



2013 - 2022

January 10, 2013

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades, reaching towards a blue sky with scattered white clouds. The perspective creates a sense of height and architectural grandeur.

City of Toronto

City Budget Presentation to Executive Committee



2013 - 2022

City of Toronto

Budget Committee Recommended Tax Supported Capital Budget and Plan

January 10, 2013

Agenda

1. Budget Context
2. What's Being Built
3. 2013 – 2022 Budget Committee Recommended Capital Budget and Plan
4. TTC and Transportation Services 10-Year Capital Budget and Plan – 2013 vs. 2012
5. 2013 – 2022 Capital Plan Debt Charges Impact
6. Conclusion

Budget Context

- The Challenge
 - Increased investment need in SOGR for Transportation and TTC
 - Accommodate TTC Ridership Growth
 - Uncertainty over Federal and Provincial funding
 - Keep Debt Service costs below the 15% guideline

Capital Strategies

- Review Program capacity based on historic spending results
- Assess merit / need (business cases) for key projects
- Focus on SOGR Backlog to determine recommended project funding
- Maximize DC funding to replace debt
- Review IT projects City-wide to establish priority and plan, inclusive of efficiency study recommendation implementation

The Need to Manage Debt

- 2012 to 2021 Budget and Plan was \$14.8 Billion
- 2013 to 2023 Budget and Plan is \$15.3 Billion, with increased investments in:
 - TTC \$534 million
 - Transportation Services \$671 million (Gardiner Expressway and Roads SOGR)

The Need to Manage Debt

- The increased investment request is addressed by non-debt funding strategies comprised of:
 - Continuation of Surplus Management Policy (75% of surplus allocated to Capital)
 - Use of Asset Monetization Revenues/ Dividends
 - Maximize Development Charge Funding
 - Provincial and Federal funding

What's Being Built

Transportation and Transit

- Maintain 1,000 km of roads, 50 km of expressways, 600 km of sidewalks and 150 bridges and structures (2013 – 2022, \$2.264 billion)
- Complete up to 100 km of off-street bicycle paths, 80 km of on-street connections and 8,000 new bicycle parking spaces (2013 – 2022, \$90.757 million)
- Major signal modifications, accessible pedestrian signals, and pedestrian safety and infrastructure programs (2013 – 2022, \$40.484 million)
- Purchase 138 of 360 new subway cars (23 of 60 train sets) (2013 – 2016, \$71.302 million); acquire 153 new articulated buses and 99 new forty foot diesel buses to improve service by 2017 (2013 – 2022, \$222.159 million) ; and purchase 204 low-floor, accessible light rail vehicles (2013 – 2019, \$781.357 million)
- Easier Access Program to make the TTC fully accessible by 2025 (2013 - 2022, \$383.916 million)
- Continue installation of state-of-the-art signalling systems on the Yonge-University - Spadina line to increase train capacity (2013 - 2019, \$255.984 million)
- Continue to revitalize Union Station with improvements to its transportation and retail spaces; including the Northwest Path (2013 - 2016, \$360.662 million)

Public Safety and Emergency Services

- Replace the radio communication system shared by Police, Fire and EMS by 2014 (2013 - 2014, \$41.758 million)
- Complete construction of new Fire Station D in Scarborough (2013, \$4.275 million); Chaplin Fire Station (2013 - 2014, \$4.685 million)
- Construct new Fire Station B in Downsview (2013 - 2014, \$9.885 million); new Fire Station A near Highway 27 and Rexdale Blvd. (2014 - 2016, \$7.242 million); and new Fire Station G in the Sunnybrook area (2021 - 2022, \$9.619 million)
- Construct a new ambulance station at Plewes Road (2013 - 2015, \$11.200 million)
- Construct a new facility for EMS District 5 - Service District Centre which will allow EMS to consolidate Special Operations Units under one building (2018 - 2022, \$7.200 million)
- Complete renovation of 330 Progress for Police property and evidence management facility (2013, \$5.831 million) and to accommodate parking enforcement requirements (2013 - 2014, \$9 million)
- Relocate and replace Police Service's 54 Division (2014 - 2016, \$36.296 million), 41 Division (2016 - 2019, \$38.928 million) and Police Service's 13 Division (2018 - 2021, \$38.929 million)

Community and Recreation Services

- Redevelop Seaton House Shelter (2013-2019, \$21.850 million)
- Continue expansion of Leaside Memorial Gardens Arena (2013, \$7.3 million)
- Redevelopment parkland such as June Callwood Park (2013, \$2.317 million), Regent Park (TCHC) Phase 2 (2013, \$2.750 million), Grange Park (2013 – 2014, \$4.876 million), and dogs-off-leash area improvements (2013 – 2016, \$2.000 million)
- Continue SOGR capital upgrades in the 26 municipally owned child care centres in City-owned facilities (2013-2022, \$13.344 million)
- Construct various community centres including York Community Centre (2013 - 2014 \$23.443 million) and Regent Park Community Centre (2013 - 2014, \$18.070 million)
- Continue the planning, design and construction of Regional Sports Complex and Central Waterfront Public Realm (2013 - 2015, \$35.962 million)
- Construction 2 new library branches at Fort York Blvd. and Bathurst Street (2013-2014 \$6.495 million); and Scarborough Civic Centre Library (2013-2015 \$7.405 million)
- Relocate Library materials processing centre at 1076 Ellesmere (2013-2014, \$9.080M)
- Revitalize Toronto Reference Library (2013-2015, \$10.913 million)

Public Spaces

- Continue construction of the second platform and concourse improvements at Union Station (2013 – 2014, \$17.968 million)
- Continue the Places Civic Improvements project to enhance the quality of the City's open spaces within the road (2013 – 2022, \$27.826 million)
- Revitalize Nathan Phillips Square to host a greater number and variety of public activities and special events (2013 – 2014, \$7.436 million)
- Improve Business Improvement Areas (BIA) streetscapes (2013 – 2014, \$5.562 million)
- Continue restoration of Casa Loma (2013 – 2015, \$5.633 million)

Improve Customer Service

- Continue Electronic Service Delivery for the public to access and interact on-line, examples include:
 - On-line access to Municipal Licensing and Standards information and services (2013-2016, \$1.469 million);
 - On-line and permit approval (2013-2016, \$4.645 million) and Technical Services – engineering and survey file and document management
 - On-line service for access to tender and construction documents (2013-2015, \$0.850 million)
- Complete 311 Toronto's cross-divisional scheduler for court rooms and meeting rooms and other City appointments (2013, \$1.641 million)

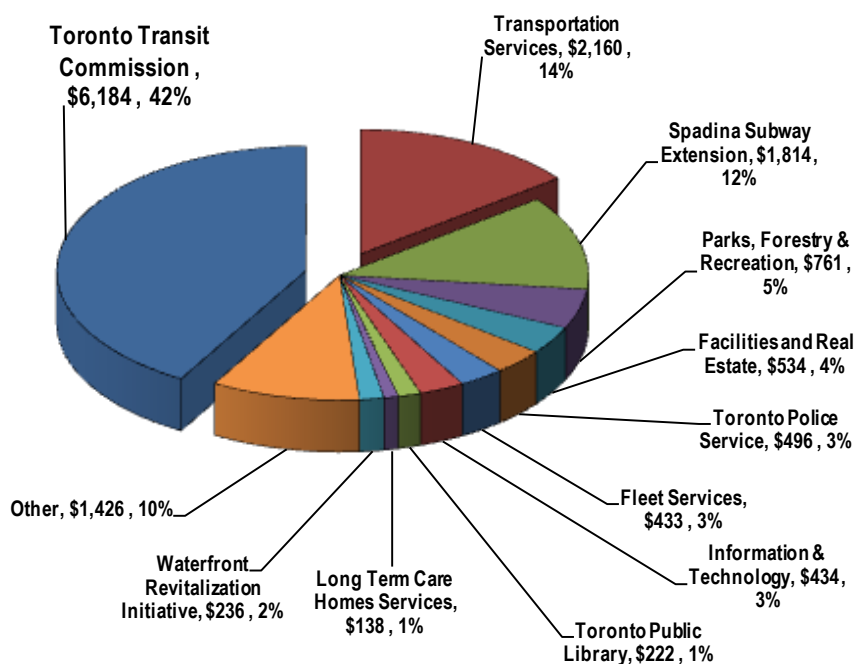
2013 - 2022 Budget Committee Recommended Tax Supported Capital Budget and Plan

