Questions and Answers from Meeting with Ratepayer Groups and BIAs
Wednesday, February 27, 2008
Noel Ryan Auditorium

[Ivana Di Millo]: Thank you, ladies and gentlemen. You've been extremely patient. This is the opportunity now for you to ask us questions.

We're going to ask our panellists, Dr. Mirza, Mayor McCallion, Wendy and Janice to join us here on the stage. We have two microphones on each side of the middle seating area. I would just ask you to please step up to the microphone and you can ask your question. And please tell us what organization you are representing so we can follow-up if need be. So I'll start here to my right. Go ahead, sir. Just give our panellists a moment to sit down.

[Question 1]: The question is a simple one, it's either yes or no. Would you put this to a public plebiscite.

[Ivana Di Millo]: Can you repeat the question please? Would you put this to a public…? Plebiscite. Would you tell us where you are from, sir? Which organization?

[Question 1]: I'm speaking as [redacted] from Port Credit.

[Ivana Di Millo]: Thank you very much. So the question is, would we put this to a public plebiscite.

[Mayor McCallion]: There's a process to follow in regard to a referendum. It would cost quite a bit of money to do a referendum independent of an election, so therefore, it would be something we could always consider. And it has been suggested. I think you had that in the slide before. But it's a very costly thing because an election is very costly. So therefore, we'd have to wait till the next election in 2010 in order to put the referendum based on a sound, or an economical basis otherwise I'm not sure Council would endorse a referendum because of the cost, but we will consider it like we will consider all ideas that come forward.

[Ivana Di Millo]: Go ahead, please.

[Question 2]: Good evening. My name is [redacted], and I'm representing the Cranberry Cove Port Credit Ratepayers Association. And if I could just give some context to my questions. We did submit a letter to the Mayor and Members of Council dated December the 7th in which we did not challenge or question the infrastructure cost or estimate of $1.5 billion dollars, but we did express in that letter great concern of the 5% infrastructure tax levy because of the impact it will have in our neighbourhood and I believe other parts of the City on low and fixed income groups. And in taking that position, of course, we're very mindful of the spectre that we face with our property reassessment values which we all anticipate receiving later this year, and those of us who are privileged to live in Port Credit, I think, can anticipate property reassessment values of the order of 40%, and that, you know, we can't ignore in terms of the 5% tax levy because there's only one taxpayer, there's only one pocket that money's coming out of. Now in terms of

the questions, I have several for Miss Baker, whose presentation I really found extremely helpful and clarified some of our doubts this evening.

But the first question, Miss Baker, is in terms of the recovery of $1.5 billion dollars over 20 years, you explained that you're hoping to recover (I presume that these are constant dollars we are talking about) recover $75 million a year. But you very kindly spent some time with me on the telephone when I was drafting our letter, and I recollect that you explained that the 5% tax levy would actually recover approximately $25 million a year, about a third of the $75 million that the City would like to recover. So the obvious question, that I don't think you addressed this evening, is how does the City intend making up that deficit, that annual deficit, of $50 million dollars?

[Janice Baker]: The five per cent is actually $12 and a half million so it's less than a third. It's about a six, actually. And I think that is the challenge. You know, the argument that we're making is we cannot rely solely on property tax to fund that deficit, so that is really the ask, I guess, of the senior levels of government. You know, we are simply trying to illustrate Mississauga's particular challenge using our own numbers and our own capital pressures to show that the burden that we would place on our residents to try and recover that full $75 million, and I do recall our conversation on the phone, and I think as I explained it to you at the time, that would require us to do a 30% tax increase in one year, and you know, and there's nobody in their right mind, quite frankly, that would propose that – politician or bureaucrat so—

[[redacted]]: …I'm relieved to hear that!

[Janice Baker]: Yes, indeed. You know, we do challenge our residents, but we're not crazy. And so that is really the ask. You know, we're saying, if you don't come to the table, and in a meaningful way, and in a structured way, and in a planned way and in a predictable way, and in a way that we can rely on. So, you know, the response in the budget yesterday, for arguments sake, to make the gas tax permanent, while it is a small piece of the solution, those are the kinds of commitments that we need from the federal government because we need to know that the money isn't going to run out at a particular time; that we can plan on it, that we can therefore then build it into our local context in terms of what our capital needs are. So I think the message around the 5% is we're trying to do something symbolic in terms of solving the problem ourselves with the limited tools that we have but it is not close to being enough. We need that partnership, and we need that predictable, sustainable long term funding in order for this equation to balance.

[[redacted]]: Thank you. If I could just make a comment, this is not a question, but in terms of the City's overtures to the federal government, could I also suggest that you approach the provincial government. I mean, I recollect that when the 1% GST tax reduction went into effect on January the 1st, the Province of Quebec assumed that 1% and dedicated that money to its municipalities. The Government of Ontario had that same opportunity but chose to reject that. So I do think that your overtures should be directed both to the provincial and to the federal government.

If I could just ask you a couple of other questions, In terms of the $1.5 billion infrastructure deficit that the City needs to overcome, could I ask whether City staff has a specific list of projects, such as the Lakeshore Road Bridge over the Cooksville Creek which is presently being reconstructed, whether you have a specific list of projects or whether that estimate is based upon depreciation studies applied to all of the Cities infrastructure assets.

