



## City Budget 2012

## Fleet Services Operating Budget Analyst Notes

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

# 2012 Operating Budget

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

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## PART I: RECOMMENDATIONS

### 2012 Recommended Operating Budget (In \$000s)

(In \$000s)	2011		2012 Recommended Operating Budget			Change - 2012 Recommended Operating Budget v. 2011 Appvd. Budget		FY Incremental Outlook	
	2011 Appvd. Budget	2011 Projected Actual	2012 Rec. Base	2012 Rec. New/Enhanced	2012 Rec. Budget			2013	2014
	\$	\$	\$	\$	\$			\$	\$
GROSS EXP.	48,059.1	49,906.2	48,545.3	0.0	48,545.3	486.2	1.0	(3,610.6)	14.1
REVENUE	48,059.1	50,046.0	48,545.3	0.0	48,545.3	486.2	1.0	(3,610.6)	14.1
NET EXP.	0.0	(139.8)	0.0	0.0	0.0	0	NA	0.0	0.0
Approved Positions	192.0	178.0	172.0	0.0	172.0	(20.0)	(10.4)	172.0	172.0

Target Comparison	5% Reduction Target (on gross)	2012 Rec.'d Reduction	2012 Reduction vs. 2012 Rec'd Reduction	Target %
2012 Reductions	(2,400.5)	(3,535.6)	1,135.1	7.4%

## Recommendation

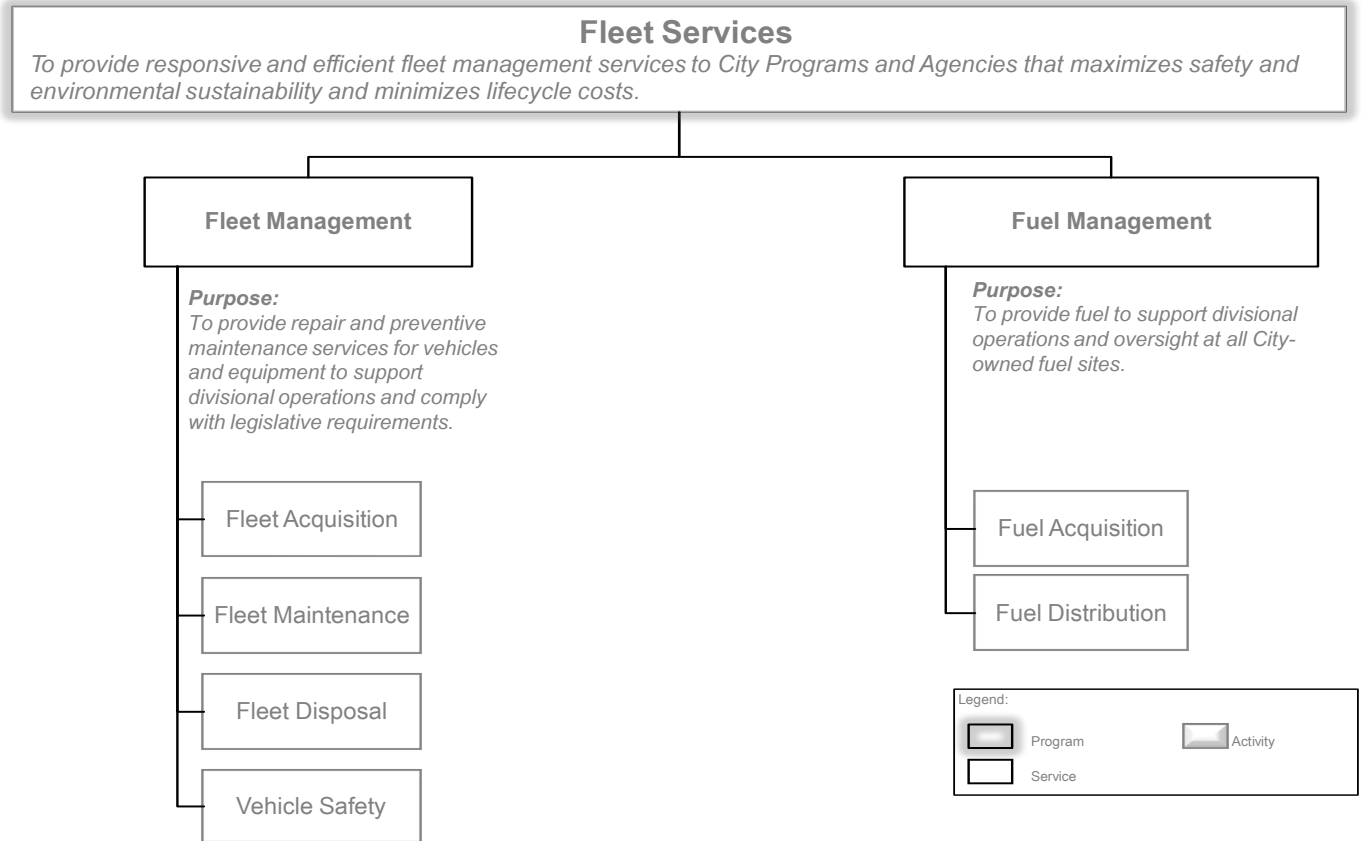
The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2012 Recommended Operating Budget for Fleet Services of \$48.545 million gross and \$0.0 million net, comprised of the following services:

<u>Services</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Fleet Maintenance	24,995.9	0.0
Fuel Operations	16,683.4	0.0
Fleet Safety & Standards	1,195.2	0.0
Fleet Management	5,670.8	0.0
Total Program Budget	<u>48,545.3</u>	<u>0.0</u>

# PART II: 2012 SERVICE OVERVIEW AND PLAN

## Program Map and Service Profiles



Service Customer

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**Fleet Management**

- City Divisions
- Exclusions:
  - Fire
  - EMS
  - Police
  - TTC

**Fuel Management**

- City Divisions
- Exclusions:
  - TTC
  - Police

## 2012 Recommended Service Levels

The chart below lists the 2011 service level for the Service types within two services of Fleet Services: Fleet Management and Fuel Management. The proposed 2012 service levels indicate only minor changes are expected.

Service Types &amp; Levels

Service	Activity	Type	2011 Current Service Level	2012 Proposed Service Level
Fleet Management	Fleet Acquisition	Heavy Duty Vehicles (>9000kg)	Avg Heavy Duty Vehicle Age of 7.19 years	Avg Heavy Duty Vehicle Age of 7.19 years
		Medium Duty Vehicles (4500 kg - 9000 kg)	Avg Medium Duty Vehicle Age of 6.32 years	Avg Medium Duty Vehicle Age of 6.32 years
		Light Vehicles (<4500kg)	Avg light Duty Vehicle Age of 4.94 years	Avg light Duty Vehicle Age of 4.94 years
		Off-Road	Avg Off-Road Equipment Age of 7.32 years	Avg Off-Road Equipment Age of 7.32 years
	Fleet Maintenance		64% scheduled / 36% unscheduled hours	65% scheduled / 35% unscheduled hours
	Fleet Disposal	Heavy Duty Vehicles (>9000kg)	42 days	42 days
		Medium Duty Vehicles (4500 kg - 9000 kg)	42 days	42 days
		Light Vehicles (<4500kg)	42 days	42 days
		Off-Road	42 days	42 days
	Vehicle Safety	Vehicle Certification	20% actively monitored	20% actively monitored
		Driver / Operator Training	100% of all drivers / operators are Certified / Trained	100% of all drivers / operators are Certified / Trained
	Fuel Management	Fuel Acquisition	Gasoline contract	7.0% below market prices
Diesel contract			9.0% below market prices	<b>10.0% below market prices</b>
Fuel Distribution		Gasoline	3.665 million litres dispensed per year meeting 100% of demand	<b>3.070 million litres dispensed per year meeting 100% of demand</b>
		Diesel	10.472 million litres dispensed per year meeting 100% of demand	<b>10.143 million litres dispensed per year meeting 100% of demand</b>

## 2012 Service Deliverables

The 2012 Recommended Operating Budget of \$48.545 million gross and \$0.0 net will provide funding to:

- Provide Fleet management for the acquisition and disposals of vehicles and equipment based on lifecycle replacements, the maintenance services for 4,900 vehicles and equipment, training and licensing drivers and operators of City vehicles and equipment to ensure compliance with safety standards, and managing fuel site operations.
- Minimize costs and to increase Fleet efficiency by reducing the number of maintenance garage locations from 13 to 9 in 2012.
- Work closely with the client Divisions to reduce the size of their fleet inventory, ensuring that all vehicles on hand are required and fully utilized.
- Provide leadership in the advancement of the City green fleet and environmental goals related to fleet utilization.
- Continue to reduce fuel use and fuel costs, emissions of greenhouse gases and smog-causing air pollutants, and the fleet's environmental impacts by choosing more environmentally sustainable vehicles, fuels and practices.
- Promote "Eco-Driving" to reduce fuel consumption and greenhouse gas emissions.
- Reduce the average downtime of vehicles to less than 4 hours.
- Reduce emergency repairs from 40% to 35% of the total vehicle repairs to allow for more time in preventive maintenance and reduce unscheduled downtime.
- Implement the new fuel purchasing program, a strategy to minimize the impacts of fluctuating market fuel prices and to reduce fuel costs.
- Continue working closely with client Divisions to maintain or improve the Commercial Vehicle Operators Registration (CVOR) safety rating in good standing, with an on-road performance level of 70% or less of the total overall CVOR threshold.

