



2012

Staff Recommended
Tax Supported Operating Budget

Agenda

1. Budget Context and Directions
2. Executive Summary
 - ✓ Service Review
 - ✓ Efficiencies
 - ✓ Service Level Adjustments
 - ✓ Actions taken to Balance the Budget
3. 2012 Operating Budget Overview
4. Budget Timelines

Budget Context

The Challenge

- Opening Spending Pressure → \$774 million
- Reliance on one-time revenues needs to end
- Spending has outpaced revenue growth
- Capital financing putting pressure on operating budget

The Solution

- Cut spending through efficiencies and service level adjustments
- Maximize revenue sources
- Moderate impact of capital financing
- Moderate Tax and TTC fare increases

This budget makes significant progress in all areas and moves the City close to the goal of fiscal sustainability

Budget Directions

- 10% Net Budget Reduction ✓
- Core Service Review ✓
- User Fee Policy & Review ✓
- Service Efficiency Studies ✓

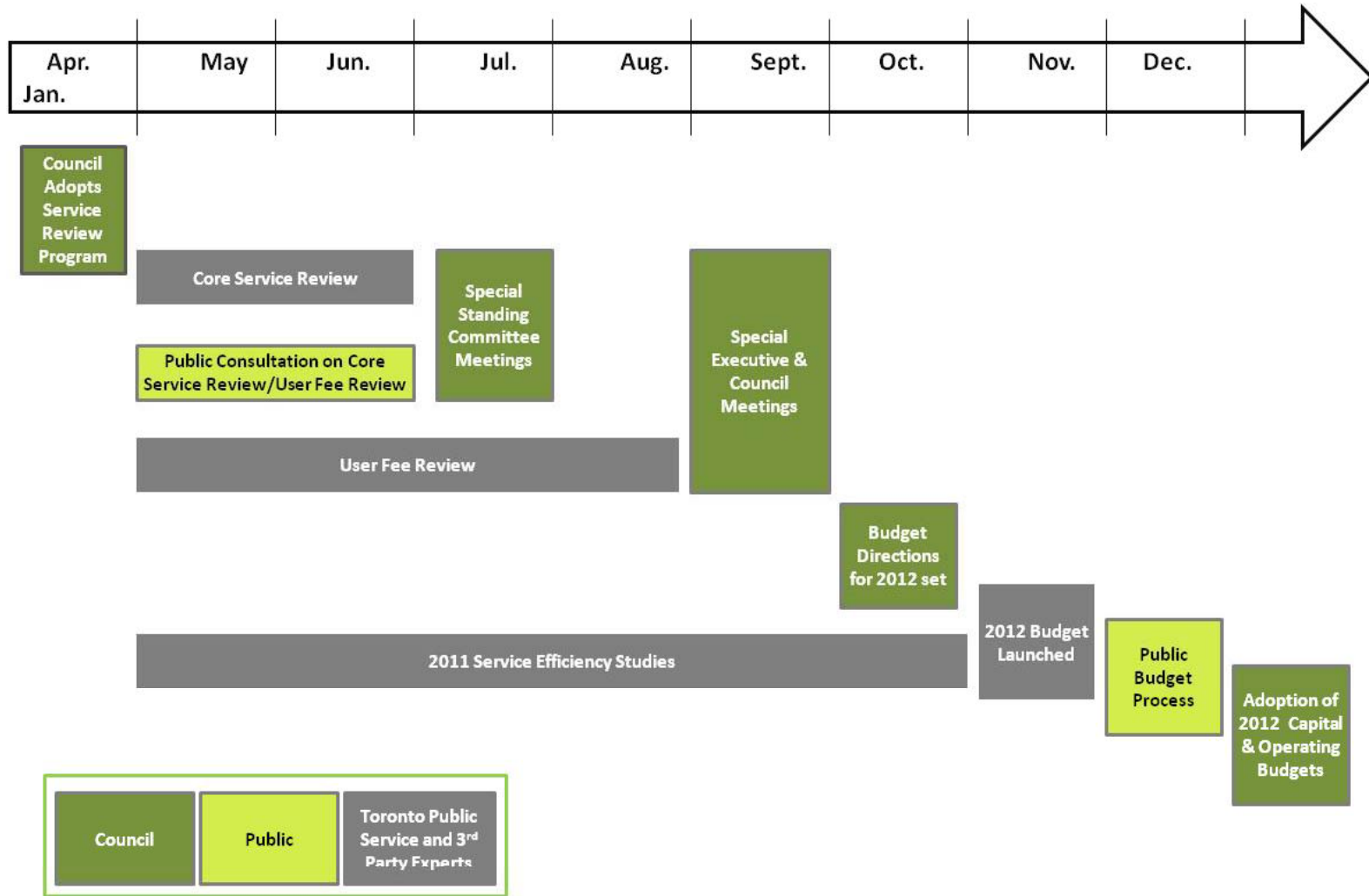
Executive Summary

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**

Service Review Program



*For details see Council Report [Service Review Program, 2012 Budget Process and Multi-year Financial Planning Process](#)

Core Service Review - KPMG Findings

- Rankings:
 - 90% of services as core – legislated or essential
 - 8% traditional – enhance quality of life; contribute to health economy
 - 1% other/discretionary – respond to emerging needs and priorities
- Assessment:
 - 85% of services are delivered at or below standard
 - 15% are delivered above standard
- Identified opportunities:
 - 69 to eliminate, divest or reduce services
 - 119 to conduct further review for future efficiencies

Core Service Review - Financial Impact

- Total estimated savings for all service adjustments and efficiencies identified by KPMG - approximately \$200 to \$300 million
- Estimated savings for 2012:
 - Council approved service eliminations and reductions (\$30 million)
 - efficiencies being actively considered by staff (\$65 million)
- Capital expenditure reductions as a result of adopting the recommendations in this report could total approximately \$132 million gross in the ten-year capital plan.

