

City of Mississauga
Corporate Report



Date: 2019/03/12

To: Chair and Members of General Committee

From: Janice Baker, FCPA, FCA, City Manager and Chief
 Administrative Officer

Originator's files:

Meeting date:
 2019/03/20

Subject

Regional Government Review – Preferred Reform Option for the City of Mississauga

Recommendation

1. That General Committee endorse Mississauga to become a single tier city as the preferred reform option for regional government as outlined in the report entitled “Regional Government Review – Preferred Reform Option for the City of Mississauga”.
2. That the report entitled “Regional Government Review – Preferred Reform Option for the City of Mississauga” be forwarded to Provincial advisors Ken Seiling and Michael Fenn, the Minister of Municipal Affairs and Housing, the Chair of the Region of Peel and the Mayors of Brampton and Caledon.

Report Highlights

- Provincially appointed advisors will be making recommendations to the Minister of Municipal Affairs and Housing in June 2019 on regional government in accordance with the terms of reference for a review approved by the Minister.
- As the third largest municipality in Ontario, the City of Mississauga should be a single tier city in order to have local autonomy over municipal decisions within its jurisdiction similar to other single tier municipalities such as Guelph, Hamilton, London, Ottawa, Sudbury, and Windsor.
- The details of how transition to a single tier municipality could happen are beyond the scope of this report as those details will depend on Provincial decisions, timelines and processes.
- Should the Province not approve single tier status, staff recommend that significant reform to the Region of Peel's mandate is needed, especially in the areas of land use planning, transportation, and other areas where removal of overlapping jurisdiction can facilitate improvements in customer service and municipal service delivery.

- Regional restructuring through amalgamation of Mississauga, Brampton, Caledon and the Region of Peel, as has been done by a previous government, is not an acceptable alternative. Studies done by various researchers and academics have concluded that amalgamations in Ontario and in other provinces have resulted in cost increases, not cost savings or service efficiencies.

Background

History of Regional Government in Ontario

Ontario's first regional municipality (Metro Toronto) was created in 1954, followed by the creation of Ottawa-Carleton in 1969. In response to a significant shift from rural to urban living and a growing population, between 1970 and 1974 the Province of Ontario replaced many county and local governments with regional governments, including creating the Regions of Halton, York, Durham and Peel to administer large scale programs, regional planning and service delivery.

The next era in regional governance took shape in the mid-1990s in the form of regional restructuring. Two important studies were commissioned during this period by two different Provincial governments to provide insight into regional reform. Both of these reports called for the elimination of regional governments in the GTA:

- Golden Report (1996) – Appointed by the NDP government on April 1, 1995 and chaired by Anne Golden. The report concluded that the five upper tier (metropolitan and regional) governments be eliminated and proposed the creation of a new service board covering the entire GTA.
- “Who Does What Panel” (1996) – Appointed by the newly elected conservative government and chaired by David Crombie. It also recommended that the five upper tier governments be eliminated along with the consolidation of some of the lower tier-municipalities across the GTA. The Panel did not specify the details of any consolidations.

The Harris Government introduced a number of amalgamations in Ontario, starting with the City of Toronto in 1998 and followed by the amalgamations of Hamilton, Sudbury and Ottawa in 2001. In addition, the Provincial Government created the Greater Toronto Services Board (GTSB) in 1998 in accordance with the *Greater Toronto Services Act*. The GTSB was a super-regional government made up of Mayors and Chairs from impacted municipalities in the GTA and Hamilton, and a number of councillors from the amalgamated City of Toronto to oversee and implement regional transit growth. The GTSB was not given direct taxing authority, nor did it have control over funding for capital expansion. The GTSB was a largely failed experiment that was dissolved in 2001.

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Looking at the history of regional government in Ontario, there has been no consistent approach across the municipal sector to creating two tiers versus single tier municipalities. One could argue that its application has been arbitrary instead of considering the unique factors of each area when determining the best structure for municipal governance. The amalgamations forced in 1998-2001 were done in direct opposition to local preferences, and, as discussed later in the report, did not generate the desired outcomes.

Regional Government Review in 2019

In January 2019, the Ministry of Municipal Affairs and Housing announced that it had appointed two special advisors (Ken Seiling and Michael Fenn) to review regional government in Ontario. The Region of Peel is one of nine upper tier municipalities that has been included in this review. The advisors will be making recommendations to the Minister by June 2019 for the purpose of “improving governance, decision making and service deliveries.” A copy of the Ministry’s Terms of Reference is attached as Appendix 1. The Provincial review affords the City of Mississauga with the opportunity to endorse a preferred reform option for the Region of Peel in advance of the advisors’ forthcoming recommendations. On March 13, 2019, the Ministry announced that it had opened its online consultation to allow persons who live or work in Mississauga to provide their own feedback. Participants can either complete a survey or provide customized comments by email or mail to the Ministry’s office. The online consultation is set to close on April 23, 2019.

Comments

Overview

The purpose of this report is to obtain direction from General Committee in how to respond to the review of the Region of Peel that is currently underway. Since the Provincial direction is unclear, it is important to lay out what is desirable, what is acceptable and what is unacceptable from Mississauga’s perspective regarding options for regional reform in Peel.

This report will discuss the following options:

- (1) **Single Tier Status:** Mississauga would become a single tier city, giving it full authority to provide its municipal services similar to many other municipalities in Ontario, including some who have much smaller populations (e.g. Windsor).
- (2) **Regional Reform:** Significant reform to the Region of Peel to eliminate areas of duplication and overlapping jurisdiction and barriers to municipal service delivery in Mississauga.
- (3) **Amalgamation:** Combining Mississauga, Brampton and Caledon and the Region into one municipal entity.

1. Single Tier Status

As early as 1995, the City of Mississauga has advocated for single tier status. Below is a brief history of the steps Mississauga has taken to achieve independence from regional government:

- In 2002, Council appointed 18 volunteer citizen members to a Citizens' Task Force to review regional governance. The Task Force prepared a report recommending in part that the City of Mississauga become a single tier city.
- In 2003, Council commissioned a report to look at the financial implications of becoming a single tier municipality. The report determined that Mississauga would save approximately \$32 million dollars a year, in part due to efficiencies, and in part due to the elimination of cross-subsidization (i.e.) property tax dollars being paid by Mississauga taxpayers that paid for services delivered in Brampton and Caledon.
- In 2004, staff initiated the "One City, One Voice" campaign in support of Mississauga gaining single tier status. The results of the campaign showed a strong support for a single tier city. These results along with a recommendation for the mayor to present a plan for single tier status to the Province were endorsed by Council. The Provincial Government appointed Hon. Justice George W. Adams to make recommendations in response to Mississauga's request.
- In 2005, the Ministry of Municipal Affairs and Housing endorsed the recommendations from Justice Adams to: (1) increase the representation at Regional Council and (2) for Mississauga, Brampton and Caledon to work together to implement changes to planning, construction, regional roads and development to improve upon municipal service levels.
- In 2006, two reports were brought forward to Council addressing the second Adams recommendation:
 - Planning – Mississauga Council endorsed a matrix of region and area municipal planning responsibility but acknowledged that significant reform would require amendments to the *Planning Act*.
 - Regional Roads – Mississauga Council approved a recommendation for each area municipality to have jurisdiction and financial responsibility over the regional roads within their boundaries. This recommendation was defeated at Regional Council and instead the direction was given for Peel Public Works to continue their road rationalization review.

