

Executive Committee

Meeting No.	7 (Special)	Contact	Patsy Morris, Committee Administrator
Meeting Date	Monday, April 16, 2007	Phone	416-392-9151
Start Time	9:30 AM	E-mail	pmorris@toronto.ca
Location	Committee Room 1, City Hall		

Attendance

Members of the Executive 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.

Mayor David R. Miller, Chair	X
Councillor Brian Ashton	X
Councillor Shelley Carroll	X
Councillor Glenn De Baeremaeker	X
Councillor Paula Fletcher	X
Councillor Norm Kelly	X
Councillor Gloria Lindsay Luby	X
Councillor Giorgio Mammoliti	*
Councillor Pam McConnell	X
Councillor Joe Mihevc	X
Councillor Howard Moscoe	X
Councillor Joe Pantalone, Vice-Chair	X
Councillor Kyle Rae	X

* Regrets

Councillor Giorgio Mammoliti

On motion by Councillor De Baeremaeker, the Executive Committee adopted the Minutes of the Meeting held on March 26, 2007.

EX7.1	ACTION	Amended		Ward: All
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2007 Recommended Operating Budget

(April 13, 2007) report from the Budget Committee

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.
- “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":
- "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.”.

Summary

The purpose of this report is to present the 2007 Budget Committee (BC) Recommended Operating Budget for City Programs, Agencies, Boards and Commissions, and to request Council’s approval of the services, service levels and spending plans proposed therein.

The 2007 Recommended Operating Budget totals \$7.797 billion gross and \$3.221 billion net. To deliver services approved by City Council in 2006 this budget includes a base budget of \$7.746 billion gross and \$3.206 billion net. Compared to 2006, the 2007 BC Recommended Base Budget reflects a gross expenditure increase of \$139.343 million or 1.8%. This confirms that expenditures have been contained through the City’s continuous improvement and efficiency initiatives. In addition, investments in new and enhanced services that are aligned to Council priorities and the Mayor’s mandate total \$51.268 million gross and \$14.448 million net.

In accordance with Executive Committee guidelines and directions, the 2007 Recommended Operating Budget continues the strategic process of balancing short-term needs against long-term objectives. Furthermore, it sets the framework for implementing Council’s policy agenda and the Mayor’s commitment to a prosperous, inclusive city that is safe, economically strong, clean and green, transit friendly, creative and a place where everyone has a chance to succeed. This budget maintains service levels needed by residents and businesses. As has been the case in prior years, on average, more than 60% of property tax revenue is earmarked to pay for police, fire, emergency medical services, transit, garbage collection and recycling, libraries, parks and roads – services that impact the quality of life of residents.

Notwithstanding significant efficiency savings and productivity increases achieved during the past three years, recurring revenues continue to be insufficient to fund expenditures and essential reserve and reserve fund contributions. For the most part, the 2007 revenue deficit has been driven by the City’s obligation to pay for under-funded provincially mandated services from the property tax base. As a result, to balance the 2007 Operating Budget the City has had to rely on unsustainable, one-time revenues including reserve / reserve fund draws of \$211 million. These one time revenues will contribute to a beginning revenue shortfall / pressure in 2008.

Communications

(April 13, 2007) Submission from Budget Committee - EXMain
(<http://www.toronto.ca/legdocs/mmis/2007/ex/comm/communicationfile-1103.pdf>)

Committee Recommendations

On motion by Mayor Miller, the Executive Committee recommended that:

- A. Council approve the following:
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.a. 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);
 - 6.b. 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;
 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);
- 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;
 - ii. the \$41 million remaining Provincial funding shortfall be offset by a further one-time use of City reserve funds;
- C. 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":
 - "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.";
- D. Council approve the following Recommendations contained in the report (April 13, 2007) from the Deputy City Manager and Chief Financial Officer, entitled "2007 Operating Budget – Required Reserve Contribution to Balance the Budget":
 - 1. Council authorize the Deputy City Manager and Chief Financial Officer to:
 - i. transfer funds in the amount of \$71.0 million to the 2007 Non-Program Revenue Budget – Other Corporate Revenue Account from the following accounts:
 - a. Land Acquisition Reserve Fund (\$32.5 million)
 - b. City Parking Reserve Fund (\$5.0 million)
 - c. Social Assistance Stabilization Reserve Fund (\$3.5 million), and
 - d. Move Ontario Trust (\$30.0 million)

- ii. amend the 2007 Operating Budget accordingly;
 - 2. transfer \$131.3 million from the Capital Financing Reserve Fund to the Non-Program Revenue Budget – Other Corporate Revenue Account;
 - 3. Council authorize the Deputy City Manager and Chief Financial Officer to close any accounts with nil balances that result from Recommendation No. C.(i) and the City Solicitor be authorized to introduce a bill at Council, at a later date, to amend Municipal Code 227 – Reserve and Reserve Funds – to delete any such accounts from the Code; and
 - 4. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto;";
- E. 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.

Program Recommendations:

F. CITIZEN CENTRED SERVICES “A”

Affordable Housing Office:

- 1. the 2007 Recommended Operating Budget for the Affordable Housing Office of \$3.186 million gross and \$1.418 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Housing Improvements	568.5	368.5
Affordable Housing Office	2,617.4	1,049.6
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Total Program Budget	3,185.9	1,418.1
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- 2. the Director of Housing Development, in consultation with the General Manager of Shelter, Support and Housing Administration, report to Budget Committee on the possibility of utilizing the Homelessness Partnering Strategy (HPS) grant as a funding source instead of the Capital Revolving Fund and the Mayor’s Homeless Initiative Reserve Fund, once the details of the HPS grant have been announced.

Children’s Services:

3. the 2007 Recommended Operating Budget for the Children’s Services of \$336.739 million gross and \$69.025 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Program Administration	23,121.3	11,385.3
Municipal Child Care	63,999.6	15,817.4
Purchased Child Care	249,617.6	41,822.1
	<hr/>	<hr/>
Total Program Budget	336,738.5	69,024.8
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4. the Province of Ontario be requested to forward to the City of Toronto its share of the \$250 million child care funding approved in the 2007/2008 Federal Budget in recognition of the current base funding pressure in the City’s child care system.

Court Services:

5. the 2007 Recommended Operating Budget for the Court Services of \$35.097 million in gross expenditures and (\$11.129) million in net revenues, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Finance and Administration	20,176.4	19,147.9
Court Administration	6,731.8	(38,466.4)
Court Support	4,704.7	4,704.7
Planning and Liaison	3,484.4	3,484.4
	<hr/>	<hr/>
Total Program Budget	35,097.3	(11,129.4)
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6. the General Manager of Transportation Services, in consultation with the Director of Court Services, report to Budget Committee prior to the 2008 Operating Budget process on the status of the Red Light Camera program, including a comparison of actual vs. projected revenues.

Economic Development, Culture and Tourism:

7. the 2007 Recommended Operating Budget for Economic Development, Culture and Tourism of \$33.677 million gross and \$24.597 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Culture	13,657.0	10,213.0
Economic Development	10,701.2	8,957.3
Special Events	7,521.2	4,079.3
Tourism	1,797.4	1,347.4
Total Program Budget	<u>33,676.8</u>	<u>24,597.0</u>

8. the General Manager for Economic Development, Culture and Tourism report to Budget Committee, prior to the commencement of the 2008 Operating Budget process on service delivery, efficiency and cost containment strategies identified by the Program Review.

Emergency Medical Services:

9. the 2007 Recommended Operating Budget for Emergency Medical Services of \$149.197 million gross and \$61.590 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
CACC	13,908.6	0.0
Centralized Support Services	2,012.7	1,006.4
Corporate Charges	6,194.2	3,097.1
EMS Operations Support Services	20,835.2	7,789.2
EMS Operations	98,406.0	46,636.8
Program Development & Service Quality	7,839.8	3,060.0
Total Program Budget	<u>149,196.5</u>	<u>61,589.5</u>

Homes for the Aged:

10. the 2007 Recommended Operating Budget for Homes for the Aged of \$192.320 million gross and \$32.652 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Division Office	1,697.2	335.0
Toronto Homes	180,329.5	30,493.6
Community Based Services	10,293.5	1,823.3
Total Program Budget	<u>192,320.2</u>	<u>32,651.9</u>

Parks, Forestry and Recreation:

11. the 2007 Recommended Operating Budget for Parks, Forestry and Recreation of \$303.909 million gross and \$226.146 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Community Recreation	100,093.6	55,566.4
Parks	70,976.1	67,278.1
Parks Development & Infrastructure Management	77,319.5	73,422.9
Strategic Services	17,755.6	(2,369.8)
Urban Forestry	26,932.9	21,955.4
Management Services	8,444.3	8,365.1
Divisional Coordination & Community Engagement	2,387.2	2,383.2
Total Program Budget	303,909.2	226,601.3

12. funding for future phases of the Divisional Safety and Security Plan be considered in the context of the City-wide security review; and,
13. the General Manager of Parks, Forestry and Recreation monitor all pool usage during 2007 and report back to the Budget Committee through the Community and Recreation Services Committee on these pools' usage, including a breakdown of group and individual use, prior to the 2008 Operating Budget process.

