



# City of Mississauga 2006 Budget

**Budget Committee**  
**December 6, 2005**

# Topics

1. **Budget at a Glance**
2. **Municipal Overview**
3. **Unfair Taxes in Peel**
4. **Operating Budget Summary**
5. **Tax Impacts**
6. **Capital Financing Strategy**
7. **Future Outlook**
8. **Questions**

# 2006 Total Budget

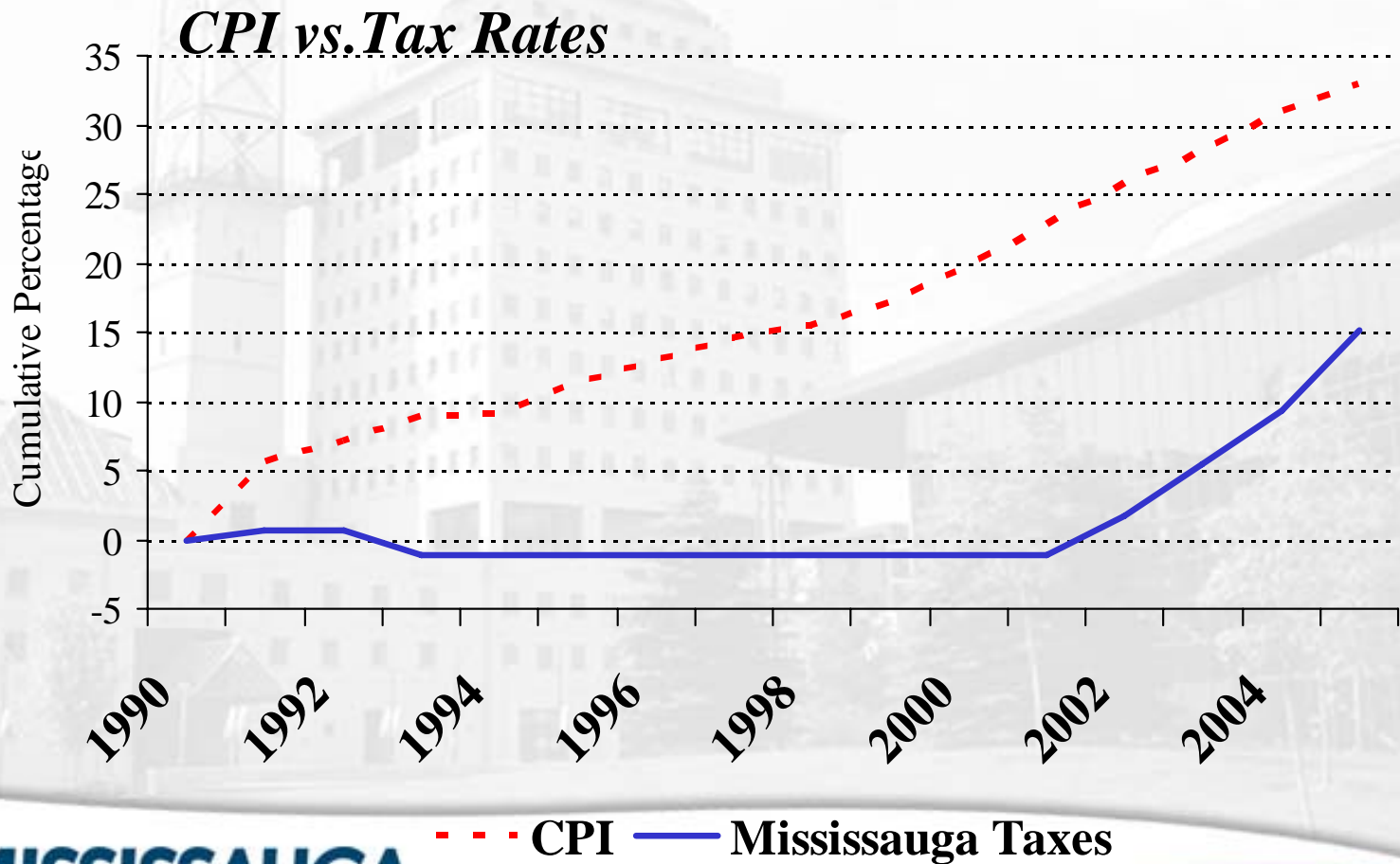
(million \$)

	Gross	Net
Operating Budget	449.7	238.0
Capital Budget	202.6	183.0
Total Budget	652.3	421.0
Tax Impact		5.9%