Service Efficiency Studies – 2 Year Process

- In progress (per Council authorization in April 2011): Savings expected in 2012 - 2014
 - Divisions: Solid Waste Management, Transportation, SSHA/AHO, PFR
 - Agencies: Toronto Police Service, Toronto Public Library, TTC
 - Cross-program: Environment & Energy programs, Communications, Fleet, Facilities & Real Estate
- To be undertaken in 2012: Savings expected 2013 - 2015
 - Divisions: Fire & EMS, Child Care, Long Term Care Homes, Courts
 - Cross-program: Counter Services, Shared Services, Community Infrastructure

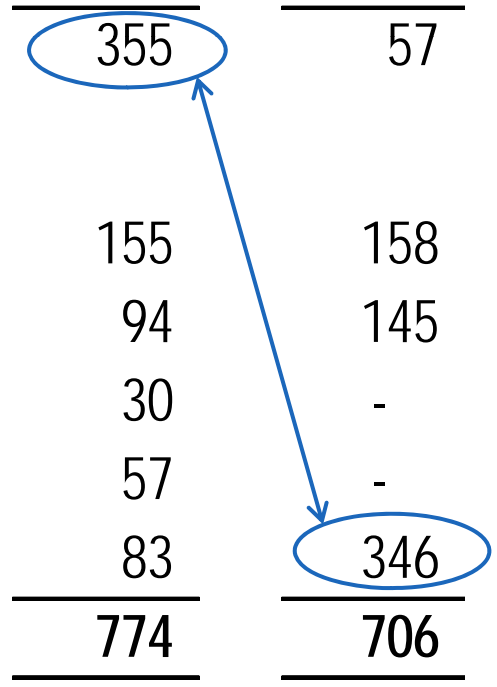
User Fee Policy - Principles

- Charge user fee when a service provides a direct benefit to individuals, identifiable groups or businesses
- Determine full cost of service as the starting point
- Consider waivers and rebates based on criteria such as ability to pay
- Automatic annual inflation adjustment effective Jan. 1 of each year
- Review user fees at least once every 4 years for compliance with policy
- Provide Public Notice period of five working days for new user fees or changes to existing user fees beyond inflation
- City Council also directed staff to update the User Fee Policy using Toronto's adopted Equity Lens and gender and racial equity analysis

Actions Taken to Balance the Budget

	<u>2012</u>	<u>2011</u>
Base Budget Adjustments and Efficiencies	267	57
Service Adjustments	88	-
	<u>355</u>	<u>57</u>
Revenues increased:		
- economic growth	155	158
- other revenues	94	145
- TTC fare increase - 10 Cents	30	-
- 2.5% property tax increase	57	-
Application of Tax Stabilization Reserve	83	<u>346</u>
	<u>774</u>	<u>706</u>

