



## Decision Document

### Budget Committee

<b>Meeting No.</b>	3	<b>Contact</b>	Merle MacDonald ,Committee Administrator
<b>Meeting Date</b>	Friday, January 26, 2007	<b>Phone</b>	416-392-7340
<b>Start Time</b>	2:00 PM	<b>E-mail</b>	mmacdona@toronto.ca
<b>Location</b>	Committee Room No. 1, City Hall		

*The Decision Document is for preliminary reference purposes only. Please refer to the Committee's Minutes for the official record.*

#### *How to Read the Decision Document:*

- *recommendations of the Committee to Executive Committee appear after the item heading and any amendments by the Budget Committee to recommendations appearing in a staff report are italicized;*
- *action taken by the Committee on its own authority does not require Council's approval and is listed in the decision document under the heading "Decision Advice and Other Information" at the end of the item;*
- *Declarations of Interest, if any, appear at the end of an item.*

BU3.1	ACTION			Wards: All
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#### **Capital Variance Report for the Nine-month Period Ended September 30, 2006**

(January 12, 2007) report from Deputy City Manager and Chief Financial Officer

#### **Committee Recommendations**

The Budget Committee recommends to the Executive Committee that:

1. Council approve the technical adjustments in Appendix 2 (TTC) and Appendix 3 (EMS) of

the report (January 12, 2007) from the Deputy City Manager and Chief Financial Officer, to reallocate funds between projects with no incremental impact on the 2006 Approved Capital Budget; and

2. the appropriate staff be authorized and directed to take the necessary action to give effect thereto.

### Financial Impact

As shown in Table 1 below, Tax Supported Programs spent \$563.5 million or 37.1 percent of the 2006 approved cash flow of \$1.520 billion during the nine-month period ended September 30, 2006. Projected spending to year-end is estimated at \$1.251 billion or 82.3 percent of the 2006 approved cash flow. Excluding projects that are uncontrollable (defined as projects impacted by unforeseen natural or environmental factors), Tax Supported Programs' projected spending to year-end is approximately 85.8 percent.

Table 1									
Corporate Capital Variance Summary									
for the Nine-month Period Ended September 30, 2006									
(\$000s)									
	2006 Approved Budget		January to September 2006				Projection to Year End		
			Total		% of Controllable Expenditures Spent		Total		% Controllable Expenditures Spent
			Actuals YTD Sept 2006	% Spent			Actuals to Y/E	% Spent	
Tax Supported Programs:									
Citizen Centred Services - "A"	185,126		60,042	32.4%	35.9%		110,502	59.7%	65.2%
Citizen Centred Services - "B"	440,026		109,079	24.8%	29.4%		342,760	77.9%	86.4%
Internal Services	162,023		47,257	29.2%	29.7%		95,592	59.0%	60.2%
Other City Programs	35,286		13,933	39.5%	40.9%		27,060	76.7%	77.8%
Agencies, Boards & Commissions	697,957		333,164	47.7%	47.7%		674,702	96.7%	96.7%
Total - Tax Supported	1,520,417		563,475	37.1%	39.8%		1,250,616	82.3%	85.8%
Rate Supported Programs:									
Toronto Parking Authority	39,709		7,828	19.7%	51.4%		10,902	27.5%	69.9%
Toronto Water	394,468		162,824	41.3%	44.8%		312,534	79.2%	74.8%
Total Rate Supported	434,177		170,652	39.3%	45.2%		323,436	74.5%	74.5%
Total	1,954,594		734,127	37.6%	40.6%		1,574,052	80.5%	84.3%

Rate-Supported Programs spent \$170.652 million or 39.3 percent of the 2006 approved cash flow of \$434.177 million, and project spending by year end of 74.5 percent.

In accordance with the City's Carry Forward Policy, unspent capital funds will be carried forward to 2007 in order to complete work on specific projects, where required. Based on projected spending to year-end, it is estimated that a total amount of \$380.542 million or 19.5 percent of the 2006 Council approved cash flow will be brought forward to 2007, with no incremental impact on 2007 Capital Budget and financing requirements.

