



2013

City of Toronto

Staff Recommended Tax Supported Operating Budget

November 29, 2012

Agenda

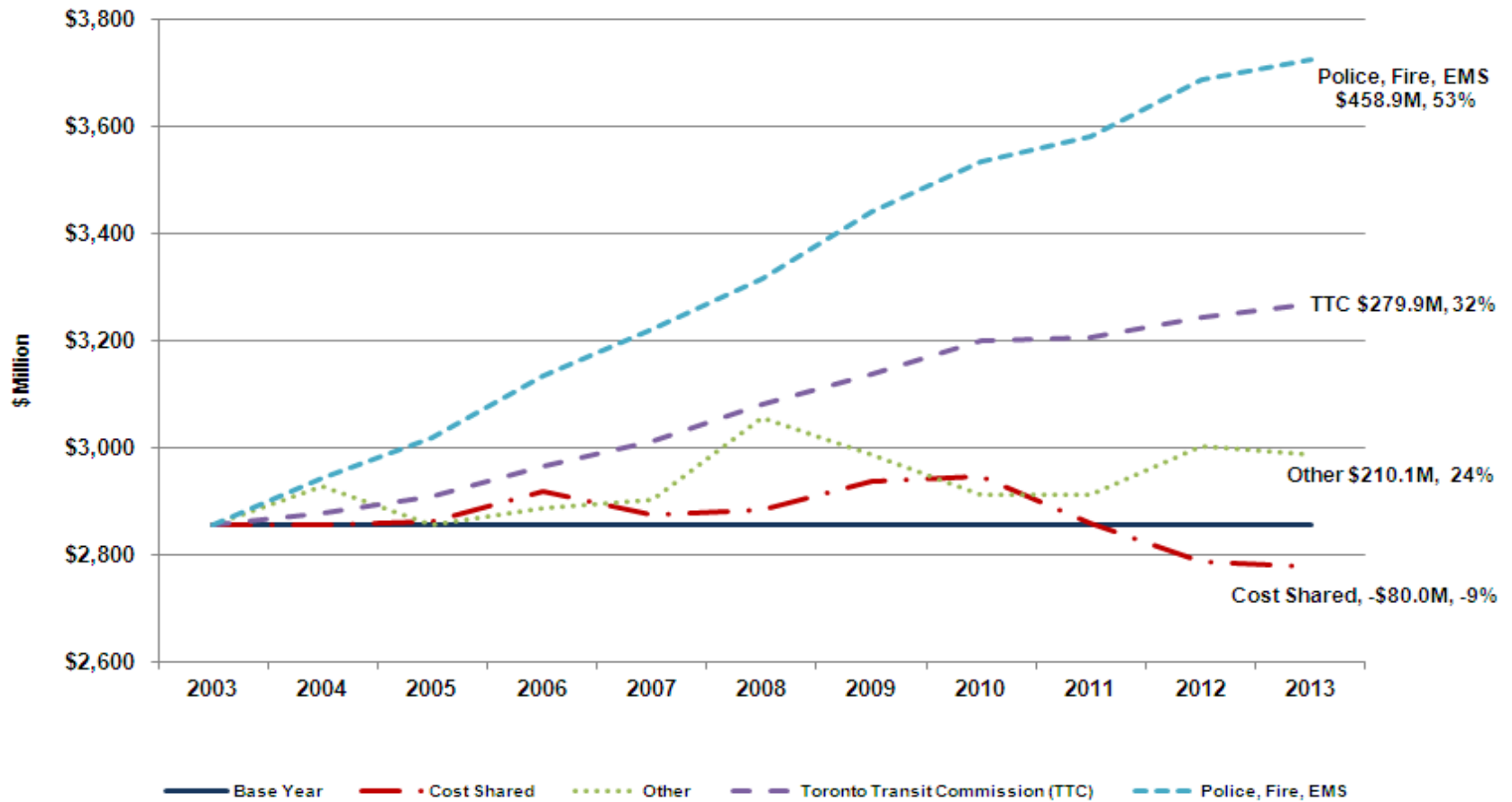
1. Budget Context and Directions
2. Executive Summary
3. 2013 Operating Budget Overview
4. 2 Year Outlook
5. Budget Timelines

Budget Context

The Challenge

- Opening Spending Pressure after revenue increases was approximately \$200 million driven mainly by use of prior year surplus and reserve funds
- Reliance on prior year surplus and reserves of \$141million needs to end
- Manage spending in line with revenue growth
- Capital financing putting pressure on operating budget

85% of the Growth in Net Expenditures since 2003 is Due to Police, Fire, EMS and TTC



Budget Directions

1. 0% increase over 2012 Budget ✓
2. Implement Core Service & Efficiency Review Savings ✓
3. Review historical spending patterns ✓
4. Review previous year target achievements (10%) ✓
5. Review Operating Impacts of Capital ✓
6. Include increased user fee revenue in compliance with User Fee Policy ✓
7. Implement existing priorities within the base budget ✓
8. Do not introduce any new service initiatives ✓

Budget Context

The Solution

- Savings from collective bargaining
- Control expenditures through \$0 cost increase for all services, especially Emergency Services and TTC
- Continue implementation of Efficiency Review Program
- Continue line-by-line Expenditure Review
- Maximize revenue sources
- Mitigate impact of capital financing
- Moderate inflationary Tax and TTC fare increases

