CitiesNOW!

MISSISSAUGA

Message from Mayor Hazel McCallion

March 2008

This newsletter is dedicated to the very important topic of infrastructure and need for long-term, permanent funding from our federal government.

Over the past 30 years, Mississauga has been very successful in having development charges, property taxes and grants pay for our growth. The result is that our City has excellent facilities such as community centres and libraries, roads, and bridges. As we were growing, we also set aside funds in reserves to pay for the maintenance and replacement of some of the infrastructure, just as many homeowners set aside money to replace or repair their homes.

Our approach has allowed residents and businesses to enjoy a great quality of life, with access to parks and green spaces, an ability to move goods and people across the City and a high level of satisfaction to maintain what we have.

Yet, as we look to the next few years, we are concerned about how we will be able to maintain service expectations and meet our financial challenges. What has changed?

Our infrastructure is aging.
Our development is slowing down.
Meanwhile utility, technology and construction costs continue to rise.

More serious is the fact that cities have endured years of downloading of costs and the elimination of unconditional grants for transit, roads and bridges. Fortunately, due to past prudent financial management, Mississauga has been better able to respond, mitigate and deal with these issues, but we cannot face the future alone.

Mississauga, like many cities across Canada, is entering a critical phase of budgeting. Property taxes alone will not be able to fund our long-term needs to keep our infrastructure in good repair.

On Nov. 7, 2007 Mississauga City Council voted to implement *in principle* a new Special Infrastructure Levy. It was a difficult decision to make, and one we considered carefully.

The new levy, if approved, will add five per cent to the municipal portion of the 2008 property assessment in Mississauga. This will mean approximately $50 in additional property taxes to the average homeowner (based on a house valued at $365,000).

This represents less than 10 per cent of the savings Mississauga homeowners are set to receive as a result of the Federal Government's tax cuts, which will save the average household approximately $600.

This levy is needed to pay for our City's infrastructure, which will require significant attention in the coming years. As the sixth largest city in the country, we are currently projecting an estimated $1.5 billion infrastructure deficit over the next 20 years. Across Canada, the Federation of Canadian Municipalities estimates that deficit to be $123 billion.

Despite repeated requests for increased help to pay for Canada's urban infrastructure needs, the Federal Government has instead chosen to use the $11.6 billion federal surplus to provide Canadians with a reduction to the GST, as well as income and corporate tax breaks.

Another opportunity was missed in the recent Federal Budget, which did not address the needs of municipalities throughout Canada in any significant way.

We hope the Federal Government will reconsider its decision in the future, and if they do, our Council is prepared to factor this into our infrastructure funding decisions. We ask you for your patience and understanding as we find ways to properly care for our City's infrastructure and make Mississauga an even more vibrant, safe and beautiful place to live.

I encourage you to write to Prime Minister Harper, Finance Minister Flaherty and your local MP to urge them to ensure that permanent infrastructure funding for cities is included in future budgets.

Thank you,

Hazel McCallion, C.M.
Mayor

What does the future look like?

- **Mississauga, like cities across Canada, is focused on the issue of maintaining and improving our existing infrastructure**
- **Most infrastructure in our country is at least 40 to 50 years old and reaching the end of its lifecycle**
- **New and permanent investment from the provincial and federal governments is required**

How we have worked together in the past:

Federal Government	Provincial Government
Super Build – $5.6 million funded redevelopment of five existing recreation facilities in 2005	Provincial Municipal Fiscal and Service Delivery Review committee to review roles of both governments
Bus Rapid Transit - $83 million commitment in 2007	Move Ontario 20/20 announcement of $17.5 billion last year to deliver 52 rapid transit initiatives in Mississauga, the GTA and Hamilton
Gas Tax - $10 million received in 2008 to help City expand transit infrastructure, improve transit services and to help finance bus replacements	Gas tax - $15.3 million received in 2008 primarily to increase overall transit ridership

The current infrastructure gap is estimated to be $123 billion nationally. (FCM, November 2007)

Why the Federal Government should invest in cities now

1. Funding is available
   - **The Federal Government projected a $65 billion surplus cumulative to 2013 in its Fall 2007 Economic Statement**
2. Economic benefits
   - **Cities are the economic engines of the country and need to be competitive**
3. Return on investment
   - **Direct benefits to the Federal Government in terms of an increase in income and sales taxes and job creation**
4. Revenue options
   - **The Federal Government has revenue options; cities are limited to using property taxes and user fees**

How other countries invest in infrastructure

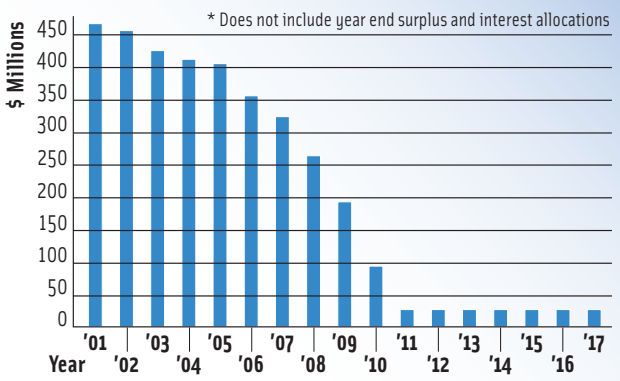
France *	National Transport Tax; a special tax which finances the investment and operation of urban public transport in cities with a population of more than 30,000.
Spain **	Since 2000, Spain has budgeted more than $120 billion for an extensive infrastructure and public works makeover plan, focussed on increasing road, rail, port and airport capacity throughout the country.
United States *	The six year Transportation Equity Act (TEA-21) program, initiated in 1999, allocated a total of $217 billion for highways, transit, rail and special projects, such as ferry boats, historic covered bridges etc. More than half (over $100 billion) was available for urban roads, bridges, transit, and light rail.

