



City Budget 2012

Legal Services Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pays the day-to-day operating costs for City services.

2012 Operating Budget

2012 OPERATING BUDGET ANALYST BRIEFING NOTES BUDGET COMMITTEE NOVEMBER 28, 2011

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PART I: RECOMMENDATIONS

2012 Recommended Operating Budget (In \$000s)

(In \$000s)	2011		2012 Recommended Operating Budget			Change - 2012 Recommended Operating Budget v. 2011 Appvd. Budget		FY Incremental Outlook	
	2011 Appvd. Budget	2011 Projected Actual	2012 Rec. Base	2012 Rec. New/Enhanced	2012 Rec. Budget			2013	2014
	\$	\$	\$	\$	\$			\$	\$
GROSS EXP.	41,441.6	40,055.4	41,486.9	184.2	41,671.1	229.5	0.6	464.1	229.2
REVENUE	21,888.0	20,703.5	23,033.4	184.2	23,217.6	1,329.6	6.1	61.4	0.0
NET EXP.	19,553.6	19,351.9	18,453.5	0.0	18,453.5	(1,100.1)	(5.6)	402.7	229.2
Approved Positions	287.0	287.0	283.0	2.0	285.0	(2.0)	(0.7)	0.0	0.0

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 10% Reduction vs. 2012 Rec'd Reduction	Target %
2012 Reductions	(1,922.3)	(1,940.1)	17.8	10.1%

Recommendations

The City Manager and Chief Financial Officer recommend that:

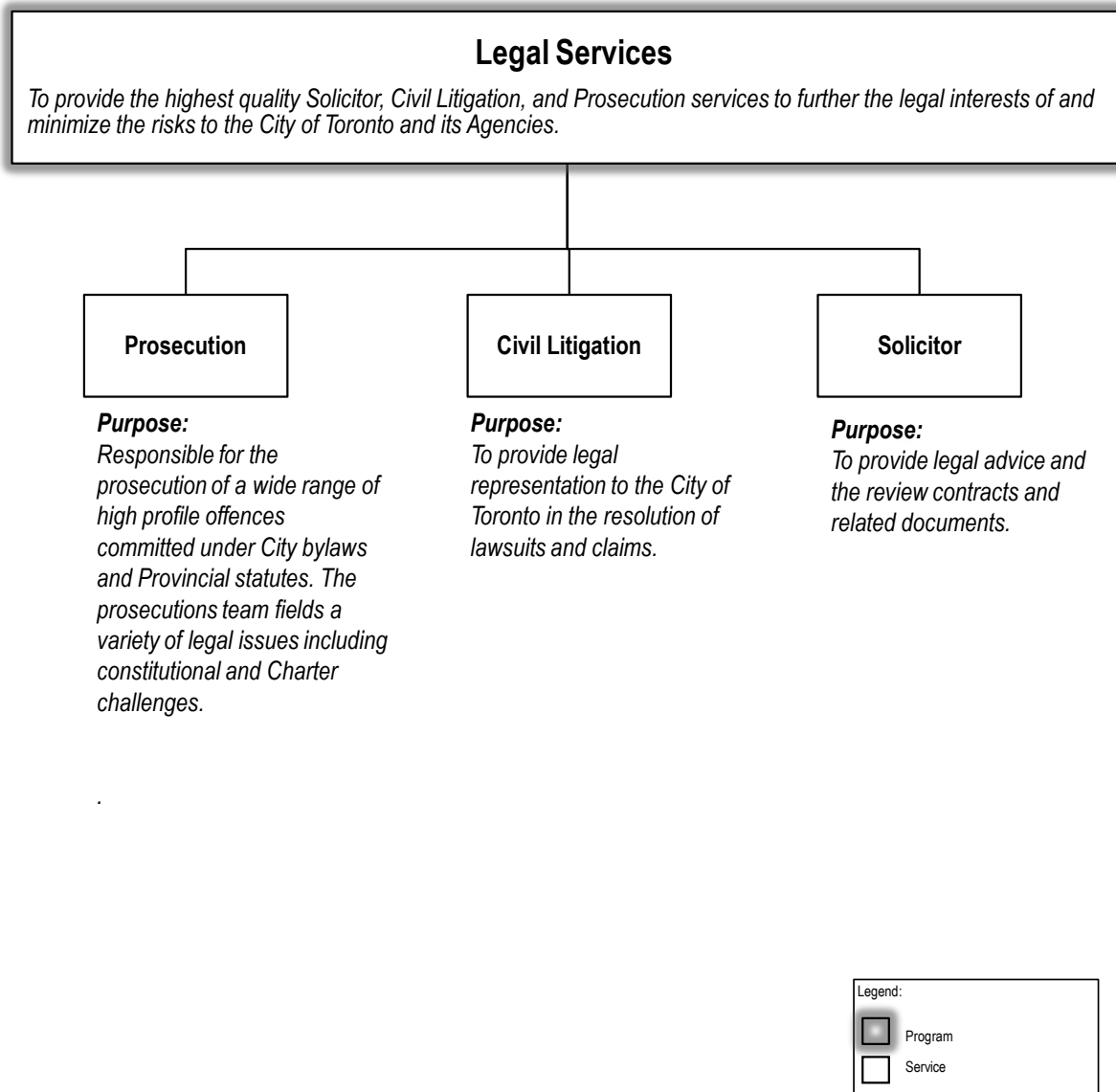
1. City Council approve the 2012 Recommended Operating Budget for Legal Services of \$41.671 million gross and \$18.454 million net, comprised of the following services:

<u>Service(s)</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Municipal	6,429.9	3,051.5
Litigation	7,019.3	2,452.6
Administration	2,324.0	2,008.5
Planning & Tribunal	4,857.4	3,226.0
Real Estate	5,837.5	3,800.6
Employment	2,713.9	2,659.9
Prosecutions	12,489.1	1,254.4
Total Program Budget	41,671.1	18,453.5

2. Two new temporary Solicitor positions totalling \$0.184 million be approved for the Transit Expansion project, subject to confirmation of funding from Metrolinx.

PART II: 2012 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles



Service Customer

Prosecution

- Mayor and City Council
- City Divisions
- Agencies
- Municipal Bylaw offender
- Provincial Statute offender

Civil Litigation

- Mayor and City Council
- City Divisions
- Agencies

Solicitor

- Mayor and City Council
- City Divisions
- Agencies

2012 Recommended Service Levels

The Legal Services Division provides the highest quality of legal services to the City by providing independent legal advice, participating in interdisciplinary committees and providing strategic legal counsel to support City initiatives. The following chart reflects Legal Services' 2012 Proposed Services:

Service Types

Service	Type
Solicitor	Legal advice/opinion/risk mitigation/advocacy
	Negotiate/draft/contracts/agreements
	Draft/review by-laws
	Review/prepare reports
	Negotiate/complete land transactions
	Title searches
	Conveyancing registrations
	Collective Bargaining
	Client education
Civil Litigation	Represent City in Court
	Represent City at Administrative Tribunals
	Represent City at Arbitrations
	Legal advice/opinion/risk mitigation/advocacy
	Client education
Prosecution	Prosecute Traditional Municipal Charges
	Prosecute Provincial Offences Act charges
	Prosecute parking ticket charges
	Represent City in POA Appeal Court
	Represent City in Superior Court on property standards appeals
	Client education

2012 Service Deliverables

The 2012 Operating Budget of \$18.454 million net will provide funding to:

Prosecutions

- Prosecute a wide range of City by-law and Provincial statute violations, provides City Inspector training and negotiates agreements relating to provincial offences.

Solicitor Services

- Provide strategic and legal advice in the following practice areas:
 - Municipal Law: provides expert legal advice and opinions related to issues within City operations and corporate initiatives including contract negotiations and drafting.
 - Planning and Tribunal Law: provides advice to City Council and staff on the use and development of land and policy related matters.
 - Real Estate Law: provides assistance and advice on a wide-range of diverse and sophisticated real estate transactions relating to the City's property interests.
 - Employment Law: provides assistance and legal advice to the City and its Agencies, Boards and Commissions relating to Employment law and issues arising from collective agreements between the City and its unions.

