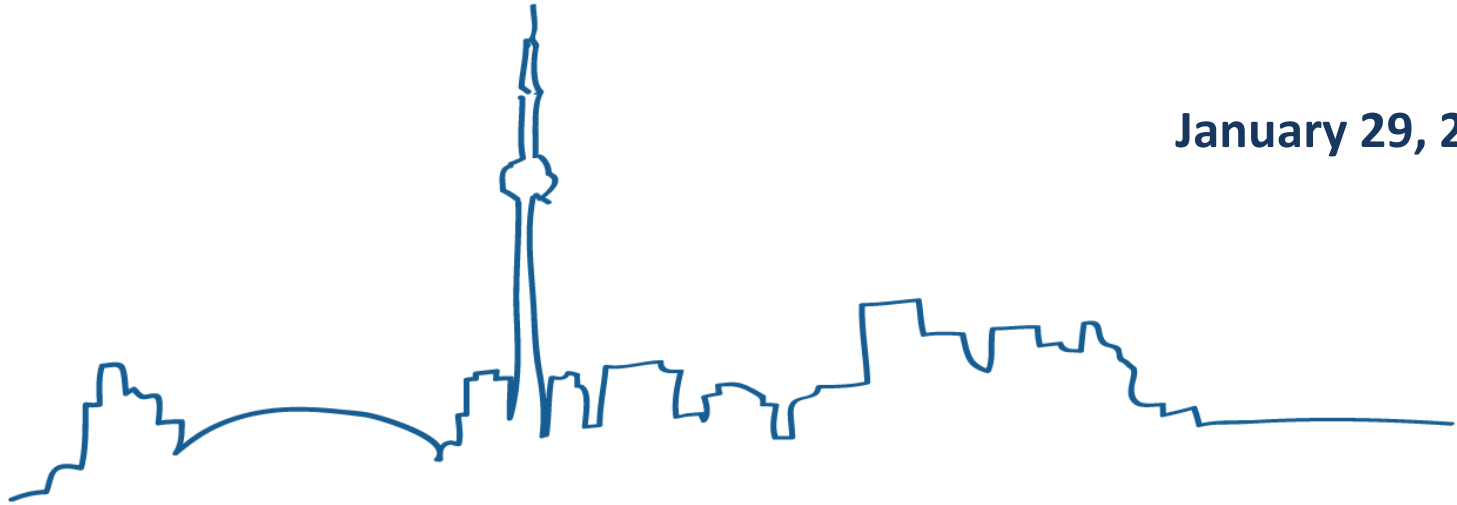


January 29, 2014



City Budget Presentation to Council

Tax Supported Operating and Capital Budget

Agenda

1. Budget Overview
2. 2014 Operating Budget
3. 2014 – 2023 Capital Budget and Plan
4. 2014 Reassessment and Tax Policy Impacts



2014 Budget Overview



Budget Overview – 2014 Strategic Goals

1. Strengthening Fiscal Health

- The budget meets our budgetary challenges to contain City expenditures to inflationary levels or less
- Minimizes tax increases and keeps Toronto competitive
- Improved the budget process and 1st year of Service Based Budget


2. Investing in the Future

- Focuses on key strategic priorities – addresses key service needs
- Makes new investments as directed by Council



Budget Context

The Challenge

- Opening Spending Pressure after revenue increases is more than \$200M:
 - inflationary expenditure increases
 - Capital financing pressures
 - depletion of reserves
- loss of \$129M provincial funding (Housing & OW) – 2014 to 2016
 - Loss of \$43M in 2014  - \$86M in 2015



Budget Context

The Challenge

- No use of previous year's surplus – 2 years in a row
- Continue to make infrastructure investments to reduce SOGR Backlog
- Remain within debt affordability ceiling
- Keep tax rate increases to a minimum and still address key Council investment priorities



2014 Budget Delivers

Operating Budget provides:

New & Enhanced Services

- Adding funding to meet TTC growth needs
- Investing more in front line Paramedics
- Adding more Fire Prevention Officers
- Provide resources to re-start hiring new Police Officers
- Increasing Supports for Arts & Culture
- Expanding Priority Centres
- Providing extra resources for Planning
- Opening new Libraries and Recreation Facilities



2014 Budget Delivers

Operating Budget provides:

New & Enhanced Services – Additional \$1.9 Million Investments Approved by Budget Committee (BC)

- Provide additional funding for increased food costs and expansion of Student Nutrition Program to 27 new sites
- Restore Funding for High Park Zoo
- Expand Library hours
- Add more By-Law Enforcement Officers
- Increase funding for CPIP
- Add 4 new youth lounges in 2014 (3 in 2015, 3 in 2016) *based on existing service delivery model*
- Accelerate Arts & Culture funding over 4 year period
- Expand Child Care Spaces



2014 Budget Delivers

Operating Budget provides:

New & Enhanced Services – Additional \$4.7 Million Investments Approved by Executive Committee (EC)

- Provide stabilization funding for Student Nutrition Program
- Add 4 new youth lounges in 2014 (3 in 2015, 3 in 2016) *based on St. Stephen's service delivery model*
- Funding to implement Toronto Youth Equity Strategy
- Expand Swim to Survive Program
- Expand After-School and Recreation (ARC) Program
- Provide funding for Major Theatres Strategic and Business Plan Implementation
- Fund Starter Company Program
- Added back a vehicle in Fire Services



2014 Budget Delivers

Capital Budget and Plan provides:

- More funding for the TTC for rolling stock and SOGR
- Rehabilitation of the Gardner Expressway
- Construction of the Fort York Visitor Centre
- New Wild Life Centre for the Zoo
- Centre Island Ferry Boat Replacement
- More Upgrades for BIA Streetscape Improvements
- Don Mills Civitan Arena
- TRCA funding to address critical erosion control and damage repairs
- Continued construction of various community centres such as York and Regent Park
- Traffic Congestion Management
- More investments in PF&R to address infrastructure backlog



2014 Budget Delivers

- Capital Budget & 10 year plan continues lower reliance on debt to improve fiscal sustainability
- Reaffirmed Strong Credit Ratings:
 - AA+ Moody's Investors Service
 - AA Stable – Standards and Poor's and DBRS
 - "The City of Toronto's credit rating of AA+ from Moody's Investor Services reflects:
 - low debt burden and low debt service ratios,
 - relatively high levels of cash reserves providing liquidity,
 - positive operating results over the past several years,
 - a large and diversified economy which represents a source of credit strength, and
 - an important economic role as Canada's largest urban centre and its financial capital"



2014 Operating Budget

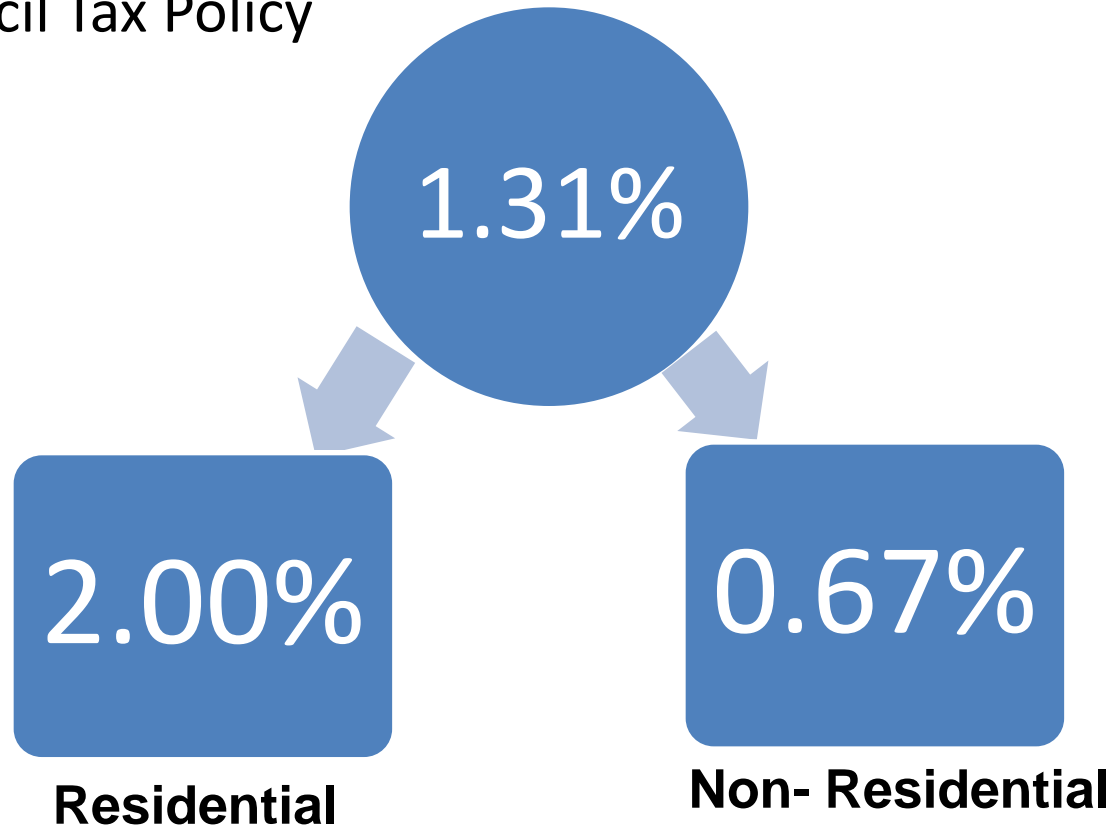
- BC reduced avg. tax rate increase from 1.31% to 0.82%
- 2nd year in a row that the Budget is balanced without using prior year surplus
- Minimizes tax increases and keeps Toronto competitive

2014 Budget			
	Staff Rec'd	BC Rec'd	EC Rec'd
Base Budget	0.94%	0.69%	0.34%
New & Enhanced Services	0.37%	0.41%	0.48%
Budget Tax Increase	1.31%	1.10%	0.82%



