

Analyst Briefing Notes

Budget Committee - February 16, 2010

PART I: 2010 OPERATING BUDGET

Executive Summary	2
Recommendations	7

PART II: 2010 SERVICE OVERVIEW AND PLAN

Mission Statement	8
Program Map	8
2010 Recommended Service: Overview	8

PART III: 2009 EXPERIENCE

2009 Accomplishments	12
2009 Budget Variance Analysis	13
Impact of 2009 Operating Variance on 2010 Recommended Budget	13

PART IV: 2010 RECOMMENDED BASE BUDGET

2010 Recommended Base Budget	14
2010 Key Cost Drivers	15
2010 Service Changes	16

PART V: RECOMMENDED SERVICE CHANGES

2010 Recommended Service Changes	17
--	----

PART VI: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS

2010 Service Priority Actions	20
-------------------------------------	----

PART VII: ISSUES FOR DISCUSSION

2010 Budget Issues	21
2011 and Future Year Issues	21
Issues Referred from 2009 and Prior Years	22

Appendix A: 2010 Recommended Base Budget Changes vs. 2009 Approved Budget	23
--	----

Appendix B: Summary of Service Changes	24
---	----

Appendix C: Summary of 2010 Recommended New/Enhanced Service Priority Actions	25
--	----

Appendix D: Program Summary by Expenditure Category	26
--	----

Appendix E: Inflows / Outflows to / from Reserves and Reserve Funds.....	27
---	----

Contacts: Judy Skinner
Manager, Financial Planning
Tel: (416) 397-4219

George Gonzalez
Financial Planning Analyst
Tel: (416) 392-4258

Executive Summary

- Municipal Licensing and Standards (ML&S) strives to enhance the quality of life for those who live, work and visit the City of Toronto. ML&S accomplishes this by supporting a safe, vibrant, creative and clean community through by-law administration and enforcement. Services provided by the Program include business license issuance, right-of-way and temporary sign permits, the processing of rooming house licenses, group home registrations and by-law exemption applications. ML&S is also responsible for the inspection and investigation of business licenses, right-of-way permits, noise, zoning, signs and property maintenance. These activities are provided through ML&S' two services: Business Licensing and Permission and By-Law Enforcement which includes Toronto Animal Services (TAS).
- Municipal Licensing and Standards has set the following service objectives for 2010 and beyond:
 - Issue a new business license or a new permit in 20 business days or less, 90% of the time.
 - Improve customer service by reducing wait times at License and Permit Issuing offices and improving field staff response times in support of the City's 311 Program.
 - Support effective, efficient and essential service delivery through technology enhancements including the introduction of on-line business licenses, A-frame sign on-line permit applications, a remote computing system to update IBMS, and a case management strategy to merge different databases utilized to track enforcement activities.
 - Increase the number of licensed dogs to 60% and cats to 30% by 2012.
 - Ensure that 100% of all dogs and cats adopted from TAS are sterilized.
- 2009 major accomplishments for Municipal Licensing and Standards include:
 - Developing and delivering the Limousine Driver training course.
 - Completing inspection audits of 187 apartment buildings and complexes.
 - Developing an Officer Safety Awareness program.
 - Implemented the Temporary Sign Pro-Active Enforcement program with the removal of 735 mobile signs and 7,302 plastic signs
 - Completing a Graffiti enforcement pilot project.
 - Increasing the percentage of dogs licensed from 27% to 32% and cats licensed from 8.4 % to 11%.
- For 2009, Municipal Licensing and Standards projects year-end net expenditures of \$18.892 million which is \$0.420 million or 2.3% below the 2009 Approved Operating Budget of \$19.312 million net. This projected favourable variance reflects savings primarily in salaries and

benefits from 45 vacant positions offset by lower than budgeted Dog and Cat and Business License revenues.

- Subsequent to the Third Quarter Variance Report, the Program has indicated that unrealized revenues will be higher than previously indicated.
- There is no impact of the 2009 Operating Variance on the 2010 Recommended Budget. Labour savings from vacant positions are not expected to continue into 2010 as 21.3 vacant positions will be eliminated and ML&S will maintain its gapping rate in 2010.

Table 1: 2010 Recommended Budget

(In \$000s)	2009		2010 Recommended Operating Budget			Change - 2010 Recommended Operating Budget v. 2009 Appvd. Budget		FY Incremental Outlook	
	2009 Appvd. Budget	2009 Projected Actual	2010 Rec. Base	2010 Rec. New/Enhanced	2010 Rec. Budget			2011	2012
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	50,075.2	48,280.4	50,208.9	0.0	50,208.9	133.7	0.3	801.7	63.5
REVENUE	30,763.2	29,388.3	30,787.9	195.0	30,982.9	219.7	0.7	17.0	0.0
NET EXP.	19,312.0	18,892.1	19,421.0	(195.0)	19,226.0	(86.0)	(0.4)	784.7	63.5
Approved Positions	522.6	477.6	501.3	0.0	501.3	(21.3)	(4.1)	0.0	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	19,226.0	19,226.0	0.0	19,518.5
PROGRAM REDUCTION (\$)	(3,430.3)	(3,430.3)	0.0	(965.6)
PROGRAM REDUCTION (%)	(17.8)	(17.8)	NA	(5.0)

