



City Budget  
2013

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 the City.

# 2013 Operating Budget

## 2013 OPERATING BUDGET ANALYST BRIEFING NOTES

BUDGET COMMITTEE, NOVEMBER 29, 2012

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## PART I: RECOMMENDATIONS

2013 Recommended Operating Budget  
(In \$000s)

(In \$000s)	2012		2013 Recommended Operating Budget			Change - 2013 Recommended		FY Incremental Outlook	
	Approved Budget	Projected Actual	2013 Rec. Base	2013 Rec. New/Enhanced	2013 Rec. Budget	Operating Budget v. 2012 Appvd. Budget		2014	2015
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	47,729.6	47,236.3	45,448.9		45,448.9	(2,280.7)	(4.8)	191.2	242.8
REVENUE	47,652.7	47,060.1	45,448.9		45,448.9	(2,203.8)	(4.6)	191.2	242.8
NET EXP.	76.9	176.2	0.0		0.0	(76.9)	(100.0)	0.0	0.0
Approved Positions	172.0	165.0	174.0		174.0	2.0	1.2		

## Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

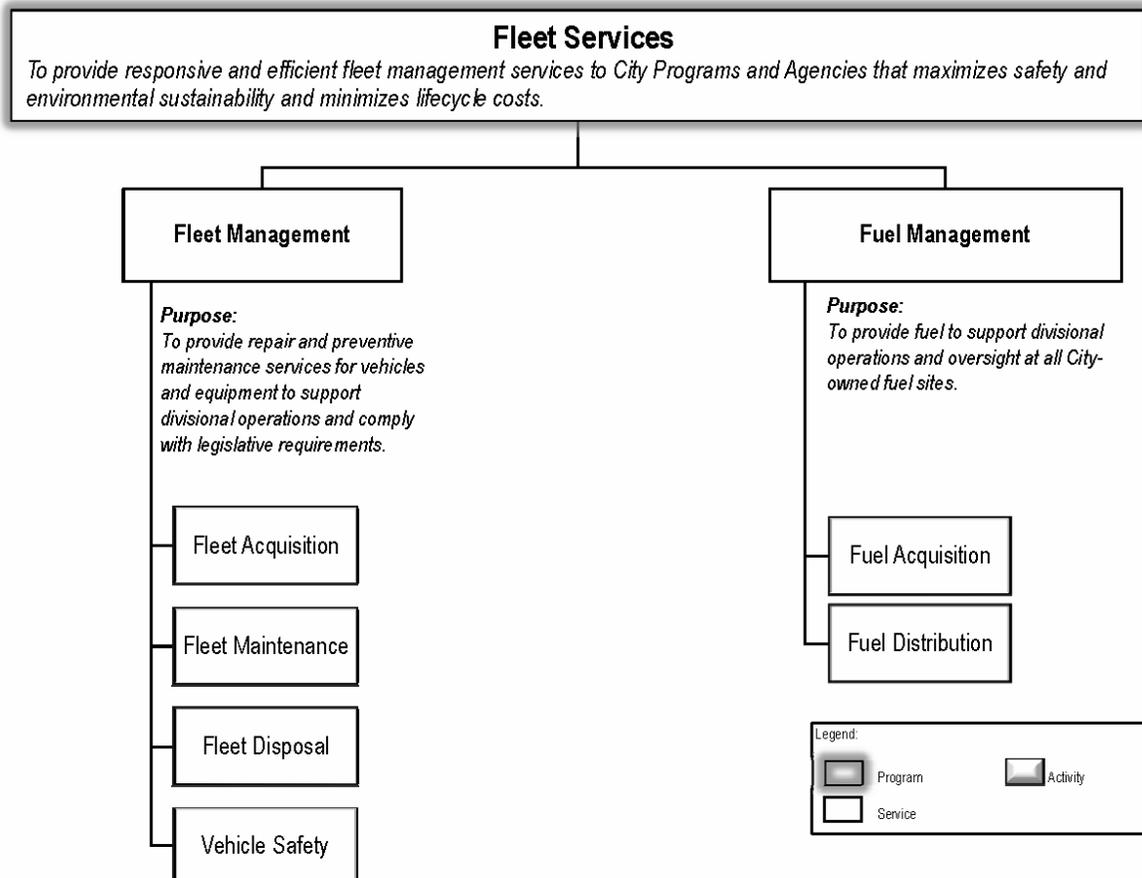
1. City Council approve the 2013 Recommended Operating Budget for Fleet Services of \$45.449 million gross and \$0 million net, comprised of the following services:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Fleet Maintenance	21,563.2	0
Fuel Operations	16,488.9	0
Fleet Safety & Standards	1,592.0	0
Fleet Management	5,804.8	0
Total Program Budget	<u>45,448.9</u>	<u>0</u>

2. Fleet Services' services and 2013 proposed service levels, as outlined on page 4, and associated staff complement of 174 be approved.
3. City Council authorize the Chief Financial Officer to apply savings realized from fluctuations in fuel prices annually to either the Corporate Vehicle Reserve or the Commodity Price Stabilization Reserve, as he deems appropriate.

