

**CITY OF TORONTO**

**Presentation to:**

**CITY COUNCIL**

**2003 Recommended Budget**

**February 24, 2003**



# Presentation Outline

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- 1 Guiding Principles & Budget Objectives
- 2 Capital Budget
- 3 Operating Budget
- 4 Conclusions / Recommendations

# 2003 Guidelines

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

# 2003 Budget Objectives

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- **Maintain 2002 service levels with minimal tax increase:**
  - maximize efficiencies and productivity
  - continuous improvement initiatives
  - maximize sustainable non-tax revenues
- **Comply with Council's Fiscal Priorities and Fiscal Principles**
- **Ensure Service alignment with Corporate Strategies**
- **Reduce debt charges and minimize residential tax increase**
- **Maximize sustainable non-tax revenues**

# 2003 Operating Budget Pressures

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- TTC operating \$30 M
- Closure of Keele Valley landfill December 2002 \$41 M
- Arbitration awards and wage settlements for Police, Fire and Emergency Medical Services that were above 3% \$24 M

# 2003 Budget Highlights

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## Operating Budget:

- 2002 service levels protected
- \$64 million Provincial TTC Reimbursement
- Net operating budget increase of \$31.273 M
- Provincial Bill 140 restricts increase to homeowners only
  - Tax increase spread across the total tax base would be 1.1%
  - Residential tax increase 2.9%

## Capital Budget:

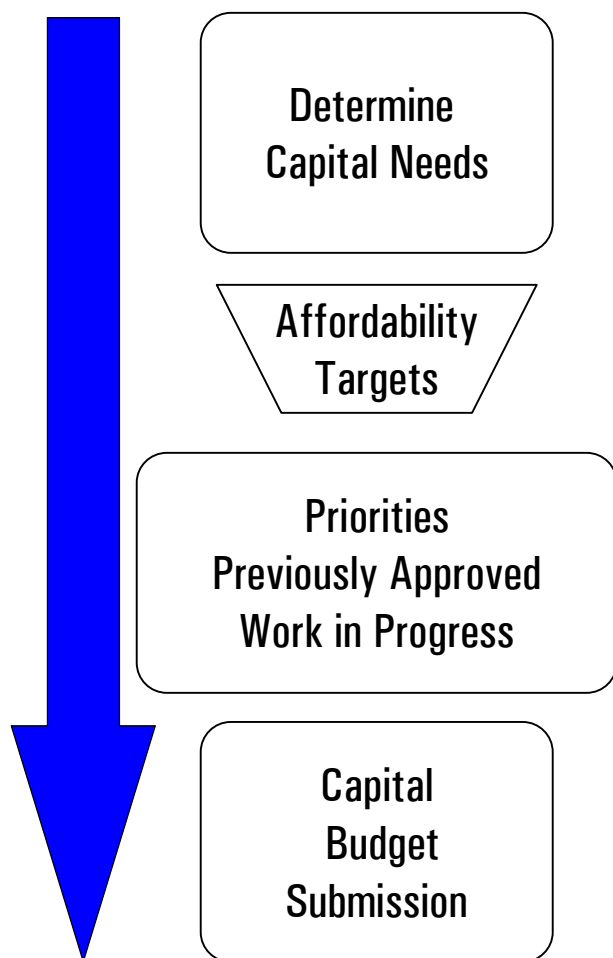
- Managed and limited debt increase
- 80% Capital Budget allocated to State of Good Repair / Health & Safety / Legislated
- Only 70% capital tax supported SOGR needs met

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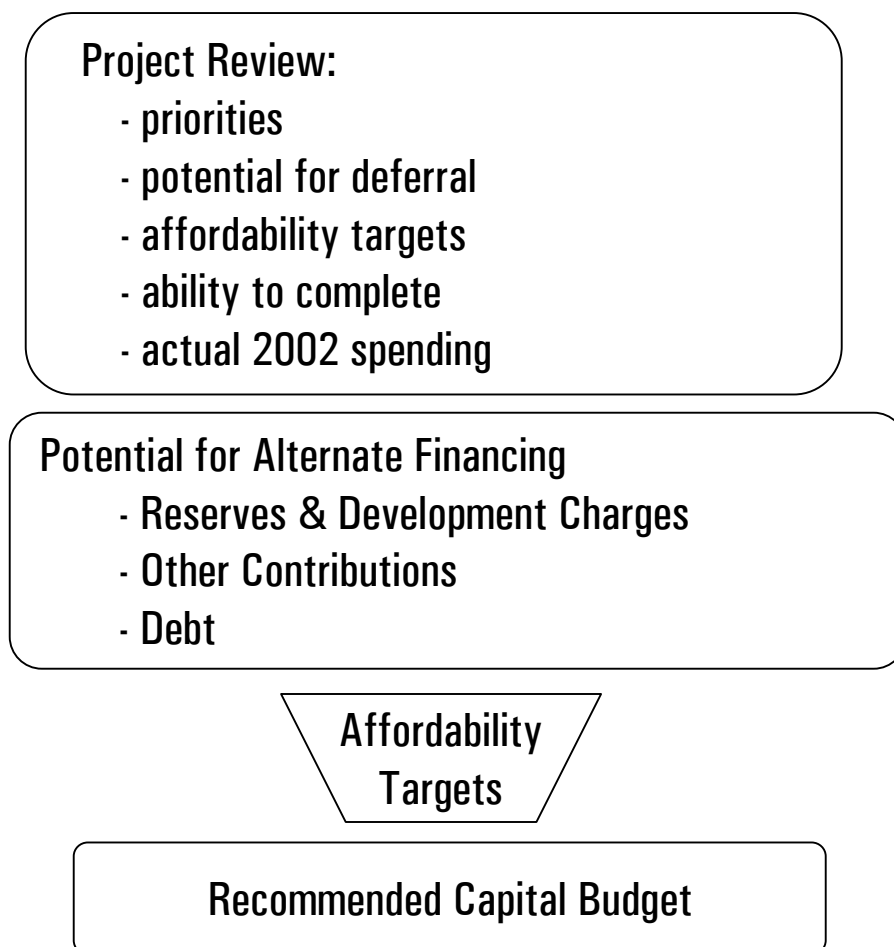
## 2. 2003 Capital Budget

