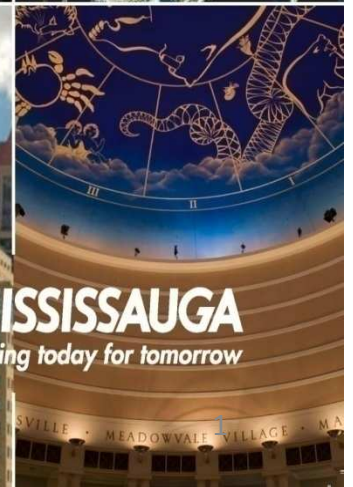


# Budget Committee– Dec 12th, 2011 City Overview of the 2012-2014 Business Plan and 2012 Budget



# Agenda

- Opening Remarks – Janice Baker, City Manager
- Operating Budget Forecast
  - Proposed Budget Summary and Total Tax Bill
  - Cost to Maintain Current Service Levels
  - Proposed New Initiatives
  - Recommended Tax Rate Reduction Options
- Capital Budget Forecast, Infrastructure Levy and Debt Financing
- Proposed Budget Summary Review
- Next Steps





# Mississauga is a major urban centre

- 6<sup>th</sup> largest City in Canada
- 734,000 residents
- 55,000 businesses
- 3rd largest municipal transit system in Ontario
- 6,700 acre of parks and open spaces
- 5,209 kilometres of roads
- \$6.7 billion in infrastructure assets (buildings, roads, bridges, parks, community centres etc.)





# Delivering valuable & essential programs and services

For an average home assessed at \$430,000 City Taxes are \$1,200 which includes:

- Transit - \$150
  - 91 routes
  - 1.26 million hours of service
  - 45 million passenger boardings
- Fire & Emergency Services - \$275
  - 24/7, 365 days a year
  - average 5 minute response time
  - 46% of calls medical related



# Delivering valuable & essential programs and services

- Roads - \$211
  - Snow cleared from 5,209 km of roads & 2,204 km of sidewalks
  - Power supplied to 49,234 street lights & 511 traffic lights
  - 56 km of noise barriers
- Libraries - \$82
  - 18 locations
  - 1.4 million items in collection (multiple languages & formats)

# Delivering valuable & essential programs and services

- Recreation and Parks - \$150
  - grass cut on 530 sports field (soccer, baseball, etc.)
  - equipment maintained in 255 playgrounds
  - 261 kilometres of park trails
  - 6,700 acres of parkland maintained
  - 12 Community Centres
  - programs run at 25 ice rinks and 18 pools

(collect user fees for many R&P programs & services)



# Key areas of focus in 2012 Budget

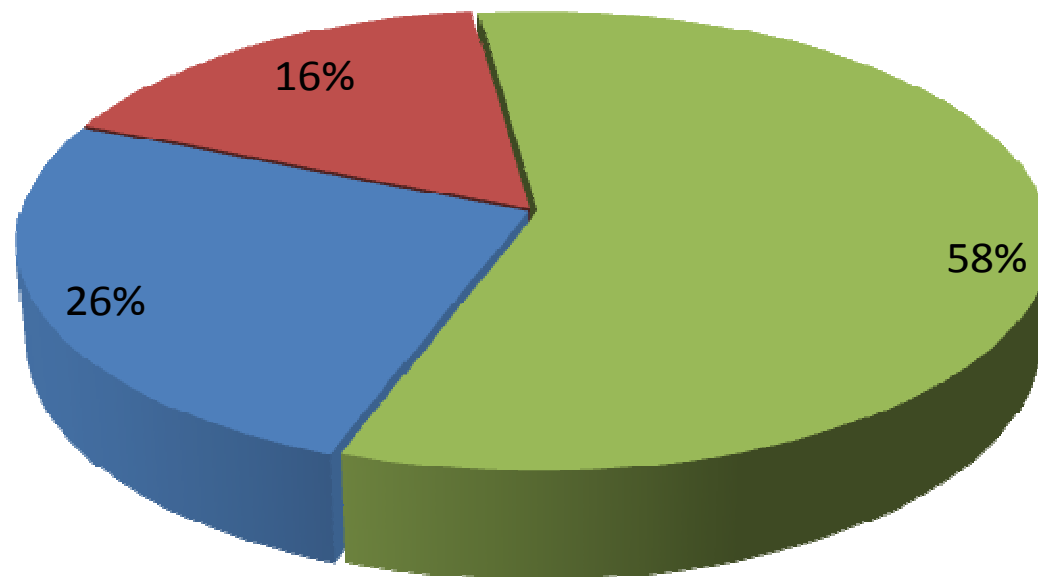
1. Deliver Existing Services
2. Deliver Value for Money through Continuous Improvement
3. Maintain our Infrastructure;
4. Implement the Strategic Plan; and
5. Continue to be an Employer of Choice





# Limited funding options

- Property tax single largest source of revenue
- User fees and permit fees
- Government funding (i.e. gas tax)



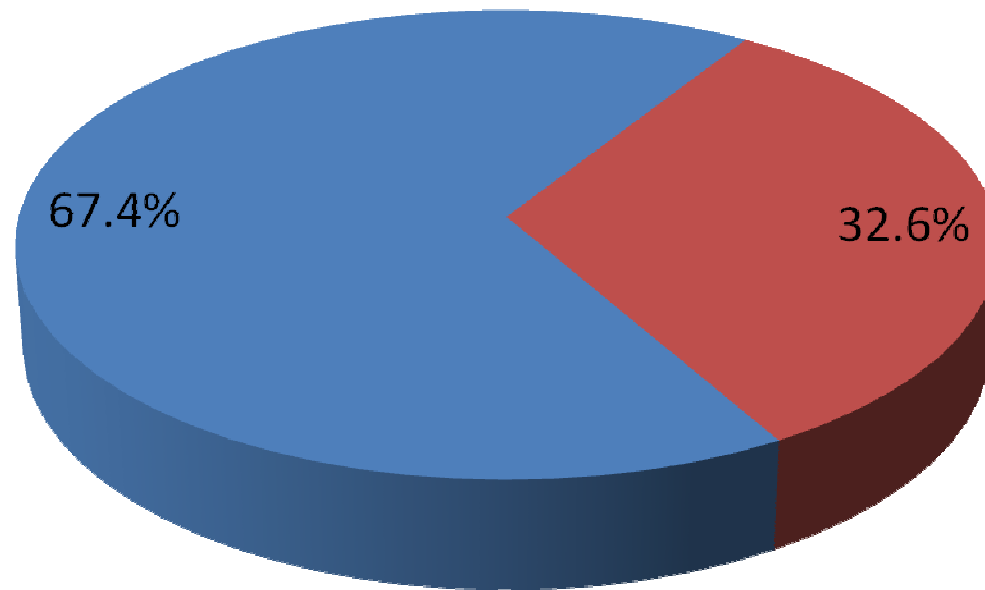
■ User Fee Revenue ■ Other Revenue ■ Tax Revenue





# Limited Funding Options

## Who Pays City Tax Revenue?



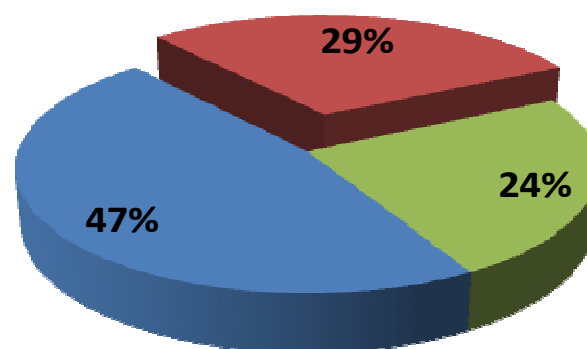
■ Residential Taxpayers ■ Commercial/Industrial Taxpayers



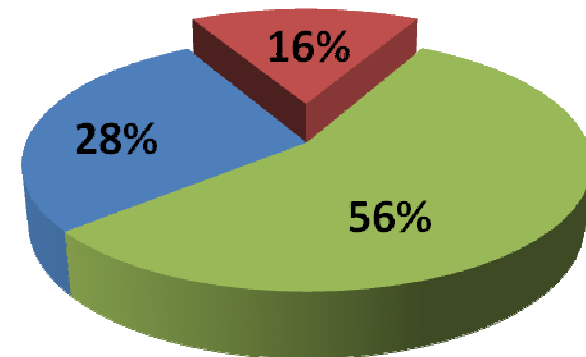
# Limited funding options

- 2 tier municipal system
- Property tax bill made up of 3 components – City, Region, Province
- City receives 29 cents for every dollar paid on residential property tax bill; 16 cents for commercial industrial taxes

**Residential Property Tax**



**Commercial/industrial**



■ Region ■ City ■ Education



# A Single Property Taxpayer

- There is only one property tax bill - Region, City, Education
- Province has provided some property tax relief by freezing Education tax rates for last 13 years and Uploading
- Region of Peel “Toronto Tax”, ODSP/OW and Court Security Costs upload savings in 2012- \$14.2 million or a 1.7% on the Regional tax rate
- Transfer of social service costs to the Province allows for funds to be allocated to other municipal services
- in a two tier system only benefit upper tier, in a one tier benefit all municipal services
- **Sharing of provincial uploading in a 2 tier municipal government is achieved by establishing a target for the total property tax bill increase**



# Economic Outlook

## National

Bank of Canada indicates slowdown in economy:

- Inflation to average 1.4% during 2012, and 1.9% in 2013, compared with current rate of 2.9%
- Short term interest rates are forecast to stay low throughout 2012, and into 2013
- Job growth is expected to be minimal in 2012
- Risks which would create further economic deterioration to the forecast:
  - Financial instability in Europe
  - U.S. recession
  - weaker Canadian household spending

## Regional / GTA

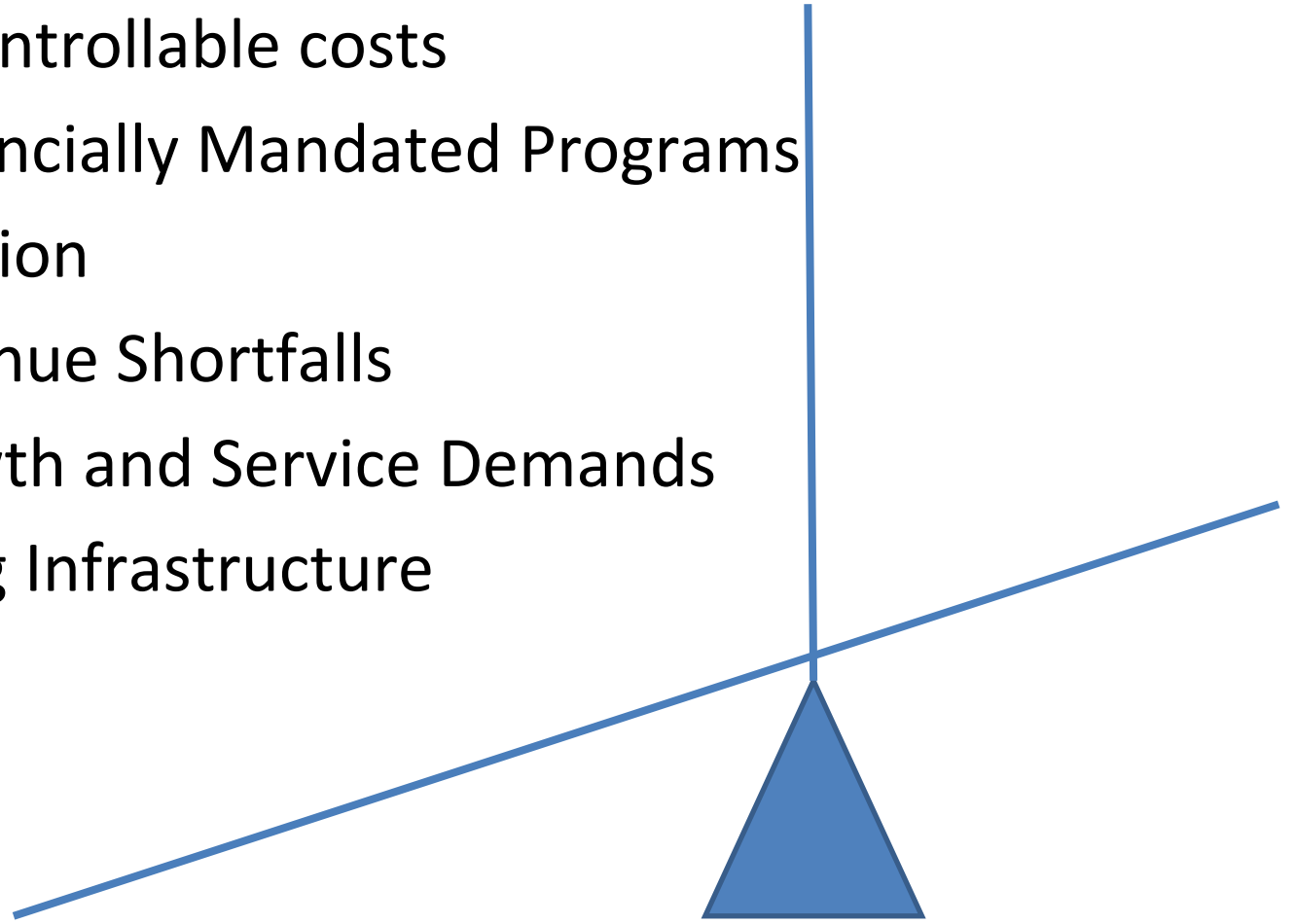
- Decrease in unemployment but still above national average
- 10% office vacancy rate – slightly higher than other major Canadian cities





