

# Analyst Briefing Notes

## Budget Committee - February 16, 2010

### PART I: 2010 OPERATING BUDGET

Executive Summary .....	2
Recommendations .....	6

### PART II: 2010 SERVICE OVERVIEW AND PLAN

Mission Statement .....	7
Program Map .....	7
2010 Recommended Service: Overview .....	7

### PART III: 2009 EXPERIENCE

2009 Accomplishments .....	12
2009 Budget Variance Analysis .....	14
Impact of 2009 Operating Variance on 2010 Recommended Budget .....	14

### PART IV: 2010 RECOMMENDED BASE BUDGET

2010 Recommended Base Budget .....	15
2010 Key Cost Drivers .....	16
2010 Service Changes .....	16

### PART V: RECOMMENDED SERVICE CHANGES

2010 Recommended Service Changes .....	18
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### PART VI: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS

2010 Service Priority Actions .....	20
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### PART VII: ISSUES FOR DISCUSSION

2010 Budget Issues .....	N/A
2011 and Future Year Issues .....	22

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<b>Appendix A:</b> 2010 Recommended Base Budget Changes vs. 2009 Approved Budget .....	23
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<b>Appendix B:</b> Summary of Service Changes .....	24
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<b>Appendix C:</b> Summary of 2010 Recommended New/Enhanced Service Priority Actions .....	25
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<b>Appendix D:</b> Program Summary by Expenditure Category .....	26
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<b>Appendix E:</b> Inflows / Outflows to / from Reserves and Reserve Funds .....	27
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<b>Confidential Attachment 1</b> .....	under separate cover
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February 16, 2010

**PART I: 2010 OPERATING BUDGET****Executive Summary**

- The City Manager is responsible for leading the municipal administration and providing guidance and advice to Council on the City's fiscal, organizational, intergovernmental and service challenges. The City Manager's Office is comprised of five service areas which include Executive Management, Strategic and Corporate Policy, Internal Audit, Strategic Communications and Human Resources. Human Resources is comprised of 4 sub-services which include Organization and Employee Effectiveness, Positive Workplace Culture, Recruit and Retain a High Performing Diverse Workforce and Safe and Healthy Workplaces.
- The City Manager's Office has established the following key service objectives in 2010 for:
  - Maintaining ongoing support for interdivisional and intergovernmental business activities, providing strategic and corporate policy advice
  - Ensuring engagement and participation of the public in the decision making processes of the City
  - Promoting societal equity, access and human rights
  - Assisting the Mayor and Council with the co-ordination and implementation of strategic and corporate policies and priorities
  - Creating a learning culture that ensures employees have the skills and knowledge to excel in their current jobs and support employee development
  - Ensuring a safe and healthy workplace and fostering a positive workplace culture
  - Recruiting and retain a high performing diverse workforce
  - Assisting programs in addressing issues identified in the Auditor's reviews
  - Establishing a report on Corporate performances
- 2009 accomplishments for the City Manager's Office include:
  - coordinating the Corporate Agenda Planning and Management Process
  - preparing Toronto's 2007 Performance Measurement and Benchmarking Report
  - developing the elements for Tower Renewal
  - coordinating the preparation of the corporate report on Access, Equity and Human Rights accomplishments

- developing the Policy Framework for Toronto's Accountability Officers (Auditor General, Ombudsperson, Integrity Commissioner and Lobbyist Registrar)
  - supporting the Mayor and Council in the implementation of a focused, priority-driven intergovernmental relations strategy
  - coordinating the annual status reports on the implementation of the corporate access, equity and human rights action plans
  - launching a public website for civic engagement; implementing the annual recognition programs targeted to Aboriginal issues (National Aboriginal Day, Louis Riel Day, and Wiphala Festival Day)
  - facilitating effective intergovernmental relations by leading and coordinating the City's access to Federal and Provincial infrastructure and other programs resulting in funding agreements for over \$11 billion.
- For 2009, City Manager's Office is projecting net expenditures of \$36.971 million which will be \$0.841 million or 2.2% below the 2009 Approved Budget of \$37.812 million. The projected year-end favourable variance is mainly due to savings in external training, unexpected funding contributions from Local Boards toward the Our Toronto publication, the Mayor's Tower Renewal Project and the recovery of labour costs associated with informal Human Resources service arrangements.
  - There are no operating impacts of the 2009 Operating Variance on the 2010 Recommended Budget.

**Table 1: 2010 Recommended Budget**

	2009		2010 Recommended Operating Budget			Change - 2010 Recommended Operating Budget v. 2009 Appvd. Budget		FY Incremental Outlook	
	2009 Appvd. Budget	2009 Projected Actual	2010 Rec. Base	2010 Rec. New/Enhanced	2010 Rec. Budget			2011	2012
	\$	\$	\$	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	40,950.7	40,684.5	40,614.0	1,140.0	41,754.0	803.3	2.0	771.6	519.2
<b>REVENUE</b>	3,304.0	3,713.9	3,535.0	1,140.0	4,675.0	1,371.0	41.5	0.0	0.0
<b>NET EXP.</b>	37,646.7	36,970.6	37,079.0	0.0	37,079.0	(567.7)	(1.5)	771.6	519.2
<b>Approved Positions</b>	406.0	408.0	398.0	17.0	415.0	9.0	2.2	0.0	(3.0)

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
<b>NET BUDGET</b>	<b>37,079.0</b>	<b>37,079.0</b>	<b>0.0</b>	<b>35,196.6</b>
<b>PROGRAM REDUCTION (\$)</b>	<b>(1,882.3)</b>	<b>(1,869.5)</b>	<b>12.8</b>	<b>(1,882.3)</b>
<b>PROGRAM REDUCTION (%)</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>0.0</b>	<b>(5.0)</b>

- The 2010 Recommended Operating Budget for City Manager's Office of \$41.754 million gross and \$37.079 million net is \$0.568 million or 1.5% below the 2009 Approved Operating Budget and achieves Program reductions of \$1.870 million or 5% of the 2009 Approved Budget, which meets the reduction target for the City Manager's Office in 2010.