# 2003 Capital Budget Process

## Departments/Programs/ABCs



## Administrative Review



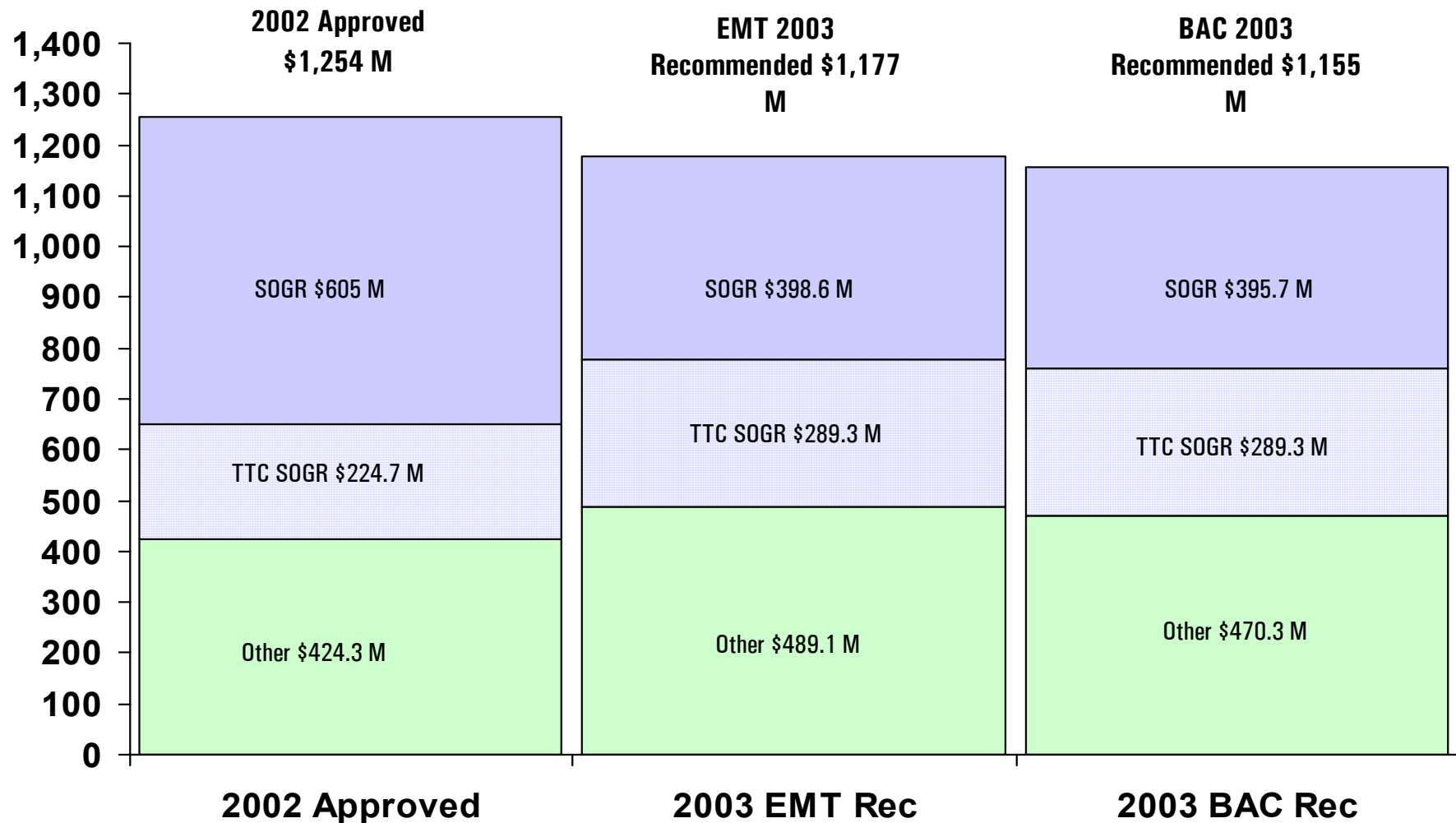
*2003 Budget*

# Capital Budget Process and Implications

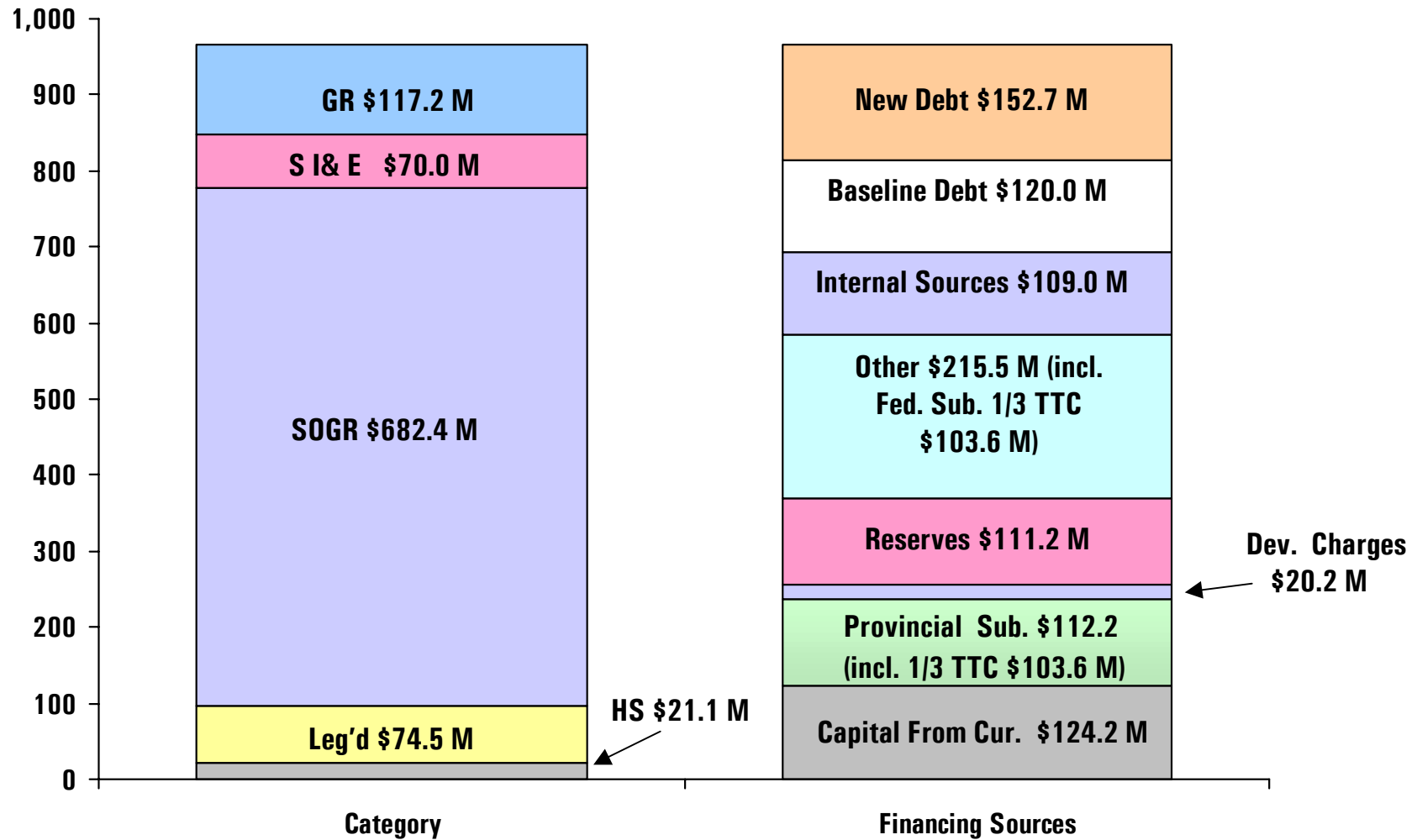
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- Same five categories as in 2002:
  - ◆ Health and Safety
  - ◆ Legislated
