

City Budget 2012

City Manager's Office 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

TABLE OF CONTENTS

PART I: RECOMMENDATIONS	3
PART II: 2012 SERVICE OVERVIEW AND PLAN	
Program Map and Service Profiles.....	5
2012 Recommended Service Levels	6
2012 Service Deliverables	9
PART III: 2012 RECOMMENDED BASE BUDGET	
2012 Recommended Base Budget	11
2012 Recommended Service Changes	13
2013 and 2014 Outlook	16
PART IV: RECOMMENDED NEW/ENHANCED SERVICE PRIORITY ACTIONS	
2012 Recommended New/Enhanced Service Priority Actions	N/A
PART V: ISSUES FOR DISCUSSION	
2012 and Future Year Issues	18
Issues Referred to the 2012 Operating Budget Process	N/A
APPENDICES	
Appendix 1: 2011 Performance	19
Appendix 2: 2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers	25
Appendix 3: Summary of 2012 Recommended Service Changes	27
Appendix 4: Summary of 2012 Recommended New/Enhanced Service Priority Actions	N/A
Appendix 5: Inflows / Outflows to/ from Reserves and Reserve Funds	28

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

Tom Perdikis
 Financial Planning Analyst
 Tel: (416) 397-4478

PART I: RECOMMENDATIONS

2012 Recommended Operating Budget (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
								\$	%
(In \$000s)	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	44,593.8	41,050.1	43,507.2	0.0	43,507.2	(1,086.6)	(2.4)	3,149.3	740.6
REVENUE	7,783.7	5,388.6	8,497.9	0.0	8,497.9	714.2	9.2	1,070.0	180.0
NET EXP.	36,810.1	35,661.5	35,009.3	0.0	35,009.3	(1,800.8)	(4.9)	2,079.3	560.6
Approved Positions	409.0	354.0	396.0	0.0	396.0	(13.0)	(3.2)	0.0	1.0

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 10% Reduction vs. 2012 Rec'd Reduction	Target %
2012 Reductions	(3,619.5)	(2,823.2)	(796.3)	7.8%

Recommendations

The City Manager and Chief Financial Officer recommend that:

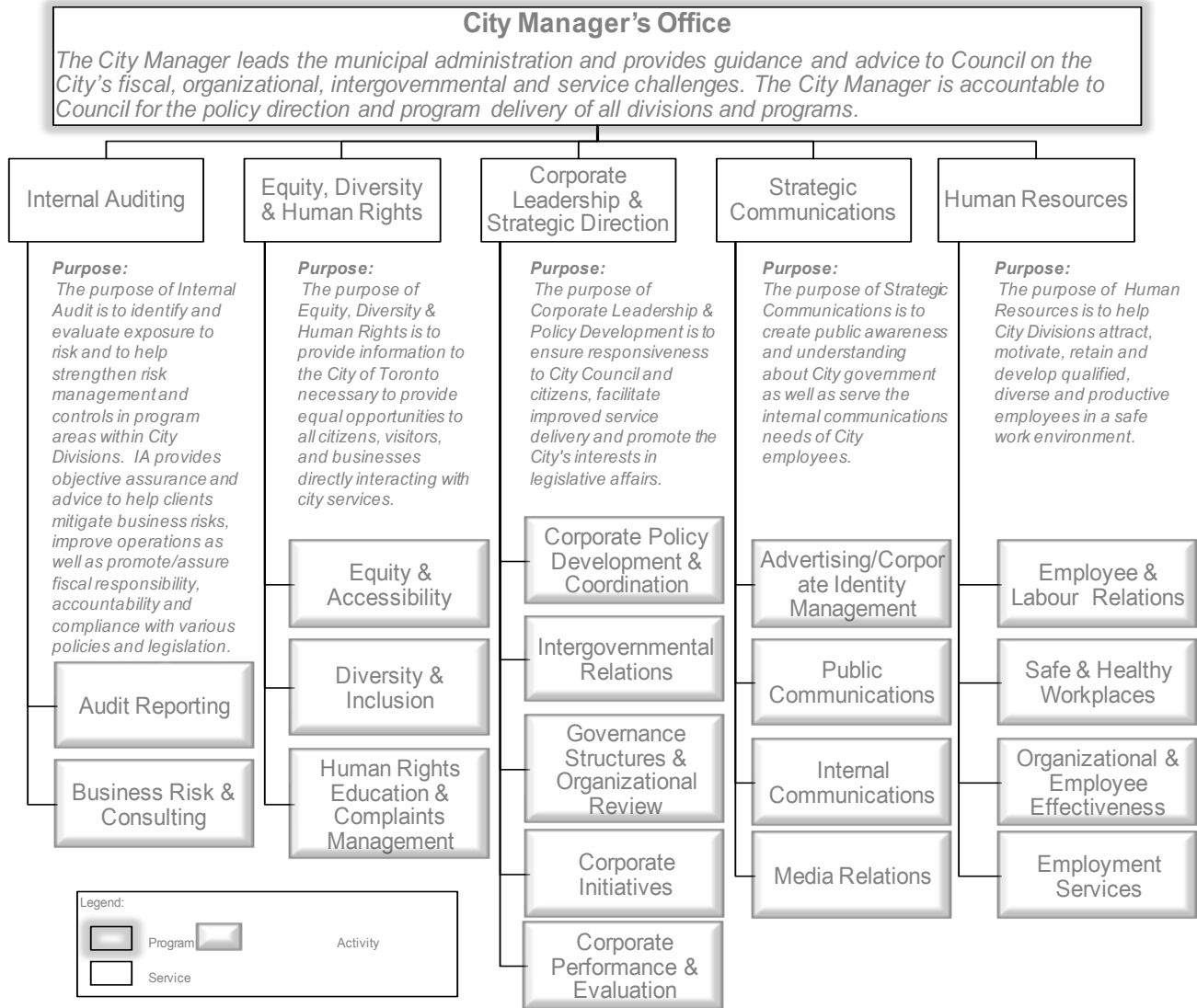
1. City Council approve the 2012 Recommended Operating Budget for the City Manager's Office of \$43.507 million gross and \$35.009 million net, comprised of the following services:

<u>Service(s)</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Executive Management	2,756.1	2,214.3
Strategic and Corporate Policy	3,722.3	3,469.7
Internal Audit	1,071.7	434.1
Strategic Communications	2,776.1	2,326.1
Equity, Diversity & Human Rights	1,326.8	1,326.8
Human Resources	<u>31,854.2</u>	<u>25,238.3</u>
Total Program Budget	<u>43,507.2</u>	<u>35,009.3</u>

2. The information contained in Confidential Attachment 1 remain confidential until the outcome of Council's decision has been communicated to the Unions and affected staff.

PART II: 2012 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles



Service Customer

Internal Auditing

- City Divisions

Equity, Diversity & Human Rights

- City Council
- Senior Management

Corporate Leadership & Strategic Direction

- City Divisions
- Council & Mayor
- Deputy City Managers

Strategic Communications

- Public
- City Divisions
- Media

Human Resources

- Toronto Public Service
- City Divisions
- Unions & Associations
- Members of the public interested in opportunities in the Toronto Public Service

2012 Recommended Service Levels

The City Manager's Office is comprised of five service areas which include Internal Auditing, Equity, Diversity and Human Rights, Corporate Leadership and Strategic Direction, Strategic Communications and Human Resources. The 2012 Proposed Service Levels for the City Manager's Office Services and Activities are detailed below:

Service	Activity	Type	Sub-Type	2011 Current Service Level	2012 Proposed Service Level
Internal Audit	Business & Risk Consulting			Have been able to respond to 100% of the requests received to date in 2011.	To complete operational division audits
	Audit Reporting			Achieved a 4.2 out of 5 client satisfaction score in 2011 (to date)	Achieved a 4.2 out of 5 client satisfaction score in 2011 (to date)
Equity, Diversity & Human Rights	Equity & Accessibility	Equity Plan			
		Accessibility plan			
	Diversity and Inclusion				
	Human Rights Education & Complaints Management				
Corporate Leadership & Strategic Direction	Corporate Policy Development & Coordination				
	Intergovernmental Relations				
	Governance Structures & Organizational Review	Policy Development			
	Corporate Initiatives	Initiative/ Issue Management		Much of the work done project-based, but there are several areas where some quantitative results can be tracked. Results for 2010 are still to be determined where possible	Much of the work done project-based, but there are several areas where some quantitative results can be tracked. Results for 2010 are still to be determined where possible
	Corporate Performance & Evaluation	Performance Indicator Management		100% of indicators updated as per reporting frequency requirements	100% of indicators updated as per reporting frequency requirements
Consultation			Respond to inquires within 24 hours, 90% of the time	Respond to inquires within 24 hours, 90% of the time	
Strategic Communications	Advertising	Statutory Advertisements		100% of statutory advertisements placed within required time	100% of statutory advertisements placed within required time
		By-Law Notices		By-law notices 15 days after has By-law passed	By-law notices 15 days after has By-law passed
	Public Communications			Budget represents 0.01% of the Operating and Capital Budgets of the City Program supported	Budget represents 0.0101% of the Operating and Capital Budgets of the City Program supported

Service	Activity	Type	Sub-Type	2011 Current Service Level	2012 Proposed Service Level	
Strategic Communications	Internal Communications	Monday morning news		100% distribution of Monday Morning News by end of first business day of every week	Monday Morning News distributed by noon of first business day of every week	
		Daily City News Summary		Approximately 98% distribution of Daily City News Summary by 7:00 AM	Approximately 98% distribution of Daily City News Summary by 7:00 AM	
	Media Relations					
Human Resources	Employee & Labour Relations	Labour Relations				
		A Fair Wage Policy/Labour Trade Issue Managed	Grievances		To increase the number of constructions trade grievances resolved at the earliest stage from 85-90%	
			Policy Investigations		To respond to all complaints within 3 business days	
			Site Inspections		To respond to all complaints within 3 business days	
		Negotiations		Of the current 7 agreements, 2 were negotiated in 2010 resulting in one negotiated settlement and one proceeding to arbitration	To achieve negotiated settlements with all bargaining agents	
		Emergency Plan	Corporate HR Emergency Plan			To have COOP's updated on an annual basis
			Corporate Labour Disruption Plan		Planning for 2012 Labour Response started in 2011	To have a corporate labour disruption plan operational in the event of a labour disruption
	Safe & Healthy Workplaces			Overall Safe & Healthy Workplaces budget represents 0.1012% of the Operating and Capital Budgets of the City Program supported 25 % decrease of lost time injuries from 2007 to 2010 24% decrease of medical aid injuries from 2007 to 2010 38% decrease in recurrence injuries from 2007 to 2010)	number of workplace accidents by 6% in the period 2010 to 2012	

