



# AGENDA

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## BUDGET COMMITTEE

THE CORPORATION OF THE CITY OF MISSISSAUGA

**WEDNESDAY, JUNE 26, 2013 –  
IMMEDIATELY FOLLOWING GENERAL COMMITTEE**

**COUNCIL CHAMBER  
SECOND FLOOR, CIVIC CENTRE  
300 CITY CENTRE DRIVE, MISSISSAUGA, ONTARIO, L5B 3C1  
[www.mississauga.ca](http://www.mississauga.ca)**

### Members

Mayor Hazel McCallion	(CHAIR)
Councillor Jim Tovey	Ward 1
Councillor Pat Mullin	Ward 2
Councillor Chris Fonseca	Ward 3
Councillor Frank Dale	Ward 4
Councillor Bonnie Crombie	Ward 5
Councillor Ron Starr	Ward 6
Councillor Nando Iannicca	Ward 7
Councillor Katie Mahoney	Ward 8
Councillor Pat Saito	Ward 9
Councillor Sue McFadden	Ward 10
Councillor George Carlson	Ward 11

CONTACT PERSON: Julie Lavertu, Legislative Coordinator  
Office of the City Clerk, Telephone: 905-615-3200, ext. 5471; Fax: 905-615-4181  
[Julie.Lavertu@mississauga.ca](mailto:Julie.Lavertu@mississauga.ca)

CALL TO ORDERDECLARATIONS OF (DIRECT OR INDIRECT) PECUNIARY INTERESTAPPROVAL OF AGENDADEPUTATIONS

- A. Patti Elliott-Spencer, Director, Finance, with respect to the 2014-2016 Business Plan & Budget Outlook.

MATTERS TO BE CONSIDERED

1. University of Toronto Mississauga (UTM) Capital Funding Request

Corporate Report dated June 17, 2013 from the Commissioner of Corporate Services and Treasurer with respect to the University of Toronto Mississauga (UTM) capital funding request.

RECOMMENDATION

1. That the Corporate Report dated June 17, 2013 from the Commissioner of Corporate Services and Treasurer entitled "University of Toronto Mississauga (UTM) Capital Funding Request" be received; and
  2. That Budget Committee provide staff with direction on the UTM capital funding request, as outlined in the Corporate Report dated June 17, 2013 from the Commissioner of Corporate Services and Treasurer entitled "University of Toronto Mississauga (UTM) Capital Funding Request."
2. Business Proposal – \$116,000 Annual Savings, Conversion of External Service to Full Time Employee

Corporate Report dated June 6, 2013 from the City Solicitor with respect to a business proposal – \$116,000 annual savings, conversion of external service to full time employee.

RECOMMENDATION

1. That the Corporate Report dated June 6, 2013 from the City Solicitor, entitled "Business Proposal - \$116,000 Annual Savings - Conversion of External Service to Full Time Employee" be received.
2. That approval be granted to generate an annual \$116,000 savings in operating costs by adding one permanent full time Claim Co-ordinator position commencing in June, 2013 and that the sum of \$60,000 be transferred to Risk Management & Insurance (Account 21665) from Insurance Claims Expense (Account 28582) to fund a new

position of Claims Co-ordinator (1 FTE) commencing in September, 2013.

CLOSED SESSION

ADJOURNMENT



6,700 ACRES  
5,210 KM OF ROADS  
823 RECREATION FACILITIES  
24/7, 365 DAYS A YEAR ACCESS TO FIRE & EMERGENCY SERVICES  
\$8 BILLION INFRASTRUCTURE  
SNOW CLEARED FROM 5,210 KM OF ROADS AND 2,204 KM OF SIDEWALKS  
POWER SUPPLIED TO 49,234 STREET LIGHTS AND 511 TRAFFIC LIGHTS  
244 KM OF BICYCLE LANES AND BOULEVARD MULTI-USE TRAILS  
56 KM OF NOISE BARRIERS  
223 BRIDGES AND CULVERTS

# 2014-2016 Business Plan & Budget Outlook

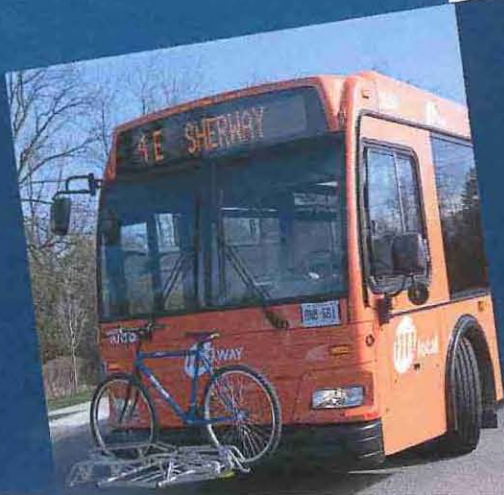
## Budget Committee June 26, 2013



BUDGET COMMITTEE  
JUN 26 2013

Re. Deputation A  
(presented at meeting)  
Budget Committee Agenda –  
June 26, 2013

Deputation A - 1



1.3 MILLION LIBRARY ITEMS IN MULTIPLE LANGUAGES AND FORMATS AT 18 BRANCHES  
GRASS CUT ON 530 SPORTS FIELDS  
EQUIPMENT MAINTAINED ON 255 PLAYGROUNDS  
23,314 RECREATION PROGRAMS  
530 SPORTS FIELDS  
511 SIGNALIZED INTERSECTIONS  
25 ICE RINKS, 18 POOLS AND 11 COMMUNITY CENTRES  
93 TRANSIT ROUTES, 1.3 MILLION HOURS OF SERVICE  
102 EVENT DAYS AT CELEBRATION SQUARE AND 505,000 VISITORS IN 2011  
6,700 ACRES OF PARKS AND OPEN SPACES  
5,210 KM OF ROADS  
823 RECREATION FACILITIES  
ACCESS TO FIRE & EMERGENCY SERVICES



# Agenda

## 2014 to 2016 Business Plan and 2014 Budget

- Priorities Guiding Budget Preparation
- Challenges and Opportunities
- Preliminary Outlook – Where we are today?
- Budget Overview & Highlights
- Operating, Capital, FTEs
- 2014 – 2016 Residential Tax Rate Increase – Forecast/Target
- Future Key Dates



# Priorities Guiding Budget Preparation

- Deliver the Right Services
  - Balance citizen expectations with fiscal reality
- Implement cost containment strategies
  - Demonstrate value for money
- Maintain our infrastructure
  - To ensure we remain competitive
- Advance on our strategic vision
  - To ensure Mississauga is a global urban city recognized for its Municipal leadership



# Challenges and Opportunities

- Greater Toronto and Hamilton Area population growth creating increased road congestion within our city, demand for multi modal transportation options including higher order transit
  - MiWay serves growing population of 741,000
  - Transit ridership demands growing faster than population growth
  - BRT is targeted to start service in 2013
  - Planning for Hurontario Light Rail Transit (LRT) - 2016 Pressure
  - Population growth, congestion and Transit solutions and funding continue to be high on public agenda

# Challenges and Opportunities

- Land Development Services continues to transition to the new normal for development activity and revenues:
  - Shift in development activity to infill, redevelopment and intensification;
  - More complex applications;
  - Higher demand for public participation;
  - Steady volume of applications but with lower construction values resulting in lower revenues.
- Downtown and Waterfront could have funding implications currently not identified in the Budget



# Challenges and Opportunities

- Fire service – Master Plan recommends changes to improve response times
  - Requires new fire stations to be built
  - Capital cost of new stations exceeds development charge revenue and now requires tax funding
  - Operation of a new fire station has a significant tax impact
  - Collective agreement still outstanding



# Challenges and Opportunities

- Volatile energy markets – prices rising
  - Open market purchasing strategies for utilities to obtain optimum pricing
  - Investments in energy efficiency initiatives to reduce energy consumption, e.g. LED lighting on streets, parks and parking lots
- Election may generate additional costs due to Council changes
- Storm Water User Fee in 2015
  - Will reduce pressure on tax rate
  - Provides dedicated funding for Storm Water



