

**THE CITY OF TORONTO**

**City Clerk's Office**

**Minutes of the Budget Advisory Committee**

**Meeting 5**

**Friday, November 18, 2005**

The Budget Advisory Committee met on Friday, November 18, 2005, in Committee Room 1, City Hall, Toronto, commencing at 9:35 a.m.

Members Present

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

	9:35 a.m. to 10:55 a.m.
Councillor David Soknacki, Chair	X
Councillor Joe Mihevc (Vice-Chair)	X
Councillor Sylvia Watson (Vice-Chair)	X
Deputy Mayor Sandra Bussin	X
Councillor Shelley Carroll	X
Councillor Peter Milczyn	R
Councillor Kyle Rae	X

**5.1 2006 Interim Operating Budget (Estimates)**

The Budget Advisory Committee considered a report (November 16, 2005) from the Deputy City Manager and Chief Financial Officer requesting approval of an Interim Operating Budget (Estimate) to enable City Programs, Agencies, Boards and Commissions to carry out their normal operations during the period January 1 to March 31, 2006, pursuant to the Financial Control By-law, which stipulates that "Council shall, before the adoption of the final operating budget for a year, adopt an interim operating budget prior to the 1st day of January of the year in which the operating budget will be adopted" (Toronto Municipal Code, Article II, sub-section 71-5).

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Recommendations:

It is recommended that:

- (1) the 2006 Interim Operating Budget gross authorization totalling \$2.855 billion as detailed by City Program, Agency, Board and Commission in Appendix 1 attached herewith, be approved;
- (2) the Deputy City Manager and Chief Financial Officer be authorized to make cash disbursements not to exceed \$2.441 billion net to fund expenditures during the period January 1 to March 31, 2006 including cash transfers not to exceed \$494.242 million to Agencies, Boards and Commissions as detailed in Appendix 1 attached herewith; and
- (3) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

On motion by Councillor Rae, 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 (November 16, 2005) from the Deputy City Manager and Chief Financial Officer.

(Policy and Finance Committee; c. City Manager, Deputy City Manager and Chief Financial Officer – November 18, 2005)

## **5.2 Operating Variance Report for the Nine Months Ended September 30, 2005**

The Budget Advisory Committee considered a report (November 16, 2005) from the Deputy City Manager and Chief Financial Officer, providing the City of Toronto Operating Variance report for the nine months of operations ended September 30, 2005, and projected actual expenditures for the year ending December 31, 2005.

Recommendations:

It is recommended that:

- (1) Deputy City Managers, Division Heads and General Managers of Agencies, Boards and Commissions be directed to continue to implement mitigating strategies and/or cost-containment measures 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 nine-month period ended September 30, 2005 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.

On motion by Councillor Watson, the Budget Advisory Committee recommended to the Policy and Finance Committee that City Council adopt staff Recommendations (1), (2) and (4) in the Recommendations Section of the report (November 16, 2005) from the Deputy City Manager and Chief Financial Officer.

(Policy and Finance Committee; c. City Manager, Deputy City Manager and Chief Financial Officer – November 18, 2005)

### **5.3 Capital Variance Report for the Nine-Month Period Ended September 30, 2005**

The Budget Advisory Committee considered a report (November 16, 2005) from the Deputy City Manager and Chief Financial Officer providing the City of Toronto Capital Variance Report for the nine-month period ended September 30, 2005 and the projected actual expenditures for the year ending December 31, 2005.

#### Recommendations:

It is recommended that:

- (1) the technical adjustments outlined in Appendix 2 of this report and having no incremental debt impact be approved;
- (2) the in-year capital adjustments described in Appendix 2 of this report with an incremental debt impact of \$3.777 million be approved;
- (3) this report be forwarded to 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.

On motion by Councillor Rae, the Budget Advisory Committee recommended to the Policy and Finance Committee that City Council adopt staff Recommendations (1), (2) and (4) in the Recommendations Section of the report (November 16, 2005) from the Deputy City Manager and Chief Financial Officer.

(Policy and Finance Committee; c. City Manager, Deputy City Manager  
and Chief Financial Officer and Treasurer – November 18, 2005)

**5.4 Reserves and Reserve Funds Quarterly Variance Report  
September 30, 2005**

The Budget Advisory Committee considered a report (November 15, 2005) from the Deputy City Manager and Chief Financial Officer providing information on reserve and reserve fund balances as at September 30, 2005, and activity in reserves and reserve funds during the first nine months of 2005.

Recommendation:

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

On motion by Councillor Rae, the Budget Advisory Committee recommended to the Policy and Finance Committee that City Council receive the report (November 15, 2005) from the Deputy City Manager and Chief Financial Officer for information.

