

---

# **CITY OF TORONTO 2003 BUDGET LAUNCH**

**December 3, 2002**

2003 Budget



# Agenda - 2003 Budget

---

- 1 Introduction / Overview
- 2 Capital Budget
- 3 Operating Budget
- 4 Fiscal Sustainability
- 5 Conclusions and 2003 Budget Schedule/Timetable

---

# What brought us to 2003 Budget - approach from 2002

# Continued application of 2002 guidelines in 2003

---

- Increase focus on service levels and performance measures
- Achieve budget savings through continuous improvement, efficiencies, service delivery review and other cost containment strategies
- Work to keep taxes and debt levels as low as possible
- Work with other levels of government to improve fiscal sustainability

# 2003 Budget Pressures

---

- TTC operating subsidy
- Closure of Keele Valley landfill December 2002
- Arbitration awards and wage settlements for Police, Fire and Emergency Medical Services that were above 3%

# 2003 Budget Highlights

---

- 2002 service levels protected
- Managed and limited debt increase
- Limited the capital budget
- Projected tax increase spread across the total tax base would be 1.1%
- Provincial law restricts increase to homeowners only
- As a result -- projected increase is 3%
- Discussions underway with province re: extraordinary pressures

# Capital Budget Process and Implications

---

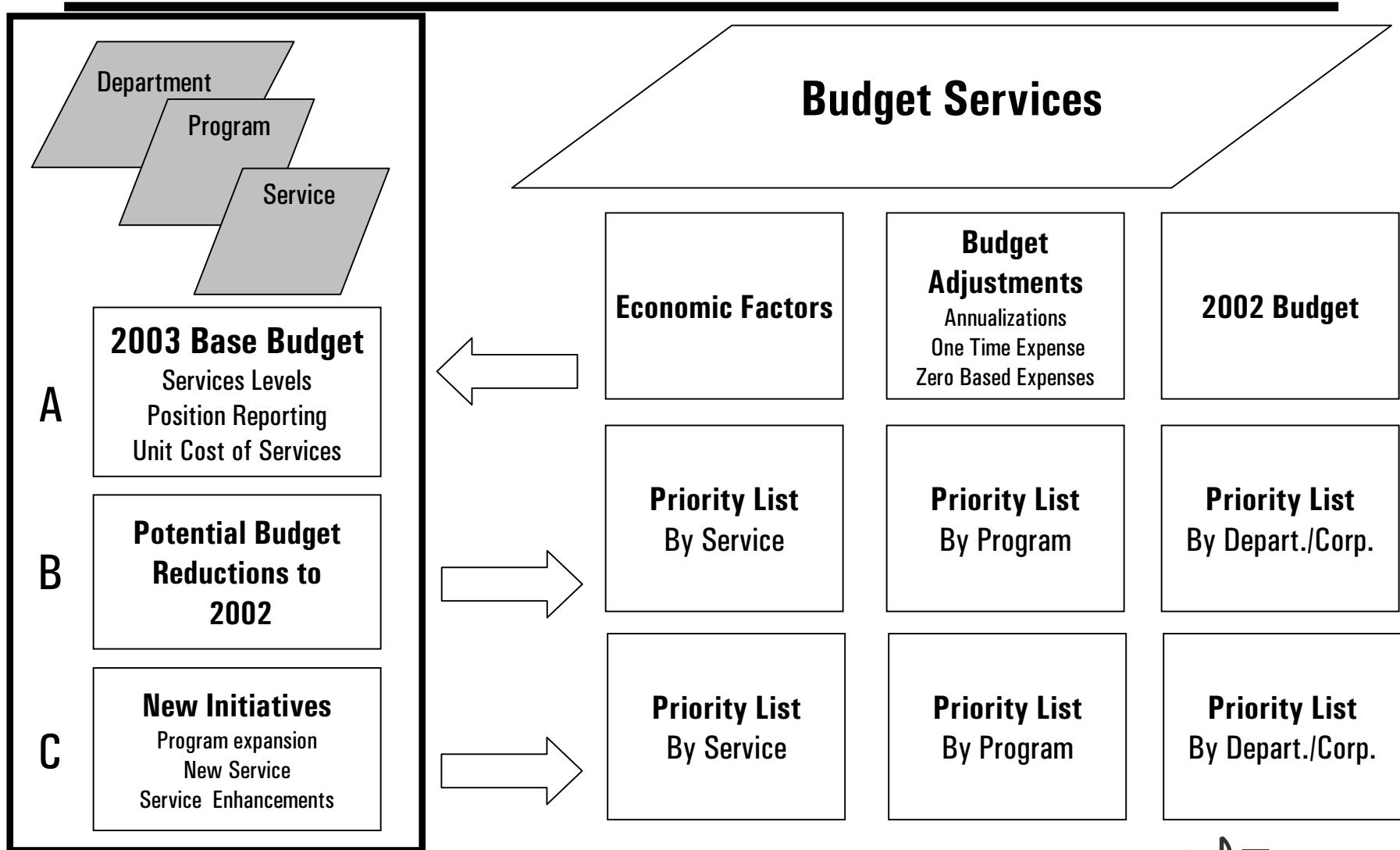
- Same five categories as in 2002:
  - ◆ Health and Safety
  - ◆ Legislated
  - ◆ State of Good Repair (SOGR)
  - ◆ Service Improvement and Enhancement
  - ◆ Growth Related
- In 2003, Capital budget pressures are prioritized with focus on state of good repair projects
- All Departments and ABC's (excl. TTC) requested to submit only their most critical priorities
- All departments and ABCs (excl. TTC) recommended capital budgets within the 'no new debt' framework
- Impact - only 70% of required SOGR undertaken
- Significant backlog will need to be addressed

# EMT Review of Operating Budget

---

- Look for efficiencies in service delivery
- Maintain service standards, minimize any service reductions
- Maximize sources of revenue
- If user fee increases become necessary, propose reasonable levels
- Apply strict criteria for new programs
- Consider staffing implications

# 2003 Operating Budget Process



**2003 Budget**

**CITY OF TORONTO  
2003 OPERATING BUDGET - NET EXPENDITURES  
CORPORATE SUMMARY - BY PROGRAM  
(\$'000'S)**

<b>Department</b>	<b>2002 Adjusted Base Budget</b>	<b>2003 Base Budget Request</b>	<b>EMT Reductions</b>	<b>2003 EMT Recommended Budget</b>	<b>Incr / (Dcr) from 2002 Adj. Base</b>	<b>% of 2002 Adj. Base Budget</b>
	<b>(d)</b>	<b>(p)</b>	<b>(y1)</b>	<b>(ak)</b>	<b>(al)</b>	<b>(am)</b>
<b>CNS</b>	589,604.1	615,602.7	(20,778.1)	594,824.6	<b>5,220.5</b>	<b>0.9%</b>
<b>WES</b>	587,384.9	651,331.6	(33,436.9)	618,854.4	<b>31,469.5</b>	<b>5.4%</b>
<b>EDCT</b>	188,861.7	195,149.9	(6,792.5)	188,451.3	(410.4)	(0.2%)
<b>UDS</b>	16,889.5	18,698.6	(1,811.5)	16,887.1	(2.4)	(0.0%)
<b>CS</b>	140,806.7	143,764.7	(2,096.2)	141,909.4	<b>1,102.7</b>	<b>0.8%</b>
<b>Finance</b>	35,851.9	36,646.9	(491.3)	36,155.6	<b>303.7</b>	<b>0.8%</b>
<b>Other City Departments</b>	26,065.6	26,761.7	1,310.0	26,793.7	<b>728.1</b>	<b>2.8%</b>
<b>Non Programs</b>	197,857.1	234,341.2	(29,471.0)	204,987.0	<b>7,129.9</b>	<b>3.6%</b>
<b>TOTAL CITY OPERATIONS (Excl. KVC)</b>	<b>1,783,321.5</b>	<b>1,922,297.3</b>	<b>(93,567.5)</b>	<b>1,828,863.1</b>	<b>45,541.6</b>	<b>2.6%</b>
<b>Internal Audit &amp; Municipal Act Reqs.</b>	0.0	0.0	0.0	1,278.0	<b>1,278.0</b>	
<b>Keele Valley Closure (KVC)</b>	0.0	21,425.0	0.0	21,425.0	<b>21,425.0</b>	
<b>TOTAL CITY OPERATIONS AFTER KVC</b>	<b>1,783,321.5</b>	<b>1,943,722.3</b>	<b>(93,567.5)</b>	<b>1,851,566.1</b>	<b>68,244.6</b>	<b>3.8%</b>
<b>SPECIAL PURPOSE BODIES</b>						
<b>TTC - incl. Wheel Trans</b>	196,718.4	247,401.1	(19,498.1)	227,903.0	<b>31,184.6</b>	<b>15.9%</b>
<b>Toronto Police Service &amp; Board</b>	605,946.9	650,181.2	(18,171.0)	632,010.2	<b>26,063.3</b>	<b>4.3%</b>
<b>Others (Incl. TPH &amp; TPL)</b>	204,239.8	217,518.7	(4,987.7)	212,531.0	<b>8,291.2</b>	<b>4.1%</b>
<b>TOTAL ABC's</b>	<b>1,006,905.1</b>	<b>1,115,101.0</b>	<b>(42,656.8)</b>	<b>1,072,444.2</b>	<b>65,539.1</b>	<b>6.5%</b>
<b>NET LEVY BEFORE ASSESS. GROWTH</b>	<b>2,790,226.6</b>	<b>3,058,823.3</b>	<b>(136,224.3)</b>	<b>2,924,010.3</b>	<b>133,783.7</b>	<b>4.8%</b>
<b>Assessment Growth</b>	0.0	(8,000.0)	0.0	(8,000.0)	(8,000.0)	
<b>Provincial Revenue</b>	0.0	(95,000.0)	0.0	(95,000.0)	(95,000.0)	
<b>NET LEVY AFTER ASSESS. GROWTH</b>	<b>2,790,226.6</b>	<b>2,955,823.3</b>	<b>(136,224.3)</b>	<b>2,821,010.3</b>	<b>30,783.7</b>	<b>1.1%</b>
<b>Residential Tax Increase</b>						<b>3%</b>