The City of Mississauga is a world class city with a unique culture and identity. It has the size, resources, stability and experience to deliver municipal services to its residents autonomously, similar to comparable single tier municipalities in Ontario. Staff's recommendation for single tier status is based on the following factors:

- Population – Mississauga has the population to warrant becoming a single tier city similar to other large municipalities such as Toronto, Hamilton and Ottawa.
- Stability – Mississauga is fiscally strong, has strong resident support and has the necessary capacity and experience to operate as a single tier municipality.

- Municipal Service Delivery – A number of duplications, barriers and complexities in municipal service delivery could be eliminated if Mississauga became a single tier city.
- Future City Building – Single tier status would give Mississauga full autonomy to focus on city initiatives related to its future growth and development.
- Cost – A preliminary review by staff has determined that Mississauga currently cross subsidizes both Brampton and Caledon by as much as \$85 million per year.

Population

In 1974, the Region of Peel was created and at the same time some smaller municipalities were amalgamated to form Mississauga (pop. 222,329), Brampton (pop. 91,842) and Caledon (pop. 20,582). Mississauga now has a population approaching 800,000, which makes us the third largest city in Ontario and sixth largest city in Canada. According to Mississauga's Long-Range Forecasts (2013), our population is expected to grow to almost 900,000 by 2041.

Among municipalities in Ontario, Mississauga stands out as the largest lower tier municipality, and is larger than most single tier municipalities. Mississauga's population is larger than entire regional populations, including those of Halton and Durham. Below is a chart comparing Mississauga's population to other municipalities in Ontario to highlight its unique place within regional government.

Top 10 Single Tier Populations *		Top 10 Lower Tier Populations *	
Toronto	2,731,571	Mississauga	721,599
Ottawa	934,243	Brampton	593,938
Hamilton	536,917	Markham	328,966
London	383,822	Vaughan	306,233
Windsor	217,188	Kitchener	233,222
Sudbury	161,531	Richmond Hill	195,022
Guelph	131,400	Oakville	193,022
Kingston	123,400	Burlington	183,314
Thunder Bay	107,909	Oshawa	159,458
Chatham-Kent	101,647	St. Catharines	133,113

*Federal census data from 2016

At over 600,000 people, Brampton is one of the fastest growing cities in Canada and is projected to reach a population of one million by 2041. Brampton has a very different identity from Mississauga, creating its own strength and attracting many because of it. Unlike Mississauga and Brampton, the Town of Caledon identifies as a series of villages near large urban centres.

Two lower tier municipalities with significant population levels and strong but different community identities connected to one predominately rural, small municipality makes Peel unique.

Attached as Appendix 2 are tabled statistics of the population, employment, and household growth and projections in the Region of Peel.

Stability

The City of Mississauga stands out as a leader in governance and financial stability. We are a large urban centre with a strong assessment base. The city has received “AAA-stable” rating from Standard & Poor’s for the fifteenth straight year. In the 2015 book “*Is Your City Healthy? Measuring Urban Fiscal Health*”, the authors studied the fiscal health of the 30 largest municipalities in Ontario and concluded that Mississauga ranked among the top.

Strong resident support also demonstrates that Mississauga’s overall stability and fiscal performance is recognized by residents. Polling consistently shows that Mississauga residents and businesses believe that they get value from their tax dollar and support existing service levels. The City’s Citizen Satisfaction Survey from 2017 found that:

- 89% rated the quality of life as excellent or good
- 87% agreed that Mississauga is an open and welcoming community
- 84% indicated they are proud to say they are from Mississauga
- 82% of residents are either satisfied or somewhat satisfied with the services provided by the City”
- 76% agree that Mississauga is moving in the right direction to ensure it is a dynamic and beautiful global city

In addition to resident feedback, the level of voter support in the 2018 election for our incumbent members of council shows a high level of satisfaction with the job they are doing.

City staff already has broad experience delivering municipal services to a diverse population of residents. For example, the City’s strong planning and transportation teams have the requisite technical and administrative knowledge to continue to provide the same high level of service delivery as a single tier as it does right now as part of the Region of Peel, but with the benefit of greater efficiency. The City’s economic development and corporate services teams have always ensured our local needs are met and are seen as leaders winning many awards in their respective areas.

Finally, Mississauga’s experience of governing and servicing a large number of residents is at least comparable to other single tier municipalities. Mississauga represents the second highest average number of constituents per member of council in Ontario. The third largest average belongs to the City of Brampton.

Average Number of Constituents Per Councillor Across Ontario

Single Tier Municipalities		Lower Tier Municipalities	
Toronto	109,263*	Mississauga	60,133
Ottawa	38,927	Brampton	53,967
Hamilton	33,557	Markham	25,305
London	25,588	Vaughan	34,026
Windsor	19,744	Kitchener	21,202
Sudbury	12,425	Richmond Hill	21,669
Guelph	10,108	Oakville	14,910
Kingston	9,492	Burlington	26,188
Thunder Bay	8,301	Oshawa	14,496
Chatham-Kent	5,647	St. Catharines	10,239

*Before Toronto's Council was reduced to 25 councillors in 2018, its average number was 58,119

Municipal Services – Duplications, Barriers and Complexities

The main criticism of the Region of Peel (beyond unfair representation for Mississauga and Brampton) is that when you have two levels of municipal government, there are inherent inefficiencies in the delivery of municipal services. This is best understood as:

- Duplications: The Region of Peel and City of Mississauga provide the same or similar service resulting in an unnecessary duplication.
- Barriers: Co-ordination or approval requirements at the Region of Peel impedes or delays the City of Mississauga's ability to provide its services as efficiently and effectively as possible.
- Complexities: Difficulties for residents in understanding which level of government provides which service and who is paying for it.

