
Budget Committee

Date: June 27, 2022
Time: 9:30 AM
Location: Council Chambers, Civic Centre, 2nd Floor
300 City Centre Drive, Mississauga, Ontario, L5B 3C1
And Online Video Conference

Members

Mayor Bonnie Crombie	
Councillor Stephen Dasko	Ward 1
Councillor Pat Mullin	Ward 2
Councillor Chris Fonseca	Ward 3
Councillor John Kovac	Ward 4
Councillor Carolyn Parrish	Ward 5
Councillor Ron Starr	Ward 6 (Acting Mayor - CHAIR)
Councillor Dipika Damerla	Ward 7
Councillor Matt Mahoney	Ward 8
Councillor Pat Saito	Ward 9
Councillor Sue McFadden	Ward 10
Councillor George Carlson	Ward 11

Participate Virtually, Telephone OR In Person

Advance registration is required to participate and/or make a comment in the meeting. Questions and/or Presentation Materials must be provided in an advance of the meeting. Comments submitted will be considered as public information and entered into public record.

To register, please email dayna.obaseki@mississauga.ca and for Residents without access to the internet can register by calling Dayna Obaseki at 905-615-3200 ext. 5425 **no later than Thursday, June 23, 2022 before 4:00PM**. Directions on how to participate will be provided.

Contact

Dayna Obaseki, Legislative Coordinator, Legislative Services
905-615-3200 ext. 5425
Email dayna.obaseki@mississauga.ca

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<https://www.mississauga.ca/council/committees/budget-committee/>
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1. **CALL TO ORDER**

2. **INDIGENOUS LAND STATEMENT**

“We acknowledge the lands which constitute the present-day City of Mississauga as being part of the Treaty and Traditional Territory of the Mississaugas of the Credit First Nation, The Haudenosaunee Confederacy the Huron-Wendat and Wyandotte Nations. We recognize these peoples and their ancestors as peoples who inhabited these lands since time immemorial. The City of Mississauga is home to many global Indigenous Peoples.

As a municipality, the City of Mississauga is actively working towards reconciliation by confronting our past and our present, providing space for Indigenous peoples within their territory, to recognize and uphold their Treaty Rights and to support Indigenous Peoples. We formally recognize the Anishinaabe origins of our name and continue to make Mississauga a safe space for all Indigenous peoples.”

3. **APPROVAL OF AGENDA**

4. **DECLARATION OF CONFLICT OF INTEREST**

5. **PRESENTATIONS**

- 5.1. Shari Lichterman, Commissioner of Corporate Services and Chief Financial Officer to present the Government Finance Officers Association’s (GFOA) Distinguished Budget Presentation Award for the 2022-2025 Business Plan and 2022 Budget

6. **DEPUTATIONS**

- 6.1. Jeff Jackson, Director of Finance and Treasurer with respect to the 2022 Forecast and 2023 Preliminary Budget Overview

7. **PUBLIC QUESTION PERIOD - 15 Minute Limit**

Public Comments: Advance registration is required to participate and/or to make comments in the public meeting. Any member of the public interested in speaking to an item listed on the agenda must register by calling 905-615-3200 ext. 5425 or by emailing dayna.obaseki@mississauga.ca by **Thursday, June 23, 2022 before 4:00PM.**

Pursuant to Section 58 of the Council Procedure By-law 0044-2022, as amended:

Budget Committee may grant permission to a member of the public to ask a question of Budget Committee, with the following provisions:

1. Questions may be submitted to the Clerk at least 24 hours prior to the meeting;
2. A person is limited to two (2) questions and must pertain specific item on the current agenda and the speaker will state which item the question is related to;
3. The total speaking time shall be five (5) minutes maximum, per speaker, unless

extended by the Mayor or Chair; and

4. Any response not provided at the meeting will be provided in the format of a written response.

8. **CONSENT AGENDA**

9. **MATTERS TO BE CONSIDERED**

9.1. Ward Specific Projects - Status Report

9.2. New Finance Policies and Reserves and Reserve Funds By-law

10. **CLOSED SESSION - Nil.**

11. **ADJOURNMENT**

2023 Preliminary Operating Budget

Budget Committee
June 27, 2022

2022 Forecasted Deficit & Offset (\$M)

Details	Key Drivers	Total
T&W	Transit (\$23.3M); Roads (\$4.4M); Regulatory (\$4.9M)	(32.6)
CMS	Recreation (\$4.2M); Culture (\$1M)	(5.5)
CPS	General Government: POA (\$4M); Labour \$1.8M	(2.7)
P&B	Building Permit Revenue and General Fees & Service Charges	0.2
ND	GTAA PILTs Revenue Shortfall (\$21.0M) & Tax Assessment Appeals (\$4.6M)	(25.8)
Forecasted Deficit as of Q1		(66.4)

Funding Sources	Safe Restart Funding	Fiscal Stability Reserve	Provincial Gas Tax	
Proposed Offset	35.8	25.5	5.1	66.4

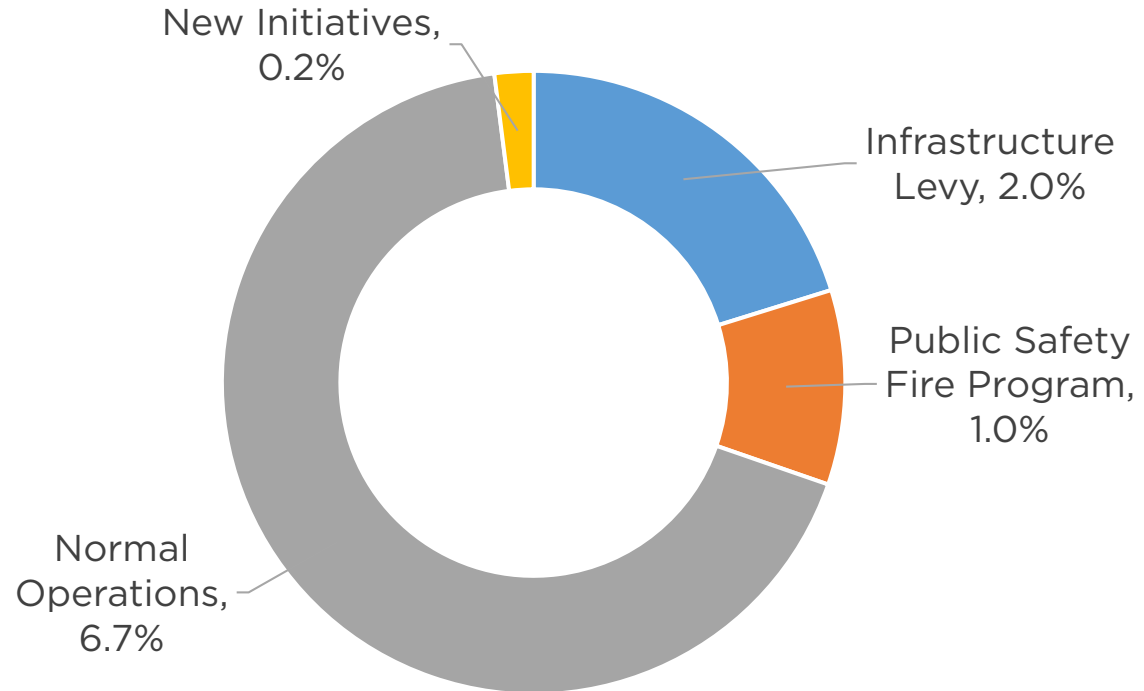
Key Drivers of the 2023 Budget

- Inflationary pressures (CPI 6.4%)
- Construction Index (11.6%)
- Interest rates
- Rising fuel costs
- Global supply chain issues
- Compensation
- Political environment

Breakdown of 2023 proposed budget

Forecasted
Operating
Budget
increase **9.9%**

Tax Impact
on City's
Portion **3.5%**



■ Infrastructure Levy ■ Public Safety Fire Program ■ Normal Operations ■ New Initiatives

4 Year Projection

6.1

	2023	2024	2025	2026
Budget Increase	9.9%	7.6%	6.3%	5.6%
Residential Tax Impact	3.5%	2.8%	2.3%	2.0%
Commercial Tax Impact	2.2%	1.7%	1.4%	1.2%

2023 Budget Education

- Focus on Education instead of Engagement
- New look and feel to budget and education campaign
- Budget allocator tool launches today



Budget Book Changes

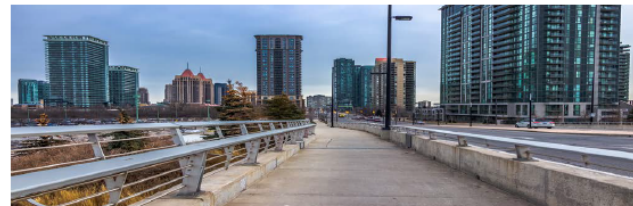
- Efforts to improve the overall experience for readers:
 - Landscape to portrait
 - Addition of pictures
 - High level tables only
 - Reduction of content

Savings Achieved	Pages	Section Headings	Paragraphs	Financial Tables
Old Plan	52	25	162	43
New Plan	11	12	14	11

Roads

Overview

The Roads Service Area plans, develops, constructs and maintains a multi-modal transportation system which efficiently and safely moves people and goods, respects the environment, supports the development of Mississauga as a 21st century city and serves the municipality's social, economic and physical needs.



