

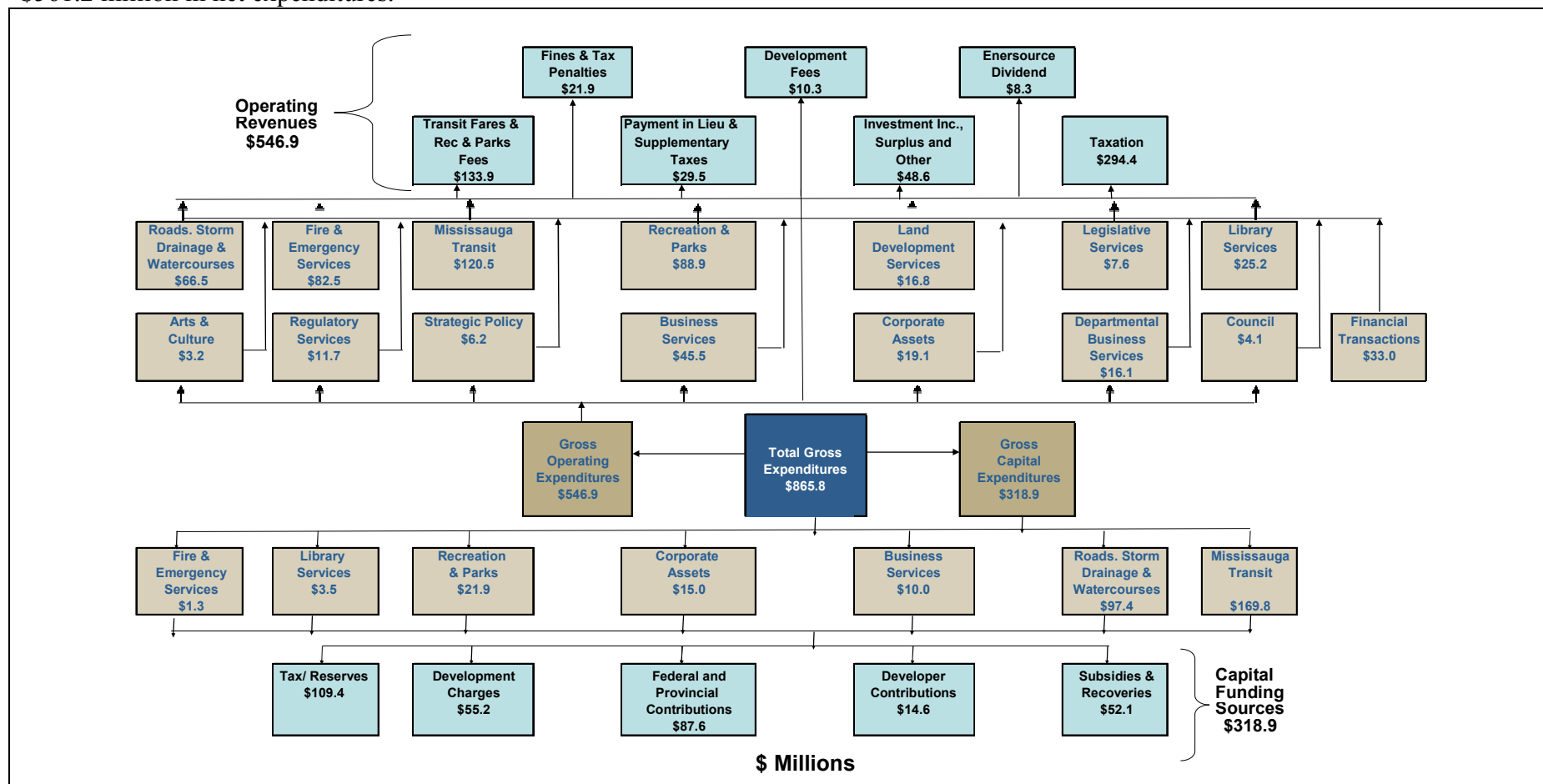
## Strategic Priorities and the Business Plan and Budget

The City Business Plan Update identifies the City's Strategic and Business plan priorities for the 2010 Business Plan and Budget and provides a status update on the initiatives started in 2009 as well as new ones added during 2009. This section, the Financial Overview, presents the financial highlights of the 2010 Business Plan and Budget, including the opportunities and pressures encountered in providing the resources to implement the 2010 Business Plan. The Business Plans and Budget are integrated plans that include deliverables to be achieved in prescribed periods of time. They also include performance measures and benchmarks which monitor the success of the Service Area Plans. The 2010 Budget provides the resources to deliver these priorities.

The 2010 Business Plan and Budget is the second year of a bi-annual cycle, with a minimum two year outlook to the future. Year one of the cycle (2009) focused on detailed Service Area Business Plans and Budgets including content of Service Area roles and responsibilities, budget integration, performance measurement, and resources. Year two (2010) is designed to be a "refresh" or an "update" cycle which focuses on updating major initiatives and activities and reporting achievements of the past year.

## 2010 Budget

Mississauga's 2010 Business Plan and Budget Update, comprised of both the operating and capital budgets, totals \$865.8 million gross and \$561.2 million in net expenditures.



## 2010 Budget Overview

Municipalities across Ontario face significant budget pressures. 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. For 2009/2010 these pressures are magnified by the impacts of the global economic downturn. While recovery has commenced, there will be lagging impacts particularly on revenues. Since 2000, property tax increases in Southern Ontario municipalities have been rising well above rates of general inflation due to these pressures. All municipalities are facing the challenge of finding sustainable, long term funding to close the infrastructure gap. At the same time there is public pressure to reduce taxes at all levels of government – we are being asked to do more with less, or to grow and shrink at the same time.

In light of these pressures and the economic downturn, the City's Budget strategy has been to keep taxes as low as possible through continuous improvement and tax rate management. This strategy continues in 2010 with a recommended tax increase of 2.2% on the City portion of the tax bill (0.62% on the overall bill), before consideration of a possible 1% infrastructure levy. This is a significant achievement considering the issues facing the City. This has been partially achieved through identification of new revenues, program reductions where appropriate, and efficiencies. As well, this budget includes significant use of stabilization reserves to mitigate economic impacts on revenues – this is a short

term measure which cannot be sustained. Some risks exist in this budget - we are in uncertain economic times and the assumptions upon which the budget was developed may vary from actual results. Therefore, through 2010 results will need to be monitored carefully.

### City Pressures in 2010

In 2009, the City is experiencing significant revenue shortfalls relative to Budget, mainly for planning fees, building permits, and transit revenues. Other revenues have been affected to a lesser degree. Uncertainties for recreational revenue, investment income, assessment growth and Payment in Lieu of Taxes (PILT) will need to be closely monitored in 2010 and future years to determine the impact on the budget. Based on past prudent financial management, the City has various operating reserves in order to buffer the tax impact over the short term but this is not sustainable in the long run.

Despite the recession, municipal inflation continues to be higher than the general rate of inflation. Some costs are fixed due to union settlements. There will be pressure on materials and construction related costs due to the demand placed on these contract services from the Federal and Provincial economic stimulus initiatives. Investment returns have decreased significantly due to the record lows in short term interest rates.

Our residents value and rely on City services and look for enhanced service levels in some service areas. Service

enhancements in winter maintenance and improved Transit service have been included in the 2010 Budget. These enhancements have been balanced against targeted reductions in other programs, new revenues and operating efficiencies.

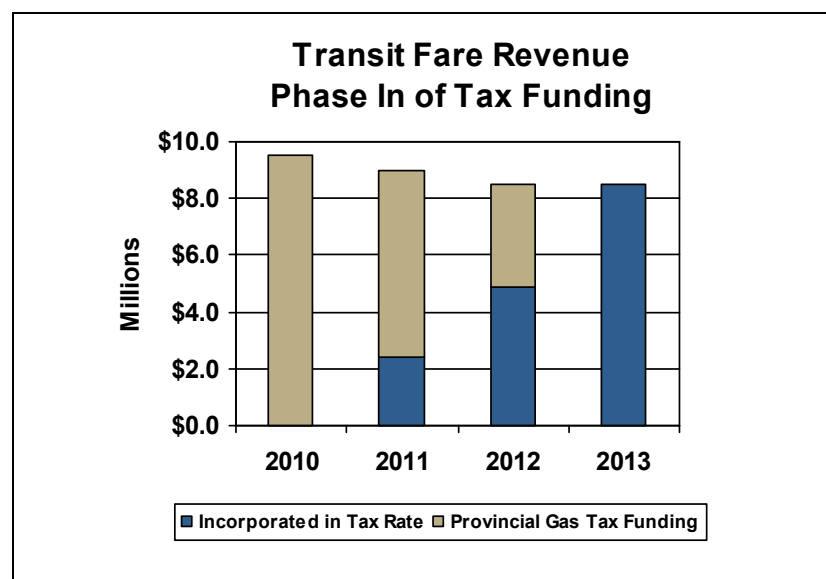
The City has high quality infrastructure. However our infrastructure is aging and the City will face significant future costs in the future to maintain infrastructure in a good state of repair. While the 2010 Budget currently does not include an infrastructure levy, staff continue to recommend a 1% infrastructure levy to ensure the long term fiscal sustainability of Mississauga.

The impact of each of these pressures on the 2010 Budget is discussed in the following.

## Transit Revenues

Transit ridership declined by 2.1 million riders between 2008 and 2009. Declining ridership due to the economy compounded with riders switching to lower cost fares, such as from cash to tickets or tickets to passes, has resulted in an estimated 2010 fare revenue shortfall of \$9.5 million. This shortfall would have been much larger had the City not scaled back on the ridership growth plan. Incorporating this shortfall into the 2010 tax rate would have increased the tax rate by an additional 3.3%. Therefore, the City will phase in the shortfall over the next 4 years, using the remaining unspent portion of Provincial Gas Tax, as shown in the following chart. This plan utilizes reserve funding of \$9.5 million in 2010 to offset the revenue shortfall, with no tax impact.

However the use of reserve funding is not sustainable and is phased out over the next four years through tax increases of approximately 0.8% per year from 2011 to 2013. If transit revenues rebound, the plan will be adjusted.



