

THE CITY OF TORONTO

City Clerk's Division

Minutes of the Budget Advisory Committee

Meeting No. 9

Monday, March 19, 2001

The Budget Advisory Committee met on Monday, March 19, 2001, in Committee Room No. 1, City Hall, Toronto, commencing at 9:45 a.m.

Attendance

Members were present for some or all of the time period indicated.

	9:45 a.m. to 1:06 p.m.	2:00 p.m. to 5:35 p.m.
Councillor David Shiner, Chair	X	X
Councillor Paul Sutherland, Vice Chair	X	X
Councillor Olivia Chow	X	X
Councillor Ron Moeser	X	X
Councillor Joe Pantalone	X	X
Councillor Jane Pitfield	X	X
Councillor David Soknacki	X	X

Also Present:

Councillor Brian Ashton	Councillor Pam McConnell
Councillor Maria Augimeri	Councillor Frances Nunziata
Councillor Sandra Bussin	Councillor Kyle Rae
Councillor Suzan Hall	Councillor Sherene Shaw
Councillor Doug Holyday	Councillor Michael Walker

Confirmation of Minutes

On motion by Councillor Pitfield, the Minutes of the Budget Advisory Committee meeting held on February 9, 2001, February 20, 2001, February 23, 2001, February 28, 2001, March 1, 2001 and March 2, 2001, were confirmed.

The Chief Financial Officer and Treasurer gave an overview presentation to the Budget Advisory Committee on the 2001 Operating Budget.

9.1 Non Program - 2001 Operating Budget

The Budget Advisory Committee, during its deliberations, had before it the recommended 2001 Operating Budget for Non Program.

On motion by Councillor Pantalone, the Budget Advisory Committee received the aforementioned report for information.

9.2 2001 Operating Budget - Non Program Expenditures and Revenues Supplementary Report

The Budget Advisory Committee had before it a report (March 15, 2001) from the Chief Financial Officer and Treasurer providing further analysis of the 2001 operating budgets for the various Non Program Expenditures and Revenues and amendments to certain budget lines as a result of 2000 year end actuals; and recommending that:

- (1) the Non Program budget, as amended, contained in this report be adopted; and
- (2) once the final tax levy by-law for 2001 is adopted, Finance staff calculate the actual PIL levy for City-owned properties and report back on any decreases in PIL payments to be recovered as an offset (reduction) in expenditures from departments/agencies.
 - A. Councillor Pitfield moved that the aforementioned report (March 15, 2001) from the Chief Financial Officer and Treasurer and the following motion be deferred until the final Budget Advisory Committee wrap up meeting:

“that the Budget Advisory Committee recommend to the Policy and Finance Committee, and Council, the following:

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- (a) \$45 M of the \$80 M of the OMERS contribution be added as a revenue instead of being contributed to the Employee Benefit Reserve;
- (b) the Corporate recovery charge to Public Health be \$6 M instead of \$13.2 M and that the \$7.2 M be reinstated to Public Health as was intended by the Province in its new partnership agreement announced on March 23, 1999; and
- (c) the revenue for supplementary tax reflect the historical average of \$37 M instead of \$10 M.”.

(Carried)

B. Councillor Soknacki moved that the Chief Financial Officer and Treasurer be requested to report to the Budget Advisory Committee for the wrap up meeting on:

- (a) a tabulation of the amounts for which the Contingency account has been used, by year and project; and
- (b) reconsideration of the amount recommended for 2001, if the Contingency account were to be used for emergencies only.

(Carried)

Councillor Shiner appointed Councillor Sutherland Acting Chair and vacated the Chair.

C. Councillor Shiner moved that:

- (1) all Department Heads be requested to attend the Fleet Budget review and to provide during the budget review the fleet purchases for 2001 and report as to how many can be delivered this year; and
- (2) the Chief Financial Officer and Treasurer be requested to expand the benefit costs listed in Appendix E to include an analysis of the Toronto Transit Commission and the Toronto Police Service.

(Carried)

Councillor Shiner resumed the Chair.

(Chief Financial Officer and Treasurer; Commissioner of Community and Neighbourhood Services; Commissioner of Corporate Services; Commissioner of Economic Development, Culture and Tourism; Commissioner of Urban Development Services; Commissioner of Works and Emergency Services; c. Chief Administrative Officer - March 19, 2001)

9.3 Summary of Amalgamation Savings and Costs

The Budget Advisory Committee had before it a report (March 9, 2001) from the Chief Administrative Officer providing information requested by the Budget Advisory Committee on February 20, 2001, on:

- (a) the original savings estimated by the KPMG Metro report; and
- (b) the original savings targets set in 1998 for each program, adjustments, if any, made to those targets since then, the amount of savings already realized, the balance of the savings yet to be realized, and the reasons why the City did not make the said targets; and recommending that this report be received for information.

