

A photograph of the Toronto skyline seen from a park with a soccer field in the foreground. The skyline includes the CN Tower and several other skyscrapers. The foreground shows a green soccer field with a goal and a person in a yellow shirt. The sky is clear and blue.

CITY OF TORONTO Staff Recommended 2010 Operating Budget

February 16, 2010

Agenda

1. Executive Summary
2. 2010 Operating Budget Overview
 - ✓ City Services
 - ✓ Property Tax Comparisons
3. 2011 Outlook

Executive Summary

- The 2010 Operating Budget is balanced
- Property tax increase kept to 2.5% on total tax base (4% Res, 1.33% Business)
- Service reduction impacts kept to a minimum
- Expenditure increase directed to:
 - Protecting key services:
 - ✓ Emergency Services – Fire, Police, EMS
 - ✓ Maintaining TTC Service Levels
 - ✓ Children Services, Recreation, Social Services
 - ✓ 311 Customer Service Strategy
 - ✓ Increased pay-as-you go funding for capital program (debt principal & interest payments reduced)
 - Funding the ongoing impact of the recession – Ontario Works
- Conclude a Toronto-Ontario partnership agreement on permanent, sustainable transit operating funding by December 1, 2010. Funding to commence in fiscal 2011

City's Economic Environment

Recession Impacts

- Ontario Works caseload continues to grow – job recovery very slow
- Upload of Ontario Works Costs to the Province begins
- Modest reduction in TTC ridership projected
- Planning & Building Fees down
- MLTT experiencing modest growth
- Low interest rates will moderate the cost of new debt but also the returns from investment income
- General inflation remains very low

Wage Settlements:

- New labour agreements for Locals 416 and 79 result in moderate wage increases of 2%
- Non union wage increase 1%
- TTC and Police wage and benefit increases above 3%

Actions Taken

- Cost reductions, service efficiencies and service changes
- TTC fare & user fee increases and new user fees
- Debt principal & interest payments reduced by capital refinancing strategy approved in Capital Plan
- Significant 2009 surplus generated by:
 - ⇒ Spending restraint
 - ⇒ labour disruption savings
 - ⇒ Increased Toronto Parking Authority & MLTT revenues
 - ⇒ In-year Tax Assessment Growth

Challenges Remain

- Over 70% of the budget funds Emergency Services (Police, Fire and EMS), TTC and provincially mandated health and social programs
- Slow job recovery will continue to impact Ontario Works
- Need to confirm Toronto-Ontario partnership agreement for permanent and sustainable transit funding by December 1, 2010 with permanent funding commencing in fiscal 2011
- Continued reliance on reserves and surpluses
- No funds for service enhancement

2010 Operating Budget Overview

Balancing Strategies - Sustainable

- Continuous Improvement, Spending Restraint, Efficiency Savings
- Improved revenue base:
 - ✓ Annual User Fee Increases
 - ✓ Land Transfer & Personal Vehicle Taxes
- New provincial and federal funding:
 - ✓ Upload of Social Assistance
 - ✓ Share of Gas Tax
 - ✓ 100% GST Rebate

Balancing Strategies – Unsustainable

Non Recurring (One-Time) Revenues:

- ✓ Unpredictable Provincial funding for Transit
- ✓ Prior Year Surplus
- ✓ Reserve draws
- ✓ Monetize Assets
- ✓ Closed Capital Accounts

2010 Outlook - as of May 2009

	<u>\$Millions</u>	
2009 Unsustainable Budget Balancing Strategies:		
Province - Transit Debt Service Costs		238
City One-Time		
Reserve Draws - City Programs (\$47M and Closed Capital Accounts (\$92M)	139	
Prior Year Surplus	74	213
Total 2009 Unsustainable Balancing Strategies		<u>451</u>
2010 Expenditure Increase Estimates:		
Cost of Living Allowance and Progression Pay	115	
Inflation - Material and Supplies	54	
Impact of Capital	5	
Capital Financing - CFC Increase and Debt Service	72	
Annualization and Other Base and Revenue Change	124	370
		<u>821</u>
2010 Pressure Forecast		<u><u>821</u></u>

City Manager's Four Point Plan – May 2009

- 1. 2009 cost constraint – Target \$100 million Surplus**
 - Hiring slow down
 - Constrain discretionary spending
- 2. Service review process – reduction targets of \$170 million in each of 2010 and 2011**
- 3. Maximize corporate asset values to pay down debt**
- 4. Permanent Provincial funding:**
 - Full cost sharing on social services administrative costs
 - Return to permanent, predictable transit operating funding

2010 Budget Directions & Guidelines – Oct. 2009

- Introduce a balanced budget that:
 - Protects the quality of life in Toronto
 - Keeps Toronto affordable for residents and businesses
 - Continues to protect the vulnerable
- No New Requests
 - Implement Council's priorities within the base budget
- Increase user fees by at least the rate of inflation but protect the most vulnerable
- Increase Capital From Current (CFC) contributions to the Capital Budget (per previously approved Capital Plan)

Service Review Process -- Targets

- Goal: to reduce the City budget by 10% or \$340 million over 2 years
 - All City Programs and ABCs to contribute
 - Reduction options must be sustainable, permanent
- Lessons learned from labour disruption to be incorporated (with respect to efficiency while protecting service levels)
- Strategies to achieve the reduction targets to include:
 - Efficiencies
 - Revenue
 - Service Changes
 - Service Rationalization