## Land Development Service Revenues

As Mississauga matures and development focuses on intensification, the revenues earned from planning application fees and building permit fees will decrease. Revenues have been further impacted by the economic downturn. Sustainable revenues for land development services are forecast at \$12.2 million, resulting in a shortfall of \$4.3 million based on a 2009 Budget of \$16.5

million. A portion of the shortfall, \$0.9 million has been incorporated into the tax rate for 2010. A \$3.4 million shortfall in 2010 will be phased over the next 3 years, requiring a tax rate increase of 0.4% per year in 2011 and 2012. Transfers from Reserves for Planning Process Update, Development Stabilization and Building Permits Revenue Stabilization will be used to fund the balance of the shortfall combined with revenue rate increases and cost reductions strategies. The City is finalizing a two year plan to identify cost savings in this service to reduce the tax rate

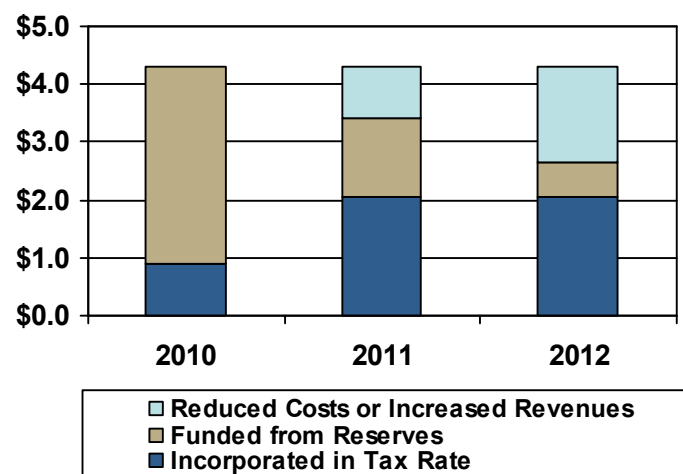
impact and the need for reserve funding. Any revenue increases arising from an economic recovery could also reduce future tax impacts.

## Costs Continue to Increase

Municipal inflationary impacts are higher than the general rate of inflation due to the nature of the municipal cost structure. Municipalities provide services and services are delivered by people. As a result approximately 69% of the City's budget relates to labour costs. Recently negotiated labour settlements in the public sector are awarding economic adjustments in the 2% to 2.5% range. Most of the City's labour agreements are multi-year and settled prior to Fall 2008 with 3% annual increases. Labour assumptions for both union and non-union staff, will be reviewed as contracts expire and will be incorporated into future budgets. Additionally, contribution rates to the OMERS pension plan have increased due to the reduced investment returns of the last year. To mitigate some of these labour related costs in the 2010 Budget, some positions have been held vacant for longer than normal turnover periods to generate \$5 million in labour savings.

Non-labour costs are largely comprised of materials, contracted services and commodities. Despite the economic downturn the City continues to experience price increases in most contracts except for existing winter maintenance contracts. As 2010 unfolds, the full impact of the Infrastructure Stimulus Funding (ISF) and Recreational Infrastructure Canada (RIInC) projects on construction prices and materials will be determined, and the City

**Land Development Service Revenues  
Phase In of Tax Funding**



will continue to monitor tender prices. If necessary, cost adjustments may be required to project budgets approved in the 2010 Budget, impacting the 2011 to 2019 Capital Forecast.

Oil prices continue to be volatile and impact the City's costs for diesel and gas. To help offset this pressure the City has a Reserve for Commodities.

The new Harmonized Sales Tax comes into effect on July 1, 2010. The city will be required to pay HST on goods and services previously not subject to the existing PST. While the City is eligible for a rebate of 78%, there will be impacts on utilities and fuel purchases.

## Revised Investment Strategy

The Bank of Canada's response to an economic downturn has resulted in interest rates being at all time lows. The reduction in short term rates has reduced the City's investment income on its short term investments. To offset this, during 2009, the City implemented a new investment strategy whereby a larger percentage of funds are being invested as part of the long term portfolio, which better reflects actual cash flows. As a result, the City can mitigate the affects of declining short-term interest rates on the operating budget. The 2010 Budget includes \$14.5 million in investment income.

## Service Levels

The City works hard to ensure that existing service levels are maintained costing an estimated net \$11.4 million increase. There is also ongoing pressure to increase some service levels and improve programs. Expanded programs have been carefully examined and the 2010 Budget includes only \$5.0 million in service enhancements mainly related to enhanced winter maintenance service levels including a pilot windrow clearing project; increased parks maintenance due to growth and Phase IV Transit Ridership growth strategy. The cost increases and additions have been offset by \$7.9 million new revenues and efficiencies. Details are provided in Appendix 2 – Summary of Program Changes. The City continues to balance important initiatives that will improve service delivery and the quality of life in Mississauga, with the need to minimize tax rate increases.

Lastly, the City is balancing the numerous initiatives and priorities with the human resource capacity constraints of the organization. The implementation of strategic priorities and the approval of 138 ISF and RInC funded projects, combined with a minimal operating tax rate increase, creates challenges as the City manages its ongoing day-to-day business. The Updated Business Plan and Budget was carefully compiled to be a realistic work plan that 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 replacement cost of \$6.5 billion worth of assets, excluding land of \$8.7 billion. 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 50% of the City's total infrastructure, the financial challenges facing Mississauga in the longer term planning horizon are substantial.

Other assets, such as buildings, information technology and bridges, 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, even with the influx of the economic stimulus funds. The ISF and RInC programs have allowed the City to accelerate 138 necessary infrastructure projects – a total value of \$165 million, with the combined City

contribution of \$61 million, and provincial/federal contribution of \$104 million. Despite this, significant future capital requirements remain. For the next 10 year period, approximately \$307.8 million uninflated (\$348.4 million inflation adjusted) in unfunded capital projects have been identified. Shortfalls have been identified in the road rehabilitation program (\$43.5 million), building asset replacement program (\$61.6 million) and escalating price increases for the Bus Rapid Transit project (\$52.5 million). Other notable unfunded projects include bridge maintenance (\$23.6 million), parks and sports field maintenance (\$30.0 million), major parkland redevelopment (\$22.9 million), recreation facilities renovations (\$24.3 million) such as Malton Arena and indoor and outdoor pool redevelopment as well as the construction of the Museum Collection Facility (\$12.0 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.

While the recent influx of funding from senior levels of government has helped the City address some of its infrastructure gap, this funding is one time. A sustainable long term funding plan is required to address the City's long term infrastructure funding shortfall. With the exception of Federal and Provincial Gas Tax funding, funding received to date from senior levels of government is one-time and unpredictable in nature. With the large deficits that the federal and provincial governments are projecting, future one-time funding does not appear favourable and possibly, the existing funding that the City receives could be in jeopardy. This supports the need for an incremental annual infrastructure levy of 1% so the City can move towards self-sustainability.

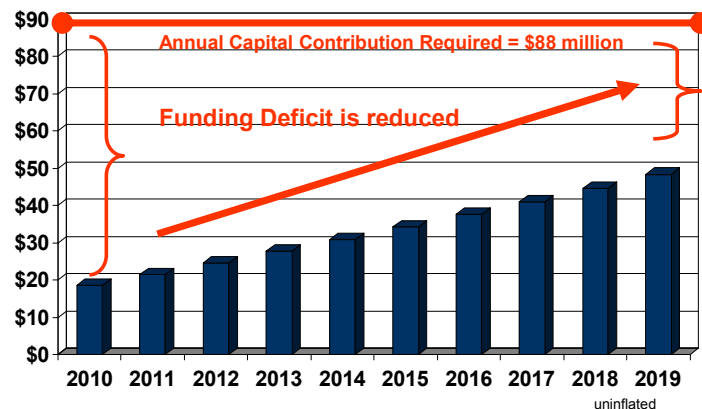


## Financial Overview

### 2010businessplan&budgetupdate

Over the next 10 years, the City's average annual tax funded capital projects total over \$88 million per year while the City is currently only contributing \$18.7 million per year as illustrated by the chart below. The City has limited options to bridge this funding deficit. Reducing the capital program and service levels, issuing debt or increasing the capital transfer, or a combination of these, are options that will need to be explored.

#### Impact of 1% Annual Infrastructure Levy Towards Funding Deficit



The City's existing infrastructure levy results in a transfer to capital from taxes of \$18.7 million. In compliance with the Public Sector Accounting Board (PSAB) standards, the City's preliminary annual amortization expense is \$86 million based on historical asset values. Provisions based on asset replacement values would be much higher. The 2010 Budget has been prepared assuming that no additional infrastructure levy will be approved in 2010 however the 2011 to 2019 forecast assumes a 1% annual increase for each year from 2011 to 2019. Throughout the capital financing section, the addition of a 2010 1% infrastructure levy has been provided as an alternative scenario. By adding a 1% infrastructure levy in 2010 an additional \$2.8 million will be contributed to capital in 2010, and will generate an additional \$28 million over the next 10 years. Over 20 years this amount grows to \$56 million. A 1% increase in the City's taxes for infrastructure will impact the total residential tax bill by 0.28%, or approximately \$2.86 per \$100,000 of assessment. Annual incremental infrastructure levies gradually build a sustainable funding source for replacement and maintenance of the City's assets without requiring drastic tax increases in any one particular year.



## 2010 Tax Impact of Recommended Budget

The following table shows the tax impact on residential properties of the recommended 2010 Budget, in percentage terms for the city portion of the tax bill and the impact on the total tax bill, which includes the Region of Peel and Education. It also shows the dollar increase per \$100,000 of assessed value. Showing the impact per \$100,000 of assessed value allows each property owner to calculate the impact on their tax bill by multiplying the increase per \$100,000 by their assessed value, divided by \$100,000. The total increase of the recommended budget is 2.2% in the city's share of the tax bill or a 0.62% increase in the overall tax bill. Per \$100,000 of assessment the tax bill will increase by \$6.30.

	City Tax Rate Increase	Impact on Total Tax Bill	Impact per \$100,000 of Residential Assessment
<b>Recommended Operating Budget</b>	<b>2.2%</b>	<b>0.62%</b>	<b>\$6.30</b>

A property with an assessed value of \$400,000 will see an increase of \$25.20 for City services, while a property assessed at \$300,000 will see an increase of \$18.90.

If Council chooses to approve a 1% infrastructure levy, this increases the impact on the overall tax bill by 0.28% or \$2.86 per \$100,000 of assessment.

