fiscally responsible manner, by incorporating almost \$12 million in budget savings and reductions to keep Mississauga's property taxes low and competitive.

Business Planning Priority Areas (\$000's)	Net Incremental Operating			Incremental Capital		
	2009	2010	2011 Estimate	2009	2010	2011 Estimate
Implementing Strategic Projects	\$0.0	\$0.0	\$566.3	\$1,500.0	\$27,928.0	\$2,546.0
Relieving Congestion*	\$7,050.3	\$7,856.3	\$3,476.6	\$64,499.0	\$153,626.8	\$103,627.6
Greening the Environment	\$228.0	\$162.0	\$50.0	\$219.0	\$50.0	\$50.0
State of Good Repair for Infrastructure	\$148.0	\$202.0	\$121.0	\$4,758.9	\$20,074.0	\$17,403.5
Continuous Improvement and Tax Rate Management	(\$1,328.3)	(\$2,330.2)	(\$152.7)	\$3,720.0	\$8,567.0	\$11,733.0

* includes \$3.2 million in annualization of transit service improvements introduced in 2008

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1. Implementing Strategic Projects:

Service (\$000's)	Planned Major Initiatives and Activities	Operating			Capital		
		2009	2010	2011 Estimate	2009	2010	2011 Estimate
Strategic Policy	■ Economic Development Strategy - Review and Update	0.0	0.0	0.0	0.0	0.0	0.0
Strategic Policy	■ Waterfront as a Premier Destination Community	0.0	0.0	0.0	0.0	0.0	0.0
Recreation and Parks	■ Civic and Library Square	0.0	0.0	0.0	500.0	6,354.0	2,546.0
Land Development	■ Parking Strategy	0.0	0.0	46.3	1,000.0	15,000.0	0.0
Land Development	■ Downtown21-Master and Implementation Plans	0.0	0.0	0.0	0.0	0.0	0.0
Fire and Emergency Services	■ Construction of a New Fire Training Facility and Mechanical Centre	0.0	0.0	285.0	0.0	6,574.0	0.0
Arts and Culture	■ Developing Mississauga's Cultural infrastructure	0.0	0.0	0.0	0.0	0.0	0.0
Arts and Culture	■ Implementation of the Creative Cluster Framework Study	0.0	0.0	0.0	0.0	0.0	0.0
Arts and Culture	■ Implementation of a new Business Model for Arts and Culture	0.0	0.0	0.0	0.0	0.0	0.0
Arts and Culture	■ Implementation of a Public Arts Policy	0.0	0.0	0.0	0.0	0.0	0.0
Arts and Culture	■ Develop a Sustainability Plan for Arts and Culture	0.0	0.0	235.0	0.0	0.0	0.0
Total		0.0	0.0	566.3	1,500.0	27,928.0	2,546.0

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2. Relieving Congestion:

Service (\$000's)	Planned Major Initiatives and Activities	Operating			Capital		
		2009	2010	2011 Estimate	2009	2010	2011 Estimate
Transit	■ Transit Priority Measures	0.0	0.0	0.0	100.0	0.0	0.0
Transit	■ New Transit Service*	3,051.2	2,579.5	0.0	0.0	0.0	0.0
Transit	■ Annualization of Transit Service added Prior Year*	3,232.1	3,834.5	3,456.5	0.0	0.0	0.0
Transit	■ Accessibility Plan	0.0	0.0	0.0	275.0	275.0	275.0
Transit	■ Dundas Corridor Rapid Transit Study	0.0	0.0	0.0	3,000.0	0.0	0.0
Transit	■ Mississauga Transit Security	0.0	142.8	20.1	250.0	1,650.0	1,500.0
Transit	■ Hurontario/Main Street Study	0.0	0.0	0.0	0.0	3,600.0	0.0
Transit	■ GTA Fare System - PRESTO	0.0	0.0	0.0	0.0	6,320.0	0.0
Transit	■ Central Parkway Transit Facility Expansion	0.0	0.0	0.0	25,100.0	0.0	0.0
Transit	■ Mississauga Transit Fleet	0.0	0.0	0.0	14,504.0	34,765.0	19,737.0
Transit	■ Bus Rapid Transit (BRT)	0.0	0.0	0.0	20,970.0	106,616.8	78,515.6

* Transit service expansion costs are offset by additional transit fares and Provincial Gas Tax Revenues

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2. Relieving Congestion (Continued):

Service (\$000's)	Planned Major Initiatives and Activities	Operating			Capital		
		2009	2010	2011 Estimate	2009	2010	2011 Estimate
Strategic Policy	■ Mobility Hubs and Higher Order Transit Corridor Development	0.0	0.0	0.0	0.0	0.0	0.0
Roads, Storm Drainage and Watercourses	■ Intelligent Transportation System (ITS) for Traffic Management	0.0	0.0	0.0	0.0	0.0	0.0
Roads, Storm Drainage and Watercourses	■ Pay for Parking: Parking Management and Operations	0.0	0.0	0.0	0.0	0.0	0.0
Roads, Storm Drainage and Watercourses	■ Road Right-of-Way Design Standards	0.0	0.0	0.0	0.0	0.0	0.0
Roads, Storm Drainage and Watercourses	■ Winter Maintenance	700.0	1,300.0	0.0	0.0	0.0	0.0
Roads, Storm Drainage and Watercourses	■ Traffic Management Centre	0.0	0.0	0.0	0.0	0.0	100.0
Roads, Storm Drainage and Watercourses	■ Clarkson Village Study Implementation	0.0	0.0	0.0	100.0	0.0	0.0
Roads, Storm Drainage and Watercourses	■ Integrated Road Safety Program (IRSP)	0.0	0.0	0.0	0.0	200.0	0.0
Roads, Storm Drainage and Watercourses	■ Gaps in Road Network-Feasibility and EA Studies	0.0	0.0	0.0	0.0	200.0	0.0

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3. Relieving Congestion (Continued):

Service (\$000's)	Planned Major Initiatives and Activities	Operating			Capital		
		2009	2010	2011 Estimate	2009	2010	2011 Estimate
Roads, Storm Drainage and Watercourses	■ Burnhamthorpe Road through City Centre	0.0	0.0	0.0	200.0	0.0	3,500.0
Recreation and Parks	■ Waterfront Winter Trail Maintenance	67.0	0.0	0.0	0.0	0.0	0.0
Land Development	■ Mississauga Plan Review	0.0	0.0	0.0	0.0	0.0	0.0
Total		7,050.3	7,856.8	3,476.6	64,499.0	153,626.8	103,627.6

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3. Greening the Environment:

Service (\$000's)	Planned Major Initiatives and Activities	Operating			Capital		
		2009	2010	2011 Estimate	2009	2010	2011 Estimate
Strategic Policy	■ Environmental Master Plan	0.0	0.0	0.0	0.0	0.0	0.0
Strategic Policy	■ Smart Commute and Green Fleet	43.0	12.0	0.0	0.0	0.0	0.0
Roads, Storm Drainage and Watercourses	■ Salt Management Plan Initiatives	0.0	0.0	0.0	50.0	50.0	50.0
Roads, Storm Drainage and Watercourses	■ Street Cleanliness	100.0	100.0	0.0	0.0	0.0	0.0
Roads, Storm Drainage and Watercourses	■ Environmental Management of City-Owned Property	75.0	50.0	50.0	0.0	0.0	0.0
Business Services & Corporate Assets	■ Replace Obsolete Energy Monitoring Software	10.0	0.0	0.0	169.0	0.0	0.0
Total		228.0	162.0	50.0	219.0	50.0	50.0

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4. State of Good Repair for Infrastructure:

Service (\$000's)	Planned Major Initiatives and Activities	Operating			Capital		
		2009	2010	2011 Estimate	2009	2010	2011 Estimate
Transit	■ Mississauga Transit Third Satellite	0.0	0.0	0.0	0.0	0.0	2,000.0
Roads, Storm Drainage and Watercourses	■ Road Cut Restorations and Monitoring	0.0	0.0	0.0	0.0	0.0	0.0
Roads, Storm Drainage and Watercourses	■ Pavement Management System	0.0	0.0	0.0	600.0	0.0	0.0
Roads, Storm Drainage and Watercourses	■ Storm Drainage Network Modelling	0.0	0.0	0.0	0.0	250.0	750.0
Recreation and Parks	■ Port Credit Arena	0.0	0.0	0.0	0.0	10,000.0	1,785.6
Recreation and Parks	■ Meadowvale Community Centre	0.0	0.0	0.0	1,498.0	7,820.0	12,511.9
Library	■ Woodlands Branch Library	0.0	0.0	0.0	164.0	1,636.0	0.0
Land Development	■ Affordable Housing Strategy	0.0	0.0	0.0	0.0	0.0	0.0
Fire and Emergency Services	■ Fire Station 106 Relocation and EMS Co-Location	0.0	0.0	0.0	1,220.0	0.0	0.0
Business Services & Corporate Assets	■ Facilities Maintenance/Service Contract Support	41.0	40.0	41.0	10.0	0.0	20.0

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4. State of Good Repair for Infrastructure (Continued):

Service (\$000's)	Planned Major Initiatives and Activities	Operating			Capital		
		2009	2010	2011 Estimate	2009	2010	2011 Estimate
Business Services & Corporate Assets	■ Maintain minimal Acceptable and Legislated Service levels for Corporate Facilities	41.0	81.0	40.0	40.0	0.0	0.0
Business Services & Corporate Assets	■ Transit Bus Hoist Inspection and Maintenance Program	41.0	81.0	40.0	63.0	0.0	0.0
Business Services & Corporate Assets	■ IT Security Management Program	25.0	0.0	0.0	300.0	0.0	0.0
Business Services & Corporate Assets	■ Park Pathway and Sports Field Lighting Program	0.0	0.0	0.0	863.9	368.0	336.0
Total		148.0	202.0	121.0	4,758.9	20,074.0	17,403.5

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5. Continuous Improvement and Tax Rate Management:

Service (\$000's)	Planned Major Initiatives and Activities	Operating			Capital		
		2009	2010	2011 Estimate	2009	2010	2011 Estimate
Transit	■ Transit 2010 Technology Review	0.0	0.0	0.0	3,500.0	8,000.0	3,500.0
Strategic Policy	■ Consulting Services for IT Audits	0.0	100.0	0.0	0.0	0.0	0.0
Regulatory	■ Door-to-Door Pet Licensing Campaign	-13.0	-13.0	0.0	0.0	0.0	0.0
Recreation and Parks	■ Program Fees Review	-425.0	-510.0	0.0	0.0	0.0	0.0
Recreation and Parks	■ Fee Assistance Program	0.0	0.0	0.0	0.0	0.0	0.0
Recreation and Parks	■ Customer Service Excellence	0.0	0.0	0.0	0.0	0.0	0.0
Library	■ Meadowvale Branch Library Relocation	0.0	0.0	-336.7	100.0	467.0	3,783.0
Library	■ Self Serve Check out/Check in Technology	0.0	0.0	0.0	0.0	100.0	4,450.0
Legislative Services	■ 2010 Municipal election	0.0	0.0	0.0	0.0	0.0	0.0
Land Development	■ Amendments to Fees and Charges By-Law	-1,000.0	-2,000.0	0.0	0.0	0.0	0.0
Land Development	■ Online Permitting-Portable Signs	0.0	0.0	0.0	120.0	0.0	0.0

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5. Continuous Improvement and Tax Rate Management (Continued):

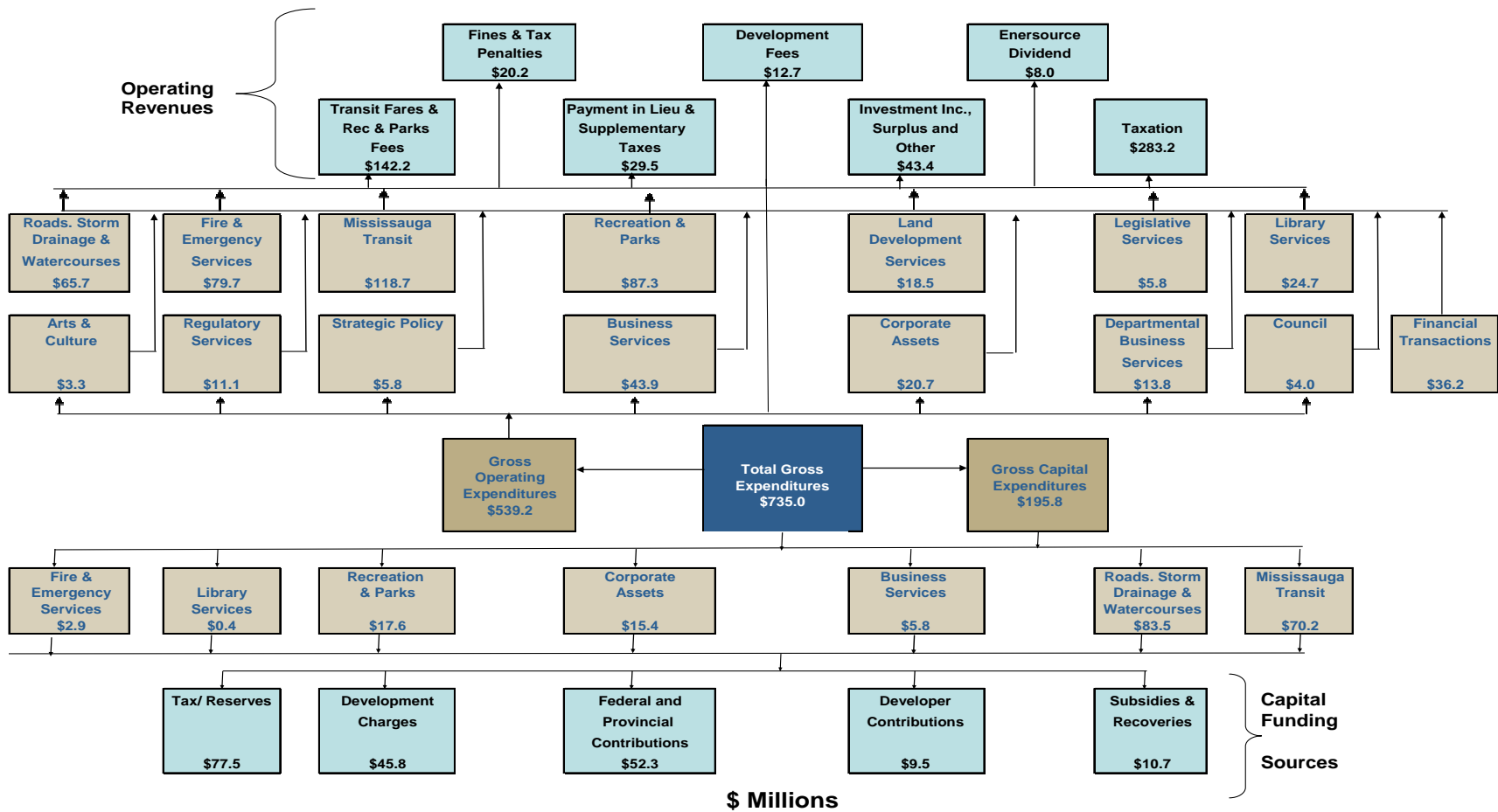
Service (\$000's)	Planned Major Initiatives and Activities	Operating			Capital		
		2009	2010	2011 Estimate	2009	2010	2011 Estimate
Business Services & Corporate Assets	■ Expand Legal Support for Planning and Development	109.7	0.0	0.0	0.0	0.0	0.0
Business Services & Corporate Assets	■ Call Centre Phase 3 Consolidation and 3-1-1 Implementation	0.0	46.4	92.0	0.0	0.0	0.0
Business Services & Corporate Assets	■ Support for Application IT Consolidation and Community Services Initiatives	0.0	46.4	92.0	0.0	0.0	0.0
Total		-1,328.3	-2,330.2	-152.7	3,720.0	8,567.0	11,733.0

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2009 Budget

Mississauga’s 2009 Business Plan and Budget, comprised of both the operating and capital budgets, totals \$735 million in gross and \$468.3 million in net expenditures.

