



# **Budget Committee Recommended Operating and Capital Budgets**

**February 13, 2020**

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# Budget 2020 Overview

## OPERATING BUDGET

- Keeps property taxes at inflation
- Preserves services and makes new investments

## CAPITAL BUDGET

- Addresses achievability
- Major investments in transit and housing

## PARTNERSHIPS

- Continued and new co-investments

# Guiding Principles – Operating

**1**

Preserve existing services

**2**

Property tax increase for City operations at the level of inflation

**3**

Invest in Council priorities & key challenges

**4**

Modernize the budget process

**5**

Consider how the budget impacts all Torontonians

# Budget Modernization – Year 1



Budget based on previous years' **actual spending** trends



Capital budget recast to deliver **achievability and affordability**



Increase residents' **understanding** of how their money is invested



# Operating Budget Overview

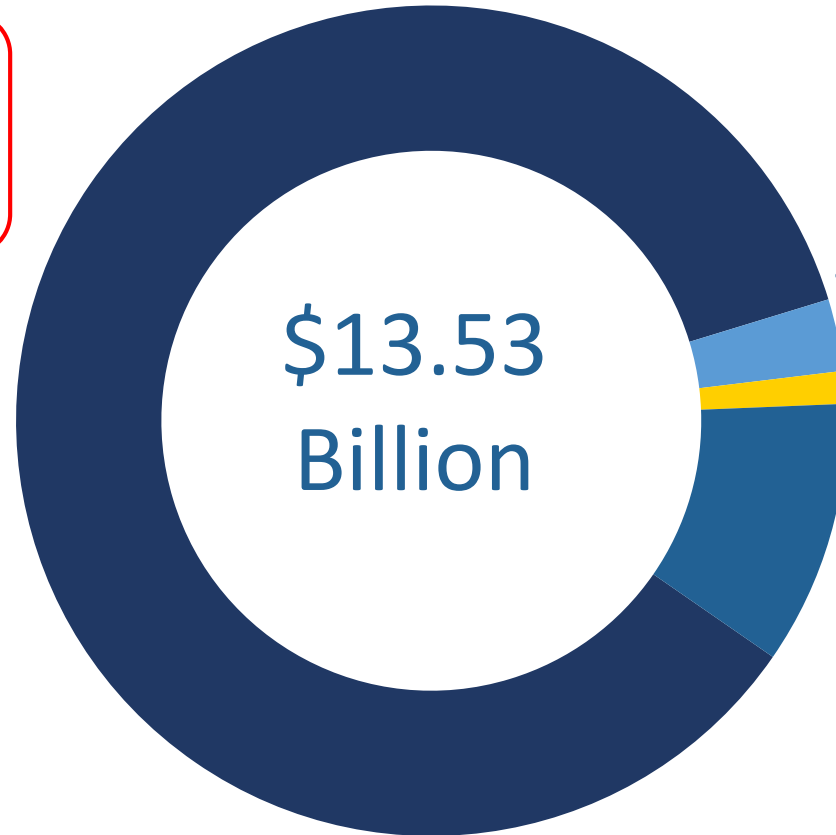
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- Recommended balanced operating budget
- Preserves existing services
- \$76 million in new or enhanced investments
- Continues government partnerships
- Inflationary residential tax rate increase for City operations
- Responsible reserve management
- Manages Municipal Land Transfer Tax risk