(a) Duplications

Service duplications could be eliminated if Mississauga became a single tier city. For example:

- Planning – Local policy planning, site plan approval and development applications require a review at the regional level. Both levels of government are required to prepare and approve Official Plans. The City must wait for the Region to update its planning documents before it can make the necessary updates to City plans, which creates even more delay and when agreement is not reached the City and the Region send legal and planning staff to LPAT hearings with different instructions that can contradict.
- Regional Roads – Ownership of roads at the regional and local level is an unnecessary duplication. It complicates Mississauga ability to service roads within its municipal boundaries, and it delays planning approvals when access and servicing requests for development occur on both a Regional and local road. Under the current two-tier road structure, the City cannot implement measures such as red light cameras in many locations where safety would warrant them. There have been a number of unsuccessful

attempts to rationalize regional roads over the years at Regional Council including most recently in 2017, but Mississauga could never get support from the other lower tiers primarily because of the financial impact.

- Transportation – Transit is currently provided by both levels of government (i.e MiWay and Transhelp). Transportation master plans are also duplicated at both levels.
- Maintenance and Works - Contractors are required to receive local and regional permits for work that crosses both Mississauga and regional roads.
- Enforcement - Efforts are duplicated through the enforcement of similar by-laws by both levels of government.
- Revenue – Both levels of government make tax policy decisions. Billing and collections services are performed by the City and the Region.

(b) Barriers

Regional government can impede local service delivery or result in unnecessary delays and complications. For example:

- The Region's lack of support of the downtown Community Improvement Plan approved by Council prevents Mississauga from maximizing the incentives that can be used to attract office development. Developers have shown that without the Region's participation, the business case for office in downtown Mississauga is not yet at a level where new office development is likely in the short term.
- The Region is required to implement a Municipal Comprehensive Review before conversions to employment lands can be made. Responsibility for these policy planning would rest solely with Mississauga if it became single tier.
- Revenue - Approval of the tax ratio by the Province is required as a result of the Region's delegation of tax ratio to Mississauga. In addition, most of the authority is given to the Region for tax policy decisions resulting in the City having to wait for the Region to pass necessary by-laws before we can bill or administer a program.
- Legal Agreements – Facilities, road and property management issues between the Region and the City can involve the execution of service or realty legal agreements that could be eliminated if certain ownership resided only with the local municipality.

When two levels of government are involved in a municipal service and they have different priorities for its delivery, it can toughen these existing barriers. Should the City of Mississauga become a single tier city, it will allow Mississauga to have one set of priorities, and streamline these types of services, leading to faster decision making and efficiencies that are harder to implement when two levels of government are involved. These efficiencies become critical when we are trying to meet service demands and when we compete globally for business to locate here.

(c) Complexities

The distribution of service deliveries amongst the two tiers is often confusing for residents. Many residents call Mississauga 3-1-1 not knowing that they are calling in regards to a regional service. In the last five years alone, staff transferred over 30,000 calls to the Region of Peel because residents were unsure as to what level of government was responsible for a particular service.

Removing duplications, barriers and complexities would help eliminate the unnecessary overlap that current exists within the Region of Peel. It would also lead to greater accountability for service delivery by making one level of government responsible.

City Building and the Future of Mississauga

In addition to the day to day efficiencies that could be found moving to a single tier system, the City of Mississauga would have full autonomy to focus on city building issues related to its future development.

Regional planning can act as a barrier to city building in Mississauga. For example, a number of projects require the Region of Peel to first complete a Municipal Comprehensive Review (MCR) before conversions to employment lands can be made. Once a regional MCR is in place, a local municipality is able to create its own MCR so long as it is in compliance with the Region's. This affects some significant City initiatives including Lakeview Waterfront and Dixie Employment Area on the Dundas Corridor. Without this regional oversight, the responsibility for MCRs would rest solely with the City of Mississauga. Given Mississauga's understanding of local planning sensitivities, it is more practical for this responsibility to reside only with the level of government closest to its residents.

As noted above, the City's Community Improvement Plan for the downtown core is aimed at attracting more office development to this important growth area. The Region has declined to participate in this initiative, despite repeated requests. As a result the City has not been able to maximize the incentives necessary to attract office development to the downtown core.

Another important future initiative involves transportation. Staff has identified some regional roads as priority corridors for higher order transit, which can involve capital investment for roadway design. Implementing this transportation policy would be streamlined if Mississauga had ownership and control of these roads. MiWay set a new record in 2018 by providing more than 40 million revenue rides to customers. A single tier system would give Mississauga the independence to focus on this important issue and eliminate the need to co-ordinate pieces with the Region.

Financial Analysis

In 2003, the City of Mississauga commissioned a financial report to forecast the property tax implications if Mississauga became a single tier city. The analysis was limited to services which were directly funded by property taxes. Attached as Appendix 3 is a copy of the Executive Summary of the Financial Report by Day & Day Chartered Accountants (the “Day & Day Report”). At that time, the report found that Mississauga residents cross subsidize Brampton and Caledon up to \$32 million a year. This report was based on a number of assumptions including: service levels would be maintained, salaries would not be harmonized and one time transition costs would be funded from provincial grants and/or reserves.

The Day & Day Report determined that assessment was not the most accurate basis for apportioning Regional costs. Assessment bears no relationship to the consumption of services or service levels in a municipality. Cost allocation is better reflected utilizing population as a way to allocate costs between municipalities. Therefore the Day & Day Report concluded “the current distribution of taxes is probably unfair and inequitable in our opinion, restructuring will assist in correcting these inequities.”

An updated analysis of the Day & Day Report was performed by staff to determine if there was a change to the subsidy numbers found in 2003 if Mississauga became a single tier city. This analysis concluded that in 2019 Mississauga residents cross subsidize Brampton and Caledon up to an estimated \$85 million a year, based on similar assumptions to the Day and Day Report. This increase of \$53 million from 2003 is a result of three driving factors: (1) inflation/service adjustments (2) assessment impact and (3) population impact. Attached as Appendix 4 is the Updating Day & Day Report 2003 to 2019.

An important consideration supporting a single tier city for Mississauga is that its property taxpayers subsidize Brampton and Caledon for programs delivered by the Region. For key regional services, there is unequal distribution of the benefits versus tax levy paid as demonstrated in the chart below. Tax levies would be more equitable if they were based more on user pay (e.g. water and wastewater, solid waste collection) or a benefits received model.

The chart below shows that even in 2018, Mississauga still pays a disproportionate share of taxes relative to its population.

Regional Distribution of Taxes (2018)

	Weighted Assessment	Solid Waste (costs allocated by tonnage)	Police (costs allocated by household)
Mississauga	59.228%	55.641%	63.065% PRP
Brampton	34.688%	39.074%	36.935% PRP
Caledon	6.084%	5.285%	100% OPP

The question we must ask is can Mississauga continue to allow our property tax dollars to flow to provide service in other municipalities? We have infrastructure funding pressures as growth funded infrastructure comes up for repair and replacement, and we have to look to property tax to close that gap. We have increasingly complex urban challenges such as affordable housing, and demand for more services in critical areas like transit and transportation, cycling, sport and recreation and emergency response.

