



# CITY OF TORONTO

## 2008 Executive Committee Recommended Operating Budget

March 31, 2008

# Agenda

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1. 2008 Directions and Guidelines
2. Monitoring and Improving Services
3. Moving Toward Fiscal Sustainability
4. 2008 Recommended Operating Budget
5. 2008 Municipal Property Tax Impact
6. Conclusion

# Background

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- Fundamental structural financial problem is being addressed:
  - New Taxation Revenues
  - Start uploading of Provincial Services
  - Reduced reliance on City one-time revenues
  - User Fee Strategies
- Property tax revenues still redirected to provincial cost shared programs at the expense of municipal services
- Provincial / Municipal Fiscal and Service Delivery Review underway – report expected in late Spring
- Focussed investments in New and Enhanced Services

# 2008 Operating Budget – Guidelines and Directions

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- Target of *Zero* net increase over 2007
- Maintain continuous improvement initiatives – efficiency reviews, program reviews, performance measures
- Maintain services and service levels
- Increase user fees to maximize cost recovery but ensure protection of the most vulnerable
- Reduce reliance on one-time revenues to fund operating expenditures
- Consider only new and enhanced investments that deliver on the Mayor's mandate and Council's Policy Agenda

# 2008 Operating Budget – Guidelines and Directions (continued)

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- Use 2007 Cost Containment savings to mitigate 2008 Budget Pressure
- Extend the 2007 Cost Containment Initiative into 2008
- Continue negotiations with the Province to:
  - Upload / honour legislated social services cost sharing
  - Secure Transit Operating Subsidy
- To help fix the structural fiscal problem and to fund City priorities use new COTA revenue tools including:
  - Municipal Land Transfer Tax
  - Vehicle Ownership Tax
- Consider property tax increase in line with the City of Toronto rate of inflation

# Monitoring and Improving Services

# Ways in Which We Monitor and Improve Service

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- Processes to improve efficiency and effectiveness
  - Performance measurement and benchmarking
  - Program reviews
  - Enhanced internal controls and audit reviews
  - Climate of continuous improvement
- Managing areas of growth in staffing levels over the past 10 years

# Ontario Municipal CAOs Benchmarking Initiative (OMBI)

- City of Hamilton
- City of London
- City of Ottawa
- City of Sudbury
- City of Thunder Bay
- City of Toronto
- City of Windsor
- Durham Region
- Halton Region
- Niagara Region
- Peel Region
- Waterloo Region
- York Region
- Brant County
- District of Muskoka



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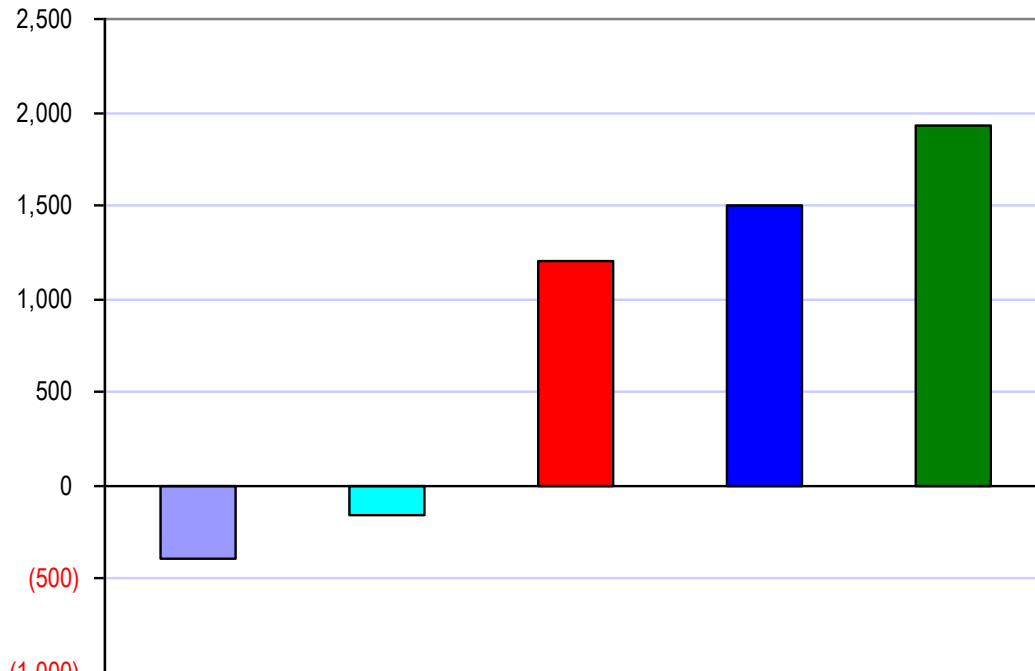


# Program Reviews Completed and Underway

Program Review	Completed	Underway	Future Candidate
<b>Children's Services</b> – organizational restructuring	2006		
<b>Court Services</b> – administrative restructuring	2006		
<b>Human Resources</b> – new mandate & organizational restructuring	2006		
<b>Strategic Communications</b> – new mandate & organizational restructuring	2006		
<b>Social Development, Finance &amp; Administration</b> – Community Partnership & Investment Program Standards and Performance Measures Update	2006		
<b>Economic Development, Culture and Tourism</b> – to provide clarity of mandate, priorities & structure and outline options for the future	2007		
<b>Parks, Forestry &amp; Recreation</b> – review cost recovery model for recreation	2007		
<b>Information &amp; Technology</b> – organization review and service rationalization	2007		
<b>Toronto Animal Services</b> – review of appropriate placement within admin. structure, service needs, etc.	2007		
<b>Accounting Services</b> – review organizational structure and services		✓	
<b>Integrated Inspection, Enforcement and Prosecution</b> – review the eight divisions		✓	
<b>Fire Services and Emergency Medical Services</b> – review management & administrative structures		✓	
<b>Facilities</b>		✓	
<b>City Planning</b>		✓	
<b>Fleet Services</b>			✓
<b>Transportation Services</b> – review programs and activities			✓
<b>Shelter, Support and Housing Administration</b>			✓

