AGENDA

BUDGET COMMITTEE

THE CORPORATION OF THE CITY OF MISSISSAUGA

MONDAY, DECEMBER 3, 2012 – 1 P.M.
continuing (if required)
TUESDAY, DECEMBER 4, 2012 – 1 P.M.
continuing (if required)
WEDNESDAY, DECEMBER 5, 2012 –
IMMEDIATELY FOLLOWING GENERAL COMMITTEE

COUNCIL CHAMBER
SECOND FLOOR, CIVIC CENTRE
300 CITY CENTRE DRIVE, MISSISSAUGA, ONTARIO, L5B 3C1
www.mississauga.ca

Members

Mayor Hazel McCallion	(CHAIR)
Councillor Jim Tovey	Ward 1
Councillor Pat Mullin	Ward 2
Councillor Chris Fonseca	Ward 3
Councillor Frank Dale	Ward 4
Councillor Bonnie Crombie	Ward 5
Councillor Ron Starr	Ward 6
Councillor Nando Iannicca	Ward 7
Councillor Katie Mahoney	Ward 8
Councillor Pat Saito	Ward 9
Councillor Sue McFadden	Ward 10
Councillor George Carlson	Ward 11

CONTACT PERSON: Julie Lavertu, Legislative Coordinator
Office of the City Clerk, Telephone: 905-615-3200, ext. 5471; Fax: 905-615-4181
Julie.Lavertu@mississauga.ca

CALL TO ORDER

DECLARATIONS OF (DIRECT OR INDIRECT) PECUNIARY INTEREST

APPROVAL OF AGENDA

PUBLIC DEPUTATIONS

A. John Stillich, President, Icepark Group Inc., Keith Madley, Director, Icepark Group Inc., and Clete McDonald, Director, Icepark Group Inc., with respect to a funding request for Icepark's IceSkatePark Mississauga proposal.

B. Item 9 Fawzi Mattar, President, Mississauga Real Estate Board, and Linda Pinizzotto, Government Relations Chair, Mississauga Real Estate Board, with respect to the Municipal Land Transfer Tax.

OTHER PUBLIC DEPUTATIONS

DEPUTATIONS

C. Other Service Area Presentations (as requested by Budget Committee at its meeting on November 27, 2012)*
- Arts and Culture
- Financial Transactions
- Information Technology
- Land Development Services

*** NOTE:** To support corporate waste reduction efforts, the Service Area Presentations will not be distributed to Members of Council, staff, and the general public and can be viewed online at the following web link: http://www.mississauga.ca/portal/cityhall/budgetcommittee.

UNFINISHED BUSINESS

1. Amendments to the *Planning Act* Processing Fees and Charges By-law 53-12

Corporate Report dated September 19, 2012 from the Commissioner of Planning and Building with respect to amendments to the *Planning Act* Processing Fees and Charges By-law 53-12.

(1.) **The above noted Corporate Report was deferred by the Budget Committee at its meeting on October 17, 2012 and was listed on the Budget Committee's November 26-27, 2012 agenda, but was not considered.**

RECOMMENDATION
That By-law 53-12 be amended incorporating the recommended revisions as outlined in Appendix 1 attached to the Corporate Report dated September 19, 2012 from the Commissioner of Planning and Building entitled "Amendments to the *Planning Act* Processing Fees and Charges By-law 53-12."

2. Disclosure Options for the 2013 Final Tax Bill

Corporate Report dated November 20, 2012 from the Commissioner of Corporate Services and Treasurer with respect to disclosure options for the 2013 final tax bill.

The above noted Corporate Report was listed on the Budget Committee's November 26-27, 2012 agenda, but was not considered.

RECOMMENDATION
1. That the report dated November 20, 2012 on Disclosure Options for the 2013 Final Tax Bill from the Commissioner of Corporate Services and Treasurer be received;
2. That direction be provided to staff as to whether Council wishes to highlight on the tax bills the Emerald Ash Borer Management (EABM) Program levy and/or the total Capital Infrastructure (CI) levy;
3. That in the event that Council wishes to highlight one or both of these levies on the tax bill, direction be provided to staff to implement Option #1 (separate tax rates for Operating, CI and/or EABM Programs) or Option #2 (information notation only of the CI and/or EABM Program levy amounts included in the general levy).

MATTERS TO BE CONSIDERED

3. Consultants Hired in 2011 and 2012

Corporate Report dated November 20, 2012 from the Commissioner of Corporate Services and Treasurer with respect to consultants hired in 2011 and 2012.

RECOMMENDATION
That the Corporate Report dated November 20, 2012 from the Commissioner of Corporate Services and Treasurer, entitled "Consultants Hired in 2011 and 2012," be received.

4. City of Mississauga Financial Indicator Review for 2011

Corporate Report dated November 20, 2012 from the Commissioner of Corporate Services and Treasurer with respect to the City of Mississauga Financial Indicator Review for 2011.

RECOMMENDATION
That the report entitled "City of Mississauga Financial Indicator Review for 2011" dated November 20, 2012 from the Commissioner of Corporate Services and Treasurer be received.

5. *Municipal Act* Reporting Requirements Under *Ontario Regulation 284/09*

Corporate Report dated November 20, 2012 from the Commissioner of Corporate Services and Treasurer with respect to *Municipal Act* reporting requirements under *Ontario Regulation 284/09*.

RECOMMENDATION
That the report dated November 20, 2012 entitled "*Municipal Act* Reporting Requirements Under *Ontario Regulation 284/09"* from the Commissioner of Corporate Services and Treasurer be received.

6. 2012 Annual Repayment Limit

Corporate Report dated November 20, 2012 from the Commissioner of Corporate Services and Treasurer with respect to the 2012 annual repayment limit.

RECOMMENDATION
That the 2012 Annual Repayment Limit for the City of Mississauga respecting long-term debt and financial obligations in the amount of $137.0 million, calculated pursuant to *Ontario Regulation 403/02*, be received for information.

7. Snow Removal Subsidy Program

Memorandum dated November 28, 2012 from Patti Elliott-Spencer, Director, Finance, with respect to the Snow Removal Subsidy Program.

The above noted Memorandum was not available for issuance with the agenda and will be distributed to Budget Committee members and posted online once available.

8. Councillor Newsletters Survey

Memorandum dated November 28, 2012 from Commissioner of Corporate Services and Treasurer with respect to the councillor newsletters survey.

The above noted Memorandum was not available for issuance with the agenda and will be distributed to Budget Committee members at the Committee's December 3, 2012 meeting.

RECOMMEND RECEIPT

9. Municipal Land Transfer Tax

Correspondence dated November 1, 2012 from Fawzi Mattar, President, Mississauga Real Estate Board, with respect to the municipal land transfer tax.

The above noted Correspondence was referred to the Budget Committee by Council at its November 14, 2012 meeting.

CLOSED SESSION

ADJOURNMENT

MISSISSAUGA

Corporate Report

Clerk's Files

Originator's Files CD.21.DEV

DATE: September 19, 2012

TO: Chair and Members of the Budget Committee
Meeting Date: October 17, 2012

FROM: Edward R. Sajecki
Commissioner of Planning and Building

SUBJECT: **Amendments to the *Planning Act* Processing Fees and Charges By-law 53-12**

RECOMMENDATION: That By-law 53-12 be amended incorporating the recommended revisions as outlined in Appendix 1 attached to the Corporate Report dated September 19, 2012 from the Commissioner of Planning and Building entitled "Amendments to the *Planning Act* Processing Fees and Charges By-law 53-12."

REPORT HIGHLIGHTS:

- Council approved By-law 53-12 on May 1, 2012 that adjusted fees in accordance with the recommendations of a comprehensive fee study. As such, no fee changes are being recommended at this time.
- Community Services is proposing a 5% increase for Tree Removal Permission.

BACKGROUND: Each year the City undertakes a review of the fees and charges collected under the *Planning Act*, R.S.O. 1990, c.P.13, as amended. The *Planning Act* Processing Fees and Charges By-law includes fees for services and activities provided by all City departments in connection with the processing of planning related applications.

COMMENTS:

The Community Services Department is recommending a 5% fee increase to the existing Tree Removal Permission to offset the increased costs of reviewing applications and conducting site inspections in connection with requests for tree removal. The Planning and Building Department is recommending some wording changes for clarification purposes regarding application of fees. Council approved By-law 53-12 on May 1, 2012 as a result of a comprehensive fee study that adjusted fees in accordance with the recommendations from the study. As such, no fee changes are being recommended at this time.

FINANCIAL IMPACT:

The revenues generated from the proposed changes to the fees and charges collected under the *Planning Act* will be included in the 2013 Budget.

CONCLUSION:

The proposed amendments to the *Planning Act* Processing Fees and Charges By-law for 2013 that are included in Appendix 1 will result in improved cost recovery.

ATTACHMENTS:

Appendix 1: Amendments to Schedule 'A' of the *Planning Act* Processing Fees and Charges By-law

Edward R. Sajecki
Commissioner of Planning and Building

Prepared By: Jack Hinton, Manager,
Financial and Customer Services

AMENDMENTS TO SCHEDULE "A' OF THE *PLANNING ACT* FEES AND CHARGES BY-LAW

Community Services Department

Fee Name	Existing or New Fee	Description of Change and Justification	2012 Current Fee	2013 Proposed Fee	Fee Increase		2013 $ Impact Forecast
					$	%	+ / (-)
Tree Removal Permission (through the review of Subdivison, Site Plan and Consent Applications)	Existing	Recovery of increased costs.	$320 for removal of up to 5 trees	$336 for removal of up to 5 trees	$ 16	5%	
			$71 for each additional tree	$75 for each additional tree	$ 4	5%	$1,330
			Maximum fee of $1,433	Maximum fee of $1,505	$ 72	5%	

Planning and Building Department

Fee Name	Existing or New Fee	Description of Change and Justification	2012 Current Fee	2013 Proposed Fee	Fee Increase		2012 Budget	2013 Forecast Actuals	2013 $ Impact Forecast
					$	%			+/(-)
P&B Notes: Maximum charge per application	Existing	Clarification that the applicable base fee is included in the maximum fee (By-law text change only)	N/A	N/A					
P&B Notes: Site Plan Control, for Infill Residential	Existing	Clarification for infill housing base fee(By-law text change only)	N/A	N/A					

MISSISSAUGA

Corporate Report

Clerk's Files

Originator's Files

DATE: November 20, 2012

TO: Chair and Members of Budget Committee
Meeting Date: November 26, 2012

FROM: Brenda R. Breault, CMA, MBA
Commissioner of Corporate Services and Treasurer

SUBJECT: **Disclosure Options for the 2013 Final Tax Bill**

RECOMMENDATION:

1. That the report dated November 20, 2012 on Disclosure Options for the 2013 Final Tax Bill from the Commissioner of Corporate Services and Treasurer be received;
2. That direction be provided to staff as to whether Council wishes to highlight on the tax bills the Emerald Ash Borer Management (EABM) Program levy and/or the total Capital Infrastructure (CI) levy;
3. That in the event that Council wishes to highlight one or both of these levies on the tax bill, direction be provided to staff to implement Option #1 (separate tax rates for Operating, CI and/or EABM Programs) or Option #2 (information notation only of the CI and/or EABM Program levy amounts included in the general levy).

REPORT HIGHLIGHTS:

- Two disclosure options are available to identify levy requirements on the tax bill related to the EABM Program and/or CI funding;
- Option #1 would establish separate tax rates for Operations, CI and the EABM Programs on the tax bill;
- Option #2 would show one City tax rate on the tax bill but provide

a notation on the bill of the amount included in the City levy for CI and/or the EABM Program;

- Either option could be implemented for the 2013 final tax bill;
- A Council decision is required by the December 12, 2012 Council meeting on whether to separate these levy components on the tax bill;
- Council may choose to disclose levy requirements for the CI levy or the EABM Program or both.

BACKGROUND:

Revenue staff were asked to investigate options on the final tax bill to identify tax impacts due to the EABM Program and CI funding requirements. In the past, such funding requirements were only highlighted in the Mayor's Update brochure included with the final tax bill.

The current tax bills are based upon the legislative requirements specified in O. Reg 75/01. A sample final bill is shown in Appendix 1. Section 312 of the *Municipal Act* provides for a General Local Municipality levy while section 311 provides for a General Upper-Tier levy. The Education levy is provided for in the *Education Act*. The current tax bills provide for all three general levies. In discussion with Legal Services, it has been confirmed that more than one "general" levy could be approved by Council and disclosed separately on a tax bill. The Cities of Ottawa and Hamilton bills contain a general levy and a police levy while the City of Vaughan and City of Burlington bills contain a general levy and a hospital levy. It should also be noted that other municipalities have passed special area charges such as fire, transit or garbage collection which are levied only upon a specific geographic area under Section 326 of the *Municipal Act* and these charges are broken out separately on tax bills.

Staff surveyed Toronto, Oakville, Burlington, Brampton, London, Markham, Hamilton and Ottawa. None of these municipalities is planning to highlight the EABM Program as an information line or separate levy component on the tax bill.

COMMENTS:

The City has traditionally levied one tax called a City levy which changes from year to year based upon the needs identified in the annual business plan and approved budget. A sample of the existing final tax bill is shown in Appendix 1. Showing a single City levy on the tax bill does not highlight the cost of programs such as CI funding nor the EABM Program included in the tax bill.

If Council wishes to modify the tax bills to include information on the CI funding and the EABM Program included in the bill, then it has one of two different options to choose from. In Option #1, separate tax rates would be established for each of the three components; Operating Program, CI funding and EABM Program and taxes for each component would be shown separately on the tax bill. In Option #2, an information notation would be printed on the final tax bill identifying the portion of the City tax levy attributed to CI funding and EABM Program.

Council direction is required as to whether to have the tax bills redesigned to highlight the portions of the City levy related to CI funding and/or EABM Program and if so whether they wish to identify CI funding and/or the EABM Program taxes separately or whether they wish to provide an information notation on the final tax bill disclosing the amount of the total tax levy dedicated to CI funding and/or the EABM Program.

1. Separate Levy

The City's property tax software has the capability to bill multiple City levies. To do so, would require a separate tax rate to be established for each property tax class for each program. In the residential or RT class for example, the tax levy by-law would establish a RT – Operating, a RT – CI and a RT – EABM Program rate. There are currently 81 City tax rates established annually by Council for the various property classes. This would increase to 243 if Council chose to bill three tax components for each property class.

A sample tax bill showing the additional tax rates is provided in Appendix 2. This sample property has both residential and commercial property tax class components. The tax rates have been calculated using the 2013 proposed levy amounts with 2012 assessments.

There are space limitations when printing the levy charges on the tax bill as shown on the sample bill in Appendix 2. There is only room to list six separate levies (i.e. six lines of space). This is due to Canada Post requirements in the location of the address section of the bill and the positioning of the account summary, instalment information and provincially mandated explanations of reassessment impact and capping calculation. To some extent the tax bill could be redesigned to provide additional space but this could not be done in time for the 2013 final billing.

As a result, tax bills for properties with only two property assessment class components or less would display all information (i.e. two classes times three levies equals six lines). A property with more than two classes would have the additional information truncated at six lines. However, the summary totals would still be correct and include all of the levies, even those not displayed. To remedy this problem, staff propose an alternative billing format for bills requiring more than six lines. This is shown in Appendix 3 for a property with three tax classes. To stay within the space limitation the three levy rates would be aggregated into a single City tax rate. The aggregation must be done for each tax class level because billing must take place at the tax class level by legislation. We cannot aggregate by combining Operating, CI and EABM levy components for all tax classes even though this might be easier for the public to understand. A note would be required on the tax bill to indicate that the levies were consolidated into the overall City tax levy rates. There are 301 properties out of 207,000 that would require this alternate billing format.

On a typical residential property assessed at $451,000 the three levies would be as follows:

Operating levy	$1,236.25
CI levy	$128.28
EABM Program	$20.83
Total City levy	$1,385.36

The total tax bill (City, Region and Education) is $4,356.76.

The programming changes necessary to properly format all tax bills (final, supplementary, apportionment, appeal, etc.) to accommodate multiple general levies will be in the range of $95,000 to $105,000 and require 16 weeks of staff time to complete. The changes can be made in time for the 2013 final bill provided Council direction to proceed is received by the December 12, 2012 Council meeting.

2. Information Notation

Instead of setting separate levies for CI and EABM Program, two notes could be added to the property tax bill. These are shown in Appendix 4. The tax levy would remain as only one levy as it is today and the CI and EABM components amounts would be indicated on the bill. All final tax bills would display this information in the same manner.

This option is less complex to program and would require 10 weeks of staff time and cost approximately $22,000. The changes can be made in time for the 2013 final bill provided Council direction to proceed is received by the December 12, 2012 Council meeting.

FINANCIAL IMPACT: Option #1 will cost between $95,000 and $105,000, and Option #2 will cost $22,000. This is the cost of outsourcing this work. Funding would be allocated from the Contingency Reserve.

CONCLUSION: Council direction is required to determine if they wish to identify the City's CI and/or EABM Program tax components separately on the property tax bill. If so, then Council direction will be required to determine if this is to be done through separate tax rates for each of Operating Program, CI Program and/or EABM Program which would be disclosed as separate tax items on the tax bill, or whether Council prefers to provide an information notation on the final tax bill disclosing the amount of the total tax levy dedicated to Capital Infrastructure and/or the EABM Program. A Council decision is required by the December 12, 2013 Council meeting to provide the necessary 4 months to modify the tax bills.

