

Analyst Briefing Notes

Planning and Transportation Committee (January 9, 2006)

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January 5, 2006

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.	29,926.3	28,926.3	31,374.8	789.1	32,163.9	2,237.6	7.5	163.9	
REVENUE	16,528.2	16,210.3	18,703.5		18,703.5	2,175.3	13.2	407.0	
NET EXP.	13,398.1	12,716.0	12,671.3	789.1	13,460.4	62.3	0.5	(243.1)	
Approved Positions	340.0	340.0	335.0	9.0	344.0	4.0	1.2		
TARGET			13,574.5						
\$ Over / (Under) Program Target			(903.2)						
% Over / (Under) Program Target			-6.7%						

Executive Summary

- City Planning is projecting a year-end unfavourable variance of \$0.318 million or 1.9% in revenues associated with recoveries from the Capital Budget as a result of difficulties in staffing for the New Zoning By-law project.
- The year-end favourable variance of \$1.0 million or 3.3% in expenditures is a result staff vacancies for the New Zoning By-Law project and delays due to the purchasing process. Vacancies have not impacted service levels as staff have utilized overtime to address the community’s needs in services.
- The 2006 Proposed Budget for City Planning of \$13.460 million net and is comprised of \$12.671 million net for base funding and \$0.789 million for new requests, and is \$0.062 million net or 0.5% higher than the 2005 Approved Budget primarily due to cost of living, fringe benefit and merit increases, and new requests detailed on the next page. The 2007 net increase of \$0.243 million is due to the incremental impact of revenue from the 2006 Community Planning Fee increase.
- The 2006 Proposed Base Budget is \$0.903 million under the target mainly because a Planning Fee Increase of 18.2% has been included in the budget as a revenue base change. The Planning and Transportation and Works Committees (November 30, 2005) adopted the staff report from Deputy City Manager, Fareed Amin, *Proposed 2006 Development Application Process Fee increases*, addressing the increase and implementation date of April 1, 2006. The report was

referred to the Budget Advisory Committee for consideration with City Planning's 2006 Operating Budget. Included in the report, and assumed in the recommended fee increase are three new requests associated with improvements to the planning process. The recommended expenses associated with the new requests total \$0.754 million and will offset the favourable variance.

- The 2006 Proposed Base Budget includes funding for the Development Application Review project (DARP) which is proposed to continue in 2006 with the pressure to be absorbed within the Base Budgets of City Planning, Buildings, and Technical Services.
- The 2006 Proposed Base Budget incorporates proposed reductions of \$0.035 million to alleviate some of the expenditure impact in 2006. The reductions have no impact to service and include \$0.030 million of the City's portion for the Architecture and Urban Design Awards (AUDA) as this program occurs every other year and will not occur in 2006, and \$0.005 million for the printing the community newsletter under the Don River Program.
- The 2006 Proposed Operating Budget includes 6 new and enhanced service requests. Of the requests, 3 fall under Council's priority for a "Clean & Beautiful City", and 3 are New Program Requests that fall under Council's priority of "Improving the Planning Process":

New Council Priorities (Council's priority for a "Clean and Beautiful City")

The 3 new requests under Council's priority for a "Clean and Beautiful City" consist of: Green Roofs Promotion, Green Development Standards, and Prevention of Migratory Bird Deaths and are part of the 3-Year Plan approved by Council at the end of 2004. The new request for Prevention of Migratory Bird Deaths has been addressed in the Public Health 2006 Operating Budget.

New Program Requests (Council's priority for "Improving the Planning Process")

The 3 new requests under Council's priority for "Improving the Planning Process" consist of: Harmonized Site Control By-Law, Consultant, and, Improving the Planning Process. Expenditures for these 3 new requests will be offset by incremental revenues to be received from increasing Planning Fees which has been included in the 2006 Base Budget as a base revenue change.

- Key cost drivers in the 2006 Proposed Operating Budget include cost of living adjustments, merit and step increases, fringe benefits, and annualizations from in-year Council approvals for 9 Planning Staff and 2 Civic Improvement staff.

