

Analyst Briefing Notes
Planning and Transportation Committee
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PART I: 2006 Operating Budget Overview

Table 1: 2006 Proposed Budget

	2005		2006 Proposed Operating Budget			Change 2006 Proposed from 2005 Budget		FY Incremental Outlook	
	2005 Approved Budget	2005 Proj Act.	2006 Proposed Base	2006 New Council Priorities	2006 Proposed Op. Bud.			2007	2008
(In \$000s)	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	9,787.5	9,787.5	9,493.9	1,125.0	10,618.9	831.4	8.5	(65.8)	
REVENUE	686.8	730.0	211.1	1,125.0	1,336.1	649.3	94.5		
NET EXP.	9,100.7	9,057.5	9,282.8	0.0	9,282.8	182.1	2.0	(65.8)	
Approved Positions	97.0	97.0	85.0	10.5	95.5	(1.5)	(1.5)		
TARGET			9,282.7						
\$ Over / (Under) Program Target			0.1						
% Over / (Under) Program Target			0.0%						

Executive Summary

- The 2005 year-end projection of \$9.058 million net is under the 2005 Approved Budget of \$9.101 million net. This favourable variance of \$0.043 million is attributable to higher revenues than anticipated primarily because the actual recovery from Capital is higher than budget.
- The 2006 Proposed Budget for Business Support Services of \$9.283 million net is comprised of \$9.283 million net for Base funding and \$0 net for New Council Priority services, and is \$0.182 million net or 2.0% higher than the 2005 Approved Budget primarily due to cost of living, fringe benefit, and merit increases. The resulting 2007 net incremental reduction is \$0.066 million is due to the reversal of six months of funding provided for the Licensing System which is one-time only in 2006. The 2006 Proposed Budget includes a net reduction of 1.5 in approved positions resulting from the difference between Capital funded positions for the Integrated Business Management System (IBMS) taken out of the base Operating Budget each year and reflected as new requests.
- The 2006 Proposed Base Budget for Business Support Services is \$9.283 million and at the 2% target. The Proposed Base Budget includes base budget adjustments of \$0.382 million which will have minimal service impacts such as a reduction of 2 partially funded vacant positions for Issues and Integration that never received a full year of funding, a reduction of 3 vacant positions for Business Systems, a reduction in IBMS Licensing Fees based on actual requirements, and a reduction in renovations linked to office reconfigurations. Proposed New Program Requests of

2006 Operating Budget

Business Support Services

\$1.125 million gross and net reflects funding for 5 projects that will be recovered from Business Support Services 2006 Capital Budget.

- 2006 key cost drivers include cost of living, merit and step, and fringe benefit increases, and the 2006 incremental impact of 3 staff for 6 months for the IBMS system approved by Council in 2005.

Recommendation

It is recommended that:

- (1) the Business Support Services' 2006 Proposed Operating Budget of \$10.619 million gross and \$9.283 million net, comprised of the following service be approved:

<u>Service:</u>	Gross <u>(\$000's)</u>	Net <u>(\$000's)</u>
Business Support Services	10,618.9	9,282.8
Total Program Budget	10,618.9	9,282.8

PART II: BASE BUDGET

Section A: 2005 Budget Variance Analysis

Table 2: 2005 Budget Variance Review

	2004 Actuals	2005 Approved Budget	2005 Projected Actuals *	2005 Approved vs Projected Actuals Variance Over / (Under)	
(In \$000s)	\$	\$	\$	\$	%
GROSS EXP.	9,657.7	9,787.5	9,787.5	0.0	0.0
REVENUES	1,057.3	686.8	730.0	(43.2)	(6.3)
NET EXP.	8,600.4	9,100.7	9,057.5	43.2	0.5
Approved Positions	97.0	97.0	97.0	0.0	0.0

*Note: Projected actual expenditures and revenues to year-end are based on the Revised 3rd Quarter Variance Report and include COLA and wage harmonization impacts.

2005 Experience

- The 2005 year-end projection of \$9.058 million net budget is under the 2005 Approved Budget of \$9.101 million net. This favourable variance of \$0.043 million is attributable to higher revenues than anticipated primarily because of the actual recovery from Capital is higher than budget.

Impact of 2005 Operating Variance on 2006 Proposed Budget

There is no 2005 Operating Variance on the 2006 Proposed Budget.

