

City of Mississauga Corporate Report



<p>Date: September 8, 2023</p> <p>To: Chair and Members of General Committee</p>	<p>Originator's files:</p>
<p>From: Shari Lichterman, CPA, CMA, City Manager and Chief Administrative Officer</p>	<p>Meeting date: September 20, 2023</p>

Subject

Operating Budget Forecast as at June 30, 2023

Recommendation

That the report dated September 8, 2023 entitled "Operating Budget Forecast as at June 30, 2023" from the City Manager and Chief Administrative Officer be received for information.

Executive Summary

- The City is forecasted to be in a deficit position of \$15.7 million at the end of 2023, prior to any application of deficit funding. Any year-end deficit will be offset by a transfer from the Fiscal Stability Reserve.
- The Stormwater operating program is forecasted to be in a year-end surplus of \$1.6 million, which will be transferred to the Stormwater Pipe Reserve Fund (#35993).

Background

In accordance with the Operating Budget Policy, Finance provides Council with a review of the City's financial position at a minimum of twice per year. This report provides an update on the City's 2023 year-end operating position.

Comments

The projected year-end City-wide forecast for 2023 as of June 30th indicates a deficit of \$15.7 million. This is mainly due to higher than budgeted revenue loss from the GTAA Payment in Lieu of Taxes (PILT) and other budget variances.

While the City has mostly recovered from the financial impacts of COVID-19, there continues to be a revenue loss of \$21.7 million from the GTAA PILT due to the calculation of the PILT being

based on 2021 passenger counts, which were down 75% compared to pre-pandemic levels. This revenue shortfall will continue in 2024, with a forecasted revenue loss of \$6.8 million, as PILT revenue will be based on 2022 passenger count that began to increase as pandemic restrictions eased.

Other major variances include:

- Winter maintenance costs of \$4 million higher than budget due to large snow events experienced in January to April of this year.
- Transit fares of \$5.1 million higher than budget driven by higher ridership and fare increase.
- Lower expense of \$3.3 million due to the temporary closure of the Hazel McCallion Central Library for renovations.

Table 1 summarizes the year-end operating budget variances by Service Area. Appendix 1 provides additional details and comments on operating variances by service area.

Operating Summary by Service Area - Q2 2023

Table 1. Operating Budget - Year end Forecast (\$Millions)

Service Area (\$ Millions)	Net Budget	Year End Forecast	Year End Variance	
			\$ Surplus/ (Deficit)	% of Budget
Fire & Emergency Services	140.6	140.8	(0.2)	(0.1%)
Transit	105.8	94.1	11.7	11.1%
Corporate Transactions	80.9	99.6	(18.7)	(23.1%)
Roads	69.6	76.1	(6.5)	(9.3%)
General Government	54.0	55.0	(1.0)	(1.9%)
Parks, Forestry & Environment	39.4	40.7	(1.3)	(3.3%)
Information Technology	34.7	34.5	0.2	0.6%
Library Services	31.2	27.9	3.3	10.6%
Recreation	30.1	32.2	(2.1)	(7.0%)
Facilities & Property Management	26.2	25.5	0.7	2.7%
Planning & Building	11.3	9.3	2.0	17.6%
Mayor & Members of Council	5.3	5.3	0.0	0.0%
Culture	5.1	6.6	(1.5)	(29.4%)
Regulatory Services	2.1	4.4	(2.3)	(108.2%)
Stormwater	0.0	0.0	0.0	0.0%
City	636.4	652.1	(15.7)	(2.5%)

Note: Numbers may not add due to rounding.

2023 OPERATING BUDGET ADJUSTMENTS

Any adjustment after Council approval of the Operating Budget for the current budget year is to be completed through an In-year Budget Adjustment (IBA). Any IBAs are subject to Finance review and reported to Council. IBAs must have no impact on the Net Budget. Appendix 2 of this report details the In-year Budget Adjustments.

MUNICIPAL ACCOMMODATION TAX

The City introduced the Municipal Accommodation Tax (MAT) in April 2018. This tax is collected by accommodation providers (facilities) offering short-term accommodation. The total revenue budget for MAT is \$9.8 million for 2023. Fifty per cent of the total net MAT revenue is remitted to Tourism Mississauga.

As of June 30, 2023, the revenue collected is \$6.7 million. The year-end projection for MAT revenue is around \$12.8 million or 131% of total budget. Monthly MAT revenue collection is higher than budget due to faster recovery of hotel booking activities than expected.

Financial Impact

There are no financial implications resulting from the recommendations of this report.

Conclusion

Although the City adopted mitigating actions, such as cost containment strategies and closures of facilities wherever possible, the City is forecasting to end the year with a deficit of \$15.7 million due mainly to the GTAA PILT revenue loss. Funding from City Reserves will be required to reduce the deficit to zero.

Attachments

Appendix 1: Operating Details by Service Area

Appendix 2: Operating Budget Adjustments by Service Area



Shari Lichterman, CPA, CMA, City Manager and Chief Administrative Officer

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