# EMT Recommended 2003 Operating Budget

---

Increase on Total Tax Base 1.1%

Impact of Comm., Indust. &  
Multi-Res. Transfer to Residential  
as a result of Bill 140 1.9%

Net Impact of Bill 140 and  
Increase on Residential ONLY 3.0%

# Path To Excellence

---

- Programs continuously explore service delivery efficiencies
- Performance measures demonstrate efficiency in program delivery
- Provincially mandated Municipal Performance Management Program -- Toronto rated better than the municipal average in 64% of the performance measures

---

## 2. 2003 Capital Budget

# Capital Budget Objectives and Guidelines

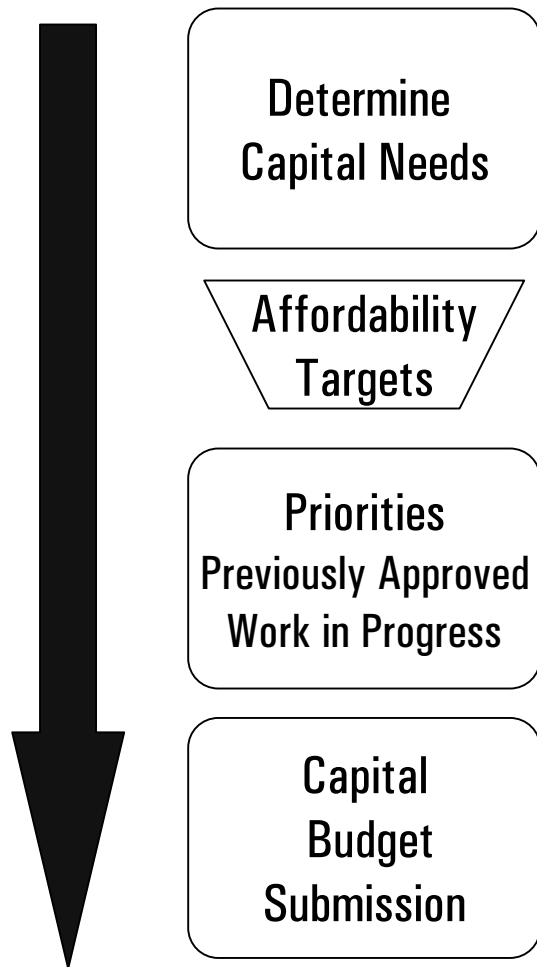
---

- Reduced Capital Budget submission to meet Affordability Guidelines
- Minimize debt funding
- Separate TTC Capital Budget & Related Funding Issues
- Minimize operating budget impacts due to capital