# 2020 Tax & Rate Operating Budget

**Budget Committee  
Recommended Tax  
Supported Operating  
Budget, \$11.59 Billion, 86%**



Solid Waste Management  
Services, \$0.38 Billion, 3%

Toronto Parking  
Authority, \$0.17 Billion,  
1%

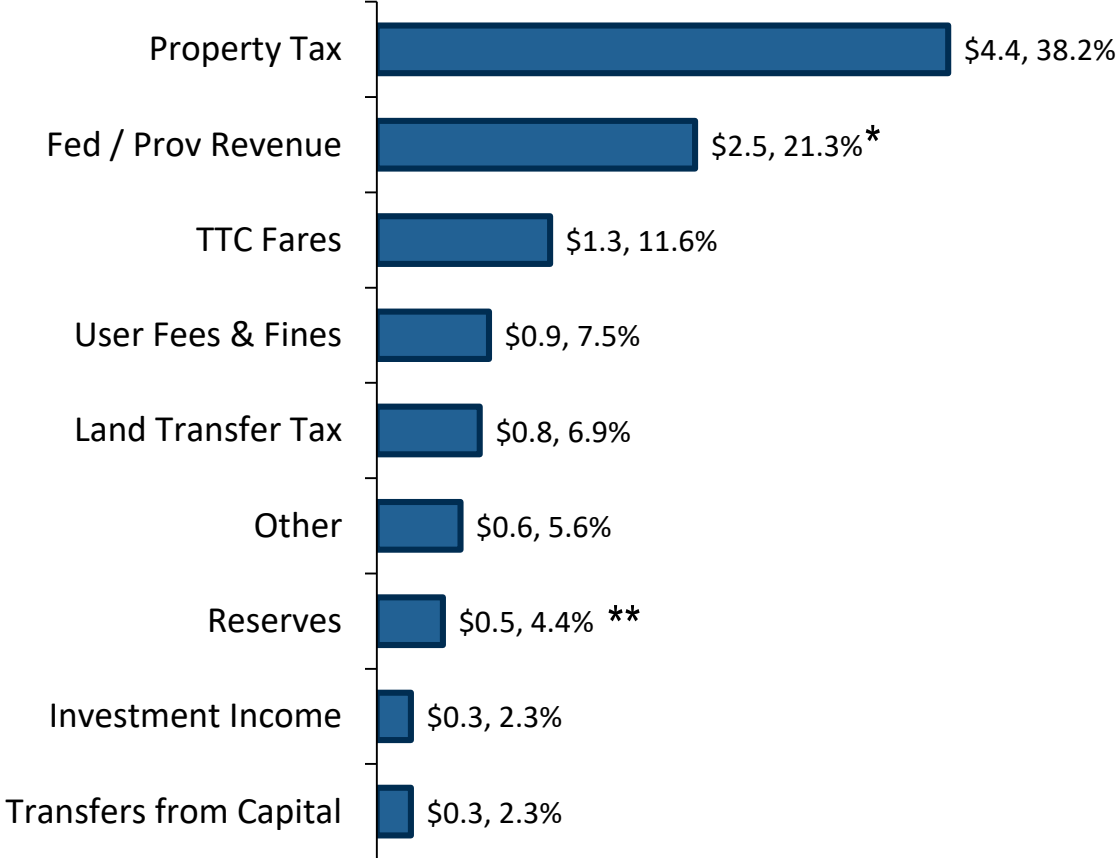
Toronto Water,  
\$1.39 Billion, 10%

**Approved  
Rate  
Programs  
\$1.94 Billion  
14%**

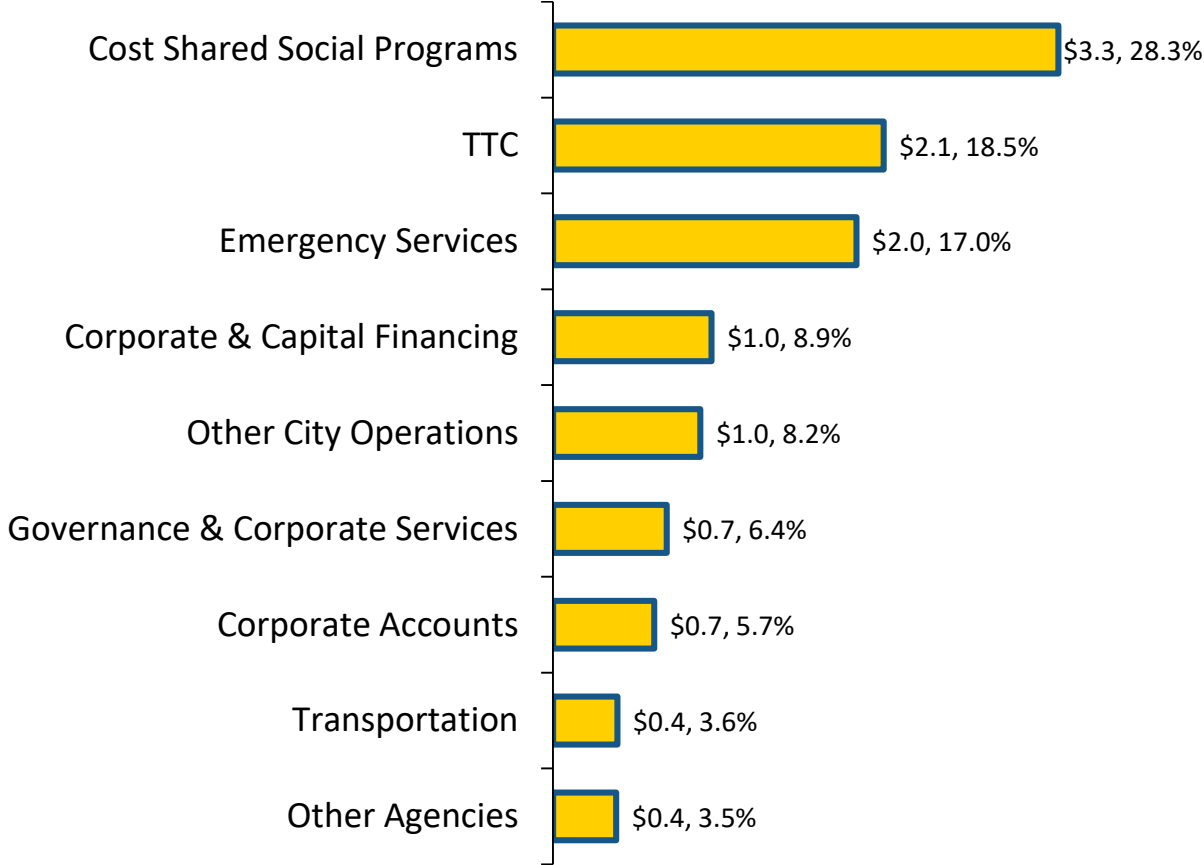
\*Please note Rate Program figures include Capital Contributions

