
Budget Committee

Date

2017/06/28

Time

1:00 PM

(Please note that the meeting will **not** begin prior to 1:00 PM and is subject to the completion of the General Committee meeting)

Location

Civic Centre, Council Chamber,
300 City Centre Drive,
Mississauga, Ontario, L5B 3C1

Members

Mayor Bonnie Crombie	(Chair)
Councillor Jim Tovey	Ward 1
Councillor Karen Ras	Ward 2
Councillor Chris Fonseca	Ward 3
Councillor John Kovac	Ward 4
Councillor Carolyn Parrish	Ward 5
Councillor Ron Starr	Ward 6
Councillor Nando Iannicca	Ward 7
Councillor Matt Mahoney	Ward 8
Councillor Pat Saito	Ward 9
Councillor Sue McFadden	Ward 10
Councillor George Carlson	Ward 11

Contact

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Find it Online

<http://www.mississauga.ca/portal/cityhall/budgetcommittee>

INDEX – BUDGET COMMITTEE – JUNE 28, 2017

1. **CALL TO ORDER**
2. **APPROVAL OF AGENDA**
3. **DECLARATION OF CONFLICT OF INTEREST**
4. **DEPUTATIONS**
 - 4.1. Jeff Jackson, Director, Finance with respect to the 2018-2021 Business Plan and 2018 Budget.
 - 4.2. Item 6.2 Wes Anderson, Lean Program Manager
 - 4.3. David MacLean, Executive Member, Mississauga Seniors' with respect to property impact on seniors.
5. **PUBLIC QUESTION PERIOD - 15 Minute Limit**

(Persons who wish to address the Budget Committee about a matter on the Agenda. Persons addressing the Budget Committee with a question should limit preamble to a maximum of two statements sufficient to establish the context for the question. Leave must be granted by the Committee to deal with any matter not on the Agenda.)
6. **MATTERS TO BE CONSIDERED**
 - 6.1. Reserves and Reserve Funds – Revised By-law and Standard Operating Procedure
 - 6.2. Lean Program Update
 - 6.3. Hotel Tax
7. **CLOSED SESSION** - Nil
8. **ADJOURNMENT**



2018 – 2021 Business Plan & 2018 Budget Outlook

Overview Presentation to Budget Committee

June 28, 2017

Presentation Outline

4.1

- Economic Outlook
- Provincial and Federal Funding
- Advancing our Strategic Plan
- 2018 Budget Highlights
- Reserve & Reserve Fund Management
- Budget Engagement
- Next Steps

Economic Outlook

4.1

- Real GDP (Ontario) is projected to grow by 2.3% in 2017 and by **2.1%** in 2018.
- Consumer Price Index - core inflation for 2017 (Based on Major Banks) is projected to be about 2%.
- Non-Residential Building Construction Price Index for Toronto increased by **2.9%** in 2016
- The City's average borrowing rate for new debt-financed Capital projects is forecasted to be **2.75%** for 2017, and **3.20%** for 2018.

Acknowledging Provincial and Federal Funding

4.1

\$millions	Funding Program	2013	2014	2015	2016	2017
Federal	Canada 150				5.9	
	Clean Water and Wastewater Fund					6.6
	Community Infrastructure Improvement Fund	1.0				
	Federal Gas Tax	37.5	37.8	37.8	39.7	39.7
	Public Transit Infrastructure Fund					58.3
	Other	0.1	0.4	0.1	0.1	
Federal Total		38.6	38.2	37.9	45.6	104.6
Provincial	Clean Water and Wastewater Fund					3.3
	Ice Storm			8.3		
	Ontario Summer Games			1.0		
	Provincial Gas Tax	15.8	8.0	15.6	16.3	16.7
	Other	1.0	1.0	1.7	0.9	0.3
Provincial Total		16.7	9.0	26.6	17.2	20.2
Grand Total		55.3	47.2	64.5	62.8	124.8

Opportunities and Challenges^{4.1}

Opportunities

- Next phase of Federal Infrastructure Funding
- Enhanced provincial Gas Tax funding
- Hotel tax
- Vacancy Rebate



Challenges

- Workplace Legislative Changes

Proposed Workplace Legislative Changes

- Raise minimum wage 2018: to \$14 per hour
2019: to \$15 per hour
- Expand personal emergency leave to two paid days
- Increase vacation pay to 6% for 5+ years

Impact:

2018: \$1.1 million

2019: \$2.4 million



Business Planning Priorities^{4.1}

1. Deliver the right services
2. Implement Cost Containment Strategies
3. Maintain our Infrastructure
4. Advance on our Strategic Vision



Advancing the Strategic Plan^{4.1}



What we're doing:

- ✓ Increasing transit and transportation services
- ✓ Transforming our business through Lean & technology
- ✓ Promoting social and cultural diversity
- ✓ Implementing community plans, such as Vision Cooksville, My Malton, Inspiration Port Credit, Downtown 21, Inspiration Lakeview and Dundas Connect
- ✓ Developing Climate Change Plan

Increasing Transit & Transportation Services

4.1





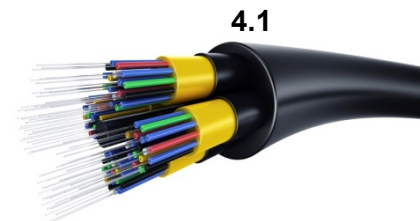
100+ connected
Fire vehicles



2000+ connected
mobile workers



800+ WIFI
Access Points



800 km of fibre
(Public Sector)



500+
connected
busses



200+
electronic signs

Transforming our business with technology



50,000+ LED
streetlights



700+
connected
traffic lights



800+ traffic
& security
cameras



700+ connected
Works vehicles

Lean Program

4.1

- Strengthens the culture of continuous improvement across the organization
- 25 projects complete
- 390 small improvements complete and implemented
- Over 1,800 White Belts Trained
- 50 projects currently underway across 13 Service Areas



Current projects underway include:

- IT HelpDesk
- Recreation Facility Bookings
- Committee of Adjustment Commenting
- Animal Services APS



Investing in our People

4.1

What we're doing:

- ✓ Succession Planning
- ✓ Providing focused training for all staff to drive effectiveness
- ✓ Modernizing recruitment tools
- ✓ Sharing workforce analytics to improve planning



Improve Performance Measures and Service Delivery ^{4.1}

- New City-wide measures to show progress on Strategic Goals
- More targets and benchmarks
- Robust evaluation of measures
- Enhanced consultation with residents for feedback on service delivery



2017 Citizen Satisfaction Survey^{4.1}



89% rate their quality of life as good or excellent

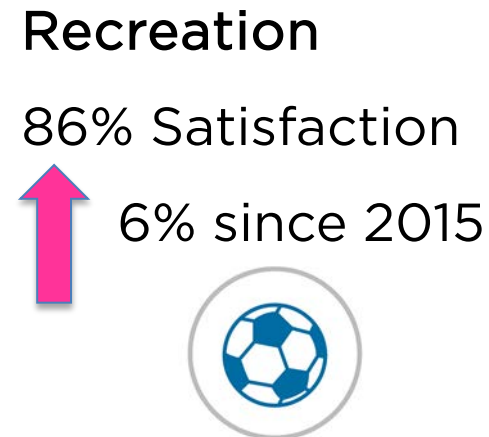
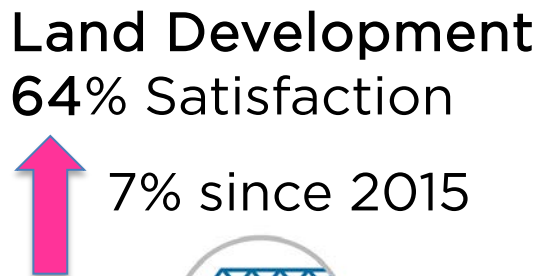
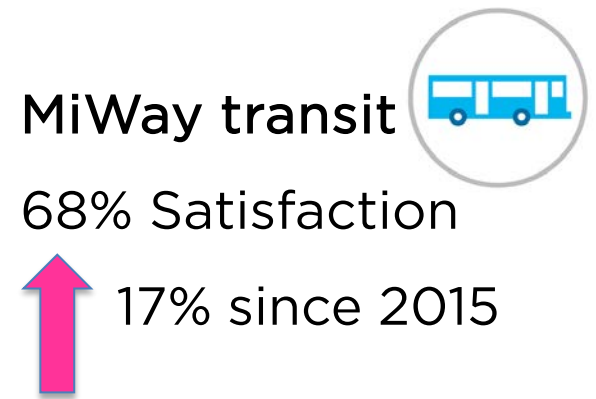
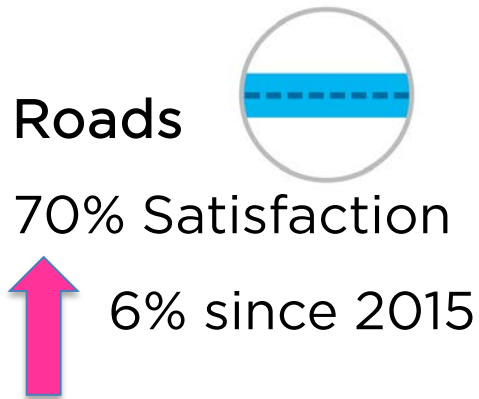
76% agree the city is moving in the right direction

76% are satisfied with the City's overall customer service

66% believe taxes should rise to maintain/improve services (up 14%)
- 11% supported a reduction in taxes and cut to services

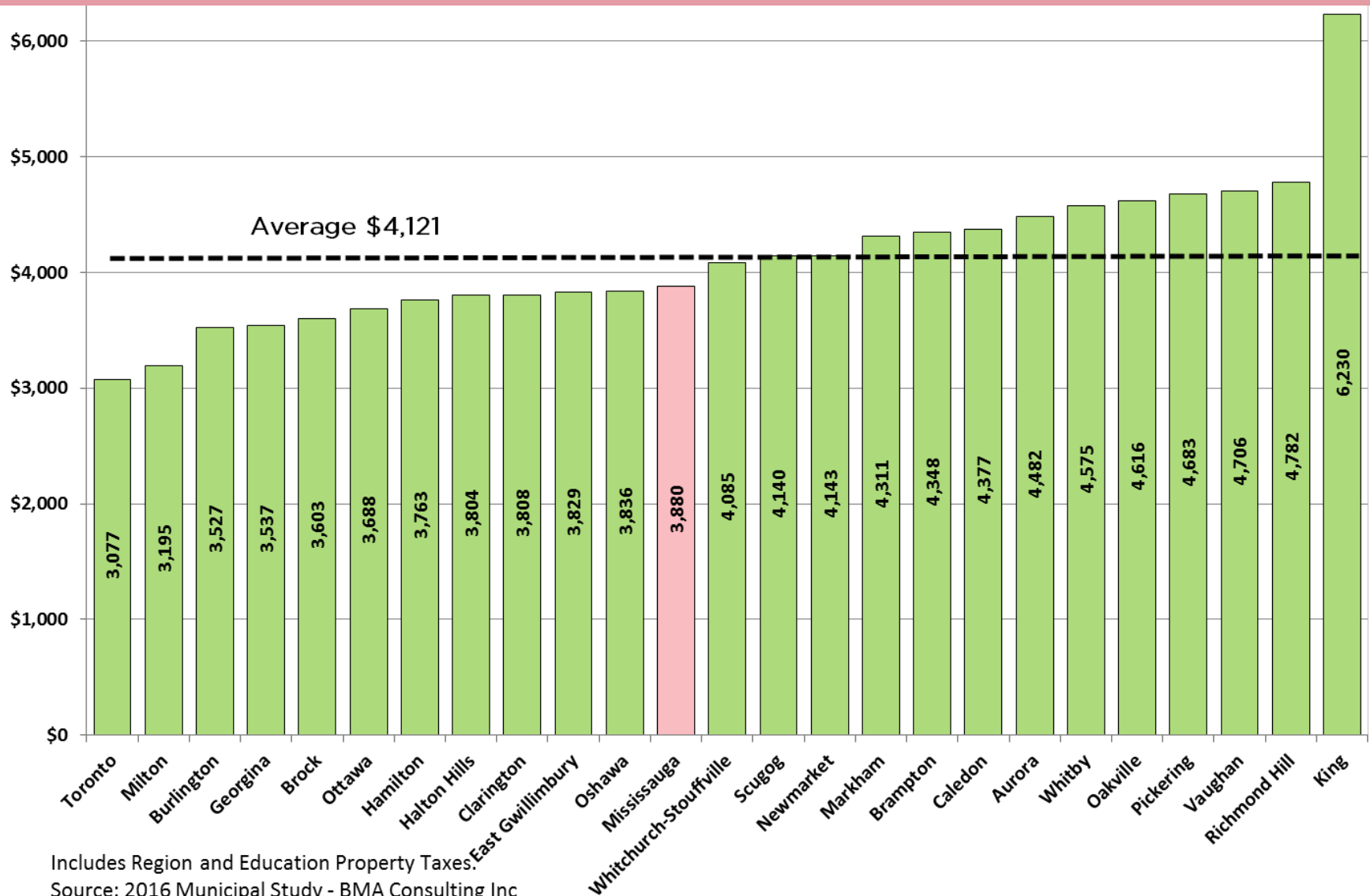
63% feel they receive good value for their taxes (up 9%) - only 15% disagree

