

**Analyst Briefing Notes**

**Economic Development & Parks Committee  
(January 16, 2006)**

**PART I: 2006 OPERATING BUDGET OVERVIEW**

Executive Summary ..... 1  
 Recommendations ..... 2

**PART II: BASE BUDGET**

**Section A: 2005 Budget Variance Analysis** ..... 4  
 2005 Experience ..... 4  
 Impact of 2005 Operating Variance on 2006 Proposed Budget ..... 4  
**Section B: 2006 Proposed Base Budget**..... 6  
 2006 Proposed Base Budget ..... 6  
 2006 Key Cost Drivers ..... 7  
 Summary of Proposed Base Budget Changes from 2005 Approved Budget ..... 8  
**Section C: 2006 Base Budget Issues** ..... 9  
 Key Issues and Recommendations ..... 9  
 Issues Referred to 2006 Operating Budget Process ..... 17  
 Outstanding Issues from 2005 and Prior Years ..... 17  
**Appendix A: Summary of Service Level Adjustments** ..... 18

**PART III: NEW COUNCIL PRIORITIES**

**Section D: 2006 Proposed New Council Priorities** ..... 23  
 Summary of 2006 Proposed New Council Priorities ..... 23  
 Key Issues and Recommendations ..... 24  
**Appendix B: Summary of Council Priority Services and New Service Requests**..... 26

Contacts: Judy Skinner, Manager, Financial Planning Division  
 Tel: (416) 397-4219

Peter Remedios, Senior Financial Planning Analyst  
 Tel: (416) 392-8095

**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)	\$	\$	\$	\$	\$			\$	\$
<b>GROSS EXP.</b>	276,580.5	279,352.6	283,881.3	133.0	284,014.3	7,433.8	2.7	600.2	
<b>REVENUE</b>	73,072.6	72,266.3	71,907.3		71,907.3	(1,165.3)	(1.6)		
<b>NET EXP.</b>	203,507.9	207,086.3	211,974.0	133.0	212,107.0	8,599.1	4.2	600.2	0.0
<b>Approved Positions</b>	3,894.1	3,894.1	3,914.1	0.0	3,914.1	20.0	0.5		
<b>TARGET</b>					<b>207,577.0</b>				
<b>\$ Over / (Under) Program Target</b>					<b>4,530.0</b>				
<b>% Over / (Under) Program Target</b>					<b>2.2%</b>				

**Executive Summary**

- The 2005 projected net expenditure of \$207.086 million is 1.8% above Parks, Forestry and Recreation’s 2005 Approved Operating Budget of \$203.507 million. This unfavourable of \$3.578 million is primarily due to the Program’s systemic challenge in achieving its revenue budget. Ferry ticket sales, registration fees, golf revenues and concessions have all historically been underachieved and year-end short falls are again expected in these areas. In addition, over-expenditures are anticipated as a result of uncontrollable factors including unplanned property taxes, storm damage costs and arbitrated settlements.
- The 2006 Proposed Operating Budget for Parks, Forestry and Recreation is \$212.107 million net. This is comprised of \$211.974 million net for Base funding and \$0.133 million net for New/Enhanced services. Approval of the 2006 Proposed Operating Budget will increase the Program’s staff complement by 20.0 approved positions for the continuation of “Clean and Beautiful City” initiatives as well as generate incremental expenditures of \$0.600 million in 2007.
- Parks, Forestry and Recreation’s 2006 Proposed Operating Budget is 4.2% (\$8.559 million) greater than its 2005 Approved Operating Budget. The proposed net budget of \$212.107 million is \$4.530 million over the Program’s 2006 affordability target. The additional funding is required to address some of the Program’s key cost drivers including: negotiated salary and wage increases, rising utility costs and other inflationary increases, legislated requirements and eroding registration revenues due to increasing use of the “Welcome Policy”.

- The 2006 Proposed Operating Base Budget may be further reduced notionally by \$5.923 million with the re-direction of a portion of the 50% increase in Provincial funding for Public Health. Such funds would be transferred to Parks for recreational programming that targets at-risk children and youth as well as vulnerable neighbourhoods. A notional re-allocation of these funds would allow the Program to achieve its 2006 affordability target.
- To mitigate the impact of its escalating non-discretionary costs, the 2006 Proposed Operating Budget incorporates adjustments to forego a portion of Parks’ economic factors increase, to reduce its contribution to the vehicle replacement reserve, to reconfigure its program ratios and to partially defer the next phase of improving the tree service delay backlog to 2007. In total, these measures produce base savings of \$2.584 million.
- For 2006, funding for new and enhanced services is strictly limited to Council’s highest priorities and those initiatives that are self-funded. While 11 of Parks’ 29 new service requests relate to Council’s “Clean and Beautiful City” priority, none are recommended for inclusion into Parks’ 2006 Proposed Operating Budget, as they do not correspond to Council’s approved *Clean & Beautiful City Action Plan*. New funding is only proposed for 2.0 additional positions in the Purchasing Division that are required to expedite the tendering of Parks capital projects.