**RESULT -- > ENHANCED CREDIT RATING**

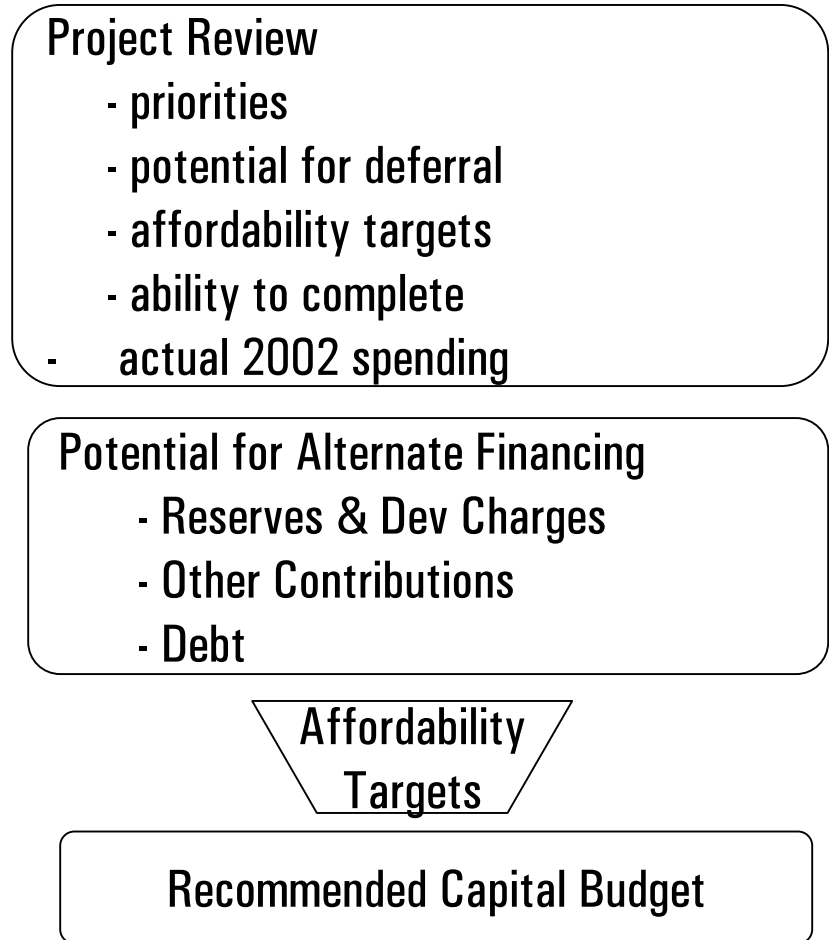
# 2003 Capital Budget Process

## Departments/Programs/ABC's



*2003 Budget*

## Administrative Review

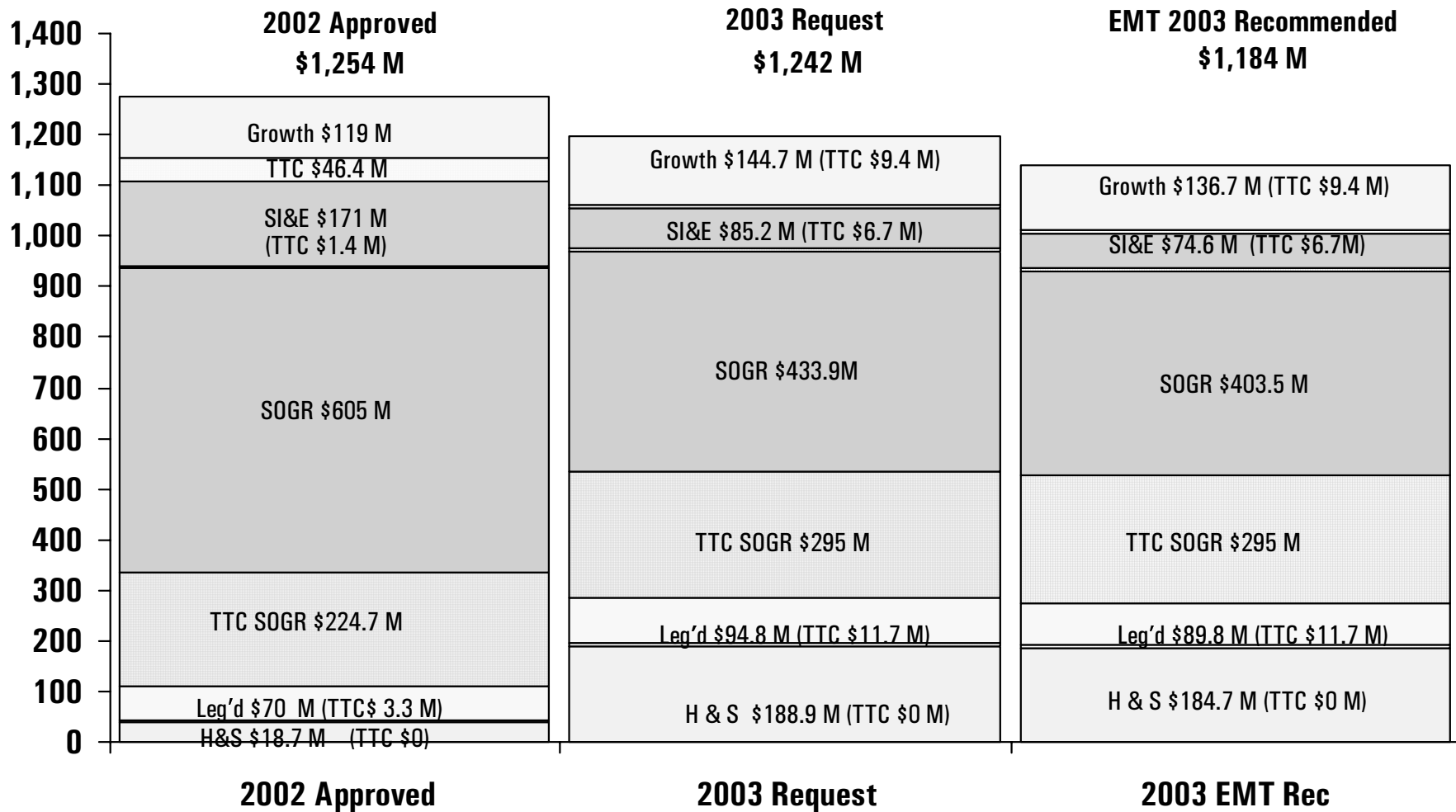


# Capital Budget Priorities

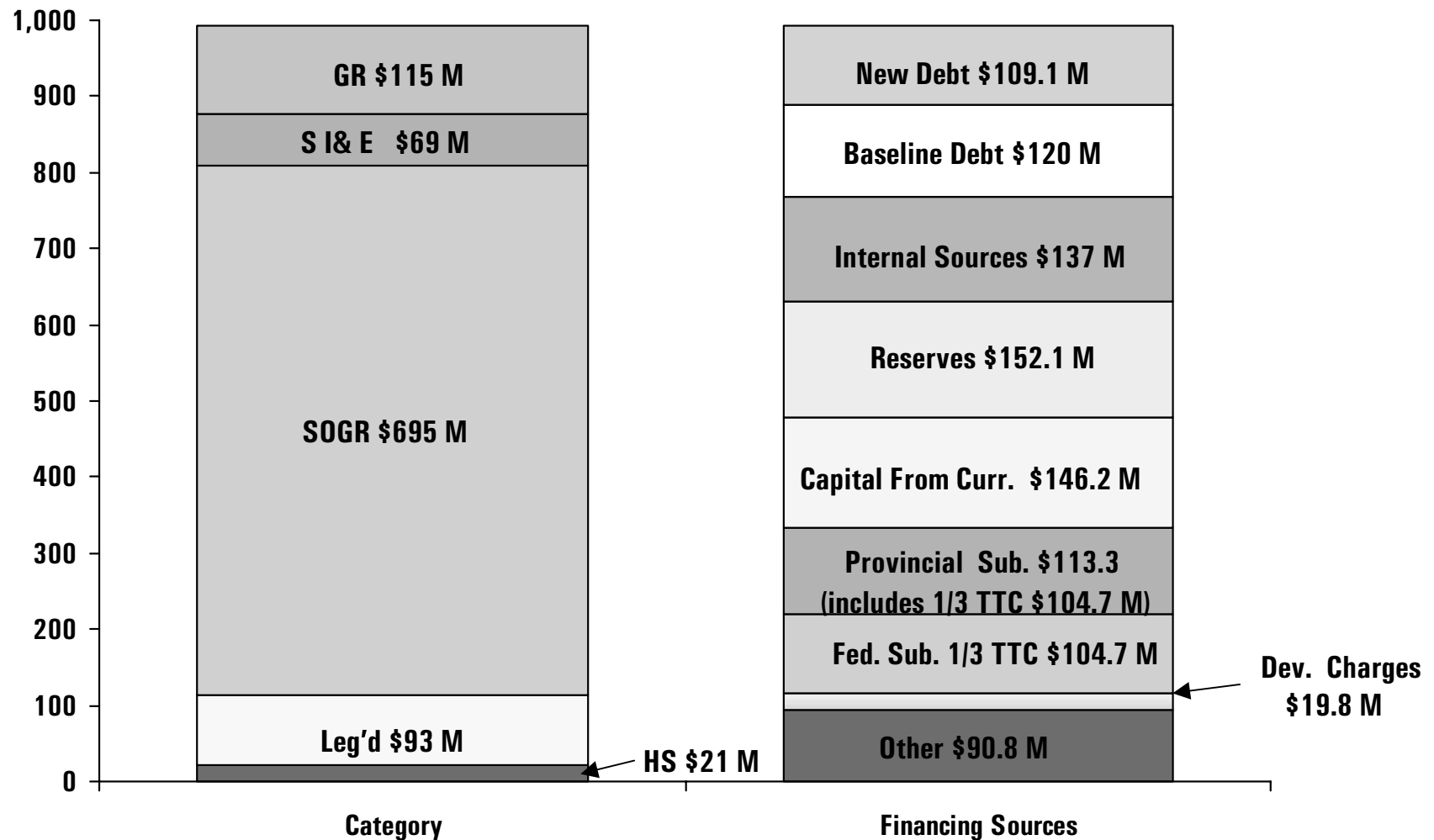
---

- **Prioritize projects within prescribed categories:**
  - 1 Health & Safety
  - 2 Legislated
  - 3 State of Good Repair
  - 4 Service Improvement & Enhancement
  - 5 Growth Related
  
- **Focus of 2003 Capital Budget is on first 3 priority categories**

# 2003 Total Recommended Capital Budget Cash Flow (Incl. Tax & Rate Supported)

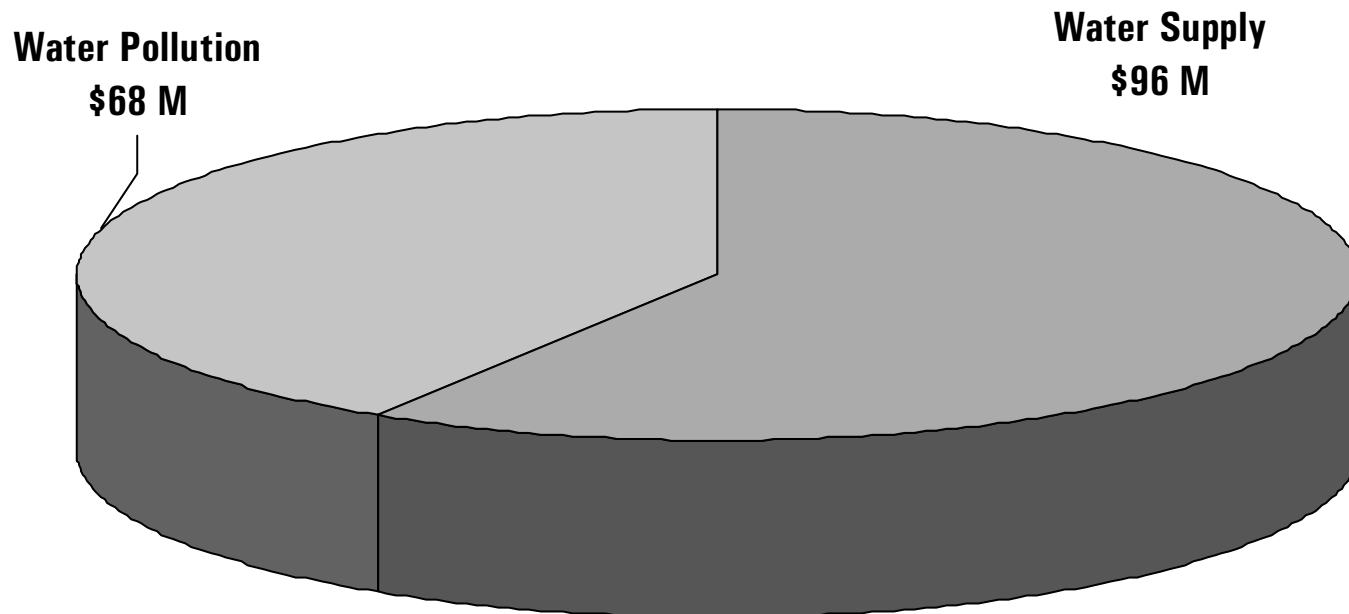


# 2003 Recommended Capital Budget – Tax Supported Program (\$993 Million Cash Flow)



# 2003 Recommended Water Supply and Waste Water Capital Budget (Cash Flow \$164 M)

---



# 2003 Capital Budget

## Financing Sources (Excl. TTC)

---

Financing Sources (\$Millions)	Request	Affordability	Recommended
Capital From Current	146.151	143.200	146.151
Other Financing / Subsidies	263.974	263.974	267.203
Internal Sources	137.000	137.000	137.000
Debt (No Debt Increase)	120.000	120.000	120.000
Sub-total	667.125	664.174	670.354
Additional Debt:	42.627	0.000	0.000
<b>Total</b>	<b>709.752</b>	<b>664.174</b>	<b>670.354</b>

