

**THE CITY OF TORONTO**

**City Clerk's Division**

**Minutes of the Budget Advisory Committee**

**Meeting No. 11**

**Friday, May 3, 2002**

The Budget Advisory Committee met on Friday, May 3, 2002, in Committee Room No. 1, City Hall, Toronto, commencing at 10:12 a.m.

Attendance

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

	10:12 a.m. – 1:05 p.m.
Councillor David Shiner, Chair	X
Councillor Paul Sutherland, Vice Chair	X
Councillor Olivia Chow	X
Councillor Ron Moeser	X
Councillor Joe Pantalone	-
Councillor Jane Pitfield	X
Councillor David Soknacki	X

Also Present:

Councillor Betty Disero	Councillor Frances Nunziata
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**Confirmation of Minutes**

On motion by Councillor Chow, the Minutes of the Budget Advisory Committee and Policy and Finance Committee joint meetings held on January 8, 2002 and February 18, 2002, were confirmed.

On motion by Councillor Chow, the Minutes of the Budget Advisory Committee meetings held on January 28, 2002, February 1, 2002, February 4, 2002, February 5, 2002, February 6, 2002, February 7, 2002, February 11 and 12, 2002 and February 19, 2002, were confirmed.

### **11.1 December 31, 2001 - Final Operating Budget Variance Report**

The Budget Advisory Committee had before it a report (April 9, 2002) from the Chief Financial Officer and Treasurer providing the final operating variance report for the City of Toronto for the twelve months of operation ended December 31, 2001; and recommending that:

- (1) the operating variance report for the year ending December 31, 2001, be forwarded to the Policy and Finance Committee;
- (2) the unallocated incremental surplus of \$4.8 million be transferred to the Capital Financing Reserve Fund to reduce future debt charges; and
- (3) the technical adjustments to the 2001 Operating Budget as outlined in Appendix D, be approved.

Councillor Frances Nunziata, York South-Weston, appeared before the Budget Advisory Committee in connection with the foregoing matter.

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, the adoption of the report (April 9, 2002) from the Chief Financial Officer and Treasurer; and
- (2) request the Chief Financial Officer and Treasurer to report to the Policy and Finance Committee for its meeting of May 9, 2002, on whether the \$4.8 million unallocated incremental surplus should be transferred to the Insurance Reserve Fund rather than to the Capital Financing Reserve Fund to reduce future debt charges.

**(Carried)**

Councillor Shiner resumed the Chair.

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- B. Councillor Sutherland moved that the Budget Advisory Committee recommend to the Policy and Finance Committee, and Council, that the 2002 surplus, if any, in terms of the reserve account for winter maintenance costs relating to the Works Operating Budget, be allocated to the reserve account for future maintenance years.

**(Carried)**

- C. Councillor Chow moved that the Budget Advisory Committee request the Commissioner of Economic Development, Culture and Tourism, in consultation with other City officials and the Chair, Toronto Transit Commission, to report to the Budget Advisory Committee in June 2002, providing an update on World Youth Day funding.

**(Carried)**

- D. Councillor Pitfield moved that the Budget Advisory Committee request:

(1) the Chief Administrative Officer to report to the Budget Advisory Committee in the Fall on an agreement, in principle, of any surplus being reported to the Budget Advisory Committee, the Policy and Finance Committee and City Council through the budget process before any plans are made on how to spend such surplus; and

(2) the Chief Administrative Officer and the Chief Financial Officer and Treasurer to report to the Budget Advisory Committee, knowing that the operating budget is difficult to compare from year to year on an objective basis, on:

(i) how variances could be reported separately on three appropriations:

- ongoing operating;
- one-time adjustments (resulting from service changes); and
- routing of capital expenditures through the operating budget; and

(ii) quarterly reports including a status report on accounts receivable and accounts payable starting in June.

