



# Toronto 2016 BUDGET

## OPERATING BUDGET NOTES



## Legal Services

### 2016 OPERATING BUDGET OVERVIEW

Legal Services provides the highest quality of legal services to the City of Toronto and functions as a strategic resource for Council, City Divisions and Agencies. Legal Services responds to the increasing demand by the City for legal services and promotes risk management and various mitigation strategies.

### 2016 Budget Highlights

The total cost to deliver these services to Toronto residents is \$50.229 million gross and \$19.797 million net as shown below.

(in \$000's)	2015 Approved Budget	2016 Budget	Change	
			\$	%
Gross Expenditures	49,567.9	50,229.3	661.5	1.3%
Gross Revenues	29,261.2	30,432.3	1,171.1	4.0%
<b>Net Expenditures</b>	<b>20,306.7</b>	<b>19,797.0</b>	<b>(509.6)</b>	<b>(2.5%)</b>

The 2016 Preliminary Operating Budget for Legal Services provides \$0.355 million to fund pressures arising from inflationary and payroll increases for staff. Through cost recoveries from internal client Programs, Legal Services was able to offset the pressure, resulting in a decrease of \$0.509 million or 2.5% lower than 2015 funding levels.

[toronto.ca/budget2016](http://toronto.ca/budget2016)

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## Contacts

### Program:

**Anna Kinastowski**  
City Solicitor  
Tel: (416) 392-0080  
E-mail: [akinasto@toronto.ca](mailto:akinasto@toronto.ca)

### Corporate:

**Ritu Sadana**  
Manager, Financial Planning  
Tel: (416) 395-6449  
E-Mail: [rsadana@toronto.ca](mailto:rsadana@toronto.ca)

**Fast Facts**

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- 90% of cases resolved after prosecutor action through early resolution
- Over 200 OMB hearings assigned and attended
- 98% of employment law matters referred to Legal Services are handled by in-house counsel
- Approximately 35,000 hours spent on drafting opinions/contracts/agreements
- Approximately 90,000 hours spent on reviewing contracts/agreements and other legal documents

**Trends**

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- Approximately 20% of staff is eligible to retire over the next 5 years. As part of succession planning and strategy to reduce salary and benefit costs, Legal Services recruits junior lawyers, where feasible, to replace senior lawyers.
- Increasing complexity in Prosecution cases is resulting in increasing costs as cases require more investigation, court time, staff resources, and research materials.

**Our Service Deliverables for 2016**

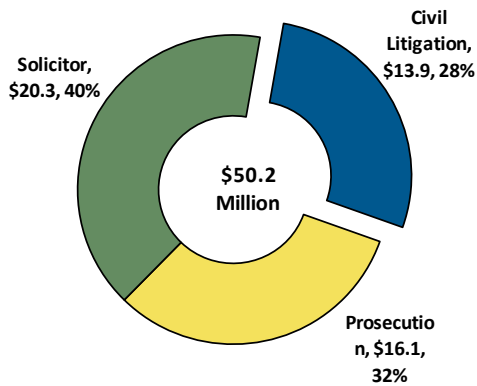
Legal Services is responsible for the provision of legal services and the promotion of risk management and mitigation strategies to the City. The 2016 Preliminary Operating Budget will provide funding to:

- Attend Committee/Community Councils and City Council meetings.
- Continue working with Finance and Risk Management Division to increase claims work capacity.
- Maximize court room trial time by rebalancing caseloads.
- Continue successful implementation of the early resolution process.
- Educate clients in the various practice areas to minimize City liabilities.
- Educate clients in enforcement divisions in proper court process and procedures
- Prosecute a wide range of City by-laws and Provincial statute violations, including:
  - Sewer pollution, tree destruction, parking offences, Fire Code and Building violations, and zoning.
  - Inspector training and agreement negotiations relating to provincial offences.
- Represent and defend the City at all levels of courts and tribunals which include the Ontario Municipal Board, the Alcohol and Gaming Commission, the Labour Relations Board, the Human Rights Tribunal, the Workplace Safety and the Insurance Appeals Tribunal.

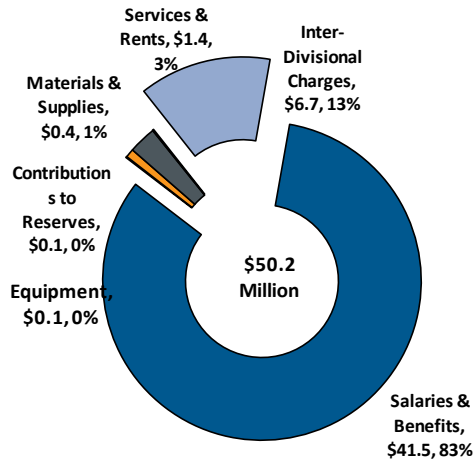
2016 Operating Budget Expenses & Funding

Where the money goes:

2016 Budget by Service

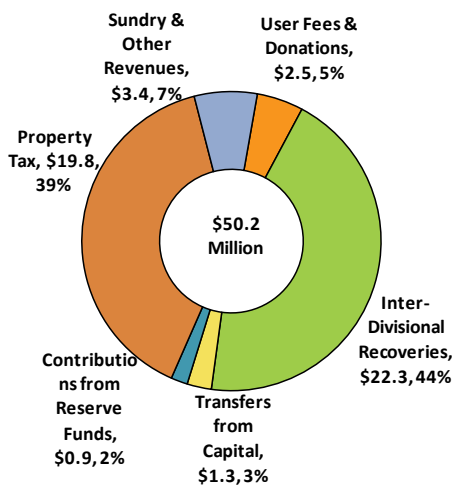


2016 Budget by Expenditure Category



Where the money comes from:

2016 Budget by Funding Source



Our Key Issues & Priority Actions

- **Opportunities for savings or benefits to the City** through changes to Federal/Provincial Legislation
  - ✓ Continue to review relevant legislation to identify opportunities for cost savings as well as avenues for additional revenues to the City.
- **Manage increased service demands** due to increasing complexity and duration without additional resources.
  - ✓ Continue to monitor and efficiently schedule staff resources.
  - ✓ Continue succession planning to maintain core body of knowledge and staffing.
- **Increasing numbers and complexity of Ontario Municipal Board hearings** is straining resources and resulting in delays in processing development agreements.
  - ✓ As resources in Legal Services are already stretched, additional resources are important in order to provide this legal work and maintain service levels based on Council direction.

2016 Operating Budget Highlights

- The 2016 Preliminary Operating Budget for Legal Services of \$50.2 million in gross expenditures provides funding for three services:
  - ✓ Civil Litigation
  - ✓ Prosecutions
  - ✓ Solicitors.
- The Program has exceeded the budget target of a 1% decrease from the 2015 Approved Budget through measures taken based on the following criteria:
  - ✓ Stable revenue adjustments to inter-divisional recoveries from Toronto Building and others for increased services; and
  - ✓ Target exceeded without impacting Council approved Service Levels.
  - ✓ Additional resources are included to provide enhanced legal services related to claim works, real estate transactions for affordable housing developments, and prosecution for Municipal Licensing & Standards.

**Actions for Consideration:**

Approval of the 2016 Preliminary Budget as presented in these notes requires that:

1. City Council approve the 2016 Preliminary Operating Budget for Legal Services of \$50.229 million gross, \$19,797 million net for the following services:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Civil Litigation	13,885.3	7,793.4
Prosecution	16,058.5	2,215.8
Solicitor	20,285.5	9,787.8
Total Program Budget	<u>50,229.3</u>	<u>19,797.0</u>

2. City Council approve the 2016 service levels for Legal Services as outlined on page 7 of this report, and associated staff complement of 305.4 positions.
3. City Council direct the City Solicitor to develop service levels for each service and performance measures for each service and activity in time for the 2017 Budget process.

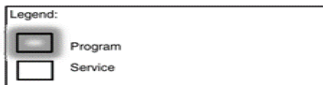
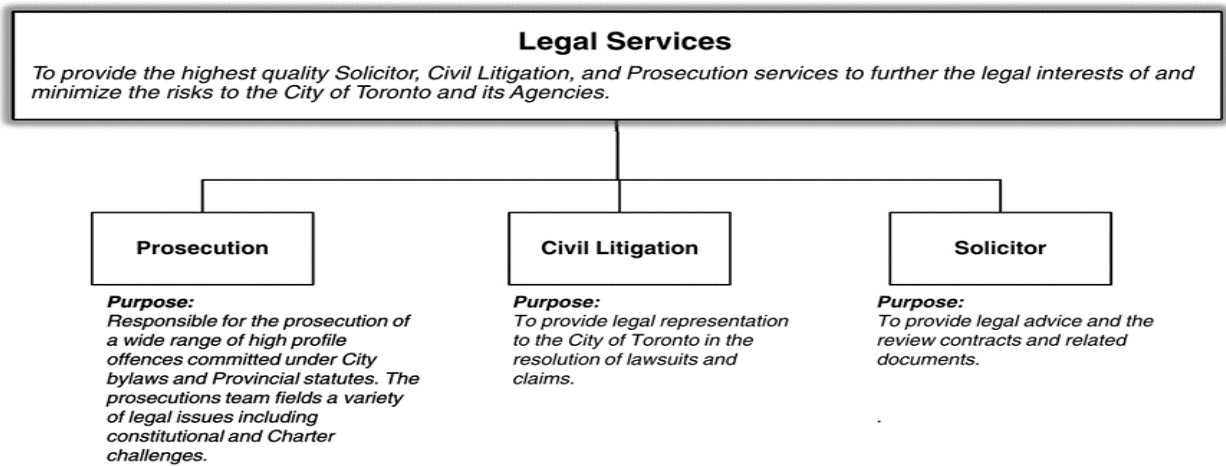


## **Part I:**

2016 – 2018

Service Overview and  
Plan

# Program Map



Service Customer

**Solicitor**

- Mayor and City Council
- City Divisions
- Agencies

**Civil Litigation**

- Mayor and City Council
- City Divisions
- Agencies

**Prosecution**

- Mayor and City Council
- City Divisions
- Agencies
- Municipal Bylaw offender
- Provincial Statute offender

