



City Budget 2012

Office of the Mayor Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pays the day-to-day operating costs for City services.

2012 Operating Budget

2012 OPERATING BUDGET ANALYST BRIEFING NOTES BUDGET COMMITTEE NOVEMBER 28, 2011

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PART I: RECOMMENDATIONS

2012 Recommended Operating Budget (In \$000s)

| (In \$000s) | 2011 | | 2012 Recommended Operating Budget | | | Change - 2012 Recommended Operating Budget v. 2011 Appvd. Budget | | FY Incremental Outlook | |
|---------------------------|--------------------|-----------------------|-----------------------------------|------------------------|------------------|--|-------|------------------------|------|
| | 2011 Appvd. Budget | 2011 Projected Actual | 2012 Rec. Base | 2012 Rec. New/Enhanced | 2012 Rec. Budget | \$ | % | 2013 | 2014 |
| | \$ | \$ | \$ | \$ | \$ | | | \$ | \$ |
| GROSS EXP. | 2,011.1 | 1,696.1 | 1,908.3 | 0.0 | 1,908.3 | (102.8) | (5.1) | 67.1 | 54.3 |
| REVENUE | | | | | | | | | |
| NET EXP. | 2,011.1 | 1,696.1 | 1,908.3 | 0.0 | 1,908.3 | (102.8) | (5.1) | 67.1 | 54.3 |
| Approved Positions | 17.0 | 17.0 | 18.0 | 0.0 | 18.0 | 1.0 | 5.9 | 18.0 | 18.0 |

| Target Comparison | 10% Reduction Target | 2012 Rec.'d Reduction | 2012 10% Reduction vs. 2012 Rec'd Reduction | Target % |
|-------------------|----------------------|-----------------------|---|----------|
| 2012 Reductions | (199.6) | (159.6) | (40.0) | 8.0% |

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2012 Recommended Operating Budget for the Mayor's Office of \$1.908 million gross and net, comprised of the following services:

| <u>Service(s)</u> | <u>Gross</u> (\$000s) | <u>Net</u> (\$000s) |
|----------------------|--------------------------|------------------------|
| Mayor's Office | 1,908.3 | 1,908.3 |
| | | |
| Total Program Budget | 1,908.3 | 1,908.3 |

PART II: 2012 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles



The role of the Mayor as Head of Council is:

- To act as Chief Executive Officer of the City;
- To preside over meetings of Council so that its business can be carried out efficiently and effectively;
- To provide leadership to Council;
- To represent the City at official functions;
- To carry out the duties of the Head of Council under the City of Toronto Act, 2006.

The role of the Mayor as Chief Executive Officer of the City is:

- To uphold and promote the purposes of the City;
- To promote public involvement in the City's activities;
- To act as the representative of the City both within and outside the City, and promote the City locally, nationally and internationally;
- To participate in and foster activities that enhance the economic, social and environmental well-being of the City and its residents.

The 2012 Recommended Operating Budget for the Office of the Mayor supports the Mayor as the Head of Council and the Chief Executive Officer of the City of Toronto. The Mayor's role includes providing information and making recommendations to Council with respect to Council's role. The Mayor has a duty to ensure that City Council remains accountable and accessible to the public. In addition, the Mayor's Office has a duty to conduct the business of the City in an efficient manner.

The Mayor's key strategic priorities include:

- Achieving *Customer Service Excellence*
- Creating a *Transparent and Accountable Government*
- *Reducing the Size and Cost of Government*
- Building a *Transportation City*.

The Mayor's Office will lead the City's work to achieve the Mayor's four priorities.

Mission Statement

The Office of the Mayor provides integral support to the Mayor and Executive Committee for the achievement of the Mayor's strategic priorities.

Service Objectives

The Office of the Mayor fulfills its mission through three main service areas:

- Operations and Customer Service – The Mayor's Office receives constituent and stakeholder inquiries and facilitates the timely resolution of issues. The Mayor's Office also manages strategic events and communication in support of the Mayor's four priorities.
- Policy and Council Liaison – The Mayor's Office provides policy development leadership on key files related to the Mayor's four priorities, supports the Executive Committee and provides support and assistance as required to City Councillors.
- Stakeholder Relations – The Mayor's Office builds and manages strong relationships with key stakeholders in the city, province, nationally and internationally.