Civil Litigation

- Represent and defend the City of Toronto at all levels of courts and tribunals which include the Ontario Municipal Board, the Alcohol and Gaming Commission, the Labour Relations Board, the Human Rights Tribunal and the Workplace Safety and the Insurance Appeals Tribunal.

PART III: RECOMMENDED BASE BUDGET

2012 Recommended Base Budget (In \$000s)

(In \$000s)	2011 Appvd. Budget	2012 Recommended Base	Change 2012 Recommended Base v. 2011 Appvd. Budget		FY Incremental Outlook	
	\$	\$	\$	%	2013 \$	2014 \$
GROSS EXP.	41,441.6	41,486.9	45.3	0.1	402.7	229.2
REVENUE	21,888.0	23,033.4	1,145.4	5.2	0.0	0.0
NET EXP.	19,553.6	18,453.5	(1,100.1)	(5.6)	402.7	229.2
Approved Positions	287.0	283.0	(4.0)	(1.4)	0.0	0.0

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 1Rec'd Reduction vs. 2012 10% Reduction Target	Target %
2012 Reductions	(1,922.3)	(1,940.1)	17.8	10.1%

2012 Recommended Base Budget

- The 2012 Recommended Base Budget of \$41.487 million gross and \$18.454 million net represents a \$1.100 million or 5.6% decrease from the 2011 Approved Operating Budget of \$19.554 million net.
- The 2012 Recommended Base Budget of \$18.545 million net includes Program budget reductions of \$1.940 million net or 10.1% of the 2011 Approved Net Operating Budget. This is \$0.018 million or 0.1% in Program reductions greater than Legal Services' 2012 reduction target of \$1.922 million net.
- Service changes of \$1.940 million include base budget savings of \$0.777 million net, savings from efficiencies of \$0.220 million, revenue changes of \$0.731 million net and minor service changes of \$0.211 million.
- The 2012 Recommended Operating Budget for Legal Services reflects the deletion of 4 permanent positions which consists of 3 filled positions and 1 vacant position. The total staff complement will decrease from 287 to 283 positions as noted below:

2012 Recommended Staff Complement – Base Budget Summary

Changes	Staff Complement
2011 Approved Positions	287.0
- 2011 In-year Adjustments	
2011 Approved Staff Complement	287.0
2012 Recommended Staff Complement Changes	
- 2012 Temporary Positions - Capital Project Delivery	
- 2012 Operating Impacts of completed Capital Projects	
- 2012 Service Changes	(4.0)
Total Recommended Positions	283.0

2012 Recommended Service Change Summary
(In \$000s)

Description	2012 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% of 2012 Budget Reduction Target	2013		2014	
	#	\$	\$	%	\$	# Pos.	\$	# Pos.
Base Changes:								
Base Expenditure Changes								
Realign Staff Salaries to Reflect Actual Costs		(449.2)	(449.2)	2.3%				
Reduce chargeback on photocopying costs		(7.0)	(7.0)	0.0%				
Increase Gapping from 5.04% to 5.91%		(321.2)	(321.2)	1.7%				
Base Expenditure Changes		(777.4)	(777.4)	4.0%				
Base Revenue Changes								
Base Revenue Changes								
Sub-Total Base Budget Changes		(777.4)	(777.4)	(0.0)				
Service Efficiencies								
Delete 2 positions	(2.0)	(152.9)	(152.9)	0.8%				
Delete One Legal Assistant 2 Position	(1.0)	(67.3)	(67.3)	0.4%				
Sub-Total Service Efficiencies	(3.0)	(220.2)	(220.2)	1.1%				
Revenue Adjustments:								
Increase Insurance Claims Recovery			(210.3)	1.1%				
Increase Recovery - City Planning			(139.3)	0.7%				
Increase Recovery from Buildings			(5.0)	0.0%				
Public Health Recovery			(2.0)	0.0%				
Increase Recovery to reflect staff dockets			(209.3)	1.1%				
Increase Fees and Service Charges			(165.4)	0.9%				
Sub-Total Revenue Adjustments			(731.3)	3.8%				
Minor Service Impact:								
Reduction of One Solicitor Position and Funding for OMB Hearings of Appeals for Committee of Adjustment Decisions	(1.0)	(211.2)	(211.2)	1.1%				
Sub-Total Minor Service Impacts	(1.0)	(211.2)	(211.2)	(0.0)				
Major Service Impact:								
Sub-Total Major Service Impacts	-	-	-	0.0%				
Total Service Changes	(4.0)	(1,208.8)	(1,940.1)	10.1%				

2012 Recommended Service Changes

- The 2012 Recommended service changes consist of base budget changes of \$0.777 million, service efficiency savings of \$0.220 million, revenue changes of \$0.731 million and minor service changes of \$0.211 million that total \$1.940 million net. These changes will have a minimal impact on 2011 approved service levels provided by Legal Services.

