

**2014 Interim Estimates**

<b>Date:</b>	October 16, 2013
<b>To:</b>	Executive Committee
<b>From:</b>	Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2013\Internal Services\Fp\Ec13025Fp (AFS # 18349 )

**SUMMARY**

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The 2014 Operating and Capital Budgets are scheduled to be approved by City Council in January 2014. The purpose of this report is to request Council's approval for the 2014 Interim Operating and Capital Estimates in order to enable City Programs and Agencies to carry out their ongoing (base) operations and to continue work on previously approved urgent capital projects during the period January 1 to March 31, 2014.

In accordance with the Financial Control By-Law, Interim Operating Estimates must be approved prior to January 1, 2014 to ensure that appropriate Council approval is granted to fund the continuance of the City's business during the period January 1 to March 31, 2014. The 2014 Interim Operating Estimates are \$2.780 billion gross; and requires cash outflow funding of \$2.385 billion. The 2014 Interim Capital Estimates total \$333.692 million gross and requires debenture financing of \$135.528 million.

**RECOMMENDATIONS**

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The Deputy City Manager and Chief Financial Officer recommends that City Council:

1. Approve the 2014 Interim Operating Estimates totalling \$2.780 billion as detailed by City Program and Agency in Appendix 1 attached.
2. Authorize the Deputy City Manager and Chief Financial Officer to make net disbursement of \$2.385 billion to tax and rate supported programs during the period January 1 to March 31, 2014, including cash transfer of \$422.595 million to Agencies as detailed in the attached Appendix 1.

3. Approve the 2014 Interim Capital Estimates totalling \$333.692 million in gross expenditures and debt financing of \$132.528 million as detailed by City Program and Agency in Appendix 2 attached.
4. Authorize and direct the appropriate City Officials to take the necessary action to give effect thereto.

### Financial Impact

As shown in Table 1, the 2014 Interim Operating Estimates total \$2.780 billion gross requiring estimated cash outflows of \$2.385 billion. Cash outflows for City Operations total \$1.270 billion; for Corporate Accounts \$336.396 million, and for Rate Supported Programs \$356.534 million. Most Agencies are only partially funded by the City. Transfers to City Agencies to make their cash payments during the period January 1 to March 31, 2014 total \$422.595 million. These include the Toronto Transit Commission (TTC) for which approximately 73% of expenditures are funded from its own receipts.

<b>Table 1</b>		
<b>City of Toronto</b>		
<b>2014 INTERIM OPERATING ESTIMATES</b>		
<b>For the Period Jan 1 to March 31, 2014</b>		
<b>(\$000's)</b>		
	<b>Gross</b>	<b>Cash Outflow</b>
Citizen Centred Services "A"	822,435.4	822,435.4
Citizen Centred Services "B"	289,069.8	289,069.8
Internal Services	114,356.4	114,356.4
City Manager	13,203.8	13,203.8
Other City Programs	30,439.6	30,439.6
<b>Total - City Operation</b>	<b>1,269,505.0</b>	<b>1,269,505.0</b>
Agencies	817,892.1	422,595.2
Corporate Accounts	336,395.9	336,395.9
<b>Total - Tax Supported Programs</b>	<b>2,423,793.0</b>	<b>2,028,496.0</b>
Rate Supported Programs	356,534.5	356,534.5
<b>Total</b>	<b>2,780,327.5</b>	<b>2,385,030.5</b>

The 2014 Interim Capital Estimates for previously approved capital projects for the three month period ending March 31, 2014 total \$333.692 million and requires debt funding of \$132.528 million as summarized in Table 2 below and detailed by City Program and Agency in Appendix 2. Interim Capital Estimates for City Operations total \$121.165 million gross and \$65.010 million debt; and \$212.527 million gross and \$67.518 million debt for City Agencies.

<b>Table 2</b> <b>City of Toronto</b> <b>2014 Interim Capital Estimates</b> <b>For the Period January 1 to March 31, 2014</b> <b>(\$000's)</b>		
	<b>Gross</b>	<b>Debt</b>
Citizen Centred Services "A"	14,042	4,140
Citizen Centred Services "B"	40,172	26,806
Internal Services	47,375	15,443
Other City Programs	19,576	18,621
<b>Total - City Operation</b>	<b>121,165</b>	<b>65,010</b>
Agencies	212,527	67,518
<b>Total - Tax Supported Programs</b>	<b>333,692</b>	<b>132,528</b>

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **ISSUE BACKGROUND**

The City of Toronto Act (CoTA), sub-section 228 (1) states that, "The City shall in each year adopt a budget including estimates of all sums required during the year "for the purpose of continuing its business. The Financial Control By-Law stipulates that, "Council shall, before the adoption of the final operating budget for a year, adopt an interim operating budget... prior to the 1<sup>st</sup> day of January of the year in which the operating budget will be adopted" (Toronto Municipal Code, Article II, sub-section 71-5).