Comparison to 2012 to 2021 Capital Budget and Plan – Gross Expenditures

2012 – 2021 Capital Budget & Plan

\$14.836 Billion

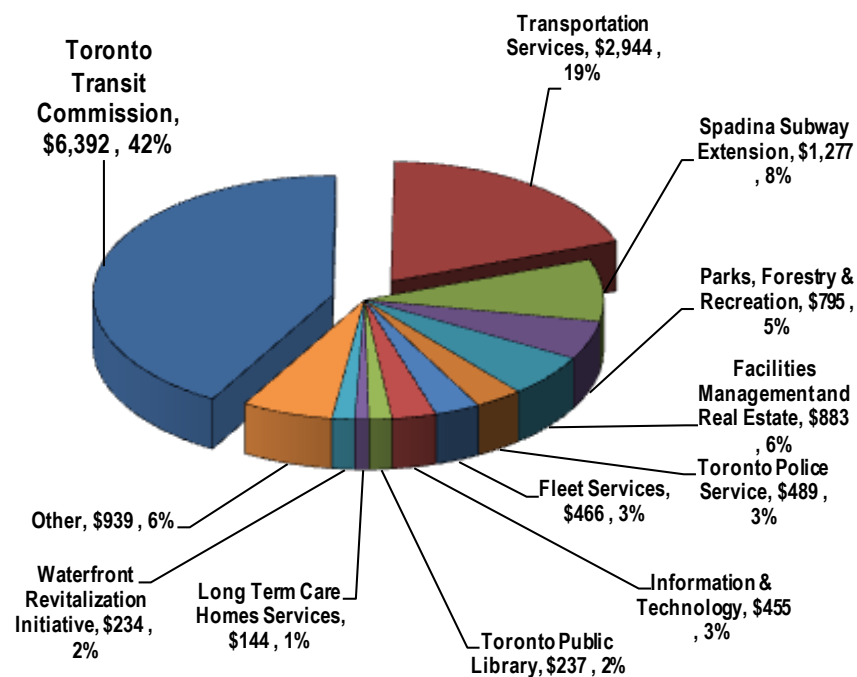
68% Transit & Transportation



2013 – 2022 Capital Budget and Plan

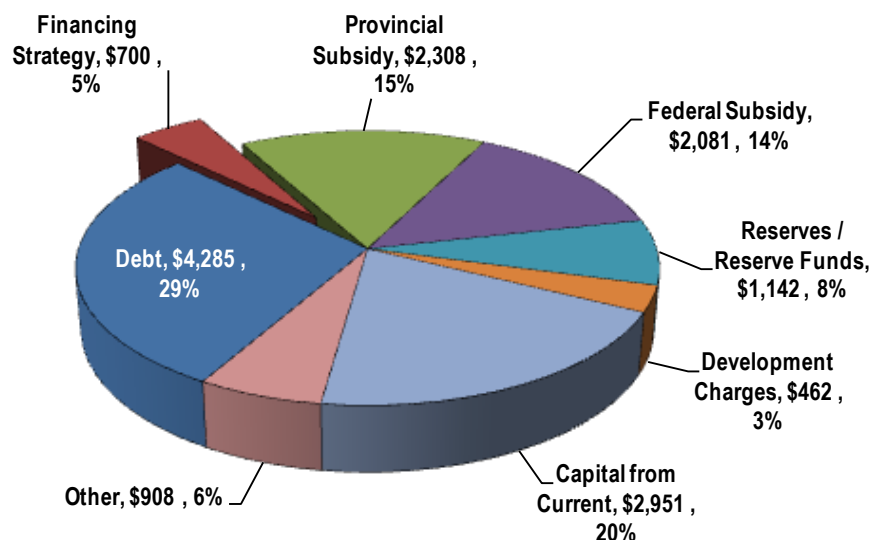
\$15.256 Billion

69% TTC & Transportation

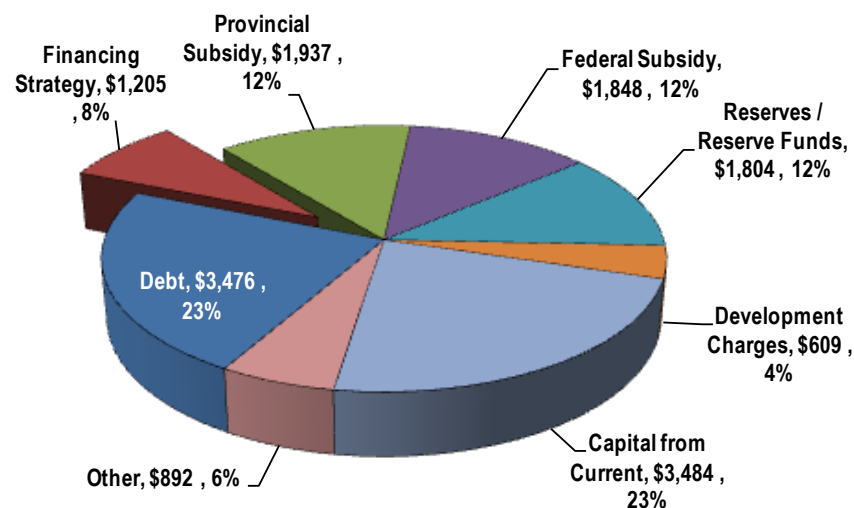


Comparison to 2012 to 2021 Capital Budget and Plan – Funding Sources

2012 – 2021 Capital Budget & Plan
Debt Funding 29%
\$14.836 Billion

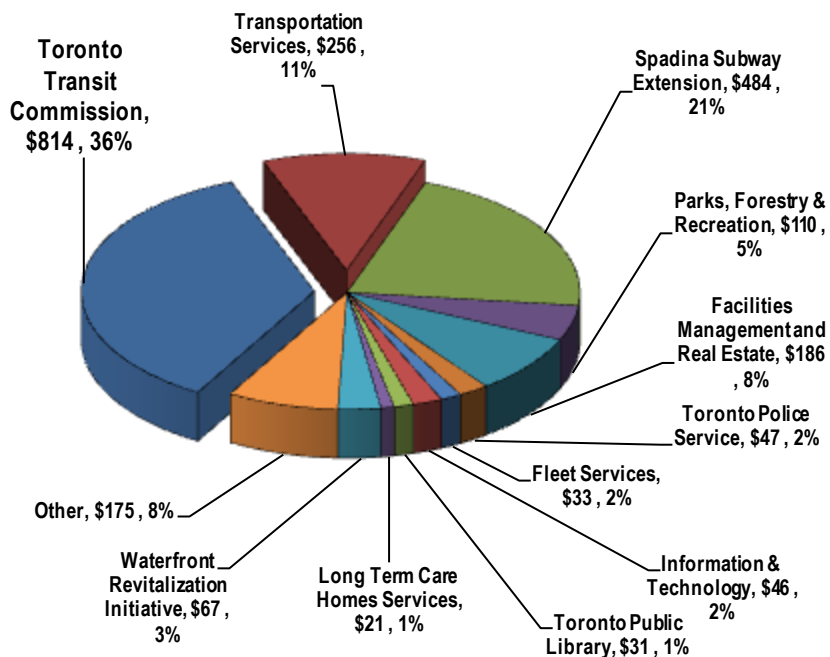


2013 – 2022 Capital Budget and Plan
Debt Funding 23%
\$15.256 Billion

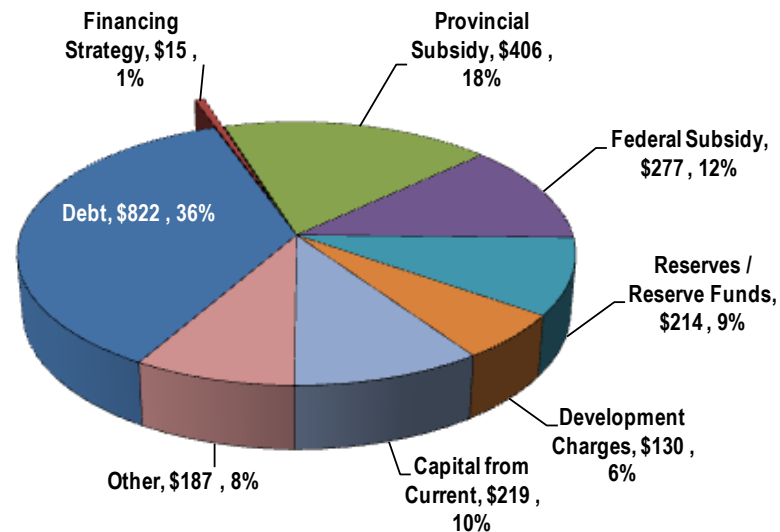


2013 Capital Budget

Gross Expenditure \$2.270 Billion
68% from Transit & Transportation
(Million)



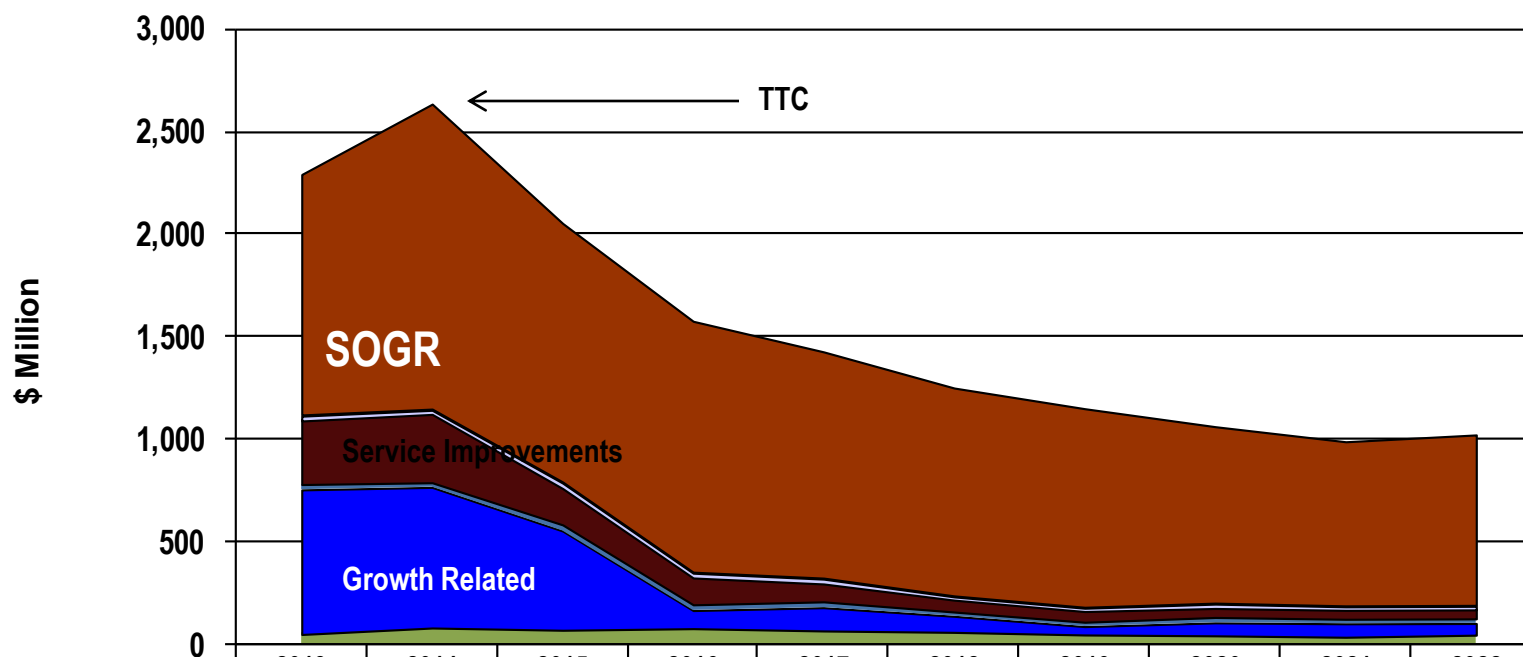
Funding Source \$2.270 Billion
36% from Debt
(Million)



2013 – 2022 Capital Budget and Plan - by Category and Financing Source

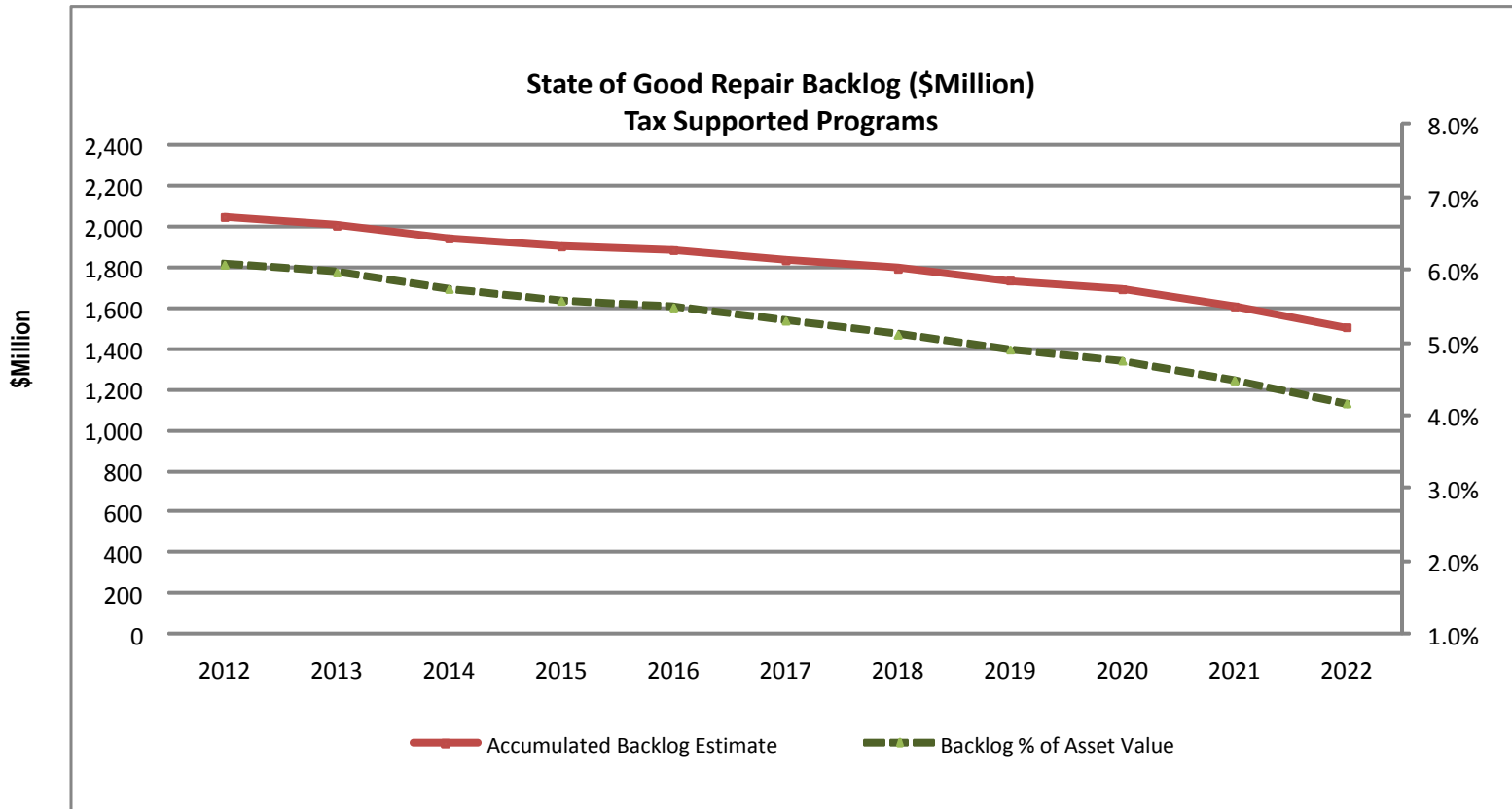
| Expenditures (\$M) | Capital Plan | | | | | 2013-2017 | | 2018 - 2022 | | 2013 - 2022 | |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------|---------------|---------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | Total | % | Total | % | Total | % |
| Health and Safety | 24 | 20 | 27 | 23 | 24 | 118 | 1.2% | 88 | 1.6% | 206 | 1.4% |
| Legislated | 52 | 84 | 73 | 80 | 69 | 358 | 3.6% | 246 | 4.6% | 604 | 4.0% |
| State of Good Repair | 1,175 | 1,490 | 1,263 | 1,226 | 1,105 | 6,259 | 63.4% | 4,482 | 83.3% | 10,741 | 70.4% |
| Service Improvement | 319 | 342 | 184 | 136 | 92 | 1,073 | 10.9% | 264 | 4.9% | 1,337 | 8.8% |
| Growth Related | 701 | 681 | 481 | 88 | 113 | 2,064 | 20.9% | 303 | 5.6% | 2,367 | 15.5% |
| Total Expenditures | 2,270 | 2,618 | 2,028 | 1,553 | 1,403 | 9,872 | 100% | 5,383 | 100% | 15,256 | 100.0% |
| Funded By: | | | | | | | | | | | |
| Provincial | 406 | 558 | 327 | 119 | 112 | 1,523 | 15.4% | 414 | 7.7% | 1,937 | 12.7% |
| Federal | 277 | 270 | 217 | 156 | 155 | 1,076 | 10.9% | 773 | 14.4% | 1,848 | 12.1% |
| Reserves | 113 | 181 | 180 | 159 | 170 | 803 | 8.1% | 794 | 14.8% | 1,597 | 10.5% |
| Reserve Funds | 116 | 290 | 241 | 215 | 183 | 1,045 | 10.6% | 367 | 6.8% | 1,412 | 9.3% |
| DC | 129 | 60 | 51 | 57 | 62 | 360 | 3.6% | 249 | 4.6% | 609 | 4.0% |
| Other | 187 | 199 | 165 | 60 | 56 | 666 | 6.7% | 226 | 4.2% | 892 | 5.8% |
| Capital from Current | 219 | 240 | 265 | 291 | 320 | 1,335 | 13.5% | 2,149 | 39.9% | 3,484 | 22.8% |
| Debt | 822 | 820 | 581 | 496 | 346 | 3,066 | 31.1% | 410 | 7.6% | 3,476 | 22.8% |
| Total Funding | 2,270 | 2,618 | 2,028 | 1,553 | 1,403 | 9,872 | 100.0% | 5,383 | 100.0% | 15,256 | 100.0% |

\$10.741 Billion or 70% of the 2013 – 2022 Capital Plan Allocated to SOGR



| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------|-------|-------|-------|-------|-------|-------|------|------|------|------|
| SOGR | 1,175 | 1,490 | 1,263 | 1,226 | 1,105 | 1,015 | 970 | 862 | 802 | 833 |
| Health & Safety | 24 | 20 | 27 | 23 | 24 | 16 | 16 | 21 | 17 | 18 |
| Service Improvement | 319 | 342 | 184 | 136 | 92 | 63 | 57 | 48 | 48 | 48 |
| Health & Safety | 24 | 20 | 27 | 23 | 24 | 16 | 16 | 21 | 17 | 18 |
| Growth Related | 701 | 681 | 481 | 88 | 113 | 78 | 41 | 63 | 65 | 57 |
| Legislated | 52 | 84 | 73 | 80 | 69 | 62 | 50 | 46 | 39 | 49 |