# Where Did Staffing Growth Occur?

**Net Change in Number of Approved Positions - Grouped by Program Type  
From Inception of New City - 1998 through 2007 (Net Increase of +4,086 Positions)**



■ 98-2007 Change	(396)	(160)	1,208	1,507	1,927
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- Staffing in administration, program support, corporate management and governance programs down
- Staffing for basic municipal services down from 10 years ago
- Growth is in:
  - Emergency services,
  - Cost-shared services
  - TTC

# Summary

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- The City has done its due diligence:
  - Continuous improvement and efficiency savings achieved every year
  - Performance measured and benchmarked against other municipalities
  - Program reviews are in place
  - Checks and balances are in place and are working well
- City services and service levels maintained in 2007
- Staffing over the past 10 years has decreased for basic municipal services, and increased for cost-shared, transit and emergency services

# Moving Toward Fiscal Sustainability

# Moving Toward Fiscal Sustainability

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- Introducing a balanced 2008 Recommended Operating Budget
  - Continuous Improvement Initiatives
  - User Fee Revenues
  - New Taxation Revenues:
    - ✓ Municipal Land Transfer Tax
    - ✓ Vehicle Ownership Tax
  - Property Tax Increase
  - Provincial Assistance:
    - ✓ ODB/ODSP Phased Upload
    - ✓ Transit (One-time)

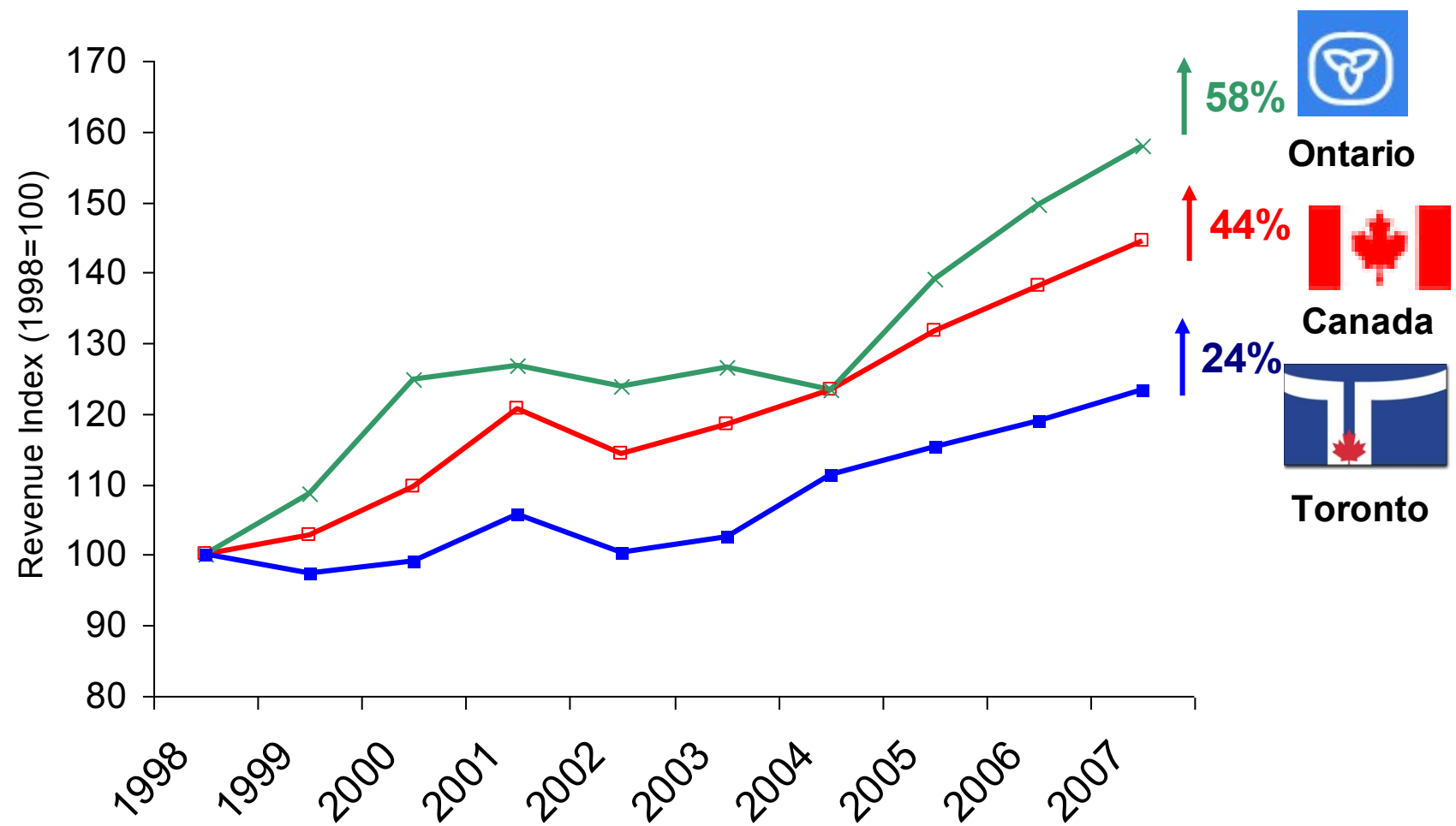
# Fiscal Challenges

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- Inflation and debt service charges increase by about \$250M+ annually
- Increasing capital spending adds pressure to operating budget
- Increasing demand for new services to meet population growth & service gaps
- Assessment growth consistently less than the rate of inflation

