

BUDGET ADVISORY COMMITTEE**AGENDA****MEETING 17**

| | | | |
|-------------------------|-----------------------------------|-----------------|----------------------------|
| Date of Meeting: | Friday, September 16, 2005 | Enquiry: | Merle MacDonald |
| Time: | 9:30 a.m. | | Administrator |
| Location: | Committee Room 1 | | 416-392-7340 |
| | City Hall | e-mail: | mmacdona@toronto.ca |
| | 100 Queen Street West | | |

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

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

Confirmation of Minutes – May 17, 2005, May 27, 2005 and June 1, 2005

Communications/Reports**1. Parking Tag Revenue**

(Deferred from June 1, 2005 meeting)

Communication (May 17, 2005) from Councillor Joe Mihevc, respecting Clause 16 of Report 3 of the Economic Development and Parks Committee, entitled “Parking Revenue Increase Options”.

2. Toronto Transit Commission – 2006 Budget Schedule

(Deferred from June 1, 2005 meeting)

Communication (May 13, 2005) from the General Secretary, Toronto Transit Commission, advising that the Commission at its meeting held on May 11, 2005 considered a report, entitled “2006 Budget Schedule”, and adopted the following recommendations:

- (1) the targeted Commission meeting date of November 23, 2005 for formal approval of the TTC’s 2006 budgets; and

- (2) forwarded this report to the City of Toronto for its information.
- 2(a).** Communication (June 23, 2005) from the General Secretary, Toronto Transit Commission, inviting the City Budget Committee representatives to sit in as active observers with the TTC Commission members during review of the budgets.

3. Association of Community Centres (AOCCs) – Core Administration Operating Results for the Years 2002 and 2003, and Pay Equity Settlement for Central Eglinton Community Centre

Report (September 8, 2005) from the Deputy City Manager and Chief Financial Officer, recommending settlements with the 10 Community Centres (Association of Community Centres or AOCCs) on their Core Administration Operations for the years 2002 and 2003 based on the audited financial results. As well, the report recommends the funding of overtime claims covered by the Pay Equity Plan to the Central Eglinton Community Centre.

Recommendations:

It is recommended that:

- (1) the surpluses of \$102,761.00 be paid to the City of Toronto from seven AOCC Community Centres, and be used to fund the payments of operating deficits of \$16,019.00 to the other three Community Centres, resulting in a net payment of \$86,742.00 to the City arising from the Core Administration Operations' year end results for the years 2002 and 2003, as detailed in Appendix 1;
- (2) a payment in the amount of \$22,394.00 be made to Central Eglinton Community Centre to fund the overtime claims (1992 to 2002) covered by the Pay Equity Plan and that the amount be also funded from the surpluses of \$102,761.00 indicated in Recommendation (1); and
- (3) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

4. Appointment of Members of Council to the Budget Advisory Committee

Communication (June 23, 2005) from the Striking Committee, advising that Council at its meeting on June 14, 15 and 16, 2005, appointed the following Members of Council to the Budget Advisory Committee, for a term of office starting immediately after the end of the June 14, 15 and 16il meeting and ending November 30, 2006 and until successors are appointed:

2 Members from the Policy and Finance Committee:

S. Bussin

D. Soknacki

1 Member from each of the other 5 Standing Committees:

| | |
|------------|----------------------------------|
| S. Watson | (Administration) |
| J. Mihevc | (Community Services) |
| K. Rae | (Economic Development and Parks) |
| P. Milczyn | (Planning and Transportation) |
| S. Carroll | (Works). |

**5. Reserves and Reserve Funds Quarterly Variance Report
March 31, 2005**

Report (May 24, 2005) from the Treasurer, providing information on reserve and reserve fund balances as at March 31, 2005 and activity in reserves and reserve funds during the first three months of 2005.

Recommendation:

It is recommended that the Reserves and Reserve Funds Quarterly Variance Report – March 31, 2005, be forwarded to the Policy and Finance Committee for its consideration.

