



CITY OF TORONTO
Budget Committee
2009 Recommended Operating Budget

March 24, 2009

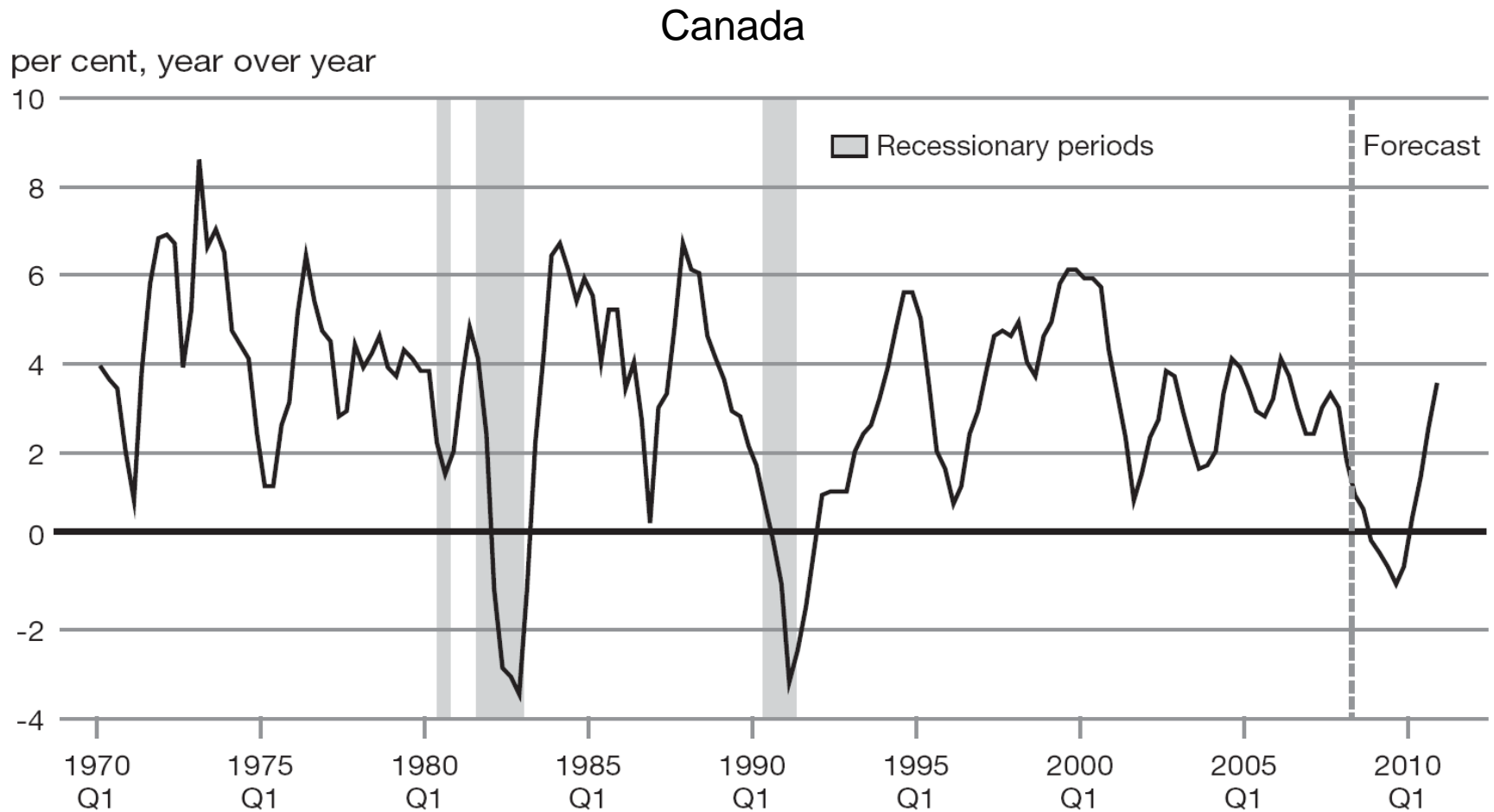
Agenda

1. 2009 Economic Outlook
2. Guidelines and Overview
3. Priority Investments:
 - Toronto Helps
 - Service Priorities
4. 2009 Budget Committee Rec'd Operating Budget
5. 2009 Property Tax Rates
6. Conclusion

2009 Economic Outlook



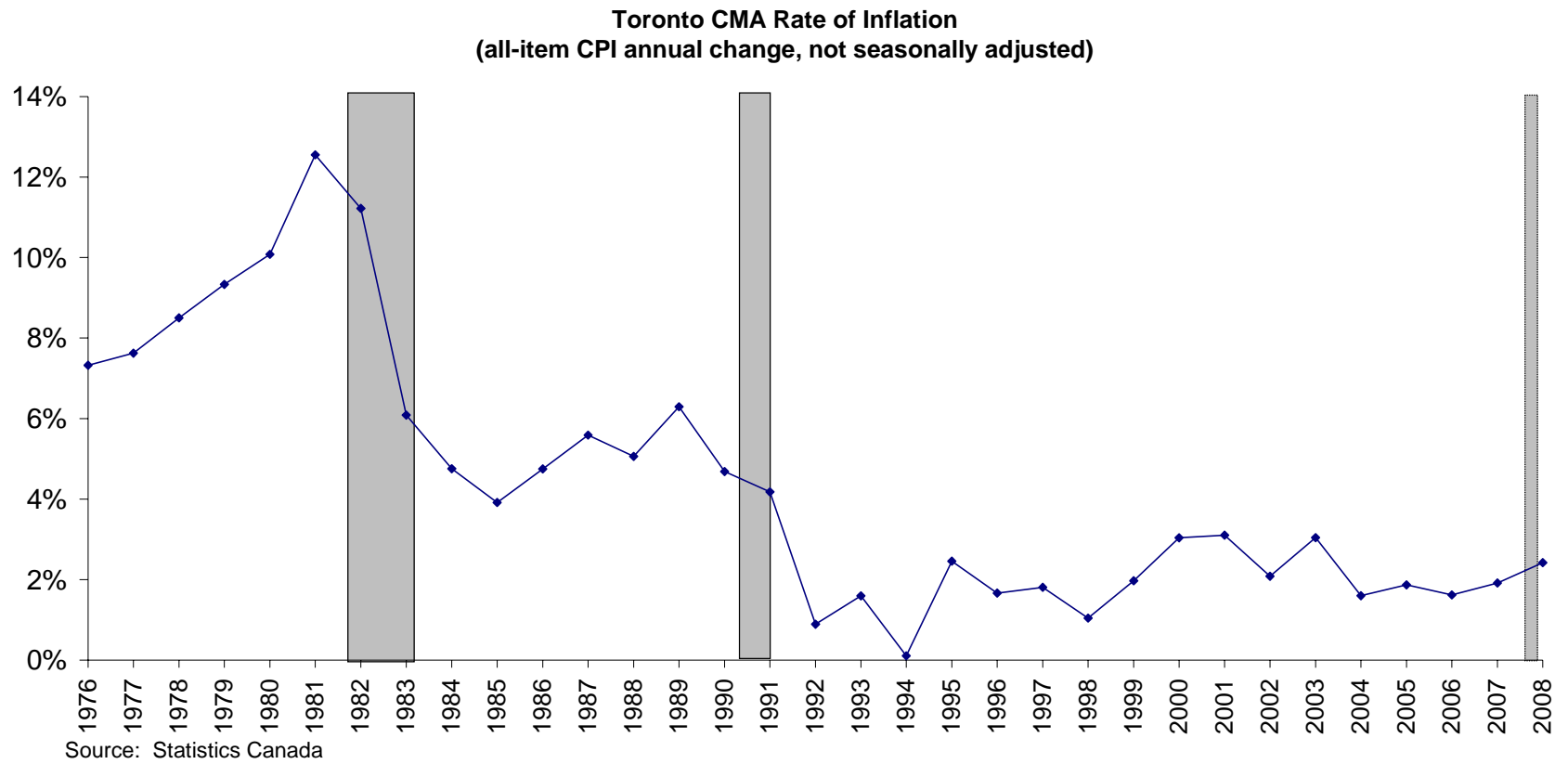
Real GDP Growth in Historical Perspective



