

Analyst Briefing Notes (Revised)

Budget Committee - February 16, 2010

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Executive Summary

- Transportation Services, through their three service areas, Road and Sidewalk Maintenance, Transportation Network Control and Safety, and Client Direct Right of Way Services and Public Realm, strives to provide safe, efficient and effective transportation solutions to serve the needs of residents, businesses and visitors in an environmentally, socially and economically prudent manner.
 - The Program delivers its services through planning, engineering, designing, maintaining and operating the City's municipal transportation system, while advancing environmental initiatives and managing public spaces to achieve a beautiful, functional and safe public realm.
- Transportation Services' key service objectives for 2010 are highlighted below:
 - Expedite the conversion of the existing traffic signal system to a more modern one by increasing the number of traffic signal conversions to up to 400 per year.
 - Accelerate the implementation of the elements contained in the report titled "Toronto Bike Plan – New Strategic Directions" and introduce a public bicycle system.
 - Review service level standards and productivity of street sweeping activities.
 - Continue to seek efficiencies in new winter maintenance contracts to improve service delivery and also to ensure consistent winter maintenance service levels for all users.
 - Manage, facilitate and monitor the implementation of the projects that have been approved as part of the Infrastructure Stimulus Fund (ISF) and Recreation Infrastructure Canada (RIInC) programs.
 - Assist in planning, design and implementation of the Transit City initiatives on the City's right of ways.
 - Continue to invest and improve the public realm including the roll out of 602 pieces of harmonized street furniture elements in 2010.
- 2009 accomplishments for Transportation Services include:
 - Completion of over 160 neighbourhood projects to beautify and green Toronto's streets.
 - Installation of Pedestrian Countdown Signals at all feasible locations as well as the City's second Pedestrian Priority Signal at the Yonge/Bloor intersection.
 - The addition of 23 km of on-street bike lanes and opening of the City's first bike station at Union Station.

- Approval of the Walking Strategy by City Council.
 - Repair of over 225,000 potholes and installation of approximately 7 km of missing sidewalks.
 - Conversion of the entire street sweeping fleet to the new PM10 Street Sweepers.
 - Issuance of permits for over 600 street events and 50,000 utility cut and other construction activities.
 - Submission and approval of 176 projects for the funding from Infrastructure Stimulus Fund and Recreational Infrastructure Canada programs.
- For 2009, Transportation Services projects year-end net expenditures of \$183.260 million, which will be \$2.328 million or 1.3% below the 2009 Approved Operating Budget of \$185.588 million net. This favourable variance primarily results from unfilled vacancies.
 - The 2010 Recommended Operating Budget for Transportation Services includes a \$1.560 million reduction in budgeted salaries and benefits as it is anticipated that 25 vacancies will be eliminated as a result of the current review. It also adjusts the 2010 utility cut repair budget by \$0.837 million net to account for underachieved revenues in 2009.

Table 1: 2010 Recommended Budget

	2009		2010 Recomm'd 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
	\$	\$	\$	\$	\$	\$	%	\$	\$
(In \$000s)									
GROSS EXP.	283,503.2	277,730.0	284,972.4	688.0	285,660.4	2,157.2	0.8	2,550.7	487.0
REVENUE	97,915.3	94,469.9	102,856.5	1,989.2	104,845.7	6,930.4	7.1	2,060.5	0.0
NET EXP.	185,587.9	183,260.1	182,115.9	(1,301.2)	180,814.7	(4,773.2)	(2.6)	490.2	487.0
Approved Positions	1,363.2	1,172.0	1,338.2	10.0	1,348.2	(15.0)	(1.1)		

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	181,527.1	180,814.7	(712.4)	173,023.0
PROGRAM REDUCTION (\$)	(12,376.3)	(13,088.8)	(712.4)	(8,994.3)
PROGRAM REDUCTION (%)	(6.7)	(7.1)	(0.4)	(4.8)

- The 2010 Recommended Operating Budget for Transportation Services of \$285.660 million gross and \$180.815 million net is \$4.773 million or 2.6% below the 2009 Approved Operating Budget, and achieves Program reductions of \$13.089 million or 7.1% of the 2009 Approved Budget, which is \$0.712 million or 0.4% greater than the reduction target for Transportation Services in 2010.
- The 2010 Recommended Operating Budget for Transportation Services includes funding from new revenues totaling \$1.301 million resulting from recommended new and enhanced service priority actions. Approval of the 2010 Recommended Budget will result in the Program's total staff complement decreasing from 1,363.2 to 1,348.2 approved positions.

- The 2010 Recommended Operating Budget for Transportation Services results in incremental future year net increase to the Program of \$0.490 million in 2011 and \$0.487 million in 2012.
 - In 2011, projected increases of \$2.551 million include cost of living allowance (COLA), progression pay and step increases and non-labour inflationary pressures arising from multi year contract cost increases. They will be partially offset by \$2.060 million in revenues resulting from the annualization of the recommended 2010 Right of Way and Utility Cut Billings fee increases.
 - In 2012, increases of \$0.487 million for step and progression pay are anticipated.
 - In order to mitigate the above pressures and to meet its 2011 reduction target of \$8.994 million or 4.8% of the 2009 Approved Budget, Transportation Services continues to develop strategies for additional efficiencies and cost reductions. These options require further review in order to minimize future service impacts and will be presented for consideration with the 2011 Operating Budget.
- The 2010 Recommended Base Budget provides funding for the following key cost drivers:
 - Non-labor inflationary increases including materials and supplies, escalating winter maintenance and other multi-year contract cost increases of \$3.637 million net.
 - A cost of living allowance of 2% for union staff and 1% for exempt staff and progression pay and step increases account for \$2.144 million net.
 - Expenditures for street sweeping and snow removal on new roads and bike lanes, together with additional pressures to the Utility Cut Repair budget result in a further increase of \$1.517 million net.
- The cost drivers noted above will be partially offset by the following savings included in the 2010 Recommended Operating Budget:
 - A realignment of salary and benefit costs with current requirements due to a reclassification of positions that were subsequently filled at lower salary levels results in savings of \$1.173 million.
 - Anticipated additional revenues from temporary visitor permit parking and construction permit fees, as well as the Red Light Camera program, to account for the 2009 actual experience, of \$0.354 million.
- The Program's 2010 Recommended Operating Budget includes service changes with savings of \$13.089 million for 2010 that will result in incremental savings of \$2.060 million in 2011. The recommended service change actions are:
 - Base change savings of \$1.632 million for salary and benefit cost adjustments and anticipated higher revenues as noted above.
 - Service efficiency savings of \$1.765 million resulting from alternative ways of using fleet inventory, more effective winter and summer maintenance and maintenance cost savings from the conversion of incandescent to Light Emitting Diode (LED) lamps.

- Revenue Changes in the total amount of \$6.131 million resulting from: (a) increase in capital recoveries for work on delivery and support of capital projects, higher contributions from reserve funds including the Road and Sidewalk Repair Reserve Fund to reflect more accurately cost recovery from deposits to repair damaged sidewalks and roads, and, recommended increases in right of way user fees (\$4.830 million); and (b) introduction of a new Pavement Degradation Fee as well as two new Right of Way fees for site protection/services involving large construction equipment (\$1.301 million).
- Minor Service Level change savings of \$3.560 million from a realignment of the current winter maintenance practice of delivering higher levels of service on local roads than those adopted by Council, as well as an anticipated deletion of 25 permanent vacant positions.
- Implementation of the recommended efficiencies and revenue changes will not affect adopted service levels. However, a longer response time for road and sidewalk repair and street cleaning activities due to the recommended deletion of vacant positions is anticipated. Also, there will be a change to the winter maintenance service currently delivered on local roads as this service is now provided at a higher level (bare pavement) than the one adopted by Council (safe and passable condition).
- Although the approval of the Service Changes will result in a deletion of 25 permanent vacant positions resulting from the current vacancy review, this complement decrease will be partially offset by the recommended addition of 10 permanent staff positions required to enhance key areas of the utility cut quality control initiative, resulting in an overall decrease of 15 approved permanent positions, thus reducing the complement to 1,348.2.
- The following key program issues have been identified during the 2010 Operating Budget process:
 - Transportation Services' staff developed a proposal to introduce a "Pavement Degradation Fee Schedule" intended to recover utility cut related losses from premature deterioration of pavement and increased maintenance expenses resulting from the utility cuts. Included in the same proposal is a recommendation to increase the existing Utility Cut Billings fee. This proposal is currently scheduled for presentation to the Public Works and Infrastructure Committee on March 2nd, 2010. If approved, it will result in new revenues, which will (together with another two new Right of Way permit fees that are also recommended) allow Transportation Services to meet (and exceed) its 2010 Operating Budget reduction target.
 - The need to review the driveway windrow snow clearing program for residents, with a view of generating potential savings, as this service is rarely provided by other municipalities in Canada.
- The 2010 Recommended Operating Budget for Transportation Services provides funding for the Program to complete, continue and initiate the following activities:
 - Complete a review of service level standards and productivity of street cleaning and roadway repair activities.
 - Continue to maintain 5,600 kilometers of road, 8,000 kilometers of sidewalks, 600 bridges, and over 100 kilometers of bike lanes in a safe and reliable state.

