

City of Mississauga  
**Corporate Report**



<p>Date: November 25, 2024</p> <p>To: Mayor and Members of Council</p>	<p>Originator's files:</p>
<p>From: Geoff Wright, P.Eng, MBA, City Manager and Chief Administrative Officer</p>	<p>Meeting date: November 27, 2024</p>

## Subject

**Summary of 2025 Final Proposed Budget Amendments**

## Recommendation

That the "Summary of 2025 Final Proposed Budget Amendments" report dated November 25, 2024 from the City Manager and Chief Administrative Officer be received for information.

## Executive Summary

- The amendments to the proposed 2025 budget that were approved during Budget Committee meetings on November 18, 19 and 25 would result in an additional operating tax levy requirement of \$10.6 million, and a revised operating budget increase of 8.8%. This translates to a 3.3% increase on the City's share of the total tax levy increase.
- If the Capital Infrastructure and Debt Repayment Levy is reduced for one year in 2025 from 3% to 2%, one option to maintain the capital program while avoiding impacts to the Tax Capital Reserve Fund in 2025 is to increase the originally planned borrowing of \$110.0 million to \$120 million. However, the reduced \$6.8M transfer from the 1% reduced revenue in 2025 has a long-term compounding impact to the reserve fund which cannot be fully mitigated by issuing \$6.8 million additional debt. The compounding effect on future transfers is estimated at \$70 million.

## Background

November 27 is the final date for amendments to the City's proposed 2025 budget based on the 30-day amendment period. The Mayoral veto period is November 28 to December 9, 2024, and the Council override of the Mayoral veto period is December 10 to December 24, 2024. The budget is deemed adopted at the end of either the amendment, veto or override period. Should there be any in-year budget amendments after the budget has been adopted, from January 2025 to March 2025, changes can be incorporated into the calculation of the 2025 tax

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bill, as long as they are approved prior to the approval of the Final 2025 Tax Ratios, Rates and Due dates report in April of 2025.

### In-year Budget Changes under Strong Mayor Powers

Under the legislation, the Mayor is able to initiate, prepare and propose in-year budget amendments after the budget has been adopted. After receiving a proposed budget amendment from the Mayor, Council can amend the proposed budget by passing a resolution within a 21-day period, and the Mayor then has 5 days from end of the Council review period to veto any Council amendment. To veto a council amendment, the Mayor must provide written documentation of the veto and rationale to each Member of Council and the municipal clerk on the day of the veto. Within a 10-day period after the head of Council's veto period, Council may override the Head of Council's veto of a Council amendment to the proposed budget amendment if two-thirds of all Council members vote to override the veto. Council and the Mayor can also shorten the respective review, veto and override periods. At the end of this process, the resulting budget amendment is adopted.

## **Comments**

At the Budget Committee meetings held on November 18<sup>th</sup>, 19<sup>th</sup> and 25<sup>th</sup>, the Committee voted on report recommendations that had budget impacts, including:

- Free Older Adult Recreation Programming
- Citywide Windrow Removal
- Secondary Sidewalk Clearing
- Enhanced Snow Removal for Bike Lanes
- Vacuum Leaf Collection Program
- Flood Resilience Rebate Program
- Employee Paid Parking
- Recreation Community Grants

Although Budget Committee voted on these recommendations, Council can still override the decisions at the November 27<sup>th</sup> Council meeting.

### Additional information about the Capital Infrastructure and Debt Repayment Levy

At the November 25<sup>th</sup> meeting, Budget Committee requested an analysis to assess whether issuing additional debt in 2025 is a feasible option to mitigate the effects on the Tax Capital Reserve Fund if the Capital Infrastructure and Debt Repayment Levy (Infrastructure Levy) were to be reduced from 3% to 2% in 2025.

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The current levy of 3% ensures we maintain reasonable reserve fund balances while supporting the maximum debt needed to fund the capital programs.

The City began issuing debt in 2013, and by the end of 2025, the outstanding debt balance is projected to reach \$412 million. Over the next 10 years, the City plans to issue approximately \$1.2 billion in debt to fund its capital programs. This annual issuance of new debt, combined with the retirement of previously issued debt, will result in a steady increase in both the outstanding debt balance and the associated principal and interest payments over the next decade.

While the City's Annual Debt Repayment Ratio (the percentage of debt repayment costs relative to own-source revenue) is projected to be 6.5% in 2025, well below the 15% limit set in the City's Debt Management Policy, this gap provides assurance that the City will have the capacity to manage its longer-term capital needs beyond the immediate planning horizon.

