

A photograph of the Toronto skyline, including the CN Tower, viewed from a park with a soccer field in the foreground. The sky is clear and blue.

CITY OF TORONTO Staff Recommended 2011 Operating Budget

January 10, 2011

Agenda

1. Executive Summary
 - Utility Rate Budget
 - Tax Program Budget
2. 2010 Operating Budget Overview
3. Budget Timelines

City Services at Work

🕒 Services provided 24/7

- **Solid Waste Collection & Recycling**
- **Water and Wastewater** 🕒
- **Emergency Services**
 - **Police** 🕒
 - **Fire** 🕒
 - **EMS** 🕒
- **Transportation and Transit**
 - **TTC** 🕒
 - **Roads** 🕒
 - **Sidewalks**
- **Economic Development**
- **Libraries**
- **Parks and Recreation**
- **Court Services**
- **Arts, Culture and Heritage**
- **Bylaw Enforcement and Inspections**
- **Planning and Development**
- **Building Permits**
- **Licensing**
- **Tourism Promotion**
- **Social and Health Services**
 - **Social Assistance**
 - **Homes for the Aged** 🕒
 - **Child Care**
 - **Hostels** 🕒
 - **Social Housing** 🕒
 - **Public Health**
 - **Community Support**

Mayor's Budget Directions

- Achieve a balanced budget with no unfunded "gaps" (no unspecified reductions) ✓
- Is not greater than the approved 2010 Net Operating Budget ✓
- Produces a zero percent residential property tax increase, and ✓
- Includes no major service cuts ✓

City Managers Four Point Plan – 2010 & 2011 Budgets

1. Cost Constraint – target \$100M surplus:
 - Hiring slowdown
 - Constrain discretionary spending
 - ✓ Projected Surplus \$268M
 - ✓ \$39M in salary savings in 2010
2. Service efficiency review – All City Operations and ABCs:
 - Reduction targets of \$170 M in each of 2010 and 2011
 - ✓ City Programs net expenditures reduction by \$45 M or 2.3%
3. Maximize corporate assets to pay down debt
 - ✓ Debt reduced by \$600M in 2010
4. Permanent Provincial Funding:
 - Full 50% cost sharing on Ontario Works administration costs
 - Return to permanent predictable transit operating funding from the Province
 - ✓ \$52M in additional funding permanently secured in 2010
 - ✓ No funding for 2010 and 2011

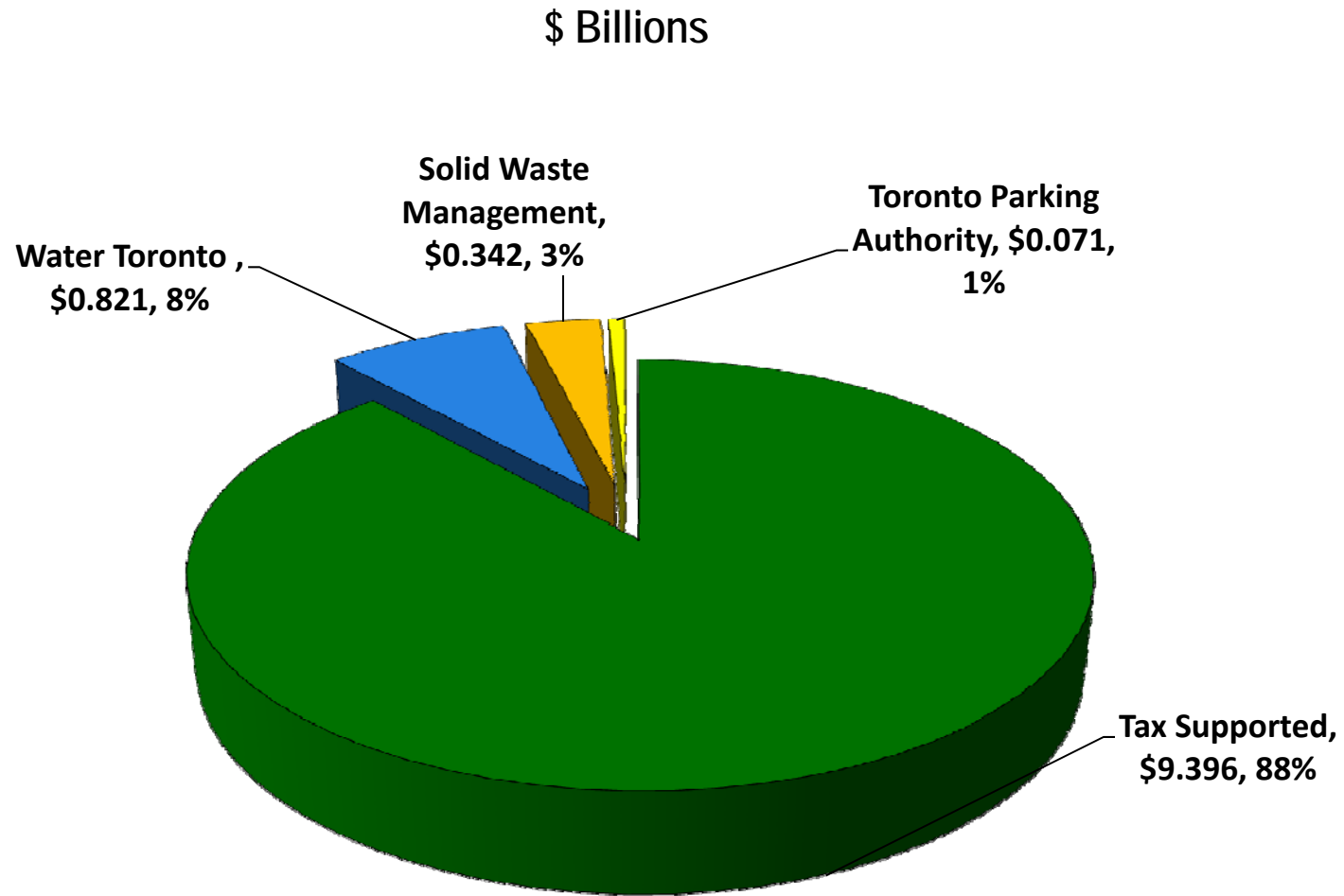
Actions Taken to Balance the Budget

• Application of 2009 residual surplus	\$78 million
• Application of 2010 projected surplus	\$268 million
• Ontario Works Upload	\$63 million
• Revenues increased:	
- user fees and other revenues	\$72 million
- economic growth	\$123 million
- assessment growth	\$45 million
• “Line by line” review, service efficiencies and minor service level changes	\$57 million
Total	\$706 million

