

2017 Operating Budget & 2017-2026 Capital Budget & Plan

Presentation to City Council



- **City Manager’s Overview** 4
- **2017 Executive Committee Recommended** 16
- **Operating Budget**
- **2017-2026 Executive Committee Recommended** 47
- **Capital Budget & Plan**
- **Budget Process & Next Steps** 76

LIST OF APPENDICES

1.	2017 Executive Committee Recommended Operating Budget Details	Pg. 82
2.	Property Tax Comparisons	Pg. 100
3.	2017 – 2026 Executive Committee Recommended Capital Budget & Plan Details	Pg. 109
4.	Other (Abbreviations, Etc.)	Pg. 124
5.	2017 Executive Committee Recommended Operating Budget Summary	
	4.1 Gross Expenditures	Pg. 128
	4.2 Revenues	Pg. 130
	4.3 Net Expenditures	Pg. 132
	4.4 Staff Complement	Pg. 134
6.	Summary of Executive Committee Recommended Service Adjustments	Pg. 135
7.	Summary of Executive Committee Recommended New Service Investments	Pg. 136
8.	2017 - 2026 EC Recommended Capital Budget & Plan Summary	Pg. 138



City Manager's Overview



PRELIMINARY BUDGET

Consistent with Council expectations

- Rigorous and transparent process
- Full review by staff and Budget Committee members
- Gender and equity impacts
- Expanded consultation

City divisions delivered -2.6% savings options

- Built into preliminary budget if consistent with Council policy and service direction
- Otherwise, realistic proposals given

Savings challenge for agencies

- Toronto Police Services largely addressed pressure
- Significant TTC and TCHC pressures

Reliance on short-term measures

- TCHC bridging
- TTC reserve
- Child care reserve

Support from MLTT

- \$100 million increase over 2016

Long-term capital increase of \$5.8 billion

- City Building Fund
- Relaxation of debt ratio policy
- Operations for allocating potential toll revenue – \$5.6 billion of incremental leverage

EXECUTIVE COMMITTEE RECOMMENDATIONS – TAX SUPPORTED EXPENDITURES

(In \$ Millions)	2016 Budget	2017 EC Rec'd Operating Budget	Change from 2016	% Change From 2016
Gross Expenditures	\$10,099	\$10,539	\$440	4.4%
Net (Before SSE and City Building Fund)	\$3,931	\$4,046	\$115	2.9%
Total Tax Impact	\$3,391	\$3,987	\$56	1.4%

Operating Budget

- Service levels maintained or enhanced
- Same cost, adjusted for inflation and population
- Incremental \$22 million in new investments

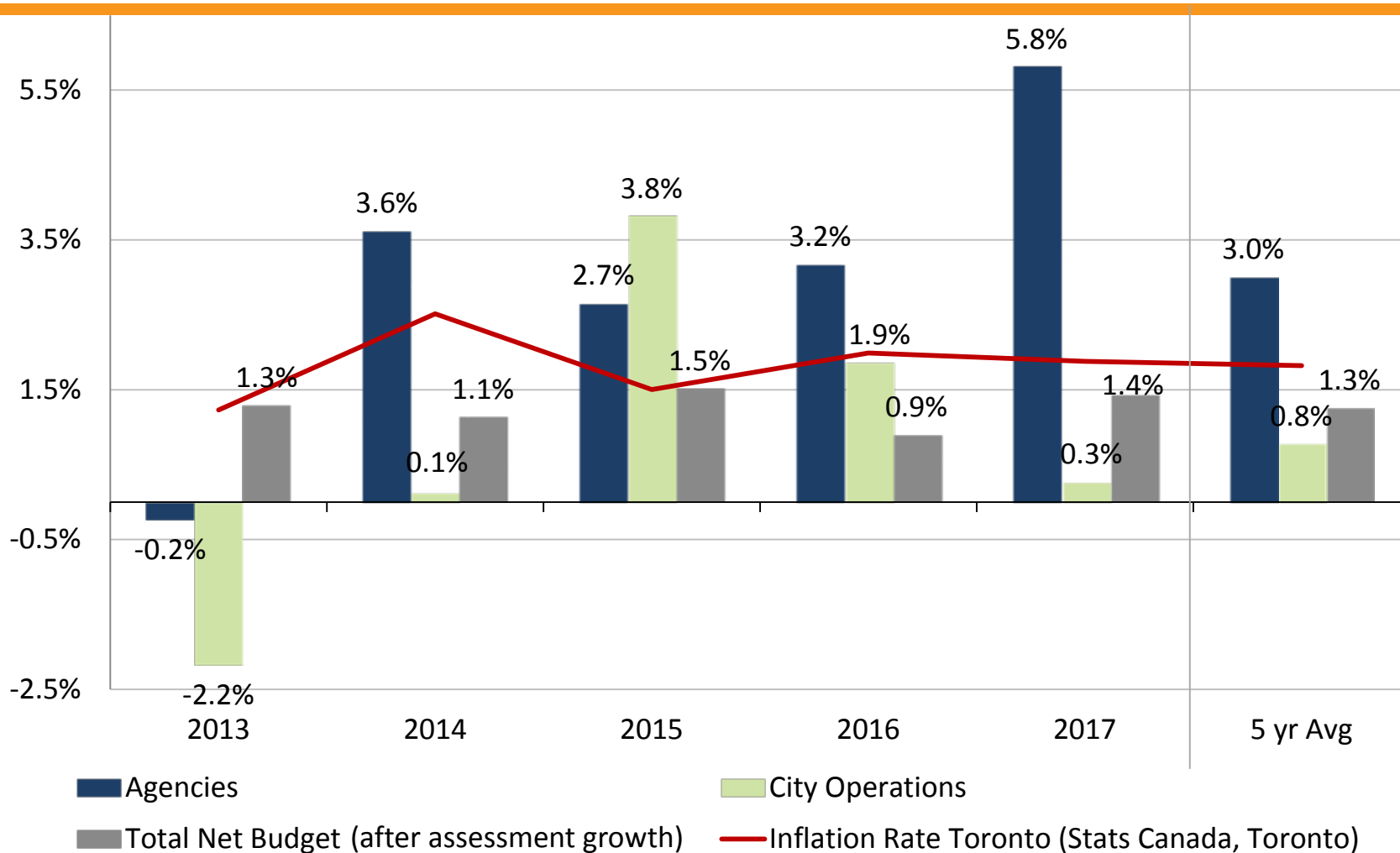
Capital Budget

- Consistent with preliminary budget
- Recommendation to use tolling revenue and increased debt capacity no longer applicable
- Capital overhang still a major concern
 - Exact level depends on assumptions
 - Real and persistent gap between expectations and capacity

AREAS OF NET BUDGET INCREASE

(In Millions)	YoY			
	2016	2017	Increase	% Increase
City divisions	1,897	1,903	6	0.3%
<i>TTC</i>	<i>610</i>	<i>690</i>	<i>79</i>	<i>13.0%</i>
<i>TCHC</i>	<i>205</i>	<i>242</i>	<i>37</i>	<i>18.2%</i>
<i>Toronto Police Service (Inc Board)</i>	<i>1,007</i>	<i>1,007</i>	<i>0</i>	<i>0.0%</i>
<i>Toronto Public Health</i>	<i>59</i>	<i>61</i>	<i>2</i>	<i>3.2%</i>
<i>Toronto Public Library</i>	<i>177</i>	<i>179</i>	<i>2</i>	<i>1.1%</i>
<i>Other Agencies</i>	<i>29</i>	<i>29</i>	<i>0</i>	<i>0.8%</i>
Total Agencies	2,087	2,207	120	5.8%
<i>Current From Capital (Inc \$45M TPC loss)</i>	<i>231</i>	<i>312</i>	<i>81</i>	<i>35.3%</i>
<i>Debt Charges</i>	<i>463</i>	<i>505</i>	<i>42</i>	<i>9.1%</i>
Capital & Corporate Financing	694	817	123	17.8%

SUMMARY OF NET BUDGET CHANGES – OVER THE PAST 5 YEARS, CITY OPS AVERAGE NET INCREASES HAVE BEEN BELOW INFLATION



* Note: for 2017, TCHC subsidy moved from SSH&A to Agencies

KEY OBSERVATIONS – CAPITAL

New funding for priority projects

- Significant new investments to fund \$5.8B in Council priority projects (addressing regulatory capital requirements and state of good repair backlog)

Road tolling

- Tolling revenue could have been a stable, significant revenue source to provide an additional \$5.6B in incremental capital investment
- Province announced that it will not allow road tolls, but will double gas tax rate – expected to generate additional \$158 million annually at maturity in 2021/2022
- The incremental gas tax revenue is:
 - Not a direct substitute for toll based or other City controlled revenues
 - Not reasonable source of leverage for long-term debt repayment

EXECUTIVE COMMITTEE RECOMMENDATIONS – REVENUES

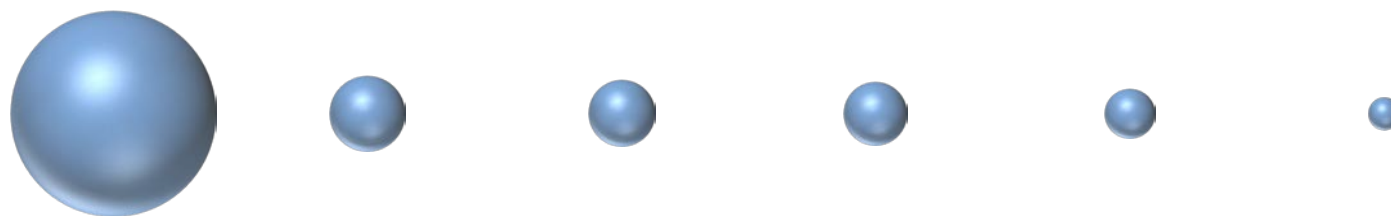
(In \$ Millions)	2016 Budget	2017 EC Rec'd Operating Budget	Change from 2016	% Change From 2016
Gross Revenues (Incl Property Tax)	\$10,099	\$10,539	\$440	4.4%

Major drivers of 2017 increase

- Municipal Land Transfer Tax increase
- Property tax assessment growth and adjustment
- Property tax rate increase
- Federal and provincial grants
- TTC fare increase
- User fees and other City revenue increases

REVENUE OUTCOMES (GROSS)

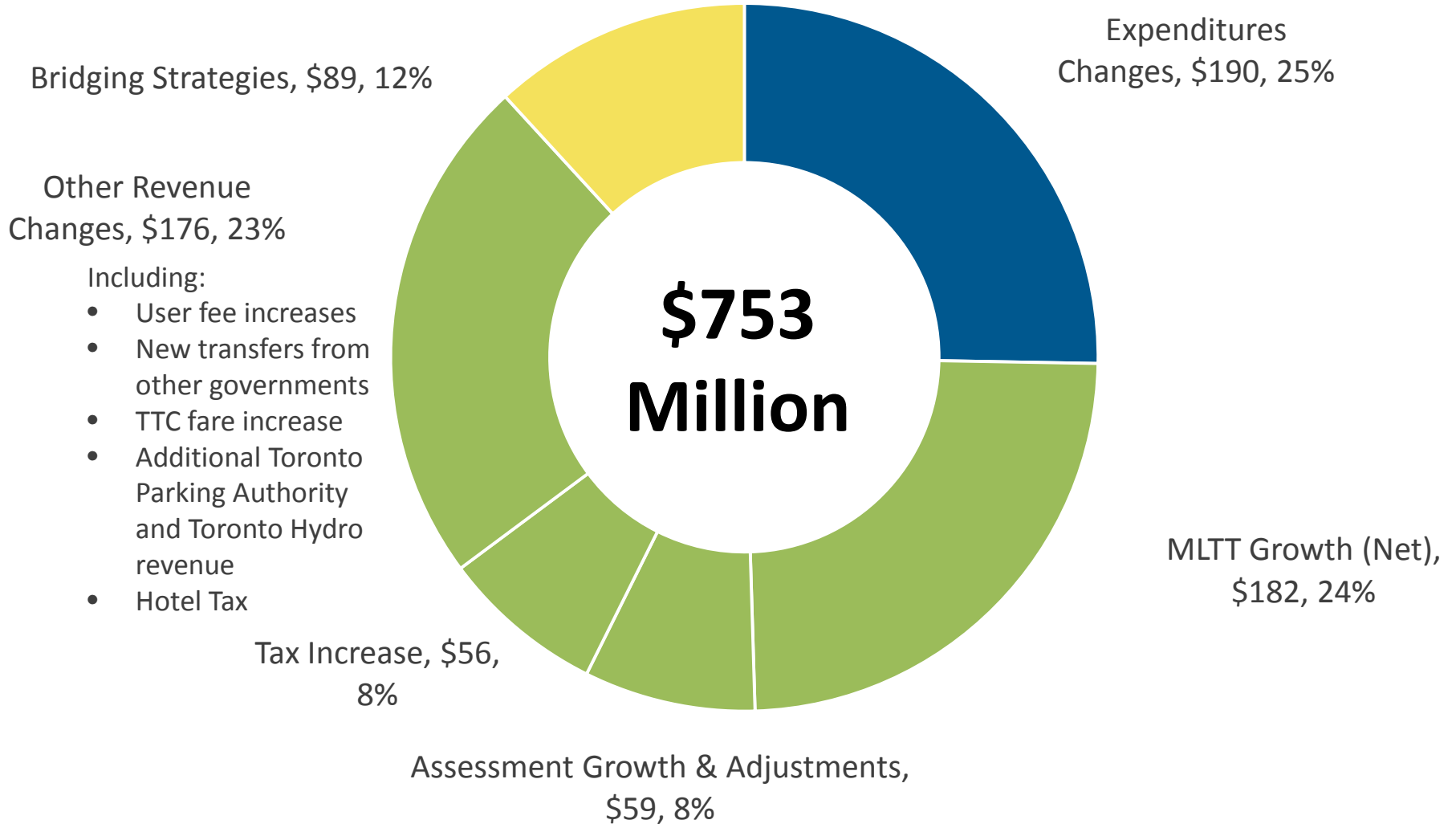
Tax-Supported Gross Revenue YoY Change (\$M and %)*



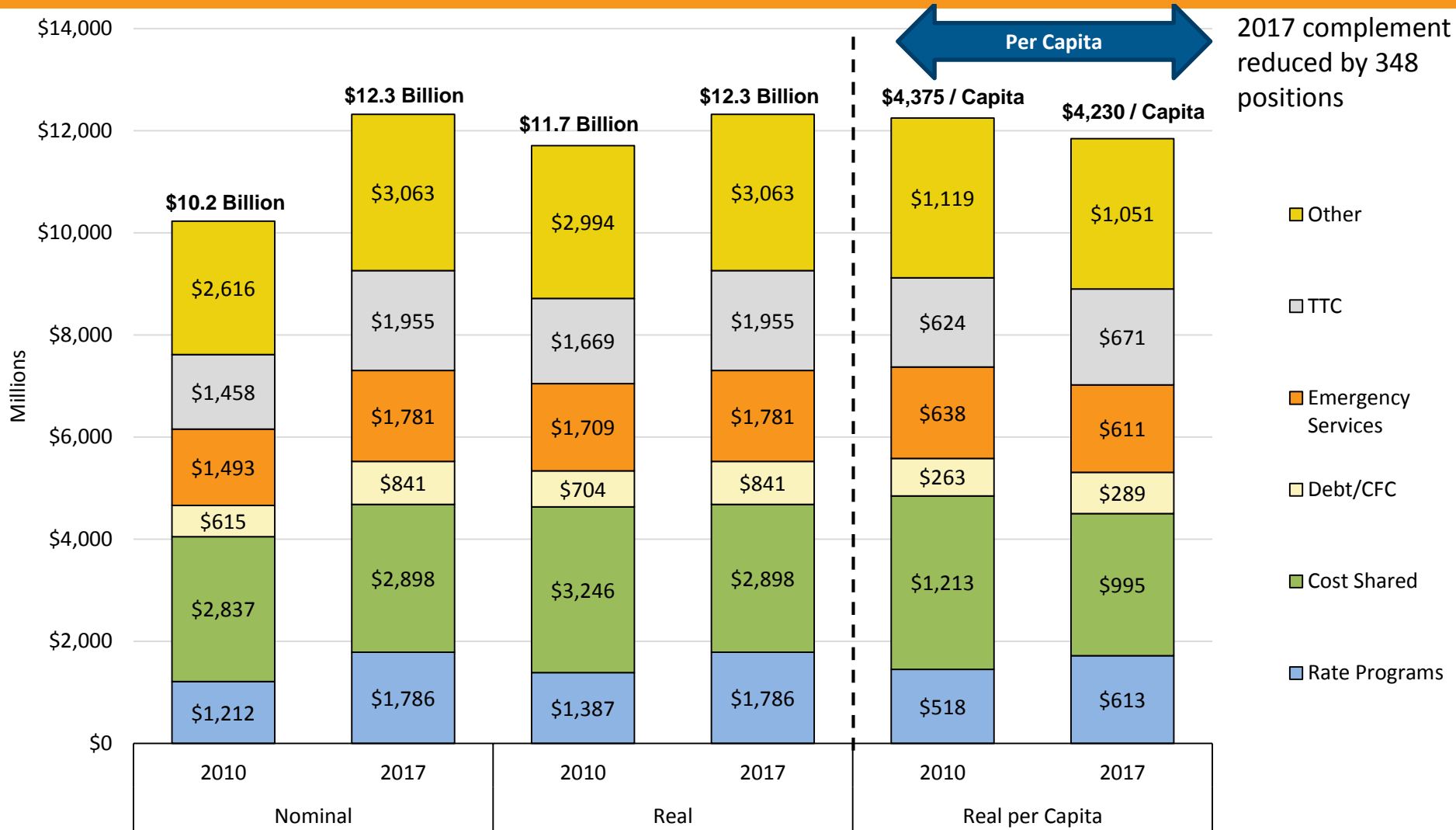
	MLTT (Gross)	Fed/Prov grant (Social Infrastructure Fund)	Property tax: Assessment growth and adjustment	Property tax: 2% residential tax increase	User fees and other City revenues	TTC Fare increase
YoY \$ increase	\$184 M	\$67 M	\$59 M	\$56 M	\$46 M	\$29 M
YoY % change	34.5%	3.1%	1.5%	1.4%	2.0%	2.3%
% of 2017 revenue growth	41.8%	15.2%	13.4%	12.8%	10.4%	6.5%

*Note: Bubble size is proportionate to absolute, year-over-year dollar increase

ACTIONS TAKEN TO BALANCE 2017 NET OPERATING BUDGET: REDUCE \$731 M OPENING PRESSURE + \$22 M IN NEW INVESTMENTS



2010 VS 2017 TOTAL CITY SPENDING COMPARISON



LOOKING FORWARD

Three core sets of risk

Process and Decision Risk

- Expense outcomes largely driven by agency decisions
- Reliance on broad, future targets rather than specific service changes
- High reliance on presumed decisions by other governments

Expense Momentum Risk

- Current expense levels controlled, but building momentum
 - Operating: Costs increase at each Council meeting
 - Capital: More projects and persistent project cost escalation
- Reluctance to embrace service level or model changes
- Labour, contract, and debt cost escalation
- Pressure from one-time bridging strategies repeat as pressure in the following year

Revenue Stability and Equity Risk

- MLTT dependence
- Lack of appetite for alternative revenue options
- Focus on select user fees / equity

FUTURE POLICY IMPLICATIONS

Continued reliance on external revenue increases

- No policy change required
- For example, MLTT and government transfers

Lower or alter spending

- Service level or model changes
- Alter composition of operating and capital spend

Increase stable revenue through policy change

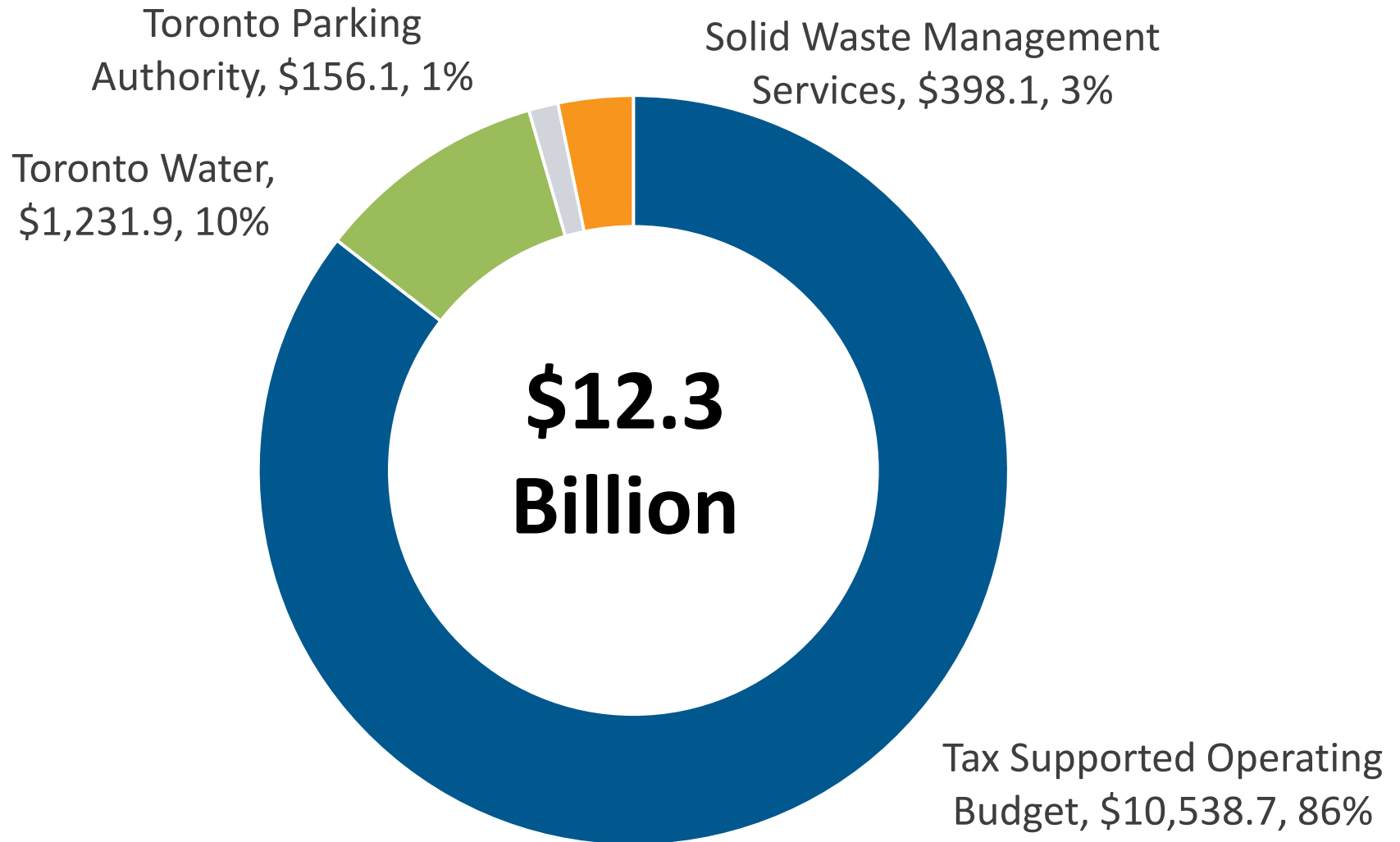
- Raise existing revenue source or implement new revenue options



2017 Executive Committee Recommended Operating Budget Overview



TOTAL 2017 OPERATING BUDGET – RATE & TAX



2017 REVENUE OUTLOOK

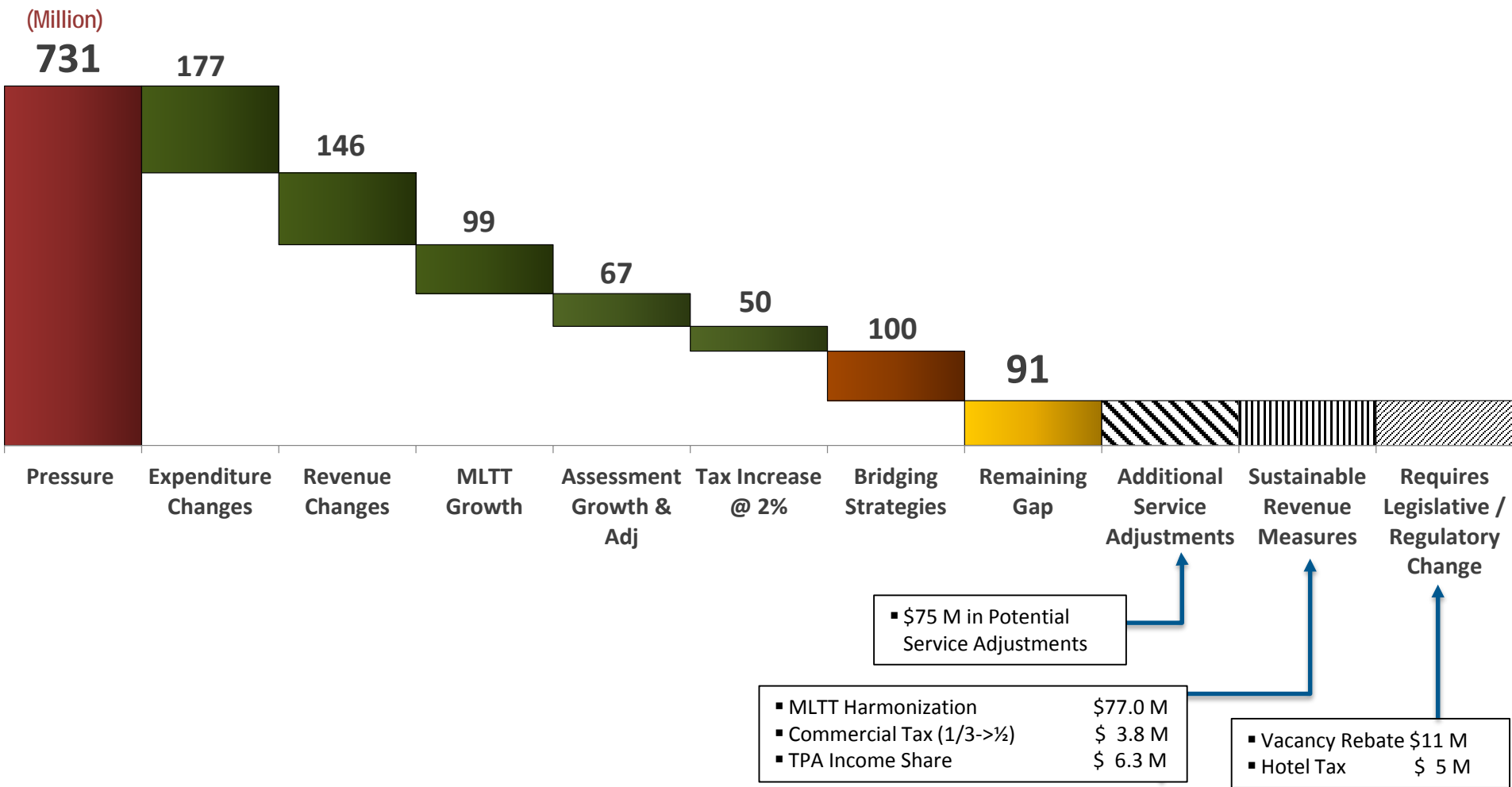
- Assumed residential property tax increase of 2 per cent
- Low to moderate assessment growth
- Increased reliance on strong Municipal Land Transfer Tax performance
- Small increases in revenues received from other orders of Government – includes upload
- Small increases to user fees and other revenues
- Increase in Toronto Parking Authority revenues

2017 PRESSURE FACTORS

- Increase in debt service cost and CFC for capital projects
- Impact of Toronto Pooling Compensation loss on Capital From Current
- Toronto Community Housing related pressures
- Reversal of one-time 2016 revenues
- TTC expenditure pressures and ridership / revenue mix change
- Potential decrease in Toronto Hydro dividend