Service	Activity	Type	Sub-Type	2011 Current Service Level	2012 Proposed Service Level
	Safe & Healthy Workplaces			MOL orders reduced from 75 in 2007 to 40 in 2010	To reduce or eliminate Ministry of Labour orders. Ensure all investigation processes stipulated under the H&S Act are adhered to
				WSIB costs in 2010 were \$2.54 million less than in 2009	WSIB costs in 2010 were \$2.54 million less than in 2009
				19 Divisions audited in 2010 100s of workplace inspections assisted	19 Divisions audited in 2010 100s of workplace inspections assisted
				55,000 training hours in 2010	18,000 participants in Corporate Learning and Development courses
	Organization & Employee Effectiveness			Overall Organization & Employee Effectiveness Budget represents 0.0799% of the Operating and Capital Budgets of the City Program supported In 2010, there were a total of 12,313 participants: 7695 participants in Corporate Leadership & Learning Development (CLLD) courses; 1648 in CLLD funded intact team courses; 2970 in AODA Customer Service eLearning with an average satisfaction rating of 4 out of 5, 95% of the time.	Overall Organization & Employee Effectiveness Budget represents 0.0799% of the Operating and Capital Budgets of the City Program supported In 2010, there were a total of 12,313 participants: 7695 participants in Corporate Leadership & Learning Development (CLLD) courses; 1648 in CLLD funded intact team courses; 2970 in AODA Customer Service eLearning with an average satisfaction rating of 4 out of 5, 95% of the time.
				2009-10 Annual report in preparation	2009-10 Annual report in preparation
				2 Divisional People Plans completed; 4 divisional People Plans in progress	To increase the number of divisions developing People Plans by 3%
				Baseline being established in 2011	Baseline being established in 2011
				Baseline being established in 2011	Baseline being established in 2011
	Employment Services			Overall budget for Employment Services represents 0.0912% of the Operating and Capital Budgets of the City Program supported Baseline to be established in 2011-12 for average time to fill standard. Suite of progressive employment policies and programs, and strategies to address critical positions being reviewed as per the TPS Recruitment Strategy. Simple, Fast & Smart Committee in progress to review all recruitment processes. The baseline for clients confident in the services of the HR Assessment Centre for standardized testing has been maintained at 95%.	50-100 interventions per year To maintain or increase the % of clients who are confident in the services of the Assessment Centre from a baseline of 95%.
				61% of City Managers and Supervisors who responded to the HR Client Satisfaction survey were satisfied or very satisfied with the quality of advice of the Strategic Recruitment, Compensation & Employment Services Section	To maintain or increase the % of clients who are satisfied or very satisfied with the quality of Strategic Recruitment, Compensation and Employment Services Section advice from a baseline of 74%.
				63% of City Managers and Supervisors responded they were satisfied or very satisfied with the reliability, accessibility and timeliness of HR advice of the Compensation unit (2011 HR Client Satisfaction Survey)	To maintain or increase the % of clients who are satisfied or very satisfied with the quality of Strategic Recruitment, Compensation and Employment Services Section advice from a baseline of 74%.

2012 Service Deliverables

The 2012 Operating Budget of \$43.507 million gross and \$35.009 million net will provide funding for:

- Assisting senior management by providing objective assurance and advice to help mitigate business risks, improve operations, as well as promote fiscal responsibility, accountability and compliance with applicable policies and legislation.
- Conducting compliance, operational, financial and internal control reviews to identify areas of exposure and increase awareness and understanding of risks/controls across the City.
- Fulfilling Council mandated initiatives on equity, diversity & human rights by implementing leadership, education and awareness programs, providing technical advice and capacity support to all City divisions and embedding an equity, diversity and human rights lens to all corporate strategies, policies and practice.
- Providing support to the Disability Issues Committee, mandated by the AODA, to advise Council on the requirements and implementation of accessibility standards.
- Administering the City's Human Rights and Anti-Harassment Policy and Program required under the OHSA and OHRC.
- Facilitating the implementation of Employment Equity and diversity related initiatives within the Toronto Public Service.
- Providing support and coordination to the Aboriginal Affairs Committee to advise Council on issues which affect the Aboriginal community in Toronto.
- Preparing detailed service efficiency reviews to ensure all City Division and Agency services and functions are effective and efficient.
- Completing the implementation of actions approved by Council in 2011 to ensure more effective governance and accountability for all City Agencies to ensure they are meeting the City's strategic business and policy interests.
- Continuing to build the civic engagement web portal which includes the online engagement platform and civic engagement database.
- Ensuring that City's Council and Committee governance structures and processes are open and effective through ongoing review, monitoring and assessment of requirements for change.
- Leading the City's communicators by providing opportunities for learning and consideration of municipal best practices for successful communications.
- Continuing the implementation and development of communications policies and protocols to ensure Toronto Government communicates consistently to all its audiences.

- Strengthening employee and internal communications by providing senior and divisional management teams effective tools to communicate with a diverse workforce that operates in various environments and levels of technology.
- Supporting the corporation and city divisions in responding to the Mayor and Council priority to reduce the size and cost of government, ensuring the continuity of programs and services and minimizing any potential disruption.
- Increasing the city's capacity for changing the organization through these processes and achieving net long-term saving results.

PART III: Recommended Base Budget

2012 Recommended Base Budget

(In \$000s)

(In \$000s)	2011 Appvd. Budget	2012 Recommended Base	Change		FY Incremental Outlook	
			2012 Recommended Base v. 2011 Appvd. Budget		2013	2014
	\$	\$	\$	%	\$	\$
GROSS EXP.	44,593.8	43,507.2	(1,086.6)	(2.4)	3,149.3	740.6
REVENUE	7,783.7	8,497.9	714.2	9.2	1,070.0	180.0
NET EXP.	36,810.1	35,009.3	(1,800.8)	(4.9)	2,079.3	560.6
Approved Positions	409.0	396.0	(13.0)	(3.2)	0.0	1.0

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 1Rec'd Reduction vs. 2012 10% Reduction Target	Target %
2012 Reductions	(3,619.5)	(2,823.2)	(796.3)	7.8%

