



City Budget
2013

Office of the Treasurer
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 the City.

2013 Operating Budget

2013 OPERATING BUDGET ANALYST BRIEFING NOTES

BUDGET COMMITTEE, NOVEMBER 29, 2012

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Contacts: Judy Broughton
 Manager, Financial Planning
 Tel: (416) 392-8393

Ron Budhu
 Senior Financial Planning Analyst
 Tel: (416) 397-4559

PART I: RECOMMENDATIONS

2013 Recommended Operating Budget
(In \$000s)

| (In \$000s) | 2012 | | 2013 Recommended Operating Budget | | | Change - 2013 Recommended Operating Budget v. 2012 Appvd. Budget | | FY Incremental Outlook | |
|---------------------------|-----------------|------------------|-----------------------------------|------------------------|------------------|--|-------|------------------------|---------|
| | Approved Budget | Projected Actual | 2013 Rec. Base | 2013 Rec. New/Enhanced | 2013 Rec. Budget | \$ | % | 2014 | 2015 |
| | \$ | \$ | \$ | \$ | \$ | | | \$ | \$ |
| GROSS EXP. | 73,695.5 | 68,587.9 | 72,431.4 | 120.0 | 72,551.4 | (1,144.1) | (1.6) | (893.2) | 2,739.1 |
| REVENUE | 44,543.4 | 41,151.2 | 43,276.5 | 149.2 | 43,425.7 | (1,117.7) | (2.5) | (1,971.8) | 1,614.8 |
| NET EXP. | 29,152.1 | 27,436.7 | 29,154.9 | (29.2) | 29,125.7 | (26.4) | (0.1) | 1,078.6 | 1,124.3 |
| Approved Positions | 770.0 | 716.0 | 737.0 | 2.0 | 739.0 | (31.0) | (4.0) | 0.0 | (11.0) |

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. City Council approve the 2013 Recommended Operating Budget for Office of the Treasurer of \$72.551 million gross and \$29.126 million net, comprised of the following services:

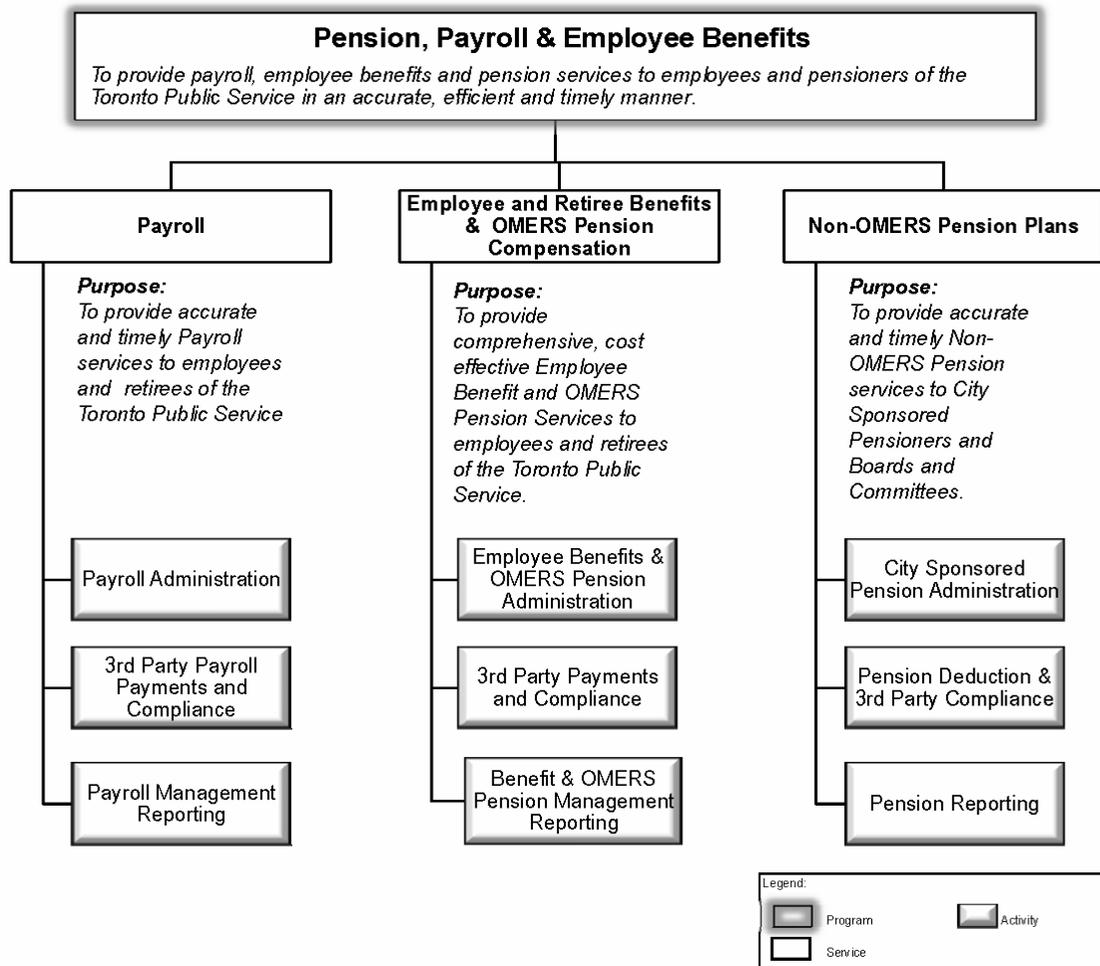
| <u>Service:</u> | <u>Gross (\$000s)</u> | <u>Net (\$000s)</u> |
|--|-----------------------|---------------------|
| Pension, Payroll and Employee Benefits | 14,445.9 | 10,748.7 |
| Purchasing & Materials Management | 10,179.9 | 7,151.6 |
| Accounting Services | 12,988.6 | 9,794.8 |
| Revenue Services | 34,937.0 | 1,430.6 |
| Total Program Budget | 72,551.4 | 29,125.7 |

2. The Office of the Treasurer's services and 2013 proposed service levels, as outlined on pages 4 through 16, and associated staff complement of 739 positions be approved.
3. City Council approve the transfer of user fees listed in Appendix 6 (i) from Legal Services to Office of the Treasurer - Revenue Services and the appropriate adjustments be made to Municipal Code Chapter 441 "Fees and Charges".
4. City Council approve the 2013 recommended user fee changes for the Office of the Treasurer –Revenue Services identified in Appendix 6 (iv) and the resultant Recommended Fee, and the appropriate adjustments be made to Municipal Code Chapter 441 "Fees and Charges".

PART II: 2013 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles

The Office of the Treasurer provides a broad range of effective financial and employee services to the corporation of the City of Toronto, including ABCs and supports the strategic priorities of Council by delivering four main services: Revenue Services, Accounting Services, Pensions, Payroll & Employee Benefits and Purchasing & Materials Management, as detailed in the following Program Maps:



Service Customer

Payroll

- City Divisions

Employee Benefits & OMERS Pension Administration

- City Divisions

Non – OMERS Pension

- City of Toronto retired employees

2013 Recommended Service Levels

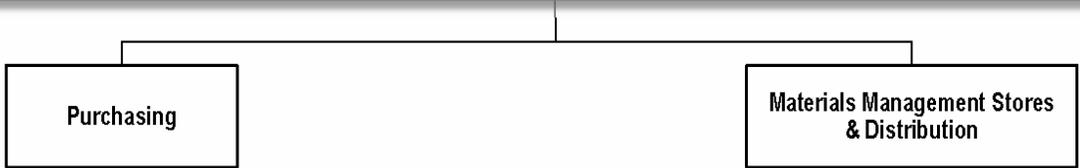
Service Types and Service Levels

| Service | Activity | Sub-Activity | Type | Sub-Type | Approved 2012 Service Levels | Proposed 2013 Service Levels | |
|---|--|--|---|-------------------|---|---|---|
| Employee & Retiree Benefit and Pension Compensation | 3rd Party Payments & Compliance | | | | Provided accurate 3rd party payments on time by due date 100% of the time with 100% accuracy | Provided accurate 3rd party payments on time by due date 100% of the time with 100% accuracy | |
| | | | | | Bi-weekly reports will be made available to management within 2 days of the pay date, with 100% accuracy. Monthly reports will be made available to management by the end of the following month, with 100% accuracy. | Bi-weekly reports will be made available to management within 2 days of the pay date, with 100% accuracy. Monthly reports will be made available to management by the end of the following month, with 100% accuracy. | |
| | Benefit & OMERS Pension Management Reporting | Employee Benefits & OMERS Pension Administration | | Fulltime | | Provide accurate benefit plans to 33.000 full time active employees and retirees | Provide accurate benefit plans to 35.000 full time active employees and retirees |
| | | | | Parttime | | Provide accurate benefit plans to 3,946 part time employees. Provide accurate reporting and offer of OMERS enrollment as per requirements under the P&B act | Provide accurate benefit plans to 3,946 part time employees. Provide accurate reporting and offer of OMERS enrollment as per requirements under the P&B act |
| | | | | Recreation Worker | | Provide accurate benefit plans to 47 recreation employees. Provide accurate reporting and offer of OMERS enrollment as per requirements under the P&B act | Provide accurate benefit plans to 47 recreation employees. Provide accurate reporting and offer of OMERS enrollment as per requirements under the P&B act |
| | | | | | | | |
| Non-OMERS Pension | City Sponsored Pension Administration | | The Toronto Civic Employees' Pension Plan | | Produce an accurate monthly pension or spousal pension on the first business day of each and every month | Produce an accurate monthly pension or spousal pension on the first business day of each and every month | |
| | | | Toronto Fire Department Superannuation and Benefit Plan | | Produce an accurate bi-monthly pension or spousal pension on the first and fifteenth day of each and every month | Produce an accurate bi-monthly pension or spousal pension on the first and fifteenth day of each and every month | |
| | | | Metropolitan Toronto Pension Plan | | Produce an accurate monthly pension or spousal pension on the first business day of each and every month | Produce an accurate monthly pension or spousal pension on the first business day of each and every month | |

Service Types and Service Levels

| Service | Activity | Sub-Activity | Type | Sub-Type | Approved 2012 Service Levels | Proposed 2013 Service Levels |
|---------|--|------------------------|---|----------|--|--|
| | | | Metropolitan Toronto Police Benefit Plan | | Produce an accurate monthly pension or spousal pension on the first business day of each and every month | Produce an accurate monthly pension or spousal pension on the first business day of each and every month |
| | | | The Corporation of the City of York Employee Pension Plan | | Produce an accurate monthly pension or spousal pension on the first business day of each and every month | Produce an accurate monthly pension or spousal pension on the first business day of each and every month |
| | Pension Deduction & 3rd Party Compliance | | | | Meet all regulatory filing requirements by prescribed dates | Meet all regulatory filing requirements by prescribed dates |
| | Pension Reporting | | | | Financial statements filed by prescribed date (June 30) | Financial statements filed by prescribed date (June 30) |
| Payroll | 3rd Party Payroll Payments & Compliance | | | | Provided accurate 3rd party payments on time by due date 100% of the time with 100% accuracy | Provided accurate 3rd party payments on time by due date 100% of the time with 100% accuracy |
| | | Payroll Administration | Fulltime | | Payroll cheque/ direct deposit / statements are made available to employees by the close of business day on scheduled paydays 100% of the time, with a minimal number of manual adjustments. Provided accurate pays to 25,120 employees biweekly, ie 26 pays per annum and 70 Trades employees weekly. | Payroll cheque/ direct deposit / statements are made available to employees by the close of business day on scheduled paydays 100% of the time, with a minimal number of manual adjustments. Provided accurate pays to 25,120 employees biweekly, ie 26 pays per annum and 70 Trades employees weekly. |
| | | | Parttime | | Payroll cheque/ direct deposit / statements are made available to employees by the close of business day on scheduled paydays 100% of the time, with a minimal number of manual adjustments. Provided accurate pays to 3680 employees biweekly, ie 26 pays per annum and 200 employees monthly. | Payroll cheque/ direct deposit / statements are made available to employees by the close of business day on scheduled paydays 100% of the time, with a minimal number of manual adjustments. Provided accurate pays to 3680 employees biweekly, ie 26 pays per annum and 200 employees monthly. |
| | | Recreation Worker | | | Payroll cheque/ direct deposit / statements are made available to employees by the close of business day on scheduled paydays 100% of the time, with a minimal number of manual adjustments. Provided accurate pays to 9080 employees biweekly, ie 26 pays per annum | Payroll cheque/ direct deposit / statements are made available to employees by the close of business day on scheduled paydays 100% of the time, with a minimal number of manual adjustments. Provided accurate pays to 9080 employees biweekly, ie 26 pays per annum |

Purchasing & Materials Management
To provide purchasing and materials management services, at best value, in support of public program and service delivery through the application of open, fair, equitable and accessible procurement processes and practices.

