

**Analyst Briefing Notes**  
**Budget Committee**  
**(February 10, 2009)**

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## Executive Summary

- The City Manager is responsible for leading the municipal administration and providing guidance and advice to Council on the City's fiscal, organizational, intergovernmental and service challenges. The City Manager's Office is comprised of seven service areas which include organizational leadership and accountability, strategic advice to council, responsiveness to diverse communities, staffing, safe & healthy workplaces, organization & employee effectiveness and employee and labour relations.
- The key challenges and opportunities for the City Manager's Office over the next 3 years include:
  - **Maintaining Current Service Levels**

Due to financial constraints, resources within the City Manager's Office were significantly reduced during the 2008 budget process. These reductions have been maintained in the 2009 Recommended Operating Budget to keep increased pressures to a minimum. This has created a challenge in ensuring key services are delivered, such as organizational leadership and accountability, strategic advice to Council; responsiveness to diverse communities; recruiting and retaining a high performing diverse workforce; achieving organization and employee effectiveness; maintaining safe and healthy workplaces and a positive workplace culture.
  - **Increased Service Demands**

The City Manager's Office is also faced with increasing service demands as a result of increases in program-specific support, implementation of the Mayor/Council priorities and changes in legislation. There have been increased requests in the number of audits for City programs and the establishment of new programs, such as 311, resulting in unique HR issues. The City Manager's Office provides support to such priorities as: the Mayor's Tower Renewal, the Toronto Public Service People Plan and Learning Strategy, the Civic Engagement Office and establishing the City's Accountability Framework. Recent amendments to the Ontario Human Rights Code, restructuring of the Commission and enhanced powers of the Human Rights Tribunal will have a significant impact on service demands.
- Within the context of constrained resources, the City Manager's Office has identified the following key service objectives:
  - Maintain ongoing support for interdivisional and intergovernmental business activities, providing strategic and corporate policy advice
  - Ensure engagement and participation of the public in the decision making processes of the City
  - Promote societal equity, access and human rights

- Assist the Mayor and Council with the co-ordination and implementation of strategic and corporate policies and priorities
  - Create a learning culture that ensures employees have the skills and knowledge to excel in their current jobs and support employee development
  - Foster a positive workplace culture
  - Ensure a safe and healthy workplace
  - Recruit and retain a high performing diverse workforce
  - Build and promote corporate accountability
  - Assess efficiency and effectiveness of City programs
- The 2009 Recommended Operating Budget includes funding for priority actions which address the challenges, opportunities, and service objectives.
    - To ensure engagement and participation, the 2009 Recommended Operating Budget provides funding in the amount of \$0.114 million for 2 new permanent positions. The additional positions are required to complement existing civic engagement resources and assist with the ongoing development and implementation of the City's civic engagement strategy including innovative approaches for resident participation in the City's decision making processes.
    - In order to create a learning culture, the 2009 Recommended Operating Budget provides funding in the amount of \$0.253 million. This is comprised of 1 new permanent position in the amount of \$0.046 million and \$0.207 million for non-salary expenditures, effective July 1, 2009. The additional resource will assist in developing a comprehensive and systematic Toronto Public Service Learning Strategy with input from divisions and local unions.
    - In order to continue to implement the Toronto Public Service People Plan, the 2009 Recommended Operating Budget provides funding in the amount of \$0.123 million for 1 new permanent Human Resources Consultant, in the amount of \$0.041 million and \$0.082 million for non-labour expenditures. The new staff position will assist in the implementation of a Human Resources Assessment Centre and addressing the process of retaining skilled staff within the workplace.
    - To support the promotion of societal equality, the 2009 Recommended Operating Budget provides funding in the amount of \$0.053 million for 1 new permanent position to assist with the service demands associated with Human Rights Code amendments and the restructuring impact of the Human Rights Commission.
    - To maintain current service levels, funding is recommended to maintain administrative support to Senior Management, interdivisional and intergovernmental business activities, providing strategic and corporate policy advice to the Mayor and Council.
  - For 2008, the City Manager's Office is projecting year-end net expenditures of \$36.709 million which is \$0.788 million or 2.1% below the 2008 Approved Budget of \$37.497 million. The projected year-end favourable variance is attributable to the following:

- Under-spending in the amount of \$0.697 million is due to the reduction of spending on non-labour expenditures and savings in salaries.
- The City Manager's Office is forecasting that year-end revenue will be approximately \$0.091 million or 0.3% over the Approved 2008 Operating Budget of \$2.261 million. The favourable variance reflects the recovery for additional Human Resources Services for their clients.