PART II: 2013 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles



Service Customer

**Fleet Management**

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

**Fuel Management**

- City Divisions
- Exclusions:
  - TTC
  - Police

## 2013 Recommended Service Levels

The 2013 proposed service levels for Fleet Services' activities are summarized in the table below:

## Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels	
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 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
	Fleet Maintenance				64% scheduled / 36% unscheduled hours	<b>62% scheduled / 38% unscheduled hours</b>	
	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		8.0% below market prices	8.0% below market prices
Diesel contract					10.0% below market prices	10.0% below market prices	
Fuel Distribution				Gasoline		3.070 million litres dispensed per year meeting 100% of demand	<b>3.845 million litres dispensed per year meeting 100% of demand</b>
				Diesel		10.143 million litres dispensed per year meeting 100% of demand	<b>8.972 million litres dispensed per year meeting 100% of demand</b>

## 2013 Service Deliverables

The 2013 Recommended Operating Budget of \$45.449 million gross and \$0 net provides funding to:

- Provide Fleet management for the acquisition and disposal of vehicles and equipment based on lifecycle replacements, the maintenance services of 4,600 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 increase Fleet efficiency by reducing the number of maintenance garage locations from 9 to 7 in 2013.
- 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 38% of the total vehicle repairs to allow for more time in preventive maintenance and reduce unscheduled downtime.
- Continue the Fuel Hedging 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

**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
	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	47,729.6	45,448.9	(2,280.7)	(4.8)	191.2	242.8
<b>REVENUE</b>	47,652.7	45,448.9	(2,203.8)	(4.6)	191.2	242.8
<b>NET EXP.</b>	76.9	0.0	(76.9)	(100.0)	0.0	0.0
<b>Approved Positions</b>	172.0	174.0	2.0	1.2		

### 2013 Recommended Base Budget

The 2013 Recommended Budget of \$45.449 million gross is \$2.281 million gross or 4.8% below the 2012 Approved Operating Budget of \$47.730 million gross. Significant gross expenditure reductions and a corresponding reduction in revenue reflect savings in Solid Waste Management fleet maintenance costs as a result of contracting out curbside collections in District 2.

The 2013 Recommended Base Budget provides funding of \$0.314 million net for net base budget increases, representing an increase of 0.7% gross over the 2012 Approved Budget, offset by \$0.390 million net in recommended service budget reductions bringing the Program's base budget to \$0.077 million net below the budget target of a 0% increase.

- The recommended budget reductions of \$0.391 million net consist of savings from service efficiencies.
- Approval of the 2013 Recommended Base Budget will increase the Program's approved staff complement from 172 to 174, resulting from the transfer of 2 positions from Solid Waste Management to Fleet Services, as highlighted in the table below:

**2013 Recommended Staff Complement  
Base Budget Summary**

Changes	Staff Complement
<b>2012 Approved Complement</b>	172.0
- 2012 In-year Adjustments	
<b>2012 Approved Staff Complement</b>	<b>172.0</b>
<b>2013 Recommended Staff Complement Changes</b>	
- 2013 Base Change	2.0
<b>Total 2013 Recommended Complement</b>	<b>174.0</b>

**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
<b>Service Efficiencies</b>								
Fleet Services Operational Efficiencies (running lunches)		(390.5)	(390.5)	(0.8%)				
Fleet Reduction - City Clerk's Office		(19.5)						
<b>Sub-Total Service Efficiencies</b>		(410.0)	(390.5)	(0.8%)				
<b>Total Service Changes</b>		(410.0)	(390.5)	(0.8%)				

### 2013 Recommended Service Changes

The 2013 recommended service changes consist of service efficiency savings of \$0.391 million net, representing a decrease of 0.8% from the 2012 Approved Budget, which offsets the Programs' incremental base budget increases of \$0.314 million net or a 0.7% increase, bringing the 2013 Recommended Base Budget to \$0.077 million net under the 2012 Approved Operating Budget of \$47.730 million gross and \$0.077 million net.