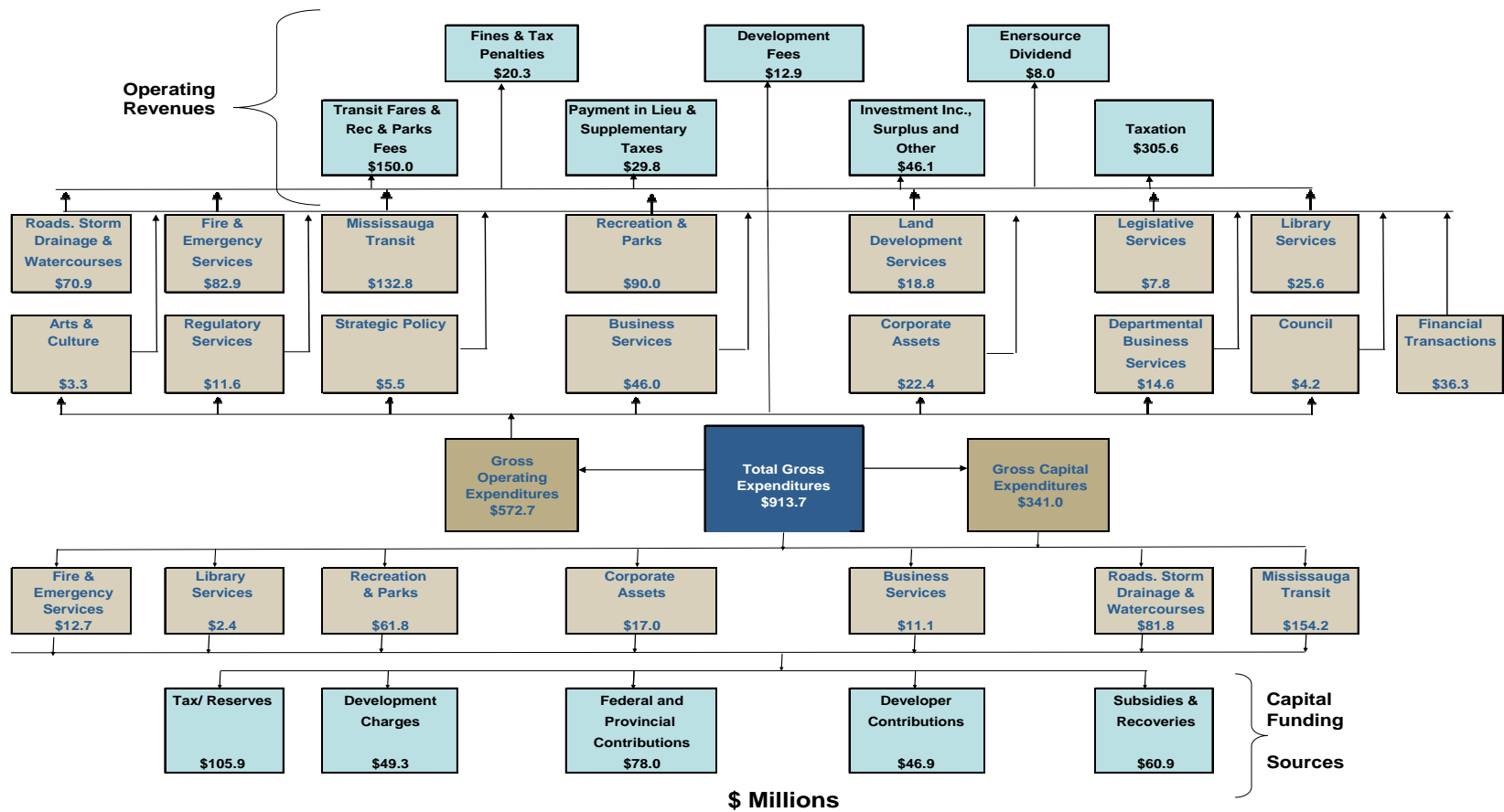


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2010 Budget

Mississauga's 2010 Business Plan and Budget comprised of both the operating and capital budgets, totals \$913.7 million gross and \$585.7 million in net expenditures.



Municipal Budget Issues

Municipalities across Ontario have been facing significant budget pressures in recent years. The cumulative impacts of higher fuel/commodity costs, labour pressures, stagnant revenue growth, higher social service costs, limited support from Federal and Provincial governments and rising infrastructure needs are contributing factors. Since 2000, property tax increases in Southern Ontario municipalities have been rising well above rates of general inflation. Despite having successfully managed a zero % tax increase between 1990 and 2001 (12 years), the City of Mississauga is experiencing budgetary pressures which are forcing tax increases above inflation, from areas/items such as downloading and escalating maintenance costs which could not have been planned for.

With the implementation of an expanded business planning process coupled with the creation of the City's new draft Strategic Plan, the 2009 Budget priorities were clear. Funding initiatives for implementing strategic projects, relieving congestion, greening the environment, maintaining a state of good repair for infrastructure, and continuous improvement and tax rate management need to be balanced with tax rate increases required to maintain existing service levels.

Although the City works hard to ensure that existing service levels are maintained, there is ongoing pressure to increase some service levels and improve programs. Requests for improved winter maintenance and transit service, expanded amenities in the City

Centre, and the opening of our expanded Fire Training Facility and Mechanical Centre are important initiatives that will improve service delivery and the quality of life in Mississauga. Winter maintenance is immediate as is some transit service improvements.

With the City's growth in greenfield development close to completion, combined with an economic downturn, a higher level of uncertainty has been introduced into the 2009 and 2010 budget process than in prior years. Revenues such as building permit fees, development charge revenues and planning processing application fees are becoming more difficult to predict. As well, ongoing reduction in interest rates will also reduce the City's investment earnings. Economic trends and financial implications will be closely monitored and Operating Reserve transfers made as needed to mitigate negative budget impacts resulting in these areas.

Although the economic downturn is expected to reduce input costs, the City continues at this time to experience large price increases in specific areas such as road and bridge construction as well as diesel fuel. As 2009 unfolds, the City will continue to monitor tender prices and incorporate them into future budgets, as necessary.

Lastly, the City is balancing the numerous initiatives and priorities with the human resource capacity constraints of the organization. The implementation of strategic priorities combined with a modest operating tax rate increase has challenged the City's ability to manage the ongoing day-to-day business. The Business Plan and Budget was carefully compiled to be a realistic work plan that

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reflects the City's priorities and continues to provide cost effective and efficient services and projects.

Aging Infrastructure

From a longer term perspective, Mississauga is struggling to ensure that our existing infrastructure, built mainly in the late 1970's and early 1980's, is properly maintained. Mississauga has an estimated \$7.7 billion worth of assets. These roads, bridges and buildings, originally paid for by developers, are nearing the end of their useful life or require significant capital maintenance costs. Over the next 20 year time horizon, approximately 80% of all the city's roads will need to be rehabilitated assuming a 25 year average life span. As our road network makes up about 70% of the city's total infrastructure, the financial challenges facing Mississauga in the longer term planning horizon are substantial.

Other assets, such as buildings and information technology, have been assessed on the basis of lifecycle estimates for major components. Lastly, there are several categories of assets for which provisions for age related major maintenance costs have not been incorporated in the capital program. The long term infrastructure maintenance and rehabilitation needs will continue to be refined in future years as more detailed, accurate information becomes available.

As the City's infrastructure continues to age, the investment required to maintain these assets increases. For 2009, a minimum amount of \$18.7 million is recommended for transfer from the

operating budget to support the capital program. This equates to an additional \$2.7 million or 0.28% residential tax rate increase in 2009 over 2008. Council is also considering a number of options with regard to an infrastructure levy in 2009. The intention of the infrastructure levy is to increase funds for the capital program so that the size of the infrastructure deficit facing the City is reduced and allow for replacement and maintenance of the City's assets in a planned manner in the years to come without requiring drastic tax increases in any one particular year.

In November 2008 the Provincial-Municipal Fiscal Service Delivery Review (PMFSDR) Report was released and, for the first time, the provincial government acknowledged that municipalities across Ontario are facing an infrastructure gap that requires an additional \$6 billion per year for the next 10 years to close the gap. The report provided for the uploading of various services such as Ontario Works (OW), Ontario Drug Benefits (ODB) and the Ontario Disability Support Program (ODSP). The uploading of these costs has various starting dates and full uploading to the Province should be completed by 2018. The tax room created by the Province from the uploading of costs for the Toronto Tax and other social programs may create opportunities to increase infrastructure investments. All of these benefits accrue to the upper tier municipality (Region of Peel) and as a result none of them are available to the City of Mississauga (Corporation).

For the next 10 year period, approximately \$383.7 million uninflated (\$432.7 million inflation adjusted) in unfunded capital projects have been identified. Shortfalls have been identified in



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the road rehabilitation program (\$45 million), building asset replacement program (\$60 million) and escalating price increases for the Bus Rapid Transit project (\$52.5 million). Other notable unfunded projects include City Centre Parking Structure (\$16.0 million), Major Downtown Revitalization - Library and Civic Square (\$11.0 million), major parkland redevelopment (\$27.2 million), recreation facilities renovations (\$14.4 million) such as Malton Arena and indoor and outdoor pool redevelopment as well as the Burnhamthorpe Library renovation (\$10.0 million) and the renovation of various fire stations (\$7.9 million). The funding scenarios included later in this section do not include any of these projects. These projects will only add to Mississauga's infrastructure deficit.

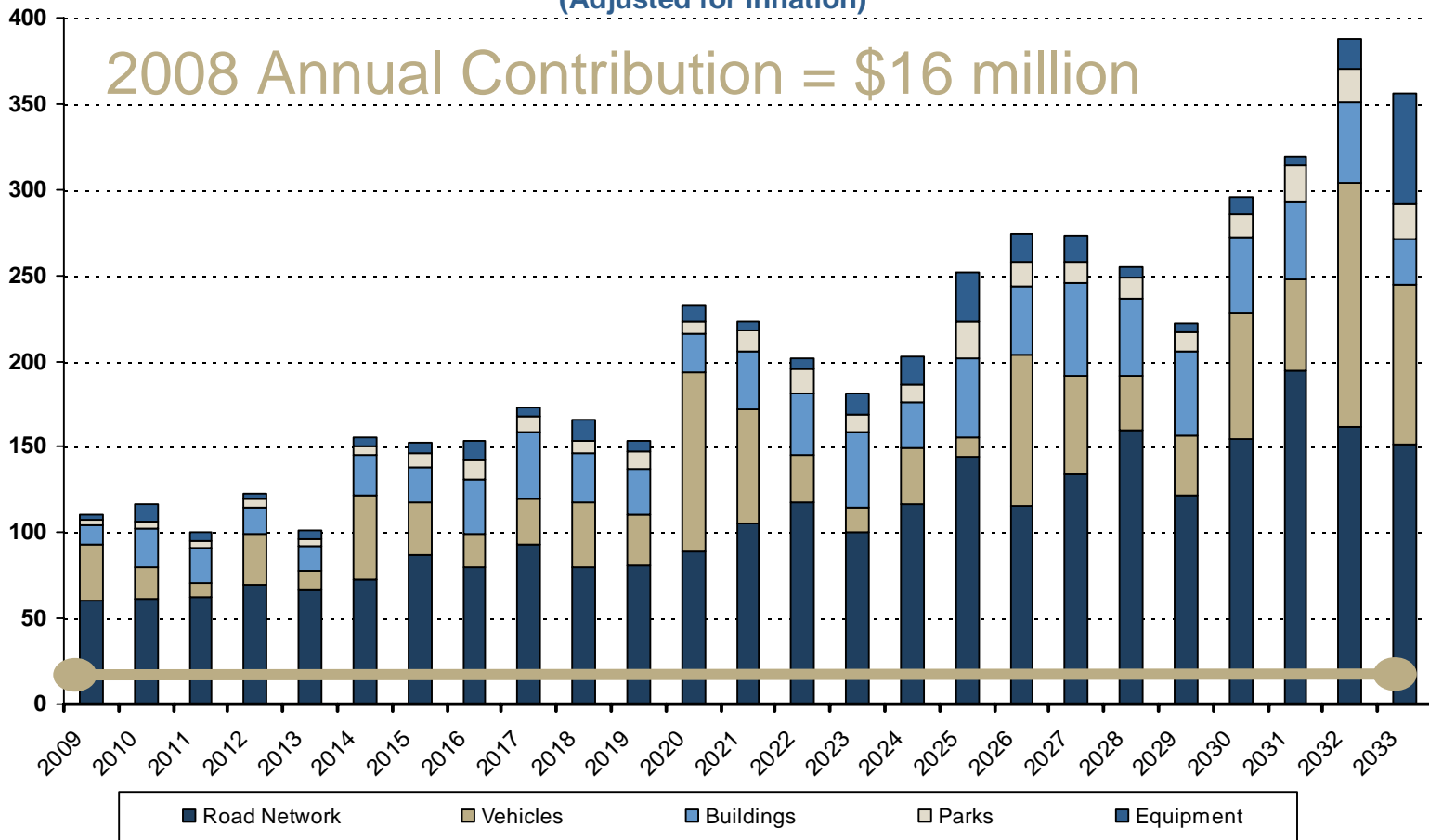
The City is in receipt of only limited ongoing infrastructure funding. One-time funding such as the Investing in Ontario Act (IOA) and the Municipal Infrastructure Investment Initiative (MIII) have been received.

In 2008, the City allocated approximately \$16 million out of taxes to fund capital needs, however, we are spending in excess of \$80 million a year on tax supported capital. This is not sustainable in the long run as existing reserves and reserve funds are being depleted. From a longer term perspective, Mississauga continues to struggle with an estimated infrastructure shortfall of approximately \$1.5 billion or approximately \$75 million per year.

The following chart shows the tax related spending on various assets recommended in the 2009-2018 Capital Budget as well as the estimated expenditure requirements to maintain various assets in the future.

Aging Infrastructure: Tax Funded Capital Needs

(Adjusted for Inflation)



Transportation

The efficient and effective movement of people and goods across the City continues to be a top priority for Mississauga. In a recent Environics survey, gridlock was identified as the most important problem facing Mississauga. Related to this, Transit was identified as one of the top areas in which to increase spending with over 54% of residents agreeing that we need to spend more on this service. Ongoing concerns with traffic congestion, combined with environmental impacts, are widely recognized by all levels of government.

The Federal and Provincial governments have demonstrated some willingness to assist in addressing these growing concerns. The Federal and Provincial gas tax allocations, commitments towards funding Mississauga's Bus Rapid Transit system by both the Provincial and Federal levels of government, Federal grants through the Public Transit Capital Trust Funding and the Province's Ontario Bus Replacement Program will start to assist Mississauga in addressing its critical transit infrastructure and service needs.

Current funding from the Federal and Provincial levels of government to assist in supporting critical transit infrastructure and service needs to be maintained and expanded.

In addition to these funding programs, Mississauga has also received one-time funding of \$65 million from the Province and a \$58 million commitment from the Federal government to fund the Bus Rapid Transit (BRT) project. These amounts exclude any recoveries from GO Transit which may flow through to the City from the Province and Federal levels of governments.