[Janice Baker]: It is a combination of the two. We have looked at life cycle costing of our asset base so some of the analysis that Wendy presented when we look at our road inventory. We have relatively sophisticated ways of looking at our inventory and being able to do an estimate and as we pointed out, 50% of the number that we've come up with relates to roads. So that number's been created in that particular way, so similarly we would look at our buildings from a life cycle costing perspective. But we also have a specific list of projects we have to date that currently sit in an unfunded list and we have presented that to members of Council from time to time as we've talked about our capital budgets, so it's an amalgam of both approaches.

[[redacted]]: Just one more question. This comes out of the facts you presented this evening. I was interested in your portrayal of the decline of the City's capital reserve fund. I jotted down a couple of numbers from that histogram that you presented to us and there seems to be a catastrophic decline in the City's capital reserves from 2005, when the capital reserve fund stood at $400 million dollars and 2010, when it had declined to $100 million dollars, and thereafter you are predicting it to remain predictably constant. Can you just explain what happened over that 5 year period, what is projected to happen to cause the capital reserve fund to fall from $400 million to $100 million.

[Janice Baker]: If you'll recall the chart that I showed you that had the brown line on the bottom and was flat and the red line that was going like this. Essentially it is this. Our director of Finance is here, so I'm going to look at him to see if I use the right numbers. I think it is $13 and a half million dollars a year from our tax revenue that we collect aside into our capital reserves. We are drawing on an annual basis now something in the order of $80 to 100 million to fund our capital projects so the difference is being made up by a number of funding sources but one of the primary sources is our capital reserves. You know, I've heard about the book "The Tipping Point" and I haven't had a chance to read it yet, but I understand the concept. You really can get to this stage where you go along and the problem is manageable to a point and then you get to a stage where you tip over into an area where it is no longer manageable in the same way, and that is really what is happening in Mississauga. Most of our capital budgets used to be funded from growth revenue development and levies. Today, the majority of our capital budget is funded through capital reserves and property taxes and that will remain the case in the future going forward. So the nature of how we pay for our capital projects and the demands on us is simply just changed.

[[redacted]]: Thank you for those responses, Miss Baker. I would just like to conclude by saying that our association considers the property tax to be a very regressive form of taxation and that's why we would ask our Council to assume moderation in its tax increases because those property taxes fall on the shoulders of those people who are well off and those people who are not so well off, and that's our concern. Thank you.

[Ivana Di Millo]: Thank you. Next…

[Question 3]: Yes, my name is [redacted] from Ward 3. I have a couple of questions for Professor Mirza and then a couple for the Mayor.

Professor Mirza, thank you very much for your presentation which certainly highlights the need for continued pressure to obtain additional infrastructure funding. However, we have to understand the amount we need locally so I have a couple of questions. Earlier in a meeting with the Mayor and Janice Baker, I questioned the $75 million that was needed annually and I was informed in fact that for 2008 it was $7.5 million and that this was increasing to approximately $500 million in 20 years from now and that's an increase of about 335%. In the McGill FCM report, in chart 10 which you highlighted, it indicates that with no maintenance, the cost of infrastructure deficit over 20 years will increase approximately 100%, whereas if 2% is spent, the rate of increase will be minimal and 1%, will be approximately 40%. So how do we reconcile the figures in the FCM report and the City's report, in going from, assuming the City spends 1%, the deficit going to 40%, and then 10 times that amount in the City's estimates?

[Dr. Mirza]: Let me first make a few introductory comments before answering the question. I'm sitting here today as a student, even though I've been invited here, and I've been very impressed with the presentation that was made and the kind of tools they have used to work out the numbers. I must stress that our numbers are based on very limited data, and for that matter, we don't have any information on what might happen to our pipes in another 60 years, so we are making certain assumptions. So basically, what we are saying is that we would need a lot of money at that time, whether its $2 trillion dollars or $3 trillion dollars, or $3 trillion and a half dollars, all we are saying is that it is a very large sum of money. But at the same time, if you just look at what is happening in Mississauga. Now I was just working on some numbers here: $1.5 billion dollars works out to about $2,000 per citizen in Mississauga, which is about half the Canadian average of $4,007 per capita, just the deficit right now. So it just shows that the infrastructure here has been maintained reasonably well. And I think your Council and your Mayor need to be complimented.

Going back to your other question, I guess one would have to look at the numbers. I did try to pay some attention but it was so rapid. I would like to sit down with the numbers and work them out, but all I can say is that if we are facing a problem now, and we don't fix it…the curve that I showed you the four phases (A, B, C & D). Now a French colleague used a factor of 5. Our calculations, based on limited data is 2.5. It could be 3, it could be 4, but these numbers have to be taken with a grain of salt. There are needs, and the needs are going to be great. I think what highlights the discussion today is that a very progressive step has been taken by the Council in suggesting that a 5% tax levy be brought forward. I think that we should use as a leverage the federal and the provincial politicians. That money is yours and its mine. These are tax dollars. $13 billion in surplus for the year 2007-2008 is being paid to pay off the accumulated debt. Was that needed? I think somebody should have considered what would be the benefits of spending that $13 billion dollars on deteriorated infrastructure in Canada, and I can assure you that the benefits that will accrue over the next 10, 20, 30, 40 years will far more outweigh the benefits that the federal government is feeling by not having to pay the interest right now.