Shelter, Support and Housing Administration:

14. the 2007 Recommended Operating Budget for the Shelter, Support and Housing Administration of \$692.493 million gross and \$276.574 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Program Support	2,104.9	2,104.9
Housing Administration	536,088.0	217,930.1
Housing Programs	10,377.4	0.0
Hostel Services	116,054.6	52,822.0
Housing and Homelessness Supports	26,558.3	2,909.5
Partnership Development & Support	343.3	343.3
Emergency Planning Services	966.0	463.9
Total Program Budget	692,492.5	276,573.7

15. the General Manager of Shelter, Support and Housing Administration report to Budget Committee on the impact on the 2007 Recommended Operating Budget from the recently announced Homelessness Partnering Strategy (HPS), once the details are known.

Social Development, Finance and Administration:

16. the 2007 Recommended Operating Budget for the SDFAs of \$28.365 million gross and \$15.925 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Administration and Program Support	15,340.4	8,539.3
Community Resources	7,284.6	1,845.7
Customer and Business Support	5,740.1	5,540.1
Total Program Budget	28,365.1	15,925.1

17. the staff recommendations in the Recommendations Section of the report (April 2, 2007) from the Community Development and Recreation Committee be approved:
- a. the Executive Director of Social Development, Finance and Administration be authorized to enter into agreement with Canadian Heritage to receive funds in an amount not to exceed \$408,098.00 as the program costs for the Involve Youth;
 - b. the Executive Director of Social Development, Finance and Administration be authorized to enter into agreement with United Way of Greater Toronto to receive funds in an amount not to exceed \$500,000.00 as the program costs for the Involve Youth;
 - c. the Executive Director of Social Development, Finance and Administration be authorized to enter into a service agreement with Tropicana Community Services for the delivery of the Involve Youth not to exceed \$908,098.00; and,
 - d. the Chair of the Community Development and Recreation Committee be requested to write a letter to the Minister responsible for the Department of Canadian Heritage requesting that the contract be signed and the money released for this program.

Social Services:

18. the 2007 Recommended Operating Budget for the Toronto Social Services of \$1,071.336 million gross and \$294.285 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Program Support	11,876.0	5,807.7
Social Assistant	1,059,460.1	288,477.0
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Total Program Budget	1,071,336.1	294,284.7
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19. as the Ontario Disability Support Program and the Ontario Drug Benefits are a provincial responsibility, the Province immediately upload the cost of \$175.000 million (\$133.300 million net of GTA Pooling revenue) included in the 2007 Recommended Operating Budget; and,
20. the Ontario Works average monthly caseload for 2007 be reduced from the recommended estimate of 77,500 to 75,000 based on actual experience resulting in a savings of \$24.1 million gross and \$5.264 million net and that net savings of \$3,598,500 be used to offset a reduction in the contribution from the SAS reserve fund in the Social Services' 2007 Recommended Operating Budget.

3-1-1 Customer Service Strategy:

21. the 2007 Recommended Operating Budget for the 3-1-1 Customer Service Strategy of \$3.017 million gross and \$0.390 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Project Management Office	576.1	389.9
Capital Program Related Work	2,440.7	0.0
	<hr/>	<hr/>
Total Program Budget	3,016.8	389.9
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CITIZEN CENTRED SERVICES “B”

City Planning:

22. the 2007 Recommended Operating Budget for City Planning of \$33.885 million gross and \$13.419 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
City Planning	33,885.4	13,418.8
	<hr/>	<hr/>
Total Program Budget	33,885.4	13,418.8
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23. the Executive Director of City Planning report back to the Planning and Growth Management Committee in the 1st quarter of 2008 with a public space beautification plan for 11 major cultural institutions; and,
24. the Deputy City Manager responsible for City Planning report back to the Planning and Growth Management Committee prior to the 2008 Operating Budget process on the results of the fee rationalization exercise and on a proposed phased approach to increasing community planning and other development application process fees in the future to allow for full cost recovery of all City wide costs related to the processing of community planning and development applications.

Clean and Beautiful City Secretariat:

25. the 2007 Recommended Operating Budget for Clean and Beautiful City Secretariat of \$1.066 million gross and \$1.036 million net, comprised of the following service, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Clean and Beautiful City Secretariat	1,066.3	1,036.3
	1,066.3	1,036.3
Total Program Budget	1,066.3	1,036.3

26. the Deputy City Manager responsible for Clean and Beautiful City Secretariat report to the Executive Committee in July 2007 with a multi-year plan for the implementation of the Enhanced Neighbourhood Beautification Program including the expected outcomes and future year operating budget implications across all City Programs; and,
27. the Deputy City Manager responsible for the 3-year Clean and Beautiful City Initiative report to the Executive Committee prior to the 2008 Budget process with an evaluation of the results and outcomes of the 3-year Clean and Beautiful City Initiative (2005-2007), detailing the impacts that the added investments have had on City service levels.

Fire Services:

28. the 2007 Recommended Operating Budget for Fire Services of \$344.751 million gross and \$336.085 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Fire Operations	276,779.8	269,510.4
Fire Prevention & Public Safety	13453.5	13,102.0
Communications & Operational Support	27,461.3	27,015.2
Professional Develop. & Mechanical Support	23,631.3	23,132.4

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Fire – Headquarters	3,424.8	3,324.5
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Total Program Budget	344,750.7	336,084.6
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29. given the City's financial constraints and Fire Services' limited ability to provide operating budget reductions that do not impact fire services levels, that the additional \$1.139 million required to bring Fire Services' annual fleet contribution to its optimal level be phased over 2008 and 2009.

Municipal Licensing and Standards:

30. the 2007 Recommended Operating Budget for Municipal Licensing and Standards of \$33.638 million gross and \$11.017 million net, comprised of the following services, be approved:

<u>Service:</u>	Gross (\$000s)	Net (\$000s)
Office of the Executive Director	1,461.1	1,461.1
Licensing Services	9,888.1	(12,088.1)
Investigation Services	22,289.0	21,643.5
	<hr/>	<hr/>
Total Program Budget	33,638.2	11,016.5
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31. the Executive Director of Municipal Licensing and Standards report back to the Budget Committee prior to the 2008 Operating Budget process on the recommended business license fee structure arising from the cost recovery model review.

Policy, Planning, Finance and Administration:

32. the 2007 Recommended Operating Budget for Policy, Planning, Finance and Administration of \$13.939 million gross and \$12.600 million net, comprised of the following service, be approved:

<u>Service:</u>	Gross (\$000s)	Net (\$000s)
Policy, Planning, Finance and Administration	13,939	12,600
	<hr/>	<hr/>
Total Program Budget	13,939	12,600
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33. the budgets for services provided directly to client programs by Policy, Planning, Finance and Administration be transferred to the client Programs' budgets following the completion of the 2007 Budget process and once service level agreements are in place with client Programs.

Solid Waste Management Services:

34. the 2007 Recommended Operating Budget for Solid Waste Management Services of \$237.796 million gross and \$183.541 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Program Support	33,827.7	17,596.2
Collection	93,904.2	90,660.2
Transfer	23,674.3	12,982.7
Processing	38,425.2	16,771.3
Disposal	47,964.9	45,531.0
	<hr/>	<hr/>
Total Program Budget	<u>237,796.3</u>	<u>183,541.4</u>

35. funding for the following 4 Enhanced Service Priorities to increase the City’s diversion rate, be deferred to the 2008 Budget process for consideration, and that the Deputy City Manager responsible for Solid Waste Management Services in conjunction with the Deputy City Manager and Chief Financial Officer report back to the Budget Committee by June 2007 on a strategy to accommodate funding for the City’s Diversion initiatives, including the following:
- a. Enforcement of Mandatory Waste Diversion By-Law (Single Family Residences)
 - b. Multi-Unit Waste Reduction Levy (Apartments and Condominium Buildings)
 - c. Door to Door Waste and Recyclable Collection (Townhomes)
 - d. Introduction of New Recycling Materials
36. given the significant service issues and pressures facing Solid Waste Management Services, the Deputy City Manager and General Manager responsible for Solid Waste Management Services continue to meet through 2007 with Budget Committee members assigned to review Solid Waste Management Services and Financial Planning staff, on a detailed review of this program, and report back to the Budget Committee as part of the 2008 Operating Budget process.