Increased Citizen Satisfaction^{4.1}



Comparison of 2016 Average Residential Property Taxes

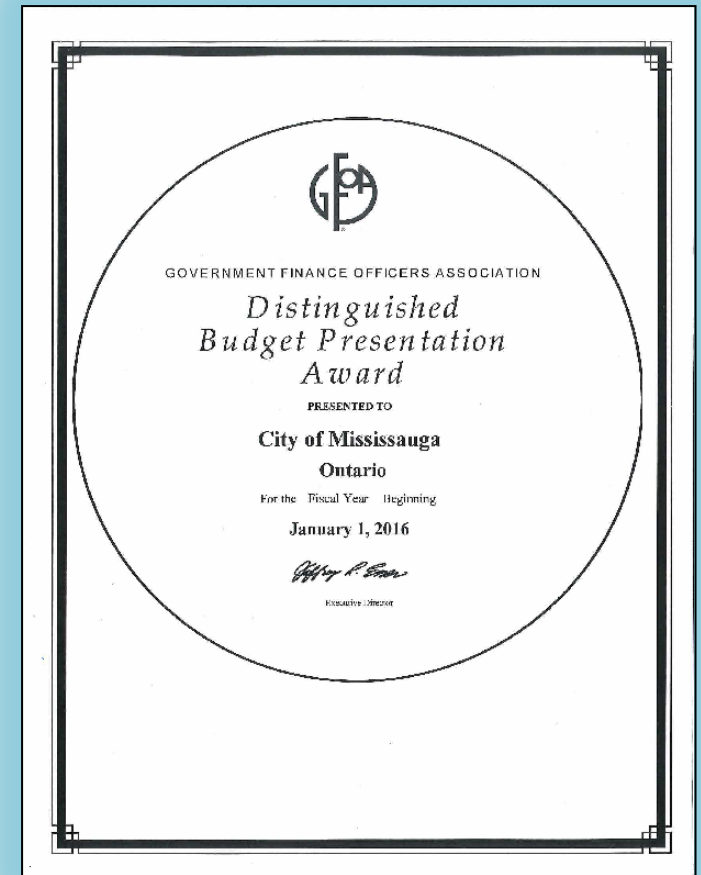
4.1



GFOA Budget Award

4.1

- Mississauga is the only municipality in Canada to receive for the 27th consecutive year the GFOA Distinguished Budget Presentation Award for its 2016-2018 Business Plan and 2016 Budget
- This reflects the commitment of Council and staff to meet the highest principles of government budgeting



Budget Breakdown

4.1

Normal Operations

- Cost increases to maintain current service levels
- Annualization of prior year decisions
- Efficiencies/Cost savings
- Assessment growth

New Initiatives (Budget Requests)

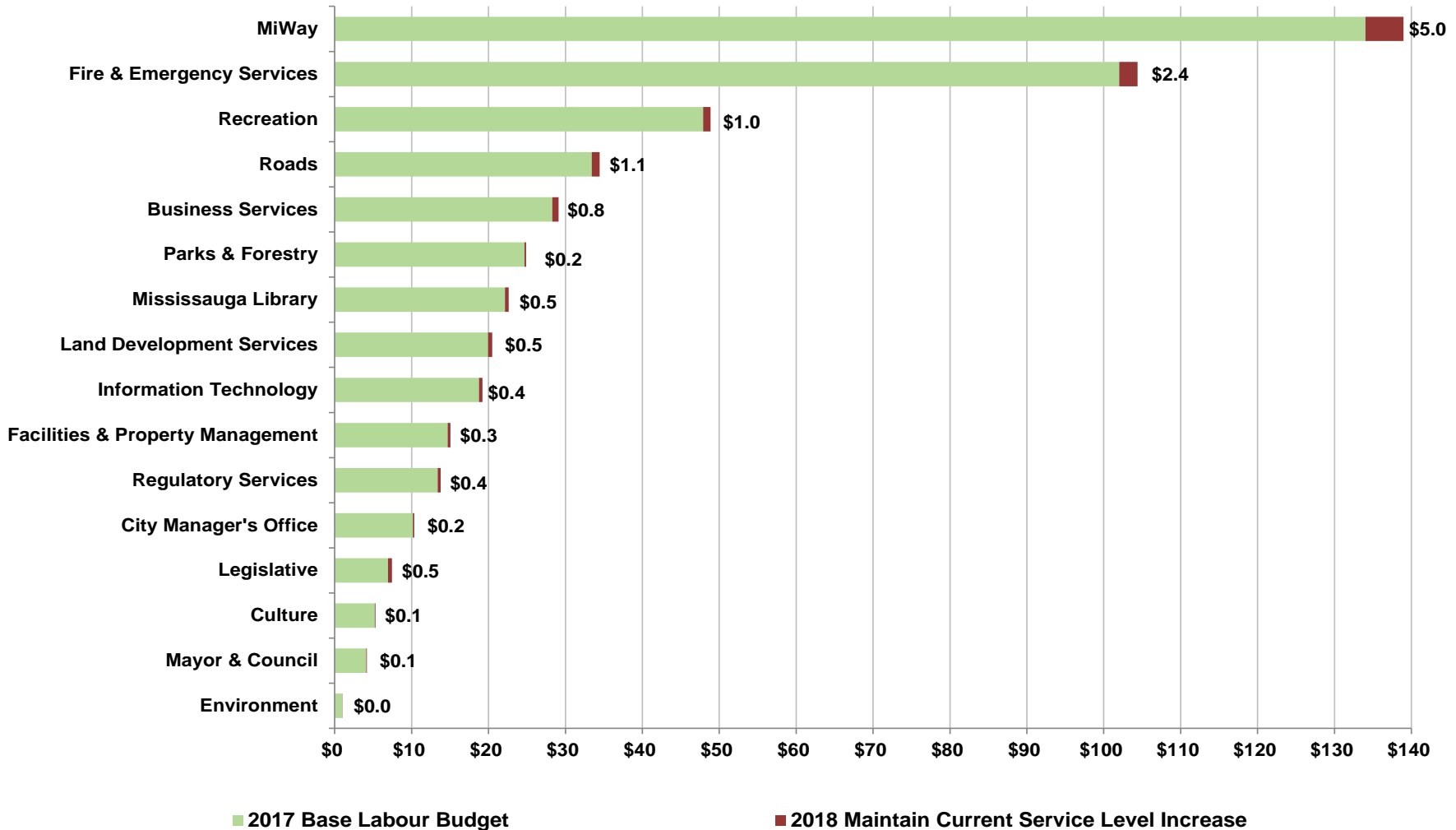
- New Service Levels
- New Revenues

Infrastructure and Debt Repayment Levy

- Contribution to Capital Reserve Fund
- Debt Repayment

Labour to provide Current Service¹

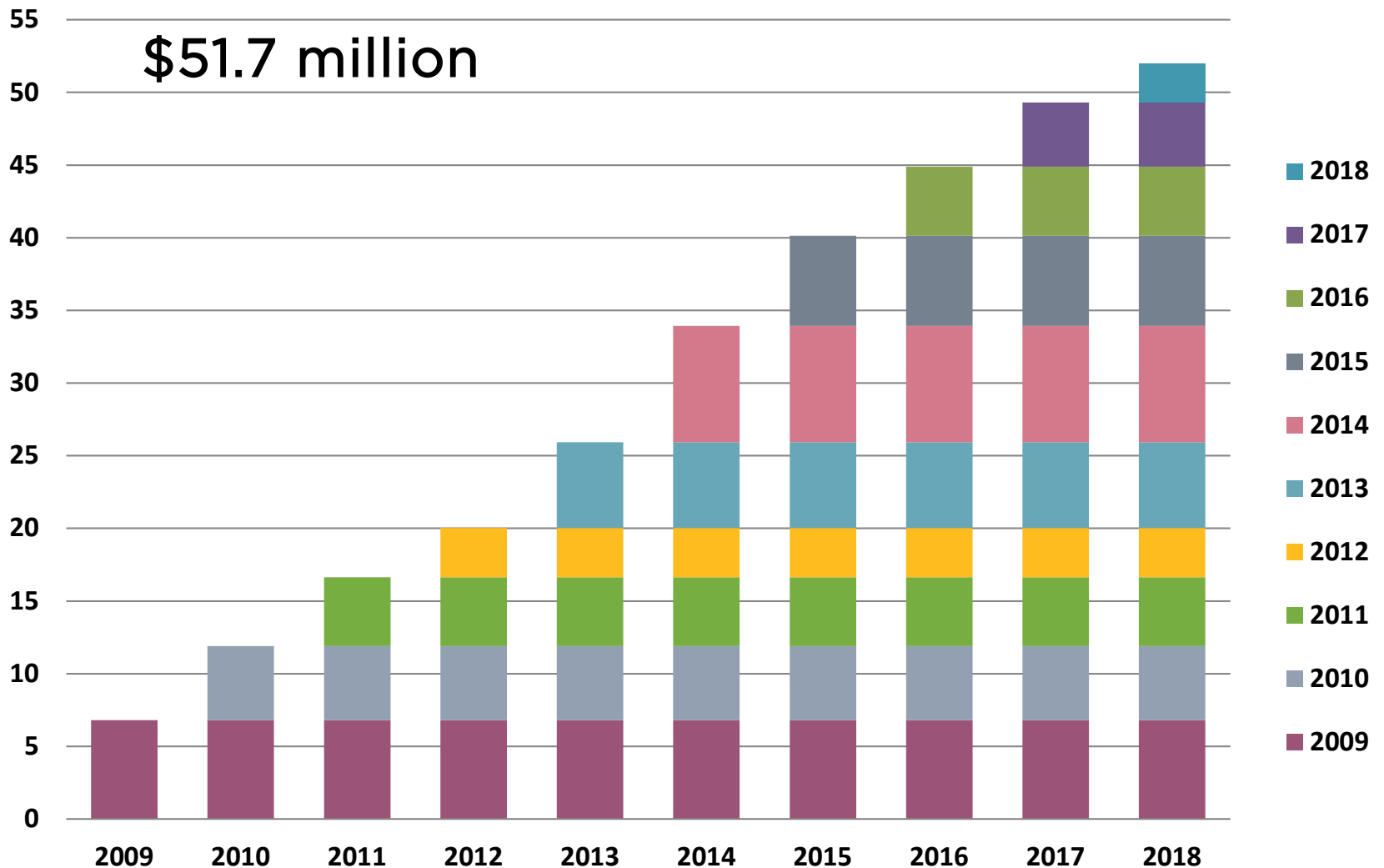
Excludes new initiatives (\$ millions)



Does not include impact of Minimum Wage Increase

Efficiencies and Cost Savings 2009-2018

4.1



2018 New Initiative Highlights^{4.1}

Total \$3.9m or 0.9% Budget Impact

- \$2.1 MiWay Service Growth
- \$0.6 Fire Station 120 – Hurontario & Eglinton
- \$0.2 Grant Support to Culture Groups
- \$0.2 Small Arms Inspection Building
- \$0.2 Enhanced Learning & Development Opportunities for Employees & Leaders
- \$0.1 Enhanced Security Service

MiWay Service Growth

4.1

Proposing 3% annual service growth (46,000 hours) to meet current and future ridership goals.

