



Financial Transactions

2019-2022 Business Plan
& 2019 Budget

Foreword

Our Vision for the Future

Mississauga will inspire the world as a dynamic and beautiful global city for creativity and innovation, with vibrant, safe and connected communities; where we celebrate the rich diversity of our cultures, historic villages, Lake Ontario and the Credit River Valley. A place where people choose to be.

Mississauga City Council approved **Our Future Mississauga**; a Strategic Plan to achieve this vision over a forty year timeframe. The City engaged over 100,000 people to develop this Vision Statement. To achieve this vision the City has identified five Strategic Pillars for Change: **move**, **belong**, **connect**, **prosper** and **green**. Each year the City proposes various initiatives that are aligned with the Strategic Pillars and are intended to bring us closer to fulfilling our vision for the future. The City has over 300 lines of business which are consolidated into the 17 Services Areas (including the Stormwater Program) that are outlined in this Plan. The 2019-2022 Business Plan and 2019 Budget detail how and where the City plans to allocate resources to deliver programs and services.

The City is committed to providing programs and services cost-effectively. In this Plan we have outlined measures that will help us assess the quality, efficiency and customer satisfaction that our services achieve. The results help inform decisions on resource allocation and direct program offerings, and improve service delivery to ensure our vision is efficiently realized.



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What Financial Transactions Includes

Ongoing Operations Support

Bank, Merchant Point of Sale and External Audit Charges

Provides fees for banking, merchant service fees and service charges including: armoured car, fees for banking and point of sale transactions (i.e., bank flat service fee, cheque encashment fees, debit and credit card fees, preauthorized tax payment and ATM fees) and it also provides for external audit fees.

Retiree Benefits and Other Labour

Provides for the payments to current and former employees for:

- Pay out of accumulated sick leave credits to Fire and Emergency Services employees upon termination, and various life insurance policies
- City's share of costs of early retiree health benefits

Miscellaneous Revenues and Expenses

Includes income and expenditures not readily assignable to service areas such as:

- Discounts earned
- Commodity tax compensation
- Non-sufficient Funds (NSF) recovery fees
- Miscellaneous one-time receipts and expenditures
- Executive search costs
- Outdoor Maintenance Subsidy Program

Risk Management and Insurance

Insurance includes costs associated with insurance policy premiums, claims expense and settlements that fall within the City's self-insured retention, and Insurance Reserve Fund maintenance. The Risk Management program consists of four major work areas:

- Risk assessment and recommendations to reduce frequency and size of potential loss
- Reserve Fund maintenance to finance known, incurred and unreported losses within the City's self-insured limit
- Purchase of insurance to fund catastrophic losses and losses above the City's self-insured retention
- Management of all insurance claims filed against the City and the vendor services required to handle those claims

Workers' Compensation and Rehabilitation

The City is a Workplace Safety and Insurance Board (WSIB) Schedule 2 employer. As such, WSIB compensation and expenses are paid from a non-departmental operating account and funded by a City-funded reserve. This program provides for Workers' Compensation Reserve Fund contributions, the Employee Rehabilitation Program, medical examinations and the City's medical doctor's fees.

Reserves and Reserve Funds

Transfers To and From Reserves

Provides for future events, such as the cost of holding municipal elections, by regular contributions to various Reserves and Reserve Funds.

Transfers to Capital Reserve

Provides for the funding allocation to the Capital Reserve Fund used to finance future capital projects.

Payments-in-Lieu and Taxation

Payments-in-Lieu

Payments made by Federal, Provincial and other Municipal governments and/or their respective enterprises, as well as universities, colleges and hospitals for premises located within the City's boundaries. Payments-in-lieu are made by these bodies as their properties are exempt from realty taxes. The payment-in-lieu provisions are provided for under various federal and provincial statutes.