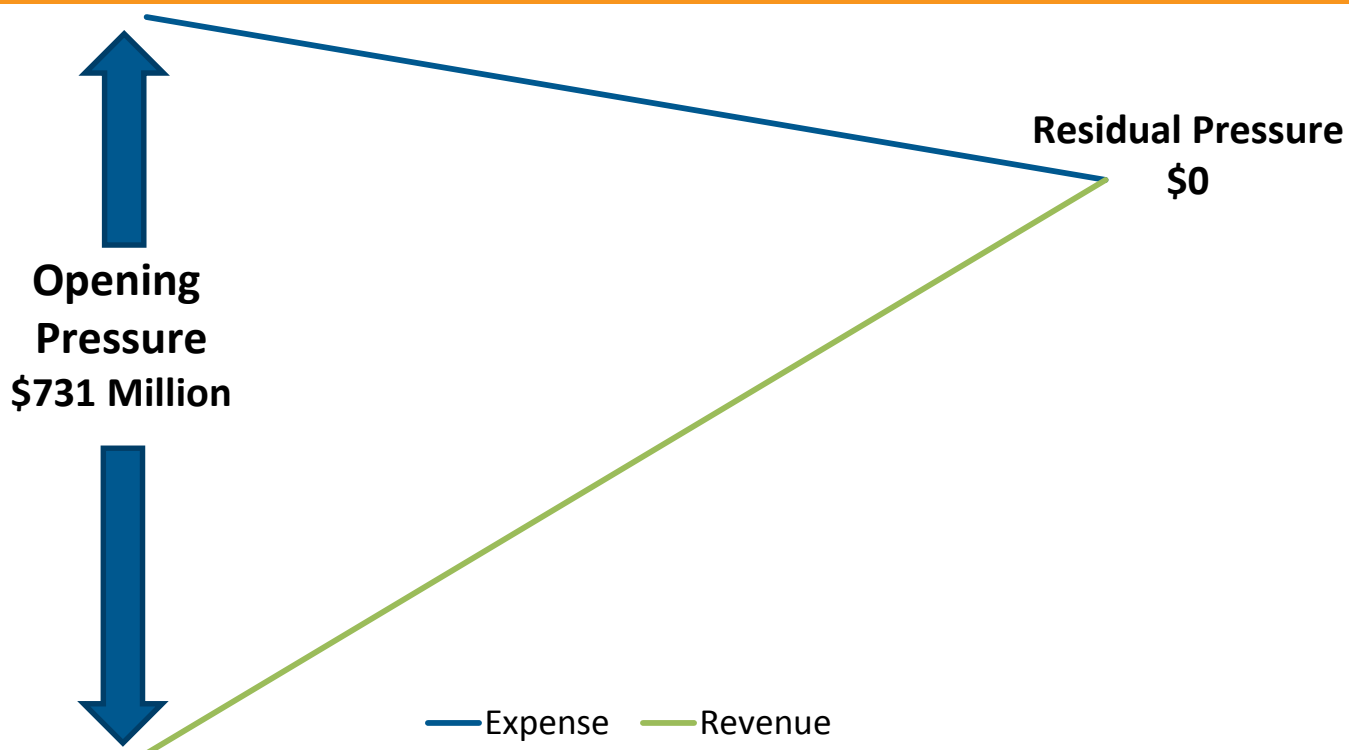
OPENING NET PRESSURE - \$731 MILLION

ACTIONS TAKEN IN PRELIMINARY BUDGET



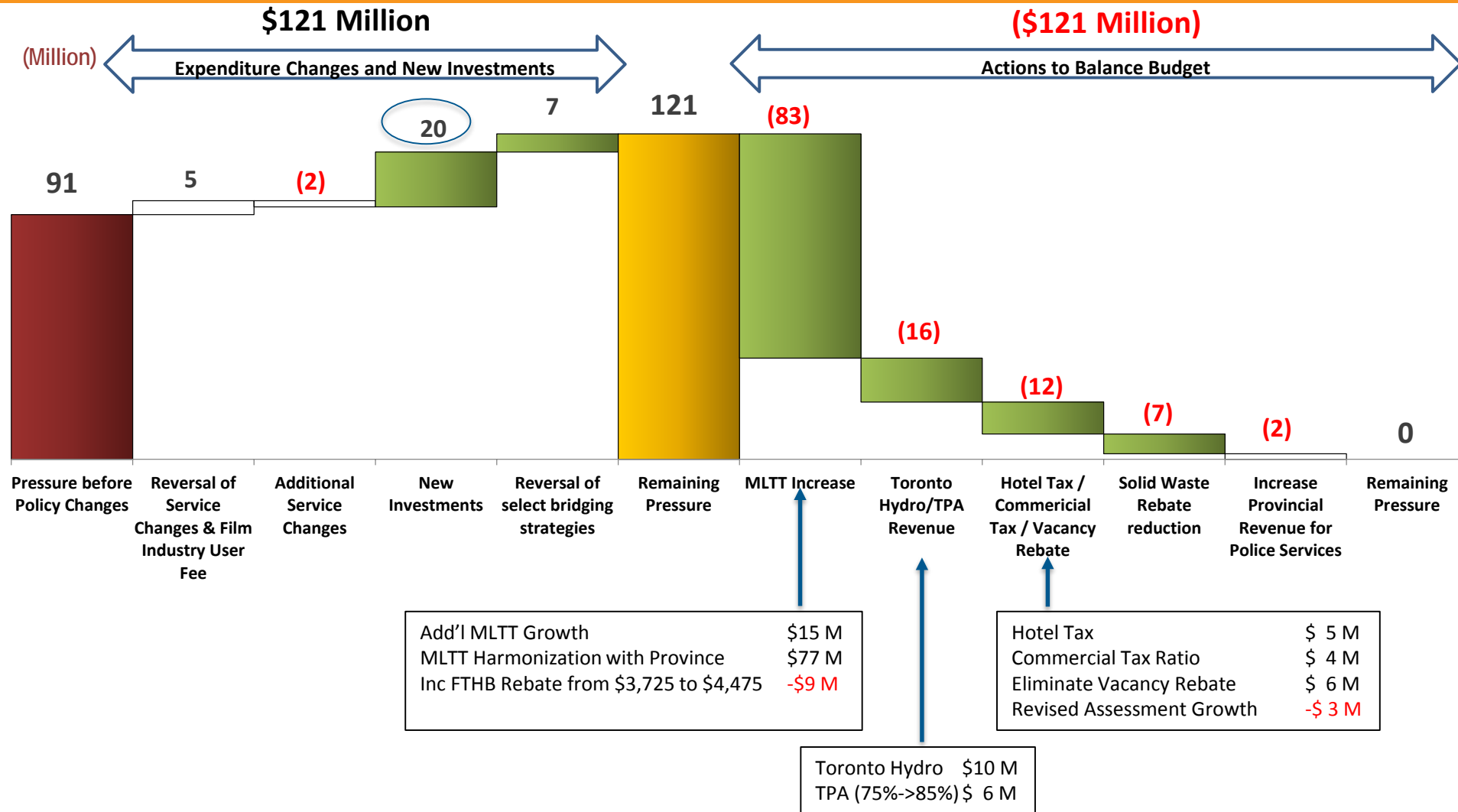
*For detailed breakdown see appendix slides 94,95

THE 2017 EXECUTIVE COMMITTEE RECOMMENDED OPERATING BUDGET



(In \$ Millions)	2016 Budget	2017 Prelim Operating Budget	2017 EC Rec'd Operating Budget	Change from 2016	% Change From 2016
Gross Expenditures	10,099	10,456	10,539	440	4.4%
Revenues (Inc. Tax)	10,099	10,366	10,539	440	4.4%
Residual Pressure	0	91	0		

BUDGET COMMITTEE'S ACTIONS TO BALANCE BUDGET

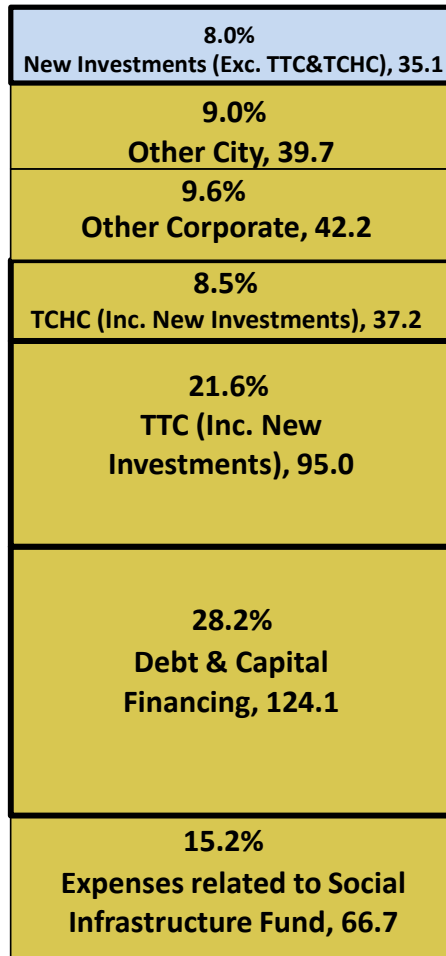


ACTIONS TAKEN BY EXECUTIVE COMMITTEE

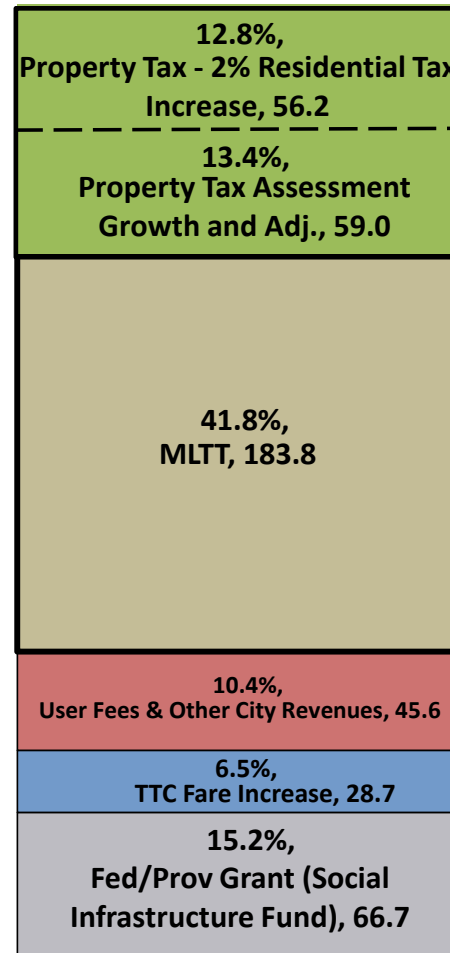
- Added \$2.3 M in new investments (\$0 net) including:
 - 1 engineer in Policy, Planning, Finance & Administration to support the coordination of light rail transit capital projects (\$0.23 M)
 - \$1.4 M in Economic Development & Culture to foster export and trade opportunities for small and medium-sized enterprises (SME)
 - Added \$0.5 M in the City Manager’s Office funding to establish a dedicated innovation team funded by a grant from Bloomberg Philanthropies
- Restored \$1.133 M in Children’s Services to reinstate grant funding to support occupancy costs in child care centres
- Increased the TTC one-time reserve draw by \$1.133 M to \$14.014 M to offset the restoration of the occupancy grants

THE TAX SUPPORTED 2017 OPERATING BUDGET IS \$440 MILLION HIGHER THAN 2016

In \$ Millions



Expense Increases



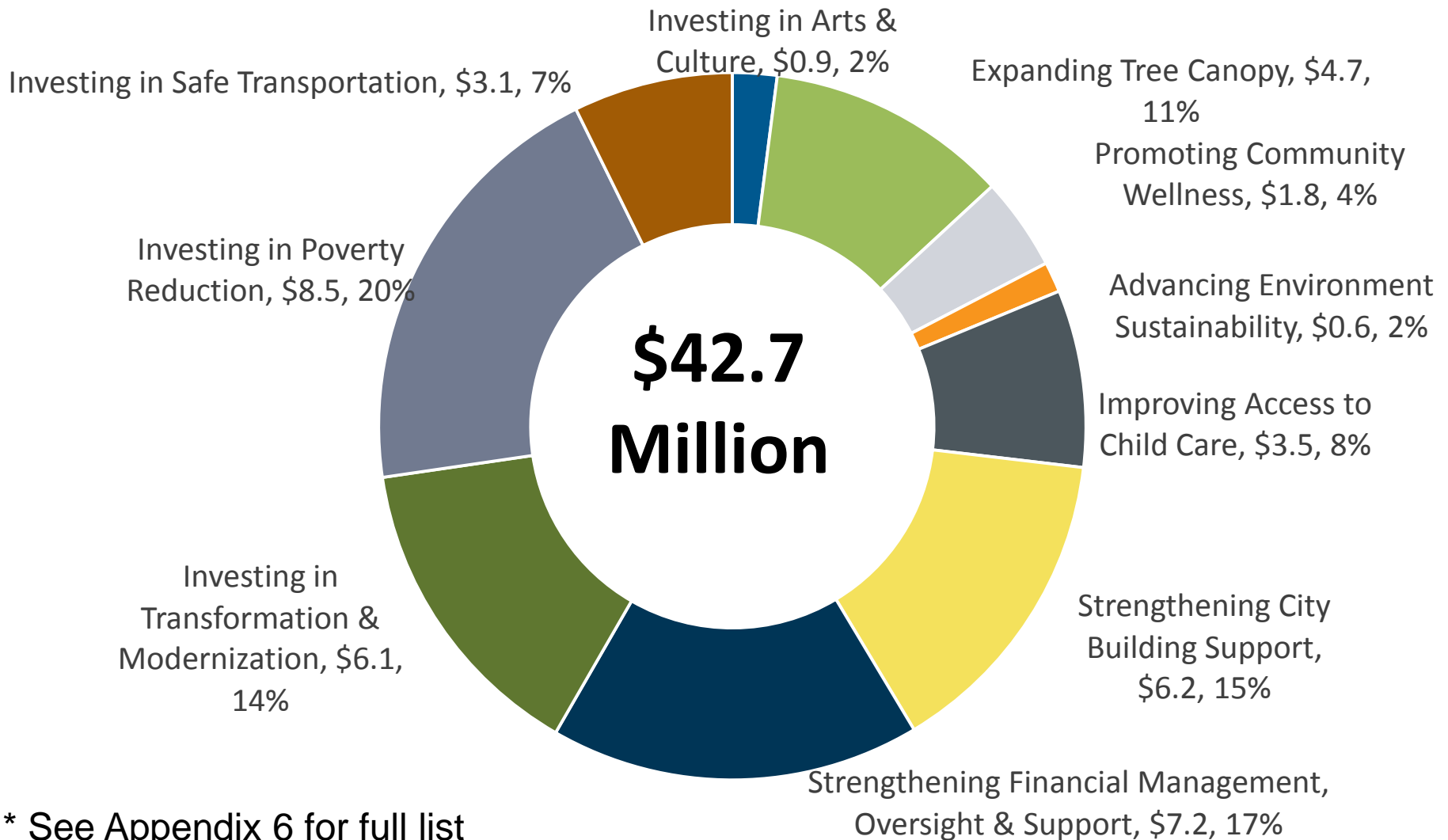
Funding Increases

- MLTT Growth: \$116 M
- Harmonization: \$77 M
- FTHB Rebate (\$3,725 to \$4,475): **-\$9 M**

2017 OPERATING BUDGET HIGHLIGHTS

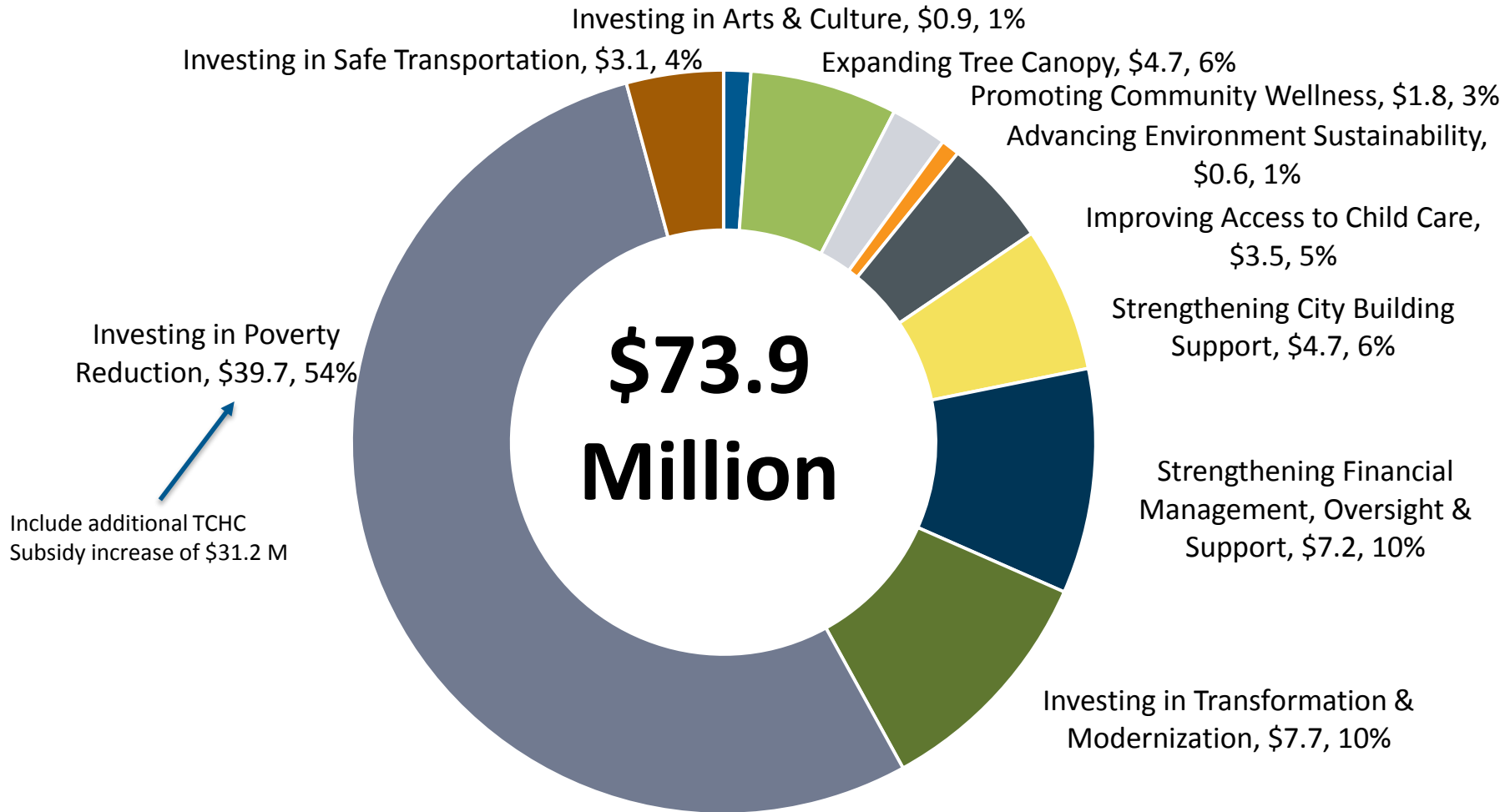
- Residential property tax increase 2.0% (\$56 Million)
- \$42.7 Million new / enhanced investments (\$18 M net)
- Reduced bridging strategies from \$100 M to \$89 M (\$11 M)
 - Eliminates of one time funding and deferrals for City Ops (\$-5.2 M)
 - Eliminates one time reserve draws in Children's Services and need for 5-year funding plan (\$2.7 M)
 - Confirmation of \$6.4 million in Provincial funding for Police Services plus additional \$2.1 million (\$8.5 million total)
- \$66 Million in additional Social Infrastructure funding from the Province
- New and expanded revenue tools:
 - Hotel Tax (\$5 M)
 - Elimination of vacancy rebate (\$5.5 M)
 - Shift from 1/3 to ½ commercial tax (\$3.8 M)
 - MLTT Harmonization with province and increase First Time Home Buyers Rebate (\$77 M - \$9 M = \$68 M)

NEW INVESTMENTS IN THE 2017 OPERATING BUDGET



* See Appendix 6 for full list

NEW INVESTMENTS IN THE 2017 OPERATING BUDGET

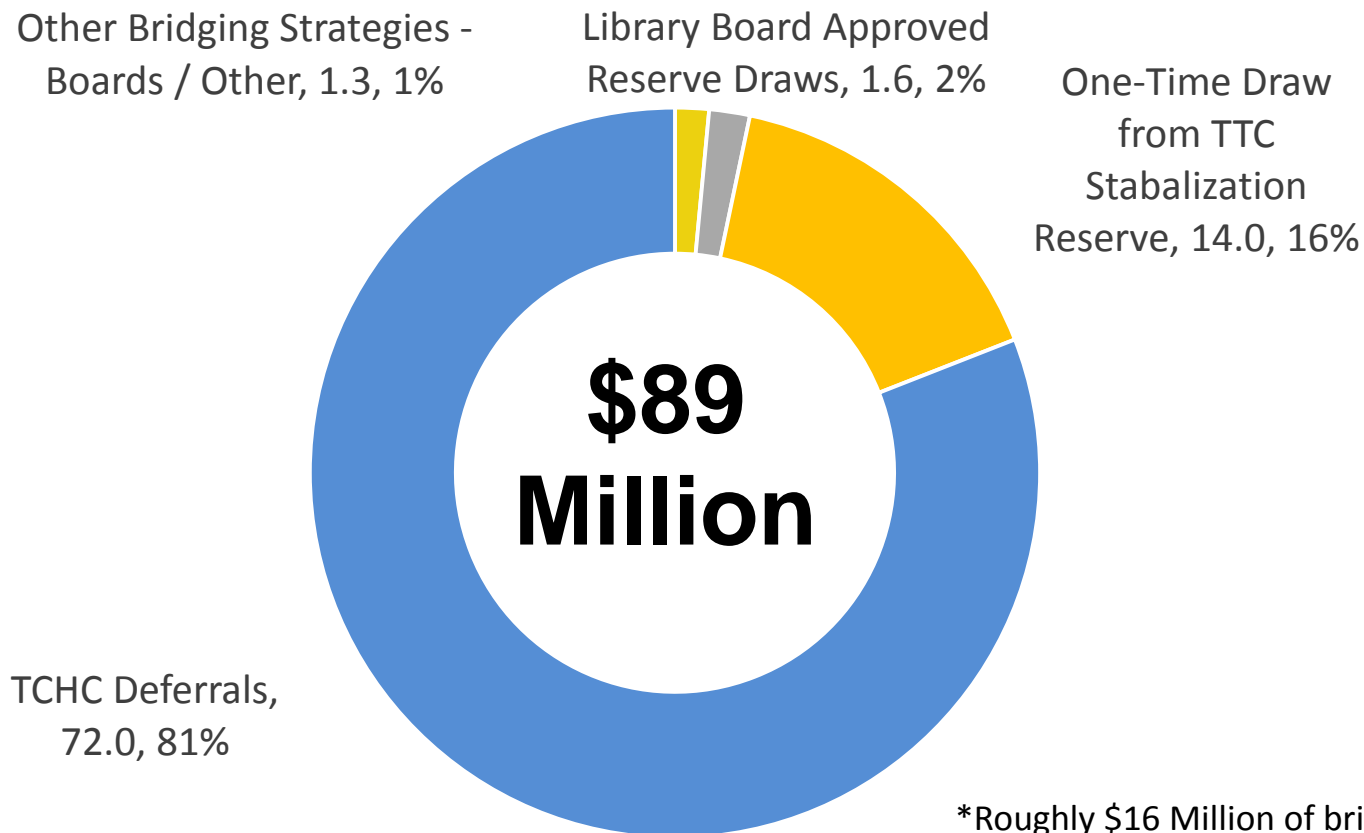


* See Appendix 6 for full list

2017 OPERATING BUDGET RISKS

- \$89 million in one-time bridging strategies need to be addressed in 2018 (Primarily TCHC and TTC)
- Continued reliance on MLTT growth to fund budget increases
- Agencies (Primarily TCHC and TTC) and capital costs continue to drive pressure and are mitigated through below inflation increases to City Operations
- Significant future annual budget gaps
- **2018 Budget Outlook:**
 - \$445 million in expenditure pressures + \$89 million in reversal of 2017 bridging strategies (\$534 Million total)
 - \$371 million net budget gap

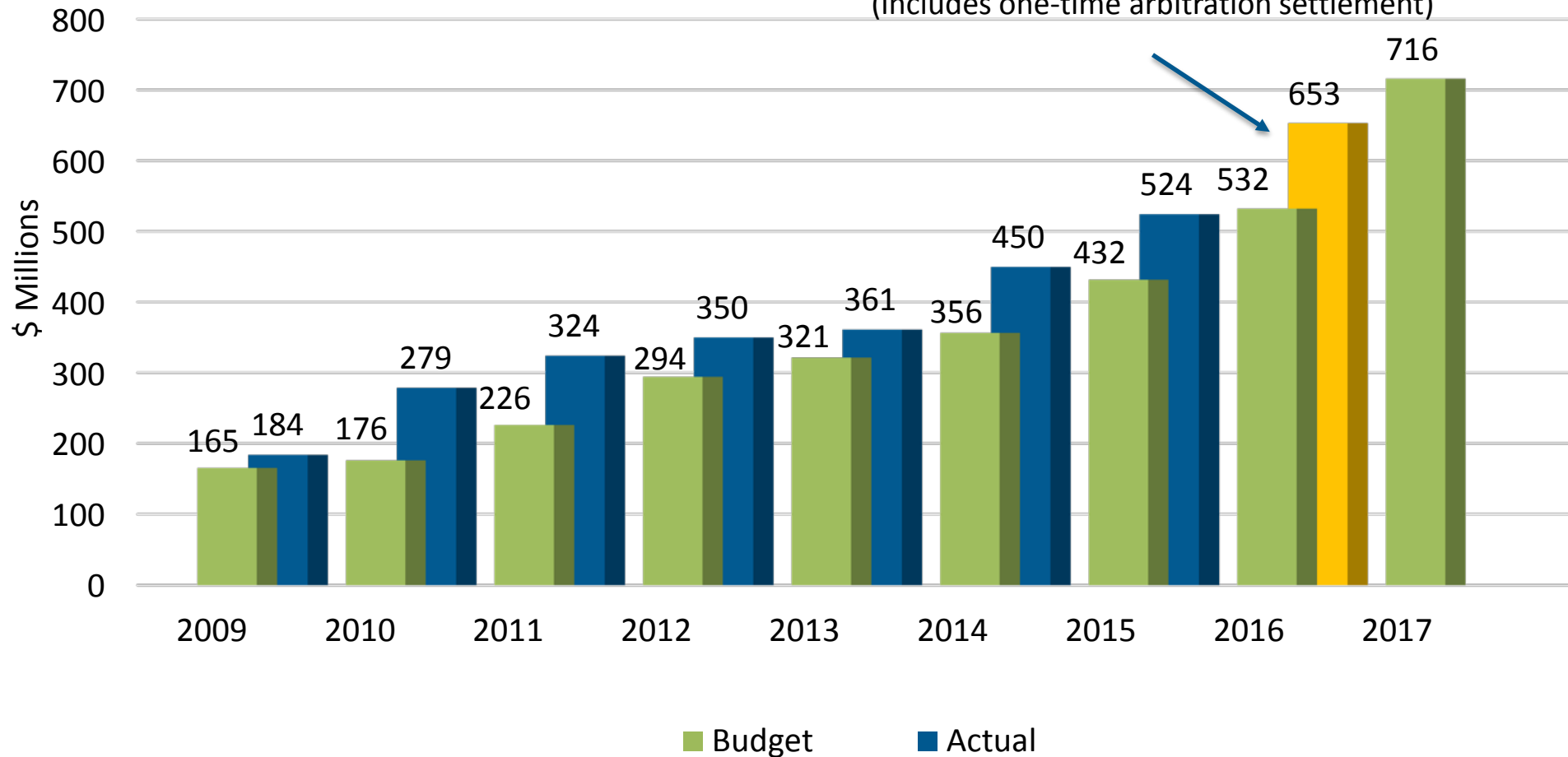
BRIDGING STRATEGIES INCLUDED IN THE EC RECOMMENDED 2017 OPERATING BUDGET



*Roughly \$16 Million of bridging strategies related to unsustainable reserve draws (TTC & Library). The remainder are related to one time expenditure deferrals. (Primarily TCHC)

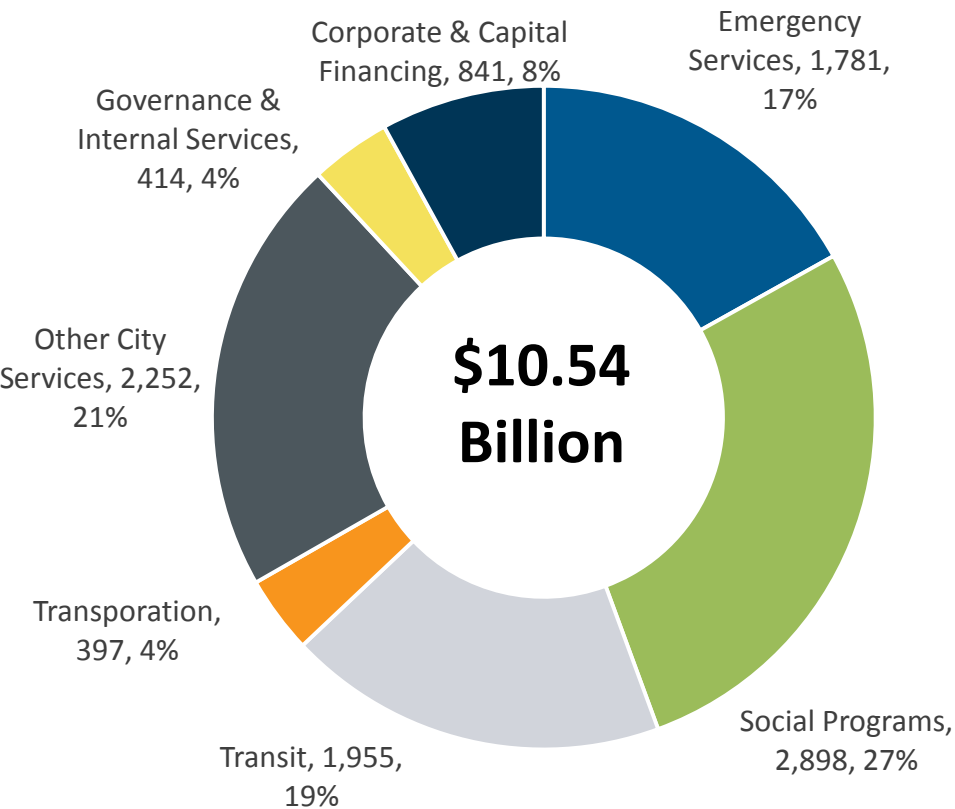
GROWTH OF TOTAL MLTT SINCE 2009

2016 Actual Based on Q4 Variance Projection
(includes one-time arbitration settlement)

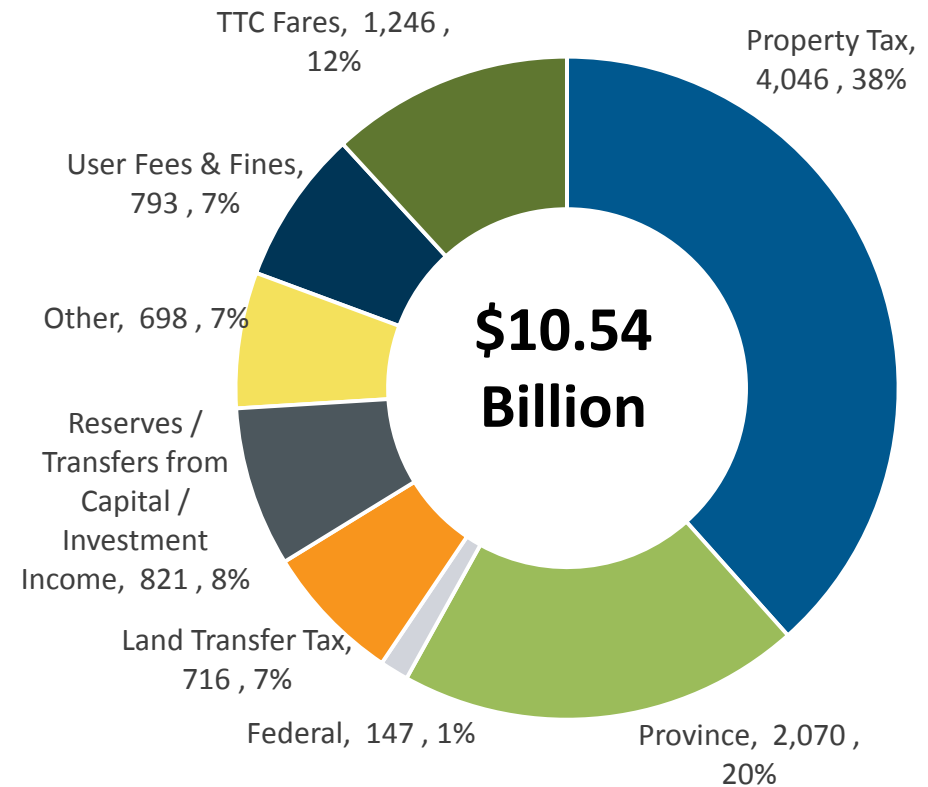


2017 EC Recommended Tax Supported Program Operating Budget

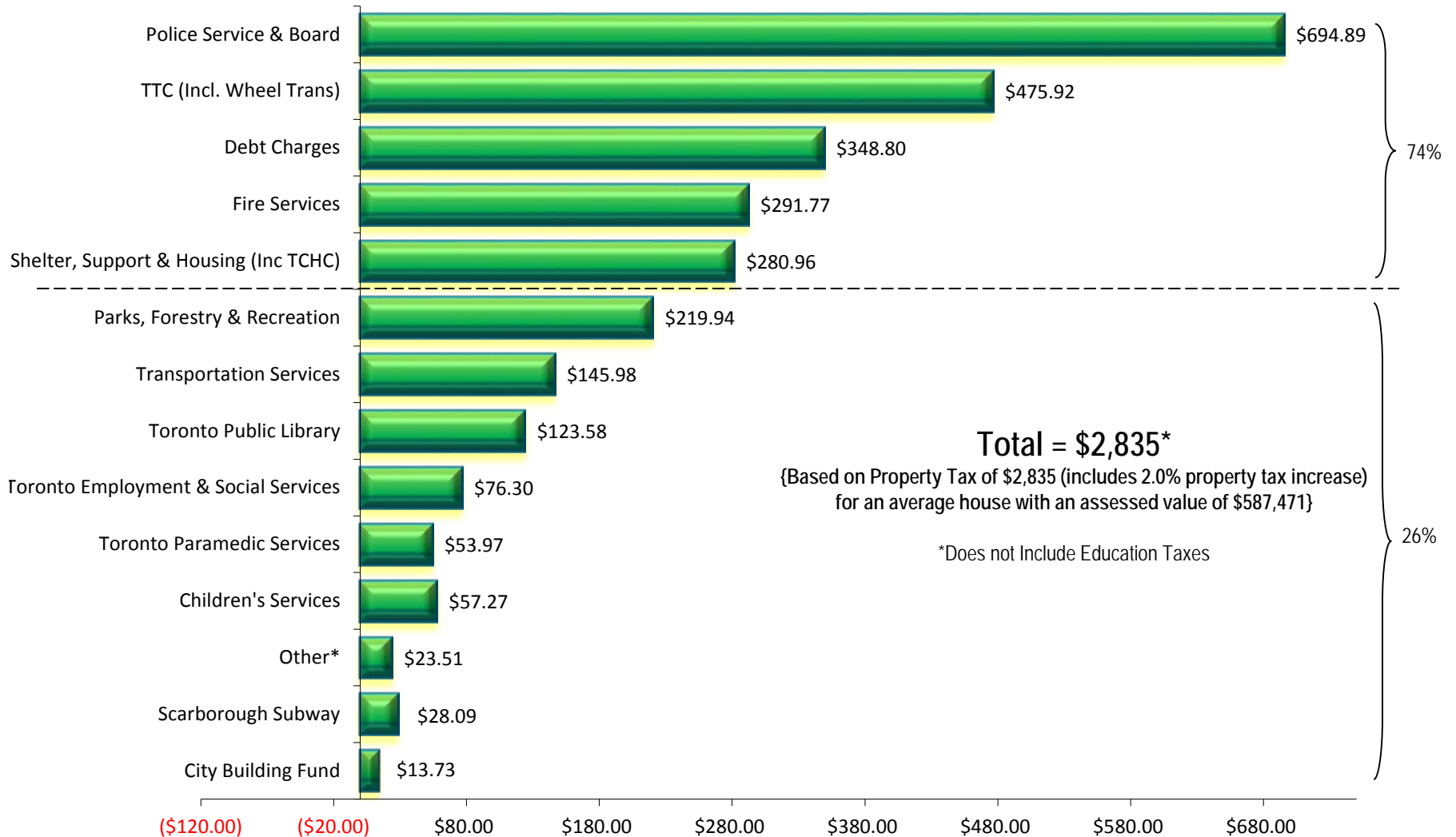
Where the Money Goes (\$ Millions)