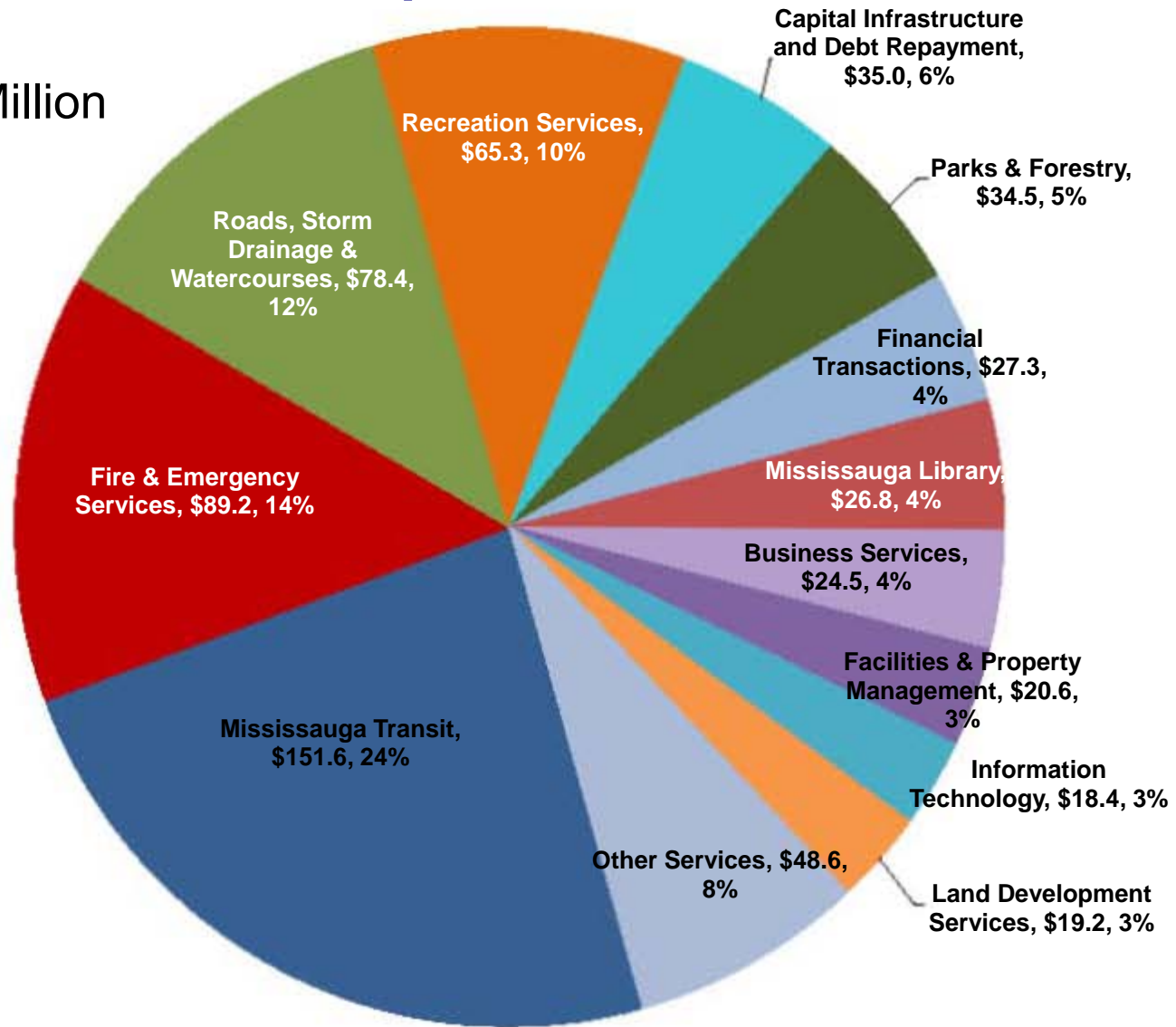
# Economic Outlook

- GDP growth has slackened during the first half of 2013 and is forecast to be 1.5% for the year. GDP growth rates for 2014 are forecast in the 2.7% range.
- Economic forecasts continue to have crude oil prices stable to falling, staying below \$95/barrel over the next 2 years.
- CPI forecast in the 1.5% to 2% range but Municipal service inflationary pressures differ from those in the CPI basket
- City borrowing rate forecast for a 10 Year Debenture is forecast to increase to 3.5% for 2014 and 4.0% for 2015.
- Investment returns forecast at: 3.75% (2013-14); 4.25% (2015-18).