- Continue to invest and improve the public realm including the roll out of 602 pieces of harmonized street furniture pieces.
- The administration of approximately 600 street events on the City's right of ways ranging from small block parties organized by resident volunteers to major professionally organized events such as the various charity events on expressways and major roads, the G20 Summit, the Pride Festival and Parade, Honda Indy, Toronto Caribbean Carnival/Caribana and Santa Clause parades.
- Continue implementation of environmental initiatives such as the promotion of sustainable modes of transportation, the Salt Management Plan and tree planting along City's right of ways and greening of the Transportation Services fleet in order to help meet the City's climate change targets.
- Continue planning and design work to implement the Sheppard East Light Rapid Transit and other Transit City initiatives, including the Toronto York Spadina Subway Extension.
- Improve bike and pedestrian safety and introduce a public bicycle system.

Recommendations

The City Manager and Chief Financial Officer recommend that:

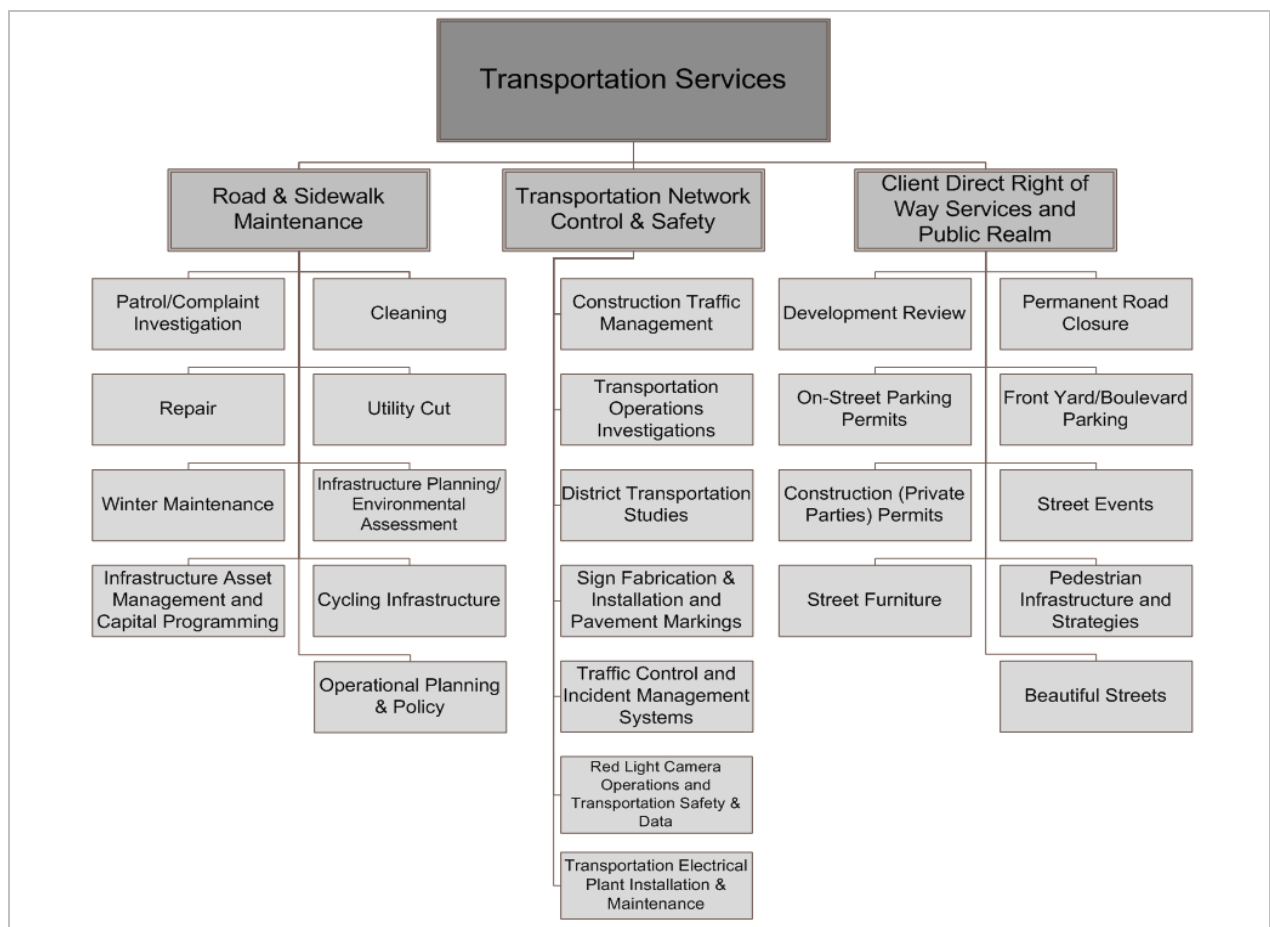
1. City Council approve the 2010 Recommended Operating Budget for Transportation Services of \$285.660 million gross and \$180.815 million net, comprised of the following services:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Roadway Services	141,255.8	102,094.2
Roadside Services	55,782.8	32,672.3
Traffic Planning/Right-Of-Way Management	20,785.6	(8,139.6)
Traffic and Safety Services	46,784.1	41,923.4
Infrastructure Management	18,835.3	15,460.7
District Management & Overhead	1,402.2	(2,211.0)
Technical & Program Support	814.6	(985.4)
	<hr/>	<hr/>
Total Program Budget	<u>285,660.4</u>	<u>180,814.7</u>

Mission Statement

Transportation Services strives to be a leader in providing safe, efficient and effective transportation solutions to serve the needs of our residents, businesses and visitors in an environmentally, socially and economically prudent manner through planning, engineering, designing, maintaining and operating the City's municipal transportation system.

Program Map



The Program delivers three main services: Road and Sidewalk Maintenance, Transportation Network Control and Safety, and Client Direct Right of Way Services and Public Realm. Through these services, the Program will maintain a safe and reliable transportation system while advancing environmental initiatives and managing public spaces to achieve a beautiful, functional and safe public realm.

Road and Sidewalk Maintenance

Road and Sidewalk Maintenance provides year-round maintenance for road, sidewalk, boulevard, walkway, bike lane, bridge and public lane networks to ensure safe, clean, comfortable transportation infrastructure for cyclists, pedestrians, transit users and motorists. The following are the main activities:

- *Patrol / Complaint Investigation* includes patrolling and compliant investigation on expressways, arterial and local collector roads, lanes, and transit facilities to ensure minimum maintenance standards according to Ontario Regulation 288/03 (Section 3).
- *Cleaning* includes mechanical and manual leaf pick up activities as well as hauling and disposal, consistent with the road classification in accordance with Ontario Regulation 288/03 (Section 9) and the Council adopted policy for street cleaning.