On the capital side, there have been assertions made that Brampton and Caledon paid for Mississauga's growth, and by advocating for single tier status, we would be unfairly leaving Brampton and Caledon to deal with growth on their own. However, these statements do not seem to take into consideration how infrastructure to support growth is funded. To support growth and development, the Region's primary responsibilities are water and wastewater, as well as regional roads. Growth infrastructure is paid for by developers through levies (now development charges) based on where growth is occurring. Water and wastewater makes up the majority of Regional DC's. To the extent that most of the growth occurred in Mississauga, it was developers building in Mississauga who paid for the infrastructure to support it. The same would be true in Brampton and Caledon. For water and wastewater, major trunk infrastructure has to be built up front, so it is one of the easiest services to match where pipes are going with who is paying for it. Other growth infrastructure such as local roads, transit, community centres, parks etc. are already the responsibility of the lower tier municipalities, so there can be no grounds to argue cross subsidization occurring there since we each pay for our own.

2. Regional Reform

Should the province decide not to grant Mississauga single tier status, in the alternative, regional restructuring that leads to improvements in customer service and municipal service delivery, and eliminates areas of overlapping jurisdiction should be mandated. The most significant areas in need of reform are representation at Regional Council, planning and regional road ownership. The financial subsidies paid by Mississauga taxpayers should also be reduced or eliminated, with more Regional services costs being allocated on a benefits received model rather than assessment.

Representation at Regional Council

A persistent challenge to effective governance for the Region of Peel for the past 45 years has been local representation at Regional Council. Currently, Mississauga, Brampton and Caledon hold 12, 7 and 5 seats respectively. This distribution does not reflect representation by population which is a pillar of our democratic system. Representation by population is important because it gives residents a reasonably equal voice in the decision-making process.

Changes to regional representation have been periodically debated at Regional Council over the years with Mississauga, Brampton and Caledon all having made efforts to change its composition. Furthermore, changing the number of seats is an onerous process. In addition to

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being subject to a “triple majority”, it involves Provincial approvals, public meetings and passing by-laws accordingly.

Below is a historical summary of some of the concerns raised around regional representation at the Region of Peel:

- 1973 – According to submissions from the town of Streetsville at the time, its council did not support the version of regional government proposed because it did not address the problem with representation that existed with County government. Up until 2005, Mississauga had less than 50% of the vote Regional Council.
- 2005 - The composition of Regional Council was increased to 24 members when a provincially appointed arbitrator gave Mississauga two additional seats and Brampton one extra seat in an attempt to balance representation.
- 2012 – Brampton Council passed a resolution to form a task force to develop, recommend and implement a strategy to increase Brampton’s representation at the Region of Peel by four seats.
- 2013 – Regional Council set up a Task Force to consider Brampton’s request for additional seats. Regional Council later endorsed the Task Force’s recommendation to maintain the status quo for the 2014 election but to report back to the newly elected Regional Council in early 2015 to initiate a review of Regional governance for the 2018 election.
- 2015 - Regional Council established a Task Force consisting of the Mayors of Mississauga, Brampton and Caledon to consider changes to representation in advance of the 2018 election. A Governance Review Facilitator was appointed to lead this review.
- 2016 – Regional Council endorsed one of the options presented by the Task Force to increase the size of Regional Council to 32 and sent a letter to the Ministry. This option was later rejected by Mississauga in accordance with the “triple majority” rule because Mississauga did not agree that more councillors were needed.

Mississauga represents over 60% of the regional population, pays 59% of the regional taxes yet has 50% of the voting base at Regional Council. Given this distribution of decision-making authority, Mississauga cannot make a decision for its residents without the support from either Brampton or Caledon. An argument can be made that the lack of representation based on population size is one of the factors that prevented the GTSB from achieving the success that many had hoped for.

An important point not made earlier is that Mississauga as a single tier city would not have the distraction of trying to balance the interests of others in setting the size of Council.

Planning

Regional reform to planning is critical because regional involvement leads to duplications and barriers in local service deliveries as mentioned earlier in the report. The most obvious duplication is the existence of two Official Plans. Currently, all policy planning and development applications must be consistent with both the Regional Official Plan and the Mississauga Official Plan in addition to the Provincial Policy Statement. These plans must by legislation overlap with respect to transportation, heritage, aircraft noise, goods movement and environmental impacts to name a few.

Development and servicing agreements take longer to complete because they need to be negotiated with two different local governments looking at similar issues that overlap, such as when a regional road and a local road are impacted by the same development or capital project. When matters are appealed to the Local Planning Appeal Tribunal, there is duplication as two sets of planning and legal staff may be engaged, when our interests should be the same.

Regional policy planning could be eliminated in Mississauga because there is no longer a value add as the City has been sufficiently built out. Current and future decisions do not require a regional analysis as issues are now strictly local in nature. The future of policy planning in Mississauga will be based on intensification of previously developed lands. This requires the sole input of local experts who understand the community sensitivities to implement good policy planning. The City has the expertise and the capacity to develop a planning framework that meet provincial policy requirements and ensures provincial targets are met.

Transition policies would not be difficult to implement if Regional policy planning was eliminated. Regional Plans could remain in-force for a period of time until the City updates its plans to meet any expanded requirements. In many cases, the City's Official Plan already meets and/or exceeds Provincial guidelines. Also, there is no added burden in undertaking this exercise as planning documents must be updated every five years; in fact it creates efficiencies and greater certainty for the development community by requiring only one update.

Regional Roads

Reform to the Region of Peel should include the return of regional roads to its lower tier municipalities. Regional roads are the arteries of transportation in Mississauga and affect a number of different service deliveries including construction, planning and maintenance that could effectively be streamlined if ownership of all roads rested with Mississauga.

There are 485 lane kilometres of regional roads in Mississauga including portions of Dixie Rd, Cawthra Rd, Queensway, Erin Mills Parkway, Britannia and Winston Churchill. These roads account for approximately 10% of all roads in Mississauga.

Regional Roads are an area that heavily contributes to the over taxation of Mississauga taxpayers. Only 29% of Regional Roads are located within the City of Mississauga, however the City pays for 60% of the Regional levy.

Mississauga already has the experience and expertise to provide operational and maintenance support to roadways in Mississauga. In addition, Mississauga currently provides support to the Region in the operation and maintenance of its roads, including:

- Bus Stops – maintenance and operation;
- Maintenance – the City performs winter maintenance, street sweeping, graffiti removal, road/curb repair on 85 lane km of regional roads;
- Sidewalks/Multi Use Trails – maintenance and operation;
- Street Lighting – maintenance and operation; and
- Traffic Signals – maintenance and operation.

