



City Budget  
2012

## Toronto and Region Conservation Authority (TRCA) 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.

# 2012–2021 Operating Budget

## 2012 OPERATING BUDGET ANALYST BRIEFING NOTES BUDGET COMMITTEE DECEMBER 2, 2011

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## PART I: RECOMMENDATIONS

2012 Recommended Operating Budget  
(In \$000s)

(In \$000s)	2011		2012 Recomm'd 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
	\$	\$	\$	\$	\$			\$	\$
<b>GROSS EXP.</b>	35,788.0	35,788.0	37,564.1		37,564.1	1,776.1	5.0	375.6	379.4
<b>REVENUE</b>	28,311.5	28,311.5	30,087.6		30,087.6	1,776.1	6.3	375.6	379.4
<b>NET EXP.</b>	7,476.5	7,476.5	7,476.5	-	7,476.5	-	-	0.0	0.0
Less Toronto Water Contributin	4,270.1	4,270.1	4,270.1		4,270.1				
<b>Tax-Supported</b>	3,206.4	3,206.4	3,206.4		3,206.4				
<b>Approved Positions</b>	393.4	393.4	401.8	-	401.8	8.4	2.1	401.8	401.8

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 10% Reduction vs. 2012 Rec'd Reduction	Target %
2012 Reductions	(320.6)	(1,042.7)	722.1	32.5%

## Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2012 Recommended Operating Budget for Toronto and Region Conservation Authority of \$7.477 million gross and \$3.206 million net, comprised of the following services:

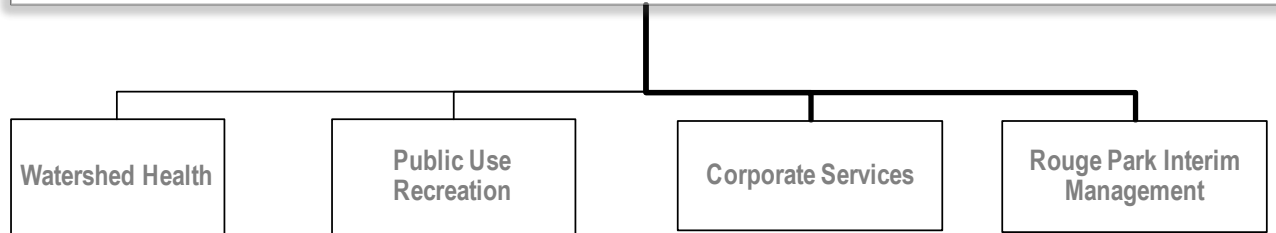
<u>Service(s)</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Watershed Health	18,694.0	2,479.9
Public Use Interim Management	11,782.6	686.6
Corporate Services	6,435.6	4,220.4
Rouge Park Interim Management	652.0	89.6
Total Program Budget	37,564.1	7,476.5
Less: Toronto Water Contribution		4,270.1
		<u>3,206.4</u>

## PART II: 2012 SERVICE OVERVIEW AND PLAN

### Program Map and Service Profiles

**Toronto and Region Conservation Authority**

The Toronto and Region Conservation Authority is committed to protecting, restoring and celebrating the natural environment in the Toronto region through the development and application of watershed plans, innovative environmental science and education programs.



**Purpose:**

*TRCA activities focus on protection, management and restoration of water and land resources. This service includes Conservation Education programs at Kortright and 3 Field Centers with aim to influence people's stewardship of those resources.*

**Purpose:**

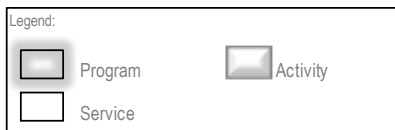
*TRCA provides facilities for public use at 9 Conservation Areas and Black Creek Pioneer Village. In addition this service includes activities that provide high quality and well used public use programs and facilities, and activities to promote healthy, active living.*

**Purpose:**

*Corporate management services include administrative services and support, strategic leadership, executive direction and decision making and organizational and governance requirements of the Authority.*

**Purpose:**

*Rouge Park Interim Management services includes administrative costs for management and development of the largest urban park in North America.*



## 2012 Recommended Service Levels

### *Watershed Health*

TRCA activities focus on protection, management and restoration of water and land resources. This service includes Conservation Education programs at Kortright and 3 Field Centers with aim to influence people's stewardship of those resources.

