



## STAFF REPORT ACTION REQUIRED

### 2011 Interim Estimates

<b>Date:</b>	December 6, 2010
<b>To:</b>	Executive Committee
<b>From:</b>	Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2010\Internal Services\Fp\Ec10017Fp (AFS#12898)

### SUMMARY

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The purpose of this report is to request Council's approval of the 2011 Interim Operating and Capital Estimates in order to enable City Programs and Agencies to carry out their ongoing (base) operations and to continue work on urgent previously approved capital projects during the period January 1 to March 31, 2011, or the date on which the 2011 Operating and Capital Budgets are approved.

In accordance with the Financial Control By-Law, an Interim Operating Budget must be approved prior to January 1, 2011 to ensure that appropriate Council approval is granted to fund the continuance of the City's business during the period January 1 to March 31, 2011. The 2011 Interim Operating Estimate is \$3.080 billion gross; and requires cash outflows of \$2.677 billion.

Council is also required to approve Interim Capital Estimates for the period January 1, 2011 to the date on which the 2011 Capital Budget is approved, in order to ensure that capital works on previously approved projects continue without interruption. The Interim Capital Estimates total \$315.499 million and are comprised of 100% of the 2011 commitments for the City's infrastructure stimulus projects and 10% of the 2011 cash for funding commitments for previously approved capital projects (see Appendix 2).

## **RECOMMENDATIONS**

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The Deputy City Manager and Chief Financial Officer recommends that City Council:

1. Approve the 2011 Interim Operating Estimates totalling \$3.080 billion as detailed by City Program and Agency in the attached Appendix 1.
2. Authorize the Deputy City Manager and Chief Financial Officer to make net disbursements of \$2.677 billion during the period January 1, to March 31, 2011, including cash transfers of \$495.9 million to Agencies as detailed in the attached Appendix 1.
3. Approved the 2011 Interim Capital Estimates totalling \$315.499 million with debt financing of \$48.442 million comprised of the following:
  - (i) \$80.273 million gross and \$24.246 million debt for Infrastructure Stimulus Fund (ISF) and Recreational Infrastructure Canada Programs (RInC) projects/sub-projects (all previously approved).
  - (ii) \$235.226 million gross and \$24.195 million debt for non ISF and RInC previously approved projects / sub-projects.
4. Approve debenture financing of no more than \$48.442 million with terms not to exceed the useful life of the capital assets.
5. Authorize and direct the appropriate City Officials to take the necessary action to give effect thereto.

## **FINANCIAL IMPACT**

As shown in Table 1, the 2011 Interim Operating Estimates are \$3.080 billion and is estimated at 30% of the 2010 Approved Operating Expenditure Budget. Estimated cash outflows total \$2.677 billion. Cash outflows for City Operations approximate \$1.545 billion; for Corporate Accounts \$272.312 million and \$363.627 million for Rate Supported Programs. Most Agencies are only partially funded by the City. These include the Toronto Transit Commission (TTC) for which approximately 65% of expenditures are funded from its own receipts. As detailed in Appendix 1, transfers to City Agencies to enable them to make their cash payments during the period January 1 to March 31, 2011 total \$495.882 million.

<b>Table 1</b> <b>2011 Interim Operating Budget Estimates</b> <b>For Period January 1 to March 31, 2011</b> <b>\$000s</b>		
	<b>Gross</b>	<b>Cash Outflow</b>
City Operations	1,544,884.3	1,544,884.3
Agencies	899,453.5	495,881.5
Corporate Accounts	272,311.7	272,311.7
Lewy Operations	2,716,649.5	2,313,077.5
Non Lewy Operations	363,627.3	363,627.3
<b>Total City</b>	<b>3,080,276.8</b>	<b>2,676,704.8</b>

2011 Interim Capital Estimates required for the period January 1 to March 31, 2011 total \$315.499 million as detailed in Table 2 below and Appendix 2 attached. This is comprised of \$80.273 million in gross expenditure to continue to implement ISF and RInC projects currently underway and \$235.226 million for other previously approved projects. The debt funding requirement for the 2011 Interim Capital Estimates is \$48.441 million.