# The cost to provide services are rising

- Uncontrollable costs
- Provincially Mandated Programs
- Inflation
- Revenue Shortfalls
- Growth and Service Demands
- Aging Infrastructure





# Choices for delivering services

- Ongoing commitment to providing services in the most cost effective manner.
  - Finding efficiencies
  - Increasing user fees/new user fees
  - Deferring new initiatives
  - Reducing service levels,
  - eliminate service
- Infrastructure levy or deteriorating infrastructure

**Need to find balance between tax increase and service reductions**



# Operating Budget Forecast



# Proposed Budget Summary

Description (\$ 000's)	2012	% Change	2013	2014
<b>Prior Year Budget</b>	<b>318,590</b>		<b>345,628</b>	<b>379,043</b>
Increases to Maintain Current Service Levels	17,018	5.3%	15,852	13,303
Assessment Growth		-1.1%		
<b>Total Cost Maintain Current Service Levels</b>	<b>335,608</b>	<b>4.2%</b>	<b>361,480</b>	<b>392,346</b>
Infrastructure Levy and Debt Financing	6,372	2.0%	6,913	7,581
Total Proposed New Initiatives	4,149	1.3%	10,925	1,125
Total Recommended Tax Rate Reduction Options	(500)	-0.2%	(275)	(25)
<b>Proposed Budget</b>	<b>345,628</b>	<b>7.4%</b>	<b>379,043</b>	<b>401,027</b>
<b>Impact on Total Residential Tax Bill</b>		<b>2.1%</b>		
<b>Impact on Total Commercial Tax Bill</b>		<b>1.2%</b>		





# Only One Property Tax Bill

## Total 2012 Increase

	City	Region (*est)	Education	Total Residential Tax Bill	Total Commercial Tax Bill
Maintain Current Service Levels	5.3%		0.0%	1.5%	0.9%
External Agencies and Regionally Controlled Programs		3.8%	0.0%	1.8%	1.0%
Provincial Upload	0.0%	(1.7%)	0.0%	(0.8%)	(0.4%)
Assessment Growth	(1.1%)	(1.8%)	0.0%	(1.2%)	(0.6%)
<b>Total Cost to Maintain Current Service Levels</b>	<b>4.2%</b>	<b>0.3%</b>	<b>0.0%</b>	<b>1.4%</b>	<b>0.8%</b>
Infrastructure Levy and Debt Financing	2.0%			0.6%	0.3%
Infrastructure Levy		1.0%	0.0%	0.5%	0.3%
Proposed New Initiatives	1.3%		0.0%	0.4%	0.2%
Recommended Tax Rate Reduction Options	(0.2%)		0.0%	(0.0%)	(0.0%)
<b>Proposed Budget</b>	<b>7.4%</b>	<b>1.3%</b>	<b>0.0%</b>	<b>2.8%</b>	<b>1.5%</b>

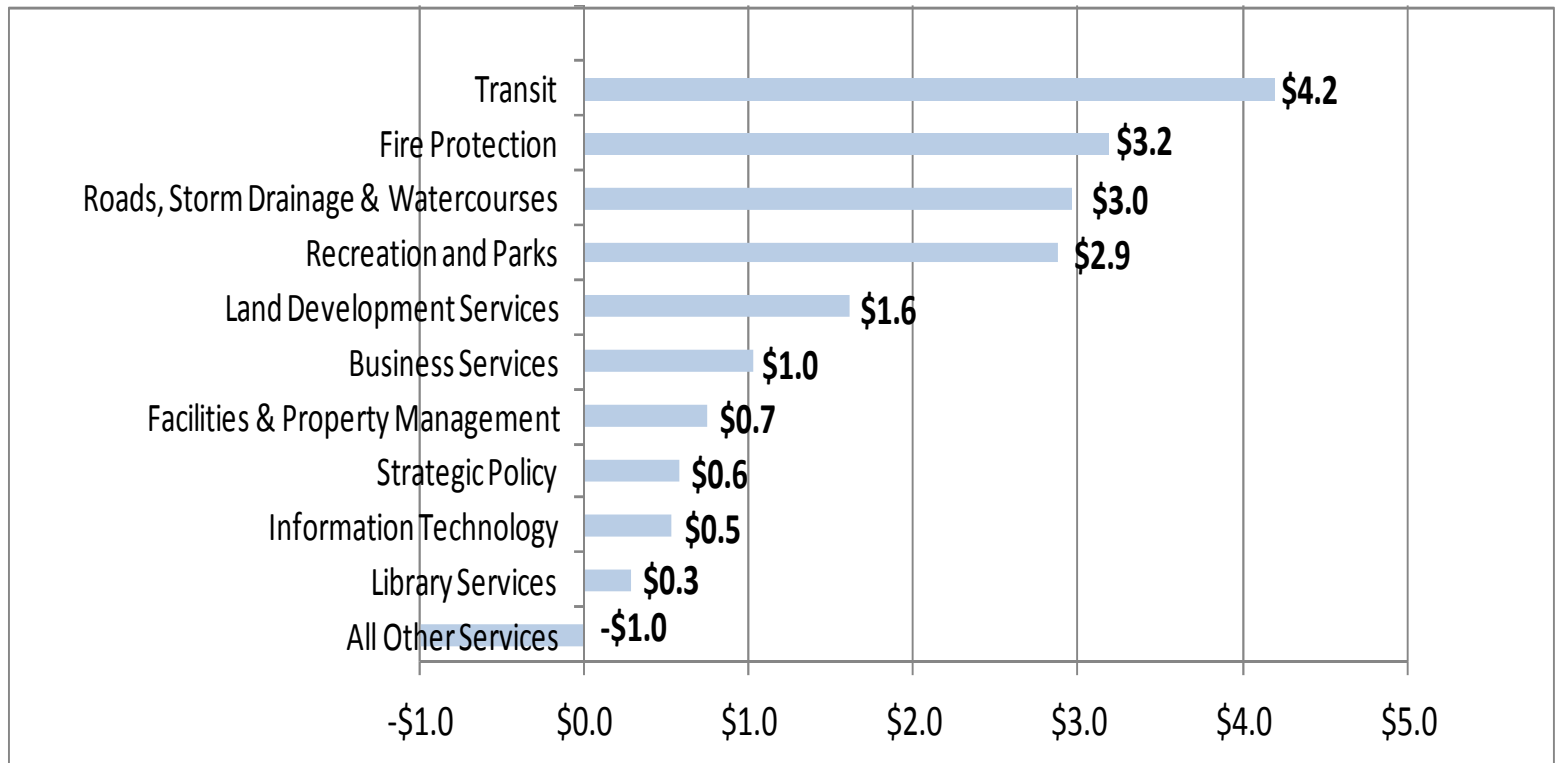
If the Region has a 0% infrastructure levy then the forecasted base budget tax rate impact is 2.3% residential and 1.2% commercial.



# 2012 Increase in Costs to Maintain Current Service Levels Summary

Description (\$ 000's)	2012
<b>Increases/(Decreases) to Maintain Current Service Levels</b>	
Labour and Benefits	14,512
Annualization of Previous Years Operating Cost Decisions	2,777
Cost Increases	7,615
Operating Impact of New Capital Projects	525
Efficiencies and Cost Savings	(3,381)
Current Revenue Changes	(5,031)
<b>Total Changes to Maintain Current Service Levels</b>	<b>17,018</b>

# 2012 Budget Increase By Service to Maintain Current Service Level (\$ Millions)



**Maintain Current Service Level - \$17.0 Million**  
**\$14.5 Million or 85% due to five service areas**





# The Cost to Maintain Current Service Levels Is Increasing

**\$3.2 Million = 1% City Tax Rate Increase**

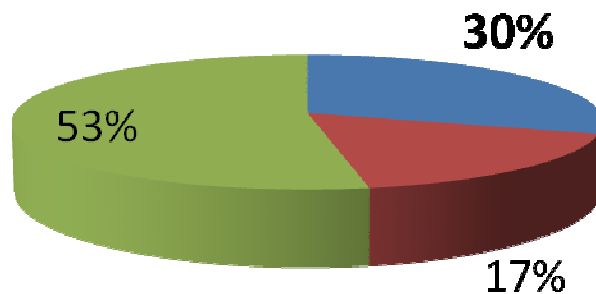
- Annualized Costs of \$2.8 million including Transit hours, Strategic Growth Ridership, \$2.3 million
- Operating costs from completed capital projects of \$0.5 million
- Uncontrollable cost Increases of \$7.6 million including:
  - Utilities, \$1.2 million (Budget \$15.5 million)
  - Diesel Fuel for Buses, \$1.5 million (Budget \$13.7 million)
  - Winter Maintenance, \$1.2 million (Budget \$17.9 million)
  - Electricity for Streetlighting, \$0.8 million (Budget \$4.8 million)
- Labour Settlements/Statutory Benefits
  - OMERS, EI, Benefits





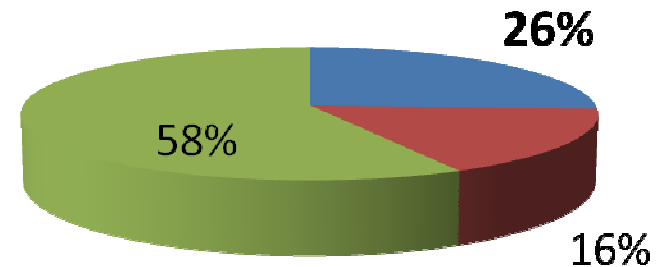
# Non-Tax Revenues Are Not Increasing as Much As Costs

- 2007 Actuals



■ User Fee Revenue  
■ Other Revenue  
■ Tax Revenue

- 2012 Proposed Budget



■ User Fee Revenue  
■ Other Revenue  
■ Tax Revenue



# Increased Revenues

- Increased Revenue totalling (\$8.3 million)
  - Transit, Fare Strategy Increases, (\$3.5 million)
  - Transit, Advertising, (\$1.0 million)
  - Roads, Increase in Contract Recoveries and Various Increases to meet actual budgets, (\$0.8 million)
  - Recreation, Food Services Initiative, (\$0.6 million)
  - Regulatory, Parking Enforcement and Increased Fines, (\$0.5 million)
  - Recreation, Program & Rental Fee Increase, (\$0.5 million)
  - Legislative, Increase POA Revenues, (\$0.3 million)
  - Business Services, Ownership Change Fee increase and New Account Administration Fee, (\$0.2 million)
  - Land Development, Site Plan & Rezoning Fee Revenue, (\$0.2 million)

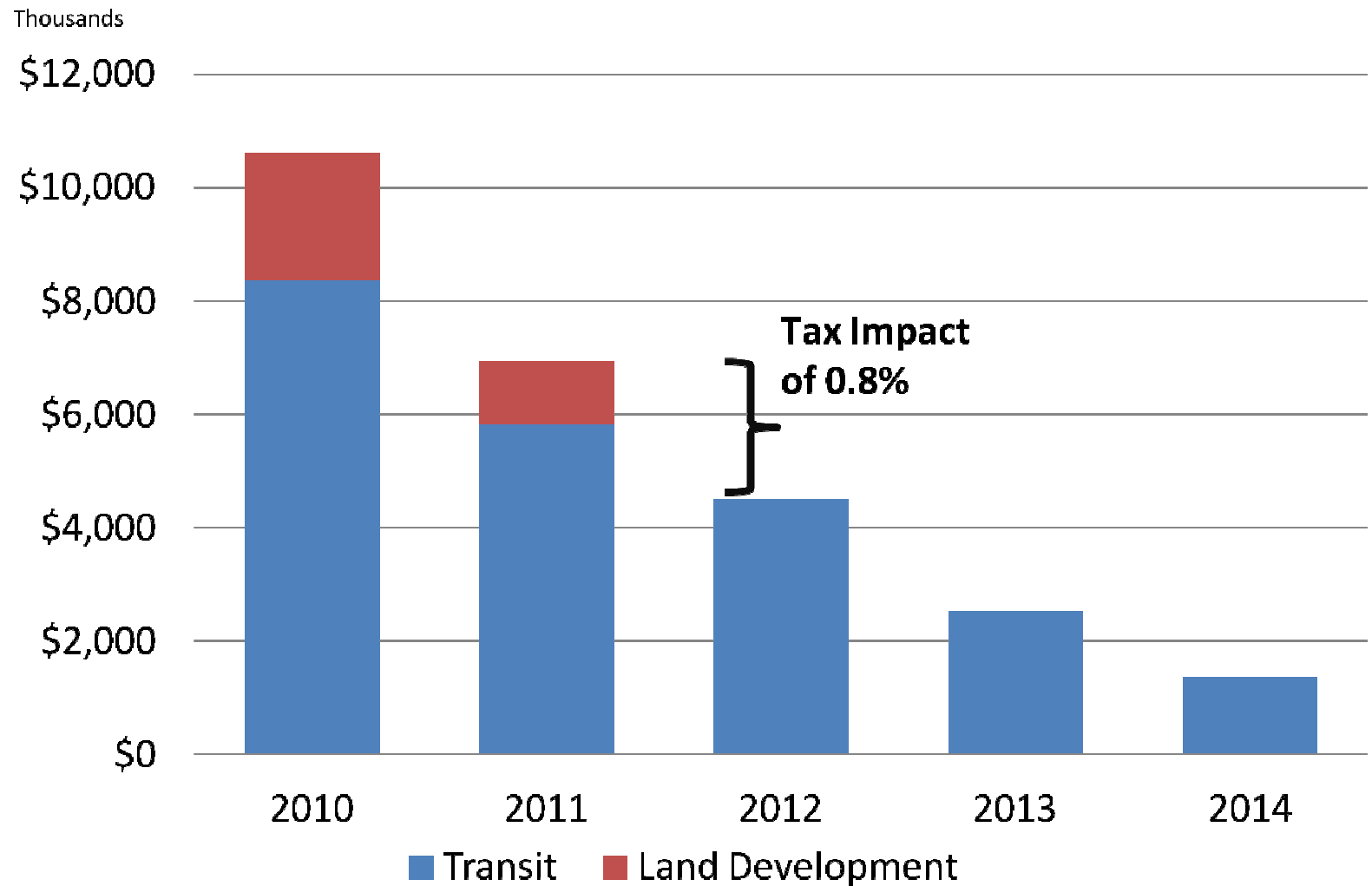


# Revenue Pressures

- Revenue Pressures totalling (\$3.3 million)
  - Transit reserve funding phase out, \$1.3 million
  - Building Permits reserve funding phase out, \$1.1 million, offset by additional fee based on outcome of Fee Review
  - Recreation budgets for lines of business reduced to reflect actuals, \$0.7 million
  - Fire false alarm revenues, \$0.2 million