Where the Money Comes From (\$ Millions)

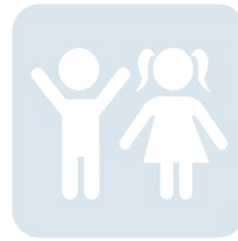


EC RECOMMENDED 2017: WHERE THE MONEY GOES



EC RECOMMENDED BUDGET STAFFING IMPACT

	2016 Approved Staff Complement	2017 Complement Changes			
		Total Base Change	New/Enh Service Priorities	Total 2017 EC Rec'd Budget	Change from 2016 Approved
Citizen Centred Services "A"	13,096.3	(363.5)	26.4	12,759.3	(337.0)
Citizen Centred Services "B"	6,364.8	(35.5)	62.0	6,391.3	26.5
Internal Services	3,069.0	(108.7)	18.0	2,978.2	(90.7)
City Manager	429.0	(3.0)	6.0	432.0	3.0
Other City Programs	924.3	(8.3)	45.5	961.5	37.2
Accountability Offices	54.8	0.5		55.2	0.5
TOTAL - CITY OPERATIONS	23,938.0	(518.5)	157.9	23,577.5	(360.6)
Agencies					
TTC (incl. Wheel-Trans)	14,540.0	36.0	5.0	14,581.0	41.0
Police Services & Board	7,888.0			7,888.0	
Toronto Public Library	1,741.0	(8.7)		1,732.3	(8.7)
Toronto Public Health	1,864.6	(40.1)	6.5	1,831.0	(33.6)
Other Agencies	1,512.6	12.8	1.0	1,526.4	13.8
TOTAL - AGENCIES	27,546.2	0.0	12.5	27,558.7	12.5
Corporate Accounts (Inc Parkign Tags)	397.0			397.0	
TOTAL LEVY OPERATING BUDGET	51,881.2	(518.5)	170.4	51,533.1	(348.1)



Tax Impacts



VALUATION CYCLE

<u>Tax Year</u>	<u>Valuation Date</u>	
1998, 1999, 2000	June 30, 1996	
2001, 2002	June 30, 1999	
2003	June 30, 2001	
2004,2005	June 30, 2003	
2006, 2007, 2008	January 1, 2005	
2009, 2010, 2011, 2012	January 1, 2008	
2013, 2014, 2015, 2016	January 1, 2012	
2017, 2018, 2019, 2020	January 1, 2016	√

REASSESSMENT CHANGES - 2017-2020 VS. HISTORICAL % CVA CHANGE

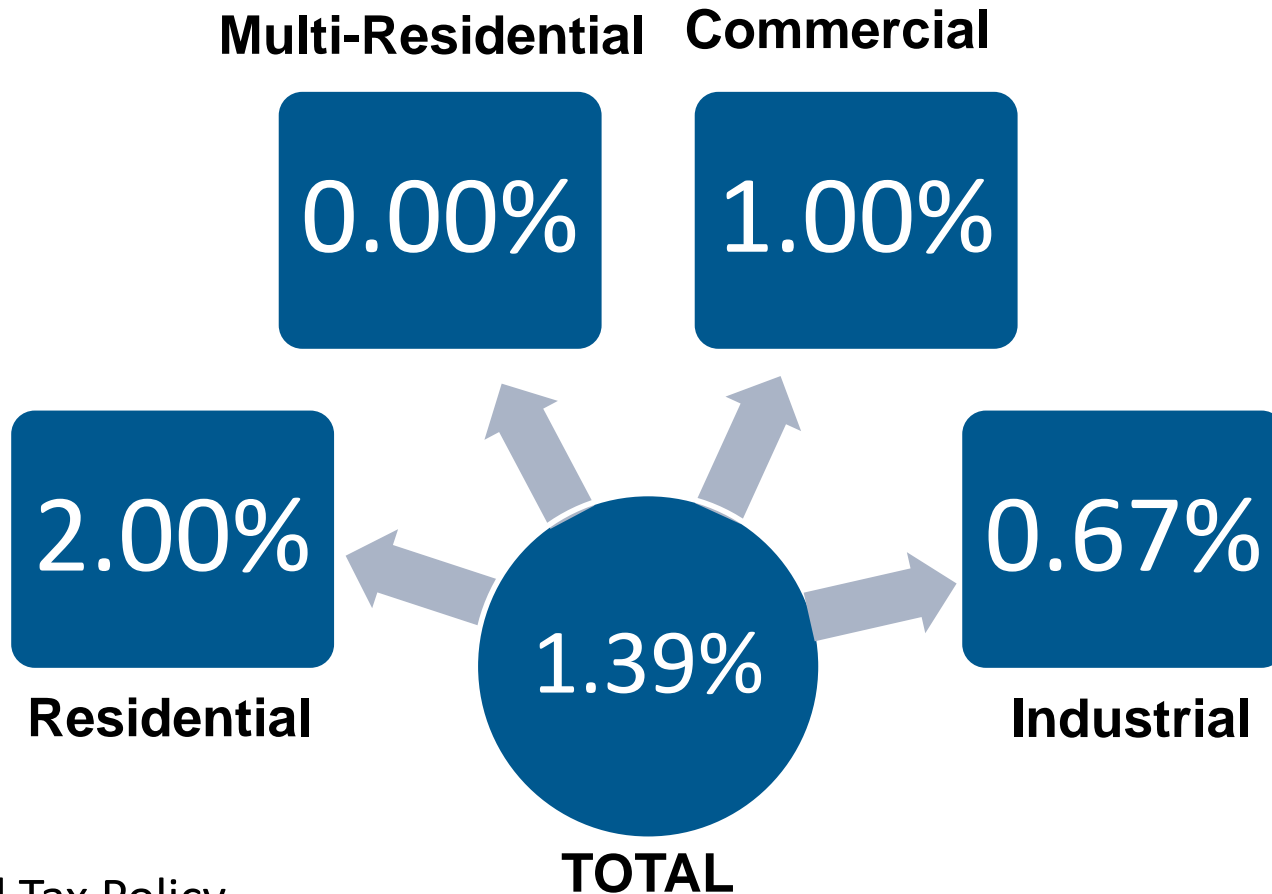
Cycle Valuation Date	'09-'12 Jan. 1, 2008	'13-'16 Jan. 1, 2012	'17-'20 Jan. 1, 2016	'17 Phased-in
Residential	22.0%	23.0%	28.6%	7.0%
Multi-Residential	9.3%	23.4%	54.4%	13.1%
Commercial	35.1%	22.1%	33.6%	7.8%
Industrial	41.9%%	18.2%	18.8%	3.3%
City Wide	23.5%	22.8%	30.9%	7.5%

- Would have been potential for significant tax shift onto the Multi-Residential class

AVERAGE PROPERTY VALUES

	Properties		Assessment			
	No. of Properties	%	2016 (Jan. 1/12 Valuation)	2020 (Jan. 1/16 Valuation)	% Change	2017 Phased-In
Single Family Detached	287,820	38%	729,565	973,346	33%	790,248
Town Homes	24,383	3%	530,710	722,193	36%	578,556
Semi Detached	84,302	11%	518,512	714,293	38%	567,449
Condominiums	300,373	40%	369,936	413,843	12%	379,388
All Residential	752,280	100%	548,943	706,178	29%	587,471

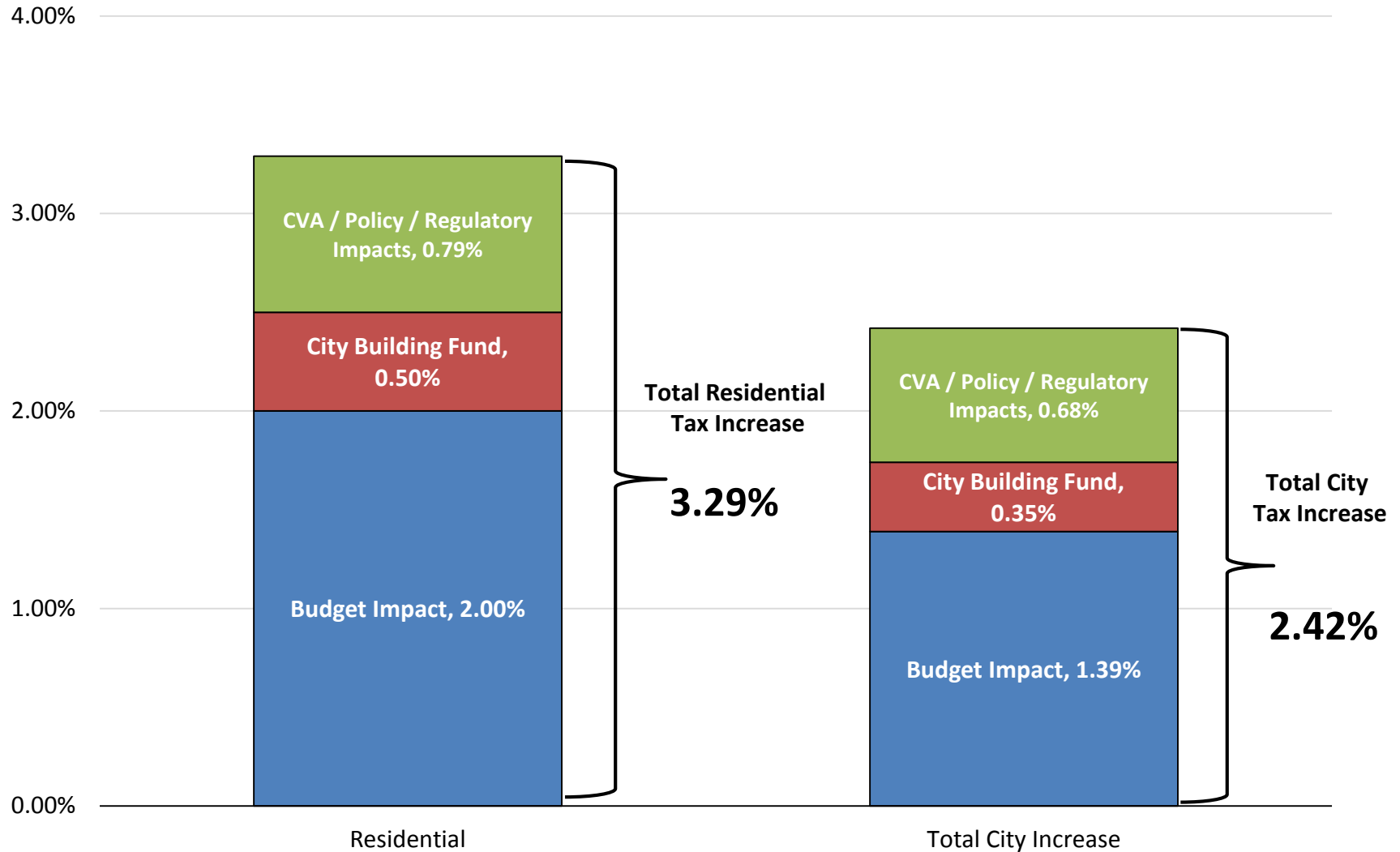
BUDGET COMMITTEE RECOMMENDED 2017 BUDGET TAX INCREASE IF THE RESIDENTIAL BUDGET TAX INCREASE IS 2.0%



Per Council Tax Policy
and New Legislation /
Regulation

BUDGET COMMITTEE RECOMMENDED 2017 TOTAL TAX INCREASE

RESIDENTIAL BUDGET TAX INCREASE OF 2.0% + CITY BUILDING FUND + CVA/REGULATORY IMPACT



AVERAGE PROPERTY TAX IMPACTS IF RES. BUDGET INCREASE AT INFLATION; PROVINCIAL FREEZE ON MULTI-RES; TAX BURDEN 1/2 INCREASE FOR COM.; 1/3 FOR IND.; CONTINUE RATIO REDUCTION

	Budgetary Increase	City Building Fund	CVA/Regulatory	Policy	Total
Residential	2.00%	0.50%	-0.12%	0.91%	3.29%
Multi-Residential (Apartment)	0.00%	0.00%	5.52%	-5.52%	0.00%
Commercial Residual	1.00%	0.25%	1.26%	0.92%	3.43%
Commercial Large	1.00%	0.25%	0.01%	0.16%	1.42%
Industrial	0.67%	0.16%	-3.80%	0.15%	-2.82%
City Average	1.39%	0.35%	0.68%	0.00%	2.42%

*Commercial Large includes: office buildings >25,000 ft²; shopping centres >25,000 ft²; parking lots; professional sports facilities.

TAX RATIO IMPLICATIONS

	2016	2017
Multi-Res	2.9	2.66
Commercial band 1 (<\$1m)	2.5	2.49
band 2 (>\$1m)	2.9	2.85
Commercial – Large	2.9	2.85
Industrial	2.9	2.83

Original 2017 ratio target: 2.5 - times residential rate for Commercial Band 1
2.8 - times for All other

2017 TAX IMPACT ON AVERAGE HOUSEHOLD (MUNICIPAL TAXES)

- 2016 Average CVA \$548,943
- 2017 Average CVA \$587,471

	\$	%
2016 Average Tax	2,745	
Reassessment Impact	(3)	-0.12%
Policy / Regulation Impact	25	0.91%
Budget Increase	55	2.0%
City Building Fund	14	0.5%
Total Impact	90	3.29%
2017 Average Tax	2,835	

2017 AVERAGE TOTAL PROPERTY TAX IMPACT WITH 2.00% RESIDENTIAL BUDGET TAX INCREASE (INC. EDUCATION ESTIMATE)

Average Residential Tax	2016	2017	\$ impact	% Impact
Municipal	\$2,745	\$2,835	\$90	3.29%
Education* (estimate)	\$1,032	\$1,042	\$10	1.0%
Total	\$3,777	\$3,878	\$101	2.7%

Average House Assessed at \$587,471

* Education Tax Rates are not available at this time



2018 & 2019 Forecast



2018 & 2019 OUTLOOKS

(in \$ Millions)	2018	2019
Reversal of 2017 Bridging Strategies: TCHC	72	0
Reversal of 2017 Bridging Strategies: Other (Inc TTC Reserve)	17	0
Reversal of 2017 Bridging Strategies Total	89	0
Expenditure Pressures		
TTC	180	74
Capital & Corporate Costs	127	85
Comp & Benefits (Excl TTC & Police)	67	62
Tax Deficiencies	27	(10)
Operating Impact of Capital Projects	11	5
Non-labour Inflationary Impact	9	8
Employee Liability	5	5
Insurance	6	0
Other Base Pressures	12	22
Expenditure Pressures Total	445	252
Total Expense Pressure	534	252
Revenue Changes		
User Fee Change	(6)	(5)
OW Benefit Upload	(22)	0
Interest / Dividend Income	4	(16)
TTC Base User Fee Change	(9)	(22)
TTC Fare Change	0	(20)
Hotel and Lodging Tax	(15)	0
Municipal Land Transfer Tax	(7)	0
Assessment Growth	(50)	(50)
2% Tax Increase	(57)	(58)
Revenue Changes Total	(163)	(172)
Total Pressure	371	81



2017-2026 Capital Budget & Plan



- \$5.8 Billion New Investments to Fund Critical Unmet Needs
- Actions Taken to Create Investment Room
- 2017 – 2026 Executive Committee Recommended Capital Budget & Plan
 - Impact on State of Good Repair Backlog
 - Impact on Debt Financing
- Provincial Announcement on Tolling and Gas Tax
- Conclusion

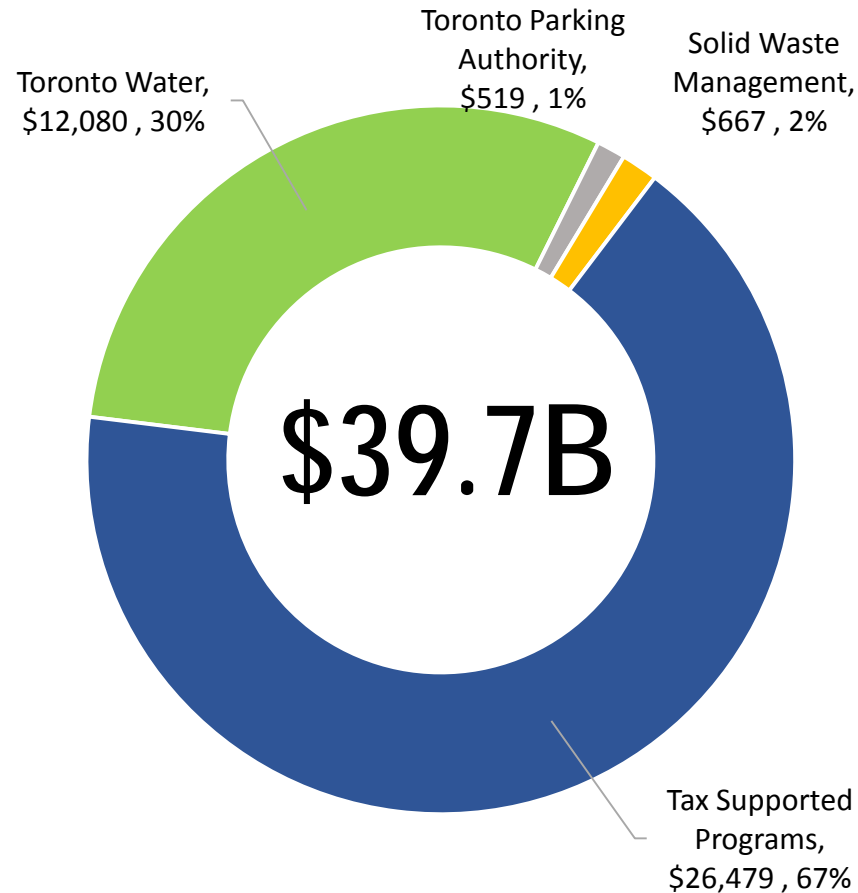


\$5.8 Billion New Investments to Fund Critical Unmet Needs



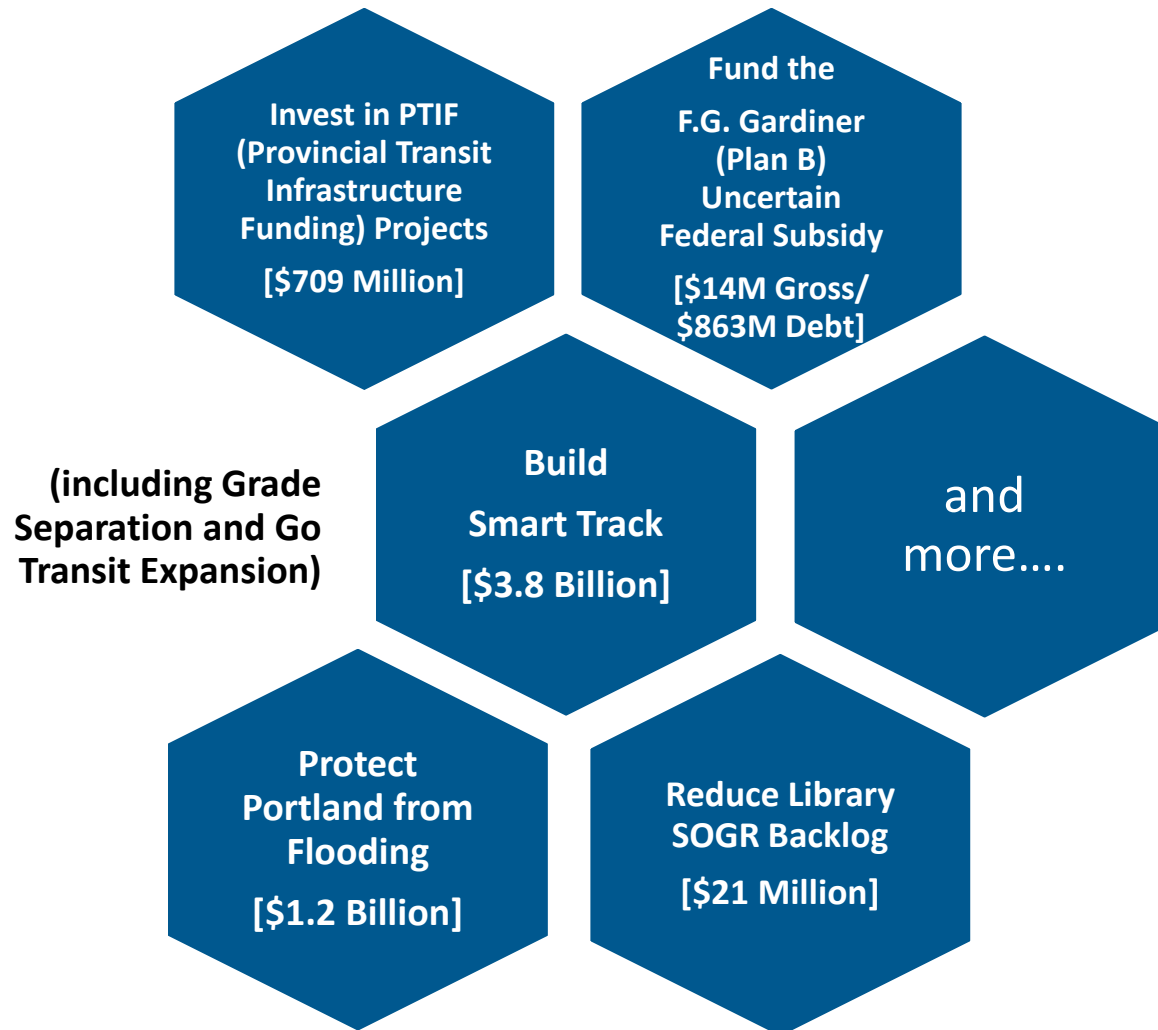
2017-2026 CAPITAL BUDGET & PLAN (RATE & TAX) - \$39.7B

WHERE THE MONEY GOES



- Notwithstanding \$26 Billion funded in 10 year Capital Plan, City still has unmet capital needs of \$30 Billion over next 15 years.
- Investments are required to address state of good repair backlog, service improvement initiatives and future transit expansion.

\$5.8 BILLION NEW INVESTMENT FUNDS CRITICAL UNMET NEEDS





Actions Taken to Create Investment Room



STRATEGIES TO CREATE ADDITIONAL INVESTMENT ROOM CAPITAL DIRECTIONS

Step 1

- Submit 2017-2026 Capital Plan based on (2016) approved debt and add new 10th year

Step 2

- Examine annual cash flow funding estimates to more *realistically* match cash flow of project activities and timelines

Step 3

- Refine project estimates and timing of unmet needs for prioritization

Step 4

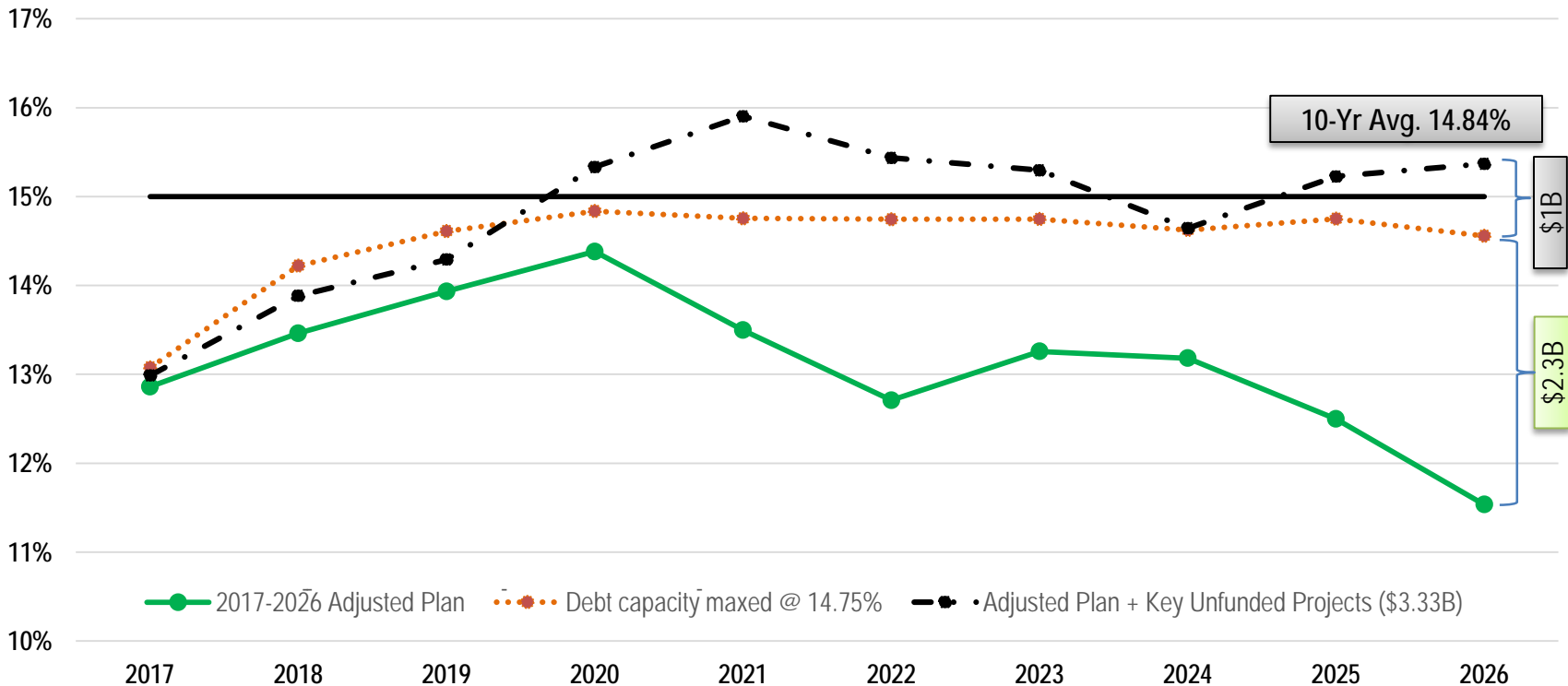
- Establish criteria and prioritize unmet needs

Step 5

- Examine debt capacity and include the Council directed 0.5% City Building Fund

STRATEGIES TO CREATE ADDITIONAL INVESTMENT ROOM

Debt Charges as a % of Property Tax Levy
 \$3.334B Key Unfunded Capital Projects to be Funded from Increased Debt Room



STRATEGIES TO CREATE ADDITIONAL INVESTMENT ROOM RESULTS

\$134M

- Realigning to project timelines in the first 5 years released debt room of \$134 Million

\$2.2B

- Maximizing debt capacity increased debt room by \$2.2 Billion

\$1.0B

- BC recommended 0.5% per year City Building Fund (for 5 years) increased debt room by further \$1.0 Billion

\$3.3B

- Total **\$3.3 Billion debt** room provides **\$5.8 Billion in capital investments**

KEY PRIORITIES FUNDED IN THE EC RECOMMENDED 2017 – 2026 CAPITAL BUDGET & PLAN - \$5.8B

Funding Criteria for Unmet Needs (\$M)	10-Yr Gross	10-Yr Debt
1- Approved projects over debt target due to cost escalation	17	866
2- To ensure legislative compliance	60	60
3- Health & Safety/SOGR to avoid service disruption/claims	6	6
4- To leverage opportunity otherwise missed	732	536
5- Results in operating savings or cost avoidance	15	15
6- To implement approved Council priorities	4,975	1,828
7- SOGR projects to reduce backlog	22	20
8- To address sustained service demand	4	3
Grand Total	5,831	3,334