# Budget Provides Resources to Deliver Services

## 2013 Gross Expenditures - \$639.3 Million

\$Million

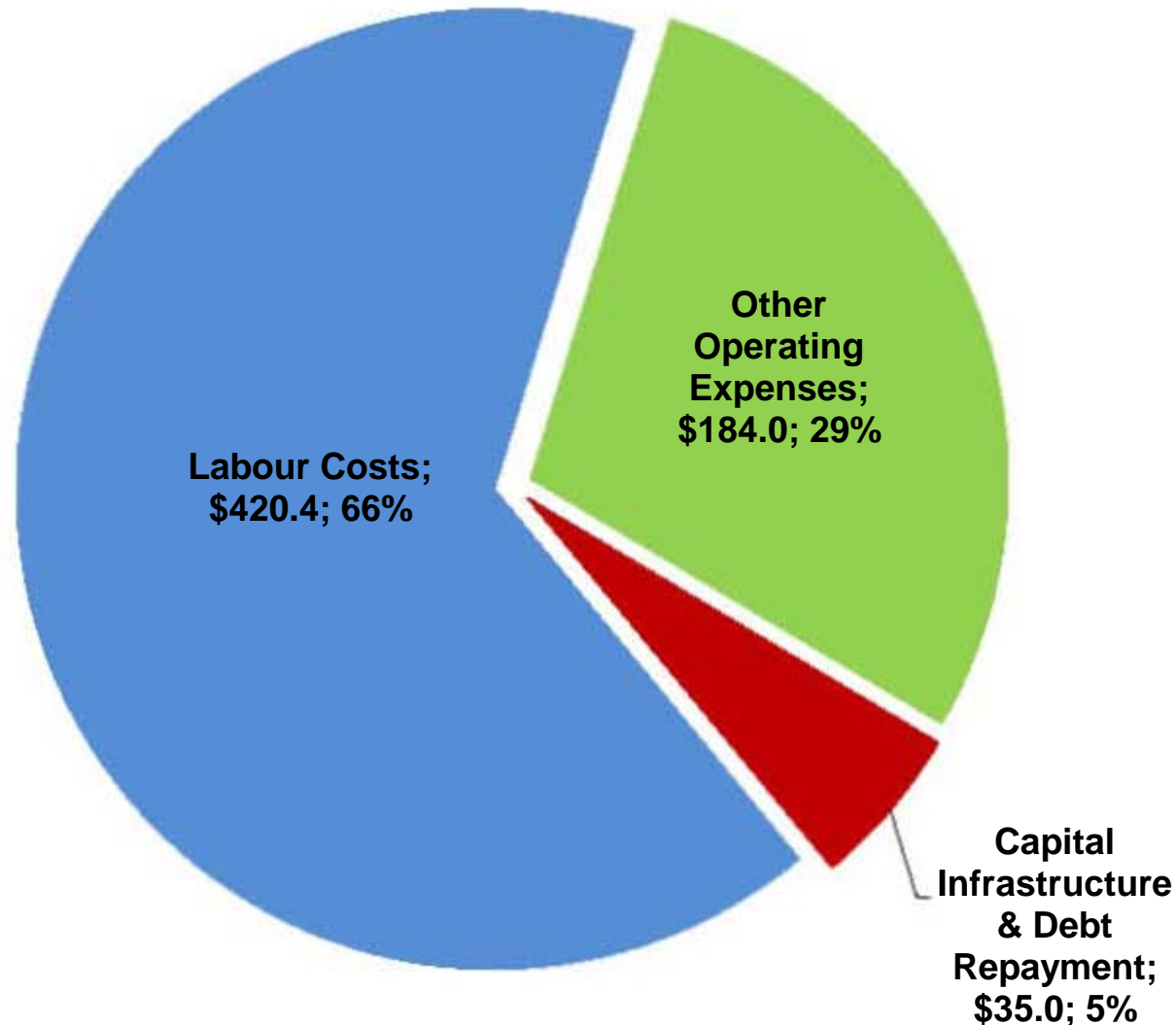


Deputation A - 9

# Services are Delivered by People

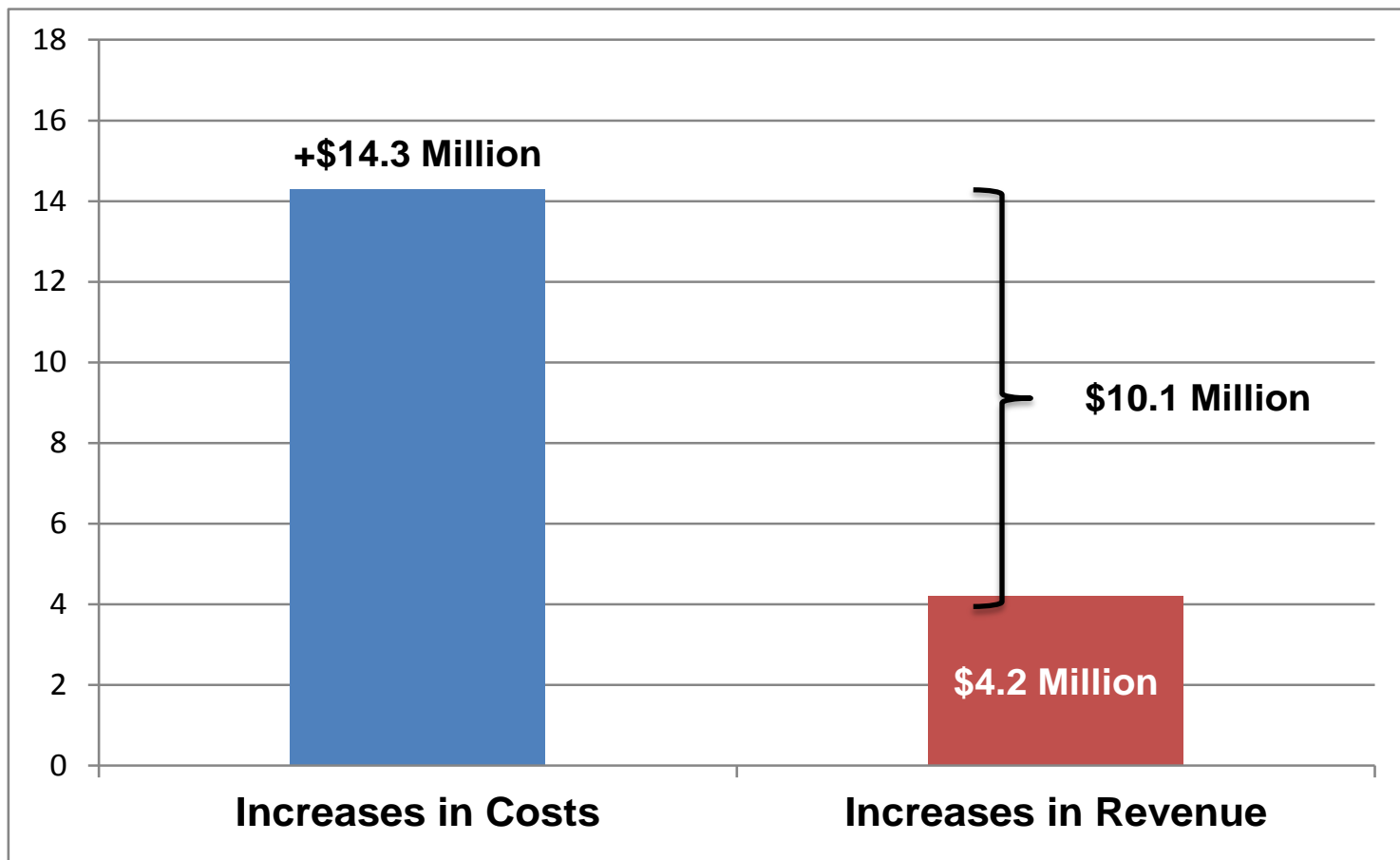
## 2013 Gross Expenditures - \$639.3 Million

(\$ Million)

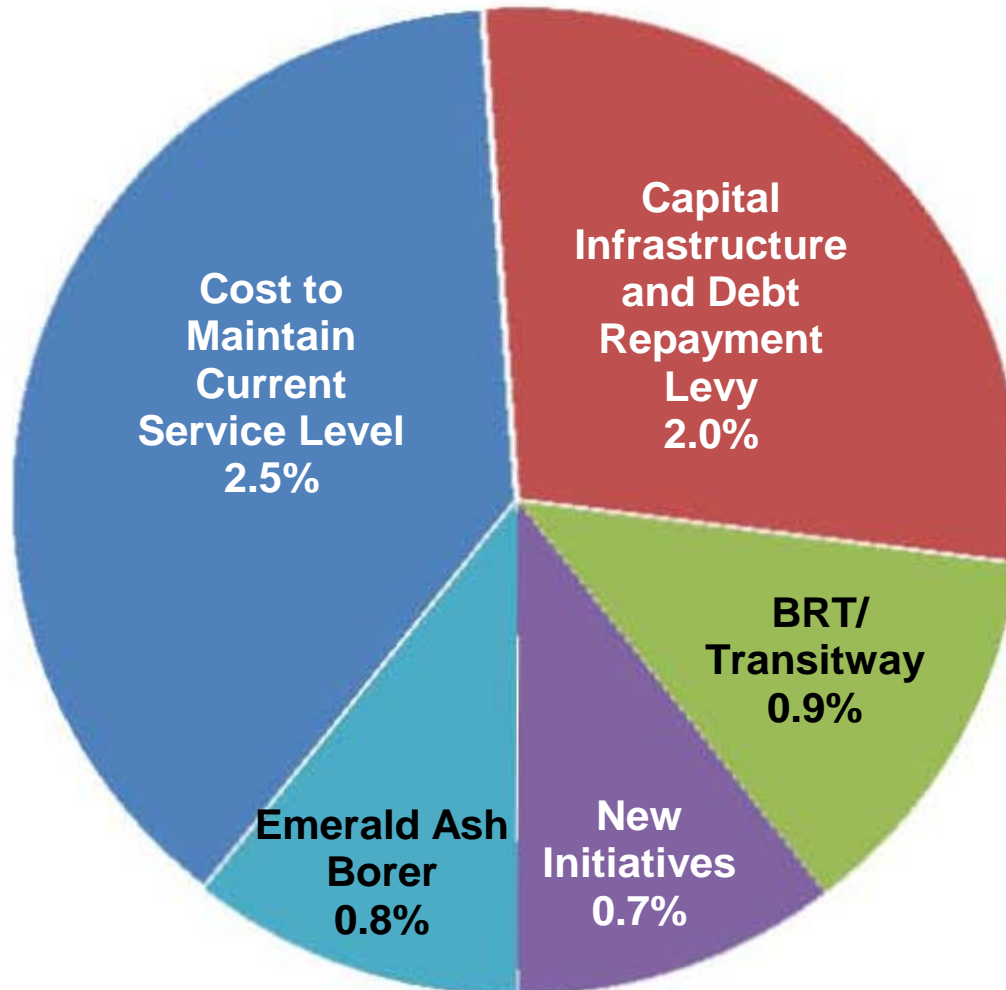




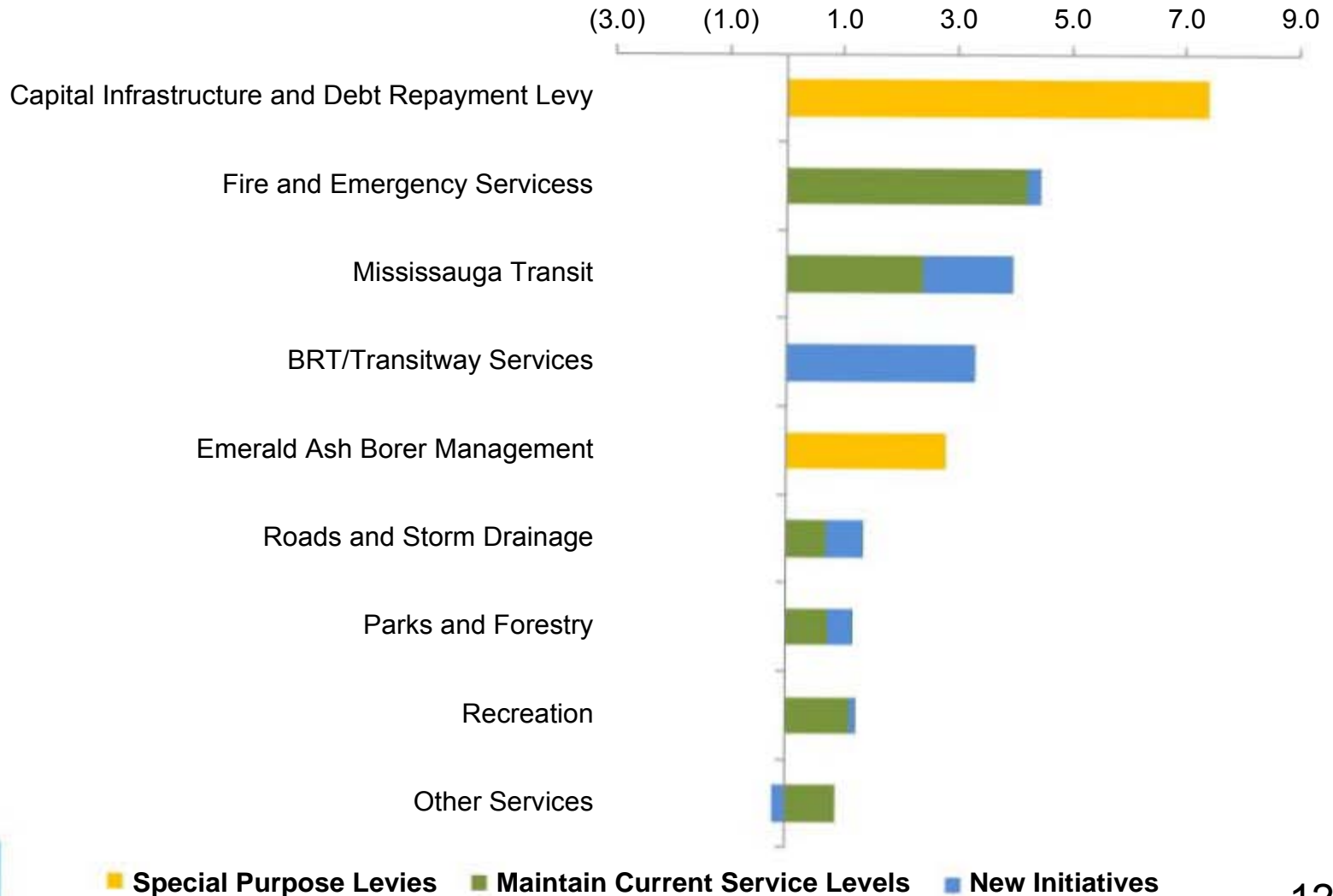
# Costs to Maintain Services increasing; Our Non-Tax Revenues are Not Rising as Quickly



