Provincial Elections 2007
Mississauga Matters

Investment in Transit and Transportation Systems
Corporate Report

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Corporate Report

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COUNCIL AGENDA
28 MAR 2007

DATE:	March 25, 2007
TO:	Mayor and Members of Council Meeting Date: March 28, 2007
FROM:	Janice M. Baker, CA City Manager and Chief Administrative Officer
SUBJECT:	**Provincial Election 2007:** **Investment in Transit and Transportation Systems**

RECOMMENDATION:

1. That the report entitled "Provincial Election 2007: Investment in Transit and Transportation Systems" dated March 25, 2007 from the City Manager and Chief Administrative Officer, being one in a series of corporate reports regarding matters of importance relating to the upcoming October 10, 2007 provincial election, be received for information.

2. That Council endorse that any party wishing to govern the Province of Ontario needs to commit to the City of Mississauga and other municipalities that it will:
   a) Provide a steady stream of sustainable funding for transit and transportation infrastructure that will allow all Ontario municipalities to reach the overall goals of an integrated transportation system.

   b) Eliminate the requirement to make gas tax payments to GTA municipalities conditional on municipal funding of one-third of GO Transit's capital expansion

   c) Make the necessary amendment to the *Development Charges Act, 1997* which includes :

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- changing the determination of transit from a "soft service to a "hard service", thereby eliminating the need for a 10% discount,
- making revisions to the calculation methods from historical averages to planned transit service levels
- eliminating the excess capacity restrictions.

d) Ensure that the GTTA proceeds with the implementation of the smartcard initiative and takes a strong leadership role on GTA fare integration and service coordination

e) Commit itself to a process that will allow for a more open and constructive interaction between itself and the federal government.

f) Commit towards working with the federal government to establish a National Transit Strategy as outlined in the report from the City Manager and Chief Administrative Officer, dated March 20th, 2007 and as promoted by the Big City Mayors' Caucus of FCM.

BACKGROUND:

A provincial election is a critical event which causes us to reflect on past achievements and look to the future to better understand and articulate actions that are required to ensure the Province of Ontario continues to flourish and be a premier location for businesses and residents.

For the first time in Ontario, the province has set a fixed election date, of October 10th, 2007, and this allows key stakeholders, such as the City of Mississauga, to structure their approach to influencing political party policy.

This is the first in a series of papers that will be brought forward to articulate the critical issues that impact the City of Mississauga where most attention needs to be paid.

After all corporate reports in this series have been received, the City Manager and Chief Administrative Officer will bring forward a summary report of these issues and the next steps towards engaging key stakeholders and provincial parties with the view to favourably

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influencing provincial policies on issues of major importance to the City of Mississauga. This summary report is expected to be presented at the June 20th, 2007 meeting.

While there are many issues that the City of Mississauga has with the provincial government ranging from Pit Bull legislation to a review of the Library Act, staff will outline the major issues where policy needs to be set. Other issues will continue to be monitored and reports prepared to Council at the appropriate time.

Transit in Mississauga, the Greater Toronto Area and in Canada is one of the critical issues that is continually identified by citizens through various polling and surveying. A fall 2006 survey of local residents, conducted by the Environics Research Group, identified transportation (both traffic gridlock and the need for more and better public transit) as the single most important issue facing the City of Mississauga. Resident concern for transportation was almost three times greater than any other issue identified and has nearly doubled since the fall of 2005. This same study, found that more than half (54%) of Mississauga residents would like to see increased spending on public transportation, even if it resulted in an increase to taxes.

Safe, reliable and efficient public transit is vital to the movement of people in urban economies, presenting undeniable economic, environmental and social benefits not just for cities and communities, but for the entire nation.

Almost every transit system in the world requires operating and capital contributions to offset the shortfall between total costs of operations and capital investments and total revenue from fares. Ontario's systems are no exception.

As transit's share of urban travel continues to grow, federal and provincial governments must provide long-term reliable funding, so that transit systems have the financial certainty they need to meet the needs of Canadians now and in the future.

The Canadian Urban Transit Association (CUTA) has estimated that transit systems across Canada need $20.7 billion for infrastructure between 2006 and 2010, or about $4.2 billion annually, which covers rehabilitating and replacing existing systems, as well as expansion

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plans to accommodate increasing numbers of riders.
Across Canada, municipal shares of both operating and capital transit subsidies are derived primarily from property taxes, supplemented in some cases by special levies on gasoline taxes, development charges, parking and hydro bills. Clearly the property tax on its own is not sufficient to support public transit, given the estimated Canadian $60 billion municipal infrastructure deficit, the limited revenue sources, the growing responsibilities of municipal governments and the already substantial municipal support for transit. Municipal governments need help to deliver the transit services that the nation's economy, quality of life and environmental sustainability rely on.

CUTA estimates that the new investments required just to stay afloat are almost as large as the entire sum currently invested in all transit capital projects.

Transportation systems, specifically roads, of municipalities are also critically important to the ability of a city to support its growth and quality of life; it is intrinsically related to the economy of a municipality. There needs to be recognition that road related infrastructure is an integral part of the economy and sustainability of municipalities. The ability for a municipal government to attract businesses and residents to stay in their city requires many things including a good transportation system. The need to progress in modernizing road infrastructure and invest in transportation systems is great.

