

# **CITY OF TORONTO**

## **2007 Recommended Operating Budget**

April 20, 2007

# Agenda

---

1. Introduction
2. How the 2007 Budget was Developed
3. Fiscal Challenges
4. 2007 Recommended Operating Budget
5. Achieving Financial Sustainability
6. Conclusion

# Introduction

---

- Given Provincial budget announcement City's budget is not sustainable
- Fundamental structural financial problem of the City recognized by the Board of Trade, Conference Board of Canada and TD Bank
- Proposed budget continues to rely on overuse of one-time revenues such as reserve funds
- Unacceptable level of property tax revenues redirected to provincial cost shared programs at the expense of core municipal services – roads, parks, recreation and garbage collection

# **How the 2007 Operating Budget Was Developed**

# 2007 Operating Budget – Executive Committee Guidelines and Directions

---

- Achieve target of *Zero* net increase over 2006
- Maintain continuous improvement initiatives
- Maintain approved services and service levels
- Consider modest investment in new and enhanced services that deliver on the Mayor's mandate and Council's Policy Agenda

# CM and DCM-CFO 2007 Budget Review Approach

---

- CM & DCM-CFO reviewed budget under 4 broad categories:
  - ✓ Municipal Services
  - ✓ Emergency Services
  - ✓ TTC
  - ✓ Provincially Mandated Programs

# CM and DCM-CFO 2007 Budget Review Approach

---

- Strategies to achieve target:
  - Efficiencies
  - Performance Measures
  - Benchmarking – measuring performance against others - OMBI / MPMP
  - User fee increases to maximize cost recovery
  - Program Reviews
- Ensured that any new and enhanced City building initiatives were aligned with Council and Mayor's highest priorities
- As a result, 50% of Programs and ABCs net budgets have either no increase or less than 2%

# 2007 Recommended Net Budget Increase by Categories

---

- Provincially Mandated Programs
  - 11.0% net increase (before reserve draws)
  - Significantly draw on property tax revenues
- Transit
  - 10.1% net increase - growth in ridership revenues lags behind gross expenditure increase putting pressure on the net budget
- Emergency Services
  - 4.0% net increase driven by Toronto Police and Fire Services
- Municipal Services
  - 4.3% net increase – primarily due to Solid Waste Diversion, and Parks, Forestry and Recreation

# Evaluating Service Delivery - Continuous Improvement

---

- In areas where costs seem high compared to others, operations are continuously examined to make efficiency improvements such as:
  - Winter maintenance of roads - salt management initiatives to optimize salt usage through the use of technology on vehicles and pre-wetting of salt to make more effective
  - Road maintenance - new street sweeping equipment, technology and routing expected to reduce costs and also examining alternatives for diversion of residue material
  - Solid Waste Diversion - implement efficiencies at Organics Processing Facility to increase the processing capacity of source separated organics. Examining optical sorting technology to improve mechanical sorting of single stream materials.
  - Solid Waste Disposal - compress hours of operation at transfer stations to eliminate need for night shift
  - Wastewater Treatment - have implemented energy efficiency measures and are continuing to do so where possible

# Evaluating Service Delivery - Benchmarking

---

- The City examines its performance:
  - Internally
  - Externally, relative to other municipalities
- Results from the Provincially Mandated, Municipal Performance Measurement Program (MPMP) and the Ontario Municipal CAOs Benchmarking Initiative (OMBI) reveals that Toronto compares favourably against other Ontario municipalities
- Performance measures necessary and integral part of budget preparation and review process
- Measures are included in budget documents, and OMBI & MPMP results will also be subject of April/May report to Executive Committee

# Evaluating Service Delivery - Ontario Municipal CAOs Benchmarking Initiative

---

- Initiated by Single Tier and Regional CAOs
- 15 municipalities representing 70% of Province's population
- Examining performance data in 25 operating programs and 8 program support areas
- 435 high-level and detailed measures based on 2005 data
  - Service Levels (approx. 220)
  - Efficiency
  - Customer Service
  - Community Impact
- Joint report issued by CAOs & City Managers in January 2007

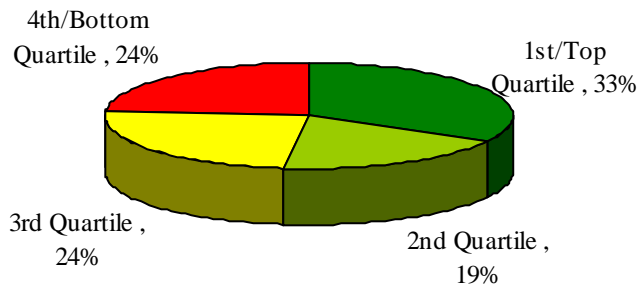
# Evaluating Service Delivery - Joint OMBI Report



- Comparative results of 15 municipalities
- Covers 12 service areas
- Includes:
  - 21 service level indicators
  - 48 efficiency, customer service and community impact measures
- April/May report to Executive Committee will expand on this and also examine historical trends

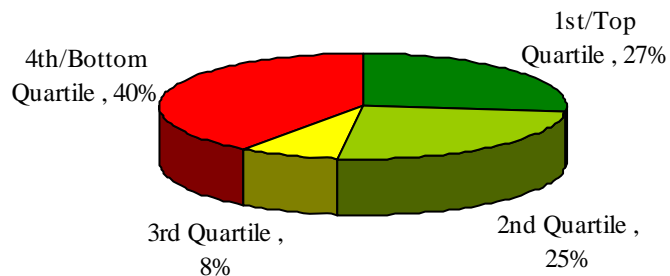
# Evaluating Service Delivery - Toronto's 2005 OMBI Results

**Toronto's 2005 OMBI Results  
Service Levels (21 Indicators)**



- For service levels, results have been sorted highest service levels being the desired goal
- Higher than median in 52% of service level indicators.
- Better than median in 52% of efficiency, customer service and community impact measures

**Toronto's 2005 OMBI Results  
Performance (48 Measures)**



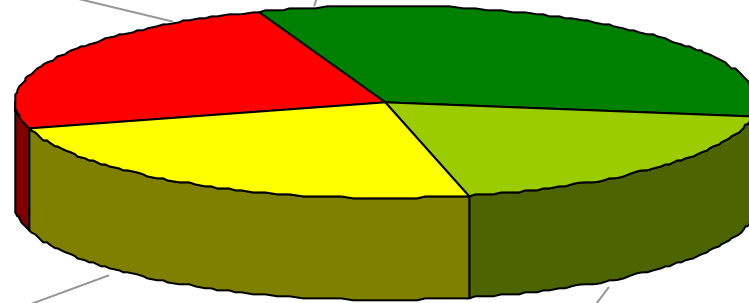
# Evaluating Service Delivery - Toronto's 2005 OMBI Results- Service Levels (21 Indicators)

**In fourth/bottom quartile – 24% (5 measures)**

- low # of fire vehicle hours per capita
- low # of library hours per capita
- low # of road lane km. per 1,000 population
- low # of large sports & rec. community centres per 100,000 pop'n
- low # of indoor ice pads per 100,000 pop'n