# Comparison of Own Source Revenues: Federal, Provincial and Toronto

**2008 EC Recommended Operating Budget**



# 2008 Operating Budget

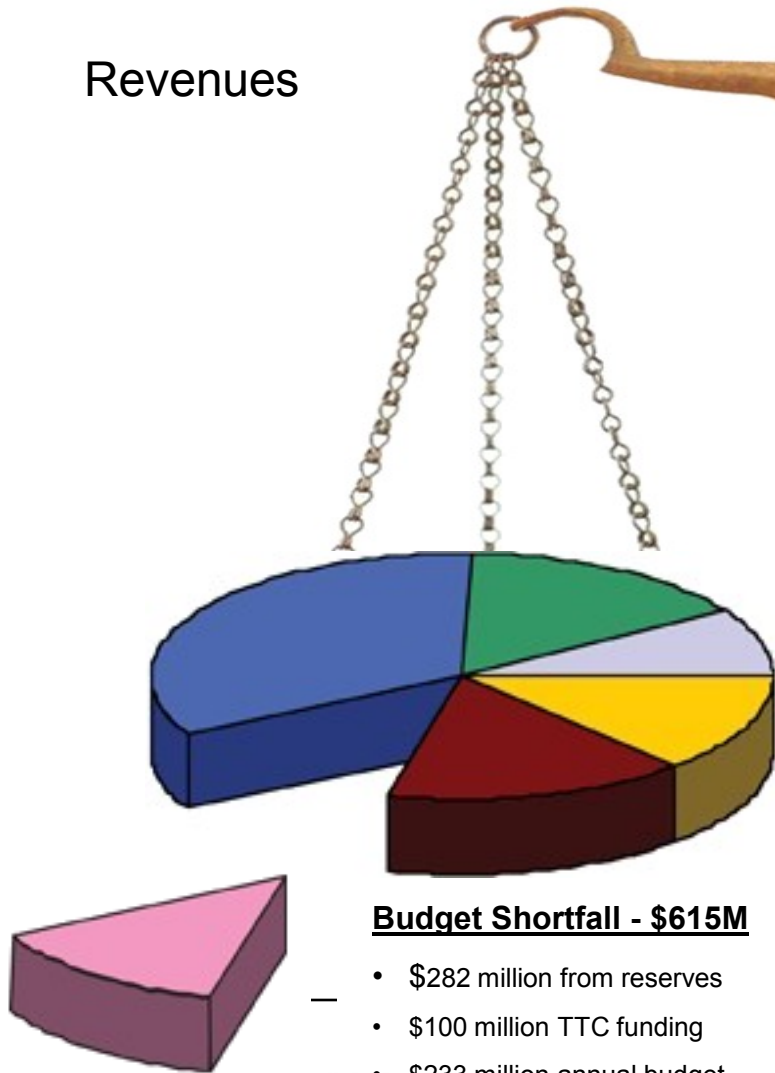


# 2008 Operating Budget Starting Base Budget Pressure Totalled \$615 Million

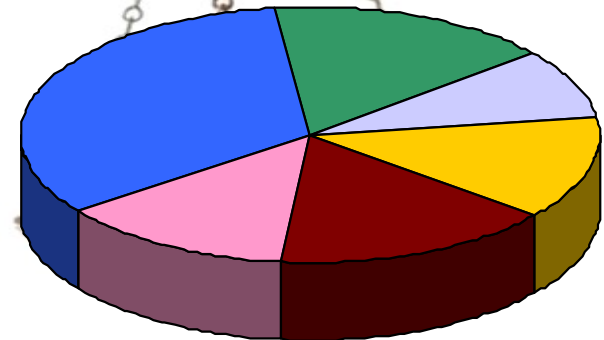
	<u>\$Millions</u>	
<b>Base Budget Changes:</b>		
- Cost of Living Allowance and Merit	120	
- Inflation	39	
- Debt Service Cost	48	
- Capital From Current Increase	12	
- Annualization and Other Base and Revenue Changes	(19)	200
<b>Total Base Budget Impact</b>		<b>200</b>
<b>Unsustainable Budget Balancing Strategies:</b>		
Provincial Assistance - Transit Operations	100	
Hydro Revenue Reductions	21	
Non Program Reserve Draws	282	
<b>Total Unsustainable Budget Balancing Strategies</b>		<b>403</b>
<b>2008 Base Budget Pressure</b>		<b>603</b>
New and Enhanced Services		12
<b>Total Pressure</b>		<b>615</b>

