

**Analyst Briefing Notes**  
**Budget Committee**  
**(March 26, 2007)**

**2007 OPERATING BUDGET**

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**2007 OPERATING BUDGET****Executive Summary**

**Parking Tag Enforcement & Operations is a combination of the following related operations:**

- *Police – Parking Enforcement Unit* is comprised of parking enforcement officers who are responsible for administering and enforcing the City's transportation / parking by-laws across the City.
- *Office of the Treasurer – Parking Tag Operations of the Revenue Services Division* is responsible for the processing and collection of fines for all parking infraction notices (i.e. parking tickets) issued in the City of Toronto.
- *Court Services - Judicial Processing of Parking Tickets* is responsible for the scheduling and supporting of Provincial Offence Act part II (parking tickets) trials per year (55,000 in 2006 and 90,000 in 2005).
- *Non-Program Revenues – Parking Tag Revenues* includes the budgeted revenue generated by the parking tickets issued.

**The operating budget for the above mentioned related operations are consolidated in this 2007 Recommended Operating Budget for Parking Tag Enforcement & Operations.**

- The 2006 preliminary year-end net revenues of \$38.954 million for Parking Tag Enforcement & Operations (consolidated) are \$0.888 million over the 2006 Approved Budget of \$38.066 million. The projected favourable variance is mainly attributable to under-spending in premium pay and overtime in the Parking Enforcement Unit as well as reduced spending on parking tag printing and supplies.
  - These savings have been reflected in the Parking Enforcement Unit's 2007 Recommended Operating Budget.
- As a result of the implementation of the handheld ticketing devices, the processable rate for parking tag issuance is expected to increase from 97% to 99.9%. As a result revenues are expected to increase approximately \$2.500 million per year commencing in 2007 as these ticketing devices will result in issuance of fewer illegible tickets with missing or incomplete information. This increase will be offset by:
  - Parking tags will continue to be cancelled for various reasons including but not limited to, medical emergencies, compassionate reasons, etc. Municipal Law Enforcement Officers and Police Officers will continue to write manual tickets.
  - The efficiency of the handheld ticket devices will be offset by more offenders paying tickets early thereby eliminating additional fees the City may have received.
  - Due to the increase in trial requests, the number of tickets challenged in courts will increase, resulting in a possibility of a "no-fine" decision and a potential loss of revenue.
- The 2007 Recommended Budget for Parking Tag Enforcement & Operations of \$36.396 million net revenue is \$1.670 million or 4.4% under the 0% target of \$38.066 million net.

**Table 1: 2007 Recommended Budget**

Parking Tag Enforcement & Operations - Consolidated									
	2006		2007 Recommended Operating Budget			Change - 2007 Recommended from 2006 Approved Budget		FY Incremental Outlook	
	2006 Appvd. Budget	2006 Projected Actual	2007 Base	2007 New /Enhanced	2007 Operating Budget			2008	2009
(In \$000s)	\$	\$	\$	\$	\$	\$	%	\$	\$
Police - Parking Enforcement Unit	33,299.0	32,539.9	34,237.1	0.0	34,237.1	938.1	2.8	125.9	141.9
Office of the Treasurer- Parking Tag Operations	8,831.6	8,823.2	8,953.3	0.0	8,953.3	121.7	1.4	0.0	0.0
Court Services - Judicial Processing of Parking Tickets	968.0	928.7	1,028.5	0.0	1,028.5	60.5	6.3	0.0	0.0
Non-Program - Parking Tag Revenue	0.0	0.0	0.0	0.0	0.0	0.0	NA	0.0	0.0
<b>TOTAL GROSS EXP.</b>	<b>43,098.6</b>	<b>42,291.8</b>	<b>44,218.9</b>	<b>0.0</b>	<b>44,218.9</b>	<b>1,120.3</b>	<b>2.6</b>	<b>125.9</b>	<b>141.9</b>
Police - Parking Enforcement Unit	615.0	615.0	615.0	0.0	615.0	0.0	0.0	0.0	0.0
Office of the Treasurer- Parking Tag Operations	0.0	0.0	0.0	0.0	0.0	0.0	NA	0.0	0.0
Court Services - Judicial Processing of Parking Tickets	0.0	0.0	0.0	0.0	0.0	0.0	NA	0.0	0.0
Non-Program - Parking Tag Revenue	80,550.0	80,739.0	80,000.0	0.0	80,000.0	(550.0)	(0.7)	0.0	0.0
<b>TOTAL REVENUE</b>	<b>81,165.0</b>	<b>81,246.2</b>	<b>80,615.0</b>	<b>0.0</b>	<b>80,615.0</b>	<b>(550.0)</b>	<b>(0.7)</b>	<b>0.0</b>	<b>0.0</b>
Police - Parking Enforcement Unit	32,684.0	31,924.9	33,622.1	0.0	33,622.1	938.1	2.9	0.0	0.0
Office of the Treasurer- Parking Tag Operations	8,831.6	8,823.2	8,953.3	0.0	8,953.3	121.7	NA	0.0	0.0
Court Services - Judicial Processing of Parking Tickets	968.0	928.7	1,028.5	0.0	1,028.5	60.5	NA	0.0	0.0
Non-Program - Parking Tag Revenue	(80,550.0)	(80,739.0)	(80,000.0)	0.0	(80,000.0)	550.0	(0.7)	0.0	0.0
<b>NET EXP.</b>	<b>(38,066.4)</b>	<b>(38,954.4)</b>	<b>(36,396.1)</b>	<b>0.0</b>	<b>(36,396.1)</b>	<b>1,670.3</b>	<b>(4.4)</b>	<b>125.9</b>	<b>141.9</b>
<b>Approved Positions</b>	<b>395.0</b>	<b>395.0</b>	<b>395.0</b>	<b>0.0</b>	<b>395.0</b>	<b>0.0</b>	<b>0.0</b>		
<b>TARGET</b>			<b>(38,066.4)</b>		<b>(38,066.4)</b>				
<b>\$ Over / (Under) Program Target</b>			<b>1,670.3</b>		<b>1,670.3</b>				
<b>% Over / (Under) Program Target</b>			<b>4.4</b>		<b>4.4</b>				