**In first/top quartile- 33% (7 measures)**

- high childcare investment per child
- high # of medical incidents responded to by fire per 1,000 pop'n
- high number of library holdings per capita
- high # of police staff (officers and civilians) per 100,000 pop'n
- high rate of social assistance cases
- high rate of registered sports and recreation programming offered per capita
- high # of transit vehicle hours per capita



**In third quartile – 24% (5 measures)**

- lower number of rescue incidents responded to by fire per 1,000 pop'n
- lower number of other incidents responded to by fire per 1,000 pop'n
- lower municipal share of all long term care beds
- lower # of small sports & rec. community centres per 100,000 pop'n
- lower volume of wastewater treated per 100,000 population

**In second quartile – 19% (4 measures)**

- higher # of total incidents responded to by fire per 1,000 pop'n
- higher # of fires/explosions/alarms incidents responded to by fire per 1,000 pop'n
- higher number of indoor pool tanks per 100,000 pop'n
- higher volumes of drinking water treated per 100,000 pop'n

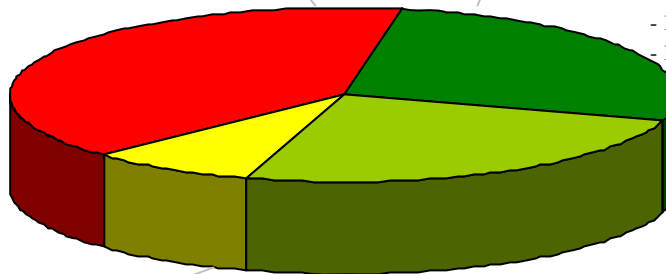
# Evaluating Service Delivery - Toronto's 2005 OMBI Results -Performance (48 Measures)

## In fourth/bottom quartile – 40% (19 measures)

- High cost of fire per in-service vehicle hour
- Low # long term beds relative to population >75 years of age
- High rate of violent crime
- High rate of total criminal code offences
- High annual rate of increase in violent crime
- Decrease in annual property crime rate was not as large
- Decrease in annual total crime rate was not as large
- Low number of criminal code offences in municipality per officer
- High rate of traffic congestion on roads
- High cost of winter maintenance of roads
- High cost of social assistance benefits per case
- High cost of solid waste disposal per tonne
- High cost of solid waste diversion per tonne
- High transit cost per vehicle hour
- High transit cost per revenue vehicle hour
- High cost of wastewater collection per km of pipe
- High cost of water distribution per km of pipe
- High rate of watermain breaks per 100 km of pipe
- High time period on social assistance

## In first/top quartile- – 27% (13 measures)

- low rate of fire related injuries
- high usage rate of circulating library materials
- high electronic library uses per capita
- high non-electronic library uses per capita
- high total library uses per capita
- low library cost per use
- high rate of long term care resident satisfaction
- low rate of youth crime
- high pavement quality of roads
- low administrative cost per social assistance case
- high # of transit trips per capita
- low transit cost per passenger trip
- low cost of drinking water treatment per megalitre



## In second quartile – 25% (12 measures)

- higher number of regulated childcare spaces per 1,000 children
- lower cost per subsidized childcare space
- lower fire response time
- lower rate of fire related deaths
- lower rate of residential structural fires
- lower long term care cost per bed day
- lower rate of property crime
- lower time period for social assistance client eligibility responses
- higher percentage of residential solid waste diverted
- lower cost of solid waste collection per tonne
- higher utilization rate of registered sports and recreation programming
- higher % of capacity utilized for registered sports and recreation

## In third quartile – 8% (4 measures)

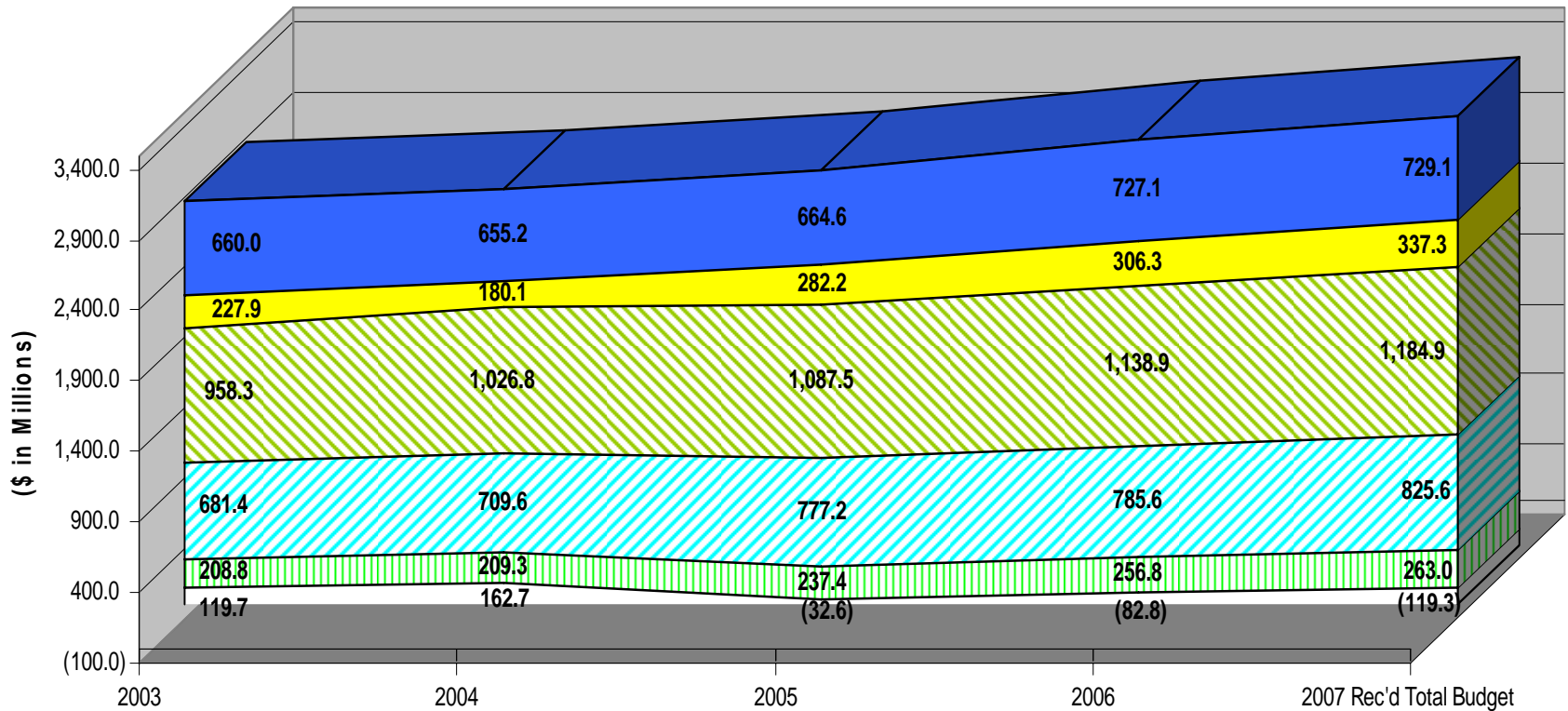
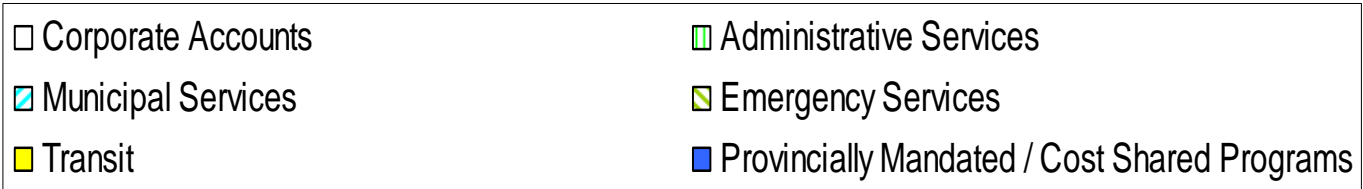
- higher total cost per social assistance case
- lower % of population using registered sports and recreation programming
- higher cost of wastewater treatment per megalitre
- higher rate of wastewater main back-ups per 100 km of pipe