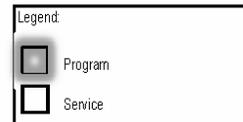


Purpose:

To provide purchasing services at best value in support of public programs and service delivery through the application of open, fair, equitable and accessible procurement processes and practices.

Purpose:

To provide materials management and warehousing services in support of public programs and service delivery.



Service Customer

Purchasing

- City Divisions
- Toronto Atmospheric Fund (TAF)
- Exhibition Place (> 100k)
- Toronto Police (upon request)
- Suppliers

Materials Management Stores & Distribution

- City Divisions
- Toronto Police
- Toronto Library
- Association of Community Centres (AOCCs)
- Arenas Board
- Exhibition Place

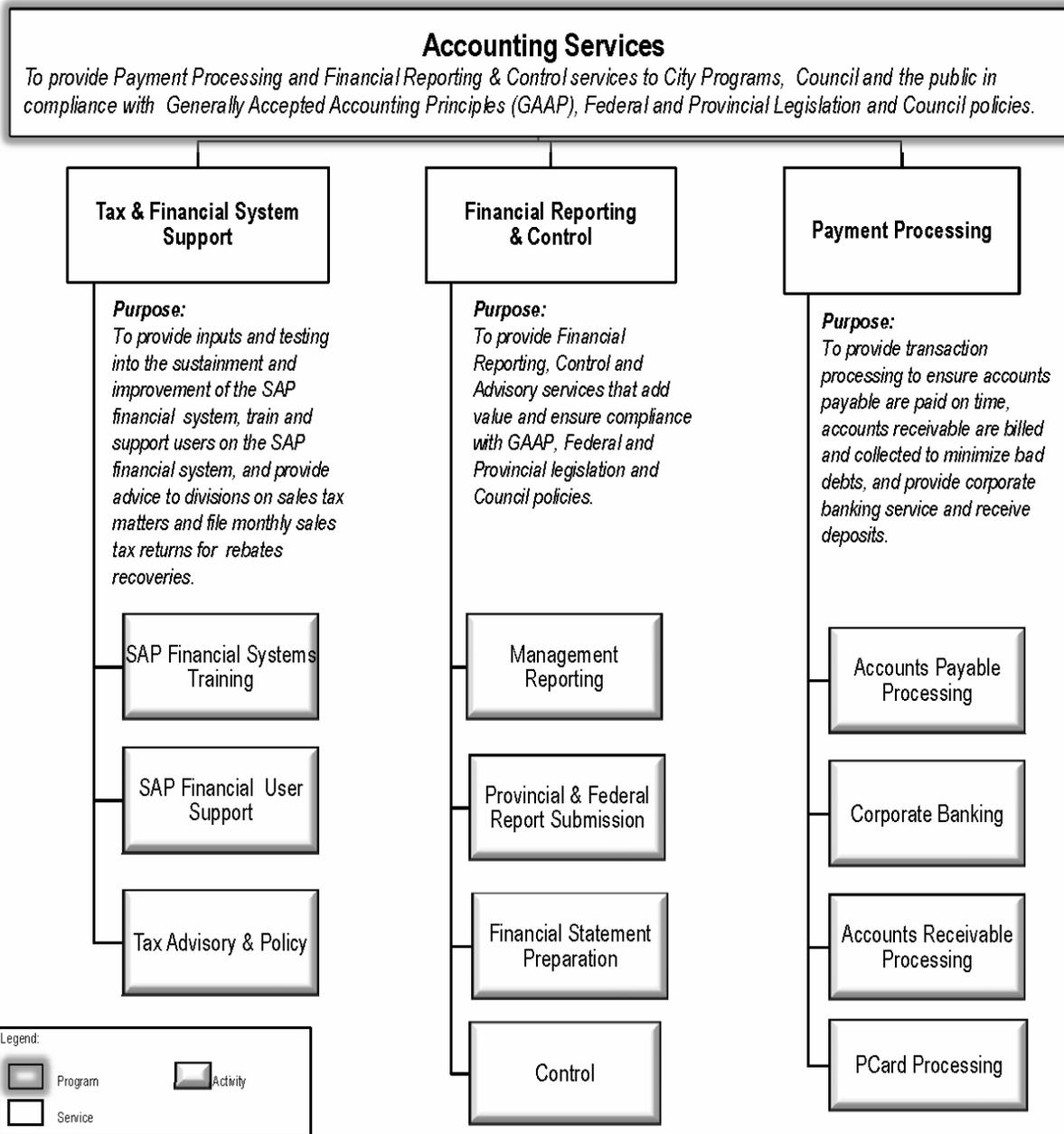
2013 Recommended Service Levels

Service Types and Service Levels

| Service | Activity | Sub-Activity | Type | Sub-Type | Approved 2012 Service Levels | Proposed 2013 Service Levels |
|--|----------|--------------|---|----------|--|--|
| Materials Management Stores & Distribution | | | Operational Supplies | | Material requests issued and delivered within 7 calendar days | Material requests issued and delivered within 7 calendar days |
| | | | MSDS (Materials Safety Data Sheet) | | Providing city staff with 24/7 online access 100% of the time | Providing city staff with 24/7 online access 100% of the time |
| | | | Stores Catalogue | | Providing 24/7 online access to Catalogue details current to one business day 100% of the time | Providing 24/7 online access to Catalogue details current to one business day 100% of the time |
| | | | Inventory | | Turn inventory value at rate of 5.0 times per year | Turn inventory value at rate of 5.0 times per year |
| Purchasing | | | Training | | 100% of training sessions being held per year | 100% of training sessions being held per year |
| | | | Asset Disposal | | 100% of all obsolete assets being disposed of on a timely basis | 100% of all obsolete assets being disposed of on a timely basis |
| | | | General Inquiries & Interpretation of Policies & Procedures | | 100% of inquiries responded to within 48 hours | 100% of inquiries acknowledged and/or actioned (where feasible) within one (1) business day |
| | | | Online Call Document Distribution | | To provide vendors with 24/7 online access 100% of the time | To provide vendors with 24/7 online access 100% of the time |
| | | | Sole Source Procurement | | 100% compliance with Council Policy on Sole Source | 100% compliance with Council Policy on Sole Source |
| | | | Tenders | | Issuing within 2-5 days of time of receipt of final approved document 100% of time | Issuing within 2-5 days of time of receipt of final approved document 100% of time |
| | | | Request for Proposals (RFP) | | Issuing within 2-5 days of time of receipt of final approved document 100% of time | Issuing within 2-5 days of time of receipt of final approved document 100% of time |

Service Types and Service Levels

| Service | Activity | Sub-Activity | Type | Sub-Type | Approved 2012 Service Levels | Proposed 2013 Service Levels |
|---------|----------|--------------|---|----------|--|--|
| | | | Request for Quotations (RFQ) | | Issuing within 2-5 days of time of receipt of final approved document 100% of time | Issuing within 2-5 days of time of receipt of final approved document 100% of time |
| | | | Request for Expression of Interest (REOI) | | Issuing within 2-5 days of time of receipt of final approved document 100% of time | Issuing within 2-5 days of time of receipt of final approved document 100% of time |
| | | | Request for Information (RFI) | | Issuing within 2-5 days of time of receipt of final approved document 100% of time | Issuing within 2-5 days of time of receipt of final approved document 100% of time |
| | | | Purchase Order / Blanket Contract Issued | | Issuing within 2-5 days of time of receipt of final approved document 100% of time | Issuing within 2-5 days of time of receipt of final approved document 100% of time |