Base Expenditure Changes (*savings of \$0.777 million net*)*Realign Staff Salaries*

- An analysis of budgeted salaries compared to actual costs has resulted in identified savings of \$0.449 million. As senior staff leave the organization, Legal Services is hiring either 1) more junior level staff and/or 2) starting salaries that are at the lower end of the wage rate scale.

Reduce Chargeback for Photocopying Costs

- A reduction of \$0.007 million in photocopying material will be made to align costs with actual expenditures.

Increase Gapping

- The gapping provision will be increased by \$0.321 million resulting in a gapping rate increase of 5.04% to 5.91%.

Service Efficiencies (*savings \$0.153 million net*)*The Deletion of Two Positions*

- The reduction of 2 permanent filled positions within the Administration and Real Estate Units will result in savings of \$0.153 million, effective January 1, 2012. Savings will be achieved through attrition. The positions include the reduction of one payroll program assistant within Administration and one law clerk in Real estate. The work will be reassigned to other staff and may result in heavier workloads for remaining staff.

The Deletion of One Position (Legal Assistant 2 in Municipal Law)

- The reduction of 1 vacant Legal Assistant position is recommended resulting in savings of \$0.067 million. The incumbent in this position retired July 2011. The reduction will result in less administrative support to the Lawyers within the Municipal Law unit.

Revenue Adjustments (*savings \$0.731 million net*)

- The following recovery adjustments are recommended as result of a Legal Services' detailed review of its actual work effort in various areas.

Increase in Insurance Claims Recoveries

- Recoveries will be increased \$0.210 million to reflect the increase in insurance claims work that will be administered in 2012.

Increase Recovery from City Planning

- Recoveries will be increased by \$0.139 million for the cost of one Solicitor position that will be designated to assist the City Planning Division with the review and implementation of the new Zoning By-law.

Increase in Revenue from Buildings

- Increased disbursement costs of \$0.005 million for Toronto Building will be recovered in 2012.

Increase in Revenue from Public Health

- Recoveries will be increased by \$0.002 million to recover increased disbursement costs to Toronto Public Health.

Increase in Recoveries to Reflect Staff Dockets

- Recoveries from the TTC will be increased by \$0.209 million to reflect additional work that is required for the Spadina Subway Expansion project.

Increase in Fees and Service Charges

- An increase in revenue of \$0.165 million will be made to account for costs related to the increase in real estate work required for completing conveyancing registrations and title searches.

Minor Service Impacts (savings \$0.278 million net)*Delete Funding for OMB Hearings of Appeals for Committee of Adjustment Decisions*

- The 2012 Recommended Operating Budget for Legal Services includes a minor service change which would limit Legal Services' attendance at Ontario Municipal Board Hearings for Appeals of Committee of Adjustment decisions to appeals where Planning Staff support the position being recommended to City Council and that the decision of the Board could undermine the City's Official Plan. This issue is described in the Issues Section of these notes, page 15.
- This proposal results in the deletion of one solicitor position in the amount of \$0.135 million and a reduction of \$0.067 million by eliminating the funding required to obtain expert planning witnesses.

2013 and 2014 Outlook:

- Approval of the 2012 Recommended Base Budget for Legal Services will result in incremental costs of \$0.403 million and \$0.229 million in 2013 and 2014 respectively to maintain the 2012 level of service. Future year costs are primarily attributable to the following:
 - For 2013, the incremental expenditures are projected to be \$0.403 million. The 2013 Outlook includes increases such as a .9% OMERS rate increase of \$0.288 million, progression pay and step increases of \$0.229 million and the reduction of one extra day of \$0.114 million.
 - The 2014 projected increase of \$0.229 million includes progression pay and step increases of \$0.229 million.
- These outlooks do not include any provisions for COLA, which is subject to future negotiations.