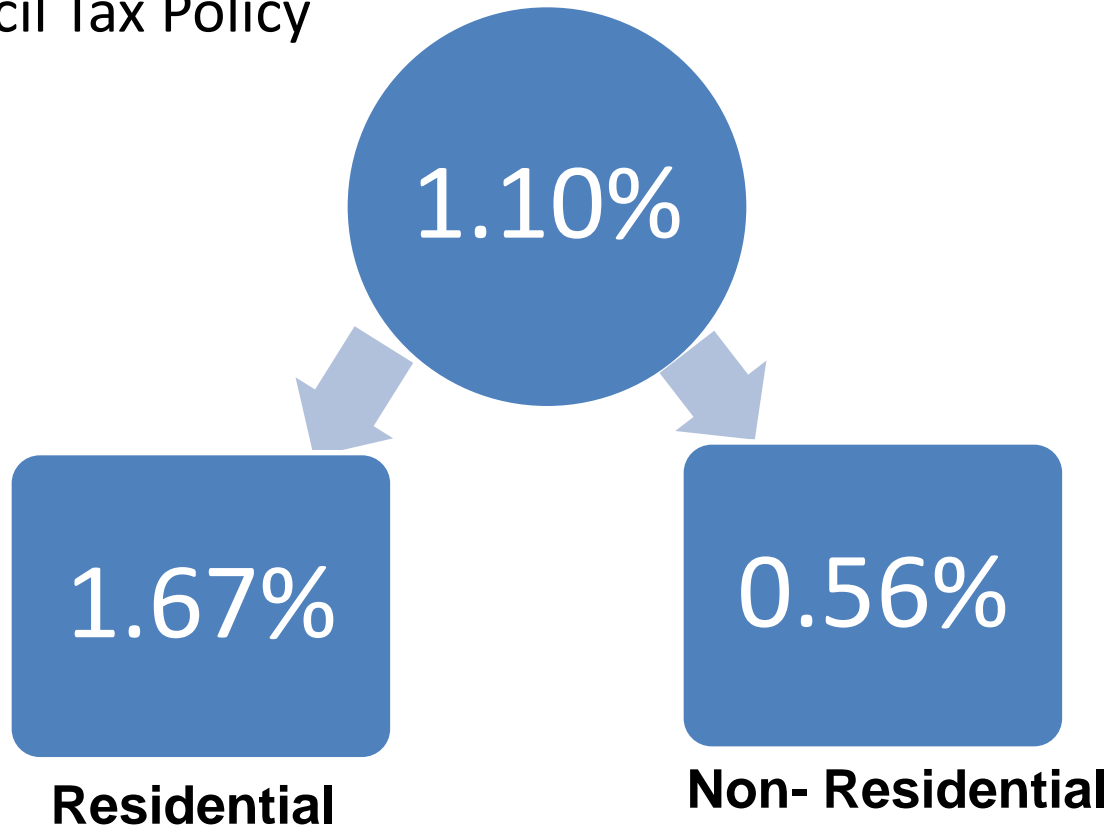
2014 Property Tax Increase – Staff Recommended

Per Council Tax Policy



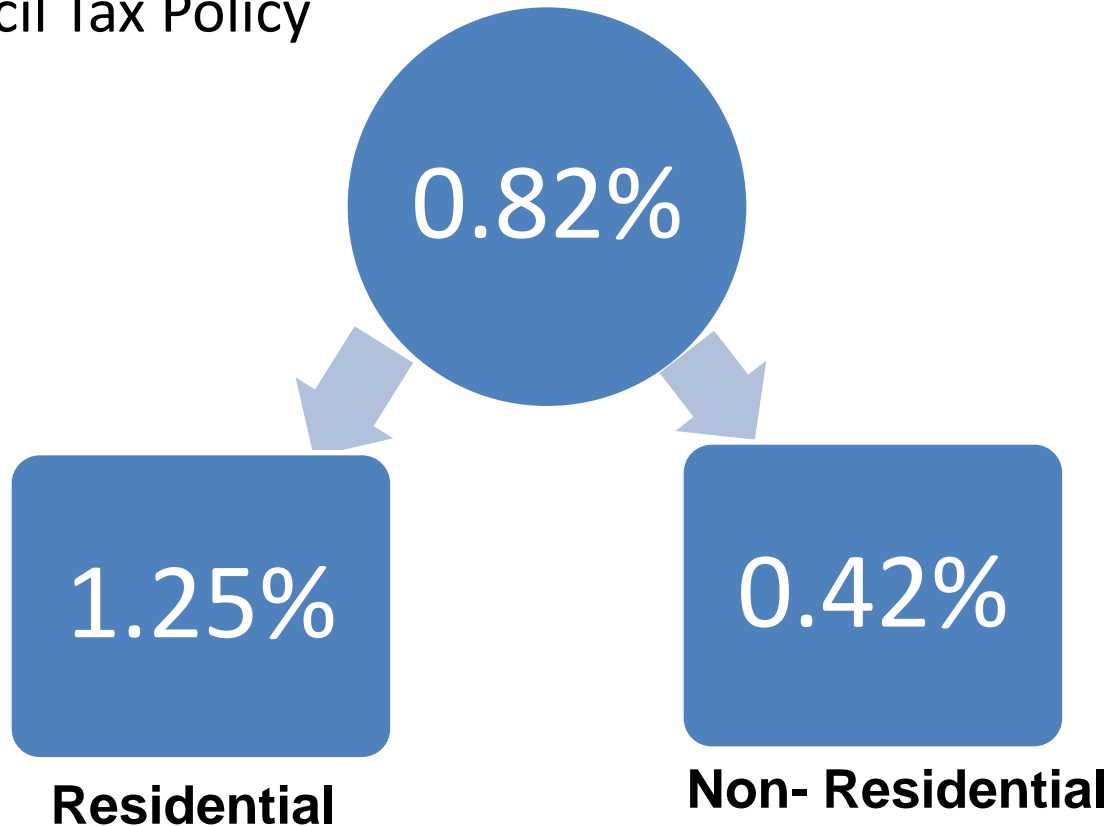
2014 Property Tax Increase – BC Recommended

Per Council Tax Policy



2014 Property Tax Increase – EC Recommended

Per Council Tax Policy



Summary – Executive Committee Recommended

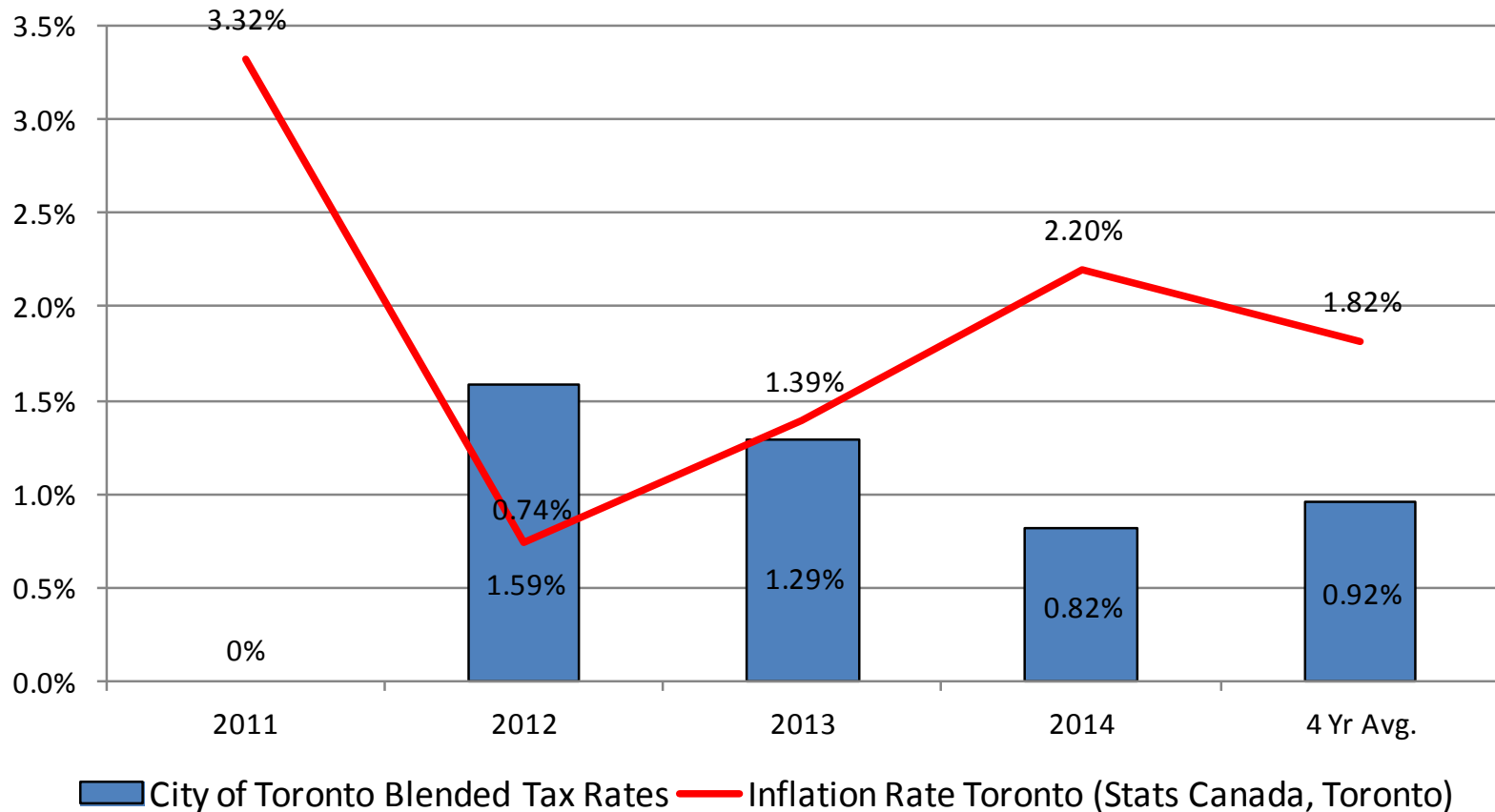
- ✓ Responsible fiscal framework
- ✓ Moderate TTC fare Increases
- ✓ Addresses key investments
- ✓ Keep taxes affordable

Residential taxes per household:

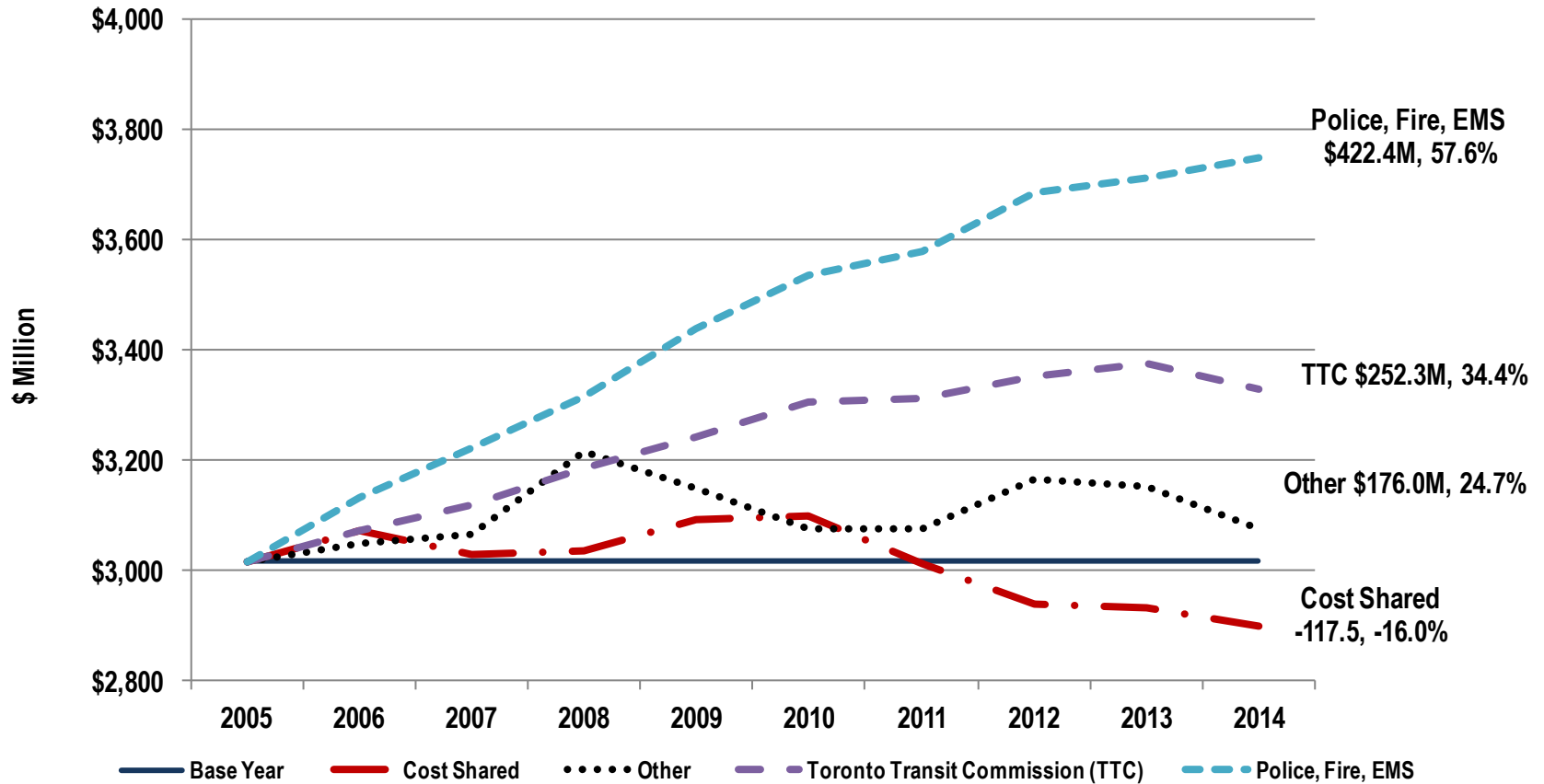
- **\$31** / 1.25% for 2014 Budget
- **\$13** / 0.50% for Scarborough Subway
- **\$44** / 1.75% in total



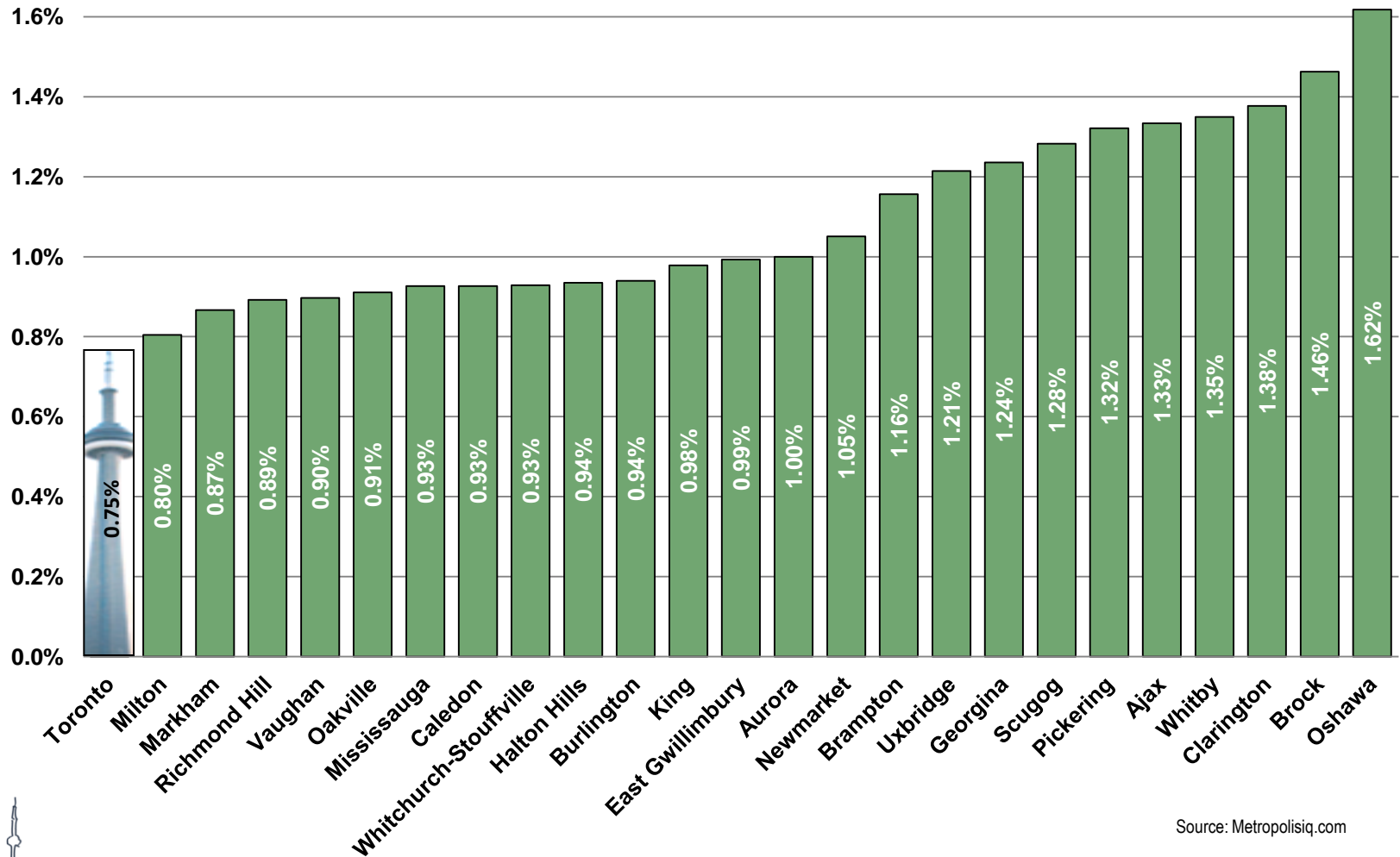
Average Tax % Increase vs. Inflation - Half of the Inflation Rate



91% of the Growth in Net Expenditures since 2005 is Due to Emergency Services and TTC



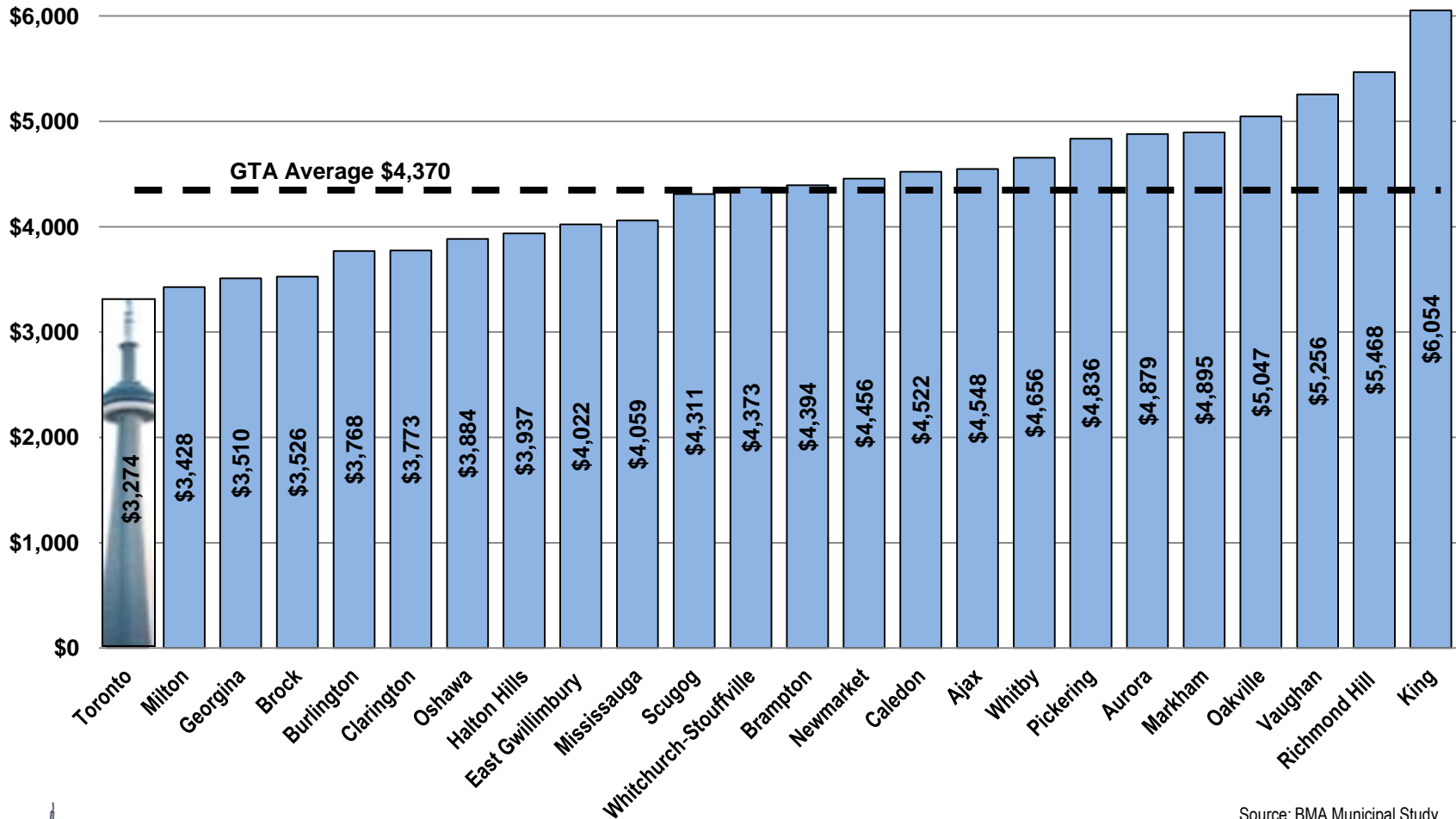
Comparison of 2013 Residential Property Tax Rates – GTA Municipalities