## Summary

The purpose of this report is to provide the City of Toronto Capital Variance Report for the nine-month period ended September 30, 2006, and projected actual expenditures for the year ending December 31, 2006. Further, the report requests Council's approval of budget adjustments to reallocate capital funding in order to effectively deliver the capital program. Capital spending during the first nine months of 2006 totalled \$734.127 million or 37.6 percent of the 2006 approved cash flow of \$1.954 billion. Projected expenditures to December 31, 2006, are estimated at 80.5 percent of the approved cash flow. The under expenditure is primarily attributed to the inability to find or secure suitable sites; delays in securing funds from cost-sharing partners; significantly higher than expected rainfall which delayed performance of roofing and asphalt projects, exterior site work, park construction projects and playground replacement work. In addition, several projects will be completed under-budget. Unspent funds will be carried forward to 2007 on an as required basis, in accordance with the City's Carry Forward Policy.

Appendix 2 details a number of budget adjustments which reallocate capital budget funding between projects in order to streamline the TTC budget reporting

## Background Information

Capital Variance Report for the Nine-month Period Ended September 30, 2006  
(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-784.pdf>)

Capital Variance Report for the Nine-month Period Ended September 30, 2006  
(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-785.pdf>)

Capital Variance Report for the Nine-month Period Ended September 30, 2006  
(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-780.pdf>)

Capital Variance Report for the Nine-month Period Ended September 30, 2006  
(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-781.pdf>)

BU3.2	ACTION			Wards: All
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**Operating Variance Report for the Nine-month Period Ended September 30, 2006**

(January 12, 2007) report from Deputy City Manager and Chief Financial Officer

### Committee Recommendations

The Budget Committee recommends to the Executive Committee that:

1. Council approve the technical adjustments made to amend the 2006 Council Approved Operating Budget between Programs to ensure accurate accountability and reporting (no increase to the overall 2006 Council Approved Operating Budget) as detailed in Appendix D; and
2. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

### Financial Impact

Table A	Net Variances (\$ millions)	
	September 2006 Over/(Under)	Projected Y/E 2006 Over/(Under)
(1) Citizen Centred Services “A”	(5.6)	15.7
(2) Citizen Centred Services “B”	(5.9)	3.3
(3) Internal Services	(2.2)	(1.5)
(4) City Manager	(0.9)	(0.5)
(5) Other City Programs	(5.1)	(3.1)
Total - City Operations	(19.7)	13.9
Agencies, Boards and		
(6) Commissions	(12.3)	(8.5)
(7) Corporate Accounts	(6.9)	(21.4)
Sub-Total	(19.3)	(29.9)
Total Variance	(38.9)	(15.9)

Net expenditures for the nine-month period ended September 30, 2006 were \$38.9 million or 1.7 than planned expenditures. Projections to year-end indicate a net operating budget surplus of \$15.9 million or 0.5 percent of the 2006 Council Approved Operating Budget. The 2006 projected surplus is attributed to a combination of lower than planned expenditures and higher than budgeted revenues in areas which are detailed in the ‘Comments’ section below. Staff will continue to exercise cost constraints during the last quarter and will, in accordance with the City’s Surplus Policy, recommend options for disposition of any surplus as part of the 2006 Preliminary Year-end Operating Variance Report.

### Summary

The purpose of this report is to provide the City of Toronto Operating Variance report for the nine-month period ended September 30, 2006, operating variance projections for the year

ending December 31, 2006 and to obtain approval of the technical adjustments made to amend the Council Approved Operating Budget between Program budgets to ensure accurate accountability and reporting with no increase to the overall 2006 Council Approved Operating Budget as detailed in Appendix D.

For the nine-month period ended September 30, 2006, net expenditures were \$38.9 million or 1.7 percent lower than planned expenditures. However, projections to year end indicate that the City will have a net surplus of approximately \$15.9 million or 0.5 percent of the 2006 Council Approved Operating Budget. Primarily this favourable position is attributed to a combination of factors including: lower assessment appeals and service charges from the Municipal Property Assessment Corporation; higher than budgeted investment income and Toronto Parking Authority revenues; higher than planned passenger revenues at the Toronto Transit Commission (TTC); and, lower than expected salary and benefit costs (increased separations) at the Toronto Police Service (TPS).