# Evaluating Service Delivery - Program Review

Program Review	Completed	Under-way	Future Candidate
<b>Children's Services</b> - organizational restructuring	✓		
<b>Court Services</b> - administrative restructuring	✓		
<b>Human Resources</b> - new mandate and organizational restructuring	✓		
<b>Strategic Communications</b> - new mandate and organizational restructuring	✓		
<b>Social Development, Finance &amp; Administration</b> - Community Partnership and Investment Program Standards and Performance Measures Update	✓		
<b>Toronto Animal Services</b> - review of appropriate placement within administrative structure, service needs, etc.		✓	
<b>Economic Development, Culture and Tourism</b> - to provide clarity of mandate, priorities and structure and outline options for the future		✓	
<b>Parks, Forestry &amp; Recreation</b> - review full cost model for recreation programs		✓	
<b>Accounting Services</b> - review organizational structure and services		✓	
<b>Information &amp; Technology</b> - organization review and service rationalization	✓		
<b>Integrated Inspection, Enforcement and Prosecution</b> - <i>review the eight divisions</i>		✓	
<b>Fire Services and Emergency Medical Services</b> - review management and administrative structures		✓	
<b>Fleet Services</b>			✓
<b>Financial Planning Process (Citywide)</b>			✓
<b>Transportation Services</b> - review programs and activities			✓
<b>Shelter, Support &amp; Housing Administration</b>			✓

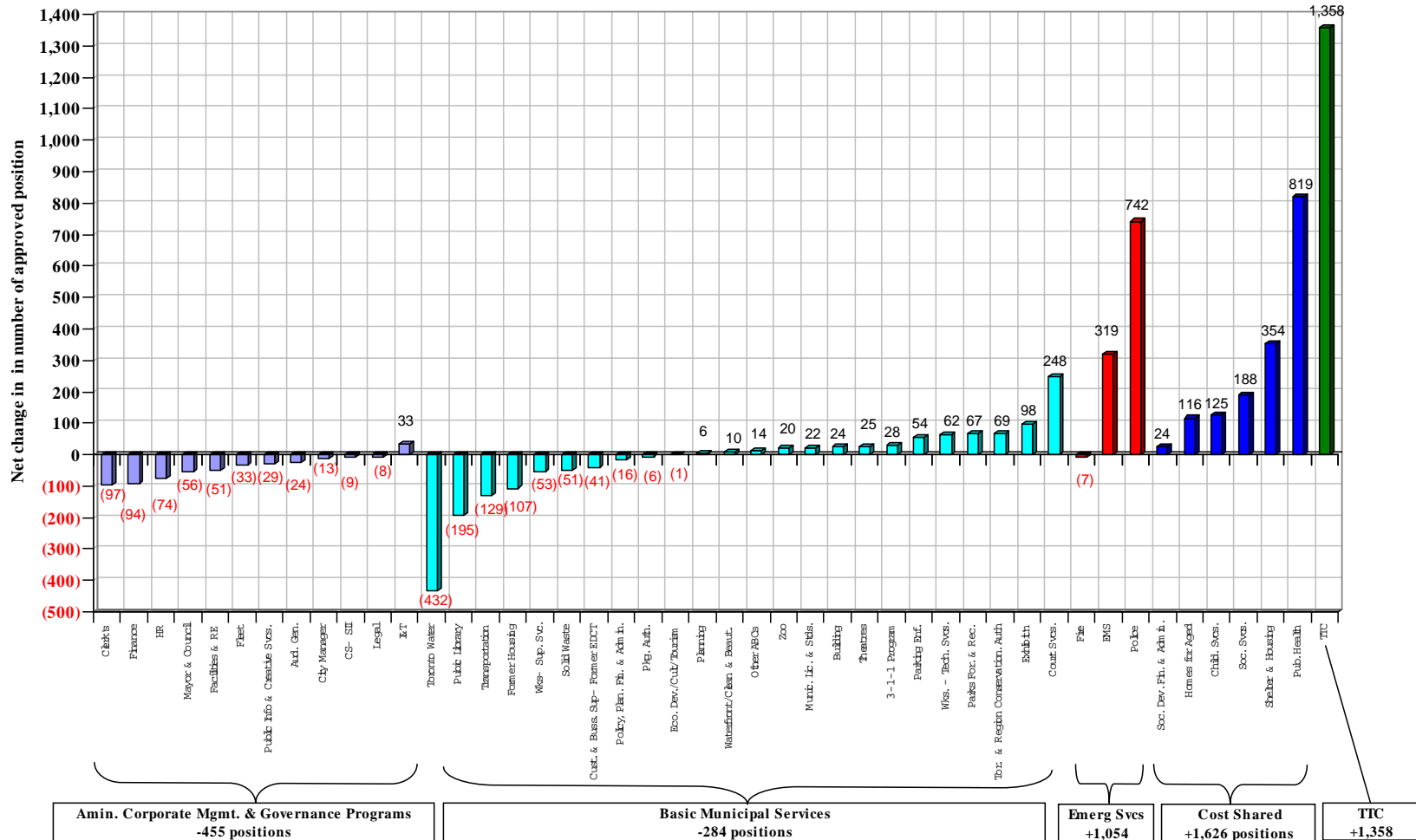
# 70% of Property Taxes Spent on Emergency Services, Transit and Mandated Services

2007 Recommended Operating Budget



# Staffing Growth Controlled

**City of Toronto**  
**Net Change in Number of Approved Positions by Program**  
**From Inception of New City - 1998 through 2006 (Net Increase of 3,299 Positions)**