# 2008 Budget Shortfall

Revenues



Expenditures



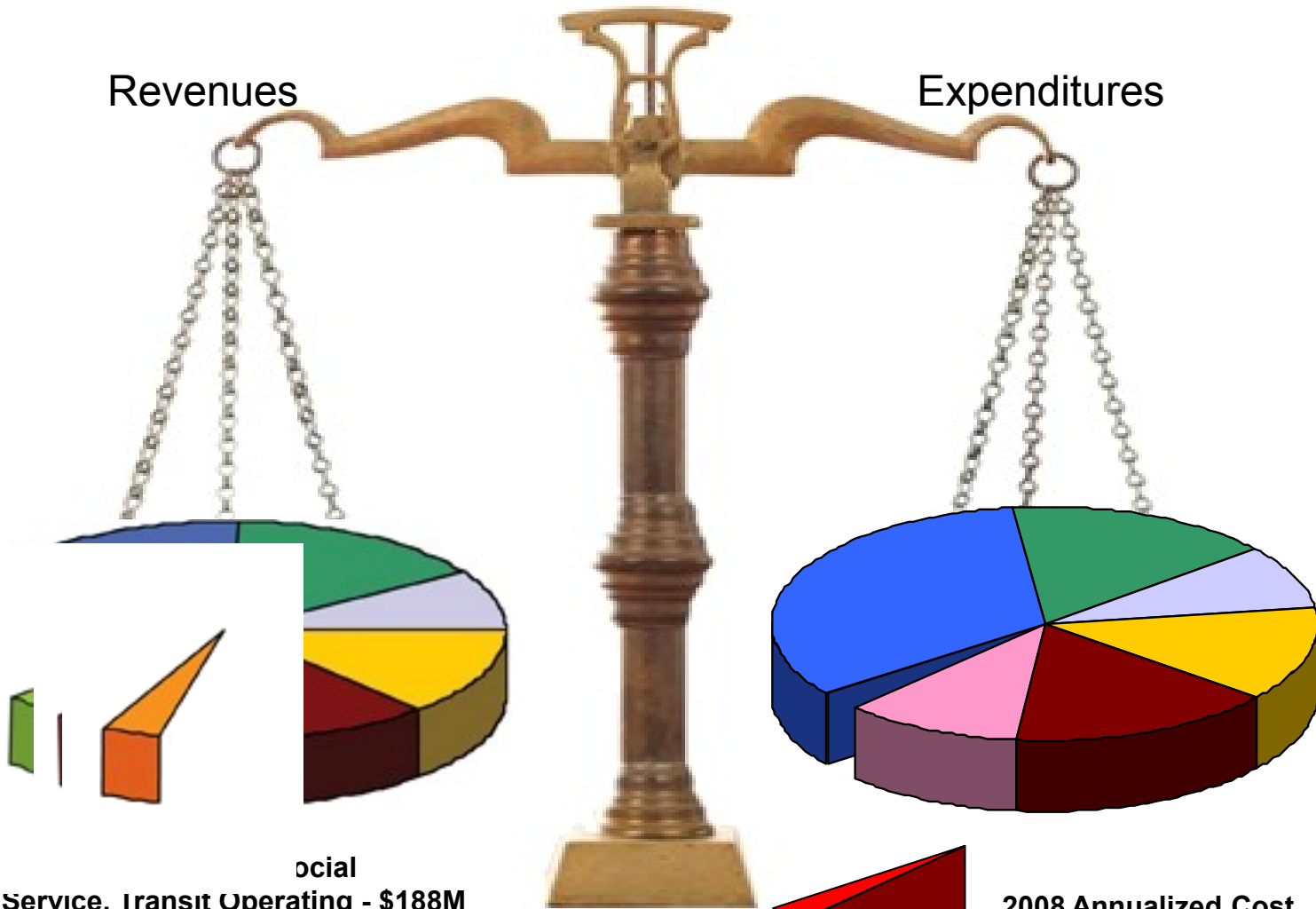
## Budget Shortfall - \$615M

- \$282 million from reserves
- \$100 million TTC funding
- \$233 million annual budget inflation pressures

# How the 2008 Budget Was Balanced

Revenues

Expenditures



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Service, Transit Operating - \$188M

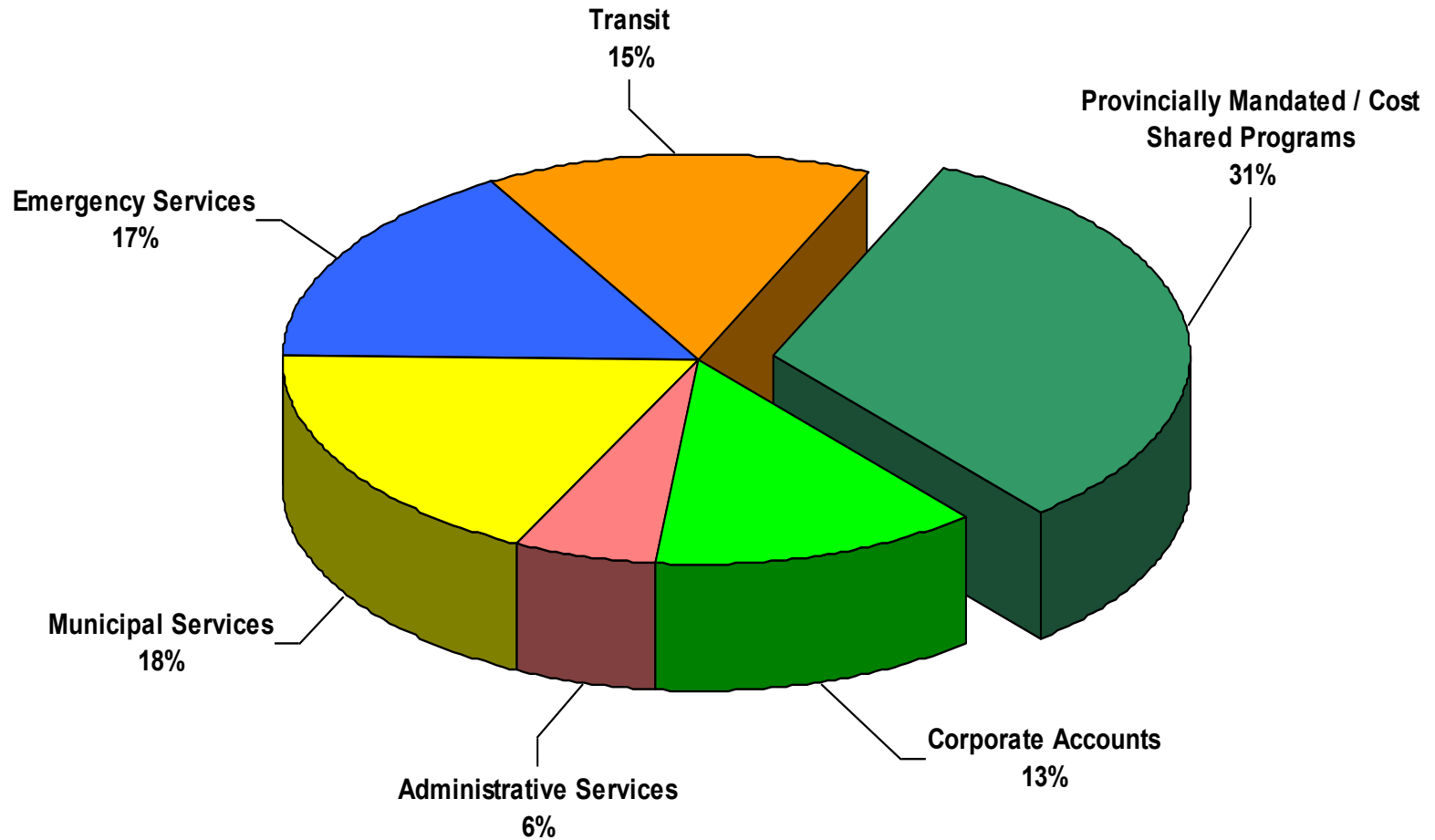
- New Taxation Measures - \$175M
- Property Tax Increase and Assessment Growth - \$94M

