

February 16, 2010

## Toronto's balanced budget protects City services - supports residents and business

The City of Toronto today introduced a balanced 2010 operating budget that protects City programs and the delivery of 24-hour-a-day, seven-day-a-week services that are the role of City government.

The City has balanced its budget by cutting costs, generating a significant surplus from spending restraint and cost controls, and drawing on reserves and increasing revenues. The City has taken these actions to ensure its services remain protected during a time when the world and our community recovers from the world-wide recession. The use of one-time funds along with revenues and cost-saving measures to balance the budget is necessary until the Toronto-Ontario Partnership Agreement for Permanent Sustainable Funding for TTC Operating Costs is reached later this year.

Highlights of the 2010 proposed Operating Budget include:

- \$1.4 billion for the operation of the TTC, which provided more than 471 million rides in 2009.
- \$285 million to maintain Toronto's more than 5,000 km of roads, bridges and expressways.
- \$956 million for Toronto's Police Service – more than 5,000 officers responded to more than 876,000 9-1-1 calls in 2008.
- \$427 million for Toronto Fire and Emergency Medical Services to maintain response times and provide life-saving help.
- \$373 million to provide child care spaces to Toronto's children. More than 940 child care centres and 21 home child care agencies provide 56,900 licensed child care spaces. 24,000 children are able to access a licensed space with the help of a child care fee subsidy.
- \$1.3 billion to support the City's employment and social services – more than 85,000 resident visits to 15 offices took place in 2009. In 2010 the average number of social assistance cases at any given time is expected to be about 105,000 which includes both families and individuals. This estimate reflects the increasing numbers of people that will need assistance as the economy recovers. In January, there were over 158,000 people in Toronto depending on Ontario Works.
- \$220 million for the City's Long-Term Care Homes and Services – 10 homes and more than 115,000 home-maker visits.
- \$359 million to deliver more than 62,000 recreation programs – more than eight million program visits in 2009.

Toronto's recommended operating budget also maintains important parts of Toronto's Your City Can Help program announced in last year's budget, which assisted residents in keeping their housing and finding work. The proposed 2010 budget will extend the property tax assistance programs announced last year to increase the number of seniors and disabled persons eligible under the program. Details are included as part of the property tax bill. As part of the Your City Can Help Program, the City recently opened a new Employment Centre at Metro Hall and partnered with the Y to open a new Y Café and the expansion of the YMCA Hospitality Training Program. The new Employment Centre is one of 15 through which the City offers residents a full range of employment services delivered by trained career and employment information specialists.

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Toronto's environmental leadership is recognized around the world and the 2010 operating budget will maintain the investment the City has made over the past several years to support residents and businesses in their efforts to protect the environment.

While the proposed budget presented today is balanced, it combines one-time solutions with new revenues and cost controls to address what are systemic operating budget shortfalls that could be, in large part, permanently addressed if the Province returned to shared funding for TTC operations.

In the absence of the Toronto-Ontario Partnership Agreement on Transit Funding, the City has allocated \$219 million from the prior year surplus to balance the budget and provide funding for the operations of the TTC.

"Toronto has the lowest residential property taxes in the GTA along with some of the greatest municipal services available in the entire region," said Mayor David Miller. "However, serious budget issues remain that could never be addressed by increasing property taxes or user fees beyond what residents and business could reasonably afford. It's time for the Province to resume the funding partnership for the TTC that worked for decades and help Toronto permanently resolve the annual budget shortfall caused by this lack of funding."

"The City continues to reduce costs, absorb inflationary increases and find efficiencies in how it delivers services," said Chair of the Budget Committee, Councillor Shelley Carroll. "The City has achieved several significant elements of its plan to resolve the annual operating budget shortfall. As this year's budget process begins, we will examine how best to deliver the services our residents and businesses most want and still remain affordable and competitive. Toronto's support to the business community has been particularly strong over the past several years and Council's programs demonstrate the importance we have placed in ensuring the vitality of our business community."

