

**Consolidated Clause in Policy and Finance Committee Report 2, which was considered by City Council on February 1, 2 and 3, 2005.**

**3**

**Institute on Municipal Finance and Governance**

*City Council on February 1, 2 and 3, 2005, amended this Clause by adding the following:*

*“That Council adopt the following staff recommendations contained in the Recommendations Section of the report (February 1, 2005) from the Chief Financial Officer and Treasurer:*

*‘It is recommended that:*

- (1) Council establish a discretionary reserve account entitled “Government Relations Reserve” to receive, hold and to be drawn on to advance the City’s provincial agenda and that City Council continue to budget an amount annually for that purpose;*
- (2) Municipal Code Chapter 227 (Reserves and Reserve Funds By-law) be amended by adding the “Government Relations Reserve” to Schedule “1” – Corporate Reserves;*
- (3) the annual contribution to the Government Relations Reserve be limited to \$37,000.00 annually; and*
- (4) 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 in Council to give effect thereto.’ ”*

*This Clause, as amended, was adopted by City Council.*

*Council also considered additional material which is noted at the end of this Clause.*

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**The Policy and Finance Committee recommends that City Council adopt the staff recommendations in the Recommendations Section of the report (December 17, 2004) from the Chief Administrative Officer:**

**Purpose:**

This report seeks Council’s support for the newly created Institute on Municipal Finance and Governance at the University of Toronto, consistent with Council’s priority of securing the New Deal funding and powers for Toronto to succeed.

### Financial Implications and Impact Statement:

Approval of this report would require the City to provide an annual contribution of \$35,000.00 in each of 2005, 2006 and 2007 directed towards the support of the Institute. This will be in the form of a membership fee. Funding for this purpose will be absorbed within the Council 2005 recommended Operating Budget, and included in subsequent years' submissions.

The Chief Financial Officer and Treasurer has reviewed this report and concurs with the financial impact statement.

### Recommendations:

It is recommended that:

- (1) the City of Toronto become a founding member of the Institute on Municipal Finance and Governance at the Munk Centre at the University of Toronto;
- (2) funding for an annual membership fee of \$35,000.00, to be directed towards the support of the Institute in each of 2005, 2006 and 2007, be approved and funding for this purpose be included in the Council Operating Budget, subject to Council's annual budget review process;
- (3) the Mayor write to the Hub City Mayors to advise them of Toronto's support for the Institute on Municipal Finance and Governance and encourage them to become members of the Institute; and
- (4) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

### Background:

An Institute on Municipal Finance and Governance is being established at the Munk Centre at the University of Toronto. The Institute is headed by Dr. Enid Slack. The Institute will focus on the municipal finance and governance issues faced by Canada's large cities and city regions, with much of the work concentrating on Toronto, Montreal and Vancouver.

The mandate of the Institute is to develop solutions to the fiscal problems facing the urban regions centred on Canada's hub cities. The Institute will engage in various activities to advance knowledge about municipal finance in Canadian cities, including research, conferences and round tables, visiting scholars, education and training, and publications. The Institute will conduct research on financial tools and local governing structures that support local fiscal autonomy in Canada's large cities. The Institute will disseminate its research findings to a broad audience including the public and private sectors, the academic community, the public and media.

The Institute will be overseen by a Board of Directors. An independent advisory board comprised of experts in the fields of municipal finance, governance and data gathering and

representatives of municipal, provincial and federal governments will advise the Institute on research areas to be investigated and the extent of existing research and data sources.

Initial start up funds for the Institute have been provided by the Avana Capital Corporation in anticipation that the Institute will become self-sustaining through the support of cities that stand to benefit from its activities, and via associate memberships from other levels of government and corporate support from private firms with an interest in enhancing municipal capacity to create wealth.

The City of Toronto has been requested to become a founding member of the Institute on Municipal Finance and Governance by committing to an annual contribution of \$35,000.00 for three years directed at the support of the Institute. In addition, Dr. Slack and the Avana Capital Corporation have requested the Mayor of Toronto to encourage the other Hub Cities (Vancouver, Calgary, Edmonton, Regina, Winnipeg, Ottawa, Montreal, Quebec City and Halifax) to become members of the Institute.

#### Comments:

The creation of the Institute on Municipal Finance and Governance and its proposed research focus and activities are consistent with the City's efforts to achieve a New Deal with the federal and provincial governments. In recent years, the advocacy initiatives in pursuit of fiscal and legislative autonomy have been hampered by a lack of research in the Canadian city context. This Institute will be the only institute in Canada focusing solely on municipal finance issues and solely on large cities and city regions. It is relevant to the issues confronting the City of Toronto and is appropriately located at the University of Toronto. In addition to the value of its research, the Institute will benefit the City of Toronto by training graduate students in the municipal finance field in preparation for work on municipal finance issues in municipal government, the private sector or universities.

It is recommended that:

- (1) the City of Toronto become a founding member of the Institute on Municipal Finance and Governance at the Munk Centre at the University of Toronto;
- (2) funding for an annual membership fee of \$35,000.00, to be directed towards the support of the Institute in each of 2005, 2006 and 2007, be approved and funding for this purpose be included in the Council Operating Budget, subject to Council's annual budget review process, and
- (3) the Mayor write to the Hub City Mayors to advise them of Toronto's support for the Institute on Municipal Finance and Governance and encourage them to become members of the Institute.