Source: Metropolisiq.com



Comparison of 2013 Average Property Taxes - GTA Municipalities - \$1,100 less than average



Source: BMA Municipal Study

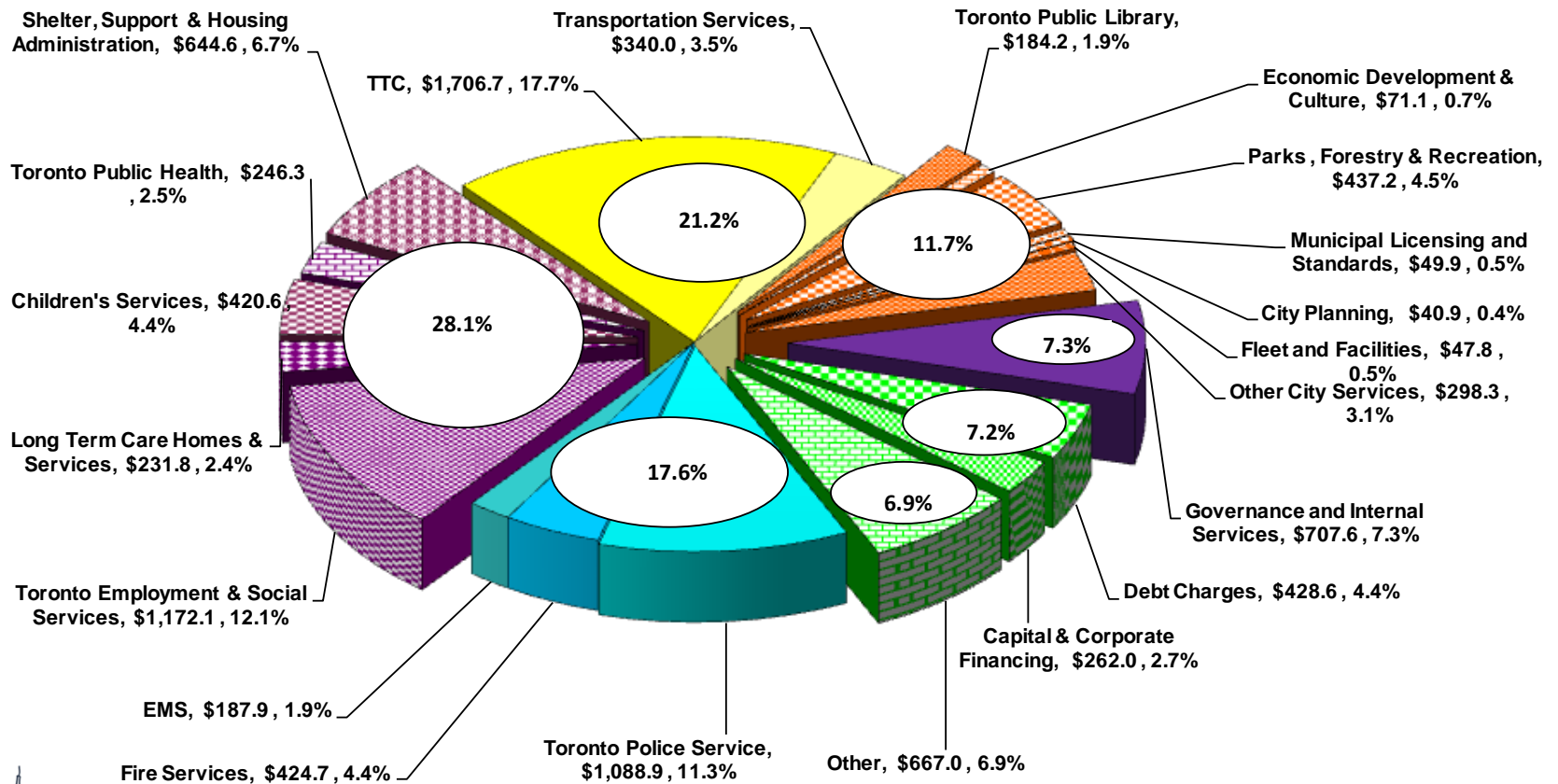


Operating Budget Summary



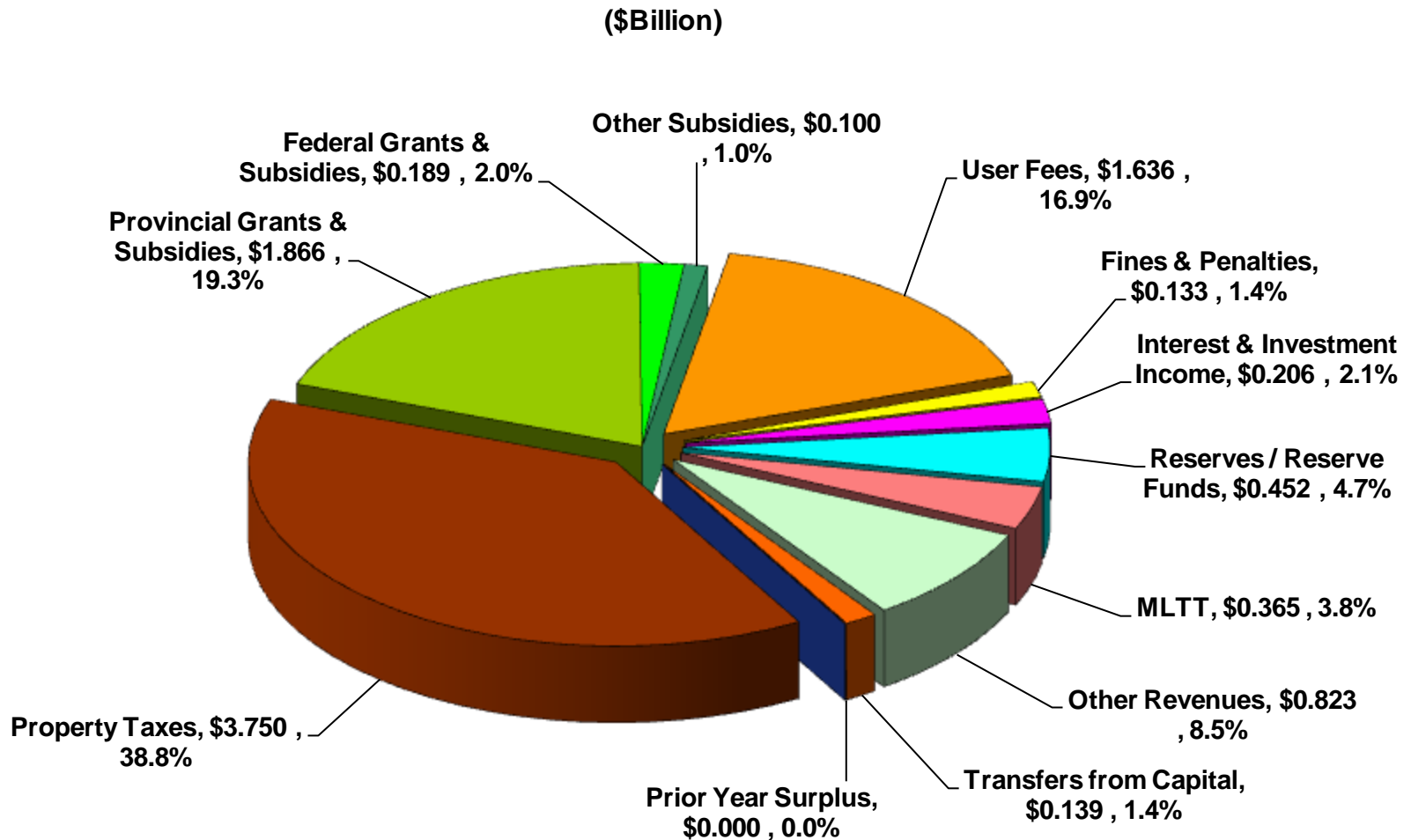
Where the 2014 Operating Budget will be Spent - Program Expenditures of \$9.658 Billion

(\$Million)



Where the Money Comes From

- Program Revenues of \$9.658 Billion



The City's 2014 Fiscal Challenge

City's One-time Funding

Prior Year Surplus 0

Depletion of Reserves 26

Total Unsustainable Balancing Strategies 26

Total Inflationary Pressure 160

Capital and Corporate Financing 37

Tax Deficiencies / Write-offs (20)

Operating Impact of Capital 8

Uploading of Service Costs (31)

