

Deputy City Manager and Chief Financial Officer's Overview Service Level Review

September 18, 2013

Background and Review Process

- In July 2013, Council approved a process for the review of divisional service levels and activities for City Programs at the appropriate Standing Committee.
- The following recommendation was adopted as part of the Revised Budget Process for 2014, item (EX33.29):
 2. City Council approve the review of divisional service levels and activities for City Programs at appropriate Standing Committees in September 2013, and:
 - a. the review of divisional service levels and activities along with any Standing Committee recommendations be referred to the 2014 Budget process for consideration and to staff to guide staff during the 2014 administrative budget review process.
- Through the referral of any recommendations to the 2014 Budget process, Standing Committees will guide staff during the administrative budget review process on service priorities in advance of Council's consideration of the 2014 Budget;
- The process will also ensure upfront public consultation to guide priority setting in advance of the budget launch in November of 2013.

2014 & 2015 Budget Outlook

2014 and 2015 Outlook	2014	2015
Compensation & Benefits	106	107
Non-labour Inflationary Impact	78	71
Total Inflationary Pressure	183	178
Reversal of One-Time Expenditures	9	1
Depletion of Reserves	47	1
<i>CFC (Capital From Current)</i>	22	24
<i>Debt Charges</i>	53	29
Capital and Corporate Financing	75	53
Tax Deficiencies / Write-offs	10	10
Other Expenditures	66	82
Total Expenditure Pressures	389	326
Revenue Change:		
Municipal Land Transfer Tax (MLTT)	(15)	(15)
TTC Ridership Growth	(19)	(15)
TTC Fare Increase (10 Cents)	(35)	(35)
Uploading of Service Costs	(25)	(25)
Other Revenue Changes (incl. Interest/Investment, Dividend & User Fees)	(10)	(12)
Total Revenue Change	(104)	(102)
Pressure after Revenue Changes:	284	224
Property Tax Rate Increase	(48)	(49)
- (2% Residential/0.67% Non-Residential)		
Assessment Growth	(30)	(30)
Original Estimated Efficiency Target	206	144

Revised 2014 & 2015 Budget Outlook

Revised 2014 and 2015 Outlook	2014	2015
Changes as of June 25th		
Depletion of Reserves (Contribution from Bank Tower Settlement Report)	(17)	0
Provincial Funding Reductions for Public Housing	43	43
Tax Deficiencies / Write-offs	(10)	(10)
Efficiency Target - 2% Residential Property Tax Increase	222	178
Impacts of Reduced Property Tax Rate Increase		
0.25% reduction to the Property Tax Rate Increase - (1.75% Residential/0.58% Non-Residential)	6	6
Efficiency Target - 1.75% Residential Property Tax Increase	228	183

- Revised 2014 outlook represents opening spending pressure estimated from \$222M to 228M, subject to the Property Tax Rate Increase.
- Significant changes over original estimate result from following:
 - \$42.5M revenue reduction based on Provincial funding cut for Public Housing (Pooling Compensation Grant) of \$149.3 million phased over 3 years; and
 - \$6M revenue reduction based on 0.25% reduction to the residential property tax increase.

2014 Budget Challenges

- Additional financial pressures and challenges for 2014 Budget include:
 - \$32M in reduced revenues from Municipal Land Transfer Tax, based on a proposed 10% reduction;
 - \$18M in reduced revenues based on anticipated 2014 TTC fare increase of 5 cents (as opposed to 10 cents);
 - Financial commitments resulting from Council approved priorities such as increased funding for Arts/Culture, Pan-Am Games and EMS requirements.
- The City's also facing additional Capital Budget pressures for:
 - Preferred E.A. option for the F.G. Gardiner Expressway;
 - Reducing SOGR backlog within the Parks, Forestry and Recreation Capital Program and Housing; and
 - TTC's Capital fleet, facility and system requirements arising from increased ridership growth.