This Service is comprised of the following key activities:

- Watershed Strategies
- Ecology
  - Forecasting
  - Water Control
  - Warning
- Restoration Services including:
  - Management
  - Restoration of lands/ecosystems
  - Protection
- Planning and Development including:
  - Flood proposals (turnaround within 30–60 days)
  - Erosion proposals (turnaround within 30–60 days)
- Environmental Education at the Kortright Centre to over 150,000 users annually
- Conservation Field Centers

### *Public Use Recreation*

TRCA provides facilities for public use at 9 Conservation Areas and Black Creek Pioneer Village. In addition this service includes activities that provide high quality and well used public use programs and facilities, and activities to promote healthy, active living.

The service is comprised of the following key activities:

- Black Creek Pioneer Village (used by over 150,000 visitors from May to December) provides:
  - Conservation of heritage site
  - Educational Services
- Bathurst Glen Golf Course

- Conservation Areas (used by over 500,000 visitors)

### ***Corporate Management***

Corporate management services include administrative services and support, strategic leadership, executive direction and decision making and organizational and governance requirements of the Authority.

This Service is comprised of the following key activities:

- Corporate Management
- Corporate Secretariat
- Human Resources
- Communications
- Finance and Business

### ***Rouge Park***

Rouge Park Interim Management services includes administrative costs for management and development of the largest urban park in North America.

## **2012 Service Deliverables**

TRCA's 2012 Recommended Operating Budget of \$37.564 million gross and \$7.476 million net will ensure the continuation of the service levels provided by TRCA including:

- Public use programs and facilities at 9 Conservation Areas used by over 500,000 visitors and at Black Creek Pioneer Village used by over 150,000 visitors;
- Continued protection, management and restoration water in 9 watersheds and land resources on 42,500 acres (of which 11,900 acres are in Toronto) and encourage environmentally friendly practices and development progress on the Waterfront projects;
- Administrative services to meet regulatory compliance and organizational and governance requirements of the TRCA funding partners; and
- Administration and development of the Rouge Park.

## 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
	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	35,788.0	37,564.1	1,776.1	5.0	375.6	379.4
<b>REVENUE</b>	28,311.5	30,087.6	1,776.1	6.3	375.6	379.4
<b>NET EXP.</b>	7,476.5	7,476.5	0.0	0.0	0.0	0.0
<b>Less Toronto Water Contribution</b>	4,270.1	4,270.1	0.0	0.0		
<b>Tax-Supported</b>	3,206.4	3,206.4	0.0	0.0		
<b>Approved Positions</b>	393.4	401.8	8.4	2.1	401.8	401.8

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 1Rec'd Reduction vs. 2012 10% Reduction Target	Target %
<b>2012 Reductions</b>	(320.6)	(1,042.7)	722.1	32.5%

### 2012 Recommended Base Budget

- The 2012 Recommended Operating Budget of \$7.477 million is flat-lined at TRCA's 2011 Approved Operating Budget.
  - The 2012 Recommended Operating Budget of \$7.477 million net has two funding sources, \$4.270 million which is funded by a contribution from Toronto Water's rate-supported Operating Budget and the balance of \$3.206 million funded from property taxes. Both, the rate-supported contribution from Toronto Water of \$4.270 million and tax-supported funding of \$3.206 million are flat-lined at 2011 levels.
- The 2012 Recommended Operating Budget includes budget pressures of \$1.043 million. These pressures are offset by an increase in revenue of \$1.043 million provided by other municipality partners and fee increases, which maintains the City's portion of TRCA's Operating Budget at the 2011 level. The mitigation of pressures of \$1.043 million with increased revenue provides savings of \$0.722 million which exceeds the 2012 reduction target of \$0.321 million by \$0.722 million or 32.5%.