# Phasing Out Reserve Funding





# Efficiencies and Cost Savings

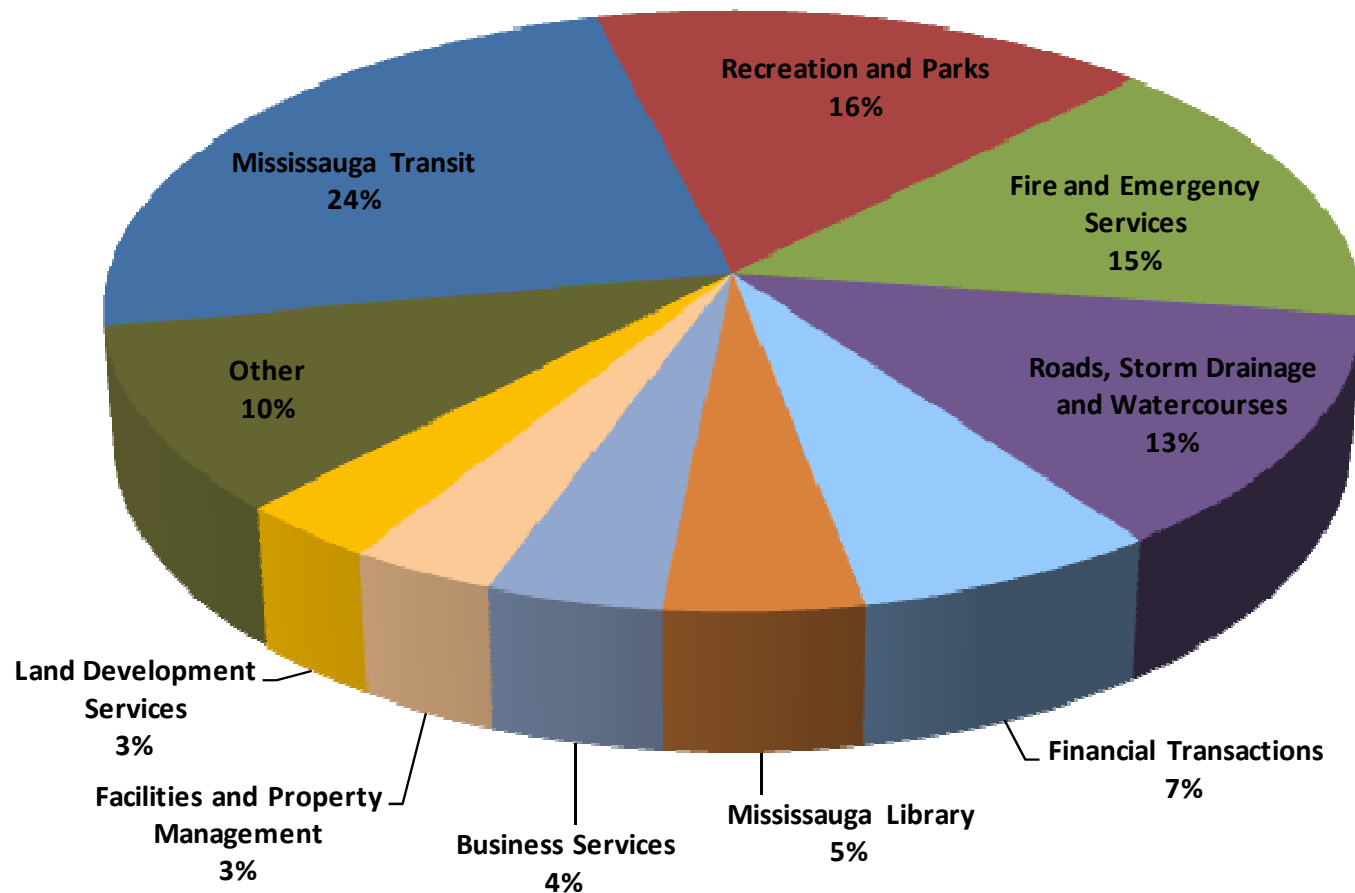
- Savings of \$3.4 million from:
  - Roads, LED Streetlight Conversion, \$1.0 million. Note: Overall Streetlighting electricity increase of \$0.8 million
  - Transit, Route Cancellation/Rationalization, \$0.8 million
  - Transit, Equip/Mtce costs, \$0.4 million
  - Information Tech, Mtce Agreements and Contracts, \$0.2 million
  - Library, Building leases, \$0.1 million





# Maintain Current Service Levels by Service Area

2012 Gross Expenditures \$594 Million

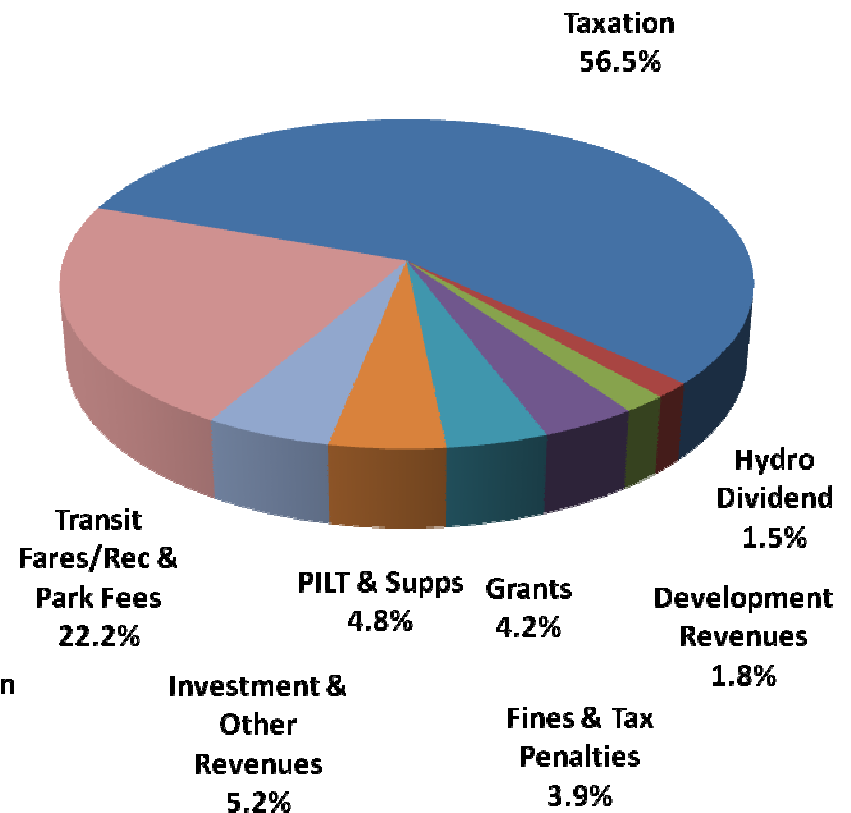
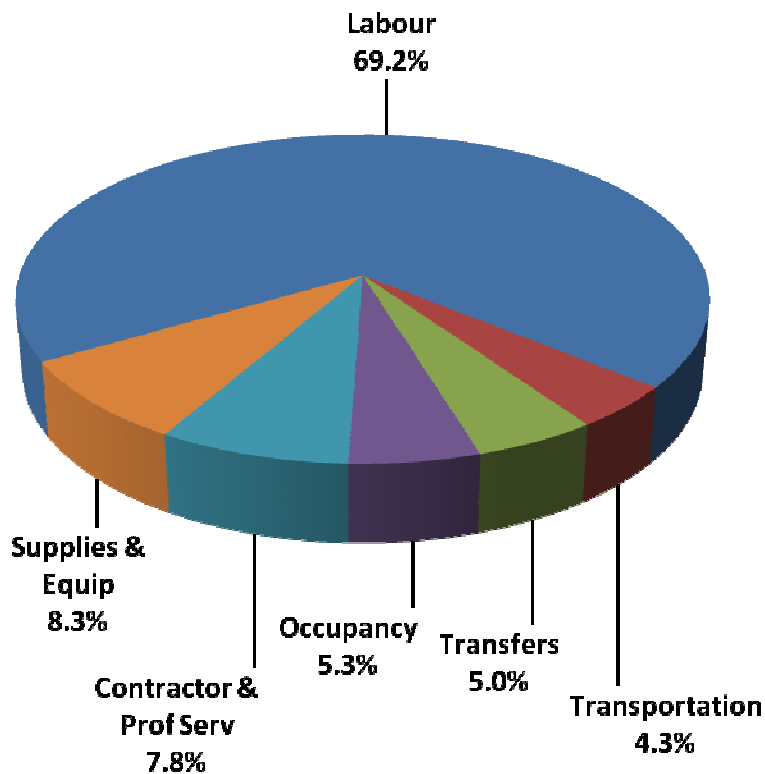




# Maintain Current Service Levels by Cost Category

Expenditures = \$594.5 Million

Funding = \$594.5 Million





# Summary of Maintain Current Service Levels

- 4.2% on City Tax Rate
  - Maintains all the Valuable City Services
  - Includes \$3.0 million for annualization of 2011 decisions
  - Includes significant cost pressures
  - \$11.68 per \$100,000 of Assessment
- **1.2% Impact on Total Property Tax Bill**

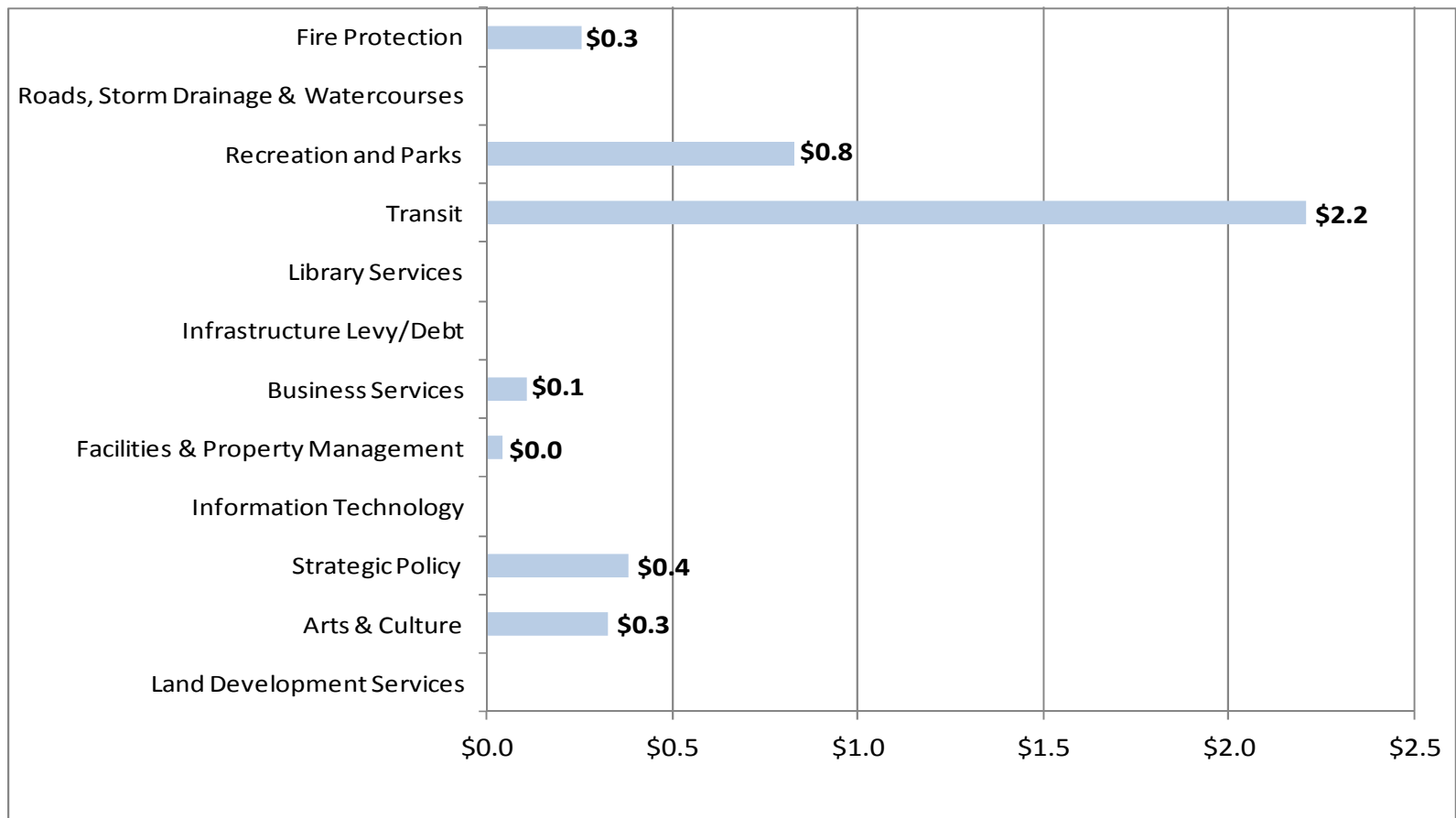


# Infrastructure Levy and Debt Financing

- 2012-2021 proposed 10 year average of 1% infrastructure levy and 1% debt financing
- Proposed 2012 Budget includes:
  - 0.2% for debt charges
  - 1.8% to increase transfer to Capital Reserves