Service Customer

Tax & Financial System Support

- City Divisions

Financial Reporting & Control

- City Divisions
- Agencies

Payment Processing

- City Divisions

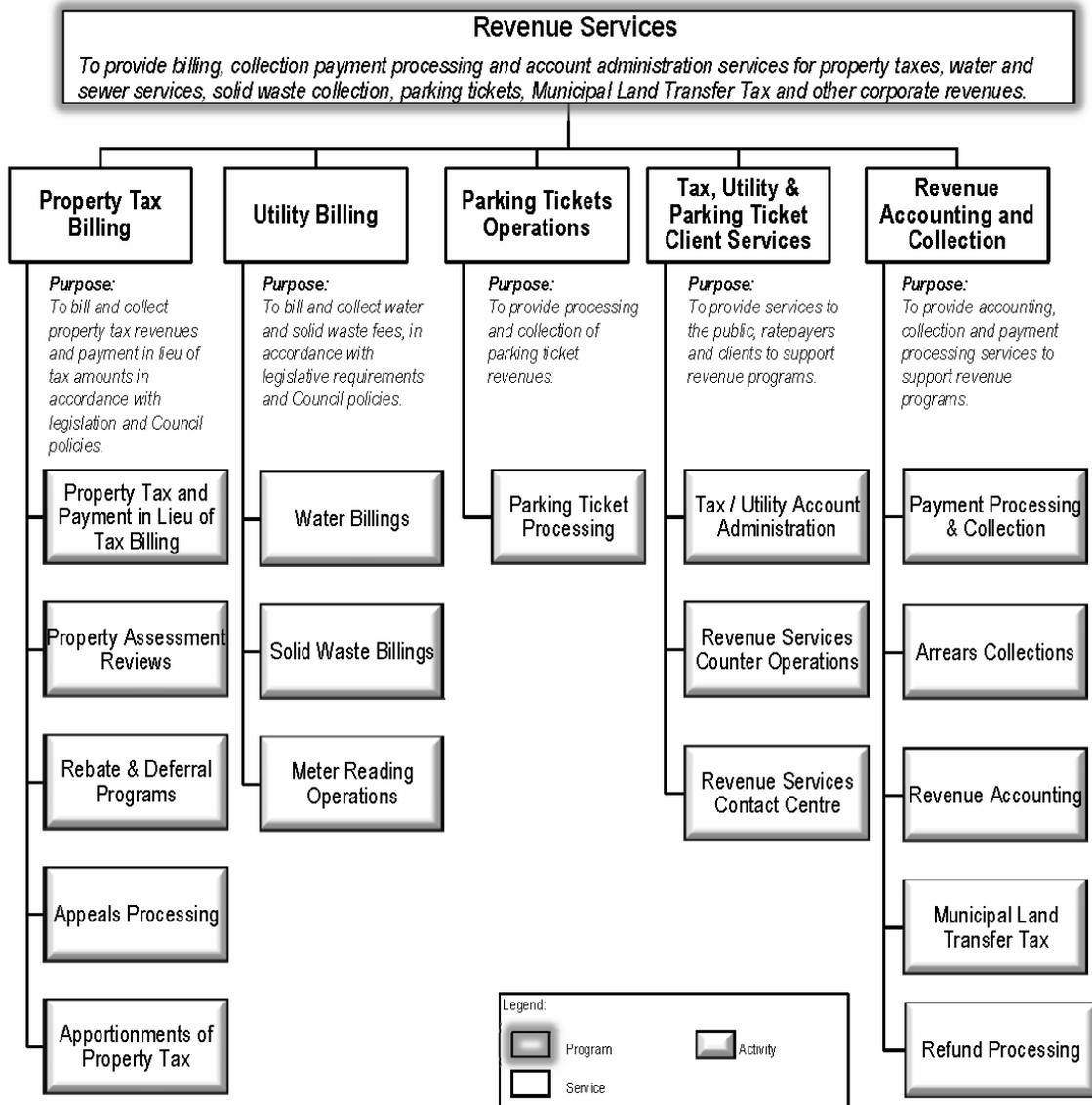
2013 Recommended Service Levels

Service Types and Service Levels

| Service | Activity | Type | Sub-Type | Approved 2012 Service Levels | Proposed 2013 Service Levels |
|-------------------------------|---|---|--|---|---|
| Financial Reporting & Control | Control | Accounting policy development | | Produce and publish timely, relevant and comprehensive accounting policies on issues, prior to adoption of new standards or practices | Produce and publish timely, relevant and comprehensive accounting policies on issues, prior to adoption of new standards or practices |
| | | Ad hoc reporting | | As required | As required |
| | | Advisory role re accounting controls, reporting and oversight | | Provide advice on all material new areas of concern, prior top implementation, and oversight as requested | Provide advice on all material new areas of concern, prior top implementation, and oversight as requested |
| | | Capital projects review | Report | monthly | Monthly |
| | | | Variance | quarterly | Quarterly |
| | | Journal entries | | 99% within 2 business days | 99% within 2 business days |
| | | Month end and year end SAP processing | | As scheduled | As scheduled |
| | | Operating review | | monthly | Monthly |
| | | Policies and procedures request for guidance | | As requested | As requested |
| | | SAP Financial System Security | Access authorization, role creation, review and modification | As required | As required |
| | | SAP User Administration | Determining access by user | As requested | As requested |
| | | SAP Vendor Master Data maintenance | | As required | As required |
| | | Financial Statement Preparation | Annual Audited Consolidated Financial Statements | | Complete financial statements with draft audit report prior to June 30th |
| | Sinking Fund Audited Financial Statements | | | Complete financial statements with draft audit report prior to June 30th | Complete financial statements with draft audit report prior to June 30th |
| | Trust Fund Audited Financial Statements | | | Complete financial statements with draft audit report prior to June 30th | Complete financial statements with draft audit report prior to June 30th |
| | Management Reporting | Consulting Report | | Complete Consulting report for submission to GMC by June 30th | Complete Consulting report for submission to GMC by June 30th |
| | | Council Remuneration Report | | Complete Council Remuneration Report for submission to EC by March 31 | Complete Council Remuneration Report for submission to EC by March 31 |
| | | Development Charges Report | | Complete Development Charges report for submission to BC by August 31 | Complete Development Charges report for submission to BC by August 31 |
| | | Reserves and Reserve Funds Reports | | Complete Reserves and Reserve Funds reports for submission to BC concurrent with Budget variance reports. | Complete Reserves and Reserve Funds reports for submission to BC concurrent with Budget variance reports. |

Service Types and Service Levels

| Service | Activity | Type | Sub-Type | Approved 2012 Service Levels | Proposed 2013 Service Levels | |
|---------------------------------------|--|--|--|--|--|----------------------------------|
| | | Semi-annual Treasurer's report | | Complete semi-annual Treasurer's Report for submission to GMC within 90 days | Complete semi-annual Treasurer's Report for submission to GMC within 90 days | |
| | | Special reports, e.g. Deposits, G20 | | Complete special reports as required | Complete special reports as required | |
| | Provincial & Federal Report Submission | Annual Provincial Financial Information Return (FIR) | | | Completed by August 31st | Completed by August 31st |
| | | Infrastructure Funding Reports | | | As required | As required |
| | | MPMP Report | | | Completed by August 31st | Completed by August 31st |
| | | OMBI | | | Completed by September 30 | Completed by September 30 |
| | | Stats Canada | | | Semi-annually | Semi-annually |
| Toronto York Spadina Subway Extension | | | Perform banking services and reporting throughout the year | Perform banking services and reporting throughout the year | | |
| Payment Processing | Accounts Payable Processing | A/P Transactions Processed | | 2012 - 90% of payments made within 60 days | 2012 - 90% of payments made within 60 days | |
| | | Alpha | | 2012 - 90% of payments made within 60 days | 2012 - 90% of payments made within 60 days | |
| | | Cheques issued | | Cheques printed on a minimum of every Tuesday & Thursday | Cheques printed on a minimum of every Tuesday & Thursday | |
| | | Direct deposit payments issued | | Direct Deposits processed a minimum of once per day | Direct Deposits processed a minimum of once per day | |
| | | Discounts desk | | 2012 - 85% of discounts captured | 2012 - 85% of discounts captured | |
| | | Interface files processing | | Interface files processed within 1 business day of receipt | Processed within 5 business days | |
| | | Mailroom / Scanned Images | | daily | Daily | |
| | | Specialty | Hold Back Releases | | Processed within 5 business days | Processed within 5 business days |
| | | | Interface Payments | | Processed within 5 business days | Processed within 5 business days |
| | | | Sub Orders | | Processed within 5 business days | Processed within 5 business days |



Service Customer

| Property Tax Billing | Utility Billing | Parking Tickets | Tax, Utility & Parking Ticket Client Services | Revenue Accounting & Collection |
|--|---|---|--|---|
| <ul style="list-style-type: none"> Property owners City of Toronto Corporation | <ul style="list-style-type: none"> Property owners Registered Utility Account holder City of Toronto Corporation | <ul style="list-style-type: none"> Parking ticket recipient City of Toronto Corporation | <ul style="list-style-type: none"> Members of the public property tax/utility account holders legal community property owners parking ticket recipients Business Improvement Area members City of Toronto Corporation | <ul style="list-style-type: none"> Property owners Registered utility account holder Province of Ontario, School Boards City of Toronto Corporation |

2013 Recommended Service Levels

Service Types and Service Levels

| Service | Activity | Type | Sub-Type | Approved 2012 Service Levels | Proposed 2013 Service Levels | |
|---------------------------|---|--|----------|--|--|---|
| Parking Ticket Operations | Parking Ticket Processing | Investigations | | Complete all investigations within 15 days | Complete all investigations within 15 days | |
| | | Notice of Fine and Due Date | | 99.5% of notices sent within legislated timeframe | 99.5% of notices sent within legislated timeframe | |
| | | Notice of impending Conviction | | 99.5% of notices sent within legislated timeframe | 99.5% of notices sent within legislated timeframe | |
| | | Parking Ticket | | 99.5% of parking tickets processed within legislated timeframes | 99.5% of parking tickets processed within legislated timeframes | |
| | | Pre-Court Filing | | 99.5% of all court filing documents prepared within the 75 day legislated time frame from date of offence | 99.5% of all court filing documents prepared within the 75 day legislated time frame from date of offence | |
| | | Refunds and adjustments | | 100% of refunds and adjustments processed within 14 days | 100% of refunds and adjustments processed within 14 days | |
| Property Tax Billing | Appeals Processing | Assessment Appeals | | Residential appeals processed within 30 days following receipt of ARB decision. Non-residential appeals processed within 120 days following receipt of ARB decision. | Residential appeals processed within 30 days following receipt of ARB decision. Non-residential appeals processed within 120 days following receipt of ARB decision. | |
| | | Property Tax Appeals | | Aproximately 50% of the applications are returned from MPAC in time to be dealt by September 30 of the following year | Aproximately 50% of the applications are returned from MPAC in time to be dealt by September 30 of the following year | |
| | Apportionments of Property Tax | | | All Property Tax Bills are prepared and issued consistent with relevant legislation and by-laws, and within legislated or Council-approved timeframes | All Property Tax Bills are prepared and issued consistent with relevant legislation and by-laws, and within legislated or Council-approved timeframes | |
| | Property Assessment Review | | | On average, 120 properties are appealed per year in accordance with council approved criteria and rules and practice of the Assessment Review Board (ARB), and in accordance with timelines set out by Assessment Review Board | On average, 120 properties are appealed per year in accordance with council approved criteria and rules and practice of the Assessment Review Board (ARB), and in accordance with timelines set out by Assessment Review Board | |
| | Property Tax and Payment in Lieu of Tax Billing | Business Improvement Area (BIA) levies | | | All BIA levies are prepared and issued prior to final property tax billing, to ensure that tax bills include BIA levy. | All BIA levies are prepared and issued prior to final property tax billing, to ensure that tax bills include BIA levy. |
| | | Payment in Lieu of Taxes | | | All Payment in Lieu of Taxes are prepared and issued consistent with relevant legislation and by-laws, and within legislated time frames | All Payment in Lieu of Taxes are prepared and issued consistent with relevant legislation and by-laws, and within legislated time frames |
| | | Property Tax Billing (Interim & Final) | | | All Property Tax Bills and are prepared and issued consistent with relevant legislation and by-laws, and within legislated or Council-approved timeframes | All Property Tax Bills and are prepared and issued consistent with relevant legislation and by-laws, and within legislated or Council-approved timeframes |

Service Types and Service Levels

| Service | Activity | Type | Sub-Type | Approved 2012 Service Levels | Proposed 2013 Service Levels |
|---------------------------------|------------------------------------|--|----------|---|---|
| | | Supplementary/Omitted Tax Billings | | All Property Tax Bills are prepared and issued consistent with relevant legislation and by-laws, and within legislated or Council-approved timeframes | All Property Tax Bills are prepared and issued consistent with relevant legislation and by-laws, and within legislated or Council-approved timeframes |
| | Rebate & Deferral Programs | Charitable Rebates | | Fully completed charity rebate applications processed within 120 days of application deadline date. | Fully completed charity rebate applications processed within 120 days of application deadline date. |
| | | Golf Course deferrals | | Golf course deferrals processed within 60 days of receipt of information. | Golf course deferrals processed within 60 days of receipt of information. |
| | | Tax/Water Relief for Low-Income Seniors and Disabled | | Fully completed applications processed within 60 days of application deadline date. | Fully completed applications processed within 60 days of application deadline date. |
| | | Vacancy Rebates | | Vacancy rebates are processed within legislated timeframe. | Vacancy rebates are processed within legislated timeframe. |
| | | Veterans Clubhouse, Ethno-cultural, Heritage Rebates | | Fully completed applications processed within 60 days of application deadline date. | Fully completed applications processed within 60 days of application deadline date. |
| Revenue Accounting & Collection | Arrears Collections | Bailiff Warrants | | 5,125 accounts are issued to the bailiffs annually | 5,125 accounts are issued to the bailiffs annually |
| | | Internal Collections | | 100% of accounts in arrears were mailed Statement of Tax Account within Council-approved timelines (723,036 stmts/notices mailed in 2010). | 100% of accounts in arrears were mailed Statement of Tax Account within Council-approved timelines (723,036 stmts/notices mailed in 2010). |
| | | Registration - Sale of Land | | In excess of 4,000 accounts in arrear are included in this process annually. Two "Sale of Land by Pubic Tender" are conducted annually. | In excess of 4,000 accounts in arrear are included in this process annually. Two "Sale of Land by Pubic Tender" are conducted annually. |
| | Municipal Land Transfer Tax (MLTT) | Automated MLTT land registration transactions | | 100% of MLTT Notices of Assessments and Deferral Confirmations are issued and completed in accordance with legislated requirements | 100% of MLTT Notices of Assessments and Deferral Confirmations are issued and completed in accordance with legislated requirements |
| | | MLTT Manual Notices of Assessment | | 100% of MLTT Notices of Assessments and Deferral Confirmations are issued and completed in accord to the legislated requirements | 100% of MLTT Notices of Assessments and Deferral Confirmations are issued and completed in accord to the legislated requirements |
| | Payment Processing and Collection | | | As a minimum 90% of all cheque payments received are processed within 3 days from date payment is received or on the date of the cheque for future dated payments (post dated cheques). | As a minimum 90% of all cheque payments received are processed within 3 days from date payment is received or on the date of the cheque for future dated payments (post dated cheques). |
| | Refund Processing | Refunds due to Appeals and Rebates | | Over 90% of all refunds as a result of the processing of assessment appeals and rebate are processed within 120 days. | Over 90% of all refunds as a result of the processing of assessment appeals and rebate are processed within 120 days. |