**Table 1: 2009 Recommended Budget**

| (In \$000s)                             | 2008               |                       | 2009 Recomm'd Operating Budget |                   |                       | Change - 2009 Recommended Operating Budget v. 2008 Appvd. Budget |       | FY Incremental Outlook |       |
|---|--------------------|-----------------------|--------------------------------|-------------------|-----------------------|--|-------|------------------------|-------|
|   | 2008 Appvd. Budget | 2008 Projected Actual | 2009 Base                      | 2009 New/Enhanced | 2009 Operating Budget |  |       | 2010                   | 2011  |
|   | \$                 | \$                    | \$                             | \$                | \$                    |  |       | %                      | \$    |
| <b>GROSS EXP.</b>                       | 39,757.7           | 39,060.6              | 40,339.0                       | 1,459.7           | 41,798.7              | 2,041.0  | 5.1   | 1,438.3                | 423.3 |
| <b>REVENUE</b>                          | 2,260.9            | 2,351.4               | 2,861.4                        | 450.0             | 3,311.4               | 1,050.5  | 0.0   | 0.0                    | 0.0   |
| <b>NET EXP.</b>                         | 37,496.8           | 36,709.2              | 37,477.6                       | 1,009.7           | 38,487.3              | (990.5)  | (2.6) | 1,438.3                | 423.3 |
| <b>Approved Positions</b>               | 398.0              | 371.0                 | 402.0                          | 6.0               | 408.0                 | 10.0   | 2.5   | 0.0                    | 0.0   |
| <b>TARGET</b>                           |                    |                       | <b>36,746.9</b>                |                   | <b>36,746.9</b>       |  |       |                        |       |
| <b>\$ Over / (Under) Program Target</b> |                    |                       | <b>730.7</b>                   |                   | <b>1,740.4</b>        |  |       |                        |       |
| <b>% Over / (Under) Program Target</b>  |                    |                       | <b>2.0%</b>                    |                   | <b>4.7%</b>           |  |       |                        |       |

- The 2009 Recommended Operating Budget for the City Manager's Office is \$41.799 million gross and \$38.487 million net and is \$1.740 million or 4.7% above the 2009 target of \$36.747 million which is set at 2% below the 2008 Approved Operating Budget of \$37.497 million net.
- The 2009 Recommended Operating Budget for the City Manager's Office is comprised of base funding of \$40.339 million gross and \$37.478 million net and funding for new/enhanced service priorities of \$1.459 million gross and \$1.010 million net. Approval of the 2009 Recommended Operating Budget will result in the Program's complement increasing by 10 positions from 398 to 408 staff.
  - The 2010 Outlook projects a net incremental increase of \$1.438 million in operating costs which include merit and step adjustments (\$0.417 million), the annualized impact of new service priorities (\$0.321 million) and the annualized cost of the Mayor's Tower Renewal project (\$0.700 million).
  - The 2011 Outlook includes a net incremental increase of \$0.423 million in operating costs for merit and step adjustments.
- The 2009 Recommended Base Budget funds the Program's key cost drivers including the annualized 2008 cost of living adjustments (COLA), merit and step increases and other non-discretionary expenditures that total \$2.798 million. The additional cost pressures are partially defrayed by the following:

- Reversal of funding for 1 extra (leap) day in 2008 of \$0.112 million gross and net;
- Gapping to maintain the 2008 level of 4% reflecting a \$0.094 million gross and net and savings in salaries and benefits; and,
- Operating cost reductions of \$0.116 million gross and net primarily due to hiring at lower salary ranges.

The 2009 increases are offset by incorporating:

- A reduction in non-labour inflationary increases totalling \$0.053 million
  - A minor Service Level adjustment totalling \$0.225 million by reducing miscellaneous non-salary expenditures.
  - A Major Service Level adjustment to reduce salary costs, in the amount of \$2.049 million, resulting in twenty-three positions being unfunded. The additional planned gapping will increase the 2009 recommended unplanned gapping of 4.0% to a total gapping rate of 9.1% in 2009.
- The 2009 Recommended Operating Budget provides \$1.087 million in base and new funding for a broad range of priority actions for services and activities that advance the Mayor's Mandate and Council's policy agenda. These include:

### **A Clean, Green and Beautiful City**

- New funding of \$0.114 million is recommended for 2 permanent positions to assist with implementation of the civic engagement strategy, develop innovative approaches for resident participation in the City's decision-making processes and address the Mayor's civic engagement priorities and goals.
  - Total funding of \$0.450 million has been reallocated from other city programs, for the Tower Renewal project, a multi-faceted city-wide initiative that will provide social, economic, cultural, financial and other benefits to the residents of Toronto. The project will implement 4 pilot projects including refurbishing high-rise buildings within the City, to make them more energy efficient and reduce greenhouse gases and tie together many key priorities of the City including the work in communities with poor access to services and widespread economic challenges.
- The 2009 Recommended Operating Budget will allow the City Manager's Office to provide continued core support to Council and the City's Programs, Agencies, Boards and Commissions in the areas of strategic advice, community response, employee and labour relations and workplace safety.

The City Manager's Office 2009 recommended funding will also enable enhanced service levels by:

- Implementing the Toronto Public Service Learning Strategy: The 2009 Recommended Operating Budget provides new funding of \$0.253 million to develop a long-term strategic human resource plan for staff training and education City wide.

- Implementing the Toronto Service Public People Plan: New funding of \$0.140 million is recommended in 2009 to create a Human Resources Assessment Centre to focus on improving the process of attracting and retaining a skilled and diverse workforce.
- Enhancing the City's Human Rights Strategy and enhancing the Human Rights Office to ensure compliance with the amendments to the Ontario Human Rights Code.
- Enhancing employment equity by expanding mentorship programs, diversity training and outreach initiatives.
- Publishing the City Newsletter "Our Toronto", and delivering it to the residents of Toronto, four times a year.