	City Tax Rate Increase	Impact on Total Tax Bill	Impact per \$100,000 of Residential Assessment
<b>Recommended Operating Budget</b>	<b>2.2%</b>	<b>0.62%</b>	<b>\$6.30</b>
<b>Impact of 1% Infrastructure (if approved by Council)</b>	<b>1.0%</b>	<b>0.28%</b>	<b>\$2.86</b>
<b>Total Increase If Infrastructure Levy Approved</b>	<b>3.2%</b>	<b>0.9%</b>	<b>\$9.16</b>

The total impact if an infrastructure levy is approved would be 3.2% on the City portion of the tax bill, or 0.9% on the overall tax bill. A residential property assessed at \$400,000 would see an increase of \$36.64 for City services, while a property assessed at \$300,000 would see an increase of \$27.48.

## 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 2009 Annual Repayment Limit, provided by the Ministry of Municipal Affairs and Housing is \$115 million which would support just over \$807.0 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 2010-2019 Capital Program totalling \$364 million. Repayment of this debt will place pressure on the City's tax rate. Even with external debt, Mississauga will still have over \$307 million in unfunded capital project requirements over the next ten years.

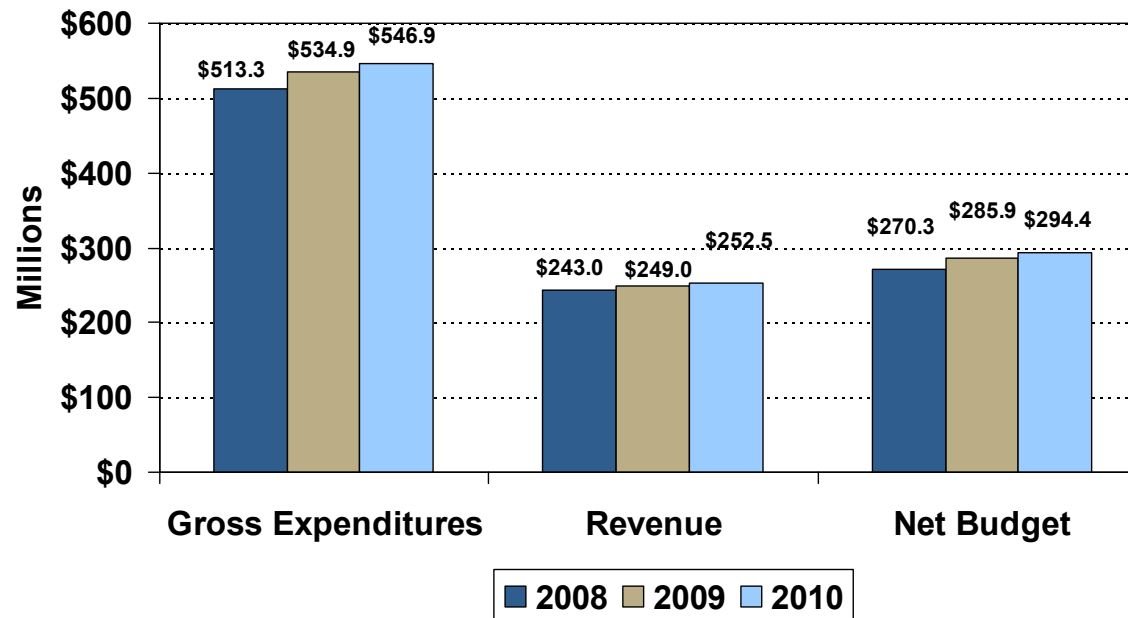
Based on a recent financial review by Standard & Poor's, the City of Mississauga was awarded an AAA credit rating. This is the highest credit rating assigned to a municipality and allows the City to issue debt at a more advantageous rate. Outside the United States, Mississauga is only the 12<sup>th</sup> municipality to earn this coveted rating.

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 forecasted 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



## 2010 Recommended Operating Program by Service

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

2010 Recommended Net Operating Program by Service

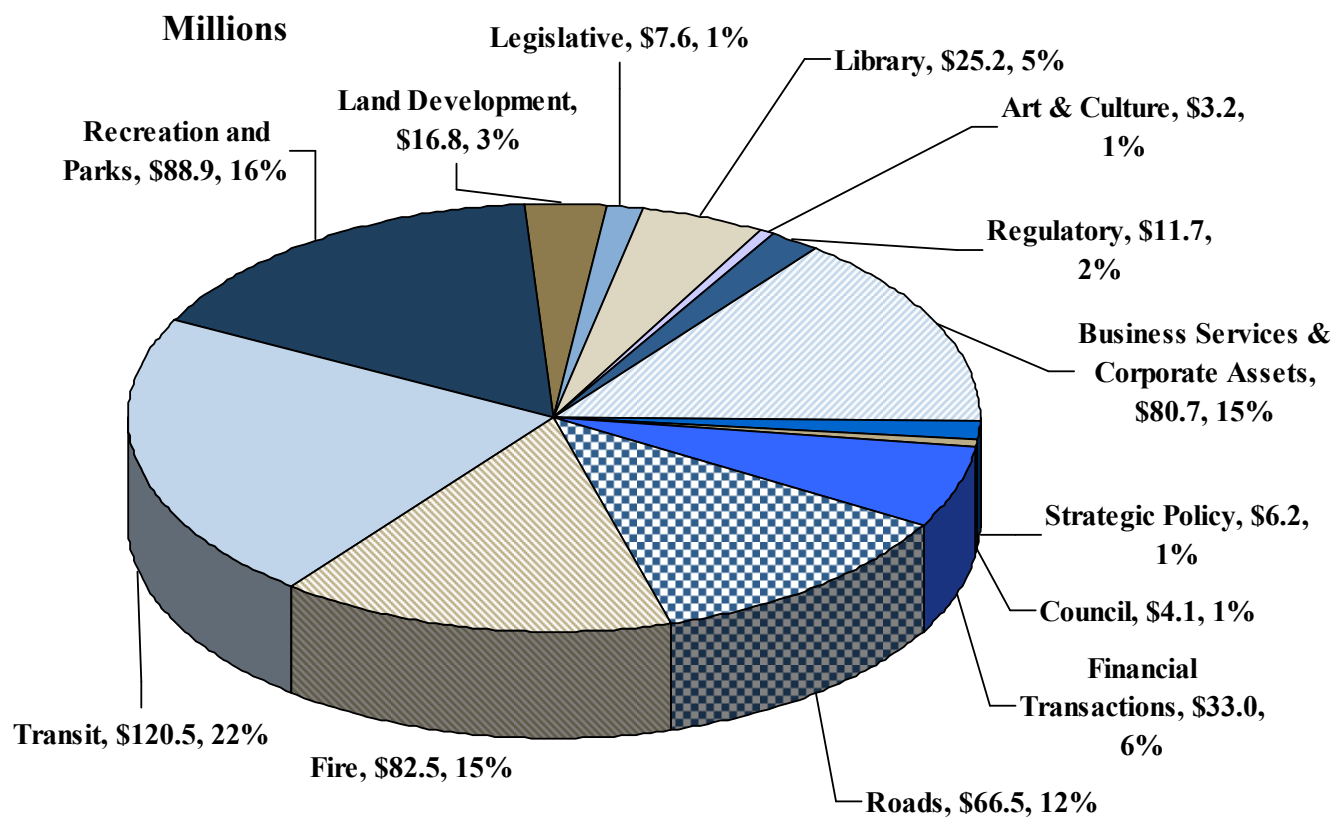
	2008 Actual	2009 Budget	2010 Base Budget	2010 Program Changes	2010 Request	2010 Change	
	\$	\$	\$	\$	\$	\$	%
<b>SERVICE EXPENDITURES</b>							
Roads, Storm Drainage and Watercourses	55,426,311	58,187,600	59,993,400	793,600	60,787,000	2,599,400	4.5%
Fire and Emergency Services	73,628,974	78,692,200	81,818,200	(112,400)	81,705,800	3,013,600	3.8%
Transit	41,934,588	38,297,000	39,715,700	(588,100)	39,127,600	830,600	2.2%
Recreation and Parks	41,555,388	42,927,800	44,191,400	212,400	44,403,800	1,476,000	3.4%
Land Development Services	2,746,445	4,088,200	5,724,100	(941,500)	4,782,600	694,400	17.0%
Legislated Services	(1,706,609)	(1,450,400)	(1,544,300)	(151,400)	(1,695,700)	(245,300)	-16.9%
Library	23,244,799	23,482,200	24,131,000	(1,600)	24,129,400	647,200	2.8%
Arts and Culture	2,457,418	2,629,600	2,690,300	(6,000)	2,684,300	54,700	2.1%
Regulatory	781,452	479,000	873,400	(37,100)	836,300	357,300	74.6%
Strategic Policy	5,243,846	4,659,700	4,821,100	(66,300)	4,754,800	95,100	2.0%
Business Services	38,415,065	42,085,400	44,396,400	(876,400)	43,520,000	1,434,600	3.4%
Corporate Assets	14,877,380	17,837,800	18,423,000	(85,600)	18,337,400	499,600	2.8%
Departmental Business Services	(839,133)	(127,600)	139,100	(139,100)	0	127,600	100.0%
Mayor and Council	3,681,872	3,954,500	4,095,600	(27,600)	4,068,000	113,500	2.9%
Financial Transactions	(33,715,555)	(29,806,000)	(32,128,000)	(882,000)	(33,010,000)	(3,204,000)	-10.7%
<b>NET SERVICE IMPACT</b>	<b>267,732,242</b>	<b>285,937,000</b>	<b>297,340,400</b>	<b>(2,909,100)</b>	<b>294,431,300</b>	<b>8,494,300</b>	<b>3.0%</b>
<b>Less: Assessment Growth</b>							<b>-0.8%</b>
<b>City Tax Increase</b>							<b>2.2%</b>

**Note: Does not include a possible 1% infrastructure levy**

Roads, Storm Drainage and Watercourses, Fire & Emergency Services, Mississauga Transit and Recreation & Parks services remain the largest program areas in Mississauga. 78% of City spending is for front-line service delivery that impact people's lives every day.