Service Types and Service Levels

| Service | Activity | Type | Sub-Type | Approved 2012 Service Levels | Proposed 2013 Service Levels |
|---|-------------------------------------|--|--|--|--|
| | | Refunds due to Over-Payments | | To issue credit letters to property owner requesting required information and issue refunds within one year, over 90% of the time. Tax credit balances of \$500 or less without an ownership change are transferred to the next billing. | To issue credit letters to property owner requesting required information and issue refunds within one year, over 90% of the time. Tax credit balances of \$500 or less without an ownership change are transferred to the next billing. |
| | Revenue Accounting | Account Analysis / Reconciliation | | In 2010, 95% of the monthly reconciliation and Statements were produced in the following month. | In 2010, 95% of the monthly reconciliation and Statements were produced in the following month. |
| | | Returned Cheques Processing | | In 2010, 95% of Returned Payments received by Revenue Services were processed within 10 business days. | In 2010, 95% of Returned Payments received by Revenue Services were processed within 10 business days. |
| Tax, Utility & Parking Ticket Client Services | Revenue Services Contact Centre | Customer Enquiry - Correspondence | | All letters, faxes and e-mails are prepared and issued consistent with relevant legislation and by-laws. | All letters, faxes and e-mails are prepared and issued consistent with relevant legislation and by-laws. |
| | | Customer Enquiry - Telephone | | It is estimated that 40% of calls are answered with average wait time of 5 minutes; | It is estimated that 40% of calls are answered with average wait time of 5 minutes; |
| | Revenue Services Counter Operations | | All customers are served, with 100% completion of customer transactions, with average wait times of less than 10 minutes for tax/utility transactions, and 15 minute wait times for parking ticket transactions. | All customers are served, with 100% completion of customer transactions, with average wait times of less than 10 minutes for tax/utility transactions, and 15 minute wait times for parking ticket transactions. | |
| | Tax/ Utility Account Administration | Designate/Agent Mailing Request | | Service standards are met within 7 to 14 day timeframe, providing that all required documentation is received. | Service standards are met within 7 to 14 day timeframe, providing that all required documentation is received. |
| | | Mortgage and PILT payment | | All payments are processed within a 3 - 5 day window | All payments are processed within a 3 - 5 day window |
| | | Ownership Update | | Service standards are met within 7 to 14 day timeframe, providing that all required documentation is received. | Service standards are met within 7 to 14 day timeframe, providing that all required documentation is received. |
| | | Payment Programs-Mortgages Company | | All mortgage updates are processed within a 5 - 7 day window | All mortgage updates are processed within a 5 - 7 day window |
| Pre-authorized Tax Payment | | | All PTP applications are processed within a 10 - 14 day timeframe. | All PTP applications are processed within a 10 - 14 day timeframe. | |
| Pre-authorized Utility Payment | | All PUP applications are processed within a 3 - 5 day window | All PUP applications are processed within a 3 - 5 day window | | |

Service Types and Service Levels

| Service | Activity | Type | Sub-Type | Approved 2012 Service Levels | Proposed 2013 Service Levels |
|-----------------|--------------------------|---------------------------|---|---|---|
| | | Tax certificate | | Service Standards vary during the year. During peak period between May and September service standard is between 8 to 10 days, while non peak period service standard is between 5 to 7 days. | Service Standards vary during the year. During peak period between May and September service standard is between 8 to 10 days, while non peak period service standard is between 5 to 7 days. |
| | | Utility Certificate | | Service standards are met within 3 to 5 day timeframe, providing that all required information is received. | Service standards are met within 3 to 5 day timeframe, providing that all required information is received. |
| Utility Billing | Meter Reading Operations | Meter investigations | | Complete all service orders | Complete all service orders |
| | | Meter Reading | | Read 75% of meters (25% are outcalls ie: no answer at door) | Read 75% of meters (25% are outcalls ie: no answer at door) |
| | Solid Waste Billings | | Mailing of all bills within cycle on schedule | Mailing of all bills within cycle on schedule | |
| | Water Billings | Flat Rate Accounts | | To issue 100% of utility flat ratebillings within scheduled cycles (i.e. former Toronto flat rate billings twice per year and former Etobicoke three times per year) | To issue 100% of utility flat ratebillings within scheduled cycles (i.e. former Toronto flat rate billings twice per year and former Etobicoke three times per year) |
| | | Metered Accounts | | 25% of all meter readings for metered accounts are estimated readings. | 25% of all meter readings for metered accounts are estimated readings. |
| | | Water Relief Applications | | 92% of applications processed within first billing cycle | 92% of applications processed within first billing cycle |

2013 Service Deliverables

The 2013 Recommended Operating Budget of \$72.551 million gross provides funding to:

- Finalize the review and potential implementation of a merger of the City's 5 Pre-OMERS Pension Plans with OMERS and/or windup.
- Provide a dedicated payroll team to the FPARS project to develop and implement all technical and business process changes impacting payroll (*e.g.* changes to time and attendance, coding block, data and posting) for full roll-out by January 1, 2014.
- Provide a dedicated team to begin work on the implementation of technical and business process transformation changes to modernize the delivery of payroll services through Employee Self Service/Manager Self Service and roll-out to unionized employees.
- Implement critical state of good repair upgrades to SAP, through the replacement of the existing custom time entry program with SAP standard Cross Application Time Sheet (CATS) system, to ensure the ongoing sustainable and accountable running of payroll.
- Provide a dedicated team to begin implementation of an enterprise-wide scheduling and time & attendance solution to allow for managing resources, schedules and time and attendance to be integrated with SAP and rolled out to Parks, Forestry & Recreation (PF&R) and Emergency Medical Services (EMS).
- Working with external actuaries, prepare a full non-pension, benefits valuation report and include a full experience study with respect to City trends for retirement, termination and benefits experience rates.
- Implement changes arising from the program / service efficiency review of Pension, Payroll and Employee Benefits programs and services.
- Continue to provide purchasing services at best value in support of public programs and service delivery through the application of open, fair, equitable and accessible procurement processes and practices.
- Continue to enhance the City's purchasing process by the continued investigation of e-procurement opportunities and implement recommended solutions resulting from the planning and scoping initiative.
- Participate in the Shared Services Study as identified in the 2011 KPMG Core Service Review to consider consolidating purchasing with ABC's to obtain greater purchasing power. PMMD to assess the potential for providing a shared service delivery across City divisions and agencies for common services and functions, with the objective of reducing costs, increasing service efficiency and effectiveness, and improving customer service.
- Continue to provide materials management and warehousing services in support of public programs and service delivery.
- Continue to support the City's Pandemic Procurement Initiative.
- Implement a plan and budget, in conjunction with Facilities, for the building renovations and repairs at the 799 Islington Avenue warehouse location in preparation for the relocation of Materials Management & Stores Units, in 2014.

- Implement any recommendations resulting from the Auditor General's Storage Warehouse Optimization audit to be conducted in 2012.
- Provide financial reporting, control and advisory services that add value and ensure compliance with accounting standards, relevant legislation and Council policies.
- Process financial transactions accurately and on a timely basis to ensure that the City's accounts payable are supported and paid on time; accounts receivable are billed and collected to minimize bad debts; and banking / deposit services are provided and reconciled on a timely basis.
- Support the sustainment, improvement and protection of the integrity of the City's financial and payroll system (SAP), including testing, training, user support, and system upgrades.
- Support and participate in the FPARS project.
- Manage sales tax compliance and reporting, provide advice and support to Divisions on sales tax matters, and file monthly sales tax returns for rebates and recoveries.
- Bill, collect and administer property tax and utility (water and solid waste) accounts in accordance with legislation and Council policies, including processing of assessment and tax appeals, property assessment review and initiation of assessment appeals, administration of tax and water relief, rebate and refund programs.
- Administer and process parking ticket revenues, Municipal Land Transfer Tax and other revenues in compliance with legislative requirements and Council policies.
- Improve and enhance customer service delivery in all service areas, including call centre and counter operations, and other customer- facing operations to better meet call demand and the development of additional self-serve options via electronic service delivery. Introduce electronic billings for property taxes using Canada Post's *E-post*[™] service.
- In partnership with Toronto Water, continue the implementation of the City's Water Meter Replacement and Automated Meter Reading Program.

PART III: RECOMMENDED BASE BUDGET

**2013 Recommended Base Budget
(In \$000s)**

| (In \$000s) | 2012 Approved Budget | 2013 Rec'd Base | Change 2013 Recommended Base vs. 2012 Appvd. Budget | | FY Incremental Outlook | |
|---------------------------|----------------------------|-----------------------|--|-------|---------------------------|---------|
| | | | \$ | % | 2014 | 2015 |
| | \$ | \$ | \$ | % | \$ | \$ |
| GROSS EXP. | 73,695.5 | 72,431.4 | (1,264.1) | (1.7) | (1,633.2) | 509.1 |
| REVENUE | 44,543.4 | 43,276.5 | (1,266.9) | (2.8) | (2,706.0) | (615.2) |
| NET EXP. | 29,152.1 | 29,154.9 | 2.8 | 0.0 | 1,072.8 | 1,124.3 |
| Approved Positions | 770.0 | 737.0 | (33.0) | (4.3) | (12.0) | (18.0) |

2013 Recommended Base Budget

The 2013 Recommended Base Budget of \$72.431 million gross and \$29.155 million net is \$0.003 million or 0% over the 2012 Approved Budget of \$29.152 million net. The 2013 Recommended Base Budget provides \$0.078 million in funding for base budget increases, representing an increase of 0.3% over the 2012 Approved Budget, offset by \$0.075 million net in recommended service budget reductions bringing the Programs' base budget to \$0.000 million net or 0.0% over the budget target of a 0% increase.

- The recommended budget reduction of \$0.075 million reflects increased revenue from volume rebates earned.
- Approval of the 2013 Recommended Base Budget will decrease the Program's approved staff complement by 33 from 770 to 737 positions as highlighted in the table below:

**2013 Recommended Staff Complement
Base Budget Summary**

| Changes | Staff Complement |
|--|---------------------|
| 2012 Approved Complement | 770.0 |
| - 2012 In-year Adjustments | |
| 2012 Approved Staff Complement | 770.0 |
| 2013 Recommended Staff Complement Changes | |
| - 2013 Temporary Complement - Capital Project Delivery | (3.0) |
| - 2013 Operating Impacts of Completed Capital Projects | 1.0 |
| - 2013 Transfer of Meter Reading Function to Toronto Water | (31.0) |
| - 2013 Service Changes | |
| Total 2013 Recommended Complement | 737.0 |

- One temporary capital position is required to support PMMD's business processes in SAP as a result of the eProcurement project implementation.

- One new permanent position is added in Accounting Services to support and maintain the service view of the City's financial and operational performance introduced by FPARS.
- The 2013 Recommended Base Budget for the Office of the Treasurer includes the deletion of 4 temporary capital positions that are no longer required in Accounting Services for various capital project as well completion of the Pension, Payroll and Employee Benefits program review.
- Transfer of 31 water meter reading staff to Toronto Water.

