

THE CITY OF TORONTO

City Clerk's Office

Minutes of the Budget Advisory Committee

Meeting 16

Wednesday, July 7, 2004

The Budget Advisory Committee met on Wednesday, July 7, 2004, in Committee Room No. 1, City Hall, Toronto, commencing at 2:10 p.m.

Attendance

	2:10 p.m.– 5:40 p.m.
Councillor David Soknacki, Chair	X
Councillor Joe Mihevc, Vice Chair	X
Councillor Jane Pitfield, Vice Chair	X
Councillor Shelley Carroll	X
Councillor Peter Milczyn	X
Councillor Kyle Rae	R
Councillor Sylvia Watson	X

Confirmation of Minutes

On motion by Councillor Pitfield, the Minutes of the Budget Advisory Committee meeting held on May 25, 2004, were confirmed.

**16.1 2005 Operating Budget Outlook
Capital Project Completion Rate for the Past Five Years
2004 Capital Spending Capacity**

The Budget Advisory Committee considered a report (May 26, 2004) from the President, Toronto Parking Authority, regarding the 2005 Operating Budget Outlook; Capital Project Completion Rate for the Past Five Years; and the 2004 Capital Spending Capacity.

Recommendation:

It is recommended that the report be received for information.

The Budget Advisory Committee received the report.

**16.2 New 2004 Capital Project Drain Replacement
at Rosehill Garage (CP11) – 21 Pleasant Boulevard
(Ward 22 St. Paul's)**

The Budget Advisory Committee on July 7, 2004, considered a report (June 28, 2004) from the President, Toronto Parking Authority, requesting the Budget Advisory Committee to create a new 2004 Capital Project for drain replacement and related repairs at the Rosehill Garage (CP11) situated over the TTC's Yonge (Near St. Clair) subway line.

Recommendation:

It is recommended that the Budget Advisory Committee authorize an amendment to the Toronto Parking Authority's 2004 Capital Budget as follows:

- (a) create a new 2004 capital project named "Drain replacement at Rosehill Garage (CP11)";
- (b) reduce the 2004 project cost and cashflow of the capital project "Fan Replacement at three Garages" [TPA906546/CPK063] by \$1,378,000.00 from the previously approved amount of \$2,500,000.00; the revised 2004 project cost and cashflow will be \$1,122,000.00 for the Fan Replacement, which reflects the estimated actual cost; and
- (c) reallocate \$1,378,000.00 from the above Fan Replacement project to the new capital project "Drain Replacement at Rosehill Garage (CP 11)" with 2004 project cost and cashflow of \$1,378,000.00.

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

On motion by Councillor Soknacki, the Budget Advisory Committee recommended to the Policy and Finance Committee that City Council adopt the staff recommendation in the Recommendation Section of the report (June 28, 2004) from the President, Toronto Parking Authority, subject to deleting the words "Budget Advisory Committee" and replacing with "City Council" in the Recommendation.

Councillor Soknacki resumed the Chair.

(Policy and Finance Committee – July 7, 2004)

**16.3 Reserves and Reserve Funds Quarterly
Variance Report – March 31, 2004**

The Budget Advisory Committee considered a report (June 21, 2004) from the Chief Financial Officer and Treasurer providing information on reserve and reserve fund balances as at March 31, 2004 and activity in reserves and reserve funds during the first three months of 2004.

Recommendations:

It is recommended that:

- (1) the Chief Financial Officer and Treasurer consult with Departments, Agencies, Boards and Commissions to utilize available reserve funds which no longer are required as listed in Appendix D, based on the understanding that the funds need to be applied for the purposes for which they were acquired; and
- (2) the Reserves and Reserve Funds Quarterly Variance Report – March 31, 2004 be received for information.
 - A. Councillor Mihevc moved that the Budget Advisory Committee:
 - (1) recommend to the Policy and Finance Committee that City Council adopt the staff recommendations in the Recommendations Section of the report (June 21, 2004) from the Chief Financial Officer and Treasurer; and

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- (2) request the Chief Financial Officer and Treasurer to report to the Budget Advisory Committee providing information on Capital Projects that have donations as a source of funding.

(Carried)

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

- B. Councillor Soknacki moved that Councillor Mihevc's motion A. be amended by adding that the Chief Financial Officer and Treasurer be requested to review Appendices A-C to make certain that Appendix D includes all Reserves and Reserve Funds with no transactions other than accrued interest prior to January 1, 2001.

(Carried)

Councillor Soknacki resumed the Chair.

