

**THE CITY OF TORONTO**

**City Clerk's Office**

**Minutes of the Budget Advisory Committee**

**Meeting No. 13**

**Friday, April 2, 2004**

The Budget Advisory Committee met on Friday, April 2, 2004, in Committee Room No. 1, City Hall, Toronto, commencing at 9:40 a.m.

Attendance

	9:40 a.m. – 12:30 p.m.	2:10 p.m. – 3:40 p.m.
Councillor David Soknacki, Chair	X	X
Councillor Joe Mihevc, Vice Chair	X	X
Councillor Jane Pitfield, Vice Chair	X	X
Councillor Shelley Carroll	X	X
Councillor Peter Milczyn	X	X
Councillor Kyle Rae	X	X
Councillor Sylvia Watson	X	X

Also Present:

Councillor Janet Davis	Councillor Pam McConnell
Councillor John Filion	Councillor Denzil Minnan-Wong
Councillor Adam Giambrone	

### **13.1 2004 Capital and Operating Budgets**

**Toronto Police Service: Capital and Operating**  
**Toronto Police Services Board: Operating**  
**Toronto Parking Enforcement Unit - Operating**

The Budget Advisory Committee had before it the 2004 Capital and Operating Budgets for the Toronto Police Service, the 2004 Operating Budget for the Toronto Police Services Board and the 2004 Operating Budget for the Toronto Parking Enforcement Unit.

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

- (a) (March 5, 2004) from the Chair, Toronto Police Services Board, submitting the 2004-2008 capital program requests and the 2004 operating budget requests for the Toronto Police Services Board, Toronto Police Services and Toronto Police Service - Parking Enforcement Unit; and recommending that the Budget Advisory Committee approve the following:
  - (1) 2004 - 2008 capital program request of \$188.4 million for the Toronto Police Service;
  - (2) 2004 - 2008 capital program request of \$1.7 million for the Toronto Police Service - Parking Enforcement Unit;
  - (3) 2004 net operating budget request of \$1.383 million for the Toronto Police Services Board;
  - (4) 2004 net operating budget request of \$678.8 million for the Toronto Police Service; and
  - (5) 2004 net operating budget request of \$30.9 million for the Toronto Police Service - Parking Enforcement Unit;
- (b) (March 2, 2004) from Councillor David Soknacki, Chair, Budget Advisory Committee, addressed to the Chair, Toronto Police Services Board, requesting that the Board provide further proposals that will achieve the assigned target for the Toronto Police Service Base Operating Budget;
- (c) (April 1, 2004) from the Chair, Toronto Police Services Board, responding to the Budget Advisory Committee's request for information on various matters impacting the 2004-2008 Capital Program Request and 2004 Operating Budget Submission for the Toronto Police Service; and recommending that the Budget Advisory Committee:

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- (1) receive Appendix A with regard to the position of Liaison Officer – Toronto Police Services Board/Toronto Police Service;
  - (2) approve Appendix B with regard to a revised prioritized 2004 – 2008 Toronto Police Service capital program request of \$26.7 million in 2004 (excluding cash flow carry forwards from 2003) and a total of \$182.9 million for 2004-2008
  - (3) receive Appendix C with regard to the revised (as at March 24, 2004) 2004 operating budget submission for the Toronto Police Service;
  - (4) approve Appendix D related to policing Woodbine Racetrack, specifically:
    - (i) that the City of Toronto provide a portion of the revenue that it receives from the Ontario Lottery and Gaming Corporation to the Board to off-set policing costs associated with the gaming facility;
    - (ii) that \$1.1 million for 2004 be allocated to the Board from the City revenues received from the Ontario Lottery and Gaming Corporation; and
    - (iii) should the revenues not be transferred, that the Board be permitted by the Budget Advisory Committee to consider it as savings at the end of 2004; and
  - (5) approve Appendix E – the final revised 2004 net operating budget request of \$679.1 million for the Toronto Police Service; and
- (d) (April 2, 2004) from Superintendent Doug Reynolds, Toronto Police Parking Enforcement, in response to a request for information by the Budget Advisory Committee on March 24, 2004.

## **Toronto Police Service**

### **Capital**

- A. Councillor Watson moved that the Budget Advisory Committee recommend to the Policy and Finance Committee, and Council, that the 2004 EMT Recommended Capital Budget for the Toronto Police Services, be adopted, subject to the adoption of the 2003 Carry Forward Technical Adjustments.