### Background Information

Appendix D

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-921.pdf>)

Appendix A, B, C

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-922.pdf>)

Operating Variance Report for the Nine-month Period Ended September 30, 2006

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-782.pdf>)

BU3.3	Information			
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### Reserve and Reserve Funds Variance Report September 30, 2006

(January 12, 2007) report from Treasurer

### Summary

The purpose of this report is to provide detailed and summarized balances and transfer activity for the City's reserve and reserve funds for the first nine months of 2006 and projected year-end balances.

The reserves and reserve funds balances at September 30th, 2006 total \$1.7 billion and are projected to decline by \$410.8 million during the fourth quarter of 2006 resulting in a year-end balance of \$1.3 billion (\$1.5. billion – December 31, 2005). The planned use of reserves and reserve funds in 2006 continues the trend in recent years to draw (on a net basis) from existing reserves and reserve funds to finance capital and operating expenditures.

### Background Information

Reserve and Reserve Funds Variance Report September 30, 2006

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-786.pdf>)

Reserve and Reserve Funds Variance Report September 30, 2006

### Decision Advice and Other Information

The Budget Committee received the report for information.

BU3.4	ACTION			Wards: All
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### Funding for Severance Costs for Councillors' and Councillors' Staff and the Establishment of a Reserve

(January 3, 2007) report from Deputy City Manager and Chief Financial Officer

### Committee Recommendations

The Budget Committee recommends to the Executive Committee and City Council that severance costs for Councillors and Councillors' staff as a result of the 2006 Municipal Election be paid from the projected year-end under spending in City Council's 2006 Approved Budget.

### Financial Impact

Annual funding in the amount of \$0.175 million is required to provide contribution to the Councillor Severance Cost Reserve and is recommended to be absorbed from within the City Council Operating Budgets, beginning in 2007.

### Summary

The purpose of this report is to seek Council's authority to pay Councillors' and Councillors' staff severance costs as a result of the November 13, 2006 election from the projected year-end underspending in the City Council's 2006 Approved Budget.

Authority is also requested to establish a Reserve Account for future severance costs, funded annually in the amount of \$0.175 million from the City Council Operating Budget, beginning in 2007.

### Background Information

Funding for Severance Costs for Councillors' and Councillors' Staff  
(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-788.pdf>)

### Decision Advice and Other Information

The Budget Committee deferred the following Recommendations 2 to 6 for consideration with the 2007 Operating Budget process:

- "2. Council establish a reserve account entitled "Council Severance Cost Reserve Account" for the purpose of providing funding for future severance costs for Council members and their staff;

3. Council Severance Cost Reserve Account be administered by the Deputy City Manager and Chief Financial Officer;
4. Municipal Code Chapter 227 (Reserves and Reserve Funds) be amended by adding the “Council Severance Cost Reserve Account” to schedule “1”, ‘Corporate Reserves’;
5. Council Severance Cost Reserve Account be funded through annual contributions from the City Council Operating Budgets in the amount of \$0.175 million, beginning in 2007; and
6. 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.”

BU3.5	ACTION			Wards: All
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### **Toronto Just for Laughs Comedy Festival - Approval of Tourism Event Development Loan**

(January 9, 2007) report from General Manager, Economic Development, Culture and Tourism

#### **Committee Recommendations**

The Budget Committee recommends to the Executive Committee that:

1. Council authorize the approval of a Tourism Event Development Loan to the Toronto Just for Laughs Comedy Festival for \$500,000 to establish an annual Summer Comedy Festival in Toronto and that staff develop a formal agreement for the terms and conditions of the loan in a form satisfactory to the Deputy City Manager and Chief Financial Officer and the City Solicitor;
2. the General Manager of Economic Development, Culture and Tourism be directed to provide the organizers of the Just for Laughs Festival with any technical assistance and operational support and services necessary and work with all other City of Toronto Division’s and Agencies who will be providing services to the organizers to establish the event in July 2007; and
3. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

#### **Financial Impact**

The Tourism Event Development Loan Program was established as financial program

to assisting in bringing significant events to Toronto. The Council approved program guidelines are included as Attachment 1. The Toronto Just for Laughs Comedy Festival meets all the criteria of the Tourism Event Development Loan Program.

