

**FINANCIAL REPORT TO
THE CITY OF MISSISSAUGA
ON THE
TRANSITION TO A SINGLE TIER**

**DAY & DAY
CHARTERED ACCOUNTANTS
NOVEMBER 2003**

TABLE OF CONTENTS

	Page
EXECUTIVE SUMMARY	i
INTRODUCTION.....	1
MUNICIPAL PROFILES	3
REGION OF PEEL PROGRAMS AND SERVICES	8
PROJECTED RESTRUCTURING SAVINGS AND COST RE-APPORTIONMENT	28
REGION OF PEEL CAPITAL BUDGET AND SOURCES OF FUNDING	49
PROJECTED PROPERTY TAX IMPACTS.....	51
REGIONAL RESERVES AND RESERVE FUNDS.....	55
REGION OF PEEL FIXED ASSETS	59
OTHER ISSUES	60

EXECUTIVE SUMMARY

INTRODUCTION:

We have been retained by the City of Mississauga to determine the financial and municipal property tax impacts that would result from the creation of a single tier municipality to be known as the City of Mississauga. Although not intended to preclude other municipal restructuring options available to the remnant Region of Peel and its member municipalities, our Report assumes the creation of three single tier municipalities. The three single tier municipalities would retain the same municipal boundaries as the existing City of Mississauga, City of Brampton and Town of Caledon.

Our review and Report is limited to predicting municipal property tax impacts of the creation of three single tier municipalities. As such we have not analyzed education or utility rate supported programs such as hydro, water and wastewater. We do note however that the expenditures incurred to support water and wastewater programs are presently funded on a user pay basis such as that which would be proposed in a restructured single tier City of Mississauga.

PROJECTED RESTRUCTURING SAVINGS AND COST RE-APPORTIONMENT OF EXISTING REGIONAL PROGRAMS:

In this proposed restructuring, the majority of financial impacts would result from a change in the way that each program presently provided by the Region is funded. Unlike the current method of Regional program cost apportionment, each municipality would become responsible for actual costs incurred for each program or service provided to their taxpaying public. Mississauga, Brampton and Caledon would raise property taxes from their respective property assessment base as they do today, however such amounts would be retained by them to fund all municipal services to be delivered to their taxpayers.

We predict the following financial impacts on Mississauga, Brampton and Caledon as a result of the creation of a single tier City of Mississauga. It is important to note that our predictions of financial impact consider both amalgamation savings as well as impacts resulting from a re-apportionment of existing Region of Peel program costs to reflect actual costs predicted to be incurred by each single tier municipality. We believe our predictions of financial impact to be realistic, however wish to point out that the final outcomes will be directly dependant upon the decisions of municipal councils and administrations.

Summary of Restructuring Savings (Additional Costs)

Program	Mississauga (\$000's)	Brampton (\$000's)	Caledon (\$000's)
Elected Officials	164	(16)	18
Administration	2,516	(251)	276
Roads	10,928	(1,507)	(5,706)
Waste Management	0	0	0
Planning	308	(31)	34
TransHelp	193	(224)	30
Children's Services	615	(648)	33
Public Health	531	(614)	83
Long Term Care	2,193	(1,526)	(667)
Housing Policy and Program	2,412	(2,791)	379
Heritage	0	0	0
Ambulance and Emergency Programs	979	(787)	(192)
Non-Program – Tax Supported	1,508	(1,044)	(464)
Ontario Works	2,028	(2,346)	318
Peel Regional Policing	7,507	(7,507)	0
Conservation Authorities	(189)	155	33
Assessment Services	356	(288)	(67)
GO Transit	(227)	133	94
GTA Pooling	0	0	0
Total Projected Impact – Savings (Cost)	31,822	(19,292)	(5,792)

PROJECTED PROPERTY TAX IMPACTS:

Based on estimated savings of \$31.8 million to Mississauga, and additional costs of \$19.3 million to Brampton and \$5.8 million to Caledon we estimate the following municipal property tax impacts to each of the municipalities based on 2003 tax levels.

Projected municipal property tax impact on a residential property assessed at \$250,000

Municipality	Restated Tax (\$)	Projected Tax (\$)	Projected Change (\$)	Projected Change (%)
Mississauga	\$1,997	\$1,878	(\$119)	(5.97%)
Brampton	\$2,390	\$2,556	\$166	6.94%
Caledon	\$1,877	\$2,127	\$250	13.30%

Although the majority of population and assessment growth in the Region of Peel since its inception in 1974 has been in the City of Mississauga, it is predicted that the City of Brampton will lead the way in growth over the next 10 years and beyond.

Mississauga staff has provided predictions for population, assessment and road length for the year 2013. Our Report has projected financial impacts of restructuring in the year 2013 by applying the staff predictions for population, assessment and road length for 2013 to the 2003 Regional levy. Based on the same methodology used to project restructuring savings and cost re-apportionment of Regional programs, we predict savings of \$30.6 million to Mississauga, and additional costs of \$20.7 million to Brampton and \$3.2 million to Caledon. The resulting municipal property tax impacts to each of the municipalities are predicted.

Projected municipal property tax impact on a residential property assessed at \$250,000 using 2013 projections for assessment, population and roads

Municipality	Restated Tax (\$)	Projected Tax (\$)	Projected Change (\$)	Projected Change (%)
Mississauga	\$1,997	\$1,883	(\$114)	(5.73%)
Brampton	\$2,390	\$2,568	\$178	7.43%
Caledon	\$1,877	\$2,014	\$137	7.29%

In every restructuring study, municipal property taxes for some of the affected municipalities increase while others decrease. This tax shift generally occurs due to changes in the basis of sharing municipal costs and municipal property assessment. Those municipalities projected to experience tax increases will often oppose the restructuring plan based on unfair and inequitable tax increases. Their opposition stems from their assumption that the current distribution of taxes across municipalities is fair. We point out however that the current distribution of taxes is not always fair. Where the method of funding upper tier municipal services is not reflective of service levels, needs or levels of usage by the lower tier municipality the current distribution of taxes is probably unfair and inequitable. In our opinion, restructuring will assist in correcting these inequities.

REGION OF PEEL CAPITAL BUDGET AND SOURCES OF FUNDING

The Region of Peel Capital budget projects gross expenditures of \$724.3 million, of which \$451 million (62.3 percent) is utility rate supported and \$273.3 million (37.7 percent) is tax supported.

2003 Capital expenditures are planned to be funded from reserves (52.5 percent), development charges (36.7 percent) and other external sources (10.8 percent). Similar to operating expenditures, capital expenditures for utility rate supported programs (water and wastewater) are funded directly by the users of the services based on consumption. Property tax supported functions are predominantly funded from development charges where the capital expenditure is growth related or, alternatively from Regional Reserves and Reserve Funds. With the exception of waste management, Regional Reserves and

Financial Report on the Transition of Mississauga to a Single Tier City

Reserve Funds have been funded by contributions from lower tier municipalities through the annual levy process based on weighted assessment sharing percentages.

Based on the Region's extensive use of Development Charge Reserve Funds and other Capital Reserves and Reserve Funds to finance its capital expenditure program, it is clear that the high growth municipality within the regional government structure has and will continue to contribute their fair share towards capital expenditures incurred by the Region. It is critically important however that restructured municipalities recognize the potentially significant future capital costs associated with the renewal of deteriorating municipal infrastructures presently attended to by the Region. In particular, a single tier City of Mississauga will become responsible for the Regional infrastructure located within the City boundary, an infrastructure that will require more immediate attention due to its relative age. Although each single tier municipality will be entitled to a proportionate share of Regional Reserves and Reserve Funds to assist in funding these types of expenditures, the inability to fund such costs from development charge levies will place additional pressure on property tax rates.

A. INTRODUCTION:

We have been retained by the City of Mississauga to determine the financial and municipal property tax impacts that would result from the creation of a single tier municipality to be known as the City of Mississauga. Although not intended to preclude other municipal restructuring options available to the remnant Region of Peel and its member municipalities, our report assumes the creation of three single tier municipalities. The three single tier municipalities would retain the same municipal boundaries as the existing City of Mississauga, City of Brampton and Town of Caledon.

Municipal services are presently provided jointly by the Region of Peel (the upper tier municipality) and the City of Mississauga, the City of Brampton and the Town of Caledon (the lower tier municipalities).

The following table identifies the municipal services provided by the upper tier and lower tier governments. Where applicable the table matches similar functions carried out by each government unit.

Upper tier services	Lower tier services
General Government Services	General Government Services
Ambulance and Emergency Programs	Fire & Emergency Services
Regional Planning	Municipal Planning and Zoning
Regional Roads	Local and Arterial Roads
TransHelp	Transit
Water and Sanitary Sewer Services	Bridges, Watercourses, Storm Sewers
Heritage	Bradley and Benares Facilities
Housing Policy and Program	Building Control and Inspections
Waste Collection & Disposal	
Social Services and Welfare	
Children's Services	
Senior's Services – Long Term Care	
Public Health Services	
	Tax Billing and Collection for Region, City/Town and School Boards
	Recreational Facilities & Programs
	Parks Maintenance and Acquisition
	Library Services
	Provincial Offenses Act
	Licensing; By-law Enforcement

It should be noted that the Region of Peel levies from lower tier municipalities sufficient monies to provide funding for the following services:

- Policing
- Conservation Authorities
- Municipal Property Assessment Corporation
- Greater Toronto Area Pooling

Our review and report is limited to predicting municipal property tax impacts of the creation of three single tier municipalities. As such we have not analyzed education or utility rate supported programs such as hydro, water and wastewater. We do note however that the expenditures incurred to support water and wastewater programs are presently funded on a user pay basis such as that which would be proposed in a restructured single tier City of Mississauga.

Our report has been produced using the 2001 Financial Information Returns, 2003 budgets and the 2003 regional levy for property tax supported services. We have also relied on supplementary information provided to us by the City of Mississauga. It is important to note that the City of Brampton, the Town of Caledon and the Region of Peel have not been consulted. Certain information such as detailed organizational charts and specific departmental activity costs were not available. As a result of this restriction our analysis has not been as detailed and extensive as we would have preferred. However, we believe our review and analysis has been sufficient to allow us to formulate a reasonable basis for our municipal property tax impact projections.

B. MUNICIPAL PROFILES:

We have developed the following municipal profiles for each of the lower tier municipalities within the Region. Data included in the profiles has been obtained from the Financial Information Returns (FIR's).

Expenditures extracted from the FIR's for inclusion in Exhibits B-3 through B-9 reflect only the expenditures incurred for salaries, wages and employee benefits and materials, contracted services, rents and financial expenses. We have not included expenditures for net long-term debt charges, transfers to own funds, external transfers and inter-functional transfers since we feel that such expenditures are less relevant in the context of a restructuring study and can potentially distort intermunicipal comparisons. It is important to note that municipalities do not necessarily report information within FIR categories on a consistent basis. Therefore we caution that inter-municipal comparisons made on this basis may not always be reliable.

Some municipalities provide services to neighboring municipalities and/or the Region, generally on a fee for service cost recovery basis. In order to provide more comparable cost data, we have reduced expenditures by the amount of revenues derived from these services per Schedule 12 of the Financial Information Return.

Exhibit B-1 shows existing population, households (dwellings) and land area. This information has been extracted from the 2001 Statistics Canada census update.

**Exhibit B-1
Population, Households, Land Area**

	Mississauga	Brampton	Caledon	Totals
Population	612,925	325,428	50,595	988,948
Households	198,235	98,753	16,662	313,650
Land area (sq km)	288.4	266.5	687.0	1,241.9

Exhibit B-2 lists the number of full time employees as reported by each municipality in the Financial Information Return.

**Exhibit B-2
Continuous Full-time Employment**

	Mississauga	Brampton	Caledon	Totals
Total number of full time employees	3,141	1,420	172	4,733
Employees / h'hold	0.0158	0.0144	0.0103	0.0151

Exhibit B-3 identifies the relationship between expenditures incurred for General Government purposes to total expenditures of the municipality. General Government and total expenditures are also expressed on a per household basis for ease of comparison between municipalities. The General Government function of expenditures includes the cost of elected officials and general administration.

**Exhibit B-3
General Government and Total Expenditures per Financial Information Return**

	Mississauga (\$)	Brampton (\$)	Caledon (\$)	Totals (\$)
General Government	102,303,251	53,071,893	4,737,703	160,112,847
Gen Gov't per h'hold	516	537	284	510
Total Expenditures	341,771,774	145,793,083	23,110,569	510,675,426
Total Exp per h'hold	1,724	1,476	1,387	1,628
Gen Gov't as a % of Total Expenditures	30%	36%	21%	31%

Elected officials costs are included within the General Government function. Exhibit B-4 identifies the number of elected officials in each municipality and the cost of elected officials. Costs are shown on a gross and per household basis.

Exhibit B-4

Number of elected officials and expenditures per Financial Information Return

	Mississauga	Brampton	Caledon	Totals
# of Elected Officials	10	17	9	36
Cost (\$) of Elected Officials	1,896,816	1,560,858	365,714	3,823,388
Cost (\$) per household	9.57	15.81	21.95	12.19

Expenditures contained within the Transportation Services function of the Financial Information Return include roadways, winter control, transit, parking, streetlighting and air transportation. Exhibit B-5 accumulates gross expenditures for roadways and winter control net of recoverables from other municipalities and expresses the cost per lane kilometer for each municipality.

Exhibit B-5

Roadways and Winter Control Expenditures per Financial Information Return

	Mississauga (\$)	Brampton (\$)	Caledon (\$)	Totals (\$)
Roadways and Winter Control Expenditures	36,628,790	18,588,580	6,161,323	61,378,693
Local road length (lane km)	4,500	2,342	1,458	8,300
Cost per lane kilometer	\$8,140	\$7,937	\$4,226	\$7,395

Expenditures for Parks and Recreation are shown in Exhibit B-6 on both a gross and per household basis.

Exhibit B-6

Parks and Recreation Expenditures per Financial Information Return

	Mississauga (\$)	Brampton (\$)	Caledon (\$)	Totals (\$)
Parks and Rec Exp	47,294,633	30,706,533	3,746,853	81,748,019
Cost per household	239	311	225	261

Expenditures for the provision of Library Services are shown in Exhibit B-7 on both a gross and per household basis.

Exhibit B-7

Library Services Expenditures per Financial Information Return

	Mississauga (\$)	Brampton (\$)	Caledon (\$)	Totals (\$)
Library Expenditures	16,002,174	6,304,926	1,349,598	23,656,698
Cost per household	81	64	81	75

Financial Report on the Transition of Mississauga to a Single Tier City

Planning and Development expenditures as reported in the Financial Information Return include planning and zoning activities, commercial and industrial costs, residential development expenditures, agriculture and reforestation costs and tile drainage/shoreline assistance.

The planning and zoning activity includes official plan and zoning by-law administration, subdivision control, urban renewal surveys and studies, land division committees, and committees of adjustment.

Exhibit B-8 shows the expenditures for the planning and zoning activity in gross dollars and per household.

**Exhibit B-8
Planning and Zoning Expenditures per Financial Information Return**

	Mississauga (\$)	Brampton (\$)	Caledon (\$)	Totals (\$)
Planning & Zoning Exp	6,485,533	3,005,311	2,891,393	12,382,237
Cost per household	33	30	174	39

Expenditures for the provision of Fire Services are shown in Exhibit B-9 on both a gross dollars and per household basis.

