

City of Mississauga Corporate Report



Date: November 21, 2024 To: Chair and Members of General Committee	Originator's files:
From: Geoff Wright, P.Eng, MBA, City Manager and Chief Administrative Officer	Meeting date: December 4, 2024

Subject

2025 Federal and Provincial Pre-Budget Submissions

Recommendation

1. That the priority topics contained in the report dated November 21, 2024 from the City Manager and Chief Administrative Officer entitled, "2025 Federal and Provincial Pre-Budget Submissions" be endorsed as the City of Mississauga's priority advocacy request to the federal and provincial government for the 2025 federal and provincial pre-budget submissions;
2. That the City hosts a meeting of Council, Mississauga MPPs and MPs prior to the introduction of the federal and provincial budgets, to discuss the city's budget priorities;
3. That the Mayor or designate attend an in-person federal and provincial consultation to deliver Mississauga's priorities directly to the Ministers of Finance or their designates.
4. That the final versions of the pre-budget submissions be presented to Council in January 2025 for approval, prior to submission to the federal and provincial governments; and
5. That the final versions of the federal and provincial pre-budget submissions be forwarded to local Mississauga MPs and MPPs, the Association of Municipalities of Ontario, and the Federation of Canadian Municipalities.

Executive Summary

- For many years, the City of Mississauga has provided written submissions to the provincial and federal governments as part of their respective pre-budget consultation processes. These advocacy priorities form the foundation of the advocacy activities for the remainder of the year, subject to update and approval by Council.
- It is recommended the City's advocacy priorities be divided into two categories: Supporting more housing and maintaining affordability. In particular, the recommended priorities for the City's pre-budget submissions are: recommendations from Mayor's Housing Taskforce (TBC); funding for extension of Dundas BRT; all-day, two-way GO service on the Milton corridor; a new transit facility to support transit expansion and

housing target; disaster relief and funding for flooding; provincial coverage of the Mississauga Hospital local share; a new deal for Mississauga that includes operating funding for Hazel McCallion LRT; ensuring Peel Region and Mississauga receive their fair share; removing the 5% cap on the GTAA PILT; declare food insecurity an emergency and provide supports to reduce food bank use; and enacting the Municipal Growth Framework as outlined by FCM.

- The advocacy priorities for the 2025 federal and provincial pre-budget submissions will form the foundation of the advocacy efforts during the 2025 calendar year, including during possible provincial and federal elections.
- Staff will bring the final version of the submissions to Council for approval in January 2025 and copies will be sent to the Federation of Canadian Municipalities and the Association of Municipalities of Ontario.
- Staff recommend that the Mayor or her designate attend one of the in-person federal and provincial pre-budget consultations to deliver Mississauga's message directly to the Finance Ministers or their designates.

Background

For many years, the City of Mississauga has submitted its advocacy priorities in writing to the federal and provincial governments as part of the federal and provincial pre-budget consultation process. The 2024 provincial pre-budget submission can be found in Appendix 1. The deadline to provide written submissions is usually the first week in February. Staff will prepare the final documents and present them to Council before the end of January for approval, prior to submission.

Comments

The City of Mississauga has a number of advocacy priorities with both the federal and provincial governments. To be effective, it is important the city streamline these priorities. Staff recommend dividing the advocacy priorities into two categories: Supporting more housing, and maintaining affordability.

Supporting More Housing

1. Recommendations stemming from the Mayor's Housing Taskforce (TBC)

The Mayor's Housing Task Force, which includes city leadership, prominent developers and builders in Mississauga and Ontario, is close to completing its report. The report identifies recommendations municipalities such as Mississauga can implement immediately to speed up development and encourage more housing. It will also outline actions the federal and provincial governments can take to address the housing crisis. The recommendations that pertain to other orders of government will be included in the final pre-budget submissions.

Request of the federal and provincial governments: To be confirmed upon release of Mayor's Housing Taskforce recommendations in January.

