Analyst Briefing Notes

Budget Committee

(February 10, 2009)

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Contacts: Judy Broughton
Manager, Financial Planning
Tel: (416) 392-8393

Maria Djergovic
Senior Financial Planning Analyst
Tel: (416) 397-4558

Executive Summary

- Facilities and Real Estate provides asset and real estate management services for a large portfolio of buildings and properties across the City of Toronto. Facilities and Real Estate are committed to work collaboratively with their clients in order to advance the city-wide priorities by protecting and maximizing the City's property assets. The Program is guided by the following strategic directions: City-wide environmental stewardship and strategic asset management; commitment to people and organizational effectiveness, use of information technology and service excellence. Facilities and Real Estate delivers 2 main services:

  - Facilities Management provides leadership and stewardship of the City's facilities consisting of over 1,000 buildings and approximately 15.0 million square feet of public space.

  - Real Estate Management provides realty services for the City of Toronto with its portfolio of over 5,400 properties and 26 million square feet of building space.

- Facilities and Real Estate will be facing the following challenges over the next 3 years:

  - Securing the resources necessary to deliver energy programs and meet the targets set out in the Climate Change, Clean Air and Sustainable Energy Action Plan.

  - Developing and implementing large priority capital initiatives requiring unique expertise and significant human and financial resources, particularly for the Union Station Redevelopment and the Nathan Phillips Square Revitalization projects.

  - Providing facility management services in accordance with client needs and the latest building maintenance standards in an environment characterized by aging facility infrastructure, growing client service demands and financial constraints.

  - Developing a new City-wide real estate strategy for all City Programs and ABCs.

- The Program will also have some significant opportunities during this period. Updating the governance structure for facilities maintenance through implementation of the Corporate Facilities Management Review recommendations will provide Facilities and Real Estate with an opportunity to consolidate organizational resources and potentially gain efficiencies. An upcoming real estate portfolio review may provide further opportunities for new and improved real estate management. It will also identify properties with potential for private development that may be transferred or turned over to Build Toronto, the City's new development corporation.

- In response to these challenges and opportunities, Facilities and Real Estate established multi year objectives that require significant environmental and management leadership. Specifically, Facilities and Real Estate will aim to:

  - Reduce energy consumption by 90 megawatts by 2010 and greenhouse gas emissions City-wide by 6% by 2012 through the development of energy efficiency and renewable energy programs and partnerships in the energy efficiency and climate change sectors as well as the community at large, including continuous benchmarking, monitoring and reporting.

- Continue to develop and implement all major capital initiatives with a particular focus on delivering Union Station operations management services and strengthening the capital management capacity to ensure this valuable and historical City property is fully restored and optimally utilized to benefit the public.

- Continue to maintain City facilities in accordance with approved maintenance standards to meet client service requirements with focus on the centralization and standardization of the core facilities management functions to achieve efficiency gains and meet increased service level demands.

- Maximize lease revenues and identify opportunities for change to the strategic approach and real estate policies to ensure the City's building and real estate portfolio is optimal.

- The 2009 Recommended Operating Budget includes funding for priority actions which address the following challenges:

  To secure resources to deliver energy programs and meet the energy consumption and green house gas emission targets set out in Climate Change, Clean Air and Sustainable Energy Action Plan, the 2009 Recommended Operating Budget will provide funding to:

  - Strengthen the technical and managerial capacity of the Energy Efficiency and Energy and Waste Management Offices by adding 8.3 permanent positions at cost of $0.746 million, fully funded from the Strategic Infrastructure Partnership Reserve Fund to:

    (a) Develop and monitor community based programs (1 position, $0.099 million gross, $0 net).

    (b) Provide energy consumption trend analysis and reporting (3 positions, $0.318 million gross, $0 net).

    (c) Design renewable energy programs (3.3 positions, $0.330 million gross, $0 net).

    (d) Manage and administer advanced building energy automation controls (1 position to be funded from the generated energy savings, $0 gross and net).

  To address the Union Station Redevelopment challenges, the 2009 Recommended Operating Budget will provide funding to:

  - Strengthen project management capacity by adding 4 new permanent project managers to the Design, Construction and Asset Preservation (DCAP) section, at a cost of $0.334 million funded from the 2009 Approved Capital Budget for Union Station to ensure successful delivery of the capital program.

  - Take over responsibility for the overall operations management of Union Station from Toronto Terminals Railway (TTR). Utilizing a combination of staff resources transferred from TTR (45 positions) and contracted services, Facilities and Real Estate will deliver security, lease management, caretaking and maintenance services at a cost of $13.182 million gross, fully funded from retail revenues.

To provide facility management services that meet the needs of their clients and the latest building maintenance standards by addressing growing service demands and financial constraints, new funding is recommended in 2009 to:

- Implement a new Corporate Facilities Management Framework by adding 2 temporary positions at a cost of $0.186 million, funded from capital projects that will find efficiencies from the implementation of a centralized and standardized management model.

- Strengthen the Design, Construction and Asset Preservation (DCAP) section by the addition of 4 permanent project managers to address the anticipated increase in capital asset portfolio and construction management requirements at a cost of $0.318 million, and by the addition of 2 new temporary positions to administer the Capital Asset Management System Program at cost of $0.120 million, all recoverable from capital projects.

- Respond to the new client service demands by adding 15 permanent positions for cleaning and caretaking services for Toronto Police Service (TPS), Parks Forestry and Recreation (PFR) and 311 Customer Service Strategy at a cost of $3.360 million, and another 19.5 positions (15.5 permanent, 4 temporary) to provide operational and capital asset security duties for Toronto Water and Parks, Forestry and Recreation at a cost of $0.707 million, all fully recoverable from client Program budgets. The Program will also add one temporary marketing specialist position to promote the St. Lawrence Market Complex at $0.092 million, fully funded from increased rental revenues.

- For 2008, Facilities and Real Estate is projecting a year-end actual expenditure of $54.889 million net that will result in a favourable year-end variance of $0.381 million net or 1.7% below the 2008 Approved Budget of $55.270 million. This variance is primarily attributable to lower than planned utility costs, due to seasonal weather fluctuations. The utility savings of $0.161 million from energy efficiency measures realized in 2008 will continue in 2009 and they are included in the 2009 Recommended Operating Budget.

Table 1: 2009 Recommended Budget

	2008		2009 Recomm'd Operating Budget			Change - 2009 Recommended Operating Budget v. 2008 Appvd. Budget		FY Incremental Outlook	
	2008Appvd. Budget	2008 Projected Actual	2009 Base	2009 New/ Enhanced	2009 Operating Budget			2010	2011
(In $000s)	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**$**	**$**
GROSS EXP.	133,847.7	132,923.9	144,916.3	19,045.0	163,961.2	30,113.6	22.5	2,051.0	1,189.0
REVENUE	78,578.1	78,035.3	90,815.8	19,045.0	109,860.8	31,282.7	39.8	739.6	
NET EXP.	55,269.6	54,888.6	54,100.5	0.0	54,100.5	1,169.1	2.1	1,311.4	1,189.0
Approved Positions	795.5	795.5	794.5	100.8	895.3	99.8	12.5	1.0	0.0
TARGET			**54,179.5**		**54,179.5**				
$ Over / (Under) Program Target			**(79.0)**		**(79.0)**				
% Over / (Under) Program Target			**-0.1%**		**-0.1%**				

- The 2009 Recommended Operating Budget for Facilities and Real Estate of $163.961 million gross and $54.100 million net is $0.079 million or 0.1% lower than the 2009 target of $54.179 million net (2% less than the 2008 Approved Operating Budget). The Program has achieved this result through a combination of efficiency measures and increased recoveries from external clients.