The Chief Administrative Officer provided a summary of the Amalgamation Savings and Costs.

A. Councillor Moeser moved that:

- (1) the aforementioned report be received for information; and
- (2) the Chief Administrative Officer be requested to provide an analysis of present and future wage agreements and what they will mean to the City, such report to include all the Agencies, Boards and Commissions.

(Carried)

B. Councillor Chow moved that the Budget Advisory Committee recommend to the Policy and Finance Committee, and Council:

- (1) that a copy of the subject report be forwarded to Municipalities which are undergoing amalgamation at present; and

- (2) further that a copy of this report be forwarded to the Federation of Canadian Municipalities and the Association of Municipalities of Ontario for their consideration and information.

(Carried)

C. Councillor Pantalone moved that:

- (1) a copy of the subject report be forwarded to the Mayor to be considered as part of his ongoing negotiations with the Province; and
- (2) the Chief Administrative Officer be requested to bring forward the latest figures on amalgamation and harmonization of services, including the Fire Services.

(Carried)

D. Councillor Sutherland moved that the aforementioned report be deferred until the wrap up meeting.

(Lost)

(Chief Administrative Officer - March 19, 2001)

9.4 2001 Operating Budget Status: Overview of Standing Committee Results

The Budget Advisory Committee had before it a report (March 19, 2001) from the Chief Financial Officer and Treasurer providing an overview of the Standing Committee review of the 2001 Operating Budget; and recommending that this report be received for information.

On motion by Councillor Soknacki, the Budget Advisory Committee received the aforementioned report for information.

9.5 Transition Projects

The Budget Advisory Committee gave consideration to the budget for 2001 Transition Projects.

Councillor Shiner appointed Councillor Sutherland Acting Chair and vacated the Chair.

- A. Councillor Shiner moved that the Budget Advisory Committee:
- (a) recommend to the Policy and Finance Committee, and Council, that:
 - (1) the change in scope related to the following programs be approved:
 - (i) THEIS Phase II in the amount of \$1,154,000.00;
 - (ii) RDIS Phase II in the amount of \$112,000.00;
 - (iii) Consolidation of Clerks Records, Election and Printing in the amount of \$1,516,000.00; and
 - (iv) Various (Compensation Plan, Labour F) with a cash flow of \$600,000.00 in 2001 and \$250,000.00 in 2002;
 - (2) \$466,000.00 be approved in 2001 for the scoping of the New Zoning By-law Phase I only; and further that the Policy and Finance Committee be requested to review the project and make recommendations to Council for this initiative prior to any expenditures being made and considered in future years Capital Budgets;
 - (3) all Departments, Agencies, Boards and Commissions be charged full costs for storage of their records;
 - (4) consideration of the Change in Scope request of \$27.133 million for the Master Accommodation Plan Phase II be deferred, subject to a report being submitted to the Administration Committee with respect to Facilities Management including an outline of the previously approved expenditures of \$14.12 million; the \$26.33 million for 2001, \$9.407 million for 2002, and \$6.536 million for

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2003; and such report be forwarded to Budget Advisory Committee; and

- (5) consideration of the change in scope request of \$23.547 million for staff exit costs be deferred, subject to the requested report to the Administration Committee noted above;
- (b) request the Commissioner of Corporate Services to report to the Budget Advisory Committee for the wrap up meeting on providing a detailed breakdown of the MAP Project to the Administration Committee for their review and comment to BAC on the appropriate expenditures for 2001 and beyond; and
- (c) request the City Clerk to locate and distribute to the Members of the Budget Advisory Committee the 2000 Budget reports on staff exit costs.

(Carried)

Councillor Shiner resumed the Chair.

- B. Councillor Chow moved that the Chief Administrative Officer, in conjunction with the appropriate Commissioners, be requested to report to Budget Advisory Committee at the wrap up meeting on the timing and reporting of the Variance costs of the transition projects; such report to include a breakdown of the details of spending and justification of the Total Employee Related Workplaces of \$109.636 million and the Summary of Staff Exit Costs of \$80 million.

(Carried)

- C. Councillor Soknacki moved that the Chief Administrative Officer, in conjunction with the appropriate Commissioners, be requested to report to the Budget Advisory Committee through the Policy and Finance Committee, prior to October 1, 2001, on the Priority Ranking Tool for the Capital Budget specifically with respect to:

- (i) establishing a tool or tools for use by all City departments as well as Agencies, Boards and Commissions;

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- (ii) determining whether the tool criteria and weighting is appropriate; and
- (iii) the success or otherwise with which the tool is being used.

