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2016 OPERATING BUDGET BRIEFING NOTE

2016 Detailed Expenditure Changes for Parks, Forestry and Recreation

This Briefing Note responds to Budget Committee motion 16.1 #7, adopted January 11, 2015 requesting a briefing note on line by line detailed expenditures and explanation for increase over 2015 for:

- a) Miscellaneous materials & supplies (2999)
- b) Recreational & educational supplies (2600)
- c) Machinery & Equipment – Recreational and Educational (3040)
- d) Repairs and Maintenance – Other (4699)
- e) Repairs and Maintenance – Ice Rink Refrigeration (4630)
- f) Rental of Trailers (4550)
- g) Training & Development – External (4310)

Issue/Background

- The accounts outlined in this Briefing Note constitute 1.35%, a very small portion of Parks, Forestry and Recreation's 2015 Gross Operating expenditure budget of \$438.2 million.
- The 2016 Operating Budget submission reflects a \$0.439 million or 6.9% reduction in the accounts outlined above.
- Although Parks, Forestry & Recreation is forecasting a favorable net budget variance for 2015, this is due to delays in opening of the new community centres, these savings are one time in nature and will not be sustainable in future years.
- While the division is projecting an overall net-favorable variance in 2015, the division has exceeded its budget by \$8.0 million for non-salary expenditures.
- \$3.0 million of the unfavourable non-salary variance includes pressures specific to facility maintenance and repairs. The facility related overspending due to aging infrastructure is reflected on multiple contracted services line items for repairs and maintenance as well as Interdepartmental Charges from the Facilities Management division. The division mitigates in-year pressures through managing non-salary expenditures in other areas.

- Parks, Forestry & Recreation reviews its line by line variances annually and reallocates budget for the upcoming year based on anticipated requirements. All expenditure lines with the exception of those which have unspent budgets for the new community centres have been reviewed in 2016. A further review will be completed after the first full year of operation to right-size the funding levels after one time equipment costs and programming mix/demand and operational requirements are accounted for.

2016 Detailed Expenditure Budget Changes

The selected budget line items have decreased by 6.9% for 2016 to reflect a reallocation to alternate line items where actual expenses are incurred. The changes are reviewed in detail in the following tables:

a) Miscellaneous Materials & Supplies

2015 Budget	2015 Actuals	2016 Preliminary Budget	2016 Budget Change	2016 Budget Change %
775,916	785,273	552,786	- 223,130	-29%

- Parks, Forestry and Recreation has over 80 Materials and supplies accounts to track different categories such as chlorine, fertilizers, machinery/equipment, plumbing or janitorial supplies. The miscellaneous materials & supplies is one of the over 80 expenditure accounts that captures all expenditures that are not tracked in individual accounts.
- A review of "miscellaneous" categories is completed annually and the budget is allocated to the specific line items where consistent usage has been determined and/or a new purchasing contract is in place.
- The budget reduction in 2016 reflects a reallocation to specific lines such as Machinery & Equipment parts that has budget pressures.

b) Recreational & Educational Supplies

2015 Budget	2015 Actuals	2016 Preliminary Budget	2016 Budget Change	2016 Budget Change %
2,136,822	1,541,942	2,086,311	- 50,511	-2%

- The recreational & educational supplies budget was underspent due to a combination of factors including delays in opening community centres as well as reduced spending to mitigate spending in other categories.

- The base budget is reduced for 2016 and was reallocated to overspent line items such as "Contracted Services – Heating & Air Conditioning" (HVAC), which has actual expenditures that exceed budget by \$1 million.
- Sufficient budget remains for new community centres. The funding levels for the new community centres will be reduced following their first full year of regular operations after one-time recreation equipment purchases have been completed.

c) Machinery & Equipment – Recreational and Educational

2015 Budget	2015 Actuals	2016 Preliminary Budget	2016 Budget Change	2016 Budget Change %
1,291,485	783,384	840,410	- 451,076	-35%

- The recreational & educational equipment budget was underspent due to a combination of factors including delays in opening community centres as well as reduced spending to mitigate spending in other categories.
- The base budget is reduced for 2016 and was reallocated to overspent line items such as "Contracted Services – Heating & Air Conditioning" (HVAC), which has actual expenditures that exceed budget by \$1 million.
- Sufficient budget remains for new community centres. The funding levels for the new community centres will be reduced following their first full year of regular operations after one-time recreation equipment purchases have been completed.

d) Repairs and Maintenance – Other

2015 Budget	2015 Actuals	2016 Preliminary Budget	2016 Budget Change	2016 Budget Change %
294,745	127,507	273,587	- 21,158	-7%

- Park, Forestry and Recreation has hundreds of accounts in "Services and rents" account category to track different expense categories. Similar to miscellaneous materials & supplies under item above, this account is one of the hundreds of expenditure accounts that captures all expenditures that are not tracked in individual accounts.
- A review of "miscellaneous/other" categories is completed annually and the budget is allocated to the specific line items where consistent usage has been determined and/or a new purchasing contract is in place such as HVAC or janitorial services.

e) Repairs and Maintenance – Ice Rink Refrigeration

2015 Budget	2015 Actuals	2016 Preliminary Budget	2016 Budget Change	2016 Budget Change %
1,025,650	1,308,797	1,212,502	186,852	18%

- This budget is overspent in 2015 as the number of mechanical breakdowns fluctuate from year to year. The extension of the outdoor rink season to March break means the refrigeration units were worked hard in 2015 which resulted in overspending in 2015.
- The budget for refrigeration contracts increased with no net overall impact since it is funded by position deletions. Refrigeration mechanic positions could not be filled with qualified candidates so contracted services were used to maintain service levels at the rinks.

f) Rental of Trailers

2015 Budget	2015 Actuals	2016 Preliminary Budget	2016 Budget Change	2016 Budget Change %
113,626	53,217	117,926	4,300	4%

- This budget is underspent in 2015 since actual equipment rentals required for ski hill operations were recorded in an alternate line item called "Rental – Other" which is overspent in 2015 as a result.
- The line item budget and actuals will be reviewed to determine if a budget reallocation is required or if the actual expenses should be recoded.

g) Training & Development – External

2015 Budget	2015 Actuals	2016 Preliminary Budget	2016 Budget Change	2016 Budget Change %
668,412	388,159	785,259	116,847	17%

- PFR does majority of its training in house using in-house instructors for course categories such as Health & Safety, NEO, REO, Aquatic certification, leadership, and High Five. The time of these instructors are not charged to this account, creating an offset in staffing costs.
- The division also spends \$1.0 million to pay over 1,500 part-time staff to attend training annually. There is no isolated budget on the staffing line to account for training costs.
- The division achieved savings in staffing due to a variety of one-time factors including the delayed opening of new community centres. These savings offset salary expenses for

training. If these salary costs and the actual expenses in "*Training & Development – External*" are considered together, the division would be overspent.

- The 17% increase in the 2016 budget reflects additional training requirements for High Five & Health and Safety.

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