- The 2010 Recommended Operating Budget for Municipal Licensing and Standards of \$50.209 million gross and \$19.226 million net is \$0.086 million or 0.4% below the 2009 Approved Operating Budget of \$19.312 million net. The 2010 Recommended Operating Budget achieves Program reductions of \$3.430 million or 17.8% of the 2009 Approved Budget and meets the 2010 reduction target for Municipal Licensing and Standards.
- The 2010 Recommended Operating Budget for Municipal Licensing and Standards is comprised of base funding of \$50.209 million gross and \$19.421 million net with new / enhanced service priorities that result in \$0.195 million in net revenue. Approval of the 2010 Recommended Budget will result in the Program's total staff complement decreasing from 522.6 to 501.3 approved positions due to a reduction of 5.3 temporary positions following the elimination of a TAS summer student program and a further decrease of 16 permanent positions as a result of the 2010 recommended service changes.
- The 2010 Recommended Operating Budget for Municipal Licensing and Standards results in incremental future year net costs to the Program of \$0.785 million in 2011 and \$0.064 million in 2012.
 - In 2011, projected increases of \$0.802 million for COLA and step increases will be moderately offset by \$0.017 million in higher revenues resulting from the annualized revenue from the 2010 increase in the hourly rates for Re-inspection fees.

- The 2012 Outlook anticipates incremental increases of \$0.064 million for step increases.
- The 2010 Recommended Base Budget provides funding for the following key cost drivers:
 - A Mediation Award for Municipal Standards and By-Law Officers resulting in salary and benefits increases of \$1.693 million in 2010.
 - A cost of living allowance (COLA) of 2% for union staff and 1% for exempt staff and step and progression pay pressures which increases salaries and benefits by \$0.975 million.
 - The annualized increase of \$0.392 million for 15 new positions added in 2009 for the Toronto Animal Services Licensing Reinvestment and Delinquent / Unlicensed Business Licensing Enforcement Strategies.
 - Required increase of \$0.241 million to the Vehicle Reserve for the 2010 Vehicle Replacement program.
- The cost drivers noted above will be offset by the following savings included in the 2010 Recommended Base Budget:
 - The re-alignment of salary and benefit costs with current requirements resulting in base budget savings of \$1.071 million.
 - Completion of the ePet Project which reduces capital financing by \$0.241 million.
 - Efficiencies identified in investigations and court support services resulting in expenditure reductions of \$0.164 million.
 - A reduction in the overtime budget for Toronto Animal Services for salary savings of \$0.056 million.
- The Program's 2010 Recommended Operating Budget includes service changes with savings of \$1.678 million for 2010 with no incremental impact in 2011. The service change actions include \$0.822 million in service efficiency savings and \$0.856 million in major service level changes. Implementation of the efficiency changes will not impact service level in 2010. The recommended major service level changes will result in the elimination of the pro-active temporary sign enforcement and the door-to-door pet licensing programs.
 - Service efficiencies include reductions in discretionary expenditures of \$0.161 million and labour and materials savings of \$0.661 million arising from the elimination of 8 vacant permanent positions within Licensing and Toronto Animal Services.
 - The major service level changes include a reduction of 7.0 vacant permanent from Investigations and 5.3 vacant temporary full time equivalent positions (16 summer students) in Toronto Animal Services, resulting in salary and benefit savings of \$0.856 million.
- Approval of the Service Changes will result in a total reduction of 21.3 approved positions reducing the Program's complement to 501.3.

- The 2010 Recommended Operating Budget for Municipal Licensing and Standards includes a New/Enhanced Service Priority Action that will generate \$0.195 million in additional revenue for Re-inspection fees which contributes to achieving the Program's reduction target. The Re-inspection hourly fee rate for additional inspections of property standards by-law violations increases to \$94 for the first hour and \$55 per subsequent hour from \$60 per hour and achieves cost recovery for the delivery of this service.
- The following key Program issues have been identified during the 2010 Operating Budget process:
 - Reductions of \$3.430 million or 17.8% of the 2009 Approved Operating Budget were achieved by ML&S to meet base budget as well as significant program specific pressures.
 - The Program continues with its licensing revenue strategy to address unlicensed and delinquent business licenses and unlicensed pets.
 - The need to ensure that full cost recovery from the fees charged for the Licensing service delivery is achieved and reviewed.
- The 2010 Recommended Operating Budget provides funding for ML&S to deliver the following services:
 - Business Licensing Services will:
 - Issue approximately 50,000 business licenses in 2010 while ensuring a client is served in person within 20 minutes or less, 85% of the time.
 - Serve the business and broader community through the issuance of new and renewal business licenses, right-of-way permits for outdoor cafes and vending, temporary sign permits and the processing of rooming house licenses and group home registrations.
 - ML&S' Investigation Services will:
 - Pro-actively inspect unlicensed businesses and 20% of all licensed businesses.
 - Complete building audits of multi-residential apartment buildings
 - Provide an initial response time to an emergency complaint received of 24 hours or less, 100% of the time, and an initial response time to a non-emergency complaint of 5 calendar days, 90% of the time.
 - Contribute to a clean and safe city through inspections and investigations of property maintenance regarding waste, litter and dumping of refuse, fences, grass and weeds, graffiti, noise, zoning, signs, business licenses, and right-of-way permits.
 - Toronto Animal Services (TAS) will:
 - Target the issuance of 141,500 dog and cat licenses in 2010, which would represent an increase³ in the number of licensed dogs from 32% in 2009 to 44% in 2010 and an increase in cats licensed from 11% in 2009 to 14% in 2010.
 - Promote responsible pet ownership through public education and the enforcement of City and other animal related regulations and by-laws.

