

EXECUTIVE SUMMARY

INTRODUCTION:

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

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

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

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

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

Summary of Restructuring Savings (Additional Costs)

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

PROJECTED PROPERTY TAX IMPACTS:

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

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

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

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

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

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

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

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

REGION OF PEEL CAPITAL BUDGET AND SOURCES OF FUNDING

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

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

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

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