

THE CITY OF TORONTO

City Clerk's Office

Minutes of the Budget Advisory Committee

Meeting No. 13

Friday, September 5, 2003

The Budget Advisory Committee met on Friday, September 5, 2003, in Committee Room No. 2, City Hall, Toronto, commencing at 9:41 a.m.

Attendance

Members were present for some or all of the time period indicated.

	9:41 a.m. - 12:21 p.m.
Councillor David Shiner, Chair	X
Councillor David Soknacki, Vice Chair	X
Councillor Lorenzo Berardinetti	R
Councillor Ron Moeser	X
Councillor Joe Pantalone	X
Councillor Jane Pitfield	X
Councillor Michael Tziretas	X

Also Present:

Councillor Joe Mihevc	
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Confirmation of Minutes

On motion by Councillor Pitfield, the Minutes of the Budget Advisory Committee meeting held on July 3, 2003, were confirmed.

**13.1 Morningside Neighbourhood Branch
Library Relocation - Capital Funding Pre-Approval**

The Budget Advisory Committee had before it the following reports:

- (a) (June 26, 2003) from the City Librarian, seeking Council authority for a 2004 capital project pre-approval to fund leasehold improvements at the relocated Morningside Branch; and recommending:
 - (1) Council approve the capital funding pre-approval for leasehold improvements at the relocated Morningside Branch; and
 - (2) the appropriate Toronto Public Library staff be authorized and directed to take the necessary action to give effect thereto.

- (b) (August 28, 2003) from the City Librarian and the Chief Financial Officer and Treasurer, seeking authority to enter into a 10-year lease at the Morningside Mall and to obtain capital pre-approval for funding for required leasehold improvement costs; and recommending that:
 - (1) City Council approve a 10-year lease in the Morningside Mall, at an average annual cost of \$184,520.00 (net rent of \$22.00 per square foot) during the first five years and \$200,668.00 (net rent of \$24.00 per square foot) during the second five years, with an option to renew for an additional five years;
 - (2) City Council recommend capital pre-approval of \$750,000.00 gross and \$412,000.00 debt, after development charge funding, required for leasehold improvements to the incoming Council for its approval and that this report be forwarded to the inaugural meeting of December 2, 3 and 4, 2003; and
 - (3) the appropriate Toronto Public Library staff be authorized and directed to take the necessary action to give effect thereto.

Councillor Shiner appointed Councillor Soknacki Acting Chair and vacated the Chair.

- A. Councillor Shiner moved that the Budget Advisory Committee recommend to the Policy and Finance Committee, and Council, the adoption of the aforementioned joint report (August 28, 2003) from the City Librarian and the Chief Financial Officer and Treasurer, subject to:

- (1) Recommendation No. (2) being amended to read:
 - “(2) City Council recommend capital pre-approval of \$750,000.00 gross and \$412,000.00 debt, after development charge funding required for leasehold improvements;” and
- (2) adding the following:
 - “the Toronto Public Library Board make every effort to include this pre-approval project within the 2004 capital budget guidelines.”.

(Carried)

Councillor Shiner resumed the Chair.

B. Councillor Moeser moved that the Budget Advisory Committee:

- (1) request relevant staff and the local Councillor to look into any other possibilities of purchasing land for this project and report thereon to City Council for its meeting of September 22, 2003, if other options become available; and
- (2) receive the aforementioned report (June 26, 2003) from the City Librarian for information.

(Carried)

(Policy and Finance Committee; c. Chief Financial Officer and Treasurer, City Librarian - September 5, 2003)

13.2 City Funding for the Healthy Babies Healthy Children Provincial Subsidy Shortfall - Financial Implications

The Budget Advisory Committee had before it the following report and communication:

- (a) (June 25, 2003) from the Chief Financial Officer and Treasurer, responding to the Policy and Finance Committee request to report on the Board of Health recommendation that the City continue to maintain the Healthy Babies Healthy Children Program; and recommending that this report be forwarded to the Policy and Finance Committee for information; and
- (b) September 5, 2003) from Ms. Ann Dembinski, President, Local 79, Canadian Union of Public Employees, in opposition to any reduction in the budget of the Healthy Babies Healthy Children Program.