3. Amalgamation

A wave of amalgamations starting in the mid-1990s saw the number of municipalities in Ontario reduced from 839 to 444. The Harris Government at the time implemented these changes with the goal of reducing costs and inefficiencies in municipal service deliveries.

However, a number of independent reports and studies by researchers and academics over the last 20 years have consistently shown the reverse effect to be true when amalgamations involve large municipalities. In Ontario, municipal amalgamations have not resulted in cost savings and have been shown to negatively impact good governance. Other challenges with amalgamation include:

- the conflict when rural and urban municipalities are merged, and the levelling up of services;
- non-unionized workforces become unionized which can lead to culture change; and
- the perception of loss of community and local identity.

Based on these past experiences and given the size and unique character of the municipalities that form the Region of Peel, the City of Mississauga does not support amalgamation of Mississauga with Brampton and Caledon as an option. The Region of Peel does not fit the model for amalgamation which typically absorbs smaller municipalities into larger ones with the expectation that efficiencies will be created.

Do Amalgamations Save Money?

Despite the belief that amalgamations lead to cost savings, studies have shown that amalgamating municipalities do not result in any long term savings to local taxpayers. In 2015, the Fraser Institute release a paper that highlighted some of the financial harms that emerge as a result of amalgamation. The report confirmed that ten years post amalgamation, the municipalities studied (Kawartha Lakes, Essex and Haldimand and Norfolk) had experienced overall increases to property taxes and long term debt.

Another issue is that amalgamations can lead to increases in employee compensation. Having reviewed the empirical evidence for a 2009 report, Enid Slack (Director of the Institute on Municipal Finance and Governance at the University of Toronto) found that “there is a tendency for salaries and benefits to harmonize upward with higher municipal expenditures generally outweighing any cost savings”.

Although amalgamations may lead to initial cost savings through staff reduction, this does not necessarily translate into long term savings. According to a 2004 article in the Canadian Journal of Regional Science, Harvey Schwartz found that Toronto’s amalgamation actually resulted in a net increase in employment. Between 1998 and 2002, approximately 2,700 positions were eliminated however an additional 3,600 were added to improve service levels, as services tend to level up to the highest standard.

Reduction in Citizen Involvement

A core tenet to effective governance is political participation and citizen involvement. Great care must be taken to ensure public engagement is not lost through a change in local governance. According to the Golden Report from 1996, “smaller government units allow the average citizen greater access to public officials and more influence over policy decision”. In a 2013 paper from the International Center for Public Policy, its authors suggested that amalgamating Toronto led to a reduction in its political engagement by local residents. Mississauga residents know and trust their members of council to do what is right for them and if the ability for the same councillors to make decisions was eroded by being part of a new amalgamated city, that trust and confidence would suffer.

Reduction in Accessibility

Reducing the number of elected officials through amalgamation can negatively impact a resident’s ability to access its members of council. A 2014 report from the Institute on Municipal Finance & Governance (co-written by advisor Michael Fenn), outlined the support for the theory that “local governments have superior access to local information...allowing them to better respond to local needs.” As mentioned earlier in this report, Mississauga already has one of the highest average number of constituents per councillors in Ontario. It is more likely than not those numbers would increase through an amalgamation.

Reduction in Accountability

Another potential threat to good governance as a result of an amalgamation is a reduction in political accountability. According to Enid Slack’s report from 2009, “the ability of the public to monitor the behaviour of decision makers falls as the size of governments increase”. The report goes on to suggest local decisions should be decided locally to ensure that resources are allocated responsibly. There should be a close link between expenditures and the body making the decisions.

Forced amalgamations can lead to further disruptions if the new council members maintain former “municipal lines” that impede its decision making. In a 2004 report published for the Institute of Intergovernmental Relations School of Policy Studies, David Siegel commented that the “kinds of territorial disputes that used to occur between municipalities now occur with council” post amalgamation. These kinds of disputes have occurred in some of Ontario’s amalgamated municipalities:

- Toronto - Some believe that Toronto’s Council remains divided twenty years after amalgamation. The former municipalities of Etobicoke, “old” Toronto and Scarborough continue to have distinct interests and identities that contribute to the public’s perception that Toronto’s council is dysfunctional.
- Ottawa – In 2018, filling of committee positions became contentious because it was felt urban councillors were underrepresented on said committees in comparison to more rural areas of the City.

It is conceivable that the challenges around Regional representation outlined earlier in this report would persist as a result of an amalgamation of the Region of Peel and its three lower tier municipalities mirroring the disruptions still seen today at Toronto’s and Ottawa’s council.

Challenges to Service Delivery

A municipality’s ability to deliver municipal services can be negatively impacted by amalgamation. According to the Golden Report (1996):

“When municipal services are provided by the local government, local preferences can be reflected in the quantity and quality of services consumed. A government representing a large, diversified area is less effective at meeting the demands of its residents because it tends to provide a uniform level of service”

Negative feedback on service delivery has also been reported by residents post amalgamation. According to a 2003 report coming out of Brock University, it found that some residents in Chatham-Kent and Kingston experienced a decrease in service delivery three years post amalgamation.

Preserving Mississauga’s Identity

The City of Mississauga has developed a distinct municipal identity that could be gradually eroded if it were amalgamated with Brampton and Caledon. Mississauga residents and businesses identify with Mississauga and are proud to be part of the City and to be represented by the current Mayor and Council. A number of factors including geographic, demographic, cultural, economic and historical go towards creating community. According to the Mississauga Community Foundation’s 2018 Vital Signs Report, Mississauga boasts a number of distinct features including:

- Cultural Diversity: Mississauga's population is one of the most diverse in Canada. The top five countries of birth are India, Pakistan, The Philippines, China and Poland.
- Employment: Currently, there are 75 Fortune 500 companies in Mississauga along with over 20,000 smaller businesses. Mississauga remains a net importer of jobs with more people coming into Mississauga for work than leaving to work in another city.
- Community Engagement: Over 1.5 million people attended and participated in City funded festivals, events and arts and culture initiatives in 2016.
- Housing: Living in Mississauga is distinct from life in Caledon and Brampton. 65% of Peel's renters live in Mississauga. 78% of Peel's high rise units are in Mississauga. The opportunities and challenges of housing in Mississauga are different from the rest of Peel.

Mississauga also has distinct neighbourhoods with rich histories that might also be eroded under an amalgamated municipal structure. Individual, neighbourhood and community issues are likely to be less effectively addressed by larger, more centralized governments. These neighbourhoods require local input to ensure their sense of community is preserved.

