

THE CITY OF TORONTO

City Clerk's Office

Minutes of the Budget Advisory Committee

Meeting 10

Friday, February 4, 2005

The Budget Advisory Committee met on Friday, February 4, 2005, in Committee Room 1, City Hall, Toronto, commencing at 10:10 p.m.

Members Present:

Members were present for some or all of the time period indicated.

	10:10 a.m. to 12:35 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	X
Councillor Sylvia Watson	X

Also Present:

Deputy Mayor Sandra Bussin	
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2005 Capital and Operating Budget

10.1 Toronto Transit Commission (Capital and Operating)

The Budget Advisory Committee again considered the 2005 Capital and Operating Budgets for the Toronto Transit Commission.

The Budget Advisory Committee also considered a confidential communication (January 13, 2005) from the General Secretary, Toronto Transit Commission, respecting the Sheppard Subway Project, such communication to be considered in-camera as the subject matter deals with litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board, in accordance with the *Municipal Act, 2001*.

Capital

- A. Councillor Mihevc moved that the Budget Advisory Committee recommend to the Policy and Finance Committee, and Council, that the 2005 Toronto Transit Capital Budget be further amended by:
- (1) adding \$13.5 million for the Sheppard Subway Capital Program to be financed by debt;
 - (2) deferring funding for the following projects for savings in the amount of \$10.2 million:
 - (a) Russell Carhouse platform modifications be reduced by \$0.8 million;
 - (b) Overhead Speed Doors – Arrow/Egl/Duncan be reduced by \$1.2 million;
 - (c) On-Grade Paving – Kennedy, Hillcrest be reduced by \$2.0 million;
 - (d) Structural Paving – Design be reduced by \$0.5 million;
 - (e) Office Space Management – Inglis 4th floor be reduced by \$1.0 million;
 - (f) Purchase Auto Non-Revenue Vehicle be reduced by \$0.3 million;

Budget Advisory Committee Minutes
Friday, February 4, 2005

- (g) Vehicle Eng – remove 3 air compressors be reduced by \$0.1 million;
- (h) Transit Shelters and Loops be reduced by \$1.5 million;
- (i) Wilson – Traffic Separation be reduced by \$1.4 million; and
- (j) Fire Ventilation Upgrade – deceleration of Second Exits be reduced by \$1.4 million;

(Carried)

B. Councillor Watson moved:

- (1) that Councillor Mihevc's motion A. be amended by adding that the City immediately begin negotiations with the federal government on the allocation of the federal gas tax, based on the formula of trips/population (25 percent /75 percent) which would realize an additional \$10 million of revenues for TTC in the 2005 Capital Budget; and
- (2) that the balance of the Toronto Transit Commission Capital Budget be deferred until the Budget Advisory Committee meeting of February 10, 2005, to allow the Toronto Transit Commission to consider further reductions or sources of funding for further reductions of \$26.8 million;

(Carried)

Operating

A. Councillor Watson moved that the Budget Advisory Committee:

- (1) amend the Toronto Transit Commission Operating Budget by recommending to the Policy and Finance Committee, and Council that the Toronto Transit Commission 2005 Operating Budget subsidy be set at \$213.880 million, including the following adjustments:
 - (a) savings of \$4.7 million as follows:
 - (i) ridership increase from 424 million to 426 million for additional increase of \$3.2 million;

Budget Advisory Committee Minutes
Friday, February 4, 2005

- (ii) increase gapping on Admin Positions for savings of \$0.15 million;
 - (iii) property tax reduction for savings of \$1.2 million; and
 - (iv) hiring deferrals for savings of \$0.15 million;
- (2) request the Toronto Transit Commission to consider implementing a fare increase in 2005 such that the resulting revenue increase is \$10.0 million in 2005;
- (2) direct the Chief Administrative Officer and the Chief Financial Officer and Treasurer to determine the feasibility of achieving 2005 cash flow deferrals of up to \$26 million from all other City programs on the basis of lower than achievable 2005 spending rates; and
- (3) request the Chief Financial Officer and Treasurer and the Chief General Manager, of the Toronto Transit Commission to review the \$1.79 billion future year commitments requested by the Toronto Transit Commission with its 2005 Capital Budget and report to the Policy and Finance Committee for its meeting of February 15, 2005, on adjustments to limit future year commitments to those arising out of the 2005 Recommended Capital Budget for the Toronto Transit Commission only.