This growth will reduce overcrowding on buses, support more frequent services and build a network that includes more express routes and rapid transit services.



Fire Station 120 Staffing

4.1

Fire Station 120 (Hurontario and Eglinton) will allow MFES to have a better distribution of its resources in this highly populated residential area and address existing service deficiencies as well as addressing future growth.

Staffing for new fire station 120:
one crew (5 Fire Fighters x 4 Shifts)



Summary of Proposed 2018-2021^{4.1} Operating Budget Change

Drivers	2018 Proposed	2019 Forecast	2020 Forecast	2021 Forecast
MiWay	1.3%	0.3%	0.2%	0.2%
Fire & Emergency Services	0.6%	0.3%	0.3%	0.3%
Other - Normal Operations	0.6%	0.5%	0.9%	0.9%
Total Normal Operations	2.5%	1.2%	1.4%	1.4%
New Initiatives and Revenues	0.9%	1.9%	1.3%	1.0%
Minimum Wage Increase	0.2%	0.5%	0.0%	0.0%
Capital Infrastructure and Debt Repayment Levy	2.0%	2.0%	2.0%	2.0%
Total Proposed Budget	5.6%	5.7%	4.7%	4.4%
Impact on Total Residential Tax Bill	1.9%	1.9%	1.6%	1.5%
Impact on Total Commercial Tax Bill	1.2%	1.2%	1.0%	0.9%

Numbers may not add due to rounding

2018 Proposed Tax Bill Impact City and Region

4.1

Impact on Residential Tax Bill

Description	City	Region (Forecast)	Education	Total
Required to Fund Ongoing Operations & New Initiatives	1.24%	0.71%	0.00%	1.95%
Capital Infrastructure and Debt Repayment Levy	0.69%	0.45%	0.00%	1.13%
Total	1.92%	1.16%	0.00%	3.08%

Impact on Commercial/Industrial Tax Bill

Description	City	Region (Forecast)	Education	Total
Required to Fund Ongoing Operations & New Initiatives	0.74%	0.43%	0.00%	1.17%
Capital Infrastructure and Debt Repayment Levy	0.41%	0.27%	0.00%	0.68%
Total	1.16%	0.69%	0.00%	1.85%

Numbers may not add due to rounding

NOTE: Region of Peel forecasted increase is 2.6%

Reserve & Reserve Fund Management

4.1

- June 2016 – Reserves Report
 - Significant gains in reserves administration
 - Amalgamated and closed some R&RFs
 - Established preliminary targets to R&RFs
- Continued ongoing review and analysis
 - New Bylaw to be enacted
 - Developing Standard Operating Procedure (SOP) for R&RFs to ensure sound management and necessary administration

Reserve & Reserve Fund Management

4.1

By-law to include:

- definitions
- Rules for opening and closing
- Delegation of authority guidelines
- Reporting requirements

Standard Operating Procedures to include:

- General principles
- Administration / detailed use of Reserves
- Detailed reporting
- Other administrative issues

Reserve & Reserve Fund Management

4.1

Future Work:

- Continuous improvement
 - ongoing review of targets, balances and forecasts
- Annual year-end R&RF report to be prepared
- Detailed review of all related financial policies
 - interest allocation
 - debt management
 - others

2017 Budget Engagement

4.1

Results from Council Survey

Overall Satisfaction

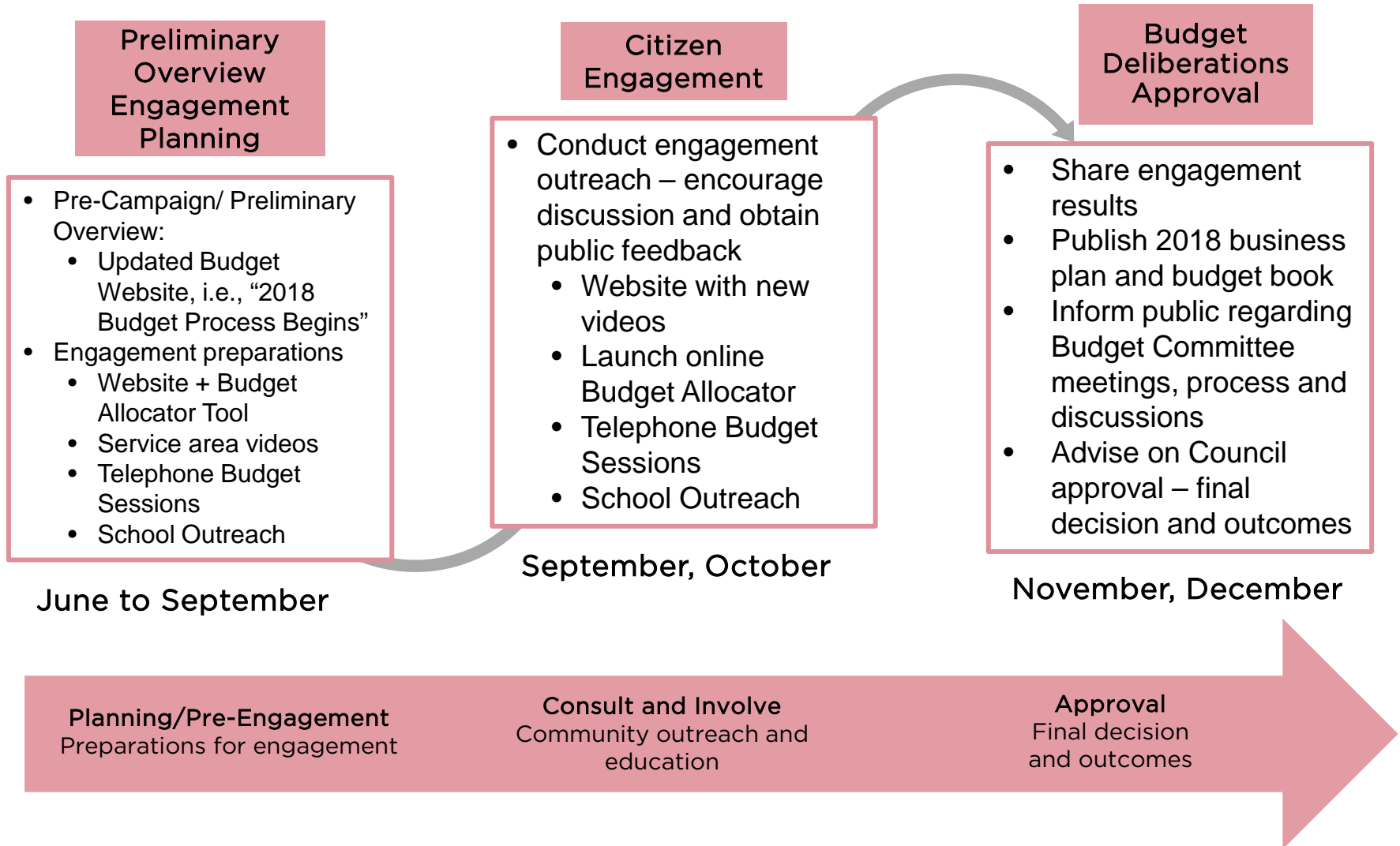
- Based on response rate of 58% (7 out of 12)
- 100% satisfaction with overall communications and engagement (2017 cycle)

Engagement Activities

- **Telephone Budget Sessions**
 - Support to continue – 71 % want to participate; 29% do not (percentage based on 7 responses)
- **School Outreach**
 - Support to continue – 85% want to participate in a school presentation; 15% do not (percentage based on 7 responses)
- **Community Meeting Presentations**
 - Support to continue – 100% would invite staff to give a presentation and/or would give an overview at a community meeting

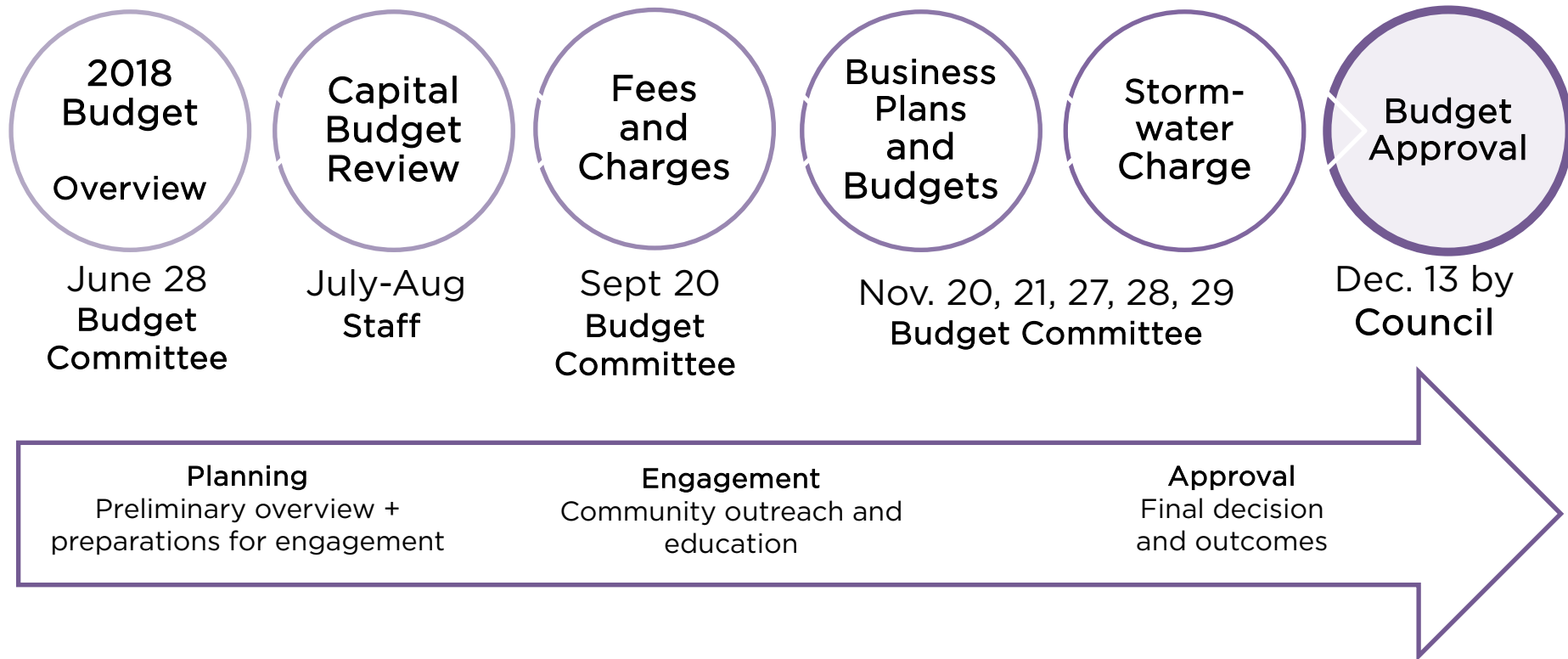
Budget Engagement 2018

4.1



Next Steps

4.1



City of Mississauga

Corporate Report



Date: 2017/06/13

To: Chair and Members of Budget Committee

From: Gary Kent, Commissioner of Corporate Services and
Chief Financial Officer

Originator's files:

Meeting date:
2017/06/28

Subject

Reserves and Reserve Funds – Revised By-law and Standard Operating Procedure

Recommendation

1. That the report dated June 13, 2017 titled “Reserves and Reserve Funds – Revised By-law and Standard Operating Procedure” from the Commissioner of Corporate Services and Chief Financial Officer be received.
2. That a By-law be enacted to incorporate all the proposed changes to the Reserve & Reserve Fund By-law and to repeal By-laws 298-2000 and 160-2016.