**Table 1**  
**2016 Preliminary Operating Budget and Plan by Service**

(In \$000s)	2015		2016 Operating Budget				Incremental Change 2017 and 2018 Plan				
	Approved Budget	Projected Actual	2016		2016 Budget	2016 vs. 2015 Budget		2017		2018	
			2016 Base	New/Enhanced		Approved Changes	%	\$	%	\$	%
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>Civil Litigation</b>											
Gross Expenditures	13,533.3	12,433.6	13,556.3	329.0	13,885.3	352.0	2.6%	(0.6)	(0.0%)	97.7	0.7%
Revenue	5,578.6	4,704.0	5,762.9	329.0	6,091.9	513.3	9.2%	0.9	0.0%	1.0	0.0%
<b>Net Expenditures</b>	<b>7,954.7</b>	<b>7,729.6</b>	<b>7,793.4</b>	<b>-</b>	<b>7,793.4</b>	<b>(161.3)</b>	<b>(2.0%)</b>	<b>(1.6)</b>	<b>(0.0%)</b>	<b>96.6</b>	<b>1.2%</b>
<b>Prosecution</b>											
Gross Expenditures	16,167.4	14,853.7	15,860.8	197.7	16,058.5	(108.9)	(0.7%)	12.6	0.1%	73.8	0.5%
Revenue	13,758.1	11,601.1	13,645.0	197.7	13,842.7	84.5	0.6%				
<b>Net Expenditures</b>	<b>2,409.3</b>	<b>3,252.6</b>	<b>2,215.7</b>	<b>-</b>	<b>2,215.7</b>	<b>(193.5)</b>	<b>(8.0%)</b>	<b>12.6</b>	<b>0.6%</b>	<b>73.8</b>	<b>3.3%</b>
<b>Solicitor</b>											
Gross Expenditures	19,867.2	18,252.8	20,125.5	160.0	20,285.5	418.3	2.1%	7.4	0.0%	150.8	0.7%
Revenue	9,924.5	8,368.5	10,337.7	160.0	10,497.7	573.2	5.8%	0.5	0.0%	0.5	0.0%
<b>Net Expenditures</b>	<b>9,942.7</b>	<b>9,884.3</b>	<b>9,787.8</b>	<b>(0.0)</b>	<b>9,787.8</b>	<b>(154.9)</b>	<b>(1.6%)</b>	<b>7.0</b>	<b>0.1%</b>	<b>150.3</b>	<b>1.5%</b>
<b>Total</b>											
Gross Expenditures	49,567.9	45,540.0	49,542.6	686.7	50,229.3	661.5	1.3%	19.5	0.0%	322.3	0.6%
Revenue	29,261.2	24,673.6	29,745.6	686.7	30,432.3	1,171.1	4.0%	1.4	0.0%	1.5	0.0%
<b>Total Net Expenditures</b>	<b>20,306.7</b>	<b>20,866.4</b>	<b>19,797.0</b>	<b>(0.0)</b>	<b>19,797.0</b>	<b>(509.6)</b>	<b>(2.5%)</b>	<b>18.1</b>	<b>0.1%</b>	<b>320.8</b>	<b>1.6%</b>
<b>Approved Positions</b>	<b>301.4</b>	<b>299.4</b>	<b>301.4</b>	<b>4.0</b>	<b>305.4</b>	<b>4.0</b>	<b>1.3%</b>				

The Legal Services’ 2016 Preliminary Operating Budget is \$50.229 million gross and \$19.797 million net, representing a 2.5% decrease to the 2015 Approved Net Operating Budget exceeds the reduction target of -1% as set out in the 2016 Operating Budget Directions and Guidelines.

- Base pressures are mainly attributable to known salary and benefit adjustments such as STEP and progression pay as Legal Services’ budget is 83% salary based.
- To mitigate the above pressures, the Program was able to reduce its salary and benefit budget by filling senior vacant positions with junior lawyers based on actual experience and increase recoveries from Toronto Building for additional legal support.
- New and enhanced services include 4 additional staff to meet client Programs increasing demand for legal services with respect to insurance claim support, MLS prosecutions and affordable housing agreement. These staff costs will be recovered from client Programs through provincial funds, insurance reserve fund, and MLS’s Operating Budget.
- Approval of the 2016 Preliminary Operating Budget will result in Legal Services increasing its total staff complement by 4 positions from 301.4 to 305.4.
- The 2017 and 2018 Plan increases are attributable to known salary and benefits increases.