During 2008, the City of Mississauga received one-time funding as follows:

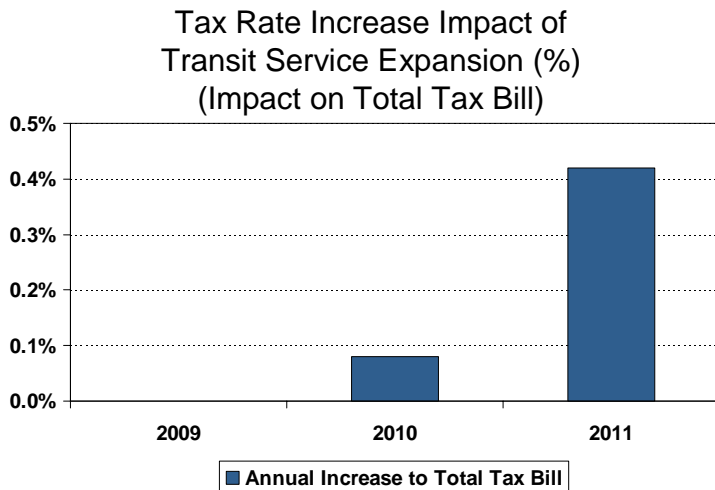
- \$24.9 million – Infrastructure funding received under Investing in Ontario (IOA);
- \$27.2 million funding for Metrolinx for hybrid buses, higher order transit on Dundas and Hurontario Streets and bicycle racks on buses;
- \$12.0 million for the Fire Training Centre;
- \$10.2 million for transit capital expenditures; and
- \$9.5 million in funding for roads.

While all this additional funding is appreciated, no guaranteed ongoing, predictable federal or provincial funding support is available to support the City's infrastructure needs nor is there funding available to help offset the additional operating costs for running the additional transit facilities and services.

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The following chart shows the tax rate impact of the transit service expansion once the provincial Gas Tax limit of \$15.5 million per year has been fully allocated to support expansion in 2010.



Financial Health of the City of Mississauga

The City of Mississauga currently operates under a pay-as-you-go philosophy for capital financing and does not have any debt. On an annual basis, the Province of Ontario calculates the Annual Debt Repayment Limit respecting long-term debt charges and other financial obligations, which can not exceed 25% of own source revenues. The City of Mississauga's 2008 Annual Repayment Limit, provided by the Ministry of Municipal Affairs

and Housing is \$109 million which would support just over \$800.0 million in debt. Since the City has no debt, this Annual Repayment Limit is not utilized at this time. However, in order to address future infrastructure funding needs, the City is forecasting external debt financing in the 2009-2018 Capital Program totalling \$252 million. Even with external debt, Mississauga will still have over \$384 million in unfunded capital project requirements over the next ten years.

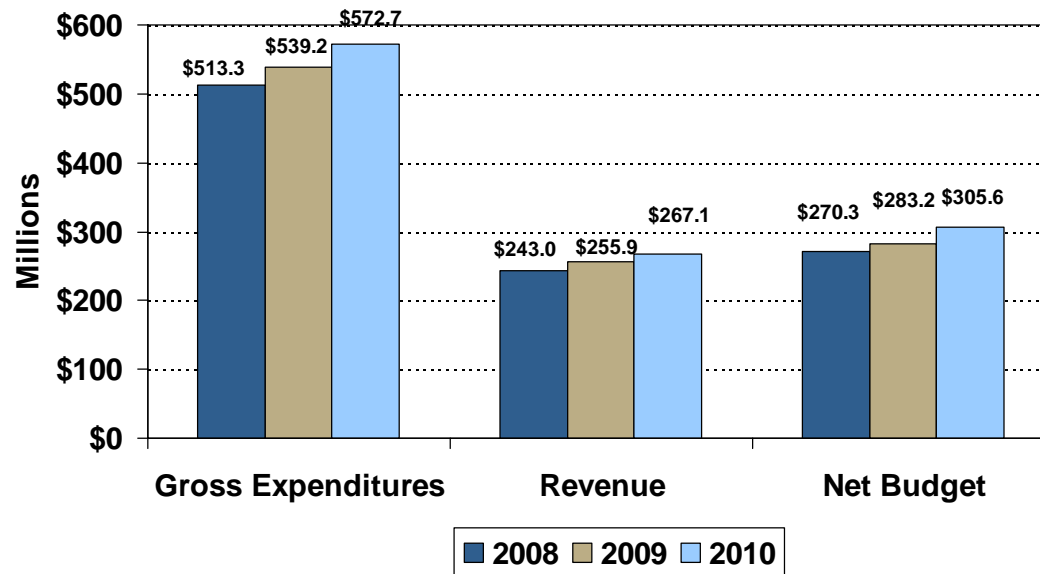
Based on a recent financial review by Standard & Poor's, the City of Mississauga was awarded an AAA credit rating. This is the highest credit rating assigned to a municipality and allows the City to issue debt at a more advantageous rate. Outside the United States, Mississauga is only the 12th municipality to earn this coveted rating. Although Standards & Poor's confirmed the City's high credit rating, it did note some concerns with the projected rapid depletion of tax-based capital reserve funds combined with debt requirements in the future.

Mississauga has limited tools available to manage its finances in the future. Although Mississauga's debt free status and high credit rating will assist in addressing the City's growing infrastructure needs, upcoming challenges will still be significant. Tax increases and assistance by senior levels of government will be required to fund the forecast capital program requirements in the next ten years.

Operating Program:

The chart below compares Mississauga's Gross and Net Operating Programs for 2008, 2009 and 2010.

2008, 2009 & 2010 Operating Program



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2009 and 2010 Recommended Operating Program by Service

The following table summarizes the 2009 and 2010 Operating Budget by service. Details of the programs and their associated budget impacts are included in the respective service sections.

2009 Recommended Operating Program by Service

	2008 Budget	2009 Base Budget	2009 Program Changes	2009 Request	2009 Change		2010 Base Budget	2010 Program Changes	2010 Request	2010 Change	
	\$	\$	\$	\$	\$	%	\$	\$	\$	\$	%
SERVICE EXPENDITURES											
Roads, Storm Drainage & Watercourses	52,444,900	58,187,600	(301,100)	57,886,500	5,441,600	10.4	3,924,600	1,171,100	62,982,200	5,095,700	8.8
Fire & Emergency Services	74,938,400	79,159,000	(102,500)	79,056,500	4,118,100	5.5	3,278,300	(7,000)	82,327,800	3,271,300	4.1
Mississauga Transit	36,099,000	39,400,500	(1,316,700)	38,083,800	1,984,800	5.5	6,064,900	310,100	44,458,800	6,375,000	16.7
Recreation & Parks	41,077,200	43,697,100	(873,100)	42,824,000	1,746,800	4.3	3,170,000	(450,500)	45,543,500	2,719,500	6.4
Land Development Services	3,865,100	5,246,700	(1,109,900)	4,136,800	271,700	7.0	1,019,900	(1,692,400)	3,464,300	(672,500)	(16.3)
Legislative Services	(1,632,700)	(1,408,600)	(12,100)	(1,420,700)	212,000	13.0	236,000	0	(1,184,700)	236,000	16.6
Library Services	23,361,200	24,126,200	(608,700)	23,517,500	156,300	0.7	972,400	0	24,489,900	972,400	4.1
Arts & Culture	2,517,500	2,557,600	(8,600)	2,549,000	31,500	1.3	52,700	0	2,601,700	52,700	2.1
Regulatory Services	483,500	629,300	(181,800)	447,500	(36,000)	(7.4)	262,100	(5,400)	704,200	256,700	57.4
Strategic Policy	5,281,100	5,534,700	(820,200)	4,714,500	(566,600)	(10.7)	250,800	71,800	5,037,100	322,600	6.8
Business Services	40,317,300	41,976,100	(353,200)	41,622,900	1,305,600	3.2	2,308,400	(63,900)	43,867,400	2,244,500	5.4
Corporate Assets	17,422,400	18,851,200	19,400	18,870,600	1,448,200	8.3	1,676,000	62,200	20,608,800	1,738,200	9.2
Departmental Business Services	60,800	(9,500)	9,500	0	(60,800)	(100.0)	(40,000)	40,000	0	0	0.0
Council	3,935,100	3,978,100	(27,500)	3,950,600	15,500	0.4	186,700	0	4,137,300	186,700	4.7
Financial Transactions	(29,892,200)	(31,232,400)	(1,770,000)	(33,002,400)	(3,110,200)	(10.4)	(266,900)	(150,000)	(33,419,300)	(416,900)	(1.3)
NET PROGRAM IMPACT	270,278,600	290,693,600	(7,456,500)	283,237,100	12,958,500	4.8%	23,095,900	(714,000)	305,619,000	22,381,900	7.9%

*Note: Assessment growth of 1.33% will result in a City tax increase of 3.5% with a total impact of 0.97% on the tax bill in 2009.
Assessment growth of 1.17% will result in a City tax increase of 6.73% with a total impact of 1.9% on the tax bill in 2010.

Roads, Storm Drainage and Watercourses, Fire & Emergency Services, Mississauga Transit and Recreation & Parks services remain the largest program areas in Mississauga. 77% of City spending is for front-line service delivery that impact people's lives every day.

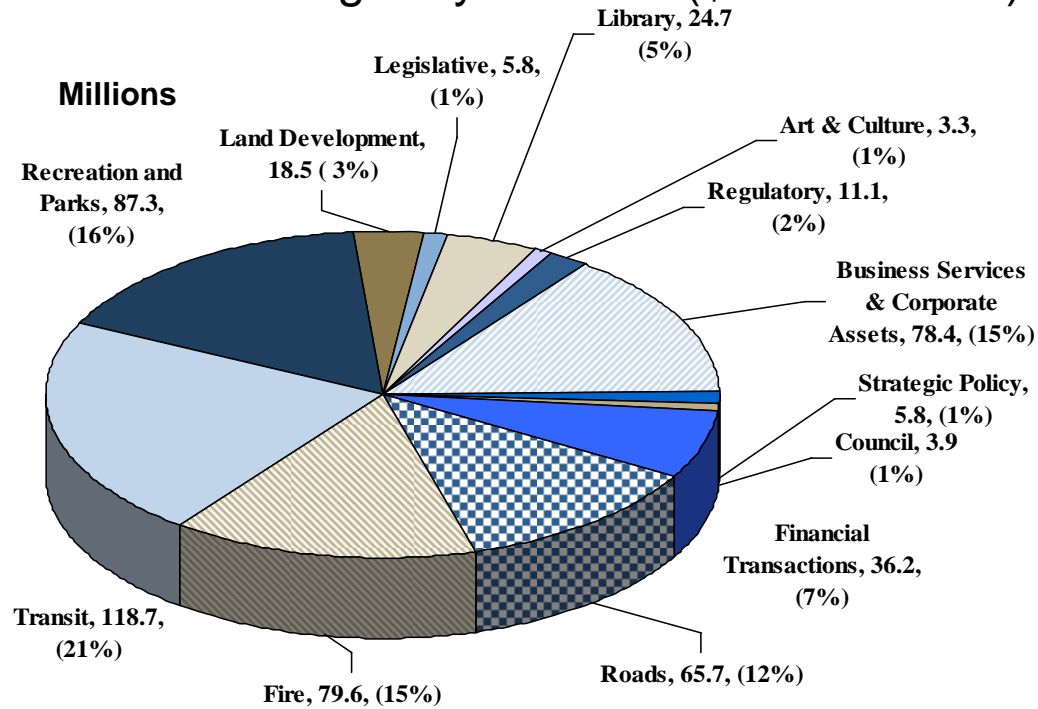


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The following chart shows the 2009 Gross Operating Program by service:

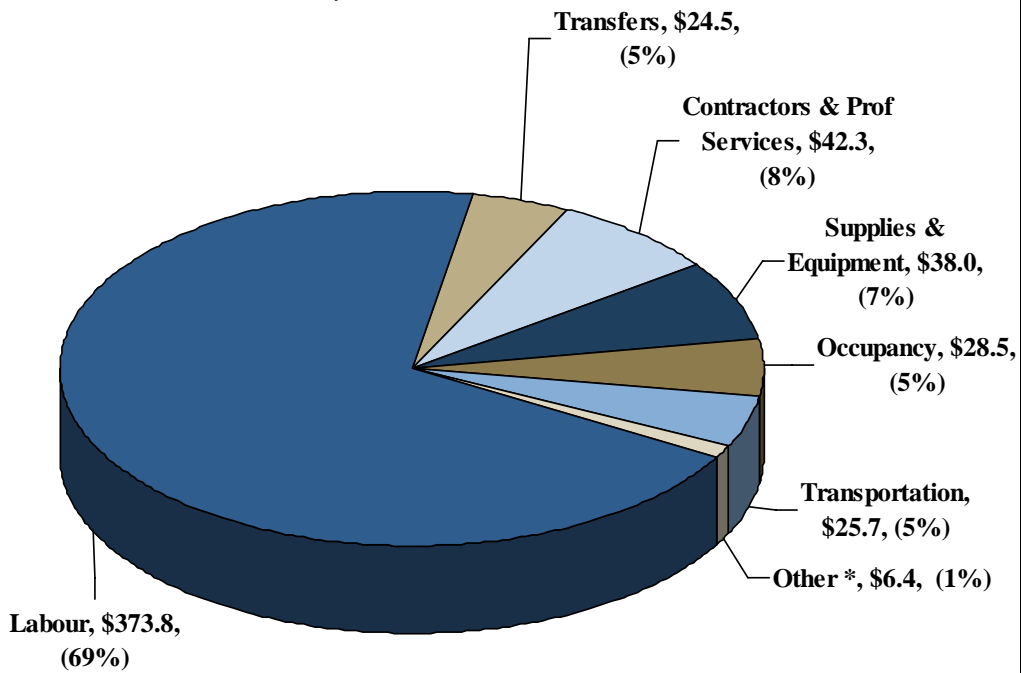
2009 Gross Budget By Service (\$539.2 Million)



2009 Operating Expenditure Highlights By Cost Category

A break down of the major operating expenditure categories is as follows:

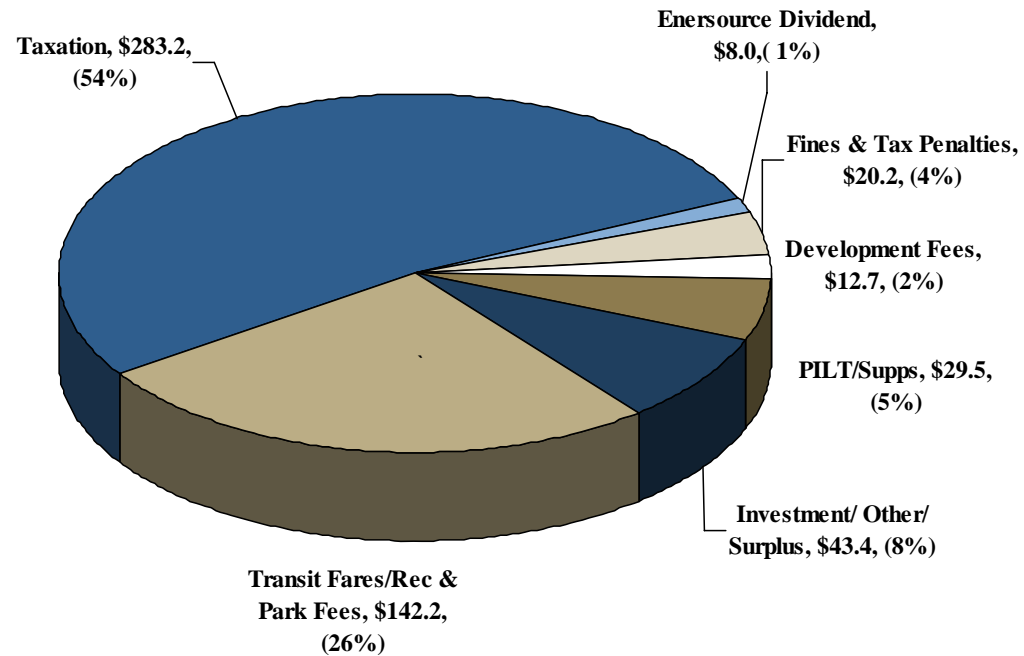
Total \$539.2 million – 2009



2009 Operating Program Revenues

A break down of the major financing categories is as follows:

Total \$539.2 million – 2009



* Other includes Staff Development, Communications, Advertising and Promotions

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Labour Costs

- Labour comprises 69% of the city's gross expenditures, and thus, even small percentage increases in this expenditure area have a large dollar impact on the Budget funding requirements.

