

Authority: Executive Committee Item 46.24,  
as adopted by City of Toronto Council on August 25, 26 and 27, 2010  
Enacted by Council: August 27, 2010

## **CITY OF TORONTO**

### **BY-LAW No. 1155-2010**

**To amend City of Toronto Municipal Code Chapter 279, Toronto Transit Commission, to require the TTC to follow certain budget rules, processes, policies and timelines, to clarify the financial relationship between the City and the TTC, and to establish rules with respect to the financial management of the TTC.**

WHEREAS pursuant to section 394 of the *City of Toronto Act, 2007* (the "Act"), the Toronto Transit Commission (the "TTC") is a city board of the City; and

WHEREAS pursuant to subsection 142(3) of the Act, a city board is a local board of the City for all purposes; and

WHEREAS pursuant to paragraph 3 of subsection 8(2) of the Act, the City may pass by-laws respecting financial management of the City and its local boards (restricted definition) and subsection 8(6) does not exclude the TTC from the definition of "local board (restricted definition)" for the purposes of section 8; and

WHEREAS pursuant to subsection 141(1) of the Act, without limiting section 8 of the Act, the City may provide for various matters in respect of city boards including, the requirement that the board follow rules, procedures and policies established by the City, and the relationship between the City and the board, including their financial and reporting relationship; and

WHEREAS pursuant to subsections 145(1) and 146(a) of the Act, the City may change a local board, including a city board, by passing by-laws with respect to the matters described in subsection 141(1); and

WHEREAS pursuant to subsection 228(7) of the Act, for the purpose of preparing and adopting its budget for a year, the City may by by-law require that the year's budget of every board, commission or other body for which the City is required by law to levy a tax or provide money, be submitted to the City on or before a date specified by the City and that the budget shall be in such detail and form as the by-law provides; and

WHEREAS City Council wishes to enact a by-law requiring the TTC to comply with various budget rules, procedures and policies of the City, and to adhere to the City's budget deadlines and timelines, to clarify the financial relationship between the City and the TTC and to establish rules with respect to the financial management of the TTC;

The Council of the City of Toronto HEREBY ENACTS as follows:

1. Chapter 279, Toronto Transit Commission, of The City of Toronto Municipal Code is amended by adding the following:

**ARTICLE II**  
**Budgetary and Financial Management Approval Process, Rules and Protocols**

**§ 279-3. Budget request submissions.**

The Toronto Transit Commission is required to submit its budget requests to the City in accordance with the following:

- A. The City's Capital Budget and Plan Submission Guidelines and Instructions manual;
- B. The City's Operating Budget Submission, Guidelines and Instructions manual;
- C. Budget targets established by City Council; and
- D. Timelines and deadlines as established by the Deputy City Manager and Chief Financial Officer.

**§ 279-4. Adherence to budget policies, practices and approvals.**

- A. City Council shall approve the following in respect of the Toronto Transit Commission's Ten Year Capital Budget and Plan:
  - (1) A capital budget for the current year consisting of the following:
    - (a) Approved gross expenditures (cash flow) and funding for previously approved projects and sub-projects;
    - (b) The total project cost and appropriated gross expenditures (cash flow) and funding for new and change in scope capital projects and sub-projects, and commitments to future year gross expenditures (cash flow) and funding for multi-year projects; and
    - (c) Unspent funding carried forward from prior years to complete projects;
  - (2) Planned estimates and funding sources for each capital project and sub-project for the balance of the ten year period; and
  - (3) Debt funding for each of the ten years (debt issued only for the current budget year).
- B. City Council shall approve the following in respect of the Toronto Transit Commission's annual Operating Budget:

- (1) Total gross expenditures required to fund the total cost of providing the services, service levels and staff complement as reflective in the Operating Budget;
  - (2) Total revenue as summed by the individual non-tax revenue sources; and
  - (3) The resultant net expenditures that result in the level of residual tax-supported or rate-supported funding required to balance the Operating Budget.
- C. Within the applicable calendar year of any budget approval under § 279-4A or B, City Council shall approve any of the following changes to the Council-approved annual Operating Budget and to the Ten Year Capital Budget and Plan for the Toronto Transit Commission, prior to the award of contracts by the Toronto Transit Commission:
- (1) Any changes to the Ten Year Capital Budget and Plan resulting from the following, together with the appropriate funding source for the proposed change from a permanent reallocation of funding from other projects with similar funding sources in either the current year or in a future year:
    - (a) Over-expenditures;
    - (b) Accelerations;
    - (c) Deferrals;
    - (d) Changes in project scope which exceed the lesser of ten percent of the project cost or \$500,000;
    - (e) Additions of new projects; and
    - (f) Unplanned allocations of funding sources including reserve funds.
  - (2) Any changes to the Operating Budget, including changes to services or service levels, which result in changes to any of the following:
    - (a) Gross expenditures;
    - (b) Total revenues; and
    - (c) Net Expenditures; and
    - (d) TTC total staff complement.
- D. The TTC shall submit quarterly variance reports to City Council, through the Budget Committee, in accordance with the following:
- (1) By the dates established by the Director, Financial Planning;

- (2) For Operating Budget variances, containing information pertaining to year-to-date actual expenditures, projected year-end expenditures, budget variances with narrative explanation of significant variances, and mitigation strategies for services; and
  - (3) For Capital Budget variances, containing information pertaining to year-to-date actual expenditures, projected year-end expenditures, budget variances with narrative explanation of significant variances, and mitigation strategies for services, all by capital project, and including requests to Council to close projects which are completed or to partially close on-going projects for which unspent project costs from previous years are no longer required
- E. Any surplus generated by the Toronto Transit Commission in excess of its budgeted net expenditures shall be paid to the City.

ENACTED AND PASSED this 27th day of August, A.D. 2010.

DAVID R. MILLER,  
Mayor

ULLI S. WATKISS  
City Clerk

(Corporate Seal)