# Tax Supported Operating Budget

## WHERE THE MONEY COMES FROM (\$11.59 Billion)



## HOW THE MONEY IS INVESTED (\$11.59 Billion)



\* Expects continued federal government funding of \$77 million in support of refugee funding

\*\* Reflects annual reserve draws which are supported by annual reserve contributions in order to smooth out expenses that fluctuate or are periodic in nature (e.g insurance claims, employee benefits and vehicle reserves)



# New Investments (\$76 M)

**STAFF RECOMMENDED BUDGET**  
~ \$67 MILLION in new investments

 **CLIMATE CHANGE**  
\$5.9 M

 **TRANSIT**  
\$9.5 M


 **POVERTY REDUCTION**  
\$15.3 M

 **SAFETY & SECURITY**  
\$27.8 M

 **OTHER CITY PRIORITIES**  
\$8.5 M

**APPROVED BY BUDGET COMMITTEE**  
~ \$9 MILLION in additional new investments

 **VIOLENCE REDUCTION / ROOTS OF YOUTH VIOLENCE**  
\$6.0 M

 **RAVINE STRATEGY**  
\$1.3 M

 **TORONTO**  
**OTHER CITY PRIORITIES**  
\$1.8 M



# Partnerships

- Budget expects \$77 million in continued federal support for refugees
- Provincial upload of subway expansion allows the City to redirect funding to transit state-of-good-repair
- Federal co-investment of \$1.3 billion for building repair for Toronto Community Housing Corporation



# Property Tax Increases to Fund Operating Costs of City Services

## RESIDENTIAL\*

 **2.00%**

Residential: assumed at inflation


 **0.00%**

Multi-residential: no increase per regulation

## BUSINESS

**1.00%** 

Commercial: half of residential increase per policy and regulation

**0.66%** 

Industrial: a third of residential increase per policy and regulation

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**1.43%** Total budgetary increase

**\$61** Tax increase to the average home

\* 2% residential tax rate increase is based on Toronto CMA CPI for the previous 12 trailing months as of November 2019

# City Building Fund Extension - Dedicated to Transit and Housing

**1.5%**

Dedicated levy over the next 6 years\*

**\$6.6 B**

Additional dedicated funding to support transit and housing



\$5 billion to invest in subways, signal systems, streetcars and station upgrades