## PART III: RECOMMENDED BASE BUDGET

### 2012 Recommended Base Budget (In \$000s)

(In \$000s)	2011 Appvd. Budget	2012 Recommended Base	Change 2012 Recommended Base v. 2011 Appvd. Budget		FY Incremental Outlook	
			\$	%	2013	2014
<b>GROSS EXP.</b>	48,059.1	48,545.3	486.2	1.0	(3,610.6)	14.1
<b>REVENUE</b>	48,059.1	48,545.3	486.2	1.0	(3,610.6)	14.1
<b>NET EXP.</b>	0.0	0.0	0.0	NA	0.0	0.0
<b>Approved Positions</b>	192.0	172.0	(20.0)	(10.4)	172.0	172.0

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 1Rec'd Reduction vs. 2012 10% Reduction Target	Target %
<b>2012 Reductions</b>	(2,400.5)	(3,535.6)	1,135.1	7.4%

### 2012 Recommended Base Budget

- The 2012 Recommended Base Budget of \$48.545 million gross, and \$0.0 net represents a 0.486 million or 1% increase from the 2011 Approved Operating Gross Budget. The increase is due to an increase in the fuel budget of \$2.456 million resulting from higher fuel price in 2012.
- The reduction target for Fleet Services was set at 5% of gross expenditures or \$2.400 million. Fleet Services operates on a full cost recovery basis. The recommended reduction of \$3.536 million is 7.4%, and exceeds the target by \$1.135 million or 2.4% and will be achieved through service efficiency savings.
- The 2012 Recommended Operating Budget reflects the deletion of 20 permanent positions of which 6 are vacant. The total staff complement will decrease from 192 to 172, as noted below:

**2012 Recommended Staff Complement – Base Budget Summary**

<b>Changes</b>	<b>Staff Complement</b>
<b>2011 Approved Positions</b>	192.0
- 2011 In-year Adjustments	
2011 Approved Staff Complement	<b>192.0</b>
<b>2012 Recommended Staff Complement Changes</b>	
- 2012 Temporary Positions - Capital Project Delivery	
- 2012 Operating Impacts of completed Capital Projects	
- 2012 Service Changes	(20.0)
<b>Total Recommended Positions</b>	<b>172.0</b>



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

Description	2012 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% of 2012 Budget Reduction Target	2013		2014	
	#	\$	\$	%	\$	# Pos.	\$	# Pos.
<b>Service Efficiencies</b>								
Fleet reduction-Toronto Water		(509.3)	0.0	(1.1%)				
Fleet reduction-Solid Waste-Contracting out for Curbside Collections in District 2	(7.0)	(1,564.8)	0.0	(3.3%)				
Fleet reduction-Solid Waste-Collection of Overflow Recycling.		(40.7)	0.0	(0.1%)				
Fleet reduction-Solid Waste (Litter Vacuuming)		(239.7)	0.0	(0.5%)				
Consolidation of Service Garages	(5.0)	(402.4)	0.0	(0.8%)				
Consolidation of Functions	(8.0)	(778.7)	(585.8)	(1.6%)				
<b>Sub-Total Service Efficiencies</b>	(20.0)	(3,535.6)	0.0	(7.4%)	0.0	0%	0.0	0.0
<b>Total Service Changes</b>	<b>(20.0)</b>	<b>(3,535.6)</b>	<b>(585.8)</b>	<b>(7.4%)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## 2012 Recommended Service Changes

The 2012 recommended service changes consist of service efficiencies that total \$3.536 million gross, and \$0.586 million net. These changes will not impact current service levels provided by Fleet Services.

### Service Efficiencies (\$3.536 million gross, \$0.586 net)

#### *Fleet Reduction-Toronto Water*

- Toronto Water reviewed its fleet inventory for District Operations against its program needs, and has identified a surplus of certain vehicle categories that can be reduced without impacting service levels.
- This review has resulted in a reduction of 41 vehicles in 2012, and has enabled Fleet Services to reduce its inter-divisional charges to Toronto Water by \$0.509 million for fuel and maintenance services.