Recommendations

It is recommended that:

- (1) the City Planning’s’ 2006 Proposed Operating Budget of \$32.164 million gross and \$13.460 million net, comprised of the following service, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000's)</u>	<u>Net</u> <u>(\$000's)</u>
City Planning	32,163.9	13,460.4
	<hr/>	<hr/>
Total Program Budget	32,163.9	13,460.4
	<hr/>	<hr/>

- (2) the Deputy City Manager responsible for City Planning report to the Planning and Transportation Committee and the Works Committee prior to the 2007 Budget Process on a phased approach to increasing Community Planning and other Development Application Process Fees in the future that will allow for full cost recovery for all city-wide costs related to the processing of community planning and development applications; and
- (3) the Deputy City Manager responsible for City Planning report to the Planning and Transportation Committee and the Works Committee prior to the 2007 Budget Process on the achievements of the one-window approach to the collection of fees under the Development Application Review Project 2006 work plan.

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.	25,851.3	29,926.3	28,926.3	(1,000.0)	(3.3)
REVENUES	9,531.9	16,528.2	16,210.3	(317.9)	(1.9)
NET EXP.	16,319.4	13,398.1	12,716.0	(682.1)	(5.1)
Approved Positions	315.5	340.0	340.0	0.0	0.0

*Projected actual expenditures and revenues to year-end are based on the Revised 3rd Quarter Variance Report, adjusted for COLA and harmonization impacts.

2005 Experience

- City Planning is projecting a year-end unfavourable variance of \$0.318 million or 1.9% in revenues associated with recoveries from the Capital Budget as a result of difficulties in staffing for the New Zoning By-law project.
- The year-end favourable variance of \$1.0 million or 3.3% in expenditures is a result staff vacancies for the New Zoning By-Law project and delays due to the purchasing process. Vacancies have not impacted service levels as staff have utilized overtime to address the community’s needs in services.

Impact of 2005 Operating Variance on 2006 Proposed Budget

- Staff have developed a strategy to progressively hire for the vacant positions associated with the New Zoning By-Law project in 2006.

Section B: 2006 Proposed Base Budget

Table 3: 2006 Proposed Base Budget

	2005 Approved Budget	2006 Requested Base	2006 Proposed Base	Change 2006 Proposed Base v. 2005 Approved Budget		FY Incremental Outlook	
						2007	2008
(In \$000s)	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	29,926.3	31,409.8	31,374.8	1,448.5	4.8	163.9	
REVENUE	16,528.2	17,073.5	18,703.5	2,175.3	13.2	407.0	
NET EXP.	13,398.1	14,336.3	12,671.3	(726.8)	(5.4)	(243.1)	
Approved Positions	340.0	335.0	335.0	(5.0)	(1.5)		
NET TARGET			13,574.5				
\$ Over / (Under) Program Target			(903.2)				
% Over / (Under) Program Target			-6.7%				

2006 Proposed Base Budget

- The 2006 Proposed Base Budget of \$31.375 million gross and \$12.671 million net represents a 5.4% decrease from City Planning 2005 Approved Budget.
- The 2006 Proposed Base Budget is \$0.903 million under the target mainly because a Planning Fee Increase of 18.2% has been included in the 2006 Budget as a base revenue change. The Planning and Transportation and Works Committees (November 30, 2005) recommended adoption of the staff report from Deputy City Manager, Fareed Amin, *Proposed 2006 Development Application Process Fee increases*, recommending a fee increase of 18.2% effective April 1, 2006 resulting in the generating of additional revenue of \$1.630 million in 2006 and incremental impact of \$0.407 million in 2007. The report was referred to the Budget Advisory Committee for consideration with City Planning’s 2006 Operating Budget. Included in the report, and assumed in the recommended fee increase are three new requests associated with improvements to the planning process. The new requests include \$0.100 million for a Consultant, \$0.374 million and 5 positions for Improving the Planning Process, \$0.280 million and 4 positions for the Harmonized Site Control By-Law project. The impact to 2006 of \$0.754 million and incremental impact to 2007 of \$0.199 million will be offset by the increased revenue to be generated from the fee increase.
- The 2006 Proposed Base Budget incorporates proposed reductions of \$0.035 million to alleviate some of the expenditure impact in 2006. The reductions have no impact to service and includes a \$0.030 million reduction in the City’s cost for the Architecture and Urban Design Awards (AUDA) as this program is biennial and will not occur in 2006, and \$0.005 million reduction in printing of the community newsletter under the Don River Program.