#### Conclusions:

An Institute on Municipal Finance and Governance is being established at the Munk Centre at the University of Toronto. The City of Toronto has been requested to support the Institute

financially by becoming a founding member. The Institute's activities are consistent with and reinforce the City's New Deal objectives. It is recommended that the City of Toronto become a founding member and encourage other Hub Cities in Canada to do the same.

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Dr. Enid Slack addressed the Policy and Finance Committee.

The following Members of Council also addressed the Policy and Finance Committee:

- Councillor Jane Pitfield, Don Valley West; and
- Councillor Michael Walker, St. Paul's.

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***City Council – February 1, 2 and 3, 2005***

*Council also considered the following:*

*Report dated February 1, 2005, from the Chief Financial Officer and Treasurer:*

*Subject: The Institute on Municipal Finance and Governance Membership, and the Establishment of a Government Relations Reserve Fund*

*Purpose:*

*The purpose of this report is to amend a motion adopted at the Policy and Finance Committee meeting of January 19, 2005 and to recommend authority to create a Government Relations Reserve.*

*Financial Implications and Impact Statement:*

*The Policy and Finance Committee adopted two motions at its meeting of January 19, 2005 which results in a \$37,000 over-commitment of the \$72,000 savings to be realized from the cancellation of the City's membership in AMO, while concurrently redirecting the \$72,000 be deposited annually in a reserve fund for government relations and reallocating \$35,000 of the same savings to fund the City's new membership in the Institute on Municipal Finance and Governance.*

*The report establishes a governmental reserve and recommends an adjusted contribution of \$37,000 annually funded from the balance of the savings from the cancellation of the membership in AMO.*

*Recommendations:*

*It is recommended that:*

- (1) Council establish a discretionary reserve account, entitled "Government Relations Reserve", to receive, hold and to be drawn on to advance the City's provincial agenda and that City Council continue to budget an amount annually for that purpose;*
- (2) Municipal Code Chapter 227 (Reserves and Reserve Funds Bylaw) be amended by adding the "Government Relations Reserve" to Schedule "1" – Corporate Reserves;*
- (3) the annual contribution to the Government Relations Reserve be limited to \$37,000 annually; and*
- (4) 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 in Council to give effect thereto.*

*Background:*

*At its meeting of January 19, 2005, the Policy and Finance Committee adopted Report #3 from the Chief Administrative Officer, entitled 'Institute on Municipal Finance and Governance'. The report recommended that the City become a founding member of the Institute on Municipal Finance and Governance and the funding for the annual membership fee of \$35,000 be provided from the City Council 2005 operating budget. The report intended to fund the annual membership fees from the City Council budget from the anticipated savings of \$72,000 due to the cancellation of the Association of Municipalities of Ontario (AMO) membership.*

*However, Policy and Finance Committee also adopted Report #2, entitled 'Update on and Toronto's Progress on Achieving a "Seat at the Table" and Relationship with the Association of Municipalities of Ontario'. During consideration of this report, a motion was adopted that directed that the funds allocated to AMO membership fees of \$72,000, be placed into a Government Relations Reserve Fund to be drawn on to advance the City's provincial agenda and the City Council continue to budget an amount annually for that purpose. This has resulted in an over-commitment of the allocation of savings from the AMO membership fees.*

*The total savings available from cancellation of the AMO membership fees is \$72,000. The annual membership fees for the Institute on Municipal Finance and Governance are \$35,000. In order to stay within the budgeted amount of \$72,000 in the City Council budget, it is recommended that the contribution to the Government Relations Reserve be limited to \$37,000 annually. In addition, this report establishes a Governmental Relations Reserve.*

Comments:

*Every reserve created by the City has to have the following criteria:*

(a) *statement of purpose*

*The purpose of the Government Reserve is to receive, hold and to be drawn on to advance the City's provincial agenda.*

(b) *designation of the service area 'owner', or beneficiary program,*

*The City Clerk will administer the account.*

(c) *rationale for the appropriate level to be maintained in the account*

*There is no target set for this account.*

(d) *initial contribution*

*The initial contribution in 2005 will be \$37,000.*

(e) *contribution policy*

*Annual contributions will be made to the account from the Operating Budget – City Council Account.*

(f) *withdrawal policy*

*Funds will be assigned to specific actions in support of the stated purpose as part of the annual budget process.*

(g) *review cycle*

*The need for this reserve will be reviewed in three years.*

Conclusion:

*The 2005 City Council budget includes funding in the amount of \$72,000 for membership fees in AMO. City Council has decided to withdraw its membership. At its meeting of January 19, 2005, Policy and Finance adopted a recommendation to direct \$35,000 of that savings to membership fees for the Institute on Municipal Finance and Governance. It also adopted a motion to re-direct the full savings (\$72,000) to a reserve fund for governmental relations. It is therefore recommended that the motion be amended to direct a maximum of \$37,000 to a reserve called the Government Relations Reserve to advance the City's provincial agenda.*

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