[ ]: Yes, I certainly appreciate that, but I'm trying to understand the numbers and that's where I'm having some difficulty reconciling the differences between your report and the City's report so the question to the City is what percentage of the infrastructure are they actually spending on maintenance?

[Janice Baker]: Maybe it's a question better addressed by me. You've asked a couple of different questions, so I'm going to try to tackle it this way. Mississauga is a relatively young city still today, so at the same time that we're seeing some of the infrastructure that was built in the late 70s and 80s our trend line is going this way, our trend line is going like this for the next 20 years because we still have subdivisions and roads today which are being built with capital levies that will come on stream in 15 years, 20 years that will come into that inventory of roads that will need relatively significant maintenance. We're focusing on roads because it's our largest asset class and probably it's the easiest to understand. So the escalation from the gap that's there today. We have been ramping up our maintenance budget on an annual basis so in Wendy's slide you saw that there were options there in terms of $8 million, $12 million and $17 million, and this was a decision that was taken about 3 years ago was a number that could maintain the road condition at a slightly lower level than we had at that particular time but certainly at a level that we felt was acceptable so we have been increasing and putting more infrastructure money aside for maintenance, but the simple fact of the matter is the creation of new infrastructure and the aging of the infrastructure will ultimately out pace our ability to do that. So the pressure is back-end loaded, and I think that really is what you're really getting at: why is the gap so small in the beginning and so large at the end. What we've done for purposes of ease of explanation is taken that 1.5 and simply averaged it over the 20 years. We haven't said "it's this much in 2009" or "this much in 2010". The $75 million is simply an average. It's 1.5 billion over 20 years. You divide one into the other and you get $75 million. But there are a number of factors at play in terms of how that $1.5 billion is spanned over that life cycle. Our staff has those numbers and would be more than happy to sit down and explain them to you. It would bore everyone else in the room to tears. Sorry, I've forgotten the second part of your question.

[ ]: The second part of the question is what percentage is the City spending on maintenance?

[Janice Baker]: Well, our annual capital budget right now is $100 million. The capital budget is on the website so I can't quote to you right now what that percentage is but certainly those details are readily available, and we would be happy to get them and share them.

[ ]: I'm just trying to reconcile the two and I'm having some difficulty doing that.

[Ivana Di Millo]: , one more question if I may. I'd like to give many others an opportunity.

[ ]: Yeah, so, the question…really the statement is the Mayor and Council, and Madam Mayor, I think you've done an excellent job in raising the awareness of the need for the additional and stable infrastructure funding with the Cities NOW! campaign and this has gained a lot of support from the other cities and associations. But I've been seeing some of the letters

that have been coming in and I don't see anywhere else where the cities are actually taking the step to raise taxes so I'm a little concerned that Mississauga is raising taxes. And the other statement is that Mississauga is part of the LUMCO association, and in my opinion, it would be far better if LUMCO adapted a common strategy to the federal and provincial governments Canada-wide, to pressure them, rather than us citizens in this small city of ours, although we are the 6th largest city. We still represent a fairly small proportion of the membership, whereas LUMCO represents a much larger membership. So there should be a common strategy to coerce the funding out of that and we will certainly be part of that strategy and we can put our voice behind it. But please, please. Tax increases, no, because, as I've stated before, this tax is very regressive and it hurts us quite a bit. Thank you.

[Ivana Di Millo]: Thank you. Madam Mayor, do you wish to respond?

[Mayor McCallion]: Yes, I'd like to do that. The Large Urban Mayor's have supported our Cities NOW! campaign, as well as the campaign that was undertaken in Toronto, a one-cent sales tax. Unfortunately, the one cent sales tax did not go over with the municipalities or the Big City Mayor's Caucus or the Large Urban Mayor's of Ontario due to the fact that it was directed to the GST. The Mayor's of the Large Urban centres, they don't really care where the money comes from, and it looked as if by adopting the one cent GST, that we were asking the federal government not to give the one cent to the residents or to the tax payers, but to give it to the municipalities. And that's why we finally got a change to the "equivalent" of one cent in order to get the support of the Big City Mayor's Caucus. I believe that our Cities NOW! campaign says infrastructure funding is required. And quite honestly, I don't think you dictate to the level of government as to where they find the money. I think it's up to them to decide where it comes from GST or income tax or corporation tax or the many taxes that the federal and provincial governments collect. So our Cities Now! is saying this is the need. Why did we take it down to the city level? Quite honestly, when we've been making announcements for the last 10 years about the infrastructure needs of the municipalities in Canada. And we talked about a $60 billion infrastructure need and now we're talking about $123 billion. How does a citizen at the local level relate to that? They would like to know how it relates to their specific municipality. what are the infrastructure needs of their municipality and that is why the City staff, under the leadership of the City Manager, came up with "what are the infrastructure needs of Mississauga?" You can relate to that, but I don't know how a citizen can relate to $123 billion. We needed to know and we asked other municipalities to do the same. Many have done that. They've estimated their infrastructure needs and taken that to their people so that their tax payers can relate to the infrastructure needs of each municipality rather than throwing around this $123 billion that started out at $60 billion. So that's why we came up with the Cities NOW! campaign and we are getting support from many municipalities adopting it. But I can assure you it is a united approach, both provincially and right across the country that infrastructure funding is needed. You think that $1.5 billion is a large amount? The infrastructure needs of Montreal, of Toronto, of Hamilton, are far in excess of ours. Fortunately our infrastructure is rather new, as a new city so you can imagine what their infrastructure needs are after being around for all those years. We wanted to take it down to the local level and other municipalities are following that. They are telling their citizens exactly what the infrastructure needs of their municipality is and what it would take to offset them getting into a situation unacceptable to their citizens. So that's why the Large Urban Mayor's are supporting us. The Big City Mayor's are supporting the

