

**BUDGET ADVISORY COMMITTEE****AGENDA****MEETING 2**

<b>Date of Meeting:</b>	<b>Tuesday, December 14, 2004</b>	<b>Enquiry:</b>	<b>Betty Henderson</b>
<b>Time:</b>	<b>9:30 a.m.</b>		<b>Administrator</b>
<b>Location:</b>	<b>Committee Room 1</b>		<b>416-392-8088</b>
	<b>City Hall</b>		<b>bhender1@toronto.ca</b>
	<b>100 Queen Street West</b>		

---

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 November 18 and November 26, 2004 Minutes

Communications/Reports

Regular Business:

- 1. Toronto Police Service – 2004 Operating Budget Variance Report as at October 31, 2004; and Expenditures Between September 30, 2004 and Year-End that are Higher than the Average Monthly Expenditures Over the Previous Nine Months.**

Report (December 1, 2004) from the Chair, Toronto Police Services Board, providing the 2004 operating budget variance report as at October 31, 2004, and responding to the November 18, 2004 request of the Budget Advisory Committee for more detailed information on the operating budget expenditures between September 30, 2004 and year-end that are higher than the average monthly expenditures over the previous nine months.

Recommendation:

It is recommended that the Budget Advisory Committee receive the report for information.

## **2. Summary of Changes in Approved Staff Positions and Gross Expenditures from 1997 to 2004**

**(Deferred from the November 18, 2004 meeting)**

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.

## **3. Funding of 2002 and 2003 Operating Deficits for the St. Lawrence Centre for the Arts**

Report (November 17, 2004) from the Chief Financial Officer and Treasurer recommending funding of the St. Lawrence Centre for the Arts operating deficits for the years 2002 and 2003 based on the audited financial results; as well, the report includes proposed actions that have been identified by staff of the St. Lawrence Centre to avoid future year deficits as requested by City Council at its meeting of July 20, 21, and 22, 2004.

### Recommendations:

It is recommended that:

- (1) the St. Lawrence Centre combined operating deficit of \$461,607.00 for the years ending 2002 and 2003 be charged to the 2004 St. Lawrence Centre Operating Budget;
- (2) the Chief Financial Officer and Treasurer report back with the 2004 Year-End Variance Report on the final disposition of the over-expenditure together with the year-end results;
- (3) the Chief Administrative Officer and Chief Financial Officer and Treasurer report to Policy and Finance Committee on actions that can be taken to assist the Centre avoid future annual deficits prior to the adoption of the 2005 Operating Budget; and
- (4) the appropriate City officials be authorised and directed to take the necessary action to give effect thereto.

#### **4. Settling of Arena Boards of Management Surplus/Deficits of Year 2002**

Report (November 16, 2004) from the Chief Financial Officer and Treasurer reporting on the financial results for the year 2002 for eight Arena Boards of Management (Arenas) and to request that the 2002 operating surpluses and deficits be settled.

##### Recommendations:

It is recommended that:

- (1) the 2002 surpluses of \$86,950.00 be paid to the City of Toronto from four Arena Boards, and the City pay \$148,609.00 to the other four Arena Boards as the final settlement of the operating surpluses and deficits for the 2002 fiscal year, as detailed in Table 2;
- (2) the final current net settlement of the Arena Boards of Management program of \$61,659.00 be charged to the 2004 Arena Boards of Management program's 2004 Operating Budget;
- (3) the Chief Financial Officer and Treasurer report back with the 2004 Year-End Variance Report on the final disposition of the over-expenditure together with the year-end results; and
- (4) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

#### **5. Sheppard Subway**

##### **(In-Camera - Solicitor -Client Privilege)**

Confidential report (November 24, 2004) from the General Secretary, Toronto Transit Commission, respecting the Sheppard Subway - Don Mills Station - Contract SH-61-J1, and because the subject matter deals with matters about receiving of advice that is subject to solicitor-client privilege, including communications necessary for that purpose, under the *Municipal Act, 2001*, discussion be held In-camera.

