

Analyst Briefing Notes

Planning and Transportation Committee (January 9, 2006)

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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.	829.5	829.5	843.8	151.7	995.5	166.0	20.0	33.3	
REVENUE	120.0	120.0	120.0	46.7	166.7	46.7	38.9	33.3	
NET EXP.	709.5	709.5	723.8	105.0	828.8	119.3	16.8	0.0	0.0
Approved Positions	6.0	6.0	6.0	2.0	8.0	2.0	33.3	0.0	0.0
TARGET			723.8						
\$ Over / (Under) Program Target			0.0						
% Over / (Under) Program Target			0.0%						

Executive Summary

- The 2005 projected year-end net expenditure of \$0.709 million is at the 2005 Approved Budget.
- The 2006 Proposed Operating Budget for Waterfront Secretariat of \$0.829 million net is comprised of \$0.724 million net for Base funding and \$0.105 million net for New Council Priority Services, and is 16.8% higher than the 2005 Approved Budget. There are no net future year impacts in 2007 and 2008. The 2006 Proposed Budget includes an increase of 2 new staffing positions to carry out the Council Priority Services: 1 permanent Project Officer position and 1 temporary Technical Co-ordinator position.
- The 2006 Proposed Base Budget of \$0.724 million net expenditure meets the 2% target of \$0.724 million net, and includes Base Budget adjustment of \$0.025 million reduction in the legal and technical services budget from \$0.181 million to \$0.155 million in order to meet the target.
- The Proposed New Council Priority Request of \$0.152 million gross and \$0.105 million net includes 2 new positions: the conversion of a temporary Project Officer position to permanent, and a new temporary Technical Co-ordinator position. Due to affordability constraints, the request for a second Project Officer position is not proposed.

➤ City Council approved the Five-Year Business Plan/Ten-Year Forecast for Waterfront Revitalization Initiative in September 2005. With the cost sharing agreements between the Federal, Provincial and City governments now in place, the Waterfront Revitalization Initiative is transitioning from a “planning” to an “implementation” phase of the Waterfront project. As a result, it is anticipated that there will be a significant increase in workload in 2006 and beyond to deal with numerous complex issues such as brownfield liabilities, land/asset management, governance, Gardiner/Lakeshore corridor, business attraction and relocation, financial incentives, communications protocol and strategy. It is necessary that Waterfront Secretariat has sufficient resources and operational capacity to deal with these issues and to ensure that the deliverables necessary to advance waterfront revitalization are achieved on a timely basis.

➤ In mid year 2005, due to the increase in workload, a temporary Project Officer position was created to oversee and co-ordinate the provision of municipal expertise on specific waterfront projects: Portlands beautification and implementation requirements, affordable housing strategy, and Mimico and Port Union strategic projects; work with Toronto Economic Development Corporation (TEDCO), Ontario Realty Corporation (ORC), Toronto Waterfront Revitalization Corporation (TWRC) and City Divisions, and co-ordinate the process to ensure that businesses impacted by revitalization are appropriately relocated within Toronto; undertake issues management and communications co-ordination for the Secretariat; and assist in implementing the new governance model for TWRC. The temporary Project Officer was seconded from Business Support Services to the Secretariat, and the position was funded from within the Waterfront Secretariat’s 2005 Approved Budget for legal and technical services.

Due to the numerous complex issues expected in 2006, the Waterfront Secretariat will require its full budget for legal and technical services. As a result, new funding of \$0.105 million gross and \$0.105 million net is required in the Waterfront Secretariat’s 2006 Operating Budget in order to continue the Project Officer position in maintaining the current level of service.

➤ A temporary Technical Co-ordinator position is required to provide technical and capital project management support in managing the involvement of City technical staff; organize and represent the Secretariat at project implementation meetings dealing with technical issues, including environmental assessments, transportation studies, risk assessment plans, design and construction, and management of smaller projects. The required funding for this position is \$0.047 million gross in 2006, with effective date of June 1, 2006, and incremental changes of \$0.033 million gross and \$0 net in 2007. Funding for this position will be provided from within the 2006 Approved cash flow for the Waterfront Revitalization Initiative Capital Budget, resulting in a \$0 net impact to the Waterfront Secretariat’s Operating Budget.