**Exhibit B-9
Fire Expenditures per Financial Information Return**

	Mississauga (\$)	Brampton (\$)	Caledon (\$)	Totals (\$)
Fire Expenditures	46,887,194	21,122,118	2,106,009	70,115,321
Cost per household	237	214	126	224

Provincial Grants are characterized as unconditional and conditional in the Financial Information Return. In 2001 no unconditional grants were received by any of the municipalities. Exhibit B-10 shows conditional grants (gross amount and per household) received by each municipality.

**Exhibit B-10
Ontario Grants per Financial Information Return**

	Mississauga (\$)	Brampton (\$)	Caledon (\$)	Totals (\$)
Ontario Grants	1,080,548	557,748	60,866	1,699,162
Grants per household	5.45	5.65	3.65	5.42

Exhibit B-11 provides year-end balances for Reserves, Reserve Funds, Deferred Revenues, Long-Term Debt and the Capital Fund for each municipality. Reserves,

Financial Report on the Transition of Mississauga to a Single Tier City

Reserve Funds and Deferred Revenues have been combined and expressed on the basis of gross and per household dollars. Long-Term Debt and Capital Fund balances are expressed on the same basis. Reserves, Reserve Funds and Deferred Revenues net of debt obligations has been calculated and expressed on a per household basis. It should be noted that Long-Term Debt reflects existing debt recoverable in future years from general tax rates.

Exhibit B-11

Reserves, Reserve Funds, Deferred Revenues, Capital Fund and Long Term Debt

	Mississauga (\$)	Brampton (\$)	Caledon (\$)	Totals (\$)
Reserves, Reserve Funds and Deferred Revenues	729,659,185	447,183,734	54,410,354	1,231,253,273
Per household	3,681	4,528	3,266	3,926
Long-term debt	198,034	1,732,842	28,224,498	30,155,374
per household	1	18	1,694	96
Capital Fund balance	125,223,837	77,895,458	3,967,757	207,087,052
per household	632	789	238	660
Reserves/Res Fds/Def Revs/Cap Fd net of Debt	854,684,988	523,346,350	30,153,613	1,408,184,951
per household	4,311	5,300	1,810	4,490

Exhibit B-12 provides a more detailed breakdown of Reserves, Reserve Funds and Deferred Revenues held by each municipality.

Exhibit B-12

Reserves and Reserve Funds

Reserves and Discretionary Reserve Funds	Mississauga (\$000's)	Brampton (\$000's)	Caledon (\$000's)
Working Funds		1,575	1,861
Contingencies	3,147	402	1,250
Replacement of equipment	33,627		
Sick Leave	9,170	4,680	
Post employment benefits	500		
Insurance	20,398	1,053	
Workplace Safety and Insurance Board	13,651	4,840	
Capital – General Government			50
Capital – Protective Services			14
Capital – Roadways		3,770	
Capital – Transit		1,414	
Capital – Recreation and Culture		414	
Capital – Planning and Development		106	
Capital – Other and unspecified	89,506	16,637	34,911

Financial Report on the Transition of Mississauga to a Single Tier City

Reserves and Discretionary Reserve Funds	Mississauga (\$000's)	Brampton (\$000's)	Caledon (\$000's)
Current – Recreation and Culture		93	
Current – Planning and Development		3,399	
Current – Other and unspecified	356,022	277,685	
Planning and Development	13,040		
Other and Unspecified	33,631	30	406
Total Reserves and Discretionary Reserve Funds (\$000's)	572,692	316,098	38,492

Obligatory Reserve Funds and Deferred Revenues	Mississauga (\$000's)	Brampton (\$000's)	Caledon (\$000's)
Development Charges Act	38,039	100,270	15,765
Lot levies	46,858	4,899	
Subdivider contributions	33,556	9,272	
Recreational land (the Planning Act)	38,516	16,645	153
Total Obligatory Reserve Funds and Deferred Revenues (\$000's)	156,969	131,086	15,918
Total Reserves, Reserve Funds and Deferred Revenues	729,661	447,184	54,410

Exhibit B-13 provides the allocation of municipal property tax revenues collected between the Region of Peel and the lower tier municipalities within the Region in 2001.

**Exhibit B-13
Allocation of Municipal Property Taxes per Financial Information Return**

	Mississauga (\$)	Brampton (\$)	Caledon (\$)	Totals (\$)
Local	160,449,814	104,199,427	14,671,090	279,320,331
Regional	316,255,792	136,716,121	23,303,204	476,275,117
Total	476,705,606	240,915,548	37,974,294	755,595,448

	Mississauga (%)	Brampton (%)	Caledon (%)	Averages (%)
Local	34	43	39	37
Regional	66	57	61	63
Total	100	100	100	100

Exhibit B-14 provides a calculation of the percentage of unpaid taxes of the total tax levy for each municipality.

Exhibit B-14

Unpaid taxes as a percentage of tax levy per Financial Information Return

	Mississauga (\$000's)	Brampton (\$000's)	Caledon (\$000's)	Totals (\$000's)
Taxes receivable	93,091	42,096	11,759	146,946
Tax levy	927,768	411,638	70,480	1,409,886
Percentage	10.0%	10.2%	16.7%	10.4%

C. REGION OF PEEL PROGRAMS AND SERVICES

This section of our report is intended to describe the Regional programs supported by the municipal property tax base. Program costs are provided at an activity level for the purpose of providing the reader with the amount that each municipality contributes towards Regional programs and activities. We have utilized the Region's 2003 Business Plan, which includes the Region's 2003 Current and Capital Budget to develop this section of our report.

The Region of Peel is divided into 25 wards, 9 in Mississauga, 11 in Brampton and 5 in Caledon. A Regional Council that consists of the Regional Chair and twenty-one Councillors governs the Region. Councillors are elected from each ward with some being responsible for more than one ward. The Council consists of ten members from Mississauga, six members from Brampton and five members from Caledon. The Regional Chair is elected by the twenty-one members of Regional Council.

The following table provides gross budgeted expenditures, subsidies and grants, other revenues and the budgeted net levy for tax supported programs for 2003.

Region of Peel - 2003 Budgeted Expenditures, Revenues and Net Levy

Program	Total Expenditure (\$000's)	Subsidies & Grants (\$000's)	Other Revenues (\$000's)	Net Levy (\$000's)
Roads	27,459	0	383	27,075
Waste Management	65,273	0	16,880	48,394
Regional Planning	3,194	0	81	3,113
TransHelp	5,880	0	559	5,321
Children's Services	38,706	27,524	2,302	8,880
Public Health	37,073	21,687	1,038	14,349
Long-Term Care	41,597	18,411	10,243	12,943
Housing Policy and Program	96,410	24,709	6,477	65,223
Heritage	1,467	38	410	1,019
Ambulance/Emerg Programs	24,534	8,293	350	15,891
Non-prog/Internal Support	28,158	60	28,999	(902)
Ontario Works	124,206	68,054	1,331	54,821

Financial Report on the Transition of Mississauga to a Single Tier City

Program	Total Expenditure (\$000's)	Subsidies & Grants (\$000's)	Other Revenues (\$000's)	Net Levy (\$000's)
Peel Policing	191,810	0	18,215	173,596
OPP Policing	6,385	0	152	6,233
Conservation Authorities	2,797	0	0	2,797
Assessment Services	11,212	0	0	11,212
GO Transit	2,000	0	0	2,000
Greater Toronto Area Pooling	66,035	0	0	66,035
Totals	774,196	168,776	87,420	518,000

The Regional levy is apportioned to all lower tier municipalities on the basis of weighted assessment with the exception of waste management and policing. Weighted assessment calculated for 2003 cost apportionment purposes is 65.676%, 28.627% and 5.697% for Mississauga, Brampton and Caledon respectively.

Waste management costs are shared by lower tier municipalities on the basis of actual residential waste generated adjusted by the prior years waste management operating surplus. In 2003, costs are allocated at rates of 61.815%, 31.754% and 6.431% to Mississauga, Brampton and Caledon respectively.

Costs for policing provided by the Peel Regional Police force are shared by Mississauga and Brampton on the basis of weighted assessment. Costs for policing provided by the O.P.P. to Caledon are allocated solely to Caledon.

The following table provides a comparison of cost sharing percentages for 1999, 2000, 2001, 2002 and 2003 for waste management and other regional services (excluding policing) supported by municipal property taxation.

Regional Program	Mississauga Cost Sharing (%)	Brampton Cost Sharing (%)	Caledon Cost Sharing (%)
Waste Management			
1999	62.872	31.935	5.193
2000	63.965	30.745	5.290
2001	61.987	32.241	5.772
2002	62.107	31.884	6.009
2003	61.815	31.754	6.431
Other Programs			
1999	66.989	27.233	5.778
2000	66.582	27.604	5.814
2001	66.188	28.101	5.711
2002	65.897	28.404	5.699
2003	65.676	28.627	5.697

Financial Report on the Transition of Mississauga to a Single Tier City

The following table provides the 2003 regional property tax levy apportionment to each of the lower tier municipalities.

Region of Peel - 2003 Property Tax Levy Apportionment

Program	Regional Levy (\$000's)	Mississauga (\$000's)	Brampton (\$000's)	Caledon (\$000's)
Roads	27,075	17,782	7,751	1,542
Waste Management	48,394	29,915	15,367	3,112
Regional Planning	3,113	2,045	891	177
TransHelp	5,321	3,495	1,523	303
Children's Services	8,880	5,832	2,542	506
Public Health	14,349	9,424	4,108	817
Long-Term Care	12,943	8,500	3,705	737
Housing Policy and Program	65,223	42,836	18,671	3,716
Heritage	1,019	669	292	58
Ambulance/Emerg Programs	15,891	10,437	4,549	905
Non-prog/Internal Support	(902)	(592)	(258)	(51)
Ontario Works	54,821	36,004	15,694	3,123
Peel Policing	173,596	120,899	52,697	
OPP Policing	6,233			6,233
Conservation Authorities	2,797	1,837	801	159
Assessment Services	11,212	7,364	3,210	639
GO Transit	2,000	1,314	573	114
Greater Toronto Area Pooling	66,035	43,369	18,904	3,762
Totals	518,000	341,128	151,019	25,853

Regional staff is responsible for the provision of Regional services in accordance with prevailing legislation and Council policy. The head of staff, the Regional Chief Administrative Officer is responsible to Council and has eight department heads (Commissioners) reporting to him. Departments of the Region and staffing levels expressed in terms of full time equivalent positions (excluding contract positions) are provided below.

Department	Program	Number of Directors	Number of Managers	Total Full time equivalents
Executive (9 FTE's)	Regional Chair			1
	Regional CAO			1
	Strategic Initiatives	1		7
Public Works (476 FTE's)	Commissioners office			22
	Business Unit		1	5
	Engineering and Construction	1	4	98
	Operations and Maintenance	1	2	214
	Waste Management	1	3	77.5
	Water/Wastewater Treatment	1	5	59.5

Financial Report on the Transition of Mississauga to a Single Tier City

Department	Program	Number of Directors	Number of Managers	Total Full time equivalents
Social Services (528.5 FTE's)	Commissioner's Office			4
	Finance		1	4
	Ontario Works	1	6	293.5
	TransHelp		1	54.5
	Children's Services	1	4	172.5
Health (803 FTE's)	Commissioner's Office			2
	Finance and Administration		1	14.5
	Public Health	5	10	419.5
	Long-Term Care	6	9	367
Housing and Property	Commissioner's Office			4
	Finance	1	1	11
	Housing Policy and Program	1	2	32
	Heritage		1	9
	Property Services	not provided	not provided	not provided
Regional Planning (42 FTE's)	Commissioner's Office			3
	Development Planning	1	3	11
	Planning Policy and Research	1	3	20.5
	Transportation Planning	1	2	7.5
Corporate Services (81 FTE's)	Commissioner's Office			4
	Communications Services	1	2	30
	Legal Services	1		12.5
	Clerk's	1	3	27
	Ambulance/Emerg Programs	1	2	7.5
Human Resources	Human Resources		5	36
Finance (270+ FTE's)	Commissioner's Office			not provided
	Corporate Finance	1	5	48
	Financial Services	1	3	61
	Meter and Revenue Services		2	71
	Information Technology	1	4	81
	Internal Audit	1	1	9

A description of the components of each Regional program follows.

C-1 Internal Support Services

Internal Support Services within the Region consists of Executive and Council, Corporate Services, Human Resources and Finance.

All Internal Support Service functions are required to allocate costs to core program areas for services provided. This internal charge process allocates approximately 76% of all Internal Support Service costs to core program areas. The remaining 24% (\$19.2 million) of Internal Support Service costs represent the corporate overhead not apportioned to specific programs. The budget describes corporate overhead as the cost of governance (Council, Regional Chair and Chief Administrative Officer) and fiscal controllership (internal audit, external audit and financial planning). Corporate overhead costs are then allocated to both the property tax and utility rate supported non-program areas. The budget allocates 60% of corporate overhead costs (\$11,541,911) to the property tax

Financial Report on the Transition of Mississauga to a Single Tier City

supported Non-Program area and 40% of corporate overhead costs (\$7,694,606) to the utility rate supported Non-Program area. As a result, the line item entitled “Non-Program/Internal Support” in the previous “2003 Property Tax Levy Apportionment” table includes corporate overhead costs of \$11,541,911. All other Internal Support Services costs have been allocated to, and have been included within specific Regional Program costs.

Within each section we have identified those Regional expenditures that would be amalgamated with similar functions presently carried out within each of the lower tier municipalities. Such expenditures are highlighted in **bold** print.

Executive and Council

Regional Council consists of the Regional Chair and twenty-one Councilors. The Chief Administrative Officer has a staff of 7 full time equivalents.

The following table provides budgeted gross expenditures for Executive and Council. Based on the 60/40 allocation of corporate overhead to property tax supported and utility rate supported areas respectively, we have provided an estimate of Executive and Council costs supported by property taxes.

	Gross Exp Budget (\$)	Est Tax Rate Supported Exp (\$)
Goods & Services	1,397,697	838,618
Salaries and Wages	1,787,431	1,072,459
Subtotal	3,185,128	1,911,077
Capital Financing	29,530	17,718
Total	3,214,658	1,928,795

Human Resources

The Commissioner of Human Resources has a full time staff of 36 including the following:

- Ø Manager of Compensation and Benefits plus 4 full time staff
- Ø Manager of Workplace Health and Safety plus 5 full time staff
- Ø Manager of Occupational Development plus 2 full time staff
- Ø Manager of Business Administration 5 full time staff
- Ø Manager of Employee Relations plus 13 full time staff

The following table provides budgeted gross expenditures for Human Resources. Based on the 60/40 allocation of corporate overhead to property tax supported and utility rate supported areas respectively, we have provided an estimate of Human Resources costs supported by property taxes.

Financial Report on the Transition of Mississauga to a Single Tier City

	Gross Exp Budget (\$)	Estimated Tax Rate Supported Exp (\$)
Goods & Services	1,412,745	847,647
Salaries and Wages	3,088,722	1,853,233
Total	4,501,467	2,700,880

Corporate Services

The Commissioner of Corporate Services and Regional Solicitor has a full time staff of 73.5 including the following:

- Ø Director of Communications Services plus 29 full time staff
- Ø Director of Legal Services plus 11.5 full time staff
- Ø Director of Clerks and Regional Clerk plus 26 full time staff

In addition to the sections highlighted above, the Corporate Services Department is responsible for ambulance and emergency programs of the Region. The following table provides budgeted gross expenditures for Corporate Services. Based on the 60/40 allocation of corporate overhead to property tax supported and utility rate supported areas respectively, we have provided an estimate of Corporate Services costs supported by property taxes.