The existing provincial government has taken some encouraging steps towards restoring funding that was eliminated by the previous government by implementing gas tax funding and the capital funding, in part, of the Mississauga BRT. Other encouraging steps include: the introduction of High Occupancy Vehicle lanes; creating the Greater Toronto Transportation Authority (GTTA); the piloting of the fare smartcard and the construction of the Lisgar GO station.

These commitments are very welcome, however, we must have long-term sustainable funding to rectify the infrastructure funding deficit and, given the stage of development of Mississauga and the Greater Toronto Area, fund higher order transit which simply cannot be funded by the local property tax. This is a critical issue that must be understood by Mississauga residents and businesses and which needs

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to be the subject of debate during the provincial election.
The purpose of this paper is to outline the facts concerning these issues and to feed into a summary report of all issues most critical to the City of Mississauga which will be a platform of engagement with political parties, residents and businesses and other key stakeholders.

CURRENT STATUS:

Anne Golden, President and CEO of the Conference Board has said: "*For Canada to achieve sustainable prosperity in a world of fundamental and relentless change, we must ensure that our cities can realize their potential. Ignoring cities' needs and treating them all the same won't get us there.*"

There is a tremendous need to give our major cities the requisite funding and tools that will allow cities to become the strong engines powering Canada's national economy. Transit and transportation form a fundamental and crucial part of Canada's success.

<u>Transit and Transportation Funding History</u>
Up until 1997, the Province of Ontario provided grant funding for transit services, roads and bridges and special projects. Indeed provincial funding has been the catalyst for most major transit systems being developed or constructed in the Province of Ontario as local municipalities simply could not afford to initiate such an endeavour.

More recently, between 1990 and 1997, Mississauga received transportation related grants as follows:

- transit operating grants in the amount of $80.5 million;
- $85.1 million for transit capital assets;
- $72.1 million was provided in road, bridges and maintenance grants;
- Special allocations for traffic signals of $0.6 million;
- $6.6 million in special supplemental allocations related to grade separations, bridge construction and the Hwy 403 arterial road.

Appendix 1 provides a breakdown of the subsidies that were received by Mississauga during this seven year period, which totalled about $245 million.

However, since 1998 these sources of funding were eliminated forcing the City of Mississauga to turn to its local property tax base, to carry the lion share of the costs in order to provide the same service. During the following 8 years from 1998 to 2005, provincial transportation subsidies dwindled to only $26 million.

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In addition, as new subdivisions were built within Mississauga's borders, developers contributed to these costs as well. However, with changes to the *Development Charges Act in 1997*, a 10% discounting of "soft services" which included transit, resulted in the need for municipalities to provide an equivalent value of its property tax dollars to cover growth related costs. Unfortunately, this change to the Act goes against one of our fundamental principles that "Growth should pay for growth".

New Municipal costs

Around the same time, both the federal and provincial governments downloaded services to the municipalities in Ontario. The Province downloaded health and social services in exchange for taking on residential education costs/taxes. This was supposed to be revenue neutral exercise, however, the end result has been that "*the provincial and federal governments have largely failed to pass on the funds or taxing powers that would cover these additional responsibilities*"[1] according to the Conference Board of Canada.

Recent Province of Ontario Actions

As of October 2004, the province approved a program that would provide Mississauga with a percentage of the gas tax revenue on a prescribed schedule, however they only originally committed for five years. The following chart summarizes Mississauga's portion of gas tax funding up to the current year.

	2004	2005	2006	2007
Cent/Litre	$0.01	$0.015	$0.02	$0.02
Provincial Gas Tax	$5.9	$8.3	$11.9	$15.3

Transit infrastructure is critical for cities, however, operating and maintenance costs also need to be considered. New infrastructure means that additional employees must be hired to operate and maintain transit services. While the gas tax funding is appreciated, "*CUTA estimated in 2001 that if all required transit investments were made, annual operating costs would increase by 40% to approximately $4.11 billion.*"[2] At present, there are no cities that would be able to pay for

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the full cost of such operating increases.
In November 2006, an amendment was made by the Province of Ontario to the *Development Charges Act, 1997* through the passing of Bill 151 (An act for various 2006 Budget measures and to enact, amend or repeal various Acts). This bill approved that the Toronto-York subway extension not be considered a "soft service" and be exempt from the 10% discount that would have been borne by the Toronto-York taxpayers.

In addition, the calculation method used to estimate the needs for the service extension would be based on the planned level of service for the 10 years following the preparation of the background study and not based on the 10 year historical average.

These amendments are consistent with many resolutions passed by Mississauga City Council and other organizations requesting that the Province of Ontario eliminate the 10% discount for Transit and allow the calculation method to be changed so that it reflects planned levels of service and not be restricted to historical averages. However, they should never have been applied to only one project, but rather to every municipality. Appendix 2 contains resolutions that have been passed by the City of Mississauga Council requesting these changes which would benefit all municipalities within Ontario.