Taxation

Includes revenues from various sources such as:

- Supplementary tax revenues per the Assessment Act which provides for the correction of any error, omission or misstatement of the tax roll, the addition to the tax roll of new buildings and the subsequent levy and collection of applicable taxes
- Taxation revenues from railway right of ways and hydro corridors
- Municipal Accommodation tax revenues from facilities that provide transient accommodations for continuous periods of less than 30 days
- Interest and penalties added to unpaid taxes in accordance with the Municipal Act

Provides for rebates per the Municipal Act including:

- Vacancy rebates for owners of properties in the commercial or industrial property tax class that have vacancies for a minimum of 90 days

- Rebates to charitable organizations occupying commercial and industrial properties
- Tax grants to low income seniors and persons with disabilities

Includes Business Improvements Areas (BIA) and Local Area Improvements funding raised via special assessment taxation:

- Meeting requirements of four established BIAs in Clarkson, Port Credit, Streetsville and Malton

Provides for tax adjustments due to:

- Reductions in assessed property values through the assessment appeal, tax appeal and reconsideration processes
- Write-off of uncollectible taxes

Provides for expenses associated with taxes payable on City owned/leased properties.

City-wide Sources of Revenue

Enersource Dividend

Recognizes the dividend from Mississauga's investment in Enersource Corporation.

Investment Income

Represents the operating budget portion of the General Fund's net revenue earned by the City Funds Investment Portfolio. Investments are restricted to securities noted in the Municipal Act and related regulations.

Special Purpose Levies

Capital Infrastructure and Debt Repayment Levies

- A two per cent annual levy to fund the City's capital infrastructure and debt repayment over the next 10 years

Emerald Ash Borer Levy

- A \$5.6-million annual levy, ending in 2022, to preserve and replenish City-owned ash trees from a highly destructive pest having the potential to kill all 116,000 City owned ash trees

University of Toronto Mississauga (UTM) Levy

- A \$1-million 10 year annual levy (2014 to 2023), for the university's Institute of Management and Innovation. This is included in the City Manager's Office Business Plan and there is no budget increase in 2019

Churchill Meadows Pool Financing

- A 10-year annual contribution of \$2.2 million, which began in 2017, to repay the debenture used to fund the capital cost of the Churchill Meadows Pool (2017-2026)

Proposed Operating Budget

This part of the Business Plan sets out the financial resources required to deliver the proposed 2019-2022 Business Plan. Information is provided by major expenditure and revenue category as well as by program. The costs to maintain existing service levels and operationalize prior decisions are identified separately from proposed changes. The budget for 2018 was \$34.6 million and the proposed budget for 2019 is \$37.1 million.

Total Changes to Maintain Current Service Levels

The impact of maintaining current service levels for Financial Transactions is a budget decrease of \$6.8 million for 2019.

Highlights of the proposed budget changes are:

- Enersource dividend has increased by \$2.8 million
- Greater Toronto Airport Authority (GTAA) payment-in-lieu of taxes revenue has been increased by \$2.1 million to reflect forecasts
- Supplementary tax revenue has been increased by \$1.0 million

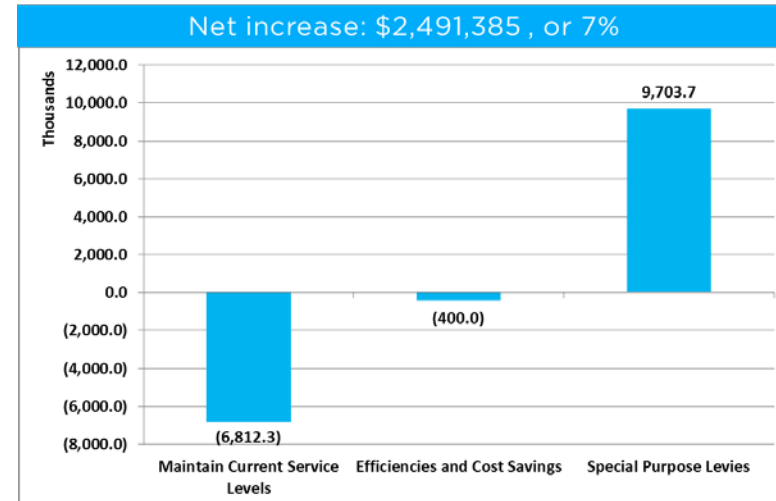
Efficiencies and Cost Savings

The vacancy rebate expense has been reduced by \$0.4 million in 2019. The Vacancy Rebate Program is being phased out by 2021 and the budget has been adjusted to reflect the changes to the program.

