

April 13, 2007

To: Executive Committee

From: Budget Committee

Subject: 2007 Recommended Operating Budget

Recommendations:

The Budget Committee recommended that:

- A. Council approve the following recommendations contained in the report (April 11, 2007) from the City Manager and the Deputy City Manager and Chief Financial Officer (BU11.1):
- “1. the 2007 Budget Committee Recommended Tax Supported Operating Budget of \$7.797 gross and \$3.221 billion net, comprised of the following:
 - i. a Recommended Base Budget of \$7.746 billion gross and \$3.206 billion net as detailed in Appendix 1; and
 - ii. New and Enhanced Services Budget of \$51.268 million gross and \$14.448 million net, as detailed in Appendix 1;
 2. the 2007 Budget Committee Recommended Operating Budget for the Toronto Parking Authority totalling \$57.805 million;
 3. a residential property tax increase of 3.8% or \$49.114 million and a Commercial, Industrial, and Multi-residential tax increase of 1.267% or \$23.504 million;
 4. the increases in user fees and charges included in the 2007 BC Recommended Operating Budgets of City Programs, Agencies, Boards and Commissions;
 5. the use of reserves and reserve funds totalling \$131.266 million as a source of funds to balance the 2007 Budget Committee Recommended Operating Budget;

6. require the Province of Ontario to pay for the 2007 funding deficit of \$71 million resulting from unilateral provincial ‘capping’ of Ontario Works - Cost of Administration (\$29.3 million); Shelter Per Diem (\$29.1 million); and, Child Care services which was not indexed to inflation and has been frozen at levels established in 1995 (\$13 million);
 7. the Program Recommendations for City Programs, Agencies, Boards and Commissions as detailed in Appendix 3, subject to the following amendments:
 - a. funding for the Parks, Forestry and Recreation Divisional Safety and Security Plan be reduced from \$500,000 to \$350,000 for 2007 and reallocated to the following items:
 - i. Community Engagement Program for \$28,800 in 2007 and annualization of \$50,264 in 2008;
 - ii. Intercultural Youth Initiatives and Diversity Outreach for \$36,200 in 2007 and annualization of \$72,392 in 2008; and
 - iii. the Toronto District School Board (TDSB) pool S.H. Armstrong continue to be used by the City for programs, drop-in usage and permitting (add back \$85,000 in 2007);
 8. the reports, transmittals and communications that are on file with the City Clerk’s Office (including Appendix 4 herewith attached) as considered by the Budget Committee at its 2007 budget review meetings be received; and
 9. authorize and direct the appropriate City Officials to take the necessary action to give effect thereto;”;
- B. the \$71 million Provincial funding shortfall be:
- i. partially funded from \$30 million from the City’s share for the Spadina Subway Extension project; and
 - ii. the \$41 million remaining Provincial funding shortfall be offset by a further one-time use of City reserve funds, and that the Deputy City Manager and Chief Financial Officer report directly to the Executive Committee at its meeting of April 16, 2007, on which City reserve funds will be utilized;
- C. the City Solicitor be instructed to apply for a judicial interpretation of the Province of Ontario’s cost-sharing obligations for various cost-shared social services; and

- D. Council approve the following Recommendations 1, 2, 3 and 5, contained in the report (April 11, 2007) from the Deputy City Manager and Chief Financial Officer, entitled “2006 Preliminary Year-end Operating Variance Report”: (BU11-2)
- “1. Council approve the allocation of the 2006 preliminary net operating surplus of \$81.429 million to City reserve funds in accordance with City approved policy as follows: Capital Financing Reserve Fund (\$74.458 million), Capital Financing Reserve Fund (\$2.971 million) for future TTC bus purchases, and TTC Stabilization Reserve Fund (\$4.000 million) for an employee benefit liability provision;
 2. Council approve the allocation of the 2006 extraordinary item (property tax credits unclaimed for three or more years) of \$49.000 million to the City’s Capital Financing Reserve Fund in accordance with City approved policy;
 3. 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
 5. Council authorize and direct the appropriate City Officials to take the necessary action to give effect thereto.”.

