

BUDGET ADVISORY COMMITTEE

AGENDA

MEETING 19

Date of Meeting:	Thursday, November 18, 2004	Enquiry:	Betty Henderson
Time:	9:30 a.m.		Administrator
Location:	Committee Room 2		416-392-8088
	City Hall		bhender1@toronto.ca
	100 Queen Street West		

Under the *Municipal Act, 2001*, the Budget Advisory Committee must adopt a motion to meet In-camera (privately) and the reason must be given.

Declarations of Interest under the *Municipal Conflict of Interest Act*

Confirmation of September 1, 2004 Minutes

Communications/Reports

1. Toronto Police Service - Traffic Services “Strategic Traffic Enforcement Measures” - Quarterly Report: January to March 2004

(Deferred from September 1, 2004 meeting)

Report (July 8, 2004) from the Chair, Toronto Police Services Board, responding to the Toronto City Council request for quarterly reports containing information on traffic enforcement initiatives by the Toronto Police Service.

Recommendation:

It is recommended that the Budget Advisory Committee and the Policy and Finance Committee receive this quarterly report and agree to eliminate the requirement to submit any future regular reports on the S.T.E.M. initiative given that relevant traffic enforcement data will be considered during the annual budget process.

2. Use of OMERS Type 3 Surplus Funds for the Expansion of the Toronto Police Service Strategic Traffic Enforcement Measures Program

Report (November 2, 2004) from the Chair, Toronto Police Services Board, advising that the Toronto Police Services Board has allocated funds from its OMERS Type 3 Surplus for the purposes of increasing the Strategic Traffic Enforcement Measures (“STEM”) program and requesting authorization for the advanced use of those OMERS Type 3 Surplus funds effective January 1, 2005.

Recommendations:

It is recommended that the Budget Advisory Committee:

- (1) advance the time required by the Toronto Police Services Board to access its OMERS Type 3 Surplus funds; and
- (2) given that the Toronto Police Services Board has allocated funds from its OMERS Type 3 Surplus, in the amount equivalent to the total capital-related costs, if any, associated with the addition of four police officers into the STEM program, the Budget Advisory Committee authorize the Board’s advanced use of those OMERS funds effective January 1, 2005.

3. Toronto Police Service - 2004 Operating Budget Variance Report as at April 30, 2004

Communication (September 15, 2004) from the City Clerk, advising that the Policy and Finance Committee on September 15, 2004, referred the report (August 12, 2004) from the Chair, Toronto Police Services Board, respecting the Toronto Police Service 2004 Operating Budget Variance Report as at April 30, 2004, to the Budget Advisory Committee for consideration.

Recommendation:

It is recommended that the Policy and Finance Committee receive this report for information.

4. 2004 Capital and Operating Variance Reports Ending April 30, 2004 and May 31, 2004 for the Toronto Police Services Board, Toronto Police Service and Toronto Police Service - Parking Enforcement

Communication (September 15, 2004) from the City Clerk, advising that the Policy and Finance Committee on September 15, 2004 referred the report (August 12, 2004) from the Chair, Toronto Police Services Board, respecting the 2004 Capital and Operating

Variance Reports Ending April 30, 2004 and May 31, 2004 for the Toronto Police Services Board, Toronto Police Service and Toronto Police Service, Parking Enforcement Unit, to the Budget Advisory Committee for consideration.

Recommendation:

It is recommended that the Policy and Finance Committee receive this report for information.

**5. Toronto Transit Commission -Yonge Sheppard Lands
Future Use of Property**

Communication (September 9, 2004) from the General Secretary, Toronto Transit Commission, advising the Commission at its meeting held on July 14, 2004:

- (A) amended Recommendation (1) by adding the following words at the end of the Recommendation “with the exception of auto related uses or car rental establishments”, so such Recommendation reads as follows:
 - “(1) Approve the business decision for the disposal of the Yonge-Sheppard lands by means of a short term (15 to 20 years) lease to a commercial franchise, with the exception of auto related uses or car rental establishments.”; and
- (B) approved Recommendations 2, 3 and 4 contained in the report, “Yonge Sheppard Lands - Future Use of Property”, as follows:
 - “(2) authorize the jurisdictional transfer of the Yonge-Sheppard lands (4804-4812 Yonge Street), with the exception of easements reserved for existing TTC structures and facilities, to the City of Toronto and allow City staff to negotiate, prepare and execute the documents and agreements necessary to lease and subsequently sell the Yonge-Sheppard lands in a form satisfactory to the City of Toronto Council, subject to the Commission’s approval of the final disposition of the property;
 - (3) authorize increased project approval in the Estimated Final Cost of the Sheppard Subway Project of \$5.9 million; and
 - (4) forward this report to the City of Toronto for confirmation of the accounting and budgeting treatments of the Sheppard Subway project under the 2005-2009 Capital Program budget;”.