2. Extension of the Dundas BRT

Mississauga is currently delivering the first segment of the 48-kilometre Dundas BRT, which will eventually run between Kipling Station in Toronto and the City of Hamilton. Mississauga's current work will connect the Hazel McCallion LRT to Mississauga's eastern border with Toronto. Commencing design and business case analysis on the connection between Toronto's Kipling Station and the current section of the BRT is essential to realizing the full potential of the BRT. The same work needs to commence on the segment of the corridor between Confederation Parkway to the University of Toronto Mississauga campus. To do this work requires provincial funding and support. Feedback received from Metrolinx indicates that additional study and the business case for these segments is not currently a priority.

Request of the province: Provide priority funding for the development of a business case and further study on the Dundas BRT Mississauga West, including options to directly link to UTM, as well as the Toronto segment between Kipling and the Mississauga east segment for better connections to the regional transit system.

3. Delivering All-Day-Two Way GO Service on the Milton Corridor

While Mississauga is thankful for the additional rush hour train trips that have been added to the Milton corridor in recent years, the reality remains that the trains do not operate in both directions, all day. This critical gap in service creates travel challenges for residents and impacts Mississauga's local economy. Mississauga is a net importer of jobs and there are over 7,900 businesses along the Milton Corridor, employing over 140,000 people. With six stations in Mississauga, there is also a great deal of potential for future housing developments in transit-oriented communities served by GO Transit as each of these stations is a Major Transit Service Area (MTSA).

While the federal and provincial governments have both publicly committed to supporting this project, publicly available details on the design of the project and a timeline for completion are unavailable. Mississauga does not own the infrastructure but has a great interest in seeing this project completed quickly. It has been an advocacy priority for the City for decades and would positively affect local and regional travel patterns and capacity.

Request of provincial and federal governments: Work together to deliver all-day, two-way GO service on the Milton corridor as soon as possible, and provide details publicly about the project and a timeline.

4. New Transit Facility

MiWay's existing fleet of approximately 500 vehicles is housed at its two existing facilities (Central Parkway and Malton) where capacity has been maximized and is not

able to accommodate future fleet growth. To bring buses online, will require more space to house and service them. At the same time, as MiWay brings on more zero emissions buses, it will need the right space to house and repair them. Details of the new transit storage facility still need to be determined; however, preliminary conceptual designs indicate the potential to house between 170 and 280 forty-foot buses at this site with an estimated capital cost of over \$500 million.

Traffic and congestion are already high in Mississauga. Transit is an effective way to move people around the city and connect them to the wider region. As the City seeks to meet the Province's housing target of 120,000 new homes in the next 10 years, investments in transit service and capacity will be essential. To operate more buses to meet demand, MiWay needs a new transit garage. The cost to construct a new facility to accommodate a zero-emission fleet is significant and exceeds the City's budgetary capacity.

Request of provincial and federal governments: Provide support to the City of Mississauga to build a new transit facility to support transit expansion in Mississauga to enable the building of more housing in our community and to meet our housing targets.

5. Disaster Mitigation and Housing Enabling Funding

Mississauga requires support from the federal and provincial governments to continue to build housing, as well as the necessary infrastructure to support housing. The City is thankful for the funding provided to the Region of Peel in 2024 through the provincial Housing-Enabling Water Systems Fund (HEWSF), as well as the federal funding provided in 2023 through the Housing Accelerator Fund (HAF). However, pressure on the City's budget to maintain existing and build new infrastructure continues to mount and additional support from the federal and provincial governments is necessary. The City has recently submitted two applications to the provincial government that require urgent approval.

Dixie-Dundas Flood Mitigation (HEWSF)

On July 16, 2024, and August 17 and 18, 2024, parts of Mississauga experienced historic and catastrophic flooding. The City has made an application under the Housing Enabling Water Systems Fund requesting \$31 million, which represents 73 per cent of the total eligible project costs, to address severe flooding issues in our community. The Dixie-Dundas Flood Mitigation Project will continue to add resilience to the City's stormwater system and will protect over 1,000 properties that are currently at risk of flooding due to spill of Little Etobicoke Creek at Queen Frederica, including the Dixie-Dundas and Applewood communities, and will unlock developable land for the construction of 6,300 new housing units in a critical growth node located at the Dixie GO Major Transit Station Area.

