

# MIRANET Deputation

## **2012 OPERATING & CAPITAL BUDGETS** CITY OF MISSISSAUGA

Presented to the  
**Council Budget Committee**  
January 25, 2012



Mississauga Residents' Associations Network

[www.miranet.ca](http://www.miranet.ca)

## **INTRODUCTION**

1. PROPOSED 2012 TAX INCREASE
2. THE BUDGET PROCESS
3. WHY DEBT NOW?
4. THE L.E.D. PROJECT
5. STAFFING COSTS & SALARIES
6. MISSISSAUGA TRANSIT
7. CONSULTANTS' COSTS
8. ADDITIONAL MUNICIPAL REVENUE

## **SUMMARY OF RECOMMENDATIONS**



## 1. PROPOSED 2012 TAX INCREASE

Proposed Formula for Tax Increase = CPI% + 1.0% infrastructure levy +  
0.5% for new items

Maximum City Tax Increase = 1.4% + 1.0% + 0.5% = 2.9%

2012 City tax Increase = **7.4%**

Without uploading of \$14.2 M, Region increase = 3.0% and  
combined property tax would be 3.6% instead of 2.8%

2013 Projected City Tax Increase = **9.7%**

→ City needs to get spending under control now



## **2. THE BUDGET PROCESS**

Department budgets are based upon the previous year

Department budgets are incremental and inevitably increase previous years budget

Legislative Services only division to show overall cost reduction

Only \$168,00 removed from 2012 budget – one staff position

Corporation with assets of \$7.0 B assets and operating costs of \$617 M

Review of some departments was cursory

**→ Spend more time on budget review**

**→ Use zero based method for 2013 so all program costs are justified**



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### 3. WHY DEBT NOW?

Announced to the press in November before the 2012 Capital Budget approved

Why debt financing with \$132 M in Capital Reserve?

Infrastructure levy	= \$27.5 M
Capital Reserve withdrawal	= <u>\$56.9 M</u>
<b>Tax supported funding</b>	<b>= \$84.4 M</b>
Capital Reserve balance	= \$132.0 M - \$56.9 M
	= \$75.1 M

Additional withdrawal of \$21.0 M avoids debt in 2012

Further debt borrowing of \$80.0 M in 2013

Debt need not be detrimental to City

→ **All additions to the ten-year Capital Budget should receive the explicit approval of Budget Committee**



#### **4. THE L.E.D. PROJECT**

Capital costs \$35 M over 2 years. Payback 8-9 years

Enersource 5 year **Street lighting Services Agreement**  
*effective* January 1, 2009

Sole sourced contrary to the City's procurement policy

Enersource sub-contracted without identifying the sub-contractor,  
work performed or cost

T&W unable to get further information

Three Council members sit on Board of Directors

→ **RFP needed for LED project**

→ **Enersource should be transparent and accountable for spending taxpayer's money**



## 5. STAFFING COSTS & SALARIES

2010 City of Mississauga Sunshine List

<http://www.fin.gov.on.ca/en/publications/salarydisclosure/2011/munic11a.html>

20 Director's salaries	\$148,842 - \$176,515
12 transit operators	\$100,000 - \$115,374
109 Fire Captains	\$102,351 - \$113,860
13 District Fire Chiefs	\$111,235 - \$130,880

**376** staff earned more than \$100,000 – over 10% of FT staff

2011: non-unionized staff received a 2% increase

*(Merit increases were cancelled)*

2012: non-unionized staff projected to receive a 2% increase

Q3 2011 unemployment rate in Peel 8.4%, nationally 7.6%

→ **Freeze salaries in 2012**



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## 6. MISSISSAUGA TRANSIT

Operating Costs increasing faster than revenue

Farebox revenue to costs ratio in September reported as 0.46

MIRANET recommended underperforming routes be evaluated and cancelled if necessary

Express bus service justifies a premium fare

Too many routes with too few passengers

**→ Need more resources on arterial routes passing through high-density areas to serve destinations for work, shopping, entertainment**



## **7. CONSULTANTS' FEES**

\$6.0M or 1% of the gross operating budget not excessive

MIRANET is concerned that not all current consulting costs have been identified – ongoing BRT

How will City pay for LRT environmental assessment and further post 2014 route alignment study of \$7.3 M if project not funded?

High priority on Metrolinx funding schedule

Change of government might result in more restrictive capital subsidies

**→ City should be prudent and seek further assurances before spending more money after EA for LRT complete**



## 8. ADDITIONAL POWERS OF MUNICIPAL TAXATION

Mayor requested MIRANET to consider additional powers of taxation / revenue

MIRANET reviewed the following possibilities:

- land transfer tax
- municipal income tax
- motor vehicle registration tax
- municipal sales tax (*requires provincial mandate*)
- bicycle registration fee
- further user fees

**MIRANET Conclusion:** The City must reduce costs before any additional sources of tax revenue are explored

→ **City should establish a Budget Review Panel**



## **SUMMARY OF RECOMMENDATIONS**

1. City spending should be brought under control
2. Staff should use a zero based budget process for 2013
3. Schedule department budget reviews over several days
4. The LED street lighting project requires an RFP
5. Enersource to be more accountable and transparent
6. All additions to the ten-year Capital Budget should receive the explicit approval of Budget Committee
7. Staff salaries should be frozen for 2012, but maintain merit increase for eligible staff
8. Mississauga Transit – reduce feeder routes; concentrate on arterial routes
9. Seek assurances concerning the LRT before spending more money once the EA is completed; seek to minimize the City's exposure
10. Establish a Budget Review Panel of informed stakeholders