**6. Toronto Transit Commission - Procurement Authorization
Design and Supply of Low Voltage Power Supply and
Inverter for CLRV Fleet as Part of the CLRV Life Extension Program**

Communication (September 23, 2004) from the General Secretary, Toronto Transit Commission, advising that the Commission at its meeting on September 22, 2004, approved the following recommendations:

- (1) the award of a contract to I-Power (Intelligent Power Systems LTD.) in the amount of \$161,138.00 for the design and supply of two prototype Low Voltage Power Supply and Inverters units;
- (2) the conditional awarding of an upset limit contract to I-Power in the amount of \$8,838,862.00, subject to subsequent satisfactory performance of the prototypes during in-service testing of the prototypes and confirmation of receiving additional financing approval from City of Toronto Council; and
- (3) forwarding this report to City Council to seek additional financing approval of \$8,840,000.00, increasing the current financing approval for this project from \$4,187,000.00 to \$13,027,000.00, to cover contract production commitments through 2012.

7. Contributions to the Vehicle and Equipment Replacement Reserve

Communication (September 15, 2004) from the City Clerk, advising that The Policy and Finance Committee on September 15, 2004, referred the report (September 13, 2004) from the Commissioner of Corporate Services and the Chief Financial Officer and Treasurer, respecting Contributions to the Vehicle and Equipment Replacement Reserve, to the Budget Advisory Committee for consideration and report thereon to the Policy and Finance Committee.

Recommendations:

It is recommended that:

- (1) commencing in 2005, all Programs commit to the policy of increasing their 2004 contribution to the Vehicle and Equipment Replacement Reserve for all new vehicles by an amount based on the following calculation:

$$\frac{\text{Future replacement cost less end of life salvage value}}{\text{Projected useful life in months}}$$

- (2) Fleet Services establish the reserve contribution amount based on the above formula and collect reserve contributions using interdepartmental chargebacks on a monthly basis;
- (3) Fleet Services develop a vehicle/equipment chargeback rate program for the 2006 budget cycle; the internal charge shall be all inclusive of vehicle and equipment operating costs (not including fuel that will be a direct charge);

- (4) commencing in 2005, Fleet Services report, as part of its annual capital/operating budget presentation, on the progress to date to reduce the backlog of overdue vehicles, and the uncommitted balance in the Vehicle and Equipment Replacement Reserve available for fleet replacement;
- (5) Council establish a cost centre within the Stabilization Reserve Fund called 'Fleet Services Stabilization' to fund any deficit in the Fleet Services Operations or to be transferred to the Vehicle and Equipment Replacement Reserve to fund any backlog of vehicles needing to be replaced and that Municipal Code Chapter 227 (Reserves and Reserve Funds) be amended by adding this cost centre to Schedule '4' (Stabilization Reserve Fund);
- (6) this report be forwarded to the Budget Advisory Committee for consideration; and
- (7) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto, and that leave be granted for the introduction of any necessary bills in Council to give effect thereto.

8. 2004 Toronto Public Health Operating Budget - Report on Pending Items

Communication (September 15, 2004) from the City Clerk, advising that The Policy and Finance Committee on September 15, 2004, recommended to City Council that Council adopt the staff recommendations in the Recommendations Section of the report (August 27, 2004) from the Medical Officer of Health; forwarded the report to the Budget Advisory Committee and Board of Health for information.

9. Homes for the Aged - Community-Based Services Furnishings and Equipment

Communication (October 7, 2004) from the City Clerk, advising that the Community Services Committee at its meeting held on October 7, 2004, recommended to the Budget Advisory Committee that City Council adopt the staff recommendations in the Recommendations Section of the report (September 23, 2004) from the Commissioner of Community and Neighbourhood Services.

Recommendations:

- (1) Council establish a Cost Centre called 'HFA Community-Based Services', within the Community Initiatives Reserve Fund, to be used to purchase furnishings, equipment and amenities as required by the Homes for the Aged community-based programs;
- (2) Municipal Code Chapter 227 (Reserves and Reserve Funds) be amended by adding the 'Homes for the Aged Community-Based Services' cost centre to Schedule 6 - Community Initiatives Reserve Fund;

- (3) funds totalling \$1,700,000.00 plus applicable interest be transferred from the HFA Capital Reserve into a new HFA Community-Based Services Cost Centre within the Community Initiatives Reserve Fund; and
- (4) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto, and that leave be granted for the introduction of any necessary bills in Council to give effect thereto.

10. Policy on Management of Operating Budget Surpluses

Communication (October 6, 2004) from the City Clerk, advising that City Council on September 28, 29, 30 and October 1, 2004, considered Clause 15 of Report 7 of The Policy and Finance Committee, and has referred the following Recommendation (1) contained in the report (July 8, 2004) from the Chief Financial Officer and Treasurer, to the Budget Advisory Committee for consideration:

- “(1) the surplus carried forward be zero by the 2007 fiscal year and that this be accomplished by reducing the surplus carried forward in 2005 to a target level of \$10 million, in 2006 to \$5 million and 2007 to zero;”.

11. Parks and Recreation Revenue Review - Status Report and Interim Findings related to the Welcome Policy (All Wards)

Communication (October 7, 2004) from the City Clerk, advising that the Economic Development and Parks Committee on October 7, 2004, directed that a copy of the report (September 29, 2004) entitled “Parks and Recreation Revenue Review - Status Report and Interim Findings related to the Welcome Policy (All Wards)”, be forwarded to the Budget Advisory Committee for consideration.