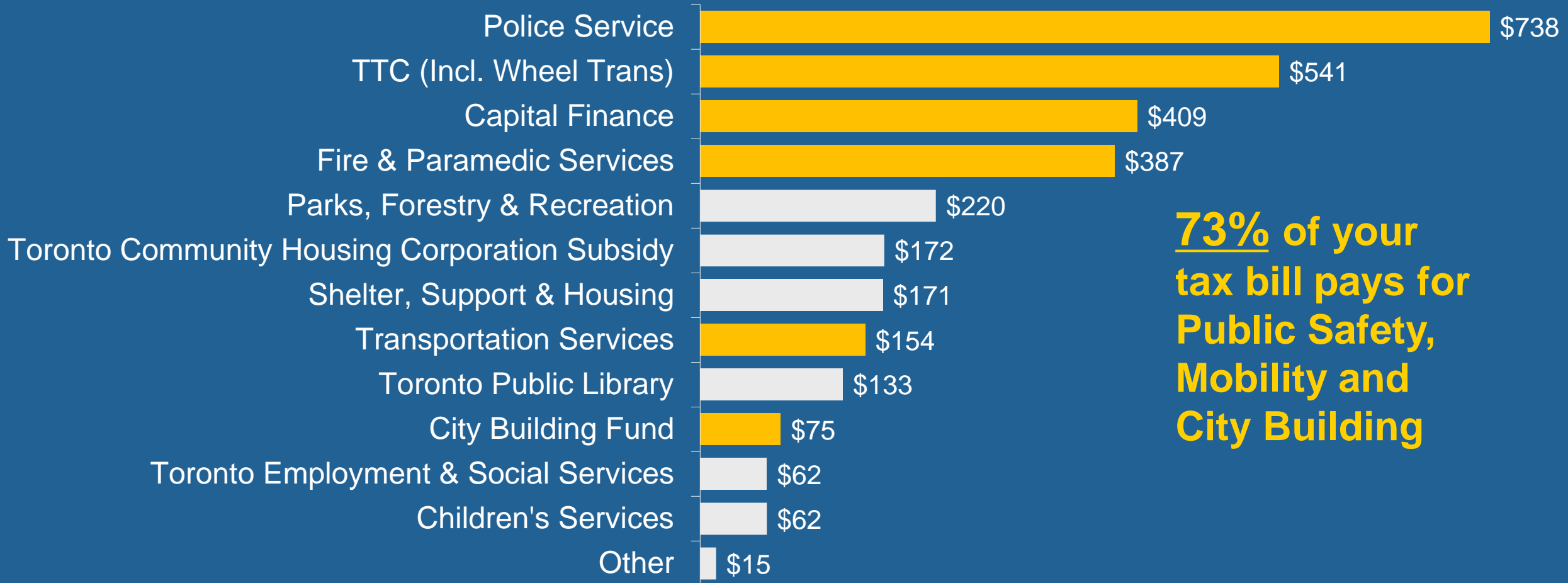
Funding to support 40,000 affordable housing units within 10 years

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**\$45** Tax increase to the average home

\*The increase to the City Building Fund levy would start by adding 1% in 2020 and 2021 to the existing 0.5% increment, and an additional 1.5% annually from 2022-2025, inclusively.

# Your Property Tax Investment



**73% of your tax bill pays for Public Safety, Mobility and City Building**



Based on Property Tax of \$3,141.

The average house has an assessed value of **\$703,232**. 2020 Property tax on this home would be **\$3,141** (includes \$61 increase for City operations and \$45 increase for the City Building Fund).