Key Objectives 2023-2026

- Progressing toward Vision Zero by making capital and operating investments to implement the Transportation Master Plan and develop a Vision Zero Action Plan
- Continuing Transit Project Assessment Processes and Environmental Assessments for key transit projects - Dundas Bus Rapid Transit and Lakeshore Higher Order Transit
- Investing in major roads such as the Goreway Drive Grade Separation and Active Transportation facilities
- Continuing the Integrated Roads Infrastructure Program to improve the planning and delivery of projects on the City's arterial and collector roads
- Developing a robust, comprehensive and integrated asset management plan for all road-related infrastructure including addressing the ongoing pressures on our Roadway Rehabilitation Program
- Continuing investment in the streetlighting program

Budget Summary (\$000s)	2023	2024	2025	2026
Net Operating Budget	2,388	6,737	7,435	7,661
Net Capital Budget	81,762	82,742	100,534	78,606
FTEs	527.7	500.7	510.2	512.2

2023 Budget Timeline

November

- Fees & Charges to Budget Committee

December

- Budget books delivered to Budget Committee

January

- Budget deliberations begin:
 - Overview Presentation
 - Service Area Presentations

February

- 2023 Budget approved by Council

Wrap up

City of Mississauga

Corporate Report



9.1

Date: June 8, 2022

To: Chair and Members of Budget Committee

From: Shari Lichterman, CPA, CMA, Commissioner of
Corporate Services and Chief Financial Officer

Originator's files:

Meeting date:
June 27, 2022

Subject

Ward Specific Projects - Status Report

Recommendation

That the "Ward Specific Projects – Status Report" dated June 8, 2022 from the Commissioner of Corporate Services and Chief Financial Officer be received for information.

Background

On May 22, 2019 a motion was passed by Council to establish capital projects up to a total amount of \$2.0 million per ward, to be used at the discretion of each local councillor. These funds must be used within the current council term.

Comments

Appendix 1-1 identifies the new projects added. A status update of projects by ward is presented in Appendix 1-2. A status update of all projects requested to date is provided in Appendix 1-3.

Financial Impact

There are no financial impacts as a result of the recommendation in this report.

Any projects included in this report must be eligible for funding based on Canada Community-Benefit Fund eligibility requirements formerly known as Federal Gas Tax.

Conclusion


Ward-specific projects as identified by each Councillor have been established and are scheduled to be completed within the Council term. Each Councillor can allocate up to \$2 million in total for their projects. At the end of this Council term, any unused funds will be returned to general revenue. The ability to add projects subsequent to this report is limited by the construction season and timeline to tender for projects.

Attachments

Appendix 1-1 Requests for Establishment of New Ward-Specific Projects

Appendix 1-2 Established Ward-Specific Projects

Appendix 1-3 Status to Date Ward-Specific Projects



Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Luigi Vernace, CPA, CGA, Supervisor Budgets

Requests for Establishment of New Ward-Specific Projects

Appendix 1-1

Ward	Project Number	Project Name	Approved Net Cost (\$000)
Ward 1	B22199	Traffic Calming Program Ward 1	\$67.5
Ward 1	A22348	Ward Specific - Port Credit Memorial Park	\$357.3
Ward 2	A18182	Clarkson Village BIA	\$9.6
Ward 3	A21350	Fitness Equipment Cluster - Ward Specific	\$50.0
Ward 3	A22199	Traffic Calming Program Ward 3	\$195.0
Ward 6	A22359	Rotary Club Peace Pole Installation	\$5.0
Ward 8	A22358	Replacement Playground Thorncrest Park	\$170.2
Ward 8	B22358	Garthwood Park Playground Reconstruction and Expansion	\$220.0
Ward 11	22486	Heritage Building Plaques	\$40.0
Ward 11	B18182	Streetsville Sign	\$6.9
Total New Requests			\$1,121.4

Established Ward-Specific Projects**Appendix 1-2**

Ward	Project Number	Project Name	Approved Net Cost (\$000)
Ward 1	A16491	Small Arms Building Parking Lot construction	\$250.0
Ward 1	A20361	Water Bottle Filling Stations - Westacres Park (Pool Building)	\$30.0
Ward 1	A21349	2 Disc Golf Course Recreational Facilities	\$60.0
Ward 1	B21349	Various Chess Tables and Concrete Pads	\$90.0
Ward 1	C21349	Shawnmarr Park (P-159)	\$291.0
Ward 1	D21349	Outdoor Fitness Cluster - Port Credit SS	\$132.0
Ward 1	E21349	Dellwood Park (P-005)	\$197.0
Ward 1	F21349	Kenollie Park (P-197)	\$20.0
Ward 1	A21198	Traffic Signals-Lakeshore Rd West/Front St	\$180.0
Ward 1	G21349	Fred Halliday Memorial Park Adult Fitness	\$42.0
Ward 1	H21349	Lakefront Promenade Flagpole	\$85.0
Ward 1	F21349	Kenollie Park (P-197)	\$(20.0)
Ward 2	A20187	Pedestrian Crossover at Indian Road MUT crossing and the Truscott Road crossing	\$160.0
Ward 2	A21352	Sport Court Fencing Acoustic Barrier	\$136.0
Ward 2	B21352	Clarkson Park - Clarkson Lacrosse Box (P-073)	\$385.0
Ward 2	C21352	Meadow Wood Park (P-006)	\$320.0
Ward 2	D21352	Nine Creeks Trail - Sheridan Creek (P-171)	\$10.0
Ward 2	E21352	Thornlodge Park (P-051)	\$83.0
Ward 2	A21191	Birch Glen/Birchwood Creek path extn	\$84.0
Ward 2	B21569	Pedestrian Crossover Program - Ward #2	\$215.0
Ward 2	E21199	Traffic Calming Program Ward 2	\$497.0
Ward 3	A19183	Noise Wall - Rathburn Road E Behind (1543 - 1591) Bryce Road	\$429.3
Ward 3	B19183	Noise Wall - Rathburn Road E Behind (1662 - 1608) Anworld Court & Behind (1508 - 1528) Grazia Court	\$310.3
Ward 3	A19427	Burnhamthorpe CC Renovation & Addition	\$700.0
Ward 3	N20321	Hawkins Glen Playground Equipment	\$60.0
Ward 3	F20199	Traffic Calming on Flagship Drive	\$40.0
Ward 3	A21199	Speed Bumps on Golden Orchard Drive	\$65.0
Ward 3	A21360	Beechwood Park Improvements	\$121.0
Ward 4	A21361	Box soccer Bleachers	\$30.0
Ward 4	B21361	Artificial Turf - Bocce Courts	\$95.0
Ward 5	B19351	AVRO Arrow	\$1,000.0
Ward 5	C19312	Creative Ship Playground	\$250.0
Ward 5	C18351	Malton Sign	\$275.0
Ward 5	20489	Bicycle Rack Ward 5	\$50.0
Ward 5	A19425	Malton Community Hub (Ward 5)	\$400.0
Ward 5	A21355	Paul Coffey Playground Lighting	\$25.0
Ward 6	B19351	AVRO Arrow	\$100.0
Ward 6	A21359	Credit Pointe Village Park improvement (P-285)	\$426.0
Ward 6	B21359	Father Angelos Saad Park improvement (P-347)	\$115.0

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Ward 6	C21359	Riverwood Park Additions	\$190.0
Ward 6	D21359	Father Angelos Saad Fitness Cluster	\$67.0
Ward 6	E21359	Woodlands Sport Court Renovation	\$105.0
Ward 7	20346	Cooksville Sign Project	\$400.0
Ward 7	20347	Cooksville Community Garden	\$290.0
Ward 7	A21357	P-138 Avongate Park	\$10.0
Ward 7	B21357	P-157 Carriage Way	\$72.5
Ward 7	C21357	P-022 Floradale Park	\$92.0
Ward 7	D21357	P-028 Camilla Park	\$85.0
Ward 7	E21357	P-080 Gordon Lummis Park	\$60.0
Ward 7	F21357	P-103 Red Oaks Park	\$340.0
Ward 7	G21357	P-133 Iroquois Flats	\$42.0
Ward 7	H21357	P-293 Cooksville Common	\$20.0
Ward 7	I21357	P-416 Brickyard Park	\$337.0
Ward 7	J21357	P-290 Dr. Martin L. Dobkin Comm Park	\$90.0
Ward 8	A20358	Shade Structures	\$330.0
Ward 8	B20358	Fitness Stations	\$330.0
Ward 8	21427	Infrastructure Upgrades to Woodhurst Outdoor Rink	\$310.0
Ward 8	B21199	Speed Bumps on Council Ring Road	\$60.0
Ward 8	A21358	Woodhurst Heights Park	\$57.3
Ward 9	20499	Meadowvale Theatre Lighting	\$60.0
Ward 9	A20359	Multi-purpose Basketball/Pickleball - West Credit SS	\$100.0
Ward 9	20343	Park Bench/Solar Bench Program	\$168.0
Ward 9	20344	Water Bottle Filling Stations	\$60.0
Ward 9	20345	Erin Meadows Library redevelopment	\$500.0
Ward 9	A20214	Erin Mills Town Centre Bus Shelter	\$46.0
Ward 9	B20214	Meadowvale Town Centre Bus Shelter	\$46.0
Ward 9	B20359	Playground Swing Addition Promenade Meadows Park	\$16.0
Ward 9	B21198	Traffic Signals - Aquitaine/Montevideo	\$115.0
Ward 9	A21362	Lake Aquitaine Park	\$35.0
Ward 9	C21569	Pedestrian Crossover Program - Ward #9	\$100.0
Ward 9	B21404	Lake Aquitaine Playground	\$314.0
Ward 9	B21362	Gonzaga Basketball Pickleball Court	\$300.0
Ward 9	C21362	Meadowvale Theatre Umbrella Tables	\$80.0
Ward 9	B20359	Playground Swing Addition Promenade Meadows Park	\$(16.0)
Ward 10	A19352	Spray Pad - Lisgar Green Park (P-310)	\$544.0
Ward 10	B19352	Spray Pad - Jim Murray Community Park (P-477)	\$544.0
Ward 10	C19352	Washroom - Tobias Mason Park (P-385)	\$425.0
Ward 10	A19200	Speed Humps , Ward 10	\$50.0
Ward 10	A19189	Raised Pedestrian Crossover – at Osprey Boulevard, connecting Lisgar Meadowbrook Trail	\$60.0
Ward 10	B19189	Raised Pedestrian Crossover– at Churchill Meadows Boulevard, connecting pathway just north of Lacman Trail	\$60.0