# Impact on 2012 of Proposed New Initiatives (\$4.1 Million)







# 2012 Operating Budget Proposed New Initiatives

**Initiatives totalling \$4.1 million**

**Details in Service Presentations**

- Transit Service Plan, \$2.1 million
  - Recreation, Street Tree Block Pruning, \$0.5 million
  - Strategic Policy, Living Green Master Plan Implementation, \$0.3 million
  - Arts & Culture, Increase Culture Grants, \$0.1 million
  - Fire Prevention Legislation Resourcing, \$0.1 million
  - Strategic Policy, Economic Development Strategy Recommendations, \$0.1 million
  - Other, \$0.9 million
- Reductions of \$3.2 million from preliminary forecast



# 2012 Operating Budget Recommended Tax Rate Reduction Options

**6 options totalling (\$0.5 million)**

## **Details in Service Presentations**

- Recreation, Impact of Pricing Strategy \$0.4 million (approved by Council on Nov 21<sup>st</sup>)
- Other Savings Various Services, \$0.1 million
  - Reduction to Technical Assistance Grants
  - Eliminate Civic Centre Info Desk on Ground Floor
  - Backlit Advertising in Community Centres and Libraries
  - Long Service Award Program Revision
  - Information Technology Maintenance and Support Reductions



## 2012 Operating Budget Other Tax Rate Reduction Options Identified

- **Options for possible consideration by Council to reduce budget by \$5.4 million in 2012**
- Represent service level reductions or service cuts. Examples:
  - Eliminate Fire Suppression Staff, \$1.8 million in 2012, \$2.4 million total
  - Various Library Hours Reductions, less than \$0.8 million in 2012, less than \$1.0 million total
  - Close 1 Major Community Centre, \$0.4 million in 2012, \$0.8 million total
  - Modification of Winter Maintenance Snow Removal, \$0.3 million in 2012, \$0.3 million total



# One Property Tax Bill

## 2012 Summary of Tax Bill

	City / Region	Total Residential Tax Bill	Total Commercial Tax Bill
City Total Cost to Maintain Current Service Levels	4.2%	1.2%	0.7%
City Infrastructure Levy and Debt Financing	2.0%	0.6%	0.3%
City Proposed New Initiatives	1.3%	0.4%	0.2%
City Recommended Tax Rate Reduction Options	(0.2%)	(0.0%)	(0.0%)
City Proposed Budget	7.4%	2.1%	1.2%
Region Budget for Ongoing Operations	0.3%	0.1%	0.1%
Region Budget for Infrastructure Levy	1.0%	0.5%	0.3%
<b>Total Property Tax Bill</b>		<b>2.8%</b>	<b>1.5%</b>

