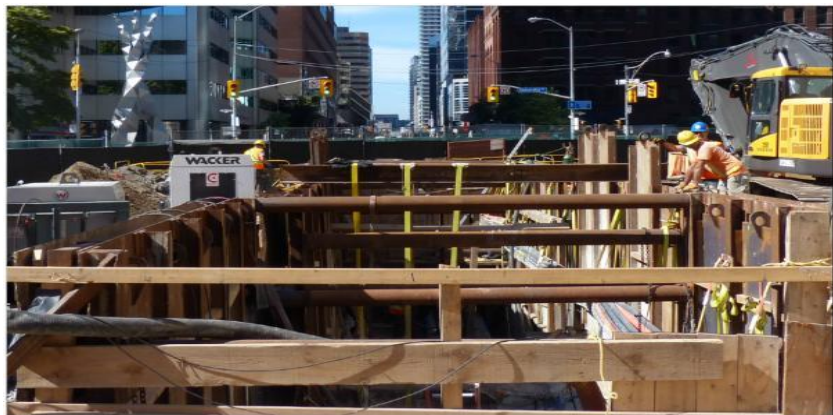


Toronto 2017 BUDGET



OPERATING BUDGET NOTES



Engineering & Construction Services

2017 OPERATING BUDGET OVERVIEW

Engineering & Construction Services provides specialized engineering design and construction services to internal clients (Toronto Water, Transportation Services, Solid Waste Management Services, and other City agencies, boards, commissions and divisions), and external clients (development industry, utility companies and other public agencies) creating safe and sustainable municipal infrastructure.

2017 Operating Budget Highlights

The total cost to deliver these services to Toronto residents is \$72.774 million gross and \$3.732 million net as shown below:

(in \$000's)	2016 Budget	2017 Preliminary Budget	Change	
			\$	%
Gross Expenditures	71,415.7	72,773.5	1,357.9	1.9%
Revenues	63,798.7	69,041.1	5,242.4	8.2%
Net Expenditures	7,616.9	3,732.4	(3,884.6)	(51.0%)

Through operational efficiencies with net savings of \$0.467 million and \$3.7 million in increased recovery of costs following completion of the development application fee review process, the Program is able to more than offset \$0.269 million in operating budget pressures arising mainly from increases for staff salaries and benefits, achieve the budget target and maintain the same service levels for 2017.

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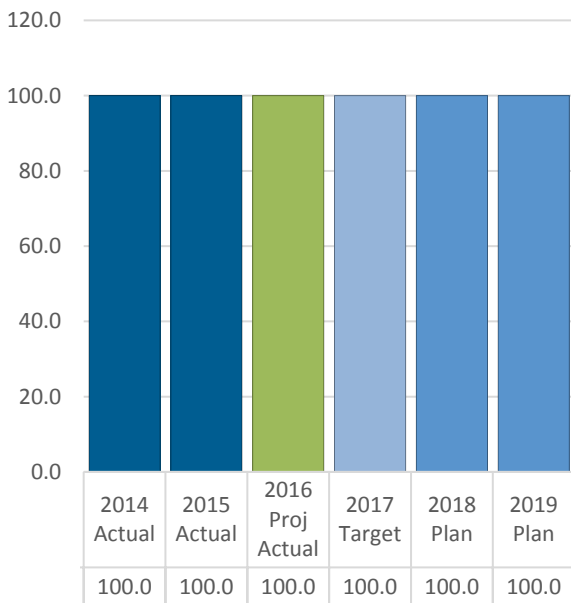
Fast Facts

- \$527 million in capital projects delivered in 2016, \$55 million more than in 2015.
- 649 bridge condition inspections completed in 2016.
- 1,700 engineering reviews of development applications completed in 2016.

Trends

- In 2016, ECS is projecting to again complete 100% of planned bridge condition inspections – 649 bridge spans in total, including large diameter culverts and 330 bridge spans along the F.G. Gardiner Expressway, thus, ensuring full compliance with regulatory requirements.
- ECS is targeting to maintain a 100% completion rate in 2017 and future years for the 2-year bridge condition inspection cycle that requires a consistent level of effort in each year.

% bridge condition inspections completed compared to plan



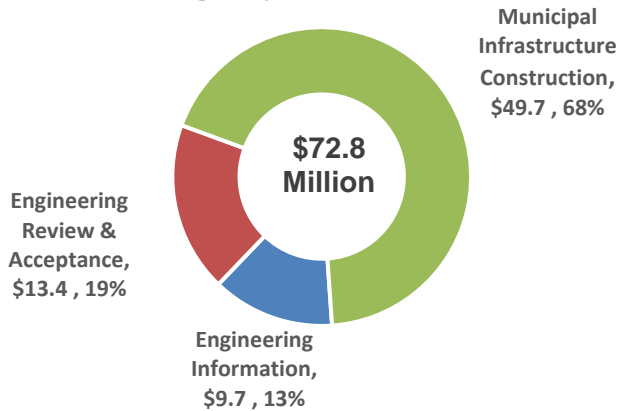
Key Service Deliverables for 2017

The 2017 Operating Budget will fund the Program's ability to:

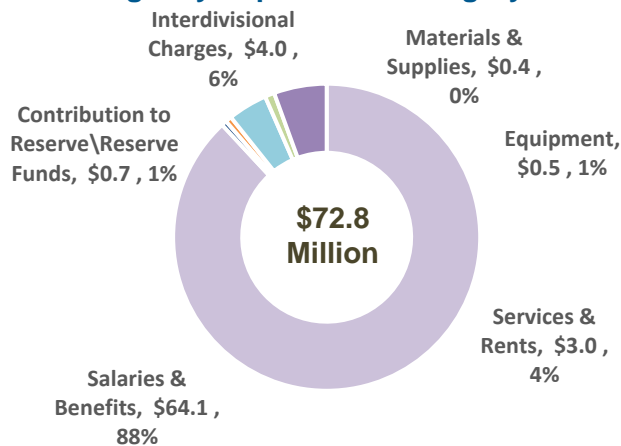
- Sustain capital delivery at an estimated 80% year end actual expenditure as a percentage of approved capital budget.
- Sustain at least 75% compliance with STAR timelines for review of development applications.
- Implement an internal ECS Audit function to monitor construction contracts for compliance with City, Cluster and Divisional standards.
- Establish dedicated engineering expertise to review City and other agency projects.
- Proactively manage construction-related disruption, including traffic disruption, at the project planning stage and during construction.
- Continue to improve communications and relations with the public and businesses before, during and after construction.
- Enhance planning and coordination of the Multi-year Capital Program with internal and external stakeholders.
- Continue to work with the construction industry to explore ways to accelerate construction; and with PMMD and Legal Services on innovative procurement strategies and contract terms to incentivize acceleration and assign delay costs.
- Continue implementation of Agreements with Metrolinx and Bell, which provide dedicated funding for ECS staff to undertake work needed to ensure the integrity of City infrastructure is maintained.
- Develop complete asset management system for bridges inspected by ECS to include a SOGR backlog analysis and prioritization of rehabilitation needs, for inclusion in Capital Budget planning.

Where the money goes:

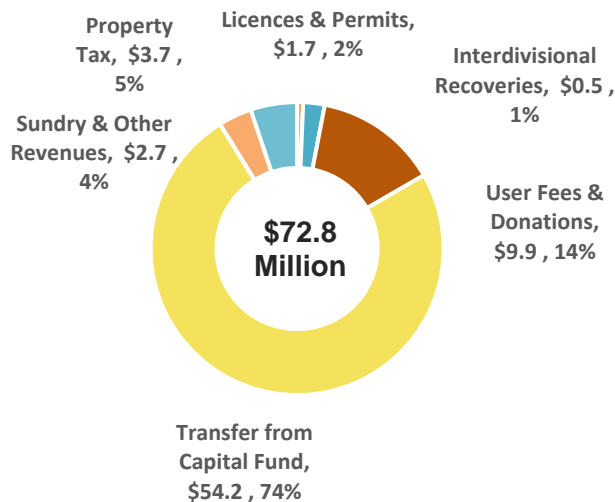
2017 Budget by Service



2017 Budget by Expenditure Category



Where the money comes from:



Our Key Issues & Priority Actions

- **Minimizing traffic disruption**
 - ✓ Extend construction working hours to shorten project durations;
 - ✓ Improve public awareness and education;
 - ✓ Explore the use of incentive-based contracts;
 - ✓ Improve work zone management; and,
 - ✓ Work to improve the utility locate process with utility companies and the Province of Ontario.

- **Increasing delivery capacity**
 - ✓ Match capital delivery approaches to project type, value and timing to achieve best value.
 - ✓ This may include bundling of client needs such as road and sewer projects, and TTC track and Toronto Hydro plant where feasible; pre-qualifying consultants and contractors; using multi-year program management assignments; relying on alternative procurement strategies such as Design-Build.

2017 Operating Budget Highlights

- The 2017 Preliminary Operating Budget for Engineering & Construction Services of \$72.774 million in gross expenditures and \$3.732 million net provides funding for three services: Municipal Infrastructure Construction; Engineering Review & Acceptance; and, Engineering Information.
- This represents a decrease of 51% compared to the 2016 Approved Net Budget due primarily to an increase in the recovery of development application fees (\$3.686 million) and through measures taken based on the following:
 - ✓ Base expenditure reductions (\$0.029 million net).
 - ✓ Efficiency savings (\$0.439 million net).
- New and enhanced funding of \$0.494 million gross and \$0 net.
- Staff complement increase of 4.0 from 2016 to 2017.