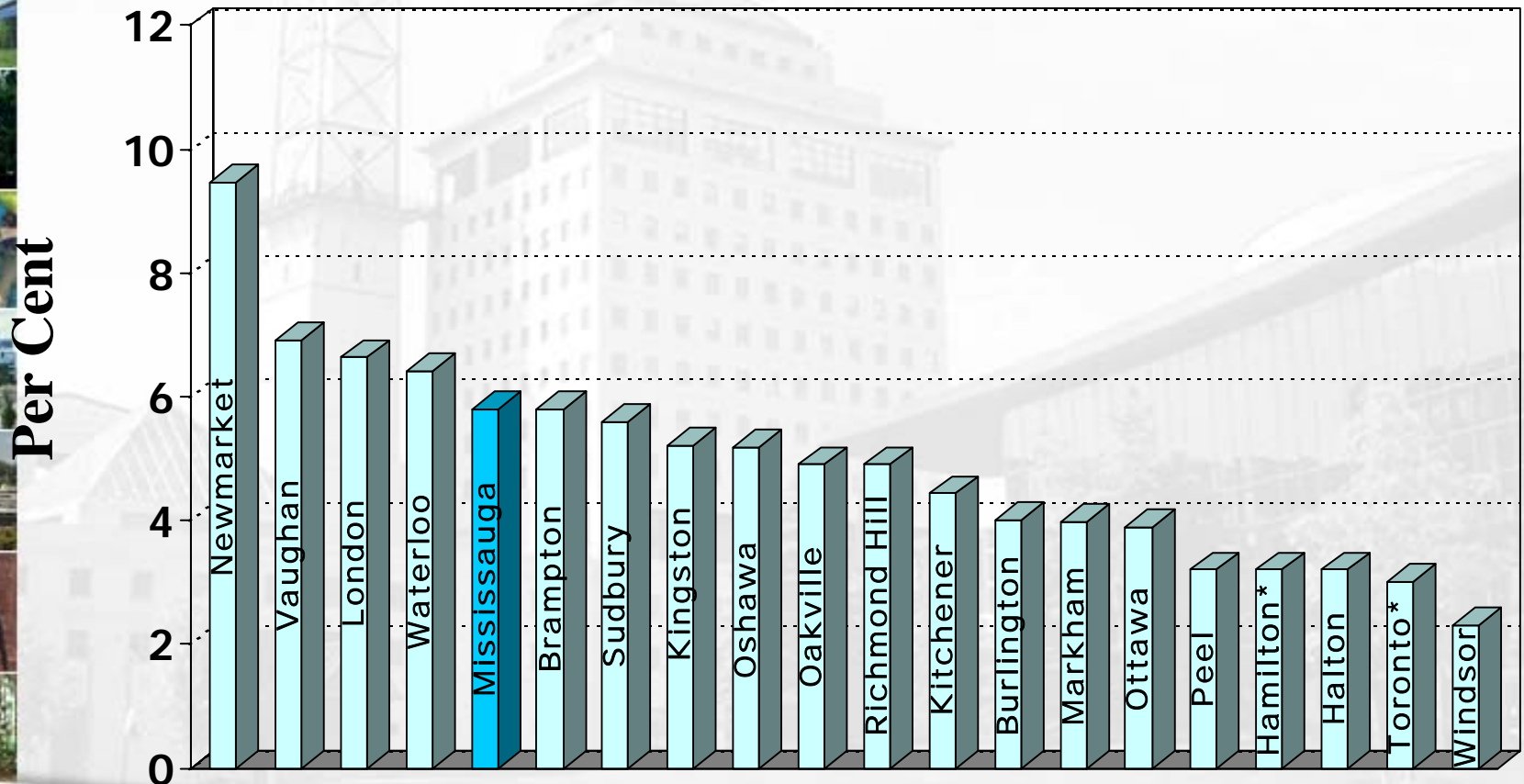


# Municipal Overview

# Good Ole Days ... 12 Years Without a City Tax Increase !!



# 2005 Municipal Tax Increases (City Portion only)

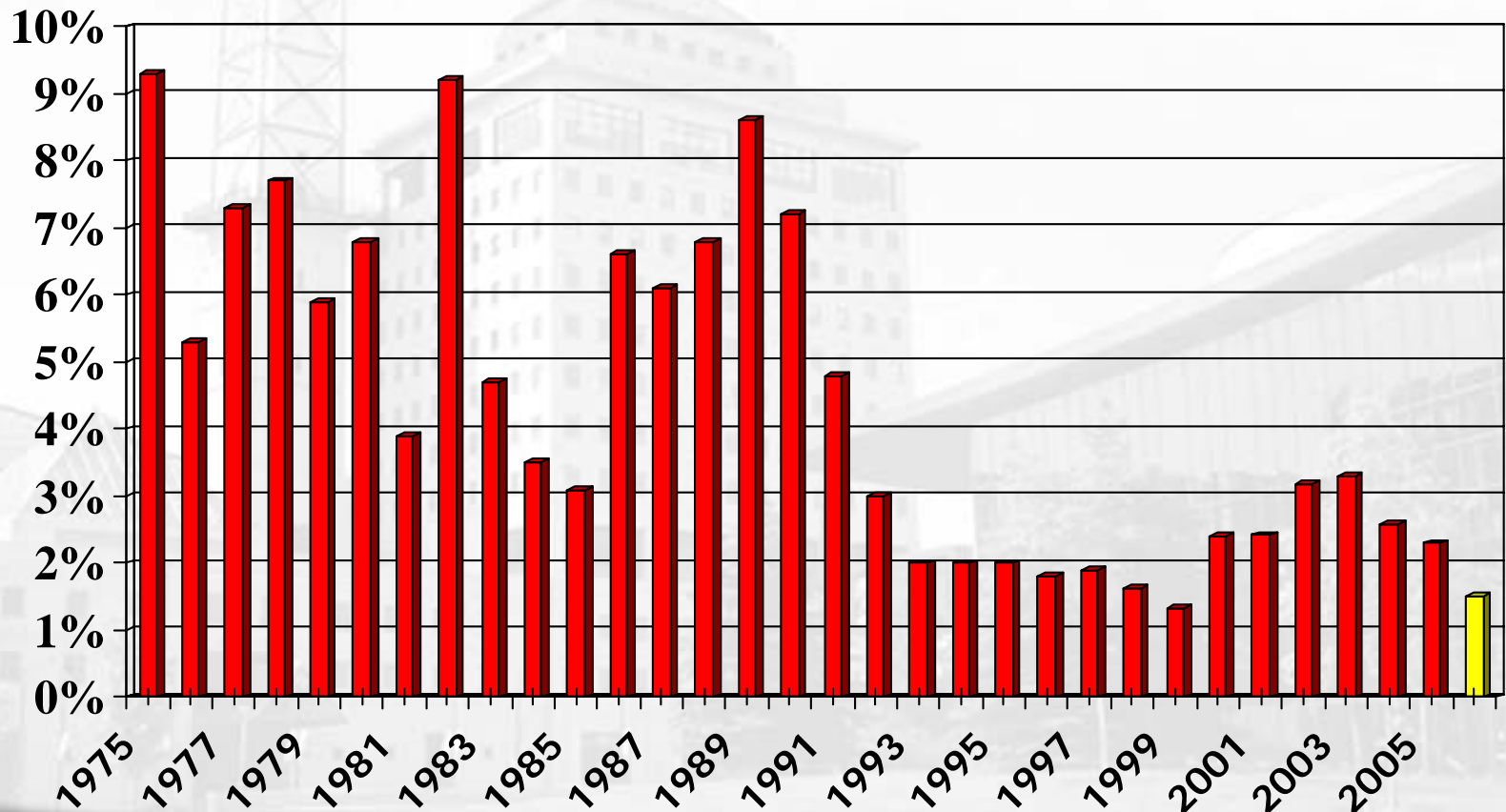


# 2005 City Taxes Per Household (Excludes Regional Portion of Tax Bill)

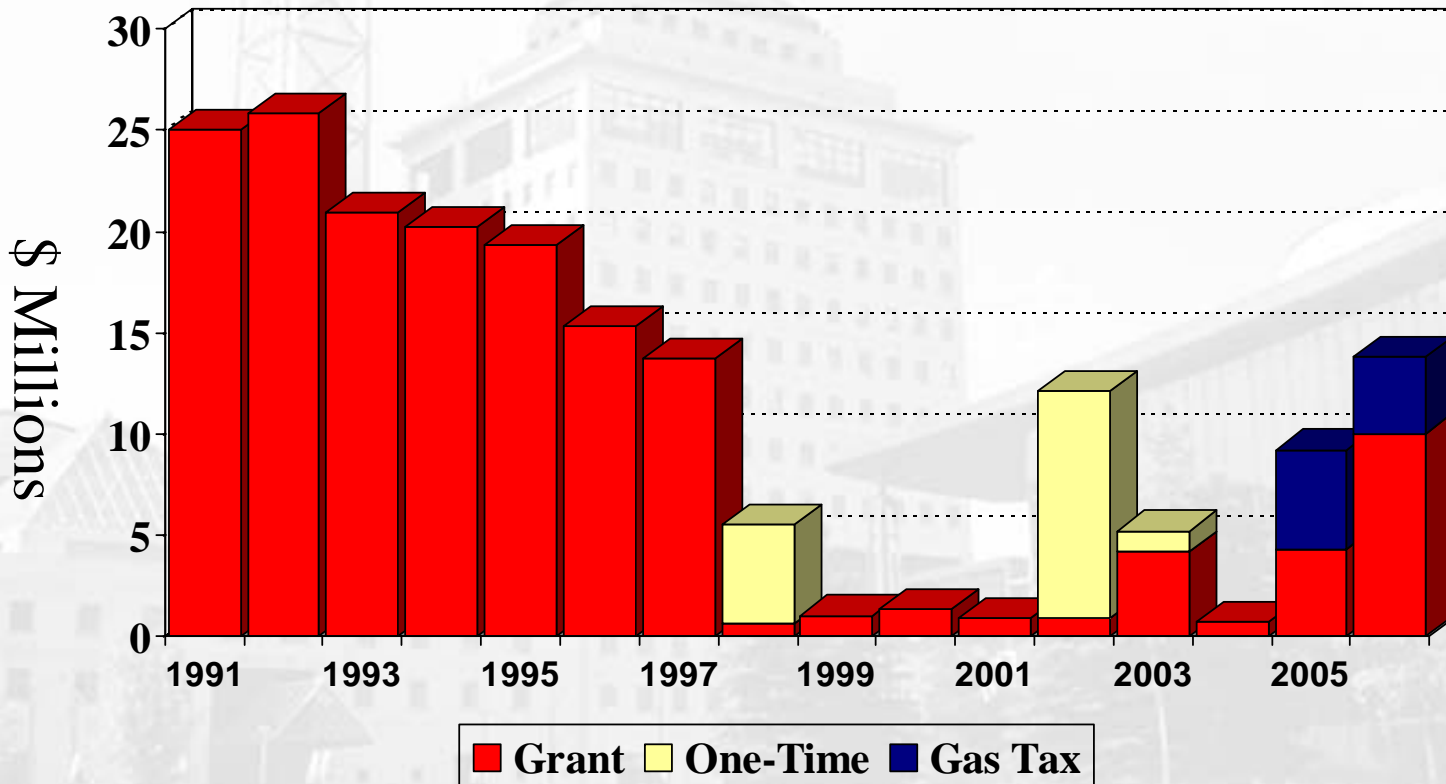


\* Number adjusted to include York Regional Transit

# Historical Assessment Growth

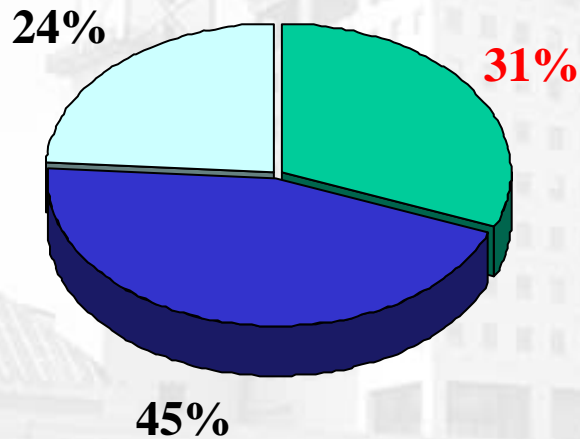


# Declining Provincial Grants



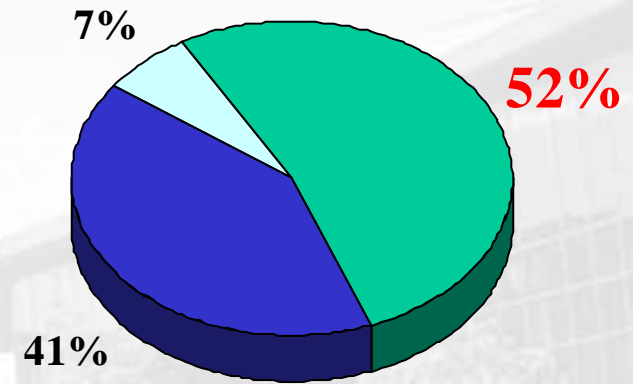
# Change in Municipal Infrastructure Ownership

1961



Local Provincial Federal

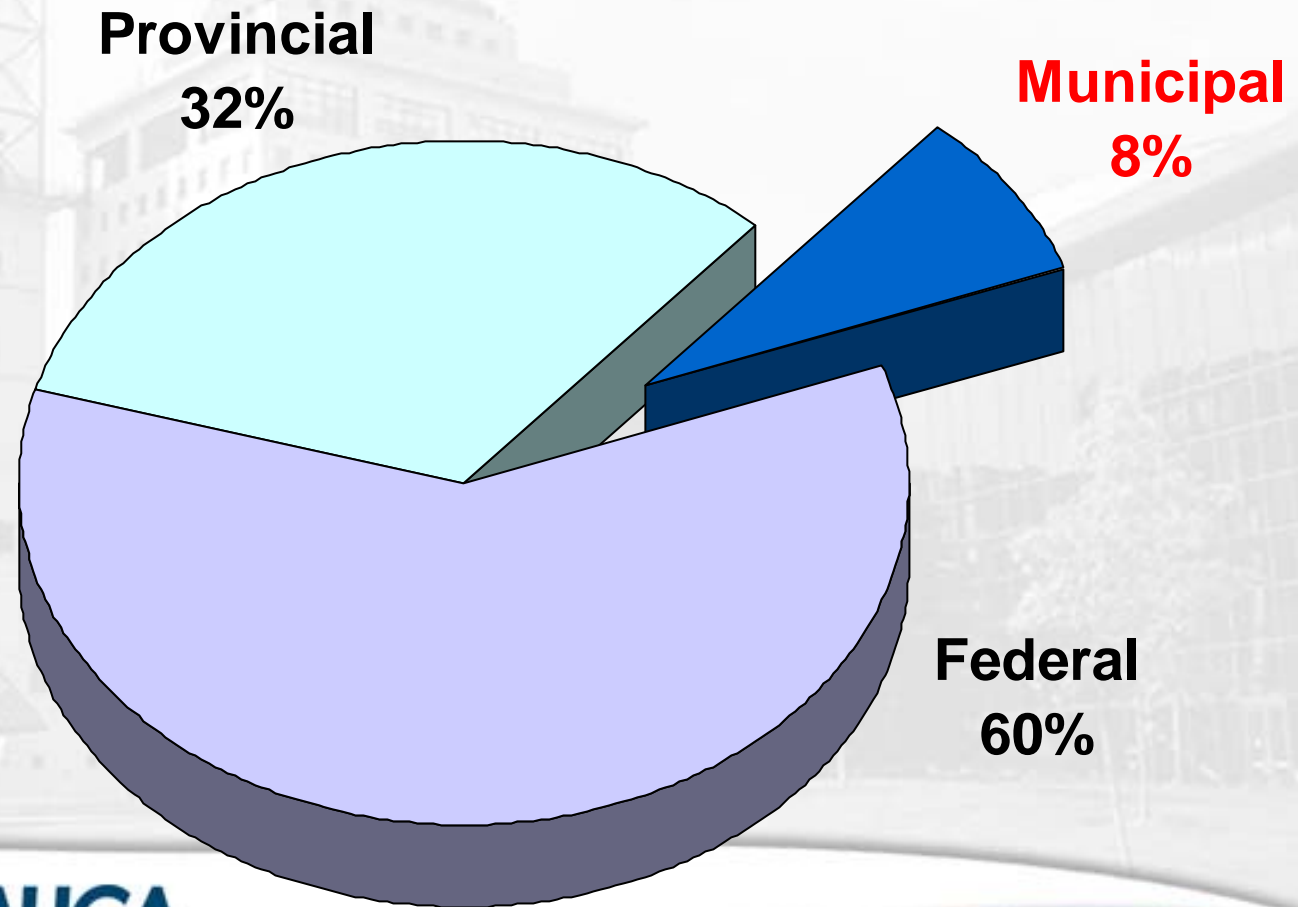
2002



Local Provincial Federal

Source: Public Infrastructure and the Performance of the Canadian Economy, Wednesday November 12, 2003

# Where does Your Canadian tax dollar go?





# Unfair Taxes in Peel

# Peel Region Funds:

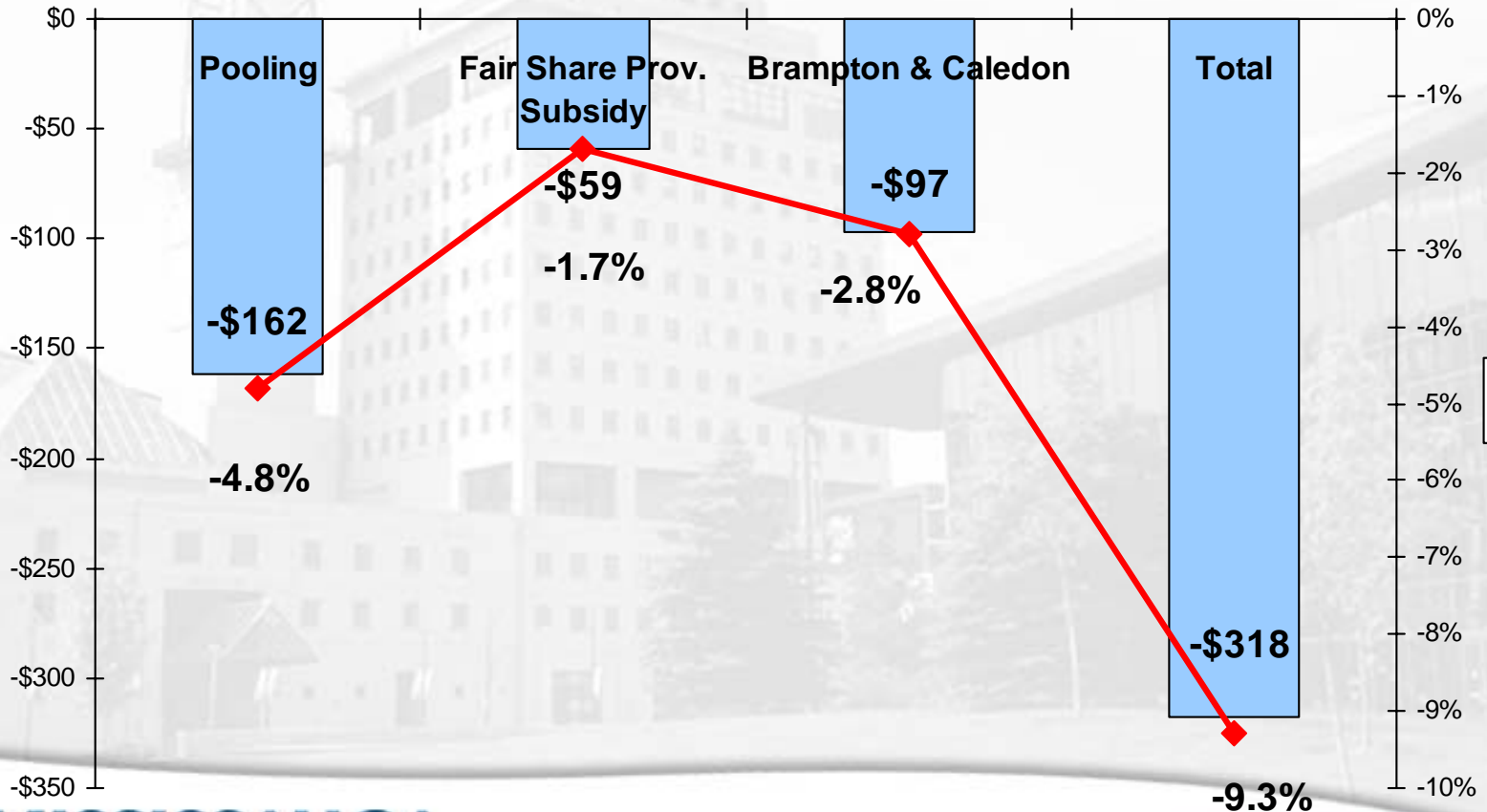
- **\$62 million to Toronto for GTA Social Services pooling**
- **\$22.8 million in Provincial Subsidy shortfalls:**
  - Long Term Care = \$2.8 m
  - Social Services = \$12 m
  - Land Ambulance = \$8 m
- **Mississauga taxes pay 64% of these costs**

# Over Taxing Mississauga Taxpayers:

- \$40 million GTA Pooling
- \$14.6 million in Provincial Subsidy shortfalls
- \$24 million in Peel Region subsidies to Brampton and Caledon
- If Province fixes these problems, Mississauga would save \$78.6m:
  - Save \$318 / household or 9.3% in taxes