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

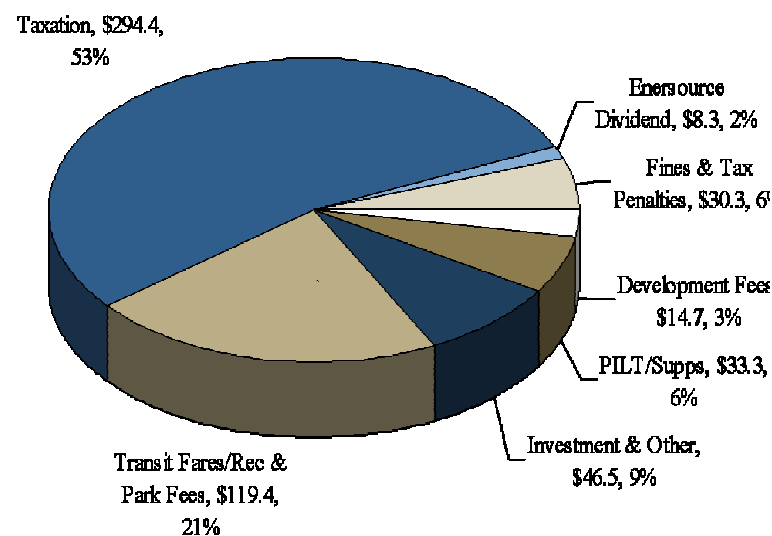
## 2010 Gross Budget By Service (\$546.9 Million)



## 2010 Operating Expenditure Highlights By Cost Category

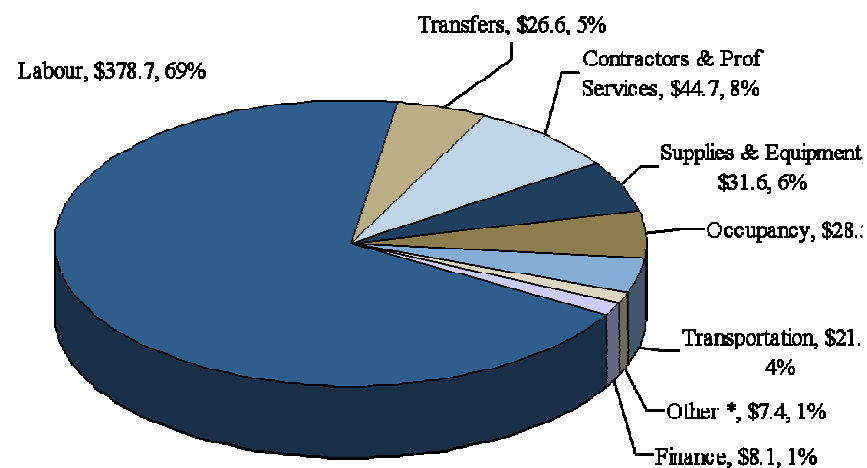
A break down of the major operating expenditure categories is as follows:

### Total \$546.9 million - 2010



## 2010 Operating Program Revenues

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



# Financial Overview

## 2010 business plan & budget update

The following chart shows the City Budget by major cost category.

### BUDGET OVERVIEW CORPORATE OPERATING BUDGET SUMMARY

	2008 Actual	2009 Budget	2009 Forecast	2010 Base Budget	2010 Program Changes	2010 Request	2010 Change	
	\$	\$	\$	\$	\$	\$	\$	%
<b>EXPENDITURES</b>								
<b>LABOUR COST</b>	346,570,179	366,613,000	360,663,862	377,683,400	1,008,000	378,691,400	12,078,400	3.3%
Staff Development Costs	1,520,758	1,637,600	1,611,500	1,663,000	(23,100)	1,639,900	2,300	0.1%
Communications Costs	2,692,631	2,858,500	2,766,700	3,108,600	23,400	3,132,000	273,500	9.6%
Transportation Costs	25,388,929	25,701,700	25,819,600	21,573,900	(10,200)	21,563,700	(4,138,000)	-16.1%
Occupancy & City Costs	25,699,102	28,494,600	27,271,400	28,493,700	(40,200)	28,453,500	(41,100)	-0.1%
Equipment Costs & Maintenance Agreement	6,302,628	7,623,600	7,172,100	8,193,700	(250,000)	7,943,700	320,100	4.2%
Contractor & Professional Services	42,137,806	42,510,400	42,964,700	42,741,400	1,984,500	44,725,900	2,215,500	5.2%
Advertising & Promotions	2,431,216	1,959,200	1,873,000	1,994,400	354,500	2,348,900	389,700	19.9%
Materials, Supplies & Other Services	22,150,202	22,717,600	22,579,500	23,406,400	303,500	23,709,900	992,300	4.4%
Finance Other	8,366,009	7,679,700	10,085,500	8,095,000	0	8,095,000	415,300	5.4%
Transfers	73,565,862	27,165,300	22,426,000	27,431,600	(832,000)	26,599,600	(565,700)	-2.1%
<b>OTHER OPERATING EXPENSES</b>	<b>210,255,144</b>	<b>168,348,200</b>	<b>164,570,000</b>	<b>166,701,700</b>	<b>1,510,400</b>	<b>168,212,100</b>	<b>(136,100)</b>	<b>-0.1%</b>
<b>TOTAL EXPENDITURES</b>	<b>556,825,323</b>	<b>534,961,200</b>	<b>525,233,862</b>	<b>544,385,100</b>	<b>2,518,400</b>	<b>546,903,500</b>	<b>11,942,300</b>	<b>2.2%</b>
<b>REVENUES</b>								
Supplementary Railway & Corridors	(7,620,793)	(5,923,600)	(5,238,300)	(5,463,600)	0	(5,463,600)	460,000	7.8%
Payments in Lieu	(22,971,278)	(23,533,000)	(23,201,600)	(24,000,500)	0	(24,000,500)	(467,500)	-2.0%
Grants	(48,005,613)	(3,636,800)	(3,715,500)	(3,886,800)	0	(3,886,800)	(250,000)	-6.9%
Fees & Service Charges	(96,518,757)	(104,393,500)	(103,335,400)	(96,507,500)	(1,379,800)	(97,887,300)	6,506,200	6.2%
Licenses & Permits	(17,670,955)	(16,775,800)	(16,726,900)	(14,498,900)	(154,400)	(14,653,300)	2,122,500	12.7%
Rents, Concessions & Franchise	(20,336,855)	(21,350,700)	(20,990,900)	(21,363,700)	(115,000)	(21,478,700)	(128,000)	-0.6%
Fines	(14,321,848)	(14,544,800)	(14,781,700)	(14,760,400)	0	(14,760,400)	(215,600)	-1.5%
Penalties & Interest on Taxes	(8,755,447)	(5,690,000)	(9,500,000)	(7,000,000)	0	(7,000,000)	(1,310,000)	-23.0%
Investment Income	(17,767,401)	(13,354,400)	(13,030,400)	(14,504,400)	0	(14,504,400)	(1,150,000)	-8.6%
Other Revenue	(11,796,108)	(28,488,000)	(11,918,186)	(31,458,900)	(3,330,100)	(34,789,000)	(6,301,000)	-22.1%
Transfers	(23,328,027)	(11,333,600)	(10,986,600)	(13,616,600)	(431,600)	(14,048,200)	(2,714,600)	-24.0%
<b>TOTAL REVENUES</b>	<b>(289,093,081)</b>	<b>(249,024,200)</b>	<b>(233,425,486)</b>	<b>(247,061,300)</b>	<b>(5,410,900)</b>	<b>(252,472,200)</b>	<b>(3,448,000)</b>	<b>-1.4%</b>
<b>NET SERVICE IMPACT</b>	<b>267,732,242</b>	<b>285,937,000</b>	<b>291,808,376</b>	<b>297,323,800</b>	<b>(2,892,500)</b>	<b>294,431,300</b>	<b>8,494,300</b>	<b>3.0%</b>
Allocations	0	0	0	16,600	(16,600)	0	0	0.0%
<b>NET of ALLOCATIONS</b>	<b>267,732,242</b>	<b>285,937,000</b>	<b>0</b>	<b>297,340,400</b>	<b>(2,909,100)</b>	<b>294,431,300</b>	<b>8,494,300</b>	<b>3.0%</b>
<b>Less: Assessment Growth</b>								<b>-0.8%</b>
<b>City Tax Increase</b>								<b>2.2%</b>

Note: Does not include a possible 1% infrastructure levy



## Operating Program Highlights:

The City's 2010 Operating Budget has increased by approximately \$8.5 million which is comprised of pressures of \$16.4 million (including base changes and other programs increases) which are offset by new revenues, efficiencies and program reductions of \$7.9 million.

## Operating Program Budget Categories

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

**2010 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.

**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 may also include reductions in staffing levels.

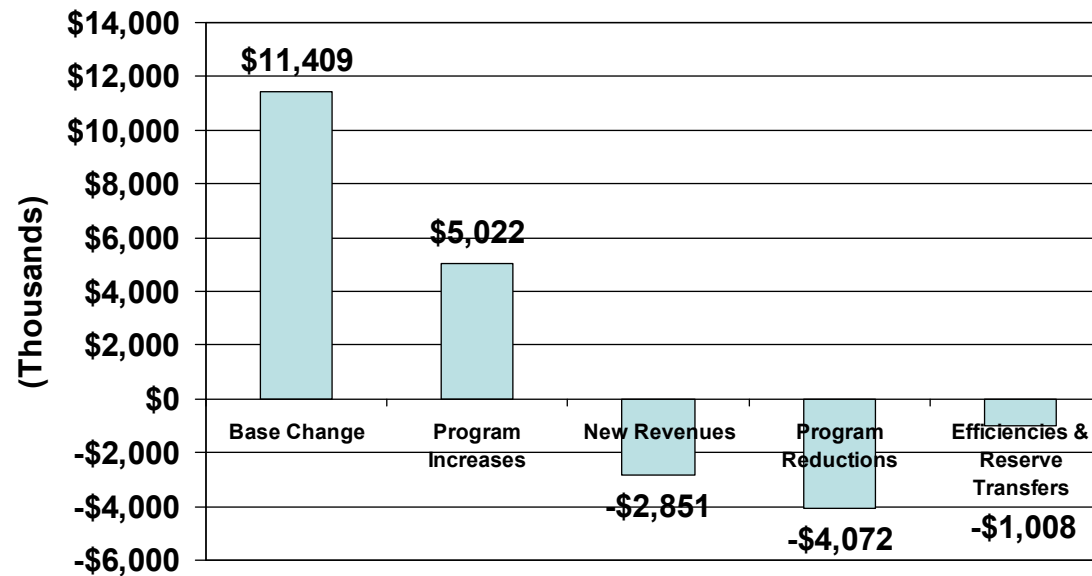
**Efficiencies and Reserve Transfers** – These are savings which have been realized by the city improving the way services are delivered or the cost of resources used in service provision. Also included in this category is the increased use of reserves to offset expenditures which reduces the required 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 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 2010.