(Carried)

B. Councillor Pitfield moved that the Budget Advisory Committee:

- (1) request the Chief Financial Officer and Treasurer to:
 - (a) confirm with Toronto Hydro that 8 percent is the correct economic indicator for electricity; and
 - (b) provide a briefing note to the Budget Advisory Committee for its meeting of February 10, 2005, on the additional 3/7 of the GST rebate of the Toronto Transit Commission and how such rebate relates overall to the City GST rebate and further comment on feasibility of surrendering the rebate to Toronto Transit Commission; and

Budget Advisory Committee Minutes
Friday, February 4, 2005

- (2) receive the confidential communication (January 13, 2005) from the General Secretary, Toronto Transit Commission;
(Carried)
- (3) defer consideration of a fare increase until the Budget Advisory Committee meeting on February 10, 2005.
(Lost)

10.2 Community Partnership and Investment Program (Operating)

The Budget Advisory Committee considered a communication (February 4, 2005) from City Council, advising that Council on February 1, 2 and 3, 2005, adopted Clause 1 of Report 1 of the Policy and Finance Committee, as amended, and among other things, adopted the following staff recommendations contained in the report (January 31, 2005) from the Chief Administrative Officer and the Commissioner of Community and Neighbourhood Services:

- “(1) an amount of \$100,000.00 be included in the 2005 Community Partnership and Investment Program budget request to support community organizations that assist Tsunami immigrant sponsors and the family reunification process;
- (2) the funding in Recommendation (1), above, be dependent on matching contributions from the provincial and federal governments;
- (3) authority for the allocation of the funding in Recommendation (1), above, be delegated to the Commissioner of Community and Neighbourhood Services, to be determined in conjunction with the other orders of government;
- (4) this report be referred to the Budget Advisory Committee for consideration;
- (5) the Commissioner of Community and Neighbourhood Services provide an update on Tsunami immigrant settlement planning at the next Community Services Committee meeting; and
- (6) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.”

A. Councillor Rae moved that the Budget Advisory Committee:

- (1) recommend to the Policy and Finance Committee, and Council, that the 2005 Operating Budget for the Community Partnership and Investment Program be further amended to include \$100,000.00 to support community organizations that assist Tsunami immigrant sponsors, such

Budget Advisory Committee Minutes
Friday, February 4, 2005

funds to be within the current envelope for the Community Partnerships and Investment Program; and

- (2) receive the communication (February 4, 2005) from the City Clerk, entitled, "City of Toronto Contribution to the Tsunami Disaster Relief".

(Carried)

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

- B. Councillor Soknacki moved that Councillors Rae, Pitfield and Mihevc be requested to report to the Budget Advisory Committee meeting of February 10, 2005 indicating the adjustments to the Community Partnership and Investment Program to accommodate the inclusion of such funds.

(Carried)

Councillor Soknacki resumed the Chair.

10.3 Non Program (Operating)

The Budget Advisory Committee considered a report (January 28, 2005) from the Chief Financial Officer and Treasurer, seeking Council's approval for payment of the annual sinking fund levies for 2005 to fulfil the legislative requirements of the *Municipal Act 2001* and to inform Council of the activities of the Sinking Fund during 2004.

Recommendations:

It is recommended that:

- (1) the 2005 sinking fund levies, as detailed in this report, be approved; and
- (2) 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.

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

- (1) recommend to the Policy and Finance Committee, and Council:
 - (a) that the Non-Program Budget be further amended as follows:

Budget Advisory Committee Minutes
Friday, February 4, 2005

- (i) the Revenue Budget be increased by \$90 million to reflect proceeds from increased Toronto Hydro dividends and the sale of the City's street and expressway lighting assets to Toronto Hydro;
 - (ii) the Expenditure Budget be reduced by \$5.3 million to reflect additional savings due to increased gapping and the Chief Administrative Officer and the Chief Financial Officer and Treasurer be directed to make the appropriate adjustments to Program Budgets;
 - (iii) a provision in the amount of \$13.500 million be made in the Non-Program - Other Corporate Expenditures Budget, for the anticipated labour relations arbitration awards in 2005; and
- (b) the adoption of the staff recommendations in the Recommendations Section of the report (January 28, 2005) from the Chief Financial Officer and Treasurer seeking Council's approval for payment of the annual sinking fund levies for 2005 to fulfil the legislative requirements of the *Municipal Act 2001* and to inform Council of the activities of the Sinking Fund during 2004:
- (1) the 2005 sinking fund levies, as detailed in this report, be approved; and
 - (2) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto; and
- (2) request the Chief Financial Officer and Treasurer to provide an update of Table 1 in the "Corporate Utilities" briefing note for the Budget Advisory Committee meeting of February 10, 2005 with a tabulation of previously presented projected figures for 2004.