Sources: Historical: Statistics Canada

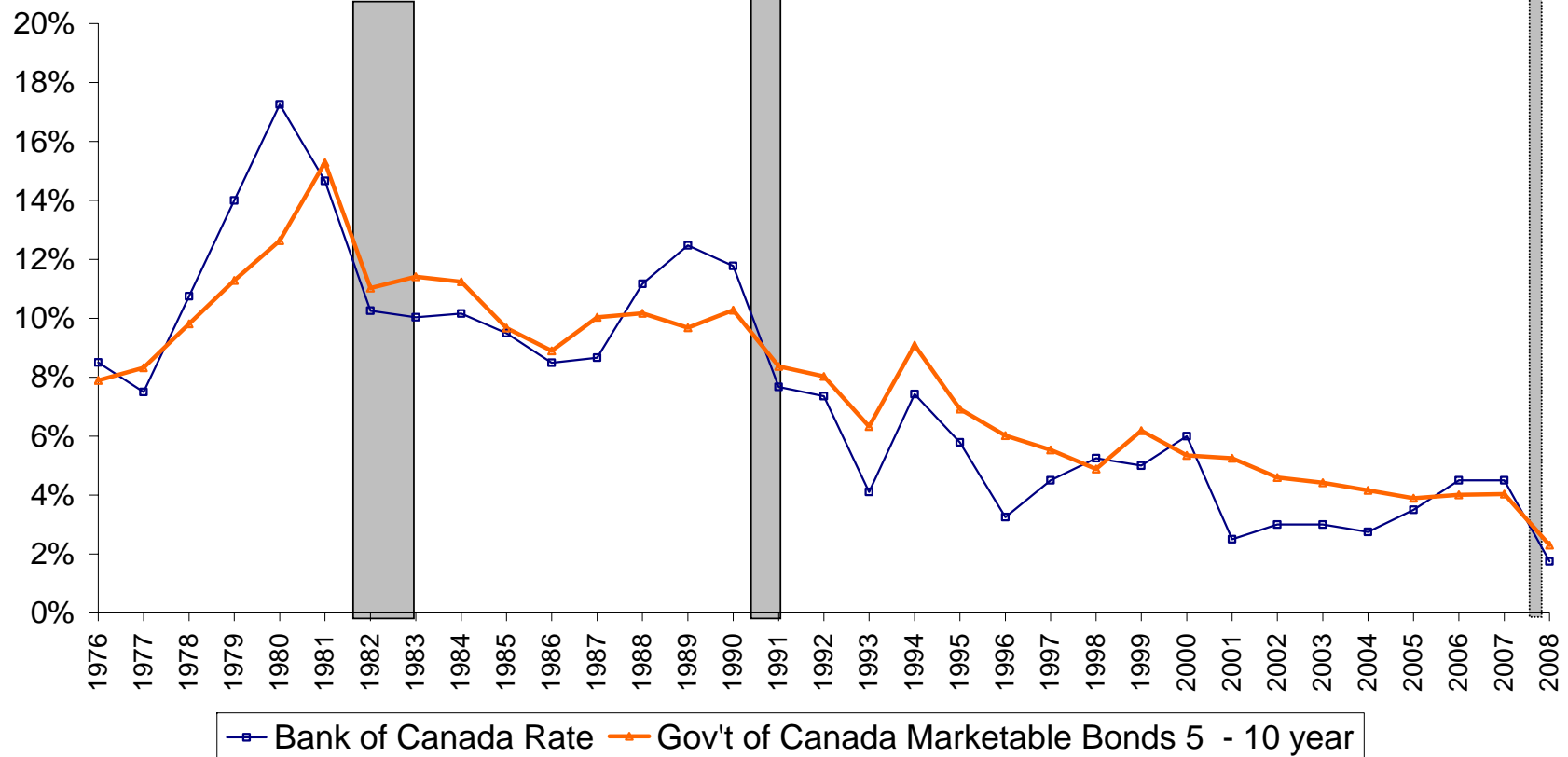
Forecast: Department of Finance survey of private sector forecasters

Inflation

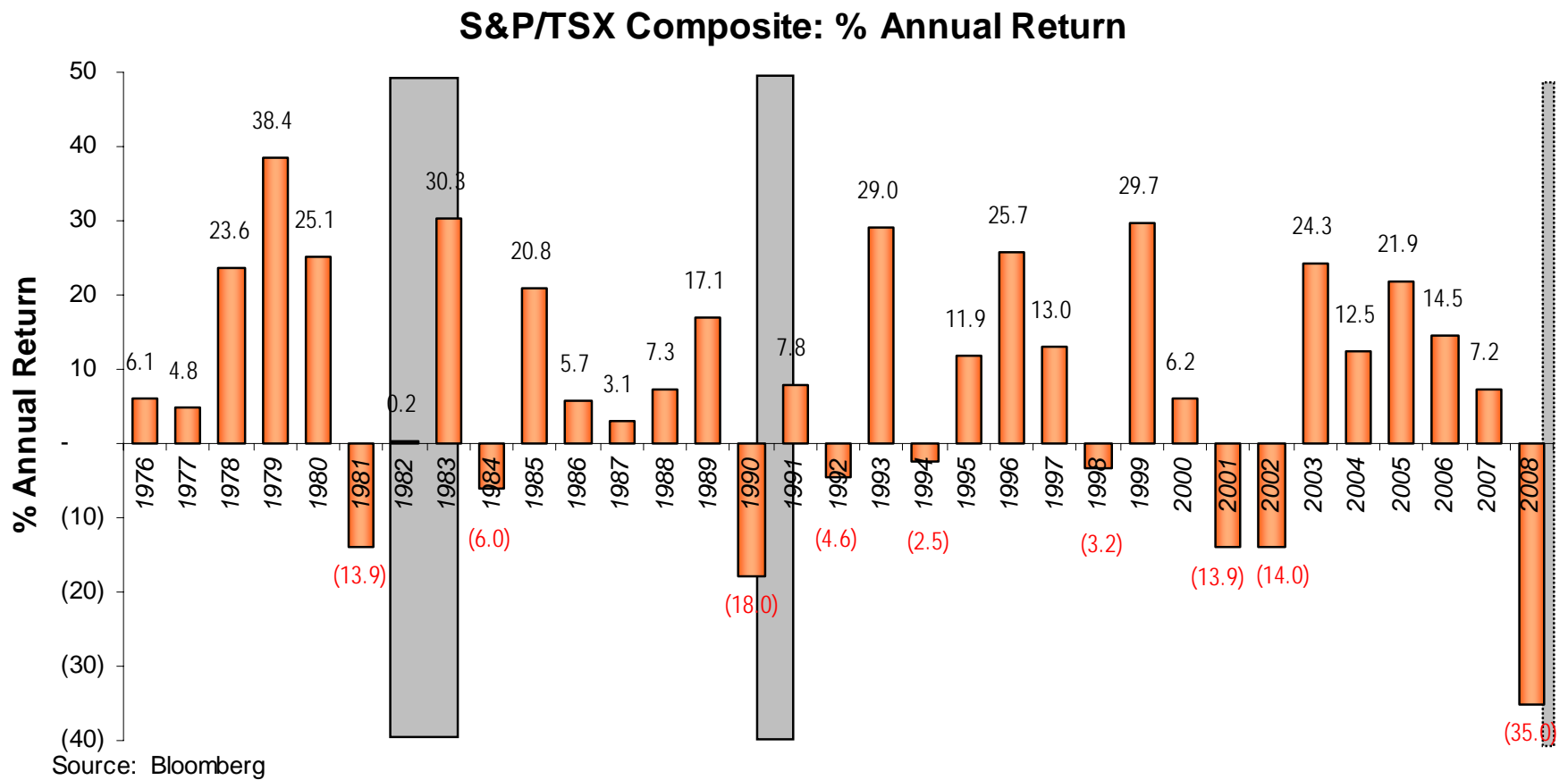


Interest Rates

Gov't of Canada Benchmark Interest Rates



S&P/TSX Composite Index



Key Economic Drivers of City Finances

Employment/ Income

- TTC Ridership
- Social Services
(Social Assistance & Housing)
- Admission fees, e.g. Zoo, Parks

Business / Personal Investments

- Land Transfer Tax
- Assessment growth
- Building permits,
license fees

World / National Markets

- Inflation
(affects labour expectations)
- Commodity prices
- Interest rates
(cost of debt & investment earnings)

Economic Environment Entering into Recession

	1981 / 82	1990 / 91	2008/2009 To-Date
Employment / Income			
Employment (Toronto Region) 5 years prior to recession	Up 15% (204,000 new jobs)	Up 14% (231,000 new jobs)	Up 8% (216,000 new jobs)
Unemployment Rate (Toronto Region) 5 years prior to recession	Decreased from 5.4% to 5.0%	Decreased from 6.7% to 4.0%	Decreased from 7.5% to 6.9%
Business / Personal Investment			
Housing Prices (Toronto Region) 5 years prior to recession	Up 23%	Up 150%	Up 20%
Property Assessment growth (City of Toronto) annual average; 5 years prior to and including recession	2.6%	2.3%	Increased at an annual average of 1.1% in previous 5 years
World / National Market			
Inflation (Toronto CMA) year before recession	10%	6%	2.4% (2008 average)
Interest Rate (Bank of Canada rate) year before recession	17.30%	12.50%	4.50% (Dec 2007) 0.75% (Mar 2009)
Stock Market Index (S&P/TSX) 5 years prior to recession	Up 124%	Up 37%	Up 68%
Retail Gasoline Price (cents/litre; Toronto Region) year before recession	29	51	112 (2008 average) 80 (Feb 2009)