#### **Service Efficiencies: (\$0.410 million gross, savings of \$0.391 million net)**

##### *Fleet Services Operational Efficiencies*

- In accordance with the new Collective Agreement between the City and the Toronto Civic Employees' Union Local 416 running lunch arrangements were discontinued on June 18, 2012. In 2013, it is estimated that the discontinuation of running lunch arrangements will reduce fleet maintenance overtime and contracted services by \$0.391 million.

##### *Fleet Reduction in City Clerk's Office*

- As a result of reducing the fleet inventory by 2 vehicles due to reduced mail delivery for the City Clerk's Office, there will be a reduction in fleet maintenance costs of \$0.009 million and fuel costs of \$0.010 million, gross and \$0 net.

### 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	
<b>Known Impacts</b>											
Progression Pay for Non-Union Staff	11.6		11.6			7.8		7.8			11.6%
Cost of Living Adjustment for Union Staff	179.6		179.6	0.4%		235.0		235.0	0.5%		0.9%
<b>Sub-Total Known Impacts</b>	<b>191.2</b>		<b>191.2</b>	<b>0.4%</b>		<b>242.8</b>		<b>242.8</b>	<b>0.5%</b>		<b>0.9%</b>
<b>Anticipated Impacts</b>											
<b>Sub-Total - Anticipated Additional Impacts</b>											
<b>Total Incremental Impacts</b>	<b>191.2</b>		<b>191.2</b>	<b>0.4%</b>		<b>242.8</b>		<b>242.8</b>	<b>0.5%</b>		<b>0.9%</b>

Approval of the 2013 Recommended Base Budget for Fleet Services will result in a 2014 incremental cost increase of \$0.191 million gross and \$0 net, and a 2015 incremental cost increase of \$0.243 million gross and \$0 net to maintain 2013 service levels.

Future year incremental costs are primarily attributable to the following:

#### *Known Impacts*

- Up to 3% progression pay for non-union staff will result in salaries and benefits increasing by \$0.012 million and \$0.008 million in 2014 and 2015 respectively.
- Negotiated annual increases of 1.75% in 2014 and 2.25% in 2015 will result in an increase in salaries and benefits of \$0.180 million and \$0.235 million respectively.

## PART V: ISSUES FOR DISCUSSION

**2013 and Future Year Issues****2013 Issues***Fuel Costs*

- At the start of the 2013 Budget process in May 2012, 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 had 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 was requested to review 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 \$1.25 per litre for fuel. As a result, the total budgeted fuel cost in Fleet Services was reduced by \$1.252 million from \$17.303 million to \$16.644 million.
- The resultant savings were correspondingly adjusted in Fleet Services' client Programs' respective budgets through reduced inter-divisional charges for fuel.

*Expansion of Fleet Services' Operations*

- At its meeting on May 14, 2012, the Executive Committee recommended that City Council request the Director of Fleet Services and the Chief Executive Officer of the Toronto Community Housing Corporation (TCHC) to report to the Government Management Committee on a process to integrate TCHC's automotive fleet into the City's fleet. A report was approved at the Government Management Committee on November 15, 2012, and will be submitted to City Council on November 27/28 2012. Fleet Services' 2013 Recommended Operating Budget will need to be adjusted based on the recommended level of service that Fleet Services will provide to TCHC.
- Fleet Services has worked with Solid Waste Management Services regarding the transfer of maintenance operations on haulage and heavy equipment from Solid Waste to Fleet Services. The 2013 Recommended Operating Budget includes adjustments of \$2.802 million gross, and \$0 net for the transfer.

*Corporate Vehicle & Equipment Replacement Reserve*

- In order to avoid significant variances in client Programs' operating budgets, Fleet Services charges client Programs at the budgeted rate for fuel. A Commodity Price Stabilization Reserve has been established. This Reserve is used to offset fuel prices in excess of budget. When the actual price of fuel is lower than the budgeted rate, the Chief Financial Officer has the authority to direct the savings to the Reserve.
- The Program has identified the need for a mechanism to fund the Corporate Vehicle & Equipment Replacement Reserve, used to provide funding for Corporate Fleet capital initiatives, such as the closures and upgrade of fuel sites; the Fleet and Fuel Management systems integration and upgrade, and the Green Fleet Plan. After funding the 2013

recommended capital projects, the projected balance of the Corporate Vehicle Reserve is \$0.926 million. The annual funding required for the corporate projects is \$2.000 million.