- Provide animal sterilization, adoption and return-to-owner services.
- Promote and support a harmonious environment where humans and animals can co-exist free from conditions that adversely affect their health and safety.

Recommendations

The City Manager and Chief Financial Officer recommend that:

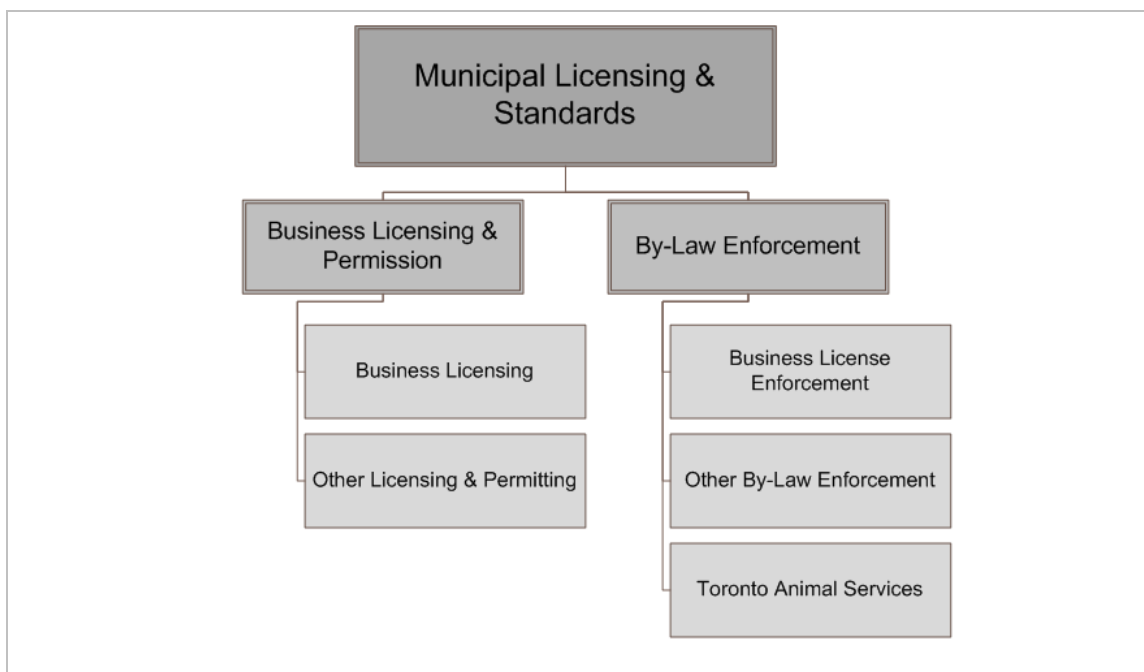
1. City Council approve the 2010 Recommended Operating Budget for Municipal Licensing and Standards of \$50.209 million gross and \$19.226 million net, comprised of the following services:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Head Office	2,068.7	2,068.7
Licensing	14,657.9	(9,783.4)
Investigations	22,070.3	19,533.2
Toronto Animal Services	11,412.0	7,407.5
	<hr/>	<hr/>
Total Program Budget	<u>50,208.9</u>	<u>19,226.0</u>

Mission Statement

Municipal Licensing and Standards (ML&S) strives to be a leader in supporting the City of Toronto as a safe, vibrant, creative and clean community through by-law administration and enforcement, serving those who live, work and visit in the City.

Program Map



Municipal Licensing and Standards (ML&S) manages the City's by-law administration and enforcement, through ML&S' two services: Business Licensing and Permission and By-Law Enforcement (including Toronto Animal Services).

Business Licensing and Permission

Business Licensing and Permission provides services that include issuing business licenses, right-of-way permits and temporary sign permits, processing rooming house licenses, group home registrations and by-law exemption applications. Specific activities and service levels for 2010 include:

- Business Licensing
 - Occupational Licensing – with the issuance of 8,536 licenses
 - Retail Business – 20,305 licenses
 - Vehicular Business – 17,829 licenses

- Other Licensing & Permitting
 - Group Homes – with the issuance of 127 permits
 - Right-of-Way – 1,316 permits
 - Rooming Houses – 415 licenses
 - Temporary Signs – 1,000 permits due to the A-frame on-line project roll-out
 - Noise Exemptions – 210 exemptions
 - Fence Exemptions – 38 exemptions

By-Law Enforcement

By-law Enforcement is responsible for the inspection and investigation of business licenses, right-of-way permits, noise, zoning, garage sales, signs and property maintenance. In addition, Toronto Animal Services is responsible for sheltering animals that are lost or surrendered by owners, and provides emergency responses to animals that are injured, in distress or are jeopardizing the health and safety of the community. Specific activities, types and service levels for 2010 are detailed below:

- Business License Enforcement
 - Vehicular Business – with 22,858 inspections
 - Occupational Licensing – 4,732 inspections
 - Retail Business – 2,885 inspections
- Other By-Law Enforcement
 - Noise – with 1,776 inspections
 - Property Maintenance:
 - Waste and Waste Collection - 16,954 inspections
 - Litter and Dumping of Refuse - 7,212 inspections
 - Graffiti - 1,450 inspections
 - Grass and Weeds - 2,941 inspections
 - Fences:
 - Yard Fences - 596 inspections
 - Pool Fences - 365 inspections
 - Property Standards - 12,227 inspection
 - Abandoned Appliances - 63 inspections
 - Heat - 987 inspections
 - Vital Services - 217 inspections
 - Right of Way - 472 inspections

- Zoning - 3,611 inspections
- Signs - 2,763 inspections
- Garage Sales - 34 inspections
- Toronto Animal Services (TAS)
 - Sheltering, impounding and providing medical care for stray animals.
 - Providing lost and found animal services.
 - A 24-hour emergency response in assisting sick or injured animals and animal threats.
 - Animal sterilization.
 - Investigating and enforcing the animal related provisions of the Municipal Code and The Dog Owners' Liability Act.
 - Licensing of dogs and cats with 94,800 and 46,700 licenses targeted for 2010 respectively.