- The 2009 Recommended Operating Budget is comprised of base funding of $144.916 million gross and $54.100 million net and funding for new/enhanced priority actions of $19.045 million gross, $0 net.

  - The 2010 Outlook net increase of $1.311 million or 2.4% is due to: (a) estimated merit and step increases of $1.168 million net, and (b) the incremental impact of new/enhanced priority actions of $0.143 million net. The 2011 Outlook incorporates a net increase of $1.189 million to account for estimated ongoing merit and step increases. The 2010 and 2011 Outlooks do not include a provision for cost of-living-adjustments (COLA), as further increases are subject to future negotiations.

- The 2009 Recommended New/Enhanced Service Priority Actions require an addition of 100.8 positions, representing an increase of 13% over the existing staff complement as follows:

  - 8.3 new permanent positions to develop and support various energy efficiency and renewable energy programs and initiatives.

  - 49 new permanent positions to manage the operations and capital work requirements at Union Station.

  - 8 new positions (6 permanent, 2 temporary) to implement the City wide standardization and integration of operating and capital maintenance of all facilities under the umbrella of the Facilities and Real Estate Division, to strengthen the Program's capital management capacity and to administer a new Capital Asset Management System.

  - 35.5 new positions (30.5 permanent, 5 temporary) for additional client caretaking, cleaning, security and other client service demands, primarily for Toronto Police Service, Toronto Water and Parks, Forestry and Recreation.

- While 100.8 new staff positions are recommended to perform duties resulting from new and enhanced services priority actions, the 2009 Recommended Operating Base Budget reallocates one position (and funding of $0.150 million) to the City Manager's Office in support of the Mayor's Tower Renewal Initiative. Therefore, the 2009 Recommended Operating Budget will add a total of 99.8 positions (92.8 permanent and 7 temporary) to the Program's staffing complement which will increase from 795.5 to 895.3 positions.

- The 2009 Recommended Base Budget of $54.100 million net funds the Program's key cost drivers including the annualized cost of 2008 COLA, merit and step increases and other non-discretionary expenditures that total $3.839 million. These cost pressures are offset by increased recoveries for client services of $2.350 million, base budget adjustments of $0.398 million and the following reduction options resulting in savings of $1.090 million that enabled the Program to achieve its target:

  - Utility cost savings of $0.161 million from previously implemented energy efficiency measures.

  - Revenue increases of $0.929 million from new and existing leases currently under negotiation which will result in new rental agreements that are more reflective of true market rates.

- The 2009 Recommended Operating Budget addresses a number of priority actions that advance the Mayor's mandate and Council's policy agenda: These include:

  - ***Implement the Climate Change, Clean Air and Sustainable Energy Plan.*** The 2009 Recommended Operating budget includes funding of $0.746 million gross, $0 net, for 8.3 new positions to increase in-house capacity to respond to the following challenges pertaining to this large capital initiative: (a) adequate planning and development of energy efficiency and renewable energy programs, policies and initiatives; (b) to engage communities to determine consumption patterns and promote community uptake; (c) advocate for future funding from senior levels of government, and (d) monitor program effectiveness and meet reporting requirements.

  - ***Continue to Renew and Improve Public Spaces such as Union Station.*** The 2009 Recommended Operating Budget includes funding of $13.518 million gross, $0 net in order to: (a) ensure quality project management and effective delivery of the planned Union Station capital projects through the addition of 4 new staff positions; and (b) assume responsibility for the overall management of Union Station including security, leases, utilities, maintenance and custodial care from Toronto Terminals Railway (TTR), requiring 45 positions to enable the Program to fulfill new responsibilities.

- The 2009 Recommended Base Budget will allow Facilities and Real Estate to maintain service levels offered in 2008. It incorporates base funding for:

  - Facilities Management including facilities maintenance, custodial care, facilities security and safety and energy management ($128.383 million gross, $68.997 million net).

  - Real Estate Management with funding dedicated to management of leases, property appraisals, management and development of real estate portfolio and negotiations of property acquisitions and disposals ($16.533 million gross, ($14.897 million net)).

- In addition, the 2009 Recommended Operating Budget provides funding of $19.045 million gross, $0 net, for new/enhanced service priority actions that will increase service levels in some of the above areas:

  - Dedicated security staff for Toronto Water and Parks, Forestry and Recreation at various locations and provision of 24/7 security at Union Station ($0.707 million gross, $0 net).

  - Additional caretaking and cleaning services for Toronto Police, Toronto Water and 311 Contact Centre, resulting in the addition of over 210,000 square feet of floor area to the existing portfolio ($3.360 million gross, $0 net).

  - Additional staffing resources will be provided to respond to an anticipated increase in capital asset management portfolio ($0.318 million gross, $0 net).

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. Council approve the 2009 Recommended Operating Budget for Facilities and Real Estate of $163.961 million gross and $54.100 million net, comprised of the following services:

Service:	Gross ($000s)	Net ($000s)
Facilities	144,318.1	79,260.1
Real Estate	19,643.1	(25,159.6)
Total Program Budget	163,961.2	54,100.5

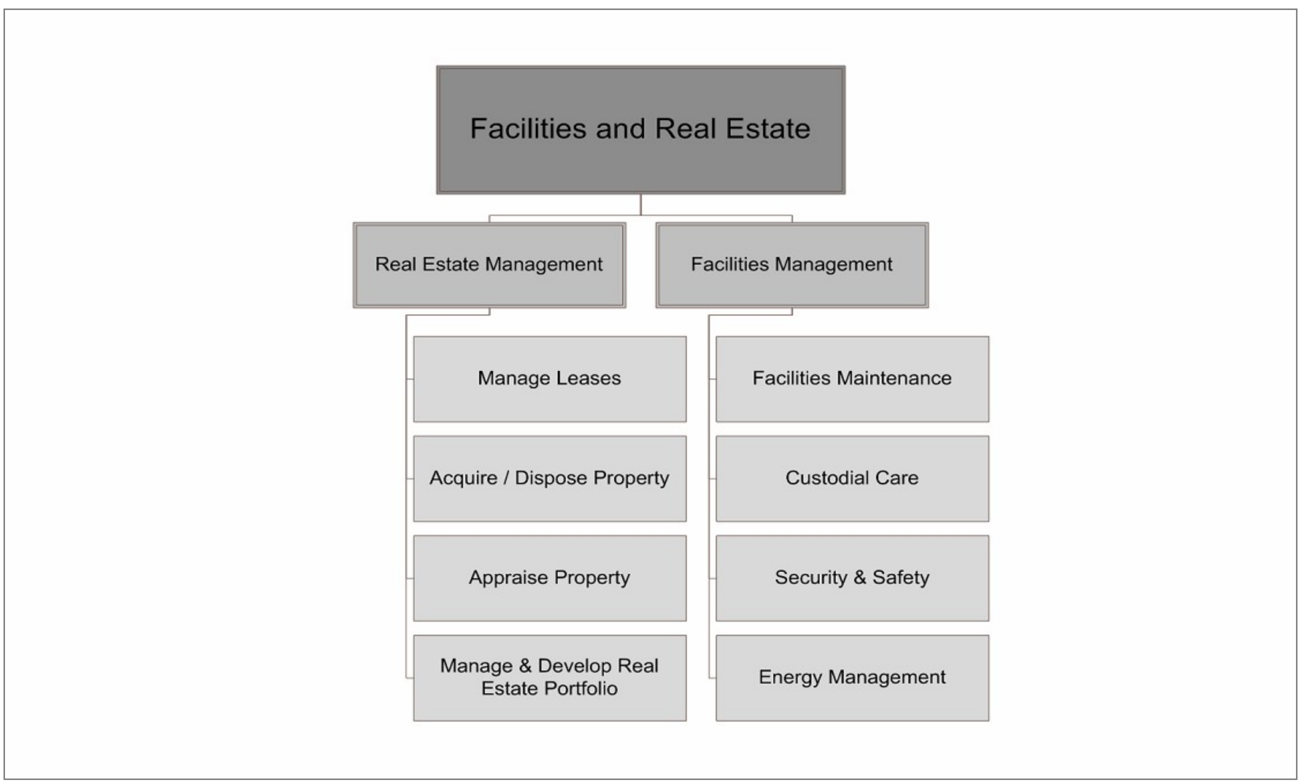
[redacted]