Ninth Line Road Widening - Eglinton Avenue West to Derry Road West (HECS)

This project is vital for improving transportation infrastructure to support our growing population. The City has applied for the maximum permitted funding of \$20 million, which represents 35 per cent of the total eligible project costs. This funding is crucial to ensure the project can proceed without delay, addressing current and future transportation needs.

Request of provincial government: Expedite approval of Mississauga's applications to the Housing Enabling Water Systems Fund and the Housing Enabling Core Services Stream.

Request of the federal government: Prioritize funding to municipalities for disaster and flood mitigation.

Maintaining Affordability

The City of Mississauga is facing a host of financial pressures, including from other orders of government, that directly affect the property tax rate. Municipalities like Mississauga do not have multiple revenue sources like the federal and provincial governments and must rely on the property tax for a majority of their funding. When the economy is doing well, the federal and provincial governments benefit through higher revenues from payroll and income taxes, as well as consumption taxes like the GST and HST. Despite Mississauga's position as Ontario's second-largest urban economy and its strong economic performance, the City's budget does not fully benefit from local economic development efforts and investments. Moreover, the property tax was not designed to build major capital projects, construct provincial infrastructure, or address issues like climate change, immigration, and healthcare, to name but a few.

According to the Association of Municipalities of Ontario (AMO), Ontario municipalities, including Mississauga, subsidize the provincial government in the amount of \$4 billion annually. At the same time, the Province has asked Mississauga to contribute \$450 million through the local share to fund the new Peter Gilgan Mississauga Hospital. In the coming years, the gross operation cost for the Hazel McCallion LRT is estimated at \$65 million per year and will have significant impacts on the property tax. As well, the City is working to address flooding, by investing \$310 million over the next decade, on top of the \$260 million already invested, to build stormwater infrastructure to protect residents and businesses. Mississauga is doing its part, but the cost pressures continue to add up and are not matched by consistent and predictable revenue streams. In 2025, the City's infrastructure gap will be \$90 million, up from \$44 million in 2024. The City's ability to meet rising cost pressures is increasingly strained.

Along with the City's budget, the Region of Peel's is also facing significant cost pressures, many for programs and services from other levels of government. Peel is projecting a 12.5% increase in 2025, which will be represented as a 5.5% increase on the property tax bill. Peel's increase is being driven by a number of pressures, including a 23% increase to the operating budget for Peel Region Police. When combined with the City's property tax increase of 2.7%, the total residential property tax increase for Mississauga residents is projected to be 8.2%.

According to a recent report from the Metamorphosis Network, Peel Residents receive \$578 less per person, totalling over \$868 million per year. Peel Region residents, including Mississauga residents, are not receiving their fair share of funding for core and social services from the provincial government, and this situation has persisted for quite some time. When added together, the financial pressures mounting on the City of Mississauga.

To maintain affordability for Mississauga's property taxpayers, the following advocacy priorities are recommended:

1. Hospital Local Share

On October 30, 2024, Council approved a resolution declining to provide the \$450 million to the Peter Gilgan Mississauga Hospital rebuild as part of the local share request from Trillium Health Partners. While the City of Mississauga is supportive of the hospital project and understands the need for a regional hospital of this nature to serve over 1.7 million residents, healthcare is entirely within provincial jurisdiction and the property tax was not designed to fund healthcare infrastructure. As noted, Mississauga is facing a host of cost pressures that make it difficult to fund this hospital. To do so would require a property tax levy of up to 3% for five years, and the issuance and repayment of a 20-year debenture.

Hospitals are a provincial responsibility and building new ones should not be done using the property tax. Mississauga residents already pay taxes to the provincial government and the Province receives funding for healthcare through the Federal Health Transfer. Since 2005, this transfer has increased by 212% whereas healthcare spending has only increased by 158%. The province should be funding this new hospital. The amount of \$450 million is 42% higher than the average amount requested of other cities in Ontario in recent years. As this is a policy of the Ministry of Health and not a legislative requirement, Mississauga should not have to pay.