KEY PROJECTS FUNDED IN THE EC RECOMMENDED 2017 – 2026 CAPITAL BUDGET & PLAN - \$5.8B GROSS/3.3B DEBT

(\$M)	10-Yr Gross	10-Yr Debt
SmartTrack	3,842	1,840
F.G. Gardiner	14	863
TTC & Non-TTC Public Transit Infrastructure Fund	709	513
Port Lands Flood Protection	1,192	47
Modernization & Transformation	36	36
Toronto Public Library SOGR Backlog	21	19
North York Central Renovation Phase 2	11	10
MB Renovation Accessibility Retrofit 2017-2026	5	5
Multi-Branch SOGR 2017-2026	5	5
Administrative Penalty System	6	6
Other	10	10
Grand Total	5,831	3,334



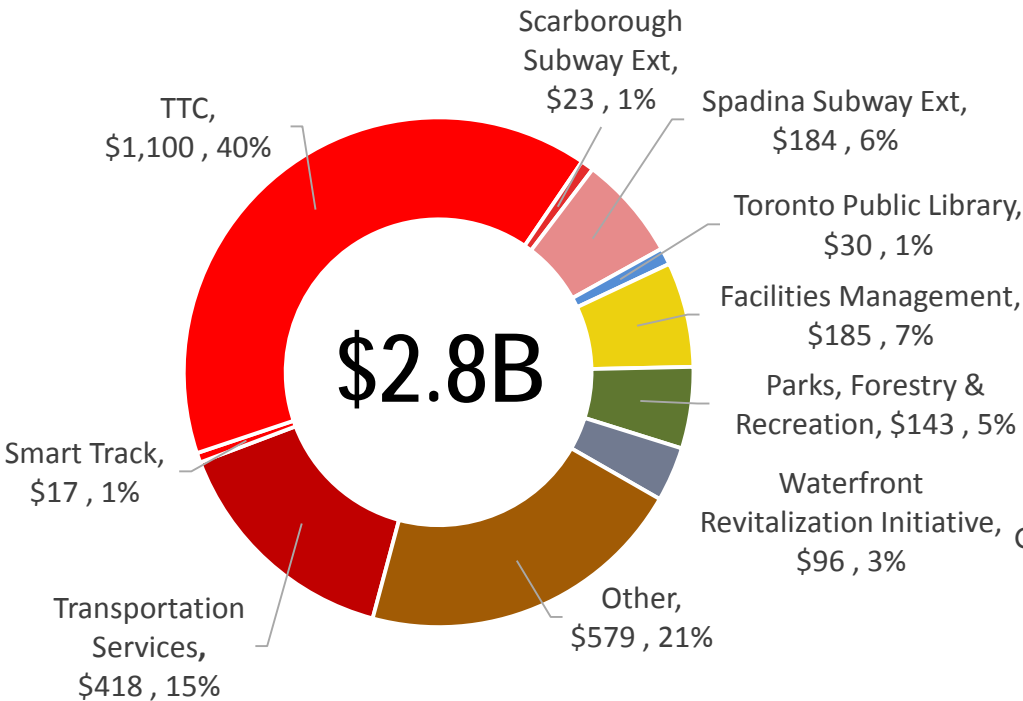
2017 – 2026 Executive Committee Recommended Capital Budget & Plan



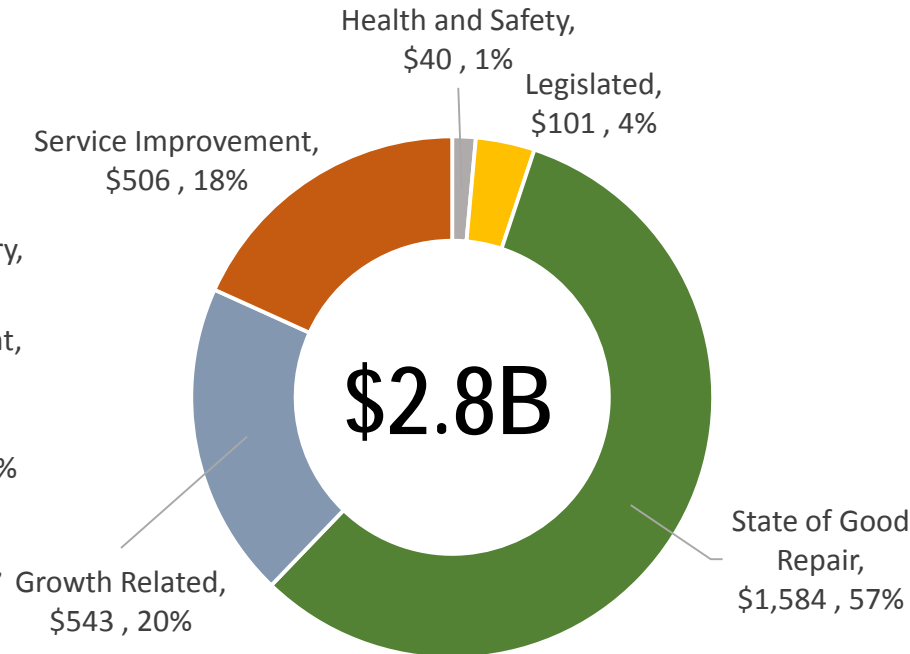
2017 CAPITAL BUDGET - \$2.8B

WHERE THE MONEY GOES

**2017 Capital Budget
By Program (\$m)**
63% TTC/Transportation



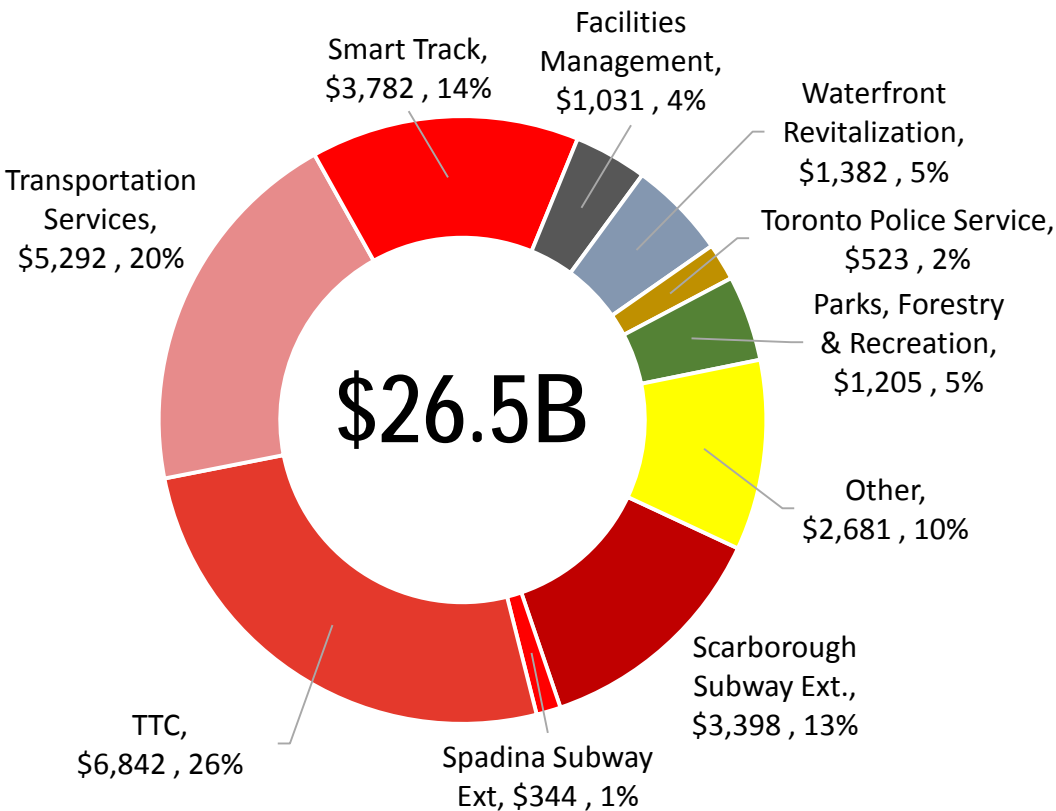
**2017 Capital Budget
By Category (\$m)**
57% SOGR



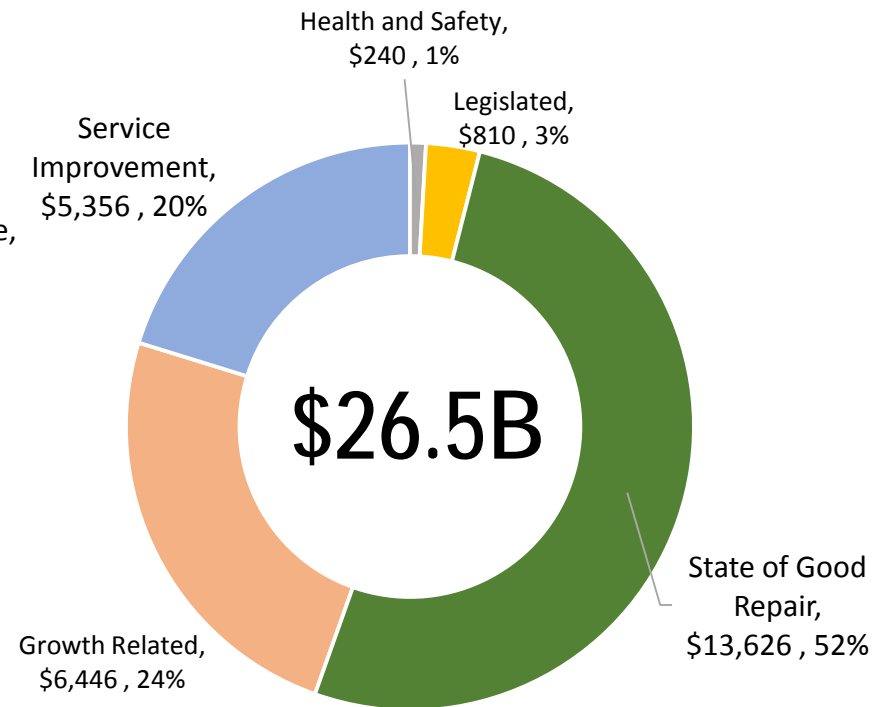
2017 – 2026 CAPITAL BUDGET AND PLAN - \$26.5B

WHERE THE MONEY GOES

**2017 - 2026 Capital Budget & Plan
By Program (\$m)
74% TTC/Transportation**



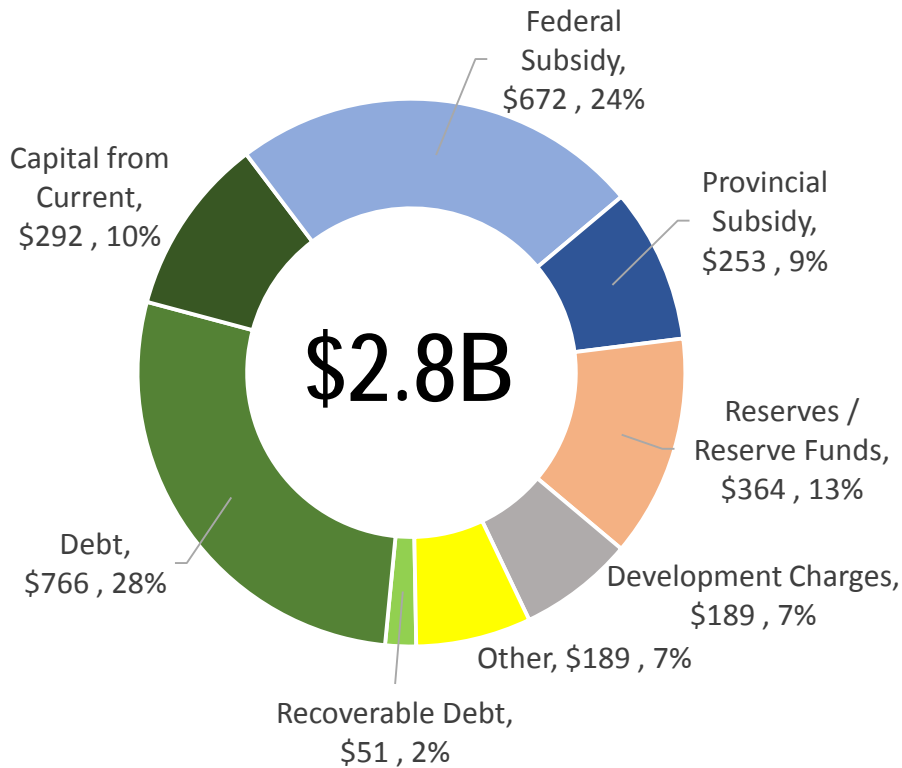
**2017 - 2026 Capital Budget & Plan
By Category (\$m)
52% SOGR**



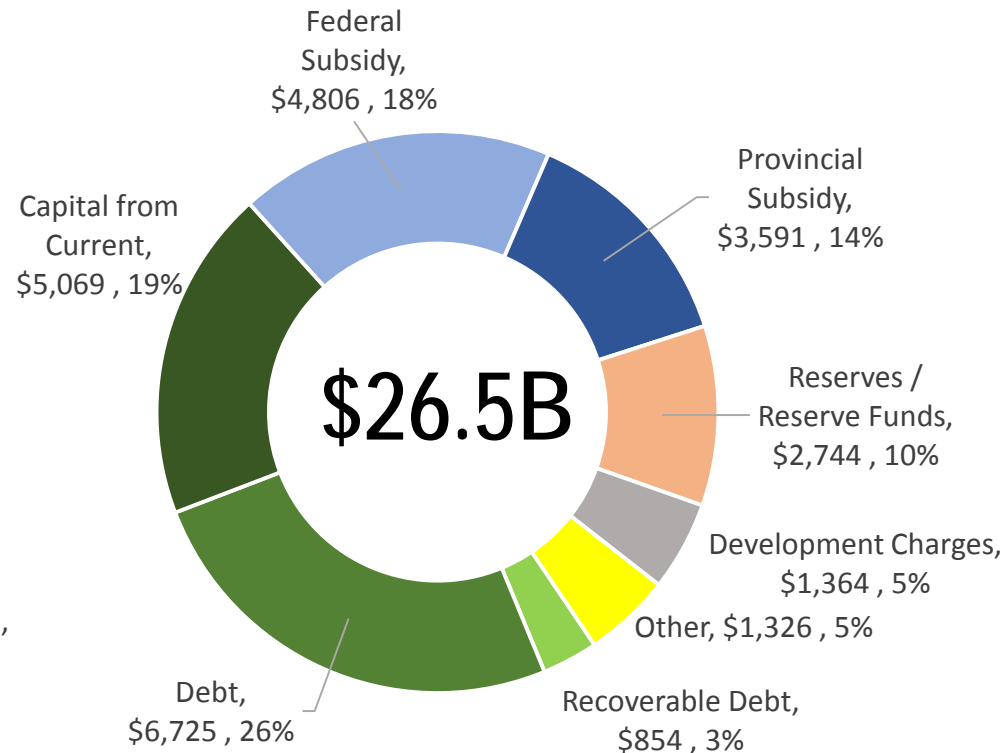
2017-2026 CAPITAL BUDGET & PLAN - \$26.5B

WHERE THE MONEY COMES FROM

**2017 Capital Budget
Funding Sources (\$m)**
38% Funding from Debt/CFC



**2017-2026 Capital Budget & Plan
Funding Sources (\$m)**
45% Funding from Debt/CFC

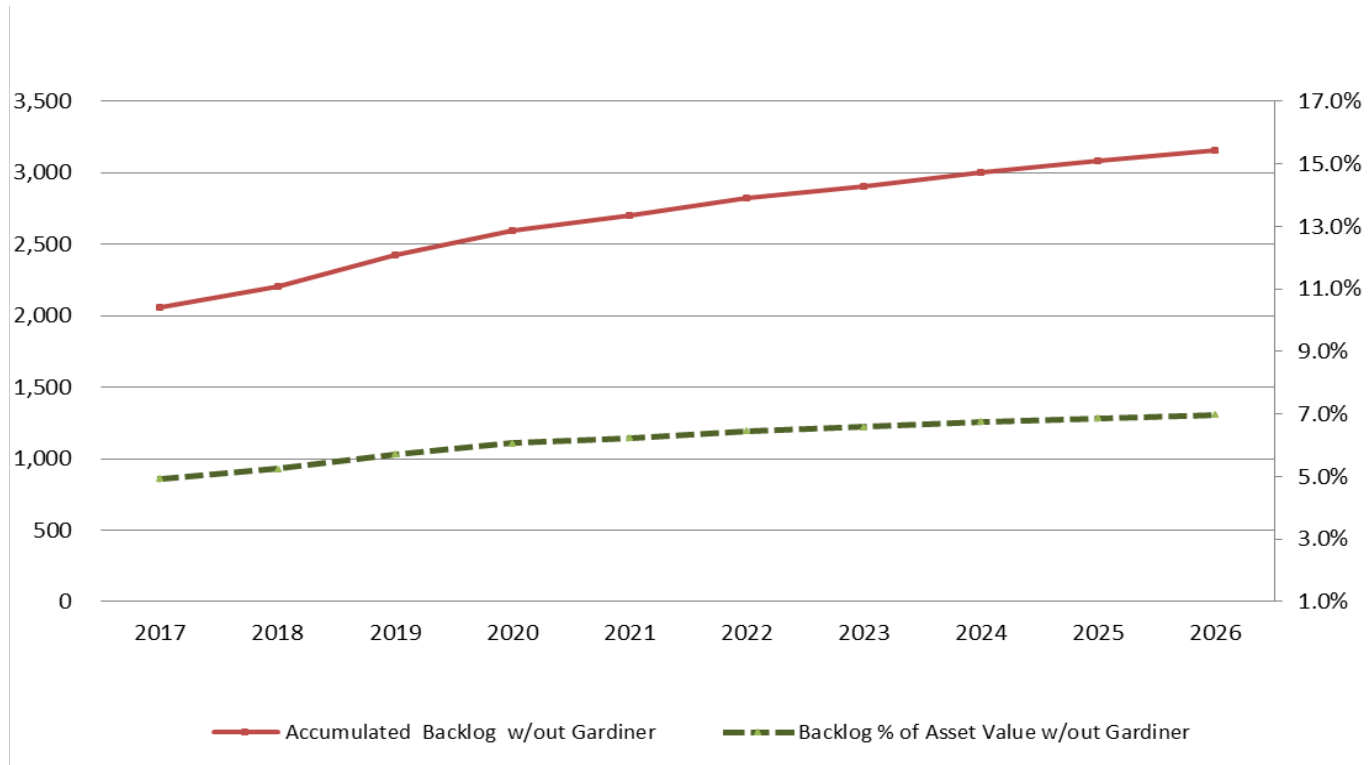




10 Year Capital Plan: Impact on State of Good Repair Backlog



SOGR BACKLOG AS A % OF TOTAL ASSET VALUE TRENDING UP TO 7%



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Asset Value w/out Gardiner	41,769	42,082	42,430	42,861	43,282	43,726	44,101	44,481	44,845	45,222
Accumulated Backlog w/out Gardiner	2,061	2,207	2,423	2,598	2,701	2,821	2,907	3,005	3,082	3,155
Backlog % of Asset Value w/out Gardiner	4.9%	5.2%	5.7%	6.1%	6.2%	6.5%	6.6%	6.8%	6.9%	7.0%

STATE OF GOOD REPAIR BACKLOG PROJECTION BY PROGRAM

Program (\$M)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Trend
Transportation Services	2,869	2,924	2,881	2,774	2,651	2,510	2,349	2,166	1,242	1,300	1,350	▼
Facilities Management, Real Estate & Environment	360	356	376	460	469	494	526	538	554	572	616	▲
Toronto Transit Commission		23	65	126	196	241	281	331	381	428	482	▲
Parks, Forestry & Recreation	442	454	479	460	468	432	404	367	327	284	222	▼
Toronto & Region Conservation Authority	228	228	222	213	203	192	182	171	163	150	139	▼
Toronto Public Library	53	60	66	71	83	86	94	99	112	129	137	▲
Other	311	299	286	272	260	249	240	232	226	218	210	▼
Total SOGR Backlog	4,262	4,345	4,376	4,377	4,331	4,205	4,076	3,905	3,005	3,082	3,155	
Total Asset Value (end of year)	44,995	45,392	45,705	46,053	46,484	46,905	47,349	47,724	48,104	48,468	48,845	
SOGR as % Asset Value	9.5%	9.6%	9.6%	9.5%	9.3%	9.0%	8.6%	8.2%	6.2%	6.4%	6.5%	

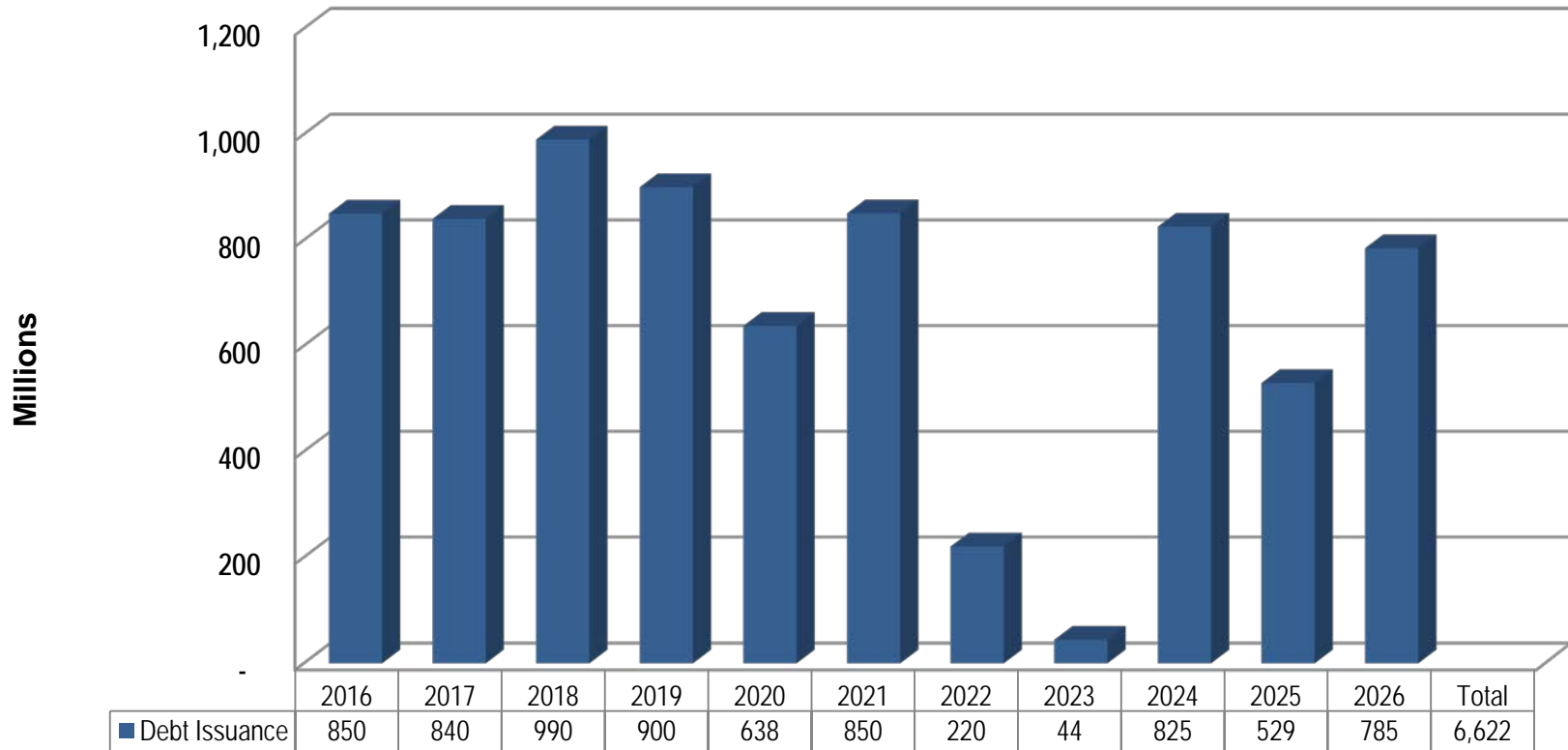
* Comparing to previously approved 2016 – 2025 Capital Plan, 2017’s opening balance of SOGR backlog is increased. The increase reflects revised delivery schedule of the F.G. Gardiner Expressway Rehabilitation project. Transportation total Asset Value also increased from \$13.9B to \$17.9B over the period of 10 years.



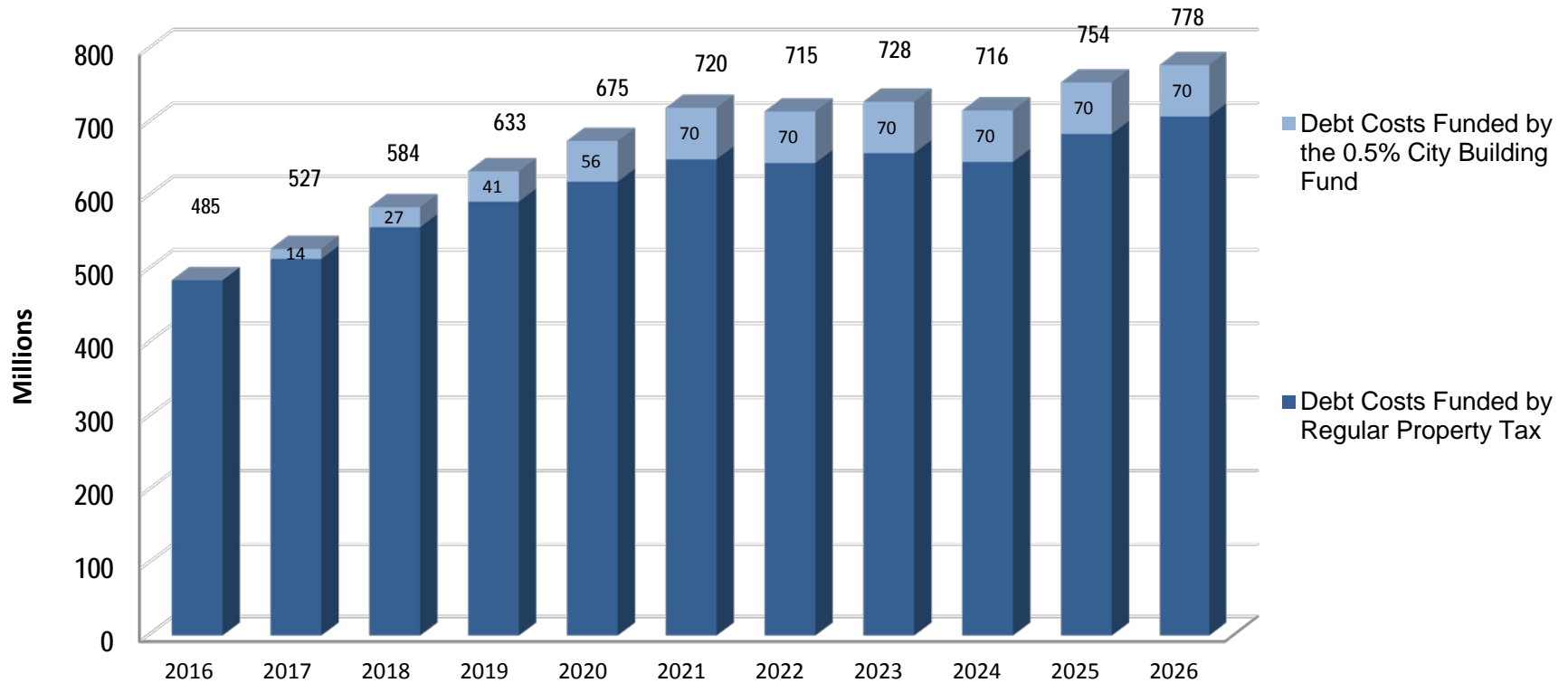
10 Year Capital Plan: Impact on Debt Financing



NEW TAX SUPPORTED DEBT ISSUANCE



TAX SUPPORTED DEBT SERVICE COSTS



Debt Service Cost (\$m)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2017-2026
YoY Incremental Costs - Before 0.5% City Building Fund		29	43	35	27	31	(5)	13	(12)	38	24	223
YoY Incremental Costs - 0.5% City Building Fund		14	14	14	14	15	0	0	0	0	0	70
YoY Incremental Costs - Incl. 0.5% City Building Fund		43	57	49	41	45	(5)	13	(12)	38	24	293
Total Annual Debt Costs	485	527	584	633	675	720	715	728	716	754	778	6,830



Provincial Announcement on Tolling and Gas Tax



TOLLING REVENUE RECOMMENDED BY BUDGET COMMITTEE

- Road tolls were proposed by staff:
 - To provide stable significant revenue for transit and transportation, and
 - To shift burden from property tax and transit riders towards user fees.
- Two options proposed for Budget Committee’s consideration:
 - \$1.4 per trip will free up debt room of \$1.9 billion
 - \$2.0 per trip would generate \$5.6 billion debt room
- On January 24th, Budget Committee recommended express toll at \$2 to generate \$5.6 billion of additional debt funding.

Potential Extra Investment Room to be Created (\$m)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	10 Year
If Expressway Tolling @ \$2.00	-	-	-	-	-	-	-	1,867	1,867	1,867	5,600

PROVINCIAL ANNOUNCEMENT ON TOLLING AND GAS TAX

- On January 27th, Provincial government announced:
 - Ontario will not facilitate a regulation under the City of Toronto Act to provide tolling of roads under the City’s jurisdictional ownership, as requested by City Council on December 13, 2016; and
 - The Provincial Gas Tax program for municipalities will double by 2021-22
- The increased Gas Tax is expected to generate additional annual revenue of approximately \$158 M by 2022.
- The incremental revenue is welcome but is not a direct substitute for toll-based or other City revenues

PROVINCIAL GAS TAX (PGT) PROGRAM

Phase in from 2019-22		Total Allocation	Toronto's Allocation	Incremental Funding *		
	cents/litre	(\$M est by Prov)	(\$M est by Prov)	Q1	Q2-Q4	Total Annual
2017	2.0	\$ 334.50	\$170.8			
2018	2.0	\$ 321.00	\$163.9		(\$5.2)	(\$5.2)
2019	2.5	\$ 401.30	\$204.9	(\$1.7)	\$25.6	\$23.8
2020	3.0	\$ 481.50	\$245.9	\$8.5	\$56.3	\$64.8
2021	4.0	\$ 642.00	\$327.8	\$18.8	\$117.8	\$136.5
2022	4.0	\$ 642.00	\$327.8	\$39.3	\$117.8	\$158.0

* Estimated by the City

PROVINCIAL ANNOUNCEMENT ON TOLLING AND GAS TAX

- Increasing share of Provincial Gas Tax will help address only part of City's capital needs
 - Dedicated to transit
- Still significant unmet capital needs due to escalating service demands for:
 - Transit and Transportation
 - Social infrastructure
 - Revitalization and growth related projects
- State of Good Repair Backlog trending up based on known and mounting needs
- Provincial Gas Tax funding subject to following limitations:
 - Revenues fluctuate based on actual gas consumption
 - Not guaranteed; subject to future Provincial government policy
 - Not predictable / sustainable revenue source to leverage long-term borrowing and cannot be used to finance debt servicing costs.

