



Corporate Report

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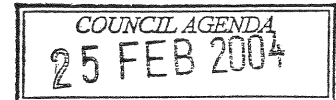
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DATE: February 23, 2004

TO: Mayor and Members of Council

FROM: Janice M. Baker, CA
Acting City Manager

SUBJECT: City of Mississauga - Separated City
Financial Analysis



Meeting Date - February 25, 2004

ORIGIN: City Manager's Office

BACKGROUND: On October 9, 2002, City Council considered a report from the City Manager titled "*City of Mississauga's Response to the Citizens' Task Force on the Future of Mississauga*", wherein the recommendations of the 20 member volunteer Citizens Task Force Report, "*Securing Our Future*" were addressed. At that meeting, City Council adopted Resolution 0297-2002, attached as Appendix 1, which resolved, amongst other matters, that the Province of Ontario be requested to permit the transition of the City of Mississauga to a separated city in advance of the 2006 municipal election.

The Citizens' Task Force had recommended that regional government be phased out within 5 years. When the Task Force took their recommendations to the public, some residents called for financial and operational studies to address reservations about the potential for costs that might be associated with a change in the governance structure.

In response to the request of residents and as background to the City's request to be a separated city, a financial analysis was commissioned and prepared by Mr. William Day of Day & Day Chartered Accountants in 2001. The Day & Day financial analysis was updated in November 2003.

COMMENTS:

The financial analysis report, prepared by Day & Day Chartered Accountants is attached as Appendix 2. The Report has been prepared using data available from the 2001 Financial Information Returns (FIR) as well as the 2003 budgets and the 2003 Regional levy. The City of Mississauga has since been given a copy of the most recent work that Brampton commissioned from Hemson Consultants and it is attached as Appendix 3.

The financial analysis provided by the Consultant is specifically intended to predict the property tax impacts to each of the cities of Mississauga, Brampton and Town of Caledon, should Mississauga leave the Region of Peel and the Region be subsequently disbanded. The assumption is that each municipality would become responsible for the services that they provide, unlike the current method of cost apportionment of Regional services based on assessment.

Based on the analysis of the data available and the allocation of the costs as per the report from Mr. Day, the cost to Mississauga taxpayers of remaining with a two tier structure is \$32 million per year. For a house assessed at \$250,000 the cost is \$119 per year, and for a business assessed at \$10 million, the cost is \$6,997 per year. These impacts are based on the assumptions contained in the report and could differ if assumptions are changed. It is unlikely however that the changes would be significant given the fact that Mississauga currently pays 66% of the Regional property tax and has paid a disproportionately high share since the inception of the Region in 1974. Even with the 10 year projections of population, assessment and road length for each of Mississauga, Brampton and Caledon, which shows significant growth in both Brampton and Caledon, the tax impacts are still very close to those previously quoted for Mississauga and Brampton.

The potential financial impacts of Mississauga becoming a separated city from the Region would fall into three categories and are limited to those programs supported by the property tax, not rate supported programs such as water and wastewater.

- Consolidation or amalgamation savings

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- Re-apportionment of existing Region of Peel program costs
- Efficiency savings

The projections of consolidated savings, the re-apportionment of existing Region of Peel program costs and resultant property tax impacts are predicated on the following assumptions:

- The existing municipal service levels to the public would be maintained, with no levelling up of costs or service levels.
- No levelling up costs would be provided for salaries or benefits.
- Existing non-tax revenue sources remain the same.
- Annualized financial impacts are assumed to flow to the tax levy and municipal property taxation.
- Property tax impacts reflect annual restructuring impacts at maturity.
- One time transitional costs will be funded from sources other than taxation.

Some services such as Police, Social Services and Water and Wastewater may require special treatment given the fact that they are limited in their application (Regional Police serve Mississauga and Brampton only), mandated (Social Services and Ontario Works are Provincial programs delivered by the Region on behalf of the Province) or rate funded (Water and Wastewater).

There would be merit in considering Police services as continuing their operation jointly by both municipalities as it can be assumed that the total cost associated with the operation of policing would remain the same as it is now. It may be more appropriate to establish special purpose bodies or wider co-ordinating bodies for the delivery of the larger mandated services and services that require cross boundary co-ordination such as water and wastewater. Further, by virtue of such an organizational structure, special purpose bodies may be better positioned to leverage funding from senior levels of government. Alternatively, there may be a case to be made to maintain the delivery of these services within a reformed Regional structure.

R.8/10

The issue of an appropriate services structure and regional coordination of services and decision making powers, and elimination of overlap are issues that have been discussed and studied at length over the last decade. Developing an appropriate service delivery structure encompassing the broader GTA is required to manage growth and set funding priorities. Coordination of services must be addressed as part of the implementation strategy for a separated city and this matter will be the subject of a future report to City Council.