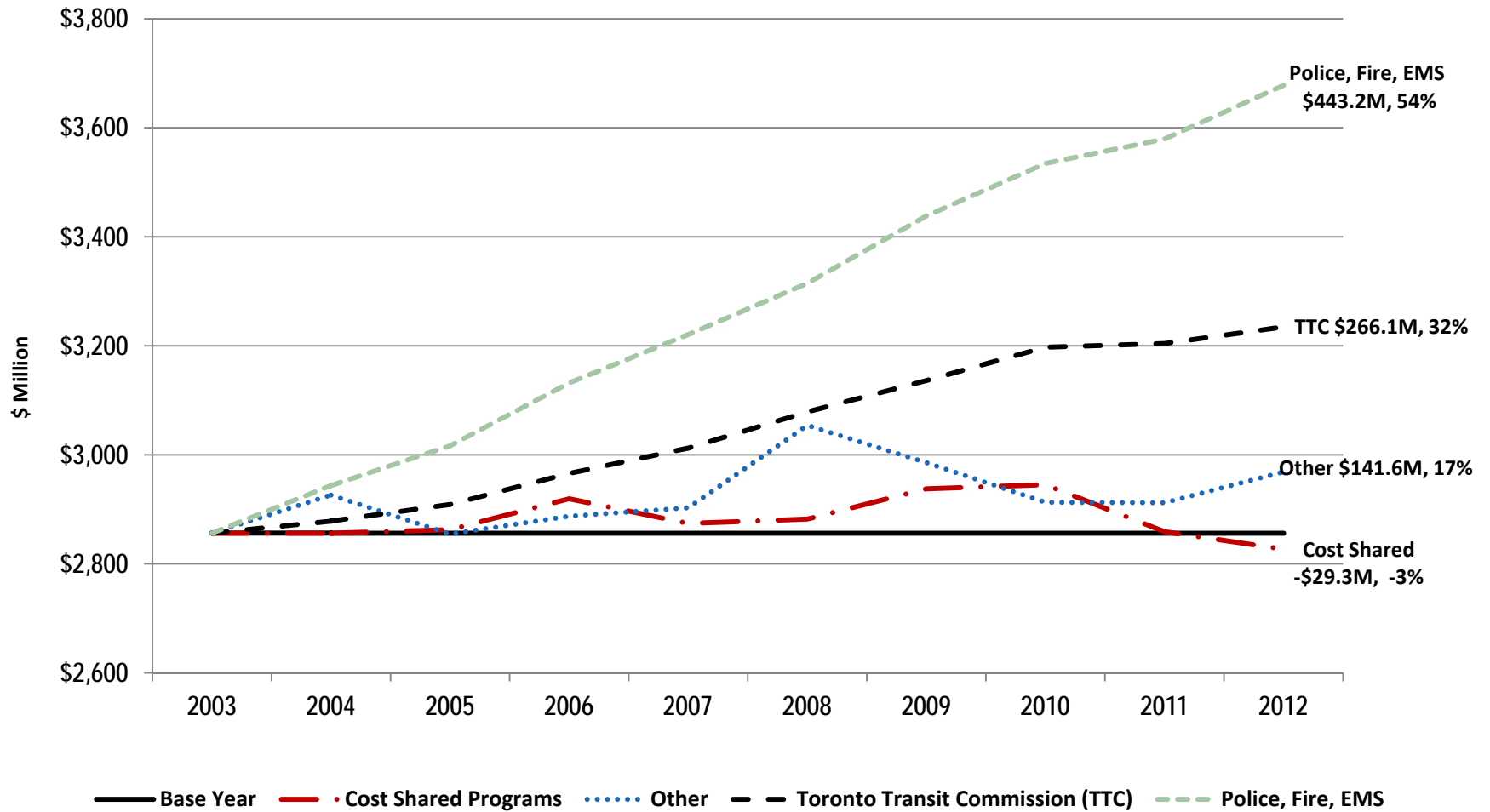
10% =



Staffing Impact from 10% Reduction/Target

	2011 Approved Positions as at April 2011	Staff Reduction due from 10% Target
Citizen Centred Services "A"	12,696.6	(479.5)
Citizen Centred Services "B"	6,642.8	(367.3)
Internal Services	2,728.8	(199.1)
City Manager's Office	409.0	(12.0)
Other City Programs	971.8	(33.0)
TOTAL - CITY OPERATIONS	23,449.0	(1,090.9)
Toronto Public Library	1,824.9	(152.5)
Toronto Transit Commission	13,099.0	(324.0)
Toronto Police Services	7,888.0	(372.0)
Other Agencies	3,632.4	(97.6)
TOTAL - AGENCIES	26,444.3	(946.1)
TOTAL LEVY OPERATIONS	49,893.3	(2,037.0)
Toronto Parking Authority	298.7	0.0
Solid Waste Management Services	1,341.7	(254.5)
Toronto Water	1,718.3	(47.0)
TOTAL NON-LEVY OPERATIONS	3,358.7	(301.5)
TOTAL	53,252.0	(2,338.5)

54% of the Growth in Net Expenditures since 1998 is Due to Police, Fire and EMS



Efficiency Savings - Examples

- **Toronto Transit Commission – Conventional**
 - Workforce Reductions and Overtime (\$23M)
 - Advertising Revenue Increase (\$5M)
- **Toronto Public Library**
 - Business Process Re-Engineering, Technology, Staffing Structure (\$6.84M)
- **Transportation Services**
 - Efficiency in Road Repair Service (\$0.997M)
 - Traffic Control Savings (\$1.25M)
 - Consolidate Leaf Collection Activities (0.509M)
- **Toronto Police Services – Senior Staffing Reorganization (\$3.079M)**
- **Fire – Non-Salary Budget Reductions (\$0.657M)**

Efficiency Savings - Examples

- **Shelter, Support & Housing Administration**
 - Re-negotiated Residual Subsidy Paid to TCHC (\$6M)
 - Staffing and Work Realignment (\$1.215M)
- **Toronto Employment & Social Services - Technology Automation (\$3.086M)**
- **Municipal Licensing and Standards**
 - Productivity Increase - District Enforcement (\$1.436M)
 - Shift Restructuring, Animal Services (0.56M)
- **Facilities Management and Real Estate**
 - Reduced Utility Costs (\$1.24M)
 - Contracted Services (\$1.774M)
- **I.T. - Efficiency Savings - Desktop and Application Delivery (\$1.55M)**
- **Fleet Services - Consolidation of Functions in Fleet Services & Garage Closures (\$1M)**

Efficiency Savings - Examples

- **Parks, Forestry & Recreation** - Merge New Trees & Street Tree Maintenance Program (\$0.981M)
- **Toronto Environment Office** - End of Community Animators Contract (\$0.968M)
- **Administrative Staff Reductions**
 - City Clerk (\$2.322M)
 - Office of the Treasurer (\$1.579M)
 - Policy, Planning and Administration (\$1.2M)
 - City Managers Office (\$1.043M)
 - Social Development, Finance and Administration (0.536M)
 - 311 Toronto (\$0.2M)

Service Level Adjustments - Examples

- **Toronto Transit Commission**