**Table 2**  
**Key Cost Drivers**

(In \$000s)	2016 Operating Budget						2016 Base Budget	
	Civil Litigation		Prosecution		Solicitor		Total	
	\$	Position	\$	Position	\$	Position	\$	Position
<b>Salary and Benefit Changes</b>								
Progression Pay, STEP and benefits	23.0		62.4		269.7		355.1	
<b>Other Base Changes</b>								
Library Increases					34.7		34.7	
Management Consulting and Furniture (zero-based)					(46.0)		(46.0)	
<b>Total Gross Expenditure Changes</b>	<b>23.0</b>		<b>62.4</b>		<b>258.4</b>		<b>343.8</b>	
<b>Revenue Changes</b>								
IDC/IDR	215.7		(255.9)		249.8		209.6	
IT Position funded from Capital					(201.2)		(201.2)	
Toronto Water position funded from Capital					(160.0)		(160.0)	
Metrolinx & TYSSE positions					(22.8)		(22.8)	
Exhibition Place Position					(279.0)		(279.0)	
Toronto Building Revenue	(400.0)						(400.0)	
<b>Total Revenue Changes</b>	<b>(184.3)</b>		<b>(255.9)</b>		<b>(413.2)</b>		<b>(853.4)</b>	
<b>Net Expenditure Changes</b>	<b>(161.3)</b>		<b>(193.5)</b>		<b>(154.8)</b>		<b>(509.6)</b>	

Key cost drivers for Legal Services are discussed below:

- **Salary and Benefit Costs:**
  - The primary cost driver for Legal Services is salaries and benefits including progression pay and associated benefits common across all services that total \$0.355 million. Cost of living allowance is not included as it is subject to collective bargaining.
- **Other Base Changes:**
  - An increase in the budget of \$0.035 million for legal books, magazine and publication subscriptions is necessary to provide lawyers with the most up-to-date resources required to do their work and the ability to do research to respond to increasing complexity in cases.
- **Revenue Changes:**
  - Recovery will increase from Toronto Water and I&T Capital Budgets to fully cover costs for Solicitors who review and draft IT contracts and agreements and provide legal support for water infrastructure capital projects respectively.
  - Legal Services will be providing increased level of services for the City's Agencies (i.e. Exhibition Place) and third parties (i.e. Metrolinx), resulting in a recovery from Exhibition Place for a lawyer at full salary and the annualized costs for 3 temporary positions (Senior Solicitor, Law Clerk and Conveyancer) with real estate specialty added during the 2015 Budget process from Metrolinx to address the growing demand for the Toronto York Spadina Subway Extension.
  - The Solicitor Service's inter-divisional recovery from Toronto Building has been adjusted to reflect current level of legal support being provided to the Program.



**Table 4**  
**2016 Total Preliminary New & Enhanced Service Priorities**

Description (\$000s)	New and Enhanced						Total Service Changes			Incremental Change			
	Civil Litigation		Prosecution		Solicitor		\$		Position	2017 Plan		2018 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	#	Net	Pos.	Net	Pos.
<b>Enhanced Services Priorities</b>													
Add 2 Solicitor positions for claims work	329.0						329.0		2.0				
Add 1 Prosecution Lawyer for MLS special projects			197.7				197.7		1.0				
Add 1 Solicitor for Affordable Housing					160.0		160.0		1.0				
<b>Total</b>	<b>329.0</b>		<b>197.7</b>		<b>160.0</b>		<b>686.7</b>		<b>4.0</b>				

**Enhanced Service Priorities (\$0.687 million gross & \$0 net)**

*Increase Legal Insurance Claims Support*

- In order to be more cost efficient, the Civil Litigation service is increasing its complement of 2 permanent Solicitor positions for claims work fully funded by the Insurance Reserve. The purpose is to reduce the outsourcing as it is more economical than relying on a private law firm to do the work. This is the final phase of a 3-year plan to continue increasing internal resources to handle insurance claims related work.

*Increase in Demand from Client Divisions*

- The addition of 1 temporary Solicitor position for Affordable Housing is included to review real estate transactions for affordable housing developments. This position is fully funded by the client Program through grants.
- The addition of 1 permanent Solicitor position for Municipal Licensing & Standards (MLS) is included in the Prosecution service, funded by MLS, for special projects.

Approval of the 2016 Preliminary Budget for Legal Services will result in a 2017 incremental net cost of \$0.018 million and a 2018 incremental net cost of \$0.321 million to maintain the 2016 service levels, as discussed in the following section:

**Table 5**  
**2017 and 2018 Plan by Program**

Description (\$000s)	2017 - Incremental Increase					2018 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
<b>Known Impacts:</b>										
Progression Pay, STEP and benefits	18.1		18.1			320.8		320.8		
<b>New/Enhanced</b>										
Add 2 Solicitor positions for claims work	0.9	0.9				1.0	1.0			
Add 1 Prosecution Lawyer for MLS special projects	0.6	0.6				0.7	0.7			
Add 1 Solicitor for Affordable Housing	0.5	0.5				0.5	0.5			
<b>Total Incremental Impact</b>	<b>20.1</b>	<b>2.0</b>	<b>18.1</b>	<b>0.1%</b>		<b>323.0</b>	<b>2.2</b>	<b>320.8</b>	<b>1.6%</b>	

- Future year incremental costs are primarily attributable to known salary and benefit adjustments. These estimates do not include provision for COLA which is subject to continuing negotiations.