* real growth including business assessment

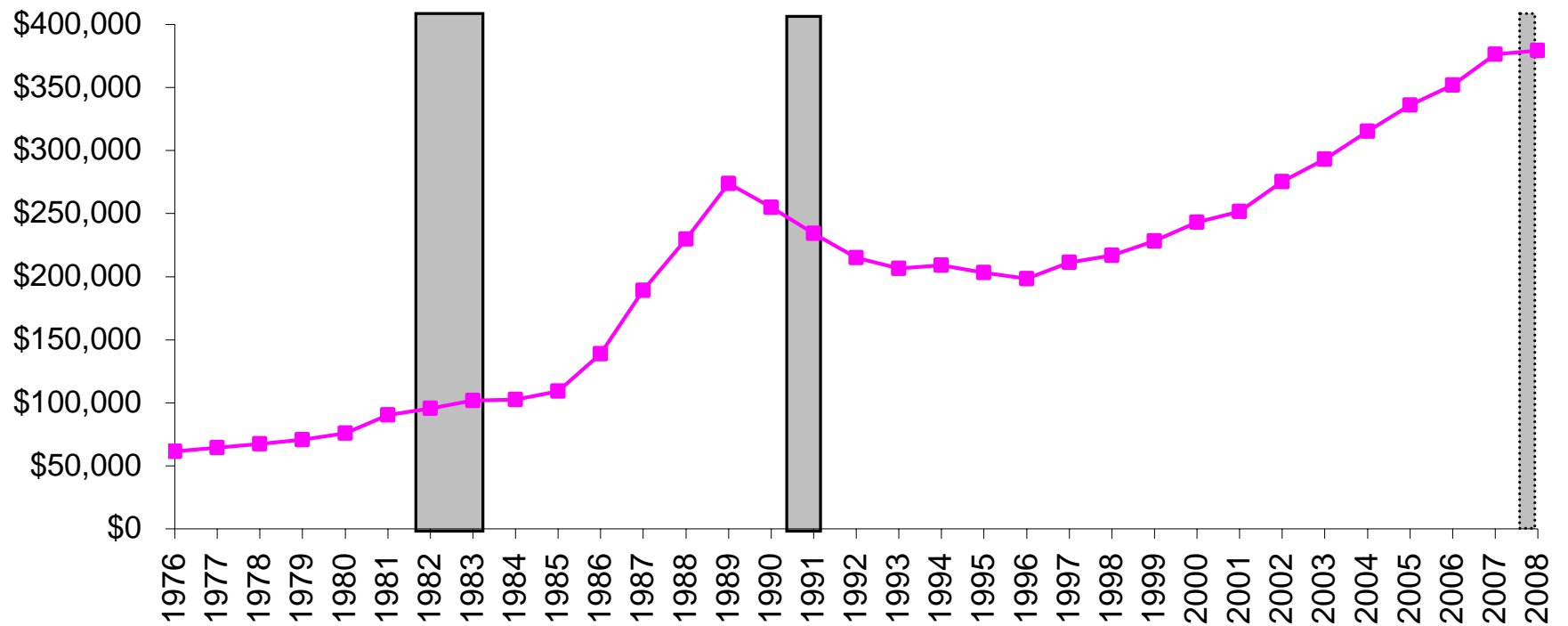
Economic Impacts of Recession

	1981 / 82	1990 / 91	2008/2009 To-Date
<u>Employment / Income</u>			
Employment (Toronto Region)	Down 2% over 2 years	Down 9% over 2 years	Down 5% from May 2008 to Feb 2009
TTC Ridership	Steady growth	Down 12% over 6 years	Modest growth (Ridership Growth Strategy)
Social Assistance (average monthly OW caseload)	Up 46% over 2 years	Up 211% over 5 years	Up from 72,784 (Dec 2007) to 83,915 (Feb 2009). 2009 average monthly budget = 90,000
<u>Business / Personal Investment</u>			
Housing Prices (GTA)	Stable over 2 years	Down 28% over 7 years	Down 14% (May 2008 vs Jan 2009)
Property Assessment Growth (City of Toronto)	Stable over 5 years	Down 5% over 5 years	Modest

* real growth including business assessment

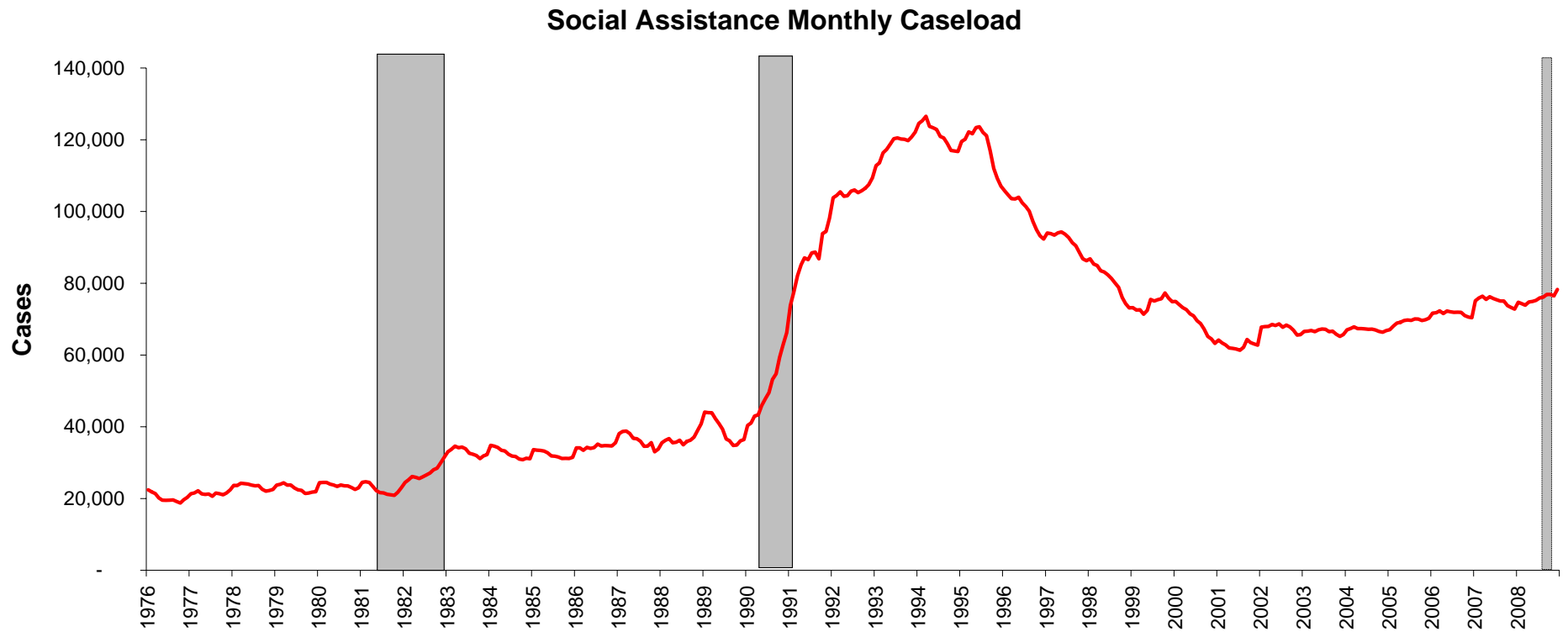
House Prices

Average House Price Toronto region

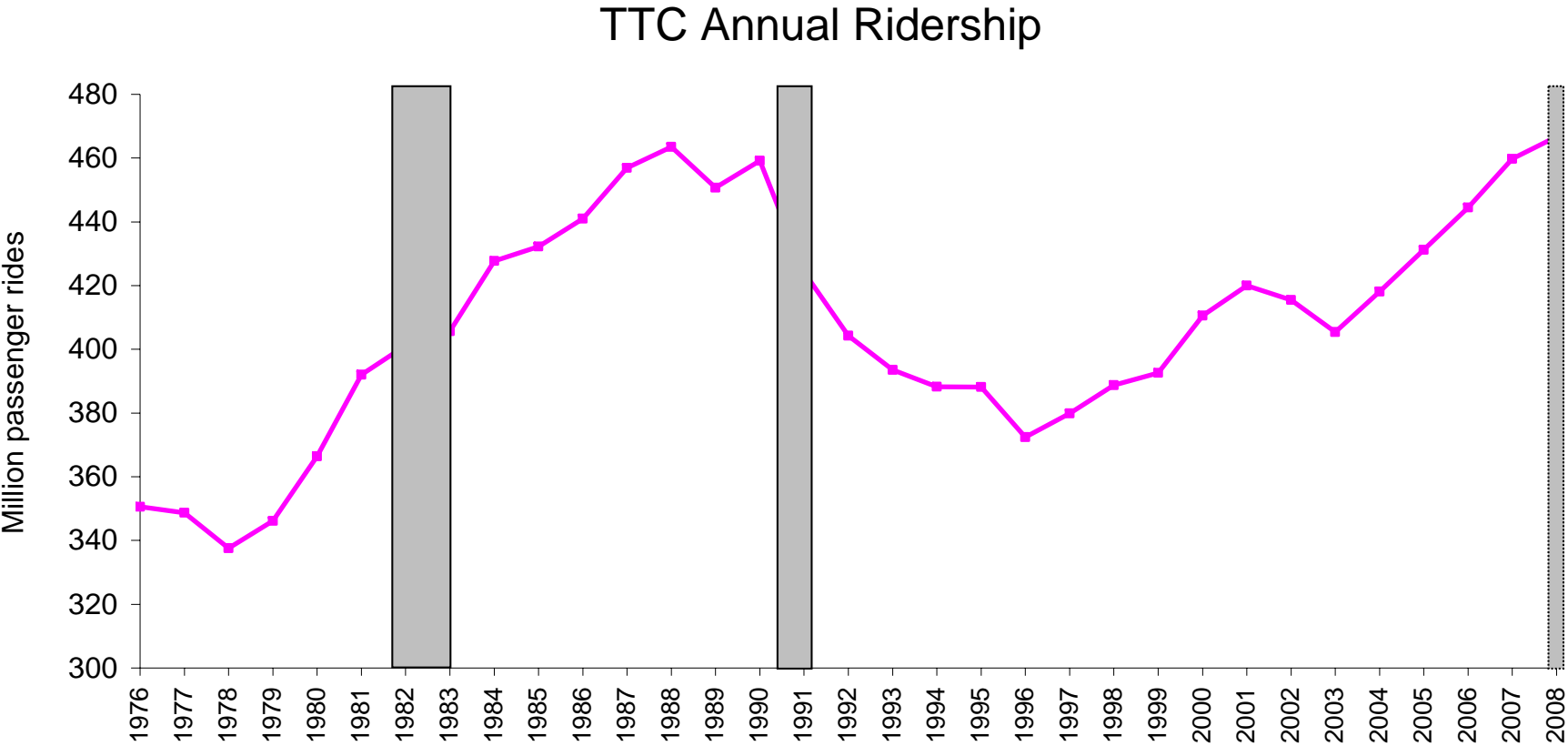


Source: Toronto Real Estate Board

Social Assistance Caseload



TTC Ridership



Potential Impacts on City

Budget Item	Positive or None	Low to Moderate	More Severe
<i>Expenditure Items</i>			
Commodity Prices			
Debt Charges			
Tax - Vacancies			
Social Assistance			
<i>Revenue Items</i>			
Property Taxes			
Investment Earnings			
Transit Ridership			
Municipal Land Transfer Tax			