 - Conventional Service returns to 2004-2005 service levels - off-peak; and 2008 peak service standards on bus/streetcar routes (\$14M)
 - Wheel Trans. remove exemption from eligibility criteria for ambulatory dialysis patients (\$5M)
- **Police Services** - Defer hiring of 236 Police Officers (\$14.636M)
- **Fire Services** - Defer hiring of 68 Firefighters (\$7.221M)
- **Emergency Medical Services** – Defer Hiring of 36 Paramedics (\$1.11M)
- **Toronto Public Library** – 7% Reduction to Harmonize Open Hours and Library Materials (\$7.327M) – subject to TPL Board Alternatives

Service Level Changes - Examples

- **Parks, Forestry & Recreation**
 - Off-Peak Hour Reductions at Selected Arenas (\$0.26M) – Prime time retained
 - Eliminate Recreational Programming at Selected Shared Use TDSB Schools (\$2.111M)
 - Eliminate Programming at selected TDSB Pools (\$0.979M)
 - Closing 5 of 105 Wading Pools and 2 of 59 Outdoor Pools with Low Usage and high capital cost requirements (\$0.157M)
- **Shelter, Support & Housing Administration** - Non-core, Non-Provincially Mandated Shelter Closures over 2 years (\$1.972M)
 - Birchmount Shelter, Downsview Dells Shelter, and Bellwoods Shelter (97% beds retained)

Service Level Changes - Examples

- **Community Partnership & Investment Program** – Reduced funding (\$4.616M)
- **Economic Development & Culture** – End WinterCity outdoor programming (\$0.46M)
- **Transportation Services**
 - Harmonized Local Sidewalk Snow Clearing Service Change (\$0.928M)
 - Road Cleaning Service Level Adjustments (\$4.242M)
- **Long Term Care Homes & Services** - Visitor Cafeteria Closures (\$0.612M)
- **Children's Service**
 - Redirect Subsidy from School Boards to subsidized Parents (\$1.677M)
 - Realign Child Care Service Delivery at Hostels (\$0.82M)

2012 Operating Budget – Enhance Services

- TTC Ridership Growth - 188 Drivers to Meet Increased Ridership of 6 million passengers \$30M
- Ontario Works – Increased Avg. Caseload by 5,000 \$11.7M
- Emerald Ash Borer – Tree Abatement \$3.6M
- Welcome Policy Funding Enhancement \$1.2M
- Provincial Subsidy to Support Full Day Early Learning Kindergarten (FDELK) \$1.4M
- Ontario Summer Games \$1.3M
- Waterfront Parks \$1.2M

2012 Operating Budget Overview

2012 Outlook Spending Pressures

	<u>\$Million</u>
City One-Time Funding	
Prior Year Surplus	346
Reserve Draws	14
Total Unsustainable Balancing Strategies	<u>360</u>
Expenditure Increases	
Cost of Living and Progression Pay	138
Fringe Benefit Liabilities - Contribution Requirements	78
Inflation - Material Supplies and Services	50
Capital Financing	55
Contribution to Reserves - Liabilities	10
Operating Impact of Capital	16
Other Base Change	67
Total Expenditure Increases	<u>414</u>
Outlook Pressure Before Revenue Increases	<u>774</u>