Service Objectives

Municipal Licensing and Standards' service objectives focuses on ensuring license response times and issuances are improved and meet service level targets. This reflects ML&S' commitment to excellent service within a safe, vibrant, creative and clean community. ML&S' key service objectives targets for 2010 and beyond are as follows:

Business Licensing and Permission Services:

- To issue a new business license or a new permit in 20 business days or less, 90% of the time.
- Serve a client in person in 20 minutes or less, 85% of the time.
- Reduce wait times at License and Permit Issuing offices by introducing eService license renewal and license application opportunities.
- Introduce A-Frame sign on-line permit application process and enhance the license-issuance process to reduce the length of time for issuing licenses and permits.

By-Law Enforcement:

- Improve response times and support the City's 311 objectives by enhancement of our rapid response capability utilizing real time contact with field staff.
- Enhance investigation completion times by use of the remote computing system to update IBMS and facilitate improved customer responses.

- Implementing case management strategy to merge different databases utilized to track enforcement activities.
- Expand the mandate of the Waste Enforcement Unit to integrate a greater focus on proactive actions, with a particular focus on private property issues.
- Enhance program effectiveness by ensuring a greater level of supervision of work in the field and a greater focus on time management.
- Continue with the Multi Residential Apartment Building Inspection Program (MRAB) with 200 building inspections targeted in 2010.

Toronto Animal Services (TAS):

- Develop a cat (stray & feral) over-population strategy and promote cat adoptions.
- Explore partnership and sponsorship opportunities towards improving service to pets in the City.
- To increase the number of licensed dogs to 60% and cats to 30% by 2012.
- To ensure that 100% of all dogs and cats adopted from TAS are sterilized.

2009 Accomplishments

Municipal Licensing and Standards achieved the following major accomplishments in 2009:

- Developed and delivered the Council mandated Limousine Driver training course as well as a number of training proposals for customized taxicab driver/owner training courses.
- Developed and delivered an Officer Safety Awareness Program for Municipal Standards Officers as part of the Divisional Training Program
- Completed building audits of 187 apartment buildings and complexes
- Completed a Graffiti enforcement pilot focused on utilities and City owned assets.
- Completed Phase 1 of a City-wide collaborative enforcement strategy to control the proliferation of illegal temporary signs.
- Implemented an effective strategy to successfully curtail illegal dumping and responses to waste complaints during the 2009 Labour Disruption.
- Implemented the Temporary Sign Pro-Active Enforcement program with the removal of 735 mobile signs and 7,302 plastic signs
- Increased the percentage of dogs licensed from 27% to 32% and cats licensed from 8.4 % to 11%.
- Successfully expanded the off site pet adoption partnership with PetSmart Charities, allowing for increased opportunities to place pets into lifelong loving homes and to benefit from donations directed towards assisting pets in the TAS adoption program

Table 2: 2009 Budget Variance Review (\$000s)

(In \$000s)	2008 Actuals	2009 Approved Budget	2009 Projected Actuals*	2009 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
GROSS EXP.	42,312.8	50,075.2	48,280.4	(1,794.8)	(3.6)
REVENUES	23,089.5	30,763.2	29,388.4	(1,374.8)	(4.5)
NET EXP.	19,223.3	19,312.0	18,892.0	(420.0)	(2.2)
Approved Positions	444.9	522.6	477.6	(45.0)	(8.6)

*Projected Actuals Based on the September 30, 2009 Variance Report

2009 Budget Variance Analysis

The Municipal Licensing & Standard's Third Quarter Variance report projects that the Program will be \$0.420 million or 2.3% below the 2009 Approved Operating Budget of \$19.312 million by year-end.

- ML&S's projected favourable variance reflects savings primarily in salaries and benefits offset by a projected under-recovery of revenues. The underspending in salaries and benefits arises from 45 full-time positions or 9% of staff complement being vacant during 2009.
- The Program reported \$0.239 million in unrealized revenues for September 30, 2009 mainly resulting from Dog and Cat Licensing and Business License revenues being under budget. Although in-year corrective action has been initiated to achieve revenue targets for the Dog & Cat Licensing Strategy, re-inspection fees and 5,000 new business licenses in 2009, ML&S is projecting unrealized revenues of \$1.375 million or 3.5% below budget by year-end.
- Subsequent to the Third Quarter Variance Report, the Program has indicated that unrealized revenues will be higher than previously indicated.

Impact of 2009 Operating Variance on the 2010 Recommended Budget

- Projected gross expenditure savings are not expected to fully continue as a total of 21.3 vacant positions will be eliminated and the Program intends to maintain its gapping rate in 2010.