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On motion by Councillor Pantalone, the Budget Advisory Committee:

- (1) received the aforementioned report and directed that it be forwarded to the Policy and Finance Committee for information; and
- (2) received the communication (September 5, 2003) from Ms. Ann Dembinski, President, Local 79, Canadian Union of Public Employees.

(Policy and Finance Committee; c. Chief Financial Officer and Treasurer, Ms. Ann Dembinski, President, Local 79, Canadian Union of Public Employees - September 5, 2003)

**13.3 Association of Community Centres (AOCCs)
2001 Operating Results**

The Budget Advisory Committee had before it a report (August 18, 2003) from the Chief Financial Officer and Treasurer, reporting on the financial results for the year 2001 for 10 Community Centres (Association of Community Centres or AOCCs) core administration operations; and requesting that the 2001 surpluses and deficits be settled; and recommending that:

- (1) the surpluses of \$58,157.00 be paid to the City of Toronto from eight AOCC Community Centres, and be used to fund the payment of operating deficits of \$3,985.00 to the other two Community Centres core administration operations, resulting in a net payment of \$54,172.00 to the City, as detailed in Appendix A, and
- (2) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

On motion by Councillor Pantalone, the Budget Advisory Committee recommended to the Policy and Finance Committee, and Council, the adoption of the aforementioned report.

(Policy and Finance Committee; c. Chief Financial Officer and Treasurer - September 5, 2003)

13.4 Status of SARS Expenses and Recoveries as of June 30, 2003

The Budget Advisory Committee had before it a report (August 25, 2003) from the Chief Financial Officer and Treasurer, providing Council with the status of the City's expenses with respect to SARS and the status of the recoveries from the Province; and recommending that this report be forwarded to the Policy and Finance Committee for information.

On motion by Councillor Pitfield, the Budget Advisory Committee received the aforementioned report and directed that it be forwarded to the Policy and Finance Committee for information.

(Policy and Finance Committee; c. Chief Financial Officer and Treasurer-September 5, 2003)

13.5 Revised Motion in Support of Funding for Environmental Assessments of Subway Extensions

The Budget Advisory Committee had before it a communication (July 30, 2003) from the City Clerk, advising that City Council, at its meeting held on July 22, 23 and 24, 2003, waived the necessary provisions of Chapter 27 of the City of Toronto Municipal Code in order to consider Clause No. 35 contained in Report No. 8, Item (d) of The Policy and Finance Committee, entitled "Staff Response to Commission Inquiry: Revised Motion in Support of Funding for Environmental Assessments of Subway Extensions", embodied therein.

Council subsequently adopted the following recommendation:

"It is recommended that Council adopt the following Motion in order to permit an application to the Province of Ontario's Golden Horseshoe Transit Investment Partnership to be filed immediately, and that a copy also be forwarded to the Budget Advisory Committee for consideration of the funding implications:

'WHEREAS the Toronto Transit Commission, at its meeting held on July 16, 2003, adopted a motion regarding the undertaking of environmental assessments for the proposed extensions of the Spadina and Sheppard Subways and requested that City Council consider this matter at its July 22, 2003 meeting as a time critical item; and

WHEREAS the provision of high-quality rapid transit service is critical to attracting travellers to transit, as is advocated in the City of Toronto's new Official Plan, in York Region's new Transportation Master Plan, by the Central Ontario Smart Growth Panel, and by the Federal Government's Kyoto Action Plan; and

WHEREAS the undertaking of Environmental Assessments of the extensions of the Spadina and Sheppard Subways would be consistent with the provision of such high-quality rapid transit in the Greater Toronto Area; and

WHEREAS it is the common interests of the City of Toronto, the Regional Municipality of York and the Toronto Transit Commission to proceed with Environmental Assessment studies in support of the extensions of these subways, both of which would facilitate both inter-regional and intra-regional transit travel; and

WHEREAS the City of Toronto and the Toronto Transit Commission have expressed strong support for the extension of the Spadina and Sheppard subways, and confirmed them as their top priorities for transit expansion; and