PART IV: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS

2012 Recommended New/Enhanced Service Priority Actions
(In \$000s)

Description	2012 Recommended			Net Incremental Impact			
	Gross Exp.	Net Exp.	New Position	2013		2014	
	\$	\$	#	\$	# Pos	\$	# Pos
Enhanced Services:							
Transit Expansion Plan	184.2		2.0				
Sub-Total Enhanced Services	184.2		2.0				
New Services:							
Sub-Total New Services							
Total Enhanced/New Services	184.2		2.0				

2012 Recommended New/Enhanced Service Priority Actions

Enhanced Service Priority Actions

Transit Expansion Project

- It is recommended that two temporary Solicitor positions, with a 2013 gross impact of \$0.061 million and \$0 million net, be added to Legal Services' complement effective May 1, 2012, to assist with the work on the Transit Expansion Plan at a cost of \$0.184 million gross in 2012 and an incremental increase of \$0.061 million in 2013 that will be fully funded by Metrolinx through the TTC.
- The new Solicitors will assist with the acquisition of lands and respond to development agreements for the Transit Expansion Plan.
- It is recommended that these two temporary positions be approved subject to funding confirmation by Metrolinx.

Part V: ISSUES FOR DISCUSSION

2012 and Future Year Issues

2012 Issues

Attending Ontario Municipal Board (OMB) Hearings of Appeals of Committee of Adjustment Decisions

A report entitled 'The Legal Services Attendance at Ontario Municipal Board Hearings of Appeals of Committee of Adjustment Decisions' was considered by the Planning and Growth Management Committee at its meeting of October 6, 2011. The Planning and Growth Management Committee deferred consideration of the matter until such time as the Committee considers the establishment of a local appeals body.

The Committee of Adjustments decides on approximately 3,000 variances and consent applications annually, of which approximately 10% of the Committee's decisions are appealed. An appeal is heard at the Ontario Municipal Board. There is no standing direction for Legal Services to attend OMB hearings respecting Committee of Adjustment decisions. However, generally, when an appeal is moving forward, the ward Councillor moves to have Legal Services staff attend in support of the refusal. It is estimated that Legal Services staff spent 74.5 days to prepare for and attend OMB hearings on Committee of Adjustment Appeals in 2011. In addition, approximately \$0.120 million has been spent on outside independent land use planning consultants in 2011.

The report provides two alternative policy recommendations which include:

- 1) The City Solicitor will not be directed to attend Ontario Municipal Board hearings of appeals of decisions of the Committee of Adjustment unless the Chief Planner and Executive Director of City Planning advises that there is both Planning staff support for the position being recommended to City Council and that the decision of the Board could undermine the City's Official Plan; or
- 2) The City Solicitor will not be directed to attend Ontario Municipal Board hearings of appeals of decisions of the Committee of Adjustment unless the Chief Planner and Executive Director of City Planning advises that there is Planning staff support for the position being recommended to City Council.

The adoption of Recommendation 1 will lead to the reduction of one lawyer at a savings of \$0.135 million together with a reduction of \$0.076 million for independent planning experts. The recommended minor service change is based on the approval and implementation of recommendation 1. Should recommendation 2 be adopted, total reduction would be limited to savings for independent land use planning experts in the amount of \$0.076 million.