# Potential Tax Savings in Mississauga

## (as % of Total Residential Taxes)





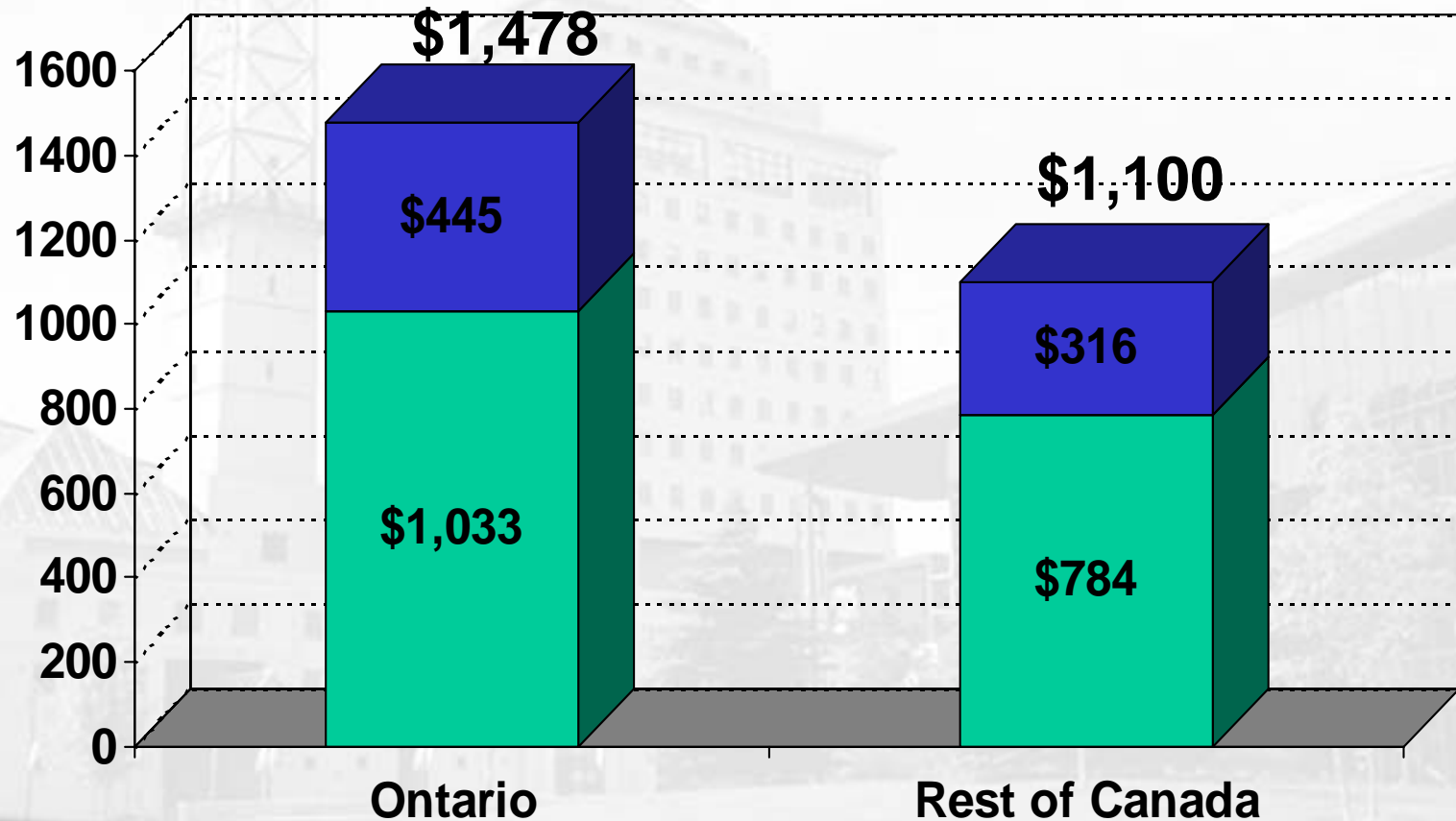
# New Deal: Property Tax Supported Services

# New Deal: Municipal Spending Differences

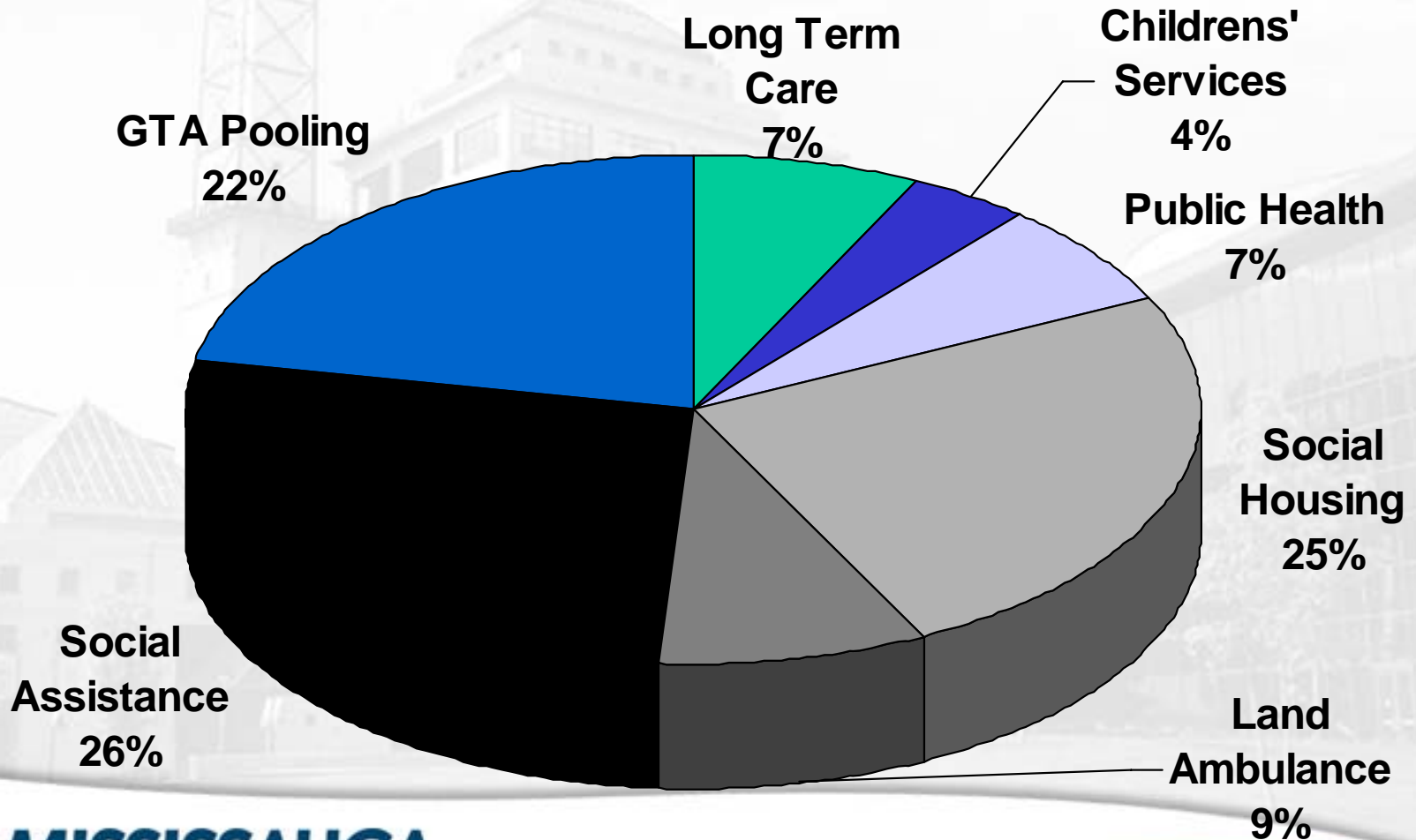
	<u>Ontario</u>		<u>Rest of Canada</u>	
	<u>Per Cap.</u>	<u>% of Total</u>	<u>Per Cap.</u>	<u>% of Total</u>
<b>Social Services</b>	<b>\$412</b>	<b>25.2%</b>	<b>\$13</b>	<b>1.2%</b>
<b>Housing</b>	<b>\$116</b>	<b>7.1%</b>	<b>\$19</b>	<b>1.7%</b>
<b>Health</b>	<b>\$89</b>	<b>5.4%</b>	<b>\$9</b>	<b>0.8%</b>
<b>Total</b>	<b>\$617</b>	<b>37.7%</b>	<b>\$41</b>	<b>3.7%</b>

Source: Association of Municipalities of Ontario

# New Deal: Municipal Revenue Differences (per capita)



# Health and Social Service Costs in Peel: \$270 million

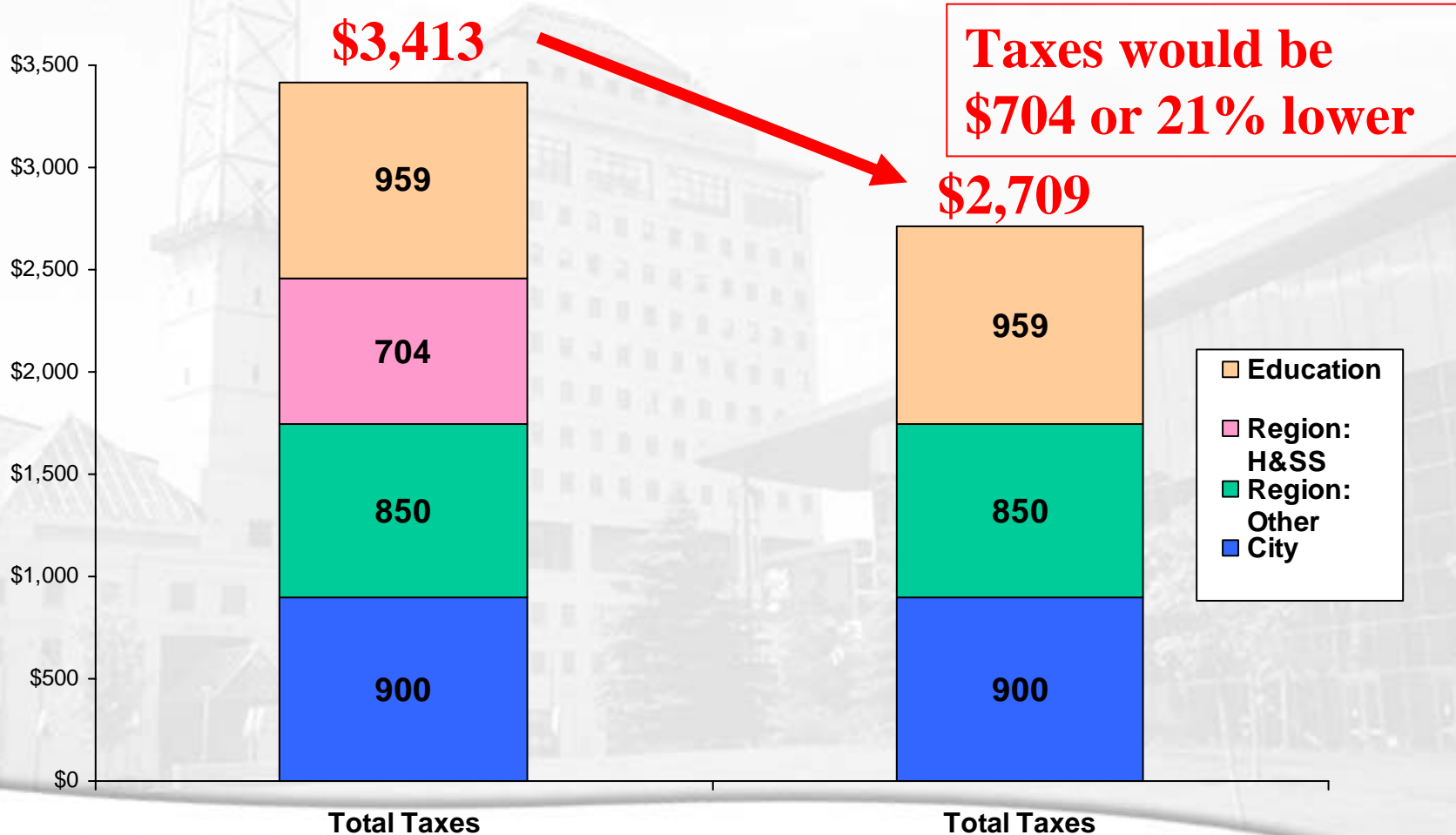




# Mississauga Taxpayers Fund:

- **64% of Peel Region**
- **\$173.3 m in Health & Social Services costs**
- **Health & Social Services account for 45.3% of Peel Region Tax Levy**
- **Income redistribution programs should not be funded from local taxes**

# 2005 Taxes In Mississauga if Remove Health & Social Services





# 2006 Budget Recap

# 2006 June Budget Outlook: Recap

Service (\$000's)	Tax Rate Increase	\$ Impact
Fire & Emergency Services	4.6%	\$41.31
Transit	2.3%	\$20.39
Roads and Watercourses	2.0%	\$17.72
Library	0.8%	\$7.21
Recreation and Parks	0.7%	\$6.40
Land Development	0.5%	\$4.87
Municipal Buildings	0.2%	\$1.97
Regulatory	0.4%	\$3.49
Departmental Support	0.3%	\$3.03
Corporate Support	0.8%	\$7.51
Other (including assmt growth)	-0.5%	-\$4.83
<b>Total</b>	<b>12.1%</b>	<b>\$109.06</b>

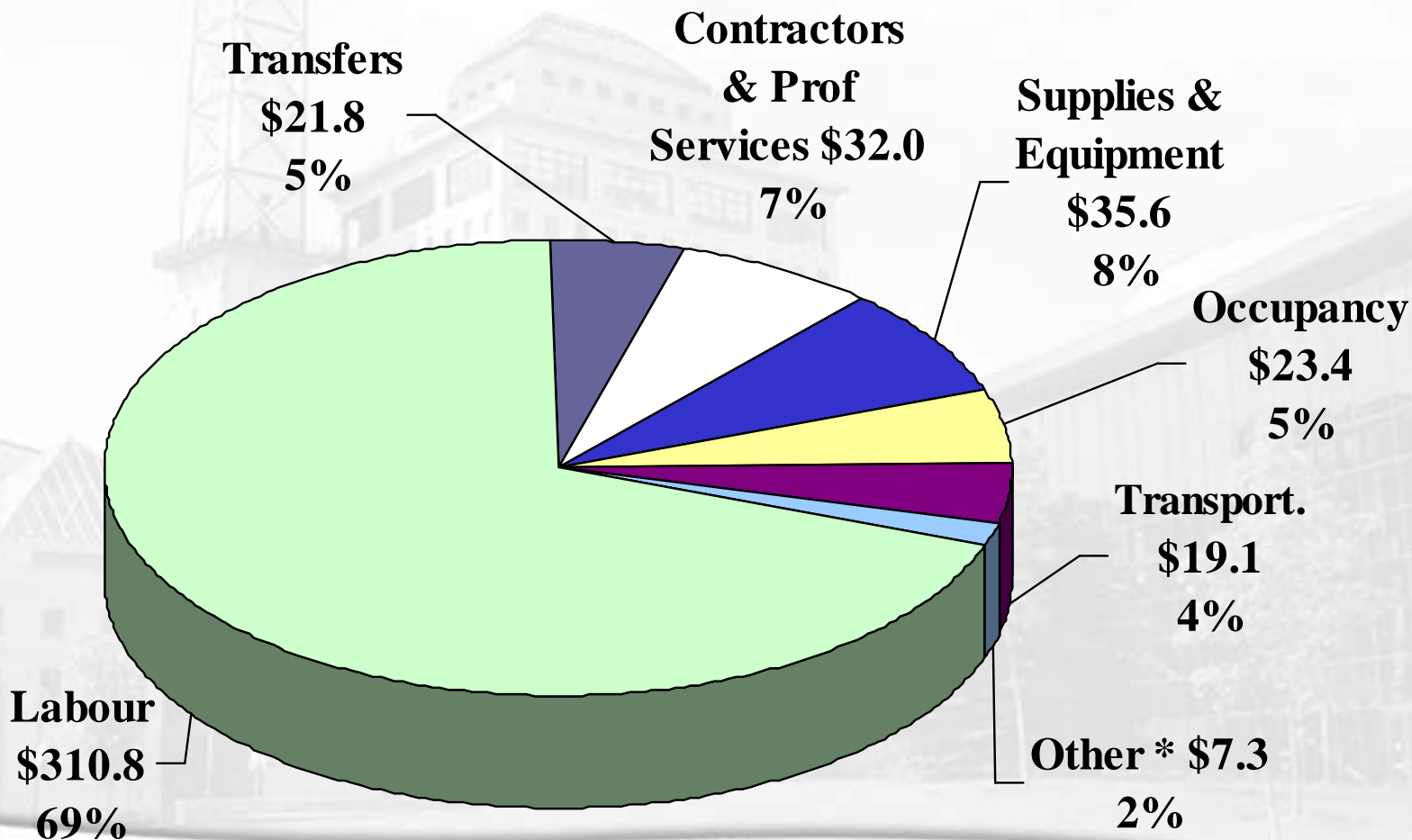
# 2006 Preliminary Budgets

- Updated preliminary budgets prepared
- Pressures and costs as expected:
  - In line with guidelines
- Strategy developed to reduce 12% potential tax increase:
  - Mostly revenues & reserves
  - Some risks