In 2009, the Program completed the conversion of the entire street sweeping fleet to the new PM10 sweeper to reduce fine particulates and to revamp sweeping service to improve efficiency. In 2010 it plans to review service level standards and productivity of these activities.

- *Repair* activities are performed in order to remove deficiencies on a variety of assets and structures, including decorative pavers, retaining walls, fences, curbs, drainage and catch basins culverts, bridges, traffic calming pavement signs and markings, according to Ontario Regulation 288/03 (Sections 6, 8, 15, 16).

The recommended deletion of 25 vacant positions in 2010 may result in: (a) deferral of routine asphalt and concrete repairs on roads and sidewalks until capital projects are scheduled (long-term repairs); (b) longer response times for street cleaning activities (including manual sweeping, and cleaning, as well as graffiti removal); and (c) longer response times for repairing potholes and other road/sidewalk deficiencies.

- *Utility Cut* activities include:
 - Application processing with a turnaround time of 5 days and 20 days for a short stream and full stream applications respectively.
 - Permanent Repairs are completed within 18 months of the original cut.

This is a cost recovery based activity. Currently, Transportation Services incurs increased maintenance expenses and losses from premature deterioration of pavement due to the utility cuts. If the Program's proposal for a new "Pavement Degradation Fee Schedule" is approved, the City will be able to recover these losses, which will ultimately result in a longer pavement service life. In addition, enhancement in key areas of field inspection, quality assurance and enforcement of standards and specifications for the utility work will be provided if the Program's proposal for an increase in the existing Utility Cut Billing Fees is approved.

- *Winter Maintenance* involves patrolling, de-icing, ploughing, snow removal, driveway windrow, catch basin, sidewalk, bus stop, PXO and step clearing according to Ontario Regulation. 288/03 (Sections 4, 5), Salt Management Plan and Council policy for deicing, ploughing and snow removal. By maintaining a bare pavement condition for snowfalls near of less than 8 cm, the

Program currently provides a higher level of service (bare pavement) than the one adopted by Council (safe and passable condition). Strict adherence to Council adopted policy for winter maintenance on local roads is recommended for 2010.

- *Infrastructure Asset Management and Capital Programming* monitors and assesses physical infrastructure performance and develops policies, priorities and capital program annually.

In 2010, approximately 176 state of good repair projects and bike trails were added to the Program's existing portfolio of projects, with a cash flow of \$67.8 million in 2010. One of the Program's main objectives in 2010 is to manage, facilitate and monitor the implementation of the projects that have been approved as part of the Infrastructure Stimulus Fund (ISF) and Recreation Infrastructure Canada (RInC) programs.

- *Pedestrian and Cycling Infrastructure* provides policy development for pedestrian and cycling infrastructure, plans and programs for new sidewalks and bike lanes according to the Pedestrian Charter and Toronto Bike Plan.
- *Infrastructure Planning / Environmental Assessment* activities are performed on as required basis. They include plans and modification assessments to address accessibility, capacity and safety, as well as preparation of environmental assessments and approval applications.
- *Cleaning* of weeds, graffiti, illegal dumping and Orphan spaces is performed at various times. Grass cuts are provided 6 times per year.

Transportation Network Control and Safety

Transportation Network Control & Safety monitors, analyzes and manages the safe and efficient use of the City's transportation network in support of the Official Plan's transportation objectives. The following describes the main activities:

- *Construction Traffic Management* involves traffic management during various construction and maintenance activities, as well as Special Events.
- *Transportation Operations Investigations* investigate various complaints and prepare reports, by-laws and bills concerning traffic and parking regulations for bike lanes, TCS analysis, loading, schools and traffic calming/ neighbourhood plans. All complaints are acknowledged within two weeks, with a response time within 2-6 months depending on complexity and level of public consultations.
- *District Transportation Studies* are provided on as required basis.
- *Sign Fabrication and Installation and Pavement Markings* are provided based on Ontario Regulation 288/03 (Sections 11 and 12) and Augmented Pedestrian Zebra Markings policy adopted by Council. They include regulatory, permit parking, warning, temporary condition, bike / diamond, pedestrian / zebra, guide and directional signs, street names and other signs involving various events and structures, such as islands and curbs.

In 2010, the Program plans to expedite the conversion of the existing traffic signal system to a more modern and current system, by increasing the number of traffic signal conversions to up to 400 per year.

- *Traffic Control and Incident Management Systems* include RESCU, dispatch, traffic control, transit priority, pedestrian / audible, PXO, beacon, emergency pre-empt and expressway arterial signals, according to Ontario Regulation 288/03 (Section 13), with a goal of responding as quickly as possible to unplanned events and to assist Fire, EMS and Toronto Police Service to respond to emergencies.
- *Red Light Camera Operations and Transportation Safety and Data* on traffic flow and motor vehicle collision are provided in accordance with the Highway Traffic Act 144 (Section 18), as well as on demand basis. All collisions are reported annually.
- *Transportation Electrical Plant Installation and Maintenance* are performed based on Ontario Regulation 288/03 (Section 13) and include traffic signals, closed circuit TV cameras, changeable message signs, PXO and beacon signals.

Client Direct Right of Way Services and Public Realm

Client Direct Right of Way Services and Public Realm provides direct client services such as development review and issuance of permits within the City's road allowance and manages public spaces to achieve a beautiful, functional and safe public realm. The following activities are performed.

- *Development Review* activities include rezoning applications, Official Plan amendments, site plans and Committee of Adjustment decisions. All reviews are performed in accordance with STAR Criteria for Complex, Routine and Quick Stream applications with service turnaround times for the first circulation ranging from 4 to 8 weeks. The Program is exploring higher levels of cost recovery through the DARP process
- *Permanent Road Closure activities* are performed on as required basis through a 6 month long legislated process.
- *On-Street Parking Permits* involve residential and temporary permits, which are issued over the counter (10 minutes service) or through e-service.

In 2010, an increase in On-Street parking user fees is recommended to align these costs with other alternative options and provide for increased administration and maintenance costs.

- *Front Yard / Boulevard Parking* include review and approval and inspection and enforcement of residential and commercial permits. They are issued within 6-8 weeks.

In 2010, an increase in user fees is recommended to align these costs with other alternative options and provide for increased administration and maintenance costs.

- *Construction (Private Parties) Permits* involves preliminary review, circulation, assessment of conditions and approval, inspection and enforcement of temporary and permanent encroachment permits. Permits are issued within 6-8 weeks

In 2010, fee increases in user fees, based on various schedules as well as introduction of two new fees, are recommended to provide for increased administration and other costs.

- *Street Events* activities are performed on as required basis and include coordination and approvals and management and enforcement. The application processing time is 6-8 weeks.
- *Street Furniture* activities include roll out of harmonized street furniture pieces in accordance with timelines targeted in RFP / Astral Media agreement.

Service Objectives

Transportation Services has established service objectives to address its challenges and opportunities in providing safe, efficient and effective transportation services that serve the needs of all residents, businesses and visitors in an environmentally responsible manner. The following outlines the Program's key service objectives for 2010 and beyond:

- Expedite the conversion of the existing traffic signal system to a more modern system by increasing the number of traffic signal conversions to up to 400 per year.
- Ensure consistent delivery of winter maintenance service levels for all users.
- Continue to seek efficiencies in new winter maintenance contracts to improve service delivery.
- Review service level standards and productivity of street sweeping activities.
- Manage, facilitate and monitor the implementation of the projects that have been approved as part of the Infrastructure Stimulus Fund and Recreation Infrastructure Canada programs (an addition of \$67.8 million to the Program's existing portfolio of projects in 2010).
- Continue to invest and improve the public realm including the roll out of 602 pieces of harmonized street furniture elements in 2010.
- Assist in planning, design and implementation of the Transit City initiatives on the City's right of ways.
- Accelerate the implementation of the elements contained in the report titled "Toronto Bike Plan – New Strategic Directions" and implement the Bike Plan by 2012, which includes facilitating completion of the remaining 380 km of bicycle lanes, 140 km of shared roadways and 83 km of off road paths.
- Introduce a public bicycle system.
- Continue to advance the Climate Change Adaptation, Clean Air and Sustainable Energy Action Plan through a number of environmental initiatives such as: implementation of a Walking Strategy, Salt Management Plan, LED traffic signal lamp conversions and Roadside tree plantings.