- Facilities and Real Estate manage a large portfolio of buildings and properties across the City of Toronto. The Program works collaboratively and responsively with clients to advance City-wide priorities by protecting and maximizing the City's property assets in an innovative and fiscally sustainable manner. Focusing on environmental and strategic asset management leadership, the Program delivers the following services:

  - Facilities Management provides leadership and stewardship of over 1,000 buildings and approximately 15.0 million square feet of public space with a commitment to best practices incorporating environmental, social and economic principles. Main activities include provision of facilities routine maintenance, custodial care, security and safety, energy and waste management.

  - Real Estate Management provides realty services for the City of Toronto with a goal of ensuring optimal portfolio mix, which currently includes over 5,400 properties and 26.5 million square feet of building space. Main activities include lease administration, acquisition and disposal of properties, property appraisals and real estate portfolio development and management.

Program Map



Facilities and Real Estate serves a wide range of clients including City Programs, Agencies, Boards and Commissions, residential and commercial tenants, Toronto building owners, Provincial and Federal Agencies, visitors and residents.

Service Challenges and Opportunities

Facilities and Real Estate's main strategic directions focus on City-wide environmental stewardship and strategic asset management. Over the next 3 years, Facilities and Real Estate will face the following challenges and opportunities:

- A key service driver for Facilities and Real Estate is the implementation of the Council approved Climate Change, Clean Air and Sustainable Energy Action Plan in order to reduce energy consumption by 90 megawatts by 2010 and greenhouse gas emissions city wide by 80% by 2050. Challenges for the next 3 years include:
  - Securing the resources necessary to deliver energy efficiency and renewable energy programs.
  - Developing energy partnerships with building owners and managers, energy providers, businesses, unions, not-for profit agencies and community members.
  - Demonstrating environmental leadership through making City facilities models of energy use and generation.
- In its asset management leadership role, Facilities and Real Estate is committed to a number of other large Council endorsed initiatives, including the Nathan Phillips Square Revitalization, West District Design and Union Station Redevelopment projects. The size and complexity of the Union Station Redevelopment project, in particular, with its multiple subproject interdependencies, poses the following challenges:
  - Building operations management, including security, maintenance, custodial care and property management.
  - Enhancement and creation of a new retail area.
  - Restoration of key historical elements of the building.
  - Transportation improvements throughout the station and construction of two new GO concourses.
- As an internal services provider, Facilities and Real Estate is committed to maintaining current service levels without further affecting the management and maintenance of the City's property asset portfolio, as well as security, cleaning and other services provided at corporate buildings and at Special Events, however, it faces the following challenges:
  - An aging facility infrastructure: about 20% of City owned buildings are currently over 50 years old. This percentage will continue to grow (estimated at 35% in 10 years), putting even more pressure on limited resources.
  - Providing safe, clean, preventatively maintained facilities for clients in a financially

constrained environment.

- Responding to a growing demand for energy management, facilities space accommodation and increased security and perimeter surveillance services.

- Facilities and Real Estate will also face a number of opportunities:

  - A corporate facilities management and governance review was conducted over the past two years, to address issues raised by the Auditor General in 2005. This resulted in a Corporate Facilities Management Framework which acknowledges that Facilities and Real Estate is the corporate body responsible for setting the standards for ensuring all City-owned facilities are operated and maintained in a manner that meets operational needs and protects these assets into the future. Implementation of the Corporate Facilities Management Framework will result in updating service level agreements, developing facilities performance metrics and appropriate maintenance and inspections standards and transferring facilities capital and operating budgets of other Programs to Facilities and Real Estate for centralized delivery of asset management services. Over the course of the next three years, Facilities and Real Estate (Asset Preservation Unit) will be responsible for over 2,000 facilities which include Fire, EMS, Transportation, Toronto Water EDCT, and Parks and Recreation, compared to 278 buildings currently under the Program's jurisdiction. The Program will therefore have an opportunity to update the governance structure for facilities maintenance and to standardize and consolidate organizational resources.

  - Leveraging information technology to sustain and implement local applications and to realize facility management automation potential.

  - Assessing opportunities for an improved real estate management service delivery model in order to develop a City-wide real estate strategy that maximizes the City's real estate holdings and to ensure that the City's building portfolio is optimal and focused on meeting the needs of City programs. Properties with potential for private development that may be transferred or turned over to Build Toronto will be also identified.

Service Objectives

The Program has established service objectives to address the main challenges and opportunities, focusing on the following:

- Environmental Stewardship:

  - Realize significant gains in terms of implementing Climate Change, Clean Air and Sustainable Energy Action Plan (and Toronto's Sustainable Energy Plan) through development of partnerships in the energy efficiency and climate change sectors, community stakeholders involvement and advocating for funding from other levels of government to secure delivery of energy efficiency and renewable energy programs and continuous monitoring and reporting in relation to targets.

  - Continue to develop and administer the implementation of the City's Conservation and Demand Management Response Program under the terms of the Master Program Agreement with the Ontario Power Authority (OPA) executed in 2007.

In 2009, the Program plans to reduce electricity demand by 19 megawatts, with a further 60 megawatt reduction in 2010.

The greenhouse gas emission reduction targets established by City Council of 6% (from the 1990 levels) by 2012, 30% by 2020 and 80% by 2050 will be achieved gradually, through a collaborative effort with other City Programs and ABCs and partners in the energy and climate change sectors, with Facilities and Real Estate providing leadership in renewable and clean energy source development, generation and distribution.

- Asset Management:

  - Continue to implement all major Council endorsed capital initiatives, with a particular focus on the Union Station operations management services and capital management capacity to ensure this valuable and historical City property is fully restored and optimally utilized to benefit the public.