- The 2010 Recommended Operating Budget for the City Manager's Office includes funding for 17 additional positions. Approval of the 2010 Recommended Budget will result in the Program's total staff complement increasing from 406 to 415 approved positions as a result of the increase of 3 positions for HR support for Technical Services, the elimination of 11 permanent filled positions as a result of 2010 recommended service changes and an increase of 17 temporary positions to implement the Financial Planning, Analysis and Reporting System (FPARS) project.
- The 2010 Recommended Operating Budget for the City Manager's Office will result in incremental costs to the Program of \$0.772 million in 2011 and \$0.519 million in 2012.
  - The 2011 Outlook net increase of \$0.772 million includes COLA, progression pay and step increases.
  - The 2012 Outlook anticipates incremental increases of \$0.399 million for progression pay and step increases and \$0.120 million for a permanent position to sustain complement management as a result of FPARS project completion.
  - The City Manager's Office will develop 2011 service change options during 2010. Further service reductions will be reviewed over the course of the year and presented in the 2011 Operating Budget process.
- The 2010 Recommended Base Budget provides funding for the following key cost drivers:
  - A cost of living adjustment (COLA) of 2% for union staff and 1% for non-union staff and step and progression pay increases resulting in an increase to salaries and benefits of \$0.628 million.
  - Fringe benefit rate increases resulting in an increase to salaries and benefits of \$0.261 million.
  - Annualized costs for positions approved in 2009 resulting in an increase to salaries and benefits of \$0.437 million.
  - Non-labour inflationary increases of \$0.083 million.
- The cost drivers noted above will be partially off-set by the following savings included in the 2010 Recommended Operating Budget:
  - An increase in revenues of \$0.062 million; and
  - Increase gapping to maintain the 2009 level of 4% reflecting a \$0.045 million net reduction to salary and benefit costs.
- The Program's 2010 Recommended Operating Budget includes service changes with savings of \$1.870 million for 2010 that will not result in any incremental savings in 2011. The service change actions include \$0.624 million in base change, \$0.104 million in minor service level changes and \$1.142 million in major service level changes.
- The 2010 Recommended Operating Budget for the City Manager's Office provides funding to support and initiate the following activities:

- Provide continued support to Council and the City's Programs, Agencies, Boards and Commissions in the areas of strategic advice, community response, employee and labour relations and workplace safety.
- Develop and support the Tower Renewal Project as outlined in the Council direction which includes designing a full work plan of renewal strategies, in consultation with the building owners and a wide array of other stakeholders, for the four pilot sites.
- Support the Mayor and Council in the implementation of a focused, priority-driven intergovernmental relations strategy.
- Publish the City Newsletter "Our Toronto", and delivering it to the residents of Toronto, three times a year.
- Implement the civic engagement strategy to provide strategic coordination and advice within the organization, develop participatory models of engagement and enhance outreach and inclusion activities.
- Support the Toronto Public Service Learning Strategy which includes developing a long-term strategic human resource plan for staff training and education City wide.
- Support the Toronto Service Public People Plan by focusing on the Human Resources Assessment Centre to improve the process of attracting and retaining a skilled and diverse workforce.
- Enhance the City's Human Rights Strategy and the Human Rights Office to ensure compliance with the amendments to the Ontario Human Rights Code.
- Enhance employment equity by expanding mentorship programs, diversity training and outreach initiatives.

**Recommendations**

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2010 Recommended Operating Budget for the City Manager’s Office of \$41.754 million gross and \$37.079 million net, comprised of the following services:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Executive Management	2,859.2	2,409.2
Strategic and Corporate Policy	4,315.9	4,315.9
Internal Audit	1,026.9	390.6
Strategic Communications	3,216.6	2,728.6
Human Resources	30,335.4	27,234.7
	<hr/>	<hr/>
Total Program Budget	<u>41,754.0</u>	<u>37,079.0</u>

2. the information contained in confidential attachment 1 remain confidential until the outcome of Council's decision has been communicated to the Unions and affected staff.