"City services continue to support our residents and businesses during the world-wide economic crisis and have helped blunt the impact of the recession," said Toronto City Manager Joe Pennachetti. "The Toronto Helps program has been especially helpful to our residents in keeping their housing and finding work during this difficult period. The Toronto Public Service is frequently recognized for the quality of service provided. The services delivered by our staff compare very favourably – both in cost and effectiveness to other municipalities."

"The City has taken several important cost reduction actions to present a balanced 2010 recommended operating budget," said Deputy City Manager and Chief Financial Officer Cam Weldon. "The targets that were established and the reviews that took place as part of budget preparation have provided the City with the ability to recommend a balanced 2010 budget. Further reductions would mean significant impacts to services; therefore, new revenues have also been recommended. While significant progress has been made and the 2011 shortfall is expected to be lower than in 2010, the City will need to examine new revenue options and further address the structural funding issue to balance the budget in 2011."

While Toronto's budget includes a residential property tax increase of 4% to maintain local services (about \$93 dollars on a home assessed at the City average of \$407,374 for 2010), it remains a fact that in 2009 residential property taxes in Toronto remained the lowest in the entire GTA. In 2009, home and condo owners in Toronto paid less in property taxes to the City for a property of comparable value than any municipality in the 905.

Toronto's government continues to support local business through many innovative programs and has saved local businesses \$190 million in property taxes since 2006 by continuing to reduce the total amount of City revenues that come from business property taxes. If the recommended budget is adopted, these savings increase to \$257 million by the end of 2010. Through this program, the increase in business property taxes in 2010 will be held to 1.33%.

Reducing business property taxes is an important part of other City programs that support business such as the:

- Tax Increment Equivalent Grants to encourage new development in key sectors
- Creativity and Collaboration (CCC) Investment Program
- Better Building Partnership
- Gold Star Service Program
- Energy Reduction Loan Program
- Heritage Incentives Capital Grant and Tax Rebate Programs

Toronto City Council also adopted budget related measures in 2009 to support the construction industry in the city. The freeze on development charges announced in 2009 will also extend to 2010.

User fees, while only making up about 15% of the City's total budget, remain an important source of revenue for the City to offset the cost of providing programming and other services. In many cases (e.g. recreation fees) user fees only cover a portion of the cost of providing programming. The proposed budget includes user fee increases. For example, the fee for a 12-week adult aquatic pass is going up \$6.30 – about 53 cents a week (from \$186.67 to \$192.97). In addition, to avoid service cuts that would severely disrupt or cancel programming, the budget also recommends introducing some new fees for services that currently have no cost-recovery such as recreation account administration, some gym rentals, family pass swim programs and nominal participant fees for some sports. The City has programs in place to help those who can't afford recreation user fees. New user fees are also required to offset the cost of false alarm calls to Fire Services. A full list of all increases and any proposed new user fees is available at <http://www.toronto.ca/budget2010>.

Achieving a balanced budget and maintaining most service levels in 2010 has also required the City to take cost-cutting measures to ensure the funding is in place to pay for the costs of services. In 2009, the City's administration took action to ensure that reductions to expenditures were made to produce a one-time surplus that could be used to offset 2010 expenditures. The actions taken included a hiring slow-down, a service review process and implementation of efficiencies which resulted in a year-end surplus and reductions to the 2010 budget that have made a balanced budget possible.

The City target was to reduce budgets by 10% over two years. Where possible, reductions have been recommended or implemented for 2010 and others will need to be considered as part of the 2011 budget process.

