

Budget Committee

Meeting No.	13	Contact	Merle MacDonald, Committee Administrator
Meeting Date	Wednesday, June 13, 2007	Phone	416-392-7340
Start Time	9:30 AM	E-mail	mmacdona@toronto.ca
Location	Committee Room 1, City Hall		

Attendance

Members of the Budget Committee were present for some or all of the time periods indicated under the section headed "Meeting Sessions", which appears at the end of the Minutes.

Councillor Shelley Carroll, Chair	X
Councillor Paul Ainslie, Vice-Chair	X
Councillor Maria Augimeri	X
Councillor A.A. Heaps	X
Councillor Joe Mihevc	X
Councillor Gord Perks	X
Councillor Kyle Rae	X

Confirmation of Minutes

On motion by Councillor Rae, the Minutes of the meeting of the Budget Committee held on May 25, 2007, were confirmed.

BU13.1	Information	Received		Ward: All
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2006 Final Year-End Capital Variance Report

(May 30, 2007) Report from Deputy City Manager and Chief Financial Officer

Summary

This is to advise that the 2006 Final Year-End Capital Variance Report will be submitted to

Councillors on or before June 6, 2007 and will be on the Supplementary Agenda for the Budget Committee meeting of June 13, 2007.

This report has been delayed as the reconciliation between the year-end variance report and the externally audited year-end accounting information is being completed this week.

Committee Recommendations

Please see PG13.12.

Links to Background Information

Staff Report

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4203.pdf>

BU13.2	Information	Received		Ward: All
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2006 Final Year-End Operating Variance Report

(May 30, 2007) Report from Deputy City Manager and Chief Financial Officer

Summary

This is to advise that the 2006 Final Year-End Operating Variance Report will be submitted to Councillors on or before June 6, 2007 and will be on the Supplementary Agenda for the Budget Committee meeting of June 13, 2007.

This report has been delayed as the reconciliation between the year-end variance report and the externally audited year-end accounting information was only completed yesterday (May 29, 2007).

Committee Recommendations

Please see BU13.13.

Links to Background Information

Staff Report

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4204.pdf>

(Deferred from the May 25, 2007 meeting for Committee questions and debate)

BU13.3	Information	Received		Ward: All
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TTC Capital Funding Update

(May 11, 2007) Report from Deputy City Manager and Chief Financial Officer

Summary

This report is an introduction to the letter on April 19, 2007 from the General Secretary, Toronto Transit Commission to the Budget Committee regarding the report entitled, “Capital Funding Status Update”. The TTC’s report is a summary of TTC capital funding under various programs from the other orders of government specifically: Transit Secure; Transit Technology and Infrastructure Program; the Canada Strategic Infrastructure Fund; Public Transit Capital Trust and the Federal funding of the Spadina Subway Extension.

Decision Advice and Other Information

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

Links to Background Information

Staff Report

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4206.pdf>

Capital Funding Status Update

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4207.pdf>

Capital Funding Status Update as of May 8, 2007

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4208.pdf>

3a Capital Funding Status Update

(April 19, 2007) Letter from General Secretary, Toronto Transit Commission

Summary

It is recommended that the Commission forward this report to the Deputy City Manager and Chief Financial Officer and to the Budget Committee to provide “an update on funding eligibility from other orders of government” as outlined under Recommendation No. 140 of the 2007 Capital Budget and 2008-2011 Capital Plan as adopted by City of Toronto Council on March 7, 2007.

3b Capital Funding Status Update as of May 8, 2007

(May 9, 2007) Letter from General Secretary, Toronto Transit Commission

Summary

It is recommended that the Commission adopt this funding update report and forward this report to the Deputy City Manager and Chief Financial Officer and to the Budget Committee for confirmation of the status of the funding program and consideration of a strategy to address the long-term capital funding requirements of the Toronto Transit Commission.

BU13.4	Information	Received		Ward: All
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Reserves and Reserve Funds Variance Report - December 31, 2006

(May 29, 2007) Report from Treasurer

Summary

The purpose of this report is to provide information on reserve and reserve fund balances as at December 31, 2006 and activity in reserves and reserve funds during the year then ended.

The actual reserves and reserve funds balances at December 31st, 2006 total \$1.7 billion (\$1.5 billion – December 31, 2005). Reserves and reserve funds were projected to decline by \$249 million during the year to a balance of \$1.3 billion. The \$400 million difference is due to lower than expected capital expenditures that were to be financed by reserves and reserve funds and higher than expected transfers from operating to reserves and reserve funds.