<b>Table 2</b> <b>2011 Interim Capital Estimates</b> <b>For The Period January 1 to March 31, 2011</b> <b>(\$000's)</b>						
City Programs/Agencies	ISF & RInC Projects		Other projects (10% of Previously App. Commitments)		Total	
	Gross Exp.	Debt	Gross Exp.	Debt	Gross Exp.	Debt
Citizen Centre Services "A"	12,125.0	1,717.3	7,790.8	757.0	19,915.8	2,474.3
Citizen Centre Services "B"			14,951.2	8,689.6	14,951.2	8,689.6
Internal Services	2,269.0	1,513.0	14,527.6	3,623.8	16,796.6	5,136.8
Other City Programs	6,000.0		18,259.9	925.0	24,259.9	925.0
<b>Total - City Operation</b>	<b>20,394.0</b>	<b>3,230.3</b>	<b>55,529.5</b>	<b>13,995.4</b>	<b>75,923.5</b>	<b>17,225.7</b>
Agencies	33,623.0	21,016.0	98,591.2	10,200.0	132,214.2	31,216.0
<b>Total - Tax Supported Programs</b>	<b>54,017.0</b>	<b>24,246.3</b>	<b>154,120.7</b>	<b>24,195.4</b>	<b>208,137.7</b>	<b>48,441.7</b>
Rate Supported Programs	26,256.0		81,105.5		107,361.5	
<b>Total - All Programs</b>	<b>80,273.0</b>	<b>24,246.3</b>	<b>235,226.2</b>	<b>24,195.4</b>	<b>315,499.2</b>	<b>48,441.7</b>

## DECISION BACKGROUND

The City of Toronto Act (COTA), sub-section 228 (1) states that, "The City shall in each year adopt a budget including estimates of all sums required during the year" for the purpose of continuing the business of the City. The Financial Control By-law, which

stipulates that, “Council shall, before the adoption of the final operating budget for a year, adopt an interim operating budget ... prior to the 1<sup>st</sup> day of January of the year in which the operating budget will be adopted” (Toronto Municipal Code, Article II, sub-section 71-5).

## **COMMENTS**

### Interim Operating Estimates

Traditionally, operating budgets have been approved by the end of the first quarter of the budget year. This creates a gap between the start of the fiscal year (January 1) and the date on which the annual budget is approved. To ensure that adequate spending authority is in place during the period January 1 and the date on which the budget is adopted, City Council is required to approve Interim Operating Estimates in accordance with the Financial Control By law, thereby, ensuring that services will be provided without interruption.

During the past several years, City Council has approved Interim Operating Estimates of 40% of the prior year approved operating budget for most City Programs and Agencies. Analysis of spending patterns during the years 2007 to 2010 indicates that, on average, spending during the first three months has been between 25 and 30% of the approved annual budgets. Therefore, this report recommends spending authority of approximately 30% of the 2010 Council Approved Gross Operating Budget be approved for most City Programs. For Transportation Services, Toronto Zoo and the Toronto Region Conservation Authority, the estimates have been adjusted to include full funding authority for contract awards and commitments in excess of the 30% limits that must be met in early 2011.

### Interim Capital Estimates

Because the 2010 Municipal Election was held late in the year, the new Council is not able to engage in a detailed budget review and approve the Capital Budget and Plan prior to December 31, 2010. As a result, Council must approve the 2011 Interim Capital Estimates that establishes capital project spending to continue to implement the City's capital works program. This will enable staff to take full advantage of specific time-driven benefits, remove/mitigate health and safety risks and to proceed on previously approved projects that must continue during the first quarter of 2011.