Table 3: 2010 Recommended Base Budget (\$000s)

	2009 Appvd. Budget	2010 Recommended Base	Change 2010 Recommended Base v. 2009 Appvd. Budget		FY Incremental Outlook	
					2011	2012
(In \$000s)	\$	\$	\$	%	\$	\$
GROSS EXP.	50,075.2	50,208.9	133.7	0.3	801.7	63.5
REVENUE	30,763.2	30,787.9	24.7	0.1	17.0	0.0
NET EXP.	19,312.0	19,421.0	109.0	0.6	784.7	63.5
Approved Positions	522.6	501.3	(21.3)	(4.1)	0.0	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	19,226.0	19,226.0	0.0	19,518.5
PROGRAM REDUCTION (\$)	(3,430.3)	(3,430.3)	0.0	(965.6)
PROGRAM REDUCTION (%)	(17.8)	(17.8)	NA	(5.0)

Table 3a: Program Reduction Requirements (\$000s)

(In \$000s)	2010 Required Reductions	2011 Required Reductions
2009 Approved Budget (September 30)	19,312.0	
Pressures Reported with 2010 / 2011 Outlook	879.6	1,258.1
Pressures Not Reported with 2010 / 2011 Outlook	2,464.7	0.0
5% Reduction Target	(965.6)	(965.6)
Additional Pressures not in 2010 Reported Outlook	(2,464.7)	TBD
Program Reduction Target	(3,430.3)	(965.6)
Net Budget Target	19,226.0	19,518.5

2010 Recommended Base Budget

The 2010 Recommended Base Budget of \$19.421 million net represents a 0.6% increase over Municipal Licensing and Standards' 2009 Approved Operating Budget of \$19.312 million net. The 2010 Recommended Base Budget includes \$3.344 million in 2010 Base Budget increases, which have been offset by decreases of \$3.236 million arising from recommended Service Changes.

The 2010 Recommended Base Budget of \$19.412 million net and includes recommended Program reductions of \$1.558 million for base changes and \$1.678 million for service efficiencies. This

represents \$0.195 million or 1% in Program reductions above Municipal Licensing and Standards' 2010 Operating Budget reduction target of \$3.430 million or 17.8% of the 2009 Approved Budget.

It should be noted that in addition to base service changes, the 2010 Recommended Operating Budget for Municipal Licensing and Standards includes New/Enhanced Service Priority Actions of \$0.195 million net that contribute to achieving the Program target. As a result, Program Reductions total \$3.430 million net or 17.8%. (*Please see Part V: 2010 Recommended Service Changes*).

Approval of the 2010 Recommended Base Budget will result in the Program's total approved complement decreasing from 522.6 to 501.3 approved positions as a result of the elimination of 16 temporary summer student positions (5.3 full-time equivalent approved positions) and a further decrease of 16 permanent approved positions as part of service changes recommended for 2010.

2010 Base Budget Key Cost Drivers

The 2010 Recommended Base Budget provides funding for the following key cost drivers:

- A Mediation Award for wage level classification for Municipal Standards and By-Law Officers of \$1.693 million.
- Cost of living allowance (COLA) of 2% for union staff and 1% for exempt staff of \$0.738 million.
- The annualized increase for 15 positions added in 2009 of \$0.392 million for the Toronto Animal Services Licensing Reinvestment and Delinquent / Unlicensed Business Licensing Enforcement Strategies.
- An increase to the Vehicle Reserve contribution of \$0.241 million in support of the 2010 Vehicle Replacement program.
- Step and progression pay increases of \$0.173 million and \$0.064 million respectively.

The cost drivers noted above will be offset by the following savings included in the 2010 Recommended Base Budget:

- Payroll costs savings of \$1.071 million resulting from a detailed position by position salary review across the Program.
- Completion of the ePet Project resulting in a reduction of \$0.241 million in contributions to capital financing.
- Efficiency savings of \$0.164 million in the delivery of investigations and court support services.
- A reduction in the overtime budget for Toronto Animal Services for Program savings of \$0.056 million.

2010 Service Changes

In addition to base budget savings of \$1.558 million, the Municipal Licensing and Standards' 2010 Recommended Base Budget includes service change savings of \$1.678 million representing 8.7% of the 2009 Approved Budget that will not result in incremental savings in 2011. The recommended service changes are comprised of \$0.822 million in 2010 efficiency savings and \$0.856 million in major service level changes.

The recommended service changes are summarized below:

Service Efficiencies

- A reduction of 4 vacant permanent Municipal Standards Officers (MSO) positions in Licensing Enforcement as the number of investigation requests handled by each MSO will increase, effective January 1, 2010 for Program savings of \$0.340 million.
- The elimination of 2 vacant permanent MSO positions in Licensing Services, effective January 1, 2010 with expected savings of \$0.169 million.
- Decreasing discretionary expenditures, including reductions to business travel & conferences, tuition fees, recreational & educational supplies, contracted services, laundry and cellular phone expenditures for anticipated savings of \$0.161 million.
- A reduction of 2 vacant permanent Animal Care and Control Officers in Toronto Animal Services By-law Enforcement in city parks, effective January 1, 2010 with forecasted savings of \$0.151 million.

Major Service Level Changes

- The reduction of 7 vacant permanent MSO positions from the elimination of pro-active enforcement of the Temporary Sign by-law, with projected savings of \$0.595 million.
- The elimination of the Door-to-Door Pet Licensing Program, that will reduce 5.3 vacant temporary full-time equivalent positions (16 summer student Animal Service Representatives) for expected savings of \$0.261 million

Please refer to Part V for a discussion regarding the 2010 Recommended Service Changes.