Actions for Consideration

Approval of the 2017 Preliminary Budget as presented in these notes requires that:

1. City Council approve the 2017 Preliminary Operating Budget for Engineering & Construction Services of \$72.774 million gross, \$3.732 million net for the following services:

<u>Service</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Municipal Infrastructure Construction	49,701.1	1,767.4
Engineering Review & Acceptance	13,409.7	167.5
Engineering Information	<u>9,662.6</u>	<u>1,797.5</u>
Total Program Budget	<u><u>72,773.5</u></u>	<u><u>3,732.4</u></u>

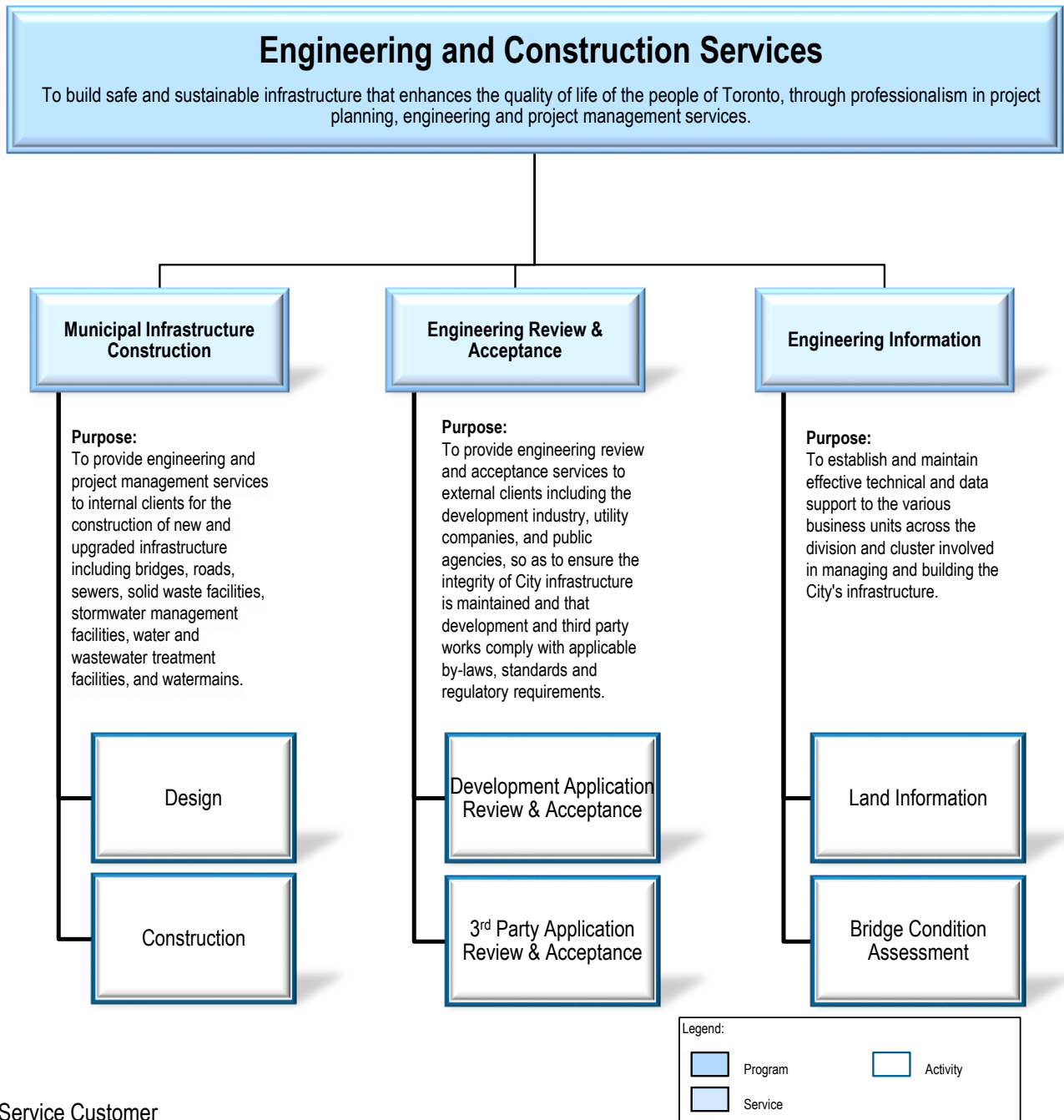
2. City Council approve the 2017 service levels for Engineering & Construction Services as outlined on pages 15, 18, and 21 of this report, and associated staff complement of 570.1 positions.



Part 1:

2017-2019 Service Overview and Plan

Program Map



Service Customer

Municipal Infrastructure Construction

- Staff – City Divisions
- Staff – Agencies & Boards
- Business Improvement Areas (BIAs)
- Utility Companies

Indirect (Beneficial)

- Residents
- Businesses
- Visitors

Engineering Review & Acceptance

- Staff – City Divisions
- Staff – Agencies & Boards
- Business Improvement Areas (BIAs)
- Utility Companies

Indirect (Beneficial)

- Residents
- Businesses
- Visitors

Engineering Information

- Mayor & City Council
- Residents
- Staff – City Divisions
- Staff – Agencies & Boards
- Go Transit
- Waterfront Toronto

Indirect (Beneficial)

- Businesses
- Visitors

Table 1
2017 Preliminary Operating Budget and Plan by Service

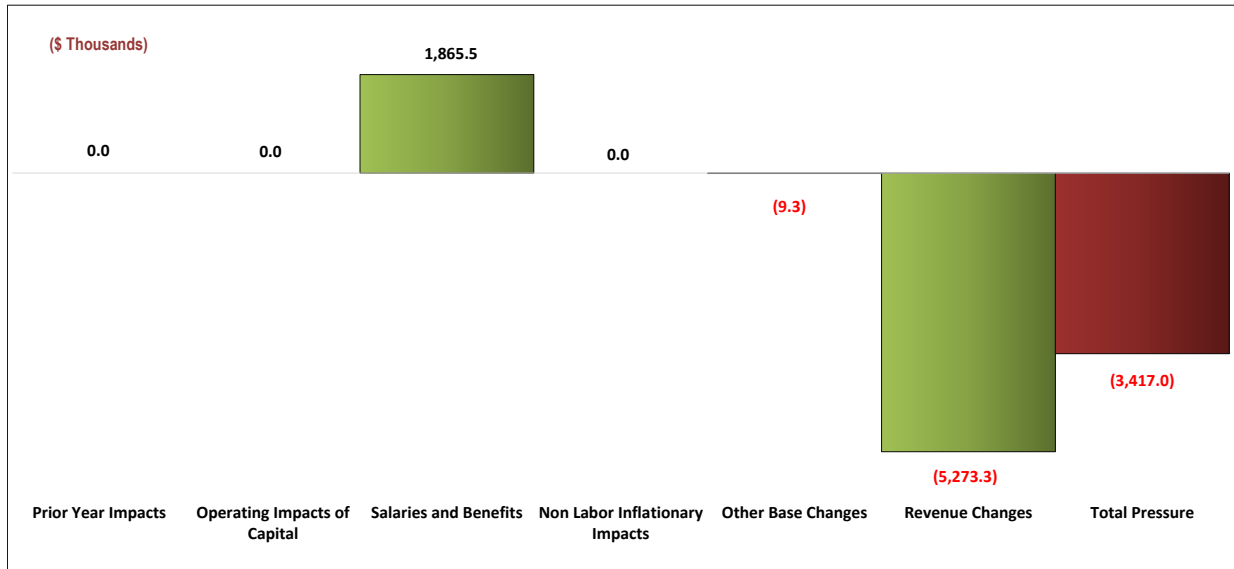
(In \$000s)	2016		2017 Preliminary Operating Budget			2017 Preliminary vs. 2016 Budget Change		Incremental Change			
	Budget	Projected Actual	Base	New/Enhanced	Total Budget			2018 Plan		2019 Plan	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Municipal Infrastructure Construction											
Gross Expenditures	48,834.8	44,404.0	49,325.3	375.8	49,701.1	866.4	1.8%	36.0	0.1%	1,434.4	2.9%
Revenue	46,967.5	44,763.9	47,557.9	375.8	47,933.7	966.2	2.1%	352.1	0.7%	1,341.3	2.8%
Net Expenditures	1,867.3	(360.0)	1,767.4	0.0	1,767.4	(99.9)	(5.3%)	(316.0)	(17.9%)	93.1	6.4%
Engineering Review & Acceptance											
Gross Expenditures	13,209.7	12,011.2	13,350.6	59.1	13,409.7	200.0	1.5%	323.3	2.4%	419.6	3.1%
Revenue	10,716.0	10,213.2	13,183.1	59.1	13,242.3	2,526.3	23.6%	51.9	0.4%	48.8	0.4%
Net Expenditures	2,493.8	1,798.0	167.5		167.5	(2,326.3)	(93.3%)	271.4	162.1%	370.8	84.5%
Engineering Information											
Gross Expenditures	9,371.2	8,520.9	9,603.5	59.1	9,662.6	291.5	3.1%	193.4	2.0%	264.7	2.7%
Revenue	6,115.2	5,828.3	7,806.0	59.1	7,865.1	1,749.9	28.6%	207.6	2.6%	221.2	2.7%
Net Expenditures	3,255.9	2,692.6	1,797.5	0.0	1,797.5	(1,458.4)	(44.8%)	(14.2)	(0.8%)	43.5	2.4%
Total											
Gross Expenditures	71,415.7	64,936.1	72,279.5	494.1	72,773.5	1,357.9	1.9%	552.7	0.8%	2,118.7	2.9%
Revenue	63,798.7	60,805.5	68,547.1	494.1	69,041.1	5,242.4	8.2%	611.5	0.9%	1,611.3	2.3%
Total Net Expenditures	7,616.9	4,130.6	3,732.4	0.0	3,732.4	(3,884.6)	(51.0%)	(58.8)	(1.6%)	507.4	13.8%
Approved Positions	566.1	524.1	566.1	4.0	570.1	4.0	0.7%				

The Engineering & Construction Services' 2017 Preliminary Operating Budget is \$72.774 million gross and \$3.732 million net, representing a 51% decrease from the 2016 Approved Net Operating Budget that exceeds the -2.6% reduction target set out in the 2017 Operating Budget Directions approved by Council.

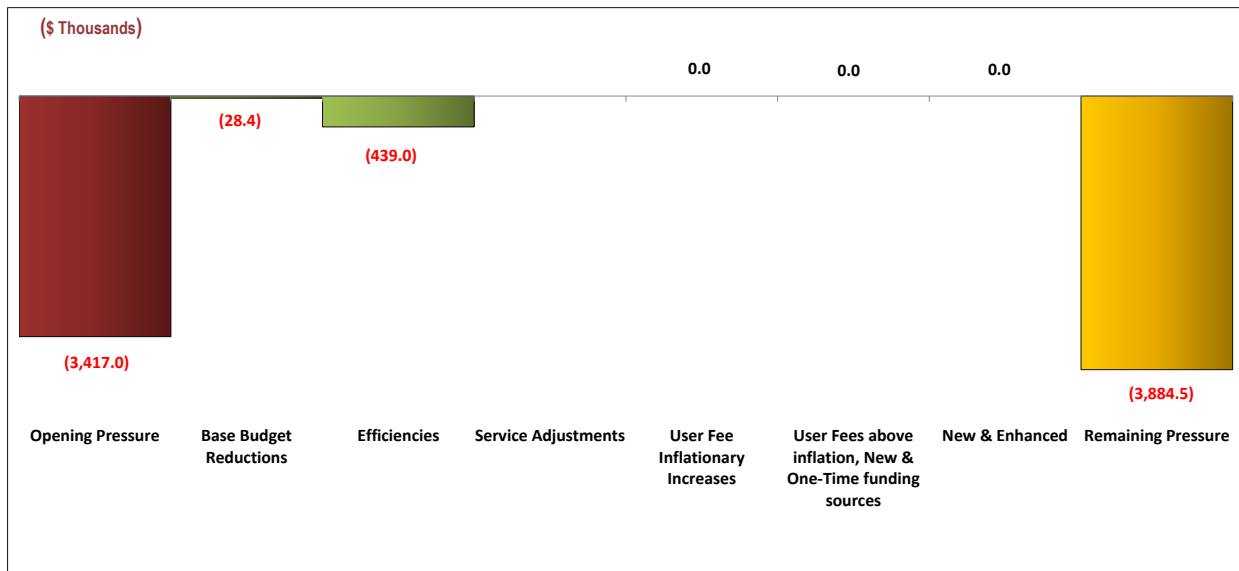
- The Program is experiencing a decrease in its base budget of \$3.417 million net, which is primarily attributable to an increased recovery of Development Application fees following completion of the Development Application Fee Review process.
 - The fee review determined that over \$12.9 million in costs to provide development application review services across multiple City Programs were being subsidized by the tax/rate base.
- In addition to the above, the Program was able to achieve base expenditure changes and service efficiency savings of \$0.467 million through line-by-line reviews based on actual experience and reducing the need for leased premises and fleet vehicles.
- Enhanced service funds of \$0.494 million gross and \$0 net with 4.0 new positions are included for work that will be performed on behalf of Metrolinx; additional project management resources to deliver infrastructure after the completion of Environmental Assessments; and for the implementation of an audit function in ECS to evaluate contracts and strengthen compliance with City, Cluster, and Division standards and project management best practices.
- Approval of the 2017 Preliminary Operating Budget will result in ECS increasing its total staff complement by 4.0 positions from 566.1 to 570.1.
- The 2018 and 2019 Plans reflect increases attributable to COLA, progression pay, step and other payroll costs, as well as the reversal of one-time expenditures resulting in a decrease of \$0.059 million in 2018 and an increase of \$0.507 million in 2019.