equivalent of one cent but overall, all municipalities are saying we need funding from the federal government in light of their large surpluses at the present time. Now is the time to invest. The economic success of the country is based on the economic success of the municipalities. That's where the action is. That's where the companies locate. That's where the citizens reside. And where does the federal government get all of their money to divvy up? From the taxpayers of the municipalities. So it's got to come back in a sustainable way; not ad-hockery. Funding this program, funding that program. Applying for funds like our bus rapid transit. The government approved in April last year, finally got approval February 2008 and the project can't move until that approval is given. So the municipalities are united right across this country. Small, medium sized and large. Water facilities in the rural areas to bring them up to the level of Mississauga, would bankrupt many small rural municipalities. To have the water supply that we have and the condition of it. So infrastructure needs applies to all municipalities regardless of their size.

[Ivana Di Millo]: Thanks Madam Mayor. I'm going to do a time check because we want to make good on our promise to end at 9:00, and if I see lots of questions coming, I'll check with our organizers to see if they can continue. But if I could ask you to be as brief as possible so we could give others an opportunity to ask, that would be great. So please.

[Question 4 -- [redacted] from the Rockwood Homeowners' Association]: The tax levy. Was that the only option that was considered for making up this deficit?

[Mayor McCallion]: Tax levy?

[Ivana Di Millo]: Was this the only option that was considered.

[Mayor McCallion]: Well that's the only option we have as municipalities. That's the only tax we can add. We don't have authority. The City of Toronto now has authority under the *Toronto Act* where they've added land transfer taxes and registration of vehicles under the *Municipal Act*. We do not have that authority. Property tax is the only tax available to the municipalities under the *Municipal Act*.

[[redacted]]: I know as a homeowner, if I'm growing broke, I would sell my assets to get the deficit back. Has the City considered selling its transportation vehicles, community centres or any of their infrastructure to change it to leasing instead of ownership.

[Mayor McCallion]: Well, Toronto undertook to sell assets. They sold their street lighting to Toronto Hydro. But if you sell an asset one year to balance your budget, what do you sell next year to balance your budget?

[[redacted]]: Well, I'm looking at the long-term forecast. There are construction companies that operate and all they do is rent equipment.

[Janice Baker]: …debt financing. For instance, when we're looking at our bus rapid transit, we're looking at all of the different options, including Design/Build, Finance. Those kind of options we look at. On an existing asset that we have today, we could generate short-term cash in

terms of sale and lease back of facility, but ultimately you do have to pay back. If we sell the building, it's no longer ours…

[ ]: But if it's a 50-year building and the cost of keeping it up-to-date is more than what the building is worth, why not get rid of it?

[Janice Baker]: Well I think it is difficult to look at a public asset the same way you would look at an office building. What's a community centre worth? You can put a value on the building but from the perspective of public uses and financing, it really is just another form of public debt. Sell and lease-back is really a way to get your cash flow up front and then smoothing it out over a number of years. And from our own perspective, we could probably go to the capital markets and borrow more cheaply than we could do a sale and lease-back. We have looked at those options for fleet in particular. We've been approached by a number of private sector financiers. It was a popular thing to do about 5 years ago. But the simple fact of the matter is we have a triple A credit rating. I can go out to the capital markets and in our capital plan in 2012, that's exactly what we will be planning to do. So first of all, we would look for the cheapest form of financing and sale and lease-back in most situations that we've looked at is not the cheapest form of financing for us.

[Ivana Di Millo]: Do you have one more question?

[ ]: No, I really appreciate the answer.

[Mayor McCallion]: Something we could do is not a tax increase is to go and borrow money because every year we write off a major portion of our capital budget to the operating budget so we could now borrow money and finance a portion of the infrastructure, no question about that. We've tried not to, and by 2012, we will be forced to if we don't obtain the funding that we're looking for from the federal or provincial government.

[Ivana Di Millo]: Thank you. Next question.

[Question 5 -- from Lorne Park Estates]: I was going to ask a question similar to what's been already asked. Other municipalities are supporting the Cities NOW! campaign but I haven't heard except for the one cent GST sales tax in Toronto, I haven't heard of another municipality who is actually trying to raise the money themselves. It's well documented that we need the money but might this weaken our case with the federal and provincial government in raising these funds if we do it ourselves. They might just say, well, you've proven that you can do it.

