TORONTO **Decision Letter**

Budget Committee

Meeting No.	25	**Contact**	Kelly McCarthy, Committee Administrator
Meeting Date	Monday, May 7, 2012	**Phone**	416-397-7796
Start Time	9:30 AM	**E-mail**	buc@toronto.ca
Location	Committee Room 2, City Hall	**Chair**	Councillor Mike Del Grande

BU25.3	ACTION	Amended		Ward:All

Operating Variance Report for the Year Ended December 31, 2011

Committee Decision

The Budget Committee recommends to the Executive Committee that:

1. City Council approve the allocation of $7.607 million of the preliminary 2011 year-end operating results for Tax Support Operations to the following Council/Legislative requirements:

   a. $1.320 million to the Exhibition Place Stabilization Reserve for the purpose of assisting the Canadian National Exhibition Association (CNEA) Program to become independent from the Board and the City in 2013;

   b. $1.729 million to the Conference Reserve Fund to finance shortfalls in loan payments to the City from Exhibition Place for the new conference centre; and

   c. $4.558 million to the Building Code Act Services Improvement Reserve Fund in compliance with Section 7 of the Building Code Act.

2. City Council approve the allocation of the 2011 final year-end surplus available for distribution for Tax Supported Operations of $285.134 million, based on the City's Surplus Management Policy which requires 75% of surplus funds be allocated to capital and 25% to operating , as follows:

   a. $213.850 million be contributed to the Capital Financing Reserve to assist in funding the Toronto Transit Commission’s 2012 to 2021 Capital Budget and Plan.

   b. $71.284 million to fund operating, including the following:

      i. $18.799 million be contributed to the Tax Rate Stabilization Reserve to partially fund the 2012 Operating Budget;

      ii. $52.485 million be allocated to Underfunded Liabilities and/or Reserve

Funds, which includes:

i. $31.470 million be contributed to the Tax Rate Stabilization Reserve to maintain a 1% contribution of the property tax base;
ii. $6.858 million be contributed to the Social Housing Stabilization Reserve to ensure funding for future Shelter, Support and Housing Administration programs;
iii. $6.500 million be contributed to the Sick Leave Reserve Fund to mitigate future funding pressures from the Toronto Police Service on this reserve;
iv. $5.500 million be contributed to the Employee Benefits Reserve Fund to reduce future funding pressures for the benefit costs of employees and retirees;
v. $1.195 million be contributed to the City Council Severance Reserve to fund future severance costs for City Council staff; and
vi. $0.962 million be contributed to the Innovation Reserve Fund to fund future efficiency studies.

3. City Council approve the allocation of Solid Waste Management Services' 2011 operating surplus of $37.236 million to the Waste Management Reserve Fund to fund future Solid Waste Management Services' general capital program and operation stabilization.

4. City Council approve that Toronto Water's operating deficit of $2.755 million be offset by a $2.755 million withdrawal from the Wastewater Stabilization Reserve.

5. City Council approve the budget adjustments detailed in Appendix D to amend the 2011 Approved Operating Budget between Programs with no net impact on the 2011 Council Approved Net Operating Budget.

6. City Council allocate $180,000 from the Tax Rate Stabilization Reserve to the Toronto Public Health 2012 Operating Budget for extreme cleaning and unit preparation for effective bed bug treatment of severe infestations affecting vulnerable individuals, conditional upon the Province providing a minimum of $500,000 for 2012 dedicated to bed bug eradication.

7. The Deputy City Manager and Chief Financial Officer be requested to report directly to Council with an amended Appendix A, B, and C, including an additional column titled Budget 2012, for consideration of this report.

Decision Advice and Other Information

The Budget Committee requested:

1. That Solid Waste Management Services report to the May 14, 2012 Executive Committee Meeting on the number of charitable organizations and locations that accept items for re-use that will be subject to the new waste collection fees.

2. That the General Manager, Solid Waste Management Services, examine for the 2013 Budget, any opportunity for a "special category" for those charities that receive donations that are not re-useable and are required to be disposed in the non-recycle

stream of the City.

Origin

(April 27, 2012) Report from Deputy City Manager and Chief Financial Officer

Summary

The purpose of this report is to provide Council with the City of Toronto Operating Variance for the year ended December 31, 2011 and to seek approval to allocate the 2011 year-end surplus. In addition, Council's approval is sought for amendments to the 2011 Operating Budget between Programs to ensure accurate reporting and financial accountability with no increase to the 2011 Approved Net Operating Budget.

The preliminary 2011 year-end operating results are $292.741 million for Tax Supported Operations, of which $285.134 million is available for distribution after Council/legislative requirements are met and $35.728 million is allocated to Rate Supported Programs. Consistent with the City's Surplus Management Policy, this report recommends that $213.850 million or 75% of the 2011 final year-end operating results be allocated to the Capital Financing Reserve and $71.284 million or 25% be allocated to underfunded liabilities and/or reserve funds.

It should be noted that the audit of the 2011 financial statements is not complete. As a result, there is a possibility that changes to the final surplus amount could occur but staff anticipate that any further adjustments will be minor.