## **COMMENTS**

### **2014 Interim Operating Estimates**

Traditionally, Operating Budgets are not approved prior to January 1 of a fiscal (budget) year. To ensure that adequate spending authority is in place during the period January 1 and the date on which the budget is adopted (and established in the City's financial system), City Council is required to approve Interim Operating Estimates in accordance with CoTA and the Financial Control By law, thereby, appropriating funds to ensure that services will continue to be provided without interruption.

The 2014 Operating Budget will be considered by City Council at its special meeting scheduled for January 29-30, 2014. In order to enable City Programs and Agencies to carry out base operations during the first part of the year, it is estimated that most City Programs and Agencies will require authority to spend no more than 25% of their 2013 Council Approved Gross Operating Budget. For Fire Services, Transportation Services, Fleet Services, Toronto Zoo, Yonge/Dundas Square, Toronto Region Conservation and Authority and for Corporate Accounts, the estimates have been adjusted to include full

funding authority for contract awards and commitments expected in this first quarter of 2014 which are excess of the 25% limit.

## **2014 Interim Capital Estimates**

City Council's approval of the 2014 Interim Capital Estimates is required in order to continue work on previously approved capital projects until the 2014 -2023 Capital Budget and Plan is approved and established in the City's financial system, and to ensure compliance with the CoTA and the City's Financial Control By-Law. This will enable staff to take full advantage of time-driven benefits, remove/mitigate health and safety risks and to proceed with capital activities on previously approved projects that must continue during the first three months of 2014.

Analysis indicates that capital spending and commitments during the first three months of each of the years 2009 to 2013, approximated 20% of the annual Council Approved Capital Budget. As such, the 2014 Interim Capital Estimates represent 20% of previously approved capital projects' cash flow commitments. For Emergency Medical Services, Park, Forestry & Recreation, City Planning, Fire Services, Fleet Services, City Clerk's Office, Pan Am Games, Radio Replacement Project, Toronto and Region Conservation Authority and Toronto Zoo the estimates have been adjusted to include contractual obligations and commitments in excess of 20%. It should be noted that no funding for *new projects* is included in the recommended 2014 Interim Capital Estimates.

## **CONTACT**

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## **SIGNATURE**

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Roberto Rossini  
Deputy City Manager and Chief Financial Officer

## **ATTACHMENTS**

Appendix 1 - 2014 Interim Operating Estimates  
Appendix 2 - 2014 Interim Capital Estimates