#### *Fleet Reduction-Solid Waste Management's Contracting out of curb-side waste collections in District 2.*

- Solid Waste Management's contracting out of curb-side waste collection for District 2 will reduce maintenance and fuel costs resulting from a reduction of 104 vehicles. In

addition, 7 positions will no longer be needed. These positions will be deleted effective January 1, 2012. These positions are comprised of 6 vacant and 1 occupied Automotive Mechanic position, the latter which will be achieved through attrition. The overall savings from this initiative is \$1.565 million gross and \$0.0 net due to reduced salary, maintenance and fuel costs.

*Fleet Reduction–Solid Waste Management's Collection of Overflow Re-cycling.*

- Solid Waste Management will no longer pick up excess recycling materials which will enable the Program to reduce 1 vehicle used for this purpose. The expected savings from this initiative will be \$0.041 million for maintenance and fuel.

*Fleet Reduction– Solid Waste Management's Litter Vacuuming*

- Solid Waste Management will reduce the number of litter vacuums by 17, from 75 to 58. This is achieved by contracting out portions of the current litter vacuuming service effective January 1, 2012. This service delivery change will result in savings of \$0.240 million gross and \$0.0 net for reduced maintenance costs.

*Consolidation of Garages*

- Fleet Services will be closing 4 garages in 2012, bringing the total number of service garages down from 13 to 9 in an initiative to consolidate service locations to achieve efficiencies. This will result in a savings of \$0.402 million gross, through the elimination of 5 occupied mechanic positions, effective January 1 2012. The deletion of these positions is achieved through attrition. There will be no change to service levels.

*Consolidation of Functions in Fleet Services*

- Fleet Services will be reducing its staff complement by 8 positions through attrition as a result of consolidation of functions within Fleet Services.
- Some vehicle maintenance functions will be consolidated, resulting in 4 union positions (2 automotive mechanics, and 2 garage servicers) and 2 non-union positions (Supervisor, Fleet Services and Manager, Fleet Maintenance) being eliminated.
- These savings can be achieved as a result of the service garage consolidation, and a reduction in the City's fleet of approximately 163 vehicles by various Programs, thereby reducing the number of vehicles requiring servicing.
- In addition, one position in Fleet Safety and Training and another position in Environmental and Business Planning will be merged into one position that will oversee the current Fleet Safety and Training Section and the Strategic & Environmental Planning Section.

- All position deletions, except for one non-union position, will be effective January 1, 2012. The one exception will be effective February 28, 2012 due to operational requirements. Total savings of \$0.779 million gross, and \$0.586 million net is expected from these initiatives.

### 2013 and 2014 Outlook:

- Approval of the 2012 Recommended Base Budget for Fleet Services will result in incremental savings of (\$3.611) million gross and \$0.0 net in 2013 and incremental costs of \$0.014 million gross and \$0.0 net in 2014. Future year projections are primarily attributed to the following:
  - The 2013 Outlook of (\$3.611) million gross, \$0.0 net, includes increases for progression pay of \$0.019 million, a 0.9% increase in the OMERS premium rate of \$0.135 million, and annualized savings of (\$0.024) million from an attrition. In addition annualized savings of (\$3.741) million gross and \$0.0 net will be realized in 2013 as a result of Solid Waste Management's implementation of contracting out the curb-side waste collections in District 2 during 2012.
  - The 2014 Outlook of \$0.014 million gross, \$0.0 net, is comprised solely of progression pay of \$0.014 million.
  - These outlooks do not include any provisions for COLA, which is subject to future negotiations.

## Part V: ISSUES FOR DISCUSSION

### 2012 and Future Year Issues

#### 2012 Issues

##### *Fleet Rationalization*

- Fleet Services continues to work with client Programs to "right size" their fleet to ensure that all vehicles on hand are required and fully utilized. Fleet Services provided to each of its divisional clients information on their respective fleet inventory at the start of the 2012 budget process. Quarterly, Fleet Services provides to Divisions updated list of vehicles that have usage less than the equivalent of 7,500 kilometer per year. Each Program is expected to review these vehicles with low usage. Based on their review, the Program will decide on whether the vehicle needs to be retained in the inventory or returned to Fleet Services for re-deployment or disposal.
- The 2012 Operating Budgets and Capital Budgets reflect savings from fleet rationalization in Solid Waste Management, and Toronto Water.