(Carried)

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- B. Councillor Mihevc moved that the Capital expenditure of \$1.068 million for C.O. Bick be deferred until 2005 pending the outcome of the final funding arrangements with the Department of National Defence for a joint training facility.

(Lost)

## Operating

Councillor Soknacki appointed Councillor Mihevc Acting Chair and vacated the Chair.

- A. Councillor Soknacki moved that the Budget Advisory Committee:

- (1) recommend to the Policy and Finance Committee, and Council, that the Toronto Police Service Operating Budget be set at \$679.1 million, which includes an adjustment of \$8.825 million by reducing the following Programs:

(a) Revenue Estimates:	\$300,000.00;
(b) Overtime/Premium Pay:	\$100,000.00;
(c) Corporate Communications:	\$175,000.00;
(d) Increased Civilian Gapping:	\$100,000.00;
(e) Reduction to Conferences/Travel:	\$50,000.00;
(f) Caretaking and Janitorial (City Chargeback):	\$200,000.00;
(g) CPP/EI Net Rate Decrease:	\$400,000.00;
(h) Medical/Dental Savings:	\$300,000.00;
(i) Reduced Legal Indemnification/Inquests:	\$400,000.00;
(j) Reduction in Non-Fixed Spending:	\$700,000.00;
(k) Reduce Payment to City Corporate Services for Cleaning and Maintenance (cleaning supplies and window washing):	\$100,000.00;
(l) Revised Human Resources Strategy (Attrition/Hiring):	\$2,200,000.00;
(m) Leap Year (Revised Strategy):	\$1,200,000.00;
(n) Recruit Training Reimbursement:	\$900,000.00;
(o) Increase in Revenue Estimates:	\$200,000.00;
(p) WSIB Administration Costs:	\$100,000.00;
(q) Non-Salary Accounts:	\$500,000.00;
(r) Civilian Hiring Freeze:	\$900,000.00;
- (2) reinstated the Toronto Police Service Youth Referral Program at a cost of \$294,000.00 gross and "0" net, subject to the Province providing the funding;

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- (3) endorsed the following Toronto Police Services Board Recommendations:
  - (a) the Board request City Council to endorse the motion adopted at the Toronto Police Services Board meeting of March 22 and 24, 2004 that the Chief investigate and report back on receiving federal money for intelligence and national security, coast guard responsibilities, consulate protection and drug money seizures;
  - (b) the Chief report back to the Toronto Police Services Board on the merits, including cost/benefits, of provincial accreditation of community colleges to provide police training for the Greater Toronto Area modelled on best practices, such as the B.C. Justice system;
  - (c) Council request the Commissioner of Works and Emergency Services to include the priority of sites to receive red light cameras based on accident experience in his upcoming report to the Works Committee on the cost/benefit of expanding the current red light camera operations; and

Councillor Soknacki resumed the Chair.

B. Councillor Pitfield moved that:

- (1) City Staff be requested to continue working with the Toronto Police Service to identify longer-term opportunities for savings, and report to the Board and Council in June 2004, on a review process for the 2005 budget deliberations; and
- (2) the Toronto Police Services Board, be requested, if savings are incurred through a change in the Provincial Court procedures, to earmark such savings separately and report to the Budget Advisory Committee prior to the 2005 budget process; and

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- (2) receive the communication from the Chair, Toronto Police Services Board (April 1, 2004): "2004-2008 Capital Program Request for the Toronto Police Service; 2004 Operating Budget Submission for the Toronto Police Services Board; Position of Liaison Officer for the Toronto Police Services Board/Toronto Police Service; Costs Related to Policing Woodbine Racetrack".

(Carried)

- C. Councillor Watson moved that the Toronto Police Services Board be requested to obtain the services or assistance of those who have expertise in Police operations matters to assist in assessing opportunities for savings in future years particularly 2005.

(Carried)

### **Toronto Police Services Board**

#### **Operating**

On motion by Councillor Watson, the Budget Advisory Committee recommended to the Policy and Finance Committee, and Council, that the 2004 EMT Recommended Operating Budget for the Toronto Police Services Board, be adopted, subject to the funds within the Board's 2004 operating budget which were allocated for the salary and benefits for the position of Liaison Officer, be transferred to the operating budget of the Office of the Chief of Police and the necessary adjustments to the Toronto Police Services Board and the Office of the Chief of Police be made accordingly.

### **Toronto Parking Enforcement Unit**

Councillor Soknacki appointed Councillor Pitfield Acting Chair and vacated the Chair.

