

THE CITY OF TORONTO

City Clerk's Division

Minutes of the Budget Advisory Committee

Meeting No. 20

Friday, November 16, 2001

The Budget Advisory Committee met on Friday, November 16, 2001, in Committee Room No. 2, City Hall, Toronto, commencing at 10:45 a.m.

Attendance

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

	10:45 a.m. to 1:26 p.m.
Councillor David Shiner, Chair	X
Councillor Paul Sutherland, Vice Chair	X
Councillor Olivia Chow	X
Councillor Ron Moeser	X
Councillor Joe Pantalone	X
Councillor Jane Pitfield	X
Councillor David Soknacki	X

Also Present:

Councillor Brian Ashton	
-------------------------	--

Confirmation of Minutes

On motion by Councillor Pitfield, the Minutes of the Budget Advisory Committee meeting held on October 18, 2001, were confirmed.

**20.1 Revised - Project Funding Approval: Forty-Foot
Low-Floor Diesel Bus Procurement Program**

The Budget Advisory Committee again had before it a report (September 26, 2001) from the General Secretary, Toronto Transit Commission, advising that the Toronto Transit Commission at its meeting held on September 25, 2001, gave consideration to the report (September 26, 2001), entitled "Revised - Project Funding Approval: Forty-Foot Low-Floor Diesel Bus Procurement Program", and approved, among other things, the following recommendation:

"(4) Approve funds, subject to Council of the City of Toronto approval, in the total estimated upset limit amount of \$119M, which includes an adjustment for the GST rebate, in-house engineering and administrative costs, in-plant and receiving inspections, preparation for service, travelling expenses to the manufacturing facilities, and an allowance for contract changes for the purchase of 220 forty-foot low-floor diesel buses, to cover bus deliveries for the years 2003 and 2004;"

and further requested that City Council approve project funding as detailed therein.

The Budget Advisory Committee also had before it the following communications:

- (a) (November 15, 2001) from Mr. Mitchell W. Pratt, Vice President, Business Development, ENRG, forwarding an offer to purchase natural gas fueling buses for \$2.1 million; and
- (b) (November 16, 2001) from the Chief General Manager, Toronto Transit Commission, advising of the expenditure cashflows to April 30, 2002, as well as fixed contract commitments to be made by that date in the amount of \$67.6 million.

The following persons appeared before the Budget Advisory Committee in connection with the foregoing matter:

- Mr. Rick Ducharme, Chief General Manager, Toronto Transit Commission;
- Mr. Vince Rodo, General Secretary, Toronto Transit Commission; and
- Councillor Brian Ashton, Chair, Toronto Transit Commission.

Budget Advisory Committee Minutes
Friday, November 16, 2001

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

- A. Councillor Shiner moved that the Budget Advisory Committee:
- (1) recommend to the Policy and Finance Committee, and Council, that:
 - (a) 2/3 of the budget of \$119.000 million be approved for the purchase of the new 40 foot low-floor diesel buses;
 - (b) consideration of the balance of 1/3 be deferred and considered with the 2002 budget deliberations;
 - (c) the original pre-approval for the TTC's Capital Budget of \$112.865 million be reduced to \$67.605 million without specifically referring to individual projects; and
 - (d) the entire list of projects comprising the original request of \$112.865 million be referred to the Budget Advisory Committee for consideration with the 2002 Capital Budget Process;
 - (2) request the Chair, Toronto Transit Commission, in consultation with the Chief General Manager, Toronto Transit Commission, to prepare a presentation to the December 4, 2001 meeting of Council on the effect of the 1/3 reduction of the TTC's 5-year and 10-year capital program; and
 - (3) receive the communication (November 15, 2001) from Mr. Mitchell W. Pratt, Vice President, Business Development, ENRG.

(Carried)

Councillor Shiner resumed the Chair.

- B. Councillor Sutherland moved that the Chair, Toronto Transit Commission, in consultation with the Chief General Manager, Toronto Transit Commission, be requested to look at other types of buses, i.e., alternate fuel buses, hybrid buses or fuel cell buses, as part of its purchasing program in the near future.

(Carried)

Budget Advisory Committee Minutes
Friday, November 16, 2001

(Policy and Finance Committee; c. Chief Administrative Officer and Acting Chief Financial Officer; Mr. Rick Ducharme, Chief General Manager, Toronto Transit Commission; Mr. Vince Rodo, General Secretary, Toronto Transit Commission; Councillor Brian Ashton, Chair, Toronto Transit Commission - November 16, 2001)

(Chair, Toronto Transit Commission; c. Mr. Rick Ducharme, Chief General Manager, Toronto Transit Commission - November 16, 2001)

**20.2 Toronto Police Service 2001 Operating
Budget Variance Report - May 31, 2001**

The Budget Advisory Committee again had before it a communication (September 20, 2001) from the City Clerk advising that the Policy and Finance Committee at its meeting held on September 20, 2001, referred the communication (August 7, 2001) from the Vice Chair, Toronto Police Services Board, entitled "Toronto Police Service 2001 Operating Budget Variance Report - May 31, 2001", to the Budget Advisory Committee for consideration.