- Approval of the 2012 Recommended Operating Budget reflects the deletion of 1.6 positions resulting from an in-year adjustment required to reflect changes as per TRCA's final budget approval (which occurs in April of the new budget year), and an increase of 8.4 positions required for the re-opening of the Petticoat Creek Pool. The total staff complement will increase from 395 to 401.8 as highlighted below:

#### 2012 Recommended Staff Complement – Base Budget Summary

Changes	Staff Complement
<b>2011 Approved Positions</b>	395.0
- 2011 In-year Adjustments	(1.6)
2011 Approved Staff Complement	<b>393.4</b>
<b>2012 Recommended Staff Complement Changes</b>	
- 2012 Other Base Changes	8.4
- 2012 Temporary Positions - Capital Project Delivery	
- 2012 Operating Impacts of completed Capital Projects	
- 2012 Service Changes	
<b>Total Recommended Positions</b>	<b>401.8</b>

**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.
<b>Base Changes:</b>								
<b>Base Expenditure Changes</b>								
<b>Base Revenue Changes</b>								
Increase in User Fees			(819.8)	25.6				
Funding from Other Municipalities			(222.9)	7.0				
<b>Base Revenue Changes</b>			(1,042.7)	32.5				
<b>Sub-Total Base Budget Changes</b>			(1,042.7)	32.5				
<b>Service Efficiencies</b>								
<b>Revenue Adjustments:</b>								
<b>Minor Service Impact:</b>								
<b>Major Service Impact:</b>								
<b>Sub-Total Major Service Impacts</b>								
<b>Total Service Changes</b>								
<b>Total Recommended Changes</b>			(1,042.7)	32.5				

## 2012 Recommended Service Changes

- The 2012 recommended service changes consists of a base revenue adjustment of \$1.043 million. This change will not impact 2011 approved service levels provided by TRCA.

### Base Revenue Changes

#### *Increase in User Fees and Funding from Other Municipalities*

- TRCA conducted a user fee review which resulted in park and planning fees and lease rentals updates that will generate additional revenue estimated at \$0.820 million.
- In addition, TRCA expects to receive \$0.223 million of additional revenue from its partner municipalities.

- User fee increases and revenue from TRCA's other partner municipalities of \$1.043 million will absorb its economic pressures. This increase in revenue will flat-line TRCA's 2012 Requested Operating Budget.

### **2013 and 2014 Outlook:**

- Approval of the 2012 Recommended Base Budget will result in 2013 incremental costs of \$0.376 million and 2014 incremental costs of \$0.380 million to maintain 2012 level of service and staff complement. These incremental costs are required for wage increments and inflationary increases and will be absorbed by user fee and other revenue increases.

## PART V: ISSUES FOR DISCUSSION

### 2012 and Future Year Issues

#### 2012 Issues

##### *Core Service Review Approvals*

On September 26 and 27 2011 City Council adopted a report called 'Core Service Review – Final Report to Executive Committee' from the City Manager, which has recommended service and service level changes based on the detailed Core Service Review conducted by KPMG. Council approved the following specific recommendation that impacts TRCA:

- *Parks, Forestry and Recreation – Authorize the General Manager to negotiate the transfer of the operation of Black Creek urban farm from the City of Toronto to the Toronto and Region Conservation Authority (TRCA) on such terms as may be agreed.*
  - A formal request is being prepared and will be presented to TRCA. TRCA expects the transfer to be completed by the end of 2011 with no additional costs to the City subject to negotiated agreements between Parks, Forestry and Recreation and TRCA.