  - Continue to maintain City facilities in accordance with core service standards negotiated with the occupants and outlined in client service level agreements ensuring compliance with federal, provincial and municipal legislation by implementing the Corporate Facilities Management Review recommendations and new Corporate Facilities Management Framework. This includes transfers of client capital and operating budgets, development of service level agreements and performance metrics to further centralize, improve and standardize facility management tasks.

  - Continue to address the aging structure of City facilities by investing in state of good repair work and by continuing to perform scheduled maintenance and to respond to unscheduled maintenance issues in order to provide safe, preventatively maintained environment for clients.

  - Implement the Capital Asset Management System (CAMS) and the SAP Preventative Maintenance Module and other functionalities to automate and manage key work tasks related to facility work orders, building maintenance, client billing and building inventory management.

  - Maximize leasing revenues, provide the best use of assets for City Programs and participate in a comprehensive review of the Real Estate portfolio leading to recommendations addressing changes to the strategic approach in organizational structure and real estate policies City-wide and identification of properties with potential for private development that may be transferred or turned over to Build Toronto.

In the course of 2009, Facilities and Real Estate aim to achieve the following objectives:

- Implement the first phase of the new Corporate Facilities Management Framework that includes the transfers of facilities capital project budgets for Children’s Services, Emergency Management Services (EMS), Toronto Fire Service (TFS) and Transportation Services.

- Develop the facilities performance metrics and appropriate maintenance and inspection standards.

- Update Service Level Agreements with an objective of 95% of facilities maintained in accordance with prescribed use to a core service standard.

- Establish a client satisfaction rating scale that provides feedback on the objective deliverables outlined in the Service Level Agreements for at least 80% of the clients.

- Increase lease revenues by $0.200 million or 2.5%.

The facilities operating and remaining facilities capital project budgets in other City Programs with landlord responsibilities will be transferred to Facilities and Real Estate in 2010 and 2011.

Priority Actions

The 2009 Recommended Operating Budget for Facilities and Real Estate provides funding that directly advances, through funding for a number of new/enhanced priority actions Mayor's Mandate and Council's policy agenda. It also addresses some of the internal challenges facing this Program:

- ***Climate Change, Clean Air and Sustainable Energy Plan: Moving from Framework to Action***

Facilities and Real Estate, through the Energy Efficiency Office (EEO) and Waste and Energy Management Office (EWMO), coordinates energy efficiency efforts across the City and assist other Programs to enable the City's participation in various provincial and federal initiatives concerning renewable energy, clean energy generation and energy conservation and demand projects. The Energy Efficiency Office is also responsible for the implementation of the Sustainable Energy Plan approved by Council as part of the "Climate Change, Clean Air and Sustainable Energy Plan: Moving from Framework to Action" report in July 2007.

The 2009 Recommended Operating budget includes new funding of $0.746 million gross, $0 net, for 8.3 new permanent positions to increase in-house capacity to respond to the following challenges pertaining to this large capital initiative: (a) adequate planning and development of energy efficiency and renewable energy programs, policies and initiatives; (b) ability to engage communities to determine consumption patterns and promote community uptake; (c) capacity to advocate for future funding from senior orders of government, and (d) ability to monitor program effectiveness and meet reporting requirements. Incremental funding of $0.196 million gross, $0 net is required for 2010.

This priority action will assist the Program in securing adequate staffing resources to proceed with the implementation of the energy efficiency and other Sustainable Energy Plan initiatives.

- ***Continue to Renew and Improve Public Spaces***

Union Station is the largest public asset owned by the City of Toronto. Its revitalization and redevelopment, including creation of a multi-modal transportation and retail destination, requires unique expertise in different disciplines. With the existing state-of-good repair and heritage renewal work, combined with security and transportation improvements, Union Station capital spending could aggregate to at least $600 million over the next ten years.

The 2009 Recommended Operating Budget includes funding of $13.518 million gross, $0 net in order to address challenges associated with the implementation of this project and to ensure:

- Quality project management and effective delivery of the planned capital projects through the addition of 4 new staff positions at a cost of $0.336 million gross, $0 net. The incremental impact of $0.111 million gross, $0 net is anticipated in 2010.

- The City's ability to assume responsibility for the overall management of Union Station. Starting in 2009, in addition to the capital construction, Facilities and Real Estate will assume responsibility for the overall management of Union Station including security, leases, utilities and maintenance. The 2009 Recommended Operating Budget includes $13.182 million gross, $0 net, and the addition of 45 new positions to enable the Program to fulfill new responsibilities.

- ***Efficient Public Service: Stewardship of City Assets***

Based on the Corporate Facilities Management Review recommendations, effective 2009, Facilities and Real Estate will become the corporate body responsible for setting the standards for ensuring all City-owned facilities are operated and maintained in a manner that meets operational needs and protects these assets into the future. This new Corporate Facilities Management Framework will be implemented over the next three years requiring significant Facilities and Real Estate's leadership and human resources over that period. It is anticipated that this transformation will ultimately result in benefits from centralization and standardization of core facility management functions leading to higher people and organizational effectiveness and service levels.

The 2009 Recommended Operating Budget earmarks funding of $0.186 million gross, $0 net for two new temporary staff positions dedicated to the implementation of the new framework, with an incremental impact of $0.226 million gross, $0 net and the addition of another position in 2010.

In order to respond to increased facilities portfolio and to better leverage information technology systems, the 2009 Operating Budget recommends funding of $0.438 million gross, $0 net to provide for 6 additional positions for the Design, Construction and Asset Preservation (DCAP) section for building audit and capital construction services and administration of the new Capital Asset Management System. The incremental funding of $0.279 million gross, $0 net is required for 2010.

The above priority actions are intended to address the Program's capacity to respond to asset management challenges and increased client service demands through more efficient, centralized and standardized functions and ensure the efficient and effective delivery of City services.

Table 2: 2008 Budget Variance Review

(In $000s)	2007 Actuals	2008 Approved Budget	2008 Projected Actuals*	2008 Appvd. Budget vs Projected Actuals Variance	
	$	$	$	$	%
GROSS EXP.	127,218.1	133,847.7	132,923.9	(923.8)	(0.7)
REVENUES	73,846.2	78,578.1	78,035.3	(542.8)	(1.2)
NET EXP.	53,371.9	55,269.6	54,888.6	(381.0)	(1.7)
Approved Positions	773.0	795.5	795.5	0.0	0.0

***Projected actuals reflect in-year corporate and technical adjustments processed after September 30, 2008.

2008 Experience

The Third Quarter Variance Report for Facilities and Real Estate indicates a year-to-date favourable variance of $1.763 million or 3.5% of expenditures planned for this timeframe. This favourable variance is primarily due to the following:

- Lower utility costs of $2.1 million resulting from seasonal weather fluctuations.
- Savings of $1.5 million in salaries and benefits from a number of vacant staff positions.
- Materials and supplies in the amount of $2.3 million were also under spent.
- These savings have been offset by $3.7 million in unrealized revenues from clients and an early retirement of the Sunlife loan of $1.1 million for energy upgrades. These energy upgrades have already been implemented in various corporate facilities, resulting in savings that enabled Facilities and Real Estate to retire the loan before its maturity date.