# 2003 Capital Budget

## Financing Sources (Excl. TTC) - Assume Hydro Dividend Loss

---

<b>Financing Sources (\$Millions)</b>	<b>Request</b>	<b>Recommended</b>
Capital From Current	146.151	146.151
Other Financing / Subsidies	263.974	267.205
Internal Sources	109.000	109.000
Debt (No Debt Increase)	120.000	120.000
<b>Sub-total</b>	<b>639.125</b>	<b>642.356</b>
<b>Additional Debt:</b>		
Hydro Dividend Loss	28.000	28.000
Other*	42.627	0.000
<b>Total</b>	<b>709.752</b>	<b>670.356</b>

*\* Includes Keele Valley Closure of \$18.791*

# TTC 2003 Capital Budget

---

## **Capital Expenditure (\$ Millions):**

TTC Capital	314.100
Sheppard Subway	8.771
<b>Total</b>	<b>322.871</b>

## **Assumed Financing:**

1/3 Funding (City Share)	104.700
Sheppard Subway - City Debt	4.351
2/3 From Other Governments	209.400
Other Sources (TTC Internal)	4.420
<b>Total</b>	<b>322.871</b>

*Including Carryforward & Commission Deferrals*

# 2003 Capital Budget (Incl. TTC)

## Assume Hydro Dividend Loss

---

<b>Financing Sources (\$Millions)</b>	<b>2003 EMT Recommended</b>	<b>2003 TTC (Incl. RTEP)</b>	<b>Total 2003 Capital Budget</b>
Capital From Current	146.151		146.151
Other Financing / Subsidies	267.203	213.820	481.023
Internal Sources (before Hydro)	109.000		109.000
Debt (No Debt Increase)	120.000		120.000
<b>Sub-total</b>	<b>642.354</b>	<b>213.820</b>	<b>856.174</b>
<b>Additional Debt:</b>			
Hydro Dividend Loss	28.000		28.000
TTC (Incl. Sheppard)	0.000	109.100	109.100
<b>Total</b>	<b>670.354</b>	<b>322.920</b>	<b>993.274</b>

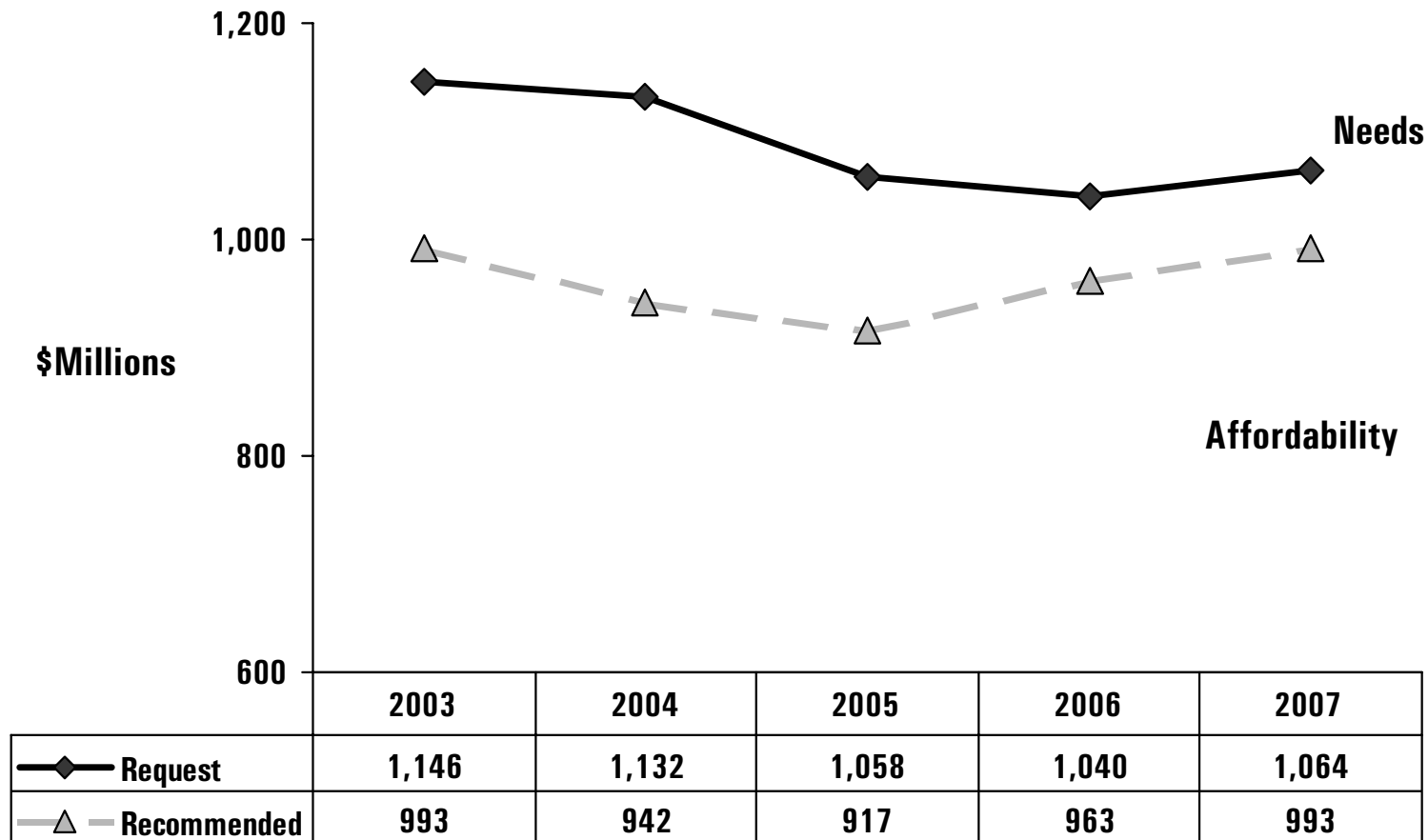
# TTC (Excl. Sheppard) 2003 - 2007 Capital Budget Funding Share $\frac{1}{3}$ Federal; $\frac{1}{3}$ Province; $\frac{1}{3}$ City

---

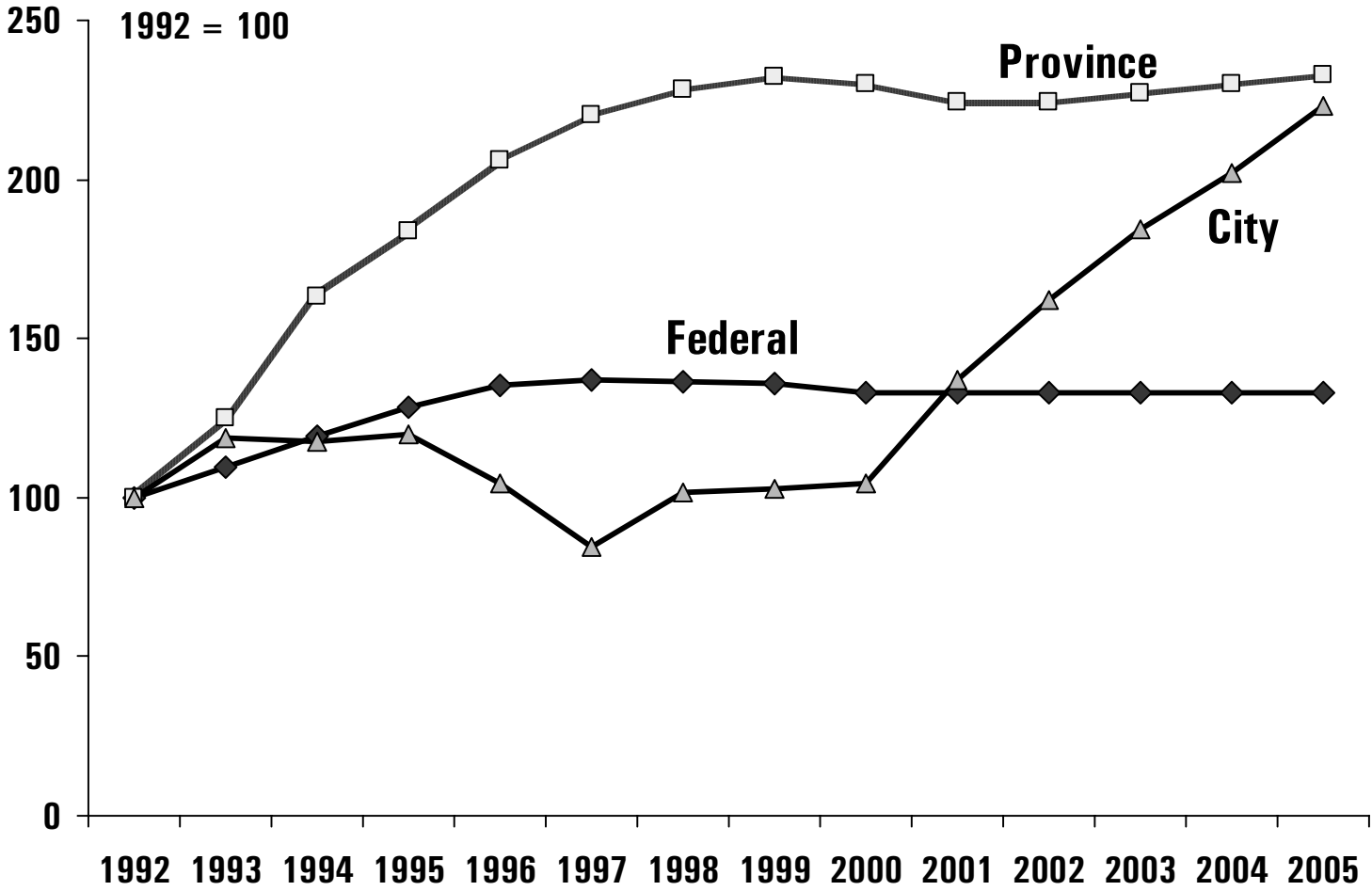
(\$Millions)	2003	2004	2005	2006	2007	2003-2007
<b>Province Share</b>	104.7	109.9	128.2	151.3	158.4	<b>652.5</b>
<b>Federal Share</b>	104.7	109.9	128.2	151.3	158.4	<b>652.5</b>
<b>City Share</b>	104.7	109.9	128.2	151.3	158.4	<b>652.5</b>
<b>Total Expenditure</b>	<b>314</b>	<b>330</b>	<b>385</b>	<b>454</b>	<b>475</b>	<b>1957.5</b>