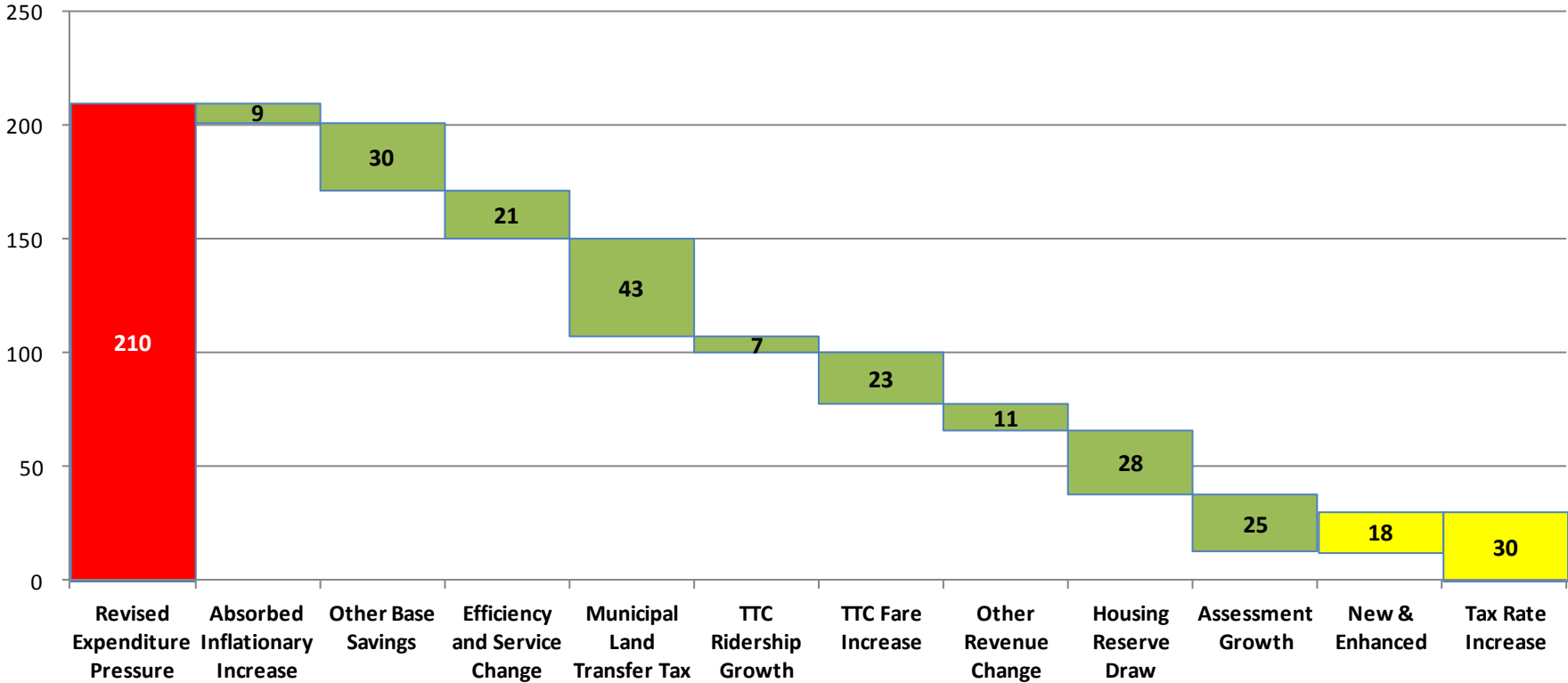
Other Expenditures 29

Total Expenditure Pressures 210



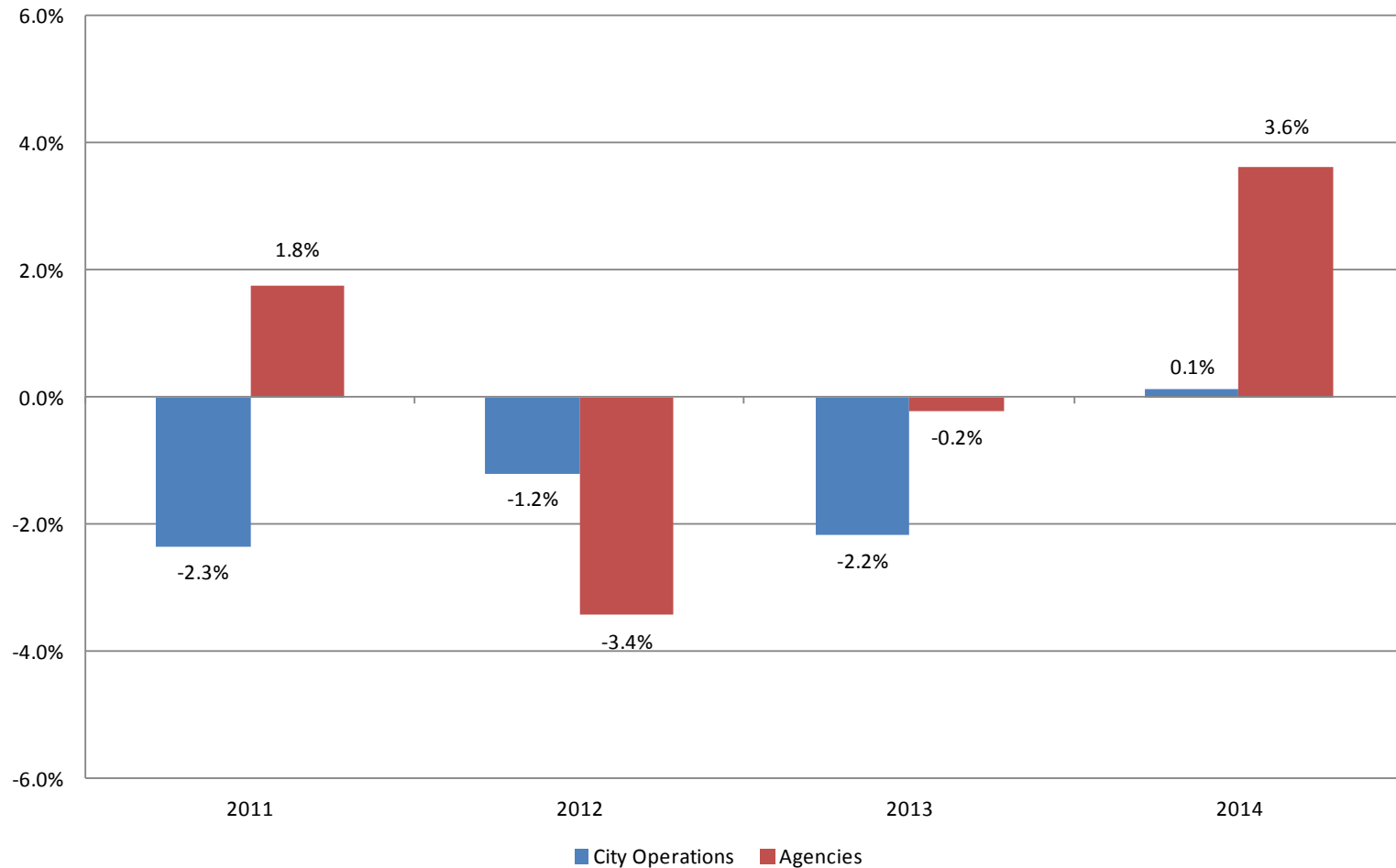
2014 Balancing Strategies

Balancing Pressure \$210 Million



Net Expenditure Increase: 2011 – 2014

City Operations and Agencies



2014 Tax Supported Program Operating Budget

- By Cluster

(\$000s)	2013 Budget		2014 Budget		Change from 2013 Over (Under)			
	Gross	Net	Gross	Net	Gross		Net	
					\$	%	\$	%
Citizen Centred Services "A"	3,297,748	932,119	3,262,176	919,297	(35,572)	(1.1%)	(12,822)	(1.4%)
Citizen Centred Services "B"	974,359	646,664	991,987	659,440	17,628	1.8%	12,775	2.0%
Internal Services	447,426	180,761	452,407	181,742	4,981	1.1%	981	0.5%
City Manager	52,815	44,811	54,569	45,259	1,753	3.3%	448	1.0%
Other City Programs	114,649	72,321	130,070	72,649	15,421	13.5%	329	0.5%
Accountability Offices	7,121	7,121	7,708	7,708	587	8.2%	587	8.2%
Total City Operations	4,894,118	1,883,797	4,898,916	1,886,095	4,798	0.1%	2,298	0.1%
TTC/Wheel Trans	1,643,318	507,774	1,706,721	534,504	63,403	3.9%	26,730	5.3%
Police Services and Board	1,022,501	930,865	1,088,860	960,019	66,359	6.5%	29,154	3.1%
Toronto Public Library	182,030	165,360	184,170	167,587	2,140	1.2%	2,228	1.3%
Toronto Public Health	244,424	50,420	246,259	52,764	1,835	0.8%	2,344	4.6%
Other Agencies	177,264	26,904	175,653	27,238	(1,611)	(0.9%)	334	1.2%
Agencies	3,269,537	1,681,323	3,401,662	1,742,113	132,125	4.0%	60,790	3.6%
Corporate Accounts:								0.0%
Capital & Corporate Financing	655,019	617,298	690,552	654,358	35,533	5.4%	37,060	6.0%
Non-Program Expenditures	639,008	489,564	657,515	475,061	18,507	2.9%	(14,503)	(3.0%)
Non-Program Revenues	9,136	(959,094)	9,445	(1,007,337)	310	3.4%	(48,243)	5.0%
Net Operating Budget	9,466,818	3,712,888	9,658,091	3,750,290	191,273	2.0%	37,401	1.0%
Assessment Change				(25,385)			(25,385)	0
TCHC Tax Exemption				18,415			18,415	0
Total Assessment Changes				(6,970)			(6,970)	
Net Operating Budget After	9,466,818	3,712,888	9,658,091	3,743,320	191,273	2.0%	30,432	0.8%

Staffing Impact

	2013 Approved Staff Complement	Temporary Capital	Operating Impacts of Capital	Service Change Adjustments	Other Adjustments	New Services	Total 2014 EC Rec'd Complement	Total Change
Citizen Centred Services "A"	12,187.5	7.0	49.7	(9.3)	78.7	113.3	12,426.8	239.3
Citizen Centred Services "B"	6,247.4	(2.0)	1.0	(11.0)	(44.3)	44.0	6,235.1	(12.3)
Internal Services	2,804.2	(8.5)	7.0		26.0	23.5	2,852.2	48.0
City Manager	442.5	1.0		(1.0)		5.0	447.5	5.0
Accountability Offices	50.3					0.5	50.8	0.5
Other City Programs	891.5	1.3	3.0	(4.0)	29.5	11.4	932.7	41.2
TOTAL - CITY OPERATIONS	22,623.4	(1.2)	60.7	(25.3)	89.9	197.7	22,945.1	321.7
Agencies								
Toronto Public Health	1,873.7	(1.9)			(11.5)	14.0	1,874.4	0.7
Toronto Public Library	1,713.4		20.0			4.0	1,737.4	24.0
Toronto Transit Commission	13,101.0	156.0	65.0	26.0	153.0	79.0	13,580.0	479.0
Exhibition Place	397.5						397.5	
Other Agencies	9,020.7		(1.0)	(9.2)	(7.7)	2.2	9,005.0	(15.7)
TOTAL - AGENCIES	26,106.3	154.2	84.0	16.8	133.8	99.2	26,594.3	488.0
TOTAL LEVY OPERATING BUDGET	48,729.7	153.0	144.7	(8.5)	223.7	296.9	49,539.4	809.7

- Total net staffing increase of 809.7 positions
- Increase primarily driven by TTC (479 positions) and PF&R (145 positions), operating impact from completed capital projects, and new/enhanced services