Budget Process

- GMs and ABCs informed of the City Manager's Four Point Plan in May 2009
- GMs provided service reviews and options for reductions
- Service reviews assessed by Financial Planning, Human Resources and the City Manager's Office
- Special 2 day budget/service review sessions held with management groups
- Formal Budget Directions provided by the City Manager in October 2009
- GMs developed budgets based on targets, and service review results reviewed by DCMs and Financial Planning analysts
- City Manager and CFO reviewed each budget with the GMs
- Informal Budget Committee Member reviews
- Staff 2010 Recommended Operating Budget introduced

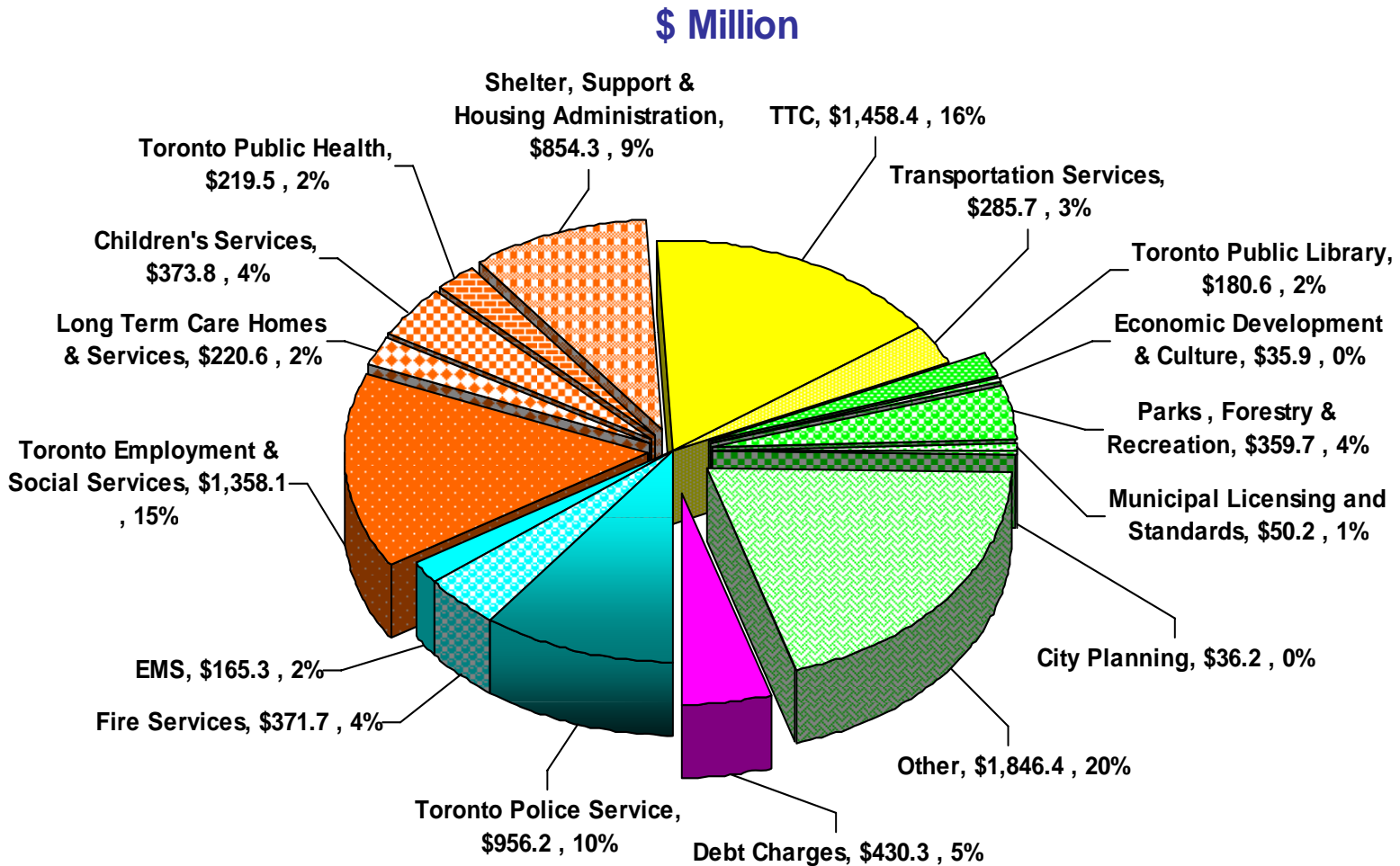
2010 Balancing Strategies

	<u>\$Millions</u>	
2010 Beginning Pressure - May 2009		821
Sustainable Strategies		
Cost Reductions, Service Efficiencies, and Service Changes	(172)	
User Fee Increases and New Fees	(13)	
TTC Fare Increase	(50)	
MLTT and PVT Revenue Increase	(12)	
Interest and Investment Income, Parking Authority and Third Party Sign Tax	(22)	(269)
Provincial Upload - ODSP/OW, COA Cap elimination		(119)
Total Sustainable Strategies		(388)
Pressure Before Unsustainable Strategies and Property Tax Increase		433

