

September 28, 2007

EXECUTIVE COMMITTEE:

City Council on September 26 and 27, 2007, referred the following Motion to the Executive Committee:

M119 Special Meeting of Council to Discuss 2007 Operating Budget Cutbacks

Moved by Councillor Walker, seconded by Councillor Stintz

SUMMARY:

City Council's wise decision to defer consideration of the new revenue tools (2 percent Land Transfer Tax and \$60.00 Vehicle Registration Tax) from its meeting in July to its October meeting prevents the City from generating and utilizing those potential revenues for the 2008 Operating Budget. Should City Council approve the new revenues at its October 22, 2007 meeting, the City will experience a revenue shortfall of \$80 - \$100 million from these new proposed taxes, given that these revenues cannot be implemented and collected until some time in 2008.

To offset the potential 2008 Budget shortfall, Mayor David Miller has directed the City Manager to undertake a cost containment strategy, in order to find savings within existing City services – City services approved in the 2007 Budget. The City Manager has identified and has implemented \$34 million in cost containment measures, without seeking City Council authority. These measures immediately decrease service levels by closing libraries and community centres, neglecting roads, neglecting trees, canceling snow clearing and so on.

The cost containment measures implemented in 2007 will provide City Council with options during the 2008 Budget process to address the funding shortfall. The savings to be realized in 2007 will provide a year-end surplus that may be utilized in the 2008 Operating Budget.

Neither an increase nor a decrease in service levels in the approved 2007 Operating Budget is permitted without City Council approval. However, in correspondence to me dated August 20, 2007, the City Manager has stated her authority under both the City of Toronto Act, 2006, and the City of Toronto Municipal Code to carry out these cost reductions in service levels under the direction of Mayor David Miller. Mayor Miller has stated that he expects that the City Manager's actions are within her mandate as Chief Operating Officer of the City. Presently, City Council is not part of any decision regarding any cost containment measures and the democratic role of City Council and its members is being undermined in the name of ideological expediency.

There is not an emergency in the 2007 fiscal year's budget. The City Manager does not have the authority to implement these cost cutbacks without City Council authority. Neither the City of Toronto Act, 2006, nor the City of Toronto Municipal Code authorize to the City Manager to supersede City Council when there is a potential budget crisis in the upcoming year. Further, the City Manager does not have the authority to choose which programs are to be cut back from the approved 2007 Budget without City Council authority. The City Manager does, however, have the authority to recommend a cost containment strategy to City Council and she has the responsibility to implement what Council adopts.

Please see the attached legal brief from Mr. David C. K. Tang, Gowlings Lafleur Henderson LLP, which outlines the City Manager's limitations and supports the supremacy of the elected City Council.

RECOMMENDATION:

1. That a special meeting of City Council be held in the first week of October 2007, prior to the Provincial election, to discuss, amend, and adopt the recommendations of the City Manager to save \$34 million from 2007's Operating Budget.

for City Clerk

M. Toft/cd

Attachment