##### *Budget Reduction*

- *Conservation Authorities (CAs)* were established by the Province of Ontario in the late 1940s. Every conservation authority is "a body corporate" (section 4 of the *CA Act*). As such, TRCA, established in 1957 under the *Conservation Authorities Act*, is a legal entity separate from the City of Toronto which operates as a non-profit organization with its own "board of directors", the *Authority* to which the City appoints 14 members representing 50% of the membership. The balance of 28 members is appointed by the Regions of Peel, York and Durham, the Town of Mono and Township of Adjala-Tosorontio.
- TRCA's total budget is also approved by other municipalities (Regions of York, Peel and Durham, Town of Mono and the Township of Adjala-Tosorontio), therefore the City of Toronto's share must maintain the ratio between these funding municipalities according to their share of overall TRCA property tax assessment base (66% for the City of Toronto and 34% for the other participating municipalities). Any major reductions to the City's support to TRCA's budget requires proportional reductions in funding from other municipalities and thus, further reductions in services. TRCA considers it unfair to impose program cost and service level reductions on the other participating municipalities.
  - The method for apportioning the TRCA levy among its municipal funding partners (City of Toronto and Regions of York, Peel and Durham, Town of Mono and the Township of Adjala-Tosorontio) is based on the modified current value assessment (CVA) for each

municipality. The CVA formula uses property assessments to calculate the distribution of the levy. Property assessment is a factor all municipalities have in common and it changes in proportion to the value of real estate in each jurisdiction. This means that the municipality within TRCA's jurisdiction which has the highest proportion of overall assessment should pay proportionately the highest share of TRCA's generally benefiting (operating) costs. The City of Toronto's share of levy is now 66% with other participating municipalities paying the balance of 34%.

- The TRCA's 2012 Recommended Operating Budget is flat-lined to the 2011 Approved Operating Budget of \$7.477 million, which is comprised of tax-supported funding of \$3.206 million and a rate-supported contribution from Toronto Water of \$4.270 million which are also flat-lined, and do not include any service reduction proposals. However, TRCA's 2012 Recommended Operating Budget does include revenue increases from other TRCA partner municipalities of \$0.223 million and user fee increases of \$0.820 million for a total of \$1.043 million. This additional revenue is allocated to COLA, step increases, OMERS increases and other economic factor increases to absorb additional pressures of \$1.043 million enabling 2012 Operating Budget for TRCA to be maintained at the 2011 level. The reduction of economic pressures of \$1.043 million provides additional savings of \$0.722 million to the City as this reduction exceeds the 2012 Reduction target of \$0.321 million by \$0.722 million.

#### *Ratio of Toronto Water Contribution*

- In September 2006, City Council adopted a report "Toronto and Region Conservation Authority Capital and Operating Budgets Funding from Water Reserves" (Report 7, Clause 65) from Toronto Water and the Financial Planning Division in consultation with TRCA. The report established a policy that 55% of the funding allocated to TRCA will be funded from water reserves.
- Not only has the 2012 Tax-Supported funding has been flat-lined to the 2011 approved level of \$3.206 million, the rate-supported contribution from Toronto Water of \$4.270 million has been flat-lined as well to maintain the ratio of approximately 55%.
- Any changes to the tax-supported funding, as a result of any further reductions, will deviate from the directed proportion of funding provided from the Toronto Water.

#### *Discussion of Possible New Funding Arrangements*

- On January 8, 2010, TRCA presented a report "Participating Municipality Funding" (Item BAAB7.1) outlining proposal for new funding arrangements among participating municipalities to the TRCA's Budget/Audit Advisory Board. TRCA is proposing a change in the basis of the levy formula which would result in decrease of City of Toronto levy from 65.72% to 50%.