2010 Balancing Strategies (cont'd)

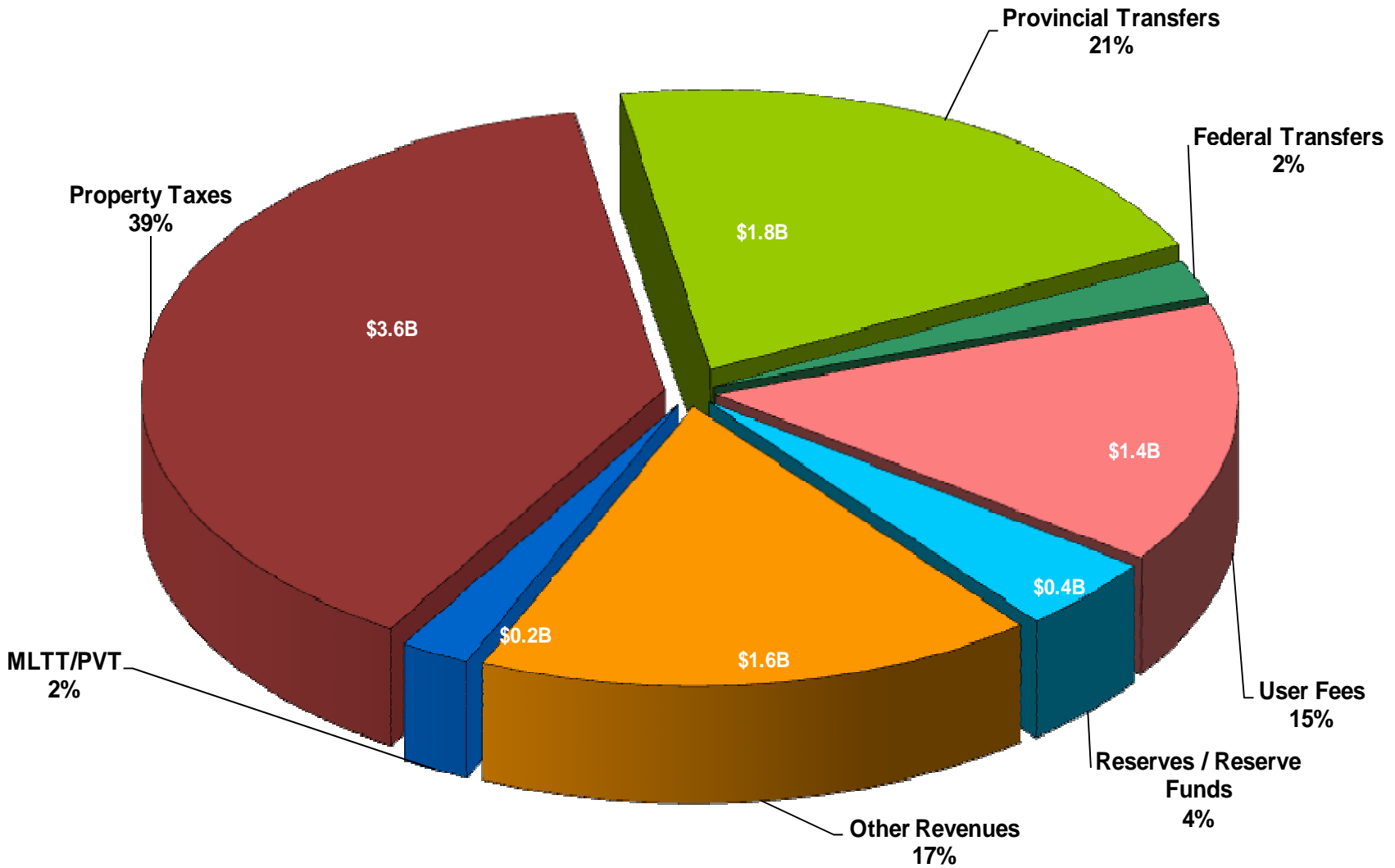
	<u>\$Millions</u>	
Pressure Before Unsustainable Strategies and Property Tax Increase		433
Unsustainable Strategies		
Prior Year Surplus Applied to 2010 Budget:		
Labour disruption savings	(31)	
Prior Year Surplus Applied to TTC Operations in the Absence of Toronto-Ontario Partnership Agreement on Transit Funding	(219)	(250)
Reserve Draws - Provincial Mandated Programs		(63)
Total Unsustainable Strategies		(313)
Adjusted Pressure Before Property Tax Increase		120
Assessment Growth	(33)	
Property Tax Increases (4% Res; 1.33% Bus.)	(87)	
Total Property Tax Increase		(120)
		0