The Budget Advisory Committee also had before it a report (November 12, 2001) from the Chief of Police, addressed to the Chairman and Board Members of the Toronto Police Services Board, recommending that:

- (1) the report be received for information; and
- (2) the report be forwarded to the Chief Financial Officer and Treasurer and the Policy and Finance Committee for information.

Mr. Angelo Cristofaro, Director, Finance and Administration, Toronto Police Service, appeared before the Budget Advisory Committee in connection with the foregoing matter.

On motion by Councillor Chow, the Budget Advisory Committee:

- (1) recommended to the Policy and Finance Committee, and Council, that:
 - (a) the approved expenditure for the Toronto Police Services Board in the IT area be absorbed within the existing budget for the Toronto Police Services Board;
 - (b) the new IT program of \$2.5 million be considered as an expansion item in the 2002 Budget Process; and

Budget Advisory Committee Minutes
Friday, November 16, 2001

- (c) the Chair, Toronto Police Services Board, be requested to take appropriate action to ensure that no new commitments be made prior to the 2002 budget approval;
- (2) advised the Chair, Toronto Police Services Board, that the Budget Advisory Committee does not accept the \$2.491 million as a base budget adjustment;
- (3) requested the Acting Chief Financial Officer to show this as an area of service changes in the Toronto Police Services Board's budget for the 2002 budget deliberations;
- (4) requested the Chair, Toronto Police Services Board, to report to the Budget Advisory Committee on the details of the increase in consultants costs from \$1.88 million to \$2.6 million; and
- (5) received the following communication and report:
 - (September 20, 2001) from the City Clerk; and
 - (November 12, 2001) from the Chief of Police.

(Policy and Finance Committee; c. Chief Administrative Officer and Acting Chief Financial Officer; Chair, Toronto Police Services Board; Mr. Angelo Cristofaro, Director, Finance and Administration, Toronto Police Service - November 16, 2001)

(Chief Administrative Officer and Acting Chief Financial Officer; Chair, Toronto Police Services Board - November 16, 2001)

20.3 September 2001 Operating Variance Report

The Budget Advisory Committee had before it a report (November 16, 2001) from the Acting Chief Financial Officer providing a summary of gross and net expenditure of the City of Toronto for the nine months of operation ended September 30, 2001, and projections of net expenditures for the year ending December 31, 2001; and recommending that:

- (1) the operating variance report for the period ending September 2001 be received for information;

Budget Advisory Committee Minutes
Friday, November 16, 2001

- (2) the corporate United Way budget of \$58,242.00 be transferred from Service Improvement and Innovation of Corporate Services to Non-Program Expenditures (Other Corporate Expenditures);
- (3) \$800,000.00 be transferred from the Non-Program budget to Facilities and Real Estate to offset the \$800,000.00 revenue loss associated with the transfer in 2001 of Casa Loma revenues to Reserve Account (Culture);
- (4) the Commissioner of Corporate Services, in consultation with the Chief Financial Officer and Treasurer, be requested to report back during the 2002 budget process on a strategy to address pressures resulting from the sale or reassignment of City properties for which Facilities and Real Estate was the corporate custodian;
- (5) the Chair, Board of Directors, Hummingbird Centre for the Performing Arts, along with the Chief Financial Officer and Treasurer, be requested to report back to the Policy and Finance Committee on the financial implications of the projected potential OMERS liabilities;
- (6) all Departments and Special Purpose Bodies be requested to curtail their discretionary spending until the 2002 budget is approved; and
- (7) the September 2001 Operating Variance report be forwarded to the next meeting of the Audit Committee.

On motion by Councillor Soknacki, the Budget Advisory Committee:

- (1) recommended to the Policy and Finance Committee, and Council, the adoption of the aforementioned report;
- (2) requested the Acting Chief Financial Officer, in consultation with the Commissioner of Corporate Services, to report to the Budget Advisory Committee, prior to the 2002 summer break, on a rationalization of inter-departmental charges for implementation in the 2003 budget cycle; such rationalization to consider the potential for full charge back, dispute resolution mechanisms and other service providers, and further advise which changes can be made in the 2002 budget cycle; and
- (3) requested the Commissioner of Works and Emergency Services to report to the Budget Advisory Committee:
 - (a) the issue of revenues and tipping fees; and

Budget Advisory Committee Minutes
Friday, November 16, 2001

- (b) the revenue projections under-achievement due to lower than expected paid tonnage and lower revenues for the sale of recyclable materials.