**CITY OF TORONTO**  
**2014 INTERIM OPERATING ESTIMATES**  
**For the Period Jan 1 to March 31, 2014**  
**(\$000's)**

Programs/Agencies	2013 Council	2013 Council	2014 Interim Budget	
	Approved Gross as at Sept 27	Approved Net as at Sept 27	Gross	Cash Out- Flow
<b>Citizen Centred Services "A"</b>				
Affordable Housing Office	2,682.1	1,194.9	670.5	670.5
Children's Services	402,335.5	76,716.5	100,583.9	100,583.9
Court Services	55,130.1	(13,783.2)	13,782.5	13,782.5
Economic Development, Culture and Tourism	63,430.7	45,401.9	15,857.7	15,857.7
Emergency Medical Services	181,367.4	68,575.5	45,341.9	45,341.9
Long Term Care Homes & Services	228,810.8	45,947.2	57,202.7	57,202.7
Parks, Forestry & Recreation	395,899.5	273,071.3	98,974.9	98,974.9
Shelter Support & Housing Administration	678,896.1	217,814.0	169,724.0	169,724.0
Social Development, Finance & Administration	34,797.1	28,513.3	8,699.3	8,699.3
Toronto Employment & Social Services	1,246,392.2	188,324.8	311,598.1	311,598.1
Sub-Total Citizen Centred Services "A"	3,289,741.7	931,776.2	822,435.4	822,435.4
<b>Citizen Centred Services "B"</b>				
City Planning	40,783.3	14,447.4	10,195.8	10,195.8
Fire Services*	375,730.7	361,378.7	112,719.2	112,719.2
Municipal Licensing & Standards	49,278.4	20,214.5	12,319.6	12,319.6
Policy, Planning, Finance & Administration	22,056.5	10,544.2	5,514.1	5,514.1
Engineering & Construction Services	70,552.7	7,604.2	17,638.2	17,638.2
Toronto Building	47,090.6	(11,031.3)	11,772.7	11,772.7
Transportation Services*	331,446.9	206,106.6	118,910.2	118,910.2
Sub-Total Citizen Centred Services "B"	936,939.2	609,264.3	289,069.8	289,069.8
<b>Internal Services</b>				
Office of the Chief Financial Officer	16,254.4	9,445.8	4,063.6	4,063.6
Office of the Treasurer	73,759.9	29,897.6	18,440.0	18,440.0
Facilities Management & Real Estate	184,458.9	63,046.4	46,114.7	46,114.7
Fleet Services*	47,265.8	164.8	14,316.4	14,316.4
Information & Technology	106,815.0	67,846.4	26,703.8	26,703.8
3-1-1 Project Management Office	18,871.5	10,360.0	4,717.9	4,717.9
Sub-Total Internal Services	447,425.5	180,761.0	114,356.4	114,356.4
<b>City Manager</b>				
City Manager's Office	52,815.2	44,810.8	13,203.8	13,203.8
Sub-Total City Manager	52,815.2	44,810.8	13,203.8	13,203.8
<b>Other City Programs</b>				
City Clerk's Office	47,259.2	31,039.1	11,814.8	11,814.8
Legal Services	45,430.9	19,353.1	11,357.7	11,357.7
Mayor's Office	1,971.3	1,971.3	492.8	492.8
City Council	19,987.4	19,957.4	4,996.9	4,996.9
Auditor General's Office	4,177.7	4,177.7	1,044.4	1,044.4
Office of the Integrity Commissioner	251.2	251.2	62.8	62.8
Office of the Lobbyist Registrar	1,087.3	1,087.3	271.8	271.8
Office of the Ombudsman	1,593.3	1,593.3	398.3	398.3
Sub-Total Other City Programs	121,758.4	79,430.5	30,439.6	30,439.6
<b>TOTAL - CITY OPERATION</b>	<b>4,848,680.0</b>	<b>1,846,042.8</b>	<b>1,269,505.0</b>	<b>1,269,505.0</b>