Analysis has confirmed that capital spending during the first three-months of each of the last three years (2008 to 2010) approximated 10% of the annual Council Approved Capital Budget. As such, the 2011 Interim Capital Estimates represents 10% of the previously approved capital project cash flow commitments, except for ISF and RInC

projects which asks for the approval in the full amount. It is noted that no funding for *new project* spending is included in the recommended 2011 Interim Capital Estimates.

## **CONTACT**

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## **SIGNATURE**

Cam Weldon  
Deputy City Manager and Chief Financial Officer

## **ATTACHMENTS**

Appendix 1 – 2011 Interim Operating Gross Estimate  
Appendix 2 – 2011 Interim Capital Estimate

**CITY OF TORONTO**  
**2011 INTERIM OPERATING BUDGET ESTIMATES**  
**For the Period Jan 1 to March 31, 2011**  
**(\$000s)**

Program/Agencies	2010 Council Approved Gross as at Sept. 24, 2010	2011 Interim Budget	
		Gross	Cash Out- Flow
<b>Citizen Centred Services "A"</b>			
Affordable Housing Office	3,222.7	966.8	966.8
Children's Services	379,578.4	113,873.5	113,873.5
Court Services	52,080.9	15,624.3	15,624.3
Economic Development, Culture and Tourism	35,958.0	10,787.4	10,787.4
Emergency Medical Services	174,008.2	52,202.5	52,202.5
Long Term Care Homes & Services	220,636.4	66,190.9	66,190.9
Parks, Forestry & Recreation	361,682.5	108,504.8	108,504.8
Shelter Support & Housing Administration	854,702.6	256,410.8	256,410.8
Social Development, Finance & Administration	26,459.9	7,938.0	7,938.0
Toronto Employment & Social Services	1,358,116.7	407,435.0	407,435.0
3-1-1 Project Management Office	17,620.3	5,286.1	5,286.1
Sub-Total Citizen Centred Services "A"	3,484,066.6	1,045,220.0	1,045,220.0
<b>Citizen Centred Services "B"</b>			
City Planning	36,368.5	10,910.6	10,910.6
Fire Services	374,433.9	112,330.2	112,330.2
Municipal Licensing & Standards	50,528.5	15,158.6	15,158.6
Policy, Planning, finance & Admin.	25,629.8	7,688.9	7,688.9
Technical Services	67,684.7	20,305.4	20,305.4
Toronto Building	45,852.3	13,755.7	13,755.7
Toronto Environment Office	14,609.5	4,382.9	4,382.9
Transportation Services*	286,812.9	144,375.8	144,375.8
Waterfront Secretariat	1,547.1	464.1	464.1
Sub-Total Citizen Centred Services "B"	903,467.2	329,372.1	329,372.1
<b>Internal Services</b>			
Office of the Chief Financial Officer	15,512.0	4,653.6	4,653.6
Office of the Treasurer	75,767.4	22,730.2	22,730.2
Facilities & Real Estate	170,286.5	51,086.0	51,086.0
Fleet Services	48,078.1	14,423.4	14,423.4
Information & Technology	86,236.1	25,870.8	25,870.8
Sub-Total Internal Services	395,880.1	118,764.0	118,764.0
<b>City Manager</b>			
City Manager's Office	42,649.7	12,794.9	12,794.9
Sub-Total City Manager	42,649.7	12,794.9	12,794.9
<b>Other City Programs</b>			
City Clerk's Office	59,924.7	17,977.4	17,977.4
Legal Services	39,539.3	11,861.8	11,861.8
Mayor's Office	2,560.8	768.2	768.2
Council	20,337.8	6,101.3	6,101.3
Auditor General's Office	4,283.2	1,285.0	1,285.0
Office of the Integrity Commissioner	204.0	61.2	61.2
Office of the Lobbyist Registrar	906.5	272.0	272.0
Office of the Ombudsperson	1,354.5	406.4	406.4
Sub-Total Other City Programs	129,110.8	38,733.2	38,733.2
<b>TOTAL - CITY OPERATIONS</b>	<b>4,955,174.4</b>	<b>1,544,884.3</b>	<b>1,544,884.3</b>