- Key cost drivers include cost-of-living adjustments, fringe benefits and merit increases. Additional pressures result from providing funding for new staff positions to ensure that Secretariat has sufficient resources to deliver Waterfront capital projects.

Recommendations

It is recommended that:

- (1) the Waterfront Secretariat's 2006 Proposed Operating Budget of \$0.996 million gross and \$0.829 million net for the following service, be approved.

<u>Service:</u>	Gross <u>(\$000's)</u>	Net <u>(\$000's)</u>
Waterfront Secretariat	<u>995.5</u>	<u>828.8</u>
Total Program Budget	<u>995.5</u>	<u>828.8</u>

- (2) the required 2006 funding of \$0.047 million included in the 2006 Proposed Operating Budget for Waterfront Secretariat for the temporary Technical Co-ordinator position, be funded from within the 2006 Approved cash flow for the Waterfront Revitalization Initiative Capital Budget; and that the 2007 incremental impact of \$0.033 million be funded from within the projected cash flow for the Waterfront Revitalization Capital Budget in 2007.

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.	676.0	829.5	829.5	0.0	0.0
REVENUES	107.0	120.0	120.0	0.0	0.0
NET EXP.	569.0	709.5	709.5	0.0	0.0
Approved Positions	6.0	6.0	6.0	0.0	0.0

*Projected actual expenditures and revenues to year-end are based on the Revised 3rd Quarter Variance Report to include cost of living adjustment impacts.

2005 Experience

Waterfront Secretariat’s Revised 3rd Quarter Variance indicates that the Program will have no variance at the end of 2005. The Program’s year-end projection of \$0.709 million net is in line with the 2005 Approved Budget.

Impact of 2005 Operating Variance on 2006 Proposed Budget

Due to an increase in workload, a temporary Project Officer position was created in mid 2005 to oversee and co-ordinate the provision of municipal expertise on specific waterfront projects; work and co-ordinate process with TEDCO, ORC, TWRC and City Divisions to ensure that businesses impacted by revitalization are appropriately relocated within Toronto; and to provide issues management and communications co-ordination.

As the Waterfront Revitalization Initiative Capital Program is now transitioning from a “planning” to an “implementation” phase, there is a greater need for the Waterfront Secretariat to have a permanent Project Officer position in 2006 to ensure that the Revitalization capital projects are delivered on a timely basis. At the same time, due to the numerous complex issues expected in 2006, the Waterfront Secretariat will require its full budget for legal and technical services. As a result, new funding of \$105 thousand gross and net is included in the 2006 Proposed Budget for Waterfront Secretariat for the conversion of the temporary Project Officer position to permanent in order to maintain the current level of service. This results in pressures in Secretariat’s 2006 Operating Budget.

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.	829.5	869.1	843.8	14.3	1.7		
REVENUE	120.0	120.0	120.0	0.0	0.0		
NET EXP.	709.5	749.1	723.8	14.3	2.0	0.0	0.0
Approved Positions	6.0	6.0	6.0	6.0	0.0	0.0	0.0
NET TARGET		723.8					
\$ Over / (Under) Program Target		0.0					
% Over / (Under) Program Target		0.0%					

2006 Proposed Base Budget

- The 2006 Proposed Base Budget of \$0.724 million net expenditure represents a 2% increase over Waterfront Secretariat’s 2005 Approved Budget of \$0.710 million net, and meets the 2006 target of \$0.724 million net.
- As part of the strategy in meeting the target of 2% over the 2005 Approved Budget, no economic factor adjustments (\$700) on the non-salary expenditures are included in the 2006 Proposed Base Budget, and the legal and technical services budget is reduced by \$0.025 million from \$0.181 million to \$0.155 million.
- The 2006 Proposed Base Budget of \$0.844 million gross and \$0.724 million net is \$0.014 million gross or 1.7% and \$0.014 million net or 2% over the 2005 Approved Budget. The 2006 Proposed Base Budget is mainly comprised of:
 - salaries and benefits at 77%
 - professional services at 16%
- There are no net future year impacts in 2007 and 2008, resulting from the approval of the 2006 Proposed Base Budget.