# Summary

---

- We've done our due diligence:
  - Efficiencies achieved every year
  - Performance measured and benchmarked against other municipalities
  - Program reviews and continuous improvement in place
  - User fees increased - \$4.0 million or 1% increase
- Net change in approved positions over the past 9 years have decreased for municipal services, and increased for Cost-shared, Transit and Emergency Services
- To achieve fiscal balance the Province must fulfill its responsibilities
- Not acceptable to continue using property tax to pay for provincially mandated programs

# Fiscal Challenges

# Ongoing Fiscal Challenges

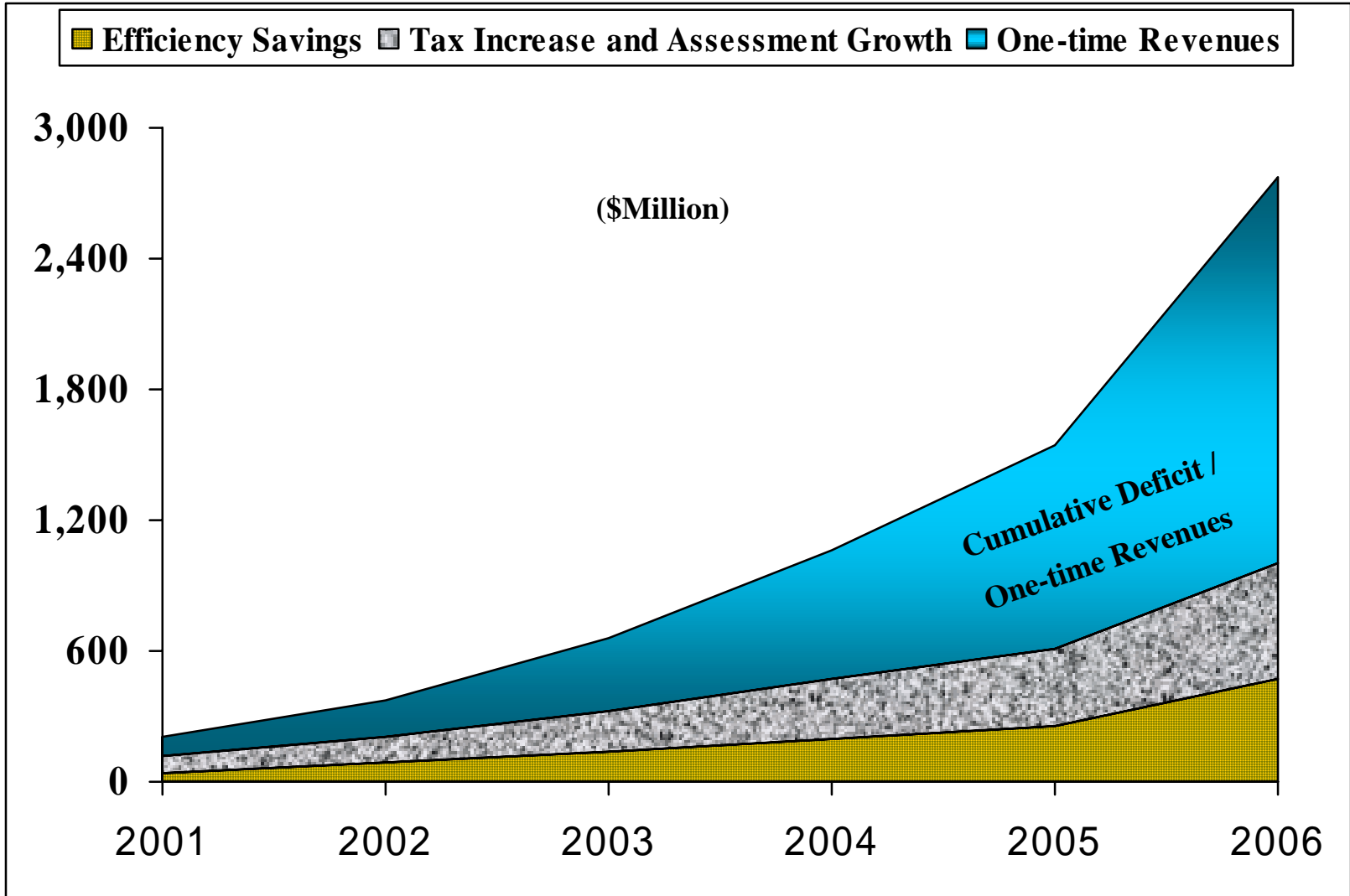
---

- Inflation and debt service charges increase by about \$250M annually
- Increasing capital spending adds pressure to operating budget
- Increasing demand for new services to meet population growth & service gaps
- Structural Deficit Problem Continues with:
  - Stagnant non-tax revenues
  - Assessment growth consistently less than the rate of inflation - approximately 1/2% increase in 2007
  - Unpredictable assistance from the Province and limited City reserves; and
  - Significant shortfall in Provincial funding of cost-shared programs
- Finally, COTA new taxation revenues will be very limited if available at all in 2007

