

Report to MIRANET Steering Committee - Meeting with Mississauga's Director of Finance, February 17, 2010

A meeting was held with Ms. Patti Elliott-Spencer, Mississauga's Director of Finance, to discuss the recommendations included in our MIRANET presentation to Budget Committee on January 13, 2010.

Staff is currently working on a four-year business plan encompassing the term of office of the next Council. This business plan will serve as the basis for the 2011 Operating and Capital Budgets. The first meeting of the Budget Committee to consider the 2011 Budget will be held in May. We requested that two copies of the agenda and supporting staff reports be available for MIRANET's representatives attending all future Budget Committee meetings.

In response to MIRANET's recommendation that the City's productivity program become a departmental responsibility, we were told that the City has an Efficiency, Economy & Effectiveness (E3) program in place. Reviews of divisions are undertaken by the Management Consulting group within the City Manager's office to identify process improvements. In 2009 the "My Idea" program was undertaken to encourage staff to identify innovative cost saving measures. Departments are also asked to identify cost reduction or improvement projects as part of the Business Planning process, which are subsequently reviewed by the Leadership Team (City Manager and Department Commissioner's) for possible presentation to Budget Committee.

The need for a long-term tax increase target was discussed. Ms. Elliott-Spencer noted that it is very challenging to achieve tax increases at the level of inflation as measured by the CPI, due to the municipal cost structure. Municipal inflationary impacts are higher than the general rate of inflation due to the large wage and salary component of the Operating Budget (69 percent) and the escalating cost of construction projects and raw materials. In terms of a variance analysis, she explained that the Leadership Team receives a quarterly comparison of actual to budget and a revised forecast for the balance of the year.

On the subject of the need for Additional Sources of Funding, we agreed that there is a role that MIRANET could play by advocating with local MP's and MPP's for new ways of raising revenues in addition to the existing property tax. This issue is regularly discussed at the Association of Municipalities of Ontario (AMO) and the Federation of Canadian Municipalities (FCM), but so far has not led to any new municipal funding options. Uploading of social programs back to the provincial government will assist all municipalities.

Ms. Elliott-Spencer showed some projections of the infrastructure spending needs through 2019 and the funds that would be raised by adding a 1% cumulatively to the tax bill each year. The projections indicated that the annual tax levy would increase by approximately \$50 million by the end of the period, through small incremental 1% increases, against a need to annually spend approximately \$100 million on infrastructure

replacement. The City's long term capital forecast indicates the difference would be financed through debt.

We noted that MIRANET has formed a committee to monitor the City's Strategic Plan and intend to follow the progress closely.

With regards to MIRANET's proposed advisory committee to encourage more stakeholders to discuss the budget process and provide input, Ms. Elliot-Spencer agreed to discuss the idea with Commissioner Breault and the City Manager, and provide feedback. We concurred that MIRANET could assist promote the idea, providing that it was clearly a City initiative to organize and organize the committee.

Although the City will be paying the harmonized sales tax on consultant fees and other services, it will be eligible to recover 78 percent of this amount. It currently recovers 100 percent of the GST tax.

Chris Mackie & Peter Walton
Municipal Finance Committee

27/02/2010