(Policy and Finance Committee; c. Chief Financial Officer and Acting Chief Financial Officer; Commissioner of Corporate Services; Commissioner of Works and Emergency Services - November 16, 2001)

(Chief Administrative Officer and Acting Chief Financial Officer; Commissioner of Works and Emergency Services; c. Commissioner of Corporate Services - November 16, 2001)

20.4 Harmonization of Business Improvement Area Practices and Procedures (All Wards)

The Budget Advisory Committee had before it a communication (October 25, 2001) from the City Clerk advising that the Policy and Finance Committee on October 25, 2001, referred the communication (October 23, 2001) from the City Clerk respecting Harmonization of Business Improvement Area Practices and Procedures, to the Budget Advisory Committee for consideration and report thereon to the Policy and Finance Committee.

The Budget Advisory Committee also had before it a communication (November 14, 2001) from Councillor Gerry Altobello, Ward 35 – Scarborough Southwest, in support of the harmonization of Business Improvement Area practices and procedures.

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

On motion by Councillor Shiner, the Budget Advisory Committee:

- (1) recommended to the Policy and Finance Committee, and Council, the adoption of Recommendations Nos. (1) to (8) and (13) to (15) of the report (October 12, 2001) from the Commissioner of Economic Development, Culture and Tourism, as amended by the Economic Development and Parks Committee and embodied in the communication (October 23, 2001) from the City Clerk;
- (2) deferred consideration of Recommendations Nos. (9) to (12) to the 2002 Operating Budget process for consideration during review of the 2002 Operating Budgets of the Economic Development, Revenue Services, Accounting and Audit Services programs;

Budget Advisory Committee Minutes
Friday, November 16, 2001

- (3) requested the Acting Chief Financial Officer, in consultation with the Commissioner of Economic Development, Culture and Tourism and City Auditor, to report to the Budget Advisory Committee early in 2002 on alternative options for the delivery of accounting and audit services; and
- (4) received the communication (November 14, 2001) from Councillor Gerry Altobello, Ward 35 - Scarborough Southwest.

Councillor Shiner resumed the Chair.

(Policy and Finance Committee; c. Chief Administrative Officer and Acting Chief Financial Officer; Commissioner of Economic Development, Culture and Tourism; City Auditor; Councillor Gerry Altobello, Ward 35 - Scarborough Southwest - November 16, 2001)

(Chief Administrative Officer and Acting Chief Financial Officer; c. Commissioner of Economic Development, Culture and Tourism, City Auditor - November 16, 2001)

20.5 Insurance Reserve Fund Adequacy

The Budget Advisory Committee had before it a report (November 7, 2001) from the Acting Chief Financial Officer updating the adequacy of the Insurance Reserve Fund, highlighting insurance cost and funding pressures; developing a funding strategy to alleviate depletion of the Fund through cost reductions and increased funding; and recommending that:

- (1) contributions to the Insurance Reserve Fund be increased by \$4 million in 2002 and consideration be given to a further \$5 million in 2003 and a further \$5 million in 2004; and
- (2) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

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

On motion by Councillor Shiner, the Budget Advisory Committee:

- (1) deferred consideration of the aforementioned report to the 2002 Budget Process;

Budget Advisory Committee Minutes
Friday, November 16, 2001

- (2) requested the Acting Chief Financial Officer to report to the Budget Advisory Committee on setting a target for the Insurance Reserve Fund of \$24.6 million; such report to be considered with the 2002 budget deliberations; and
- (3) requested the Acting Chief Financial Officer, in consultation with the City Auditor, to review expenditures and potential areas for savings that may be achieved.

Councillor Shiner resumed the Chair.

(Chief Administrative Officer and Acting Chief Financial Officer; City Auditor - November 16, 2001)

**20.6 Reserves and Reserve Funds
Variance Report - September 30, 2001**

The Budget Advisory Committee had before it a joint report (November 12, 2001) from the Chief Administrative Officer and Acting Chief Financial Officer and the Acting Treasurer and Director of Accounting Services providing information on reserve and reserve fund balances as at September 30, 2001, activity in reserves and reserve funds during the first nine months of 2001; identifying impacts on balances projected as at December 31, 2001; and recommending that an amount of \$2,097,426.00 be transferred from the Working Capital Reserve to the Solid Waste Management Perpetual Care Reserve Fund and that this report be forwarded to the Audit Committee for information.

On motion by Councillor Sutherland, the Budget Advisory Committee deferred consideration of the aforementioned joint report to the next meeting of the Budget Advisory Committee.

(Chief Administrative Officer and Acting Chief Financial Officer; Acting Treasurer and Director of Accounting Services - November 16, 2001)

The Budget Advisory Committee adjourned its meeting at 1:26 p.m.

Chair