Major Festivals and Events require start up capital in order to plan and execute a successful event. In the case of the Just for Laughs organization, they will be booking performance venues in central Toronto, contracting appearances for international comedy artists, booking advertising space, producing ads all prior to being able to generate revenue from event ticket sales.

The business model calls for government partners to invest in the project by providing grants, providing services and offering repayable loans in order to advance Just for Laughs the necessary working capital needed. The total projected budget for the Toronto Just for Laughs Festival is projected to be \$3 million.

The following organizations have been approached for financial assistance to the project: Ontario Tourism Marketing Partnership Corporation, Investment Development Office of the Ontario Ministry of Tourism and the Ontario Cultural Attraction Fund. Tourism Toronto has committed to providing financial assistance subject to confirmation of other public sector partners. Private sponsors are being actively sought.

Just for Laughs has established an Ontario not-for-profit corporation and opened an office in Toronto. The parent organization Juste Pour Rire Inc., comprised of three distinct companies, is based in Montreal and has a 24 year track record of staging professional festivals and producing comedy entertainment programming for television and international broadcast distribution.

While the Toronto Just for Laughs Comedy Festival is forecast to incur a deficit in the first years of operation, the parent organization is committed to establishing a market presence in Toronto and is prepared to cover all shortfalls. The Juste Pour Rire Group of Companies has the capacity to repay the Tourism Event Development Loan and has a sound financial record in Quebec.

The Deputy City Manager and Chief Financial Officer has reviewed this report as well as the audited financial statements of the parent organization, Juste Pour Rire Inc., and the preliminary Just for Laughs Toronto event budget and agrees with the financial impact information.

## **Summary**

The purpose of this report is provide information to Council on the establishment of the 2007 Just for Laughs Comedy Festival in Toronto and to seek approval for a Tourism Event Development Loan to the event organizers.

Just for Laughs is a Montreal based integrated entertainment organization that operates the hugely successful Just for Laughs Comedy Festival in Montreal and is involved in a variety of television production and distribution ventures. As part of the organization's 25th Anniversary



celebration, they are planning to expand and establish an annual Comedy Festival in Toronto in July 2007. The City of Toronto has led a consortium of public sector partners in attempting to establish the event in Toronto. All partners have reviewed the opportunity and deemed it to be of significant potential for tourism in Toronto and all organizations have been formally approached to consider a variety of supports to the organizers in the form of financial assistance and technical support to establish the event. The recommended support from the City of Toronto is the provision of a repayable loan under the Tourism Event Development Loan Program and provision of assistance with necessary City services for the Street Festival components of the event.

### **Background Information**

Toronto Just for Laughs Comedy Festival - Approval of Tourism Event  
(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-789.pdf>)

BU3.6	Information			
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### **Toronto Police Service - 2006 Capital Budget Variance Report Ending June 30, 2006 and the Status of the Acquisition of 9 Hanna Avenue for the New Traffic Services and Garage Facility**

(November 16, 2006) letter from Chair, Toronto Police Services Board

### **Summary**

The purpose of this report is to advise the Committee of the results of the 2006 capital budget variance report ending June 30, 2006 for the Toronto Police Service and the Status of the Acquisition of the Property at 9 Hanna Avenue for the New Traffic Services and Garage Facility.

### **Background Information**

Toronto Police Service-2006 Capital Budget Variance Report Ending June 30, 2006  
(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-790.pdf>)

### **Decision Advice and Other Information**

The Budget Committee received the communication for information.