## **Part III:**

Issues for Discussion

## Issues for Discussion

### Issues Impacting Future Years

#### *Opportunities for Savings or Benefits to the City through changes to Federal/Provincial Legislation*

- A report entitled "*Five-Year Review of the City of Toronto Act, 2006*", prepared by the City Manager, was presented to City Council at its meeting of September 30, 2015 identifying amendments required to the City of Toronto Act (CoTA) from the City's perspective. Some amendments have the potential to generate cost savings or revenue and some of the amendments enable the City to implement an authority that may have impacts on the operating budget in future years. Any operating impacts will be included in future reports to City Council related to implementing any new authority or expanding an existing authority where required. Please refer to the link for the report: <http://www.toronto.ca/legdocs/mmis/2015/ex/bgrd/backgroundfile-83510.pdf>
- Through the CoTA 5-year review, areas of improvement have been identified which are governed or regulated under non-CoTA legislation. Legal Services provides City Divisions, Agencies and Council with advice relating to various Federal and Provincial legislation and its impact on City operations and liabilities. During the 2016 Budget process, Legal Services identified opportunities for cost savings as well as avenues for additional revenues to the City through potential changes in Federal and Provincial legislation or regulatory amendments as follows:

#### **Cost Savings Opportunities:**

##### *Land Transfer Tax Act*

- This Provincial legislation requires payment to the Province, known as Land Transfer Tax, in certain real property transactions. It would be a cost-savings to the City of Toronto to be exempted from the payment of this tax in the same way that the Province itself and its Crown agencies are exempt. The amount of the cost-savings would depend on the value of the transactions in any particular year but in 2014, for instance, the City would have saved approximately \$275,000. Amending the Land Transfer Tax Act would result in a revenue reduction to the Province.

##### *Negligence Act/Various Statutes*

- Amendments to the Negligence Act by eliminating joint and several liability from applying for claims against municipalities would allow the City to more effectively defend against claims. These amendments include potential elimination of claims relating to the performance of building inspections and changing legislation to shift liability for un-cleared sidewalks from the City to the owners/occupants of adjacent property where those persons are required by by-law to clear their sidewalks. This will significantly reduce the number of claims which the City is required to defend requiring fewer resources and will result in lower settlements. These proposed amendments would result in no financial impact to the Province.

*Expropriations Act*

- There are a number of amendments to the Expropriations Act which would result in cost savings to the City and would not have any financial impact on the Province:
  1. Section 1(1) – Could be amended to remove tenants listed on the last revised roll from the definition of “registered owner” as rolls are out of date and the City must therefore spend money and staff time sending out documents by registered mail which are ultimately returned because the tenants are no longer in occupation.
  2. Section 25 – Could be amended to eliminate the requirement to pay 6% interest on unclaimed compensation amounts of the Act where the owner has not responded to the statutory offer.
  3. Section 32 - Could be amended to institute a legal fees tariff structure for expropriations as these costs must be paid by the City and therefore there is no incentive for owners' lawyers to minimize fees, which can sometimes exceed the cost of the compensation paid for the interest in land. It should also expressly provide that the owner cannot claim HST on legal and other costs unless it can provide proof that it is not registered under the Excise Tax Act and is not already entitled to recover this amount through input tax credits.
  4. Section 38 - Could be amended to provide that the amount of the City's offer can be paid into court pending final determination to prevent continuing accrual of interest on the entire amount.
  5. Section 39(2) - Could be amended to expressly state that the owner continues to be responsible for realty taxes until the possession date and should provide that the authority can deduct these and any outstanding utility costs which are capable of forming a lien on the land from the compensation owing. Otherwise, owners will hold the City responsible for these costs for a period of 3 months or more during which the authority has taken ownership of the property but is not yet entitled to possession.

*Construction Lien Act*

- Amendments to the Construction Lien Act would eliminate requirement to register liens against City land in general. This is currently not required for public highway lands. This is the case for Provincially-owned land and would eliminate the need for title searches as liens would be perfected through written notice rather than registration. There would be no financial impact on the Province.

*Excise Tax Act*

- Amendments to the Excise Tax Act would help differentiate between voluntary transactions and expropriations where the City is compelling the transfer of the land. Statute should establish a simple protocol by which expropriating authorities could reliably determine their HST-payment obligations and thus, correctly and confidently discharge those obligations. This would eliminate the problems where an owner refuses to disclose relevant information to the City to allow for the proper determination of the HST obligation.

**Additional Revenues:***City of Toronto Act/Telecommunications Act/Utilities Acts*

- Amendments to various Federal and Provincial statutes would enable the City to establish an annual franchise fee for the operation of gas, electricity or telecommunications networks within the City. There would be no financial impact on the other levels of Government.

*Planning Act*

- Amendments to the Planning Act would allow the City of Toronto to recover appeal costs through development applications and Committee of Adjustment fees. There would be no financial impact on the Province.