# Components of 2014 Preliminary Increase – Total \$26.3 Million



# Increases Going to Maintain Services, Expand Transit and Special Levies (\$'Million)





# 2014 City Budget Outlook

## Tax Levy - \$395,978,000

### Increase - \$26,290,000

Impact on Total Residential Tax – 2.1%

Impact on Total Commercial Tax – 1.2%

Tax Levy Increase Driver	2014 Total (\$000's)	Increase %
Maintain Current Service Levels	\$10,066	2.5%
Operationalize Prior Decision on BRT Initiative	\$3,294	0.9%
New Initiatives & New Revenues	\$2,742	0.7%
Emerald Ash Borer Levy Phase 2	\$2,800	0.8%
Capital Infrastructure and Debt Repayment Levy	\$7,394	2.0%
<b>Total Tax Levy Increase</b>	<b>\$26,296</b>	

# 2014 City Budget – What's Driving Costs to Maintain Services?

Description (\$000's)	2014 Proposed Budget	% Inc on Prev Yr Budget
Prior Year Gross Expenditure Budget	639,299	
<b>Increases/Decreases to Maintain Current Service Levels</b>		
Labour Annualization, Union Contracts and all Benefits	9,817	
Labour - Non Union 2014 Increase	5,028	
Other Cost Increases	6,826	
Efficiencies and Cost Savings	(7,386)	
<b>Total Gross Expenditures to Maintain Service Levels</b>	<b>653,584</b>	<b>2.2%</b>

# Cost to Maintain Services Requires Inflation Related Increase

Total Gross Expenditures to Maintain Service Levels	653,584	2.2%
Prior Year Revenue Budget	(269,611)	
Current Revenue Changes	(4,218)	
Total Revenues	(273,829)	1.6%
Total Net Costs to Maintain Services	379,755	
Increase in Net Tax Levy	10,067	2.7%
Assessment Growth		0.3%
Prior Year Net Budget	369,688	
Changes to Maintain Current Service Levels	10,067	2.5%

# \$7.4 Million in Efficiencies and Cost Reductions Identified

Amount (\$000's)	Efficiencies & Cost Savings Identified
3,461	Benefit premium savings and labour cost reductions across the City.
1,596	LED streetlighting energy savings.
439	Recreation program and scheduling efficiencies; Improved recreational facilities maintenance; and new revenues.
179	Parks & Forestry miscellaneous savings.
240	Roads contractor related savings.
213	Elimination of Bullfrog energy contract for City Hall.
189	Maintenance and operating cost savings within IT.
155	Land Development internal printing savings, reduction in overtime and consulting.
895	Various other savings.
<b>7,367</b>	

# Opening BRT / Transitway has 0.9% Impact on Tax Levy

Description (\$000's)	2014 Proposed Budget	% Inc on Prev Yr Budget
<b>Increases/Decreases to Operationalize Prior Decisions</b>		
Annualization of Previous Year's Budget Decisions	317	
Operating Impacts of New Capital Projects	(324)	
<b>Total Changes to Operationalize Prior Decisions</b>	<b>(7)</b>	
Operationalize BRT Service - Fall 2014	3,294	<b>0.9%</b>
<b>Total Net Cost to Maintain Current Service Levels and Operationalize Prior Decisions</b>	<b>383,043</b>	<b>3.4%</b>

Deputation A - 18

# New Initiatives have a 0.7% Impact on Tax Levy

2014 Operating Budget (\$000's)	New Initiatives
1,600	Transit Service Expansion
636	Roads, Drainage and Watercourses including the Underground Infrastructure Notification Act for Municipalities
409	Parks and Forestry including Parkland Growth and Environment
235	Arts & Culture including Grants and Artifact Preservation
220	Fire & Emergency Service for Fire Training Officers and a Mechanic
(628)	Regulatory Services including the Administrative Penalties System
123	Library Sunday service expansion
146	Other Initiatives
<b>2,742</b>	



# Special Purpose Levies Add 2.8%

## 2014-2016 Business Plan & 2014 Budget

Description (\$000's)	2014 Proposed Budget	% Inc on Prev Yr Budget
Total Proposed Budget before Special Purpose Levies	385,785	4.1%
Emerald Ash Borer Levy Phase 2	2,800	0.8%
Capital Infrastructure & Debt Repayment Levy	7,394	2.0%
Total Special Purpose Levies	10,194	2.8%
Total Proposed Net Budget	395,979	6.9%

Deputation A - 20



# Emerald Ash Borer

- Council endorsed Active Management Plan
  - Cost of plan is \$51 million
  - Without TreeAzin treatment the cost would be \$59 million
  - \$2.8 million levy approved by Council in 2013
  - Additional funding of \$2.8 million yearly for a total annual levy of \$5.6 million is required for 9 -10 years to generate the required funding of \$51 million
- Communication strategy implemented allowing residents to access current information through community meetings, website updates and site handouts