2013 Recommended Service Change Summary
(In \$000s)

| Description | 2013 Recommended Service Changes | | | | Net Incremental Impact | | | |
|---------------------------------------|----------------------------------|---------------|-------------|---------------------------|------------------------|-----------------|-----------------|-----------------|
| | Position Changes | Gross Expense | Net Expense | % Change over 2012 Budget | 2014 | | 2015 | |
| | | | | | Net Expenditure | Position Change | Net Expenditure | Position Change |
| Base Changes: | | | | | | | | |
| Base Expenditure Changes | | | | | | | | |
| Sub-Total Service Efficiencies | | | | | | | | |
| Revenue Changes | | | | | | | | |
| Procurement Revenue | | | (75.0) | (0.3) | | | | |
| Sub-Total Revenue Changes | | | (75.0) | (0.3) | | | | |
| Total Service Changes | | | (75.0) | (0.3) | | | | |

2013 Recommended Service Changes

The 2013 recommended service changes consist of one revenue change of \$0.075 million net representing a 0.3% decrease from the 2012 Approved Budget, which offsets the Program's incremental base budget pressures of \$0.078 million or a 0.0% increase, bringing the 2013 Recommended Base Budget to \$0.003 million or 0.00% over the 2012 Approved Budget.

In addition, a new user fee is recommended (see Page 24) that will generate increased revenue of \$0.029 million net. That, if approved, will bring the Program's 2013 Recommended Operating Budget to \$29.126 million net or \$0.026 million and 0.1% below the 2012 Approved Operating Budget.

Revenue Changes: (increased revenue of \$0.075 million)

Procurement Revenue

- Establishing a budget to reflect volume rebates earned will increase revenues by \$0.075 million in 2013. Currently, Purchasing and Materials Management collects revenue as a result of a program that was initiated in 2008 where the City receives a percentage rebate based on the total volume of purchases on certain contracts. The volume rebate is included as part of the call documents where bidders are invited to include a percentage of sales volume as a rebate to the city as part of their bid. The volume rebate is only included in calls where the supplier is expected to be a distributor of various manufacturers' goods/parts.

2014 and 2015 Outlook (In \$000s)

| Description | 2014 - Incremental Increase | | | | | 2015 - Incremental Increase | | | | | Total Net % Change from 2013 |
|---|-----------------------------|------------------|----------------|------------------------|-------------|-----------------------------|----------------|----------------|------------------------|-------------|------------------------------|
| | Gross Expense | Revenue | Net Expense | % Net Change from 2013 | # Positions | Gross Expense | Revenue | Net Expense | % Net Change from 2014 | # Positions | |
| Known Impacts | | | | | | | | | | | |
| Progression Pay for Non-Union Staff | 84.3 | | 84.3 | 0.29 | | 63.9 | | 63.9 | 0.21 | | 0.51 |
| Step Increases | 96.3 | | 96.3 | 0.33 | | 67.3 | | 67.3 | 0.22 | | 0.56 |
| Cost of Living Increase for Union Staff | 751.2 | | 751.2 | 2.58 | | 1,002.1 | | 1,002.1 | 3.32 | | 6.01 |
| Completion of eProcurement Initiative | (61.6) | (61.6) | 0.0 | 0.00 | | (61.6) | (61.6) | 0.0 | 0.00 | (1) | 0.00 |
| Completion of FPARS project | (2,653.4) | (2,653.4) | 0.0 | 0.00 | (13) | (562.6) | (562.6) | 0.0 | 0.00 | (17) | 0.00 |
| User Fee Inflationary Increase | | 9.0 | (9.0) | (0.03) | | | 9.0 | (9.0) | (0.03) | | (0.06) |
| Operating Impact from Capital Project | 150.0 | | 150.0 | 0.51 | 1 | | | | | | |
| Sub-Total Known Impacts | (1,633.2) | (2,706.0) | 1,072.8 | 3.68 | (12) | 509.1 | (615.2) | 1,124.3 | 3.72 | (18) | 7.54 |
| Anticipated Impacts | | | | | | | | | | | |
| Sub-Total - Anticipated Additional Impacts | | | | | | | | | | | |
| Total Incremental Impacts | (1,633.2) | (2,706.0) | 1,072.8 | 3.68 | (12) | 509.1 | (615.2) | 1,124.3 | 3.72 | (18) | 7.54 |

Approval of the 2013 Recommended Base Budget for the Office of the Treasurer will result in a 2014 incremental cost increase of \$1.073 million and a 2015 incremental cost increase of \$1.124 million to maintain 2013 service levels.

Future year incremental costs are primarily attributable to the following:

Known Impacts for 2014

- Progression pay increases for non-union staff of \$0.085 million gross and net will be required.
- Step increases for unionized staff of \$0.096 million gross and net based on the negotiated settlement will be required in 2014.
- Cost of living increases for unionized staff of \$0.751 million gross and net based on the negotiated settlement have been included.
- Completion of the eProcurement Initiative in PMMD will reduce salaries and benefits by \$0.062 million recovered from capital for a net \$0.0 million impact.
- The deletion of 13 temporary capital positions in the FPARS project to reflect the final phase of the FPARS –PBF implementation project requirements will reduce salaries and benefits by \$2.653 million recovered from capital for a net \$0.0 million impact.
- A user fee inflationary increase of \$0.009 million has been included.
- There is an operating impact of capital of \$0.120 million for 1 permanent staff to sustain the FPARS project and \$0.030 million for hardware/software support for eProcurement initiative.

Known Impacts for 2015

- Progression pay increases for non-union staff of \$0.064 million gross and net has been identified.
- Step increases for unionized staff of \$0.067 million gross and net based on collective agreement will be required.

- Cost of living increases for union staff of \$1.002 million gross and net based on collective agreement will be required.
- The deletion of one temporary capital position upon the completion of PMMD's eProcurement Initiative will reduce salaries and benefits by \$0.062 million recovered from capital for a net \$0.0 million impact.
- The deletion of 18 temporary capital positions throughout the year with the completion of the FPARS project in 2014 will reduce salaries and benefits by \$0.563 million recovered from capital for a net \$0.0 million impact.
- User fee inflationary increase of \$0.009 million will be realized.

PART IV: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS

**2013 Recommended New/Enhanced Service Priority Actions
(In \$000s)**

| Description | 2013 Recommended | | | Net Incremental Impact | | | |
|--|------------------|---------------------|------------------|------------------------|----------------|---------------------|----------------|
| | Gross Expense | Net Expenditures | New Positions | 2014 | | 2015 | |
| | | | | Net Expenditures | # Positions | Net Expenditures | # Positions |
| Enhanced Service Priorities | | | | | | | |
| Sub-Total - Enhanced Service Priorities | | | | | | | |
| New Service Priority Actions | | | | | | | |
| - New Fees | | | | | | | |
| New User Fee for Credit Balance Status | | (29.2) | | (5.8) | | | |
| - New Services | | | | | | | |
| Implementation of CATS Capital Project | 120.0 | | 2.0 | | 12.0 | | 7.0 |
| Sub-Total New Service Priorities | 120.0 | (29.2) | 2.0 | (5.8) | 12.0 | | 7.0 |
| Total New / Enhanced Service Priorities | 120.0 | (29.2) | 2.0 | (5.8) | 12.0 | | 7.0 |

2013 Recommended New / Enhanced Service Priority Actions

New Fees

New User Fee for Credit Balance Status Request

- Effective March 1, 2013, it is recommended that a new user fee of \$35 apply when a professional representative acting on behalf of a taxpayer requests a refund/transfer of credit balance status. Additional annual revenues of \$0.035 million will be generated from this new fee for refund-transfer credit balance status requests. In 2013, revenues of \$0.029 million will be generated with another \$0.006 million in 2014.
- Other municipalities charge fees for similar activities which are applied to all taxpayers/professionals. The City of Ottawa and the Town of Richmond Hill both apply fees of \$31.00 and \$30.00, to confirm a credit and then take action to refund or re-apply credits. The City of Mississauga charges \$20.00 to confirm refund cheque/transfer information; the City of Markham charges \$16.50 per tax year to confirm an account status credits; and the City of London charges \$28.00 per tax year for a tax status with transactions and \$18 per tax year without transactions.

New Services

Implementation of CATS Capital Project

- Two new temporary resources are required during 2013 to implement critical state of good repair upgrades to SAP, through the replacement of the existing custom time entry program

with the SAP standard Cross Application Time Sheet (CATS) system, to ensure the ongoing sustainable and accountable running of payroll. In 2013, salaries and benefits will be increased by \$0.120 million and recovered from capital for a net \$0.0 million impact. An additional 12 resources with various skill sets will be required throughout 2014 increasing salaries and benefits by \$0.740 million and another 7 resources will be required in 2015 increasing salaries and benefits by \$2.230 million recovered from capital for a net \$0.0 million impact.

2013 Recommended User Fee Changes

Appendix 6(i) includes a list of user fees to be transferred from Legal Services to Office of the Treasurer-Revenue Services.

In accordance with the City's User Fee policy, inflationary increases automatically apply to most user fees. Please see Appendix 6(ii) for User Fee increases as a result of inflation. In addition, one new user fee has been recommended to reflect cost recovery for Fees for professional representative acting on behalf of the taxpayer requesting a refund transfer credit balance status. This fee is outlined in Appendix 6 (iv).

PART V: ISSUES FOR DISCUSSION

2013 and Future Year Issues**2013 Issues****Core Service Review and Efficiency Study Implementation Progress – Status Update***Core Service Review*

- On September 26 and 27, 2011, City Council adopted a report that addressed the results of the detailed Core Service review conducted by KPMG. Council approved specific recommendations regarding the Office of the Treasurer and service levels, namely:
 - 1) *Continue to pursue outsourcing options for non-OMERS pension plans.*
Status: Report to be provided in 2013
 - 2) *Consider reducing number of pay runs per month from 22.*
 - 3) *Consider recovering non-OMERS pension administration costs from pension plans.*
Status: Further review is required as these are dependent on external decision.
 - 4) *Consider strategic sourcing of payment processing.*
 - 5) *Evaluate strategic sourcing of billing with Toronto Hydro.*
Status: Division head is currently reviewing options.

Efficiency Study Update

- A City-wide Counter Service Review Efficiency Study has not been finalized as discussion is continuing to determine options for public self-serve service including a City-wide counter service strategy and the installation of self-serve kiosks.

Appendix 1

2012 Performance

2012 Key Accomplishments

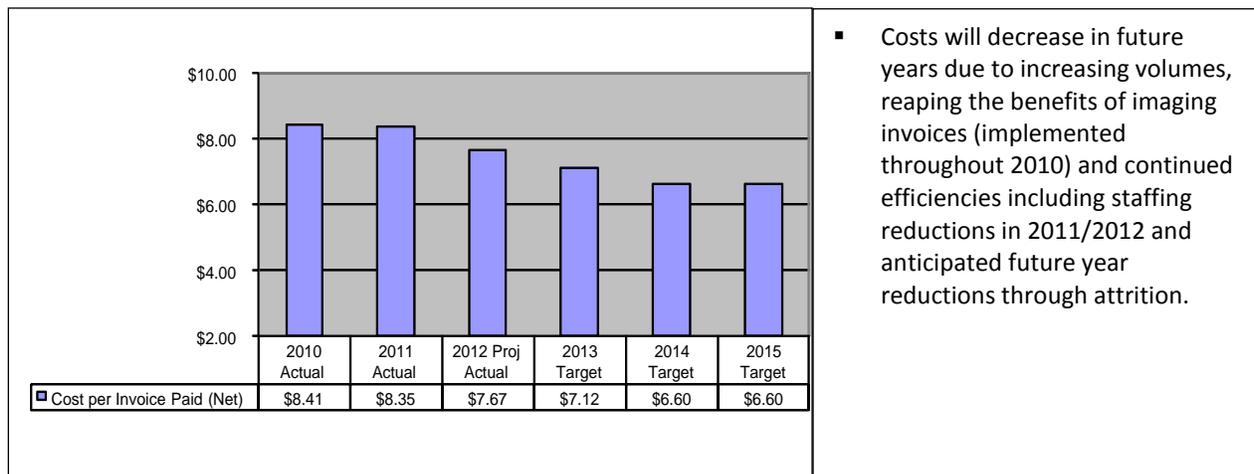
In 2012, the Office the Treasurer achieved the following results:

- ✓ Implemented electronic pay advices and T4s using Employee Self Serve (ESS) for non-union employees and Elected Officials.
- ✓ Resolved the Employer Compliance Audit through settlement with the CRA, where the CRA agreed to waive the 2008 and 2009 tax years. Completed the Employee Reimbursement Program for the 2010 tax year reassessments.
- ✓ Calculated, reported and presented all monetary costs and savings during negotiations with TCEU Local 416 and CUPE Local 79. Negotiated changes to the Benefits Plans resulting in approximately \$6 million in savings to the active benefit plans and over \$50 million in reduction to post retirement liabilities.
- ✓ Implemented all provisions of the new collective agreements for TCEU Local 416 and CUPE Local 79 including changes to Illness & Injury Plans and Salaries.
- ✓ Developed, reported and received approval to change the benefit plans for non-union employees, accountability officers and members of council, resulting in a savings of \$1 million.
- ✓ Expanded PMMD website services to include the posting of Awards for Competitive Calls which allows vendors to view information on awarded Calls.
- ✓ Commenced a Toronto Water (TW) District Operations pilot project on May 28, 2012 to consolidate four TW warehouses to a central warehouse operation.
- ✓ Maintained and identified additional opportunities for the Volume Rebate Program which was initiated in 2008. This program provides the City with revenues based on a percentage on the total volume of purchases on calls where the supplier is expected to be a distributor of various manufacturers goods/parts. The 2011 actuals at \$90,140 compared to 2012 year-to-date actuals at \$146,067 have increased by 62% or \$55,900.00.
- ✓ Captured approximately \$1 million in vendor discounts (\$8 million since 2004).
- ✓ Maintained a 91% payment cycle time for vendor invoices within 60 days; 78% within 30 days (2011: 60 days - 89%, 30 days - 74%).
- ✓ Received the prestigious GFOA Award for Financial Reporting for the fifth year in a row for the City's Annual Financial Report for year ended December 31, 2010.
- ✓ Continued implementation of Toronto's Water Meter Program in partnership with Toronto Water, with approximately 6,000 new large water meters and 125,000 small meters expected to be installed by December 2012.

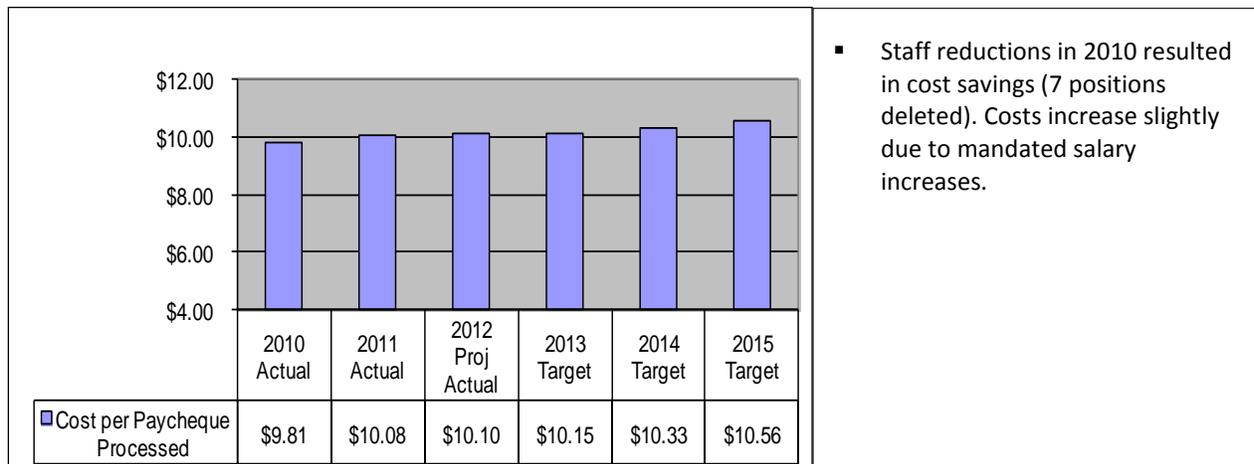
- ✓ Implemented programming changes to Revenue’s tax billing system and undertook a public notification campaign to build a subscription base for E-Post electronic bill delivery service for property tax bills which will commence for Interim 2013 billing.
- ✓ Developed policies and criteria for amendments to the water billing by-law to provide authority to adjust water billings to address fairness considerations identified by the Ombudsman, and further amendments to improve the collections process by apportioning unpaid water charges to individual condominium units.
- ✓ Designed and implemented new functionality as part of Revenue Services’ Customer Service Enhancement Strategy. These include tax and utility billing systems to record/report first call resolutions statistics, and piloted new telephone menu options, including ability for customers to leave a voice-mail message when calling Revenue’s Tax/Utility Call Centre.

2012 Performance

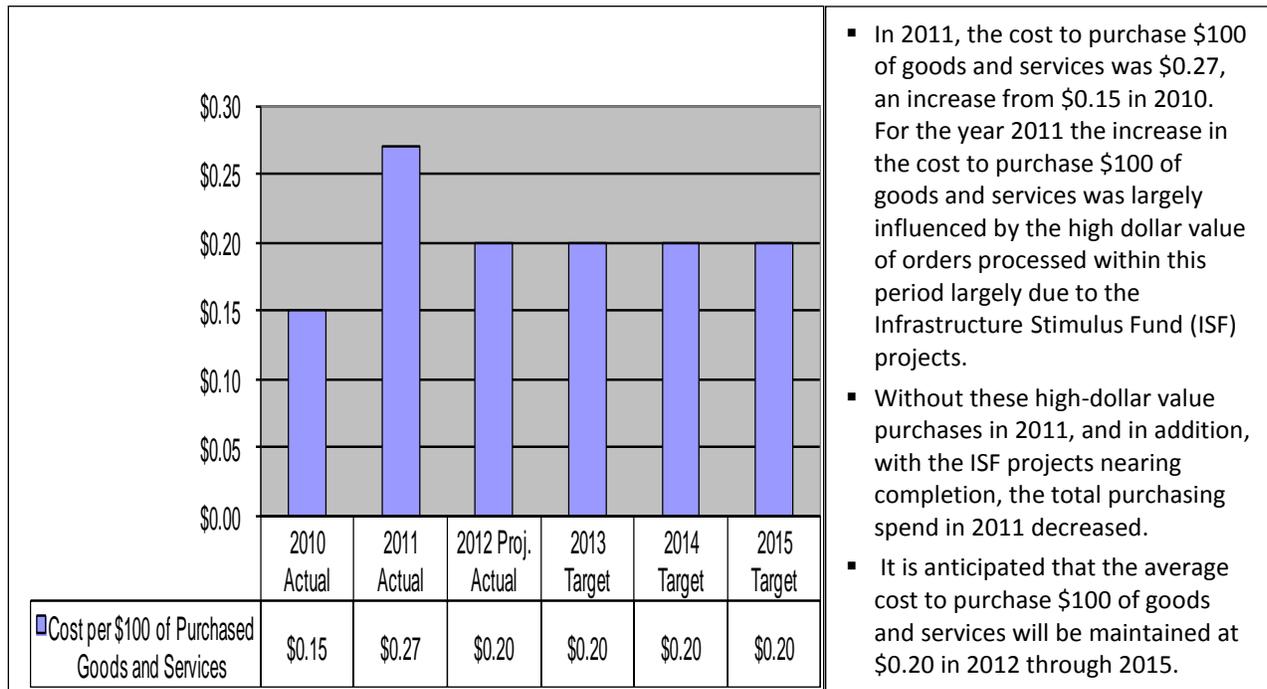
Efficiency Measure – Cost per Invoice Paid (\$) (Net)



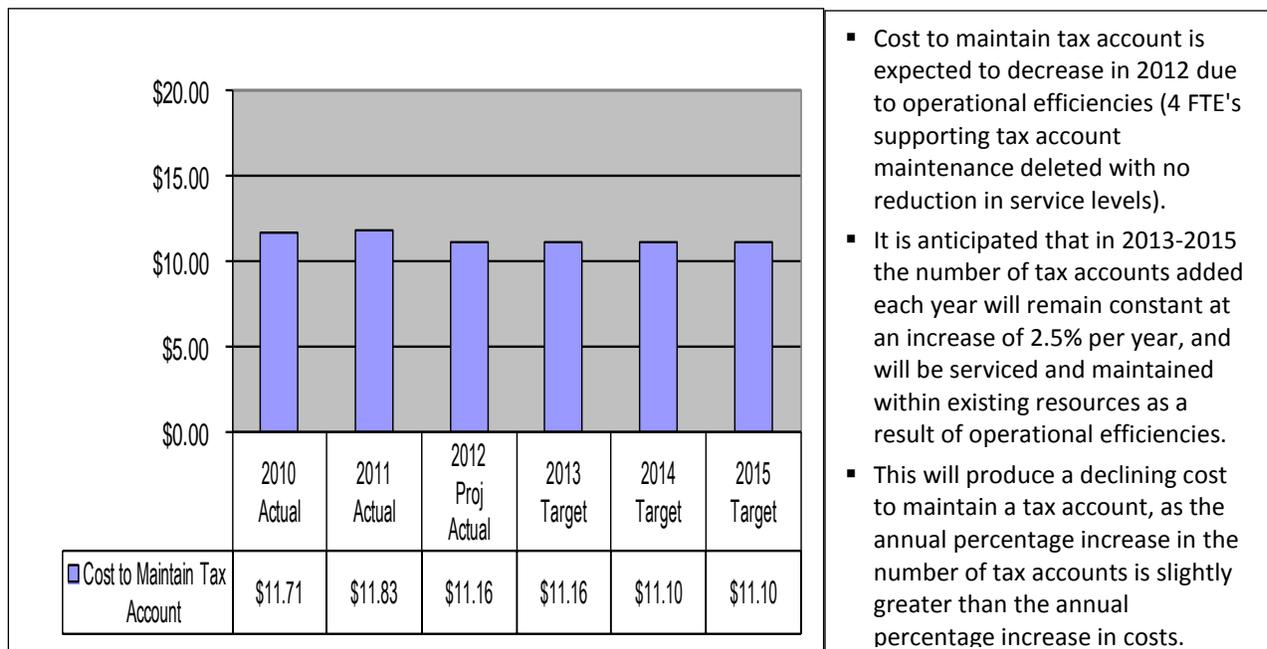
Efficiency Measure – Cost per pay cheque processed (\$)



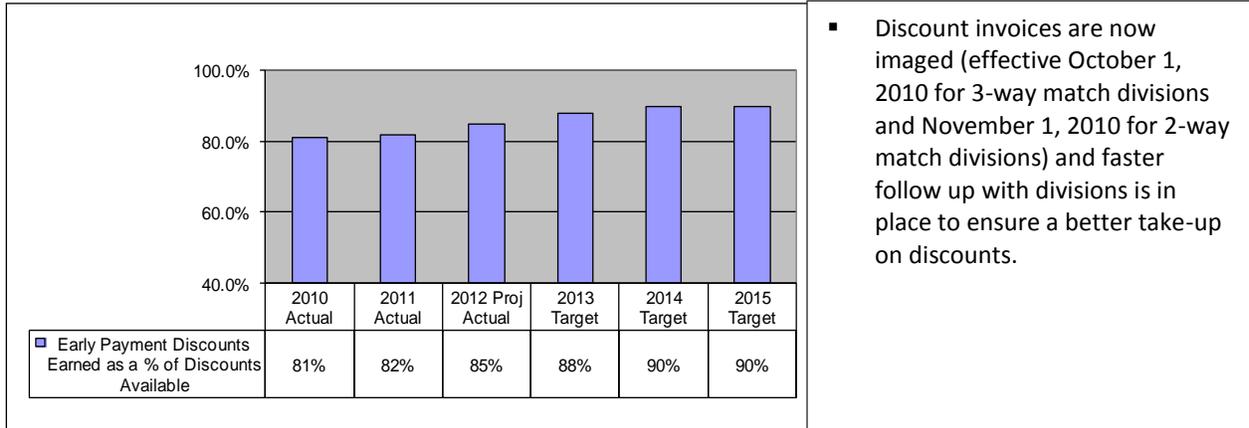
Efficiency Measure – Cost per \$100 of purchased goods and services (\$)