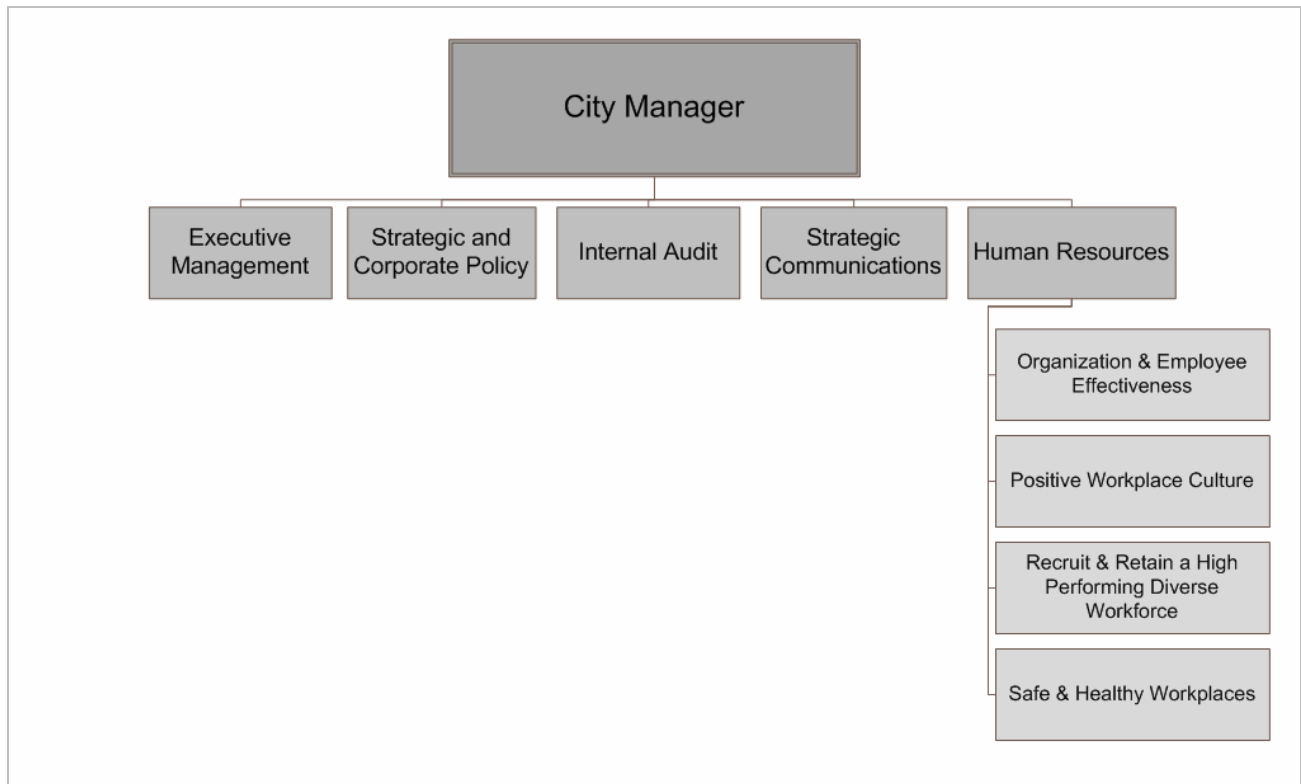
**PART II: 2010 SERVICE OVERVIEW AND PLAN**

**Mission Statement**

The City Manager leads the municipal administration and provides guidance and advice to Council on the City’s fiscal, organizational and service challenges. The City Manager is accountable to Council for the policy direction and program delivery of all divisions and programs.

Human Resources provides leadership and promotes excellence in human resources management, enabling the Toronto Public Service to achieve its service and business objectives

**Program Map**



**Executive Management**

The executive management division supports the day to day operation of the City Manager's office and the daily work of the City Manager. It focuses on customer service initiatives such as , municipal performance measurement, benchmarking and best practices initiatives, as well as specific corporate-wide projects, such as the implementation of the Tower Renewal project, coordination of the City’s influenza pandemic planning and the coordination and planning of Standing Committee and Council Agendas. The service activities include:

- Providing support to the City Manager

- Coordinating Performance Measurements
- Developing the Tower Renewal Initiative

### **Strategic & Corporate Policy**

The Strategic & Corporate Policy Division includes corporate intergovernmental and international activities, corporate policy development and analysis of key corporate initiatives, governance and corporate performance, and diversity management and community engagement.

The division provides independent and objective analysis and advice to the City Manager and Council on key corporate matters where the City Manager has a clearly defined interest which includes governance structures and processes; liaison with agencies, boards and commissions; impact review of senior government policy and legislative proposals; supporting the City Manager's and Council's intergovernmental relations including their participation in provincial, national and international municipal associations; and leading strategic planning exercises, coordinating corporate environmental issues, and monitoring the state of the City. The service activities include:

- Assessing the efficiency and effectiveness of City programs
- Building and promoting corporate accountability
- Assessing and implementing administrative systems and structures
- Enhancing the coordination of public engagement strategies and activities across the organization
- Implementing and coordinating policies and processes that ensure City programs and services are accessible and inclusive
- Facilitating civic involvement and participation among equity seeking groups
- Initiating and supporting capacity building among emerging communities
- Building organizational capacity for civic engagement and responsiveness to diverse communities
- Supporting the Mayor and Council in setting priorities, strategic planning and corporate initiatives
- Promoting and facilitating effective relations and partnerships with other governments
- Developing and implementing strategic and corporate policies across the organization

### **Internal Audit**

Internal Audit assists the City Manager and senior management in enhancing fiscal accountability, as well as improving the integrity, reliability and effectiveness of the City's administrative processes. Internal Audit's activities include providing advice and guidance to divisional staff on risk management, controls, and business practices. It performs audits of various programs and business

processes, conducts special investigations, responds to requests from the City Manager and division heads, and provides advice and guidance to divisions in the design and development of new programs, processes and systems. The service activities include:

- Assessing the adequacy and effectiveness of contract management practices across the City
- Assuring that effective controls exist in selected processes and programs across the City
- Providing assurance that effective controls exist in selected processes and programs across the City
- Providing support from a risk and control perspective on corporate/divisional initiatives

### **Strategic Communications**

The Strategic Communications Division provides communication services that ensures that the public, employees, media, national and international audiences have a clear understanding of the City of Toronto's policies, priorities and programs. The division develops corporate standards and policies and is responsible for providing strategic and corporate communications planning and project management and media relations support to Council, committees, task forces, senior City staff and departments. The service activities include:

- Provided significant communications planning, strategy and advice before, during and after the labour disruption to ensure that the public understood the City's position during bargaining, was aware of the changes to services delivery as a result of the union's decision to strike, and how the City's bargaining objectives were achieved. These goals were achieved through significant consultation with the City Manager and Executive Director of Human Resources and delivered through the writing and coordination of various materials, development of web pages unique to bargaining matters and the preparation of dozens of media related materials.
- Participating in business continuity planning and corporate communications strategies

### **Human Resources**

The Human Resources Division provides leadership and promotes excellence in human resources management to enable the City of Toronto to achieve its service and business objectives.

The division is responsible for recruitment, job evaluation and pay equity; management of HR data and systems; organization development and learning, resources for management and staff and change management; and building collaborative employee and labour relations. It develops, implements and monitors corporate policies and partners with corporate and divisional clients in occupational health and safety including workplace wellness, employee assistance, and return-to-work programs. The division consists of 4 sections: Organization & Employee Effectiveness, Positive Workplace Culture, Recruit & Retain a High Performing Diverse Workforce; and Safe & Healthy Workplaces.

#### ***Organization and Employee Effectiveness***

The section is responsible for building critical infrastructures, supporting divisional learning activities and ensuring that all supervisors understand and apply key legislation and policies and that

all employees feel valued, recognized and connected to the organization. The service activities include:

- Conducting Collective Bargaining Agreement Negotiations
- Conducting Grievance and Problem Resolutions
- Providing Expert Advice and Training
- Providing Strategic Planning with Unions, City Divisions, HR Community

### ***Ensuring a Positive Workplace Culture***

This section is responsible for reviewing and communicating a clear and consistent, city-wide labour relations processes and collective agreement provisions. They develop and provide training to divisional management representatives on new and existing collective agreement provisions. The service activities include:

- Recruiting & Selecting Employees
- Supporting Compensation Programs, negotiations and providing advice & support
- Supporting Employment Equity Programs
- Supporting Human Rights Programs

### ***Recruiting & Retaining a High Performing Diverse Workforce***

This section focuses on meeting current and future skill shortages, reviewing employment and compensation policies and creating a positive culture that values and increases diversity at all levels of the organization. The service activities include:

- Providing management training & support
- Conducting Health & Safety Assessments
- Performing Safety Audits

### ***Ensuring Safe & Healthy Workplaces***

This section is responsible for ensuring a strong health and safety culture where health and safety is incorporated to reduce injuries at work. They focus on implementing programs consistently throughout the organization and having effective policies. They ensure that the City is compliant with health and safety legislation. The service activities include:

- Providing training
- Employee Health & Rehabilitation
- Employee Assistance Program

## Service Objectives

The objectives for the City Manager's Office primarily reflect the Program's commitment to providing services which support the Mayor, Council and the residents of Toronto. The following outlines the key service objectives set by the City Manager's Office for 2010 and beyond:

- Continue to provide direction and strategy for the corporation, oversee interdivisional and intergovernmental business activities, provide corporate policy advice, strategic communications advice, deliver the City's Human Resources policies and programs and respond to Mayor and Council requests
- Ensure that Audit activities are aligned with divisional and corporate objectives and assist programs in addressing issues identified in Auditor General's reviews
- Providing the "Our Toronto" newsletter that will be delivered to all residents three times yearly and will be translated into the top 10 spoken languages in the City in addition to English and French.
- Transform the service delivery framework from hands-on HR staffing support to enabling and training hiring managers to independently conduct selection panels in 2010.
- Build the critical infrastructure to support a learning organization, with particular focus on delivering legislative mandated and other compliance related programs in an e-learning format (subject to the availability of staffing and financial resources).
- Create new strategies and practices to proactively engage the unions to improve the relationship with managers and to reduce the increasing number of existing, and new, complaints, grievances and arbitrations.
- Enhance the current quality assurance program to support the transformation of staffing service delivery and to ensure the ongoing transparency and accountability of City of Toronto recruitment and selection processes.
- Ensure that employees have the skills and knowledge to excel in their current jobs and support employee development.
- Reduce the number of overall safety incidents and Ministry of Labour orders through the implementation of Phase 2 of the Health & Safety Audit.
- Increase support for divisional learning activities and corporate learning programs.
- Establish report on Corporate performance

## 2009 Accomplishments

The City Manager's Office achieved the following in 2009 include as highlighted below:

- Coordinated the Corporate Agenda Planning and Management Process with the assistance of the DCM Offices, Strategic & Corporate Policy, Legal and Clerks.
- Prepared Toronto's 2007 Performance Measurement and Benchmarking Report, which provided 5-year trends in internal results in 23 service areas, relative to other Ontario municipalities.
- Developed the elements for Tower Renewal, as outlined in the Council direction and have proceeded with designing a full work plan of renewal strategies, in consultation with the building owners and a wide array of other stakeholders, for the four pilot sites.
- Co-ordinated the preparation of the corporate report on Access, Equity and Human Rights accomplishments.
- Developed a Policy Framework for Toronto's Accountability Officers (Auditor General, Ombudsperson, Integrity Commissioner and Lobbyist Registrar) adopted by City Council in April 2009 that sets out the governance, policy and administrative supports required to effectively carry out the functions and ensure their independence within the City's governance structure.
- Supported the Mayor and Council in the implementation of a focused, priority-driven intergovernmental relations strategy.
- Coordinated annual status reports on the implementation of the corporate access, equity and human rights action plans.
- Launched a public website for civic engagement that includes civic literacy resources on Council decision-making, City financing, elections, key roles in Toronto's governance system, City planning and the role of City, provincial and federal governments.
- Implemented annual recognition programs targeted to Aboriginal issues (National Aboriginal Day, Louis Riel Day, and Wiphala Festival Day).
- Facilitated effective intergovernmental relations by leading and coordinating, in cooperation with ABCDs and corporate divisional partners, the City's access to Federal and Provincial infrastructure and other programs resulting in funding agreements for over \$11 billion.
- Provided significant communications planning, strategy and advice before, during and after the labour disruption to ensure that the public understood the City's position during bargaining, was aware of the changes to services delivery as a result of the union's decision to strike, and how the City's bargaining objectives were achieved.
- Participated in the business continuity planning and corporate communications strategy to support the organization during the H1N1 Pandemic.
- Published two editions of the new city-wide newsletter Our Toronto.

- Implemented a communications strategy for 311 that provided a strong launch for the new service and on-going support for key brand elements and campaigns.
- Provided opportunities to ten more executive development members to gain exposure and experience in another division through projects, assignments, action learning and new career opportunities and Started second intake of the Executive Development Program These accomplishments are in keeping with a range of strategies to strengthen leadership capacity (e.g. cross-divisional opportunities, secondments) (2009-2011)
- Bargained new collective agreements with Locals 79 and 416 that improve the efficiency and effectiveness of the Toronto Public Service workforce to deliver high quality programs and services while maintaining client service levels to operating divisions throughout collective bargaining (as per The City of Toronto Collective Bargaining Plan: 2008-09).
- Prepared the City’s first annual TPS People Plan report for presentation to the Employee and Labour Relations Committee. The report highlights the significant work of Divisions and Human Resources in 2008 to address the long term people management challenges facing the City of Toronto. The report also updates progress on the Learning Strategy and development of a new Diversity and Positive Workplace Strategy.
- Supported Divisions’ Health & Safety Continuous Improvement (CI) Initiative–Target Zero, including: leadership workshops, health, safety and ergonomic support to CI teams, roll-out of the initiative to new divisional teams, and established reporting out to the Occupational Health and Safety Coordinating Committee.
- Assessed the adequacy and effectiveness of contract management practices and assured effective controls exist in selected processes and programs across the City.

**Table 2: 2009 Budget Variance Review (\$000s)**

(In \$000s)	2008 Actuals	2009 Approved Budget	2009 Projected Actuals*	2009 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	39,267.8	41,116.0	40,684.5	(431.5)	(1.0)
<b>REVENUES</b>	2,749.1	3,304.0	3,713.9	409.9	12.4
<b>NET EXP.</b>	36,518.7	37,812.0	36,970.6	(841.4)	(2.2)
<b>Approved Positions</b>	398.0	408.0	408.0	0.0	0.0

\*Projected Actuals Based on the September 30, 2009 Variance Report

**2009 Budget Variance Analysis**

The City Manager’s Office Third Quarter Variance report projects that the Program will be \$0.841 million or 2.2% below the 2009 Approved Operating Budget of \$37.812 million by year-end.

- Under-spending in external training costs resulted in savings of \$0.169 million and savings in postage of \$0.147 million. The favourable variance in revenue of \$0.409 million is primarily due to unexpected funding contributions from Local Boards and Provincial Grants towards the publication of the city wide newsletter “Our Toronto”, the Mayor’s Tower Renewal Projects and the recovery of labour costs associated with the informal HR service arrangements with other City Programs.

**Impact of 2009 Operating Variance on the 2010 Recommended Budget**

- The 2009 Operating Variance will not have any recurring impact on the 2010 Recommended Budget.

**PART IV: 2010 RECOMMENDED BASE BUDGET****Table 3: 2010 Recommended Base Budget (\$000s)**

	2009 Appvd. Budget	2010 Recommended Base	Change 2010 Recommended Base v. 2009 Appvd. Budget		FY Incremental Outlook	
			\$	%	2011	2012
(In \$000s)	\$	\$	\$	%	\$	\$
GROSS EXP.	40,950.7	40,614.0	(336.7)	(0.8)	771.6	519.2
REVENUE	3,304.0	3,535.0	231.0	7.0	0.0	0.0
NET EXP.	37,646.7	37,079.0	(567.7)	(1.5)	771.6	519.2
Approved Positions	406.0	398.0	(8.0)	(2.0)	0.0	(3.0)

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	37,079.0	37,079.0	0.0	35,196.7
PROGRAM REDUCTION (\$)	(1,882.3)	(1,869.5)	12.8	(1,882.3)
PROGRAM REDUCTION (%)	(5.0)	(5.0)	0.0	(5.0)