**Recommendations**

The City Manager and Acting Chief Financial Officer recommend that:

1. Council approve the 2009 Recommended Operating Budget for the City Manager's Office of \$41.799 million gross and \$38.487 million net, comprised of the following services:

| <u>Service:</u>                | <u>Gross</u><br><u>(\$000s)</u> | <u>Net</u><br><u>(\$000s)</u> |
|--------------------------------|---------------------------------|-------------------------------|
| Executive Management           | 2,848.3                         | 2,398.3                       |
| Strategic and Corporate Policy | 4,436.5                         | 4,436.5                       |
| Internal Audit                 | 1,027.3                         | 390.9                         |
| Strategic Communications       | 3,283.8                         | 2,787.8                       |
| Human Resources                | 30,202.8                        | 28,473.7                      |
| <br>                           |                                 |                               |
| Total Program Budget           | <u>41,798.7</u>                 | <u>38,487.3</u>               |

- The City Manager is responsible for leading the City’s administration team that sets overall broad direction and strategy for the corporation. The City Manager provides guidance and advice to Council on the City’s fiscal, organizational, intergovernmental and service challenges. The City Manager is accountable to Council for the policy direction and program delivery of all divisions and programs according to the delivery of the seven services, as outlined below.

### Program Map



**Organizational Leadership & Accountability:** The City Manager provides direction and support to Council and the Toronto Public Service to ensure that the City is well managed, organized and accountable to implement the City’s policy direction as mandated by Council.

**Strategic Advice to Council:** The City Manager provides objective analysis and professional advice to the Mayor and Council on the City’s financial, governance, inter-governmental service and policies.

**Responsiveness to Diverse Communities:** The City Manager’s office ensures that City programs, services and City decisions are accessible, inclusive and achieve equal participation in the social, economic and political life of Toronto.

**Staffing:** This service provides support and guidance for the development, execution and management of the City’s staffing, employment equity, compensation and job evaluation strategies.

**Safe & Healthy Workplaces:** fosters a safe and healthy work environment with high employee satisfaction, improved delivery of programs and services, which minimizes the personal and financial cost of injury to the employee, the organization and the community.



**Organization & Employee Effectiveness:** This service focuses on investing in employee training and development which is an essential part of maintaining a high performing and flexible workforce. This ensures that employees have the skills and knowledge to excel in their current jobs and supports employee development.

**Employee & Labour Relations:** develops and maintains harmonious working relationships among managers, employees, unions and staff associations in the administration of employment legislation, the Human Rights Code, Fair Wage Policy and collective agreements. All activities aim to achieve a culture of continuous improvement in the Toronto Public Service.

## **Service Challenges and Opportunities**

The major challenges facing the City Manager's Office over the next 3 years are mainly driven by the need to maintain current service levels in a financially constrained environment and having the capacity to respond to increasing service demands that respond to Program needs, Mayor/Council priorities and legislative changes.

### **Maintaining Current Service Levels**

To meet budget targets, 23 positions were gapped resulting in an equivalent of 5.1% increase for a total gapping of 9.1%.

This has resulted in a continued challenge of meeting core service levels in the areas of: providing strategic advice to Council, responding to diverse communities, recruiting and retaining a high performing diverse workforce, ensuring safe and healthy workplaces, meeting legislated obligations and maintaining a positive workplace culture in a financially constrained environment.

### **Increased Service Demands**

#### **Responding to Programs Specific Needs**

Accommodating the increase in Council's requests for audits and following up on prior Audit recommendations has become a significant challenge. Internal Audit currently allocates 40% of its annual work plan to accommodate ad hoc requests from management and City Council which has increased to 60%. It is anticipated that this trend will continue.

The implementation of 311 places pressure on many HR services related to labour relations, staffing, compensation and staff development. Once service delivery to the public commences, it is anticipated that there will be high turnover resulting in health & safety and labour relations issues that will need to be addressed. Staff may need to be temporarily redeployed to address service demands in these areas.

The City Manager's Office must ensure a strong health and safety culture and reducing the number of injuries at the workplace. Similarly, the development of a long-term human resource strategy and support for appropriate staff training and education with limited resources is a challenge.

**Supporting Mayor/Council Priorities**

The Mayor and Council's Tower Renewal priority was introduced to upgrade buildings in the community to provide greening initiatives that will significantly reduce greenhouse gases throughout the City. The Mayor's Tower Renewal project focuses on delivering social, economic, cultural and environmental benefits by renewing concrete high-rise residential towers.

The City will establish a Civic Engagement Office, complementing existing resources to focus on implementing the civic engagement strategy, including the development and implementation of a long-term City-wide participation model and strengthening outreach and inclusion activities that will increase representation of diverse communities in the City's decision-making processes. This work will support an informed public to help shape the future of the City, and the City's goal to make its priorities, services and programs relevant to all Torontonians of all backgrounds. Approaches will include City-wide public consultations on critical issues through the City's 'Listening to Toronto' model, and the exploration of new technology and community partnerships.

The Toronto Public Service People Plan is based on the demographic challenges the City of Toronto will face over the next few years. These challenges include attracting and retaining a skilled workforce and building a positive workplace culture. The TPS Learning Strategy is a component of the Toronto Service Public People Plan that requires an increase in support for divisional and corporate learning programs. This requires that additional resources be provided to increase capacity to develop and support employee training.