**Recommendations**

It is recommended that:

- (1) the Parks, Forestry and Recreation 2006 Proposed Operating Budget of \$284.014 million gross and \$212.107 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000's)</u>	<u>Net (\$000's)</u>
Parkland & Open Space	124,284.7	107,508.7
Sports & Recreational	153,356.2	100,735.3
Policy & Development	6,373.5	3,863.1
	<hr/>	<hr/>
Total Program Budget	<u>284,014.3</u>	<u>212,107.0</u>

- (2) \$3.5 million gross, \$0 net, be approved for the Asian Long Horn Beetle Program, subject to 100% recovery from the federal government and a report to Council that costs associated with the survey, removal and disposal of infected trees will continue to be fully recovered through the Canadian Food Inspection Agency;

- (3) the General Manager of Parks, Forestry and Recreation report back on opportunities for improving service delivery and optimizing existing resources as a result of the Program's organizational re-alignment prior to the 2007 Operating Budget process;
- (4) any additional funding for "Clean and Beautiful City" initiatives be supported from within Park, Forestry and Recreation's 2006 Proposed Operating Budget and that the resulting service impacts be identified;
- (5) the General Manager of Parks, Forestry and Recreation and the Acting Executive Director of Economic Development report to the Budget Advisory Committee, during the 2006 Operating Budget process, on offering to BIAs a cost-shared Pilot Program in 2006 for tree watering, in the amount of \$100,000 net, \$200,000 gross range;
- (6) the General Manager of Parks, Forestry and Recreation, in conjunction with the Deputy City Manager and Chief Financial Officer, City Solicitor, and Deputy City Manager responsible for Culture, report to Budget Advisory Committee during the 2006 Operating Budget process on the use of the Harbourfront Reserve Fund for Music Garden programming; and
- (7) Parks, Forestry and Recreation's future new service priorities be considered in the context of Council's highest priorities and within an affordable fiscal framework.

## 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)	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	241,729.9	276,580.5	279,352.6	(2,772.1)	(1.0)
<b>REVENUES</b>	69,040.2	73,072.6	72,266.3	806.3	1.1
<b>NET EXP.</b>	172,689.7	203,507.9	207,086.3	(3,578.4)	(1.8)
<b>Approved Positions</b>	3,794.7	3,894.1	3,894.1	0.0	0.0

\*Projected Actual expenditures to year-end based on 3<sup>rd</sup> Quarter Variance Report

### 2005 Experience

- Parks, Forestry & Recreation's Third Quarter Variance report indicates that the Program is expecting to be slightly over budget. The Program's year-end projection of \$207.086 million net exceeds its 2005 Adjusted Budget of \$203.508 million by 1.8% or \$3.578 million.
- The unfavourable revenue variance of \$0.806 million is attributed to the Program's ongoing difficulties in achieving its revenue targets. There is a projected year-end shortfall in Ferry ticket sales, registration fees, golf revenues and concessions. These revenue sources have historically been underachieved and they continued to pose a challenge in 2005.
- Gross expenditures are anticipated to be \$2.772 million above budget. This over-expenditure is largely the result of uncontrollable factors such as unplanned prior year property taxes, storm damage costs, and settlements for arbitrated grievance awards. The Program has implemented a spending freeze for all non-essential expenditures in order to ensure that this unfavourable variance will not increase by year-end.

### Impact of 2005 Operating Variance on 2006 Proposed Budget

The 2006 Proposed Base Budget for Parks, Forestry and Recreation reflects expenditures of \$283.881 million gross which is \$4.528 million or 1.6% over gross 2005 Projected Actuals, and \$211.974 million net which is \$4.888 million or 2.3% over net 2005 Projected Actuals.

The 2006 net budget increase of \$4.88 million over 2005 is due to the following factors which, in part, address actual experience:

- Negotiated salary and wage increases for union and exempt staff that total \$3.115 million for 2006;
- A net adjustment of \$0.612 million for prescribed non-salary inflationary increases to address, in part, the Program's escalating utility costs;
- Funding of \$1.484 million net to provide funding for prior year impacts including the sustained implementation of 2005 "Clean and Beautiful City" initiatives approved by Council;
- 2006 Merit/Step increases that total \$1.526 million; and
- \$2.228 million net to address the Program's other existing or impending base pressures including collective agreement and provincial legislation compliance, increasing Welcome Policy participation and property taxes on hydro lands that are used for recreation purposes.

**Section B: 2006 Proposed Base Budget**

**Table 3: 2006 Proposed Base Budget**

(In \$000s)	2005 Approved Budget	2006 Requested Base	2006 Proposed Base	Change 2006 Proposed Base v. 2005 Approved Budget		FY Incremental Outlook	
				\$	%	2007	2008
<b>GROSS EXP.</b>	276,580.5	287,580.1	283,881.3	7,300.8	2.6	600.2	
<b>REVENUE</b>	73,072.6	71,922.6	71,907.3	(1,165.3)	(1.6)		
<b>NET EXP.</b>	203,507.9	215,657.5	211,974.0	8,466.1	4.2	600.2	0.0
<b>Approved Positions</b>	3,894.1	3,914.1	3,914.1	20.0	0.5		
<b>NET TARGET</b>			<b>207,577.0</b>				
<b>\$ Over / (Under) Program Target</b>			<b>4,397.0</b>				
<b>% Over / (Under) Program Target</b>			<b>2.1%</b>				

**2006 Proposed Base Budget**

- The 2006 Proposed Base Budget of \$211.974 million net represents a 4.2% (\$8.467 million) increase over Parks, Forestry and Recreation’s 2005 Approved Operating Budget.
- The additional \$7.302 million in proposed base budget expenditures is required by the Program to fund annualizations of 2005 Council decisions that had part-year funding, merit and step increases, union settlements and wage increases for staff, non-salary inflationary increases, as well as other base changes (i.e. Book 7 legislation).
- The 2006 Proposed Base Budget results in a reduction of \$1.165 million to the Program’s revenue budget. This decrease is largely driven by the need to cover eroding registration revenues that are anticipated as a result of growing use of the Welcome Policy.
- After adjusting for proposed base reductions totaling \$3.684 million, Parks, Forestry and Recreation’s 2006 Proposed Base Budget is \$4.397 million (2.1%) over its corporate affordability target of \$205.577 million.