*Source: * Early Warning: Will Canadian Cities Compete? Federation of Canadian Municipalities, January 2002*
*** Infrastructure 2007, A Global Perspective, Urban Land Institute, Ernst & Young, 2007*

What is Mississauga's Infrastructure Deficit?

- Mississauga's estimated infrastructure deficit: $1.5 billion over next 20 years
- We need an additional $75 million more per year to eliminate the infrastructure deficit
- The City's capital tax reserves (funded over the years through property taxes) will significantly decrease in the next three years as the funds are used to pay for capital projects

Tax Capital Reserve Fund Balances 2001 to 2017



Mississauga's Need for Investment

In 2008, Mississauga will begin numerous infrastructure projects, all of which carry large price tags. These include:

- Total funding for the Highway 403/Eglinton Bus Rapid Transitway project, land acquisition and design - $21.1 million
- Renovation of the Vic Johnson Arena, River Grove Community Centre, Streetsville Village Hall and the Port Credit Arena - $11.8 million
- First phase of construction of the Fire Training and Mechanical Centre - $10.3 million

In addition, the City must continue to maintain, in good repair, its infrastructure for all residents and visitors to enjoy. Highlights of ongoing projects include:

- Road rehabilitation - $22.4 million
- Major road improvements and related work - $27.6 million
- Forty replacement buses, 15 new buses - $23.1 million
- Park redevelopment and maintenance - $4.9 million
- Renovating two fire stations - $3.5 million

We can fund these projects, but by 2011 we will have depleted our reserves and will need to issue debt.

Mass transit is part of our vision for a 21st Century City. No municipality can fund transit strictly using the property tax base. Future considerations for our City include the need for light rail transit along Hurontario and other major corridors. Our need for more higher order transit and other infrastructure investment is now.

What is Infrastructure?

Put simply, infrastructure represents the building blocks that make up the very basic needs of our City. These include:

- Road Network
- Buildings (i.e. community centres, libraries, transit, operation facilities)
- Parks
- Vehicles and Equipment (i.e. snow removal and maintenance equipment, buses)

The cost of maintaining infrastructure in good repair is quite high. Fifty years ago, the Federal Government took on most of the financial responsibility associated with infrastructure, but over the years that responsibility has been gradually downloaded onto municipalities. Unfortunately, the funding to pay for infrastructure projects was not downloaded along with the responsibility.

Mississauga's Solution

Cities NOW!

Last November, the City embarked on a public and media campaign called Cities NOW! to illustrate to residents and businesses how the Federal Government is ignoring its responsibility to support strong communities and provide long-term, sustainable funding for municipal infrastructure projects and keep the economy of Canada on a sound basis.

The City of Mississauga and the Federation of Canadian Municipalities proposed that the Federal Government share a portion of its $11.6 billion surplus by investing in Canada's aging infrastructure. In response the Federal Government chose to cut the GST and personal and business income taxes and provided no new funding for capital investments.

Mississauga estimates an infrastructure gap of $1.5 billion over the next 20 years. In simple terms, this equates to a $75 million annual gap, or said another way, a 30 per cent increase in property taxes.

Clearly the property tax is not the solution, but our Council believes that we cannot stand by and allow the quality of life enjoyed by our citizens and businesses to erode.

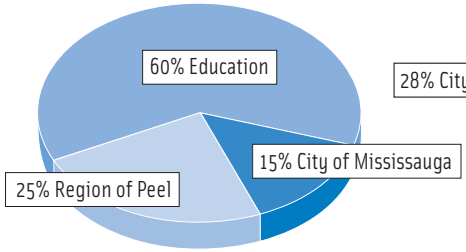
- **The City of Mississauga has approved in principle a five per cent infrastructure levy in response to the Federal Government's failure to provide permanent infrastructure funding.**
- **The proposed infrastructure levy would only apply to the City portion of the property tax. Property taxes are levied by the City, the Region of Peel and for Provincial Education.**

The levy will apply only to the municipal portion of the property tax (i.e. 28% of the total property tax). If approved, taxpayers can expect the following estimated annual increase:

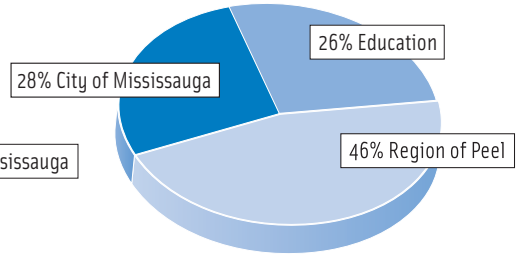
- **Homeowners - $50 (based on a house valued at $365,000)**
- **Businesses - $194 (based on a property valued at $1,000,000)**

This represents less than 10 per cent of the savings Mississauga homeowners are set to receive as a result of the Federal Government's tax cuts, which will save the average household approximately $600.

Residents and business owners can determine their exact potential increase by going to **www.citiesnow.ca** and clicking on the infrastructure levy calculator.



Commercial Tax Bill Breakdown



Residential Tax Bill Breakdown

There is another way

We hope the Federal Government will reconsider its decision in the future, and if they do, our Council is prepared to factor this into our infrastructure funding decisions. We ask you for your patience and understanding as we find ways to properly care for our City's infrastructure and make Mississauga an even more vibrant, safe and beautiful place to live.

We are actively engaged

For more information or to contact Prime Minister Stephen Harper, Finance Minister Jim Flaherty or your local Member of Parliament, please visit our website at: **www.citiesnow.ca**

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MISSISSAUGA
Leading today for tomorrow

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