Over 10 Years, SOGR Backlog as a % of Capital Asset Value will decrease from 6% to 4%



SOGR Backlog by Program

| \$ Million | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Transportation Services | 964 | 949 | 917 | 886 | 872 | 836 | 786 | 785 | 764 | 740 | 696 |
| Parks, Forestry & Recreation | 300 | 310 | 301 | 319 | 351 | 366 | 411 | 389 | 396 | 363 | 325 |
| Facilities Management and Real Estate | 338 | 303 | 282 | 264 | 239 | 219 | 197 | 174 | 154 | 133 | 117 |
| Toronto & Region Conservation Authority | 189 | 187 | 185 | 182 | 180 | 177 | 175 | 172 | 169 | 166 | 163 |
| Other | 256 | 256 | 257 | 256 | 251 | 243 | 235 | 225 | 216 | 209 | 204 |
| Total SOGR Backlog | 2,046 | 2,004 | 1,942 | 1,907 | 1,893 | 1,841 | 1,803 | 1,744 | 1,700 | 1,612 | 1,506 |
| Total Asset Value (end of year) | 33,665 | 33,570 | 33,797 | 34,094 | 34,311 | 34,547 | 35,037 | 35,321 | 35,573 | 35,829 | 36,091 |
| SOGR as % Asset Value | 6.08% | 5.97% | 5.75% | 5.59% | 5.52% | 5.33% | 5.15% | 4.94% | 4.78% | 4.50% | 4.17% |

Transportation Services – Backlog % Asset Value Declining from 9.7% to 5.6%

(\$ Million)

| Transportation Services (\$Millions) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| State of Good Repair Funding | | 15 | 32 | 31 | 15 | 36 | 50 | 1 | 21 | 24 | 44 |
| Accumulated Backlog Est. (yr end) | 964 | 949 | 917 | 886 | 872 | 836 | 786 | 785 | 764 | 740 | 696 |
| Backlog %Asset Value | 9.7% | 9.6% | 9.1% | 8.5% | 8.2% | 7.7% | 6.9% | 6.8% | 6.4% | 6.1% | 5.6% |
| Asset Value | 9,890 | 9,890 | 10,129 | 10,410 | 10,622 | 10,837 | 11,372 | 11,614 | 11,850 | 12,095 | 12,341 |

| | | | | | | | | | | | |
|-----------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| F.G. Gardiner | | | | | | | | | | | |
| State of Good Repair Funding | | 25 | 50 | 49 | 51 | 52 | 53 | 54 | 56 | 57 | 58 |
| Accumulated Backlog Est. (yr end) | 626 | 601 | 552 | 502 | 452 | 400 | 347 | 292 | 237 | 180 | 121 |

Roads - Major

| | | | | | | | | | | | |
|-----------------------------------|----|------|----|-----|----|----|-----|------|------|------|------|
| State of Good Repair Funding | | (13) | 1 | (6) | 2 | 12 | (1) | (44) | (39) | (33) | (28) |
| Accumulated Backlog Est. (yr end) | 67 | 80 | 79 | 86 | 84 | 72 | 73 | 116 | 155 | 188 | 216 |

Roads - Local

| | | | | | | | | | | | |
|-----------------------------------|-----|-----|------|------|------|------|------|------|-----|-----|-----|
| State of Good Repair Funding | | (4) | (24) | (19) | (39) | (36) | (16) | (11) | (6) | (0) | 7 |
| Accumulated Backlog Est. (yr end) | 132 | 136 | 160 | 179 | 219 | 255 | 271 | 282 | 288 | 288 | 281 |

Bridge Rehabilitation

| | | | | | | | | | | | |
|-----------------------------------|----|----|----|-----|-----|----|----|-----|----|-----|----|
| State of Good Repair Funding | | 1 | 0 | (0) | (3) | 2 | 9 | (4) | 4 | (3) | 3 |
| Accumulated Backlog Est. (yr end) | 46 | 46 | 46 | 46 | 48 | 46 | 37 | 41 | 37 | 40 | 37 |

Expressways (Excluding F.G. Gardiner)

| | | | | | | | | | | | |
|-----------------------------------|----|----|----|----|----|----|----|----|----|----|----|
| State of Good Repair Funding | | 6 | 6 | 6 | 4 | 7 | 7 | 7 | 7 | 7 | 7 |
| Accumulated Backlog Est. (yr end) | 78 | 71 | 65 | 58 | 54 | 47 | 41 | 34 | 27 | 20 | 14 |

Sidewalks

| | | | | | | | | | | | |
|-----------------------------------|----|-----|-----|----|-----|-----|-----|-----|-----|-----|-----|
| State of Good Repair Funding | | (0) | (1) | 0 | (0) | (1) | (2) | (2) | (2) | (3) | (3) |
| Accumulated Backlog Est. (yr end) | 14 | 14 | 15 | 15 | 15 | 16 | 17 | 19 | 21 | 24 | 27 |

*Excludes the F.G. Gardiner asset value, this will be assessed as part of the Strategic Rehabilitation Plan

Transportation Services and TTC 10 - Year Capital Budget and Plan 2013 vs. 2012

TTC Funding Solutions

| TTC Debt Funding Shortfall - 2013-2022 | |
|--|-------------------|
| | |
| | \$Millions |
| 2013-2022 Debt Funding Shortfall | 687 |
| 2013-2022 Deferrals | |
| Toronto Rocket Yard & Storage Track Accommodation | (40) |
| Purchase of Wheel-Trans Vehicles | (34) |
| Total Project Deferrals | (74) |
| Funding Increase (Development Charges) | (79) |
| Total Funding Increase | (79) |
| 2013-2022 Debt Target Shortfall | 534 |
| Operating Surplus/Asset Monetization Proceeds/Provincial and/or Federal Funding | (534) |
| 2013-2022 Revised Debt Target Variance - Over/(Under) | - |


Transportation Services Funding Solutions

| Transportation Debt Funding Shortfall - 2013-2022 | |
|--|------------|
| | \$Millions |
| 2013-2022 Debt Funding Shortfall | 748 |
| 2013 Project Reductions | |
| Various reductions based on Capacity to Spend | (8) |
| Total Project Reductions | (8) |
| Funding Increase (Development Charges) | (69) |
| Total Funding Increase | (69) |
| 2013-2022 Debt Target Shortfall | 671 |
| Operating Surplus/Asset Monetization Proceeds/Provincial and/or Federal Funding | (671) |
| 2013-2022 Revised Debt Target Variance - Over/(Under) | - |

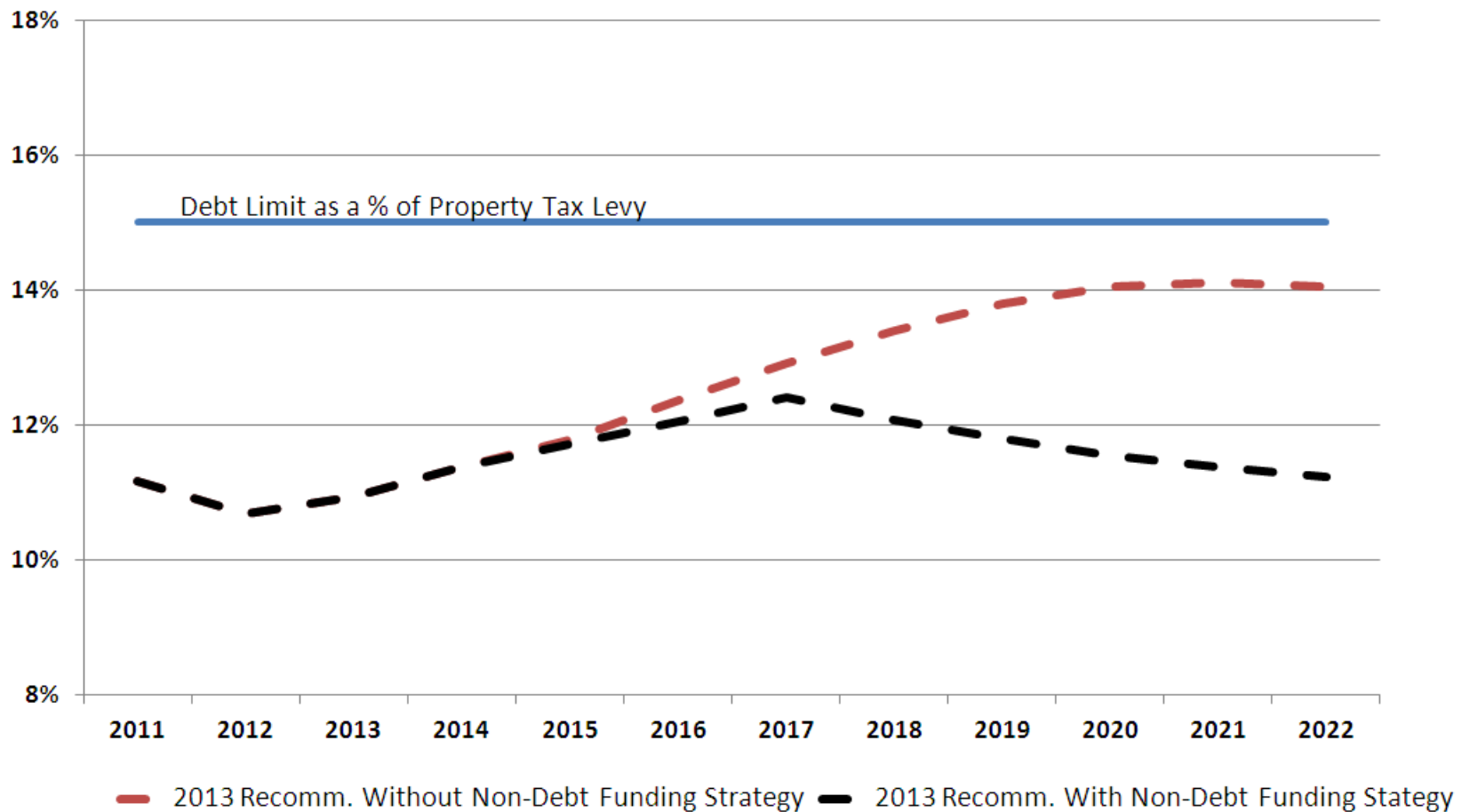
2013 – 2022 Capital Plan Debt Charges Impact

2013 – 2022 Capital Budget and Plan

– Debt Target

|  Programs / Agencies | 2013 | | | | 2013 - 2017 | | | | 2013 - 2022 | | | |
|--|--------------------|-----------|-------------|---------------|--------------------|-----------|-------------|---------------|--------------------|-------------|-------------|---------------|
| | Admin. Recommended | | Debt Target | Over/ (Under) | Admin. Recommended | | Debt Target | Over/ (Under) | Admin. Recommended | | Debt Target | Over/ (Under) |
| | Gross | Debt/ CFC | | | Gross | Debt/ CFC | | | Gross | Debt/ CFC | | |
| | (e) | (f) | (g) | (h) | (at) | (au) | (av) | (aw) | (cr) | (cs) | (ct) | (cu) |
| Citizen Centred Services - A | 166,030 | 73,279 | 77,218 | (3,939) | 675,067 | 410,896 | 398,121 | 12,775 | 1,193,322 | 777,178 | 745,559 | 31,619 |
| Citizen Centred Services - B | 329,178 | 233,506 | 219,106 | 14,400 | 1,711,697 | 1,454,203 | 1,177,115 | 277,088 | 3,263,480 | 2,858,173 | 2,187,220 | 670,953 |
| Internal Services | 293,276 | 105,779 | 102,724 | 3,055 | 1,271,579 | 479,173 | 420,063 | 59,110 | 1,872,685 | 775,453 | 727,013 | 48,440 |
| Other City Programs | 51,141 | 39,966 | 40,026 | (60) | 164,512 | 115,554 | 115,248 | 306 | 184,778 | 122,902 | 122,596 | 306 |
| Total - City Operations | 839,625 | 452,530 | 439,074 | 13,456 | 3,822,855 | 2,459,826 | 2,110,547 | 349,279 | 6,514,265 | 4,533,706 | 3,782,388 | 751,318 |
| Agencies | 124,064 | 64,851 | 63,186 | 1,665 | 588,782 | 394,675 | 387,361 | 7,314 | 1,055,895 | 685,212 | 671,975 | 13,237 |
| Total - Tax Supported before TTC | 963,689 | 517,381 | 502,260 | 15,121 | 4,411,637 | 2,854,501 | 2,497,908 | 356,593 | 7,570,160 | 5,218,918 | 4,454,363 | 764,555 |
| Total - TTC | 1,298,021 | 484,043 | 531,383 | (47,340) | 5,446,292 | 1,885,643 | 1,688,447 | 197,196 | 7,669,374 | 2,744,649 | 2,209,606 | 535,043 |
| Tax Supported Programs | 2,261,710 | 1,001,424 | 1,033,643 | (32,219) | 9,857,929 | 4,740,144 | 4,186,355 | 553,789 | 15,239,534 | 7,963,567 | 6,663,969 | 1,299,598 |
| Additional Funding Requirements | | | | | | | | | | | | |
| 2013 TTC Capital | | | | | | (244,535) | | (244,535) | | (534,240) | | (534,240) |
| 2013 Transportation Capital | | (14,771) | | (14,771) | | (289,099) | | (289,099) | | (670,674) | | (670,674) |
| Total Additional Funding Requirements | | (14,771) | | (14,771) | | (533,634) | | (533,634) | | (1,204,914) | | (1,204,914) |
| Revised Total Programs | 2,261,710 | 986,653 | 1,033,643 | (46,990) | 9,857,929 | 4,206,510 | 4,186,355 | 20,155 | 15,239,534 | 6,758,653 | 6,663,969 | 94,684 |