The following graphs summarize the operating budget pressures for ECS and the actions taken to offset these pressures and meet the budget target.

Key Cost Drivers



Actions to Achieve Budget Reduction Target



**Table 2
Key Cost Drivers**

(In \$000s)	2017 Base Operating Budget						Total	
	Municipal Infrastructure Construction		Engineering Review & Acceptance		Engineering Information			
	\$	Position	\$	Position	\$	Position	\$	Position
Gross Expenditure Changes								
Salaries and Benefits								
COLA, Progression Pay, Step Increases, Re-earnables and Realignments	1,348.5		208.0		309.0		1,865.5	
Other Base Changes								
Other Base Changes	47.8		5.9		(63.0)		(9.3)	
Total Gross Expenditure Changes	1,396.4		213.9		246.0		1,856.3	
Revenue Changes								
Metrolinx Recovery (volume)			1,021.6		(425.0)		596.6	
User Fees (volume)			(503.3)		396.3		(107.0)	
Additional recovery from the capital program based on position by position review of ECS staff resources dedicated to delivery of the capital program	(1,046.6)		191.2		(1,194.3)		(2,049.6)	
Development Application Review Fees Increase (cost recovery)			(3,239.2)		(447.2)		(3,686.4)	
Other Revenue Changes					(26.9)		(26.9)	
Total Revenue Changes	(1,046.6)		(2,529.6)		(1,697.1)		(5,273.3)	
Net Expenditure Changes	349.8		(2,315.7)		(1,451.1)		(3,417.0)	

Key cost drivers for Engineering & Construction Services are discussed below:

- Salary and Benefit Changes:
 - COLA, non-union progression pay, union step increases and other salary adjustments result in a pressure of \$1.866 million across all ECS services.
- Revenue Changes:
 - Increased capital funding of \$2.050 million for expenditures related to the delivery of capital projects primarily in the Municipal Infrastructure Construction and Engineering Information services.
 - Increased recovery of development application review costs of \$3.686 million mainly in the Engineering Review & Acceptance and Engineering Information services.
 - Various revenue/recovery adjustments of \$0.490 million to align the budget with actual experience, primarily in the Engineering Review & Acceptance and Engineering Information services.
 - ✓ The amount of work anticipated to be received from Metrolinx in 2017 has been reduced based on historical information and the expected roll-out of projects going forward, resulting in lower recoveries of \$0.597 million in 2017.
 - ✓ The volume of Full Stream reviews is expected to increase in 2017 based on application trends and industry discussions resulting in higher revenues of \$0.107 million.

In order to offset pressures and achieve the budget reduction target, the 2017 service changes for Engineering & Construction Services consist of base expenditure savings of \$0.028 million net and service efficiencies resulting in savings of \$0.439 million net, for a total reduction of \$0.467 million net as detailed below.

Table 3
Actions to Achieve Budget Reduction Target
2017 Preliminary Service Change Summary

Description (\$000s)	Service Changes						Total Service Changes			Incremental Change			
	Municipal Infrastructure Construction		Engineering Review & Acceptance		Engineering Information		\$	\$	#	2018 Plan		2019 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.
Base Changes:													
Base Expenditure Changes													
Line-by-Line Review	(150.6)	(10.5)	(38.9)	(10.6)	(18.4)	(7.3)	(208.0)	(28.4)					
Base Expenditure Change	(150.6)	(10.5)	(38.9)	(10.6)	(18.4)	(7.3)	(208.0)	(28.4)					
Sub-Total	(150.6)	(10.5)	(38.9)	(10.6)	(18.4)	(7.3)	(208.0)	(28.4)					
Service Efficiencies													
Not Renewing Lease 310 Front St – move staff to Metro Hall	(427.6)	(427.6)					(427.6)	(427.6)					
Fleet reserve contribution reduction – fewer vehicles needed	(69.0)	(8.0)					(69.0)	(8.0)					
Fleet maintenance reduction - fewer vehicles needed	(29.2)	(3.4)					(29.2)	(3.4)					
Sub-Total	(525.8)	(439.0)					(525.8)	(439.0)					
Total Changes	(676.4)	(449.5)	(38.9)	(10.6)	(18.4)	(7.3)	(733.8)	(467.4)					

Base Expenditure Changes (Savings of \$0.208 million gross & \$0.028 million net)

Line-by-Line Review

- Savings of \$0.028 million net will be realized through a line-by-line review to align the budget with actual expenditure experience and projected 2017 requirements across all services.

Service Efficiencies (Savings of \$0.526 million gross & \$0.439 million net)

Reduced Need for Leased Premises and Fleet Vehicles

- ECS will achieve efficiency savings of \$0.428 million within the Municipal Infrastructure Construction service by relocating staff to Metro Hall from leased premises at 310 Front St. W.
- ECS will achieve an additional \$0.098 million gross and \$0.011 million net in efficiency savings by reducing its need for fleet vehicles (from 64 to 55) and associated maintenance costs within the Municipal Infrastructure Construction service.

Table 4
2017 Preliminary New & Enhanced Service Priorities

Description (\$000s)	New/Enhanced						Total			Incremental Change			
	Municipal Infrastructure Construction		Engineering Review & Acceptance		Engineering Information		\$		Position	2018 Plan		2019 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	#	Net	Pos.	Net	Pos.
Enhanced Services Priorities Staff Initiated													
<i>Review Work for Metrolinx</i>			59.1		59.1	0.0	118.3	0.0	1.0				
<i>Project Management to Deliver Infrastructure after Completion of EAs</i>	239.6	0.0					239.6	0.0	2.0				
Sub-Total Staff Initiated	239.6	0.0	59.1		59.1	0.0	357.8	0.0	3.0				
Total Enhanced Services Priorities	239.6	0.0	59.1		59.1	0.0	357.8	0.0	3.0				
New Service Priorities Staff Initiated													
<i>Audit Function (evaluate contracts, etc.)</i>	136.2	(0.0)					136.2	(0.0)	1.0				
Sub-Total Staff Initiated	136.2	(0.0)					136.2	(0.0)	1.0				
Total New Services Priorities	136.2	(0.0)					136.2	(0.0)	1.0				
Total New / Enhanced Services	375.8	0.0	59.1		59.1	0.0	494.1	0.0	4.0				

Enhanced Service Priorities (\$0.358 million gross & \$0 net)

Staff Initiated

Review Work for Metrolinx (\$0.118 million gross & \$0 net)

- The 2017 Preliminary Operating Budget for ECS includes funding for 1 additional permanent position (Engineer), fully funded via recovery from Metrolinx, to provide structural engineering review and approvals for the Eglinton Crosstown and Finch West Light Rail Transit projects.
- This position is required by ECS to protect the City's interests and infrastructure, and ensure that the City meets its commitments under agreements with Metrolinx.

Project Management to Deliver Infrastructure after Completion of EAs (\$0.240 million gross & \$0 net)

- Funding for an additional 2 permanent positions (2 Engineers) is included in the 2017 Preliminary Budget to be fully recovered from the Transportation Services capital program. These positions will provide engineering and project management oversight and expertise to deliver infrastructure identified by Transportation Services through the completion of Class Environmental Assessments.
- These positions will address the steady and significant increase in the number of Environmental Assessments focused on transportation infrastructure (i.e. intersection reconfiguration, road upgrades, etc.) that have been completed and will lead to the identification of capital projects that need to be designed and constructed.

New Service Priorities (\$0.136 million gross & \$0 net)

Staff Initiated

Audit Function (evaluate contracts, etc.)

- The 2017 Preliminary Operating Budget for ECS also includes funding of \$0.136 million gross and \$0 net for 1 permanent position (Program Manager - Customer Service and Issues Management) that will be added as an audit function reporting to the Executive Director and fully funded via a recovery from supported capital projects.

- This will result in a dedicated in-house resource to undertake construction contract evaluations on an ongoing, sustainable basis, with responsibility to review and assess best practices and identify areas for improvement, including remedial actions, with a view to ensuring compliance with division, cluster, and corporate standards, and provide for the continuous improvement of divisional policies and standard operating procedures.
- The ultimate goal is to improve the quality of contract management which will, in turn, improve capital project delivery efficiency and cost-effectiveness.

Approval of the 2017 Preliminary Budget for Engineering & Construction Services will result in a decrease in net costs of \$0.059 million in 2018 and a 2019 incremental increase in net cost of \$0.507 million, to maintain the 2017 service levels, as discussed in the following section:

**Table 5
2018 and 2019 Plan by Program**

Description (\$000s)	2018 - Incremental Increase					2019 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	Position	Gross Expense	Revenue	Net Expense	% Change	Position
Known Impacts:										
COLA, Progression Pay, Step Increases and Other changes to align with actual experience	2,180.7	1,635.5	545.2	14.6%		2,050.5	1,537.9	512.6	14.0%	
Capital Works Procedures and Field Services Manuals	(600.0)		(600.0)	(16.1%)						
IDC/IDR Changes	(1,048.0)	(1,044.0)	(4.0)	(0.1%)		47.4	52.6	(5.2)	(0.1%)	
Review Work for Metrolinx	4.8	4.8				5.0	5.0			
Project Management to Deliver Infrastructure after Completion of EAs	9.7	9.7				10.0	10.0			
Audit Function (evaluate contracts, etc.)	5.5	5.5				5.7	5.7			
Total Incremental Impact	552.6	611.5	(58.8)	(1.6%)		2,118.6	1,611.3	507.4	13.8%	

Future year incremental costs are primarily attributable to the following:

Known Impacts:

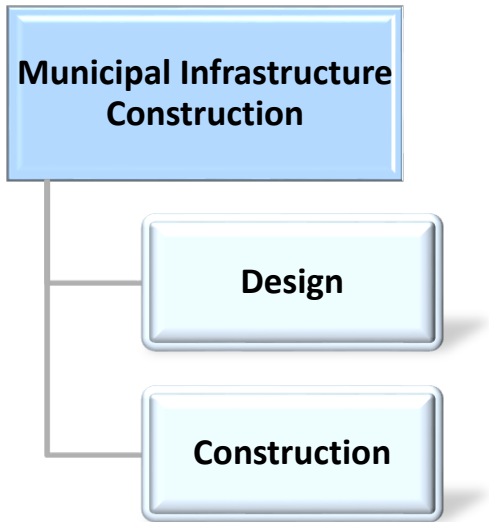
- COLA, progression pay, step and other adjustments are anticipated to result in increases of \$0.545 million in 2018 and \$0.513 million in 2019.
- The one-time expenditure for updating the Capital Works Procedures and Field Services Manual in 2017 will be reversed in 2018 (\$0.600 million).



