

A panoramic view of the Toronto skyline, including the CN Tower, seen from a distance across a large green park with a soccer field and a tennis court in the foreground. The sky is clear and blue.

CITY OF TORONTO

2011 Budget Committee

Recommended Capital and Operating Budgets

February 17, 2011

Agenda

1. Summary of Budget Changes
2. Executive Summary
3. Rate Budget
 - Water Operating & Capital
 - Solid Waste Operating & Capital
4. Tax Supported Capital and Operating Budgets
5. 2011 Reassessment Impacts and Tax Rates
6. 2012 Outlook and Long Term Fiscal Plan

Meetings and Other Activities Since the 2011 Budget was Launched

- Budget Committee meetings held -- 9

Budget Sub-Committee Meetings	Number of Deputants	Number of Councillors in Attendance
Toronto East York - Jan. 19, 2011	65	12
North York - Jan. 19, 2011	38	12
Etobicoke - Jan. 20, 2011	42	12
Scarborough - Jan. 20, 2011	53	15
Total Number of Speakers	198	

- Town Hall meetings to date -- 6
- Number of Briefing Notes produced -- 52
- Media enquires received and responded to -- 47+

Summary of Budget Changes Since the 2011 Budget was Launched

- TTC 10 cent fare increase cancelled. Balanced by:
 - Toronto Police Services net budget reduction to 2%
 - Elimination of non-union staff re-earnable payments
 - TTC revenue – service adjustments
 - Revised provision for wage settlements
- Ombudsman request for new positions not approved
- Elimination of Councillors and Mayor 2011 CPI salary increase
 - Savings applied to student nutrition and bed bugs

Executive Summary

Mayor's Budget Directions

- Achieve a balanced budget with no unfunded “gaps” (no unspecified reductions) ✓
- Is not greater than the approved 2010 Net Operating Budget ✓
- Produces a zero percent residential property tax increase, and ✓
- Includes no major service cuts ✓

City Managers Four Point Plan – 2010 & 2011 Budgets

1. Cost Constraint – target \$100M surplus:
 - Hiring slowdown
 - Constrain discretionary spending
 2. Service efficiency review – All City Operations and ABCs:
 - Reduction targets of \$170 M in each of 2010 and 2011
 3. Maximize corporate assets to pay down debt
 4. Permanent Provincial Funding:
 - Full 50% cost sharing on Ontario Works administration costs
 - Return to permanent predictable transit operating funding from the Province
- ✓ Surplus applied -- \$268M
✓ \$39M in salary savings in 2010
✓ City Programs net expenditures reduction by \$57 M or 2.3%
✓ Debt reduced by \$600M in 2010
✓ \$52M in additional funding permanently secured in 2010
X No funding for 2010 and 2011

Summary - Capital Budget and Plan

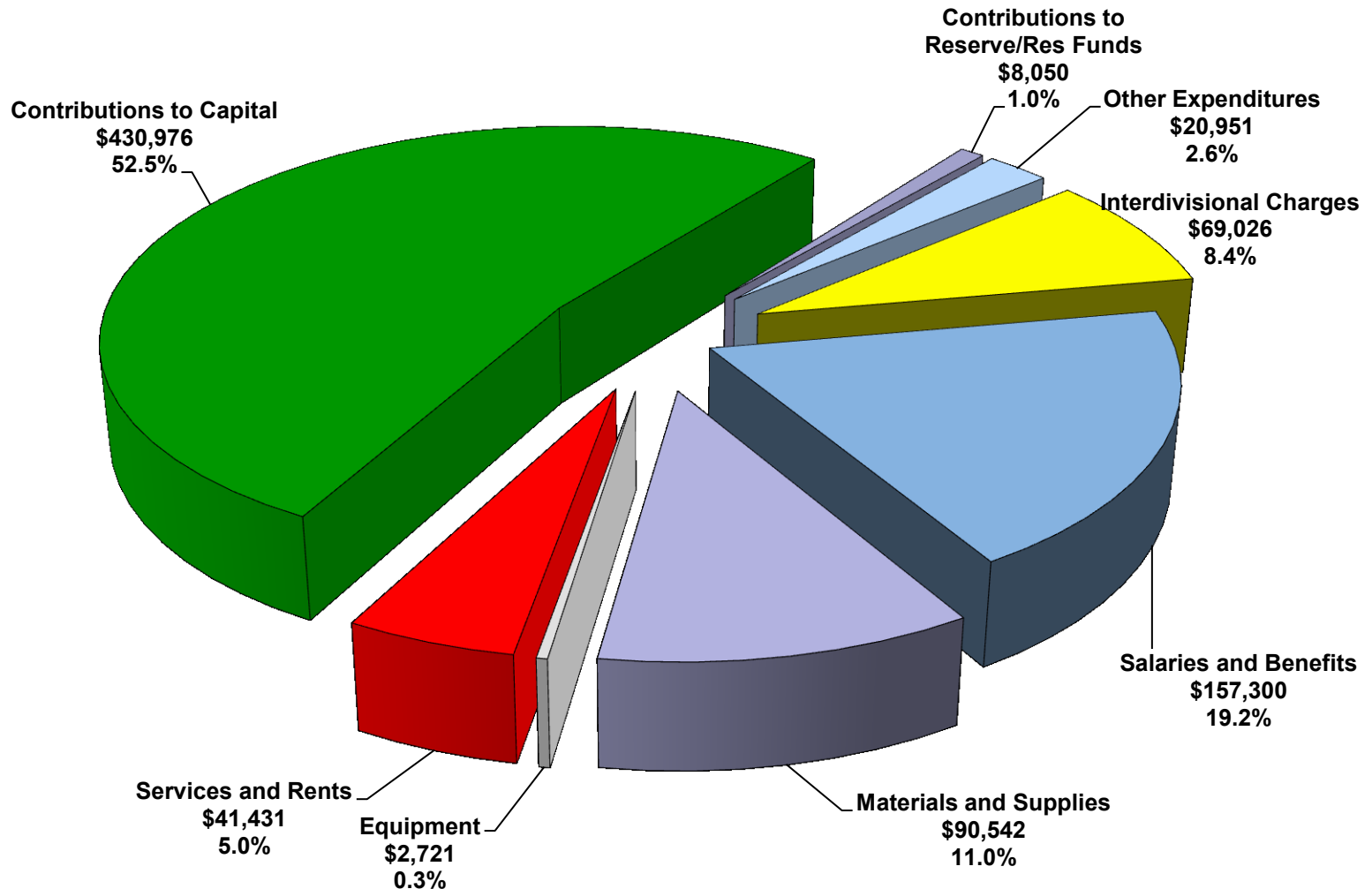
- The 2011 - 2020 Capital Budget and Plan Strategy is achieved:
 - \$22.450 Billion Tax and Rate capital spending to protect and create 257,000 jobs
 - Achieves a balance between maintaining existing City assets and addressing service gaps on a City-wide basis
 - Is based on project readiness and ability / capacity to spend
 - Ensures that the 10-Year Capital Plan is affordable and meets debt guidelines
 - TTC capital needs are not met – partnership funding must be secured

Summary - 2011 Operating Budget

- The 2011 Operating Budget:
 - Is balanced with no unfunded “gaps”
 - Is only marginally greater than the approved 2010 Operating Budget
 - Produces a zero percent residential property tax increase, and
 - Includes no major service cuts

2011 – 2020 Rate Supported Operating and Capital Budgets

2011 Toronto Water Operating Budget by Expenditure Category \$820.997 Million (Gross)



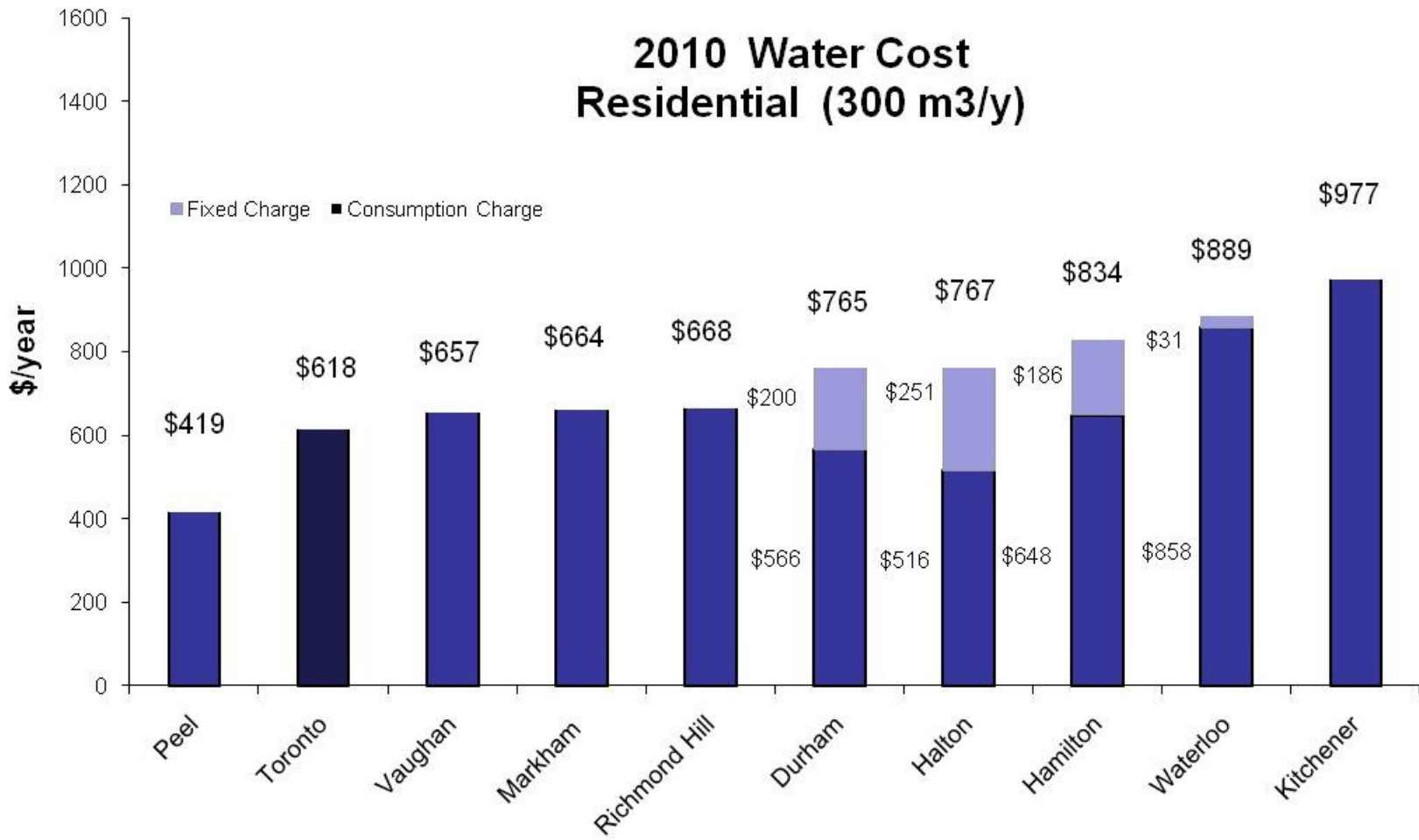
2011 Water Rate Increase Impact

Type of property	Consumption	2010 Cost	Projected 2011 cost	2011 Impact	
	m ³ /y	\$/y	\$/y	\$/y	%
Residential	300	\$618	\$674	\$56	9.00%
Industrial	100,000	\$150,797	\$162,219	\$11,422	7.57%
	1,000,000	\$1,476,169	\$1,581,930	\$105,761	7.16%

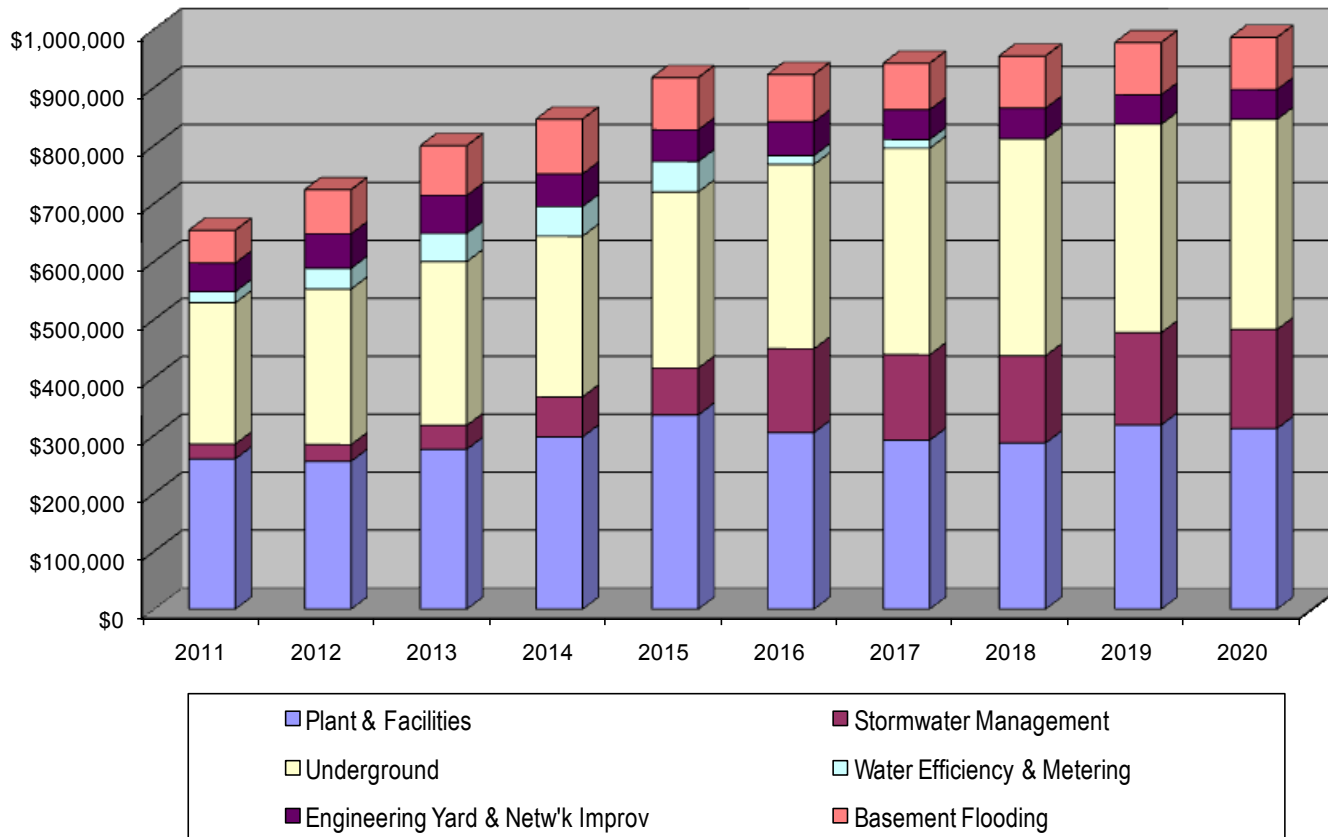
- Daily cost for all residential water, wastewater and stormwater services: only **\$1.85** per day.
- An increase of: **16¢** per household per day.
- Actual rate increase effective March 1:
 - Residential 10.8%
 - Industrial 8.6%

Toronto Water – Residential

- How Does Toronto Compare?