**2006 Key Cost Drivers**

- Prior year impacts, including the annualized impact of Council's "Clean and Beautiful City Initiative", produce incremental net expenditures of \$1.484 million for 2006. This funding is needed for the improved maintenance, clean-up and beautification of City parklands and open spaces.
- Increased staffing costs:
  1. Cost-of-living adjustments (COLA) that average 3% for 2006 are non-discretionary expenditures that result in additional costs of \$3.115 million.
  2. Collective agreement and other legislated decisions (e.g. Book 7, Employment Standards Act) alone create a \$1.073 million net pressure.
  3. Merit/Step increases for union and exempt staff require \$1.526 million in funding.
- Increased take-up of free programming through the Welcome Policy is projected to result in additional unrealized user fee revenue of \$0.755 million.
- An overall revenue gap of approximately \$2.0 million as a result of chronic income shortfalls with respect to ferry operations, golf, ski, permitting, concessions, leases and agreements continues into 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)		\$	\$	\$	\$	\$
<b>2005 Approved Operating Budget</b>	<b>3,771.7</b>	<b>248,203.6</b>	<b>69,344.6</b>	<b>178,859.0</b>	<b>0.0</b>	<b>0.0</b>
In-year approvals and technical adjustments	122.4	28,376.9	3,728.0	24,648.9		
<b>2005 Approved Operating Budget</b>	<b>3,894.1</b>	<b>276,580.5</b>	<b>73,072.6</b>	<b>203,507.9</b>	<b>0.0</b>	<b>0.0</b>
Annualizations	(20.0)	9.4	(3,933.4)	3,942.8		
Economic factors		4,378.8		4,378.8		
<b>Adjusted Base Budget</b>	<b>3,874.1</b>	<b>280,968.7</b>	<b>69,139.2</b>	<b>211,829.5</b>	<b>0.0</b>	<b>0.0</b>
Other base changes	40.0	6,674.7	3,601.3	3,073.4	(332.2)	
Base revenue changes		(63.3)	(817.9)	754.6		
<b>2006 Base Budget Request</b>	<b>3,914.1</b>	<b>287,580.1</b>	<b>71,922.6</b>	<b>215,657.5</b>	<b>(332.2)</b>	<b>0.0</b>
Recommended Base Adjustments:						
Other base changes		(1,114.9)	(50.0)	(1,064.9)		
Service efficiencies				0.0		
Revenue adjustments			34.7	(34.7)		
Minor service impact		(651.5)		(651.5)		
Major service impact		(1,932.4)		(1,932.4)	932.4	
<b>Total Proposed Base Adjustments</b>	<b>0.0</b>	<b>(3,698.8)</b>	<b>(15.3)</b>	<b>(3,683.5)</b>	<b>932.4</b>	<b>0.0</b>
<b>2006 Proposed Base Budget</b>	<b>3,914.1</b>	<b>283,881.3</b>	<b>71,907.3</b>	<b>211,974.0</b>	<b>600.2</b>	<b>0.0</b>
<b>2006 Program Operating Target</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>207,577.0</b>		
<b>% Over (Under) Program Target</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>2.1</b>		
<b>% Over (Under) 2005 Approved Budget</b>	<b>0.5</b>	<b>2.6</b>	<b>(1.6)</b>	<b>4.2</b>		

## Section C: 2006 Base Budget Issues

### Key Issues and Recommendations

#### *Other Base Budget Changes*

Parks, Forestry and Recreation has identified other base budget pressures that derive primarily from external sources. Ongoing Hydro land property taxes, lost registration revenue due to the increasing use of the Welcome Policy, and the added costs for compliance with collective agreements and new provincial legislation are all net pressures for which the Program has little control. It is therefore proposed that these be approved.

The only base budget impacts that are not recommended are:

- \$0.600 million, which has now been deferred to 2007, to standardize Local 416 crew configurations; and
- \$0.465 million to address the rising price of fuel. This is deleted pending a corporate review of fuel costs during the 2006 Budget process.

Collectively, these proposed changes reduce Parks' base budget request by \$1.065 million.

#### *Revenue Adjustments*

Other than losses associated with the Welcome Policy, the Division did not identify any revenue changes in its submission. The 2006 Proposed Operating Budget, however, includes a transfer of \$0.035 million net to the Culture Division and establishes an inter-divisional charge for services provided at Culture sites by Parks staff.

#### *Service Level Changes*

Most of the service level adjustments proposed by the Program are not feasible. They either contravene public expectations or breach Council direction. The only service changes that can viably be recommended are: the partial reversal of non-salary economic factors, the reconfiguring of program ratios to moderate the cost impact of changes to the Employee Standards Act, the deferral of the second phase of the tree backlog initiative to 2007, and the proposal to reduce Parks' contribution to the fleet replacement reserve. Accepting these adjustments will generate net savings of \$2.584 million without significantly impacting current services.

#### *Application of Public Health Funding*

In 2004, the Province announced a three year plan, starting in 2005, to strengthen the resource base for public health by annually increasing the provincial cost sharing formula up to 75% by 2007. In 2006, the Provincial funding increase will be 55% to 65%, resulting in a \$13.9 million increase in funding to the Public Health Program.