	Gross Exp Budget (\$)	Est Tax Rate Supported Exp (\$)
Goods & Services	2,214,126	1,328,476
Salaries and Wages	4,863,885	2,918,331
Subtotal	7,078,011	4,246,807
Capital Financing	13,375	8,025
Total	7,091,386	4,254,832

Corporate Finance

The Director of Corporate Finance has a full time staff of 48 including the following:

- Ø Manager of Treasury plus 4 full time staff
- Ø Manager of Risk Management plus 3 full time staff
- Ø Manager of Capital and Development Financing plus 13 full time staff
- Ø Manager of Business Planning plus 16 full time staff
- Ø Manager of Financial Policy and Strategic Analysis plus 5 full time staff

The following table provides budgeted gross expenditures for Corporate Finance. Based on the 60/40 allocation of corporate overhead to property tax supported and utility rate

Financial Report on the Transition of Mississauga to a Single Tier City

supported areas respectively, we have provided an estimate of Corporate Finance costs supported by property taxes.

	Gross Exp Budget (\$)	Est Tax Rate Supported Exp (\$)
Goods & Services	3,152,046	1,891,228
Salaries and Wages	3,349,102	2,009,461
Total	6,501,148	3,900,689

Financial Services - Payroll, Purchasing, Accounting and Systems

The Director of Financial Services has a full time staff of 61.2 including the following:

- Ø Manager of Accounting Services plus 27.2 full time staff
- Ø Manager of Purchasing plus 22 full time staff
- Ø Manager of Financial Systems Coordination plus 7 full time staff

The following table provides budgeted gross expenditures for Financial Services. Based on the 60/40 allocation of corporate overhead to property tax supported and utility rate supported areas respectively, we have provided an estimate of Financial Services costs supported by property taxes.

	Gross Exp Budget (\$)	Estimated Tax Rate Supported Exp (\$)
Goods & Services	2,382,116	1,429,270
Salaries and Wages	3,829,265	2,297,559
Subtotal	6,211,381	3,726,829
Capital Financing	2,692,000	1,615,200
Total	8,903,381	5,342,029

Meter and Revenue Services

The Meter and Revenue Services Division has a full time staff of 71.1 including the following:

- Ø Manager of Accounts Receivable plus 38.6 full time staff
- Ø Manager of Meter Operations plus 32.5 full time staff

The following table provides budgeted gross expenditures for Meter and Revenue Services. Based on the 60/40 allocation of corporate overhead to property tax supported and utility rate supported areas respectively, we have provided an estimate of Meter and Revenue Services costs supported by property taxes.

Financial Report on the Transition of Mississauga to a Single Tier City

	Gross Exp Budget (\$)	Estimated Tax Rate Supported Exp (\$)
Goods & Services	3,922,114	2,353,268
Salaries and Wages	3,572,719	2,143,631
Subtotal	7,494,833	4,496,899
Capital Financing	1,786,418	1,071,851
Total	9,281,251	5,568,750

Information Technology Services

The Director of Information Technology Services has a full time staff of 81 including the following:

- Ø Manager of Technology Infrastructure plus 18 full time staff
- Ø Manager of Business Solutions – Direct Service Programs plus 19 full time staff
- Ø Manager of Business Solutions – Internal Programs plus 18 full time staff
- Ø Manager - Technology Service Centre plus 18 full time staff

The following table provides budgeted gross expenditures for Information Technology Services. Based on the 60/40 allocation of corporate overhead to property tax supported and utility rate supported areas respectively, we have provided an estimate of Information Technology Services costs supported by property taxes.

	Gross Exp Budget (\$)	Estimated Tax Rate Supported Exp (\$)
Goods & Services	3,785,515	2,271,309
Salaries and Wages	5,821,644	3,492,986
Subtotal	9,607,159	5,764,295
Capital Financing	5,543,146	3,325,888
Total	15,150,305	9,090,183

Internal Audit

The Director of Internal Audit is supported by a Manager of Internal Audit and has a full time staff complement of 9.

The following table provides budgeted gross expenditures for Internal Audit. Based on the 60/40 allocation of corporate overhead to property tax supported and utility rate supported areas respectively, we have provided an estimate of Internal Audit costs supported by property taxes.

Financial Report on the Transition of Mississauga to a Single Tier City

	Gross Exp Budget (\$)	Estimated Tax Rate Supported Exp (\$)
Goods & Services	125,529	75,317
Salaries and Wages	719,192	431,515
Total	844,721	506,832

Property Services

In the 2003 budget, the Region has removed the Property Service function from Internal Support Services to the Housing Department. For the purposes of our analysis, we continue to recognize the function as an Internal Support Service.

The following table provides budgeted gross expenditures for Property Services. Based on the 60/40 allocation of corporate overhead to property tax supported and utility rate supported areas respectively, we have provided an estimate of Property Services costs supported by property taxes.

	Gross Exp Budget (\$)	Tax Rate Supported (\$) Est
Goods & Services	2,327,223	1,396,334
Salaries and Wages	3,043,806	1,826,284
Subtotal	5,371,029	3,222,618
Capital Financing	91,038,652	54,623,191
Total	96,409,681	57,845,809

C-2 Roads

The Region of Peel Commissioner of Public Works is responsible for the following functions:

- Ø Roads - Engineering and Construction (98 full time equivalent staff)
- Ø Roads - Operations and Maintenance (214 full time equivalent staff)
- Ø Waste Management (77.5 full time equivalent staff)
- Ø Water and Wastewater Treatment (59.5 full time equivalent staff)

The Commissioners office has a full time equivalent staff complement of 22. A public works Business Unit having 5 full time staff supports the Department.

The Roads program incorporates the management, operation and maintenance of 1,458 single lane kilometers of roads, 111 integrated bridge structures (97 bridges and 14 box culverts), 356 signalized intersections, 39 flashing beacons and 2 storm water pumping stations. The cost per single lane kilometre is identified in the 2003 budget to be

Financial Report on the Transition of Mississauga to a Single Tier City

\$18,342. The budget disclosed that 172 lane km or 11.5% of the regional road system carried traffic volumes exceeding design capacity. The location of those roads operating beyond capacity was not provided.

Operations and Maintenance functions include such activities as snow and ice control, roadside, shoulder and drainage related operations and maintenance (grass cutting, guiderail repair, ditching, etc.) and traffic signal, signing and pavement marking operations and maintenance.

The Engineering and Construction function consists of regional road construction and upgrading, traffic and transportation infrastructure planning, design and construction.

The Roads program includes the following activities and related net costs and revenues. Net activity costs and revenues are allocated to lower tier municipalities on the basis of weighted assessment as shown in the following table.

Roads Program Activity	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Program Support	2,795,251	1,835,818	800,197	159,235
Winter Mtce	4,860,352	3,192,101	1,391,374	276,877
Drainage Mtce	698,088	458,479	199,842	39,768
Roadside Mtce	1,182,111	776,367	338,403	67,341
Shoulder Mtce	487,891	320,429	139,669	27,793
Surface Mtce	892,174	585,947	255,403	50,824
Traffic Safety	2,977,097	1,955,248	852,254	169,595
Traffic Studies	585,702	384,668	167,669	33,365
Oper'ns and Traffic	14,478,666	9,509,056	4,144,812	824,798
Capital Financing	12,980,000	8,524,787	3,715,788	739,424
Fees and charges	(383,364)	(251,779)	(109,746)	(21,839)
Total Roads Levy	27,075,302	17,782,064	7,750,855	1,542,383

C-3 Waste Management

The Regional Waste Management program incorporates the management, operation and maintenance of the following:

- one active public landfill site in Caledon
- twenty-one closed landfill sites 10 of which are in Mississauga, 5 in Brampton and 6 in Caledon
- two public waste and recycling drop off depots, 1 of which is in Mississauga and 1 in Caledon
- two community recycling centers, 1 of which is in Mississauga and 1 in Brampton
- one composting and stabilate production facility in Caledon
- One yard waste transfer facility

Financial Report on the Transition of Mississauga to a Single Tier City

- a partnership with a private sector energy-from-waste facility located in Brampton, just north of the Mississauga border
- one recyclable material recovery facility in Mississauga

The cost of the Waste Management program is allocated to lower tier municipalities on the basis of estimated waste volumes for the current year adjusted by the difference between the prior year estimated and actual tonnage amounts.

Net program costs budgeted in 2003 and the apportionment to lower tier municipalities is identified below. Sharing percentages in 2003 are 61.82%, 31.75% and 6.43% respectively for Mississauga, Brampton and Caledon.

Waste Management Program	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Total Net Levy	48,393,674	29,914,550	15,366,927	3,112,197

C-4 Planning

The Planning Department has a full time staff of 42 including the following:

- Ø Commissioner of Planning plus 2 full time staff
- Ø Manager of Development Planning Services plus 10 full time staff
- Ø Director of Planning Policy and Research plus 19.5 full time staff
- Ø Director of Transportation Planning plus 6.5 full time staff

The Development Planning Services Division implements the Regional Official Plan and provincial policies on development applications. The Division also provides planning consulting services to other Regional Departments.

The Planning Policy and Research Division keep the Regional Official Plan up to date, monitor and coordinate GTA-wide planning initiatives and demographics and other trends affecting planning. Services also include bringing forward amendments to the Regional Official Plan as necessary and defending the existing policy framework.

The Transportation Planning Division identifies and addresses transportation planning issues with the objective of planning for an effective, efficient, integrated and sustainable transportation system for the Region.

The Planning Department includes the following activities and related budgeted expenditures and revenues. Expenditures and revenues are allocated to lower tier municipalities on the basis of weighted assessment percentages as shown in the following table.

Financial Report on the Transition of Mississauga to a Single Tier City

Planning Program Activity	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Administration	181,474	119,185	51,951	10,338
Policy & Research	1,533,874	1,007,392	439,103	87,379
Developmt Planning	808,788	531,182	231,532	46,074
Transportation Planning	669,422	439,652	191,636	38,135
Program Cost	3,193,558	2,097,412	914,221	181,926
Fees and charges	(80,500)	(52,869)	(23,045)	(4,586)
Net Planning Levy	3,113,058	2,044,542	891,176	177,340

C-5 TransHelp

The TransHelp program provides transportation service for the physically disabled residents of the Region of Peel. Services are provided by 28 TransHelp buses and a taxi program contracted from the private sector. In 2003 the Region employs 54.5 full time equivalent positions to provide TransHelp services. The TransHelp Depot is located in Mississauga in close proximity to Mississauga Transit.

In 2003 the program anticipates the provision of 238,000 trips and an average cost per trip of \$24.70.

The TransHelp program includes the following activities and related net costs and revenues. Net activity costs and revenues are allocated to lower tier municipalities on the basis of weighted assessment as shown in the following table.

TransHelp Program Activity	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Admin and Building	1,327,078	871,576	379,903	75,599
Operations	4,552,641	2,990,007	1,303,286	259,348
Total Program Cost	5,879,719	3,861,583	1,683,189	334,947
Fees and charges	(559,125)	(367,213)	(160,061)	(31,851)
Net TransHelp Levy	5,320,594	3,494,371	1,523,128	303,095

C-6 Children's Services

The Region is responsible for 20% of the costs of the Children's Services program including wage subsidy, special needs resourcing and family resource centres.

The Region provides 761 licensed spaces in 12 Directly Operated Child Care Centres, 661 of which are subsidized, and 2,507 subsidized spaces through Purchase of Service programs. In addition, Ontario Works funding provides additional 516 subsidized spaces for a total of 3,684 subsidized spaces. Services for 66 children with special needs are

Financial Report on the Transition of Mississauga to a Single Tier City

provided in the Directly Operated Program. A staffing complement of 172.5 full time equivalents are in place in 2003 to provide Children's Services.

Net program costs budgeted in 2003 and the apportionment to lower tier municipalities based on weighted assessment is identified below.

Children's Services Program	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Administration	3,293,778	2,163,232	942,911	187,635
Provincial Transfer	11,560,935	7,592,797	3,309,552	658,585
Special Needs	789,168	518,297	225,915	44,956
Open the Door	418,891	275,112	119,916	23,863
Directly Operated Centres	9,483,594	6,228,476	2,714,871	540,247
Purchase of Service	13,159,483	8,642,665	3,767,169	749,649
Gross Program Cost	38,705,849	25,420,580	11,080,335	2,204,934
Fees, Charges and Other	(2,301,824)	(1,511,753)	(658,944)	(131,127)
Subsidies	(27,523,903)	(18,076,689)	(7,879,276)	(1,567,939)
Net Levy	8,880,122	5,832,138	2,542,115	505,869

C-7 Public Health

The Health Protection and Promotion Act sets out the legislative framework for public health. The Province sets minimum province-wide public health standards through the issuance of guidelines as contained in a document entitled *Mandatory Health Programs and Services Guidelines*. Regional Council (deemed to be the board of health) is responsible for the delivery of public health programs and services.

The Health Protection and Promotion Act specifies the following mandatory programs:

- chronic disease prevention, including heart disease, cancer and prevention of injuries
- family health, including child health, nutrition, and sexual and reproductive health
- infectious disease control, including AIDS and sexually transmitted diseases, vaccine preventable diseases and the control of outbreaks of infectious diseases

Public Health services in Peel are provided through a central office in Brampton, a district office in Brampton, a district office in Mississauga, and clinics for healthy sexuality in Bolton, Malton, Brampton and Mississauga east and west.

In 2003, services are provided by a full time staffing complement of 436.

Net program costs budgeted in 2003 and the apportionment to lower tier municipalities based on weighted assessment is identified below.

Financial Report on the Transition of Mississauga to a Single Tier City

Public Health Program	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Health Planning	5,000	3,284	1,431	285
Environmental Health	5,354,580	3,516,691	1,532,857	305,031
Communicable Disease	9,030,150	5,930,671	2,585,064	514,415
Family Health	11,140,190	7,316,468	3,189,105	634,617
Healthy Lifestyles	11,543,520	7,581,360	3,304,567	657,593
Gross Program Cost	37,073,440	24,348,474	10,613,025	2,111,942
Fees and Charges	(1,037,500)	(681,392)	(297,005)	(59,103)
Subsidies	(21,686,570)	(14,242,943)	(6,208,221)	(1,235,407)
Net Levy	14,349,370	9,424,139	4,107,798	817,432

C-8 Long-Term Care

The Long-Term Care program operates the following three long-term care facilities in the region. Total bed capacity is 477.

Facility	Location	# of beds
Peel Manor	Brampton	177
Sheridan Villa	Mississauga	236
Davis Centre	Bolton	64

In December 2001 the Region began construction on two new long-term care facilities in Brampton (Tall Pines) and Mississauga (Malton Village) with completion scheduled for August 2003. The two new facilities will accommodate a total of 320 new beds and are planned to achieve full capacity by the fall of 2003. We are advised that each of the new facilities will be approximately the same size, that is each will accommodate an additional 160 beds.

The Long-Term Care program includes the following activities and related net costs and revenues. Net activity costs and revenues are allocated to lower tier municipalities on the basis of weighted assessment as shown in the following table.