2009 Accomplishments

The following highlights Transportation Services' accomplishments in 2009:

- Completion of over 160 neighbourhood projects to beautify and green Toronto's streets.
- Completion of the installation of Pedestrian Countdown Signals at all feasible locations as well as the City's second Pedestrian Priority Signal at the Yonge/Bloor intersection.
- Addition of 23 km of on-street bike lanes and opening of the City's first bike station at Union Station.
- Provision, for the first time, of winter maintenance on the Martin Goodman Trail.
- Approval of the Walking Strategy by City Council.
- Repair of over 225,000 potholes and installation of approximately 7 km of missing sidewalks.
- Management of record high snowfalls for the second straight year.
- Completion of the conversion of the entire street sweeping fleet to the new PM10 Street Sweepers.
- Issuance of permits for over 600 street events.
- Issuance of approximately 50,000 permits for utility cuts and other construction activities.
- Submission and approval of 176 projects for the Infrastructure Stimulus Fund and Recreational Infrastructure Canada programs with total project costs of \$82.5 million and \$23.3 million, respectively.

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.	286,103.0	283,503.2	277,730.0	(5,773.2)	(2.0)
REVENUES	89,495.0	97,915.3	94,469.9	(3,445.4)	(3.5)
NET EXP.	196,608.0	185,587.9	183,260.3	(2,327.6)	(1.3)
Approved Positions	1,179.0	1,363.2	1,172.0	(191.2)	(14.0)

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

2009 Budget Variance Analysis

The Third Quarter Variance report for Transportation Services projects that the Program will be \$2.328 million or 1.3% below the 2009 Approved Operating Budget of \$185.588 million net by year-end.

- The projected favorable year-end variance is mainly due to unfilled vacancies. Currently there are 190 permanent vacancies (with approximately 60 vacancies held to maintain budgeted gapping of 4.4%). The vacant positions are currently being reviewed.

Impact of 2009 Operating Variance on the 2010 Recommended Budget

- This favorable variance is not expected to continue into 2010. It is anticipated that about 25 vacancies will be eliminated as a result of the current vacancy review and, accordingly, the 2010 Recommended Operating Budget for Transportation Services includes a \$1.560 million reduction in budgeted salaries and benefits. In addition, the 2010 Recommended Base Budget includes an adjustment to the utility cut repair budget of \$0.837 million net to account for under achieved revenues in 2009.

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

(In \$000s)	2009 Appvd. Budget	2010 Recommended Base	Change 2010 Recommended Base v. 2009 Appvd. Budget		FY Incremental Outlook	
					2011	2012
	\$	\$	\$	%	\$	\$
GROSS EXP.	283,503.2	284,972.4	1,469.2	0.5	2,550.7	487.0
REVENUE	97,915.3	102,856.5	4,941.2	5.0	1,480.5	0.0
NET EXP.	185,587.9	182,115.9	(3,472.0)	(1.9)	1,070.2	487.0
Approved Positions	1,363.2	1,338.2	(25.0)	(1.8)		

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	181,527.1	182,115.9	588.8	173,023.0
PROGRAM REDUCTION (\$)	(12,376.3)	(11,787.6)	588.8	(8,994.3)
PROGRAM REDUCTION (%)	(6.7)	(6.4)	0.3	(4.8)

Note: 2010 Recommended Program Reduction of \$11.787 million excludes new service priority actions of \$1.301 million that contribute to achieving target.

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

(In \$000s)	2010 Required Reductions	2011 Required Reductions
2009 Approved Budget (September 30)	185,587.9	
Pressures Reported with 2010 / 2011 Outlook	5,218.6	775.3
Pressures Not Reported with 2010 / 2011 Outlook	3,096.9	(285.1)
5% Reduction Target	(9,279.4)	(9,279.4)
Additional Pressures not in 2010 Reported Outlook	(3,096.9)	285.1
Program Reduction Target	(12,376.3)	(8,994.3)
Net Budget Target	181,527.1	173,023.0

2010 Recommended Base Budget

The 2010 Recommended Base Budget of \$284.972 million gross and \$182.116 million net represents a \$3.472 million or 1.9% decrease over Transportation Services' 2009 Approved Operating Budget of \$185.588 million. The 2010 Recommended Base Budget includes \$8.315 million for base budget increases, which have been offset by \$11.788 million in recommended service efficiencies, revenue and minor service level changes. This reduction total is \$0.589 million or 0.3% below Transportation Services' 2010 Operating Budget reduction target of \$12.376 million, or 6.7% of the 2009 Approved Budget.

However, it should be noted that in addition to recommended base service changes of \$11.788 million, the 2010 Recommended Operating Budget for Transportation Services includes New/Enhanced Service Priority Actions of \$1.301 million that contribute to achieving the Program target. As a result, program reductions total \$13.089 million net or 7.1% and exceed the Program's target (*Please see Part V: 2010 Recommended Service Changes*).

Approval of the 2010 Recommended Base Budget will result in the Program's total staff complement decreasing from 1,363.2 to 1,338.2 approved positions as a result of the elimination of 25 permanent positions for sign fabrication, installation and maintenance as well as road and sidewalk repair and street cleaning activities. All positions are currently vacant.

2010 Base Budget Key Cost Drivers

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

- Non-labor inflationary increases including materials and supplies, escalating winter maintenance and other multi-year contract cost increases of \$3.637 million net.
- Cost-of-living allowance (COLA) of 2% for union staff and 1% for exempt staff accounts for an increase of \$1.818 million net to salaries and benefits.
- Progression pay and step increases for eligible non-union and union positions are \$0.160 million and \$0.166 million respectively.
- Increased expenditures for street sweeping and snow removal on new roads and newly created bike lanes of \$0.680 million net.
- Pressures to the utility cut repair budget of \$0.837 million to account for underachieved revenues in 2009.

These pressures will be partially offset by the following savings included in the 2010 Recommended Base Budget:

- Adjustments to salaries and benefits due to the reclassification of positions that were subsequently filled at lower salary levels of \$1.173 million.
- Anticipated additional revenues from temporary visitor permit parking and construction permit fees, as well as the Red Light Camera program of \$0.354 million.

2010 Service Changes

The Program's 2010 Recommended Base Budget includes service change savings of \$11.787 million, representing 6.4% of the 2009 Approved Budget, that will result in incremental savings of \$1.480 million in 2011. The recommended 2010 service changes are comprised of \$1.632 million in base change savings noted above and \$10.155 million in efficiency savings, revenue changes and savings arising from minor service level changes. The recommended service changes are summarized below:

Service Efficiencies (\$1.765 million)

- Savings in street-sweeping and snow-removal budgets for newly created bike lines and roads of \$0.290 million and \$0.050 million respectively, due to operational efficiencies will be realized.
- Savings in the contracted services budget for traffic signal maintenance of \$0.225 million and contributions to the Light Emitting Diode Reserve Fund of \$0.400 million, to recognize maintenance savings from the conversion of incandescent traffic signal lamps to Light Emitting Diode (LED) lamps.
- Savings in the amount of \$0.800 million are anticipated through a fleet efficiency review.

