

THE CITY OF TORONTO

Clerk's Department

Minutes of the Budget Committee

Tuesday, January 20, 1998

The Budget Committee met on Tuesday, January 20, 1998, in Committee Room A, 2nd Floor, Metro Hall, Toronto, commencing at 2:00 p.m.

Members Present:

Councillor Jakobek, Chair
Councillor Balkissoon
Councillor Chow
Councillor Kinahan
Councillor Ootes
Councillor Shiner

Also Present:

Councillor Bossons
Councillor Bussin
Councillor Cho
Councillor Davis
Councillor Fotinos
Councillor Giansante
Councillor Holyday
Councillor Johnston
Councillor Jones
Councillor Layton
Councillor Lindsay Luby
Councillor McConnell
Councillor Mihevc
Councillor Miller
Councillor Moeser
Councillor Moscoe
Councillor Saundercook

1. Notice of Meetings.

The Budget Committee requested the City Clerk to list the names of the members of the Budget Committee on all future notices of its meetings.

2. Transition Team Presentation of Preliminary Draft 1998 Budget.

The Budget Committee had before it a communication (January 14, 1998) from Alan Tonks, Chair, Transition Team, Lois Griffin and Paul Sutherland, Budget Co-Chairs, submitting the 1998 Preliminary Draft Operating and Capital Budget Working Document for the City of Toronto.

Alan Tonks, Lois Griffin, Paul Sutherland and Michael Gee attended the meeting and officially presented the Transition Team's working document on a 1998 Preliminary Draft Operating and Capital Budget.

- (A) Councillor Jakobek moved that the Budget Committee:
- (1) thank the members of the Transition Team for their efforts;
 - (2) request that the Mayor lead a delegation of Members of Council, together with the Chairman of the Transition Team, to meet with the Premier of the Province;
 - (3) request that the delegation review, once again, the shortfalls as a result of the Province's actions and request further assistance than has been offered;
 - (4) receive the communication (January 14, 1998) from Alan Tonks, Chair, Transition Team, Lois Griffin and Paul Sutherland, Budget Co-Chairs, submitting the 1998 Preliminary Draft Operating and Capital Budget Working Document for the City of Toronto;
 - (5) request the Chief Financial Officer and Treasurer to report to the next meeting of the Budget Committee on January 26, 1998, on
 - (i) further details of the document submitted by the Transition Team, and in particular on the issue of a debt management policy and on the state of the debt;

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- (ii) the status of the City's reserves and restructuring, and on the rationale of the reserve bank, so as to understand what the reserves are used for and how they are to function.

- (B) Councillor Kinahan moved that the Mayor, Deputy Mayor, Budget Chair and interested members of the Budget Committee, together with the Transition Team, be requested to meet with the Premier of the Province to secure revenue neutral operating/capital downloading, and the total transition costs as a result of amalgamation.

- (C) Councillor Ootes moved that the Chief Financial Officer and Treasurer be requested to report, as soon as possible, on the impact of the capital financing for the next five years with some estimates as to the shortfalls of the operating budget over the next three years.

- (D) Councillor Shiner moved that:
 - (i) Councillor Jakobek's motion Part (2) be amended to so that the delegation to the Premier requests that the Province reduce the cost of education to all property taxpayers to 50 percent to cover downloading costs, making it truly revenue neutral;
 - (ii) all of the expenses for which the new City will be responsible for collecting taxes and on a five-year budget plan.

- (E) Councillor Chow moved that:
 - (1) the Chief Financial Officer and Treasurer be requested to provide the following information to the members of the Budget Committee for its meeting on Monday, January 26, 1998:
 - (i) the 1998 Consolidated Budget - revised draft;
 - (ii) the review team detail report on the expenditure reduction;
 - (iii) the service review team detail report regarding the \$40 million in potential service reductions. For example, is a garbage user fee included?;