WHEREAS the Regional Municipality of York has demonstrated a financial commitment to participating in the extension of the subway beyond Steeles Avenue by purchasing lands on the north side of Steeles Avenue adjoining York University for an Inter-Regional Bus Terminal/Commuter Parking Gateway Facility, and is fully financing the cost of the Environmental Assessment Study for rapid transit including a future subway from that facility north to Highway 7; and

WHEREAS the City of Toronto, the Toronto Transit Commission, the Regional Municipality of York, the City of Vaughan and York University have co-operated extensively in their planning and advocacy efforts as evidenced by their participation in the Spadina-York Subway Extension Committee and the development of a business case report that was submitted to all interest parties; and

WHEREAS the Provincial and Federal Governments have recently announced the provision of funding for transit initiatives which facilitate inter-regional transit travel; and

WHEREAS the total costs of the Environmental Assessments for the extensions of the Spadina and Sheppard Subways is approximately \$5 million; and

WHEREAS the Provincial and Federal governments have not yet agreed to provide any funding towards the undertaking of these Environmental Assessments;

NOW THEREFORE BE IT RESOLVED THAT, in order to achieve an equal municipal-provincial-federal sharing of the costs of the environmental assessments for these subway extensions:

- (1) the City of Toronto commits to funding the one-third municipal share of the Environmental Assessment study as it relates to the extension of the subway from Downsview station to the proposed York University station;

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- (2) the City of Toronto and the Regional Municipality of York commit to equally cost-share the municipal portion of the Environmental Assessment study as it relates to the section of the proposed line from the York University station to the Inter-Regional Bus Terminal/Commuter Parking Gateway Facility at Steeles Avenue;
- (3) the City of Toronto, the Toronto Transit Commission, the Regional Municipality of York, the City of Vaughan and York University continue to work co-operatively to ensure the co-ordination of these studies and present a unified submission to the senior levels of government requesting their participation;
- (4) the one-third provincial share of the \$5 million cost of the environmental assessments for the extensions of the Spadina and Sheppard Subways be requested from the Province through the submission of a new application to the Province of Ontario's Golden Horseshoe Transit Investment Partnership, which would be jointly prepared and submitted by the City of Toronto, the Regional Municipality of York, the Toronto Transit Commission and York University; and
- (5) the one-third federal share of the \$5 million cost of the environmental assessments for the extensions of the Spadina and Sheppard Subways be requested from the federal government through the submission of a new application to the Government of Canada's Canada Strategic Infrastructure Fund, which would be jointly prepared and submitted by the City of Toronto, the Regional Municipality of York, the Toronto Transit Commission and York University.' "

Councillor Shiner appointed Councillor Soknacki Acting Chair and vacated the Chair.

On motion by Councilor Shiner, the Budget Advisory Committee recommended to the Policy and Finance Committee, and Council, that the Environmental Assessments of Subway Extensions be funded from within the Toronto Transit Commission approved capital budget, subject to matching funding, as outlined in the motion adopted by Council at its meeting of July 22, 23 and 24, 2003, to a maximum amount of \$999,000.00.

Councillor Shiner resumed the Chair.

(Policy and Finance Committee; c. Chief Financial Officer and Treasurer -
September 5, 2003)

**13.6 Procurement Authorization - Option to Purchase 250
40-Foot Low Floor Clean Diesel Buses from Orion Bus Industries**

The Budget Advisory Committee had before it the following communications:

- (a) (July 17, 2003) from Mr. Vincent Rodo, General Secretary, Toronto Transit Commission, advising that the Toronto Transit Committee at its meeting held on Wednesday, July 16, 2003, gave consideration to a report, entitled "Procurement Authorization - Option to Purchase 250 40-Foot Low Floor Clean Diesel Buses from Orion Bus Industries - Contract C32Y01883, Amendment No. 3", and adopted the following recommendations:
- (1) authorize staff to exercise the contract option with Orion Bus Industries of Mississauga in an amount not to exceed \$136,000,000.00 for the purchase of 250 40-foot low floor clean diesel Orion VII buses for delivery in 2005, subject to approval by City Council;
 - (2) forward a copy of this report to City Council for approval of funds, and project commitment in an amount not-to-exceed \$136,000,000.00 to cover the purchase and in-house costs for the procurement of 250 40-foot low floor clean diesel buses for delivery in 2005; and
 - (3) this procurement is based on the approved bus fleet plan and the 2003-2007 Capital budget program approved by City Council on February 26, 2003;

and requested City Council, through the Budget Advisory Committee and the Policy and Finance Committee, to give consideration and approval of the Commission's request, embodied in Recommendation No. (2) of the report, to proceed with the purchase of 250-40 foot low floor clean diesel buses; and

- (b) (July 18, 2003) from Mr. Jamie Kirkpatrick, Chapter Co-ordinator, Sierra Club of Canada, Eastern Canada Chapter, urging the Toronto Transit Commission to buy alternative fuel buses.