Some of the service level/budget changes proposed for 2010 will include:

- reducing some administrative, human resources, policy, project and support staff in various areas.
- eliminating in-person front counter service at front desks of City Hall and Civic Centres (kiosk and link to 3-1-1 will be provided).
- reassigning work to staff that may result in delays in service times within some areas.
- reducing overtime for Fire Services communications and marketing, fundraising and fire prevention units.
- reducing staff in by-law enforcement through implementation of increased productivity measures.
- Information Technology efficiency savings in hardware and software management.
- reducing the Toronto Police Service requested budget by \$5.9 million. The recommended 2010 operating budget for Toronto Police is \$956 million.
- eliminating Saturday service at Toronto Courts (no other municipality provides this service) and reducing hours during the week – offices will now close at 4:30 p.m. instead of 5 p.m.
- deferring facilities maintenance within Parks.
- reducing advertising and promotion costs of the LiveGreen program.
- maintaining the current 8cm threshold for snow removal during certain months – keeping Toronto's standard in line with that of Ottawa and Montreal will save approximately \$2 million.
- reducing Council staff salary budget by \$338,000, through deferral of hiring when positions become vacant.
- eliminating door-to-door pet licensing program as pet owners register and renew online.
- reducing enforcement of the temporary sign by-law.
- reducing Sunday hours at 27 of the libraries 99 branches for five Sundays in the fall.

In addition to the budget savings from the above noted actions, the City will use the \$250 million surplus that was generated in 2009 through containing costs and savings from the labour disruption (\$31 million) and also draw on reserves (\$63 million) to pay the costs of provincially required programs in 2010. These measures are necessary each year as the City works on behalf of property tax payers to reduce the impact of paying the costs of provincial social services programs from the property tax and seeks a return to shared funding for the operation of the TTC.

The proposed operating budget for 2010 totals \$9.2 billion. This figure includes the total cost of providing services and therefore, is based on all of the revenues the City receives through property taxes, user fees, provincial grants, land transfer and vehicle registration taxes and other revenues. Only 39% of the total proposed budget (\$3.5 billion) comes from property taxes. 70% of property taxes collected go toward paying the costs of the three emergency services, transit and mandated health and social services programs.

Approximately 11% of the revenue the City receives from property taxes goes to paying the principal and interest costs of the City's capital program. About 38% of property taxes pay the costs of other municipal services such as parks, forestry and recreation, libraries, road maintenance, economic development, planning and by-law enforcement.

Toronto, like all municipalities in Ontario, must fund the full costs of providing services in the year that they are provided. Municipalities, unlike the provincial or federal government, cannot run a deficit to pay the cost of day-to-day operations.

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Today is the start of the formal operating budget review process. The public is invited to make submissions on the City's proposed operating budget by making a presentation to the Budget Committee on either March 1 or 2, submitting a written presentation to the Budget Committee or sending a letter or e-mail to their local City Councillor. Details can be found at <http://www.toronto.ca/budget2010> or by calling 311. Toronto City Council will consider the final 2010 operating budget at its meeting scheduled for April 15 and 16.

The City has both an operating and capital budget.

The day-to-day operation of City services is paid for from the City's operating budget - the money dedicated to salaries and operating expenses such as rent, fuel, electricity and equipment. The delivery of City services such as police, fire, emergency medical services, TTC, employment services, the new 311 contact centre, libraries, parks and recreation, child care, by-law enforcement and many others are paid for through the City's operating budget.

Toronto's government is also rolling out its 10-year \$25.8 billion capital plan (including capital projects within Toronto Water and Solid Waste Management) that was approved last December. The plan approved by Council speeds up job creation and the maintenance of City infrastructure by moving more capital spending into the first five years of the plan. Over the 10-year period, the plan will create or maintain approximately 300,000 jobs.

For more information about the programs and services provided in the City's 2010 proposed operating budget please visit the City's budget web pages <http://www.toronto.ca/budget2010>.

Toronto is Canada's largest city and sixth largest government, and home to a diverse population of about 2.6 million people. It is the economic engine of Canada and one of the greenest and most creative cities in North America. Toronto has won numerous awards for quality, innovation and efficiency in delivering public services. Toronto's government is dedicated to prosperity, opportunity and liveability for all its residents. For information about non-emergency City services and programs, Toronto residents, businesses and visitors can dial 311, 24 hours a day, 7 days a week.

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