**Legislative Changes**

Employment related legislation changes within the Employment Standards Act, Human Rights Code, Labour Relations Act and the Occupational Health and Safety Act and the Labour Relations Act have recently occurred. The recent changes to the Human Rights Code require that the City's collective bargaining teams are provided with sufficient technical and physical resources to support collective bargaining negotiations. This will require deployment of resources from other areas of the City Manager's Office to support this task which will impact ongoing training requirements.

It is anticipated that changes in the legislation to the Human Rights Code will result in an increase in complaints being accommodated at the Human Rights Tribunals. Staff will be required to communicate an amended Human Rights Policy and complaint process to avoid complaints going through to the Human Rights Tribunal of Ontario process. This will also require that the City enhance and expand its human rights strategy to support the City of Toronto Human Rights and Anti-Harassment Policy and Human Rights Policy framework.

## Service Objectives

The objectives for the City Manager's Office address the challenges and opportunities outlined above and primarily reflect the Program's commitment to providing services which support the Mayor, Council and the residents of Toronto. The following section outlines the key service objectives over the next 3 years:

### Maintaining Current Service Levels

- The City Manager's Office will continue to provide direction and strategy for the corporation, oversee interdivisional and intergovernmental business activities, provide corporate policy advice, strategic communications advice, deliver the City's Human Resources policies and programs and respond to Mayor and Council requests.
- Reduce the number of workplace accidents by 5% per year over the next three years and eliminating Ministry of Labour (MOL) orders.
- Reduce the severity of workplace injuries by 20% over the next three years.

### Meeting increased service demands

#### Responding to Programs Specific Needs

- Ensure that Audit activities are aligned with divisional and corporate objectives and assist programs in addressing issues identified in Auditor General's reviews.
- Review and address the health & safety, staffing, training and labour relation issues resulting in the implementation of 311.

#### Supporting Mayor and Council's Priorities

- Ensures that employees have the skills and knowledge to excel in their current jobs and support employee development.
- Incrementally increase the corporate investment, to support employee training and development, by \$300,000 annually from 2009 to 2011 to reach a target of \$900,000 by 2011.
- Increase support for divisional learning activities and corporate learning programs.
- Improving the process of attracting and retaining a skilled workforce.
- Ensure that the public participates in the decision-making processes of the City
- Enhance the coordination of public engagement strategies and activities across the organization.
- Provide a newsletter that will be delivered to all residents four times yearly and will be translated into the top 10 spoken languages in the City in addition to English and French. The newsletter will keep the residents of Toronto informed about emerging issues and becoming more involved with City events.

#### Legislative Changes

- Meeting the mandatory service demands associated with the Human Rights Code amendments and the restructuring of Ontario Human Rights Commission.

### **Priority Actions**

The 2009 Recommended Operating Budget provides \$38.487 million in base and new funding for a broad range of programs and activities that address the challenges, opportunities and services and service objectives for the City Manager's Office. These include:

#### Program Specific Needs

- Provide direction, support and assurance to Council and the Toronto Public Service that the City is well led, managed, organized, transparent and accountable.
- Engage in broader outreach activities to access internationally trained professionals, new immigrants and youth.
- Develop a divisional learning plan based on emerging needs, changing technology, public needs and succession management forecasts with input from divisions and local unions.
- Assist divisions in developing and implementing their succession plans.

#### Supporting Mayor Initiatives

- Implement the Civic Engagement Office to focus on implementing the civic engagement strategy, including the development of a long-term City-wide participation model and strengthening outreach and inclusion activities that will increase representation of diverse communities in the City's decision-making processes. (An increase of two positions in the amount of \$0.114 million).
- Implement the Tower Renewal project. (This includes 5 positions and funding in the amount of \$0.580 million gross and \$0 million net).
- Publish the new City newsletter on a quarterly basis. (Funding in the amount of \$0.850 million gross and \$0.400 million net).

#### Legislative

- Comply with the amendments to the Human Rights Code and the Anti-Harassment Policy and Complaint procedures. (Funding in the amount of \$0.053 million for one position to assist and support the complaint procedures).

**Table 2: 2008 Budget Variance Review**

| (In \$000s)               | 2007 Actuals | 2008 Approved Budget | 2008 Projected Actuals* | 2008 Appvd. Budget vs Projected Actuals Variance |       |
|---------------------------|--------------|----------------------|-------------------------|--|-------|
|                           | \$           | \$                   | \$                      | \$   | %     |
| <b>GROSS EXP.</b>         | 38,118.1     | 39,757.7             | 39,060.6                | (697.1)  | (1.8) |
| <b>REVENUES</b>           | 2,544.5      | 2,260.9              | 2,351.4                 | 90.5   | 0.3   |
| <b>NET EXP.</b>           | 35,573.6     | 37,496.8             | 36,709.2                | (787.6)  | (2.1) |
| <b>Approved Positions</b> | 398.0        | 398.0                | 371.0                   | (27.0)   | 1.5   |

\* Note: Source is the City Manager's Office 2008 Third Quarter Operating Budget Variance Report.

## 2008 Experience

The City Manager's Office is forecasting a year-end favourable variance of \$0.788 million or 2.1% under the 2008 Approved Operating Budget of \$37.498 million.