BC Summary - Key Budget Tax Rate Changes

	Residential	Non-Residential
Staff Rec'd Tax Rate increase at Launch	2.00%	0.67%
<u>BC Rec'd Tax Rate Changes:</u>		
Adjustment to MLTT to reduce Tax Rate	(0.27%)	(0.09%)
Adjustment for Unallocated Assessment Growth	(0.06%)	(0.02%)
BC Recommended Tax Increase	1.67%	0.56%
<u>Executive Committee Rec'ommended Tax Rate Change</u>		
Increasing Tree Management offset by Unallocated Assessment Growth	0.06%	0.02%
Adjustment to MLTT to reduce Tax Rate	(0.48%)	(0.16%)
Sub-Total	1.25%	0.42%
Scarborough Subway	0.50%	0.17%
Total Key Budget Tax Rate Impact	1.75%	0.58%



2014 Budget Committee Recommended Changes

(\$000s)	Positions	2014			2015 Net	2016 Net
		Gross	Revenue	Net		
2014 Staff Rec'd Operating Budget - November 25, 2013	49,485.8	9,596,515.3	5,831,303.4	3,765,211.9		
MLT revenue to reduce Residential Tax Rate increase from 2.0% to 1.75%			6,507.0	(6,507.0)		
Parks, Forestry and Recreation: Restore funding to the High Park Zoo			(229.0)	229.0		
Toronto Public Health: Economic increase for the Student Nutrition Program		214.1		214.1		
Toronto Public Library: Addition of 1,797 hours for Public Libraries annually	4.0	260.0		260.0		
Municipal Licensing and Standards: 2 new by-law officers to increase re-inspection rate on property standard for 2014 and 2 additional in 2015, subject to budget process	2.0	190.0		190.0	190.0	
Social Development, Finance and Administration: 2.2% economic factor increase for CPIP		390.0		390.0		
Parks, Forestry and Recreation: 4 new youth spaces based on the existing delivery model and an additional 6 subject to budget process	3.8	186.0		186.0	395.0	249.0
Auditor General's Office: Additional 0.5 FTE	0.5	46.0		46.0		
Toronto Public Health: Student nutrition programs to 27 additional schools		394.3		394.3		
Sub-Total		1,680.4	(229.0)	1,909.4	585.0	249.0



2014 Budget Committee Recommended Changes

(\$000s)	Positions	2014			2015 Net	2016 Net
		Gross	Revenue	Net		
Other Changes						
Office of the Ombudsman: 1 new staff position not recommended.	(1.0)	(89.2)		(89.2)		
Transportation: (1) Budget increase to the Road and Sidewalk Management Service and StART (StreetARToronto). (2) StART Program commissioned on behalf on Metrolinx		350.0 800.0	350.0 800.0			
Economic Development and Culture: Accelerate arts funding to \$25 per capita over a 4 year period.		1,500.0	1,500.0		500.0	1,500.0
Shelter Support and Housing Administration: Funding for Toronto Community Housing Company's capital repair backlog, based on a Ten-Year Approved Plan		5,000.0	5,000.0			
Non Program (Other Corporate Expenditures): Technical Adjustment to align funding in Shelter, Support and Housing Administration for an offset to Toronto Pooling Compensation Loss		380.0	380.0			
Children's Services: Addition of 668 spaces or 5% for the Equity Service Standard groups and Special Needs Resourcing	6.0	17,184.0	17,184.0			
2014 BC Rec'd Operating Budget Before Assessment Growth and TCHC	49,501.1	9,623,320.5	5,862,795.4	3,760,525.1	1,085.0	1,749.0
Assessment Growth				(22,000.0)		
Additional Assessment Growth				(3,385.0)		
TCHC Exempt				18,415.4		
2014 BC Rec'd Operating Budget as Jan. 8, 2014	49,501.1	9,623,320.5	5,862,795.4	3,753,555.6	1,085.0	1,749.0



2014 Executive Committee Recommended Changes – Funded by MLTT

	Approved Positions	2014 Operating Budget (\$000s)			2015 (\$000s)	2016 (\$000s)
		Gross	Revenue	Net	Net	Net
2014 Budget Committee Recommended Operating Budget as January 8, 2014	49,501.1	9,623,320.5	5,862,795.4	3,760,525.1	1,085.0	1,749.0
Changes Using MLTT as Funding Source:						
Municipal Land Transfer Tax - reduce the base budget residential tax increase, inclusive of the tree canopy budget and Scarborough Subway from 1.75% to 1.25%			11,800.0	(11,800.0)		
Economic Development & Culture - implementation of recommendations arising from the Major Civic Theatres - Strategic and Business Plans		200.0		200.0		
Parks, Forestry & Recreation - 8 site expansion of the After-School Recreation and Care (ARC) Program	9.3	409.1	34.1	375.0	357.8	
Fire Services - costs to maintain an existing truck in service	21.0	1,998.0		1,998.0		
Parks, Forestry & Recreation - including new youth spaces	4.0	192.0		192.0	480.0	288.0
Social Development, Finance & Admin - added to operating budget for Social Development, Finance and Administration	2.0	436.0		436.0		
Toronto Public Health - allocated for the stabilization of existing student nutrition programs		1,163.1		1,163.1		
Parks, Forestry & Recreation - eliminate the Leisure Swim Fee in indoor pools across the City and expand the Swim to Survive Program	2.0	125.0	(250.0)	375.0	860.0	270.0
Toronto Public Health - adjust for provincial funding for Healthy Smiles Ontario and Children in Need of Treatment (CINOT) Expansion Dental Programs		(53.8)	(40.3)	(13.5)		
Municipal Land Transfer Tax - Offset			4,726.0	(4,726.0)		

2014 Executive Committee Recommended Changes – Funded by Other Sources of Revenue

	Approved Positions	2014 Operating Budget (\$000s)			2015 (\$000s)	2016 (\$000s)
		Gross	Revenue	Net	Net	Net
2014 Budget Committee Recommended Operating Budget as January 8, 2014	49,501.1	9,623,320.5	5,862,795.4	3,760,525.1	1,085.0	1,749.0
Other Changes with Various Funding Sources:						
Toronto Public Health - reduction for the Healthy Smiles Ontario Dental Program to reflect confirmed Provincial funding		(1,342.5)	(1,342.5)	0.0		
Economic Development & Culture - deliver Starter Company Program Funded by the Ministry of Economic Development, Trade and Employment		267.5	267.5	0.0		
Ice Storm Cleanup - Various Programs		29,811.0	29,811.0	0.0		
Parks, Forestry & Recreation Tree Canopy Maintenance offset by Unallocated Assessment Growth		1,564.8		1,564.8		
2014 Executive Committee Recommended Operating Budget as January 22, 2014	49,539.4	9,658,090.7	5,907,801.2	3,750,289.5	2,782.8	2,307.0
Assessment Growth				(22,000.0)		
Additional Assessment Growth				(3,385.0)		
TCHC Exemption				18,415.0		
2014 Executive Committee Recommended Operating Budget as January 22, 2014	49,539.4	9,658,090.7	5,907,801.2	3,743,319.5	2,782.8	2,307.0

2014 Municipal Land Transfer Tax Changes

\$ Million	2014 MLTT	Tax Reduction	New Spending
Staff Recommended MLTT Budget	335.1		
BC Recommended Change	6.5	6.5	
EC Recommended Change	16.5	11.8	4.7
Total Recommended Changes	23.0	18.3	4.7
Recommended 2014 MLTT Revenue	358.1		

- Projected 2013 Actuals = \$350 Million approximately



2014 Budget Tax Impact: *Total Average*

	<u>Net Budget Increase (\$M)</u>	<u>Tax % Increase on Average</u>
Base Budget	5	0.12%
New Facilities (Operating Impact)	8	0.22%
<u>New/Enhanced - \$46M Gross</u>	18	0.48%
Total Budget	30	0.82%
<u>Scarborough Subway (Council Approved)</u>		0.33%
<u>Tax incl. Scarborough Subway</u>		1.15%



2014 Budget Tax Impacts: *Residential*

	<u>Net Budget Increase (\$M)</u>	<u>Tax % Increase on Residential</u>
Base Budget	5	0.19%
New Facilities (Operating Impact)	8	0.33%
<u>New/Enhanced - \$46M Gross</u>	<u>18</u>	<u>0.73%</u>
Total Budget	30	1.25%
<u>Scarborough Subway (Council Approved)</u>		<u>0.50%</u>
<u>Tax incl. Scarborough Subway</u>		<u>1.75%</u>