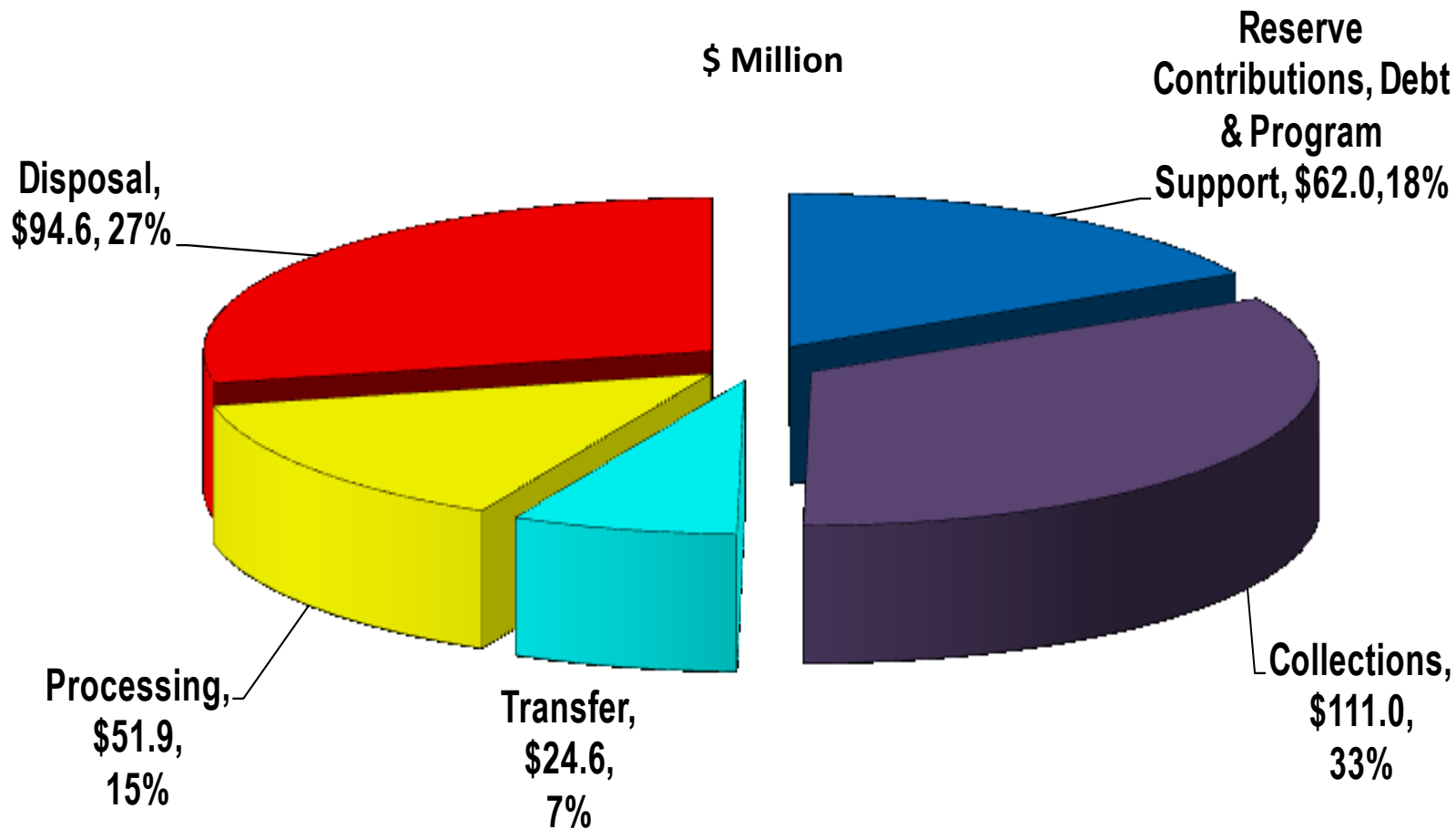
Toronto Water 2011-2020 Capital Plan by Asset Class - \$8.626 Billion



What is Being Built -Toronto Water (2011 – 2020)

- District Watermain and Sewer Replacement, and Rehabilitation projects (\$4.480 billion)
- Reduce basement flooding (\$830.950 million)
- Wet Weather Flow Master Plan (\$263.775 million)
- Water Metering Program (\$234.443 million)

Solid Waste Mgmt. 2011 Rec'd Operating Budget by Service – Gross Expenditure (\$342 M)



Proposed 2011 Residential - Solid Waste Fees

Based on an effective 3.00% SWM annual rate increase:

2011 Residential Curbside Collection Fees

Bin Size	Bin Fee	Rebate	Net Cost
Small Bin	\$221.16	\$224	\$2.84 credit
Medium Bin	\$271.93	\$224	\$47.93
Large Bin	\$369.31	\$224	\$145.31
Extra Large Bin	\$428.36	\$224	\$204.36

2011 Residential Bulk Collection Fees

Fee Structure	Bin Fee	Rebate	Net Cost
Small Bin - Base Fee	\$191.30	\$185.00	\$6.30
Fee for excess waste: un-compacted (per cubic yard)	\$13.27		\$13.27
Fee for excess waste: compacted (per cubic yard)	\$26.55		\$26.55

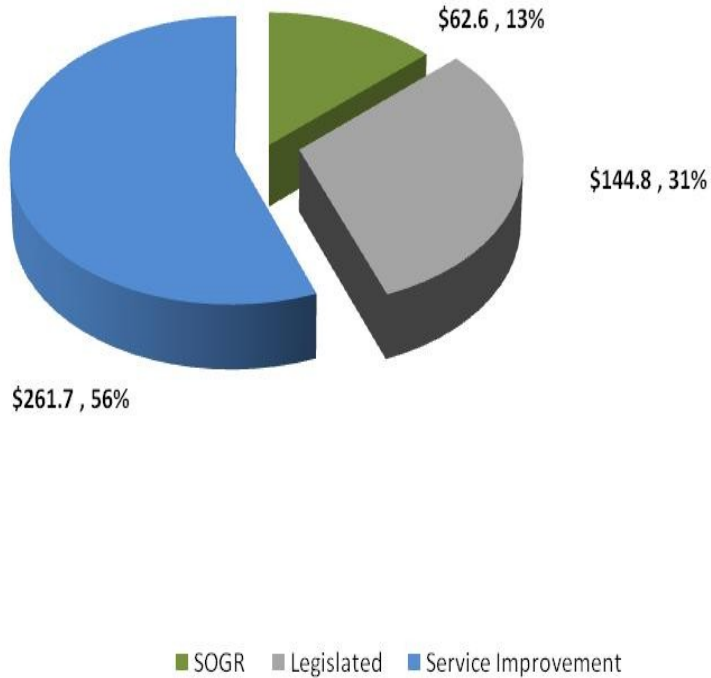
Residential Bag Tag Fees

Residential Bag Tag	Fee (per Bag Tag)	Percentage Change
Bag Tag	\$3.10	0.0%

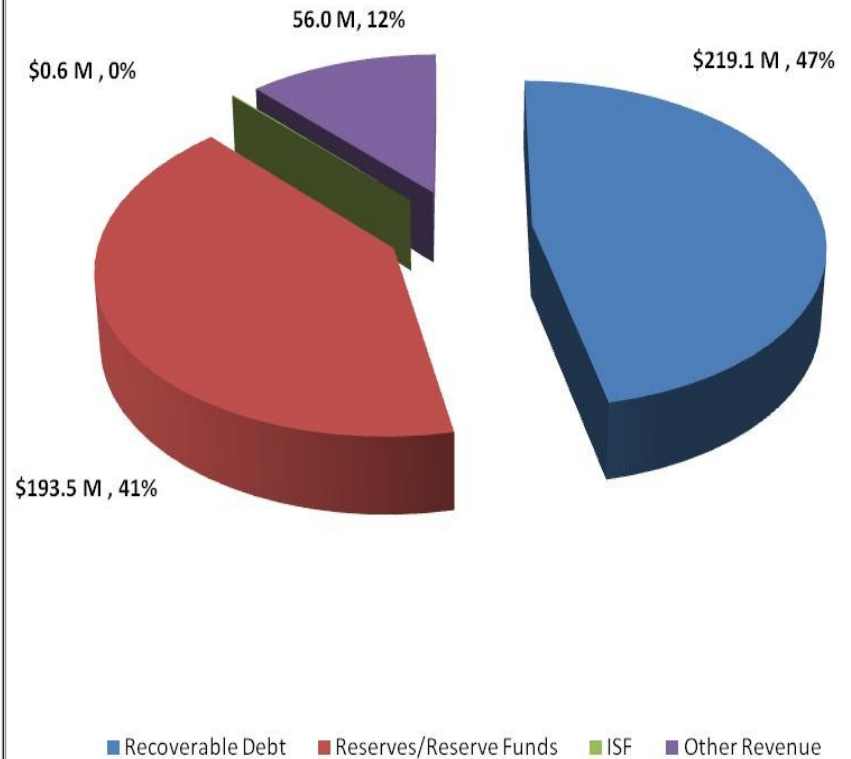
*Actual Rate Increase March 1, 2011 is 3.6%

Solid Waste - 10 Year Capital Plan by Project Category & Funding Source \$469 Million

10 Year Capital Plan by Project Category
(in Millions)



Capital Plan by Funding Source
(in Millions)



* Excludes 2010 Carry-Over of \$48.8 Million

What is Being Built –Solid Waste (2011 – 2020)