9.1

Ward 10	E19352	Parking Lot - Forest Park (P-372)	\$92.0
Ward 10	D19352	Parking Lot - Cordingley (P-364)	\$96.0
Ward 10	A20199	Traffic Calming on Osprey Boulevard between Waxwing Drive and Prairie Circle	\$15.0
Ward 10	F21199	Traffic Calming Program Ward 10	\$112.5
Ward 11	19145	Public Parking/Fence	\$247.5
Ward 11	B19351	AVRO Arrow	\$100.0
Ward 11	19182	Banner Poles- Streetsville	\$15.0
Ward 11	A19353	Shelters/Shelter Benches	\$23.0
Ward 11	B19353	Entrance Garden/Sign	\$160.0
Ward 11	19785	Meadowvale Village Bell/Belfry	\$110.0
Ward 11	C19353	Comprehensive signage and way finding program for Streetsville Memorial	\$5.0
Ward 11	E19353	Streetsville Pollinator Garden Stairs	\$28.0
Ward 11	F19353	Additional Lighting - Old Ridge Park (P_391)	\$50.0
Ward 11	20429	VJCC Rubber Floor Replacement	\$100.0
Ward 11	A20353	Water Line Extension - Meadow Green	\$10.1
Ward 11	C20199	Traffic calming concept for Falconer Drive	\$60.0
Ward 11	D20199	Traffic Calming Concept Plan - Second Line West north of Old Derry Road	\$70.0
Ward 11	E20199	Second Line W sidewalk and intersection works	\$120.0
Ward 11	G20199	Traffic Calming on Sombrero Way	\$55.0
Ward 11	B20353	Shade Structure installation in P-359 Gooderham Park	\$55.2
Ward 11	C21199	Speed Bumps on Novo Star Drive	\$30.0
Ward 11	D21199	Speed Bumps on Gooderham Estate	\$40.0
Ward 11	A21182	Banner Poles-Main St Bridge	\$80.0
Ward 11	A21354	Second Line West Fitness Trail	\$200.0
Ward 11	A17178	Paving - Streetsville	\$13.0
Ward 11	B21354	Novo Star Park Playground Improvements	\$26.0
Ward 11	C21740	Streetsville Kinsmen Hall Rehabilitation	\$200.0
Ward 11	A17178	Paving - Streetsville	\$5.3
Ward 11	A22354	Streetsville Memorial Park Rink	\$150.0
Ward 11	E20199	Second Line W sidewalk and intersection works	\$(120.0)
Ward 11	21165	Sidewalks	\$120.0
Total Active Projects			\$16,901.9

Status to Date Ward-Specific Projects**Appendix 1-3**

Councillor	Ward	Funding allocation (\$000)	Approved Projects (\$000)	Unallocated Balance (\$000)
Stephen Dasko	Ward 1	\$2,000.0	\$1,781.8	\$218.2
Karen Ras / Pat Mullin	Ward 2	\$2,000.0	\$1,899.6	\$100.4
Chris Fonseca	Ward 3	\$2,000.0	\$1,970.6	\$29.4
John Kovac	Ward 4	\$2,000.0	\$125.0	\$1,875.0
Carolyn Parrish	Ward 5	\$2,000.0	\$2,000.0	\$0.0
Ron Starr	Ward 6	\$2,000.0	\$1,008.0	\$992.0
Dipika Damerla	Ward 7	\$2,000.0	\$1,838.5	\$161.5
Matt Mahoney	Ward 8	\$2,000.0	\$1,477.5	\$522.6
Pat Saito	Ward 9	\$2,000.0	\$1,924.0	\$76.0
Sue McFadden	Ward 10	\$2,000.0	\$1,998.5	\$1.5
George Carlson	Ward 11	\$2,000.0	\$2,000.0	\$0.0
	Total	\$22,000.0	\$18,023.4	\$3,976.6

Date: June 9, 2022

To: Chair and Members of Budget Committee

From: Shari Lichterman, CPA, CMA, Commissioner of
Corporate Services and Chief Financial Officer

Originator's files:

Meeting date:
June 27, 2022

Subject

New Finance Policies and Reserves and Reserve Funds By-law

Recommendation

1. That the Corporate Policies – Operating Budget Policy, Fees and Charges Framework Policy, Budgeted Position Control Policy, Capital Budget Policy, and Reserve and Reserve Fund Policy contained in appendices to the report dated June 9, 2022 from the Commissioner of the Corporate Services and Chief Financial Officer entitled “New Finance Policies and Reserves and Reserve Funds By-law” be approved.
2. That the Reserves and Reserve Funds By-law 0298-2000, as amended, be repealed and replaced with a new Reserves and Reserve Funds By-law.
3. That the Budget Control By-law 0262-1997 be repealed.
4. That all necessary by-laws be enacted.

Executive Summary

- Staff have prepared five new Finance policies:
 1. Operating Budget
 2. Fees and Charges Framework
 3. Budgeted Position Control
 4. Capital Budget
 5. Reserve and Reserve Fund Management
- The policies provide definitions, principles and guidance for financial functions, processes as well as outlines roles and responsibilities to assist City staff.
- The Treasurer be authorized to administer related guidelines and procedures.
- Staff have developed a new overarching Reserves and Reserve Funds By-law and the procedural details have been moved to the new Reserves and Reserve Funds Management Policy.

- Staff recommend that the Budget Control By-law 0262-1997 be repealed, as the details regarding Capital and Operating Budget processes are now outlined in new Capital Budget, Operating Budget and Position Control Policies. Legal Services has advised that a new by-law is not required.

Background

The annual budget and forecast is a document that allocates resources to City programs, establishes the funding required from various sources; particularly the property tax and provides spending authority to staff to undertake these programs. The budget and financial reporting framework has been determined by Council through by-law 0262-1997, the Budget Control By-law and by-law 0298-2000, the Reserves and Reserve Funds By-law. Staff have undertaken a review of the framework and determined that it can be strengthened through the adoption of five new comprehensive corporate policies, repealing the Budget Control By-law and updating the Reserve and Reserve Fund By-law.

Consultation Process

The five new Corporate Policies, being Operating Budget, Fees and Charges Framework, Budgeted Position Control, Capital Budget, and Reserve and Reserve Fund Management and the updated Reserves and Reserve Funds By-law reflect a rigorous and extensive review and consultation process. The review process included engagement with internal stakeholders and against benchmarking of other Ontario Municipalities and Regions, material published by the Government Finance Officers Association of the United States and Canada as well as legislative requirements as defined by the *Municipal Act, 2001, as amended*.

Comments

A budget and financial reporting framework is necessary to ensure that the budget is prepared according to legislation and Council direction. It establishes the procedures necessary to prepare the annual budget and forecast, delegates certain administrative decisions and ongoing spending authority to staff, determines the frequency of variance reporting (actual compared to budget) and year end results forecasting to Council and the public, provides guidance in establishing and maintaining a system of user fees and ensures that a mechanism controlling staff complement based upon delegated budget spending authority is in place.

Policies:

The key highlights proposed for each policy are summarized below:

1. Operating Budget
 - a. Finance shall present Operating Budget monitoring reports to Council at least twice a year, including forecasted variances.
 - b. Any spending over net budget must be approved by the respective Department Head.

- c. Any adjustment to Council approved Operating Budget for the active budget year must be approved by the respective Department Head and have no impact on the net budget.
- d. No expenditures shall be incurred until the budget for the current year has been approved by Council unless the following two conditions are satisfied:
 - o Budget for a similar item existed in the prior year's Operating Budget; and
 - o The expenditure does not exceed 50% of the amount budgeted for that item in the prior year's Operating Budget.

2. Fees and Charges Framework

- a. This policy applies to all City programs and services levying User Fees, excluding the Stormwater Program.
- b. Council approval is required before implementation or elimination of any User Fee and for subsidy, waiver and exemption programs.
- c. Department Heads are responsible for approval of the appropriate User Fee targets

3. Budgeted Position Control

- a. Permanent and Contract Positions are to be stated in terms of FTEs (Full Time Equivalent) only; pooled positions will only be tracked through budget.
- b. Council approval is required for increasing position count and budget; and position conversion from contract to permanent.
- c. Department Head approval is required for transfer of positions and change of position grade, subject to job evaluation where required.

4. Capital Budget

- a. Capital Budget Guidelines will be developed by Finance based on Leadership Team direction and priorities.
- b. Finance's recommendation will be to prioritize and fund SGR (State of Good Repair) Capital Projects while maintaining a targeted balanced split (approximately 70% SGR: 30% new initiatives). The split is endorsed annually by Leadership Team.
- c. Finance recommends which projects will be funded using debt.
- d. WIP (Work in Progress) reporting: Projects will be recommended for closing based on:
 - o No additional expenditures or commitments within two years of approval;
 - o Re-occurring capital projects (bucket budgets) to be closed within three years, provided there are no outstanding commitments;
 - o Capital Projects not remain open due to outstanding Statutory Holdbacks and Warranty Holdbacks, if it has been fully expensed for the full costs of the project. A corresponding liability will be established instead.

5. Reserve and Reserve Funds

- a. Council approval is required for creating, amending and closing Reserve and Reserve Funds.