2006 Key Cost Drivers

2006 key cost drivers include cost of living adjustments, fringe benefits and merit increases totaling \$0.040 million.

**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	6.0	815.4	120.0	695.4	0.0	0.0
In-year approvals and technical adjustments		14.1		14.1		
2005 Approved Operating Budget	6.0	829.5	120.0	709.5	0.0	0.0
Annualizations		22.6		22.6		
Economic factors		17.0		17.0		
Adjusted Base Budget	6.0	869.1	120.0	749.1	0.0	0.0
Other base changes						
Base revenue changes						
2006 Base Budget Request	6.0	869.1	120.0	749.1	0.0	0.0
Recommended Base Adjustments:						
Other base changes						
Service efficiencies						
Revenue adjustments						
Minor service impact		(25.3)		(25.3)		
Major service impact						
Total Proposed Base Adjustments	0.0	(25.3)	0.0	(25.3)	0.0	0.0
2006 Proposed Base Budget	6.0	843.8	120.0	723.8	0.0	0.0
2006 Program Operating Target	N/A	N/A	N/A	723.8		
% Over (Under) Program Target	N/A	N/A	N/A	0.0		
% Over (Under) 2005 Approved Budget	0.0	1.7	0.0	2.0		

Section C: 2006 Base Budget Issues**Key Issues / Recommendations*****Minor Service Impacts***

As part of the strategy in meeting the target of 2% over the 2005 Approved Budget, no economic factor adjustments (\$700) on non-salary expenditures are included in the 2006 Base Budget Request.

In addition, Waterfront Secretariat staff proposed a reduction of \$0.025 million in the legal and technical services budget from \$0.181 million to \$0.155 million. This reduction is included in the 2006 Proposed Base Budget.

Staffing Positions

Currently, the Waterfront Secretariat's complement includes six permanent positions: one Project Director; three Project Officers and two Administrative Assistants. As described in Section B "2006 Proposed Base Budget" of this Analyst Briefing Note, the Waterfront Secretariat begins a new threshold that would require additional resources to ensure delivery of Council approved capital projects on a timely basis, and that the City's interests and priorities are protected and reflected in the revitalization efforts. It is expected that the workload will increase significantly in 2006 in dealing with numerous complex issues such as brownfield liabilities, land/asset management, governance, Gardiner/Lakeshore corridor, business attraction, financial incentives, communications protocol and strategy.

Waterfront Secretariat does not have sufficient funding in its Base Budget to allow for additional resources to address anticipated increased workload in 2006 and beyond. As a result, the 2006 Budget Submission included a request for 3 new positions. With Waterfront Revitalization Initiative being a high priority of City Council and the necessity to ensure that Waterfront Secretariat has sufficient resources and operational capacity, it is proposed that 2 new positions be added to the Waterfront Secretariat's complement. Therefore, new funding of \$0.152 million gross and \$0.105 million net is included in the 2006 Proposed Budget. Further details are included in Part III: New Council Priorities on page 12.

3 Year Operating Budget Overview

The Waterfront Secretariat's 3-Year operating budget plan reflects the delivery of Council's priority - "Make progress on the Waterfront". The Secretariat will continue to co-ordinate the resources necessary to advance, simplify and expedite Waterfront Revitalization Initiative by providing one-window access for Toronto Waterfront Revitalization Corporation and other orders of governments to all municipal Programs, services and agencies involved in the Initiative.

As described previously, Council approved the Revised Five-Year Business Plan/Ten-Year Forecast for Waterfront Revitalization Initiative Capital Program in September 2005. With the cost sharing agreements between the Federal, Provincial and City Governments in place, the Waterfront Revitalization Initiative is transitioning from the "planning" to "implementation" phase.

There are no other cost drivers that may impact 2007 and 2008 operating budgets.