(Carried)

D. Councillor Pitfield moved that:

- (1) the Commissioner of Works and Emergency Services be requested to report to the Budget Advisory Committee for the wrap up meeting on the status of the assessment of deliverables and expenditures in relation to the original workplan and how we are doing in that regard with respect to the Unified Business Application System; and
- (2) the Commissioner of Corporate Services be requested to report to the Budget Advisory Committee for the wrap up meeting on the current status of the MAP project with reference to the total spent and commitment incurred to date to include information available as to whether there is going to be potential change which will affect the costs and savings.

(Carried)

(Chief Administrative Officer; Commissioner of Corporate Services; Commissioner of Works and Emergency Services; City Clerk; c. Committee Administrator, Policy and Finance Committee; Committee Administrator, Administration Committee - March 19, 2001)

9.6 2001 Budget Various Supplementary Information Requests

The Budget Advisory Committee had before it a report (March 19, 2001) from the Chief Financial Officer and Treasurer responding to requests for information on various categories of expenditures that are included in the 2001 Operating and Capital Budget requests; and recommending that this report be received for information.

A. Councillor Pitfield moved that:

- (1) the Chief Administrative Officer be requested to report to Budget Advisory Committee prior to the wrap up meeting on providing an hourly, daily, monthly, and annual amount to be paid with respect to Consultant fees;

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- (2) all Department Heads be requested to:
- (i) provide a list of any deferred projects which no longer require consultants this year; and
 - (ii) report to the Administration Committee providing any system in place which monitors staff time and output; and
- (3) the aforementioned report be received for information. **(Carried)**

B. Councillor Moeser moved that the Chief Administrative Officer be requested to report to Budget Advisory Committee prior to the wrap up meeting on a summary of FTEs for all department's mandatory programs, such summary to include what positions are Provincially mandated. **(Carried)**

C. Councillor Sutherland moved that the Chief Financial Officer and Treasurer be requested to provide Members of the Budget Advisory Committee, prior to the wrap up meeting, with:

- (a) remaining consultant costs for ABC's; and
- (b) remaining Analysis of Administrative Costs (Appendix C). **(Carried)**

D. Councillor Soknacki moved that the Chief Financial Officer and Treasurer be requested to provide Members of the Budget Advisory Committee, prior to the wrap up meeting, with an amended Appendices to reflect further information received at today's meeting. **(Carried)**

Councillor Shiner appointed Councillor Sutherland Acting Chair and vacated the Chair.

E. Councillor Shiner moved that the Chief Administrative Officer and the Chief Financial Officer and Treasurer be requested to report by September 2001, through the appropriate Standing Committees to the Budget Advisory Committee, in consultation with relevant staff, providing a review on the administrative costs of each Department and agency, board and commission, such report to include the savings and reductions which can be achieved. **(Carried)**

Councillor Shiner resumed the Chair.

(Chief Administrative Officer; Chief Financial Officer and Treasurer; Commissioner of Community and Neighbourhood Services; Commissioner of Corporate Services; Commissioner of Economic Development, Culture and Tourism; Commissioner of Urban Development Services; Commissioner of Works and Emergency Services; c. Committee Administrator, Administration Committee - March 19, 2001)

9.7 Share of Senior Government Revenues for Municipalities

The Budget Advisory Committee had before it a report (March 12, 2001) from the Chief Financial Officer and Treasurer summarizing the practices in other Canadian provinces, the United States and Germany, where senior governments designate a share of their revenues for municipalities; and recommending that this report be received for information.

A. Councillor Chow moved that the Budget Advisory Committee recommend to the Policy and Finance Committee, and Council, that:

- (1) a copy of the aforementioned report, be forwarded to Municipalities which are undergoing amalgamation at present; and
- (2) a copy of the report, also be forwarded to the Federation of Canadian Municipalities and Association of Municipalities of Ontario for their consideration and information.

(Carried)

B. Councillor Pantalone moved that the Budget Advisory Committee recommend to the Policy and Finance Committee and Council, that a copy of the subject report be forwarded immediately, under separate cover, to all Members of Council, Members of the Greater Toronto Services Board, MPPs and MPs in the Greater Toronto Area, all Mayors in the Greater Toronto Area, and to Mayor Lastman to be considered as part of his ongoing negotiations with the Province.

(Carried)

Councillor Shiner appointed Councillor Sutherland Acting Chair and vacated the Chair.

- C. Councillor Shiner moved that Councillor Pantanlone's motion B. be amended by adding the words:

“and further that a copy of said report be forwarded to the Prime Minister of Canada and the Premier of Ontario.”.

(Carried)

Councillor Shiner resumed the Chair.

- D. Councillor Pitfield moved that:

- (1) the aforementioned report be deferred until the wrap up meeting; and
- (2) the Chief Administrative Officer be requested to provide a more in depth and detailed report with respect to funding from other levels of government internationally as to how such funding originated, how were they able to set up such funding and how the City is moving this ahead through the Charter City initiative.