##### *Fuel Costs*

- At the start of the 2012 budget process in May 2011, Fleet Services established a budget rate of \$1.35 per litre for gasoline and diesel fuel based on market prices.
- Through the administrative review of the budgets, it became evident that market prices have been trending downwards in keeping with the trend for global Crude Oil prices as a result of international economic problems, particularly in Europe, and political unrest in the Middle-East.
- Fleet Services reviewed the validity of the original budget rate for fuel of \$1.35 based on current market conditions and forecast, and in October revised the rate to \$1.20 per litre for fuel. As a result, the total budgeted fuel cost in Fleet Services was reduced by \$2.041 million from \$18.370 million to \$16.328 million.
- The resultant savings were correspondingly adjusted in Fleet Services' client Programs' respective budget through reduced inter-divisional charges for fuel.

### Issues Referred to the 2012 Operating Budget Process

##### *Service Efficiency Reviews*

- At its meeting of April 12, 2011, City Council approved a report from the City Manager titled 'Service Review Program, 2012 Budget Process and Multi-Year Financial Planning Process', dated March, 2011. In his report, the City Manager identified 3 cross-

corporate and 12 Programs of which Fleet Services is one Program area undergoing such a review.

- The Service Efficiency Studies are expected to be completed in early 2012, and work will begin on implementing the recommendations of those reviews. At this time it is premature for 2012 budgets to incorporate any potential savings from implementing the efficiency study's findings that are yet to be identified.
- The outcome of the Fleet Services Review may affect the 2012 and/or future year operating budgets for Fleet Services.
- In addition, other programs were identified for Service Efficiency Reviews. Future outcomes of Service Efficiency Reviews undertaken for other programs may impact on the operations of Fleet Services.

#### *Core Service Review*

- At its meeting of September 26 and 27, 2011, Council approved the recommendations of the Core Service Review. In particular, City Council requested the City Manager to review the following opportunities for Fleet Services:
  - Consider expanding scope of divisions served (eg. Police, Fire, EMS, non-revenue TTC vehicles) by Fleet Services.
  - Fleet Services continue to evaluate alternate methods to repair and maintain vehicles.