Technical Services:

37. the 2007 Recommended Operating Budget for Technical Services of \$62.496 million gross and \$3.106 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Facilities and Structures	9,147.8	1,454.7
Survey and Mapping	19,508.0	4,522.6
Development Engineering	5,670.9	3,438.4
District Engineering	19,869.3	3,554.5
Office of Emergency Management	2,096.8	1,866.6
Program Administration	1,060.7	530.4
Finance and Administration	5,142.6	2,960.7
Interdivisional Charges	<u>0.0</u>	<u>(15,221.7)</u>
 Total Program Budget	 <u>62,496.1</u>	 <u>3,106.1</u>

38. any adjustments to the Technical Services' 2007 Recommended Operating Budget made through the political review process be made in Technical Services' clients' operating budgets after Council approval of the 2007 Operating Budget;
39. the implementation of the utility mapping program be subject to Technical Services obtaining Council's approval of the proposed new fee charge for road utility cuts inclusive of administration fees by June 2007;
40. City Council confirm funding for Toronto's Joint CBRN Response Team of \$0.348 million gross and net from the municipal property tax base for 2007; and,
41. the Executive Director of Technical Services seek Federal government funding for the Joint CBRN Response Team as part of emergency preparedness and report back to the Public Works and Infrastructure Committee in September of 2007 with a progress report.

Toronto Building:

42. the 2007 Recommended Operating Budget for Toronto Building of \$39.700 million gross and (\$11.969) million in net revenue, comprised of the following service, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Toronto Building	<u>39,699.5</u>	<u>(11,969.2)</u>
 Total Program Budget	 <u>39,699.5</u>	 <u>(11,969.2)</u>

Transportation Services:

43. the 2007 Recommended Operating Budget for Transportation Services of \$274.182 million gross and \$184.092 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Roadway Services	128,196.2	93,728.5
Roadside Services	52,117.2	26,132.8
Traffic Planning/Row Mgmt	11,894.6	(5,676.8)
Traffic and Safety Services	41,756.3	37,725.0
Infrastructure Management	16,163.3	13,028.5
District Mgmt and Overhead	1,229.1	(1,670.9)
Technical and Program Support	22,824.9	20,824.9
Total Program Budget	<u>274,181.6</u>	<u>184,092.0</u>

44. the Deputy City Manager for Citizen Centred Services “B” and the General Manager of Transportation Services report to Public Works and Infrastructure Committee prior to the 2008 Operating Budget process on the success of the Red Light Camera program, the status of Phase 1 and 2 expansion and requirements for future proposed phases;
45. regarding the Municipal Road Damage Deposit By-law:
- a. that a new non-refundable fee of \$50.00 dollars per application by approved for the Municipal Road Damage Deposit By-law;
 - b. the additional costs of staffing within Transportation Services and Building Services to administer Municipal Road Damage Deposit By-law be offset by a non-refundable fee of \$50.00 (fifty dollars) per application.
46. recommendation B from the joint Planning and Transportation and the Works Committees contained in Cause 1 of Report 1 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" adopted by City Council on June 27, 28 and 29 2006, be amended, such that:
- a. the annual front yard parking renewal fee increase be deferred until 2008 given that the 2007 renewal notices will be sent to residents prior to the 2007 operating budget approval; and,
 - b. an additional four By-law Officers, effective November 1, 2007, be included in the complement for Transportation Services' to enhance enforcement of front yard parking infractions

Waterfront Secretariat:

47. the 2007 Recommended Operating Budget for the Waterfront Secretariat of \$1.316 million gross and \$1.080 million net, comprised of the following service, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Waterfront Secretariat	1,315.9	1,079.7
Total Program Budget	<u>1,315.9</u>	<u>1,079.7</u>

48. an account be established within the State of Good Repair Reserve Fund entitled the “Don River Park Maintenance, Operations and Programming Reserve Fund” be established for which the purpose is to provide funding for the maintenance, operations and programming of the Don River Park;
49. Municipal Code Chapter 227 (Reserves and Reserve Funds) be amended by adding the “Don River Park Maintenance, Operations and Programming Reserve Fund” to Schedule 5; and,
50. the appropriate City officials be authorized and directed to take necessary action and that leave be granted for the introduction of any necessary bills in Council to give effect thereto.

INTERNAL SERVICES

Facilities and Real Estate:

51. the 2007 Recommended Operating Budget for Facilities and Real Estate of \$122.421 million gross and \$53.944 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Facilities	108,525.8	65,922.1
Real Estate	13,895.2	(11,977.9)
Total Program Budget	<u>122,421.0</u>	<u>53,944.2</u>

52. the funding for the recommended coordination and oversight positions for the Proposal for City Demand Response (DR) submitted to the Ontario Power Authority, in the amount of \$0.150 million, gross \$0.0 net, be approved subject to this proposal being accepted and funding being provided by the Ontario Power Authority; and,
53. the Director of Real Estate report back on operational results and financial viability of the Recommended Real Estate Taxation Unit after the first year of its implementation, in time for consideration with the 2009 Operating Budget process.

Fleet Services:

54. the 2007 Recommended Operating Budget for Fleet Services of \$35.821 million gross and \$0.0 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Fleet Maintenance	22,951.5	0.0
Fuel Operations	8,805.0	0.0
Fleet Safety and Standards	1,097.5	0.0
Fleet Management	2,967.4	0.0
	<hr/>	<hr/>
Total Program Budget	35,821.4	0.0

Information and Technology:

55. the 2007 Recommended Operating Budget for Information and Technology of \$56.690 million gross and \$48.055 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Desktop Computing	36,242.9	30,935.4
Applications and Delivery	16,097.3	13,432.2
Voice and Telecommunications	1,192.4	769.4
Land Information	3,156.9	2,917.8
	<hr/>	<hr/>
Total Program Budget	56,689.5	48,054.8

Office of the Chief Financial Officer:

56. the 2007 Recommended Operating Budget for Office of the Chief Financial Officer of \$13.546 million gross and \$9.968 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Finance and Administration	4,629.7	4,285.0
Corporate Finance	3,679.9	1,477.3
Financial Planning	4,669.9	3,759.0
Special Projects	566.9	447.0
	<hr/>	<hr/>
Total Program Budget	13,546.4	9,968.3

Office of the Treasurer:

57. the 2007 Recommended Operating Budget for Office of the Treasurer of \$66.694 million gross and \$31.959 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Pension, Payroll and Employee Benefits	12,032.7	10,092.3
Purchasing and Materials Management	8,924.2	6,662.5
Accounting Services	11,738.9	8,837.4
Revenue Services	33,998.5	6,366.7
	<hr/>	<hr/>
Total Program Budget	66,694.3	31,958.9
	<hr/>	<hr/>

Public Information and Creative Services:

58. the 2007 Recommended Operating Budget for Public Information & Creative Services of \$4.765 million gross and \$4.622 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Public Information	2,596.8	2,513.8
Creative Services	2,168.5	2,108.4
	<hr/>	<hr/>
Total Program Budget	4,765.3	4,622.2
	<hr/>	<hr/>

CITY MANAGER

City Manager's Office:

59. the 2007 Recommended Operating Budget for the City Manager's Office of \$39.591 million gross and \$37.137 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Executive Management Office	2,072.3	2,072.3
Strategic & Corporate Policy	4,005.5	4,005.5
Internal Audit	984.7	412.4
Strategic Communications	2,658.6	2,609.7

Human Resources	29,870.1	28,037.5
Total Program Budget	39,591.2	37,137.4

OTHER CITY PROGRAMS

City Clerk’s Office:

60. the 2007 Recommended Operating Budget for the City Clerk’s Office of \$44.301 million gross and \$31.400 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Secretariat	7,728.9	7,556.7
Records and Information Management	21,273.5	9,291.0
Council and Support Services	4,459.2	4,031.4
Corporate Access and Privacy	1,503.9	1,453.9
Elections and Registry Services	7,840.5	7,571.9
Protocol	1,495.3	1,495.3
Total Program Budget	44,301.3	31,400.2

City Council:

61. the 2007 Recommended Operating Budget for City Council of \$19.649 million gross and net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Councillors’ Salaries and Benefits	5,077.2	5,077.2
Councillors’ Staff Salaries and Benefits	10,544.2	10,544.2
Councillors’ Office Budget	2,336.4	2,336.4
Councillors’ Business Travel Expenses	50.0	50.0
Councillors’ General Expenses	1,441.4	1,441.4
Integrity Commissioner’s Office	200.0	200.0
Total Program Budget	19,649.2	19,649.2

62. the staff recommendations in the Recommendations Section of the report (January 3, 2007) from the Deputy City Manager and Chief Financial Officer entitled “Funding for Severance Costs for Councillors’ and Councillors’ Staff and the Establishment of a Reserve” be approved:

- a. 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;
- b. the Council Severance Cost Reserve Account be administered by the Deputy City Manager and Chief Financial Officer;
- c. Municipal Code Chapter 227 (Reserves and Reserve Funds) be amended by adding the “Council Severance Cost Reserve Account” to schedule “1”, ‘Corporate Reserves’;
- d. the 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,
- e. the 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.