(Policy and Finance Committee; c. City Manager, Deputy City Manager  
and Chief Financial Officer – November 18, 2005)

**5.5 Additional \$20 Million from Social Housing Stabilization Reserve Fund for Toronto  
Community Housing Corporation (TCHC) and Update on Risk Mitigation  
Strategies in the non-TCHC Social Housing Stock**

The Budget Advisory Committee considered a communication (November 8, 2005) from Community Services Committee.

Recommendation:

The Community Services Committee on November 8, 2005, recommended to the Budget Advisory Committee that City Council adopt the staff recommendations in the Recommendations Section of the report (November 7, 2005) from the General Manager, Shelter, Support and Housing Administration, respecting the Additional \$20 Million from Social Housing Stabilization Reserve Fund for Toronto Community Housing Corporation (TCHC) and Update on Risk Mitigation Strategies in the non-TCHC Social Housing Stock.

On motion by Councillor Mihevc, the Budget Advisory Committee recommended to the Policy and Finance Committee that City Council adopt the recommendation contained in the communication (November 8, 2005) from Community Services Committee.

(Policy and Finance Committee; c. City Manager, Deputy City Manager and Chief Financial Officer and Treasurer – November 18, 2005)

**5.6 Lease of a Portion of City-owned Property Located at 76 Wychwood Avenue: Affordable Housing Component of Wychwood Green/Arts Barn Project (Ward 21 St. Paul's West)**

The Budget Advisory Committee considered a communication (November 10, 2005) from the Affordable Housing Committee advising that the Committee forwarded the following motion by Councillor Mihevc to the Budget Advisory Committee for review and approval through the 2006 Capital Budget process:

“WHEREAS the City is to lease a portion of City-owned property located at 76 Wychwood Avenue for both an affordable housing component and non-residential component of the Wychwood Green/Art Barn Project; and

WHEREAS there was \$55,434.50 in a City Account No. CPR117-31-12 which over time and with interest is now \$65,434.50; and

WHEREAS these funds are a result of various donations, fundraisers, bake sales, etc., towards the Wychwood Green/Art Barn Project with the City issuing charitable tax receipts to the donors; and

WHEREAS there is no 2005 SAP plan to spend the funding from Account No. CPR117-31-2; and

WHEREAS Toronto Artscape, the preferred proponent for the adaptive reuse of Wychwood project, is to be the recipient of these funds and is in need of these funds to proceed with the construction stage of the Wychwood Green/Art Barn Project;

NOW THEREFORE BE IT RESOLVED THAT \$65,434.50 be authorized to be immediately released from Account No. CPR117-31-12 and given to Toronto Artscape to be used for the construction of the Wychwood Green/Art Barn Project.”

The Budget Advisory Committee also considered a communication (November 17, 2005) from Councillor Mike Del Grande, Ward 39 Scarborough-Agincourt, expressing his concerns about the amount of the grant to Toronto Artscape.

On motion by Councillor Mihevc, the Budget Advisory Committee:

- (1) recommended to the Policy and Finance Committee that City Council authorize the immediate release of \$65,434.50 from Account No. CPR117-31-12 to Toronto Artscape to be used for the construction of the Wychwood Green/Art Barn Project, and that the Parks 2005 Budget be adjusted accordingly; and
- (2) received the communication (November 17, 2005) from Councillor Mike Del Grande, Ward 30 Scarborough-Agincourt.

(Policy and Finance Committee – November 18, 2005)

#### **5.7 Sick Pay Gratuity Payments to Association for Community Centres (AOCCs) (In-Camera – Personal Matters)**

The Budget Advisory Committee considered a confidential report (November 9, 2006) from the Deputy City Manager and the Deputy City Manager and Chief Financial Officer, seeking approval for funding from the City's Sick Leave Reserve Fund, and because the advice involves personal matters about identifiable individuals, including municipal or local board employees, under the *Municipal Act, 2001*, discussions be held In-camera.

On motion by Councillor Rae, the Budget Advisory Committee recommended to the Policy and Finance Committee that City Council adopt the staff recommendations contained in the confidential report (November 9, 2005) from Deputy City Manager Sue Corke and Deputy City Manager and Chief Financial Officer Joseph Pennachetti, and because the advice involves personal matters about identifiable individuals, including municipal or local board employees, under the *Municipal Act, 2001*, discussions be held In-camera.