- TRCA recognizes that there are some issues with the current distribution of operating funding among participating municipalities in terms of governance and allocation of funding responsibilities. The basic principle of any operating funding arrangement is to achieve equity in terms of governance and operational funding from its municipal partners. Currently the funding share varies from allocation of seats on the Authority. The City of Toronto has only 50% of the votes, but covers 65.72% of the TRCA's total operating budget based on the modified current value assessment (CVA) calculation.
- In addition, the population numbers that determine the representation within the Authority are projected to become equal for City of Toronto and other regions within the next ten years. This means that the proportion of City of Toronto population in relation to other participating municipalities in TRCA's watershed area is expected to decline from 65% to 50%.
- A change to the funding arrangements requires approval of all of TRCA's participating municipalities through each municipality's Council. The regulation governing the use of the levy allows TRCA to change its funding arrangements by mutual agreement of the participating municipalities. The change does not require legislative or regulatory approvals from the Province.
- TRCA staff has begun the process of discussing a change in apportionment with City of Toronto and its other participating municipalities. A report on new funding arrangements will be presented to the Authority in December 2011. If the Authority agrees to the proposed new funding arrangements, the proposal will be circulated to the Councils of the participating municipalities. If agreement on new funding arrangements could be achieved by March 2012, the apportionment change could begin to be implemented effective with the 2012 levy submission. Any change in apportionment would likely be phased over several years to ensure a smooth transition which would not be onerous to any of the participating municipalities. The apportionment change will not impact the City's 2012 Recommended Operating Budget and will be taken into consideration in 2013.

# Appendix 1

## 2011 Performance

### 2011 Key Accomplishments:

In 2011, TRCA achieved the following results:

- ✓ New pool and waterplay facility, Lakeview Splash, opened at Albion Hills Conservation Area, with spectacular vista over Lake Albion generating new revenue for parks program.
- ✓ A Regional Climate Modelling Partnership was initiated with participation of scientist and researchers from approximately 12 Ontario universities and government representatives. This partnership aims at strengthening the links between climate modellers, researchers, policy makers and practitioners to make improved climate research and information available to municipalities, industry and government on a level of detail exceeding previous work.
- ✓ Black Creek Pioneer Village continues to welcome about 160,000 visitors annually. The Black Creek Brewery placed its first offerings with the Ontario LCBO and continues to grow its programs and revenues. BLOGTO listed Black Creek Historic Brewery as one of the top microbreweries in Toronto.
- ✓ Processed over 1000 permits under the Conservation Authorities Act fill regulation in addition to review of plans of subdivision and official plan amendments as well as environmental assessment reviews; generating over \$3.5 million in planning fees and moving toward 100% development cost recovery
- ✓ TRCA represented at the GeoCanada Conference of 4,500 geoscientists across Canada. Two presentations were made, one on the Professional Access and Integration Enhancement (PAIE) program and the other on geothermal energy.
- ✓ TRCA Archaeology staff involved as organizers/instructors with the first Aboriginal–Archaeological Liaison Program held by the Association of Professional Archaeologists and trainees from six of the Williams Treaty Nations.
- ✓ BCPV met provincial standards for museums for 2011 and awarded \$200,000 grant. Have received \$7–8 million from the Province of Ontario over the years.

- ✓ Ontario Regional Adaptation Collaborative (ORAC) Agreement signed with Ministry of Environment (MOE) for a total of \$160,000 funding to establish a Community of Practice and Source Protection Climate Change Training for Ontario Source Protection Authority (SPA). First phase funding of \$20,000 received.

## 2011 Performance

- TRCA is a separate agency and does not follow City's standards for performance measures.
- TRCA's performance measures are based on volume, customer service quality and community impact.
- Overall, TRCA meets its performance measure targets:
  - Number of development violations can vary year to year depending on the volume of development occurring across TRCA's area of jurisdiction and how successful TRCA enforcement officers are in finding violations.
  - In 2009 the number of trees planted was higher as a result of special funding from community groups and charities.
  - Attendance at Conservation Areas is usually affected by weather and tourism levels.