6. Arena Boards of Management 2003 Operating Surpluses/Deficits Settlement

Report (August 26, 2005) from the Deputy City Manager and Chief Financial Officer, reporting on the financial results for the year 2003 for eight Arena Boards of Management (Arenas) and to request that the 2003 operating surpluses and deficits be settled.

Recommendations:

- (1) the 2003 operating surpluses of \$21,332.00 be paid to the City of Toronto from five Arena Boards, and the City pay \$26,391.00 to two other Arena Boards as the final settlement of the operating surpluses and deficits for the 2003 fiscal year, as detailed in Table 2;
- (2) Leaside Gardens return to the City \$50,680.00 in overpayment of City funding advanced to the arena in 2003 based on the Council approved 2003 deficit budget of the arena, which is now determined to be in excess of the arena's actual 2003 operating deficit;
- (3) this report be forwarded to the Policy and Finance Committee for its consideration; and
- (4) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

7. Funding of the Police, Fire and City Fleets

Report (September 6, 2005) from the Deputy City Manager and Chief Financial Officer, providing a history since amalgamation of funding of the Police, Fire and City Fleet replacements.

Recommendation:

It is recommended that this report be received for information.

**8. Marihuana Grow Operations in the City of Toronto
REF: 04-PT 9(1)**

Report (August 9, 2005) from the Chair, Toronto Police Services Board, responding to the City Council request for a report on marihuana grow houses and illegal drug laboratory enforcement protocol.

Recommendation:

It is recommended that this report be received for information.

9. Energy Retrofit Program – National Trade Centre, Exhibition Place

Report (September 7, 2005) from the Deputy City Manager and Chief Financial Officer, seeking approval for the financing of a lighting energy retrofit project at the National Trade Centre, Exhibition Place, and to increase the financing of a previously approved project at Exhibition Place from the City's \$20 million Energy Retrofit Program.

Recommendations:

It is recommended that:

- (1) the previously approved allocation from the Energy Retrofit Program for the Firehalls energy retrofit project be decreased from \$3,624,000.00 to \$2,977,036.00, and that this reduction of \$646,964.00 from the Firehalls project plus the unallocated balance of \$363,000.00 in the Energy Retrofit fund be reallocated to fund the NTC lighting project and the additional cost of \$210,000.00 for retrofitting the five buildings at Exhibition Place;
- (2) Council approve a change in scope of \$210,000.00 and an increase in 2006 cash flow of \$210,000.00 for the Exhibition Place Buildings energy retrofit project previously approved by Policy and Finance Committee Report 9, Clause 36 and adopted by Council at its meeting of December 1, 2004;

- (3) Council approve the lighting energy retrofit project at the National Trade Centre at Exhibition Place at a cost of \$800,000.00 as a sub-project of the Council approved \$20 million Energy Retrofit Program with a total gross project cost of up to \$800,000.00 of which \$50,000.00 is to be cash flowed in 2005 and the remainder in 2006; to be financed by a loan from the Federation of Canadian Municipalities for up to 25 percent of the capital costs and the remainder, 75 percent, to be financed by City debt;
- (4) the Board of Governors of Exhibition Place be authorized to finalize the scope of the National Trade Centre lighting retrofit project and the appropriate gross costs, up to a maximum of \$800,000.00 in gross capital costs inclusive of all taxes and charges;
- (3) the Chief Corporate Officer and the Deputy City Manager and Chief Financial Officer, in consultation with the City Solicitor, be authorized to enter into an agreement with the Board of Governors of Exhibition Place to ensure that debt service charges are budgeted and paid to the City and the FCM Green Municipal Infrastructure Fund;
- (6) the Board of Governors of Exhibition Place, in consultation with the City Solicitor, the Chief Corporate Officer, the Deputy City Manager and Chief Financial Officer and the City Manager, be authorized to enter into a loan agreement with the Federation of Canadian Municipalities for financing in order to facilitate a disbursement of 25 percent of the project cost from an approved low interest loan of \$8.750 million to the City;
- (7) energy and maintenance savings to be realized annually of up to \$150,000.00 for the lighting retrofit at the National Trade Centre and energy and maintenance savings of up to \$201,250.00 for the five building energy retrofit projects be budgeted separately in the operating budget of Exhibition Place and be used to fund the full debt service costs for the project in accordance with the policy adopted by Council in the report, entitled "A Framework for Establishing an Energy Retrofit Program and Financing Strategy", and that any excess savings identified in the cash flow forecast be applied to the outstanding debt charges to accelerate repayment, and that the operating budget be reduced by that amount after project financing has been repaid in full;
- (8) this report be forwarded to the Policy and Finance Committee for consideration; and
- (9) the appropriate City officials be authorized and directed to take any necessary action to give effect thereto, including the execution of any financing agreements in a form and substance satisfactory to the Chief Corporate Officer, the Deputy City Manager and Chief Financial Officer, the City Solicitor, and the General Manager and CEO of Exhibition Place.