# Costs vs. Benefits

*Treating for Emerald Ash Borer or Removing Ash Trees*

Maximum benefit to urban forest canopy

**\$51 Million**

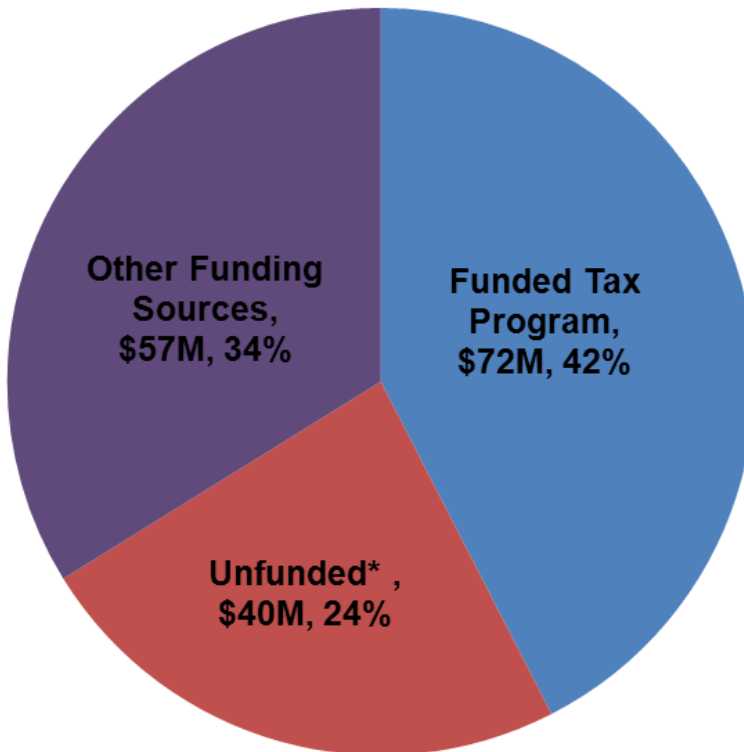
Minimum benefit to urban forest canopy

**\$59 Million**

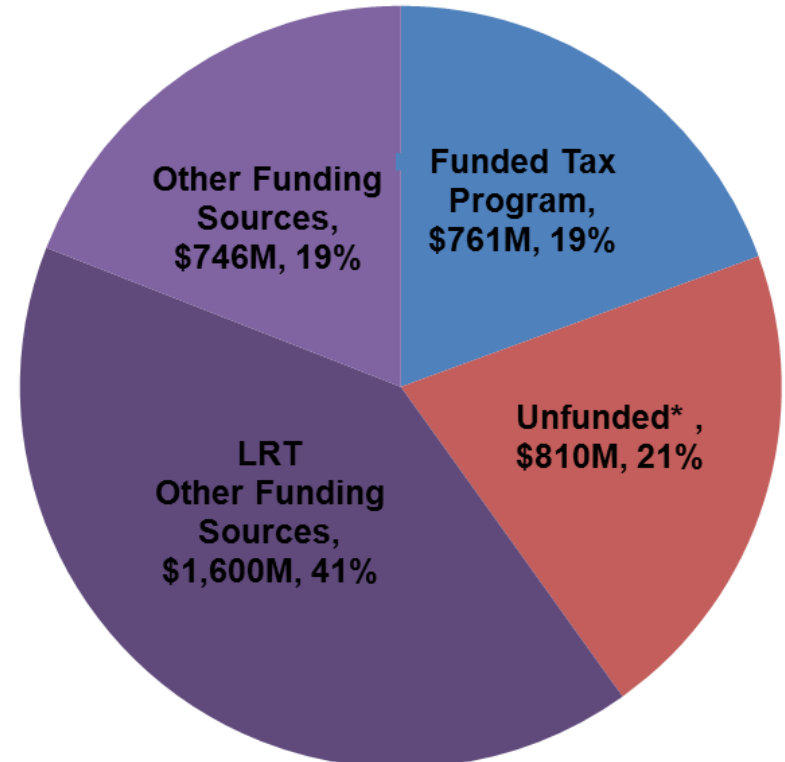
30 years

# Almost \$1 Billion Unfunded Capital

2013 Gross Capital Request



2013-2022 Gross Capital Request

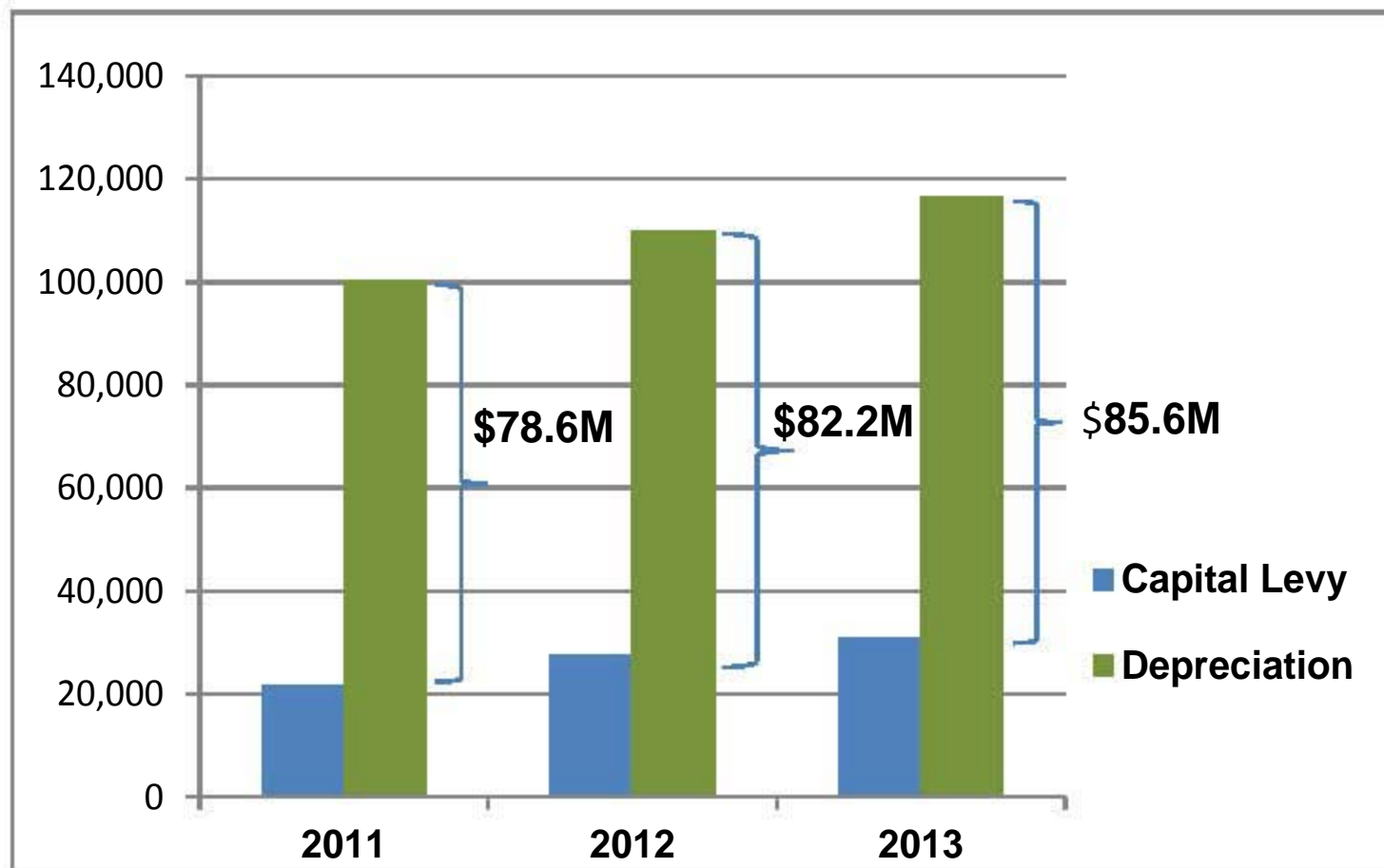


The City will see deterioration of its infrastructure and service levels, deferrals or elimination of new capital initiatives and increased funding even after the 2% annual capital levy.



# Infrastructure Gap Based on Historical Costs are Growing

## 2014-2016 Business Plan & 2014 Budget

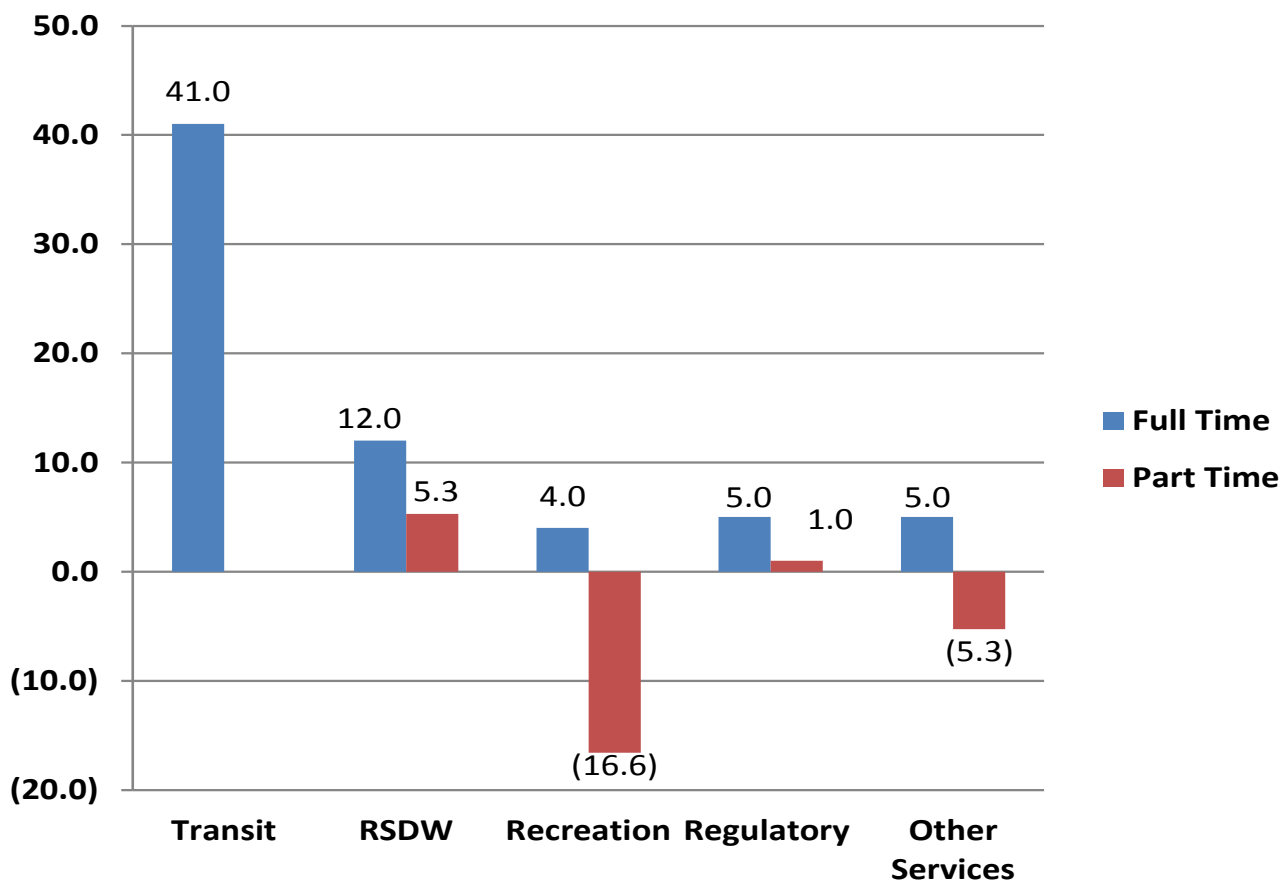


A 3% capital levy is required in the short term to maintain the infrastructure gap. The gap increased by \$3.5M in 2012 and 2013.