Where the Proposed \$9.203B Expenditure Goes



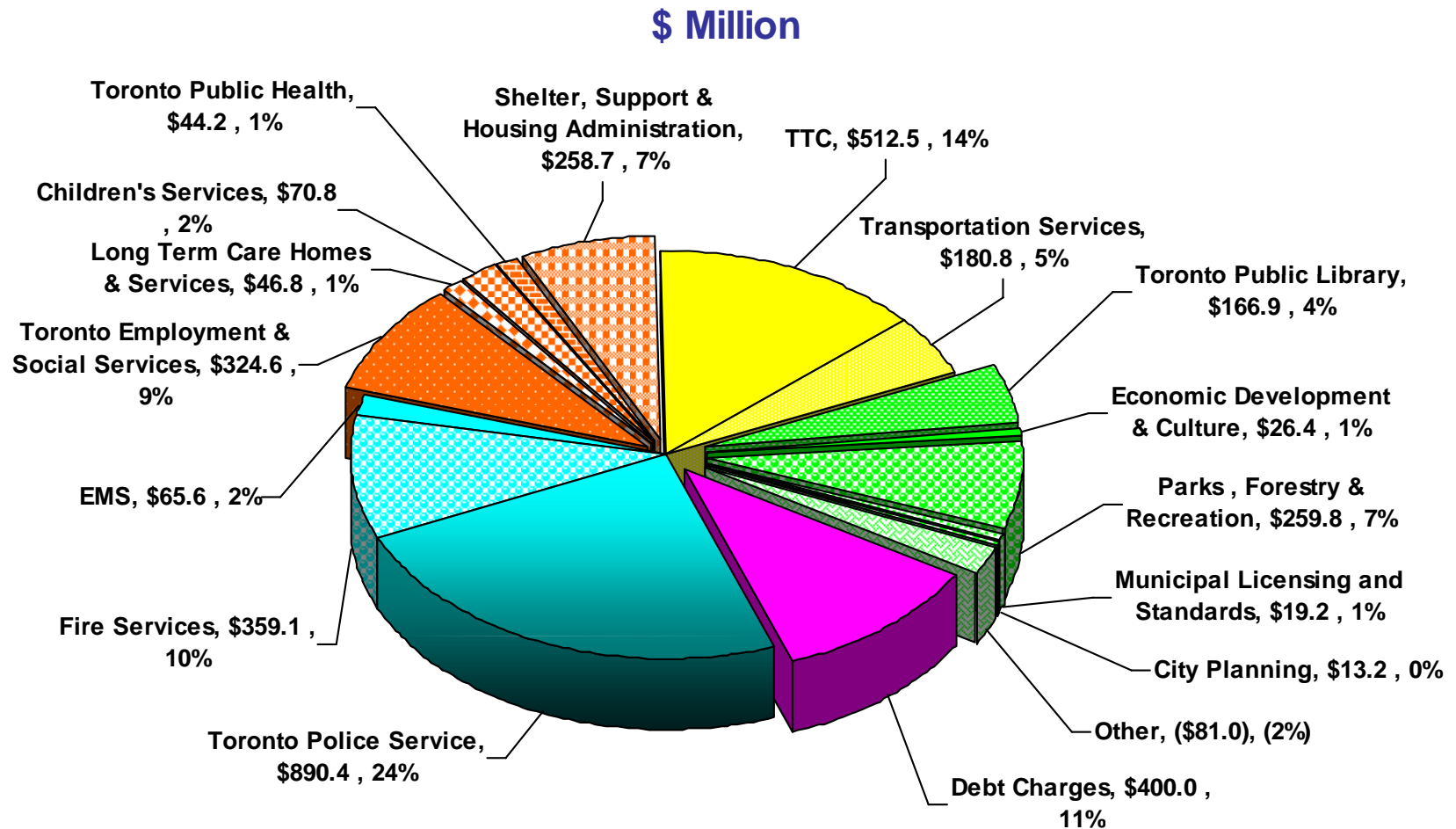
Where The Money Comes From

-- 39% of the 2010 Budget of \$9.203B Funded by Property Taxes



Where the Proposed \$3.558B Property Taxes Go

-- 70% to Emergency Services, TTC and Provincially Mandated Health and Social Services



Staff Rec'd 2010 Net Operating Budget Totals \$3.558 Billion

(\$000s)	2009 Approved Net Budget	2010 Rec'd Net Budget	Change from 2009 Over (Under)	
			\$	%
Citizen Centred Services "A"	1,049,389	1,066,511	17,122	1.6%
Citizen Centred Services "B"	597,602	590,154	(7,448)	(1.2%)
Internal Services	154,972	154,196	(777)	(0.5%)
City Manager	37,647	37,079	(568)	(1.5%)
Other City Programs	76,827	79,100	2,273	3.0%
Accountability Offices	6,744	7,288	544	8.1%
Total City Operations	1,923,180	1,934,327	11,147	0.6%
Agencies, Boards and Commissions	1,561,855	1,639,831	77,976	5.0%
Corporate Accounts:				
Community Partnership and Investment Program	45,230	45,230	0	0.0%
Capital & Corporate Financing (incl. CFC)	602,918	585,037	(17,881)	(3.0%)
Provincial Funding TTC	(238,000)	0	238,000	100.0%
Non-Program Expenditures	484,133	473,834	(10,299)	(2.1%)
Non-Program Revenues	(941,027)	(1,120,215)	(179,188)	(19.0%)
Net Operating Budget	3,438,289	3,558,044	119,755	3.5%
Assessment Growth		(33,000)	(33,000)	n/a
Operating Budget	3,438,289	3,525,044	86,755	2.5%

Staff Rec'd 2010 Net Operating Budget -- Citizen Centred Services "A"

(\$000s)	2009 Approved Budget	2010 Rec'd Total Budget	Change from 2009 Approved Budget	
			\$	%
Citizen Centred Services "A"				
Affordable Housing Office	1,305	1,334	29	2.2%
Children's Services	67,775	70,776	3,001	4.4%
Court Services	(11,924)	(10,082)	1,842	15.5%
Economic Development & Culture	27,347	26,406	(941)	(3.4%)
Emergency Medical Services	64,297	65,647	1,350	2.1%
Long term Care Homes & Services	44,684	46,773	2,089	4.7%
Parks, Forestry & Recreation	248,862	259,836	10,975	4.4%
Shelter, Support & Housing Administration	266,640	258,680	(7,960)	(3.0%)
Social Development, Finance & Administration	13,624	13,272	(352)	(2.6%)
Toronto Employment & Social Services	319,278	324,596	5,317	1.7%
3-1-1 Customer Service Strategy	7,501	9,272	1,771	23.6%
Total Citizen Centred Services "A"	1,049,389	1,066,511	17,122	1.6%

Staff Rec'd 2010 Net Operating Budget --Citizen Centred Services "B"