Examples of Minor Service Level Changes

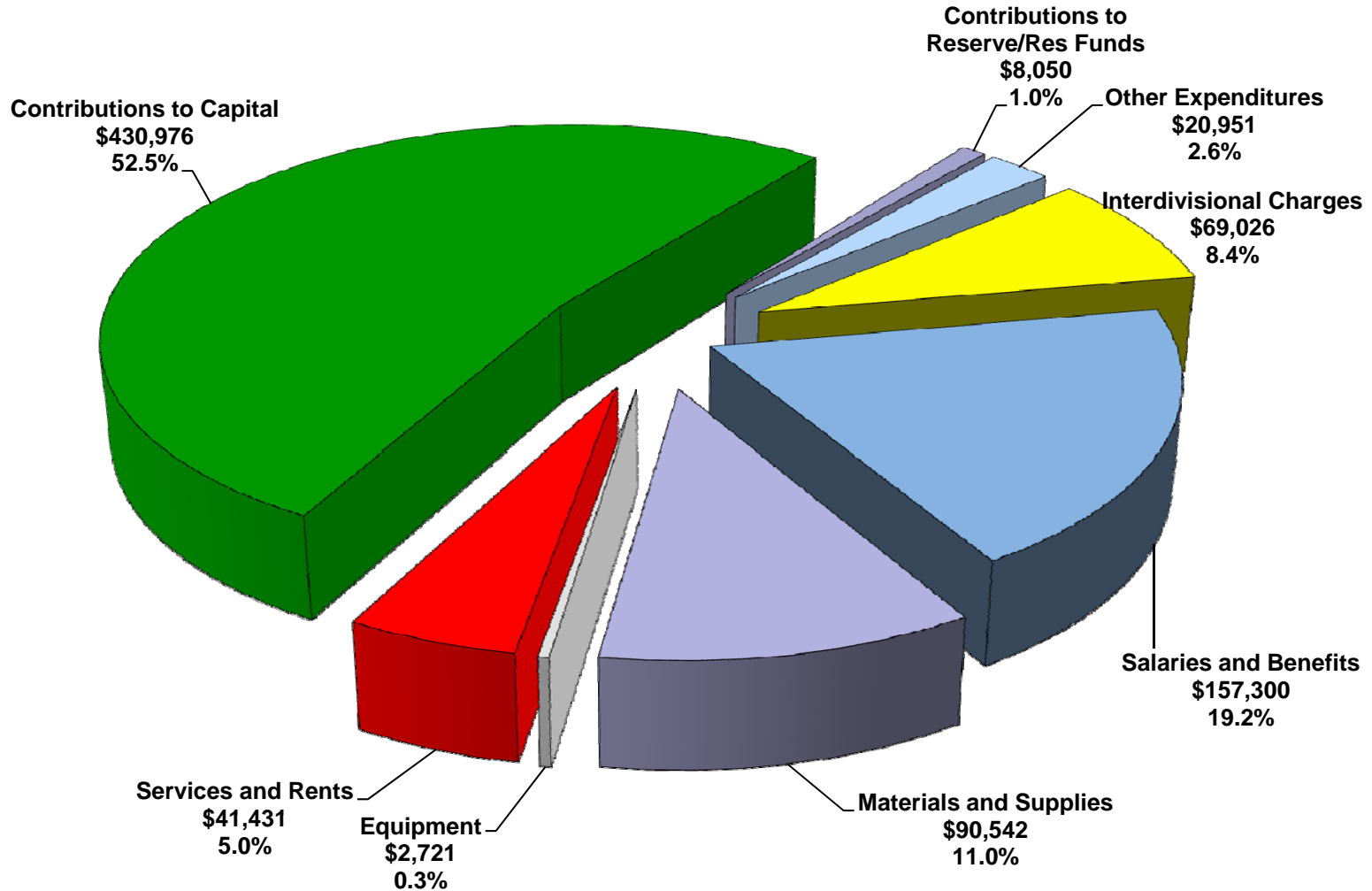
- **Toronto Environment Office** - remove support for C40 Secretariat in London, England (\$70K)
- **Economic Development & Culture** - eliminate funding for international missions (\$100K)
- **City Manager's Office** - reduce length of "Our Toronto" publication (\$139K)
- **Toronto Public Library** – move urban affairs collection to Central Reference Library (\$100K)
- **Shelter, Support & Housing Administration** - tenant defence reduction (\$100K)