On motion by Councillor Pitfield, the Budget Advisory Committee:

- (1) recommended to the Policy and Finance Committee, and Council, adoption of Recommendation No. (2), embodied in the aforementioned communication (July 17, 2003) from the General Secretary, Toronto Transit Commission;

- (2) requested the Chair, Toronto Transit Commission, to provide the Chief Financial Officer and Treasurer with details on natural gas vehicles; and requested the Chief Financial Officer and Treasurer to comment outlining a financial analysis between natural gas and diesel to the Policy and Finance Committee for its meeting of September 11, 2003; and
- (3) received the aforementioned communication (July 18, 2003) from Mr. Jamie Kirkpatrick, Chapter Co-ordinator, Sierra Club of Canada, Eastern Canada Chapter.

(Policy and Finance Committee; c. Chair, Toronto Transit Commission; General Secretary, Toronto Transit Commission; Mr. James Kirkpatrick, Chapter Co-ordinator, Sierra Club of Canada, Eastern Canada Chapter - September 5, 2003)

13.7 765 Queen Street East - Ralph Thornton Centre (Ward 30 Toronto-Danforth)

The Budget Advisory Committee had before it a joint confidential report (August 19, 2003) from the Commissioner of Corporate Services and the Commissioner of Community and Neighbourhood Services, regarding 765 Queen Street East - Ralph Thornton Centre, such report to be considered in-camera having regard that the subject matter relates to a proposed acquisition of land for municipal or local board purposes.

On motion by Councillor Soknacki, the Budget Advisory Committee recommended to the Policy and Finance Committee, and Council, the adoption of the aforementioned confidential joint report.

(Policy and Finance Committee; c. Commissioner of Corporate Services; Commissioner of Community and Neighbourhood Services - September 5, 2003)

13.8 Settling of Arena Boards of Management Surplus/Deficits 1999-2001

The Budget Advisory Committee had before it a report (August 28, 2003) from the Chief Financial Officer and Treasurer, reporting on the financial results for the years 1999 to 2001 for eight Arena Boards of Management (Arenas); requesting that any outstanding December 31, 2001 accumulated surpluses or accumulated deficits be settled; and recommending that:

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- (1) the December 31, 2001 accumulated surpluses totalling \$325,756.00 be paid to the City of Toronto from five Arenas, and the City make funding payments to two other Arenas with operating deficits totalling \$148,086.00, resulting in a net payment of \$177,670.00 to the City, as detailed in Table 1;
- (2) the net payment to the City be further reduced by \$56,547.00 to offset the shortfall in accrued City funding of Leaside Gardens' accumulated deficit, leaving a net surplus of \$121,123.00 payable to the City;
- (3) Bill Bolton Arena and McCormick Arena make no further contributions to building repair/maintenance reserves without Council approval and close the unauthorized reserve accounts by the end of 2003;
- (4) this report be forwarded to Policy and Finance Committee for consideration; and
- (5) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

On motion by Councillor Pantalone, the Budget Advisory Committee:

- (1) recommended to the Policy and Finance Committee, and Council, the adoption of the aforementioned report, subject to adding the following:

"the net surplus of \$121,123.00 payable to the City be deposited in a capital reserve account pending the results of the Ice Resurfacer Replacement issue."; and
- (2) directed that a copy of the aforementioned report, together with the report (August 28, 2003) from the Chief Financial Officer and Treasurer respecting Financing of Ice Resurface Replacements be forwarded to the Chairs of all the Arena Boards of Management.

