

# City of Mississauga

# Corporate Report



Date: November 16, 2023	Originator's files:
To: Chair and Members of General Committee	
From: Shari Lichterman, CPA, CMA, City Manager and Chief Administrative Officer	Meeting date: December 6, 2023

## Subject

**Financial Report as at September 30, 2023**

## Recommendation

1. That a new Reserve Fund "Developer Contributions- Natural Heritage" (#37515) be created for contributions collected for the purpose of restoration, rehabilitation and creation of natural heritage features and areas;
2. That a new Reserve Fund "Developer Contributions- Dundas BRT Streetscape" (#37516) be created for the purpose of contributions collected as a condition of land development approvals;
3. That a new Reserve Fund "Developer Contributions- Lakeshore BRT Streetscape" (#37517) be created for the purpose of contributions collected as a condition of land development approvals;
4. That \$900,000 be transferred from Tax Capital Reserve Fund (#33121) to the Tax-Funded Planning and Studies Reserve Fund (#33122);
5. That the classification of the reserve fund entitled "Housing Accelerator Fund" (#35581) be changed from Discretionary Reserve Fund to Obligatory Reserve Fund;
6. That any 2023 year-end Stormwater operating program surplus be transferred to the Stormwater Pipe Reserve Fund (#35593);
7. That up to \$222,780 of the Operating Budget Reserve Requests be approved for transfer to the Fiscal Stability Reserve (#30125) as listed in Appendix 2;
8. That the revised Legal Services fees and charges outlined in Appendix 3 attached to the corporate report dated November 16<sup>th</sup>, 2023 and entitled "Financial Report as at September 30, 2023" from the City Manager and Chief Administrative Officer be approved;
9. That a consolidated fees and charges by-law, effective January 1<sup>st</sup>, 2024, which will incorporate the approved fees and charges of various City departments, be enacted to

incorporate the revised Legal Services fees and charges, outlined in Appendix 3 attached to the corporate report dated November 16<sup>th</sup>, 2023 and entitled “Financial Report as at September 30, 2023” from the City Manager and Chief Administrative Officer, and

10. That all necessary by-laws be enacted.

## Executive Summary

- The City is forecasted to be in a deficit position of \$18 million at the end of 2023. Any year-end deficit will be offset by a transfer from the Fiscal Stability Reserve.
- The Stormwater operating program resulted in a year-end surplus of \$1.4 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 Citywide forecast for 2023 as of September 30<sup>th</sup> indicates a deficit of \$18 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 \$21.8 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:

- Favourable Transit fare revenues of \$5 million higher than budget driven by higher ridership and fare increases.
- Favourable savings in expenses of \$2.9 million driven by the temporary closure of the Hazel McCallion Central Library for renovations.
- Unfavourable winter maintenance costs of \$5 million are due to large snow events experienced in January to April of this year.

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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 - Q3 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	141.5	(0.9)	(0.6%)
Transit	105.8	92.7	13.1	12.4%
Corporate Transactions	80.9	102.5	(21.6)	(26.7%)
Roads	69.6	77.6	(8.0)	(11.5%)
General Government	53.9	53.5	0.4	0.7%
Parks, Forestry & Environment	41.7	44.0	(2.3)	(5.5%)
Information Technology	34.7	34.5	0.2	0.6%
Library Services	31.2	28.4	2.8	9.0%
Recreation & Culture	32.9	33.5	(0.6)	(1.8%)
Facilities & Property Management	26.7	25.6	1.1	4.1%
Planning & Building	11.3	11.6	(0.3)	(2.6%)
Mayor & Members of Council	5.3	5.3	0.0	0.0%
Regulatory Services	1.8	3.7	(1.9)	(105.1%)
Stormwater	0.0	0.0	0.0	0.0%
<b>City</b>	<b>636.4</b>	<b>654.4</b>	<b>(18.0)</b>	<b>(2.8%)</b>

### OPERATING BUDGET RESERVE REQUESTS

At year-end, there are some legally binding obligations for goods and services ordered prior to year-end and that are not received until the following year. To avoid unfavourable variances in the following year, Appendix 2 details Operating Budget Reserve Requests totalling \$222,780. The final amount required, up to \$222,780, will be added to the 2024 operating budget but will have no impact on the net tax levy.

### 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 September 30, 2023, the revenue collected is \$10.7 million. The year-end projection for MAT revenue is around \$14.0 million or 143% of total budget. Monthly MAT revenue collection

is higher than budget due to faster recovery of hotel booking activities than expected. The 2024 revenue budget, in addition to the changes related to the proposed MAT rate, has been increased to reflect increased occupancy demand revenues.

## **REQUESTS FOR NEW RESERVE FUNDS**

A new Discretionary Reserve Fund named Developer Contributions-- Natural Heritage (#37515) is to be established for contributions collected for the protection, enhancement, restoration and expansion of the Natural Heritage System as a condition of land development approvals.

A new Discretionary Reserve Fund named Developer Contributions- Dundas BRT Streetscape (#37516) is to be established for contributions to be used for the installation of the streetscape within the public right of way (ROW) for Dundas Bus Rapid Transit, collected as a condition of land development approvals.

A new Discretionary Reserve Fund named Developer Contributions- Lakeshore BRT Streetscape (#37517) is to be established for contributions to be used for the installation of the streetscape within the public right of way (ROW) for Lakeshore Bus Rapid Transit, collected as a condition of land development approvals.

## **REQUESTS FOR RESERVE AND RESERVE FUND TRANSFERS**

The tax-funded Planning and Studies Reserve Fund (#33122) was established with the purpose of segregating funding for various studies across all service areas. This administrative segregation will provide increased transparency regarding how much is spent on planning studies. Equivalent funding of \$900,000 will be transferred from the Tax Capital Reserve Fund to the Tax-Funded Planning and Studies Reserve Fund.

Based on the details of the recently executed agreement for the Housing Accelerator Fund, the funds received under this program should be classified as obligatory reserve fund. As such, the previously set up reserve fund "Housing Accelerator Fund" (#35581) should be classified as Obligatory.

## **HOUSEKEEPING**

### **Legal Services 2024 Fees and Charges revision**

Staff reviewed the existing fees and charges and are recommending revisions to the Legal Services fees and charges. The proposed revisions to the fees are set out in Appendix 3 to this report.

The majority of the proposed changes to existing fees are regular annual increases generally resulting from increased service costs or increases based on benchmarking with other municipalities.

A new fee for responses to inquiries from Law Firms or members of the public is being added to the Planning & Development or General Municipal practice area. This fee already exists under the Real Estate section but is being added to the other practice area for consistency.

## Financial Impact

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

## Conclusion

The City is forecasting to end the year with a deficit of \$18.0 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 Budget Forecast Details by Service Area
- Appendix 2 2023 Operating Budget Reserve Requests
- Appendix 3 Amended 2024 Legal Services Fees and Charges



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

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