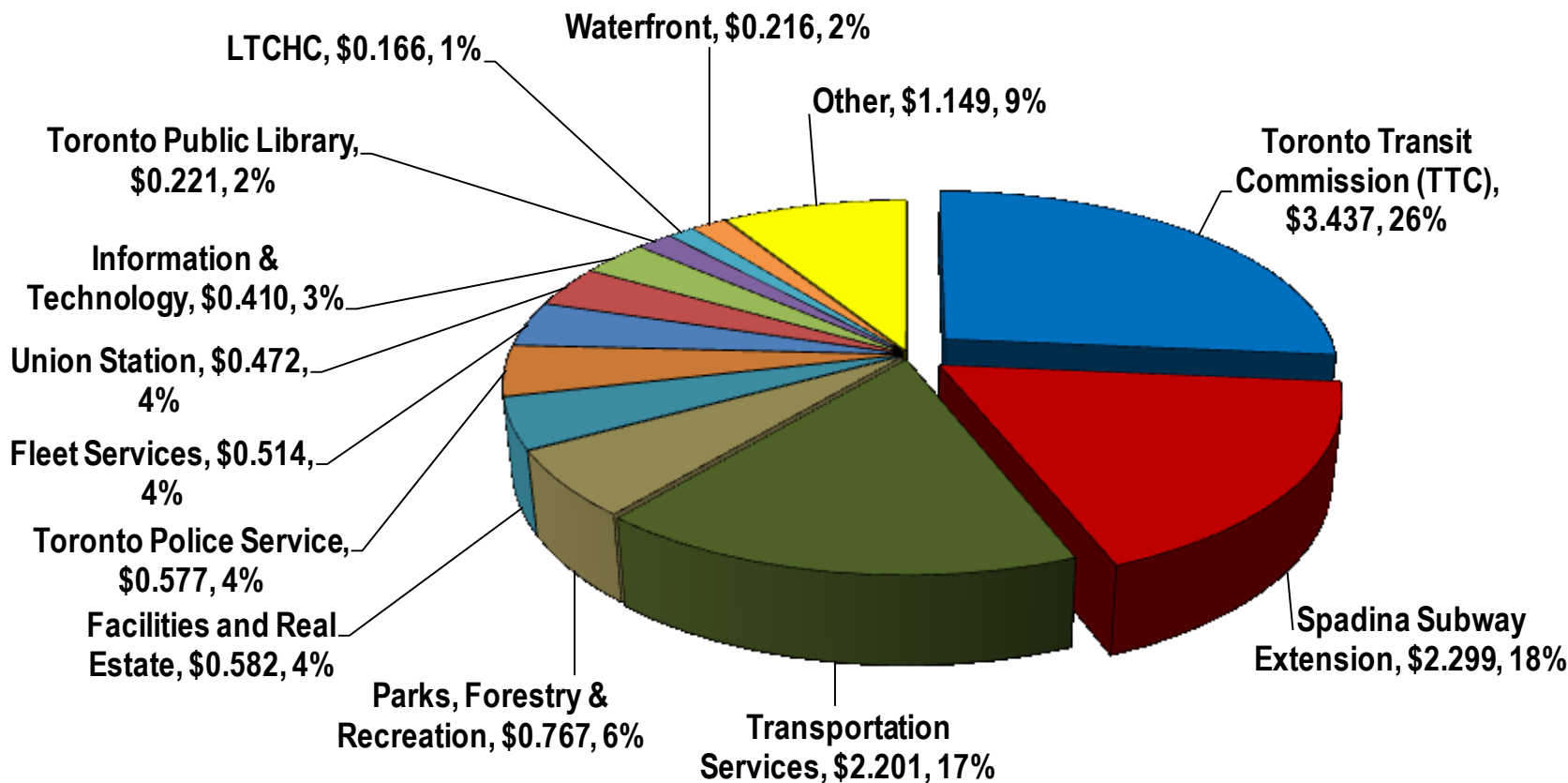
- Source Separated Organics processing facility at Disco (\$82.7 million)
- Design and construction of Reuse and Recycling Centres (\$20.6 million)
- Green Lane development, Control Systems and Buffer Land Acquisition (\$79.2 million)
- Perpetual Care of Old Landfills including control systems (\$74.9 million)
- Transfer Station and Collection Yard preventative asset management (\$63.3 million)

What is Being Built –Solid Waste (2011 – 2020)

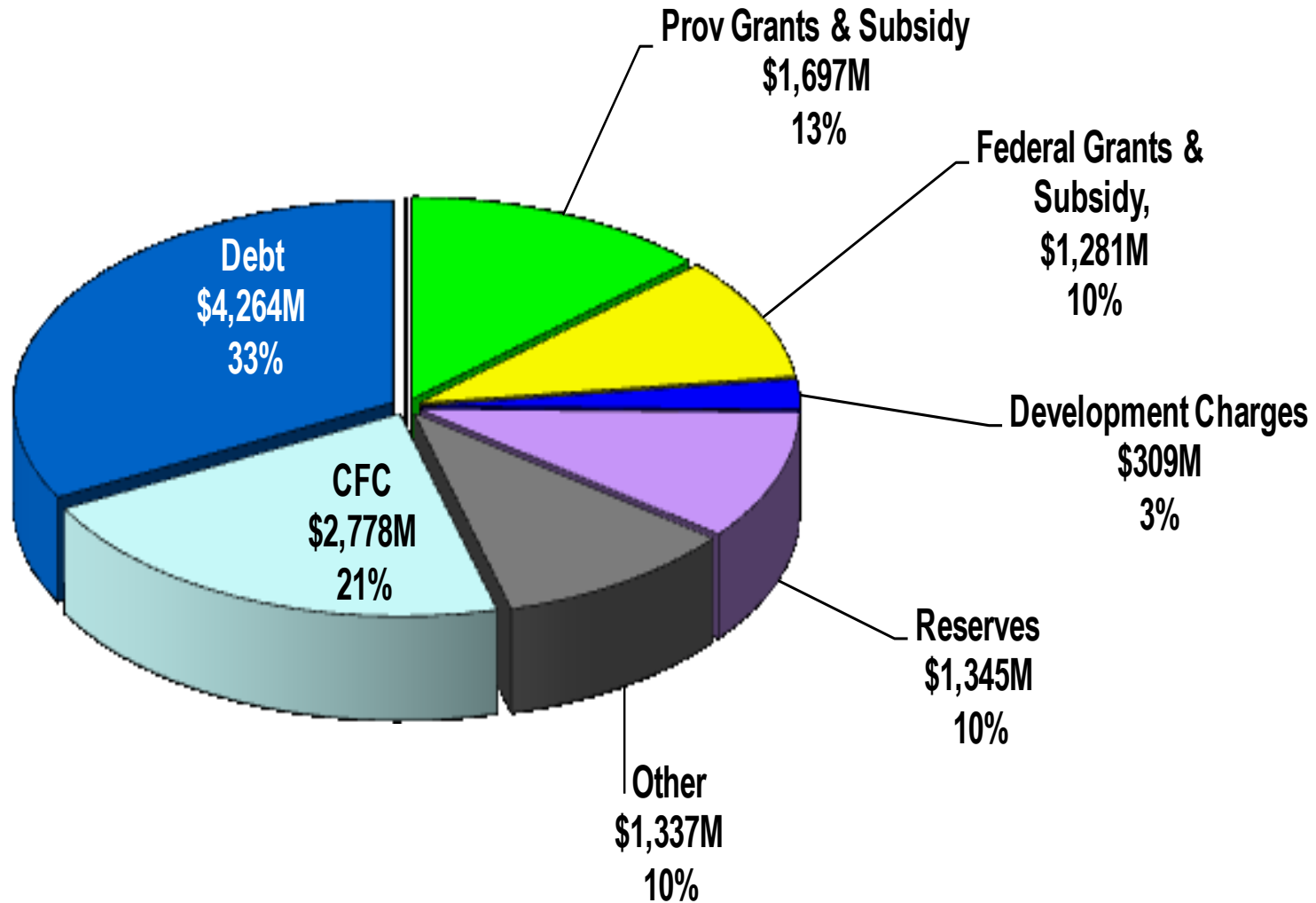
- Replacement of Single Family SSO Containers (\$21 million)
- Construction of the Mixed Waste Processing Facility at Green Lane (\$115.6 million)
- Source Separated Organics processing capacity at the Dufferin facilities (\$25.1 million)

2011 – 2020 Tax Supported Capital Budget and Plan

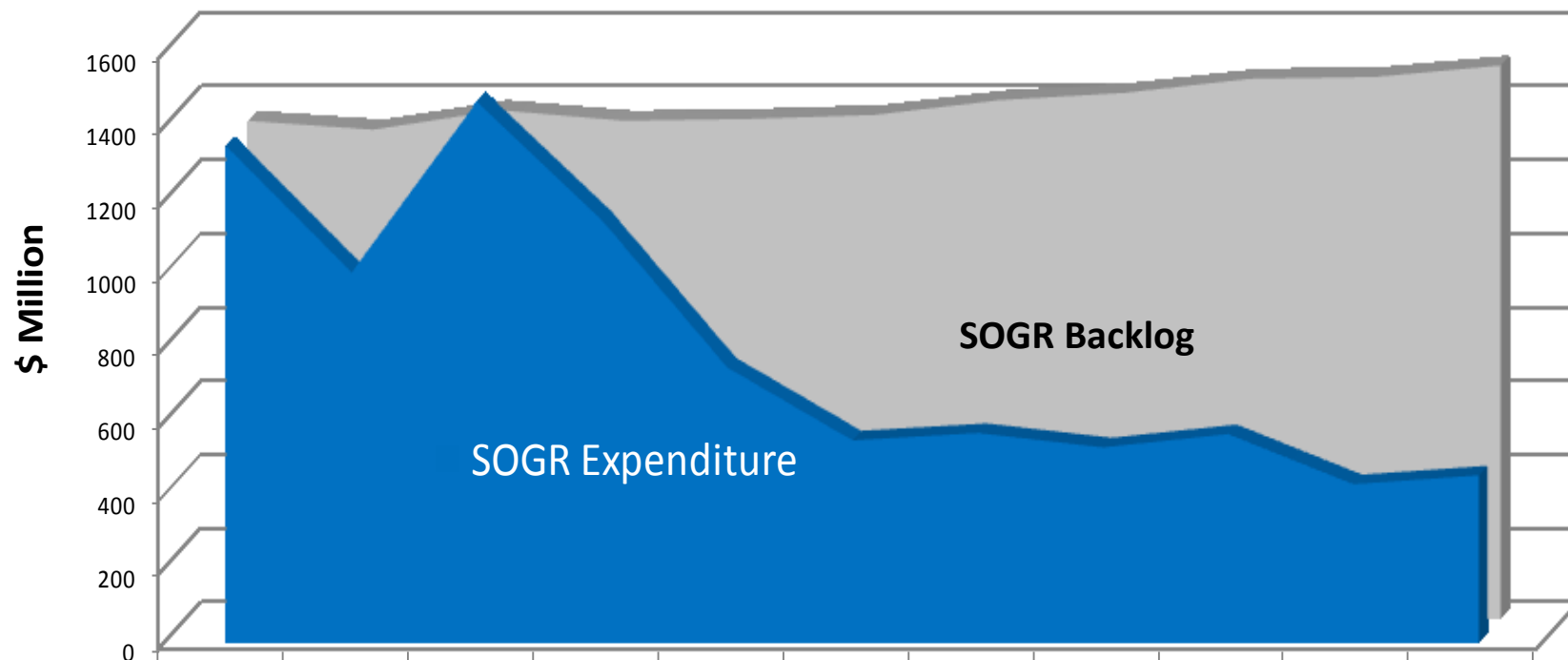
Where the Money Goes - 2011 to 2020 Tax Supported Capital Plan - \$13.011B



2011 – 2020 Capital Budget & Plan Financing - \$13.011 Billion



SOGR Backlog



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
■ SOGR Expenditure	1347	1005	1468	1146	747	549	569	530	566	430	454
■ SOGR Backlog	1351	1327	1380	1351	1356	1367	1407	1427	1465	1470	1501

2011 – 2020 Capital Budget and Plan - by Category and Financing Source

Expenditures	Capital Plan					2011-2015		2016- 2020		2011-2020	
	2011	2012	2013	2014	2015	Total	%	Total	%	Total	%
Health and Safety	21	22	24	24	30	121	1.3%	124	3.6%	244	1.9%
Legislated	67	97	67	17	3	252	2.6%	44	1.3%	295	2.3%
State of Good Repair	1,005	1,468	1,146	747	549	4,915	51.3%	2,549	74.5%	7,464	57.4%
Service Improvements	254	323	237	165	124	1,103	11.5%	420	12.3%	1,523	11.7%
Growth Related	704	868	770	619	240	3,200	33.4%	286	8.4%	3,484	26.8%
Total Expenditures	2,051	2,778	2,244	1,572	946	9,591	100%	3,422	100%	13,011	100.0%
Funded By:											
Provincial	350	496	385	233	80	1,545	16.1%	152	4.4%	1,697	13.0%
Federal	322	363	334	205	47	1,271	13.3%	9	0.3%	1,281	9.8%
Reserves	114	149	125	83	109	580	6.0%	461	13.5%	1,041	8.0%
Reserve Funds	101	59	21	15	14	209	2.2%	96	2.8%	304	2.3%
Capital from Current	181	199	219	241	265	1,103	11.5%	1,675	48.9%	2,778	21.4%
Development Charges	61	58	40	27	24	211	2.2%	100	2.9%	309	2.4%
Other	270	320	258	262	90	1,201	12.5%	136	4.0%	1,337	10.3%
Debt	652	1,134	862	507	317	3,471	36.2%	792	23.2%	4,264	32.8%
Total Funding	2,051	2,778	2,244	1,572	946	9,590	100.0%	3,422	100.0%	13,011	100.0%

What is Being Built – (2011 – 2020)

- 420 new subway cars (70 train sets) (\$426.222 million)
- 375 new buses (\$125.441 million)
- 204 low-floor, LRVs (streetcars) (\$1.0 billion)
- Signaling systems on the Yonge- University-Spadina (\$184.698 million)
- Maintain 1,000 km of roads, 50 km of expressways, 600 km of sidewalks and 150 bridges and structures (\$1.409 billion)
- Complete 80 km of offr-street bicycle paths, 160 km of on-street signed routes, 340 bicycle lanes and 8,000 new bicycl eparking spaces (\$86.506 million)
- Construct new Police Stations, including 11 Division by 2012, 14 Division by 2013, and a Property and Evidence Storage facility by 2014 (\$50.244 million)
- Replace Radio Communication system shared by all 3 – Police, Fire and EMS staff (\$36.061 Million).