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- (iv) the 1,070 staff detailed by department, former cities and categories slated to be cut. How many of these 1,070 are “targeted exits”?;
 - (v) provide a breakdown on the \$24 million police increase. Does it include the cars and computer replacements?;
 - (vi) provide details on the Parks and Recreation Department user fee increase of \$2.7 million. Provide details on the \$8.4 million “user fee standardization”;
 - (vii) identify the “Municipal Enterprises” program increase of revenue. Is it from the Parking Authority, and if so, how much?; and
 - (viii) introduce the budget staff team members. For example, who will be reviewing the Police, Fire and Ambulance budgets?; and
- (2) the Chief Financial Officer and Treasurer be requested to submit a report providing some rationale behind the following problem areas:
- (i) explanation of why the \$100-\$175 million one-time transition cost is not included in either the operating or the capital budget. Is the City expecting funding from the province (as they promised)?;
 - (ii) only \$30 million is put aside from the corporate contingency account. Shouldn’t there be more because of the many uncertainties facing Council this year (for example: various salary negotiations)?;
 - (iii) justification for not including the \$20 million into the operating budget in order to cushion the downloading of the Toronto Transit Commission (TTC) capital cost from the province; and
 - (iv) if the police want a \$24 million increase, how can the review team suggest a target of cutting \$15 million from Community Services, Police Services and the TTC? Given the TTC has already cut \$10 million from its request this year, and that \$6.3 million has been cut from the Community Services already, how

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will they find \$15 million more of cuts without hurting the service level?

- (F) Councillor Jakobek moved that the Chief Administrative Officer, the Commissioner of Human Resources and the Chief Financial Officer and Treasurer be requested to report to the next meeting of the Budget Committee on January 26, 1998, on the following motion:

Whereas the City of Toronto is facing a budget shortfall in 1998 as a result of financial pressures and provincial downloading; and

Whereas, because of the magnitude and scope of the initiative, the 1998 budget process and schedule will take several months to complete; and

Whereas it is important to begin to generate savings in the expenditures of the City to assist with accommodating the pressures on the 1998 Operating Budget; and

Whereas the costs of salaries, wages and benefits are a large component of the expenditures of the City;

Be It Therefore Resolved That:

- (1) the Chief Administrative Officer immediately implement a hiring freeze, with the exception of those positions which provide direct, front-line, essential services to the public;
- (2) any exceptions made to the hiring freeze for positions in direct, front-line, essential services be approved by the Chief Financial Officer and Commissioner of Human Resources and reported quarterly to the Budget Committee;
- (3) Chief Administrative Officer, Chief Financial Officer and Treasurer, and the Commissioner of Human Resources be instructed to submit a report to an early meeting of the Budget Committee on methods to achieve savings in the cost of salaries, wages and benefits;
- (4) the report include expenditure reduction proposals and recommendations for:

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- processes to ensure position and establishment control;
 - conversion of full-time positions to part-time positions as appropriate based on operational needs;
 - restrictions on the conversion of part-time positions to full-time positions;
 - restrictions on the conversion of temporary positions to permanent positions;
 - a job share policy;
 - an appropriate gapping policy;
 - the use of voluntary leaves of absence;
 - accelerated savings on benefit plans administration;
 - additional ideas on expenditure reductions for salaries, wages and benefits;
- (5) the accelerated implementation of employee separation programs be supported by Council;
- (6) the review of compensation and benefit plans be accelerated; and
- (7) a report be submitted to the appropriate Standing Committee with respect to plans and expenditures for re-training and re-skilling employees whose positions have been declared redundant.

Upon the question of the adoption of part (1) of the foregoing motion (A) by Councillor Jakobek, it was carried.

Upon the question of the adoption of the foregoing motion (B) by Councillor Kinahan, it was carried.

Upon the question of the adoption of part (3) of foregoing motion (A) by Councillor Jakobek, it was carried.

Upon the question of the adoption of part (i) of the foregoing motion (D) by Councillor Shiner, it was carried.

Upon the question of the adoption of part (4) of the foregoing motion (A) by Councillor Jakobek, it was carried.

Upon the question of the adoption of the foregoing motion (C) by Councillor Ootes, it was carried.

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Upon the question of the adoption of the foregoing motion (E) by Councillor Chow, it was carried.

Upon the question of the adoption of part (ii) of the foregoing motion (D) by Councillor Shiner, it was carried.

Upon the question of the adoption of part (5) of the foregoing motion (A) by Councillor Jakobek, it was carried.

Upon the question of the adoption of the foregoing motion (F) by Councillor Jakobek, it was carried.

