

Wednesday, October 1, 2008

**Memo: Mayor's Budget Priorities 2009**

To: City Manager Shirley Hoy and Councillor Shelley Carroll, Budget Chief

Over the past two years, we have made significant progress on the priorities outlined in my mandate. I'm pleased to report that over 97 percent of the initiatives outlined in *Toronto 2010* are now underway, and over 28 percent have already been completed. Through the efforts of our civil service, and the support of City Council, we're building a cleaner, greener, safer city with better transit, a stronger, more creative economy, and opportunity for all.

Since 2003, we have made significant investments to build a great city. This year, the TTC continues to implement the largest service improvements since the 1970s. There are more police officers on the street, working in our communities, and there are more resources to support their efforts to make our safe city safer. Our road and water infrastructure is being improved, and our backlog has stabilized, and will be reduced over the next 10 years. We're hiring new planners to build strong communities, and renewing our affordable housing stock so people can live in dignity. We've invested in the arts while other governments have made cuts, from our Culture Plan to Nuit Blanche. As we made these investments, we carefully managed spending and debt, introduced the first balanced budget in a decade, and improved Toronto's AA credit rating.

But there is more to do. This letter will outline my expectations for the 2009 operating and capital budgets, and identify areas for continued and new investment to complete the work we have already begun.

While Council did begin to address our structural financial challenges through the implementation of two new taxes in 2008, current economic events and external factors continue to create pressure on our budget. This includes rising inflation, particularly in fuel costs and construction, and the potential of an economic downturn in Ontario putting pressure on our social services costs. We continue to work closely with the Province on the Provincial Municipal Fiscal Service Delivery Review, and the results of those negotiations will be ready later this fall. Considering these factors, we will require continued restraint when developing the 2009 budget.

Through the 2009 operating and capital budget process, we will maintain current service levels for core services, while investing in the remaining priorities outlined in my mandate. In addition, we will maintain our commitment to funding state of good repair projects. If a property tax increase is required, it should be in line with the City of Toronto's rate of inflation and key cost drivers.

With two years remaining in this term, it is time to move from strategic planning to implementation. We have produced world-leading plans, from climate change to economic development, and we now need to focus our efforts on finding the necessary resources to make these plans a reality.

To that end, we will make targeted investments that will provide the necessary funding to support the ongoing completion of my mandate, including:

- Continue to implement successful city-building initiatives like Transit City, the Agenda for Prosperity, and our world-leading Climate Change plan, including Mayor's Tower Renewal.
- Continued implementation of youth initiatives, like our successful employment partnerships.
- Increase service levels in public transit to meet growing demand, and continue to provide service improvements — the largest investment in service since the 1970s.
- Improve public access to city services and information through the launch of 311 and enhancements to city communications, including technology and website enhancements and online registration for welcome policy users.
- Continue to renew and improve our public spaces, including the remaining waterfront parks, and the redesign of Nathan Philips Square.
- Establish Toronto's first Civic Engagement Office.
- Support the full implementation of the Toronto Bike Plan by 2012.
- Invest in the Economic Development division, including the implementation of Build Toronto and Invest Toronto.
- Develop a multi-year funding plan for the Community Partnership and Investment Program that will provide cost-of living increases to grant recipients.

We will also provide the necessary resources to support the implementation of initiatives developed and approved during this term of council, including:

- Enhance the successful Streets to Homes program, which has already helped 2,000 homeless individuals to get off the streets, and support the development of new affordable housing.
- Continue the implementation of initiatives outlined in our Community Safety Plan.
- Implementation of the Target 70 waste diversion program, including programs to improve diversion in multi-residential buildings.
- Continued implementation of the Enhancing Toronto's Business Climate strategy, which will continue to reduce business taxes and make Toronto more competitive.
- Promote a more efficient, effective public service, by implementing the People Plan, Learning Strategy, Strategic Communications Plan, and the Financial Planning, Analysis and Reporting System.

Some of the above initiatives will require new funding, but wherever possible, they should be funded from within existing budgets. A thorough review of our inherited programs and policies may reveal initiatives that no longer serve our communities as they once did. As budgets have become tighter, it has become clear that the idea of new initiatives with a “net zero” impact simply do not exist. Each new initiative draws staff time and energy away from other projects. Throughout the budget process, we must review each recommendation to ensure all the city’s resources are working towards our common goals.

Throughout the 2009 Budget Process, the following guidelines should inform the development of the 2009 operating and capital budgets, for introduction in February 2009:

- The 2009 Net Operating Budget target is zero percent increase over the 2008 Net Operating Budget and for 2010 a one percent increase over the 2009 Net Operating Budget.
- Negotiated wage increases will be budgeted corporately; therefore business cases for an additional 2% reduction to account for the negotiated wage impacts must be submitted by all City Programs, Agencies, Boards and Commissions.
- Reduction strategies to achieve the prescribed targets must be realistic, prioritized and should clearly describe the service and service level impacts.
- Continue to pursue opportunities for efficiencies and continuous improvement, to build on the savings identified over the past five years.
- Services and service levels that are aligned with my mandate and Council’s priorities and policy directives are the first priority. In this context, all City Programs and ABCs should review services, levels and standards to offset budget pressures, and invest in the highest priorities.
- The use of property tax and / or City own-source revenues to fund Provincial cost-shared programs must be minimized.

I strongly encourage staff from all agencies, boards, commissions, and divisions, in co-operation with the Budget Committee, to look for savings and efficiencies that can support our vision of a better city. Together, we are building a more prosperous, livable city that provides opportunity for all.

Yours truly,

Mayor David Miller

Cc: DCMs and Division Heads  
ABCs