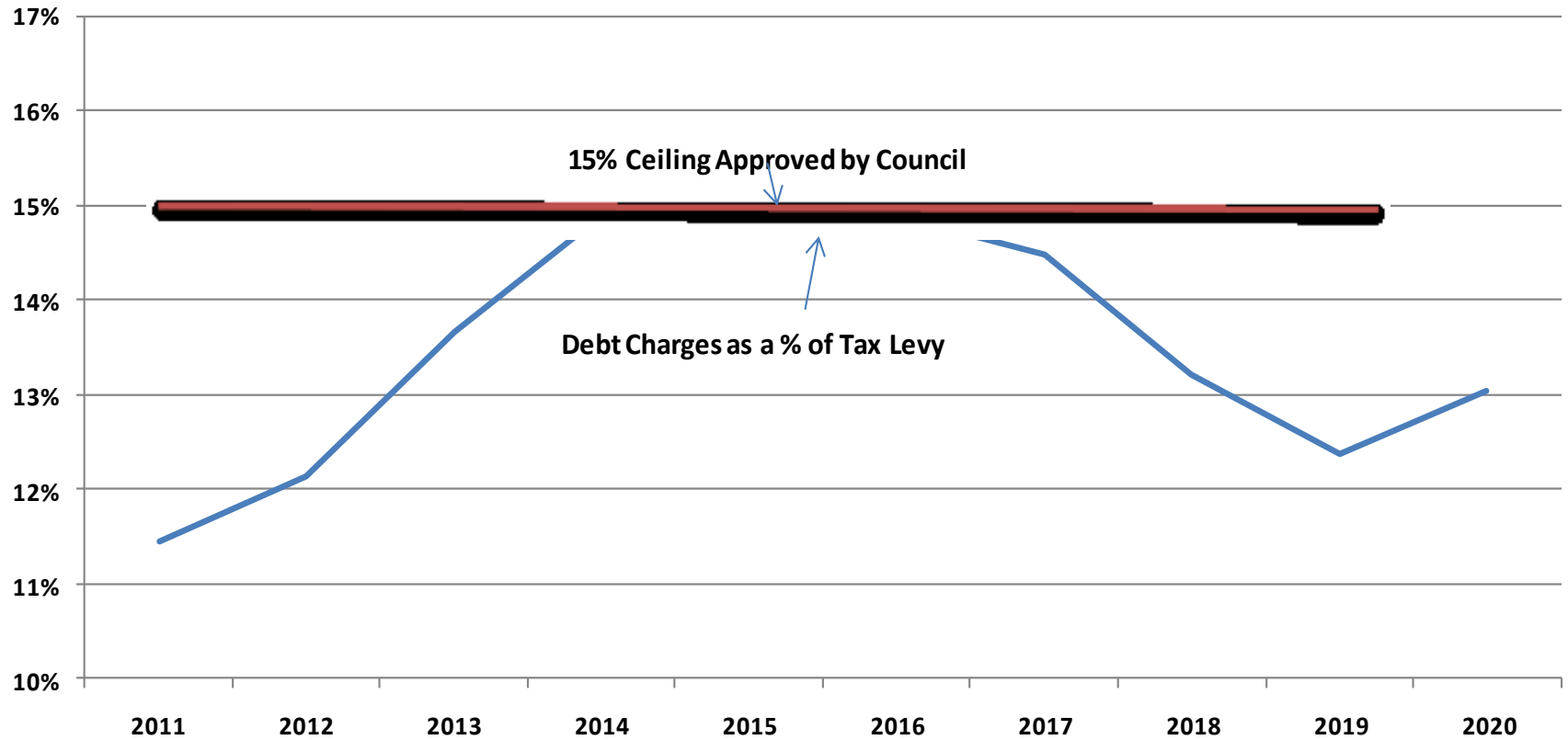
What is Being Built (2011 -2020)

- Four ambulance stations by 2011 at Bathurst & York Downs, Chaplin Crescent, York-South Weston, and Pape Avenue (\$2.542 Million)
- Fire Station D to improve emergency response times in Scarborough (\$4.676 million)
- Two new library branches: Scarborough Centre (\$8.6178 million); Fort York/Bathurst (\$8.697 million), and the renovation of Mount Dennis (\$4.273 million)
- Redevelopment of the remaining 145 beds at Kipling Acres on a new site in the vicinity of the existing site (\$47.500 million)
- Community centres - York Community Centre (\$27.462 million); and Regent Park Community Centre (\$20.300 million)
- Construct Union Station 2nd Platform (\$51.114 million)

2011 – 2020 Debt / Capital From Current Targets

	2010 Council Approved Debt/CFC	2011	2012	2013	2014	2015	2011 - 2015 Debt / CFC Target	2011 - 2020 Debt / CFC Target
Baseline Debt (Retire / Reissue)	260	200	0	120	228	300	848	2,648
New Debt:								
TTC (includes Spadina)	331	567	654	330	209	165	1,925	2,442
City Programs and Other ABCs	212	151	276	109	(29)	(123)	384	(880)
Total New Debt	543	718	930	439	180	42	2,309	1,562
Total Debt (for issuance)	803	918	930	559	408	342	3,157	4,210
Capital from Current (CFC)	165	181	199	219	241	265	1,105	2,778
Total Debt & CFC	968	1,099	1,129	778	649	607	4,262	6,988

Debt Charges as % of Tax Levy



TTC – 2011 to 2020 Plan Submitted Vs. 2011 Rec'd Capital Budget & Commitments

	2011 to 2020 Submitted Capital Plan	2011 Rec'd Budget & Commitments	Remainder of 2012 to 2020 Submitted Capital Plan
Gross Expenditure	<u>7,593,365</u>	<u>3,437,034</u>	<u>4,156,331</u>
Funding Sources:			
Provincial Subsidy	1,324,993	788,294	536,699
Federal Subsidy	1,591,788	538,142	1,053,646
DC	54,009	39,161	14,848
Other	228,724	55,096	173,628
	3,199,514	1,420,693	1,778,821
Required Debt	4,393,851	2,016,341	2,377,510
Debt Target	2,129,122	2,129,122	112,781
Debt Shortfall	2,264,729	(112,781)	<u>2,264,729</u>

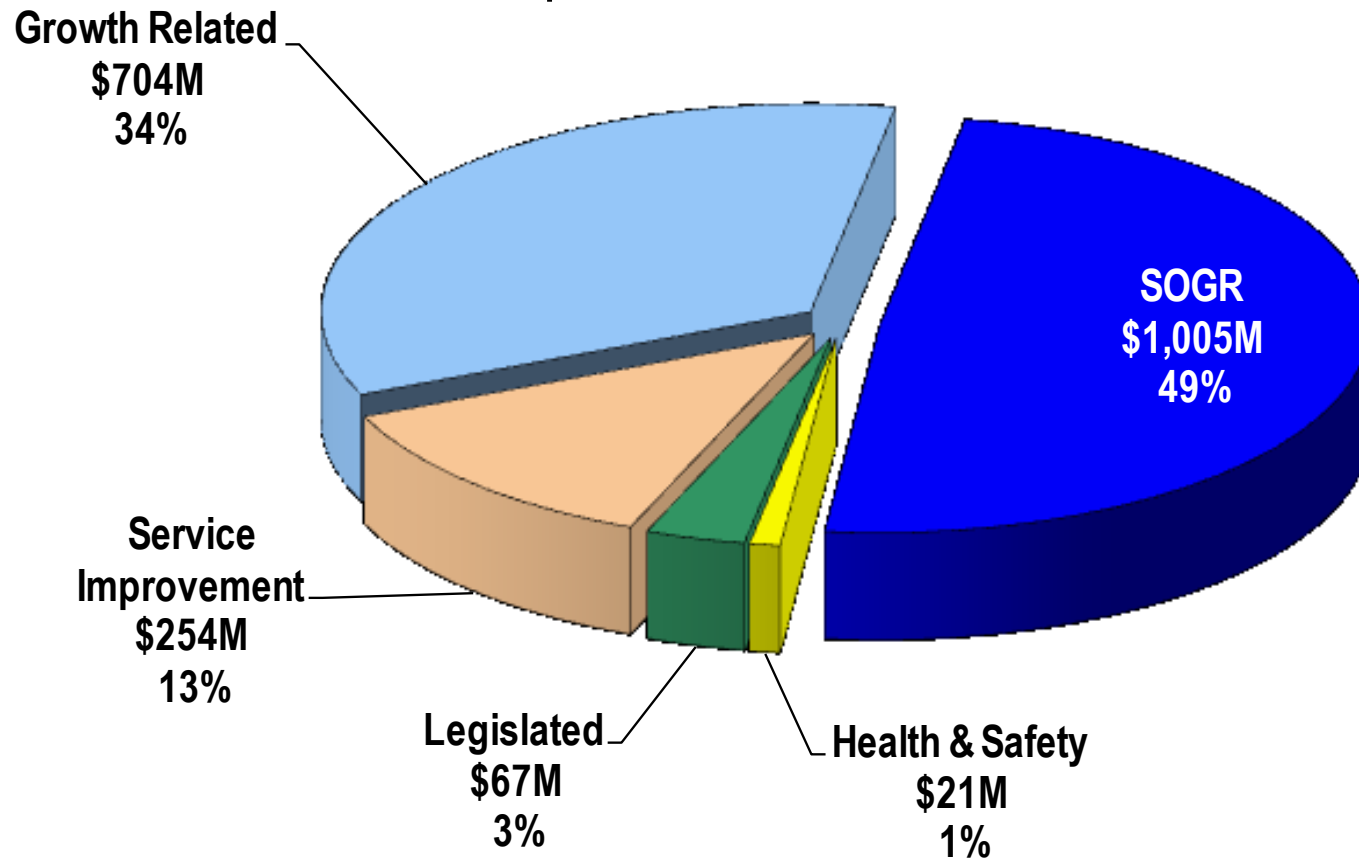
TTC Unfinanced Capital - Strategies

- Pursue Federal and Provincial funding for ridership growth and vehicle replacement
- TTC to prioritize and delay projects until funding is secured

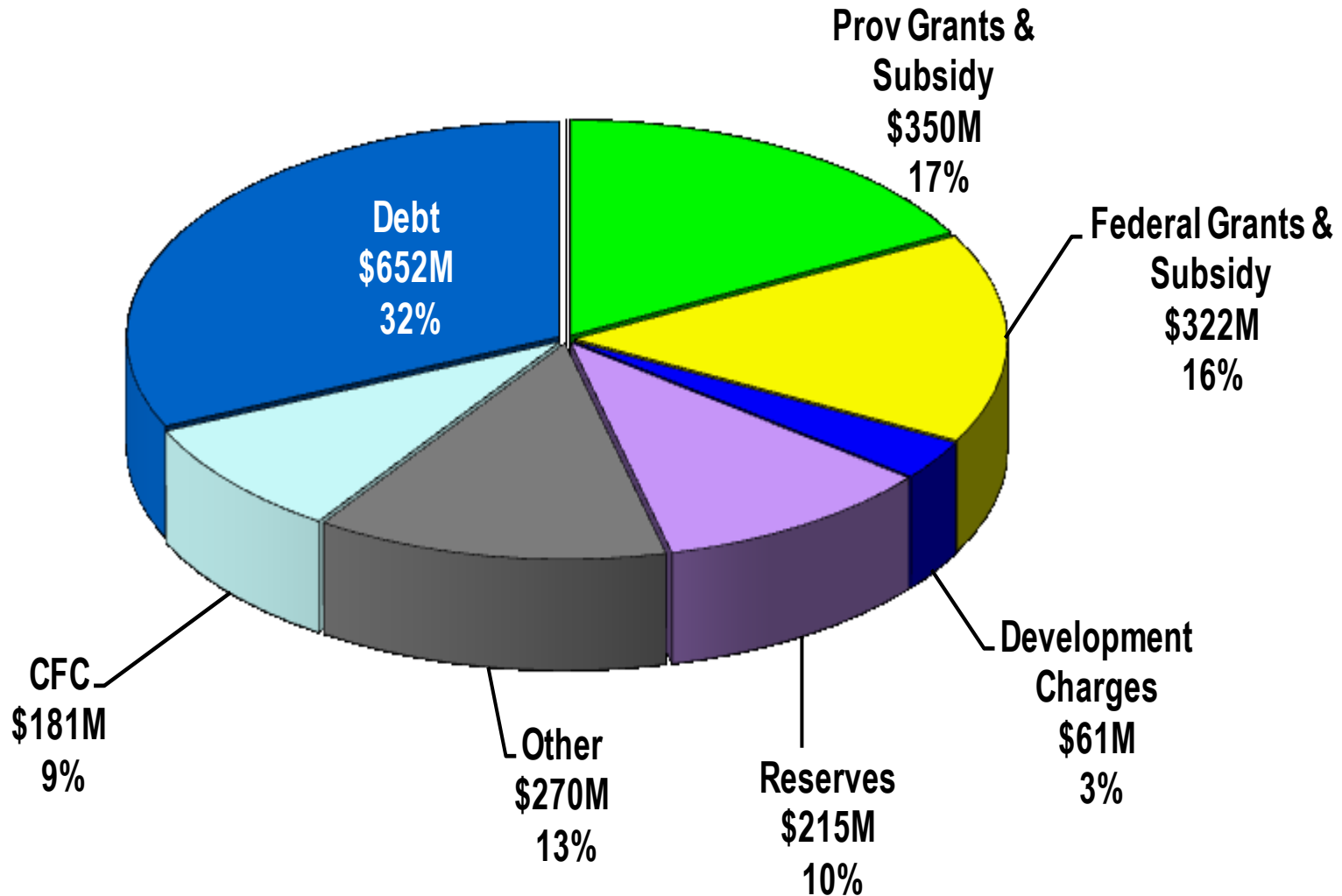
Where the Money Goes – 2011 Tax Supported Capital Budget - \$2.051 Billion