In summary, therefore, the decision of the Budget Committee is as follows:

The Budget Committee took the following action:

- (1) thanked the members of the Transition Team for their efforts;
- (2) requested the Mayor, Deputy Mayor, Budget Chair and interested members of the Budget Committee, together with the Transition Team, to meet with the Premier of the Province to
 - (i) review, once again, the shortfalls as a result of the Province's actions and request further assistance than has been offered;
 - (ii) secure revenue neutral operating/capital downloading, and the total transition costs as a result of amalgamation;
 - (iii) request that the province reduce the cost of education to all property taxpayers to 50 percent to cover downloading costs, making it truly revenue neutral.
- (3) received the communication (January 14, 1998) from Alan Tonks, Chair, Transition Team, Lois Griffin and Paul Sutherland, Budget Co-Chairs, submitting the 1998 Preliminary Draft Operating and Capital Budget Working Document for the City of Toronto;
- (4) requested the Chief Financial Officer and Treasurer to report to the next meeting of the Budget Committee on January 26, 1998, on

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- (i) further details of the document submitted by the Transition Team, and in particular on the issue of a debt management policy and on the state of the debt;
 - (ii) the status of the City's reserves and restructuring, and on the rationale of the reserve bank, so as to understand what the reserves are used for and how they are to function; and
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 - (iv) the 1,070 staff detailed by department, former cities and categories slated to be cut. How many of these 1,070 are "targeted exits"?;
 - (v) provide a breakdown on the \$24 million police increase. Does it include the cars and computer replacements?;
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 - (vii) identify the "Municipal Enterprises" program increase of revenue. Is it from the Parking Authority, and if so, how much?; and
 - (viii) introduce the budget staff team members. For example, who will be reviewing the Police, Fire and Ambulance budgets?

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- (6) requested the Chief Administrative Officer, the Commissioner of Human Resources and the Chief Financial Officer and Treasurer to report to the next meeting of the Budget Committee on January 26, 1998, on the following motion:

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- (3) Chief Administrative Officer, Chief Financial Officer and Treasurer, and the Commissioner of Human Resources be instructed to submit a report to an early meeting of the Budget Committee on methods to achieve savings in the cost of salaries, wages and benefits;
- (4) the report include expenditure reduction proposals and recommendations for:
 - processes to ensure position and establishment control;

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- conversion of full-time positions to part-time positions as appropriate based on operational needs;
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- (6) the review of compensation and benefit plans be accelerated; and
- (7) a report be submitted to the appropriate Standing Committee with respect to plans and expenditures for re-training and re-skilling employees whose positions have been declared redundant.
- (7) requested the Chief Financial Officer and Treasurer to report, as soon as possible, on the impact of the capital financing for the next five years with some estimates as to the shortfalls of the operating budget over the next three years;
- (8) requested the Chief Financial Officer and Treasurer to submit a report providing some rationale behind the following problem areas:
- (i) explanation of why the \$100-\$175 million one-time transition cost is not included in either the operating or the capital budget. Is the City expecting funding from the province (as they promised)?;
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(Mr. Alan Tonks, Chair, Transition Team; Mayor Lastman - January 21, 1998)

3. Radio Communications Switch for the Toronto Police Service.

The Budget Committee discussed the item of the radio communications switch for the Toronto Police Service, which the Strategic Policies and Priorities Committee, at its meeting on January 19, 1998, referred to Budget Committee for consideration at its meeting on January 26, 1998.

The Budget Committee agreed that the abovementioned item which had been referred from the Strategic Policies and Priorities Committee not be considered at its next meeting on January 26, 1998, but be referred to the Chief Administrative Officer and the Chief Financial Officer and Treasurer for report back, as soon as possible, in the context of the communications systems required by the Fire and Ambulance Services.

The Budget Committee also requested that the Fire Chief and the Commissioner of Ambulance Services advise, in writing, whether or not their communications systems will integrate fully with the Police Communications system.

(Ms. Maureen Prinsloo, Chair, Toronto Police Services Board; Acting Executive Commissioner of Emergency and Protective Services; Commissioner of Ambulance Services; Fire Chief; Chief Administrative Officer; Chief Financial Officer and Treasurer - January 22, 1998)

The Committee adjourned its meeting at 4.50 p.m.

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Chair.