- It is recommended that City Council authorize the Chief Financial Officer to apply savings realized from fluctuations in fuel prices annually to either the Corporate Vehicle Reserve or the Commodity Price Stabilization Reserve, as he deems appropriate.

## Core Service Review and Efficiency Study Implementation Progress

### *Core Service Recommendations*

On September 26, 27, 2011 City Council adopted a report that addressed the results of the detailed Core Service review conducted by KPMG. Council approved specific recommendation regarding Fleet Services and service levels; namely:

- *Improve Productivity and Customer Service Levels across the City Fleet Functions.*

#### **Status:**

- The Fleet maintenance organization was restructured. Maintenance Co-ordinator positions were created. These staff are responsible for planning and scheduling maintenance and making decisions on the shop floor to improve the efficiency of Fleet maintenance operations.
- The elimination of the running lunch has provided an additional half hour of productivity per day per mechanic. Savings have been included in the 2013 Recommended Budget in the amount of \$0.391 million.

- *Consolidation within Corporate Fleet Services: consolidate 13 garages to approximately 4 main garages.*

#### **Status:**

- Four garages were closed in 2012 (Bering, Northline, Oriole and Castlefield).
- Two more garages will be closed in 2013 (Yonge and King).
- Fleet Services continues to work with the client Divisions to reduce the number of garages.

- *Consolidation of functions with other City Divisions/Agencies (Police, Fire, EMS, TTC (non-revenue fleet) & corporate Fleet Services Division – Phase 1 (includes reporting to single Director, closing 4 garages, centralizing shared services).*

#### **Status:**

- The Executive Fleet Management Co-ordinating Committee has been assigned to work on co-ordinating fleet activities between the entities to achieve efficiencies. Key areas of review include:
  - Criteria to optimize the number of garages
  - Fleet management systems
  - Parts management approaches
  - Organization structure
  - Standards required for life cycle, vehicles, garages, specifications, maintenance parts

- Criteria on optimum number of fuel sites
- Vehicle maintenance (Long Haul) will be transferred from Solid Waste Management Services to Fleet Services effective January 1, 2013.
- *Consolidation of functions with other City Divisions/Agencies (Police, Fire, EMS, TTC (non-revenue fleet) & corporate Fleet Services Division – Phase 2 (includes consolidating Corporate Fleet Services and Other City-Owned Garages, beginning with 1 EMS garage and 1 Toronto Fire Services Garage).*

**Status:**

- This effort has been deferred until such time as the study on Phase 1 consolidation is completed.
- *Consolidation of Parts Contract.*

**Status:**

- A parts contract was awarded by Government Management Committee and implemented by Fleet Services on July 1, 2012.
- Fleet Services is currently working with Emergency Medical Services and Fire Services to adopt parts contracts.
- *Outsourcing Maintenance – 3 alternatives.*

**Status:**

- A number of alternatives were considered for outsourcing maintenance. The recommended option is continuing to support achievement of higher productivity levels, continuing to benchmark external vs. internal labour and overhead cost, outsourcing as much as possible wherever external cost is lower and building contract management expertise and monitor external quality and cost.
- *Reduction in Vehicle Abuse (avoidable damage/wear).*

**Status:**

- Ongoing review with users on cost avoidance due to unnecessary damage is showing significant improvement and cost reduction.

## Appendix 1

### 2012 Performance

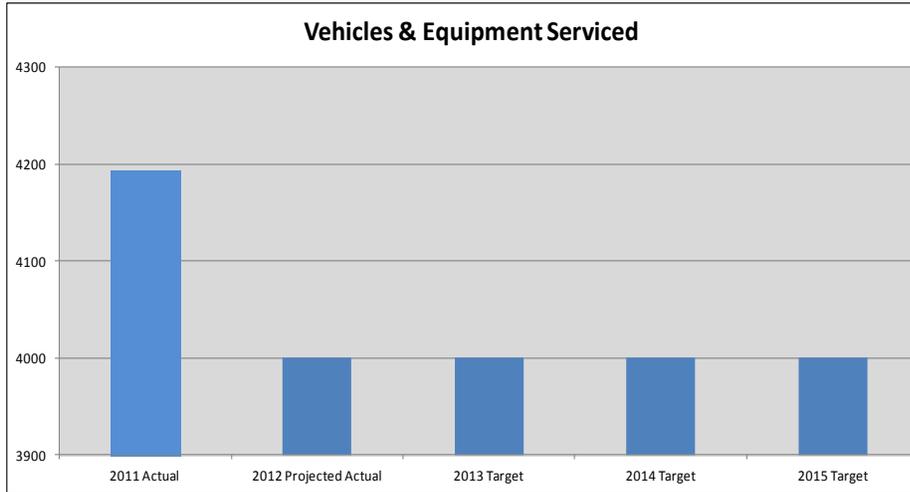
#### 2012 Key Accomplishments

In 2012, Fleet Services achieved the following results:

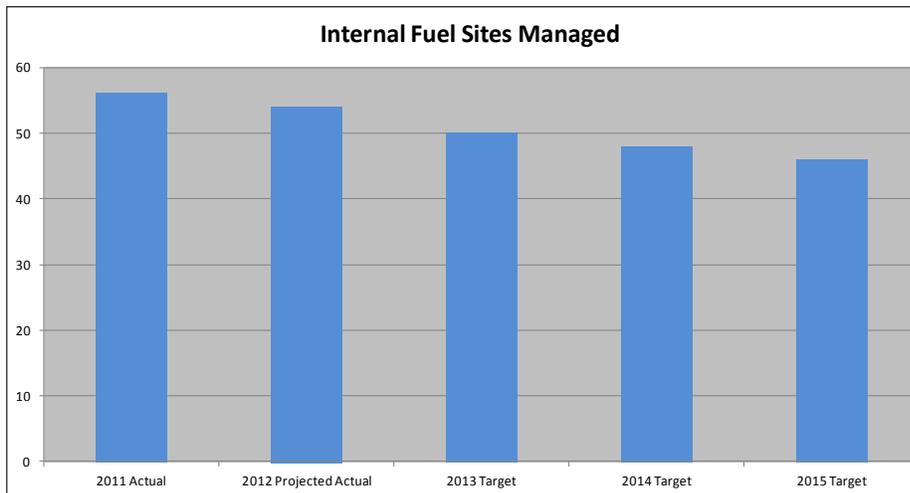
- ✓ Implemented organization changes in Fleet Maintenance Operations in order to implement the Service Efficiency Study recommendations. The organization changes will improve planning and scheduling, reliability, performance management, and customer service levels.
- ✓ Minimized costs and increased Fleet efficiency by reducing the number of maintenance garage locations from 13 to 9.
- ✓ Managed the corporate contracts for external leased vehicles. Fleet coordinates and provides short term rental vehicles to City Divisions. Fleet manages approximately 120 external rental vehicles to Divisions for short term use.
- ✓ Upgraded 2 and closed 4 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.
- ✓ Implemented the Fuel Hedging Program as a strategy to mitigate the impacts of fluctuating market fuel prices and to reduce fuel costs. The Program will also enable the City to hedge its fuel from a roster of pre-qualified counter parties, thereby allowing the City the ability to obtain competitive price quotes on an ongoing basis.
- ✓ Obtained a fuel contract that will provide approximately a 5%-10% discount over the market price for gasoline and diesel fuel.
- ✓ Increased Fuel operations with the addition of the Toronto District School Board obtaining fuel at Fleet managed fuel sites.
- ✓ Maintained the Provincial Commercial Vehicle Operators Registration (CVOR) safety rating in good standing below 70%. The projected overall CVOR rating for 2012 is 42%, an improvement from a rating of 45% in 2011 and 51% in 2010.
- ✓ Provided fleet safety training, testing and certification to 10,000 employees / job applicants who are required to operate City vehicles and equipment, and to ensure compliance with various Provincial legislations and City policies and guidelines.
- ✓ Completed the implementation of outsourcing parts warehouse management, which will allow Fleet Services to achieve the anticipated savings and reduce the turnaround time for parts acquisition. Approximately 80% of parts are purchased through consignment.
- ✓ Transferred the maintenance operations on Transfers and Disposal vehicles and heavy equipment from Solid Waste Management to Fleet Services.