Ongoing Operations - 1.7%

Infrastructure Levy and Debt Financing – 1.1%

# Capital Budget Forecast & Infrastructure Levy Requirements

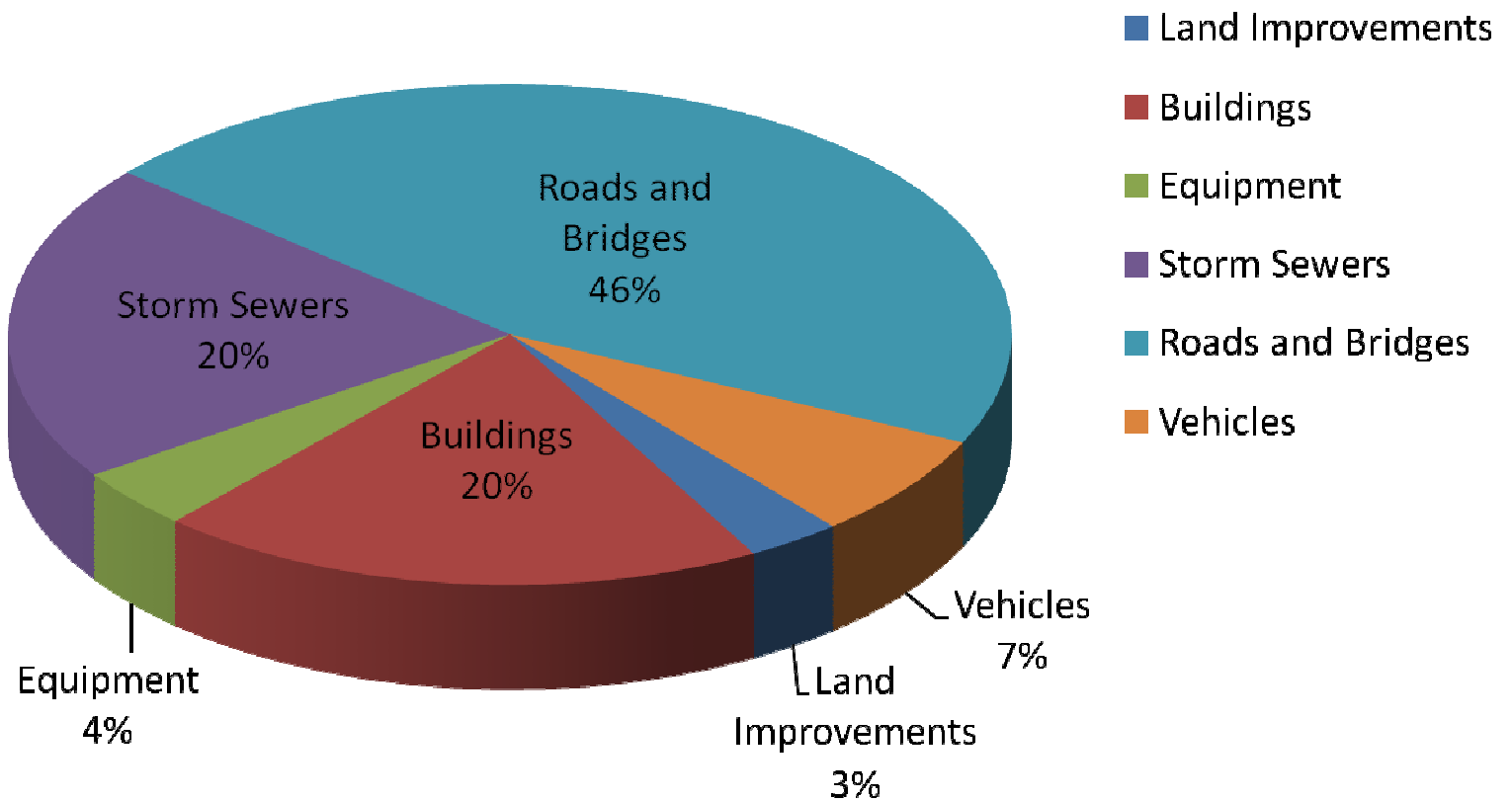






# City Owns \$6.7 Billion In Infrastructure

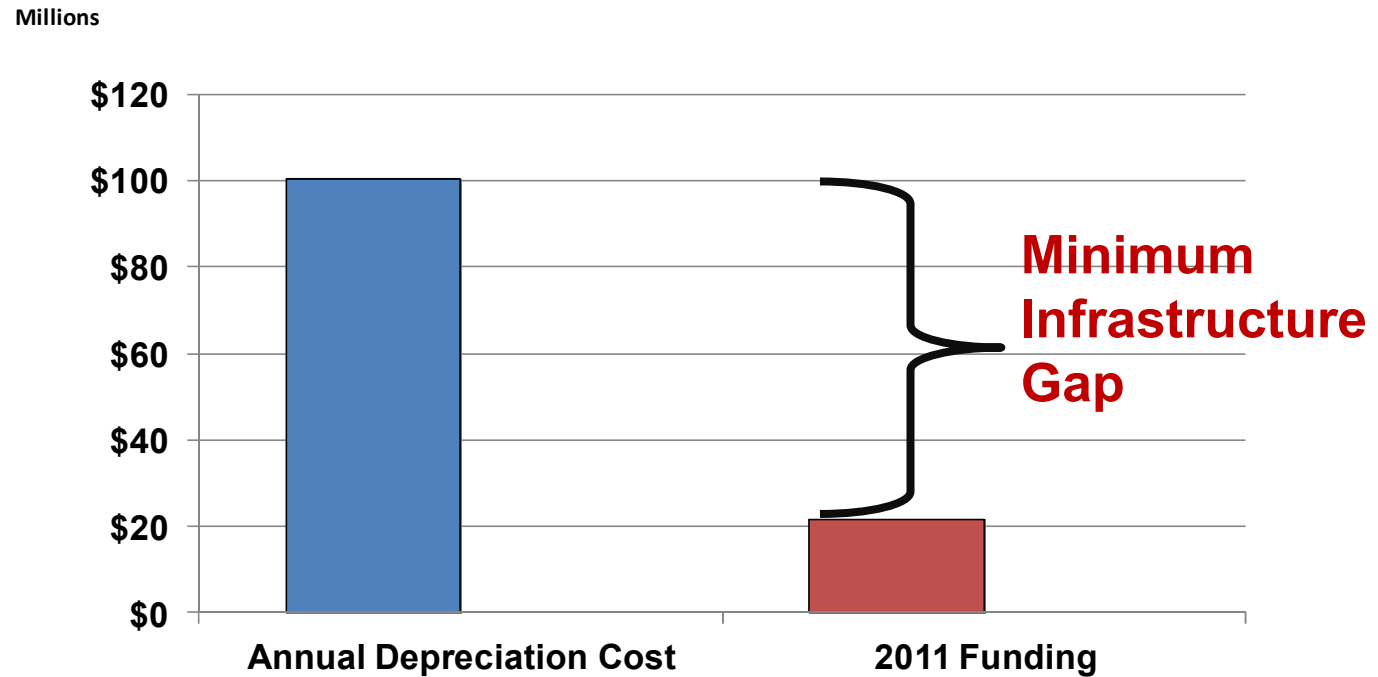
\$3.8 Billion Historical Cost





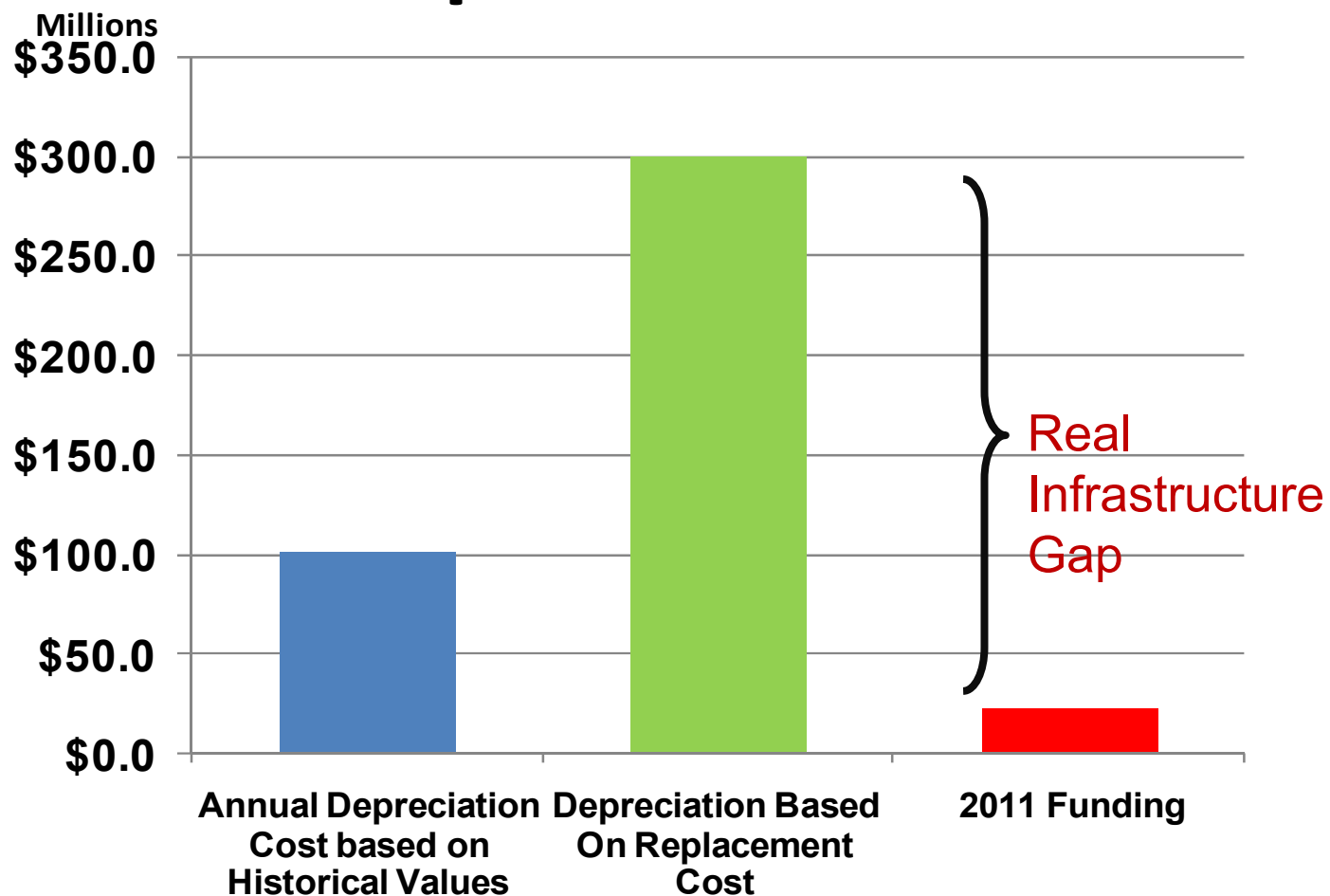
# The Infrastructure Gap

## Based on Historical Cost





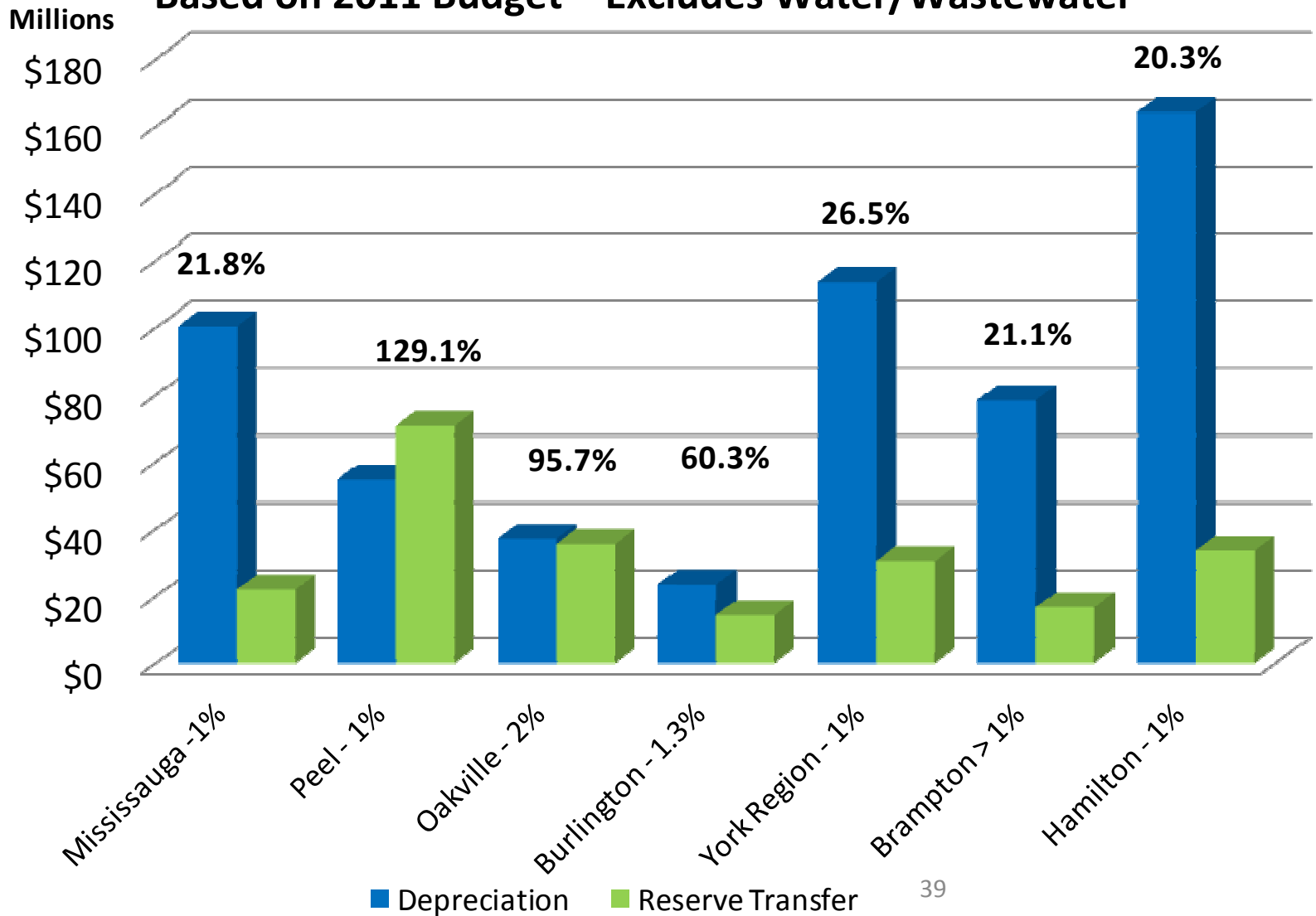
# Infrastructure Gap Based On Replacement Cost





# How Do We Compare?

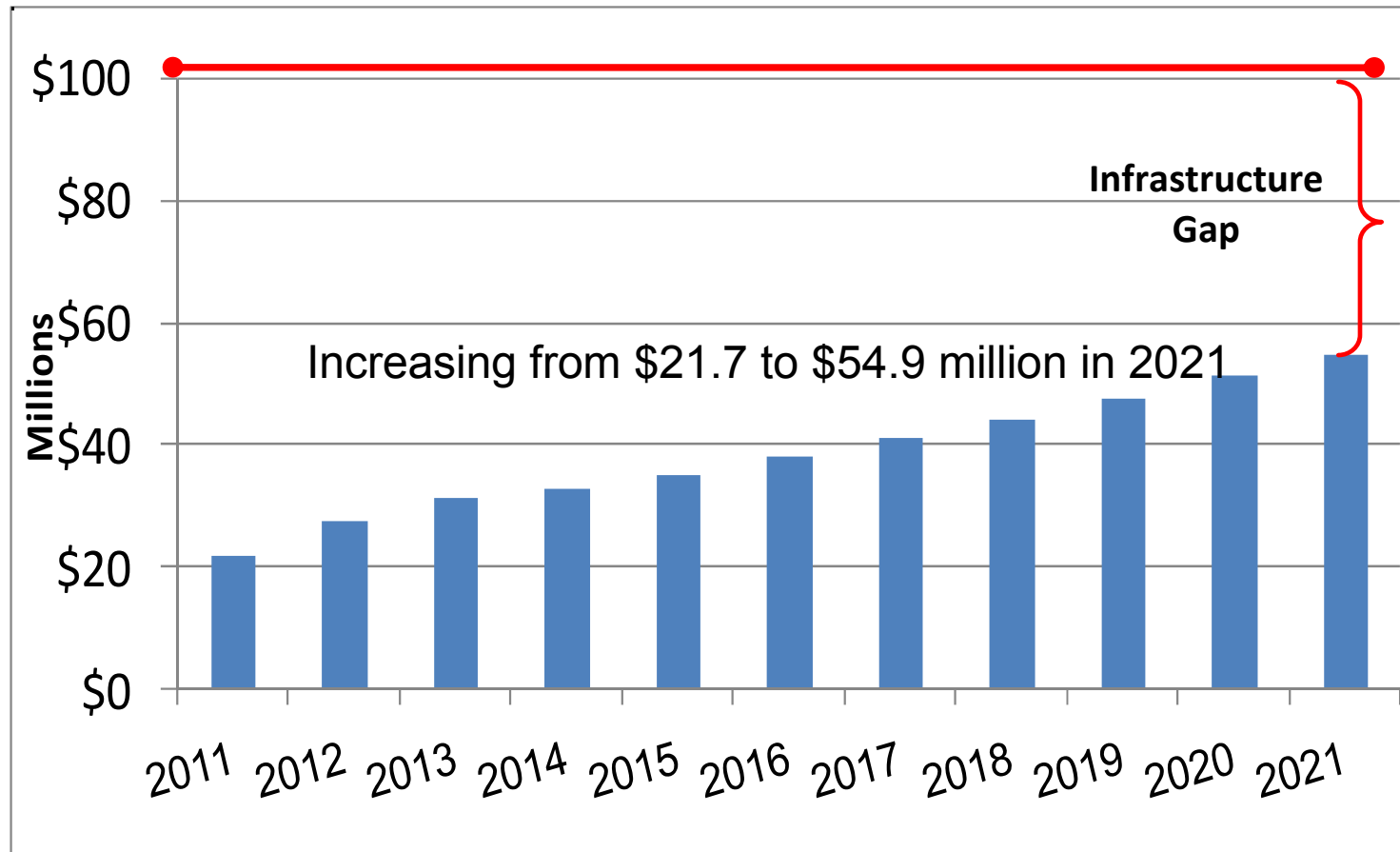
## Transfers to Reserve Vs. Depreciation Expense Based on 2011 Budget – Excludes Water/Wastewater





## Narrowing the Infrastructure Gap by Increasing Capital Transfers from Operating by an Average 1% per Year

Annual Capital Contribution Required = \$100.3 Million



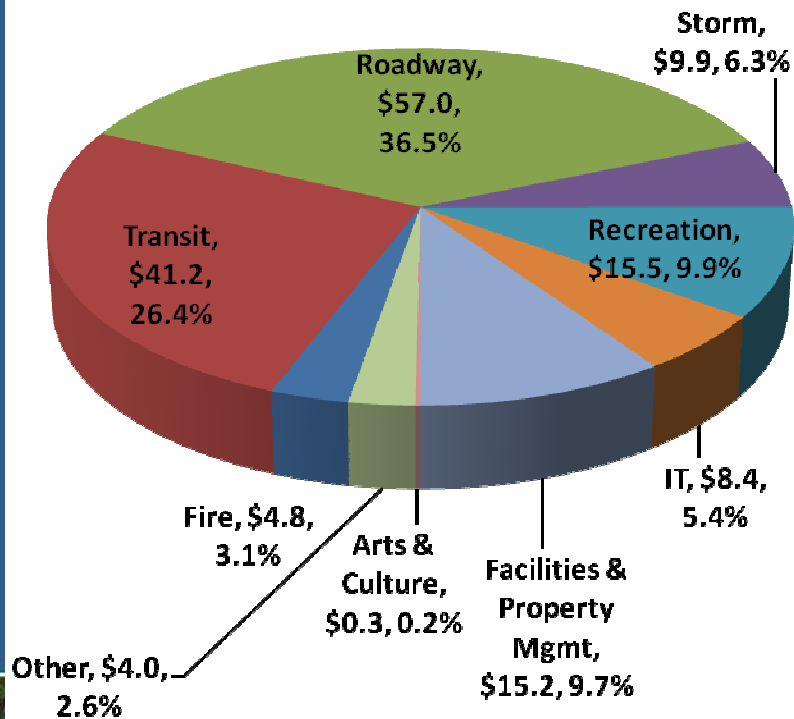




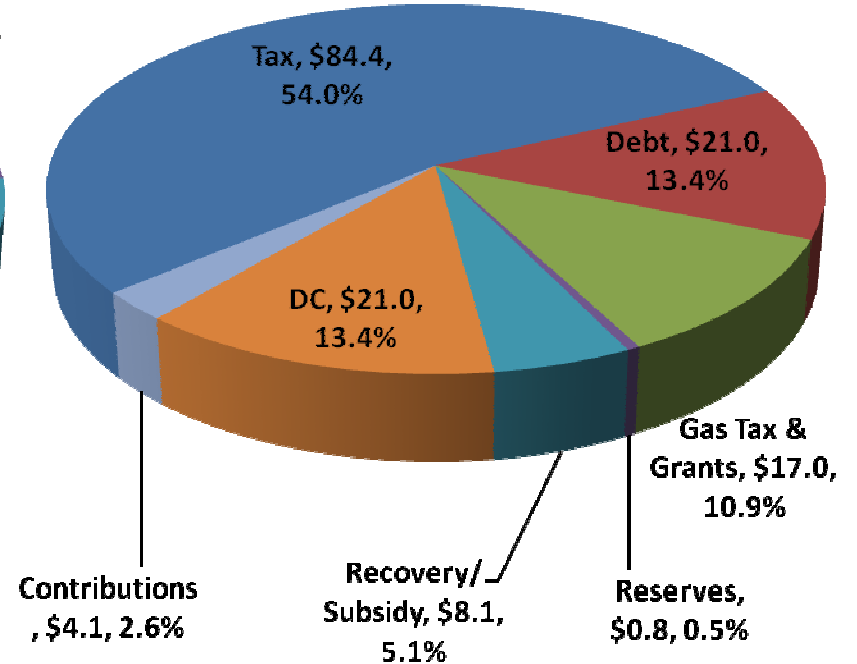
# 2012 Capital Budget Overview

\$156.3 Million Gross Capital

## Expenditures



## Funding





# 2012 Capital Budget Highlights

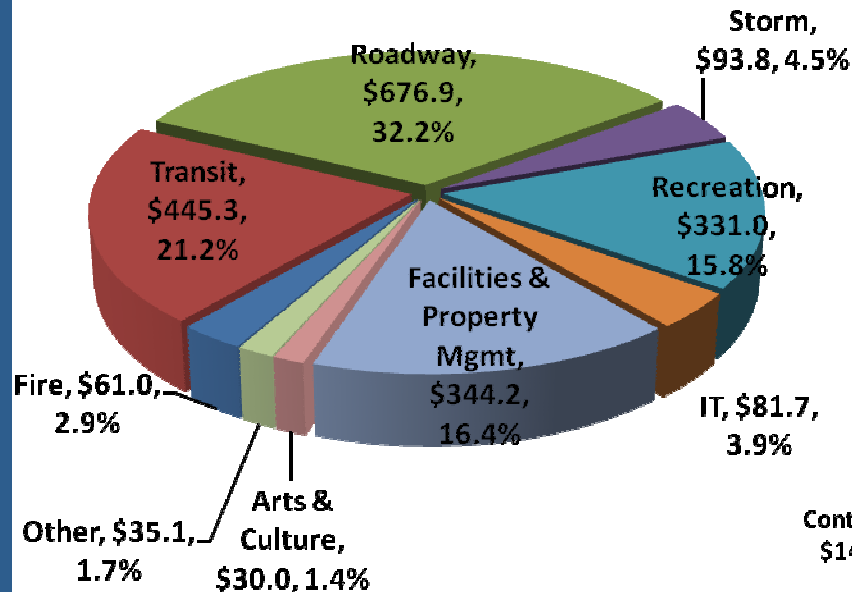
- Transit
  - BRT Design/Construction \$15.5 million
  - Hurontario LRT Corridor Study \$6.0 million
  - Purchase of 15 40 Ft. BRT Buses \$5.0 million
- Roads, Storm Drainage & Watercourses
  - LED Streetlighting Retrofit Project Phase 1 \$18 million
- Recreation & Parks
  - Park 302 Parkway Belt Construction \$2.2 million
- Information Technology
  - VCOM Radio Replacement Infrastructure \$4.0 million (including Fire VCOM capital)
- Facilities and Property Management
  - Lifecycle Repairs \$2.6 million