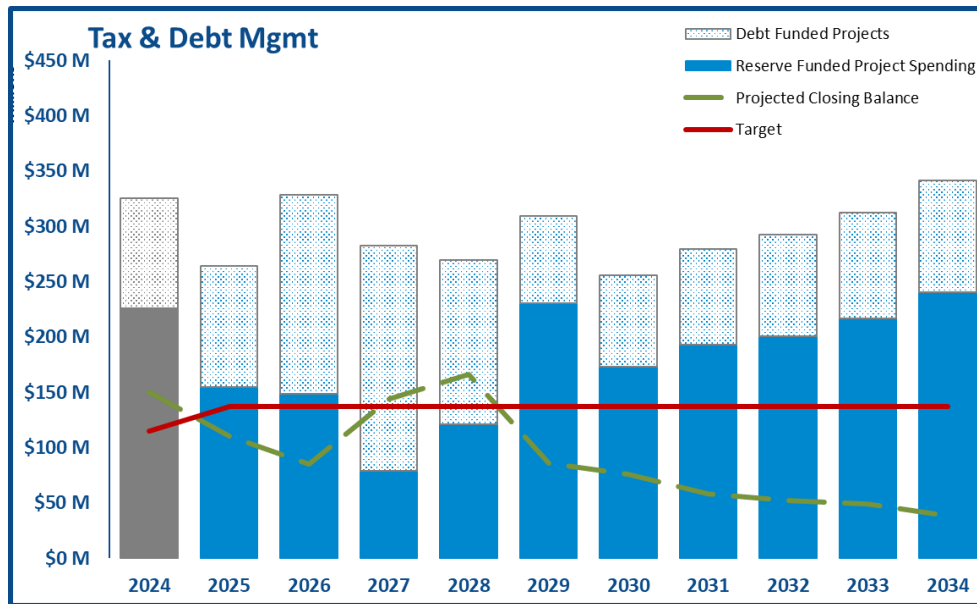
Currently, the 3% Infrastructure Levy in 2025 includes 1% contribution to the Capital Reserve Fund and 2% for the debt repayments and interests which allows the City to issue a maximum of \$110 million debt in 2025.

If the levy is reduced from 3% to 2%, the 1% contribution to the Capital Reserve Fund would be eliminated, and the Capital Reserve Fund would receive approximately \$6.8 million less in 2025. This minimizes the impact to the capital program.

Without a corresponding reduction in the capital program, issuing additional debt to compensate for the \$6.8 million loss in 2025 would require borrowing \$120 million. This would result in an extra \$850,000 in annual debt repayment and interest costs. To cover these additional costs, the levy would need to be 2%, without further reducing the transfer to the Capital Reserve Fund.

Moreover, the \$6.8 million reduction in the transfer for 2025 has a compounding effect on future transfers, and translates into an estimated \$70 million reduction over the next 10 years.

The below chart illustrates the reserve fund balances over the 10-year period if the Infrastructure Levy is reduced from 3% to 2%. Project spending in 2025 includes the additional \$18.35 million for the proposed City-wide Windrow Removal program.



### Financial Impact

Below is the summary of the revised 2025 budget and tax bill impacts based on Budget Committee’s recommendations from November 18<sup>th</sup>, 19<sup>th</sup> and 25<sup>th</sup>:

Description	2025 Net Tax Levy Requirement (\$000s)	2025 Net Tax Levy Impact (\$000s)	2025 Budget Impact (%)	2025 Tax Bill Impact (\$)	2025 Tax Bill Impact (%)
<b>Original Proposed (per Budget book)</b>	<b>\$735,254</b>	<b>\$53,288</b>	<b>7.2%</b>	<b>\$184</b>	<b>2.7%</b>
Free Older Adult Recreation		\$743	0.11%	\$3	0.04%
Citywide Windrow Removal		\$5,508	0.80%	\$21	0.3%
Secondary Sidewalk Clearing		\$1,773	0.26%	\$7	0.1%
Enhanced Snow Removal for Bike		\$400	0.06%	\$1	0.04%
Vacuum Leaf Collection Program		\$1,981	0.29%	\$7	0.1%
Flood Resilience Rebate Program (Note)		\$0	0.0%	\$0	0.0%
Employee Paid Parking		\$133	0.02%	\$1	0.0%
Recreation Community Grants		\$62	0.01%	\$0	0.0%
<b>Total Changes</b>	<b>\$10,600</b>	<b>\$10,600</b>	<b>1.55%</b>	<b>\$40</b>	<b>0.6%</b>
<b>Revised - City of Mississauga</b>	<b>\$745,854</b>	<b>\$63,888</b>	<b>8.8%</b>	<b>\$224</b>	<b>3.3%</b>
<b>Region of Peel – Tax supported</b>			<b>12.5%</b>	<b>\$327</b>	<b>6.0%</b>
<b>Total – City and Region</b>				<b>\$551</b>	<b>9.3%</b>

Note 1: Flood rebate program to be funded by fiscal stability reserve and has no property tax impact.

Below is the revised budget and tax bill impact if the Capital Infrastructure Levy is reduced from 3% to 2%:

Description	2025 Net Tax Levy Requirement (\$000s)	2025 Net Tax Levy Impact (\$000s)	2025 Budget Impact (%)	2025 Tax Bill Impact (\$)	2025 Tax Bill Impact (%)
<b>Original Proposed (per Budget book)</b>	<b>\$735,254</b>	<b>\$53,288</b>	<b>7.2%</b>	<b>\$184</b>	<b>2.7%</b>
Proposed Amendments to Date		10,600	1.55%	\$40	0.6%
Reducing Infrastructure Levy from 3%		(\$6,820)	(1.0%)	(\$26)	(0.4%)
<b>Total Changes</b>	<b>\$3,780</b>	<b>\$3,780</b>	<b>0.6%</b>	<b>\$14</b>	<b>0.2%</b>
<b>Revised - City of Mississauga</b>	<b>\$739,034</b>	<b>\$57,068</b>	<b>7.8%</b>	<b>\$198</b>	<b>2.9%</b>
<b>Region of Peel – Tax supported</b>			<b>12.5%</b>	<b>\$327</b>	<b>6.0%</b>
<b>Total – City and Region</b>				<b>\$525</b>	<b>8.9%</b>

## Conclusion

Once the final budget is adopted, a summary of the amended budget and tax impacts will be inserted into the final 2025 Budget document.



Geoff Wright, P.Eng, MBA, City Manager and Chief Administrative Officer

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