2012 Budget Balancing Strategies – Cost Reduction

	<u>\$ Millions</u>
Pressure as at Feb 2011	<u>774</u>
Service Efficiency Savings & Base Budget Changes	(137)
Fringe Benefits Liabilities - TTC Solvency Relief and Contribution Reductions	(54)
Compensation Forecast Reduced	(28)
Debt Service Cost (<i>lower interest rates/monetization</i>)	(36)
Operating Impact of Capital (<i>absorbed or delayed</i>)	(12)
	<u>(267)</u>
Adjusted Pressure after Reduced Costs	<u>507</u>

2012 Budget Balancing Strategies – Revenue Adjustments

Adjusted Expenditure Pressure		<u>507</u>
Revenues from Economic Growth:		
MLTT	(68)	
Assessment Growth	(42)	
TTC Ridership Increase	(30)	
Supplementary Taxes	<u>(15)</u>	
Sub-Total		(155)
Other Revenues:		
Provincial Funding Increase	(22)	
User Fees Changes	(12)	
Hydro Dividends	(15)	
Other Revenue	<u>(45)</u>	
Sub-Total		(94)
Total Revenues		<u>(249)</u>
Remaining Pressure before Service Changes, Rate Increase, and Tax Stabilization Reserve		<u>258</u>

2012 Budget Balancing Strategies

- Service Level Changes, Rate Increases

Remaining Pressure before Service Changes, Rate Increase, and Tax Stabilization Reserve

258

Service Level Adjustments

(88)

TTC - 10 Cent Fare Increase

(30)

Property Tax Increase

(2.5% Residential/ 0.83% Non-Residential)

(57)

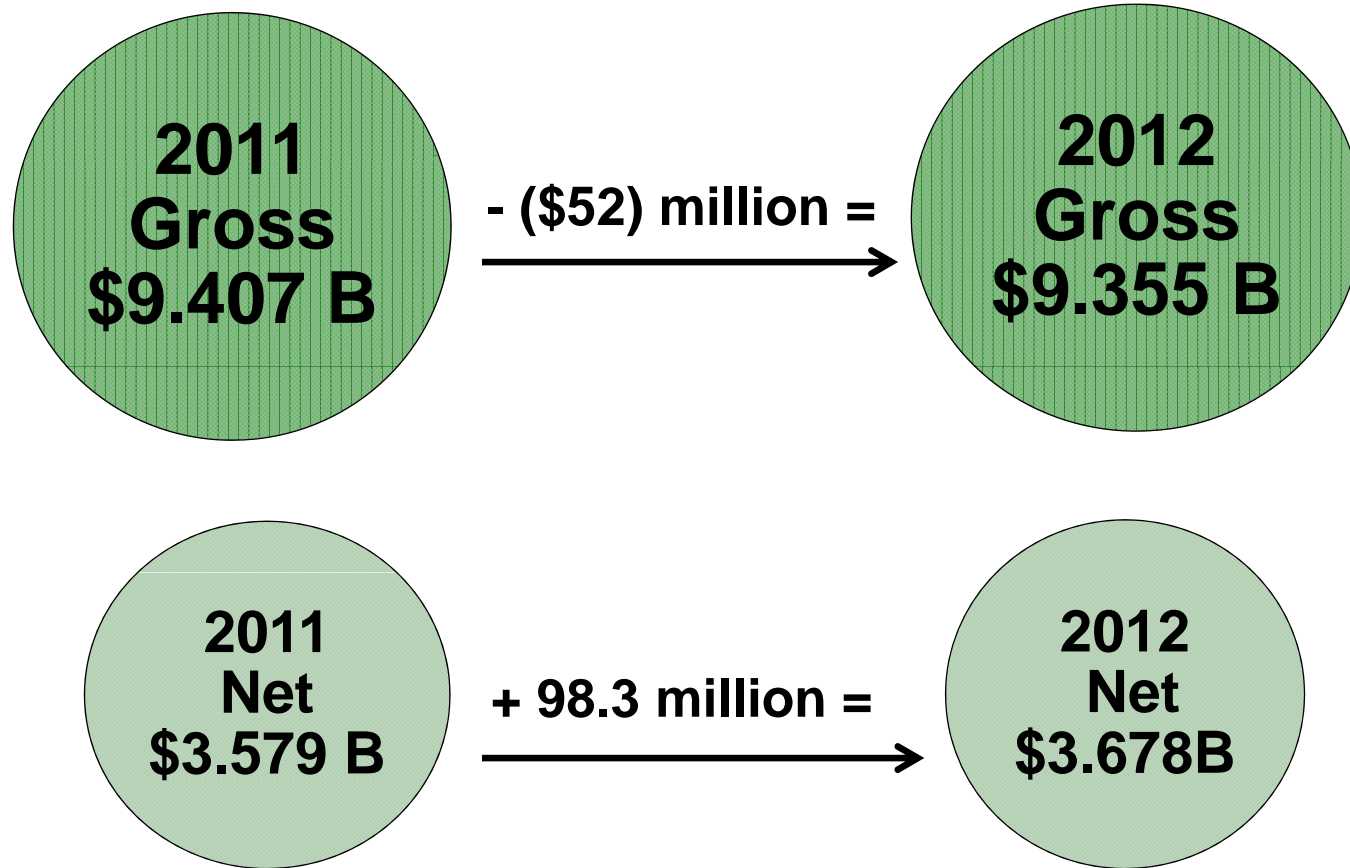
Tax Stabilization

(83)

