



STAFF REPORT ACTION REQUIRED

Toronto Public Health 2009 Operating Budget Request

Date:	October 31, 2008
To:	Board of Health
From:	Medical Officer of Health
Wards:	All
Reference Number:	

SUMMARY

This report outlines the Toronto Public Health (TPH) 2009 Operating Budget request.

The 2009 Operating Budget request totals \$213,198.0 thousand gross / \$43,889.3 thousand net. This request is \$3,386.4 thousand gross or 1.6 percent and \$987.1 thousand net or 2.3 percent above the 2008 Operating Budget. These estimates assume full 75 per cent provincial cost sharing for eligible programs, allowing the City of Toronto to leverage provincial funding to promote and protect public health in Toronto.

For the 2009 budget process the payroll Cost of Living Adjustment (COLA) will be budgeted corporately and is not included in the TPH submission. It is expected that the payroll COLA increase will be within the maximum growth of 5 percent expected from the Province.

RECOMMENDATIONS

The Medical Officer of Health recommends that:

1. City Council approve a Toronto Public Health 2009 Operating Budget request of \$213,198.0 thousand gross / \$43,889.3 thousand net as summarized in Table 1, "2009 Operating Budget Request";
2. City Council approve the list of budget adjustments included in Table 3, "Summary of 2009 Base Budget Changes from 2008 Operating Budget" of this report totalling an increase of \$2,107.0 thousand gross / \$931.7 thousand net;

3. City Council approve the list of 2009 New and Enhanced Services included in Table 4, “2009 New and Enhanced Services” of this report totalling an increase of \$1,279.4 thousand gross / \$55.4 thousand net;
4. to address the City’s zero percent increase target, the Board of Health:
 - a. recommend to Council a reduction in the West Nile Virus program (Bird Surveillance) for \$412.4 thousand gross / \$103.1 thousand net;
 - b. recommend to Council that the one-time 524 Oakwood relocation costs of \$859.8 thousand gross / \$215.0 thousand net be funded from the 2009 Capital Budget as recoverable debt with a repayment from the TPH Operating Budget of \$429.9 thousand gross / \$107.5 thousand net in 2010 and \$429.9 thousand gross / \$107.5 thousand net in 2011;
 - c. consider a \$146.0 thousand gross / \$36.5 thousand net reduction to the interdepartmental charge of \$209.7 thousand gross / \$52.4 thousand net for 3-1-1; and
 - d. consider a reduction in the Dental Treatment program for \$632.5 thousand gross and net;
5. City Council continue to invest sufficient municipal funds to maintain and strengthen public health services in Toronto as recommended by the Walker expert panel and the Campbell commission, and to leverage 75 percent provincial funding to promote and protect the health of the Toronto population; and
6. the Board of Health forward this report to the Budget Committee for its consideration during the 2009 budget process.

Financial Impact

The TPH 2009 Operating Budget request totals \$213,198.0 thousand gross / \$43,889.3 thousand net. This request is \$3,386.4 thousand gross or 1.6 percent and \$987.1 thousand net or 2.3 percent above the 2008 Operating Budget. The totals used for the 2008 Operating Budget do not include amounts attributable to Toronto Animal Services which was transferred from Toronto Public Health to Toronto Municipal Licensing and Standards (ML&S) in 2008. The net increase of \$987.1 thousand over the 2008 Operating Budget is comprised of base budget increases of \$931.7 thousand net and new services of \$55.4 thousand net.

Table 1 Toronto Public Health 2009 Operating Budget Request				
	2008 Budget	2009 Request	Change from 2008 Budget	
(\$000s)	\$	\$	\$	%
GROSS EXP.	209,811.6	213,198.0	3,386.4	1.6
REVENUE	166,909.3	169,308.6	2,399.4	1.4
NET EXP.	42,902.3	43,889.3	987.1	2.3
Positions	1,862.8	1,853.3	(9.5)	(0.5)
Note: 2009 Request includes 11 positions funded from Capital				

Table 2 - 2009 Operating Budget for Consideration reflects the recommended reduction of \$1,272.2 thousand gross and \$318.1 thousand net in order to respond to the City's target of zero percent net increase over the 2008 Operating Budget. The Medical Officer of Health recommends that reduction options totalling \$1,272.2 Gross / \$318.1 net be endorsed by the Board of Health. The reduction options would result in a TPH 2009 Operating Budget Request of \$211,925.8 thousand Gross / \$43,571.3 thousand net, that is a net increase of \$669.0 thousand or 1.6 percent over the 2008 TPH Operating Budget.