*Including Carryforward & Commission Deferrals*

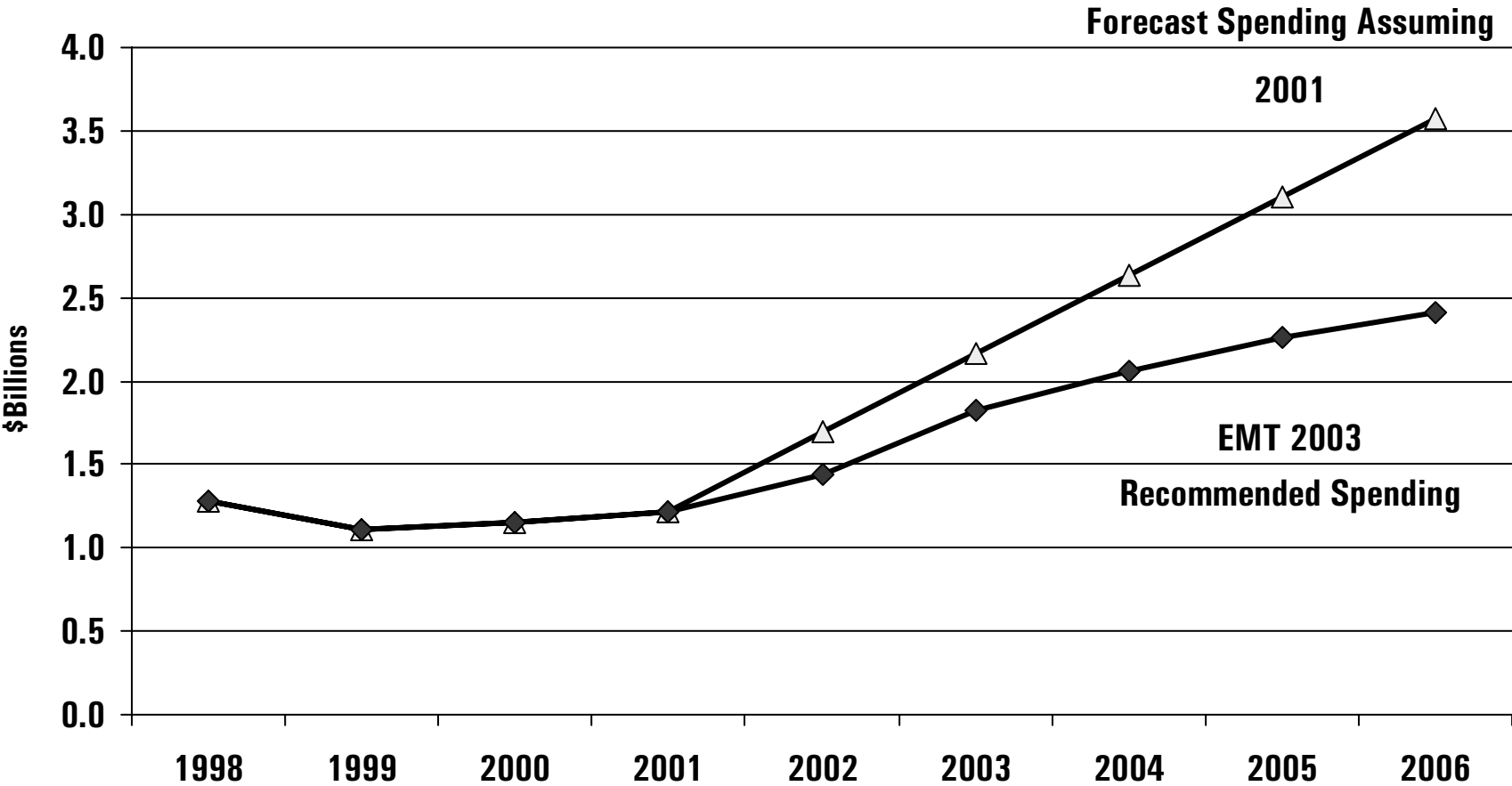
# 2003 - 2007 Capital Budget Request vs. Affordability Tax Supported Program (Cash Flow Projection)



# Debt Levels are Rising



# Cumulative Net Debt Scenarios



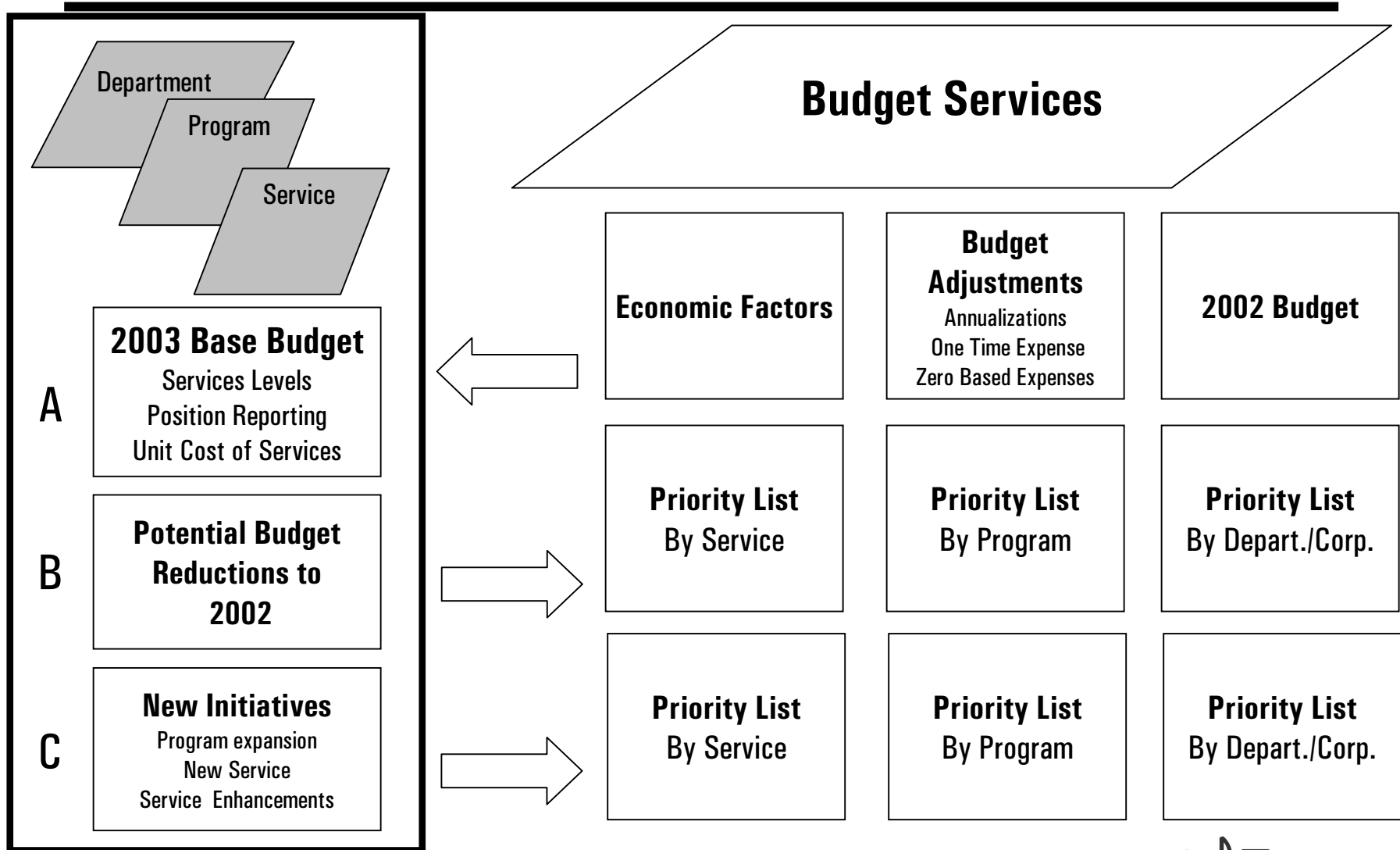
Note: Net 2003 Budget; 2002-2006 Base on Forecast