(Policy and Finance Committee; Chief Financial Officer and Treasurer – July 7, 2004)

**16.4 2004 Capital Variance Report –
Four-month Period ended April 30, 2004**

The Budget Advisory Committee considered a report (June 14, 2004) from the Chief Financial Officer and Treasurer representing the City of Toronto Capital Budget Variance Report for the four-month period ended April 30, 2004.

Recommendations:

It is recommended that:

- (1) a technical adjustment to reduce Parks and Recreation 2004 Council Approved Capital Budget by \$70,000.00 be approved with no impact on funding;
- (2) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto; and
- (3) this report be forwarded to the Policy and Finance Committee and Council for consideration.

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On motion by Councillor Watson, the Budget Advisory Committee:

- (1) recommended to the Policy and Finance Committee that City Council adopt the staff recommendations in the Recommendations Section of the report (June 14, 2004) from the Chief Financial Officer and Treasurer; and
- (2) requested the Chief Financial Officer and Treasurer to provide detailed information about the reasons for under-expenditure of the 2004 Capital Budget and that every effort be made in the areas of Parks and Recreation and Works and Emergency Services to improve the 70 percent completion rate for capital projects.

(Policy and Finance Committee; Chief Financial Officer and Treasurer – July 7, 2004)

16.5 2003 Expenditures for Consulting Services – Departments and Boards

The Budget Advisory Committee considered a report (June 16, 2004) from the Chief Financial Officer and Treasurer on the actual expenditure for consulting services for the year ended December 31, 2003.

Recommendation:

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

On motion by Councillor Watson, the Budget Advisory Committee:

- (1) directed that the report (June 16, 2004) from the Chief Financial Officer and Treasurer be forwarded to the Policy and Finance Committee and City Council for information; and
- (2) requested the Chief Administrative Officer to:
 - (a) report to the Budget Advisory Committee on the Hummingbird Centre consultant expenses, particularly with respect to providing more information on any contracts for public relations, government relations, and similar categories; and

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- (b) forward a reminder to all ABC's of their requirement to provide detailed information on consulting expenses and to reduce, to the extent possible, reliance on outside consultants.

(Policy and Finance Committee; Chief Administrative Officer – July 7, 2004)

16.6 Purchase of 60 Tiffield Road – Yard and Support Facility – Water and Wastewater Services

The Budget Advisory Committee considered reports:

- (i) (June 30, 2004) from the Administration Committee, forwarding a confidential report dated June 23, 2004, from the Commissioner of Corporate Services and the Commissioner of Works and Emergency Services, advising that the Committee on June 28, 2004, requested the Chief Financial Officer and Treasurer to report to the Budget Advisory Committee for its meeting on July 7, 2004, on the financial aspects of this report for subsequent submission to the Policy and Finance Committee on July 8, 2004, and because it relates to the acquisition of land for municipal purposes, under the *Municipal Act, 2001* discussions be held in-camera; and
- (ii) (July 6, 2004) from the Chief Financial Officer and Treasurer reporting, as requested by the Administration Committee on June 28, 2004, on the financial aspects of the report (June 23, 2004) from the Commissioner of Corporate Services and the Commissioner of Works and Emergency Services, and because it relates to the acquisition of land for municipal purposes, under the *Municipal Act, 2001* discussions be held in-camera.

On motion by Councillor Pitfield, the Budget Advisory Committee recommended to the Policy and Finance Committee:

- (1) that City Council adopt the staff recommendations in the Recommendations Section of the confidential report (July 6, 2004) from the Chief Financial Officer and Treasurer; and

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- (2) that the confidential report (July 6, 2004) from the Chief Financial Officer and Treasurer be considered with the staff recommendations in the Recommendations Section of the confidential report (June 23, 2004) from the Commissioner of Corporate Services and the Commissioner of Works and Emergency Services, forwarded to the Policy and Finance Committee by the Administration Committee.

(Policy and Finance Committee – July 7, 2004)

**16.7 Proposed Framework for Budget Advisory
Committee Reviews of City Budgets**

The Budget Advisory Committee on July 7, 2004, considered a report (June 30, 2004) from the Chief Financial Officer and Treasurer outlining a process, as requested by the Budget Advisory Committee at its meeting on May 24, 2004, which will assist members of the Budget Advisory Committee to begin a more comprehensive and detailed review of program budgets earlier in the budget process; these reviews would be in addition to the Budget Advisory Committee's regular program budget reviews conducted during the political review phase of the process.

