

Executive Committee

Meeting No.	18 (Special)	Contact	Patsy Morris, Committee Administrator
Meeting Date	Tuesday, March 25, 2008	Phone	416-392-9151
Start Time	9:30 AM	E-mail	pmorris@toronto.ca
Location	Committee Room 1, City Hall		

Additional Communications/Reports

EX18.1 2008 Budget Committee Recommended Operating Budget

Additional Communications

- (March 12, 2008) from Ms. Hannah Materne (EX.Supp) 18.1.10
- (March 14, 2008) from Ms. Kaitlyn Axelrod (EX.Supp) 18.1.11
- (March 18, 2008) from Ms. Mona Rozenblum (EX.Supp) 18.1.12
- (March 19, 2008) from Shazena Harripersaud (EX.Supp) 18.1.13

EX18.1b Funding Strategies to Mitigate Financial Impacts on the City Due to Extreme Weather Conditions

(March 14, 2008) Report from the Deputy City Manager and Chief Financial Officer

Recommendations

The Deputy City Manager and Chief Financial Officer recommends to city Council that:

1. City Council establish a reserve group within the Stabilization Reserves, called the “Extreme Weather Reserve Group”, with separate accounts for specific risks, to mitigate the expenditure impacts on the City’s budget as a result of extreme weather conditions in accordance with the policies and criteria as set out in Appendix 1.
2. City Council transfer the Winter Control Stabilization Reserve, along with its balance, to the Extreme Weather Reserve Group as an account.
3. City Council establish within the Extreme Weather Reserve Group an additional reserve account called ‘Parks, Forestry and Recreation Extreme Weather Reserve’ in accordance with the policies and criteria as set out in Appendix 1b, the purpose of which is to mitigate the expenditure impacts arising from extreme weather conditions on the annual Parks and Urban Forestry budgets, by providing funding at the end of the year to offset wholly or partly a budget shortfall resulting from unbudgeted and uninsured extreme weather-related costs incurred during the year.

4. Municipal Code Chapter 227 (Reserves and Reserves Funds) be amended by adding the Extreme Weather Reserve Group and its reserve accounts to Schedule #3 (Stabilization Reserves).
5. The Deputy City Manager and Chief Financial Officer be delegated authority to create new reserve accounts within the Extreme Weather Reserve Group and address their funding through the annual budget process and in accordance with the Surplus Management Policy.
6. Leave be granted for the introduction of any necessary bills in Council to give effect thereto.

Financial Impact

There is no direct financial impact associated with this report since the recommended provisions to reserves have been included in the Budget Committee Recommended 2008 Operating Budget. The new reserve group and its accounts will assist in stabilizing future annual budgets and minimizing the impacts of extreme weather events on the City's future net financial results.

The financial impact is reflected in the (February 29, 2008) staff report titled 'Preliminary Operating Variance Report for the Year ended December 31, 2007' considered by the Budget Committee on March 6, 2008, where it recommended that \$4.816 million of the \$94.8 million 2007 preliminary year-end net operating surplus be allocated to the Extreme Weather Reserve, and \$12.0 million be transferred from the 2007 preliminary year-end net operating surplus into the Winter Control Stabilization Reserve.

Summary

This report discusses the City's funding strategies to mitigate the expenditure impacts of extreme weather on City's annual budgets. More and more extreme weather conditions, such as extreme heat, extreme cold, high winds, rainstorms, snowstorms, flooding and drought, have caused economic losses to the city.

This report recommends the creation of an 'Extreme Weather Reserve Group' which will consist of separate accounts for specific weather risks. The Winter Control Stabilization Reserve will be transferred into this Reserve Group as an account. A new reserve account called the 'Parks, Forestry and Recreation Extreme Weather Reserve' will be created within the Group.