Key Message

- Approaching Fiscal Sustainability

- 2013 Balanced Budget Achieved:
 - Use of **Prior Year Surplus** is eliminated assuming Police meets the 0% target
 - Any shortfall in 2013 Budget should not rely on prior year surplus and must be offset by
 - ✓ expenditure reductions and /or
 - ✓ tax increase
- As in the past, final **Assessment** rolls to be delivered in December before growth can be finalized
 - Current assessment is \$27M
- Final additional assessment growth to be utilized to eliminate any remaining use of reserve funding and / or prior year surplus
- If the Police Budget achieves budget target, the 2013 Operating Budget will:
 - Eliminate the reliance on prior surplus funds
 - However use of one-time reserve funding of \$47M remains in 2013
 - Moves the City significantly closer to fiscal sustainability

2013 Balancing Strategies

(\$ Million)	<u>2013 Budget</u>
One-Time Funding (Prior Year Surplus / Reserves)	141
Expenditure Increase	324
Budget Pressure Before Revenue Increases	<u>465</u>
Revenue Increases	(169)
Property Tax / Assessment Changes:	
Tax Increase (Residential 1.95%)	(33)
Tax Increase (Non-residential 0.65%)	(13)
Assessment Growth	(27)
Budget Pressure Before Cost Reductions	<u>223</u>
Efficiency and Other Cost Savings	(169)
Reduced Capital Financing Costs	(44)
Budget Pressure After Reduction	<u>10</u>
New and Enhanced	11
Budget Pressure After New and Enhanced	<u>21</u>
Pending Decision - Police Services	(21)
Remaining Pressure After Pending Decisions	<u><u>0</u></u>

Executive Summary

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**

Line-by-Line Review Savings

(\$000s)	2011 Budget		2012 Budget		2013 Rec'd Budget		3 Year Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Citizen Centred Services "A"	(3,090)	(2,366)	(13,913)	(5,778)	(2,691)	(2,421)	(19,694)	(10,565)
Citizen Centred Services "B"	(3,944)	(3,021)	(2,766)	(2,299)	(1,687)	(1,147)	(8,397)	(6,467)
Internal Services	(1,651)	(1,177)	(1,374)	(1,216)	(431)	(431)	(3,456)	(2,825)
City Manager	(240)	(240)	(297)	(297)	(73)	(73)	(610)	(610)
Other City Programs	0	0	(6)	(6)	0	0	(6)	(6)
Total City Operations	(8,926)	(6,805)	(18,356)	(9,597)	(4,882)	(4,072)	(32,163)	(20,473)
Agencies	(682)	(795)	(6,894)	(5,880)	(1,216)	(1,216)	(8,792)	(7,891)
Total Budget	(9,608)	(7,600)	(25,250)	(15,476)	(6,098)	(5,288)	(40,955)	(28,364)

- Annually we undertake a detailed line-by-line review, looking at previous years' experience
- Total Line-by-line savings over the past 3 years is \$41 million, \$28 million net
- Savings over the past 3 years are equivalent to a 1.2% tax reduction

Key Service Efficiency Studies - Completed

- Studies Completed- Savings in 2012 - 2014
 - Divisions - Solid Waste Management, Transportation Services, Shelter, Support & Housing Office, Long Term Care Homes, and Parks Forestry & Recreation
 - Agencies - Toronto Police Service, Toronto Public Library, and TTC
 - Cross-program - Facilities Management/Real Estate, Fleet Services, Communications, and Energy & Environment Programs

Key Service Efficiency Studies - In Progress

- Studies currently underway: Savings Expected 2013 – 2014
 - Divisions - Fire Services, EMS, City Planning, Court Services, and Children's Services, and Museums
 - Cross-program - 311 Toronto, Counters, Community Infrastructure, and Shared Services
 - Staff to review efficiency study recommendations and related matters for 2013 – 2014 budget process including possible outsourcing, stream-lining of business processes re-engineering and automation in highlighting savings for 2014 and 2015

Efficiency Savings

- **Economic Development and Culture - Divisional Structure Changes** (\$0.300 million)
- **Parks, Forestry & Recreation**
 - Parks and Recreation Budget Right-Sizing (\$4.140 million)
 - Camp Program Efficiency (\$1.200 million)
 - Sportsfield Turf Management Strategy (\$0.750 million)
 - Recreation Support Function Efficiencies (\$0.880 million)
 - Integration of Sign Shop Operations with Transportation Services (\$0.110 million)
- **Long Term Care and Services – Efficiency from De-commissioning of Buses** (\$0.047 million)
- **Fire Services**
 - Restructuring of Administrative Support Functions (\$0.166 million)
 - Operations and Support Re-organization and Reductions (\$4.206 million)

Efficiency Savings

- **Office of the Chief Financial Officer** - Delete a Manager's Position (\$0.162 million)
- **Facilities Management & Real Estate** – Utilities Savings (\$0.701 million)
- **Fleet Services** – Discontinuation of Running Lunch Arrangements (\$0.391 million)
- **Information & Technology** - Savings from Centralizing Corporate Telecommunications (\$0.317 million)
- **Administrative Restructuring and Hiring Deferrals**
 - City Clerk's Office (\$0.615 million)
 - City Manager's Office (\$0.183 million)

Efficiency Savings

- **Transportation Services** – Conversion of Leaf Collection Activities (\$0.510 million)
- **Toronto Transit Commission** - Diesel fuel price savings from hedging (\$20.500 million)
- **Toronto Public Library**
 - Savings from installation of automated sorter at Fairview Library (\$0.160 million)
 - One-time contract savings for security guards (\$0.170 million)
 - Savings from consortium purchase of electronic materials (\$0.300 million)
 - Savings from re-engineered procurement and inventory management processes (\$0.215 million)
- **Theatres** - St. Lawrence Centre – redistribution of work load (\$0.104 million)