Recommendations:

It is recommended that:

- (1) the Budget Advisory Committee adopt the selection criteria and process for the review of City Programs and ABC budgets as described under the recommended framework section of the report; and
- (2) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

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

- (1) upon City Council adoption of Committee Recommendation 2, the Budget Advisory Committee's initial priorities for detailed review as part of the 2005 budget process be the following programs:
 - (a) Toronto Transit Commission;
 - (b) Toronto Police Service;
 - (c) Recreation and Parks; and
 - (d) Solid Waste Management;

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- (2) that the following framework to examine in detail City Programs and ABC budgets be adopted:
 - (a) give the Budget Advisory Committee some criteria to determine which budgets to select for review;
 - (b) suggest information requirements to support a more detailed review;
 - (c) enable more detailed review earlier in the process; and
 - (d) ensure the budgets of City programs and ABCs are addressed in greater detail over time; and
- (3) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

(Policy and Finance Committee – July 7, 2004)

16.8 2005 Budget Process Timetable and Schedule of Meetings

The Budget Advisory Committee considered a report (July 2, 2004) from the City Clerk and the Chief Financial Officer and Treasurer, proposing additional meeting dates in December 2004 as well as meeting dates for the 2005 Schedule of Meetings for Council, its Committees and Community Councils that accommodate the 2005 Budget Process.

Recommendations:

It is recommended that:

- (1) the additional meeting dates in December 2004 and the Schedule of Meetings for the year 2005, attached as Schedule 1 to this report, be adopted on the understanding that City Council may need to make subsequent revisions to the Schedule; and
- (2) the Schedule of Meetings, as approved by City Council, be circulated to the City's Agencies, Boards, Commissions and special committees established by City Council, with a request that they:
 - (a) avoid scheduling meetings, wherever possible, that conflict with City Council meetings and the Standing Committees to which they report; and
 - (b) refrain from scheduling any public meetings, forums, public consultations and large-scale meetings on those culturally significant days shown in the attached Schedule; and

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

On motion by Councillor Mihevc, the Budget Advisory Committee recommended to the Policy and Finance Committee and Striking Committee that City Council adopt the recommendations in the Recommendations Section of the report (July 2, 2004) from the City Clerk and the Chief Financial Officer and Treasurer, subject to the February Schedule of Meetings being amended by reducing the Special Council meetings to finalize the 2005 Budget from 5 days to 3 days.

(Policy and Finance Committee – July 7, 2004)

16.9 Operating Variance Report for the Four Months ended April 30, 2004

The Budget Advisory Committee considered a report (July 5, 2004) from the Chief Financial Officer and Treasurer providing the City of Toronto Operating Variance report for the four months of operations ended April 30, 2004, and projections of gross and net expenditures for the year ending December 31, 2004.

Recommendations:

It is recommended that:

- (1) the EMS projected year-end revenue shortfall of \$11.1 million be addressed immediately, and that the Chief Administrative Officer, the Chief Financial Officer and Treasurer, the Acting Commissioner of Works and Emergency Services, and the General Manager of Emergency Medical Services begin discussions with the Province to reinstate base funding levels as included in the 2004 Operating Budget and that they report on their progress to the Budget Advisory Committee at its September 2004 meeting;
- (2) the Toronto Transit Commission seek Budget Advisory Committee and Council approval prior to utilizing any 2004 surpluses on the Ridership Growth Strategy or other expenditures in 2004;
- (3) the Operating Variance report for the period ended April 30, 2004 be forwarded to the Policy and Finance Committee, and Council, for their consideration; and
- (4) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

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A. Councillor Watson moved that the Budget Advisory Committee:

- (1) recommend to the Policy and Finance Committee that City Council adopt the recommendations in the Recommendations Section of the report (July 5, 2004) from the Chief Financial Officer and Treasurer; and
- (2) request City Council to request the Chair, Toronto Police Services Board, to report to the Policy and Finance Committee, through the Budget Advisory Committee, on ways of achieving the budget target with respect to the “STEM” unit; and
- (3) request the Chief Financial Officer and Treasurer to provide, for the 2nd Quarter Operating Variance Report, a better analysis of how the Parks and Recreation operating budget will meet its target at year end.

(Carried)

B. Councillor Carroll moved that the Budget Advisory Committee:

- (1) request the Chief Administrative Officer to report directly to Council, for its meeting of July 20, 2004, providing a status report on discussions with the Province with respect to reinstating base funding levels for Emergency Medical Services, with options and recommendations as appropriate; and
- (2) request the Acting Commissioner of Works and Emergency Services and the General Manager of Emergency Medical Services to report to the next meeting of the Budget Advisory Committee on cost containment measures so that Emergency Medical Services not have an unfavourable variance.