Background Information

Funding Strategies to Mitigate Financial Impacts on the City Due to Extreme Weather Conditions

(<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-11747.pdf>)

EX18.1c 2008 Property Tax Levy and Related Matters

(March 17, 2008) Report from the Deputy City Manager and Chief Financial Officer

Recommendations

The Deputy City Manager and Chief Financial Officer recommends to Council that:

- 1) Council enact a by-law to have the Residual Commercial property class apply for the 2008 tax year, such a class being real property of the Commercial property class but excluding real property of the Office Building property class, the Shopping Centre property class, the Parking Lots and Vacant Land property class, and the Professional Sports Facility property class, and as described and set out in the Table below:

Description	Property Classes of Commercial
Commercial General	Office Building property class, Shopping Centre property class, the Parking Lots and Vacant Land property class, and the Professional Sports Facility property class
Residual Commercial	Commercial property not included in the above property classes

- 2) Council enact a by-law to establish two bands of assessment of property for the purposes of facilitating graduated tax rates for the Residual Commercial property class in 2008, and setting such bands of assessment for each band shown in Column II at the amount shown in Column III, and setting the ratio of the ending tax rates for each band in relation to each other at the ratio shown in Column IV:

Column I	Column II	Column III	Column IV
Property Class	Bands	Portion of Assessment	Ratio of Ending Tax Rate to Each Other
Residual Commercial	Lowest Band	Less than or equal to \$1,000,000	0.974925
Residual Commercial	Highest Band	Greater than \$1,000,000	1.000000

- 3) Council elect to raise the tax rates on the restricted property classes (commercial, industrial, and multi-residential) by one-third of the percentage tax rate increase on the unrestricted property classes (residential, new multi-residential, pipelines, farmlands, and managed forests) as adopted by Council as policy during consideration of the “Enhancing Toronto’s Business Climate” initiative in October 2005, and in accordance with Provincial Regulation.

- 4) the 2008 tax ratios shown in Column II (before budgetary levy increase) for each of the property classes shown in Column I, as set out below, be adopted, wherein the adoption of such ratios together with the 2008 municipal budgetary tax levy increase and 2008 tax rate adjustment to achieve Council's tax ratio targets provided for in Recommendations 5(b) and 5(c), respectively, will result in the 2008 ending tax ratios shown in Column III:

Column I	Column II	Column III
Property Class	2008 Recommended Tax Ratios (before levy increase)	2008 Ending Ratios (after levy increase and policy tax rate adjustments)
Residential	1.000000	1.000000
Multi-Residential	3.546257	3.460805
New Multi-Residential	1.000000	1.000000
Commercial General - Unbanded	3.584069	3.497706
Residual Commercial – Lowest Band	3.584069	3.410000
Residual Commercial – Highest Band	3.584069	3.497706
Industrial	3.920000	3.740000
Farmlands	0.250000	0.250000
Pipelines	1.923564	1.923564
Managed Forests	0.250000	0.250000

- 5) Council adopt:
- a) the tax rates set out below in Column II, which rates will raise a base local municipal general tax levy for 2008 of \$3,247,267,378;
 - b) the tax rates set out below in Column III, which rates will raise an additional local municipal tax levy for 2008 of \$74,641,103 to fund the 2008 operating budget tax levy increase, as determined in accordance with legislative requirements; and
 - c) the tax rate adjustments set out below in Column IV, which rate adjustments are necessary to achieve the tax ratio targets for the various property classes and the small business property tax treatment as previously approved by Council, and which rate adjustments do not raise any additional local municipal tax levy for 2008 but rather redistributes the tax burden between property classes:

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Column I	Column II	Column III	Column IV	Column V
Property Class	2008 Tax Rate for Base General Local Municipal Levy	2008 Additional Tax Rate for to Fund Budgetary Levy Increase)	2008 Tax Rate Adjustment to Achieve Council's Tax Ratio Targets for 2008	2008 Ending Municipal Tax Rate (excluding Charity rebates)
Residential	0.5888434%	0.0220816%	0.0019680%	0.6128930%
Multi-Residential	2.0881901%	0.0261024%	0.0068106%	2.1211031%
New Multi-Residential	0.5888434%	0.0220816%	0.0019680%	0.6128930%
Commercial General - Unbanded	2.1104551%	0.0263807%	0.0068837%	2.1437195%
Residual Commercial - Lowest Band	2.1104551%	0.0263807%	-0.0468707%	2.0899651%
Residual Commercial - Highest Band	2.1104551%	0.0263807%	0.0068837%	2.1437195%
Industrial	2.3082662%	0.0288533%	-0.0448997%	2.2922198%
Farmlands	0.1472109%	0.0055204%	0.0004920%	0.1532233%
Pipelines	1.1326782%	0.0424754%	0.0037853%	1.1789389%
Managed Forests	0.1472109%	0.0055204%	0.0004920%	0.1532233%

6 a technical adjustment be made to the 2008 Non-Program Tax Account in the amount of \$5,327,254 to fund the mandatory 2008 property tax rebates to registered charities in the commercial and industrial property classes, which adjustment is to be funded, for a net impact on the 2008 operating budget of zero, by the following:

- a the additional tax rates set out below in Column III be levied as part of the general local municipal levy on the commercial classes set out in Column I and Column II to raise a further additional local municipal tax levy of \$5,284,828 to fund the total estimated rebates to registered charities for properties in the commercial class in 2008, and

Column I	Column II	Column III
Commercial Property Classes	Bands	Additional Tax Rate to Fund Rebates to Eligible Charities
Commercial General	Unbanded	0.0096373%
Residual Commercial	Lowest Band	0.0093956%
Residual Commercial	Highest Band	0.0096373%

- b) an additional tax rate of 0.0007300% be levied as part of the general local municipal levy on the industrial class to raise a further additional local municipal tax levy of \$42,425 to fund the total estimated rebates to registered charities for properties in the industrial class in 2008.
- 7) The tax rates for school purposes set out in Column II, which rates will raise an education tax levy for 2008 of \$1,892,724,079, be adopted and come into effect when the regulation prescribing these rates is filed:

Column I	Column II
Property Class	2008 Tax Rate for Education Levy
Residential	0.264000%
Multi-Residential	0.264000%
New Multi-Residential	0.264000%
Commercial	1.968305%
Industrial	2.050709%
Farmlands	0.066000%
Pipelines	1.798540%
Managed Forests	0.066000%

- 8) a) Council enact a by-law for the 2008 taxation year to limit reassessment-related tax increases for the commercial, industrial, and multi-residential property classes, such a cap limit to be based on 5% of the preceding year's current value taxes, for the 2008 taxation year; and
- b) The Deputy City Manager and Chief Financial Officer be directed to report directly to Council at its meeting scheduled for April 28 and 29, 2008, on the percentage of the tax decreases required to recover the revenues foregone as a result of the cap limit on properties in the commercial, industrial and multi-residential property classes (the 2008 'clawback' rates).
- 9) Council enact a by-law to establish the New Multi-Residential tax class for new multi-residential properties constructed in 2008, and that the applicable tax rate for this class be set at a tax rate equivalent to the 2008 residential tax rate.
- 10) Council enact a by-law to phase-out the comparable property tax treatment for new construction in the commercial, industrial and multi-residential classes by establishing the minimum property taxes for new construction at 100% of the full uncapped CVA level of taxes for 2008 and future years.
- 11) As in past years, the instalment dates for the 2008 final tax bills be set as follows:
- a) the regular instalment dates be the first business days of July, August and September;