(Policy and Finance Committee; c. Chief Financial Officer and Treasurer;
Chairs, Arena Boards of Management - September 5, 2003)

**13.9 Financing of Ice Resurfacer Replacements
for Arena Boards of Management**

The Budget Advisory Committee had before it the following report and communication:

- (a) (August 28, 2003) from the Chief Financial Officer and Treasurer, outlining a financing strategy for the replacement of ice resurfacers at Arena Boards of Management through participation in the Fleet replacement reserve process; and recommending that:
 - (1) the fleet requirements for the Arena Boards of Management be included in the City's vehicle replacement program managed by Fleet Services;
 - (2) the Arena Boards of Management include annual contributions to the Vehicle Replacement Reserve on an on-going basis, in their Operating Budget submissions starting with the 2004 Operating Budget with the amount to be determined as part of the annual Operating Budget review;
 - (3) the 2004 Operating Budget for each Arena Board of Management be increased \$10,000.00 gross, and up to \$10,000.00 net to fund the initial contributions to the Arena Board account in the Vehicle Replacement Reserve;
 - (4) the Vehicle Replacement Reserve contributions from the Arena Boards of Management be treated as a separate program account in the Vehicle Replacement Reserve and purchases reflected as a separate project in the Fleet Service Capital Budget;
 - (5) a one-time new request of \$160,000.00 for the purchase of two urgently required ice resurfacers be included in the 2004 Parks and Recreation Capital Budget and that one of these be considered for pre-approval as funding is required in January 2004;
 - (6) this report be forwarded to the Policy and Finance Committee for consideration; and
 - (7) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto; and
- (b) (September 4, 2003) from Mr. Eric Anweiler, Manager, North Toronto Memorial Arena and Gardens, in opposition to the recommendations embodied in the aforementioned report.

The following persons appeared before the Budget Advisory Committee in connection with the foregoing matter:

- Mr. Jim Oreto, Manager, William H. Bolton Arena;
- Mr. Eric Anweiler, Manager, North Toronto Memorial Arena;
- Mr. Mike Roach, Manager, McCormick Arena; and
- Mr. Henry Stachelbeck, Manager, Leaside Gardens Arena.

Councillor Shiner appointed Councillor Soknacki Acting Chair and vacated the Chair.

On motion by Councillor Shiner, the Budget Advisory Committee:

- (1) deferred consideration of the aforementioned report until the first meeting of the Budget Advisory Committee in the new term of Council to allow relevant staff and the Arena Boards of Management to meet to resolve outstanding issues in this regard; and
- (2) received the aforementioned communication.

Councillor Shiner resumed the Chair.

(Chief Financial Officer and Treasurer; c. Mr. Jim Oreto, Manager, William Bolton Arena; Mr. Eric Anweiler, Manager, North Toronto Memorial Arena; Mr. Mike Roach, Manager, McCormick Arena; Mr. Henry Stachelbeck, Manager, Leaside Gardens Arena - September 5, 2003)

13.10 Quarterly Reserves and Reserve Funds Variance Report - June 30, 2003

The Budget Advisory Committee had before it a report (August 28, 2003) from the Chief Financial Officer and Treasurer, providing information on reserve and reserve fund balances as at June 30, 2003, and activity and budget variances for reserves and reserve funds during the first six months of 2003; and recommending that:

- (1) the Quarterly Reserves and Reserve Funds Variance Report – June 30, 2003 be received; and
- (2) this report be forwarded to the Policy and Finance Committee and Council for information.

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- A. Councillor Pitfield moved that the Budget Advisory Committee:
- (1) receive the aforementioned report and forward same to the Policy and Finance Committee for information;
 - (2) request the Chief Financial Officer and Treasurer to:
 - (a) in the future, prepare a chart which compares the City to other cities that have similar size organizations and responsibilities; and
 - (b) review accounts which were in effect prior to amalgamation and have no activity.
- (Carried)**

- B. Councillor Pantalone moved that Councillor Pitfield's motion 2(a) be amended by adding:
- “such chart to include a brief explanation of the reasons for the differences in the various regions.”
- (Carried)**

- C. Councillor Moeser moved that Councillor Pitfield's motion 2(a) be further amended by adding:
- “i.e, cities such as Montreal and Vancouver, and that the requested chart also include the population numbers.”
- (Carried)**

(Policy and Finance Committee; c. Chief Financial Officer and Treasurer -
September 5, 2003)

13.11 2004 Budget Process, Directions and Schedule

The Budget Advisory Committee had before it a joint report (August 28, 2003) from the Chief Administrative Officer and the Chief Financial Officer and Treasurer providing an overview of the 2004 budget process; presenting 2004 inflation assumptions; discussing assumptions regarding capital budget affordability; and recommending that this report be forwarded to the Incoming Council for consideration at its inaugural meeting scheduled for December 2, 3 and 4, 2003.