Service Changes

- **Fire Services** –Staffing Reductions (\$6.326 million)
- **Toronto Public Health** - Eliminate Global AIDS Initiative Funding (\$0.104 million)
- **Toronto Transit Commission** - Wheel Trans - remove exemption from eligibility criteria for Ambulatory Dialysis Patients (\$4.499 million)

2013 Operating Budget – New and Enhanced Services

- **Toronto Transit Commission**
 - Subway public washroom cleaning (\$1.7 million)
 - Debit and credit card expansion (\$3.9 million)
 - New Customer Development department (\$0.559 million)
- **Emergency Medical Services** - Addition of 11 (FTEs) Part-time Paramedics (\$1.000 million offset by a reduction in overtime of \$1.000 million)
- **Information & Technology** - Base Pool of 58 Capital Funded Positions (\$3.000 million gross and \$0 net)
- **City Manager's Office** – Add 9 Employee and Labour Relations positions to reduce grievance backlog (\$0.953 million)
- **Facilities Management and Real Estate** - Union Station – resources for enhanced reporting, as per AG (\$0.339 million)
- **Toronto Zoo** - Panda Exhibit (\$7.827 million \$0 net)

2013 Operating Budget – New and Enhanced Services

- **Toronto Employment and Social Services**
 - Medical Benefits for Social Assistance Recipients (\$1.500 million)
 - Former Hardship Fund (\$1.000 million)
- **Toronto Environment Office**
 - Eco-Roof Financial Incentive Program (\$0.800 million gross \$0 net)
 - Live Green Toronto Neighbourhood Initiative (\$0.400 million gross \$0 net)
 - Adaptation - Energy Usage & Emissions Inventory (\$0.100 million gross \$0 net)
 - Local Air Quality Studies (\$0.105 million gross \$0 net)
- Emerald Ash Boer – Year 3 of the EAB Management Plan (\$6.400 million gross \$0 net)

2013 Operating Budget – New and Enhanced Services

- Transportation Services

- Maintenance Required for GO Bus/TTC lane extension on the Don Valley Parkway (\$0.128 million gross, \$0 net)
- Remove Graffiti on Road Allowances Within 3 Days (\$0.800 million gross, \$0 net)
- Additional Curb Cut Maintenance for TTC Light Rail Vehicle (LRT) (\$0.145 million gross, \$0 net)

Staffing Impact

	2012 Approved Staff Complement	Temporary Capital	Operating Impacts of Capital	Service Change	Total Base Changes	Sub-Total 2013 Rec'd Complement	New Services	Total 2013 Rec'd Complement
Citizen Centred Services "A"	12,381.3	3.0	2.7	(67.3)	(61.6)	12,319.7	14.0	12,333.7
Citizen Centred Services "B"	6,337.5	0.0	(2.0)	(166.0)	(168.0)	6,169.5	0.0	6,169.5
Internal Services	2,524.6	(15.0)	15.0	(14.0)	(14.0)	2,510.6	97.0	2,607.6
City Manager	422.3	4.0	0.5	(0.3)	4.2	426.5	9.0	435.5
Other City Programs	938.1	(0.8)	3.0	(8.5)	(6.3)	931.8	10.0	941.8
TOTAL - CITY OPERATIONS	22,603.8	(8.8)	19.2	(256.1)	(245.7)	22,358.1	130.0	22,488.1
Toronto Public Health	1,886.2	(6.5)	0.0	(8.0)	(14.5)	1,871.7		1,871.7
Toronto Public Library	1,717.9	0.0	(4.5)	0.0	(4.5)	1,713.4		1,713.4
Toronto Transit Commission	12,993.0	0.0	0.0	109.0	109.0	13,102.0	12.0	13,114.0
Exhibition Place	529.5	0.0	0.0	(132.0)	(132.0)	397.5		397.5
Other Agencies	9,003.1	0.0	2.0	(15.2)	(13.2)	8,989.9	32.4	9,022.3
TOTAL - AGENCIES	26,129.7	(6.5)	(2.5)	(46.2)	(55.2)	26,074.5	44.4	26,118.9
TOTAL LEVY OPERATING BUDGET	48,733.5	(15.3)	16.7	(302.3)	(300.9)	48,432.6	174.4	48,607.0

- Total net staffing reduction of 126 positions
- Total operating staffing increase of 65 positions due primarily to increased transit operators for ridership growth

2013 Operating Budget Overview

Pressure and Balancing Strategies

(\$ Million)	<u>Staff Recommended</u>
City One-Time Funding	
Prior Year Surplus	102
Prior Year Reserve Draws	39
Total Unsustainable Balancing Strategies	141
Expenditure Changes:	
Compensation & Benefits	130
Inflation - Materials, Supplies & Services	48
TTC (employee costs/inflation/growth)	63
City & Agency Inflation - Labour/Non-Labour	241
Operating Impact of Capital	9
Capital Financing	37
TCHC Property Tax Exemption	56
Reduction in TCHC Subsidy	(56)
Prov/Fed Funding Decrease/(Increase)	8
Reserve Contribution	16
Other Non-Recurring, Annualization, Non-Prog	13
Total Expenditure Changes	324
Budget Pressure Before Revenue Increases	465