2012 Recommended Base Budget

- The 2012 Recommended Base Budget of \$43.057 million gross and \$35.009 million net represents a \$1.801 million or 4.9% decrease from the 2011 Approved Operating Budget of \$36.810 million net.
- The 2012 Recommended Base Budget of \$35.009 million net includes Program budget reductions of \$2.823 million net or 7.8% of the 10% reduction target. This is \$0.796 million or 2.2% in Program reductions less than the City Manager's Office 2012 reduction target of \$3.619 million net.
- Service changes of \$2.823 million include base budget savings of \$0.374 million net, savings from efficiencies of \$0.814 million net and minor service changes of \$1.636 million net.
- The 2012 Recommended Operating Budget for the City Manager's Office reflects the deletion of 13 positions. The total staff complement will decrease from 409 to 396 positions as noted below:

2012 Recommended Staff Complement – Base Budget Summary

Changes	Staff Complement
2011 Approved Positions	409.0
- 2011 In-year Adjustments	(1.0)
2011 Approved Staff Complement	408.0
2012 Recommended Staff Complement Changes	
- 2012 Temporary Positions - Capital Project Delivery	
- 2012 Operating Impacts of completed Capital Projects	
- 2012 Service Changes	(12.0)
Total Recommended Positions	396.0

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

Description	2012 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% of 2012 Budget Reduction Target	2013		2014	
	#	\$	\$	%	\$	# Pos.	\$	# Pos.
Base Changes:								
Base Expenditure Changes								
Reduction in Expenditures Based on Actual Experience		(340.6)	(340.6)	1.8%				
Alternative Funding for United Way (Executive Management)			(33.0)	0.2%				
Base Expenditure Changes		(340.6)	(373.6)	1.9%				
Base Revenue Changes								
Base Revenue Changes								
Sub-Total Base Budget Changes		(340.6)	(373.6)	1.9%				
Service Efficiencies								
Deletion of One Communications Advisor Position (Strategic Communications)	(1.0)	(58.3)	(58.3)	0.3%				
Deletion of One Administrative Assistant (Strategic & Corporate Policy)	(1.0)	(72.1)	(72.1)	0.4%				
Deletion of One HR Director Position (Human Resources)	(1.0)	(187.0)	(187.0)	1.0%				
Deletion of One HR Manager (Human Resources)	(1.0)	(140.0)	(140.0)	0.7%				
Service Efficiency (Confidential)	(1.0)	(63.4)	(63.4)	0.3%				
Reduction of Training Budget (Human Resources)		(115.7)	(115.7)	0.6%				
Deletion of Stand by Pay (Strategic Communications)		(20.0)	(20.0)	0.1%				
Deletion of One Position - Confidential	(1.0)	(72.5)	(72.5)	0.4%				
Deletion of One Support Assistant Position (Strategic Communications)	(1.0)	(62.7)	(62.7)	0.3%				
Convert Two HR Associate positions to HR Program Assistants (Human Resources)		(22.2)	(22.2)	0.1%				
Sub-Total Service Efficiencies	(7.0)	(813.9)	(813.9)	4.2%				
Revenue Adjustments:								
Sub-Total Revenue Adjustments								
Minor Service Impact:								
Deletion of One Senior HR Consulting Position (Human Resources)	(1.0)	(120.0)	(120.0)	0.6%				
Deletion of One Program Assistant Position (Human Resources)	(1.0)	(70.0)	(70.0)	0.4%				
Deletion of One HR Consultant Position - Confidential	(1.0)	(103.0)	(103.0)	0.5%				
Deletion of One Senior HR Consultant Position (Equity Diversity and Human Rights)	(1.0)	(120.3)	(120.3)	0.6%				
Deletion of One Position - Confidential	(1.0)	(141.9)	(141.9)	0.7%				
Temporarily Cap 8 Positions (Human Resources)		(1,080.5)	(1,080.5)	5.6%	1,041.7			
Sub-Total Minor Service Impacts	(5.0)	(1,635.7)	(1,635.7)	8.5%	1,041.7			
Major Service Impact:								
Sub-Total Major Service Impacts								
Total Service Changes	(12.0)	(2,790.2)	(2,823.2)	7.8%	1,041.7			

2012 Recommended Service Changes

- The 2012 service changes consist of base budget changes, service efficiencies and minor service changes that total \$2.823 million net. These changes will have a minimal impact on the 2011 approved service levels provided by the City Manager's Office.

Base Expenditure Changes (savings of \$0.341 million gross and \$0.374 million net)

Reduction in Expenditures Based on Actual Experience

- Based on a detailed review of actual spending, a total savings of \$0.341 million has been identified. This consists of a reduction of \$0.044 million in salaries and \$0.297 million in non-labour expenditures.

Alternate funding for the United Way (Executive Management)

- A reduction of \$0.033 million is recommended to reflect alternative funding for a United Way Coordinator position. The position will temporarily be funded through the Non-Program Expenditure Budget as this portion supports the City's corporate effort towards the United Way.

Service Efficiencies (savings of \$0.814 million gross and net)*Deletion of One Communications Advisor Position (Strategic Communications)*

- The reduction of one Communications Advisor position will result in savings of \$0.058 million. The position is currently filled, but will become vacant through attrition, effective January 1, 2012. The work will be redistributed to other Communication staff.

Deletion of One Administrative Assistant Position (Strategic & Corporate Policy)

- The reduction of one Administrative Assistant position will result in a savings of \$0.072 million. The position is currently filled, but will become vacant through attrition, effective January 1, 2012. Duties will be re-assigned to other administrative staff. This may result in increased workloads.