**CITY OF TORONTO**  
**2014 INTERIM OPERATING ESTIMATES**  
**For the Period Jan 1 to March 31, 2014**  
**(\$000's)**

<b>Programs/Agencies</b>	<b>2013 Council Approved Gross as at Sept 27</b>	<b>2013 Council Approved Net as at Sept 27</b>	<b>2014 Interim Budget Gross</b>	<b>Cash Out- Flow</b>
<b>Agencies</b>				
Toronto Public Health	243,687.7	50,420.0	60,921.9	12,605.0
Toronto Public Library	182,030.4	165,359.6	45,507.6	41,339.9
Association of Community Centers	7,434.9	7,004.1	1,858.7	1,751.0
Exhibition Place	43,650.7	(100.0)	10,912.7	0.0
Heritage Toronto	740.1	311.8	185.0	78.0
Theatres	23,609.1	4,329.1	5,902.3	1,082.3
Toronto Zoo*	54,102.9	11,648.3	13,525.7	4,000.0
Arena Boards of Management	7,300.7	(15.7)	1,825.2	0.0
Yonge/Dundas Square*	2,069.2	436.5	517.3	114.6
Toronto Region Conservation Authority*	38,356.0	3,289.6	9,726.5	1,964.5
Toronto Atmospheric Fund	2,218.0	0.0	554.5	0.0
Toronto Transit Commission	1,643,317.7	507,774.1	410,829.4	126,943.5
Toronto Police Service	1,019,725.3	928,589.7	254,931.3	232,147.4
Toronto Police Services Board	2,775.9	2,275.9	694.0	569.0
<b>SUB-TOTAL - AGENCIES</b>	<b>3,271,018.6</b>	<b>1,681,322.9</b>	<b>817,892.1</b>	<b>422,595.2</b>
<b>Corporate Accounts</b>				
Capital & Corporate Financing	655,019.5	617,297.8	163,754.9	163,754.9
<b>Non-Program Expenditures</b>				
- Tax Deficiencies/Write-offs	79,814.5	74,000.0	19,953.6	19,953.6
- Other Corporate Expenditures	78,192.0	66,729.4	19,548.0	19,548.0
- Assessment Function (MPAC)	39,820.0	39,820.0	9,955.0	9,955.0
- Parking Tag Enforcement & Oper.*	59,137.2	59,137.2	15,967.0	15,967.0
- Vacancy Rebate Program	22,000.0	22,000.0	5,500.0	5,500.0
- Street & Expressway Lighting Services	0.0	0.0	0.0	0.0
- Other	406,869.4	(693,454.7)	101,717.3	101,717.3
Non-Program Expenditures	685,833.1	(431,768.1)	172,641.0	172,641.0
<b>TOTAL - CORPORATE ACCOUNTS</b>	<b>1,340,852.5</b>	<b>185,529.7</b>	<b>336,395.9</b>	<b>336,395.9</b>
<b>TOTAL - TAX SUPPORTED PROGRAMS</b>	<b>9,460,551.1</b>	<b>3,712,895.4</b>	<b>2,423,793.0</b>	<b>2,028,496.0</b>
<b>Rate Supported Programs</b>				
Solid Waste Management Services	349,942.7	0.0	87,485.7	87,485.7
Parking Authority	135,398.0	0.0	33,849.5	33,849.5
Toronto Water	940,797.2	0.0	235,199.3	235,199.3
<b>TOTAL - RATE SUPPORTED PROGRAMS</b>	<b>1,426,137.9</b>	<b>0.0</b>	<b>356,534.5</b>	<b>356,534.5</b>
<b>TOTAL - TAX &amp; RATE SUPPORTED OPERATIONS</b>	<b>10,886,689.0</b>	<b>3,712,895.4</b>	<b>2,780,327.5</b>	<b>2,385,030.5</b>

\* Interim Budget based on contractual commitments for ongoing/existing operations



**Appendix 2**

**City of Toronto**  
**2014 Interim Capital Estimates**  
**For the Period January 1 to March 31, 2014**  
 (\$000's)

City Programs/Agencies	Recommended Interim Estimates	
	Gross	Debt
<b>Citizen Centred Services "A"</b>		
Children's Services	90	90
Court Services	22	0
Economic Development and Culture	3,461	1,367
Emergency Medical Services*	200	0
Long Term Care Homes Services	4,050	2,248
Parks, Forestry & Recreation*	6,000	435
Shelter, Support & Housing Administration	0	0
Toronto Employment & Social Services	220	0
<b>Sub-Total - Citizen Centred A</b>	<b>14,042</b>	<b>4,140</b>
<b>Citizen Centred Services "B"</b>		
City Planning*	572	220
Fire Services*	4,200	3,439
Transportation Services	20,258	12,748
Waterfront Revitalization Initiative	15,142	10,399
<b>Sub-Total - Citizen Centred B</b>	<b>40,172</b>	<b>26,806</b>
<b>Internal Services</b>		
311 Toronto	479	479
Facilities Management and Real Estate	29,885	9,365
Financial Services	3,641	3,552
Fleet Services*	8,597	0
Information & Technology	4,773	2,046
<b>Sub-Total - Internal Services</b>	<b>47,375</b>	<b>15,443</b>
<b>Other City Programs</b>		
City Clerk's Office*	1,398	593
Pan Am Games*	8,481	8,481
Radio Replacement Project*	9,547	9,547
Sustainable Energy Plan	150	0
<b>Sub-Total - Other City Programs</b>	<b>19,576</b>	<b>18,621</b>
<b>Total - City Operation</b>	<b>121,165</b>	<b>65,010</b>
<b>Agencies</b>		
Exhibition Place	760	260
GO Transit	0	0
Toronto & Region Conservation Authority*	2,794	600
Toronto Police Service	1,902	1,582
Toronto Public Health	607	462
Toronto Public Library	4,472	2,079
Toronto Zoo*	1,000	1,000
Toronto Transit Commission (inc. Spadina)	200,993	61,535
<b>Sub-Total - Agencies</b>	<b>212,527</b>	<b>67,518</b>
<b>Total - Tax Supported Programs</b>	<b>333,692</b>	<b>132,528</b>

\*Interim Budget based on contractual commitments for ongoing/existing projects