Program Activity (Home Location)	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Peel Manor (Brampton)	10,231,008	6,719,350	2,928,834	582,824
Sheridan Villa (Mississauga)	13,384,471	8,790,429	3,831,576	762,466
Davis Centre (Caledon)	4,121,979	2,707,164	1,180,000	234,814
Malton Village (Mississauga)	5,117,110	3,360,730	1,464,877	291,504
Tall Pines (Brampton)	5,120,652	3,363,056	1,465,891	291,705
Financial Costs	2,615,287	1,717,624	748,679	148,984
Community Programs	<u>1,006,478</u>	<u>661,018</u>	<u>288,125</u>	<u>57,335</u>
Total Expenditures	41,596,985	27,319,372	11,907,981	2,369,632
Subsidies	(18,411,200)	(12,091,800)	(5,270,580)	(1,048,820)

Financial Report on the Transition of Mississauga to a Single Tier City

Program Activity	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Fees and charges	(10,243,210)	(6,727,364)	(2,932,327)	(583,519)
Total Long-term care Levy	12,942,575	8,500,208	3,705,075	737,292

C-9 Housing Policy and Program

As of January 1, 1998, municipalities became responsible for the provincial cost of social housing.

The Region of Peel Housing Policy and Program is staffed by 47 full time equivalents. The Social Housing component of the Program administers 48 housing providers and 13,200 units. The Rent Supplement component of the Program administers 40 landlords and 1,200 units. Program expenditures and revenues budgeted in 2003 and the apportionment to lower tier municipalities based on weighted assessment are identified below.

Social Housing Program	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Program and Policy	3,366,823	2,211,206	963,821	191,796
Program Funding	93,042,858	61,107,132	26,635,406	5,300,320
Subtotal	96,409,681	63,318,337	27,599,228	5,492,116
Federal Funding	(23,495,193)	(15,430,780)	(6,725,976)	(1,338,437)
Provincial Funding	(1,214,069)	(797,356)	(347,552)	(69,161)
Fee and Charges	(6,477,419)	(4,254,131)	(1,854,293)	(368,995)
Net Levy	65,223,000	42,836,071	18,671,407	3,715,522

C-10 Heritage

The Peel Heritage Complex is comprised of the Art Gallery of Peel, the Region of Peel Archives, the Region of Peel Museum, the Historic Peel County Courthouse, and the former Peel County Administrative building.

The cost per visitor is estimated to be \$54.34 in 2003. In 2003 the program is staffed by 9 full time equivalent positions.

The Heritage program includes the following activities and related net costs and revenues. Net activity costs and revenues are allocated to lower tier municipalities on the basis of weighted assessment as shown in the following table.

Heritage Program Activity	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Administration	234,718	154,154	67,193	13,371
Archives	237,869	156,224	68,095	13,551

Financial Report on the Transition of Mississauga to a Single Tier City

Heritage Program Activity	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Art Gallery	338,554	222,350	96,918	19,286
Museum	274,409	180,222	78,555	15,632
Heritage Properties	381,761	250,727	109,287	21,748
Total Program Cost	1,467,311	963,676	420,048	83,587
Subsidies	(38,000)	(24,957)	(10,878)	(2,165)
Fees and charges	(409,913)	(269,216)	(117,346)	(23,351)
Heritage Levy	1,019,398	669,503	291,823	58,071

C-11 Ambulance and Emergency Programs

The Region's Ambulance and Emergency Program provides management, administration and policy development for Ambulance, 9-1-1, Fire Co-ordination and Emergency Measures Planning. In 2003, the program is staffed by 7.5 full time equivalents.

Net program costs budgeted in 2003 and the apportionment to lower tier municipalities based on weighted assessment is identified below.

Emergency Programs	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Ambulance	22,966,318	15,083,434	6,574,575	1,308,309
Fire Co-ordination	5,554	3,648	1,590	316
Emergency Measures	128,068	84,110	36,662	7,296
9-1-1	1,434,160	941,904	410,557	81,699
Subtotal	24,534,100	16,113,096	7,023,384	1,397,620
Subsidies	(8,292,952)	(5,446,506)	(2,374,026)	(472,420)
Fees and Charges	(350,000)	(229,867)	(100,195)	(19,938)
Net Levy	15,891,148	10,436,722	4,549,164	905,262

C-12 Non-Program – Other

The Non-Program budget reflects corporate expenses and revenues that are not directly attributable to services and service programs.

Non-Program property tax supported items includes contributions to reserves, corporate overhead allocation, debenture interest expense, interest income earned, net supplementary taxes and payments in lieu of taxes.

Capital financing reserves

In 2003 contributions to capital reserves were budgeted at \$6.5 million.

Tax overhead allocation

As described previously in this report, the budget allocates 60% of corporate overhead costs to the property tax supported Non-Program area and 40% of corporate overhead costs to the utility rate supported Non-Program area. In 2003, the budget allocates corporate overhead costs of \$11,541,911 to the property tax supported non-program area.

Debenture interest expense

Debenture interest expense for 2003 was projected at \$59,490. The Region holds sufficient funds within its Debenture Sinking Fund to retire all outstanding Regional debt. An offsetting drawdown from the Fund is budgeted thereby resulting in no levy impact from debenture interest expense.

Interest income earned

Interest income was budgeted at \$1,720,433 in 2003. Property tax supported programs are usually in a positive working capital funded position since most tax revenues are collected by the third quarter of the year and expenses are incurred fairly evenly throughout the year.

Net supplementary taxes/tax cancellations

Net supplementary taxes are budgeted at \$2,350,000 in 2003 as supplementary tax revenues are expected to exceed tax cancellations. Supplementary taxes are collected under the authority of the Assessment Act and pertain to taxable assessment added to the certified tax roll after January 1. The Region offsets supplementary taxes in its budget by the amount of tax adjustments requiring tax refunds due to changes or corrections in property assessment values.

Payments in lieu of taxes.

Payments in lieu of taxes are made by federal and provincial governments and by public utilities on land, which is exempt from property taxation. Lower tier municipalities are required to share payments in lieu of taxes with the Region. The 2003 budget predicts payment in lieu revenues of \$9,960,000. The majority of the budgeted revenue is associated with receipts from the Greater Toronto Airport Authority.

C-13 Ontario Works

The Ontario Works program helps people in financial need to become employed and assists them in achieving self-sufficiency. Eligible program participants have the responsibility to participate in program activities as a condition of eligibility for financial assistance.

Financial Report on the Transition of Mississauga to a Single Tier City

The Province establishes policy objectives, legislation, regulation, service standards, an audit framework and cost sharing of the Ontario Works program. They also provide service directives, guidelines and technological support for the program.

Municipalities have direct service delivery responsibility for the program and establish local discretionary practices.

Generally, allowances and benefits paid from the Ontario Works program are cost shared by the Province and municipalities based on an 80/20 split. Costs of administration are funded on a 50/50 basis.

In 2003 the Ontario Works program in Peel is provided by a full time workforce of 291. The number of beneficiaries in 2003 is projected at 17,905 representing approximately 1.74 percent of the Region's population.

Net program costs budgeted in 2003 and the apportionment to lower tier municipalities based on weighted assessment is identified below.

Ontario Works Program	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Ontario Works Program	98,639,561	64,782,841	28,237,576	5,619,144
Administration	25,566,140	16,790,902	7,318,826	1,456,412
Subtotal	124,205,701	81,573,742	35,556,403	7,075,556
Fees and Charges	(1,331,000)	(874,152)	(381,026)	(75,822)
Subsidies	(68,054,199)	(44,695,498)	(19,481,896)	(3,876,805)
Net Levy	54,820,502	36,004,092	15,693,481	3,122,929

C-14 Policing

Peel Regional Police

The Peel Regional Police provide policing services to residents, businesses and the transient population within the Region, excluding the Town of Caledon.

Operational policing services are currently provided from five divisional facilities. The 11th, 12th and Airport Divisions are within Mississauga municipal boundaries and the 21st and 22nd Divisions are within Brampton municipal boundaries. In addition there are ten community stations operating within the Region (7 in Mississauga and 3 in Brampton). The Square One and the Meadowvale Reporting Centre's are located in Mississauga.

Costs of the Peel Regional Police are shared by Mississauga and Brampton based on weighted assessment. In 2003, Peel Regional Police costs apportioned to Mississauga and Brampton are 69.64% and 30.36% respectively.

Financial Report on the Transition of Mississauga to a Single Tier City

Peel Police Services Activity	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)
<i>Basic Police Services</i>			
Emergency and Call Response	72,840,857	50,729,068	22,111,789
Investigations	37,884,870	26,384,425	11,500,445
Central Traffic Enforcement	6,976,655	4,858,801	2,117,854
Court Services	7,587,446	5,284,178	2,303,268
Basic Police Services Total	125,289,828	87,256,472	38,033,356
<i>Community Policing</i>			
Ptnrships and Problem Solving	14,969,809	10,425,529	4,544,280
Community Education	2,373,587	1,653,054	720,533
Community Policing Total	17,343,396	12,078,583	5,264,813
Police Info and Corp Services	24,711,170	17,209,773	7,501,397
Airport Policing	11,443,300	7,969,538	3,473,762
VCOM Group Management	322,990	224,942	98,048
Unmet Needs	5,000,000	3,482,185	1,517,815
Capital Financing	7,000,310	4,875,275	2,125,035
Police Services Board	699,362	487,062	212,300
Fees, charges and other revenues	(2,696,420)	(1,877,887)	(818,533)
Grant Recovery	(3,752,090)	(2,613,094)	(1,138,996)
VCOM Group recovery	(322,990)	(224,942)	(98,048)
Airport GTAA recovery	(11,443,300)	(7,969,538)	(3,473,762)
Policing – net levy	173,595,556	120,898,368	52,697,188

Ontario Provincial Police Municipal Policing Services in Caledon

Through the Region, the Town of Caledon contracts policing services from the Ontario Provincial Police. Caledon is assessed the full cost of O.P.P. services. In 2003 the cost is projected to be \$6,232,616.

C-15 Conservation Authorities

The Region participates in the funding of program spending approved by conservation authorities located within regional boundaries. The Peel-Credit Valley Conservation Authority, Halton Region Conservation Authority and Toronto and Region Conservation Authority all have jurisdiction within Peel's boundary. Each authority has a mandate to protect and manage the renewable natural resources of watersheds in the Region by acting in the community's interest through advocating and implementing watershed management programs.

Operating budgets, which comprise the conservation authorities general levy are shared by all municipalities served, based on their respective share of the assessment located within the authority's watershed.

Financial Report on the Transition of Mississauga to a Single Tier City

The costs of capital projects, which typically benefit specific municipalities, are passed on entirely to the region in which the projects are located. Capital projects which are not area municipality specific and which are designated as generally benefiting the entire region are normally funded from reserves.

The following table provides the Region of Peels' budgeted 2003 cost sharing percentage for each of the conservation authorities.

Conservation Authority	Peel %
Halton Region	6.88%
Credit Valley	92.01%
Toronto and Region	10.94%

The costs allocated to Peel from each authority are then allocated to lower tier municipalities on the basis of weighted assessment as shown in the following table.

Conservation Authorities Levy	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Halton Region	190,741	125,272	54,603	10,866
Credit Valley	2,501,410	1,642,834	716,079	142,496
Toronto and Region	1,007,308	661,563	288,362	57,383
Water/Wastewater recovery	(1,400,000)	(919,469)	(400,778)	(79,753)
Capital Financing	498,000	327,068	142,563	28,369
Total Levy	2,797,459	1,873,990	761,832	161,637

C-16 Assessment Services

Assessment services in Ontario are delivered by the Municipal Property Assessment Corporation (MPAC). All Ontario municipalities are members of MPAC which is governed by a Board of Directors composed of eight municipal officials, five representatives of property taxpayers and two provincial appointees. Property assessment functions are carried out through regional offices located across the province. Peel is serviced by the Peel/Halton Regional Office.

MPAC recovers its costs from municipalities using a formula which recognizes both municipal demands for services and a municipality's ability to pay. The formula used to calculate a municipality's cost recognizes that half the value is based on the number of properties on its assessment roll, and half on the value of its assessment base.

Net program costs budgeted in 2003 and the apportionment to lower tier municipalities based on weighted assessment is identified below.

Assessment Services Program	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Total Net Levy	11,212,850	7,364,185	3,209,903	638,751

C-17 GO Transit

The Ontario Government announced on September 27, 2001 that the province was taking back responsibility for GO Transit from the GTA municipalities and the City of Hamilton. In 2002, the Region of Peel continued to levy an amount of \$4.4 million to fund the Region’s share of the GO Transit 10-year growth/enhancement capital plan. In 2003 the Region’s budget includes a levy of \$2 million for this purpose. The Regional levy is raised from Mississauga, Brampton and Caledon based on weighted assessment percentages as shown in the following table.

GO Transit Program	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Total Net Levy	2,000,298	1,313,722	572,625	113,949

C-18 GTA Pooling

The Provincial vision statement for GTA Equalization or Pooling states:

The GTA Equalization formula is established to recognize the social and economic interdependence within the GTA and to ensure that the City of Toronto is not unfairly burdened with costs that result from being at the core of a single catchment for social services.

The Region of Peel Vision Statement for GTA Pooling in Peel states:

The Region of Peel opposes any form of GTA equalization of pooling of services.

Net program costs budgeted in 2003 and the apportionment to lower tier municipalities based on weighted assessment is identified below.

GTA Pooling	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Total Net Levy	66,035,000	43,369,345	18,903,839	3,761,750

D. PROJECTED RESTRUCTURING SAVINGS AND COST RE-APPORTIONMENT OF EXISTING REGIONAL PROGRAMS

This section of our report predicts the financial impact on Mississauga, Brampton and Caledon based on each becoming a single tier municipality. The majority of financial

impacts would result from a change in the way that each program presently provided by the Region is funded. Unlike the current method of Regional program cost apportionment as described in section C, each municipality would become responsible for actual costs incurred for each program or service provided to their taxpaying public. Mississauga, Brampton and Caledon would raise property taxes from their respective property assessment base as they do today, however such amounts would be retained by them to fund all municipal services to be delivered to their taxpayers.

Our analysis reviews each property tax supported program provided by the Region and predicts the impact on each municipality based on our best projections of actual cost using available information. Some costs are not expected to change. For example, waste management costs have historically been allocated on the basis of waste tonnages. We feel that this method of apportionment is reasonably reflective of actual costs to be incurred by each of the municipalities upon restructuring.

Our analysis of projected restructuring savings has been limited due to our inability to obtain certain information. We have utilized the 2001 Financial Information Returns, 2003 Budgets and the Region's 2003 Business Plan to conduct our analysis.

Our Approach and Key Assumptions

We point out the following three distinct types of potential ongoing financial impacts which would result from the City of Mississauga, the City of Brampton and the Town of Caledon becoming single tier municipal entities:

1. Consolidation or amalgamation savings – savings generated from the consolidation of similar municipal government functions no longer required due to the elimination of one or more municipal government units
2. Re-apportionment of existing Region of Peel program costs – cost shifts created as a result of Mississauga, Brampton and Caledon becoming directly responsible for actual costs incurred within their respective municipalities for municipal programs previously provided by the Region of Peel
3. Efficiency savings - cost savings from improvements in overall efficiency and process changes

Our analysis considers the potential financial impacts of consolidation savings and the re-apportionment of existing Region of Peel program costs. It is important to note that our projections are limited to those programs supported by the property tax rate. We have not attempted to estimate potential impacts on the rate-supported operations of water and wastewater.