Decision Advice and Other Information:

The Budget Committee:

1. requested the following:
 - a. the Deputy City Manager and Chief Financial Officer and the Chief Corporate Officer to prepare an education/advocacy campaign, including an insert in the tax bill, to inform residents of the inappropriateness of funding social services from the property tax base;
 - b. the General Manager of Parks, Forestry and Recreation to underwrite an independent review of TDSB Capital Cost estimates associated with scheduled pool reductions and report back to the Budget Committee by May 2007;
 - c. staff of Social Development, Finance and Administration to convene a meeting of identified Community Services (CSP) funded agencies (Cecil Street Community Centre, Scadding Court Community Centre, St. Stephen’s Community House, and University Settlement Recreation Centre) to determine an appropriate trustee applicant to submit a request for funding under the 2007 CSP to support the youth worker position and community planning process in Alexandra Park;
 - d. that any request to review the issue of security for all City operations and ABCs be forwarded to the City Manager for consideration and report to the appropriate Committee;

2. received the report (April 11, 2007) from the Treasurer, entitled “Preliminary Reserves and Reserve Funds Variance Report – December 31, 2006” (BU11-3); and
3. received the reports/communications listed in Appendix 4(C);
4. received the Briefing Notes listed in Appendix 4(B);
5. referred the financial issues related to the following items and the communication (July 4, 2006) from the Policy and Finance Committee, entitled “2006 Draft Clean Air Action Plan – Proposed Action” (BU10.14) to appropriate staff, for inclusion in the City’s Climate Change Plan due in July 2007:
 - a. increased tree protection, maintenance and enhancement;
 - b. bike plan, specifically for education and safety programs; and
 - c. other environmental and clean air initiatives;

and further, that staff review the Strategic Infrastructure Reserve Fund established by the monetization of the Hydro bond as a source of funding; and

6. referred the following request by Deputy Mayor Sandra Bussin, Ward 32 Beaches-East York (BU10.30) to the General Manager of Parks, Forestry and Recreation for consideration and report to the Community Development and Recreation Committee:

“That the General Manager of Parks, Forestry and Recreation be requested to provide a program and financial review of the S.H. Armstrong CRC and report to the Budget Committee with the possibility of S.H. Armstrong being designated a Priority Centre.”.

Background:

The Budget Committee on April 4 and 12, 2007, considered the following reports:

- a. (April 11, 2007) from the City Manager and Deputy City Manager and Chief Financial Officer, entitled “2007 Recommended Operating Budget” (BU11.1);
- b. (April 11, 2007) from the Deputy City Manager and Chief Financial Officer, entitled “2006 Preliminary Year-end Operating Variance Report” (BU11.2);
- c. (April 11, 2007) from the Treasurer, entitled “Preliminary Reserves and Reserve Funds Variance Report – December 31, 2006” (BU11-3).
- d. report (March 29, 2007) from the Chief and General Manager, Toronto Emergency Medical Services, entitled “Revised Toronto Emergency Medical Services 2007 Operating Budget Request” (BU10.1);
- e. confidential letter (September 12, 2006) from the Economic Development and Parks Committee, entitled “Parks, Forestry and Recreation Safety and Security Plan (BU10.2);

- f. letter (October 2, 2006) from the City Clerk, entitled “Process to Address Tree Preservation Requirements Related to Development and Construction Applications” (BU10.3);
- g. letter (October 2, 2006) from the City Clerk, entitled “Tree Maintenance – Planning Programs” (BU10.4);
- h. letter (January 29, 2007) from the Parks and Environment Committee, entitled “Parks, Forestry and Recreation 2007 Operating Budget Request” (BU10.5);
- i. letter (October 2, 2006) from the City Clerk, entitled “Update on the Progress of Survival Systems of Support: An Action Plan for Social Assistance in the City of Toronto” (BU10.6);
- j. letter (September 15, 2006) from the Budget Advisory Committee, entitled “Heritage Property Tax Rebate Program – 2006-2007 Program Implementation and Expansion” (BU10.7);
- k. letter (October 2, 2006) from the City Clerk, entitled “Update on the Smart Commute Initiative and the City’s Efforts in Transportation Demand Management”(BU10.8);
report (September 15, 2006) from the Budget Committee, entitled “Residential Front Yard and Boulevard Parking: Municipal Code Chapter and Policy Considerations and Residential Front Yard Parking through Zoning and Front Yard Parking Permits: Supplementary Report 2 Comments from Community Councils and Public Consultation” (BU10.9);
- l. letter (October 2, 2006) from the City Clerk, entitled “New User Fees – Revenue Services Division: Charges for Transferring Overdue Water Bill Amounts to the Tax Roll; and Fees for Applications for the Cancellation, Reduction of Refund of Property Taxes made under Section 334 of the Municipal Act, 2001” (BU10.10);
- m. letter (February 8, 2007) from the Budget Committee, entitled “Funding for Severance Costs for Councillors’ and Councillors’ Staff and the Establishment of a Reserve” (BU10.11);
- n. letter (January 31, 2007) from the Audit Committee, entitled “Auditor General’s Office – 2007 Budget” (BU10.12);
- o. report (March 13, 2007) from the Executive Manager, Toronto Centre for the Arts, entitled “Recommendations for the Use of the Toronto Centre for the Arts’ 2005 Operating Budget Surplus arising from the Receipt of Livent Settlement Funds” (BU10.13a);
- p. report (December 5, 2006) from the Toronto Centre for the Arts Board of Directors, entitled “Use of Livent Claims Receipts” (BU10.13);
- q. letter (September 15, 2006) from the Budget Committee entitled “2006 Draft Clean Air Action Plan – Proposed Actions” (BU10.14);