[Janice Baker]: There are a number of municipalities that have put special infrastructure levies into their tax rates for 2007/08 going back. The difference is they haven't done it and tied it to a campaign like ours, but I think we could give you a number of examples of municipalities. We did it. We did it two years ago when we did the 1 ½ percent last year.

[Mayor McCallion]: …and the Region is doing it.

[Janice Baker]: …and the Region is doing it. The simple fact of the matter is that we know that there is a certain part of this problem that we are going to have to solve ourselves regardless, unless the skies open up and the feds start raining down money. We have some obligation to some portion of this challenge in any event so the notion of raising taxes to pay for infrastructure is not a creation of this campaign. I think the difference is that we have really tied the two things together; that the lack of response at the federal level is part of the pressure we're feeling and therefore puts us in a position where we have no choice but to look to the only tax tool that we have which is property tax.

[Mayor McCallion]: We're the only municipality of our size in Canada that is debt-free, that hasn't borrowed money. Even smaller municipalities in Ontario have quite a debt. They borrow the money to finance the capital rather than raising taxes. We could do that. That's a choice if the citizens want us to do that let us know. If you think we should be borrowing money to finance our capital budget or part of it that we're now writing off to the operating budget. So it's a choice.

[Ivana Di Millo]: I have one more question. Is there anyone else…two. Three. Go ahead.

[Question 6]: My name is [redacted]. I'm with the Town of Port Credit Association. I've been sitting here scribbling down points based on what I've heard tonight. And it's a little rough, and it may be hard to read. I would also say that Tom Urbaniak gave me a copy of his book "Farewell Town of Streetsville" and I'm reading it with great interest and seeing how Hazel McCallion has listened to the will of the people over the years, and I believe that your recent CBC radio interview certainly shows that. I'd also mention that I'm in Ward 1 and that Carmen Corbasson, our Councillor, voted against the tax levy resolution when it came up as did Pat Mullin in Ward 2.

I'm going to phrase this in terms of a series of "whereas's" followed by a brief request and I don't really expect an answer tonight obviously. I need to do a little more homework on this, but it will be summarized in a letter.

WHEREAS it is no surprise that infrastructure deteriorates and that it costs money to repair.

AND WHEREAS the political mileage out of having no tax increases in Mississauga for many years is now proving to be short-sighted.

AND WHEREAS I believe we have just passed our 11th year of over $1 billion a year in new development, which implies new tax payers moving to the City and that our Cities population is still growing.

AND WHEREAS all citizens use infrastructure, yet not all will get to enjoy the 1% GST tax relief that we're entitled to because we've been overtaxed for years

AND WHEREAS many retirees don't have the increasing income to match taxes in an appreciating house that they've worked all their life for

AND WHEREAS the grabbing, I believe, in mid-air of the 1% GST tax reduction is opportunistic and serendipitous

AND WHEREAS, I believe the levy is undemocratic in concept and regressive in principle and done without consulting us although I suppose you would call this a form of consultation although I wouldn't consider this broad at this stage.

AND WHEREAS there is no Citizens Advisory Committee on these kinds of financial matters much as there is for Environment, or Heritage, or Cycling…which I certainly support.

AND WHEREAS, I think we are being held hostage in effect, in the face of unresolved fiscal issues at the federal and the provincial levels which gives them no incentive to deal with it

AND WHEREAS this may give us a model for line item levies going into the future and these levies become a permanent part of the tax structure

AND WHEREAS we need more accountability to the property owners who pay the freight

AND WHEREAS there needs to be meticulous scrutiny of the present budget.

AND WHEREAS we are being taxed by four (4) levels of government, and there is talk of a tax at the Peel level as well

AND WHEREAS the 1% GST tax relief is OUR money, not yours

AND WHEREAS the tax increase for 2009, I believe, is projected to be in the double digits

AND WHEREAS more money is being put into the commercial and industrial roads rather than the residential but residents are being asked to pay for this disproportionately

AND WHEREAS we don't know in the face of all of the costs outlined if this levy will be enough and I wrote that before I heard that. In fact it only covers 30% -- 1/6th, oh boy!

AND WHEREAS the perceptions of the citizens is that this is a serendipitous means of budgeting and overall priorities need to be transparent

AND WHEREAS $1.5 billion over the next 20 years is an astounding figure and in that sense this partial levy is only symbolic seems even less authentic, shall we say. Then I'll wrap up.

Can we, in the spirit of the Visioning Symposium, which I attended this weekend, where the desire of the citizens to be part of the decision making was so apparent, can we look at a viable, permanent way to face the necessary costs we face before we take this ad-hoc route. Thank you.

[Mayor McCallion]: I think we'd like a copy of that. I'm getting too old to remember all of those things. I just want to say to you, yes, there were years – 10 I believe – where we didn't have a tax increase and we had huge surpluses. And I guess we could have passed on a tax

decrease instead, we put those tax surpluses into reserves and that's why today, we have reserves built up in order to finance some of the infrastructure needs of the municipality. I guess for those years we maybe should have increased taxes but everybody was looking at the surplus we reported publicly and said 'wait a minute, don't you dare increase taxes' with those huge surpluses. So it was something that you mentioned at the beginning that I remember well. The other things we would like to get back to you on. It was quite a lengthy "whereas", and we appreciate your input.