**(Carried)**

(Policy and Finance Committee; c. Councillor Frances Nunziata, York South-Weston - May 3, 2002)

(Chief Administrative Officer; Chief Financial Officer and Treasurer; Commissioner of Economic Development, Culture and Tourism; c. Councillor Frances Nunziata, York South-Weston; Chair, Toronto Transit Committee; Committee Administrator, Policy and Finance Committee; Committee Administrator, Budget Advisory Committee - May 3, 2002)

## **11.2 March 2002 - First Quarter Operating Budget Variance Report**

The Budget Advisory Committee had before it a report (April 26, 2002) from the Chief Financial Officer and Treasurer providing a summary of the gross and net expenditure results of the City of Toronto for the three months of operations ended March 31, 2002 and projections of net expenditures for the year ending December 31, 2002; and recommending that the operating variance report for the period ended March 31, 2002, be received and forwarded to Policy and Finance Committee and Council for information.

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

- A. Councillor Shiner moved that the Budget Advisory Committee receive the aforementioned report and directed that it be forwarded to the Policy and Finance Committee, and Council, for information.

**(Carried)**

Councillor Shiner resumed the Chair.

- B. Councillor Sutherland moved that the Budget Advisory Committee recommend to the Policy and Finance Committee, and Council, that the 2002 surplus, if any, in terms of the reserve account for winter maintenance costs relating to the Works Operating Budget, be allocated to the reserve account for future maintenance years.

**(Carried)**

(Policy and Finance Committee - May 3, 2002)

**11.3 Revised Fall Portion of the 2002 Schedule  
and the 2003 Schedule of Meetings**

The Budget Advisory Committee had before it the following reports:

- (a) (April 23, 2002) from the City Clerk and the Chief Financial Officer and Treasurer recommending revised dates for the fall portion of the 2002 Schedule of Meetings and the 2003 Schedule of Meetings for Council, its Committees and Community Councils; and recommending that:
  - (1) the fall portion of the 2002 Schedule of Meetings previously adopted by Council be rescinded and replaced with the revised Schedule attached as Appendix "A" to this report;
  - (2) the 2003 Schedule of Meetings attached as Appendix "B" to this report be adopted;
  - (3) the revised fall portion of the 2002 Schedule of Meetings and the 2003 Schedule of Meetings, as approved by City Council, be circulated to the City's Agencies, Boards, Commissions and special committees established by City Council, with a request that they avoid scheduling meetings which conflict with City Council meetings and the Standing Committees to which they report; and
  - (4) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto; and
- (b) (May 1, 2002) from the Chief Administrative Officer, the City Clerk and the Chief Financial Officer and Treasurer, presenting an alternative version of the proposed 2003 Schedule of Meetings; and recommending that:
  - (1) consideration be also given to the alternative version of the 2003 Schedule of Meetings attached as Appendix "B(i)" to this report; and
  - (2) the Budget Advisory Committee be requested to submit its recommendations with respect to the Schedule of Meetings for 2003 to the Policy and Finance Committee for subsequent referral and recommendation thereon to the Striking Committee, which is authorized under the Council Procedures to make recommendations to Council on the Schedule of Meetings.

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

On motion by Councillor Shiner, the Budget Advisory Committee recommended to the Policy and Finance Committee, and Council, that:

- (1) Recommendation Nos. (1), (3) and (4) contained in the joint report (April 23, 2002) from the Chief Financial Officer and Treasurer and the City Clerk, be adopted; and
- (2) the alternative version of the 2003 Schedule of Meetings as embodied in the joint report (May 1, 2002) from the Chief Administrative Officer, the City Clerk and the Chief Financial Officer and Treasurer, as Appendix "B(i)", be adopted.

Councillor Shiner resumed the Chair.

(Policy and Finance Committee - May 3, 2002)

#### **11.4 2001 Caribana Financial Report**

The Budget Advisory Committee had before it a communication (February 21, 2002) from the City Clerk advising that City Council at its meeting held on February 13, 14 and 15, 2002, adopted, without amendment, Clause No. 6 of Report No. 1 of The Economic Development and Parks Committee, headed "2001 Caribana Financial Report (All Wards)", and directed that a copy of this Clause be forwarded to the Budget Advisory Committee for information.

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

#### **11.5 Extension of Contract No. 00TS-002SL Maintenance of Expressway Lighting Systems**

The Budget Advisory Committee had before it a communication (February 18, 2002) from the City Clerk advising that City Council at its meeting held on February 13, 14 and 15, 2002, adopted, without amendment, Clause No. 10 of Report No. 2 of The Works Committee, headed "Extension of Contract No. 00TS-002SL - Maintenance of Expressway Lighting Systems", and directed that a copy of this Clause be forwarded to the Budget Advisory Committee for information.