(\$000s)	2009 Approved Budget	2010 Rec'd Total Budget	Change from 2009 Approved Budget	
			\$	%
<u>Citizen Centred Services "B"</u>				
City Planning	13,932	13,222	(710)	(5.1%)
Fire Services	359,254	359,141	(113)	(0.0%)
Municipal Licensing & Standards	19,312	19,226	(86)	(0.4%)
Policy, Planning, Finance and Administration	12,647	12,015	(632)	(5.0%)
Technical Services	13,127	12,207	(920)	(7.0%)
Toronto Building	(10,801)	(10,801)	0	0.0%
Toronto Environment Office	3,549	3,372	(178)	(5.0%)
Transportation Services	185,588	180,815	(4,773)	(2.6%)
Waterfront Secretariat	994	957	(37)	(3.7%)
Total Citizen Centred Services "B"	597,602	590,154	(7,448)	(1.2%)

Staff Rec'd 2010 Net Operating Budget -- Internal Services

(\$000s)	2009 Approved Budget	2010 Rec'd Total Budget	Change from 2009 Approved Budget	
			\$	%
Internal Services				
Office of the Chief Financial Officer	8,950	8,928	(22)	(0.2%)
Office of the Treasurer	30,464	29,482	(982)	(3.2%)
Facilities & Real Estate	54,924	54,262	(662)	(1.2%)
Fleet Services	332	0	(332)	(100.0%)
Information & Technology	60,302	61,524	1,221	2.0%
Total Internal Services	154,972	154,196	(777)	(0.5%)

Staff Rec'd 2010 Net Operating Budget -- Other City Programs

(\$000s)	2009 Approved Budget	2010 Rec'd Total Budget	Change from 2009 Approved Budget	
			\$	%
<u>Other City Programs</u>				
City Manager's Office	37,647	37,079	(568)	(1.5%)
City Clerk's Office	34,544	36,793	2,248	6.5%
Legal Services	20,235	19,993	(242)	(1.2%)
Mayor's Office	2,596	2,561	(35)	(1.4%)
City Council	19,452	19,753	302	1.6%
Auditor General's Office	4,380	4,509	129	3.0%
Accountability Offices	2,364	2,779	415	17.6%
Total Other City Programs	121,217	123,467	2,250	1.9%

Staff Rec'd 2010 Net Operating Budget -- Agencies, Boards and Commissions

(\$000s)	2009 Approved Budget	2010 Rec'd Total Budget	Change from 2009 Approved Budget	
			\$	%
<u>Agencies, Boards and Commissions</u>				
Toronto Public Health	43,819	44,162	343	0.8%
Toronto Public Library	163,914	166,885	2,971	1.8%
Association of Community Centres	6,987	7,180	193	2.8%
Exhibition Place	27	26	(1)	(5.1%)
Heritage Toronto	385	366	(19)	(5.0%)
Theatres	3,699	3,487	(211)	(5.7%)
Toronto Zoo	11,677	11,000	(676)	(5.8%)
Arena Boards of Management	10	(6)	(16)	(159.4%)
Yonge-Dundas Square	572	544	(29)	(5.0%)
Toronto & Region Conservation Authority	3,269	3,269	0	0.0%
Toronto Transit Commission - Conventional	394,055	429,805	35,750	9.1%
Toronto Transit Commission - Wheel-Trans	76,341	82,676	6,335	8.3%
Toronto Police Service	854,799	888,089	33,291	3.9%
Toronto Police Services Board	2,301	2,348	47	2.0%
Total Agencies, Boards and Commissions	1,561,855	1,639,831	77,976	5.0%

Staff Rec'd 2010 Net Operating Budget -- Corporate Accounts

(\$000s)	2009 Approved Budget	2010 Rec'd Total Budget	Change from 2009 Approved Budget	
			\$	%
<u>Corporate Accounts</u>				
Community Partnership and Investment Program	45,230	45,230	0	0.0%
Capital & Corporate Financing (incl. CFC)	602,918	585,037	(17,881)	(3.0%)
Provincial Funding TTC	(238,000)	0	238,000	100.0%
Non-Program Expenditures	484,133	473,834	(10,299)	(2.1%)
Non-Program Revenues	(941,027)	(1,120,215)	(179,188)	(19.0%)
Total Corporate Accounts	(46,746)	(16,114)	30,632	65.5%

City Services

City Supports Residents and Businesses

- City provides more than 40 major services and programs that support Toronto's position as the economic engine of Canada.
- Services 24/7
- Improved customer service centre with 311, on line/phone
 - One contact centre - 70 per cent of calls resolved on first contact
 - 311,716 calls answered as of February 7
- High standard of living and quality of life
- Latest Ontario Municipal Benchmarking Initiative (OMBI) report shows we compare favourably to other municipalities.

Service Delivery Responds to Community Needs

TORONTO HELPS

- Toronto Helps program provides Property Tax Assistance Programs to eligible seniors and persons with disabilities.
- Increased flexibility for Toronto Rent Bank Loans
- Homemakers and Nurses Services Program (LTC) additional services
- Toronto Helps program responds to recession
 - New Metro Hall Employment Services, the new Y Café and expansion of the YMCA Hospitality Training Program

Supports to Residents

- Children's Services:
 - More than 940 child care centres and 21 home child care agencies provide 56,900 licensed child care spots
 - 24,000 children are able to access a licensed space with the help of a child care fee subsidy
- Shelter, Support and Housing Administration
 - Funding for 93,500 social housing units
 - Emergency shelter services through 9 City Shelters and 48 Community facilities
- Long Term Care Homes and Services
 - Operates 10 Long-Term Homes, serving more than 2,566 residents
 - Homemakers and Nurses Services provide more than 115,000 visits each year
 - Accreditation Recognition