The province had a tremendous opportunity to demonstrate to all municipalities that cities are being heard and the government is responding in a positive manner that reflects the sentiments echoed by The Conference Board of Canada Mission Possible: Successful Canadian Cities Vol. III that *"Local Governments alone cannot create a sustainable urban goods transportation system; national and provincial governments must also contribute"*[3]

Various representative groups such as the Association of Municipalities of Ontario (AMO) and the Municipal Financial Officers Association (MFOA) have been asking the province to revisit this idea of transit being classified as a soft service with respect to the *Development Charges Act, 1997*. It is difficult to see such an essential service not be viewed in the same light as the construction of a road or highway. Many Mississauga residents depend on transit services to ensure that they get to and from their places of employment. Many young Mississauga residents are dependant on this mode of

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transportation to get to and from school/university each day.

The provincial government could also have taken this opportunity to make a blanket amendment that would encompass all transit systems within the province. If the intention was not to make across-the-board changes, then the province should have at least included Mississauga's proposed Bus Rapid Transit (BRT) project and other new major investments in Brampton, Ottawa and Waterloo Region along with the Toronto-York Subway extension plan. The provincial government has already acknowledged that Mississauga's new BRT is an important project by committing $65 million dollars towards its construction, so it is confusing as to why the Toronto-York subway extension was the only project afforded these opportunities.

The Province of Ontario has an obligation to assist major cities in the province to construct and maintain higher order transit systems.

<u>The State of Infrastructure and Transit Systems Today</u>
According to the Conference Board of Canada *"much of Canada's existing urban transit systems, roads, highways bridges and water works are now between 30 to 50 years old, and their useful life is coming to an end"*[4]. Deferred maintenance and renewal spending have resulted in large infrastructure shortfalls of about $5 billion per year according to the AMO. The infrastructure deficit undermines the capacity of all municipalities to compete in the North American and global market places.

Infrastructure funding and an integrated transportation network has been a hot topic of discussion in recent years. Many discussion papers have been written and a common theme identified in these discussion papers and in newspaper articles is the need for an integrated transportation system and sustainable long term infrastructure funding which needs to be addressed by all orders of government in order to achieve economic and environmental sustainability.

<u>Mississauga's Transit Plan</u>
A report from the Commissioner of Transportation and Works dated March 8, 2007 entitled "Mississauga Transit – Phase 2 – Ridership Growth Strategy Implementation Plan" presents specific service proposals to be implemented within a five year time frame which is targeted to increase ridership by 25% or 8 million additional passenger

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trips at the end of the five years.
The Mississauga Transit Ridership Growth Strategy outlined in this report has a number of key elements namely: to introduce pre-rapid transit higher order services on primary corridors; reduce travel time, meet peak demand requirements; meet service standards where these are currently deficient and improve integration with GO Transit, TTC and Brampton Transit. Also included in this plan are improvements to core and local routings and integrating transit into City Centre intensification plans.

The capital and operating costs associated with this expansion can be funded from existing gas tax revenues and development levies with no impact on the municipal tax base until 2010. However, funding for cost increases for the base transit service level will continue to exert pressure on the property tax.

For 2011 and beyond, further significant growth in transit services are planned including the implementation of full blown rapid transit corridors with high frequency services operating on dedicated rights of way for transit buses. This will require significant additional funding which cannot be sustained from Mississauga's municipal tax base. Appropriate long-term sustainable funding from higher levels of government is essential to support this enhanced level of transit investment. This is precisely the type of long-term sustainable funding which is contemplated in the need for a National Transit Strategy discussed later in this report.

The funding to integrate these systems and replace our fleets cannot solely be funded by the property tax and other limited fiscal tools such as user fees, and incurring debt for capital projects.

Road Infrastructure
A significant portion of the hard infrastructure in the City of Mississauga was built in the 1980's and throughout the 1990's. As a result, the City road networks are between 20 and 30 years old. It is imperative to remember that when roads, bridges and the ancillary items that are attributed to growth are built, that local developers were responsible for the costs of providing this infrastructure by paying lot levy premiums. Since then, the lot levy regime has been replaced by the Development Charges Act, 1997 which loosely maintained the same premise that growth should pay for growth. Once growth

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infrastructure has reached its useful life expectancy, the costs of replacing it becomes the responsibility of the municipality and ultimately the local tax payer, who provides the revenue by way of taxes to allow for the replacement and rehabilitation of the roadway networks and other hard infrastructures.

Mississauga currently has $5.8 billion dollars in major assets. The bulk of these assets fall into two groups; road networks (68%) and buildings (13%). Approximately $4 billion in road network costs will need to be raised over the lifespan of these assets in order to replace or rehabilitate them to maintain service levels in the City of Mississauga.

As of 2007, Mississauga is currently budgeting approximately $23.3 million of property taxes each year for the next ten years to deal with rehabilitation of our roads. Bridge and structure rehabilitation funding is significantly less, with yearly budgets ranging from $0.411 million to $10.7 million in 2008 for 3 major bridge rehabilitations. It is estimated that Mississauga will need to double its current capital spending levels in order to maintain its road networks.

It is abundantly clear, that Mississauga tax payers cannot afford the tax increases necessary to complete the rehabilitation of our road networks. Only through co-operation with the province and other orders of government will we be able to maintain our road network with the fiscal tools we currently have available to us.

It is widely acknowledged that the Province of Ontario already has an over dependency on property taxes as a source of government revenue. At 3.7% of GDP, Ontario is more reliant on the property tax as a source of government revenue than any other jurisdiction in the OECD world.