Part 2:

2017 Preliminary Operating Budget by Service

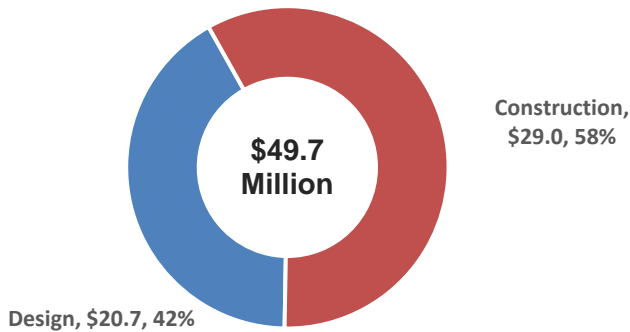
Municipal Infrastructure Construction



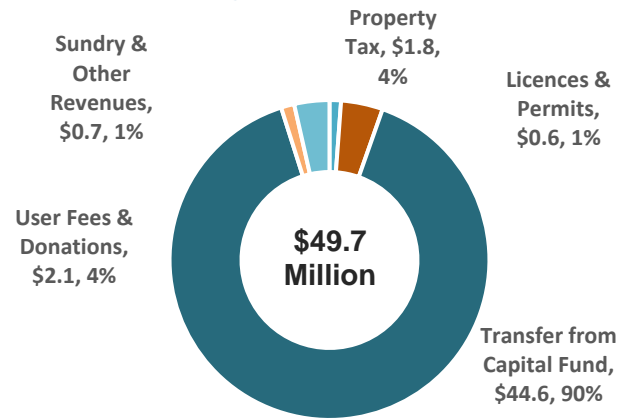
What We Do

- Provide engineering and project management services to internal clients for the construction of new and upgraded infrastructure including bridges, roads, sewers, solid waste facilities, stormwater management facilities, water and wastewater treatment facilities, and water mains.

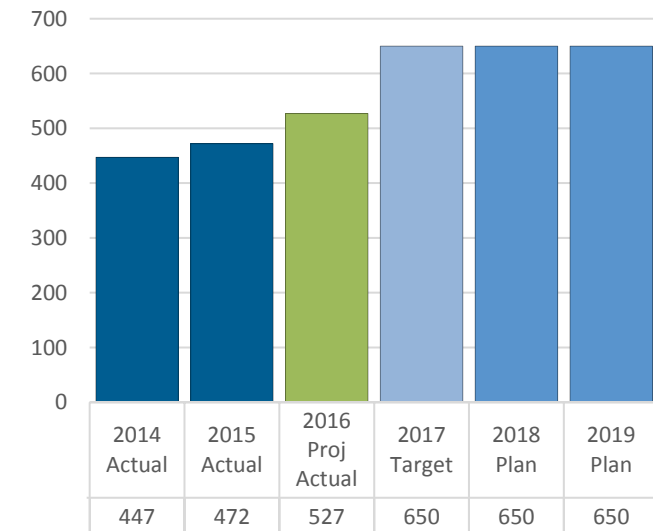
2017 Service Budget by Activity (\$Ms)



Service by Funding Source (\$Ms)



YTD Expenditure on Municipal Infrastructure Design & Construction (\$Millions)



- ECS continues to experience substantial growth in construction activity for clients' capital programs.
- \$527 million in capital projects are anticipated to be delivered by ECS in 2016, an increase of \$55 million compared to 2015.
- The 2017 Operating Budget is targeting the delivery of 80% of the capital budget assigned to the Program, which is estimated to be more than \$650 million in 2017.

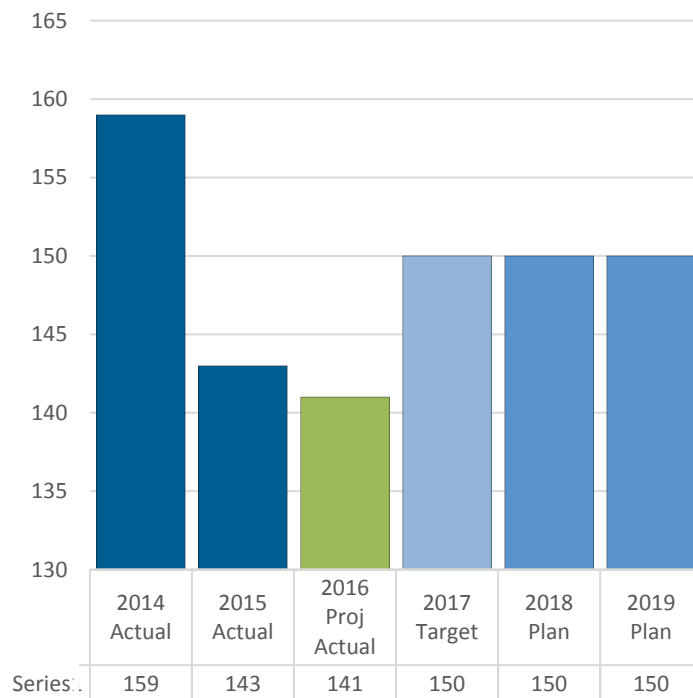
2017 Service Levels Municipal Infrastructure Construction

Sub-Activity/Type		2014	2015	2016	2017
Design	Tenders issued compared to plan		90% as scheduled		90% as scheduled
	Contracts substantially completed compared to plan		90% as scheduled		90% as scheduled
Construction	Year End Actual Expenditure as a percentage of Approved Capital budget	80% Year End Actual Expenditure as a percentage of Approved Capital budget			80% Year End Actual Expenditure as a percentage of Approved Capital budget

Overall, the 2017 Service Levels are consistent with the approved 2016 Service Levels for Municipal Infrastructure Construction.

Service Performance Measures

% Tenders issued Compared to Plan, at Year End



- The number of tenders, requests for proposals and requests for qualifications decreased from 159 in 2014 to 143 in 2015, and to 141 in 2016.
- One reason for the decrease can be attributed to the tenders that were cancelled where the low bids were well in excess of capital budget and original cost estimates.
- In 2017, ECS expects to issue an estimated 150 tenders for a capital program assigned to the Program that is currently valued at over \$650 million.
- Future year estimates are 150 for each of 2018 and 2019, and will be based on client's requirements and the planned continued bundling of construction projects into single tenders.

Table 6
2017 Preliminary Service Budget by Activity

(\$000s)	2017 Preliminary Operating Budget										Incremental Change				
	2016	2017 Preliminary Operating Budget					2017 Prelim. Budget vs. 2016 Budget		2018 Plan		2019 Plan				
	Budget	Base Budget	Service Changes	Preliminary Base	Prelim. Base Budget vs. 2016 Budget	% Change	New/Enhanced	Prelim. Budget	\$	%	\$	%			
GROSS EXP.															
Construction	28,207.5	29,193.2	(460.6)	28,732.6	525.1	1.9%	300.6	29,033.2	825.7	2.9%	85.7	0.3%	905.1	3.1%	
Design	20,627.2	20,808.6	(215.8)	20,592.7	(34.5)	(0.2%)	75.2	20,667.9	40.6	0.2%	(49.6)	-0.2%	529.2	2.6%	
Total Gross Exp.	48,834.8	50,001.8	(676.4)	49,325.3	490.6	1.0%	375.8	49,701.1	866.4	1.8%	36.0	0.1%	1,434.4	2.8%	
REVENUE															
Construction	27,427.9	27,513.8	(107.0)	27,406.8	(21.1)	(0.1%)	300.6	27,707.4	279.5	1.0%	279.9	1.0%	885.9	3.2%	
Design	19,539.6	20,271.0	(119.8)	20,151.1	611.6	3.1%	75.2	20,226.3	686.7	3.5%	72.1	0.4%	455.4	2.2%	
Total Revenues	46,967.5	47,784.8	(226.8)	47,557.9	590.4	1.3%	375.8	47,933.7	966.2	2.1%	352.1	0.7%	1,341.3	2.7%	
NET EXP.															
Construction	779.6	1,679.4	(353.6)	1,325.8	546.2	70.1%	0.0	1,325.8	546.2	70.1%	(194.3)	-14.7%	19.2	1.7%	
Design	1,087.7	537.6	(96.0)	441.6	(646.1)	(59.4%)	0.0	441.6	(646.1)	(59.4%)	(121.8)	-27.6%	73.9	23.1%	
Total Net Exp.	1,867.3	2,217.0	(449.6)	1,767.4	(99.9)	(5.3%)	0.0	1,767.4	(99.9)	(5.3%)	(316.0)	-17.9%	93.1	6.0%	
Approved Positions	373.9	373.9		373.9			3.0	376.9	3.0	0.8%					

The **Municipal Infrastructure Construction Service** provides engineering and project management services to internal clients for the construction of new and upgraded infrastructure including bridges, roads, sewers, solid waste facilities, stormwater management facilities, water and wastewater treatment facilities, and water mains.

The Municipal Infrastructure Construction's 2017 Preliminary Operating Budget of \$49.701 million gross and \$1.767 million net is \$0.100 million or 5.3% under the 2016 Net Budget.

Base budget pressures that are common across all services (i.e. salaries & benefits) are partially offset by increased capital funding of \$1.047 million for expenditures related to the delivery of capital projects.