Supports to Residents

- Employment and Social Services:
 - Assists more than 240,000 people (1 in 10 Torontonians)
 - 2010 average case load 105,000
 - More than 85,000 visits to 15 employment centres
 - More than 21,500 clients found employment in 2009
- Parks, Forestry and Recreation:
 - 1,504 parks and 8,045 hectares of green space maintained
 - More than 3 million City-owned trees on streets, parks, ravines
 - More than 62,256 recreation programs city-wide
 - Approximately 8.3 million program visits by participants
 - After-School Recreation Program expanded and fees reduced

Affordable Housing

- Housing Opportunities Toronto (HOT):
- 4355 new rental units approved since 2006
- New Rental and Ownership Homes
- Residential Rehabilitation Assistance Program
- Over 300m dedicated to SOGR

Economic Competitiveness

- Prosperity Agenda
 - Vision for growing the city's long-term prosperity and position Toronto as a leading global city of the 21st century with culture of partnerships
- Toronto has reduced business taxes by \$257 m since 2006
- Frozen development charges for two years
- Build Toronto
- Invest Toronto
- Gold Star Service: 61 projects, 22,000 jobs and 42.4 billion of investment
- Economic Development assists with attracting more than \$500 million annual construction activity and more than \$600 million in film production

Reducing Business Taxes

Year	2006	2007	2008	2009	2010	
	Council Enhancing Toronto's Business Climate policy for one-third of increase to non-residential					
			Council Policy Accelerated Small Business Tax Reduction			
Residential Tax Increase	3.00%	3.80%	3.39%	4.00%	4.00%	
Business Tax Increase	1.00%	1.27%	1.13%	1.33%	1.33%	Cumulative
Business Tax Relief (\$ M in forgone tax increase revenue)	\$ 36.7	\$ 47.0	\$ 42.5	\$ 51.1	\$ 51.9	\$ 229.3
Additional Small Business Relief			\$ 8.3	\$ 4.9	\$ 14.5	\$ 27.7
						\$ 257.0

Community Safety

- Maintaining front line emergency staffing levels to ensure health and safety of Toronto residents and businesses.

Police

- Average deployed strength of 5510 officers
- Respond to 877,000 calls

Fire

- 2,790 fire fighters respond to 142,000 calls with 277,000 vehicle responses
- Respond to 8300 fires and 2300 rescue calls

EMS

- 265,000 service requests
- 180,000 patients to hospitals

Community Safety

- Investment in 13 priority neighbourhoods
- Overall rate of crime is declining
- Making a safe City safer – Community Safety Plan
- Over \$100m in partnered programming
- New partners through Toronto Office of Partnerships
- Increased access to recreation
- Over 2000 youth job opportunities

Design/Plan/Build

- Design Review Panel
- Toronto Planning:
 - 3,927 development approval applications
 - 8,000 linear metres of streetscape enhancements
- Toronto Building:
 - 28,734 building permits issued with a construction value of \$5.5 billion
 - 3,551 Residential Fastrack Building Permits issued
 - 160,000 building inspections conducted
- Multi-Residential Apartment Buildings (MRAB)

Environmental Leadership

- Live Green Toronto – one stop resource for living green
- Toronto's Sustainable Energy Strategy adopted by Council on November 30, 2009.
- Home Energy Assistance Toronto (HEAT)
- New Bylaw tracks toxic chemicals
- Toronto launches green building initiatives (Toronto Green Standard, Green Roof Bylaw)
- Toronto most sustainable large city in Canada according to Corporate Knights Magazine
- City of Toronto received Pollution Prevention Award by the Canadian Council of Ministers of the Environment for its efforts to green its own operations

New Environmental Programs and Services

- Target 70 per cent waste diversion
- Mayor's Tower Renewal
- Climate Change Adaptation
- Fleet replacement –
 - 2004-2007 - 282 green vehicles, reducing CO2 emissions by 5000 tons
 - 2008-2011 - 520 more green vehicles, reducing CO2 emissions by a further 15,000 tons
- Deep lake water cooling – world's largest system

Transit

- Maintain current service standards (all service runs 6 am to 1 am Monday to Friday) to meet ridership of 462 million riders.
- Enhance the Subway System Cleanliness / Appearance Initiative to improve the appearance of the subway.
- Continue implementation of Health and Safety Initiative and Work Safe – Home Safe to reduce the number of lost-time injuries by as much as 60%.
- Hire additional Route Supervisors to manage service issues.

City Awards and Recognition

- ☑ Streets to Homes - IPAC Gold Award
- ☑ On-Line Scheduling at Courts - Multiple Merit Awards at the 2009 Ontario & Toronto Excellence Awards
- ☑ WEB Access to Your Services (WAYS) - Multiple Diamond Awards at the 2009 Service Ontario & Toronto Innovation Awards
- ☑ Electronic Patient Care Reporting System – Multiple Diamond Awards at the 2009 Ontario Excellence Awards & Toronto Awards
- ☑ Wychwood Car Barns - Best of Show Award/Ontario Association of Architects
- ☑ Nuit Blanche - Best Art Event/NOW Magazine's Critics' Pick
- ☑ "City Within A Park" Celebrating 175 Years - Winner of Three Awards at Canada Blooms 2009 Awards
- ☑ Many awards of excellence earned including prestigious GFOA Award for Excellence in Government Finance - 2006 Long-term Fiscal Plan & 2007 Budget Book; GFOA awards for 2007 and 2008 Financial Annual Reports