The need for a National Transit Strategy

As outlined in the report from the City Manager and Chief Administrative Officer dated March 20th, 2007 entitled "National Transit Strategy" Canada is the only Organization for Economic Co-operation and Development (OECD) country without a long-term, predictable federal transit investment policy, even though moving people efficiently in urban areas requires a partnership among all orders of government. By better integrating our transportation systems, the entire country benefits through improved and more efficient movement of people and goods.

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COMMENTS:

Any party wishing to govern Ontario needs to commit to the City of Mississauga and other municipalities that it will:

1. Provide a steady stream of sustainable funding for transit and transportation infrastructure that will allow all Ontario municipalities to reach the overall goals of an integrated transportation system.
   At this time there is only a commitment that gas tax funds will flow to the municipalities until 2010. The City is using gas tax monies to invest in service level enhancements and to supplement the additional operating costs that are associated with adding new facilities and fleet. The problem in 2011 becomes funding additional operating and capital costs once this funding agreement has run its course. The spin off economic results from the flow of these funds is demonstrated in numerous reports that indicate that major cities need the help and co-operation of all orders of government.

2. Eliminate the requirement to make gas tax payments to GTA municipalities conditional on municipal funding of one-third of GO Transit's capital expansion

3. Make the necessary amendment to the *Development Charges Act, 1997* which includes :
   - changing the determination of transit from a "soft service to a "hard service", thereby eliminating the need for a 10% discount,
   - making revisions to the calculation methods from historical averages to planned transit service levels
   - eliminating the excess capacity restrictions.

4. Ensure that the GTTA proceeds with the implementation of the smartcard initiative and takes a strong leadership role on GTA fare integration and service coordination

5. Commit itself to a process that will allow for a more open and constructive interaction between itself and the federal government. While the federal government is hesitant to involve itself in provincial matters, especially as it relates to local municipalities,

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the time has come that, if Canada as a whole is to maintain its prosperity, the barriers of each government must be broken down for the collective good.

6. Commit towards working with the federal government to establish a National Transit Strategy as outlined in the report from the City Manager and Chief Administrative Officer, dated March 20th, 2007 and as promoted by the Big City Mayors' Caucus of FCM.

CONCLUSION:

The Province of Ontario plays a critical role in ensuring the success of municipalities and has the power to correct deficiencies in existing legislation.

As Mississauga enters into the next stage of its development, significant fiscal pressure will be added to the property tax in the area of transit and transportation systems. Higher order transit is impossible to fund from the property tax base and this will be critical to economic success and quality of life of residents and businesses in the Greater Toronto Area.

The property tax and existing gas tax funding cannot bear the investment costs that are required to expand citizens' access to reliable and convenient transit service for the citizens of Mississauga and Canada. Indeed, it is widely acknowledged that the Province of Ontario already has an over dependency on property taxes as a source of government revenue. At 3.7% of GDP, Ontario is more reliant on the property tax as a source of government revenue than any other jurisdiction in the OECD world.

As we move forward, there exists a real need to increase provincial funding in the area of transit and transportation systems.

The party elected to govern the Province of Ontario for the next four years needs to commit to providing long term, sustainable funding for transit and transportation systems.

REFERENCES

[1] Upload Unfunded Mandates, The Conference Board of Canada Mission Possible: Successful Canadian Cities Volume 3, pg 94

[2] (MRC 2002) BCMC Our Cities, Our Future Addressing the fiscal

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imbalance in Canada's cities today June 2006 BCMC, pg 41

[3] The Conference Board of Canada Mission Possible: Successful Canadian Cities Volume 3, pg 37

[4] The Conference Board of Canada Mission Possible: Successful Canadian Cities Volume 3, pg 89

ATTACHMENTS:

Appendix 1: City of Mississauga Transit and Road Infrastructure Provincial Subsidies Received between 1990 and 2005