The 2008 year-end gross expenditure projection of \$39.060 million is under budget by \$0.697 million or 1.8% compared to the 2008 Approved Operating Budget of \$39.757 million. The favourable gross variance is attributed primarily to savings in salaries and non-labour expenditures which include equipment and professional legal services.

The City Manager's Office is projecting that year-end revenue will be achieved and is forecasted to be approximately \$0.091 million or 0.3% over the 2008 Approved Operating Budget of \$2.261 million. The favourable variance reflects the over-recovery of revenues for extra services that were provided by Human Resources to their clients.

## Impact of 2008 Operating Variance on the 2009 Recommended Budget

The 2008 Operating Variance will not have an impact on the 2009 Recommended Operating Budget. It is anticipated that vacancies will be filled by year-end.



**Table 3: 2009 Recommended Base Budget**

| (In \$000s)                             | 2008 Appvd. Budget | 2009 Recommended Base | Change                                      |       | FY Incremental Outlook |       |
|---|--------------------|-----------------------|---|-------|------------------------|-------|
|   |                    |                       | 2009 Recommended Base v. 2008 Appvd. Budget |       | 2010                   | 2011  |
|   | \$                 | \$                    | \$  | %     | \$                     | \$    |
| <b>GROSS EXP.</b>                       | 39,757.7           | 40,339.0              | 581.3                                       | 1.5   | 1,438.3                | 423.3 |
| <b>REVENUE</b>                          | 2,260.9            | 2,861.4               | 600.5                                       | 0.0   | 0.0                    | 0.0   |
| <b>NET EXP.</b>                         | 37,496.8           | 37,477.6              | (19.2)                                      | (0.1) | 1,438.3                | 423.3 |
| <b>Approved Positions</b>               | 398.0              | 402.0                 | 4.0   | 1.0   | 0.0                    | 0.0   |
| <b>NET TARGET</b>                       |                    | <b>36,746.9</b>       |   |       |                        |       |
| <b>\$ Over / (Under) Program Target</b> |                    | <b>730.7</b>          |   |       |                        |       |
| <b>% Over / (Under) Program Target</b>  |                    | <b>2.0%</b>           |   |       |                        |       |

**2009 Recommended Base Budget**

- The 2009 Recommended Base Budget for the City Manager’s Office of \$40.339 million gross and \$37.478 million net is \$0.731 million or 2% over the 2009 target of \$36.747 million net which is 2% below the 2008 Approved Operating Budget of \$37.497 million.
- The additional \$0.581 million in gross expenditure recommended for the 2009 Base Budget reflects an increase of 1.5% compared to the 2008 Approved Operating Budget of \$39.758 million. The additional funding is required for annualized costs from 2008 approvals, merit and step increases, annualization of 2008 cost of living allowance, non-salary economic factors and other base changes needed for the delivery of services. The 2009 Recommended Budget includes 23 gapped positions.
- At its meeting of September 24 and 25, 2008, Council approved the “Mayor’s Tower Renewal” project. In order to address this new initiative, funding to provide a Project Director was reallocated within the City Manager’s 2008 Approved Budget. An additional four positions are required to implement this two year pilot project. Funding and positions have been reallocated from other programs to support this initiative, resulting in a net \$0 impact to the City. Funding in the amount of \$0.150 million has been reallocated from Solid Waste Management; \$0.150 million from Facilities and Real Estate and \$0.150 million from Social Development, Finance and Administration. Positions in those areas will be held vacant during this two year temporary assignment. There is an annualized 2010 net impact of \$0.700 million.
- The 2009 Recommended Base Budget revenues of \$2.861 million are \$0.601 million over the 2008 Approved Operating Budget of \$2.261 million. The increase in revenues is primarily

driven by the increase in funding transferred from Solid Waste, Facilities & Real Estate and Social Development Finance & Administration, totalling \$.0450 million, to fund the Tower Renewal project.

- The 2009 Recommended Base Budget staffing complement increased from 398 to 402 positions due to a prior year adjustment of 4 positions from Solid Waste Management, Facilities and Real Estate and Social Development, Finance and Administration. The transfer of 4 positions will support the Tower Renewal project.

### **2009 Key Cost Drivers and Reduction Strategies**

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

- Merit and step increases of \$.412 million.
- Annualization of 2008 Cost of Living allowances of \$.166 million.
- Fringe benefit increases of \$.487 million.
- The restoration of funding for 22 gapped positions totalling \$1.510 million gross and \$1.510 million net.
- Transfer of a total of \$.450 million for the reallocation of funding from other City Programs for the Tower Renewal project.

The cost drivers noted above will be partially off-set by the following savings included in the 2009 Recommended Base Budget:

- Gapping increase to maintain the 2008 gapping rate of 4% in the amount of \$.094 million net.
- Reversal of funding for an extra (leap) day in 2008 of \$.112 million net.
- Salary adjustments of \$.116 million relating to hiring at lower salary ranges.
- A transfer of funding and positions in the amount of \$.450 million for the Tower Renewal project.