Legal Services:

63. the 2007 Recommended Operating Budget for Legal Services of \$31.808 million gross and \$19.567 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Municipal Law	5,182.7	2,878.9
Litigation	5,536.3	3,241.3
Administration	2,435.0	2,183.0
Planning and Tribunal	4,453.9	3,332.5
Real Estate	4,399.7	3,509.1
Employment	2,330.4	2,280.4
Prosecutions	7,470.3	2,141.4
	<hr/>	<hr/>
Total Program Budget	31,808.3	19,566.6
	<hr/>	<hr/>

Mayor’s Office:

64. the 2007 Recommended Operating Budget for the Mayor’s Office of \$2.447 million gross and net, comprised of the following service be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Mayor's Office	2,447.1	2,447.1
Total Program Budget	<u>2,447.1</u>	<u>2,447.1</u>

COUNCIL APPOINTED PROGRAMS

Auditor General's Office:

65. the 2007 Recommended Operating Budget for the Auditor General's Office of \$3.988 million gross and \$3.988 million net, comprised of the following service, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Audit Services	3,988.4	3,988.4
Total Program Budget	<u>3,988.4</u>	<u>3,988.4</u>

Lobbyist Registrar:

66. the 2007 Recommended Operating Budget for the Lobbyist Registrar of \$0.241 million gross and \$0.241 million net, comprised of the following service, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Lobbyist Registrar	241.0	241.0
Total Program Budget	<u>241.0</u>	<u>241.0</u>

67. the Lobbyist Registrar report back to Council outlining the additional resources and funding requirements for 2007 and 2008 to fully implement the City of Toronto's lobbyist registry.

AGENCIES, BOARDS AND COMMISSIONS

Arena Boards of Management:

68. the 2007 Recommended Operating Budget for the Arena Boards of Management of \$5.969 million gross and \$0.182 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
George Bell Arena	499.3	21.2
William H. Bolton Arena	704.5	61.5
Larry Grossman Forest Hill Memorial Arena	984.7	(2.3)
Leaside Memorial Community Gardens	970.7	92.8
McCormick Playground Arena	632.9	0.0
Moss Park Arena	683.2	0.0
North Toronto Memorial Arena	745.3	(0.8)
Ted Reeve Community Arena	748.7	9.4
	<hr/>	<hr/>
Total Program Budget	5,969.3	181.7

Association of Community Centres:

69. the 2007 Recommended Operating Budget for the Association of Community Centres of \$6.394 million gross and \$6.232 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000's)</u>	<u>Net (\$000's)</u>
519 Church St.	1,076.7	1,076.7
Applegrove	350.2	350.2
Cecil	604.3	604.3
Central Eglinton	506.9	506.9
Community Centre 55	609.3	609.3
Eastview Neighbourhood	452.5	452.5
Harbourfront	1,028.9	1,028.9
Ralph Thornton	612.7	573.4
Scadding Court	755.1	755.1
Swansea Town Hall	397.4	274.9
	<hr/>	<hr/>
Total Program Budget	6,394.0	6,232.2

Exhibition Place:

70. the 2007 Recommended Operating Budget for Exhibition Place of \$53.382 million gross and \$0.054 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Canadian National Exhibition	21,593.1	(797.9)
Exhibition Place Operations	14,843.8	2,562.4
Direct Energy Centre	13,302.4	(1,710.5)
National Soccer Stadium	3,642.4	0.0
	<hr/>	<hr/>
Total Program Budget	53,381.7	54.0
	<hr/>	<hr/>

71. Exhibition Place report on its 2007 experience with the new National Soccer Stadium and the financial implications of the activities and programming at the stadium as part of its 2008 Operating Budget submission.

Heritage Toronto:

72. the 2007 Recommended Operating Budget for Heritage Toronto of \$0.606 million gross and \$0.370 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Heritage Programming	263.9	141.9
Advocacy	217.1	216.5
Heritage Fund Development	125.0	11.5
	<hr/>	<hr/>
Total Program Budget	606.0	369.9
	<hr/>	<hr/>

Parking Tag Enforcement and Operations:

73. the 2007 Recommended Operating Budget for the Parking Tag Enforcement and Operations of \$44.219 million gross and (\$36.396) million net revenue, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Parking Enforcement Unit	34,237.1	33,622.1
Parking Tag Operations	8,953.3	8,953.3
Judicial Processing of Parking Tickets	1,028.5	1,028.5
Parking Tag Revenue	0.0	(80,000.0)
	<hr/>	<hr/>
Total Program Budget	44,218.9	(36,396.1)
	<hr/>	<hr/>

74. the Chair of Toronto Police Services Board, in consultation with the Deputy City Manager and Chief Financial Officer, report to the Budget Committee prior to the 2008 Operating Budget process on the operational and financial impacts of implementing the handheld parking devices.

Theatres:

75. the 2007 Recommended Operating Budget for Theatres of \$30.154 million gross and \$4.332 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Hummingbird Centre for the Performing Arts	21,498.3	1,174.9
St. Lawrence Centre for the Arts	4,575.8	1,819.8
Toronto Centre for the Arts	4,080.3	1,337.1
Total Program Budget	<u>30,154.4</u>	<u>4,331.8</u>

76. a facility for short-term borrowing be established for Hummingbird Centre for the Performing Arts through the following actions:
- Clause 7 of the operating agreement dated September 25th, 1968 between the City and the Board of Directors of the Hummingbird Centre for the Performing Arts be revoked;
 - authority be given to the Deputy City Manager and Chief Financial Officer to provide to the Board of Directors of the Hummingbird Centre for the Performing Arts in-year advances not to exceed \$1.250 million, to be repaid by December 31 of each year, at an interest rate that is set on a monthly basis by Corporate Finance and is fixed for the term of the loan, to address cash flow challenges arising from the seasonal nature of activity at the Centre; and,
 - the appropriate City officials be authorized and directed to take the necessary action to give effect to these recommendations;
77. the recommendations contained in the report (March 13, 2007) from the Board of Directors, Toronto Centre for the Arts, be approved:
- \$1.500 million from the Livent Claim receipts be allocated to the North York Performing Arts Centre Corporation (NYPACC) Capital Reserve Fund; and,
 - the balance of the funds from the Livent Claim receipts of \$0.348 million remain in the NYPACC Stabilization Reserve Fund and be earmarked to cover costs associated with transitioning to a potential third party management agreement of the facility with a view to reducing the City's financial contribution.