**Table 3a: Program Reduction Requirements (\$000s)**

(In \$000s)	2010 Required Reductions	2011 Required Reductions
2009 Approved Budget (September 30)	37,646.7	
<b>Pressures Reported with 2010 Outlook</b>	<b>1,314.6</b>	<b>348.3</b>
<b>5% Reduction Target</b>	<b>(1,882.3)</b>	<b>(1,882.3)</b>
Additional Pressures not in 2010 Reported Outlook	0.0	TBD
<b>Program Reduction Target</b>	<b>(1,882.3)</b>	<b>(1,882.3)</b>
<b>Net Budget Target</b>	<b>37,079.0</b>	<b>35,196.6</b>

**2010 Recommended Base Budget**

The 2010 Recommended Base Budget of \$40.614 million gross and \$37.079 million net represents a \$0.568 million or 1.5% decrease over the City Manager’s Office’ 2009 Approved Operating Budget of \$37.647 million. The 2010 Recommended Base Budget includes funding of \$1.302 million for base budget increases, which have been offset by decreases of \$1.870 million or 5% arising from recommended base service changes, and minor and major service level changes that meets the City Manager’s Office 2010 reduction target of \$1.882 million or 5% of the 2009 Approved Operating Budget.

Approval of the 2010 Recommended Base Budget will result in the Program’s total staff complement decreasing from 406 to 398 approved positions as a result of the increase of 3 temporary positions for direct human resources support for Technical Services and a reduction of 11 filled permanent positions as a result of service changes recommended for 2010.

**2010 Base Budget Key Cost Drivers**

The 2010 Recommended Base Budget provides funding for the following key cost drivers:

- Cost of living allowance (COLA) of 2% for union staff and 1% for exempt staff resulting in an increase of \$0.310 million.
- Progression pay and Step increases of \$0.319 million.
- Annualized costs for positions approved in 2009 of \$0.437 million.
- Fringe Benefit increases of \$0.261 million.

These cost drivers noted above will be partially offset by the following savings included in the 2010 Recommended Base Budget:

- Sustain the gapping rate at 4% resulting in an increase of \$0.045 million.
- An increase in inter-departmental recoveries of \$0.062 million.

**2010 Service Changes**

The City Manager's Office's 2010 Recommended Base Budget includes service change savings of \$1.870 million representing 5% of the 2009 Approved Budget that will not result in any incremental savings in 2011. The recommended 2010 service changes are comprised of \$0.624 million in 2010 base changes, \$0.104 million in minor service level changes and \$1.142 million in major service level changes.

The recommended service changes are summarized below:

*Minor Service Changes*

- Reducing the number of issues being published from 4 publications to 3 of "Our Toronto" resulting in a savings of \$0.104 million.

*Major Service Level Changes*

- Reduction of 1 City Manager's Office approved position for a labour savings of \$0.089 million.
- Reduction of 10 City Manager's Office approved positions for a labour savings of \$1.054 million.

Please refer to Section B for a discussion regarding the 2010 Recommended Base Budget Service Changes.

**2011 and 2012 Outlook: Net Incremental Impact**

Approval of the 2010 Recommended Base Budget for the City Manager's Office will result in a 2011 and 2012 incremental increase of \$0.722 million and \$0.519 million respectively to maintain the 2010 level of service and staff complement. Future year costs are primarily attributed to the following:

- The 2011 Outlook for City Manager's Office anticipates incremental net expenditure increases of \$0.772 million for COLA, progression pay and step increases.
  - The 2010 Recommended Operating will not result in any 2011 incremental service change savings to assist the Program in achieving their 2011 reduction of a further decrease of \$1.882 million or 5% of the 2009 Approved Budget. Further options will be reviewed over the course of the year and presented during the 2011 Operating Budget process.
- The 2012 Outlook anticipates incremental increases of \$0.399 million for progression pay and step increases and \$0.120 million for a permanent sustainment position to sustain for complement management as a result of FPARS project completion

## PART V: 2010 RECOMMENDED SERVICE CHANGES

**Table 4: 2010 Recommended Service Change Summary**  
(In \$000s)

Description	2010 Recommended Service Changes				Net Incremental Impact	
	Position Change	Gross Exp.	Net Exp.	% Change over 2009 Budget	2011	
	#	\$	\$	#	\$	# Pos
<b>Base Change Summary</b>	<b>0.0</b>	<b>(631.6)</b>	<b>(623.6)</b>	<b>-4.5%</b>	<b>0.0</b>	<b>0.0</b>
<b>Service Efficiencies:</b>						
<b>Revenue Changes:</b>						
<b>Minor Service Level Changes:</b>						
Reduction in number of editions of Our Toronto		(103.6)	(103.6)	-0.7%		
<b>Major Service Level Changes:</b>						
Reduction of 10 City Manager's Office Approved Positions	(10.0)	(1,053.6)	(1,053.6)	-7.6%		
Reduction of 1 City Manager's Office Approved Position	(1.0)	(88.7)	(88.7)	-0.6%		
<b>Sub-Total Service Changes</b>	<b>(11.0)</b>	<b>(1,245.9)</b>	<b>(1,245.9)</b>	<b>-8.9%</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Changes</b>	<b>(11.0)</b>	<b>(1,877.5)</b>	<b>(1,869.5)</b>	<b>-13.4%</b>	<b>0.0</b>	<b>0.0</b>

### 2010 Recommended Service Changes

The budgetary impact of implementing the following service changes are included in the 2010 Recommended Base Budget, with savings estimated at \$1.870 million in 2010 with no incremental impact in 2011. Approval of the recommended service changes will result in a reduction of 11 approved permanent positions reducing the City Manager's Office' complement to 398.