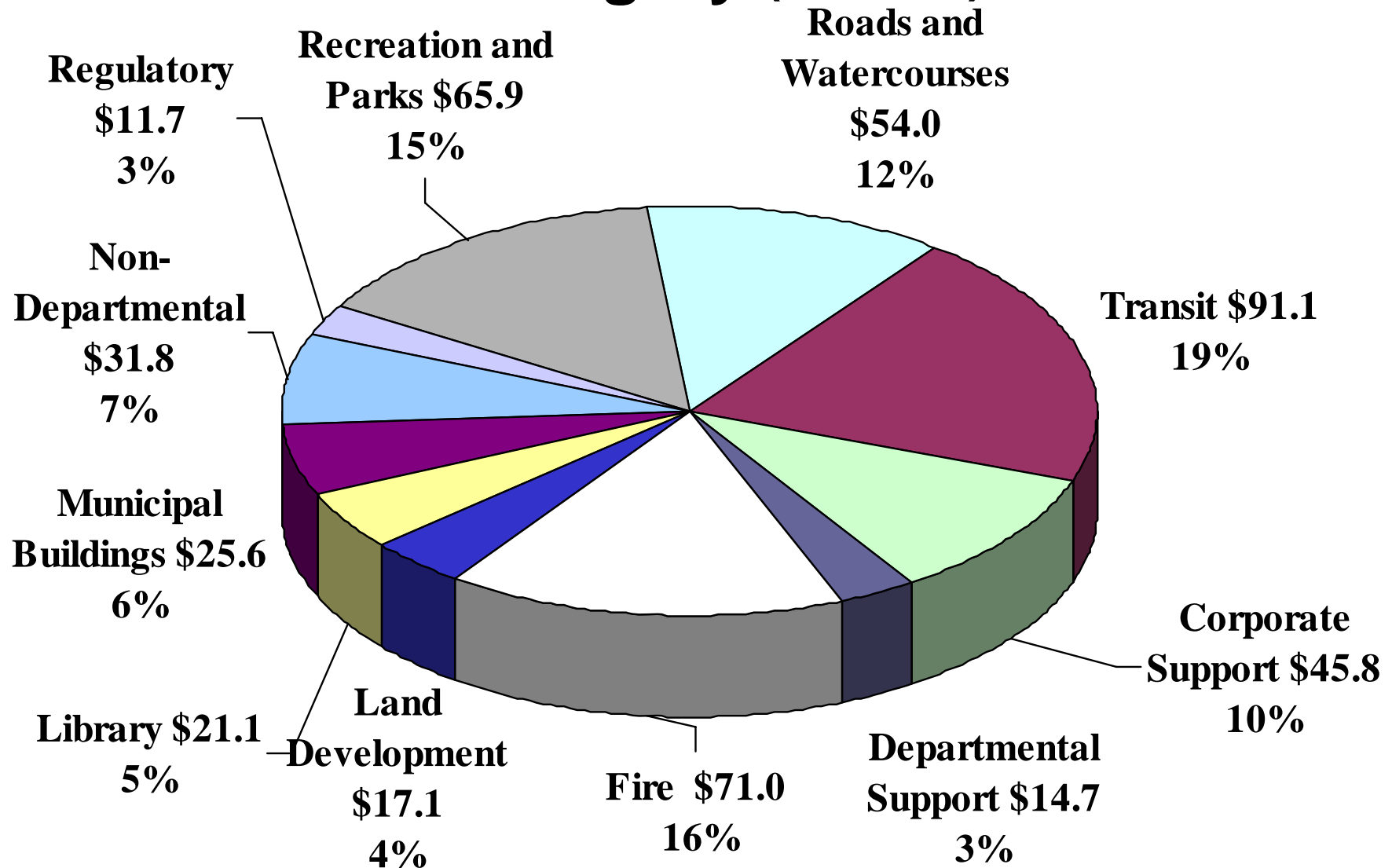
# 2006 Recommended Operating Budget

# 2006 Operating Budget By Expenditure Category (Millions)



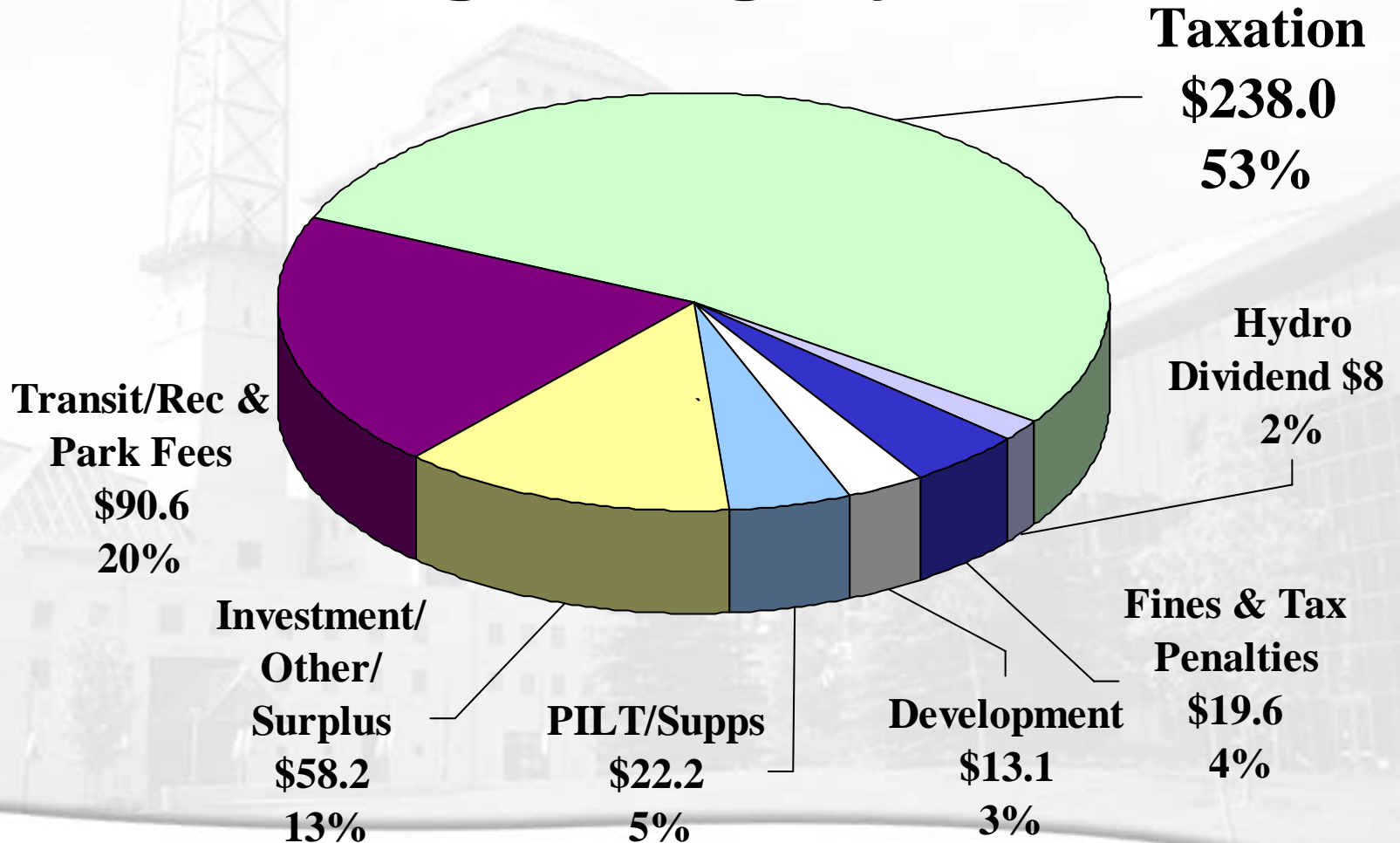
**Total \$449.7 million**

# 2006 Operating Budget By Service Category (Millions)

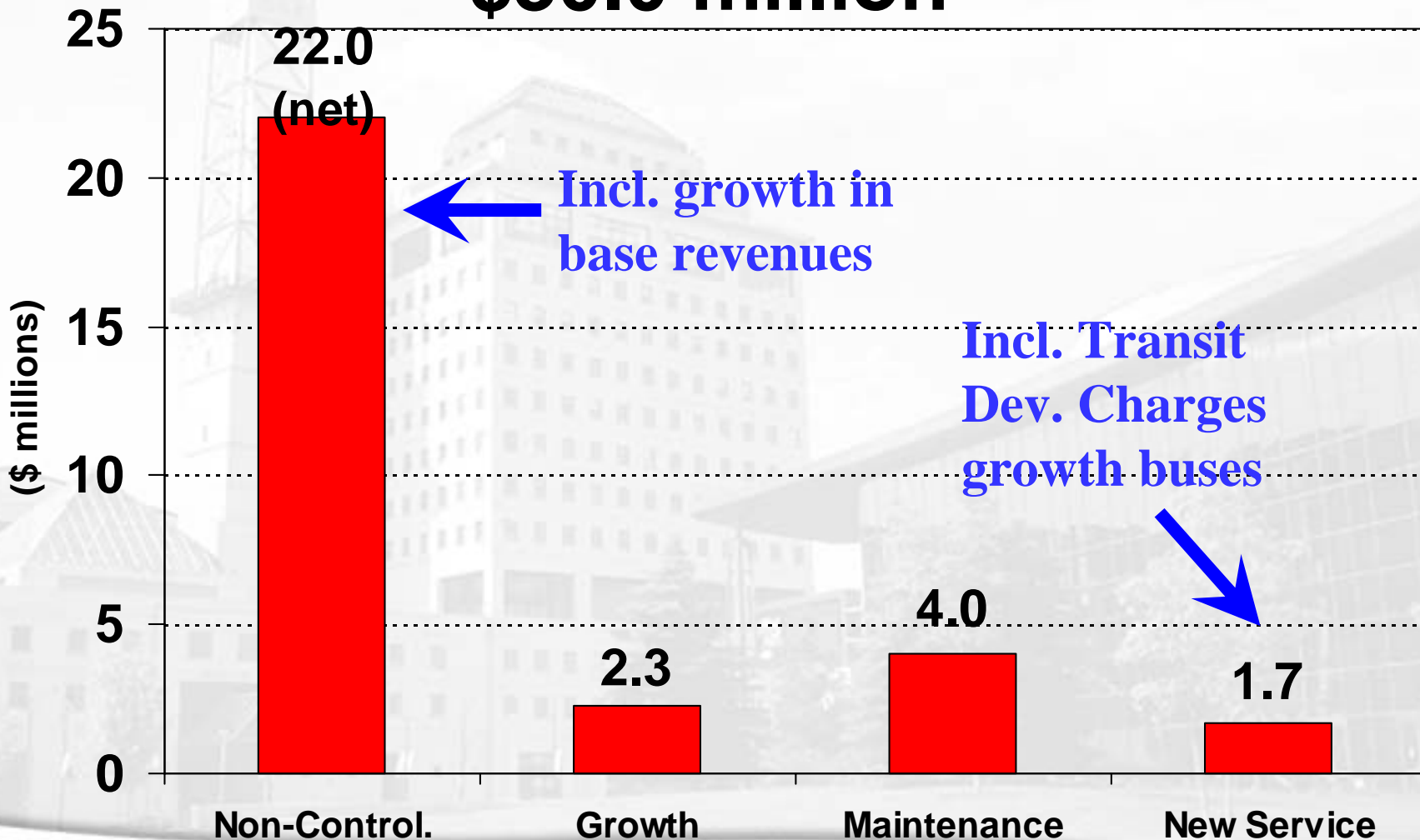


**Total \$449.7 million**

# 2006 Operating Budget By Funding Category (millions)



# 2006 Operating Budget Pressures: \$30.0 million





# **2006 Operating Budget Pressures**

## **– Adjustments to Base (\$28 million)**

- **Salaries and wages account for 69% of City's budget**
- **Salary & wage pressures - \$16.9 million**
- **Fringe Benefits - \$1.8 million**
- **All 7 union contracts expired in 2005**
- **OMERS rates up 0.6% & ramp-up - \$5.1 million**

# 2006 Operating Budget Pressures

## – Adjustments to Base (\$28 million)

- Winter Maintenance contracts - \$1.5 million
- Other road contracts - \$1.0 million
- POA revenue declines - \$0.4 million
- Various property tax related revenues declining - \$2.4 million
- Transit diesel price increases - \$2.4 million (10 ¢ per litre = \$1.4 million)