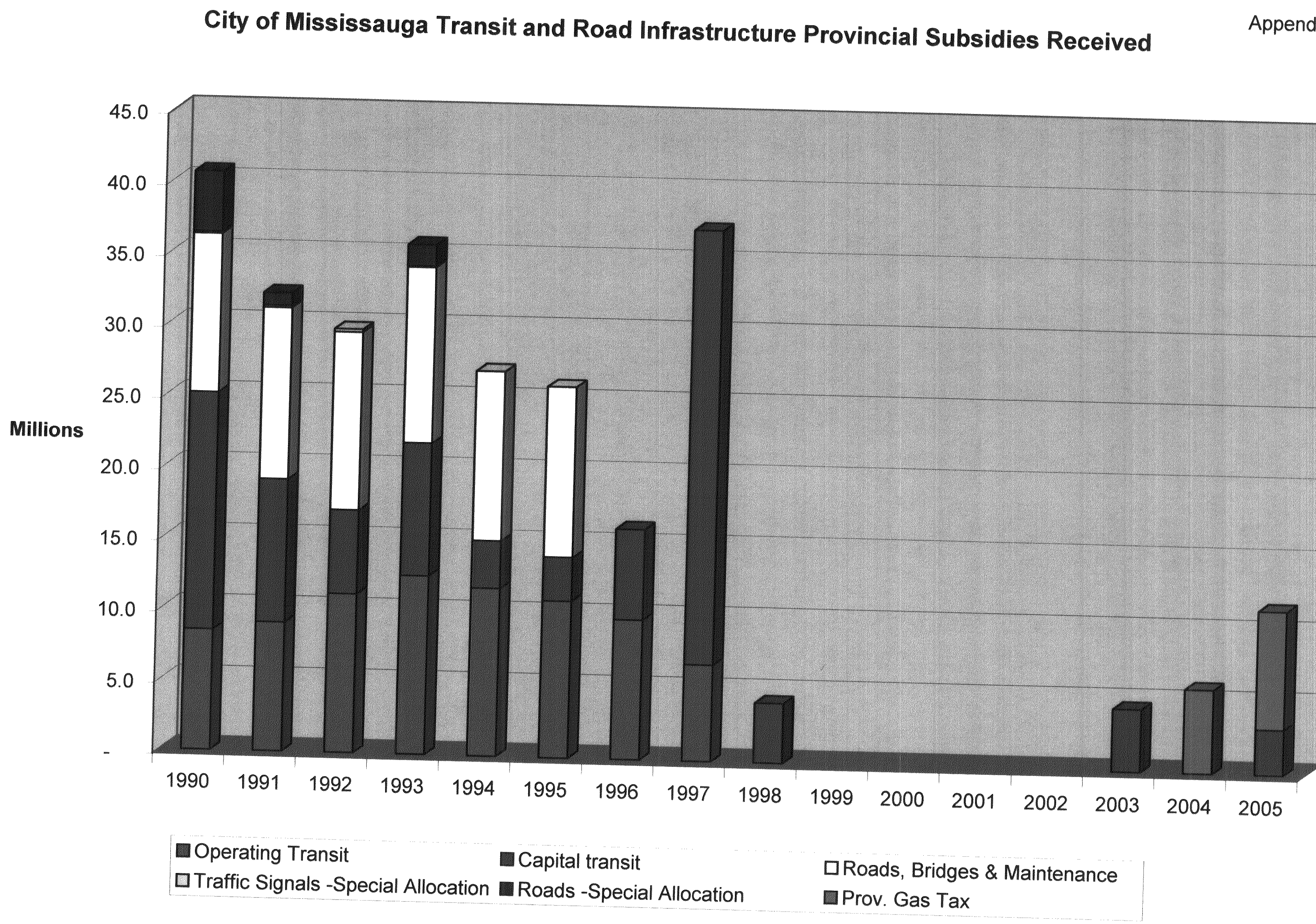
Appendix 2: Resolutions passed by Council for the City of Mississauga requesting Provincial changes

Appendix 3: Correspondence regarding the Development Charges Act

Janice M. Baker, CA
City Manager and Chief Administrative Officer

Prepared By: Gary Kent, Director of Strategic Initiatives

Appendix I



City of Mississauga Transit and Road Infrastructure Provincial Subsidies Received
Millions
45.0
40.0
35.0
30.0
25.0
20.0
15.0
10.0
5.0
-
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
Operating Transit
Capital transit
Roads, Bridges & Maintenance
Traffic Signals -Special Allocation
Roads -Special Allocation
Prov. Gas Tax

Resolution 0092-2006

Appendix II

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0092-2006 Moved by: P. Mullin Seconded by: C. Corbasson

WHEREAS the Council for The Corporation of the City of Mississauga endorses the principle that `Growth should pay for Growth' and in no way should any of these costs be borne by the taxpayer;

AND WHEREAS at its meeting on April 23, 2003 the Council resolved under 93-2003 that the Ministry of Municipal Affairs and Housing amend the Development Charges Act, 1997 to allow municipalities to collect development charges for hospital capital costs, in order to meet the health needs of the community;

AND WHEREAS the Council for the Corporation of the City of Mississauga received a copy of a letter to the Minister of Municipal Affairs and Housing from the Town of Markham dated March 9, 2006 requesting that a review of the Development Charges Act, 1997 (the Act) commence as soon as possible;

AND WHEREAS the Council for the Corporation of the City of Mississauga also implores the Province of Ontario, through the Ministry of Municipal Affairs and Housing to begin the consultative process with all municipal sectors to make the needed revisions to the Development Charges Act, 1997;

AND WHEREAS the Council for the Corporation of the City of Mississauga requests that included in the review of the Development Charges Act, 1997, consideration be given for the elimination of the 10% mandatory discount for all growth related soft services, including, but not limited to, recreation, libraries and transit;

AND WHEREAS the Council for the Corporation of the City of Mississauga requests that the Province of Ontario reviews its current legislation with respect to the calculation of the 10 year average service level, and allow municipalities to use the service level equivalent to the highest year in the previous 10 year period;

AND WHEREAS the Province of Ontario shares its vision with municipalities of moving Ontarians out of their vehicles and onto rapid transit, the calculation of a 10 year average service level should not be required for Transit under the Development Charges Act, 1997;

AND WHEREAS the calculation of `Excess Capacity' be reworked or removed in a review of the Development Charges Act, 1997 so as to not penalize municipalities for pre-building infrastructure;

AND WHEREAS a review needs to be undertaken for those services that have been deemed `Ineligible' so that

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taxpayers will no longer be required to absorb higher tax increases as a result of services that must be provided to accommodate growth.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Town of Markham be advised that the City of Mississauga supports the Town of Markham in its request to convene discussions for the amending of the Development Charges Act, 1997.