  - ◆ State of Good Repair (SOGR)
  - ◆ Service Improvement and Enhancement
  - ◆ Growth Related
- In 2003, Capital budget pressures prioritized with focus on state of good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

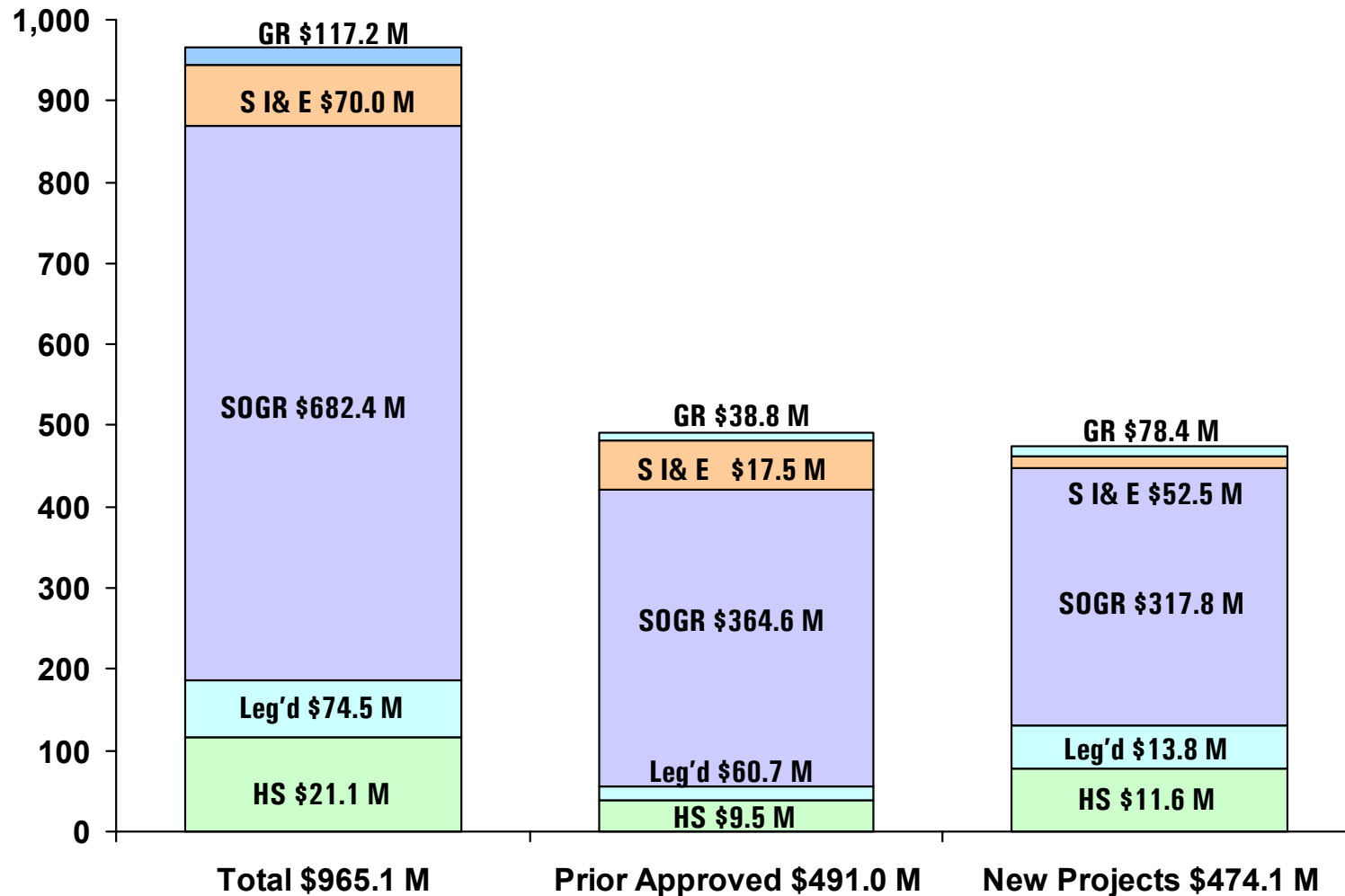
# 2003 Total Recommended Capital Budget Cash Flow (Tax & Rate Supported)