Special Purpose Levies

A two per cent annual levy to fund the City's capital infrastructure and debt repayment over the next 10 years continues as a strategy to maintain the City's infrastructure. The debt charge for the 2013-2019 debentures has been increased by \$4.25 million and the contribution to capital has been increased by \$5.45 million for a total of \$9.7 million.

Proposed Changes to 2019 Net Operating Budget by Category (\$000's)



Operating Budget Details

The following table identifies the budgeted and forecasted operating expenditures and revenues for 2019-2022, as well as the 2018 Budget and 2017 Actuals by major program within the Service Area.

Proposed Budget by Program

Description	2017 Actuals (\$000's)	2018 Budget (\$000's)	2019 Proposed Budget (\$000's)	2020 Forecast (\$000's)	2021 Forecast (\$000's)	2022 Forecast (\$000's)
Expenditures and Revenues to Deliver Current Services						
Audit and Treasury Charges	1,655	1,740	548	636	727	802
Benefits and Labour Package	5,637	6,468	6,371	11,722	17,051	22,937
Contribution to Capital & Debt	65,941	76,455	86,158	96,391	107,358	119,008
Contribution to Capital & Debt-Churchill Meadows	2,177	2,177	2,177	2,177	2,177	2,177
Insurance	4,048	4,347	4,442	4,468	4,569	4,575
Workers' Compensation and Rehabilitation Expenses	2,183	2,418	2,517	2,668	2,775	2,783
Workers' Compensation and Rehabilitation Transfers	(2,183)	(2,418)	(2,517)	(2,668)	(2,775)	(2,783)
Enersource Dividend	(12,750)	(12,750)	(15,552)	(17,577)	(17,577)	(17,577)
Miscellaneous Revenues and Expenditures	21,225	(7,744)	(7,869)	(8,852)	(7,811)	(7,795)
Municipal Accommodation Tax Expenditures	0	7,400	9,800	9,800	9,800	9,800
Municipal Accommodation Tax Revenue	0	(7,400)	(9,800)	(9,800)	(9,800)	(9,800)
Taxation-Supplementary Taxes, Payment-in-Lieu of Taxes, Business Improvement Areas, Tax Penalties and Write-Offs	(31,721)	(36,054)	(39,146)	(40,996)	(42,796)	(44,446)
Proposed Net Budget Including New Initiatives & New Revenues	56,212	34,638	37,129	47,969	63,697	79,682

Expenditures Budget - Changes by Year			11%	13%	12%	11%
Proposed Net Budget - Changes by Year			7%	29%	33%	25%

Note: Numbers may not balance due to rounding.

Summary of Proposed Budget

The following table shows the proposed budget changes by description and category. Costs (labour; operational costs; and facility, IT and support) and revenues are shown by category with the approved 2018 budget for comparison. The three columns to the far right of the table show the totals proposed for 2019 and their dollar and percentage changes over 2018.

Description	2018 Approved Budget (\$000's)	Maintain Current Service Levels	Efficiencies and Cost Savings	Special Purpose Levies	2019 Proposed Budget (\$000's)	\$ Change Over 2018	% Change Over 2018
Labour and Benefits	9,206	236	0	0	9,442	236	3%
Operational Costs	141,688	2,569	(400)	13,956	157,813	16,125	11%
Total Gross	150,893	2,806	(400)	13,956	167,255	16,361	11%
Total Revenues	(116,256)	(9,618)	0	(4,252)	(130,126)	(13,870)	12%
Total Net	34,638	(6,812)	(400)	9,704	37,129	2,491	7%

Description	2017 Actuals (\$000's)	2018 Approved Budget (\$000's)	2019 Proposed Budget (\$000's)	2020 Forecast (\$000's)	2021 Forecast (\$000's)	2022 Forecast (\$000's)
Labour and Benefits	7,815	9,206	9,442	14,939	20,370	26,259
Operational Costs	133,198	141,688	157,813	173,438	189,811	206,583
Total Gross	141,013	150,893	167,255	188,377	210,180	232,842
Total Revenues	(84,802)	(116,256)	(130,126)	(140,408)	(146,483)	(153,161)
Total Net	56,212	34,638	37,129	47,969	63,697	79,682

Note: Numbers may not balance due to rounding.