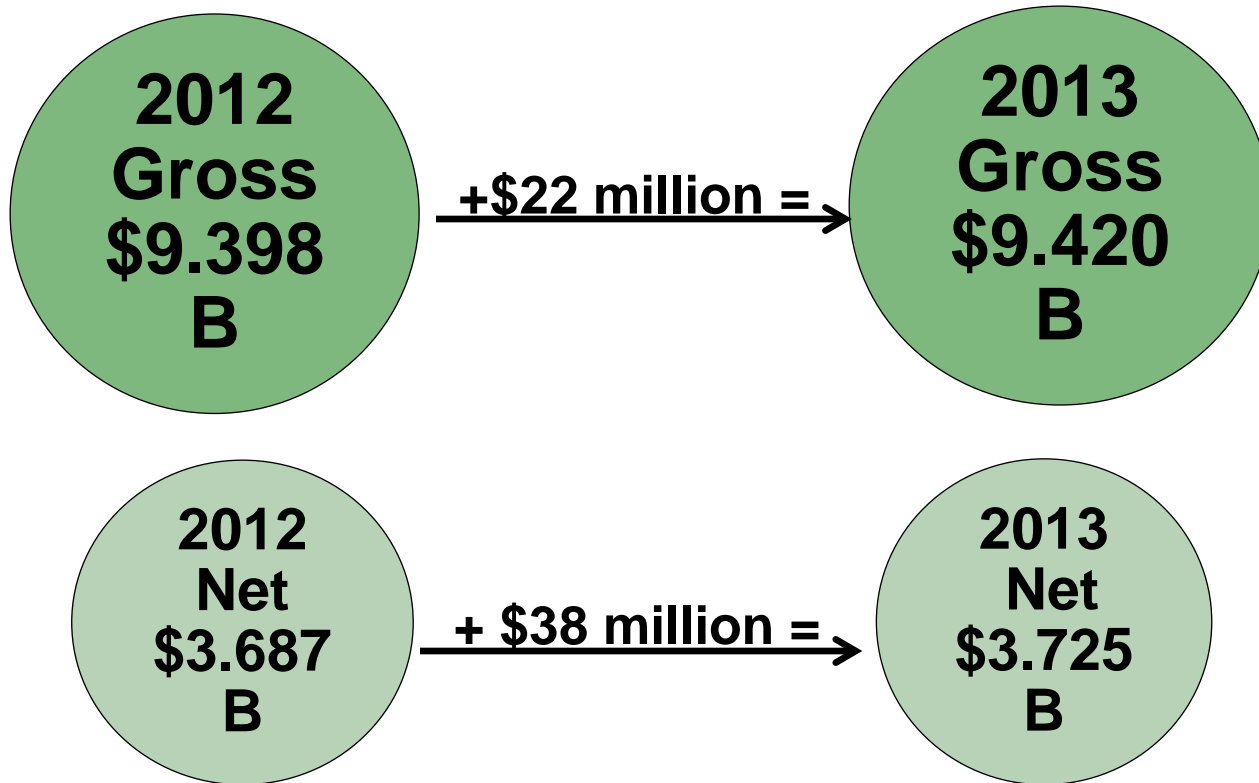
Pressure and Balancing Strategies

	<u>Staff Recommended</u>
Budget Pressure Before Revenue Increases	465
Revenue (Increases) and Decreases:	
MLTT	(27)
Interest and Investment Earnings	(5)
TTC Ridership Growth	(42)
Economic Growth	(74)
Reserve Draws	(47)
Upload (OW/Security)	(14)
User Fee Rate Change	(12)
TTC Fare Increases	(18)
Other Revenues	(3)
	(169)
Property Tax / Assessment Changes:	
Tax Increase (Residential 1.95%)	(33)
Tax Increase (Non-residential 0.65%)	(13)
Assessment Growth	(27)
	(73)
Total Revenue (Increases) and Decreases	(242)
Budget Pressure Before Cost Reductions	223