Deletion of 1 HR Director Position (Human Resources)

- The reduction one permanent HR Director position within Strategic HR Services, resulting in a savings of \$0.187 million. The effective date of the reduction is January 1, 2012. Human Resources is undergoing a reorganization to merge the Organization Development & Learning and HR Standards & Decision Support units. Once implemented, there should be no impact on services.

Deletion of 1 HR Manager Position (Human Resources)

- One permanent HR Manager position within Strategic HR Services will be deleted resulting in a savings of \$0.140 million. The position is currently filled, but will become vacant through attrition effective January 1, 2012. Human Resources is undergoing a reorganization to merge the Organization Development & Learning and HR Standards & Decision Support units. Once implemented, there should be no impact on services.

Service Efficiency -- Confidential

- A service efficiency will result in savings \$0.063 million. Detailed information is presented in Confidential Attachment 1 under separate cover.

Reduction of Training Budget (Human Resources)

- A savings of \$0.116 million is recommended as a result of the reduction of a number and variety of courses that are being offered corporately through the corporate training course calendar. Of all of the courses being offered, 41% are legislatively required and corporately mandated and considered to maintain core foundational skills to perform a role or job. The Human Resources service standard is to maintain or increase the number of participants per year with an average satisfaction rating of 4 out of 5 or 95% of the time. The reduction in courses may impact these service standards.

The Deletion of Stand- by Pay (Strategic Communications)

- A reduction of \$0.020 million by eliminating stand by pay for staff having to respond to media calls on the weekend. Management staff will be designated to be on call on weekends to respond to media calls without incurring stand by costs.

Deletion of One position (Confidential)

- The reduction of one position in the City Manager's Office resulting in a savings of \$0.073 million. Detailed information is presented in Confidential Attachment 1 under separate cover.

Deletion of One Support Assistant Position (Strategic Communications)

- The reduction of one Support Assistant position resulting in a savings of \$0.063 million. The position is currently vacant. The duties of responding to advertising requests and obtaining translation for multicultural media advertising will be redistributed to other administrative staff.

Convert 2 HR Associate positions to 2 HR Program Assistants (Human Resources)

- The conversion of two HR Associate positions to 2 HR Program Assistants resulting in a savings of \$0.022 million. The reduction will have no impact on the current service. The positions are being filled by staff at lower salary levels.

Minor Service Impacts (savings of \$1.636 million gross and net)*Deletion of One Senior HR Consultant Position (Human Resources)*

- The reduction of 1 Sr. HR Consultant position resulting in a savings of \$0.120 million. The position is currently filled, but will become vacant through attrition, effective January 1, 2012. The reduction may have an impact on the strategic recruitment and employment services being provided to City programs. The program will have difficulty

maintaining service levels, particularly in supporting City program in downsizing. Direct service to Parks, Forestry and Recreation, Solid Waste and Toronto Water will be reduced with an increased workload for the remaining employees in Strategic Recruitment, Compensation and Employment Services.

Deletion of One HR Program Assistant Position (Human Resources)

- One permanent HR Program Assistant position will be deleted resulting in a savings of \$0.070 million. The position is currently filled, but will become vacant through attrition effective January 1, 2012. This position provided services to Social Development, Finance and Administration (SDFA). The reduction will directly impact HR services (labour relations, staffing and health & safety) currently provided to the Cluster A divisions.

Deletion of One Position (Confidential)

- The reduction of one position in the City Manager's Office resulting in a savings of \$0.103 million. Detailed information is presented in Confidential Attachment 1.

Deletion of One Senior HR Consultant Position (Equity Diversity and Human Rights)

- The reduction of one permanent Senior HR Consultant position resulting in a savings of \$0.120 million. This reduction may impact the program's ability to meet equity and diversity goals; including AODA requirements.

Deletion of One Position (Confidential)

- The reduction of one position in the City Manager's Office resulting in a savings of \$0.142 million. Detailed information is presented in Confidential Attachment 1.

Temporarily Gap 8 Positions (Human Resources)

- An additional 8 positions will be gapped resulting in a savings of \$1.081 million. This will negatively impact the City Manager's Office in leading Core Service Reviews and Service Review Studies. The workforce transition process and cost savings will be delayed with a greater number of unresolved grievance and potentially higher health and safety costs. This reduction is not sustainable.

2013 and 2014 Outlook:

- Approval of the 2012 Recommended Base Budget for the City Manager's Office will result in net incremental costs of \$2.079 million and \$0.561 million in 2013 and 2014 respectively to maintain the 2012 level of service. Future year costs are primarily attributable to the following:
 - The 2013 Outlook anticipates incremental net increases of \$2.079 million which includes increases in progression pay of \$0.214 million, fringe benefit increases of

\$0.295 million, annualizations of \$0.490 million, the reversal of one extra day of \$0.132 million, the re-instatement of 8 gapped positions of \$1.042 million and \$1.240 million for approved capital projects which include the FPARS, e-Learning and e-HR projects. This is partially offset by recovery of capital of \$1.070 million.

- The 2014 Outlook anticipates increment net increases of \$0.561 million. This reflects the increase in progression pay of \$0.157 million, fringe benefit increases of \$0.039 million, annualizations of \$0.335 million and the increase in capital projects of \$0.213 million offset by recovery from capital of \$0.180 million. This also includes increases of \$0.120 million for operating impact to maintain capital projects.
- No Cost of Living Allowance (COLA) has been projected as 2012 will be a bargaining year.

Part V: ISSUES FOR DISCUSSION

2012 and Future Year Issues

Service Efficiency Studies

- 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. The report directed that, in addition to other reviews, a service efficiency review be undertaken communications across City Programs.
- The service efficiency review is underway. The City Manager will report to Standing Committee and/or City Council or through the City's operating budget processes, as appropriate.