2011 Tax and Utility Rate Budget - Total \$10.630 Billions



2011 Utility Operating Budget Overview

2011 Toronto Water Operating Budget by Expenditure Category \$820.997 Million (Gross)

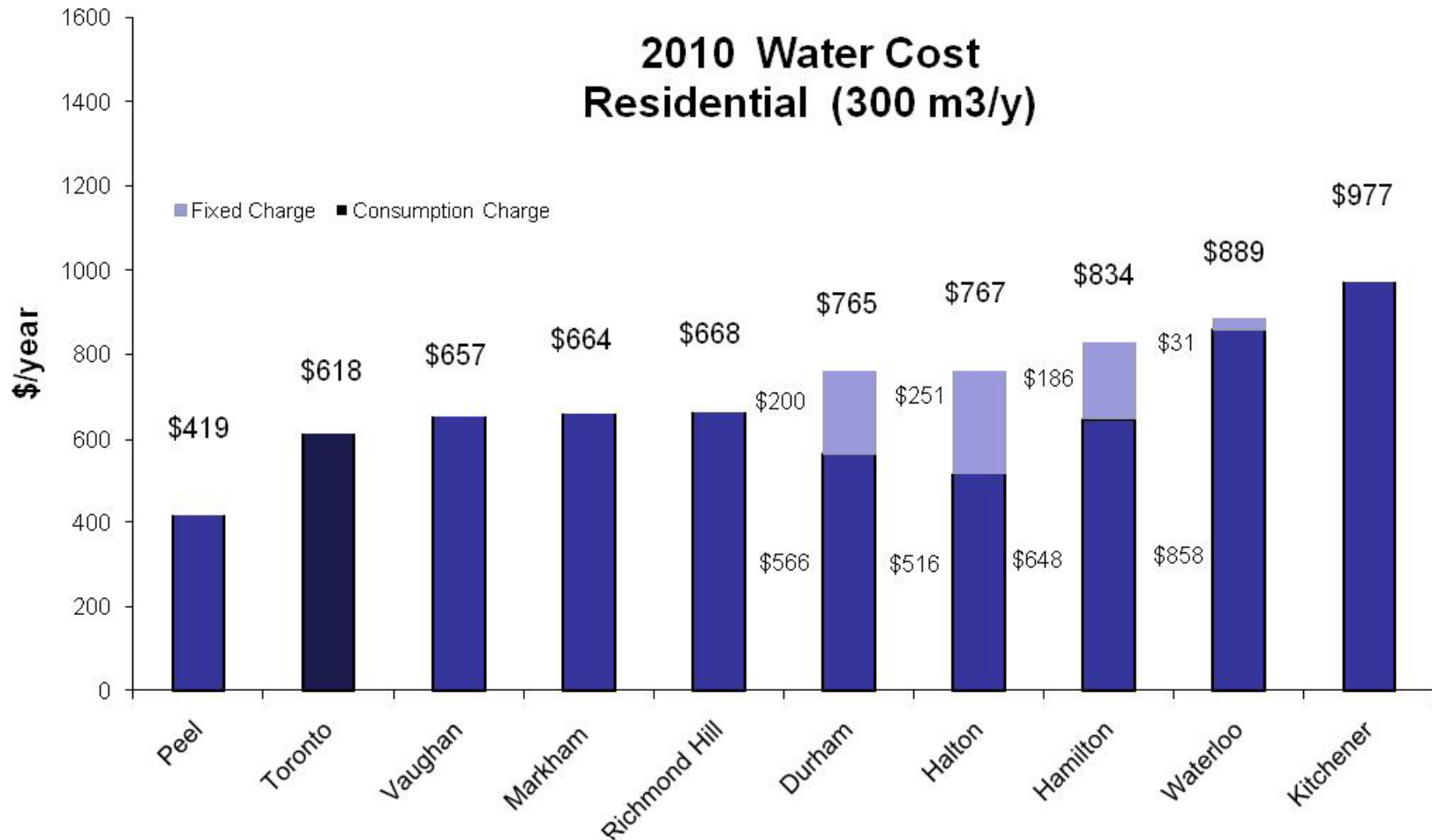


2011 Water Rate Increase Impact

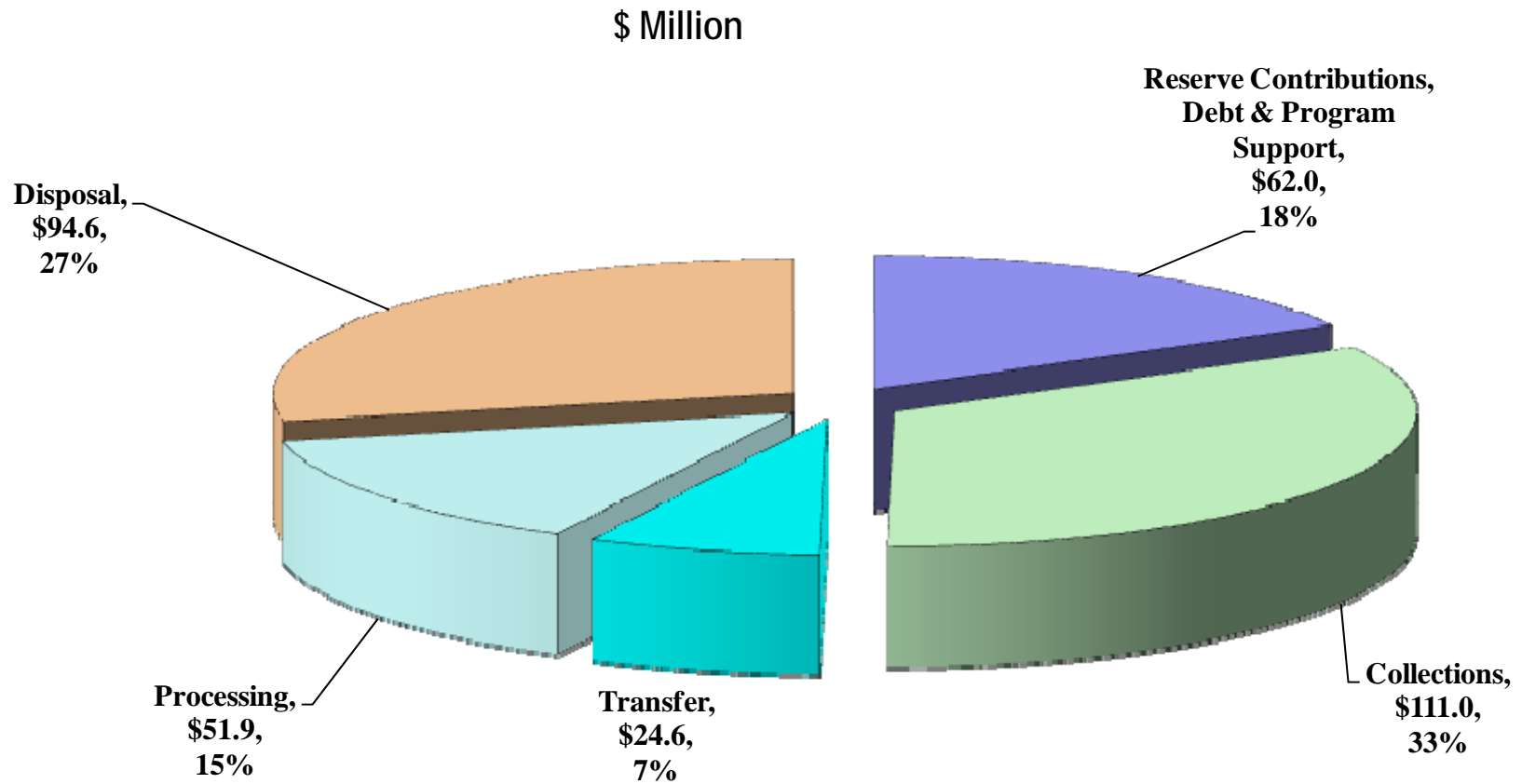
Type of property	Consumption	2010 Cost	Projected 2011 cost	2011 Impact	
	m ³ /y	\$/y	\$/y	\$/y	%
Residential	300	\$618	\$674	\$56	9.00%
Industrial	100,000	\$150,797	\$162,219	\$11,422	7.57%
	1,000,000	\$1,476,169	\$1,581,930	\$105,761	7.16%

- Daily cost for all residential water, wastewater and stormwater services: only **\$1.85** per day.
- An increase of: **16¢** per household per day.
- Actual rate increase effective March 1:
 - Residential 10.8%
 - Industrial 8.6%

Toronto Water – Residential - How Does Toronto Compare?



Solid Waste Mgmt. 2011 Rec'd Operating Budget by Service – Gross Expenditure (\$342 M)



Proposed 2011 Residential - Solid Waste Fees

Based on an effective 3.00% SWM annual rate increase:

2011 Residential Curbside Collection Fees

Bin Size	Bin Fee	Rebate	Net Cost
Small Bin	\$221.16	\$224	\$2.84 credit
Medium Bin	\$271.93	\$224	\$47.93
Large Bin	\$369.31	\$224	\$145.31
Extra Large Bin	\$428.36	\$224	\$204.36

2011 Residential Bulk Collection Fees

Fee Structure	Bin Fee	Rebate	Net Cost
Small Bin - Base Fee	\$191.30	\$185.00	\$6.30
Fee for excess waste: un-compacted (per cubic yard)	\$13.27		\$13.27
Fee for excess waste: compacted (per cubic yard)	\$26.55		\$26.55

Residential Bag Tag Fees

Residential Bag Tag	Fee (per Bag Tag)	Percentage Change
Bag Tag	\$3.10	0.0%

*Actual Rate Increase March 1, 2011 is 3.6%

2011 Operating Budget Overview

2011 Outlook

	2011 Outlook		
	Apr-10	Change	2011 Adjusted to Actual
One Time Funding	343		343
2011 Expenditure Change:			
Cost of Living and Progression Pay	107	17	124
Materials, Supplies & Services	25	33	58
Operating Impact of Completed Capital Projects	11	0	11
Capital Financing	46	(23)	23
Hydro Note - Interest and Revenue Change	30	(8)	22
Other Base Change	57	18	75
PVT Elimination	0	50	50
	276	87	363
Opening Pressure	619	87	706