Decision Advice and Other Information

On motion by Councillor Rae, the Budget Committee:

1. received the report for information; and
2. requested the Deputy City Manager and Chief Financial Officer to report to the July 10, 2007 meeting of the Committee on the breakdown of both City-wide and local Parkland Acquisition and Development Reserve Fund balances.

Links to Background Information

Staff Report

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4209.pdf>

Appendix A, B, C

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4210.pdf>

BU13.5	ACTION	Adopted		Ward: All
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Transportation Services - 2007 Cashflow Reallocations and Deferrals

(May 30, 2007) Report from General Manager, Transportation Services

Recommendations

The General Manager of Transportation Services recommends that:

1. The deferred and accelerated gross cash flows in the amount of \$18,800,000.00 detailed in Table 1, attached, which have no net impact on the approved 2007 net debt target, be approved;
2. The deferred gross cash flows in the amount of \$29,500,000.00 detailed in Table 2, attached, which represent uncontrollable third party funding from others and, which have no net impact on the approved 2007 net debt target, be approved;
3. The General Manager, Transportation Services, be requested to report back to the Budget Committee as part of the 2008 Capital Budget process, on a revised five year plan; and
4. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

Consistent with the data contained in table 1, attached, funding in the amount of \$18,800,000.00 will be deferred from various projects that for a number of reasons as outlined in the body of this report, will be delayed. In this regard, an equivalent cash flow can be accelerated and reallocated to a number of projects that are ready to proceed. These cash flows represent debt funded projects with no net change to the approved 2007 net debt funding requirement. This reallocation will also meet a previous recommendation as set out as part of the 2007 capital budget deliberations to fund an unspecified funding commitment of \$3.3 million for the St. Clair Avenue transit right-of-way project.

The division is also seeking to defer a total gross approved cash flow of \$29,500,000.00 from 2007 to 2008 representing those fully recoverable projects (work for others) that are also delayed for various reasons outside of the control of the division.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Summary

The purpose of this report is to reallocate anticipated cash flow expenditures for 2007 commensurate with those projects that are ready to proceed. The division is presently coordinating a multi-year capital works program with the Toronto Water and Technical Services divisions. Moreover, not only will this new planning process address a more efficient renewal strategy for rehabilitating the City's aging infrastructure, it will also make significant advances in minimizing construction disruption and the associated inconvenience to not only motorists but all users of the public right of way including pedestrians, cyclists and transit

users.

All users of the public right of way will benefit from this coordinated cross-functional initiative that will make significant advances towards minimizing adverse and costly effects of re-digging recently completed works in addition to allowing for the much needed improvement of current completion rates of the various construction projects from both Transportation Services and Toronto Water. This new course of action, once fully implemented, will secure a fixed capital program that encapsulates a full five years worth of work well in advance of any construction activity as shown in the accompanying schematic Attachment 1 (Typical Planning Process of a Capital Works Program).

In the interim, 2007 cash flows will need to be realigned that best match to those program areas that are ready to proceed. This will involve the deferral of 2007 approved cash flows and a corresponding acceleration of others that will yield a zero net impact on approved debt targets for 2007. And, as part of the upcoming 2008 budget process, projects will be revisited and cash flows reassessed accordingly so that approved five year targets are not altered.

Committee Recommendations

On motion by Councillor Ainslie, the Budget Committee recommended to the Executive Committee that:

1. Council approve the deferred and accelerated gross cash flows in the amount of \$18,800,000.00 detailed in Table 1, attached, which have no net impact on the approved 2007 net debt target;
2. Council approve the deferred gross cash flows in the amount of \$29,500,000.00 detailed in Table 2, attached, which represent uncontrollable third party funding from others and, which have no net impact on the approved 2007 net debt target;
3. Council request the General Manager, Transportation Services, to report back to the Budget Committee as part of the 2008 Capital Budget process, on a revised five year plan; and
4. authorize and direct the appropriate City officials to take the necessary action to give effect thereto.

Financial Impact

Consistent with the data contained in table 1, attached, funding in the amount of \$18,800,000.00 will be deferred from various projects that for a number of reasons as outlined in the body of this report, will be delayed. In this regard, an equivalent cash flow can be accelerated and reallocated to a number of projects that are ready to proceed. These cash flows represent debt funded projects with no net change to the approved 2007 net debt funding requirement. This reallocation will also meet a previous recommendation as set out as part of the 2007 capital budget deliberations to fund an unspecified funding commitment of \$3.3 million for the St. Clair Avenue transit right-of-way project.