Request of provincial government: Do not require the City of Mississauga to provide a local share and cover the \$450 million from provincial revenues.

2. New Deal for Mississauga

In late 2023 and early 2024, the provincial government struck new funding deals with Toronto and Ottawa, providing each city with operating and capital funding for transit projects. In Toronto, the Province provided \$1.2 billion to the city over three years to operate the Eglinton Crosstown and Finch West LRTs. In Ottawa, they committed over \$197 million for operating costs, including \$48 million for increased safety on public transit. In both cases, the Province recognized the significant operating pressures faced by these cities and determined that provincial support was needed.

In the Province's October 30, 2024, Fall Economic Statement, the new deals with Ottawa and Toronto were justified because these cities are "unique economic engines in

the provincial and national economies that face pressures and challenges that require additional support from all levels of government.” As the province’s second largest urban economy, Mississauga is also a unique economic engine for the province and the country, home to over 100,000 businesses, over 1,400 multi-national companies, and 77 Fortune 500 companies. Our City also boasts a GDP of \$55 billion annually for the provincial and national economies. As a net importer of jobs, we are an economic powerhouse in our own right and should be afforded the same considerations as Toronto and Ottawa.

Request of the province: Develop and sign a new deal with the City of Mississauga to provide funding to operate the Hurontario LRT for at least the first three years of operation, as well as funding for other projects on the City’s capital list.

3. Fair Share for Peel and Mississauga

As noted, residents of the Region of Peel, and by extension, those in the City of Mississauga, receive less in funding from the provincial government than people living in other cities and regions across the province. This includes \$86 million less for core municipal services as well as \$214 million for social services. While the province is supposed to cover 70% of social services, in Peel, it is covering far less. This places a significant burden on the Region’s and Mississauga’s property tax bills, and results in more costs for taxpayers, for what are provincial programs, services and responsibilities.

The Region of Peel and City of Mississauga property tax bills are combined and the financial pressures on the Region become financial pressures on the City. This funding gap places significant pressure on Mississauga’s budget and makes it harder to maintain a competitive property tax rate, while continuing to deliver the programs and services residents expect. This funding gap can and must be fixed by the provincial government.

Request of the provincial government: Increase funding to Peel Region to close the gaps identified by the Metamorphosis Network to ensure fairness for property taxpayers.

4. GTAA PILT

Since 2001, the Greater Toronto Airports Authority (GTAA) has paid a payment in lieu of taxes (PILT) to the City of Mississauga. This PILT was capped at 5% growth in passenger volume on an annual basis, meaning that when passenger volumes increased beyond 5%, as they regularly did pre-pandemic, the City of Mississauga missed out on important revenue. As a result of the cap, between 2007 and 2021, Mississauga missed out on \$18.6 million. Had the PILT rate increased in line with the City’s tax rate increases with no arbitrary cap, the cumulative PILT payment between 2001 and 2021 would have been \$501 million more, or in 2021 alone, would have been approximately \$75.5 million higher. The current PILT passenger rate formula, which has not been updated since 2001, is unfair and must be reassessed.

The City of Mississauga is thankful to the province for removing the 5% cap in 2021 during the pandemic, understanding the incredible financial losses that would have been suffered by the City if the cap remained in place. However, the Minister's recent decision to reinstate the cap, despite assurances in August 2024 to the contrary, is concerning and cannot happen. The Province must work with the City of Mississauga to develop a new, fairer formula and not unilaterally reinstate the 5% PILT cap.

Request of the provincial government: Do not reinstate the 5% PILT cap and engage in a discussion about updating the formula to make it fair for the City of Mississauga taxpayers.