Report Highlights

- On June 15, 2016, the Reserve and Reserve Fund (R&RF) Management report was presented to Budget Committee. The report provided an overview of the City's R&RFs, made recommendations for amalgamating and/or closing specific R&RFs and identified targets for reserve fund balances going forward, based on municipal best practice.
- Further revisions to the By-law are proposed, to obtain delegation of authority for R&RF management and administration to the Treasurer.
- A Standard Operating Procedure for R&RF management, to ensure appropriate guidelines are in place to ensure the sound management and administration of R&RFs.

Background

Reserves and reserve funds (R&RFs) are created to assist with long-term financial stability and financial planning. By maintaining reserves, the City can accumulate funds for future needs or contingent liabilities, a key element of sound long-term financial planning practices. R&RFs also provide stability in times of unexpected shifts in revenues and expenditures. Credit rating agencies consider municipalities with higher reserve balances more advanced in their financial planning. The purposes for maintaining reserves are:

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Originators files: File names

- To provide stabilization in the face of variable and uncontrollable factors (growth, interest rates, changes in subsidies) and to ensure adequate and sustainable cash flows.
- To provide financing for one-time or short-term requirements without permanently impacting the tax rates.
- To make provisions for replacement of capital assets to sustain infrastructure.
- To provide flexibility to manage debt levels and protect the City's financial position.
- To provide for future liabilities.

On June 15, 2016, the Reserve and Reserve Fund Management report was presented to Budget Committee ("the 2016 report"). This was the City's first thorough R&RF review since 2000. The 2016 report provided an overview of the City's R&RFs, made recommendations for amalgamating and/or closing specific R&RFs and identified targets for R&RF balances going forward, based on municipal best practice. The changes were recommended with the goal of improving flexibility and management of this key component of our financial condition. The R&RF amending By-law #160-2016 was passed by Council on July 6, 2016.

The gains achieved through the thorough review of R&RFs are now being sustained through ongoing review, analysis and policy and procedure development. The 2017 Business Plan and Budget and subsequent financial reporting have relied on this work. This report speaks to further revisions to the By-law and the establishment of a Standard Operating Procedure for R&RF management.

Present Status

Appendix 1 provides a summary of current Reserves and Reserve Funds, including their 2016 year-end balances.

By-laws #298-2000 and #160-2016 currently govern R&RFs. These By-laws identify general principles regarding R&RFs, define "Reserves" and "Reserve Funds," provide a detailed listing with definitions for each R&RF, and identify reporting requirements and rules around closing R&RFs. Rescinded policy 04-06-06 ("Reserves and Reserve Funds") provided some additional detail regarding the Finance Division's responsibilities with respect to R&RFs.

Staff met with Legal Services, Internal Audit and Corporate Performance and Innovation staff to determine the best approach to ensure appropriate governance documents are in place. All areas confirmed that it would be fitting to embed definitions and over-arching responsibilities in By-law, and the remainder in a Standard Operating Procedure (SOP). A separate policy is not required.

Staff validated this approach through a benchmarking exercise. Appendix 2 provides a summary of the governance models for the City of Toronto, Region of Peel, and Region of Halton, and the proposed approach for the City of Mississauga.

Comments

The remainder of this report outlines the details that will be included in the By-law and in the SOP. This report also includes the new proposed targets for R&RFs.

Reserves & Reserve Funds By-Law

The current By-law and its amendment will be rescinded, and the proposed By-law will be confirmed with Legal Services and Internal Audit prior to final approval.

Included in the new By-law will be the following sections.

Definitions of R&RFs

- “Reserves” represent an allocation of accumulated surplus, make no reference to any specific asset and do not require the physical segregation of money or assets. A Reserve is established for a pre-determined purpose.
- “Reserve Funds” are those funds which are segregated and restricted to meet a specified purpose and include both Obligatory Reserve Funds and Discretionary Reserve Funds.

Opening and Closing of Reserves

- R&RFs may be opened on the recommendation of the Treasurer through a resolution of Council or By-law. Prior to opening R&RFs, accommodation within existing R&RFs, scope expansion, or alternate funding arrangements should be considered.
- If the purpose(s) of the R&RF has been accomplished and the R&RF is no longer necessary, it should be closed. The Treasurer must make a recommendation to Council on the transfer of funds where the R&RF balance upon closure exceeds \$1,000.

Use of Reserves / Delegation of Authority

- All decisions regarding contributions to R&RFs will be delegated to the Treasurer, to a maximum of \$2 million.
- Draws from operating R&RFs are specific to the purpose of the R&RF (e.g. supplementing winter maintenance costs in high-cost years, or transferring excess building permit revenues to the reserve at year end). These activities will be delegated to the Treasurer, to a maximum of \$2 million. Any transfers exceeding \$2 million will require Council approval.
- Draws from capital R&RFs continue to be authorized through by-law, budget, policy, or specific Council approval.

Reporting

- A R&RF report will be prepared annually after year end, for Council's information. The report will include all R&RF activity, including opening, closing, transfers to and from, and interest allocation.

Standard Operating Procedure

General principles

A financial standard operating procedure, or SOP, is a set of instructions endorsed by a corporation which help staff navigate around routine transactions. An SOP ensures that operations are carried out correctly and always in the same manner. The following are areas, with brief descriptions, which will be incorporated in the Standard Operating Procedure for R&RFs in the City of Mississauga.

Opening

R&RFs can only be opened with Council approval, ideally through the budget process. A corporate report can also be written. Opening of a R&RF requires the completion of a “one-page” reserve information sheet (see Appendix 3 for an example). This information sheet will be completed by the initiating department with assistance from Departmental Finance and the Financial Strategies section. The one-page information sheet will include the purpose, target (if required), and funding plans.

Use of Reserves / Delegation of Authority

- Once Council has approved the establishment of R&RFs, with the purpose identified, the majority of R&RF administration is recommended to be delegated to the Treasurer.
- Withdrawals and expenditures from R&RFs must be done in accordance with the respective R&RF Information Sheet.
- Draws from operating R&RFs are specific to the purpose of the R&RF (e.g. supplementing winter maintenance costs in high-cost years, or transferring excess building permit revenues to the reserve at year end). These activities will be delegated to the Treasurer, to a maximum of \$2 million.
- Draws from capital R&RFs continue to be authorized through by-law, budget, policy, or specific Council approval.
- The Financial Strategies Section of the Finance Division shall be responsible for monitoring the status of the City’s R&RFs. Service Areas may recommend use of R&RFs, but Financial Strategies will determine the best allocation.
- Reserves should not be used to fund staff directly.
- All R&RF activity will be reported through the year-end Reserves and Reserve Funds report.
- In the event of an accounting error, the Manager of Financial and Treasury Services has the authority to make any necessary corrections.

Closing

- The Treasurer can close an R&RF if the balance is less than or equal to \$1,000 and no further activity is expected. The transfer of any R&RF balances exceeding \$1,000 requires Council approval.

Borrowing from R&RFs

- Although not a preferred option, internal financing is permitted to cover a short-term deficit in R&RFs. This borrowing must be adequately supported, documented and authorized by the Treasurer, and requires Council approval if in excess of \$2M. The temporary borrowing will be part of the financing strategy for the City.
- A plan to repay the R&RF within a reasonable time is required.
- Legislated requirements may apply (e.g. Development Charges Act).

Reporting

- The Treasurer will provide a quarterly R&RF report to the Chief Financial Officer providing details on balances, targets, activity, and continuity statements for selected R&RF groups.
- In the third-quarter financial update report, year-end balances of selected R&RFs may be forecasted, and the Treasurer may elect to make recommendations to Council regarding any transfers that would be in line with the city's financial strategies.

Other Administrative Issues

- Interest allocation to R&RFs will be carried out in accordance with the City's Investment Policy.
- The Treasurer may create sub-reserves or sub-reserve funds within an authorized R&RF, for administrative tracking purposes.

Targets

Target balances for specific R&RFs are established to ensure the R&RFs are adequately funded for the purposes they have been established. Not all R&RFs require targets. For example, the City may receive funds, establish an R&RF, and maintain the R&RF until the funds are depleted or the purpose for the funds has been achieved.

The following are the guiding principles recommended for R&RF targets:

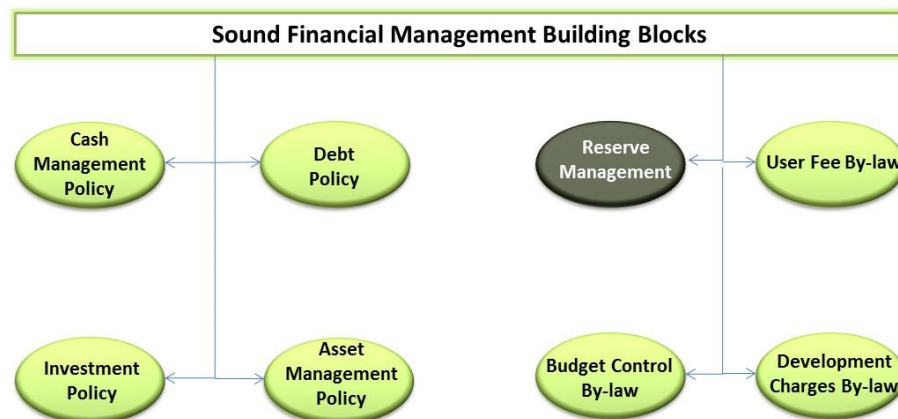
- Targets should be set at a fixed level, and not as a range.
- Targets should be set conservatively, but with the understanding that a contingency reserve is in place for extraordinary events.
- Any target should have a stated rationale.

- Targets should be reviewed at least every three years and more frequently if warranted.
- Any R&RF with a target should identify a funding plan outlining how the target could be achieved or maintained.

Targets are a reflection of the level of risk for any given expenditure. Targets are recommended by the Financial Strategies section through analysis of expenditure patterns, revenue streams, actuarial calculations (if applicable) and the likelihood and magnitude of fluctuations in expenditures to be funded through the R&RF. Targets are endorsed by the Leadership Team and communicated to Council, as the achievement or maintenance of targets can impact future operating budgets.

Future Anticipated Work

While significant work has been undertaken on the City's R&RFs, it is important to continually review balances, targets and usefulness of R&RFs, and recommend changes as required. Increased financial reporting on R&RFs ensures that transparency is achieved. Based on the recommendations set out in this report, a dedicated analyst will be responsible for ensuring a detailed Standard Operating Procedure is developed in consultation with departmental financial teams. It is anticipated that the final SOP will be completed by the end of 2017



Further building blocks include a detailed review of all related financial policies, such as interest allocation and debt management policies.

Review of Targets

Preliminary targets for specific R&RFs based on BMA recommendations were identified in the 2016 report. It was noted at the time that staff would be monitoring these targets regularly and that targets would be revisited as required.

Staff undertook a detailed analysis of the historical expenditures and revenues, actuarial valuations as well as the likelihood and the magnitude of the fluctuations in the expenditure to be funded. Further, staff identified various factors to be considered when establishing R&RF targets from the work undertaken in reviewing the R&RF By-law and developing the SOP.