Pressure and Balancing Strategies

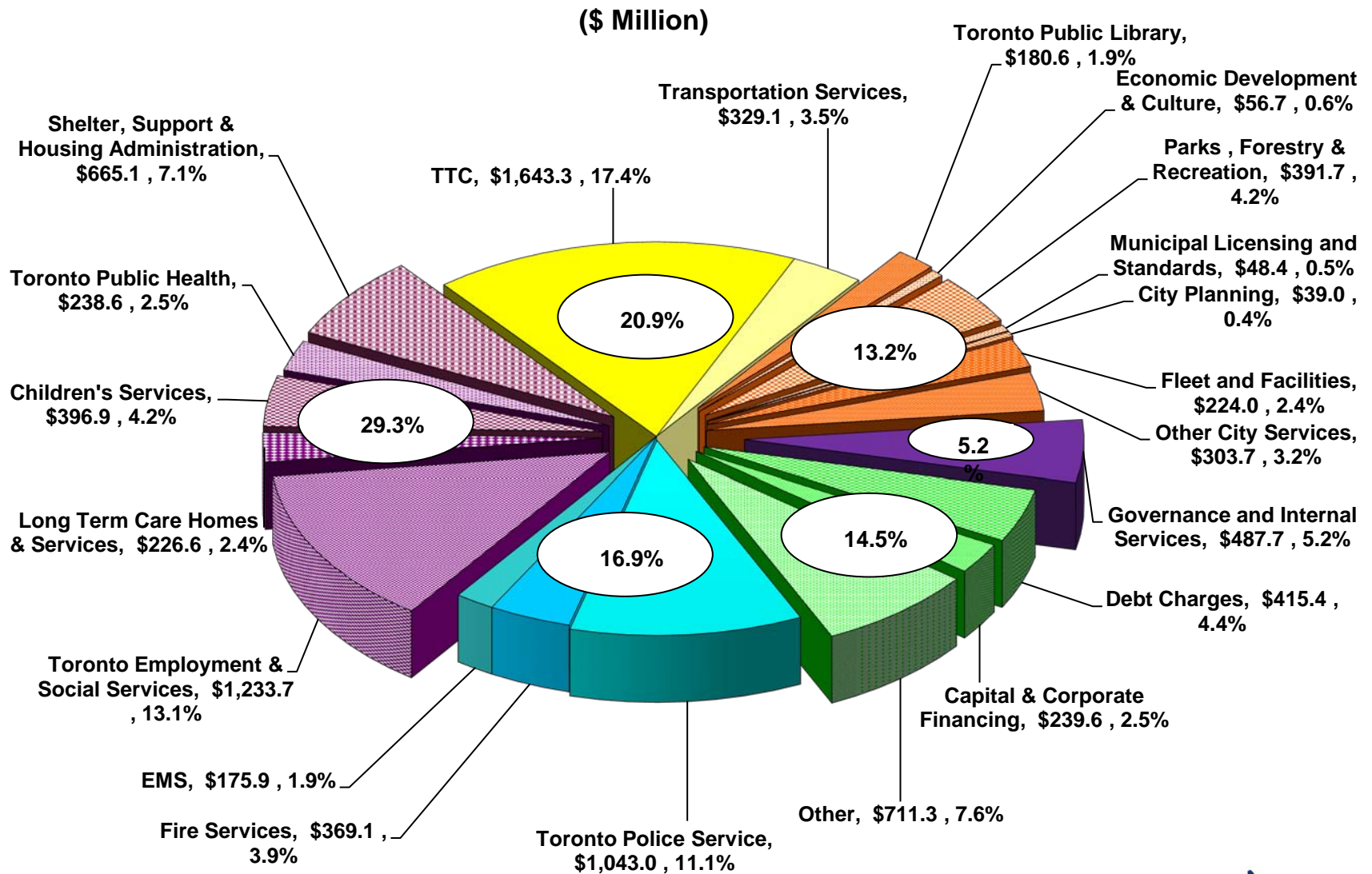
	Staff Recommended
Budget Pressure Before Cost Reductions	223
Efficiency & Other Cost Reductions:	
Reduced Compensation and Benefits	(60)
Reduced Inflation and Non-Labour Costs	(29)
Base Change (incl. Line-by-line Review)	(15)
Efficiency Change	(50)
Revenue Change	(2)
Service Change	(13)
	(169)
Reduced Capital Financing Costs	(44)
Total Reductions	(213)
Budget Pressure After Reduction	10
New and Enhanced	11
Budget Pressure After New and Enhanced	21
Pending Decision - Police Services @ 0%	(21)
Remaining Pressure After Pending Decision	0

2013 Operating Budget Minimal Increase Over 2012



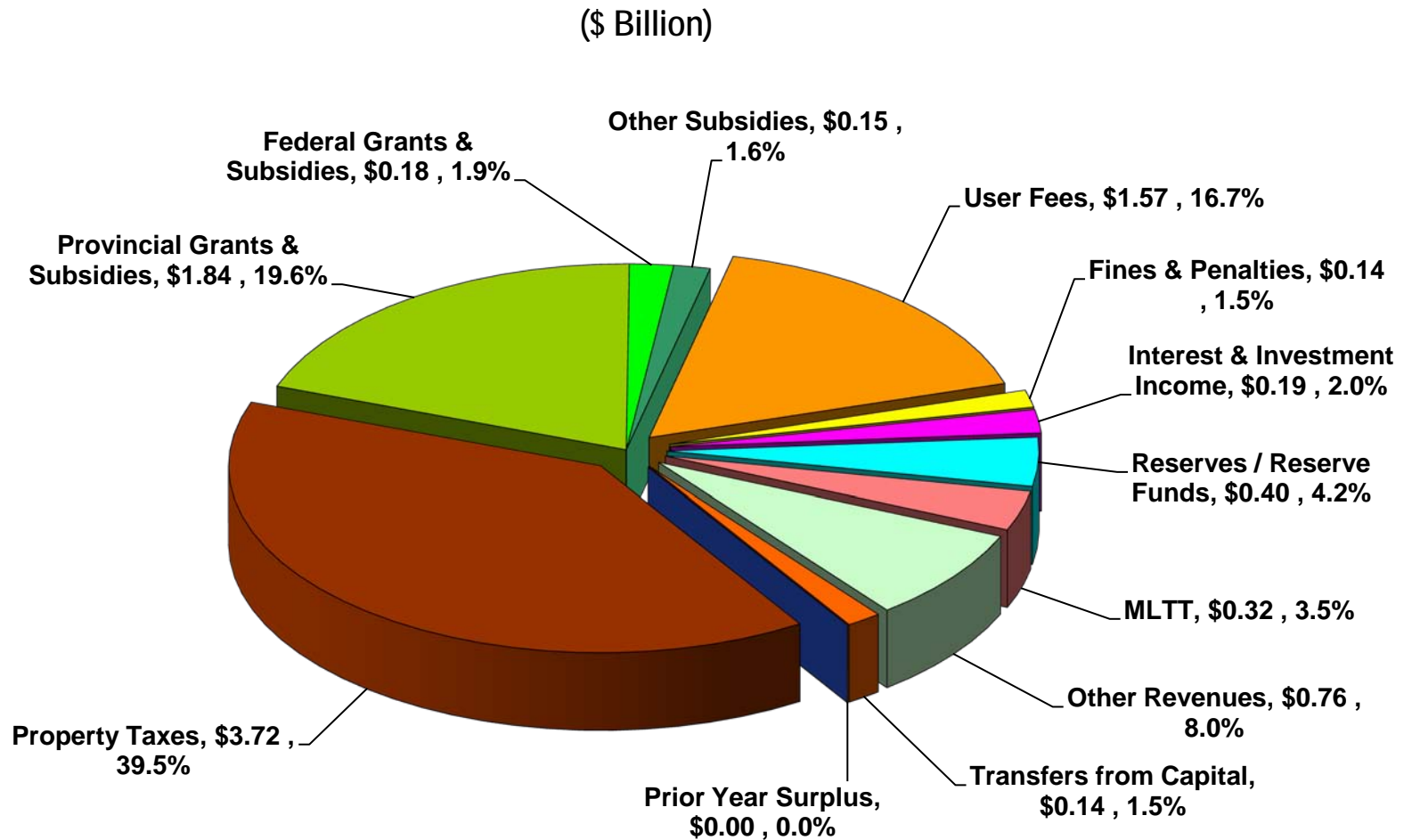
\$38M Net Increase		\$21M Pending Reduction (Police)
+ \$29M Assessment Change	=	+ \$46M Tax Increase (1.95% Res. & 0.65% Non-Res.)
<hr/>		<hr/>
\$67M		\$67M