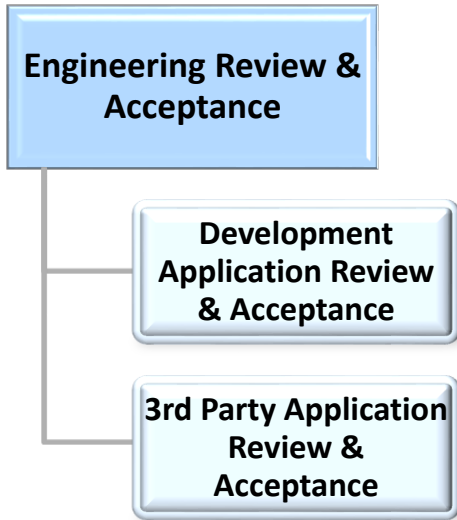
The base budget pressures were more than offset by:

- Efficiency savings of \$0.428 million by relocating staff to Metro Hall from leased premises at 310 Front St. W.
- Additional \$0.011 million in efficiency savings by reducing the Program's need for fleet vehicles (from 64 to 55) after a review of vehicle usage (based on 2015 experience) which represented the first full year of the new organization structure. The results indicated that ECS can effectively deliver its mandate and meet its service levels with 9 fewer vehicles.
- Additional expenditure savings of \$0.011 million net will be realized through a line-by-line review to align the budget with actual experience and projected 2017 requirements.

The 2017 Preliminary Operating Budget for Municipal Infrastructure Construction includes funding of \$0.376 million gross and \$0 net for the following new/enhanced initiatives:

- Funding for 2 positions to provide engineering and project management oversight and expertise to deliver the infrastructure that is identified through the completion of EAs, fully funded from the capital program (\$0.240 million gross and \$0 net).
- Creating an audit function (1 position) to undertake construction contract evaluations on an ongoing basis to improve capital project delivery efficiency and cost-effectiveness, fully funded from the capital program (\$0.136 million gross and \$0 net).

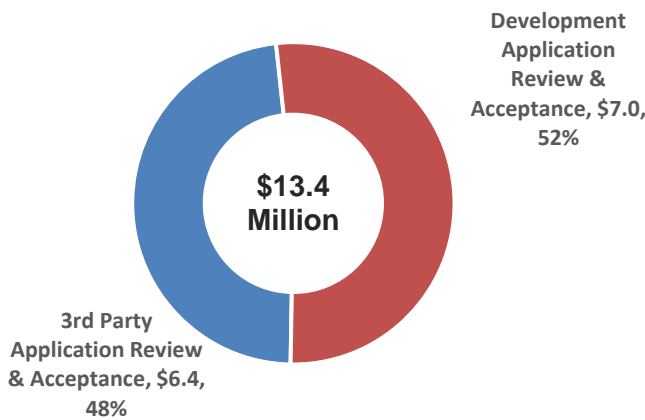
Engineering Review & Acceptance



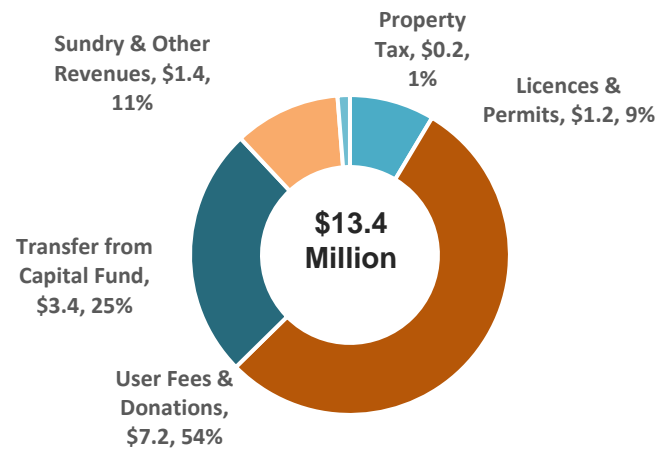
What We Do

- Provide engineering review and acceptance services to external clients including the development industry, utility companies, and public agencies, so as to ensure that the integrity of City infrastructure is maintained and that development and third party works comply with applicable by-laws, standards and regulatory requirements.

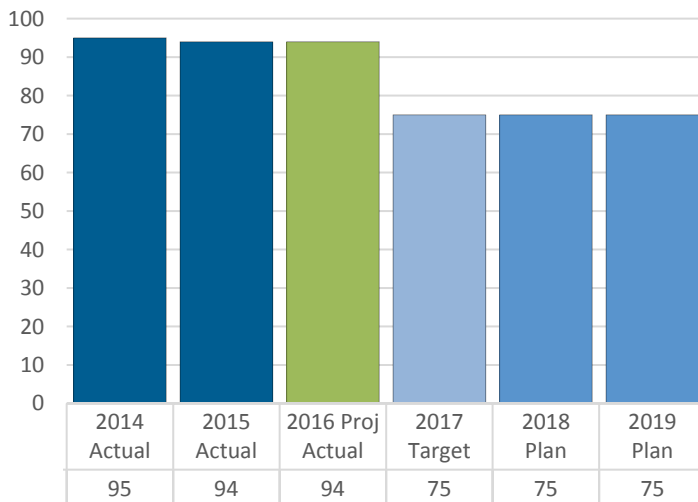
2017 Service Budget by Activity (\$Ms)



Service by Funding Source (\$Ms)



% Development Applications and Revisions Reviewed Within STAR Timelines



- In 2016, 94% of development applications and revisions by ECS were completed within STAR (Streamlining The Application Review) timelines, the same as in 2015.
- This high level of achievement builds on the trend set in 2014, when 95% of applications were reviewed within STAR timelines.
- ECS will continue to target compliance with STAR timelines in 2017 and future years.

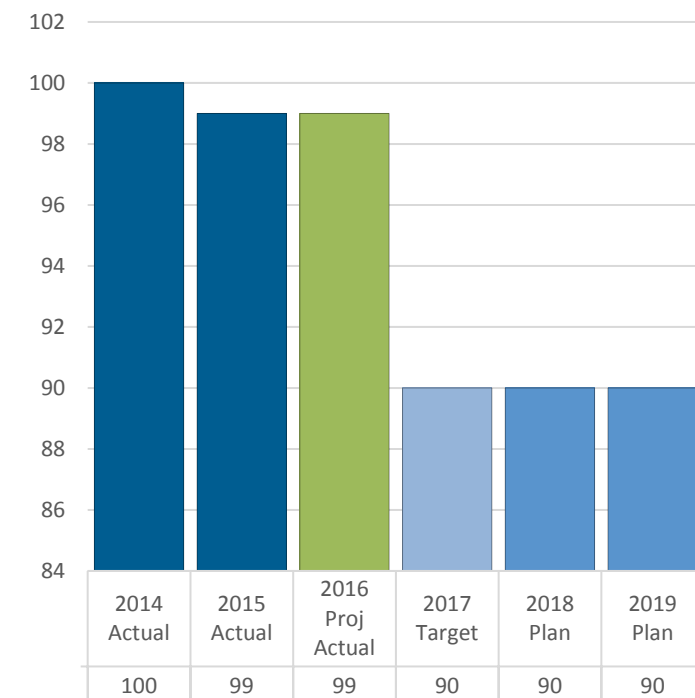
2017 Service Levels Engineering Review & Acceptance

Sub-Activity/Type		2014	2015	2016	2017
Development Applications Review and Acceptance	Development Applications	75% compliance rate within STAR timelines			75% compliance rate
	Engineering Drawings	75% compliance rate			75% compliance rate
Third Party Application Review and Acceptance	Third Party applications	90% compliance within 20 working days			90% compliance within 20 working days

Overall, the 2017 Service Levels are consistent with the approved 2016 Service Levels for Engineering Review & Acceptance.

Service Performance Measures

% Third Party and Utility Applications and Revisions Reviewed Within Set Timelines



- In 2016, for the 4th year in a row, ECS reviewed 99% of third party and utility applications within set timelines.
- This represents a very high level of responsiveness to third party and utility clients.
- 2017 and future year targets will continue to be 90% compliance with set timelines.

Table 6

2017 Preliminary Service Budget by Activity

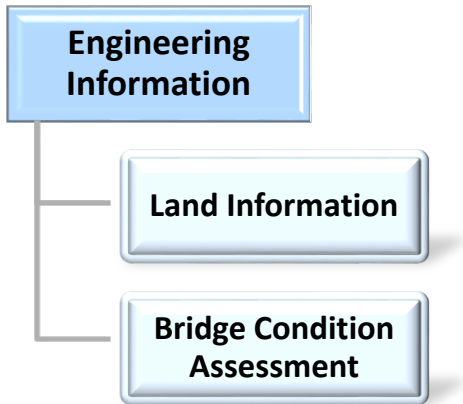
(\$000s)	2017 Preliminary Operating Budget										Incremental Change									
	2016	Prelim. Base Budget vs. 2016 Budget					New/Enhanced	Prelim. Budget	2017 Prelim. Budget vs. 2016 Budget		2018 Plan		2019 Plan							
	Budget	Base Budget	Service Changes	Preliminary Base	% Change	\$			%	\$	%	\$	%							
GROSS EXP.																				
3rd Party Application Review & Acceptance	4,624.6	6,410.3	(33.0)	6,377.3	1,752.7	37.9%	59.1	6,436.4	1,811.8	39.2%	59.5	0.9%	110.8	1.7%						
Development Application Review & Acceptance	8,585.1	6,979.2	(5.9)	6,973.3	(1,611.8)	(18.8%)		6,973.3	(1,611.8)	(18.8%)	263.8	3.8%	308.8	4.3%						
Total Gross Exp.	13,209.7	13,389.5	(38.9)	13,350.6	140.9	1.1%	59.1	13,409.7	200.0	1.5%	323.3	2.4%	419.6	3.0%						
REVENUE																				
3rd Party Application Review & Acceptance	4,260.1	6,621.7	(28.2)	6,593.5	2,333.4	54.8%	59.1	6,652.6	2,392.5	56.2%	52.5	0.8%	49.5	0.7%						
Development Application Review & Acceptance	6,455.9	6,589.9	(0.2)	6,589.7	133.8	2.1%		6,589.7	133.8	2.1%	(0.6)	0.0%	(0.7)	(0.0%)						
Total Revenues	10,716.0	13,211.5	(28.4)	13,183.1	2,467.2	23.0%	59.1	13,242.3	2,526.3	23.6%	51.9	0.4%	48.8	0.4%						
NET EXP.																				
3rd Party Application Review & Acceptance	364.5	(211.4)	(4.8)	(216.2)	(580.7)	(159.3%)		(216.2)	(580.7)	(159.3%)	7.0	-3.2%	61.3	(29.3%)						
Development Application Review & Acceptance	2,129.2	389.3	(5.7)	383.6	(1,745.6)	(82.0%)		383.6	(1,745.6)	(82.0%)	264.4	68.9%	309.5	47.8%						
Total Net Exp.	2,493.8	178.0	(10.5)	167.5	(2,326.3)	(93.3%)		167.5	(2,326.3)	(93.3%)	271.4	162.1%	370.8	45.8%						
Approved Positions	105.8	105.8		105.8			0.5	106.3	0.5	0.5%										

The **Engineering Review & Acceptance Service** provides engineering review and acceptance services to external clients including the development industry, utility companies, and public agencies, so as to ensure that the integrity of City infrastructure is maintained and that development and third party works comply with applicable by-laws, standards and regulatory requirements.