Financial Impact

Net expenditures for the year ended December 31, 2011 were lower than budget by $292.741 million or 8.2% for Tax Supported Operations. The following table compares the year-end results projected at the third quarter to the 2011 preliminary year-end operating results. As outlined in the table, the 2011 preliminary year-end operating results reflect an increase of $138.697 million compared to the results projected in the third quarter.

(See Table titled 2011 "Year-End Variance Compared to 2011 Q3 Variance Report" in the report from the Deputy City Manager and Chief Financial Officer)

The 2011 year-end surplus available for distribution, after the Council/legislative requirements for Exhibition Place and Toronto Building, was lower than budget by $285.123 million for Tax Supported Programs. In compliance with the City's Surplus Management Policy, 75% or $213.850 million of the final year end surplus available for distribution will be allocated to the Capital Financing Reserve to fund the Toronto Transit Commission's (TTC) 2012 to 2021 Capital Budget and Plan. The remaining 25% or $71.284 million will be allocated to operating underfunded liabilities and/or reserve funds. Table 1 below summarizes the recommended allocations for Tax Supported Programs.

(See Table 1 titled 2011 "Year-End Net Operating Results" in the report from the Deputy City Manager and Chief Financial Officer)

Altogether, Rate Supported Programs were under-spent by $35.728 million comprised of $37.236 million from Solid Waste Management Services, an over expenditure of $2.755 million for Toronto Water and a favourable variance of $1.246 million for the Toronto Parking Authority.

The attached Appendices A, B, and C summarize net expenditures, gross expenditures, and revenues, respectively and Appendix E provides explanations of significant variance by City

Program and Agency.

Background Information

(April 23, 2012) Report with Appendices A to E from the Deputy City Manager and Chief Financial Officer on Operating Variance Report for the Year Ended December 31, 2011
(http://www.toronto.ca/legdocs/mmis/2012/bu/bgrd/backgroundfile-46634.pdf)

Communications

(May 6, 2012) E-mail from Community Recreation for All (BU.New.BU25.3.1)
(May 6, 2012) Letter from Councillor Mike Layton (BU.New.BU25.3.2)
(http://www.toronto.ca/legdocs/mmis/2012/bu/comm/communicationfile-29913.pdf)
(May 7, 2012) Letter from Tim Maguire, President, CUPE Local 79 (BU.New.BU25.3.3)
(http://www.toronto.ca/legdocs/mmis/2012/bu/comm/communicationfile-29914.pdf)
(May 4, 2012) Letter from Len Koroneos, Chief Executive Officer (Interim) Toronto Community Housing Corporation (TCH) (BU.New.BU25.3.4)
(http://www.toronto.ca/legdocs/mmis/2012/bu/comm/communicationfile-29915.pdf)

Speakers

Sharon Younger, Tenants' Pest Control Committee
Tim Maguire, President, CUPE Local 79 (Submission Filed)
Tannis Khan, Community Recreation Programmer, City of Toronto, Investing in Families
Satya Evena
Juli Riffat, Youth Outreach Worker, City of Toronto
Darren Clarke
Jenny Katz, Community Animation/Network Coordination, Frontline Partners with Youth Network (FPYN)
Councillor John Filion
Councillor Mike Layton
Councillor Paula Fletcher
Councillor Janet Davis
Councillor Shelley Carroll

3a Toronto Public Health Bed Bug Control Activities 2012 (Item HL13.3)

Origin

(May 1, 2012) Letter from the Board of Health

Summary

Board of Health forwarding its decision from its meeting of April 30, 2012 respecting Toronto Public Health Bed Bug Control Activities 2012.

Background Information

(May 1, 2012) Decision Letter from Board of Health on Toronto Public Health Bed Bug Control Activities 2012
(http://www.toronto.ca/legdocs/mmis/2012/bu/bgrd/backgroundfile-46912.pdf)
(April 18, 2012) Report from the Medical Officer of Health on Toronto Public Health Bed Bug Control Activities 2012
(http://www.toronto.ca/legdocs/mmis/2012/bu/bgrd/backgroundfile-46913.pdf)
(April 18, 2012) Attachment 1 - Bed Bug Service Requests by Ward (Map) - May 1, 2011–

March 31, 2012
(http://www.toronto.ca/legdocs/mmis/2012/bu/bgrd/backgroundfile-46917.pdf)
(April 18, 2012) Attachment 2 - Bed Bug Team Activities (May 1, 2011 to March 31, 2012)
(http://www.toronto.ca/legdocs/mmis/2012/bu/bgrd/backgroundfile-46918.pdf)
(April 18, 2012) Attachment 3 - GTAA Bed Bug Control Protocol
(http://www.toronto.ca/legdocs/mmis/2012/bu/bgrd/backgroundfile-46919.pdf)
(April 18, 2012) Attachment 4 - Documents submitted by Toronto Community Housing Corporation - (Bed Bug Committee - Treatment Protocols, Bed Bug Treatment Preparation Form, and Best Management Practices for Bed Bugs)
(http://www.toronto.ca/legdocs/mmis/2012/bu/bgrd/backgroundfile-46920.pdf)