Recession Response – 2009 Actions

- Toronto Helps
- Close monitoring of key economic factors
- Report to Council quarterly with variance report
- Adjust fiscal action as required
- Close communication with Province
- Continued spending restraint
- Early planning for 2010

2009 Operating Budget - Guidelines and Overview

Mayor's 2009 Budget Guidelines

- Balance the Operating Budget
- Keep Residential Property Tax and User Fee inflationary increases to within 2 – 4%
- Freeze TTC fares
- Protect residents and businesses against the effects of recession
- Target of *Zero* net increase over 2008 and *one percent* for 2010
- Provide an additional 2% reduction options to contribute to COLA
- City Programs and ABCs to continue to pursue opportunities for efficiencies and continuous improvement

Mayor's 2009 Budget Guidelines

- Align services to the Mayor's Priorities and Council's policy directives as the first priority
- Minimize use of property tax and / or City own-source revenues to fund Provincial cost-shared programs
- Fund priority actions from within existing budgets - wherever possible
- Business cases to get to prescribed targets must be realistic, prioritized and must clearly describe service and service level impacts

2009 Operating Budget Overview

- The 2009 Operating Budget is balanced
- Budget tax increase kept to 2.5% on total tax base
- Continuous improvement savings of \$102 million net identified
- Base budget expenditure increase directed to:
 - Protect existing services and service levels – e.g. emergency services
 - Implement TTC Ridership Growth Strategy
 - Improve public access to city services and information
 - Maintain winter snow clearing service levels

2009 Operating Budget Overview

- City investment of \$23 million leverages \$94 million to invest in Mayor and Council priorities:
 - Transit
 - Climate Change
 - Community Health and Wellness
- Increasing current contribution to capital by 10% to reduce debt financing
- Budget addresses the adverse impact of the recession and will be monitored

Priority Investments

Toronto Helps

- People
- Business

Toronto Helps -- People

Rental Assistance

- Toronto Rent Bank – loans (enhanced)
- Emergency Rental Deposit Program (new)
- Social Housing in-situ Allowance (new)

Employment Assistance

- Employment Services at Toronto Public Libraries (enhanced)
- New Employment Resource Centre at Metro Hall (new)
- YMCA Hospitality Training Program (new)

TTC

- Fare Freeze for 2009

Toronto Helps – People & Businesses

Help for Seniors & Others via Long-Term Care Homes & Services

- Homemaking Services (enhanced)
- Extended Cafeteria Services (enhanced)
- Safe Seniors Drop-In (enhanced)

Tax Help for Seniors and Persons with Disabilities

- Tax Increase Deferral Program (enhanced)
- Tax Increase Cancellation Program (enhanced)

Development & Jobs

- Gold Star Program (development review)
- Development Charge Freeze

Toronto Helps – People

- Low Income Seniors and Persons with Disabilities:

- Property Tax Increase Cancellation program:

2008		2009 - Proposed	
Household Income - less than or equal to \$26,000	Assessed Value - less than \$454,000	Household Income - less than or equal to \$30,000	Assessed Value - less than \$525,000
Eligible Households: 16,750		Eligible Households: 19,150 (increase of 15% over 2008)	

- Property tax increase deferral program:

2008	2009 - Proposed
Household Income - less than \$40,000 Eligible Households: 62,000	Household Income - less than \$50,000 Eligible Households: 82,000 (increase of 32% over 2008)

- Water rebate for low income seniors and persons with disabilities

Toronto Helps - Business

- Reducing Business Property Tax still on track:
 - Plan to reduce Business Property Tax ratios to 3.0 times residential taxes by 2013, and 2.5 times by 2017
 - Reduce Small Business Tax ratios to 2.5 times by 2013 (accelerated)
- Property Tax Rebates for vacant Commercial and Industrial Properties (2009 - \$20M), and Registered Charity Rebates (2009 - \$4.150M)
- Reduction in Business Education Tax Rates to be phased in by 2014
- Agenda for Prosperity approved in 2008
- Build Toronto/Invest Toronto
- Development Charges (DC) exemption for some businesses and freeze on residential
- Water Rate Structure Review:
 - New lower water rates for industrial & manufacturing sector:
 - 24% discount now moving to 30%

Toronto Helps - Business

- Financial incentives for new developments:
 - Tax Increment Equivalent Grants (TIEG) for Employment Lands
 - ✓ Targeted to specific economic sectors
 - ✓ Intended to enhance job creation in the City & growth in assessment base
 - ✓ “Woodbine Live!” transformation project incentives – create 9,000 jobs in 3 priority neighbourhoods; \$1 billion investment
 - ✓ Brownfield Remediation Grant
 - Better Buildings Partnership (BBP)
 - Energy Reduction Loan
 - Heritage Incentives (Capital Grant; Tax Rebate Program)

Priority Investments - Service Priorities

Priority Investments Total \$94 Million

- Public Transit

- Make all parts of the City, including the priority neighbourhoods, more accessible by continuing service increases introduced in 2008 through the Ridership Growth Strategy (RGS)
 - Annualized cost for serving 464 million riders (\$7.413M gross)
 - Annualized cost to operate 100 extra buses (99,000 hours annually) (\$7.700M gross)
 - Full year rollout of standardized bus hours (+297,000 hours annually) all routes have same hours as subway, 6am to 1 am weekdays (\$21.000M gross)
 - 2009 Service to meet record demand of 473 million riders, including reliability improvements to the 501 Queen St. route (+136,000 hours in 2009; \$8.0M gross)
- Improve the flow of TTC vehicles and reduce short turns with 20 new route supervisors (\$1.735M gross and net)
- Introduce next vehicle notification, automated customer notification, e-commerce and internet trip planning (\$0.448M gross and net)
- Establish green procurement practices (\$0.875M gross and net)



Priority Investments Total \$94 Million - Climate Change

- Implement the Mayor's Tower Renewal Strategy (\$0.580M gross and net)
- Continue "Live Green Toronto" (\$4.600M gross, \$0.800M net)
- Continue the Climate Change Adaptation strategy (\$0.505M gross, \$0 net)
- Maintain and increase urban forest to increase tree canopy from 17% to 34% by 2050 with new funding in 2009 for:
 - Tree maintenance (\$3.853M gross, \$1.570M net)
 - Tree protection (\$0.686M gross, \$0 net)
 - Planting new trees (\$1.605M gross, \$0 net)
- Open 70km of additional bike lanes; increase the number of bike stations and bicycle lockers (\$0.210M gross, \$0 net)
- Promote an Idle Free Campaign for the City's Fleet (\$0.632M gross savings in 2009)



Priority Investments Total \$94 Million – *Public Spaces*

- Provide overall operations at Union Station including 24/7 security (\$13.182M gross, \$0 net)
- Roll out 3,500 pieces of street furniture (\$5.505M gross, \$0 net)
- Make progress on Toronto's waterfront – construction of Phase 1 of Lake Ontario Park, construction activities in the East Bayfront, West Don Lands and the Central Waterfront (\$1.597M gross, \$1.012M net)
- Open and maintain new and upgraded parks, playgrounds, and pathways (\$0.775M gross and net):

New 2009

- Wychwood Community Park
- Ashbridges Skateboard Park
- Flemmingdon Sports Field

Upgrades for 2009

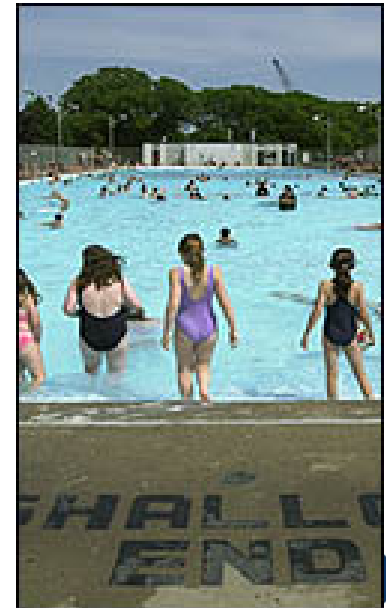
- Megan Park
- Morning Side Splashpad
- Campbell Avenue Playground



Priority Investments Total \$94 Million

- Community Health & Wellness

- Enhanced Streets to Homes program (\$4.6M gross, \$4.1M net)
- Sustain Community Partnership and Investment Program by funding inflationary pressures (\$0.849 gross and net)
- Expand the Student Nutrition Program to serve an additional 5,644 elementary children and 3,147 youth from the 78,000 children and 12,750 youth served in 2008 (\$0.400M gross and net)
- Additional 12 new, 24 enhanced programs for at-risk groups including youth, seniors, women, and aboriginal youth in priority neighbourhoods (\$0.600M gross and net)
- Improve access to employment opportunities, training and skills development through newly developed local employment service hubs (\$2.019M gross, \$0 net)