Our projections of consolidation savings, the re-apportionment of existing Region of Peel program costs and resultant property tax impacts are predicated on the following key assumptions.

Financial Report on the Transition of Mississauga to a Single Tier City

- The existing municipal service levels to the public would be maintained and as such no leveling up costs associated with service levels would occur
- Level average compensation adjustments would occur thereby ensuring no leveling up costs due to wage, salary and benefit differences between the Region and the City of Mississauga
- Existing non-tax revenue sources and non-tax revenue levels are considered to remain unchanged following restructuring
- Annualized financial impacts projected are assumed to flow in their entirety to tax levy and municipal property taxation
- Property tax impacts reflect projected annual restructuring impacts at maturity, it being noted that the full extent of additional costs or savings may not be realized immediately
- One-time transitional costs incurred by each municipality will be funded by Provincial grants, existing Region of Peel reserves/reserve funds and proceeds from the sale of redundant Region of Peel assets and will not negatively effect annualized financial impacts and their effect on property taxation

One of the critical success factors in any restructuring is to manage service levels to the public as well as staff and volunteer compensation to ensure that they do not migrate to the highest level (Region or lower tier municipality). When two or more municipalities come together, there are differences in service levels and compensation that must be managed. Savings from restructuring can quickly dissipate if service levels and compensation are allowed to “level up”. Our analysis does not reflect any costs due to “levelling up” of service levels provided to the public or staff compensation. It is critical to note that the conditions which would normally lead to “leveling up” would not prevail in this restructuring scenario. Local (lower tier) municipal services would continue to be provided to the same consumers by the same service providers. Regional services would be provided to a smaller group of customers (Mississauga) by a reduced political and organizational structure. Furthermore, a 2001 review undertaken by human resource staff of the Region of Peel, Mississauga, Brampton and Caledon concludes that compensation and benefit levels between the government entities are very similar.

Our Financial Impact Predictions

We predict the following financial impacts on Mississauga, Brampton and Caledon as a result of the creation of a single tier City of Mississauga. It is important to note that our predictions of financial impact consider both amalgamation savings as well as impacts resulting from a re-apportionment of existing Region of Peel program costs to reflect actual costs predicted to be incurred by each single tier municipality.

Amalgamation savings are not predicted to be significant since no lower-tier municipal amalgamations are planned. The creation of three single tier municipalities will present opportunities for amalgamation savings within the general government, roads and planning functions since both the Region and all lower tier municipalities provide such services. Professional staff employed by each level of government possess similar expertise and provide similar functions to their respective municipalities. The creation of

Financial Report on the Transition of Mississauga to a Single Tier City

three single tier municipalities will eliminate the need for staff to provide administrative and planning services required solely due to the existence of the Region. As a result potential cost savings are available.

The financial impacts resulting from the proposed restructuring will be significant when costs of programs are funded directly by municipalities based on actual cost as opposed to the sharing of such costs on the basis of weighted assessment. Regional government in Peel has acted largely as a wealth redistribution system between the lower tier municipalities. This becomes particularly clear when the following statistics are considered.

Statistic	Mississauga (%)	Brampton (%)	Caledon (%)
Weighted assessment (existing basis for sharing majority of Region of Peel costs)	65.68	28.63	5.69
% of Regional road network	32.31	38.27	29.42
% of Regional population (2001 census)	61.98	32.91	5.12
% of municipal taxes for local purposes	34	43	39
% of municipal taxes for Regional purposes	66	57	61

Sections D-1 through D-20 of our report provide an analysis of amalgamation savings and project the financial impact of each municipality paying actual costs for existing regional services.

D-1 Elected Officials

The following table provides the existing number of elected officials in each of the municipalities as well as the 2003 budgets for the Mayor/Chair and Council Program.

	Mississauga	Brampton	Caledon	Region
# of elected officials	10	17	9	22
2003 budget	\$2,445,000	\$1,781,525	\$415,900	\$1,655,329

Existing Regional expenditures are shared on the basis of weighted assessment percentages as shown in the table below. Upon restructuring we predict that elected officials expenditures incurred by each of the municipalities will more closely approximate population percentages. Assuming the creation of three single tier municipalities, we predict a minimum savings of 10% on these costs, which is equivalent to existing compensation paid to the Regional Chair. Support staff and related office expenses are unknown. Therefore our analysis assumes that the Mayor and Councillors of the City of Mississauga will continue to receive compensation equal to what is presently being received from the City and the Region. Furthermore, this analysis assumes that Brampton and Caledon will top up compensation to their respective Mayors and members of Council so that no additional costs or savings will be realized from

restructuring except for their share of savings realized from the elimination of the Regional Chair.

	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Existing share of Region's cost	1,087,220	473,921	94,188
Projected cost based on Pop'n %	1,025,931	544,711	84,687
Impact of cost re-apportionment	61,289	(70,790)	9,501
Predicted Savings at 10%	102,593	54,471	8,469
Restructuring Savings (Cost)	163,882	(16,319)	17,970

D-2 Administration

Each municipality has an established corporate administrative structure. Administrative services are generally provided through the following operating divisions:

- City Manager's Office/Corporate Support
- Finance
- Internal Audit
- Communications
- Information Technology
- Clerks
- Materials Management
- Solicitor's Office
- Human Resources

General administrative costs include staff compensation, municipal building costs, insurance premiums, audit fees, travel and training, telephone, automation, postage, equipment maintenance, furniture, printing, photocopying, consulting fees, etc.. All such costs are incurred by each municipality.

Included in the Region's 2003 budget are the following Internal (Corporate) Services programs and activities:

- Executive and Council - Council & Chair, Regional CAO
- Human Resources – Compensation and Benefits, Workplace Health and Safety, Occupational Development, Employee Relations, Business Relations
- Corporate Services – Communications, Legal, Records Management, Legislative Services and Customer Service
- Finance – Treasury, Risk Management, Capital and Development Financing, Business Planning, Financial Policy and Strategic Analysis
- Payroll, Purchasing, Accounting and Systems
- Information Technology – Technology Infrastructure, Business Solutions for Direct Service Programs, Business Solutions for Internal Service Programs, Service Centre

Financial Report on the Transition of Mississauga to a Single Tier City

- Internal Audit
- Property Services – Realty Services, Facilities Management

Although the 2003 budget reallocates Property Services costs away from Internal Support Services to the Housing program budget, we have included Property Services in this section of our analysis since we believe that the program will be amalgamated with existing programs in Mississauga, Brampton and Caledon and therefore some opportunity for amalgamation cost savings will exist.

Our analysis excludes capital financing costs from each program on the basis that such expenditures may not be typical or recurring and as such may distort normal expenditure levels. It should be noted that we have estimated property tax supported costs at 60% based on the Region's allocation policy.

	Good & Services (\$)	Salaries & Wages (\$)	Total Cost (\$)	Tax Supported (60%)
Executive and Council	1,397,697	1,787,431	3,185,128	1,911,077
Less: Estimate for Council			(1,655,329)	
Executive			1,529,799	917,879
Human Resources	1,412,745	3,088,722	4,501,467	2,700,880
Corporate Services	2,214,126	4,863,885	7,078,011	4,246,807
Corporate Finance	3,152,046	3,349,102	6,501,148	3,900,689
Accounting, Pchsg, Systems	2,382,116	3,829,265	6,211,381	3,726,829
Information Technology	3,785,515	5,821,644	9,607,159	5,764,295
Internal Audit	125,529	719,192	844,721	506,833
Property Services	3,074,516	3,006,113	6,080,629	3,648,377
Total Internal Support Services	17,544,290	23,465,354	42,354,315	25,412,589

The following table shows the distribution of the estimated property tax supported component of the 2003 Regional Internal Support Services budget to Mississauga, Brampton and Caledon. Existing Regional expenditures are shared on the basis of weighted assessment percentages. Upon restructuring we predict that internal support service costs incurred by each of the municipalities will more closely approximate population percentages. Assuming the creation of three single tier municipalities, we predict a minimum savings of 10% on these costs.

	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Existing share of Region's cost	16,690,988	7,275,624	1,445,976
Projected cost based on Pop'n %	15,750,081	8,362,389	1,300,119
Impact of cost re-apportionment	940,907	(1,086,765)	145,857
Predicted Savings at 10%	1,575,008	836,239	130,012
Restructuring Savings (Cost)	2,515,916	(250,526)	275,869

The total number of full time equivalent staff employed by the Internal Support Services functions listed above is approximately 368. Using the Region's allocation formula between property tax (60%) and rate supported (40%) programs, we calculate that approximately 220 full time equivalent staff provide service to property tax supported programs. Using our 10 percent savings prediction one might expect that approximately 22 Internal Support Service staff would become redundant upon restructuring. We point out however that to achieve our savings prediction, the number of staffing reductions would be lower since many of the redundant positions would be at the middle and upper management levels of the organization. Elimination of these higher level positions would generate better than average staff cost savings.

D-3 Roads

The roads maintenance function normally represents a significant opportunity for restructuring cost savings based on experiences in restructured municipalities and studies undertaken for municipalities considering restructuring.

Generally roads within the Region are two-tier in nature, that is, the Region maintains the regional roads and the local municipality maintains the local roads. We are aware that Mississauga maintains approximately 85 lane kilometres or 18% of the regional road system that exists within the City. We are advised that Mississauga and Brampton contract out between 60 – 70% of their road maintenance work. We are not aware of the extent of contracting out of road maintenance by the Region of Peel or the Town of Caledon.

The creation of three single tier municipalities and the movement to a one-tier road system would eliminate duplication that presently exists in the two-tier system. Opportunities for the elimination of redundant staff and equipment and the realization of cost savings resulting from the elimination of duplication through service route rationalization should present themselves immediately. Centralized fleet maintenance within each municipality, engineering, construction, bridge maintenance, purchasing and staff support will eliminate duplication that presently exists in the two-tier system.

Based on the above, we conservatively project annual road maintenance savings at 5%. The following table provides road maintenance expenditures incurred by each municipality. It should be noted that expenditures include only those incurred for salaries, wages, benefits, materials, services, rents and financial expenses as reported in the Financial Information Return for each municipality.

	Mississauga (\$)	Brampton (\$)	Caledon (\$)	Region (\$)	Total (\$)
Roadways					
Wages and benefits	17,709,266	8,779,260	2,180,663	3,315,185	31,984,374
Materials, services, etc	<u>11,904,997</u>	<u>7,172,415</u>	<u>2,990,536</u>	<u>4,207,488</u>	<u>26,275,436</u>
Total Roadways	29,614,263	15,951,675	5,171,199	7,522,673	58,259,810

Financial Report on the Transition of Mississauga to a Single Tier City

	Mississauga (\$)	Brampton (\$)	Caledon (\$)	Region (\$)	Total (\$)
Winter Control					
Wages and benefits	967,713	953,974	417,530	1,240,611	3,579,828
Materials, services, etc	<u>6,773,502</u>	<u>1,788,348</u>	<u>572,594</u>	<u>4,102,220</u>	<u>13,236,664</u>
Total Winter Control	7,741,215	2,742,322	990,124	5,342,831	16,816,492
Total Maintenance					
Wages and benefits	18,676,979	9,733,234	2,598,193	4,555,796	35,564,202
Materials, services, etc	<u>18,678,499</u>	<u>8,960,763</u>	<u>3,563,130</u>	<u>8,309,708</u>	<u>39,512,100</u>
Total Maintenance	37,355,478	18,693,997	6,161,323	12,865,504	75,076,302
Recov from other munic	(347,358)	(105,412)	0	(309,637)	(762,407)
Adjusted Total Mtce	37,008,120	18,588,585	6,161,323	12,555,867	74,313,895

Application of a 5% savings projection to adjusted total road maintenance costs results in annual road maintenance savings of \$3.716 million. It is assumed that such savings would be shared by the municipalities on the basis of total road length as measured by lane kilometres. The following provides best estimates of road length within each municipality and allocates the projected annual road maintenance savings on the basis of total road length.

	Mississauga	Brampton	Caledon	Total
Local Roads – Lane km	4,500	2,342	1,458	8,300
Regional Roads – Lane km	471	558	429	1,458
Local and Regional – Lane km	4,971	2,900	1,887	9,758
% of total road system	50.94%	29.72%	19.34%	100%
Apportionment of projected savings	\$1,892,880	\$1,104,275	\$718,540	\$3,715,695

Regional road costs are presently shared by lower tier municipalities on the basis of weighted assessment. The 2003 Region of Peel budget required a roads levy of \$27,075,302. The following table identifies the costs borne by each lower tier municipality based on the weighted assessment cost sharing formula and estimates actual costs to be borne by each single tier municipality. We have projected costs to be incurred by each municipality on the basis of the estimated amount of the regional road system located within each municipality as measured by lane kilometers.

	Mississauga	Brampton	Caledon	Total
Allocation based on weighted assessment	\$17,782,057	\$7,750,847	\$1,542,372	\$27,075,302
Regional Roads–Lane km	471 km	558 km	429 km	1,458 km
Regional Roads %	32.31%	38.27%	29.42%	100%
Allocation based on lane km	\$8,746,548	\$10,362,153	\$7,966,601	\$27,075,302
Savings (Cost) resulting from re-allocation	\$9,035,508	(\$2,611,306)	(\$6,424,230)	\$0

Combining projected restructuring savings with the predicted impacts of bearing actual costs of regional road maintenance upon restructuring results in the following impacts on each municipality.

	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Projected Restructuring Savings	\$1,892,880	\$1,104,275	\$718,540
Predicted Savings (Costs) based on actual costs as measured by lane km	\$9,035,508	(\$2,611,306)	(\$6,424,230)
Projected Savings (Cost)	\$10,928,388	(\$1,507,031)	(\$5,705,689)

Based on average public works staff compensation levels, we estimate that a reduction of approximately 30 to 35 full time equivalent staff would be necessary to achieve predicted savings. We point out however that the number of staffing reductions may be lower since many of the redundant positions would be at the middle and upper management levels.

D-4 Waste Management

The cost of the Waste Management program is allocated to lower tier municipalities on the basis of estimated waste volumes for the current year adjusted by the difference between the prior years estimated and actual tonnage amounts.

Upon municipal restructuring, each municipality would be responsible for funding waste management costs directly. Our analysis assumes that the total combined costs to be incurred by the three municipalities would be the same as those presently incurred by the Region and that costs presently assigned by the Region to local municipalities represent an accurate reflection of costs to be incurred following restructuring. Therefore we project no financial impact in this program area.

D-5 Planning

Section C-4 of this report identified the components and related costs of the Regional Planning program. Budgeted gross and net costs of the program for 2003 are shown below along with the amounts contributed by each municipality based on weighted assessment apportionment of the Planning levy.

Planning Program	Regional Levy (\$)	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Gross Program Cost	3,193,558	2,097,412	914,221	181,926
Fees and charges	(80,500)	(52,869)	(23,045)	(4,586)
Net Planning Levy	3,113,058	2,044,542	891,176	177,340

Financial Report on the Transition of Mississauga to a Single Tier City

Upon restructuring we predict that planning costs incurred by each of the municipalities will more closely approximate population percentages than weighted assessment distributions. Assuming the creation of three single tier municipalities, we predict a minimum savings of 10% on these costs. The following table combines the impact of planning cost re-allocations and projected restructuring savings and predicts the impact to each of the municipalities.