Proposed Cost Increase Required to Maintain Current Service Levels

The following table provides detailed highlights of budget changes by major cost and revenue category. It identifies the net changes to maintain existing service levels, taking into account efficiencies, cost savings, and cost increases arising from prior year decisions.

Description	2018 Budget (\$000's)	2019 Proposed Budget (\$000's)	Change (\$000's)	Details (\$000's)
Labour and Benefits	9,206	9,442	236	Increase/Decrease Reflects Labour Adjustments and Other Fringe Benefit Changes
Advertising & Promotions	81	81	0	
Communication Costs	26	26	0	
Contractor & Professional Services	720	774	55	\$50 Executive Search \$7 Medical Consultant (\$2) External Audit Fee Reduction
Debt	25,109	30,391	5,282	\$4,252 Capital Infrastructure Debt Expense \$1,030 Churchill Meadows Pool Debt Expense
Finance Other	22,642	22,631	(11)	\$1,180 Municipal Accommodation Transfer to Tourism Toronto \$150 Assessment Appeals \$95 Insurance Claims and Premiums \$79 Business Improvement Areas Expenses \$50 Tax Grants for Seniors and Disabled Persons \$13 Stormwater Grants \$10 Snow/Yard Maintenance Grants \$9 Treasury Charges \$1 Places of Worship Grants for Development Charges (\$1,198) Merchant Fees Allocated to Service Areas (\$400) Vacancy Rebate Expense Reduction
Materials, Supplies & Other Services	215	217	2	\$2 Miscellaneous Expenses
Occupancy & City Costs	329	361	32	\$83 Taxes on City Owned Property (\$51) Stormwater Charges for City Facilities
Staff Development	144	155	11	\$11 Training Courses
Transfers To Reserves and Reserve Funds	92,422	103,177	10,754	\$1,180 Contribution to Municipal Accommodation Tax Reserve Fund \$9,704 Contribution to Capital Reserve Fund (\$129) Various Adjustments
Subtotal - Other Operating	141,688	157,813	16,125	
Total Revenues	(79,602)	(87,891)	(8,289)	(\$2,802) Enersource Dividends (\$2,400) Municipal Accommodation Taxes (\$1,975) Payment-In-Lieu of Taxes (\$1,000) Supplementary Taxes (\$79) Business Improvement Area Taxes (\$33) Various Fees
Transfers To/From Reserves and Reserve Funds	(36,654)	(42,235)	(5,581)	(\$200) Transfer for Sick Leave Expense (\$99) Transfer for Workers' Compensation Expense (\$4,252) Transfer for Capital Infrastructure Debt Expense (\$1,030) Transfer for Churchill Meadows Pool Debt Expense
Subtotal - Revenues	(116,256)	(130,126)	(13,870)	
Total	34,638	37,129	2,491	

Note: Numbers may not balance due to rounding.