2012 Service Level Changes

- The 2012 Recommended Operating Budget for the City Manager's Office includes service level changes totaling \$2.823 million. In total, 12 positions are being deleted, resulting in savings of \$1.369 million. For the most part, these savings are being achieved by optimizing organizational structures, sharing responsibilities, consolidation and coordination. It is anticipated that there will be minimal impact of service levels as a result of these deletions.
- In addition, the recommended service level changes include gapping 8 positions, for a total savings of \$1.042 million. This has been put forward to assist the City Manager in meeting his reduction target. This gapping is not sustainable; particularly in light of the City Manager's responsibilities to oversee Service Efficiency and Core Services Reviews to be undertaken throughout 2012 and 2013.

Appendix 1

2011 Performance

2011 Key Accomplishments:

In 2011, the City Manager's Office accomplishments included the following:

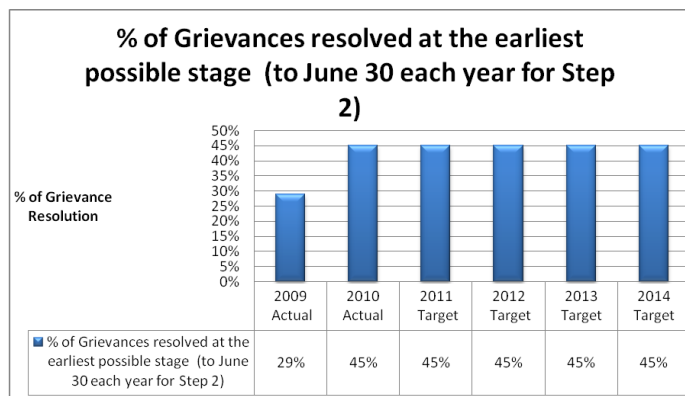
- ✓ Established a roster of 11 management consulting firms to ensure rapid response to Scopes of Work for the Core Service Review and up to 16 City services, horizontal/shared functions, and certain agencies—TTC, Police Service, Public Library, and Toronto Atmospheric Fund.
- ✓ One hundred and five city services and 50 agency services were reviewed. A report providing a preliminary analysis of consultation results completed between June 17th and July 6th, 2011 was also submitted to the Standing Committee meetings.
- ✓ Twelve Service Efficiency Studies were completed by the fourth quarter of 2011 which include Facilities & Estate, Fleet Services, Solid Waste Management, Transportation & Parks, Shelter Housing & Support, Environment & Energy Incentive Programs, including the Toronto Atmospheric Fund, Strategic Communications, Counter Services, Finance & Administrative functions, Toronto Police Service, Toronto Transit Commission, and Toronto Public Library.
- ✓ Advised the Mayor and Council on a number of governance matters related to TCHC. A new Board of Directors was recruited and appointed by City Council in June 2011 and the Shareholder Direction was amended and used in the orientation of the new Board of Directors.
- ✓ Governance advice was provided on the creation of the new Casa Loma Corporation and Lakeshore Arena Corporation.
- ✓ Reviewed how all City policies apply to city agencies, and a review of human resource policies for agencies, was undertaken in preparation for a report to Council in 2012.
- ✓ Successfully negotiated extension of 125 ISF & RInC Program projects from March 31st to October 31, 2011 at a value of \$137 m. Amendments to 5 governing contribution agreements were negotiated. The balance of stimulus projects, 475, were successfully concluded by March 31st.
- ✓ Finalized the Master Agreement with University of Toronto for Pan Am Aquatic Centre, enabling project to proceed by limiting City's exposure to remediation costs.

- ✓ Prepared Toronto's 2009 Performance Measurement and Management Report, which provided up to 10-year trends in internal results in 28 service areas, and ranked Toronto's results relative to other Ontario municipalities.
- ✓ Commenced development of the Toronto Progress Portal to summarize progress Toronto is making across multiple dimensions such as service delivery, quality of life, international rankings, customer service and neighbourhood indicators
- ✓ Developed, issued and enrolled participants in a framework for improvement that is available to all apartment sites (Tower Renewal STEP Program)
- ✓ Developed a tracking and monitoring system of complaints across City divisions and integrated data at a corporate level for City-wide analysis.
- ✓ Provided strategic communications advice and leadership for implementation of customer service standards across the organization.
- ✓ Produced and delivered three issues of Our Toronto, the City's official public newsletter, to all households in Toronto.
- ✓ Revised the Equity, Diversity and Human Rights Achievement Report with new quantitative and qualitative measures that will assist the City Manager and City Council to track the corporation's performance on key indicators.
- ✓ Delivered collective agreement and labour relations training to divisional representatives, assisted in the development of labour relations strategies and application of provisions in the new collective agreements. Created new strategies and practices to proactively engage the unions to improve the relationship with managers and to reduce the increasing number of existing and new complaints, grievances and arbitrations.
- ✓ Continued to reduce the number of grievances at step 3 or arbitration from the highs of 2008-2009 through the increased use of mediation and the review of long-standing grievances.
- ✓ Partnered with the I&T and City Clerk's Divisions to ensure the privacy and security provisions of the new e-recruitment software met corporate standards, continued to identify and monitor operational business needs within the HR Division, and to provide technical advice to divisions already using TalentFlow.
- ✓ Completed and presented the TPS People Plan Annual Report 2009-2011 to the City Manager. This report incorporated new input and analysis from 33 divisions. Findings indicated that overall, 54% of all actions in the TPS People Plan are considered "complete", and that observable, positive results have been experienced by implementing actions.
- ✓ Chaired the Managed Attrition & Workforce Management Planning Committee and co- led all four (4) sub-committees.