Issues Referred to 2006 Operating Budget Process

There are no issues referred to 2006 Operating 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:										
2	Additional Staffing (3 positions for a total of \$290,000)									
	- 1 Project Officer (conversion of Temporary to Permanent)	105.0	105.0			105.0	105.0	1.0		
	- 1 Project Officer (Permanent)	105.0	105.0	105.0	105.0					
	- 1 Technical Co-ordinator (Temporary)	80.0	80.0	33.3	80.0	46.7		1.0		
	Sub-Total Council Priorities	290.0	290.0	138.3	185.0	151.7	105.0	2.0		
	New Requests Referred to 2006 Operating Budget:									
	None									
	Sub-Total Referred									
	New Program Requests:									
	None									
	Sub-Total New Program Requests									
Total New Council Priorities		290.0	290.0	138.3	185.0	151.7	105.0	2.0		
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										

Note: \$33,300 incremental impact in 2007 to provide full funding for the Technical Co-ordinator position will be recovered from the Waterfront Revitalization Initiative's 2007 Capital Budget.

Key Issues / Recommendations*2006 New Council Priorities***Additional Staffing – 3 Positions**

The Waterfront Secretariat's 2006 Operating Budget Submission included a request for three new staffing positions (2 permanent Project Officer positions and 1 temporary Technical Co-ordinator position) to ensure deliverables necessary to significantly advance Revitalization are achieved on a timely basis.

It is proposed that the temporary Project Officer position be converted to permanent, and that the temporary Technical Co-ordinator position be approved. However, the request for the second permanent Project Officer position is not proposed, given the City's financial constraints. Further details are provided below:

1. One Project Officer (permanent) - \$0.105 million gross and \$0.105 million net in 2006, with no incremental increase in 2007

The responsibilities of the Project Officer include overseeing and co-ordinating the provision of municipal expertise on specific waterfront projects: Portlands beautification and implementation requirements, affordable housing strategy, and Mimico and Port Union strategic projects; working with TEDCO, ORC, TWRC and City Divisions, and co-ordinating the process to ensure that businesses impacted by revitalization are appropriately relocated within Toronto; undertaking issues management and communications co-ordination for the Secretariat; and assisting in the implementation of the new governance model for TWRC.

During 2005, a temporary Project Officer was seconded from Business Support Services to the Secretariat, and was funded from within the Waterfront Secretariat's 2005 Approved Budget for legal and technical services. Due to the numerous complex issues expected in 2006, the Waterfront Secretariat will require its full budget for legal and technical services. As a result, new funding of \$0.105 million gross and \$0.105 million net is required in the Waterfront Secretariat's 2006 Operating Budget in order to continue the Project Officer position in maintaining the current level of service. It is noted that the Base position has been deleted from the Business Support Services' complement in 2006.

As the Waterfront Revitalization Initiative is of Council's high priority, and that it is critical to advance the Initiative Capital Program on a timely basis, it is proposed that the request for the conversion of the temporary Project Officer to permanent be approved. The required funding is \$0.105 million net in 2006 with no net incremental increase required in 2007 as this provides full year funding in 2006.

2. Technical Co-ordinator (temporary position)

The responsibilities include providing technical and capital project management support to the Waterfront Project Officers in managing City technical staff and representing the Secretariat at project implementation meetings dealing with technical issues, including environmental assessments, transportation studies, risk assessment plans, design and construction.

Since the duties of the Technical Co-ordinator position are directly related to the implementation of the Waterfront Revitalization Initiative Capital Program, it is proposed that this temporary position be approved, with required funding of \$0.047 million in 2006 for 7 months, be provided from within the Approved 2006 cash flow for Waterfront Revitalization Initiative Capital Program. It is also expected that the incremental cost of \$0.033 million in 2007 be recovered from the Waterfront Revitalization Initiative's 2007 Capital Budget.

3. Second Project Officer Position (permanent)

The responsibilities include overseeing a variety of financial and non-financial initiatives including co-ordinating municipal involvement in the implementation of the East Bayfront Precinct, the assessment of the future of the Gardiner/Lakeshore Corridor, and the negotiation of financial incentive partnerships for the Waterfront with both the provincial and federal governments.

Due to the City's affordability constraints, this request of \$0.105 million gross and \$0.105 million net for the second permanent Project Officer position is not proposed. As some of the responsibilities of this position deal with financial issues, it is proposed that the Waterfront Secretariat work with staff of the Deputy City Manager and Chief Financial Officer's office as required.

Appendix B

Summary of Council Priority Services and New Service Requests