	Mississauga (\$)	Brampton (\$)	Caledon (\$)
Existing share of Region's cost	2,044,542	891,176	177,340
Projected cost based on Pop'n %	1,929,395	1,024,398	159,265
Impact of cost re-apportionment	115,147	(133,222)	18,074
Predicted Savings at 10%	192,939	102,440	15,927
Restructuring Savings (Cost)	308,087	(30,782)	34,001

The total number of full time equivalent staff employed by Regional Planning is 42. We estimate that approximately 3 or 4 Regional Planning staff would become redundant upon restructuring. We point out however that to achieve the savings prediction, the number of staffing reductions may be lower since the redundant positions would be at the middle and upper management levels of the organization. Elimination of these higher level positions would generate better than average staff cost savings.

D-6 TransHelp

Presently, the costs of TransHelp are recovered by the Region from lower tier municipalities on the basis of weighted assessment. Assuming the creation of three single tier municipalities, each municipality would be responsible for actual costs incurred based on usage of the service by their residents.

We have not been able to secure ridership statistics for the TransHelp program that would allow us to calculate municipal costs based on usage. We have therefore assumed that the number of trips as reported by the Region in the budget are proportionate to municipal populations. The following provides population statistics for each municipality, apportions the TransHelp costs on the basis of population percentages and projects the financial impact on each municipality.

	Mississauga	Brampton	Caledon	Total
Allocation based on weighted assessment	\$3,435,261	\$1,497,362	\$297,966	\$5,230,594
Population	612,925	325,428	50,595	988,948
Population %	61.98%	32.91%	5.12%	100%
Allocation based on population percentage	\$3,241,790	\$1,721,204	\$267,599	\$5,230,594
Savings (Cost) based on re-allocation	\$193,471	(\$223,842)	\$30,367	\$0

D-7 Children's Services

Presently, the costs of Children's Services are recovered by the Region from lower tier municipalities on the basis of weighted assessment. Assuming municipal restructuring, each municipality would be responsible for actual costs incurred based on services offered in their respective communities.

We have not been able to secure statistics for the Children's Services program that would allow us to calculate municipal costs based on services provided. Children's Services are provided to children aged 12 and under. Our analysis assumes that the services provided and related costs of such services would be proportionate to child population statistics. We note that the published census population for 2001 provides data for ages 0 to 4 which represents the predominant age group for program services. The following table provides child population statistics for each municipality, apportions Children's Services costs as budgeted in 2003 by the Region on the basis of child population percentage and projects the financial impact on each municipality.

	Mississauga	Brampton	Caledon	Total
Allocation based on weighted assessment	\$5,832,136	\$2,542,113	\$505,865	\$8,880,122
Child Pop'n (Age 0-4)	40,020	24,475	3,625	68,120
Population %	58.75%	35.93%	5.32%	100%
Allocation based on child population	\$5,217,006	\$3,190,561	\$472,555	\$8,880,122
Savings (Cost) based on re-allocation	\$615,129	(\$648,448)	\$33,310	\$0

D-8 Public Health

Presently, the costs of Public Health are recovered by the Region from lower tier municipalities on the basis of weighted assessment. Assuming municipal restructuring, each municipality would be responsible for actual costs incurred based on services offered in their respective communities.

We have not been able to secure information for the Health Services program that would allow us to calculate municipal costs based on services provided. In the absence of actual cost data for Mississauga, Brampton and Caledon the Region of Peel Public Health levy is apportioned between the 3 municipalities based on population percentages, it being noted that population is assumed to be the best available indicator of actual public health costs.

The following provides population statistics for each municipality, apportions Health Services costs as budgeted in 2003 by the Region on the basis of population percentage and projects the financial impact on each municipality.

Financial Report on the Transition of Mississauga to a Single Tier City

	Mississauga	Brampton	Caledon	Total
Allocation based on weighted assessment	\$9,424,135	\$4,107,794	\$817,426	\$14,349,370
Population	612,925	325,428	50,595	988,948
Population %	61.98%	32.91%	5.12%	100%
Allocation based on population	\$8,893,377	\$4,721,873	\$734,120	\$14,349,370
Savings (Cost) based on re-allocation	\$530,758	(\$614,079)	\$83,306	\$0

D-9 Long-Term Care

Presently, the costs of Long-Term Care are recovered by the Region from lower tier municipalities on the basis of weighted assessment. Assuming municipal restructuring, each municipality would be responsible for actual costs incurred based on services offered in their respective communities.

The 2003 Peel Business Plan identifies the following gross expenditures for each of the Region's regional long-term care facilities. We have also provided the percentage of total expenditures attributable to each facility.

Facility Name	Location	Gross Budget (\$)	% of Budget (%)
Peel Manor	Brampton	10,231,008	26.94
Sheridan Villa	Mississauga	13,384,471	35.25
Davis Centre	Caledon	4,121,979	10.85
Malton Village	Mississauga	5,117,110	13.47
Tall Pines	Brampton	5,120,652	13.48
Totals		37,975,220	100.00

Based on the above we estimate that 48.47% of existing net long-term care costs would be borne by Mississauga, 40.42% by Brampton and 10.85% by Caledon. The following table provides a comparison of the existing long-term care levy apportionment to the predicted actual net cost to each municipality following restructuring and projects the financial impact on each municipality.

	Mississauga	Brampton	Caledon	Total
Allocation based on weighted assessment	\$8,500,208	\$3,705,075	\$737,292	\$12,942,575
Predicted Cost %	48.73%	40.42%	10.85%	100.00%
Allocation based on predicted actual cost	\$6,306,917	\$5,231,389	\$1,404,269	\$12,942,575
Savings (Cost) based on re-allocation	\$2,193,291	(\$1,526,314)	(\$666,977)	\$0

Financial Report on the Transition of Mississauga to a Single Tier City

It is important to note that the 2003 regional budget for long-term care includes operating revenues and expenditures for the two new facilities based on projected opening dates of August 1, 2003. We have projected annualized costs for each of the new facilities and note that once the full years net costs are in place, the sharing percentages would become approximately 49%, 44% and 7% for Mississauga, Brampton and Caledon respectively. Furthermore, we predict the following financial impacts based on annualized costs for the two new facilities.

	Mississauga	Brampton	Caledon	Total
Predicted Cost % assuming annualized costs for new facilities	49%	44%	7%	100%
Savings (Cost) based on re-allocation	\$2,924,185	(\$2,668,641)	(\$255,544)	\$0

D-10 Housing Policy and Program

Presently, the costs of Housing Policy and Program are recovered by the Region from lower tier municipalities on the basis of weighted assessment. Assuming municipal restructuring, each municipality would be responsible for actual costs incurred based on services offered in their respective communities.

We have not been able to secure information for the program that would allow us to calculate municipal costs based on the location of housing units and their related costs. In the absence of actual cost data for Mississauga, Brampton and Caledon the Region of Peel Social Housing levy is apportioned between the 3 municipalities based on population percentages, it being noted that population is assumed to be the best available indicator of actual social housing costs.

The following provides population statistics for each municipality, apportions Housing Policy and Program costs as budgeted in 2003 by the Region on the basis of population percentage and projects the financial impact on each municipality.

	Mississauga	Brampton	Caledon	Total
Allocation based on weighted assessment	\$42,836,053	\$18,671,388	\$3,715,493	\$65,223,000
Population	612,925	325,428	50,595	988,948
Population %	61.98%	32.91%	5.12%	100%
Allocation based on population	\$40,423,569	\$21,462,595	\$3,336,836	\$65,223,000
Savings (Cost) based on re-allocation	\$2,412,485	(\$2,791,207)	\$378,657	\$0

D-11 Heritage

Presently, the costs of the Heritage program are recovered by the Region from lower tier municipalities on the basis of weighted assessment. Assuming municipal restructuring, each municipality would be responsible for actual costs incurred based on services provided in their respective communities.

The Peel Heritage Complex is located in Brampton however is operated and funded by the Region. Each lower tier municipality shares the cost of the Heritage program based on weighted assessment regardless of usage by their respective residents. Assuming municipal restructuring, each municipality would need to assess the value of ongoing financial support of Heritage programs to their residents/taxpayers. For the purpose of this analysis we have assumed the cost of the Heritage program would continue to be shared by municipalities on the basis of weighted assessment.

D-12 Ambulance and Emergency Programs

Presently, the costs of Ambulance and Emergency Programs are recovered by the Region from lower tier municipalities on the basis of weighted assessment. Assuming municipal restructuring, each municipality would be responsible for actual costs incurred based on services provided in their respective communities.

Each municipality would become responsible for ambulance, 9-1-1, fire co-ordination and emergency planning activities presently undertaken at the regional level. In the City of Mississauga we would expect that this program would fall under the jurisdiction of the Community Services Department which presently contains the Fire and Emergency Services function. Although not projected in this analysis, possible operational and administrative savings could be realized through the consolidation of these functions.

We have secured statistics for actual ambulance service calls in 2002. For the purpose of this analysis we have estimated the net regional levy for ambulance services and assumed that related costs are directly related to the number of calls. For 9-1-1 service and emergency measures we have assumed that actual costs to each municipality would be more closely matched to the population percentage than to weighted assessment percentages. The following provides call data and population statistics for each municipality, apportions Ambulance and Emergency Program costs as budgeted in 2003 by the Region and projects the financial impact on each municipality.

Total Regional Levy for Ambulance and Emergency Programs

	Mississauga	Brampton	Caledon	Total
Allocation based on weighted assessment	\$10,436,718	\$4,549,159	\$905,255	\$15,891,148
Less: Estimate for 9-1-1 and Emerg Measures	\$656,763	\$286,270	\$56,966	\$1,000,000
Ambulance Services	\$9,779,955	\$4,262,889	\$848,289	\$14,891,148

Ambulance Services

Allocation based on weighted assessment	\$9,779,955	\$4,262,889	\$848,289	\$14,891,148
Number of Calls	54,632	30,950	6,469	92,051
Call %	59.35%	33.62%	7.03%	100.00%
Allocation based on calls %	\$8,837,853	\$5,006,801	\$1,046,494	\$14,891,148
Savings (Cost) based on re-allocation	\$942,102	(\$743,912)	\$198,205	\$0

9-1-1 / Emergency Measures

Allocation based on weighted assessment	\$656,763	\$286,270	\$56,966	\$1,000,000
Population	612,925	325,428	50,595	988,948
Population %	61.98%	32.91%	5.12%	100%
Allocation based on population	\$619,775	\$329,065	\$51,160	\$1,000,000
Savings (Cost) based on re-allocation	\$36,988	(\$42,795)	\$5,806	\$0

Total Ambulance and Emergency Programs

Savings (Cost) based on re-allocation	\$979,090	(\$786,707)	(\$192,399)	\$0
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D-13 Non-Program - Other

Presently, the revenues and expenditures included within the Non-Program activity of the Region are levied to lower tier municipalities on the basis of weighted assessment. Assuming municipal restructuring, each municipality would be responsible for and would be in receipt of actual costs and revenues incurred/received for items included within this program.

Non-Program tax supported items include contributions to reserves, corporate overhead allocation, debenture interest expense, interest income earned, net supplementary taxes and payments in lieu of taxes.

For the purposes of this analysis, with the exception of payments in lieu of taxes, we have assumed the proportionate costs and revenues related to each item to be generally reflective of costs and revenues to be incurred/received by each municipality in the absence of the Region. Assuming municipal restructuring, each municipality would retain the portion of payments in lieu of tax revenues that are presently remitted to the Region.

The following provides the existing apportionment of payment in lieu of tax revenues remitted by lower tier municipalities to the Region. We have calculated percentages

Financial Report on the Transition of Mississauga to a Single Tier City

based on actual tax amounts generated within each lower tier municipality as reported in the 2001 Financial Information Returns. Our prediction for financial impact on each municipality represents the difference between amounts shared based on weighted assessment apportionment and projected revenues based on actual 2001 apportionments.

Payments in lieu of Taxes Remitted to the Region

Allocation based on weighted assessment	\$6,541,359	\$2,851,249	\$567,381	\$9,960,000
Actual PIL's generated (\$)	\$7,519,981	\$1,687,856	\$96,721	\$9,304,558
Actual PIL's generated (%)	80.82%	18.14%	1.04%	100.00%
Allocation based on actual PIL's generated	\$8,049,712	\$1,806,754	\$103,534	\$9,960,000
Savings (Cost) based on re-allocation	\$1,508,352	(\$1,044,495)	(\$463,847)	\$0

D-14 Ontario Works

Presently, the costs of Ontario Works are recovered by the Region from lower tier municipalities on the basis of weighted assessment. Assuming municipal restructuring, each municipality would be responsible for actual costs incurred based on services offered in their respective communities.

We have not been able to secure information for the Ontario Works program that would allow us to calculate municipal costs based on services provided. In the absence of actual cost data for Mississauga, Brampton and Caledon the Region of Peel Ontario Works levy is apportioned between the 3 municipalities based on population percentages, it being noted that population is assumed to be the best available indicator of actual Ontario Works costs.

The following provides population statistics for each municipality, apportions Ontario Works costs as budgeted in 2003 by the Region on the basis of population percentage and projects the financial impact on each municipality.

	Mississauga	Brampton	Caledon	Total
Allocation – Assmt	\$36,004,077	\$15,693,465	\$3,122,905	\$54,820,502
Population	612,925	325,428	50,595	988,948
Population %	61.98%	32.91%	5.12%	100%
Allocation - population	\$33,976,363	\$18,039,499	\$2,804,640	\$54,820,502
Savings (Cost) based on re-allocation	\$2,027,714	(\$2,346,034)	\$318,265	\$0

D-15 Policing

The Town of Caledon presently receives policing services from the O.P.P. on a contractual basis. Policing costs for Caledon are not predicted to change following restructuring.

Financial Report on the Transition of Mississauga to a Single Tier City

The costs of the Peel regional police are recovered by the Region from Mississauga (69.64%) and Brampton (30.36%) on the basis of weighted assessment. Following municipal restructuring, each municipality would be responsible for actual costs incurred based on services provided in their respective communities.

Each municipality would become responsible for contracting or providing direct delivery of policing services. Police services may continue to be operated jointly by the municipalities or alternatively may be delivered independently by each municipality. For the purpose of this analysis we have assumed that the total costs related to policing in Mississauga and Brampton would be the same as those presently incurred by the Region, however specific costs to each municipality would be more closely matched to population percentages than to weighted assessment percentages. The following provides population statistics for each municipality, apportions policing program costs as budgeted in 2003 by the Region on the basis of population percentage and projects the financial impact on each municipality.

	Mississauga	Brampton	Total
Allocation based on weighted assessment	\$120,898,368	\$52,697,188	\$173,595,556
Population	612,925	325,428	938,353
Population %	65.32%	34.68%	100%
Allocation based on population	\$113,391,289	\$60,204,267	\$173,595,556
Savings (Cost) based on re-allocation	\$7,507,079	(\$7,507,079)	\$0

D-16 Conservation Authorities

Presently, Conservation Authority costs charged to the Region are recovered by the Region from lower tier municipalities on the basis of weighted assessment. Following municipal restructuring, each municipality would become directly responsible for costs levied by Conservation Authorities having jurisdiction within their respective communities.

Conservation Authority costs are apportioned to municipalities based on discounted equalized assessment in the watershed. Capital costs are charged on the same basis where there is a watershed-wide benefit. Some capital projects may be considered to benefit only specific municipalities and may be charged directly to the benefiting municipality.