Recommendations:

- (1) an increase of \$2.5 million net to the Parks and Recreation Operating Budget, as a result of increased use of the Welcome Policy (unrealized revenues), be referred for consideration during the 2005 Budget process as an interim finding arising from one component of the overall revenue review;
- (2) the Commissioner of Economic Development, Culture and Tourism, in consultation with the Chief Financial Officer and Treasurer, complete a comprehensive review of Parks and Recreation revenue types prior to the consideration of the 2006 budget;
- (3) the Commissioner of Economic Development, Culture and Tourism ensure that the revenue review is undertaken in concert with 2005 report on User Fees for Children and Youth Programs (recommendation of Our Common Grounds -

Strategic Plan) and also incorporates the User Fee, Welcome and Priority Centres Policies; and

- (4) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

12. Toronto Transit Commission - Sheppard Subway Project

(In-Camera - Litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board)

Confidential communication (October 6, 2004) from the General Secretary, Toronto Transit Commission, respecting the Sheppard Subway Project, such communication to be considered in-camera as the subject matter deals with litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board, in accordance with the *Municipal Act, 2001*.

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SUPPLEMENTARY AGENDA

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Communications/Reports

13. Reimbursement for Legal Costs Related to the GST Legal Case

Communication (October 28, 2004) from the General Secretary, Toronto Transit Commission advising that the Commission at its public meeting on October 20, 2004, adopted the following Resolutions:

- (1) that the City be requested to reimburse the Commission for legal costs related to the GST legal case; and
- (2) that the TTC be permitted to retain their portion of the GST Rebate with an off-setting adjustment to the TTC budget.

14. Alternative Heating Options for the St. Lawrence Centre for the Performing Arts

Report (November 10, 2004) from the Commissioner of Corporate Services reporting, as requested, on the potential savings related to converting the steam heating system at St. Lawrence Centre for the Performing Arts to a stand-alone natural gas heating system.

Recommendation:

It is recommended that this report be received for information.

- 14(a).** Communication (October 21, 2004) from the General Manager, St. Lawrence Centre for the Arts, forwarding a report by Day and Behn Engineering Inc., entitled “St. Lawrence Centre for the Performing Arts Steam Conversion Analysis”, which addresses alternative heating options for the St. Lawrence Centre, along with recommendations and feasibility of conversion, as well as, associated capital costs and operational cost impact.

15. Feasibility of a Mandatory Downspout Disconnection Program

Communication (November 9, 2004) from the Works Committee advising of the action taken by the Works Committee on November 9, 2004.

Recommendation:

The Works Committee recommended to the Budget Advisory Committee that City Council adopt a mandatory Downspout Disconnection Program, to be implemented over a period of 11 years starting in 2005, to be funded from the Water Reserve Account.

16. Adequacy of Perpetual Care of Landfill Reserve

Communication (November 9, 2004) from the Works Committee forwarding a report (November 3, 2004) from the Acting Commissioner of Works and Emergency Services and the Chief Financial Officer and Treasurer on the adequacy of the perpetual care of landfill reserve.

Recommendation:

The Works Committee on November 9, 2004, recommended to the Budget Advisory Committee that City Council adopt the following staff recommendations contained in the Recommendations Section of the report (November 3, 2004) from the Acting Commissioner of Works and Emergency Services and the Chief Financial Officer and Treasurer on the adequacy of the perpetual care of landfill reserve:

- (1) approval in principle be given for the 40-year financing plan shown in Appendix A for the adequate provision of funding for perpetual care activities for known former landfill sites under the jurisdiction of the City of Toronto;
- (2) a 2005 contribution of \$3.0 million to the Perpetual Care Reserve Fund (XR1013) be funded from the 2004 operating surplus of Solid Waste Management Services, if any, and the balance, if any, be considered as part of the 2005 Solid Waste Management Operating Budget submission;
- (3) for 2006 and future years until 2024, the contribution to the Perpetual Care Reserve Fund (XR1013) be increased by 5.55 percent annually as shown in Appendix A and included in future Solid Waste Management Operating Budget submissions;

- (4) the Commissioner of Works and Emergency Services and the Chief Financial Officer and Treasurer review and update the long-term financing plan every three years and report back to Council with financing recommendations;
- (5) this report be referred to the Budget Advisory Committee for consideration; and
- (6) the appropriate City officials be authorized and directed to take the necessary actions to give effect thereto.

**17. 2005 Water and Wastewater Rate Increase,
2006-2007 Rate Strategy and Rate Projections for 2008-2014**

Communication (November 9, 2004) from the Works Committee advising of the action taken by the Works Committee on November 9, 2004.