2011 and 2012 Outlook: Net Incremental Impact

Approval of the 2010 Recommended Base Budget for Municipal Licensing and Standards will result in a 2011 and 2012 incremental increase of \$0.784 million and \$0.064 million, respectively, to maintain the 2010 level of service and staff complement. Future year costs are primarily attributed to the following:

- The 2011 Outlook for Municipal Licensing and Standards includes anticipated incremental net expenditure increases of \$0.738 million for COLA and \$0.064 million for step increases that will be partially offset by additional revenue of \$0.017 million from the annualized revenue from the rate increase of Re-inspection fees.
- The 2012 Outlook anticipates incremental increases of \$0.064 million for step increases.

Table 4: 2010 Recommended Service Change Summary
(In \$000s)

Description	2010 Recommended Service Changes				Net Incremental Impact	
	Position Change	Gross Exp.	Net Exp.	% Change over 2009 Budget	2011	
	#	\$	\$	#	\$	# Pos
Base Change Summary	(1.0)	(1,533.0)	(1,557.5)	-8.1%	0.0	0.0
Service Efficiencies:						
Increase Productivity/ Efficiency (Licencing Enforcement)	(4.0)	(340.0)	(340.0)	-1.8%		
Reduce 2 vacant Municipal Standards Officer (MSO) positions - Licensing Services	(2.0)	(169.4)	(169.4)	-0.9%		
Reduce Discretionary Expenditures		(161.1)	(161.1)	-0.8%		
Animal Related Parks Enforcement	(2.0)	(151.4)	(151.4)	-0.8%		
Major Service Level Changes:						
Reduce Temporary Sign by-Law Enforcement	(7.0)	(595.0)	(595.0)	-3.1%		
Eliminate Door-to-Door Pet Licensing Program	(5.3)	(260.9)	(260.9)	-1.4%		
Sub-Total Service Changes	(20.3)	(1,677.8)	(1,677.8)	-8.7%	0.0	0.0
New/Enhanced Service Priority Actions *			(195.0)	-1.0%	(17.0)	
Total Changes	(21.3)	(3,210.8)	(3,430.3)	-17.8%	(17.0)	0.0

* New/Enhanced Service Priority Actions that contribute to achieving target.

2010 Recommended Service Changes

The budgetary impact of implementing the following service changes are included in the 2010 Recommended Base Budget, with savings estimated at \$3.430 million in 2010 that will not generate any savings in 2011 as these are annualized savings, effective January 1, 2010. Approval of the recommended service changes will result in a reduction of 21.3 vacant approved positions reducing Municipal Licensing and Standards' complement to 501.3. Included in the \$3.430 million in savings is \$1.558 million in reductions applied to the base budget, which will have no impact in the level of service provided by the Program in 2010, and \$0.195 million in new/ enhanced service priority actions.

Service Changes

The following 6 recommended service changes included in ML&S' 2010 Recommended Base Budget, resulting in 2010 savings of \$1.678 million net are discussed below:

Service Efficiencies***Increase Productivity/ Efficiency - Licensing Enforcement***

The 2010 Recommended Operating Budget for Municipal Licensing and Standards includes permanent service efficiency savings of \$0.340 million arising from the reduction of 4 currently vacant permanent Municipal Standards Officer (MSO) positions within Licensing Enforcement effective January 1, 2010.

The Program has reviewed the workload requirements and the projected volume for investigation requests for 2010 and has determined that the requests handled by each MSO can be increased from 329 requests in 2009 to 358 requests in 2010. This standard change will allow for the redeployment of 4 MSO positions to other programs such as Multi Residential Apartment Building (MRAB), Sign and Community Based Enforcement, thereby reducing the total complement. There is no service level impact for Licensing Enforcement arising from this action.

Reduce 2 Vacant Municipal Standards Officer Positions in Licensing Services

This recommended service change proposes the reduction of 2 currently vacant permanent Municipal Standard Officer (MSO) positions in Licensing Services, effective January 1, 2010, resulting in savings of \$0.169 million. The reduction is due to efficiencies in license application processing, and will result in no impact to the current level of service.

Reduce Discretionary Expenditures

This service efficiency change included in the 2010 Recommended Operating Budget for ML&S reduces discretionary expenditures by \$0.161 million. Reductions to non-payroll accounts for business travel and conferences, tuition fees, educational supplies, contracted services, laundry and cellular phone expenditures will be effective January 1, 2010. There is no service level change arising from this action.

Animal Related Parks Enforcement

The transfer of Parks Enforcement from Parks, Forestry and Recreation to Municipal Licensing and Standards (ML&S) in 2009 allows for efficiency changes within the Toronto Animal Services (TAS) unit of ML&S. The transfer included 12 Parks Enforcement Officers who provide by-law enforcement in approximately 1,469 city parks. In addition, the equivalent of 2 Animal Care and Control Officers in TAS perform animal-related by-law enforcements across these same parks. Consolidation of the parks by-law enforcement within ML&S will result in the elimination of 2 vacant TAS positions. This recommended service change will result in savings of \$0.151 million, effective January 1, 2010. By-Law enforcement in City parks will remain unchanged.

Major Service Impact***Reduce Temporary Sign By-Law Enforcement***

The 2010 Recommended Operating Budget for Municipal Licensing and Standards includes service change savings of \$0.595 million for the reduction of 7.0 vacant permanent Municipal Standards Officers positions in Investigations.

Municipal Licensing and Standards Division is eliminating the dedicated pro-active enforcement of the Temporary Sign By-law. Pro-active enforcement enabled high levels of compliance with the by-law and led to a significant reduction in non-compliant signs. Under this program, the response time for sign complaints is approximately two (2) days.