ATTACHMENTS:

Appendix 1: Sample of existing final tax bill
Appendix 2: Sample of Option #1 final tax bill for properties with two tax classes or less
Appendix 3: Sample of Option #1 final tax bill for properties with more than two tax classes
Appendix 4: Sample of Option #2 final tax bill for all properties

Brenda R. Breault

Brenda R. Breault, CMA, MBA
Commissioner of Corporate Services and Treasurer

Prepared By: Jeffrey J. Jackson, Director, Revenue, Materiel Management and Business Services

Appendix 1

MISSISSAUGA

Mississauga Taxes
300 City Centre Drive
MISSISSAUGA ON L5B 3C1
Tel.: 3-1-1 or 905-615-4311*
FAX: 905-615-3532
TTY: 905-896-5151
(teletypewriter for people who are deaf)
Email: tax@mississauga.ca
mississauga.ca/tax

*outside city limits

Tax Bill

Final 2012

Billing Date: June 7, 2012

Customer No:

Tax Roll #:
Location:
Legal Dscr: PL PT LTS 72 & 73
Agent: C-1068
Mortgage #: FEB11/13

095507 397/2 xxP1(U)

PO BOX 120 STN MAIN
ACTON ON L7J 2M2

Assessment		City Levy		Region Levy		Education Levy	
Tax Class	Assessment	Rate (%)	Amount	Rate (%)	Amount	Rate (%)	Amount
RT	330,000	0.284851	940.01	0.437847	1,444.90	0.221000	729.30
Total	**$ 330,000**	**City**	**$ 940.01**	**Region**	**$ 1,444.90**	**Education**	**$ 729.30**

Account Summary (As of May 22, 2012)	
Overdue	15,136.43
Future Due	2,701.21
Account Balance	**$ 17,837.64**

Summary	
Final 2012 Levies	$ 3,114.21
Final 2012 Taxes	$ 3,114.21
Less Interim Billing	1,513.00
Plus Overdue	15,136.43
Total Amount Due	**$ 16,737.64**

Due Date	Amount
Jul 5, 2012	**15,671.64**
Aug 2, 2012	**533.00**
Sep 6, 2012	**533.00**

OVERDUE TAXES, IF APPLICABLE, ARE INCLUDED IN YOUR FIRST INSTALMENT. Late payment charges are applied to overdue taxes at a rate of 1.25% on the day after the due date and on the first day of each month until paid.

Payments made and charges added after May 22, 2012 are not reflected on this bill.

The future due amount indicated in your Account Summary also includes any future instalment(s) from previous billings.

Enrol online for the convenient Pre-authorized Tax Payment Plan! For details, visit www.mississauga.ca/etax

Explanation of Tax Changes From 2011 to 2012 Residential, Farmland, Pipelines & Managed Forests	
Final 2011 Levies	3,027.41
*2011 Annualized Taxes	3,027.41
2012 City Levy Change	63.14
2012 Region Levy Change	21.35
2012 Prov. Education Levy Change	0.00
2012 Tax Change due to Reassessment	2.31
**Final 2012 Levies	3,114.21
Total Year-Over-Year Tax Change	**86.80**

* An annualized tax figure is used in this analysis to compensate for mid-year adjustments in tax treatment or assessment value. If a property did not have any mid-year adjustments, the annualized taxes should equal the Final 2011 levies listed above.
** Final levy amount applies only to the property or portion(s) of property referred to in this notice and may not include some special charges and credit amounts.
*** Adjustment tax amount applies only to the property or portion(s) of the property referred to in this notice and may not include some special charges and credit amounts or levies that are not part of the capping calculation.

Appendix 2

Mississauga Taxes
300 City Centre Drive
MISSISSAUGA ON L5B 3C1
Tel.: 3-1-1 or 905-615-4311*
FAX: 905-615-3532
www.mississauga.ca/tax
*outside city limits

Tax Bill

Final 2013

Billing Date: 2013-06-01
Customer No: XXXXXX

TAXPAYER 1
TAXPAYER 2
123 MAIN ST
MISSISSAUGA ON L1A 2B3

Tax Roll #: 05-01-0-123-45600-0000-0 8
Location: 123 MAIN ST
Legal Dscr: PL H12 PT LT 123

Assessment			City Levy		Region Levy		Education Levy	
Tax Class	Assessment		Rate (%)	Amount	Rate (%)	Amount	Rate (%)	Amount
CT	458,000	Operating	0.386451	1,769.95	0.617284	2,827.16	1.177386	5,392.43
		Emerald Ash	0.006510	29.82				
		Infrastructure	0.040100	183.66				
RT	451,000	Operating	0.274115	1,236.26	0.437847	1,974.69	0.221000	996.71
		Emerald Ash	0.004618	20.83				
		Infrastructure	0.028443	128.28				
Totals	**909,000**		**City**	**$3,368.80**	**Region**	**$4,801.85**	**Education**	**$6,389.14**

Special Charges/Credits

Port Credit BIA	1,465.04
Total	$1,465.04

Account Summary (As of Jun 19, 2013)

Future Due	8,635.00
Account Balance	**$8,635.00**

Summary

Final 2013 Levies	$14,559.79
Special Charges/Credits	1,465.04
2013 Tax Cap Adjustment	0.00
Final 2013 Taxes	$16,024.83
Less Interim Billing	7,389.83
Total Amount Due	**$8,635.00**

Instalment Due Dates

Due Date	Amount
Aug 2, 2013	**8,635.00**

OVERDUE TAXES, IF APPLICABLE, ARE INCLUDED IN YOUR FIRST INSTALMENT. Late payment charges are applied to overdue taxes at a rate of 1.25% on the day after due date and on the first day each month until paid.

The future due amount indicated in your Account Summary also included any future instalment(s) from previous billings.

Explanation of Tax Changes From 2012 to 2013
Residential, Farmland, Pipelines & Managed Forests

Final 2012 Taxes	4,000.00
*2012 Annualized Taxes	4,000.00
2013 City Levy Change	56.76
2013 Region Levy Change	150.00
2013 Prov. Education Levy Change	0.00
2013 Tax Change due to Reassessment	150.00
**Final 2013 Levies	4,356.76
Total Year-Over-Year Tax Change	**356.76**

Explanation of Multi-Res, Commercial and Industrial Property Tax Calculations

2013 CVA Taxes	
*2012 Annualized Taxes	
2013 Tax Cap Amount	NOT APPLICABLE
2013 Prov. Education Levy change	
2013 Municipal Levy Change	
***2013 Adjusted Taxes	

*An annualized tax figure is used in this analysis to compensate for mid-year adjustments in tax treatment or assessment value. If a property did not have any mid-year adjustments, the annualized taxes should equal the final YYYY Tax amount listed above.
**Final YYYY Levies applies only to the property or portion(s) of property referred to in this notice and may not include some special charges and credit amounts
*** Final YYYY Adjusted Taxes applies to the property or portion(s) of property referred to in this notice and may not include some special charges and credit amounts or levies that are not part of the capping calculation.

Appendix 3

MISSISSAUGA

Mississauga Taxes
300 City Centre Drive
MISSISSAUGA ON L5B 3C1
Tel.: 3-1-1 or 905-615-4311*
FAX: 905-615-3532
TTY: 905-896-5151
(teletypewriter for people who are deaf)
Email: tax@mississauga.ca
mississauga.ca/tax
*outside city limits

Tax Bill

Final 2013

Billing Date: 2013-06-01
Customer No: XXXXXX

TAXPAYER 1
TAXPAYER 2
123 MAIN ST
MISSISSAUGA ON L1A 2B3

Tax Roll #: 05-01-0-123-45600-0000-0 8
Location: 123 MAIN ST
Legal Dscr: PL H12 PT LT 123

Assessment		City Levy		Region Levy		Education Levy	
Tax Class	Assessment	Rate (%)	Amount	Rate (%)	Amount	Rate (%)	Amount
CT	565,000	0.433061	2,446.79	0.617284	3,487.65	1.177386	6,652.23
IT	1,214,000	0.482501	5,857.56	0.687753	8,349.32	1.421817	17,260.86
RT	451,000	0.307176	1,385.36	0.437847	1,974.69	0.221000	996.71
Totals	**2,230,000**	**City**	**$9,689.71**	**Region**	**$13,811.66**	**Education**	**$24,909.80**

The CITY LEVY RATE includes Operating, Capital Infrastructure and Emerald Ash Borer Management Program levy components.

Account Summary (As of Jun 19, 2013)	
Future Due	25,317.37
Account Balance	**$25,317.37**

Summary	
Final 2013 Levies	$48,411.17
Final 2013 Taxes	$48,411.17
Less Interim Billing	23,093.80
Total Amount Due	**$25,317.37**

PLEASE DO NOT SEND PAYMENT. YOUR INSTALMENTS WILL BE AUTOMATICALLY WITHDRAWN FROM YOUR BANK ACCOUNT.

Late payment charges are applied to overdue taxes at a rate of 1.25% on the day after due date and on the first day each month until paid.

The future due amount indicated in your Account Summary also included any future instalment(s) from previous billings.

Withdrawal Dates Due Date	**Amount**
Aug 15, 2013	**5,065.37**
Sep 16, 2013	**5,063.00**
Oct 15, 2013	**5,063.00**
Nov 15, 2013	**5,063.00**
Dec 16, 2013	**5,063.00**

Explanation of Tax Changes From 2012 to 2013
Residential, Farmland, Pipelines & Managed Forests

Final 2012 Taxes	4,000.00
*2012 Annualized Taxes	4,000.00
2013 City Levy Change	56.76
2013 Region Levy Change	150.00
2013 Prov. Education Levy Change	0.00
2013 Tax Change due to Reassessment	150.00
**Final 2013 Levies	4,356.76
Total Year-Over-Year Tax Change	**356.76**

Explanation of Multi-Res, Commercial and Industrial Property Tax Calculations

2013 CVA Taxes	NOT APPLICABLE
*2012 Annualized Taxes	
2013 Tax Cap Amount	
2013 Prov. Education Levy change	
2013 Municipal Levy Change	
***2013 Adjusted Taxes	

*An annualized tax figure is used in this analysis to compensate for mid-year adjustments in tax treatment or assessment value. If a property did not have any mid-year adjustments, the annualized taxes should equal the final YYYY Tax amount listed above.
**Final YYYY Levies applies only to the property or portion(s) of property referred to in this notice and may not include some special charges and credit amounts
*** Final YYYY Adjusted Taxes applies to the property or portion(s) of property referred to in this notice and may not include some special charges and credit amounts or levies that are not part of the capping lculation.

Appendix 4

MISSISSAUGA

Mississauga Taxes
300 City Centre Drive
MISSISSAUGA ON L5B 3C1
Tel.: 3-1-1 or 905-615-4311*
FAX: 905-615-3532
www.mississauga.ca/tax
*outside city limits

Tax Bill

Final 2013

Billing Date: 2013-06-01
Customer No: XXXXXX

TAXPAYER 1
TAXPAYER 2
123 MAIN ST
MISSISSAUGA ON L1A 2B3

Tax Roll #: 05-01-0-123-45600-0000-0 8
Location: 123 MAIN ST
Legal Dscr: PL H12 PT LT 123

Assessment		City Levy		Region Levy		Education Levy	
Tax Class	Assessment	Rate (%)	Amount	Rate (%)	Amount	Rate (%)	Amount
CT	565,000	0.433061	2,446.79	0.617284	3,487.65	1.177386	6,652.23
IT	1,214,000	0.482501	5,857.56	0.687753	8,349.32	1.421817	17,260.86
RT	451,000	0.307176	1,385.36	0.437847	1,974.69	0.221000	996.71
Totals	**2,230,000**	**City**	**$9,689.71**	**Region**	**$13,811.66**	**Education**	**$24,909.80**

$145.67 of the CITY LEVY PORTION OF YOUR TAX BILL is for the Emerald Ash Borer Management Program.
$897.23 of the CITY LEVY PORTION OF YOUR TAX BILL is for Capital Infrastructure funding.

Account Summary	(As of Jun 19, 2013)
Future Due	23,762.08
Account Balance	**$23,762.08**

Summary	
Final 2013 Levies	$48,411.17
Final 2013 Taxes	$48,411.17
Less Interim Billing	23,093.80
Total Amount Due	**$25,317.37**

PLEASE DO NOT SEND PAYMENT. YOUR INSTALMENTS WILL BE AUTOMATICALLY WITHDRAWN FROM YOUR BANK ACCOUNT.

Late payment charges are applied to overdue taxes at a rate of 1.25% on the day after due date and on the first day each month until paid.

The future due amount indicated in your Account Summary also included any future instalment(s) from previous billings.

Withdrawal Dates

Due Date	**Amount**
Aug 15, 2013	**5,065.37**
Sep 16, 2013	**5,063.00**
Oct 15, 2013	**5,063.00**
Nov 15, 2013	**5,063.00**
Dec 16, 2013	**5,063.00**

Explanation of Tax Changes From 2012 to 2013
Residential, Farmland, Pipelines & Managed Forests

Final 2012 Taxes	4,000.00
*2012 Annualized Taxes	4,000.00
2013 City Levy Change	56.76
2013 Region Levy Change	150.00
2013 Prov. Education Levy Change	0.00
2013 Tax Change due to Reassessment	150.00
**Final 2013 Levies	4,356.76
Total Year-Over-Year Tax Change	**356.76**

Explanation of Multi-Res, Commercial and Industrial Property Tax Calculations

2013 CVA Taxes	
*2012 Annualized Taxes	
2013 Tax Cap Amount	NOT APPLICABLE
2013 Prov. Education Levy change	
2013 Municipal Levy Change	
***2013 Adjusted Taxes	

*An annualized tax figure is used in this analysis to compensate for mid-year adjustments in tax treatment or assessment value. If a property did not have any mid-year adjustments, the annualized taxes should equal the final YYYY Tax amount listed above.
**Final YYYY Levies applies only to the property or portion(s) of property referred to in this notice and may not include some special charges and credit amounts
*** Final YYYY Adjusted Taxes applies to the property or portion(s) of property referred to in this notice and may not include some special charges and credit amounts or levies that are not part of the capping lculation.

MISSISSAUGA

Corporate Report

Clerk's Files

Originator's Files

BUDGET COMMITTEE
DEC 03 2012

DATE:	November 20, 2012
TO:	Chair and Members of Budget Committee Meeting Date: December 3, 2012
FROM:	Brenda R. Breault, CMA, MBA Commissioner of Corporate Services and Treasurer
SUBJECT:	**Consultants Hired in 2011 and 2012**

RECOMMENDATION: That the Corporate Report dated November 20, 2012 from the Commissioner of Corporate Services and Treasurer, entitled "Consultants Hired in 2011 and 2012," be received.

BACKGROUND: Where appropriate, the City engages consultants to provide services such as advisory, architectural design and training. Consulting services have been categorized as "Technical/Professional" or "Other". "Technical/Professional" services include expertise that is not available within the City's existing workforce and often involve specialization in areas of design, testing and assessments. "Other" services include consultants that deal with process reviews, one time plans or studies and strategies where there is not the capacity to deliver the services by City staff. These types of services will often deal with issues where an independent third party expert possesses the knowledge required by the City.

COMMENTS: In 2012, as of the middle of October, consulting service contracts with a total value of $10.2 million were awarded for various consulting services. This includes a $5.9 million contract awarded in February 2012 for the detailed design component for Mississauga's BRT capital project. Some of these are multiyear contracts. Of the $10.2 million, $9.8 million relates to projects approved in the capital program and $0.4 million relates to services funded from the operating budget. Technical/Professional services accounted for $9.0 million or 88% of the total $10.2 million in contracts awarded. As of the middle of

October, 2012, approximately $3.2 million has been spent on these contracts

In 2011, consulting service contracts had a total value of $22.5 million including a $15.1 million contract awarded in December 2011 for the preliminary design and environmental assessment of the Hurontario/Mainstreet LRT capital project. Consulting Services contracts of $21.0 million are related to the capital program and $1.5 million related to the operating program. Technical and professional services accounted for $20.5 million or 91% of the total $22.5 million contracts awarded. Approximately $5.8 million has been spent on 2011 consulting services contracts from the beginning of 2011 to the middle of October, 2012.

Appendix 1 attached provides a list of consulting service contracts awarded in 2012 and Appendix 2 shows those awarded in 2011 with updated expenditures.

FINANCIAL IMPACT: Funding is approved in either the capital or operating budgets to provide for consulting services. In 2012, contracts in the amount of $10.2 million as of the middle of October were awarded for various consulting services. Contracts valued at $22.5 million were awarded for consulting services in 2011.

CONCLUSION: The City engages consultants to provide specialized expertise not available within the City's workforce, in cases where there is not capacity of City resources to provide the services or where third party expert advice and knowledge is needed.