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

## **11.6 Toronto Transit Commission Ridership**

The Budget Advisory Committee had before it a communication (February 20, 2002) from the Chief General Manager, Toronto Transit Commission in response to a request by the Budget Advisory Committee for a report on the TTC ridership.

- A. Councillor Sutherland moved that the Budget Advisory Committee receive the aforementioned communication for information.

**(Carried)**

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

- B. Councillor Shiner moved that the Budget Advisory Committee request the Chair, Toronto Transit Commission, to provide an update on ridership to the next meeting of the Budget Advisory Committee, including ridership trends in regions around Toronto.

**(Carried)**

Councillor Shiner resumed the Chair.

(Chair, Toronto Transit Commission - May 3, 2002)

## **11.7 Sale of Toronto Hydro Bonds**

The Budget Advisory Committee had before it a communication (March 27, 2002) from Councillor Betty Disero, Davenport, forwarding a newspaper column on the sale of Toronto Hydro Bonds and recommending that consideration be given to spending the money saved responsibly.

Councillor Betty Disero, Davenport, appeared before the Budget Advisory Committee in connection with the foregoing matter.

On motion by Councillor Sutherland, the Budget Advisory Committee:

- (1) requested the Chief Administrative Officer and the Chief Financial Officer and Treasurer to report to the Budget Advisory Committee on the potential sale of Toronto Hydro Bonds; and
- (2) received the aforementioned communication for information.

(Chief Administrative Officer; Chief Financial Officer and Treasurer - May 3, 2002)

### **11.8 Special Operating Subsidy Agreement**

The Budget Advisory Committee had before it a communication (February 25, 2002) from the General Secretary, Toronto Transit Commission, forwarding a communication (January 30, 2002) from Mr. David Guscott, Deputy Minister of Transportation, responding to a request by the Commission for a special operating subsidy arrangement with the Province to support the operation of the Sheppard Subway.

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

### **11.9 Toronto Police Service Response to Issues Related to the Inter-Departmental Round Table on Youth Violence and Funding Options for Supporting Community Safety Initiatives**

The Budget Advisory Committee had before it a communication (March 21, 2002) from the Acting Chair, Toronto Police Services Board, responding to issues related to the Inter-departmental Round Table on Youth Violence and funding options for supporting community safety initiatives; and recommending that this report be received for information.

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

### **11.10 2002 First Quarter Capital Variance Report**

The Budget Advisory Committee had before it a report (April 30, 2002) from the Chief Financial Officer and Treasurer presenting the City of Toronto Capital Variance Report for the first Quarter ended March 31, 2002; and recommending that:

- (1) the 2002 First Quarter Capital Variance Report be received; and
- (2) this report be forwarded to the Policy and Finance Committee, and Council, for information.

Councillor Frances Nunziata, York South-Weston, appeared before the Budget Advisory Committee in connection with the foregoing matter.

- A. Councillor Moeser moved that the Budget Advisory Committee receive the aforementioned report and direct that it be forwarded to the Policy and Finance Committee, and Council, for information.

**(Carried)**

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

B. Councillor Shiner moved that the Budget Advisory Committee request the Chief Administrative Officer to report to the Budget Advisory Committee on:

- (1) what action is being taken to bring projects that are over budget back within budget;
- (2) how to allow for due diligence when reporting on the quarterly capital variances and if such reports could be forwarded to the Budget Advisory Committee prior to being submitted to the Policy and Finance Committee; and
- (3) all capital budget variances being recorded advising the Budget Advisory Committee if there is projects that can not be reported and the reasons why, including Water and Wastewater and the Toronto Parking Authority.

**(Carried)**

Councillor Shiner resumed the Chair.