2. The Ministry of Municipal Affairs and Housing be requested to start the consultative process with all municipal sectors to make the necessary revisions to the Development Charges Act, 1997.

3. The Development Charges Act, 1997 be amended to allow municipalities to collect development charges for hospitals in order to meet the needs of the community.

4. The mandatory 10% discounts for all soft services identified in the Development Charges Act, 1997 be eliminated through amendment discussions.

5. The calculation of the average service level be changed to allow municipalities to calculate the service level equivalent to the highest year in the previous 10 year period.

6. The costs of growth for transit services should not be limited by historical or current average service levels.

7. The definition for `Excess Capacity' be removed or reworked during amendment discussions so that taxpayers in the future are not penalized.

8. The services that were deemed `Ineligible' are reviewed so that taxpayers are not forced to absorb higher tax rates in order to service growth.

Carried
LA.07

Recommendation BC-0004-2005

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BC-0004-2005

1. That the verbal and powerpoint presentation, along with background documentation, presented at Budget Committee on November 2, 2005 by Mr. Roberto Rossini, Director of Finance, regarding the 2006-2015 Capital Overview, be received for information.

2. That the verbal and powerpoint presentations at Budget Committee on November 2, 2005 by Mr. Martin Powell, Commissioner, Transportation & Works and by Mr. Bill Cunningham, Director, Transit, providing a Gas Tax Funding Update and Highlights of the 2006 Mississauga Transit Capital Budget, be received for information.

3. That the concept of Strategic Capital Financing Option 3, as outlined in the report dated October 24, 2005 from the Commissioner of Corporate Services and Treasurer, be approved whereby:

   - a portion of the Hydro Reserve Fund be reallocated to the tax -based Capital Reserve Funds;

   - a portion of the Hydro Reserve Fund be setup in a revolving fund for future capital financing;

   - the 2006 Budget and forecast be prepared on this basis; and

   - future capital budget forecasts be reviewed annually and the financing strategy updated accordingly.

4. That $14,700,660 be transferred from the Hydro Reserve Fund (Account #35571) to the Capital Reserve Fund (Account #33121) to fund the non-growth portion of the storm water management capital program.

5. That $5,042,200 be transferred from the Hydro Reserve Fund (Account #35571) to the Capital Reserve Fund (Account #33121) to fund the 10% co-payment for soft services in accordance with the Development Charges Act, 1997.

6. That, to fund future infrastructure needs, $144,373,544 million be transferred from the Hydro Reserve Fund (Account #35571) to the following reserve funds:

   - 68% to Roadway Infrastructure Maintenance Reserve Fund (Account

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#33121);

- 13% to Facility Repair and Renovations Reserve Fund (Account #35381);

- 2.3% to the Transit Vehicle & Equipment Reserve Fund (Account #315132);

- 1% to the Main Fleet Vehicle and Equipment Reserve Fund (Account #35111);

- 0.7% to the Fire Vehicle & Equipment Replacement Reserve Fund (Account #315141)

- 7% for the Parks and Outdoor capital program to the Capital Reserve Fund (Account #33121);

- 7% for the Storm Water Management capital program to the Capital Reserve Fund (Account #33121).

- 1% for the Information Technology capital program to the Capital Reserve Fund (Account #33121).

7. That a Capital Revolving Reserve Fund be established.

8. That $144,373,545 be transferred from the Hydro Reserve Fund (Account #35571) to the Capital Revolving Reserve Fund.

9. That the Hydro Reserve Fund (Account #35571) be closed once all the necessary transactions have been completed.

10. That a copy of the report dated October 24, 2005 from the Commissioner of Corporate Services and Treasurer, regarding Strategic Capital Financing Options, be sent to the Premier of Ontario, the Minister of Finance and the Minister of Municipal Affairs to communicate:

    - the position that all municipalities including the City of Mississauga are facing large infrastructure gaps, such that it is imperative that the Province of Ontario provide significant funding for strategic investments like the Bus Rapid Transit (BRT) system and other high priority capital projects/programs;

    - that municipalities cannot afford to have property taxes funding social or education programs. These programs

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should be solely supported by the provincial and federal levels of government;

- that the Province is being requested to immediately amend the Development Charges Act to remove the mandated 10% co-payment for general government, transit, library, public works and recreation services.

11. That the necessary by-laws, to effect the funding transfers outlined, above be enacted.

FA.19
(BC-0004-2005)

Resolution 0040-2005

R-6-a

0040-2005 Moved by: K. Mahoney Seconded by: G. Carlson

WHEREAS since 1998, municipalities across Ontario have been facing tremendous financial, budgetary and servicing pressures resulting in property tax increases well above the annual rate of inflation;

AND WHEREAS, the property tax base in Ontario is relied upon more heavily than in the majority of provinces and states within North America for the funding of local infrastructure and services, as well as health and social services;

AND WHEREAS, municipalities lack the revenue sources needed to adequately address these service responsibilities;

AND WHEREAS, the Province of Ontario has provided special assistance to the City of Toronto so that it could keep property tax increases at or below 3% while neighbouring municipalities have had to approve increases well above inflation in order to deal with their budget pressures;