Table 2 Toronto Public Health 2009 Operating Budget for Consideration						
	2008 Budget	2009 Request	2009 Recommended Reduction Options	2009 Budget for Consideration	Change from 2008 Budget	
(\$000s)	\$	\$	\$	\$	\$	%
GROSS EXP.	209,811.6	213,198.0	1,272.2	211,925.8	2,114.2	1.0
REVENUE	166,909.3	169,308.6	954.2	168,354.5	1,445.2	0.9
NET EXP.	42,902.3	43,889.3	318.1	43,571.3	669.0	1.6
Positions	1,862.8	1,853.3		1,853.3	(9.5)	(0.5)
Note: 2009 Request includes 11 positions funded from Capital						

DECISION HISTORY

At its meeting of March 31, 2008, City Council approved a TPH 2008 Operating Budget of \$219,296.4 thousand gross / \$50,570.9 thousand net. During 2008, TPH received confirmation of additional 100 percent funding from various Provincial ministries and external sources for various public health programs. TPH Operating Budget was increased by \$1,323.4 thousand gross and \$0.0 net for this purpose. In addition, an in year budget adjustment of \$57.2 thousand gross and net was made to reflect an increase for 2008 insurance budget reallocation to other City divisions.

<http://www.toronto.ca/legdocs/mmis/2008/hl/bgrd/backgroundfile-12033.pdf>
<http://www.toronto.ca/legdocs/mmis/2008/hl/bgrd/backgroundfile-16114.pdf>

Effective July 1, 2008 the Operating Budget of \$10,865.4 thousand gross and \$7,725.8 thousand net and 110.9 positions for Toronto Animal Services (TAS) was transferred from TPH to Toronto Municipal Licensing and Standards (ML&S).

The TPH 2008 Operating Budget excluding TAS operating budget and including in year budget adjustments is \$209,811.6 thousand gross and \$42,902.3 thousand net.

At its meeting on July 21, 2008, the BOH Budget Sub-Committee considered a submission from the Medical Officer of Health entitled "City of Toronto 2009 Planned Operating Budget Continuity Schedule".

At the September 16, 2008 BOH Budget Sub-committee meeting the Medical Officer of Health provided a verbal update on the TPH 2009 Operating Budget.

ISSUE BACKGROUND

The TPH 2009 Operating Budget request assumes full provincial cost sharing for eligible programs with the same cost sharing formula at 75 percent and expected growth in provincial funding of 2.7 percent for 2009 over the 2008 Operating Budget. Maximum growth in Provincial funding has not been included in the submission to allow for the 2009 payroll cost of living increase that is budgeted corporately.

A memo dated August 7, 2008 from the City Manager on the 2009 Operating Budget indicated that all City Programs and ABCs are required to achieve a zero percent increase over the 2008 net Operating Budget and for 2010 a one percent increase over the 2009 net Operating Budget.

In August 2008, TPH received a letter from the Ontario Ministry of Health and Long Term Care (MOHLTC) indicating that funding for mandatory programs will be allocated based on an up to 3 percent across-the-board increase for common cost drivers and up to an additional 2 percent increase to target new/emergent concerns, resulting in an overall growth allocation of no more than 5 percent.

On July 3, 2008, Board of Health approved a report entitled “Progress Report on a City of Toronto Reporting and Disclosure Program” and directed the Medical Officer of Health to add funds in the amount of \$221,400 gross/\$55,350 net (including 2 positions) in the 2009 Operating Budget Submission for Toronto Public Health to develop and implement a pollution prevention program in consultation with Economic Development, Culture and Tourism, Toronto Water, Toronto Environment Office, and provincial, industry and community partners

<http://www.toronto.ca/legdocs/mmis/2008/hl/bgrd/backgroundfile-13981.pdf>

COMMENTS

The TPH 2009 Operating Budget request totals \$213,198.0 thousand gross / \$43,889.3 thousand net. This request is \$3,386.4 thousand gross or 1.6 percent and \$987.1 thousand net or 2.3 percent above the 2008 Operating Budget. The 2008 TPH Operating Budget does not include amounts attributable to Toronto Animal Services which was transferred from Toronto Public Health to Toronto Municipal Licensing and Standards in August 2008. The net increase of \$987.1 thousand over the 2008 Operating Budget is comprised of base budget increases of \$931.7 thousand net and new services of \$55.4 thousand net.