CITY OF TORONTO  
**2011 INTERIM OPERATING BUDGET ESTIMATES**  
 For the Period Jan 1 to March 31, 2011  
 (\$000s)

Program/Agencies	2010 Council Approved Gross as at Sept. 24, 2010	2011 Interim Budget	
		Gross	Cash Out-Flow
<b>Agencies</b>			
Toronto Public Health	220,114.3	66,034.3	13,250.3
Toronto Public Library	183,005.6	54,901.7	50,129.9
Association of Community Centers	7,429.6	2,228.9	2,172.2
Exhibition Place	62,936.9	18,881.1	10.5
Heritage Toronto	712.8	213.8	109.7
Theatres	20,618.1	6,185.4	1,046.6
Toronto Zoo*	44,943.5	13,483.1	5,842.0
Arena Boards of Management	6,395.7	1,918.7	0.0
Yonge/Dundas Square	1,762.8	528.8	163.1
Toronto Region Conservation Authority*	35,583.9	10,675.2	2,242.9
Toronto Transit Commission	1,458,352.9	437,505.9	153,744.1
Toronto Police Service	953,974.3	286,192.3	266,465.9
Toronto Police Service Board	2,347.8	704.3	704.3
<b>TOTAL - AGENCIES</b>	<b>2,998,178.2</b>	<b>899,453.5</b>	<b>495,881.5</b>
<b>Corporate Accounts</b>			
Community Partnership and Investment Program	49,498.0	14,849.4	14,849.4
Capital & Corporate Financing	615,454.6	184,636.4	184,636.4
<u>Non-Program Expenditures</u>			
- Tax Deficiencies/Write-offs	72,608.1	21,782.4	21,782.4
- Other Corporate Expenditures	27,756.2	8,326.9	8,326.9
- Assessment Function (MPAC)	35,100.0	10,530.0	10,530.0
- Parking Tag Enforcement & Oper.	54,619.7	16,385.9	16,385.9
- Vacancy Rebate Program	23,460.0	7,038.0	7,038.0
- Street & Expressway	29,209.2	8,762.8	8,762.8
- Other	388,697.2	0.0	0.0
Non-Program Expenditures	631,450.4	72,826.0	72,826.0
<b>TOTAL - CORPORATE ACCOUNTS</b>	<b>1,296,403.0</b>	<b>272,311.7</b>	<b>272,311.7</b>
<b>TOTAL - LEVY OPERATIONS</b>	<b>9,249,755.6</b>	<b>2,716,649.5</b>	<b>2,313,077.5</b>
<b>Rate Supported Programs</b>			
Solid Waste Management Services	319,923.8	95,977.1	95,977.1
Toronto Water	767,748.0	230,324.4	230,324.4
Toronto Parking Authority	124,419.2	37,325.8	37,325.8
<b>TOTAL - NON-LEVY OPERATIONS</b>	<b>1,212,091.0</b>	<b>363,627.3</b>	<b>363,627.3</b>
<b>TOTAL - LEVY &amp; INON-LEVY OPERATIONS</b>	<b>10,461,846.6</b>	<b>3,080,276.8</b>	<b>2,676,704.8</b>

\* Interim Budget based on contractual commitments for ongoing/existing operations



**CITY OF TORONTO**  
**2011 INTERIM CAPITAL ESTIMATE**  
**For The Period January 1 to March 31, 2011**

**APPENDIX 2**

(\$'000's)