- The 2007 Recommended Budget for Parking Tag Enforcement & Operations of \$36.396 million net revenue is \$1.670 million or 4.4% under the 2006 Approved Budget of \$38.066 million. The increase in gross expenditures is mainly attributable to salary settlement impacts and staff reclassifications partially offset by reductions in premium pay and a slight decrease (\$0.550 million) in parking tag revenues.

➤ The future year outlook represents the projection of the Parking Tag Enforcement Unit. The 2008 and 2009 Outlook includes \$0.126 million and \$0.142 million respectively, for inflationary increases to maintain current service levels. The outlook for 2008 and 2009 does not include a provision for COLA, as the increase is subject to future negotiations.

- The 2007 Recommended Base Budget for Parking Tag Enforcement & Operations is \$36.184 million or 4.9% over the target mainly due to salary and benefit and other inflationary increases. Variances by program are:
  - *Parking Enforcement Unit* - \$0.938 million or 2.9% over target.
  - *Parking Tag Operations* – \$0.122 million or 1.4% over target.
  - *Judicial Processing of Parking Tickets* – \$0.060 million or 6.3% over target.
  - *Parking Tag Revenue* - \$0.550 million or 0.7% over the target.
- There are no recommended New/Enhanced Service Priorities.
- The 2007 Recommended Base Budget provides funding to maintain the same level of service as in 2006. The consolidated efforts of the various operations within the Parking Tag Enforcement & Operations identified opportunities for reductions and have incorporated those in this budget with minimal service level impacts. This was achieved through reallocation within the existing budget wherever possible to accommodate increased pressures from collective agreements; budgeting for known plans and staffing requirements utilizing existing complement and deferring service enhancements and maximizing cost-recovery wherever possible to increase revenue.
- The related operations within the Parking Tag Enforcement & Operations conducted a thorough review of the expenditures and revenues and identified achievable options resulting in no major impact on service levels.

**Recommendations**

The City Manager and Chief Financial Officer recommend that:

1. the 2007 Recommended Operating Budget for the Parking Tag Enforcement & Operations of \$44.431 million gross and \$36.184 million net revenue, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Parking Enforcement Unit	34,237.1	33,622.1
Parking Tag Operations	8,953.3	8,953.3
Judicial Processing of Parking Tickets	1,028.5	1,028.5
Parking Tag Revenue	<u>0</u>	<u>(80,000.0)</u>
Total Program Budget	<u><u>44,218.9</u></u>	<u><u>(36,396.1)</u></u>

2. the Chair of Toronto Police Services Board, in consultation with the Deputy City Manager and Chief Financial Officer, submit a report to the Budget Committee in December, 2007 on the operational and financial impacts of the implementation of the handheld parking devices for consideration with the City's 2008 Operating Budget.