2011 Recommended Capital Budget - 49% Committed to State of Good Repair

\$2.051 Billion



2011 Capital Budget Financing - \$2.051 Billion



2011 Operating Budget

City Services at Work

🕒 Services provided 24/7

- Solid Waste Collection & Recycling
- Water and Wastewater 🕒
- Emergency Services
 - Police 🕒
 - Fire 🕒
 - EMS 🕒
- Transportation and Transit
 - TTC 🕒
 - Roads 🕒
 - Sidewalks
- Economic Development
- Libraries
- Parks and Recreation
- Court Services
- Arts, Culture and Heritage
- Bylaw Enforcement and Inspections
- Planning and Development
- Building Permits
- Licensing
- Tourism Promotion
- Social and Health Services
 - Social Assistance
 - Homes for the Aged 🕒
 - Child Care
 - Hostels 🕒
 - Social Housing 🕒
 - Public Health
 - Community Support

2011 Outlook

2011 Outlook

	Apr-10	Change	2011 Adjusted to Actual
One Time Funding	343		343
2011 Expenditure Change:			
Cost of Living and Progression Pay	107	17	124
Materials, Supplies & Services	25	33	58
Operating Impact of Completed Capital Projects	11	0	11
Capital Financing	46	(23)	23
Hydro Note - Interest and Revenue Change	30	(8)	22
Other Base Change	57	18	75
PVT Elimination	0	50	50
	276	87	363
Opening Pressure	619	87	706

Staff Rec'd 2011 Budget Balancing Strategy

	Apr-10	Change	2011 Adjusted to Actual
Opening Pressure	619	87	706
Surplus:			
2009		(78)	(78)
2010 Projection*		(268)	(268)
Total Surplus	0	(346)	(346)
ODSP/OW Upload	(84)	21	(63)
MLTT	(16)	(34)	(50)
Other Revenue	(16)	(129)	(145)
Total Revenue	(116)	(142)	(258)
Cost Reduction	0	(57)	(57)
Assessment Growth	0	(45)	(45)
	0	(102)	(102)
Total Balancing Strategies	(116)	(590)	(706)
Remaining Pressure	503	(503)	0

*2010 Surplus adjusted for \$14 million PVT refunds collected in 2010

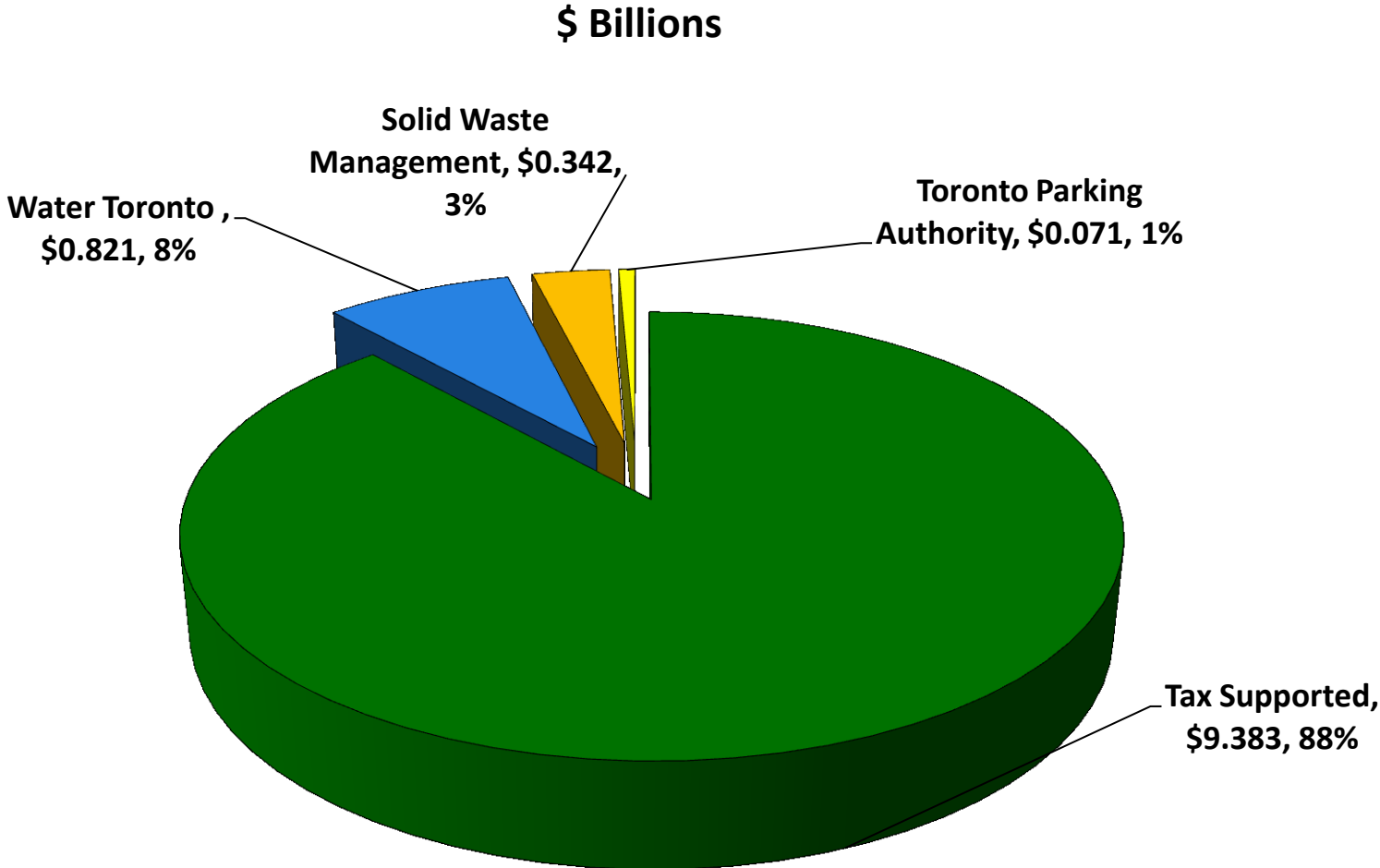
2010 Preliminary Operating Surplus

(Projection as at Dec. 14, 2010 – Subject to Revision and Audit)

	<u>\$ Millions</u>
Land Transfer Tax	90
TTC Ridership	59
Supplementary Tax	40
Investment Earnings	30
Debt Charges	26
Ontario Works	21
Hiring Slow-down	39
Winter Maintenance Costs	18
Solid Waste Rebate Program	11
Vacancy Rebate Program	(10)
Tax Deficiencies	(8)
Street and Expressway Lighting Services	(6)
Court Services	(5)
Emergency Medical Services	(4)
PVT Refunds	(14)
Other	(19)
Projected Y/E Operating Surplus	268

2011 Tax and Utility Rate Budget

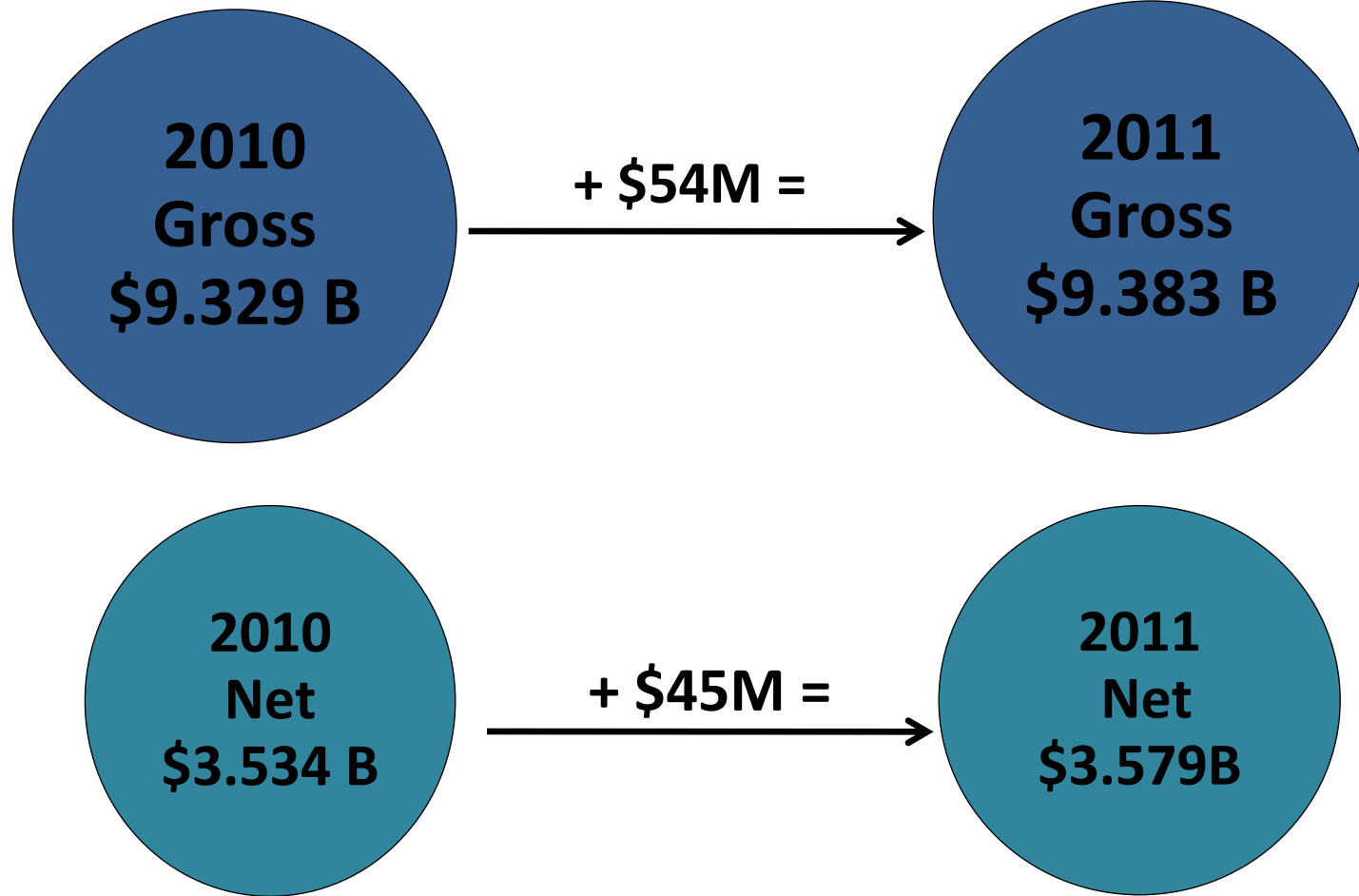
- Total \$10.617 Billions



2011 Operating Budget Overview

2011 Operating Budget

-- Minimal Increase Over 2010



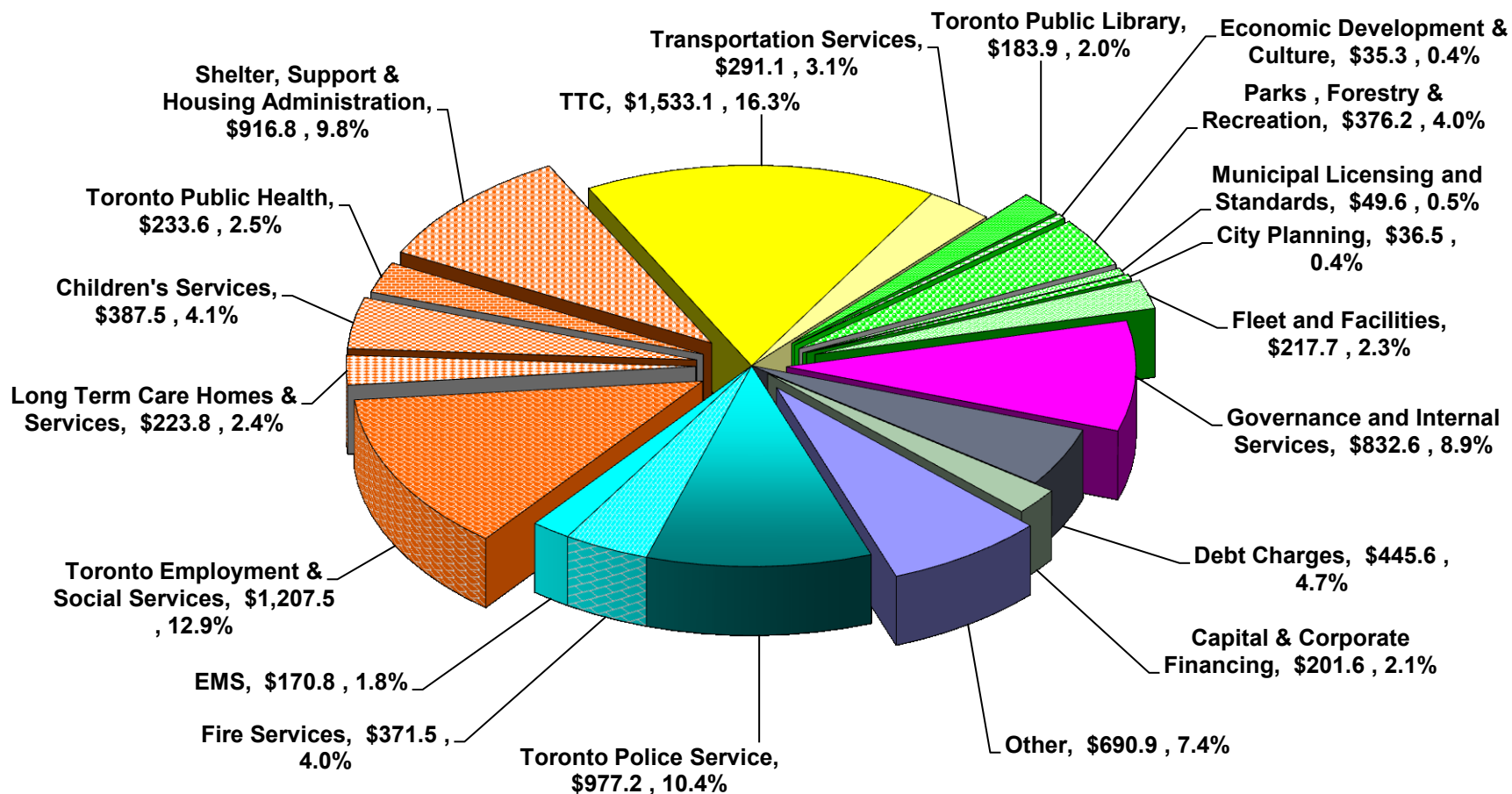
\$45M Net Increase - \$45M in Assessment Increase = \$0 Tax Increase