Remaining Pressure

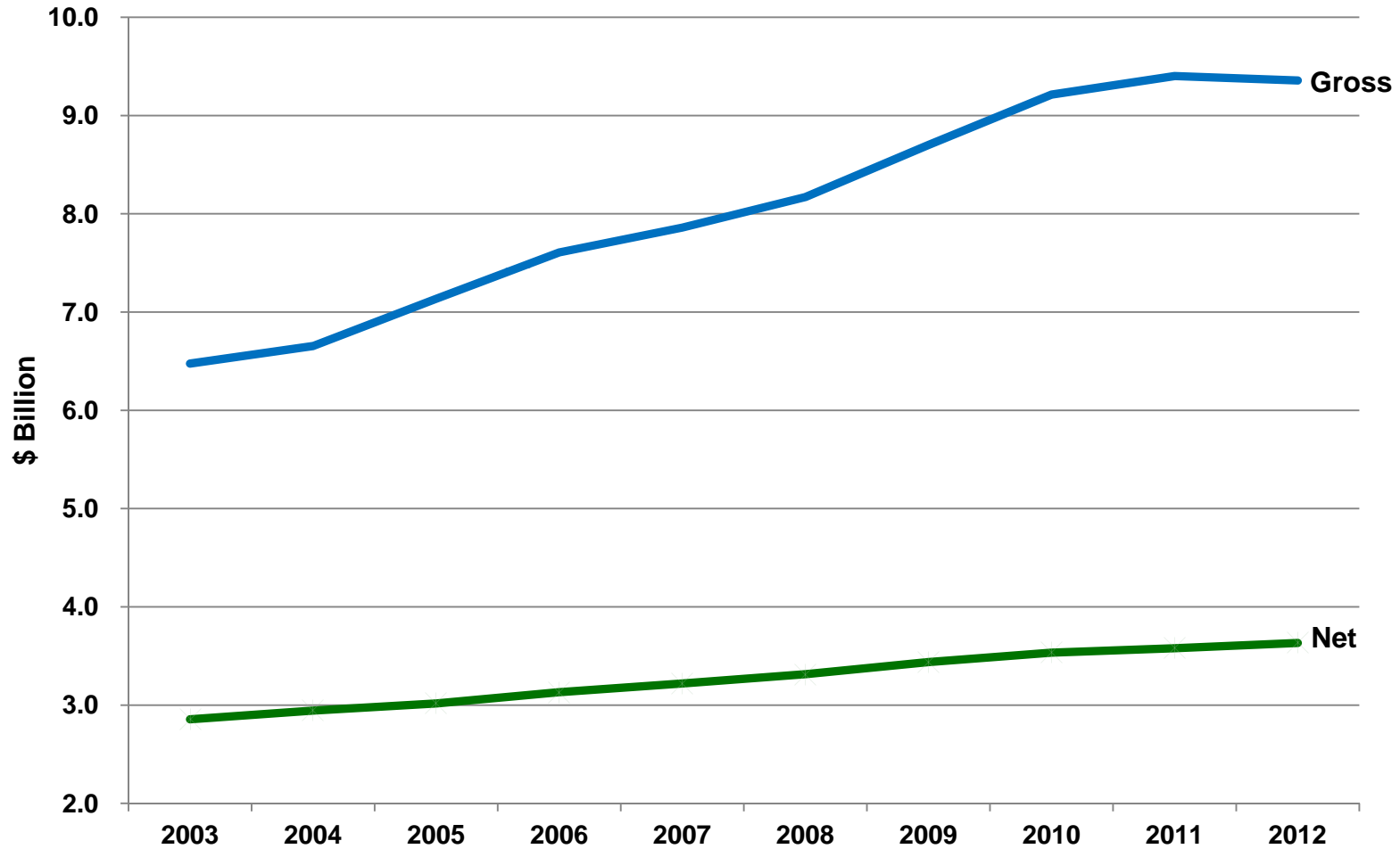
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2012 Operating Budget Reduction in Gross Expenditures

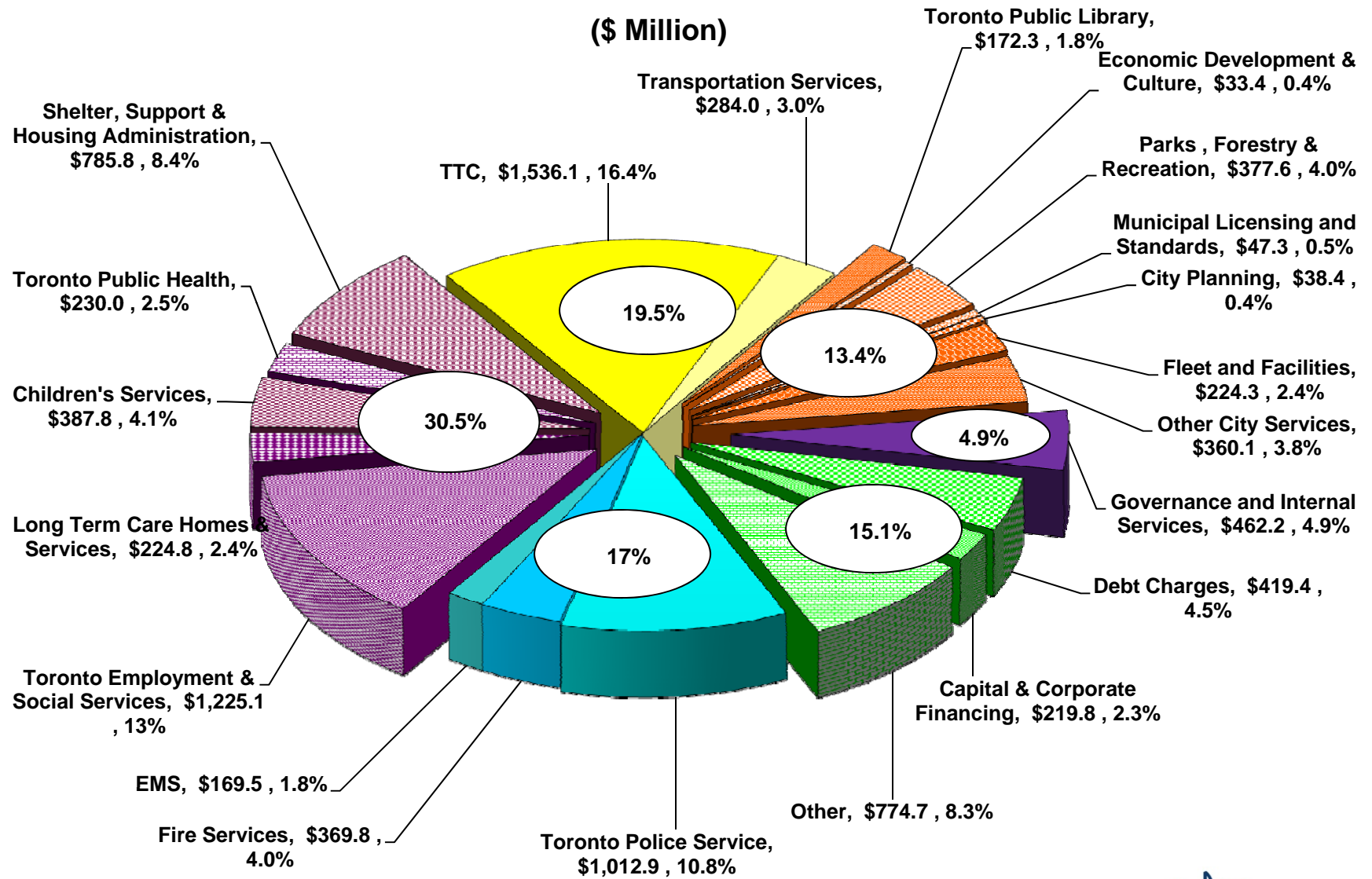


\$98.3M Net Increase - \$41.8M Assessment Increase
= \$56.5M Tax Increase (2.5% Residential & 0.83% Non-Residential)