The Engineering Review & Acceptance's 2017 Preliminary Operating Budget of \$13.410 million gross and \$0.168 million net is \$2.326 million or 93.3% under the 2016 Net Budget.

- In addition to base budget pressures common across all services, the Engineering Review & Acceptance service is experiencing a reduction in projected Metrolinx recoveries (\$1.022 million) based on required support going forward. However, these base pressures are more than offset by increased recovery of development application review costs following completion of the Development Application Fee Review (\$3.239 million).
- Savings of \$0.011 million net will also be realized through a line-by-line review to align the budget with actual experience and projected 2017 requirements.
- The 2017 Preliminary Operating Budget for Engineering Review & Acceptance includes funding of \$0.059 million gross and \$0 net to provide review and approvals for the Eglinton Crosstown and Finch West Light Rail Transit projects, fully funded via recovery from Metrolinx.

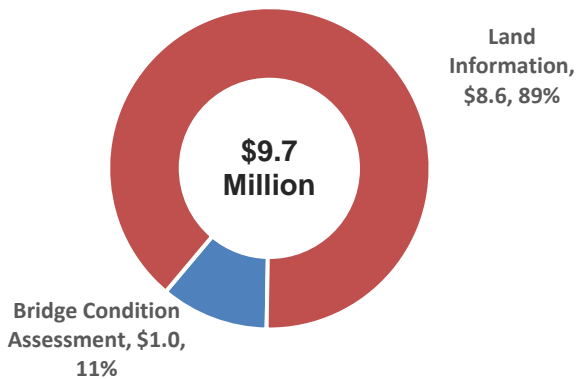
Engineering Information



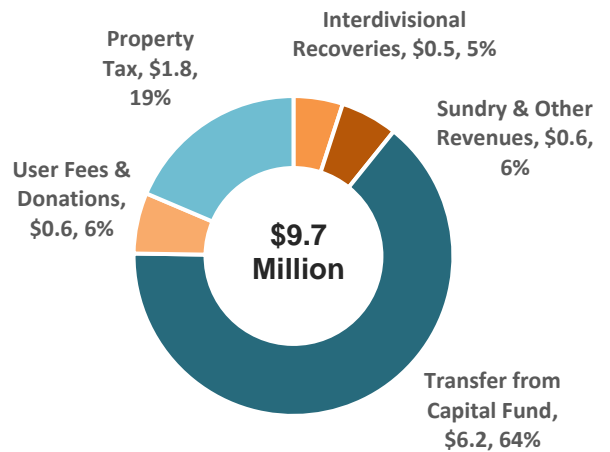
What We Do

- Establish and maintain effective technical and data support to the various business units across the division and cluster involved in managing and building the City's infrastructure.

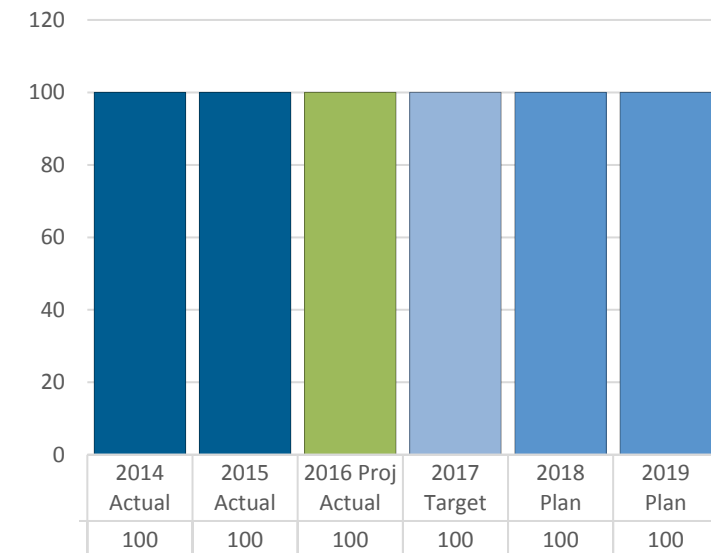
2017 Service Budget by Activity (\$Ms)



Service by Funding Source (\$Ms)



% of Bridge Condition Inspections Completed Compared to Plan



- In 2016, ECS again completed 100% of planned bridge condition inspections.
- ECS is targeting to maintain a 100% completion rate in 2016 and future years for the legislated 2-year bridge condition inspection cycle.

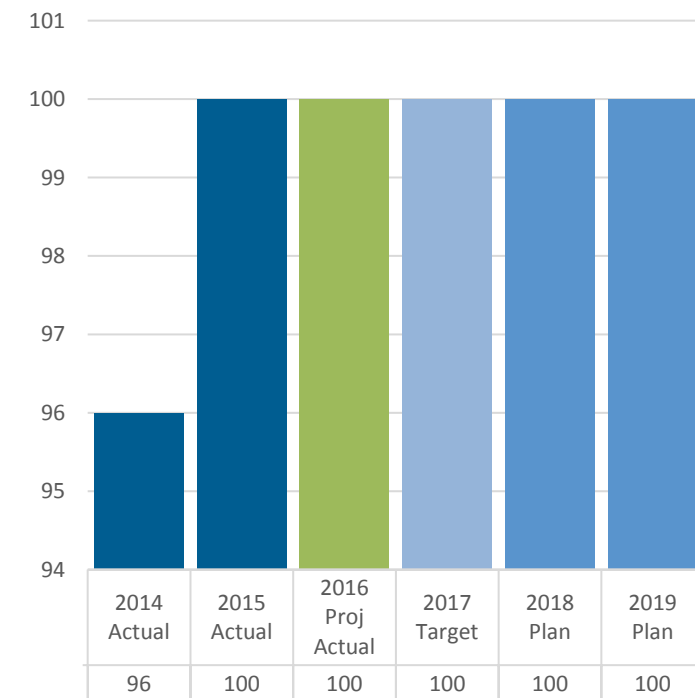
2017 Service Levels Engineering Information

Sub-Activity/Type		2014	2015	2016	2017
Land Information	Land Surveying	completed projects by estimate date, 90% of the time			completed projects by estimate date, 90% of the time
	Street Naming	recommendation within 6 months 90% of time			recommendation within 6 months 90% of time
	Municipal Numbering	provide comments within 5 working days, 100% of the time			provide comments within 5 working days, 100% of the time
	Utility Mapping	90% completion of planned km to update			90% completion of planned km to update
Bridge Condition Assessment	Bridge Inspection & Assessment	100% inspection compliance within regulatory timelines			100% inspection compliance within regulatory timelines

Overall, the 2017 Service Levels are consistent with the approved 2016 Service Levels for Engineering Information.

Service Performance Measures

% Municipal Numbers Processed Within Timelines



- In 2016, ECS again completed 100% of requests for municipal numbering within 5 days.
- ECS is targeting to maintain a 100% completion rate in 2017 and future years.

Table 6

2017 Preliminary Service Budget by Activity

(\$000s)	2017 Preliminary Operating Budget											Incremental Change				
	2016	Prelim. Base Budget vs. 2016 Budget					New/Enhanced		Prelim. Budget		2017 Prelim. Budget vs. 2016 Budget		2018 Plan		2019 Plan	
	Budget	Base Budget	Service Changes	Preliminary Base	2016 Budget	% Change	\$	\$	\$	%	\$	%	\$	%	\$	%
GROSS EXP.																
Bridge Condition Assessment	971.9	989.1	(0.2)	988.9	17.0	1.7%	59.1	1,048.0	76.1	7.8%	(26.2)	-2.5%	29.8	2.9%		
Land Information	8,399.3	8,632.9	(18.3)	8,614.6	215.4	2.6%		8,614.6	215.4	2.6%	219.6	2.5%	234.9	2.7%		
Total Gross Exp.	9,371.2	9,622.0	(18.5)	9,603.5	232.3	2.5%	59.1	9,662.6	291.5	3.1%	193.4	2.0%	264.7	2.6%		
REVENUE																
Bridge Condition Assessment	874.3	970.5	(0.4)	970.1	95.8	11.0%	59.1	1,029.2	154.9	17.7%	(10.2)	-1.0%	16.4	1.6%		
Land Information	5,240.9	6,846.7	(10.8)	6,835.9	1,595.0	30.4%		6,835.9	1,595.0	30.4%	217.8	3.2%	204.8	2.9%		
Total Revenues	6,115.2	7,817.2	(11.2)	7,806.0	1,690.8	27.6%	59.1	7,865.1	1,749.9	28.6%	207.6	2.6%	221.2	2.7%		
NET EXP.																
Bridge Condition Assessment	97.6	18.6	0.2	18.8	(78.8)	(80.7%)	0.0	18.8	(78.8)	(80.7%)	(16.0)	-85.0%	13.4	475.2%		
Land Information	3,158.3	1,786.2	(7.5)	1,778.7	(1,379.6)	(43.7%)		1,778.7	(1,379.6)	(43.7%)	1.8	0.1%	30.0	1.7%		
Total Net Exp.	3,255.9	1,804.8	(7.3)	1,797.5	(1,458.4)	(44.8%)	0.0	1,797.5	(1,458.4)	(44.8%)	(14.2)	-0.8%	43.5	2.4%		
Approved Positions	86.4	86.4		86.4			0.5	86.9	0.5	0.6%						

The **Engineering Information Service** establishes and maintains effective technical and data support to the various business units across the Program and Cluster involved in managing and building the City's infrastructure.

The Engineering Information's 2017 Preliminary Operating Budget of \$9.663 million gross and \$1.798 million net is \$1.458 million or 44.8% under the 2016 Net Budget.

- Base budget pressures common across all services (i.e. salaries & benefits) are more than offset by increased capital funding of \$1.194 million for expenditures related to the delivery of capital projects and by increased recovery of costs of \$0.447 million.
- Savings of \$0.007 million net will also be realized through a line-by-line review to align the budget with actual experience and projected 2017 requirements.
- The 2017 Preliminary Operating Budget for Engineering Information includes funding of \$0.059 million gross and \$0 net to provide review and approvals for the Eglinton Crosstown and Finch West Light Rail Transit projects, fully funded via recovery from Metrolinx.



Part 3:

Issues for Discussion

Issues Impacting the 2017 Budget

Budget Reduction Target

- The Engineering & Construction Services' 2017 Preliminary Operating Budget is \$72.774 million gross and \$3.732 million net, represents a **51%** decrease from the 2016 Approved Net Operating Budget and far exceeds the reduction target set out in the 2017 Operating Budget Directions approved by Council.
- This is achieved primarily through increased recovery of development application review costs in ECS (\$3.686 million) that were previously supported through the tax base, as well as base expenditure changes and service efficiency savings (\$0.467 million) through line-by-line reviews based on actual experience and reducing the need for leased premises and fleet vehicles.