Where the Money Goes

- Expenditures of \$9.383 Billion

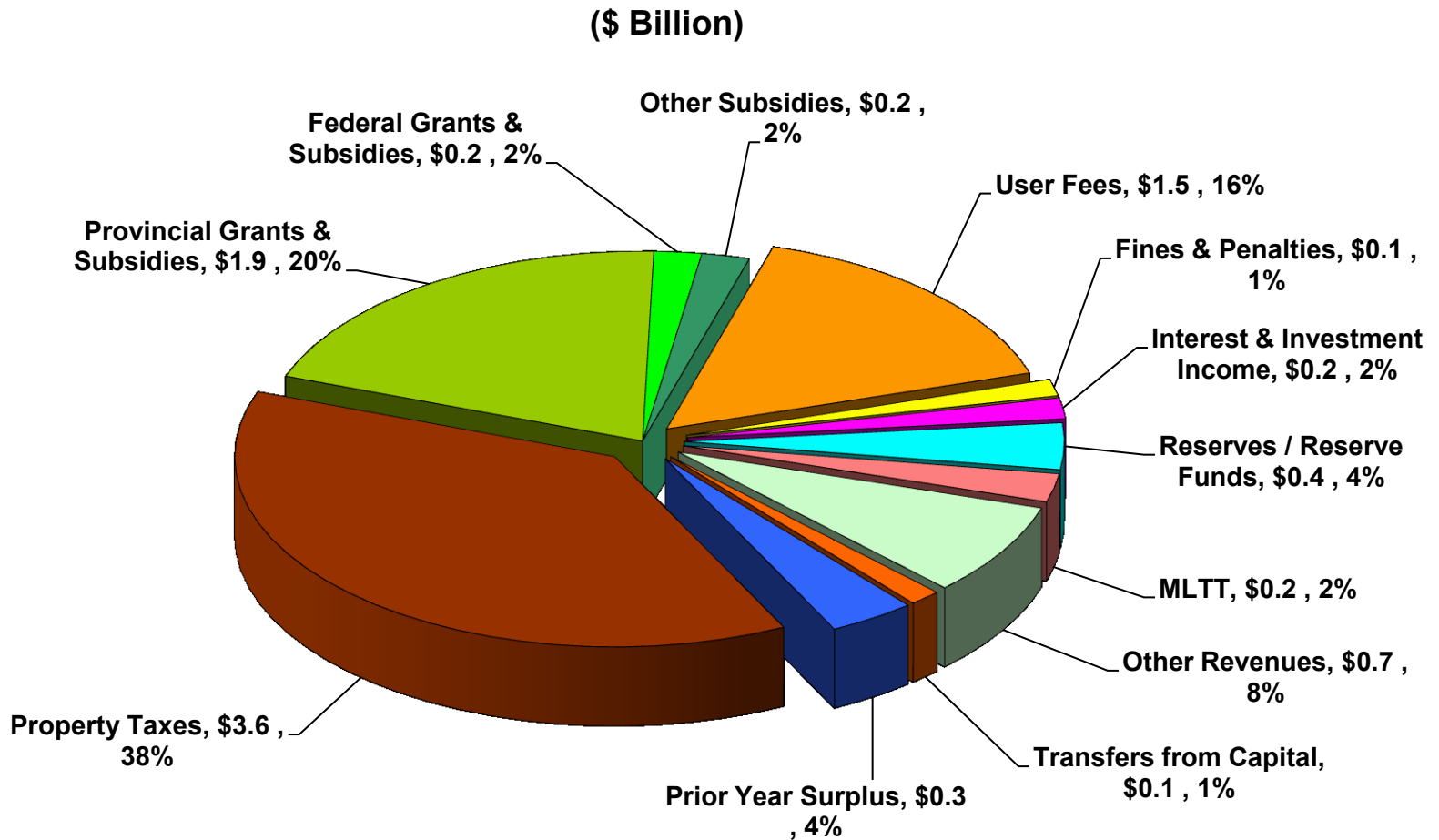
43

(\$ Million)



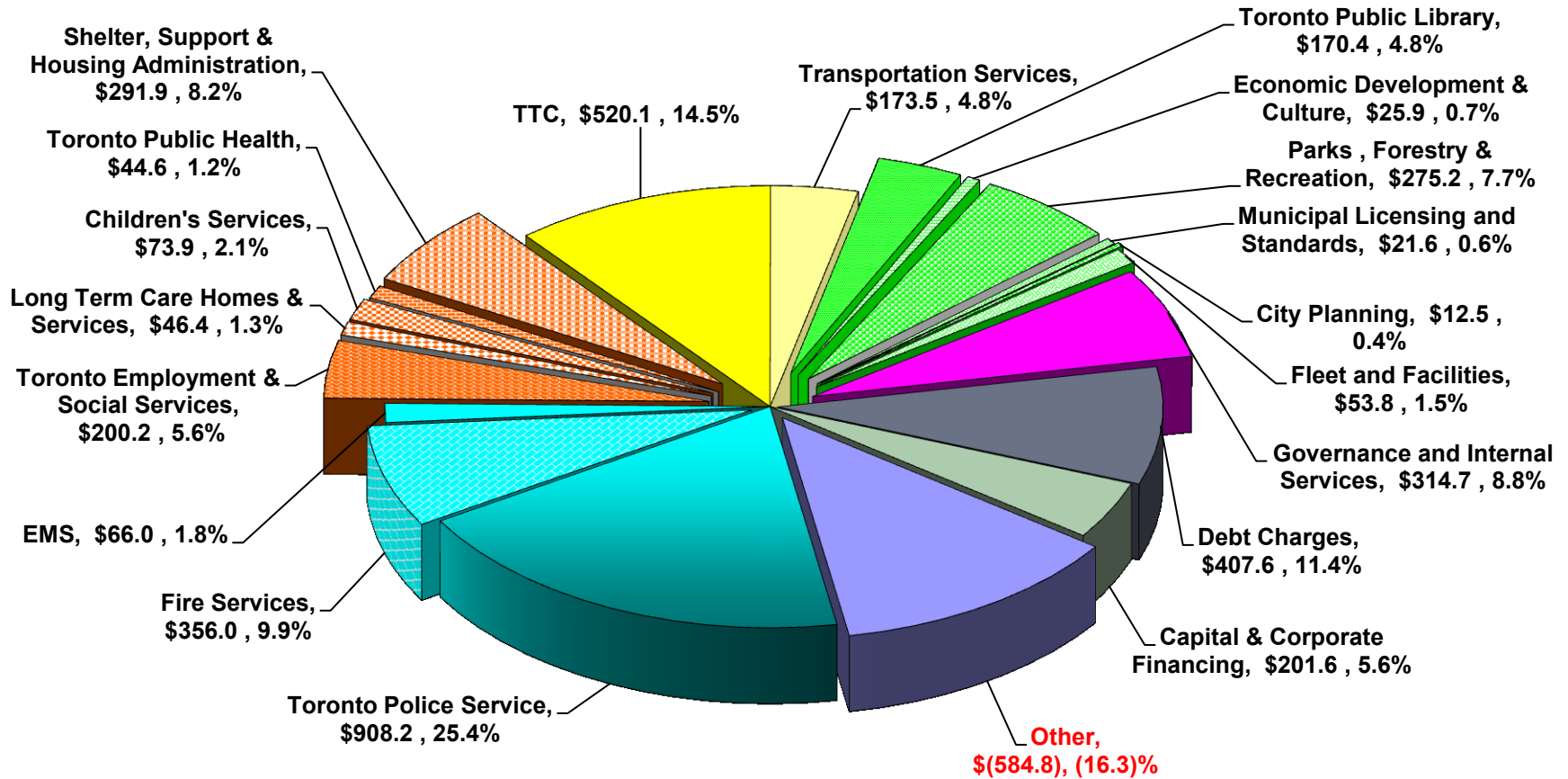
Where the Money Comes From

- Revenues of \$9.383 Billion



Where the \$3.579 Billion Property Taxes Go

(\$ Million)



2011 BC Tax Supported Program Operating Budget - By Cluster

(\$000s)	2010		2011		Change from 2010 Over (Under)			
	Approved Budget		Rec'd Budget		Gross		Net	
	Gross	Net	Gross	Net	\$	%	\$	%
Citizen Centred Services "A"	3,555,993	1,014,260	3,419,555	991,096	(136,438)	(3.8%)	(23,164)	(2.3%)
Citizen Centred Services "B"	901,843	588,637	900,218	578,577	(1,625)	(0.2%)	(10,060)	(1.7%)
Internal Services	398,887	156,755	398,801	155,184	(86)	(0.0%)	(1,571)	(1.0%)
City Manager	42,883	37,367	42,473	36,195	(410)	(1.0%)	(1,173)	(3.1%)
Other City Programs	122,363	78,850	111,466	70,597	(10,897)	(8.9%)	(8,253)	(10.5%)
Accountability Offices	6,748	6,748	6,811	6,811	62	0.9%	62	0.9%
Total City Operations	5,028,717	1,882,618	4,879,323	1,838,460	(149,393)	(3.0%)	(44,158)	(2.3%)
Agencies	3,003,754	1,640,641	3,117,994	1,669,370	114,240	3.8%	28,729	1.8%
Corporate Accounts:								
Community Partnership and Investment Program	49,585	46,714	47,277	47,197	(2,308)	(4.7%)	483	1.0%
Capital & Corporate Financing	615,455	585,037	647,231	609,209	31,776	5.2%	24,172	4.1%
Non-Program Expenditures	618,213	473,015	679,567	565,591	61,354	9.9%	92,576	19.6%
Non-Program Revenues	12,915	(1,093,548)	11,377	(1,150,380)	(1,537)	(11.9%)	(56,832)	(5.2%)
Net Operating Budget	9,328,638	3,534,477	9,382,769	3,579,447	54,132	0.6%	44,970	1.3%
Assessment Growth - 2011				(44,970)			(44,970)	n/a%
Net Operating Budget After Assessment Growth				3,534,477			0	n/a%

2011 Re-assessment Impacts And 2011 Tax Rates

Property Tax Basics

Municipal Property
Tax Levy **\$3.58 B**

+

Provincial
Education Property
Tax Levy **\$1.93 B**

=

Total Property
Tax Levy **\$5.51 B**

CVA
(Current Value Assessment)

X

Municipal Tax
Rate (**Council**)

=

Municipal Property
Tax

CVA
(Current Value Assessment)

X

Education Tax
Rate (**Province**)

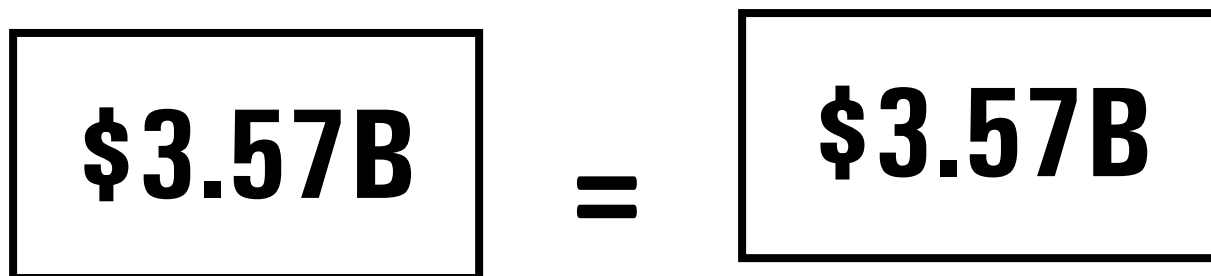
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Education Property
Tax

CVA = Market Value at a specific point in time – Determined by Municipal Property Assessment Corporation (**MPAC**)
2009, 2010, 2011, 2012

City-Wide Re-assessment is Revenue Neutral

Municipal Taxes



Before

After

Reassessment

Before	Average House	After
\$2,400	427,177	\$2,400

However, tax shifts will occur between properties within a Class, and possibly between property classes arising from tax ratio rules

2011 CVA Changes

<u>Property Tax Class</u>	<u>% CVA Change Jan 1/05 – Jan 1/08</u>	<u>% CVA Change for 2011 Taxation</u>
Residential	21.6%	4.9%
Multi-Residential	8.9%	2.3%
New Multi-Residential	10.0%	2.5%
Commercial	35.3%	7.6%
Industrial	42.0%	8.7%
Pipeline	11.8%	2.8%
Farmland	52.6%	10.4%
Managed Forest	45.8%	9.3%
Overall	23.2%	5.3%

Number of Properties Facing Tax Increases and Tax Decreases Under CVA Reassessment

(Excludes any Impacts arising from Tax Ratio Shifts and Education Levy Changes)