- 10-year Capital Plan delivers \$5.8 billion added investment for priority unfunded projects with \$3.3 billion debt
- \$3.3 billion additional debt room created by:
 - Releasing debt with better matching of budgets to actual spending
 - Maximizing debt capacity within debt policy limits
 - Adding debt capacity with City Building Fund at .5% for each of 5 years
 - In order to do this, requires relaxing of City's debt ratio policy
- Despite added investment, critical state of good repair, service improvement and transit expansion projects remain unfunded
- Gas Tax only addresses a portion of the City's unmet needs;
 - Alternative revenue tools required to fund critical (unfunded) projects
- City staff will revisit long-term capital allocations and report back with new modeling

Thank You / End

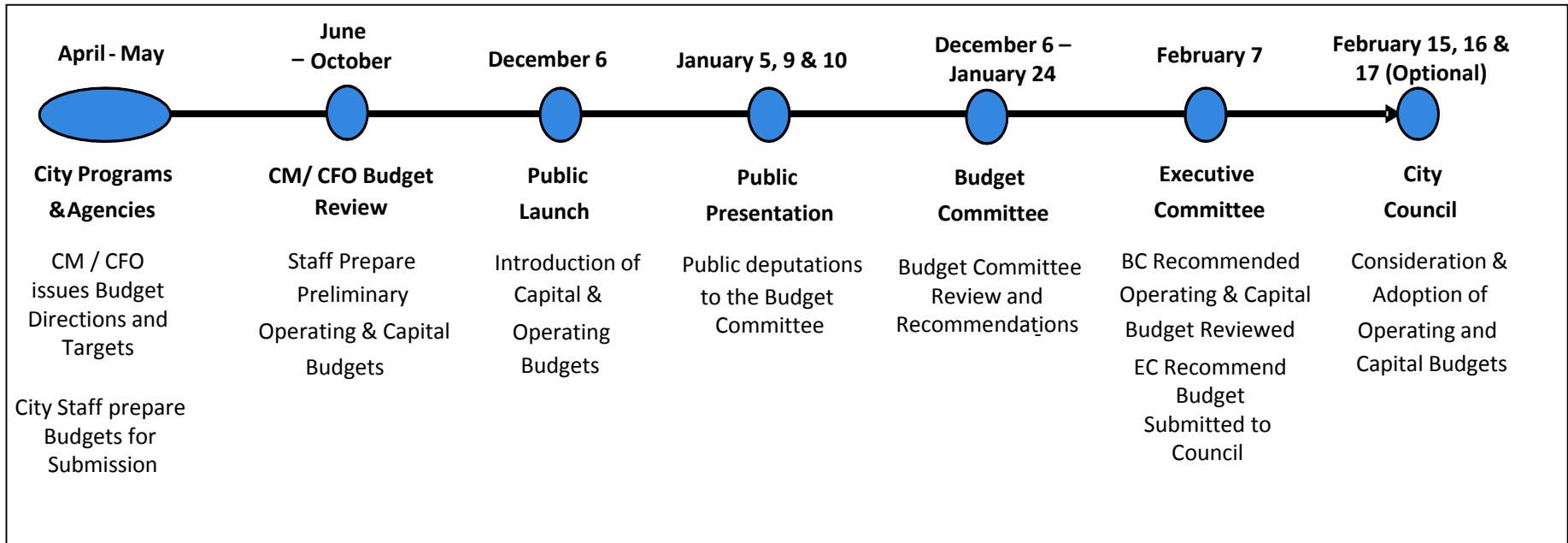




Budget Process & Next Steps



2017 BUDGET PROCESS



City Council to Review & Consider

a. 2017 Property Tax Rates

b. 2017 Executive Committee Recommended Operating Budget

c. 2017 Executive Committee Recommended Service Levels & Complement

d. 2017-2026 Executive Committee Recommended Capital Budget and Plan

Thank You / End





APPENDIX



LIST OF APPENDICES

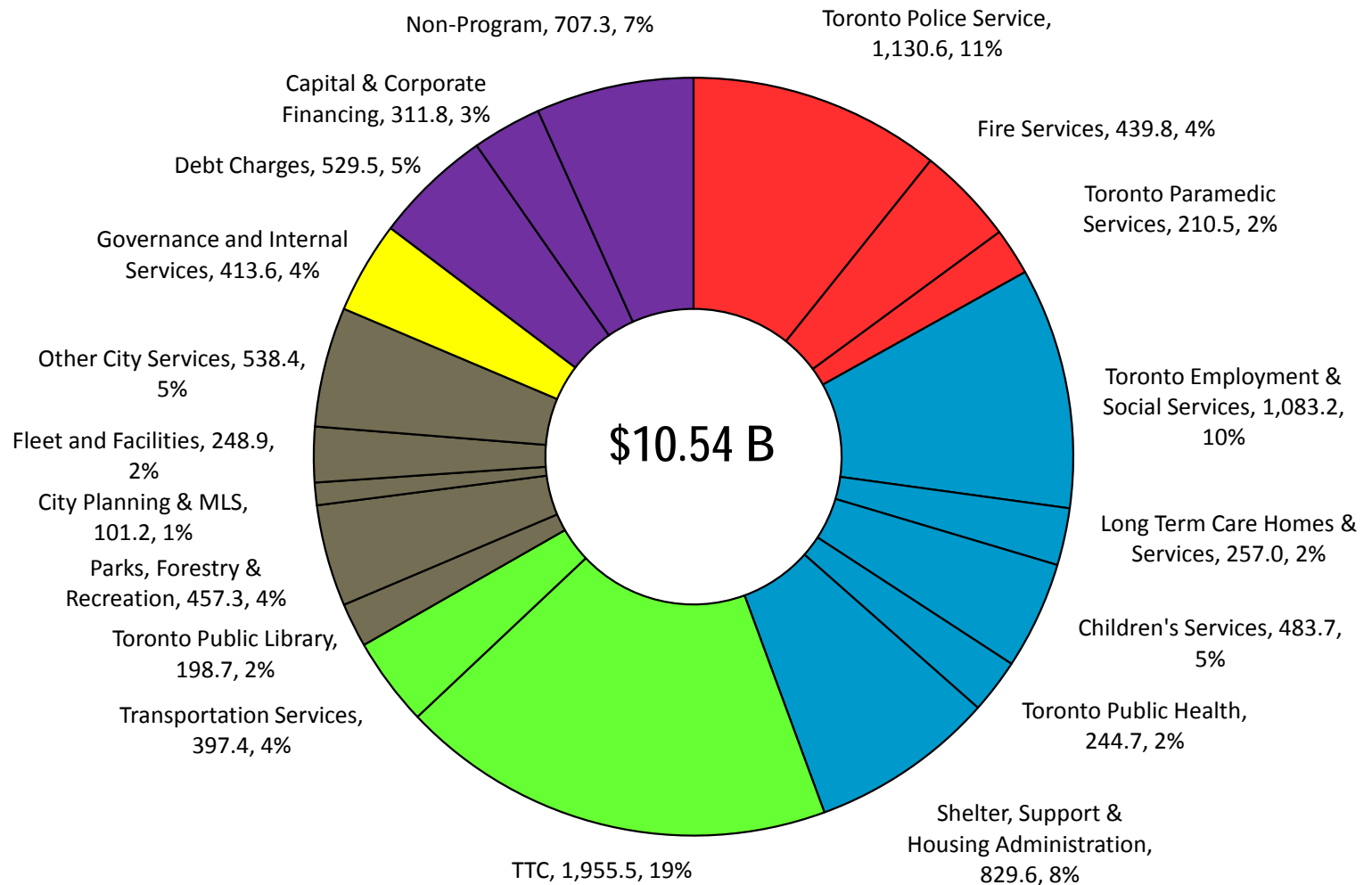
1.	2017 Executive Committee Recommended Operating Budget Details	Pg. 82
2.	Property Tax Comparisons	Pg. 100
3.	2017 – 2026 Executive Committee Recommended Capital Budget & Plan Details	Pg. 109
4.	Other (Abbreviations, Etc.)	Pg. 124
5.	2017 Executive Committee Recommended Operating Budget Summary	
	4.1 Gross Expenditures	Pg. 128
	4.2 Revenues	Pg. 130
	4.3 Net Expenditures	Pg. 132
	4.4 Staff Complement	Pg. 134
6.	Summary of Executive Committee Recommended Service Adjustments	Pg. 135
7.	Summary of Executive Committee Recommended New Service Investments	Pg. 136
8.	2017 - 2026 EC Recommended Capital Budget & Plan Summary	Pg. 138



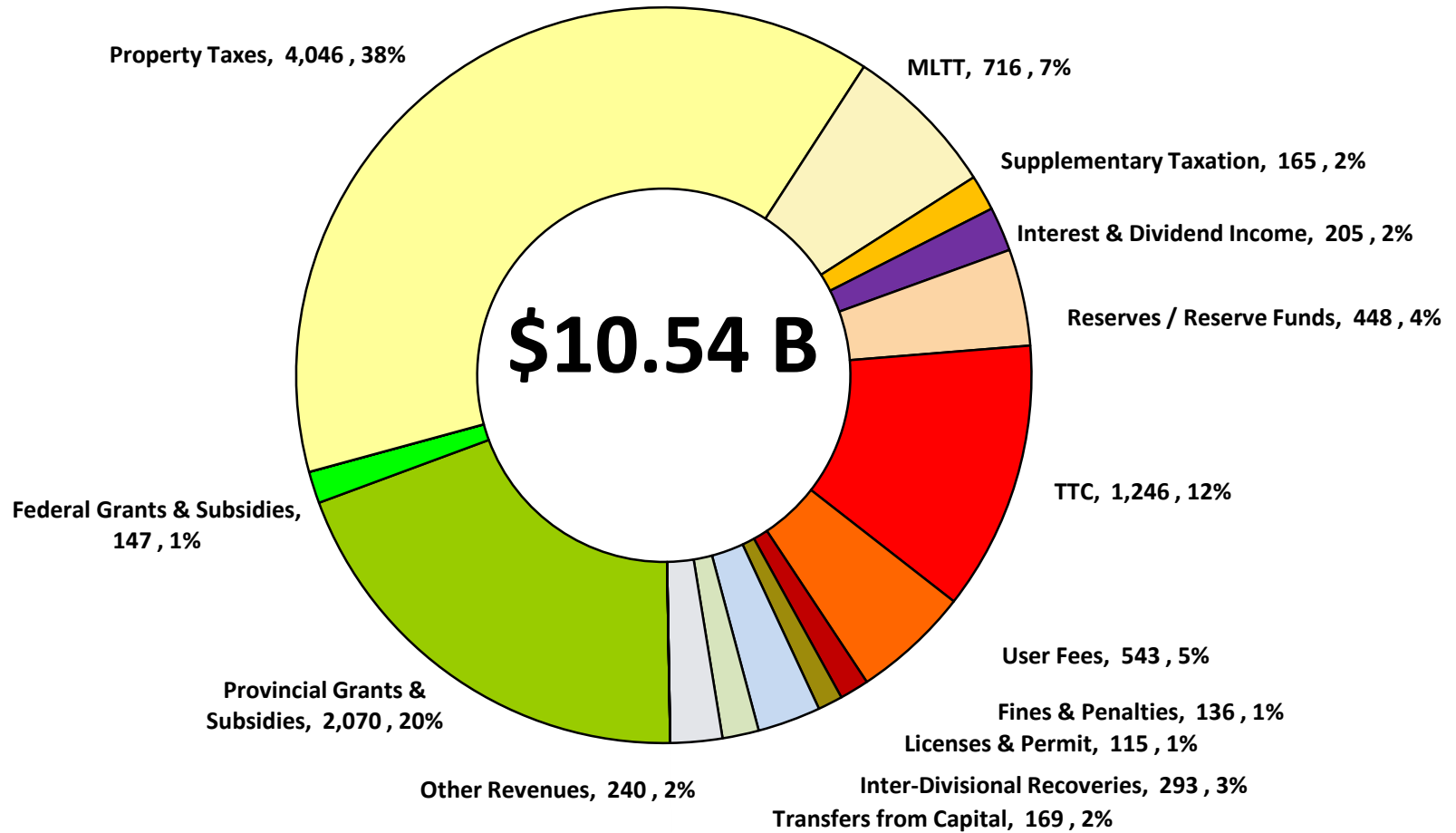
2017 Executive Committee Recommended Operating Budget Details



2017 EXECUTIVE COMMITTEE RECOMMENDED OPERATING BUDGET: WHERE THE MONEY GOES



2017 EXECUTIVE COMMITTEE RECOMMENDED OPERATING BUDGET: WHERE THE MONEY COMES FROM

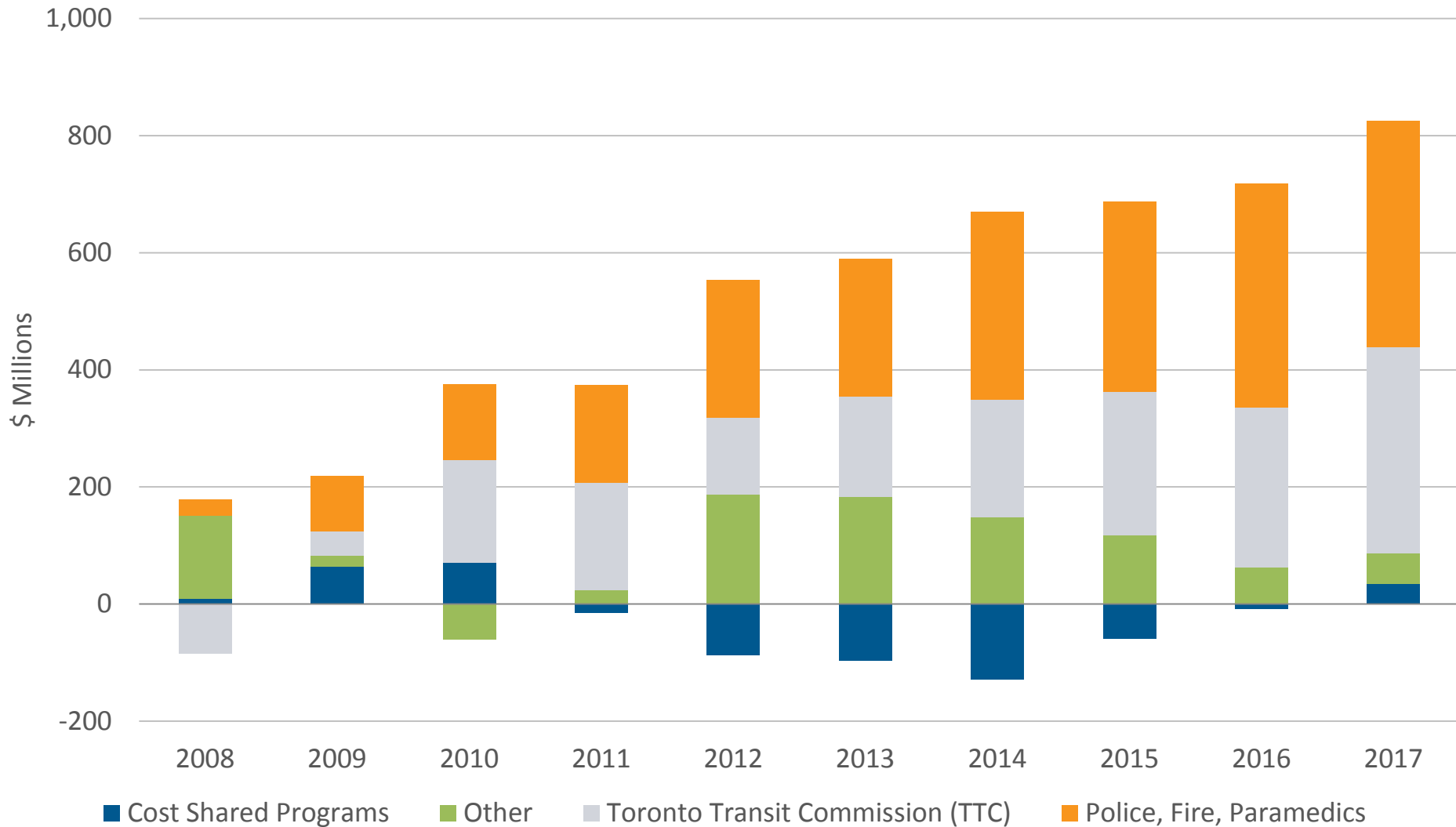


2017 EC Recommended Tax Supported Program Operating Budget - By Cluster/Major Agency

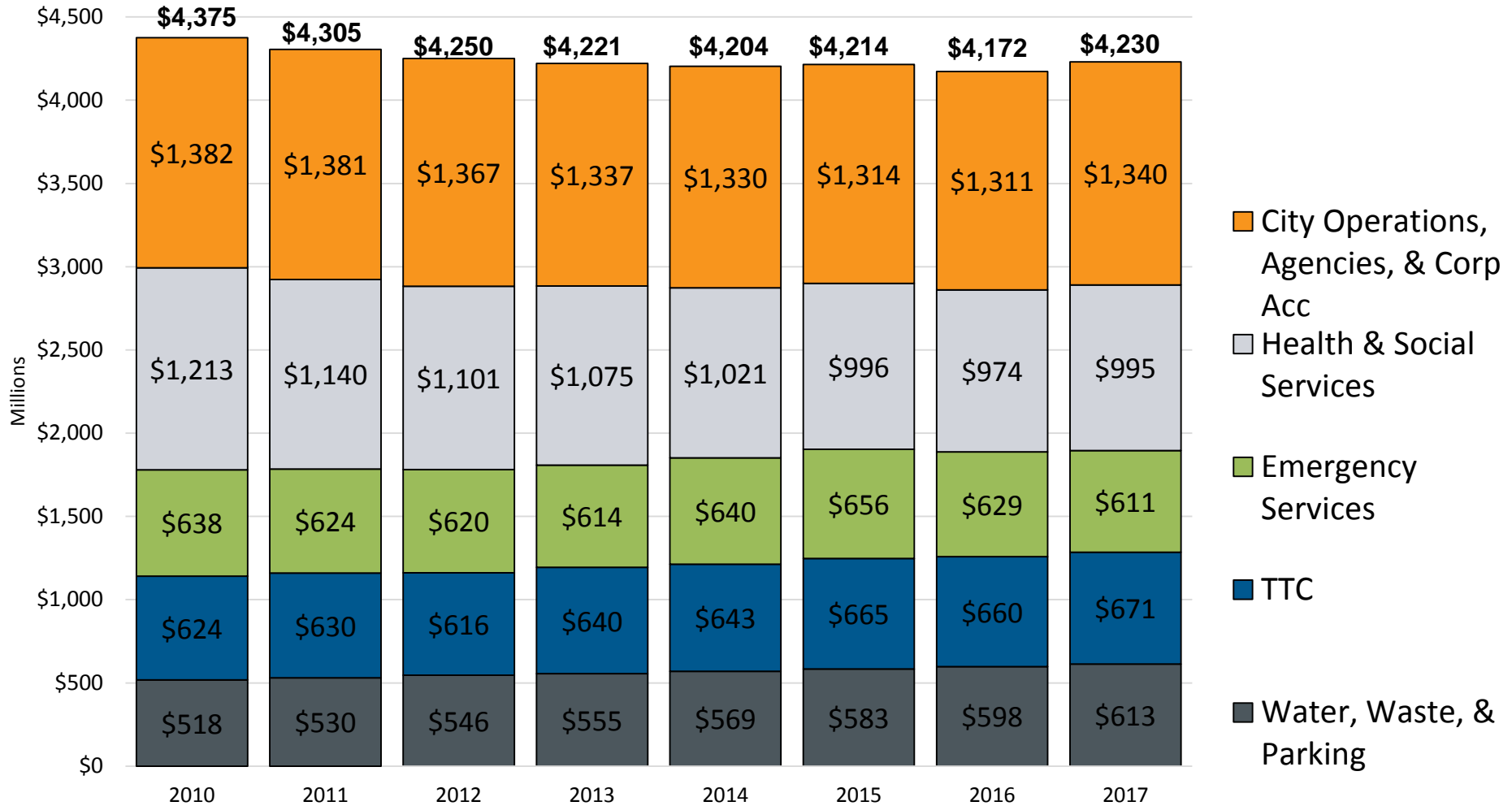
(\$000s)	2016 Budget		2017 Budget		Change from 2016 Over (Under)			
	Gross	Net	Gross	Net	Gross		Net	
					\$	%	\$	%
Citizen Centred Services "A"	3,164,439	903,990	3,265,542	908,015	101,104	3.2%	4,026	0.4%
Citizen Centred Services "B"	1,066,819	668,504	1,091,046	671,299	24,227	2.3%	2,795	0.4%
Internal Services	484,689	192,280	484,101	189,979	(588)	(0.1%)	(2,302)	(1.2%)
City Manager	55,309	47,555	55,531	46,947	222	0.4%	(608)	(1.3%)
Other City Programs	124,449	76,009	131,056	77,435	6,607	5.3%	1,426	1.9%
Accountability Offices	8,508	8,508	9,373	9,373	865	10.2%	865	10.2%
Total City Operations	4,904,213	1,896,847	5,036,650	1,903,048	132,437	2.7%	6,201	0.3%
TTC/Wheel Trans	1,860,422	610,339	1,955,452	689,524	95,029	5.1%	79,185	13.0%
Police Services and Board	1,135,260	1,007,046	1,130,626	1,006,774	(4,634)	(0.4%)	(273)	(0.0%)
Toronto Public Library	194,767	177,175	198,660	179,052	3,893	2.0%	1,877	1.1%
Toronto Public Health	244,079	58,923	244,667	60,797	588	0.2%	1,874	3.2%
Toronto Community Housing Corp.	204,500	204,500	241,700	241,700	37,200	18.2%	37,200	18.2%
Other Agencies	173,517	29,079	182,224	29,323	8,706	5.0%	244	0.8%
Agencies	3,812,546	2,087,062	3,953,328	2,207,169	140,783	3.7%	120,107	5.8%
Corporate Accounts:								
Capital & Corporate Financing	717,198	693,891	841,343	817,163	124,145	17.3%	123,271	17.8%
Non-Program Expenditures	603,870	424,728	651,787	468,589	47,917	7.9%	43,861	10.3%
Non-Program Revenues	60,857	(1,171,305)	55,548	(1,349,542)	(5,310)	(8.7%)	(178,236)	15.2%
Net Operating Budget	10,098,684	3,931,223	10,538,656	4,046,426	439,972	4.4%	115,204	2.9%
Assessment Growth / Adjustments				(59,022)			(59,022)	
Operating Budget After Assessment Growth / Adjustments	10,098,684	3,931,223	10,538,656	3,987,404	439,972	4.4%	56,182	1.4%
Scarborough Subway Levy	40,699	40,699	40,699	40,699				
Capital Building Fund			14,046	14,046	14,046		14,046	
Total Levy including SSE Levy & Capital Building Fund (Excl. Assessment)	10,139,383	3,971,922	10,593,401	4,101,171	454,018	4.5%	129,250	3.3%

*Toronto Community Housing subsidy shown separately from Shelters, Support, Housing and Administration Budget

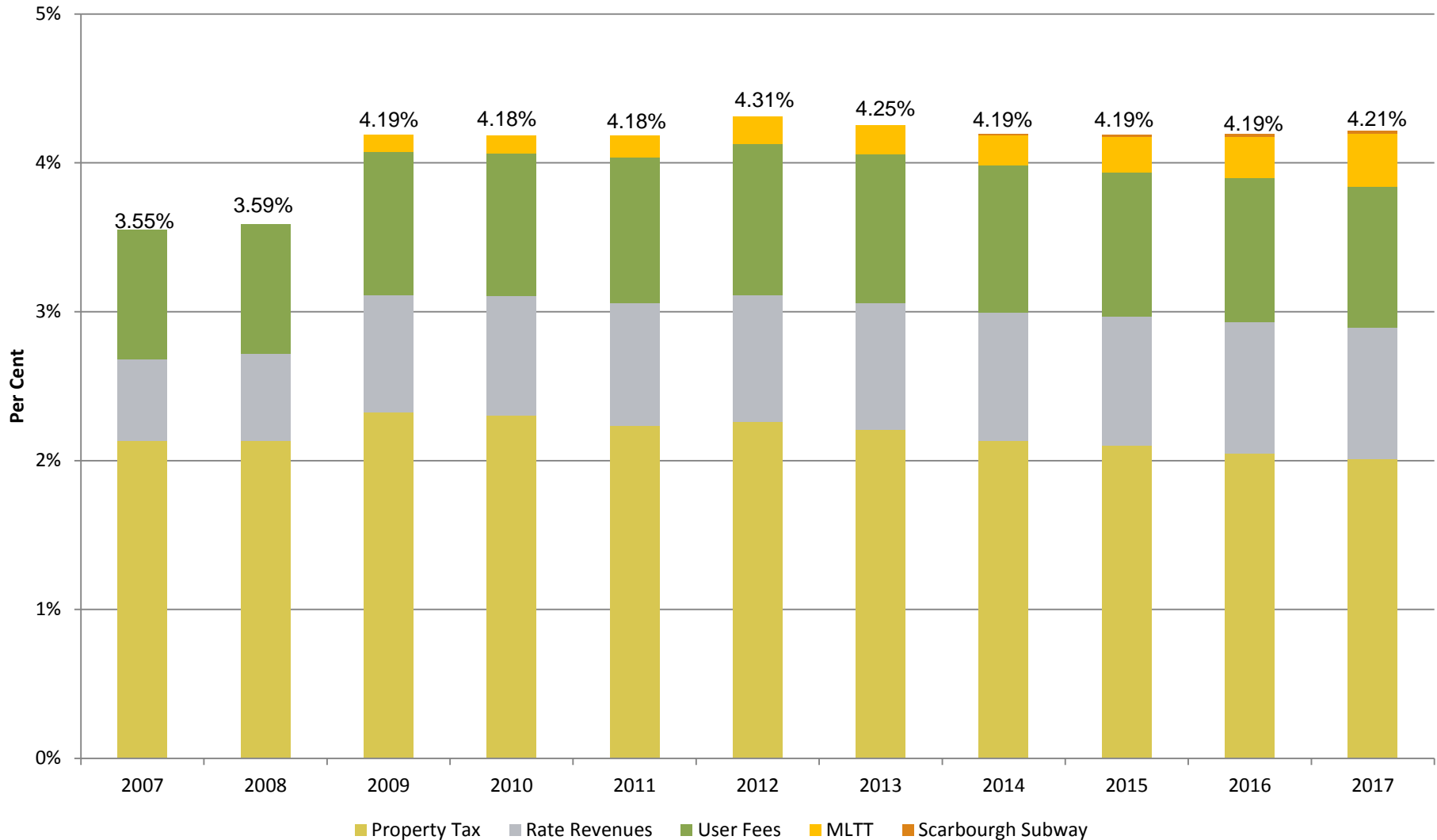
90% OF CUMULATIVE NET EXPENDITURE GROWTH FROM EMERGENCY SERVICES & TTC



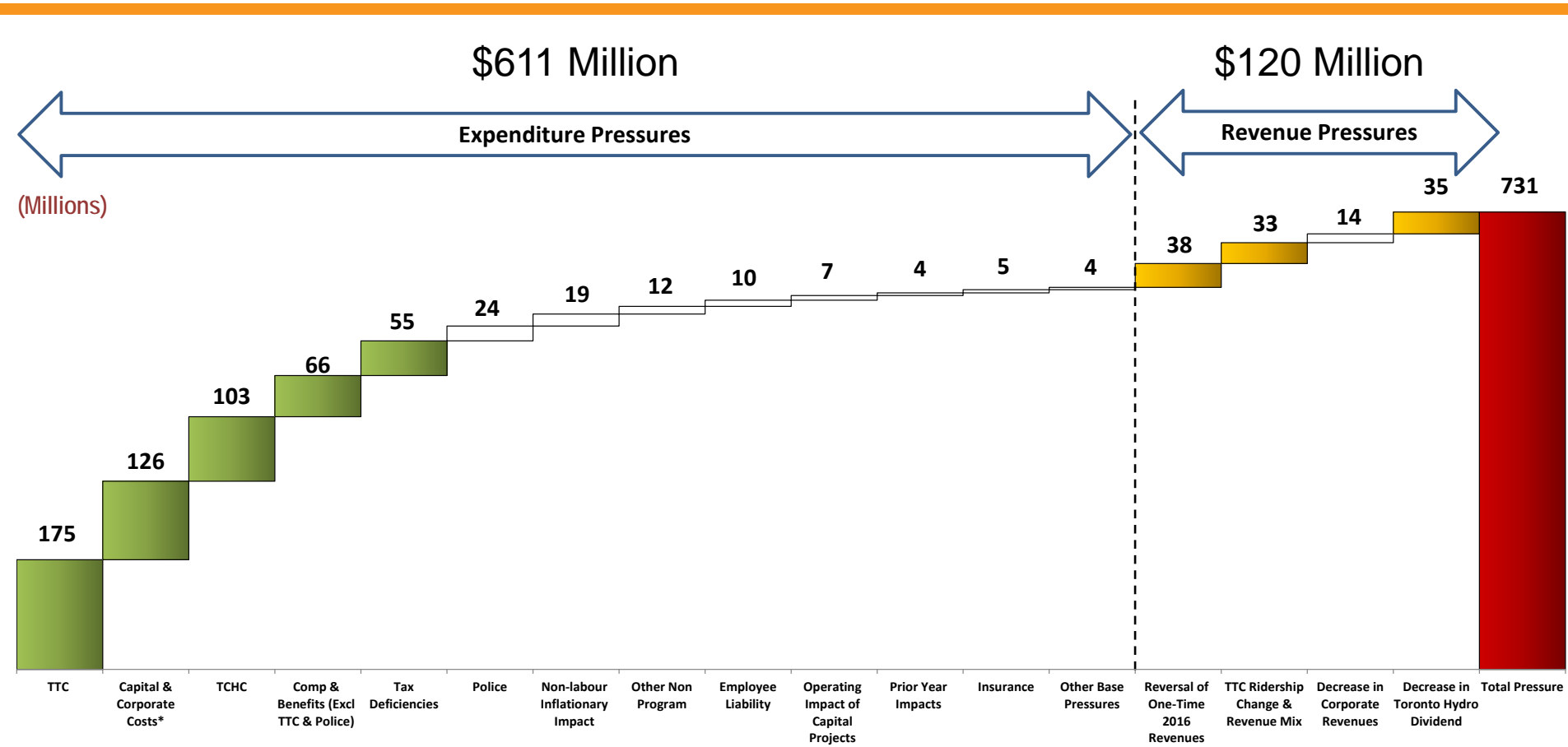
CITY SPENDING PER CAPITA (ADJUSTED FOR INFLATION)