# Structural Operating Deficit

## – How Pressures were Funded

2007 Recommended Operating Budget

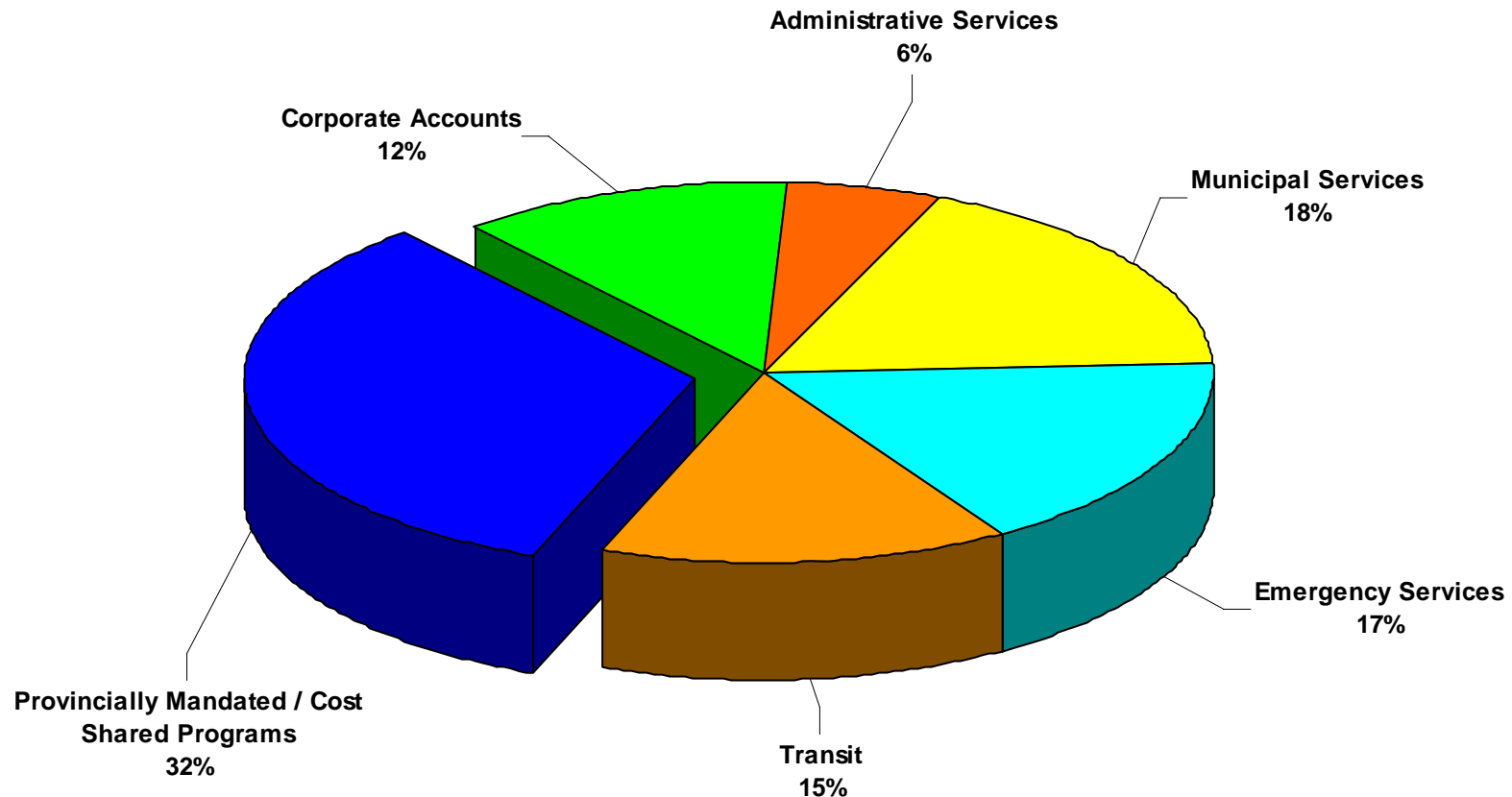


# 2001 – 2006 Provincial Assistance and City Internal Funding

	\$Millions					
	2001	2002	2003	2004	2005	2006
<b>Provincial Assistance:</b>						
Deferral of Provincial Loan Repayment			10	20	20	20
Provincial One Time Funding	50		64	70	45	145
<b>Total Provincial Assistance</b>	<b>50</b>	<b>0</b>	<b>74</b>	<b>90</b>	<b>65</b>	<b>165</b>
<b>Internal Funding Initiatives:</b>						
<b>Continuous Improvement / Efficiency</b>						
	40	45	50	60	60	124
<b>One Time Internal Funding:</b>						
Reserves	41	72	99	69	87	160
Hydro Revenues				92	195	113
<b>Total One Time Internal Funding</b>	<b>41</b>	<b>72</b>	<b>99</b>	<b>161</b>	<b>282</b>	<b>273</b>
<b>Property Taxes:</b>						
Tax Increase	48	44	32	59	62	56
Assessment Growth / Change	26	8	33	27	13	60
<b>Total Property Taxes</b>	<b>74</b>	<b>52</b>	<b>65</b>	<b>86</b>	<b>75</b>	<b>116</b>
<b>Total Internal Funding Initiatives:</b>	<b>155</b>	<b>169</b>	<b>214</b>	<b>307</b>	<b>417</b>	<b>513</b>
<b>Total Provincial and Internal</b>	<b>205</b>	<b>169</b>	<b>288</b>	<b>397</b>	<b>482</b>	<b>678</b>

# 2007 Operating Budget

# 32% of the 2007 Gross Operating Budget of \$7.8 Billion Allocated to Provincially Mandated Programs



# 2007 Operating Budget - Pressure Drivers

	<u>\$Million</u>
<b>2007 Operational Impacts</b>	
COLA & Merit	120
Inflation - materials and services	27
Debt Service Charges	70
Prior Year Impacts and Other Base Changes	58
	<u>275</u>
<b>City/Hydro One-time Funds</b>	
Unsustainable 2006 Reserve Draws	160
Toronto Hydro Revenues	113
	<u>273</u>
<b>Total Base Pressure</b>	<b>548</b>
New and Enhanced Services	14
Total Pressure	<u><u>562</u></u>

# CM & CFO Review Reduced Pressure to \$292 \$Millions

<b>Total Pressure</b>	<b>562</b>
<b>Administrative Adjustments:</b>	
Base Budget Efficiencies / Savings	(89)
Hydro Revenues	(106)
Reserve Draws - Cost Shared Programs	(76)
	<b>(271)</b>
<b>Adjusted Pressure</b>	<b>291</b>

# 2007 Gross Operating Budget Increased by \$191 Million

(\$000s)	2006 Approved Budget	2007 Rec'd Base Budget	Change from 2006 Over / (Under)		Rec'd New/Enh.	Rec'd Total Budget	Change from 2006 Over / (Under)	
			\$	%			\$	%
Citizen Centred Services "A"	2,856,823	2,831,634	(25,190)	-0.9%	17,701	2,849,335	(7,488)	(0.3%)
Citizen Centred Services "B"	1,018,355	1,037,770	19,416	1.9%	4,999	1,042,769	24,414	2.4%
Internal Services	286,293	295,082	8,790	3.1%	4,856	299,938	13,645	4.8%
City Manager	39,519	39,591	73	0.2%	0	39,591	73	0.2%
Other City Programs	98,724	97,485	(1,239)	-1.3%	721	98,206	(518)	(0.5%)
Council Appointed Programs	3,881	3,988	107	2.8%	241	4,229	348	9.0%
<b>Total City Operations</b>	<b>4,303,594</b>	<b>4,305,550</b>	<b>1,956</b>	<b>0.0%</b>	<b>28,518</b>	<b>4,334,068</b>	<b>30,474</b>	<b>0.7%</b>
Agencies, Boards and Commissions	2,432,363	2,518,306	85,943	3.5%	13,836	2,532,142	99,779	4.1%
Corporate Accounts	870,792	922,321	51,529	5.9%	8,829	931,150	60,358	6.9%
<b>Total Levy Operating Budget</b>	<b>7,606,748</b>	<b>7,746,177</b>	<b>139,428</b>	<b>1.8%</b>	<b>51,183</b>	<b>7,797,360</b>	<b>190,611</b>	<b>2.5%</b>

# 2007 Net Operating Budget Increased by \$89 Million

(\$000s)	2006 Approved Budget	2007 Rec'd Base Budget	2007 Rec'd New/Enh.	2007 Rec'd Total Budget	Change from 2006 Over (Under)	
					\$	%
Total City Operations	1,921,395	1,982,361	6,550	1,988,911	67,516	3.5%
Agencies, Boards and Commissions	1,293,281	1,348,890	2,119	1,351,008	57,728	4.5%
Corporate Accounts	(82,847)	(125,039)	5,779	(119,259)	(36,412)	(44.0%)
<b>2007 Net Operating Budget</b>	<b>3,131,828</b>	<b>3,206,212</b>	<b>14,448</b>	<b>3,220,660</b>	<b>88,832</b>	<b>2.8%</b>