Toronto and Region Conservation Authority:

78. the 2007 Recommended Operating Budget for Toronto and Region Conservation Authority of \$36.626 million gross and \$6.849 million net, of which \$3.094 million is tax-supported and \$3.755 million is funded by a contribution through the Toronto Water Operating Budget, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Corporate Services	5,282.0	821.1
Watershed Health	19,933.3	4,099.6
Public Use Recreation	10,841.5	1,852.0
Rouge Park Interim Management	568.9	76.5
Total Program Budget	<u>36,625.7</u>	<u>6,849.2</u>
Less Toronto Water Contribution		3,754.9
Tax-Supported Budget		<u>3,094.3</u>

Toronto Atmospheric Fund:

79. the 2007 Recommended Operating Budget for the Toronto Atmospheric Fund of \$1.835 million gross and \$0.0 net, comprised of the following service, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Toronto Atmospheric Fund	<u>1,834.7</u>	<u>0.0</u>
Total Program Budget	<u>1,834.7</u>	<u>0.0</u>

Toronto Police Service:

80. the 2007 Recommended Operating Budget for the Toronto Police Service of \$830.178 million gross and \$784.958 million net, comprised of the following service, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Toronto Police Service	<u>830,178.2</u>	<u>784,958.1</u>
Total Program Budget	<u>830,178.2</u>	<u>784,958.1</u>

81. the Toronto Police Services Board report back to the Budget Committee as part of the 2007 1st quarter operating variance report, on a firm schedule for the opening of the new Provincial courtrooms in 2007, and adjustments to the recommended funding for 2007 should the opening of the new courtrooms be delayed;
82. the Toronto Police Services Board report back to the Budget Committee by September 2007, on how the \$1.000 million unspecified expenditure reduction to the Toronto Police Service 2007 Base Budget can be accommodated; and,
83. the Toronto Police Services Board adjust their budget process and schedule in 2007, so that it matches the scheduled requirements of the City of Toronto’s budget review process for 2008 and beyond.

Toronto Police Services Board:

84. the 2007 Recommended Operating Budget for the Toronto Police Services Board of \$2.238 million gross and \$2.238 million net, comprised of the following service, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Toronto Police Services Board	2,238.3	2,238.3
Total Program Budget	<u>2,238.3</u>	<u>2,238.3</u>

85. the Chair of the Toronto Police Services Board report back to the Budget Committee prior to the 2008 Operating Budget process on the factors driving the increased legal costs, and any options which can be taken to minimize both internal and external legal costs.

Toronto Public Health:

86. the 2007 Recommended Operating Budget for the Toronto Public Health of \$210.507 million gross and \$50.397 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Office of the MOH	588.5	147.1
Public Health Policy and Planning	11,656.8	2,894.9
Healthy Families	52,433.5	6,363.5
Communicable Disease	38,308.9	8,111.3
Healthy Environments	33,305.8	13,802.3
Healthy Living	32,407.8	8,419.7

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Dental/Oral Health	19,350.3	7,811.4
Finance and Administration	22,455.0	2,847.2
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Total Program Budget	210,506.6	50,397.4
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Toronto Public Library:

87. the 2007 Recommended Operating Budget for the Toronto Public Library of \$164.348 million gross and \$149.712 million net, comprised of the following services be approved:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Library Services	158,770.0	144,334.4
Library Administration	5,577.9	5,377.9
	<hr/>	<hr/>
Total Program Budget	164,347.9	149,712.3
	<hr/>	<hr/>

Toronto Transit Commission - Conventional:

88. the 2007 Recommended Operating Budget for the TTC of \$1.083 billion gross and \$271.781 million net, comprised of the following service, be approved:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
TTC Conventional System	1,082,894	271,781
	<hr/>	<hr/>
Total Program Budget	1,082,894	271,781
	<hr/>	<hr/>

89. the confidential recommendation of the Executive Committee contained in the Confidential communication dated April 16, 2007, from the Committee, regarding Legal positions, be approved;
90. the Interim Chief General Manager of the Toronto Transit Commission report back to the Budget Committee in June 2007 with a three-year Operating Plan, based on ridership and service plans that would include various options for a multi-year fare strategy;
91. the Interim Chief General Manager of the Toronto Transit Commission report back to the Budget Committee with the 2007 third quarter operating variance report on options to achieve a \$5.000 million reduction in expenditures that do not impact front-line operations;
92. the Interim Chief General Manager and Chair of the TTC be requested to adjust the Commission's budget schedule in 2007 so that it matches the scheduled requirements of the City of Toronto's budget review process for 2008 and beyond;

93. the City Manager, in consultation with the TTC, Toronto Police Service, and the Deputy City Managers, report back to Executive Committee, prior to the 2008 Operating Budget process, on a City-wide security policy, which addresses, among other issues, the use of TTC Special Constables; and,
94. the Interim Chief General Manager of the Toronto Transit Commission report back to the Budget Committee, prior to the 2008 Operating Budget process, with a revised multi-year security strategy that would be consistent with a City-wide security plan.

Toronto Transit Commission-Wheel-Trans:

95. the 2007 Recommended Operating Budget for Wheel-Trans of \$68.771 million gross and \$65.535 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Contract Services	19,203.0	17,847.3
Bus Operation	31,721.1	29,840.3
Administration	6,300.2	6,300.2
Non-Departmental	2,897.0	2,897.0
Other Employee Costs	8,650.0	8,650.0
Total Program Budget	<u>68,771.3</u>	<u>65,534.8</u>

96. the Interim Chief General Manager of the Toronto Transit Commission report back to Executive Committee as part of the 2008 Operating Budget process on the strategies to address the continuing increase in demand for Wheel-Trans trips and associated costs including options to migrate passengers to the TTC's conventional system; and,
97. the Interim Chief General Manager of the Toronto Transit Commission report back to Executive Committee as part of the 2008 Operating Budget process on the development of a 3-year Operating Plan based on ridership and service plans that would be updated annually to take into account expected trends in salary costs, fuel costs and general inflation.

Toronto Zoo:

98. the 2007 Recommended Operating Budget for the Toronto Zoo of \$38.458 million gross and \$11.539 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Conservation, Education and Research	5,090.1	3,783.3
Marketing and Communications	9,931.0	117.6
Operations and Administration	21,470.9	21,253.3

General Management, Interpretation, Culture and Design	1,830.2	1,763.7
Animal and Endangered Species	136.0	0.0
Revenue and Recoveries	0.0	(15,378.6)
	38,458.2	11,539.3

99. the Zoo's 2008 budget target be held to the same level as that of its 2006 Approved Operating Budget of \$11.670 million net, given the 2007 one-time net revenue produced by its special event.

Yonge-Dundas Square:

100. the 2007 Recommended Operating Budget for Yonge-Dundas Square of \$1.167 million gross and \$0.583 million net, comprised of the following service, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Yonge-Dundas Square	1,166.6	583.3
Total Program Budget	1,166.6	583.3

101. the Pension, Payroll and Employee Benefits Division be authorized to expand the existing benefits umbrella provision to include coverage for the permanent employees of the Board of Management of Yonge-Dundas Square.

RATE SUPPORTED PROGRAMS

Toronto Parking Authority:

102. the 2007 Recommended Operating Budget for the Toronto Parking Authority of \$57.805 million gross and (\$44.429) million net revenue, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
On-Street Parking	11,723.1	(26,276.9)
Off-Street Parking	46,081.6	(18,152.5)
	57,804.7	(44,429.4)

103. authority be given to City staff to extend the current Revenue Sharing Agreement between the City of Toronto and the Toronto Parking Authority for a three-year period effective January 1, 2007 and ending December 31, 2009 on the same terms and conditions which currently exist.

CORPORATE ACCOUNTS

Community Partnership and Investment Program:

104. the 2007 Recommended Operating Budget for CPIP of \$41.961 million gross and \$41.702 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Arts and Culture	16,944.9	16,944.9
Community Services	13,149.5	13,149.5
Recreation	1,377.4	1,377.4
Public Health	5,224.6	5,224.6
Housing	2,483.9	2,483.9
Access and Equity	773.8	773.8
Economic Development	556.3	556.3
Urban Development	259.0	0.0
Miscellaneous	1,191.8	1,191.8
	<hr/>	<hr/>
Total Program Budget	41,961.2	41,702.2
	<hr/>	<hr/>

105. the Toronto Trails Festival be permitted to make an application for funding from the 2007 Recreation Partnership and Investment Program.

Capital and Corporate Financing / Non-Program:

106. the 2007 Recommended Operating Budget for Non-Program of \$888.675 million gross and \$41.304 million net, comprised of the following services, be approved:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Capital and Corporate Financing	547,052.5	538,589.5
Non-Program Expenditures	341,622.6	244,627.2
Non-Program Revenue	<hr/>	(741,912.5)
	<hr/>	<hr/>
Total Program Budget	888,675.1	41,304.1
	<hr/>	<hr/>

The aforementioned Committee recommendations carried unanimously on the following Recorded Vote:

Yeas: Ashton, Carroll, De Baeremaeker, Fletcher, Kelly, McConnell, Pantalone, Miller, Moscoe, Lindsay Luby, Mihevc, and Rae.

Nays: None.

Decision Advice and Other Information

Councillor Shelly Carroll, Chair, Budget Committee, the City Manager and the Deputy City Manager and Chief Financial Officer gave a presentation to the Executive Committee respecting the 2007 Operating Budget and filed a copy of their presentation material.