Development Application Fee Review

- In accordance with the City's User Fee Policy, a four year comprehensive review of City development application fees was conducted. The review re-evaluated the assumptions upon which the user fee is based and considered the degree to which the User Fee Policy is complied with.
- A link to the report *PG16.1 Development Application Review Fee Update*, which was considered by the Planning and Growth Management Committee during its meeting of November 16, 2016 is provided below: <http://www.toronto.ca/legdocs/mmis/2016/pg/bgrd/backgroundfile-98037.pdf>
- The Planning application fee changes recommended following completion of this review, reflect cost recovery for development review services based on the number of business units and staff effort involved (direct costs), indirect and capital costs across multiple City Programs, as well as process changes that have taken place since the cost recovery model was developed in 2006.
 - This change will ensure that the costs of providing development application review services are recovered from those directly benefiting from the service, ensuring over \$12.9 million in costs are no longer subsidized by the City's tax and rate base.
- Consistent with the User Fee Policy, which states that, "where the user fee service is provided jointly by more than one City Program or Local Board, the user fee revenues will be allocated to the respective City Program or Local Board based on the direct and indirect costs incurred", the ECS user fee recovery from development application fees will increase by \$3.686 million in 2017, with an equivalent reduction in tax (net) funding for ECS.
- The Development Application Fee Review will be considered by City Council during its meeting of December 13 and 14, 2016.
 - Any adjustments to recommended fee changes (increases or decreases) made during Council's consideration of the item will require a corresponding adjustment to the 2017 Preliminary Operating Budget.

Issues Referred to the 2017 Operating Budget Process

New & Enhanced Not Included in the 2017 Preliminary Operating Budget

- The following staff initiated new and enhanced service priority request has not been included in the 2017 Preliminary Operating Budget. However, it is included here for Budget Committee's consideration in the 2017 Budget process.

New / Enhanced Service Description (\$000s)	2017 Impact				Net Incremental Impact			
	Gross	Revenue	Net	Positions	2018 Plan		2019 Plan	
					Net	Positions	Net	Positions
Not Included - Staff Initiated								
Review Impacts of Other Gov't / Agency Projects – add 1 Engineer to address an increasing volume and frequency of requests for engineering expertise in support of City and external agency projects, such as: Expo 2025, H&S COR Implementation, Pedestrian Bridges linking Exhibition Place and Ontario Place, Rail Deck Park, Scarborough Subway Value Engineering, and TTC Capital Program Review (KPMG) and procurement for McNicoll Bus Garage	118.3		118.3	1.0	4.8		5.0	
Total New/Enhanced Services (Not Included)	118.3		118.3	1.0	4.8		5.0	

Issues Impacting Future Years

Increase in Capital Project Delivery

- Engineering & Construction Services (ECS) is projecting delivery of \$527 million in capital work by 2016 year-end. However, the value of the capital program to be delivered by ECS is forecast to continue to grow significantly. The projected increase in capital delivery is primarily driven by increases in both the Toronto Water and Transportation Services' Capital Programs.
- The delivery of clients' capital programs and major third party work has increased substantially over the past decade and is characterized by frequent workload peaks. These demands are difficult to accommodate even at a full staff complement and ECS continues to experience difficulties in hiring skilled professional and technical staff due to the competitive market conditions in the Greater Toronto Area.
- Given the projected increase in the City's capital programs for municipal infrastructure projects delivered by ECS, the Program proposes to engage outside engineering consultants to supplement the robust in-house core capacity of internal engineering, design, inspection and surveying to meet the forecasted demand. ECS has always procured engineering consultant services to augment capacity for the delivery of the Capital Program managed by the Division.



Appendices

Appendix 1

2016 Service Performance

Key Service Accomplishments

In 2016, Engineering & Construction Services accomplished the following:

Municipal Infrastructure Construction

- ✓ Sustained capital delivery aimed at achieving an estimated 80% year end actual expenditure as a percentage of approved capital budget; for 2016, ECS delivered an estimated \$527 million (a \$55 million increase over 2015) in municipal infrastructure capital projects, representing 80% of the approved capital budget assigned to ECS.
- ✓ Proactively managed construction-related disruption, include traffic disruption, at the project planning stage and during construction; e.g.:
 - Extended hour projects
 - Acceleration of construction on the West Deck of the F.G. Gardiner Expressway
 - Improved communications, including notices and signage
- ✓ Increased engagement with consulting engineering and construction contracting industries to build capacity in support of forecasted capital program growth and as a forum to provide updates on City policies and practices
- ✓ Prudently managed contract awards – cancelled tenders where low bids were well in excess of capital budget and original cost estimate
- ✓ Updated the ECS Field Services Manual and provided training to ECS staff, and initiated the update of the Capital Works Procedures Manual

Engineering Review & Acceptance

- ✓ Sustained at least 75% compliance with STAR timelines for review of development applications
 - 1,700 Complex, Routine, and Quick Applications, 94% completed within STAR timelines
- ✓ Provided dedicated support to Metrolinx, Bell, and Toronto Community Housing Corporation through service agreements

Engineering Information

- ✓ Maintained 100% completion rate in 2016 for the provincially-legislated 2-year bridge condition inspection cycle
 - 649 bridges (including large diameter culverts and 330 bridge spans along the F.G. Gardiner Expressway)
- ✓ Successfully implemented the revised Street Naming policy

Appendix 2

2017 Preliminary Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense (\$000's)	2014	2015	2016	2016	2017	2017 Change		Plan	
	Actual	Actual	Budget	Projected Actual *	Preliminary Budget	from 2016 Budget	%	2018	2019
	\$	\$	\$	\$	\$	\$		\$	\$
Salaries and Benefits	52,876.8	55,014.3	62,244.6	57,485.9	64,092.9	1,848.3	3.0%	66,293.6	68,364.9
Materials and Supplies	161.9	156.6	476.8	146.3	401.3	(75.5)	(15.8%)	401.3	401.3
Equipment	245.9	245.0	506.6	506.6	479.4	(27.2)	(5.4%)	479.4	479.4
Services & Rents	5,462.3	2,577.0	3,544.1	2,329.3	3,024.5	(519.6)	(14.7%)	2,424.5	2,424.5
Contributions to Reserve/Res Funds	778.7	797.0	797.0	797.0	728.0	(69.0)	(8.7%)	728.0	728.0
Other Expenditures	18.6	(58.0)		0.9			-		
Interdivisional Charges	3,245.5	3,597.5	3,846.5	3,670.1	4,047.4	200.8	5.2%	2,999.5	3,046.9
Total Gross Expenditures	62,789.7	62,329.5	71,415.7	64,936.1	72,773.5	1,357.9	1.9%	73,326.3	75,445.0
Interdivisional Recoveries	606.0	557.8	475.6	804.8	482.5	6.9	1.5%	489.2	495.6
User Fees & Donations	3,911.4	5,221.8	6,117.1	9,751.2	9,910.5	3,793.4	62.0%	9,910.5	9,910.5
Transfers from Capital Fund	46,715.5	46,050.2	52,320.6	47,945.8	54,221.1	1,900.5	3.6%	54,821.1	56,421.0
Sundry Revenues	4,074.5	4,198.3	4,885.5	2,303.7	4,427.1	(458.4)	(9.4%)	4,431.9	4,436.9
Total Revenues	55,307.4	56,028.1	63,798.7	60,805.5	69,041.1	5,242.4	8.2%	69,652.6	71,263.9
Total Net Expenditures	7,482.3	6,301.3	7,616.9	4,130.6	3,732.4	(3,884.6)	(51.0%)	3,673.7	4,181.1
Approved Positions	494.1	498.1	566.1	524.1	570.1	4.0	0.7%	570.1	570.1

* Based on the 2016 9-month Operating Variance Report

The projected favourable variance is a result of under-spending in salaries & benefits due to vacant positions and lower costs due to delay of the Capital Works Procedure Manual project and reduced expenditures for mileage. The lower recoveries from client capital projects will also continue as a result of the vacant positions, partially offset by higher development and full stream application fees due to higher volume of applications.

For additional information regarding the 2016 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, 2016" considered by City Council at its meeting on December 13, 2016.

[2016.BU26.4 - Operating Variance Report for the Nine-Month Period Ended September 30, 2016](http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.BU26.4)

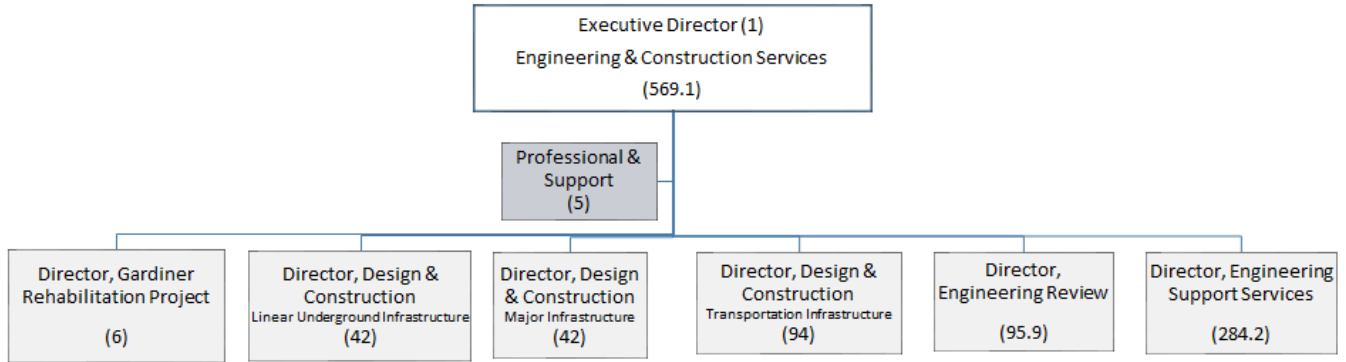
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.BU26.4>

Impact of 2016 Operating Variance on the 2017 Preliminary Operating Budget

- As a result of spending performance, focused line-by-line reviews were conducted and reductions of \$0.208 million gross and \$0.028 million net will be budgeted in 2017. As well, service efficiencies of \$0.526 million gross and \$0.439 million net will be realized in the 2017 Budget arising from a reduced reliance on fleet vehicles and relocating staff to Metro Hall from leased premises.
- ECS has been implementing a Program-wide re-structuring, aimed at improving efficiencies and increasing annual capital delivery rates to support the forecasted growth in the City's Capital Program. This also involves the utilization of a program management approach, including multi-year contracts for Engineering & Construction Services, managed by specialized program teams.
- The Program plans to continue an aggressive recruitment campaign. However, as experienced in the past, filling vacancies has been an on-going challenge for Engineering & Construction Services due to competitiveness in the market place.