ATTACHMENTS:
Appendix 1: 2012 Consulting Services
Appendix 2: 2011 Consulting Services

Brenda R. Breault

Brenda R. Breault, CMA, MBA
Commissioner of Corporate Services and Treasurer

Prepared By: Susan Cunningham, Senior Policy Analyst

City of Mississauga
2012 Consulting Services
As at October 12, 2012

Appendix 1

Technical/Professional Services

Vendor	Description	Contract/ Award Date	Capital Program: Contract Amount ($)	Capital Program: Spent to date ($)	Operating Program: Contract Amount ($)	Operating Program: Spent to date ($)
ACTION PLANNING	Consultant fee - OMB Queen St South	17/08/2012			$11,980	$11,980
	Consultant fee - OMB Ceremonial Drive	18/09/2012			$5,991	$5,991
ADVANTIS STUDIO CONSULTING INC.	Consulting services for roof condition assessment and contract administration at four facilities.(Mavis South, Lake Aquitaine bunker, Lakeview Promenade, Mississauga Valley Community Centre)	05/03/2012	$25,425	$11,999		
	Consulting services for skylight condition assessment and contract administration at Rivergrove Community Centre	09/03/2012	$16,195	$5,147		
AECOM CANADA LTD.	Study to determine the appropriate funding approach to support the City's stormwater management program	31/01/2012	$208,850	$86,620		
	Sawmill Creek Erosion Control Project - Consulting Services to undertake the Class EA study under the Environmental Assessment Act	09/03/2012	$123,570			
ARBORTURF SOLUTIONS	Design & construction Administration - Lakeview Golf Course Irrigation System	19/07/2012	$31,875	$10,688		
BAKER TURNER INC.	Design & Construction Administration - Wabukayne Lookout	25/05/2012	$11,425	$8,689		
BUILDING INNOVATION INC.	Consulting services for electrical retrofits at various locations	24/04/2012	$100,000	$25,000		
	Consulting services for electrical and mechanical repairs at Erin Mills Arena and various other locations	07/03/2012	$73,000	$37,390		
CIMA CANADA INC	Traffic engineering consulting services to develop processes that will allow the City to assess the safety performance of roadways	04/05/2012	$44,970	$4,547		

City of Mississauga
2012 Consulting Services
As at October 12, 2012

Appendix 1

Technical/Professional Services

Vendor	Description	Contract/ Award Date	Capital Program: Contract Amount ($)	Capital Program: Spent to date ($)	Operating Program: Contract Amount ($)	Operating Program: Spent to date ($)
CISCO SYSTEMS CANADA CO.	Consulting services for the VOIP (Voice Over Internet Protocol) telephone system (Call Manager) upgrade and Call Centre Phone System upgrade (i.e. 311). Cisco was approved via Corporate Report in March 2012	13/06/2012	$300,000	$0		
COLE ENGINEERING GROUP LTD	Supply and installation of rain gauge monitoring equipment	15/03/2012	$213,415	$90,774		
DECOMMISSIONING CONSULTING	Consulting Services - Parkland Acquisition - Evanstown Court & Creditview Road	20/07/2012	$68,190	$0		
DELOITTE AND TOUCHE LLP	Consulting services for network assessment and design for the Network Replacement Project. Deloitte was contracted through a competitive procurement process	28/02/2012	$247,937	$77,796		
ENGINEERED MANAGEMENT SYSTEMS INC.	Legislated biannual inspections for all City-owned bridges	17/08/2012	$162,900	$0		
	Pedestrian Bridge Inspection and Analysis	17/08/2012	$73,855	$0		
GENIVAR INC.	Consulting services for Civic Centre Fire Alarm	07/06/2012	$35,000	$8,542		
GEORGE ROBB ARCHITECT	Architectural consulting services for Chappell Estates foundation repairs	21/06/2012	$21,000	$5,100		
GOLDER ASSOCIATES LTD.	Phase II Environmental Assessment of 2385 Loreland Avenue	15/03/2012	$42,861	$41,344		
HARRINGTON McAVAN LTD.	Design & Construction Administration - Lakefront Promenade Spray Pad	03/05/2012	$64,060	$26,524		
HISTORIC HORIZON INC.	Archaeological Consulting Services	27/06/2012			$17,684	$14,659

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City of Mississauga
2012 Consulting Services
As at October 12, 2012

Appendix 1

Technical/Professional Services

Vendor	Description	Contract/ Award Date	Capital Program: Contract Amount ($)	Capital Program: Spent to date ($)	Operating Program: Contract Amount ($)	Operating Program: Spent to date ($)
HYDROSENSE IRRIGATION	Consultant Study - Citywide Irrigation System	18/04/2012	$37,000	$0		
IBI GROUP	Determination of Parking requirements as it pertains to the Strategy for the Main Street District and Sheridan HMC. The consultant will also provide parking solutions concepts and implementation plans as well as capital cost estimates	06/03/2012	$108,330	$32,965		
	Environmental assessment for McLaughlin Road from Bristol Road to Britannia Road	26/07/2012	$278,508	$0		
JAIN AND ASSOCIATES LIMITED	Consulting services for Pathway lighting project	03/05/2012	$41,000	$14,400		
	Consulting services for Sports lighting repairs	06/03/2012	$42,000	$14,700		
	Consulting services for Pathway lighting project	05/01/2012	$8,500	$8,500		
	Consulting services for Pathway lighting project	17/01/2012	$6,500	$6,500		
KPMG LLP	Preliminary business case proposal for Hurontario/Main Street LRT	23/05/2012	$20,000	$17,420		
MEI ASSOCIATES INC.	Architectural consulting services for interior finishes at various sites	28/02/2012	$22,250	$10,375		
MILLS ENTERPRISES	Services for the formulation, testing and deployment of new applications for transit workforce administration, unionized payroll and on-street operations	02/02/2012	$30,000	$12,220		

City of Mississauga
2012 Consulting Services
As at October 12, 2012

Appendix 1

Technical/Professional Services

Vendor	Description	Contract/ Award Date	Capital Program: Contract Amount ($)	Capital Program: Spent to date ($)	Operating Program: Contract Amount ($)	Operating Program: Spent to date ($)
MMM GROUP LIMITED	Detailed condition survey to assess needs of specific city-owned structures prior to renewal or replacement	22/02/2012	$51,350	$49,889		
	Detailed Design component for Mississauga's BRT Project	28/02/2012	$5,936,607	$1,913,544		
	Design work for multi-use trails in association with the Region's Queensway road improvements	29/03/2012	$52,749	$48,362		
	Structure Condition Survey for various City Culverts	02/03/2012	$50,320	$36,212		
	Contract Administration and Inspection for bridge rehabilitation at six locations	27/04/2012	$18,042	$939		
MOON MATZ LTD.	Site Structural Investigations -Various locations	01/09/2012	$15,900	$0		
	Site Structural Investigations -Garnet Woods and Various locations	13/09/2012	$15,900	$0		
	Site Structural Investigations -Lake Wabukayne Dock	13/09/2012	$25,680	$0		
MTE CONSULTANTS INC.	Monitoring Storm Water Pond at G. W. Morden Fire Training Center	15/08/2012	$33,300	$2,562		
PAPADOPOULOS & PRADHAN ARCHITECTS	Architectural consulting for various staff moves at City Hall	28/02/2012	$19,750	$17,775		
PLANMAC ENGINEERING INC.	Structure Condition Survey and Detailed Design for various City Bridges and Culverts	20/08/2012	$123,167	$54,396		
RADEFF ARCHITECT LIMITED	Architectural consulting services for Huron Park CC various repairs	28/03/2012	$28,900	$13,950		
ROBERT HEASLIP & ASSOC. LTD.	Site Investigations, Appraisals and Audits	17/01/2012	$8,070	$8,070		

City of Mississauga
2012 Consulting Services
As at October 12, 2012

Appendix 1

Technical/Professional Services

Vendor	Description	Contract/ Award Date	Capital Program Contract Amount ($)	Capital Program Spent to date ($)	Operating Program Contract Amount ($)	Operating Program Spent to date ($)
SCOTT TORRANCE LANDSCAPE	Design & Construction Administration - Clarkson Gateway	30/07/2012	$11,000	$3,250		
TED DAVIDSON	Consultant fee - OMB Satellite Matter	24/08/2012			$6,590	$6,590
THE SERNAS GROUP INC.	Credit River Erosion Control - Consulting Services to undertake the Class EA study under the Environmental Assessment Act, and Engineering services to provide designs, including preparation of detailed drawings, restoration plans, construction plans, etc.	16/08/2012	$81,416	$0		
	Channel design work and associated studies (ecological studies, fish habitat studies)	20/09/2012	$48,994	$0		
THE VENTIN GROUP ARCHITECTS	Consulting for mechanical repairs at Bradley and Anchorage	03/01/2012	$37,000	$21,330		
UTC FIRE & SECURITY CANADA	Consulting services for Central Library fire panel	28/03/2012	$5,788	$5,788		
ZAS ARCHITECTS INC.	Design Fees - Cawthra CC Signage change (changing Cawthra CC to Carmen Corbasson CC)	24/07/2012	$18,460	$6,013		
		Total "Technical/Professional" Services	**$9,041,008**	**$2,739,317**	**$42,245**	**$39,220**

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City of Mississauga
2012 Consulting Services
As at October 12, 2012

Appendix 1

Other Services

Vendor	Description	Contract/ Award Date	Capital Program: Contract Amount ($)	Capital Program: Spent to date ($)	Operating Program: Contract Amount ($)	Operating Program: Spent to date ($)
5TH BUSINESS	Creative Communication and Marketing Consulting for Animal Services Licensing Campaign	03/08/2012			$10,000	$0
AJD DATA SERVICES	Telephone survey of new businesses and verification of information for existing Mississauga businesses	28/05/2012			$25,000	$24,980
CAMERON HAWKING & ASSOCIATES INC.	Consulting Service for Sport Tourism & Implementation Plan	09/05/2012			$57,225	$20,125
CORIOLIS CONSULTING CORP.	Downtown Public Market Study	06/09/2012	$115,000	$0		
E2 ENERGY INC.	Consulting for Natural Gas purchasing 2012, 2013, 2014	14/02/2012			$44,973	$8,899
ENTRO COMMUNICATIONS	Consulting Service for Park Signage Plan	07/03/2012	$49,500	$8,182		
ENVIRONICS RESEARCH	Citizen Value Satisfaction survey	04/06/2012			$44,000	$44,774
HEMSON CONSULTING LTD.	Growth Forecast Study - Update the City's long range housing, population and emplyment forecasts	24/08/2012			$123,540	$0
IBI GROUP	A system-wide transit rider origin destination survey; information on MiWay passengers and their trip making, including origin and destination, bus stop locations and access/egress models, transit route used, fare information and demographic information	21/03/2012	$224,303	$197,935		
LIVE WORK LEARN PLAY INC.	Consulting services - Sheridan Phase II This contract is in partnership with Sheridan College. Total contracted value is $42,000 with $21,000 recoverable from Sheridan College. Only the City portion of the contract value and costs are reflected	28/02/2012	$21,000	$21,000		
	Consulting services - Downtown	24/07/2012	$50,000	$2,942		
METRICS @ WORK INC.	Employee Engagement survey	26/09/2012			$100,000	$24,189
NORTH-SOUTH ENVIRONMENTAL INC.	Natural Heritage System Strategy	01/05/2012	$300,388	$27,127		
		Total "Other" Services	**$760,190**	**$257,185**	**$404,738**	**$122,967**
		Total Consulting Services	**$9,801,198**	**$2,996,503**	**$446,983**	**$162,186**
		Total Contracts Awarded in 2012	**$10,248,181**			
		Total Expenditures for Contracts Awarded in 2012	**$3,158,689**			

City of Mississauga
2011 Consulting Services
Expenses as at October 12, 2012

Appendix 2

Technical/Professional Services

Vendor	Description	Contract/ Award Date	Capital Program: Contract Amount ($)	Capital Program: Spent to date ($)	Operating Program: Contract Amount ($)	Operating Program: Spent to date ($)
A.W. HOOKER ASSOCIATES LTD.	Quantity surveyor services	07/07/2011	$226,200	$18,400		
ACTION PLANNING	Consultant fee -OMB 1202 Mississauga Rd	12/12/2011			$10,710	$10,710
AECOM CANADA LTD	Technical Service Support for Torbram Grade Separation. Railway design and commissioning, crossing design and project co-ordination	25/04/2011	$50,320	$8,132		
	Consulting-Ammonia Heat Recovery System Hershey Centre	05/07/2011	$29,000	$12,000		
	Legal review of Cooksville Creek at Lakeshore Road structure replacement	24/10/2011	$14,282	$14,282		
	Little Etobicoke Creek Consulting Services -Original Purchase Order issued in 2007 for this project, however, due to name change of company, new PO issued in 2011 for balance of services. EA, detailed design and construction adminstrative services	01/03/2011	$15,540	$15,536		
	Cooksville Creek Erosion Control Project -Rathburn Rd to Absolute Ave consulting services	09/08/2011	$81,290	$81,290		
	Consulting services for Cooksville Creek Erosion Control Project - Burnhamthorpe Rd to Mississauga Valley Blvd	09/08/2011	$60,850	$36,615		
AMEC EARTH & ENVIRONMENTAL	Environmental site assessment services for South East Works Yard (Loreland)	13/01/2011	$627,616	$99,033		
	Consulting services for the Retrofit of Carolyn Pond Stormwater Management Facility	28/03/2011	$13,490	$10,754		
AON FIRE PROTECTION ENGINEERING COR	Consulting services for the design of the fire alarm system at the Central Library	24/01/2011	$3,960	$3,960		
AQUAFOR BEECH LIMITED	Consulting services for the Credit Valley Golf Course Tributary Erosion Control and Slope Stabilization	11/08/2011	$185,230	$102,896		
	Consulting services for the Cooksville Creek Flood Study	27/01/2011			$152,330	$152,330
AREA	Architectural consulting services for the LAC	24/05/2011	$14,720	$14,720		

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APPENDIX 2

City of Mississauga
2011 Consulting Services
Expenses as at October 12, 2012

Appendix 2

Technical/Professional Services

			Capital Program		Operating Program	
Vendor	Description	Contract/ Award Date	Contract Amount ($)	Spent to date ($)	Contract Amount ($)	Spent to date ($)
ATA ARCHITECT INC.	Architectural services for the redevelopment of the Bell Gardiner Estate (Fusion)	31/05/2011	$289,800	$135,127		
	Heritage Architectural services for properties in Mississauga	20/06/2011	$44,782	$16,430		
	Architectural services - Harris Farm Development	26/07/2011	$35,340	$35,340		
BAKER TURNER INC.	Landscape Consulting Services -Heatherleigh Park	15/11/2011	$20,500	$11,275		
COMLEY VAN BRUSSEL DESIGN	Consulting services to explore the feasibility of creating a new traffic control centre at 3185 Mavis Road	06/04/2011	$20,000	$20,000		
DILLON CONSULTING LIMITED	Port Credit Harbour (west) Pre-Design Study	19/12/2011	$371,436	$183,261		
ENVIRON, EC (CANADA) INC.	Engineering consulting services Phase 1 and 2 ESA and Geotechnical Study at 6375 Airport Road for Pre-purchase due diligence	28/07/2011			$53,950	$51,592
FRANZ ENVIRONMENTAL INC	Environmental and Geotechnical Services - Phase 1 & 2 at 6375 Airport Road (Fire Station 119)	02/06/2011	$31,500	$31,500		
GENIVAR INC.	Consulting Services for the preparation of a permit application for groundwater relief well systems at Sandalwood Park and Huron Heights Parks	08/04/2011	$97,936	$91,033		
GEOMORPHIC SOLUTIONS	Geomorphic Services - Sedimentation Study - JJ Plaus Park	15/04/2011	$68,835	$64,258		
	Post construction monitoring and reporting to the Department of Fisheries and Oceans for new 16 mile creek channel in north 16 district	03/11/2011	$19,800	$8,686		
HARRINGTON McAVAN LTD.	Architectural services for Meadow Green Playground and Parking Lot	09/06/2011	$25,210	$19,610		
IBI GROUP	Environmental Assessment, Design & Contract Administration for Creditview Bridge over the Credit River	18/07/2011	$268,289	$57,045		
INFOR GLOBAL SOLUTIONS (CANADA) LTD	IT application maintenance, support, service and licensing agreement for the Hansen 8 Application. This is a multi-year agreement to end in 2013	09/08/2011			$75,000	$5,273

City of Mississauga
2011 Consulting Services
Expenses as at October 12, 2012

Appendix 2

Technical/Professional Services

Vendor	Description	Contract/ Award Date	Capital Program Contract Amount ($)	Capital Program Spent to date ($)	Operating Program Contract Amount ($)	Operating Program Spent to date ($)
JOHN GEORGE ASSOCIATES	Architectural services-Hershey Soccer Dome	02/09/2011	$99,480	$99,480		
KENNETH R. MARCHANT	Management Plan to Address Emerald Ash Borer (EAB) Tree Infestation	22/09/2011			$6,438	$5,255
M & E ENGINEERING LTD.	Consulting services for tennis court at various locations	13/10/2011	$19,500	$16,500		
	Consulting services for the lighting retrofit at Clarkson Works Depot Service Bays	13/10/2011	$9,500	$6,500		
MACLENNAN JAUNKALNS MILLER	Architectural services for Frank McKechnie CC	21/06/2011	$108,100	$84,100		
MCCORMICK RANKIN CORPORATION	Consulting services - Bridge in Dellwood Park	30/08/2011	$8,500	$1,506		
	Structure Condition Survey & Detailed Design for various City culverts	27/05/2011	$34,130	$34,130		
MICHEL DE BROIN	Project and contract management. For the supply, delivery and installation of the the public art piece "Possibilities" for the roundabout located at the intersection of Duke of York Blvd. & Square One Drive	02/11/2011	$53,000	$35,000		
MICROSOFT CANADA INC	Consulting services for the Technology Adoption Program (TAP). This was a program with Microsoft to participate in the early adoption of their System Centre / Configuration Manager (SCCM) which IT uses for Helpdesk and Server Patching/Monitoring	26/04/2011	$15,515	$15,515		
MMM GROUP LIMITED	Expert witness services OMB file -Parker Dr	Various			$40,011	$40,011
PAPADOPOULOS & PRADHAN ARCHITECTS	Archtectural consulting services for City Hall Conservatory	22/07/2011	$100,680	$90,630		
	Architectural consulting services for renovation of office space at 950 Burnhamthorpe	31/08/2011	$43,500	$43,500		
PARKIN ARCHITECTS LIMITED	Architectural services- Hershey Centre Improvements	18/04/2011	$150,000	$150,000		
PERKINS+WILL CANADA INC.	Architectural Services for the Redevelopment of Meadowvale CC & Library	01/09/2011	$1,900,000	$105,147		
PETER ROHMANN ASSOCIATES INC.	Consulting services for roof assessment and contract administration at five facilities	11/04/2011	$51,258	$51,258		