It is anticipated that unrealized revenues from clients (and correlated under spending of materials and supplies) experienced in the third quarter, will be significantly reduced in the fourth quarter. As a result, the Program is projecting a favorable variance of $0.381 million net or 0.7% of the 2008 Approved Operating Budget by year-end. The year-end projection reflects a gross under-expenditure of $0.923 million primarily due to savings in utility costs and an under recovery of revenues of $0.542 million.

Impact of 2008 Operating Variance on the 2009 Recommended Budget

The utility savings of $0.161 million realized in 2008 will continue in 2009 and the utility budget has been adjusted for 2009.

- In addition, the early retirement of the City's Sunlife loan in the third quarter of 2008 resulted in savings of $0.521 million for 2009, which is incorporated in the 2009 Recommended Budget.

- The remaining favorable net operating budget variance of $0.220 million reported in the Third Quarter Variance Report is not expected to have any impact on the 2009 Recommended Budget since is attributable to one time factors which will not recur in 2009.

[redacted]

Table 3: 2009 Recommended Base Budget

(In $000s)	2008 Appvd. Budget	2009 Recommended Base	Change 2009 Recommended Base v. 2008 Appvd. Budget		FY Incremental Outlook 2010	FY Incremental Outlook 2011
	$	$	$	%	$	$
GROSS EXP.	133,847.7	144,916.3	11,068.6	8.3	1,168.0	1,189.0
REVENUE	78,578.1	90,815.8	12,237.7	15.6		
NET EXP.	55,269.6	54,100.5	(1,169.1)	(2.1)	1,168.0	1,189.0
Approved Positions	795.5	794.5	(1.0)	(0.1)	0.0	0.0
NET TARGET		54,179.5				
$ Over / (Under) Program Target		(79.0)				
% Over / (Under) Program Target		-0.1%				

2009 Recommended Base Budget

- The 2009 Recommended Base Budget expenditures of $144.916 million gross reflect an increase of $11.069 million or 8.3% compared to the 2008 Approved Operating Budget of $133.848 million. The increase in gross expenditures includes the annualized impact of 2008 COLA, merit and step and non-labour inflationary increases, financial incentives for conservation and demand response measures and changes in lease agreements with external tenants. The costs are partially offset by the reversal of one day's pay for leap day and zero based items, continued efficiencies and other base changes.

- The 2009 Recommended Base Budget revenues of $90.816 million are $12.238 million or 15.6% higher than the 2008 Approved Operating Budget. The increase reflects additional recoveries from clients requiring expanded/increased service levels, higher revenues from external tenants, increase in revenues received from Ontario Power Authority (OPA) to provide financial incentives for conservation and demand response, and increase in gross revenues from collection of property taxes from external tenants.

- The 2009 Recommended Base Budget of $54.100 million net is 2.1% or $0.079 million below the 2008 Approved Operating Budget and 0.1% below the 2009 target, after the recommended service level adjustments of $1.090 million.

- The 2009 Recommended Base Budget reallocates one position (and funding of $0.150 million) to the City Manager's Office in support of the Mayor's Tower Renewal Initiative, resulting in the overall Program's staff complement decreasing by one position, from 795.5 to 794.5 positions.

2009 Key Cost Drivers and Reduction Strategies

The 2009 Recommended Base Budget provides funding for the following key cost drivers:

- Increases in salaries and benefits of $1.616 million net including merit, step and the annualizations of 2008 COLA, and $0.140 million for the annualized cost of 2008 Council approvals such as the Union Station design and construction risk management unit.

- Non-labour inflationary increases of $2.038 million in materials and supplies and utility costs.

- An increase of $8.000 million in gross expenditures (and revenues) to enable the Program to receive the Ontario Power Authority (OPA) financial incentives for conservation and demand response measures delivered by the various entities participating in the program. These incentives will be redirected to the individual participants upon delivery of their programs.

- An increase of $2.000 million in gross expenditures (and revenues) to account for a change in lease agreements with external tenants that require the City (as landlord) to collect property taxes from its tenants and then remit these taxes to the City through Revenue Services. This practice is consistent with that used in the private sector.

- These key cost drivers are partially offset by the reversal of one leap day ($0.235 million), salary adjustments to account for actual ongoing step and merit increases, which were lower than initially estimated ($0.325 million) and savings due to the early retirement of the Sunlife loan ($0.521 million).

Reduction strategies recommended to mitigate the above pressures include:

- Revenue increases of $0.929 million from new and existing leases with external tenants, currently under negotiation, which will result in new rental agreements that are more reflective of true market rates.

- Utility cost savings of $0.161 million from previously implemented energy efficiency measures.

The 2009 Recommended Base Budget will maintain service levels offered in 2008. It incorporates funding for the following:

- Facilities Maintenance – base funding of $47.895 million gross is included for scheduled preventative maintenance work, including heating, ventilation and air conditioning systems, space and accommodation planning activities, inspection and compliance monitoring, environmental assessments and asset management services.

- Facilities Custodial Care – base funding of $28.575 million gross is provided for cleaning and waste management services.

- Facilities Security and Safety – base funding of $11.813 million gross is allocated for security surveillance, installations of life safety and security devices, safety condition assessments and provision of controlled safe access points.

- Facilities Energy Management – base funding in the amount of $36.686 million gross is earmarked for payment of utilities, performance of energy audits and management of energy retrofits and other Sustainable Energy Plan initiatives (including the funding for the Energy Efficiency Office of $1.271 million).

- Real Estate Management - base funding of $19.948 million gross is dedicated to the management of leases, property appraisals, management and development of real estate portfolio and negotiations of property acquisitions and disposals. This base budget will also fund an audit of the corporate real estate asset portfolio to identify properties with potential for private development that may be transferred or turned over to Build Toronto.

2010 and 2011 Outlook: Net Incremental Impact

The 2010 Outlook net incremental increase of $1.311 million net or 2.4% is due to estimated merit and step increases of $1.168 million net, and the incremental impact of 2009 approved new/enhanced priority actions of $0.143 million net. The 2011 Outlook incorporates a net increase of $1.189 million to account for estimated ongoing merit and step increases.

The 2010 and 2011 Outlooks do not include a provision for COLA as the further increases are subject to future negotiations.