(Policy and Finance Committee – November 18, 2005)

#### **5.8 Declining Revenues in the City Clerk's Office - 2005 Second Quarter Operating Variance Report**

The Budget Advisory Committee considered a report (September 20, 2005) from the City Clerk providing an analysis of the declining revenues experienced by the City Clerk's Office in recent years; to report on the impact this decline has had on the Office Budget; and to explain the budget variance for the six months of operation ending June 30, 2005.

Recommendation:

It is recommended this report be received for information.

On motion by Councillor Mihevc, the Budget Advisory Committee received the report for information.

**5.9 Issues Outstanding from the November 16 and November 17, 2005 meetings.**

**Transportation Services:**

The Budget Advisory Committee again considered the Transportation Services 2006 Capital Budget.

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

On motion by Councillor Soknacki, the Budget Advisory Committee adopted the following technical adjustments:

A. Replace Recommendations (2), (3) and (9) in the Analyst Briefing Notes to read:

“(2) the 2006 Proposed Capital Budget for Transportation Services with a total project cost of \$278.309 million and a 2006 cash flow of \$276.633 million and future year commitments of \$62.259 million in 2007, \$37.901 million in 2008 and \$8.730 million in 2009 be approved. The 2006 Proposed Capital Budget consists of the following:

(a) New Cash Flow Funding for:

(i) 60 new sub-projects with a 2006 total project cost of \$278.309 million that requires cash flow of \$198.430 million in 2006 and future year commitments of \$56.529 million in 2007, \$17.500 million in 2008 and \$5.600 million in 2009;

(ii) 28 previously approved sub-projects with a 2006 cash flow of \$47.248 million and future year commitments of \$5.730 million in 2007, \$20.401 million in 2008 and \$3.130 million in 2009;

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- (iii) 2006 approved cash flow for 27 previously approved sub-projects with carry forward funding from 2005 into 2006 totalling \$30.955 million; and
- (3) new debt service costs of \$4.950 million in 2006 and incremental costs of \$19.439 million in 2007, \$5.346 million in 2008, \$2.455 million in 2009 and \$0.652 million in 2010 resulting from the approval of the 2006 Proposed Capital Budget, be approved for inclusion in the 2006 and future year operating budgets;
- (9) the revised cash flow projections of \$239.946 million in 2007, \$280.904 million in 2008, \$295.807 million in 2009 and \$313.593 million in 2010 for Transportation Services be referred to the Deputy City Manager and Chief Financial Officer for review, in consultation with appropriate staff, and report back to the Budget Advisory Committee in the Spring of 2006 on a recommended Firm 5-Year Capital Plan within Council's approved debt affordability limits; and".

Councillor Soknacki resumed the Chair.

**Parks, Forestry and Recreation:**

The Budget Advisory Committee again considered the 2006 Capital Budget for Parks, Forestry and Recreation:

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

On motion by Councillor Soknacki, the Budget Advisory Committee:

- (1) adopted the following:
  - (a) add back \$0.145 Million for forestry section vehicles to deal with tree maintenance backlog;
  - (b) add \$250,000.00 to increase funding to \$1.5 Million for Various Parks as requested in the Program's original submission.



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- (2) requested the General Manager, Parks, Forestry and Recreation, in consultation with staff of Toronto Water, Transportation Services and the Toronto Region and Conservation Authority, to submit a Briefing Note to the Economic Development and Parks Committee on the level of Ravine and Watercourse Management Services that will be undertaken in the 2006 fiscal year, given the level of capital and operating expenditures.

Councillor Soknacki resumed the Chair.

### **Emergency Medical Services**

The Budget Advisory Committee again considered the 2006 Capital Budget for Emergency Medical Services.

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

On motion by Councillor Soknacki, the Budget Advisory Committee requested:

- (1) the General Manager of Emergency Medical Services to submit to the Deputy City Manager and Chief Financial Officer, for inclusion in the 5-year Capital Plan for the spring of 2006, forecasted capital costs to fund the ongoing capital replacement program of Public Access Defibrillation (PADs) on behalf of the City; and
- (2) the General Manager of Emergency Medical Services, in consultation with the Deputy City Manager and Chief Financial Officer, to report to the Budget Advisory Committee as part of the 2006 Operating Budget process on the annual operating costs required to manage the support of the PADs on behalf of the City.

Councillor Soknacki resumed the Chair.

### **Other Requests**

On motion by Councillor Mihevc, the Budget Advisory Committee requested a Briefing Note on the following:

- (a) TTC adjustments; and

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- (b) Councillor Mihevc's request to add \$250,000.00 gross, zero net, to the Planning Capital Budget for the Environmental Assessment Study on transportation issues on Kingston Road and Eglinton Avenue and the financial impact.

The Budget Advisory Committee adjourned its meeting at 10:55 a.m.

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Chair