## Section A: 2006 Budget Variance Analysis

### Table 2: 2006 Budget Variance Review

(In \$000s)	2005 Actuals	2006 Approved Budget	2006 Projected Actuals*	2006 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	41,754.1	43,098.6	42,291.8	(806.8)	(1.9)
<b>REVENUES</b>	83,758.0	81,165.0	81,246.2	81.2	0.1
<b>NET EXP.</b>	(42,003.9)	(38,066.4)	(38,954.4)	(888.0)	2.3
<b>Approved Positions</b>	395.0	395.0	395.0	0.0	0.0

\* Projected actual expenditures and revenues are based on the preliminary year-end Operating Variance Report.

### 2006 Experience

Based on the preliminary year-end Operating Variance Report, the Parking Tag Enforcement & Operations (consolidated) has reported a net favourable variance of \$0.888 million. This is mainly attributable to a reduction of \$0.760 million in salaries and benefits for premium pay in the Parking Tag Enforcement Unit. There were fewer special events requiring enforcement officers as well as fewer officers working overtime than in previous years. The Parking Tag Enforcement Unit experienced savings of \$0.059 million in parking tag printing and supplies due to the implementation of handheld parking devices and other general savings.

### Impact of 2006 Operating Variance on 2007 Recommended Budget

The 2007 Recommended Operating Budget reflects the premium pay and overtime savings from 2006. Where non-salary savings are expected to continue, this recommended budget has been adjusted accordingly.

## Section B: 2007 Operating Budget Overview

### 3-Year Operating Budget Overview

The strategic direction of the Parking Tag Enforcement & Operations over the next three years is to continue with the overall safety and security of the residents of the City by focusing on the Toronto Police Service traffic safety priorities. This will be achieved through various strategies including enforcement of parking by-laws, visibility, public awareness and education programs.

The Parking Tag Enforcement Unit's 2008 Outlook net increase of \$1.009 million and \$1.039 million for the 2009 Outlook represents 2.3% each year over the gross expenditures for increased personnel costs while delivering the 2007 level of services with the same number of staff.

The Revenue Services Parking Tag Operations and Court Services - Judicial Processing of Parking tickets are working together to develop an alternate dispute process for parking tickets. Implementing this system will ensure that most parking bylaw matters are resolved through a streamlined process, administered by the City without the requirement of utilizing the Provincial Offences Act court process. It is intended to simplify and clarify the process by which parking violations disputes are processed.

### Service Delivery - Challenges and Issues

Some of the significant service issues and pressures facing the Parking Tag Enforcement & Operations over the 3-year period include:

- The implementation of the new handheld parking devices has proven to be beneficial for the following reasons:
  - Once a license plate is entered, enforcement officers can determine whether a vehicle is stolen upon issuance of every parking ticket.
  - An increase in the processable rate of parking tags issued due to the elimination of illegible tickets and missing or incomplete information.
  - An increase in the quality of customer service to the public and expedient data transfer resulting in better management of information.
- The increase in processable tag issuances by Police Parking Enforcement Officers has resulted in increased revenue projections of \$2.500 million annually commencing in 2007. These increases will be offset by the following decreases:
  - Tags will still be cancelled for various reasons including, but not limited to, medical emergencies and compassionate reasons, etc. Municipal Law Enforcement Officers and Police Officers will continue to write manual tickets.
  - The efficiency of the handheld ticket devices will provide an incentive to offenders to pay tickets early as their chances of a reduced fine diminishes thereby eliminating additional fees the City may have received.
  - Increase in trial requests and the number of tickets challenged in courts will increase, resulting in a loss of revenue due to a "no-fine" decision.

**Section C: 2007 Recommended Base Budget**

**Table 3: 2007 Recommended Base Budget**

(In \$000s)	2006 Appvd. Budget	2007 Recommended Base	Change		FY Incremental Outlook	
			2007 Recommended Base v. 2006 Appvd. Budget		2008	2009
	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	43,098.6	44,218.9	1,120.3	2.6	125.9	141.9
<b>REVENUE</b>	81,165.0	80,615.0	(550.0)	(0.7)	0.0	0.0
<b>NET EXP.</b>	(38,066.4)	(36,396.1)	1,670.3	(4.4)	125.9	141.9
<b>Approved Positions</b>	395.0	395.0	0.0	0.0	0.0	0.0
<b>NET TARGET</b>		<b>(38,066.4)</b>				
<b>\$ Over / (Under) Program Target</b>		<b>1,670.3</b>				
<b>% Over / (Under) Program Target</b>		<b>4.4</b>				

**2007 Recommended Base Budget**

The 2007 Recommended Base Budget of \$36.396 million net revenue represents a 4.4% unfavourable variance compared to the Parking Tag Enforcement & Operations’ 2006 Approved Base Budget of \$38.066 million.