- b) for taxpayers who are enrolled in the monthly pre-authorized property tax payment program, the instalment dates be the 15th, or first business day thereafter, of each of the months of July to December; and
 - c) for taxpayers who are enrolled in the two installment program, the final instalment date be July 2.
- 12) a) The collection of taxes for 2008, other than those levied under By-law No. 1404-2007 (the interim levy by-law) be authorized; and
- b) a penalty charge for non-payment of taxes of 1.25 percent of taxes due and unpaid be added on the first day of default, and interest be charged at a rate of 1.25 percent per month on all outstanding taxes accruing from the first day of default.
- 13) In the event the necessary regulations are not filed by Province by April 2, 2008, to enable the City to implement the tax policies described in recommendations (1) through (7) above, Toronto Council waive, on a one-time basis, its policy for a clear 30 days from the date of mailing of the tax bill to the first due date for the final 2008 tax bill, and instead adopt a notice period of 21 days for the final 2008 tax bill.
- 14) The appropriate officials be authorized to take the necessary action to give effect thereto and authority be granted for the introduction of the necessary bills in Council.

Financial Impact

The recommended 2008 City of Toronto Operating Budget requires a 2008 property tax levy of \$3,321,908,482. The returned assessment roll for 2008 will raise a municipal tax levy of \$3,247,267,378 prior to any tax increase for 2008. The adoption of the revenue sources contained in the budget will require that the balance be raised by a 3.75% tax increase (\$51,075,406) for municipal purposes on the unrestricted classes (residential, new multi-residential, farmlands, pipelines and managed forest property classes), and a 1.250% municipal tax increase (\$23,565,697) on the restricted classes (commercial, industrial, and multi-residential property classes). The latter represents one-third of the tax rate increase on the residential class as adopted as policy under the City's 'Enhancing Toronto's Business Climate' initiative, and as permitted by regulation for 2008, for a total tax levy increase of \$74,641,103, which represents an effective tax rate increase of 2.3%.

The two key business tax rate reduction initiatives adopted by Council under the "Enhancing Toronto's Business Climate" initiative included:

- i. reducing the tax rates for all businesses and multi-residential properties to 2.5-times the residential tax rate over fifteen years (by the year 2020); there are twelve years remaining to complete this initiative; and
- ii. providing tax relief for smaller businesses by way of an accelerated tax rate reduction to 2.5-times the residential tax rate over ten years (by the year 2015); there are seven years remaining to complete this initiative.

These initiatives will be accomplished by, in addition to the restriction on tax rate increases on the business and multi-residential property classes, a shift of tax burden onto the residential class. Such a shift does not result in any tax revenue to the City; rather, it requires a transfer of tax burden from the non-residential classes onto the residential class.

For 2008, a 3.75% residential municipal budgetary tax rate increase will result in an impact of \$80.70 for the average household assessed at \$365,468 (all residential types including condominiums and detached homes). In order to achieve the business and multi-residential tax ratio reductions, and the target of 2.5-times the residential rate within the fifteen year time frame, as adopted as policy by Council under the City's 'Enhancing Toronto's Business Climate' initiative, an additional tax rate adjustment on the residential class of + 0.33% will be imposed in 2008, which amounts to approximately \$7.19 for the average household, resulting in a total municipal tax bill of \$2,239.93 for the average residential home in 2008 (a total increase of \$87.89). Corresponding tax shifts (reductions) for the business and multi-residential property classes result in no additional tax revenue for the City from these tax rate adjustments.

It is also recommended that the City raise an additional amount of \$5,327,254 by way of an additional tax rate on the commercial and industrial property classes, representing an estimate for 2008 of the municipal portion of the mandatory 40% property tax rebate for registered charities operating in commercial and industrial properties. The recommended technical adjustment to the non-program tax deficiency account in this amount results in no net impact to the operating budget because the funds will be collected by the City and remitted directly to eligible charities as permitted by provincial regulation.