The 2010 Business Plan and Budget Update 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 tax rate increases are minimized in this economic environment.

## Summary of 2010 Budget Changes



## Key Budget Changes for 2010 Ongoing Operations (Base Changes and Program Increases)

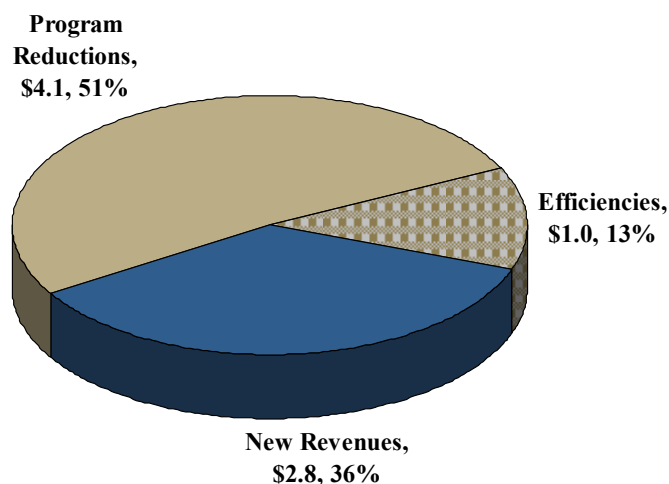
In addition to \$5.0 million in service level increases, the 2010 Budget also accommodates net cost pressures of \$11.4 million as follows:

- Based on a 2009 labour budget of \$367 million, net labour increase of \$12.7 million for ongoing economic and merit adjustments;
- Reduced transit fares of \$13.7 million of which \$4.2 has been incorporated into the 2010 Budget and the remainder will be recovered from the balance in the Provincial Gas Tax Reserve Fund until these shortfalls have been completely incorporated in the tax base over the next four years;
- Net Winter maintenance increases of \$2.9 million. Service levels for priority clearing of transit priority routes, pilot windrow clearing program for low income seniors and disabled persons; and increases in salt and sand costs are partially offset by contract savings
- Transit 2010 expansion costs of \$2.1 million, which are funded from Provincial Gas Tax Reserves and additional fares;
- Increased costs of \$1.8 million related to the municipal election scheduled for Fall 2010 which are completely offset by transfers from the Reserve for Election;
- Increased costs of \$1.4 million primarily associated with delivery of Infrastructure Stimulus Funding (ISF) projects fully recovered from capital project as previously approved by Council
- Contract increase, of \$1.4 million primarily due to Information Technology maintenance agreements including new applications and increase costs of transit parts inventory;
- Reduced Planning processing fees and building permit revenues of \$4.3 million, of which \$0.9 million has been built into the tax rate. The balance of the shortfall is funded from reserves, with a three year plan to incorporate revenue shortfalls into the tax rate;
- Parks maintenance cost increase of \$0.4 million for 104 new acres of parkland including Community Commons Park and Riverwood;
- Increase leasing costs of \$0.3 million for 201 City Centre Drive;
- Increase in Hershey contractor costs of \$ \$0.2 million;
- Annualization of labour costs increases of \$0.2 million for staff added partway through 2009;
- Implementation of Youth Plan Strategy of \$0.2 million;
- Reduced diesel fuel costs of \$4.0 million;
- Reduced 2009 growth ridership strategy of \$2.1 million;
- Increased recreational revenues of \$0.6 million including a 3% fee increase;
- Net increase in payments in lieu of taxes (PILT's) received for Pearson International Airport (PIA) of \$0.5 million (based on a 2009 budget of \$18.5 million)

- Increase of \$0.3 million in Enersource Hydro dividend based on favourable prior year results; and
- Increased POA revenues of \$0.2 million due to ticket volume.

The following chart shows the areas where adjustments were made to bring the City tax rate down to approximately 2.2% or 0.62% on the total tax bill. These adjustments total \$7.9 million. Details can be found in Appendix 2 – Summary of Program Changes. These reductions have allowed Mississauga to minimize the tax rate impact.

## 2010 Budget Reductions \$ 7.9 Million



Highlights of the \$2.8 million in new revenues are as follows:

- \$1.4 million Additional Provincial Gas Tax revenues associated with new service being added in 2010 (based on a \$38.3 million net 2009 Budget)
- \$0.4 million New mortgage administration fee;
- \$0.7 million Increase in parking fees related to on-street City Centre parking and public parking in Civic Precinct garages;
- \$0.1 million Charging property owners for services provided by Fire as requested by an outside agency;
- \$0.1 million Increased Committee of Adjustments fees primarily for residential and commercial variances fees and mobile sign permits;
- \$0.05 million New rebate program for city credit cards; and
- \$0.05 million Various new revenues generated as part of My idea employee Challenge Program.

Highlights of program reductions of \$4.1 million are as follows:

- \$1.0 million Contributions from Provincial Gas Tax to offset Transit incremental costs necessary to maintain existing service levels;
- \$0.5 million Reduction in professional services for Land Development Services (\$190,000), roads (\$250,000) which limits studies to those funded by development charges; and Citizen Value Measurement survey (\$73,000);
- \$0.2 million Curtail Spring and Fall clean ups by one and two weeks, respectively;
- \$1.3 million Reduction of 18.4 full time equivalents (FTE's) allocated by services as follows:
  - 6.0 full-time equivalents in Land Development Service;
  - 5.4 full-time equivalents in Business Services and Corporate Assets;
  - 4.0 full-time equivalents in Roads, Storm Drainage and Watercourses; and
  - 3.0 full-time equivalents in Legislative Services.
- \$0.3 million Remove Microsoft office product from Enterprise agreement and software assurance coverage; and
- \$0.3 million Rationalize low performing transit routes.

Highlights of cost saving efficiencies of \$1.0 million are as follows:

- \$0.9 million Reduced transfer to Reserve for Assessment Appeal from \$1.1 million to \$0.2 million, as sufficient balances are available;
- \$0.1 million My idea employee Challenge Program; \$34,000 in energy savings and the remainder on various initiatives;
- \$0.04 million Reduce the number of printed copies of Active Mississauga guide from 100,000 to 60,000.

## 2010 Recommended Capital Program and 2010-2019 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;
- 2010 Capital Program Highlights – provides a summary of capital projects or programs for 2010;
- 2010-2019 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.

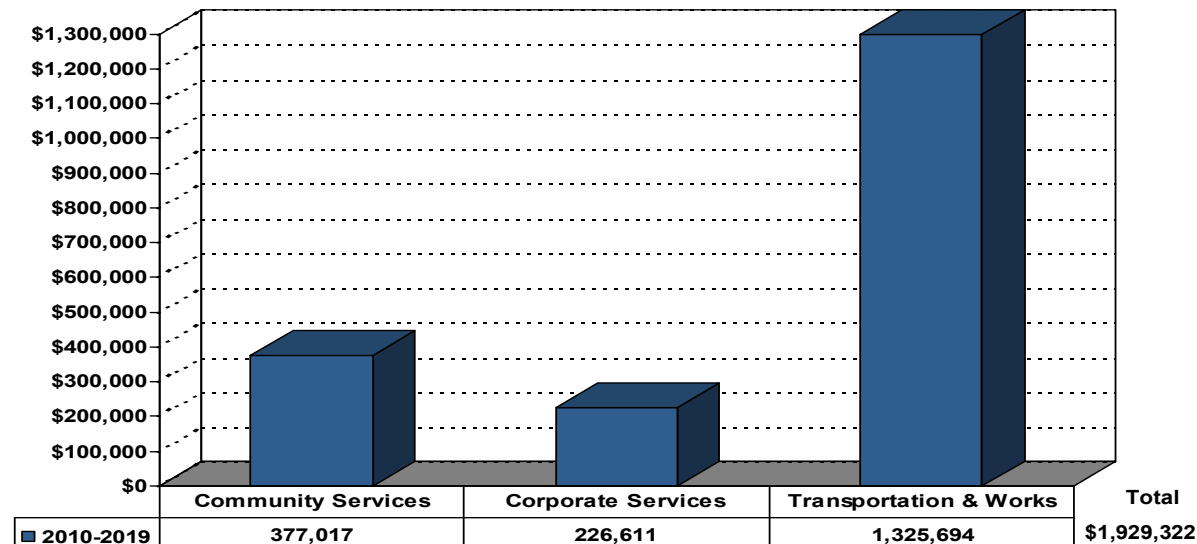
Mississauga's capital program is made up of two primary components:

- 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 proposed 10 Year Capital Forecast contained within the 2010-2019 Business Plan and Budget Update.

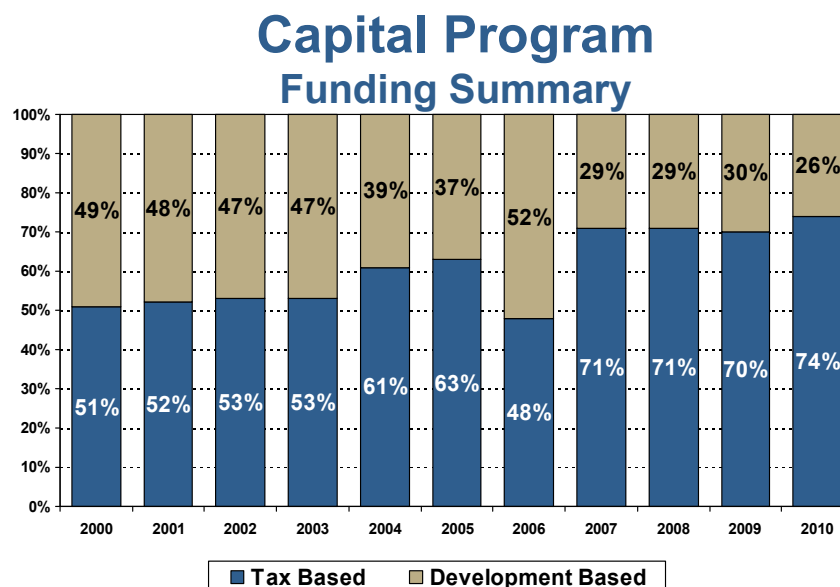
## Funding Requirements by Department 10 Year Capital Plan (\$'000)



The 2010-2019 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.