CITY REVENUES AS A % OF GDP



Opening Pressure



* Capital & Corporate Costs include \$45 Million phase in of TPC grant loss

* * Figures are rounded

TTC 2017 OPENING PRESSURE

(\$ Millions)

Expenditure Pressures

Compensation and Benefits	\$	37	
Non-Labor Inflation	\$	15	
Prior Year Impacts	\$	3	
Operating Impacts of Capital (TYSSE)	\$	8	
Wheel Trans AODA Impacts	\$	26	
Other	\$	55	
PRESTO	\$	30	
			<u>\$ 175</u>

Revenue Pressures

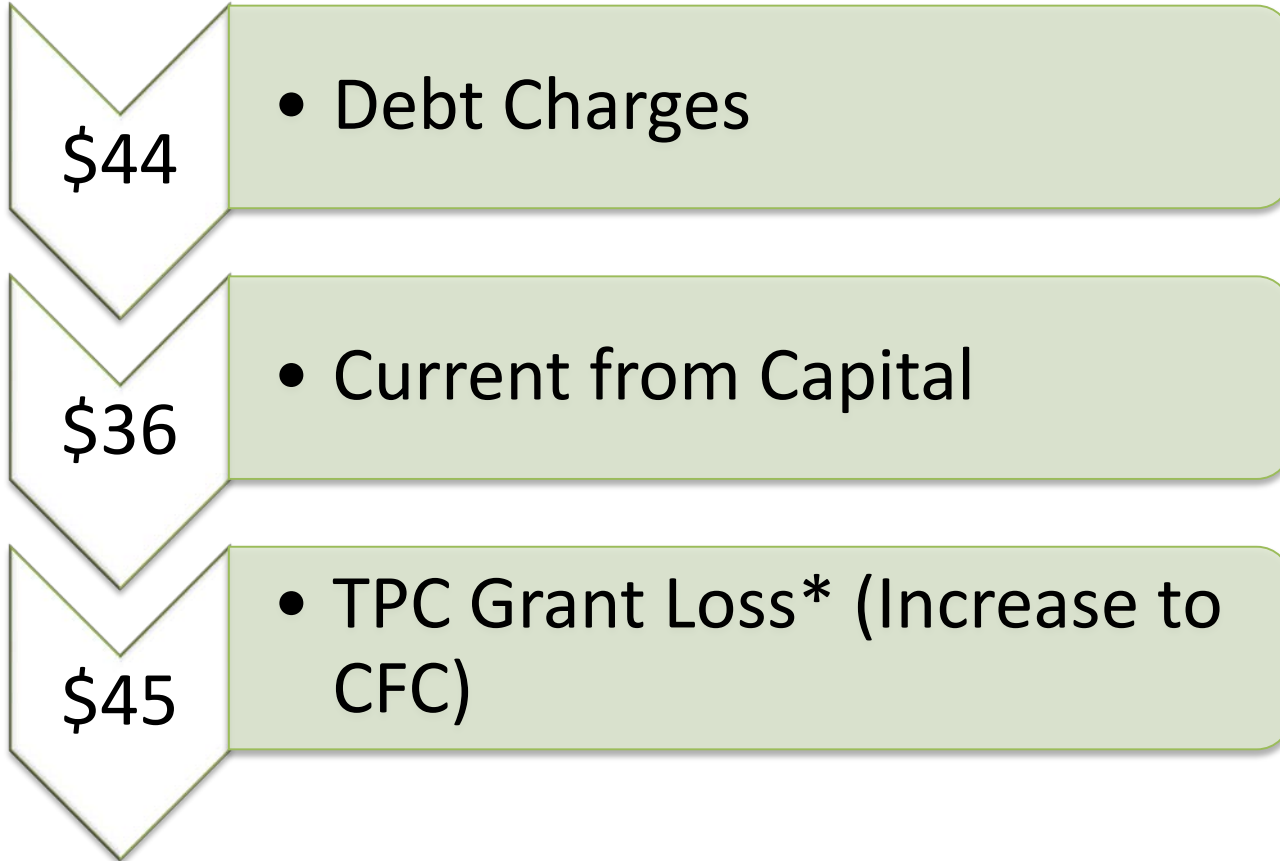
Ridership / Revenue Mix Change	\$	33	
			<u>\$ 33</u>

Total TTC Pressure

\$ 208

SUMMARY OF CAPITAL COSTS (\$126 MILLION)

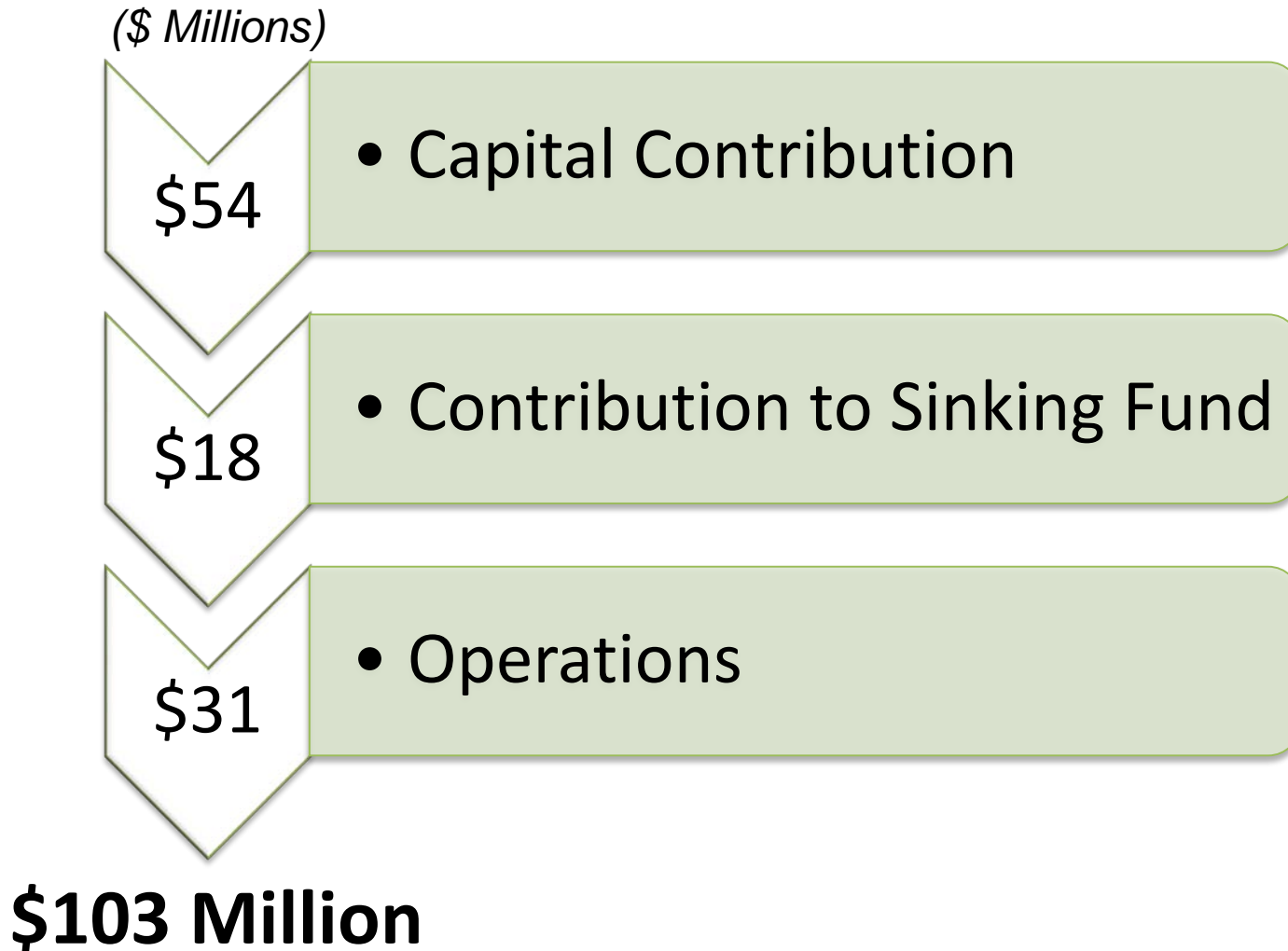
(\$ Millions)



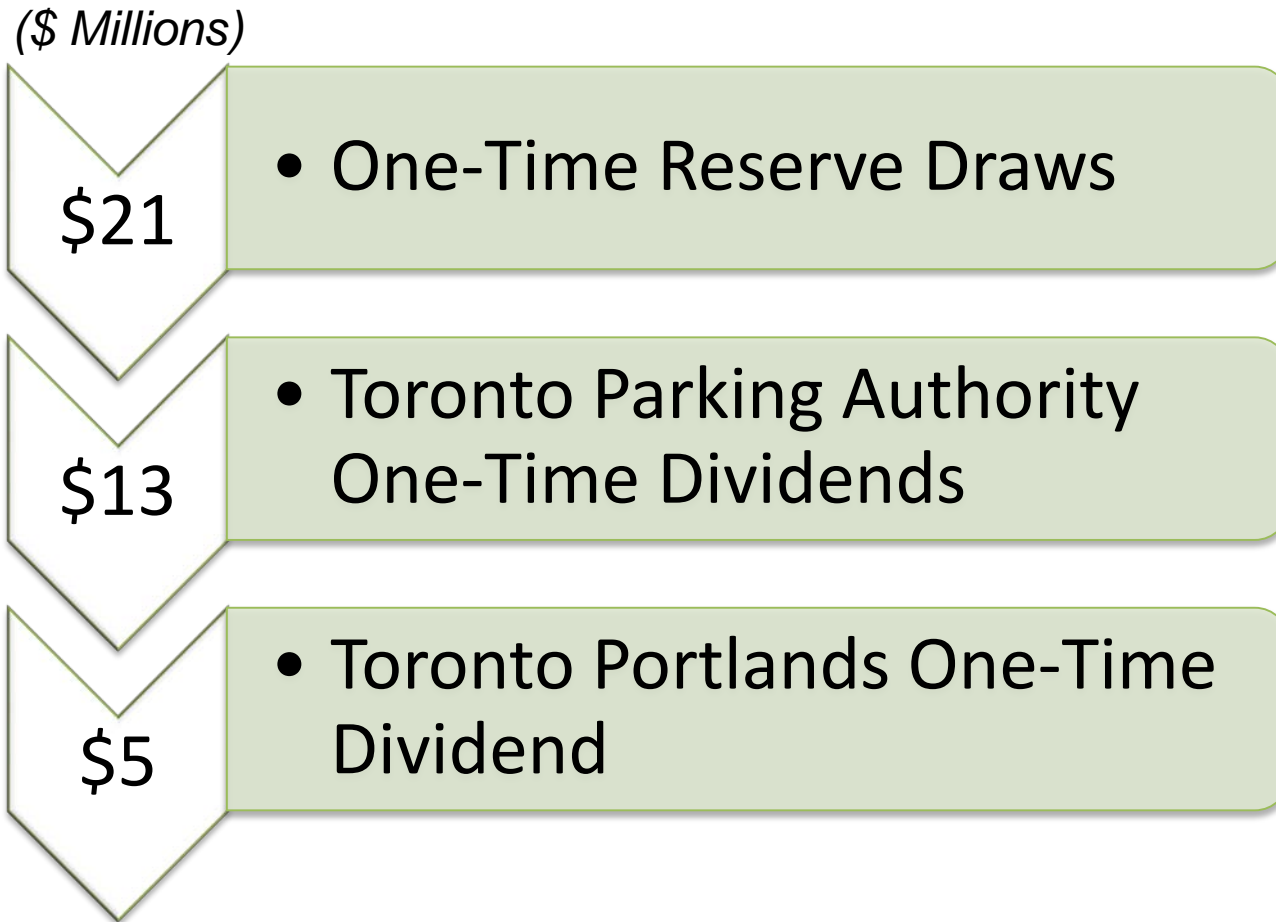
\$126 Million (rounded)

*Phased in impact of Toronto Pooling Compensation loss

SUMMARY OF TORONTO COMMUNITY HOUSING PRESSURE (\$103 MILLION)



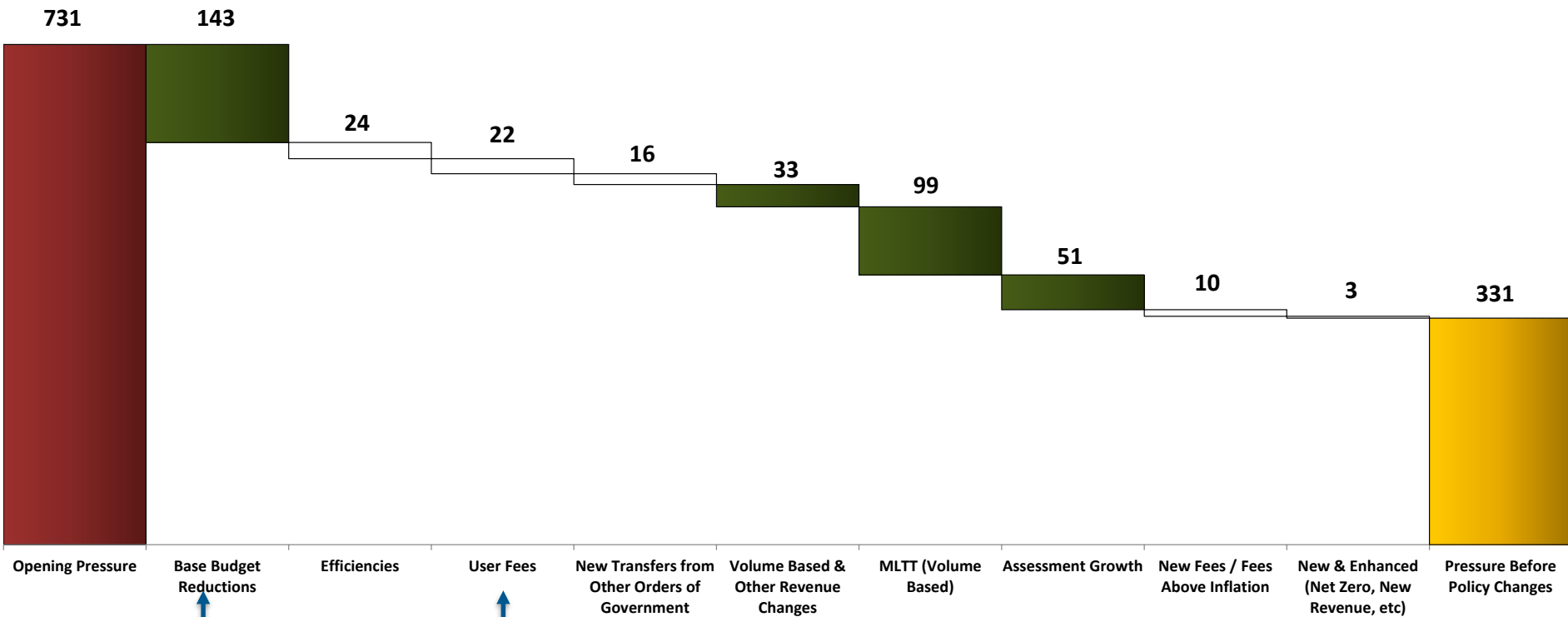
REVERSAL OF 2016 ONE-TIME REVENUES



\$38 Million

ACTIONS TAKEN AND CURRENT RESULTS – BEFORE SERVICE CHANGES

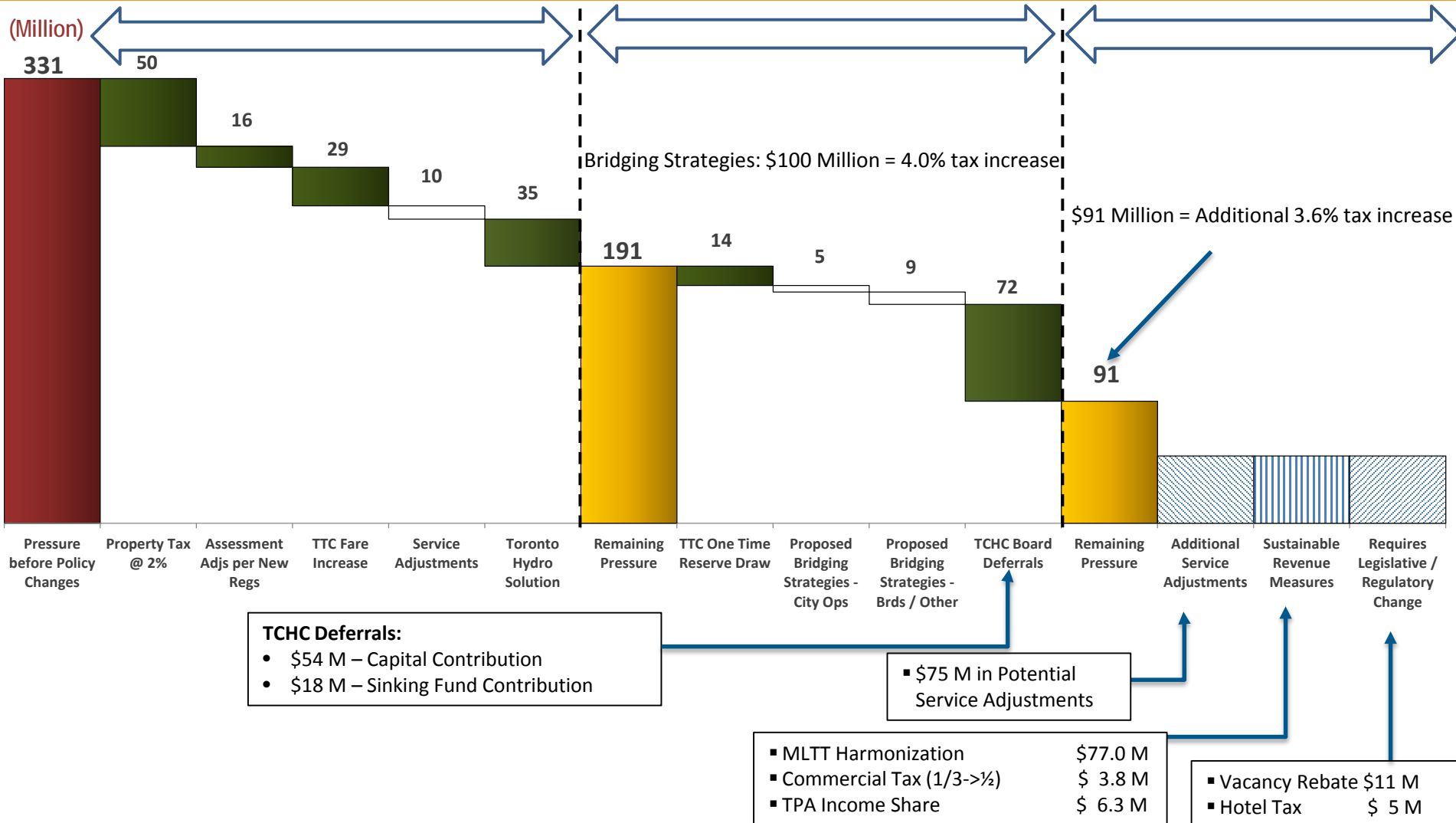
(Million)



- TTC Changes \$88 Million
- Police Savings \$16 Million
- Non-Program Savings \$14 Million
- Base Budget Savings \$23 Million
- Solid Waste Rebate (XL Bin) \$ 2 Million

- DARP Fee Increase \$12 Million
- Other Fee Increases \$10 Million

FURTHER ACTIONS



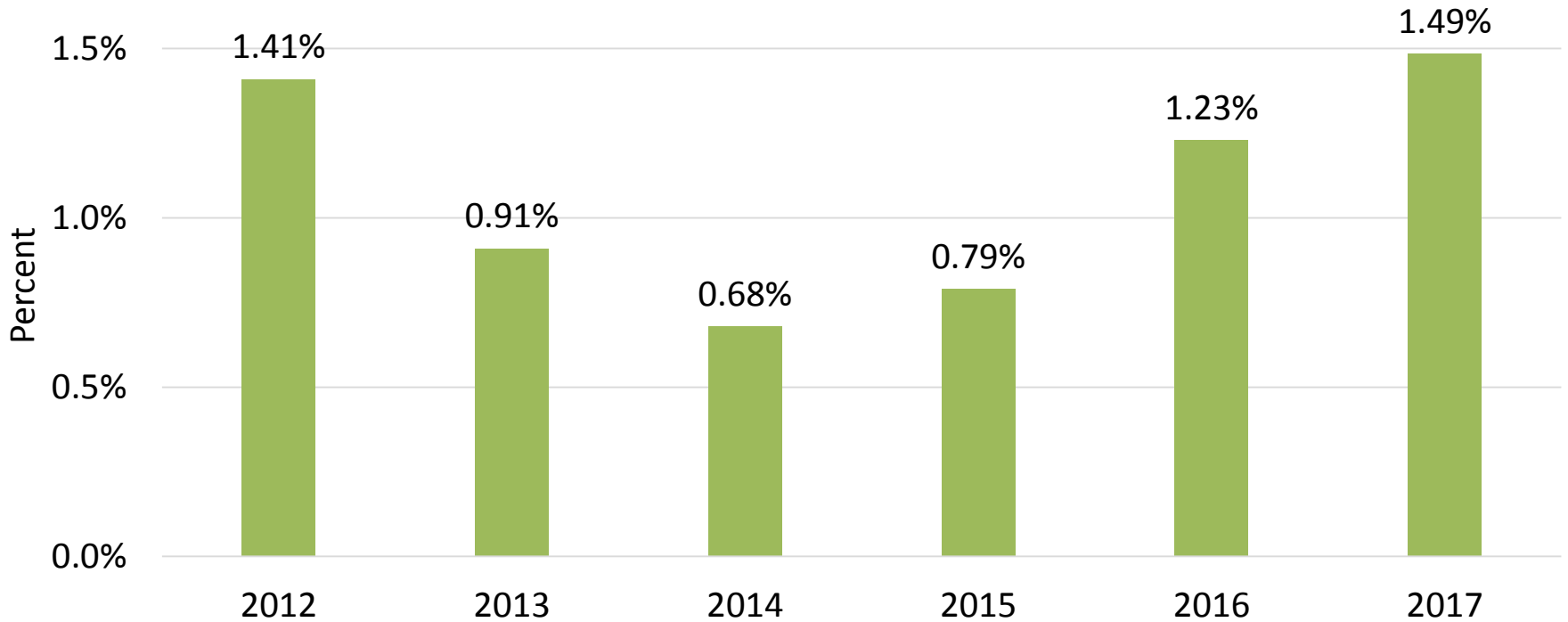
BUDGET COMMITTEE'S ACTIONS TO BALANCE BUDGET

(in \$000's)	Net
Preliminary 2017 Operating Budget as of Dec 6	90,570.0
Reversal of Service Changes and Bridging Strategies made by Budget Committee	
Reversal of Service Adjustments included in 2017 Preliminary Operating Budget	3,202.6
Reversal of New Transportation User Fee for Film Industry	2,000.0
Less: Additional Service Changes to be included	(2,284.0)
Reversal of select bridging strategies to reduce 2018 budget opening pressure	6,751.5
Sub-Total Expense	9,670.1
New Investments added by Budget Committee	
New Investments	20,259.9
Sub-Total New Investments	20,259.9
Pressure after additional expenses and investments	120,500.0
Budget Committee's Actions to Balance the 2017 Operating Budget	
Additional MLTT	(15,000.0)
Additional Toronto Hydro Dividend	(10,000.0)
MLTT Rate Harmonization	(77,000.0)
Increase FTHB Rebate for MLTT from \$3,725 to \$4,475	9,000.0
Additional TPA Revenue (75 --> 85% dividend)	(6,300.0)
Commercial Tax (1/3 --> 1/2)	(3,800.0)
Hotel Tax (20m net collection & net of GTMF)	(5,000.0)
Solid Waste Rebate reduction (M & L) \$1/bag/month	(7,300.0)
Elimination of Vacancy Unit Rebate	(5,500.0)
Assessment Growth revised calculations	2,500.0
Additional Provincial Revenue for Police Services	(2,100.0)
Budget Committee's Actions to Balance the 2017 Operating Budget Total	(120,500.0)
Remaining Pressure	-

INCLUDED EFFICIENCIES

(\$ 000's)	Efficiencies			2018 (Incremental)		2019 (Incremental)	
	\$		Pos	\$ Net	Pos	\$ Net	Pos
	Exp	Net					
Citizen Centred Services "A"	(8,458)	(8,165)	(87.2)	(4,715)	(34.1)	(180)	
Citizen Centred Services "B"	(6,824)	(6,100)	(30.5)	(56)		(74)	
Internal Services	(9,205)	(5,627)	(45.0)	(1,267)		(251)	
City Manager	(245)	(245)	(3.0)	(7)		(7)	
Other City Programs	(1,432)	(1,332)	(19.0)	(780)			
Accountability Offices	(304)	(304)	0.5	(366)		(29)	
City Operation	(26,469)	(21,773)	(184.2)	(7,191)	(34.1)	(540)	
TTC							
Agencies (Excl TTC & Police)	(3,501)	(1,893)	(34.6)	(185)		(4)	
Agencies	(3,501)	(1,893)	(34.6)	(185)		(4)	
Non-Program							
Grand Total	(29,970)	(23,665)	(218.9)	(7,377)	(34.1)	(544)	

ASSESSMENT GROWTH



	2012	2013	2014	2015	2016	2017
Assessment Growth & Adjustments	51	33	25	30	48	59

BUDGET STAFFING IMPACT

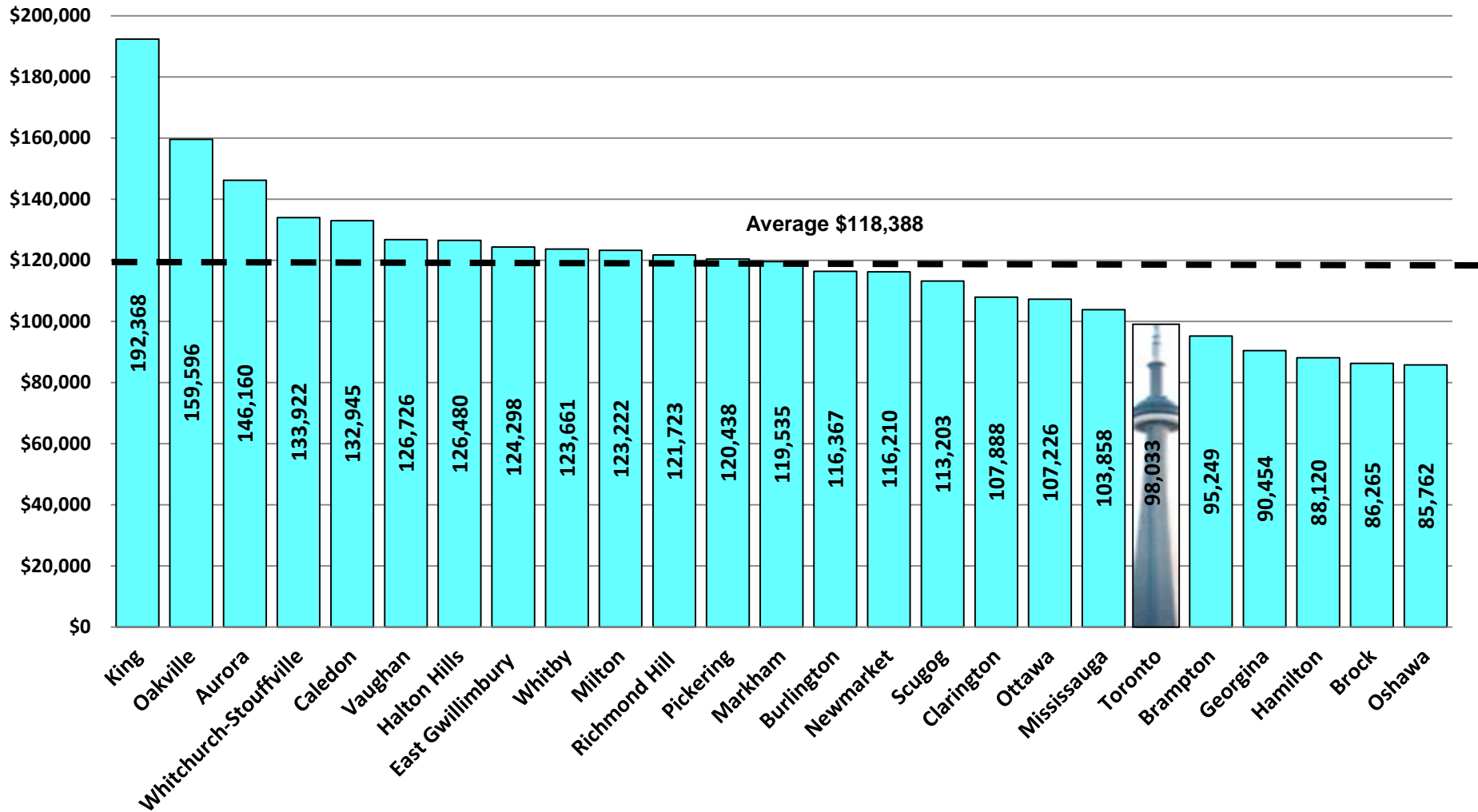
	2016 Approved Staff Complement	2017 Complement Changes									
		Prior Year Impact	Operating Impacts of Capital Proj.	Capital Project Delivery	Base Changes	Efficiencies	Service Changes	Total Base Change	New/Enh Service Priorities	Total 2017 EC Rec'd Budget	Change from 2016 Approved
Citizen Centred Services "A"	13,096.3	(61.3)	19.4	71.2	(284.4)	(87.2)	(21.1)	(363.5)	26.4	12,759.3	(337.0)
Citizen Centred Services "B"	6,364.8	(5.0)				(30.5)		(35.5)	62.0	6,391.3	26.5
Internal Services	3,069.0		17.0	(59.2)	(6.5)	(45.0)	(15.0)	(108.7)	18.0	2,978.2	(90.7)
City Manager	429.0	(1.0)			12.0	(3.0)	(11.0)	(3.0)	6.0	432.0	3.0
Other City Programs	924.3	(12.9)	2.0	16.2	7.3	(19.0)	(2.0)	(8.3)	45.5	961.5	37.2
Accountability Offices	54.8					0.5		0.5		55.2	0.5
TOTAL - CITY OPERATIONS	23,938.0	(80.2)	38.4	28.2	(271.6)	(184.2)	(49.1)	(518.5)	157.9	23,577.5	(360.6)
Agencies											
TTC (incl. Wheel-Trans)	14,540.0		(287.0)		323.0			36.0	5.0	14,581.0	41.0
Police Services & Board	7,888.0									7,888.0	
Toronto Public Library	1,741.0					(8.7)		(8.7)		1,732.3	(8.7)
Toronto Public Health	1,864.6		3.0	(6.5)	(10.7)	(23.9)	(2.0)	(40.1)	6.5	1,831.0	(33.6)
Other Agencies	1,512.6		(0.0)		14.8	(2.0)		12.8	1.0	1,526.4	13.8
TOTAL - AGENCIES	27,546.2		(284.0)	(6.5)	327.2	(34.6)	(2.0)	0.0	12.5	27,558.7	12.5
Corporate Accounts (Inc Parkign Tags)	397.0									397.0	
TOTAL LEVY OPERATING BUDGET	51,881.2	(80.2)	(245.6)	21.7	55.6	(218.9)	(51.1)	(518.5)	170.4	51,533.1	(348.1)