Mississauga also boasts important business districts including its four business improvement areas of Clarkson, Malton, Port Credit and Streetsville. These areas allow local business owners to organize to foster a business identity and promote economic development for the area. Mississauga has the experience of overseeing these areas in accordance with the *Municipal Act, 2001* and that responsibility would transfer over to a new, larger and more centralized government as a result of an amalgamation.

Feedback from Residents

Previous public engagement has shown that residents support Mississauga becoming a single tier municipality. In 2003, during the "One City, One Voice" campaign, the City used mail back pledge cards and telephone surveys to gauge the residents' support for a single tier city. Of the 20,000 pledge cards sent out, 99% were returned in support for a single tier. The telephone survey included 400 participants who demonstrated over 70% support. We are currently considering ways to engage residents, including a new poll and a dedicated website to both inform and get feedback. The Province has not yet provided a means for public engagement on this issue.

Transition Timeline and Process

The details of how Mississauga's transition into a single tier municipality would be implemented are beyond the scope of this report given the time constraint set by the Ministry for its review. The details of transition are impossible to predict with certainty until Provincial decisions are made. Issues like effective date of the change, whether the province would assist with one-time costs, and whether any provincial constraints would be placed on how restructuring of services

could be implemented all play a role. However, we believe that a full deconstruction of all regional services is neither necessary nor prudent.

Some points to consider are:

- Some regional services can be absorbed by Mississauga (i.e. planning, regional roads, Transhelp) with little to no disruption to service levels.
- Peel Regional Police operates under separate legislation, and already has a Police Services Board that has representation from Mississauga and Brampton. It does not service Caledon. This model could continue.
- Water and wastewater could be managed through a utility model, as it is currently rate based.
- Finally, social and health services (i.e. child care, Ontario Works, Office of the Medical Officer of Health) must be delivered in compliance with applicable legislation and funding arrangements from the Province. However as a principle, we would want those services to be delivered locally.
- Social housing is administered under a separate Board today and that model would need to be reviewed.

In past restructuring examples, transition teams have been established to work through the best way to implement the changes. Similar consultation and work would be required to implement any changes. It is typical that one-time costs are incurred to complete this phase. It is also important to note that some phasing of financial impacts may be necessary in order to manage the transition and smooth the financial impacts for those negatively affected.

Financial Impact

The financial impact of the Province's regional review cannot be determined until the advisors have submitted their recommendations and the Minister of Municipal Affairs and Housing has determined any next steps.

Conclusion

There is no "one size fits all model" for regional review in Ontario. Any decision needs to consider the specific population size, fiscal base, geography, governance structure, municipal maturity, experience, local identity, economic stability and other local circumstances.

Staff recommend that General Committee endorse the reform option where Mississauga becomes a single tier city, governing independent of the Region of Peel similar to other cities such as London, Hamilton and Windsor. In the alternate, staff recommend that reform to the Region of Peel in the areas of planning and road ownership is needed to remove unnecessary jurisdiction overlap to allow for more efficient service delivery at the local level. Finally, staff do not endorse an option that would see Mississauga, Brampton, Caledon and the Region of Peel amalgamate. Amalgamations across Canada have not resulted in either cost savings or service efficiencies.

Attachments

Appendix 1: Terms of Reference for the Province's Review of Regional Government

Appendix 2: Region of Peel Statistics

Appendix 3: Executive Summary of the Financial Report by Day & Day Chartered Accountants

Appendix 4: Updating Day & Day Report 2003 to 2019



Janice Baker, FCPA, FCA, City Manager and Chief Administrative Officer

Prepared by: Robert Genoway, Strategic Advisor, City Manager's Office

Appendix 1 - Terms of Reference for the Province's Review of Regional Government

Background

Since Ontario's regional municipalities were established in the 1970s, populations have grown or changed, infrastructure pressures have increased, and taxpayers' dollars are being stretched.

The government is committed to undertaking a review of regional government and Simcoe County to help ensure that the upper- and lower-tier municipalities in these geographic areas are efficient and accountable to their residents and businesses.

The review will cover Ontario's eight regional municipalities (Halton, York, Durham, Waterloo, Niagara, Peel, Muskoka District, and Oxford County) and their lower-tier municipalities. Simcoe County and its lower-tier municipalities will be included in the review because of its rapid growth and associated challenges.

Mandate

1. The mandate of the advisory body is to provide expert advice to the Minister of Municipal Affairs and Housing and to make recommendations to the government on opportunities to improve regional governance and service delivery.

Recommendations from the advisory body will focus on the following questions:

Questions on municipal governance and decision-making;

- a. Is the decision-making (mechanisms and priorities) of upper- and lower-tier municipalities efficiently aligned?
- b. Does the existing model support the capacity of the municipalities to make decisions efficiently?
- c. Are two-tier structures appropriate for all of these municipalities?
- d. Does the distribution of councillors represent the residents well?
- e. Do the ways that regional councillors/heads of council get elected/appointed to serve on regional council help to align lower- and upper-tier priorities?

Questions on municipal service delivery;

- f. Is there opportunity for more efficient allocation of various service responsibilities?
- g. Is there duplication of activities?
- h. Are there opportunities for cost savings?
- i. Are there barriers to making effective and responsive infrastructure and service delivery decisions?

Responsibilities of the advisory body

2. The responsibility of the advisory body is to deliver expert advice to the Minister based on the subject-matter expertise of the two special advisors and the assessment of feedback received through the consultation process.

The advisory body will solicit input from elected and appointed council members, municipal and business stakeholders and members of the public from the nine upper-tier municipalities and 73 lower-tier member municipalities. The consultation process will include, but is not limited to:

- a. initial interviews with all upper and lower-tier heads of council in early 2019 to elicit their views on an individual basis and to prepare for group consultations in spring 2019
- b. consultations with all nine upper-tier councils as well as the Mayors and Regional Chairs of Ontario (MARCO)
- c. engaging key municipal associations such as the Association of Municipalities of Ontario (AMO), the Association of Municipal Managers, Clerks and Treasurers of Ontario (AMCTO), etc.
- d. a provincially-hosted online consultation targeted to residents and businesses within the regions and Simcoe County
- e. accessing background information and expertise as needed to inform the review by meeting with municipal staff and appointed/elected officials, or by reviewing research, reports, and other materials
- f. other consultation methods deemed appropriate to solicit additional input from other stakeholders, communities and/or organizations

Support for the advisory body

3. Staff from the Ministry of Municipal Affairs and Housing will provide administrative support to the advisory body as needed. This may include, but is not limited to, logistical and writing support, the provision of access to relevant background information (e.g. research, reports), subject-matter expertise and setting meetings with municipal staff or elected and appointed officials. The advisory body will direct media inquiries to the Ministry.