There are no direct financial implications to the City of Toronto arising from education tax rates. The City is required by legislation to levy and collect property taxes for school purposes at the tax rates prescribed by the Minister of Finance. The 2008 education levy is \$1,892,724,079, which reflects a reduction of \$4,678,692 arising from the business education tax rate reductions announced by the Province as part of the 2007 Provincial Budget, which will eventually see the rates fall to 1.6% Province-wide over seven-years. The average household assessed at \$365,468 will pay an education tax bill of \$964.83 in 2008.

Summary

The City is required by legislation to enact in each year a by-law establishing tax ratios and levying tax rates on each class of rateable property for municipal and school purposes for the given year.

This report recommends the establishment of the 2008 municipal tax ratios and 2008 municipal tax rates that result from Council's approval of the City of Toronto 2008 Operating Budget inclusive of a 3.75% residential tax rate increase and a 1.25% multi-residential, commercial and industrial tax rate increase for budgetary purposes. The latter represents one-third of the tax rate increase on the residential class as adopted as policy under the City's 'Enhancing Toronto's Business Climate' initiative, and as permitted by regulation for 2008, for a total tax levy increase of \$74,641,103, which represents an effective tax rate increase of 2.3%.

This report also recommends the adoption of the 2008 education tax rates for the City of Toronto as will be prescribed by the Minister of Finance, and the small business property tax treatment previously approved by Council.

Background Information

2008 Property Tax Levy and Related Matters

(<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-11748.pdf>)

EX18.1d 2008 Operating Budget - Parks, Forestry and Recreation - Priorities for Walking

(March 19, 2008) from the Toronto Pedestrian Committee

Recommendations

The Toronto Pedestrian Committee on March 18, 2008 endorsed the attached draft letter which recommends the following, and requested that it be sent to the Executive Committee for consideration at its special meeting on March 25, 2008:

1. That a full-time trails and pathways planner be hired to coordinate the planning, consultation, construction and maintenance of pedestrian paths and the bikeway network infrastructure projects in Toronto's parks, and that funding in the approximate amount of \$80,000 be included in the Parks, Forestry and Recreation operating budget.

Summary

Communication (March 19, 2008) from the Toronto Pedestrian Committee respecting the 2008 Operating Budget - Parks, Forestry and Recreation - Priorities for Walking.

Communications

(March 19, 2008) letter from the Toronto Pedestrian Committee (EX.Supp)

(<http://www.toronto.ca/legdocs/mmis/2008/ex/comm/communicationfile-6626.pdf>)

EX18.1e Request for Funding - Full Time Trails and Pathways Planner

(March 18, 2008) from the Toronto Cycling Advisory Committee

Recommendations

The Toronto Cycling Advisory Committee requests the Executive Committee to request City Council to fund a full-time trails and pathways planner to coordinate the planning, consultation, construction and maintenance of pedestrian paths and the bikeway network infrastructure projects in Toronto parks, in the amount of approximately \$80,000.00 in the Parks, Forestry and Recreation Division Operating Budget.

Summary

Communication (March 18, 2008) from the Toronto Cycling Advisory Committee respecting a Request for Funding - Full Time Trails and Pathways Planner.

Communications

(March 18, 2008) letter from the Toronto Cycling Advisory Committee (EX.Supp)
(<http://www.toronto.ca/legdocs/mmis/2008/ex/comm/communicationfile-6627.pdf>)

EX18.1f 2008 Bike Month - Presentation on the Various Events

(March 18, 2008) from the Toronto Cycling Advisory Committee

Recommendations

The Toronto Cycling and Advisory Committee requests the Executive Committee to request City Council to allocate an additional \$15,000.00 in the Transportation Planning, City Planning Division Operating Budget, for 2008 Bike Month.

Summary

Communication (March 18, 2008) from the Toronto Cycling Advisory Committee respecting 2008 Bike Month - Presentation on the Various Events.

Communications

(March 18, 2008) letter from the Toronto Cycling Advisory Committee (EX.Supp)
(<http://www.toronto.ca/legdocs/mmis/2008/ex/comm/communicationfile-6628.pdf>)