Mandatory Cost Shared Programs:

In August 2008, TPH received a letter from the Ontario Ministry of Health and Long Term Care (MOHLTC) indicating that the Ministry would fund a 3 percent increase in funding for mandatory programs and that in fall 2008 it would communicate whether Toronto Public Health will receive additional funding of up to 2 percent.

The 2009 Operating Budget request for mandatory cost shared programs is \$154,631.9 thousand gross / \$38,533.4 thousand net expenditures, which represents a 2.7% growth. The increase from 2008 Operating Budget is \$4,102.7 thousand gross and \$934.9 thousand net expenditures which will be used to offset base budget adjustments of \$3,881.3 thousand gross / \$879.5 thousand net, mainly related to compensation costs and one new service for Preventing Pollution to Reduce Exposure to Toxics program for \$221.4 thousand gross and \$55.4 thousand net.

It is expected that the increase resulting from payroll COLA after it is negotiated will be within the maximum growth in Provincial funding.

The provincial funding formula will remain stable at 75 percent in 2009. The cost sharing formula of 75:25 means that every \$4 of public health services requires \$1 of municipal investment.

2009 Base Budget Changes:

Base budget changes totalling a net expenditure increase of \$931.7 thousand are included in the 2009 TPH Operating Budget request and are listed in Table 3 – Summary of 2009

Base Budget Changes from 2008 Operating Budget, followed by an explanation of the key components.

(\$000s)	Summary of 2009 Base Budget Adjustments			
	Approved Positions	Gross Expenditures	Revenues	Net
		\$	\$	\$
2008 Council Approved Operating Budget as at March	1,972.7	220,464.8	169,893.9	50,570.9
TAS Transfer In-Year Budget Adjustments	(110.9)	(10,865.4)	(3,139.6)	(7,725.8)
2008 Council Approved Operating Budget Excluding TAS	1,861.8	209,599.4	166,754.3	42,845.1
In-year approvals and technical adjustments	0.0	57.2	0.0	57.2
Corporate adjustments	1.0	155.0	155.0	0.0
2008 Final Operating Budget	1,862.8	209,811.6	166,909.3	42,902.3
Economic Factors - Payroll		3,215.4	2,536.7	678.7
Annualization	(18.0)	(2,635.7)	(2,635.7)	0.0
Previously Approved Operating Impact of Capital	2.0	353.9	265.4	88.5
Zero based items	0.0	(310.0)	(232.5)	(77.5)
Economic factors - Non Payroll	0.0	600.5	464.8	135.7
Adjusted Base Budget	1,846.8	211,035.7	167,308.0	43,727.7
Other base changes	(6.5)	882.9	776.7	106.3
2009 Base Budget Request	1,840.3	211,918.6	168,084.6	43,833.9
Over (Under) 2008 Final Budget		2,107.0	1,175.4	931.7
% Over (Under) 2008 Final Budget		1.0%	0.7%	2.2%

Adjusted Base Budget:

The net Adjusted Base Operating Budget of \$43,727.2 thousand net, that is \$825.4 thousand above the 2008 net Budget, includes an increase of \$678.7 thousand for annualization of 2008 salaries and benefits COLA, an increase of \$88.5 thousand for operating impacts of previously approved capital projects, a zero base expenditure decrease of \$77.5 thousand and non payroll economic factor increases of \$135.7 thousand.

Other Base Changes:

The total increase of \$106.3 thousand net in Other Base Changes is due to several base budget adjustments briefly explained below.

Increase in Other Base Changes for 2009 (\$410.1 thousand net) includes:

- Interdepartmental Charges of \$209.7 thousand gross and \$52.4 thousand net for TPH share of funding the 311 project;
- funds in the amount of \$310.0 thousand gross and \$77.5 thousand net are required to purchase essential acquisitions to replace: old, faulty and non-ergonomic furniture; file cabinets to conform to the new corporate standard; and the accommodation of staff within reduced office space;
- a transfer of 6.5 positions for the Rabies Control and Vector Borne Disease programs supported by Toronto Animal Services to Municipal Licensing Standards (MLS);
- contractual increases in office rent at 3 TPH locations: 40 St. Clair E., 2340 Dundas St W, and 225 Duncan Mills of \$106.4 thousand gross and \$26.6 thousand net;
- relocation of 524 Oakwood Office for one time expense of renovations and purchase of office furniture for \$859.8 thousand gross and \$215.0 thousand net in 2009 and ongoing incremental expenses of \$154.4 thousand gross and \$38.6 thousand net for 2009. Eighty TPH staff need to be relocated from 524 Oakwood office due to the lack of parking for staff who are required to have cars for work and limited accessibility in the building. High staff turnover results in lack of continuity of care and has made it extremely difficult for staff to work effectively with high risk families.