\*Does not Include Education Taxes



# Guiding Principles - Capital

**1**

**Address Capital Plan  
achievability and  
affordability**

**2**

**Address recent  
Council  
commitments**

**3**

**Reflect other  
government  
partnerships**

**4**

**Develop a Capital  
Asset Management  
Plan**

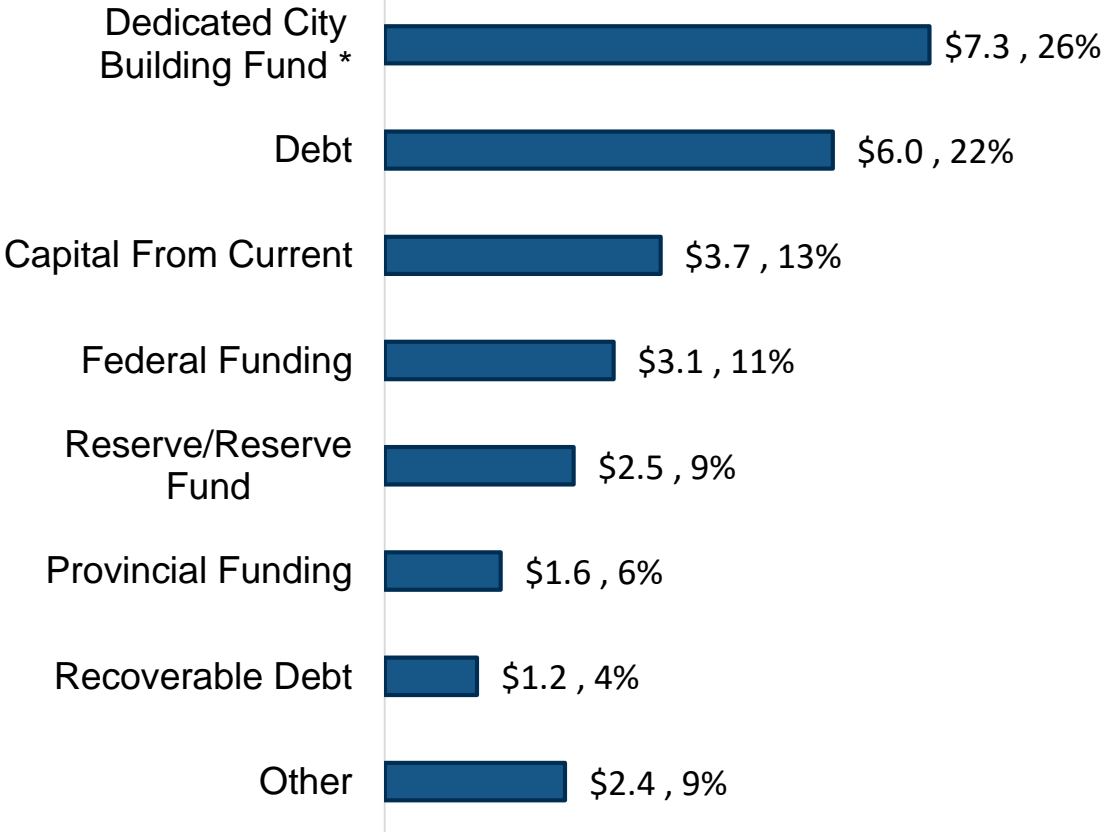
# Capital Budget Overview

- Investing a total of \$13.2 billion in transit, **nearly doubling** the investment in state-of-good-repair
- City Building Fund extended to support \$6.6 billion dedicated to transit and housing
- Reflects government partnerships:
  - Federal Partnerships: \$1.3 billion CMHC co-investment supporting TCHC building repairs
  - Provincial partnership: with provincial funded transit expansion, investment redirected to SOGR
- Initiating a recast to reflect industry best practices
- Complies with 15% debt service ratio in each year of the plan
- Reflects realistic funding contributions