**Service Improvements:***Real Property Limitations Act*

- Revise the Act to preclude claims for prescriptive easements or adverse possession against municipalities, thereby reducing the loss of lands available for City operations. This change would have no financial impact on the governing body
- Recognizing the City's fiscal constraints and ability to meet its financial objectives, it is imperative for the City to consider a range of financial tools in order to meet its objectives and ensures financial sustainability over the longer term. Consistent with the permissive nature of the legislation, it is at City Council's discretion to determine the implementation of appropriate cost saving measures or revenue tools which may require amendments to Federal/Provincial legislations or regulations.
- It is therefore recommended that City Council request the City Manager's Office to explore the legislation change opportunities, as noted above, and coordinate a review, in consultation with Legal Services, on non-City of Toronto Act legislative reform and requests of other governments, as input in time for the 2017 Budget process.

***Service Levels and Performance Measures for Legal Services***

- The City of Toronto is implementing service levels and performance measurements as part of the approved multi-year service-based planning and budgeting process. All City Programs and Agencies are required to submit service levels and performance targets for each service and activity during the budget submission.
- During 2015 Budget process, City Council requested the City Solicitor to develop service levels for each service and performance measures for each service and activity in time for the 2016 Budget process. In the 2016 Budget submission, however, Legal Services has not yet established service levels and performance measurements for each service and activity.

- Therefore, it is recommended that City Council request the City Solicitor to continue the development of service levels for each service and performance measures for each service and activity in time for the 2017 Budget submission.

**Issues Referred to the 2016 Operating Budget Process**

***New/Enhanced Priorities***

- The following new and enhanced initiative requires an additional 1.0 new permanent Solicitor position to provide support for the Planning and Administrative Tribunal Law Practice Group to attend the increasing number of Ontario Municipal Board and Liquor Licensing hearings which have increased in complexity and duration.
- As resources in Legal Services are already stretched, the addition of this new permanent Solicitor position is important in order to provide this legal work and maintain service levels. Without this addition, the processing of development agreements will be delayed as lawyers must focus on hearing dates as a priority.

New / Enhanced Service Description (\$000s)	2016 Impact				Net Incremental Impact			
	Gross	Revenue	Net	Positions	2017 Plan		2018 Plan	
					Net	Positions	Net	Positions
<i>Not Included</i>								
1 Solicitor for Planning and Tribunal	129.0		129.0	1.0				
<b>Total New/Enhanced Services (Not Included)</b>	<b>129.0</b>		<b>129.0</b>	<b>1.0</b>				

- The above listed initiative is not included in the 2016 Preliminary Budget for Legal Services, however, it is included for Council's consideration as part of the list of New/Enhanced requests referred to the Budget process to be distributed for Budget Committee's consideration in the 2016 budget process.



# Appendices

## Appendix 1

### 2015 Service Performance

#### 2015 Key Service Accomplishments

In 2015, Legal Services accomplished the following:

##### Prosecutions

- ✓ Succeeded in establishing Fixed Fines for parking offences as determined by Council and confirmed by the appellate court
- ✓ Secured significant fines in relation to Fire Code charges
- ✓ Undertook major training of various enforcement staff with regards to By-Law enforcement and procedures
- ✓ Working on establishing a case management system with MLS

##### Civil Litigation

- ✓ Provided strategic legal advice and support on appeals of Harmonized Zoning By-Law
- ✓ Provided strategic legal advice and support for Taxi/Uber review including challenge of reforms and injunction application
- ✓ Integrated new Practice Leads structure with the retirement of a director
- ✓ Successfully resolved Toronto Port Authority PILTS
- ✓ Provided legal representation to the Toronto Police Services Board on several complex Coroner's inquests

##### Solicitor Services

- ✓ Provided strategic legal advice to Pan Am and Parapan Am Games
- ✓ Provided strategic legal advice on Gardiner Expressway options
- ✓ Provided strategic legal advice regarding Transit Expansion projects such as:
  - Eglinton Crosstown LRT
  - TYSSE
  - UP Express
- ✓ Provided strategic legal advice for Union Station Revitalization Project
- ✓ Provided strategic legal advice on issues arising from 2014 election including compliance audits
- ✓ Provided strategic legal advice regarding City of Toronto Act review