Priority Investments Total \$94 Million - Community Health & Wellness

- Implement additional nursing shifts in hospital emergency rooms to reduce wait times by EMS paramedics (\$1.945M gross, \$0 net)
- Expand the Children in Need of Treatment Dental Program to 18 years of age (\$5.253M gross, \$0 net)
- Implement the Youth Gang Prevention Pilot Project (\$1.5M gross, \$0 net)
- Increase open hours at Toronto Public Libraries by 67.5 hours per week on weekdays once the implementation of Self-Service for Expanding Open Hours capital project is completed in 2009 (\$0 gross and net)
- Expand recreation programs at various community centres (\$1.287M gross and \$1.071M net)



Priority Investments Total \$94 Million – Creative City

- Celebrate the 175th anniversary of the City of Toronto (\$0.230M gross and net)
- Commission a stand-alone monumental art project for City Hall to attract international tourists to Nuit Blanche (\$0.3M gross and \$0 net)
- Foster the development of “Creative Toronto” (\$0.070M gross and \$0.020M net) by:
 - Partnering with the Martin Prosperity Institute on a major gathering of international thinkers to explore the connection between place, creativity and the economy
 - Partnering with Toronto Artscape to organize an international conference to explore the concept of the “Collaborative City”



Priority Investments Total \$94 Million – Public Access & Accountability

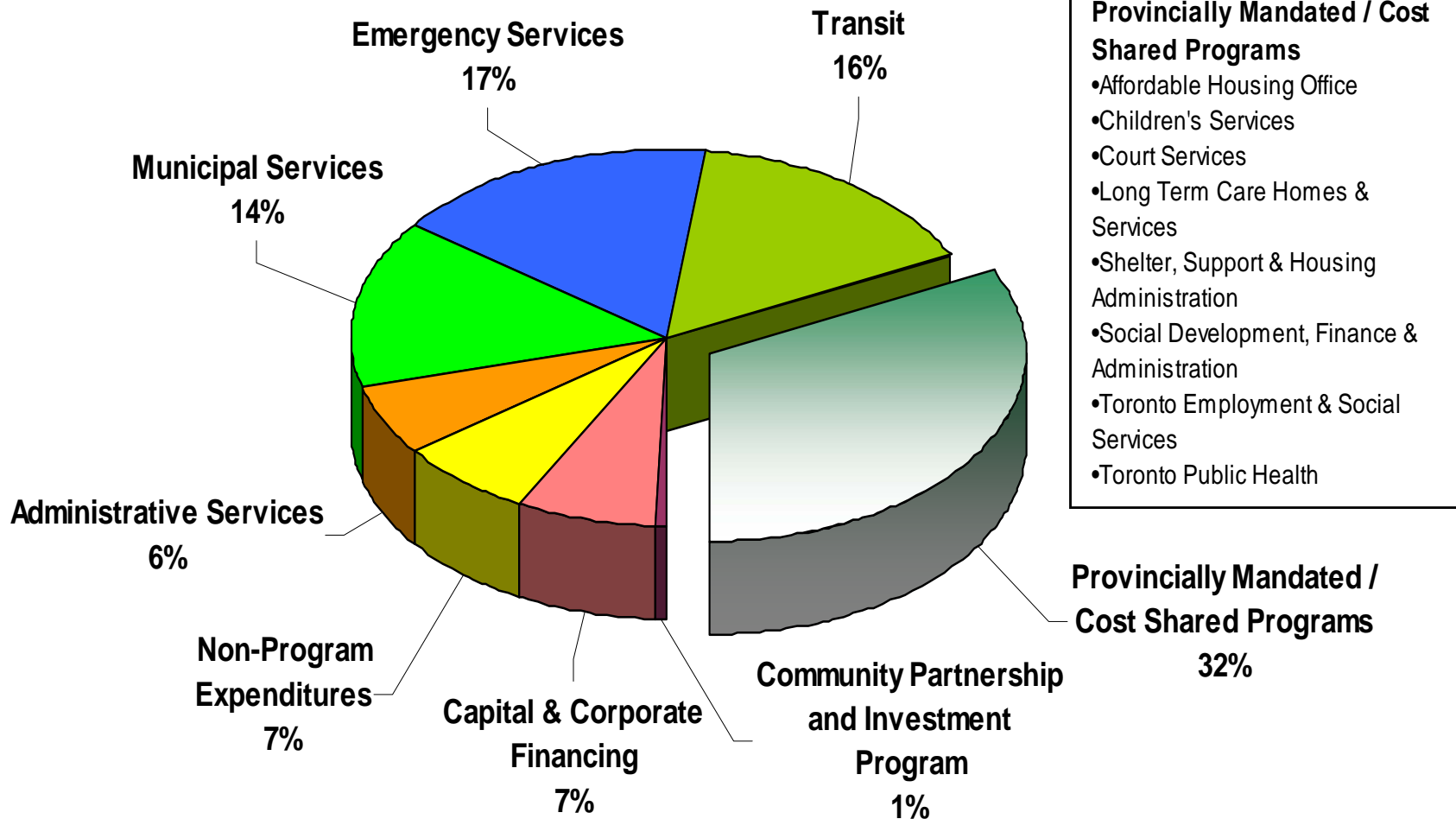
- Open the 311 Customer Services 24-hour call centre in June 2009 (\$1.638M gross and net)
- Expand court capacity by 6 additional courtrooms from 25 to 31 courtrooms, and increase the number of new trials by 180,000 (\$3.725M gross, \$0.705M net)
- Finalize the set up of the Lobbyist Registrar's Office (\$0.217M gross and net) and the Office of the Ombudsman (\$0.604M gross and net)
- Establish the Office of Civic Engagement (\$0.114M gross and net) to increase representation of diverse communities in the City's decision-making process



2009 Staff Recommended Operating Budget

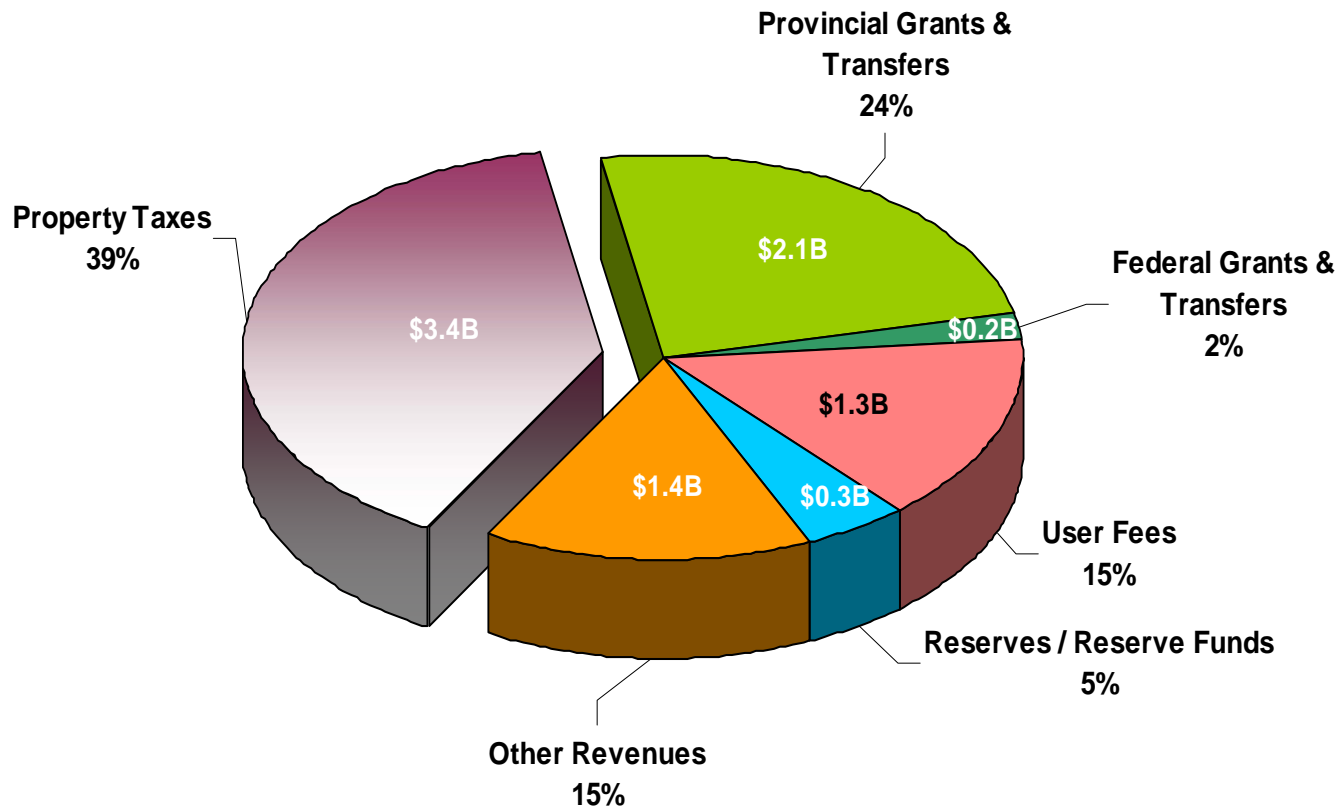
Where the 2009 Expenditure Budget of \$8.7B goes