The division is also seeking to defer a total gross approved cash flow of \$29,500,000.00 from

2007 to 2008 representing those fully recoverable projects (work for others) that are also delayed for various reasons outside of the control of the division.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Links to Background Information

Staff Report

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4211.pdf>

Attachments

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4212.pdf>

Tables

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4213.pdf>

BU13.6	Information	Received		
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Toronto Police Service – Human Resources Staffing Statistics Compared to Other Police Services’ Human Resources Staffing Statistics

(May 30, 2007) Report 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 – Human Resources staffing statistics compared to other police services’ human resources staffing statistics.

Decision Advice and Other Information

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

Links to Background Information

Staff Report

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4214.pdf>

BU13.7	ACTION	Adopted		
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Cliffcrest Branch Relocation – New Capital Project

(May 30, 2007) Report from City Librarian

Recommendation

On motion by Councillor Ainslie, the City Librarian recommends that Budget Committee:

1. approve a new 2007 capital project for the relocation and expansion of the Cliffcrest Neighbourhood Branch, details of which will be forwarded in a report from the Toronto Public Library Board after it has reviewed the capital project at its meeting on June 11, 2007.

Summary

This report requests approval for a new 2007 capital project for the relocation and expansion of the Cliffcrest Neighbourhood Branch. At its meeting of June 11, 2007, the Toronto Public Library Board will be considering a report on the Cliffcrest Neighbourhood Branch 2007 capital project. After Library Board approval, the full report with the details of the capital project will be forwarded to Budget Committee for consideration at its meeting of June 13, 2007.

Committee Recommendations

On motion by Councillor Ainslie, the Budget Committee recommended to the Executive Committee that City Council:

1. approve a new 2007 capital project for the relocation of the Cliffcrest Branch at a cost of \$750,000 gross, \$138,000 debt, requiring a 2007 gross cash flow of \$300,000 and a 2008 cash flow commitment of \$450,000;
2. approve a budget transfer of \$144,000 gross (\$138,000 debt) from the 2007 Multi-Branch Minor Renovations capital project to offset the costs of the relocation of Cliffcrest Neighbourhood Branch;
3. approve the use of development charges funding in the amount of \$162,000; and
4. authorize and direct staff to take the necessary action to give effect thereto.

Decision Advice and Other Information

The Budget Chair advised that, because this matter is urgent, she would be moving a Procedural motion at City Council on June 19, 2007, in accordance with Municipal Code Chapter 27, Council Procedures Section 27-60(A), to request Council to remove the City Librarian's report (June 11, 2007) from the Executive Committee, so that it can be considered by Council on June 19, 2007.

The Budget Committee received the report (May 30, 2007) from the City Librarian for information.

Links to Background Information

Staff Report

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4222.pdf>

7a Cliffcrest Branch Relocation - New Capital Project

(June 11, 2007) Report from City Librarian

Recommendations

The City Librarian recommends that the Toronto Public Library Board:

1. approves a new 2007 capital project for the relocation of the Cliffcrest Branch at a cost of \$750,000 gross, \$138,000 debt, requiring a 2007 gross cash flow of \$300,000 and a 2008 cash flow commitment of \$450,000;
2. approves a budget transfer of \$144,000 gross (\$138,000 debt) from the 2007 Multi-Branch Minor Renovations capital project to offset the costs of the relocation of Cliffcrest Neighbourhood Branch;
3. approves the use of development charges funding in the amount of \$162,000;
4. directs staff to forward this report to Budget Committee for approval; and
5. authorizes and directs staff to take the necessary action to give effect thereto.

Financial Impact

Approval of the Cliffcrest Relocation and Expansion project will have a cost of \$750,000 gross, \$138,000 debt, as summarized in the table below:

Gross costs	<u>750,000</u>
Funding:	
Landlord contribution	450,000
Development Charges	162,000
Debt funding transferred from Multi-branch project	<u>138,000</u>
Total funding	<u>750,000</u>

Development Charges Reserve Funds for Library purposes have a combined total of \$7.03 million as of January 1, 2007. This balance plus estimated contributions and interest earnings will cover the Library's projected requirements within the next five years, including the \$162,000 Cliffcrest branch requirements.

The Council-approved 2007 capital budget included \$846,000 gross (\$759,000 debt) for the

Multi-Branch Minor Renovations project. Funding of \$144,000 gross (\$138,000 debt) will be transferred to the Cliffcrest project, so that no new debt is required.

Gross cash-flow requirements for the Cliffcrest project are \$300,000 in 2007 and \$450,000 in 2008.

The new lease for the expanded premises has been submitted to the Library Board for approval at the June 11, 2007 meeting, subject to Council approval of the Cliffcrest capital project. There are no incremental 2007 operating costs. Full-year 2008 incremental costs estimated to be \$70,545 (net of GST) will be included in the 2008 operating budget request.

The Director of Finance and Treasurer has reviewed this report and agrees with the financial impact information.