BU3.7	Information			
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### **Toronto Police Service – 2007-2011 Capital Program Request - Revised**

(December 5, 2006) letter from Chair, Toronto Police Services Board

### **Summary**

The purpose of this report is to provide the City of Toronto – Budget Committee with the Toronto Police Service's revised 2007-2011 Capital Program Request.

### **Background Information**

Toronto Police Service - 2007-2011 Capital Program Request Revised  
(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-791.pdf>)

### **Decision Advice and Other Information**

The Budget Committee received the communication for information.

BU3.8	Information			
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### **2006 Operating Variance Reports Ending July 31, 2006 for the Toronto Police Services Board, Toronto Police Service and Toronto Police Service – Parking Enforcement Unit**

(November 20, 2006) letter from Chair, Toronto Police Services Board

### **Summary**

The purpose of this report is to advise the Committee of the results of the 2006 operating variance reports ending July 31, 2006 for the Toronto Police Services Board, the Toronto Police Service and the Toronto Police Service - Parking Enforcement Unit.

### **Background Information**

2006 Operating Variance Reports Ending July 31, 2006  
(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-792.pdf>)

### **Decision Advice and Other Information**

The Budget Committee received the communication for information

BU3.9	Information			
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## **2006 Capital and Operating Variance Reports Ending September 30, 2006 for the Toronto Police Service and Toronto Police Service – Parking Enforcement Unit**

(December 15, 2006) letter from Acting Chair, Toronto Police Services Board

### **Summary**

The purpose of this report is to advise the Committee of the results of the 2006 capital and operating variance reports ending September 30, 2006 for the Toronto Police Service and the Toronto Police Service –Parking Enforcement Unit.

### **Background Information**

2006 Capital and Operating Variance Reports Ending September 30, 2006  
(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-793.pdf>)

### **Decision Advice and Other Information**

The Budget Committee received the communication for information.

BU3.10	Information			
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## **Toronto Transit Commission - Warden Station - Declaration of Surplus Property**

(September 21, 2006) letter from General Secretary, Toronto Transit Commission

### **Summary**

The Commission has previously approved the Warden Redevelopment Strategy. City Council approved components of Phase I of the Warden Woods redevelopment strategy. Declaring the Lands surplus at this time subject to the above conditions is in keeping with the approved strategy and allows construction of a replacement commuter parking lot in the hydro corridor lands east of Warden Station and redevelopment of Warden North to proceed in the absence of funding from the TTC capital budget while protecting TTC ridership and revenues.

### **Background Information**

Toronto Transit Commission - Warden Station - Declaration of Surplus Property  
(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-794.pdf>)

The Budget Committee:

1. deferred the communication (September 21, 2006) from the General Secretary, Toronto Transit Commission, to the 2007 Capital Budget Process; and
2. requested the Deputy City Manager and Chief Financial Officer, in consultation with Toronto Transit Commission staff, to report back to the Budget Committee at that time.

BU3.11	Information			Wards: All
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### **Line of Credit Guarantee for Caribana 2007**

(January 26, 2007) memo from Councillor Joe Mihevc

#### **Summary**

The credit guarantee for \$100,000 provided by the City to the organizers of the 2007 Caribana Festival expires on February 28, 2007. The credit guarantee, approved by City Council in September 2006, was intended to allow the Caribana Festival the ability to pursue increased corporate and government sponsorship and permit early co-ordination of the logistics associated with the Festival. In order to continue planning, the Directors of the 2007 Caribana Festival have requested that the credit guarantee be extended to October 1, 2007, so that they are afforded sufficient time to successfully organize this year's Festival.

#### **Background Information**

Councillor Joe Mihevc

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrrd/backgroundfile-1079.pdf>)

#### **Decision Advice and Other Information**

The Budget Committee referred the Memo (January 26, 2007) from Councillor Joe Mihevc, Ward 21 St. Paul's, to the Deputy City Manager and Chief Financial Officer for a report to the Executive Committee meeting on February 12, 2007.

#### **Meeting Sessions**

Session Date	Session Type	Start Time	End Time	Public or Closed Session
2007-01-26	Afternoon	2:05 PM	2:40 PM	Public