**10. Toronto Heritage Grant Program – Proposed Restructuring (City-wide)
Clause 21 of Report 7 of the Economic Development and Parks Committee**

Communication (July 27, 2005) from the City Clerk, advising that City Council on July 19, 20, 21 and 26, 2005, considered Clause 21 of Report 7 of the Economic Development and Parks Committee, and referred a copy to the Budget Advisory Committee for information.

BUDGET ADVISORY COMMITTEE

SUPPLEMENTARY AGENDA

MEETING 17

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Communications/Reports

1(a). Parking Tag Revenue – Change in Fine Level for Meter-related

Report (September 13, 2005) from the Deputy City Manager and Chief Financial Officer, providing background information with respect to a communication (May 17, 2005) from Councillor Joe Mihevc to the Chief Financial Officer regarding parking tag charges (specifically parking fines for meter related offences) scheduled to be decreased from \$30.00 to \$20.00.

Recommendation:

It is recommended that this report be received for information.

11. Request for In-Year Capital Budget Funding for Federally Cost-Shared Heavy Urban Search and Rescue (HUSAR) Program Equipment Acquisition

Report (September 12, 2005) from the Deputy City Manager, seeking authority to increase the 2005 Approved Capital Budget for Fire Services to create a new project for the purchase of HUSAR equipment.

Recommendations:

It is recommended that:

- (1) the approved 2005 Capital funding for Fire Services be increased by \$1,910,000.00 to create a new project for the purchase of HUSAR equipment, with an offsetting 75 percent Federal funding contribution of \$1,432,500.00, resulting in an overall increase in City debt of \$477,500.00;

- (2) the required cash flow will be \$1,336,400.00 gross and \$334,100.00 net in 2005 and \$573,600.00 gross and \$143,400.00 net in 2006, since the JEPP grant spans the period April 1, 2005 to March 31, 2006 to reflect the Federal fiscal year;
- (3) the HUSAR building project-CPM003 2005 under the Emergency Management Capital Program cash flow estimate of \$1,400,000.00 gross and \$350,000.00 net be deferred to 2006 and be contingent on receiving confirmation of Federal JEPP funding; and
- (4) an on-going Capital project be created in the Fire Services program beginning in 2007 for the replacement of HUSAR equipment at an amount of \$400,000.00 annually and that the funding be conditional upon the continued 75 percent cost-sharing of the program by the Federal government through the Joint Emergency Preparedness Program (JEPP).

**12. Financial Impact of Hiring 150 Police Officers
(All Wards)**

Report (September 13, 2005) from the Deputy City Manager and Chief Financial Officer, analyzing the financial impact on current and future year budgets to hire 150 new uniformed officers, by utilizing the projected Toronto Police Service (TPS) 2005 year-end surplus of \$4.3 million, in response to a report from the Toronto Police Services Board, entitled "Feasibility of Hiring Additional Officers", dated August 24, 2005 (attachment 1).

Recommendations:

It is recommended that:

- (1) the Deputy City Manager and the Chief Financial Officer report back to the Budget Advisory Committee with the preliminary 2005 year-end variance report in February 2006 on the use of the Toronto Police Service's 2005 operating budget surplus; and
- (2) the Toronto Police Services Board report back to the Budget Advisory Committee on capital costs associated with the hiring of 150 additional new officers.