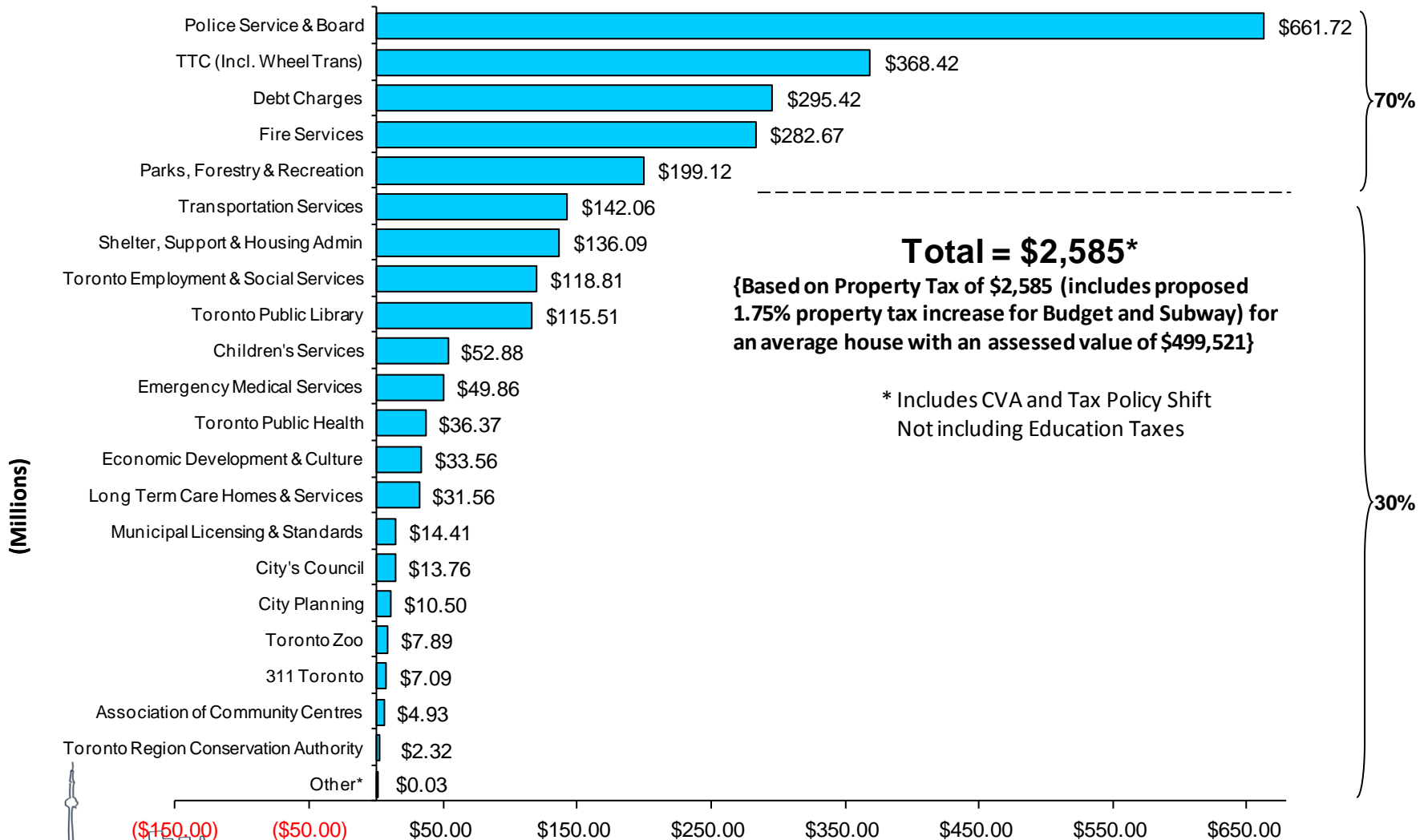


2014 Budget Tax Impacts: *Non-Residential*

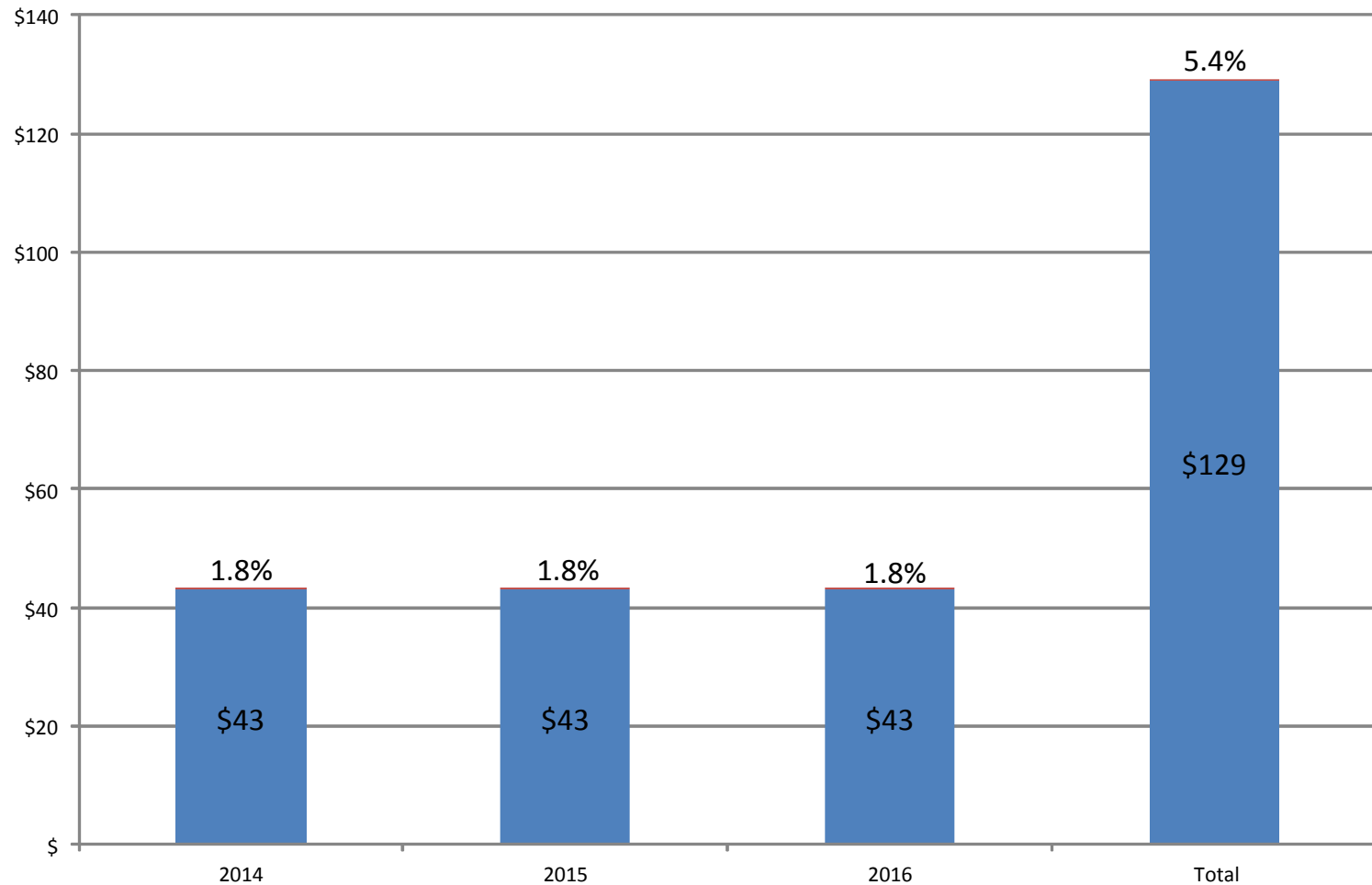
	<u>Net Budget Increase (\$M)</u>	<u>Tax % Increase on Non- Residential</u>
Base Budget	5	0.06%
New Facilities (Operating Impact)	8	0.11%
New/Enhanced - \$46M Gross	18	0.24%
Total Budget	30	0.42%
Scarborough Subway (Council Approved)		0.17%
Tax incl. Scarborough Subway		0.58%



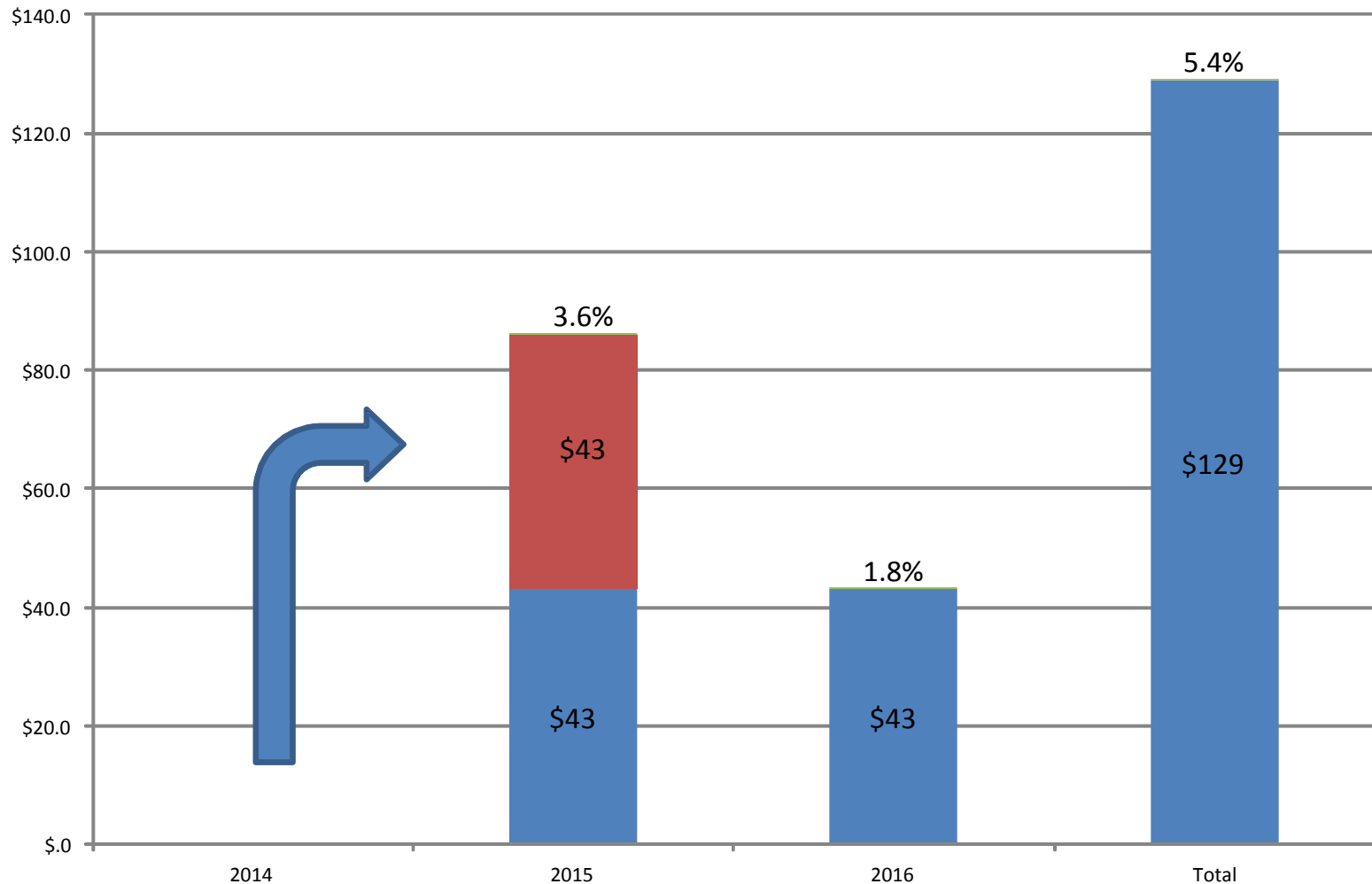
Where the 2014 Property Taxes are Spent



Provincial Funding Loss– 2014 to 2016 (\$ Millions)



Provincial Funding Loss– 2014 to 2016 (\$ Millions)



2015 /2016 Outlook (Incremental Change)

(\$ Millions)	<u>2015</u>	<u>2016</u>
Compensation & Benefits	68	36
Non-labour Inflationary Impact	8	7
Annualization of Prior Year Decisions	34	9
Operating Impact of Completed Capital Projects	13	7
Depletion of Reserves	30	16
Other Base Budget Changes	13	9
CFC (Capital From Current)	22	24
Debt Charges	42	39
TTC (before ridership growth)	101	76
Other Expenditures	73	101
Total Expenditure Pressures	403	325