Links to Background Information

2007 Recommended Operating Budget
(<http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-2878.pdf>)

1a 2007 Operating Budget - Required Reserve Contribution to Balance the Budget

(April 13, 2007) report from the Deputy City Manager and Chief Financial Officer

Recommendations

The Deputy City Manager and Chief Financial Officer recommends that:

1. Council authorize the Deputy City Manager and Chief Financial Officer to:
 - (i) transfer funds in the amount of \$71.0 million to the 2007 Non-Program Revenue Budget – Other Corporate Revenue Account from the following accounts:
 - a) Land Acquisition Reserve Fund (\$32.5 million)
 - b) City Parking Reserve Fund (\$5.0 million)
 - c) Social Assistance Stabilization Reserve Fund (\$3.5 million), and
 - d) Move Ontario Trust (\$30.0 million)
 - (ii) amend the 2007 Operating Budget accordingly;
2. transfer \$131.3 million from the Capital Financing Reserve Fund to the Non-Program Revenue Budget – Other Corporate Revenue Account;
3. Council authorize the Deputy City Manager and Chief Financial Officer to close any accounts with nil balances that result from Recommendation No. 1 and the City Solicitor to be authorized to introduce a bill at Council, at a later date, to amend Municipal Code 227 – Reserve and Reserve Funds – to delete any such accounts from the Code; and

4. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

The 2007 Budget Committee Recommended Base Operating Budget includes \$76.0 million of draws from reserve funds to support social service cost shared programs such as the Social Assistance Stabilization Reserve Fund, Ontario Works Reserve Fund and Social Housing Stabilization Reserve Fund, exclusive of funding for new/enhanced services. The utilization of these accounts will result in a significant operating budget pressure in 2008 and beyond for the cost shared social services programs.

This report identifies the withdrawal of an additional \$131.3 million from the Capital Financing Reserve Fund (following the transfer from the 2006 operating surplus), \$41.0 million from other reserves and \$30.0 million from the Move Ontario Trust for a total of approximately \$278.3 million to be utilized as a one-time funding source for the 2007 Operating Budget. The majority of the recommended withdrawals are from accounts which normally would finance capital expenditures and so, in the long run, the City's debt financing will most likely increase as a consequence of this withdrawal unless capital expenditure plans are reduced in the future or alternate funding is found. The impact of the recommended action will be reviewed as part of the 2008 budget process and could adversely affect both the capital and operating expenditure plans.

Table 1 below, a reconciliation of the City's reserves and reserve funds, is designed to show the significant impact that the one-time only draws from reserve funds will have on the City's future flexibility in responding to risk and adverse circumstances. Specific accounts are excluded because of the non-discretionary purpose of the reserve account:

Obligatory funds that are governed by legislation or agreement as explained in the Comments section of this report

- The Capital - State of Good Repair accounts, Vehicle accounts, Land Acquisition accounts and Water reserves that are required to fund significant capital backlogs and future capital contracts approved by Council.
- Working Capital and Capital Financing that are required to provide flexibility and stability for the over-all City operations should funds be required for any major unforeseen circumstance.
- Accounts with significant accounting and/or legislative requirements and other long-term risks, such as:
 - Benefit accounts and the Insurance Reserve Fund which are already significantly underfunded.
 - Community services accounts required to meet social, community, cultural and recreational plans.
 - Stabilization accounts required to stabilize the revenue flows from Agencies,

- Boards and Commissions and major social/community service programs.
- Arbitration and Legal Awards required on a continual basis to meet the results of litigation (other Corporate Commitments).

Summary

This report identifies \$202.3 million of reserve funds required to balance the 2007 Operating Budget. The funds are composed of \$131.3 million already recommended by the Budget Committee and the replacement for the \$71 million which was to be provided by the Province to fund its cost-sharing shortfall. This report recommends that \$131.3 million be provided from the Capital Financing Reserve Fund, \$41.0 million be provided from other reserve funds and the remaining \$30.0 million be provided from the City's share of interest earnings in the Move Ontario Trust.

Use of funds in this manner is an extraordinary decision needed to avoid significant service reductions and/or significant increases in property taxes as previously noted to Committee and Council. Also, it must be emphasized that the City has utilized more than \$1.3 billion in capital and other reserves for operating revenues since 2001. Discretionary Reserves are no longer available in 2008 and beyond, resulting in the City facing service and/or tax impacts without sustainable revenues.

Resolving the City's structural fiscal operating position will require significant restructuring of financial responsibilities (uploading cost shared programs/social services) and appropriate sharing of revenues which grow with the economy (e.g. GST).

Links to Background Information

2007 Operating Budget - Required Reserve Contribution to Balance the Budget
<http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-2889.pdf>

Committee Recommendations

Executive Committee Recommendations incorporated in Item EX7.1 D.

EX7.2	ACTION	Amended		Ward: 6
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Amendment to the Council Authority for the Construction and Operation of the Proposed Lakeshore Lions Arena Complex

(April 12, 2007) report from the Deputy City Manager and Chief Financial Officer and the General Manager of Parks, Forestry and Recreation

Recommendations

The Deputy City Manager and Chief Financial Officer and the General Manager of Parks, Forestry and Recreation recommends that:

1. the recommendations adopted by Council at its meeting in September 25-27, 2006 under Clause 21 of Report 7 of the former Policy and Finance Committee be amended

and supplemented as outlined in detail in Attachment 1; and

2. staff be granted the authority to give effect to the foregoing.

Financial Impact

Revised Project Costs:

The total project cost authorized by Council in September 2006 was \$29 million, inclusive of any applicable taxes. In December 2006, City staff were informed by the Lions that its contractor, Giffels Design-Build Inc. could no longer commit to the original construction price quoted, due to rising costs, and advised that the construction cost would now be \$33 million. With additional identified development costs (\$650,000), the total project cost is now acknowledged at \$33,650,000, plus GST. The reasons and elements of the cost increase are discussed in the body of this report. The Lions advise and have provided a qualified opinion that the GST payments would be fully refundable from the Canada Revenue Agency (CRA), so that the cost of the project net of taxes would remain at \$33,650,000.

Financing Terms:

The Lakeshore Lions have obtained a commitment from their lender to provide an additional floating-rate loan facility for the difference between the City's \$29 million loan guarantee and the revised total project cost. Further, the lender has committed to a more favourable interest rate, for both the \$10 million floating-rate loan to be guaranteed by the City and the additional loan estimated at \$3.65 million (assuming a \$1 million loan from the City's Energy Efficiency Office) on essentially the same terms, with the loan having priority over the remaining credit facilities. The interest rate to be obtained on the floating-rate facilities is 1.4% below the prime rate, currently estimated at 4.6%, as compared to the 5.5% (prime rate less 0.50% inclusive agent's fee) previously estimated in the September 2006 approval. The lower interest rate together with other construction timing savings improves the project cash flows and supports the higher project cost. An additional \$1 million loan, interest free, is also anticipated to be provided from the City's Energy Efficiency Office for the state-of-the-art heat recovery system incorporated in the design.

Given the revised project cash flows, and the additional condition recommended in this report that requires the Lakeshore Lions to increase their proportion of operating surpluses toward retirement of debt (75%-85%) in order to repay the loans as soon as possible and mitigate City's risk, the floating-rate facilities will be fully repaid in just over 18 years as compared to the originally anticipated timeframe of 16 years.

The proposed term of the floating facilities is competitive and commensurate with the City's guarantee.

With respect to the \$19 million fixed-rate loan facility to be guaranteed by the City, the lender has changed the terms in response to the City's request for early retirement or prepayment options at years 10 and 20 without penalty. The interest rate can no longer be fixed for the 35-year term, but rather must be reset at each renewal period. The interest rate proposed by the lender is calculated as sum of: (i) the yield on the Government of Canada bond maturing closest

to the maturity date of the initial term (or respective renewal term); (ii) the prevailing capital markets interest rate swap premium for an interest rate swap of equivalent duration; and (iii) 0.60% per annum for the initial term (reduced to 0.35% in subsequent renewal terms). For the initial 10-year term, the agent's fee of an additional 0.25% interest rate is to be included in the loan repayments to be made by the Lakeshore Lions.