Summary

The purpose of this report is to request approval of a new 2007 capital project for the relocation and expansion of the Cliffcrest Neighbourhood Branch at a cost of \$750,000 gross, \$138,000 debt. For 2007, the report recommends re-allocating \$138,000 from the Multi-Branch Minor Renovations project to offset the additional debt costs.

BU13.8	ACTION	Adopted		Ward: All
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Toronto Zoo 2007 Capital Budget – Tundra Project

(May 30, 2007) Report from Chief Executive Officer, Toronto Zoo

Recommendation

The Chief Executive Officer of the Toronto Zoo recommends that:

1. The Council Approved 2007 Capital Budget for the Toronto Zoo be amended to add \$2.5 million gross, \$0 net, funded by the Toronto Zoo Foundation resulting in a 2007 Capital Budget of \$15.707 million gross, \$9.905 million net (debt).

Financial Impact

This action will have no financial impact on the Net Expenditures in the approved 2007 capital budget as both Gross Expenditures and Revenue increase by \$2.5 million. City funding of the Net Expenditure budget for 2007 remains unchanged.

Summary

The purpose of this report is to request Budget Committee approval of an amendment to the 2007 capital budget of the Toronto Zoo related to permit the award of the tender for the Tundra

project. In adopting this action, both Gross Expenditures and Revenue in the 2007 Capital Budget of the Toronto Zoo will increase by \$2.5 million to \$15.707 million gross. Net expenditures will remain unchanged.

At its meeting on April 23, 2007, the Board of Management of the Toronto Zoo approved the staff recommendation to request additional funding from the Toronto Zoo Foundation for the Tundra project in order to permit the award of the tender to the lowest bidder. The request was approved by the Toronto Zoo Foundation Board of Directors at its meeting on May 28, 2007.

Committee Recommendation

The Budget Committee recommended to the Executive Committee that:

1. Council amend the Approved 2007 Capital Budget for the Toronto Zoo to add \$2.5 million gross, \$0 net, funded by the Toronto Zoo Foundation, resulting in a 2007 Capital Budget of \$15.707 million gross, \$9.905 million net (debt).

Financial Impact

This action will have no financial impact on the Net Expenditures in the approved 2007 capital budget as both Gross Expenditures and Revenue increase by \$2.5 million. City funding of the Net Expenditure budget for 2007 remains unchanged.

Links to Background Information

Staff Report

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4223.pdf>

BU13.9	Information	Received		Ward: 42
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Bringing Village Securities Ltd. Site Under Public Ownership

(May 15, 2007) Letter from Government Management Committee

Summary

Advising of the action taken by the Government Management Committee on May 10, 2007.

Decision Advice and Other Information

On motion by Councillor Ainslie, the Budget Committee received the letter for information.

Links to Background Information

Government Management Committee Transmittal

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4224.pdf>

Attachment

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4225.pdf>

BU13.10	ACTION	Adopted		Ward: All
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Pilot Testing the New Air Quality Health Index in Toronto

(May 14, 2007) Letter from Board of Health

Recommendations

The Board of Health recommended to the Budget Committee that the 2007 Toronto Public Health Operating Budget be increased by \$160,000 gross and \$0 net to reflect funding from Health Canada for the launch of the Air Quality Health Index Toronto Pilot Program.

Financial Impact

Source of Funds	Gross	Net
One-time funding from Health Canada for AQHI Toronto Pilot Program – 2007	\$160,000	\$0
One-time funding from Health Canada for Completion of Evaluation of the AQHI – 2008	\$40,000	\$0
Total Funding	\$200,000	\$0
Additional position		1

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Summary

Forwarding the recommendation of the Board of Health on May 14, 2007.

Committee Recommendation

The Budget Committee recommended to the Executive Committee that:

1. Council approve increasing the 2007 Toronto Public Health Operating Budget by \$160,000 gross and \$0 net, to reflect funding from Health Canada for the launch of the Air Quality Health Index Toronto Pilot Program.

Links to Background Information

Board of Health Transmittal

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4226.pdf>)

Attachment 1

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4227.pdf>)

Attachment 2

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4228.pdf>)

BU13.11	ACTION	Adopted		Ward: All
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Provincial Funding for InSPOT Toronto

(May 14, 2007) Letter from Board of Health

Recommendation

The Board of Health recommended to the Budget Committee that:

1. the Toronto Public Health 2007 Operating Budget be increased by \$59,220.00 gross, \$0 net, to reflect provincial funding received to support the inSPOT service.

Financial Impact

This report recommends an increase of \$59,220 gross expenditures and \$59,220 revenues to the 2007 Toronto Public Health Operating Budget. There is no net cost to the City for this initiative.