Property Tax Comparisons

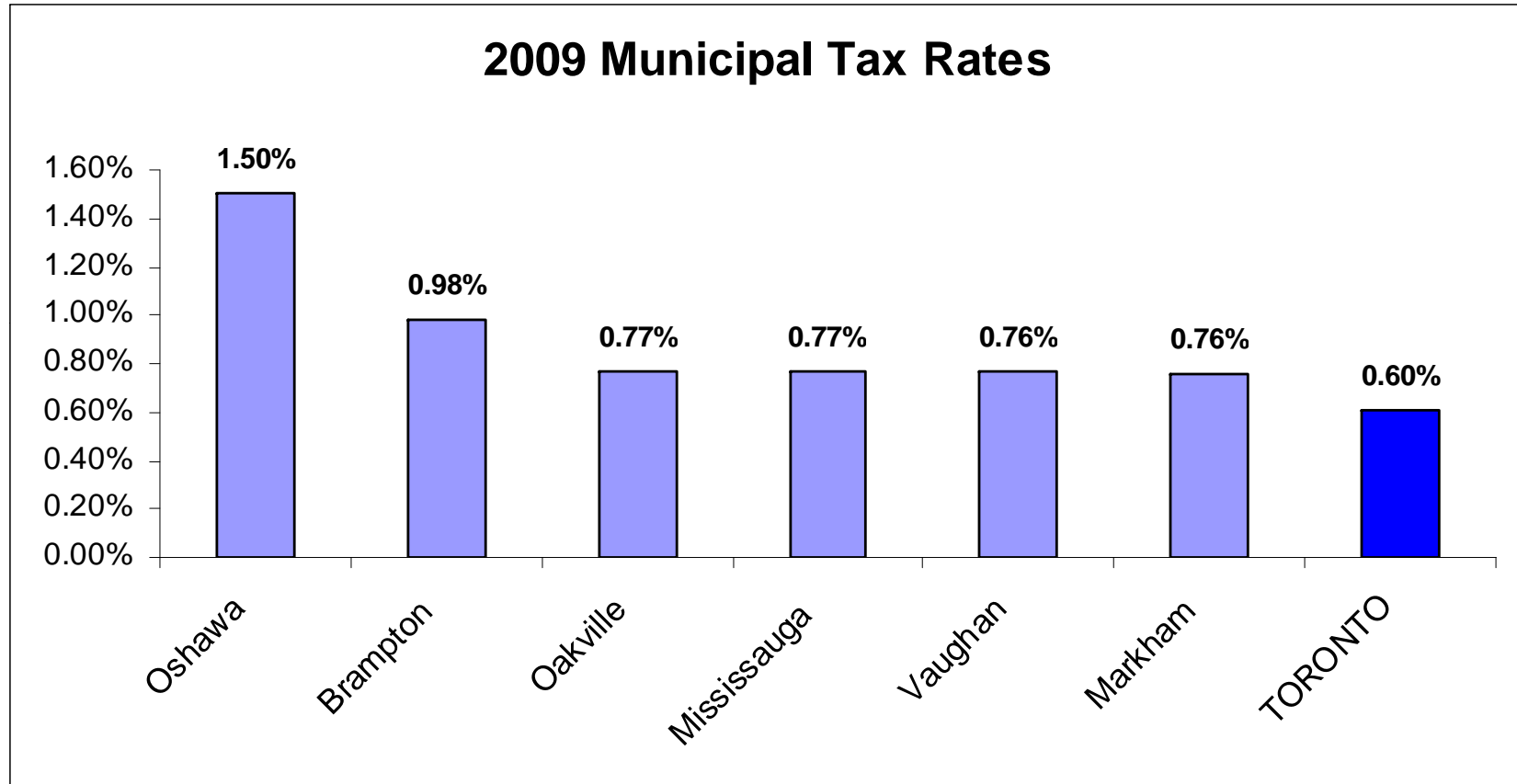
2010 Recommended Property Tax Increase

	<u>Tax Increase</u>		
Residential	4.0%	\$61	Million
Non- Residential	1.33%	\$26	Million
Total	2.50%	\$87	Million