2008 Annualized Cost Containment (\$73M)

# 2008 Budget Recommended Balancing Strategies (\$ Millions)

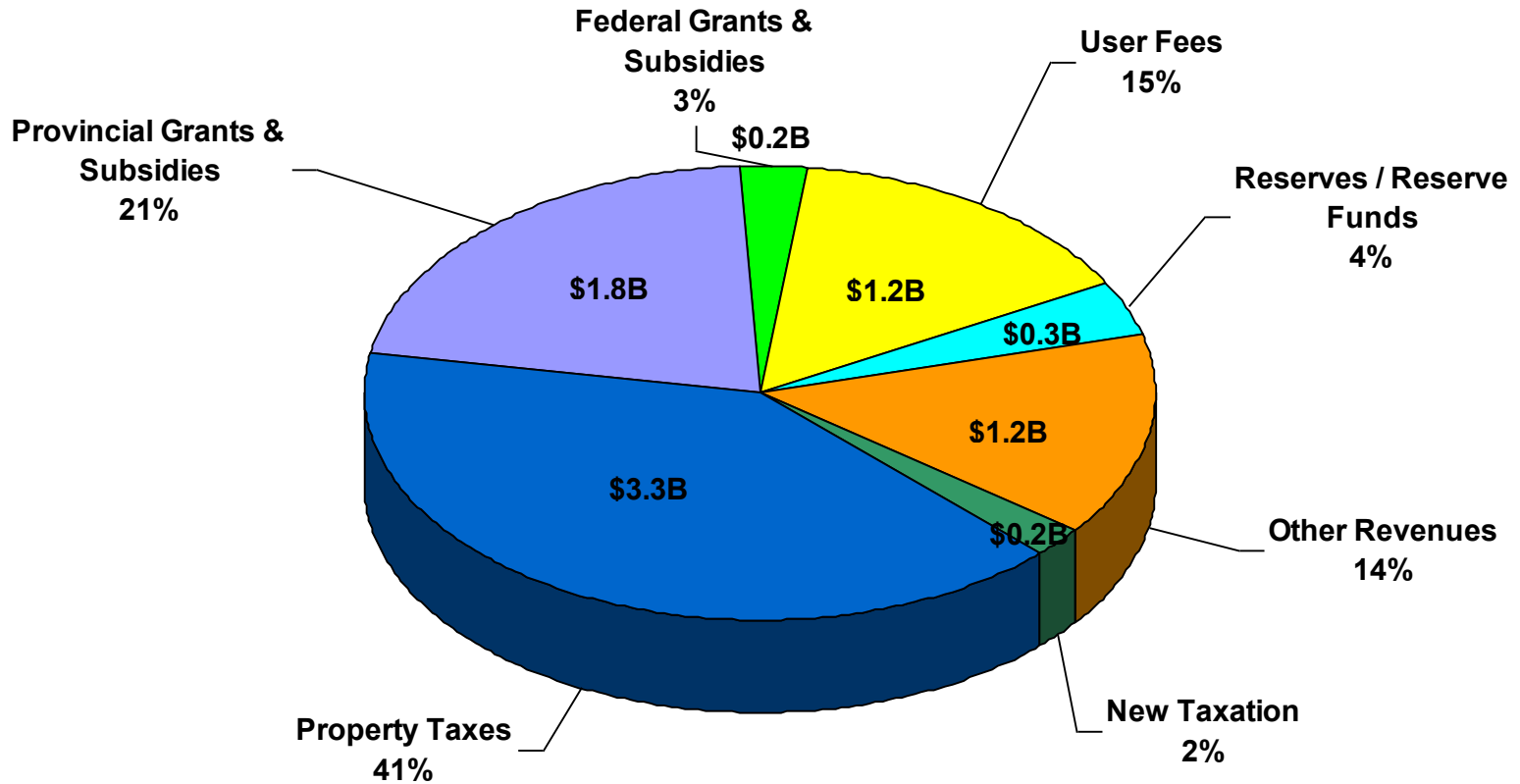
<b>Total Pressure</b>	<b>615</b>
<b>Cost Containment / Revenue:</b>	
Prior Year Surplus including 2007 Cost Containment	(85)
2008 Annualized Cost Containment and Revenue Increases	(73)
<b>Total Cost Containment and Prior Year Surplus</b>	<b>(158)</b>
<b>Adjusted Pressures</b>	<b>457</b>
<b>Provincial Upload:</b>	
Social Services (ODB)	(39)
Transit Operations and Debt Charges (One-Time)	(149)
<b>Total Provincial Upload</b>	<b>(188)</b>
<b>Net Pressure after Provincial Upload</b>	<b>269</b>
<b>City Taxation Revenues:</b>	
New Taxes	(175)
Assessment Growth	(27)
Property Tax Increase - 3.75%	(67)
<b>Total Taxation Revenues</b>	<b>(269)</b>
<b>Net Pressure</b>	<b>0</b>