Efficiency Measure – Cost to maintain Tax Account (\$)

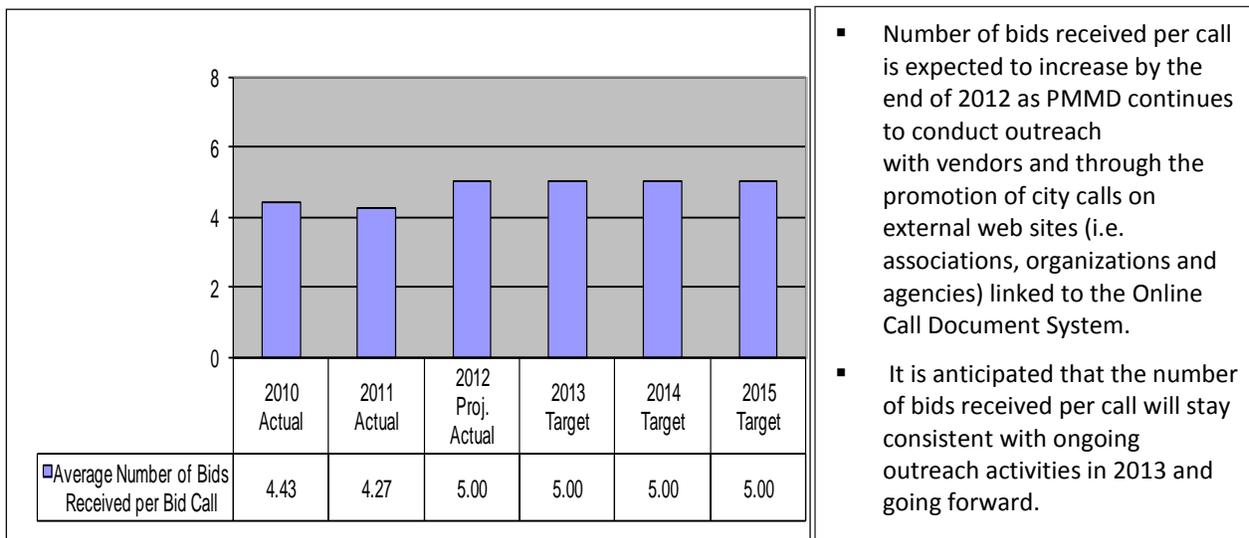


Effectiveness Measures – Early payment discounts earned as a % of discounts available



- Discount invoices are now imaged (effective October 1, 2010 for 3-way match divisions and November 1, 2010 for 2-way match divisions) and faster follow up with divisions is in place to ensure a better take-up on discounts.

Outcome Measures - Average Number of Bids Received



- Number of bids received per call is expected to increase by the end of 2012 as PMMD continues to conduct outreach with vendors and through the promotion of city calls on external web sites (i.e. associations, organizations and agencies) linked to the Online Call Document System.
- It is anticipated that the number of bids received per call will stay consistent with ongoing outreach activities in 2013 and going forward.

2012 Budget Variance Analysis**2012 Budget Variance Review****(In \$000s)**

| (In \$000s) | 2010 | 2011 | 2012 | 2012 | 2012 Approved Budget vs Projected Actual Variance | |
|---------------------------|----------------|----------------|------------------------|---------------------------|--|----------|
| | Actuals | Actuals | Approved Budget | Projected Actuals* | \$ | % |
| | \$ | \$ | \$ | \$ | \$ | % |
| Gross Expenditures | 66,654.3 | 66,885.4 | 73,695.5 | 68,587.9 | (5,107.6) | (6.9) |
| Revenues | 41,114.9 | 40,484.6 | 44,543.4 | 41,151.2 | (3,392.2) | (7.6) |
| Net Expenditures | 25,539.4 | 26,400.8 | 29,152.1 | 27,436.7 | (1,715.4) | (5.9) |
| Approved Positions | 707.0 | 687.0 | 770.0 | 716.0 | (54.0) | (7.0) |

* Based on the 3rd Quarter Operating Budget Variance Report.

2012 Experience

- The Office of the Treasurer's year-end favourable variance is projected to be \$1.716 million or 5.9% below the 2012 Approved Operating Budget of \$29.152 million net.
- The projected favourable variance of \$5.108 million gross includes \$4.829 million in salary savings arising from deferred hiring for capital (FPARS and eProcurement) positions pending the completion of the blueprinting phase for FPARS (\$1.4 million), delay in the staffing for the Utility Billing, MLTT and Pandemic Programs (\$1.6 million) and delays in filling vacant operational positions (\$1.8 million). Non-salary expenses are projected to be under-spent by \$0.300 million. This is mainly due to reduced operational requirements for Pandemic Influenza and the MLTT initiative
- The \$3.392 million in projected unrealized revenues is mainly due to reduced capital recoveries from unfilled positions at \$1.381 million, under-achieved inter-divisional recoveries mainly for Utility Billing, MLTT and Pandemic Program of \$1.785 million, and under-achieved user fee revenues of approximately \$0.194 million.

Impact of 2012 Operating Variance on the 2013 Recommended Budget

- The favourable variance is not expected to carry over to 2013, as the capital positions are anticipated to be filled in early 2013.

Appendix 2

2013 Recommended Operating Budget by Expenditure Category and Key Cost Driver

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

| Category of Expense | 2010 | 2011 | 2012 | 2012 | 2013 | 2013 Change from | | 2014 | 2015 |
|------------------------------------|-----------------|-----------------|-----------------|------------------|--------------------|----------------------|---------------|-----------------|-----------------|
| | Actual | Actual | Budget | Projected Actual | Recommended Budget | 2012 Approved Budget | | Outlook | Outlook |
| | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | \$ |
| Salaries and Benefits | 55,225.1 | 55,758.1 | 61,621.5 | 56,792.8 | 60,725.7 | (895.8) | (1.5%) | 59,802.5 | 62,541.6 |
| Materials and Supplies | 1,177.1 | 1,126.1 | 1,342.3 | 1,136.2 | 1,333.4 | (8.9) | (0.7%) | 1,333.4 | 1,333.4 |
| Equipment | 73.3 | 34.0 | 110.4 | 76.7 | 106.2 | (4.2) | (3.8%) | 106.2 | 106.2 |
| Services & Rents | 6,207.7 | 5,876.4 | 6,833.6 | 6,442.9 | 6,912.2 | 78.6 | 1.2% | 6,942.2 | 6,942.2 |
| Contributions to Capital | 500.0 | | | | | | | | |
| Contributions to Reserve/Res Funds | 284.7 | 287.3 | 288.5 | 288.5 | 113.6 | (174.9) | (60.6%) | 113.6 | 113.6 |
| Other Expenditures | 1,655.7 | 1,897.2 | 1,340.6 | 1,854.0 | 1,340.6 | 0.0 | 0.0% | 1,340.6 | 1,340.6 |
| Interdivisional Charges | 1,530.7 | 1,906.3 | 2,158.6 | 1,996.8 | 2,019.7 | (138.9) | (6.4%) | 2,019.7 | 2,019.7 |
| TOTAL GROSS EXPENDITURES | 66,654.3 | 66,885.4 | 73,695.5 | 68,587.9 | 72,551.4 | (1,144.1) | (1.6%) | 71,658.2 | 74,397.3 |
| Interdivisional Recoveries | 27,354.4 | 27,391.6 | 26,782.2 | 24,997.5 | 24,459.5 | (2,322.7) | (8.7%) | 24,459.5 | 24,459.5 |
| Provincial Subsidies | | | | | | | | | |
| Federal Subsidies | | | | | | | | | |
| Other Subsidies | | | | | | | | | |
| User Fees & Donations | 9,103.2 | 9,276.3 | 10,232.1 | 10,038.0 | 10,549.5 | 317.4 | 3.1% | 10,564.3 | 10,573.3 |
| Transfers from Capital Fund | 1,353.9 | 245.0 | 3,144.3 | 1,763.6 | 3,843.2 | 698.9 | 22.2% | 1,128.2 | 504.0 |
| Contribution from Reserve Funds | 206.6 | 439.1 | 1,057.1 | 927.4 | 1,170.8 | 113.7 | 10.8% | 1,910.8 | 4,140.8 |
| Contribution from Reserve | | | 326.6 | 326.6 | 326.6 | 0.0 | 0.0% | 326.6 | 326.6 |
| Sundry Revenues | 3,096.8 | 3,132.6 | 3,001.1 | 3,098.1 | 3,076.1 | 75.0 | 2.5% | 3,076.1 | 3,076.1 |
| TOTAL REVENUE | 41,114.9 | 40,484.6 | 44,543.4 | 41,151.2 | 43,425.7 | (1,117.7) | (2.5%) | 41,465.5 | 43,080.3 |
| TOTAL NET EXPENDITURES | 25,539.4 | 26,400.8 | 29,152.1 | 27,436.7 | 29,125.7 | (26.4) | (0.1%) | 30,192.7 | 31,317.0 |
| APPROVED POSITIONS | 707.0 | 687.0 | 770.0 | 716.0 | 739.0 | (31.0) | (4.0%) | 741.0 | 744.0 |

2013 Key Cost Drivers

Salaries and Benefits is the largest expenditure category and accounts for 83.7% of the Program's gross expenditures, followed by *Services & Rents* at 9.5%.

- The 2013 recommended budget for *Salaries and Benefits* of \$60.726 million is \$0.896 million or 1.5% lower than the 2012 Approved Operating Budget.
 - In 2013, the Program will transfer 31 Water Meter Reading Staff positions from Revenue Services to the Water Meter Program in Toronto Water for a reduction in salaries and benefits of \$2.270 million; in addition 4 temporary capital positions will be deleted that are no longer required in Accounting Services for the SAP Archiving and Upgrade Capital project as well completion of the Pension, Payroll and Employee Benefits program review, thus lowering its salaries and benefits budget by approximately \$0.384 million.

- These measures will partially offset pressures arising from major cost drivers such as an increase for annualization of temporary capital positions in the FPARS and eProcurement projects (\$1.076 million) with the addition of one temporary position in Accounting Services for the sustainment of FPARS (\$0.120 million); the addition of 2 temporary capital positions to assist with the new CATS capital project (\$0.120 million) and fringe benefit changes, cost of living increases, progression pay and step increases for eligible non-union and union positions (\$0.443 million).
- The 2013 recommended budget for Services and Rents of \$6.912 million is \$0.078 million or 1.2% higher than the 2012 Approved Operating Budget.
 - This is mainly attributable to an increase of \$0.184 million for inflationary increases partially offset by \$0.106 million for the transfer of the water meter reading staff to Toronto Water.
- The 2013 recommended budget for *Interdivisional Recoveries* of \$24.459 million or 56.5% of the Program's operating revenues reflects a decrease of \$2.323 million. This includes \$2.588 million in reduced recoveries given the transfer of the water metering function and increase in recoveries for salaries and other non-salary expenses totaling \$0.265 million.
- The 2013 recommended budget for *User Fees and Donations* of \$10.549 million or 24.3% of the Program's operating revenues reflects an increase of \$0.317 million. This includes the annualization of revenues generated from 2012 user fees approved by City Council in 2011 and inflationary increases totalling \$0.288 million and one new 2013 user fee of \$0.029 million.
- The 2013 recommended budget for *Transfers from Capital Fund* of \$3.963 million or 9.1% of the Program's Operating Budget reflects an increase of \$0.819 million, which is directly related to the increase of \$1.076 million from the annualized cost of temporary capital positions for the second wave of recruitment for FPARs and the eProcurement capital projects and an increase of \$0.120 million for two new resources for the CATS capital project. These are reduced by \$0.384 million for the deletion of 4 temporary capital positions as a result of the completion of Accounting Services capital projects.
- Approval of the 2013 Recommended Operating Budget for the Office of the Treasurer reflects the deletion of 4 temporary capital positions, the transfer of 21 permanent and 10 temporary water meter reading positions, increase of one permanent position to sustain the FPARS capital project and one temporary capital position for the eProcurement project. The total staff complement will decrease from 770 to 737.