- r. letter (February 26, 2007) from the Board of Health, entitled “Toronto Public Health 2007 Operating Budget Adjustments” (BU10.15);
- s. report (February 6, 2007) from the Chair, Toronto Police Board, entitled “Toronto Police Service – 2007 Operating Budget Submission” (BU10.16);
- t. report (February 6, 2007) from the Chair, Toronto Police Board, entitled “Toronto Police Service: Parking Enforcement Unit – 2007 Operating Budget Submission” (BU10.17);
- u. report (February 6, 2007) from the Chair, Toronto Police Services Board, entitled “Toronto Police Services Board – 2007 Operating Budget Submission” (BU10.18);
- v. letter (February 2, 2007) from the General Secretary, Toronto Transit Commission, entitled “2007 TTC Operating Budget” (BU10.19);
- w. confidential letter (April 2, 2007) from the General Secretary, Toronto Transit Commission, entitled “Legal Section” (BU10.20);
- x. letter (February 2, 2007) from the General Secretary, Toronto Transit Commission, entitled “2007 Wheel-Trans Operating Budget” (BU10.21);
- y. letter (January 29, 2007) from the Board of Health, entitled “Global AIDS Prevention Initiative for the City of Toronto” (BU10.22);
- z. letter (January 29, 2007) from the Board of Health, entitled “Progress Report: Meeting Current Nutrition Needs of Toronto’s Children and Youth” (BU10.23);
- aa. letter (January 29, 2007) from the Board of Health, entitled “Revised Toronto Public Health 2007 Operating Budget Request” (BU10.24);
- bb. letter (October 2, 2006) from the City Clerk, entitled “Metropolitan Toronto Police Benefit Fund – Actuarial Valuation for Funding Purposes as at December 31, 2005, and Revised Actuarial Valuation for Funding Purposes as at December 31, 2004” (BU10.25);
- cc. letter (October 2, 2006) from the City Clerk, entitled “The Corporation of the City of York Employee Pension Plan, Actuarial Valuation for Funding Purposes as at December 31, 2005”(BU10.26);
- dd. letter (April 2, 2007) from Councillor Gloria Lindsay Luby, Ward 4 Etobicoke Centre, entitled “Toronto Public Library’s Operating Budget” (BU10.27);
- ee. letter (April 2, 2007) from the Community Development and Recreation Committee entitled “Receiving Funds for Involve Youth Program and Service Delivery Agreement with a Community-Based Agency” (BU10.28);

- ff. letter (April 2, 2007) from the Community Development and Recreation Committee, entitled “Youth Shelter Interagency Network (YSIN) Report: “System in Crisis: An Action Plan for the Future of Toronto’s Homeless Youth” (BU10.29);
- gg. letter (undated) from Deputy Mayor Sandra Bussin, entitled “S.H. Armstrong Community Recreation Centre and Duke of Connaught Public School” (BU10.30)
- hh. letter (March 28, 2007) from Councillor Gloria Lindsay Luby, Ward 4 Etobicoke Centre, entitled “Proposed Closing of Westgrove Pool” (Renumbered as BU10.31);
- ii. letter (April 4, 2007) from Councillor Janet Davis, Ward 31 Beaches-East York, entitled “Parks, Forestry and Recreation Budget for Indoor and Outdoor Swimming Pools” (BU10.31a); and
- jj. letter (April 3, 2007) from Councillor Paula Fletcher, Ward 30 Toronto-Danforth, entitled “Library Operating Budget” (BU10.32).

The Budget Committee held a statutory public meeting on March 29, 2007, and notice was given in accordance with the Municipal Code Chapter 441, Fees.