Decreases in Other Base Changes (\$303.8 thousand net) includes:

- a shift of fully City-funded Heat Alert Outreach program to the mandatory cost-shared budget for 2009 resulting in a revenue increase of \$114.5 thousand;
- a reduction of corporate overhead charges of \$650.0 thousand gross and \$162.5 thousand net based on a review of cost allocation by the City's Internal Audit Division. A reduction in this charge will allocate an amount for reimbursement from the Province that has a reasonable and accountable basis. The recoverable cost allocation is based on the full costing model developed by Accounting Services to capture and identify all relevant costs associated with the provision of services;

- an adjustment of \$107.4 thousand gross and \$26.8 thousand net reduction in salaries and benefits to maintain the average gapping rate of 4.3 percent.

2009 New and Enhanced Services

New Services totalling a net expenditure increase of \$55.4 thousand are included in the 2009 TPH Operating Budget request and are listed in Table 4 – 2009 New and Enhanced Services, followed by an explanation of each request.

Description	Total 2009 New/Enhanced		Rec. New Positions	2010 Incremental
	Gross Exp.	Net Exp.		Net Exp.
	\$	\$	\$	\$
New Service Priority Action - BOH Recommended:				
Preventing Pollution to Reduce Exposure to Toxics	221.4	55.4	2.0	24.7
New Service Priority Action - Program Initiated:				
Salaries and Benefits Related to Capital Projects	1,058.0	0.0	11.0	0.0
Total Recommended New Service Priority Action	1,279.4	55.4	13.0	24.7

Preventing Pollution to Reduce Exposure to Toxics

The Board of Health, at its meeting of July 3, 2008, directed the Medical Officer of Health to include \$221.4 thousand gross and \$55.4 thousand net in the 2009 TPH Operating Budget for a new service called Preventing Pollution to Reduce Exposure to Toxics. This service will support TPH to develop and implement a pollution prevention program for local businesses, in consultation with Economic Development, Culture and Tourism, Toronto Water, Toronto Environment Office, and provincial, industry and community partners. The program will stimulate facilities that use and discharge toxic substances of priority health concern to implement reduction measures to limit their use and release of toxins. The new service is complementary to and supports the proposed Environmental Reporting, Disclosure and Innovation program which is the subject of a report to the November 2008 meeting of the Board of Health.

Salaries and Benefits Related to Capital Projects

The following three new capital projects are recommended in the TPH 2009 Capital Budget. The salaries and benefits of staff supporting these Capital projects are fully recovered from capital budget debt funding and are included in the 2009 Operating Budget Request:

- The Healthy Environments Inspection System project will provide tools to more effectively monitor and control Healthy Environments inspections;
- The Healthy Environments Reporting project will enhance the ability of Healthy Environments managers and staff to respond quickly and effectively to specific media requests for information;
- The Health e-Services project will provide accurate and timely health related information on the water quality of Toronto beaches and enhanced payment processing for Food Handler Program.

2009 Service Reduction Options:

To achieve the City's target of a zero net increase over the 2008 Operating Budget, TPH has identified service reduction options totalling \$1,418.2 thousand gross and \$354.6 thousand net in the cost shared programs and \$632.5 thousand gross and net in the 100 percent City funded programs. The service reductions for consideration are summarized in Table 5 – Summary of 2009 Service Reduction Options, below followed by a brief description of the service level implication for each of the proposals. Service reduction options are focused on programs with 100% municipal funding, since reductions in cost-shared programs would have four times the service impact and forgo significant provincial funding.