The Deputy City Manager and Chief Financial Officer has reviewed this report and concurs with the financial impact statement.

Summary

Forwarding the recommendation of the Board of Health on May 14, 2007.

Committee Recommendation

The Budget Committee recommended to the Executive Committee that:

1. Council approve an increase to the Toronto Public Health 2007 Operating Budget of \$59,220 gross, \$0 net, to reflect Provincial funding received to support the inSPOT service.

Links to Background Information

Board of Health Transmittal

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4229.pdf>)

Attachment

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4230.pdf>)

BU13.12	ACTION	No Action		
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2006 Final Year-End Capital Variance Report

(June 6, 2007) Report from Deputy City Manager and Chief Financial Officer

Recommendations

The Deputy City Manager and Chief Financial Officer recommends that:

1. Council approve an increase to the total project cost and cash flow of \$53 million for the Exhibition Place - Soccer Stadium Construction project fully funded by the Federal and Provincial governments and private sector partners in order to reflect the flow through of these funds to the City's accounts, along with additional 2006 carry forward funding adjustments which then total \$45.073 million to the 2007 Approved Capital Budget as detailed in Appendix 2 attached;
2. Council approve closure of completed projects as detailed in Appendix 3, and in accordance with the Financial Control By-law direct that, after fully funding overspent projects, any remaining unspent funds be returned to original funding sources;
3. the Budget Committee forward this report to the Executive Committee for its consideration; and
4. Council authorize and direct the appropriate staff to take the necessary action to give effect thereto.

Financial Impact

As shown in Table 1 below, Tax Supported Programs spent \$1.077 billion or 70.2% of the 2006 approved cash flow of \$1.533 billion during the year ended December 31, 2006. By comparison, spending in 2005 approximated 68.1% and in 2004, 67.7% of the respective Council approved cash flow, reflecting an improvement in spending performance over previous years. When uncontrollable projects are excluded, the 2006 Tax Supported Program spending rate increases to 72.8% of the 2006 approved cash flow. Projects are deemed uncontrollable when they are subject to conditions that are not within the control of staff, such as unforeseen natural or environmental factors, and dependencies on third party performance.

Table 1				
Corporate Preliminary Capital Variance Summary for the Year Ended December 31, 2006				
(\$000s)				
	2006 Approved Budget	January to December 2006		
		Total		% Spent of Controllable Projects
		Actuals	% Spent	
Tax Supported Programs :				
Citizen Centred Services - "A"	184,775	104,447	56.5%	61.5%
Citizen Centred Services - "B"	439,908	240,382	54.6%	55.9%
Internal Services	162,598	83,583	51.4%	52.9%
Other City Programs	41,800	24,874	59.5%	61.9%
Agencies, Boards & Commissions	702,519	616,181	87.7%	89.7%
Total - Tax Supported	1,531,597	1,069,467	69.8%	72.4%
Rate Supported Programs :				
Toronto Parking Authority	39,709	8,040	20.2%	52.9%
Toronto Water	394,468	264,770	67.1%	71.0%
Total Rate Supported	434,177	272,810	62.8%	70.2%
Total	1,965,774	1,342,277	68.3%	72.0%

Rate-Supported Programs spent \$272.757 million or 64.2% of the 2006 approved cash flow of \$424.677 million. Excluding uncontrollable projects, the spending rate improves to 70.2%.

In accordance with the City's Carry Forward Policy, City Programs, Agencies, Boards and Commissions are permitted to request Council approval to adjust their prior year carry forward funding requirement based on updated information after year-end. As indicated in the attached Appendix 2, an additional carry-forward funding adjustment of \$45.073 million is required to complete 2006 capital projects. The additional carry forward funding requirement will have no incremental debt impact since associated previously approved financing will be similarly brought forward.

It should be noted that, in compliance with good financial management practices, debt is issued only when needed to finance actual or committed capital expenditures. This strategy minimizes the incurrence of debt service cost and the resultant impact on the Operating Budget. In accordance with the Financial Control By-law, completed projects will be closed and any unspent funds will be returned to the original funding source.

Summary

The purpose of this report is to provide the City of Toronto Final Capital Variance Report for the year ended December 31, 2006. This variance report was prepared using audited financial information for the year ended December 31, 2006.

Capital expenditures during 2006 totalled \$1.349 billion or 68.9% of the approved cash flow of \$1.958 billion. The under-expenditure was primarily attributed to the inability to find or secure suitable sites in accordance with planned timeframes; a legal challenge with respect to the St. Clair Dedicated Right of Way project which resulted in a judicial review, unanticipated delays in securing funds from cost-sharing partners; and, 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 were completed under-budget.