- The resulting 2007 net revenue decrease is mainly attributable to increased salary settlement and staff reclassification costs. These increases are partially offset by reductions in premium pay (\$1.332 million) and a slight decrease (\$0.550 million) in parking tag revenues due to fines being paid on time with the implementation of the handheld ticket issuance device.

The 2007 key cost drivers by related operations are outlined below:

- Parking Enforcement Unit - \$0.938 million or 2.9% over target. Of this increase \$0.800 million is due to collective agreements and the remainder for inflationary increases in gasoline and rental facilities.
- Parking Tag Operations – \$0.122 million or 1.4% over target due to pressures resulting from COLA and merit and step for 2007.
- Judicial Processing of Parking Tickets – \$0.060 million or 6.3% over target for cost of living increases, merit and other non-salary inflationary increases.
- Parking Tag Revenue - \$0.550 million or 0.7% under the target due to reduced fees as a result of the efficiency of the handheld ticketing devices.

**2008 and 2009 Outlook: Net Incremental Impact**

The 2008 and 2009 Outlook maintains the existing 2007 service levels with no staffing increases. The 2008 and 2009 net incremental impact of \$0.126 million and \$0.142 million respectively is for the Police-Parking Enforcement Unit to provide for inflationary increases to maintain current service levels. The outlook for 2008 and 2009 does not include a provision for COLA, as the increase is subject to future negotiations.

**Issues for Discussion****Issues Referred to 2007 Operating Budget Process**

During deliberations of the 2006 Operating Budget, Council directed the Chair of Toronto Police Services Board, in consultation with the Deputy City Manager and Chief Financial Officer, to report to the Governance Management Committee in 2007 on the operational and financial impacts of the implementation of handheld parking devices.

It is recommended that this report be submitted to the Budget Committee in December, 2007. By that time, it would be a year after full implementation and the results of the operations will be available for consideration with their 2008 Operating Budget submission.

## Appendix 1

**Summary of Recommended Base Budget Changes  
From 2006 Approved Budget**

Parking Tag Enforcement & Operations - Consolidated						
(In \$000s)	Summary of 2007 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2008	2009
		\$	\$	\$	\$	\$
<b>2006 Council Approved Operating Budget</b>	<b>395.0</b>	<b>43,217.8</b>	<b>80,615.0</b>	<b>(37,397.2)</b>	<b>0.0</b>	<b>0.0</b>
In-year approvals and technical adjustments	0.0	(119.2)	550.0	(669.2)	0.0	0.0
Corporate adjustments	0.0	0.0	0.0	0.0	0.0	0.0
<b>2006 Final Operating Budget</b>	<b>395.0</b>	<b>43,098.6</b>	<b>81,165.0</b>	<b>(38,066.4)</b>	<b>0.0</b>	<b>0.0</b>
Prior year impacts	0.0	0.0	0.0	0.0	0.0	0.0
Zero base items	0.0	0.0	0.0	0.0	0.0	0.0
Economic factors	0.0	1,120.3	0.0	1,120.3	125.9	141.9
<b>Adjusted Base Budget</b>	<b>395.0</b>	<b>44,218.9</b>	<b>81,165.0</b>	<b>(36,946.1)</b>	<b>125.9</b>	<b>141.9</b>
Other base changes						
Base revenue changes	0.0	0.0	(550.0)	550.0	0.0	0.0
Recommended Base Adjustments:						
Base changes						
Service efficiencies						
Revenue adjustments						
Minor service impact						
Major service impact						
<b>Total Recommended Base Adjustments</b>	<b>0.0</b>	<b>0.0</b>	<b>(550.0)</b>	<b>550.0</b>	<b>0.0</b>	<b>0.0</b>
<b>2007 Recommended Base Budget</b>	<b>395.0</b>	<b>44,218.9</b>	<b>80,615.0</b>	<b>(36,396.1)</b>	<b>125.9</b>	<b>141.9</b>
<b>2007 Program Operating Target</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>(38,066.4)</b>	<b>0.0</b>	<b>0.0</b>
<b>% Over (Under) Program Target</b>				<b>4.4%</b>		
<b>% Over (Under) 2006 Appvd. Budget</b>				<b>4.4%</b>		