## Appendix 2

## 2016 Preliminary Operating Budget by Expenditure Category

## Program Summary by Expenditure Category

Category of Expense (\$000's)	2013	2014	2015	2015	2016	2016 Change from		Plan	
	Actual	Actual	Budget	Projected	Budget	2015 Approved		2017	2018
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	35,785.5	36,673.5	40,463.7	22,968.8	41,505.5	1,041.8	2.6%	41,524.9	41,847.2
Materials and Supplies	438.5	342.4	407.3	209.7	442.0	34.7	8.5%	442.0	442.0
Equipment	18.3	29.1	109.6	37.3	63.6	(46.0)	(42.0%)	63.6	63.6
Services & Rents	1,330.4	2,076.4	1,410.6	2,326.7	1,410.6			1,410.6	1,410.6
Contributions to Capital									
Contributions to Reserve/Res Funds	58.9	58.9	69.5	69.5	69.5			69.5	69.5
Other Expenditures	0.1	0.1		0.1					
Interdivisional Charges	8,531.2	5,679.7	7,107.2	2,593.6	6,738.2	(369.0)	(5.2%)	6,738.2	6,738.2
<b>Total Gross Expenditures</b>	<b>46,162.9</b>	<b>44,860.1</b>	<b>49,567.9</b>	<b>28,205.6</b>	<b>50,229.3</b>	<b>661.5</b>	<b>1.3%</b>	<b>50,248.8</b>	<b>50,571.1</b>
Interdivisional Recoveries	22,236.8	19,414.4	22,162.5	7,300.6	22,270.6	108.1	0.5%	22,272.0	22,273.5
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations	2,680.1	2,209.2	2,529.6	1,130.1	2,529.6	0.0	0.0%	2,529.6	2,529.6
Transfers from Capital Fund	673.1	655.5	1,162.6	221.3	1,322.6	160.0	13.8%	1,322.6	1,322.6
Contribution from Reserve/Reserve Funds	143.7	300.0	300.0	66.1	901.2	601.2	200.4%	901.2	901.2
Sundry Revenues	2,274.6	2,453.1	3,106.6	1,241.6	3,408.3	301.8	9.7%	3,408.3	3,408.3
<b>Total Revenues</b>	<b>28,008.4</b>	<b>25,032.1</b>	<b>29,261.2</b>	<b>9,959.8</b>	<b>30,432.3</b>	<b>1,171.1</b>	<b>4.0%</b>	<b>30,433.7</b>	<b>30,435.2</b>
<b>Total Net Expenditures</b>	<b>18,154.6</b>	<b>19,828.0</b>	<b>20,306.7</b>	<b>18,245.8</b>	<b>19,797.0</b>	<b>(509.6)</b>	<b>(2.5%)</b>	<b>19,815.1</b>	<b>20,135.8</b>
<b>Approved Positions</b>	<b>282.0</b>	<b>297.0</b>	<b>301.4</b>	<b>284.4</b>	<b>305.4</b>	<b>4.0</b>	<b>1.3%</b>	<b>305.4</b>	<b>305.4</b>

\* Based on the 9-month Operating Variance Report

For additional information regarding the 2015 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "Operating Variance Report for the Nine-Month Period Ended September 30, 2015" approved by City Council at its meeting on December 9, 2015.

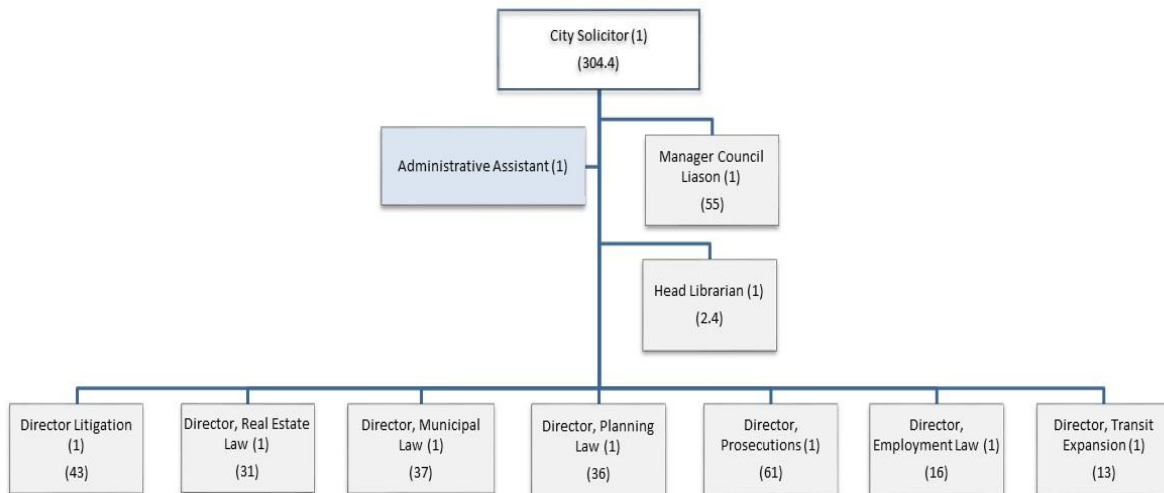
<http://www.toronto.ca/legdocs/mmis/2015/ex/bqrd/backgroundfile-85887.pdf>

## Impact of 2015 Operating Variance on the 2016 Preliminary Operating Budget

- There is no impact to the 2016 Preliminary Operating Budget as all vacancies will be filled by the end of 2015.

### Appendix 3

#### 2016 Organization Chart



#### 2016 Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	7.0	15.0	134.0	126.4	282.4
Temporary	1.0		15.0	7.0	23.0
<b>Total</b>	<b>8.0</b>	<b>15.0</b>	<b>149.0</b>	<b>133.4</b>	<b>305.4</b>