Appendix 1

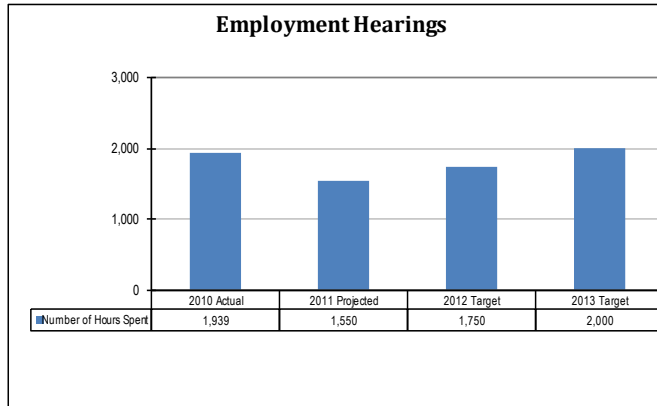
2011 Performance

2011 Key Accomplishments:

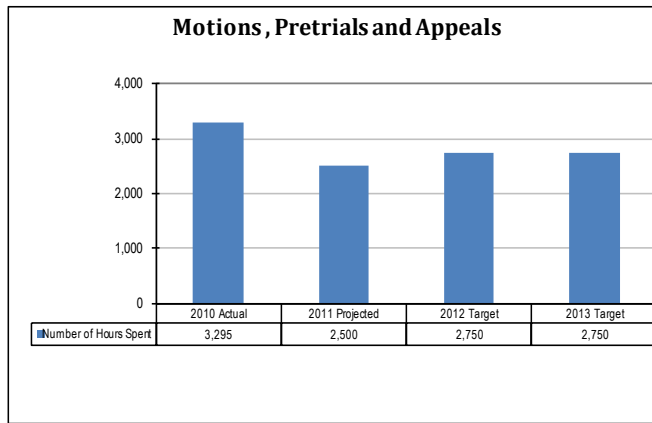
In 2011, Legal Services' achieved the following results:

- ✓ Provided strategic legal advice and services with respect to Enwave's Energy Transfer Agreement.
- ✓ Provided strategic legal advice on the Drafting of the harmonized Zoning By-law and represented the City's interests in appeals to the Ontario Municipal Board.
- ✓ Provided legal advice to the Fire Collective Bargaining team.
- ✓ Provided strategic legal advice with respect to Drafting services to support infrastructure and stimulus funding projects.
- ✓ Provided strategic legal advice with respect to the Downsview redevelopment.
- ✓ Provided legal advice for the acquisition of lands for Spadina Subway extension.
- ✓ Defended the City's interest in the Bank Towers Assessment Appeal at the Court of Appeal.
- ✓ Defended the City's interest in the Third Party Sign Tax By-law challenge.
- ✓ Defended the City's interest in class action litigation on the St. Clair Transit Improvement Project.

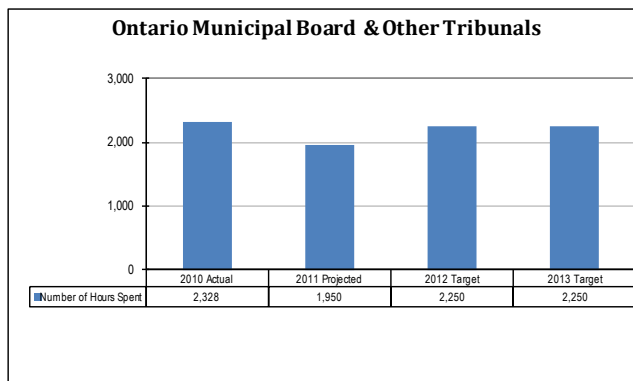
2011 Performance



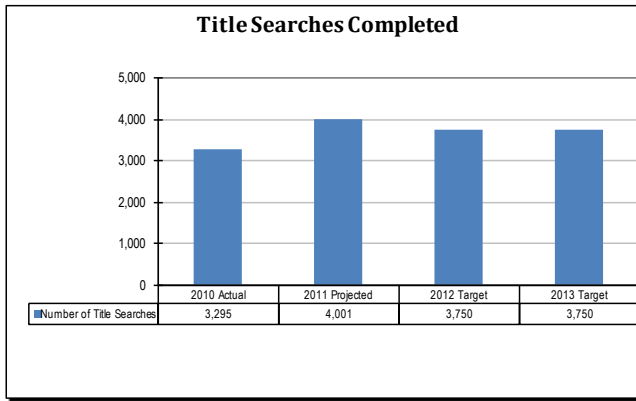
- The number of hours spent at employment hearings, grievances, arbitrations, appearances before the Ontario Labour Relations Board, Ontario Human Rights Commission and other tribunals.