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.

## 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)	2010	2011	2012	2013	2014	Total
Provincial Gas Tax	\$15.5	\$15.5	\$15.5	\$15.5	\$15.5	\$77.5
Ontario Bus Replacement*	\$5.4	\$5.3	\$2.7	\$4.4	\$3.3	\$21.1
Federal Gas Tax**	\$19.9	\$19.9	\$19.9	\$19.9	\$19.9	\$99.5
Federal Gas Tax (Regional Portion)	\$16.7	\$16.7	\$16.7	\$16.7	\$16.7	\$83.5
Subtotal	\$57.5	\$57.4	\$54.8	\$56.5	\$55.4	\$281.6
Provincial BRT Funding						\$65.0
Federal BRT Commitment						\$58.0
<b>Total</b>						<b>\$404.6</b>

\* Funding for Ontario Bus Replacement will be received as a 1/12<sup>th</sup> 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. Unlike other funding from senior levels of government, 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 primarily to Transit service expansion costs. The ongoing use of Provincial gas tax funding to support Transit growth allows for the expansion of Transit service with no tax impact. By slowing down the 2009 Transit expansion plan to correspond to reduced ridership and implementing it over the 2009 and 2010, the 2010 tax rate

increases, forecast in 2009 related to Transit, have been eliminated. By 2010, the Provincial gas tax funding will have been fully allocated towards transit. Starting in 2011 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.

As previously mentioned, the City's transit ridership is declining. As such, our share of the Provincial Gas Tax may also be reduced in future years. The City will continue to monitor and make any adjustments required at that time.

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 provided 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 Federal 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 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 forecast doubled from the 2008 level of 2.5 cents to 5.0 cents per litre. The receipts in 2009 were \$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 an escalation to the Gas Tax to ensure its value does not depreciate over time.

Infrastructure funding needs for bridges and roads continue to increase with an unfunded list totalling \$67.0 million. As part of the 2010 Budget, staff is seeking approval to amend the Federal Gas Tax agreement to allow these funds to be used for roads. In the short term, this funding source is fully allocated to Transit capital needs. In future years, it may assist the City in dealing with its ever increasing roads and bridges capital needs. The City will need to establish priorities as to the best use of these funds.

## Highlights of Transit Projects

The 2010 – 2019 Budget recommends the following projects which are funded from a variety of transportation related funding sources as described above:

- 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) including 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 from the Mississauga/Oakville border to Renforth Drive in Toronto. The total project including the portion to be constructed by the City (\$272 million) and GO Transit (\$54 million) 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 2010-2019 Capital Budget and Forecast. Mississauga is seeking for funding assistance to address the \$52.5 million shortfall from senior levels of government.
- 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 included in the budget for the study. For 2015 to 2019, \$85 million has been allocated for transit priority measures and upgraded passenger facilities along this corridor.

- Bus growth and service expansion includes 8 additional buses per year (funded from development charges and 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 \$211.6 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:

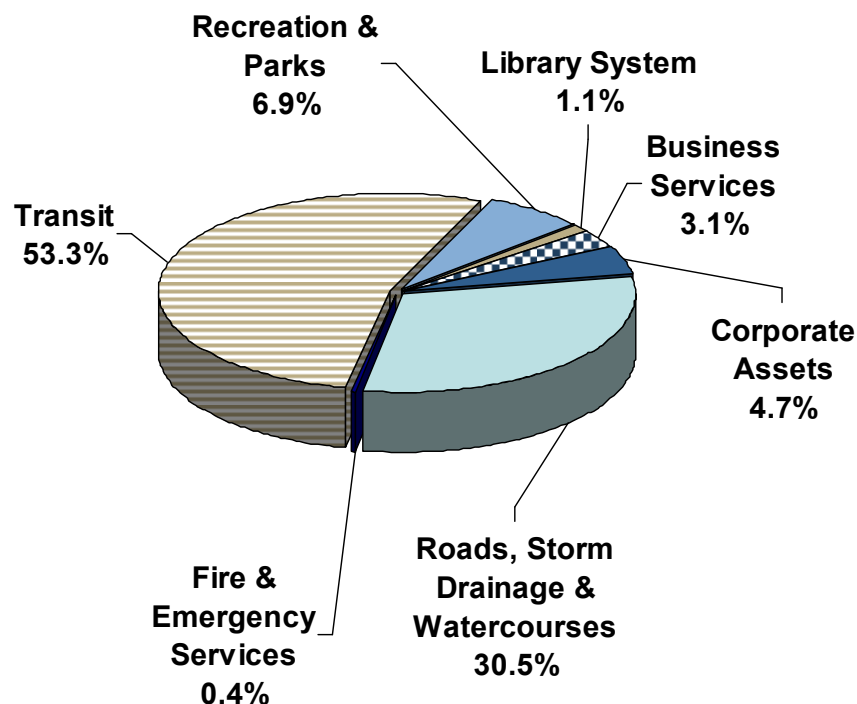
- Light rail transit between Queen Street in Brampton to Lakeshore Road in Mississauga along Hurontario Street;
- Light rail transit from Kipling Station to Hurontario Street;
- Expansion of the Lakeshore West GO transit rail line by adding a third track between Oakville and Port Credit; and
- Capacity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

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

## 2010 Capital Program Highlights

The recommended City of Mississauga's 2010 Capital Program has a gross cost of \$318.9 million and \$266.8 million, net of subsidies and recoveries. The following chart shows the distribution of expenditures by major service category for 2010.

### 2010 Capital Budget Gross Expenditures \$318.9 Million



## 2010 Capital Program Highlights

The following chart shows the distribution of 2010 capital expenditures by major service category:

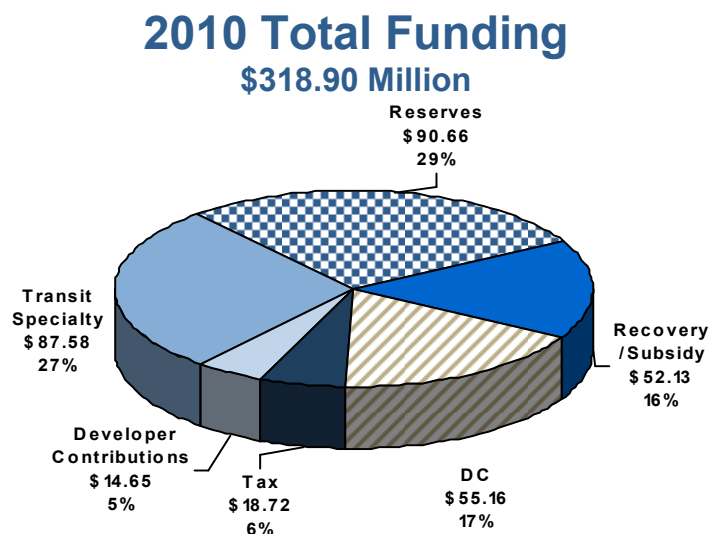
Service	Gross Cost (\$ 000s)	Subsidy/ Recovery	Net Cost (\$ 000s)
Transit	169,795	46,751	123,044
Roads, Storm Drainage and Watercourses	97,417	5,263	92,154
Recreation and Parks	21,854	114	21,740
Corporate Assets	14,973		14,973
Business Services	10,031		10,031
Library Services	3,503		3,503
Fire & Emergency Services	1,323		1,323
<b>Total</b>	<b>318,896</b>	<b>52,128</b>	<b>266,768</b>



# Financial Overview

## 2010 business plan & budget update

The following chart shows the funding sources for the 2010 Capital Budget.



During 2010, 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 will be jointly constructed between the City and GO Transit and will be funded with by the City, GO Transit and the Federal and Provincial levels of government. In 2010, \$105.4 million

will be spent on Phase 2 of the construction of the BRT laneways;

- \$10.0 million for the Port Credit Arena Rehabilitation (\$1.1 million funded previously and \$1.8 million to be funded in 2011, for a total gross project cost of \$12.9 million);
- \$7.0 million for the Torbram Road Grade Separation (\$31.4 million previously funded for a total gross project cost of \$38.4 million); and
- \$2.5 million for the Transit Central Parkway Campus expansion and refurbishment (\$83 million previously funded for a total gross project cost of \$85.5 million).

Highlights of 2010 ongoing programs are as follows:

- \$37.3 million for major roads and bridges and structure related works;
- \$21.5 million for road rehabilitation;
- \$12.9 million for storm drainage;
- \$9.0 million in lifecycle maintenance on various city facilities;
- \$3.8 million for new and replacement information technology applications, including enterprise system enhancements and the Dynix Library System;
- \$2.1 million for park redevelopment and maintenance including \$0.9 million for playground redevelopment exclusively; and
- \$1.3 million for design of Meadowvale Community Centre and Library renovation.