	Tax Decreases				Tax Increases			
	No. of Properties	% of Properties	Average Tax Impact (%)	Average Tax Impact (\$)	No. of Properties	% of Properties	Average Tax Impact (%)	Average Tax Impact (\$)
2009 Phased-In	365,803	57.4%	-2.2%	(\$61)	272,005	42.6%	+2.1%	+\$82
2010 Phased-In	378,437	58.2%	-1.8%	(\$51)	272,353	41.8%	+1.8%	+\$71
2011 Phased-In	373,279	56.2%	-1.7%	(\$47)	290,885	43.8%	+1.5%	+\$61
Estimated 2012 Phased-In	373,279	56.2%	-1.6%	(\$43)	290,885	43.8%	+1.3%	+\$55

Tax Shifts Between Classes (Inter-Class Shifts)

	2010 Final Rates	% CVA Change	2011 Notional Rates (before levy & policy changes)	CVA Shift (\$ millions)	
Residential	0.590%	4.9%	0.558%	-10.07	
Multi-Residential	1.955%	2.3%	1.852%	-17.43	(\$27.5)
<i>City Wide</i>		5.3%		0.0	
Commercial Residual (blended)	1.880%	7.9%	1.781%	13.54	
Commercial General	1.926%	7.2%	1.824%	10.55	
Industrial	1.990%	8.7%	1.885%	3.61	+\$27.5
Municipal Tax Levy	\$3.57 B		\$3.57 B		



- The further away from city-wide average of 5.3%, the bigger the impact
- Average Residential Inter-class CVA impact is decrease of \$15.16 per hh

Enhancing Toronto's Business Climate

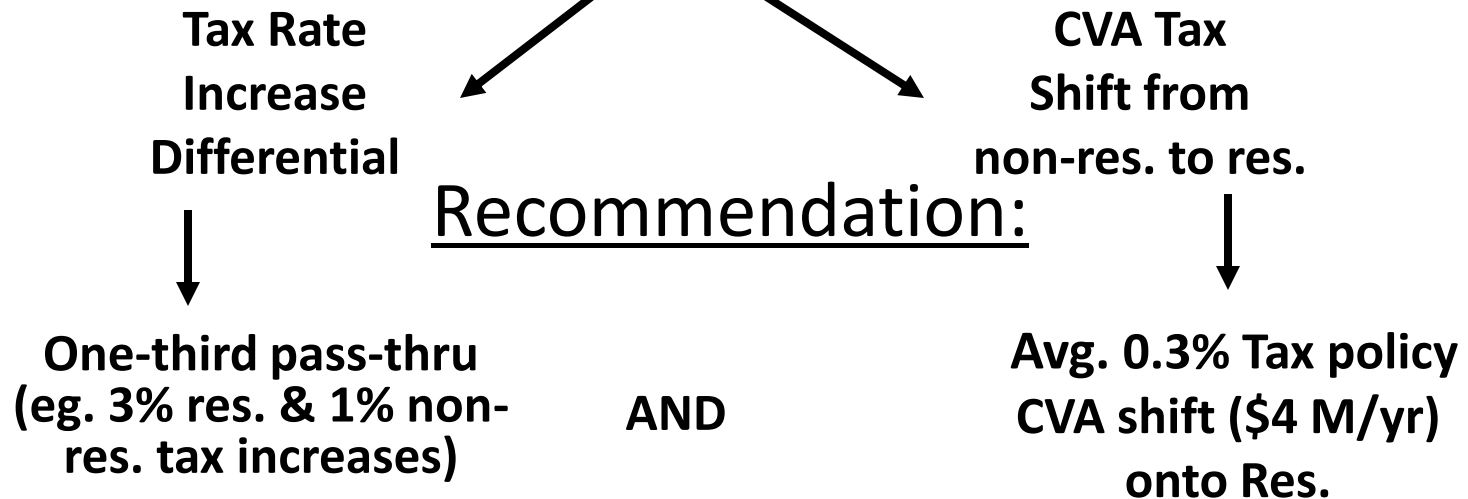
– Key Initiatives

- A phased plan for the reduction ratio of in business tax rates to residential rates from the then existing ratio of 3.8 to 4.3 times the residential rate, to 3.0 times by 2015 and 2.5 by 2020
- An accelerated reduction in small business tax ratios to 2.5 times by 2015
- Limiting business tax increases
- Eliminating property tax inequities caused by the capping/clawback system by accelerating properties to their fair full-CVA level of taxation
- From the Province, a reduction in Toronto's business education tax rates phased in by 2014

Addressing imbalance in tax ratios Approach

- Tax Ratio Target → 2.5x residential rate
- Time Frame → 15 years

How?



Enhancing Toronto's Business Climate

- Tax Ratio Reduction Initiative

				Rec'd	Projected		
	2006	2009	2010	2011	2012 (est.)	2015 Target	2020 Target
Residential	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Commercial	3.68	3.37	3.26 (vs. 3.38 target)	3.23 (vs. 3.31 target)	3.16	3.00	2.50
Industrial	4.09	3.55					
Multi-Residential	3.63	3.38	3.31 (vs. 3.38 target)	3.31 (vs. 3.31 target)			
Small Business	n/a	3.26	2.97 (vs. 3.15 target)	2.93 (vs. 3.02 target)	2.80	2.50	

Policy Adjustments to Achieve Ratio Targets per Enhancing Toronto's Bus. Climate

	2011 Max. Ending Ratios Approved in 2005	Required Policy Rate Adjustment	Policy Shift \$ m	2011 Actual Ending Ratios
Residential	1.000	0.00355%	\$10.07	1.000
Multi-Residential	3.316	0.01177%	\$3.43	3.316
Commercial Residual Band 1 (Small)	3.020	-0.08361%	(\$3.19)	3.020
Commercial Residual Band 2	3.316	0.03805%	(\$3.55)	3.237
Commercial General	3.316	-0.00578%	(\$2.19)	3.237
Industrial	3.316	-0.06605%	(\$4.67)	3.237
			\$0	

Summary of 2011 Municipal Tax impacts (% over 2010 taxes)

Tax Class	Average CVA Impact	Average Policy Impact	Average Levy Impact	Average Total Impact	NET
Residential	-0.63%	0.63%	0.00%	0.00%	0% Res.
Multi-residential (Apartment)	-3.08%	0.62%	0.00%	-2.46%	
Small Business Band 1	0.83%	-1.11%	0.00%	-0.28%	
Residual Commercial Band 2 (Blended)	2.26%	-1.12%	0.00%	1.13%	0% Non-Res.
Commercial General	1.55%	-0.32%	0.00%	1.23%	
Industrial	2.78%	-3.60%	0.00%	-0.82%	
City Average	0.00%	0.00%	0.00%	0.00%	

Business Tax Relief

Year	2006	2007	2008	2009	2010	2011	
	Council Enhancing Toronto's Business Climate policy for one-third of increase to non-residential						
			Council Policy Accelerated Small Business Tax Reduction				
Residential Tax Increase	3.00%	3.80%	3.39%	4.00%	2.90%	0.00%	
Business Tax Increase	1.00%	1.27%	1.13%	1.33%	0.97%	0.00%	Cumulative
Business Tax Relief (\$ M in forgone tax increase revenue)	\$ 36.7	\$ 47.0	\$ 42.5	\$ 51.1	\$ 37.6	\$ 0	\$ 215.0
Additional Small Business Relief			\$ 8.3	\$ 4.9	\$ 14.5	\$ 10.6	\$ 38.3
							\$ 253.3

2011 Municipal Tax Impacts

Tax Class	2010 CVA (Example)	2011 CVA (Example)	2010 Muni. Tax	2011 Final Municipal Tax	Net Municipal Change	
Residential	407,144 (average)	427,177 (average)	\$2,400	\$2,400	(\$0.00)	0.00%
Multi-Residential (Apartments)	97,713	100,000	\$1,911	\$1,864	(\$47)	-2.46%
Small Businesses Band 1	928,678	1,000,000	\$17,018	\$16,970	(\$48)	-0.28%
Residual Commercial Band 2 (Blended)	926,183	1,000,000	\$17,413	\$17,611	\$197	1.13%
Commercial General	932,575	1,000,000	\$17,965	\$18,187	\$222	1.23%
Industrial	921,489	1,000,000	\$18,338	\$18,187	(\$151)	-0.82%

2012 Outlook and Long Term Financial Plan Update

Toronto 2011 Economic Outlook

- Recovery from the 2009 recession is well underway:
 - The Infrastructure Stimulus spending benefited the construction sector, improved consumer spending and strengthened the job market
- 2011 economic forecasts for the Toronto region indicate:
 - GDP growth: 3.0% (3.5% in 2012)
 - Unemployment rate: 8.1% (7.1% in 2012)
 - Housing starts: 29,200 units (34,900 in 2012)
 - CPI: 2.3% (2.1% in 2012)
 - Interest rate: 10 year bonds 4.5% (5.0% 2012); 30 year 5% (5.5% 2012)
- TTC 2011 forecast ridership increase - 25 million riders
- Ontario Works 2011 average monthly caseload to decrease by 4,000 cases

2011 & 2012 Outlook Pressures

	\$ Million	
	2011 Adjusted to Actual	2012 Feb.
City One-Time Funding		
Prior Year Surplus	277	346
Reserve Draws	66	14
Total Unsustainable Balancing Strategies	343	360
Expenditure Increases		
Cost of Living and Progression Pay	124	138
Fringe Benefit Liabilities - Contribution Requirements	-	78
Inflation - Material Supplies and Services	58	50
Capital Financing	23	55
Contribution to Reserves - Liabilities	-	10
Hydro Note - Interest Change	22	-
Operating Impact of Capital	11	16
PVT Elimination	50	-
Other Base Change	75	67
Total Expenditure Increases	363	414
Outlook Pressure Before Revenue Increases	706	774

2011 and 2012 Outlook Pressures

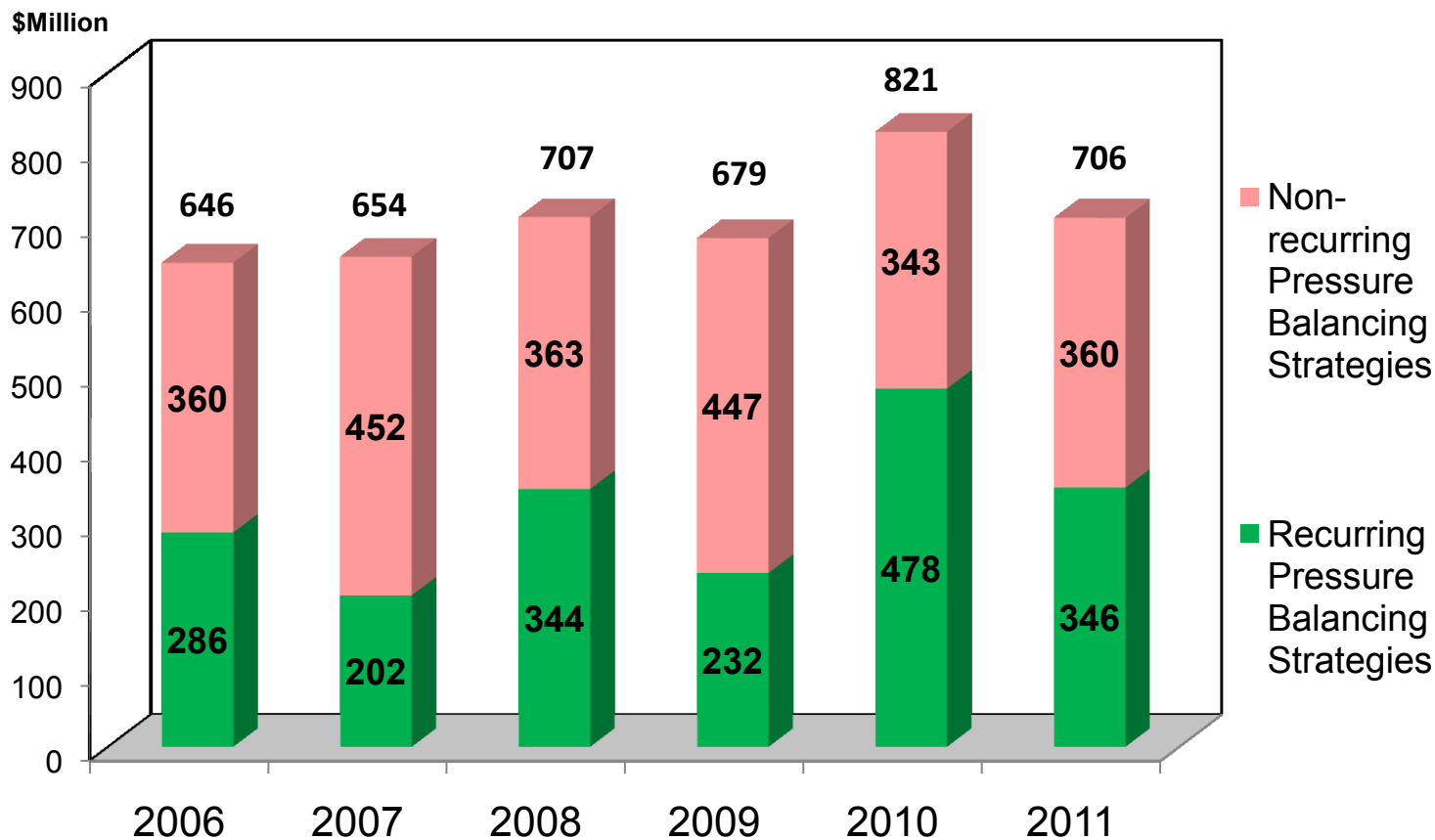
	\$ Million	
	2011 Adjusted to Actuals	2012 Feb.
Opening Pressure	706	774
Surplus	(346)	
Provincial Upload - ODSP/OW	(63)	-
MLTT	(50)	(25)
TTC fare increase	-	(30)
Other Revenue	(145)	(46)
Total Revenue	(258)	(101)
Cost Reduction	(57)	?
Assessment Growth	(45)	(30)
	(102)	(30)
Total Balancing Strategy	(706)	(131)
Remaining Pressure	0	643

2012 Outlook Pressure

	<u>\$Millions</u>	
2012 Outlook Remaining Pressure per above		643
Additional potential offsets:		
Prior year surplus (based on average)	(50)	
Hydro & Enwave dividends & Other	(15)	
Property tax increase at inflation	(47)	(113)
Remaining Pressure		<u>530</u>
Cost reduction		?
Excess surplus (2010 final + 2011)		?
Provincial Assistance for TTC Operating		?