5. Declare Food Insecurity an Emergency and Provide Supports to Reduce Food Bank Use

Food bank use in Mississauga is the highest in Ontario, with over 56,000 Mississauga residents having used the food bank over 421,000 times in the last year, representing a 58% increase year over year. According to Food Banks Canada, approximately 175,000 residents currently have a poverty standard of living and Food Banks Mississauga estimates that by 2027, unless action is taken, 100,000 people in this City will have to use a food bank.

On November 13, 2024, Council passed a resolution declaring food insecurity to be an emergency in Mississauga and asked the federal and provincial government to make the same declaration. The motion requested the federal and provincial governments to make investments in income and disability support programs to provide people with the funding they need so they do not have to use a food bank. Council's resolution also called upon the other orders of government to make investments in affordable housing and worker support programs.

Request of the provincial government: The City requests the following actions from the provincial and federal governments:

1. Declare food insecurity an emergency in Ontario and Canada;
2. Improve social assistance programs;
3. Invest in affordable, supportive and public housing;
4. Build a stronger workforce through better labour laws that benefit works and enhanced worker support programs; and
5. Support the Groceries and Essentials Benefit concept developed by Food Banks Canada.

6. Municipal Growth Framework

According to the Federation of Canadian Municipalities (FCM), municipalities are responsible for maintaining and delivering most of the infrastructure and services that support Canadians in their daily lives, including roads, water, public transit and essential

community services. However, in light of the historic population growth our country is experiencing, municipalities are struggling to fund these services under a 19th Century revenue framework that was never designed for the realities of the 21st Century. As such, the FCM is calling for a new Municipal Growth Framework to address the funding imbalance and shortfalls cities face, as well as ensure cities can meet the growing pressures of the 21st Century. Important recommendations in the report include:

- Increasing direct annual transfers to municipalities by \$2.6 billion. Paired with the existing Canada Community-Building Fund allocations, this would bring total annual federal transfers to \$5 billion.
- Linking federal transfers to economic growth by indexing them to Gross Domestic Product (GDP).
- Broadening eligible expenses under federal transfers to include operating costs as well as capital costs (infrastructure), enabling municipalities to direct funding towards local priorities that enable population growth and economic development—recognizing that municipalities are in the best position to identify and respond to local needs.
- New investments in supportive housing through a housing first approach to cost-sharing between federal, provincial and municipal governments.

The Big City Mayor's Caucus of FCM and the FCM membership have endorsed the Municipal Growth Framework and are advocating to the federal government and opposition parties for the adoption of its recommendations.

Request of the federal government: Support the FCM's Municipal Growth Framework and ensure long-term, consistent funding can be accessed by municipalities to meet their responsibilities.

Advocacy Approach for 2025

The priorities outlined above will form the basis of the City's advocacy efforts for 2025. This includes actively engaging in a potential provincial and federal election, as well as attending the Association of Municipalities of Ontario (AMO) conference in August to meet with Ministers and opposition party leaders. Between these milestones, staff and Council will continue to engage with Ministers, ministry staff, MPs and MPPs at both levels of government. City staff are also working closely with the government relations team at the Region of Peel to coordinate advocacy efforts at the provincial and federal levels.

In the event of a federal or provincial election, staff will prepare a campaign strategy to present to Council to ensure Mississauga's priorities are top of mind for candidates and parties, as well as voters. In previous federal and provincial elections, the City has engaged in advocacy through the "Mississauga Matters" banner.

Strategic Plan

This report addresses multiple pillars, including Move, Belong, Connect, Prosper and Green. The advocacy priorities outlined in this report advance the City's strategic objectives and support a city-building agenda.

Financial Impact

There is no financial impact associated with this report.

Conclusion

Through the federal and provincial pre-budget process, the City of Mississauga has an opportunity to showcase the City's top priorities for 2025. All of the recommendations outlined in this report are of importance to the City and would have a positive impact on funding vital infrastructure, supporting a climate change and helping Mississauga grow.

Attachments

Appendix 1: 2024 Provincial Pre-Budget Submission



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

Prepared by: Robert Trewartha, MA, Director of Strategic Communications and Initiatives