Revenue Changes (\$4.830 million)

- An increase in the contribution from the Traffic Control Signal Maintenance Fees Customer Account of \$0.400 million to support the maintenance cost of development related traffic control signals.
- An increase in Transportation Services' capital recoveries of \$0.924 million to offset costs associated with supervision and inspection of capital work within the road resurfacing programs and other contracted asphalt/concrete repair work across all districts.
- Redirection of \$0.500 million of funds from the Public Realm Reserve Fund from the Beautiful Street Group to offset the costs of Orphan Spaces Improvement projects which reside within Roadside Services units in individual districts and are similar in principle to those implemented by the Beautiful Street Group.
- An increase of Right of Way user fees including off-street parking fees, permit parking fees, and construction activities fees in the total amount of \$1.506 million in 2010 and an incremental revenue impact of \$1.980 million in 2011, to account for increased service costs and also to bring these fees closer to market prices of alternative options.
- An increase in the contribution from the Road and Sidewalk Repair Reserve Fund of \$1.0 million in order to reflect more accurately cost recovery to repair damaged sidewalks and roads.
- A one-time contribution of \$0.500 million from security deposits related to work within the road allowance which are not claimed by the original party after an attempt is made by the City to return them.

Minor Service Level Changes (\$3.560 million)

- Realignment of the current winter maintenance practice of delivering higher levels of service on local roads than those adopted by Council resulting in a saving of \$2.0 million.
- Deletion of 25 vacant permanent positions providing sign fabrication, installation and maintenance and street cleaning and road/sidewalk repair services, effective January 1, 2010, with an anticipated savings of \$1.560 million.

Implementation of the recommended service efficiencies and revenue changes will not affect adopted service levels. However, a longer response time for road and sidewalk repair and street

cleaning activities due to the recommended deletion of vacant positions may occur. Also, there will be a change to the winter maintenance service currently delivered on local roads (bare pavement) as this service is now provided at a higher level than the one adopted by Council (safe and passable condition).

Please refer to Section B for a more detailed discussion regarding the 2010 Recommended Base Budget Service changes.

2011 and 2012 Outlook: Net Incremental Impact

Approval of the 2010 Recommended Base Budget for Transportation Services will result in 2011 and 2012 incremental increases of \$1.072 million and \$0.487 million respectively, while maintaining the 2010 level of service and staff complement. Future year costs are primarily attributed to the following:

- The 2011 gross expenditures are projected to increase by \$2.551 million and include cost of living allowance, progression pay and step increases and non-labour inflationary pressures arising from multi year contract cost increases. These will be partially offset by \$1.481 million in increased revenues resulting from the annualization of the recommended 2010 Right of Way user fee increases.
- The 2012 Outlook anticipates only incremental gross expenditures of \$0.487 million for step and progression pay increases.
- In order to mitigate the above pressures and to meet its 2011 reduction target of \$8.994 million or 4.8% of the 2009 Approved Budget, Transportation Services continues to work on developing strategies that result in additional efficiencies and cost reductions. All options will be reviewed in order to minimize future service impacts and will be presented for consideration with the 2011 Operating Budget.

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		(1,521.7)	(1,632.3)	(0.9%)		
Service Efficiencies:						
Reduce Budget Increase Due to Newly Created Bike Lanes by 50%		(290.0)	(290.0)	(0.2%)		
Reduce Budget Increase Due to Additional Roads by 50%		(50.0)	(50.0)	(0.0%)		
Efficiency Achieved through LED Conversion		(225.0)	(225.0)	(0.1%)		
Decrease in Contributions to LED Reserve Fund Account		(400.0)	(400.0)	(0.2%)		
Reduce Fleet IDC Budget through Efficiency Review		(800.0)	(800.0)	(0.4%)		
Service Efficiencies Summary		(1,765.0)	(1,765.0)	(1.0%)		
Revenue Changes:						
Revenue Increase from Signal Maintenance Fees Customer Account			(400.0)	(0.2%)		
Increase Capital Recovery of Operating Costs			(924.0)	(0.5%)		
Orphaned Space Improvements			(500.0)	(0.3%)		
Increase Right of Way User Fees			(1,506.0)	(0.8%)	(1,980.5)	
Contribution From Road and Sidewalk Repair Reserve Fund			(1,000.0)	(0.5%)		
Security Deposit Sign-off			(500.0)	(0.3%)	500.0	
Revenue Change Summary			(4,830.0)	(2.6%)	(1,480.5)	
Minor Service Level Changes:						
Align Winter Maintenance Practice to Set Standards		(2,000.0)	(2,000.0)	(1.1%)		
Eliminate Vacant Positions Through Current Vacancy Review	(25.0)	(1,560.3)	(1,560.3)	(0.8%)		
Minor Service Level Change Summary	(25.0)	(3,560.3)	(3,560.3)	(1.9%)		
Sub-total Service Changes	(25.0)	(5,325.3)	(10,155.3)	(5.5%)		
New/Enhanced Service Priority Actions	10.0	688.0	(1,301.2)	(0.7%)	(580.0)	
Total Changes	(15.0)	(6,159.0)	(13,088.8)	(7.1%)	(2,060.5)	

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

2010 Recommended Service Changes

The budgetary impacts of implementing the following service changes are included in the 2010 Recommended Base Budget, with savings estimated at \$13.089 million in 2010 and incremental savings of \$2.060 million in 2011. Approval of the recommended service changes will result in a deletion of 25 approved vacant positions, partially offset by the addition of 10 permanent staff positions for new and enhanced service priority actions, thus reducing the complement from 1,363.2 to 1,338.2 positions. Included in the \$13.089 million in savings is \$1.632 million in reductions to the base budget, including adjustments to salaries, benefits and gapping, and anticipated higher revenues (based on actual 2009 experience) from temporary visitor permit parking and construction permit fees, as well as the Red Light Camera program, which will have no impact on the level of service provided by the Program in 2010.

Service Changes

The following 13 recommended service changes included in Transportation Services' 2010 Recommended Base Budget, resulting in 2010 savings of \$10.155 million net are discussed below.

Service Efficiencies***Reduce Street Sweeping and Snow Removal on New Bicycle Lanes***

In 2010, 78 km of new bike lanes will be in operation. Transportation Services plans to achieve, through efficiencies, a 50% reduction in the street-sweeping and snow-removal budget for these lanes, while maintaining current service levels. This will result in a savings of \$0.290 million.

Reduce Street Sweeping and Snow Removal on New Roads

Similarly, Transportation Services plans to find efficiencies resulting in a reduction of the 2010 budget for winter and summer maintenance for new roads by 50% or \$0.050 million. There will be no change to current service levels.

Efficiency Achieved through LED Conversion

A reduction of \$0.225 million in the contracted services budget for traffic signal maintenance is recommended to recognize maintenance savings from the conversion of incandescent traffic signal lamps to Light Emitting Diode (LED) lamps. There will be no change to current service levels.

Decrease Contributions to LED Reserve Fund Account

Contributions to the Light Emitting Diode Reserve Fund which was established to fund future replacement cycles of the LED traffic signal lamp modules will be reduced by \$0.400 million (from \$1.300 million). Although there will be no change to current service levels, this may limit availability of funds to support future LED signal lamp replacements.

Reduce Fleet IDC Budget through Efficiency Review

Savings in the amount of \$0.800 million are anticipated through a fleet efficiency review. Currently, the Program has 623 units of equipment and vehicles maintained by Fleet Services. A detailed review will determine individual units and activities that can be removed and efficiencies that can reduce the fleet costs by 10% in 2010 (the current interdivisional charge is \$7.975 million). There will be no change to current service levels.

Revenue Changes***Revenue Increase from Signal Maintenance Fees***

An increase in contributions from the Traffic Control Signal Maintenance Fees Customer Account of \$0.400 million is recommended. These funds are collected from third parties for maintenance of development related traffic control signals. This will result in an accelerated depletion of the funds by 2013 and possibly increased maintenance burden in future years.

Increase Capital Recovery of Operating Costs

Transportation Services recovers some of its operating costs for positions that deliver or support capital project delivery through recoveries from its capital budget. Currently, units within the Traffic Management Centre, Transportation Infrastructure Management in the Toronto and East York District receive capital budget recoveries (approximately \$4.979 million annually) to offset costs associated with the supervision and inspection of capital work within the road resurfacing programs and other contracted asphalt/concrete repair work. It is recommended that this practice be extended to other capital positions in Transportation Services across all districts (Etobicoke, North York and Scarborough Districts), thus increasing capital recoveries by \$0.924 million.