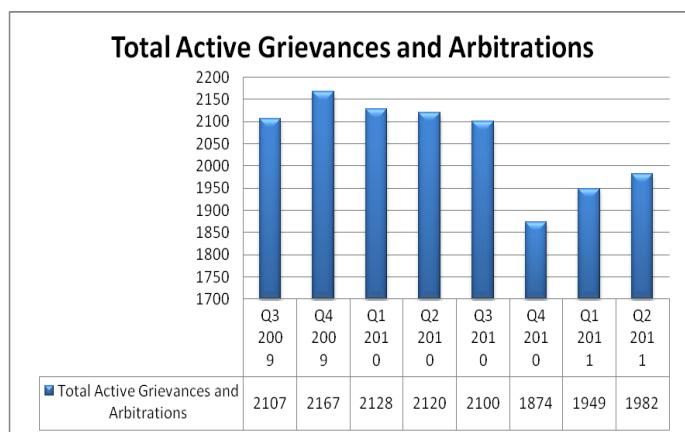
- ✓ Established the Workforce Transition HR Services Group as part of the Managed Attrition & Workforce Management Planning initiative. This cross-disciplinary, dedicated team manages and coordinates city-wide downsizing processes including a new Voluntary Separation Program to reduce the size and cost of government.
- ✓ Completed Phase 1 of the e-Learning Initiative (e-LI) to establish the strategy and framework for an integrated learning management system for the City while collaborating with the Ontario Public Service and I&T Division to develop an e-learning module (AODA – Customer Service Standard) and with Web Services to develop a Domino based e-registration system for training events.
- ✓ Supported divisions' Health & Safety Continuous Improvement (CI) Initiative-Target Zero, including: leadership workshops, health, safety and ergonomic support to CI teams, roll-out of the initiative to Joint Health and Safety Committees and regular reporting out to the Occupational Health and Safety Coordinating Committee.
- ✓ Provided over 55,000 hours of health and safety training to City Divisions including the revised Supervisory Competence training requirements.

2011 Performance

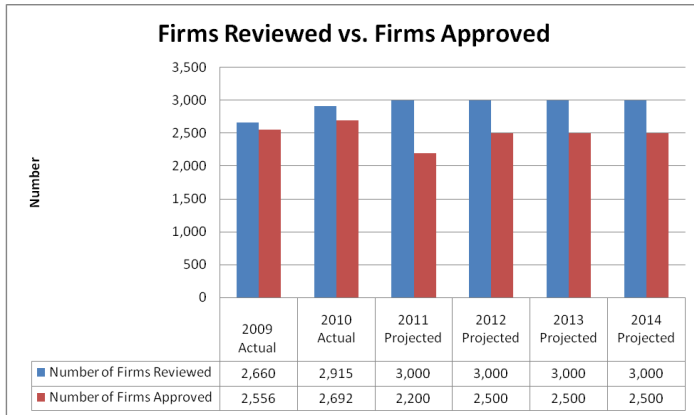
Employee & Labour Relations



- To increase and maintain at 45%, the percentage of grievances resolved at the earliest possible stage.

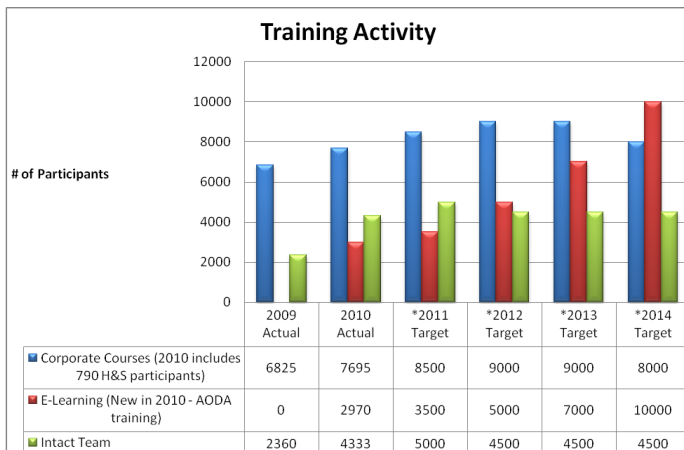


Fair Wage Office



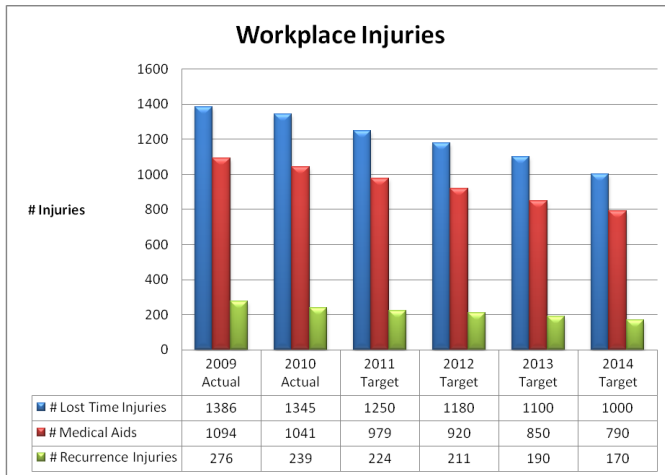
- To maintain or increase the % of firms approved under the Fair Wage Policy and Labour Trades requirements at 80% or greater in 2012 with an ongoing target of 100%.

Organization & Employee Effectiveness



- To maintain the number of participants at corporate learning events at 9,000 to meet the demand with the current allocation of resources with a goal of increasing if funding and resources are secured and to increase the number of participants able to participate in e-Learning initiatives.
- Due to unfilled positions, RFP complexities increased purchasing requirements and a late registration start less participants are anticipated in 2011. A slight increase ins anticipated for the years 2012 and 2013 with a decrease in 2014 participants due to less program courses offered and an increase in e-learning.
- E-learning increases are dependent on sustained capital investment and increase in resources to support full implementation.