Staff Rec'd 2011 Budget Balancing Strategy

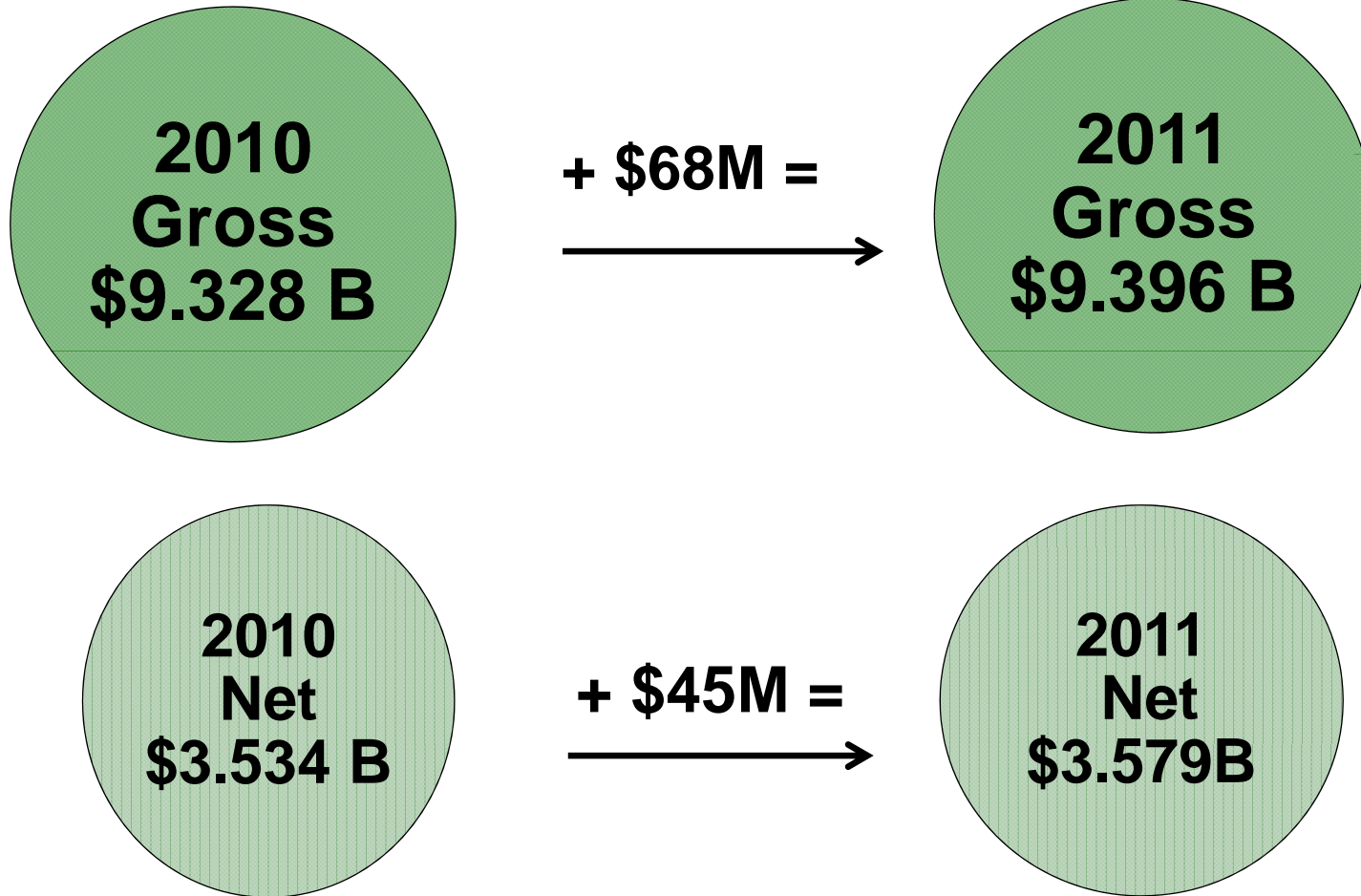
	Apr-10	Change	2011 Adjusted to Actual
Opening Pressure	619	87	706
Surplus:			
2009		(78)	(78)
2010 Projection*		(268)	(268)
Total Surplus	0	(346)	(346)
ODSP/OW Upload	(84)	21	(63)
MLTT	(16)	(34)	(50)
Other Revenue	(16)	(129)	(145)
Total Revenue	(116)	(142)	(258)
Cost Reduction	0	(57)	(57)
Assessment Growth	0	(45)	(45)
	0	(102)	(102)
Total Balancing Strategies	(116)	(590)	(706)
Remaining Pressure	503	(503)	0