We have contacted the Halton Region, Toronto and Region and Credit Valley Conservation Authorities and have secured information that allows us to directly apportion costs to Mississauga, Brampton and Caledon based on the discounted equalized assessment of each municipality located within the watershed of each Authority.

Financial Report on the Transition of Mississauga to a Single Tier City

The following series of tables identifies existing cost allocations based on weighted assessment percentages made by the Region for each Conservation Authority. For each of the Conservation Authorities we have provided the percentage of discounted equalized assessment within each municipality and have re-allocated costs on that basis. Our prediction for financial impact on each municipality represents the difference between amounts shared based on weighted assessment apportionment by the Region of Peel and projected costs based on actual discounted equalized assessment percentages of each municipality within the watershed of each Conservation Authority. The Regional budget includes capital financing of \$498,000 and a \$1.4 million recovery from water and wastewater programs. Without specific knowledge of which Authority such amounts relate, we have allocated the amounts to each of the municipalities based on average predicted apportionments.

Halton Region Conservation Authority

	Mississauga	Brampton	Caledon	Total
Allocation based on weighted assessment	\$125,272	\$54,603	\$10,866	\$190,741
Percentage of Assessment within watershed area	100%	0%	0%	100%
Allocation based on Assmt within watershed area	\$190,741	\$0	\$0	\$190,741
Savings (Cost) based on re-allocation	(\$65,469)	\$54,603	\$10,866	\$0

Credit Valley Conservation

	Mississauga	Brampton	Caledon	Total
Allocation based on weighted assessment	\$1,642,834	\$716,079	\$142,495	\$2,501,410
Percentage of Assessment within watershed area	77.96%	17.99%	4.06%	100%
Allocation based on Assmt within watershed area	\$1,950,000	\$449,932	\$101,478	\$2,501,410
Savings (Cost) based on re-allocation	(\$307,166)	\$266,146	\$41,017	\$0

Toronto & Region Conservation Authority

	Mississauga	Brampton	Caledon	Total
Allocation based on weighted assessment	\$661,563	\$288,362	\$57,382	\$1,007,308
Percentage of Assessment within watershed area	53.43%	40.08%	6.49%	100%
Allocation based on Assmt within watershed area	\$538,248	\$403,702	\$65,358	\$1,007,308
Savings (Cost) based on re-allocation	\$123,314	(\$115,340)	(\$7,976)	\$0

Recovery from Water/Wastewater net of Capital Financing

	Mississauga	Brampton	Caledon	Total
Allocation based on weighted assessment	(\$592,400)	(\$258,216)	(\$51,383)	(\$902,000)
Average allocation of combined CA's	72.42%	23.07%	4.51%	100%
Allocation based on avg	(\$653,190)	(\$208,133)	(\$40,678)	(\$902,000)
Savings (Cost) based on re-allocation	\$60,789	(\$50,083)	(\$10,705)	\$0

Total Projected Financial Impact

	Mississauga	Brampton	Caledon
Total Savings (Cost) based on re-allocation	(\$188,532)	\$155,327	\$33,202

D-17 Assessment Services

Presently, the costs of Assessment Services as provided by the Municipal Property Assessment Corporation (MPAC) are recovered by the Region from lower tier municipalities on the basis of weighted assessment. Following municipal restructuring, each municipality would be responsible for actual costs based on services provided by MPAC in their respective communities.

MPAC recovers its costs from municipalities on the basis of the municipality's demand for services and the municipality's ability to pay. Municipal demand for services is measured by the total number of properties set out in the assessment roll. Ability to pay is measured by the total assessment (unweighted) in the municipality. The average of these two factors is then applied to MPAC's cost to determine each municipality's share of such costs.

The following table identifies existing cost allocations based on weighted assessment percentages as levied by the Region for Assessment Services. It also identifies assessment and property statistics for each municipality and re-allocates existing costs to each municipality on the basis of the prescribed formula utilized by MPAC. It is noted that this information was obtained directly from MPAC officials and is believed to be accurate for the purposes of our analysis. Our prediction for financial impact on each municipality represents the difference between amounts shared based on weighted assessment apportionment and projected costs based on the application of MPAC's cost sharing formula.

	Mississauga	Brampton	Caledon	Total
Allocation based on weighted assessment	\$7,364,185	\$3,209,903	\$638,751	\$11,212,850

Financial Report on the Transition of Mississauga to a Single Tier City

	Mississauga	Brampton	Caledon	Total
Assessment (\$000's)	65,374,912	28,795,924	6,023,558	100,194,394
Assessment percentage	65.25%	28.74%	6.01%	100%
Properties on roll - #	177,384	99,906	19,532	296,822
Properties percentage	59.76%	33.66%	6.58%	100%
Average of Assmt % and Properties %	62.50%	31.20%	6.30%	
Allocation based on MPAC formula	\$7,008,544	\$3,498,331	\$705,975	\$11,212,850
Savings (Cost) based on re-allocation	\$355,641	(\$288,429)	(\$67,224)	\$0

D-18 GO Transit

The Ontario Government announced on September 27, 2001, that the province was taking back responsibility for GO Transit from the GTA municipalities and the City of Hamilton. In 2002, the Region of Peel continued to levy an amount of \$4.4 million to fund the Region's share of the GO Transit 10-year growth/enhancement capital plan. In 2003 the Region's budget includes a levy of \$2 million for this purpose. The Regional levy is raised from Mississauga, Brampton and Caledon based on weighted assessment percentages.

GO Transit staff have provided an estimate of cost apportionment if the cost apportionment formula were applied directly to Mississauga, Brampton and Caledon. They estimate that Mississauga, Brampton and Caledon would share costs at 75 – 80%, 20 – 25% and 1% respectively if they were billed directly. Our analysis assumes funding responsibilities of 77%, 22% and 1% for Mississauga, Brampton and Caledon respectively.

The following table identifies existing cost allocations based on weighted assessment percentages made by the Region for GO Transit. It also identifies estimated cost sharing percentages and amounts related to each municipality on the basis of information provided by GO Transit. Our prediction for financial impact on each municipality represents the difference between amounts shared based on weighted assessment apportionment and projected costs based on GO Transit's estimated sharing percentages. It is important to note that a great deal of uncertainty presently exists with respect to the future of GO Transit costs.

	Mississauga	Brampton	Caledon	Total
Allocation based on weighted assessment	\$1,313,722	\$572,625	\$113,949	\$2,000,298
GO Transit estimate	77.00%	22.00%	1.00%	100%

	Mississauga	Brampton	Caledon	Total
Allocation based on GO Transit estimate	\$1,540,229	\$440,066	\$20,003	\$2,000,298
Savings (Cost) based on re-allocation	(\$226,508)	\$132,560	\$93,946	\$0

D-19 GTA Pooling

Our analysis assumes that upon restructuring each municipality's contribution towards GTA Pooling costs will be based on weighted assessment. As such no restructuring impact is predicted.

D-20 Summary of Projected Restructuring Savings and Cost Re-apportionment Impacts Resulting from the Creation of 3 Single Tier Municipalities

The following provides a summary of combined projected restructuring savings and cost re-apportionment impacts predicted assuming the creation of three single tier municipalities. It should be noted that such impacts relate to the property tax levies of each of the respective municipalities. We believe our predictions of financial impact to be realistic, however wish to point out that the final outcomes will be directly dependant upon the decisions of municipal councils and administrations.

Summary of Savings (Additional Costs)

Program	Mississauga (\$000's)	Brampton (\$000's)	Caledon (\$000's)
Elected Officials	164	(16)	18
Administration	2,516	(251)	276
Roads	10,928	(1,507)	(5,706)
Waste Management	0	0	0
Planning	308	(31)	34
TransHelp	193	(224)	30
Children's Services	615	(648)	33
Public Health	531	(614)	83
Long Term Care	2,193	(1,526)	(667)
Housing Policy and Program	2,412	(2,791)	379
Heritage	0	0	0
Ambulance and Emergency Programs	979	(787)	(192)
Non-Program – Tax Supported	1,508	(1,044)	(464)
Ontario Works	2,028	(2,346)	318
Peel Regional Policing	7,507	(7,507)	0
Conservation Authorities	(189)	155	33

Program	Mississauga (\$000's)	Brampton (\$000's)	Caledon (\$000's)
Assessment Services	356	(288)	(67)
GO Transit	(227)	133	94
GTA Pooling	0	0	0
Total Projected Impact – Savings (Cost)	31,822	(19,292)	(5,798)

E. REGION OF PEEL CAPITAL BUDGET AND SOURCES OF FUNDING

The Region of Peel Capital budget projects gross expenditures of \$724.3 million, of which \$451 million (62.3 percent) is utility rate supported and \$273.3 million (37.7 percent) is tax supported.

2003 Capital expenditures are funded from reserves (52.5 percent), development charges (36.7 percent) and other external sources (10.8 percent). Similar to operating expenditures, capital expenditures for utility rate supported programs (water and wastewater) are funded directly by the users of the services based on consumption. Property tax supported functions are predominantly funded from development charges where the capital expenditure is growth related or, alternatively from Regional Reserves and Reserve Funds. With the exception of Waste Management, Region of Peel Reserves and Reserve Funds have been funded from lower tier municipalities through the annual levy process. As such, Regional Reserves and Reserve Funds have been funded by lower tier municipalities based on their historical weighted assessment sharing percentages.

The property tax supported component of the capital budget is provided below.

	Dev Chgs (\$000's)	Reserves (\$000's)	External (\$000's)	Total (\$000's)
Internal Support-Public Works	0	4,206	0	4,206
Corporate IT	0	4,150	0	4,150
Corporate Services	0	208	0	208
Meter and Revenue Services	0	250	0	250
Payroll, Pchsg, Acctg, Systems	0	2,070	0	2,070
Corporate Finance	0	875	0	875
Executive and Council	0	1,100	0	1,100
Property Services	0	43,644	0	43,644
Roads	55,918	27,312	4,397	87,627
Waste Management	0	76,075	0	76,075
Children's Services	0	1,391	0	1,391
Ambulance/Emergency Services	1,720	1,149	0	2,869
Planning	493	225	0	718
Housing	0	9,710	6,473	16,183
Public Health	1,100	500	0	1,600

Financial Report on the Transition of Mississauga to a Single Tier City

	Dev Chgs (\$000's)	Reserves (\$000's)	External (\$000's)	Total (\$000's)
TransHelp	57	385	120	562
Long-Term Care	0	1,200	0	1,200
Heritage	0	571	0	571
Total (\$)	61,953	199,520	11,854	273,327
Total (%)	22.67%	73.00%	4.33%	100.00%

We have reviewed the Region's 2003-2012 Capital Forecast. The Forecast calls for property tax supported capital expenditures of \$1 billion. Funding sources identified are development charges (27 percent), reserves (69 percent) and external (4 percent). 2003 highlights include the following.

The Property Services capital budget provides funding in 2003 for the construction of a Peel Joint Use Facility at a cost of \$42 million. This project provides for further consolidation of existing lease spaces into a central regional facility, comprising a new office tower of 150,000 square feet on lands adjacent to 10 Peel Centre Drive.

The Information Technology capital plan includes expenditures for capital totaling \$33 million over the next 10 years and contributions to a capital reserve of \$9.5 million over the same period.

The Roads capital budget for 2003 of approximately \$88 million identifies funding sources from development charges (64 percent), reserves (31 percent) and external sources (5 percent).

The Waste Management capital budget for 2003 of approximately \$76 million will be fully funded from reserves.

The Housing Policy and Program 2003 Capital Budget identifies \$16.2 million in capital expenditures for Affordable Housing Initiatives. Included in the forecast are the following major projects:

- Ø Youth Village, a 48 unit affordable housing rental project in Mississauga at a cost of \$6,994,000
- Ø Manor Gate, a 55 unit affordable residential efficiency apartment rental project in Brampton at a cost of \$4,823,000
- Ø Britannia Place, a 22 unit family transition housing project in Mississauga at a cost of \$4,116,000

The Region's capital expenditures have historically been financed from Development Charge Reserve Funds and Capital Reserves and Reserve Funds. Since the funding of such Regional Reserves and Reserve Funds is generated largely from the municipality where growth is occurring (development charges) and the municipality having the highest

weighted assessment (regional levy contribution formula) we can reasonably conclude that the high growth municipality within the Region has and will continue to contribute its fair share towards capital expenditures incurred by the Region. However we believe that is important for each single tier municipality as proposed in this restructuring scenario to recognize the significant future capital costs associated with the renewal of deteriorating municipal infrastructures presently attended to by the Region. For example, a single tier City of Mississauga will become responsible for the Regional infrastructure located within the City boundary, an infrastructure that will require more immediate attention due to its age. Although each single tier municipality will be entitled to a share of Regional Reserves and Reserve Funds to assist in funding these types of expenditures, the inability to fund such costs from development charge levies will place additional pressure on property tax rates.

F. PROJECTED PROPERTY TAX IMPACTS

F-1 Existing Property Taxes

Exhibit F-1 identifies the municipal property tax paid in 2003 on a residential property in each municipality based on a \$250,000 current value assessment. It is noted that the municipal property tax represents the combined impact of the Regional tax and the lower tier municipal property tax. Education taxes are excluded from this analysis.

Exhibit F-1

Actual 2003 municipal property tax on a residential property assessed at \$250,000

Municipality	Municipal Property tax
Mississauga	\$1,997
Brampton	\$2,390
Caledon	\$1,836

F-2 Restated Property Taxes

The Town of Caledon recovers a portion of waste management costs as levied by the Region by applying a per household charge. Mississauga and Brampton recover waste management costs in the property tax as part of the upper tier levy and property tax calculation. For the purposes of comparison, we have restated Caledon municipal property taxes to reflect the inclusion of all waste management costs in the tax levy. Restated 2003 municipal property taxes on a \$250,000 residential property are shown in Exhibit F-2.

Exhibit F-2

Restated 2003 municipal property tax on a residential property assessed at \$250,000

Municipality	Municipal Property tax
Mississauga	\$1,997
Brampton	\$2,390
Caledon	\$1,877

F-3 Projected Property Taxes

Section D projected the financial impacts of restructuring on each of the municipalities. The projected impacts represent potential annual adjustments to the municipal tax levy of each municipality. For the purpose of projecting these levy impacts on municipal property taxes we have assumed that the full adjustment would impact property taxes. It is important to recognize that the realization of our projected impacts are fully dependent upon decisions made by the respective municipal councils and administrations.

Based on estimated savings of \$31.8 million to Mississauga, and additional costs of \$19.3 million to Brampton and \$5.8 million to Caledon we estimate the following municipal property tax impacts to each of the municipalities based on 2003 restated tax levels. Tax impacts as provided relate to a residential property having a current value assessment of \$250,000. Projected changes are stated in both dollar and percentage terms. The same percentage changes identified for each municipality would apply to all property tax classes within that municipality.

Exhibit F-3

Projected municipal property tax impact on a residential property assessed at \$250,000

Municipality	Restated Tax (\$)	Projected Tax (\$)	Projected Change (\$)	Projected Change (%)
Mississauga	\$1,997	\$1,878	(\$119)	(5.97%)
Brampton	\$2,390	\$2,556	\$166	6.94%
Caledon	\$1,877	\$2,127	\$250	13.30%

F-4 Projected Property Taxes Using Greater Savings Projections for General Administration and Planning

Our projections for restructuring savings and property tax impacts were developed based on conservative estimates for savings (10%) in council, general administrative and planning functions of the Region.