To alleviate the expenditure impacts, the 2009 Recommended Base Budget incorporates three recommended reduction strategies totaling \$2.345 million, which include:

- A reduction in inflationary increases totaling \$.071 million.
- A reduction in non-salary expenditures, for a total of \$.225 million, relating to equipment purchases and material and supplies.
- One-time planned gapping of 23 positions, in the amount of \$2.049 million, to meet 2009 budget targets.

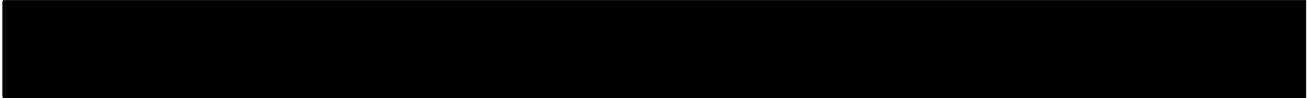
**2010 and 2011 Outlook: Net Incremental Impact**

The 2010 net incremental increase of \$1.483 million maintains the 2009 level of service while including merit and step increments and annualization of Tower Renewal costs.

The 2011 net incremental increase of \$0.423 million includes merit and step increments.

The 2010 and 2011 Outlooks do not include a provision for COLA, as the increase is 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       |
|  | \$               | \$             | #                  | \$                     | \$         |
| <b>Enhanced Services:</b>                        |                  |                |                    |                        |            |
| <b>(a) Enhanced Services - Council Approved</b>  |                  |                |                    |                        |            |
| TPS Learning Strategy                            | 253.4            | 253.4          | 1.0                | 46.6                   |            |
| People Plan                                      | 122.5            | 122.5          | 1.0                | 40.8                   |            |
| <b>(b) Enhanced Services - Program Initiated</b> |                  |                |                    |                        |            |
| Access & Equity                                  | 66.4             | 66.4           | 1.0                | 66.4                   |            |
| Human Rights Office                              | 53.0             | 53.0           | 1.0                | 52.9                   |            |
| <b>Sub-Total Enhanced Services</b>               | <b>495.3</b>     | <b>495.3</b>   | <b>4.0</b>         | <b>206.7</b>           | <b>0.0</b> |
| <b>New Services:</b>                             |                  |                |                    |                        |            |
| <b>(a) New Services - Council Approved</b>       |                  |                |                    |                        |            |
| <b>(b) New Services - Program Initiated</b>      |                  |                |                    |                        |            |
| Civic Engagement                                 | 114.4            | 114.4          | 2.0                | 114.3                  |            |
| Creation of City Newsletter                      | 850.0            | 400.0          |                    |                        |            |
| <b>Sub-Total New Services</b>                    | <b>964.4</b>     | <b>514.4</b>   | <b>2.0</b>         | <b>114.3</b>           | <b>0.0</b> |
| <b>Total New/Enhanced Services</b>               | <b>1,459.7</b>   | <b>1,009.7</b> | <b>6.0</b>         | <b>321.0</b>           | <b>0.0</b> |

**2009 Recommended New / Enhanced Service Priority Actions*****Access & Equity (\$0.066 million gross and \$0.066 million net, one position)***

Funding for 1 permanent Diversity Management Community Engagement Consultant (DMCE), in the amount of \$0.066 million, effective July 1, 2009, is recommended. The new position will bring divisional staff together through the inter-divisional staff teams on access and equity to discuss the development of the action plan. DMCE staff have been assigned to work with individual divisions to provide advice and assistance specific to the needs of a division. The new DCME Consultant will provide information and consultation to continue to strengthen the City's commitment to employment equity by expanding mentorship programs, diversity training and outreach initiatives.

***Civic Engagement (\$0.114 million gross and \$0.114 million net, two positions)***

Funding for two new permanent Senior Corporate Policy Consultant positions, in the amount of \$0.114 million effective July 1, 2009, is recommended. The 2010 annualized impact for this priority is \$0.114 million. The two new staff will complement existing civic engagement resources and assist in establishing and implementing the civic engagement strategy including the development and implementation of a long-term City-wide participation model and strengthening outreach and inclusion activities that will increase representation of diverse communities in the City's decision-making processes.

***Creation of City Newsletter "Our Toronto" (\$0.850 million gross and \$0.400 million net)***

The city-wide newsletter 'Our Toronto' will provide the means for a one-to-one dialogue with residents and will keep Torontonians informed about emerging issues affecting Toronto and invite residents to become more involved in the life of their city. The city-wide newsletter will be delivered to all residents four times yearly and will be translated into the top 10 languages spoken in the City in addition to English and French. With the launch of Our Toronto, two current publications will be discontinued which include Water Watch and Waste Watch and City Routes.

***Human Rights Office (\$0.053 million gross and \$0.053 million net, one position)***

The addition of 1 permanent Human Resources Consultant for the Human Rights Office, effective July 1, 2009, in the amount of \$0.053 million to meet the anticipated increase in complaints to the Human Rights Tribunal of Ontario is recommended. The new position will be required to meet the mandatory service demands as a result of Human Rights Code amendments, restructuring of the Human Rights Commission, increased powers of the Human Rights Tribunal and City of Toronto Human Rights and Anti-Harassment Policy amendments.