[Ivana Di Millo]: Thank you. I think I've got another question. Or two.

[Question 7 – [redacted], East Collegeway Ratepayers Association]: I wonder how many people here were at the Vision last Friday and Saturday conference meeting. For those of you who think that 5% increase is too much, you should have been in a couple of groups that I was in. They're talking double-digit in order to have Mississauga reach their goals in 20 or 30 years. There's no other way of doing it. We've got to squeeze the government. There were some people who were extremely vocal. We should never have, for instance, if we are successful in all of our projects, have any of the provincial or federal governments be part of the ribbon cutting ceremonies. They said it tongue-in-cheek, but they were brutal to the point that even I was blushing. And there were groups that had 16 year olds up to 80-year olds in the groups and they were all in one voice to make sure that Mississauga stands on its own.

[Ivana Di Millo]: Thank you. I've got another speaker.

[Question 8]: I feel like starting off "whereas, whereas, whereas" . My name is [redacted]. I'm representing myself. This evening's presentations have given me a lot of disparate information or disparate data maybe and I would love to have time to sit down and be able to sort it all out. One thing that I get from this is, that for the Corporation of Mississauga Inc., there is a huge deferred liability which is not being shown on the balance sheet. My question is as CEO and, unfortunately directors, do you have any responsibility for this? As an adjunct, with respect Madam Manager, I think your idea of raising money, borrowing money, raising debt the most ridiculous thing I have ever heard of. All it is doing is delaying the inevitable. Get off your "butt end" and face the problem and do something. Yes, do something. Fine. You say there's nothing other than a 15% tax levy. Fine! Go cut your salary by 10% and everybody else's salary in the Corporation by 10%. Oh there would be hell to pay but General Motors can do it, why can't you? The reality is your costs are too great for the services you are providing or not so much for the services you're providing but for your revenue stream. Cut your costs. There are lots of other things but they are disparate so I will leave it at that. Thank you.

[Ivana Di Millo]: Excuse me, one moment. Go ahead Janice.

[Janice Baker]: So the one part of the question with respect to the debt, if you can save up enough money to buy a house, you don't need a mortgage. The only avenue we have to save money is to get it from our tax payers. The dilemma that we're running into is that we are no longer in a position where we can save the money up front in order to maintain our capital assets: our houses, our vehicles our roads. Debt, in the municipal context is not necessarily a bad thing, if you look at cities across Canada. As long as you can manage it in the revenue streams that you

have, which is one of the points that you made. Debt is a legitimate form of financing. There is an argument to be made in fact in the public sector that you should be borrowing and leveraging assets for debt because the people who use the assets should be the ones to pay for it in the debt charges that accrue from the debt that you borrow from the capital markets. So that's the one comment.

Your second comment with respect to cost control and cutting of salaries, my comment to that would be, within the City of Mississauga we benchmark against the public sector. I want to pay my staff competitive salaries because if I don't I don't get to attract the brightest and the best. And in my view, in Mississauga, we have a history as an employer of choice being able to do that. That's an easy argument to make. We spend a lot of time reviewing our services, and in particular benchmarking our costs against other municipalities because we are conscious of the fact that our obligation is to deliver the services that we do in the most cost-effective way that we can. So having structures and means in place to be able to review what we do and how we do it. We have internal processes in place, and in some cases, we've been open to inviting external review of those costs as well. So I think that's our obligation as managers to do that and I think our reputation as a City is that really is part of our culture. I'm not sure if the Mayor would like to comment.

[Mayor McCallion]: We do have unions in the City. Police and Fire can't strike but we have other unions. Fortunately, we don't have too many unions, but it's the way we treat our employees. But it's impossible for us to cut the salaries of our staff and have Oakville next door or Brampton pay salaries. So as the City Manager says, we benchmark and we try to keep the salaries but I'll tell you: we demand performance. That's one thing we really do. Productivity is the key and our number of employees per capita is well in line, in fact, below in my opinion, most municipalities. In fact, we're considered one of the best managed cities in Canada. I get that as I go across Canada meeting with the Big City Mayor's Caucus that they can't imagine…take my office. I have 3 people in my office. A city, the sixth largest in Canada. Staff from Winnipeg, Regina, Saskatchewan – much smaller than we are – and there's sometimes 8-10 to 15 people in the Mayor's office. I don't have a driver. So we do things in Mississauga quite differently than large cities, as I guess we're sort of a country city. I believe you pay your staff well and that you demand performance, and you keep your staff the lowest number of staff possible. And I can assure you that we do that. I'm convinced that we do that. We try to run the City like a business and no business is going to pay employees less than their competitors in the same business, I can tell you, or they would go out of business because they wouldn't be able to hire employees. There's great competition out there today for qualified employees; not only in the public sector, but in the private sector so I have no hesitation. I think we have the best employees in Canada in the City of Mississauga and I'm quite proud of that. They do a great job. We ask them to perform to the best of their ability.