*2010 Surplus adjusted for \$14 million PVT refunds collected in 2010

2010 Preliminary Year-End Operating Surplus

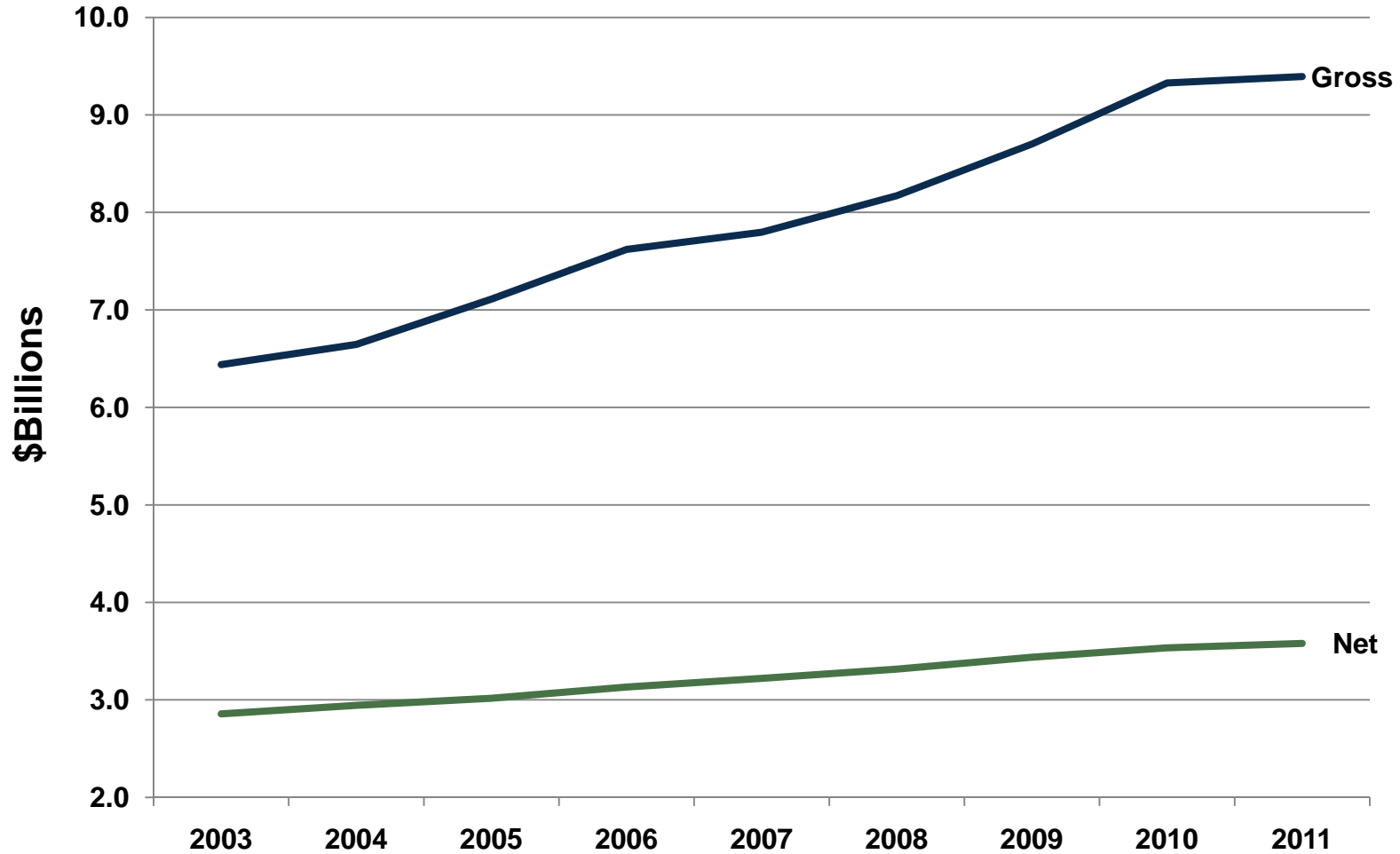
	<u>\$ Millions</u>
Land Transfer Tax	76
TTC Ridership	59
Supplementary Tax	40
Investment Earnings	30
Debt Charges	26
Ontario Works	21
Hiring Slow-down	39
Winter Maintenance Costs	18
Solid Waste Rebate Program	11
Vacancy Rebate Program	(10)
Tax Deficiencies	(8)
Street and Expressway Lighting Services	(6)
Court Services	(5)
Emergency Medical Services	(4)
PVT Refunds	(14)
Other	(3)
Projected Y/E Operating Surplus	<u>268</u>

2011 Operating Budget - Minimal Increase Over 2010



\$45M Net Increase - \$45M in Assessment Increase = \$0 Tax Increase

2003 to 2011 Operating Budget - Expenditures Flat Lining in 2011



Service Efficiency - Examples

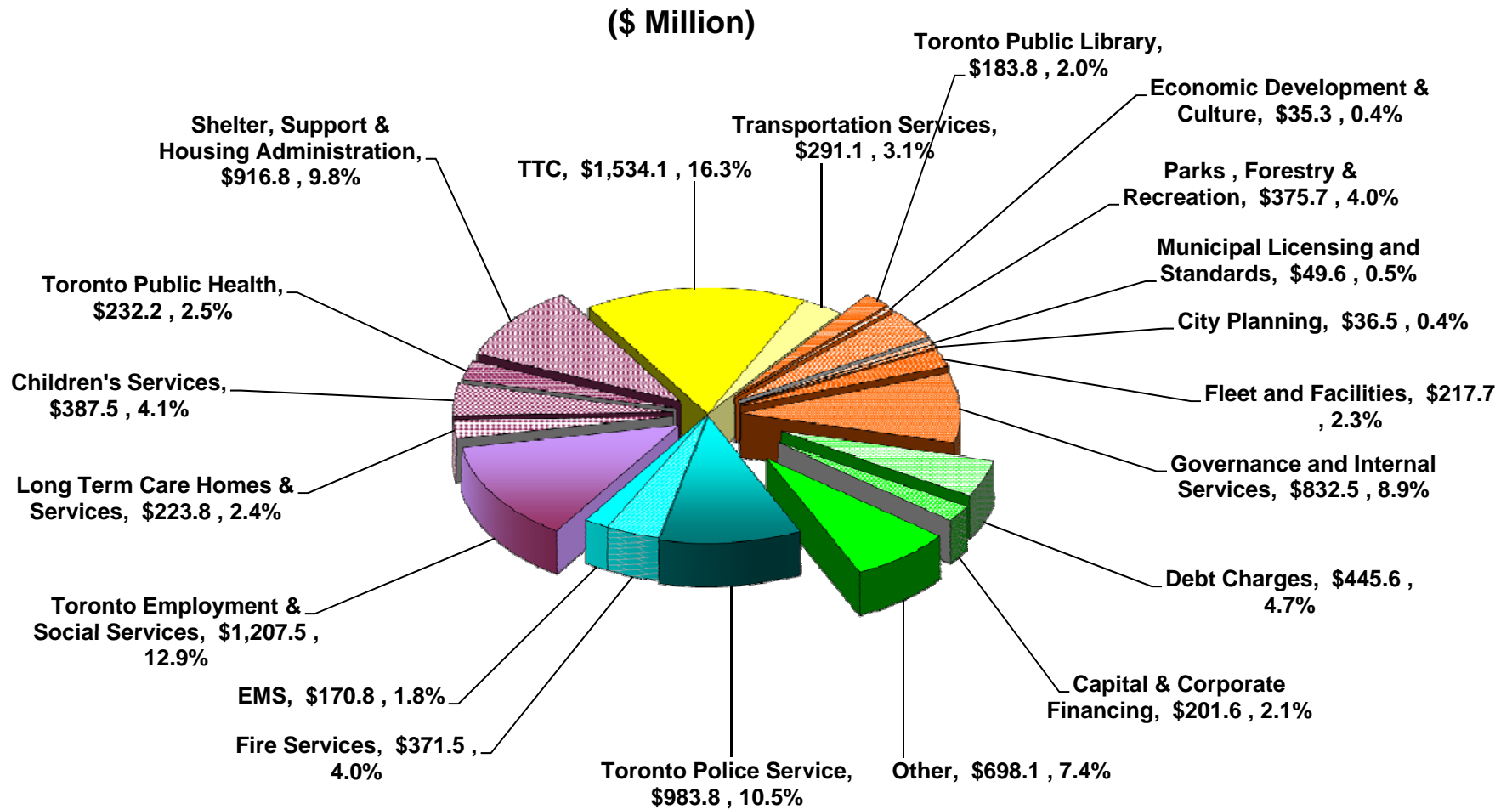
	Net Savings (\$000)
SSHA - Provide Alternate Models of Shelter Service	(225)
TESS - Process Improvement Initiatives	(705)
PF&R - Automation of Payroll Interface	(400)
Transportation Services - Fleet Rationalization Savings	(500)
Office of the Treasurer - Merged Accounting Units	(295)
I & T - Mainframe Decommissioning	(1,322)
Toronto Public Library - Collection Management Process Improvements	(325)