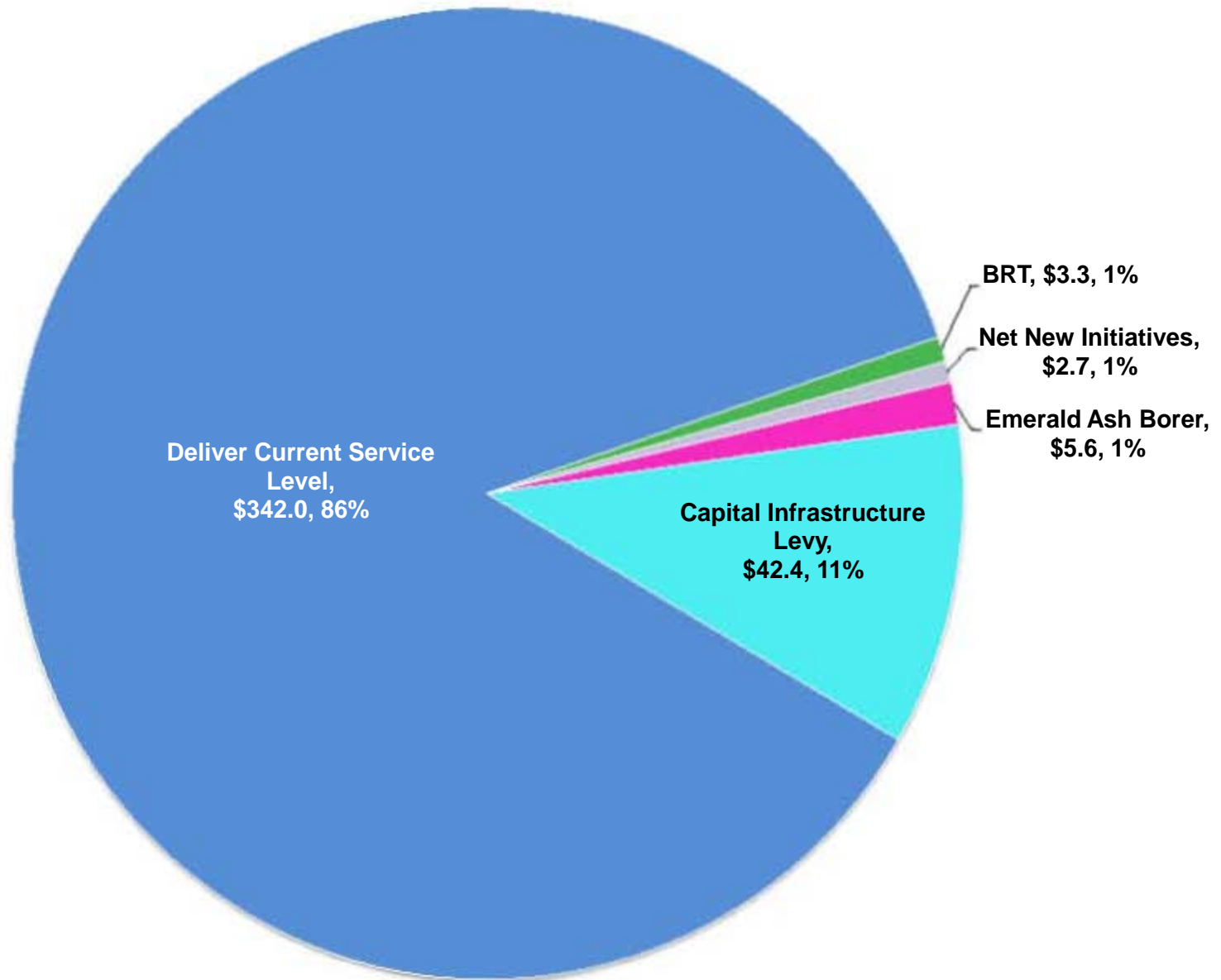
# 2014 Full Time Equivalent Labour Changes

Primarily from Transit, Roads and Recreation



Operating increase of 57.7  
Capital decrease by 6.3  
Total FTE increase of 51.4

# Total 2014 Tax Levy Allocation (\$396 Million)



Deputation A - 26



# Storm Water User Fee Effective in 2015

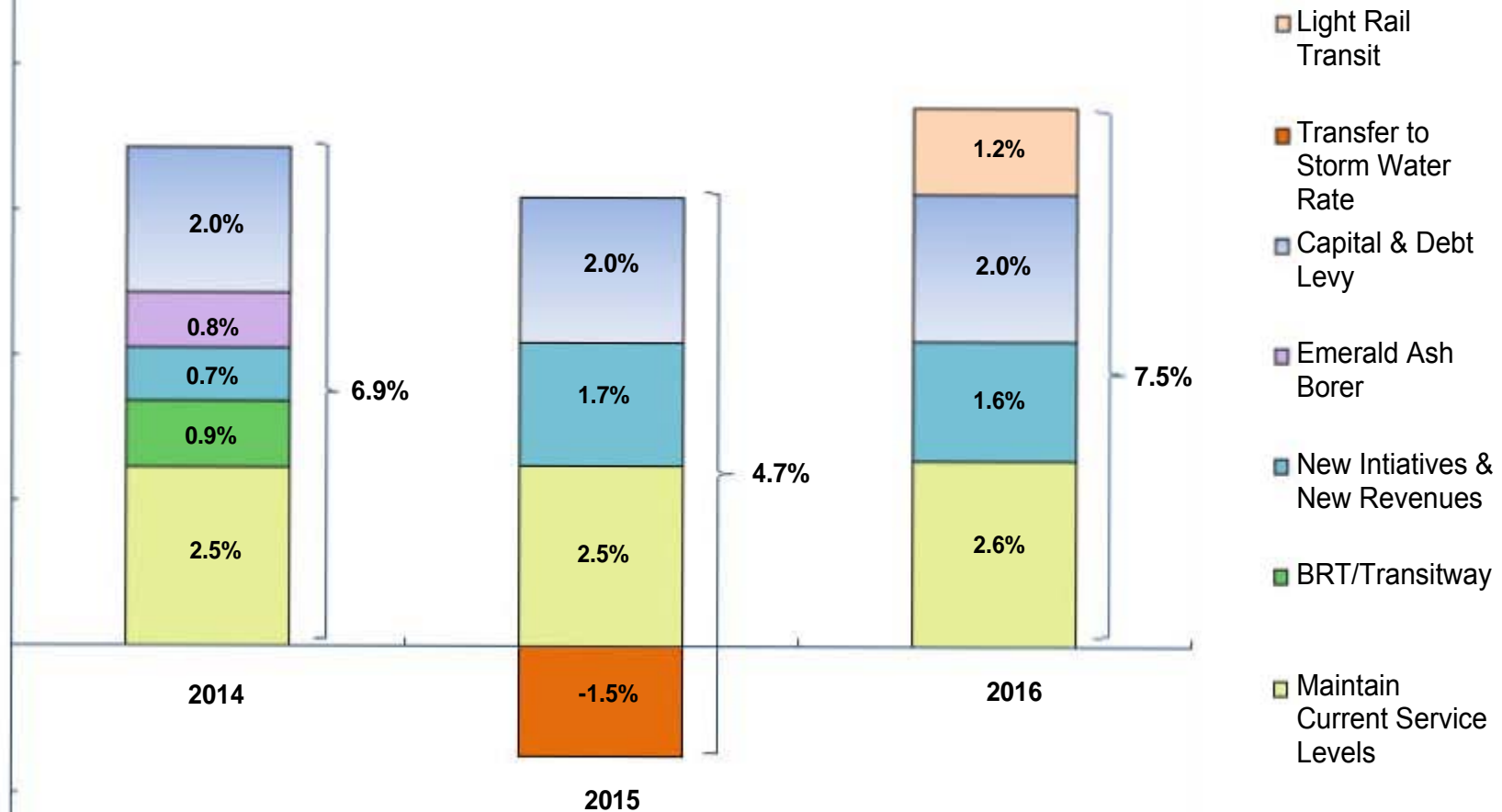
- On December 12, 2012, Council endorsed in principle moving from a property tax supported program to a stormwater rate funded program, using a tiered single family unit rate structure.
- Staff has initiated the Stormwater Financing Implementation Project to address Council's direction.
- Staff will report back to General Committee in Fall 2013 with a detailed implementation plan for the billing system, credit policies and execution and on-going administration costs
- Projected to reduce tax levy by \$5.8 Million or 1.5% in 2015



# LRT in 2016

- Preliminary construction cost estimate is \$1.6 billion with funding to be provided by Metrolinx and the federal government
- City funding will be required for non-recoverable portions of the project related to the preparatory work for the eventual project construction and implementation
- Initial project estimates in 2016 include \$50 million for non-recoverable capital works related to LRT. The costs will be more accurate and detailed closer to 2016