The 2013 Recommended Base Budget provides funding for the following:

Prior Year Impacts

- One additional staff for \$0.120 million to sustain the FPARS capital project that will require additional management of the new service view in SAP.
- Annualization of temporary capital positions with a cost of \$0.664 million, which is recovered from capital.

- Annualization of 2012 Council Approved new user fees and inflationary increases of 2013 user fees will increase revenues by \$0.235 million.

Economic Factors

- COLA, step and progression pay increments coupled with salary adjustments and fringe benefits resulted a net increase of \$0.348 million.
- Non-labour economic factors adjustments will increase costs by \$0.078 million.

Other Base Changes

- Increase of \$0.050 million in existing user fees based on services provided for the sale of land tax arrears which is reduced by \$0.025 million for Legal Services costs to execute this activity.
- Transfer of 21 permanent and 10 temporary meter reading positions to Toronto Water reducing gross expenditures and interdivisional recoveries by \$2.588 million for a net zero impact.
- Removal of \$0.089 million in contracted services payable to Teranet for the Municipal Land Transfer Tax.

Revenue Changes

- Budgeting for procurement revenues based on volume rebates earned will increase revenues by \$0.075 million in 2013. Currently, Purchasing and Materials Management collects revenue as a result of a program that was initiated in 2008 where the City receives a percent rebate based on the total volume of purchases on certain contracts.

Appendix 3
Summary of 2013 Recommended Service Changes



2013 Operating Budget - Recommended Service Change Summary of Administrative Review

| TYPE | PRIORITY | INTERNAL FOCUSED SERVICES Office of the Treasurer | Recommended Adjustments | | | | 2014 Net Incremental Outlook (\$000s) | 2015 Net Incremental Outlook (\$000s) |
|---|----------|--|---|-------------------------------------|---------------------------|------------------------------------|--|--|
| | | | Change in Gross Expenditure (\$000s) | Change in Revenue (\$000s) | Net Change (\$000s) | Change in Approved Positions | | |
| 2013 Recommended Base Budget Before Service Change: | | | 72,431.4 | 43,201.5 | 29,229.9 | 737.0 | 1,051.8 | 1,133.3 |
| Z2 | 1 | Procurement Revenue | 0.0 | 75.0 | (75.0) | 0.0 | 0.0 | 0.0 |
| <i>(TR-Z002)</i> Service / Activity: Purchasing & Materials Management / N/A | | | | | | | | |
| Description: | | | | | | | | |
| A revenue budget will be established to reflect actual experience. Currently Purchasing and Materials Management collects a % rebate based on certain contracts. Annual recoveries are estimated at \$0.075 million, | | | | | | | | |
| The volume rebate is included as part of the call document and bidders are invited to include a percentage of sales volume rebate as part of their bid. This is only included in calls where the supplier is expected to be a distributor of various manufacturers goods/parts. The volume rebate is not included in calls where the City will be dealing with the original equipment manufacturers or service contracts. | | | | | | | | |
| Service Level Change: | | | | | | | | |
| No change to service level. | | | | | | | | |
| ADMIN: Recommended | | | 0.0 | 75.0 | (75.0) | 0.0 | 0.0 | 0.0 |
| Total Recommended Service Level Reductions: | | | 0.0 | 75.0 | (75.0) | 0.0 | 0.0 | 0.0 |
| Total Recommended Base Budget: | | | 72,431.4 | 43,276.5 | 29,154.9 | 737.0 | 1,051.8 | 1,133.3 |

Category Legend - Type

- Z1 - Efficiency Change
- Z2 - Revenue Change
- Z3 - Service Change

Appendix 4
Summary of 2013 Recommended New
/Enhanced Service Priority Actions



2013 Operating Budget - Recommended New and Enhanced Services Summary of Administrative Review

| TYPE | PRIORITY | INTERNAL FOCUSED SERVICES Office of the Treasurer | Recommended Adjustments | | | | 2014 Net Incremental Outlook (\$000s) | 2015 Net Incremental Outlook (\$000s) |
|--|----------|---|---|-------------------------------------|---------------------------|------------------------------------|--|--|
| | | | Change in Gross Expenditure (\$000s) | Change in Revenue (\$000s) | Net Change (\$000s) | Change in Approved Positions | | |
| N6 | 1 | New User Fee for Credit Balance Status Requests Service / Activity: Revenue Services / N/A Description: Effective March 1, 2013, a new user fee of \$35 will be applied when a professional representative (such as tax consultant, agent, lawyer, paralegal) acting on behalf of a taxpayer, requires a refund-transfer credit balance status (inclusive of an SAP confirmation that the refund/credit balance has been released). Additional revenues of \$0.029 million will be generated in 2013 and the annualized amount of \$0.006 million will be realized in 2014 for annual revenues of \$0.035 million. Other municipalities charge fees for similar activities which are applied to all taxpayers/professionals. The City of Ottawa and the town of Richmond Hill both apply fees of \$31.00 and \$30.00, to confirm a credit and then take action to refund or re-apply credits. City of Mississauga charges \$20.00 to confirm refund cheque/transfer information; the City of Markham charges \$16.50 per tax year to confirm an account status credits and the City of London charges \$28.00 per tax year for a tax status with transactions and \$18 per tax year without transactions. Service Level Change: No change to the service level provided. ADMIN: Recommended | 0.0 | 29.2 | (29.2) | 0.0 | (5.8) | 0.0 |
| N3 | 13 | Staffing requirements for CATS capital Projects in PPEB Service / Activity: Pension, Payroll & Employee Benefits / N/A Description: The 2013 Capital Budget includes 2 projects for PPEB- CATS that are funded from the IT Efficiency Studies. Two positions starting in July 2013 are required to design this project. Incremental positions are required in 2014 and 2015 to build. Service Level Change: ADMIN: | 120.0 | 120.0 | 0.0 | 2.0 | 0.0 | 0.0 |
| Total Recommended New/Enhanced: | | | 120.0 | 149.2 | (29.2) | 2.0 | (5.8) | 0.0 |

Category Legend - Type

- N1 - Enhanced Services - Operating Impact of 2013 Capital
- N2 - Enhanced Services - Service Expansion
- N3 - New Service - Operating Impact of 2013 Capital
- N4 - New Services
- N5 - New Revenues
- N6 - New User Fee Revenue

Appendix 5
Inflows / Outflows to / from Reserves & Reserve Funds
(In \$000s)
Corporate Reserve / Reserve Funds

| Reserve / Reserve Fund Name (In \$000s) | Reserve / Reserve Fund Number | Projected Balance as of December 31, 2012 * | Proposed Withdrawals (-) / Contributions (+) | | |
|---|-------------------------------------|--|---|------------------|------------------|
| | | | 2013 | 2014 | 2015 |
| | | \$ | \$ | \$ | \$ |
| Insurance Reserve Fund | XR1010 | 21,130.4 | 57.5 | 57.5 | 57.5 |
| Vehicle Reserve -PMMD | XQ1204 | 155.4 | 51.9 | 51.9 | 51.9 |
| Vehicle Reserve - Revenue Services | XQ1600 | 332.9 | 4.2 | 4.2 | 4.2 |
| Emergency Reserve Fund | XQ1406 | 11,501.0 | (326.6) | (326.6) | (326.6) |
| Employee Benefits Reserve Fund | XR1002 | 112,313.0 | (1,050.8) | (1,050.8) | (1,050.8) |
| Total Reserve / Reserve Fund Draws / Contributions | | | (1,263.8) | (1,263.8) | (1,263.8) |

* Based on 3rd Quarter Variance Report

Appendix 6 (i, ii, iv)
2013 Recommended User Fee Changes
Transfer, Inflation and New
6 (i) Transfer

| Ref # | Activity | User Fee Description | Fee Unit/Basis | 2012 Fee | Division Transferred To |
|-------|------------------------|--|---|---------------------------------|-------------------------|
| 21 | Solicitor (n/a) | Registration of Tax Arrears Certificate | Fee + Actual costs (i.e. including title search, execution search & registration) | \$750.00 + Actual costs | Revenue Services |
| 22 | Solicitor (n/a) | Preparation & Notice of Registration | Per notice + Actual cost (*actual costs refers to actual disbursements) | \$25.00/ notice + Actual costs* | Revenue Services |
| 23 | Solicitor (n/a) | Preparation of Statutory Declaration | Per declaration | \$150.00 | Revenue Services |
| 24 | Solicitor (n/a) | Preparation and Registration of Tax Arrears Cancellation Certificate | Fee + Actual costs | \$150.00 + Actual costs | Revenue Services |
| 25 | Solicitor (n/a) | Execution of Extension Agreement | Per agreement | \$500.00 | Revenue Services |
| 26 | Solicitor (n/a) | Preparation of Final Notice | Per notice + actual costs | \$25.00/ notice + Actual costs | Revenue Services |
| 27 | Solicitor (n/a) | Preliminary Observation Report | Per report | \$250.00 | Revenue Services |
| 28 | Solicitor (n/a) | Preparation of Tender Forms For Public Sale | Per notice | \$25.00 | Revenue Services |
| 29 | Solicitor (n/a) | Public Tender Application | Due upon pick up | \$25.00 | Revenue Services |
| 30 | Solicitor (n/a) | Sale by Public Tender | Fee + Actual costs (i.e. advertising) | \$400.00 + Actual costs | Revenue Services |
| 31 | Solicitor (n/a) | Preparation of Land Transfer | Fee + Actual costs | \$500.00 + Actual Costs | Revenue Services |
| 32 | Civil Litigation (n/a) | Payment into Court and Statement of Facts | Fee + Actual cost | \$275.00 + Actual Costs | Revenue Services |
| 33 | Solicitor (n/a) | Charges for Surveys, Advertising, Soil Testing, Preparation and Placement of | Actual costs | variable-(Actual costs) | Revenue Services |
| 34 | Solicitor (n/a) | Farm Debt Review Board | Per Review + Actual cost | \$25.00 + Actual costs | Revenue Services |
| 35 | Solicitor (n/a) | Registered Mail Costs | Per mail | Variable -(Actual costs) | Revenue Services |
| 36 | Solicitor (n/a) | Registration File Folders | Per file folder | Variable -(Actual costs) | Revenue Services |

6 (ii) Inflation

| Ref # | User Fee Description | Fee Category | Fee Unit/Basis | 2012 Fee (A) | Inflationary Adjusted Fee (B) | 2013 Recommended Fee (D) | 2013 Incremental Revenue |
|-------|---|--------------------|---------------------|--------------|-------------------------------|--------------------------|--------------------------|
| | REVENUE SERVICES | | | | | | |
| 18 | New account set-up fee for water/utility accounts | Full Cost Recovery | Per new account | \$60.00 | \$61.35 | \$61.35 | \$9,000 |
| 19 | Duplicate utility bill | Full Cost Recovery | Per additional bill | \$16.00 | \$16.35 | \$16.35 | |
| | REVENUE SERVICES - TOTAL | | | | | | \$9,000 |

6 (iv) New

| Program/Agency (By Activity) | User Fee Description | Fee Category | Fee Unit/Basis | 2013 Recommended Fee | 2013 Incremental Revenue |
|------------------------------|---|--------------------|----------------|----------------------|--------------------------|
| | Office of the Treasurer - Revenue Services | | | | |
| Revenue Services | Fee for professional representative acting on behalf of the taxpayer requesting a refund transfer credit balance status | Full Cost Recovery | Per request | \$35.00 | \$29,167 |
| | Total Revenue - Office of the Treasurer :Revenue Services | | | | \$29,167 |