City of Mississauga
2011 Consulting Services
Expenses as at October 12, 2012

Appendix 2

Technical/Professional Services

Vendor	Description	Contract/ Award Date	Capital Program: Contract Amount ($)	Capital Program: Spent to date ($)	Operating Program: Contract Amount ($)	Operating Program: Spent to date ($)
RADEFF ARCHITECT LIMITED	Architectural consulting services for outdoor structure at Central Stores	31/05/2011	$15,350	$13,150		
	Architectural consulting services for accessibility upgrades at various facilities	28/07/2011	$79,280	$45,844		
RAFAEL + BIGAUSKAS	Expert witness services OMB file -Satellite Restaurant	20/05/2011			$12,542	$12,542
ROBERT HEASLIP	Expert witness services OMB file -Haig Blvd	Various			$19,251	$19,251
SMITH + ANDERSEN	Consulting services for lighting control systems design at Civic Centre, LAC and Central Library	28/01/2011	$36,000	$9,600		
SNC - LAVALIN INC.	Preliminary design and environmental assessment for Hurontario/Main Street LRT	05/12/2011	$15,082,302	$2,219,991		
TED DAVIDSON	Expert witness services OMB file -Satellite and Davand Dr	27/06/2011			$29,503	$29,503
TERRAPEX ENVIROMENTAL LTD.	Enviromental Risk Assessment for Park 302 North Section	11/11/2011	$59,529	$59,529		
URS CANADA INC. (Engineers and Architects)	Heritage Impact Statement for Winding Lane Bird Sanctuary, 3230 Mississauga Road (Sawmill Valley Trail)	11/05/2011	$10,700	$10,700		
VALDOR ENGINEERING INC.	Consulting services - Phases 1 & 2 for Applewood Creek Erosion Control	19/08/2011	$46,535	$30,248		
		Total "Technical/Professional" Services	**$20,538,785**	**$4,213,512**	**$399,734**	**$326,466**

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City of Mississauga
2011 Consulting Services
Expenses as at October 12, 2012

Appendix 2

Other Services

Vendor	Description	Contract/ Award Date	Capital Program Contract Amount ($)	Capital Program Spent to date ($)	Operating Program Contract Amount ($)	Operating Program Spent to date ($)
1822930 ONTARIO INC.	Consulting for Human Resources Process Review	16/12/2011			$25,440	$25,440
5TH BUSINESS	Creative Communication and Marketing Consulting for Animal Services	13/06/2011			$25,561	$25,561
AECOM TECHNICAL SERVICES INC.	Consulting Services -Downtown	25/11/2011			$50,000	$22,796
AGREE INC	Joint bargaining training and team building to bring together both bargaining teams and others who are involved in bargaining process, in preparation for upcomong collective bargaining for 2 of the City's union (CUPE and ATU)	15/07/2011			$17,750	$17,750
ALEX BARD CONSULTING (ABC)	Consulting services Hershey Sports Complex	07/10/2011			$33,982	$33,451
ARGYLE COMMUNICATIONS	Consulting - Communication Master Plan	06/09/2011			$34,990	$34,845
CUNDARI GROUP LTD	A 3 year strategic plan that outlines the focus and strategic direction for the MiWay brand, marketing and communications	23/11/2011			$337,000	$145,000
GOLDER ASSOCIATES LTD.	Consulting services for OPG Lands -Environmental Review	12/10/2011	$24,141	$22,920		
JS CHENG & PARTNERS	Insurance Risk Actuarial Services	24/11/2011			$20,224	$20,224
KNIGHTSBRIDGE HUMAN CAPITAL MANAGEMENT	Consulting Services for Talent Management	07/12/2011			$35,363	$21,013
KNOWLES CONSULTANCY SERVICES INC.	Fairness Advisor for Mississauga Hotel/Convention Centre Project	06/06/2011			$9,744	$7,473
LIVE WORK LEARN PLAY INC.	Retail Policy & Interim Control By-law consulting services-Downtown 21 project	14/04/2011	$340,000	$340,000		
	Consulting services for Hotel and Convention Centre Request for Proposal	19/10/2011			$40,000	$35,618
MANGA DESIGN	Living Green Master Plan Layout	28/11/2011			$8,983	$8,983
MILLIER DICKINSON BLAIS INC	Consulting services for International Marketing Strategy	22/06/2011			$37,675	$37,675

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City of Mississauga
2011 Consulting Services
Expenses as at October 12, 2012

Appendix 2

Other Services

Vendor	Description	Contract/ Award Date	Capital Program Contract Amount ($)	Capital Program Spent to date ($)	Operating Program Contract Amount ($)	Operating Program Spent to date ($)
MONTEITH BROWN PLANNING CONSULTANTS	Consulting Services for Arena Ice and Floor Strategy.	06/12/2011	$39,350	$34,625		
NORTH-SOUTH ENVIRONMENTAL INC.	Consulting Services for Natural Area Survey for 2011 and 2012	28/02/2011			$25,000	$2,500
	Consulting services to conduct Natural Areas Inventory work for Ninth Line corridor lands	06/04/2011			$15,000	$8,359
ODGERS BERNDTSON CANADA INC.	Executive Search for Transit Operations Manager	20/09/2011			$27,700	$27,700
PROACTIVE HEALTH AND SAFETY	Consulting Services for Health & Safety Management System Audit	02/11/2011			$25,431	$24,927
RIC CENTRE	Strategic Plan for the Mississauga Innovation Centre	17/08/2011			$20,000	$20,000
ROYAL LIFESAVING SOCIETY CANADA	Services for Aquatic Risk Assessment Audit	05/08/2011			$6,500	$6,500
STEELCASE CANADA LTD	Consulting services to conduct workplace strategy sessions for staff workspace design.	06/04/2011	$26,500	$26,500		
SYNOVATE LTD.	Benchmark customer satisfaction survey in 2011 of MiWay transit riders	31/10/2011			$153,500	$153,500
TENZING COMMUNICATION INC.	Living Green Master Plan & Peel Climate Strategy Marketing Campaign	14/12/2011			$15,180	$15,180
WATSON & ASSOCIATES	Planning & Building Fee Review	26/08/2011			$80,849	$80,849
WATTSWORTH	Consulting for Electricity purchase 2011, 2012 & 2013	07/03/2011			$41,600	$20,500
WAYNE HUSSEY CONSULTING INC.	Consulting -Recreation and Parks Organizational review	23/03/2011			$30,800	$30,800
		Total "Other" Services	**$429,991**	**$424,045**	**$1,118,272**	**$826,644**
		Total Consulting Services	**$20,968,776**	**$4,637,557**	**$1,518,006**	**$1,153,110**
		Total Contracts Awarded in 2011	**$22,486,783**			
		Total Expenditures for Contracts Awarded in 2011	**$5,790,667**			

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MISSISSAUGA

Corporate Report

Clerk's Files

BUDGET COMMITTEE
DEC 03 2012

Originator's Files

DATE: November 20, 2012

TO: Chair and Members of Budget Committee
Meeting Date: December 3, 2012

FROM: Brenda R. Breault, CMA, MBA
Commissioner of Corporate Services and Treasurer

SUBJECT: **City of Mississauga Financial Indicator Review for 2011**

RECOMMENDATION: That the report entitled "City of Mississauga Financial Indicator Review for 2011" dated November 20, 2012 from the Commissioner of Corporate Services and Treasurer be received.

BACKGROUND: Each year municipalities submit Financial Information Returns (FIRs) and Financial Statements to the Ministry of Municipal Affairs and Housing (MMAH) as required by the *Ontario Municipal Act, 2001.* From this information the MMAH prepares a "Financial Indicator Review" for each Ontario municipality. Staff at the MMAH review this financial data and monitor the financial performance of a municipality through the use of several key financial indicators. These indicators are assessed in relation to established provincial thresholds and benchmarked against comparable municipalities. The Financial Indicator Review for 2011 for the City of Mississauga is attached as Appendix A and provides financial indicators for the City as of December 31, 2009, 2010 and 2011

COMMENTS: Overall, the City's financial indicators show that the City's financial position is very favourable in comparison to other lower tier southern Ontario municipalities and the City's risk level for all indicators is classified as low. However, while still very positive, many of the financial indicators are trending downwards signifying a gradual weakening in the City's financial position over time.

The indicator for Total Reserves and Discretionary Reserve Funds as a percentage of Operating Expenses for the City has declined from 84.6% in 2009 to 56.1% in 2011. This indicator measures a municipality's flexibility to offset unbudgeted revenue losses or increases in expenses. High percentages generally indicate that a municipality is setting aside substantial funds for future projects and for future unforeseen expenditures. High risk is considered when the percentage is less than 10% (i.e. total Reserves and Discretionary Reserve Funds are less than 1/10th of the actual operating expenses of the municipality). The City of Mississauga results are classified as low risk as are all municipalities in the comparator group.

The indicator Net Financial Assets as a % of Total Operating Revenue has declined from 93.3.1% in 2009 to 71.4% in 2011. Net Financial Assets as a % of Own Purpose Taxation Plus User Fees has declined from 178.5% (2009) to 129.1% (2011), and Total Cash and Temporary Investments as a % of Operating Expenses has declined from 193.4% (2009) to 147.6% (2011). While all measures are still considered in the low risk category, they are trending downward.

The decline in these indicators in a large part reflects the City's draw down of its capital reserve funds for new and replacement / rehabilitation capital projects. Amounts are being drawn from reserve funds for the Capital program at levels much higher than funds are being transferred into these reserve funds each year through the annual operating budget Contribution to Capital ($27.6 million 2012). The depletion of capital reserves, which has been forecast for a number of years, will necessitate borrowing to fund capital projects – in 2012 debt financing of $21 million was approved. A reduction of reserve balances in 2011 was the result of a phased reduction in revenues for building permits from slowing development and transit revenue budget shortfalls due to the effects of the economic downturn. The requirement for the phased reserve funding plan for building permit revenues was completed in 2011.

Debt servicing cost as a percentage of total operating revenue is

Debt servicing cost as a percentage of total operating revenue is currently 0% for the City of Mississauga. This indicator reflects the portion of the municipality's revenues being utilized for debt servicing costs. Low risk is considered less than 5% while high risk is greater than 10%. Based on the current capital debt forecasts, the City will reach a debt servicing cost as a percentage of total operating revenue of approximately 4.76% by 2022.

FINANCIAL IMPACT: Not applicable.

CONCLUSION: The Ministry of Municipal Affairs and Housing has issued the 2011 Financial Indicator Review which provides a snapshot of the financial position of the City. Overall, the City's financial indicators signify that the City's financial position is very favourable in comparison to the provincial comparators and the risk levels for all indicators are classified as low. However, many indicators are trending downwards signifying a somewhat weakening financial position over the last several years. The downward trends are primarily the result of declining reserves and reserve funds balances as these funds have been used for new and replacement / rehabilitation capital projects and for offsetting significant declines in building permit and transit revenues in 2009.

ATTACHMENTS: Appendix 1: Financial Indicator Review for the City of Mississauga based on 2011 FIR

Brenda R. Breault

Brenda R. Breault, CMA, MBA
Commissioner of Corporate Services and Treasurer

Prepared By: Susan Cunningham, Senior Policy Analyst

FINANCIAL INDICATOR REVIEW

(Based on 2011 Financial Information Return)

Mississauga C (Peel R)

Date Prepared:	27-Sep-12	Tier:	Lower Tier
MSO Office:	Central Ontario	MAH Code:	21102
Prepared By:	Karren Wallace	MUNID:	21005
		REV Code:	2105

FINANCIAL INDICATORS

Indicator	Thresholds		Actuals	South - LT - Regions - Non-Rural Median	South - LT - Regions - Non-Rural Average	Risk Level
Debt Servicing Cost as a % of Total Operating Revenue	Low: <5%	2009	0.0%	3.3%	3.6%	
	Mod: 5% - 10%	2010	0.0%	2.8%	3.2%	
	High: >10%	2011	0.0%	3.5%	3.8%	Low
Total Reserves and Discretionary Reserve Funds as a % of Operating Expenses	Low: >20%	2009	84.6%	58.5%	67.9%	
	Mod: 10% - 20%	2010	69.9%	55.3%	62.4%	
	High: <10%	2011	56.1%	53.6%	54.6%	Low
Net Financial Assets or Net Debt as a % of Total Operating Revenue	Low: >(-20%)	2009	93.3%	58.0%	57.6%	
	Mod: (-20%) - (-40%)	2010	80.6%	46.1%	46.6%	
	High: <(-40%)	2011	71.4%	52.4%	42.8%	Low
Net Financial Assets or Net Debt as a % of Own Purpose Taxation Plus User Fees	Low: >(-50%)	2009	178.5%	108.6%	98.5%	
	Mod: (-50%) - (-100%)	2010	156.3%	91.2%	85.7%	
	High: <(-100%)	2011	129.1%	83.1%	69.3%	Low
Total Taxes Receivable less Allowance for Uncollectables as a % of Total Taxes Levied	Low: <10%	2009	4.8%	7.5%	7.6%	
	Mod: 10% - 15%	2010	5.1%	7.3%	7.2%	
	High: >15%	2011	3.8%	6.7%	7.1%	Low
Total Cash and Temporary Investments as a % of Operating Expenses	Low: > 10%	2009	193.4%	92.5%	115.7%	
	Mod: 5% to 10%	2010	169.0%	92.1%	99.8%	
	High: Below 5%	2011	147.6%	111.0%	95.8%	Low
Net Working Capital as a % of Total Municipal Operating Expenses	Low: > 10%	2009	58.7%	67.0%	75.3%	
	Mod: 10% to (-10%)	2010	72.1%	54.9%	60.4%	
	High: Below (-10%)	2011	53.2%	53.2%	58.2%	Low
Net Book Value of Capital Assets as a % of Cost of Capital Assets	Negative trends to be analyzed.	2009	68.1%	67.4%	66.5%	
	No risk level assigned.	2010	70.2%	69.4%	70.1%	
		2011	68.4%	66.6%	66.5%	

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The data and information contained in this document is for informational purposes only. Any use of the data and information in this document should be done by qualified individuals. This information is not intended to be used on its own and should be used in conjunction with other financial information and resources available.

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FINANCIAL INDICATOR REVIEW

(Based on 2011 Financial Information Return)

Mississauga C (Peel R)

NOTES

On an annual basis, Ministry staff conduct a review of the Financial Information Returns (FIR's) and Financial Statements submitted by municipalities. Through the use of several key financial indicators, municipal financial performance is monitored in relation to established Provincial Thresholds. It is important to remember however, that these financial indicators only provide a financial snapshot at a particular moment in time and should never be used in isolation, but supported with all other information sources. In keeping with our Financial Information Return review process and follow-up, Ministry staff may routinely contact and discuss this information with the municipal Treasurer in an effort to better understand a municipality's overall financial position and offer our assistance in connection with these matters.

Additional Notes on Financial Indicators:

Debt Charges as a % of Total Operating Revenue - This flexibility indicator illustrates the extent to which past borrowing decisions of the municipality present a constraint on a municipality's ability to meet its financial and service commitments in the current period. Specifically, the more a municipality uses revenues to meet the interest costs on past borrowing, the less will be available for program spending.

Reserves and Reserve Funds as a % of Operating Expenses (excluding amortization) - Low reserve and discretionary reserve funds indicate that the municipality may have limited flexibility to offset non-budgeted revenue losses or increases in expenses. High percentages would indicate that a municipality is setting aside substantial revenues for future projects. This comparison is to be based on municipal grouping and local knowledge. Low reserves indicate that the municipality may have little flexibility to offset non-budgeted revenue losses or expenditure increases. It is recognized that municipalities with high reserves and discretionary reserve funds may have allocated part or all of these reserves for future capital needs.

Net Financial Assets or Net Debt as a % of Total Operating Revenue - This is a sustainability indicator. Net debt provides a measure of the future revenue required to pay for past transactions and events or the net financial assets on hand which can provide resources to finance future operations. This ratio assesses the ability of a municipality to make future payments on its debt. A ratio that is decreasing (negative value increasing) would indicate that more time to eliminate net debt will be necessary. A trend in this direction may not be sustainable.

Net Financial Assets or Net Debt as a % or Own Purpose Tax'n plus user fees - This is a sustainability indicator. Net debt provides a measure of the future revenue required to pay for past transactions and events. A ratio that is decreasing (negative value increasing) would indicate that more time to eliminate net debt will be necessary. A trend in this direction may not be sustainable.