In accordance with policy, these projects will be closed and unspent funds will be returned to the original Council approved funding source. In accordance with the City's Carry Forward Policy, this report requests approval to carry forward financing for unspent 2006 projects not previously identified and included in the 2007 Capital Budget. The additional carry forward request is \$45.073 million.

Committee Recommendations

On motion by Councillor Ainslie, the Budget Committee recommended to the Executive Committee that:

1. Council approve an increase to the total project cost and cash flow of \$53 million for the Exhibition Place - Soccer Stadium Construction project fully funded by the Federal and Provincial governments and private sector partners in order to reflect the flow through of these funds to the City's accounts, along with additional 2006 carry forward funding adjustments which then total \$45.073 million to the 2007 Approved Capital Budget as detailed in Appendix 2 attached;
2. Council approve closure of completed projects as detailed in Appendix 3, and in accordance with the Financial Control By-law direct that, after fully funding overspent projects, any remaining unspent funds be returned to original funding sources; and
3. Council authorize and direct the appropriate staff to take the necessary action to give effect thereto.

Links to Background Information

Staff Report Capital Variance

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4478.pdf>

Appendix 1

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4479.pdf>

Appendix 2

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4480.pdf>

Appendix 3

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4481.pdf>

BU13.13	ACTION	Adopted		
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2006 Final Year-End Operating Variance Report

(June 6, 2007) Report from Deputy City Manager and Chief Financial Officer

Recommendations

The Deputy City Manager and Chief Financial Officer recommends that:

1. Council approve the transfer of the additional 2006 final net operating surplus of \$12.147 million to City reserve funds in accordance with City approved policy as follows: Social Housing Stabilization Reserve Fund (\$0.660 million); Emergency Planning Reserve Fund (\$5.000 million) for a pandemic influenza preparedness account; and, Capital Financing Reserve Fund (\$6.487 million);
2. the Budget Committee forward this Operating Variance Report to the Executive Committee for its consideration; and
3. Council authorize and direct the appropriate City Officials to take the necessary action to give effect thereto.

Financial Impact

The final year-end surplus of \$93.6 million is \$12.2 million more than the surplus of \$81.4 million reported in the 2006 Preliminary Year-End Operating Variance report dated April 11, 2007. The additional surplus was due to final 2006 year-end entries made after the Preliminary Operating Variance report was prepared.

City Council's approved surplus management policy requires that any year-end surplus be applied, in priority order, to the Capital Financing Reserve Fund (75%) and the remainder to any under-funded liabilities (as detailed in the 'City Approved Surplus Management Policy' section of this report). However, given the recent concerns related to pandemic influenza preparedness expressed by the Board of Health and Medical Officer of Health, it is recommended that Council approve the transfer of \$5.0 million to a pandemic influenza preparedness account within the Emergency Planning Reserve Fund. This funding will be used to establish a pandemic influenza preparedness inventory of necessary materials and supplies. Also, \$6.6 million of additional surplus was generated from a yearend TCHC reconciliation to City accounts. As a result, it is recommended that approximately \$0.7 million be returned to the Social Housing Stabilization Reserve Fund.

Chart 2	
2006 Final Year-End Surplus	
(\$ millions)	
Final Adjusted Year-End Surplus	93.577
Council Approved Transfer of Preliminary Surplus:	
Capital Financing Reserve Fund (minimum 75%)	(74.458)
Capital Financing Reserve Fund (TTC bus purchases)	(2.971)
TTC Stabilization Reserve Fund (employee benefit liability provision)	<u>(4.000)</u>
Additional Year-end Surplus	<u>12.148</u>
Recommended Transfer per City Policy:	
Emergency Planning Reserve Fund (pandemic influenza preparedness account)	(5.000)
Social Housing Stabilization Reserve Fund	(0.650)
Capital Financing Reserve Fund	<u>(6.438)</u>
	<u>0.000</u>

Chart 2 outlines the Council approved transfer of the 2006 preliminary year-end operating surplus and the recommended transfer of the additional 2006 final year-end operating surplus (details are contained in the ‘2006 Final Year-End Surplus Transfer’ section of this report). The requirement that a minimum 75% of the total 2006 final year-end surplus be transferred to the Capital Financing Reserve Fund has been met.

In addition, as part of the 2006 Preliminary Year-End Operating Variance Report, Council approved the transfer of the extraordinary revenue item of \$49.0 million representing all property tax credits unclaimed for three or more years (i.e. 2002 and prior) to the City’s Capital Financing Reserve Fund.