2012 Performance

Output Measures

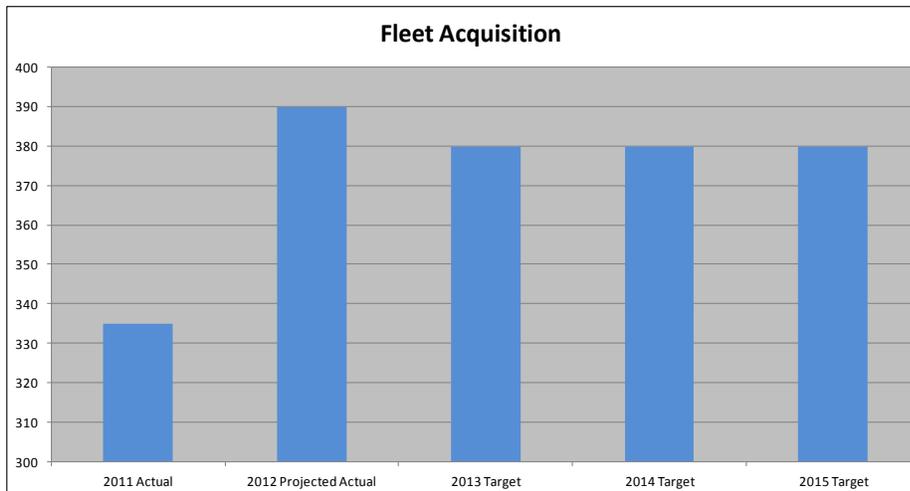


- The number of vehicles and equipment serviced by Fleet Services: Fleet Services supports the procurement, maintenance and disposal of vehicles and equipment.

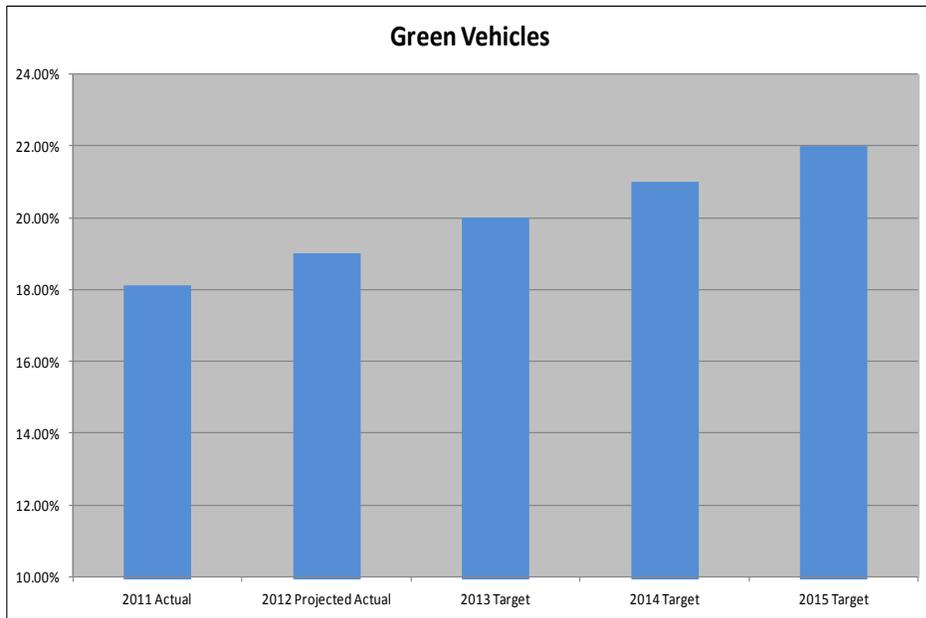


- The number of City owned fuel sites: The targeted decrease in the number of City owned fuel sites will reduce the risk of environmental hazards, but still maintain a minimum supply to meet divisional operational requirements.

Effectiveness



- The number of vehicles & equipment purchased on an annual basis: The measure reflects both the replacement and the new additions to the fleet.



- Percentage of the vehicle inventory that is green:
  - Green vehicles include: alternative fuel vehicles such as Natural Gas, Gas-Electric Hybrids and all electric vehicles.
  - Fleet continues to purchase environmentally sustainable vehicles to reduce fuel use and costs, emissions of greenhouse gases and smog-causing air pollutants.

## 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	50,810.2	49,040.7	47,729.6	47,236.3	(493.3)	(1.0)
Revenues	51,272.4	49,009.6	47,652.7	47,060.1	(592.6)	(1.2)
Net Expenditures	(462.2)	31.1	76.9	176.2	99.3	129.1
Approved Positions	188.0	192.0	172.0	165.0	(7.0)	(4.1)

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

### 2012 Experience

- The projected year-end net variance for Fleet Services as at September 30, 2012 will be \$0.099 million net over the 2012 Approved Net Operating Budget. This variance is mainly attributable to the increase in the vehicle fees by the Province, starting September 1, 2012.
- Fleet Services' 2012 Approved Operating Budget does not provide funding for the fee increase, as the Province made the announcement on the fee increase after City Council had approved the 2012 Operating Budget.