# 2008 Gross Expenditure Budget Totals \$8.2 Billion - 31% Allocated to Provincially Mandated Programs



# Where The Money Comes From

## 2008 Gross Operating Budget - \$8.2 Billion



# 2008 Gross Expenditures Increase by 4.0%

2008 EC Recommended Operating Budget

(\$000s)	2007 Approved Gross Budget	2008 Rec'd Gross Budget	Change from 2007 Over (Under)	
			\$	%
Citizen Centred Services "A"	2,883,869	2,918,044	34,175	1.2%
Citizen Centred Services "B"	1,062,189	1,111,364	49,175	4.6%
Internal Services	299,129	319,210	20,081	6.7%
City Manager	39,844	39,651	(193)	(0.5%)
Other City Programs	97,948	104,650	6,702	6.8%
Accountability Offices	4,464	5,463	999	22.4%
<b>Total City Operations</b>	<b>4,387,444</b>	<b>4,498,383</b>	<b>110,939</b>	<b>2.5%</b>
Agencies, Boards and Commissions	2,538,592	2,633,415	94,823	3.7%
Corporate Accounts	933,533	1,038,836	105,302	11.3%
<b>Operating Budget</b>	<b>7,859,569</b>	<b>8,170,634</b>	<b>311,064</b>	<b>4.0%</b>

# 2008 EC Recommended Net Operating Budget Totals \$3.315 Billion

2008 EC Recommended Operating Budget

(\$000s)	2007 Approved Budget	2008 Rec'd Base Budget	2008 Rec'd New / Enhanced	2008 Rec'd Total Budget	Change from 2007 Over (Under)	
					\$	%
Citizen Centred Services "A"	942,524	971,489	1,497	972,986	30,462	3.2%
Citizen Centred Services "B"	736,102	752,877	1,544	754,421	18,319	2.5%
Internal Services	149,734	149,733	0	149,733	(0)	(0.0%)
City Manager	37,391	37,391	0	37,391	(0)	(0.0%)
Other City Programs	72,787	74,875	252	75,127	2,340	3.2%
Accountability Offices	4,464	4,777	686	5,463	999	22.4%
<b>Total City Operations</b>	<b>1,943,001</b>	<b>1,991,142</b>	<b>3,980</b>	<b>1,995,121</b>	<b>52,120</b>	<b>2.7%</b>
Agencies, Boards and Commissions	1,252,230	1,279,094	6,842	1,285,936	33,706	2.7%
Corporate Accounts	25,428	32,024	1,564	33,588	8,160	32.1%
<b>Net Operating Budget</b>	<b>3,220,660</b>	<b>3,302,260</b>	<b>12,385</b>	<b>3,314,645</b>	<b>93,986</b>	<b>2.9%</b>



# 2008 EC Recommended Net Operating Budget – Citizen Centred Services “A”

2008 EC Recommended Operating Budget

(\$000s)	2007 Approved Budget	2008 Rec'd Total Budget	Change from 2007 Approved Budget	
			\$	%
<b><u>Citizen Centred Services "A"</u></b>				
Affordable Housing Office	1,419	1,419	0	0.0%
Children's Services	68,910	68,910	0	0.0%
Court Services	(11,120)	(11,383)	(263)	(2.4%)
Economic Development, Culture & Tourism	24,591	25,961	1,370	5.6%
Emergency Medical Services	60,400	61,875	1,475	2.4%
Homes for the Aged	33,248	40,734	7,487	22.5%
Parks, Forestry & Recreation	227,445	239,288	11,843	5.2%
Shelter, Support & Housing Administration	253,762	253,762	0	0.0%
Social Development, Finance & Administration	15,770	15,980	211	1.3%
Social Services	267,707	275,774	8,067	3.0%
3-1-1 Customer Service Strategy	393	665	272	69.2%
<b>Total Citizen Centred Services "A"</b>	<b>942,524</b>	<b>972,986</b>	<b>30,462</b>	<b>3.2%</b>

# 2008 EC Recommended Net Operating Budget – Citizen Centred Services “B”

2008 EC Recommended Operating Budget

(\$000s)	2007 Approved Budget	2008 Rec'd Total Budget	Change from 2007 Approved Budget	
			\$	%
<b><u>Citizen Centred Services "B"</u></b>				
City Planning	13,597	14,051	454	3.3%
Fire Services	332,357	347,871	15,514	4.7%
Municipal Licensing & Standards	11,141	11,419	279	2.5%
Policy, Planning, Finance and Administration	25,596	26,631	1,035	4.0%
Solid Waste Management Services	182,158	182,158	(0)	(0.0%)
Technical Services	16,264	16,215	(49)	(0.3%)
Toronto Building	(11,660)	(11,660)	0	0.0%
Transportation Services	165,567	166,654	1,087	0.7%
Waterfront Secretariat	1,082	1,082	0	0.0%
<b>Total Citizen Centred Services "B"</b>	<b>736,102</b>	<b>754,421</b>	<b>18,319</b>	<b>2.5%</b>

# 2008 EC Recommended Net Operating Budget

## - Internal Services

(\$000s)	2007 Approved Budget	2008 Rec'd Total Budget	Change from 2007 Approved Budget	
			\$	%
<b>Internal Services</b>				
Office of the Chief Financial Officer	10,105	10,189	85	0.8%
Office of the Treasurer	31,954	31,195	(759)	(2.4%)
Pubic Information & Creative Services	4,644	4,694	50	1.1%
Facilities & Real Estate	54,966	55,244	278	0.5%
Fleet Services	0	0	0	n/a
Information & Technology	48,065	48,412	347	0.7%
<b>Total Internal Services</b>	<b>149,734</b>	<b>149,733</b>	<b>(0)</b>	<b>(0.0%)</b>

# 2008 EC Recommended Net Operating Budget - Other City Programs

2008 EC Recommended Operating Budget

(\$000s)	2007 Approved Budget	2008 Rec'd Total Budget	Change from 2007 Approved Budget	
			\$	%
<b>Other City Programs</b>				
City Manager's Office	37,391	37,391	(0)	0.0%
City Clerk's Office	31,401	31,880	478	1.5%
Legal Services	19,574	20,903	1,329	6.8%
Mayor's Office	2,441	2,601	160	6.6%
City Council	19,370	19,744	373	1.9%
Auditor General's Office	3,989	4,147	159	4.0%
Integrity Commissioner's Office	200	200	0	0.0%
Lobbyist Registrar	275	711	436	158.5%
Office of the Ombudsperson	0	404	404	n/a
<b>Total Other City Programs</b>	<b>114,642</b>	<b>117,981</b>	<b>3,339</b>	<b>2.9%</b>