(Policy and Finance Committee; c. Councillor Frances Nunziata, York South-Weston - May 3, 2002)

(Chief Administrative Officer; c. Councillor Frances Nunziata, York South-Weston - May 3, 2002)

#### **11.11 Quarterly Reserves and Reserve Funds Variance Report - March 31, 2002**

The Budget Advisory Committee had before it a report (April 22, 2002) from the Chief Financial Officer and Treasurer providing information on reserve and reserve fund balances as at March 31, 2002 and activity in reserves and reserve funds during the first three months of 2002; and recommending that:

- (1) the Quarterly Reserves and Reserve Funds Variance Report – March 31, 2002 be received; and
- (2) this report be forwarded to the Policy and Finance Committee, and Council, for information.

On motion by Councillor Soknacki, the Budget Advisory Committee received the aforementioned report and directed that it be forwarded to the Policy and Finance Committee, and Council, for information.

(Policy and Finance Committee - May 3, 2002)

### **11.12 Options for Addressing the Current 2002 Operating Budget Shortfall**

The Budget Advisory Committee had before it the following communication and report:

- (a) (April 26, 2002) from the General Manager, Toronto Transit Commission, advising that the Toronto Transit Commission, at a special meeting held on April 25, 2002, considered a staff report entitled "Options for Addressing the Current 2002 Operating Budget Shortfall" and adopted Recommendations Nos. 1, 2, 5 and 6 contained in the report, as listed below:

"That the Commission:

- (1) receive this report, appendices and presentation;
  - (2) approve the use of the entire \$23M Riders Reserve to assist in funding the 2002 Operating Budget shortfall;
  - (5) request that the City provides 100 percent funding for all items of TTC capital which are currently funded through the TTC Operating Budget; and
  - (6) request that the City enter into a multi-year operating funding agreement with the TTC."; and
- (b) (April 30, 2002) from the Chief Financial Officer and Treasurer and the Chief Administrative Officer recommending steps to mitigate potential operating budget expenditure and revenue adjustments of up to \$35 million faced by the Toronto Transit Commission (TTC) in 2002; and recommending that:
- (1) the necessary authority be granted to draw on the full amount of the TTC Stabilization Reserve Fund, totalling \$23.8 million to address the TTC 2002 Operating Budget expenditure adjustments;
  - (2) the TTC report back through quarterly variance reports and its Chief General Manager report on ridership projections for 2002 and that any revenue shortfall resulting from lower than budgeted ridership be funded by a corresponding reduction in the TTC's capital from current

expenditure at year-end to a maximum of \$17.6 million and the decision to eliminate all or part of the capital from current account be deferred for consideration until year-end variances are reported;

- (3) the TTC report back through its Commission on how it will manage the timing and, or, level of its capital expenditure in 2002 to minimize capital from current requirements in 2002;
- (4) the Chief General Manager develop a budget schedule process to review its 2003 TTC operating and capital budgets; and further that the Chief General Manager submit a copy of the report from the Chief General Manager on “the current value auditing policies and practices, and the work program of the TTC auditor for 2002 and 2003” to the Budget Advisory Committee when such a report is available; and further that the Chief Administrative Officer and the Chief Financial Officer and Treasurer of the City of Toronto be advised of the schedule;
- (5) the TTC and City staff be directed to pursue the senior levels of government to provide the committed additional capital funding (\$28 million) from the Provincial and Federal Governments as planned in the 2002 capital budget; and
- (6) the TTC and City staff be directed to continue efforts to ensure long term sustainable sources of funding from the Provincial and Federal Governments (based on a one-third funding partnership) for the TTC capital program.

Councillor Brian Ashton, Scarborough Southwest, appeared before the Budget Advisory Committee in connection with the foregoing matter.

- A. Councillor Sutherland moved that the Budget Advisory Committee recommend to the Policy and Finance Committee, and Council, the adoption of the joint report (April 30, 2002) from the Chief Administrative Officer and the Chief Financial Officer and Treasurer.

**(Carried)**

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

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- B. Councillor Shiner moved that the Budget Advisory Committee request the Chief Administrative Officer to submit the previously requested report on absenteeism and expenditures on overtime, comparing budget and actuals, for all agencies, boards and commissions to the next Budget Advisory Committee.

**(Carried)**

Councillor Shiner resumed the Chair.

(Policy and Finance Committee - May 3, 2002)

(Chief Administrative Officer; c. Councillor Brian Ashton, Scarborough Southwest - May 3, 2002)

The Budget Advisory Committee adjourned its meeting at 1:05 p.m.

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Chair