Orphaned Spaces Improvements

The Public Realm Reserve Fund, established through the City's coordinated Street Furniture contract, funds enhancement to the public realm through the three Public Realm Unit sections: Street Furniture, Beautiful Streets and Pedestrian Projects. One of the programs delivered by the Beautiful Streets group is the Neighborhood Beautification Program which has two parts: community grants and demonstration funds. This proposal maintains the community grants directed to community groups in conjunction with the ward Councillor, but eliminates \$0.500 million of funds for demonstration projects. It is recommended that these funds be redirected to offset the costs of Orphan Spaces Improvement projects which reside within Roadside Services units in individual districts. These events are based on the same principles as those delivered by Beautiful Streets and Pedestrian Projects groups within the Public Realm Unit. An appropriate base budget adjustment is also recommended to reduce revenues and expenditures in the Beautiful Streets and Pedestrian Projects budget.

Increase Right of Way User Fees

This service change action recommends various right of way fee increases including off-street parking fees, permit parking fees, and construction activities fees in the total amount of \$1.506 million in 2010. An incremental revenue impact of \$1.980 million is anticipated in 2011.

Compared to alternative options and/or other North-American cities of similar size, the recommended increases in right of way fees are not considered excessive. For example, the recommended increase will result in additional off-street parking fee increases ranging from \$31.22 to \$67.25 per year, for a total fee of up to \$200.00 (residential) and \$430.77 (commercial). This is a very comparative option to that of purchasing a property with a legal front yard parking pad, which is about \$10,000 to \$35,000 higher than one without, depending on the supply and demand for parking in any given neighbourhood. Similarly, an increase of \$14.40 in the annual cost of a City-issued on-street parking permit (current fee of \$143.40) per year is an inexpensive alternative to parking rates charged by the Toronto Parking Authority and private property/parking garage owners which generally start in excess of \$500 up to several thousands of dollars per year (where space is available) in the inner parts of the city. Annual increases in staff administration costs and road maintenance/cleaning costs also justify the increases.

Construction permit fee increases are meant to not only reflect rising costs of staff administration and enforcement related to the approval and monitoring of permits authorizing road space for construction activities, but also the increasing impacts these street occupations and lane closures have on mobility in constrained congested areas. Increasingly, it is necessary to permit partial or

full road and sidewalk closures to enable construction at new developments. These closures are for material and equipment delivery/storage and handling, hoisting and site protection/hoarding. Recommended annual increases range from \$1.19/square metre/month for site protection permit fees to \$63.55/month for site service permit fees. Apart from increases in existing construction permit fees, a new application fee for site protection permit is also recommended. The costs for use of the road allowance continue to be minor in comparison to the value of development projects, or the congestion costs imposed on the public through additional delays and/or inaccessibility.

Contribution from Road and Sidewalk Repair Reserve Fund

A transfer of \$1.0 million from the Road and Sidewalk Repair Reserve Fund is proposed to cover the road and sidewalk repair costs in the operating budget. The current fund balance is \$18.4 million.

Security deposits Sign-Off

Security deposits related to work within the road allowance are currently held by Transportation Services and others against potential damages to infrastructure when modified or impacted by the work of adjacent property development or construction. As some of these deposits are not recovered by the original party after an attempt is made by the City to return them, it is recommended that funds of \$0.500 million which are under the jurisdiction of Transportation Services be used as a one-time measure to offset pressures in the 2010 operating budget. The resulting pressure in 2011 will be offset through incremental revenues generated from the recommended increase in right of way user fees.

Minor Service Level Changes

Align Winter Maintenance Practice with Approved Service Standards

For snowfalls near to or less than the threshold of 8 cm snow accumulation on local roads, the City Council adopted level of service provides for a safe and passable condition to be maintained. The level of service currently provided is that of bare pavement, which is not a prerequisite for maintaining safe and passable roads. Accordingly, in the shoulder periods of the winter season (November to December and March to April), it will be possible to save one round of activation of snow ploughs on local streets when weather forecasts are favorable resulting in savings of approximately \$2.0 million per year.

By adhering to the service level adopted, Toronto's service on local streets will be consistent with other Canadian cities, such as Ottawa and Calgary. The higher level of service currently provided on local roads will be realigned to the already approved standards.

There may be an increase in complaints and concerns expressed by the public over some snow/slush accumulation being left on the roadway after a snowfall of near to or less than 8 cm snow accumulation due to an expectation for bare pavement. Also, there may be some concerns over a minor increase in road salt application required to keep conditions safe and passable without ploughing snow from local roads.

Eliminate Vacant Positions Through Current Vacancy Review

Through the current vacancy review, Transportation Services will reduce its staff complement by 25 staff positions for an estimated saving of \$1.560 million in 2010. All positions are currently vacant.

Since these positions will be permanently deleted (effective January 1, 2010) and the Program will not have flexibility of filling them if, as and when required, this reduction option may result in a minor service impact including the following:

- Deferral of routine asphalt and concrete repairs on roads and sidewalks until capital projects are scheduled (long-term repairs).
- Longer response times for street cleaning activities (including manual sweeping, manual cleaning and graffiti removal).
- Longer response times for repairing potholes and other road/sidewalk deficiencies.

New/Enhanced Service Priority Actions

In addition to the base and other service changes included in the 2010 Recommended Operating Base Budget, 3 New/Enhanced service priority actions are recommended in 2010 that will result in new revenue of \$1.301 million net from New Right of Way Construction Fees (\$0.169 million) and Pavement Degradation Fees (\$1.0 million) as well as additional revenues from the recommended increase in the existing Utility Cut Billings fee (\$0.132 million). *Please see Part VI: Recommended New Service Priority Actions.*

With this additional revenue, the Program has achieved \$13.089 million net in savings, or 0.4% above its reduction target of \$12.376 million.

Table 5: 2010 New / Enhanced Service Priority Actions: Summary

(In \$000s)

Description	2010 Recommended			Net Incremental Impact			
	Gross Exp.	Net Exp.	New Position	2011		2012	
	\$	\$	#	\$	# Pos	\$	# Pos
Enhanced Services:							
(a) Enhanced Services - Council Approved							
Right of Way - New Construction Fees		(169.2)					
Revenue from New Pavement Degradation Fees		(1,000.0)					
Increase Utility Billings Fee to Provide for Enhanced Inspection & Enforcement	688.0	(132.0)	10.0	(580.0)			
(b) Enhanced Services - Program Initiated							
Sub-Total Enhanced Services	688.0	(1,301.2)	10.0	(580.0)	0.0	0.0	0.0
New Services:							
(a) New Services - Council Approved							
(b) New Services - Program Initiated							
Sub-Total New Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Enhanced/New Services	688.0	(1,301.2)	10.0	(580.0)	0.0	0.0	0.0

2010 Recommended New / Enhanced Service Priority Actions**Enhanced Service Priority Actions*****Program Initiated****Right of Way - New Construction Fees (\$0.169 million in revenue)*

Two new permit fees are recommended, resulting in new revenue of \$0.169 million, as follows:

- Street Occupation Permit - Hoisting for lineal and enclosures based on classification of street - hoisting curb lane- 40 ton crane - additional lane traffic (\$100.00 per day).
- Street Occupation Permit - Hoisting for lineal and enclosures based on classification of street - hoisting curb lane- 40 ton crane – full closure required (\$500.00 per day).

Increasingly, it is necessary to permit partial or full road and sidewalk closures to enable construction at new developments. These closures are for material and equipment delivery/storage and handling, hoisting and site protection/hoarding. Currently, there is only one set of fees, regardless of street classification and number of lane closures. The new fees recognize the impact of hoisting activity on arterial roads (vs. local roads) and create a 2 tier fee structure with a premium on arterial roads. This structure also allows for a different fee, depending on number of lanes to be closed occupied. Funds collected will be used to offset expenses associated with providing the service on arterial roads where heavy traffic is involved. Higher fees for occupation of multiple lanes will also be a deterrent to requesting multiple lane use as a convenience, rather than necessity.