Recommendations:

The Works Committee recommended to the Budget Advisory Committee that:

- (1) City Council adopt the following staff recommendations contained in the Recommendations Section of the report (October 28, 2004) from the Chief Financial Officer and Treasurer and the Acting Commissioner of Works and Emergency Services:
 - (1) the water rate and the wastewater rate be increased by 6 percent, effective January 1, 2005, for metered and flat rate customers;
 - (2) water and wastewater rate increases of 7 percent and 7 percent effective January 1 of 2006 and 2007 respectively be approved in principle;
 - (3) the Commissioner of Works and Emergency Services and the Chief Financial Officer and Treasurer be requested to report back on Toronto's current water and wastewater rate structure review in 2005;
 - (4) this report be referred to the Policy and Finance Committee (through the Budget Advisory Committee); and
 - (5) the appropriate City officials be authorized to take the necessary action to give effect thereto;
- (2) City Council rescind the changes made to Municipal Code 227, Reserves and Reserve Funds – Schedule C, related to the Water Capital Reserve Fund, on January 23, 2003, on a go-forward basis such that it does not affect any previously approved draws, in view of the current plans to improve deteriorating water infrastructure with long-term water rate increases, and in view of the ambiguous language of this amendment; and

- (3) the Province of Ontario be requested to bring into force Bill 175, the *Sustainable Water and Sewage Systems Act, 2002*, and the regulations under the Act, and make it a priority.

18. Vendor Early Payment Discounts

Report (November 1, 2004) from the Chief Financial Officer and Treasurer responding to the Policy and Finance Committee's request, at its meeting on April 13, 2004, to report to the Budget Advisory Committee on establishing discounts earned through invoice payments.

Recommendation:

It is recommended vendor early payment discounts earned through prompt payment be divided equally between the departments that placed the order and Accounting Services.

19. Reserves and Reserve Funds Quarterly Variance Report – September 30, 2004

Report (November 2, 2004) from the Chief Financial Officer and Treasurer providing information on reserve and reserve fund balances as at September 30, 2004 and activity in reserves and reserve funds during the first nine months of 2004.

Recommendation:

It is recommended that the Reserves and Reserve Funds Quarterly Variance Report – September 30, 2004 be forwarded to the Policy and Finance Committee and Council for information.

20. 2003 Expenditures for Consulting Services – Hummingbird Centre for the Performing Arts

Report (September 28, 2004) from the Chief Financial Officer and Treasurer reporting as requested by the Budget Advisory Committee on July 7, 2004, on the details of the Hummingbird Centre for the Performing Arts consulting contracts for public relations, government relations and similar categories for the year ended December 31, 2003.

Recommendation:

It is recommended that this report be received and forwarded to Council for information.

21. Summary of Changes in Approved Staff Positions and Gross Expenditures from 1997 to 2004

Communication (November 1, 2004) from the City Clerk advising that City Council on October 26, 27 and 28, 2004, adopted, without amendment, Policy and Finance Committee Report 7, Clause 16a, entitled “Summary of Changes in Approved Staff Positions and Gross Expenditures from 1997 to 2004”, and requested the Budget Advisory Committee to review the report (June 28, 2004) from the Chief Administrative Officer and the Chief Financial Officer and Treasurer with respect to approved staff positions and the priorities of Council.

22. Operating Variance Report for the Nine Months Ended September 30, 2004

Report (November 12, 2004) from the Chief Financial Officer and Treasurer providing the City of Toronto Operating Variance report for the nine months of operations ended September 30, 2004, and projections of gross and net expenditures for the year ending December 31, 2004.

Recommendations:

It is recommended that:

- (1) the technical adjustments contained in this report, and detailed in Appendix D attached, be approved;
- (2) the Operating Variance report for the nine-month period ended September 30, 2004 be forwarded to the Policy and Finance Committee for its consideration; and
- (3) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

23. 2004 Capital Variance Report – for the Nine-Month Period Ended September 30, 2004

Report (November 12, 2004) from the Chief Financial Officer and Treasurer providing the City of Toronto Capital Variance Report for the nine months period ended September 30, 2004.

Recommendations:

It is recommended that:

- (1) the technical and in-year adjustments detailed in Appendix 2 of this report, the net effect of which is to increase the 2004 cash flow by \$3.587 million with no incremental impact on debt financing, be approved;

- (2) to correctly reflect the life-to-date project authority levels and to reconcile the Toronto Parking Authority records with the City's financial records on a historical basis, the budget adjustments as detailed in the attached Appendix 3 with a net total project cost reduction of \$0.101 million and no impact on the current year cash flow, be approved;
- (3) this report be forwarded to Policy and Finance Committee for its consideration; and
- (4) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

24. Funding Pressures in Provincial/Municipal Cost-sharing Programs

Report (November 12, 2004) from the Chief Administrative Officer, the Chief Financial Officer and Treasurer and the Commissioner of Community and Neighbourhood Services, outlining the extent of cost-sharing issues related to provincial/municipal programs and "the steps that can be taken to address the issue of inequities in the treatment of payments under cost-sharing agreements between the Province and the City and in particular, the amount of money that the City is owed by the Province as a result of underpayment under cost-sharing agreements and how such money can be recovered".