# 2003 BAC Recommended Capital Budget Tax Supported Program (\$965 Million)



# 2003 BAC Recommended Capital Budget Tax Supported Program By Status (\$965 Million)



# 2003 BAC Recommended Capital Budget

## Financing Sources

(Tax Supported Program Excl. TTC)

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Financing Sources (\$Millions)	2003 Request	2003 E M T Recommended	2003 B A C Recommended
Capital From Current	146.151	142.963	124.172
Other Financing / Subsidies	263.974	267.375	248.338
Internal Sources	137.000	109.000	109.000
Debt (No Debt Increase)	120.000	120.000	120.000
Sub-total	667.125	639.338	601.510
Additional Debt:	42.627	29.420	43.702
<b>Total</b>	<b>709.752</b>	<b>668.758</b>	<b>645.212</b>

# TTC 2003 Capital Budget

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

TTC Capital	311.099
Sheppard Subway	8.771
<b>Total</b>	<b>319.870</b>

## **Assumed Financing:**

City Debt	103.600
Sheppard Subway - City Debt	4.351
Provincial/Federal Funding	207.200
Other Sources (TTC Internal)	4.719
<b>Total</b>	<b>319.870</b>

# 2003 Capital Budget

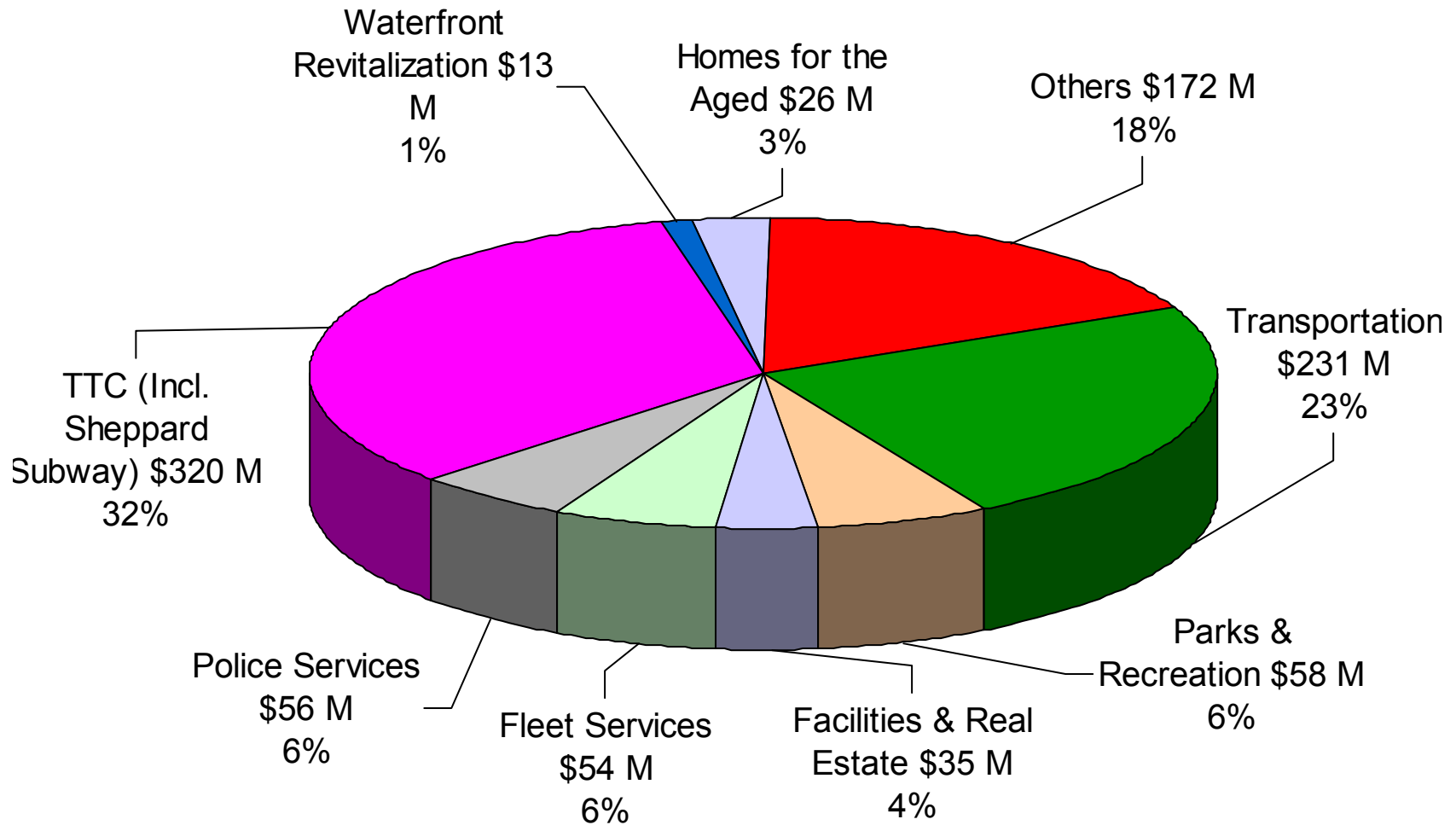
## Tax Supported Program - Financing Sources