# Forecasted 2014 – 2016 Tax Levy Increase (%)



Deputation A - 29

# 2014 – 2016 Total Tax Levy Split

	2014	2015	2016
Description	Tax Levy (\$000's)		
<b>2013 Net Budget excluding Special Purpose Levies</b>	<b>331,917</b>	<b>331,917</b>	<b>331,917</b>
Total Changes to Maintain Current Service Level	10,066	20,681	32,414
Total Changes to Operationalize Prior Decisions	(7)	270	426
Total Changes to Operationalize BRT service	3,294	3,294	3,294
Assessment Growth			
<b>Total Changes to Maintain Current Service Levels and Operationalize Prior Decisions</b>	<b>13,354</b>	<b>24,246</b>	<b>36,134</b>
Total New Initiatives & New Revenues	2,742	3,486	15,262
<b>Total Operating Net Budget Changes Excluding Special Purpose Levies</b>	<b>16,096</b>	<b>27,732</b>	<b>51,395</b>
<b>Total Operating Net Budget Excluding Special Purpose Levies</b>	<b>348,013</b>	<b>359,648</b>	<b>383,312</b>
<b>Special Purpose Levies</b>			
Emerald Ash Borer Management Plan	5,600	5,600	5,600
Capital Infrastructure and Debt Repayment Levy	42,365	50,256	58,653
<b>Total Special Purpose Levies</b>	<b>47,965</b>	<b>55,856</b>	<b>64,253</b>
<b>Total Proposed Net Budget</b>	<b>395,978</b>	<b>415,505</b>	<b>447,565</b>

# Forecasted 2014 – 2016 Residential Tax Rate Increase (%)

	2014	2014	2015	2016
Description (\$ Millions)	(\$millions)	% Tax Rate Increase	% Tax Rate Increase	% Tax Rate Increase
<b>Net Prior Year Budget</b>	<b>369.7</b>			
Maintain Current Service Levels	10.1	2.5%	2.4%	2.6%
Operationalize Prior Decisions	(0.0)	0.0%	0.1%	0.0%
Operationalize BRT Service Initiative	3.3	0.9%	0.0%	0.0%
<b>Total Changes to Maintain Current Service Levels and Operationalize Prior Decisions</b>	<b>13.4</b>	<b>3.4%</b>	<b>2.5%</b>	<b>2.6%</b>
Total New Initiatives & New Revenues	2.7	0.7%	0.2%	2.8%
<b>Total Operating Net Budget Changes Excluding Special Purpose Levies</b>	<b>16.1</b>	<b>4.1%</b>	<b>2.7%</b>	<b>5.4%</b>
<b>Special Purpose Levies</b>				
Emerald Ash Borer Management Plan	2.8	0.8%	0.0%	0.0%
Capital Infrastructure and Debt Repayment Levy	7.4	2.0%	2.0%	2.0%
<b>Total Proposed Budget Increase and Impact</b>	<b>26.3</b>	<b>6.9%</b>	<b>4.7%</b>	<b>7.5%</b>
<b>Total Proposed Budget and Impact on Tax Rate</b>	<b>396.0</b>	<b>6.9%</b>	<b>4.7%</b>	<b>7.5%</b>
<b>Impact on Total Residential Tax Bill</b>		<b>2.1%</b>	<b>1.4%</b>	<b>2.2%</b>
<b>Impact on Total Commercial Tax Bill</b>		<b>1.2%</b>	<b>0.8%</b>	<b>1.3%</b>



# Council Direction on Budget Targets

- **Maintain Current Service Levels**
  - Maintain services currently in place
- **New Initiatives?**
  - Implementation of Master Plans, Strategic Plans and Transitway
  - Provide for growth and some service enhancements e.g. parkland growth, library hours, Arts & Culture grants, etc.
- **Special Levies?**
  - Funds the tax funded capital program
  - Maximum benefit to urban forest canopy with minimum costs



## Future Key Dates

- Oct 16 General Committee for User Fees and Charges
- Nov 20 Distribute Budget Book to Council
- Nov 26 to Dec 9 Budget Committee for Business Planning & Budget and Approval
- Dec 11 Council Business Planning & Budget Approval



# Corporate Report

Clerk's Files

Originator's Files

BUDGET COMMITTEE

JUN 26 2013

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**DATE:** June 17, 2013

**TO:** Chair and Members of the Budget Committee  
Meeting Date: June 26, 2013

**FROM:** Brenda R. Breault, CMA, MBA  
Commissioner of Corporate Services and Treasurer

**SUBJECT:** **University of Toronto Mississauga (UTM) Capital Funding Request**

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**RECOMMENDATION:**

1. That the Corporate Report dated June 17, 2013 from the Commissioner of Corporate Services and Treasurer entitled "University of Toronto Mississauga (UTM) Capital Funding Request" be received; and
2. That Budget Committee provide staff with direction on the UTM capital funding request, as outlined in the Corporate Report dated June 17, 2013 from the Commissioner of Corporate Services and Treasurer entitled "University of Toronto Mississauga (UTM) Capital Funding Request."

## REPORT

### HIGHLIGHTS:

- UTM is hoping to secure funding of \$1.0 million per year over the next 10 years from the City of Mississauga to assist with the construction of a new Innovation Complex which will house the Institute of Management and Innovation.
- Staff surveyed how other municipalities have funded contributions to post-secondary institutions
- This report outlines funding options available to provide a \$1.0 million per year contribution to UTM as requested.

**BACKGROUND:**

At the May 22, 2013 Council meeting direction was given for staff to prepare a report for the June Budget Committee outlining options for funding the University of Toronto Mississauga's (UTM) request for a \$1.0 million per year investment over a 10 year period for a total of \$10.0 million to help fund the construction of a new Innovation Complex. This Complex will house the Institute for Management and Innovation. The total funding required for the Complex is \$35.0 million. As part of its fundraising efforts, UTM is hoping to secure funding from a number of funders, in addition to the \$10.0 million investment requested from the City of Mississauga, to assist with the capital costs associated with the Innovation Complex.

**COMMENTS:**

A number of Ontario municipalities, including the City of Mississauga, have committed to fund capital investments in post-secondary institutions during the past 10 years. A listing of the municipalities, their contributions and ways these contributions were funded is provided in Appendix 1. While not all municipalities responded to staff requests for details on the sources of funding of their support, from the ones that did respond it was found that most municipalities utilized unallocated reserves and reserve funds to fund their capital contributions to post-secondary institutions. Other funding sources included proceeds from long-term debt, reallocations of operating budgets, and revenues from supplementary assessments.

Staff considered a number of possible options for funding the UTM request. In reviewing these options, it is recognized that the forecasted tax supported capital funding, including the planned special 2% annual Capital Infrastructure and Debt Financing Levy, has been fully allocated to the City's capital program forecast over the next ten years. There are still many identified project requests which cannot be funded within the forecasted capital funding envelope. The contribution of \$1 million per year to UTM will require a tax increase unless projects are deferred or removed from the capital program or services are reduced or cut in the operating budget.

The following table sets out five possible options to finance UTM's request, and summarizes the impact on the property tax bill.

TABLE 1: FUNDING OPTIONS

Option	Impact	Comment
1. Reduce the Capital Program by \$1 million per year for 10 years	\$1 million reduction in the tax funding for required infrastructure capital maintenance or improvement/enhancement projects, every year for 10 years.	Not Recommended
2. Reduce the Operating Program by \$1 million per year for 10 years by reducing existing services	\$1 million reduction in the net operating budget, through service elimination which will reduce existing services to the public.	Not Recommended
3. Defer proposed new initiatives in the Operating Program	Deferral /cancellation of proposed priority new initiatives or service expansion in upcoming years.	Not Recommended
4. Special Tax Levy Increase of \$1 million per year for 10 years	0.3% tax increase or 0.08% on the total residential tax bill in 2014.	Recommended
5. Increase Debt financing by \$1.0 million per year for each of the next 10 years to fund increase in capital program due to UTM grant	0.03% tax increase or 0.01% on the total residential tax bill each year from 2014 to 2023. Debt finally retired in 2032. Approximately \$2.3 million in additional interest charges over Option 1.	Not Recommended

Option 1 provides funding by reducing the existing Capital Program by \$1 million each year for the next ten years. This will reduce the amount of required State of Good Repair work and/or capital improvements/enhancements the City can undertake and put further strain on a capital budget that is not fully funded.

Option 2 reduces the Operating Budget by \$1 million per year either by reducing or eliminating existing services currently provided.

Option 3 would defer investment in proposed priority new initiatives or service expansion in the Operating Budget, primarily in the Transit area.

Option 4 provides for a special tax levy of \$1 million per year for the next 10 years, similar to the existing Emerald Ash Borer and Infrastructure Special Levies. This would result in a 0.3% increase in the City's portion of the tax bill or about a 0.08% increase in the total tax bill for 2014. The levy would then be in the Budget for the next ten years with no further tax levy impact.

Option 5 is the most expensive one using debt to finance the annual contribution of \$1.0 million for 10 years. The debt charges related to the debt financing have a nominal impact on the annual operating budget (0.04%); however the total interest expense cost for issuing a \$1.0 million debenture each year over the next 10 years will be approximately \$2.3 million.

**FINANCIAL IMPACT:** The financial impact varies depending on the option selected to fund the UTM request of \$1.0 million per year over the next 10 years. The recommended option for funding the UTM request, given the operating and capital budget pressures in upcoming years, is Option 4, a special tax levy of \$1 million each year for the next 10 years. This will require an estimated overall residential tax bill increase of 0.08% in 2014.