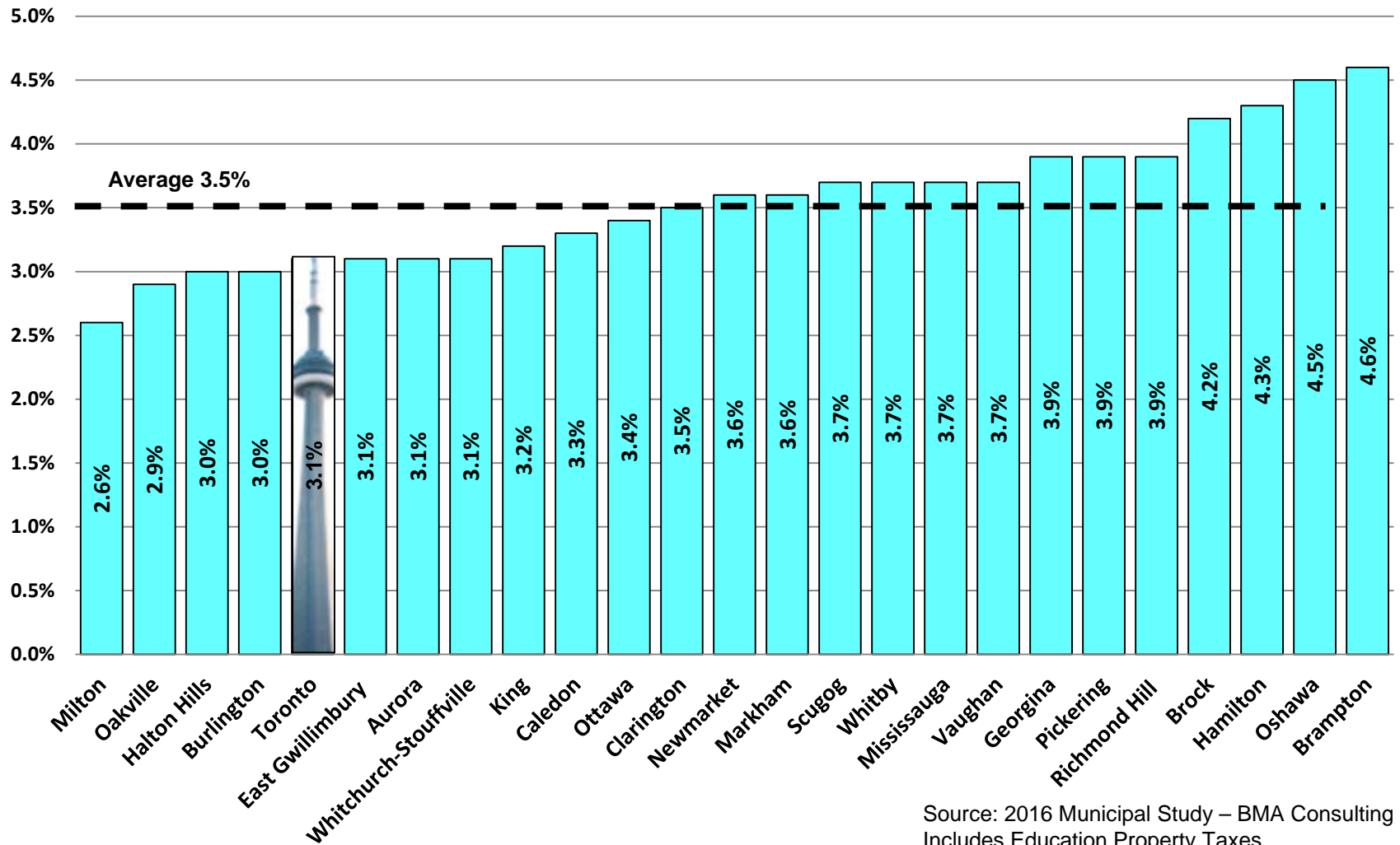
Property Tax Comparisons



2015 AVERAGE HOUSEHOLD INCOME - GTHA MUNICIPALITIES & OTTAWA

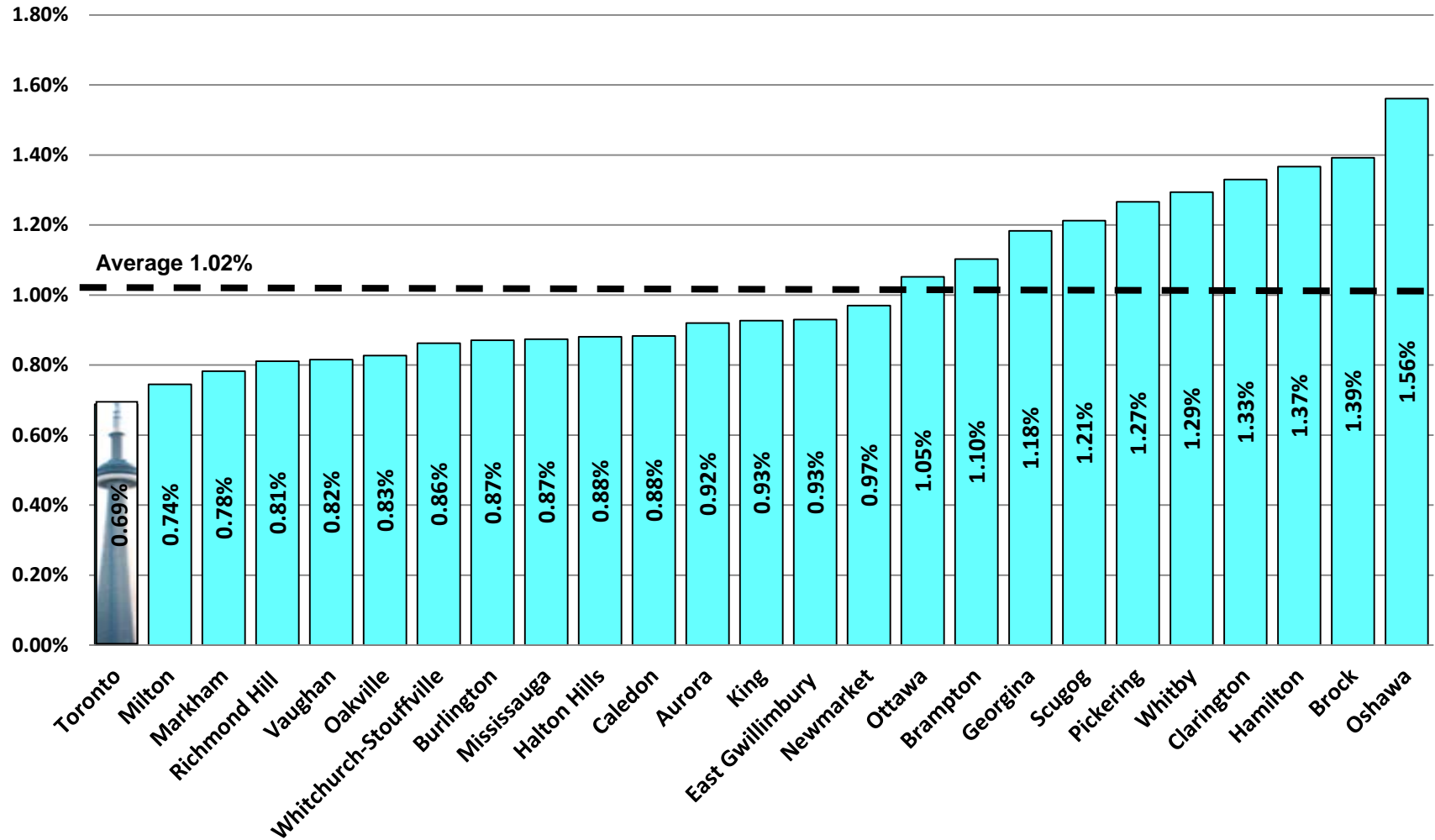


2016 PROPERTY TAXES AS A % OF HOUSEHOLD INCOMES – GTHA MUNIS & OTTAWA



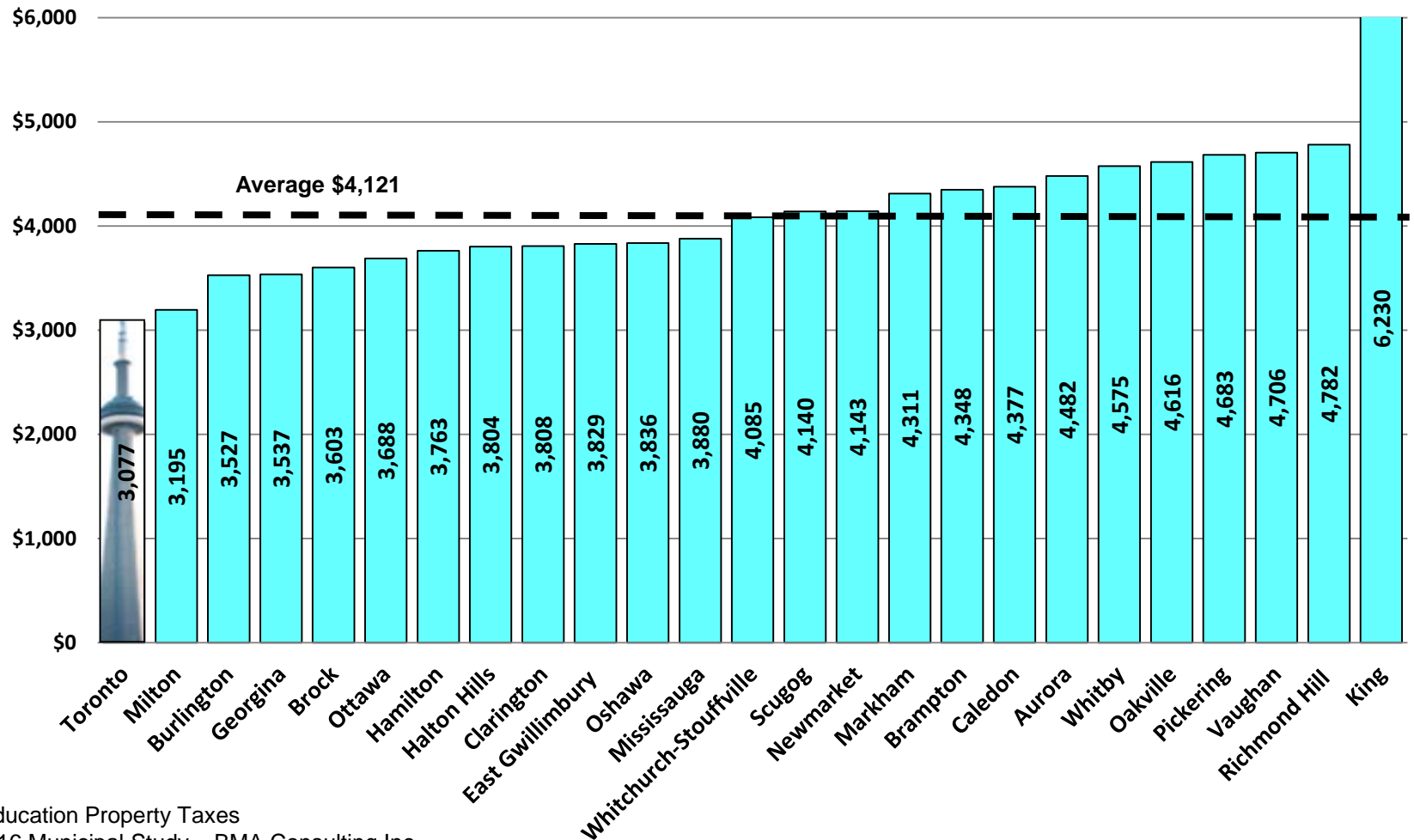
Source: 2016 Municipal Study – BMA Consulting Inc.
Includes Education Property Taxes
Based on 2015 Average Household Income

COMPARISON OF 2016 RESIDENTIAL PROPERTY TAX RATES GTHA MUNIS & OTTAWA



Source: 2016 Municipal Study – BMA Consulting Inc.
Includes Education Property Taxes

COMPARISON OF 2016 AVERAGE PROPERTY TAXES GTHA MUNIS & OTTAWA

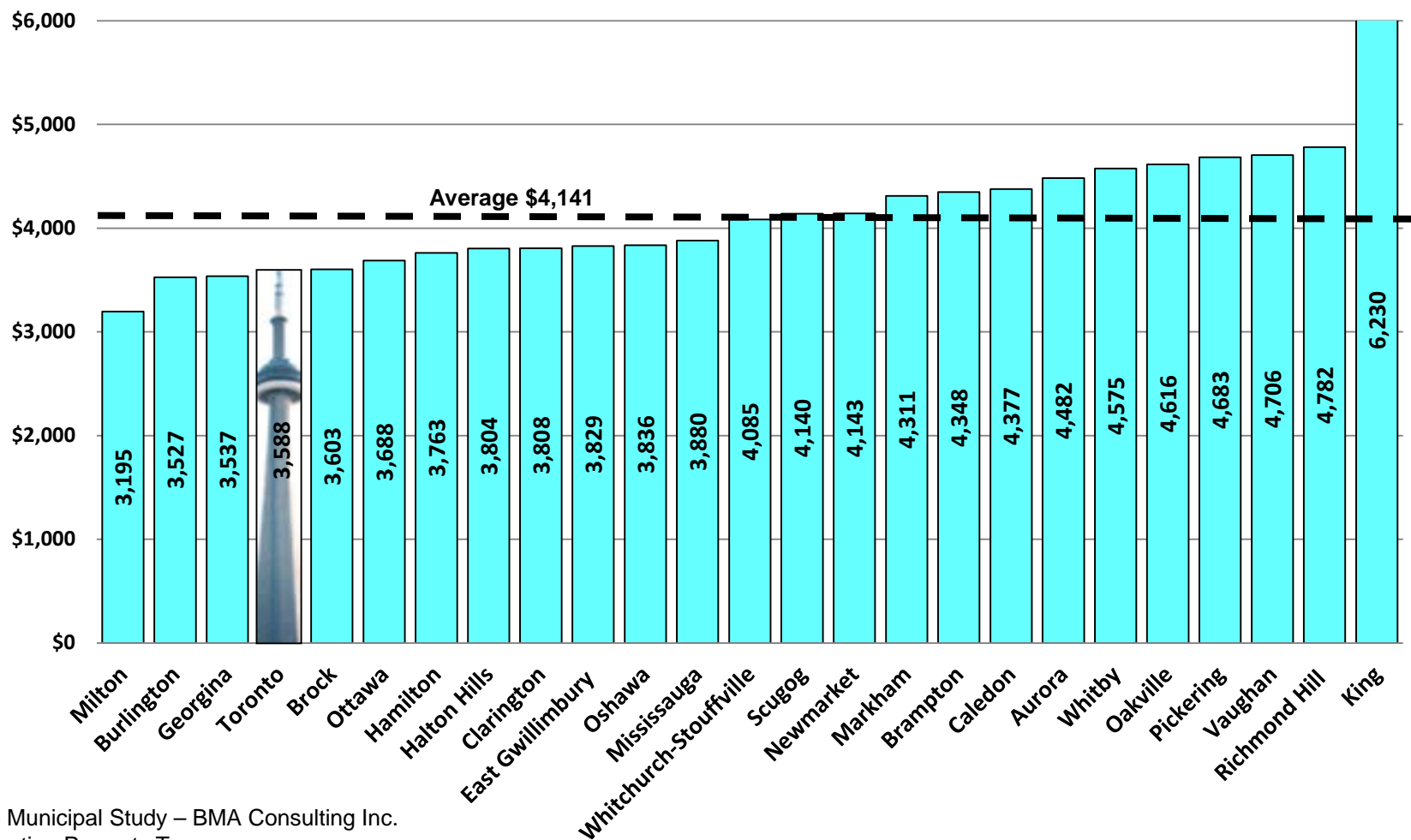


Includes Education Property Taxes

Source: 2016 Municipal Study – BMA Consulting Inc.

Note: Comparison is based on the weighted average median residential assessment of seven residential property types per MPAC Municipal Status Report 1st Quarter, 2016

COMPARISON OF 2016 AVERAGE PROPERTY TAXES - GTHA MUNIS & OTTAWA (INCLUDES PROVISION OF MLTT & AVERAGE SOLID WASTE COLLECTION FOR TORONTO ONLY)

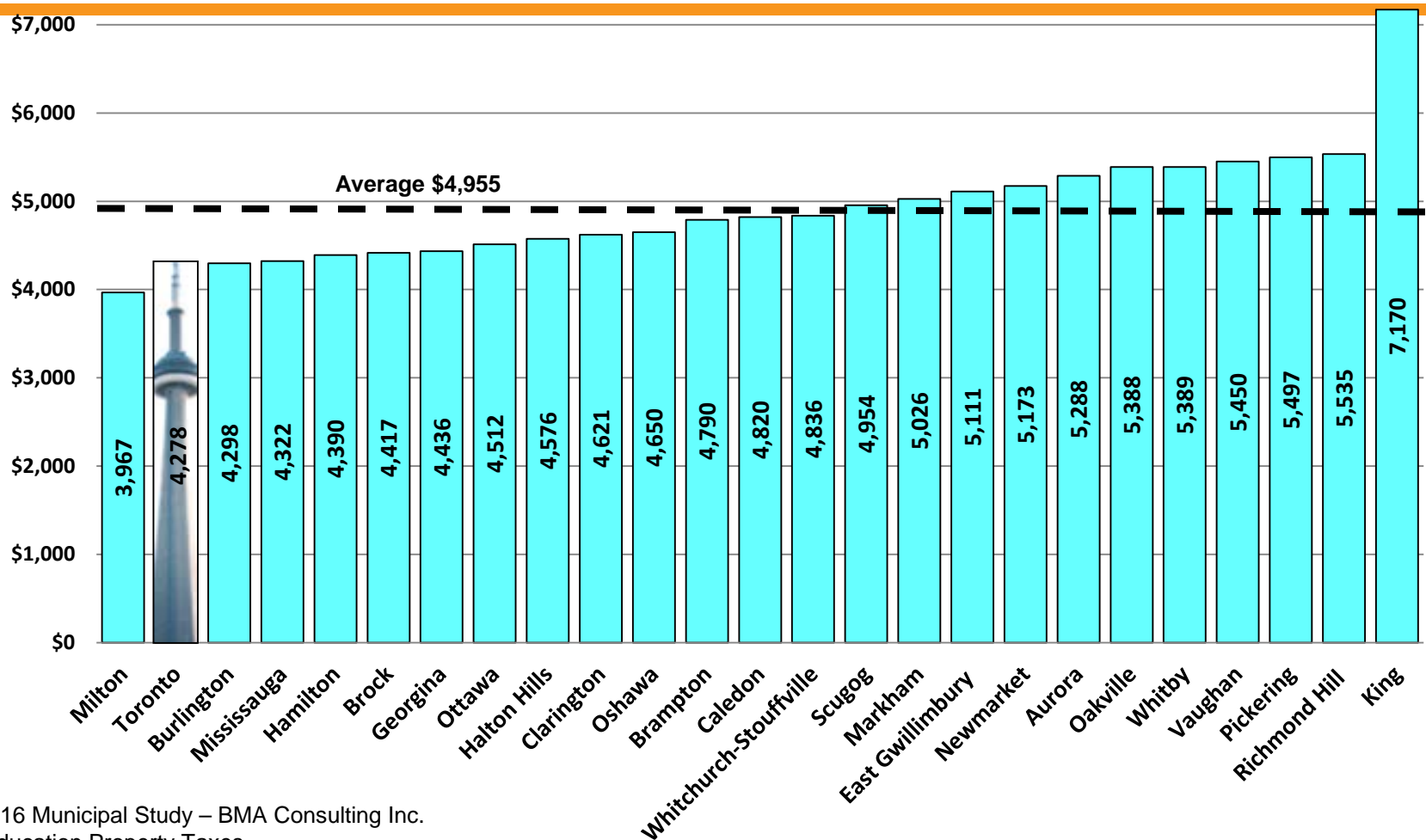


Source: 2016 Municipal Study – BMA Consulting Inc.

Includes Education Property Taxes

Note: Toronto tax burden shown with \$115 average Solid Waste Collection tax (medium bin) and \$396 average MLTT tax from residential sector.

COMPARISON OF 2016 AVERAGE PROPERTY TAXES + WATER/WASTEWATER COSTS (INCLUDES PROVISION OF MLTT & AVERAGE SOLID WASTE COLLECTION FOR TORONTO ONLY)



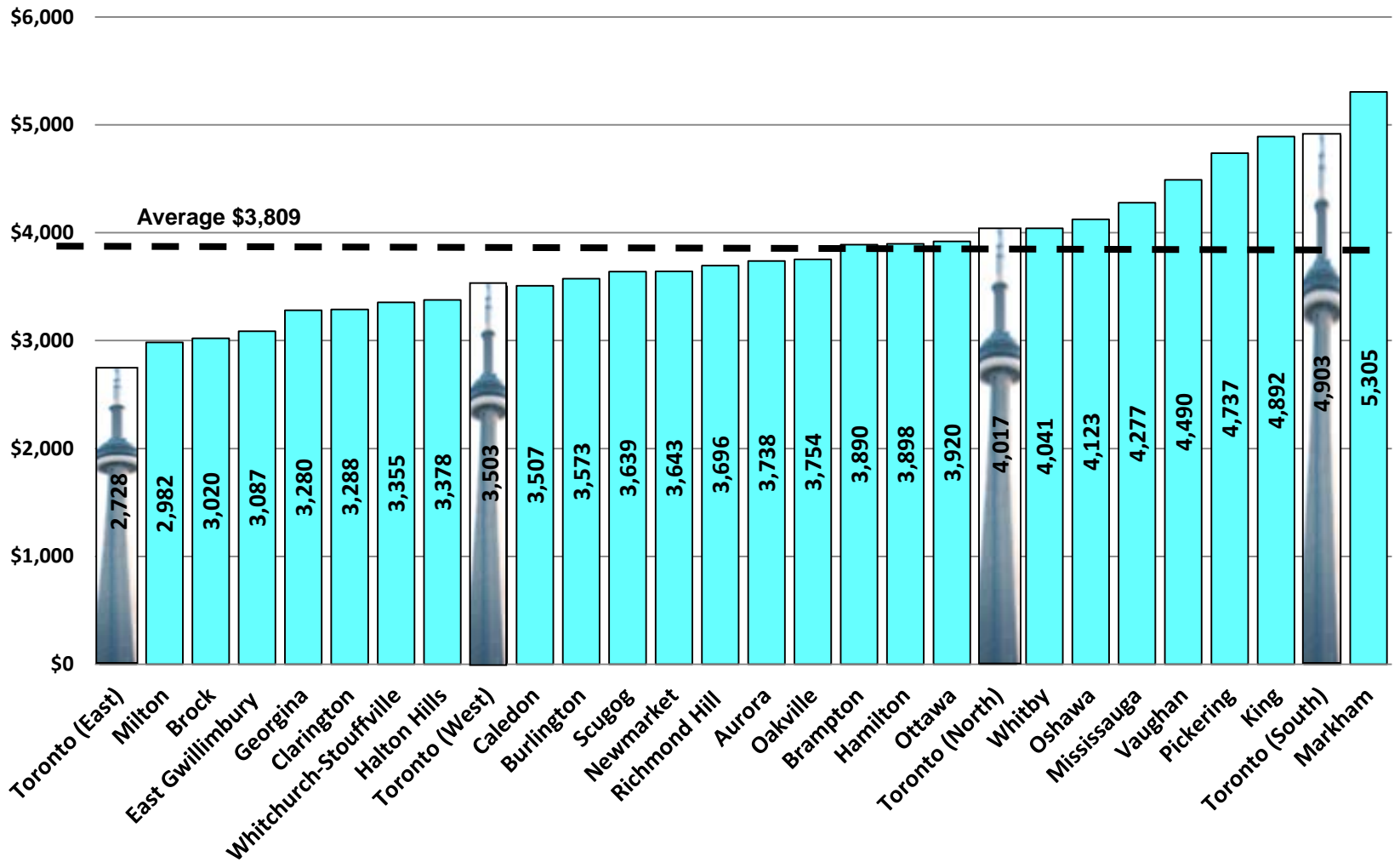
Source: 2016 Municipal Study – BMA Consulting Inc.

Includes Education Property Taxes

Note: Toronto tax burden shown with \$115 average Solid Waste Collection tax (medium bin) and \$396 average MLTT tax from residential sector.

Water and Wastewater costs are based on a typical residential property with an average annual consumption of 200m³.

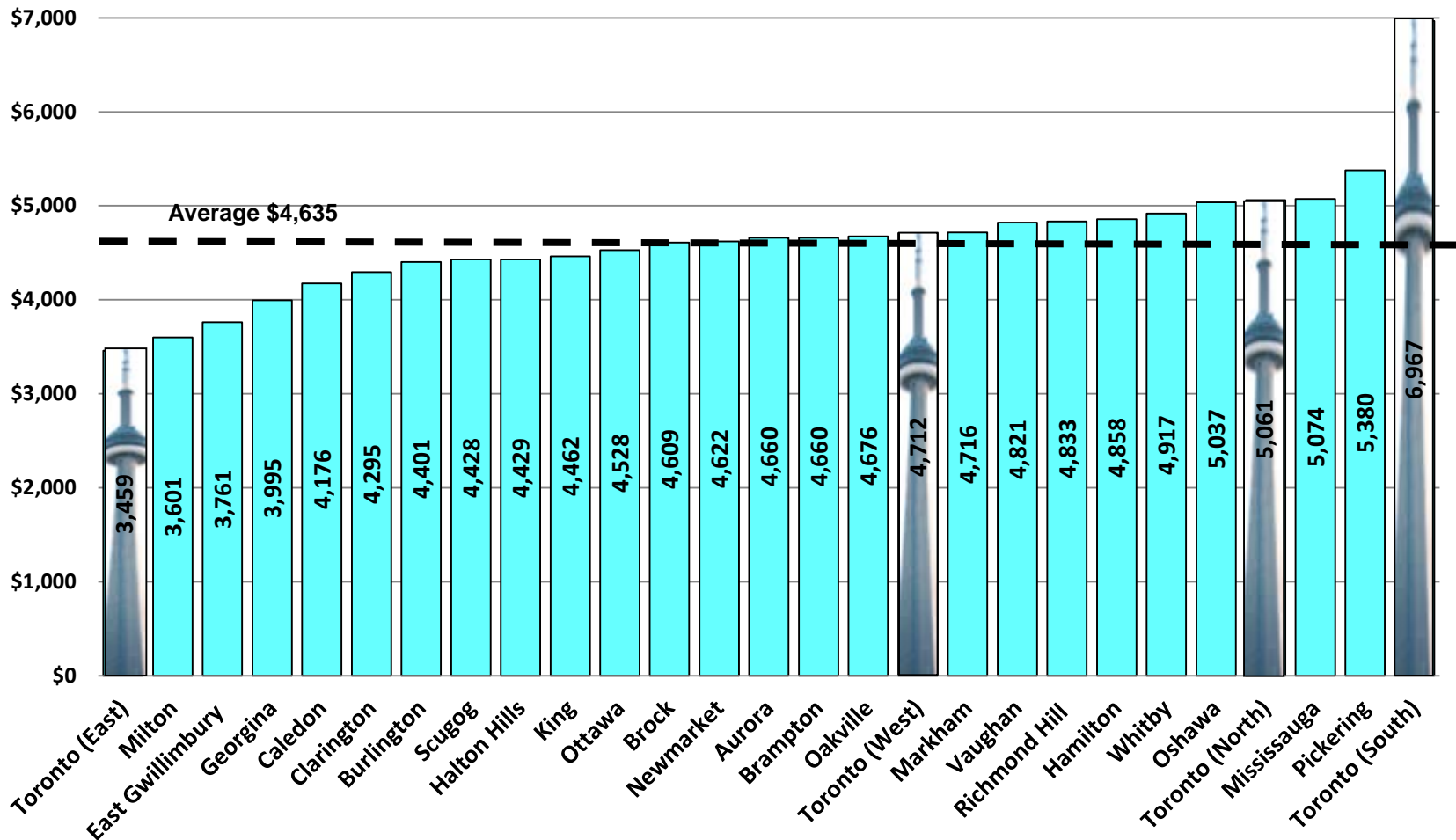
COMPARISON OF 2016 AVERAGE PROPERTY TAXES - GTHA MUNIS & OTTAWA DETACHED BUNGALOW



Source: 2016 Municipal Study – BMA Consulting Inc.

COMPARISON OF 2016 AVERAGE PROPERTY TAXES - GTHA MUNIS & OTTAWA

TWO STORY HOME



Source: 2016 Municipal Study – BMA Consulting Inc.
 Includes Education Property Taxes
 Two Storey Home – three bedroom, 2.5 bathrooms & two care garage.