***Toronto Service Public People Plan (\$0.123 million gross and \$0.123 million net, one position)***

Council adopted a 'People Strategy' in 2003. The Toronto Public Service Toronto Service Public People Plan 2008 – 2011 is based on the approved People Strategy. The Toronto Service Public People Plan sets out five goals that commit the City to: being a learning organization; having a safe and healthy workplace; attracting and retaining a skilled, high performing and diverse workforce; having strong and effective leaders and building a positive workplace culture. Funding in the amount of \$0.123 million is recommended to retain one permanent Human Resources Consultant

position in the amount of \$0.041 million, effective July 1, 2009, and \$0.082 million for non-labour expenditures, to implement the Toronto Service Public People Plan.

***Toronto Public Service Learning Strategy (\$0.253 million gross and \$0.253 million net, one position)***

The Toronto Public Service Learning Strategy is a component of the Toronto Public Service People Plan. It describes concrete actions to achieve one specific goal in the Toronto Service Public People Plan – being a learning organization. This will include an increase in support for divisional learning activities and corporate learning programs. Funding in the amount of \$0.047 million is recommended in the 2009 Recommended Operating Budget to provide for one new Senior Human resources Consultant, effective July 1, 2009, and \$0.206 million to develop training programs. The 2010 annualized cost for this priority action will be \$0.046 million.

**2009 Budget Issues****2009 Recommended Operating Budget vs. Guideline**

The City Manager's Office 2009 Recommended Operating Budget in the amount of \$38.487 million net is \$1.740 million or 4.7% over the 2009 target of \$36.748 million net set at 2% less than the 2008 Approved Operating Budget of \$37.497 million.

In order to meet 2009 target levels, a major service level adjustment was proposed and recommended to gap 23 positions. This resulted in a 2009 Recommended Base Budget which is \$0.019 million under the 2008 Approved Budget and \$0.731 million over the 2009 target amount of \$36.747 million. The significant increase in gapping will continue to challenge the program in meeting its base service levels.

In light of the need to support Mayor/Council priorities, the Program will manage the significant gapping rate in its base budget. Priority actions totalling \$1.460 million gross and \$1.010 million net have been recommended to support the Mayor/Council priorities such as the People Plan, the TPS Learning Strategy, the City Newsletter and the Civic Engagement Office. In addition, the City's Access and Equity program will be enhanced and revised legislation addressed through increased resources in the Human Rights Office.

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         |
|   |   | \$                 | \$             | \$               | \$                      | \$           |
| <b>2008 Council Approved Operating Budget</b> | <b>399.0</b>                            | <b>39,651.5</b>    | <b>2,260.9</b> | <b>37,390.6</b>  | <b>0.0</b>              | <b>0.0</b>   |
| Insurance Reallocation                        |   | 74.2               | 0.0            | 74.2             |                         |              |
| Media Unit                                    | (3.0)                                   | (268.0)            | 0.0            | (268.0)          |                         |              |
| TPS Learning Strategy                         |   | 300.0              | 0.0            | 300.0            |                         |              |
| Increase in positions funded by SSHA          | 2.0                                     |                    |                |                  |                         |              |
| <b>2008 Approved Operating Budget</b>         | <b>398.0</b>                            | <b>39,757.7</b>    | <b>2,260.9</b> | <b>37,496.8</b>  | <b>0.0</b>              | <b>0.0</b>   |
| Prior year impacts                            | 4.0                                     | 2,854.3            | 450.0          | 2,404.3          | 1,438.3                 | 423.3        |
| Zero base items                               |   |                    |                |                  |                         |              |
| Economic factors                              |   | 72.0               |                | 72.0             |                         |              |
| <b>Adjusted Base Budget</b>                   | <b>402.0</b>                            | <b>42,684.0</b>    | <b>2,710.9</b> | <b>39,973.1</b>  | <b>1,438.3</b>          | <b>423.3</b> |
| Other base changes                            |   |                    |                |                  |                         |              |
| Base revenue changes                          |   |                    | 150.5          | (150.5)          |                         |              |
| Recommended Service Level Adjustments:        |   |                    |                |                  |                         |              |
| Base changes                                  |   |                    |                | 0.0              |                         |              |
| Service efficiencies                          |   | (71.0)             | 0.0            | (71.0)           |                         |              |
| Revenue adjustments                           |   |                    |                |                  |                         |              |
| Minor service impact                          |   | (225.2)            | 0.0            | (225.2)          |                         |              |
| Major service impact                          |   | (2,048.8)          | 0.0            | (2,048.8)        |                         |              |
| <b>Total Recommended Base Adjustments</b>     | <b>0.0</b>                              | <b>(2,345.0)</b>   | <b>150.5</b>   | <b>(2,495.5)</b> | <b>0.0</b>              | <b>0.0</b>   |
| <b>2009 Recommended Base Budget</b>           | <b>402.0</b>                            | <b>40,339.0</b>    | <b>2,861.4</b> | <b>37,477.6</b>  | <b>1,438.3</b>          | <b>423.3</b> |
| <b>2009 Program Operating Target</b>          |   |                    |                | <b>36,746.9</b>  |                         |              |
| <b>% Over (Under) Program Target</b>          |   |                    |                | <b>2.0%</b>      |                         |              |
| <b>% Over (Under) 2008 Appvd. Budget</b>      |   |                    |                | <b>-0.1%</b>     |                         |              |