This increased revenue presents an opportunity to redirect the municipal share of funding to public health related programs, as well as reinvest in direct Public Health services. Given the City's overall financial pressures, it also provides an opportunity to redirect the 50% net savings realized from the increased Provincial funding to City Programs that generally promote health and well-being especially in our vulnerable neighbourhoods. The 2006 Proposed Budget redirects the net savings realized and proposes their reinvestment as follows:

Public Health stability and reinvestment:

- \$2.604 million to offset 2006 Base Budget pressures in Public Health
- \$4.332 million to be reinvested in Public Health services, details of which the Board of Health will report back on

Promotion of health and well-being through other City Programs:

- \$0.100 million to offset one-time costs for the City to provide a Project Manager to support the Global AIDS Conference to be held in Toronto in 2006 (Tourism).
- \$0.913 million to offset strong neighborhoods community development work in the City's 13 vulnerable neighborhoods; (Social Development, Finance and Administration)
- \$5.923 million to offset the provision of recreation services to children and youth in the City's vulnerable neighborhoods (Parks, Forestry, and Recreation)

The \$5.923 million earmarked for Parks is to be applied towards existing programming, specifically city-wide youth outreach as well as recreational services for children and youth in Toronto's at-risk communities and surroundings.

The notional re-allocation of \$5.923 million from Public Health to Parks would, for all intents and purposes, bring the Program under its affordability target of \$207.577 million by \$1.393 million.

### ***Harbourfront Reserve Fund***

At its October 2000 meeting, Council established the Harbourfront Reserve Fund from proceeds of the sale of lands related to the Harbourfront Implementation Agreement to be used for development of the Harbourfront Parklands and to support special programming at the Toronto Music Garden from this Reserve Fund. Since 2001, \$50,000 annually has been applied to the summer Music Garden program. With the build out of the waterfront parks, the reserve fund is almost depleted. Parks, Forestry and Recreation plans to keep \$500,000 to provide approximately \$25,000 annually in interest for the Music Garden programming.

However, a review of the Harbourfront Implementation Agreement by City staff and the related use of the Harbourfront Parklands Reserve Fund indicates that the intention of the original agreement was to apply the funds exclusively to Park Development capital projects. On the other hand, the report creating the Harbourfront Reserve Fund, in 2000, outlined programming as a funding purpose of the Harbourfront Reserve Fund. Further review of the agreement is required to resolve this inconsistency.

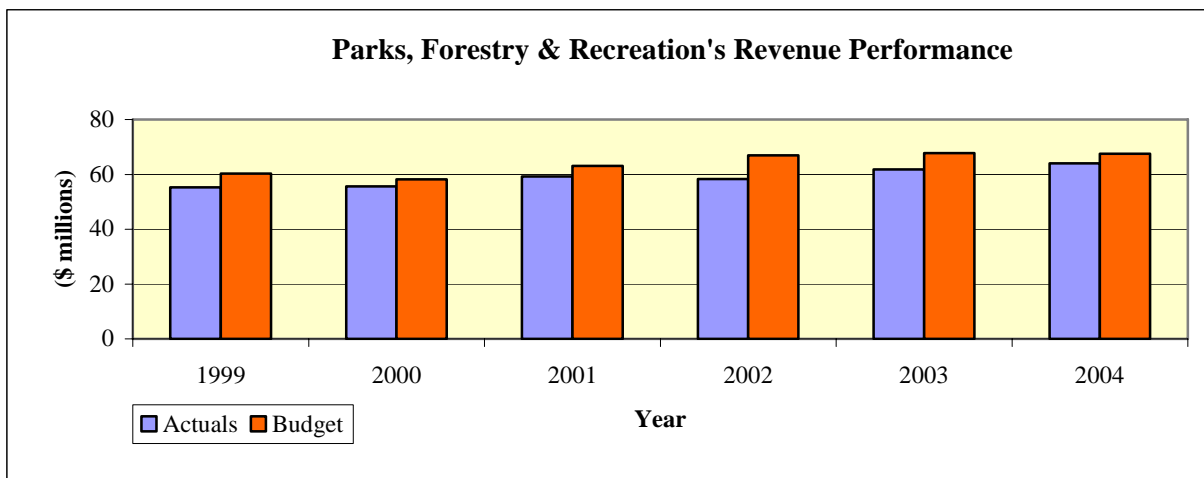
It is recommended that the General Manager of Parks, Forestry and Recreation, in conjunction with the Deputy City Manager and Chief Financial Officer, City Solicitor, and Deputy City Manager responsible for Culture, report to Budget Advisory Committee during the 2006 Operating Budget review process on the use of the Harbourfront Reserve Fund for Music Garden programming.

*Systemic Challenges*

Although Parks’ base budget was increased to restore service levels in 2005 and although additional funds were allocated within the Program’s 2005 Approved Operating Budget for “Clean and Beautiful City” initiatives, the Program continues to be challenged by rising public expectations in addition to a number of systemic constraints. In light of the City’s financial situation, the Program is presently looking to address the following issues that have financial implications for both the City and Parks’ service delivery:

**a) Revenue Variances**

Parks, Forestry and Recreation has consistently been challenged, since amalgamation, to achieve its revenue budget:



Although there have been extraordinary circumstances over the last few years (i.e. a labour strike in 2002, SARS and the Blackout in 2003 and the storm flooding in August 2005), there is still an underlying systemic issue in achieving revenue targets.