Table 5 CITY OF TORONTO Summary of 2009 Service Reduction Options (\$000)					
Service Area	Description	Cost Savings			
		Positions	Gross	Revenue	Net
Recommended:					
Environmental Health	Cancel WNV program (Bird Surveillance)		412.4	309.3	103.1
Finance & Administration	Transfer onetime Relocation of 524 Oakwood costs to Recoverable Capital Debt		859.8	644.9	215.0
Subtotal			1,272.2	954.2	318.1
Not Recommended:					
Finance & Administration	Reduction of IDC - 311 project		146.0	109.5	36.5
Dental & Oral Health	Dental Treatment	7.0	632.5		632.5
Grand Total		7.0	2,050.7	1,063.7	987.1

Reduction in West Nile Virus program (Bird Surveillance)

The Ontario West Nile Virus (WNV) dead bird surveillance program has been in existence since 2000 and was used as an early indicator of risk and in identifying areas where WNV is present. The service was delivered by Toronto Animal Services which

was transferred to Toronto Municipal Licensing & Standards in 2008. TPH continued to fund the program and received Provincial funds at the cost sharing formula of 75 percent.

The Ministry of Health and Long-Term Care notified TPH in October that in 2009 the Ministry will cease the WNV dead bird surveillance program and funding for it. The Province will continue to use other indicators to determine the human health risks of WNV. A reduction of \$412.4 thousand gross and \$103.1 thousand net is recommended and required.

Relocation of 524 Oakwood Office

The City owned property at 524 Oakwood Avenue, currently houses eighty TPH staff who provide Healthy Living services including child health and reproductive/infant health. Relocating the staff from this location has become a priority due to the lack of parking for staff who are required to have cars for work and limited accessibility in the building. Due to the problems at this location there is a high turnover of staff resulting in fragmented client service delivery.

All staff working at this office are required to have a car for work, however parking is not available at this location and staff must park on side streets. This creates issues for staff who are regularly required to carry supplies for off site programming (several bags or boxes) and specialized equipment such as a video camera and portable DVD player. In addition there is no elevator in the building making the second floor inaccessible to the physically disabled and requiring staff to carry all equipment and supplies up stairs. In the winter time problems are exacerbated due to the inclement weather and a reduction in side street parking due to snow banks. Community safety is another issue. Staff do not feel safe working after dark (5:00 p.m. in the winter) given the lack of proximity to their cars.

Due to inadequate parking and an inadequate facility there is a high turnover of staff at this location. In Child Health alone, of the 12 PHNs, there were 26 changes in one year. In Healthy Living, 10 PHN positions resulted in at least 13 changes in one year. High staff turnover results in a lack of continuity of care and can make it extremely difficult to work effectively with high risk families.

In order to address the budget target, the onetime costs of \$859.8 thousand in 2009 are recommended to be paid through the TPH capital budget in the form of recoverable debt. The capital costs for the move will be paid back at \$429.9 thousand gross / \$107.5 net each year from the TPH operating budget over a period of two years. These payments will be made through reallocation of the corporate charges.

Reduction of Interdepartmental Charges (IDC) – 311 program

The City's 3-1-1 customer service program will offer Toronto residents, businesses and visitors one-stop shopping for City information and access to non-emergency City services. The TPH share of funding the 311 program is \$209.7 thousand gross and \$52.4 thousand net. This IDC would be reduced by \$146.0 thousand gross / \$36.5 net to an

amount of \$63.7 thousand gross / \$15.9 net to achieve a zero percent increase from the 2008 budget.

Dental Treatment

Currently there are 13 dental clinics citywide, providing basic dental care to children, adolescents in school, and seniors in low/no income families. In some clinics there are waiting lists of up to 1 year. A significant portion of the dental treatment program is supported by 100% municipal funding.

A reduction in municipal funding for the dental treatment program sufficient to allow TPH to meet the zero per cent budget target would result in the closing of two clinics. Closing two Clinics would result in longer waiting lists, reduced access to dental care in the City and increased travel requirements for low income residents. Both clinics considered for closing are operating at full capacity and serve areas where there is a great need and demand for basic dental care. One clinic alone has a waiting list of over 300 patients. The impact of the closures would not be limited to the immediate areas as there would be even higher demand at the remaining 11 clinics, resulting in longer waiting times for basic dental treatment to relieve pain and restore health. Closing two dental clinics would reduce expenditures by \$632.5 thousand gross / net, but is not recommended due to undesirable service impacts on vulnerable clients.

CONTACT

Shirley MacPherson
Director, Finance & Administration
Toronto Public Health
Tel: 416-392-7467 Fax: 416-392-0713
Email: smacphe@toronto.ca

SIGNATURE



Dr. David McKeown
Medical Officer of Health