Non-Debt Funding Strategies Allow the City to Reduce the Debt Charges as a % Tax Levy to 12%, while Addressing Increasing Capital Needs



Conclusion

- The 2013 - 2022 Capital Budget and Plan Strategy is achieved:
 - Accommodates Transportation and TTC's Recommended 10-Year Capital Plan increased needs of \$1.2 billion
 - Achieves a balance between maintaining existing City assets and addressing service/growth needs on a City-wide basis
 - Utilizes operating surplus, asset monetization/dividends, new Provincial and Federal funding to minimize debt
 - Debt charges stabilized below 15% guideline over the life of the plan and now averaging at approximately 12%
 - In conclusion our debt management strategies are working but hinge on continued fiscal discipline to use operating surpluses to avoid debt, reducing over \$809 million over the next 10 years



2013

City of Toronto

Budget Committee Recommended
Tax Supported Operating Budget

January 10, 2013

Agenda

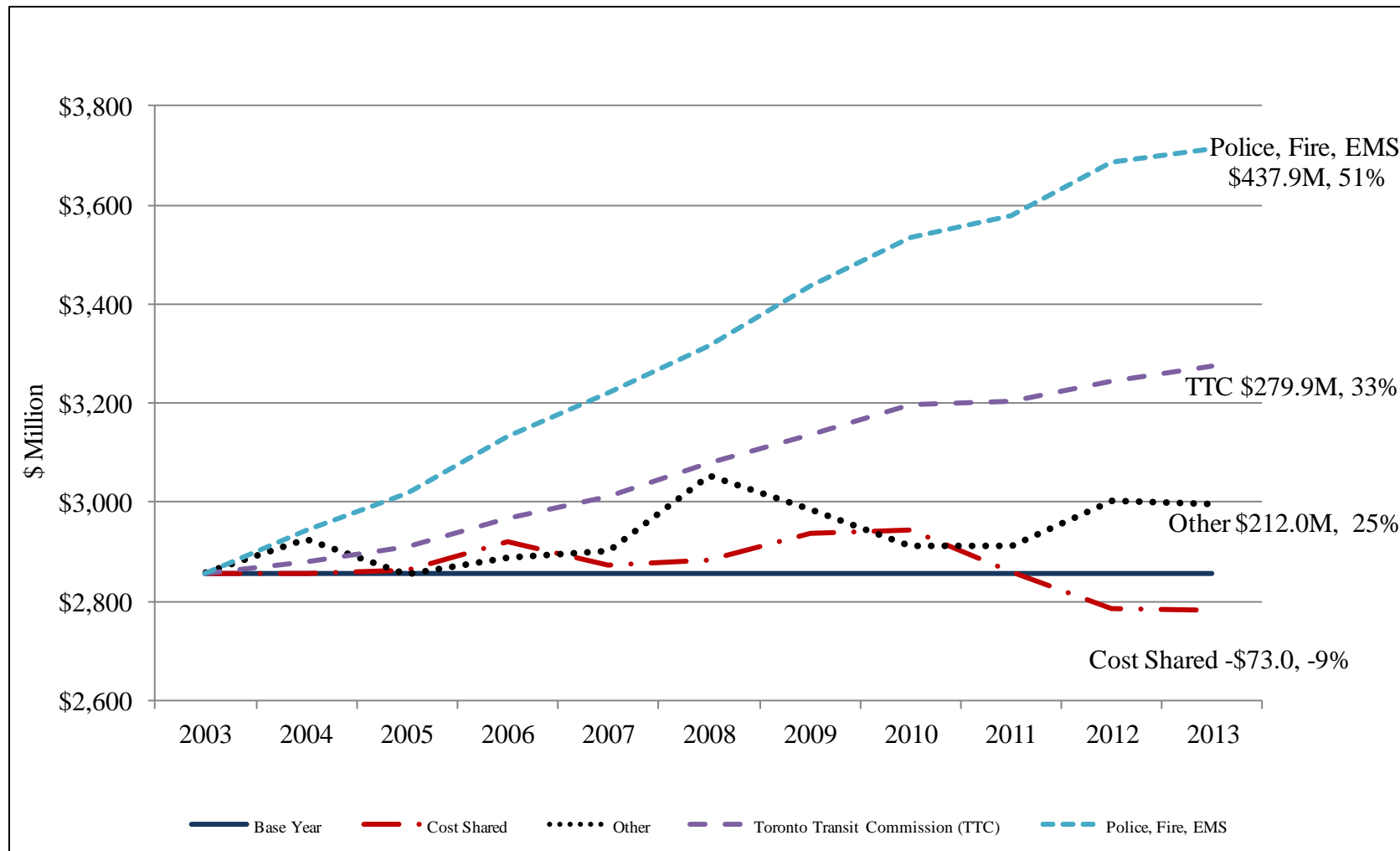
1. Budget Context and Directions
2. Executive Summary
3. 2013 Operating Budget Overview
4. 2014 / 2015 Outlook
5. Budget Timelines
6. CVA Updates

Budget Context

The Challenge

- Opening Spending Pressure after revenue increases was approximately \$200 million driven mainly by use of prior year's surplus and reserve funds
- Reliance on prior year's surplus and reserves of \$141 million needs to end
- Manage spending in line with revenue growth while maintaining key priority services
- Capital financing putting pressure on the Operating Budget

84% of the Growth in Net Expenditures since 2003 is Due to Police, Fire, EMS and TTC



Budget Directions

1. 0% increase over 2012 Budget ✓
2. Implement Core Service & Efficiency Review Recommendations ✓
3. Review historical spending patterns ✓
4. Review previous year target achievements (10%) ✓
5. Review Operating Impacts of Capital ✓
6. Include increased user fee revenue in compliance with User Fee Policy ✓
7. Implement existing priorities within the base budget ✓
8. Do not introduce any new service initiatives ✓

Budget Context

The Solution

- Savings from compensation costs
- Continue implementation of Efficiency Review Program
- Control expenditures through \$0 cost increase for all services, especially Emergency Services and TTC
 - Continue Line-by-Line Expenditure Review
- Maximize revenue sources
- Mitigate impact of capital financing
- Moderate inflationary Tax and TTC fare increases

Key Message

- Approaching Fiscal Sustainability

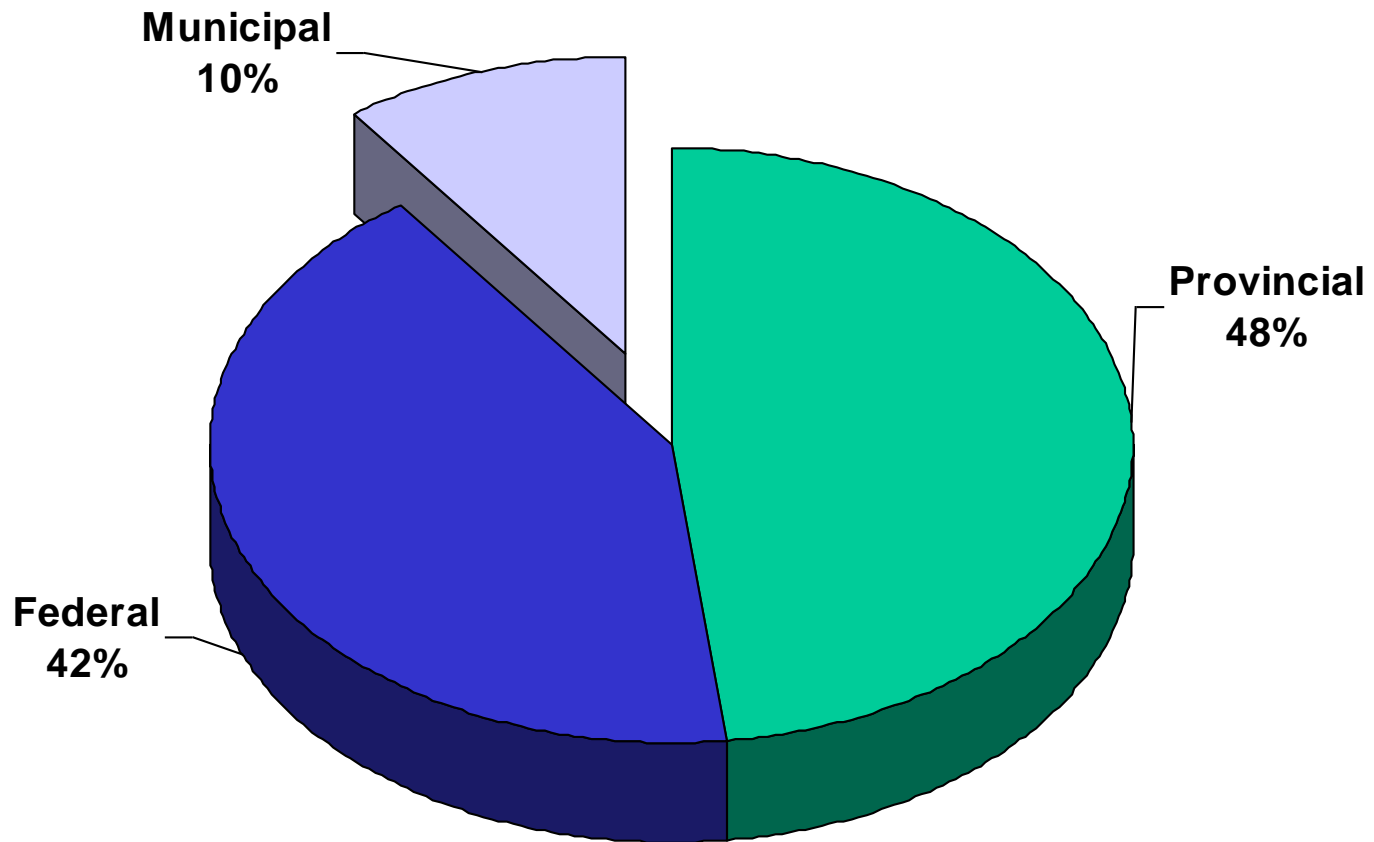
- Eliminated the reliance on prior year's surplus
- Use of one-time reserve funding of \$33M remains in 2013
- Moves the City significantly closer to fiscal sustainability
- 2013 Balanced Budget Achieved

2013 Balancing Strategies

| | <u>2013 Budget</u> |
|---|--------------------|
| One-Time Funding (Prior Year Surplus & Reserves) | 141 |
| Expenditure Changes | 324 |
| Budget Pressure Before Revenue Increases | 465 |
| Revenue Increases | (163) |
| Property Tax / Assessment Changes: | |
| Tax Increase (Residential 2.00%) | (35) |
| Tax Increase (Non-residential 0.67%) | (13) |
| Assessment Growth | (33) |
| Budget Pressure Before Cost Reductions | (244) |
| Efficiency and Other Cost Savings | (189) |
| Reduced Capital Financing Costs | (44) |
| Budget Pressure After Reduction | (477) |
| New and Enhanced | 11 |
| Remaining Pressure After Pending Decision | 0 |

Executive Summary

% Breakdown of Total Government Taxation



Source: Government of Canada, Government of Ontario, MARS, Provincial Auditor, Deloitte & Touche

City Services at Work

🕒 Services provided 24/7

- Solid Waste Collection & Recycling
- Water and Wastewater 🕒
- Emergency Services
 - Police 🕒
 - Fire 🕒
 - EMS 🕒
- Transportation and Transit
 - TTC 🕒
 - Roads 🕒
 - Sidewalks
- Economic Development
- Libraries
- Parks and Recreation
- Court Services
- Arts, Culture and Heritage
- Bylaw Enforcement and Inspections
- Planning and Development
- Building Permits
- Licensing
- Tourism Promotion
- Social and Health Services
 - Social Assistance
 - Homes for the Aged 🕒
 - Child Care
 - Hostels 🕒
 - Social Housing 🕒
 - Public Health
 - Community Support

Line-by-Line Review Savings

| (\$000s) | 2011 Budget | | 2012 Budget | | 2013 Rec'd Budget | | 3 Year Total | |
|------------------------------|----------------|----------------|-----------------|-----------------|----------------------|----------------|-----------------|-----------------|
| | Gross | Net | Gross | Net | Gross | Net | Gross | Net |
| Citizen Centred Services "A" | (3,090) | (2,366) | (13,913) | (5,778) | (2,691) | (2,421) | (19,694) | (10,565) |
| Citizen Centred Services "B" | (3,944) | (3,021) | (2,766) | (2,299) | (1,687) | (1,147) | (8,397) | (6,467) |
| Internal Services | (1,651) | (1,177) | (1,374) | (1,216) | (431) | (431) | (3,456) | (2,825) |
| City Manager | (240) | (240) | (297) | (297) | (73) | (73) | (610) | (610) |
| Other City Programs | 0 | 0 | (6) | (6) | 0 | 0 | (6) | (6) |
| Total City Operations | (8,926) | (6,805) | (18,356) | (9,597) | (4,882) | (4,072) | (32,163) | (20,473) |
| Agencies | (682) | (795) | (6,894) | (5,880) | (1,216) | (1,216) | (8,792) | (7,891) |
| Total Budgt | (9,608) | (7,600) | (25,250) | (15,476) | (6,098) | (5,288) | (40,955) | (28,364) |

- Annually we undertake a detailed line-by-line review, looking at previous years' experience
- Total line-by-line savings over the past 3 years is \$41 million, \$28 million net
- Savings over the past 3 years are equivalent to a 1.2% tax reduction