To address this chronic deficit, the Program is presently undertaking a review of all revenue items. In October 2004, the *Revenue Review - Phase I* was reported to the Economic Development and Parks Committee (Report 8, Clause 1). The Phase I report looked specifically at the impact of the City’s low-income subsidy program known as the “Welcome Policy” on the Program’s revenues from program registration. The report noted that Welcome Policy registrations had increased from 3,000 in 1999 to more than 30,000 in 2004. As a result of consideration of this report, a registration revenue shortfall of \$2.5 million was subsequently funded in the 2005 Operating Budget.

On July 4, 2005, the Program presented *Revenue Review – Phase II* to EDPC (Report 7, Clause 7). This report examined the revenue lines in the budget and compared the budgeted figures to actual experience. It was noted that overall, revenue performance for drop-in programs, memberships, inter-departmental charges, recoveries, and other revenue sources have been meeting or exceeding budgets. However, actual revenues for registration program user fees, ferry operations, golf courses, ski, permitting, concessions, leases and agreements have not been meeting annual budgets.

As part of Phase III of the Revenue Review, the Program will focus on these key revenue shortfall areas for the purpose of developing remedial business strategies that include costing models, pricing thresholds and new revenue opportunities. In addition, Parks will report back on an analysis on Welcome Policy and Priority Centre policies and administrative processes. Phase III is expected to be completed by Summer 2006.

**b) Escalating Expenditures**

In the immediate years after amalgamation, funding for Parks, Forestry and Recreation was reduced significantly. To achieve budget, rather than cut services or service levels, the Program focused on increasing existing revenue (such as golf and ferry) and looking for new or enhanced revenue generating opportunities. In many instances, however, anticipated new revenue sources did not materialize or were exceedingly optimistic while increased fees adversely impacted user levels. The result has been a historical under-achievement of revenue and unfavourable end-of-year variances.

In addition, non-discretionary base expenditures have been rising and will continue to increase in the coming years. For instance, like all City Programs, Parks is challenged to meet its affordability target due to collective agreements and wage increases that have averaged around 3% as well as utility costs that are quickly escalating. In an effort to mitigate these inflationary impacts and to bring the Program within budget, Parks has reviewed options for service level reductions. The concern, however, is that any significant reductions to meet financial targets result in service cuts that do not align with public demands. Moreover, any broad-based reductions to program offerings would be counter-productive.

Parks, Forestry and Recreation's mission is to provide environmental stewardship and encourage lifelong active living, especially amongst children and youth. Any major service cuts would not only compromise the Program's Council-endorsed mandate, but would also have a profound effect on Toronto's residents. Physical inactivity among Canadians is of increasing concern to all levels of government and service providers. Recent health data suggests as many as 57% of Ontarians are not active enough to achieve optimal health benefits. Increasingly, young Ontarians are not active enough for optimal growth and development, and childhood obesity levels are at a historic high. The rise in inactivity and obesity among Ontarians places increasing demands on our (already burdened) health care system. Accordingly, without the requisite investments in Parks and Recreation, the well-being of Toronto's citizenry will be at risk.

**c) Options for Sustainability**

The need for adequate and accessible parks and recreational services, however, must be balanced with financial considerations, particularly given the City's fiscal deficit. In the current funding climate, it is incumbent upon all City Programs, Agencies, Boards, and Commissions to review all options for reducing net expenditures in a manner that does not overly impair public service.

Although budget reductions that would compromise the integrity of Parks, Forestry and Recreation services cannot feasibly be considered, in the longer term, viable opportunities for reducing the Program's net budget pressure must be examined. Some options for constraining future budget growth include:

- Reviewing the existing program mix to better suit service demand;
- Investigating options for service delivery including partnerships with outside agencies and organizations;
- Evaluating user fees in order to better reflect the cost of providing service; and
- Assessing program capacity and utilization so as to make better use of existing finite resources.

Analyzing these and other options for maintaining quality, cost-effective programming is not only an expectation of Council, but is a sentiment that is echoed by the public as well. In 2004, as part of its ReActivateTO! Project, Parks, Forestry & Recreation heard from over 600 staff and 2,000 residents about the Division's programs and services. During this consultation process, which involved meetings, surveys and correspondence, citizens suggested that instead of focusing on recreational service expansion, the emphasis of the Division should be on the maintenance of existing assets and on reviewing the quality and mix of its program offerings. In fact, it was noted that "the highest priority for improving service to the public is to provide safe, clean, well maintained parks and facilities as well as recreation programs that people want and at times that are convenient to users."

Likewise, at the "Listening to Toronto" sessions that were convened in January and November 2004, a common theme from the 2,000 participants was that:

people recognize that City revenues are limited, and expect program and service objectives to be achieved in an efficient and economic manner; people are also interested in exploring creative and innovative ways of using resources; this includes conducting program review, making better use of existing community facilities and public spaces, and improving and maintaining what we already have.

#### **d) Organizational Restructuring**

In March 2004, Council directed Parks, Forestry and Recreation to undertake an organizational review, beginning with public consultation and input on strategic directions, service priorities and principles for organizational design.

The Program has completed this review and is working to reconfigure frontline processes and service delivery. Full implementation of the organizational changes throughout all of the Parks' services is expected to be complete before the end of 2006. It is anticipated that re-alignment of the organizational structure along service lines will provide opportunities to improve service delivery and make optimal use of available resources.