The following persons addressed the Budget Committee on March 29, 2007:

- Karl Sprogis, Chair, Arts Etobicoke, and filed a written submission;
- Georgia Kuich, President, Lakeshore Arts, and filed a written submission;
- Inga Untiks, Executive Director, Scarborough Arts Council, and filed a written submission;
- Martin Koob, and filed a written submission;
- Crawford Murphy, Sidewalk Riding/Anti-Riding Project;
- Tom Charette, Ontario Canadian Federation of Independent Business, and provided a power point presentation and filed a written submission;
- Ann Fitzpatrick, Housing Action Now, and filed a written submission;
- Julie Janes, Research Coordinator and Sandra Maharaj-Smith, Institute for Life Course and Aging, University of Toronto, and filed a written submission;
- Tim Rourke, Citizen’s Income Toronto, and filed a written submission;
- Michael Murray, Executive Director, Urban Arts, Community Arts Council, and provided a power point presentation;
- Helen Armstrong, Interim Coordinator, and Susan Gapka, Toronto Disaster Relief Committee, and filed a written submission;
- Patricia Smiley, Chair, South Etobicoke Tenants’ Association, c/o LAMP;
- Michael Shapcott, Senior Fellow, Public Policy, The Wellesley Institute, and filed a written submission;
- Jane Mercer, Toronto Coalition for Better Child Care;
- Jim Tsatsos, Chair, CCAC-Child Care Advisory Committee;
- Tim Maguire, CUPE Local 79, and filed a written submission;
- Julian Rankine and Adam Mohammed, Students from York University; and provided a power point presentation;
- Maria Egervari, Co-Chair, Partners for Parkdale Health Network; and provided a power point presentation;

- Michael Rosenberg
- Michael Prue, MPP, Beaches East-York;
- Penny Morris, Manager, Bruce/Woodgreen Early Learning Centre;
- Carol Wilding, President, Cecil Bradley and Becky McKinnon, Chair, Toronto Board of Trade, and filed a written submission;
- Joseph Deogracias, Health Promoter, and Brooke Jardine, Shout Clinic;
- Michael Steeves, and M. Vanderbroucke, Homelessness Action Group, and filed a written submission;
- Kelly O'Sullivan, CUPE TCAN, and filed a written submission;
- Shona Fraser and Christine Cole, parents from Growing Tykes Learning Centre, and filed a written submission;
- Anne Farrell, Program Manager, First Stage CCC, and filed a written submission;
- Claire Hopkinson, Executive Director, Toronto Arts Council, and filed a written submission;
- Susan Fletcher, Executive Director, Applegrove Community Centre, and filed a written submission;
- Jacoba Knaapen, Executive Director, Toronto Alliance for the Performing Arts, and filed a written submission;
- Usman Valiante, Director, Cycling Advocacy, Bicycle Trade Association of Canada;
- Lela Gary, Air Pollution Coalition, and filed a written submission;
- Wayne Scott, Cycling and Active Transportation Infrastructure;
- Chris Girgulis;
- Michael Kilpatrick, Scarborough Community Association, and filed a written submission;
- Julie Ryall, and students (Jenny Nguyen and Johnny Opoku-Mensah) from St. Francis de Sales Catholic School, and filed a written submission;
- Dianne Brett, Co-ordinator of Student Nutrition;
- Lori Nikkel, FoodShare Toronto;
- Chezlie Alexander, Gabi Rodriguez, Husayn Dharshi and Keegan Henry-Mathieu, Toronto Youth Cabinet, and filed a written submission;
- Bianca Wylie, Primed Toronto – Volunteer;
- Doug Brett; and
- Ed Veri.

The Budget Committee also received the following communications from persons who were unable to attend the Public Hearing on March 29, 2007, and copies are on file in the Office of the City Clerk:

- a. (March 15, 2007) from Mr. William Duron, CEO, The Royal Agricultural Winter Fair;
- b. (March 28, 2007) from Mr. Franz Hartmann, Co-Executive Director, and Katrina Miller, Co-Executive Director, Toronto Environmental Alliance (TEA);
- c. (March 28, 2007) from Miguel Avila; and
- d. (March 22, 2007) from the Etobicoke Lakeshore Housing Task Force.

The following Members of Council were present during the 2007 Operating Budget Hearings for Councillors on April 2, 2007:

Deputy Mayor Sandra Bussin;
Councillor Raymond Cho;
Councillor Janet Davis;
Councillor Mike Del Grande;
Councillor Mike Feldman;
Councillor John Filion;
Councillor Paula Fletcher;
Councillor Adam Giambrone;
Councillor Chin Lee;
Councillor Gloria Lindsay Luby;
Councillor Denzil Minnan-Wong;
Councillor Howard Moscoe;
Councillor Bill Saundercook;
Councillor David Shiner;
Councillor Karen Stintz;
Councillor Michael Thompson; and
Councillor Adam Vaughan.

for City Clerk

Merle MacDonald/mh
G:\sec\2007\Standing\Budget\Letters\20070412\Transmittal Operating.ltr.doc

List of Attachments:

Appendix 4(A) – Reports Recommended for Adoption
Appendix 4(B) – 2007 Capital Briefing Notes
Appendix 4(C) – Reports and Communications Recommended to be Received