[Ivana Di Millo]: Again with the time check, because that's my job. I'm going to give Dr. Mirza an opportunity to speak. I have one speaker to my left and one speaker to my right. Go ahead.

[Dr. Mirza]: One comment. Since 1971, the municipal portion of infrastructure has increased from being about a third to being very close to about 3/5ths right now. As I've pointed out very

clearly, all municipalities can do is control their own taxes and nothing else. And the federal and the provincial governments have choked off the supply of funding that was coming before the 90s ever since the early 90s, therefore there is a dilemma here right now. The federal government has a surplus for this very reason and therefore I think there has to be some political pressure brought on the federal politicians so that they can come around. Now $13 billion dollars from this year's surplus was set aside to retire the debt whereas I guess the Liberals, according to a statement made by Stephane Dion said they would keep $3 billion for contingencies and pay the rest for infrastructure. So I think we must put some political pressure. On the question of disparity, I guess one thing I realized later, is most of the infrastructure here, 60% is roads. The service life of roads is 20 years, 25 years. In Quebec, it's even less. When you put that in along with the rest of the infrastructure because of the large proportion of roads, that set of curves that I showed would go up and that's why the portion that we showed would be quite appropriate.

[Ivana Di Millo]: Thank you.

[Mayor McCallion]: There's something that I have to say in regard to taxes. I don't think that too many people, maybe the group here tonight, might be aware of. We send $38 million of your taxpayers' money to Toronto for their social costs. It used to be $44 million, it's now down to $38 million, as the province is trying to phase it out. We subsidize the City of Brampton and the Town of Caledon by $21 million a year. So that's $60 million dollars that we would have each year to fund infrastructure. It would make quite a nice contribution, wouldn't it?

[Ivana Di Millo]: [redacted]…

[Question 9]: My name is [redacted]. I've been with the Ontario Real Estate Association since 1984, as a member. Just a couple of comments and a question. First of all, Professor Mirza, my compliments to you on your presentation. For those of us who listen and read in the newspapers to people talking about billions and trillions, I don't know about the rest of the people in the room but I feel like when you're talking about a billion, I start to feel as dumb as a parsnip. So to take a billion/5, and I was just playing around with my calculator, and I was a little frightened to even speak up but I calculated $2,142 over 20 years per person in the City of Mississauga. And when you think about that, it's about $110 bucks a year. It's not that bad. So a suggestion on your presentation, break it down, show a column per resident 'cause then I think people can relate to it. When we're hearing the Mayor and the Councillors talk to Ottawa and talk to Queen's Park about a billion…I can get my head around a million or 10 million but I can't around a billion. I don't know what that means, so just a suggestion.

Now in that regard, I think that most of the people in this room will stick their hand in their pocket if you make things better. For most of us, we'd rather take a dose of poison than sit on that Queen Elizabeth Way from 7:00 in the morning till 10:00 in the morning. I can tell you I would pay the $2,000 up front right now if I could avoid that for the next 20 years. So just a suggestion, if you want people to get behind this, make things better. But I will ask a very pointed question: it's always that magic question what are you overlooking that scares the hell out of people, and I don't know who on the panel to direct this question to but are you satisfied that your inventory of infrastructure is top notch and does it encompass what you envision doing to make things better over the next 20 years. Thank you.

[Janice Baker]: I think we are very comfortable in the notion of state of good repair of our current inventory of infrastructure and identified list of projects. But if you look at how a city changes and evolves over a 20-year period, is there a possibility that a new opportunity or something important to the City would be proposed, and we would want to do beyond the list that's there. I think the answer to that would be yes. If the Province of Ontario came to us tomorrow and said City of Mississauga, we've looked at your feasibility studies for light rail/streetcars on Hurontario. It makes absolutely perfect sense and we want to be a partner with you as we did on the BRT and it's a cost of – I'm going to throw out a number and it has no science behind it -- $500 million dollars, and we're prepared to put in $450 million but we need you to step up for 10%, will you. I mean these are the types of challenges that we get faced with, opportunities that come along, so things are not reflected in the $1.5 billion. What is reflected in the $1.5 billion is maintaining to a reasonable standard inventory of assets that we own today and an identified list of projects that are enhancements, that have already been put on our list of things we want to do as a City. But in the total evolution of the City of Mississauga are their new things that would come along that would put pressure on that number, absolutely. And I don't know what they are, but I know they will come.

[Ivana Di Millo]: Dr. Mirza would like to say a few words…

[Dr. Mirza]: I think I will try to include the numbers per capita in each one of the categories of infrastructure but I did bring out at the end that this $123 billion dollars is about $4,000 per capita in Canada and this is the immediate need and the question was asked of me last November, could this be done immediately? Obviously this can't be done immediately. We can't spend $123 billion in a year. We just don't have that kind of money, we don't have that kind of manpower. We cannot do it. It has to be done over 10, 15, 20 years. And when you do that, I guess we have to do some calculations. I think that this might amount to about $250 per year. I would need to work it out but I'm just shooting it off the head right now, but it would be in that ball park. But your comment is very well taken.