### (Incl. TTC)

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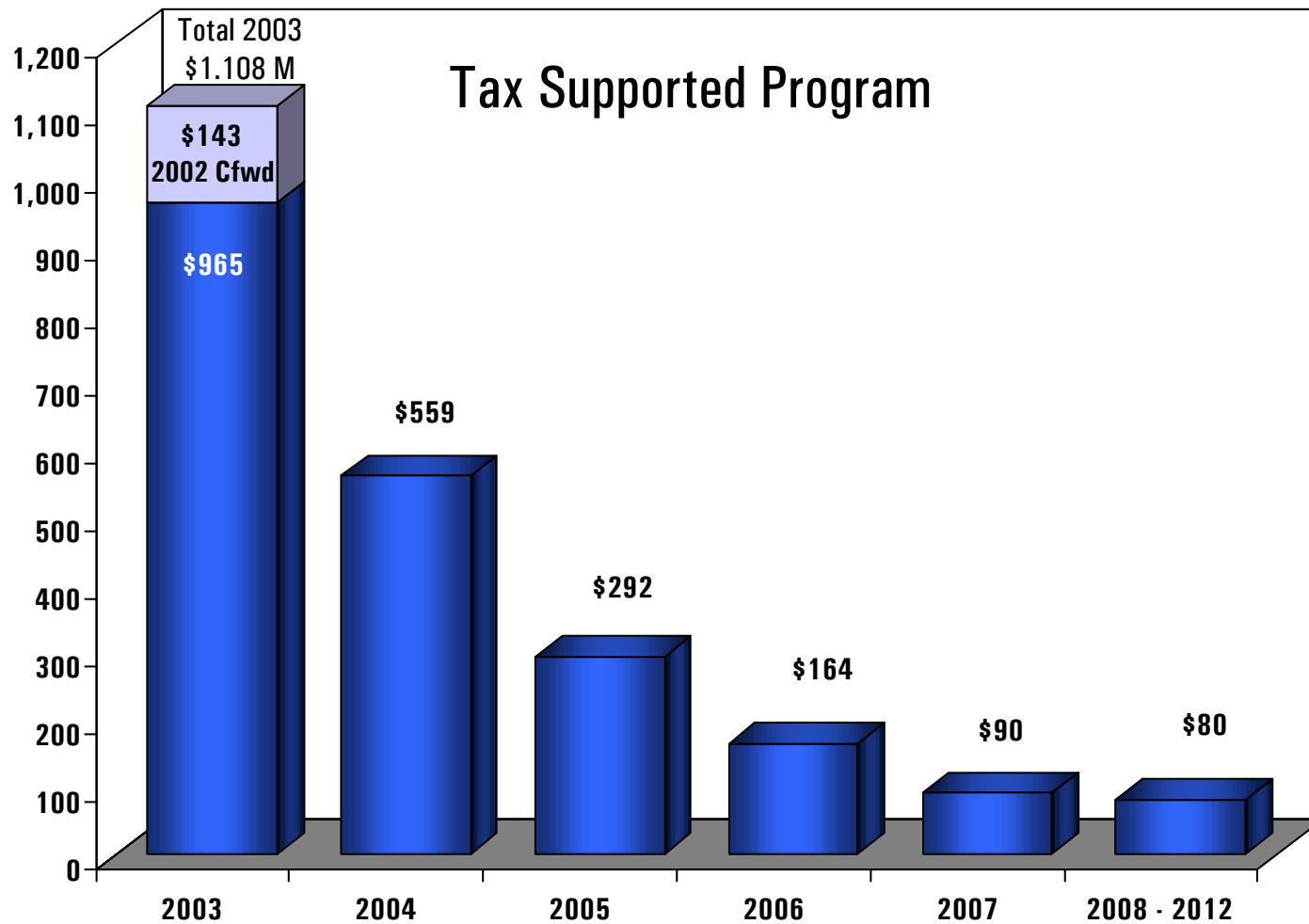
Financing Sources (\$Millions)	2003 BAC Recommended	2003 TTC (Incl. RTEP)	Total 2003 Capital Budget
Capital From Current	124.172		124.172
Other Financing / Subsidies	248.338	211.919	460.257
Internal Sources	109.000		109.000
Debt (No Debt Increase)	120.000		120.000
Sub-total	601.510	211.919	813.429
Additional Debt:			
Other	43.702		43.702
TTC (Incl. RTEP)	0.000	107.951	107.951
<b>Total</b>	<b>645.212</b>	<b>319.870</b>	<b>965.082</b>