CONCLUSION:

The decision of City Council in October 2002, to request the Province to permit the transition to a separated city, operating independently from the Region of Peel, was based on previous positions of the City on municipal governance but more conclusively, on the recommendations of the Citizens' Task Force.

What the Citizens' Task Force was unable to address at the time was a financial analysis on the implications to the municipal tax base of becoming a separated city. While the Citizen's Task Force recognizes that the financial analysis was information that held some importance to future decisions on the City's governance structure, they also believe that there are sufficient arguments to justify the phasing out of regions, stating in their report, "even if it could be demonstrated that the financial savings would be minimal". The Day & Day Financial Report provides the information requested by the Citizens' Task Force. The report confirms the fact that Mississauga has long been paying and supporting more than its share of regional costs.

The financial analysis is only one component of the argument for a separated City. More pressing however, are the issues of appropriate GTA-wide governance of certain services; the elimination of overlap of services between the City and Region; and, establishing a governance structure that offers more appropriate representation of Mississauga residents by elected officials.

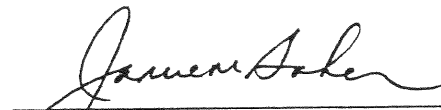
The completion of the Financial Report positions the City favourably for future discussions with Mississauga residents and businesses, and for discussions with the Province on

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moving forward to recognize Mississauga as a separated city in time for the 2006 municipal election.

RECOMMENDATION:

That the "*Financial Impact Report to the City of Mississauga on the Transition to a Single Tier*", prepared by Day & Day Chartered Accountants, dated November 2003, be forwarded to the Premier of Ontario, the Minister of Municipal Affairs, Mississauga MPPs, the Citizen's Task Force on the Future of Mississauga, Mississauga Board of Trade, the school boards, all Mississauga ratepayer and business associations, the City of Brampton, the Town of Caledon and the Region of Peel, for information.


Janice M. Baker, CA
Acting City Manager

<input type="checkbox"/> Receive	<input checked="" type="checkbox"/> Resolution
<input type="checkbox"/> Direction Required	<input type="checkbox"/> Resolution, By-Law
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<input type="checkbox"/> Corporate Services	<input type="checkbox"/> Information
Division _____	<input type="checkbox"/> Reply
<input type="checkbox"/> Planning & Building	<input type="checkbox"/> Report
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17.8(e)



RESOLUTION 0297-2002
adopted by the Council of
The Corporation of the City of Mississauga
at its meeting on October 23, 2002

Moved by: G. Carlson

Seconded by: N. Iannicca

WHEREAS in 1974 the City of Mississauga was formed and constituted an amalgamation of a number of municipalities including the former Towns of Mississauga, Port Credit and Streetsville plus a portion of the former Town of Oakville;

AND WHEREAS in 1974 the Regional Municipality of Peel was established as part of the Province of Ontario's initiatives on government reform that resulted in five regional municipalities being created within the GTA and, with the City of Mississauga being one of the three area municipalities that constitute the Regional Municipality of Peel;

AND WHEREAS representation on all regions was based on population, with the exception of the Regional Municipality of Peel which specifically had disproportional representation;

AND WHEREAS this resulted in Mississauga having only 49% of the vote or 10 seats on Regional Council and Brampton and Caledon having 28% or 6 seats and 23% or 5 seats respectively, in spite of Mississauga having 63% of the population of the region, and inequity that has continued until the present time;

AND WHEREAS with Metro Toronto becoming fully developed, increased pressures were put on the City of Mississauga and surrounding municipalities to keep up with increased growth demands and accompanying services and infrastructure which led to "entangled" cross border services and a lack of clarity as to who should be responsible for the cost and delivery of services;

AND WHEREAS in 1995, coinciding with the Provincial government's GTA Task Force, the City of Mississauga demonstrated its commitment to change by introducing a series of reports and recommendations on GTA reform which clearly illustrated how the GTA could change for the benefit of the entire community;

AND WHEREAS, the City of Mississauga in its 1995 report titled "*Running the GTA Like a Business*", the City recommended that legislation be developed to abolish the five regional governments by December 1, 1997, and further, that the Greater Toronto Services Commission be responsible for developing an overall GTA strategy to co-ordinate urban and rural growth management and infrastructure;