Section B: 2006 Proposed Base Budget

Table 3: 2006 Proposed Base Budget

	2005 Approved Budget	2006 Requested Base	2006 Proposed Base	Change		FY Incremental Outlook	
				2006 Proposed Base v. 2005 Approved Budget		2007	2008
(In \$000s)	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	9,787.5	9,875.4	9,493.9	(293.6)	(3.0)	(65.8)	
REVENUE	686.8	211.1	211.1	(475.7)	(69.3)	0.0	
NET EXP.	9,100.7	9,664.3	9,282.8	182.1	2.0	(65.8)	
Approved Positions	97.0	90.0	85.0	(12.0)	(12.4)		
NET TARGET			9,282.7				
\$ Over / (Under) Program Target			0.1				
% Over / (Under) Program Target			0.0%				

2006 Proposed Base Budget

The 2006 Proposed Base Budget of \$9.283 million net for Business Support Services reflects an increase of \$0.182 million or 2.0% over the 2005 Approved Budget of \$9.101 million.

- The 2006 Proposed Base Budget is at the target of \$9.283 million mainly as result of proposed service level reductions which total \$0.382 million (refer to “Service Level Changes” page. 8 for detail). These reductions will have a minimal impact on service.
- The 2006 Proposed Base Budget includes a base budget increase for Licensing System Maintenance Costs that total \$0.066 million. The Licensing System will continue to be used in 2006 while modifications are being made to the IBMS system. The 2006 budget includes six months of external system maintenance funding for the Licensing system which will be reversed out of the base in 2007.
- The 2006 Proposed Base Budget includes the reduction of 2 partially funded vacant positions for Issues and Integration that never received a full year of funding, 3 vacant positions for Business Systems, and 7 positions funded from Capital reduced in the base each year and added as a new request.

2006 Key Cost Drivers

- Incremental staffing costs resulting from 2005 Council approvals include \$0.110 million in 2006 for 3 temporary staff for 6 months for the IBMS system to complete implementation.
- Cost-of-living adjustments (COLA) that average 3% for 2006 are non-discretionary expenditures that result in additional costs of \$0.159 million.
- Merit and step increases total \$0.071 million.
- The Fringe Benefits rates for 2006 was calculated at 24.5% and totals \$0.145 million. This is consistent with the 2005 actual experience and established guidelines for 2006.

**Table 4: Summary of Proposed Base Budget Changes
From 2005 Approved Budget**

	Summary of 2006 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2007	2008
(\$000's)		\$	\$	\$	\$	\$
2005 Approved Operating Budget	97.0	9,503.2	686.8	8,816.4	0.0	0.0
In-year approvals and technical adjustments		284.3		284.3		
2005 Approved Operating Budget	97.0	9,787.5	686.8	9,100.7	0.0	0.0
Annualizations	(7.0)	(137.1)	(475.7)	338.6		
Economic factors		159.2		159.2		
Adjusted Base Budget	90.0	9,809.6	211.1	9,598.5	0.0	0.0
Other base changes		65.8		65.8	(65.8)	
Base revenue changes						
2006 Base Budget Request	90.0	9,875.4	211.1	9,664.3	(65.8)	0.0
Recommended Base Adjustments:						
Other base changes						
Service efficiencies	(5.0)	(381.5)		(381.5)		
Revenue adjustments						
Minor service impact						
Major service impact						
Total Proposed Base Adjustments	(5.0)	(381.5)	0.0	(381.5)	0.0	0.0
2006 Proposed Base Budget	85.0	9,493.9	211.1	9,282.8	(65.8)	0.0
2006 Program Operating Target	N/A	N/A	N/A	9,282.7		
% Over (Under) Program Target	N/A	N/A	N/A	0.0		
% Over (Under) 2005 Approved Budget	(12.4)	(3.0)	(69.3)	2.0		

Section C: 2006 Base Budget Issues**Key Issues / Recommendations***Service Level Changes*

Service Level efficiency changes have been identified for 2006 as a result of the internal reorganization of the Program, and to meet the 2% target. Proposed service level changes total \$0.382 million and consist of the following:

- A reduction of \$0.074 million and 2 partially funded vacant positions for Issues and Integration that never received a full year of funding;
- A reduction of \$0.219 million for Business Systems and a reduction of 3 vacant positions;
- A reduction of \$0.050 million for IBMS Licensing Fees based on actual requirements;
- A reduction of \$0.039 million for Renovations linked to office reconfigurations.

Collectively, the reductions have minimal service level implications.

Due to the hiring freeze, the positions mentioned above are vacant and have not been filled. Therefore, reductions in this area will have no impact on service to Business Support Services' client Divisions (City Planning, Municipal Licensing and Standards, and Buildings).