Total Taxes Receivable less Allowance for Uncollectables as a % of Total Taxes Levied - This is a lower-tier / single-tier measure. The indicator reflects the ability of taxpayers to meet their tax obligations to the municipality. Higher ratios may reflect the inability of taxpayers to pay taxes and / or may indicate tax collection procedure problems.

Total Cash and Temporary Investments as a % of Operating / Expenses (excluding amortization) - This indicator is a liquidity measure that looks at short term liquid assets and compares those assets to total revenues, that is, to total budget. A low level (low percentage) may mean a municipality has not budgeted sufficient funds to ensure that it has adequate cash flow and / or a municipality had inadequate reserves. The indicator suggests the municipality's ability to pay off immediate demands of creditors and service providers using its most liquid and current assets.

Net Working Capital as a % of Total Municipal Operating Expenses (excluding amortization) - Net working capital is cash, accounts receivable and taxes receivable minus temporary loans and accounts payable. This number is compared to total revenue fund expenditures (which includes debt charges) / expenses (excluding amortization). The goal of this measure is to look at the ability of the municipality to meet its current expenditures (including current year debt charges) / expenses (excluding amortization). The indicator suggests whether the municipality has ample working capital meet its short-term obligations. This measure is related to the liquidity measure above.

Net Book Value of Capital Assets as a % of Cost of Capital Assets - Net book value of capital assets compared to cost of capital assets is an important indicator because it reports the extent to which the estimated useful lives of a municipality's tangible capital asset are available to provide its services. If a municipality's scale, scope and level of services remain unchanged or grow, its asset base could eventually impair flexibility because of the impending future costs of capital asset repair or replacement.

MISSISSAUGA

Corporate Report

Clerk's Files

BUDGET COMMITTEE
DEC 0 3 2012

Originator's Files

DATE: November 20, 2012

TO: Chair and Members of Budget Committee
Meeting Date: December 3, 2012

FROM: Brenda R. Breault, CMA, MBA
Commissioner of Corporate Services and Treasurer

SUBJECT: ***Municipal Act* Reporting Requirements Under *Ontario Regulation 284/09***

RECOMMENDATION: That the report dated November 20, 2012 entitled "*Municipal Act* Reporting Requirements Under *Ontario Regulation 284/09*" from the Commissioner of Corporate Services and Treasurer be received.

REPORT HIGHLIGHTS:

- In accordance with Ontario Regulation 284/09 an annual report must be presented to Council which outlines the estimated expenses that have been included in the financial statements but excluded from the budget, and the impact of these differences on the accumulated surplus
- By excluding amortization and post-employment benefits expenses from the budget the City's accumulated surplus at the end of the year will be $86.3 million higher than it will otherwise be.
- If the City was required to incorporate the amortization and post-employment benefits expenses into the 2013 Budget, an additional 25% tax rate increase would be required.

BACKGROUND: As part of the implementation of Public Sector Accounting Board (PSAB) 3150, which requires the recording of the cost of tangible capital assets and related annual amortization expense on municipal financial statements the Province approved legislation which changed financial reporting and budget requirements of municipalities. The *Municipal Act* requires that municipalities prepare balanced budgets which include all the annual expenses of the municipality, and with the implementation of tangible capital asset accounting, amortization becomes an annual expense of a municipality. The Province however recognized that the requirement to include amortization expense in municipal budgets could have significant impacts on many municipalities' tax levies. For most municipalities the amount being raised through property taxes to fund capital asset renewal is much lower than their respective annual amortization expense.

In recognition of this concern, *Ontario Regulation 284/09* was introduced which allows municipalities to exclude amortization, post-employment benefits, and landfill closure expenses from their annual budgets, but requires formal reporting to advise Council of the impact of not including these items.

The legislation requires that staff prepare an annual report to Council which:

- identifies the expenses that have been included in the financial statements but excluded from the budget;
- identifies the impact of these differences on the City's accumulated surplus; and
- analyses the impact of excluding these expenses from the budget on future capital asset funding requirements.

Accumulated surplus represents the net worth or equity which has been built up by the City since its inception, and primarily reflects the historical value of all its assets. It is similar to Shareholder's Equity in a private sector corporation's financial statements. The annual surplus from a financial reporting perspective is not the same as the operating surplus that arises out of the Operating Budget accounts. It does not represent cash available to offset any future tax rate increases, rather it represents the change in equity of the City for the year.

This report is required to be prepared and adopted at the time the budget is approved.

COMMENTS:

The City has not made provisions in the 2013 Budget for either post-employment benefits expenses or amortization. These expenses are included in the financial statements.

Post-Employment Benefits Expense and Impact on Accumulated Surplus

The City's financial statements include liabilities and expenses relating to post-employment benefits. This liability recognizes the present value of future expenses the City may face for Post Employment benefits. Actuarial valuation reviews for post employment benefits are provided by Nexus Actuarial Consultants and are used in estimating the increase in liability for financial reporting purposes. At the end of 2012 this liability is estimated at $42.9 million and at the end of 2013 it is eatimated to be $44.2 million, an increase of $1.3 million. This liability is included in the City's accumalted surplus, e.g. it reduces the accumulated surplus as it is a liability. The City would only be required to fund this liability in the event the City was dissolved as an entity, and in that very unlikely event the liability would be covered by the disposition of other assets, as represented by the accumulated surplus. The City's budget only includes estimated expenditures based on expected cash payments to be made during the year related to these benefit provisions – the 2013 Budget for these cash payments is $1.6 million. The 2013 budget does not reflect the changes in the post-employment benefits liability for the City in future years of $1.3 million. Based on the increase in post-employment liabilities, post-employment benefits expenses for 2013 reflected in the financial statements will be $1.3 million, in addition to the actual cash payments included in the budget. If this $1.3 million increase was not included in the City's financial statements the accumulated surplus would be $1.3 million higher at the end of 2013.

Amortization Expense and Impact on Accumulated Surplus

The amortization expense represents the value of tangible capital assets consumed or used during a fiscal year based on the assets' expected useful life. PSAB requires amortization to be based on historical costs, and the City's policy is to calculate amortization on a straight line basis over the useful life of the asset.

If amortization expenses were excluded from the City's financial statements, accumulated surplus as shown on the Consolidated Statement of Operations would increase. However this exclusion ignores the cost of utilizing the City's infrastructure which will ultimately need to be replaced. Amortization expense is an indication of the minimum amount that the City should be allocating annually for future asset replacement.

Impact on Future Infrastructure Funding

Although the City does not include amortization expense in the budget, a provision of $31.0 million is included in the proposed 2013 budget for transfer to the Capital Reserve to provide for capital asset replacements and maintenance as well as other capital enhancements. The $85.0 million difference between the estimated 2013 annual amortization expense ($116.0 million) and the 2013 budgeted transfer to the Capital Reserve ($31.0 million) represents the 2013 infrastructure funding deficit. The estimated annual amortization expense is based on the City's original cost to acquire an asset, not the actual cost to replace the asset in the future. The estimated annual amortization based on asset replacement costs is $357.9 million, much higher than the $116.0 million in amortization based on historical costs.

The Province indicated that it would be reviewing this legislation by the end of 2012. While it is not anticipated that they will force municipalities to budget amortization, by moving to fixed asset accounting there is an implied message that municipalities should begin to address their infrastructure funding gaps. If the City were required to incorporate increases in post-employment benefits liabilities and amortization based on historical costs into the 2013 Budget, an additional 25% tax rate increase would be required to fund the $86.3 million post-employment benefits expense and infrastructure gap.

FINANCIAL IMPACT: There is no financial impact. This report outlines the implications on the 2013 budget if amortization and post-retirement benefits were to be included.

CONCLUSION: The City is required to prepare and have Council approve an annual report which identifies the changes in accumulated surplus if amortization and post-employment benefit expenses were excluded from the budget. By excluding these expenses the City's 2013 accumulated surplus would be $86.3 million higher than it will otherwise be.

If the City were required to incorporate the amortization and post-employment benefits expense into the 2013 Budget, an additional 25% tax rate increase would be required based on an $86.3 million capital infrastructure gap and post-employment benefits expenses.

Brenda R. Breault

Brenda R. Breault, CMA, MBA
Commissioner of Corporate Services and Treasurer

Prepared By: Susan Cunningham, Senior Policy Analyst

MISSISSAUGA

Corporate Report

Clerk's Files

BUDGET COMMITTEE
DEC 0 3 2012

Originator's Files

DATE:	November 20, 2012
TO:	Chair and Members of Budget Committee Meeting Date: December 3, 2012
FROM:	Brenda R. Breault, CMA, MBA Commissioner of Corporate Services and Treasurer
SUBJECT:	**2012 Annual Repayment Limit**

RECOMMENDATION: That the 2012 Annual Repayment Limit for the City of Mississauga respecting long-term debt and financial obligations in the amount of $137.0 million, calculated pursuant to *Ontario Regulation 403/02*, be received.

REPORT HIGHLIGHTS:

- This report provides Mississauga's annual debt and financial obligation repayment limit as issued annually by the Ministry of Municipal Affairs and Housing and is calculated as prescribed under Ontario Regulation 403/02 of Section 401 of the *Municipal Act.*
- The 2012 Annual Repayment Limit for the City of Mississauga respecting long-term debt and financial obligations is $137.0 million which equates to $1,058 million in additional borrowing capacity.
- Long-term debt funding contained in the proposed 2013 capital program is well within the Annual Repayment Limit.

BACKGROUND:

On an annual basis, the Ministry of Municipal Affairs and Housing (MMAH) issues municipalities their Annual Repayment Limits. This amount establishes the maximum amount annually that a municipality may commit to payments relating to debt and other financial obligations. Other financial obligations include liabilities and contractual commitments extending beyond the term of Council, including leases and financial commitments to universities and hospitals.

The 2012 Annual Repayment Limit is calculated based on 25% of municipal own source net revenues for 2010 reduced by debt charges in relation to any outstanding debt. Own source net revenue includes tax levies, fees and other income but does not include federal or provincial grants, or funding received from other municipalities.

COMMENTS:

The 2012 Annual Repayment Limit, as provided by MMAH, is based on Mississauga's 2010 Financial Information Return and is calculated as follows:

Total Revenue Fund Revenues		$782,389,734
Less:	From Fed., Prov. & Other Municipal Govt's	($213,935,520)
Municipal Own Source Net Revenues		$568,454,214
25% of Municipal Own Net Revenues		$142,113,554

The annual repayment limit represents the maximum amount a municipality can commit on an annual basis to pay for long term borrowing and other financial obligations, including leases extending beyond the term of Council, without first seeking Ontario Municipal Board (OMB) approval.

The City has annual lease commitments beyond the existing term of Council totalling approximately $2.7 million which primarily relates to leasing of facilities or office space such as 201 City Centre Drive or Meadowvale Library. This amount also includes any leases associated with land such as parking lots, open space or park facilities on hydro corridors. These lease payments must be deducted from the annual repayment limit.

Also required to be deducted from the annual repayment limit is the estimated annual amount payable for any long-term debt or financial obligation approved or assumed or discharged since the last day of the past fiscal year for which the limit was calculated.

The City approved \$21.0 million in long-term debt for the funding of Street Lighting LED Project (\$18.0 million), and Dundas Street East over Cooksville Creek (\$3.0 million). Annual debt repayment associated with these projects is estimated at \$2.4 million.

The net amount available to support additional long-term debt and financial obligations after deducting long-term lease commitments and estimated debt servicing costs on approved debt is \$137.0 million as outlined below:

25% of Own Municipal Own Source Revenue		\$142,113,554
Less:	2012 Lease Payments	(\$ 2,669,803)
	Estimated Debt Servicing of 2012 Debt Approval	(\$ 2,445,091)
2012 Updated Annual Debt Repayment Limit		\$136,998,660

The 2012 updated annual debt repayment limit of \$137.0 million translates into additional borrowing capacity for the City of \$1,057.9 million (assuming debt issued at 5% over a period of 10 years). Within the proposed 2013-2022 Capital Budget forecast the total borrowing needs are estimated to be \$375.2 million (\$29.5 million proposed in 2013) to finance the capital program.

The estimated annual payable debt repayment amount based on the proposed 2013 capital borrowing needs is \$2.8 million, well within the updated limit of \$137.0 million.

Based on issuing debt in April 2013, the City's estimated debt servicing costs in 2013 are 0.65% of the City's projected Net Own Source Revenues and are well within the City's Debt Policy limit of 10% and significantly below the 25% Provincial limit.

FINANCIAL IMPACT: Not applicable.

CONCLUSION: Mississauga's 2012 Annual Debt Repayment Limit, as calculated pursuant to Ontario Regulation 403/02, is $137.0 million. The estimated annual amount payable based on the proposed 2013 capital borrowing needs is $2.8 million, well within the debt repayment limit.

Brenda R. Breault

Brenda R. Breault, CMA, MBA
Commissioner of Corporate Services and Treasurer

Prepared By: Susan Cunningham, Senior Policy Analyst

BUDGET COMMITTEE
DEC 0 3 2012

I-7

MISSISSAUGA
REAL ESTATE BOARD

COUNCIL AGENDA
NOV 1 4 2012

☑ Receive	☐ Resolution
☐ Direction Required	☐ Resolution / By-Law
☐ Community Services ☐ Corporate Services Budget Committee ☐ Planning & Building ☐ Transportation & Works	For ☑ Appropriate Action ☐ Information ☐ Reply ☐ Report

November 01, 2012

Mayor Hazel McCallion
Office of the Mayor
City of Mississauga
300 City Centre Drive
Mississauga, ON L5B 3C1

Dear Mayor McCallion,

I am writing to inform you of the views of the Mississauga Real Estate Board (MREB) with regard to a Mississauga City Council potential request to the provincial government for additional taxing authority, specifically a municipal Land Transfer Tax.

Our City's economic competitiveness is a priority for MREB. Representing 1500 Board Members and 4000 REALTOR® colleagues in Mississauga, MREB Members have helped to create jobs and stimulate Mississauga's economic growth for 58 years; MREB Members and healthy real estate markets are fundamental to Mississauga's economic vibrancy.

The Board, its members and home owners understand taxation is necessary for quality service but when poorly designed, it can have detrimental and unintended consequences and be unduly burdensome. Such is the case with a municipal land transfer tax, which we believe will create a drag on economic activity, impact real estate markets and reduce Mississauga's competitiveness. **For this reason, MREB will not be supportive and will advocate against legislation or proposals that would allow for a municipal land transfer tax in Mississauga.**

Public is Opposed to Land Transfer Taxes

Recent polling conducted by Ipsos Reid, for the Toronto Real Estate Board, shows that the public in Toronto and across the GTA is overwhelmingly opposed to municipal land transfer taxes. According to this poll, 77 per cent of "905" residents planning to purchase a home, in the next two years, indicated that they are more likely to purchase a home in the "905" to avoid paying the Toronto Land Transfer Tax. Interestingly, 74 per cent of Toronto residents planning to purchase a home, in the next two years, indicated that they are more likely to purchase a home in the "905" to avoid paying the Toronto Land Transfer Tax. Clearly, not having a municipal land transfer tax gives the City of Mississauga a competitive advantage in the GTA.

Economic Analysis Shows Negative Impact of Municipal LTT

For your information, I have attached a copy of a recent study by the C.D. Howe Institute, which analyzed the impact of the Toronto Land Transfer Tax on Toronto's real estate market. According to their analysis, **Toronto's Land Transfer Tax has dampened home sales by an average of 16 percent, with**

I-7(a)

the greatest impact felt by homes below the median price, meaning lower income households are impacted the most.

Every Lost Housing Sale Costs Jobs

Research conducted by the Altus Group, found that **every resale housing transaction in Ontario generates $40,350.00 in spin-off spending** on things like moving expenses, renovations, furniture and appliances. A recent poll conducted by Ipsos Reid found that 51 percent of those who recently purchased a home in Toronto said if they had not had to pay the LTT, they would have spent that money on home renovations or to purchase furnishings or appliances for their home. This type of spending is critical for Mississauga's economy and it creates thousands of jobs. In fact, according to this research, **approximately 4,000 Mississauga jobs rely on spending from re-sale housing transactions.**

Lack of Public Consultation

Unfortunately, MREB was not consulted prior to Mississauga City Council's recent consideration of this issue. This is a critically important issue for Mississauga and as such, MREB respectfully requests that City Council consult with REALTORS® and the public prior to any potential future consideration of this issue. Mississauga residents and businesses should have an opportunity to comment on such an unprecedented issue for our municipality.

We hope you find our views helpful. We would welcome an opportunity to discuss the issue with you further.

Sincerely,
MISSISSAUGA REAL ESTATE BOARD

Fawzi Mattar
President

Cc: Mississauga Council
City Manager, Janice Baker
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INSTITUT C.D. HOWE INSTITUTE

COMMENTARY

NO. 364

Stuck in Place: The Effect of Land Transfer Taxes on Housing Transactions

Municipalities across the country should beware the example of Toronto, where the imposition of a land transfer tax depressed housing sales by 16 percent, raised relocation costs and reduced household mobility.

Benjamin Dachis

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About The Author

Benjamin Dachis
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Commentary No. 364
October 2012
Fiscal and Tax
Competitiveness

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$12.00
ISBN 978-0-88806-884-2
ISSN 0824-8001 (print);
ISSN 1703-0765 (online)

I-7(d)

THE STUDY IN BRIEF

Numerous provinces and municipalities across Canada levy Land Transfer Taxes (LTTs). Among them, Toronto and Montreal have recently introduced municipal LTTs that apply alongside province-wide LTTs.