- The 2006 Proposed Base Budget includes \$0.391 million in funding for the Development Application Review Program (DARP) project which is proposed to continue in 2006 with the cost to be absorbed within the Base Budgets of City Planning, Buildings, and Technical Services. The work plan for 2006 includes the development of a one-window approach to the collection of fees. It is recommended that the Deputy City Manager responsible for City Planning report to the Planning and Transportation Committee and the Works Committee prior to the 2007 Budget Process on the status of a one-window approach to the collection of fees under the Development Application Review Project 2006 work plan.
- The decrease in 5 positions from the 2005 Approved Budget to the 2006 Proposed Budget reflects the full year reduction of 3 temporary mapping staff and 2 temporary Civic Improvement staff that were approved by Council in 2005.

2006 Key Cost Drivers

- Cost-of-living adjustments (COLA) that average 3% for 2006 are non-discretionary expenditures that result in additional costs of \$0.715 million.
- Merit and Step increases total \$0.366 million.
- Fringe Benefits costs for 2006 total \$0.721 million.
- Prior year impacts total \$0.187 million and include the incremental cost of fully funding 9 Planning and 2 Civic Improvement positions approved in 2005.

**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	328.0	28,133.9	16,098.3	12,035.6	0.0	0.0
In-year approvals and technical adjustments	12.0	1,792.4	519.6	1,272.8		
2005 Approved Operating Budget	340.0	29,926.3	16,617.9	13,308.4	0.0	0.0
Annualizations	(5.0)	720.3	378.4	341.9		
Economic factors		714.9	77.2	637.7		
Adjusted Base Budget	335.0	31,361.5	17,073.5	14,288.0	0.0	0.0
Other base changes		48.3		48.3		
Base revenue changes						
2006 Base Budget Request	335.0	31,409.8	17,073.5	14,336.3	0.0	0.0
Recommended Base Adjustments:						
Other base changes						
Service efficiencies						
Revenue adjustments			1,630.0	(1,630.0)	(407.0)	
Minor service impact		(35.0)		(35.0)		
Major service impact						
Total Proposed Base Adjustments	0.0	(35.0)	1,630.0	(1,665.0)	(407.0)	0.0
2006 Proposed Base Budget	335.0	31,374.8	18,703.5	12,671.3	(407.0)	0.0
2006 Program Operating Target	N/A	N/A	N/A	13,574.5		
% Over (Under) Program Target	N/A	N/A	N/A	(6.7)		
% Over (Under) 2005 Approved Budget	(1.5)	4.8	12.6	(4.8)		

Section C: 2006 Base Budget Issues

Key Issues / Recommendations

Service Level Changes

2006 Proposed Base changes include a reduction in the City's portion of funding for the Architect and Urban Design Awards. The awards occur every other year with the next awards to occur in 2007. Additionally, staff are proposing a reduction to the printing of the community newsletter under the Don River Program. Collectively, the changes will generate base savings of \$0.035 million without unduly compromising current services and are proposed.