### 2012 Operating Budget Performance Measure Summary

#### All services

Major Activity	Type	Performance Measure Description	2009 Actuals	2010 Actuals	2011 Projected Actual	2012 Target	2013 Target
Promote healthy rivers, valleys, shorelines	V	Number of development permits and applications processed	3,562	4,903	4,931	4,900	4,900
	V	Number of active permits requiring compliance inspections	1,810	1,867	1,700	1,700	1,700
	V	Number of violations issued	91	116	104	100	100
	V	% of baseline science / monitoring completed and updated	77%	78%	79%	80%	81%
Greenspace and Regional Biodiversity	V	Number of native trees / shrubs planted	355,287	252,113	300,000	300,000	300,000
	V	Number of native trees / shrubs produced	249,710	232,343	230,000	230,000	230,000
	V	Acres of land on ownership	41,079	41,449	41,670	41,870	42,070
	V	% of Land Master Plan achieved	53.2%	53.7%	54.0%	54.2%	54.5%
Education for Sustainable Living	V	Attendance numbers for Kortright Centre for Conservation	124,538	101,583	130,000	132,000	135,000
	V	Number of program days at Conservation Field Centres utilized by GTA students	16,666	22,405	22,600	22,600	22,600
	CQ	Visitor satisfaction survey results (out of possible 5)	4.6	4.6	4.6	4.8	4.8
High quality, well used public use programs	V	Attendance numbers at Conservation Areas	434,624	441,641	500,000	500,000	500,000
	V	Attendance numbers at Black Creek Pioneer Village	140,627	135,108	141,000	147,000	150,000
Corporate Services	CI	Cost of TRCA Operating funding per Toronto resident (06 census from	\$2.77	\$2.82	\$2.84	\$2.84	\$2.86
	V	Volume: number of payroll, invoices, purchase card transactions	45,498	46,291	48,300	48,300	48,300

#### Keys

V - Volume

CQ - Customer Service Quality

CI - Community Impact

## 2011 Budget Variance Analysis

### 2011 Budget Variance Review (In \$000s)

(In \$000s)	2009 Actuals	2010 Actuals	2011 Approved Budget	2011 Projected Actuals*	2011 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	33,540.3	34,974.7	35,788.0	35,788.0		
<b>REVENUES</b>	30,368.8	31,705.3	32,581.6	32,581.6		
<b>NET EXP.</b>	3,171.5	3,269.4	3,206.4	3,206.4	0.0	0.0
<b>Approved Positions</b>	380.3	380.2	393.4	393.4	0.0	0.0

\* Based on the Third Quarter Operating Budget Variance Report.

## 2011 Experience

- TRCA's Third Quarter Variance report indicates that TRCA is tracking to be on budget on a net expenditure basis. The TRCA's year-end projection of \$3.206 million net matches its 2011 Council Approved Tax-Supported Operating Budget.

## Impact of 2011 Operating Variance on the 2012 Recommended Budget

- There are no impacts from the 2011 Operating Variance on the 2012 Recommended Operating Budget.

## 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	25,714.8	26,154.0	27,610.2	27,610.2	29,102.1	1,491.9	5.4%	29,393.1	29,687.1
Materials and Supplies	4,334.3	3,971.2	4,173.7	4,173.7	4,283.9	110.2	2.6%	4,326.7	4,370.0
Equipment	802.3	869.2	713.5	713.5	732.8	19.3	2.7%	740.1	747.5
Services & Rents	3,597.5	3,980.3	3,290.7	3,290.6	3,445.3	154.6	4.7%	3,479.8	3,514.6
Contributions to Capital									
Contributions to Reserve/Res Funds									
Other Expenditures									
Interdivisional Charges									
<b>TOTAL GROSS EXPENDITURES</b>	<b>34,448.9</b>	<b>34,974.7</b>	<b>35,788.1</b>	<b>35,788.0</b>	<b>37,564.1</b>	<b>1,776.0</b>	<b>5.1%</b>	<b>37,939.7</b>	<b>38,319.2</b>
Interdivisional Recoveries									
Provincial Subsidies	1,429.2	1,639.2	2,308.0	2,308.0	1,910.0	(398.0)	-17.2%	1,910.0	1,929.1
Federal Subsidies									
Other Subsidies									
User Fees & Donations	21,508.6	21,524.9	21,621.0	21,621.0	23,572.2	1,951.2	9.0%	23,807.9	24,046.0
Transfers from Capital Fund									
Contribution from Reserve Funds	4,028.2	4,207.1	4,270.1	4,270.1	4,270.1			4,270.1	4,270.1
Contribution from Reserve									
Sundry Revenues	4,213.1	4,334.1	4,382.5	4,382.5	4,605.4	222.9	5.1%	4,745.3	4,867.5
<b>TOTAL REVENUE</b>	<b>31,179.1</b>	<b>31,705.3</b>	<b>32,581.6</b>	<b>32,581.6</b>	<b>34,357.7</b>	<b>1,776.1</b>	<b>5.6%</b>	<b>34,733.3</b>	<b>35,112.7</b>
<b>TOTAL NET EXPENDITURES</b>	<b>3,269.8</b>	<b>3,269.4</b>	<b>3,206.5</b>	<b>3,206.4</b>	<b>3,206.4</b>	<b>-0.1</b>	<b>-0.5%</b>	<b>3,206.4</b>	<b>3,206.5</b>
<b>APPROVED POSITIONS</b>	<b>389.0</b>	<b>380.2</b>	<b>395.0</b>	<b>395.0</b>	<b>401.8</b>	<b>6.8</b>	<b>1.7%</b>	<b>401.8</b>	<b>401.8</b>