The following chart shows examples of the sensitivity of various changes in labour and fringe benefits rates on the budget:

Description	\$ Impact (Millions)	City Tax Rate Increase	Impact on Total Tax Bill
1% Economic Adjustment	\$1,982,500	1.1%	0.31%
1% PMP and Union Step Progression Increase	\$1,518,700	0.56%	0.16%
1 Extra Working Day in Year	\$1,153,000	0.43%	0.12%
Upset Limit of CPP increase from \$44,900 to \$46,100	\$261,800	0.10%	0.03%
Major Medical 9% & Dental Benefits 3% Rate Increase	\$997,000	0.37%	0.10%
Long Term Income Protection Plan Benefit – Growth in Salary Coverage	\$117,500	0.04%	0.01%

Approximately 52% of the City's full time staffing complement is covered under one of 11 different collective agreements. Estimated labour and fringe benefit rate changes for each union group are incorporated into the budget. Labour cost adjustment estimates are also included for the remaining 48% non-unionized staff.

Operating Program Highlights:

The City's 2009 Operating Budget has increased by approximately \$13.0 million which is comprised of pressures of \$24.8 million (including base changes, strategic initiatives and other programs increases) which are offset by new revenues, efficiencies and program reductions of \$11.8 million.

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The following chart shows the same information categorized by major cost category.

Corporate Operating Budget Summary							
	2008 Restated Budget	2009 Request Budget	Change in 2009 Requested Budget To 2008 Restated Budget		2010 Request	Change in 2010 Requested Budget To 2009 Restated Budget	
	\$	\$	\$	%	\$	\$	%
EXPENDITURES							
LABOUR COST	355,139,800	373,818,300	18,678,500	5.3%	399,093,900	25,275,600	6.8%
Staff Development Costs	1,816,100	1,637,200	(178,900)	-9.9%	1,648,100	10,900	0.7%
Communications Costs	2,658,300	2,812,700	154,400	5.8%	3,153,400	340,700	12.1%
Transportation Costs	22,488,100	25,695,500	3,207,400	14.3%	28,570,200	2,874,700	11.2%
Occupancy & City Costs	26,338,900	28,524,600	2,185,700	8.3%	29,490,800	966,200	3.4%
Equipment Costs & Maintenance Agreement	7,245,800	7,642,500	396,700	5.5%	8,343,200	700,700	9.2%
Contractor & Professional Services	40,258,800	42,254,800	1,996,000	5.0%	44,697,600	2,442,800	5.8%
Advertising & Promotions	2,303,300	1,966,800	(336,500)	-14.6%	2,017,700	50,900	2.6%
Materials, Supplies & Other Services	21,509,800	22,664,200	1,154,400	5.4%	23,474,800	810,600	3.6%
Finance Other	8,048,500	7,682,900	(365,600)	-4.5%	7,706,600	23,700	0.3%
Transfers	25,476,100	24,465,400	(1,010,700)	-4.0%	24,510,400	45,000	0.2%
OTHER OPERATING EXPENSES	158,143,700	165,346,600	7,202,900	4.6%	173,612,800	8,266,200	5.0%
TOTAL EXPENDITURES	513,283,500	539,164,900	25,881,400	5.0%	572,706,700	33,541,800	6.2%
REVENUES							
Supplementary Railway & Corridors	(6,463,600)	(5,923,600)	540,000	8.4%	(5,463,600)	460,000	7.8%
Payments in Lieu	(22,745,500)	(23,533,000)	(787,500)	-3.5%	(24,364,900)	(831,900)	-3.5%
Grants	(3,628,500)	(3,636,800)	(8,300)	-0.2%	(3,636,800)	0	0.0%
Fees & Service Charges	(101,764,200)	(104,393,500)	(2,629,300)	-2.6%	(111,428,700)	(7,035,200)	-6.7%
Licenses & Permits	(16,356,700)	(16,775,800)	(419,100)	-2.6%	(17,209,900)	(434,100)	-2.6%
Rents, Concessions & Franchise	(21,016,100)	(21,370,200)	(354,100)	-1.7%	(21,571,400)	(201,200)	-0.9%
Fines	(14,660,600)	(14,544,800)	115,800	0.8%	(14,616,200)	(71,400)	-0.5%
Penalties & Interest on Taxes	(5,690,000)	(5,690,000)	0	0.0%	(5,690,000)	0	0.0%
Investment Income	(14,203,500)	(13,354,400)	849,100	6.0%	(14,504,400)	(1,150,000)	-8.6%
Other Revenue	(20,455,400)	(31,006,100)	(10,550,700)	-51.6%	(33,302,500)	(2,296,400)	-7.4%
Transfers	(16,020,800)	(15,699,600)	321,200	2.0%	(15,299,300)	400,300	2.5%
TOTAL REVENUES	(243,004,900)	(255,927,800)	(12,922,900)	-5.3%	(267,087,700)	(11,159,900)	-4.4%
NET SERVICE IMPACT	270,278,600	283,237,100	12,958,500	4.8%	305,619,000	22,381,900	7.9%

*Note: Assessment growth of 1.33% will result in a City tax increase of 3.5% with a total impact of 0.97% on the tax bill in 2009.
Assessment growth of 1.17% will result in a City tax increase of 6.73% with a total impact of 1.9% on the tax bill in 2010.



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Operating Program Budget Categories

Changes to the 2009 and 2010 Operating Program have been classified into various categories. Brief descriptions of each one are as follows:

2009 Base Changes - These are changes in both costs and revenues that relate to a normal ongoing part of the city's business. Examples of initiatives included in this category include costs increases to ensure existing service levels are maintained, the operating impact of opening new facilities, hydro rate increases or economic adjustments awarded in union agreements and to non-union staff. Increased or decreased revenues which are a result of change in usage or rates, in line with normal expectations, are also included in this category.

Program Increases – These are services which are added or being increased or expanded beyond the level that the City currently provides as well as any new Full Time Equivalent staffing positions and hours (some of which are required to maintain existing service levels).

New Revenues – These are new revenues from implementation of new programs or services, new fees for existing services that result from a change in the existing city policy or rate increases higher than normally expected (eg. above inflation).

Program Reductions – These are reductions in service levels which have resulted in cost savings. This would also include reductions in staffing levels.

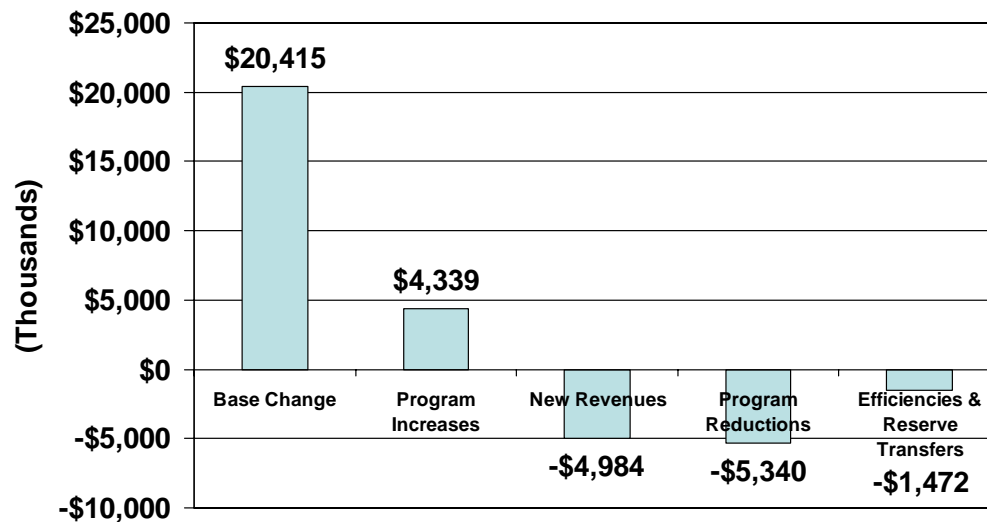
Efficiencies and Reserve Transfers – These are savings which have been realized by the city improving the way services are delivered or the cost of resources used in service provision. Also included in this category is the increased use of reserves to offset expenditures which reduces the required tax rate increase.

For every service, any budget items which fall into any of the above categories, other than Base Changes, will have a summary sheet at the end of the operating service budget presentation or are within the Service Area Business Plans which provides detailed information about each individual initiative or new staff request.

The following charts provide a high level summary of each budget category or change for 2009.

The 2009/10 Business Plan and Budget represents a balanced approach towards maintaining key existing services while at the same time implementing key opportunities to reduce the budget, through new revenues, efficiencies and program reductions that do not affect the public in a significant way, so that resources can be re-invested into Mississauga’s strategic priorities.

Summary of 2009 Budget Changes



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Key Budget Changes for 2009 Ongoing Operations (Base Changes)

In addition to the \$4.3 million in new investments included in the City's business plan and budget to advance City priorities, the 2009 Budget also accommodates additional net cost pressures of \$20.4 million as follows:

- Based on a labour budget of \$355 million, total labour increases for ongoing economic and merit adjustments are \$13.8 million;
- \$6.3 million in transit service expansion costs which are offset by an additional \$3.9 million in fares and Provincial Gas Tax transfers;
- Annualization of Transit service improvements added part way through the year in the 2008 Budget of \$1.0 million;
- \$2.4 million increase for winter maintenance costs for sand, salt and contractor costs. This also includes service level improvements totalling \$0.8 million included in the Roads, Storm Drainage and Watercourse and Recreation and Parks Services for transit priority routes and winter maintenance on the waterfront park pathways (based on a \$14.5 million 2008 budget);
- \$2.3 million in utility cost increases primarily due to the change in distribution charge model which has increased

streetlighting costs by \$1.3 million (based on a \$15.8 million 2008 budget);

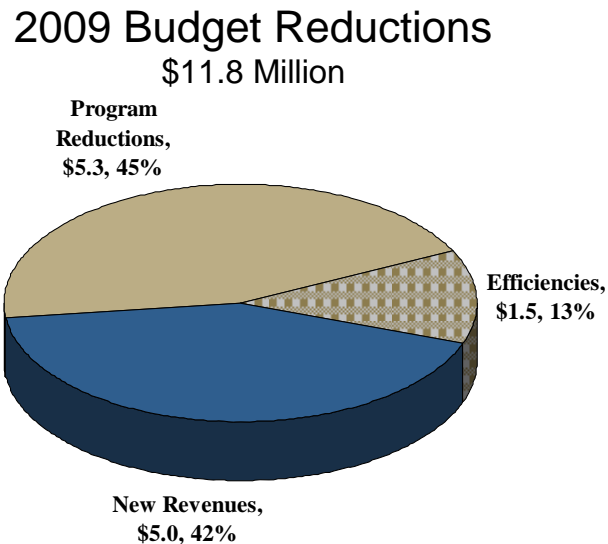
- \$2.2 million in vehicle fuel increases, primarily diesel fuel for transit buses (based on a \$15.2 million 2008 budget);
- \$0.7 million in contract increases primarily due to traffic signal maintenance and building maintenance costs;
- \$0.3 million reduction in Provincial Offences revenue (based on a \$6.9 million 2008 budget) which is partially offset by reduced adjudication costs of \$0.2 million (based on a \$0.7 million 2008 budget);
- \$0.2 million in engineering and traffic studies and traffic data counts;
- Supplementary tax revenues have decreased by a net \$0.5 million (based on a \$4.7 million 2008 budget). Elimination of the one-time increase of \$1.0 million in supplementary taxes which was included in the 2008 Budget due to the delay in the implementation of the new Municipal Property Assessment Corporation (MPAC) computer system are offset by the back log of New Construction properties to be billed as supplementary tax in 2009 (\$460,000);
- (\$0.8 million) net increase in payments in lieu of taxes received for Pearson International Airport (PIA) (based on a \$17.8 million 2008 budget);
- (\$0.4 million) increase in Recreation program fees, and

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- Reduction in investment income of \$1.0 million which is offset by a corresponding transfer from an Operating Reserve (based on a \$14.2 million 2008 budget). 2009 Operating Program Reductions

The following chart shows the areas where adjustments were made to bring the tax increase down approximately 1.2% on the total tax bill or \$11.8 million. Details can be found in Appendix 2 – Summary of Program Changes. These reductions have allowed Mississauga the flexibility to make important new investments in other priority areas.



Highlights of \$5.0 million in new revenues are as follows:

- \$3.1 million Additional transit revenues associated with new service being added in 2009 (based on a \$61.8 million 2008 budget);
- \$1.0 million Change the structure and increase the rate of fees charged to developers for the development approval process in order to reflect a phased-in full cost recovery model (based on a \$2.7 million 2008 budget);
- \$0.3 million Increase in building permits fees indexed to inflation (based on a \$12.0 million 2008 budget);
- \$0.2 million Increase in parking fees due to overnight enforcement during winter months and charging for long term parking consideration (based on a \$6.6 million 2008 budget);
- \$0.2 million Change timing of tax payments to the Region of Peel to align with receipts;
- \$0.1 million Increased revenue sponsorship opportunities (based on a \$0.4 million 2008 budget);
- \$0.1 million New older adult fees for recreation swims and skating (based on a \$1.5 million 2008 budget); and

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\$0.1 million Energy surcharge for ice rental rate (based on a \$7.7 million 2008 budget).

Highlights of program reductions of \$5.3 million are as follows:

\$1.4 million Implement a formal labour gapping program to generate savings in addition to \$1.1 million already included in the City's 2008 Budget;

\$0.6 million Reduction in the Building a City of 21st Century (BC 21) team (based on a \$0.7 million 2008 budget);

\$0.6 million Transit route elimination or reduced frequency in under utilized areas (based on a \$10.6 million 2008 budget);

\$0.3 million Reduction in city-wide courses and conference (based on a \$1.3 million 2008 budget);

\$0.3 million Reduce sidewalk repairs and street sweeping program (based on a \$1.0 million 2008 budget);

\$0.3 million Reduce special lane marking, asphalt maintenance and storm drainage repairs (based on a \$1.8 million 2008 budget);

\$0.3 million Reduce library hours of operation (based on a \$3.2 million 2008 budget);

\$0.2 million Elimination of two city vehicles (included in the road service) and increasing contracted services (based on a \$55.6 million 2008 budget);

\$0.2 million Eliminate Billboards at Pearson International Airport (based on a \$0.2 million 2008 budget);

\$0.1 million Eliminate insurance affiliate program (based on a \$0.1 million 2008 budget);

\$0.1 million Reduce inter-governmental relations work (based on a \$0.1 million 2008 budget);

\$0.1 million Discontinue home delivery of Active Mississauga Guide (based on a \$0.4 million 2008 budget);

\$0.1 million Reduce Mississauga/Toronto West Tourism by 50% (based on a \$0.3 million 2008 budget);

\$0.1 million Eliminate Canada Professional Golf Association event from Lakeview Golf Course; and

\$0.6 million Elimination of numerous, smaller value administrative focused services such as elimination of City Centre core banners, souvenir program, Civic Centre tours, etc..