(Carried)

(Policy and Finance Committee; Chief Administrative Officer; Chief Financial Officer and Treasurer; Acting Commissioner of Works and Emergency Services; General Manager of Emergency Medical Services – July 7, 2004)

16.10 2004 Community Action Policing Program

The Budget Advisory Committee considered:

- (i) report (July 5, 2004) from the Chief Financial Officer and Treasurer responding to a request for information related to the historical data for the Toronto Police Services' Community Action Policing Program as contained in the Council amendment to Notice of Motion J(11) dated June 23, 2004.

Recommendations:

It is recommended that this report be received for information.

- (ii) communication (June 29, 2004) from the City Clerk, advising that City Council on June 22, 23 and 24, 2004, referred the following Motion to the Budget Advisory Committee to identify a source of funding for the 2004 Community Action Policing Program and report to Council for its meeting on July 20, 2004, through the Policy and Finance Committee; and Council also requested the Chief Financial Officer and Treasurer to provide to the Budget Advisory Committee the historical data related to this program:

Moved by: Councillor Ootes
Seconded by Councillor Filion

“WHEREAS Toronto City Council, at its meeting on April 19 to 28, 2004, considered the 2004 Operating Budget for the Toronto Police Service and requested that the Mayor’s Office, the Chair of the Toronto Police Services Board, the Chief of Police, the Chief Administrative Officer, the Chief Financial Officer and Treasurer and the Chair of the Budget Advisory Committee report to Council on the implementation of a community action policing program that would operate between June 14, 2004 and September 5, 2004, and would be funded within the existing 2004 Toronto Police Service operating budget; and

WHEREAS the Toronto Police Services Board, at its meeting held on June 21, 2004, gave consideration to a report dated May 18, 2004, from the Chief of Police in this regard; and

WHEREAS the Chair, Toronto Police Services Board, has submitted the attached report dated June 22, 2004;

NOW THEREFORE BE IT RESOLVED THAT, in accordance with §27-49 of Chapter 27 of the City of Toronto Municipal Code, Policy and Finance Committee Report 3, Clause 2, headed 'City of Toronto 2004 Budget Advisory Committee Recommended Operating Budget', be re-opened for further consideration, only insofar as it pertains to the Toronto Police Service Budget;

AND BE IT FURTHER RESOLVED THAT City Council give consideration to the report dated June 22, 2004, from the Chair, Toronto Police Services Board, and that the recommendation in such report be adopted;

AND BE IT FURTHER RESOLVED THAT, in accordance with the provisions of Chapter 27 of the City of Toronto Municipal Code, leave be granted to introduce and debate this Notice of Motion at the meeting of Council to be held on June 22, 2004."

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

On motion by Councillor Soknacki, the Budget Advisory Committee recommended to the Policy and Finance Committee that City Council request the Toronto Police Services Board to undertake a 36 day period (1st August to 5th September, 2004) 2004 Community Action Policing Program at a cost not to exceed \$545,000.00; and that the funding come from under-expenditures in the 2004 approved Operating Budget of the Toronto Police Service.

Councillor Soknacki resumed the Chair.

(Policy and Finance Committee – July 7, 2004)

16.11 Capital Budget Issues

The Budget Advisory Committee considered a report (June 29, 2004) from the Chief Financial Officer and Treasurer recommending policies and guidelines to be utilized in developing the 2005 capital budget and 2006-2014 capital plan and providing an overview of the process, policies, guidelines key terms and concepts used in the City of Toronto capital budgeting and planning process; and providing a status update on future capital policy and guideline updates that will be brought back to the Budget Advisory Committee in September of 2004.

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Recommendations:

It is recommended that:

- (1) City Council approve a firm Five-Year Capital Plan for the 2006 Budget that is based on the following:
 - (a) detailed projects for each year of the plan based on readiness;
 - (b) projects in years one and two must be preceded by feasibility studies and needs assessments while projects in years three to five may reflect the need for various planning work to be undertaken;
 - (c) the five-year plan must be developed within an approved fiscal affordability framework;
 - (d) to ensure that the approved five-year plan remains within the approved fiscal affordability framework, acceleration of any capital project in the plan must be offset through deferral of a project of equal value; and
 - (e) introduction of any new project must be approved by Council first, with the identification of a project deferral of equal value;
- (2) future year operating budget impacts of the five-year capital plan be approved by Council;
- (3) 2005 be considered a transition year for establishing the firm five-year capital plan and that all the current and related policies and principles outlined in Appendix A of this report be applied; and
- (4) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

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On motion by Councillor Watson, the Budget Advisory Committee recommended to the Policy and Finance Committee that City Council adopt the staff recommendations in the Recommendations Section of the report (June 29, 2004) from the Chief Financial Officer and Treasurer.

(Policy and Finance Committee – July 7, 2004)

The Budget Advisory Committee adjourned its meeting at 5:40 p.m.

Chair