2003 to 2012 Operating Budget - Expenditures Reduced in 2012

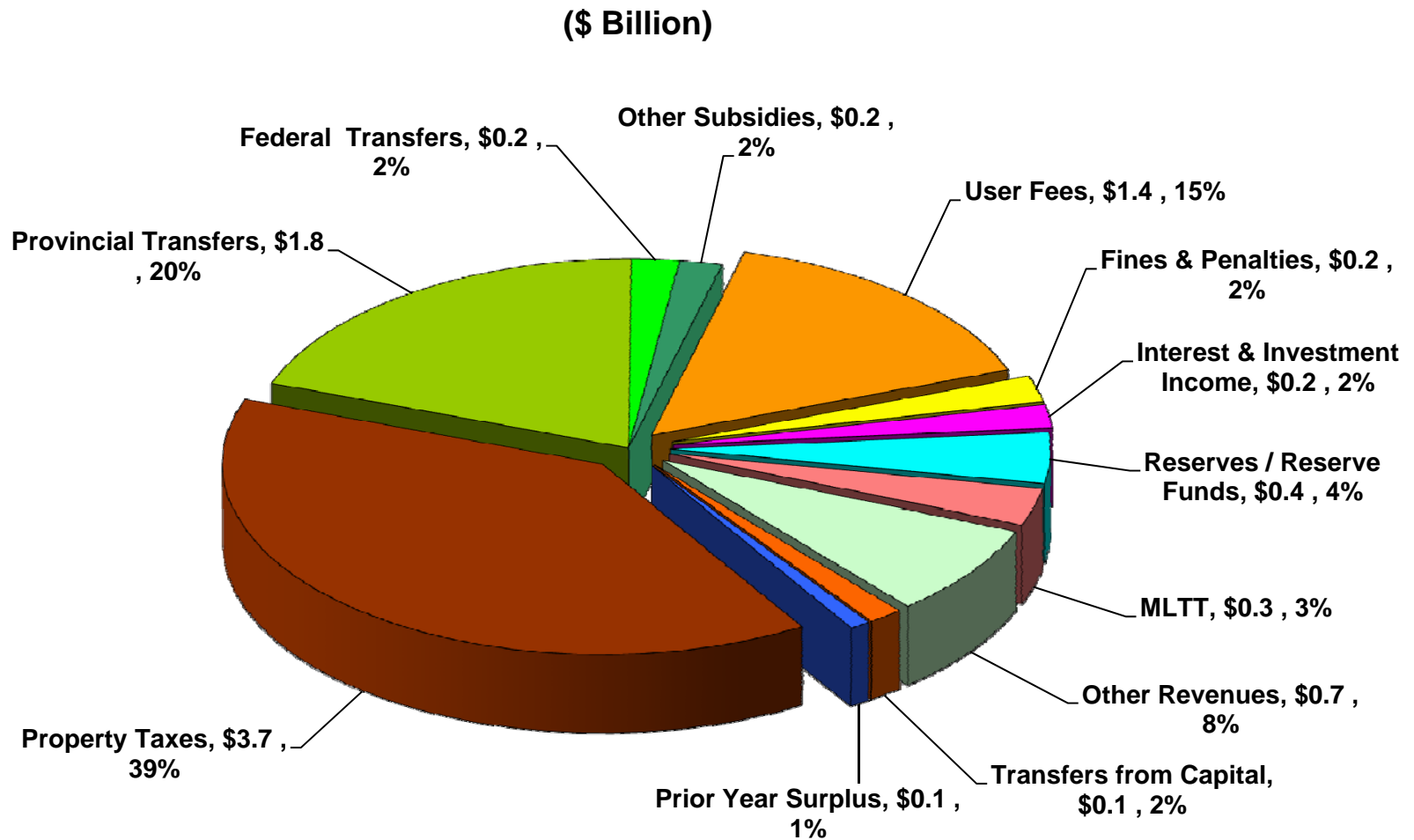


Where the Money Goes: - Program Expenditures of \$9.355Billion



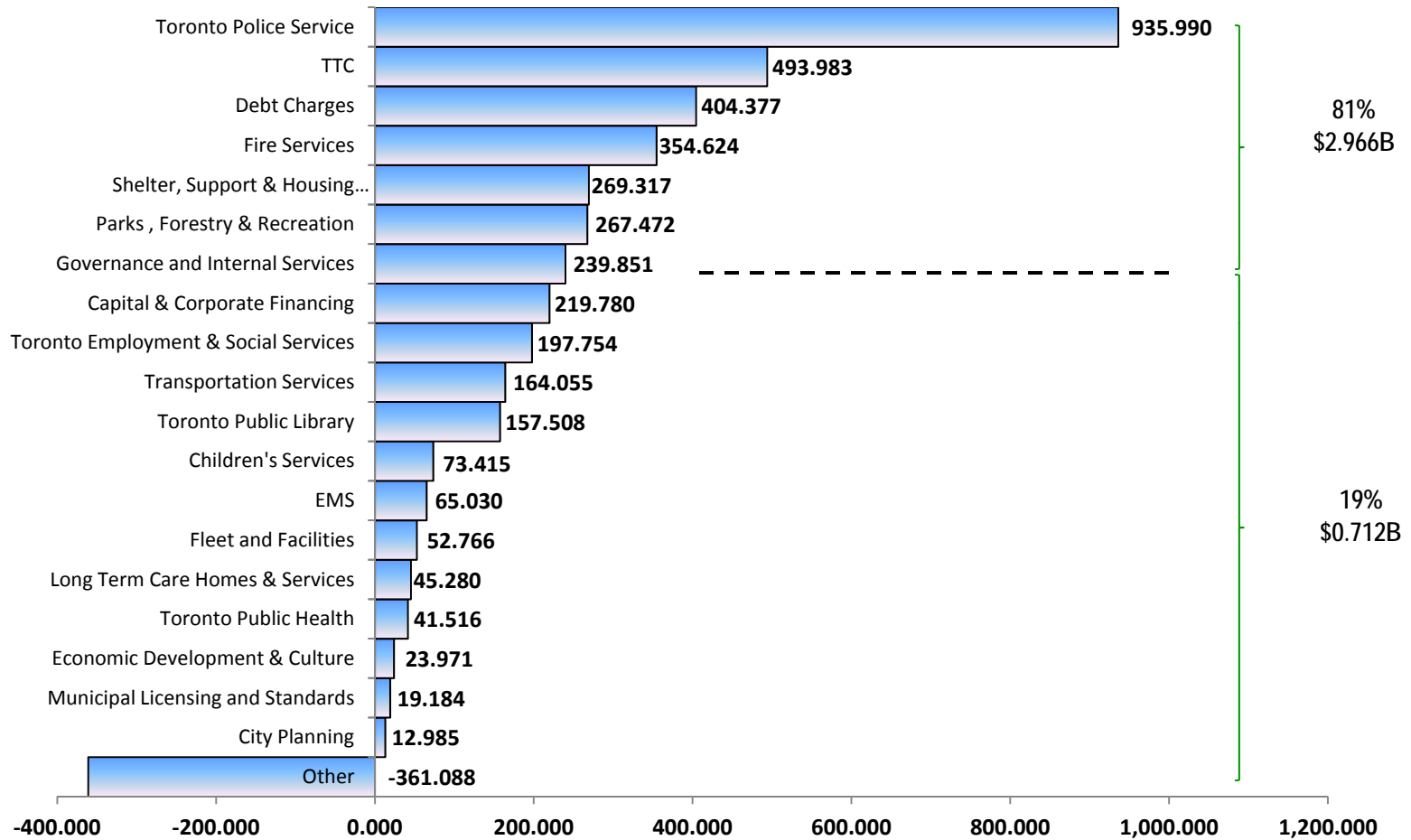
Where the Money Comes From

- Program Revenues of \$9.355 Billion



Where the Money Goes

- \$3.678 Billion Tax Levy



Staff Rec'd 2012 Tax Supported Program Operating Budget - By Cluster

(\$000s)	2011		2012		Change from 2011 Over (Under)			
	Approved Budget		Rec'd Budget		Gross		Net	
	Gross	Net	Gross	Net	\$	%	\$	%
Citizen Centred Services "A"	3,430,039	993,020	3,299,317	951,273	(130,722)	(3.8%)	(41,747)	(4.2%)
Citizen Centred Services "B"	901,878	578,937	883,645	562,122	(18,232)	(2.0%)	(16,815)	(2.9%)
Internal Services	411,081	161,091	411,375	150,996	295	0.1%	(10,094)	(6.3%)
City Manager	44,594	36,810	43,507	35,009	(1,087)	(2.4%)	(1,801)	(4.9%)
Other City Programs	111,926	71,275	110,301	68,288	(1,624)	(1.5%)	(2,986)	(4.2%)
Accountability Offices	6,922	6,922	6,965	6,956	43	0.6%	34	0.5%
Total City Operations	4,906,439	1,848,053	4,755,111	1,774,644	(151,328)	(3.1%)	(73,409)	(4.0%)
Agencies	3,144,220	1,693,797	3,143,580	1,653,736	(639)	(0.0%)	(40,062)	(2.4%)
Corporate Accounts:								
Community Partnership and Investment Program	48,976	47,197	42,581	42,581	(6,396)	(13.1%)	(4,616)	(9.8%)
Capital & Corporate Financing	647,171	609,149	639,178	624,157	(7,992)	(1.2%)	15,008	2.5%
Non-Program Expenditures	649,588	532,130	765,609	604,335	116,021	17.9%	72,205	13.6%
Non-Program Revenues	10,877	(1,150,880)	9,102	(1,021,681)	(1,775)	(16.3%)	129,199	11.2%
Net Operating Budget	9,407,271	3,579,447	9,355,162	3,677,771	(52,109)	(0.6%)	98,324	2.7%
Assessment Growth - 2012				(41,800)			(41,800)	
Net Operating Budget After Assessment Growth				3,635,971			56,524	1.6%