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AND WHEREAS the City of Mississauga has on several occasions, through the "Report on GTA Governance" submitted to the Crombie Panel, "The Four Mayors Report", 1996, and the 1997 response to Milt Farrow's report on "Developing a Framework for the Greater Toronto Services Board", stated that there is no longer a need for regional governments and that most GTA wide services can be provided through a broader, strong, effective decision making body and that wherever possible, services be provided by local municipalities; AND WHEREAS the City of Mississauga and the "The Four Mayors Report" has clearly emphasized the need for GTA restructuring and the elimination of the regions prior to any GTA wide services body being established; AND WHEREAS on January 16, 2000, City Council passed a resolution dealing with a report written on behalf of six GTA Mayors outlining restructuring of 905 municipalities and the under legislated authority of the Greater Toronto Services Board (GTSB), stating that the structure of the GTSB should be determined after municipal restructuring and recommending, amongst other matters, that the provincial government consult with the area municipalities on municipal restructuring, re-legislating the GTSB and boundary issues; AND WHEREAS on October 11, 2000, City Council adopted a report "Urban Sprawl and the Greater Toronto Services Board" and recommended that the Provincial government be requested to appoint a special advisor by March 2001 to review the structure and functions of the GTSB including the relationship of the GTSB with the Province and local municipalities with the objective of the new GTSB having the legislative authority and financial capability to compete in the global economy, negotiate with other levels of government and establish an effective partnership with municipalities for adoption of a growth management strategy; AND WHEREAS in February 2001, Mayor Hazel McCallion appointed a 20 member volunteer Citizens' Task Force to examine and bring forward recommendations on governance in the Greater Toronto Area (GTA), including the role of Mississauga; AND WHEREAS on December 31, 2001, the Provincial government dissolved the GTSB and subsequently appointed a Central Zone SMART GROWTH Panel, chaired by Mayor Hazel McCallion to address issues of gridlock, solid waste and growth strategy; AND WHEREAS on April 10, 2002, City Council considered a report, "Ward Boundaries Review" which, amongst other matters, states that the City of Mississauga has 63% of the population within the Region of Peel and less than 49% of the vote and that Mississauga may wish to redistribute or increase the number of wards in the City in order to make representation more equitable and that an increase in wards would change the balance of representation at the Regional level and would require Provincial legislation to do so;

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AND WHEREAS on April 10, 2002 City Council adopted Resolution 0108-2002 that the *"Ward Boundaries Report"* be deferred, pending the report from the Citizens' Task Force and that appropriate steps be taken to deal with the recommendations of the Task Force, including if necessary, a review of the ward boundaries and/or the status of the City of Mississauga within the Regional Municipality of Peel and consultation with the appropriate Ministries of the Provincial government;

AND WHEREAS on May 10, 2002, the Citizens' Task Force presented their final report, *"Securing Our Future"*, which made a number of recommendations on governance, services and funding including the phasing out of Regional government 5 years after the formation of a GTA wide governing body intended to provide delivery of certain services;

AND WHEREAS, on October 9, 2002 City Council considered a report titled *"City of Mississauga's Response to the Citizens' Task Force on the Future of Mississauga"*, which concludes that the Task Force's recommendations for a legislated GTA wide Co-ordinating Body to plan and coordinate GTA wide issues as a first priority, to be followed with the phasing out of the Regions and, that the GTA wide Co-ordinating Body have representation based on population, are consistent with the position that has been maintained by the City of Mississauga since 1995;

AND WHEREAS the City of Mississauga contributes 67% of the levy of the Region of Peel and still has 63% of the population while still only having 49% of the representation;

AND WHEREAS the City of Mississauga is the third largest City in Ontario and is not dependant on the Regional Municipality of Peel to manage its future;

AND WHEREAS Members of Council of the City of Mississauga, all of whom also serve as Councillors at the Region of Peel have attempted to disentangle services at the local and regional level but have been unsuccessful due to the disproportionate representation at the region;

AND WHEREAS Council of the City of Mississauga is concerned that at times the Region of Peel involves itself in local issues, not part of its mandate of being a service provider within the City of Mississauga, resulting in unnecessary duplication and cost;

AND WHEREAS the average population of the 9 wards in the City of Mississauga is 70,000 and in Wards 6 and 9, the combined population is 200,000 with an expected additional future growth of more than 35,000;

AND WHEREAS the population of the City of Mississauga in 2002 is 630,000;

AND WHEREAS the City of Mississauga should address as part of the ward boundaries, issues relating to its urban boundary both west of Ninth Line and the northern boundary, south of Highway 407;



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AND WHEREAS the City of Mississauga needs to adjust its ward boundaries, however, changes made now to the ward boundaries or Regional government representation would only be short term solutions, and therefore the appropriateness of making any changes prior to the 2003 election is questionable;

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. That no action be taken with respect to ward boundary changes for the 2003 Municipal Election;
2. That the Province of Ontario be requested to permit the transition of the City of Mississauga to a separated city in advance of the 2006 election;
3. That the Province of Ontario be requested to establish a GTA wide Co-ordinating Body at the same time they consider the recommendations of the SMART GROWTH Panel;
4. That the report dated September 25, 2002, from the City Manager, regarding the City of Mississauga's Response to the Citizens' Task Force on the Future of Mississauga, be forwarded to the Premier of Ontario, the Minister of Municipal Affairs and Housing, the Region of Peel, the City of Brampton, the Town of Caledon, and the Mississauga MP's and MPP's.