## Appendix 1

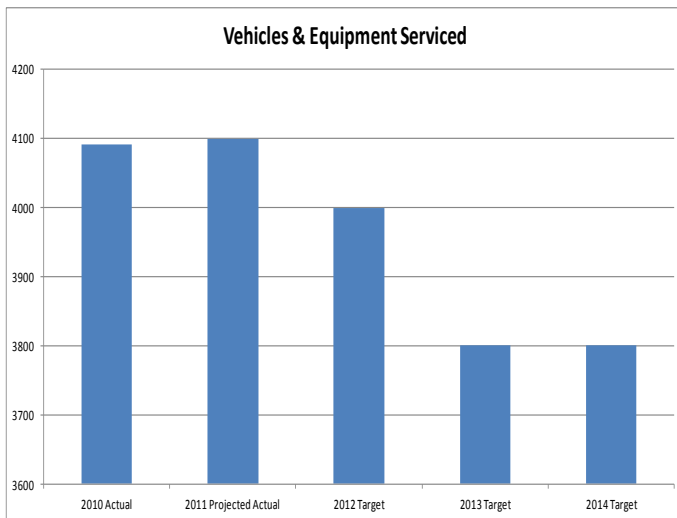
### 2011 Performance

#### 2011 Key Accomplishments:

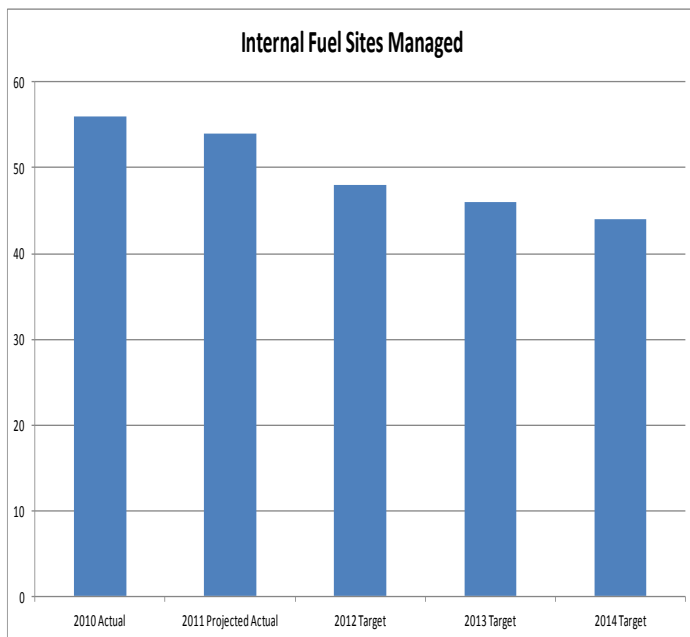
- ✓ Continued to increase the City's Fleet of Green Vehicles, bringing the total to 579 by 2011 year end, which will include 10 electric vehicles.
- ✓ Managed the corporate contracts for external leased vehicles. Fleet coordinates and provides short term rental vehicles to City Divisions. At its peak in 2011, Fleet managed approximately 145 external rental vehicles to Divisions for short term use.
- ✓ Upgraded two and closed two City-owned fuel sites to reduce environmental risks and to improve operational efficiencies. The upgraded sites dispense all fuel types that are in use by the City and have above-ground fuel storage tanks, hence reducing the risk of soil contamination.
- ✓ Continued the process of developing a new fuel purchasing program as a strategy to minimize the impacts of fluctuating market fuel prices and to reduce fuel costs.
- ✓ Obtained fuel contract that provided approximately 8%–10% discount below the market price for gasoline and diesel.
- ✓ Maintained the Provincial Commercial Vehicle Operators Registration (CVOR) safety rating in good standing. The projected overall CVOR rating for 2011 is 37%, significantly improved from a rating of 51% in December 2010.
- ✓ Provided fleet safety training to employees to ensure compliance with various Provincial legislations and City policies and guidelines.
- ✓ Completed the implementation of parts consignment model at four main and seven satellite garage locations. This has significantly reduced the turnaround time for parts acquisition. Approximately 80% of parts are purchased through consignment.

## 2011 Performance

### Efficiency

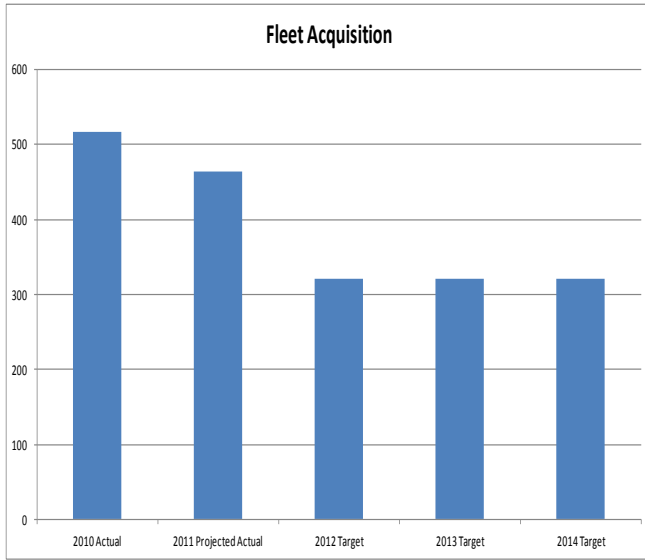


- Vehicles & Equipment Serviced**
- The number of vehicles and equipment serviced by Fleet Services.
  - Fleet Services supports the procurement, maintenance and disposal of vehicles and equipment.
  - The 2012–2014 targets reflect the planned reduction in fleet size to reduce costs.



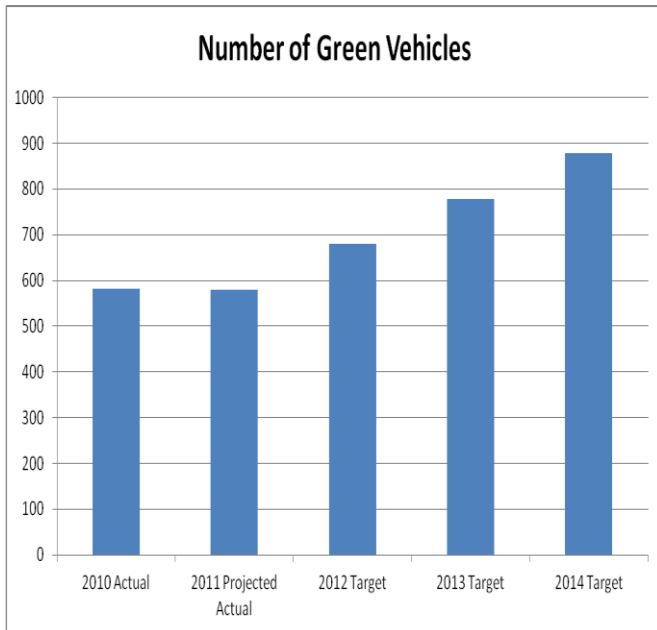
- Internal Fuel Sites Managed**
- The number of City owned fuel sites.
  - The targeted decrease in the number of City owned fuel sites, 2012– 2014, will reduce the risk of environmental hazards, but still maintain a minimum supply to meet divisional operational requirements.