Revenue Changes

Incremental Revenue

- The Planning & Transportation and Works Committees (November 30, 2005) recommended adoption of the report from Deputy City Manager, Fareed Amin, *Proposed 2006 Development Application Process Fee Increases*, proposing an increase to Community Planning Fees by 18.2% to recover costs for the review of Community Planning applications and new requests to the planning process which have a financial impact. The new requests include \$0.100 million for a Consultant, \$0.374 million and 5 positions for Improving the Planning Process, \$0.280 million and 4 positions for the Harmonized Site Control By-Law project. The impact to 2006 of \$0.754 million and incremental impact to 2007 of \$0.199 million will be offset by the increased revenue to be generated from the fee increase.
- The Community Planning Fee of 18.2% includes an annualized adjustment of 2% for the Consumer Price Index (CPI). The report was forwarded to the Budget Advisory Committee review during the 2006 budget process. City Planning's 2006 Proposed Operating Budget includes \$1.630 million net additional revenue assuming a fee implementation date of April 1, 2006, and incremental impact of \$0.407 million in 2007.
- Addressed in the same report, proposed *Development Application Fee Increases*, is an increase to Engineering Fees from 3% to 5% resulting from costs associated with subdivision applications. Technical Services' 2006 Proposed Operating Budget includes \$0.565 million net additional revenue assuming a fee implementation date of April 1, 2006, and incremental impact of \$0.188 million in 2007.
- The report also recommends a new Engineering Fee of 5% to recover costs of recovering site plan and rezoning applications. Technical Services' 2006 Proposed Operating Budget includes \$0.750 million net additional revenue assuming a fee implementation date of April 1, 2006, and incremental impact of \$0.250 million in 2007.
- The 2006 Base Budget for City Planning also includes a base revenue change of 2% for a CPI increase to Committee of Adjustment Fees raising fees.

It is recommended that the Deputy City Manager responsible for City Planning report to the Planning and Transportation Committee and the Works Committee prior to the 2007 Budget Process on a phased approach to increasing Community Planning and other Development Application Process Fees in the future that will allow for full cost recovery for all city-wide costs related for processing of community planning and development applications.

3 Year Operating Budget Overview

City Planning's 3 Year Budget is consistent with Council's priorities for a Clean and Beautiful City, and Improving the Planning Process which reflects City Planning's objectives to implement recommendations for improving the planning process; implement the Harmonized Site Plan Control By-Law; complete OMB hearing on Waterfront Secondary Plan; continuing Beautiful City initiatives such as design review panels and harmonized streetscape guidelines, complete OMB hearings and implement the Official Plan objectives, including facilitating better transit and area-based study work and supporting Council on Provincial policy and legislative initiatives; support Heritage Preservation; and develop housing and environmental strategies for implementation.

In 2006, the Program is under target by \$0.903 million due to the Planning Fee increase mentioned above to take effect April 1, 2006. Included in the recommended Community Planning Fee increase of 18.2% are three new requests associated with improvements to the planning process. The new requests include \$0.100 million for a Consultant, \$0.374 million and 5 positions for Improving the Planning Process, \$0.280 million and 4 positions for the Harmonized Site Control By-Law project. The impact to 2006 of \$0.754 million and incremental impact to 2007 of \$0.199 million will be offset by the increased revenue to be generated from the fee increase. Staff are currently reviewing the integration of enforcement functions across all City Programs to find efficiencies to achieve the 0% target in 2007 and 2008.

Issues Referred to 2006 Operating Budget Process

There are no outstanding 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:																						
4	Green Roofs Promotion	15.0	15.0			15.0	15.0		(15.0)													
4	Green Development Standards - On site storm	20.0	20.0			20.0	20.0		(20.0)													
4	Prevention of Migratory Bird Deaths Brochure	25.0	25.0	25.0	25.0																	
	Sub-Total Council Priorities	60.0	60.0	25.0	25.0	35.0	35.0		(35.0)													
New Requests Referred to 2006 Operating Budget:																						
8	Consultant	100.0	100.0			100.0	100.0		(100.0)													
8	Improving the Planning Process	425.8	425.8			374.4	374.4	5.0	193.4													
4	Harmonized Site Plan Control By-Law	587.6	587.6	307.9	307.9	279.7	279.7	4.0	105.5													
	Sub-Total Referred	1,113.4	1,113.4	307.9	307.9	754.1	754.1	9.0	198.9													
New Program Requests:																						
8	Legal Services - Waterfront Defense at OMB	370.0	370.0	370.0	370.0																	
	Sub-Total New Program Requests	370.0	370.0	370.0	370.0																	
Total New Council Priorities		1,543.4	1,543.4	702.9	702.9	789.1	789.1	9.0	163.9													
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">Council Priority</td> <td style="border: none;">6 - Ensure housing is affordable</td> </tr> <tr> <td style="border: none;">1 - Improve Public Service</td> <td style="border: none;">7 - Get the powers and funding needed for Toronto to succeed</td> </tr> <tr> <td style="border: none;">2 - Make Progress on the Waterfront</td> <td style="border: none;">8 - Improve the planning process</td> </tr> <tr> <td style="border: none;">3 - Improve Business Climate</td> <td style="border: none;">9 - Increase public involvement in civic affairs</td> </tr> <tr> <td style="border: none;">4 - Make Toronto a clean and beautiful city</td> <td style="border: none;">10 - N/A</td> </tr> <tr> <td style="border: none;">5 -Strengthen our at-risk neighbourhoods</td> <td style="border: none;"></td> </tr> </table>											Council Priority	6 - Ensure housing is affordable	1 - Improve Public Service	7 - Get the powers and funding needed for Toronto to succeed	2 - Make Progress on the Waterfront	8 - Improve the planning process	3 - Improve Business Climate	9 - Increase public involvement in civic affairs	4 - Make Toronto a clean and beautiful city	10 - N/A	5 -Strengthen our at-risk neighbourhoods	
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4 - Make Toronto a clean and beautiful city	10 - N/A																					
5 -Strengthen our at-risk neighbourhoods																						