An LTT is a charge paid to a municipality or provincial government, upon the sale or transfer of real estate or similar immovable object. LTTs can be expensive, and make up a significant portion of the expenses associated with ordinary housing transactions, making moving more costly.

This *Commentary* builds on previous studies that estimate the short-term effect of LTTs by estimating the long-term effect of Toronto's LTT. In seeking to isolate the effect of Toronto's LTT on household mobility, from that of other potential determinants of trends in the city's real estate market, this analysis uses a uniquely detailed dataset of resale housing transactions covering the years from 2005 to 2012.

The LTT resulted in, on average, a 16 percent decrease in sales volume. The effect of the LTT on transactions varies by house price, with the largest effect on homes in areas with resale prices below the median market sale price. Because the LTT reduces the incentive to move, the LTT has resulted in more Toronto residents choosing renovations to their current homes as opposed to relocating.

The higher transaction costs, owing to the LTT, may cause some households to tolerate living in ill-suited homes for longer than they would have otherwise desired. Other potential effects of LTTs include government revenue volatility, commercial real estate market distortions, and higher construction costs.

Toronto, like other municipalities that levy LTTs, should limit itself to its other revenue-raising tools, and replace the LTT with a revenue-equivalent property tax levy. Provincial governments that impose an LTT should replace their LTTs with revenue from value-added taxes.

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Six provincial governments and some municipalities collect land transfer taxes (LTTs) of various rates and designs. The City of Toronto's LTT is the newest and perhaps the most politically contentious example, and offers a window through which to analyze the impact of LTTs on the real estate market and the behaviour of homeowners.

An LTT is, by broad definition, a charge paid to a municipality or provincial government upon the transfer of real estate or immovable object. Where an LTT is levied, the buyer is required to pay an amount that is usually proportional to the value of the purchase. An LTT is likely more politically appealing to politicians than is a broad-based property tax because few residents are directly subject to an LTT in a given year, compared with the population of homeowners generally. However, because it is a transaction tax, an LTT is economically distorting in a number of ways. In particular, because the transfer tax raises the costs of moving or relocating, it is likely to reduce a homeowner's propensity to relocate. Studies show that, within the first eight months of its existence, Toronto's LTT reduced single-family-dwelling transactions by 16 percent, with a disproportionate effect on transactions involving homes priced below the average house sale price, and reduced the average sale price in Toronto by 1.5 percent (Dachis, Duranton, and Turner 2008, 2012).

This *Commentary* builds on previous studies that estimate the effect of an LTT in its first eight months of existence by estimating the long-term effect of Toronto's LTT.[1] The analysis shows that, from 2008 through June 2012 (that is, even through the most recent real estate boom), the number of real estate transactions was reduced by about 16 percent in Toronto relative to sales elsewhere in the Greater Toronto Area; that the most pronounced effect on the market was in areas with relatively low sales values; and that homeowners chose to renovate their homes rather than to relocate.

I limit the analysis in this *Commentary* to estimating the consequences of Toronto's LTT on housing sales, but the reduction in sales might reduce household mobility in Toronto. In turn, the existing economics literature suggests that reduced mobility might increase unemployment in places with an LTT, starve firms elsewhere of employees, deter workers from switching to more productive jobs, and result in homeowners keeping homes they no longer desire (Hilber and Lyytikäinen 2012). Further, I argue that an LTT also might have a number of other economic downsides. First, because it is a narrow transactions tax, an LTT distorts residential and commercial real estate

I thank Robbie Brydon for providing information from the Census Public Use Microdata File on movers in owner-occupied housing, and Gilles Duranton, Christian Hilber, Alex Laurin, Finn Poschmann, Robbie Brydon, and many anonymous reviewers for useful comments on earlier drafts. I remain responsible for any errors in this analysis.

1 Dachis, Duranton, and Turner (2008, 2012) find that the LTT led to a decrease in property prices of about the same magnitude as the tax. The LTT was thus immediately capitalized in Toronto house values.

markets. Second, like retail sales taxes, an LTT might cascade through the construction and sale of real estate projects, resulting in higher costs for homebuyers and fewer transactions. Third, the revenues from an LTT are highly volatile. Finally, an LTT is a weak tool with which to curb volatile housing markets, and policymakers should rely instead on broader housing market tools to curb house price fluctuations.

For the same reasons that many provinces have replaced distortionary retail sales taxes with broader based value-added taxes, so too should provinces revise their LTT's configurations along the lines of value-added taxes such as the HST. Municipalities like Toronto and Montreal should consider replacing their LTTs with broader based property taxes.

Land Transfer Taxes in Canada

Numerous provinces and municipalities across Canada levy LTTs, among them Toronto and Montreal, which have recently introduced municipal LTTs that apply alongside province-wide LTTs. At the provincial level, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, and Ontario, and Prince Edward Island all levy an LTT. British Columbia, Manitoba, and Ontario have progressive rates on transaction values, with the lowest rates of 0.5 or 1 percent applying on the initial value of the transaction and with a top marginal rate of 2 percent (see Table 1). These three provinces collected an estimated $2.4 billion in LTT revenues in fiscal year 2011/12. New Brunswick, Newfoundland and Labrador, and Prince Edward Island each levies a flat rate LTT ranging from 0.25 percent to 1 percent of the value of a home.[2]

Toronto, under the authority of Ontario's *City of Toronto Act, 2006*, is the only municipality in Ontario that has the authority to impose its own LTT. Nevertheless, in July 2007, Toronto City Council narrowly defeated the proposed implementation of an LTT and instead voted to defer a decision until October 2007. In response, the mayor announced emergency cuts to municipal services. City Council did approve the LTT scheme in October, however, and the tax took effect on all sales effective February 1, 2008.[3] The top marginal rate is 2 percent of the value of a house above $400,000. With a top provincial and municipal combined marginal rate of 4 percent, Toronto's LTT is tied with that of Philadelphia as the highest top statutory rate in North America (Dachis, Duranton, and Turner 2008).[4] In 2011, Toronto collected $319 million from the LTT, representing 3 percent of that year's operating budget.

In Quebec, municipalities are required to collect duties on the transfer of property, with a top provincially mandated marginal rate of 1.5 percent for homes with a value of over $250,000. Starting in January 2010, Montreal introduced two additional

2 Alberta and Saskatchewan levy land title transfer fees instead of a tax. At an effective rate of 0.02 percent, the Alberta amount is economically insignificant; however, the Saskatchewan rate is 0.30 percent of the purchase cost of a house. For details on provincial rates, see http://www.ratehub.ca/land-transfer-tax.

3 Some sales in the first month of the existence of the LTT were not subject to the tax; see Dachis, Duranton, and Turner (2008) for details. Rebates of the city's LTT are given to first-time homebuyers if the value of the purchase is under $400,000; rebates of the provincial LTT are given to first-time homebuyers if the value of the purchase is under $227,500.

4 Benjamin, Coulson, and Yang (1993) find that properties located within Philadelphia and subject to that city's LTT declined in value relative to properties outside and that the decline was much larger than the tax increase; however, their study does not examine the effect on transaction volumes or mobility. A European study of a tax in the Netherlands similar to the LTT (Van Ommeren and Van Leuvensteijn 2005) suggests that an LTT-equivalent tax with the same rate would decrease mobility by 8 to 19 percent.

Table 1: Land Transfer Taxes Levied by Select Canadian Municipalities and Provinces

Toronto		Ontario		British Columbia		Manitoba		Montreal		Other Quebec Municipalities	
LTT Rate by Sale Value ($)											
0-55,000	0.5%	0-55,000	0.5%	0-200,000	1.0%	30,000–90,000	0.5%	0-50,000	0.5%	0-50,000	0.5%
55,000–400,000	1.0%	55,000–250,000	1.0%	200,000+	2.0%	90,000–150,000	1.0%	50,000–250,000	1.0%	50,000–250,000	1.0%
400,000+	2.0%	250,000–400,000	1.5%			150,000–200,000	1.5%	250,000–500,000	1.5%	250,000+	1.5%
		400,000+	2.0%			200,000+	2.0%	500,000–1,000,000	2.0%		
								1,000,000+	2.5%		
Estimated Total Revenues Collected ($ million and fiscal year)											
319 (2011)		1,412 (2011/12)		935 (2011/12)		63 (2011/12)		100 (2011)		Data not available	

Sources: Tax codes of the various jurisdictions; revenue data are the estimate of previous year LTT revenue from each jurisdiction's most recent budget.

brackets, with a higher rate applying at prices above $500,000 and an additional bracket for transactions above $1,000,000. Montreal's total 2011 revenue from the LTT was $100 million, representing 2.7 percent of the city's total revenues that year.

Other cities, such as some municipalities in Nova Scotia, also levy a special LTT. Winnipeg, which has the legislative authority to impose an LTT, has chosen not to do so.

Although the federal government does not levy an LTT, its tax policies do have an effect on the incentives of provinces and cities to levy one. The federal government provides an income tax deduction for individuals who move at least 40 kilometres closer to a new place of work or education. The moving expense deduction allows federal tax filers to deduct taxes paid for the registration or transfer of title against their taxable income. By reducing the after-tax cost to homebuyers of an LTT – along with any other cost of purchasing a home – this tax deduction creates tax room for provinces and municipalities to impose an LTT, as some of the cost of an LTT would reduce federal tax receipts. The Department of Finance estimates that the total tax revenue cost associated with deductible moving expenses – tax revenues that the federal government forgoes because of the deduction – resulted in $135 million less federal revenue in 2011 (Canada 2012).[5]

5 In the 2009 budget, the federal government introduced the First-Time Home Buyers' Tax Credit, which gives federal taxpayers a tax credit of up to $750; as it applies to taxpayers no matter which city they live in, it does not affect the results in this *Commentary*.

Land Transfer Taxes, Household Mobility, and Labour Market Adjustments

An important part of the hypothesis presented in this *Commentary* is that transaction costs affect residential mobility; accordingly, using the number of housing transactions as a proxy for household mobility, one can examine the effect of Toronto's LTT on mobility. It must be admitted, however, that house sales are an imperfect proxy for mobility because sales could be undertaken by investors or landlords, rather than by owner-occupiers. Moreover, homeowners could circumvent the LTT by renting out their previous home rather than selling it (Hilber and Lyytikäinen 2012). As well, examining transactions of house sales also limits the analysis to measuring the potential effect on the mobility of homeowners, and not renters.

That said, LTTs make up a significant portion of homeowners' moving expenses. The Organisation for Economic Co-operation and Development (OECD) estimates that, in 2007, before the introduction of Toronto's LTT, average total housing transaction costs – real estate agents' fees, lawyers' fees, existing transfer taxes, and so on – amounted to 7.8 percent of the average property value in Canada (Andrews, Sánchez, and Johansson 2011). The addition of Toronto's LTT, which had an average rate of 1.1 percent for the average sale price of all resale transactions of $469,000 in that city from 2008 through June 2012, increased average transaction costs in Toronto by an estimated 14 percent.[6]

Mobility and Taxes

In the United Kingdom, a "stamp duty" levies a progressive transfer tax of between 1 and 5 percent. A study of the stamp duty (Hilber and Lyytikäinen 2012) finds that the main effect of its economic cost is to restrict the ability of households to find the most suitable home in a particular labour market, rather than on mobility between labour markets.[7] The stamp duty is similar to an LTT in all but one important respect: instead of applying progressively higher rates to the portion of a sale price above succeeding thresholds the entire value of the transaction is subject to the higher rate. This results in a very high marginal effective tax rate on houses at £250,000, the threshold between a 1 percent tax and a 3 percent tax. By comparing the mobility rates of households with self-assessed house values slightly above and below this threshold, Hilber and Lyytikäinen (2012) find that a £5,000 increase in the stamp duty reduces household mobility by around 30 percent. They also find, however, that this result is almost entirely driven by moves of less than 10 km – likely those households that move into different types of homes within the same labour market.

Estimating the Effect of Toronto's LTT

In seeking to isolate the effect of Toronto's LTT on household mobility from that of other potential determinants of trends in the city's real estate market, I use a uniquely detailed dataset of

6 This estimate assumes that other transaction costs as a share of property value are the same in Toronto as in the rest of Canada. However, because property values in Toronto are generally above the national average, the total of other transaction costs as a share of the total property value is likely lower in Toronto than nationally because some transaction costs are fixed, not a percentage of the sale value. This suggests that the LTT resulted in transaction costs as a share of the transaction increasing by more than 14 percent.

7 Whether such results of a differential effect based on the type of move is also true of Toronto's LTT is an issue that must remain for future research that is able to track individual movements, not just house sale counts.

resale housing transactions: sales of single-family freehold houses – primarily composed of detached, semi-detached, and row townhouses – listed in the Multiple Listing Service (MLS) and sold between January 2005 and June 2012. These data cover a large share of the overall housing market in the Greater Toronto Area (GTA).[8] I exclude condominium sales from the analysis because such units are often sold directly by developers and not included in the MLS data. Further, it seems reasonable to expect that condominium sales – which have a lower average value than single-family homes – are more likely than single-family dwellings to be bought by first-time homebuyers, who receive a limited rebate of their tax paid, although to my knowledge there are no data available to confirm this.[9]

Methodological Considerations and Assumptions

To assess the effect of the LTT on household mobility, one must distinguish it from overall market trends and local real estate market effects. For example, there were significant swings in the economic cycle, particularly in the housing market, between 2005 and 2012. Housing prices and the level of transactions in the overall market rose between 2005 and 2007, only to fall quickly in 2008, followed by an even faster rise starting in 2009. Accordingly, I isolate the analysis to narrow regions that faced similar economic conditions and local real estate characteristics, but where some were subject to the LTT and others were not. In practice, this means looking at housing sales in small regions along the border of Toronto. To test the effect of the LTT, I compare the changes in the number of real estate transactions in suburban municipalities along the border with Toronto with those in otherwise similar areas of Toronto that straddle the border of suburban municipalities. By comparing the changes in each area before and after the introduction of the LTT, I estimate how the pattern of real estate transactions changed in markets that could be expected to show patterns similar to those of neighbouring markets but for the introduction of the LTT.

More specifically, I isolate the analysis to 30 "forward sortation areas" (FSAs) – postal delivery areas that describe an exact area of a city – that directly touch Toronto's border (see Figure 1 for details, and the Appendix for the reasons for selecting these particular FSAs). This approach is similar to that of Dachis, Duranton, and Turner (2008, 2012), who use a finer level of geographical detail to identify precisely the distance of each real estate transaction from the Toronto border from 2005 through August 2008.[10] They find that neither the level of spatial aggregation nor distance thresholds significantly change the results.[11] Based on these findings, I use the number of real

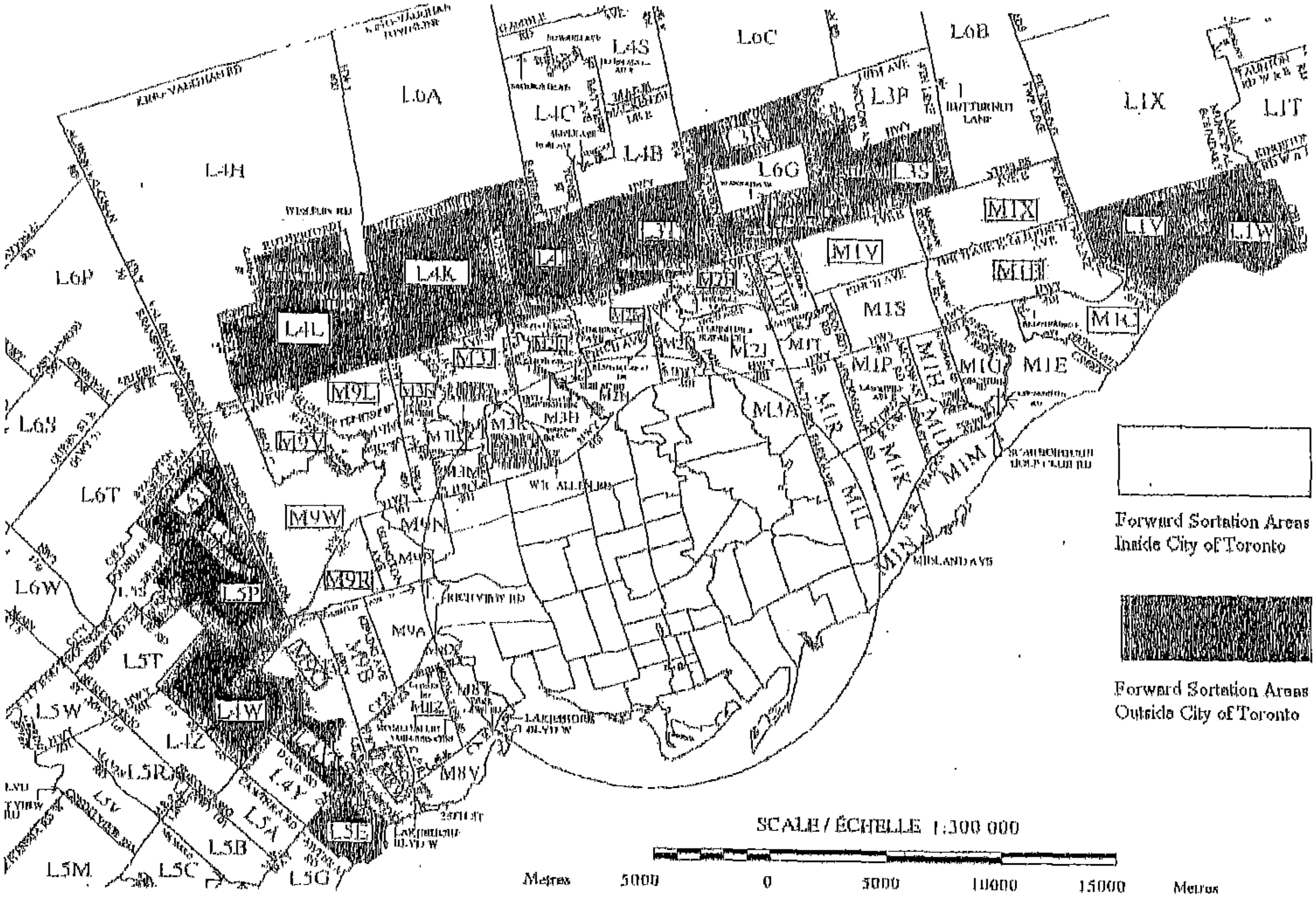
8 The methodology I use is known as a spatially restricted difference-in-difference estimate.