Details of Proposed Budget Changes

Description	2018 Budget (\$000's)	2019 Proposed Budget (\$000's)	Change (\$000's)	Details (\$000's)
Labour and Benefits	9,206	9,442	236	Increase/Decrease Reflects Labour Adjustments and Other Fringe Benefit Changes
Audit Charges	126	124	(2)	Decrease reflects actual charges
Merchant Fees	1,344	146	(1,198)	Costs associated with the collection of revenues through the use of payment cards allocated to respective service areas from Financial Transactions
Business Improvement Area Transfers	1,371	1,450	79	Increase to match historical expenditures and is offset by transfer from reserve
Debt	24,309	28,561	4,252	Debt charges for 2013-2019 capital program offset by 2% yearly transfer to capital reserve
Debt-Churchill Meadows Pool	799	1,830	1,030	Debt charges for Churchill Meadows Pool debentures offset by transfer from reserve
Development Charges Grants	60	61	1	Increase to reflect estimated spending. Offsets development charges in places of religious assembly for area of worship per GC-0098-2016
Grants to Seniors and Disabled Persons	180	240	60	Increase to reflect estimated spending
Insurance Claims and Premiums	9,917	10,013	96	Adjusted to reflect expected costs
Other Costs	974	908	(66)	Provision for various costs
Stormwater Charges on City Facilities	142	91	(51)	Charges transferred to service areas
Stormwater Grants	468	481	13	Adjusted to reflect expected costs
Tax Rebates and Cancellations	1,900	1,500	(400)	Vacancy rebate program being phased out by 2021
Tax Appeals	3,550	3,700	150	Increase based on current appeal trends
Taxes on City Owned Properties	187	270	83	Increase based on revised assessment values
Transfer to Capital Reserve Fund	76,455	86,158	9,704	Contribution to capital 2% yearly transfer
Transfer to Churchill Meadows Pool Reserve Fund	2,177	2,177	0	Third year of 10 year contribution for debenture funding
Transfer to Contingency Reserve	1,309	1,309	0	
Transfer to Election Reserve	600	600	0	
Transfer to Emerald Ash Borer Reserve Fund	5,600	5,600	0	
Transfer to Insurance Reserve Fund	2,337	2,337	0	
Transfer to Municipal Accommodation Tax Reserve Fund	3,681	4,861	1,180	50% of Municipal Accommodation Tax revenue less administration costs
Transfer to Tourism Toronto	3,681	4,861	1,180	50% of Municipal Accommodation Tax revenue less administration costs
Treasury Charges	270	279	9	Adjusted to reflect expected costs
Workers' Compensation Program	250	257	7	Costs offset by transfer from Employee Benefits Reserve Fund
Subtotal - Other Operating	141,688	157,813	16,125	

Details of Proposed Budget Changes (Cont'd)

Description	2018 Budget (\$000's)	2019 Proposed Budget (\$000's)	Change (\$000's)	Details (\$000's)
Business Improvement Area Transfers	(1,371)	(1,450)	(79)	Offsets increased historical expenditures (above)
Discounts, Rebates and Recoveries	(391)	(424)	(33)	GST compensation
Enersource Dividend	(12,750)	(15,552)	(2,802)	Adjusted to reflect expected return
Hydro Corridor Taxes	(1,100)	(1,100)	0	
Investment Interest	(14,465)	(14,465)	0	
Miscellaneous Revenue	(95)	(95)	0	
Municipal Accommodation Tax Revenue	(7,400)	(9,800)	(2,400)	Full year collection in 2019
PILT-Canada	(1)	(1)	0	Payment in lieu of taxes (PILT) adjusted to reflect previous year's expenditures and future forecasts
PILT-Canada Post	(1,000)	(1,000)	0	
PILT-City Owned Properties	(782)	(782)	0	
PILT-GTAA	(25,750)	(27,900)	(2,150)	
PILT-LCBO	(6)	(6)	0	
PILT-Hydro Properties	(1,600)	(1,200)	400	
PILT-Other Municipalities and Enterprises	(1,700)	(1,700)	0	
PILT-Municipal Tax Assistance Act	(625)	(850)	(225)	
PILT-Post Secondary Education and Health	(586)	(586)	0	
Supplementary Taxes	(2,000)	(3,000)	(1,000)	Increase based on four year trend
Tax Interest and Penalties Earned	(8,000)	(8,000)	0	
Transfer from Capital Reserve Fund	(24,309)	(28,561)	(4,252)	Transfer to offset capital program debt expenses (above)
Transfer from Churchill Meadows Pool Reserve Fund	(799)	(1,830)	(1,030)	Transfer to offset debt expense (above)
Transfer from Employee Benefits Reserve Fund	(3,618)	(3,917)	(299)	Transfer to offset sick leave and Workers' Compensation expenses
Transfer from Insurance Reserve Funds	(7,907)	(7,907)	0	Transfer to offset associated Insurance expenses
Subtotal - Revenues	(116,256)	(130,126)	(13,870)	
Total	34,638	37,129	2,491	

Note: Numbers may not balance due to rounding.