### 2012 Key Cost Drivers

#### *Salaries & Benefits*

- Salaries and Benefits are the largest expenditure category and account for 77% of the total 2012 recommended expenditures.
- The 2011 expenses for salaries and benefits are higher from 2010 as a result of additional positions required to process increased volume of development applications. These costs are offset by revenue earned from processing of development applications.
- The 2012 recommended expenses for salaries and benefits reflect an increase of \$1.492 million mainly as a result of:

- Step increases, which account for a pressure of \$0.133 million.
- Cost of living adjustment (COLA) requires an increase of \$0.449 million.
- A 1% OMERS increase, which results in additional pressures of \$0.304 million; and
- Annualization costs for 2011 position approvals requiring an additional \$0.606 million.

#### *Materials & Supplies*

- The 2009 actual expenses for material and supplies are higher than actuals for 2010 due to extra work required in 2008 and 2009 requiring extra planting material. Cost for this additional material was funded by user fees from the sale of plant material.
- The 2012 recommended expenses for materials and supplies reflect an increase of \$0.110 million mainly attributable to inflationary pressures, similarly as in 2011.

#### *Equipment*

- In 2010, the actual expenses for equipment are higher due to the replacement of vehicle and equipment.
- The 2012 recommended expenses for equipment account to an increase of \$0.019 million a result of inflationary pressures.

#### *Contribution from Reserve Funds*

- To maintain the funding contribution from Toronto Water at approximately 55%, the contribution (appears as "Contribution from Reserve Funds" in the table) increased by \$0.179 million from \$4.028 million in 2009 to \$4.207 million in 2010 and by \$0.063 million from \$4.207 million in 2010 to \$4.270 million in 2011.
- The 2012 recommended Toronto Water contribution of \$4.270 million is the same as in 2011.

#### *Other Key Cost Drivers*

- In addition to expenditure specific changes the following key cost drivers impact multiple expenditure categories:
  - Prior year impacts of \$0.733 million.
  - Economic factors such as step increases of \$0.133 million, COLA increases of \$0.449 million, 1% increase in OMERS premium of \$0.304 million and other inflationary pressures of \$0.042 million.
- These pressures will be offset by user fee increases and funding from other municipalities.

*Position Changes*

- The total staff complement decreased by 8.8 approved positions in 2010 as a result of service level change at the Black Creek Pioneer Village.
- In 2011 staff complement increased from 380.2 to 395.0 as a result of additional positions required for the Immigrant Professional Mentoring Program created to integrate new immigrants with a professional degree into Canadian workforce. This program was initiated and 100% funded by the Province.
- The 2012 recommended staff complement requires an increase of 6.8 positions for the re-opening of Petticoat Creek Pool that was closed for rebuilding in 2011.