# 2003 BAC Recommended Capital Budget Tax Supported Program (\$965 Million)



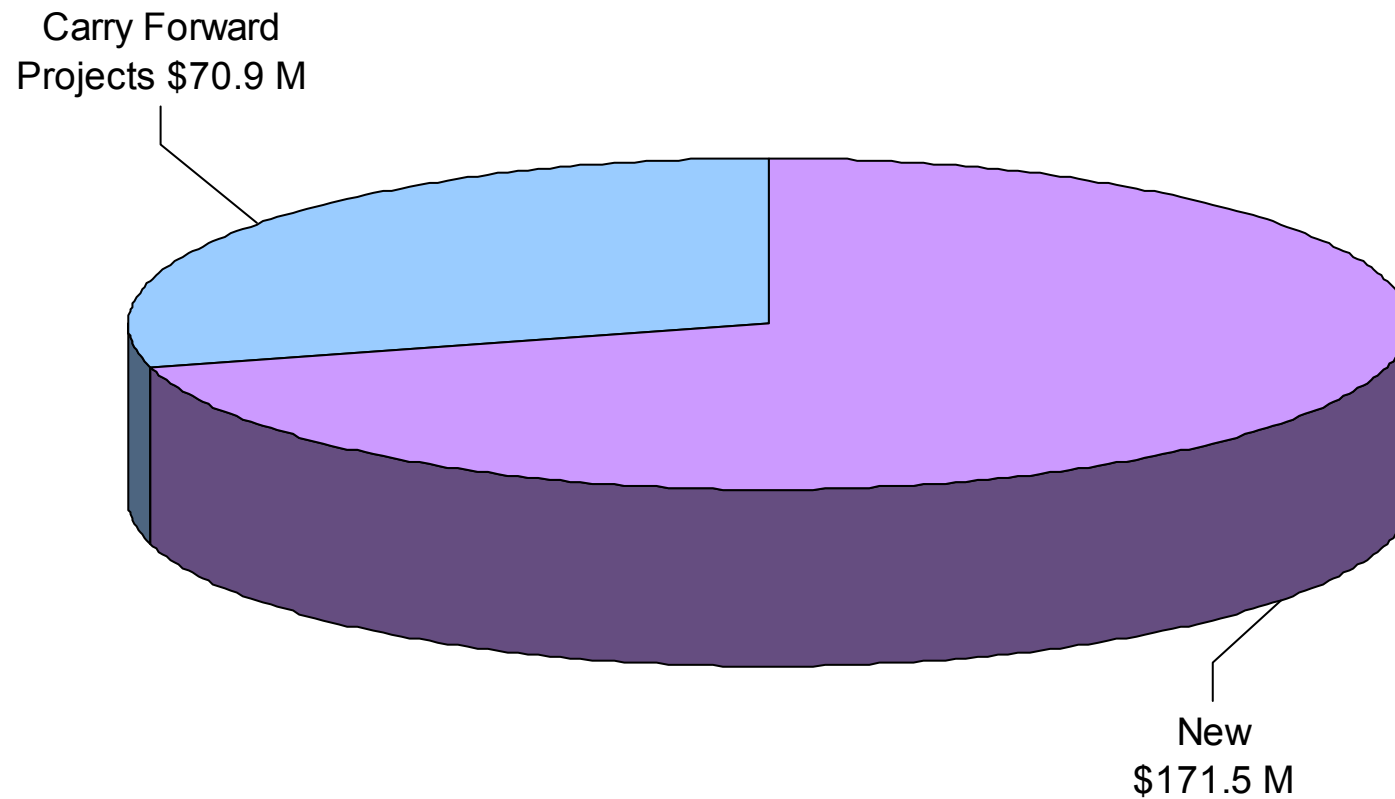
# 2003 Recommended Capital Budget

## Future Year Commitments (\$2.293 Billion)



# 2003 BAC Recommended Capital Budget Rate Supported Water/Waste Water Program (\$242.4 Million)

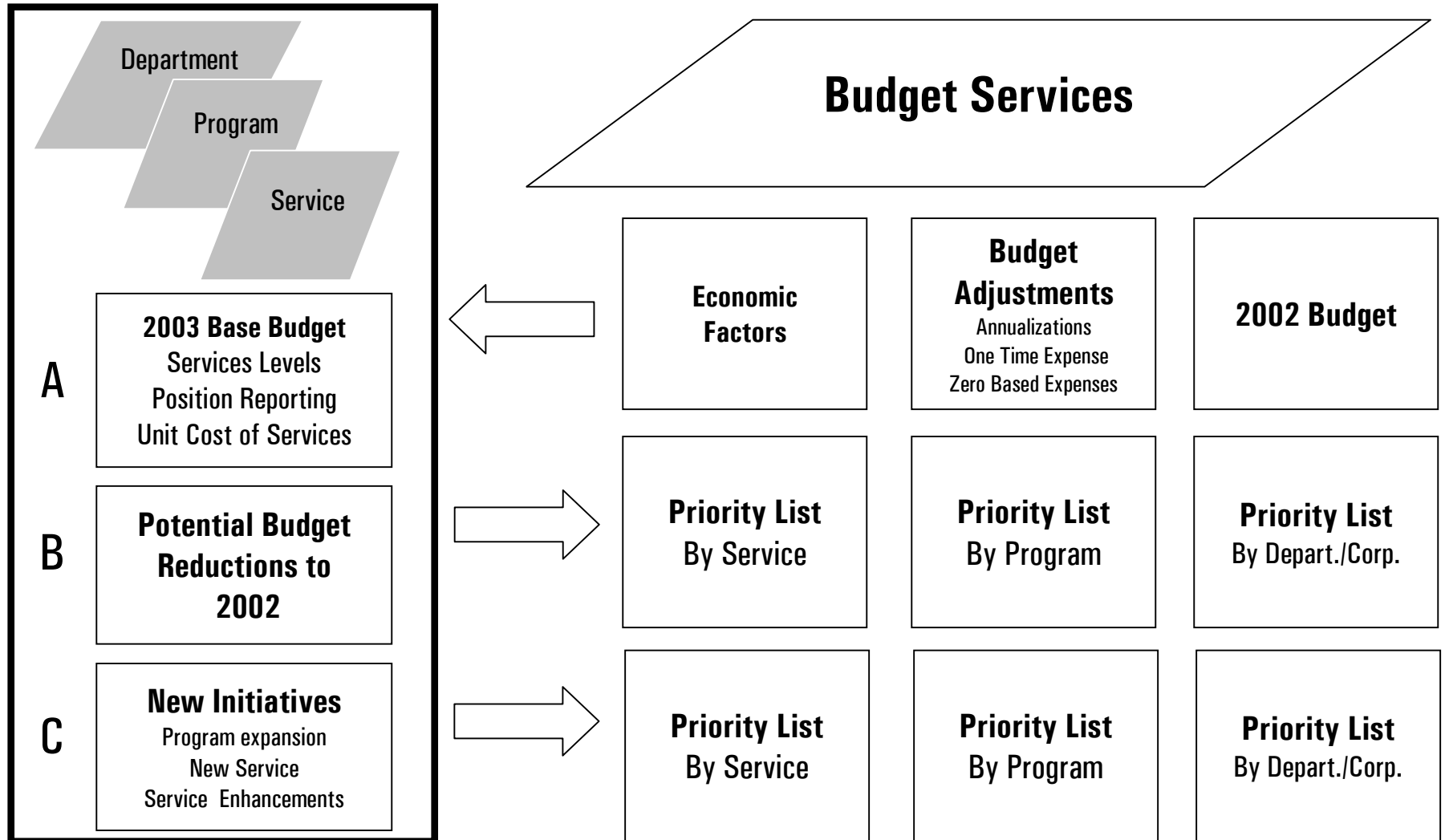
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## 3. 2003 Operating Budget