Recommendations:

It is recommended that:

- (1) to obtain short-term budget relief in 2005 from pressures due to provincial base funding shortfalls and unanticipated increases in provincial program costs in cost-shared programs, the City:
 - request that the Province recognize the actual costs of Ontario Works program delivery and administration and fund 50 percent of those costs;
 - achieve predictability for ODSP and ODB expenditures by requesting that the Province immediately provide reasonable projections for the cost of benefits and ODSP administration for the City's 2005 budget;
 - seek 100 percent provincial funding to cover all unforecasted increases in ODSP and ODB expenditures;
 - repeat the request that the Province recognize the actual costs of shelter per diems and increase its cost-sharing of shelter per diems consistent with those actual costs;
 - request that the Province fund 50 percent of the EMS salary increases at the five percent rate agreed to by the arbitrator and recognize, for cost-sharing purposes, the other salary and non-salary costs required to run the program; and

- request that the Province provide transparency and timeliness with respect to the reconciliation of annual pooling revenues for Social Assistance;
- (2) the Chief Administrative Officer and the Chief Financial Officer and Treasurer prepare a report, in consultation with the Commissioner of Community and Neighbourhood Services and the Acting Commissioner of Works and Emergency Services, for consideration by the Policy and Finance Committee in early 2005, regarding long-term options for ensuring sustainable funding for Toronto's cost-shared social programs, including a more appropriate division of responsibility for funding these programs, improved revenue strategies and the funding tools appropriate to the City's responsibilities for funding income redistributive programs; and
- (3) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

25. 2005 Interim Operating Budget Estimates

Report (November 12, 2004) from the Chief Financial Officer and Treasurer requesting approval of an Interim Operating Budget to enable City Programs, Agencies, Boards and Commissions to carry out their normal operations during the period January 1 to February 28, 2005; the request is being made pursuant to the Financial Control By-law, which stipulates that "Council shall, before the adoption of the final operating budget for a year, adopt an interim operating budget prior to the first day of January of the year in which the operating budget will be adopted" (Toronto Municipal Code, Article II, sub-section 71-5).

Recommendations:

It is recommended that:

- (1) the 2005 Interim Operating Budget gross authorization totalling \$2,033.341 million as detailed by Program, and Agency, Board and Commission in Appendix 1 attached herewith, be approved;
- (2) the Chief Financial Officer and Treasurer be authorized to make cash disbursements not to exceed \$1,659.508 million to fund expenditures during the period January 1 to February 28, 2005, including cash transfers not to exceed \$331.023 million, to Agencies, Boards and Commissions as detailed in Appendix 1 attached herewith; and
- (3) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

26. Update on Funding for Strong Communities Rent Supplement Program

Communication (November 10, 2004) from the Community Services Committee forwarding a report (November 4, 2004) from the Commissioner of Community and Neighbourhood Services advising Council on provincial changes to the funding levels for the Strong Communities Rent Supplement Program.

Recommendation:

The Community Services Committee recommended to the Budget Advisory Committee that City Council adopt the following staff recommendations contained in the Recommendations Section of the report (November 4, 2004) from the Commissioner of Community and Neighbourhood Services:

- (1) the 2005 budget request for Shelter, Housing and Support be adjusted to reflect \$20.5 million under provincial grants and subsidies, \$20.2 million for the Strong Communities Rent Supplement program and \$0.3 million for four positions to administer the program;
- (2) the Commissioner of Community and Neighbourhood Services be authorized to sign the Memorandum of Understanding and to ensure all resources are in place to deliver the program;
- (3) Council request the provincial government to reinstate the 155 rent supplement unit shortfall under the Strong Communities Rent Supplement Program;
- (4) Council urge the provincial government to provide an inflationary index for the Strong Communities Rent Supplement Program;
- (5) Council urge the provincial government to provide additional long-term rent supplement funding for future new supply initiatives;
- (6) this report be referred to Budget Advisory Committee and Policy and Finance Committee for consideration; and
- (7) the appropriate City officials be authorized and directed to take the necessary action and execute the necessary agreements to give effect thereto.

27. New Long-Term Care Home Program Standards and Funding Increase

Communication (November 10, 2004) from the Community Services Committee forwarding a report (November 4, 2004) from the Commissioner of Community and Neighbourhood Services on the introduction of new and higher long-term care program standards, on the increase in provincial long-term care home funding effective October 1, 2004, and seeking authority to transfer operating surpluses to the HFA Capital Reserve Fund.

Recommendation:

The Community Services Committee recommended to the Budget Advisory Committee that City Council adopt the following staff recommendations contained in the Recommendations Section of the report (November 4, 2004) from the Commissioner of Community and Neighbourhood Services:

- (1) operating surpluses generated by the Homes for the Aged Division each year be directed to the HFA Capital Reserve Fund, subject to the Chief Financial Officer and Treasurer's review of Capital and Operating final results, and a further report on a portion of the surplus to be allocated to a new HFA Stabilization Reserve Fund;
- (2) staff report back to the Budget Advisory Committee and Community Services Committee by year-end with details and terms of reference for the proposed 'HFA Stabilization Reserve Fund';
- (3) this report be referred to the Budget Advisory Committee and Policy and Finance Committee for consideration; and
- (4) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto, and that leave be granted for the introduction of any necessary bills in Council to give effect thereto.