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

The following chart shows the distribution of 2010-2019 capital expenditures by major service category:

## 2010 - 2019 Capital Forecast Highlights

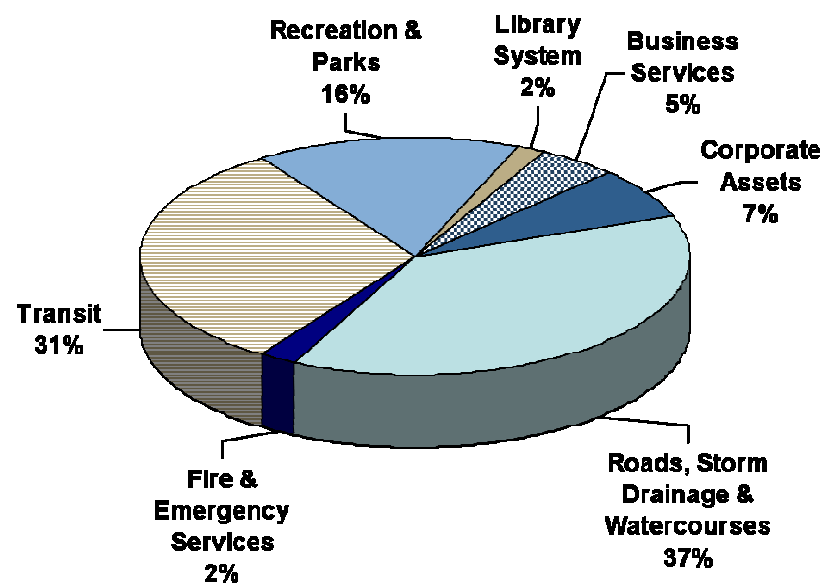
Service	Gross Cost (\$ 000s)	Subsidy/ Recovery	Net Cost (\$ 000s)
Roads, Storm Drainage and Watercourses	726,527	26,960	699,567
Transit	599,166	126,225	472,941
Recreation and Parks	301,059	1,867	299,192
Corporate Assets	134,029		134,029
Business Services	92,582		92,582
Fire & Emergency Services	46,846	4,244	42,602
Library Services	29,112		29,112
<b>Total</b>	<b>1,929,322</b>	<b>159,296</b>	<b>1,770,025</b>

# Financial Overview

2010businessplan&budgetupdate

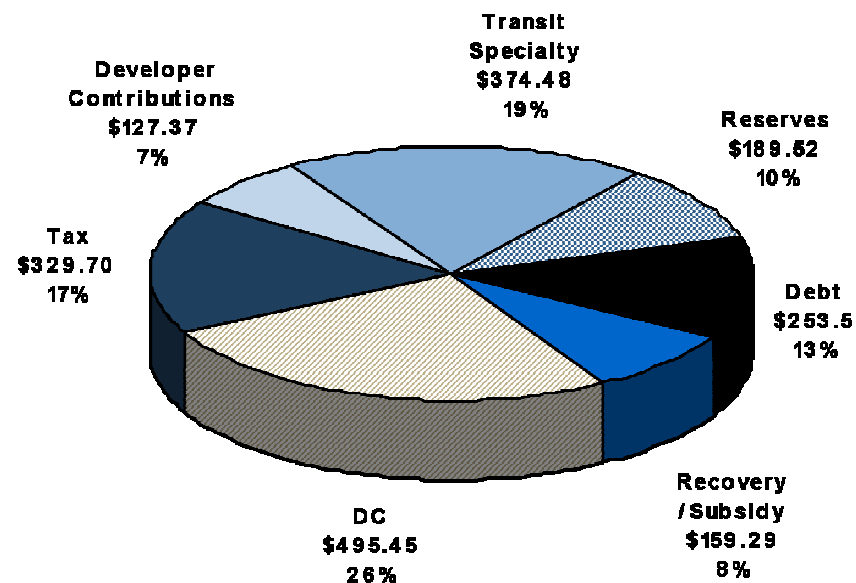
The following chart shows the distribution of expenditures by major service category.

**2010 – 2019 Capital Budget  
Gross Expenditures \$1.93 Billion  
by Service**



The following chart shows the funding sources for the 2010-2019 Capital Program.

**2010-2019 Total Funding  
\$1.93 Billion (uninflated)**



During 2010 to 2019, Mississauga is planning several key capital projects, some of which are being started in 2010. Details are as follows:

- \$179.7 million for the Bus Rapid Transit initiative;
- \$52.2 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 Outdoor Artificial Soccer;
- \$42.3 million for various grade separations throughout the City will provide relief towards traffic congestion issues;
- \$26.6 million for Waterfront development which coincides with the Strategic Pillars;
- \$25.0 million for the design and construction of a new Administrative Facilities;
- \$11.9 million for the construction of Meadowvale and Cooksville Libraries;
- \$10.1 million for the construction of the Gary W. Morden Centre - Phase 2 (total gross lifetime cost \$38.9 million);
- \$30.0 million for Parking Garage Structure; and
- \$2.1 million for the renovation of various libraries.

Highlights of 2010 to 2019 routine capital programs are as follows:

- \$212.4 million for road rehabilitation;
- \$211.6 million for new and replacement bus acquisitions;
- \$173.0 million for major roads and related works;
- \$112.5 million for storm drainage;
- \$80.8 million for major facility lifecycle maintenance;
- \$73.3 million for parkland acquisition;
- \$55.3 million for new and replacement information technology applications;
- \$50.5 million for parkland development and the construction Bicycle/Pedestrian trails;
- \$42.9 million for traffic signals and streetlighting;
- \$24.7 million for information technology infrastructure;
- \$23.0 million for replacement of fire pumpers, aerial trucks and other vehicles;
- \$19.7 million for bridges and culverts;
- \$17.8 million for parkland redevelopment; and
- \$10.1 million for urban forestry of which over 60% relates to planting of infill or new street trees.

## Fund Balances

### Revenue Projections

New Development Charge rates were approved by Council on November 11, 2009. An appeal may be filed up to and including December 21, 2009. If an appeal to the Ontario Municipal Board (OMB) is filed, these rates may change, depending on the outcome of a successful negotiated settlement with developers or a decision through a OMB Hearing.

Development Charges By-law rates are adjusted on a semi-annual basis, using the Capital Expenditure Price Statistics. The Development Charge revenues included in the 2010-2019 Capital Program, reflect the new by-law rates over the ten year period.

The City's tax based reserve funds, used to fund infrastructure maintenance and enhancement 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 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 2010. An additional 1% infrastructure levy in 2010 or \$2.8 million will be presented as an option for Council's consideration.

As tax based spending on capital is over \$88 million per year on average, the difference between this and the City's annual contribution from the operating budget must be funded either from reserves or, when reserves are depleted, from debt. The following chart provides a summary of the capital transfers over the next 10 years. By increasing the capital contributions equivalent to 1% of the tax levy annually over 2010 to 2019 inclusive, total contributions would increase to \$329.7 million as compared to \$187 million with no increase. An additional 1% infrastructure levy in 2010 would further increase this total to \$357.7 million.

Summary of Capital Transfers from the Operating Budget (\$ millions)											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TOTAL
Current Level	\$18.7	\$18.7	\$21.6	\$24.6	\$27.7	30.9	\$34.2	\$37.6	\$41.1	\$44.7	\$187.0
Additional 1% Infrastructure	<u>\$0.0</u>	<u>\$2.9</u>	<u>\$3.0</u>	<u>\$3.1</u>	<u>\$3.2</u>	<u>\$3.3</u>	<u>\$3.4</u>	<u>\$3.5</u>	<u>\$3.6</u>	<u>\$3.7</u>	<u>\$142.7</u>
Total	\$18.7	\$21.6	\$24.6	\$27.7	\$30.9	\$34.2	\$37.6	\$41.1	\$44.7	\$48.4	\$329.7

The 2010 to 2019 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 excluding 2010. Council may decide to include an infrastructure levy increase in 2010.

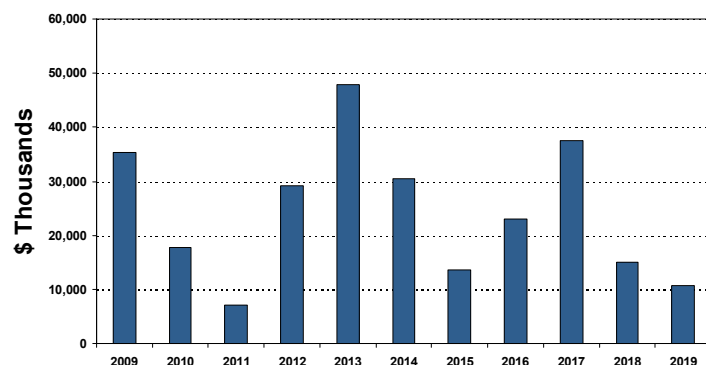
## Development Related Reserve Fund Balances

With respect to development related 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 and Reserve for Parkland Dedication (Cash in Lieu of Parkland) Reserve Fund balances is generated.

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

## Summary of Development-Based Capital Reserve Funds – Closing Balances



Development related reserve funds will remain in a positive balance throughout the 10 year forecast period although shortfalls have been identified in a few individual development charge service areas – namely Fire Services and General Government. Staff will continue to monitor these reserve funds and related project costs and adjust them annually, as required.

## Tax Based Maintenance Reserve Fund Balances

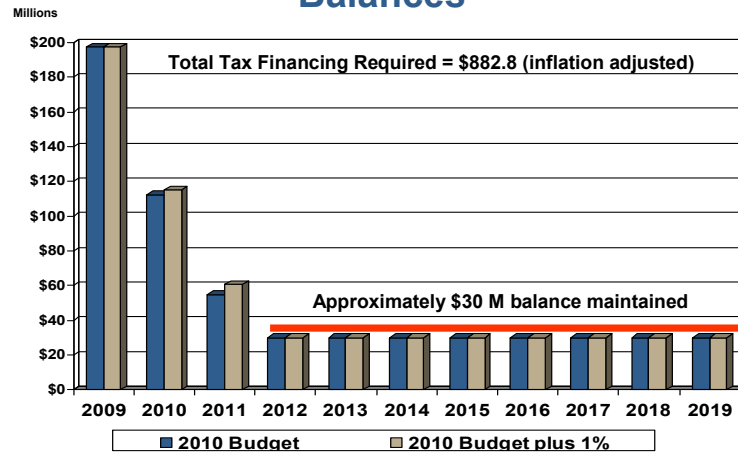
Mississauga prepares the tax-based financing plan assuming an inflationary increase of 3% per year. As such the tax funded portion of the ten year capital forecast of \$772.3 million is inflated to \$882.8 million. This inflation adjusted expenditure requirement forms the basis for the analysis which follows.

## Non-Growth Based Funding

Based on the proposed capital program adjusted for 3% inflation and the tax-based reserve funds available, the tax based reserve funds will be fully depleted to their minimum level of \$30 million by 2012 as shown on the next page. External debt financing becomes the primary source of funding for tax-based capital expenditures from 2012 onward.