# Citizen Centred Services 'A' - Net Budget Increase of \$27 Million After Significant Draws from Reserves

(\$000s)	2006 Approved Budget	2007 Rec'd Total Budget	Change from 2006 Approved Budget	
			\$	%
<b><u>Citizen Centred Services "A"</u></b>				
Affordable Housing Office	1,418	1,418	0	0.0%
Children's Services	68,291	69,025	734	1.1%
Court Services	(9,500)	(11,129)	(1,629)	(17.2%)
Economic Development, Culture & Tourism	24,297	24,597	300	1.2%
Emergency Medical Services	60,507	61,590	1,083	1.8%
Homes for the Aged	32,652	32,652	0	0.0%
Parks, Forestry & Recreation	216,205	226,601	10,396	4.8%
Shelter, Support & Housing Administration	276,574	276,574	0	0.0%
Social Development, Finance & Administration	15,925	15,925	(0)	(0.0%)
Social Services	277,877	294,285	16,408	5.9%
3-1-1 Customer Service Strategy	390	390	0	0.0%
<b>Total Citizen Centred Services "A"</b>	<b>964,635</b>	<b>991,926</b>	<b>27,291</b>	<b>2.8%</b>

# Citizen Centred Services 'B' - Increase of \$34 Million Primarily Attributed to Solid Waste Management and Fire Services

(\$000s)	2006 Approved Budget	2007 Rec'd Total Budget	Change from 2006 Approved Budget	
			\$	%
<b>Citizen Centred Services "B"</b>				
City Planning	13,195	13,419	224	1.7%
Clean and Beautiful City Secretariat	317	1,036	719	226.6%
Fire Services	324,256	336,085	11,828	3.6%
Municipal Licensing & Standards	9,329	11,016	1,687	18.1%
Policy, Planning, Finance and Administration	12,600	12,600	0	0.0%
Solid Waste Management Services	170,926	183,541	12,615	7.4%
Technical Services	2,435	3,106	671	27.6%
Toronto Building	(11,969)	(11,969)	(0)	(0.0%)
Transportation Services	178,023	184,092	6,069	3.4%
Waterfront Secretariat	827	1,080	253	30.6%
<b>Total Citizen Centred Services "B"</b>	<b>699,940</b>	<b>734,006</b>	<b>34,066</b>	<b>4.9%</b>

# Internal Services - Net Budget Increase of \$3 Million Primarily Attributed to I & T

(\$000s)	2006 Approved Budget	2007 Rec'd Total Budget	Change from 2006 Approved Budget	
			\$	%
<b><u>Internal Services</u></b>				
Office of the Chief Financial Officer	9,941	9,968	27	0.3%
Office of the Treasurer	31,537	31,959	422	1.3%
Pubic Information & Creative Services	4,622	4,622	(0)	(0.0%)
Facilities & Real Estate	52,961	53,944	983	1.9%
Fleet Services	0	0	0	n/a
Information & Technology	46,502	48,055	1,553	3.3%
<b>Total Internal Services</b>	<b>145,563</b>	<b>148,548</b>	<b>2,986</b>	<b>2.1%</b>

# Other City Programs – Net Increase of \$3 Million

(\$000s)	2006 Approved Budget	2007 Rec'd Total Budget	Change from 2006 Approved Budget	
			\$	%
<b>Other City Programs</b>				
City Manager's Office	36,972	37,137	165	0.4%
City Clerk's Office	30,596	31,400	804	2.6%
Legal Services	19,159	19,567	407	2.1%
Mayor's Office	1,886	2,447	561	29.7%
City Council	18,762	19,649	888	4.7%
Auditor General's Office	3,881	3,988	107	2.8%
Lobbyist Registrar	0	241	241	n/a
<b>Total Other City Programs</b>	<b>111,257</b>	<b>114,430</b>	<b>3,173</b>	<b>2.9%</b>

# ABCs Are Collectively \$58 Million Over-target

- Primarily Attributed to TTC and Toronto Police

(\$000s)	2006 Approved Budget	2007 Rec'd Total Budget	Change from 2006 Approved Budget	
			\$	%
<b><u>Agencies, Boards and Commissions</u></b>				
Toronto Public Health	63,828	50,397	(13,430)	(21.0%)
Toronto Public Library	144,478	149,712	5,234	3.6%
Association of Community Centres	5,851	6,232	381	6.5%
Exhibition Place	54	54	0	0.2%
Heritage Toronto	340	370	30	8.7%
Theatres	2,906	4,332	1,426	49.1%
Toronto Zoo	11,670	11,539	(131)	(1.1%)
Arena Boards of Management	127	182	55	43.6%
Yonge-Dundas Square	583	583	0	0.0%
Toronto & Region Conservation Authority	3,010	3,094	84	2.8%
Toronto Transit Commission - Conventional	246,307	271,781	25,475	10.3%
Toronto Transit Commission - Wheel-Trans	59,968	65,535	5,567	9.3%
Toronto Police Service	752,375	784,958	32,583	4.3%
Toronto Police Services Board	1,785	2,238	454	25.4%
<b>Total Agencies, Boards and Commissions</b>	<b>1,293,281</b>	<b>1,351,008</b>	<b>57,728</b>	<b>4.5%</b>

# Corporate Accounts – Significant Increase in Debt Service Charges

(\$000s)	2006 Approved Budget	2007 Rec'd Total Budget	Change from 2006 Approved Budget	
			\$	%
<b>Corporate Accounts</b>				
Community Partnership and Investment Program	40,175	41,702	1,527	3.8%
Capital & Corporate Financing	472,511	538,590	66,078	14.0%
Non-Program Expenditures	246,032	244,627	(1,404)	(0.6%)
Non-Program Revenues	(841,565)	(944,179)	(102,614)	(12.2%)
<b>Total Corporate Accounts</b>	<b>(82,847)</b>	<b>(119,259)</b>	<b>(36,412)</b>	<b>(44.0%)</b>

# Getting to a Balanced Budget (\$Millions)

	<b>\$Millions</b>
Starting Pressure	562
Less:	
Base Budget Efficiencies / Savings	(89)
Hydro Revenues	(106)
Reserve Draws - Cost Shared Programs	(76)
	291
<b>Financial Decisions:</b>	
Assessment Growth	(16)
One-time Funding - Additional Reserve Draws / 2006 Year End Surplus / City of Toronto Act (COTA) - New	(131)
	144
<b>Provincial Responsibilites:</b>	
Honour Legislated Social Service Programs	(71)
	73
<b>Additional City Policy Option:</b>	
Tax Increases - 3.8% residential; 1.267% non-residential	(73)
	0

# Honour Legislated Social Services Cost Sharing

	\$ Million									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Provincial Funding Shortfall Cap:</b>										
OW COA				0.6	5.1	12.2	16.9	18.6	23.2	29.3
Shelter Per Diem	2.4	6.5	12.0	7.9	14.1	16.9	22.2	24.8	28.6	29.1
Childcare										13.0
EMS		0.7		0.7	5.7	6.4	9.0	9.8	6.4	
Police		31.2	33.5	35.6	38.3	42.5	43.4	46.0	49.0	56.0
<b>Total Provincial Funding Shortfall</b>	<b>2.4</b>	<b>38.4</b>	<b>45.5</b>	<b>44.8</b>	<b>63.2</b>	<b>78.0</b>	<b>91.5</b>	<b>99.2</b>	<b>107.2</b>	<b>127.4</b>