# 2003 Operating Budget Process

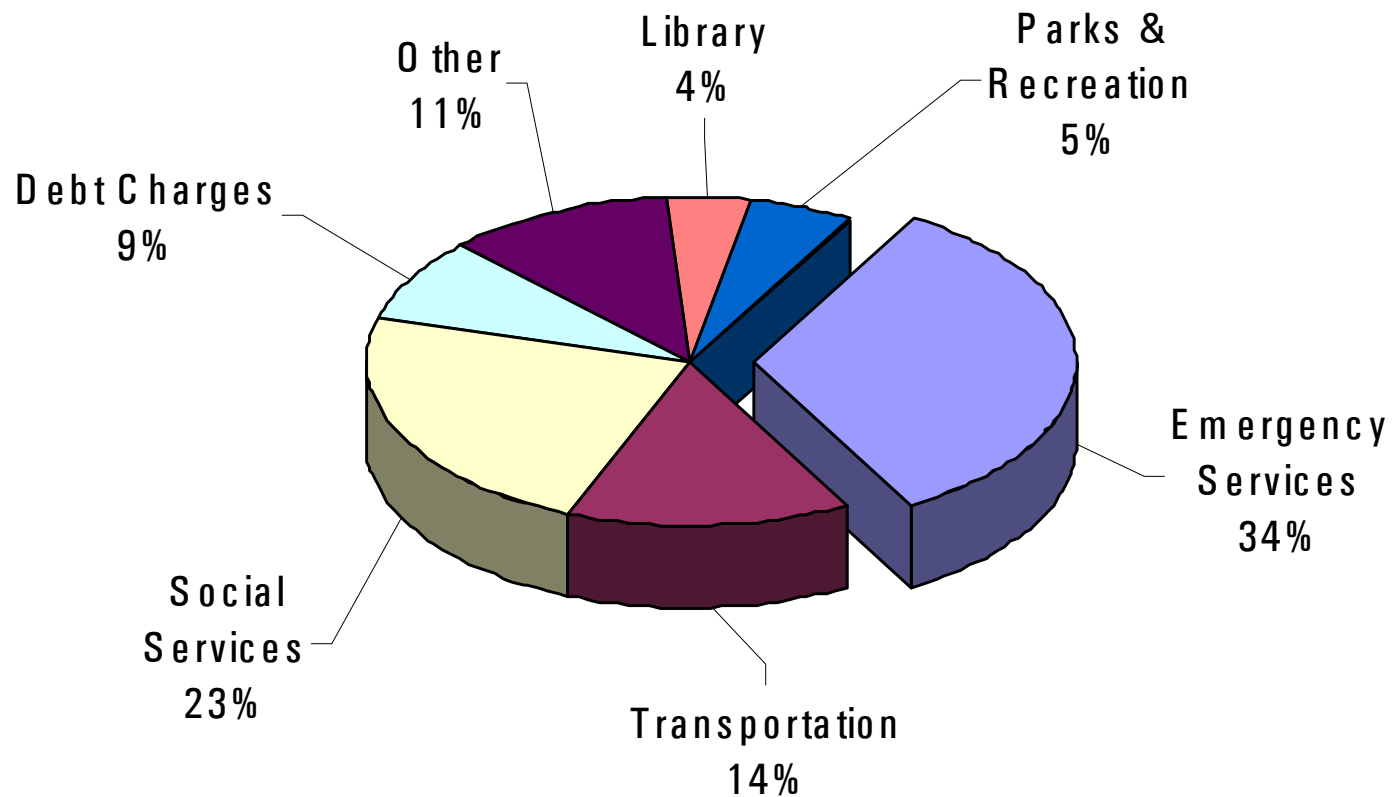


**CITY OF TORONTO**  
**2003 OPERATING BUDGET**  
**CORPORATE SUMMARY - BY PROGRAM (NET EXPENDITURES)**  
(\$000'S)

Department	2002 Approved Base Budget	2003 Base Budget Request	2003 EMT Rec'D Budget	2003 Std'g Comm. Rec'd Budget	2003 BAC Adjustments	2003 BAC Rec'd Budget	Inc / (Dcr) from 2002 Adj. Base	% of 2002 Adj. Base Budget
	(a)	(b)	(c)	(d)	(e)	(f) = (d) + (e)	(g) = (f) - (a)	(h) = (g) / (a)
<b>CITY OPERATIONS</b>								
CNS	589,604.2	615,602.8	594,824.7	596,810.7	(1,952.7)	594,858.0	5,253.8	0.9%
WES	587,384.9	651,331.6	618,854.4	618,364.1	(7,518.2)	610,845.9	23,461.0	4.0%
EDCT	188,861.7	195,479.9	188,451.3	188,801.3	3,134.2	191,935.5	3,073.8	1.6%
UDS	16,889.5	18,698.6	16,887.1	16,987.1	(1,100.3)	15,886.8	(1,002.7)	(5.9%)
CS	140,806.7	143,764.7	141,909.4	141,343.7	(2,495.4)	138,848.3	(1,958.4)	(1.4%)
Finance	35,851.9	36,647.0	36,155.7	36,086.0	(0.4)	36,085.6	233.7	0.7%
Other City Departments	26,066.2	26,762.3	28,072.3	27,671.1	220.7	27,891.8	1,825.6	7.0%
<b>TOTAL CITY OPERATIONS BEFORE OHTERS</b>	<b>1,585,465.1</b>	<b>1,688,286.9</b>	<b>1,625,154.9</b>	<b>1,626,064.0</b>	<b>(9,712.1)</b>	<b>1,616,351.9</b>	<b>30,886.8</b>	<b>1.9%</b>
<b>OTHERS</b>								
Keele Valley Closure (KVC)	0.0	21,425.0	21,425.0	21,425.0	18,791.0	40,216.0	40,216.0	n/a
<b>TOTAL CITY OPERATIONS</b>	<b>1,585,465.1</b>	<b>1,709,711.9</b>	<b>1,646,579.9</b>	<b>1,647,489.0</b>	<b>9,078.9</b>	<b>1,656,567.9</b>	<b>71,102.8</b>	<b>4.5%</b>
<b>SPECIAL PURPOSE BODIES</b>								
TTC (Incl. Wheel Trans)	196,718.4	247,401.1	227,903.0	227,903.0	0.0	227,903.0	31,184.6	15.9%
Toronto Police Service & Board	605,946.9	650,181.2	632,010.2	632,010.2	3,941.0	635,951.2	30,004.3	5.0%
Others (Incl. TPH & TPL)	204,305.6	217,518.8	212,531.1	211,566.9	840.4	212,407.3	8,101.7	4.0%
<b>TOTAL ABC's (Excl. GO Transit)</b>	<b>1,006,970.9</b>	<b>1,115,101.1</b>	<b>1,072,444.3</b>	<b>1,071,480.1</b>	<b>4,781.4</b>	<b>1,076,261.5</b>	<b>69,290.6</b>	<b>6.9%</b>
<b>Non Program</b>	<b>197,790.8</b>	<b>259,920.9</b>	<b>232,861.2</b>	<b>230,690.0</b>	<b>(46,246.9)</b>	<b>184,443.1</b>	<b>(13,347.7)</b>	<b>(6.7%)</b>
<b>NET OPERATING BUDGET</b>	<b>2,790,226.8</b>	<b>3,084,733.9</b>	<b>2,951,885.4</b>	<b>2,949,659.1</b>	<b>(32,386.6)</b>	<b>2,917,272.5</b>	<b>127,045.7</b>	<b>4.6%</b>
Provincial Revenue	0.0	0.0	0.0	0.0	(64,000.0)	(64,000.0)	(64,000.0)	n/a
<b>TOTAL TAX LEVY</b>	<b>2,790,226.8</b>	<b>3,084,733.9</b>	<b>2,951,885.4</b>	<b>2,949,659.1</b>	<b>(96,386.6)</b>	<b>2,853,272.5</b>	<b>63,045.7</b>	<b>2.3%</b>
Assessment Growth	0.0	(6,700.0)	(6,700.0)	(6,700.0)	0.0	(6,700.0)	(6,700.0)	n/a
Assessment Shift	0.0	(25,073.0)	(25,073.0)	(25,073.0)	0.0	(25,073.0)	(25,073.0)	n/a
<b>TOTAL ASSESSMENT CHANGES</b>	<b>0.0</b>	<b>(31,773.0)</b>	<b>(31,773.0)</b>	<b>(31,773.0)</b>	<b>0.0</b>	<b>(31,773.0)</b>	<b>(31,773.0)</b>	<b>n/a</b>