AND WHEREAS, other municipalities are requesting that the Province also provide financial assistance so that major service cuts and/or high property tax increases can be avoided;

AND WHEREAS the Province has stated that it intends to review and possibly revise or replace the Community Reinvestment Fund (CRF) grant program;

AND WHEREAS the Province at one time provided financial assistance to all municipalities through the Ontario Unconditional Grants program;

AND WHEREAS the City of Mississauga has had an excellent record of prudent and responsible fiscal management but now faces considerable financial pressures as well in such areas as emergency services, transit, and infrastructure maintenance and renewal ;

AND WHEREAS the City of Mississauga is faced with a 5.8% property tax increase for 2005 despite undertaking a comprehensive review of all City services that produced $8.5 million in budget savings thereby reducing the potential tax increase from over 12%;

AND WHEREAS Mississauga is facing the possibility of double digit property tax increases in 2006 and beyond or significant service reductions that will impact the public and quality of life;

NOW THEREFORE BE IT RESOLVED THAT the Government of Ontario be urged to fundamentally repair and realign

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the provincial-municipal funding relationship so that local governments have access to adequate, reliable revenue sources commensurate with their service responsibilities;

THAT Ontario's dependency on the property tax base to fund health and social services be reduced or eliminated;

THAT the Community Reinvestment Fund program be replaced with a new, broad based system of subsidies that provides a base level of general support to all municipalities;

THAT the Province provide the City of Mississauga with $6.8 million to offset 2005 tax increases required to avoid major service cuts and retain a tax increase comparable to the general rate of inflation;

THAT this resolution be forwarded to the Premier of Ontario, the Minister of Finance, the Minister of Municipal Affairs & Housing and all MPP's in Peel.

Carried
LA.07

R-6-w

Resolution 0263-2004

0263-2004 Moved by: F. Dale Seconded by: N. Iannicca

1. That a by-law be enacted to authorize the Mayor and City Treasurer to execute the agreement attached as Appendix 1 to the report dated November 1, 2004, from the Commissioner of Transportation and Works with Her Majesty the Queen in right of the Province of Ontario, represented by the Minister of Transportation for the Province of Ontario related to funding provided by the Province of Ontario under the Dedicated Gas Tax Funds for Public Transportation Program.

2. That a by-law be enacted to establish a Gas Tax (Provincial) Reserve Fund (account 315-181) as required under the Dedicated Gas Tax For Public Transportation Program.

3. That Council grant authority to the Commissioner of Transportation and Works, Treasurer and City Clerk to sign and affix the Corporate Seal to the Ministry of Transportation's Dedicated Gas Tax For Public Transportation Program forms for the duration of this program.

4. That the Mayor be directed to prepare a covering letter to accompany the agreement to the Minister of Transportation to indicate that the City of Mississauga strongly disagrees with the Province's requirements, as outlined in the `Dedicated Gas Tax Funds For Public Transportation Program - 2004 Guidelines and Requirements', issued October 2004, and confirmed by Ministry of Transportation of Ontario staff, to make gas tax payments to GTA municipalities starting in 2005 and beyond, conditional on municipal funding of one-third of GO Transit's capital expansion program except those funds collected through Development Charges and that by signing the agreement, the City has in no way endorsed the Province's condition, and that a copy of this letter be sent to all Mississauga MPP's, the City of Brampton, the Town of Caledon and the Region of Peel.

Carried

FA.05

Appendix III

Minister of Municipal Affairs and Housing

777 Bay Street, 17th Floor
Toronto ON M5G 2E5
Tel. (416) 585-7000
Fax (416) 585-6470
www.mah.gov.on.ca

Ministre des Affaires municipales et du Logement

777, rue Bay, 17e étage
Toronto ON M5G 2E5
Tél. (416) 585-7000
Téléc (416) 585-6470
www.mah.gov.on.ca

Ontario

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RECEIVED 05-23213
REGISTRY 0338
DATE JAN 2 . 2006
FILE No. 05/217

COUNCIL AGENDA
08 FEB 2006

January 20, 2006

Her Worship
Mayor Hazel McCallion
City of Mississauga
300 City Centre Drive
Mississauga ON L5B 3C1

Hazel

Dear Mayor McCallion:

The Honourable Dalton McGuinty, Premier of Ontario, has requested that I respond to your letter of November 17, 2005, regarding strategic capital financing options.

I understand that funding issues, including development charges reform and Greater Toronto Area (GTA) pooling issues, are very important to you. I would like to assure you that the government shares your commitment to addressing the infrastructure challenges faced by Ontario municipalities.

Recently, the government passed a new regulation and regulatory amendments under the *Municipal Act, 2001* that would provide municipalities with more flexibility and more tools, to better manage their local financial circumstances. This includes an increased investment authority that could lead to higher returns for municipalities.

There is a wide range of views with respect to whether and how the *Development Charges Act, 1997 (DCA)* might be amended, including the removal of the 10 per cent chargeable discount on services such as general government, transit, library, public works and recreation. The government is proceeding with a number of key priorities at this time, including a review of the *Municipal Act, 2001*. At present, I am unable to confirm the timing or scope of a DCA review.

Thank you, once again, for sharing your recommendations and report with the government. I look forward to working with the City of Mississauga and other municipalities to help address the infrastructure financing concerns you have raised.