## Effectiveness



**Fleet Acquisition**

- Plan, procure and manage City vehicles / equipment in accordance with Council directives.
- Number of vehicles & equipment purchased on an annual basis. The measure reflects both the replacement and the new additions to the fleet.
- Fleet Services have been working with Programs to right size their fleet, and the number of vehicles replacement has decreased since 2010, and will stabilize at the 300 level for the next 3 years.



**Number of Green Vehicles**

- Number of green vehicles in the Fleet inventory.
- Fleet Services continues to purchase environmentally sustainable vehicles to reduce fuel use and costs, emissions of greenhouse gases and smog causing air pollutants.
- The number of green vehicles is expected to increase from 600 in 2011 to 900 in 2014.



## 2011 Budget Variance Analysis

### 2011 Budget Variance Review (In\$000s)

(In \$000s)	2009 Actuals	2010 Actuals	2011 Approved Budget	2011 Projected Actuals*	2011 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	49,684.7	50,810.2	48,059.1	49,906.2	1,847.1	3.8
<b>REVENUES</b>	51,104.4	51,277.4	48,059.1	50,046.0	1,986.9	4.1
<b>NET EXP.</b>	(1,419.7)	(467.2)	0.0	(139.8)	(139.8)	100.0
<b>Approved Positions</b>	195.0	188.0	192.0	178.0	(14.0)	(7.3)

\* Based on the Third Quarter Operating Budget Variance Report.

## 2011 Experience

- The projected year-end net variance for Fleet Services as at September 30, 2011 is projected to be (\$0.139) million net.
- The projected gross expenditure is expected to be \$1.847 million over budget primarily due to higher than budgeted gasoline and diesel costs.
  - Fleet Services charges Client divisions based on their actual usage at the annual budgeted fuel price, which for 2011 was set at \$1.01 per litre for both gasoline and diesel. The actual prices have been averaging \$1.07 per litre for diesel, and \$1.10 per litre for gasoline.
  - The favourable variance of \$1.987 million in revenues is due to the contribution from the Commodity Price Stabilization Reserve to offset the over-spending in fuel costs resulting in higher fuel prices. It is also due to additional recoveries for specific divisional work orders for modification, and repairs as a result of special needs or damage due to negligence or accidents; and the delay in the implementation of EMS initiative to obtain fuel from the Toronto Police Service fuel locations.

**Impact of 2011 Operating Variance on the 2012 Recommended Budget**

- Increased fuel costs in 2011 experience has resulted in 2012 fuel rate increasing from \$1.01 per litre for gasoline and diesel to \$1.20 per litre (Initially set at \$1.35 per litre at the outset of the 2012 budget process) for both gasoline and diesel.