28. Toronto Youth Cabinet - Youth Engagement Strategy

Communication (November 10, 2004) from the Community Services Committee forwarding a report (November 3, 2004) from the Commissioner of Community and Neighbourhood Services seeking approval to receive funding for the Toronto Youth Cabinet from the Ministry of Children and Youth, administered by Operation Springboard, to deliver a youth engagement strategy.

Recommendation:

The Community Services Committee recommended to the Budget Advisory Committee that City Council adopt the following staff recommendations contained in the Recommendations Section of the report (November 3, 2004) from the Commissioner of Community and Neighbourhood Services:

- (1) the Commissioner of Community and Neighbourhood Services be authorized to enter into agreement with Operation Springboard to receive funds in the amount of \$13,100.00 for the Youth Engagement Strategy;
- (2) the Social Development and Administration Division 2004 approved operating budget be increased by an amount of \$1,500.00 gross (zero net);
- (3) the Social Development and Administration Division 2005 operating budget request be increased by an amount of \$11,600.00 gross (zero net); and
- (4) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

29. Meetings with Councillors to Identify Areas of Sensitivities Regarding the Boundaries of Land Use Designations in the Official Plan Mapping

Communication (November 8, 2004) from the Planning and Transportation Committee forwarding report (November 3, 2004) from the Commissioner of Urban Development Services providing the results of meetings with City Councillors to identify areas of sensitivity regarding land use designation boundaries of the new Official Plan.

Recommendations:

The Planning and Transportation Committee on November 8, 2004, recommended to the Budget Advisory Committee and City Council that:

- (1) the Commissioner of Urban Development Services be authorized to prepare revised Land Use Maps for the Official Plan at a larger scale, which will include the local road network and a bar scale;
- (2) in order to expedite the implementation of Recommendation (1), the 2005 Urban Development Services Capital Budget be amended to include \$225,000.00 and the Commissioner of Urban Development Services be permitted to hire 6 temporary positions for a period of 6 months (3.0 FTE's) to produce a revised set of land use designation maps for the Official Plan, and that this recommendation be forwarded to the Planning and Transportation Committee Budget Meeting for information;
- (3) section 5.6, Policy 5 as adopted by Council and subsequently modified by Council at its meeting of July 20 –22, 2004, be deleted and replaced with the following:
 - ‘5. Boundaries of land use designations on Maps 13 to 18 inclusive are general except where delimited by a defined Secondary Plan or area specific policy, or where they coincide with fixed distinguishable features

such as roads, public laneways, utility corridors, railroads, watercourses or other clearly defined physical features.

In all other instances, the boundaries of land use designations will be determined by a review of:

- (a) existing zoning by-laws;
- (b) prevailing lot depths;
- (c) orientation of lot frontages;
- (d) lot patterns; and
- (e) land use patterns.

Where the intent of the Plan is maintained, minor adjustments to boundaries will not require amendment to this Plan.

In those situations where Council determines that greater certainty is desirable, area specific mapping will be adopted through an amendment to this Plan.’;

- (4) section 5.3.1, Policy 3, a new policy introduced by modification at the Council meeting of March 2004, be further modified by adding the words ‘at the earliest point in the process’ immediately following the words ‘a site specific amendment to this Plan’;
- (5) (a) the unnumbered new policy adopted by Council as a modification to the new Plan, at its meeting of July 20-22 2004, addressing intensification of land along major roadways be replaced by the following:

‘Intensification of land adjacent to neighbourhoods will be carefully controlled so that neighbourhoods are protected from negative impact. In each area, Council will determine, at the earliest point in the process, whether or not significant intensification of land along major roadways adjacent to neighbourhoods will be done through Secondary Plans, Avenue Studies or area-based studies, created in consultation with local communities.’
- (b) the following text be added as unshaded explanatory text accompanying the new policy:

“Where there is significant intensification proposed along a major roadway adjacent to a neighbourhood, Council will consider at an early stage whether or not a Secondary Plan, Avenue Study or area based study is required to provide a contextual framework for the development”; and
- (c) that staff be directed to appropriately number the new policy;
- (6) the City Solicitor be authorized to take the necessary actions at the upcoming Ontario Municipal Board Hearing to give affect to the proposed modifications;

- (7) the \$225,000.00 cost of Recommendation (2), be forwarded to the Budget Advisory Committee for consideration during the 2005 Budget process;
- (8) the City Solicitor request the Ontario Municipal Board to not schedule the issues related to mapping until such time as the revised maps are approved by City Council;
- (9) staff be directed to bring forward an Official Plan Amendment redesignating the lands at 1300 and 1340 Leslie Street, which lands were designated Mixed Use in the new Official Plan without the knowledge of the local community, the landowners or the previous Ward Councillor, to either an Institutional designation or to a Neighbourhoods designation with such additional site-specific policy as may be required to permit the current uses, for consideration at a statutory public meeting to be held in February; and
- (10) staff be directed to meet with those Councillors that request such a meeting to explain and compare the proposed Land Use Designations against the existing land use designations of the in-force Official Plan maps, such explanation to include all changes in land use and any changes in designation boundaries.