### Impact of 2012 Operating Variance on the 2013 Recommended Budget

- The increase in the vehicle fees by the Province in 2012 has resulting in an increase of \$0.600 million gross which is included in the 2013 Recommended Operating Budget.

## 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	17,884.9	17,899.3	16,413.3	16,209.7	16,667.8	254.5	1.6	16,859.0	17,101.8
Materials and Supplies	22,768.5	24,479.0	24,283.2	23,931.1	20,903.3	(3,379.9)	(13.9)	20,903.3	20,903.3
Equipment	96.7	59.6	96.6	96.5	78.8	(17.8)	(18.4)	78.8	78.8
Services & Rents	7,323.4	5,775.9	6,410.2	5,632.6	7,189.3	779.1	12.2	7,189.3	7,189.3
Contributions to Capital									
Contributions to Reserve/Res Funds	2,456.4	427.3	85.6	965.7	85.6			85.6	85.6
Other Expenditures	0.2								
Interdivisional Charges	280.1	399.6	440.7	400.7	524.1	83.4	18.9	524.1	524.1
Required Adjustments									
<b>TOTAL GROSS EXPENDITURES</b>	<b>50,810.2</b>	<b>49,040.7</b>	<b>47,729.6</b>	<b>47,236.3</b>	<b>45,448.9</b>	<b>(2,280.8)</b>	<b>(4.7)</b>	<b>45,640.1</b>	<b>45,882.9</b>
Interdivisional Recoveries	50,283.6	47,685.3	46,126.1	45,895.1	43,873.8	(2,252.3)	(4.9)	43,873.8	43,873.8
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations									
Transfers from Capital Fund	177.0	158.7	136.2	120.0	138.5	2.3	1.7	138.5	138.5
Contribution from Reserve Funds		257.4							
Contribution from Reserve									
Sundry Revenues	811.8	908.2	1,390.4	1,045.0	1,436.6	46.2	3.3	1,436.6	1,436.6
Required Adjustments									
<b>TOTAL REVENUE</b>	<b>51,272.4</b>	<b>49,009.6</b>	<b>47,652.7</b>	<b>47,060.1</b>	<b>45,448.9</b>	<b>(2,203.8)</b>	<b>(4.5)</b>	<b>45,448.9</b>	<b>45,448.9</b>
<b>TOTAL NET EXPENDITURES</b>	<b>(462.2)</b>	<b>31.1</b>	<b>76.9</b>	<b>176.2</b>	<b>0.0</b>	<b>(76.9)</b>	<b>(100.0)</b>	<b>191.2</b>	<b>434.0</b>
<b>APPROVED POSITIONS</b>	<b>188.0</b>	<b>192.0</b>	<b>172.0</b>	<b>165.0</b>	<b>174.0</b>	<b>2.0</b>	<b>1.2</b>	<b>174.0</b>	<b>174.0</b>

### 2013 Key Cost Drivers

Materials and Supplies are the largest expenditure category and account for 46.0% of total recommended expenditures, followed by salaries and benefits at 36.7%, services and rents at 15.8% and inter-divisional charges at 1.2%.

#### *Salaries and Benefits*

- The 2013 Recommended Budget for salaries and benefits of \$16.668 million, reflects an increase of \$0.255 million or 1.6% higher than the 2012 Approved Budget of \$24.283 million.
- The transfer of 2 Automotive Mechanic positions from Solid Waste Haulage accounts for an increase of \$0.192 million in salaries and benefits.

- Negotiated annual increases for union staff, progression pay and fringe benefits adjustments account for the \$0.109 million increase in salaries and benefits.

#### *Materials and Supplies*

- The 2013 Recommended Budget for materials and supplies of \$20.903 million is \$3.380 million or 13.9% lower than the 2012 Approved Operating Budget. Materials and supplies costs are comprised of gasoline and diesel costs as well as vehicle and equipment parts, lubricants, and office supplies.
- The annualized savings from the reduction of 104 vehicles in Solid Waste Management's fleet resulting from the contracting out of curbside collections for District 2, accounts for a decrease in materials and supplies of \$3.011 million.