32% Allocated to Provincially Mandated Programs



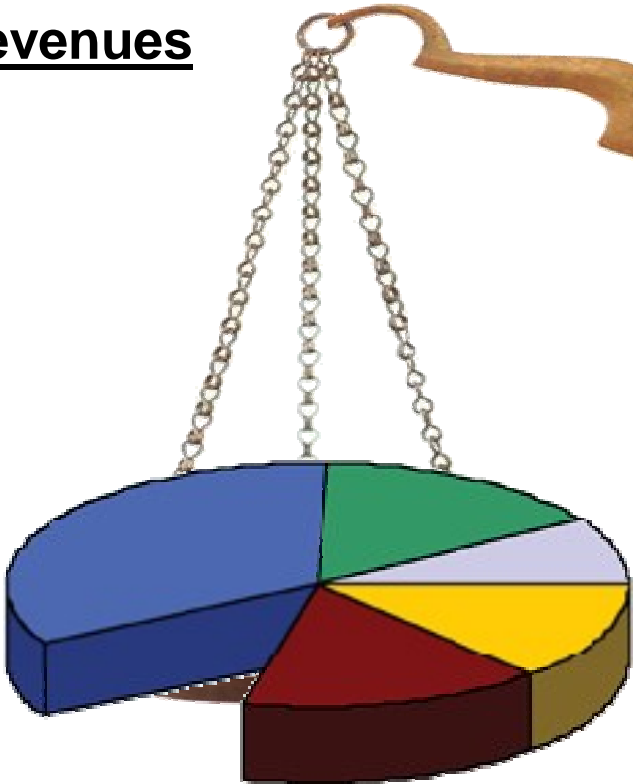
Where The Money Comes From

39% of the 2009 Budget of \$8.7B Funded by Property Taxes

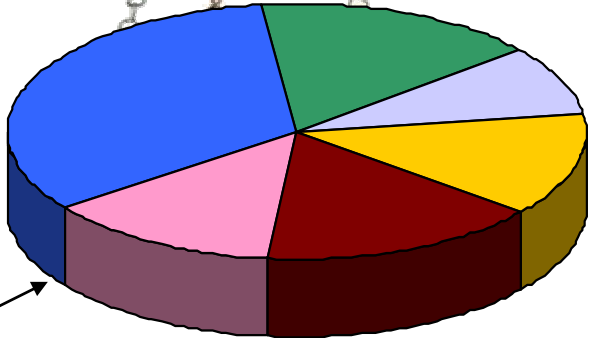


2009 Budget Shortfall of \$679 Million

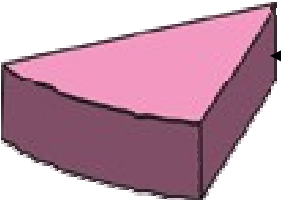
Revenues



Gross Expenditures

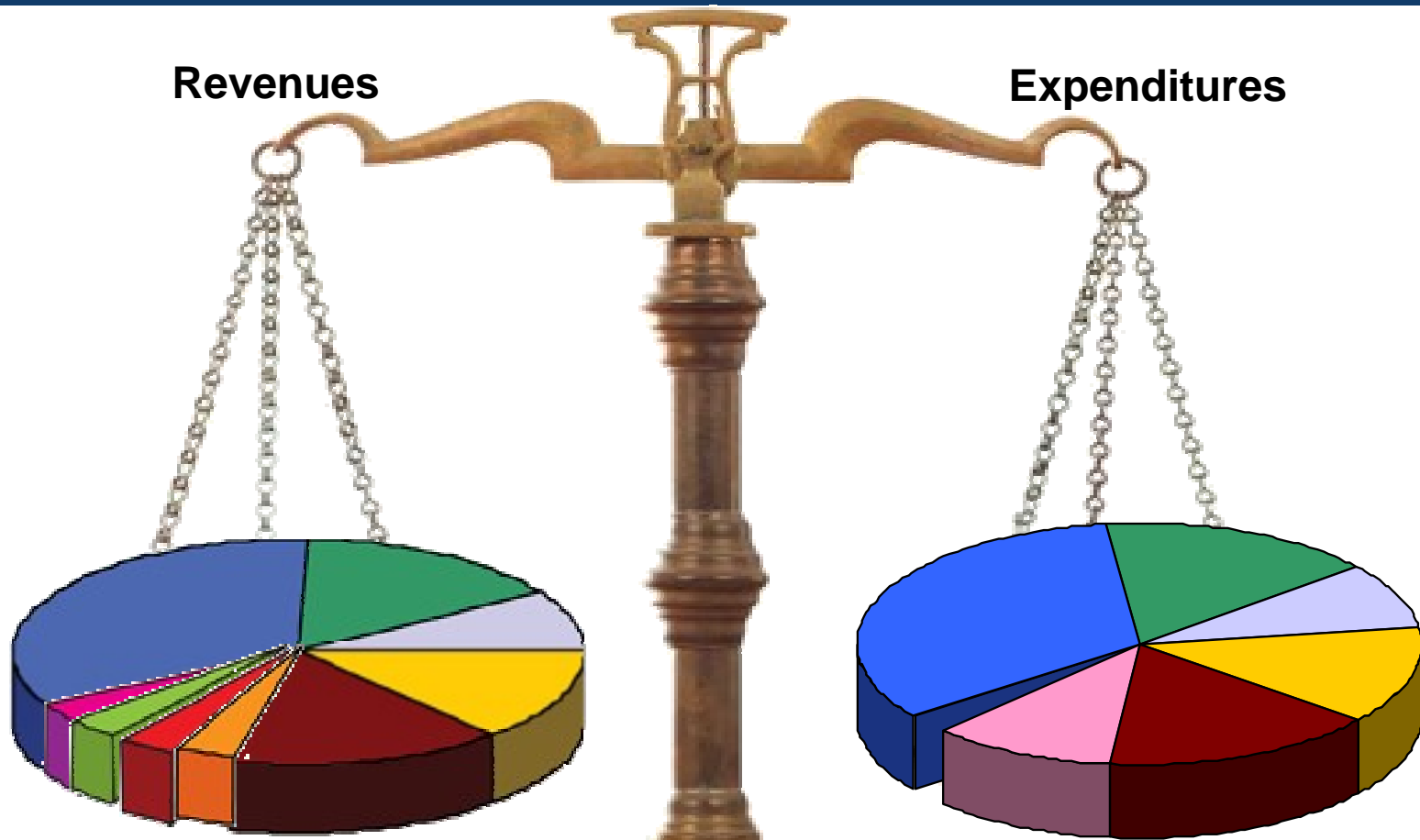


Budget Shortfall - \$679M

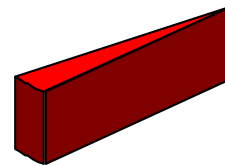


- \$128M – Prior-year Surplus & Reserve Draws
- \$149M - Non-recurring Provincial funding for TTC
- \$379M - inflation, annualization and Other Base Budget increase
- \$23M Investment in Priority Actions – New and Enhanced Services

How the 2009 Budget of \$8.701B Was Balanced



- 2008 Surplus - \$74M , and Closed Capital Accounts \$92M
- User Fees \$6.6M and Reserve Draws \$43M
- Provincial Investment - Transit Operations - \$238M
- Property Tax Increase and Assessment Growth - \$123M



2009 Continuous Improvement / Cost Reduction - (\$102M)

2009 Budget Committee Rec'd Net Operating Budget Totals \$3.398 Billion

(\$000s)	2008 Approved Budget	2009 Rec'd Base Budget	2009 Rec'd New / Enhanced	2009 Rec'd Total Budget	Change from 2008 Over (Under)	
					\$	%
Citizen Centred Services "A"	976,824	1,040,817	2,829	1,043,646	66,822	6.8%
Citizen Centred Services "B"	580,017	601,310	251	601,561	21,545	3.7%
Internal Services	145,611	142,040	1,004	143,044	(2,567)	(1.8%)
City Manager	37,497	37,478	1,010	38,487	990	2.6%
Other City Programs	77,591	77,228	247	77,475	(116)	(0.1%)
Accountability Offices	5,587	5,879	821	6,700	1,113	19.9%
Total City Operations	1,823,126	1,904,751	6,162	1,910,913	87,787	4.8%
Agencies, Boards and Commissions	1,323,749	1,455,162	12,641	1,467,803	144,054	10.9%
Corporate Accounts	167,771	54,893	4,680	59,573	(108,198)	(64.5%)
Net Operating Budget	3,314,645	3,414,806	23,483	3,438,289	123,644	3.7%
Assessment Growth				(40,546)	(40,546)	n/a%
Net Operating Budget After Assessment Growth	3,314,645	3,414,806	23,483	3,397,743	83,098	2.5%

2009 Budget Committee Rec'd Net Operating Budget – Citizen Centred Services "A"

(\$000s)	2008 Approved Budget	2009 Rec'd Total Budget	Change from 2008 Approved Budget	
			\$	%
<u>Citizen Centred Services "A"</u>				
Affordable Housing Office	1,307	1,281	(26)	(2.0%)
Children's Services	68,993	67,613	(1,380)	(2.0%)
Court Services	(11,586)	(12,182)	(596)	(5.1%)
Economic Development, Culture & Tourism	25,934	27,313	1,380	5.3%
Emergency Medical Services	62,057	63,713	1,656	2.7%
Long term Care Homes & Services	41,548	42,311	763	1.8%
Parks, Forestry & Recreation	238,399	246,347	7,948	3.3%
Shelter, Support & Housing Administration	253,820	266,272	12,453	4.9%
Social Development, Finance & Administration	16,118	15,796	(322)	(2.0%)
Toronto Employment & Social Services	275,768	317,843	42,075	15.3%
3-1-1 Customer Service Strategy	4,466	7,338	2,873	64.3%
Total Citizen Centred Services "A"	976,824	1,043,646	66,822	6.8%