In order to assess the impacts of greater savings in the council, general administrative and planning functions we have provided the following table, which assumes consolidation savings of 15%, 20% and 25% on regional budgets.

Exhibit F-4

Projected municipal property tax impact on a residential property assessed at \$250,000 assuming 15% savings in council, administration and planning

Municipality	Restated Tax (\$)	Projected Tax (\$)	Projected Change (\$)	Projected Change (%)
Mississauga	\$1,997	\$1,874	(\$123)	(6.14%)
Brampton	\$2,390	\$2,552	\$162	6.76%
Caledon	\$1,877	\$2,124	\$247	13.12%

Projected municipal property tax impact on a residential property assessed at \$250,000 assuming 20% savings in council, administration and planning

Municipality	Restated Tax (\$)	Projected Tax (\$)	Projected Change (\$)	Projected Change (%)
Mississauga	\$1,997	\$1,871	(\$126)	(6.32%)
Brampton	\$2,390	\$2,548	\$158	6.58%
Caledon	\$1,877	\$2,120	\$243	12.94%

Projected municipal property tax impact on a residential property assessed at \$250,000 assuming 25% savings in council, administration and planning

Municipality	Restated Tax (\$)	Projected Tax (\$)	Projected Change (\$)	Projected Change (%)
Mississauga	\$1,997	\$1,867	(\$130)	(6.49%)
Brampton	\$2,390	\$2,543	\$153	6.40%
Caledon	\$1,877	\$2,117	\$240	12.76%

In every restructuring study, municipal property taxes for some of the affected municipalities increase while others decrease. This tax shift generally occurs due to changes in the basis of sharing municipal costs and municipal property assessment. Those municipalities projected to experience tax increases will often oppose the restructuring plan based on unfair and inequitable tax increases. Their opposition stems from their assumption that the current distribution of taxes across municipalities is fair. We point out however that the current distribution of taxes is not always fair. For example, where residents currently benefit from services provided by neighbouring municipalities; or where the method of funding upper tier municipal services is not reflective of service levels, needs or levels of usage by the lower tier municipality the current distribution of taxes is probably unfair and inequitable. In our opinion, restructuring will assist in correcting these inequities.

F-5 Financial and Property Tax Impacts Predicted in 10 Years Assuming Municipal Population and Assessment Growth

Although the majority of population and assessment growth in the Region of Peel since its inception in 1974 has been in the City of Mississauga, it is predicted that the City of Brampton will lead the way in growth over the next 10 years and beyond.

Mississauga staff has provided the following predictions for population, assessment and road length for the year 2013.

**Exhibit F-5
Predictions of Population, Assessment and Road Length for 2013**

Statistic	Mississauga	Brampton	Caledon
Population	689,000	479,000	62,000
Population Percentage	56.02%	38.94%	5.04%
Weighted assessment (\$000's)	214,427	120,917	22,401
Weighted assessment Percentage	59.94%	33.80%	6.26%
Regional Roads (lane km)	490	662	429
Regional Roads Percentage	30.99%	41.87%	27.13%

In order to project financial impacts of restructuring in the year 2013 we have applied the staff predictions for population, assessment and road length for 2013 to the 2003 Regional levy. Based on the same methodology used previously in this Report to project restructuring savings (10% consolidation savings on council, general administration and planning) and cost re-apportionment of Regional programs, we predict the following impacts to each municipality.

**Exhibit F-6
Summary of Savings (Additional Costs) Assuming 2013 Predictions for Population, Assessment and Road Length**

Program	Mississauga (\$000's)	Brampton (\$000's)	Caledon (\$000's)
Elected Officials	158	(21)	29
Administration	2,421	(318)	438
Roads	9,634	(965)	(4,953)
Planning	296	(39)	54
TransHelp	205	(269)	64
Children's Services	348	(457)	108
Public Health	563	(738)	175
Long Term Care	1,909	(1,753)	(156)
Housing Policy and Program	2,559	(3,354)	795

Financial Report on the Transition of Mississauga to a Single Tier City

Program	Mississauga (\$000's)	Brampton (\$000's)	Caledon (\$000's)
Heritage	-	-	-
Ambulance and Emergency Programs	127	(25)	(102)
Non-Program – Tax Supported	2,080	(1,560)	(520)
Ontario Works	2,151	(2,819)	668
Peel Regional Policing	8,593	(8,593)	-
Conservation Authorities	(349)	300	49
Assessment Services	220	(288)	68
GO Transit	(341)	236	105
GTA Pooling	-	-	-
Total Projected Impact – Savings (Cost)	30,574	(20,663)	(3,178)

Applying these financial impacts to the 2003 property tax levy would result in the following impacts on a residential property having a current value assessment of \$250,000.

Exhibit F-7

Projected municipal property tax impact on a residential property assessed at \$250,000

Municipality	Restated Tax (\$)	Projected Tax (\$)	Projected Change (\$)	Projected Change (%)
Mississauga	\$1,997	\$1,883	(\$114)	(5.73%)
Brampton	\$2,390	\$2,568	\$178	7.43%
Caledon	\$1,877	\$2,014	\$137	7.29%

G. REGIONAL RESERVES AND RESERVE FUNDS

The Region of Peel 2003 Budget lists the following Reserve and Reserve Fund balances as at December 31, 2002. We note that all Reserve Funds are identified as being growth related whereas all Reserves are identified as being non-growth related.

Regional Reserves are identified by program and purpose. The four purposes are described as Capital Construction, Stabilization, Vehicle and Equipment Replacement, and Building Replacement.

**Reserves as at December 31, 2002
(Non-Growth Related)**

Program	Capital Constr'n (\$000's)	Stabiliz'n (\$000's)	Vehicle & Equip Rep (\$000's)	Building Replacem't (\$000's)	Total Program (\$000's)
Roads	66,025	2,311	5,693	1,496	75,525
Waste Management	205,698	29,738	347	36,520	272,303

Financial Report on the Transition of Mississauga to a Single Tier City

Program	Capital Constr'n (\$000's)	Stabiliz'n (\$000's)	Vehicle & Equip Rep (\$000's)	Building Replacem (\$000's)	Total Program (\$000's)
Planning	0	1,671	0	0	1,671
Long Term Care	(544)	4,028	2,912	41,266	47,662
TransHelp	0	0	1,418	437	1,855
Children's Services	0	0	0	2,970	2,970
Public Health	0	2,093	130	0	2,223
Housing	0	20,608	0	10,587	31,195
Heritage	0	129	0	1,111	1,240
Emergency Programs	0	0	848	0	848
Police – Peel Regional	(107)	9,453	75,900	0	85,246
Police – OPP	0	2,183	0	0	2,183
Ontario Works	0	38,210	0	0	38,210
Conservation	4,904	0	0	0	4,904
GO Transit	31,045	0	0	0	31,045
Ambulance	0	2,417	0	0	2,417
Hospitals	65,581	0	0	0	65,581
Water	90,300	31,324	16,334	9,930	147,888
Wastewater	202,079	14,160	0	154	216,393
Internal Support	17,183	92,761	19,400	4,410	133,754
Balance Dec 31, 2002	682,164	251,086	122,982	108,881	1,165,113

**Reserve Funds as at December 31, 2002
(Growth Related)**

Program	Balance December 31 (\$000's)
Roads	60,233
Planning	(105)
Long Term Care	(7,060)
TransHelp	277
Public Health	1,667
Police – Peel Regional	5,468
Police – OPP	451
GO Transit	3,145
Ambulance	205
Water	22,924
Wastewater	103,650
Balance as at December 31, 2002	190,855

Upon municipal restructuring, all of the existing Regional Reserves and Reserve Funds require distribution to Mississauga, Brampton and Caledon. The basis for such

distribution will require detailed analysis in order to provide for a logical and equitable resolution. We do not have sufficient information regarding individual reserves and reserve funds held by the Region to allow us to undertake a detailed analysis. We provide the following general comments with respect to the distribution of Regional Reserves and Reserve Funds.

G-1 Reserve Funds – Growth Related

We assume that growth related Reserve Funds held by the Region have been established to fund (fully or partially) growth related capital expenditures to be incurred by the Region. Such Reserve Funds have presumably been established to ensure that the general taxpayer is not financially disadvantaged by capital expenditures required to service growth. We expect that Fund balances have been built via development charges levied against developers in each of the municipalities as building permits are issued by the lower tier municipality.

One approach that could be taken by the municipalities in order to rationalize the distribution of existing Funds might be to track the origin of levies which have contributed to the existing Fund balances. Percentages could be applied to each of the Funds based on contributions in order to establish amounts that each municipality should be entitled to. Alternatively, municipalities could take the position that capital projects to be undertaken as set out in the development charges study should be the basis upon which existing Fund balances should be distributed. This approach would require an identification of planned capital projects to be funded from the Reserve Fund as well as the timing of project initiation and the amount presently existing in the Fund to finance the project.

Clearly, the distribution of Regional Growth Related Reserve Funds will be the subject of some debate between the 3 municipalities.

G-2 Reserves – Non-Growth

Roads Reserve

We are not aware of the purpose of the Roads Reserve or the projects planned to be funded from the Reserve.

Contributions to the Reserve are likely to have been raised by the Region through the annual roads levy as part of the normal cost sharing formula based on weighted assessment. Over the past 5 years, sharing percentages have been as follows.

History of Regional Roads Levy Apportionment

Roads Levy	Mississauga Cost Sharing (%)	Brampton Cost Sharing (%)	Caledon Cost Sharing (%)
1999	66.989	27.233	5.778
2000	66.582	27.604	5.814
2001	66.188	28.101	5.711
2002	65.897	28.404	5.699
2003	65.676	28.627	5.697

In order to determine the distribution of the Reserve, municipalities should consider the following items:

- Source of contributions to the existing Reserve balance
- Projects identified to be funded from the Reserve and related amounts

Waste Management Reserve

The Waste Management Reserve was presumably established for the purpose of funding the expansion of existing landfill sites or the development of new landfill sites to meet the Region's needs for waste disposal. In addition we expect that some funds have been earmarked as contingencies to respond to potential post-closure issues related to closed sites. We assume that the Reserve balance has been built via a combination of municipal contributions and tipping fee revenues. As discussed previously in this report, municipal contributions are collected through the Regional waste management levy which is based on waste volumes generated by each municipality. Over the past 5 years, sharing percentages have been as follows.

5-Year History of Regional Waste Management Levy Apportionment

Waste Management	Mississauga Cost Sharing (%)	Brampton Cost Sharing (%)	Caledon Cost Sharing (%)
1999	62.872	31.935	5.193
2000	63.965	30.745	5.290
2001	61.987	32.241	5.772
2002	62.107	31.884	6.009
2003	61.815	31.754	6.431

In order to determine the distribution of the Reserve, municipalities should consider the following items:

- Source of contributions to the Reserve balance

- Projects identified to be funded from the Reserve and related amounts
- Location of active landfills and remaining capacity
- Location of closed landfills and estimated post-closure care costs
- Location of closed landfills and assessment of potential contingencies

All Other Property Tax Supported Reserves

We are not aware of the purpose of the other property tax supported Regional Reserves or the projects planned to be funded from them. All other property tax supported Reserves held by the Region are likely to have been funded through contributions made by lower tier municipalities based on weighted assessment percentages as identified above.

Upon restructuring in order to determine the distribution of the property tax supported Reserves; municipalities should consider the following items:

- Source of contributions to the existing Reserve balance
- Purpose of the Reserve
- Projects, programs and items identified to be funded from the Reserve and related amounts

G-3 Internal Support - Regional Sinking Funds

A component of the Internal Support Reserve is Sinking Fund. It was established for the purpose of providing periodic repayments of all debt to be retired. The Sinking Fund balance, together with interest compounded annually is expected to be sufficient to retire all Regional debt as such debt matures.

Upon municipal restructuring, the Fund should be maintained to service the existing debt of the Region. Periodic actuarial assessments should occur to ensure that the Fund balance remains sufficient to extinguish existing debt. Additional contributions based on funding shortfalls or distributions of surplus funding would be shared by Mississauga, Brampton and Caledon based on historical cost sharing percentages until all debt has been repaid at which time the Fund would be closed out.

H. REGION OF PEEL FIXED ASSETS

The municipal share of Region of Peel assets have been funded by lower tier municipalities based on the traditional weighted assessment cost sharing formula. In addition to municipal funding, it is likely that significant funding has been received from other sources, including the Province of Ontario.

Upon municipal restructuring, a full valuation of the Region's fixed assets should be obtained. Each municipality's share of the Regional assets should then be secured via physical asset transfer and/or financial compensation.

With respect to the present state of physical assets, each municipality should determine the Regional assets presently located within their boundary, the condition of such assets and the need to secure the asset for ongoing service provision. Our review of the 2003 Regional Budget reveals the following capital deficiencies that would need to be addressed by individual municipalities following restructuring. We expect that more information regarding the condition of Regional assets would reveal additional deficiencies and capital expenditure requirements.

Property Services

The 10-year Capital Program identifies \$47.4 million in capital expenditures for Corporate Facilities. As previously noted \$42 million of this amount is committed to the construction of the Peel Joint Use Facility in 2003.

Roads

The Budget discloses that 11.49% or 172 lane kilometers of the regional road system carries traffic volumes exceeding design capacity. The location of these roads operating beyond capacity is not provided. A current Regional Road Needs Study would disclose existing deficiencies and the location of required road and bridge work. The study would provide Mississauga, Brampton and Caledon with information regarding the relative condition of the Regional road system and other related assets located within their respective municipalities.

Long Term Care

The 10-year Capital Program identifies \$35.4 million in capital expenditures for the renovation and refurbishing of existing Region of Peel facilities. Information regarding facility location and related cost is not provided.

I. OTHER ISSUES REGARDING THE CREATION OF 3 SINGLE TIER MUNICIPALITIES

We consider the following issues to be noteworthy with respect to the creation of three single tier municipalities and municipal property taxes.

I-1 Social Housing Liabilities and Investments

Mortgages and Ontario Housing Corporation debentures totaling \$455.9 million are absorbed into the Region's financial position, along with other liabilities and approximately \$36 million in long-term investments. The Housing debt is guaranteed by the Province and therefore does not affect the Region's Triple A credit rating.

We do not have sufficient information to allow for a distribution of such amounts between Mississauga, Brampton and Caledon.

I-2 Existing Contractual Obligations

Per the Region of Peel financial statements, as at December 31, 2001 outstanding contractual obligations for capital works amounted to approximately \$71,146,000. Upon restructuring, each municipality should be aware of their respective responsibility for any outstanding contractual obligations.

Under the terms of various operating lease agreements, future minimum payments are projected to be over \$16 million. Upon restructuring, each municipality should be aware of their responsibility for any outstanding lease obligations attached to assets that accrue to them.

I-3 Contingent Liabilities

As at December 31, 2001 the Region had been named as defendant or co-defendant in a number of outstanding legal actions. It was reported in the Region's financial statements that no provision had been made in 1999 for possible costs or losses since all claims were expected to be covered by insurance or the consequences were indeterminable at the time.

Each municipality should be aware of any outstanding contingent liabilities that they may become directly responsible for following restructuring. For example, municipalities having active or closed landfills within their boundaries should be aware of potential risks associated with such sites.