---

## 3. 2003 Operating Budget

# 2003 Operating Budget Process



*2003 Budget*

**CITY OF TORONTO  
2003 OPERATING BUDGET - NET EXPENDITURES  
CORPORATE SUMMARY - BY PROGRAM  
(\$'000'S)**

Department	2002 Adjusted Base Budget	2003 Base Budget Request	EMT Reductions	2003 EMT Recommended Budget	Incr / (Dcr) from 2002 Adj. Base	% of 2002 Adj. Base Budget
	(d)	(p)	(y1)	(ak)	(al)	(am)
<b>CNS</b>	589,604.1	615,602.7	(20,778.1)	594,824.6	5,220.5	0.9%
<b>WES</b>	587,384.9	651,331.6	(33,436.9)	618,854.4	31,469.5	5.4%
<b>EDCT</b>	188,861.7	195,149.9	(6,792.5)	188,451.3	(410.4)	(0.2%)
<b>UDS</b>	16,889.5	18,698.6	(1,811.5)	16,887.1	(2.4)	(0.0%)
<b>CS</b>	140,806.7	143,764.7	(2,096.2)	141,909.4	1,102.7	0.8%
<b>Finance</b>	35,851.9	36,646.9	(491.3)	36,155.6	303.7	0.8%
<b>Other City Departments</b>	26,065.6	26,761.7	1,310.0	26,793.7	728.1	2.8%
<b>Non Programs</b>	197,857.1	234,341.2	(29,471.0)	204,987.0	7,129.9	3.6%
<b>TOTAL CITY OPERATIONS (Excl. KVC)</b>	<b>1,783,321.5</b>	<b>1,922,297.3</b>	<b>(93,567.5)</b>	<b>1,828,863.1</b>	<b>45,541.6</b>	<b>2.6%</b>
<b>Internal Audit &amp; Municipal Act Reqs.</b>	0.0	0.0	0.0	1,278.0	1,278.0	
<b>Keele Valley Closure (KVC)</b>	0.0	21,425.0	0.0	21,425.0	21,425.0	
<b>TOTAL CITY OPERATIONS AFTER KVC</b>	<b>1,783,321.5</b>	<b>1,943,722.3</b>	<b>(93,567.5)</b>	<b>1,851,566.1</b>	<b>68,244.6</b>	<b>3.8%</b>
<b>SPECIAL PURPOSE BODIES</b>						
<b>TTC - Incl. Wheel Trans</b>	196,718.4	247,401.1	(19,498.1)	227,903.0	31,184.6	15.9%
<b>Toronto Police Service &amp; Board</b>	605,946.9	650,181.2	(18,171.0)	632,010.2	26,063.3	4.3%
<b>Others (Incl. TPH &amp; TPL)</b>	204,239.8	217,518.7	(4,987.7)	212,531.0	8,291.2	4.1%
<b>TOTAL ABC's</b>	<b>1,006,905.1</b>	<b>1,115,101.0</b>	<b>(42,656.8)</b>	<b>1,072,444.2</b>	<b>65,539.1</b>	<b>6.5%</b>
<b>NET LEVY BEFORE ASSESS. GROWTH</b>	<b>2,790,226.6</b>	<b>3,058,823.3</b>	<b>(136,224.3)</b>	<b>2,924,010.3</b>	<b>133,783.7</b>	<b>4.8%</b>
<b>Assessment Growth</b>	0.0	(8,000.0)	0.0	(8,000.0)	(8,000.0)	
<b>Provincial Revenue</b>	0.0	(95,000.0)	0.0	(95,000.0)	(95,000.0)	
<b>NET LEVY AFTER ASSESS. GROWTH</b>	<b>2,790,226.6</b>	<b>2,955,823.3</b>	<b>(136,224.3)</b>	<b>2,821,010.3</b>	<b>30,783.7</b>	<b>1.1%</b>
<b>Residential Tax Increase</b>						<b>3%</b>

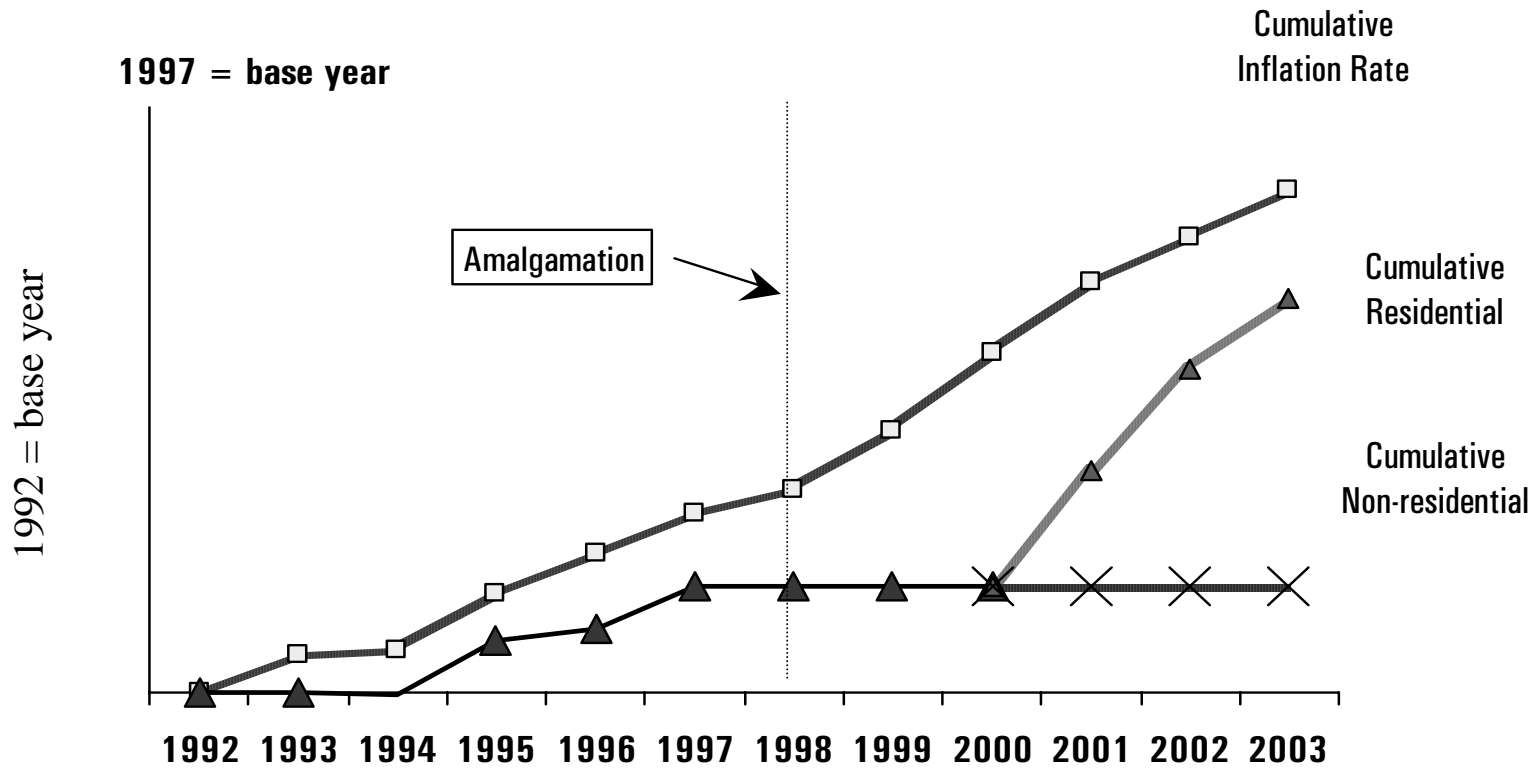
# Provincial Legislation - No Access To Commercial / Industrial Taxes

---

- City has access to only 1/3 of its tax base and the impact is that any residential tax increase is tripled