# **2006 Operating Budget Pressures – Adjustments to Base (\$28 million)**

- **Annualization of Fire Aerial 103 and other staffing - \$1.6 million**
- **Utility Rate Increase - \$0.4 million**
- **Library (Churchill Meadows opening & collection costs) - \$0.4 million**

# 2006 Operating Budget Pressures – Adjustments to Base (\$28 million)

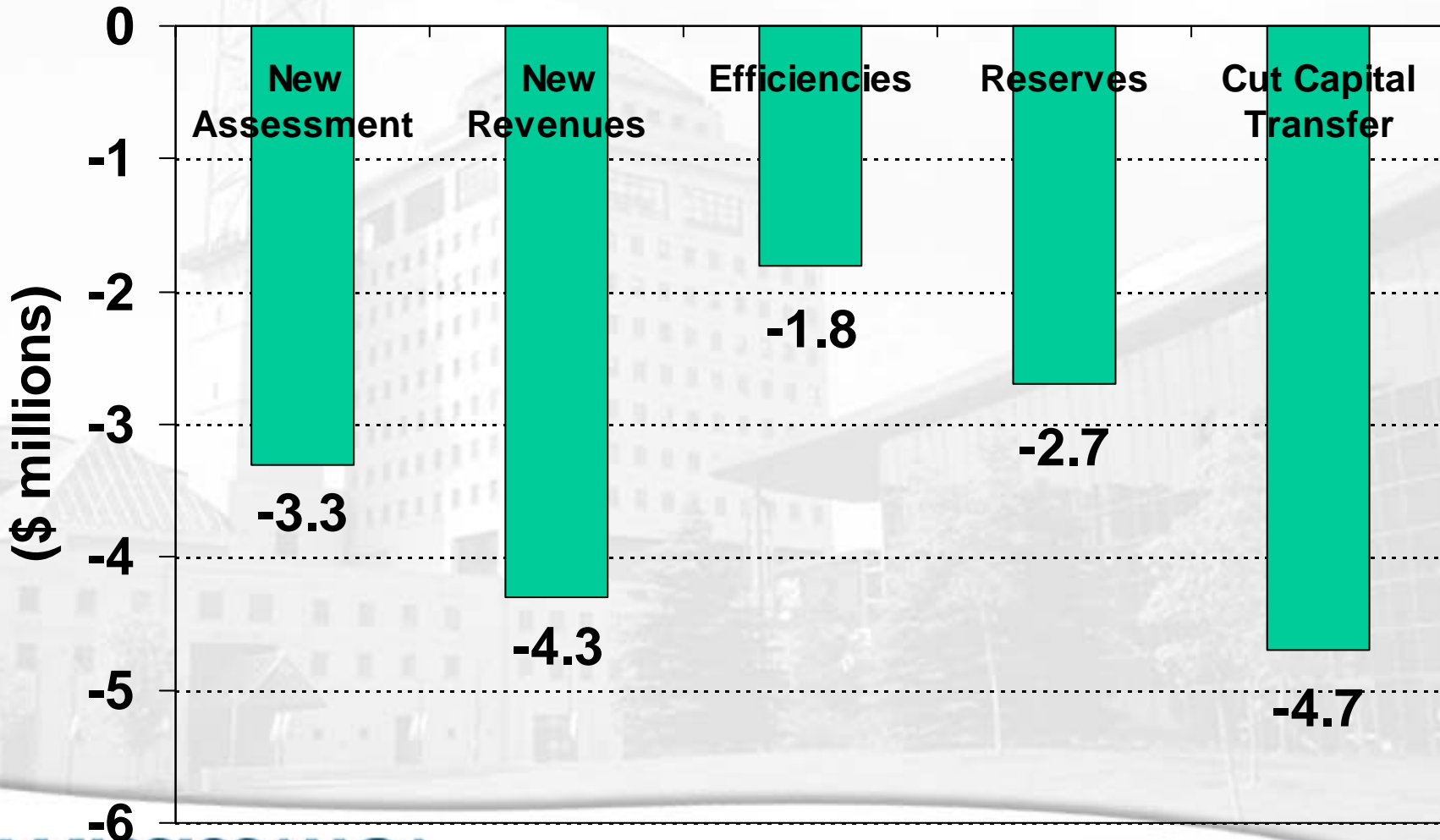
- Increased investment income - \$0.9 million
- Transit revenue growth - \$2.1 million
- Increased recovery of capital costs from operating - \$0.9 million



# 2006 Operating Budget Pressures (\$000's)

- **New Service/Initiatives \$1,712**
  - Transit improvements - \$1,188
  - Backlit billboards at Airport - \$220
  - Street lighting Maintenance - \$125
  - Special Lane Marking - \$74
  - Heritage Assistance and Health & Safety Specialist - \$80
  - Upgrade Financial Report - \$25

# 2006 Operating Budget Reductions: \$16.8 million



# 2006 Operating Budget Reductions (\$000's)

- **New Revenues** **\$4,302**
  - **Transit fare increases - \$2,400**
  - **Transit service expansion funded through provincial gas tax - \$1,188**
  - **Planning fees - \$500**

# 2006 Operating Budget Reductions (\$000's)

- **Efficiencies** **\$1,826**
  - Purchase of Hydro on open market - \$890
  - Savings from Transit overhead door replacement - \$100
  - Various telephone savings - \$171
  - IT Maintenance - \$100
  - Sponsorship - \$80
  - Terminate lease at Hensall Circle - \$80
  - Various other savings - \$405

# 2006 Operating Budget Reductions (\$000's)

- **Reserve Transfers      \$2,690**
  - One time recovery from reserves - \$1,490
    - Elimination of annual repayment of LED (\$517) and Lakeview loans (\$293)
    - GTAA PILT reduction based on passenger count (\$680)
  - Phase-in “one-off” labour costs over 2 years - \$1,200
- **Reduction in Capital Transfer - \$4,717**

# 2006 Operating Budget Overview (\$000's)

• <b>2005 Budget</b>	<b>221,566</b>
– Base Changes	28,268
– New Service/Initiatives	1,712
– New Revenues	(4,302)
– Reserves	(2,691)
– Service Level Reductions	0
– Efficiencies	(1,825)
– Cut Transfer to Capital	(4,717)
• <b>2006 Budget</b>	<b><u>238,011</u></b>
– Net Increase over 2005	16,445
– LESS: Assessment Growth @1.5%	<u>(3,300)</u>
<b>Tax Supported Net Increase</b>	<b><u>13,145</u></b>
<b>Tax Rate Increase</b>	<b>5.9%</b>

# 2006 Operating Budget Overview: By Department

Net Recommended Budget (\$000's)									
Department	2005 Restated Budget	2006 Base Budget	2006 New Services & Initiatives	2006 New Revenues	2006 Service Level Reductions	2006 Efficiencies & Reserve Transfers	2006 Requested Budget	Change in 2006 Requested Budget to 2005 Restated Budget	
	\$	\$	\$	\$	\$	\$	\$	\$	%
City Manager's	3,087	3,279	220				3,499	412	13.3%
Community Services	131,597	144,895	43	(14)		(1,142)	143,782	12,185	9.3%
Corporate Services	28,417	31,692	25	(50)		(211)	31,456	3,039	10.7%
Mayor & Council	2,879	3,146					3,146	267	9.3%
Planning & Building	1,239	2,381		(650)			1,731	492	39.7%
Transportation & Works	77,445	86,742	1,425	(3,588)		(1,243)	83,336	5,891	7.6%
Non-Departmental	(37,415)	(36,618)				(1,920)	(38,538)	(1,123)	-3.0%
Capital Transfer	14,317	14,317				(4,717)	9,600	(4,717)	-32.9%
<b>Total Net City Budget</b>	<b>221,566</b>	<b>249,834</b>	<b>1,712</b>	<b>(4,302)</b>	<b>0</b>	<b>(9,233)</b>	<b>238,011</b>	<b>16,445</b>	<b>7.4%</b>

# 2006 Operating Budget: By Service

Service (\$000's)	2005 Restated Budget	2006 Base Budget	2006 New Services & Initiatives	2006 New Revenues	2006 Service Level Reductions	2006 Efficiencies & Reserve Transfers	2006 Requested Budget	Change in 2006 Requested Budget to 2005 Restated Budget	
	\$	\$	\$	\$	\$	\$	\$	\$	%
Corporate Support	39,255	41,829	25			(211)	41,642	2,388	5.7%
Departmental Support	11,898	13,058	80	(50)			13,088	1,190	9.1%
Fire and Emergency	61,360	69,655		(14)		(20)	69,621	8,261	11.9%
Land Development	976	1,999	220	(600)			1,619	643	32.2%
Library	17,960	19,135					19,135	1,175	6.1%
Municipal Buildings	23,782	25,233				(536)	24,697	916	3.6%
Non-Departmental	(37,415)	(36,618)				(1,920)	(38,539)	(1,124)	-3.1%
Regulatory	(5,547)	(4,467)		(50)			(4,517)	1,030	23.1%
Recreation & Parks	23,588	25,586				(586)	25,000	1,411	5.5%
Roads and Watercourses	41,990	45,569	199			(1,243)	44,526	2,536	5.6%
Transit	29,404	34,540	1,188	(3,588)			32,140	2,736	7.9%
Capital Transfers	14,317	14,317				(4,717)	9,600	(4,717)	-32.9%
<b>Total Net City Budget by Service</b>	<b>221,566</b>	<b>249,834</b>	<b>1,712</b>	<b>(4,302)</b>		<b>(9,233)</b>	<b>238,011</b>	<b>16,445</b>	<b>7.4%</b>

# 2006 Operating Budget: Tax Rate Increase By Service

Service (\$000's)	2005 Budget	2006 Budget	Tax Rate Inc
Fire and Emergency	61,360	69,621	3.7%
Transit	29,404	32,140	1.2%
Roads and Watercourse	41,990	44,526	1.1%
Library	17,960	19,135	0.5%
Rec & Parks	23,588	25,000	0.6%
Municipal Building	23,782	24,697	0.4%
Land Development	976	1,619	0.3%
Regulatory	-5,547	-4,517	0.5%
Corporate Support	39,246	41,642	1.1%
Departmental Support	11,906	13,088	0.5%
Other, including Assm't	<u>-23,098</u>	<u>-32,239</u>	<u>-4.1%</u>
<b>Total</b>	<b>221,566</b>	<b>234,711</b>	<b>5.9%</b>



# 2006 Tax Impacts

# Taxes In Perspective: Did you know that ...

Every time you:

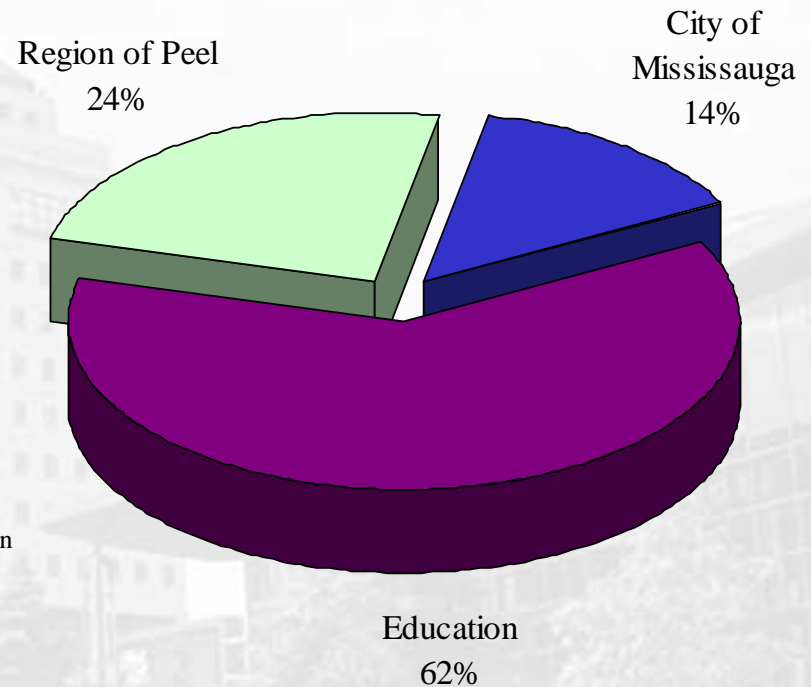
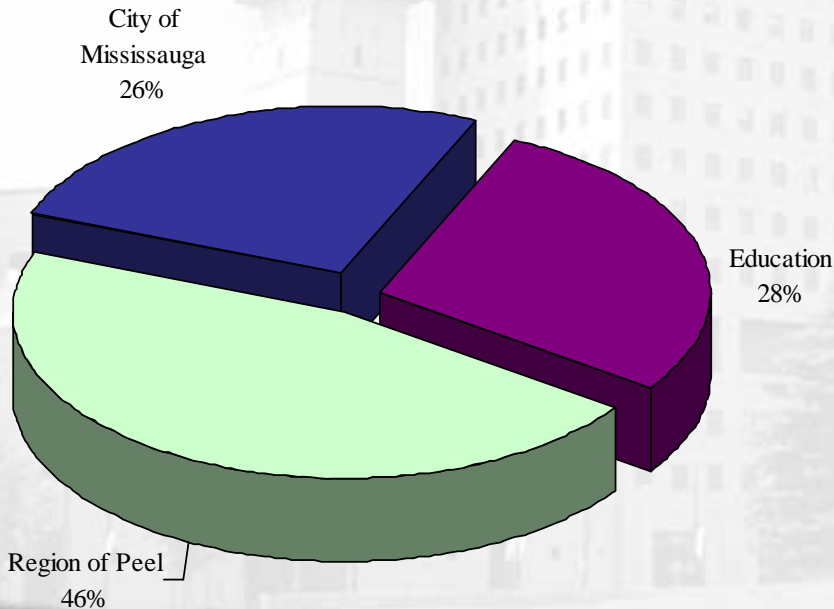
- Buy a \$25,000 car ...
- Buy \$50 in gas ...
- Earn \$50,000 ...
- Pay Annual CPP ...
- Pay Annual EI ...
- Pay your City property taxes