(Carried)

(Chief Administrative Officer - March 19, 2001)

9.8 2001 Annual Sinking Fund Levies, Surplus and Activity During 2000

The Budget Advisory Committee had before it a report (March 15, 2001) from the Chief Financial Officer and Treasurer requesting Council approval for payment of the annual sinking fund levies for 2001 and the sinking fund surplus in order to fulfill the legislative requirements of the Municipal Act and the City of Toronto Act, 1997 (No. 2); informing Council of the activities of the Fund during the year 2000; and recommending that:

- (1) the 2001 sinking fund levies, as detailed in this report, be approved;
- (2) subject to the approval of the Sinking Fund Committee, a tax-supported sinking fund surplus of \$4,381,947.00 and \$945,654.00 for water and wastewater rate supported be declared and paid to the City in 2001 and used to offset capital financing requirements; and
- (3) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

The Chief Financial Officer and Treasurer gave a presentation to the Budget Advisory Committee on the 2001-2005 Recommended Capital Program.

On motion by Councillor Pitfield, the Budget Advisory Committee deferred consideration of the aforementioned report until the wrap up meeting on March 30, 2001.

9.9 The Way Out of This Mess

The Budget Advisory Committee had before it a joint communication (March 1, 2001) from Councillor Joe Pantalone, Ward 19 Trinity-Spadina, Councillor Olivia Chow, Ward 20 Trinity-Spadina, Councillor Anne Johnston, Ward 16 Eglinton-Lawrence and Councillor David Miller, Ward 13 Parkdale-High Park, forwarding a document, entitled "The Way Out of This Mess", detailing an alternative proposal to the City's financial problems; and requesting the Budget Advisory Committee to review this proposal as part of this year's budget process.

On motion by Councillor Chow, the Budget Advisory Committee deferred consideration of the aforementioned report until the wrap up meeting on March 30, 2001.

9.10 2001-2005 Capital Budget - Standing Committee Review

The Budget Advisory Committee before it a report (March 19, 2001) from the Chief Financial Officer and Treasurer providing the Budget Advisory Committee with an overview of the Standing Committee review of the 2001-2005 Capital Program; and recommending that this report be received for information.

On motion by Councillor Chow, the Budget Advisory Committee received the aforementioned report for information.

9.11 Recommended 2001-2005 Tax Supported Capital Plan Debt and Debt Service Impact

The Budget Advisory Committee had before it a report (March 16, 2001) from the Chief Financial Officer and Treasurer identifying the debt and debt servicing requirements for the recommended 2001-2005 capital plan and issues surrounding sustainable funding for the capital program; and recommending that:

- (1) as a minimum, Capital From Current be maintained at the 2000 budgeted level of \$143 million;

- (2) the Chief Financial Officer and Treasurer be requested to report on any changes necessary to the capital financing plan should major funding changes occur following approval of the 2001- 2005 Capital Works Program, such as new senior government support for the City's capital program;
- (3) Council again request that the federal and provincial governments provide the City with sustained ongoing funding to support the City's capital program and help maintain the competitiveness and financial sustainability of the City of Toronto;
- (4) Council again request the provincial government to forgive the \$200 million in loans provided to the City to put Toronto on the same basis as other amalgamating cities that received provincial support for transition costs;
- (5) any surplus in the City's Sinking Fund accounts that is released in 2001 and future years be applied to the capital program to reduce borrowing; and
- (6) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

On motion by Councillor Chow, the Budget Advisory Committee deferred consideration of the aforementioned report until the wrap up meeting on March 30, 2001.

9.12 2001-2005 Budget - Supplementary Information Requests

The Budget Advisory Committee had before it a report (March 19, 2001) from the Chief Financial Officer and Treasurer responding to requests for Supplementary Information relative to the 2001-2005 Capital Budgets; and recommending that this report be received for information.

On motion by Councillor Chow, the Budget Advisory Committee deferred consideration of the aforementioned report and requested that it be updated before March 30, 2001.

9.13 City of Toronto Budget Process

The Budget Advisory Committee had before it a communication (March 19, 2001) from Mr. Brian Cochrane, President, Toronto Civic Employees' Union - Local 416 CUPE, expressing their concern regarding the 2001 budget process.

On motion by Councillor Sutherland, the Budget Advisory Committee received the aforementioned communication for information.

9.14 Y2K Project - Status Report

The Budget Advisory Committee, during its deliberations, had before it the recommended 2001-2005 Capital Program for Y2K Project.

On motion by Councillor Chow, the Budget Advisory Committee deferred consideration of the aforementioned report to be considered with the Information and Technology Budget.

The Budget Advisory Committee adjourned its meeting at 5:35 p.m.

Chair