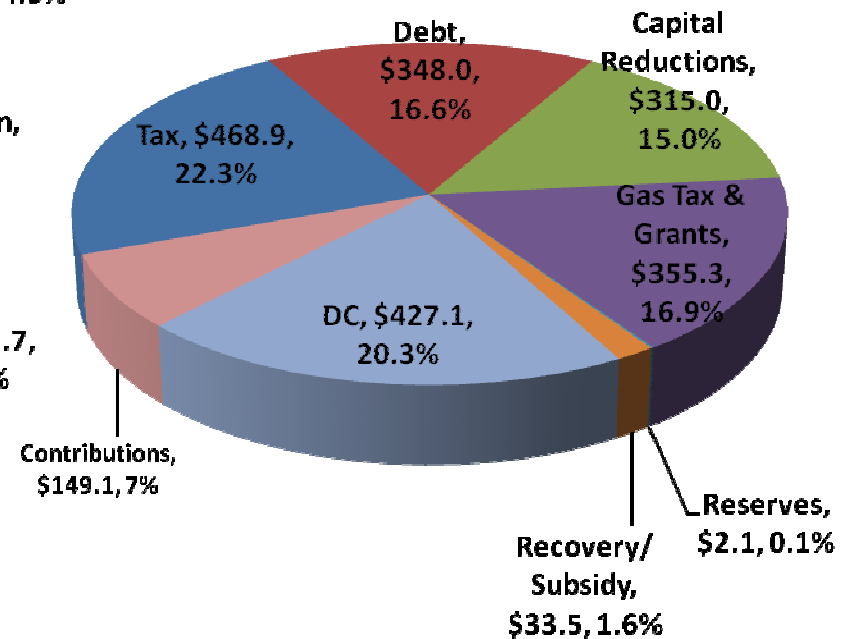
# 2012-2021 Capital Forecast

\$2,099 Million Gross Capital

## Expenditures



## Funding



All values in 2012 dollars.



# 2013 - 2021 Capital Overview

- Transit
  - Replace 308 Buses \$149.1 million
  - BRT Priority Measures \$80.0 million
  - Design, Build 3<sup>rd</sup> Bus Storage Facility \$62.0 million
  - 62 Growth Buses \$27.2 million
  - BRT Construction \$25.0 million
- Recreation & Parks
  - Parkland Acquisitions \$92.3 million
  - Meadowvale Community Ctr and Library \$24.7 million
  - Bicycle/Pedestrian System \$19.2 million
  - Park 459 Sports Park and Community Facilities \$18.4 million



# 2013 - 2021 Capital Overview

- Mississauga Fire Service
  - Fire Vehicle Replacement \$17.6 million
  - New Stations 120, 123, 124 and Relocation of Station 119 \$11.7 million (these numbers exclude operating impacts)
  - Fire Station Renovations/Relocation \$12.5 million
- Information Technology
  - VCOM Radio Replacement Infrastructure \$8.0 million (including Fire and Transit VCOM)





# 2013-2021 Capital Overview

## New to Forecast

- 14 projects totalling \$225.3 million
  - FPM-Lifecycle Repairs \$180.4 million
  - FPM-Interior Finishes \$20.6 million
  - Roads-LED Streetlighting Retrofit Project Phase 2 \$17.0 million
  - Strategic Policy-Lakeview/OPG Pier Trail-Design \$5.8 million
  - Strategic Policy-Downtown 21:Main Street District Implementation \$0.7 million
  - \$315 million unallocated reductions from 2013 to 2021

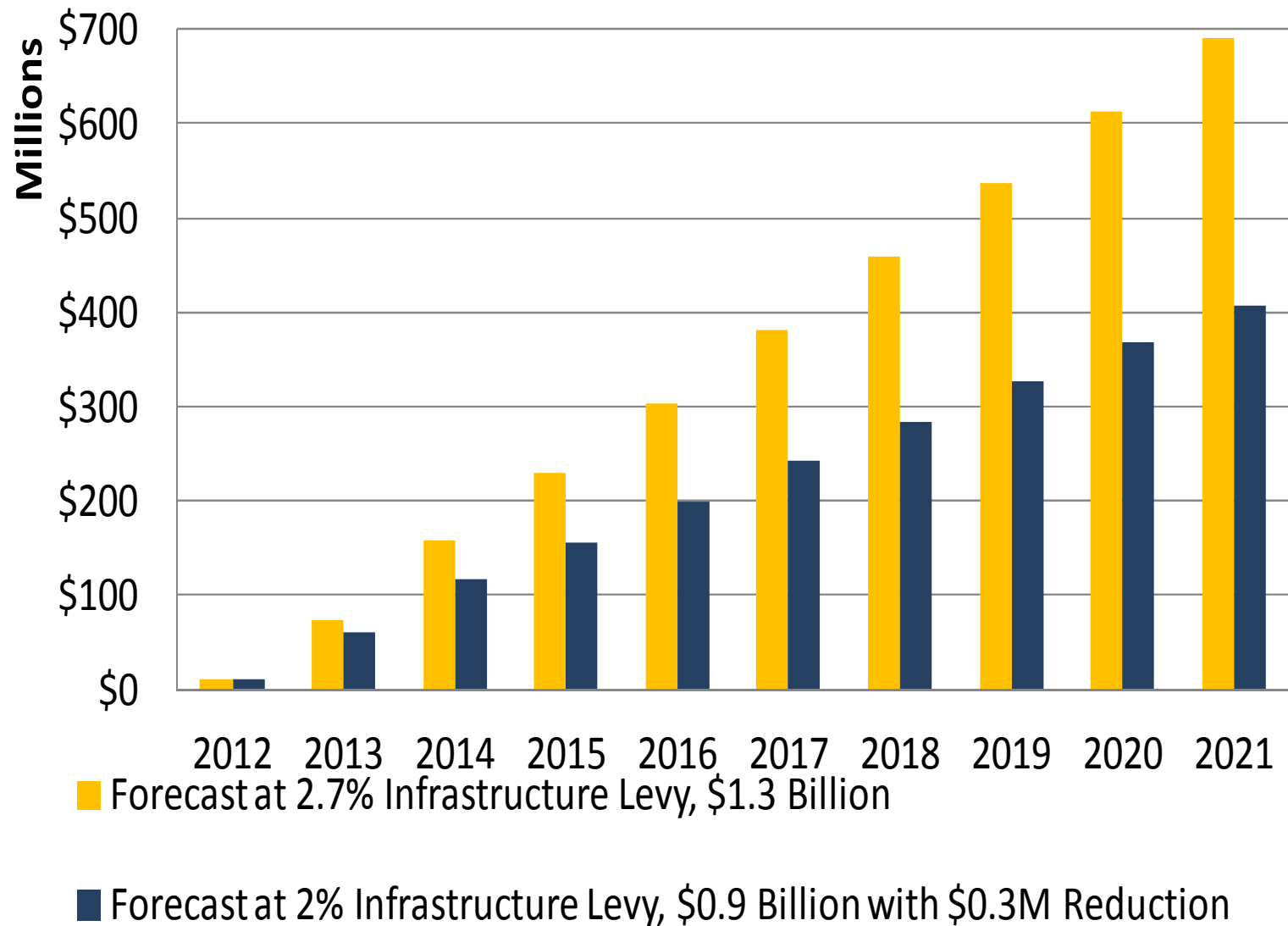


# Debt Financed Capital Projects

2012	Debenture Needs \$21,000,000
Street Lighting LED Project	\$18,000,000
Dundas Street E over Cooksville Creek	\$ 3,000,000

2013 –Sample Listing	Debenture Needs \$80,000,000
Street Lighting LED Project (continued)	\$17,000,000
Bus Rapid Transit	\$25,000,000
Roadway Rehabilitation –Major Roads	\$ 6,905,000
Roadway Rehabilitation –Industrial Roads	\$ 5,000,000
Roadway Rehabilitation -Residential Roads	\$ 3,968,000