2010 Average Household Impact

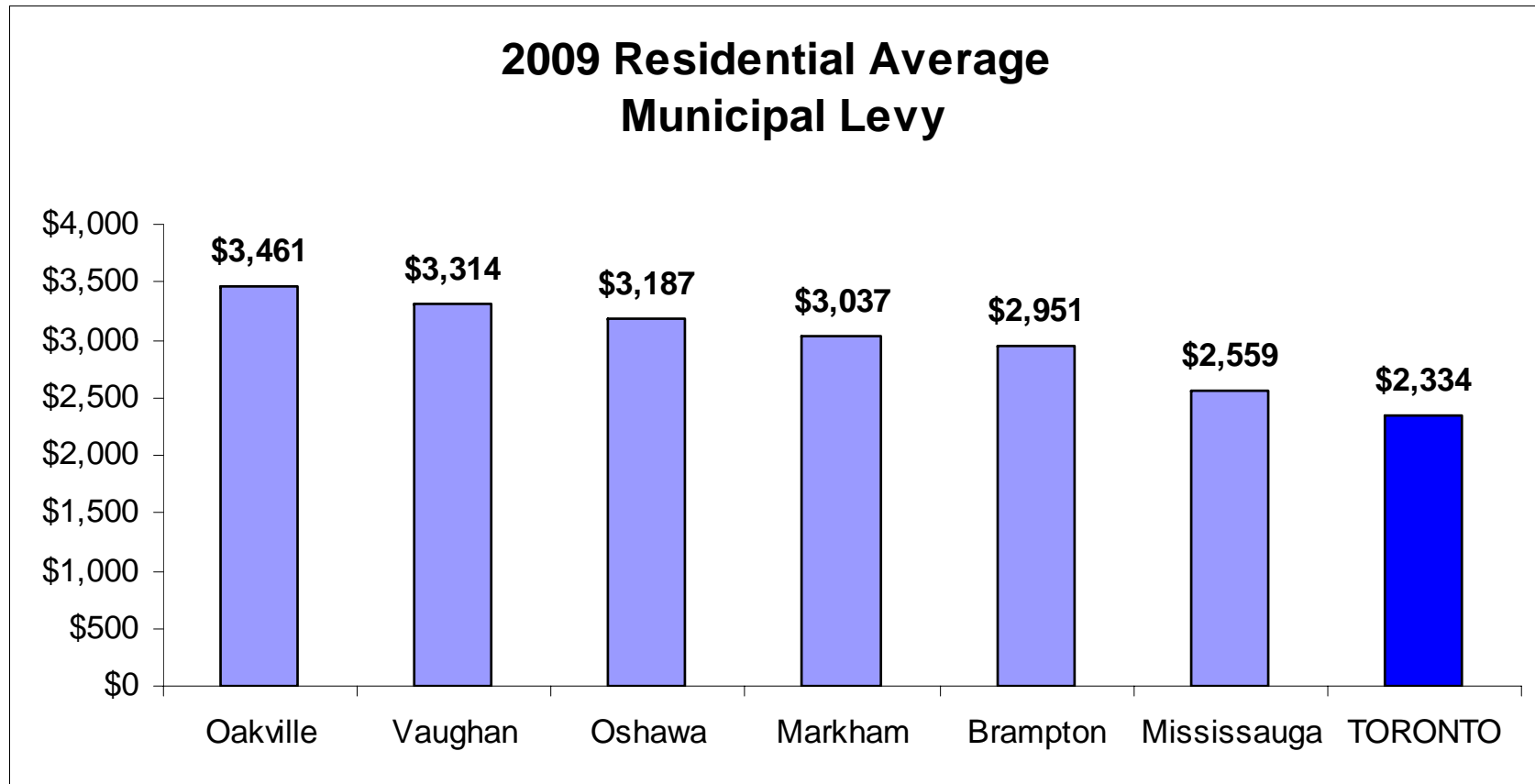
2010 Average Assessed Value	<u>\$407,374</u>
2010 Municipal Taxes before Levy Increase	<u>\$2,334</u>
2010 Municipal Levy Increase @ 4%	<u>\$93</u>
2010 Final Municipal Tax	<u>\$2,427</u>

2009 Municipal Residential Tax Rates Toronto vs. Surrounding Cities



Education Residential Rate = 0.252% for all Municipalities

2009 Municipal Residential Taxes (average for all property types) Toronto vs. Surrounding Cities



2011 Outlook

2011 Outlook

- Toronto's long term sustainable funding needs have been widely and independently confirmed, e.g. TD Bank, Conference Board
- Traditional fiscal funding formula no longer works for Canada's largest City
- Some significant progress has been made e.g.: gradual social program upload and full cost share of OW administration in 2010
- One-time funding still used to offset structural shortfall but not as much as in previous years

2011 Outlook

	<u>\$Millions</u>
2010 Unsustainable Strategies:	
Prior Year Surplus Applied to TTC Operations in the Absence of Toronto-Ontario Partnership Agreement on Transit Funding	250
Reserve Draw s	<u>63</u>
Total 2010 Unsustainable Balancing Strategies	313
2011 Expenditure Increase:	
Cost of Living Allow ance and Progression Pay	107
Inflation - Material and Supplies	25
Impact of Capital	11
Capital Financing - CFC Increase and Debt Service	42
Hydro Note Monetization - Interest	30
Annualization and Other Base and Revenue Change	<u>57</u>
	<u>272</u>
	585
2011 Revenue Increase:	
Provincial Uploads (ODSP & OW)	(84)
Personal Vehicle and Land Transfer Taxes	(16)
Other Revenues	<u>(16)</u>
2011 Outlook Pressure	<u>469</u>

2011 Outlook

- The 2010 budget is balanced
- Significant progress made in narrowing the City's financial structural shortfall
- Sustainable service efficiencies will continue to be sought but with over 70% of property taxes dedicated to Police, Fire, EMS, TTC and Provincially Mandated health and social services, further service reduction will be difficult, require transitional funding and will take time to implement
- Recession will continue to be monitored for impact and mitigating strategies

2011 Outlook

- Partnership with the Province to:
 - Continue provincial services upload
 - Confirm Toronto-Ontario partnership agreement for permanent and sustainable transit funding by December 1, 2010 with permanent funding commencing in fiscal 2011
- Preliminary investigation into the monetization of key City assets shows some promise to reduce debt, but not enough to bridge the City's structural shortfall
- Access to sales tax as a funding source is still required for capital replacement funding and service growth
- Further presentation on the Long Term Fiscal Plan is scheduled for March 12 Budget Committee

2010 Operating Budget Schedule – Key Dates

Budget Committee – Introduction	<ul style="list-style-type: none"> February 16
Budget Committee – Hearings	<ul style="list-style-type: none"> February 25 - Councillors March 1 - Public March 2 - Public
Budget Committee – Reviews	<ul style="list-style-type: none"> March 3 - Citizen Centred Services 'A' March 4 - Citizen Centred Services 'B' & Internal Services March 5 - Agencies, Boards, Commissions & Other City Programs March 12 - Wrap-Up, Long term Fiscal Plan Update
Budget Committee - Final Wrap-Up	<ul style="list-style-type: none"> March 26
Executive Committee Review	<ul style="list-style-type: none"> April 7
City Council Review	<ul style="list-style-type: none"> April 15 & 16