PART III: RECOMMENDED BASE BUDGET

**2012 Recommended Base Budget
(In \$000s)**

| (In \$000s) | 2011 Appvd. Budget | 2012 Recommended Base | Change 2012 Recommended Base v. 2011 Appvd. Budget | | FY Incremental Outlook | |
|---------------------------|--------------------|-----------------------|--|-------|------------------------|------|
| | | | 2013 | 2014 | | |
| | \$ | \$ | \$ | % | \$ | \$ |
| GROSS EXP. | 2,011.1 | 1,908.3 | (102.8) | (5.1) | 67.1 | 54.3 |
| REVENUE | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NET EXP. | 2,011.1 | 1,908.3 | (102.8) | (5.1) | 67.1 | 54.3 |
| Approved Positions | 17.0 | 18.0 | 1.0 | 5.9 | 18.0 | 18.0 |

| Target Comparison | 10% Reduction Target | 2012 Rec.'d Reduction | 2012 Rec'd Reduction vs. 2012 10% Reduction Target | Target % |
|------------------------|----------------------|-----------------------|--|-------------|
| 2012 Reductions | (199.6) | (159.6) | (40.0) | 8.0% |

2012 Recommended Base Budget

- The 2012 Recommended Base Budget of \$1.908 million gross and net is \$0.103 million or 5.1% lower than the 2011 Approved Operating Budget of \$2.011 million.
- The 2012 Recommended Base Budget of \$1.908 million gross and net includes recommended reductions of \$0.160 million and achieves a reduction target of 8%.
- Savings in base budget expenditures total \$0.160 million, and will be realized from base salary and non-salary expenditure reductions.
- Approval of the 2012 Recommended Base Budget will result in the Mayor's Office's staffing complement increasing from 17 to 18 positions to reflect the required mix of staff in 2012, as highlighted below:

2012 Recommended Staff Complement – Base Budget Summary

| Changes | Staff Complement |
|--|-------------------------|
| 2011 Approved Positions | 17.0 |
| 2011 Approved Staff Complement | 17.0 |
| 2012 Recommended Staff Complement Changes | |
| - 2012 Base Budget Change | 1.0 |
| Total Recommended Positions | 18.0 |

- The additional position has been accommodated within the existing salary budget. This has been achieved by changing the mix of positions required to better support the Mayor in carrying out his duties as the Head of Council.

2012 Recommended Service Change Summary

(In \$000s)

| Description | 2012 Recommended Service Changes | | | | Net Incremental Impact | | | |
|---|----------------------------------|----------------|----------------|-----------------------------------|------------------------|------------|------------|------------|
| | Position Changes | Gross Expense | Net Expense | % of 2012 Budget Reduction Target | 2013 | | 2014 | |
| | # | \$ | \$ | % | \$ | # Pos. | \$ | # Pos. |
| Base Expenditure Changes | | | | | | | | |
| - Salary budget to actual adjustment | | (18.6) | (18.6) | 0.9% | | | | |
| - Reduction in non-payroll budget | | (141.0) | (141.0) | 7.1% | | | | |
| Sub-Total Base Expenditure Changes | 0.0 | (159.6) | (159.6) | 8.0% | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Service Changes | 0.0 | (159.6) | (159.6) | 8.0% | 0.0 | 0.0 | 0.0 | 0.0 |

2012 Recommended Service Changes

- The Office of the Mayor's 2012 Recommended Base Budget of \$1.908 million includes service efficiencies of \$0.160 million. There will be no impact on service levels as a result of the base budget changes recommended for 2012.

Base Budget Expenditure Changes (*savings of \$0.160 million gross and net*)*Salary Budget to Actual Experience*

- A review of actual salary costs compared to the 2011 approved Salary Budget results in an expenditure savings of \$0.019 million.

Reduction in Non-Payroll Budget

- Non-payroll budget reductions, mostly related to Professional and Technical Services and Conference and Seminar expenses have been reduced, based on planned requirements for 2012. These expenditure reductions will result in a savings of \$0.141 million.

2013 and 2014 Outlook:

- Approval of the 2012 Base Budget for the Office of the Mayor will result in incremental costs of \$0.067 million and \$0.054 million in 2013 and 2014 respectively to maintain the 2011 level of service.
 - The 2013 Outlook includes an increase of 0.9% OMERS totalling \$0.014 million, a 2% consumer price index adjustment (CPI) for the Mayor's salary and a 3% progression pay increase for the Mayor's staff of \$0.053 million.

- The 2014 projected increase of \$0.054 million includes a CPI adjustment for the Mayor's salary and progression pay increases for the Mayor's office staff.

Part V: ISSUES FOR DISCUSSION

2012 and Future Year Issues

- There are no 2012 or future year issues to highlight for consideration.