3 Year Operating Budget Overview

Strategic Direction for the next 3 years focuses on Council's priority to improve Public Services. The next three years will have significant change for Business Support Services as a result of the internal reorganization of the Division. In 2006, the budget has been reduced for funded vacancies as a result of the hiring freeze. It is uncertain what impact the reorganization will have in the next three years. The Executive Director of Business Support Services will be reviewing the finance and administration functions and their delivery in both Business Support Services that supports the Urban Development Services Program (City Planning, Building, and Municipal Licensing and Standards) and support for former WES programs (Toronto Water, Solid Waste, Technical Services, and Transportation, and will be developing a consolidated support function for 2007. It can then be determined the extent to which there is capacity or opportunity to achieve the 0% budget targets for 2007 and 2008.

Issues Referred to 2006 Operating Budget Process

There are no issues referred to the 2006 Budget Process.

Outstanding Issues from 2005 and Prior Years

There are no outstanding issues from 2005 and prior years.

Appendix A

Summary of Service Level Adjustments

PART III: NEW COUNCIL PRIORITIES

Section D: 2006 Proposed New Council Priorities

Table 5: Summary of 2006 Proposed New Council Priorities (\$000)

Council Priority	Description	Total 2006 New Requests		2006 Not Proposed		2006 Proposed Council Priorities		Proposed New Positions	Net Incremental Impact	
		Gross Exp.	Net Exp.	Gross Exp.	Net Exp.	Gross Exp.	Net Exp.		2007	2008
		\$	\$	\$	\$	\$	\$	#	\$	\$
Council Priorities:	None.									
	Sub-Total Council Priorities									
New Requests Referred to 2006 Operating Budget:	None.									
	Sub-Total Referred									
New Program Requests:										
1	Remote Computing	296.0				296.0		3.0		
1	Enabling IBMS to support Parks and WES enforcement activ	297.0				297.0		3.0		
1	IBMS SAP Integration 2005	32.0				32.0		0.5		
3	IBMS modifications to support compliance with regulation 30	150.0				150.0		2.0		
1	Public automated inspection request (PAIR) system	350.0				350.0		2.0		
	Sub-Total New Program Requests	1,125.0				1,125.0				
	Total New Council Priorities	1,125.0				1,125.0		10.5		
Council Priority		6 - Ensure housing is affordable 7 - Get the powers and funding needed for Toronto to succeed 8 - Improve the planning process 9 - Increase public involvement in civic affairs 10 - N/A								
1	Improve Public Service									
2	Make Progress on the Waterfront									
3	Improve Business Climate									
4	Make Toronto a clean and beautiful city									
5	Strengthen our at-risk neighbourhoods									

Key Issues / Recommendations

2006 New Program Requests

The 2006 Proposed Operating Budget includes New Program Requests of \$1.125 million gross and \$0 net representing full year funding for 10.5 positions required for 5 projects associated with IBMS which are fully recoverable from Business Support Services 2006 Capital Budget. The 2006 Proposed Budget includes positions for IBMS taken out of the base Operating Budget each year and submitted as new requests, thus the gross and revenue costs associated with the positions will be reversed in 2007. The 5 projects included in the 2006 Proposed Budget include:

Remote Computing

The Remote Computing project is for the implementation of a hardware and software solution for Urban Development Services (City Planning, Municipal Licensing and Standards, and Building

Services) field workers to integrate with the Integrated Business Management System (IBMS). This project was presented as a pilot project in 2005 and then an incremental larger scale implementation for field workers in the Municipal Licensing and Standards Division in 2006.

Enabling IBMS to Support Parks and Transportation Activities

This project consists of explicitly distinguishing between privately and publicly owned assessed properties and creating new property records for properties which are not assessed. The Municipal Licensing and Standards Division staff would be able to more accurately identify where the enforcement activities take place within the City.

IBMS SAP Integration 2005

This project will develop an interface between IBMS and the Corporate SAP system.

IBMS Modifications to Support Compliance with Regulation 305

The project will enable the distribution of information requests, using technology to automate requests and provide for a more manageable workload to inspection staff to help ensure that inspection turnaround times are met.

Public Automated Inspection Request System (PAIR)

The project will allow Municipal Licensing and Standards staff to manage the current flow of inspection requests that often overloads the Clerks handling the scheduling of these requests. Providing extra channels for the submission of these requests (fax, e-mail) would offload some of the requests that are processed over the phone with clerical resources.

Appendix B

Summary of Council Priority Services and New Service Requests