Revenue Changes

• Economic Growth:	<u>\$Million</u>
MLTT	50
Supplementary taxes	5
Investment Income	10
TTC Ridership Growth & Advertising	58
	<u>123</u>
• User Fees and Reserve Draws	
TTC fare increase	24
One-time Reserve Draws	25
User Fees	23
	<u>72</u>

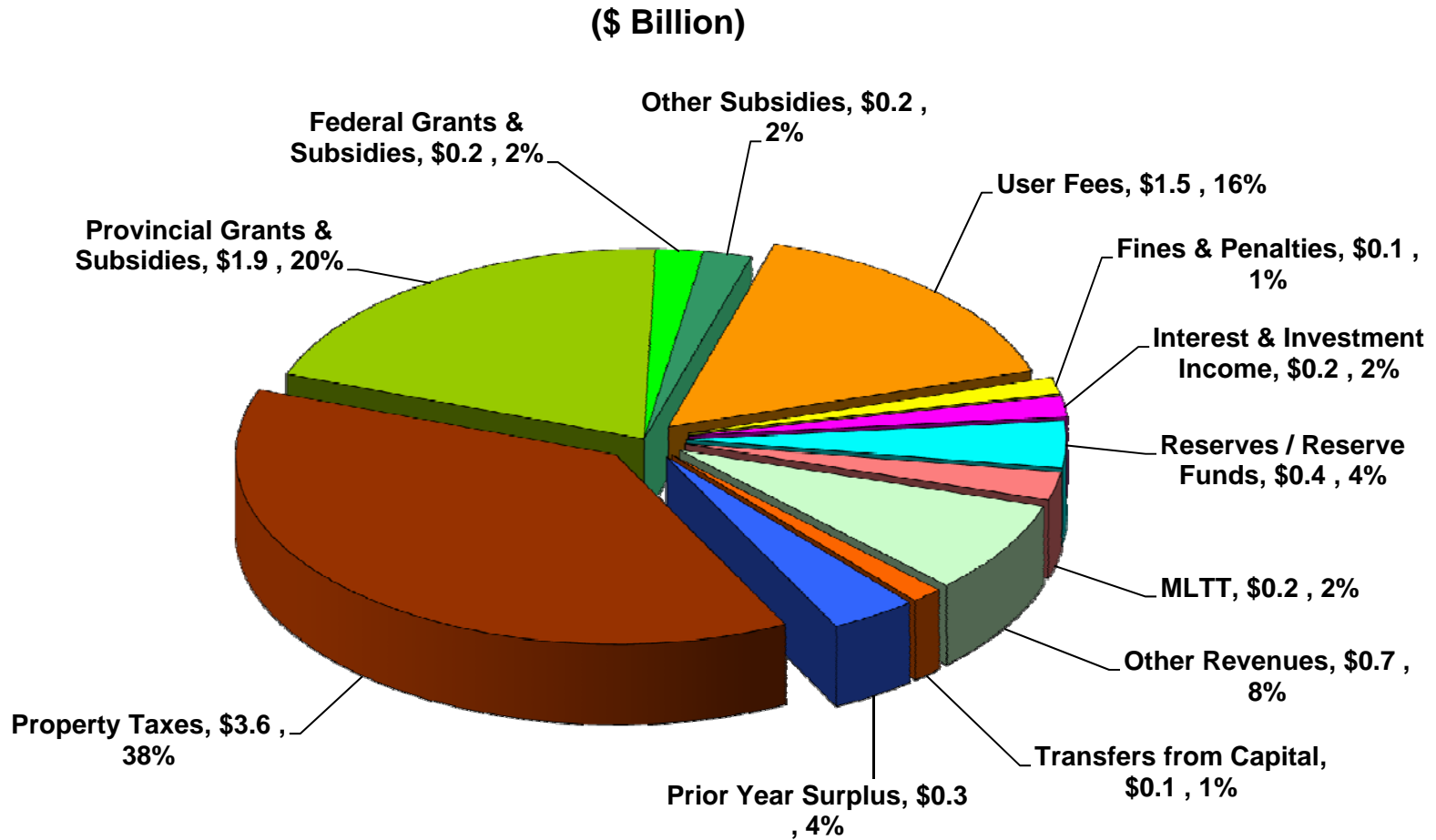
Where the Money Goes

- Program Expenditures of \$9.396Billion

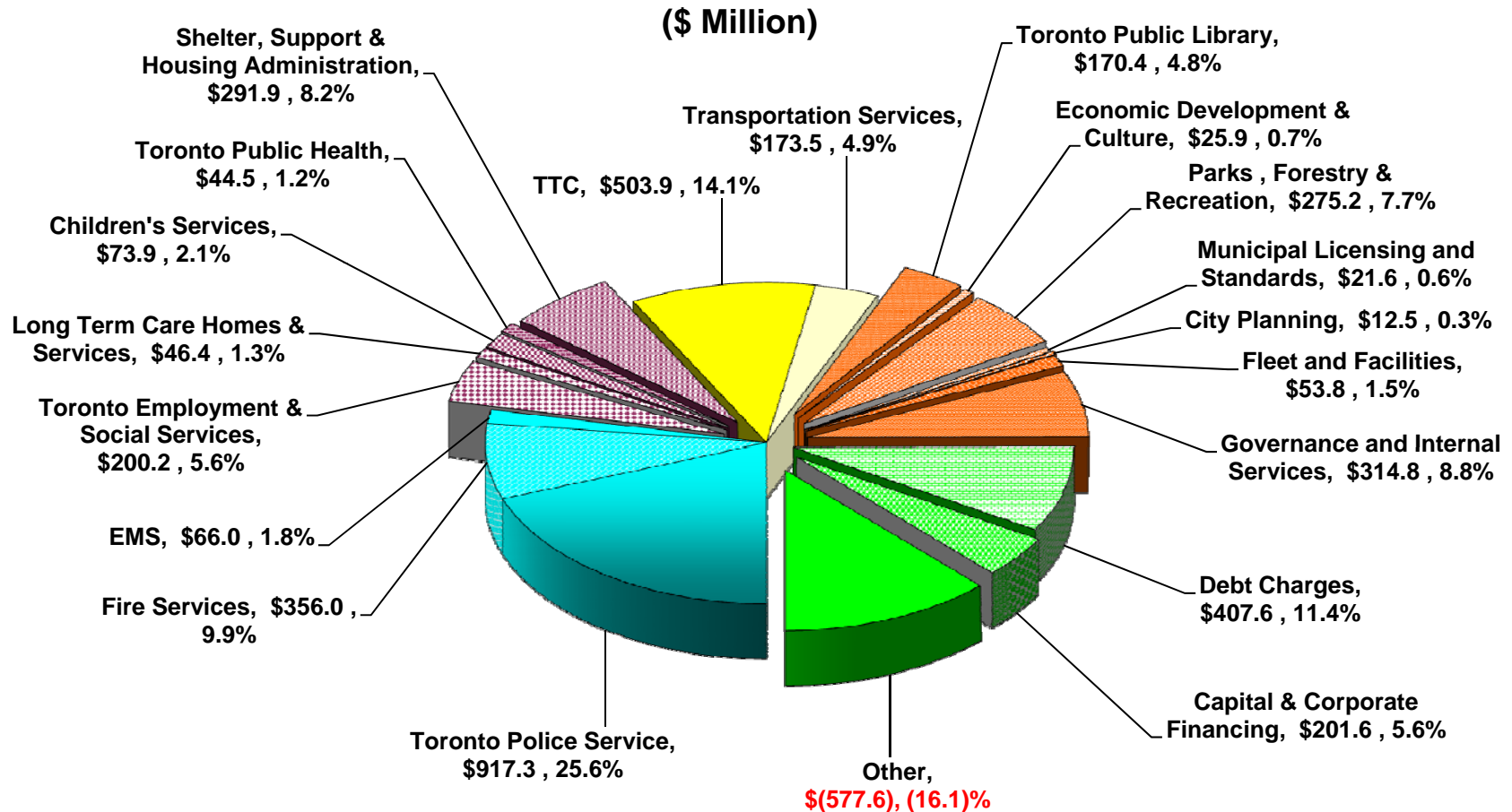


Where the Money Comes From

- Program Revenues of \$9.396 Billion



Where the \$3.579B Property Taxes Go



Staff Rec'd 2011 Tax Supported Program Operating Budget - By Cluster

(\$000s)	2010		2011		Change from 2010 Over (Under)			
	Approved Budget		Rec'd Budget		Gross		Net	
	Gross	Net	Gross	Net	\$	%	\$	%
Citizen Centred Services "A"	3,555,993	1,014,260	3,418,655	991,096	(137,338)	(3.9%)	(23,164)	(2.3%)
Citizen Centred Services "B"	901,843	588,637	900,218	578,577	(1,625)	(0.2%)	(10,060)	(1.7%)
Internal Services	398,775	156,755	398,801	155,184	26	0.0%	(1,571)	(1.0%)
City Manager	42,883	37,367	42,511	36,195	(372)	(0.9%)	(1,173)	(3.1%)
Other City Programs	122,363	78,850	111,843	70,707	(10,520)	(8.6%)	(8,143)	(10.3%)
Accountability Offices	6,748	6,748	6,811	6,811	62	0.9%	62	0.9%
Total City Operations	5,028,605	1,882,618	4,878,839	1,838,570	(149,766)	(3.0%)	(44,048)	(2.3%)
Agencies	3,003,485	1,640,641	3,124,126	1,662,137	120,641	4.0%	21,497	1.3%
Corporate Accounts:								
Community Partnership and Investment Program	49,585	46,714	47,254	47,174	(2,331)	(4.7%)	460	1.0%
Capital & Corporate Financing	615,455	585,037	647,231	609,209	31,776	5.2%	24,172	4.1%
Non-Program Expenditures	618,213	473,015	686,713	572,736	68,500	11.1%	99,721	21.1%
Non-Program Revenues	12,915	(1,093,548)	11,377	(1,150,380)	(1,537)	(11.9%)	(56,832)	(5.2%)
Net Operating Budget	9,328,257	3,534,477	9,395,540	3,579,447	67,283	0.7%	44,970	1.3%
Assessment Growth - 2011				(44,970)			(44,970)	n/a%
Net Operating Budget After Assessment Growth				3,534,477			0	n/a%

Staff Rec'd 2011 Tax Supported Program Net Operating Budget -- Citizen Centred Services "A"

(\$000s)	2010 Approved Budget	2011 Rec'd Budget	Change from 2010 Approved Budget	
			\$	%
Citizen Centred Services "A"				
Affordable Housing Office	1,335	1,267	(68)	(5.1%)
Children's Services	70,787	73,909	3,122	4.4%
Court Services	(10,325)	(12,209)	(1,884)	(18.2%)