- b. Reserve and Reserves Funds are permitted to carry negative balances, as authorized by the Treasurer and Treasurer will arrange to replenish the balance.
- c. Borrowing between Reserves and Reserve Funds is permitted to cover a deficit in a Reserve or Reserve Fund.
- d. Transfers to/from Reserve and Reserve Funds resulting from the year-end Operating Budget variance are authorized by the Treasurer.
- e. An Operating Budget surplus realized by the City at year-end will be utilized in the following order:
 - o To replenish unanticipated in-year Reserve and Reserve Fund draws;
 - o 50% of the remaining Operating Budget Surplus should be transferred to Capital Reserve Fund;
 - o 50% of the remaining Operating Budget Surplus will be used to proportionally supplement other Reserve and Reserve Funds with targets.

Financial Impact

There is no financial impact as a result of this report.

Conclusion

The new policies and updated bylaw play an important role in providing guidance to staff and ensuring compliance with legislation and Council direction over preparation of the annual budget and forecast and ongoing reporting to Council and the public.

Attachments

Appendix 1: Operating Budget Policy

Appendix 2: Fees and Charges Framework Policy

Appendix 3: Budgeted Position Control Policy

Appendix 4: Capital Budget Policy

Appendix 5: Reserve and Reserve Fund Management Policy



Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Ann Wong, Manager, Financial Strategies

Corporate Policy & Procedure



Draft Only – May 19, 2022

Policy Title: Operating Budget

Policy Number: [Policy No.]

Section: Finance and Accounting

Effective Date: [Effective Date]

Approved by:

Click here to enter text.

Subsection: Budgets

Last Review Date: [Last Review]

Owner Division/Contact:

**Finance Division, Corporate Services
Department**

Policy Statement

The Operating Budget fulfils statutory and discretionary requirements and is a primary tool in the financial management of the City and in the City's business planning and budgeting process.

Purpose

The purpose of this Policy is to outline the principles and framework that the City will utilize to develop, report and manage its Operating Budget.

Scope

This Policy applies to all staff responsible for Operating Budget management or spending decisions that impact City resources.

Legislative Authority

The City's Operating Budget policy is written in compliance with:

- The Municipal Act, 2001, related Ontario Regulations made under the Act, as amended and all other applicable legislation
- Public Sector Accounting Standards, and
- Corporate policies, procedures and City by-laws

Related Policies

- Debt Management
- Asset Management Policy
- Corporate Reports

Policy Number: [Last Review]

Effective Date: [Click here to enter text.](#)

Policy Title: Operating Budget

Last Review Date:

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Definitions

For the purposes of this policy:

“Budget Committee” means a standing committee of Council comprised of the Mayor and all Members of Council.

“City” means The Corporation of the City of Mississauga.

“City Manager” means the Chief Administrative Officer and head of the City Manager’s Department or the staff designated in writing as such to act in the absence of the City Manager.

“Council” means the Mayor and Members of Council for The Corporation of the City of Mississauga.

“Department” means the major operation groups within the City, namely the City Manager’s Office, Community Services, Corporate Services, Planning & Building and Transportation & Works.

“Department Head” means the employee heading any Department or the staff designated in writing to act in the absence of a Department Head.

“Director” means the employee heading any City Division or the staff designated in writing as such to act in the absence of a Director.

“In-year Budget Adjustment” (“IBA”) means any budget re-allocation subsequent to approval of the budget by Council or any new initiatives, including transfer of an amount initially recorded within one budget line item to a different budget line item.

“Leadership Team (LT)” means the team comprised of the City Manager and Department Heads.

“Net Budget” means total budgeted expenses, less total budgeted revenues and is the amount required to be raised through City taxes.

“Operating Budget” means the annual Council approved plan for expenditures, revenues, staffing levels and service levels for operations of the City from January 1st to December 31st of a given year.

“Service Area” means a unit of one or more municipal services that may be grouped together administratively for the purposes of preparing business plans and budgets.

“Treasurer” means the Director of Finance or the staff designated in writing as such to act in the absence of the Treasurer.

“Variance” means the difference between the approved budget and the actual amounts.

Policy Number: [Last Review]

Effective Date: [Click here to enter text.](#)

Policy Title: Operating Budget

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Background

The Operating Budget, as approved by Council, establishes the operating spending authority and identifies the amount to be financed through property taxes for the year to which the Operating Budget applies.

The City's Business Plan & Budget is consistent with the goals and objectives set by Council in the Strategic Plan and ensures that the Operating Budget decisions support delivery of the right services, maintenance of City infrastructure and advancement of the Strategic Plan, while remaining fiscally responsible.

Operating Budget Principles

The following principles will be used by City staff in the development of the Operating Budget:

Affordability to Taxpayers

Consideration of the impact of tax increases on the taxpayer.

Asset Management

Consideration of Corporate Asset Management findings when determining the priorities for maintenance of existing infrastructure.

Community Input

Provision of an opportunity for community input through a budget engagement process.

Financial Sustainability

Consideration of the community's need to be financially sustainable in the long term.

Strategic Planning

Alignment with the Strategic Plan, the City's Official Plan and various master plans, all as amended, which serve as the guiding documents under which all City initiatives are aligned.

Administration

Operating Budget Guidelines are developed by Finance and approved by LT, based on their direction and priorities. Minor revisions to the Operating Budget Guidelines that support this Policy are approved by the Treasurer.

Annual Submission of Operating Budget

The annual Operating Budget is presented to Council for approval in accordance with the *Municipal Act, 2001*.

Development of Operating Budget Submission

The initial phase of the budget cycle involves Finance liaising with LT for the development of the Operating Budget Guidelines for the next year's Operating Budget.

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To direct staff in Operating Budget preparation, Finance distributes Operating Budget Guidelines to Service Areas at the beginning of the Operating Budget cycle. The Guidelines provide details regarding the process and high level timelines. Service Areas are required to prepare and submit their proposed Operating Budget, with assistance from Finance, as per the Operating Budget Guidelines.

The final proposed Operating Budget for all Service Areas must be endorsed by the respective Department Head prior to submission to Finance.

Review of Operating Budget Submissions by Finance

Finance reviews the Service Areas' proposed Operating Budget submissions for completion and accuracy and ensures that the Operating Budget follows LT direction, as reflected in the Operating Budget Guidelines.

Review of Proposed Operating Budget

The Treasurer is responsible for presenting the proposed Operating Budget for LT's review and, once endorsed, to Budget Committee.

Recommendation of Operating Budget by Budget Committee

The proposed Operating Budget is presented through the annual Business Plan & Budget documents to the Budget Committee for consideration.

Approval of Operating Budget by Council

The Operating Budget is presented to Council for approval.

In-year Budget Adjustments

Any adjustment after Council approval of the Operating Budget for the active budget year is to be done through In-year Budget Adjustment (IBA). Any IBA is subject to Finance review and must be approved by the respective Department Head. IBAs must have no impact on the Net Budget.

Roles and Responsibilities

	Pre Budget Approval	Post Budget Approval
Council	Authority for approving funding to operating programs, except as otherwise provided in this policy	Authority for the amendment of approved budgets
Leadership Team (LT)	Determines budget strategy and sets direction for budget preparation	Regularly reviews Financial position reports

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	Recommends Operating Budget to Budget Committee for approval	Responsible for taking corrective action for significant corporate Variances, as determined by LT
Department Heads	Endorse the Operating Budgets prepared by their Service Areas	Responsible for taking corrective action for Variances in their department Management of Operating Budgets within their department Approval of IBA(s)
Directors	Prepare the Operating Budget for their Division	Management of Operating Budgets by cost centre managers
Finance	Reviews Operating Budget documents for consistency between Service Areas Manages the Operating Budget development process. Complies with all applicable policies Provides documents to Budget Committee Recommends funding strategies to LT Review of the IBA(s)	Monitors and reports Variances to Directors, Department Heads and LT Forecasts year-end Variances and Operating Budget position for LT Presents Operating Budget monitoring reports to Council

Expenditure Prior to Approval of Current Budget

No expenditures shall be incurred until the budget for the current year has been approved by Council unless the following two conditions are satisfied:

- Budget for a similar item existed in the prior year's Operating Budget, and
- The expenditure does not exceed 50% of the amount budgeted for that item in the prior year's Operating Budget

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Operating Budget Monitoring and Reporting

Finance shall present Operating Budget monitoring reports to Council at least twice a year.

Forecasted Variances as per the Operating Budget Guidelines shall be explained by the Service Areas to the Treasurer for inclusion in the Council reports.

All IBAs are reported to Council.

Directors are responsible for ensuring that the net spending of their respective Division does not exceed the approved Operating Budget. Any spending over Net Budget must be approved by the respective Department Head.

Revision History

Reference	Description
Enter previous review - e.g. GC-1234-2015	Click here to enter text.

Corporate Policy & Procedure



Draft Only – May 19, 2022

Policy Title: Fees and Charges Framework

Policy Number: [Policy No.]

Section: Finance and Accounting

Effective Date: [Effective Date]

Approved by:

Click here to enter text.

Subsection: Fees and Other Revenue

Last Review Date: [Last Review]

Owner Division/Contact:

**Finance Division, Corporate Services
Department**

Policy Statement

Fees and charges are an important revenue source for achieving the City's objective of long-term financial sustainability by reducing the dependency on the tax base for funding of City services that benefit targeted user(s).

Purpose

The purpose of this policy is to provide a framework to ensure a consistent and transparent approach for instituting and maintaining User Fees across the City.

Scope

This policy applies to all City programs and services levying User Fees, excluding the Stormwater Program. For more information refer to Corporate Policy and Procedure - [Stormwater Funding Program](#).

This policy is supported by the Fees and Charges Guidelines document, which provides detailed direction to staff when instituting or updating fees and charges.

The specific User Fee to be charged is established in the applicable by-law.

Legislative Authority

The *Municipal Act, 2001*, as amended, authorizes the City to impose fees and charges.

Definitions

For the purposes of this policy:

"Capital Costs" means the costs of acquisition of an asset of a permanent nature, or costs to improve an existing asset in order to extend its useful life or add new capabilities.