#### *Services and Rents*

- The 2013 Recommended Budget for services and rents is \$7.189 million, reflecting an increase of \$0.779 million or 12.2% compared to the 2012 Approved Budget of \$6.410 million.
  - Inflationary increases on vehicle licence renewal fees by the Province of Ontario account for \$0.600 million of increases.

#### *Interdivisional Recoveries*

- \$43.874 million or 96.5% of the 2013 Recommended Revenue Budget is comprised of interdivisional recoveries from Programs for maintenance services and fuel costs, which are \$2.252 million or 4.9% lower than the 2012 Approved Budget. This reduction arises from the annualization of savings from the contracting out of the curbside collections for District 2, offset by inflationary increases on non-labour costs.

The 2013 Recommended Base Budget provides funding for the following:

#### *Prior Year Impacts*

- The annualized savings from the consolidation of functions in Fleet Services results in a savings of \$0.024 million gross, \$0 net.
- The annualized savings from the reduction of 104 vehicles in Solid Waste Management's fleet due to the contracting out of curbside collections for District 2, results in a savings of \$3.741 million gross, \$0 net.

#### *Other Base Changes*

- A decrease of \$0.014 million in salaries and benefits is recommended in order to maintain the Program's current gapping level at 3.6%. The reduction in the gapping amount results from the elimination of 20 positions in 2012.
- \$0.341 million gross, and \$0 net is required for an alignment of client divisional actual experiences with budgeted fuel, short term vehicle rentals and maintenance charges.
- An increase of \$2.900 million gross and \$0 net is the result of the transfer of repair and maintenance of Transfers and Disposal vehicles and equipment from Solid

Waste Management to Fleet Services, offset by a reduction of \$2.800 million gross and \$0 net for a reduction in interdivisional charges from Solid Waste Management due to a reduction in vehicles.

**Appendix 3**

**Summary of 2013 Recommended Service Changes**



## 2013 Operating Budget - Recommended Service Change Summary of Administrative Review

TYPE	PRIORITY	INTERNAL FOCUSED SERVICES Fleet Services	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		
<b>2013 Recommended Base Budget Before Service Change:</b>			45,858.9	45,468.4	390.5	174.0	191.2	242.8
Z1	1	<b>Elimination of Running Lunch Provisions for Automechanics</b>	(390.5)	0.0	(390.5)	0.0	0.0	0.0
<small>(FL-Z001)</small> <b>Service / Activity:</b> MULTIPLE / N/A  <b>Description:</b> The new Collective Agreement between the City and the Toronto Civic Employees' Union Local 416, clause 9.04 provides that the City will undertake a review of current running lunch arrangements in place and where it determines that there is no operational efficiency being achieved, the running lunch will be discontinued within sixty days' written notice to the affected employees and the Union.  A review of the running lunch arrangements in Fleet Maintenance Operations determined that there is no operational efficiency being achieved. As a result, the running lunch arrangement was discontinued on June 18, 2012.  In 2013, it is anticipated that the discontinuation of running lunch arrangements will reduce fleet maintenance overtime and contracted services by a total of \$0.391 million.  <b>Service Level Change:</b> No change.  <b>ADMIN:</b> Recommended			(390.5)	0.0	(390.5)	0.0	0.0	0.0
Z1	2	<b>Fleet Reduction - City Clerk's Office</b>	(19.5)	(19.5)	0.0	0.0	0.0	0.0
<small>(FL-Z002)</small> <b>Service / Activity:</b> MULTIPLE / N/A  <b>Description:</b> A reduction in fleet maintenance (\$0.009 million), fuel costs (\$0.010 million) and inter-divisonal recoveries (\$0.020 million) as a result of reducing the fleet inventory for City Clerk's Office by 2 vehicles is recommended.  <b>Service Level Change:</b> No change.  <b>ADMIN:</b> Recommended			(19.5)	(19.5)	0.0	0.0	0.0	0.0
<b>Total Recommended Service Level Reductions:</b>			<b>(410.0)</b>	<b>(19.5)</b>	<b>(390.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Recommended Base Budget:</b>			<b>45,448.9</b>	<b>45,448.9</b>	<b>0.0</b>	<b>174.0</b>	<b>191.2</b>	<b>242.8</b>

**Category Legend - Type**

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

**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
		\$	\$	\$	\$
<b>Insurance Reserve Fund</b>	XR1010		84.5	84.5	84.5
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>21,130.4</b>	<b>84.5</b>	<b>84.5</b>	<b>84.5</b>

\* Based on 3rd Quarter Variance Report