#### **2005 Capital and Operating Budget Presentations - ABCs**

#### **6. Toronto Police Service**

#### **7. Toronto Transit Commission**

**7(a). 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(b). Implementing the Ridership Growth Strategy**

Communication (October 26, 2004) from the General Secretary, Toronto Transit Commission, advising that the Commission at its meeting on October 20, 2004, approved the following recommendations:

- (1) adopt the following:
  - (a) support the option to stage the implementation of the RGS in June and September 2005 to be brought forward as part of the TTC's 2005 Operating Budget; this option, which includes the Ridership Growth Strategy service already added in September and October 2004, is expected to result in a net cost of \$4.0 million in 2005;
  - (b) the forecast annualized net cost of the off-peak service improvements in future years is expected to be approximately \$5.8 million;
  - (c) the improvements to peak service planned under the RGS program require bus purchases and garage expansion; funding for these items will be requested in the TTC's 2005-2009 Capital Budget and, if approved, these service improvements will be implemented in 2007;

- (d) other service elements of the RGS program are being brought forward as part of the 2005-2009 Capital Budget including the construction costs of surface transit ROW's, commuter parking expansion, and signal priority expansion; and
  - (e) the status of the RGS fare proposals is described in a separate report that is also on the October 20, 2004 Commission agenda; and
- (2) forward this report to the City's Chief Financial Officer and Treasurer and the Budget Advisory Committee.

**7(c). 2005 TTC Operating Budget**

Communication (November 19, 2004) from the General Secretary, Toronto Transit Commission, advising that the Commission at its meeting on November 17, 2004, approved the following recommendations:

- (1) approve the 2005 TTC Operating Budget (summarized in Exhibit 1) as described in this report and the following accompanying reports:
  - (a) TTC 2005 Operating Budget Overview;
  - (b) TTC 2005 Departmental Goals and Objectives;
  - (c) TTC 2005 Organization Charts; and
  - (d) TTC 2005 Detailed Operating Budget (Blue Book);
- (2) consider this report in concert with:
  - (a) the 2005 Wheel-Trans Operating Budget; and
  - (b) the 2005-2009 Capital Program and 10-Year Capital Forecast;
- (3) note that based on City of Toronto 2004 budgeted operating subsidy levels (net of GST savings), the TTC 2005 Operating Budget includes a base budget shortfall of \$15 million as summarized below:

Expenditures*	\$960 Million
Revenues**	<u>726 Million</u>
Subsidy Needed	234 Million
2004 City Operating Subsidy	<u>219 Million</u>
Base Shortfall	<u>\$ 15 Million</u>

\*No provision for impact of the next Collective Bargaining Agreements (CBAs)

\*\*No provision for a fare increase

- (4) note that staged implementation of the balance of the initial phase of the off-peak service improvements identified under the Ridership Growth Strategy has been included in the budget at a net cost of \$4 million in 2005 (\$2 million previously committed);
- (5) note that implementation of a weekly pass effective in May, and the introduction of the Sunday Day Pass conditions for the Saturday Day Pass with a net impact of \$3.1 million in 2005, have been included in the budget;
- (6) forward this report to the City of Toronto requesting:
  - (a) approval of the City's 2005 Transit Operating Subsidy to the TTC;
  - (b) approval that the TTC be permitted to retain the additional 3/7ths GST rebate without adjustment to the 2004 budgeted operating subsidy level; and
  - (c) that the City take steps to provide a property tax exemption for all Commission properties and that for 2005 and beyond (until an exemption is in place) the TTC be provided with additional operating subsidy to compensate for the impact of new or increased property tax assessments (estimated at \$3.8 million for 2005);
- (7) forward this report to the Ontario Ministry of Transportation, the Honourable Harinder Takhar and the Ontario Ministry of Public Infrastructure Renewal, the Honourable David Caplan, for information and to the Ontario Ministry of Finance, the Honourable Gregory Sorbara, requesting immediate relief from the road tax assessed on vehicle fuel purchases (which cost the TTC approximately \$8 million annually); and
- (8) forward this report to the Minister of Transportation of Canada, the Honourable Jean-C. Lapierre and to the Minister of State (Infrastructure and Communities), the Honourable John Ferguson Godfrey, for information.