Deliverables

4. The advisory body will develop a work plan that will outline the proposed approach for delivering on the review and submit it to the Ministry on or before January 18, 2019 for approval.

5. The advisory body will develop a detailed consultation plan for the review and submit it to the Ministry on or before January 31, 2019 for approval.

6. The advisory body will develop recommendations for the Minister for the purpose of improving governance, decision-making and service delivery in the regions/Simcoe County and their lower-tier municipalities, and actionable options for implementation.

7. These recommendations will be submitted in the form of a written document to the Minister, and could be specific to particular regions/Simcoe County to account for their different needs, challenges, resources and objectives.

Timeframe

8. The work of the advisory body will begin on December 20, 2018. Recommendations will be submitted to the Minister in early Summer 2019. The Minister may retain the special advisors to assist with additional advice until September 30, 2019.

Conflict of interest

9. Members of the advisory body are required to declare to the Ministry any actual, potential, or perceived conflict of interest arising in regard to any matter under discussion as part of the review.

Confidentiality and access to information

10. Members of the advisory body shall not use or disclose any confidential information, either during or after the appointment, obtained as a result of their appointment for any purpose unrelated to the duties of the appointment, except if required to do so by law or authorized to do so by the Minister.

11. All materials produced by the advisory body, including research analysis, reports and recommendations, are the exclusive property of the Ministry and may be released publicly at the discretion of the Ministry.

12. Background research reports prepared for the advisory body are the exclusive property of the Ministry and may be made available to the public at the discretion of the Ministry.

13. Documents in the possession of the Ontario Public Service related to the work or support for the advisory body will be subject to the provisions of the *Freedom of Information and Protection of Privacy Act*.

Appendix 2 – Region of Peel Statistics

Table 2.1: Population, Employment and Household Numbers in the Region of Peel from 1974 to 2016

	1974	1984	1994	2004	2016
Population					
Mississauga	222,329	361,754	528,555	673,814	721,599
Brampton	91,842	178,343	262,980	407,380	593,638
Caledon	20,582	29,360	39,150	56,842	66,502
Employment					
Mississauga	98,470	197,660	289,820	411,280	438,732
Brampton	39,980	68,800	100,520	146,980	369,836
Caledon	4,020	7,930	13,720	20,200	45,354
Number of Households					
Mississauga	63,247	111,599	162,679	207,010	240,910
Brampton	24,829	51,713	76,917	114,580	168,010
Caledon	5,674	8,518	11,828	17,372	21,260

The tabled data represent census data distributed by Statistics Canada. Data for years between censuses are estimated based on data collected in census years. <http://www.peelregion.ca/planning/pdc/data/census/population-1971-2006.htm>

Table 2.2: Future Population, Employment and Household Growth Predictions in Mississauga

	2031	2036	2041	2046	2051
Population	829,100	853,900	878,400	904,200	930,700
Employment	526,870	536,710	552,020	569,340	589,200
Number of Households	272,500	280,800	288,700	296,700	305,100

The tabled data is from the City of Mississauga, Planning & Building Department, 2014 Growth Forecasts

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 <input type="checkbox"/> 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 <input type="checkbox"/> 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

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.



City of Mississauga
Updating Day & Day Report
2003 to 2019



Municipal Restructuring Analysis

Background

In 2003, the City of Mississauga commissioned Day & Day Chartered Accountants to prepare a financial report to forecast the property tax implications if Mississauga became a single tier city. The report assumed the creation of three single tier municipalities: The City of Mississauga, The City of Brampton, and the Town of Caledon. The analysis was limited to services which were directly funded by property taxes. It was assumed that water and wastewater services would remain funded on a user fee basis. There was no inventory taken of Regional assets, reserves, or Development Charges (DC's). These could impact the operating budget if they are over/under funded.

The report was based on a number of assumptions including: maintaining existing service levels, no harmonization of salaries, ensuring municipal boundaries are unchanged, and any transition costs would be funded from Provincial grants and Peel reserves. The report used the 2001 Region of Peel Financial Information Return (FIR), the 2003 Regional Budget, the 2003 Regional Levy for Tax Supported Services, and 2001 Statistic Census for population.

Some savings were identified through program rationalization such as administration costs. They also concluded that assessment was not the most accurate basis for apportioning Regional costs. Assessment bears no relationship to the consumption of services or service levels in a municipality. Cost allocation is better reflected utilizing population as a way to allocate costs between municipalities. Therefore the Day & Day report concluded "the current distribution of taxes is probably unfair and inequitable in our opinion, restructuring will assist in correcting these inequities."

The report concluded that Mississauga residents would benefit from \$31.8 million a year in savings.

Methodology

In accordance with the Provincial announcement on Regional Governance Review, an updated analysis was performed using the 2003 Day & Day report as a base. The updated analysis was undertaken at a high level using the most recent information available. The purpose was to update the numbers using similar assumptions as in 2003.

The following resources were used to prepare the 2019 analysis:

- 2016 Stats Canada Census
- 2017 Financial Information Returns (FIR's)
- 2018 Final Tax Levy Bylaws
- 2018 Municipal & Regional Budgets
- Region of Peel Report □ □ Financial Implications of Transfer of Jurisdictional and Financial Responsibility for Regional Roads □ (Meeting Date : 2017-06-22) □ Option #3

Regional costs have been updated to 2018. As with all public organizations over a fifteen year period there have been multiple organizational changes. These include new services, or the deletion of services, changes to existing service levels, varying funding sources (including uploading and downloading services) from the Provincial Government. Accordingly, the analysis tries to match service categories as closely as possible. No significant administrative savings were assumed.

Similar to the Day & Day report, revised costs are based upon population rather than assessment as this was felt to be more reflective of the cost of the service within the municipality. The roads cost and impacts are based on the Region of Peel Report □ □ Financial Implications of Transfer of Jurisdictional and Financial Responsibility for Regional Roads □ □ Option #3 with the additional Regional costs removed. We have not taken an inventory of regional assets, reserves, or debt in this analysis and therefore have not accounted for any surplus or deficiencies in these areas. While we are aware that the Development Charge (DC) would change, an in-depth analysis could not be accommodated in the timeframe allocated for this work.

The 2003 Day & Day position that Mississauga is subsidizing the rest of the Region has been validated using current data. This is also a consistent conclusion from the Regional Roads review undertaken in 2017.

The \$32 million subsidy identified in 2003 has grown up to an estimated \$85 million today due to three main drivers, namely: inflation/service adjustments, assessment, and population.