City Programs/Agencies	ISF & RInC Projects		Other projects (10% of Previously App. Commitments)		Total	
	Gross Exp.	Debt	Gross Exp.	Debt	Gross Exp.	Debt
<b>Citizen Centre Services "A"</b>						
311 Customer Services			266.3		266.3	
Economic Development & Culture			996.5	85.9	996.5	85.9
Emergency Medical Services	2,636.0	1,552.3	154.1	146.1	2,790.1	1,698.4
Children's Services	540.0	165.0	330.0		870.0	165.0
Long Term Care Homes Services			2,361.0	175.0	2,361.0	175.0
Parks & Recreation	8,949.0		3,417.9	255.0	12,366.9	255.0
Shelter, Housing			95.0	95.0	95.0	95.0
Social Services			170.0		170.0	
<b>Total - Citizen Centre A</b>	<b>12,125.0</b>	<b>1,717.3</b>	<b>7,790.8</b>	<b>757.0</b>	<b>19,915.8</b>	<b>2,474.3</b>
<b>Citizen Centre Services "B"</b>						
City Planning			210.8		210.8	
Fire Services			3,162.4	2,800.0	3,162.4	2,800.0
Transportation			3,844.5	2,707.4	3,844.5	2,707.4
Waterfront			7,733.5	3,182.2	7,733.5	3,182.2
<b>Total - Citizen Centre B</b>			<b>14,951.2</b>	<b>8,689.6</b>	<b>14,951.2</b>	<b>8,689.6</b>
<b>Internal Services</b>						
Fleet Services			1,050.0		1,050.0	
Financial Services			3,289.5	244.0	3,289.5	244.0
Facilities & Real Estate	2,269.0	1,513.0	7,295.8	3,032.0	9,564.8	4,545.0
Information Technology			2,892.3	347.8	2,892.3	347.8
<b>Total - Internal Services</b>	<b>2,269.0</b>	<b>1,513.0</b>	<b>14,527.6</b>	<b>3,623.8</b>	<b>16,796.6</b>	<b>5,136.8</b>
<b>Other City Programs</b>						
Corporate	6,000.0				6,000.0	
City Clerk's			199.5	75.0	199.5	75.0
Union Station			17,560.4	350.0	17,560.4	350.0
Pan Am Games			500.0	500.0	500.0	500.0
<b>Total - Other City Programs</b>	<b>6,000.0</b>		<b>18,259.9</b>	<b>925.0</b>	<b>24,259.9</b>	<b>925.0</b>
<b>Total - City Operation</b>	<b>20,394.0</b>	<b>3,230.3</b>	<b>55,529.5</b>	<b>13,995.4</b>	<b>75,923.5</b>	<b>17,225.7</b>
<b>Agencies</b>						
Exhibition Place	4,235.0	2,824.0	10.0	10.0	4,245.0	2,834.0
Toronto Public Library	2,400.0	200.0	1,730.5	437.3	4,130.5	637.3
Toronto Public Health			450.7	450.7	450.7	450.7
Sony Centre			75.0		75.0	
Toronto Zoo			120.0	120.0	120.0	120.0
Toronto Transit Commission	26,988.0	17,992.0	96,205.0	9,182.0	123,193.0	27,174.0
<b>Total - Agencies</b>	<b>33,623.0</b>	<b>21,016.0</b>	<b>98,591.2</b>	<b>10,200.0</b>	<b>132,214.2</b>	<b>31,216.0</b>
<b>Total - Tax Supported Programs</b>	<b>54,017.0</b>	<b>24,246.3</b>	<b>154,120.7</b>	<b>24,195.4</b>	<b>208,137.7</b>	<b>48,441.7</b>
<b>Rate Supported Programs</b>						
To. Parking Authority			1,960.0		1,960.0	
Toronto Water	24,500.0		70,671.8		95,171.8	
Solid Waste	1,756.0		8,473.7		10,229.7	
<b>Total - Rate Supported Programs</b>	<b>26,256.0</b>		<b>81,105.5</b>		<b>107,361.5</b>	
<b>Total - All Programs</b>	<b>80,273.0</b>	<b>24,246.3</b>	<b>235,226.2</b>	<b>24,195.4</b>	<b>315,499.2</b>	<b>48,441.7</b>