**CONCLUSION:** Staff have provided Council with five options to fund UTM's request for \$10.0 million towards construction of the new UTM Innovation Complex.

**ATTACHMENTS:** Appendix 1: Municipal Contributions to Post Secondary Institutions



Brenda R. Breault, CMA, MBA  
Commissioner of Corporate Services and Treasurer

*Prepared By: Jim Cirello, Acting Manager of Financial Planning  
and Policy*

## Appendix 1

## Municipal Contributions to Post Secondary Institutions:

Municipality	Committed Amount (\$Millions)	Institution	Commitment Year(s)	Investment Purpose	Funding Source/How Funded
Kitchener	\$30.0	University of Waterloo	2004	University of Waterloo School of Pharmacy.	Funded by the city's Economic Development Investment Fund.
Waterloo Region	\$15.0	University of Waterloo	2006	In 2006 the Region committed \$15 million to McMaster's Satellite School of Medicine located in the University of Waterloo's Kitchener campus.	Funding strategy included the reallocation of existing funds, a transfer of future supplementary taxes, and a transfer of uncommitted interest earned in the city's Hospital Capital Reserve Fund.
Stratford	\$10.0	University of Waterloo	2009	University of Waterloo's Stratford campus. The funds were to assist with the University's capital and operating requirements in establishing the new campus.	Funded by long-term debt.
Cambridge	\$7.5	University of Waterloo	2002	University of Waterloo School of Architecture.	\$500,000 will be paid out of the city's annual operating budget until 2016.
Hamilton	\$20.0	McMaster University	2011	Investment in McMaster's \$84.6 million downtown Health Campus.	\$10 million funded by the tax supported capital budget and \$10 million by the Hamilton Future Fund (a legacy trust fund created in 2002).

## Appendix 1

## Municipal Contributions to Post Secondary Institutions:

Municipality	Committed Amount (\$Millions)	Institution	Commitment Year(s)	Investment Purpose	Funding Source/How Funded
Burlington	\$5.0	McMaster University	2008	McMaster's expansion into Halton Region. The funds were conditional upon the establishment of an agreement between the city, the Region, and McMaster.	\$500,000 is being contributed a year, sourced from the city's Hydro Reserve Fund.
Halton Region	\$5.0	McMaster University	2009	McMaster's expansion into Halton Region.	Information not available.
London	\$20.0	Fanshawe College	2011	Contribution to the \$40 million Fanshawe College downtown campus.	Funded by the city's Economic Development Reserve Fund.
Windsor	\$10.0	University of Windsor	2011	University of Windsor's \$70 million downtown campus	Funded by a contingency provision in the city's operating budget.
London	\$10.0	Western University	2011	Fraunhofer Project Centre at Western.	Funded by the city's Economic Development Reserve Fund.
Mississauga	\$9.0	Sheridan College Mississauga	2009 - 2011	Development of the Sheridan HMC Phase I Campus Development. Mississauga's commitment consisted of land acquisition, related infrastructure cost sharing, and park and parking lot design and construction.	Funded by Capital Reserve Fund and Cash-in-Lieu of Parkland.

## Appendix 1

## Municipal Contributions to Post Secondary Institutions:

<b>Municipality</b>	<b>Committed Amount (\$Millions)</b>	<b>Institution</b>	<b>Commitment Year(s)</b>	<b>Investment Purpose</b>	<b>Funding Source/How Funded</b>
Kingston	\$6.0	Queen's University	2009	Isabel Bader Centre for the Performing Arts at Queen's University.	Information not available.
Barrie	\$5.0	Georgian College	2009	Georgian College's \$65 million Health and Wellness Centre	Funded by the city's Tax Capital Reserve account.



# Corporate Report

Clerk's File

BUDGET COMMITTEE

JUN 26 2013

Originator's  
Files

**DATE:** June 6, 2013

**TO:** Chair and Members of Budget Committee  
Meeting Date: June 26, 2013

**FROM:** Mary Ellen Bench, BA, JD, CS  
City Solicitor

**SUBJECT:** **Business Proposal – \$116,000 Annual Savings  
Conversion of External Service to Full Time Employee**

- RECOMMENDATION:**
1. That the Corporate Report dated June 6, 2013 from the City Solicitor, entitled "Business Proposal - \$116,000 Annual Savings - Conversion of External Service to Full Time Employee" be received.
  2. That approval be granted to generate an annual \$116,000 savings in operating costs by adding one permanent full time Claim Co-ordinator position commencing in June, 2013 and that the sum of \$60,000 be transferred to Risk Management & Insurance (Account 21665) from Insurance Claims Expense (Account 28582) to fund a new position of Claims Co-ordinator (1 FTE) commencing in September, 2013.

**REPORT  
HIGHLIGHTS:**

- Replace one External Insurance Adjuster with one permanent full time City employee.
- Generate a sustainable \$116,000 savings in operating costs.
- Improve customer service by providing direct contact to City Staff and reducing duration of open claim files.
- Improved file handling by reducing the number of people handling

a claim file and eliminating duplication.

- Increase consistency in the assessment of the City's liability.

**BACKGROUND:**

The City receives many claims, or requests for compensation, for injury or damage sustained by individuals who believe their damage or injury is a direct result of City operations or programs. These claims are referred to as "Third Party Liability Claims". Some examples of Third Party Liability Claims are:

- a slip and fall on an icy sidewalk
- a trip and fall on an uneven walkway
- damage to a vehicle resulting from a pot hole on the roadway
- damage to a roof resulting from a tree branch that broke during a windstorm
- an injury sustained while participating in a yoga class
- an injury sustained while traveling on a Mississauga Transit bus

Each claim is investigated to determine if the City is negligent in any way. Wherever possible, Risk Management staff will investigate and resolve these claims with assistance from various City departmental staff. The Risk Management Section also utilizes the services of Cunningham Lindsay Insurance Adjusters to assist in three areas of claims investigation:

- Overflow of Third Party Liability Insurance Claims filed against the City of Mississauga;
- Accident Benefits Compensation Claims – resulting from automobile/bus incidents and must be administered by an external adjuster as per the *Automobile Insurance Act*;
- Field Investigation - includes incident site inspection, taking witness and claimant statements, and providing an assessment of the City's liability.

Statutory Accident Benefits Claims must be administered by an external adjuster as per the *Automobile Insurance Act*. The use of external Field Adjusters for the purpose of scene investigations and obtaining witness/claimant statements can be cost effective and

provides an unbiased assessment of liability. However, the City can gain substantial cost savings and administrative efficiencies by replacing the overflow Third Party Liability Claims external adjuster with a permanent full time City employee. The volume of this overflow work has reached the point where it can sustain a full-time employee. Bringing the overflow work in-house is a best practice followed by other municipalities that have achieved significant savings by doing this.

**COMMENTS:**

The transfer of a portion of the external Insurance Adjuster Services to a full time City employee would provide the City with the many benefits, some of which are:

- an annual sustainable cost savings of approximately \$116,000;
- increased efficiencies and eliminate duplication due to the reduced number of people handling a file;
- consistency in the methods used to assess liability which will improve file handling;
- the ability to utilize this employee to complete other Risk Management duties when required;

Reducing some of the external adjuster services would also improve our customer service in several ways:

- reduce the duration of open claim files due to the reduced number of people reviewing and assessing a claim file;
- many residents currently bypass the external adjuster and contacts the City Risk Management staff directly - they prefer to speak directly to City staff especially when their claim has been denied;
- reduce the frustration currently being reported by claimants who must wait for the external adjuster to contact a Risk Management staff for handling instructions;

- improved claims handling should reduce the number of calls that escalate to the Mayor and Councillor's offices.

**FINANCIAL  
IMPACT:**

<b>PROPOSAL</b>			
<b>Service</b>	<b>Estimated Annual Cost of External Adjuster Services</b>	<b>Estimated Annual Cost of New Employee</b>	<b>Annual Proposed Cost Savings</b>
Claims Analyst – Third Party Liability Claims Overflow	\$176,000	60,000	\$116,000
Claims Analyst - Accident Benefits	\$198,000	n/a	n/a
Field Adjusters - As required (average)	\$136,000	n/a	n/a
<b>TOTALS</b>	<b>\$510,000</b>		<b>\$116,000</b>
<b>Revised budget for External Adjuster Services</b>	<b>\$334,000</b>		

Funding for this position will be available from the current operating budget from the non-departmental cost centre number 28582 and will be moved to the Risk Management & Insurance cost centre number 21665.

**CONCLUSION:**

Staff believe that a sustainable annual cost savings of approximately \$116,000 can be achieved by bringing in-house some of the external third party liability claims adjusting services and propose to begin this by September, 2013. In addition to the overall cost savings this proposal will allow the City to benefit from increased efficiencies, increased consistency in the methods used to assess liability, overall improved file handling, and the ability to utilize this new staff to complete other Risk Management duties when required. This proposal

will also provide improved customer service both internally and externally.



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Mary Ellen Bench, BA, JD, CS  
City Solicitor

*Prepared By: Lucy Montalbano, Risk Manager*