In light of the detailed work done by staff, this report recommends changes to the targets established last year, taking into consideration the “target guiding principles” outlined earlier in this report. Table 1 provides a comparison list of the old and new targets.

Some R&RF balances currently exceed target. However, many factors must be considered. For example, the Capital Reserve Fund exceeds target by more than \$30M at the end of 2016. However, this is a one-year anomaly. The 10-year capital program has been structured to be close to target as much as possible. For other R&RFs, current levels of contribution plus interest earned may be insufficient to maintain the target balance in the Reserve. Temporarily maintaining excess balances will allow us to gradually increase contributions from the operating budget without significantly affecting the increase in tax rate.

Table 1. Summary of Revised Targets

Reserve or Reserve Fund	2016 Year-End Balance	Original Target		New Proposed Target	
		Description	Value	Description	Value
Reserve for Winter Maintenance	\$11.6 M	25%-50% based on the five year average of winter maintenance costs	\$5.4M to \$10.8M	33% of last 5-year average winter maintenance expenditures	\$7.3 M
Building Permit Revenue Stabilization Reserve	\$3.7 M	100%-200% annual Building operating costs	\$9.9M to \$19.7M	100% of the actual revenue for the highest two years in the last five years	\$10.7 M
General Contingency Reserve	\$38.7 M	10%-15% of City's own-source revenues	\$67.2M to \$100.8M	10% of own-source revenue, less target for other stabilization / contingency funds (currently, Winter Maintenance and Building Permit Revenue Stabilization)	\$51.5 M
Insurance Reserve Funds	\$33.1 M	Year-end value of case reserves plus the actuarial present value for Incurred But Not Reported (IBNR) claims	\$35.5M	Year-end value of case reserves plus 50% of the actuarial present value for Incurred But Not Reported (IBNR) claims	\$26.5 M
Employee Benefits Reserve Fund	\$34.6 M	Estimated liability from actuarial valuations	\$77.5M	Total of 2*average expenditure for (1) vacation payouts; (2) sick leave payouts; (3) group life insurance; plus (4) full actuarial estimate for WSIB	\$31.8 M
Capital Reserve Fund	\$148.1 M	Maintain cash balance equivalent to one year's worth of the 10-year forward-looking average of the tax-supported capital expenditure requirements	\$99.7M	Maintain cash balance equivalent to one year's worth of the 10-year forward-looking average of the tax-supported capital expenditure requirements	\$115.4 M
Gas Tax Reserves	various	n/a	n/a	Equivalent of next year's projected revenue	various

Financial Impact

The recommended actions and targets in this report will ensure principles and procedures are in place for sound long-range financial planning.

Conclusion

Municipalities are required to balance a number of principles including sustainability, flexibility, and minimizing vulnerability. Planning for future liabilities and providing for contingencies by maintaining sufficient R&RFs ensures these liabilities and risks can be addressed as required. Strong R&RF management and administration is a key component of the City's long-term planning strategies.

Financial Strategies has established an approach of continuous improvement with respect to R&RFs and will report ongoing activity through the Budget and Business Planning cycle as well as through the annual R&RF report. The dedicated Reserves Analyst will work closely with departments to ensure related budgets are established appropriately. Further work on policies such as interest earnings allocation and debt issuance will be considered when building the next phase of the City's Long Range Financial Plan.

Attachments

Appendix 1: Reserves and Reserve Funds - 2016 Year-End Balances

Appendix 2: Comparison of Governance Models Across Municipalities

Appendix 3: Sample Reserve and Reserve Fund Information Sheet



Gary Kent, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Carolyn Paton, Manager, Strategic Financial Initiatives

Reserves and Reserve Funds – 2016 Year-End Balances

RESERVE / RESERVE FUND	Balance January 01, 2016 (\$000)	2016 Contributions (\$000)	2016 Interest (\$000)	2016 Expenditures (\$000)	2016 Transfers (\$000)*	2016 Year-End Surplus transfer	Balance December 31, 2016 (\$000)
Operating Reserve Funds							
Insurance Reserve Funds	30,175	8,805	1,542	(7,387)	0	0	33,134
Group Insurance Benefit Reserve	5,920	(2)	0	0	(5,918)	0	0
Sick Leave - Non-Union	67	0	0	0	(67)	0	0
Sick Leave - Union	6,929	0	0	0	(6,929)	0	0
WSIB Reserve Fund	16,733	1,400	0	0	(18,133)	0	0
Employee Benefits Reserve Fund	0	0	594	(5,364)	37,367	2,000	34,597
Total Operating Reserve Funds	59,824	10,203	2,136	(12,751)	6,320	2,000	67,731
Operating Reserves							
Labour Settlements	6,466	0	0	0	(6,466)	0	0
Assessment Appeals	4,688	1,309	0	0	(5,997)	0	0
Legal Settlements	1,740	0	0	0	(1,740)	0	0
Early Retirement	500	0	0	0	(500)	0	0
Commitments	113	0	0	(113)	0	0	0
Commodity - Hydro	2,262	0	0	0	(2,262)	0	0
Commodity - Diesel	6,095	1,000	0	0	(7,095)	0	0
Commodity - Natural Gas	1,189	0	0	0	(1,189)	0	0
Reserve for General Contingencies	12,325	2,665	0	(1,235)	24,749	189	38,692
Building Permit Revenue Stabilization	2,774	956	0	0	0	0	3,730
Bus Shelter Advertising	342	0	0	(342)	0	0	0
Elections	1,470	750	0	0	0	1,500	3,720
Winter Maintenance	11,613	0	0	0	0	0	11,613
Vacation Pay	5,820	0	0	0	(5,820)	0	0
Reserve for Development Stabilization	2,280	0	0	(450)	(1,830)	0	0
Reserve for Planning Process Update	795	0	0	(350)	(445)	0	0
Reserve for the Arts	1,324	219	3	(258)	81	382	1,752
Total Operating Reserves	61,796	6,899	3	(2,748)	(8,514)	2,071	59,508
Total Stormwater Contingency	0	6,345	0	0	0	0	6,345
Total Operating Reserve and Reserve Funds	121,620	23,448	2,139	(15,499)	(2,193)	4,071	133,584
Capital Reserve Funds							
Development Charges Reserve Funds	38,343	24,795	153	(46,299)	0	0	16,991
Parkland - CIL	58,397	6,523	2,708	(1,786)	0	0	65,842
Bonus Zoning	646	493	37	0	0	0	1,175
Parkland CIL and Bonus Zoning Funds	59,043	7,016	2,744	(1,786)	0	0	67,017
Roads-Unallocated	35,981	237	1,241	(732)	(28,279)	0	8,448
Developer Contributions - Water Quality	1,202	1,498	0	0	(2,700)	0	0
Other Eng-Unallocated	5,154	0	0	0	(5,154)	0	0
Sidewalks-Unallocated	1,599	(32)	73	(59)	0	0	1,582
Traffic Signals-Unallocated	4,329	150	198	(119)	0	0	4,558
Sodding/Seeding-Unallocated	209	0	0	0	(209)	0	0

RESERVE / RESERVE FUND	Balance January 01, 2016 (\$000)	2016 Contributions (\$000)	2016 Interest (\$000)	2016 Expenditures (\$000)	2016 Transfers (\$000)*	2016 Year-End Surplus transfer	Balance December 31, 2016 (\$000)
Subdiv Works o/s-Unallocated	9,210	0	0	0	(9,210)	0	0
Tree Planting	8,108	375	366	(677)	0	0	8,172
Hershey Loan Receivables	(6,255)	0	0	0	0	0	(6,255)
Parks - Other	88	1,808	8	(101)	0	0	1,804
Transfer to Third Party Developer	0	0	8	0	237	0	244
Bike Lanes/Bike Route Signs	0	16	6	0	114	0	136
LRT Streetscape	0	0	44	0	918	0	962
Developer Contributions - Public Arts	0	100	18	0	0	0	118
Developer Contributions Reserve Funds	59,627	4,151	1,961	(1,688)	(44,285)	0	19,767
Fire	1	0	0	0	0	0	1
Transit	4,292	0	205	(6)	0	0	4,490
Library	10,224	0	488	0	0	0	10,712
Community Centres	5,650	0	270	0	0	0	5,920
Arenas / Outdoor Ice	15,133	0	722	0	0	0	15,855
Pools	5,806	0	277	0	0	0	6,083
Engineering Other	36	0	2	0	0	0	38
Amenities-CFMeadowvale W	3	0	0	(3)	0	0	0
Recreation-CFMeadowvale X	2	0	0	(2)	0	0	0
Amenities-Markborough	5	0	0	(5)	0	0	0
Recreation-Mascan Creditview	31	0	0	(31)	0	0	0
Lot Levy Reserve Funds	41,184	0	1,963	(47)	0	0	43,099
CIL Parking Port Credit	3,215	158	147	(150)	0	0	3,371
CIL Parking Cooksville	115	0	5	0	0	0	120
CIL Parking Clarkson	384	0	18	0	0	0	402
CIL Parking Streetsville	38	53	(7)	(200)	0	0	(115)
CIL Parking Lakeview	73	21	4	0	0	0	98
CIL Parking City Centre	1,769	646	75	(223)	0	0	2,267
CIL Parking Reserve Funds	5,594	879	244	(573)	0	0	6,144
Total Development Funds	203,791	36,841	7,064	(50,394)	(44,285)	0	153,017
Gymnastics Mississauga Capital	52	20	3	0	0	0	75
Economic Development Advisory Council	75	0	1	(53)	0	0	24
Scarf Donations	215	14	10	0	0	0	239
Donations - Stroke Breakers	3	0	0	0	0	0	3
Enterprise Centre	(8)	202	(0)	(157)	0	0	37
Mississauga Garden Park Dev (B)	214	0	10	0	0	0	224
Mississauga Garden Park Maint (B)	84	0	4	0	0	0	88
Meadowvale Theatre Capital Improvement	78	0	0	0	(78)	0	0
Heritage C.C. Donations	3	0	0	0	(3)	0	0
Benares House Endowment	123	0	6	0	0	0	129
Donations - Vic Johnston Redevelopment	455	0	22	(50)	0	0	426
Boeing Airport Mem-Donations	47	0	2	0	0	0	49