**13. 2005 Second Quarter Variance Report – Areas of Underspending
to be Used for 3-1-1 Customer Service Strategy Capital Requirements**

Report (September 13, 2005) from the Deputy City Manager and Chief Financial Officer, responding to the directive that the Deputy City Manager and Chief Financial Officer report to the Budget Advisory Committee on areas of under-spending that can be used to finance the 2005 capital requirements of the 3-1-1 Customer Service Strategy.

Recommendations:

It is recommended that:

- (1) the 3-1-1 Customer Service Strategy 2005 capital requirements of \$1.737 million be funded from under-spending in Information and Technology's 2005 Approved Capital Budget, Technology End of Lease and Sustainment Strategy Project (CIT 701-02); and
- (2) that the 2005 operating budget gross expenditure for the 3-1-1 Project Management Office be increased by \$.337 million for work on front-end content development and business reviews related to capital infrastructure, to be fully recovered by capital funding.

**14. Reserves and Reserve Funds Quarterly Variance Report
June 30, 2005**

Report (September 13, 2005) from the Deputy City Manager and Chief Financial Officer, providing information on reserve and reserve fund balances as at June 30, 2005 and activity in reserves and reserve funds during the first six months of 2005.

Recommendation:

It is recommended that the Reserves and Reserve Funds Quarterly Variance Report - June 30, 2005 be forwarded to the Policy and Finance Committee and Council for information.

**15. Operating Variance Report – For the Six-Month Period
Ended June 30, 2005**

Report (September 13, 2005) from the Deputy City Manager and Chief Financial Officer, providing the City of Toronto Operating Variance report for the six months of operations ended June 30, 2005, and projections of gross and net expenditures for the year ending December 31, 2005.

Recommendations:

It is recommended that:

- (1) the Deputy City Manager/Chief Financial Officer be directed to meet with Deputy City Managers, Division Heads and General Managers of Agencies, Boards and Commissions that are projecting year-end net over expenditures to ensure that mitigating actions are taken to achieve a balanced budget by year-end;
- (2) the technical adjustments contained in this report (Appendix D) be approved;

- (3) the Operating Variance report for the six-month period ended June 30, 2005, be forwarded to the Policy and Finance Committee for consideration; and
- (4) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

16. Capital Variance Report – For the Six-Month Period Ended June 30, 2005

Report (September 13, 2005) from the Deputy City Manager and Chief Financial Officer, providing the City of Toronto Capital Variance Report for the six-month period ended June 30, 2005 and projected actual expenditures for the year ending December 31, 2005.

Recommendations:

- (1) in accordance with a request from Council to identify projects that can be deferred in order to reduce the debt required to finance the 2005 Council Approved Capital Budget, capital projects with a total cash flow of \$29.698 million and debt financing of \$29.698 million (as detailed in Appendix 2) be deferred;
- (2) a 2005 Cash Flow increase of \$150,000.00 for the City Planning Division's Roots Project – Bathurst Street project financed by Development Charges be approved;
- (3) TTC review and revise its spending plans for the second half of the year and in order to ensure that it is not overspent, and to continue to explore opportunities to absorb the Sheppard Subway negotiated claims within its 2005 Approved Capital Budget;
- (4) Toronto Parking Authority review and revise its capital spending plans for the second half of the year so as to ensure that it does not over-spend the 2005 Council Approved Budget of \$35.049 million;
- (5) in accordance with the Financial Control By-law, prior to overspending on the 43 Division and the Investigative Voice Radio System projects, Toronto Police Service obtain Council approvals to increase the capital budget for these projects;
- (6) the technical adjustments detailed in Appendix 3 of this report, with no impact on 2005 debt financing, be approved;
- (7) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto; and
- (8) this report be forwarded to Policy and Finance Committee for consideration.

17. Status Report: Toronto Parking Authority Parking Operations

Communication (September 13, 2005) from the Economic Development and Parks Committee, forwarding for information a copy of the report (June 14, 2005) from the President, Toronto Parking Authority, entitled “Status Report: Toronto Parking Authority Parking Operations” and a copy of the presentation made to the Economic Development and Parks Committee.