# Getting to a Balanced Budget - Offset for Provincial Responsibilities

		<u>\$Millions</u>
Starting Pressure		562
Less:		
Base Budget Efficiencies / Savings	(89)	
Hydro Revenues	(106)	
Reserve Draws - Cost Shared Programs	(76)	(271)
		<u>291</u>
<b>Financial Decisions:</b>		
Assessment Growth		(16)
Additional Reserve Draws:		
* Capital Financing Reserve		(131)
- Offset of Provincial Legislated Social Services Shortfall:		
* Land Acquisition Reserve Fund	(33)	
* City Parking Reserve Fund	(5)	
* Social Services Stabilization Reserve Fund	(3)	
* Move Ontario Trust	(30)	(71)
		<u>73</u>
<b>Additional City Policy Option:</b>		
Tax Increases - 3.8% residential; 1.267% non-residential		(73)
		<u><u>0</u></u>

# 2001 – 2006 Provincial Assistance and City Internal Funding

	\$Millions						
	2001	2002	2003	2004	2005	2006	2007
<b>Provincial Assistance:</b>							
Deferral of Provincial Loan Repayment			10	20	20	20	20
Provincial One Time Funding	50		64	70	45	145	160
<b>Total Provincial Assistance</b>	<b>50</b>	<b>0</b>	<b>74</b>	<b>90</b>	<b>65</b>	<b>165</b>	<b>180</b>
<b>Internal Funding Initiatives:</b>							
<b>Continuous Improvement / Efficiency</b>							
	<b>40</b>	<b>45</b>	<b>50</b>	<b>60</b>	<b>60</b>	<b>124</b>	<b>85</b>
<b>One Time Internal Funding:</b>							
Reserves	41	72	99	69	87	160	278
Hydro Revenues				92	195	113	106
<b>Total One Time Internal Funding</b>	<b>41</b>	<b>72</b>	<b>99</b>	<b>161</b>	<b>282</b>	<b>273</b>	<b>384</b>
<b>Property Taxes:</b>							
Tax Increase	48	44	32	59	62	56	73
Assessment Growth / Change	26	8	33	27	13	60	16
<b>Total Property Taxes</b>	<b>74</b>	<b>52</b>	<b>65</b>	<b>86</b>	<b>75</b>	<b>116</b>	<b>89</b>
<b>Total Internal Funding Initiatives:</b>	<b>155</b>	<b>169</b>	<b>214</b>	<b>307</b>	<b>417</b>	<b>513</b>	<b>558</b>
<b>Total Provincial and Internal</b>	<b>205</b>	<b>169</b>	<b>288</b>	<b>397</b>	<b>482</b>	<b>678</b>	<b>738</b>

# Balanced 2007 Net Operating Budget

2007 Recommended Operating Budget

(\$000s)	2006 Approved Budget	2007 Rec'd Base Budget	Change from 2006 Over / (Under)		Rec'd New/Enh.	Rec'd Total Budget	Change from 2006 Over / (Under)	
			\$	%			\$	%
Citizen Centred Services "A"	964,635	988,817	24,181	2.5%	3,110	991,926	27,291	2.8%
Citizen Centred Services "B"	699,940	731,634	31,694	4.5%	2,372	734,006	34,066	4.9%
Internal Services	145,563	148,133	2,570	1.8%	416	148,548	2,986	2.1%
City Manager	36,972	37,137	165	0.4%	0	37,137	165	0.4%
Other City Programs	70,403	72,652	2,249	3.2%	411	73,063	2,660	3.8%
Council Appointed Programs	3,881	3,988	107	2.8%	241	4,229	348	9.0%
<b>Total City Operations</b>	<b>1,921,395</b>	<b>1,982,361</b>	<b>60,967</b>	<b>3.2%</b>	<b>6,550</b>	<b>1,988,911</b>	<b>67,516</b>	<b>3.5%</b>
Agencies, Boards and Commissions	1,293,281	1,348,890	55,609	4.3%	2,119	1,351,008	<b>57,728</b>	4.5%
Corporate Accounts	<b>(82,847)</b>	<b>(125,039)</b>	<b>(42,192)</b>	50.9%	5,779	<b>(119,259)</b>	<b>(36,412)</b>	44.0%
<b>Total Levy Operating Budget</b>	<b>3,131,828</b>	<b>3,206,212</b>	<b>74,384</b>	<b>2.4%</b>	<b>14,448</b>	<b>3,220,660</b>	<b>88,832</b>	<b>2.8%</b>

# Conclusion

# Conclusion

---

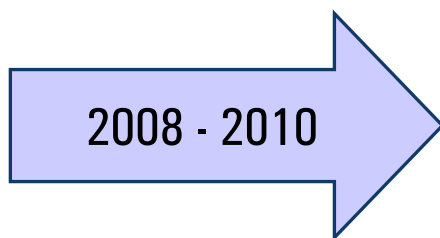
- 2007 Recommended Operating Budget:
  - Maintains Core Services and Service Levels
  - Includes minimal investment in new and enhanced services that are aligned to Council's priorities
- Property Tax increase generally in line with City of Toronto rate of inflation and modest investment to meet Council priorities (less than 1%)
- But delay in planned Provincial upload results in major operating funding shortfall
- As a result, depletion of City discretionary reserve funds in 2007
- Thus, the Province must permanently fix the fiscal imbalance