2009 Budget Committee Rec'd Net Operating Budget – Citizen Centred Services "B"

(\$000s)	2008 Approved Budget	2009 Rec'd Total Budget	Change from 2008 Approved Budget	
			\$	%
<u>Citizen Centred Services "B"</u>				
City Planning	13,648	13,613	(35)	(0.3%)
Fire Services	347,854	357,175	9,321	2.7%
Municipal Licensing & Standards	19,336	17,781	(1,554)	(8.0%)
Policy, Planning, Finance and Administration	22,361	21,789	(572)	(2.6%)
Technical Services	15,998	14,982	(1,016)	(6.4%)
Toronto Building	(11,420)	(11,420)	0	0.0%
Toronto Environment Office	3,603	3,523	(80)	(2.2%)
Transportation Services	167,555	183,106	15,551	9.3%
Waterfront Secretariat	1,082	1,012	(70)	(6.5%)
Total Citizen Centred Services "B"	580,017	601,561	21,545	3.7%

2009 Budget Committee Rec'd Net Operating Budget - Internal Services

(\$000s)	2008 Approved Budget	2009 Rec'd Total Budget	Change from 2008 Approved Budget	
			\$	%
Internal Services				
Office of the Chief Financial Officer	10,193	9,989	(204)	(2.0%)
Office of the Treasurer	31,076	29,902	(1,175)	(3.8%)
Facilities & Real Estate	55,270	54,101	(1,169)	(2.1%)
Fleet Services	(63)	0	63	n/a
Information & Technology	49,136	49,053	(83)	(0.2%)
Total Internal Services	145,611	143,044	(2,567)	(1.8%)

2009 Budget Committee Rec'd Net Operating Budget - Other City Programs

(\$000s)	2008 Approved Budget	2009 Rec'd Total Budget	Change from 2008 Approved Budget	
			\$	%
<u>Other City Programs</u>				
City Manager's Office	37,497	38,487	990	2.6%
City Clerk's Office	34,619	35,017	397	1.1%
Legal Services	20,922	20,413	(510)	(2.4%)
Mayor's Office	2,604	2,599	(4)	(0.2%)
City Council	19,446	19,446	0	0.0%
Auditor General's Office	4,270	4,338	69	1.6%
Accountability Offices	1,317	2,362	1,045	79.3%
Total Other City Programs	120,674	122,662	1,988	1.6%

2009 Budget Committee Rec'd Net Operating Budget - Agencies, Boards and Commissions

(\$000s)	2008 Approved Budget	2009 Rec'd Total Budget	Change from 2008 Approved Budget	
			\$	%
Agencies, Boards and Commissions				
Toronto Public Health	42,902	43,418	515	1.2%
Toronto Public Library	155,791	162,015	6,225	4.0%
Association of Community Centres	6,756	6,993	237	3.5%
Exhibition Place	28	(51)	(78)	(282.3%)
Heritage Toronto	390	385	(5)	(1.3%)
Theatres	3,816	3,717	(99)	(2.6%)
Toronto Zoo	11,728	11,667	(61)	(0.5%)
Arena Boards of Management	43	(7)	(50)	(115.7%)
Yonge-Dundas Square	584	572	(12)	(2.0%)
Toronto & Region Conservation Authority	3,171	3,269	98	3.1%
Toronto Transit Commission - Conventional	222,890	302,055	79,165	35.5%
Toronto Transit Commission - Wheel-Trans	51,345	76,342	24,997	48.7%
Toronto Police Service	822,047	855,127	33,080	4.0%
Toronto Police Services Board	2,258	2,301	43	1.9%
Total Agencies, Boards and Commissions	1,323,749	1,467,803	144,054	10.9%

2009 Budget Committee Rec'd Net Operating Budget - Corporate Accounts

(\$000s)	2008 Approved Budget	2009 Rec'd Total Budget	Change from 2008 Approved Budget	
			\$	%
Corporate Accounts				
Community Partnership and Investment Program	43,266	45,332	2,066	4.8%
Capital & Corporate Financing	530,804	364,918	(165,886)	(31.3%)
Non-Program Expenditures	435,484	498,994	63,510	14.6%
Non-Program Revenues	(841,783)	(849,671)	(7,888)	(0.9%)
Total Corporate Accounts	167,771	59,573	(108,198)	(64.5%)

2009 Operating Budget – Tax Impacts

Residential 4%	2/3	\$57 million
Non Residential	1/3	26 million
Total 2.48%		\$83 million

Average Residential 2009 CVA = \$387,680; \$89.88 Impact

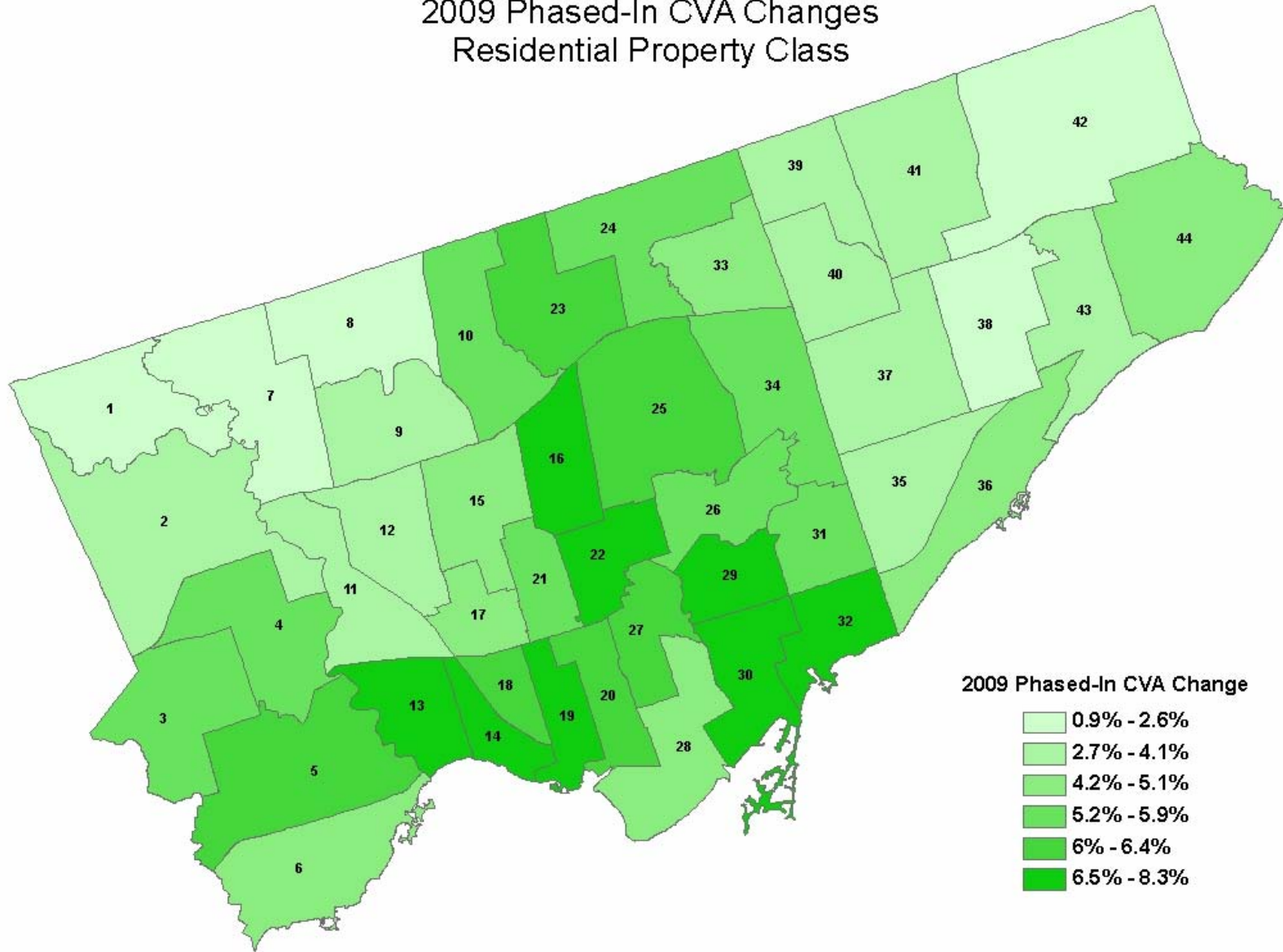
2009 Property Tax Rates

Re-assessment Cycle

<u>Taxation Year</u>	<u>Valuation Date</u>
1998, 1999, 2000	June 30, 1996
2001, 2002	June 30, 1999
2003	June 30, 2001
2004, 2005	June 30, 2003
2006, 2007, 2008	January 1, 2005
2009, 2010, 2011, 2012	January 1, 2008
2013, 2014, 2015, 2016	January 1, 2012

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2009 Phased-In CVA Changes Residential Property Class



2009 CVA Changes

(Jan 1/05 – Jan 1/08)