In general, costs for use of the road allowance continue to be minor in comparison to the value of development projects, or the congestion costs imposed on the public through additional delays and/or inaccessibility.

By offsetting costs incurred in providing the service, the revenue generated from new fees will assist Transportation Services in meeting their 2010 reduction target.

Implement Pavement Degradation Fee to Cover Utility Cut related Losses (\$1.0 million in revenue)

Transportation Services' staff developed a proposal to introduce a "Pavement Degradation Fee Schedule" intended to recover utility cut related losses from premature deterioration of pavement and increased maintenance expenses resulting from the utility cuts. This is currently scheduled for consideration by the Public Works and Infrastructure Committee on March 2nd, 2010.

Approval of this schedule will result in an annual cost recovery of up to \$4.0 million, based on a weighted average pavement degradation fee of \$20.00 per square metre and assumes 2008 levels for utility cut related pavement work of \$200,000 square meters. Estimated revenue from pavement degradation fees for 2010 is \$1.0 million and it is included in the 2010 Recommended Operating Budget to recover pavement maintenance costs. An anticipated incremental amount of \$3.0 million in 2011 will be directed to fund the Transportation Services' capital work on reconstruction and resurfacing of pavements.

Each year the City issues on average 9,500 pavement utility cut permits resulting in 38,000 utility cuts, requiring 200,000 square meters of permanent restoration to be undertaken. Despite the City's best efforts and restoration practices, the visible deterioration of the City's pavement infrastructure is becoming more evident. Introduction of the Pavement Degradation Fee will allow the City to recover its utility cut related losses, which will ultimately result in a longer pavement service-life and reduced maintenance expenses.

Increase Utility Cut Billings Fee to Provide for Enhanced Inspection and Enforcement (\$0.688 million gross, \$0.132 million net revenue)

Through the number of permits issued annually, there has been a rapid rise in the amount of utility cut activity over the years - almost triple the amount since 2000. The current staffing levels, to carry out field inspection, monitoring and enforcement are insufficient to cope with the volume of work and be expected to perform these functions properly. In addition, a review of the current restoration practices and protocols for temporary and permanent utility cuts identified areas that could be enhanced to address the public's concerns and ensure a higher level of accountability is employed by both the utilities and City forces. These new enhancements are documented in a form of new

"Utility Cut Management Guidelines and Criteria", currently scheduled for presentation to the Public Works and Infrastructure Committee at its March 2010 meeting.

To ensure that the City is able to manage the current volume of utility cut work and implement some of the key aspects of the guidelines, there will be a need for additional resources to enhance field inspection, quality assurance and enforcement of standards and specifications for the utility work. An additional 20 staff positions are required to perform a variety of functions as follows: Cut Repair Examiners (8), Municipal Patrollers (8), Supervisors Contract Inspection (2), Inspectors (1) and Inspectors Municipal Construction (1). A phased implementation approach is anticipated. In 2010, there is a need for 8 Cut Repair Examiners and 2 Municipal Patrollers, for a total of 10 positions, at a cost of \$0.688 million. The remaining 10 positions will be required effective January 1, 2011 and they will be accommodated within the Program's existing vacancies through the 2011 Operating Budget Process, at no additional cost.

Transportation Services recovers its expenses for utility permitting and cut repair operations through the Utility Cut Billings Fee, which is currently set at 19 % of the cost of the permanent restoration. In order to recover all the expenses incurred in administering the cut repairs and to meet the demands placed upon the Program by the volume of utility cuts and implementation of the new guidelines, it was determined that the Utility Cut Billings Fee should be raised from the current 19% to 22.5 %, effective June 1, 2010. A proposal to increase the Utility Cut Billings Fee is also scheduled for consideration by the Public Works and Infrastructure Committee at its March 2010 meeting. If approved by Council, it will result in a revenue estimated at \$0.820 million in 2010, with an incremental revenue impact of \$0.580 million in 2011.

The addition of dedicated staff resources will enable enhancement of key areas of field inspection, enforcement of standards and specifications through quality control of the utility work, thus addressing safety and other concerns often raised by users of the roadway or the abutting communities after the permanent restorations are undertaken.

2010 Budget Issues

2010 Recommended Operating Budget vs. 2009 Approved Operating Budget

The 2010 Recommended Operating Budget for Transportation Services of \$180.814 million net exceeds the Program's 2010 reduction target of \$13.089 million net by \$0.712 million or 0.4% above. This represents a 2.6% reduction from the 2009 Approved Operating Budget of \$185.588 million net. It was achieved through a combination of measures described below.

- *Base changes* resulted in base budget savings of \$1.173 million, and additional revenues from several different program areas in the amount of \$0.354 million.
- *Service Changes* consisting of efficiencies resulting in savings of \$1.765 million, revenue changes in the amount of \$6.131 million and minor service level changes of \$3.560 million.

Increase in User Fees and New Revenues

Transportation Services' user fees, with the exception of permit parking (on-street), front yard parking (off street) and construction activity fees, have not been increased from 2009 levels in accordance with the regulations contained in Chapter 441 in the Toronto Municipal Code. Chapter 441 limits increases in user fees to the consumer price index (CPI) for the Toronto Census Metropolitan Area during the twelve-month period ending on October 1 in the immediately preceding year. During that period, there was no increase in CPI.

The increases are recommended for ***Front Yard (Off-street) parking*** and ***Permit (On-street) parking fees*** in order to align these fees with costs of alternative options and also to recover increased administration and maintenance costs on local roads that permit overnight parking. For example, the fees for commercial boulevard parking and front yard parking have not been increased in Toronto, apart from CPI, since 2000. In addition, there were also annual increases in staff administration costs and road maintenance/cleaning costs above those reflected in CPI increases. The logistics of street cleaning and winter maintenance on local roads that permit overnight parking makes these operations less efficient and often requires greater utilization of resources to maintain service levels equivalent to roads that do not allow parked cars during these times. The 2010 recommended increase will raise permit parking fees from \$143.40 per year to \$157.80 and front yard parking from \$168.78 to \$200.00 per year.

Construction activity fee increases, based on various schedules, are also recommended. These fee increases are meant to not only to account for rising costs of staff administration and enforcement related to the approval and monitoring of permits authorizing road space for construction activities, but also the increasing impacts these street occupations and lane closures have on mobility in constrained congested areas. Recommended annual increases range from \$1.19/square metre/month for site protection permit fees to \$63.55/month for site service permit fees, thus bringing these fees to up to \$5.15/ square metre/month and \$190.64/month. Two new permit fees for large construction equipment requiring one additional traffic lane or full closure of \$100.00 and \$500.00 per day respectively and a new application fee for site protection (hoarding, covered way, scaffolding etc.)

are also recommended. Costs for use of the road allowance continue to be minor in comparison to the value of development projects, or the congestion costs imposed on the public through additional delays and/or inaccessibility.

Transportation Services developed a proposal for implementation of a new ***“Pavement Degradation Fee Schedule”*** intended to recover utility cut related losses from premature deterioration of pavement and increased maintenance expenses resulting from the utility cuts, scheduled for presentation to the Public Works and Infrastructure Committee on March 2nd, 2010. If approved, the introduction of the Pavement Degradation Fee will allow the City to recover its utility cut related losses, which will ultimately result in a longer pavement service-life and reduced maintenance expenses. Currently, the City recovers only expenses for permanent restoration of utility cuts.

The same proposal recommends an increase in the ***Utility Cut Billing Fee*** from the current 19% to 22.5% of the costs of permanent restoration, to offset the cost of additional resources required to enhance key areas of field inspection, enforcement of standards and specifications through quality control of the utility work undertaken by applicants.

2011 and Future Year Issues

Driveway Windrow Snow Clearing

The City currently provides windrow snow clearing for residents, wherever possible. This service is rarely provided by other municipalities in Canada, indicating that Toronto residents enjoy a higher level of service than provided elsewhere in the country. If the Driveway Windrow Snow Clearing program is discontinued for all road classifications, the driveway window clearing equipment could be redeployed to local roadway ploughing, which could decrease the roadway ploughing completion times for the North York and Etobicoke Districts from 18 to 9 hours. Potential savings are estimated at a minimum of \$1.0 million per year. The General Manager, Transportation Services will be evaluating the potential financial, service level and other impacts of discontinuing the Driveway Windrow Snow Clearing program in time for the 2011 Operating Budget process.