**Service Changes**

The following 6 recommended service changes included in City Manager's Office' 2010 Recommended Base Budget, resulting in 2010 savings of \$1.870 million net are discussed below.

***Base Budget Changes******Reduce Fringe Benefits to 23%***

The reduction of \$0.449 million is recommended to reduce the current fringe benefit rate of 24.5% to 23%. The current rate is based on actual expenditures over the last 3 years.

***Tower Renewal Office***

The reduction of \$0.059 million in salaries is recommended to reflect the actual 2009 salary expenditures within the Tower Renewal Office.

***Adjustments to Non-Payroll Budget***

A reduction of \$0.047 million is recommended to reduce material and supplies.

***Budget at Actual Payroll Levels***

A reduction in salaries of \$0.068 million is recommended to reflect actual 2009 salary and benefit expenditures.

***Minor Service Changes******Reduction in number of Editions of "Our Toronto".***

A reduction of \$0.104 million is recommended to reduce the number of "Our Toronto" publications from 4 publications to 3 per year.

***Major Service Changes******Reduction of 1 City Manager's Office Approved Position***

This Recommended Service adjustment proposes the reduction of 1 full-time permanent position resulting in a savings of \$0.089 million for 2010 with no incremental impact in 2011. Please refer to confidential attachment 1.

***Reduction of 10 City Manager's Office Approved Positions***

This Recommended Service adjustment proposes the reduction of 10 full-time permanent positions resulting in a savings of \$1.054 million for 2010 with no incremental impact in 2011. Please refer to confidential attachment 1.

**PART VI:  
RECOMMENDED NEW SERVICE PRIORITY ACTIONS**

**Table 5: 2010 New / Enhanced Service Priority Actions: Summary**

(In \$000s)

Description	2010 Recommended			Net Incremental Impact			
	Gross Exp.	Net Exp.	New Positions	2011		2012	
	\$	\$	#	\$	# Pos	\$	# Pos
<b>Enhanced Services:</b>							
(a) Enhanced Services - Council Approved							
(b) Enhanced Services - Program Initiated							
<b>Sub-Total Enhanced Services</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>New Services:</b>							
(a) New Services - Council Approved							
FPARS - Planning and Budgeting Implementation with Business Process Reconfiguration	1,140.0	0.0	17.0			120.0	(3.0)
(b) New Services - Program Initiated							
<b>Sub-Total New Services</b>	<b>1,140.0</b>	<b>0.0</b>	<b>17.0</b>	<b>0.0</b>	<b>0.0</b>	<b>120.0</b>	<b>(3.0)</b>
<b>Total Enhanced/New Services</b>	<b>1,140.0</b>	<b>0.0</b>	<b>17.0</b>	<b>0.0</b>	<b>0.0</b>	<b>120.0</b>	<b>(3.0)</b>

**2009 Recommended New / Enhanced Service Priority Actions**

**New Service Priority Actions**

*Council Approved*

***FPARS - Planning and Budgeting Implementation with Business Process Reconfiguration (17 temporary positions which consist of 11 HR Consultants, 5 Senior Hr Consultants and 1 HR Program Assistant positions, totaling \$1.140 million gross and \$0 million net).***

The Financial Planning, Analysis and Reporting System (FPARS) will build a more functional, service-based, performance-focused model for planning, budgeting, monitoring and evaluating City services, the investments in those services and the outcomes they produce. The project will rationalize resources by standardizing, consolidating and automating processes and systems.

Accounting, budgeting, payroll and human resource business process re-engineering and technology training must begin in 2010 in advance of implementing the new FPARS system that will be used for the 2012 operating budget process to present a multi-year, service based operating budget for the

new term of Council with full system functionality and clean data to be used in 2012 to build the 2013 Operating Budget.

To begin the implementation, the 2010 Recommended Operating Budget includes funding of \$1.140 million for 17 temporary dedicated resources starting in April 2010 to implement their recruiting, complement management and organizational development information and expertise into the new information system.

Incremental impacts of \$0.600 million gross, \$0 net are included in the 2011 Outlook. In 2012, there will be a reduction of 4 temporary positions resulting in a decrease of \$0.715 million gross and \$0 net and an increase of \$0.120 million gross and net for the addition of 1 new permanent position resulting in a total of (\$0.595) million gross and \$0.120 million net. The remaining 13 temporary positions will be eliminated at the beginning of 2013 upon project completion in 2012.

These positions are funded from the 2010 - 2019 Approved Capital Budget FPARS - SAP Business Process Change and Technology Transfer project.

**PART VII: ISSUES FOR DISCUSSION**

**2011 and Future Year Issues**

*2011 Reduction Target*

The City Manager's Office will be developing service reduction options during 2010 to meet the Programs 2010 reduction target of \$1.882 million or 5% of the 2009 Approved Operating Budget. Further service change options will be reviewed over the course of the year and will be presented for consideration during the 2011 Operating Budget process.