Summary

The purpose of this report is to provide the City of Toronto Final Operating Variance report for the twelve months ended December 31, 2006 and to request approval for the disposition of the additional 2006 final operating surplus (in accordance with Council policy). This variance report has been prepared using audited accounting information for the year ended December 31, 2006. For the twelve-month period ended December 31, 2006, the final operating surplus was \$93.6 million or 1.2% lower than the 2006 Council Approved Gross Operating Expenditure Budget. The 2006 Preliminary Year-End Operating Variance report dated April 11, 2007 reflected a surplus of \$81.4 million prior to completion of the 2006 year-end audit. The additional surplus of \$12.2 million is primarily attributed to: audit adjustments in Shelter, Support and Housing Administration (SSHA) due to the year-end reconciliation of City funding (based on 2006 estimates) vs. 2006 actual expenditures at the Toronto Community Housing Corporation (TCHC) (property taxes \$4.6 million and “rent-geared-to-income” subsidies \$2.0 million); a year-end accrual for TCHC mortgage loan interest in Capital & Corporate Financing (\$2.3 million); and, various other year-end adjustments mostly in Non-Program accounts. The overall combination of lower than planned expenditures and revenues

that resulted in the 2006 final year-end operating surplus are detailed in the ‘Comments’ section of this report. The extraordinary revenue item of \$49.0 million representing all property tax credits unclaimed for three or more years (i.e. 2002 and prior) the City reported as part of the 2006 Preliminary Year-End Operating Variance Report was in addition to the final net operating expenditure of \$93.6 million. Details are contained in the ‘Extraordinary Items’ section of this report.

Committee Recommendations

The Budget Committee recommends that:

1. Council approve the transfer of the additional 2006 final net operating surplus of \$12.147 million to City reserve funds in accordance with City approved policy as follows: Social Housing Stabilization Reserve Fund (\$0.660 million); Emergency Planning Reserve Fund (\$5.000 million) for a pandemic influenza preparedness account; and, Capital Financing Reserve Fund (\$6.487 million); and
2. Council authorize and direct the appropriate City Officials to take the necessary action to give effect thereto.

Links to Background Information

Staff Report Operating Variance

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4482.pdf>

Appendices A, B, C

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4483.pdf>

BU13.14	ACTION	Adopted		
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2007 Best Start Update to Child Care Service Plan and Report Back on Income Testing

(June 5, 2007) Letter from Community Development and Recreation Committee

Recommendations

The Community Development and Recreation Committee recommended to the Budget Committee that:

1. Council approve the 2007 Best Start Update to the Toronto Child Care Service Plan attached as Appendix 1 and that the approved plan be forwarded to the Ministry of Children and Youth Services;
2. the Children's Services' 2007 Approved Operating Budget be amended to include an additional \$6,815.557 thousand in provincial Best Start revenues offset by a reduction

- of \$6,815.557 thousand in parent fees due to the introduction of income testing;
3. any additional reduction in parent fees in 2007 due to the introduction of income testing be funded from the Child Care Expansion Reserve Fund (CCERF);
 4. retroactive to January 1, 2007, base funding rate adjustments be made to eligible child care operators, family resource programs, special needs resourcing services and home child care provider rates in accordance with city budget guidelines and in a manner that maximizes the available provincial subsidy;
 5. health and safety funding of \$1.0 million, included in Children's Services' 2007 Approved Capital Budget, be paid to eligible child care operators;
 6. the General Manager of Children's Services report to the Community Development and Recreational Committee and Budget Committee in December 2007 on the additional 2007 draw from the CCERF that may be required due to the impact of income testing and the expected service impacts in 2008;
 7. the City continue to advocate with the province for adequate, flexible and multi-year funding for child care, including \$15 million for income testing and \$20 million for the base budget in 2008; and further, an additional \$28 million per year be requested for 2008 and 2009 to increase the number of fee subsidies available for the growing wait list of families eligible for subsidy;
 8. City Council endorse the speedy passage of Bill C-303, An Act to establish criteria and conditions in respect of funding for early learning and child care programs in order to ensure the quality, accessibility, universality and accountability of those programs, and to appoint a council to advise the Minister of Human Resources and Skills Development on matters relating to early learning and child care, currently before the Federal Parliament;
 9. the General Manager, Children's Services, be requested to report to the September 7, 2007, meeting of the Community Development and Recreation Committee on possible new policies and incentives to increase the availability of part-time and after hours child care; and
 10. the appropriate officials be authorized to take the necessary action to give effect thereto.

Summary

Forwarding the Recommendations of the Community Development and Recreation Committee on June 5, 2007.