**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

| PROGRAM: CITY MANAGER'S OFFICE                                  |                            |                              |                               |  |              |                 |                 |
|---|----------------------------|------------------------------|-------------------------------|--|--------------|-----------------|-----------------|
|   | 2008<br>Approved<br>Budget | 2008<br>Projected<br>Actuals | 2009<br>Recommended<br>Budget | Change from<br>2008 Approved<br>Budget |              | 2010<br>Outlook | 2011<br>Outlook |
|   | \$                         | \$                           | \$                            | \$                                     | %            | \$              | \$              |
| Salaries and Benefits   | 35,857.5                   | 35,817.5                     | 36,834.9                      | 977.5                                  | 2.7%         | 38,198.2        | 38,621.5        |
| Materials and Supplies  | 251.1                      | 232.1                        | 253.1                         | 2.0                                    | 0.8%         | 328.1           | 253.1           |
| Equipment   | 106.3                      | 39.9                         | 121.1                         | 14.8                                   | 13.9%        | 121.1           | 121.1           |
| Services & Rents  | 2,923.1                    | 2,403.5                      | 4,028.4                       | 1,105.4                                | 37.8%        | 4,028.4         | 4,028.4         |
| Contributions to Capital  | 0.0                        | 0.0                          | 0.0                           | 0.0                                    | n/a          | 0.0             | 0.0             |
| Contributions to Reserve/Res Funds                              | 159.2                      | 159.2                        | 159.1                         | (0.1)                                  | (0.1%)       | 159.2           | 159.2           |
| Other Expenditures  | 0.0                        | 0.0                          | 0.0                           | 0.0                                    | n/a          | 0.0             | 0.0             |
| Interdivisional Charges   | 460.6                      | 408.4                        | 402.0                         | (58.6)                                 | (12.7%)      | 402.0           | 402.0           |
| <b>TOTAL GROSS EXPENDITURES</b>                                 | <b>39,757.7</b>            | <b>39,060.6</b>              | <b>41,798.7</b>               | <b>2,040.9</b>                         | <b>5.1%</b>  | <b>43,237.0</b> | <b>43,585.3</b> |
| Interdivisional Recoveries                                      | 2,225.1                    | 2,226.3                      | 3,258.1                       | 1,033.0                                | 46.4%        | 3,258.1         | 3,258.1         |
| Provincial Subsidies  | 0.0                        | 0.0                          | 0.0                           | 0.0                                    | n/a          | 0.0             | 0.0             |
| Federal Subsidies   | 0.0                        | 0.0                          | 0.0                           | 0.0                                    | n/a          | 0.0             | 0.0             |
| Other Subsidies   | 0.0                        | 0.0                          | 0.0                           | 0.0                                    | n/a          | 0.0             | 0.0             |
| User Fees & Donations   | 0.0                        | 0.0                          | 0.0                           | 0.0                                    | n/a          | 0.0             | 0.0             |
| Transfers from Capital Fund                                     | 0.0                        | 0.0                          | 0.0                           | 0.0                                    | n/a          | 0.0             | 0.0             |
| Contribution from Reserve Funds                                 | 0.0                        | 0.0                          | 0.0                           | 0.0                                    | n/a          | 0.0             | 0.0             |
| Contribution from Reserve                                       | 0.0                        | 0.0                          | 0.0                           | 0.0                                    | n/a          | 0.0             | 0.0             |
| Sundry Revenues   | 35.8                       | 125.2                        | 53.3                          | 17.5                                   | 48.9%        | 53.2            | 53.2            |
| <b>TOTAL REVENUE</b>  | <b>2,260.9</b>             | <b>2,351.5</b>               | <b>3,311.4</b>                | <b>1,050.6</b>                         | <b>46.5%</b> | <b>3,311.3</b>  | <b>3,311.3</b>  |
| <b>TOTAL NET EXPENDITURES<br/>(EXCLUDING CAPITAL FINANCING)</b> | <b>37,496.9</b>            | <b>36,709.1</b>              | <b>38,487.3</b>               | <b>990.4</b>                           | <b>2.6%</b>  | <b>39,925.7</b> | <b>40,274.0</b> |
| <b>APPROVED POSITIONS</b>                                       | <b>398.0</b>               | <b>398.0</b>                 | <b>408.0</b>                  | <b>10.0</b>                            | <b>2.5%</b>  | <b>408.0</b>    | <b>408.0</b>    |



**Appendix E**

**Inflows / Outflows to / from Reserves & Reserve Funds**

| Reserve / Reserve Fund Name<br>(In \$000s)                | Reserve / Reserve Fund Number | Balance as of<br>December<br>2008 | Proposed Withdrawals (-) /<br>Contributions (+) |            |            |
|---|-------------------------------|-----------------------------------|---|------------|------------|
|   |                               |                                   | 2009  | 2010       | 2011       |
|   |                               | \$                                | \$  | \$         | \$         |
| Insurance Reserve Fund                                    | XR1010                        | 20,611.4                          | 156.9   |            |            |
| Vehicle and Equipment Reserve                             | XQ0003                        |                                   | 2.3   |            |            |
| <b>Total Reserve / Reserve Fund Draws / Contributions</b> |                               | <b>20,611.4</b>                   | <b>159.2</b>                                    | <b>0.0</b> | <b>0.0</b> |