Although this report uses the population methodology to allocate costs rather than assessment, a single tier model could change the way municipalities deliver services. Transition teams and processes in each municipality will be necessary to review services, service levels, and cost allocation.

2019 Analysis Summary 2019 Operating Costs

The chart below represents an updated summary of the restructuring subsidy and the resulting property tax impacts to 2019 from the 2003 Day & Day report, based on the population methodology.

Program	Projected Subsidy/(Cost) 000's		
	Mississauga	Brampton	Caledon
Roads & Transportation	20,090	(3,783)	(16,308)
Accessible Transportation	1,627	(1,923)	295
Waste Management	0	0	0
Land Use Planning	232	(274)	42
Adult Day	152	(179)	28
Child Care	570	(673)	103
Employment Support	241	(284)	44
Homelessness Support	917	(1,083)	166
Housing Support	8,048	(9,508)	1,461
Income Support	1,682	(1,988)	305
Chronic Disease Prevention	846	(999)	153
Early Growth and Development	1,029	(1,216)	187
Heritage Arts and Culture	411	(485)	75
Infectious Disease Prevention	674	(796)	122
Community Investment	573	(678)	104
Long Term Care	2,386	(2,819)	433
Paramedic Services	3,627	(4,285)	658
Executive Office (CAO Office, Council & Chair)	254	(301)	46
Service Innovation, Information Technology	1,176	(1,389)	213
Corporate Services	1,300	(1,536)	236
Finance	558	(659)	101
Non-Program, Capital Allocation	2,262	(2,673)	411
OPP	0	0	0
Peel Regional Police	32,926	(32,926)	0
Conservation Authorities	1,771	(2,092)	321
MPAC	1,329	(1,570)	241
Total	84,680	(74,120)	(10,560)

Municipal Property Tax Impacts

	Single Tier Total Taxes	Projected Change (\$)	Revised Single Tier Total Taxes	Projected Change (%)
Mississauga	3,267	(250.35)	3,017	(7.7%)
Brampton	4,328	384.32	4,712	8.9%
Caledon	3,350	311.03	3,661	9.3%

The change from \$32 million in 2003 up to an estimated \$85 million in 2019 can be explained by three drivers:

- Inflation/Service Adjustments
- Assessment
- Population

	Mississauga	Brampton	Caledon
Day & Day Report 2003	31,822	(19,292)	(5,792)
1 Inflation/Service Adjustments	22,355	(21,172)	(7,876)
2 Assessment Impact	(55,567)	53,785	1,737
3 Population Impact	86,070	(87,441)	1,370
2018 Levy with 2018 Tax assessment and 2016 population - 2019 Analysis	84,680	(74,120)	(10,560)

1. Inflation/Service Adjustments

The Regional Levy in 2003 was \$518 million versus \$1,040 million in 2018. This increase not only reflects inflationary adjustments but also represents service growth, uploading and downloading from the Province, and other revenue changes. This adjustment, keeping all other variables constant (at 2003 Report levels) causes a change in the subsidy from \$32 million to \$54 million for the City of Mississauga, an increase of \$22 million.

2. Assessment Impact

As the Region has grown, there have been fluctuations in assessment proportions amongst the three municipalities.

	2001	2018
Mississauga	65.68%	59.23%
Brampton	28.63%	34.69%
Caledon	5.70%	6.08%
Total	100%	100%

Based on the changes above to assessment, Brampton picks up a larger share of the regional levy, with a net assessment reduction to the City of Mississauga of \$56 million.

3. Population Impact

Using the population methodology, Brampton's significant population growth will result in a shift of costs benefitting Mississauga by \$86 million.

	2001	2001 Share of Population	2016	2016 Share of Population
Mississauga	612,925	61.98%	721,599	52.22%
Brampton	325,428	32.91%	593,638	42.96%
Caledon	50,595	5.12%	66,502	4.81%
Total	988,948	100.00%	1,381,739	100.00%

Regional Governance Review

WHEREAS the City of Mississauga is a 45-year-old growing, urban municipality with a population approaching 800,000 residents, home to over 91,000 businesses. By 2041, the population of Mississauga is expected to be over 900,000; and

WHEREAS the City of Mississauga is the 3rd largest city in Ontario and 6th largest in Canada, and the largest municipality in Ontario that is part of a two-tier, regional governance model; and

WHEREAS other smaller municipalities in Ontario are single tier and not part of a regional governance model; and

WHEREAS the Region of Peel is unique in that it is the smallest region in the province in terms of number of lower-tier member municipalities, two of which are the 3rd and 4th largest cities in the province; and

WHEREAS the City of Mississauga, the City of Brampton, and the Town of Caledon are in different stages of growth and development, often resulting in the member municipalities of the Region of Peel having different or competing priorities; and

WHEREAS while regional government may be used to cost-share the delivery of services and the building of capital infrastructure between multiple municipalities that member municipalities would otherwise not have the financial capacity to provide on their own, the City of Mississauga has the administrative and financial capacity to govern our own affairs, independent of a regional government; and

WHEREAS the ability of Mississauga to deliver services to our residents and businesses, as well as enact policies and programs that are in the best interests of our residents is often made more difficult because of considerable, and unnecessary duplication of the delivery of the same services between the City of Mississauga and the Region of Peel; and

WHEREAS, the City of Mississauga currently provides 59 percent of the funding to the Region of Peel, but only maintains 50 percent of the vote at Regional Council; and

WHEREAS the residents and businesses of the City of Mississauga contribute an additional \$84 million annually in additional funding to the region, beyond what is provided back to the City of Mississauga; and

WHEREAS the City of Mississauga has a distinct identity from the Region of Peel and the two other member municipalities, and residents most often identify as residents of Mississauga and not as residents of Peel; and

WHEREAS the residents of the City of Mississauga have through citizen satisfaction surveys repeatedly expressed confidence in the City's ability to deliver services, satisfaction with the quality of life in our City, and a strong desire for Mississauga to continue to grow and prosper; and

WHEREAS between 2004 and 2005, the Council of the City of Mississauga made a strong business case, supported by a Citizens' Taskforce, to the Ontario Government, led by former Mayor Hazel McCallion and supported unanimously by the Council of the day, that Mississauga should be given single-tier status; and

WHEREAS the City of Mississauga Council and residents have long held the view that Mississauga can operate as a single-tier municipality, independent of regional government; and

WHEREAS on every measure, Mississauga is working and should be used as an example by the Province of Ontario of a well-governed, successful municipality; and

WHEREAS the Ontario Government has announced a review of regional governance across the province, including the Region of Peel and has asked the affected upper tier and lower tier municipalities for their feedback on the effectiveness of regional governance; and

WHEREAS this opportunity provides the City of Mississauga with an opportunity to present a single, unified voice to the province about the