On motion by Councillor Soknacki, the Budget Advisory Committee:

- (1) recommended to the Policy and Finance Committee, and Council, that the 2004 EMT Recommended Budget for the Toronto Parking Enforcement Unit be adopted; and

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- (2) received the following communications:
- (a) (March 5, 2004) from the Chair, Toronto Police Services Board, submitting the 2004-2008 capital program requests and the 2004 operating budget requests for the Toronto Police Services Board, Toronto Police Services and Toronto Police Service - Parking Enforcement Unit;
  - (b) (March 2, 2004) from Councillor David Soknacki, Chair, Budget Advisory Committee, addressed to the Chair, Toronto Police Services Board, requesting that the Board provide further proposals that will achieve the assigned target for the Toronto Police Service Base Operating Budget;
  - (c) (April 1, 2004) from the Chair, Toronto Police Services Board, responding to the Budget Advisory Committee's request for information on various matters impacting the 2004-2008 Capital Program Request and 2004 Operating Budget Submission for the Toronto Police Service; and
  - (d) (April 2, 2004) from Superintendent Doug Reynolds, Toronto Police Parking Enforcement, addressed to Councillor David Soknacki: "Question from Budget Advisory Committee meeting of March 24, 2004".

Councillor Soknacki resumed the Chair.

### **Toronto Transit Commission**

The Budget Advisory Committee had before it the 2004 Capital and Operating Budgets for the Toronto Transit Commission.

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

- (a) (January 30, 2004) from the General Secretary, Toronto Transit Commission, advising that the Commission, at its meeting of January 21, 2004, considered the report, entitled "2004 TTC Operating Budget", and took the following action:
  - (1) approved the 2004 TTC Operating Budget as outlined in the communication;

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- (2) requested the Mayor to continue discussions with the provincial and federal governments regarding provincial and federal funding for the TTC in 2004, including a share of the gas tax;
  - (3) deferred consideration of a fare increase to the April meeting of the Commission or sooner at the request of the Mayor and TTC Chair; and
  - (4) requested TTC staff to report back at the next meeting of the Commission on the different options available to appeal property taxes;
- (b) (January 27, 2004) from the General Secretary, Toronto Transit Commission, advising that the Commission, at its meeting of January 21, 2004, considered the report, entitled “2004-2008 Capital Program and 10-Year Capital Forecast”, and took the following action:
- (1) approved the 2004-2008 Capital Program and 10-Year Capital Forecast, subject to the following amendment:

“staff be directed to include in the 2004 purchase order for new buses an option that includes the new buses necessary to achieve the goals of the Ridership Growth Strategy, specifically to add \$71.0 million for 100 buses in 2006, and further that staff report back on expectations of provincial and federal funding in support of the Ridership Growth Strategy”; and
  - (2) requested that TTC staff be directed to report back to the Commission within three months on the feasibility and rationale for constructing TTC buses in-house, including the long and short term cost implications, technical requirements including engineering, design, construction, staffing, facilities, existing resources, operating and capital expenditures, start-up costs, estimated time to ramp up the program, along with any other relevant factors;
- (c) (February 26, 2004) from the General Secretary, Toronto Transit Commission, advising that the Commission, at its meeting held on February 25, 2004, received a communication (February 4, 2004) from Councillor David Soknacki, Chair, Budget Advisory Committee, entitled “Reduction Targets to ABC’s to Manage the 2004 Operating Budget Pressure”, and forwarded the following motion to the Budget Advisory Committee for consideration in conjunction with its review of the Toronto Transit Commission 2004 Budget:
- “That the City Budget Advisory Committee be advised that the Toronto Transit Commission’s position is that the savings from the GST and ESA arbitration decisions be allocated against the Toronto Transit Commission operating budget, reducing the current 2004 operating shortfall from \$48 million to \$42 million.”;



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- (d) (February 26, 2004) from the General Secretary, Toronto Transit Commission, advising that the Commission, at its meeting held on February 25, 2004, adopted the recommendations embodied in the report, entitled "TTC Property Tax Assessments and Appeals", and, among other things, referred the following Recommendation No. (1) to the Budget Advisory Committee for consideration:
  - "(1) request the City of Toronto to reconsider providing a property tax exemption on all Commission properties;"
- (e) (March 8, 2004) from the Chair, Toronto Transit Commission, regarding the \$10.8 million reduction target for the 2004 TTC Operating Budget and the \$3.1 million reduction for the Wheel-Trans Operating Budget.