2006 - 2011 Operating Budget

-- Mitigating Strategies



City's Long Term Financial Plan Vision



Financial Progress – 2005 Plan

Major Financial Issues

Identified in the Long Term Fiscal Plan 2005	Current Status (2011)	Score	Last Year
Well-managed (Expenditures): <ul style="list-style-type: none"> City has a higher cost structure for some services than other municipalities in GTA Demands for growth not adequately funded Variability in certain program expenditures from year to year, e.g. economic downturns 	Costs “restrained”		
	Growths in expenditure and revenue being balanced		
	Social Services & Court Security upload. Restoration of full 50% funding on Ontario Works administration costs		
Affordable (Revenues): <ul style="list-style-type: none"> Business taxes not competitive Inadequate revenue sources to fund responsibilities Improper funding of Provincial cost-shared programs 	Improving business competitiveness		
	Revenues diversified		
	User Fees enhanced		
	Provincial 50% TTC Operating Funding		
	Share of HST		
Sustainable (Assets & Liabilities): <ul style="list-style-type: none"> Investment in ageing infrastructure lagging Employee benefits and other liabilities not adequately funded 	<ul style="list-style-type: none"> 10 year capital plan More than 60% to be spent on State of Good Repair 		
	Debt increase mitigated		
	Sick Pay liability partially capped, but some liabilities still growing		

Legend:

	Improving or compares favourably		No progress
	Stabilizing or working in progress		

Current Financial Position

Strengths	Areas of Concern
1. City has very high credit rating (AA+, one level below maximum AAA)	
<ul style="list-style-type: none"> • Modest level of debt 	<ul style="list-style-type: none"> • Current level of debt insufficient to fund TTC growing capital program
<ul style="list-style-type: none"> • High reserve levels for capital 	<ul style="list-style-type: none"> • No/low reserves for financial resilience, e.g. stabilization reserves
<ul style="list-style-type: none"> • Strong and balanced economy <ul style="list-style-type: none"> ○ Financial services ○ Knowledge industries, e.g. I&T ○ Culture 	<ul style="list-style-type: none"> • Unemployment rate has not returned to pre-recessionary level • Industrial assessment and jobs declining
<ul style="list-style-type: none"> • Stable political environment 	<ul style="list-style-type: none"> • Imminent Provincial and Federal elections
<ul style="list-style-type: none"> • Well established financial planning/management 	<ul style="list-style-type: none"> • Future enhancements being implemented
2. Residential property tax rates among lowest in Province	Business property tax rates higher than 905 and most other large North American cities
3. Revenue base more diversified than average	<ul style="list-style-type: none"> • Recent loss of Personal Vehicle Tax • User fee cost recovery levels need review

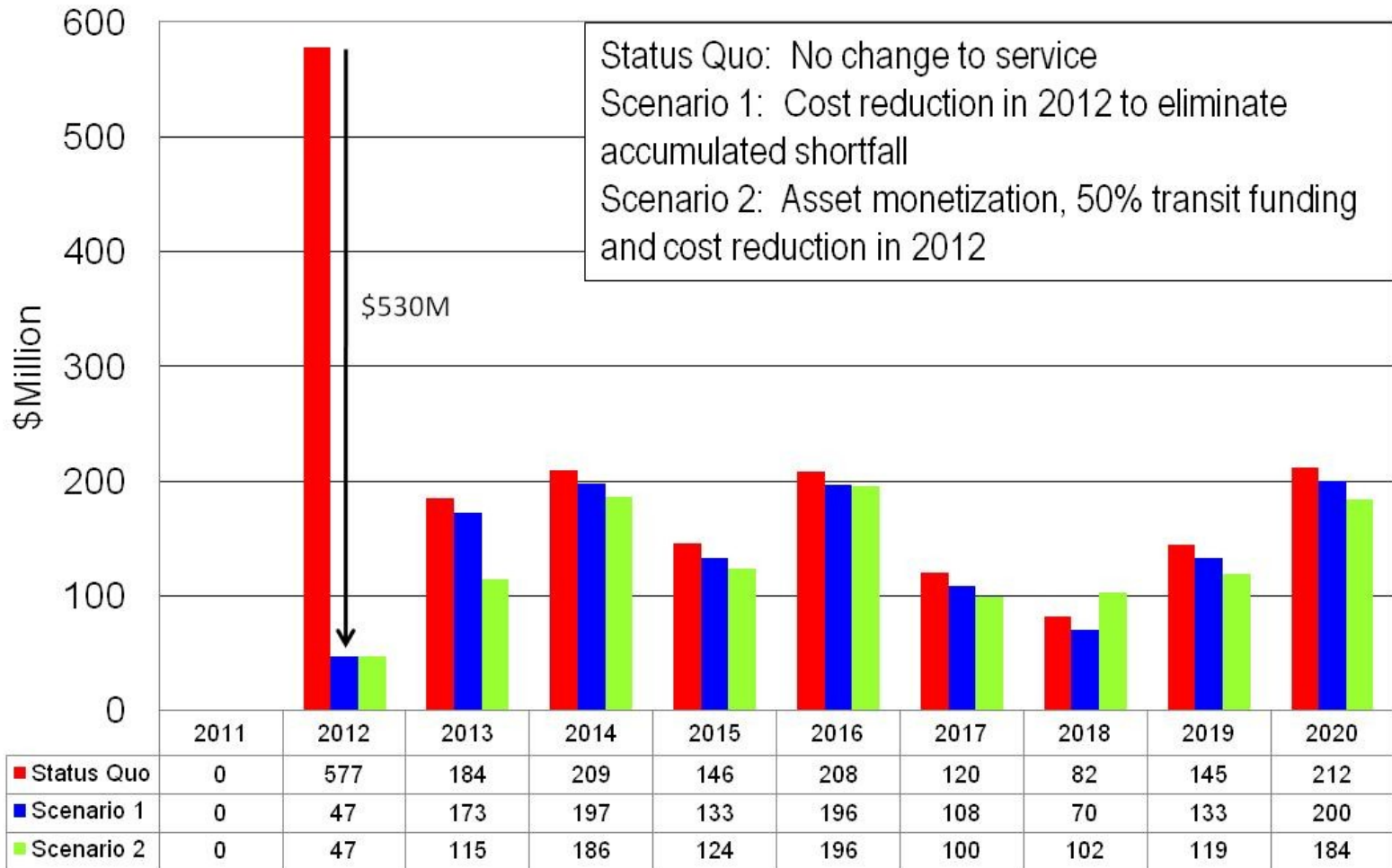
Balance between Expenditure and Revenue Growth

	Average Annual Operating Pressures (\$M)		
	Steady State *	Impact Above & Beyond	Projected
Operating Pressures:			
Salaries and Benefits	101	39	140
Non Salary Costs	64	0	64
Capital Financing, Asset & Liability Funding	8	51	59
Annualization & Other Base Changes	-	29	29
Phase-out of One-time Revenue Offsets	-	92	92
Total pressures	173	211	384
Offsets:			
Property Tax Increase	(71)		(71)
Cost of Business Tax Relief	-	26	26
Net Property Tax Increase	(71)	26	(45)
Assessment Growth	(32)		(32)
User Fee Increase	(38)		(38)
Municipal Land Transfer Tax & Sign Tax	(17)	(7)	(24)
Investment & Dividend Income & Other	(15)	(7)	(22)
Provincial Upload	-	(21)	(21)
One-time Revenue Offsets	-	(57)	(57)
Total Offsets	(173)	(66)	(239)
Net Annual Average Operating Pressures	0	145	145

Financial Forecasts

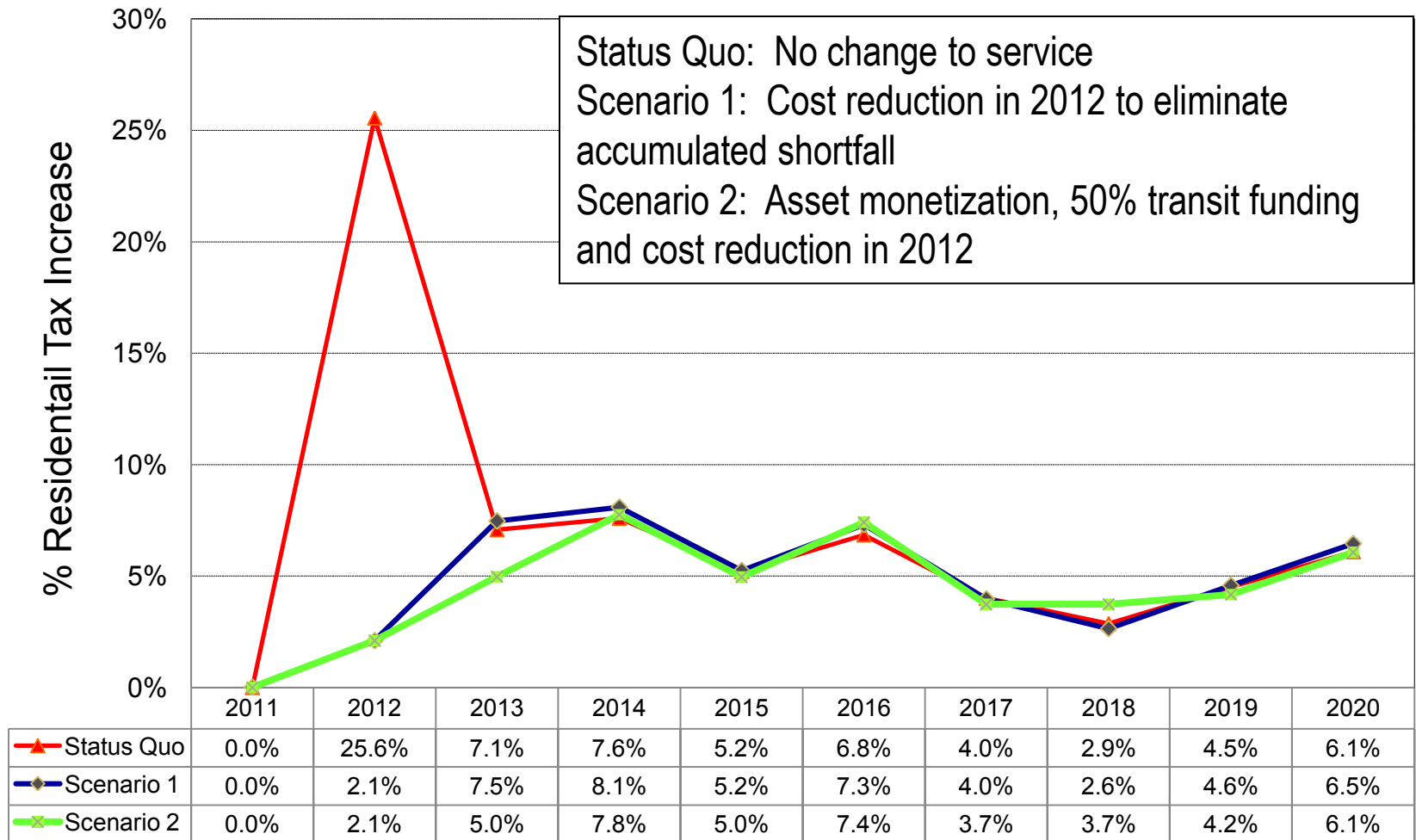
- 10 year forecasts prepared to show impacts on property tax from possible cost increases, impacts of capital and revenues
- 3 scenarios:
 - Status quo – no service expansions or reductions
 - Scenario 1 – \$530m Cost Reduction in 2012 required to keep tax increase at inflation
 - Scenario 2:
 - Asset Monetization over 2 years applied to debt reduction
 - Sustainable provincial funding (50% transit operating funding & maintaining the Federal subsidy for social housing)
 - Cost reduction in 2012 to keep tax increase at inflation

Remaining Annual Operating Pressures



Property Tax Scenarios

if all remaining pressures funded by property taxes



Action Plan

- Short-Term: City Initiatives:
 - Service level review (Divisions & ABCs)
 - Detailed service efficiency review (Divisions & ABCs)
 - Comprehensive user fee policy
 - Procurement Policy & Practice review
 - Asset Monetization review
- Medium/Long-Term: Funding relationship with other orders of Government
 - 50% TTC operating funding
 - Social Housing upload/ National Housing Strategy
 - Sharing of HST