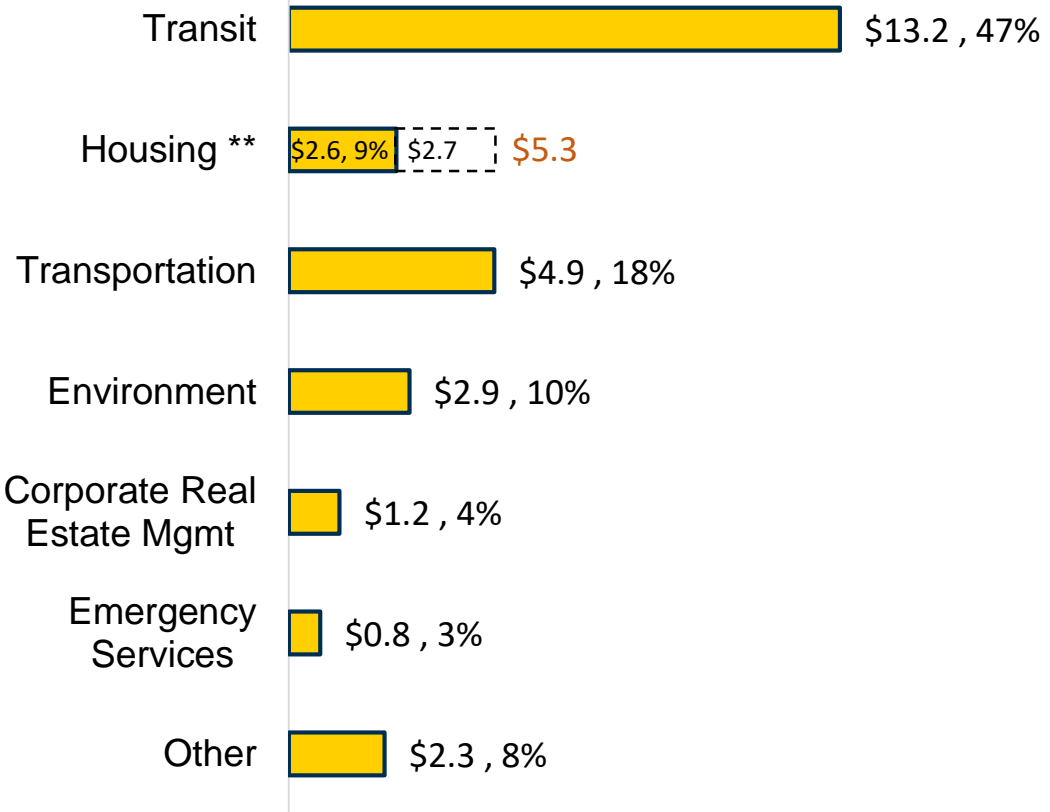
# Tax Supported 10-Year Capital Plan

## WHERE THE MONEY COMES FROM (\$27.9 Billion)



\* City Building Fund is dedicated to Transit and Housing projects

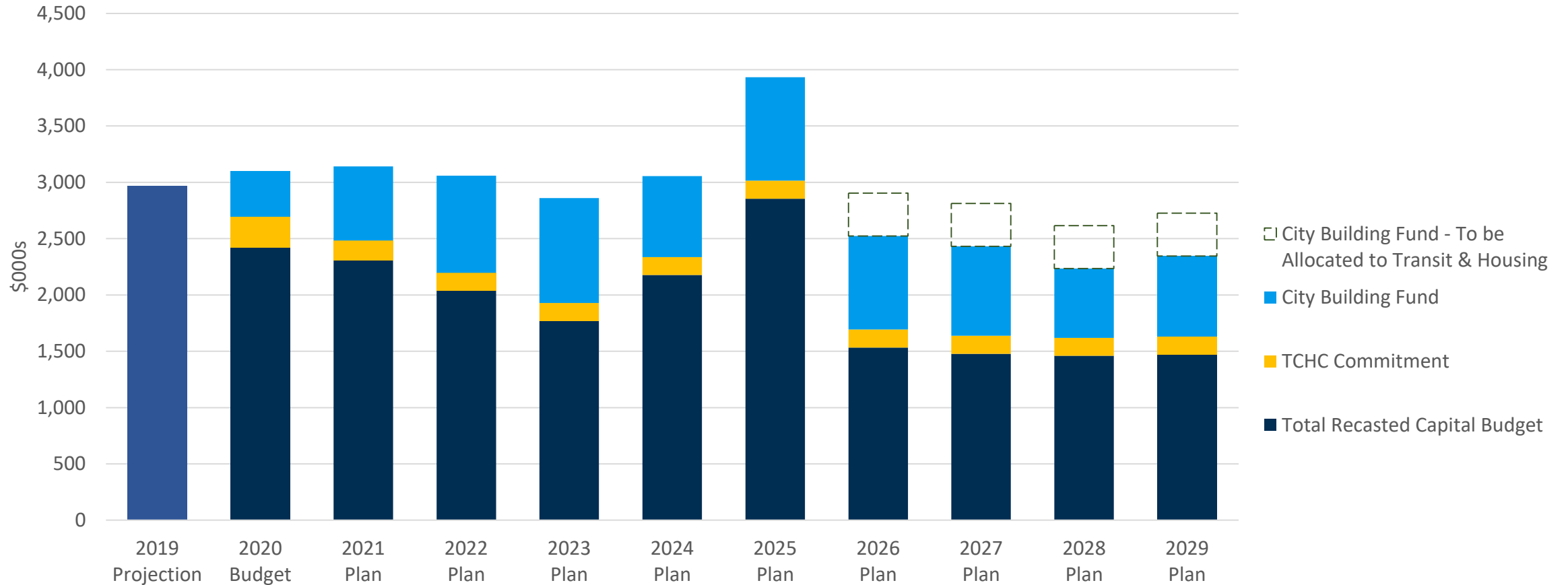
## HOW THE MONEY IS INVESTED (\$27.9 Billion)



\*\* \$2.7B in additional foregone revenue to support the development of 20K of the 40K affordable homes planned under the HousingTO 2020-2030 Action Plan.

# 10-Year Capital Plan

## 2020 - 2029 Recommended Capital Plan





# Budget 2020



## Operating Budget

- Preserves services
- Makes new investments



## Capital Budget

- Addresses achievability
- Major investments in transit and housing



## Partnerships

- Continued and new co-investments

# Thank You