Key Service Efficiency Studies - Completed

- Studies Completed - Savings in 2012 - 2014
 - Divisions - Solid Waste Management, Transportation Services, Shelter, Support & Housing Administration, Long Term Care Homes and Parks Forestry & Recreation
 - Agencies - Toronto Police Service, Toronto Public Library, and Toronto Transit Commission
 - Cross-Program - Facilities Management/Real Estate, Fleet Services, Communications, and Environment and Energy Programs

Key Service Efficiency Studies - In Progress

- Studies Currently Underway: Savings Expected 2013 - 2014
 - Divisions - Fire Services, EMS, City Planning, Court Services, Children's Services and Museums
 - Cross-Program - 311 Toronto, Counters, Community Infrastructure, and Shared Services
 - Staff to review efficiency study recommendations and related matters for 2013 – 2014 budget process including possible outsourcing, stream-lining of business processes re-engineering and automation in highlighting savings for 2014 and 2015

Efficiency Savings

- **Economic Development and Culture** - Divisional Structure Changes (\$0.300 million)
- **Parks, Forestry & Recreation**
 - Parks and Recreation Budget Right-Sizing (\$4.140 million)
 - Camp Program Efficiency (\$1.200 million)
 - Sportsfield Turf Management Strategy (\$0.750 million)
 - Recreation Support Function Efficiencies (\$0.880 million)
 - Integration of Sign Shop Operations with Transportation Services (\$0.110 million)
- **Long Term Care and Services** - Efficiency from De-commissioning of Buses (\$0.047 million)
- **Fire Services**
 - Restructuring of Administrative Support Functions (\$0.166 million)
 - Operations and Support Re-Organization and Reductions (\$4.206 million)
- **Office of the Chief Financial Officer** - Delete a Manager's Position (\$0.162 million)
- **Facilities Management & Real Estate** - Utilities Savings (\$0.701 million)

Efficiency Savings

- **Fleet Services** - Discontinuation of Running Lunch Arrangements (\$0.391 million)
- **Information & Technology** - Savings from Centralizing Corporate Telecommunications (\$0.317 million)
- **Administrative Restructuring and Hiring Deferrals**
 - City Clerk's Office (\$0.615 million)
 - City Manager's Office (\$0.183 million)
- **Transportation Services** - Conversion of Leaf Collection Activities (\$0.510 million)
- **Toronto Transit Commission** – Diesel fuel price savings from hedging (\$20.5 million)
- **Toronto Public Library**
 - Savings from installation of automated sorter at Fairview Library (\$0.160 million)
 - One-time contract savings for security guards (\$0.170 million)
 - Savings from consortium purchase of electronic materials (\$0.300 million)
 - Savings from re-engineered procurement and inventory management processes (\$0.215 million)
- **Theatres** - St. Lawrence Centre – Redistribution of work load (\$0.104 million)

Service Changes

- **Fire Services** – Elimination of unoccupied positions (\$6.326 million)
- **Toronto Public Health** - Eliminate Global AIDS Initiative Funding (\$0.104 million)
- **Toronto Transit Commission** - Wheel Trans - Remove exemption from eligibility criteria for Ambulatory Dialysis Patients (\$4.499 million)

2013 Operating Budget – New and Enhanced Services (\$36.273 Gross and \$11.397 million Net)

- **Toronto Transit Commission**
 - Subway public washroom cleaning (\$1730 million)
 - Debit and credit card expansion (\$3.920 million)
 - New Customer Development Department (\$0.559 million)
- **Emergency Medical Services** - Addition of 11 (FTEs) Part-time Paramedics (\$1.000 million offset by a reduction in overtime of \$1.000 million)
- **Information & Technology** - Base Pool of 58 Capital Funded Positions (\$3.000 million gross and \$0 net) and 27 temporary positions for capital projects to achieve operational efficiencies (\$2.680 million gross and \$0 net)
- **City Manager's Office** – Add 9 Employee and Labour Relations positions to reduce grievance backlog (\$0.953 million)
- **Facilities Management and Real Estate** - Union Station – add 3 positions to enhanced reporting, as per AG (\$0.339 million); and 3 building operators to maintain HVAC at Old City Hall (\$0.420 million gross, \$0 net)

2013 Operating Budget – New and Enhanced Services

- **Toronto Employment and Social Services**
 - Medical Benefits for Social Assistance Recipients (\$1.500 million)
 - Former Hardship Fund (\$1.000 million)
- **Toronto Environment Office**
 - Eco-Roof Financial Incentive Program (\$0.800 million gross \$0 net)
 - Live Green Toronto Neighbourhood Initiative (\$0.400 million gross \$0 net)
 - Adaptation - Energy Usage & Emissions Inventory (\$0.100 million gross \$0 net)
 - Local Air Quality Studies (\$0.105 million gross \$0 net)
- **Parks, Forestry, & Recreation:** Emerald Ash Borer – Year 3 of the EAB Management Plan (\$6.400 million gross \$0 net)
- **Toronto Zoo - Panda Exhibit** (\$7.827 million \$0 net)
- **Transportation Services**
 - Maintenance Required for GO Bus/TTC lane extension on the Don Valley Parkway (\$0.128 million gross, \$0 net)
 - Remove Graffiti on Road Allowances Within 3 Days (\$0.800 million gross, \$0 net)
 - Additional Curb Cut Maintenance for TTC Light Rail Vehicle (LRT) (\$0.145 million gross, \$0 net)

Staffing Impact

| | 2012 Approved Staff Complement | Temporary Capital | Operating Impacts of Capital | Service Change Adjustments | Total Base Changes | Sub-Total 2013 BC Rec'd Complement | New Services | Total 2013 BC Rec'd Complement |
|------------------------------------|--------------------------------|-------------------|------------------------------|----------------------------|--------------------|------------------------------------|--------------|--------------------------------|
| Citizen Centred Services "A" | 12,381.3 | 3.0 | 2.7 | (67.3) | (61.6) | 12,319.7 | 14.0 | 12,333.7 |
| Citizen Centred Services "B" | 6,337.5 | 0.0 | (2.0) | (166.0) | (168.0) | 6,169.5 | 0.0 | 6,169.5 |
| Internal Services | 2,524.6 | (15.0) | 15.0 | (14.0) | (14.0) | 2,510.6 | 97.0 | 2,607.6 |
| City Manager | 422.3 | 4.0 | 0.5 | (0.3) | 4.2 | 426.5 | 9.0 | 435.5 |
| Other City Programs | 938.1 | (0.8) | 3.0 | (8.5) | (6.3) | 931.8 | 10.0 | 941.8 |
| TOTAL - CITY OPERATIONS | 22,603.8 | (8.8) | 19.2 | (256.1) | (245.7) | 22,358.1 | 130.0 | 22,488.1 |
| Toronto Public Health | 1,886.2 | (6.5) | 0.0 | (4.5) | (11.0) | 1,875.2 | | 1,875.2 |
| Toronto Public Library | 1,717.9 | 0.0 | (4.5) | 0.0 | (4.5) | 1,713.4 | | 1,713.4 |
| Toronto Transit Commission | 12,980.0 | 0.0 | 0.0 | 109.0 | 109.0 | 13,089.0 | 12.0 | 13,101.0 |
| Exhibition Place | 529.5 | 0.0 | 0.0 | (132.0) | (132.0) | 397.5 | | 397.5 |
| Other Agencies | 9,003.1 | 0.0 | 2.0 | (15.2) | (13.2) | 8,989.9 | 31.4 | 9,021.3 |
| TOTAL - AGENCIES | 26,116.7 | (6.5) | (2.5) | (42.7) | (51.7) | 26,065.0 | 43.4 | 26,108.4 |
| TOTAL LEVY OPERATING BUDGET | 48,720.5 | (15.3) | 16.7 | (298.8) | (297.4) | 48,423.1 | 173.4 | 48,596.5 |

***NOTE: Reduction of 132.0 positions in Exhibition Place resulting from the independence of the Canadian National Exhibition Association.

- Total net staffing reduction of 124 positions
- Total operating staffing increase of 64 positions due primarily to increased transit operators for ridership growth

2013 Operating Budget Overview

Pressure and Balancing Strategies

| (\$Million) | 2013 |
|---|------------|
| City One-Time Funding | |
| Prior Year Surplus | 102 |
| Prior Year Reserve Draws | 39 |
| Total Unsustainable Balancing Strategies | 141 |
| Expenditure Changes: | |
| Compensation & Benefits | 130 |
| Inflation - Materials, Supplies & Services | 48 |
| TTC (employee costs/inflation/growth) | 63 |
| City & Agency Inflation - Labour/Non-Labour | 241 |
| Operating Impact of Capital | 9 |
| <i>CFC</i> | 20 |
| <i>Debt Service Costs</i> | 17 |
| Capital Financing | 37 |
| TCHC Property Tax Exemption | 56 |
| Reduction in TCHC Subsidy | (56) |
| Prov/Fed Funding Decrease/(Increase) | 8 |
| Reserve Contribution | 16 |
| Other Non-Recurring, Annualization, Non-Prog | 13 |
| Other | 37 |
| Total Expenditure Changes | 324 |
| Budget Pressure Before Revenue Increases | 465 |

Pressure and Balancing Strategies

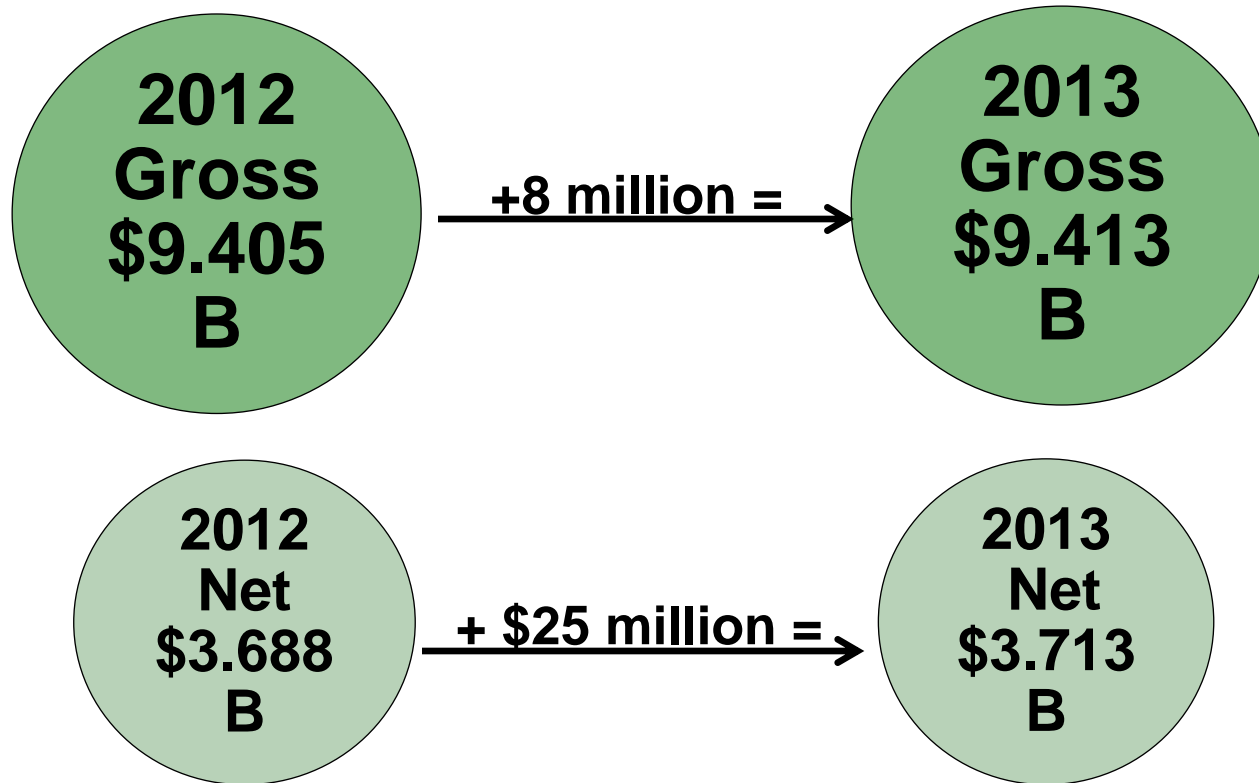
| (\$Million) | 2013 |
|---|--------------|
| Budget Pressure Before Revenue Increases | 465 |
| Revenue (Increases) and Decreases: | |
| MLTT | (27) |
| Interest and Investment Earnings | (5) |
| TTC Ridership Growth | (42) |
| Economic Growth | (74) |
| Reserve Draws | (33) |
| Prov/Fed Funding Decrease/(Increase) | (18) |
| CHPI funded by one-time provincial grant | 10 |
| Upload (OW/Security) | (14) |
| User Fee Rate Change | (12) |
| TTC Fare Increases | (18) |
| Other Revenues | (3) |
| | (163) |
| Property Tax / Assessment Changes: | |
| Tax Increase (Residential 2.00%) | (35) |
| Tax Increase (Non-residential 0.67%) | (13) |
| Assessment Growth | (33) |
| | (81) |
| Total Revenue (Increases) and Decreases | (244) |
| Budget Pressure Before Cost Reductions | 221 |

Pressure and Balancing Strategies

| (\$Million) | 2013 |
|--|--------------|
| Budget Pressure Before Cost Reductions | 221 |
| Efficiency & Other Cost Reductions: | |
| Reduced Compensation and Benefits | (60) |
| Reduced Inflation and Non-Labour Costs | (28) |
| Base Change (incl. Line-by-line Review) | (15) |
| Efficiency Change | (72) |
| Revenue Change | (2) |
| Service Change | (12) |
| | (189) |
| Reduced Capital Financing Costs | (44) |
| Total Reductions | (233) |
| Budget Pressure After Reduction | (11) |
| New and Enhanced | 11 |
| Remaining Pressure | 0.0 |