Appendix 3

2017 Organization Chart



2017 Total Complement

Category	Senior Management	Management (including Non-Union Professional Staff)	Exempt Professional & Clerical	Union	Total
Permanent	1.0	232.0	1.0	315.0	549.0
Temporary		8.0		13.1	21.1
Total	1.0	240.0	1.0	328.1	570.1

Appendix 4

Summary of 2017 Service Changes

**2017 Operating Budget - Preliminary Service Changes
Summary by Service (\$000's)**

Form ID		Citizen Focused Services B Program - Engineering & Construction Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
2017 Preliminary Base Budget Before Service Changes:			72,805.3	68,633.9	4,171.4	566.10	(58.8)	507.4
10097	Not Renewing Lease 310 Front St – Move Staff to Metro Hall							
51	1	Description:						
<p>Currently, the Major Infrastructure team is situated at 310 Front Street, which is a leased property. The lease term shall expire on August 31, 2016. It is decided not to renew the lease and Real Estate Services will secure alternate location in City owned property for the team. The lease costs reduction will flow to the net expenditure in 2017.</p> <p>Service Level Impact: None</p> <p>Service: Municipal Infrastructure Construction</p>								
Preliminary Service Changes			(427.6)	0.0	(427.6)	0.00	0.0	0.0
Total Preliminary Service Changes:			(427.6)	0.0	(427.6)	0.00	0.0	0.0
11162	Fleet reserve contribution reduction – fewer vehicles needed							
51	1	Description:						
<p>A review of Fleet vehicle usage was undertaken based on experience in 2015, which represented the first full year of the new organization structure for the Division. The results of the review indicate that ECS can effectively deliver its mandate and meet its service levels with 9 fewer vehicles, which is a reduction of 14% (from 64 to 55 vehicles). The return of the Fleet vehicles further reduces the operating costs charged by Fleet. Furthermore, based on the reduced number of Fleet vehicles on which ECS intends to rely, and on the substantial sum already contained in the ECS Fleet Reserve Account (projected to be \$1.292 million at the end of 2016), the Division plans to reduce its contribution to the ECS Fleet Reserve Account.</p> <p>Service Level Impact:</p> <p>Service: Municipal Infrastructure Construction</p>								
Preliminary Service Changes			(69.0)	(61.0)	(8.0)	0.00	0.0	0.0
Total Preliminary Service Changes:			(69.0)	(61.0)	(8.0)	0.00	0.0	0.0

2017 Operating Budget - Preliminary Service Changes Summary by Service (\$000's)

Form ID		Citizen Focused Services B Program - Engineering & Construction Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
11165		Fleet maintenance reduction for returning 9 vehicles						
51	1	Description:						
<p>A review of Fleet vehicle usage was undertaken based on experience in 2015, which represented the first full year of the new organization structure for the Division. The results of the review indicate that ECS can effectively deliver its mandate and meet its service levels with 9 fewer vehicles, which is a reduction of 14% (from 64 to 55 vehicles). The return of the Fleet vehicles further reduces the operating costs charged by Fleet. Furthermore, based on the reduced number of Fleet vehicles on which ECS intends to rely, and on the substantial sum already contained in the ECS Fleet Reserve Account (projected to be \$1.292 million at the end of 2016), the Division plans to reduce its contribution to the ECS Fleet Reserve Account.</p>								
Service Level Impact:								
Service: Municipal Infrastructure Construction								
		Preliminary Service Changes	(29.2)	(25.8)	(3.4)	0.00	(0.0)	0.0
		Total Preliminary Service Changes:	(29.2)	(25.8)	(3.4)	0.00	(0.0)	0.0
<hr/>								
Summary:								
		Total Preliminary Service Changes	(525.8)	(86.8)	(439.0)	0.00	0.0	0.0
		Total Preliminary Base Budget:	72,279.5	68,547.1	3,732.4	566.10	(58.8)	507.4

Appendix 5

Summary of 2017 New / Enhanced Service Priorities

2017 Operating Budget - Preliminary New and Enhanced Services Summary by Service (\$000's)

Form ID		Citizen Focused Services B Program - Engineering & Construction Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change																				
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions																						
11100		Review Work for Metrolinx																										
72	1	Description:																										
<p>Add 1 permanent Engineer reporting to the Manager of the Bridges, Structures & Expressways unit of the Transportation Infrastructure Section and fully funded via recovery from Metrolinx with responsibility to review applications and ensure the structural integrity of City bridges and structures that may be affected by transit projects is preserved. The permanent Engineer is required by Engineering and Construction Services to protect the City's interests and infrastructure, and ensure that the City meets its commitments under the agreement with Metrolinx.</p> <p>Service Level Impact:</p> <p>The Engineer position will provide the Division with a dedicated resource to undertake review of the impact of Metrolinx projects on the City's bridge and structural assets within a timeframe that respects current agreements, and to advise on the effect of transit plans and designs on City bridges and structures to ensure the structural integrity of the assets is maintained.</p> <p>Service: Engineering Information</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Preliminary New / Enhanced Services:</td> <td style="text-align: right;">59.1</td> <td style="text-align: right;">59.1</td> <td style="text-align: right;">0.0</td> <td style="text-align: right;">0.50</td> <td style="text-align: right;">(0.0)</td> <td style="text-align: right;">0.0</td> </tr> </table> <p>Service: Engineering Review & Acceptance</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Preliminary New / Enhanced Services:</td> <td style="text-align: right;">59.1</td> <td style="text-align: right;">59.1</td> <td style="text-align: right;">0.0</td> <td style="text-align: right;">0.50</td> <td style="text-align: right;">0.0</td> <td style="text-align: right;">0.0</td> </tr> </table> <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="width: 60%;">Total Preliminary New / Enhanced Services:</td> <td style="text-align: right; border-top: 1px solid black;">118.3</td> <td style="text-align: right; border-top: 1px solid black;">118.3</td> <td style="text-align: right; border-top: 1px solid black;">0.0</td> <td style="text-align: right; border-top: 1px solid black;">1.00</td> <td style="text-align: right; border-top: 1px solid black;">(0.0)</td> <td style="text-align: right; border-top: 1px solid black;">0.0</td> </tr> </table>								Preliminary New / Enhanced Services:	59.1	59.1	0.0	0.50	(0.0)	0.0	Preliminary New / Enhanced Services:	59.1	59.1	0.0	0.50	0.0	0.0	Total Preliminary New / Enhanced Services:	118.3	118.3	0.0	1.00	(0.0)	0.0
Preliminary New / Enhanced Services:	59.1	59.1	0.0	0.50	(0.0)	0.0																						
Preliminary New / Enhanced Services:	59.1	59.1	0.0	0.50	0.0	0.0																						
Total Preliminary New / Enhanced Services:	118.3	118.3	0.0	1.00	(0.0)	0.0																						

11128		Audit Function (evaluate contracts, etc.)												
74	1	Description:												
<p>Add 1 Program Manager Customer Service & Issues Management, reporting to the Executive Director and fully funded via capital recovery to review and assess best practices and identify areas for improvement, including remedial actions, with a view to ensuring compliance with division, cluster, and corporate standards.</p> <p>Service Level Impact:</p> <p>The Program Manager will provide ECS with a dedicated resource to undertake construction contract evaluations on an ongoing, sustainable basis. The ultimate goal is to improve the quality of contract management which will, in turn, improve capital project delivery efficiency and cost-effectiveness.</p> <p>Service: Municipal Infrastructure Construction</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Preliminary New / Enhanced Services:</td> <td style="text-align: right;">136.2</td> <td style="text-align: right;">136.2</td> <td style="text-align: right;">(0.0)</td> <td style="text-align: right;">1.00</td> <td style="text-align: right;">0.0</td> <td style="text-align: right;">0.0</td> </tr> </table>								Preliminary New / Enhanced Services:	136.2	136.2	(0.0)	1.00	0.0	0.0
Preliminary New / Enhanced Services:	136.2	136.2	(0.0)	1.00	0.0	0.0								

Category:

2017 Operating Budget - Preliminary New and Enhanced Services Summary by Service (\$000's)

Form ID		Citizen Focused Services B Program - Engineering & Construction Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Total Preliminary New / Enhanced Services:	136.2	136.2	(0.0)	1.00	0.0	0.0

11577	Proj Mgmt to Deliver Infrastructure after Completion of EAs
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72	1	Description:
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Add 2 Engineers reporting to the Manager of the Streetcar Way & Special Projects unit of the Transportation Infrastructure Section and fully funded from Transportation Services capital budget. The permanent Engineers are required by Engineering & Construction Services to provide engineering and project management oversight and expertise and deliver the infrastructure that is identified via Transportation Services through the completion of Class EAs.

Service Level Impact:

The additional Engineers will provide the Division with 2 dedicated resources to ensure the timely and cost-effective delivery of capital projects to improve the City's transportation infrastructure.

Service: Municipal Infrastructure Construction

Preliminary New / Enhanced Services:	239.6	239.6	0.0	2.00	(0.0)	(0.0)
Total Preliminary New / Enhanced Services:	239.6	239.6	0.0	2.00	(0.0)	(0.0)

Summary:

Total Preliminary New / Enhanced Services	494.1	494.1	0.0	4.00	(0.0)	(0.0)
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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 & Reserve Funds

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016* \$	Withdrawals (-) / Contributions (+)		
			2017 \$	2018 \$	2019 \$
Projected Beginning Balance			1,781.3	1,970.3	2,159.3
Vehicle Equipment Reserve	XQ1016		189.0	189.0	189.0
Total Reserve / Reserve Fund Draws / Contributions			189.0	189.0	189.0
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		1,781.3	1,970.3	2,159.3	2,348.3

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016* \$	Withdrawals (-) / Contributions (+)		
			2017 \$	2018 \$	2019 \$
Projected Beginning Balance			19,645.5	20,184.5	20,723.6
Insurance Reserve Fund	XR1010		539.0	539.0	539.0
Total Reserve / Reserve Fund Draws / Contributions			539.0	539.0	539.0
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		19,645.5	20,184.5	20,723.6	21,262.6

* Based on 9-month 2016 Reserve Fund Variance Report

Appendix 7a

User Fees Adjusted for Inflation and Other

Rate Description	Service	Fee Category	Fee Basis	2016	2017			2018	2019
				Approved Rate	Inflationary Adjusted Rate	Other Adjustment	Budget Rate	Plan Rate	Plan Rate
Review of development files and environmental database to provide a response to inquiries regarding compliance with development agreements and identification of sites located on closed landfills.	Municipal Infrastructure Design & Construction	Full Cost Recovery	Per Review	\$66.45	\$1.34		\$67.79	\$69.03	\$70.80
Request for new municipal number as a result of a severance/consolidation of property	Engineering Information	Full Cost Recovery	Flat fee for assignment/re-assignment of first two numbers; then fee for each additional number assigned.	\$152.76 for first two nos; then \$36.95 for each additional no.	\$2.99		\$155.75	\$159.29	\$162.48
Changing municipal number	Engineering Information	Full Cost Recovery	Per Change	\$390.29	\$7.94		\$398.23	\$405.93	\$415.04
To perform engineering review and site inspection of utility infrastructure work within the City's Right of Way	Municipal Infrastructure Design & Construction	Full Cost Recovery	Per Application (For excavation of up to 1 kilometre)	\$1,157.70	\$23.15		\$1,180.85	\$1,204.47	\$1,228.56