RESERVE / RESERVE FUND	Balance January 01, 2016 (\$000)	2016 Contributions (\$000)	2016 Interest (\$000)	2016 Expenditures (\$000)	2016 Transfers (\$000)*	2016 Year-End Surplus transfer	Balance December 31, 2016 (\$000)
Aircraft Noise Warning Sign	2,762		89	(10)	(2,650)	0	191
Program Specific Reserve Funds	4,103	236	148	(270)	(2,731)	0	1,486
Zonta Accessible Park	15	0	0	(15)	0	0	0
Glenforest Tennis Club	76	0	0	(76)	0	0	0
Friends of Ratray Marsh	34	0	0	(34)	0	0	0
Rivergrove C.C. Donations	4	0	0	(4)	0	0	0
Reserves Closed and Transferred to Capital	128	0	0	(128)	0	0	0
Total Other Funds	4,231	236	148	(398)	(2,731)	0	1,486
Provincial Transit Grant	2,663	0	127	0	0	0	2,790
Metrolinx BikeLinx Reserve	64	0	3	0	0	0	67
Bus Rapid Transit - Provincial	3,462	0	22	(3,275)	0	0	209
Move-Ontario 2020 Higher Order Reserve	10,908	0	520	0	0	0	11,428
Public Transit Fund	1,844	0	67	(485)	0	0	1,426
Gas Tax Reserve Fund-Provincial	17,941	16,570	311	(16,092)	0	0	18,730
Gas Tax Reserve Fund-Federal	6,753	20,879	(229)	(16,775)	0	0	10,627
Regional Gas Tax Reserve Fund	52,726	17,999	2,239	(11,078)	0	0	61,885
Total Gas Tax and Transit Reserve Funds	96,360	55,447	3,059	(47,705)	0	0	107,161
Roadway Infrastructure Maintenance	5,277	1,110	0	(719)	(5,668)	0	0
Facility Repairs & Renovations	5,972	12,977	0	(12,523)	(6,425)	0	0
Comm Facility Redevelopment Fund	429	0	0	0	(429)	0	0
Main Fleet Vehicle & Equipment	881	3,166	0	(3,117)	(930)	0	0
Transit Vehicle & Equipment	2,284	0	0	0	(2,284)	0	0
Fire Vehicle & Equipment Replacement	428	2,099	0	(2,123)	(403)	0	0
Ontario Bus Replacement	2	0	0	0	(2)	0	0
Provincial Road & Bridge Infrastructure	8	0	0	0	(8)	0	0
Ontario Transportation Demand Mgt	0	0	0	0	(0)	0	0
Deferred Works - Sawmill Ck	332	0	0	0	(332)	0	0
Village of Sherwoodtown	130	0	0	0	(130)	0	0
CP Pymts per agreements	36	0	0	0	(36)	0	0
First City - 16 Mile Creek	228	0	0	0	(228)	0	0
City Centre Promotion Campaign	44	0	0	0	(44)	0	0
PCC-90-VGR Investments	36	0	0	0	(36)	0	0
Community Donations-Unalloc	124	0	0	0	(124)	0	0
Ninth Line Detention Pond	40	0	0	0	(40)	0	0
Donations - Traffic Safety Council	4	(0)	0	0	(4)	0	0
Capital Reserve Fund	75,139	47,559	6,347	(52,602)	63,033	6,019	145,495
2009 Special Project CRF	1,215	0	0	0	0	0	1,215
Britannia Hills Golf Course	109	0	5	0	0	0	114
Emerald Ash Borer Fund	3,271	5,600	117	(6,486)	0	0	2,503
Courtneypark Turf/Synthetic	1,003	135	48	0	0	0	1,186

RESERVE / RESERVE FUND	Balance January 01, 2016 (\$000)	2016 Contributions (\$000)	2016 Interest (\$000)	2016 Expenditures (\$000)	2016 Transfers (\$000)*	2016 Year-End Surplus transfer	Balance December 31, 2016 (\$000)
Loyola Artificial Turf Soccer Field/Track	358	119	17	0	0	0	494
Energy Rebate	0	213	0	0	0	0	213
NW Park Pool	0	0	0	(5)	0	0	(5)
Debt Management - Tax	7	268	9	0	0	0	284
Total Tax Funds	97,356	73,246	6,543	(77,576)	45,909	6,019	151,499
DCA-Storm Water	21,281	5,505	558	(1,486)	0	0	25,859
Major Storm Improvement	16,632	0	793	(88)	0	0	17,337
Major Watercourses-Unall	2,940	0	140	0	0	0	3,080
Developer Contributions -Stormwater	0	10	70	0	4,394	0	4,474
Developer Contributions - Drainage-Unallocated	1,577	117	0	0	(1,694)	0	0
Debt Management - Storm Water	490	345	34	0	0	0	870
Stormwater Capital Reserve Fund	0	16,071	(151)	(9,053)	600	1,879	9,346
Stormwater Pipe Reserve Fund	0	3,100	0	0	0	2,732	5,832
Total Stormwater Funds	42,921	25,148	1,445	(10,627)	3,300	4,611	66,798
Total Capital Reserve Funds	444,659	190,919	18,259	(186,700)	2,193	10,630	479,961
Total Reserves/Reserve Funds	566,279	214,366	20,397	(202,199)	(0)	14,701	613,545

Note: Numbers may not add due to rounding.

*Bylaw approved on July 6, 2016

Appendix 2

Comparison of Governance Models Across Municipalities

Activity	City of Toronto	Region of Peel	Region of Halton	City of Mississauga (Proposed)
Definitions of Reserves and Reserve Funds	By-law	By-law	Policy	By-law
Opening a Reserve or Reserve Fund	By-law	By-law	Policy	By-law
Closing a Reserve or Reserve Fund	By-law	Not specified	Policy	By-law (but delegated to Treasurer if balance is <=\$1,000)
Transferring funds from/to Reserve or Reserve Fund	By-law	By-law	Policy	By-law (reporting of) but activity delegated to Treasurer
Intra-Reserve Borrowing	Not specified	By-law	Not specified	SOP
Interest Allocation	By-law	Policy	Not specified	Investment Policy

Appendix 3

Sample Reserve & Reserve Fund Information Sheet

Name	Insurance Reserve Fund				Account Number	34161
Year Opened	Reserve / Reserve Fund	Discretionary / Obligatory	Review Cycle	Last Reviewed	Target	Reserve Balance as of 2016-12-31
1986	Reserve Fund	Discretionary	Every 3 years	Jun-17	\$ 29,597,910	\$ 33,134,407
Purpose / intended use	Provides funds for losses, damages, costs and expenses as incurred by or assessed to the City from time to time through insurance claims; also provides funds for actuarial estimated incurred but not-yet reported cases.					
Target Level and Rationale	Target equals actual year-end Case Reserve + 50% of the actuarial estimated IBNR (Incurred but not reported) (based on total balance of all the Insurance Reserve Funds)					
Revenues (Contributions)	Revenue is provided by the general surplus, insurance operating surplus and operating revenue program, and interest earned.					
Expenditures (Draws)	Expenditures are made to offset any deficit for insurance expenses in the operating budget. This reserve fund also provides funding for distribution to the other insurance reserve funds based on estimated needs.					
Additional Limitations / Restrictions	n/a					
Responsibility	Finance, in consultation with Risk Management in Legal Services					
Approved by LT	<date>	Status/Comments	Active	By-Law No.	<No.>	

City of Mississauga

Corporate Report



Date: 2017/06/14

To: Chair and Members of Budget Committee

From: Gary Kent, Commissioner of Corporate Services and
Chief Financial Officer

Originator's files:

Meeting date:
2017/06/28

Subject

Lean Program Update

Recommendation

That the report titled "Lean Program Update" dated June 14, 2017 from the Commissioner of Corporate Services and Chief Financial Officer be received for information.

Report Highlights

- As part of the 2016 Budget, Council approved permanent resources to embed Lean as a continuous improvement methodology across the City
- The goal of the City's Lean program is to create sustainable, breakthrough improvements through the application of Lean tools and principles, along with strengthening a culture of continuous improvement and customer-first thinking across the corporation
- 25 Lean process improvements have been completed since the beginning of the program, with an additional 50 initiatives currently underway
- The City's Lean efforts represent the most comprehensive investment in Lean as a methodology in Canadian Municipal Government for a city the size of Mississauga

Background

As part of the 2016 Business Plan and Budget, Council approved the development of a permanent Lean program to support strengthening the culture of continuous improvement within the City. The Lean Program is managed by the City's Corporate Performance and Innovation Division within the Corporate Services Department. A permanent Manager was recruited in the summer of 2016 and momentum has built significantly.

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Originators files: File names

The Lean methodology looks to maximize value and minimize waste, delivering exactly what the customer wants, when the customer needs it, correctly the first time. To achieve these goals, the Lean Program takes a comprehensive approach to culture change beyond focusing only on improving individual processes. Five key outcomes are necessary to achieve a successful transformation:

1. **Understand the voice of the customer:** Processes should deliver exactly what the customer values, when they need it, and be done correctly the first time;
2. **Make processes more efficient:** Focus on how value is delivered in the eyes of the customer, not only to identify and eliminate waste in time but also to make a substantial improvement in the customer experience;
3. **Understand process performance:** The status of every process and performance is visible, clear targets are set and visualized, and the use of data to drive decision making is enhanced;
4. **Enhance skills and training:** Build the capabilities of and encourage staff throughout the organization to perform root-cause problem solving; and
5. **Influence culture and behaviours:** Promote collaboration and engagement with all staff.

This report provides an overview of the Lean Program's results to date, highlighting key projects complete or underway, and the cultural shift of staff generated through the program.

Comments

Achieving a successful Lean transformation in an organization is a long-term journey that looks to positively impact an organization in several ways. Recognizing that Lean is a way of work instead of a set of tools or concepts to deliver short-term fixes is critical in strengthening the City's culture of continuous improvement. To achieve this, the Lean Program has implemented several components designed to work together to provide a wide range of benefits.

Training and Development

The Lean Training Program looks to support staff in learning Lean's principles and philosophy, along with becoming catalysts for improving their way of work. All training provides a practical hands-on approach that brings theory into practise and empowers staff to problem solve.

Training is organized into three streams:

White Belt Training introduces Lean to staff, identifying waste and seeking solutions. The 3.5 hour training has been delivered to over 1,800 staff to date, and involves staff bringing forward issues for processes they work on to apply solutions immediately in their workplace. The Lean Program's goal is to train all City staff where feasible.

Yellow Belt Training provides staff with the essential tools and principles of the methodology, along with the ability to facilitate small process improvement projects. The 2-day in-class training has been delivered to 15 staff so far, who are required to deliver a small Rapid

Budget Committee	2017/06/28	3
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Originators files: File names

Improvement Event following their training before becoming certified. Fifteen additional candidates will be trained in September, with the program certifying 30 candidates annually.

Green Belt Training Provides in-depth, hands on training on more advanced Lean tools and practises, with an emphasis on managing more complex process improvement projects. Staff receives 5 days of in-class training, take an examination and must successfully deliver a process improvement project. Twenty five staff have been certified as Green Belts across the City, with an additional 8 staff currently working towards certification through previous Green Belt cohorts. In 2017, 15 candidates have received training to date and are currently completing certification projects within their Divisions, to be completed by the end of 2017.

Process Improvement Projects

Process Improvement Projects deliver a comprehensive review of a current process with customers, those performing the work and other stakeholders to deliver breakthrough improvements. Projects can vary depending on the complexity of the process being reviewed, and range in time taken to deliver from 4 months for simple projects to up to 1 year for more complex processes.

Since 2014, 22 process improvement projects have been completed, with the majority related to the projects performed as part of Green Belt Training. The complete list of completed projects is outlined in Appendix 1.

Thirty two projects (32) are currently underway, including 15 projects as part of the 2017 Green Belt Training program. Some highlighted projects include:

- **IT Helpdesk:** Identify opportunities to reduce the number of IT HelpDesk calls received on an annual basis (currently over 35,000) and decrease the time taken to resolve support calls.
- **Recreation Facility Bookings:** Reduce the time taken to process a facility rental and reduce the number of touch points with the customer from the point they request a rental until the event has taken place and all outstanding payments have been received.
- **Committee of Adjustment Comments:** Reduce the effort required to deliver Committee of Adjustment comments for staff to better manage unscheduled demands.
- **Animal Services APS:** Reduce staff time dedicated to pet license renewals and addressing complaints for tickets received and explore opportunities to increase pet license compliance after first penalty notice.

The list of underway projects is outlined in Appendix 2, and the majority of these initiatives will be complete by the end of 2017.

Rapid Improvement Events

Rapid Improvement Events (RIE's) are a 1-2 day event involving staff and stakeholders focused on a narrowly scoped process affecting 1-2 Divisions. The event requires a Yellow or Green

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Originators files: File names

Belt facilitator, and results in an action plan with the majority of deliverables being able to be completed within 2-3 months. Introduced in October 2016, 3 RIE's have been completed in Parks and Forestry, Finance and Legislative Services.