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“City” means The Corporation of the City of Mississauga;

“City Manager” means the Chief Administrative Officer and head of the City Manager’s Department or the staff designated in writing as such to act in the absence of the City Manager.

“Council” means the Mayor and Members of Council for The Corporation of the City of Mississauga.

“Department” means the major operation groups within the City, namely the City Manager’s Office, Community Services, Corporate Services, Planning & Building and Transportation & Works.

“Department Head” means the employee heading any Department or the staff designated in writing to act in the absence of a Department Head.

“Direct Costs” means costs directly attributable to a specific program or service (e.g., equipment or program supplies and instructors’ salaries).

“Director” means the employee heading any City Division or the staff designated in writing as such to act in the absence of a Director.

“Division” means a division within a Department.

“Environmental Costs” means those costs attributable to environmental greenhouse gas emissions, air pollutants, energy consumption, protection of water resources and the generation of waste that must go to landfill.

“Indirect Costs” means costs that are not directly attributable to one particular service activity (e.g. facility operations and maintenance).

“Operating Budget” means the annual Council approved plan for expenditures, revenues, staffing levels and service levels for operations of the City from January 1st to December 31st of a given year.

“Person” includes an individual, sole proprietorship, partnership, corporation, Municipal Corporation, unincorporated association or organization, trust, and a natural person in their capacity as a trustee, executor, administrator or other legal representative.

“Pricing Methodology” means the process used to determine a User Fee.

“Service Area” means a unit of one or more municipal services that are grouped together administratively for the purposes of preparing business plans and budgets.

“Social Costs” means costs attributable to improving the accessibility, availability, affordability and safety of the City’s programs and services

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“Treasurer” means the Director of Finance or the staff designated in writing as such to act in the absence of the Treasurer.

“User Fee” means a fee or charge to Persons in exchange for a good or service provided by the City.

Administration

This policy is administered by the Finance Division, Corporate Services Department. Revisions to the Guidelines that support this policy are approved by the Treasurer.

Roles and Responsibilities

Department Heads

Department Heads are responsible for:

- Ensuring compliance with this policy
- Approval of the appropriate User Fee targets
- Approval of the annual User Fees Corporate report and appendices to Council, and
- Ensuring waivers, exemptions and subsidies are managed effectively and approved by Council, as needed, or are in accordance with the applicable Fees and Charges By-law

Directors

Directors are responsible for:

- Ensuring all managers/supervisors are aware of and comply with this policy
- Approval of the User Fees schedules for the Division, and
- Ensuring waiver, exemption and subsidy programs are managed and approved by Council, as needed or are in accordance with the applicable Fees and Charges By-law

Legal Services

Legal Services is responsible for:

- Reviewing Corporate Reports to ensure compliance with Act(s), and
- Preparing the applicable User Fees and Charges By-law for Council approval

Principles

The Affordability Principle underlies the Fees and Charges policy. The Affordability Principle considers the impact of fee adjustments on taxpayers and/or service users as part of the annual development of the Operating Budget.

Considerations

The following are the City’s considerations for the management of its User Fees:

1. When to Charge User Fees

A User Fee can be charged by the City when a service, product, or the use of City facilities or resources enables the user(s) to obtain a direct, immediate or substantial benefit or

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service provided by the City that is distinct from or greater than that enjoyed by the general public.

2. New User Fees

Any new User Fees should be supported by a Pricing Methodology. The User Fee methodology for the production of goods or the delivery of services in addition to the process referenced in Guidelines could consider the following:

- i. all Direct and Indirect Costs
- ii. estimates of Environmental Costs and Social Costs
- iii. corporate overhead costs
- iv. HST impacts and non-recoverable portion of HST for Direct and Indirect Costs (other than labour) impacts
- v. Capital Costs
- vi. customer needs and affordability
- vii. costs as legislated by the Province
- viii. benchmarking
- ix. Council approved subsidy or exemptions

3. Subsidies

The justification for the level of cost recovery associated with User Fee services should be clearly defined. Council approval is required for any subsidy funding.

4. Waivers and Exemptions

For any waivers and exemptions of User Fees, the financial impact, criteria for eligibility, justification and approval requirements or delegation of authority should be clearly defined. Council approval is required for any waivers and exemption programs.

5. Restrictions

Under Section 393 of the *Municipal Act, 2001*, the City is prohibited from charging a poll tax (i.e. a tax levied on every adult, without reference to income or resources) or similar fee or charge, including a fee or charge which is imposed on an individual by reason only of that Person's presence or residence in the City.

Under Section 394 of the *Municipal Act 2001*, the City is prohibited from imposing User Fees that are based on, or are computed by reference to:

- a. the income of a Person, however it is earned or received, except that a City may exempt, in whole or in part, any class of persons from all or part of a fee or charge on the basis of inability to pay
- b. the use, purchase or consumption by a person of property other than property belonging to or under the control of the City
- c. the use, consumption or purchase by a person of a service other than a service provided or performed by or on behalf of or paid for by the City

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- d. the benefit received by a person from a service other than a service provided or performed by or on behalf of or paid for by the City, or
- e. the generation, exploitation, extraction, harvesting, processing, renewal or transportation of natural resources

Annual Submission of User Fees:

Fees and Charges Corporate Reports and By-laws are submitted annually for Council approval. Finance distributes Fees and Charges Guidelines and templates to all Departments at the beginning of the budgeting process. Service Areas are responsible for submitting User Fee schedules and Corporate Reports identifying any addition of new User Fees, any update to existing fees and any elimination of fees not in use.

New User Fees

For the addition of new User Fees, Service Areas should refer to the Pricing Methodology and the Guidelines. Service Areas are responsible for estimating projected revenue from the new User Fee (if applicable) and communicating this to Finance. Finance is responsible for ensuring projected revenues are included in the Operating Budget.

Updating Existing User Fees

Service Areas are required to review existing User Fees annually to assess whether they should be maintained at the current level, increased or decreased to reflect changing needs and/or resources. In addition to the Pricing Methodology referenced, review should consider the following:

- Inflationary increases
- Other cost increases and targets
- Service level changes and delivery methods
- Benchmarking analysis of neighbouring municipalities for market comparators
- Best practices
- Public consultation and feedback

Service Areas are responsible for identifying the adjustment of revenue from the revised fees (if applicable) and communicating this to Finance. Finance is responsible for ensuring revised revenue is reflected in the Operating Budget.

Elimination of User Fees

All City User Fees to be discontinued because of changes in service levels and/or relevance per market needs should therefore be removed from the User Fees and Charges Schedules in the applicable User Fees and Charges By-law.

Service Areas are responsible for identifying the adjustment of revenue from the discontinued fees (if applicable) and communicating this to Finance. Finance is responsible for ensuring projected revenue is adjusted in the Operating Budget.

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Approvals

User Fees for all City programs and services will be approved by Council by-law before implementation or elimination of any User Fee. The City shall make a schedule of all User Fees available to the public.

Any amendments to Council-approved fees and addition of new fees outside the annual fees and charges process requires Council approval through in-year Corporate Reports, unless delegated within the Council approved User Fees and Charges By-law.

The existing Council approved User Fees and Charges By-law will be in effect until repealed and replaced with an updated, new Council approved User Fees and Charges By-law.

Revision History

Reference	Description
Enter previous review - e.g. GC-1234-2015	Click here to enter text.

Corporate Policy & Procedure



Draft Only – May 25, 2022

Policy Title: Budgeted Position Control

Policy Number: [Policy No.]

Section: **Finance and Accounting**

Effective Date: **[Effective Date]**

Approved by:

Click here to enter text.

Subsection: **Accounting**

Last Review Date: **[Last Review]**

Owner Division/Contact:

**Finance Division, Corporate Services
Department**

Policy Statement

Position control ensures staff costs are managed with fiscal prudence and sound budgeting.

Purpose

The purposes of this policy are to:

- Ensure the City's budgeted Positions are managed efficiently and effectively and within Council-approved budgets, and
- Provide an overview of the approval process for Positions requests within the City

Scope

This policy applies to all staffing requests initiated through the City's business planning and budgeting process or an in-year Council Report.

This policy is supported by the Leadership Team's (LT's) annual Direction for Business Planning and the Operating Guidelines issued by Finance.

Legislative Authority

The City's Budgeted Position Control policy is written in compliance with:

- The *Municipal Act, 2001*, related Ontario Regulations made under the Act, as amended and all other applicable legislation
- Public Sector Accounting Standards, and
- Corporate policies, procedures and City by-laws

Definitions

For the purposes of this policy:

“City” means The Corporation of the City of Mississauga.

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Policy Title: Budgeted Position Control

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“City Manager” means the Chief Administrative Officer and head of the City Manager’s Department or the staff designated in writing to act in the absence of the City Manager.

“Contract” means a position with a defined start and end date and can be union or non-union.

“Council” means the Mayor and Members of Council for The Corporation of the City of Mississauga.

“Department” means the major operational groups within the City, namely the City Manager’s Office, Community Services, Corporate Services, Planning & Building and Transportation & Works.

“Department Head” means the employee heading any Department or the staff designated in writing to act in the absence of a Department Head.

“Director” means the employee heading any City Division or the staff designated in writing as such to act in the absence of a Director.

“Full-time Equivalent” or FTE means a unit of measure equivalent to one person working full-time hours and is calculated based on the standard hours of work per day and days of work per week for the position.

“Operating Budget” means the annual Council approved plan for expenditures, revenues, staffing levels and service levels for operations of the City for the calendar year, January 1 to December 31.

“Permanent” means a position with no defined term that can be union or non-union.

“Pooled” means positions budgeted as a lump sum but not tied to specific position number, such as seasonal and co-op staff.

“Position” means a budgeted Full Time Equivalent and is Permanent or Contract, union or non-union.