# 2008 EC Recommended Net Operating Budget - Agencies, Boards and Commissions

2008 EC Recommended Operating Budget

(\$000s)	2007 Approved Budget	2008 Rec'd Total Budget	Change from 2007 Approved Budget	
			\$	%
<b>Agencies, Boards and Commissions</b>				
Toronto Public Health	50,390	50,571	181	0.4%
Toronto Public Library	149,678	155,674	5,995	4.0%
Association of Community Centres	6,237	6,761	524	8.4%
Exhibition Place	30	30	0	0.0%
Heritage Toronto	370	390	20	5.4%
Theatres	4,341	3,841	(501)	(11.5%)
Toronto Zoo	11,545	11,706	161	1.4%
Arena Boards of Management	190	42	(148)	(77.8%)
Yonge-Dundas Square	584	584	0	0.0%
Toronto & Region Conservation Authority	3,094	3,171	77	2.5%
Toronto Transit Commission - Conventional	191,550	202,323	10,773	5.6%
Toronto Transit Commission - Wheel-Trans	45,766	50,351	4,585	10.0%
Toronto Police Service	786,218	798,260	12,041	1.5%
Toronto Police Services Board	2,238	2,234	(4)	(0.2%)
<b>Total Agencies, Boards and Commissions</b>	<b>1,252,230</b>	<b>1,285,936</b>	<b>33,706</b>	<b>2.7%</b>

# 2008 EC Recommended Net Operating Budget - Corporate Accounts

2008 EC Recommended Operating Budget

(\$000s)	2007 Approved Budget	2008 Rec'd Total Budget	Change from 2007 Approved Budget	
			\$	%
<b>Corporate Accounts</b>				
Community Partnership and Investment Program	41,702	43,266	1,564	3.8%
Capital & Corporate Financing	538,590	531,393	(7,197)	(1.3%)
Non-Program Expenditures	240,532	300,712	60,180	25.0%
Non-Program Revenues	(795,396)	(841,783)	(46,387)	(5.8%)
<b>Total Corporate Accounts</b>	<b>25,428</b>	<b>33,588</b>	<b>8,160</b>	<b>32.1%</b>

# Strategic Investments Total \$53.4M Gross and \$12.4M Net

## - Highlights – *Public Transit*

- Run all City bus routes from 6 am to 1 am on weekdays effective November 2008 (\$2.616 million gross and net)
- Operate 100 new Ridership Growth Strategy buses to relieve peak overcrowding effective November 2008 (\$1.000 million gross and net)
- Open new bus garage to house 100 new Ridership Growth Strategy buses (\$1.996 million)
- Invest in improving the cleanliness and appearance of subway stations (\$1.250 million gross and net)
- Reduce occupational injury rates by instilling safety as a culture in the TTC (\$2.644 million gross and net)
- Establish Health and Wellness Program – to reduce absenteeism due to sickness and to improve the general physical well-being of TTC staff (\$0.673 million gross and net)



# Strategic Investments Total \$53.4M Gross and \$12.4M Net

## Highlights - *Climate Change*

- Provide tree maintenance on 2,300 trees annually on Arterial / Main Streets and Commercial Areas (\$0.700 million gross, \$0 net and 1 position)
- Remove tree hazards on pathways, picnic areas and park entrances (\$0.705 million gross and net and 3 positions)
- Provide incentives to achieve, through demand response measures, 90 MW of energy savings, in partnership with Ontario Power Authority (\$3.220 million gross and \$0 net)
- Live Green Toronto - Establish a social marketing and local food campaign to assist Toronto's neighbourhoods and communities to take action on climate change (\$0.800 million gross and net)

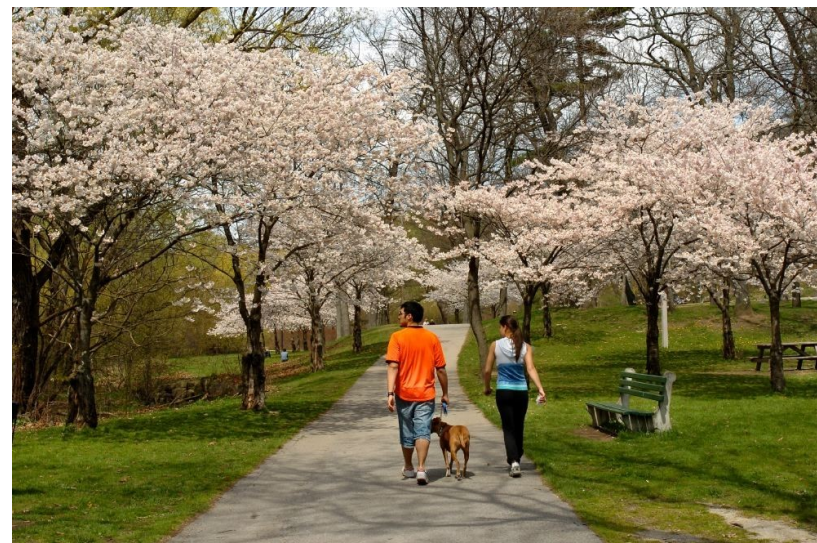




# Strategic Investments Total \$53.4M Gross and \$12.4M Net

## Highlights – *Public Spaces*

- Increase Neighbourhood Beautification project funding to \$20,000 per ward (\$0.220 million gross and \$0 net), that will provide \$3,000 per ward for a neighbourhood based community project and \$17,000 per ward for demonstration Projects that will transform and enhance neighbourhoods
- Establish Public Realm unit to improve public spaces including the deployment of over 3,500 new street furniture elements in 2008 (\$3.598 million gross and \$0 net)
- Open new Waterfront parkland and facilities (\$0.799 million gross and net)
- Orphan Spaces Clean-Up – implement final phase of maintenance of 360 landscaped orphaned areas on City streets and boulevards (\$0.400 million gross and \$0 net)