(Carried)

Councillor Soknacki resumed the Chair.

- B. Councillor Pitfield moved that the Budget Advisory Committee request the Chief Administrative Officer to report to the February 10, 2005 Budget Advisory Committee on how the elimination of the GST rebate has been accounted for in the budget process in 2005, such report to include:
- (a) how the elimination of the GST rebate was accounted for in 2004 and what the financial impacts were in the context of the year end surplus;
 - (b) on what amounts are the economic indicators based, i.e., are they on figures before or after the GST rebate.

(Carried)

10.4 Province of Ontario, Toronto Catholic District School Board and Toronto District School Board Announcement on Permit Fees (All Wards)

The Budget Advisory Committee considered a report (February 3, 2005) from the Commissioner of Economic Development, Culture and Tourism, informing the Budget Advisory Committee on the potential financial implications of the recent announcements from the Province of Ontario and the Toronto Catholic District School Board and the Toronto District School Board on reductions on Community Permit Fees.

Recommendations:

It is recommended that:

- (1) staff report on program expansion opportunities in keeping with the intent of the Province of Ontario Community Use of Schools program directly to the Economic Development and Parks Committee in May 2005, including any financial implications of negotiations on existing agreements and any required net zero technical adjustments within the 2005 Parks and Recreation Operating Budget; and
- (2) the appropriate City officials be authorized and directed to take the actions required to give effect thereto.

On motion by Councillor Rae, the Budget Advisory Committee:

- (1) recommended to the Policy and Finance Committee, and Council, the adoption of the staff recommendations in the Recommendations Section of the report (February 3, 2005) from

the Commissioner of Economic Development, Culture and Tourism;

- (2) recommended that Council express its concern to the Ministry of Education, the Toronto District School Board and the Toronto Catholic District School Board that the requirement to use the projected cost savings from permit and access fees for programming enhancements may place unsustainable future cost increases on the City; and
- (3) directed that the issue of development charges be incorporated into any City and Toronto District Catholic School Board and Toronto District School Board negotiations.

10.5 Corporate Fund for Hosting Conferences

The Budget Advisory Committee considered a communication (February 4, 2005) from City Council advising that Council on February 1, 2 and 3, 2005, adopted Clause 4 of Report 2 of the Policy and Finance Committee, without amendment and referred a copy to the Budget Advisory Committee for consideration as part of the 2005 budget process.

On motion by Councillor Rae, the Budget Advisory Committee deferred consideration of the report (January 5, 2005) from the Chief Administrative Officer until its meeting of February 10, 2005.

10.6 Premier-Ranked Tourist Destination Framework (All Wards)

The Budget Advisory Committee considered a communication (February 4, 2005) from City Council advising that Council on February 1, 2 and 3, 2005, considered Clause 8 of Report 1 of the Economic Development and Parks Committee, and has supported the City's participation in the Premier-Ranked Tourist Destination Framework (PRTD) process subject to consideration of the financial implications to be determined as part of the 2005 Operating Budget process.

On motion by Councillor Rae, the Budget Advisory Committee, recommended to the Policy and Finance Committee, and Council the adoption of the financial implications (\$30,000) as it relates to participation in the Premier Ranked Tourist Destination Framework (PRTD), such funds being included in the recommended 2005 Operating Budget for the Tourism Division.

10.7 Urban Development Services (Capital)

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, and Council, that the Urban Development Services Capital Budget be amended to add that authorization to reallocate funding to substitute Civic Improvement Projects identified during the budget process, should those approved in the 2005 Capital Budget not proceed due to anticipated changes in the Transportation/Toronto Water capital program, such that all in-year reallocations not exceed the 2005 approved funding for the Routes 2005, Places 2005, Beautiful City Routes 2005 and Beautiful City Places 2005 projects, respectively, and that such project reallocations be reported out with the Capital Variance reporting process.

Councillor Soknacki resumed the Chair.

10.8 Social Services (Operating)

On motion by Councillor Milczyn, the Budget Advisory Committee recommended to the Policy and Finance Committee, and Council, that the 2005 Recommended Operating Budget for Social Services be amended by reducing such budget by \$1.7 million to reflect savings in Ontario Works administration costs in 2005 with additional savings of \$1.3 million in 2006.

The Budget Advisory Committee adjourned its meeting at 12:35 p.m.

Chair