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- A. Councillor Pantalone moved that the Budget Advisory Committee recommend to the Policy and Finance Committee, and Council, the adoption of the aforementioned joint report subject to adding the following:

“the Chief Administrative Officer be requested to include in the instructions to Departments, Agencies, Boards and Commissions, a report on the extent to which realignment of existing expenditures is implemented in order to give effect to the City’s adopted policies and strategic plans, and assess the impact of this realignment on current programs.”

(Carried)

Councillor Shiner appointed Councillor Soknacki Acting Chair and vacated the Chair.

- B. Councillor Shiner moved that the Chief Financial Officer and Treasurer be requested, in consultation with the City Clerk, to report to the Policy and Finance Committee for its meeting of September 11, 2003, providing a detailed calendar outlining the “Political Review” dates of the 2004 Budget Schedule (Appendix I).

(Carried)

Councillor Shiner resumed the Chair.

- C. Councillor Moeser moved that the Chief Financial Officer and Treasurer be requested to report to the first meeting of the Budget Advisory Committee in 2004 outlining a process of reporting, on a quarterly basis, the statistics of the City’s establishment of strength.

(Carried)

(Policy and Finance Committee; c. Chief Administrative Officer; Chief Financial Officer and Treasurer - September 5, 2003)

13.12 Pre-approval Request for 2004-2008 Capital Projects

The Budget Advisory Committee had before it a report (August 29, 2003) from the Chief Financial Officer and Treasurer requesting pre-approval (or early approval) of capital projects that must commence and require committee and/or spending authority prior to Council approval of the 2004-2008 Capital Budget and Plan, in order to realize benefits that would not otherwise be available if the projects were delayed or to address urgent health and safety problems; and recommending that:

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- (1) approval be granted to enter into commitments totaling \$249.539 million for New and Change in Scope projects/sub-projects during the period January 1, 2004, to the date on which Council will approve the full 2004–2008 Capital Program; this includes tax supported programs totaling \$118.812 million gross and \$83.247 million debt and rate supported programs totaling \$130.727 million gross with zero debt;
- (2) spending (cash outlay) during the period January 1, 2004, to the date on which Council will approve the full 2004–2008 Capital Program totaling \$128.297 million gross and comprising of \$40.215 million for previously approved projects and \$88.082 million for new and change in scope projects/sub-projects with debt financing of \$63.069 million net, comprising of \$30.098 million for previously approved projects and \$32.971 million for new and change in scope projects/sub-projects be approved and forwarded to the Incoming Council for its approval; this includes tax supported programs totaling \$50.737 million gross and \$32.971 million debt and rate supported programs totaling \$37.345 million gross and zero debt;
- (3) financing in an amount not to exceed \$30.098 million for Previously Approved projects/sub-projects be debenture financed for a term up to but not exceeding 20 years, and that City Council authorize the other financing sources as follows: Reserve funds in the amount of \$2.063 million, Development Charges in the amount of \$0.221 million and self financing in the amount of \$7.839 million;
- (4) financing in an amount not to exceed \$32.971 million for New and Change in Scope projects/sub-projects be debenture financed for a term up to but not exceeding 20 years be approved and that City Council authorize the other financing sources as follows: Reserve funds in the amount of \$33.644 million, Development Charges in the amount of \$0.338 million and third party financing in the amount of \$21.130 million; and
- (5) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

On motion by Councillor Pantalone, the Budget Advisory Committee recommended to the Policy and Finance Committee, and Council, the adoption of the aforementioned report, subject to amending Recommendation No. (1) by adding thereto the following:

“approval be granted to enter into commitments totalling \$0.5 million gross and net, funded by debt, for the new 2004 sub-project, entitled “Tree Advocate Program”, during the period January 1, 2004 until the date Council approves the 2004-2008 Capital Program.”