You pay:

- \$3,750 in taxes
- \$19.50 in taxes
- \$17,000 in taxes
- \$1,861
- \$760
- \$953 (average)

# Composition of Tax Bills

## Residential



## Commercial/Industrial

# 2006 Tax Impact (5.9%) (City Portion Only)

## Residential

<b>2003 Assessment Values</b>	\$250,000	\$300,000	\$350,000	\$400,000	\$450,000
<b>Additional Taxes</b>	\$40.98	\$49.18	\$57.37	\$65.57	\$73.76

## Commercial

	<b>Retail Store</b>	<b>Small Office Building</b>	<b>Large Office Building</b>
2003 Assessment Values	\$500,000	\$1,200,000	\$9,500,000
Additional Taxes	\$115.44	\$277.06	\$2,193.39

# Total Impact on Tax Bill

Assessed value of \$324,000	2005 Bill	Estimated 2006 Bill	\$ Change	% Change
Region of Peel*	\$1,554	\$1,641	\$87	5.6*
Education	\$959	\$959	-	0.0
City Of Mississauga	\$900	\$953	\$53	5.9
<b>Total</b>	<b>\$3,413</b>	<b>\$3,553</b>	<b>\$140</b>	<b>4.1</b>

\* Estimate as of October 27, 2005

# 2006 Total Tax Changes

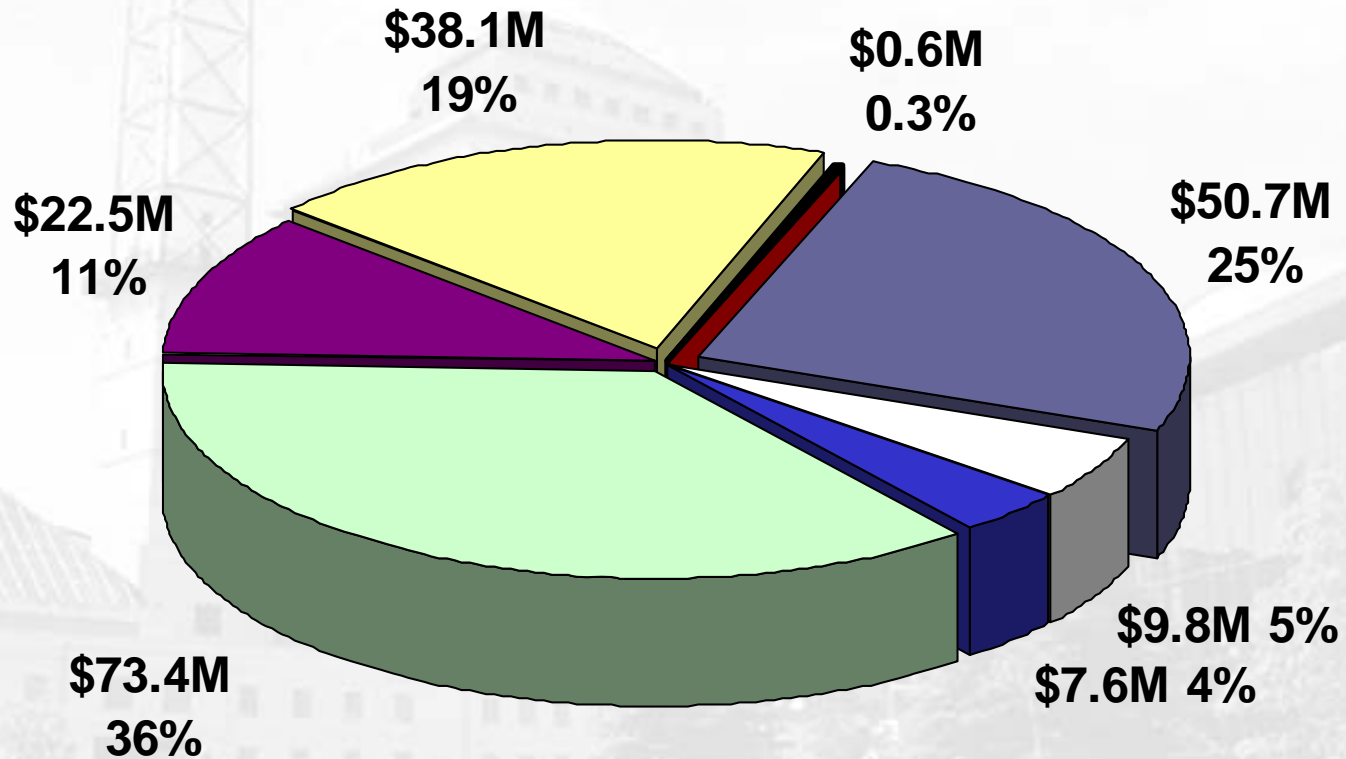
	<b>\$200,000 Home</b>	<b>\$300,000 Home</b>	<b>\$400,000 Home</b>	<b>\$500,000 Home</b>
<b>Region</b>	<b>\$54</b> <b>5.6%</b>	<b>\$81</b> <b>5.6%</b>	<b>\$107</b> <b>5.6%</b>	<b>\$134</b> <b>5.6%</b>
<b>School</b>	-	-	-	-
<b>City</b>	<b>\$33</b> <b>5.9%</b>	<b>\$49</b> <b>5.9%</b>	<b>\$66</b> <b>5.9%</b>	<b>\$82</b> <b>5.9%</b>
<b>Total</b>	<b>\$87</b> <b>4.1%</b>	<b>\$130</b> <b>4.1%</b>	<b>\$173</b> <b>4.1%</b>	<b>\$216</b> <b>4.1%</b>



# 2006-2015 Capital Budget

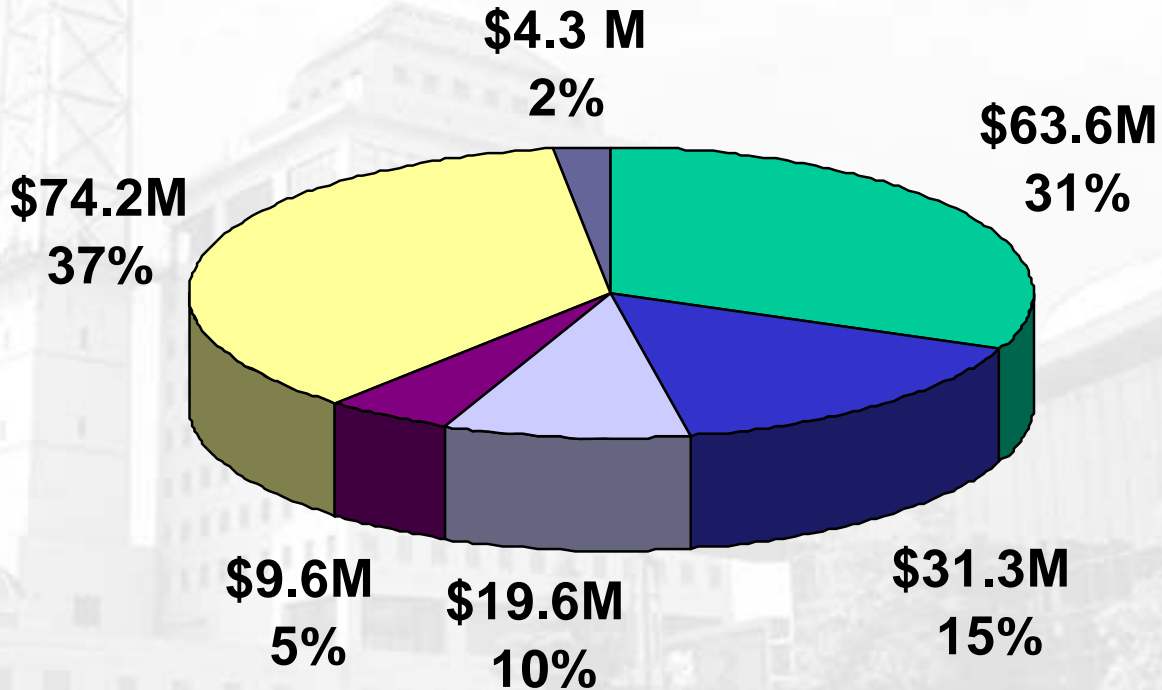
# 2006 Capital Budget

## Gross Expenditures (\$202.6 million)



Other	Buildings	Equipment	Parkland
Roadway	Storm	Vehicle	

# 2006 Capital Budget Funding Sources (\$202.6 million)



Development Charges	Contributions	Subsidy/Recovery
Tax	Reserves	Federal Gas Tax

# 2006 Capital Budget - Summary by Department (\$ millions)

Department (\$ millions)	Gross Cost	Subsidy / Recovery	Net Cost
Community Services	69.2	.02	69.2
Corporate Services	8.7	0	8.7
Transportation & Works	124.8	19.6	105.2
<b>TOTAL</b>	<b>202.6</b>	<b>19.6</b>	<b>183.0</b>



# 2006 Capital Budget – Project Highlights (\$ millions)

## Community Services

- **Sports Complex - \$36.2**
- **Office Accommodation Project - \$7.7**
- **Major Facility Maintenance and Repairs - \$7.0**
- **Fire Vehicles & Equipment - \$2.0**
- **Bicycle Pedestrian Streetscape - \$2.2**



# 2006 Capital Budget – Project Highlights (\$ millions)

## Corporate Services

- **Inquiries Management - \$2.1**
- **MAX Replacement - \$1.2**
- **SAP Application Upgrade - \$0.3**
- **Business Continuity - \$0.3**
- **eCity Applications - \$0.2**



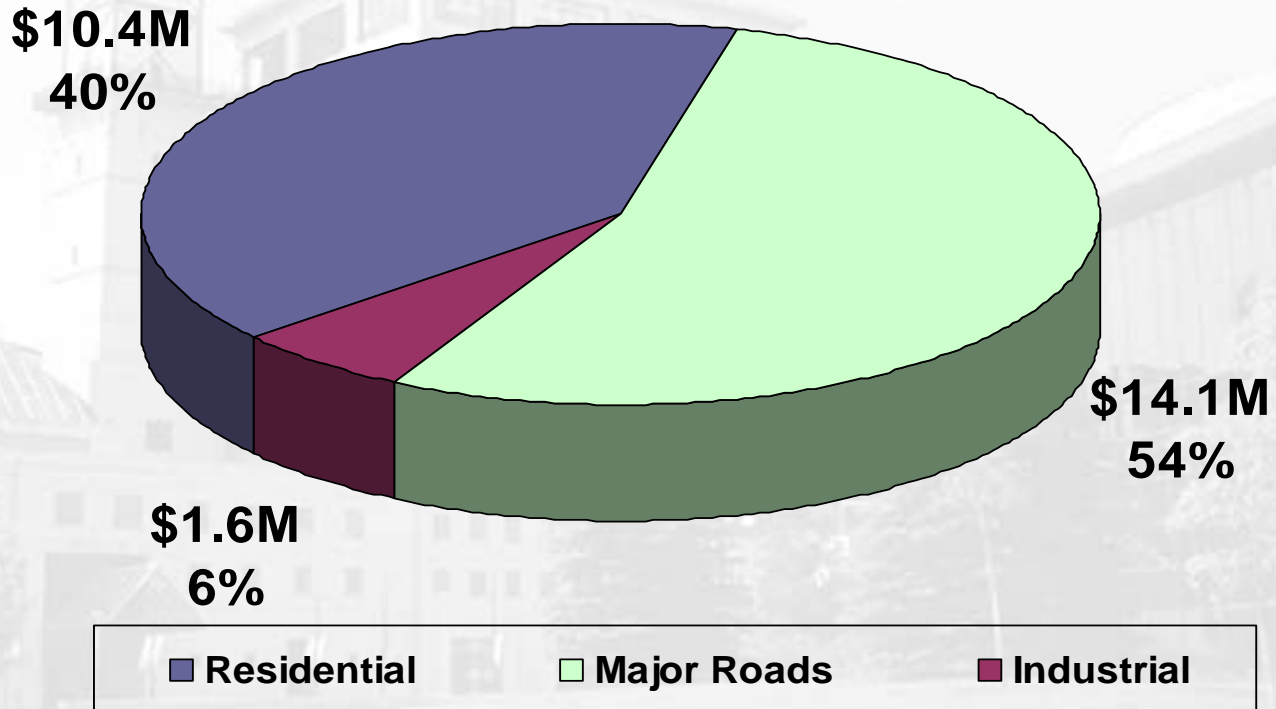
# 2006 Capital Budget – Project Highlights (\$ millions)

## Transportation & Works

- **Major Roads - \$38.1**
  - Torbram Road Grade Separations – North and South
  - Confederation Parkway Bridge over Highway 403
  - Eglinton Avenue (Winston Churchill to Erin Mills Parkway)
  - Netherhart Road (Britannia Road to Courteneypark Drive)