**Appendix A**

**2010 Recommended Base Budget Changes vs. 2009 Approved Budget**

(In \$000s)	Summary of 2010 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2011	2012
		\$	\$	\$	\$	\$
<b>2009 Council Approved Operating Budget</b>	<b>408.0</b>	<b>41,798.7</b>	<b>3,311.4</b>	<b>38,487.3</b>	<b>0.0</b>	<b>0.0</b>
In-year approvals and technical adjustments		(665.5)	(7.4)	(658.1)		
Consolidation of Grants	(2.0)	(165.3)		(165.3)		
Corporate Adjustment		(17.2)	0.0	(17.2)		
<b>2009 Approved Operating Budget</b>	<b>406.0</b>	<b>40,950.7</b>	<b>3,304.0</b>	<b>37,646.7</b>	<b>0.0</b>	<b>0.0</b>
Prior Year Impacts:						
Annualizations from Prior Year		436.9	0.0	436.9		
Reversals from Prior Year						
Operating Impacts of Capital						
Zero Base Items						
Economic Increases:						
Salary		844.1		844.1	771.6	519.2
Non Salary		83.0		83.0		
<b>Adjusted Base Budget</b>	<b>406.0</b>	<b>42,314.7</b>	<b>3,304.0</b>	<b>39,010.7</b>	<b>771.6</b>	<b>519.2</b>
Base Expenditure Changes		(631.6)		(631.6)		
Base Revenue Changes	3.0	176.8	231.0	(54.2)		
<b>2010 Base Budget Prior to Service Changes</b>	<b>409.0</b>	<b>41,859.9</b>	<b>3,535.0</b>	<b>38,324.9</b>	<b>771.6</b>	<b>519.2</b>
Recommended Service Changes:						
Service Efficiencies						
Revenue Changes						
Minor Service Level Changes		(103.6)		(103.6)		
Major Service Level Changes	(11.0)	(1,142.3)		(1,142.3)		
<b>Total Recommended Base Changes</b>	<b>(11.0)</b>	<b>(1,245.9)</b>	<b>0.0</b>	<b>(1,245.9)</b>	<b>0.0</b>	<b>0.0</b>
<b>2010 Recommended Base Budget</b>	<b>398.0</b>	<b>40,614.0</b>	<b>3,535.0</b>	<b>37,079.0</b>	<b>771.6</b>	<b>519.2</b>

**Appendix B**  
**Summary of Service Changes**

**Appendix C**

**Summary of 2010 Recommended  
New/Enhanced Service Priority Actions**

Appendix D

Program Summary by Expenditure Category

CLUSTER: Other City Programs PROGRAM: City Manger's Office							
	2009 Approved Budget	2009 Projected Actuals	2010 Recommended Budget	Change from 009 Approved Budget		2011 Outlook	2012 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	35,970.0	36,140.9	36,839.5	869.5	2.4%	38,211.1	38,135.3
Materials and Supplies	280.0	187.7	275.5	(4.5)	(1.6%)	275.5	275.5
Equipment	130.1	68.3	128.5	(1.6)	(1.2%)	128.5	128.5
Services & Rents	3,683.6	3,492.7	3,617.3	(66.3)	(1.8%)	3,617.3	3,617.3
Contributions to Capital	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Contributions to Reserve/Res Funds	74.1	74.7	74.7	0.0	0.0%	74.7	74.7
Other Expenditures	0.0	1.5	0.0	0.0	0.0%	0.0	0.0
Interdivisional Charges	812.9	723.7	818.3	5.4	0.7%	818.3	818.3
<b>TOTAL GROSS EXPENDITURES</b>	<b>40,950.6</b>	<b>40,689.5</b>	<b>41,753.8</b>	<b>802.5</b>	<b>2.0%</b>	<b>43,125.4</b>	<b>42,929.6</b>
Interdivisional Recoveries	3,250.8	3,591.6	3,491.7	240.9	7.4%	3,491.7	3,491.7
Provincial Subsidies	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Federal Subsidies	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Other Subsidies	0.0	0.0	0.0	0.0	n/a	0.0	0.0
User Fees & Donations	15.9	19.2	15.9	0.0	0.0%	15.9	15.9
Transfers from Capital Fund	0.0	0.0	1,140.0	0.0	n/a	1,740.0	1,025.0
Contribution from Reserve Funds	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Contribution from Reserve	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Sundry Revenues	37.3	103.0	27.3	(10.0)	(26.7%)	27.3	27.3
<b>TOTAL REVENUE</b>	<b>3,304.0</b>	<b>3,713.9</b>	<b>4,674.9</b>	<b>231.0</b>	<b>7.0%</b>	<b>5,274.9</b>	<b>4,559.9</b>
<b>TOTAL NET EXPENDITURES</b>	<b>37,646.7</b>	<b>36,975.6</b>	<b>37,078.9</b>	<b>571.6</b>	<b>1.5%</b>	<b>37,850.5</b>	<b>38,369.7</b>
<b>APPROVED POSITIONS</b>	<b>406.0</b>	<b>382.0</b>	<b>415.0</b>	<b>9.0</b>	<b>2.2%</b>	<b>415.0</b>	<b>412.0</b>

**Appendix E**

**Inflows / Outflows to / from Reserves & Reserve Funds**

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of December 2009	Proposed Withdrawals (-) / Contributions (+)		
			2010	2011	2012
		\$	\$	\$	\$
Insurance Reserve Fund	XR1010	37,580.9	74.3		
Vehicle and Equipment Reserve	XQ0003	11,035.7	0.4		
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>48,616.6</b>	<b>74.7</b>	<b>0.0</b>	<b>0.0</b>