2013 Operating Budget

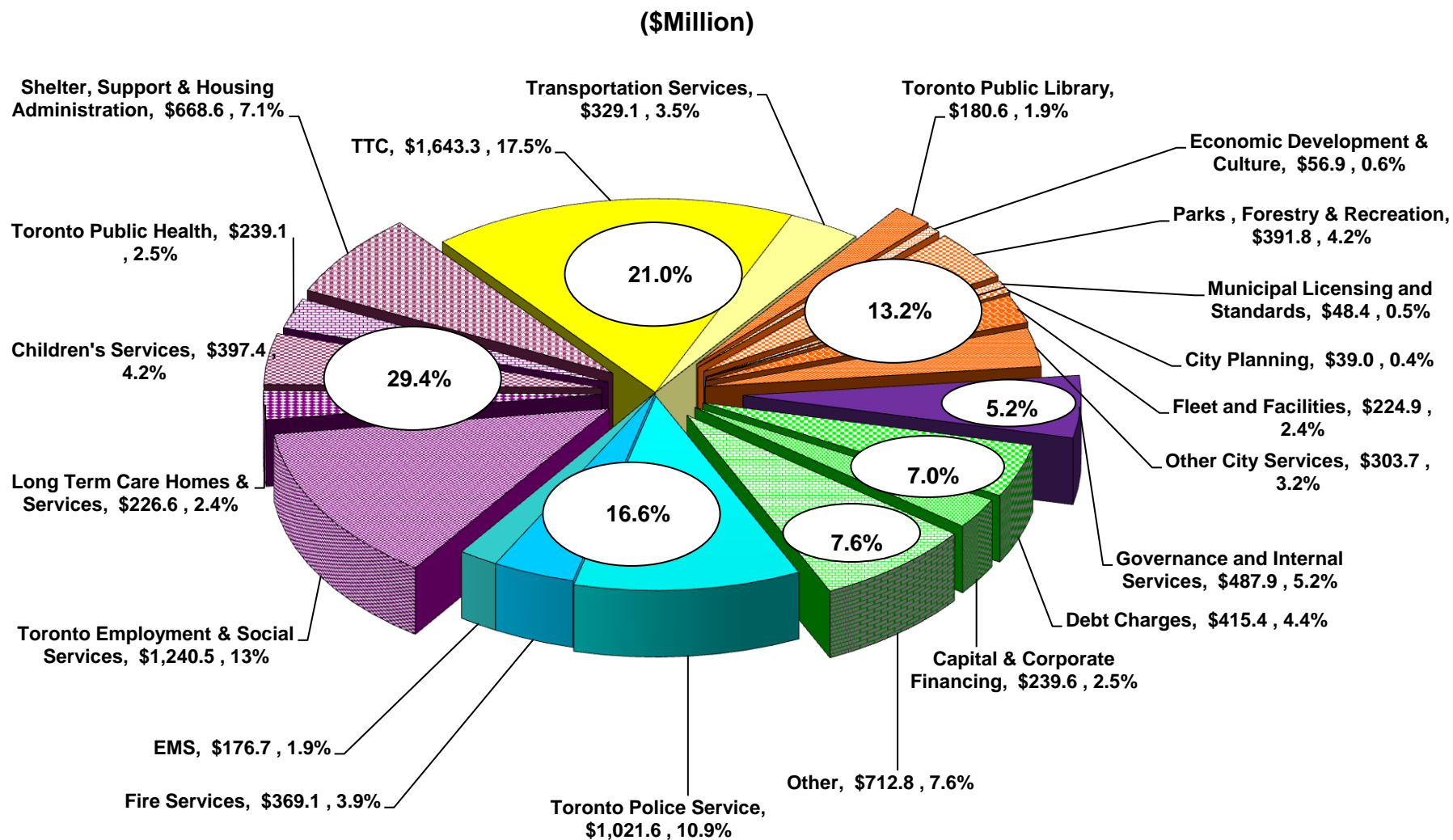
Minimal Increase Over 2012



\$25M Net Increase
+ \$22M Assessment Change = + \$47M Tax Increase (2.00% Res. & 0.67% Non-Res.)

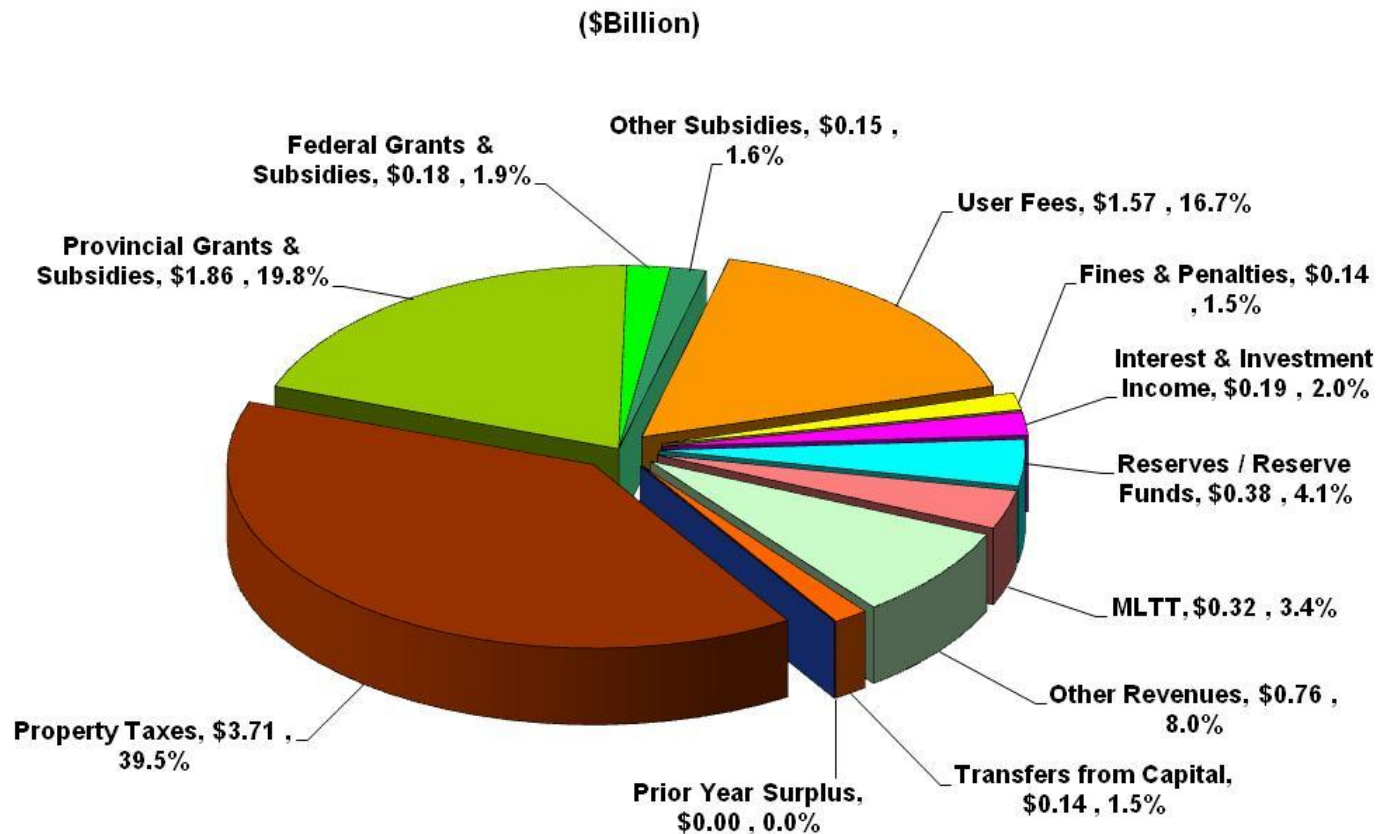
Where the Money Goes:

- Program Expenditures of \$9.413 Billion



Where the Money Comes From

- Program Revenues of \$9.413 Billion



2013 Tax Supported Program Operating Budget

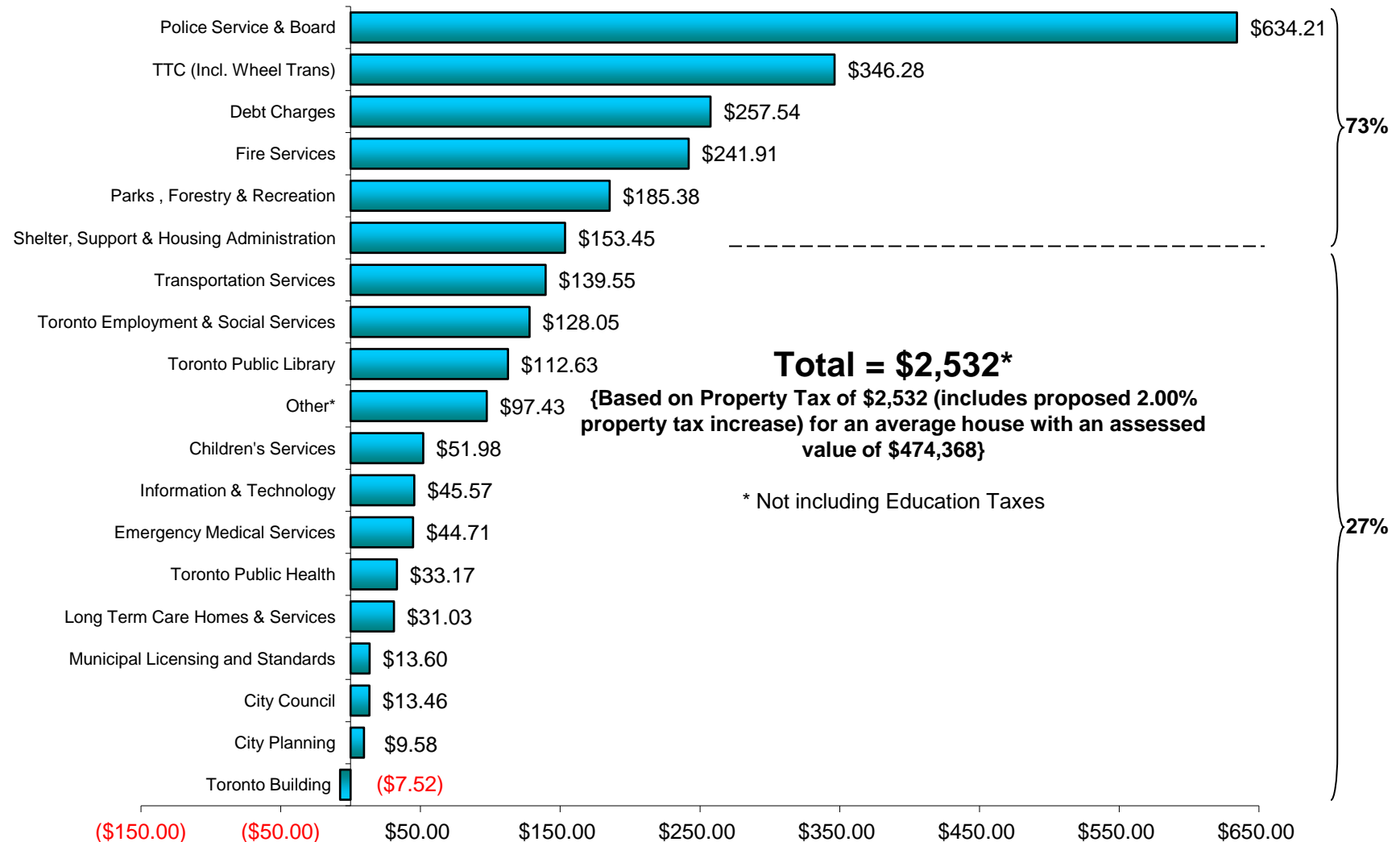
- By Cluster

| Description of Category | 2012 Approved Budget | 2013 Recommended Base Budget | Change from 2012 Over (Under) | | 2013 Recommended New/Enh. Budget | 2013 Recommended Budget | Change from 2012 Over (Under) | |
|---|----------------------------|------------------------------------|----------------------------------|---------------|--|-------------------------------|----------------------------------|---------------|
| | | | \$ | % | | | \$ | % |
| Citizen Centred Services "A" | 988,804.6 | 938,745.2 | (50,059.4) | (5.1%) | 3,504.2 | 942,249.4 | (46,555.2) | (4.7%) |
| Citizen Centred Services "B" | 602,989.3 | 601,721.1 | (1,268.2) | (0.2%) | 76.7 | 601,797.8 | (1,191.5) | (0.2%) |
| Internal Services | 161,631.8 | 164,236.5 | 2,604.6 | 1.6% | (29.2) | 164,207.3 | 2,575.4 | 1.6% |
| City Manager | 40,588.0 | 40,588.0 | 0.0 | 0.0% | 952.6 | 41,540.6 | 952.6 | 2.3% |
| Other City Programs | 70,990.7 | 70,787.8 | (203.0) | (0.3%) | 364.5 | 71,152.3 | 161.5 | 0.2% |
| Accountability Offices | 7,086.6 | 6,831.3 | (255.3) | (3.6%) | 92.0 | 6,923.3 | (163.3) | (2.3%) |
| Total City Operations | 1,872,091.0 | 1,822,909.8 | (49,181.2) | (2.6%) | 4,960.8 | 1,827,870.6 | (44,220.4) | (2.4%) |
| Agencies | 1,683,218.1 | 1,671,304.8 | (11,913.3) | (0.7%) | 6,436.2 | 1,677,741.0 | (5,477.1) | (0.3%) |
| Corporate Accounts: | | | | | | | | |
| Capital & Corporate Financing | 624,105.6 | 617,297.8 | (6,807.9) | (1.1%) | 0.0 | 617,297.8 | (6,807.9) | (1.1%) |
| Non-Program Expenditures | 518,470.9 | 543,825.8 | 25,354.9 | 4.9% | 0.0 | 543,825.8 | 25,354.9 | 4.9% |
| Non-Program Revenues | (1,010,230.0) | (953,847.7) | 56,382.2 | (5.6%) | 0.0 | (953,847.7) | 56,382.2 | (5.6%) |
| Net Operating Budget | 3,687,655.7 | 3,701,490.4 | 13,834.7 | 0.4% | 11,397.0 | 3,712,887.4 | 25,231.7 | 0.7% |
| Tax Assessment Growth | | | | | | (33,372.7) | (33,372.7) | |
| Reduction Due to TCHC Subsidy | | | | | | 55,600.0 | 55,600.0 | |
| Net Tax Assessment Impact | | | | | | 22,227.3 | 22,227.3 | |
| Net Operating Budget After Assessment Growth | | | | | | 3,735,114.7 | 47,459.0 | 1.3% |