### **Capital**

On motion by Councillor Mihevc, the Budget Advisory Committee:

- (1) deferred consideration of the 2004 Capital Budget for the Toronto Transit Commission until its meeting of April 8, 2004; and
- (2) requested the Mayor to ask the Federal and Provincial governments to ensure that the 2004 and 2005 cash flows reflect the \$70 million per year from each level of government as part of the \$1.05 billion program; and further in order to meet the Toronto Transit Commission 2004 Capital Budget cash flow requirements, an additional amount of \$36 million be requested from each level of government.

(Mayor David Miller – May 3, 2004)

### **Operating**

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

- (1) a total 2004 Operating Subsidy for the Toronto Transit Commission at \$224.774 million, be adopted, subject to the following adjustments:
  - (a) the 2004 Operating Budget reflect a \$70 million operating subsidy from the provincial government for Toronto Transit Commission purposes;
  - (b) the addition of \$5.0 million for the Employment Standards Act Legislation; and

- (c) the Toronto Transit Commission Operating Budget includes \$250,000.00 to commence implementation of the Ridership Growth Strategy in 2004, conditional upon Council approval of such Strategy;
- (2) the Chair, Toronto Transit Commission, be requested to report to the Budget Advisory Committee, through the Policy and Finance Committee to Council, prior to the 2005 budget process, on the Ridership Growth Strategy and its financial implications in the 2005 budget;
- (3) the Chief General Manager of the Toronto Transit Commission be requested to report to the Budget Advisory Committee prior to the 2005 budget process:
  - (a) providing a list of transit fares from selected cities across North America and around the world adjusted to reflect Canadian dollars; and
  - (b) on the operating budget and service impacts arising from:
    - (i) making the streetcar service faster and more reliable;
    - (ii) improving the flexibility of streetcar operations; and
    - (iii) improving the speed and reliability of bus services by increasing the effectiveness of signal priority; and
- (4) received communications (a) to (e) above.

### **Arena Boards of Management**

The Budget Advisory Committee on March 24, 2004, deferred final approval of the Arena Boards of Management Budget until April 2, 2004, and requested staff to report on Board approvals of strategies to absorb the impact of the increase for Vehicle Reserve contributions.

The Budget Advisory Committee also had before it a communication (March 29, 2004) from Mr. Eric Anweiler, Manager, North Toronto Memorial Arena, addressed to Mayor David Miller regarding the financing of the Ice Resurfacer Replacements for Arena Boards of Management.

On motion by Councillor Watson, the Budget Advisory Committee:

- (1) recommended to the Policy and Finance Committee, and Council, that:
  - (a) the 2004 EMT Operating Budget for the Arena Boards of Management be adopted, subject to reducing such budget from \$171,100.00 to \$143,300.00 net;
  - (b) the following Arena Boards of Management be requested to adjust their 2005 Operating Budgets to absorb all or part of the \$9,355.00 increase for Vehicle Reserve contributions:
    - (a) North Toronto Memorial Arena;
    - (b) Leaside Gardens Arena;
    - (c) Ted Reeve Community Arena; and
    - (e) William H. Bolton Arena; and
- (2) deferred consideration of the communication from the Manager of North Toronto Memorial Arena, regarding the financing of the Ice Resurfacer Replacements for Arena Boards of Management, until the Budget Advisory Committee meeting of April 8, 2004, to allow the Ward Councillor to meet with the Board of Management.

## **Economic Development, Culture and Tourism Department**

### **Culture**

The Budget Advisory Committee also had before it a communication (March 26, 2004) from Councillor Bill Saundercook, Ward 13 Parkdale-High Park, regarding funding for the York Museum.

- A. Councillor Mihevc moved that the Budget Advisory further amend the Culture Division 2004 Operating Budget by the restoration of \$18,000.00 for the York Museum.

**(Carried)**

- B. Councillor Rae moved that Councillor Mihevc's motion A. be amended by transferring of the \$150,000.00 to support the non-City owned Cultural Facilities Capital Grants Program to the 2004 Consolidated Grants Operating Budget."

**(Carried)**

## **Parks and Recreation**

### **Capital**

The Budget Advisory Committee on March 24, 2004, deferred consideration of the following matter until the April 2, 2004 meeting:

“sufficient funds be added to the 2004 Capital Budget for site preparation at 40 Wabash Avenue for the Wabash/Sorauren Community Centre.”