BUDGET ADVISORY COMMITTEE

SUPPLEMENTARY AGENDA 2

MEETING 19

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	City Hall		bhender1@toronto.ca
	100 Queen Street West		

Communications/Reports

30. Water Efficiency Program - Increased 2005 Budget Allocation (All Wards)

Report (November 12, 2004) from the Acting Commissioner of Works and Emergency Services reporting on the 2005 Water and Wastewater Operating and Capital Budget implications of increasing the amount dedicated to water conservation by \$4.5 million for the purposes of affecting an increase in water diversion, especially but not exclusively among high volume users.

Recommendations:

It is recommended that:

- (1) the Acting Commissioner of Works and Emergency Services report to Works Committee in early 2005 on a detailed plan to speed up the Water Efficiency Plan should Council agree to fund an increase in the 2005 capital request for the program; and
- (2) the appropriate City officials be authorized and directed to take the necessary, action to give effect thereto.

31. 2005 Recommended Operating and Capital Budgets for Toronto Water

Report (November 12, 2004) from the Chief Financial Officer and Treasurer and the Acting Commissioner of Works and Emergency Services, seeking Council approval for the 2005 Recommended Operating and Capital Budget for Toronto Water; this report is to be considered in conjunction with the staff report referred from the Works Committee on the 2005 Water Rate Increase and supports the Toronto Water 2005 Multi-year Business Plan.

Recommendations:

It is recommended that:

- (1) the 2005 Recommended Total Operating Budget expenditures of \$586.0 million, including gross operating expenditures of \$340.0 million and a capital from current contribution of \$246.0 million, as funded by water and wastewater user rate revenues and other recoveries, be approved as outlined in Attachment #1;
- (2) the 2005 Recommended Operating Budget for Toronto Water of \$340.0 million gross and \$0 net, comprised of the following services, be approved:

Service:	Gross (\$000s)	Net (\$000s)
Water - Treatment and Distribution	114,896.4	0.0
Water – Administration	46,669.5	0.0
Water – Debt Charges	410.6	0.0
Wastewater – Collection and Treatment	129,403.2	0.0
Wastewater – Administration	47,169.0	0.0
Wastewater – Debt Charges	1,454.3	0.0
Total Program Budget	340,003.0	0.0

- (3) the Acting Commissioner of Works and Emergency Services together with the Commissioner of Economic Development, Culture and Tourism and the Chief Financial Officer and Treasurer, report to the Policy and Finance Committee prior to its deliberation of the 2006 Budget on a plan for phasing in the implementation of collection of water billings from the Parks and Recreation program;
- (4) the 2005 Capital Budget for Toronto Water Service, with a total project cost of \$780.2 million and a 2005 cash flow of \$338.5 million, including a carry forward of \$40.5 million and future year commitments of \$250.6 million for 2006, \$118.0 million for 2007, \$47.8 million for 2008, \$8.6 million for 2009 and \$16.8 million from 2010 to 2014, be approved as outlined in Attachment #2;
- (5) the 2005 cash flow requirement for the recommended 2005 capital projects and associated future year commitments be funded from user fee revenues, Water and Wastewater reserve funds, development charges reserve funds and other revenues as outlined in Attachment #2;
- (6) with respect to the Wet Weather Flow MMP initiative:
 - (a) the Acting Commissioner of Works and Emergency Services, report to the Budget Advisory Committee, before the final deliberations of the 2006 Capital Budget, with a revised estimate of 2006-2011 expenditures required for this initiative; and

- (b) the Chief Financial Officer and Treasurer, in consultation with the Acting Commissioner of Works and Emergency Services, review the funding requirements for the implementation of the Wet Weather Flow Management Master Plan and the feasibility of alternative funding mechanisms annually through subsequent submissions of the Toronto Water Operating and Capital Budget, and in conjunction with the annual water rate process;
- (7) the 2004 Capital Budget adjustments in Attachment #3 be approved;
- (8) this report be forwarded to the Budget Advisory Committee for its consideration; and
- (9) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

31(a). 2005 Recommended Operating and Capital Budgets for Toronto Water

Communication (November 15, 2004) from Councillor Jane Pitfield, Chair, Works Committee recommending that:

- (1) the Toronto Water Budget as submitted in the joint report (November 12, 2004) from the Chief Financial Officer and Treasurer and Acting Commissioner of Works and Emergency Services, entitled “2005 Recommended Operating and Capital Budgets for Toronto Water” be increased by \$813,244.00 and 12 positions to reflect the decision by the Works Committee on November 9, 2004, that layoff notices to Toronto Water Plant staff be rescinded until staff report back after having met with representatives of CUPE Local 416 (Clause 5 of Report 10 of the Works Committee);
- (2) the Toronto Water Budget as submitted be increased by an additional \$2,855,200.00 to reflect the reversal of the Support Service allocation shift originally intended to affect the tax levy, and that the issue be dealt with in 2005 when the rationalization of the Corporate Charges to Toronto Water occurs; and
- (3) Recommendations (1) and (2) of the joint report (November 12, 2004) from the Chief Financial Officer and Treasurer and the Acting Commissioner of Works and Emergency Services, entitled “2005 Recommended Operating and Capital Budgets for Toronto Water” be amended by changing gross operating expenditures from \$340.0 million to \$343.7 million and capital from the current contribution of \$246.0 million to \$242.3 million.