Where the Money Goes: - Program Expenditures of \$9.420 Billion



Where the Money Comes From

- Program Revenues of \$9.420 Billion



Staff Rec'd 2013 Tax Supported Program Operating Budget - By Cluster

Staff Recommended 2013 Operating Budget

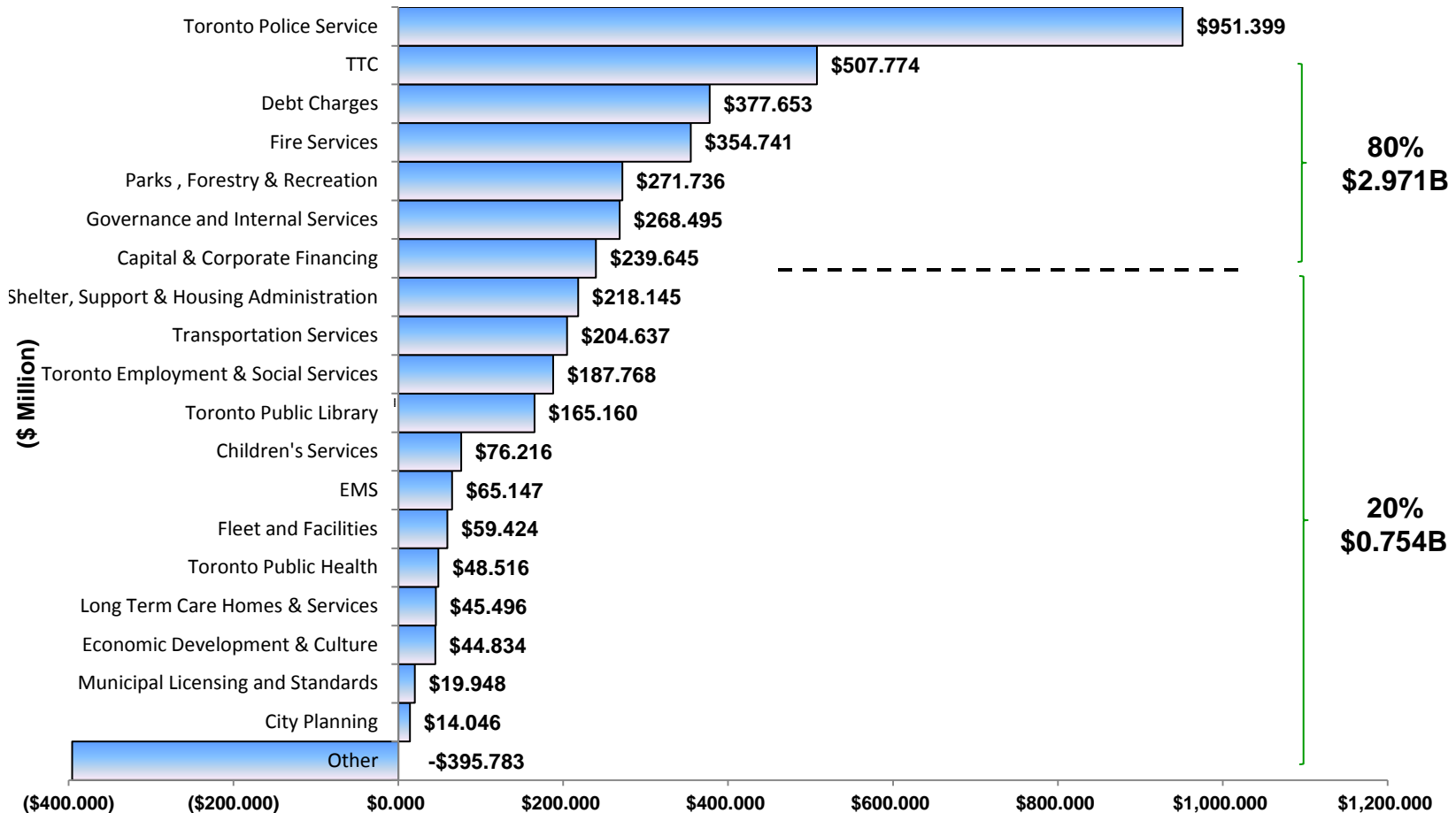
(\$000s)	2012		2013		Change from 2012 Over (Under)			
	Approved Budget		Rec'd Budget		Gross		Net	
	Gross	Net	Gross	Net	\$	%	\$	%
Citizen Centred Services "A"	3,358,532	988,805	3,255,208	934,150	(103,324)	(3.1%)	(54,654)	(5.5%)
Citizen Centred Services "B"	928,468	602,989	928,658	601,798	190	0.0%	(1,192)	(0.2%)
Internal Services	413,084	161,632	417,254	164,207	4,170	1.0%	2,575	1.6%
City Manager	48,686	40,588	50,386	41,541	1,700	3.5%	953	2.3%
Other City Programs	111,578	70,991	112,983	71,152	1,405	1.3%	162	0.2%
Accountability Offices	7,096	7,087	7,263	7,263	168	2.4%	177	2.5%
Total City Operations	4,867,443	1,872,091	4,771,751	1,820,112	(95,692)	(2.0%)	(51,979)	(2.8%)
Agencies	3,209,796	1,683,215	3,281,415	1,699,046	71,620	2.2%	15,831	0.9%
Corporate Accounts:								
Capital & Corporate Financing	639,127	624,106	655,019	617,298	15,892	2.5%	(6,808)	(1.1%)
Non-Program Expenditures	672,748	517,379	702,122	542,391	29,373	4.4%	25,012	4.8%
Non-Program Revenues	8,847	(1,010,230)	9,224	(953,848)	377	4.3%	56,382	5.6%
Net Operating Budget	9,397,961	3,686,561	9,419,532	3,724,998	21,570	0.2%	38,437	1.0%
Assessment Changes:								
TCHC Exemption				55,600			55,600	
2013 Assessment Growth				(26,500)			(26,500)	
Total Assessment Changes				29,100			29,100	
Net Operating Budget After Assessment Growth				3,754,098			67,537	1.8%

