

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: JUNE 13, 2007

SUBJECT: 2008 BUDGET SCHEDULE

RECOMMENDATION

It is recommended that the Commission:

- (1) Approve the proposed budget schedule outlined in this report including:
 - a. Approval-in-principle of the 2008-2012 Capital Program at the October 17, 2007 Commission meeting (in order to meet the City budget schedule requirements), and
 - b. Formal approval of the TTC Operating, Wheel-Trans Operating and TTC 2008-2012 Capital Program budgets at the November 14, 2007 Commission meeting; and
- (2) forward this report to the Deputy City Manager and Chief Financial Officer and to the Budget Committee of the City for information.

FUNDING

This report has no funding implications.

BACKGROUND

Each year, the TTC prepares budgets to effectively plan for and manage the coming year's operations and activities. Specifically, three budgets are developed: TTC and Wheel-Trans Operating Budgets and a 5-Year Capital Program (including a 10-Year Capital Forecast).

In response to an earlier request from TTC staff, the City of Toronto Financial Planning Division staff (FPD) recently met with TTC Finance staff to review the City's draft budget schedules and the potential impacts of the City's submission requirements upon the TTC processes. The submission deadlines to the City for the TTC's 2008 budgets are outlined as follows:

- Capital Program August 15, 2007
- Operating Budgets September 21, 2007

DISCUSSION

Given the magnitude and complexity of the TTC's Operating Budgets and Capital Program, it is necessary to establish an appropriate internal schedule to ensure the timely and efficient completion of the 2008 budgets.

Staff have commenced planning for the 2008 budget process. Budget guidelines are currently being reviewed and will be revised, where appropriate. Confirmation of the budget schedule is a key decision point in this planning process and to allow staff to roll out the budget requirements and ensure an appropriate preparation and review process.

In order to clarify what budget information is required by the aforementioned draft City budget submission deadlines, TTC staff recently met with City FPD staff to discuss the upcoming budget cycle. At that meeting, it was learned that the 2008 budget process will closely follow the 2007 process. It was agreed that high-level pro forma operating budget information and Capital Program cash flows (blue pages) would suffice for the August and September target dates.

FPD staff have indicated, however, that the City requires final capital numbers (which have been endorsed by the Commission) by mid to late October so that they can then be incorporated into the consolidated City budget requirements by late October. To meet this requirement, TTC staff plan on bringing a capital budget status report to the Commission on October 17th for approval in principle which will incorporate the final staff recommended budget. Based on the direction of the Commission, and presuming no significant changes are requested, staff will forward this information to City staff to meet their request. Further, City staff will be involved in budget reviews as well as joint Commissioner/Councillor briefings to be set-up. This will meet the spirit of the City budget requirements as agreed with City staff and allow TTC staff to also proceed with the appropriate management of capital projects. The formal approval of the budget will follow in November, at which point the detailed budget presentations, reports and supporting documentation will be available.

In terms of the proposed schedule, staff recommend the following timeframe:

- (1) August/September: staff will provide City staff with 2008 – 2012 information required to update the City 5-Year Capital Budget plan and will prepare pro forma operating budgets for both TTC and Wheel-Trans based on the best available information at that time including City participation in internal review sessions;
- (2) September and October, 2007: high level budget briefings/reviews (with senior staff, the TTC Budget Committee and assigned City Budget Committee members);
- (3) October 17, 2007: Commission meeting for approval-in-principle of the 2008-2012 Capital Program
- (4) November 14, 2007: targeted Commission meeting for formal approval of all three budgets;

The TTC's budgets will be formally submitted to the City following Commission approval. While

staff meetings/reviews will take place throughout the Fall 2007, it is not anticipated that the political review process for the operating budgets will commence prior to January 2008.

JUSTIFICATION

To achieve the timely completion of the Commission's 2008 budgets and to meet the City of Toronto budget schedule, the budget process will proceed as outlined in this report with the target to formally submit all budgets to the Commission for approval at the meeting of November 14, 2007.

May 24, 2007

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