With the elimination of the pro-active program, enforcement of the by-law will be rolled back into the ML&S' regular enforcement activities on a complaint basis. The expected response time for sign complaints would be approximately five (5) days.

Eliminate Door-to Door Pet Licensing Program

The 2010 Recommended Operating Budget for Municipal Licensing and Standards includes savings of \$0.261 million from the elimination of the Door-to-Door Pet Licensing Program in Animal Services. Since 2007, Toronto Animal Services (TAS) has employed summer students as Animal Services Representatives (ASRs) to conduct a door-to-door campaign to increase the number of licensed dogs and cats in the City. This service has resulted in increased numbers of licensed pets and a growing percentage of automatic license renewals in subsequent years, with 32% of dogs and 11% of cats licensed for 2009.

The current complement of 5.3 full time equivalents (or 16 summer students @ 8 hrs/day for 80 days) also generates approximately 10,250 new licenses annually, which in turn generates approximately \$0.252 million in new revenue each year. The elimination of this program is expected to reduce the number of new licenses issued and will not generate any incremental revenues for 2010 and beyond. Greater emphasis will be placed on existing staff and in advertising to generate the new licenses and to meet ML&S targets for pet licensing.

New/Enhanced Service Priority Actions

In addition to Base and Service Changes, one recommended New/Enhanced Service Priority Action is included in the 2010 Recommended Operating Budget. This revenue increase of \$0.195 million net will change the fee for re-inspections of property standards by-law violations to \$94 for the first hour and \$55 per subsequent hour from \$60 per hour. (*Please see Part VI: Recommended New Service Priority Actions*).

Table 5: 2010 New / Enhanced Service Priority Actions: Summary
(In \$000s)

Description	2010 Recommended			Net Incremental Impact			
	Gross Exp.	Net Exp.	New Positions	2011		2012	
	\$	\$	#	\$	# Pos	\$	# Pos
Enhanced Services:							
(a) Enhanced Services - Council Approved							
(b) Enhanced Services - Program Initiated							
Sub-Total Enhanced Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Services:							
(a) New Services - Council Approved							
Increase Re-inspection fees	0.0	(195.0)	0.0	(17.0)			
(b) New Services - Program Initiated							
Sub-Total New Services	0.0	(195.0)	0.0	(17.0)	0.0	0.0	0.0
Total Enhanced/New Services	0.0	(195.0)	0.0	(17.0)	0.0	0.0	0.0

2009 Recommended New / Enhanced Service Priority Actions

New Service Priority Actions

Council Approved

Increase Re-inspection Fees

The 2010 Recommended Operating Budget for ML&S includes additional revenues of \$0.195 million for an increase in the Re-inspection fee rate to \$94 for the first hour and \$55 per subsequent hour from \$60 per hour for additional inspection visits by Municipal Standards Officers (MSO). Re-inspection fees are fees for property standards inspection services where by-law violations have occurred and have not been remedied by the date of compliance set out in the Order or Notice of Violation issued by a Municipal Standards Officer. The re-inspection fee is applied to the property owner, with no charge for the initial property standards inspection.

By charging the re-inspection fees, ML&S is able to recover the costs incurred in officers' time, administration and other overhead cost for the subsequent inspections and brings Toronto's rate in line with other municipalities. The fee increase was included in a staff report entitled "Fees for Inspections" which was approved by Council in January 2010, with the increase effective on February 1, 2010 resulting in additional revenue of \$0.195 million in 2010 and incremental revenue of \$0.017 million in 2011.

2010 Budget Issues

2010 Recommended Operating Budget vs. Target

Municipal Licensing and Standards' 2010 Recommended Operating Budget of \$19.226 million net has met the 2010 Operating Budget target. In order to meet this target, ML&S has achieved reductions for 2010 which total \$3.430 million or 17.8% of the 2009 Approved Operating Budget. These reductions were needed in order to meet base budget pressures as well as significant program pressures arising from the mediation award settlement for By-law Officers, which added \$1.693 million in base budget costs representing 8.8% of the 2009 Approved Operating Budget.

Licensing Revenue Strategy

ML&S will continue with the program-wide licensing strategy in 2010 advancing opportunities available to address unlicensed and delinquent businesses and unlicensed pets. Additional cost recovery opportunities will also be explored. This strategy will provide the opportunity for ML&S to reinvest additional revenues received through increased activity to improve service and address volume demands. ML&S will monitor revenue through 2010 to determine if any future adjustments to revenue estimates are required.

2011 and Future Year Issues

2011 Reduction Targets

Municipal Licensing and Standards' 2011 reduction target is \$0.966 million or 5% of the 2009 Approved Operating Budget of \$19.312 million net. The Program will explore reduction options during the course of the year and will finalize and present these for consideration during the 2011 Operating Budget process.

However, it should be noted that ML&S' 2011 options that were developed during the service review process were accelerated to 2010 to address the Program's significant and emergent pressures arising from the mediation award settlement.

Outstanding Issues from 2009 and Prior Years

Full Cost Recovery Model

During the 2009 Operating Budget process, ML&S was directed to develop a cost recovery model for licensing fees that would incorporate all eligible expenditure costs to ensure full cost recovery for this service delivery. The Full Cost Recovery Model for License Fee Revenue, as currently developed, is presented below and was reviewed in conjunction with corporate guidelines and policy. Both direct and indirect costs were analyzed in relation to licence fee revenues, based on the 2008 actual results (un-audited).