**7(d). 2005-2009 TTC Capital Program and 10-Year Capital Forecast**

Communication (November 19, 2004) from the General Secretary, Toronto Transit Commission, advising that the Commission at its meeting on November 17, 2004, approved the following recommendations:

- (1) approve the 2005 Capital Program in the amount of \$427 million (\$430 million including Sheppard as summarized in Appendix A) as described in this report and the following accompanying documents:
  - (a) TTC 2005-2009 Capital Program Overview; and
  - (b) TTC 2005-2009 Capital Program (Blue Books);

- (2) approve the 2005-2009 Capital Program in the amount of \$2.9 billion as shown in this report;
- (3) approve the 10-Year Capital Forecast in the amount of \$4.7 billion as shown in this report;
- (4) consider this report in concert with the following:
  - (a) the TTC 2005 Operating Budget;
  - (b) the TTC 2005 Wheel-Trans Operating Budget;
  - (c) the TTC 2005 Departmental Goals and Objectives; and
  - (d) the TTC 2005 Organization Charts;
- (5) forward this report to the City of Toronto for Council approval of the 2005-2009 Capital Program and approval of the 10-year forecast; and
- (6) forward this report to the Province of Ontario and the Government of Canada requesting:
  - (a) confirmation of funding eligibility of the projects contained within the 2005-2009 Capital Program and 10-Year Capital Forecast, and
  - (b) an increased funding commitment in the amount of \$33.6 million each to cover the increased cost of the premium to acquire diesel-electric hybrid buses.

**7(e). 2005 Wheel-Trans Operating Budget**

Communication (November 22, 2004) from the General Secretary, Toronto Transit Commission, advising that the Commission at its meeting on November 17, 2004, approved the following recommendations:

- (1) the 2005 Wheel-Trans Operating Budget of \$53.1 million provided for in this report and companion documents which include \$55.9 million for service partially offset by revenues of \$2.8 million, resulting in a subsidy increase of \$2.5 million over the approved 2004 Budget;
- (2) the Wheel-Trans Service Plan which encompasses the following key factors:
  - (a) eligibility Criteria and Application Process remain unchanged;
  - (b) registrant base increases from 34,800.00 to 38,600.00;
  - (c) trip demand increasing by 5.5 percent to 1,837,300.00;
  - (d) unaccommodated rate remains at 2 percent;

- (e) trips provided by accessible vehicles at 88 percent;
  - (f) on-time delivery of service maintained at 96 percent; and
  - (g) workforce will increase by one operating and one capital position over 2004;
- (3) consider this report in concert with the following:
- (a) the 2005 TTC Operating Budget; and
  - (b) the 2005-2009 TTC Capital Program and 10-Year Forecast which includes \$2.4 million in 2005; \$0.2 million for a remote belt securement retrofit on buses, \$1.6 million for facility improvements and \$0.6 million for scheduling enhancements; and
- (4) forward this report to the City Council for approval and to the TTC's Advisory Committee on Accessible Transportation (ACAT), Province of Ontario and Government of Canada for information.