Eighteen Rapid Improvement Events are in progress, including 15 as part of the 2017 Yellow Belt Training program. Some highlighted initiatives include:

- **Maintenance of Pre-Authorized Tax Payments:** Increase the frequency in which pre-authorized tax payment applications are processed to reduce batching, along with the speed in which applications are processed
- **Fire Notice to Business Owner Complaint Process:** Manage notice to building owner complaints from multiple sources that arrive into Mississauga Fire Prevention Section into a single manageable tracking and information system
- **T&W Fleet Parts & Supplies Inventory:** Reduce ad-hoc deliveries, and technicians leaving work stations to pick up parts by having a critical part inventory at the T&W Fleet's satellite facilities.

The list of underway RIE projects is outlined in Appendix 2, and the majority of these initiatives will be complete by the end of 2017. Fifteen additional Rapid Improvements will be initiated following the second cohort of Yellow Belt training taking place in September 2017.

Small Improvements

Small improvements are an improved process step or an improvement to an employee's work environment within their span of control using Lean tools and concepts. Small Improvements are "Just-do-it" items that are completed and then reported to the Lean Office. To date, 390 small improvements have been submitted by staff City-wide. Some examples of small improvements include:

- **HR Shared Services Knowledge Base:** Development of a knowledge base has provided quick and easy access to common and complex HR related inquiries and SAP transactions for HR Assistants.
- **Transit Lead Hand Shift Offering:** Send one text message to the part time group instead of calling them individually for available shifts, improving time dedicated to priority work and service disruptions.
- **Templates for Planning Official City Events:** Developed templates to provide staff with standardized documents to be used in the planning and execution of official City events, reducing staff time needed to create documents that are used frequently.
- **Fitness Class Customer Entry:** Fitness Members attending group exercise classes to receive a wristband and to be "buzzed" into the Fitness Centre versus leaving their membership card. This allowed fitness class participants to leave after their class without having to visit CS to pick up their membership card.

Lean Embedding Program

While process improvement projects and rapid improvement events are designed to deliver breakthrough improvements in an individual business process, the Lean Embedding Program looks to strengthen a culture of continuous and incremental improvement within each Division.

Rather than simply applying the tools to problem solve, Lean Embedding looks to transform the mindset of staff to see work in a different way.

The Lean Embedding Program has six components:

1. **Identify Core Processes:** Understand the ways we deliver value to customers, having clear targets set, understanding the status of every process and striving for perfection;
2. **Train and Develop Staff:** Deliver introductory White Belt Training to all staff where feasible, and identify positions and candidates who would benefit from more advanced Lean Training (e.g. Yellow and Green Belt Training)
3. **Identify Breakthrough Improvements:** Once processes are understood, review gaps in services and address them through Lean tools and concepts
4. **Communicate and Reach Out:** Determine effective ways for information to be shared across the Division (e.g. status of improvement projects, new ideas to be addressed, showcasing success)
5. **Implement Daily Management Principles:** Introduce tools to facilitate improvement in the workplace in every Division, including standard work, visual controls and accountability structures
6. **Measure and Report Successes:** Measure the success of Lean engagements within a Division, leaders report successes and issues out of their control to be addressed

Strengthening the culture of continuous improvement is a long term proposition, and changing the existing work habits of staff does take time and commitment from all levels of staff. Each Lean Embedding engagement intends to accomplish the following:

- All staff in a Division are White Belt Trained
- Core processes are identified and understood
- Divisional work plans contain projects and rapid Improvements
- A plan is in place and implemented to communicate improvements and showcase success from front line staff to the Departmental Leadership Teams.
- There is evidence of daily management principles being applied
- Small improvements are flowing into the Lean Office with a target goal rate of one per employee per year.

Several Service Areas across the City have already undertaken initial Lean Embedding engagements. The Lean Office is currently performing engagements in all Corporate Services Divisions for the duration of 2017. The benefits of Lean Embedding are both quantitative and qualitative in nature, and outlined below:

Quantitative Benefits	Qualitative Benefits
<ul style="list-style-type: none"> • Number of projects identified in work plan • Number of process steps removed • Number of Small Improvements • Hours of freed capacity • Cost savings 	<ul style="list-style-type: none"> • Regular discussions at all levels on continuous improvement • Progress updates on action plans derived from Lean events and projects • Increased customer first thinking

Quantitative Benefits	Qualitative Benefits
<ul style="list-style-type: none"> Cost avoidance 	<ul style="list-style-type: none"> Increased use of data to drive decision making Use of Lean tools in the workplace

Networking and Outreach

The City's Lean Program has been recognized across Canada as a leader in the delivery of municipal Lean transformation. Since the fall of 2016, Staff from the Lean Program Office has spoken at the Canadian Lean Summit, Public Sector Project Management Forum, Lean in the Public Sector Conference, and the Canadian Association of Municipal Administrators Conference. In May 2017, the Lean Program also hosted a trade delegation from Ireland including Sean Canney TD, Minister of State for Public Works and H.E. Jim Kelly, Ireland's Ambassador to Canada. The Lean Program Office has also received several requests from other Municipalities, Regions and the Provincial Government to learn from the practises implemented at the City.

The Lean Program Office has also introduced several ways to reach out to staff. Six Lunch and Learns will be delivered per year to give staff the opportunity to learn more about specific Lean concepts and instilling a Lean culture in the workplace. The Lean website provides all staff with the opportunity to see the results of all initiatives, the program's benefits to date, tools, examples and how to get involved in the program. A Lean Advisory Committee is in the process of being established to better reach out to staff to identify ways of better influencing the culture of staff across the Corporation.

A new Lean Program video is also currently in development and scheduled to be released this fall. The video will highlight some of the successes of the program to date and identify how the program delivers on its goal of strengthening the City's culture of continuous improvement.

Money Belt Program

An important objective of any continuous improvement program is the ability to validate the benefits of the outputs of any program objectively. As the Lean Program gains momentum throughout the City, more financial and non-financial benefits will be realized and reported out. Without a consistent methodology to report out, calculations would be inconsistent and the quality of information used to support decision-making may not be accurate.

To ensure that the benefits from Lean improvements are consistently and accurately reported, the Lean Program Office and Finance have developed the Lean Money Belt Program to develop the following:

- Standard guidelines to increase the consistency in calculating benefits and savings across Departments, and from different types of Lean Improvements;
- A process to review Lean benefits;
- Validated benefits for all reported Lean improvements across the City.

The outcomes completed for the program include:

- A benefits calculation manual developed with contributions from all Departments
- Standard templates have been developed for Financial Analysts to verify Lean Improvements based on the size of the initiative;
- Financial Analysts have been trained on the verification process;
- Verification of completed Lean Projects and Small Improvements is underway, and these are expected to be verified by the end of the summer.
- A service level has been established for Finance Staff to validate benefits.

Financial Impact

The Lean Program provides a wide range of benefits beyond traditional cost savings and freed up capacity. Improvements also include enhancements to customer experience, improved quality, safety for both clients and staff performing the work and environmental benefits. Since the inception of the Lean program, the cumulative cost savings and cost avoidance benefits realized is \$3.8 million.

Conclusion

The Lean Program's momentum has grown significantly since the development of a permanent program in 2016. Twenty five (25) projects and 390 small improvements have been implemented, and 50 additional initiatives are underway across the City. The program has identified several ways of influencing staff culture and behaviours and is strengthening the City's culture of continuous improvement.

Attachments

Appendix 1: Summary of Completed Lean Process Improvements

Appendix 2: Summary of Underway Lean Process Improvements



Gary Kent, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Wes Anderson, Manager, Lean Program

Summary of Completed Lean Process Improvements

Project Title	Benefits
Community Services	
Parks Waste Management	<ul style="list-style-type: none"> • 12% increase in pickup frequency • 25% reduction in Service Requests • \$138,000 in annual cost savings
Parks and Forestry Operations Customer Service	<ul style="list-style-type: none"> • 81% reduction in payroll processing time • 59% reduction in Council inquiry response time • 21% reduction in payment processing time
MCS Waste Management	<ul style="list-style-type: none"> • 17% increase in waste diversion, 39% decrease in waste generation, • 93% decrease in contamination
Fire Plans Review	<ul style="list-style-type: none"> • Lead time reduced from 27 to 24 days • Resubmission reduced from 14 (max) to 4 (max)
Summer Camp Hiring	<ul style="list-style-type: none"> • Reduced job postings, from 11 to 5 • Hiring lead time reduced by 31 days
Library Materials Supply Chain	<ul style="list-style-type: none"> • 92% reduction in lead time • 93% reduction in backlog (55,000 to 3,700) • 630 sq. ft. of space, 70 library carts freed up
Library Holds Service Delivery Chain	<ul style="list-style-type: none"> • Reduced number of books (from 57% to 38%) will be going to Central Library for sorting • Reduced number of bins to be sorted • 24% reduction in lead time
Parks General Maintenance Work Orders	<ul style="list-style-type: none"> • Work order completion time reduced by 30% • Work order re-work reduced by 70% • Total cost savings and cost avoidance of \$6,600
Corporate Services	
Facilities Access Process	<ul style="list-style-type: none"> • Reduced number of days in process from 7 to 3 days
Vacancy Tax Rebate	<ul style="list-style-type: none"> • One-time savings of \$192,000 • Quality of Intake application package improved • # of staff touching the file reduced from 8 to 4
Graffiti Reporting & Removal	<ul style="list-style-type: none"> • Track service levels • Graffiti complaints now going directly to appropriate business unit • Streamlined complete process
Facilities Maintenance Service Requests	<ul style="list-style-type: none"> • 25% reduction in lead time from 16 to 12 days (80th percentile numbers) • Backlog reduced by 70% • Reduced transportation
Provincial Offences Early Resolution Scheduling	<ul style="list-style-type: none"> • 67% reduction in lead time • 50% reduction in touch time
Long Service Awards	<ul style="list-style-type: none"> • No need to deliver gifts to Fire Stations across Mississauga • Less noise and distraction due to gifts being distributed at registration • A wider variety of gifts are now offered to increase employee satisfaction

Summary of Completed Lean Process Improvements

Project Title	Benefits
Accounts Payable	<ul style="list-style-type: none"> • 25% reduction in overall lead time • 30% freed capacity for Contract Coordinator's touch time • 30% freed capacity for Admin Assistant's touch time • 75% freed capacity for Manager's touch time
News Releases	<ul style="list-style-type: none"> • 100% reduced motion • 29% reduction in lead time • 25% increase in first pass yield
Deposit of Reserve Fund Cheques	<ul style="list-style-type: none"> • 50% reduction in Lead Time • 204 hours of freed capacity • \$10,900 in cost avoidance
Motor Vehicle Accident Invoicing	<ul style="list-style-type: none"> • Improved process clarity for invoices related to motor vehicle accidents • Staff will now have access to a Ministry of Transportation web portal to access information faster
Records Microfilming (Building Permits)	<ul style="list-style-type: none"> • 50% reduction in lead time • 480 hours of freed capacity • 50% reduction in file/roll labels
Planning & Building	
Infill Site Plan Approval	<ul style="list-style-type: none"> • Lead time reduced by 25% • 1st submission time reduced from 39 to 32 days • Resubmissions reduced from 4 to 3
Transportation & Works	
Compliance & Licensing Complaint Resolution	<ul style="list-style-type: none"> • Lead time reduced by 40% on top five Complaints • Number of site visits reduced
School Parking Enforcement	<ul style="list-style-type: none"> • 20% cycle-time reduction in covering 200+ schools
City Roadway Repairs (Payment Certificate)	<ul style="list-style-type: none"> • Construction lead time reduced by 54% • Payment processing lead time reduced by 60% • Recovery lead time reduced by 63%
Transit Collision Review	<ul style="list-style-type: none"> • Lead time reduced by 37% from 35 to 22 days
Transit Return to Work	<ul style="list-style-type: none"> • Quality of data increased by 72% • 80% reduction in cycle time • Error proofing has increased Transit Operators satisfaction