# Strategic Investments Total \$53.4M Gross and \$12.4M Net

## Highlights - 70% Waste Diversion

- To achieve the 70% Diversion Target by 2010, (\$16.500 million and \$0 net), Solid Waste Management Services will:
  - Expand the Green Bin program to include apartments & condominiums;
  - Expand the range of recyclable materials in the blue box to include: polystyrene, plastic film, ceramics/plate glass, and plastic milk jugs;
  - Establish a reusable goods drop-off centre to provide residents with a one-stop location for reusable goods; and
  - Provide single unit residences with larger recycling carts that will increase their ability to recycle;
- Develop, maintain and support a new billing system to integrate the solid waste billing system with the current water billing system to produce one utility bill (\$1.110 million gross and \$0 net)



# Strategic Investments Total \$53.4M Gross and \$12.4M Net

## Highlights - *Community Health & Wellness*

- Enhance funding for the Community Partnership Investment Program to address inflationary pressures and increasing service needs in emerging communities and priority neighbourhoods. (\$1.337 million gross and net)
- Enhance Nutritional and Support Services to ensure compliance with the new Long Term Care Act within Homes for the Aged (\$0.670 million gross and \$0 net)
- Increase support for the Streets to Homes Initiative to help people living on the streets find and keep housing (\$0.116 million gross, \$0 net)
- Provide necessary training and supports to Ontario Work clients to find permanent employment through the Woodbine Entertainment Redevelopment project (\$0.491 million gross and \$0 net)



# Strategic Investments Total \$53.4M Gross and \$12.4M Net Highlights – *Creative City*

- Meet the Mayor's commitment to support Toronto's growing arts community by completing our 5-year strategy to increase arts funding -- over the past five years, funding has increased by over \$3.7M, including an additional \$1.082M in 2008
- Enhance programming and delivery of Nuit Blanche (\$0.505 million gross and net)



# 2008 Municipal Property Tax Impact

# 2008 Municipal Tax Impacts

	<u>\$Million</u>	<u>%</u>
2008 Tax Revenue Increase	94	2.9%
Assessment Growth	(27)	(0.8%)
2008 Tax Levy Increase	<u>67</u>	<u>2.1%</u>

# 2008 Municipal Tax impacts

Tax Class	Budgetary Increase %	Tax Policy Shift %	Net Tax Change %
Residential	3.385	0.36	3.75
Multi-residential (Apartment)	1.128	0.36	1.48
Commercial	1.128	0.36	1.48
Small Business	1.128	(2.42)	(1.29)
Industrial	1.128	(2.14)	(1.01)

# 2008 Municipal Tax Impacts

Tax Class	CVA	2007 Municipal Taxes	2008 Budgetary Levy Increase	2008 Policy Shift	2008 Final Municipal Taxes	2008 Net Municipal Change	
						\$	%
Residential	365,468	2,152.03	72.85	7.85	2,232.73	80.69	3.75%
Multi-Residential (Apartment)	150,000	3,132.29	35.34	11.17	3,178.80	46.51	1.48%
Small Business	1,000,000	21,104.55	238.13	(510.22)	20,832.46	(272.09)	(1.29%)
Industrial	1,000,000	23,082.66	260.45	(494.60)	22,848.51	(234.16)	(1.01%)
Commercial General	1,000,000	21,104.55	238.13	75.27	21,417.95	313.40	1.48%



# 2008 Education Tax Impacts

Tax Class	CVA	2007 Education Taxes	2008 Education Tax Change	2008 Final Education Taxes	% Change
Residential	365,468	964.84	-	964.84	0.00%
Multi-residential Apartment	150,000	396.00	-	396.00	0.00%
Small Business	1,000,000	19,758.21	(75.16)	19,683.05	(0.38%)
Industrial	1,000,000	20,599.07	(91.98)	20,507.09	(0.45%)
Commercial General	1,000,000	19,758.21	(75.16)	19,683.05	(0.38%)

# 2008 Municipal Property Tax - Combined Tax Impacts

Tax Class	CVA	2007 Total Tax	2008 Net Municipal Change		2008 Education Change		2008 Total Taxes	Combined Municipal and Education Impact	
			\$	%	\$	%		\$	%
Residential	365,468	3,117	80.69	3.75%	-	0.00%	3,198	80.69	2.59%
Multi-residential (Apartment)	150,000	3,528	46.51	1.48%	-	0.00%	3,575	46.51	1.32%
Small Business	1,000,000	40,863	(272.09)	(1.29%)	(75.16)	(0.38%)	40,516	(347.25)	(0.85%)
Industrial	1,000,000	43,682	(234.16)	(1.01%)	(91.98)	(0.45%)	43,356	(326.14)	(0.75%)
Commercial General	1,000,000	40,863	313.40	1.48%	(75.16)	(0.38%)	41,101	238.24	0.58%

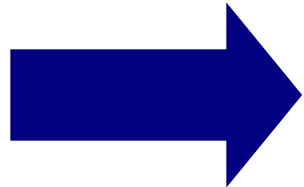
# Conclusion

# Conclusion

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- 2008 Recommended Operating Budget:
  - Maintains services and service levels
  - Includes investment in new and enhanced services that advance Council's priorities
- Property Tax increase to finance inflation and modest investment to meet Council priorities
- New COTA revenue tools required for City Building but given City's fiscal gap need to accelerate to maintain services
- Negotiations with the Province must continue to permanently fix the fiscal imbalance

# Moving Toward Fiscal Sustainability



- Continuous improvement and cost control ✓
- New Taxation Measures ✓
- Provincial Transit operating funding (50%) ○
- Upload Social Services programs ○
- Growth revenues – One Cent Share of GST ○
- National Transit Strategy (capital) ○