Municipal Licensing And Standards	
Licensing Fees - Cost Recovery Model	
For the 12-month Period Ending December 31, 2008	
	2008 Actual (note 1)
	\$
REVENUES	
Licensing Fees	18,952,046
Total revenues	18,952,046
EXPENDITURES	
Direct Costs	14,843,430
Indirect Costs	4,020,438
Total Expenditures	18,863,868
(Note 1) based on preliminary un-audited figures for 2008	

The full cost recovery analysis supports the current fee structure in terms of matching costs with revenues. However, unanticipated direct and indirect costs, including the Mediation Award add challenges to the Program's goal of achieving full cost recovery. As part of the overall licensing strategy, ML&S with the support of Accounting Services and Policy, Planning, Finance and Administration (PPFA) staff will continue to refine the cost recovery methodology for 2010, so that the cost recovery model more accurately represents the effort involved in business licensing activities related to all categories of licenses and ensure that all eligible costs are addressed in future business licensing fee structures. An updated model will be completed for consideration during the 2011 Operating Budget process.

Appendix A

2010 Recommended Base Budget Changes vs. 2009 Approved Budget

(In \$000s)	Summary of 2010 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2011	2012
		\$	\$	\$	\$	\$
2009 Council Approved Operating Budget	497.6	47,622.8	29,445.9	18,176.9	0.0	0.0
Technical Adjustments						
In-Year Budget Adjustments	25.0	2,452.5	1,317.4	1,135.1		
2009 Approved Operating Budget	522.6	50,075.3	30,763.3	19,312.0	0.0	0.0
Prior Year Impacts:						
Annualizations from Prior Year		2,085.0		2,085.0		
Reversals from Prior Year						
Operating Impacts of Capital						
Zero Base Items						
Economic Increases:						
Salary		974.2		974.2	801.7	63.5
Non Salary						
Adjusted Base Budget	522.6	53,134.5	30,763.3	22,371.2	801.7	63.5
Base Expenditure Changes	(1.0)	(1,247.7)		(1,247.7)		
Base Revenue Changes			24.6	(24.6)		
2010 Base Budget Prior to Service Changes	521.6	51,886.8	30,787.9	21,098.9	801.7	63.5
Recommended Service Changes:						
Service Efficiencies	(8.0)	(822.0)		(822.0)		
Revenue Changes						
Minor Service Level Changes						
Major Service Level Changes	(12.3)	(855.9)		(855.9)		
Total Recommended Base Changes	(20.3)	(1,677.9)	0.0	(1,677.9)	0.0	0.0
2010 Recommended Base Budget	501.3	50,208.9	30,787.9	19,421.0	801.7	63.5

Appendix B

Summary of Service Changes

Appendix C

Summary of 2010 Recommended New/Enhanced Service Priority Actions

Appendix D

Program Summary by Expenditure Category

CLUSTER: CITIZEN CENTRED SERVICES "B"							
PROGRAM: Municipal Licensing and Standards							
	2009 Approved Budget	2009 Projected Actuals	2010 Recommended Budget	Change from 2009 Approved Budget		2011 Outlook	2012 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	39,939.3	38,144.6	40,197.1	257.8	0.6%	40,998.8	41,062.3
Materials and Supplies	1,431.9	1,431.9	1,556.7	124.8	8.7%	1,556.7	1,556.7
Equipment	232.6	232.6	243.7	11.1	4.8%	243.7	243.7
Services & Rents	2,633.4	2,659.5	2,360.9	(272.5)	(10.3%)	2,360.9	2,360.9
Contributions to Capital	240.6	240.6		(240.6)	(100.0%)		
Contributions to Reserve/Res Funds	471.3	471.3	712.5	241.2	51.2%	712.5	712.5
Other Expenditures	102.2	102.2	148.5	46.3	45.3%	148.5	148.5
Interdivisional Charges	5,023.8	4,997.7	4,989.5	(34.3)	(0.7%)	4,989.5	4,989.5
TOTAL GROSS EXPENDITURES	50,075.1	48,280.4	50,208.9	133.8	0.3%	51,010.6	51,074.1
Interdivisional Recoveries	1,510.8	1,510.8	1,530.4	19.6	1.3%	1,530.4	1,530.4
Provincial Subsidies				0.0	n/a		
Federal Subsidies				0.0	n/a		
Other Subsidies				0.0	n/a		
User Fees & Donations	2,671.1	2,671.1	2,871.1	200.0	7.5%	2,888.1	2,905.1
Transfers from Capital Fund				0.0	n/a		
Contribution from Reserve Funds				0.0	n/a		
Contribution from Reserve				0.0	n/a		
Sundry Revenues	26,581.2	25,206.4	26,581.4	0.2	0.0%	26,581.4	26,581.4
TOTAL REVENUE	30,763.1	29,388.3	30,982.9	219.8	0.7%	30,999.9	31,016.9
TOTAL NET EXPENDITURES	19,312.0	18,892.1	19,226.0	(86.0)	(0.4%)	20,010.7	20,057.2
APPROVED POSITIONS	522.6	477.6	501.3	(21.3)	(4.1%)	501.3	501.3

Appendix E

Inflows / Outflows to / from Reserves & Reserve Funds

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of December	Proposed Withdrawals (-) / Contributions (+)		
		2009	2010	2011	2012
		\$	\$	\$	\$
Insurance Reserve Fund	XR1010	32,534.1	240.5	240.5	240.5
Fleet Vehicle Reserve	XQ1202 / XQ1205	380.5	472.0	472.0	472.0
Total Reserve / Reserve Fund Draws / Contributions			712.5	712.5	712.5