Staff Rec'd 2013 Tax Supported Program Net Operating Budget - Corporate Accounts

(\$000s)	2012 Approved Budget	2013 Rec'd Budget	Change from 2012 Approved Budget	
			\$	%
Corporate Accounts				
Capital & Corporate Financing	624,106	617,298	(6,808)	(1.1%)
Non-Program Expenditures:				
Tax Deficiencies/Write-offs	65,000	72,000	7,000	10.8%
Assessment Function (MPAC)	38,174	39,820	1,646	4.3%
Parking Tag Enforcement & Oper.	57,692	59,137	1,445	2.5%
Vacancy Rebate Program	22,000	22,000	0	0.0%
Heritage Property Taxes Rebate	2,000	2,000	0	0.0%
Solid Waste Management Services Rebate	182,392	182,392	0	0.0%
Other Corporate Expenditures	150,121	165,042	14,921	9.9%
	517,379	542,391	25,012	4.8%
Non-Program Revenues:				
Tax Stabilization Reserve	(101,749)	0	101,749	100.0%
Payments in Lieu of Taxes	(92,200)	(92,149)	51	0.1%
Municipal Land Transfer Tax	(288,290)	(315,000)	(26,710)	(9.3%)
Interest/Investment Earnings	(113,623)	(119,069)	(5,446)	(4.8%)
Provincial Revenue	(91,600)	(91,600)	0	0.0%
Parking Authority Revenues	(44,315)	(48,426)	(4,111)	(9.3%)
Parking Tag Enforcement & Oper.	(80,649)	(82,134)	(1,485)	(1.8%)
Other Corporate Revenues	(197,804)	(205,469)	(7,665)	(3.9%)
	(1,010,230)	(953,848)	56,382	5.6%
Total Corporate Accounts	131,255	205,841	74,586	56.8%

Where the Money Goes

- \$3.725 Billion Tax Levy



2 Year Outlook

Key Messages for 2014/2015

– Approaching Fiscal Sustainability

- \$47 million reserve funding to eliminate
- Annual inflationary tax increase insufficient to cover inflationary expenditures
- Continued efficiency measures to move to fiscal sustainability in 2014 and beyond

2014 /2015 Budget Outlook

(\$ Million)

	<u>2014</u>	<u>2015</u>
Compensation & Benefits	107	108
Non-labour Inflationary Impact	77	70
Reversal of One-Time Expenditures	21	18
Operating Impact of Completed Capital Projects	10	10
Depletion of Reserves	47	1
Other Base Budget Changes	34	28
Assessment Function (MPAC)	2	2
CFC (Capital From Current)	22	24
Debt Charges	53	29
Tax Deficiencies / Write-offs	10	10
Other Expenditures	(3)	11
Total Expenditure Pressures	<u>379</u>	<u>311</u>