### *3 Year Operating Budget Overview*

- Parks, Forestry and Recreation's 2006 Operating Budget submission is derived, in part, from the Division's Strategic Plan, *Our Common Grounds*, as well as a number of Council-approved reports including *Parks & Recreation Service Improvement Priorities for 2005-2006* and *Clean & Beautiful City*.
- In its submission, the Program requested a 2006 Operating Budget of \$218.047 million. This is 7.1% over its 2005 (Adjusted) Approved Budget of \$203.508 million. The \$14.539 million net increase is largely driven by requests for new/enhanced services (\$10.253 million).
- The 2006 Proposed Operating Budget for Parks, Forestry and Recreation is \$212.107 million. This is \$4.530 million (2.2%) over the Program's net target of \$207.577 million. The Proposed Budget incorporates the Program's escalating base expenditures and attempts to minimize their effects by recommending select service reduction options.
- Parks, Forestry and Recreation's 2006 Proposed Operating Budget represents a 4.2% net (\$8.599 million) increase over its 2005 approved level. In addition, the Program's staffing complement would grow by 20 approved positions, from 3,894.1 to 3,914.1.
- Standard base changes (prior year impacts, merit/step increases, and economic factors) alone produce an incremental net pressure of \$7.389 million.
- In its submission, the Program did not identify any specific efficiency proposals. Instead, to help mitigate the impact of rising costs, Parks offered service level reductions totaling \$7.864 million. However, since many of the service reduction options result in direct service cuts to the public, most have not been recommended. Only \$2.584 million in service adjustments and deferrals are proposed.
- Base changes totaling \$1.065 million which the Program identified in its submission for certain uncontrollable costs (such as rising fuel prices) have not been recommended. These pressures will be monitored and reviewed at a corporate level and corrective action taken as required.
- In an effort to limit Parks' net budget increase to within its affordability target, the 2006 Proposed Operating Budget may be notionally reduced by \$5.923 million if a portion of increased Provincial funding is redirected from Toronto Public Health to Parks, Forestry and Recreation. These funds would be targeted towards segments of the City that are vulnerable to unhealthy living, especially at-risk children and youth as well as low-income residents, in an effort to promote greater well being and a more active lifestyle.
- The Program's requested budget does call for an additional \$0.461 million to address the operating impacts of capital initiatives forecasted to be completed in 2006. However, this amount and the projects identified do not correlate to the Division's 2005 Approved Capital Plan. While capital development brings about real operating pressures, this discrepancy needs to be resolved. In the interim, due to financial limitations, this new funding request is not proposed.

- Parks, Forestry and Recreation has asked for 29 new/enhanced services. Of these, 11 relate to Council’s “Clean & Beautiful City” priority. However, due to budgetary restrictions, none have been included in the 2006 Proposed Operating Budget and future years. The only new recommended funding is \$0.133 million for 2.0 additional purchasing positions that are needed to improve Parks’ capital project completion rates.
- As a result of the 2006 Proposed Operating Budget, the net incremental outlook for 2007 is \$0.600 million. This reflects the deferral of the tree service backlog (\$0.932 million) less savings of \$0.332 million for one-time base expenditures associated with Book 7 legislation and the Guild Inn. Furthermore, with COLA adjustments of 3.25% for 2007 and 2008, the Program, in the absence of heightened revenue, service efficiencies, alternative methods of service delivery and/or major cost cutting measures, will be challenged to meet the City’s 0% target in the coming years.

***Service Levels, Delivery, or Gap Issues***

In increasing Parks, Forestry and Recreation’s Approved Operating Budget from \$163.183 million in 2004 to \$178.859 million in 2005, Council recognized the need to restore the Program’s base budget to a level that reflects existing demands and which would allow the Program to deliver services in line with public expectations. With this 10% funding increase, along with organizational changes currently underway, the Program committed to the following service improvements:

<b>Service</b>	<b>Standard</b>	<b>2004 Level</b>	<b>Outcome of Restoring the Base</b>	<b>Service Improvement</b>
Improve general parks maintenance, including litter pick up	10 day rotation	Vary from 10 to 14 days	Consistent delivery of service at 10 days	Cleaner and more tidy parks across City
Improved Fall maintenance of parks	Seasonal workers hired 24 weeks	Workers laid off 2 weeks early in fall to meet budget target	Re-instate 24 weeks of seasonal staff work	Proper fall parks maintenance, including leaf and litter pick-up, flower-bed cleaning, grass cutting, tree trimming. Parks will look neater in spring when snow melts
Better trained and more knowledgeable staff	All full-time and part-time staff trained on health and safety, access and equity areas	Inconsistent level of training	Consistent level of training for all staff	Improved customer service and public safety
Improved ability to service forestry calls	Forestry calls serviced 8 to 12 months	4 waiting lists for 4 districts. Certain calls wait for up to 18 months	Establish 1 waiting list for the whole City	Forestry calls serviced no more than 8 to 12 months  Better ability to re-deploy resources

As part of the additional \$15.676 million received for 2005, Parks, Forestry and Recreation also agreed to new service levels for programs that support the City’s “Clean and Beautiful City Initiative” as well as other Council priorities:

Program	2004 Service Level	New Service Level
Increased Grass Cutting & Litter Pick Up (Clean & Beautiful City)	Litter pick up and grass cutting in neighbourhood parks is based on a 10 working day rotation	Achieve a 5 working day litter pick up and grass cutting rotation in April, May and June; and, as required, a 10 working day rotation in July and August and a 7 working day rotation in September and early October.
Rejuvenate Horticultural Beds (Clean & Beautiful City)	There are 4.5 hectares of annual beds and 34 hectares of shrub/perennial beds, but no budget for garden renovation, ongoing plant filling or support for horticultural plant health care programs	A Horticultural bed rejuvenation plan that includes: a schedule for garden upgrades, implementation of ongoing plant infilling in all beds (including neighbourhood parks), rejuvenation of 100 shrub/perennial beds (25 per district), and implement best practices for health care and integrated pest management
Reduce Tree Service Delays & Improve Service to City Owned Property (Clean & Beautiful City)	The tree work backlog averages 12 months. Staff completes approximately 185 work orders per day	Reduce the tree service delay to a maximum of 6 months by the end of 2006 and increase productivity by 20% per day (now deferred to 2007)
Implementation of Private Tree Bylaw	Staff process approximately 800 applications and perform approximately 930 inspections annually. There is a 4-6 week response time to applications and inspection requests	Process approximately 2,003 applications and perform about 2,300 inspections annually. Improve response time to application/ inspection requests to 3-4 weeks in the majority of cases
Outreach to New Immigrant Youth	Not provided	Expand the Youth Outreach Worker Program to serve 20,000 recently immigrated youth
Outreach to Youth with Disabilities	Not provided	Expand the Youth Outreach Worker Program to serve 9,000 youth with disabilities (about 20% of the population)
Improve the Youth Outreach Worker Program	In 2003, the Program achieved 518,310 youth contacts and referrals	Increase the number of youth served by 27% (an additional 189,00 contacts and referrals)
Urban Tree Project (Clean & Beautiful City)	Not provided	Develop and implement new City standards for street tree-planting so as to ensure that every tree in the public right-of-way has a chance to thrive

With the new standards already in place or in the process of being achieved, it is clear that Parks, Forestry and Recreation has made significant strides in not only restoring standards to what was in place prior to amalgamation but, as in the case of institutionalized new/enhanced services, exceeding prior service offerings.

### **Issues Referred to 2006 Operating Budget Process**

The following Council reports are currently outstanding:

- The General Manager, Parks, Forestry & Recreation report to Budget Advisory Committee on options to streamline administrative operations in light of the increasing use of electronic payments and registrations and that an analysis of the changes in the level of bad debt write-offs accompany the 2006 Operating Budget submission.
- The General Manager, Parks, Forestry and Recreation report to Council that costs associated with the survey, removal and disposal of infected trees under the Asian Long-Horn Beetle Program will continue to be fully recovered through the Canadian Food Inspection Agency.
- The General Manager, Parks, Forestry and Recreation report to the Economic Development and Parks Committee for its meeting on October 17, 2005, on any funding available from the Recreation Grants Program due to under expenditures.
- The General Manager, Parks, Forestry and Recreation examine a rebate program for planting trees on private property, and submit a report on this matter to the Economic Development and Parks Committee.
- The General Manager, Parks, Forestry and Recreation, in consultation with staff of Toronto Water, Transportation Services and the Toronto Region and Conservation Authority, submit a Briefing Note to the Economic Development and Parks Committee on the level of capital and operating expenditures for Ravine and Watercourse Management Services that will be undertaken in the 2006 fiscal year.
- The General Manager of Parks, Forestry and Recreation and the Acting Executive Director of Economic Development report to the Budget Advisory Committee, during the 2006 Operating Budget process, on offering to BIAs a cost-shared Pilot Program in 2006 for tree watering, in the amount of \$100,000 net, \$200,000 gross range.

### **Outstanding Issues from 2005 and Prior Years**

None

**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
		\$	\$	\$	\$	\$	\$		#	\$
<b>Council Priorities:</b>										
4	Graffiti Removal									
4	Improve the maintenance of trails and signage	931.1	931.1	931.1	931.1					
4	Improved integrated plant health care	378.7	378.7	378.7	378.7					
4	Improved tree maintenance & protection	707.1	707.1	707.1	707.1					
4	Increase garbage collection, recycling and waste diversion	653.5	653.5	653.5	653.5					
4	Increase weeding of shrub beds									
4	Interior Park Signage Program									
4	Ravine and Watercourse maintenance	1,191.9	1,141.9	1,191.9	1,141.9					
4	Remove and replace dead trees	836.3	836.3	836.3	836.3					
4	Restore assets in parks & facilities									
4	Tree service delay reduction									
	Sub-Total Council Priorities	4,698.6	4,648.6	4,698.6	4,648.6					
<b>New Requests Referred to 2006 Operating Budget:</b>										
5	EarthKeepers Program	254.3	216.5	254.3	216.5					
	Sub-Total Referred	254.3	216.5	254.3	216.5					
<b>New Program Requests:</b>										
1	Access & equity program	298.8	233.2	298.8	233.2					
1	Adapted & integrated program	237.8	237.8	237.8	237.8					
1	Bike Plan - Trails and Pathways Planner									
1	Canada Blooms	155.4	105.4	155.4	105.4					
1	Develop a sport system plan	195.6	195.6	195.6	195.6					
1	Divisional Security Plan	910.9	910.9	910.9	910.9					
1	Enhanced community development	253.4	253.4	253.4	253.4					
1	Implement preventative maintenance program	1,065.0	1,065.0	1,065.0	1,065.0					
1	Implement volunteer recognition & training	154.4	154.4	154.4	154.4					
1	Implement youth recreation strategy	638.9	638.9	638.9	638.9					
1	IT Connectivity (East)	37.8	37.8	37.8	37.8					
1	Operating impact of capital	466.6	461.6	466.6	461.6					
4	Parks Art Program									
1	Playground structure maintenance to CSA standards	848.3	848.3	848.3	848.3					
2	Senior Waterfront Coordinator/ Supervisor	57.7		57.7						
2	Senior Waterfront Planner & Landscape Architect	85.1		85.1						
1	Training and Health & Safety Supervisory Skills Plan	245.4	245.4	245.4	245.4					
1	Improve the purchasing process	133.0	133.0			133.0	133.0			
	Sub-Total New Program Requests	5,784.1	5,520.7	5,651.1	5,387.7	133.0	133.0			
<b>Total New Council Priorities</b>		<b>10,737.0</b>	<b>10,385.8</b>	<b>10,604.0</b>	<b>10,252.8</b>	<b>133.0</b>	<b>133.0</b>			
<b>Council Priority</b>										
1 - Improve Public Service				6 - Ensure housing is affordable						
2 - Make Progress on the Waterfront				7 - Get the powers and funding needed for Toronto to succeed						
3 - Improve Business Climate				8 - Improve the planning process						
4 - Make Toronto a clean and beautiful city				9 - Increase public involvement in civic affairs						
5 - Strengthen our at-risk neighbourhoods				10 - N/A						