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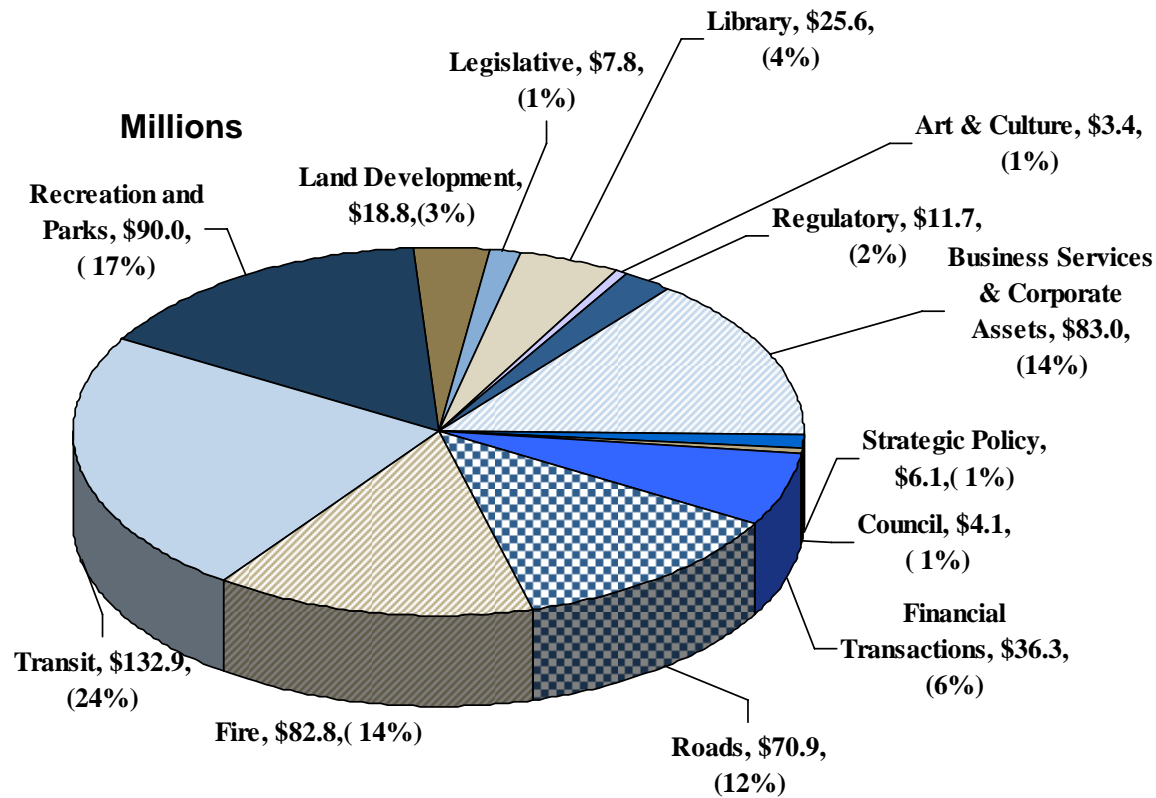
Highlights of cost saving efficiencies of \$1.5 million are as follows:

- \$0.4 million Streetlighting efficiencies (based on a \$2.4 million 2008 budget);
- \$0.3 million Savings in gas and electricity costs resulting from energy retrofits, conservation and the use of leading edge open market purchase strategies (based on a \$15.8 million 2008 budget);
- \$0.3 million Transfer from Reserves to offset lost revenues related to the closure of Erin Meadows Pool;

- \$0.2 million Centralize and computerize library materials selection and ordering process (based on a \$1.2 million 2008 budget);
- \$0.2 million Implementation of e3 Corporate Fleet review (based on a \$3.0 million 2008 budget);
- \$0.1 million Consolidation of Service desks at Central Library (based on a \$1.2 million 2008 budget); and
- \$0.1 million Eliminate Business Planning Manager position (based on a \$0.1 million 2008 budget).

The following chart shows the 2010 Gross Operating Program by service:

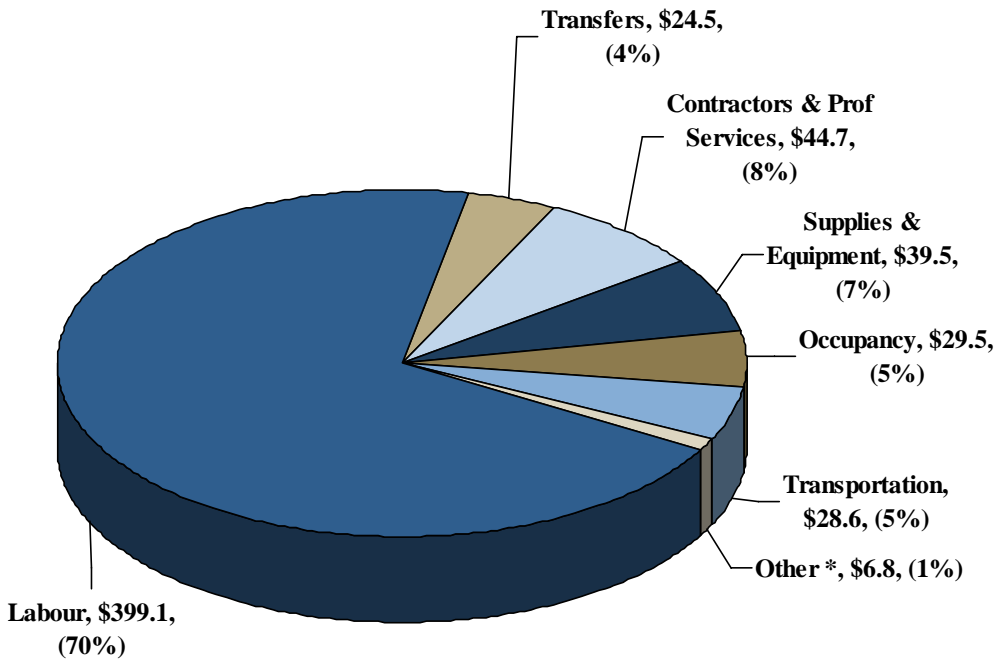
2010 Gross Budget By Service (\$572.7 Million)



2010 Operating Expenditure Highlights By Cost Category

A break down of the major operating expenditure categories is as follows:

Total \$572.7 million - 2010

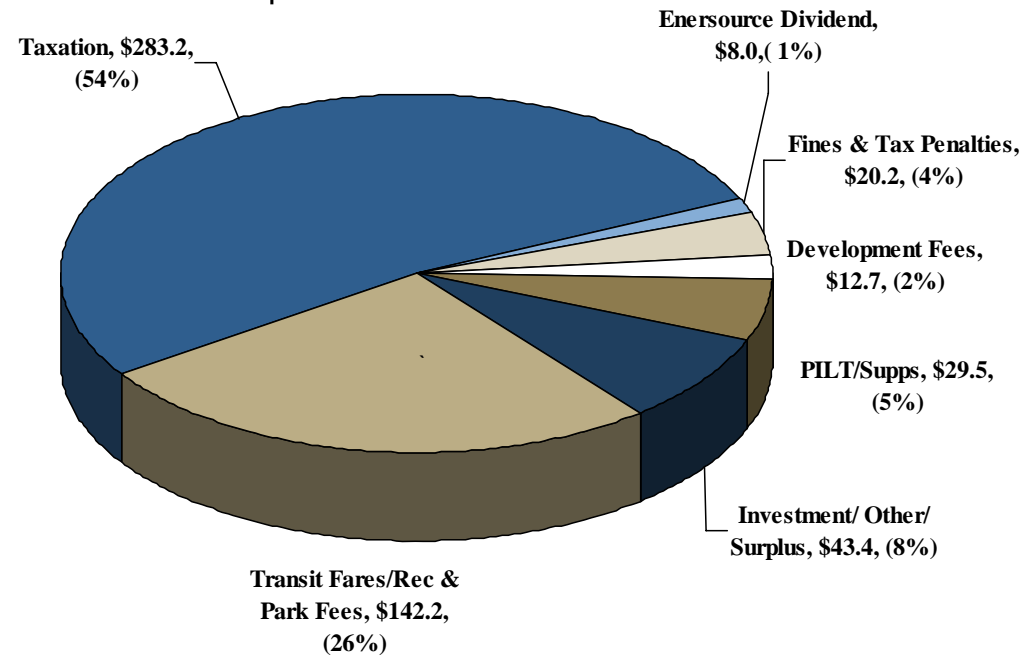


* Other includes Staff Development, Communications, Advertising and Promotions

2010 Operating Program Revenues

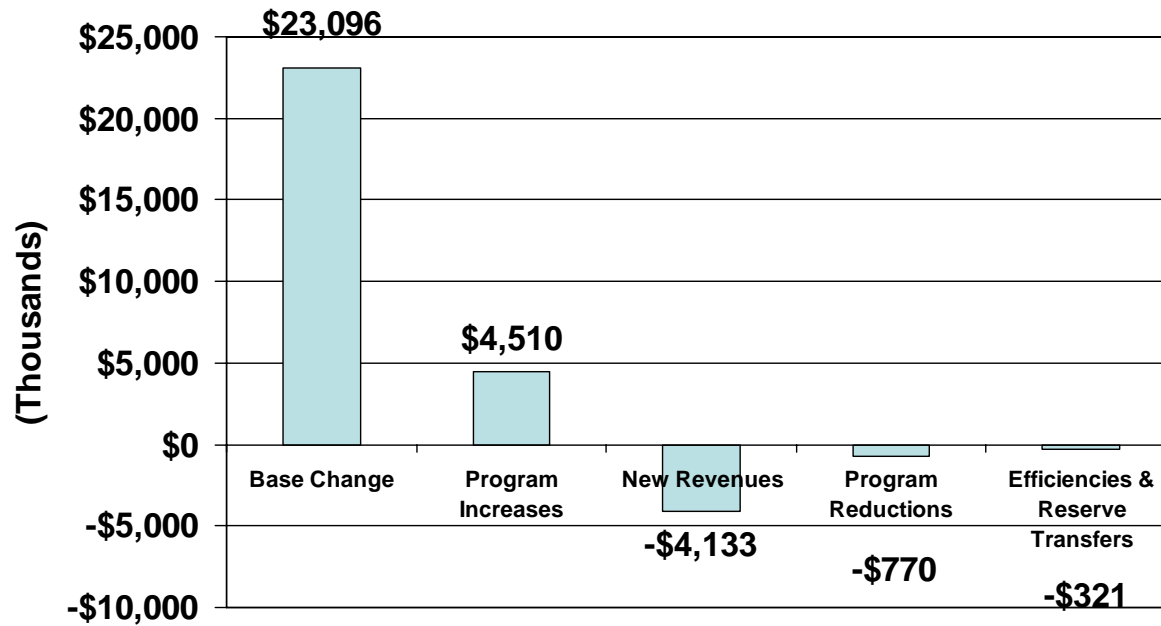
A break down of the major financing categories is as follows:

Total \$572.7 million - 2010



The following charts provide a high level summary of each budget category or change for 2010.

Summary of 2010 Budget Changes



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Key Budget Changes for 2010 Ongoing Operations (Base Changes)

In addition to \$4.5 million in new investments, the 2009 & 2010 Business Plan and Budget also accommodates additional net cost pressures of \$23.1 million that will affect the 2010 Operating Budget are as follows:

- Based on a labour budget of \$374 million, total labour increases for ongoing economic and merit increases are \$20.3 million;
- \$6.4 million in transit service expansion costs which are offset by an additional \$4.0 million in revenues and Provincial Gas Tax transfers;
- \$2.8 million for winter maintenance costs primarily related to increases for sand, salt and contractor costs. This also includes service level improvements totalling \$1.3 million included in Roads, Storm Drainage and Watercourse for transit priority routes (based on a \$16.8 million 2009 budget);
- \$1.6 million in vehicle fuel increases, primarily diesel fuel for transit buses (based on a \$17.7 million 2009 budget);
- \$0.9 million in contract increases primarily due to traffic signal maintenance and building maintenance costs;

- Annualization of service improvements added part way through the year in the 2009 Budget of \$0.5 million;
- \$0.6 million for utility increases (based on a \$15.8 million 2009 budget);
- (\$0.8 million) net increase in payments in lieu of taxes received for Pearson International Airport (PIA) (based on a \$18.6 million 2009 budget);
- Increased rates for various recreational program fees of (\$0.5 million);
- Additional Enforcement Revenue (\$0.3 million);
- \$1.8 million for election expenses which are offset by transfers from the Reserve for Elections; and
- Increase in investment income of \$1.0 million which is offset by a corresponding reduction/transfer from an Operating Reserve from 2009.

2010 Operating Program Reductions

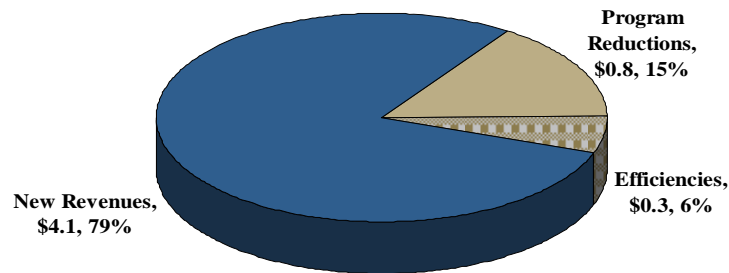
The following chart shows the areas where adjustments were made to bring the total tax increase down by 0.5% or \$5.2 million. The 2010 estimated City tax increase would be 1.9% on the total tax

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bill. Details can be found in Appendix 2 – Summary of Program Changes tab.

2010 Budget Reductions \$5.2 Million



Highlights of new revenues of \$4.1 million are as follows:

- \$2.0 million Change the structure and increase the rate of fees charged to developers for the development approval process in order to reflect a phased-in full cost model (based on a \$3.7 million 2009 budget);
- \$1.7 million Additional transit fare revenue associated with the new service being added in 2008 (based on a \$63.3 million 2009 budget);

- \$0.3 million Increase building permits fees indexed based on the rate of inflation (based on a \$12.3 million 2009 budget);
- \$0.1 million Increased revenue sponsorship opportunities (based on a \$0.5 million 2009 budget); and
- \$0.1 million Energy surcharge for ice rental rate (based on a \$8.0 million 2009 budget).

Highlights of program reductions of \$0.8 million are as follows:

- \$0.3 million Carryforward impact of Transit route elimination or reduced frequency on low performing routes from the 2009 Budget changes (based on a \$10.0 million 2009 budget);
- \$0.2 million Reductions in Business Services that support Roads, Water course and Storm Drainage, Regulatory and Transit Services; and
- \$0.2 million Change timing of tax payments to the Region of Peel to align with receipts.

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Highlights of cost saving efficiencies and Reserve Fund transfers of \$0.3 million are as follows:

\$0.5 million Increase in transfer from Reserves to offset closure costs associated with redeveloping Meadowvale Community Centre; and

(\$0.2 million) Elimination of the transfer from Reserves to offset the transfer incorporated into the 2009 Budget to offset the closure costs due to repairs to the Erin Meadows Pool.

2009 Recommended Capital Program and 2009-2018 Forecast

Introduction

The Capital portion of the Overview Section has been structured in the following manner:

- Introduction – provides brief historical information related to the capital budget;
- Contributions from Provincial and Federal levels of Government;
- 2009 Capital Program Highlights – provides a summary of capital projects or programs for 2009;

- 2009-2018 Capital Program Highlights – provides a summary of capital projects or programs for the 10 year forecast period;
- Fund Balances – provides details of projected reserve fund balances which reflect revenue projections and forecasted project expenditures; and
- Funding Strategy – provides details related to funding the non-growth (i.e. tax-based capital) program.