# 2006 Capital Budget – Project Highlights

## Roadway Rehabilitation (\$26.4 Million)



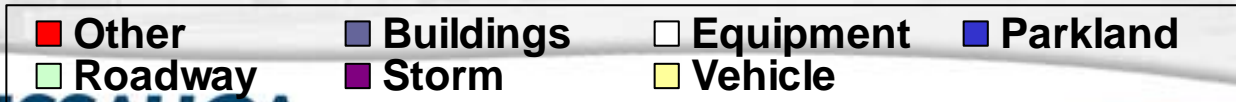
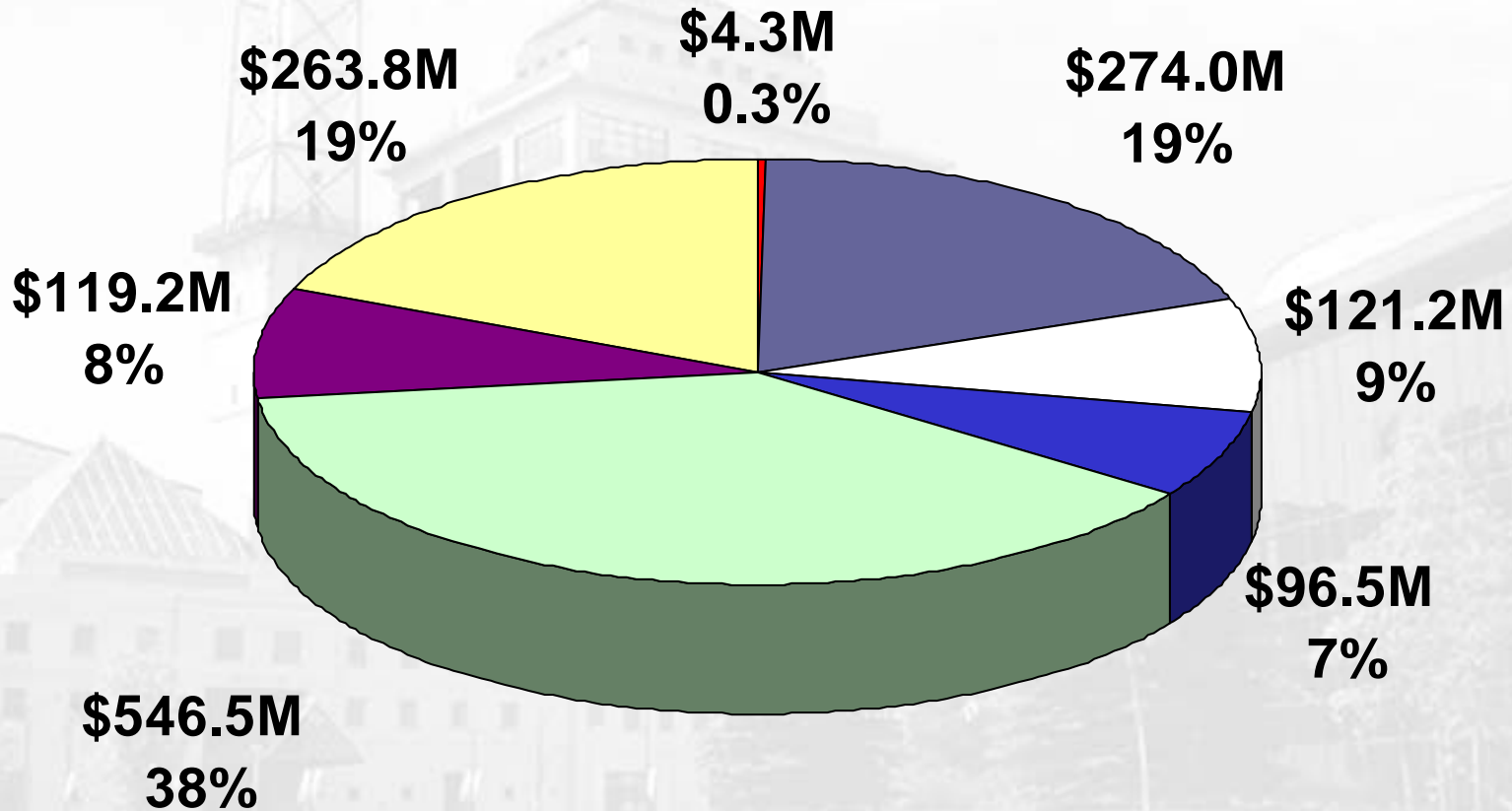


# 2006 Capital Budget – Project Highlights (\$ millions)

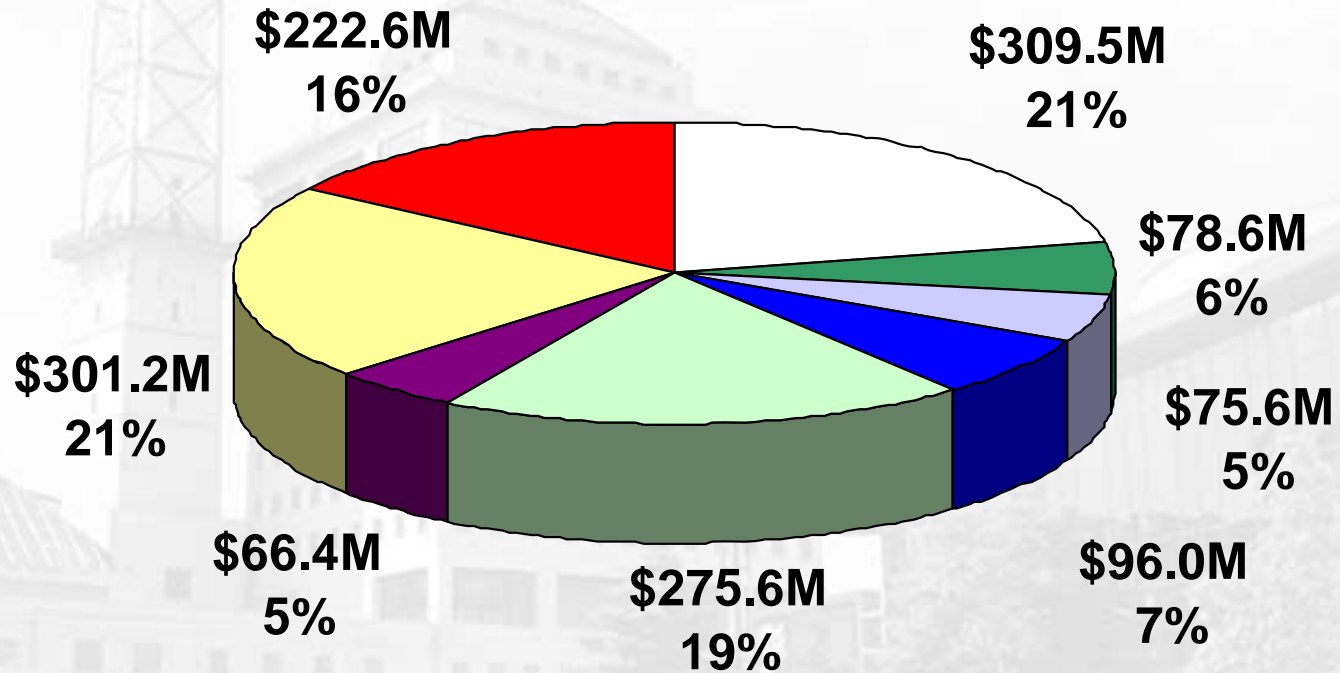
## Transportation & Works

- **Storm Drainage - \$13.2**
  - Fire Training Centre (Land Acquisition)
  - Little Etobicoke Creek – Hwy 401 to Eglinton (Erosion Control)
  - Sawmill Creek Storm Water Management (Duncairn Dr. to Winston Churchill)
- **Transit - \$35.5**
  - Buses – 57 Replacement and 8 Growth
  - Design of Central Parkway Campus Expansion

# 2006-2015 Capital Forecast Gross Expenditures (\$1,425 million)



# 2006-2015 Capital Forecast Funding Sources (\$1,425 million)



- |  |  |   |
|--|--|---|
| <input type="checkbox"/> Development Charges | <input type="checkbox"/> Contributions       | <input type="checkbox"/> Subsidy/Recovery |
| <input type="checkbox"/> Taxes               | <input type="checkbox"/> Reserves            | <input type="checkbox"/> Gas Taxes        |
| <input type="checkbox"/> Revolving Fund      | <input type="checkbox"/> External Debentures |   |

# Capital Issues - Tax

- **Tax Funding**
  - **Still refining life cycle maintenance costs**
  - **Determining needs & establishing priorities**
  - **Redevelopment of older Recreational Facilities, parks, Libraries and Fire Stations**
  - **Need to smooth out budget requests**

# 2006-2015 Capital Program Financing Options

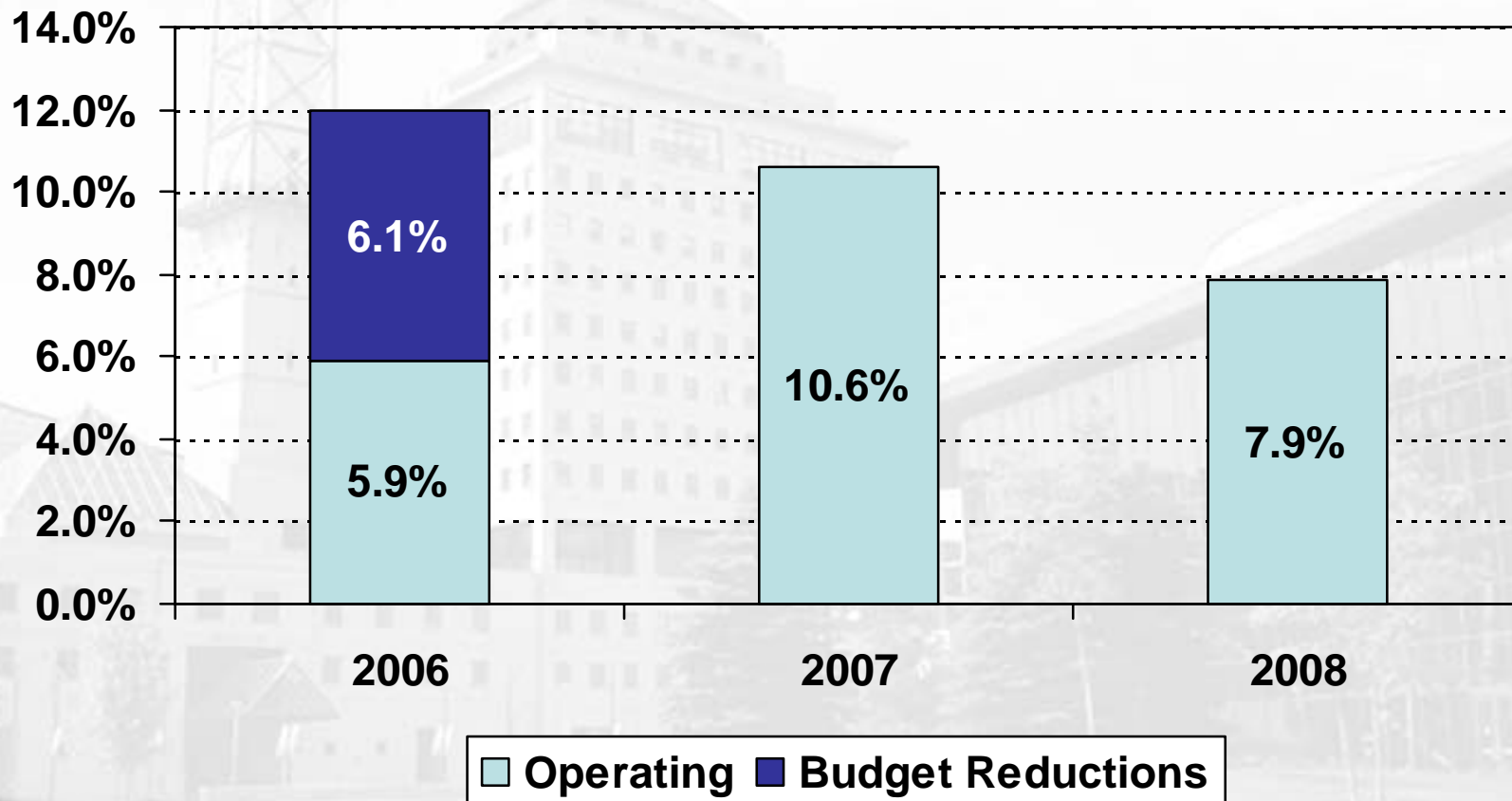
- Increase Capital Spending
- Deplete Reserve
- Use Revolving Fund
- Issue External Debt