Summary of Lean Process Improvements In Progress

Initiative	Objectives
City Manager's Office	
Economic Development Client Interaction Methodology	Reduce the lead time of MBEC's client intake process in order to deliver the most effective level of service, along with improving the quality of client interaction information that is captured and tracked to accurately report on client interaction and economic impact
Community Services	
Forestry Infill Tree Planting	Improve the infill/replacement tree planting process, from when a tree is removed to when the infill/replacement tree planted by a contractor is accepted by City staff.
Fire Equipment and Stores Ordering and Delivery	Improve the process and workflow of ordering and delivering fire station inventory and personal protective equipment.
Recreation Satellite Facility Access	Decrease the total time taken for Recreation staff to receive access to satellite facilities.
Mississauga Celebration Square Event Services	Streamline the Mississauga Celebration Square event approval, permitting and planning process to increase customer satisfaction and reduce non value-added work and process steps.
Recreation Sports Field Allocation Process	Decrease the overall time taken to allocate indoor and outdoor sports facilities to affiliated and non-affiliated user groups.
Parks Seasonal Hiring Process	Reduce the amount of staff time required to onboard Parks Long Term Temps and Summer Students
Recreation Facility Bookings	Reduce the time taken to process a facility rental and reduce the number of touch points with the customer from the point they request a rental until the event has taken place and all outstanding payments have been received.
Fire Fleet MTO Inspections	Reduce the turnaround time required to perform annual MTO inspections for the Fire Fleet, maintain emergency vehicle fleet to full capability and reduce the number of demand repairs and mechanical failures.
Meadowvale Theatre	Identify the current state for Meadowvale theatre's business processes, improve clarity on roles and responsibilities and maximize value added

Summary of Lean Process Improvements In Progress

Initiative	Objectives
	time for work being performed in the theatre.
Arena Facility Lock and Key Program	Review the process for accessing arena dressing room for ice rentals (particularly the management of Locks and keys) to improve customer's satisfaction and reduce time spent by staff
Special Events Process	Standardize parks special event support process (e.g. deliveries, set up) and clarify Parks' roles and responsibilities to improve customer satisfaction and reduce staff effort.
Fire Notice to Business Owner Complaint Process	Manage notice to building owner complaints that arrive into Mississauga Fire Prevention Section into a single manageable tracking and information system
Parks Memorial Tree and Bench Program	Reduce the overall lead time and staff effort required for the ordering, delivery and installation of memorial trees, plaques and benches.
Corporate Services	
IT User Provisioning Process	Clarify roles and responsibilities, reduce backlog and implement a more user-friendly and efficient solution for staff to request network access, software and hardware.
Loading Dock Integration	Review Civic Centre loading dock processes, including facility layout to improve both quality and efficiency following transfer of responsibilities to Printing and Mail.
Facilities Reliability Maintenance	Improve the reliability of Facilities Maintenance equipment to reduce demand maintenance requirements and maximize the life of facility components.
Finance Capital WIPS Process	To streamline the Work in Progress (WIP) process by centralising key processes, better access to information, more collaboration, better reporting and version control.
Tax Information Inquiry Handling	Improve the processing of tax inquiries received by e-mail to reduce touch points, cycle time and lead time, along with tracking the status of inquiries as they come in.
Security Systems Deployment	To reduce the amount of time and inefficiencies in evaluating, processing and approving security systems requests, to effectively

Summary of Lean Process Improvements In Progress

Initiative	Objectives
	manage security risks in City facilities.
IT Storefront	Enhance inventory controls for IT hardware, establish service levels for hardware delivery and establishing consistent processes for the distribution of peripherals.
Custodial Shift Scheduling	To reduce the number of incidents per week where only essential tasks are being done, reduce demand service requests and standardize work within Civic Centre, Central Library and the Living Arts Centre.
IT Helpdesk	Identify opportunities to reduce the number of IT HelpDesk calls received on an annual basis (currently over 35,000) and decrease the time taken to resolve support calls.
Revenue Counter Services	Improve customer service and reduce duplicated efforts between customer service counters for Revenue & Taxation and Cashiers.
Print Requests	Increase the usage of electronic print requests, and expedite the time from print request to the point where the request is ready for production
Recording of Development Charge Revenues	Reduce the opportunities for errors and the number of entries required to process development charges deposits into the general ledger and payments to the Region of Peel and school boards.
Council Inquiry Tracking	Develop a consistent tracking source and reduce the amount of staff time required to track the status of inquiries from the Mayor and members of Council.
Court Interpreter Scheduling and Invoicing	Increase the number of cases per booking for court interpreters, eliminate opportunities for double bookings and expedite the payment process for interpreters.
Custodial Inventory and Equipment Storage	Improve the inventory system for custodial staff to reduce the time spent searching for materials and supplies used daily, and ensuring that the right tools and materials are available at the right time, at the right place, in the right quantity.
Maintenance of Pre-Authorized Tax Payments	Increase the frequency in which pre-authorized tax payment applications are processed to reduce batching, along with the speed in

Summary of Lean Process Improvements In Progress

Initiative	Objectives
	which applications are processed
Processing of WSIB Forms	Reduce late reporting, which will result in receiving timely approvals from WSIB and reduce the time WSIB takes to adjudicate a claim and generate a claim number.
Finance Capital Budget	Reduce the time taken on revisions and re-work in the development of the ten year capital budget, improving the accuracy of information, elimination errors and providing more timely, quality feedback to Service Areas.
Termination of Employment Process	Improve the lead time and review the steps required to process a termination request.
Tangible Capital Asset Update	Reduce staff effort and rework in gathering year-end status updates on the City's tangible capital assets.
Planning & Building	
Development Application Fees and Securities Collection	Improve the customer experience by streamlining the development application payment collection process.
Pre-Application Consultation Process	Reduce the lead time, effort required and identify the correct amount of information to provide developers as part of the Pre-Application consultation process.
Committee of Adjustment Commenting	Reduce the effort required to deliver Committee of Adjustment comments for staff to better manage unscheduled demands.
MPAC Request for Records	Improve the speed to provide MPAC with drawings and other required records.
Transportation & Works	
Parking Enforcement Staffing Schedule	To achieve a more efficient and equitable scheduling process for Part Time Parking Enforcement Officers.
Customer Inquiries for Municipal Parking	Minimize the staff time required to process parking customer inquiries and reduce redirected inquiries.
Work Requests for Works and	Improve and standardize the work request intake process to reduce

Summary of Lean Process Improvements In Progress

Initiative	Objectives
Technical Services	non-value added time for Works Operations staff.
MSPD Securities Inspections and Deposits	Clarify roles and responsibilities and reduce the hours required to administer development related deposit and inspections.
Uniform Life Cycle Management	Streamline the uniform ordering process and ensure timely uniform provisioning for Enforcement staff.
Animal Services APS	Reduce staff time dedicated to pet license renewals and addressing complaints for tickets received.
Roadway Asset Management	Reduce the errors in entering and updating road segment information in the City's roadway asset management software.
Works and Technical Services Mobile Technology	Identify opportunities to reduce the lead time for Works Supervisors, Maintenance Contracts and sidewalk inspections along with reducing the staff time required to issue work orders to front line Works Operations staff.
Traffic Recoverable Work Orders	Improve the processing of work orders and chargebacks performed for clients outside of Traffic Services (e.g. Community Services).
Charity Gaming Customer Inquiry Process	Improve applicant understanding of submission requirements for both the eligibility and raffle application process. Design a tracking process to monitor the approval and licensing processes and reduce the lead time on both processes.
Transit Escalated Service Request Protocol	Reduce the number of escalated service requests being issued to the Transit Director, and improve the percentage of service requests responded to within 10 days.
Fleet Parts & Supplies Inventory	Reduce ad-hoc deliveries, and technicians leaving work stations to pick up parts by having a critical part inventory at fleet satellite facilities.

City of Mississauga

Corporate Report



Date: 2017/06/07

To: Chair and Members of Budget Committee

From: Gary Kent, Commissioner of Corporate Services and
Chief Financial Officer

Originator's files:

Meeting date:
2017/06/28

Subject

Hotel Tax

Recommendation

1. That the report titled "Hotel Tax" dated June 7, 2017 from the Commissioner, Corporate Services and Chief Financial Officer be received.
2. That Council authorize staff to begin the process of investigating and implementing a hotel tax, and come back with recommendations as to the appropriate rate and an implementation plan.

Background

Bill 127, Stronger, Healthier Ontario Act (Budget Measures) 2017, provided single and lower-tier municipalities the power to impose a Transient Accommodations Tax (Hotel Tax).

In Mississauga and Toronto, a voluntary three per cent Destination Marketing Fee (DMF) exists which is collected by hotels and amounts to approximately \$20-30 million annually. The revenue is used by Tourism Toronto to fund its global sales force, which provides direct sales efforts to bring large conferences and citywide events to the Toronto market. Mississauga destinations are included as part of the 'sales and marketing' of Toronto as a destination, e.g., Square One, Waterfront Trail, Port Credit, Hershey Centre.

Participation in the DMF by Mississauga hotels is limited (ranging from 2-5 properties each year); the consensus is that the Tourism Toronto sales efforts do not generate enough return directly to Mississauga hotels to justify participating in the program. The DMF funds are only used to benefit hotels which participate in the program; therefore the City faces challenges obtaining funding support from Tourism Toronto for certain initiatives. A hotel tax would create a 'level playing field' and address this particular issue for Mississauga. It would provide a dedicated stream of revenue to support culture and tourism and provide funding for the delivery of City services.

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Tourism Toronto separately receives funding from the provincial Ministry of Tourism, Culture and Sport in the amount of approximately \$10 million annually, as the Regional Tourism Organization for Toronto, Mississauga and Brampton. These funds are directed towards initiatives such as visitor guides, regional promotions, funding tourism plans and staff at the municipal level. The province confirmed that this structure and funding would not change with the introduction of the hotel tax.

Comments

All municipalities that adopt the hotel tax and have an existing DMF program in place would be required to share the revenue with the appropriate not-for-profit tourism organization in an amount that matches the total revenue generated by the existing DMF program. Where such a program does not exist for a municipality, at least 50 per cent of the revenue would be shared with the respective Regional Tourism Organization or a not-for-profit tourism organization. The purpose of these restrictions is to ensure the hotel tax provides benefit to the hotels and the tourism industry, or at least maintains the existing level of support.

Legislation states that the municipality must determine the conditions and limits of the hotel tax and the manner in which the tax is to be collected. The Province is expected to provide regulations related to this tax in the near future.

There are many considerations and decisions to be made in order to implement this tax including tax rate to be imposed, administration process, how sharing and funding will work given our connection to Tourism Toronto, identification of hotels, process with Airbnb, resourcing requirements to administer the program and alignment with Toronto's program and processes given our proximity to Toronto and its hotels.

More work is required in order to create a comprehensive program and implementation plan. It is expected that implementation would take nine to 12 months once all information is provided by the Province.

Financial Impact

It is estimated that there are approximately 10,000 hotel rooms in Mississauga. At the provincial occupancy rate of 64 per cent and average daily rate of \$140, a three per cent hotel tax would generate approximately \$9.8 million annually or a five per cent tax would generate approximately \$16 million annually. This is a very rough estimate. More research is required to refine the projected revenue and confirm exact hotel room numbers, rates and occupancy. The revenue would be shared with Tourism Toronto in an amount that matches the total revenue generated by the existing DMF program.

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Conclusion

It is difficult to determine at this time when a hotel tax could be implemented and what impact it would have on the 2018 budget. Municipalities are awaiting further information from the Province to be able to fully determine the impact and develop a program. It is expected that nine to 12 months would be required once the necessary regulations are issued by the Province.



Gary Kent, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Cathy Onorato, Manager, Revenue and Taxation