Safe & Healthy Workplaces



- To reduce the number of workplace accidents by 6% per year in the period 2011 to 2013 and eliminate MOL orders.

2011 Budget Variance Analysis

2011 Budget Variance Review (In \$000s)

	2009 Actuals	2010 Actuals	2011 Approved Budget	2011 Projected Actuals*	2011 Appvd. Budget vs Projected Actuals Variance	
	(In \$000s) \$	\$	\$	\$	\$	%
GROSS EXP.	40,076.7	41,436.7	44,593.8	39,808.2	(4,785.6)	(10.7)
REVENUES	3,469.8	4,334.0	7,783.7	6,268.9	(1,514.8)	(19.5)
NET EXP.	36,606.9	37,102.7	36,810.1	33,539.3	(3,270.8)	(8.9)
Approved Positions	403.0	417.0	409.0	366.0	(43.0)	(10.5)

* Based on the Third Quarter Operating Budget Variance Report.

2011 Experience

- The projected year-end net favourable variance for the City Manager's Office is anticipated to be \$3.271 million below the 2011 Approved Operating Budget.
- The projected favourable expenditure of \$4.787 million is primarily attributed to the delay in hiring staff for the FPARS project and savings in non-labour expenditures due to the implementation of cost containment measures.
- The projected unfavourable variance of \$1.515 million in revenue is mainly due to the delay in recovering funding from capital projects due to delays in filling the positions for the capital project which include FPARS, e-HR and e-Learning.

Impact of 2011 Operating Variance on the 2012 Recommended Budget

- There are no operating impacts of the 2011 Operating Variance on the 2012 Recommended Budget. The hiring for e-HR, e-Learning and FPARS positions are currently underway.

Appendix 2

2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers

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

Category of Expense	2009	2010	2011	2011	2012	2012 Change from		2013	2014
	Actual	Actual	Approved Budget	Projected Actual	Recommended Budget	2011 Approved Budget	%	Outlook	Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	35,952.0	36,877.3	40,335.6	37,230.1	39,661.0	(674.6)	-1.7%	42,810.3	43,550.9
Materials and Supplies	201.8	175.8	233.4	161.9	200.2	(33.2)	-14.2%	200.2	200.2
Equipment	70.6	38.4	95.2	74.4	76.7	(18.5)	-19.5%	76.7	76.7
Services & Rents	3,142.7	3,735.8	3,312.3	3,025.6	3,003.9	(308.4)	-9.3%	3,003.9	3,003.9
Contributions to Capital									
Contributions to Reserve/Res Funds	98.0	74.8	76.2	76.2	76.2	(0.0)	-0.1%	76.2	76.2
Other Expenditures	1.5								
Interdivisional Charges	610.2	534.6	541.1	481.9	489.2	(51.9)	-9.6%	489.2	489.2
TOTAL GROSS EXPENDITURES	40,076.8	41,436.7	44,593.8	41,050.1	43,507.1	(1,086.7)	-2.4%	46,656.4	47,397.0
Interdivisional Recoveries	3,224.5	3,555.5	5,223.2	4,222.0	5,117.9	(105.3)	-2.0%	5,117.9	5,117.9
Provincial Subsidies	20.0								
Federal Subsidies		150.3							
Other Subsidies									
User Fees & Donations	37.0	21.0	15.9	15.9	15.9		0.0%	1,085.9	1,265.9
Transfers from Capital Fund		291.1	2,275.4	941.4	2,990.4	715.0	31.4%	2,990.4	2,990.4
Contribution from Reserve Funds									
Contribution from Reserve									
Sundry Revenues	188.3	316.1	269.2	209.3	373.6	104.4	38.8%	373.6	373.6
TOTAL REVENUE	3,469.8	4,334.0	7,783.7	5,388.6	8,497.8	714.1	9.2%	9,567.8	9,747.8
TOTAL NET EXPENDITURES	36,607.0	37,102.7	36,810.1	35,661.5	35,009.3	(1,800.8)	-4.9%	37,088.6	37,649.2
APPROVED POSITIONS	403.0	417.0	409.0	354.0	396.0	(13.0)	-3.2%		1.0

2012 Key Cost Drivers

- Salaries and benefits are the largest expenditure category and account for 91% of the total expenditures followed by Services and Rents at 7%, interdepartmental charges at 2% and materials and supplies at 1%.
- The 2012 budget for salaries and benefits is \$39.661 million, reflecting a decrease of \$0.675 million or 1.7% compared to the 2011 budget of \$40.335 million.

- Annualizations totaling \$0.786 million consist of \$0.415 million gross for the Human Resources FPARS positions, \$0.300 million gross for the E-HR and E-Learning positions and \$0.071 million gross for the PAN AM Summer Game position's .
- Additional working day of \$0.132 million net.
- The re-evaluation of Strategic & Corporate Policy positions of \$0.120 million net.
- Progression Pay increases of \$0.240 million.
- Fringe Benefit increases of \$0.426 million.
- Gapping resulting in savings of \$0.058 million.
- Salary and benefit cost savings resulting from service level reductions totaling \$1.192 million and additional gapping reduction of \$1.081 million.
- The 2012 budget for services and rents of \$3.004 million is \$0.308 million or 9.3% lower than the 2011 Operating Budget. This primarily includes the reduction in non-labour related arbitration costs for grievance proceedings.

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
		\$	\$	\$	\$
Vehicle Equipment Reserve	XQ1700	36,907.9	0.4		
Insurance Reserve Fund	XR1010	30,170.1	73.0		
Total Reserve / Reserve Fund Draws / Contributions			73.4		

* Based on 3rd Quarter Variance Report