Staff Rec'd 2013 Tax Supported Program Net Operating Budget - Corporate Accounts

| (\$000s) | 2012 Approved Budget | 2013 Rec'd Budget | Change from 2012 Approved Budget | |
|--|----------------------------|-------------------------|-------------------------------------|--------------|
| | | | \$ | % |
| <u>Corporate Accounts</u> | | | | |
| Capital & Corporate Financing | 624,106 | 617,298 | (6,808) | (1.1%) |
| Non-Program Expenditures: | | | | |
| Tax Deficiencies/Write-offs | 65,000 | 72,000 | 7,000 | 10.8% |
| Assessment Function (MPAC) | 38,174 | 39,820 | 1,646 | 4.3% |
| Parking Tag Enforcement & Oper. | 57,692 | 59,137 | 1,445 | 2.5% |
| Vacancy Rebate Program | 22,000 | 22,000 | 0 | 0.0% |
| Heritage Property Taxes Rebate | 2,000 | 2,000 | 0 | 0.0% |
| Solid Waste Management Services Rebate | 182,392 | 182,392 | 0 | 0.0% |
| Other Corporate Expenditures | 151,212 | 166,477 | 15,264 | 10.1% |
| | 518,471 | 543,826 | 25,355 | 4.9% |
| Non-Program Revenues: | | | | |
| Tax Stabilization Reserve | (101,749) | 0 | 101,749 | 100.0% |
| Payments in Lieu of Taxes | (92,200) | (92,149) | 51 | 0.1% |
| Municipal Land Transfer Tax | (288,290) | (315,000) | (26,710) | (9.3%) |
| Interest/Investment Earnings | (113,623) | (119,069) | (5,446) | (4.8%) |
| Provincial Revenue | (91,600) | (91,600) | 0 | 0.0% |
| Parking Authority Revenues | (44,315) | (48,426) | (4,111) | (9.3%) |
| Parking Tag Enforcement & Oper. | (80,649) | (82,134) | (1,485) | (1.8%) |
| Other Corporate Revenues | (197,804) | (205,469) | (7,665) | (3.9%) |
| | (1,010,230) | (953,848) | 56,382 | 5.6% |
| Total Corporate Accounts | 132,347 | 207,276 | 74,929 | 56.6% |

How Your Tax Dollar Works for You



2 Year Outlook

Key Messages for 2014/2015

– Approaching Fiscal Sustainability

- \$33 million reserve funding to eliminate
- Annual inflationary tax increase insufficient to cover inflationary expenditures
- Continued efficiency measures required to move to fiscal sustainability in 2014 and beyond
- Enhanced fiscal discipline to utilize year-end surplus revenues for capital financing not operating revenue

2014 /2015 Budget Outlook

| (\$Million) | 2014 | 2015 |
|--|------------|------------|
| Compensation & Benefits | 106 | 107 |
| Non-labour Inflationary Impact | 78 | 71 |
| Reversal of One-Time Expenditures | 29 | 18 |
| Operating Impact of Completed Capital Projects | 10 | 10 |
| Depletion of Reserves | 33 | 1 |
| Other Base Budget Changes | 28 | 39 |
| Assessment Function (MPAC) | 2 | 2 |
| CFC (Capital From Current) | 22 | 24 |
| Debt Charges | 53 | 29 |
| Tax Deficiencies / Write-offs | 10 | 10 |
| Other Expenditures | (2) | 11 |
| Total Expenditure Pressures | 368 | 323 |

2014 /2015 Budget Outlook - Continued

| (\$Million) | 2014 | 2015 |
|--|--------------|--------------|
| Total Expenditure Pressures | 368 | 323 |
| Revenue Change: | | |
| Municipal Land Transfer Tax (MLTT) | (15) | (15) |
| TTC Ridership Growth | (19) | (15) |
| TTC 10 Cent Fare Increase | (35) | (35) |
| Uploading of Services | (25) | (25) |
| Interest / Investment Earnings | (3) | (4) |
| Dividend Income | (5) | (5) |
| User Fees Change | (1) | (2) |
| Other Revenue Changes | (1) | (1) |
| Total Revenue Change | (104) | (102) |
| Pressure after Revenue Changes: | 263 | 220 |
| Property Tax Rate Increase | (48) | (49) |
| - (2.0% Residential/0.67% Non-Residential) | | |
| Assessment Growth | (30) | (30) |
| Efficiency Target | 185 | 141 |

Summary

- The 2013 Operating Budget:
 - 2013 Operating Budget is balanced
 - Eliminates the use of prior year's surplus to fund Operating Budget
 - Moderate inflationary tax and TTC fare Increases
 - Overall total net expenditures increase by approximately 1%:
 - ✓ 0.2% increase in the City Operations Net Budget over prior year (excludes reductions in TCHC subsidy)
 - ✓ 0.9% increase in Agencies over prior year

City of Toronto

Executive Committee Presentation

**2013 Re-assessment Impacts
and Tax Policy Options**

Re-assessment Cycle

Taxation Year

2009, 2010, 2011, 2012

2013, 2014, 2015, 2016

Valuation Date

January 1, 2008

January 1, 2012



Illustration of 4-Year Assessment Increase Phase-In

Property value on January 1, 2012

\$550,000

Property value on January 1, 2008 for 2012 tax year

\$448,000

Property value has changed by

\$102,000

by 4 years

Tax year

2013

2014

2015

2016

Phased-In Assessment

\$473,500

\$499,000

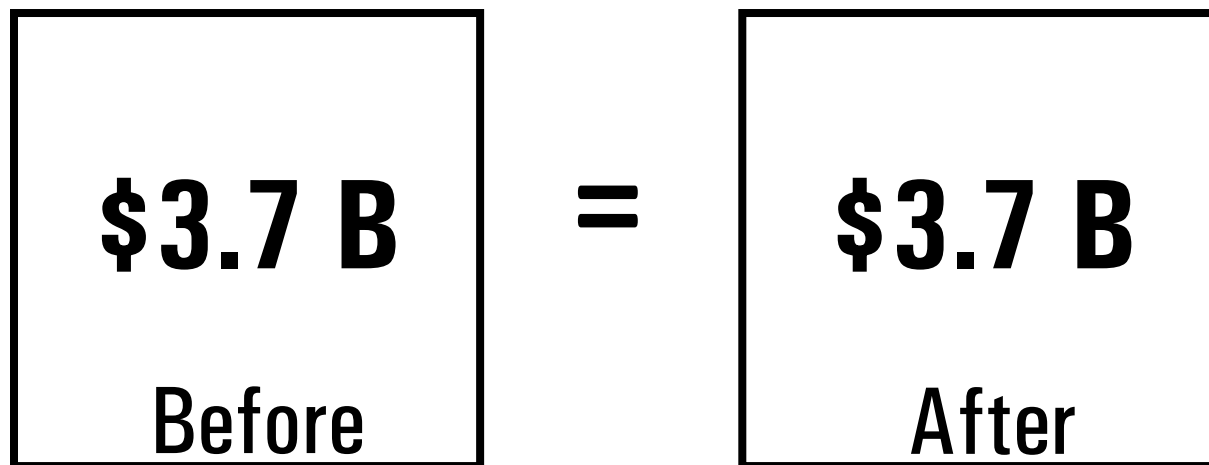
\$524,500

\$550,000



City-Wide Re-assessment is Revenue Neutral

Municipal Taxes



Reassessment

| Before | Average House | After |
|---------|---------------|---------|
| \$2,470 | 474,368 | \$2,470 |

However, tax shifts will occur between properties within a Class, and possibly between property classes arising from tax ratio rules

Executive Summary CVA

Reassessment Impacts

1. **CVA -Tax shifts between properties within a class (Legislative Requirement)**
 - If appreciate faster than class average, increase in tax burden, and vice versa. (e.g. Res. average increase 5.7%)
 - + 2. **CVA -Tax shifts between property classes (Legislative Requirement)**
 - If appreciate faster than city-wide average, increase in tax burden, and vice versa. (e.g. Res. +5.7%, Com. +5.2%)
 - + 3. **Policy tax shift – Enhancing Bus. Climate (City discretion)**
 - Shift from Non-Res. onto Res. to achieve tax ratio reduction targets, per Council direction.
-
- + 4. **Budgetary tax increase (City discretion)**
-
- = Total Impact on property owner (CVA + Budget)