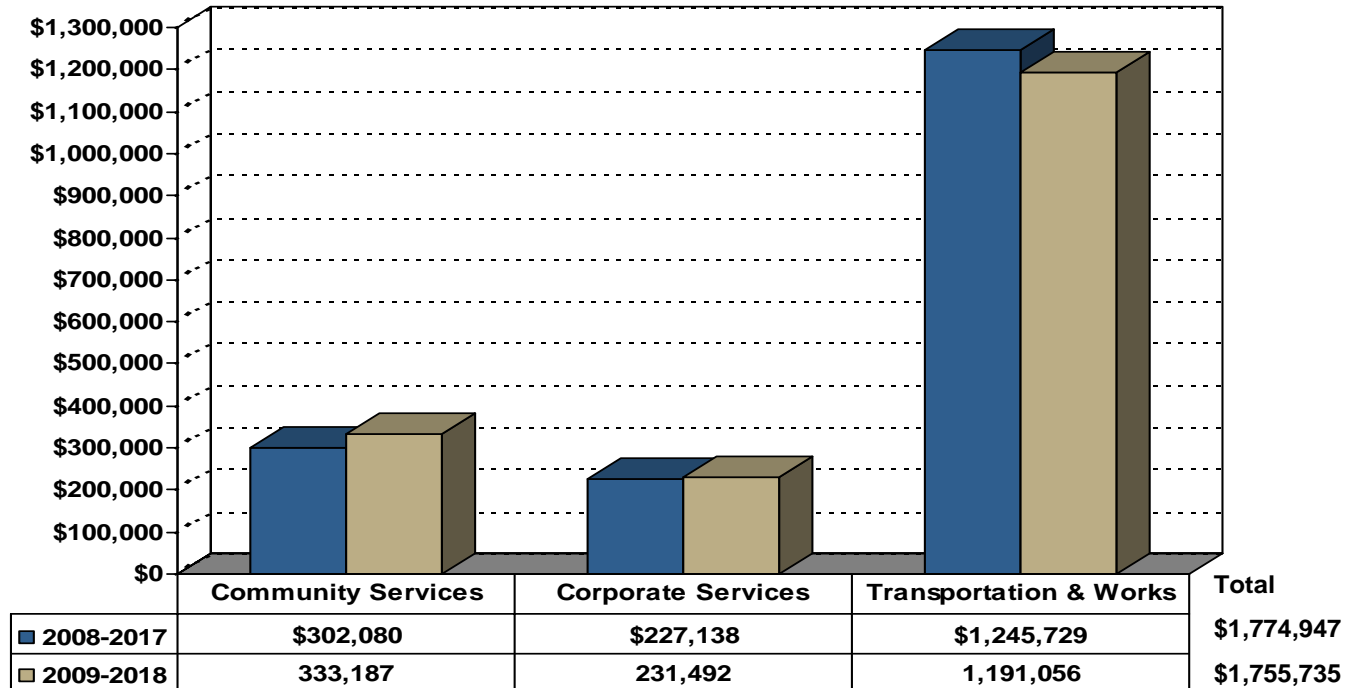
Mississauga's capital program is made up of two primary components:

- a non-growth component, which includes replacement, maintenance and enhancements to existing infrastructure; and
- a growth related component, which includes acquisition or construction of additional or new assets.

Some projects may include both growth and non growth elements, such as the expansion and replacement of the Fire Training and Vehicle Maintenance Centre.

The following chart provides a high level summary of the approved 2008 – 2017 Capital Forecast contained within the 2008 Budget as compared to the proposed 10 Year Forecast contained within the 2009-2018 Business Plan and Budget.

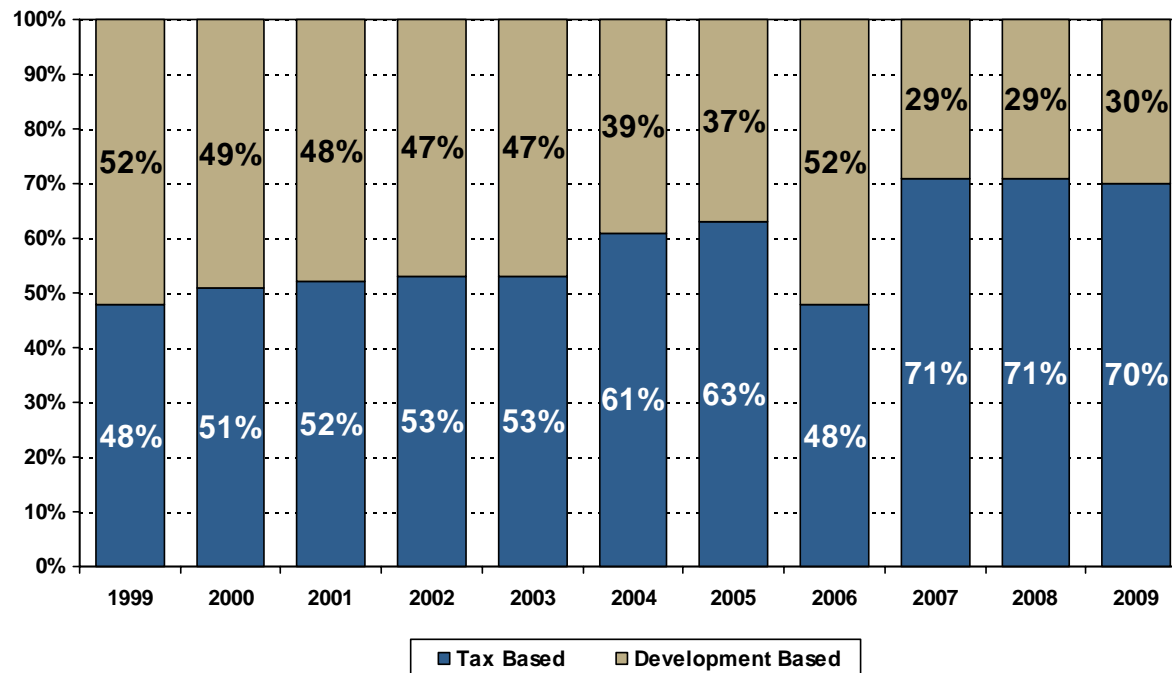
Tax Funding Requirements by Department 10 Year Capital Plan Comparison (\$'000)



The 2009-2018 Capital Program strikes a balance between providing for the service needs of newly developed areas, including installation of new playgrounds, new roads, and new parks, and addressing the needs of older communities including replacement, repair and rehabilitation of existing pathways, roads and buildings.

The following chart provides a brief historical summary of tax based versus development based funding. Although the City continues to grow, the capital budget is slowly shifting its focus from adding new infrastructure to maintaining Mississauga’s existing asset base.

Capital Program Funding Summary



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The shift from development to tax-based funding has been persistent since 1999. In 2006, the results are distorted somewhat, compared to other years as a result of the substantial funding allocation to the growth-related Sports Complex at \$36.1 million using funds from the Cash in lieu of Parkland Dedication and Development Charges Reserve Funds, both of which are development-based funding. Aside from 2006, there is a clear trend towards having to rely more and more each year on tax based funding sources for infrastructure maintenance and rehabilitation.

Although the economy is experiencing a significant economic downturn, capital cost increases continue to increase costs associated with capital projects. The following table highlights some of the cost increases related to 2008 approved as well as 2009 projects in dollars as well as a percentage of the total projects costs:

Project Description	Cost Increase	
	Millions	% Increase
BRT Construction	\$52.5	22%
Torbram Road Grade Separation	\$11.0	85%
Burnhamthorpe Bridge (based on original budget of \$6 million approved in 2008)	\$7.0	117%
Greenbelt Land Acquisition	\$4.9	25%
Community Facility Renovations	\$2.7	10%
Artificial Soccer – Ninth Line	\$1.0	9%

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Contributions from Provincial and Federal Levels of Government

The following chart provides a summary of revenues from the provincial and federal levels of government over the next five years:

(\$ millions)	2009	2010	2011	2012	2013	Total
Provincial Gas Tax	\$15.5	\$15.5	\$15.5	\$15.5	\$15.5	\$77.5
Ontario Bus Replacement*	\$2.8	\$3.0	\$5.3	\$5.8	\$3.8	\$20.7
Federal Gas Tax**	\$19.9	\$19.9	\$19.9	\$19.9	\$19.9	\$99.5
Federal Gas Tax (Regional Portion)	\$14.7	\$16.7	\$16.7	\$16.7	\$16.7	\$81.5
Subtotal	\$52.9	\$55.1	\$57.4	\$57.9	\$55.9	\$279.2
Provincial BRT Funding						\$65.0
Federal BRT Commitment						\$58.0
Total						\$402.2

* Funding for Ontario Bus Replacement will be received as a 1/12th portion over 12 years

**The chart reflects the assumptions used in the Budget – the actual receipts from 2010 onward will be increased to \$20.5 million to reflect the 2006 Census

Provincial Funding Sources

The Province first provided gas tax funding for transit starting in October 2004. The City now receives the maximum contribution of \$15.5 million each year for the next five years based on 2 cents per litre. These funds are allocated across Ontario municipalities 70% based on transit ridership and 30% based on population. The primary purpose of this funding is to increase overall transit ridership through the expansion of public transportation capital infrastructure and levels of service. In keeping with the Ministry of Transportation requirements, ridership growth and asset management plans have been approved by Council, detailing the use of the Provincial gas tax receipts. The existing plan permits the use of gas tax revenues to offset the increased Transit operating costs as well. However, Provincial gas tax funding can not be used to finance municipalities growing road or building infrastructure deficits.

The City's Provincial gas tax funding is being used to offset the operating costs of new buses and related service expansion. While Provincial gas tax funding can be used to offset higher day to day transit costs (such as salaries/wages, diesel fuel, bus parts, etc.), the City's practice has been to apply these revenues to Transit service expansion costs only. The ongoing use of Provincial gas tax funding to support Transit growth allows for the expansion of Transit service with no tax impact. By 2010, the Provincial gas tax funding will have been fully allocated towards transit growth related operating costs. Starting in 2010 and beyond, costs associated with any further Transit expansion will have to be

absorbed through property taxes. Mississauga will need to evaluate the impact of forecasted transit service level expansion relative to the tax rate increases for the future.

The Ontario Bus Replacement Program subsidizes the cost of replacement buses. The program has undergone several changes in the last five years. Starting in 2008, the program funding is based on 33% recovery from the province – an increase from the 25% rate in 2007. In contrast, receipt of the recoveries will be paid over 12 years to coincide with the lifecycle of the buses thereby reducing the City's annual cash flow. Prior to 1998, the Province used to provide a 75% subsidy for all bus purchases.

In addition to one-time funding received in 2008 as previously mentioned, the province has announced a one-time support of public transit with \$65 million to fund Mississauga's Bus Rapid Transit (BRT) project – a separated roadway connecting the Mississauga/Oakville border to Renforth Drive via Highway 403 and Eglinton Avenue.

Federal Funding Sources

Early in 2007, Mississauga received just over \$14 million in funding for the Federal Public Transit Capital Trust program covering years 2007 to 2009. This funding was initially created as a compromise during the 2005-06 Budget. The 2006 Federal Budget also amended the second year of the program as well as its duration and funding levels. The second year funding was

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redirected into a three-year Public Transit Capital Trust and increased from \$196 million to \$510 million. This funding is restricted exclusively to transit capital expenditures, and can not be used to fund capital infrastructure deficiencies.

In 2009, the Federal gas tax is forecast to double from the 2008 level of 2.5 cents to 5.0 cents per litre. The receipts in 2009 are estimated at \$19.9 million with a total of \$99.5 million being received over the next five year period. After the budget was prepared, the City was notified that it will increase to \$20.5 million starting in 2010 but has not been incorporated in the budget. Also, the Region of Peel has agreed to flow through any Federal gas tax receipts to the lower tier municipalities after accounting for TransHelp requirements. For the period, 2009 to 2013, these receipts total \$81.5 million.

The use of the Federal gas tax revenues is restricted for certain purposes. These funds can be applied to no more than two of the following city services: transit, storm water systems and community energy systems. Starting in 2007, large cities may also use Federal gas taxes to fund road infrastructure. To be eligible for funding, municipalities cannot reduce their existing/historical spending on capital projects. Similar to Provincial gas tax revenues, Federal gas taxes cannot be used to reduce property taxes. In order to help address the City's growing gridlock problems, Mississauga plans to invest Federal gas tax revenues to expand transit infrastructure, improve transit services and to help finance bus replacements. As such, Federal gas taxes are not available to fund general capital infrastructure needs.

Municipalities across Canada continue to ask for a escalation to the Gas Tax to ensure its value does not depreciate over time.

Highlights of Transit Projects

The 2009 – 2018 Budget recommends the following projects which are funded from a variety of transportation related funding sources as described above:

- Over the next two years the Central Parkway Transit Facility will be renovated as well as expanded to include storage for the bus fleet including the associated expansion in the maintenance and operational areas at a capital cost of \$84 million;
- As the fleet continues to grow, a third Transit Satellite for bus storage and maintenance is anticipated to be designed in 2011 with construction occurring in 2012-2014. It is to be located in the northwest area of the City, the budget of \$60 million (jointly funded from gas tax and development charges) includes land acquisition, design and construction.
- Mississauga will be jointly constructing a Bus Rapid Transit (BRT) corridor along Highway 403 and Eglinton Avenue which will also be used by GO transit. The project includes the design and construction of the transitway as well as the purchase of 15 – 60 foot buses. Currently funding has been identified as one third from both the Provincial and Federal Governments with the remaining one third split between Mississauga and GO Transit. This project will provide a link

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from the Mississauga/Oakville border to Renforth Drive in Toronto. The total project is estimated at \$326 million which includes a funding shortfall of \$52.5 million in cost increases that is not currently funded in the City's 2009-2018 Capital Budget and Forecast. Mississauga City Council will be holding discussions with senior levels of government asking for funding assistance to address the \$52.5 million shortfall.

- Mississauga needs to invest in transit infrastructure on its busiest route - the Hurontario Corridor. In 2007 and 2008, Mississauga has invested a total of \$5.0 million in feasibility and environmental assessment studies. In 2010 a further \$3.6 million has been allocated for the study. For 2015 to 2018, \$80 million has been allocated for transit priority measures and upgraded passenger facilities along this corridor.
- Bus growth and service expansion includes 15 additional buses per year (eight funded from development charges and seven from the Federal Gas Tax). Starting in 2010, the bus plan also assumes that 25% of the replacement buses will be hybrid. The combined cost for growth and replacement buses is \$229.9 million over the next ten years.

In June 2007, the Province announced a \$17.5 billion rapid transit action plan for the Greater Toronto area. In addition to the BRT, Mississauga initiatives include:

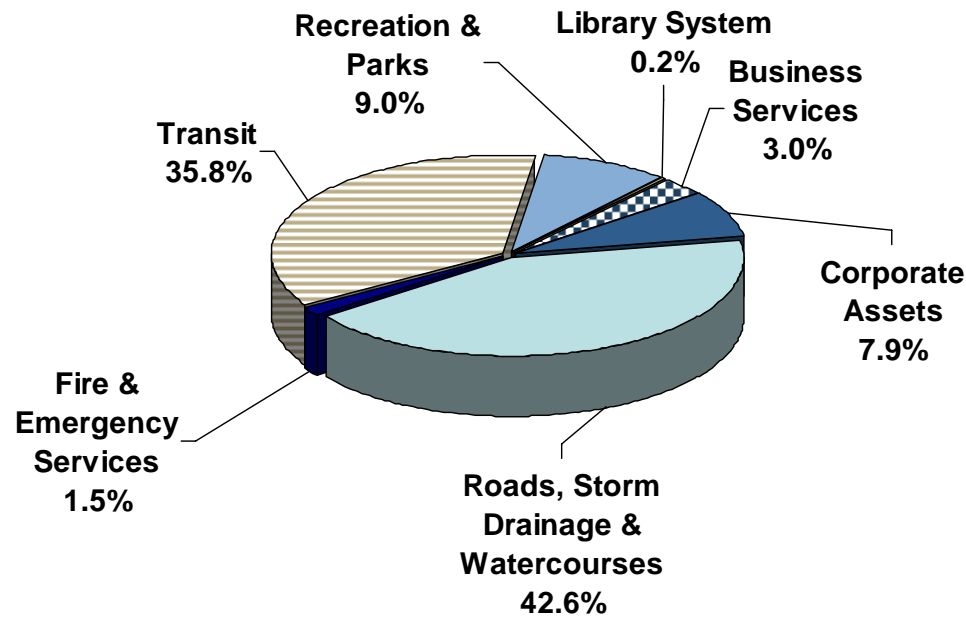
- Light rail transit between Queen Street in Brampton to Lakeshore Road in Mississauga along Hurontario Street;
- Light rail transit from Kipling Station to Hurontario Street;
- Expansion of the Lakeshore West GO transit rail line by adding a third track between Oakville and Port Credit; and
- Capacity expansion of the Milton and Georgetown GO railway lines.