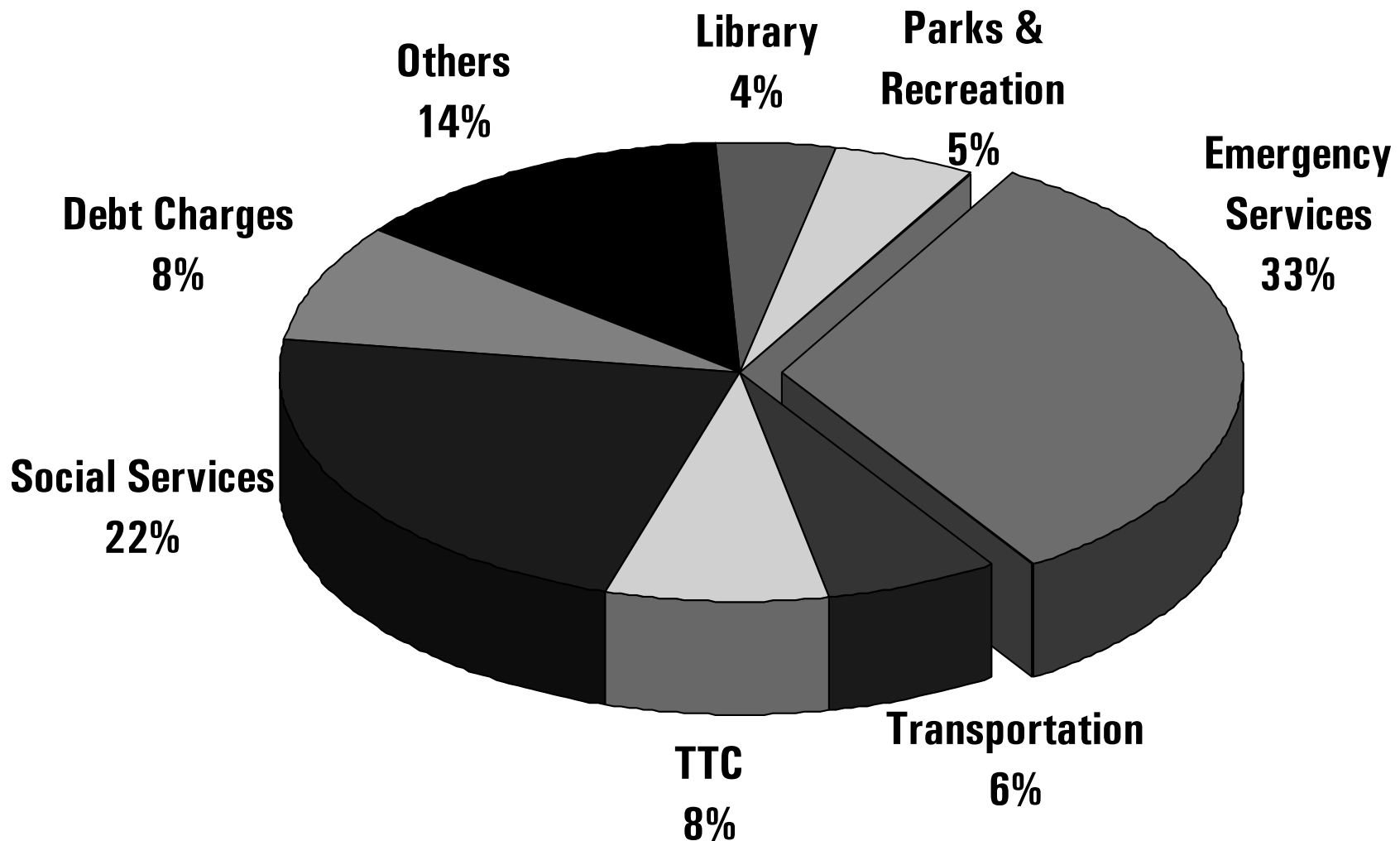
	Residential Taxes	Commercial/Industrial	Total Tax Base
1% Tax Increase (\$M)	10.2	17.8	28.0
Impact of Bill 140 (%)	2.75%	0.00%	1.00%

# City Tax Increases Below Inflation



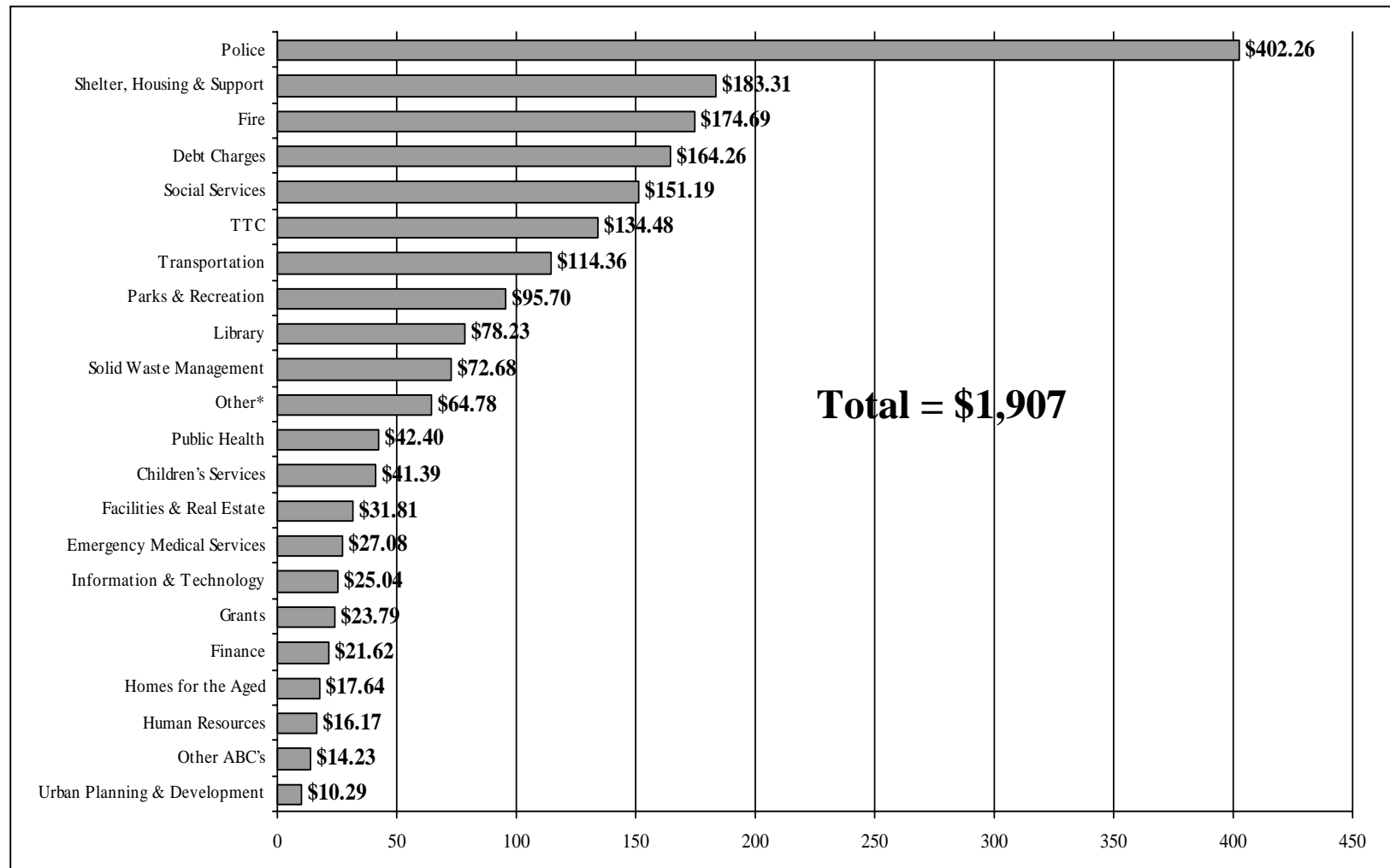
# Where the (EMT Recommended Budget) money goes 2003 Net Levy Expenditures – \$2.8B