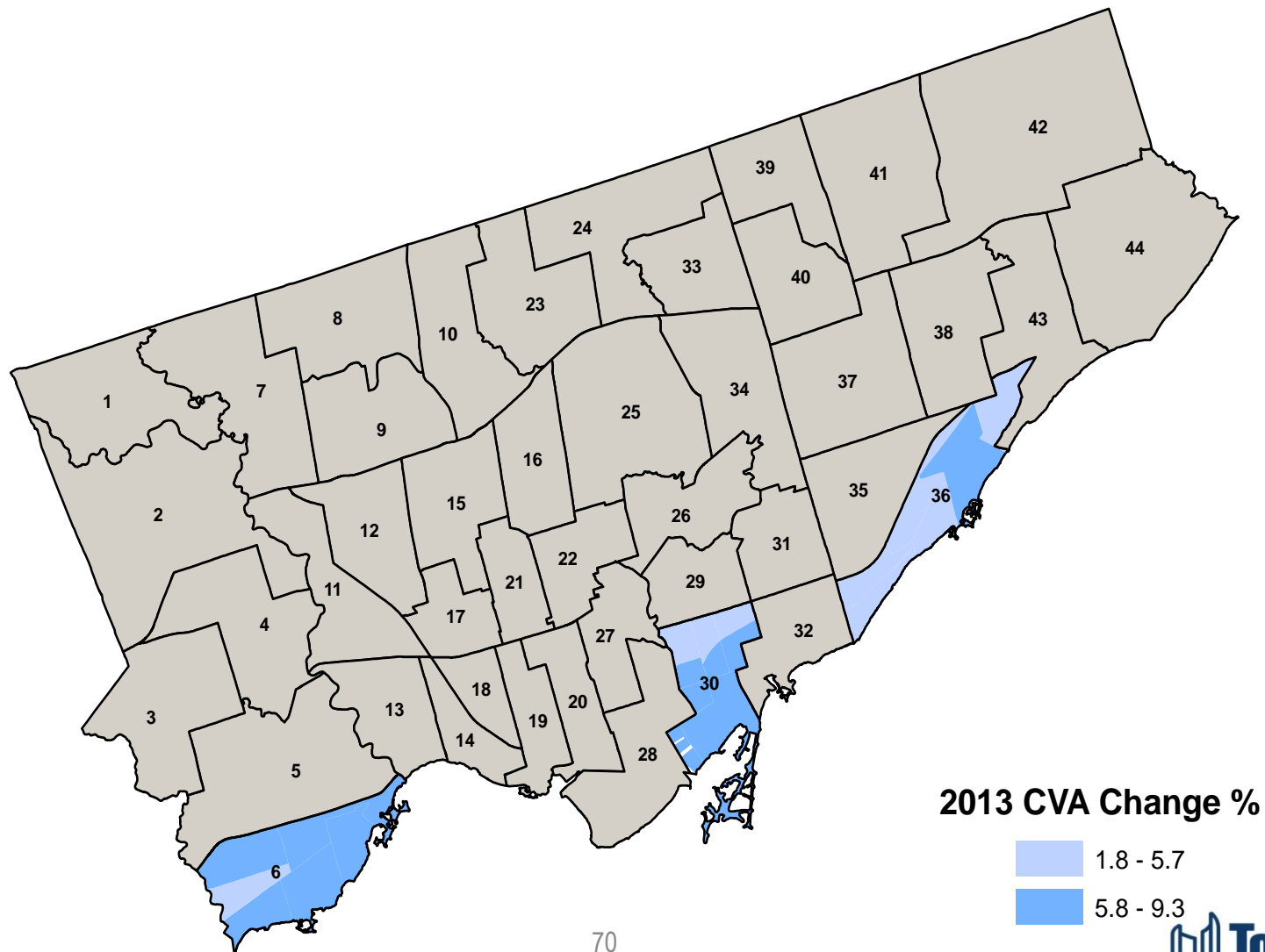
*No New
Revenue
to
City*

2013 CVA Changes

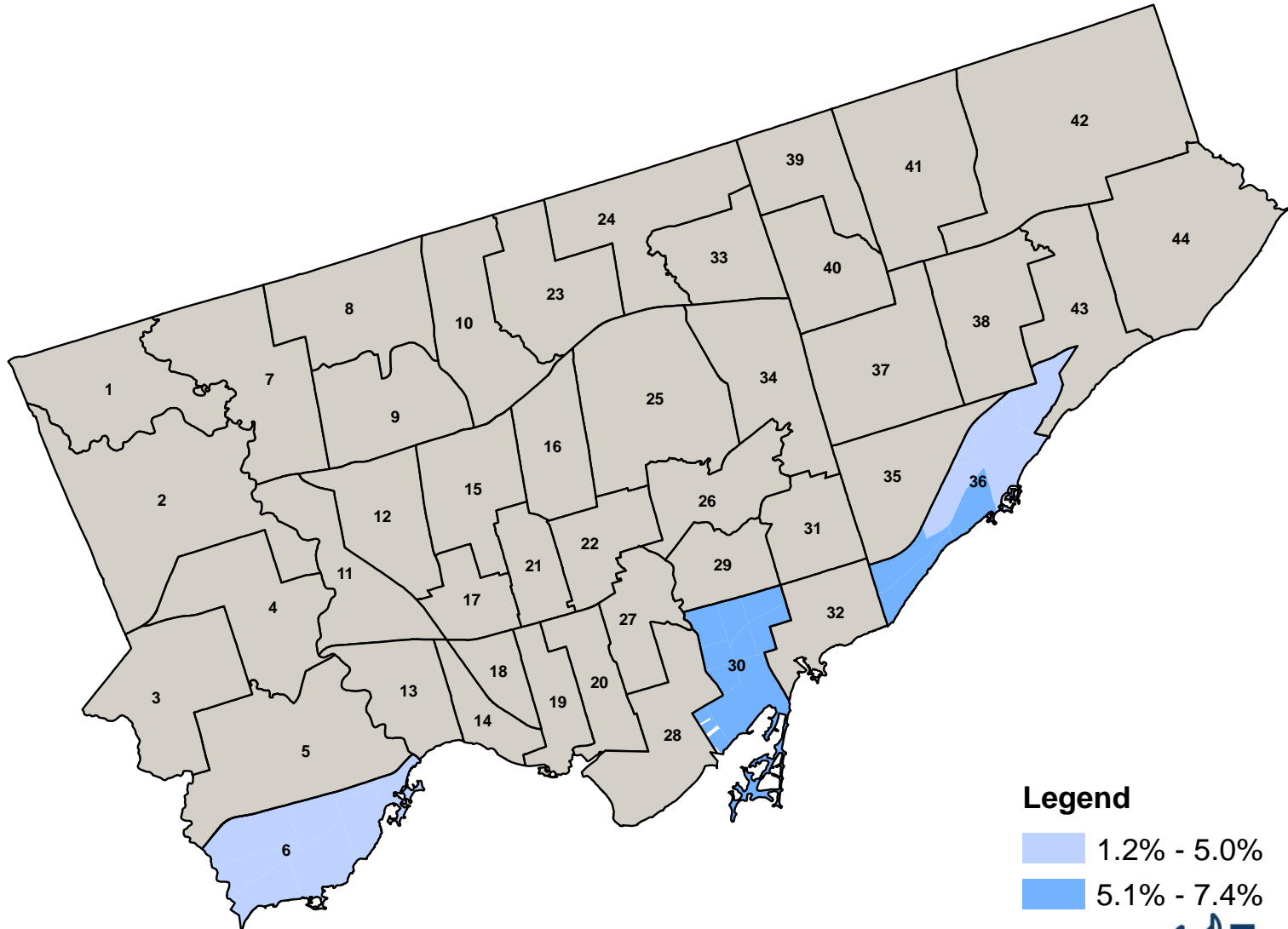
% CVA Change

| <u>Property Tax Class</u> | <u>Jan 1/08 – Jan 1/12</u> | <u>2013 Taxation (Annual)</u> |
|---------------------------|--------------------------------|-----------------------------------|
| Residential | 23.0% | 5.7% |
| Multi-Residential | 23.4% | 5.7% |
| Commercial | 22.1% | 5.2% |
| Industrial | <u>18.2%</u> | <u>4.3%</u> |
| Overall | 22.8% | 5.6% |

2013 Average Phased in CVA Change (Annual) Residential Property Class



2012 Average Phased in CVA Change (Annual) Residential Property Class



1. CVA -Tax shifts between properties within a class (Residential)

| | No. Properties | % of Properties | \$ Tax Impact (municipal)* | % Tax Impact |
|---------------------|-------------------|--------------------|----------------------------------|-----------------|
| Facing Increases | 357,374 | 51.6% | \$45.76 | 1.97% |
| Facing Decreases | 335,437 | 48.4% | (\$48.75) | -1.86% |
| All Residential | 692,811 | 100% | \$0 | 0% |

2013 Average Residential CVA = \$474,368

Average Municipal Tax \$2,470

2. CVA -Tax shifts between property classes

2013 CVA Changes (preliminary)

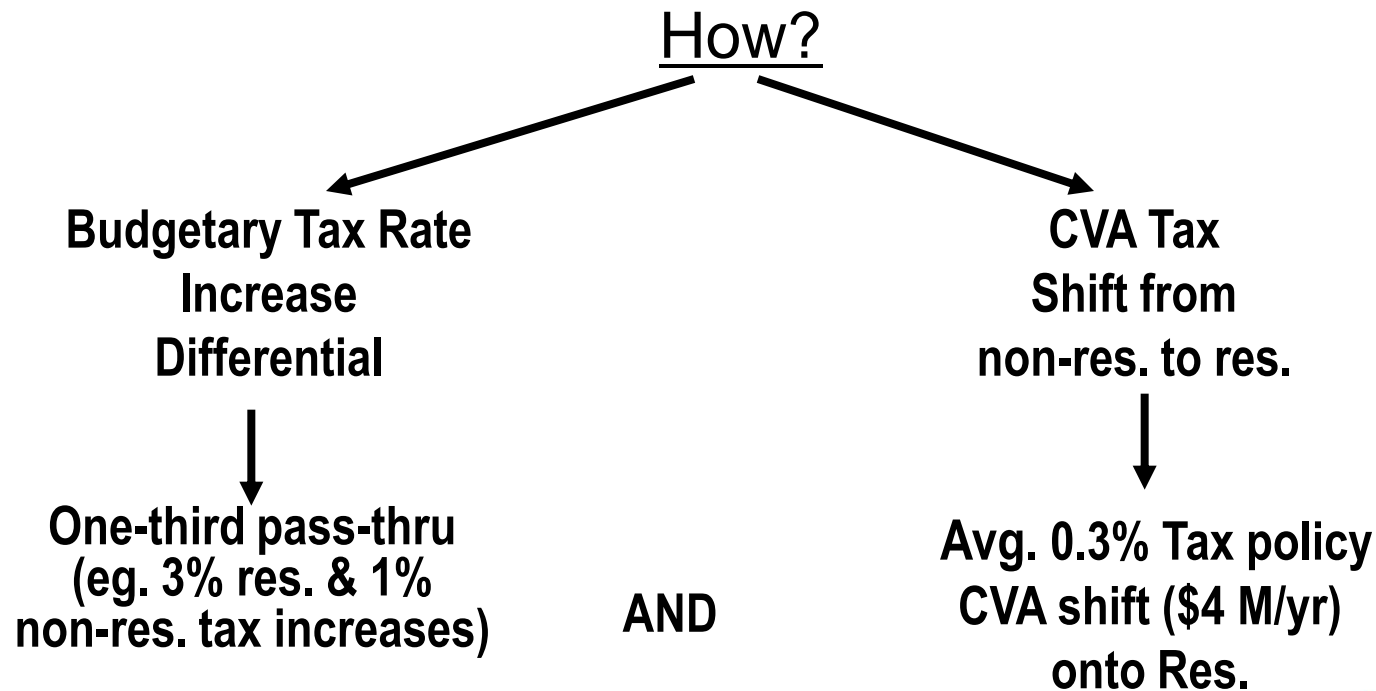
| <u>Property Tax Class</u> | <u>% CVA Change Jan 1/08 – Jan 1/12</u> | <u>% CVA Change for 2013 Taxation</u> | <u>CVA Re-Assessment Tax Impact (Based on Current Tax Ratios) \$M's</u> | <u>CVA Tax Impact %</u> |
|---------------------------|---|---------------------------------------|---|-------------------------|
| Residential | 23.0% | 5.7% | 3.6 | 0.21% |
| Multi-Residential | 23.4% | 5.7% | 1.3 | 0.26% |
| Commercial | 22.1% | 5.2% | (3.5) | -0.26% |
| Industrial | <u>18.2%</u> | <u>4.3%</u> | <u>(1.4)</u> | <u>-1.12%</u> |
| Overall | 22.8% | 5.6% | - | 0.00% |

CVA- Shift between classes

3. Policy Tax Shifts

Addressing imbalance in tax ratios - Approach

- Tax Ratio Target ☐ 2.5x residential rate
- Time Frame ☐ 15 years (by 2020)



Enhancing Toronto's Business Climate Tax Ratio Reduction Initiative

| | | Actual | | | | Projected | Target | | |
|-------------------|------|--------|------|------|---------------------------|---------------------------|--------|------|------|
| | 2006 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2020 |
| Residential | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Commercial | 3.68 | 3.37 | 3.26 | 3.23 | 3.17 (vs. 3.23 target) | 3.12 (vs. 3.15 target) | 3.08 | 3.00 | 2.50 |
| Industrial | 4.09 | 3.55 | | | | | | | |
| Multi-Residential | 3.63 | 3.38 | 3.31 | 3.31 | 3.26 (vs. 3.23 target) | 3.18 (vs. 3.15 target) | | | |
| Small Business | n/a | 3.26 | 2.97 | 2.93 | 2.81 (vs. 2.89 target) | 2.76 | 2.63 | 2.50 | |

Summary of 2013 Municipal Tax impacts

- 2.00% Scenario (% over 2012 taxes)

| Tax Class | Average CVA Impact | Average Policy Impact | Average Levy Impact | Average Total Impact | |
|-------------------------------|--------------------|-----------------------|---------------------|----------------------|-------------------------------|
| Residential | 0.21% | 0.30% | 2.00% | 2.51% | } <u>NET</u> 2.51% Res. |
| Multi-residential (Apartment) | 0.26% | -0.91% | 0.67% | 0.02% | |
| Commercial | 0.22% | -0.48% | 0.67% | 0.41% | } 0.22% Non-Res. |
| Commercial Large* | -0.69% | 0.29% | 0.67% | 0.27% | |
| Industrial | -1.12% | 0.28% | 0.67% | -0.17% | |
| City Average | 0.00% | 0.00% | 1.29% | 1.29% | |

*Commercial Large includes: office buildings >25,000 ft²; shopping centres >25,000 ft²; parking lots; professional sports facilities.

Impact of CVA, Policy and Levy on Average* Residential Home (preliminary)

Budgetary 2.00% Residential Tax Increase & 0.67% Non- Res. Increase

| | Impact on Average Residential Household | | |
|---|---|-------------------|--------------------------------|
| | % | \$ Per Household* | 2012 Tax = \$2,470 (municipal) |
| CVA-Shift between Residential Properties | 0.00% | \$0.00 | No New Revenue to City |
| CVA-Shift and Policy Shift between Property Classes | 0.51% | \$12.43 | |
| Budgetary Levy Increase (Res.*) | 2.00% | \$49.65 | |
| Average Net Impact on Homeowner | 2.51% | \$62.08 | 2013 Tax = \$2,532 |

*Average House Assessed at \$474,368

Average CVA Values for Single Family Detached Homes and All Residential Property Types

| | 2013 Phased- in CVA | 2014 Phased-in CVA | 2015 Phased-in CVA | 2016 Full CVA (Jan. 01/12 Valuation Basis) |
|---|---------------------------|--------------------------|--------------------------|--|
| All Residential Properties (includes semi's, town homes and condo's) | 474,368 | 500,346 | 526,327 | 552,307 |
| Single Family Detached Home | 614,869 | 646,852 | 678,836 | 711,542 |

Tax Assistance for Low Income Seniors & Persons with Disabilities:

| | Tax Increase Deferral Program | Tax Increase Cancellation Program |
|---------------------------|--|--|
| Seniors | <ul style="list-style-type: none"> - aged 65 years or older; or 60-64 years and receiving a Guaranteed Income Supplement (GIS) and/or Spousal Allowance; or aged 50 years or older and receiving either a registered pension or pension annuity. - household income \$50,000 or less | <ul style="list-style-type: none"> - aged 65 years or older; or 60-64 years and receiving a Guaranteed Income Supplement (GIS) and/or Spousal Allowance - household income \$36,000 or less - property CVA \$575,000 or less* |
| Persons With Disabilities | <ul style="list-style-type: none"> - No age requirement - receiving support from one or more specified disability programs - household income \$50,000 or less | <ul style="list-style-type: none"> - No age requirement - receiving support from one or more specified disability programs - household income \$36,000 or less - property CVA \$575,000 or less * |
| | | <p>* Recommend property CVA to be increased to \$650,000 for 2013 and 2014, and to \$715,000 for 2015 and 2016</p> |

Assessment Growth

| <u>Property Class</u> | <u>New Tax Levy from Growth</u> | <u>% Growth</u> |
|---------------------------------------|-------------------------------------|-----------------|
| Residential | 33.86 | 2.0% |
| Multi-Residential | (60.17) | -12.2% |
| Commercial | 6.99 | 0.5% |
| Industrial | <u>(3.03)</u> | <u>-2.4%</u> |
| All Classes | (22.23) | -0.6% |
| Adjustment for TCHC Tax Exemptions | <u>55.60</u> | |
| Net Revenue Change | 33.37 | 0.9% |