Staff Rec'd 2012 Tax Supported Program Net Operating Budget - Corporate Accounts

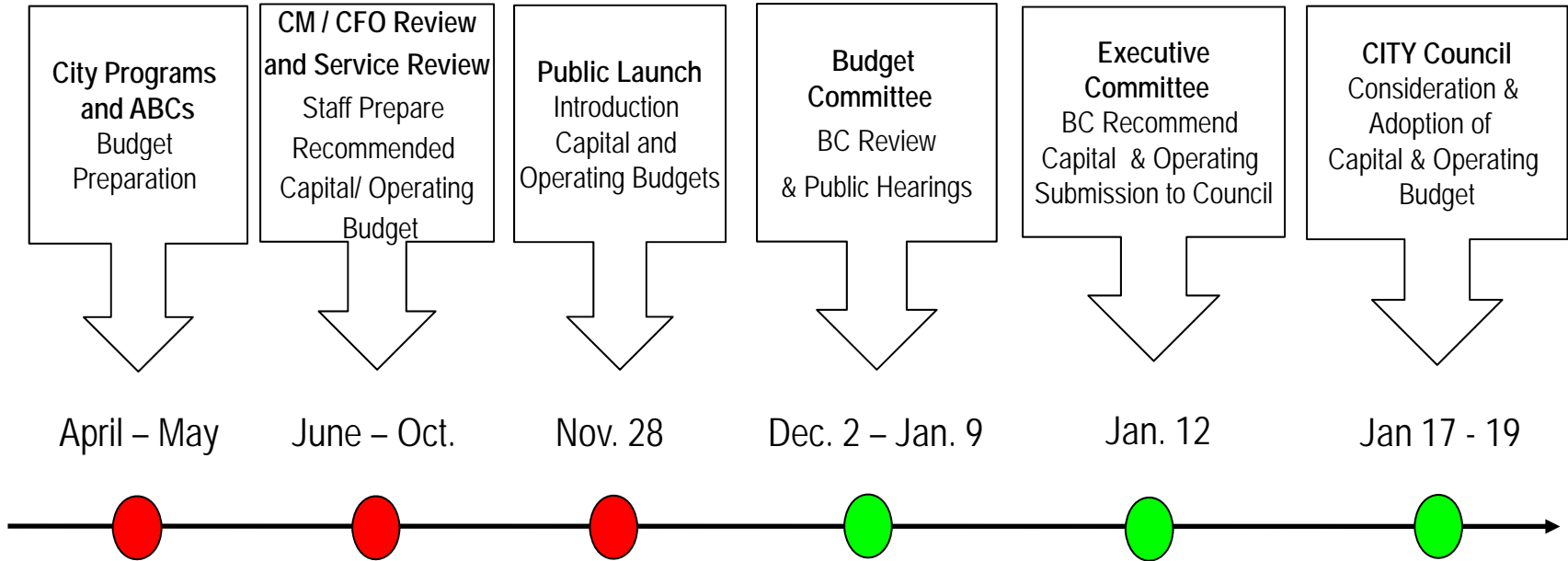
(\$000s)	2011 Approved Budget	2012 Rec'd Budget	Change from 2011 Approved Budget	
			\$	%
Corporate Accounts				
Community Partnership and Investment Program	47,197	42,581	(4,616)	(9.8%)
Capital & Corporate Financing	609,149	624,157	15,008	2.5%
Non-Program Expenditures:				
Tax Deficiencies/Write-offs	75,000	67,000	(8,000)	(10.7%)
Assessment Function (MPAC)	36,600	38,174	1,574	4.3%
Parking Tag Enforcement & Oper.	56,069	57,817	1,749	3.1%
Vacancy Rebate Program	23,460	22,000	(1,460)	(6.2%)
Street & Expressway Lighting Services	42,519	40,819	(1,700)	(4.0%)
Solid Waste Management Services Rebate	182,392	182,392	0	0.0%
Other Corporate Expenditures	116,091	196,133	80,042	68.9%
	532,130	604,335	72,205	13.6%
Non-Program Revenues:				
Prior Year Surplus	(345,531)	(83,455)	262,077	75.8%
Payments in Lieu of Taxes	(91,781)	(92,200)	(419)	(0.5%)
Municipal Land Transfer Tax	(220,500)	(288,000)	(67,500)	(30.6%)
Interest/Investment Earnings	(105,058)	(113,658)	(8,600)	(8.2%)
Provincial Revenue	(91,600)	(91,600)	0	0.0%
Parking Authority Revenues	(44,315)	(44,315)	0	0.0%
Parking Tag Enforcement & Oper.	(77,066)	(80,649)	(3,583)	(4.6%)
Other Corporate Revenues	(175,028)	(197,804)	(22,776)	(13.0%)
TTC Fare Revenue	0	(30,000)	(30,000)	n/a
	(1,150,880)	(1,021,681)	129,199	11.2%
Total Corporate Accounts	37,596	249,391	211,795	563.3%

Summary

- The 2012 Operating Budget:
 - Major progress made towards fiscal sustainability
 - ✓ “One-time” pressures reduced from \$346 million to \$83 million
 - Limited Service Impacts
 - Modest Tax and TTC Fare Increases
 - Improved Capital Funding

Budget Review And Approval Timelines

2012 Budget Timelines



2012 Budget Timelines

- **Public Budget Launch – November 28**
 - CM / CFO present 2012 Staff Recommended Budget to Budget Committee
- **Budget Review Meetings – December 2, 5 and 6**
 - Deputy CM and Large Agency Presentations
 - Committee members request for additional information / Briefing Notes
- **Budget Committee Holds Public Meetings – December 7, 8**
 - Public Input
- **Budget Committee Wrap-up – Dec. 9, 13**
 - User Fee Report
 - Final Budget Decisions

2012 Budget Timelines

- **Budget Committee Final Review – January 9**
 - Corporate Capital and Operating Report
 - Core Service and Service Efficiency Study Update
 - Current Value Assessment Update
 - 2013 Outlook & Long Term Fiscal Plan Update
 - 2011 Q3 Variance Reports
- **Executive Committee Review – January 12**
 - Recommend Capital and Operating Budget to City Council
- **Council Review and Approval – January 17 – 19**

Budget Committee Review Schedule

- Friday, December 2, 2011

- Toronto Police Service & Police Services Board
- Parking Tag Enforcement and Operations
- Internal Services
 - Facilities Management and Real Estate
 - Sustainable Energy Plan
 - Union Station
 - Fleet Services
 - Information & Technology
 - Office of the Chief Financial Officer / Financial Services
 - Office of the Treasurer
- Other City Programs
 - City Manager's Office
 - City Clerk's Office
 - Legal Services
 - City Council
 - Mayor's Office
- Accountability Offices
 - Auditor General's Office
 - Office of the Integrity Commissioner
 - Office of the Lobbyist Registrar
 - Office of the Ombudsman

Budget Committee Review Schedule

- Monday, December 5, 2011

- Citizen Centred Services 'A'
 - Affordable Housing Office
 - Children's Services
 - Court Services
 - Economic Development and Culture
 - Emergency Medical Services
 - Long Term Care Homes Services
 - Parks, Forestry & Recreation
 - Shelter, Support & Housing Administration
 - Social Development, Finance & Administration
 - Toronto Employment & Social Services
 - 311 Toronto
- Agencies
 - Community Partnership and Investment Program
 - Toronto Public Health
 - Toronto Public Library
 - Association of Community Centres
 - Arena Boards of Management
 - Yonge-Dundas Square
 - Heritage Toronto

Budget Committee Review Schedule

- Tuesday, December 6, 2011

- Citizen Centred Services 'B'
 - City Planning
 - Waterfront Revitalization Initiative
 - Fire Services
 - Policy Planning, Finance & Administration / TEO
 - Municipal Licensing & Standards
 - Technical Services
 - Toronto Building
 - Transportation Services
- Agencies
 - Toronto Transit Commission
 - Toronto Zoo
 - Exhibition Place
 - Toronto and Region Conservation Authority
 - Theatres
 - Sony Centre
 - St. Lawrence Centre
 - Toronto Centre for the Arts
 - Toronto Atmospheric Fund