(Policy and Finance Committee; c. Chief Financial Officer and Treasurer - September 5, 2003)

13.13 2003 Second Quarter Capital Variance Report

The Budget Advisory Committee had before it a report (August 29, 2003) from the Chief Financial Officer and Treasurer outlining the City of Toronto Capital Variance Report for the six-month period ended June 30, 2003; and recommending that the 2003 Second Quarter Capital Variance Report be forwarded to the Policy and Finance Committee for consideration.

Councillor Shiner appointed Councillor Soknacki Acting Chair and vacated the Chair.

On motion by Councillor Shiner, the Budget Advisory Committee:

- (1) recommended to the Policy and Finance Committee, and Council, the adoption of the aforementioned report; and
- (2) requested the Commissioner of Works and Emergency Services to report to the Policy and Finance Committee, for its meeting of September 11, 2003, on the Fire, Emergency Services and Transportation Centre on Toryork Drive, such report to include expenditures to date, projections and project completion date.

Councillor Shiner resumed the Chair.

(Policy and Finance Committee; c. Chief Financial Officer and Treasurer; Commissioner of Works and Emergency Services - September 5, 2003)

13.14 Second Quarter 2003 Operating Variance Report

The Budget Advisory Committee had before it a report (August 29, 2003) from the Chief Financial Officer and Treasurer outlining the City of Toronto Operating Variance report for the six months of operations ended June 30, 2003, and projections of gross and net expenditures for the year ending December 31, 2003; and recommending that:

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- (1) the Chief Financial Officer and Treasurer instruct City Programs and Special Purpose Bodies to immediately curtail all discretionary spending through the balance of 2003; and
- (2) the Operating Variance report for the period ended June 30, 2003, be forwarded to the Policy and Finance Committee for consideration.

Councillor Shiner appointed Councillor Soknacki Acting Chair and vacated the Chair.

A. Councillor Shiner moved that the Budget Advisory Committee:

- (1) recommend to the Policy and Finance Committee, and Council, the adoption of the aforementioned report, subject to adding the following:

“(1) the Chief Administrative Officer be requested to:

- (a) freeze hiring;
- (b) increase gapping;
- (c) defer consulting contracts;
- (d) defer attendance at conferences, seminars and business travel; and
- (e) curtail discretionary expenditure;

any expenditures in these areas and other discretionary spending be based on critical needs and approved by the Department’s Commissioner; and

- (2) the Agencies, Boards and Commissions be requested to follow the same protocol and advise the Chief Administrative Officer of their activities.”

(Carried)

Councillor Shiner resumed the Chair.

B. Councillor Pitfield moved that Councillor Shiner’s motion A.(1) be amended by adding:

“the Chief Administrative Officer also be requested to implement all possible energy savings and reduce energy costs”.

(Carried)

- C. Councillor Pantalone moved that Councillor Shiner's motion be further amended by adding:

“the Federal and Provincial Governments be requested to cover the SARS related expenses given the fact that the \$19.3 million shortfall as a result of additional expenditures and lost revenues due to SARS and lack of funding from the Provincial and Federal Governments, is equivalent to a 2 percent increase to Toronto homeowners.”.

(Carried)

(Policy and Finance Committee; c. Chief Financial Officer and Treasurer - September 5, 2003)

13.15 Enhanced West Nile Virus Prevention and Control Plan - Source of Funding

The Budget Advisory Committee had before it a report (September 2, 2003) from the Medical Officer of Health, providing an update on the status of Provincial funding for the enhanced West Nile Virus Program budget for 2003 and the source of funding for the City of Toronto's portion of the budget for 2003; and recommending that this report be received for information.

On motion by Councillor Pantalone, the Budget Advisory Committee:

- (1) received the aforementioned report; and
- (2) reiterated Council's request that the Board of Health be requested to report to Council for its meeting scheduled to be held on September 22, 2003, if 100 percent funding is not forthcoming from the Province of Ontario, on offsetting expenditure reductions and/or revenue increases in the Public Health Unit and/or Community and Neighbourhood Services Department.