Economic Development & Culture	26,486	25,923	(563)	(2.1%)
Emergency Medical Services	65,661	66,011	350	0.5%
Long Term Care Homes & Services	46,783	46,367	(416)	(0.9%)
Parks, Forestry & Recreation	261,671	275,197	13,526	5.2%
Shelter, Support & Housing Administration	258,699	291,948	33,249	12.9%
Social Development, Finance & Administration	13,293	12,791	(502)	(3.8%)
Toronto Employment & Social Services	270,598	200,222	(70,377)	(26.0%)
311 Toronto	9,272	9,671	399	4.3%
Total Citizen Centred Services "A"	1,014,260	991,096	(23,164)	(2.3%)

Staff Rec'd 2011 Tax Supported Program Net Operating Budget -- Citizen Centred Services "B"

(\$000s)	2010 Approved Budget	2011 Rec'd Budget	Change from 2010 Approved Budget	
			\$	%
Citizen Centred Services "B"				
City Planning	13,223	12,494	(729)	(5.5%)
Fire Services	359,189	356,036	(3,153)	(0.9%)
Municipal Licensing and Standards	19,230	21,593	2,364	12.3%
Policy, Planning, Finance and Administration	12,031	11,208	(823)	(6.8%)
Technical Services	10,774	10,462	(312)	(2.9%)
Toronto Building	(10,778)	(10,778)	0	0.0%
Toronto Environment Office	3,373	3,201	(173)	(5.1%)
Transportation Services	180,638	173,451	(7,186)	(4.0%)
Waterfront Secretariat	957	909	(48)	(5.0%)
Total Citizen Centred Services "B"	588,637	578,577	(10,060)	(1.7%)

Staff Rec'd 2011 Tax Supported Program Net Operating Budget -- Internal Services

(\$000s)	2010 Approved Budget	2011 Rec'd Budget	Change from 2010 Approved Budget	
			\$	%
Internal Services				
Office of the Chief Financial Officer	8,928	8,740	(189)	(2.1%)
Office of the Treasurer	30,209	29,634	(575)	(1.9%)
Facilities Management and Real Estate	54,289	53,786	(503)	(0.9%)
Fleet Services	0	0	(0)	(100.0%)
Information & Technology	63,328	63,024	(304)	(0.5%)
Total Internal Services	156,755	155,184	(1,571)	(1.0%)

Staff Rec'd 2011 Tax Supported Program Net Operating Budget -- Other City Programs

(\$000s)	2010 Approved Budget	2011 Rec'd Budget	Change from 2010 Approved Budget	
			\$	%
Other City Programs				
City Manager's Office	37,367	36,195	(1,173)	(3.1%)
City Clerk's Office	36,657	30,494	(6,163)	(16.8%)
Legal Services	19,994	19,223	(771)	(3.9%)
Mayor's Office	2,561	2,000	(561)	(21.9%)
City Council	19,638	18,990	(648)	(3.3%)
Auditor General's Office	4,283	4,194	(89)	(2.1%)
Accountability Offices	2,465	2,617	152	6.2%
Total Other City Programs	122,966	113,713	(9,253)	(7.5%)