2017 – 2026 Executive Committee Recommended Capital Budget & Plan Details



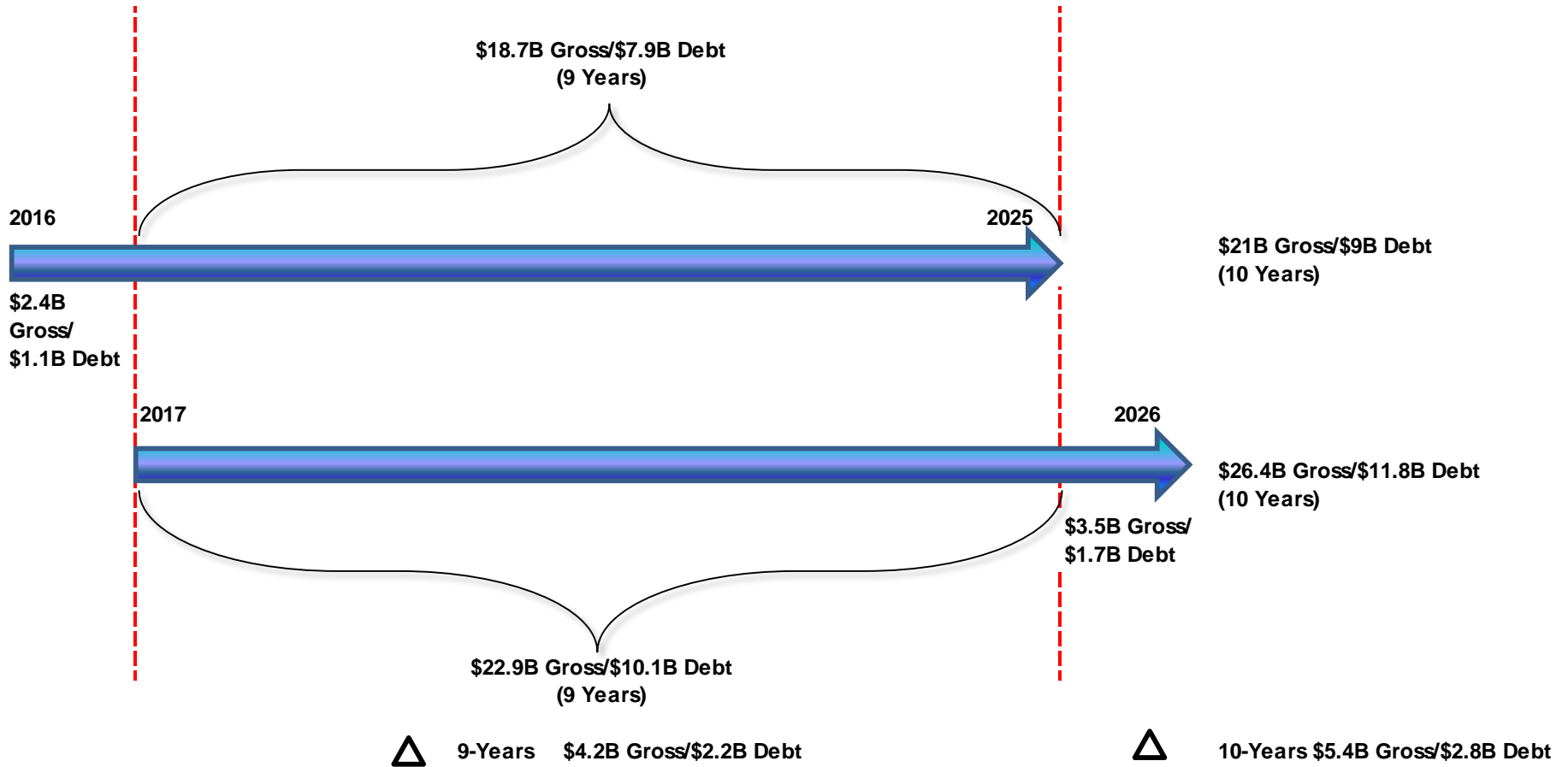
ACTIONS TAKEN BY BUDGET COMMITTEE

PART I: RECOMMENDED FINANCIAL ADJUSTMENTS						
(\$000's)	2017		2018 to 2026		2017 to 2026	
	Gross Exp.	Debt/ CFC	Gross Exp.	Debt/ CFC	Gross Exp.	Debt/ CFC
2017 Preliminary Capital Budget & 2018 - 2026 Capital Plan (excluding carry forward funding)	2,772,475	1,061,676	23,701,836	10,735,298	26,474,311	11,796,974
2017 - 2026 Preliminary Capital Budget & Plan as at December 20, 2016	2,772,475	1,061,676	23,701,836	10,735,298	26,474,311	11,796,974
Budget Committee – January 12, 2017						
<i>Park, Forestry & Recreation</i> Participatory budgeting.	545				545	
<i>Transportation Services</i> Participatory budgeting.	185				185	
2017 - 2026 Preliminary Capital Budget & Plan as at January 12, 2017	2,773,205	1,061,676	23,701,836	10,735,298	26,475,041	11,796,974
Budget Committee – January 24, 2017						
<i>Shelter, Support and Housing Administration</i> New capital project known as "Choice Based Housing Access System"	2,793		1,564		4,357	
<i>Toronto Public Health</i> New capital project known as "Supervised Injection Service".	465				465	
<i>Park, Forestry & Recreation</i> Parkland Development project for the Cawthra Park Playground site.	150				150	
2017 - 2026 BC Recommended Capital Budget & Plan as at January 24, 2017	2,776,613	1,061,676	23,703,400	10,735,298	26,480,013	11,796,974

ACTIONS TAKEN BY EXECUTIVE COMMITTEE

PART I: RECOMMENDED FINANCIAL ADJUSTMENTS						
(\$000's)	2017		2018 to 2026		2017 to 2026	
	Gross Exp.	Debt/ CFC	Gross Exp.	Debt/ CFC	Gross Exp.	Debt/ CFC
2017 Preliminary Capital Budget & 2018 - 2026 Capital Plan (excluding carry forward funding)	2,772,475	1,061,676	23,701,836	10,735,298	26,474,311	11,796,974
2017 - 2026 Preliminary Capital Budget & Plan as at December 20, 2016	2,772,475	1,061,676	23,701,836	10,735,298	26,474,311	11,796,974
2017 - 2026 BC Recommended Capital Budget & Plan as at January 24, 2017	2,776,613	1,061,676	23,703,400	10,735,298	26,480,013	11,796,974
Executive Committee – February 7, 2017						
<i>Transportation Services</i> John Street Revitalization Project	2,000				2,000	0
<i>Transportation Services</i> Defer consideration of the Re-Imagining Yonge Street Sheppard to Finch capital project to the 2018 Budget	-4,000	-2,000			-4,000	-2,000
<i>Facilities, Real Estate, Environmental & Energy</i> Increase in the 2017 - 2026 Budget Committee Recommended Capital Budget and Plan for FREEE by \$0.365 million in 2017 cash flows funded from a combination of \$0.365 million increased funding from the Public Transit Infrastructure Fund (PTIF) and the acceleration of \$0.365 million in debt funded cash flows for the North West Path – Phase 2 capital project.	365	0		0	365	0
<i>Facilities, Real Estate, Environmental & Energy</i> New capital sub-project known as "Ward 38, 705 Progress Building Improvements"	150				150	0
<i>FREEE, PF&R, Transportation, EDC</i> To replace funding sources with the Federal Contribution to Eligible Costs for projects listed in Attachment 4 of the Report	0	-1,069			0	-1,069
2017 - 2026 Ex. Committee Recommended Capital Budget & Plan as at February 7, 2017	2,775,128	1,058,607	23,703,400	10,735,298	26,478,528	11,793,905

2017 - 2026 EC RECOMMENDED CAPITAL PLAN VS. 2016 – 2025 COUNCIL APPROVED



2017 – 2026 CAPITAL BUDGET AND PLAN \$26.5B BY CLUSTER OF SERVICES

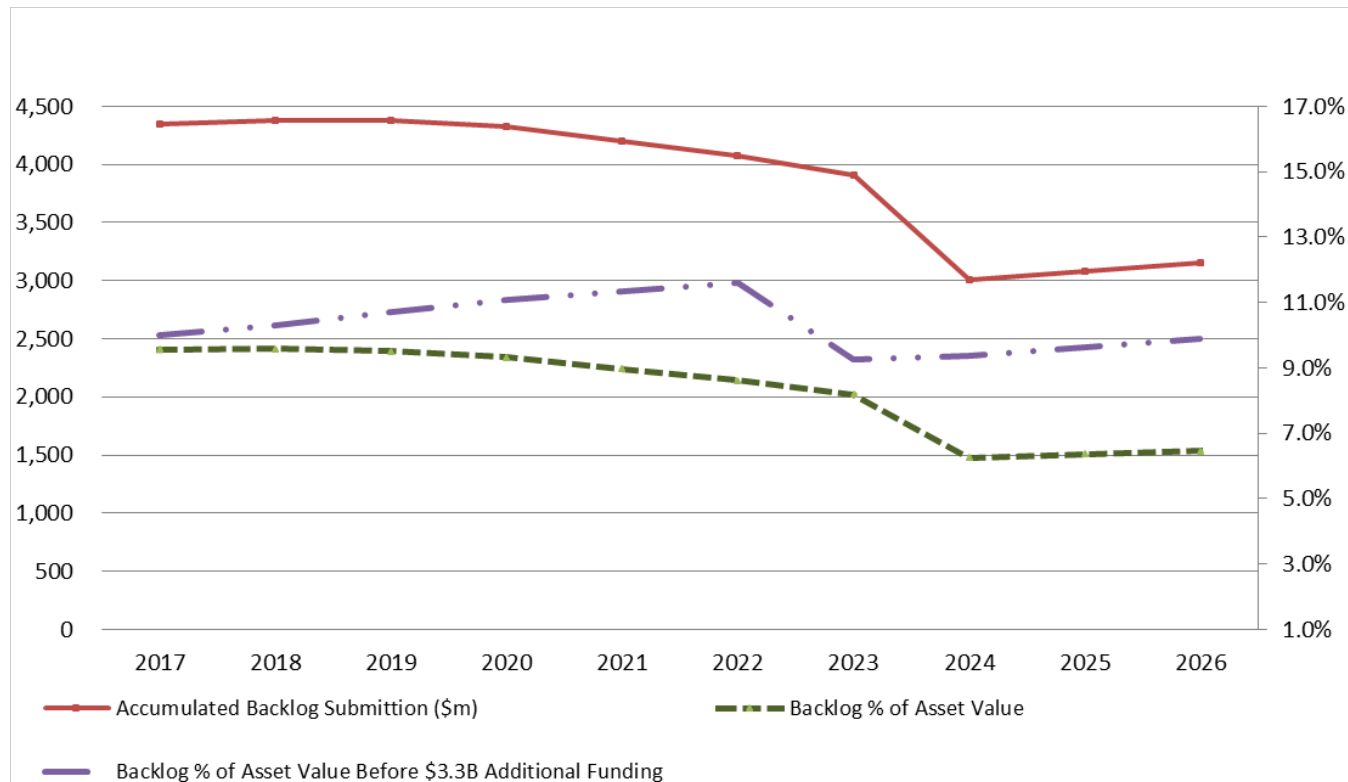
Programs (\$m)	2017				2017 - 2021				2017 - 2026			
	Executive Committee		Debt Target	Over/ (Under)	Executive Committee		Debt Target	Over/ (Under)	Executive Committee		Debt Target	Over/ (Under)
	Gross	Debt/ CFC			Gross	Debt/ CFC			Gross	Debt/ CFC		
Citizen Centred Services - A	249	99	112	(-13)	1,079	484	513	(-30)	1,695	976	976	(-0)
Citizen Centred Services - B	531	285	275	9	3,718	1,997	1,255	742	6,782	4,290	3,407	883
Internal Services	304	118	133	(-15)	1,140	480	458	22	2,118	932	943	(-11)
Other City Programs	212	41	4	38	337	96	6	90	4,063	1,849	34	1,816
Total - City Operations	1,296	543	524	19	6,274	3,056	2,233	824	14,658	8,047	5,360	2,688
Agencies	172	118	56	62	701	413	334	80	1,237	696	619	78
Tax Supported before TTC	1,469	662	581	81	6,976	3,470	2,566	903	15,895	8,744	5,979	2,765
Toronto Transit Commission	1,307	397	691	(-294)	7,306	2,482	2,145	336	10,583	3,050	2,616	434
Tax Supported Programs	2,775	1,059	1,272	(-213)	14,282	5,952	4,712	1,240	26,479	11,794	8,594	3,200
CFC		292				1,925				5,069		
Debt Net by CFC		766				4,027				6,725		

2017 – 2026 CAPITAL BUDGET AND PLAN \$26.5B BY PROJECT CATEGORY

Expenditure (\$m)	Capital Budget and Plan										2017-2026	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total	%
Health & Safety	40	25	19	23	17	22	30	25	19	20	240	1%
Legislated	101	112	108	116	105	76	68	69	43	11	810	3%
State of Good Repair	1,584	1,868	1,645	1,389	1,166	1,090	1,155	1,892	877	959	13,626	51%
Service Improvement	506	438	192	116	95	79	80	61	1,324	2,464	5,356	20%
Growth Related	543	1,272	988	978	834	739	565	293	191	43	6,446	24%
Total	2,775	3,715	2,953	2,623	2,218	2,006	1,898	2,340	2,453	3,497	26,479	100%

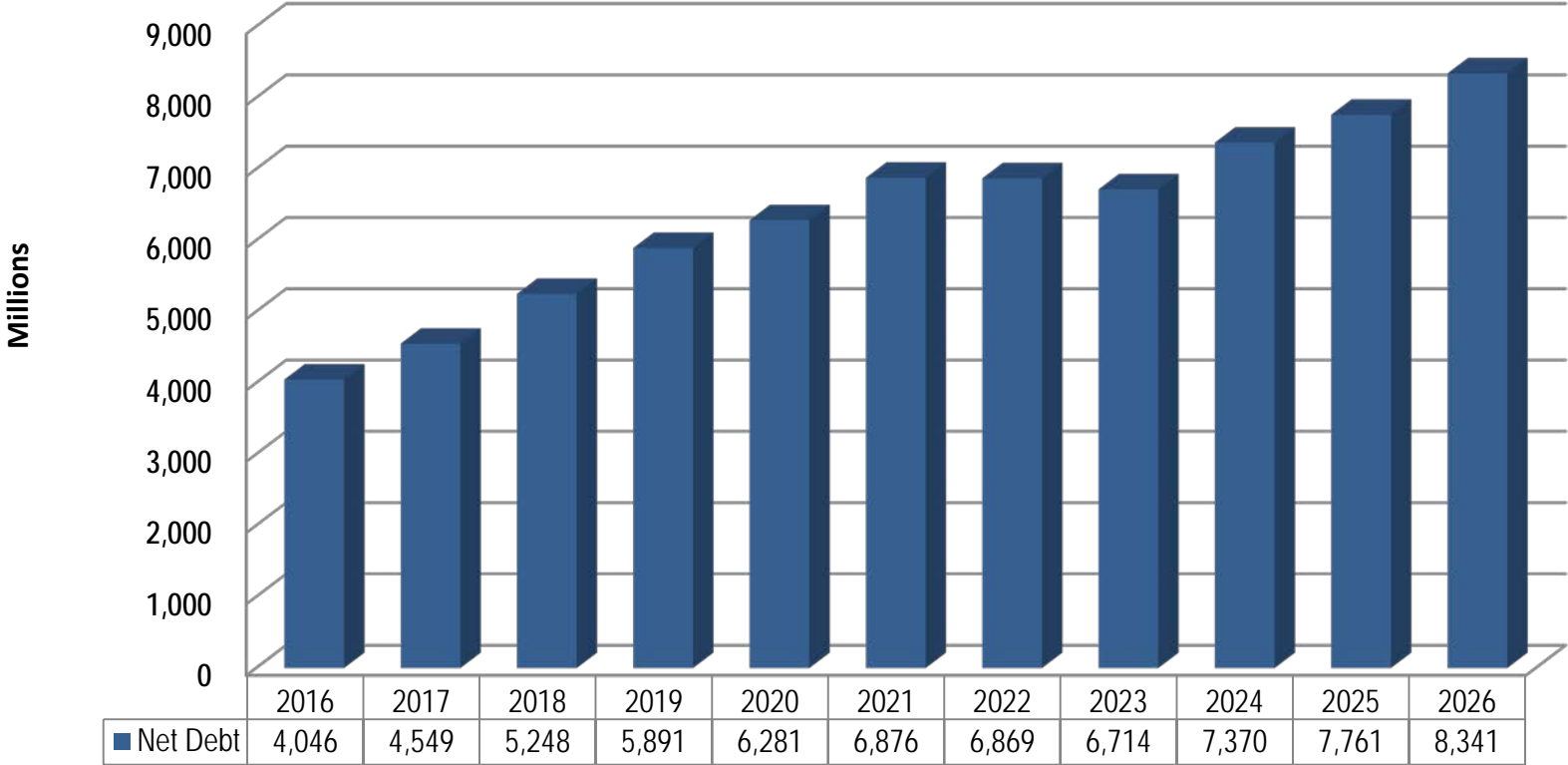
- Over half of the 10-year Capital investment is targeted at maintaining the City's physical assets in a state of good repair (\$13.6B)
- \$11.8B (44%) investment is made to projects related to improve services and City's growth such as:
 - Smart Track
 - Portland Flood Protection
 - Modernization and Transformation

STATE OF GOOD REPAIR BACKLOG AS % OF TOTAL ASSET TRENDING DOWN TO 6.5%



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Asset Value	45,392	45,705	46,053	46,484	46,905	47,349	47,724	48,104	48,468	48,845
SOGR Backlog Before \$5.8B Additional Funding	4,531	4,710	4,939	5,149	5,314	5,497	4,425	4,499	4,662	4,825
Backlog % of Asset Value Before \$5.8B Additional Funding	10.0%	10.3%	10.7%	11.1%	11.3%	11.6%	9.3%	9.4%	9.6%	9.9%
Accumulated Backlog (\$M)	4,345	4,376	4,377	4,331	4,205	4,076	3,905	3,005	3,082	3,155
Backlog % of Asset Value	9.6%	9.6%	9.5%	9.3%	9.0%	8.6%	8.2%	6.2%	6.4%	6.5%

OUTSTANDING TAX SUPPORTED DEBT BALANCE



NON-DEBT CAPITAL FINANCING STRATEGY

Capital Financing Strategy - Reserve XQ0011																
Description (\$ Millions)	2012 - 2015 Secured Revenue					Future Year Capital Financing Strategy Revenue Estimates										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Enwave	167															167
Enwave Dividend	11															11
TPLC Dividend	40															40
Prior Year Operating Surplus	214	186	126	155	98	86	50	50	50	50	50	50	50	50	50	1,315
MLTT (Above Operating Budget)				40	40	40	40									160
DC Increases								25	25	25	25	25				125
Future Years BT Dividend	20		10	15	15	25	25	25	25	25	25	25	25	25	25	310
Future Years Fed/Prov																0
TPA One-Time				67		9										77
Other	1	3														4
Bank Tower Surplus		30														30
Total:	453	219	136	277	153	160	115	100	100	100	100	100	75	75	75	2,239

Past, Current & Future Year Funding Requirements																
Description (\$ Millions)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
TTC Capital	45	60	252	228	46	50	70	157	75							982
TTC TYSSE						39	27	24								90
Transportation Capital		15	61	61	48	47	63	44	42	42	42	269	137	30	30	929
FREEE Capital (St. Lawrence N.)						8	8								29	44
Waterfront Revitalization Initiative						0.3	5	7	7	4	2	1				27
Eglinton East LRT					2	2										4
Other Program Draws			37	13	28	6	13	1	1	0.4				0.6		99
Loss of Pooling Compensation (2014 Surplus)				30												30
Total	45	75	350	331	163	140	184	208	124	46	44	270	137	31	59	2,205

Available Capital Financing Strategy Funding (Based on Current Capital Requirements & Future Year Revenue Estimates)																
Description (\$ Millions)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Estimated Reserve Opening Balance	\$27	\$435	\$579	\$367	\$314	\$304	\$325	\$256	\$148	\$124	\$178	\$234	\$64	\$2	\$47	
Annual Funding Requirements	(\$45)	(\$75)	(\$350)	(\$331)	(\$163)	(\$140)	(\$184)	(\$208)	(\$124)	(\$46)	(\$44)	(\$270)	(\$137)	(\$31)	(\$59)	(\$2,205)
Annual Revenue Estimates	\$453	\$219	\$136	\$277	\$153	\$160	\$115	\$100	\$100	\$100	\$100	\$100	\$75	\$75	\$75	\$2,239
Estimated Reserve Closing Balance	\$435	\$579	\$366	\$314	\$304	\$325	\$256	\$148	\$124	\$178	\$234	\$64	\$2	\$47	\$63	
Advance Financing Requirements																0

EXPRESSWAY TOLLING

- Study on benefits and impacts currently underway; further assessment expected in staff report to Executive Committee in 2017
- Recovers costs from non-residents who make up about 40% of expressway trips, therefore expands City's tax base
- Could reduce travel times and increase public transit usage
- Would result in increased travel time and vehicle volumes on some local roads
- Requires provincial regulatory change under the COTA
- Can be implemented as early as 2019/20 depending on phasing
Could help address the Long-Term Financial Plan funding gap, particularly transit and transportation capital costs

EXPRESSWAY TOLLING PRELIMINARY FINANCIAL ESTIMATES

Type of Cost	Preliminary Estimate (2016\$)	Notes
One-time Implementation Costs	\$100-150 million	For gantries similar to 407, costs depend on technology chosen
Ongoing Operating Costs	\$50 to \$70 million annually	Incident management

Assumed Toll Rate Per Trip (2016\$)	Potential Net Annual Revenues (2016\$)	Notes
\$1.40	n/a (Cost recovery)	Break-even scenario
Under \$2.00	\$166 million	
\$3.90	\$272 million	Comparable to public transit and 407
\$5.20	\$336 million	

REVISED STRATEGIC REHABILITATION PLAN FOR F.G. GARDINER

Original Cash Flows and Funding Sources for the Period 2017 – 2026

(\$M)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	10-Year
Cash Flow											
Original	20.9	11.6	11.6	11.6	11.6	11.6	2,102.6	29.0	29.0	29.0	2,268.2
Funding Source											
Cap. Fin. RF	20.9	11.6	11.6	11.6	11.6	11.6	286.2	29.0	29.0	29.0	451.8
Federal							820.0				820.0
Debt							996.4				996.4

Cash Flows and Funding Sources for the New Approach for the Period 2017 – 2026

(\$M)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	10-Year
Cash Flow											
New Approach	3.0	111.9	215.2	220.6	228.1	250.1	256.3	998.1			2,283.4
Funding Source											
Cap. Fin. RF	3.0	29.4	11.6	11.6	11.6	11.6	238.8	106.5			423.9
Federal											0.0
Debt		82.5	203.7	209.1	216.6	238.5	17.5	891.6			1,859.5

Cash Flow and Funding Source Changes by Year for the Period 2017 – 2026

(\$M)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	10-Year
Cash Flow											
Change	-17.8	100.3	203.7	209.1	216.6	238.5	-1,846.2	969.1	-29.0	-29.0	15.2
Funding Source											
Cap. Fin. RF	-17.8	17.8					-47.4	77.5	-29.0	-29.0	-27.9
Federal							-820.0				-820.0
Debt		82.5	203.7	209.1	216.6	238.5	-978.8	891.6			863.1

CASH FLOW REQUIREMENTS FOR IMPLEMENTATION OF THE REVISED STRATEGIC REHABILITATION PLAN FOR F.G. GARDINER

\$ Million (inflated) Capital Construction Costs

New Approach Comparison	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total 10 Year
Plan "B" Cashflows	3	110	215	221	228	250	256	998	0	0	2283
Transportation Services Draft Budget (2017-2026)	29	12	12	12	12	12	2103	29	29	29	2276
Difference	-26	98	203	209	216	238	-1847	969	-29	-29	6

Total 2027 - 2039	TOTAL PROJECT COSTS
1340	3623

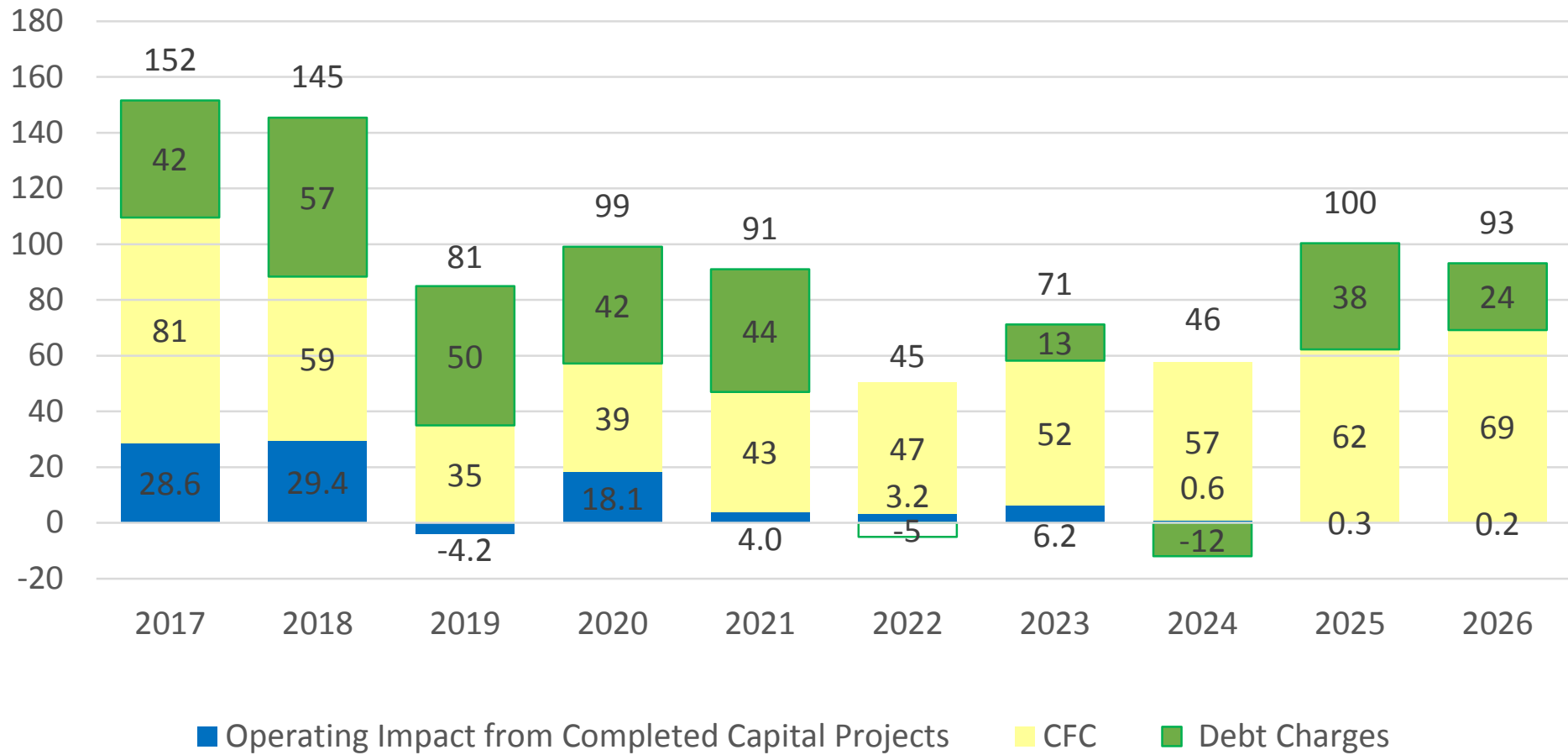
DBFOM Comparison	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total 10 Year
P3/AFP DBFOM Cashflows(includes Financing costs)	18	19	11	11	11	11	2980	62	56	51	3230
Transportation Services Draft Budget (2017-2026)	29	12	12	12	12	12	2103	29	29	29	2276
Difference	-11	7	-1	-1	-1	-1	877	33	27	22	954

Total 2027 - 2039	TOTAL PROJECT COSTS
1045	4275

EXPRESSWAY TOLLING

- Council requested 2 tolling scenarios
- Revenues Tools / Tolling report assumed FULL tolling starts in 2024
 - Scenario 1: Expressway Cost Recovery Toll
 - About \$1.40 per trip
 - Money used recover all costs associated with the Gardiner and Don Valley Parkway
 - All revenues used to offset capital, operating and maintenance costs over 30years
 - Frees up funding already approved in Capital Budget
 - Scenario 2: Expressway Toll to Generate Capital Revenues
 - Staff modelled \$2.00 toll per trip
 - Revenues could be applied to fund new capital projects (i.e. not specifically for Gardiner and the DVP)
 - Creates additional funding for the Capital Budget

OPERATING IMPACT OF CAPITAL





Other (Abbreviations, Etc.)



LIST OF ABBREVIATIONS

APS - Administrative Penalty System

BC – Budget Committee

EC – Executive Committee

CFC – Current From Capital

CVA - Current Value Assessment

DARP - Development Application Review Process

EDC - Economic Development & Culture

FTHB - First Time Home Buyers Rebate

GTHA - Greater Toronto and Hamilton Area

H&S - Health and Safety

MLTT - Municipal Land Transfer Tax

OW Upload - Ontario Works Benefit Upload

PEU - Parking Enforcement Unit

SOGR - State of Good Repair

SSE – Scarborough Subway Extension

TCHC – Toronto Community Housing Corporation

TELCCS - Toronto Early Learning & Child Care Services

TPA - Toronto Parking Authority

TTC – Toronto Transit Commission

YoY - Year over Year

OPERATING BUDGET GROUPINGS

Group	Program	Cluster	Colour
Emergency Services	Toronto Police Service	Agencies	Red
	Fire Services	Citizen Centred Services "B"	Red
	Toronto Paramedic Services	Citizen Centred Services "A"	Red
Social Programs	Toronto Employment & Social Services	Citizen Centred Services "A"	Blue
	Long Term Care Homes & Services	Citizen Centred Services "A"	Blue
	Children's Services	Citizen Centred Services "A"	Blue
	Toronto Public Health	Agencies	Blue
	Shelter, Support & Housing Administration	Citizen Centred Services "A"	Blue
Transit	TTC	Agencies	Green
Transportation	Transportation Services	Citizen Centred Services "B"	Green
Other City Services	Toronto Public Library	Agencies	Brown
	Parks, Forestry & Recreation	Citizen Centred Services "A"	Brown
	City Planning & MLS	Citizen Centred Services "B"	Brown
	Fleet and Facilities	Internal Services	Brown
	Affordable Housing Office	Citizen Centred Services "A"	Brown
	Court Services	Citizen Centred Services "A"	Brown
	Economic Development & Culture	Citizen Centred Services "A"	Brown
	Social Development, Finance & Administration	Citizen Centred Services "A"	Brown
	Policy, Planning, Finance & Administration	Citizen Centred Services "B"	Brown
	Engineering & Construction Services	Citizen Centred Services "B"	Brown
	Toronto Building	Citizen Centred Services "B"	Brown
	311 Toronto	Internal Services	Brown
	Association of Community Centres	Agencies	Brown
	Exhibition Place	Agencies	Brown
	Heritage Toronto	Agencies	Brown
	Theatres	Agencies	Brown
	Toronto Zoo	Agencies	Brown
	Arena Boards of Management	Agencies	Brown
	Yonge-Dundas Square	Agencies	Brown
	Toronto & Region Conservation Authority	Agencies	Brown
Non-Program	Corporate Accounts	Purple	
Governance and Internal Services	Office of the Chief Financial Officer	Internal Services	Yellow
	Office of the Treasurer	Internal Services	Yellow
	Information & Technology	Internal Services	Yellow
	City Manager's Office	City Manager	Yellow
	City Clerk's Office	Other City Programs	Yellow
	Legal Services	Other City Programs	Yellow
	Mayor's Office	Other City Programs	Yellow
	City Council	Other City Programs	Yellow
	Auditor General's Office	Accountability Offices	Yellow
	Integrity Commissioner's Office	Accountability Offices	Yellow
	Office of the Lobbyist Registrar	Accountability Offices	Yellow
Office of the Ombudsman	Accountability Offices	Yellow	
Corporate & Capital Financing	Debt Charges	Corporate Accounts	Purple
	Capital & Corporate Financing	Corporate Accounts	Purple

Thank You / End