Committee Recommendations

The Budget Committee recommended to the Executive Committee that:

1. Council approve the 2007 Best Start Update to the Toronto Child Care Service Plan attached as Appendix 1 and that the approved plan be forwarded to the Ministry of

Children and Youth Services;

2. the Children's Services' 2007 Approved Operating Budget be amended to include an additional \$6,815.557 thousand in provincial Best Start revenues offset by a reduction of \$6,815.557 thousand in parent fees due to the introduction of income testing;
3. any additional reduction in parent fees in 2007 due to the introduction of income testing be funded from the Child Care Expansion Reserve Fund (CCERF);
4. retroactive to January 1, 2007, base funding rate adjustments be made to eligible child care operators, family resource programs, special needs resourcing services and home child care provider rates in accordance with city budget guidelines and in a manner that maximizes the available provincial subsidy;
5. health and safety funding of \$1.0 million, included in Children's Services' 2007 Approved Capital Budget, be paid to eligible child care operators;
6. the General Manager of Children's Services report to the Community Development and Recreational Committee and Budget Committee in December 2007 on the additional 2007 draw from the CCERF that may be required due to the impact of income testing and the expected service impacts in 2008;
7. the City continue to advocate with the province for adequate, flexible and multi-year funding for child care, including \$15 million for income testing and \$20 million for the base budget in 2008; and further, an additional \$28 million per year be requested for 2008 and 2009 to increase the number of fee subsidies available for the growing wait list of families eligible for subsidy;
8. City Council endorse the speedy passage of Bill C-303, an Act to establish criteria and conditions in respect of funding for early learning and child care programs in order to ensure the quality, accessibility, universality and accountability of those programs, and to appoint a council to advise the Minister of Human Resources and Skills Development on matters relating to early learning and child care, currently before the Federal Parliament;
9. the General Manager, Children's Services, be requested to report to the September 7, 2007, meeting of the Community Development and Recreation Committee on possible new policies and incentives to increase the availability of part-time and after hours child care; and
10. the appropriate officials be authorized to take the necessary action to give effect thereto.

Decision Advice and Other Information

Councillor Mihevc advised that, because this matter is urgent, he would be moving a Procedural motion at City Council on June 19, 2007, in accordance with Municipal Code Chapter 27, Council Procedures Section 27-60(A), to request Council to remove the

Community Development and Recreation Committee's report (June 5, 2007) from the Executive Committee, so that it can be considered by Council on June 19, 2007.

Links to Background Information

Staff Report

(<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4701.pdf>)

BU13.15	ACTION	Adopted		
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Interest-Free Loan for Thorncliffe Park Day Care

(June 5, 2007) Letter from Community Development and Recreation Committee

Recommendations

Committee Recommendations:

The Community Development and Recreation Committee recommended to the Budget Committee that:

1. approval be granted to provide an interest-free repayable loan to Thorncliffe Park Day Care, through the Toronto District School Board, of up to \$150,000.00 from the Child Care Capital Reserve for the purchase of a portable to house the school-age program at Thorncliffe Park Elementary School;
2. authority be granted to the General Manager, Children's Services to negotiate the agreement and execute it on behalf of the City and that the agreement have terms that are satisfactory to the General Manager and be in a form acceptable to the City Solicitor; and
3. funds of up to \$150,000.00 be drawn from the Child Care Capital Reserve for this purpose.

Summary

Forwarding recommendation from the Community Development and Recreation Committee on June 5, 2007.

Committee Recommendations

The Budget Committee recommended to the Executive Committee that City Council:

1. grant approval to provide an interest-free repayable loan to Thorncliffe Park Day Care, through the Toronto District School Board, of up to \$150,000.00 from the Child Care

Capital Reserve for the purchase of a portable to house the school-age program at Thorncliffe Park Elementary School;

2. grant authority to the General Manager, Children's Services to negotiate the agreement and execute it on behalf of the City and that the agreement have terms that are satisfactory to the General Manager and be in a form acceptable to the City Solicitor; and
3. approve funds of up to \$150,000.00 being drawn from the Child Care Capital Reserve for this purpose.

Decision Advice and Other Information

Councillor Mihevc advised that, because this matter is urgent, he would be moving a Procedural motion at City Council on June 19, 2007, in accordance with Municipal Code Chapter 27, Council Procedures Section 27-60(A), to request Council to remove the Community Development and Recreation Committee's report (June 5, 2007) from the Executive Committee, so that it can be considered by Council on June 19, 2007.

Links to Background Information

Staff Report

<http://www.toronto.ca/legdocs/mmis/2007/bu/bgrd/backgroundfile-4703.pdf>

Meeting Sessions

Session Date	Session Type	Start Time	End Time	Public or Closed Session
2007-06-13	Morning	9:35 AM	10:30 AM	Public