“Service Area” means a unit of one or more municipal services that may be grouped together administratively for the purposes of preparing business plans and budgets.

Administration

This policy is administered by the Finance Division, Corporate Services Department. Revisions to the Guidelines that support this policy are approved by the Treasurer.

Roles and Responsibilities

Department Heads

Department Heads are responsible for:

- Ensuring compliance with this policy, and
- Approving Position adjustments

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Policy Title: Budgeted Position Control

Last Review Date:

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Directors

Directors are responsible for:

- Ensuring all managers/supervisors are aware of and comply with this policy
- Requesting Position through the budget process or through an in-year Corporate Report, and
- Ensuring Financial Analysts are consulted prior to a Corporate Report going to Council to request a Position increase or an increase to the budget (Refer to the [Corporate Reports](#) policy for additional information)

Managers/Supervisors

Managers/Supervisors are responsible for:

- Ensuring compliance with this policy throughout all budget/hiring processes

Human Resources

Human Resources is responsible for:

- Maintaining records in the Human Resources Information System and maintaining the correct positions and head count, as required, and
- Ensuring Position(s) have a funding source as confirmed by Finance

Finance

Finance is responsible for:

- Reconciling the Position count, and
- Reporting on budget variances

Guiding Principles

The following are the City's Guiding Principles for the management of the City's budgeted Positions:

1. Approved Positions are allocated to Departments and Service Areas by Council for the purpose of delivering programs and services at desired service level.
2. Total Positions for Permanent, Contract (excluding Pooled positions) cannot exceed Council approval.
3. All Positions must have a funding source.
4. Every proposal to increase Positions or budget will be reported to Council through the budget process or an in-year Corporate Report, unless otherwise authorized through application of this policy and/or the [Employee Recruitment](#) policy.

Approvals

The following approval processes must be followed:

1. Increasing Position Count:
 - a. Permanent - requires Council approval
 - b. Contract - requires Council approval
 - c. Pooled budget - requires Council approval

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2. Transfer of Position
 - a. From one Department to another requires documented approval of both Department Heads
 - b. From one division to another within a Department requires sign off of both Directors
 - c. Within a division, requires Director approval
- 3 Changes in Position
 - a. Change of Position from Contract to Permanent requires Council approval
 - b. Pooled budget can not be converted to a Permanent Position(s)
 - c. Change of Position grade requires Department Heads approval
4. Decreasing Position Count
 - a. Requires Department Heads approval

Operating Budget

1. All Position requests require a budgeted amount and position count, irrespective of funding sources
2. All Position are required to be budgeted in the Operating Budget, and
3. Permanent and Contract Positions are to be stated in terms of FTEs

Reporting

All budgeted Position counts and proposed Position changes are presented to Budget Committee for consideration through the annual Business Plan and Budget.

Position requests outside of the Budget process may be requested through Corporate Reports.

Revision History

Reference	Description
Enter previous review - e.g. GC-1234-2015	Click here to enter text.

Corporate Policy & Procedure



Draft Only – May 19, 2022

Policy Title: Capital Budget

Policy Number: [Policy No.]

Section: Finance and Accounting

Effective Date: [Effective Date]

Approved by:

Click here to enter text.

Subsection: Budgets

Last Review Date: [Last Review]

Owner Division/Contact:

**Finance Division, Corporate Services
Department**

Policy Statement

The Capital Budget is an important planning tool to ensure funding is available to maintain the City's existing infrastructure, maintain or enhance existing service levels and implement official plans, master plans and strategic plans.

Purpose

The purpose of this policy is to provide a disciplined approach for the development, monitoring and control of the City's capital plans.

Scope

This policy applies to all staff who are responsible for preparing and monitoring the Capital Budget.

This policy covers:

- Annual Capital Budget and Capital Forecast submission
 - Development of Capital Projects submission
 - Review Capital Project submissions
 - Approval of Capital Budget
- Capital Budget Monitoring and Reporting (WIP)
- Closure of Capital Projects

Legislative Authority

The City's Capital Budget policy is written in compliance with:

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- The Municipal Act, 2001, related Ontario Regulations made under the Act, as amended, and all other applicable legislation
- Public Sector Accounting Standards, and
- Corporate policies, procedures and City by-laws

Related Policies

- Debt Management
- Asset Management Policy
- Corporate Reports
- Reserves and Reserve Funds Management

Definitions

For the purposes of this policy:

“Budget Committee” means a standing committee of Council comprised of the Mayor and all Members of Council.

“Capital Budget” means year one of the multi-year plan, comprised of Capital Projects with accompanying funding sources proposed for Council approval.

“Capital Forecast” means the remaining years in the multi-year plan that follow the Capital Budget, comprised of Capital Projects with accompanying funding sources.

“Capital Project” means an assignment of significant expenditures to acquire, maintain or improve City tangible assets or a development of a non-tangible expense (example: feasibility study or a planning study); funding is approved by Council in the Capital Budget.

“City” means The Corporation of the City of Mississauga.

“City Manager” means the Chief Administrative Officer and head of the City Manager’s Department or the staff designated in writing to act in the absence of the City Manager.

Closure” means the administrative process of closing a Capital Project in SAP where no additional financial orders, expenses and funding changes are permitted, while finalizing all remaining contractual obligations until the warranty period has successfully expired and the Warranty Holdback is returned.

“Council” means the Mayor and Members of Council for The Corporation of the City of Mississauga.

“Department” means the major operation groups within the City, namely the City Manager’s Office, Community Services, Corporate Services, Planning & Building and Transportation & Works.

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“Department Head” means the employee heading any Department or the staff designated in writing to act in the absence of a Department Head.

“Director” means the employee heading any City Division or the staff designated in writing as such to act in the absence of a Director.

“Discretionary Reserve Funds” means funds that are created at the discretion of Council for revenues which are earmarked to finance future expenditures for a purpose designated by Council.

“Leadership Team” (or “LT”) means the team comprised of the Department Heads.

“Obligatory Reserve Funds” means Reserve Funds that are required by legislation or agreement, where certain revenue received for special purposes be segregated from the general revenues of the municipality. The funds are received as financial contributions for work to be undertaken by the City on behalf of the contributor. Any unspent funds may need to be returned according to specific agreements. These funds are classified in the financial statements as Deferred Revenue.

“Project Manager” means staff who are responsible for a specific Capital Project.

“Reserve” means an allocation of accumulated net revenue which makes no reference to a specific asset and does not require the segregation of money or assets. Reserves are generally used to mitigate the impact of budgetary fluctuations in operating costs and revenue.

“Reserve Fund” means the segregation of funds which are restricted to meet the specific purpose of the reserve fund. There are two types of reserve funds: Discretionary and Obligatory. The investment income earned on a specified Reserve Fund must be added to the balance.

“Service Area” means a unit of one or more municipal services that may be grouped together administratively for the purposes of preparing business plans and budgets.

“State of Good Repair” (or “SGR”) means those projects required to maintain current capital assets (infrastructure) in good working order.

“Statutory Holdbacks” means monies held from all invoices and instalments of progress payments in an amount equal to 10% of the invoice (before HST), installments of progress payments and any additional lien holdbacks, all as required pursuant to the *Construction Act* (Ontario).

“Treasurer” means the Director of Finance or the staff designated in writing as such to act in the absence of the Treasurer.

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“Warranty Holdbacks” means monies held from all invoices and instalments of progress payments as interim security for the correction of any defects or deficiencies for the warranty period set out in the construction contract, after which period of time monies remaining in the warranty holdback, if any, are to be returned to the contractor.

“Work In Progress” (or “WIP”) means the process of reporting the status of active Capital Projects to Council, including requesting additional project budget and funding; or returning surplus.

Capital Budget Principles

The following considerations will be used by all City staff in the development of the Capital Budget and Capital Forecast:

Asset Management

Consideration of Corporate Asset Management findings when determining the priorities for maintenance of existing infrastructure

Community Input

Provision of an opportunity for community input through the budget engagement process

Financial Sustainability

Consideration of the long term needs in order to uphold a financially sustainable community.

Long-Term Affordability

Consideration of the City’s limited resources, balancing the needs and priorities of the present, while meeting the requirements of longer term financial sustainability, leading to fiscal stability

Strategic Planning

The Strategic Plan, the City’s Official Plan, Council priorities and various master plans, all as amended, serve as the guiding documents under which all City initiatives are aligned. Capital Budget and Capital Forecast will take these documents into consideration.

Administration

Capital Budget and Capital Forecast Guidelines are developed by Finance and approved by LT, based on their direction and priorities. Minor revisions to the Guidelines that support this policy are approved by the Treasurer.

In addition, WIP Guidelines are updated semi-annually by Finance.

Annual Submission of Capital Budget and Capital Forecast

The City strives to achieve value for money and sound financial stewardship in the development of the annual Capital Budget and Capital Forecast. Building and maintaining infrastructure is a key strategic goal in the City’s Strategic Plan.

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Development of Capital Projects Submission

The initial phase of the budget cycle involves the collection of information on the future capital requirements of the City from each Service Area. Identification of these needs arises from all aspects of City activities, including but not limited to the Capital Budget and Capital Forecast priorities outlined in this policy.

The Capital Budget and Capital Forecast Guidelines are circulated at the beginning of each budget cycle, indicating SGR funding envelopes based on previous years approved budget, adjusted for in-year amendments.

Based on the considerations above, Service Areas are required to update, identify and prioritize capital needs. This is essential to the decision-making process for allocating limited capital funds. There are two main prioritization categories: SGR and new initiatives. Each of these categories should be ranked independently as per the Capital Budget and Capital Forecast Guidelines.

The final list of Capital Projects for all Service Areas must be approved by the applicable Department Head prior to submission to Finance.