The total interest obligation for all the loan facilities is estimated at \$33.5 million inclusive of \$2.5 million in capitalized interest arising during the construction period, made up of:

1. \$10 million on the floating rate facilities,
2. \$10 million to the end of year 10 (the prepayment option juncture) on the 35-year fixed rate loan. This includes \$1.5 million in capitalized interest, \$425,000 as the agent's fee, and \$8 million loan interest.
3. \$13.5 million of loan interest on balance of the term (years 10-35)

The proposed term of the fixed rate facility, before the addition of the agent's fee (0.25%) is competitive and commensurate with the City's guarantee, totalling 4.94% at current rates, or about 0.79% above the Canada 10-year benchmark bond yield of 4.15%. The City's current cost of borrowing for 10-year debt is about 4.75%, or 0.60% over the Canada bond, inclusive of commission, however, staff would still consider the proposed rate as favourable given that it is from a third-party lender. The September report put a limit on the fixed-rate facility not to exceed 1.0% above the 30-year Canada benchmark bond. Because the revised terms transfers interest rate risk to the City due to the shortened 10-year renewable loan terms, staff recommend that the interest rate on the fixed-rate loan facility now not exceed 0.95% above the yield on the Canada 10-year benchmark bond, inclusive of agent's commission over the initial 10-year term, and for subsequent renewal terms, not to exceed: (i) the yield on the Government of Canada bond maturing closest to the maturity date of the initial term (or respective renewal term); (ii) the prevailing capital markets interest rate swap premium for an interest rate swap of equivalent duration; and (iii) 0.35% per annum.

Sensitivity Analysis:

On the basis of the revised business pro-forma provided by the Lakeshore Lions, the arena operations should be self-sufficient to retire the debt on the facility over the 35-year loan period. The revised pro-forma forecasts a first-year operating surplus of approximately \$141,000, followed by net operating profits averaging \$92,000 in years two through five, inclusive of conditions recommended in this report that increase the required contributions by the Lakeshore Lions towards repayment of principal on the debt.

In the event that pro-forma revenue projections are not met, the arena operations may result in an operating deficit. Under the loan guarantee, the City would then be obligated to fund such deficits at levels adequate to service the debt until such time that the funding deficiency is remedied by the Lakeshore Lions or the City assumes or reassigns the responsibility for the continued operation of the facility. A condition imposed by the lender on the floating-rate facility is that this loan would take priority security interest in project cash flows. In essence, the interest on this loan would be paid first from project cash flows and ahead of the any

interest repayment on the guaranteed loans.

The sensitivity analysis of the outcomes of revenue/expense risk is shown in the following chart:

Project Cash Flow Sensitivity Analysis

Cumulative Position – First 5 – Years of Operations
At Revenue and Expense Levels varied from Forecast
(TOTAL PROJECT COST - \$33.65 Million)

Revenue Level	100%	100%	90%	90%
Expense Levels	100%	110%	100%	110%
Revenues	\$21,032,726	\$21,032,726	\$19,279,350	\$19,279,350
Expenses	(\$9,655,763)	(\$10,577,524)	(\$9,655,763)	(\$10,577,524)
Net Operating	\$11,376,963	\$10,455,202	\$9,623,587	\$8,701,826
Debt Service	(\$10,867,904)	(\$10,197,748)	(\$9,734,529)	(\$9,385,141)
Net Income - 5 yrs	\$509,059	\$257,454	(\$110,942)	(\$683,315)
Average Annual net income	\$101,812	\$51,491	(\$22,188)	(\$136,663)

The effects of the recent changes to the project cost and cost of financing results in lesser retained earnings accruing to the Lions during the first 5-years of operations at projected revenue, expense and debt service levels. The revised sensitivity analysis shows that a negative variance of 10 percent on expenses from that forecasted would result in reduced surpluses throughout the first five years of operations of the arena complex. Combined negative variances from forecasted levels beyond 10 percent of revenue and/or expenses would produce net income losses (deficits) as shown in the Chart above.

These financial risks, however, should be balanced against community benefits to be gained from this project. These include providing much needed prime-time ice rental capacity, 500 hours of non-prime time ice for the TDSB and 800 hours of prime time ice at City adult rates, and access to meeting rooms and facilities.

Additional Risk Mitigation Measures:

Given the sensitivity of the Lakeshore Lions revised business proforma to revenue, market demand, expenditure, interest rate, and tenant risk, together with the increased Project cost and debt servicing requirements, staff have reviewed the proposed changes and have identified and are recommending additional terms and conditions to mitigate the financial risk to the City and for continued support for this project by the City.

The risk mitigation measures precedent to the City entering into the revised capital loan guarantee agreement include:

1. Contractual commitment by Giffels Design-Build Inc. for guaranteed maximum construction price of approximately \$33,000,000, including contingencies and site risks (up from \$29 million in the original Council approval);

2. A letter of credit to the City in the amount of \$0.5 million, to be first drawn upon in the event of any debt service deficiency (no change);
3. Obtaining a \$1 million interest-free loan for the energy efficient design of the arena;
4. Securing a lower rate of interest on the floating-rate loan facilities;
5. A provision for renewal or early retirement of the fixed-rate loan facility, at the City's option and without any prepayment penalties, at the end of year 10 of the loan;
6. Requiring a greater contribution by the Lakeshore Lions towards the early repayment of principal on the floating-rate loan facilities, and a greater contribution to a reserve for repayment of the fixed-rate loan facility; and,
7. A provision for the accrual with interest of any debt deficiency payments made by the City, and securing of 100% of any operating surplus by City until such deficiency is remedied.

Summary

The purpose of this report is to seek further authority for the City of Toronto to enter into a long term lease with Lakeshore Lions Arena Incorporated to facilitate the development of a new four pad arena complex. The final fixed price project cost has risen to \$33,650,000, inclusive of a state-of-the-art heat recovery system that maximizes energy efficiency that would qualify the project for an interest free loan estimated at \$1 million from the City's Energy Efficiency Office, and thereby reduce the total amount of financing required from the Lakeshore Lions lenders to \$32,650,000. The original loan guarantee by the City will remain at \$29,000,000, with the balance being provided by the lender as debt unsecured by a City guarantee with priority over the remaining credit facilities as outlined in this report. This report further recommends requiring the Lakeshore Lions to increase the proportion of operating surpluses directed toward retirement of debt (75%-85%) in order to repay the loans as soon as possible and mitigate the City's risk.

In addition to providing a facility that will address the lack of available prime time ice, the project will fill the need for hockey league play, including practice time and tournaments. The Toronto District School Board (TDSB) will have access to 500 hours of non-prime time ice and the City will have access to 800 hours annually of prime time ice at City arena rates. Additional City benefits include access to meeting rooms.

In order to proceed with the revised project, City staff have negotiated new terms and conditions for the construction costs and overall project costs. As time is of the essence to initiate construction, a Council Authority is required to modify this project.

Committee Recommendations

The Executive Committee recommended to City Council that

1. the recommendations adopted by Council at its meeting in September 25-27, 2006 under Clause 21 of Report 7 of the former Policy and Finance Committee be amended and supplemented as outlined in detail in Attachment 1; (**Motion by Councillor Lindsay Luby**)
2. notwithstanding the percentages of operating surpluses to be dedicated annually toward the principal portion of the floating rate loan as set out in amended recommendation 2(vi), the Lions may request, each year after year 10 of operations, that the early

repayment of the floating rate facility be maintained or reduced to 75 percent of operating surpluses, if the Lions can demonstrate that their average retained earnings for charitable purposes would otherwise fall below current levels, being \$200,000 annually in 2007 dollars, as adjusted by changes in the Consumer Price Index, and such requests shall be considered by the Deputy City Manger and Chief Financial Officer, who shall have authority to permit such adjustment if appropriate; **(Motion by Councillor Carroll)** and

3. staff be granted the authority to give effect to the foregoing. **(Motion by Councillor Lindsay Luby)**

which carried unanimously on the following Recorded Vote:

Yeas: Ashton, Carroll, De Baeremaeker, Fletcher, Kelly, McConnell, Pantalone, Miller, Moscoe, Lindsay Luby, and Rae.

Nays: None.

Decision Advice and Other Information

On motion by Councillor Lindsay Luby, the Executive Committee directed that this matter be submitted to Council for consideration at its regular meeting scheduled to be held on April 24, 2007.