Sincerely,

John Gerretsen
Minister

☐ Receive	☐ Resolution
☐ Direction Required	☐ Resolution / By-Law
☐ Community Services ☑ Corporate Services LEGAL FINANCE ☐ Planning & Building ☐ Transportation & Works	For ☐ Appropriate Action ☐ Information ☐ Reply ☐ Report

c: The Honourable Dalton McGuinty, Premier of Ontario
The Honourable Dwight Duncan, Minister of Finance

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MFOA

MUNICIPAL FINANCE
OFFICERS' ASSOCIATION
OF ONTARIO

November 6, 2006

COPY

Honourable John Gerretsen
Minister
Ministry of Municipal Affairs and Housing
777 Bay Street, 17th Floor
Toronto, ON M5G 2E5

Dear Minister Gerretsen:

I am writing on behalf of the Municipal Finance Officers' Association (MFOA) with regard to Schedule H of Bill 151 which was introduced on October 18th by Finance Minister Sorbara. As you are aware, Schedule H proposes important amendments to the *Development Charges Act, 1997.*

We are highly supportive of the changes proposed for the Toronto-York subway extension. However, we are extremely disappointed that these changes have been made only for this single project. As you know, the 1997 *DCA* requires municipalities to levy millions of dollars in growth related costs on existing taxpayers that were previously recoverable from development charges. This was largely done through a restrictive approach to defining service levels, 10% mandatory discounts for some services, and a prohibition from imposing development charges for an array of important services such as waste management. Municipalities need legislation that recognizes the longstanding principle that "growth should pay for growth." To this end, we requested a review of the *DCA* in a letter to you sent in January 2004. Your response, dated April 7, 2004, indicated that "Ministry staff will be in contact with you in the near future to schedule a meeting." We have been waiting patiently ever since for the consultation process on this Act to begin. We are particularly surprised that this initiative would be undertaken at a time when many high growth municipalities are endorsing a resolution initiated by the Town of Vaughan to embark on a consultation process with respect to the *DCA*.

As I indicated above, the new approach to service levels for the Toronto-York subway extension and the removal of the 10% discount are welcomed. We would advocate that these reforms should be extended to other municipal services as well. This, and a few other key changes, would help restore the principle that growth should pay for growth-related capital costs. At the very least, the changes in Schedule H should be extended to other higher order transit projects currently underway or proposed in other municipalities.

MFOA remains committed to *DCA* reform and is willing to participate in a consultation process to bring meaningful change to the development charge regime. We hope that you continue to be committed to reforming this Act as well.

I look forward to your response.

Yours truly,

K. R. (Ken) Nix, CMA
Chair MFOA

c: Honourable Greg Sorbara, Minister of Finance
Mr. Doug Reycroft, President, Association of Municipalities of Ontario

"your municipal finance authority"

512 King Street East, Suite 306, Toronto, Ontario M5A 1M1
Tel: (416) 362-9001 • Fax: (416) 362-9226
internet: http:// www.mfoa.on.ca

R-6-x

Minister of Municipal Affairs and Housing

777 Bay Street, 17th Floor
Toronto ON M5G 2E5
Tel. (416) 585-7000
Fax (416) 585-6470
www.mah.gov.on.ca

Ministre des Affaires municipales et du Logement

777, rue Bay, 17e étage
Toronto ON M5G 2E5
Tél. (416) 585-7000
Téléc (416) 585-6470
www.mah.gov.on.ca

Ontario

November 29, 2006

06-30505

Mr. K.R. (Ken) Nix
Chair
Municipal Finance Officers' Association of Ontario
512 King Street East
Suite 306
Toronto ON M5A 1M1

Dear Mr. Nix:

Thank you for your letter dated November 6, 2006, regarding the proposed amendments to the *Development Charges Act, 1997* contained in Bill 151 and your request for a larger review of the act.

Our government is committed to ensuring that new development absorb its fair share of the costs of growth. Development charges support this goal by providing municipalities with an important tool to help fund the infrastructure needed to serve new growth.

I understand that there is a wide range of views on whether and how the *Development Charges Act, 1997* might be amended; however, at the present time I am unable to confirm the specific timing or scope for a review of the act.

As you are no doubt aware, the Province has launched a wide-ranging review of the provincial-municipal fiscal and service delivery relationship. Together, the Province and municipalities will explore a sustainable, provincial-municipal relationship where both orders of government can meet their responsibilities, and where provincial and municipal services are delivered effectively across Ontario.

The review builds on this government's long record of achievement in developing a stronger partnership with municipalities. These achievements include:

- Delivering more than $1.4 billion in provincial gas-tax revenues to municipalities over five years
- Investing $1.2 billion in public transit, roads and bridges through Move Ontario, which includes $400 million in 2006 for municipal roads and bridges, with an emphasis on rural and northern communities
- Partnering with industry through ReNew Ontario to invest more than $30 billion in public infrastructure such as schools and hospitals
- Increasing the provincial share of public health funding to 75 per cent by 2007

R-6-4

Mr. K.R. (Ken) Nix

Once again, thank you for expressing your views on this important issue.

Sincerely,

John Gerretsen
Minister

c: The Honourable Greg Sorbara, Minister of Finance
Mr. Doug Reycroft, President, Association of Municipalities of Ontario