Review Capital Project Submissions

As the next phase of the budget cycle, Finance conducts a Capital Budget and Capital Forecast review of the Service Area submissions. This review ensures that a balance of lifecycle projects, enhancements and high-priority new services are included in the Capital Budget and Capital Forecast, while maintaining financially healthy Reserves and Reserve Funds.

The City's target is to maintain existing infrastructure as per Council approved service levels. For capital prioritization review, Finance's recommendation will be to prioritize and fund SGR Capital Projects while maintaining a targeted balanced split of 70% to SGR projects and 30% for new initiatives. The split is endorsed annually by LT.

New initiative Capital Projects are funded based on Service Areas' ranking as well as LT and Council priorities, per limited capital funding, considering project criticality; risk management; external funding availability; cash-flow requirements; and long-term impacts on the operating budget.

Council approved debt financing is a critical component of Capital Budget and Capital Forecast funding; Finance determines which projects will be funded using debt.

Approval of Capital Budget

The last phase of the budget cycle consists of management's review and endorsement for Council's approval of the Capital Budget. The City prepares the Capital Budget and Capital Forecast using a rolling multi-year horizon for long term financial planning purposes. This multi-year approach is expected to be rolled out in an orderly manner, with future Capital Forecasts incorporating timing changes, necessary scope updates and unforeseen events to existing

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projects, as well as adding new initiatives. The Capital Budget is developed and presented for Council approval at the same time as the operating budget.

Recommendation of Capital Budget by Leadership Team

The Treasurer is responsible for presenting the proposed Capital Budget with any related operating budget impacts for LT's review and recommendation to Budget Committee.

Approval of Capital Budget by Council

The Capital Budget is presented to Budget Committee for consideration and to Council for approval through the annual Business Plan and Budget document.

Budget Committee recommends the Capital Budget and Capital Forecast to Council, which will:

- Authorize Capital Budget spending for the first year only in every budget cycle, and
- Approve estimates in the Capital Forecast for out-years

Capital Project gross funding and financing are based on information provided in the annual Business Plan and Budget document or as amended by Budget Committee including:

- A list of proposed projects, summarized by service and funding sources
- Identification of anticipated debt issuance and inclusion of impact in the operating budget, and
- Identification of related short-term and long-term operating budget impacts

The Project Manager can incur spending on a Capital Project once it is approved by Council and is set up in the system by Finance.

Approval of Capital Projects Prior to Annual Capital Budget Process

Council approval is required to begin a Capital Project that will be included in the upcoming annual Capital Budget. Corporate Reports must outline the funding request; gross cost of the project, irrespective of the recoveries, cash-flow requirements; funding sources approved by Finance; and an explanation of why the approval cannot be accommodated in the normal Capital Budget development process. For additional information on Corporate Reports refer to the [Corporate Reports Policy](#)

Approval of specific Capital Projects can be requested in advance, for example when there is a:

- Delay of budget approval for Capital Projects (e.g. election year), or
- Requirement to proceed with tender/proposal and/or the start of the Capital Project per the City's Procurement By-law, including multi-year projects, subject to approved Capital Budget and Forecast funding

Approval of In-year Amendments

In-year amendments of the approved Capital Budget require Council approval for specific projects that are multi-year funded, defer, accelerate or change the scope of an approved Capital Project or add a new Capital Project. Any adjustments to the approved Capital Budget will impact the long range affordability.

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In-year budget adjustments can be requested where appropriate, such as:

- Emergencies or unforeseen events
- Changes to the City's financial capacity (e.g. new grants) and strategic priorities (e.g. mandated by higher levels of government)
- Demonstrated changes to the City's internal needs, and
- Legislation requirements

Corporate Reports for in-year amendments must outline the funding request; gross cost of the project, irrespective of the recoveries, cash-flow requirements; and funding sources approved by Finance. For additional information on Corporate Reports refer to the [Corporate Reports Policy](#).

Capital Budget Monitoring and Reporting – Work in Progress (WIP)

WIP reporting to Council includes a detailed analysis comparing the forecasted expenditures for the year to approved Capital Budgets. It occurs at least semi-annually and provides a review and status of active Capital Projects and identifies any funding surplus or shortfall.

Recommendations within the WIP report include, but are not limited to:

- Closing projects
- Adding new projects
- Name changes
- Changes in funding sources
- Increasing or decreasing funding, or
- Consolidating projects

Project Managers must report to Finance on the status of active Capital Projects in accordance with the WIP Guidelines and the schedule issued by, and in the manner identified by, the Treasurer.

The Finance Division will identify the funding source for additional funds and confirm that funding is available.

Council approval is required for any amendments.

The Treasurer may approve administrative changes to Capital Projects to rename (i.e. clarify the intent of the project), redeploy, redistribute or merge approved budget within the same division to a project with the same purpose. Any such changes will be reported to Council through WIP reporting.

Closure of Capital Projects

Capital Projects are to be closed in a timely manner and in accordance with the Capital Budget and Capital Forecast Guidelines and/or timelines, as determined by Finance, in accordance with the following:

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- The Project Manager notifies Finance that the project is complete, ensuring that:
 - All related purchase requisitions are closed
 - All outstanding commitments and vendor invoices have been posted in the General Ledger
 - All purchase orders have been closed in the system
 - Any outstanding contractor liens and contracts have been resolved, and
 - All payments due for recoverable works have been collected
- Capital Projects will be recommended for Closure by Finance in consultation with the related Service Area if:
 - They have had no expenditures or commitments within two years of approval. These projects can be re-budgeted in future Capital Forecasts
 - Capital Projects characterized as reoccurring are to close within three years, provided there are no outstanding commitments
- Capital Projects should not remain open due to outstanding Statutory Holdbacks and Warranty Holdbacks, as the Capital Project has been fully expensed for the full costs of the project. Statutory Holdbacks and Warranty Holdbacks are held in the Accounts Payable sub-ledger and, in the event that Statutory Holdbacks and Warranty Holdbacks are required to remediate any project work deficiencies, a new Capital Project would be created, with approval of the applicable Department Head, under the original scope of work approved by Council.

Roles and Responsibilities

	Pre Budget Approval	Post Budget Approval
Council	Authority for approving funding to capital programs, except as otherwise provided in this policy	Authority for the amendment of approved budgets.
Leadership Team (LT)	<p>Determining budget strategy and setting directions for budget preparation</p> <p>Recommending Capital Budget and Capital Forecast to Budget Committee for approval</p>	Endorsing WIP reporting to Council for Financial position

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	Pre Budget Approval	Post Budget Approval
Department Head	Endorsement of departmental Capital Budget and Capital Forecast submissions	<p>Management of budgets by their Department</p> <p>Approval of departmental WIP submissions</p> <p>Have authority to establish Capital Projects funded solely by third party recoveries for a specific purpose, according to applicable agreements, with a memo to the Treasurer</p>
Treasurer	Ensuring the accuracy of the Capital Budget and Capital Forecast information provided	<p>Ensuring the accuracy of the WIP information provided</p> <p>Ensuring Financial Analysts are consulted prior to a Corporate Report going to Council for pre-approval and in-year adjustments to Capital Projects</p>
Project Managers	Ensuring Capital Budget and Capital Forecast submissions adhere to the Guidelines	<p>Ensuring WIP submissions adhere to the Guidelines</p> <p>Ensuring Capital Projects are on track to be completed in a timely manner and within the approved budget and scope</p> <p>Ensuring that all outstanding commitments and vendor invoices are paid and all recoveries are collected prior to project Closure</p>

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	Pre Budget Approval	Post Budget Approval
Finance	<p>Providing budget guidelines and timelines</p> <p>Supporting Service Areas and ensuring Capital Budget and Capital Forecast information is appropriately captured in the City's budget system</p> <p>Allocating appropriate funding sources based on Department Head approved, ranked Capital Projects for affordability</p> <p>Consolidating all information for reporting in the Business Plan and Budget document to Budget Committee, General Committee and Council</p>	<p>Monitor and report the variances to Directors, Department Heads and LT</p> <p>Consolidating all information for reporting Financial Reports (WIP) to Budget Committee, General Committee and Council</p> <p>Confirming budget requests and adjustments for Corporate Reports going to Council for pre-approval and in-year adjustments to Capital Projects</p>

Revision History

Reference	Description
Enter previous review - e.g. GC-1234-2015	Click here to enter text.

Corporate Policy & Procedure



Draft Only – May 19, 2022

Policy Title: Reserves and Reserve Funds Management

Policy Number: [Policy No.]

Section: Finance and Accounting

Effective Date: [Effective Date]

Approved by:

Click here to enter text.

Subsection: Cash Management

Last Review Date: [Last Review]

Owner Division/Contact:

**Financial Strategies, Finance Division,
Corporate Services Department**

Policy Statement

The City of Mississauga uses Reserves and Reserve Funds to promote sound fiscal management for long-range financial expenditures and to sustain funding during unforeseen or unusual circumstances.

Purpose

The purpose of this Policy is to establish guiding principles, internal controls, management and administrative responsibilities for Reserves and Reserve Funds managed by the City of Mississauga.

Scope

The Reserves and Reserve Funds Management Policy applies to all Reserves and Reserve Funds established by the City of Mississauga and to staff who are responsible for administering and managing the Reserves and Reserve Funds.

This Policy covers:

- Creating Reserves and Reserve Funds
- Amending, consolidating or closing of Reserves and Reserve Funds
- Administration of Reserves and Reserve Funds, and
- Review and reporting of Reserves and Reserve Funds

Legislative Authority

The City's Reserves and Reserve Funds Management Policy complies with:

- The *Municipal Act, 2001*
- Public Sector Accounting Standards
- Corporate policies, procedures and City by-laws

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Related policies include:

- Debt Management
- Investment

Definitions

For the purposes of this policy:

“Capital Budget” means year one of the multi-year plan, comprised of Capital Projects with accompanying funding sources proposed for Council approval.