(Policy and Finance Committee; c. Medical Officer of Health - September 5, 2003)

**13.16 Progress Report on the Treatment of
Heritage Toronto in the City's 2004 Operating
Budget Process and By-law Review**

The Budget Advisory Committee had before it a joint report (August 27, 2003) from the Chief Administrative Officer and the Chief Financial Officer and Treasurer reporting on the progress of the treatment of Heritage Toronto in the City's 2004 operating budget process and status of the review of Heritage Toronto's By-law as requested by the ABC Ad Hoc Committee at its meeting of June 10, 2003; and recommending that:

- (1) Heritage Toronto be functionally aligned with the Culture Division in Economic Development, Culture and Tourism, and report to the Economic Development and Parks Committee;
- (2) commencing with the 2004 budget submission, Heritage Toronto be treated as a stand alone City ABC and that the Culture Division's Operating Budget be reduced by \$260,500.00 to reflect this separation;
- (3) Heritage Toronto be responsible for preparing operating budget submissions, variance reports, and business plans, outlining goals and objectives for its activities according to the City's budgetary requirements, policies and reporting mechanisms and in a format satisfactory to the Chief Financial Officer and Treasurer;
- (4) Heritage Toronto continue to be responsible for maintaining banking and accounting practices that are acceptable to the Chief Financial Officer and Treasurer and the Auditor General;
- (5) this report be forwarded to the Policy and Finance Committee; and
- (6) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

On motion by Councillor Soknacki, the Budget Advisory Committee recommended to the Policy and Finance Committee, and Council, the adoption of the aforementioned report.

(Policy and Finance Committee; c. Chief Administrative Officer; Chief Financial Officer and Treasurer - September 5, 2003)

13.17 Impacts of Reducing the Number of Finance Department Operated Warehouses

The Budget Advisory Committee had before it a report (September 3, 2003) from the Chief Financial Officer and Treasurer, summarizing the financial and operational implications of reducing the number of existing warehousing locations of the Finance Department, Purchasing and Materials Management Division; and recommending that closures and consolidations of PMMD-operated warehouses be determined within the context of a forthcoming comprehensive review of the City's warehouse operations and the development of a stores management strategy, to be co-ordinated by the Chief Financial Officer and Treasurer, in accordance with the Auditor General's recommendations resulting from the Procurement Process Review, approved by Council at its meeting of April 14, 15 and 16, 2003, Audit Committee Report No. 1, Clause No. 8.

On motion by Councillor Pitfield, the Budget Advisory Committee:

- (1) recommended to the Policy and Finance Committee, and Council, the adoption of the aforementioned report; and
- (2) requested the Chief Financial Officer and Treasurer to include in the forthcoming comprehensive review of the City's warehouse operations and the development of a stores management strategy, an accelerated closure of the remaining warehouses and consideration of a "just in time" delivery of materials and supplies.

(Policy and Finance Committee; Chief Financial Officer and Treasurer - September 5, 2003)

13.18 Status Update - Toronto Transit Commission 2003 Capital Funding

The Budget Advisory Committee had before it a report (August 29, 2003) from the Chief Financial Officer and Treasurer, providing a status update on the Toronto Transit Commission's Capital Funding for 2003.

A. Councillor Moeser moved that the Budget Advisory Committee:

- (1) recommend to the Policy and Finance Committee, and Council, the adoption of the aforementioned report; and

- (2) request the Chief Financial Officer and Treasurer to report to the Policy and Finance Committee for its meeting of September 11, 2003, on the opportunity to use the hydro dividend for 2003 to offset the \$68.3 million shortfall for the Toronto Transit Commission.

(Carried)

Councillor Shiner appointed Councillor Soknacki Acting Chair and vacated the Chair.

- B. Councillor Shiner moved that Councillor Moeser's motion A.(2) be amended by adding the following:

“and other sources that may be available”.

(Carried)

Councillor Shiner resumed the Chair.

(Policy and Finance Committee; c. Chair, Toronto Transit Commission;
Chief Financial Officer and Treasurer - September 5, 2003)

The Budget Advisory Committee adjourned its meeting at 12:21 p.m.

Chair