Outstanding Issues from 2009 and Prior Years

On May 23, 24 and 25, 2006 City Council adopted, as amended, Clause 18 of Policy & Finance Report 4 entitled “Red-Light Camera Operations: Contract Extension and Request for Proposal 9148-05-5048 for the Supply, Installation, Operation and Maintenance of Red-Light Camera Systems Within the City of Toronto and Other Municipalities Within Ontario”.

Currently, 77 red light cameras have been installed. The cost of the expansion of the red light cameras was to be offset by fine revenue from tickets issued from infractions captured by red light cameras and from processing fees collected from other partnering municipalities. Actual revenues received to date have been much lower than anticipated. Factors that have impacted the cost recovery from red light cameras include fewer charges than anticipated and a greater number of requests for trials than forecasted. Cost recovery to date was also lower than expected due to the slower than anticipated implementation of red light cameras caused by delays in the approval of Provincial regulations authorizing the expansion of the cameras. The result is that cost recovery from red light cameras fines has not been sufficient to offset the cost of the expansion of the

program to date. Based on actual experience, the 2010 Recommended Operating Budget for Court Services includes a reduction to the originally estimated revenue budget of \$5.2 million to \$4.0 million in 2010.

In 2009 it was recommended that the installation of the remaining 21 cameras be postponed to 2010. This issue remains outstanding.

It is important to note however, that the effectiveness of the safety related measures has resulted in decreased fatal collisions and accident rates. The impact of fewer than predicted red lights charges implies that the Red Light Camera (RLC) initiative has been successful. Since the implementation of the RLC program, collisions at the RLC sites have decreased by over 60% over the ten year period (1999-2009). Furthermore, as a direct result of increased caution at all traffic lights by drivers, collisions have also decreased by over 40% at non RLC sites. This is known as the spill-over effect.

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	1,361.2	280,795.0	97,688.8	183,106.2	0.0	0.0
In-year approvals and technical adjustments	2.0	880.5	226.5	654.0		
Corporate adjustments		1,827.8	0.0	1,827.8		
2009 Approved Operating Budget	1,363.2	283,503.2	97,915.3	185,587.9	0.0	0.0
Prior year impacts		82.6	21.9	60.7		
Zero base items		(10.5)	0.0	(10.5)		
Progression Pay (Merits)		196.3	36.2	160.1		
Step Increases for Union Employees		196.9	31.0	165.9		
COLA and Fringe Benefits		1,898.1	79.7	1,818.4		
Economic factors		3,145.5	282.3	2,863.2	2,550.7	487.0
Adjusted Base Budget	1,363.2	289,012.1	98,366.4	190,645.6	2,550.7	487.0
Other base changes		1,785.5	38.6	1,746.9		
Base revenue changes		0.0	121.5	(121.5)	1,480.5	
2010 Base Budget Request	1,363.2	290,797.7	98,526.5	192,271.2	1,070.2	487.0
Recommended Service Level Adjustments:						
Base changes		(2,021.7)	(889.4)	(1,632.3)		
Service efficiencies		(1,765.0)	0.0	(1,765.0)		
Revenue adjustments		0.0	4,830.0	(4,830.0)		
Minor service impact	(25.0)	(3,560.3)	0.0	(3,560.3)		
Major service impact		0.0	0.0	0.0		
Total Recommended Base Adjustments	(25.0)	(7,347.0)	3,940.6	(11,787.6)	0.0	0.0
2010 Recommended Base Budget	1,338.2	284,972.4	102,856.5	182,115.9	1,070.2	487.0
Program Operating Targets				181,527.1		
% Over (Under) Program Target				0.3%		
% Over (Under) 2009 Appvd. Budget				-1.9%		

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: B							
PROGRAM: Transportation Services							
	2009 Approved Budget	2009 Projected Actuals	2010 Recommended Budget	Change from 2009 Approved Budget		2011 Outlook	2012 Outlook
	\$	\$		\$	%	\$	\$
Salaries and Benefits	101,673.0	93,596.7	102,465.1	792.1	0.8%	104,689.0	105,176.0
Materials and Supplies	14,839.0	18,056.4	15,009.5	170.5	1.1%	15,009.5	15,009.5
Equipment	1,445.0	1,055.0	1,476.6	31.6	2.2%	1,476.6	1,476.6
Services & Rents	131,579.1	130,654.8	133,386.6	1,807.5	1.4%	133,713.4	133,713.4
Contributions to Capital			502.1	502.1	n/a	502.1	502.1
Contributions to Reserve/Res Funds	17,413.9	17,413.9	17,853.9	439.9	2.5%	17,853.9	17,853.9
Other Expenditures	1,172.2	1,201.7	161.7	(1,010.6)	(86.2%)	161.7	161.7
Interdivisional Charges	15,381.1	15,751.6	14,804.9	(576.2)	(3.7%)	14,804.9	14,804.9
TOTAL GROSS EXPENDITURES	283,503.3	277,730.1	285,660.4	2,157.1	0.8%	288,211.1	288,698.1
Interdivisional Recoveries	14,166.4	14,166.4	12,131.4	(2,035.0)	(14.4%)	12,131.4	12,131.4
Provincial Subsidies							
Federal Subsidies							
Other Subsidies							
User Fees & Donations	29,304.5	29,304.5	21,414.8	(7,889.7)	(26.9%)	23,975.3	23,975.3
Transfers from Capital Fund	13,305.9	13,079.4	17,591.8	4,285.9	32.2%	17,091.8	17,091.8
Contribution from Reserve Funds	16,289.1	13,070.1	19,012.3	2,723.2	16.7%	19,012.3	19,012.3
Contribution from Reserve							
Sundry Revenues	24,849.5	24,849.5	34,695.6	9,846.1	39.6%	34,695.6	34,695.6
TOTAL REVENUE	97,915.4	94,469.9	104,845.6	6,930.3	7.1%	106,906.2	106,906.2
TOTAL NET EXPENDITURES	185,587.9	183,260.2	180,814.7	(4,773.3)	(6.3%)	181,304.8	181,791.8
APPROVED POSITIONS	1,363.2	1,172.0	1,348.2	(15.0)	(1.1%)	1,348.2	1,348.2

Appendix E

Inflows / Outflows to / from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds)

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	2010*	2011	2012
			\$	\$	\$
Road and Sidewalk Repair	XR1402	Beginning Balance	20,445.4	16,545.4	12,645.4
		Proposed Withdrawals (-) / Contributions (+)	(3,900.0)	(3,900.0)	(3,900.0)
		Total Proposed Contributions (Withdrawals)	(3,900.0)	(3,900.0)	(3,900.0)
Road and Sidewalk Repair BALANCE AT YEAR END			16,545.4	12,645.4	8,745.4
Public Realm	XR1410	Beginning Balance	17,907.3	4,295.0	4,295.0
		Proposed Withdrawals (-) / Contributions (+)	(13,612.3)		
		Total Proposed Contributions (Withdrawals)	(13,612.3)	0.0	0.0
Public Realm BALANCE AT YEAR END			4,295.0	4,295.0	4,295.0

*Balance as of December 2009

Corporate Reserve / Reserve Funds)

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of December 2009	Proposed Withdrawals (-) / Contributions (+)		
			2010	2011	2012
		\$	\$	\$	\$
Vehicle Reserve	XQ1015	3,739.9	3,340.0	3,340.0	3,340.0
Insurance Reserve	XR1010	32,534.1	13,613.9	13,613.9	13,613.9
Light Emitting Diode (LED Reserve Fund)	XR1407	2,139.7	900.0		
Total Reserve / Reserve Fund Draws / Contributions			17,853.9	16,953.9	16,953.9