These projects will be funded 65% from the Province with the remaining 35% to come from the Federal Government.

2009 Capital Program Highlights

The recommended City of Mississauga’s 2009 Capital Program has a gross cost of \$195.8 million and \$185.1 million, net of subsidies and recoveries. The following chart shows the distribution of expenditures by major service category for 2009.

2009 Capital Budget Gross Expenditures \$195.8 Million



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2009 Capital Program Highlights

The following chart shows the distribution of 2009 capital expenditures by major service category:

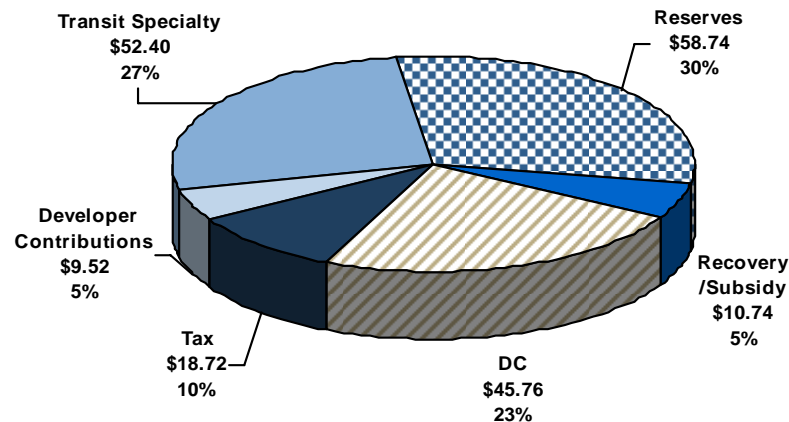
Service	Gross Cost (\$ 000s)	Subsidy/ Recovery	Net Cost (\$ 000s)
Roads, Storm Drainage and Watercourses	83,537	525	83,012
Transit	70,221	9,830	60,391
Recreation and Parks	17,568		17,568
Corporate Assets	15,399		15,399
Business Services	5,779		5,779
Fire & Emergency Services	2,892	380	2,512
Library Services	440		440
Total	195,836	10,735	185,101

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The following chart shows the funding sources for the 2009 Capital Budget.

2009 Total Funding \$195.8 Million



During 2009, Mississauga is starting several key projects. Some of these projects are being phased in over several years. Highlights are as follows:

- Gross funding for the Highway 403/Eglinton Bus Rapid Transitway project is projected at \$326 million and will be jointly funded with GO Transit and the federal and provincial levels of government. In 2009, \$20.9 million will be spent on Phase 2 of the construction of the BRT laneways;

- \$11.0 million for the Torbram Road Grade Separation;
- \$5.1 million on various city wide facilities including the redevelopment of the main house at the Fusion site. Basic development and the construction of washrooms at Park 471 and a design study will be undertaken of Civic and Central Library Square improvements that aligns with the outcomes of the Placemaking exercise conducted during 2008; and
- \$4.7 million for the Office Accommodation program. This medium range plan, with funding over the next three years, will provide for the phased expansion and realignment of space necessary to meet existing space shortfalls.

Highlights of 2009 ongoing programs are as follows:

- \$33.0 million for major roads and bridges and structure related works;
- \$25.1 million for the Transit Central Parkway Campus expansion and refurbishment;
- \$21.3 million for road rehabilitation;
- \$8.1 million in lifecycle maintenance to be performed on various city facilities;
- \$5.6 million for storm drainage;
- \$5.8 million for new and replacement information technology applications, including enterprise system enhancements and the Dynix Library System;
- \$2.8 million for park redevelopment and maintenance including \$1.0 million for playground redevelopment exclusively; and
- \$1.6 million Meadowvale Community Centre and Library renovation -design.

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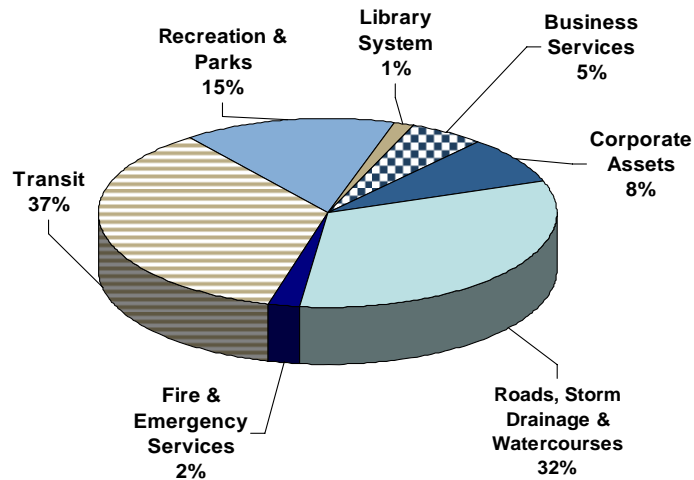
A summary and details of the 2009-2010 Recommended Capital Budget can be found in Appendix 4 – 2009-2010 Capital Budget Summary.

2009 - 2018 Capital Forecast Highlights

Service	Gross Cost (\$ 000s)	Subsidy/ Recovery	Net Cost (\$ 000s)
Transit	622,956	139,493	483,463
Roads, Storm Drainage and Watercourses	568,100	12,252	555,848
Recreation and Parks	265,977	1,000	264,977
Corporate Assets	142,308		142,308
Business Services	89,184		89,184
Fire & Emergency Services	42,998	4,624	38,374
Library Services	24,212		24,212
Total	1,755,735	157,369	1,598,366

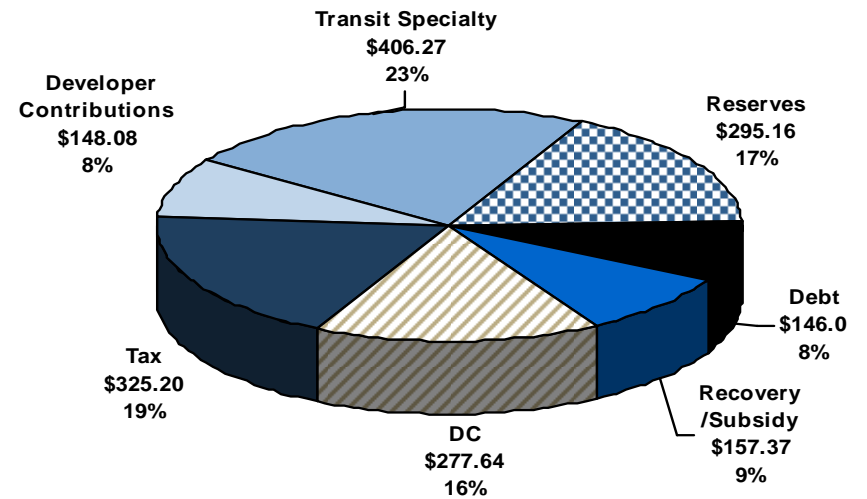
The following chart shows the distribution of expenditures by major service category.

2009 – 2018 Capital Budget Gross Expenditures \$1.75 Billion By Service



The following chart shows the funding sources for the 2009-2018 Capital Program.

2009-2018 Total Funding \$1.75 Billion (uninflated)



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During 2009 to 2018, Mississauga is planning several key capital projects, some of which are being started in 2009. Details are as follows:

- \$53.4 million for the major renovation of various community centres and facilities including Meadowvale Community Centre, Port Credit Arena; River Grove Community Centre, and West End Artificial Soccer;
- \$36.5 million for various grade separations through out the City will provide relief towards traffic congestion issues;
- \$28.1 million for Waterfront development which coincides with the “Placemaking” and “My Mississauga” initiatives;
- \$16.0 million for the long term office accommodation strategy;
- \$10.4 million for the renovation of various libraries;
- \$10.8 million for Fire Training and Mechanical Centre Construction -Phase 2; and
- \$7.9 million for the construction of Meadowvale and Cooksville Libraries.

Highlights of 2009 to 2018 routine capital programs are as follows:

- \$229.9 million for new and replacement bus acquisitions;
- \$226.2 million for road rehabilitation;
- \$102.5 million for major roads and related works;
- \$84.2 million for major facility lifecycle maintenance;

- \$82.7 million for parkland acquisition;
- \$77.0 million for storm drainage;
- \$53.3 million for new and replacement information technology applications;
- \$37.5 million for traffic signals and streetlighting;
- \$30.4 million for replacement of fire pumpers, aerial trucks and other vehicles;
- \$30.0 million for improvements to corporate facilities including accessibility;
- \$22.1 million for bridges and culverts;
- \$23.6 million for information technology infrastructure;
- \$17.5 million for parkland redevelopment;
- \$14.8 million for parkland development and the construction Bicycle/Pedestrian trails; and
- \$10.9 million for urban forestry of which over 60% relates to planting of infill or new street trees.

Capital Reserve Fund Balances

Revenue Projections

New Development Charge rates were approved by Council on July 7, 2004 and the Ontario Municipal Board (OMB) approved the appeal settlement in January, 2005 based on negotiations with developers. Development Charges By-law rates are adjusted on a semi-annual basis, using the Construction Price Index. The Development Charge revenues included in the 2009-2018 Capital Program reflect these rates for the ten year period.

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Under the *Development Charges Act, 1997*, the City's Development Charges By-law must be revised every five years. As we are unable to predict the rate changes likely to result from the next scheduled 2009 Development Charges By-law review, these impacts have not been incorporated into the revenue projections used.

The City's tax based reserve funds, used to fund infrastructure maintenance projects, include a Capital Reserve Fund as well as six other special reserve funds as follows:

- Community Facility Redevelopment Reserve Fund;
- Facility Repairs and Renovations Reserve Fund;
- Fire Vehicle and Equipment Replacement Reserve Fund;
- Main Fleet Vehicle and Equipment Replacement Reserve Fund;
- Roadway Infrastructure Maintenance Reserve Fund; and
- Transit Vehicle Replacement and Equipment Replacement Reserve Fund.

In addition to these Reserve Funds, other tax based reserves have been established for other specific projects such as the non-growth portion of the Fire Training Centre, Courtney Park Turf/Synthetic Track and BraeBen Golf Course.

The Capital Reserve Fund will receive a transfer from the operating budget of \$18.7 million in 2009, including a minimum increase of \$2.7 million per year from 2010 to 2018 as shown in the chart below.

The City also has a capital Revolving Fund which will be used as a source of financing for capital projects. The fund was established through the re-capitalization of Enersource. This budget proposes transferring the balance of the Capital Revolving Reserve Fund to the Capital Reserve Fund.

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As tax based spending is over \$80 million per year on average, the annual shortfall must be funded either from reserves or, when reserves are depleted, from debt. Over the 2009 to 2018 period, the total transfer from the operating budget to capital would be \$160.0 million, if contributions to capital reserves remain at 2008 levels. However, if the City increased its capital contributions equivalent to 1% of the tax levy annually, then the total contributions would be \$325 million (see below).

Summary of Capital Transfers from the Operating Budget (\$ millions)											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTAL
Proposed Level	\$18.7	\$21.5	\$24.4	\$27.4	\$30.5	\$33.7	\$37.0	\$40.4	\$43.9	\$47.5	\$325.0
Current Level	<u>\$16.0</u>	<u>\$16.0</u>	<u>\$16.0</u>	<u>\$16.0</u>	<u>\$16.0</u>	<u>\$16.0</u>	<u>\$16.0</u>	<u>\$16.0</u>	<u>\$16.0</u>	<u>\$16.0</u>	<u>\$160.0</u>
Difference	\$2.7	\$5.5	\$8.4	\$11.4	\$14.5	\$17.7	\$21.0	\$24.4	\$27.9	\$31.5	\$165.0

The 2009 to 2018 capital financing plan is based on the assumption that Mississauga will increase its capital contributions by a minimum of 1% of the tax levy each year. Council may decide to do a higher infrastructure levy.

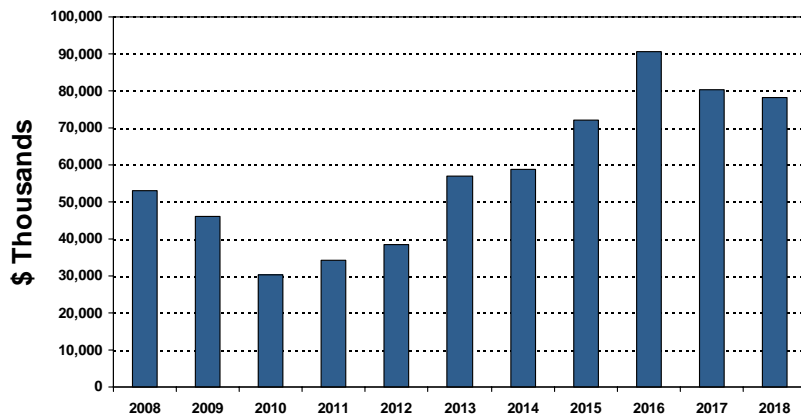
Development Charge Reserve Fund Balances

With respect to development financing, sufficient funding to cover the cost of growth related works is collected over time. The need to provide services to an area in advance of full development is necessary in several instances. Funding such projects may create a short-term negative fund balance in any one Development Charge Reserve Fund which is expected to be recovered from future growth.

By combining the projects within the 10 year capital forecast with the related revenue projections, an annual estimate of Development Charge Reserve Fund balances is generated.

The following chart shows the total balance in the Development Charge Reserve Funds over the next ten year period.

Summary of Development-Based Capital Reserve Funds – Closing Balances



Development charge reserve funds will remain in a positive balance throughout the 10 year forecast period although shortfalls have been identified in a few individual service areas. These include:

- Fire Services
- Recreation and Parks; and
- General Government.

Staff will continue to monitor these reserve funds and related project costs.

Tax Based Maintenance Reserve Fund Balances

Mississauga prepares the tax-based financing plan assuming an inflationary increase of 3% per year. As such the tax funded portion of the ten year capital forecast of \$766 million is inflated to \$871 million. This inflation adjusted expenditure requirement forms the basis for the analysis which follows.

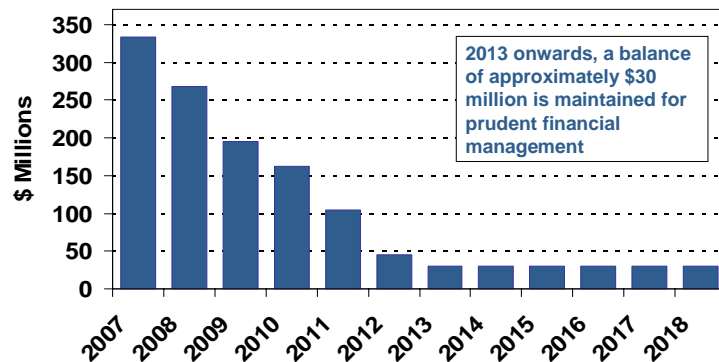
Non-Growth Based Funding

When the tax-based project costs are adjusted for inflation and combined with the City’s funding strategy, the financing plan outlined in the following graph is needed. In this model, if Mississauga did not increase its contributions to capital then the tax based reserve funds are fully depleted to their minimum level by 2010. The principal balance of the Tax-based capital and Revolving Fund is depleted in 2013 see the following chart on the next page. External debt financing becomes the primary source of funding for tax-based capital expenditures from 2013 onward.