**7(f). Property Tax Exemption for Toronto Transit Commission Properties**

Communication (November 2, 2004) from the City Clerk, advising that City Council October 26, 27 and 28, 2004, adopted, without amendment, the following motion by Councillor Moscoe:

**“WHEREAS** the Toronto Transit Commission (‘TTC’) is subject to payment-in-lieu of taxes (‘PIL’) on property it owns or uses; and

**WHEREAS** the Commission’s annual PIL liability to the City of Toronto is approximately \$10 million; and

**WHEREAS** the City retains both the municipal and education portion of the PIL; and

**WHEREAS** municipal agencies and departments such as the Toronto Police Services Board, Fire, Ambulance Services, Public Libraries and the City of Toronto Zoo are exempt from PIL; and

**WHEREAS** the payment of PIL by the TTC results in an annual, recurring funding requirement of the TTC and a source of property tax revenue to the City; and

**WHEREAS** the Current Value Assessment system has resulted in the assessment values of property tax assessment rolls being updated every year, wherein the uncertainty of valuation shifts and municipal tax levy increases will result in budgeting difficulties, potential funding shortfalls and administrative resources to file the necessary tax appeals; and



**WHEREAS** the Municipal Property Assessment Corporation (MPAC) has recently given notice to the TTC that all bus platforms in subway stations will lose their current status as exempt and will be subject to PIL in 2005; and

**WHEREAS** the Council of the City of Toronto, during its meeting on May 21, 22 and 23, 2003, supported a property tax exemption for the Toronto Coach Terminal Inc. and for leased TTC commuter parking lots on hydro corridors, which undertaking remains to be concluded; and

**WHEREAS** the Province of Ontario has confirmed its intention to draft a new *City of Toronto Act*;

**NOW THEREFORE BE IT RESOLVED THAT** City Council support a property tax exemption for all Commission properties, through means such as enabling provisions in the new *City of Toronto Act* and that the Chief Administrative Officer submit a report to the Policy and Finance Committee on the necessary legislation;

**AND BE IT FURTHER RESOLVED THAT** for the 2005 budget process and beyond, the City of Toronto's Budget Advisory Committee be requested to consider a credit to the TTC for this new expense, noting that this has no new net impact on the City of Toronto's Operating Budget;

**AND BE IT FURTHER RESOLVED THAT** the necessary provisions of Chapter 27 of the City of Toronto Municipal Code be waived to permit introduction and debate of this Notice of Motion at the meeting of Council to be held on October 26, 2004."

## **8. Toronto Public Health**

### **8(a). Peer Nutrition Program, 2004 Budget Enhancement**

Communication (October 4, 2004) from the City Clerk, advising that City Council on September 28, 29, 30 and October 1, 2004, considered this Clause, and has forwarded a copy to the Budget Advisory Committee for consideration during the 2005 budget process.

### **8(b). Toronto Public Health - 2005 Operating Budget Submission**

Communication (November 27, 2004) from the Board of Health advising that the Board of Health on November 22, 2004, recommended to the Budget Advisory Committee that:

- (1) a Toronto Public Health 2005 Operating Budget of \$191,191.9 thousand gross and \$72,383.2 thousand net including a Base Budget of \$182,439.9 thousand gross and \$68,252.8 net and New and Enhanced Services of \$8,752.0 thousand gross and \$4,130.4 net, as summarized in Appendix A, be approved; and
- (2) the following Motion by Councillor Filion, be adopted:

**WHEREAS** every major review of public health nationally and provincially has indicated the need for enhanced and sustainable public health resources, and

**WHEREAS** the Province of Ontario has committed to increasing public health resources in Operation Health Protection through increasing provincial share cost-sharing over the next four years to 75 percent provincial, 25 percent municipal,

**NOW THEREFORE BE IT RESOLVED THAT** the increased provincial funding for 2005-2008 be used to sustain and enhance public health services.

**8(c). Toronto Public Health – 2005-2009 Capital Plan and Budget**

Communication (November 27, 2004) from the Board of Health advising that the Board of Health on November 22, 2004 recommended to the Budget Advisory Committee that:

- (1) the 2005-2014 Public Health Capital Plan and Budget be endorsed;
- (2) a 2005 Capital Budget for Toronto Public Health with a cash flow of \$3,655 thousand be approved consisting of \$1,070 thousand from previously approved commitments, \$1,112 thousand for new and change in scope projects and \$1,473 thousand of carry-forward budget from 2004 into 2005 related to a previously approved project;
- (3) the capital project for Facilities State of Good Repair – Renovations in the amount of \$76,000.00 be transferred from the 2005 Toronto Public Health Capital Budget Request to the 2005 Toronto Public Health Operating Budget Request in the amount of \$76,000.00 gross/\$34,200.00 net, based on the City's capital thresholds and Toronto Public Health eligibility for 55 percent provincial cost-sharing; and
- (4) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

**8(d). Community Partnership and Investment Program Budget  
– Toronto Public Health Grants Service Envelope**

Communication (November 27, 2004) from the Board of Health advising that the Board of Health on November 22, 2004, recommended to the Budget Advisory Committee:

- (1) the 2005 budget request for the Grants Service Envelope under the purview of the Board of Health in the amount of \$5.258 million gross and net which is comprised of a base budget of \$4.258 million gross and net and new and enhanced service requests of \$1.000 million, be approved; and
- (2) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

**8(e). Invasive Meningococcal Disease Vaccination Campaign - 2005**

Communication (November 27, 2004) from the Board of Health advising that the Board of Health on November 22, 2004) recommended to the Budget Advisory Committee that an amount of \$1,037,000.00 gross/\$0 net, be added to the 2005 Toronto Public Health Operating Budget to support the immunization campaign against Type C Invasive Meningococcal Disease (IMD-C) including \$850,000.00 gross/\$0 net in one time 2005 funding for youth 15 to 19 years of age and ongoing funding of \$187,000.00 gross/\$0 net for grade 7 students in Toronto.

**9. Toronto Public Library****10. Toronto and Region Conservation Authority****11. Toronto Zoo****12. Exhibition Place****13. Theatres****14. Arena Boards of Management**



---

## BUDGET ADVISORY COMMITTEE

### SUPPLEMENTARY AGENDA

#### MEETING 2

<b>Date of Meeting:</b>	<b>Tuesday, December 14, 2004</b>	<b>Enquiry:</b>	<b>Betty Henderson</b>
<b>Time:</b>	<b>9:30 a.m.</b>		<b>Administrator</b>
<b>Location:</b>	<b>Committee Room 1</b>		<b>416-392-8088</b>
	<b>City Hall</b>		<b>bhender1@toronto.ca</b>
	<b>100 Queen Street West</b>		

---

#### Communications/Reports

#### 2005 Capital and Operating Budget Presentations - ABCs

#### 15. Toronto Parking Authority

##### Regular Business:

#### 16. Annual Report - Use of Emergency Capital Funds in FY 2004 (Various Wards)

Report (December 7, 2004) from the Commissioner of Economic Development, Culture and Tourism, reporting as required under the regulations establishing the Emergency Fund for Economic Development, Culture and Tourism.

##### Recommendation:

It is recommended that this report be received for information.

#### 17. Update Report on Toronto Police Service Corporate Communications 2004 Operating Budget

Communication (November 23, 2004) from the Policy and Finance Committee, advising that the Policy and Finance Committee on November 23, 2004 received a report (November 2, 2004) from the Chair, Toronto Police Services Board, providing an updated report on Toronto Police Service - Corporate Communications 2004 Operating Budget; and directed that a copy be forwarded to the Budget Advisory Committee for information.

**18. 2004 Operating Variance Reports Ending July 31, 2004 for the Toronto Police Services Board, Toronto Police Service and Toronto Police Service - Parking Enforcement Unit and 2004 Capital Variance Reports Ending June 30, 2004 for the Toronto Police Service and Toronto Police Service - Parking Enforcement**

Communication (November 23, 2004) from the Policy and Finance Committee, advising that the Policy and Finance Committee on November 23, 2004 received a report (November 2, 2004) from the Chair, Toronto Police Services Board, providing the 2004 Operating Variance Reports Ending July 31, 2004 and the 2004 Capital Variance Reports Ending June 30, 2004; and directed that a copy be forwarded to the Budget Advisory Committee for information.