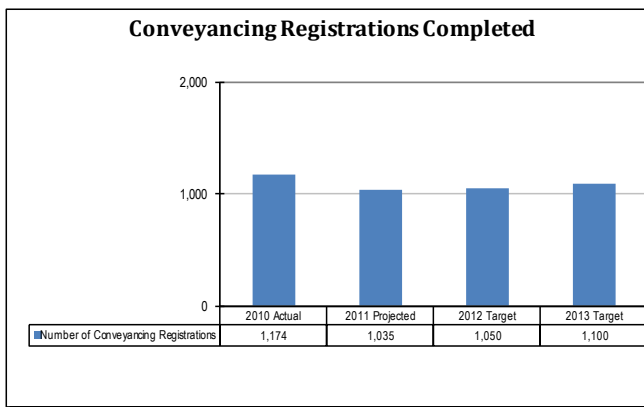
- The number of hours spent in court on motions, applications, pre-trials and appeals.



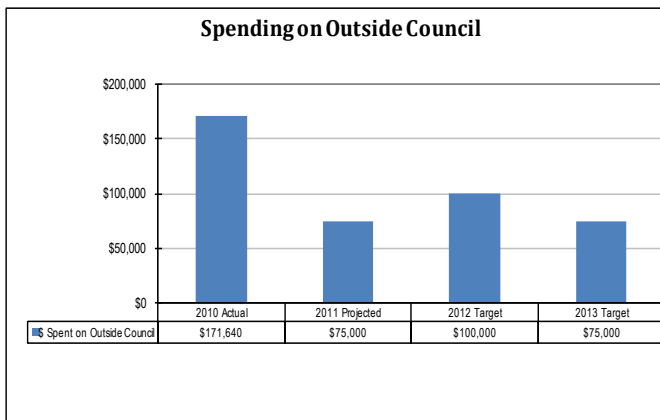
- The number of hours spent at Ontario Municipal Board (OMB) and other administrative tribunals.



- The total number of title searches completed



- The total number of conveyancing registrations completed.



- The Division maintains a budget for outside counsel should matters arise involving employment law advice where the Division will be in a conflict and for matters before City Council requiring outside counsel advice.

2011 Budget Variance Analysis

2011 Budget Variance Review (In \$000s)

(In \$000s)	2009 Actuals	2010 Actuals	2011 Approved Budget	2011 Projected Actuals*	2011 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	\$	%
GROSS EXP.	38,843.0	41,459.2	41,441.6	40,055.4	(1,386.2)	(3.3)
REVENUES	21,240.7	24,595.6	21,888.0	20,703.5	(1,184.5)	(5.4)
NET EXP.	17,602.3	16,863.6	19,553.6	19,351.9	(201.7)	(1.0)
Approved Positions	279.0	280.0	287.0	287.0	0.0	0.0

* Based on the Third Quarter Operating Budget Variance Report.

2011 Experience

- The projected year-end net favourable variance for Legal Services is anticipated to be \$0.201 million below the 2011 Approved Operating Budget.
- The projected favourable expenditure variance of \$1.386 million is primarily attributed to savings in salary and benefit costs due to hiring delays and the replacement of Senior positions with junior level position resulting in a savings.
- The projected unfavourable variance of \$1.185 million in revenue is mainly due to lower than expected recoveries from Police, Courts and Transit Expansion for legal services performed in 2011.

Impact of 2011 Operating Variance on the 2012 Recommended Budget

- There are no operating impacts of the 2011 Operating Variance on the 2012 Recommended Budget. It is expected that vacancies will be filled and recoveries will increase based on work effort planned in 2012.

Appendix 2

2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers

Program Summary by Expenditure Category (In \$000s)