## Forecast of Total Debt Issued

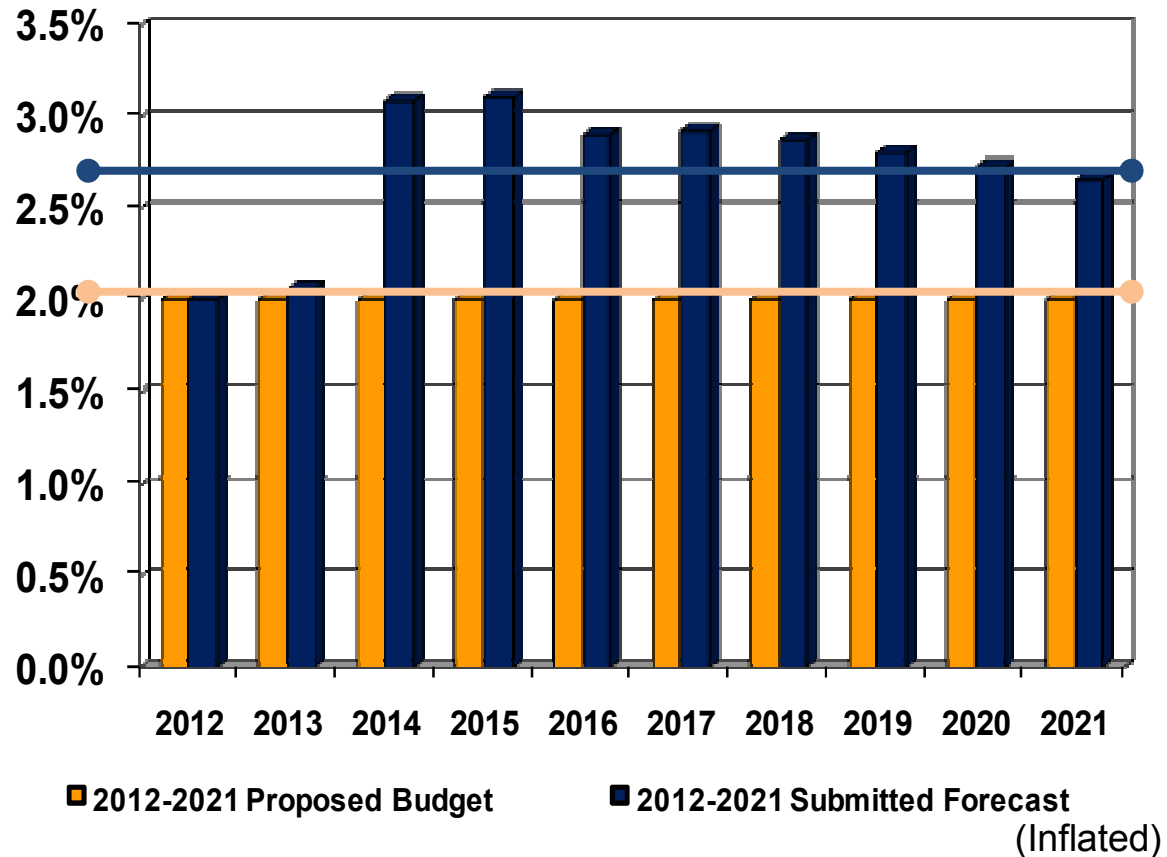




# Forecast Infrastructure Levy and Debt Financing

**Submitted Forecast Avg Annual Impact = 2.7%**

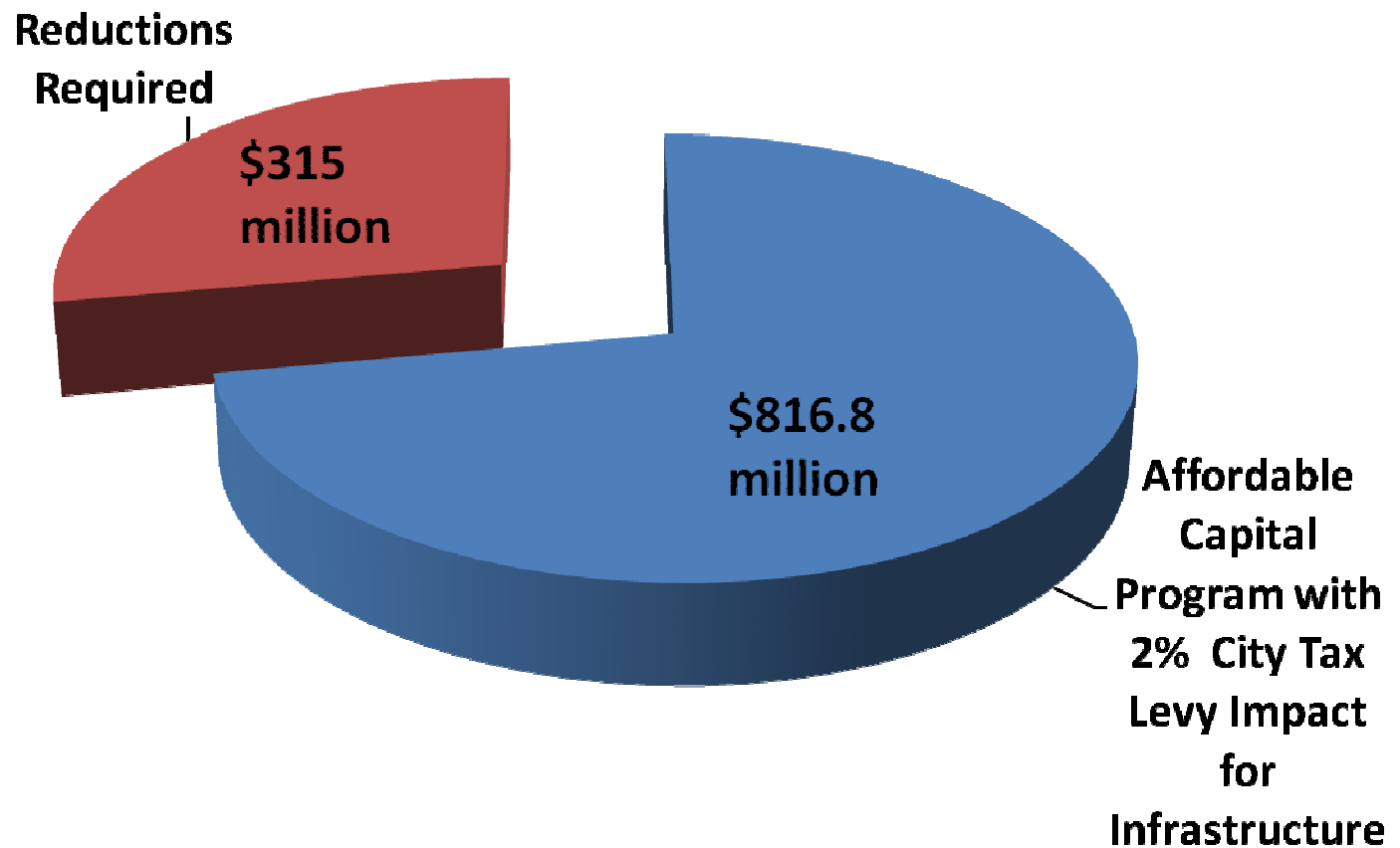
**Proposed Forecast Avg Annual Impact = 2.0%**





# Impact of 2% Infrastructure Levy On Capital Program Requests 2012 – 2021 Reductions

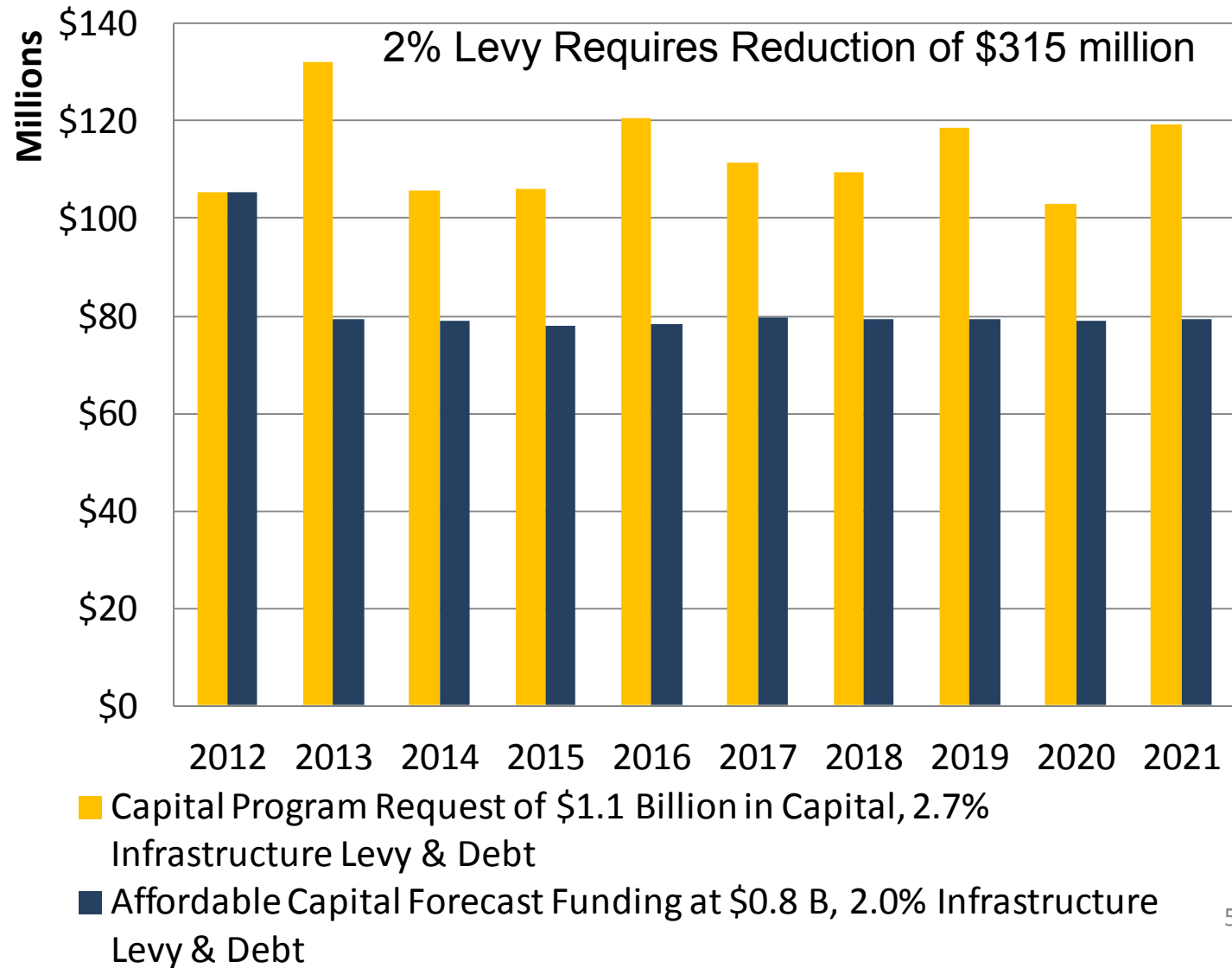
Total Forecast \$1.13 Billion (Not Inflated)







# Impact on Capital Forecast of Reducing Infrastructure Levy to 2%



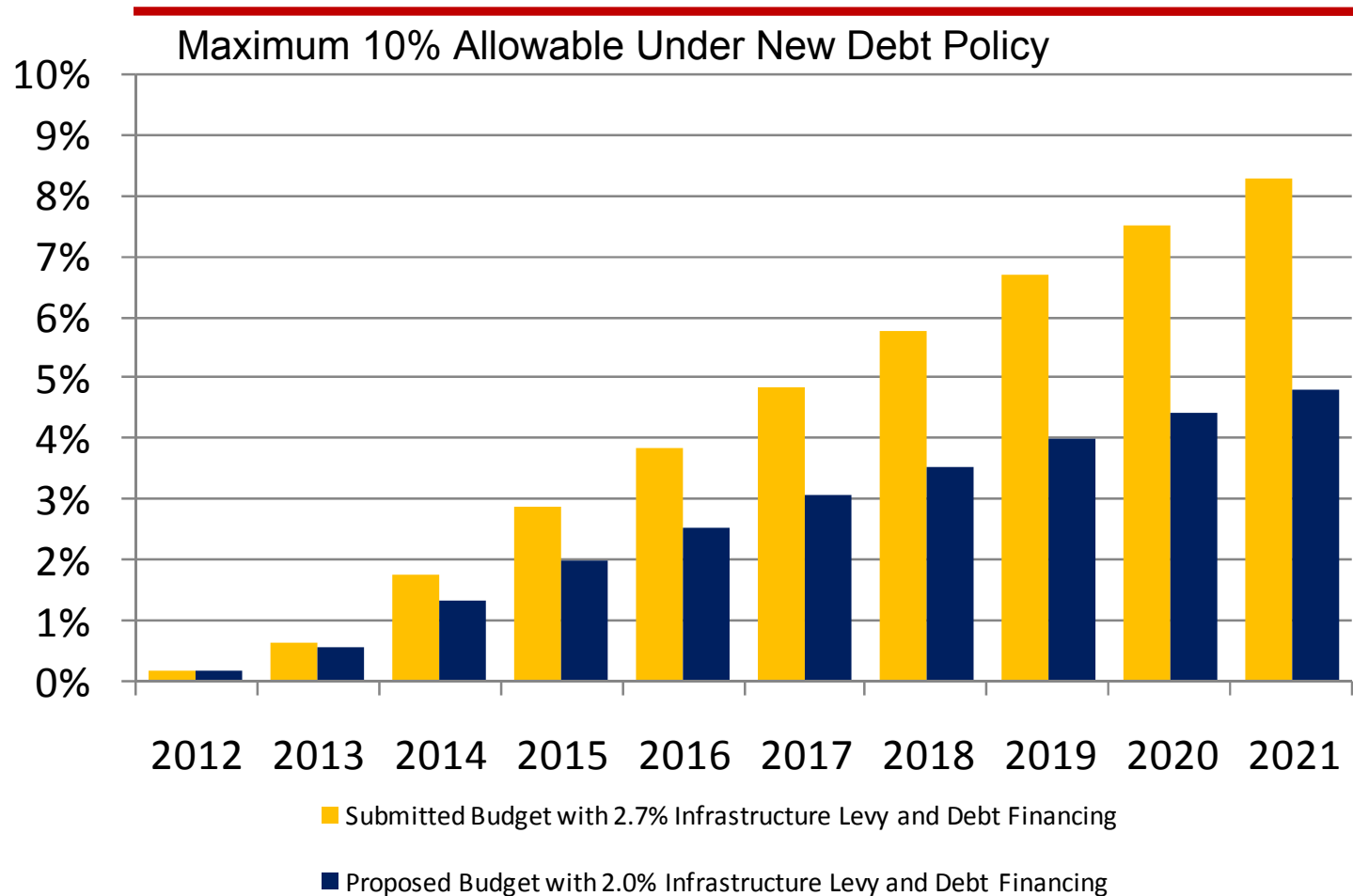


# 2012-2021 Capital Overview

## Capital Budget Reduction

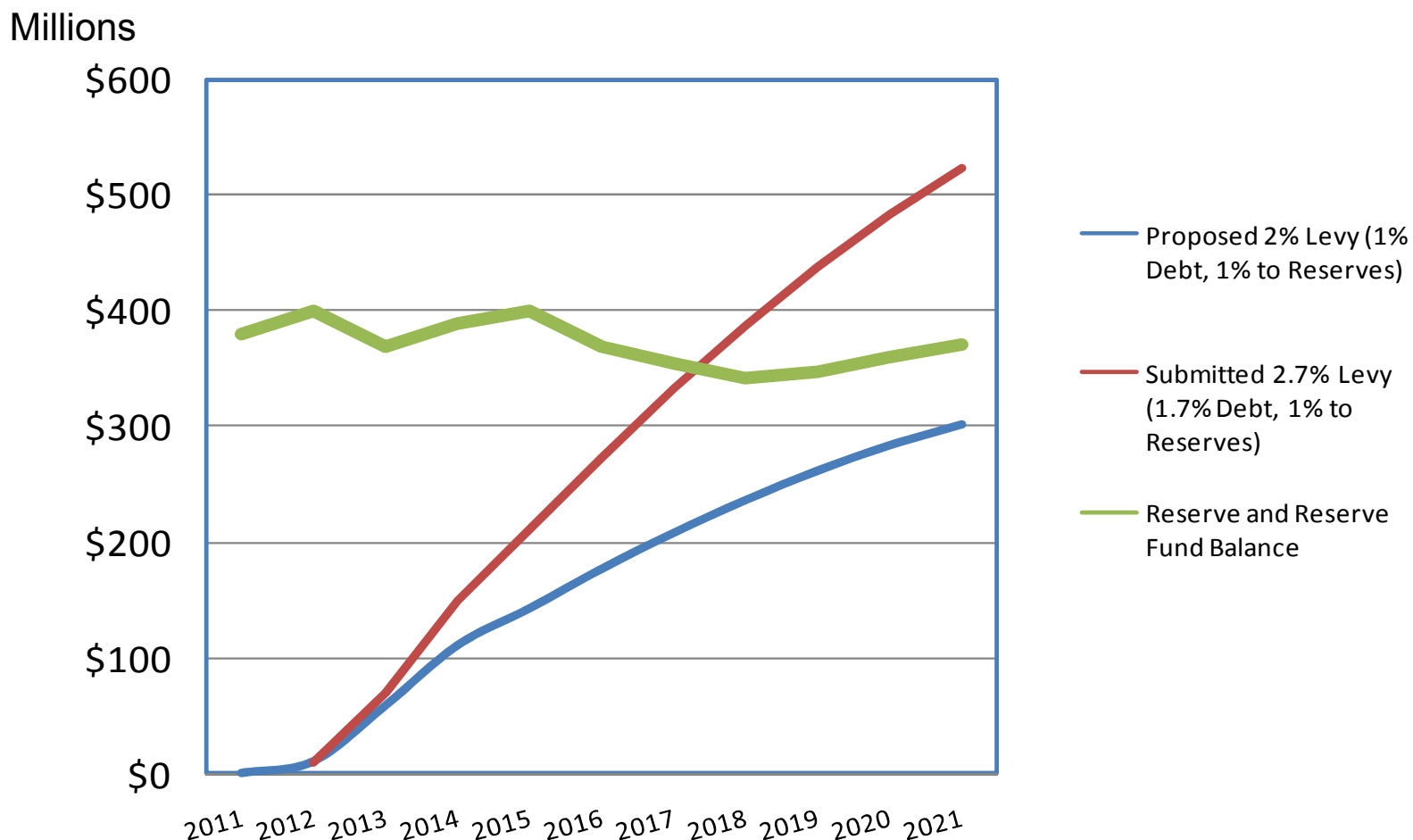
- Future years capital requests need to be **reduced by \$315 million** to limit the infrastructure levy and debt financing to **2% per year for the next 10 years**
- Required tax increase for Infrastructure levy and debt financing amount will range from **2.1% to 3.1% without the capital substantially reduced**
- Capital program will be substantially reduced in future years without a 2% tax