Staff Rec'd 2011 Tax Supported Program Net Operating Budget -- Agencies

(\$000s)	2010 Approved Budget	2011 Rec'd Budget	Change from 2010 Approved Budget	
			\$	%
Agencies				
Toronto Public Health	44,168	44,491	323	0.7%
Toronto Public Library	167,100	170,442	3,342	2.0%
Association of Community Centres	7,241	7,226	(15)	(0.2%)
Exhibition Place	35	25	(11)	(29.9%)
Heritage Toronto	366	346	(19)	(5.3%)
Theatres	3,489	3,299	(190)	(5.4%)
Toronto Zoo	11,388	11,388	0	0.0%
Arena Boards of Management	(6)	(5)	1	11.9%
Yonge-Dundas Square	544	515	(29)	(5.3%)
Toronto & Region Conservation Authority	3,269	3,206	(63)	(1.9%)
Toronto Transit Commission - Conventional	429,805	412,911	(16,894)	(3.9%)
Toronto Transit Commission - Wheel-Trans	82,676	91,038	8,362	10.1%
Toronto Police Service	888,220	914,880	26,660	3.0%
Toronto Police Services Board	2,348	2,376	28	1.2%
Total Agencies	1,640,641	1,662,137	21,497	1.3%

Staff Rec'd 2011 Tax Supported Program Net Operating Budget -- Corporate Accounts

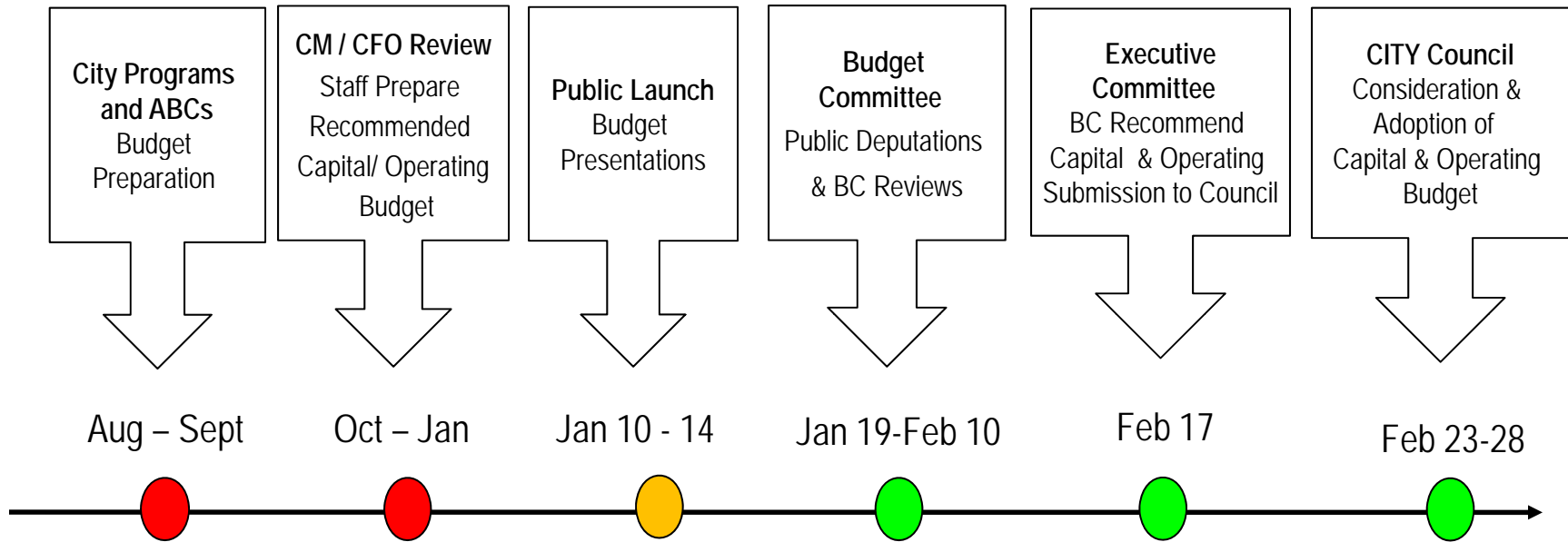
(\$000s)	2010 Approved Budget	2011 Rec'd Budget	Change from 2010 Approved Budget	
			\$	%
Corporate Accounts				
Community Partnership and Investment Program	46,714	47,174	460	1.0%
Capital & Corporate Financing	585,037	609,209	24,172	4.1%
Non-Program Expenditures:				
Tax Deficiencies/Write-offs	72,422	75,000	2,578	3.6%
Assessment Function (MPAC)	35,100	36,600	1,500	4.3%
Parking Tag Enforcement & Oper.	54,620	55,149	529	1.0%
Vacancy Rebate Program	23,460	23,460	0	0.0%
Street & Expressway Lighting Services	28,329	42,519	14,189	50.1%
Solid Waste Management Services Rebate	182,392	182,392	0	0.0%
Other Corporate Expenditures	76,692	157,617	80,925	105.5%
	473,015	572,736	99,721	21.1%
Non-Program Revenues:				
Prior Year Surplus	(276,509)	(345,531)	(69,022)	(25.0%)
Payments in Lieu of Taxes	(92,281)	(91,781)	500	0.5%
Municipal Land Transfer Tax	(170,495)	(220,000)	(49,505)	(29.0%)
Interest/Investment Earnings	(94,416)	(105,058)	(10,642)	(11.3%)
Provincial Revenue	(93,853)	(91,600)	2,253	2.4%
Parking Authority Revenues	(44,315)	(44,315)	0	0.0%
Parking Tag Enforcement & Oper.	(80,899)	(77,066)	3,832	4.7%
Other Corporate Revenues	(240,780)	(175,027)	65,752	27.3%
	(1,093,548)	(1,150,380)	(56,832)	(5.2%)
Total Corporate Accounts	11,218	78,740	67,521	601.9%

Summary

- The 2011 Operating Budget:
 - Is balanced budget with no unfunded “gaps”
 - Is only marginally greater than the approved 2010 Operating Budget
 - Produces a zero percent residential property tax increase, and
 - Includes no major service cuts

Budget Review And Approval Timelines

2011 Budget Timelines



2011 Budget Timelines

- **Public Budget Launch / BC Hearings – January 10**
 - CM / CFO present 2011 Staff Budget to Budget Committee
 - Division / Agency Heads Presentations
 - Committee members request for additional information / Briefing Notes
- **Public Deputations – January 19 – 20**
 - Public Input
- **Budget Committee Wrap-up – January 24 and 25**
 - Final Decisions
 - Current Value Assessment Update
- **Budget Committee Final Review – February 10**
 - Corporate Capital and Operating Report
 - 2012 Outlook and Long Term Fiscal Plan Update

2011 Budget Timelines

- **Executive Committee Review – February 17**
 - Recommend Capital and Operating Budget to City Council
- **Council Review and Approval – February 23 – 28**
 - One day for Solid Waste Management and Toronto Water
 - One day for the Tax Capital Budget and Plan
 - Two Days for Tax Operating Budget