- Reduce Capital Program
- Increase capital transfer from Operating in future

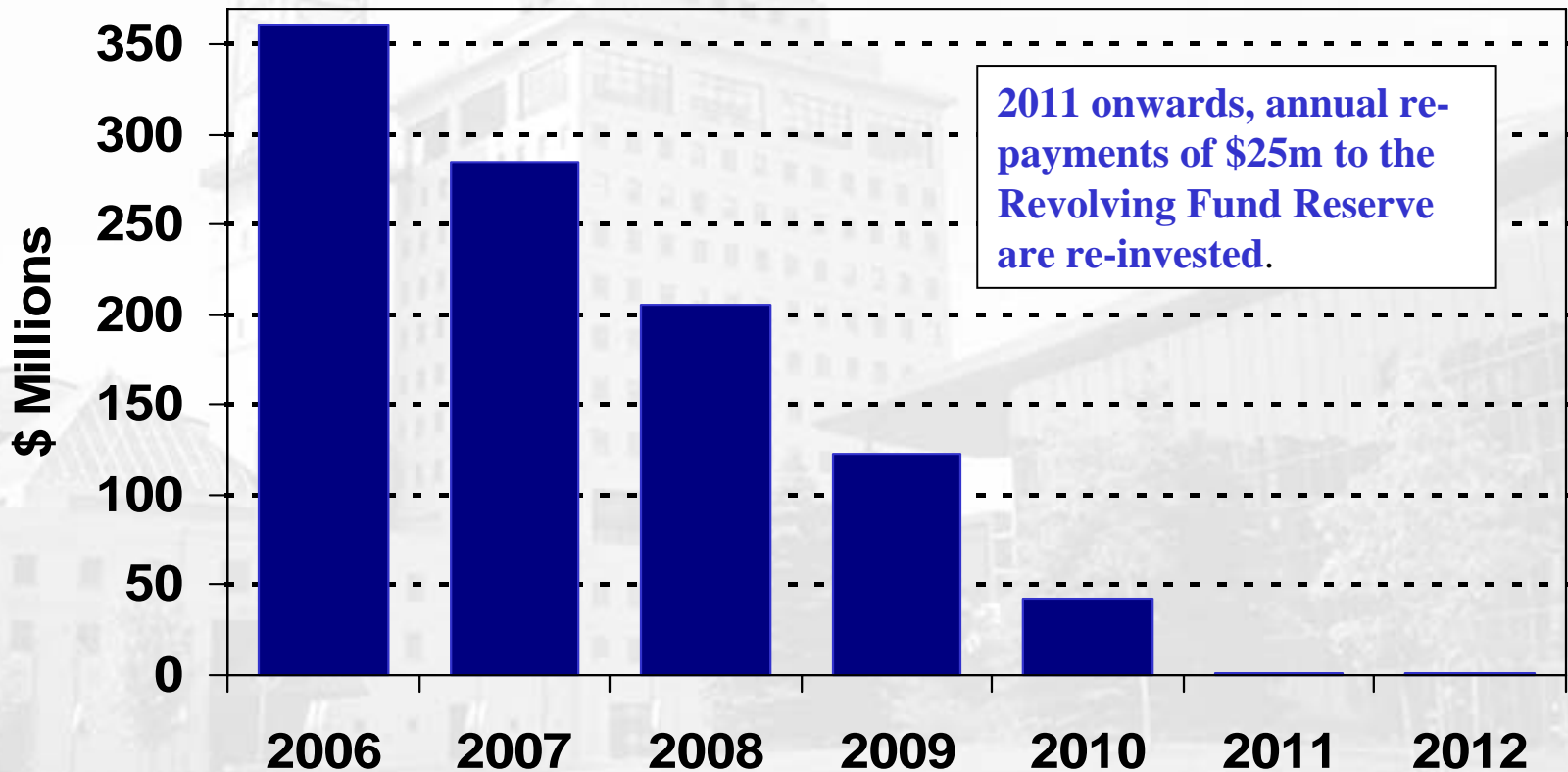


# Future Outlook

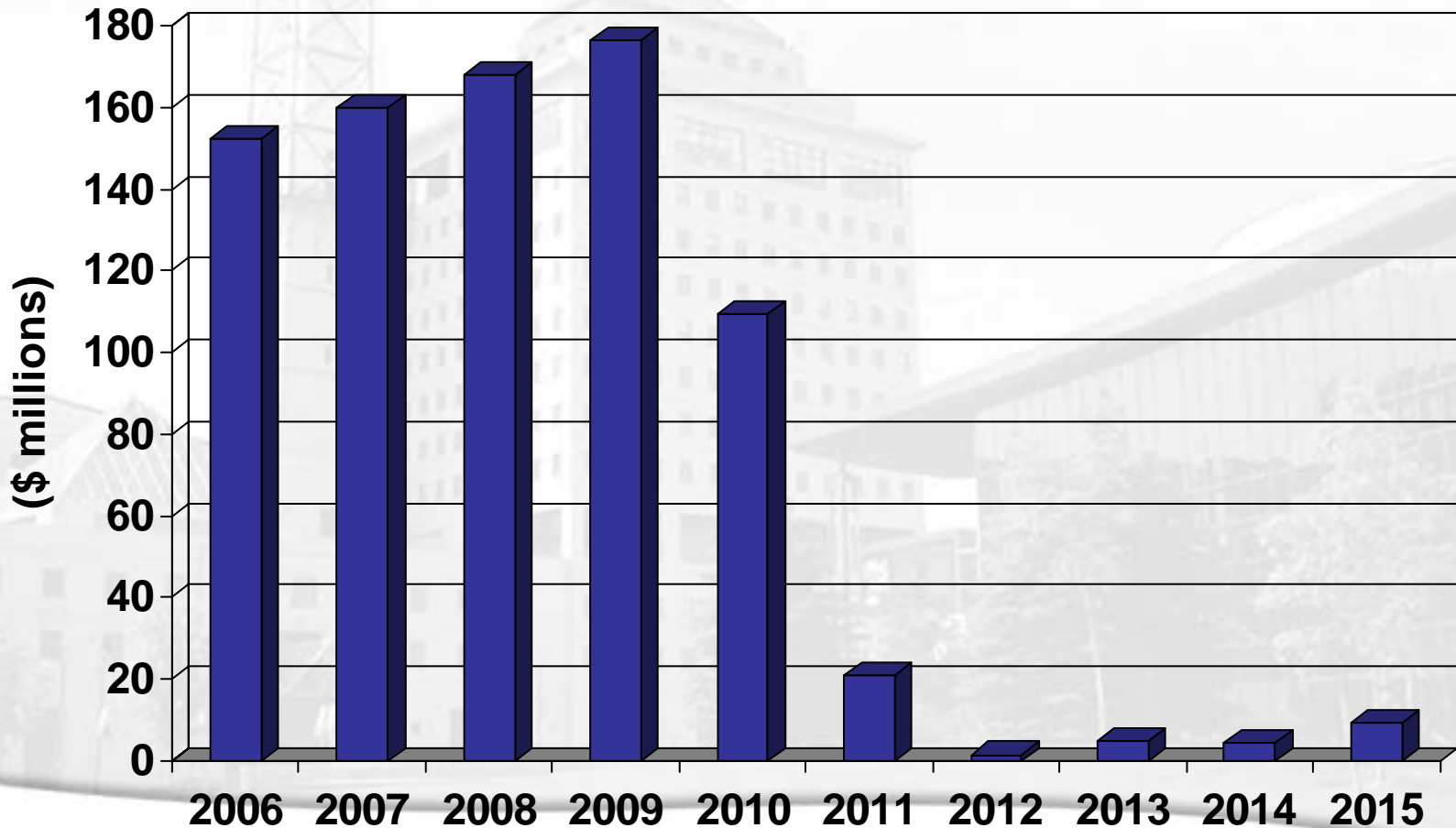
# Future Operating Outlook – Required Tax Rate Increase



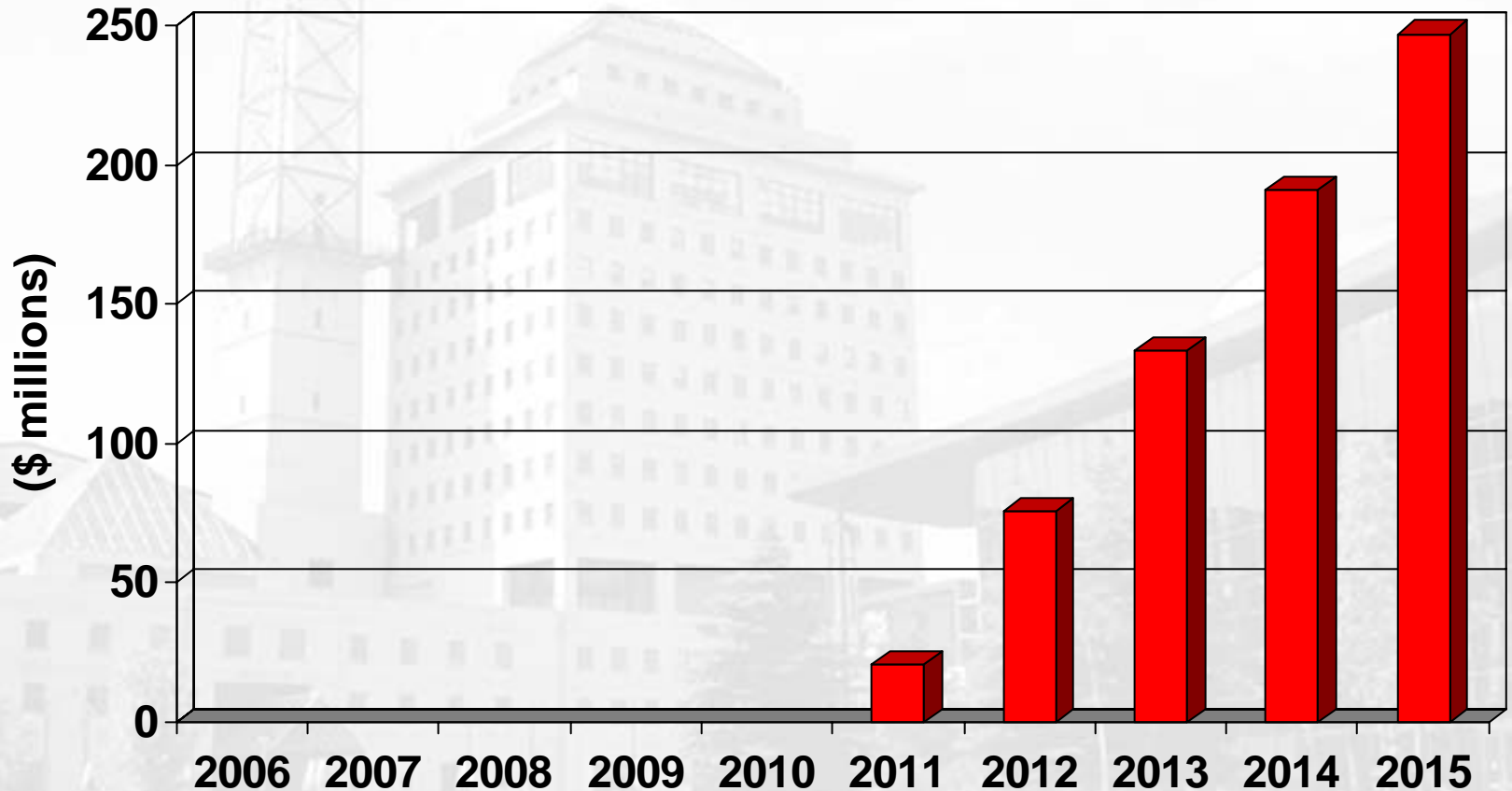
# Summary of Tax-Based Capital Reserve Funds



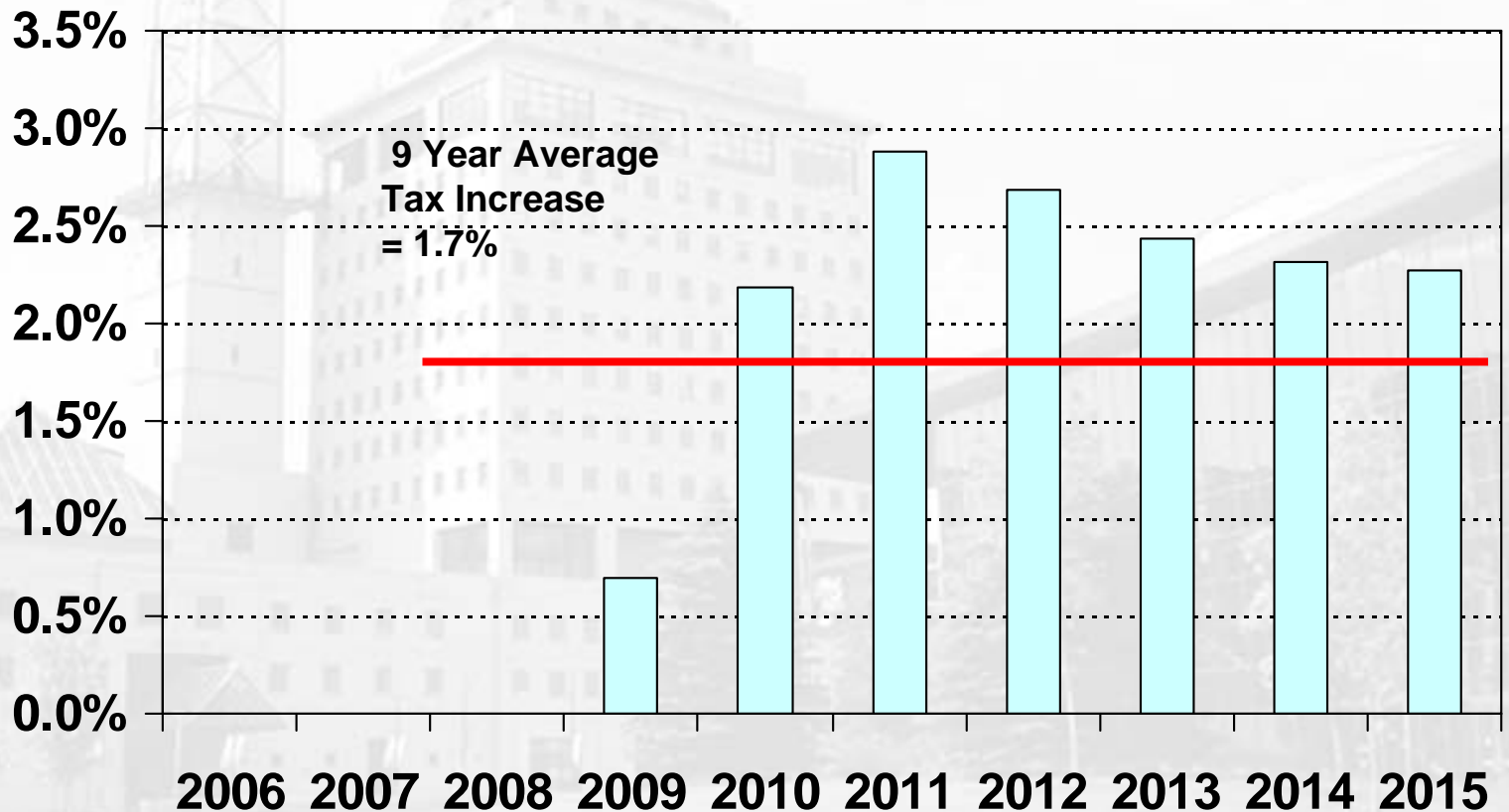
# Capital Revolving Fund Balance over 15 years



# External Debt over 10 years



# Annual Tax Impacts of Funding Non Growth Capital Budget



# 2007 and Beyond

- Refine operating and capital forecasts for future years
- Confirm tax rate impact of capital financing strategy – smooth out or not?
- Develop a process to determine capital priorities
- Further implement Corporate Business Planning
- Conduct a process review with Council

# We can't do this alone....

- **Senior Levels Of Government need to:**
  - Remove health, housing, and social services costs from property tax base
  - Provide funding for large infrastructure investments such as Bus Rapid Transit
  - Provide sustainable funding for ongoing costs
  - Eliminate inter-regional inequities between Mississauga, Brampton & Caledon for Peel Region services/taxes

# Conclusions

- **Service standards are maintained, in 2006**
- **Taxes will rise in the future**
- **Tax-based reserve funds, including internal revolving fund, will be depleted**
- **Need to issue external debt**
- **Careful review of capital priorities and funding needs for future years**



# Questions