“Capital Project” means an assignment of significant expenditures to acquire, maintain or improve City tangible assets or a development of a nontangible asset (example: feasibility study or a planning study); funding is approved by Council in the Capital Budget process.

“City” means The Corporation of the City of Mississauga.

“City Funds Portfolio” means the City’s investment portfolio of cash and securities that provides the necessary cash flow to Finance Operating and Capital Budget expenses for current and future years. This portfolio may contain cash and investment balances emanating from: the Operating Fund, the Capital Fund, Reserves and Reserve Funds, unused cash proceeds from temporary short term borrowing and unused cash proceeds from long term debenture issuance.

“Council” means the Mayor and Members of Council for The Corporation of the City of Mississauga.

“Discretionary Reserve Funds” means funds that are created at the discretion of Council to finance future expenditures, for a purpose designated by Council.

“Obligatory Reserve Funds” means Reserve Funds that are required by legislation or agreement, where certain revenue received for special purposes be segregated from the general revenues of the municipality. The funds are received as financial contributions for work to be undertaken by the City on behalf of the contributor. Any unspent funds may need to be returned according to specific agreements. These funds are classified in the financial statements as Deferred Revenue.

“Operating Budget” means the annual Council-approved budget for expenditures, revenues, staffing levels and service levels for operations of the City from January 1 to December 31.

“Operating Budget Deficit” means the difference when actual operating costs exceed actual operating revenues.

“Operating Budget Surplus” means the difference when actual operating revenues exceed actual operating costs.

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“Reserves” means an allocation of accumulated net revenue which makes no reference to a specific asset and does not require the segregation of money or assets. Reserves are generally used to mitigate the impact of budgetary fluctuations in operating costs and revenue.

“Reserve Funds” means the segregation of funds which are restricted to meet a specific purpose of the reserve fund. There are two types of reserve funds: Discretionary and Obligatory.

“Sub-Reserves” or “Sub-Reserve Funds” means funds that are set up for administrative purposes as a subset of an existing Reserve or Reserve Fund.

“Treasurer” means the Director of Finance or the staff designated in writing as such to act in the absence of the Treasurer.

Administration

This policy is administered by the Finance Division, Corporate Services Department. Revisions to the Guidelines that support this policy are approved by the Treasurer.

Creating Reserves and Reserve Funds

Finance is responsible for the process of establishing Reserves and Reserve Funds, which must be approved by Council.

Establishment of any new Reserve or Reserve Fund requires the following:

- Reserve/Reserve Fund name
- Intended purpose of the Reserve/Reserve Fund
- Assigned Reserve Fund number
- Classification of Reserve or Reserve Fund, and
- Any other pertinent information, such as special reporting requirements, conditions or restrictions

A by-law will be passed by Council to authorize the creation of a new Reserve and/or Reserve Fund. This will amend the applicable Reserve and Reserve Fund By-law and its schedules.

The Treasurer has the authority to establish Sub-Reserves/Sub-Reserve Funds. Sub-Reserves/Sub-Reserve Funds can be used for independent tracking or reporting purposes.

Amending, Consolidating or Closing of Reserves and Reserve Funds

A by-law will be passed by Council to authorize the amendment, consolidation, segregation or closure of an existing Reserve and/or Reserve Fund. This will amend the applicable Reserve and Reserve Fund By-law and its schedules.

Amending

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Any modifications to the characteristics below require a by-law amendment:

- Name (Schedules of R&RF By-law)
- Description/Purpose (Schedules of R&RF By-law)
- Classification Reserve or Reserve Fund (Schedules of R&RF By-law)

Consolidating or Segregating

Any consolidating or segregating of Reserves and Reserve Funds requires a by-law with the proposed name, Reserve/Reserve Fund number and justification for the change

Closing

A Reserve or Reserve Fund should be closed when the:

- Purpose(s) has been achieved
- Purpose ceases to exist, and
- Program commitments have been completed and no future commitments are expected

Administration of Reserves and Reserve Funds

Transfers to/from Reserves or Reserve Funds

Contributions from the Operating Budget to Reserves and Reserve Funds are approved by Council as part of the annual budget process and/or through approval of a Corporate Report and/or by resolution of Council.

Draws from Reserves and Reserve Funds to the Operating Budget or Capital Projects are approved by Council as part of the annual budget process and/or through approval of a Corporate Report and/or by resolution of Council.

Transfers to/from Reserve and Reserve Funds resulting from the year-end Operating Budget variance are authorized by the Treasurer.

All other transfers to/from Reserve and Reserve Funds not outlined in the annual budget process do not require Council approval (e.g., Development Charge receipt, interest allocation, donations, external funding, energy conservation initiatives, etc.).

Reserve and Reserve Fund Balances

Reserve and Reserves Funds are permitted to carry negative balances when overdrawn for their intended purpose, as authorized by the Treasurer.

When the balance in a Reserve and/or Reserve Fund is below zero, the Treasurer will arrange to replenish the balance.

Interest, equivalent to the rate of return (percent) on the City Funds Portfolio, will be applied to the overdrawn amount.

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Internal Borrowing

Borrowing between Reserves and Reserve Funds is permitted to cover a deficit in a Reserve or Reserve Fund, specifically when the funds are used for something other than their intended purpose(s).

For any such borrowing, a repayment plan and borrowing agreement must be approved by the Treasurer.

Legislated requirements may apply (e.g. *Development Charges Act*).

Interest, equivalent to the rate of return (percent) on the City Funds Portfolio will be applied to the outstanding amount borrowed.

Interest and Investment Income Allocation

Interest on Reserve Funds shall be carried out in accordance with the Investment Policy. Reserves do not earn interest.

The investment income earned on a specified Reserve Fund must be added to the balance.

Reserve/Reserve Fund Targets and Liquidity

Reserves and Reserve Funds shall be kept at an adequate level to ensure the City has sufficient cash flow to meet its financial obligations. On an annual basis, Finance will review the Reserve and Reserve Fund balances against their set targets and ensure that they are met over a 10-year timeline. A list of Reserve and Reserve Funds with targets is attached as Appendix 1.

Target balances for specific Reserve and Reserve Funds are managed by the Finance Division to ensure they are adequately funded for their intended purposes. Methods for calculating Reserve and Reserve Fund targets shall be determined on a case-by-case basis considering the following:

- Purpose of the Reserve or Reserve Fund
- Predictability of revenues and volatility of expenditures
- Probability of future liability
- Economic factors (inflation, interest rates, cyclical pressures), and
- Industry/government/accounting standards and best-practices

Established targets must meet the following criteria:

- Targets must be set at a fixed level and not as a range
- Targets should be set conservatively but with the understanding that a contingency Reserve (i.e. a Reserve that is used to mitigate unforeseen events or one-time unanticipated revenue losses and expenses) is in place for extraordinary events
- A rationale and funding plan identifying and outlining how the target could be achieved or maintained

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Targets should be reviewed at least every three years.

For any Operating Reserves and Discretionary Reserve Funds with balances exceeding their targets, the Treasurer may recommend to Council the distribution of the excess to any Reserve and/or Reserve Funds below target.

Surplus/Deficit Management

An Operating Budget surplus realized by the City at year-end will be utilized in the following order:

1. To replenish unanticipated in-year Reserve and Reserve Fund draws, including net Works in Progress (WIP), and any money requested through Corporate Reports during the year.
2. 50% of the remaining Operating Budget Surplus should be transferred to Capital Reserve Fund.
3. 50% of the remaining Operating Budget Surplus will be used to proportionally supplement other Reserve and Reserve Funds with targets, based on the average target deficit (based on ten year future projections).

Operating Budget Deficits will be funded by City Reserves and Reserve Funds, considering targets, purpose and availability.

The Treasurer will recommend Reserve and Reserve Fund transfers based on the City-wide surplus/deficit position.

Review and Reporting of Reserves and Reserve Funds

Review of Reserves and Reserve Funds

All Reserves and Reserve Funds are scheduled for an in-depth analysis at least once every three years, on a rotational basis.

Annual Reporting

Reserves and Reserve Fund will be reported to Council on an annual basis. The report will consist of details such as opening and closing of Reserve and Reserve Funds, Fund balances, and in-year activity.

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Appendix 1

Reserve and Reserve Fund	Target Calculation
Reserve for Winter Maintenance	33% of last 5-year average winter maintenance expenditures.
Reserve for Building Revenue Stabilization	100% of the average of actual building permit revenue and development fee revenue for the highest two years in the last five years.
Fiscal Stability Reserve	10% of own-source revenue, less target for other stabilization / contingency funds (currently, Winter Maintenance and Building Permit Revenue Stabilization).
Insurance Reserve Funds	Year-end value of case reserves plus 50% of the actuarial present value for Incurred but Not Reported (IBNR) claims (both from the Actuarial Insurance Report).
Employee Benefits Reserve Fund	Total of 2x 5 years average expenditure for (1) vacation payouts; (2) sick leave payouts; (3) group life insurance; plus (4) 10 year forward looking average of expenses for WSIB.
Capital Reserve Fund	Maintain cash balance equivalent to one year's worth of the 10-year forward-looking average of the tax-supported capital expenditure requirements (excluding debt).
Stormwater Capital Reserve Fund	Maintain cash balance equivalent to 10-year average.
Federal Gas Tax	Equal to one year's contribution (prior year).
Provincial Gas Tax	Equal to one year's contribution (prior year).
DCA - General Government	Equal to one year's contribution (prior year).
DCA - Dev Related Studies-Discounted Services	
DCA - DCA Dev Related Studies-Non Discounted Services	
DCA - Recreation and Parks Development	
DCA - Fire Services	
DCA - Library	

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DCA - Transit	
DCA - Roads and Related Infrastructure	
DCA - Public Works	
DCA - Parking	
DCA - Stormwater	