**Key Issues and Recommendations**

*2006 New Council Priorities*

Due to budgetary restrictions, potential 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, Neighbourhoods at Risk and Year of Creativity).

On November 30, 2004 Council approved the *Clean & Beautiful City – Five-point City Action Plan*. This initiative is organized into five key components, one of which, “Grow It”, represents first steps in restoring and enhancing the system of parks, garden, ravines and trees to a level the public expects. “Grow It” includes the following Parks projects:

<b>ITEM</b>	<b>BASE BUDGET (000s)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>TOTAL</b>
Increase Spring Grass Cutting & Litter Pick Up	\$15,885.0	\$1,400.0	\$1,514.0		\$2,914.0
Garden Maintenance	\$9,859.0			\$2,148.9	\$2,148.9
Rejuvenate Horticultural Beds		\$953.7			\$953.7
Urban Forestry	\$10,300.0		\$3,000.0	\$1,100.0	\$4,100.0
Urban Tree Project		\$ 45.0	(\$45.0)		
<b>TOTAL OPERATING BUDGET INCREMENTAL FUNDING</b>	<b>\$36,044.0</b>	<b>\$2,398.7</b>	<b>\$4,469.0</b>	<b>\$3,248.9</b>	<b>\$10,116.6</b>

As part of Parks, Forestry and Recreation’s 2005 Approved Operating Budget, Council authorized funding for all of the “Grow It” items as follows:

<b>ITEM</b>	<b>BASE BUDGET (000s)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>TOTAL</b>
Increase Spring Grass Cutting & Litter Pick Up	\$15,885.0	\$2,500.0	\$414.0		\$2,914.0
Garden Maintenance	\$9,859.0			\$2,148.9	\$2,148.9
Rejuvenate Horticultural Beds		\$900.0	\$53.7		\$953.7
Urban Forestry	\$10,300.0	\$1,000.0	\$2,000.0	\$1,100.0	\$4,100.0
Urban Tree Project		\$ 45.0	(\$45.0)		
<b>TOTAL OPERATING BUDGET INCREMENTAL FUNDING</b>	<b>\$36,044.0</b>	<b>\$4,445.0</b>	<b>\$2,422.7</b>	<b>\$3,248.9</b>	<b>\$10,116.6</b>

Of the additional \$2.423 million in funding for 2006 that emanated from Parks' 2005 Approved Operating Budget, the 2006 Proposed Operating Budget includes \$1.490 million for "Clean and Beautiful City – Grow It" initiatives.

However, for 2006 and future years, the Program is requesting an additional 11 new and enhanced services that relate to Council's "Clean & Beautiful City" priority. But none of the 6 new initiatives that are slated to commence in 2006 correspond to the approved *Action Plan*. Consequently, given the City's financial constraints, unless there is Council direction to the contrary, as well as the requisite capital funding to support these new projects, new funding must be limited to year 2 of the 3-year *Action Plan* approved by City Council.

### ***New Requests Referred to 2006 Operating Budget Process***

The Program's \$0.217 million request for the "Earthkeepers Program" has not been proposed as a result of affordability constraints.

### ***2006 New Program Requests***

- All recommended new program proposals are to be restricted to items that are fully funded. Hence, although all of the requests in this category relate to a Council priority, none are proposed for inclusion into the Parks, Forestry and Recreation 2006 Proposed Operating Budget.
- Although not self-funded, the only new item which is proposed for 2006 is \$0.133 million for additional purchasing staff. In the summer of 2005, a service level agreement was signed between Parks and the Purchasing Division (PMMD). It was agreed that 2.0 positions would be hired by PPMD to support Parks' capital projects. The cost of the positions is approximately \$0.133 million. Since these positions are administrative in nature and ongoing, they must be funded from Parks' operating budget, beginning in 2006.

### ***Service Priorities***

In October 2004, Council adopted Parks' *Service Improvement Priorities for 2005-06* report. This document outlines service improvement initiatives that are estimated to require net new funding of \$14.3 million in 2006. Likewise, in July 2005, Council approved the Division's *Interim Report on Options for Free Recreation Programs for Children and Youth*. This report generated options which would, depending on the approach taken, adversely impact Parks' operating budget by between \$1.0 million and \$23.0 million.

Considering the present fiscal environment, the incremental operating impact produced by these and other Parks reports is clearly not sustainable from a funding perspective. In order to achieve its net affordability targets in the future, it is recommended that, going forward, the Program be limited to planning and developing new service priorities in light of the City's highest priorities and within an affordable fiscal framework.

**Appendix B**

**Summary of Council Priority Services and New Service Requests**