9. Investors or landlords who purchase condominiums and do not occupy them as their principal residence within nine months of purchase are not eligible for a rebate. The estimates of the share of condominium units purchased by investors ranges from as low as 15 percent to as high as 60 percent in some new buildings (Hogue 2012). I was unable to discern from the data whether a condominium was purchased by an investor or a principal resident.

10 The two major methodological differences between this *Commentary* and Dachis, Duranton, and Turner (2008, 2012) are, first, instead of using the count of the number of transactions per month per postal code, as they do, I use the count of the number of transactions per FSA per month; second, they calculate the precise distance of the centre of each postal code from the Toronto border using Geographical Information System software, while I define the distance to the Toronto border based solely on whether a FSA abuts the border.

11 A finer level of geographical detail, such as using only postal codes that directly run along the Toronto border would provide a greater degree of certainty. However, this approach would provide few real estate transactions to compare.

Figure 1: Forward Sortation Areas in Greater Toronto Area Used in Analysis



[illegible]

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estate transactions per FSA per month, as this is the simplest method of defining the location and timing of sales.

The methodology rests on the assumptions that:

- there were no other important and unobserved changes in real estate demand in Toronto relative to other municipalities in the GTA;
- all municipalities in the study area experienced similar trends in housing demand;
- all municipalities in the GTA face the same seasonal real estate patterns; and
- the introduction of the LTT was sudden and not anticipated by buyers.

Let me examine these assumptions in some detail.

Real estate demand in Toronto and other GTA municipalities: From 2005 through 2012, residential property tax rates in large municipalities within the GTA have taken different paths.[12] To control for the potential effect of such divergence, I added a proxy for the average total residential property taxes due on detached homes sold in an FSA in each year from 2005 through 2012 to the analysis. However, if other government policies that affect real estate demand changed in some municipalities but not others – such as increases in service quality, capital investments, or changes in the demographic characteristics of neighbourhoods – the effect of these changes might be confounded with the estimate of the effect of the LTT. A related concern is that local real estate markets might have changed in some manner because of a change in local conditions, such as the location of new schools, parks, or other public facilities. Some neighbourhoods may be more desirable than others by virtue of their location, but for reasons that are location-specific and for which the analysis cannot control. Where those amenities do not change over time – such as the location of subway stations, highways, or other fixed amenities – one can control for the inherent desirability of a neighbourhood by comparing changes in sales per FSA over time.[13]

Trends in housing demand: A related change that might have occurred on one side of the border but not the other is an increase in new residential real estate investment, potentially resulting in households' buying new units – for which I do not have sales data – instead of resale units. If households are better able to buy new housing units on one side of the border than on the other, this would affect the results. In reality, however, new construction of low-rise housing has followed similar trends in outer Toronto and suburban municipalities; moreover, new construction of low-rise housing – including, by definition, single-family dwellings – is a small fraction of the amount of resale low-rise units along both sides of the border (see Figure 2).[14] These factors further bolster the case for not analyzing condominium sales and for isolating the study to low-rise dwellings.

12 Based on published municipal tax rates, between 2005 and 2012 the amount of municipal property taxes due per house – using average sale price, not assessed value – in the FSAs bordering Toronto increased by 34.4 percent in Vaughan, 39.8 percent in Mississauga, 29.7 percent in Toronto, 36.1 percent in Pickering, and 46.6 percent in Markham. This is only a proxy of property taxes due, as the actual amount paid will depend on the assessed value of a house.

13 This is known as a spatial fixed effects model. All results I present in the main text use FSA fixed effects. See the Appendix for a discussion of different specifications. In the Appendix, I show that the potential effect that the construction of a new subway extension to North Toronto would have on sales is negligible. However, if demand for location-specific characteristics has changed over time since the introduction of the LTT, this might affect the analysis.

14 Data on new housing development at the FSA level were not available at an affordable price to the author, but there is no *a priori* reason to believe that new housing development in suburban municipalities is spatially concentrated on the border in any different way than in the City of Toronto, as levels of development on each side of the border are roughly similar.

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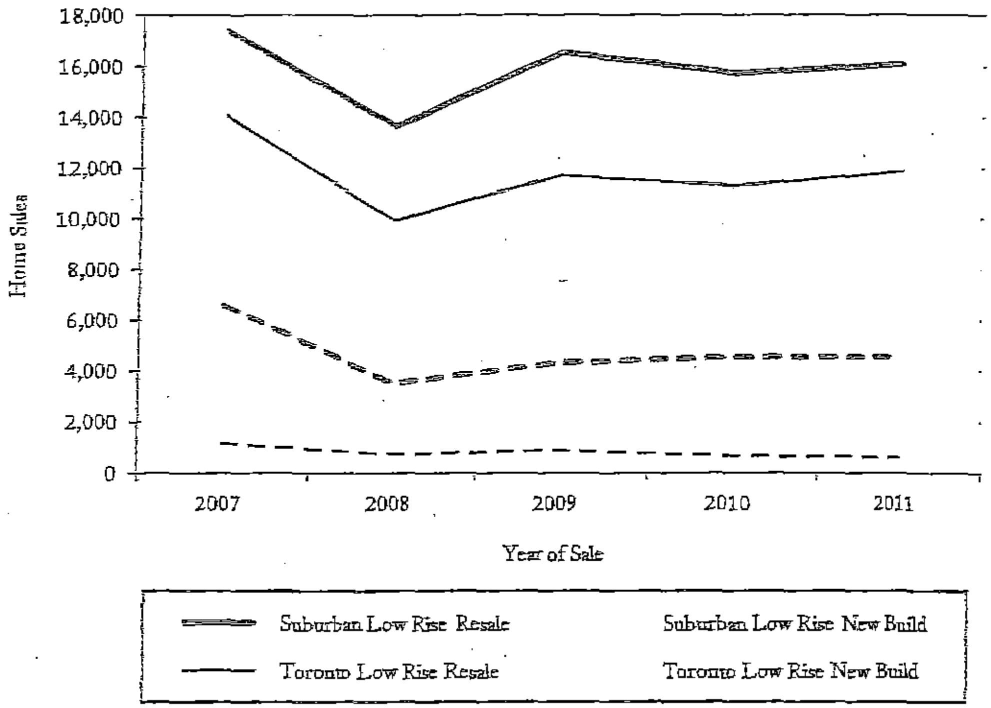
Figure 2: Resale and New Build Home Sales, 2007/2011



Note: Suburban municipalities are Mississauga, Vaughan, Markham, and Pickering; Toronto boroughs are Etobicoke, North York, and Scarborough.
Source: Author's calculations using data from RealNet Canada, MLS, and Canada Post.

Changing real estate tastes and restrictions on the development of agricultural and green space in suburban GTA municipalities seem to have contributed to a boom in condominium demand in downtown Toronto, perhaps at the expense of demand for suburban, single-family housing. But any potential real estate shock that affected demand equally in border FSAs on both sides of the Toronto border – such as a surge of demand for living downtown at the expense of the suburbs – would have no effect on the results presented here. However, the estimates might be affected by changes in the kinds of buyers who purchase homes on one side of the border as opposed to the other in response to the LTT – that is, those who know they are more likely to relocate in the future might have moved to suburban cities to avoid paying the tax multiple times.

Seasonal real estate patterns: Real estate sales exhibit a particular seasonal trend, with a significant upswing in sales during summer months. I account for this seasonal pattern, which holds in all GTA municipalities, by using season or month-of-year controls where appropriate.

The unanticipated LTT: Although legislation granted Toronto the power to enact an LTT, it was uncertain if the city would choose to do so rather than impose other taxes. Indeed, the LTT's initial defeat at City Council might have made its announcement in October 2007 all the more

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unexpected, and residents had only a limited window in which to adjust their behaviour in anticipation of the change. It is unlikely that many households chose to bring forward to late 2007 housing purchases they had intended to make many years later, such as in 2011 or 2012.

Empirical Results

The analysis shows, in short, that the LTT has caused a permanent reduction of housing transactions in Toronto, and that the effect has been most significant on households in areas with the lowest sale prices.

Reduced sales: By isolating the effect of the LTT and adding additional controls for the natural seasonality of the housing market, average house characteristics in each FSA, property taxes, and the overall trend in the number of sales in Toronto (see the Appendix for details), I find that the LTT resulted in, on average, four fewer sales per month per FSA, amounting to a 16 percent decrease in sales volume (see Table 2).[15] Based on the number of sales of single-family houses in all of Toronto in 2011, I estimate that about 3,500 such sales have been forgone per year because of the LTT.[16]

This effect should logically extend to other parts of Toronto's real estate market. Although my estimates are based on single-family housing sales along the border of Toronto and its suburbs, this tax-induced gap between what sellers are willing to accept and what buyers are willing to pay applies equally to sales throughout Toronto, not only to those along the border. The conclusion that the LTT reduces transactions applies equally to the border of Toronto and to downtown Toronto; however, it is impossible for such an analysis to disentangle the effect of the LTT from underlying market trends in a market like downtown Toronto's condominium market, where there is no comparable real estate market that is not subject to LTT.

The effect of the LTT on transactions also varies by average neighbourhood sale price. In separating the FSAs into those where the average value of homes sold is either above or below the median price for homes in the GTA in the year they were sold,[17] I find that the number of transactions in FSAs where the average sale price was below the median fell by 25 percent (see Table 3). Transactions in FSAs where the average sale price was above the median also fell, but by only 6 percent, a reduction so small that it is statistically indistinguishable from

15 This is the percentage change using the preferred regression specification of sales per FSA per month in a fixed effects ordinary least squares regression. I calculated the percentage change in sales by dividing the estimated coefficient of the reduction of sales of -3.9 sales per month per FSA by 25, the mean number of sales per FSA per month in the GTA between 2005 and 2012. See the Appendix for details.

16 Dachis, Duranton, and Turner (2008, 2012) similarly find that sales per postal code per month fell by 16 percent in the first eight months of the existence of the LTT, resulting in about 3,500 fewer single-family dwelling sales per year in Toronto. Because the condominium market likely exhibits very different market characteristics, I cannot estimate the reduction in the number of condominium sales. Excluding these sales makes the estimate of about 3,500 fewer sales in Toronto likely an underestimate.

17 Using a comparison of sale prices above and below the median price, rather than a fixed price cutoff, controls for the potential problem of looking at the number of transactions of houses sold at prices below or above a fixed price, since a general trend of houses increasing in value might reflect fewer homes sold below or above the fixed cutoff line due to the price trend. Using houses above or below this annual median thus controls for this normal price change. In 2009, the twenty-fifth, fiftieth, and seventy-fifth percentiles of house prices in the GTA were \$352,114, \$417,053, and \$489,227, respectively, whereas in the first two quarters of 2012, the equivalent percentiles were \$433,855, \$543,315, and \$625,687.

Table 2: The Effect of the LTT on Sales per FSA per Month

	Change in Number Transactions
Percent change in transactions due to LTT	-16%
Reduction in number of detached dwelling transactions, 2011	3,469

Source: Author's calculations from MLS, municipal property tax data.

Table 3: The Effect of the LTT on Sales per FSA per Month, by FSA Average Sale Value

	Percent Change in Transactions due to LTT
Average values of sales in FSA below yearly GTA median	-25
Average values of sales in FSA above yearly GTA median	-6*

* Reduction in sales per forward sortation area (FSA) is statistically indistinguishable from zero.

Source: Author's calculations from MLS, municipal property tax data.

zero. This suggests that sellers of homes in areas with lower average values are less willing or able to accept sale prices that are affected by the LTT than are sellers in areas with higher-value homes. Notably, this effect is present even though the tax is progressive with respect to house price.

Substituting renovations for moving: In addition to a real estate transaction boom in the GTA, there has also been a substantial increase in housing renovations, both in Toronto and in suburban municipalities. Some of this boom might be due to common factors, such as the 2009 federal Home Renovation Tax Credit (see Canada 2009). However, as the LTT reduces the incentive to move, Toronto residents instead might have decided to renovate their current home to upgrade their living space. To test this, I use detailed data on renovation permits issued in the outer boroughs of the City of Toronto – Etobicoke, North York and Scarborough – and in the neighbouring suburban municipalities from January 2006 through April 2012.[18] I use the total value of permits per month in both Toronto

18 Toronto provides information on the type of structure being built, the type of permit issued, the FSA in which the work is being done, and the estimated construction cost of the project. The permit-issuing process allows, but does not universally require, permit applicants to report the estimated construction cost of their renovation. The validity of the analysis here is conditional on permit applicants' not changing the likelihood of reporting construction costs after the introduction of the LTT.

and suburban municipalities.[19] I find that the average total reported value of housing renovation permits per month in outer Toronto increased from \$636,000 before the introduction of the LTT to \$1,420,000 afterward.[20] However, total permit values also increased in suburban municipalities. Using the same methodology as above to disentangle the effect of the LTT on permits from overall market trends, I find that total permit values per month in suburban Toronto boroughs increased by about 58 percent in response to the LTT (see Appendix Table A-3 for details).[21] This represents about half of the increase in reported permit values per month in suburban boroughs of Toronto, with other potential factors explaining the rest of the increase in renovation values.

Summary

I have compared otherwise identical house sales and renovations in areas subject and not subject to Toronto's LTT, to isolate the economic consequences of the LTT on the Toronto housing market. I find that the LTT reduced the number of single-family home sales per FSA per month by 16 percent, thus likely reducing household mobility. The largest effect has been on home sales in FSAs with an average sale price below the yearly median price. Moreover, Toronto residents appear to be substituting home renovation for relocations. These economic consequences of the LTT are likely to be similar in other jurisdictions that have imposed such a tax, especially municipalities such as Montreal that levy a special LTT on top of a provincially mandated LTT.

The Potential Effects of an LTT on Markets and Behaviour

The existing empirical literature suggests a reduction in household mobility as a consequence of higher transaction costs has two main effects on the economy. First, people might be deterred from taking up jobs far from their place of residence or from switching to more productive jobs to which they cannot reasonably commute from their existing home. Second, higher transaction costs might cause some households to tolerate living in ill-suited homes for longer than they would have otherwise desired (Hilber and Lyytikäinen 2012). Other potential effects include government revenue volatility, commercial real estate market distortions, and higher construction costs.

Effects on Labour Market Adjustment

Many individuals and families move in order to be closer to a job opportunity. In 2007, for example, 6 percent of the population of OECD countries moved in the previous year (OECD 2011). Canada has a high overall rate of mobility relative to the OECD average, with 14 percent of Canadians reporting in the 2006 Census that they had moved

19 I use the total value of permits per month in all suburban municipalities, as Statistics Canada does not provide spatially disaggregated permit information. In addition to comparing the value of permits in suburban municipalities to the value of permits in Toronto boroughs, I also test the effect of the LTT on permits by aggregating permits in suburban boroughs to the city of Toronto as a whole. See the Appendix for details.

20 I also control for the number of permits, and permit values, issued during the period of the Toronto municipal workers strike in July 2009.

21 To reach this estimate, I take the exponent of the parameter of the effect of the LTT on permit values from column 1 of Appendix Table A-3.

in the previous year.[22] In Alberta, the province with the highest degree of labour mobility, 19 percent of the population moved in the year prior to the Census.

The migration of workers from areas of few to areas of greater employment opportunities is fundamental to the process of labour market adjustment to structural economic change, and reduces the economic and social harm of unemployment (see Blanchard and Katz 1992; Beine, Coulombe, and Vermeulen 2012). At the same time, high transaction and moving costs are associated with lower mobility of workers (Rupert and Wasmer 2009); they also reduce the ability of homeowners to move to areas where local amenities better suit household preferences, which, by constraining individual choices, reduces social welfare.