## **Appendix 5**

### **Summary of 2016 New / Enhanced Service Priorities**

## 2016 Operating Budget - Preliminary New and Enhanced Services Summary by Service (\$000's)

Form ID		Other City Programs  Program - Legal Services	Adjustments				2017 Plan Net Change	2018 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
6633		Add 2 Solicitor positions for claims work						
72	0	<b>Description:</b>						
<p>To add 2 Solicitor 3 positions in order to reduce the outsourcing of insurance claims related work to external law firms by bringing the work in-house. Savings will be realized as hiring internal resources is more cost efficient and reduces the draw from the Insurance Reserve if the work is done internally instead of through a private law firm. Savings will be appropriately captured in the Non-Program Expenditure Budget through reduction in contributions to the Insurance Reserve. The 2 positions being added will be funded through the Insurance Reserve.</p>								
<b>Service Level Impact:</b>								
Increases capacity to process more claims in-house.								
<b>Service:</b> Civil Litigation								
		Preliminary New / Enhanced Services	329.0	329.0	0.0	2.00	(0.0)	0.0
		<b>Total Preliminary New/Enhanced Services:</b>	<b>329.0</b>	<b>329.0</b>	<b>0.0</b>	<b>2.00</b>	<b>(0.0)</b>	<b>0.0</b>
7289		Add 1 Solicitor for Affordable Housing						
72	0	<b>Description:</b>						
<p>Addition of a Solicitor position is recommended to assist with litigation and solicitor work for the Affordable Housing Division. The position will review and draft agreements pertaining to contracts for Affordable Housing projects, to ensure vendors meet requirements and projects complete. The position will be funded by Affordable Housing Division through grants.</p>								
<b>Service Level Impact:</b>								
Increase the capacity to complete contracts and leases for the Affordable Housing Division.								
<b>Service:</b> Solicitor								
		Preliminary New / Enhanced Services	160.0	160.0	(0.0)	1.00	(0.0)	0.0
		<b>Total Preliminary New/Enhanced Services:</b>	<b>160.0</b>	<b>160.0</b>	<b>(0.0)</b>	<b>1.00</b>	<b>(0.0)</b>	<b>0.0</b>
7666		Add 1 Prosecution lawyer for MLS special projects						
72	0	<b>Description:</b>						

**Category:**

71 - Operating Impact of New Capital Projects  
72 - Enhanced Services-Service Expansion

74 - New Services  
75 - New Revenues

## 2016 Operating Budget - Preliminary New and Enhanced Services Summary by Service (\$000's)

Form ID		Other City Programs  Program - Legal Services	Adjustments				2017 Plan Net Change	2018 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Addition of a Solicitor to assist with the prosecutions of various special projects.						
		<b>Service Level Impact:</b>						
		Will allow Prosecutions to increase capacity for prosecuting special projects.						
		<b>Service:</b> Prosecution						
		Preliminary New / Enhanced Services	197.7	197.7	0.0	1.00	0.0	0.0
		<b>Total Preliminary New/Enhanced Services:</b>	<b>197.7</b>	<b>197.7</b>	<b>0.0</b>	<b>1.00</b>	<b>0.0</b>	<b>0.0</b>
<b>Summary:</b>								
		<b>Total Preliminary New / Enhanced Services</b>	<b>686.7</b>	<b>686.7</b>	<b>(0.0)</b>	<b>4.00</b>	<b>(0.0)</b>	<b>0.0</b>

**Category:**

71 - Operating Impact of New Capital Projects

74 - New Services

72 - Enhanced Services-Service Expansion

75 - New Revenues

## Appendix 6

## Inflows/Outflows to/from Reserves &amp; Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
<b>Projected Beginning Balance</b>		1,796.0	1,796.0	1,496.0	1,196.0
Arbitration & Legal Awards	XQ1709				
<i>Proposed Withdrawals (-)</i>			(300.0)	(300.0)	(300.0)
<i>Contributions (+)</i>					
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		1,796.0	1,496.0	1,196.0	896.0
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>					
<b>Balance at Year-End</b>		1,796.0	1,496.0	1,196.0	896.0

\* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
<b>Projected Beginning Balance</b>		25,335.2	25,335.2	12,018.1	2,712.1
Insurance Reserve Fund	XR1010				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>			69.5	69.5	69.5
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		25,335.2	25,404.7	12,087.6	2,781.6
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>			(13,386.6)	(9,375.5)	(4,582.0)
<b>Balance at Year-End</b>		25,335.2	12,018.1	2,712.1	(1,800.4)

\* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
<b>Projected Beginning Balance</b>		9,782.0	9,782.0	25,351.3	40,920.7
IT Equipment Reserve Fund	XQ1508				
<i>Proposed Withdrawals (-)</i>			(201.2)	(201.2)	(201.2)
<i>Contributions (+)</i>					
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		9,782.0	9,580.8	25,150.1	40,719.5
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>			15,770.5	15,770.5	15,770.5
<b>Balance at Year-End</b>		9,782.0	25,351.3	40,920.7	56,490.0

\* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
<b>Projected Beginning Balance</b>		51,646.7	51,646.7	50,047.7	49,647.7
Building Code Act Reserve Fund	XR1305				
<i>Proposed Withdrawals (-)</i>			(400.0)	(400.0)	(400.0)
<i>Contributions (+)</i>					
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		51,646.7	51,246.7	49,647.7	49,247.7
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>			(1,199.0)		
<b>Balance at Year-End</b>		51,646.7	50,047.7	49,647.7	49,247.7

\* Based on 9-month 2015 Reserve Fund Variance Report