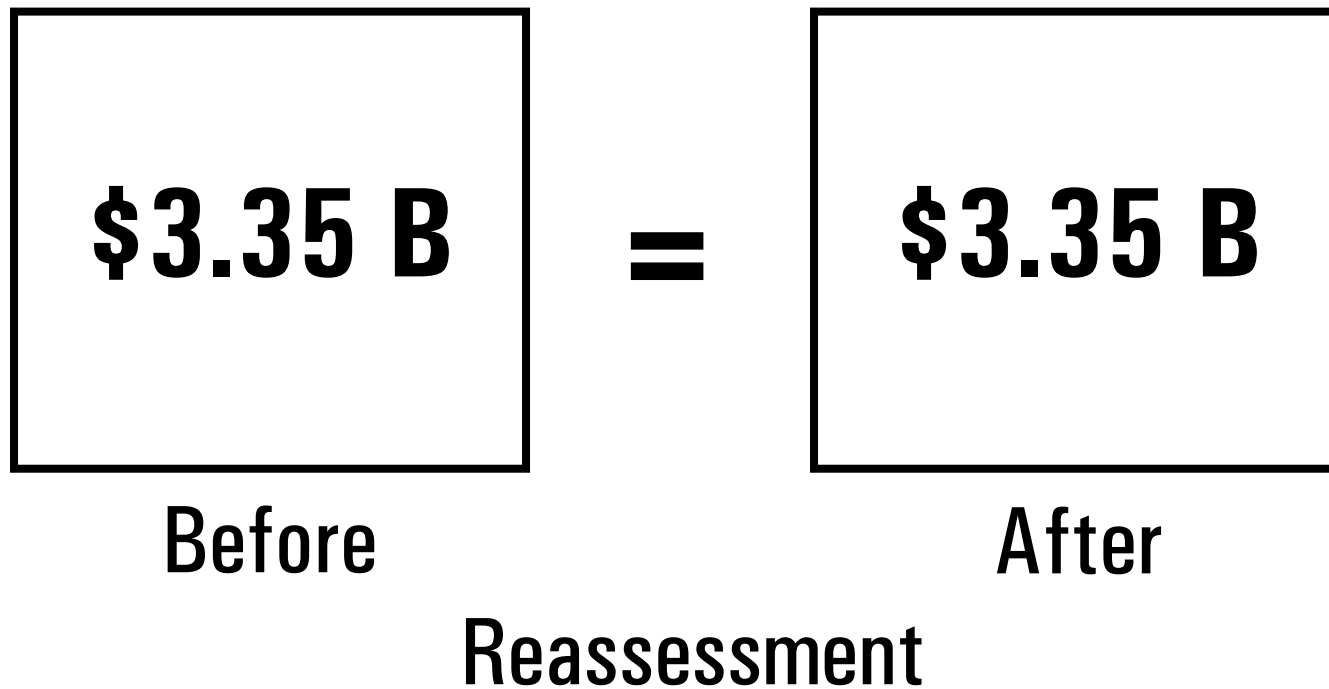
Property Class	Total CVA Change by 2012	2009 CVA Change (Phased-In)	CVA Tax Shift %
Residential	22.0%	5.4%	-0.61%
Multi-Residential	9.3%	1.7%	-4.08%
Commercial – Small Business (< \$1 m)	20.2%	4.9%	0.29%
Commercial Residual (> \$1 m)	56.4%	13.7%	2.87%
Commercial – General (eg. large office, big box)	<u>33.4%</u>	<u>8.1%</u>	<u>1.93%</u>
Commercial - Total	35.1%	8.5%	2.37%
Industrial	41.9%	10.4%	3.87%
All Property Classes	23.5%	5.7%	0.00%

Average Residential CVA Jan. 1/05 = \$367,800

Average Residential CVA Jan. 1/08 = \$448,830 (2009 Phased-in = \$387,680)

City-Wide Re-assessment is Revenue Neutral

Municipal Taxes



Enhancing Toronto's Business Climate – Projected Tax Ratios

		Projected					
	2006	2009	2010	2011	2012	2013 (original target 2015)	2017 (original target 2020)
Commercial	3.68	3.37				3.00	2.50
Industrial	4.09	3.55					
Multi-Residential	3.63	3.38	3.27 (vs. 3.38 target)	3.14 (vs. 3.30 target)	3.00 (vs. 3.23 target)		
Small Business	n/a	3.26	2.96 (vs. 3.15 target)	2.81 (vs. 3.03 target)	2.68 (vs. 2.89 target)		

Toronto Helps – Business

Tax Ratio and Tax Reductions Under Enhancing Toronto’s Business Climate: (Effect of Tax Ratio Changes Only, all else being equal)

Multi-Residential 2009 CVA = 100,000 for one unit

	2006	2009	2013	2017	vs. '06
Tax Ratio	3.63	3.38	3.00	2.50	-15%
Taxes	2,114	2,072	1,989	1,794	

Commercial 2009 CVA = 10,000,000

	2006	2009	2013	2017	vs. '06
Tax Ratio	3.67	3.37	3.00	2.50	-16%
Taxes	223,606	216,406	208,082	187,755	

Small Business 2009 CVA = 1,000,000

	2006	2009	2013	vs. '06
Tax Ratio	3.67	3.26	2.50	-22%
Taxes	22,021	20,628	17,077	

Industrial 2009 CVA = 10,000,000

	2006	2009	2013	2017	vs. '06
Tax Ratio	4.09	3.54	3.00	2.50	-25%
Taxes	250,619	228,832	209,270	18,828	

2009 CVA-Related Tax Impacts and Recommended Tax Ratios

Property Class	Average CVA Impact	Average Enhancing Toronto's Business Climate Adjustment	Budgetary Levy Impact	Average Total Impact
Residential	-0.61%	0.61%	4.00%	4.00%
Multi-Residential	-4.08%	0.54%	1.33%	-2.21%
Commercial Residual Band 1 (Small Business) (on \$1M CVA or under)	0.29%	-2.53%	1.33%	-0.91%
Commercial Residual Band 2 (blended) (on CVA amounts > \$1m)	2.87%	-0.92%	1.33%	3.28%
Commercial General (e.g. large offices, large retail, parking lots)	1.93%	-0.64%	1.33%	2.62%
Industrial	3.87%	-2.13%	1.33%	3.06%
City Total	0.00%	0.00%	2.48%	2.48%

2009 Municipal Tax Impacts

Tax Class	CVA	2008 Municipal Tax	2009 Final Municipal Tax	Net Municipal Change	
Residential	\$387,680	\$2,247	\$2,337	\$89.88	4.00%
Multi-Residential (Apartments) Average Unit	100,000	2,119	2,072	(47)	-2.21%
Small Businesses Band 1	1,000,000	20,817	20,628	(189)	-0.91%
Residual Commercial Band 2 (Blended)	2,000,000	42,107	43,486	1,379	3.28%
Commercial General	10,000,000	210,833	216,406	5,573	2.62%
Industrial	10,000,000	222,029	228,832	6,803	3.06%

2009 Recommended Municipal Tax Rates

Tax Class	2008 Final Tax Rate	2009 Base Tax Rate (CVA Adjusted)	2009 Budgetary Levy Rate	2009 Final Municipal Tax Rate
Residential	0.6109%	0.5796%	0.0232%	0.6028%
Multi-residential (Apartment)	2.1192%	2.0105%	0.0268%	2.0373%
Small Business Band 1	2.0832%	1.9421%	0.0259%	1.9680%
Residual Commercial Band 2	2.1418%	2.0066%	0.0268%	2.0333%
Commercial General	2.1418%	2.0066%	0.0268%	2.0333%
Industrial	2.2849%	2.1097%	0.0281%	2.1379%
Levy	\$3.355 B	\$3.355 B	\$83.10 M	\$3.438 B

2009 Operating Budget – Tax Impacts

Residential 4%	2/3	\$57 million
Non Residential	1/3	26 million
Total 2.48%		\$83 million

Average Residential 2009 CVA = \$387,680; \$89.88 Impact

Conclusion

Conclusion

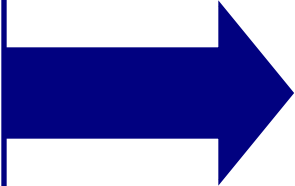
- 2009 Recommended Operating Budget is Balanced:
 - Maintains services and service levels
 - \$23 million net leverages \$94 million in investment to advance the Mayor and Council's priorities
 - User fee increase constrained
 - Budgetary Property Tax Increase kept to the City of Toronto rate of inflation
- Partnership with the Province to:
 - Continue to upload provincial services
 - Fund 50% of Transit Operating Cost on a sustainable basis
 - Support increased cost of initiatives to protect the vulnerable given the current economic downturn
- Recession will continue to be monitored for impact and mitigating strategies

Conclusion

Tax Policies Recommended:

- CVA has no impact on the City's Tax Levy
- Reduces taxes on Multi-Residential
- Gets businesses, multi-residential to 2.5-times residential target faster:
 - Small Business – from 2015 to 2013
 - Commercial – from 2020 to 2017
- Reduces CVA impact on businesses
- Protects seniors and persons with disabilities

Moving Toward Fiscal Sustainability

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- Continuous improvement and cost control ✓
 - New Taxation Measures ✓
 - Share of Federal and Provincial Gas Tax ✓
 - Upload Social Services programs ✓
 - Permanent, Predictable Provincial Transit operating funding (50%) ○
 - Growth revenues – equivalent of One Cent Share of the GST ○
 - National Transit Strategy (capital) ○

2009 Operating Budget Timelines - Key Dates