2014 /2015 Budget Outlook - Continued

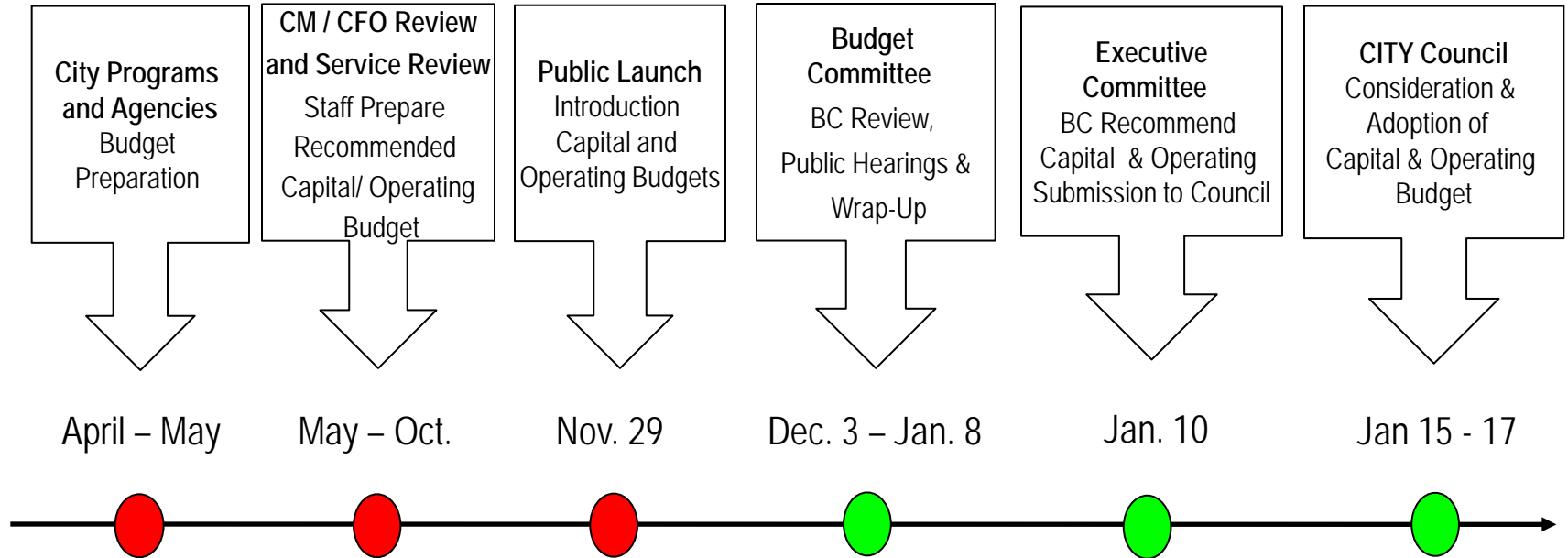
	<u>2014</u>	<u>2015</u>
Revenue Change:		
Municipal Land Transfer Tax (MLTT)	(15)	(15)
TTC Ridership Growth	(19)	(15)
TTC 10 Cent Fare Increase	(35)	(35)
Uploading of Services	(26)	(26)
Interest / Investment Earnings	(3)	(4)
Dividend Income	(5)	(5)
User Fees Change	(1)	(2)
Other Revenue Changes	(1)	(2)
Total Revenue Change:	<u>(105)</u>	<u>(104)</u>
Pressure after Revenue Changes:	<u>274</u>	<u>207</u>
Property Tax Rate Increase	(48)	(49)
- (2.0% Residential/0.67% Non-Residential)		
Assessment Growth	(30)	(30)
Efficiency Target	<u>196</u>	<u>128</u>

Summary

- The 2013 Operating Budget:
 - The 2013 Operating Budget is balanced pending Police Board decision
 - If the Police Budget achieves budget target this budget eliminates the use of prior year surplus to fund Operating Budget - reduced from \$102M
 - Moderate inflationary tax and TTC fare Increases
 - Overall total net expenditures increase by 1%
 - ✓ 0.2% increase in the City Operations Net Budget over prior year (excludes reductions in TCHC subsidy)
 - ✓ 0.9% increase in Agencies over prior year

Budget Review And Approval Timelines

2013 Budget Timelines



2013 Budget Timelines

- **Public Budget Launch – November 29**
 - CM / CFO present 2013 Staff Recommended Budget to Budget Committee
- **Budget Review Meetings – December 3, 4, 5 and 6**
 - Cluster and Agency Presentations
 - Committee members request for additional information / Briefing Notes
- **Budget Committee Holds Public Hearings – December 10 and December 11 (if necessary)**
 - Public Input
- **Budget Committee Wrap-up – Dec. 12 and 17**
 - Final Budget Decisions
 - Final Assessment
 - Current value Assessment Update

2013 Budget Timelines

- **Budget Committee Final Review – January 8**
 - Corporate Capital and Operating Report
 - 2013 Property Tax Rates and Related Matters
 - 2012 Q3 Variance Reports
- **Executive Committee Review – January 10**
 - Recommend Capital and Operating Budget to City Council
- **Council Review and Approval – January 15, 16 and 17**

Budget Committee Review Schedule

- Monday, December 3, 2012

1. Arena Boards of Management
2. Association of Community Centres
3. Yonge-Dundas Square
4. Citizen Centred Services "A"
 - Affordable Housing Office
 - Children's Services
 - Court Services
 - Economic Development & Culture
 - Emergency Medical Services
 - Long-Term Care Homes & Services
 - Parks, Forestry and Recreation
 - Shelter, Support & Housing Administration
 - Social Development, Finance & Administration
 - Toronto Employment & Social Services
 - 311 Toronto
5. Toronto Public Health

Budget Committee Review Schedule

- Tuesday, December 4, 2012

1. Theatres

- Sony Centre
- St. Lawrence Centre
- Toronto Centre for the Arts

2. Toronto and Region Conservation Authority

3. Toronto Zoo

4. Exhibition Place

5. Heritage Toronto

6. Citizen Centred Services 'B'

- City Planning
- Waterfront Revitalization Initiative
- Fire Services
- Municipal Licensing & Standards
- PPFA & TEO
- Technical Services
- Toronto Building
- Transportation Services

Budget Committee Review Schedule

- Wednesday, December 5, 2012

1. **Internal Services, Other City Programs & Accountability Offices**
 - Facilities Management & Real Estate
 - Sustainable Energy Plan
 - Fleet Services
 - Information & Technology
 - Office of the Chief Financial Officer
 - Office of the Treasurer
2. **Toronto Atmospheric Fund**
3. **Toronto Public Library**

Budget Committee Review Schedule

- Thursday, December 6, 2012

1. Other City Programs
 - City Manager's Office
 - Legal Services
 - City Clerk's Office
 - City Council
 - Office of the Mayor
2. Accountability Offices
 - Auditor General's Office
 - Office of the Integrity Commissioner
 - Office of the Lobbyist Registrar
 - Office of the Ombudsman
3. Toronto Transit Commission
4. Toronto Police Service & Police Services Board
5. Parking Tag Enforcement and Operations