The Budget Advisory Committee also had before it a report (April 1, 2004) from the Chief Financial Officer and Treasurer, responding to a Budget Advisory Committee request to report on any reserve funds which existed prior to amalgamation that have been inactive since 1998; and recommending that:

- (1) the balance of the account in the Infrastructure Reserve Fund in the amount of approximately \$2.753 million be reallocated for the purpose of funding Parks and Recreation 2004 new capital projects and that it be deleted from Municipal Code 227 and be closed in the accounting system; and
- (2) the appropriate City officials be authorized and directed to take any necessary action to give effect thereto.

A. Councillor Watson moved that:

- (1) the 2004 Capital Budget for the Parks and Recreation Division be further amended by:

- (a) adopting the recommendations contained in the report (April 1, 2004) from the Chief Financial Officer and Treasurer: “Underutilized Reserve Funds”, subject to amending Recommendation No. 1 to read as follows:

“(1) the balance of the account in the Infrastructure Reserve Fund in the amount of approximately \$2.753 million be reallocated as follows:

- (a) \$1.2 million for the site preparation at 40 Wabash Avenue for the Wabash/Sorauren Community Centre; and

- (b) the Commissioner of Economic Development, Culture and Tourism report to the Economic Development and Parks Committee on the distribution of the remaining funds in the amount of \$1.553 million.

**(Carried)**

- B. Councillor Pitfield moved that Councillor Watson's motion A. be amended as follows:

- (1) by adding after the word "follows" in Recommendation No. (1) the following:

"and the Reserve Fund be deleted from Municipal Code 227 and be closed in the accounting system;" and

- (2) by adding after the words \$1.553 million in Recommendation No. (1)(b) the following:

"such report to identify priorities based on the study of needs for community centres within the former City of Toronto; and".

**(Carried)**

- C. Councillor Rae moved that Councillor Watson's motion A. be amended by reinstating the Malvern Recreation Centre and Agincourt Community Centre Parking Lots Rehabilitation at a cost of \$1.280 million".

**(Carried)**

- D. Councillor Mihevc moved that the Commissioner of Economic Development, Culture and Tourism be requested to report to the Economic Development and Parks Committee on an expedited program to facilitate the community centre roll-out.

**(Carried)**

### **Operating**

The Budget Advisory Committee on March 24, 2004, deferred consideration of the following matters until the April 2, 2004 meeting:

- (a) "report on the cost for the reinstating the thirteen front line positions to be reduced following the retirement of the individuals"; and

- (b) “City Council be requested to defer any decision on Phase II of the ‘Transfer of Aquatics Programs from TDSB Pools’ until it determines the City of Toronto’s pool strategy and considers the pools study anticipated in September 2004, and no ‘migration’ or reduction of aquatic programs occur before that time.”

On motion by Councillor Carroll, the Budget Advisory Committee:

- (1) further amended the 2004 Parks and Recreation Operating Budget by:
- (a) restoring funding of \$203,900.00 to defer the Phase II Transfer of Aquatics Programs from Toronto Schools; and further requested that the City to initiate immediate discussions with the Toronto District School Board with the purpose of securing the remaining funds and amending the current Letter of Understanding; and
  - (b) amending the previously approved recommendation to reinstate the thirteen front line positions to be reduced following the retirement of the individuals, by adding the costs, being \$512,700.00 gross and \$512,700.00 net in 2004, and annualization in 2005 to \$203,900.00; and
- (2) requested the Chief Administrative Officer to report on the results of the discussions with the Toronto District School Board to the Policy and Finance meeting of April 13, 2004, and if no additional TDSB funds are secured, such report include recommendations on how the \$203,900.00 will be allocated within the Aquatics Program.

(Carried)

(Chief Administrative Officer; c. Administrator, Policy and Finance Committee – April 2, 2004)

## **Community and Neighbourhood Services Department**

### **Homes for the Aged**

The Budget Advisory Committee had before it a report (March 30, 2004) from the Commissioner of Community and Neighbourhood Services requesting a revision to the 2004 Capital Budget for Albion Lodge and seeking authority to negotiate an early exit from the current lease agreement between the City of Toronto Home for the Aged (HFA) Division and Toronto Community Housing Corporation (TCHC) for Albion Lodge; informing the Budget Advisory Committee of the future plans for the use of Albion

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Lodge; further advising that HFA will report back to the Community Services Committee on program implications in the fall of 2004; and recommending that:

- (1) the total capital budget of \$7.5 million for the redevelopment of Albion Lodge into supportive housing be reduced by \$5.5 million to \$2.0 million from City debt;
- (2) the cash flow in 2004 be reduced to \$1.0 million with a deferral of the remaining \$1.0 million until the first quarter of 2005 (\$0.75 million on January 4, 2005 and \$0.25 million upon substantial completion of the project);
- (3) a total of \$2.0 million in capital financing be provided by the City of Toronto to Toronto Community Housing Corporation, with the proviso that this funding be used for the sole purpose of retrofitting Albion Lodge, 111 Kendleton Drive, to render it suitable for the provision of supportive housing services for seniors;
- (4) contingent upon final approval from the MOHLTC, the Homes for the Aged Division enter into an agreement with TCHC to provide supportive housing services to this site, on similar terms and conditions as in place for other supportive housing sites administered by the HFA Division;
- (5) contingent upon final approval of the arrangements for capital funding from City Council, HFA and TCHC negotiate an early exit from the multi-year lease currently in effect;
- (6) the release of lease obligations be legally effective on the date of start of construction by TCHC, which will be the day that the building reverts to TCHC as the owner;
- (7) the City assets currently in place at the site be removed from the site on terms and conditions mutually acceptable to HFA and TCHC;
- (8) arrangements for the capital funding and exit from lease arrangements be completed in a form acceptable to the Chief Financial Officer and Treasurer and the City Solicitor;
- (9) staff report back to Budget Advisory Committee and Community Services Committee in the fall of 2004 for a pre-approval to the 2005 capital budget process with respect to the purchase of the amenities and furnishings referred to in this report, with such expenditures funded from the funds currently held in the HFA Capital Reserve for the purpose of supportive housing; and
- (10) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Councillor Soknacki appointed Councillor Mihevc Acting Chair and vacated the Chair.

On motion by Councillor Soknacki, the Budget Advisory Committee further amended the 2004 Capital Budget for the Homes for the Aged by adopting the recommendations contained in the report from the Commissioner of Community and Neighbourhood Services (March 30, 2003): "Redevelopment of Albion Lodge as a Site to Provide Supportive Housing Services in Partnership with Toronto Community Housing Corporation (TCHC)".

Councillor Soknacki resumed the Chair.

### **Non-Program**

The Budget Advisory Committee gave further consideration to the 2004 Non-Program Budget.

Councillor Soknacki appointed Councillor Mihevc Acting Chair and vacated the Chair.

On motion by Councillor Soknacki, the Budget Advisory Committee further amended the 2004 Non-Program Budget by adopting the following adjustments:

- (1) the 2004 Non-Program budget (Capital and Corporate Financing – Debt Charges) be reduced by \$20 million to reflect the provincial government repayment deferral of the 2004 amalgamation loan;
- (2) the Federal Government announcement to increase the current municipal GST rebate of 57.14 percent to 100.00 percent in savings, resulting in the Non-Program budget (Other Corporate Revenues) being adjusted to include \$26.0 million rebate in 2004;
- (3) that the 2004 Tax Supported Capital Budget be reduced by \$15.2 million in debt to reflect savings from the increase in the GST rebate from 57.14 percent to 100 percent;
- (4) that the Toronto Water Services 2004 Approved Operating Budget be reduced by \$2.8 million and the 2004 approved Capital Budget be reduced by \$4.8 million to reflect savings from the increase in the GST rebate from 57.14 percent to 100 percent;
- (5) the contribution to Water and Wastewater Capital Reserve funds be increased to reflect the combined GST rebate savings of \$7.6 million for 2004;



- (6) the Non-Program budget be adjusted to include \$92 million in revenues from Toronto Hydro;
- (7) that the 2004 non-program operating budget (Other Corporate Revenues) be increased by \$20 million to reflect provincial gas tax revenue for 2004;
- (8) the 2004 Non-Program Revenue Budget (Parking Authority Revenues) be increased in the amount of \$2.975 million as a result of the funds received by Toronto Parking Authority in February 2004; and
- (9) that the Non-Program corporate expenditures account be reduced by \$751,300.00 to reflect reduced inflationary cost impacts for 2004.

Councillor Soknacki resumed the Chair.

### **Corporate Services Department**

#### **Court Services**

Councillor Soknacki appointed Councillor Pitfield Acting Chair and vacated the Chair.

