

**AD HOC COMMITTEE ON THE DEVELOPMENT OF  
A LONG-TERM FISCAL PLAN****AGENDA****MEETING 2**

<b>Date of Meeting:</b>	<b>Wednesday, July 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 2</b>		<b>416-392-8088</b>
	<b>City Hall</b>		<b>bhender1@toronto.ca</b>
	<b>100 Queen Street West</b>		

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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 May 26, 2004 Minutes**

**Communications/Reports**

**1. Quality of Life Reporting**

Report (June 30, 2004) from the Commissioner of Community and Neighbourhood Services providing a review of the work underway on the development of measures of quality of life.

Recommendation:

It is recommended that this report be received for information.

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

**(Presentation)**

Report (June 28, 2004) from the Chief Administrative Officer and the Chief Financial Officer and Treasurer summarizing changes in the number of approved staff positions and gross expenditures over the first three years of amalgamation (from and including 1998 through 2000) as well as in the post-amalgamation period of 2001 through 2004.

**Recommendations:**

It is recommended that:

- (1) in the 2005 operating budget process, it be re-iterated that all requests for additional approved positions by Departments, Agencies, Boards and Commissions, be accompanied by a detailed rationale which includes key relevant factors such as, the associated change in service level or standard, the effect of the change on the community (community impact) and/or enhancements in accountability or internal controls; and
- (2) a copy of this report be forwarded to the Heads of all Agencies, Boards and Commissions.



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**AD HOC COMMITTEE ON THE DEVELOPMENT OF  
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**SUPPLEMENTARY AGENDA**

**MEETING 2**

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**Communications/Reports**

**3. Policy on Management of Operating Budget Surpluses**

Report (July 8, 2004) from the Chief Financial Officer and Treasurer presenting the rationale and strategy for allocating annual year-end operating budget surplus funds so that contributions can be authorized by the Chief Financial Officer and Treasurer to reduce borrowing for capital purposes and/or to make provisions for any underfunded liabilities and/or tax supported reserve or reserve fund.

**Recommendations:**

It is recommended that:

- (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;
- (2) for the fiscal 2004 surplus, if any, the Chief Financial Officer and Treasurer be authorized, consistent with Recommendation 1 above, to apply any additional surplus entirely to the Capital Financing Reserve Fund;

- (3) starting with fiscal 2005, for any surplus, the Chief Financial Officer and Treasurer be authorized, consistent with Recommendation 1 above, to apply any additional surplus, in priority order to:
  - (a) Capital Financing Reserve Fund (at least 75 percent of the additional surplus); and
  - (b) the remainder to fund any underfunded liabilities, and/or reserves/reserve funds, as determined by the Chief Financial Officer and Treasurer;
- (4) the Chief Financial Officer and Treasurer report such contributions as per Recommendation 2 and 3 to the Budget Advisory Committee, Policy and Finance Committee and Council following the closing of the accounts for the prior year; and
- (5) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

#### **4. Status Report on Performance Measurement in the City of Toronto**

Report (July 9, 2004) from the Chief Administrative Officer and the Chief Financial Officer and Treasurer providing the current status of performance measurement work at the City of Toronto and future work to be undertaken.

##### Recommendations:

It is recommended that:

- (1) Departments, Agencies, Boards and Commissions continue to improve the performance measures related to efficiency, customer service and community impact as well as indicators of service levels and/or standards;
- (2) such measures and indicators be included in the 2005 operating budget submissions for consideration; and
- (3) a copy of this report be forwarded to the Heads of all Agencies, Boards and Commissions.

#### **5. Capital Financing Strategy - 2004**

Report (July 12, 2004) from the Chief Financial Officer and Treasurer presenting a consolidated strategy for financing capital expenditures, inclusive of the utilization of capital from current to enhance the fiscal sustainability and credit worthiness of the City of Toronto.

Recommendations:

It is recommended that:

- (1) the capital program be constrained so that it can be funded without the issuance of new debt except to fund requirements of the transportation and transit programs;
- (2) in order to maintain progress toward sustainable funding of the capital program, a \$10 million minimum annual increase to Capital from Current contributions be approved in principle;
- (3) the Chief Financial Officer and Treasurer continue to allocate Capital from Current to projects in accordance with statutory and administrative capital policies, so that CFC is allocated first to fully fund projects with shorter asset life;
- (4) the target limit of debt service charges as a percentage of the net property tax levy of 10 percent previously approved by Council be established as a benchmark for evaluating capital budget expenditure levels;
- (5) Council reaffirm its policy direction to apply all returns on the City's investments in Toronto Hydro Corporation to fund City's capital program requirements; and
- (6) 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 received in Council to give effect thereto.

**6. Overview of Debt Loads and Credit Ratings of Major Canadian Municipalities - 2003**

Report (July 7, 2004) from the Chief Financial Officer and Treasurer responding to a request by the Ad Hoc Committee on the Development of a Long-term Fiscal Plan at its meeting on May 26, 2004 with respect to a review of other municipalities' practices regarding debt loads, credit ratings, etc.

Recommendation:

It is recommended that this report be received for information.

**7. Transmittal - Staff Report "Property Tax Policies for 2005 and Beyond - Consultative Framework"**

Report (July 12, 2004) from the Chief Financial Officer and Treasurer providing an update on the consultative framework for property tax policies for 2005 and beyond.

Recommendation:

It is recommended that this report be received for information.

**8. Status Report on the Long-term Fiscal Plan**

Report (July 9, 2004) from the Chief Financial Officer and Treasurer providing the status of the Long-term Fiscal Plan.

Recommendation:

It is recommended that this report be received for information.