# Debt Charges as a % of Own Fund Revenues





# Comparison of Outstanding Debt to Reserve and Reserve Fund Balances



Credit Agencies recommend reserves exceed or equal o/s debt



## Impact of Reducing Infrastructure Levy and Debt Financing from 2% to 1% in 2012

- Capital Program must be reduced by \$3.2 million or Additional Debt required
- Cut in 2012 increases Debt requirements by \$36 million over 10 years or requires additional cut of \$36 million from Capital Forecast
  - Compound effect of reducing the infrastructure levy by 3.2 million in 2012





# Proposed Budget Summary Review



# Mississauga's Taxes Are Competitive

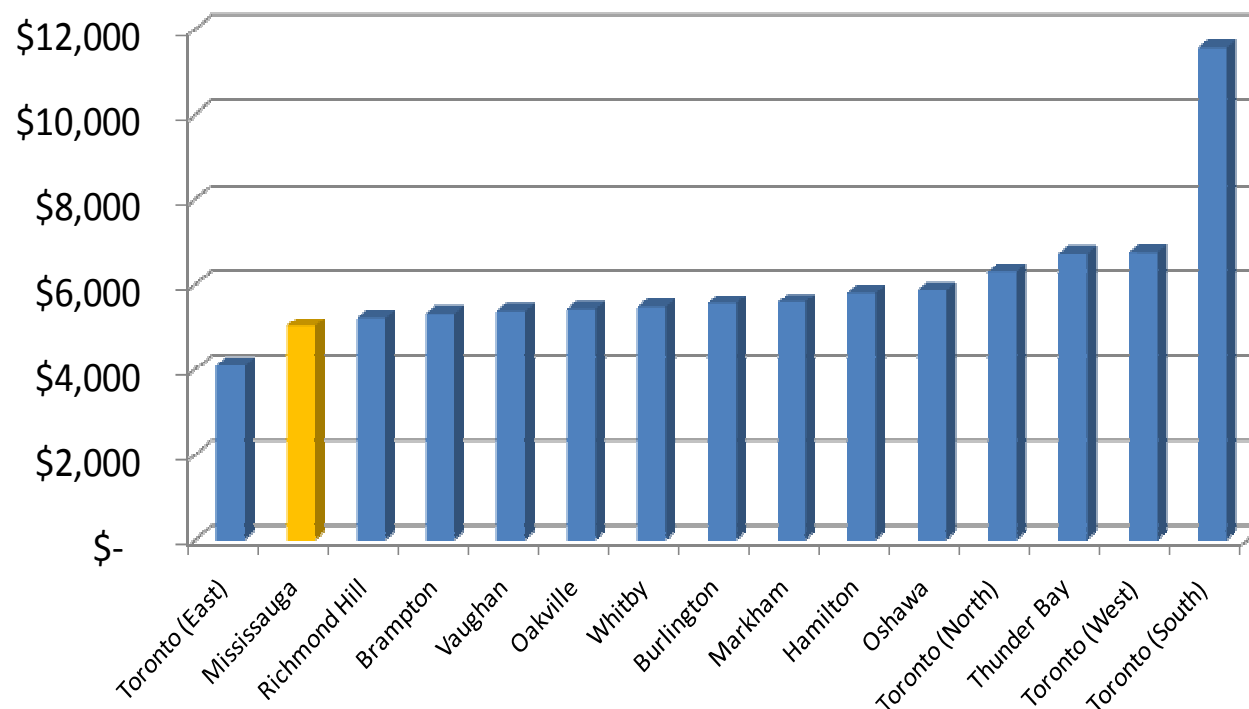
## Total Tax Levy per Capita (\*2010)

Municipality	Per Capita
Oakville	\$1,412
Ottawa	\$1,341
Toronto	\$1,320
Hamilton	\$1,269
London	\$1,212
Burlington	\$1,209
Brampton	\$1,059
Markham	\$1,056
<b>Mississauga</b>	<b>\$1,047</b>
<b>Average</b>	<b>\$1,214</b>



# City's Taxes Are Competitive

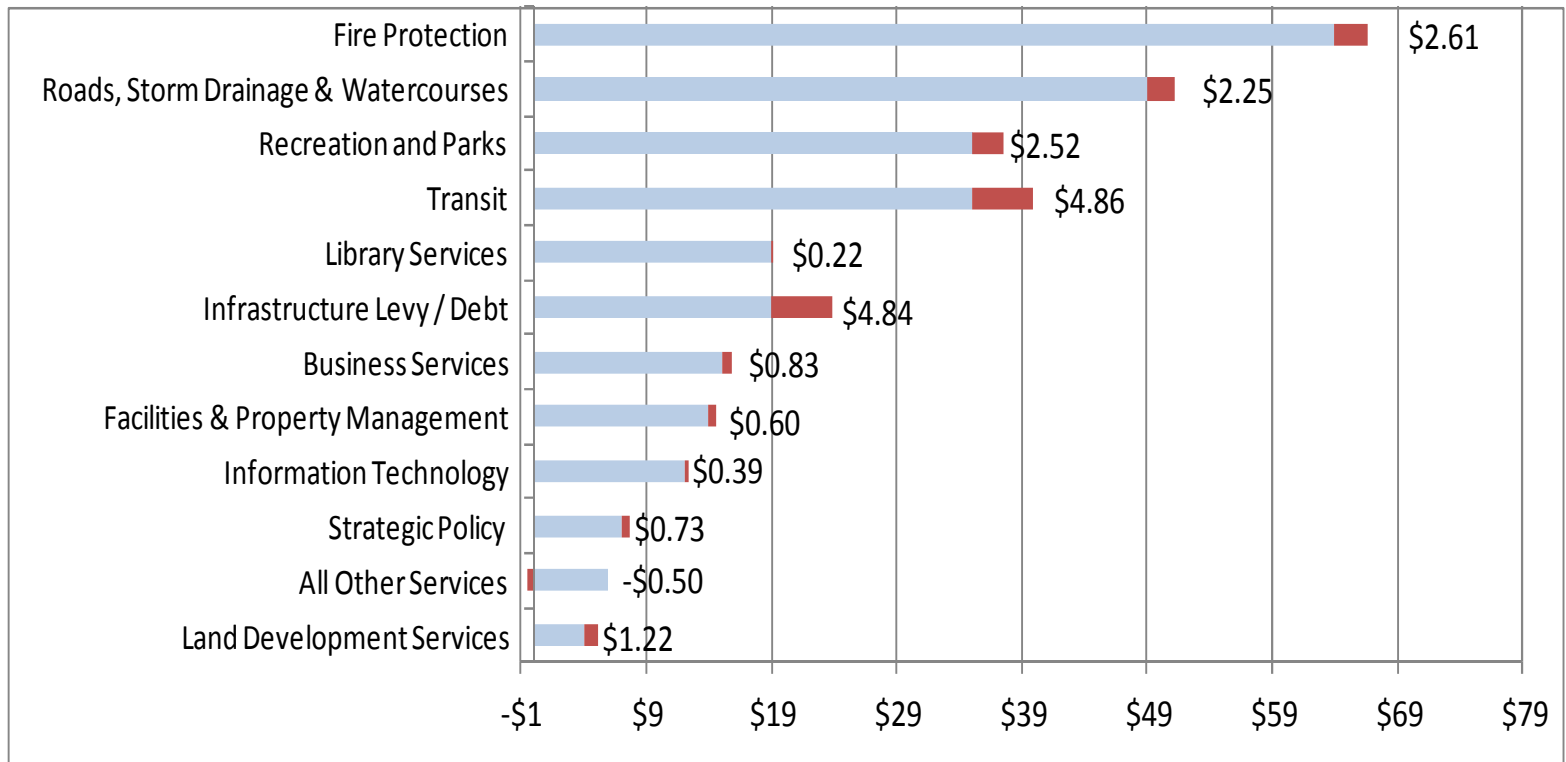
2010 Total Property Taxes\* for a similar 4 Bedroom Home



\*Toronto/Ottawa/Hamilton are single tier, provide full range of municipal services. Mississauga is part of a two-tier government structure – services provided by both the City and Region. Therefore, accurate comparisons can only be made on total tax bill.



# Where Your City Tax Dollars Will Go



■ 2011 Budget  
■ 2012 Proposed Budget

**2011 City Share of Property Taxes are \$278 per \$100,000 of Assessment**

**2012 Proposed Budget increase is \$20.57 for a total of \$298.57 per \$100,000 of Assessment**



# Only One Property Tax Bill 2012 Impact

	City	Region (*est)	Education	Total Residential Tax Bill	Total Commercial Tax Bill
Maintain Current Service Levels	5.3%		0.0%	1.5%	0.9%
External Agencies and Regionally Controlled Programs		3.8%	0.0%	1.8%	1.0%
Provincial Upload	0.0%	(1.7%)	0.0%	(0.8%)	(0.4%)
Assessment Growth	(1.1%)	(1.8%)	0.0%	(1.2%)	(0.6%)
<b>Total Cost to Maintain Current Service Levels</b>	<b>4.2%</b>	<b>0.3%</b>	<b>0.0%</b>	<b>1.4%</b>	<b>0.8%</b>
Infrastructure Levy and Debt Financing	2.0%			0.6%	0.3%
Infrastructure Levy		1.0%	0.0%	0.5%	0.3%
Proposed New Initiatives	1.3%		0.0%	0.4%	0.2%
Recommended Tax Rate Reduction Options	(0.2%)		0.0%	(0.0%)	(0.0%)
<b>Proposed Budget</b>	<b>7.4%</b>	<b>1.3%</b>	<b>0.0%</b>	<b>2.8%</b>	<b>1.5%</b>

If the Region has a 0% infrastructure levy then the forecasted base budget tax rate impact is 2.3% residential and 1.2% commercial.





# Comparison to Toronto

## Mississauga + Peel = Toronto

	Mississauga	Toronto
Total Residential Property Tax Bill Increase (Including Education)	2.8%	1.8%
Total Commercial Increase	1.5%	1.3%
Service Reductions	To be determined by Council	Service Reductions – reduced library hours, outdoor pool closures, reduced rink hours, sell TO Zoo
<b>Residential Increase for Ongoing Operations</b>	<b>1.7%</b>	<b>1.4%</b>
<b>Infrastructure funding impact on total Tax Bill</b>	<b>1.1%</b>	<b>0.35%</b>

Note: In Mississauga, Education comprises 24% of residential property tax bill; In Toronto Education is 29% of residential property tax bill.



# Tax Impact on Properties Based on Proposed Budget

Type of Housing	Assessment Value	Increase for City Services	Total City Taxes
Condominium	\$250,000	\$51	\$746
Townhouse	\$350,000	\$72	\$1,043
Detached 3 Bedroom	\$430,000	\$88	\$1,281
Detached 4 Bedroom Executive	\$750,000	\$154	\$2,242



## Comparison to other Major Expenses

	Amount Paid Annually
2012 City Property Taxes on a home assessed at \$429,000	\$1,280
Large Tim Horton's coffee everyday for 1 year	\$550
Employment Insurance Payments	\$795
House Insurance per \$400,000 home	\$825 - \$930
Electricity for average house	\$867
Average Basic Cable/Internet Bill	\$1,000
Natural Gas for average house	\$1,094
Gas for an average auto driver for 1 year	\$2,200
Canada Pension Plan	\$2,300
Taxes paid on a Car worth \$20,000	\$2,600
Income Taxes on \$96,746 of household earnings	\$13,500

## Future Key Dates

- Budget Book delivery on Dec 23<sup>rd</sup>
- Public Open House – January 11<sup>th</sup>, 2012
- Budget Committee Service Area  
Deliberations – January 16<sup>th</sup>, 17<sup>th</sup>, 25<sup>th</sup>,  
30<sup>th</sup> 31<sup>st</sup>.
- Budget Approval – February 8, 2012





# 2012 - 2014 Business Plan Update & 2012 Budget

City of Mississauga, Ontario, Canada

## Questions?