Speakers

Councillor Denzil Minnan Wong, Ward 34-Don Valley East

Links to Background Information

Construction and Operation of the Proposed Lakeshore Lions Arena Complex
<http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-2875.pdf>

EX7.3	ACTION	Amended		Ward: All
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Green Lane Landfill - 2007 Operating and Capital Budgets

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

Recommendations

The Deputy City Manager and Chief Financial Officer recommends that:

1. the 2007 Approved Capital Budget for Solid Waste Management Services be increased to reflect the \$7.720 million in total project capital costs associated with 5 new sub-projects supporting the Green Lane landfill operation, funded from the Waste Management Reserve Fund Account and that the 2007 cash flows of \$1.777 million and future year commitments of \$5.943 million be approved.

2. with respect to reserve funds, City Council:
 - i. establish a reserve fund group within the State of Good Repair Discretionary Reserve Fund, called the “Solid Waste Group”, to accumulate funds to support active and retired landfill sites,
 - ii. rename the Solid Waste Management – Perpetual Care Account in the State of Good Repair Discretionary Reserve Fund as the Perpetual Care Account,
 - iii. group the Perpetual Care Account and the Waste Management Account to the Solid Waste Group within the State of Good Repair Discretionary Reserve Fund,
 - iv. establish within the Solid Waste Group two additional reserve fund accounts called the ‘Green Lane Account’ to hold funds resulting from any surpluses resulting from the operation of the Green Lane landfill site and the ‘Green Lane Perpetual Care Account’ to provide funding for the future costs of long-term, post-closure care of the Green Lane landfill site, and
 - v. the Municipal Code Chapter 227 (Reserves and Reserve Funds) be amended by adding the Solid Waste Group and its reserve fund account to Schedule #5–State of Good Repair Discretionary Reserve Funds;
3. the Solid Waste Management Services 2007 Operating Budget be amended by:
 - i. increasing the Revenue Budget in an amount of \$10.990 million to reflect the new revenues accruing to the City with its ownership of the Green Lane landfill site;
 - ii. increasing the Expenditure Budget in the amount of:
 - a. \$5.366 million for the new operating costs including the addition of 3 positions for Green Lane offset by savings in Michigan Disposal costs,
 - b. \$2.500 million as a contribution to capital and corporate financing account (with the non-program budget adjusted accordingly for debt services costs); and
 - c. \$3.124 million as a contribution to the Green Lane Reserve Fund Account.
4. additional funds that become available in the Green Lane Reserve Fund Account between 2007 and 2011 be used to reduce the amount of short-term interest expense that would otherwise be required to be borrowed to permanently finance the acquisition;
5. Council authorize the appropriate City of Toronto officials to take the necessary actions to give effect thereto and authority be granted for the introduction of the necessary Bills in Council to give effect to the foregoing.

Financial Impact

Based upon debt issuance of \$100 million for a term of 20 years and using an assumed interest rate of 5.00% per annum, the 2007 Operating Budget impact is estimated to be \$2.5 million forecasted for a June 30, 2007 debt issue. The annualized debt charge impact for 2008 is estimated to be \$8.4 million.

The debt charges resulting from the acquisition will be financed through net revenue in Solid Waste Management's Operating Budget relating to landfill operations. The debt will be self-liquidating from 2007 to 2010 by utilizing revenue generated from existing contracts at Green Lane. From 2011 onward, the capital financing component that is being remitted to the operator of the Michigan site will then be available to finance and retire Green Lane's outstanding debt. Thus, the Green Lane landfill purchase will be financed from landfill revenues and reduced disposal and haulage costs and will not result in any additional tax burden to the City.

Future debt charges will be based upon the amount and timing of debt issuance until the full acquisition cost is permanently financed and will be included in the future operating budgets of Solid Waste Management Services. The forecasted debt charges over the term of the debentures equate to \$24.50 per tonne of landfill capacity, which is at the low end of the range previously reported to Council.

The 5 year table below outlines the amendments required to the 2007 Capital and Operating Budgets and the annualized expenditure on an ongoing basis. The 2007 estimates represent nine months of operation of the Green Lane landfill effective April 1, 2007. Paid revenue will be increased by \$10.990 million in 2007, and be annualized to \$14.569 million in 2008. The Solid Waste Operating expenditures will be increased by \$5.366 million in 2007 for Green Lane Operations offset by savings in Michigan disposal costs, and annualized to a full year's operating cost of \$7.718 million in 2008. Other expenditure increases include debt service costs of \$2.500 million in 2007 which are annualized to \$8.357 million in 2008. Finally the 2007 Operating Budget will have a surplus of \$3.124 million which will be contributed to the Green Lane Reserve Fund Account, and used to offset the short term interest expenses in 2008 to 2010, prior to the permanent financing in 2011 of the balance of the debt requirements. The 5-year Operating Plan assumes that the revenue over 5 years exceeds the incremental expenditures by \$13.560 million, which will be contributed to the Green Lane Reserve Fund Account.

Summary

This report details a strategy for financing the Green Lane landfill acquisition by utilizing future revenues from the Green Lane landfill to finance the purchase of the landfill, and recommends the associated amendments to the Solid Waste Management Services 2007 Capital and Operating Budgets to reflect the increased costs and revenues of operating the Green Lane landfill site as a result of this capital acquisition. The City will use a combination of temporary and permanent financing between 2007 and 2011 with the timing dependent upon capital market conditions.

Committee Recommendations

The Executive Committee recommended to City Council that:

1. the 2007 Approved Capital Budget for Solid Waste Management Services be increased to reflect the \$7.720 million in total project capital costs associated with 5 new sub-projects supporting the Green Lane landfill operation, funded from the Waste Management Reserve Fund Account and that the 2007 cash flows of \$1.777 million and future year commitments of \$5.943 million be approved; **(Motion by Councillor De Baeremaeker)**

2. with respect to reserve funds, City Council:
 - i. establish a reserve fund group within the State of Good Repair Discretionary Reserve Fund, called the “Solid Waste Group”, to accumulate funds to support active and retired landfill sites,
 - ii. rename the Solid Waste Management – Perpetual Care Account in the State of Good Repair Discretionary Reserve Fund as the Perpetual Care Account,
 - iii. group the Perpetual Care Account and the Waste Management Account to the Solid Waste Group within the State of Good Repair Discretionary Reserve Fund,
 - iv. establish within the Solid Waste Group two additional reserve fund accounts called the ‘Green Lane Account’ to hold funds resulting from any surpluses resulting from the operation of the Green Lane landfill site and the ‘Green Lane Perpetual Care Account’ to provide funding for the future costs of long-term, post-closure care of the Green Lane landfill site, and
 - v. the Municipal Code Chapter 227 (Reserves and Reserve Funds) be amended by adding the Solid Waste Group and its reserve fund account to Schedule #5–State of Good Repair Discretionary Reserve Funds; **(Motion by Councillor De Baeremaeker)**
3. the Solid Waste Management Services 2007 Operating Budget be amended by:
 - i. increasing the Revenue Budget in an amount of \$10.990 million to reflect the new revenues accruing to the City with its ownership of the Green Lane landfill site;
 - ii. increasing the Expenditure Budget in the amount of:
 - a. \$5.366 million for the new operating costs including the addition of 3 positions for Green Lane offset by savings in Michigan Disposal costs,
 - b. \$2.500 million as a contribution to capital and corporate financing account (with the non-program budget adjusted accordingly for debt services costs); and
 - c. \$3.124 million as a contribution to the Green Lane Reserve Fund Account; **(Motion by Councillor De Baeremaeker)**
4. additional funds that become available in the Green Lane Reserve Fund Account between 2007 and 2011 be used to reduce the amount of short-term interest expense that would otherwise be required to be borrowed to permanently finance the acquisition; **(Motion by Councillor De Baeremaeker)**

5. City Council request the Province to allow the City to issue zero-coupon bonds to finance acquisitions of revenue-producing capital projects similar to the regulations that apply to the provision of construction financing particularly as it applies to the Green Lane purchase but for other projects as required; and **(Motion by Councillor Moscoe)**
6. Council authorize the appropriate City of Toronto officials to take the necessary actions to give effect thereto and authority be granted for the introduction of the necessary Bills in Council to give effect to the foregoing. **(Motion by Councillor De Baeremaeker)**

Decision Advice and Other Information

On motion by Mayor Miller, the Executive Committee directed that this matter be submitted to Council for consideration at its regular meeting scheduled to be held on April 24, 2007.

Links to Background Information

Green Lane Landfill - 2007 Capital and Operating Budgets
<http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-2885.pdf>

Meeting Sessions

Session Date	Session Type	Start Time	End Time	Public or Closed Session
April 16, 2007	Morning	9:40 A.M.	12:40 P.M.	Public

Chair