The Tax Base of the LTT

In the case of Toronto's LTT, the economic cost – the excess burden, or deadweight loss – of the tax is exacerbated by the existence of an LTT imposed by the province of Ontario, which will have resulted in forgone sales by homeowners closest to the margin of indifference between moving and staying in their current home. In turn, these forgone sales will have reduced the taxable base of the provincial LTT, thus reducing the LTT revenue that might otherwise have accrued to the province.[23]

Part of the reason why the LTT is an inefficient tax is because it is applied to a relatively narrow base. Residential property taxes, applied to the broad base of all properties in a municipality in a year, do not have the distortionary effects on mobility or the economic costs of an LTT, which applies only on the subset of properties sold in a given year.[24] Unlike property tax increases, which are highly visible and are paid directly by most homeowners – 67.6 percent of GTA residents owned their residence in 2006 and thus likely paid property taxes – in contrast, only 7.2 percent of GTA residents moved into a home purchased that year.[25]

Distortions to Commercial Real Estate Markets

Since Ontario taxes the value of the transfer of property from one party to another, corporate mergers and acquisitions typically result in an LTT liability, making commercial transactions more costly. A further complication is that, in such transactions, there is no market transaction of the transferred properties and thereby no clear asset value on which to assess the tax. Existing property tax assessments might be out of date or incorrectly reflect the true market value of an asset, requiring an independent valuation of the property.

The existence of an LTT also impairs firm restructurings. In Ontario, when a firm transfers assets between corporate entities – so that final ownership does not change – it must post a bond of the equivalent value of the LTT due on the fair market value of the transfer. Even though the firm eventually gets the bond back, the carrying cost of posting the bond increases corporate restructuring costs. An LTT also affects minor

22 The OECD does not report the Canadian mobility rate as determined by Statistics Canada in its international comparison of mobility, which suggests that the Statistics Canada measure might differ from international data.

23 See Dachis, Duranton, and Turner (2008) for a more detailed discussion of the economic cost of a single versus dual LTT levied on the same tax base.

24 Property taxes are not completely neutral: if a municipality raises property taxes, people will purchase less housing and more of other forms of saving and consumption, which invokes other types of economic distortions. As Dachis, Duranton, and Turner (2008) argue, however, the economic losses associated with additional property tax revenue applied on a broader tax base are less than those associated with an LTT applied on a relatively narrower tax base.

25 These estimates are from the Census Public Use Microdata File. The finest level of geographic detail available is for the GTA.

business transactions – for example, the transfer of an Ontario property is taxable if the identity of a limited partner holding 5 percent or more of the property changes.[26]

The Cascading of an LTT through the Construction Supply Chain

When a piece of land or real estate changes hands multiple times, the LTT can end up being applied more than once on the same project – or on variations of it – during its construction process and final sale.[27] For example, a developer who purchases vacant land from a landowner would pay the LTT on the initial purchase. If that developer then chose to resell the vacant property to another developer who then builds homes on it, the LTT would apply at three different stages in the construction and sale of a home and would either be embedded in the final purchase price for the buyer or result in a lower sale price for the landowner.[28]

Government Revenue Variability

An LTT has a higher degree of year-over-year variability than other major revenue sources of municipalities – general property taxes, user fees, and transfers from government (see Table 4). This high variability revenue is due to the cyclical nature of real estate markets, which makes budget planning difficult for cities with an LTT, as evidenced by recent windfalls in Toronto due to higher-than-expected real estate sales (Church 2012). Such variability is evident from the 62 percent increase in total Canada-wide municipal revenues from LTTs between 1991 and 1992 (the largest annual increase since 1988), while LTT revenues fell by 17 percent the previous year and by 14 percent three years later.

Effects on Real Estate Speculation

One reason policymakers cite for wanting to introduce an LTT is to curb real estate market speculation, and thus reduce the volatility of house prices. However, although higher transaction costs might reduce such price volatility by reducing the number of speculative transactions, this effect is relatively small compared with that of other factors, such as banking supervision (Andrews, Sánchez, and Johansson 2011). Andrews (2010) compares the effect of the equivalent of a three-percentage-point increase in average transaction costs – approximately three times the size of Toronto's LTT – on house price volatility in OECD countries, relative to the effects of other policy tools.[29] He finds that such an increase was about two-thirds as effective in reducing year-over-year house price volatility as increasing the OECD's measure of banking supervision strictness from the OECD average in the mid-1990s to the OECD average in 2005. Further, a three-percentage point-increase in transaction costs was less effective at curbing house price volatility than a similarly sized increase in the responsiveness of housing supply to increased demand or a decrease in the maximum loan-to-value ratio of mortgages. These findings suggest

26 *Land Transfer Tax Act*, RSO 1990, c L.6, sections 2(1) and 3, and related Ontario Regulation 70/91.

27 This is a case of the typical tax-cascading effect encountered with older retail sales taxes, now replaced by value-added taxes such as Ontario's harmonized sales tax (HST). The HST eliminates this cascading through input tax credits. Section 9.2 of the Ontario *Land Transfer Tax Act* provides a limited refund of up to $2,000 on the LTT due on newly constructed owner-occupied housing.

28 See Dahlby, Smart, and Dachis (2009) for a discussion of the market conditions that would result in homebuyers or landowners bearing the economic incidence of a transaction tax.

29 Andrews (2010) measures house price volatility as the standard deviation of annual real house price growth over five-year blocks.

Table 4: Variability of Municipal Revenue Sources

	2008 Revenues *($ billions)*	Standard Deviation of Annual Percentage Revenue Change, 1988/2008
Land transfer taxes	0.5	0.17
Business taxes	0.6	0.15
Sales of goods and services	16.0	0.03
Transfer revenue	15.8	0.11
Property taxes	30.0	0.05

Note: The standard statistical measure of variability is the standard deviation, which measures the degree of dispersion of data points from the mean. A high standard deviation of a revenue source means that revenues in any given year are likely to be either substantially higher or lower than the expected value.

Source: Author's calculations from Statistics Canada, CANSIM database, table 385-0024.

that, if the goal is to curb house price volatility, policymakers should rely on broader policy tools than a transactions tax.

Recommendations and Conclusion

Residential property taxes provide a more reliable revenue source for municipalities and are less harmful than LTTs to the functioning of labour markets. Therefore, Toronto should limit itself to its traditional revenue-raising tools and replace the LTT with a revenue-equivalent property tax levy. Also, provincial governments that impose an LTT should find ways to reduce the cascading effect of the tax, such as through replacing the LTT with revenues from a broader value-added tax.

Replace Municipal Land Transfer Taxes with a Property Tax

Toronto should repeal its LTT and replace lost revenue by increasing its residential property tax, for which it has fiscal room. Indeed, as Bird, Slack, and Tassonyi (2012) show, Toronto has the strongest ability of any GTA municipality to increase residential tax rates while increasing revenues.[30] Similarly, Montreal should repeal its additional LTT on house sales above $500,000, Quebec should no longer mandate that municipalities there collect an LTT, and municipalities in Nova Scotia also should repeal their LTTs.

Improving the Harmonized Sales Tax

All provinces that still levy and collect revenues

30 In making this recommendation, however, I am not unaware of the potential economic harm of increasing taxes; I am merely confining the discussion to looking at a static measure of revenue elasticity with respect to residential property tax rates.

from an LTT – British Columbia, Manitoba, Ontario, New Brunswick, Newfoundland and Labrador, and Prince Edward Island – should eliminate their LTTs as currently designed. Many of these provinces replaced their outdated retail sales taxes with an HST because the former tax caused a tax-cascading problem similar to that of the LTT. Although Ontario provides a limited rebate on the LTT homebuilders pay, the rebate is not indexed to inflation or to house prices and the amount is now only a fraction of the LTT paid throughout the homebuilding process. A value-added tax, in contrast, would eliminate the cascading of taxes through the production chain via input tax credits while retaining the full amount of the tax applied to the end buyer of the new building.

Smart (2012) argues that an optimal consumption tax on housing would levy a similar value-added tax on resale and newly constructed houses, and that such a tax would not be as distortionary as an LTT if it provided a credit (plus interest) to sellers for taxes previously paid on their original purchase. Levying such a tax on resale houses would be impractical, however, given the often decades-long gap between sales and the difficulties of recordkeeping over such a period.

A more practical approach would be for provinces to replace the revenues they would lose from eliminating their LTTs with revenues from eliminating the existing preferential HST treatment on a number and other goods and services, such as groceries, or sales from public sector bodies.

Finally, LTTs create an incentive for firms to organize their property ownership and transactions so as to avoid paying the tax, while a more broadly based value-added tax would be neutral with respect to these property reorganizations.

In summary, Toronto's LTT offers a unique test case for estimating the consequences of a housing transaction tax on households' propensity to relocate. The analysis I have presented in this *Commentary* shows that the LTT has substantially reduced the volume of housing transactions in Toronto, which likely reduces the mobility of Toronto families and workers, and increased the propensity of homeowners to renovate their houses rather than to move. There is reason to think that, under similar conditions, these results would extend to other regions of the country as well. Accordingly, Toronto should repeal its LTT and offset the lost fiscal revenues with less economically damaging property tax adjustments. Provinces that collect or mandate LTTs should consider restructuring their taxes along the lines of a value-added tax such as the HST.

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APPENDIX

To conduct my analysis, I isolated the forward sortation areas (FSAs) in Toronto and surrounding suburban municipalities where the geography of the FSA that directly borders Toronto is predominantly residential (see Figure 1), and ignored FSAs in which industrial use or parkland predominates in the areas directly bordering Toronto. This leaves 30 FSAs: 16 in Toronto, 2 in Pickering, 3 in Markham, 3 in Vaughan, and 6 in Mississauga. According to the 2006 Census, these FSAs had an average of 34,500 residents and 11,000 private dwellings.

I eliminated a small number of sale records with contradictory information, such as those with a reported postal code that did not correspond with the reported municipality of the dwelling that was sold. I also dropped records for which the information on the postal code, sale date, closing date, or listing date entries was clearly incorrect.

I calculated the number of freehold dwelling sales at both the individual postal code level and the FSA level per calendar month and quarter (see Table A-1). After the introduction of the LTT, the average number of sales in Toronto FSAs in the study area fell from 23 per month per FSA to 19 sales per FSA per month – a decline of about 18 percent, and a steeper proportional fall in sales volumes than in suburban FSAs (from 33 to 29 per FSA per month). Conducting regressions of the number of sales per postal code per month is computationally time consuming, however, due to the size of the dataset, so I do not report the regressions done at this level of detail.

The dependent variable in the main regressions is the number of sales per FSA per month. The variable of interest is an indicator variable for the treatment effect of the LTT, which takes the value of 1 for transactions that were subject to Toronto's LTT and 0 for all other sales. I used an ordinary least squares (OLS) regression (see column 1 of Table A-2 as the baseline specification),[31] and progressively added spatial fixed effects at the FSA level (column 2), and month, house, and property tax controls to reach the preferred specification reported in the text (column 3).[32]

I also tested a single time trend and a double time trend for the City of Toronto and, following Dachis, Duranton, and Turner (2012), I created a monthly time trend for Toronto. A single time trend for the entire time period suggests that the number of housing sales per FSA in Toronto increased by 0.3 percent per month. With such a control, the

31 Except in the case of a Mississauga FSA located at the Lester B. Pearson airport, where Statistics Canada reports only a single residential dwelling, there are no months when no sales occurred in any FSA along the Toronto border between 2005 and 2012. The distribution of the number of houses sold is approximately normally distributed, making OLS a potentially appropriate analysis tool. I also conducted a regression using a Poisson regression; the results, which are very similar to those using ordinary least squares, are available from the author upon request.

32 As controls for housing quality, I included the following average characteristics of houses sold in each FSA in a given month: number of bedrooms, number of parking spaces, number of rooms, number of bathrooms, number of kitchens, whether the house has a den, whether the house has a fireplace, lot depth (feet), lot front (feet), square footage of the lot, the log of square footage of the lot, indicators of heat source (for example, electric, gas, oil), indicators of heat type (for example, baseboard, forced air, water), indicators of garage type (for example, attached, built-in, underground), indicators of exterior type (for example, brick, concrete, aluminum siding), indicators of basement type (for example, finished, separate entrance), indicators of house style (for example, bungalow, two-storey), indicators of property type (for example, detached, semi-detached), and the total and log of the estimated average property taxes due per house sold in that FSA that month. Although not reported in the text, for Poisson regressions I used a limited subset of controls of number of bedrooms, lot front length, lot square footage, number of rooms, and property taxes paid.

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Table A-1: Single Family Resale Housing Market Characteristics, Toronto and Suburban Municipalities

	Toronto		Suburbs	
	Pre-LTT (2005/2007)	*Post-LTT (2008/June 2012)*	*Pre-LTT (2005/2007)*	*Post-LTT (2008/June 2012)*
	All FSAs in GTA			
Total number of sales	64,278	79,949	46,163	67,281
Average price	$488,704	$608,912	$400,626	$500,754
	FSAs Straddling Border of Toronto			
Total number of sales	13,444	16,575	14,329	18,827
Average price	$367,802	$457,168	$413,395	$524,979
Sales per FSA per month	23.3	19.4	33.1	29.0
In FSAs where average house price above median	20.6	18.4	36.2	33.1
In FSAs where average house price below median	25.2	20.1	28.5	22.9
Sales per FSA per quarter	69.9	55.0	99.5	82.6
Percent of dwellings per FSA sold per quarter	0.57%	0.47%	0.82%	0.71%

Notes: Percent of dwellings sold is the average of forward sortation areas (FSAs) in each region; the denominator in the percent of dwellings sold is the number of all occupied dwellings (including condominiums) from the 2006 Census.
Suburban municipalities include Mississauga, Vaughan, Markham and Pickering.
Sources: Author's calculations from MLS and Statistics Canada.

coefficient of the LTT (-6.86, unreported) effect suggests that the LTT reduced sales per FSA per month by 30 percent. A double time trend for Toronto, for the period from January 2005 through December 2007 and from February 2008 through June 2012, produces a coefficient nearly identical to the preferred specification (column 4). Results for sales in FSAs where the average sale price was below or above the median yearly GTA sale price is provided in columns 5 and 6. Sales per FSA per quarter, with month dummies replaced by quarter dummies, are reported in column 7.

I also tested the effect of the LTT by excluding from the preferred specification sales from November 2007 through April 2008, to eliminate sales that were most likely to have been brought forward by the LTT, not just forgone. The coefficient (not reported) is -3.59, suggesting a

Table A-2: Ordinary Least Squares Regression, Effect of Toronto's Land Transfer Tax on Single Family Home Sales, 2005—June 2012

Dependent variable:	*Sales per FSA per Month*						*Sales per FSA per Quarter*
Houses subject to Toronto LTT	-8.743**	-3.969***	-4.093***	-3.915***	-1.549	-6.275***	-11.30***
[Standard error]	[3.671]	[0.938]	[0.968]	[0.781]	[1.233]	[1.313]	[3.454]
Percentage reduction in sales due to LTT	-35%	-16%	-16%	-16%	-6%	-25%	-19%
Average of house characteristics and property tax paid in FSA and month of year controls	No	No	Yes	Yes	Yes	Yes	Yes
Double time trend in Toronto (pre/post-LTT)	No	No	No	Yes	No	No	No
Spatial fixed effects	No	Yes	Yes	Yes	Yes	Yes	Yes
Houses	All	All	All	All	Above yearly median sale value	Below yearly median sale value	All
Number of observations	2,516	2,516	2,516	2,516	1,256	1,260	843
Number of spatial areas		30	30	30	23	24	30
R-squared	0.054	0.025	0.438	0.441	0.433	0.491	0.489

Notes: Robust standard errors in brackets. *** p<0.01, ** p<0.05.
Percentage reduction in sales due to LTT calculated using the overall mean number of sales per FSA over all FSAs and time periods.
Source: Author's calculations from MLS, municipal property tax data.

similar effect as when looking at the entire study period in the preferred specification. To test if the proposed extension of the Yonge-University-Spadina subway line might have been spuriously related to a change in transactions, I ran a regression that excluded postal codes in north Toronto and Vaughan where the new subway stations would be located. Again, the results do not differ substantially from the preferred specification.

To analyze the value of permits, I compiled data on all residential permits issued in Toronto (see http://www.Toronto.ca/open), except for those for new residential construction, and merged those data with Statistics Canada data on residential permit values for the municipalities of Mississauga, Vaughan, Markham, and Pickering. I used municipality-wide data on the value of residential construction permits in the same municipalities as

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Table A-3: Effect of Toronto's Land Transfer Tax on Residential Renovations, January 2005–April 2012

Dependent Variable	*Log of Estimated Renovation Value per Geographic Area per Month*	
Level of Aggregation of Toronto Permits	By Suburban Borough	All City of Toronto
Dummy indicator if subject to Toronto LTT	0.457***	0.594***
[Standard error]	[0.154]	[0.061]
Month of Toronto strike	-4.435***	-3.250***
[Standard error]	[0.630]	[0.213]
Other controls	Month, year, city, month before and after strike in Toronto	
Observations	607	380
R-squared	0.742	0.779

Standard errors in brackets. *** $p<0.01$.

Note: Suburban municipalities are Mississauga, Vaughan, Markham, and Pickering. Toronto boroughs are Etobicoke, North York, and Scarborough.

Source: Authors calculations from Statistics Canada; Toronto Open Data.

in the resale housing analysis above. I aggregated the value of permits in FSAs in Toronto along the border and the boroughs of Etobicoke, North York, and Scarborough. I used an OLS regression of the log of the total value of housing permits per month in each municipality or borough. I also added dummy variables to indicate when Toronto municipal workers were on strike in July 2009 to control for the city's not issuing permits during that month and potentially experiencing a surge of permits issued in the month before and after the strike, as well as controls for the month, year, and city of permit issuance. As I used the log of permit values, I took the exponent of the coefficient of 0.457, which means that the LTT led to an increase in permit values by 58 percent (column 1 of Table A-3). I obtained similar results when I aggregated the value of permits in border FSAs in Toronto (column 2).

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