## Appendix 2

### 2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers

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

Category of Expense	2009 Actual	2010 Actual	2011 Budget	2011 Projected Actual	2012 Recommended Budget	2012 Change from 2011 Approved Budget		2013 Outlook	2014 Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	17,514.5	17,884.9	18,143.6	17,990.5	16,337.6	(1,806.0)	(10.0%)	16,468.1	16,482.2
Materials and Supplies	22,961.4	22,768.5	22,741.8	25,118.8	24,635.4	1,893.6	8.3%	21,624.0	21,624.0
Equipment	86.2	96.7	94.5	94.5	96.5	2.0	2.1%	96.5	96.5
Services & Rents	8,657.7	7,323.4	6,564.5	6,007.2	6,950.6	386.1	5.9%	6,220.9	6,220.9
Contributions to Capital							n/a		
Contributions to Reserve/Res Funds	145.9	2,456.4	84.5	265.0	84.5		0.0%	84.5	84.5
Other Expenditures							na		
Interdivisional Charges	319.0	280.1	430.2	430.2	440.7	10.5	2.4%	440.7	440.7
<b>TOTAL GROSS EXPENDITURES</b>	<b>49,684.7</b>	<b>50,810.0</b>	<b>48,059.1</b>	<b>49,906.2</b>	<b>48,545.3</b>	<b>486.2</b>	<b>1.0%</b>	<b>44,934.7</b>	<b>44,948.8</b>
Interdivisional Recoveries	50,201.8	50,283.6	47,260.1	48,304.6	47,018.4	(241.7)	(0.5%)	43,407.8	43,421.9
Provincial Subsidies		5.0					n/a		
Federal Subsidies							n/a		
Other Subsidies							n/a		
User Fees & Donations							n/a		
Transfers from Capital Fund	185.9	177.0	121.4	121.4	136.3	14.9	12.3%	136.3	136.3
Contribution from Reserve Funds							n/a		
Contribution from Reserve				800.0			n/a		
Sundry Revenues	716.7	811.8	677.6	820.0	1,390.6	713.0	105.2%	1,390.6	1,390.6
<b>TOTAL REVENUE</b>	<b>51,104.4</b>	<b>51,277.4</b>	<b>48,059.1</b>	<b>50,046.0</b>	<b>48,545.3</b>	<b>486.2</b>	<b>1.0%</b>	<b>44,934.7</b>	<b>44,948.8</b>
<b>TOTAL NET EXPENDITURES</b>	<b>(1,419.7)</b>	<b>(467.4)</b>	<b>0.0</b>	<b>(139.8)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>	<b>0.0</b>	<b>0.0</b>
<b>APPROVED POSITIONS</b>	<b>195.0</b>	<b>188.0</b>	<b>192.0</b>	<b>178.0</b>	<b>172.0</b>	<b>(20.0)</b>	<b>(10.4%)</b>	<b>172.0</b>	<b>172.0</b>

### 2012 Key Cost Drivers

- Materials and Supplies are the largest expenditure category and account for 50.7% of total recommended expenditures, followed by salaries and benefits at 33.7%, services and rents at 14.3% and inter-divisional charges at 0.9%.
- The 2012 Recommended Budget for materials and supplies of \$24.635 million is \$1.894 million or 8.3% higher than the 2011 Approved Operating budget. 66.2% of materials and supplies costs are comprised of gasoline and diesel costs of \$16.328 million. Other items within materials and supplies include vehicle and equipment parts, lubricants, and office supplies.

- Fleet Services has included an increase in fuel rates as a result of increased actual expenditures and projections for 2012. The budgeted fuel rate for 2012 is \$1.20 per litre for gasoline and diesel. This has resulted in an increase of \$2.456 million for fuel budget.
- The 2012 Recommended Budget for salaries and benefits is \$16.338 million reflecting a decrease of \$1.806 million or 10.0% lower compared to the 2011 Approved Budget of \$18.144 million
  - In 2012, the Program will delete 20 positions, thus lowering its salaries and benefits budget by \$1.806 million, net of increases for progression pay, and step increases, and fringe benefits.
- The Recommended 2012 Operating budget for services and rents is \$0.386 million or 5.9% higher than the 2011 Approved Budget of \$6.565 million.
  - This is largely attributed to the contracting out of the Parts Warehouse process. The parts warehouse functions were outsourced in 2011, resulting in the elimination of 12 positions, reducing salaries and benefits, but increased costs for contracted services at a relatively smaller amount. The annualized impact in 2012 from this initiative is a reduction in salaries and benefits of \$0.260 million, offset by an increase in contracted services of \$0.186 million. Included in services and rents is also an increase of \$0.193 million for short-term vehicle rentals.
- \$47.018 million or 96.9% of the 2012 Recommended Revenue Budget is comprised of interdivisional recoveries from client Divisions for maintenance services, and fuel costs, which are \$0.211 million or 0.4% lower than the 2011 Approved Budget. This reduction arises from the fleet rationalization in Toronto Water Services and the reduction in Solid Waste Management's fleet as a result of contracting out curb-side waste collections in District 2.
- Other revenues show an increase of \$0.713 million, compared to 2011. This reflects the new revenues from the Toronto District School Board for obtaining fuel from the City owned fuel sites.

**Appendix 3**  
**Summary of 2012 Recommended Service Changes**

## Appendix 5

### Inflows/Outflows to/from Reserves & Reserve Funds

#### Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2011 *	Proposed Withdrawals (-) / Contributions (+)		
			2012	2013	2014
		\$	\$	\$	\$
Insurance Reserve Fund	XR1010		84.5	84.5	84.5
<b>Total Reserve / Reserve Fund Draws / Contributions</b>			<b>84.5</b>	<b>84.5</b>	<b>84.5</b>