# Fixing the Structural Deficit



## Short Term One-Time Strategies:

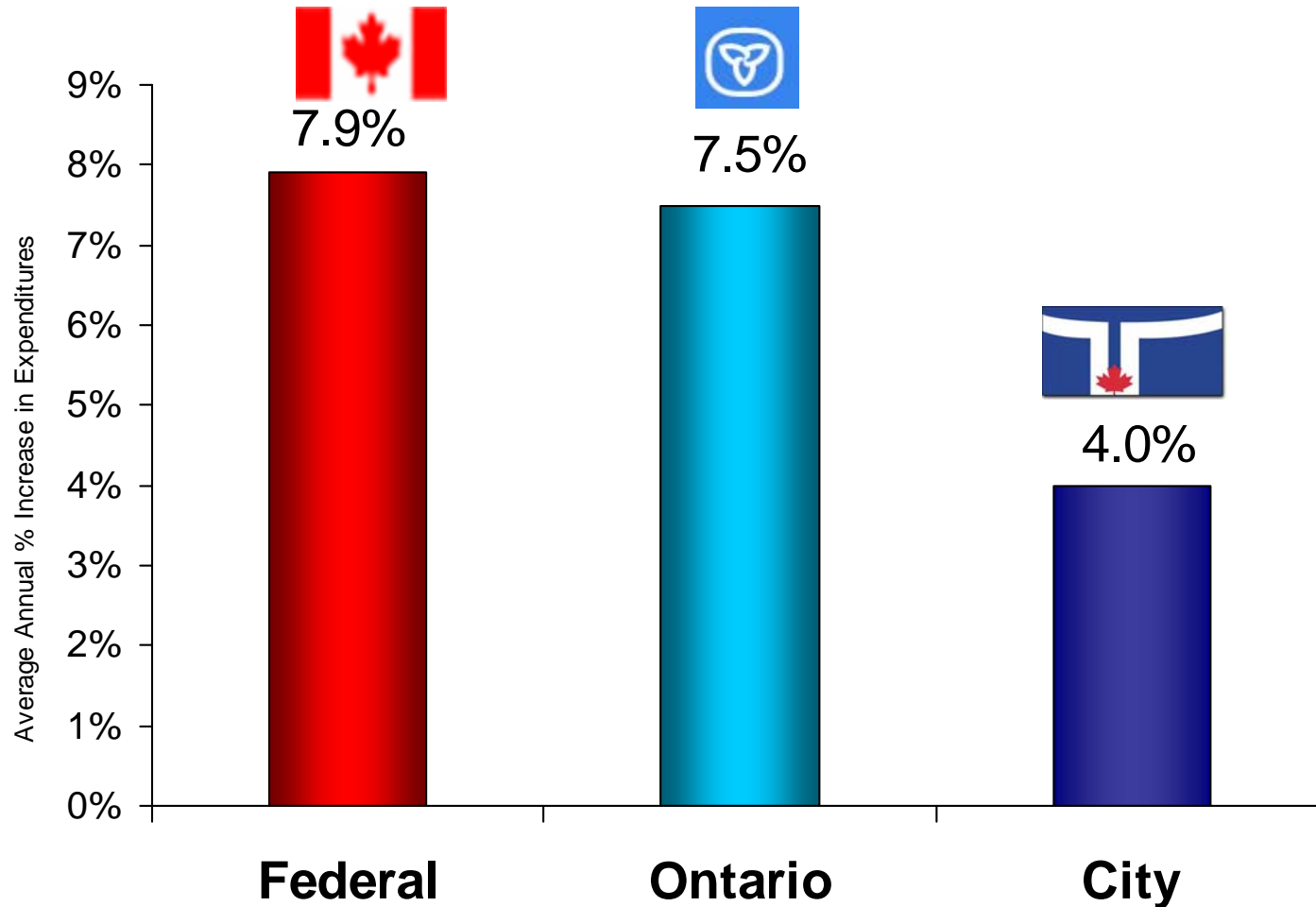
- Provincial Action:
  - ✓ Honour Legislated Social Service Cost Sharing
- City of Toronto:
  - ✓ Reserve Draws, Property Tax Increase



## Long-Term, Sustainable Strategies:

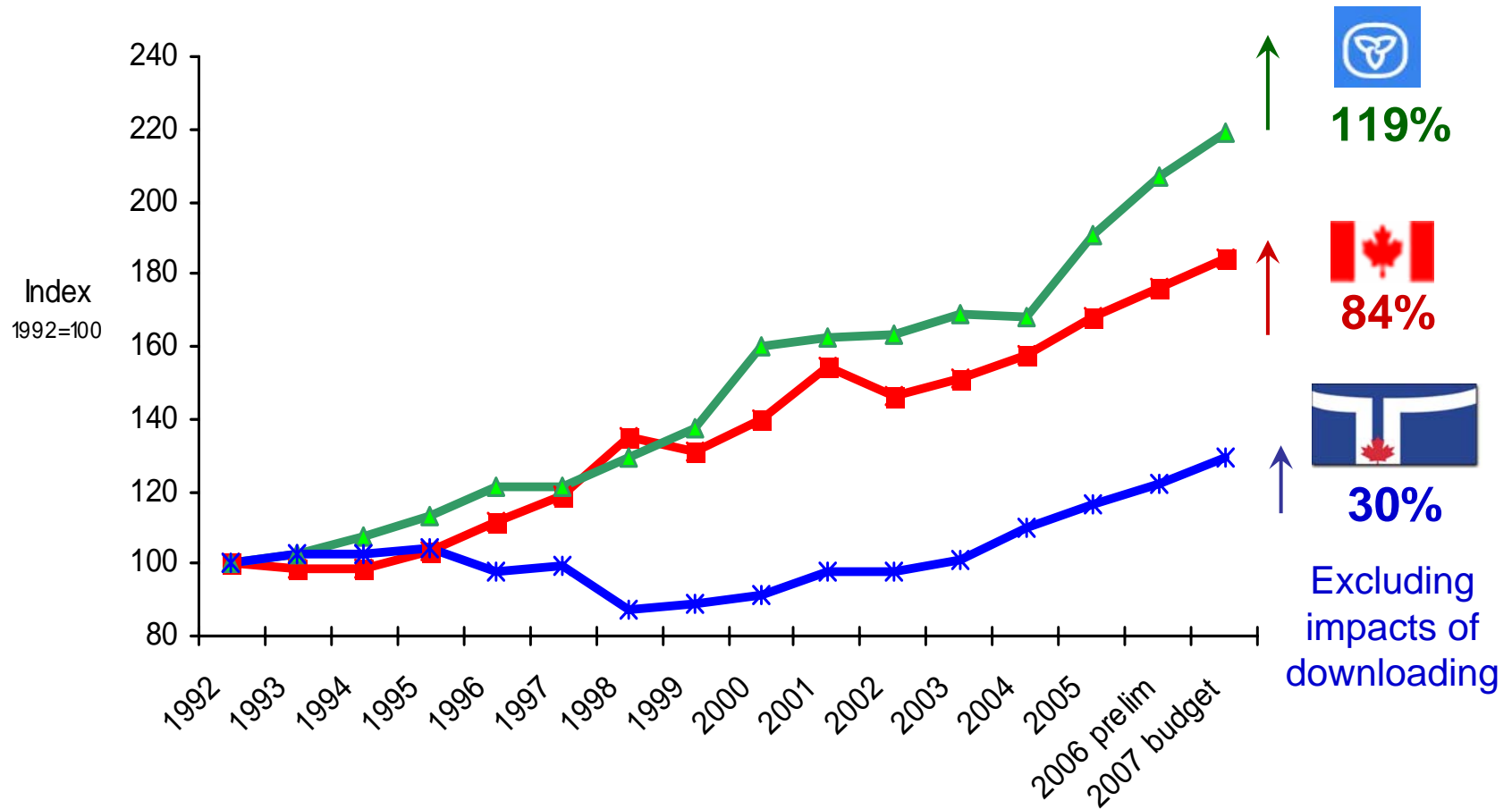
- Continuous Improvement and Cost Control
- Upload Social Services Programs
- National Transit Strategy
- Municipal City Building Revenue Tools
- Growth Revenues – Share of GST, Sales Taxes

# Change in Government Expenditures Federal / Province/ City 1998 to 2007



City: Operating only

# Change in Government Revenues Federal / Province / City



Source: City of Toronto, Government of Ontario, Government of Canada