Appendix 1

2011 Performance

2011 Budget Variance Analysis

2011 Budget Variance Review (In\$000s)

| | 2009 Actuals | 2010 Actuals | 2011 Approved Budget | 2011 Projected Actuals* | 2011 Appvd. Budget vs Projected Actuals Variance | |
|---------------------------|-------------------|-----------------|----------------------------|-------------------------------|---|--------|
| | (In \$000s) \$ | \$ | \$ | \$ | \$ | % |
| GROSS EXP. | 2,340.4 | 2,305.8 | 2,011.1 | 1,696.1 | (315.0) | (15.7) |
| REVENUES | 1.7 | | | | | |
| NET EXP. | 2,338.7 | 2,305.8 | 2,011.1 | 1,696.1 | (315.0) | (15.7) |
| Approved Positions | 23.0 | 17.0 | 17.0 | 17.0 | 0.0 | 0.0 |

* Based on the Third Quarter Operating Budget Variance Report.

2011 Experience

- The Third Quarter Operating Budget Variance Report projects that the Mayor's Office will be under spent by \$0.315 million or 15.7% by year end, mainly attributable to under spending in non-payroll expenses.

Impact of 2011 Operating Variance on the 2012 Recommended Budget

- The 2012 Recommended Operating Budget includes service efficiency savings from the reduction in the salary and non-salary budgets, to be in line with 2011 actual experience.

Appendix 2

2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers

Program Summary by Expenditure Category (In \$000s)

| Category of Expense | 2009 Actual | 2010 Actual | 2011 Budget | 2011 Projected Actual | 2012 Recommended Budget | 2012 Change from 2011 Approved Budget | | 2013 Outlook | 2014 Outlook |
|------------------------------------|----------------|----------------|----------------|-----------------------|-------------------------|---------------------------------------|---------------|----------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | \$ |
| Salaries and Benefits | 2,135.1 | 2,133.4 | 1,780.0 | 1,660.0 | 1,813.6 | 33.6 | 1.9% | 1,880.8 | 1,935.0 |
| Materials and Supplies | 3.9 | 1.3 | 20.0 | 10.0 | 12.5 | (7.5) | (37.5%) | 12.5 | 12.5 |
| Equipment | 2.2 | 0.6 | 3.0 | 3.0 | 3.0 | 0.0 | 0.0% | 3.0 | 3.0 |
| Services & Rents | 190.6 | 162.9 | 195.7 | 15.7 | 67.0 | (128.7) | (65.8%) | 67.0 | 67.0 |
| Contributions to Capital | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0% | | |
| Contributions to Reserve/Res Funds | 4.9 | 4.5 | 0.0 | | | 0.0 | 0.0% | | |
| Other Expenditures | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0% | | |
| Interdivisional Charges | 3.7 | 3.1 | 12.4 | 7.4 | 12.2 | (0.2) | (1.6%) | 12.2 | 12.2 |
| TOTAL GROSS EXPENDITURES | 2,340.4 | 2,305.8 | 2,011.1 | 1,696.1 | 1,908.3 | (102.8) | (4.5%) | 1,975.5 | 2,029.7 |
| Interdivisional Recoveries | | | | | | | | | |
| Provincial Subsidies | | | | | | | | | |
| Federal Subsidies | | | | | | | | | |
| Other Subsidies | | | | | | | | | |
| User Fees & Donations | 1.7 | | | | | | | | |
| Transfers from Capital Fund | | | | | | | | | |
| Contribution from Reserve Funds | | | | | | | | | |
| Contribution from Reserve | | | | | | | | | |
| Sundry Revenues | | | | | | | | | |
| TOTAL REVENUE | 1.7 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | 0.00 | 0.00 |
| TOTAL NET EXPENDITURES | 2,338.7 | 2,305.8 | 2,011.1 | 1,696.1 | 1,908.3 | (102.8) | (4.5%) | 1,975.5 | 2,029.7 |
| APPROVED POSITIONS | 23.0 | 17.0 | 17.0 | 17.0 | 18.0 | 1.0 | 5.9% | 18.0 | 18.0 |

2012 Key Cost Drivers

- *Salaries and Benefits* are the largest expenditure category and account for 95% of total expenditures.
 - The 2012 budget for *Salaries and Benefits* of \$1.814 million is \$0.034 million or 1.9% higher than the 2011 Approved Operating Budget, mainly attributable to a 3% progression pay for the Mayor's Office staff, 2.1% CPI increase for the Mayor and 1 additional working day in 2012.
- The 2012 recommended budget for *Services and Rents* of \$0.067 million is \$0.129 million or 65.7% less than the 2011 Approved Operating Budget

- Recommended reductions for 2012 are based on line by line review and projected requirements for the upcoming year. Budget reductions have been made to Technical and Professional Services, Conference and Seminar expenses.
- One additional staff is accommodated without impacting the salary budget. This is achieved by changing the mix of positions required to support the Mayor in the execution of his duties as the head of Council.