Table 4
2009 New / Enhanced Service Priority Actions: Summary
(In $000s)

Description	2009 Recommended		Rec. New Positions	Net Incremental Impact	
	Gross Exp.	Net Exp.		2010	2011
	$	$	#	$	$
Enhanced Services:					
(a) Enhanced Services - Council Approved					
(b) Enhanced Services - Program Initiated					
Climate Change, Clean Air and Sustainable Energy Action Plan					
Sustainable Energy Plan - Planning and Financial Management	98.6		1.0		
Sustainable Energy Office - Energy Consumption Trends Analysis	317.6		3.0		
Renewable Energy Programs	329.7		3.3		
Enterprise Central (Energy Efficiency and Energy Monitoring)	0.0		1.0		
Union Station Management					
Mangement of Union Station Operations	13,182.1		45.0		
Union Station Capital Construction Management	333.6		4.0		
New Client Services					
Custodial and Caretaking Services for Various Clients	3,360.0		15.0		
Security Positions for Toronto Water and Parks, Forestry and Recreation (Capital Projects)	707.2		8.0		
Security Positions for Toronto Water and Parks, Forestry and Recreation	0.0		11.5		
St. Lawrence Market Complex Promotion Specialist	92.1		1.0		
Capital Asset Management					
CAMS Project Management (Asset Preservation)	120.0		2.0		
Project Management (Asset Preservation)	318.1		4.0		
Sub-Total Enhanced Services	**18,859.0**	**0.0**	**98.8**	**0.0**	**0.0**
New Services:					
(a) New Services - Council Approved					
Facilites Management Project	186.0		2.0	143.4	
(b) New Services - Program Initiated					
Sub-Total New Services	**186.0**	**0.0**	**2.0**	**143.4**	**0.0**
Total New/Enhanced Services	**19,045.0**	**0.0**	**100.8**	**143.4**	**0.0**

2009 Recommended New / Enhanced Service Priority Actions

Enhanced Service Priority Actions – Program Initiated

There are twelve recommended enhanced service priority actions, based on full cost recovery, resulting in a $0 net impact. These are grouped according to the Program's main challenges and opportunities.

Climate Change, Clean Air and Sustainable Energy Action Plan

Sustainable Energy Plan - Planning and Financial Management ($0.099 million gross, $0 net)

The Energy Efficiency Office is responsible for the implementation of the Sustainable Energy Plan programs funded by the Toronto Energy Conservation and the Toronto Green Energy Funds (Sustainable Energy Funds), as approved by Council in 2008.

The Sustainable Energy Funds are at their early stages of deployment, therefore, information and communication needs are considered crucial. In order to support technical issues there will be a need to provide community outreach activities to quickly engage stakeholders.

In order to ensure adequate planning and engage communities, one permanent full-time project manager at the cost of $0.132 million ($0.099 million in 2009, with an incremental impact of $0.033 million in 2010) will be added to the Energy Efficiency Office. This position will provide planning and financial advice in order to meet the program's capital target as well as assistance in developing and monitoring community-based programs. This salary cost will be funded from the Sustainable Energy Reserve Funds.

Sustainable Energy Office – Energy Consumption Trends Analysis ($0.318 million gross, $0 net)

A specialized unit will be established to provide support to the City's Sustainable Energy initiatives, carried out by the Energy Efficiency Office and the Energy and Waste Management Office, as well as the initiatives of other Programs within the City (City Planning, Toronto Environment Office), and City ABCs and other corporations, such as Toronto Hydro.

Many of these initiatives require expertise and capacity that does not currently exist in the City. Traditionally, this capacity has been acquired through the use of consultant services. Developing capacity in-house will result in reduced reliance on consultants, and related costs. The Province will soon require municipalities to regularly prepare and submit energy plans, which will necessitate in-house expertise if the City is to avoid retaining consultants.

The Unit will consist of one manager and two senior engineers who will focus on analysis of trends in energy consumption in Toronto, and will report on results of sustainable energy initiatives. The estimated cost to establish this Unit is $0.318 million in 2009, with an incremental impact of $0.106 million in 2010. All positions are permanent. Funding will be provided from the Sustainable Energy Reserve Funds.

Renewable Energy Programs ($0.330 million gross, $0 net)

The Renewable Energy Program focuses on specific energy renewable technologies such as passive solar, solar PV, solar water heating, small wind energy storage, synergistic areas such as energy conservation, distributed generation, waste heat recycling, deep lake water cooling (DLWC), and other major practices to meet the Clean Air and Sustainable Energy Action Plan objectives. It involves analysis of environmental costs and benefits of adapting strategies that increase the participation rate with a view to lowering the environmental impacts.

The responsibility for renewable energy in Facilities and Real Estate is split between the Energy Efficiency Office (EEO) and Energy and Waste Management Office (E&WMO). The Energy and Waste Management Office has responsibility for corporate property and provides funding assistance through the Energy Retrofit Program (ERP) to various ABCs. The Energy Efficiency Office provides technical assistance to City Programs and ABCs to implement renewable energy under their own operating and capital budgets. There are opportunities to increase the effectiveness through a closer integration of work responsibilities for renewable energy initiatives.

Two new permanent energy consultant positions are recommended to be added to the Energy Efficiency Office as a resource for the City's renewable energy programs, totaling $0.194 million. Two permanent senior energy consultants are required for the Energy and Waste Management Office. As one existing event coordinator temporary position is to be transferred for this purpose (as a 0.7 permanent senior energy consultant position), an additional 1.3 positions are being recommended, at a cost of $0.034 million in 2009. In addition, non salary costs in the amount of $0.212 million are needed for materials and supplies, equipment, services and rents and interdepartmental charges. Total estimated costs for 2009 are $0.330 million with an incremental impact of $0.110 million in 2010. All costs will be funded from the Sustainable Energy Reserve Funds.

Enterprise Central -Energy Efficiency and Energy Monitoring ($0 gross and net)

The Energy and Waste Management Office provides utility and energy management services, including the City's Sustainable Energy Plan initiatives, to all City Programs and ABCs. These services also include "smart building" or advanced building automation controls (Enterprise Central). The software and data base is presently located at 703 Don Mills Road on a dedicated server, but up until now the energy saving capabilities of this system are not being fully leveraged nor are energy savings being fully maximized, due to a lack of resources.

A new permanent staff position dedicated to managing and administering the Enterprise Central programs will be added to monitor and control building energy using systems remotely. This will allow for better building management and will provide significant energy savings due to better climate control and the ability to deal with problems sooner. It will also assist the City in advancing to the next level of potential energy savings in its buildings. This energy specialist will be also used as a resource for the demand response program currently being developed by Facilities and Real Estate. The position will be funded from energy savings in the same amount ($0.110 million), for a $0 net impact internally.

Union Station

Management of Union Station Operations ($13.182 million gross, $0 net)

In 2000, the City acquired Union Station from Toronto Terminals Railway (TTR) which was subsequently authorized to provide maintenance, custodial care, security and property management services on an interim basis. After providing services for eight years, TTR will hand over management of Union Station to the City.

Facilities and Real Estate will take over the responsibility for management of Union Station, including security, leases, utilities and maintenance, effective 2009. A budget estimated at $13.182 million gross, $0 net will be established within the City's budgeting and reporting framework to enable the Program to fulfill new responsibilities.

The expenditure budget consists of $3.504 million for salaries and benefits, $4.137 million for materials and supplies and $5.540 million for contracted services. All expenditures will be funded from the lease revenues generated at Union Station, for a $0 net impact corporately. 45 additional permanent staff positions are required to perform security (9 positions), cleaning and caretaking services (18 positions), utility and building management (3 positions) maintenance service (14 positions) and manage the leases (1 position).

The services that will be provided include improvement over the services rendered by TTR with an increased security presence (24/7) at the Station to mitigate risk factors that have increased over the last decade.

Union Station Capital Construction Management ($0.337 million gross, $0 net)

With existing state-of-good-repair and heritage renewal work, combined with security and transportation improvements, and a pending Revitalization Project, Union Station capital spending could aggregate to at least $600 million over the next ten years.