<b>NET TAX LEVY OPERATING BUDGET AFTER ASSESSMENT CHANGES</b>	<b>2,790,226.8</b>	<b>3,052,960.9</b>	<b>2,920,112.4</b>	<b>2,917,886.1</b>	<b>(96,386.6)</b>	<b>2,821,499.5</b>	<b>31,272.7</b>	<b>1.1%</b>
<b>RESIDENTIAL TAX INCREASE</b>								<b>2.9%</b>

# 2003 BAC Recommended Operating Net Budget by Major Programs

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# 2003 BAC Recommended Operating Budget (\$ Million)

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Program Submission Pressure	261.7
EMT Reductions	<u>(132.8)</u>
EMT Recommended	128.9
SC / BAC Reductions	<u>(10.6)</u>
BAC Recommended (Feb. 14)	118.3
3% Tax Increase	<u>(32.3)</u>
Gross Pressure	<u>86.0</u>
<b>2003 Provincial TTC Reimbursement</b>	<u><b>(64.0)</b></u>
Net Pressure	<u>22.0</u>
<u>Adjustments</u>	
1. One-time 2002 Operating Variance	(19.9)
2. Hydro Rebate	(3.1)
<b><i>Recommended Tax Increase</i></b>	<b>2.9%</b>

# Policy & Finance Committee Recommendations

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- BAC Recommended tax increase of 2.9%
- Additional proposed Policy & Finance Committee initiatives of \$1.0 M
- Maximum 2003 tax increase of 3.0%

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## 4. Conclusions / Recommendations

# 2003 BAC Recommended Operating Budget

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Increase on Total Tax Base 1.1%

Impact of Comm., Indust. &  
Multi-Res. Transfer on Residential  
as a result of Bill 140 1.8%

Net Impact of Bill 140 and  
Increase on Residential ONLY 2.9%

# 2003 Proposed/Approved Taxation Levels for Toronto & GTA

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<b>Municipality</b>	<b>Budget Increase</b>	<b>Assessment Growth</b>	<b>C &amp; I Tax Increase</b>	<b>Residential Tax Increase</b>	<b>Tax Increase on Total Tax Base</b>
<b>Toronto</b>	1.35%	0.24%	0.00%	3.00%	1.11%
<b>Hamilton</b>	4.50%	1.00%	0.00%	5.90%	3.50%
<b>Peel Region</b>	5.70%	3.10%	2.60%	2.60%	2.60%
<b>Mississauga</b>		2.80%			3.80%
<b>Halton Region</b>	5.25%	3.25%		2.00%	2.00%
<b>Burlington</b>					5.00%
<b>York Region</b>					5.70%
<b>Richmond Hill</b>	5.02%	3.50%			1.52%

## Long Term Sustainability - 2004 & Beyond Operating

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- 2003 Operating Budget relies on \$99 M of one-time revenues
  - \$15.0 M Prior year's surplus
  - \$19.9 M New 2002 operating surplus
  - \$64.0 M One-time Provincial assistance
- Commence discussion immediately with Provincial Government to ensure sustainable sources of revenues for 2004 and beyond

# Long Term Sustainability Capital

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- Toronto Transit Commission (Incl. Sheppard Subway) \$319.9 M in 2003
- Provincial and Federal assistance of \$103.6 M each
- Provincial announcement to date \$62 M
- Continue discussions with Provincial and Federal governments
- Report back on final 2003 TTC Capital Budget

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**PROVINCIAL / FEDERAL  
GOVERNMENTS**

**CITY OF TORONTO**