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Summary of Tax-Based Capital Reserve Funds (including Capital Revolving Fund) – Closing Balances



As illustrated in the above chart, the tax-based reserve fund balances will be reduced to approximately \$30 million per year by 2013. This is the minimum balance that is targeted to be maintained in the tax-based capital reserve funds. As a result, the future capital needs must be carefully reviewed and critically evaluated each year to ensure a manageable balance between capital project spending relative to the tax rate increases required to support the program.

Internal and External Long-Term Debt

Under the previous capital financing strategy, the Revolving Fund would have been used as a self-sustaining, internal borrowing fund. In 2008, a further re-evaluation of the Revolving Fund was conducted and it was determined that tax increases from internal and external borrowing in addition to possible tax rate increases as a result of cost pressures and increased services plus an infrastructure levy would be too high and unrealistic.

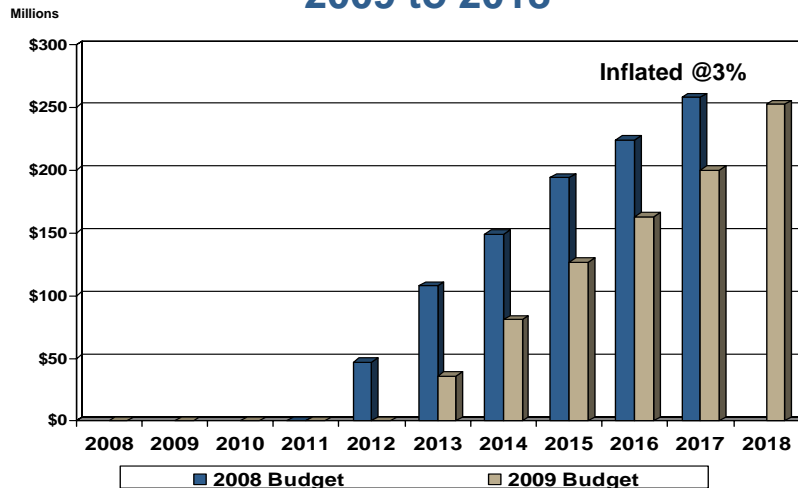
To mitigate these potential tax increases, staff presented several capital financing scenarios to Budget Committee in Fall of 2008. Staff now recommend that the Revolving Fund be used as a source of financing like the City's other capital reserve funds and not be repaid. Instead of repaying the Revolving Fund, staff recommends annual increases to our capital reserves equivalent to 1% of the City's tax levy or \$2.7 million in 2009.

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As the principal portion of the Revolving Fund is depleted, the City must issue external debt to finance the capital program. The following chart shows the cumulative value of outstanding external debt over the next 10 years. By the end of the 10 year period, Mississauga will have issued \$252.3 million in cumulative external debt. While the total debt issued would be similar to the forecast debt in the 2008 Budget, our first external borrowing would start one year later in 2013 (versus 2012).

External Debt Balances 2009 to 2018



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Tax Rate Impacts

The City's tax rate is comprised of two different components – the impact from the operating budget combined with any increases to fund infrastructure requirements.

The following chart shows the break down of the operating tax rate increase by service for 2009. The impact on the total tax bill is 0.97%

Service Area	2008 Net Budget	2009 Net Budget	2009 Increase	2009 City Tax Rate Increase	Impact on Total 2009 Tax Bill
Roads, Storm Drainage & Watercourses	52,444,900	57,886,500	5,441,600	2.01%	0.56%
Fire	74,938,400	79,056,500	4,118,100	1.52%	0.43%
Transit	36,099,000	38,083,800	1,984,800	0.73%	0.21%
Recreation & Parks	41,077,200	42,824,000	1,746,800	0.65%	0.18%
Corporate Assets	17,422,400	18,870,600	1,448,200	0.54%	0.15%
Business Services	40,317,300	41,622,900	1,305,600	0.48%	0.14%
Land Development	3,865,100	4,136,800	271,700	0.10%	0.03%
Legislated	-1,632,700	-1,420,700	212,000	0.08%	0.02%
Library	23,361,200	23,517,500	156,300	0.06%	0.02%
Arts & Culture	2,517,500	2,549,000	31,500	0.01%	0.00%
Mayor & Council	3,935,100	3,950,600	15,500	0.01%	0.00%
Regulatory	483,500	447,500	-36,000	-0.01%	0.00%
Departmental Support Services	60,800	0	-60,800	-0.02%	-0.01%
Strategic Policy	5,281,100	4,714,500	-566,600	-0.21%	-0.06%
Financial Transactions	-29,892,200	-33,002,400	-3,110,200	-1.15%	-0.32%
Subtotal	270,278,600	283,237,100	12,958,500	4.79%	1.34%
Less: Assessment Growth				-1.33%	-0.37%
Tax Rate Increase				3.46%	0.97%

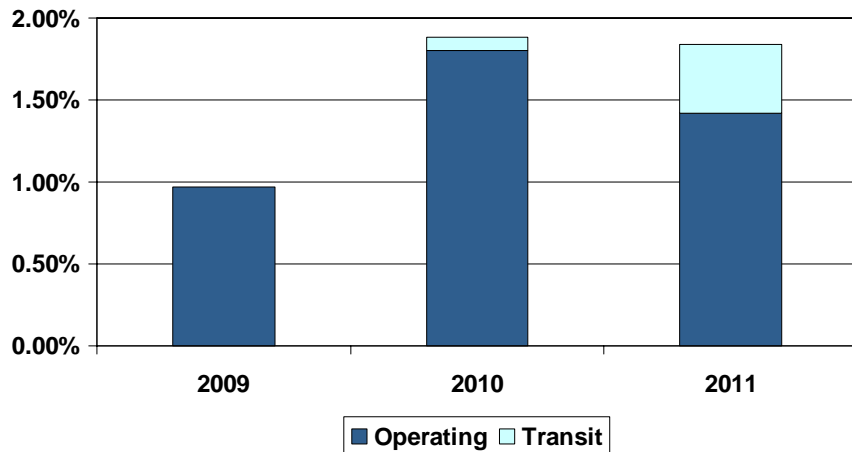


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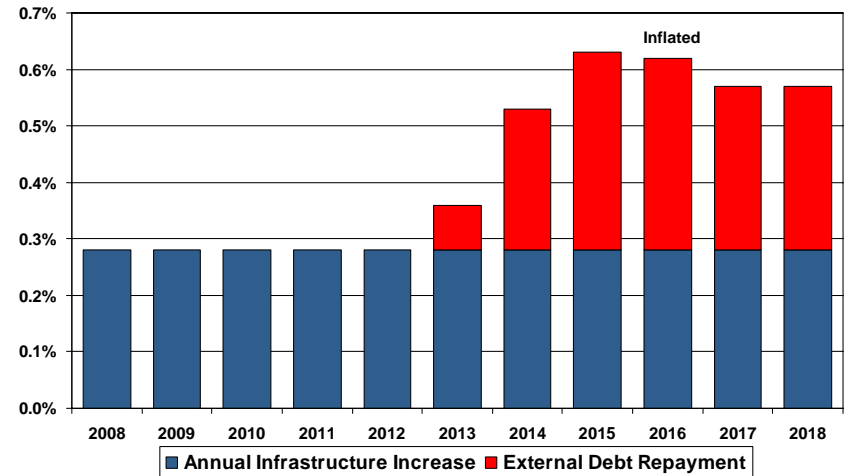
The following chart shows the impact of the operating budget increase on the total tax bill over the next three years. The transit portion has been individually identified. This forecast includes the operating impacts of newly constructed parks and roads. Future capital emplacements such as the Fire Training Centre, Meadowvale Library and the Bus Rapid Transit are beyond the current 3 year forecast period and will be included in future projections.

Summary of City Tax Rate Increases 2009-2011
(Impact on Total Tax Bill)



The following chart summarizes the tax rate impacts of the proposed annual capital infrastructure levy combined with the annual debt and interest repayments.

City Tax Rate Increase Required to Support
Capital Program (Impact on Total Tax Bill)

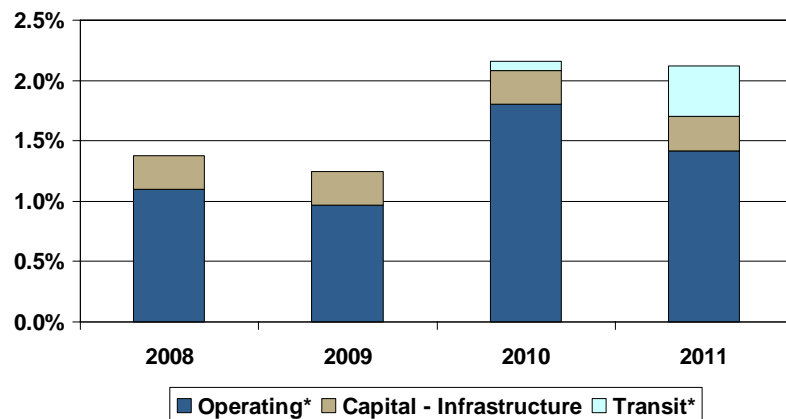


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Finally, the following chart shows the tax increases on the total tax bill including operating tax increase (including transit expansion costs), the annual infrastructure levy increase and debt repayments which yields the total tax impact ranging between 1.25% and 2.25%

Summary of City Tax Rate Increases 2008-2011
(Impact on the Total Tax Bill)



The 2009 Budget is recommending a minimum tax increase of 1.25% on the total tax bill, depending on the final amount that Council wishes as an infrastructure levy. The 1.25% increase is comprised of a \$13.0 million increase or a 0.97% total tax rate increase for ongoing operations combined with a \$2.7 million or

0.28% total tax rate increase for an additional infrastructure levy. For an average assessed home of \$365,000, the 2009 proposed tax increase would be as follows:

Impact on \$365,000 Home	\$ Increase	% Impact on Total Tax Bill
Operating Budget	\$37	0.97%
Infrastructure Levy	\$10	0.28%
Total	\$47	1.25%

The Mississauga 2009 Budget process began with preliminary operating cost pressures of over \$23 million. City staff worked diligently with Budget Committee to refine estimates and identify efficiencies, cost savings and revenue opportunities in order to reduce the tax rate increase required to support ongoing operations to under \$13.0 million, while at the same time accommodating important new investment for transit, relieving congestion, the environment and infrastructure. The end is a modest tax increase of 1.25% or \$47 per household.

The total property tax bill is made up of three different components: the City of Mississauga, the Region of Peel and the Province of Ontario – Education taxes. The increases reflected in this budget relates to the City of Mississauga’s portion only. Tax



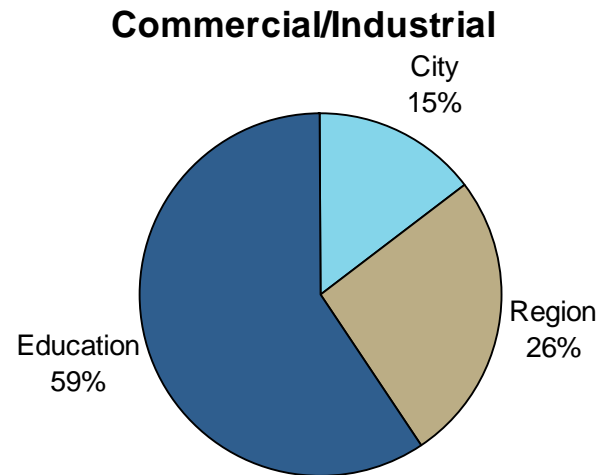
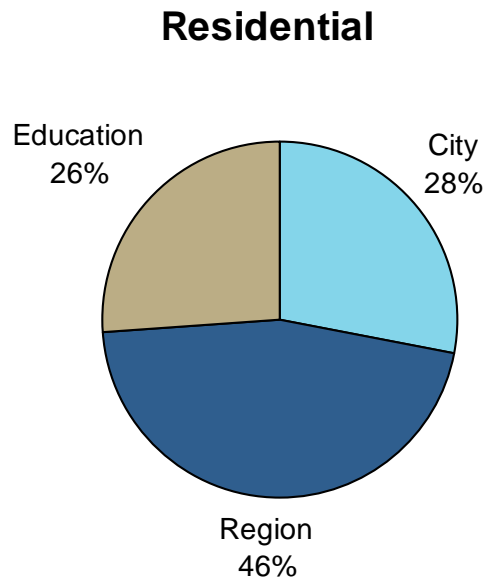
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rates approved by the Region of Peel and Education rates, set by the Province of Ontario, must also be considered in order to determine the final amount paid by each taxpayer. Although all

properties are being re-assessed in 2008, the impact in 2009 is not available at the time of writing this book as such all values are based on 2005 assessed values.

The following chart shows the proportion of the total tax bill that relates to each component of residential, commercial and industrial properties:



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At the time of preparing the budget book, the total tax rate impact of the regional and educational tax increases have been estimated at 2.23% and 0%, respectively.

The following table provides a break down of the total tax rate increase on each \$100,000 of assessment value for residential, commercial and industrial properties.

Increase in Total Taxes: On each \$100,000 of Assessed Properties

Assessment Values*	Per \$100,000 of Residential assessment	Per \$100,000 of Commercial assessment	Per \$100,000 of Industrial assessment
Total Tax Rate Increase	3.48%	1.92%	1.98%
2008 Taxes	\$1,034.76	\$2,640.57	\$2,988.18
2009 City - Operating Increase	\$10.14	\$14.17	\$15.93
2009 City - Infrastructure Increase	\$2.90	\$4.09	\$4.55
2009 Region Increase	\$23.08	\$32.55	\$36.26
2009 Education Increase	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Total	\$1,070.88	\$2,691.38	\$3,044.79

*Based on assessed values as of 2005

Conclusion

The 2009/10 Business Plan and Budget focuses on our key priority areas for the short term:

1. Implementing Strategic Projects
2. Relieving Congestion
3. Greening the Environment
4. State of Good Repair for Infrastructure
5. Continuous Improvement and Tax Rate Management

The plan sets out a fiscally responsible course of action which provides additional funding and resources that begins to implement parts of the new draft Strategic Plan, improves services such as transit and the environment while preserving core services and programs. The Budget also provides a much needed additional investment in our infrastructure to ensure its sustainability for future generations.

While Mississauga's capital financing strategy is designed to meet the city's long term infrastructure needs, there are several significant implications from implementing this strategy:

- Future taxes must increase to support capital needs;
- Existing tax-based capital reserve funds will be reduced to \$30 million, which represents a substantial decline from current levels and the minimum level of acceptable funding to be preserved;
- External debt will be required to fund future years' capital programs beginning in 2013;

- Unfunded capital projects will still amount to \$383 million over the next 10 years

Clearly stable, permanent, long-term funding sources are required from the Federal and Provincial Governments especially for major strategic investments such as transit expansion and road rehabilitation and infrastructure maintenance, as well as injections of special funding to support vital investments such as rapid transit. As this funding support is primarily restricted to capital expenditures, there may be substantial impacts on the operating budgets of municipalities from these capital programs which municipalities will have to absorb.

More importantly, the Province must reduce its heavy reliance on the property tax base to fund health, social services, education and housing programs and services so that funds are freed up for municipalities to address ongoing service pressures and funding shortfalls.