The second point I wanted to mention was that in 1995, very few municipalities had an inventory of infrastructure. I know that the City of Montreal did not have an inventory and management was just by the seat of the pants if that's a phrase I can use. There are many municipalities that have very good inventories. We had proposed a pilot project to prepare a GIS based inventory of a small community along with its detailed condition assessment, a detailed history of construction so that a manager on a computer could say, all right, at intersections A and B, what do I have? I have a manhole. When was it constructed? How was it constructed? How often was it repaired? What is its present condition, which could be upgraded every year. We need something like that. We had proposed a project like that and we received excellent reports. I received the reports from wherever it was but Infrastructure Canada, I guess they have other priorities did not fund it. And we have found some private partners to go ahead with it and that small community of McGill campus, we were mapping every pipe, everything that is underground right now, and hopefully, that will give us a template that could be followed in the municipalities across Canada.

[Mayor McCallion]: An inventory of our assets in the Province of Ontario is going to cost a lot of money but it is very much needed but it is something that municipalities have failed to do.

[Ivana Di Millo]: Ladies and gentleman, I'm going to take a final speaker here. We've gone overtime, so our last speaker please.

[Question 10]: Thank you very much. I promise I will brief. I have a couple of brief questions. My name is [redacted]. I'm with the Credit Valley Meadows Residents Association. Does the Cities NOW! campaign have a specific target of what it will request from the federal government with respect to loans to be paid back, handouts for lack of a better term and is there a structure for the moneys that they are searching for from the federal government. Given that the City of Mississauga has its house very much in order for a variety of reasons and the federal government does not for a variety of reasons I wonder if there's an expectation of exactly what you want from them.

[Janice Baker]: We've quantified the gap. We're not looking for loans. We are looking for revenue sources that can be dedicated to local infrastructure because quite frankly a loan again, depending on the terms and conditions, I guess, is no different than our plan to use the capital markets as a source of financing. Now there have been tools that governments have entertained at different times, low interest or no interest, so we would obviously compare those vehicles. What we are looking for are revenue sources. What we've characterized it as is permanent, sustainable revenue sources that grow with the economy. Those are really the phrases that we have consistently used. Have we set a target or a number? I guess our number would be some quantum around the $1.5 billion over 20 years and we would be happy to entertain anything in that order of magnitude.

[[redacted]]: I noticed in one of the slides that the concept of the money flows somewhat from the idea that 1% of the GST was rebated to us. The net effect on an individual of that 1% GST is not as near as large as the net effect to a Corporation. And I noticed in the slides that we went through rather quickly, that 5% being proposed by Council for the individual tax payer is also equal for the Corporation 5%. Has there been thought given to taxing at separate rates, perhaps taxing 7% at the Corporation and 5% to the individual tax payer?

[Janice Baker]: Businesses already pay a premium tax rate, anywhere from 1.4 to 1.6% of residential rates so if I apply 5% to a higher rate I am in effect surcharging businesses. So we've chosen to keep the tax rate flat but the net impact to business would be slightly higher because their tax rates are higher.

[[redacted]]: And indeed, there is no finer place to do business than the City of Mississauga, so that's a premium I'm sure they would be comfortable considering. The last question I had was, as I understand it, a large reason for the City of Mississauga's reserve funds being in existence and eventually being drawn down as we go forward, which was spoken about earlier, is as a consequence of development fees over the past years. I'm wondering given that the remaining land that does exist that is available to developers and for development given that it is going to be at a premium as there is very little of it left whether there is consideration being given to a

higher levy, a higher fee, some manner that is within the abilities of the City of Mississauga to gain some income from that, to put it away for this fund as we go forward.

[Janice Baker]: Our development levies – and the Mayor is grinning – are dictated under a piece of legislation we call *The Development Charges Act* so there is a very prescribed formula by which we can calculate development levies. And your development levies are based on the cost of the infrastructure needed to service the land, not the value of the land itself. So we have to do very extensive studies to look at the development areas in Mississauga, understand road infrastructure, underground infrastructure. We can charge, for instance, for transit buses to provide service in that area so we do very extensive studies on that basis but the formula by which we calculate development levies is prescribed by legislation and developers have the right of appeal so we don't have the ability to just simply charge whatever we feel like. There's a science to how the levies are calculated and we are forced to follow that.

[Mayor McCallion]: And we've been asking for legislation to be opened up so that we can on soft services – we only get 90%, we have a 10% reduction – and it's calculated on a formula that needs to be changed badly, and unfortunately, for the last 2 years, the municipalities of Ontario have been asking that the development levies legislation be opened up so we can adjust and come up with a better formula than they have. We can't use those development levies for other than growth. We can't use them to go back and invest in infrastructure in Streetsville or Port Credit, in infrastructure that isn't related to growth. It's all related to growth, so it's not as lucrative as some people think it is. Developers think it is very lucrative. But we can't get the legislation. I pleaded with the minister of Finance the day before yesterday when I met with him and we're hoping that maybe this year we might get the development legislation opened up so that we can collect more in development levies in order to try to offset the infrastructure demands of the municipality.

[[redacted]]: Thank you very much.

[Ivana Di Millo]: Thank you. Before I ask Mayor McCallion to bring closing remarks, I'd really like to thank you for being patient and for participating. We do have survey cards.