On motion by Councillor Soknacki, the Budget Advisory Committee amended the 2004 EMT Recommended Operating Budget for Court Services by accepting estimated revenues from the STEM Program of \$400,000.00 net, subject to a final review and adjustment by the City and Police Services staff to be provided to the Budget Advisory Committee meeting of April 8, 2004.

Councillor Soknacki resumed the Chair.

#### **Consolidated Grants**

- A. Councillor Mihevc moved that the Budget Advisory Committee:
  - (1) further amend the 2004 EMT Recommended Operating Budget for Consolidated Grants by:
    - (a) reducing the Toronto Arts Council grants from \$400,000.00 to \$345,000.00 and adding \$55,000.00 to the Toronto Arts Council operations; and

- (2) requested the Commissioner of Economic Development, Culture and Tourism, in conjunction with the Chief Financial Officer and Treasurer and the Commissioner of Corporate Services, to conduct an analysis of the Toronto Arts Council staffing ratio and benchmarks, pay scales, administrative program review and its operational structure, and report on a three-year business plan to address Toronto Arts Council operational issues, prior to the 2005 budget approval process.

**(Carried)**

- B. Councillor Rae moved that Councillor Mihevc's motion A. (1) be amended by adding the following:

- “(b) transferring the \$150,000.00 for the non-City owned Cultural Facilities Capital Grants Program from the Culture Division Operating Budget to the Consolidated Grants Budget.”

**(Carried)**

(Confidential communication to Mr. Don Moffatt, President, Toronto Arts Council; c. Mr. Jim Garrard, Executive Director, Toronto Arts Council – April 3, 2004)

## **Other**

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

- (a) (April 1, 2004) from the Chief Financial Officer and Treasurer, seeking approval of the refinancing of high interest rate loans made by the former Metropolitan Toronto Corporation to the Toronto Community Housing Corporation (TCHC), the successor of the Toronto Housing Corporation Inc.; increasing the outstanding loan principal and generating additional capital funding for TCHC's state of good repair; and recommending that:
  - (1) the City provide the Toronto Community Housing Corporation (TCHC), the successor of Toronto Housing Corporation Inc. (THCI), a new financial arrangement on the loan portfolio retroactive to December 31, 2003, based on the following structures:
    - (a) capitalization of the loan portfolio be set at 5.50 percent and the terms of all loans be extended to 15 years:
    - (b) the capitalized principal amount of the loan portfolio be increased from the existing level of \$6,550,257.00 to \$13,607,291.70; and

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- (c) a net amount of \$6,883,293.70 be payable, after interest penalties, to TCHC to support its capital program;
  - (2) the interest from the renewed loan accrue from January 1, 2004, at an annual rate of 5.50 percent calculated half-yearly not in advance, be repaid:
    - (a) in instalments of \$113,538.01 in total on all the loan agreements on the first day of each month and retroactive, on the approval of this report by Council, to January 1, 2004 and continuing until the entire loan is paid in full, with any variance in loan payments reconciled in the month following approval by Council; and
    - (b) payment of the balance of the loan on December 31, 2019, together with interest thereon;
  - (3) the following adjustments be made to the 2004 EMT Recommended Non-Program Budget:
    - (a) the recovery from the THC be increased from \$2.5 million to \$3.5 million; and
    - (b) the debt charge budget be increased by \$207,000.00;
  - (4) an agreement be entered into between the City and TCHC documenting the terms of Recommendation No's (1) to (2) in a manner satisfactory to the Chief Financial Officer and Treasurer, the City Solicitor and the Chief Executive Officer of TCHC;
  - (5) authority be given to issue debentures, if required, for \$6,883,293.70 for a term not to exceed fifteen years; and
  - (6) the appropriate City officials be authorized to take any necessary action to give effect to these recommendations;
- (b) Confidential report (April 1, 2004) from the Chief Financial Officer and Treasurer, respecting utilization of revenues from Toronto Hydro Corporation - 2004 Budget, such report to be considered in-camera having regard that the subject matter relates to the security of the property of the municipality or local board;
- (c) (April 1, 2004) from the Chief Financial Officer and Treasurer, seeking Council's approval for an increase to the 2004 capital program of \$20 million to finance energy retrofit projects exhibiting favourable investment returns, in order to facilitate achievement of the City's carbon dioxide (CO<sub>2</sub>) and energy consumption reduction objectives; and recommending that:

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- (1) the 2004 capital budget be increased to include \$20 million for the Energy Retrofits Program over 2004 and 2005;
  - (2) the Energy Retrofits Program be funded from debentures and/or subsidy programs to be repaid from energy savings in the departmental operating budgets;
  - (3) the guidelines for the evaluation and approval of energy retrofit projects, set out in Appendix 1 of this report, be approved;
  - (4) the Chief Financial Officer and Treasurer identify to the Budget Advisory Committee up to \$20 million in energy retrofit capital projects in 2004 and 2005 for reallocation to the related program budgets from Energy Retrofits Program upon Council approval;
  - (5) projects to be considered for Energy Retrofits Program shall be limited to those tax supported, non-growth related projects that are projected to generate energy savings sufficient to offset a debt service schedule of ten years or less inclusive of all financing costs;
  - (6) the financing costs for any Energy Retrofit Program projects approved by Council shall be charged to the related program operating budget in accordance with the procedures described herein;
  - (7) the Chief Financial Officer and Treasurer identify qualifying Energy Retrofit Program works and related funding each budget cycle and in capital variance reports and report these summaries to the Roundtable on the Environment; and
  - (8) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto;
- (d) (April 1, 2004) from the City Clerk and the Chief Financial Officer and Treasurer, responding to the Executive Management Team's recommendation that the City Clerk and the Chief Financial Officer and Treasurer report to the Budget Advisory Committee during the 2004 budget process on the total costs of the 2003 Election, the adequacy of the annual contributions to the Election Reserve Fund and the possibility of using the Election Reserve Fund to fund the Election Campaign Contribution Rebate Program and/or for other election needs; and recommending that:
- (1) funding of up to \$3.5 million be allocated for the 2003 Campaign Contribution Rebate Program from the City's 2003 Operating Budget Surplus to offset the cost of this 2003 Council obligation;

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- (2) as an extraordinary measure on a one-time basis only, any funding required for the Program above \$3.5 million be financed by borrowing from the Election Reserve Fund with repayment prior to the next Municipal Election;
  - (3) the City Clerk and the Chief Financial Officer and Treasurer report to the Budget Advisory Committee, for consideration during the 2005 budget process, on funding requirements for future election purposes; and
  - (4) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto; and
- (e) Briefing Note, entitled “Impact of Reducing the 2004 Advertising and Promotion Budget by 10 percent”.

Councillor Soknacki appointed Councillor Pitfield Acting Chair and vacated the Chair.

On motion by Councillor Soknacki, the Budget Advisory Committee:

- (1) recommended to the Policy and Finance Committee, and Council, the adoption of the recommendations contained in the following reports:
  - (a) from the Chief Financial Officer and Treasurer (April 1, 2004): “Refinancing of the Toronto Housing Company Loans” (See Agenda Item 8);
  - (b) confidential report from the Chief Financial Officer and Treasurer (April 1, 2004): “Utilization of Revenues from Toronto Hydro Corporation – 2004 Budget”; and
  - (c) from the City Clerk and the Chief Financial Officer and Treasurer (April 1, 2004): “ 2003 Election Costs – Contribution Rebate Program and Elections Reserve Fund” (See Agenda Item 11);
- (2) referred the briefing note “Impact of Reducing the 2004 Advertising and Promotion Budget by 10 percent” to the Policy and Finance Committee for consideration at its meeting of April 13, 2004;
- (3) deferred consideration of the report from the Chief Financial Officer and Treasurer (April 1, 2004): A Framework for Establishing an Energy Retrofit Program and Financing Strategy”, until its meeting of April 8, 2004;

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- (4) recommended to the Policy and Finance Committee, and Council, that the Chief Financial Officer and Treasurer be requested to meet with the City Clerk and the Director of Election Services in the Fall of 2004, when more information is known, to discuss the feasibility of setting up a reserve account for election rebates, including an administrative fee, with funding being allocated to the account each year; and
- (5) recommended to the Policy and Finance Committee, and Council, that the 2004 Operating Budget be adjusted to include savings from departmental efficiencies and improvements of \$8.9 million comprised of:
  - (a) \$4.1 million from Fringe Benefit savings; and
  - (b) \$4.8 million in savings from cost containment measures and a reduction in merit costs for non union/exempt staff.

(Policy and Finance Committee –Capital – April 2, 2004)

(Policy and Finance Committee –Operating – April 2, 2004)

Councillor Soknacki resumed the Chair.

**General**

The Budget Advisory Committee reports having deferred Capital Projects until 2005, such projects having been inserted in the recommendations of the appropriate Departments.

The Budget Advisory Committee adjourned its meeting at 3:40 p.m.

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Chair