---



# How Your Tax Dollar Worked for You In 2002

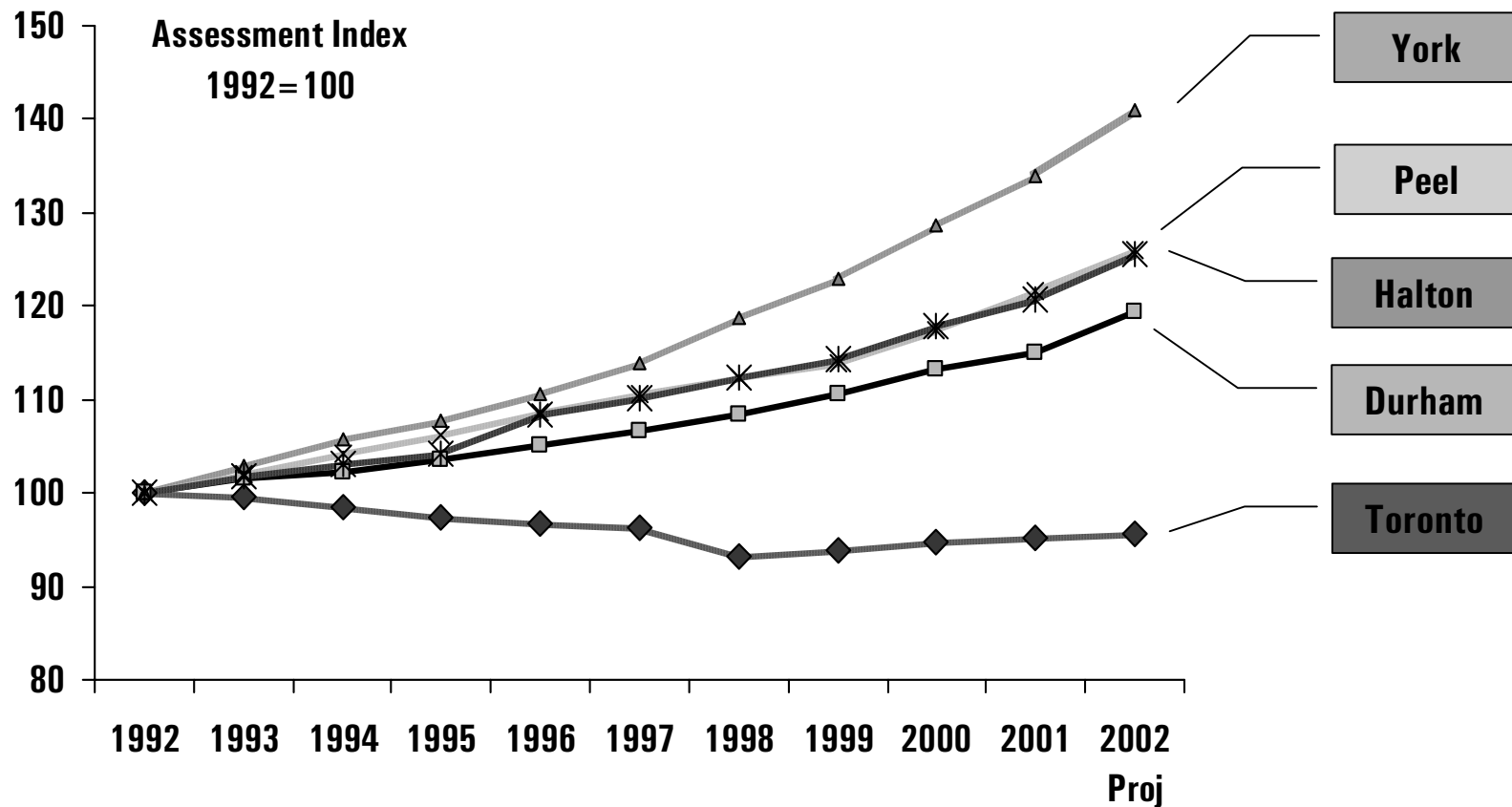
Based on Property Tax of \$1,907 for the average house with assessed value of \$295,000



---

## 4. Financial Sustainability

# Unlike the 905's Sizable Assessment Growth, Toronto is Still Behind 1992



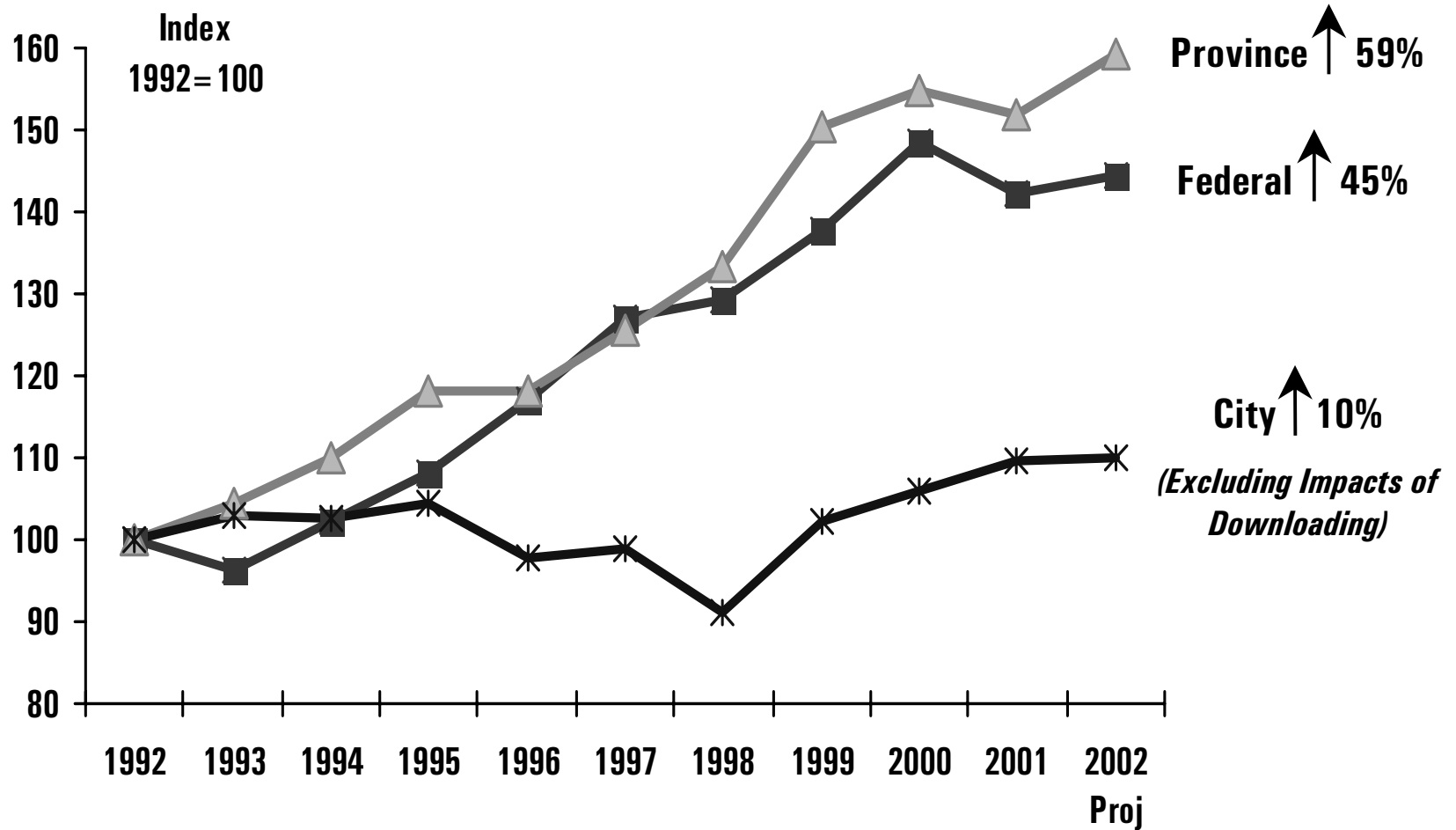
Source: MMAH's MARS, MPAC, Annual Financial Reports of the respective regions and survey. Excludes PILs  
2003 Budget

# Financial Sustainability

---

- City's financial stability is challenged ...
  - » Bill 140 constraints on total assessment tax base
- Need additional long-term sustainable, predictable and reliable financial tools including new revenue sources
- Continue to work with Federal & Provincial governments toward capital and operating partnerships to meet City's Official Plan

# Change in Government Revenues Federal / Provincial / City



Source: City of Toronto (2001 Preliminary, 2002 Projected), Government of Ontario, Government of Canada  
2003 Budget



---

## 5. Conclusion

# Conclusions

---

- Uncontrollable pressures - TTC, Keele Valley Closure and Cost of Living increase above 3% for Emergency Services
- EMT recommends a fiscally responsible budget that protects services
- New sustainable revenue sources needed to address inflation, growth and service pressures.
- Necessary to continue discussions with Province and Federal Government on 2003 funding support

# DOCUMENTATION SCHEDULE

---

Tues, Dec 3

**Capital Budget:**

- Corporate Capital Budget Summaries
- Program Submission - Budget Binders
- Analysts Notes - Budget Binders

**Operating Budget:**

- Corporate Operating Budget Summaries
- Corporate Summary of EMT Budget Review Actions

Fri, Dec 6

- Operating Program Submission - Budget Binders
- Operating Budget Analyst Notes - Budget Binders
- Decision Tracking Documents

# 2003 Budget Timetable

Activity	Revised 2003
Due Date - Capital Budget Submission	September 23, 2002
EMT Capital Budget Review	October 2002
Due Date – Operating Budget Submission	October 18, 2002
EMT Operating Budget Review	November 2002
Council Capital Pre-approvals	October 1 - 3, 2002
<b>2003 Public Launch</b>	<b>December 3, 2002</b>
Grants Sub Committee / Deputations	January 22, 2003
Budget Advisory Committee ABC Budget Presentations	December 4, 5, 6, 2002
Standing Committee Reviews: Budget Presentations / Regular Business Deputations / Regular Business Budget Review	December 9-13, 2002 January 7-13, 2003 January 14-20, 2003
Budget Advisory Committee Reviews	January 27 – February 13, 2003 (11 days)
Budget Advisory Committee Final Review	February 14, 2003
Deputations to P&F and BAC	February 17, 2003
Policy and Finance Committee	February 18, 2003
Council Review and Approval	February 24-28, 2003