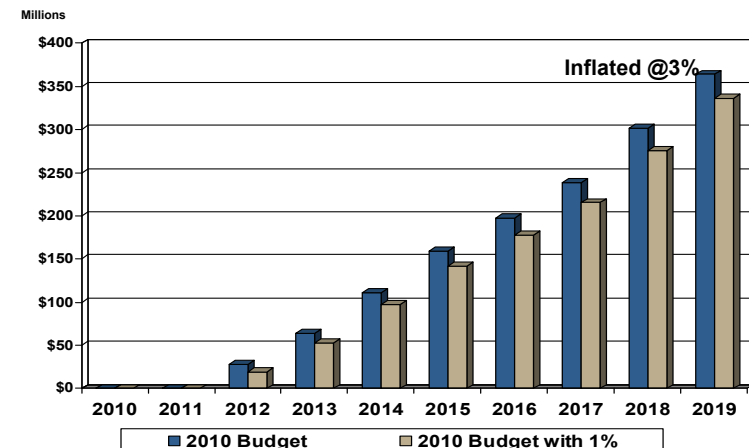
## Taxed Based Capital Reserve Fund Balances



As illustrated in the above chart, the tax-based reserve fund balances will be reduced to approximately \$30 million per year by 2012. 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.

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 \$364 million in cumulative external debt. If an additional 1% infrastructure levy were approved in 2010, the outstanding debt could be reduced to \$336 million.

## Cumulative External Debt Issued



## 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 2010. The impact on the City's tax bill is 2.2% or 0.62% on the total residential tax bill before any additional infrastructure levy.

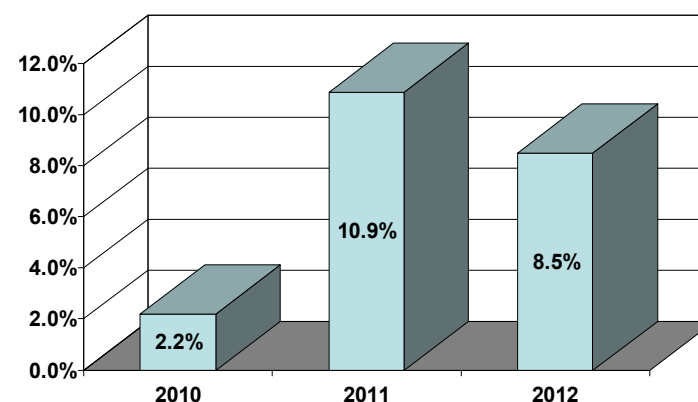
Service Area	2009 Net Budget (\$ 000's)	2010 Net Budget (\$ 000's)	2010 Increase (\$ 000's)	2010 City Tax Rate Increase	Impact on Total 2010 Tax Bill
Roads, Storm Drainage & Watercourses	58,188	60,787	2,599	0.9%	0.3%
Fire	78,692	81,706	3,014	1.1%	0.3%
Transit	38,297	39,128	831	0.3%	0.1%
Recreation & Parks	42,928	44,404	1,476	0.5%	0.1%
Corporate Assets	17,838	18,337	500	0.2%	0.0%
Business Services	42,085	43,520	1,435	0.5%	0.1%
Land Development	4,088	4,783	694	0.2%	0.1%
Legislated	-1,450	-1,696	-245	-0.1%	0.0%
Library	23,482	24,129	647	0.2%	0.1%
Arts & Culture	2,630	2,684	55	0.0%	0.0%
Mayor & Council	3,955	4,068	114	0.0%	0.0%
Regulatory	479	836	357	0.1%	0.0%
Departmental Support Services	-128	0	128	0.0%	0.0%
Strategic Policy	4,660	4,755	95	0.0%	0.0%
Financial Transactions	-29,806	-33,010	-3,204	-1.1%	-0.3%
<b>Subtotal</b>	<b>285,937</b>	<b>294,431</b>	<b>8,494</b>	<b>3.0%</b>	<b>0.8%</b>
Less: Assessment Growth				-0.8%	-0.2%
<b>Tax Rate Increase</b>				<b>2.2%</b>	<b>0.6%</b>
<b>Total Tax Bill Impacts - (Residential)</b>				<b>0.62%</b>	

The following chart shows the City's tax rate increases over the next three years. This forecast includes the operating impacts of newly constructed parks including City Centre parks; new pools at Malton and Clarkson Community Centres, and the Garry W. Morden Fire Training Centre. Future capital projects such as Meadowvale Library and the Bus Rapid Transit are beyond the current three year forecast period and operating impacts will be included in the future projections. As previously mentioned, phasing in of revenue shortfalls for planning processing fees, building permits revenue and Transit fares has been included with a tax impact of approximately 1.2% in 2011 and 2012. Also a 1% infrastructure levy has been included in 2011 and 2012. Labour comprises approximately 69% of the City's operating costs with increases impacting the tax rate at approximately 5% annually in 2011 and 2012.

These forecasts include the Transit Ridership growth plan, increased winter maintenance costs, and costs to implement the Youth Plan Strategy.

During 2010, the City will be under a new business planning cycle which will refine these estimates.

**Forecast 2010 to 2012 City Tax Rate Increases**



# Financial Overview

## 2010 business plan & budget update

The following table shows the impact on the City tax rate

	2010	2011	2012
City Tax Rate Increase	2.2%	10.9%	8.5%
Impact of Tax Rate Increase on Total Tax Bill	0.62%	3.1%	2.4%

The following table shows the impact per \$100,000 of assessment of the 2010 proposed tax increase for the operating budget:

	City Tax Rate Increase	Impact on Total Tax Bill	Impact per \$100,000 of Residential Assessment
<b>Recommended Operating Budget</b>	<b>2.2%</b>	<b>0.62%</b>	<b>\$6.30</b>

The impact on an individual home can be determined by multiplying the above impact per \$100,000 of assessment by the property's assessed value divided by \$100,000. For example for a home assessed at \$400,000 the impact would be \$25.20.

	City Tax Rate Increase	Impact on Total Tax Bill	Impact per \$100,000 of Residential Assessment
<b>Recommended Operating Budget</b>	<b>2.2%</b>	<b>0.62%</b>	<b>\$6.30</b>
<b>Impact of 1% Infrastructure (if approved by Council)</b>	<b>1.0%</b>	<b>0.28%</b>	<b>\$2.86</b>
<b>Total Increase If Infrastructure Levy Approved</b>	<b>3.2%</b>	<b>0.9%</b>	<b>\$9.16</b>

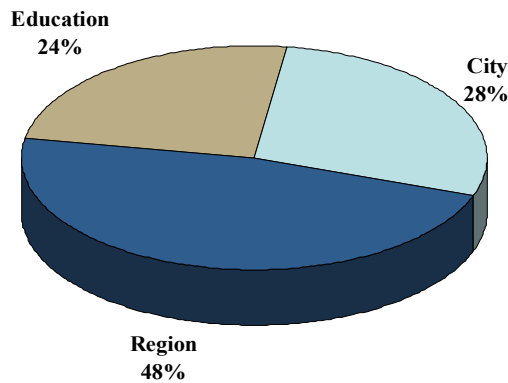
If the 1% infrastructure levy is approved, the impact would be an additional \$2.86 per \$100,000 of assessment or a total of \$9.16 when combined with the operating budget increase.

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 \$8.5 million. The result is a modest tax increase which will enable the City to provide services to residents and businesses while dealing with the affects of the downturn in the economy.

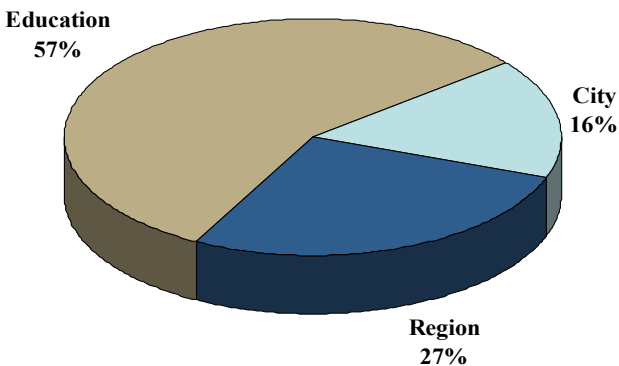
The total property tax bill is made up of three different components: the City of Mississauga, the Region of Peel and the Province of Ontario – Education taxes. The increases reflected in this budget relates to the City of Mississauga's portion only. Tax rates approved by the Region of Peel and Education rates, set by the Province of Ontario, must also be considered in order to determine the final amount paid by each taxpayer

The following chart shows the proportion of the total tax bill that relates to each component of residential, commercial and industrial properties followed by a table which shows the tax rate increase for the total tax bill assuming a regional and educational increase of 2.5% and 0.0% respectively:

Residential



Commercial/Industrial



	Tax Increase	Impact on Total Tax Bill		
		Residential	Commercial	Industrial
City -Operating	2.2%	0.62%	0.35%	0.34%
-Infrastructure	<u>1.0%</u>	<u>0.28%</u>	<u>0.16%</u>	<u>0.16%</u>
Total City Portion	<b>3.2%</b>	<b>0.90%</b>	<b>0.51%</b>	<b>0.50%</b>
Region Estimate	2.5%	1.18%	0.67%	0.65%
Education Estimate	0.0%	0.0%	0.0%	0.0%
Total Tax Rate Increase		<b>2.08%</b>	<b>1.18%</b>	<b>1.15%</b>

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	2.08%	1.18%	1.15%
2009 Taxes	\$1,017.59	\$2,518.51	\$2,883.85
2010 City - Operating Increase	\$6.30	\$8.88	\$9.90
2010 City - Infrastructure Increase	\$2.86	\$4.03	\$4.49
2010 Estimated Region Increase	\$11.99	\$16.90	\$18.83
2010 Estimated Education Increase	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Total	\$1,038.74	\$2,548.32	\$2,917.07

\*Based on assessed values as of 2008

## Conclusion

The 2010 Business Plan and Budget Updates focuses on our key priority areas for the long term:

1. Developing a Transit-Oriented City
2. Ensuring Youth, Older Adults and New Immigrants Thrive
3. Completing Our Neighbourhoods
4. Cultivating Creative and Innovative Business
5. Living Green
6. State of Good Repair for Infrastructure
7. Continuous Improvement and Tax Rate Management

The plan sets out a fiscally responsible course of action which provides additional funding and resources to begin to implement parts of the new Strategic Plan, modestly improve services such as transit and winter maintenance while minimizing tax rate increases.

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 by 2012, 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 2012;

- Unfunded capital projects will still amount to \$308 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.

As the Federal and Provincial governments both have significant deficits, new funding is unlikely in the next few years. Both levels of government must be advised of the importance of maintaining existing funding levels as any reduction in existing funding would very adversely affect municipalities. Municipalities, for their part, need to develop long term financing plans for infrastructure renewal that provided for incremental but predictable future tax increases.