

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: March 26, 2008

SUBJECT: 2009 BUDGET SCHEDULE

ACTION ITEM: X **INFORMATION ITEM:**

RECOMMENDATION

It is recommended that the Commission:

1. approve the proposed schedule for the 2009 budget process as outlined in this report, which will result in presentation to the Commission of the 2009-2013 Capital Program and Ten-Year Capital Forecast at its meeting of August 27, 2008 and the TTC and Wheel-Trans Operating Budgets at its meeting of September 18, 2008, and
2. forward this report to the Deputy City Manager and Chief Financial Officer and to the Budget Committee of the City of Toronto for information.

FUNDING

This report has no funding implications.

BACKGROUND

Each year the TTC prepares budgets to effectively plan for and manage the coming year's operations and activities. Specifically, three budgets are developed: TTC and Wheel-Trans Operating Budgets and a 5-Year Capital Program (including a 10-Year Capital Forecast). Following Commission approval these budgets are then forwarded to the City of Toronto for consideration as part of the City's overall annual budgeting process.

As part of the 2008 budget process, at its meeting of December 11, 2007, City of Toronto Council approved the following motion with regard to the TTC's 2008-2012 Capital Program:

"The Chief General Manager and the Chair of the TTC adjust the Commission's budget schedule beginning in 2008, so that it coincides with the City of Toronto's budget process, and associated requirements, and in particular, that the Commission prepare and approve its Capital Budget by mid-August annually."

A similar motion requiring the Commission to prepare and approve its Operating Budgets by mid-September annually will be before Council later this month when it considers the 2008 Operating Budgets.

DISCUSSION

Given the magnitude and complexity of the TTC's Operating Budgets and Capital Program, it is necessary to establish an appropriate schedule to ensure the timely and efficient completion of the 2009 budgets with a view to meeting the City's timetable which requires:

- Service Plan by April
- Capital Budget by mid-August
- Operating Budgets by mid-September

Staff have held discussions with City Finance staff with regard to the 2009 budget process and schedule and it is our understanding that it will closely follow the 2008 process. One significant exception is the requirement for the Commission (along with all other agencies, boards, commissions and departments) to prepare a "Service Plan". Service planning, in this context is not the usual TTC transit service plan per se, but, rather it is a process that links corporate and community objectives to service delivery plans. It is a process by which Services, Service Levels and Service Priorities are established and confirmed. It represents a road map for delivery of Council's priorities, and the outcomes that are meaningful to citizens of Toronto. Training of TTC staff on this "Service Plan" approach will be undertaken shortly which will then allow us to better determine the impact of this process on our budget preparation plans.

Preparation of our 2009 budgets to meet the City's timetable will present some significant challenges. Advancement of the preparation of the budgets by 2 to 3 months (compared to most recent years) means that key decisions (e.g. ridership forecasts, service levels, workforce changes, new/modified projects) must be made at an early stage. Also, starting earlier, means less time available to gain actual 2008 experience and mobilize 2008 project activities which form the basis of preparation of the 2009 budgets. This increases the possibility of the need to subsequently revise the budgets and/or increases the possibility of greater variance of actual expenditures from budget. Additionally, budget preparation will commence prior to settlement of the Collective Agreements currently under negotiation and, therefore, the financial impact will not initially be factored into the budget (requiring some duplication of effort). Also, budgets will be prepared during the peak vacation period and, therefore, resource constraints may impede progress. Finally, while the required information will be reflected in the proposed budgets, completion of certain budget documents will be delayed beyond the dates when the Commission will consider the budgets (e.g. Organization Charts, Goals & Objectives).

A detailed internal schedule is being developed and budget guidelines are currently being reviewed and will be revised where appropriate, however, in order to meet the City's timetable, the following high-level schedule for the 2009 Budget process is recommended:

March/April	Strategic direction from the Commission for consideration in development of the budgets will be sought.
April	Confirmation of the 2009 ridership forecast and establishment of the service budget.
May 7-15	Review of the "Service Plan" by the Budget Committee.
May/June/July	Budget preparation and internal reviews will be undertaken.
July 15 – 16	City Council review of the 2009 Service Plans.
August 27	Presentation of the 2009-2013 Capital Program and Ten-Year Capital Forecast to the Commission.
September 18	Presentation of the 2009 TTC and Wheel-Trans Operating Budgets to the Commission.
Fall	City staff and Budget Committee reviews of the TTC's Budgets will take place.
December	The 2009 Capital Budgets will be considered for approval by City Council.
March 2009	The 2009 Operating Budgets will be considered for approval by City Council.

The TTC's budgets will be formally submitted to the City following Commission approval. TTC Budget Committee, City Budget Committee Representatives and City and TTC staff meetings/reviews will take place throughout the process on an as required basis.

JUSTIFICATION

Confirmation of the budget schedule is a key decision point in this planning process to allow staff to roll out the budget requirements and ensure an appropriate preparation and review process in order to meet the City's timetable.