In order to ensure effective delivery (on time/on budget) of this program of capital projects, there is a requirement for additional staff. Also quality project management services are required to satisfy efficient and effective delivery of the planned capital projects. The current staffing levels cannot meet this increase in demand and therefore four additional permanent positions are recommended (three project managers and one construction coordinator) to support the Union Station capital program. Estimated costs are $0.337 million in 2009, with an incremental impact of $0.111 million in 2010. The cost for these staff services will be fully recovered from the Union Station Capital Program.

Client Service Demands

Custodial and Caretaking Services for Various Clients ($3.360 million gross, $0 net)

An additional 15 permanent positions are required to provide custodial and caretaking services for Toronto Police Service (TPS), Toronto Water and the 311 Customer Service Strategy at a cost of $3.360 million in 2009:

- Toronto Police Service requires additional cleaning and caretaking services for its new training facility at 70 Birmingham opening in the fall of 2009. An addition of 12 full-time cleaning employees is required in 2009. Compared to the former training facility (C.O Bick College), the 70 Birmingham facility represents a 70% increase in building size or an additional 210,000 square feet of floor space, requiring 19.6 full-time cleaners annually. In 2010, when the C.O. Bick College closes, the existing 7 full-time cleaning employees will be transferred to perform duties at 70 Birmingham, thus providing for full staffing required at the new facility. Non labour costs include utilities and maintenance costs and materials and supplies. The Department of National Defense (DND) will pay for approximately 12% of the expenses. The federal funding has been reflected in the 2009 Recommended Operating Budget.

- Toronto Water requires additional security and custodial services at new locations. Two full-time permanent positions will be added to perform these services. Increased rental space charges of $0.584 million for new locations are also budgeted in 2009.

- The 311 Contact Centre at Metro Hall in the former Metro Council Chambers requires an additional full-time equivalent position for cleaning and upkeep.

The services outlined above will be provided on a cost recovery basis and will result in a $0 net cost to Facilities and Real Estate.

Security Positions for Toronto Water and Parks, Forestry and Recreation – Capital Projects ($0.707 million gross, $0 net)

Eight additional staff positions (four permanent, four temporary) are required to provide project management of security capital projects and to conduct security assessments at various Parks, Forestry and Recreation locations. These positions are necessary to fulfill various duties on security projects and they will be fully funded by the clients. This service priority will result in higher overall security management and coordination and will also provide additional protection of facilities and the public.

Security Positions for Toronto Water and Parks, Forestry and Recreation ($0 gross, $0 net)

Funding for an addition of 11.5 permanent staff positions for Corporate Security is recommended to provide safety and security services to Toronto Water (4 positions) and Parks, Forestry and Recreation (7.5 positions). Currently, these positions are temporarily filled with funding provided by these Programs through interdepartmental recoveries. They are needed on a permanent basis in order to upgrade the overall security at Toronto Water facilities and various Parks, Forestry and Recreation locations.

The main functions these positions perform include monitoring and responding to alarms, proactive patrolling of facilities, security audits and system maintenance. Without adequate security staffing, there exists a distinct potential for increased criminal activity, resulting in risk to the safety and security of the general public, employees, the City's facilities and potentially the water supply. All positions would be added to the existing complement at no additional cost, resulting in a $0 net impact.

St. Lawrence Market Complex Promotion Specialist ($0.092 million gross, $0 net)

The St.Lawrence Market Complex (SLMC) is comprised of the St. Lawrence Market South with a vendors’ association, the North Market with the large hall of rental space, and the St. Lawrence Hall on King Street with its grand hall and other rental spaces.

Facilities and Real Estate requires a communications and marketing officer who has the expertise to promote this unique complex. This position will have a dual focus: (a) to professionally market the St. Lawrence Market south as a food/experiential destination to tourists and local residents, and (b) to seek revenue-generating rental customers for the public spaces in the North Market and St. Lawrence Hall.

Currently there is no specialized staff to handle the above functions and the St. Lawrence Market Complex is missing out on many opportunities for free marketing and promotion that this position could capitalize on. The position will be a two year opportunity with another two year renewal option. The estimated cost for this position is $0.092 million gross, $0 net, anticipated to be funded from increased rental income.

Asset Management

Capital Asset Management System Management *($0.120 million gross, $0 net)*

Funding for two permanent project manager positions is recommended to administer the new Capital Asset Management System (CAMS) that supports Capital Budget preparation and submission activities for facilities anticipated to be added to the Facilities and Real Estate portfolio as a result of the Corporate Facilities Management Review.

These project managers would handle increased work loads associated with the State-of-Good-Repair projects for additional facilities that will transferred to the Program over the course of the next three years. The positions will be filled in the second half of the year, and therefore only a half-year budget ($0.120 million) is recommended for 2009. An incremental impact of $0.120 million will be required to annualize the funding for these positions in 2010.

Currently all staff use Excel spreadsheets to complete their work, but with the completion of the CAMS project, project managers will free their time to complete other required tasks and projects, thereby drastically increasing their workplace efficiency and their workload. This will result in time savings and will enable project managers to spend more time managing work on capital projects and generating additional recovery from capital projects, anticipated to fully offset the costs of these two new positions.

Project Management - Asset Preservation ($0.308 million gross, $0 net)

As a result of the Corporate Facilities Management Review, over the course of the next three years Facilities and Real Estate (Asset Preservation Unit) will be responsible for over 2,000 facilities including Fire, EMS, Transportation, Toronto Water, EDCT, and Parks, Forestry and Recreation, compared to 278 buildings currently under the Program's jurisdiction.

Therefore, three project management staff and one quantity surveyor position will be added to the Asset Preservation Unit to provide facility investigation and building condition assessment, cost estimates and capital construction services to maintain all facilities in a state-of-good repair.

The cost of these positions (all permanent) is estimated at $0.308 million in 2009, with an incremental impact of $0.159 million in 2010. It is anticipated that they will be fully recovered from additional work on capital projects.

New Service Priority Actions – Council Approved

There is one recommended new service priority, resulting in $0.186 million gross, $0 net impact.

Facilities Management Project ($0.186 million gross, $0 net)

One of the key opportunities (and challenges) for Facilities and Real Estate will be to implement recommendations of the Corporate Facilities Management Review. This implementation is envisioned through the Facilities Management Project which will focus on Facilities and Real Estate as the corporate body responsible for setting the standards to ensure that all City - owned facilities are operated and maintained in a manner that meets operational needs and protects these assets into the future.

The following key changes in the existing corporate facilities operational and organizational structure will occur over the next three years:

- Introduction of updated Service Level Agreements.
- Development of facilities performance metrics.
- Introduction of maintenance and inspection standards for unique facilities.
- Centralization of facilities capital budgets and facilities operating budgets.
- Establishment of an internal nominal rent process for identifying operating and capital costs for facilities management and maintenance.

This new model for facilities management and maintenance will be implemented over a three year period. An addition of one project manager and one project director in 2009 at a cost of $0.186 million is recommended for this priority action. Another project manager would be added in 2010 at a cost of $0.143 million. While the cost in 2009 will be funded from capital projects, the incremental impact of adding one position in 2010 will result in a net cost to the Program. All positions are temporary.