Key Issues / Recommendations

2006 New Council Priorities

Due to budgetary restrictions, funding for new and enhanced services is strictly limited in 2006 to those requests which support Council’s highest priorities (i.e. “Clean and Beautiful City”, 3-1-1 Customer Service Strategy, Neighborhoods at Risk and Year of Creativity).

For 2006, the Program is requesting 7 new and enhanced services of which 6 of the requests are proposed. Of the proposed requests, 3 fall under Council’s priority for a “Clean & Beautiful City” and are included in Year 2 of the 3-Year Action Plan approved by Council at the end of 2004, and 3 fall under other proposed New Requests which support Council’s priority for “Improving the Planning Process”.

Council's priority for a "Clean and Beautiful City"

1) Green Roofs Promotion

The 2006 request of \$0.015 million gross and net is required to implement the findings of the Municipal Benefits of Green Roofs Study and the Recommendations and Policies of the New Official Plan.

2) Green Development Standards

The 2006 request for \$0.020 million gross and net is for on-site storm water management, and will implement the recommendations of the Environmental Plan.

3) Prevention of Migratory Bird Deaths Brochure

The 2006 request for \$0.025 million has been referred to Public Health for consideration during its 2006 Operating Budget.

2006 New Program Requests

At its meeting of November 30, 2005, the Planning and Transportation and Works Committees (November 30, 2005) recommended adoption of the report from the Deputy City Manager, Fareed Ameen proposing an 18.2% Community Planning Application Fee increase to provide for cost recovery with the inclusion of the three new requests below which are proposed. The new requests include \$0.100 million for a Consultant, \$0.374 million and 5 positions for Improving the Planning Process, \$0.280 million and 4 positions for the Harmonized Site Control By-Law project. The fee increase is to take effect April 1, 2006. The implementation date for the new requests is June 2006.

4) Harmonized Site Plan Control By-Law

The request is for four new staff to be allocated to each of the Districts based on volume to process site plan applications consistently across the City. The 2006 impact is \$0.280 million with incremental impact of \$0.106 million in 2007.

5) Consultant

The 2006 request is for one-time funding for a Consultant to track processes of all planning applications in City Planning and other Program areas involved in Development Applications to determine the applicable amount of direct staff time, support costs, and capital costs that are included in a 100% cost recovery model. Staff recommend that a Consultant should be retained so as to ensure an objective, defensible rationale for any subsequent fee adjustments. The 2006 impact is \$0.100 million that will be reversed in 2007.

6) Improving the Planning Process

The request is to fund 3 Planners and 2 Assistant Planner positions and start-up costs that are required to conduct additional community consultations regarding community planning applications. \$0.085 million of this requested funding is for a facilitator to handle difficult community consultations. The 2006 impact is \$0.374 million with an incremental impact of \$0.193 million in 2007.

Appendix B

Summary of Council Priority Services and New Service Requests