32. Disposition of Unspent Reserves or Reserve Funds from Closed Capital Projects

Report (November 16, 2004) from the Chief Financial Officer and Treasurer responding to a request from the Policy and Finance Committee on April 13, 2004, for a report on the disposition of unused reserve and reserve funds from completed capital projects.

Recommendations:

It is recommended that:

- (1) City Council uphold the provisions of the Ontario Municipal Code (Chapters 71 and 227) which require that:
 - (a) unused reserves and reserve funds available from closed capital projects be returned to the original source; and
 - (b) except where funds are from the issuance of debentures, any available funds from closed capital projects may be used to offset over-expenditures for capital projects with the same source of funding;
- (2) Council uphold the provision of the Municipal Code – Reserve Fund (Ontario Municipal Code, Chapter 227, section 5-B) which provides that where owing to the passage of time a reserve or reserve fund can no longer be traced or where the funds are no longer necessary (as where a project is fully completed or abandoned), the unused funds should be transferred to general revenues or to another reserve or reserve fund;
- (3) any subsequent proposal to use available reserves or reserve funds (including reserves or reserve funds to which unused funds from closed capital projects were transferred) be subject to the Financial Control provision of the Code and therefore, if the intended use is for a new or change in scope capital project such proposal must be submitted for Council approval in the appropriate capital budget submissions and should be evaluated in the context of the City's capital budget process; and
- (4) the appropriate City officials be authorized and directed to take the necessary action to give affect thereto.

33. Tracking of Savings within Program Budgets

Report (November 16, 2004) from the Chief Financial Officer and Treasurer responding to a request from Council at its meeting on April 19 to 28, 2004, for a report on tracking of savings within program budgets where savings are promised at the time of budget approval.

Recommendation:

It is recommended that this report be received for information.

BUDGET ADVISORY COMMITTEE

ADDED STARTER

MEETING 19

Date of Meeting:	Thursday, November 18, 2004	Enquiry:	Betty Henderson
Time:	9:30 a.m.		Administrator
Location:	Committee Room 2		416-392-8088
	City Hall		bhender1@toronto.ca
	100 Queen Street West		

Communications/Reports

34. Pre-Approval Request for 2005 Capital Projects

Report (November 16, 2004) from the Chief Financial Officer and Treasurer requesting Council's authority to incur and/or commit expenditures for capital projects that must proceed during the period from January 1, 2005 to the date on which the 2005 Capital Budget and 2006-2014 Capital Plan is approved in order to realize benefits that would not otherwise be available if the projects were delayed or to address urgent health and safety issues.

Recommendations:

It is recommended that:

- (1) approval be granted to enter into commitments totaling \$504.860 million gross for New and Change in Scope projects/sub-projects and previously approved projects during the period January 1, 2005, to the date on which Council will approve the full 2005 Capital Budget, comprising of commitments for tax supported programs totaling \$504.860 million gross and \$280.483 million debt and rate supported programs totaling \$0.125 million gross and \$0.00 debt (see Appendices 1, 2 and 3);
- (2) spending (cash flow) during the period January 1, 2005, to the date on which Council will approve the full 2005 Capital Budget totaling \$104.894 million gross for previously approved projects be approved (see Appendix 2);

- (3) debenture financing for the pre-approval spending requirement in an amount not to exceed \$66.770 million for previously approved projects/sub-projects with a term not exceeding the lesser of 10 years or the useful life of the capital assets be approved;
- (4) City Council authorize the other financing sources as follows for previously approved projects: Reserve/Reserve Funds in the amount of \$1.523 million and other financing in the amount of \$36.601 million;
- (5) spending (cash flow) during the period January 1, 2005, to the date on which Council will approve the full 2005 Capital Budget, totaling \$22.105 million gross for New and Change in Scope projects/sub-projects, be approved (see Appendix 3);
- (6) debenture financing for the pre-approval spending requirement in an amount not to exceed \$17.141 million for New and Change in Scope projects/sub-projects be approved, and that the term of such debenture not exceed the lesser of 10 years or the useful life of the capital asset;
- (7) City Council authorize the other financing sources for New and Change in Scope projects/sub-projects as follows: Reserves/Reserve Funds in the amount of \$0.300 million, Development Charges in the amount of \$3.094 million and other financing in the amount of \$1.570 million;
- (8) carryforward expenditures totalling \$167.923 million gross and \$107.021 million debt for commitments, and spending in the amount \$73.769 million gross and \$36.504 million debt for projects approved in 2004 with no incremental financing impact in 2005 be approved; and
- (9) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.