2009 Budget Issues

2009 Recommended Operating Budget vs. Guideline

The 2009 Recommended Operating Budget for Facilities and Real Estate is $54.100 million which is $0.079 million or 0.1% below the Program's 2009 target of $54.179 million. This represents a 2.1% reduction from the 2008 Approved Operating Budget. It was achieved through a combination of measures:

- To offset the pressures from labour and non-labour inflationary increases, the Program reviewed its ongoing salary costs based on 2008 experience, which resulted in savings of $0.344 million. Retirement of the Sunlife loan taken in 1997 for an energy contract at City Hall and reductions in fleet contributions to account for new vehicles in 2009 resulted in further base expenditure reductions of $0.731 million.

- Additional recoveries from various clients wanting expanded/increased service levels in the amount $2.351 million are also included.

Reduction Strategies

- The following reduction strategies to fully mitigate the Program's 2009 pressures are recommended:

  - Base efficiency change - utility costs have been reduced by $0.161 million to capture savings from previously implemented energy efficiency measures.

  - Base revenue change – revenue has been increased by $0.929 million for new and revised existing leases currently under negotiation that will result in new rental agreements more reflective of true market rates.

Issues Referred to the 2009 Operating Budget Process

During the 2008 Budget process, it was recommended that Facilities and Real Estate establish clear criteria for recovery from special events at Nathan Phillips Square with a view to generating revenues to offset cleaning expenses at such events, and report back in time for consideration with the 2009 Operating Budget process.

The Program has reviewed the options for recovering expenses related to Special Events at Nathan Phillips Square and while an opportunity exists to recover basic costs for clean up for those events that realize net revenue, charges are on a break-even basis, so community groups are not negatively impacted or dissuaded from facilitating events. The 2009 Recommended Operating Budget does not include any additional revenues from Special Events.

Appendix A

2009 Recommended Base Budget Changes vs. 2008 Approved Budget

(In $000s)	Summary of 2009 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2010	2011
		$	$	$	$	$
2008 Council Approved Operating Budget	**797.5**	**131,125.7**	**75,881.9**	**55,243.8**	**0.0**	**0.0**
In-year approvals and technical adjustments	(2.0)	2,696.2	2,696.2	0.0		
Corporate adjustments		25.8		25.8		
2008 Approved Operating Budget	**795.5**	**133,847.7**	**78,578.1**	**55,269.6**	**0.0**	**0.0**
Prior year impacts	(1.0)	855.0	140.0	715.0		
Zero base items		(776.6)	(542.0)	(234.6)		
Economic factors		2,938.4		2,938.4	1,168.0	1,189.0
Adjusted Base Budget	**794.5**	**136,864.5**	**78,176.1**	**58,688.4**	**1,168.0**	**1,189.0**
Other base changes		8,199.2	9,211.7	(1,012.5)		
Base revenue changes		13.7	2,499.0	(2,485.3)		
Recommended Service Level Adjustments:				0.0		
Base changes				0.0		
Service efficiencies		(161.1)		(161.1)		
Revenue adjustments			929.0	(929.0)		
Minor service impact				0.0		
Major service impact				0.0		
Total Recommended Base Adjustments	**0.0**	**8,051.8**	**12,639.7**	**(4,587.9)**	**0.0**	**0.0**
2009 Recommended Base Budget	**794.5**	**144,916.3**	**90,815.8**	**54,100.5**	**1,168.0**	**1,189.0**
2009 Program Operating Target				**54,179.5**		
% Over (Under) Program Target				**-0.1%**		
% Over (Under) 2008 Appvd. Budget				**-2.1%**		

Appendix B

Summary of Service Level Adjustments

Appendix C

Summary of 2009 Recommended New/Enhanced Service Priority Actions

Appendix D

Program Summary by Expenditure Category

INTERNAL SERVICES
FACILITIES AND REAL ESTATE

	2008 Approved Budget	2008 Projected Actuals	2009 Recommended Budget	Change from 2008 Approved Budget		2010 Outlook	2011 Outlook
	$	$	$	$	%	$	$
Salaries and Benefits	63,664.8	63,664.8	72,252.2	8,587.4	13.5%	74,501.8	75,690.8
Materials and Supplies	26,411.2	26,411.2	30,878.8	4,467.6	16.9%	30,899.4	30,899.4
Equipment	842.8	842.8	1,248.7	405.9	48.2%	1,263.5	1,263.5
Services & Rents	39,686.3	39,686.3	48,823.7	9,137.5	23.0%	48,739.3	48,739.3
Contributions to Capital	1,110.0	1,110.0	900.1	(209.9)	(18.9%)	900.1	900.1
Contributions to Reserve/Res Funds	623.9	623.9	8,280.8	7,656.9	1227.2%	8,280.8	8,280.8
Other Expenditures	14.3	14.3	18.1	3.8	26.4%	18.1	18.1
Interdivisional Charges	1,494.3	1,494.3	1,558.8	64.5	4.3%	1,409.3	1,409.3
TOTAL GROSS EXPENDITURES	133,847.7	133,847.7	163,961.2	30,113.6	22.5%	166,012.2	167,201.2
Interdivisional Recoveries	38,547.6	38,547.6	43,955.5	5,407.8	14.0%	43,955.5	43,955.5
Provincial Subsidies	5,782.6	5,782.6	12,137.6	6,355.0	109.9%	12,137.6	12,137.6
Federal Subsidies	0.0	0.0	302.9	302.9	0.0%	302.9	302.9
Other Subsidies	0.0	0.0	0.0	0.0	0.0%	0.0	0.0
User Fees & Donations	19,179.1	19,179.1	35,833.7	16,654.7	86.8%	35,833.7	35,833.7
Transfers from Capital Fund	4,925.4	4,925.4	5,654.2	728.8	14.8%	5,754.9	5,754.9
Contribution from Reserve Funds	1,087.0	1,087.0	1,290.8	203.8	18.8%	1,539.5	1,539.5
Contribution from Reserve							
Other Revenues	9,056.3	9,056.3	10,686.0	1,629.7	18.0%	11,076.2	11,076.2
TOTAL REVENUE	78,578.1	78,578.1	109,860.8	31,282.7	39.8%	110,600.3	110,600.3
TOTAL NET EXPENDITURES	55,269.6	55,269.6	54,100.5	(1,169.1)	(2.1%)	55,411.9	56,600.9
APPROVED POSITIONS	795.5	795.5	895.3	99.8	12.5%	896.3	896.3

Appendix E

Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Name (In $000s)	Reserve / Reserve Fund Number	Balance as of December 2008	Proposed Withdrawals (-) / Contributions (+)		
			2009	2010	2011
		$	$	$	$
Insurance Reserve Fund	XR1010	27,120.9	705.8	705.8	705.8
Vehicle & Equipment Reserve	XQ1502	1,774.5	194.3	194.3	194.3
Land Acquisition Reserve Fund	XR1012	39,315.2	(545.0)	(545.0)	(545.0)
Strategic Infrastructure Partnership Reserve Fund	XR1714	186,336.8	(745.8)	(994.5)	(994.5)
Total Reserve / Reserve Fund Draws / Contributions			**(390.7)**	**(639.4)**	**(639.4)**