Category of Expense	2009 Actual	2010 Actual	2011 Budget	2011 Projected Actual	2012 Recommended Budget	2012 Change from 2011 Approved Budget		2013 Outlook	2014 Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	28,810.5	31,629.7	33,509.4	32,006.6	34,265.3	755.9	2.3%	34,729.4	34,958.6
Materials and Supplies	447.1	441.7	336.7	339.7	336.7	(0.0)	0.0%	336.7	336.7
Equipment	36.2	63.4	23.5	54.7	24.5	1.0	4.3%	24.5	24.5
Services & Rents	1,622.5	2,357.5	1,489.6	2,089.3	1,297.4	(192.2)	-12.9%	1,297.4	1,297.4
Contributions to Capital									
Contributions to Reserve/Res Funds	54.9	56.0	56.0	58.1	58.1	2.1	3.8%	58.1	58.1
Other Expenditures	0.1	0.2		0.1					
Interdivisional Charges	7,871.7	6,910.7	5,696.0	5,506.9	5,689.0	(7.0)	-0.1%	5,689.0	5,689.0
TOTAL GROSS EXPENDITURES	38,843.0	41,459.2	41,111.2	40,055.4	41,671.0	559.8	1.4%	42,135.1	42,364.3
Interdivisional Recoveries	18,330.6	19,956.5	17,737.4	17,024.8	18,380.3	642.9	3.6%	18,380.3	18,380.3
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations	1,460.9	1,904.8	1,740.4	1,373.0	1,740.4		0.0%	1,740.4	1,740.4
Transfers from Capital Fund	426.1	942.2	839.2	468.2	607.7	(231.5)	-27.6%	607.7	607.7
Contribution from Reserve Funds			300.0		300.0		0.0%	300.0	300.0
Contribution from Reserve									
Legal Fee Rec - 3rd Party					165.4	165.4	0.0%	165.4	165.4
Other Revenues	1,023.1	1,792.2	1,270.9	1,837.5	2,023.7	752.8	59.2%	2,085.1	2,085.1
TOTAL REVENUE	21,240.7	24,595.7	21,887.9	20,703.5	23,217.4	1,329.5	5.4%	23,278.8	23,278.8
TOTAL NET EXPENDITURES	17,602.3	16,863.5	19,223.3	19,351.9	18,453.6	(769.7)	-4.1%	18,856.3	19,085.5
APPROVED POSITIONS	279.0	280.0	287.0	287.0	285.0			285.0	285.0

2012 Key Cost Drivers

- Salaries and benefits are the largest expenditure category and account for 82% of total expenditures, followed by interdepartmental charges at 14%, Services and Rents at 4%, materials and supplies at 4% and contributions to Reserves and Reserve Funds and equipment at 0.5% each.
- The 2012 budget for salaries and benefits is \$36.265 million, reflecting an increase of \$0.756 million or 2.3% compared to the 2011 Budget of \$33.509 million.
 - The increase of \$0.756 million is primarily due the increase in progression pay (\$0.195 million), step increases (\$0.020 million), annualized costs for the Transit/Transportation City and Insurance Claims positions (\$0.258 million), one extra day's pay (\$0.114 million), fringe benefit increases (\$0.733 million) and the

increase of 2 new positions (\$0.184 million). This is offset by the adjustment for the re-classification of positions that were subsequently filled by lower salary levels (\$0.449 million) and provisions for gapping (\$0.321 million).

- The 2012 budget for services and rents of \$1.297 million is \$0.192 million or 12% lower than the 2011 Operating Budget. This primarily includes the decrease in OMB hearing costs for expert witnesses.
- Inter-divisional revenue increases of \$0.642 million or 3.6% is primarily due to the resource increase in recoveries from Affordable Housing, Technical Services, Social Services, Insurance Claims and Solid Waste Management.
- The Transfer from Capital Fund reflecting a reduction of \$0.232 million is due to the re-allocation of \$0.249 million to categorize the Metrolinx funding as Other Revenues.
- The increase of \$0.753 million in Other Revenues includes the re-categorization of Metrolinx funding of \$0.249 million from Transfers from Capital Fund, the increase of \$0.023 million from the Exhibition Place, the increase in revenue of \$0.209 million for the Spadina Subway Extension Project and the recommended new funding increase of \$0.184 million for 2 Solicitor positions for the Transit Expansion Plan.

Appendix 3
Summary of 2012 Recommended Service Changes

Appendix 4

Summary of 2012 Recommended New/Enhanced Service Priority Actions

Appendix 5

Inflows/Outflows to/from Reserves & Reserve Funds

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2011 *	Proposed Withdrawals (-) / Contributions (+)		
			2012	2013	2014
			\$	\$	\$
Insurance Reserve Fund	XR1010	40,714.0	58.1	58.1	58.1
Total Reserve / Reserve Fund Draws / Contributions			58.1	58.1	58.1

* Based on 3rd Quarter Variance Report