2015 /2016 Outlook (Incremental Change)

(\$ Millions)	<u>2015</u>	<u>2016</u>
Revenue Change:		
TTC Ridership Growth	(17)	(16)
Uploading of Services	(17)	(20)
Dividend Income	(5)	(5)
User Fees/Revenue Change	(4)	(1)
Parking Authority Revenues	6	(2)
Provincial Funding Loss	86	43
Total Revenue Change	<u>49</u>	<u>(1)</u>
Pressure after Revenue Changes:	<u>452</u>	<u>324</u>
TTC Fare Increase (10 Cents)	(40)	(40)
Property Tax Rate Increase		
-(2.0% Residential/0.67% Non-Residential)	(49)	(50)
Assessment Growth	(30)	(30)
Efficiency Target	<u>333</u>	<u>204</u>



Staff Recommended Tax Supported Capital Budget and Plan



Budget Context

The Challenge

- Increased investment need in SOGR
 - Gardiner Expressway; TTC; Parks, Forestry & Recreation
- Uncertainty over Federal and Provincial Funding
- Accommodate Ridership Growth
- Keep debt service costs below the 15% guideline
- Future TTC Requirements



Capital Budget and Plan

- 2013 to 2022 Budget and Plan was \$15.260 Billion
- 2014 to 2023 Budget and Plan is \$18.612 Billion, with increased investments in:
 - Transportation Services: \$137million
 - Parks, Forestry & Recreation: \$286 million
 - Scarborough Subway: \$3.437 billion

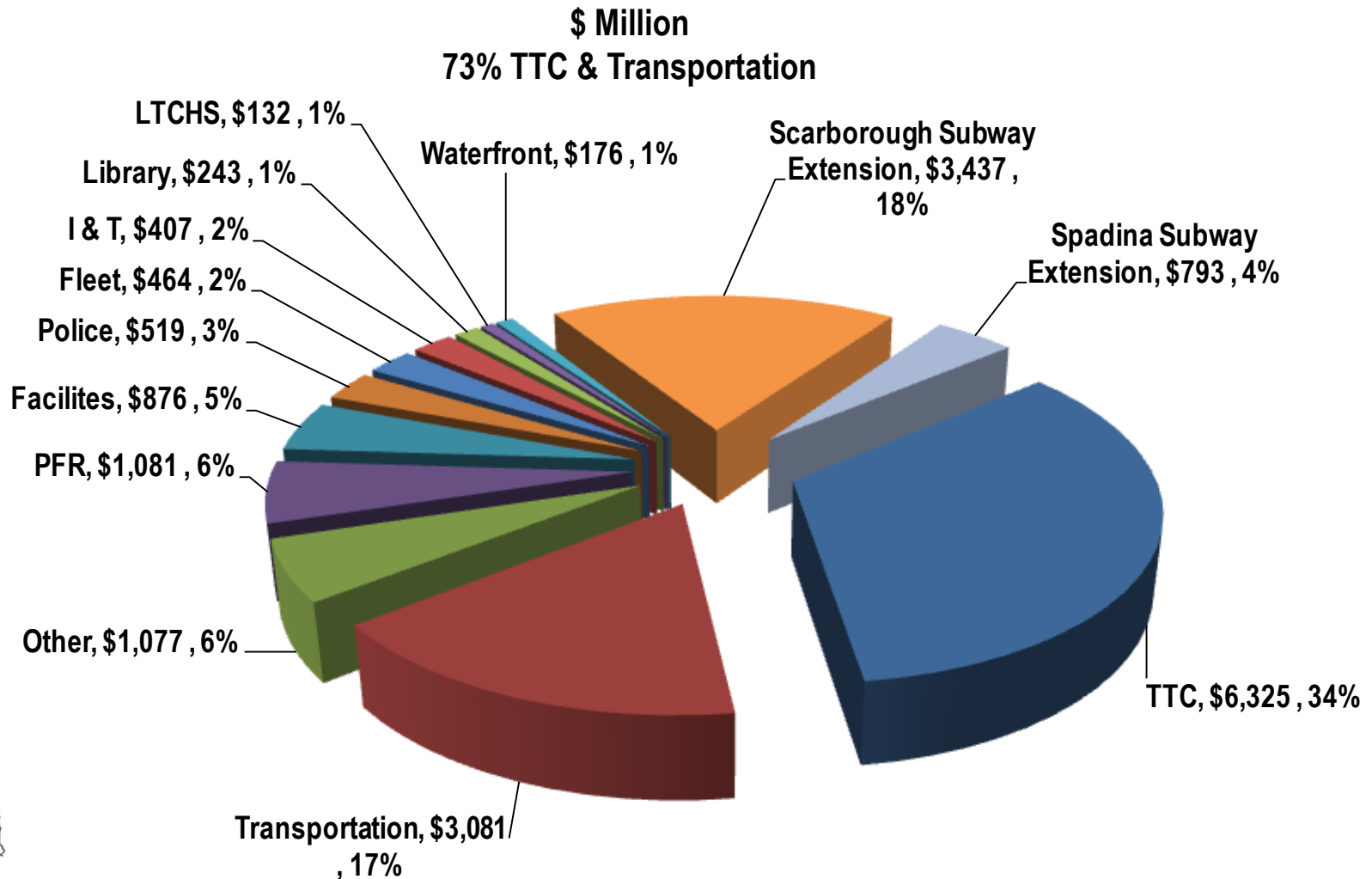


2014 Budget Committee Recommended Changes

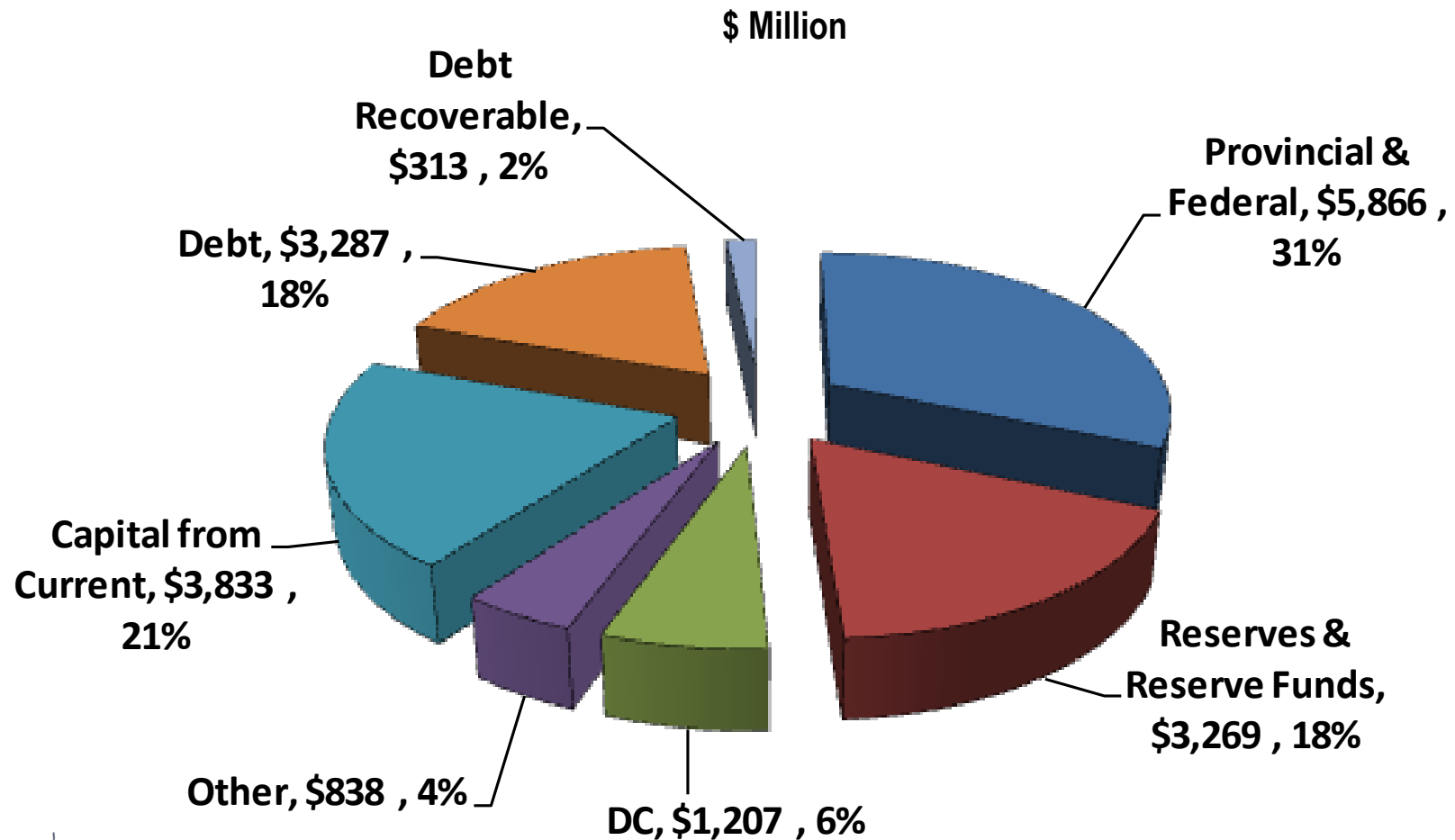
\$ Millions	2014		2015 - 2023		2014 - 2023	
	Gross Exp.	Debt / CFC	Gross Exp.	Debt / CFC	Gross Exp.	Debt / CFC
2014 Staff Recommended Capital Budget and Plan	3,012.9	1,229.3	15,598.3	5,890.6	18,611.2	7,119.9
Transportation Services						
Six Points Interchange Development	2.5		(2.5)		-	
Facilities Management & Real Estate						
Union Station Revitalization Project (Great Hall lighting (\$0.750M) & Heritage Implementation Plan (\$0.250M))	1.0				1.0	
Office of the Lobbyist Register						
Deferral of new contract management software to 2015	(0.4)		0.4		-	
Sub-total BC Changes	3.1	0.0	(2.1)	0.0	1.0	0.0
2014 BC Recommended Capital Budget and Plan	3,016.0	1,229.3	15,596.2	5,890.6	18,612.2	7,119.9
No Changes from Executive Committee						



2014 – 2023 Capital Budget and Plan is \$18.612 Billion - Where the Money Goes



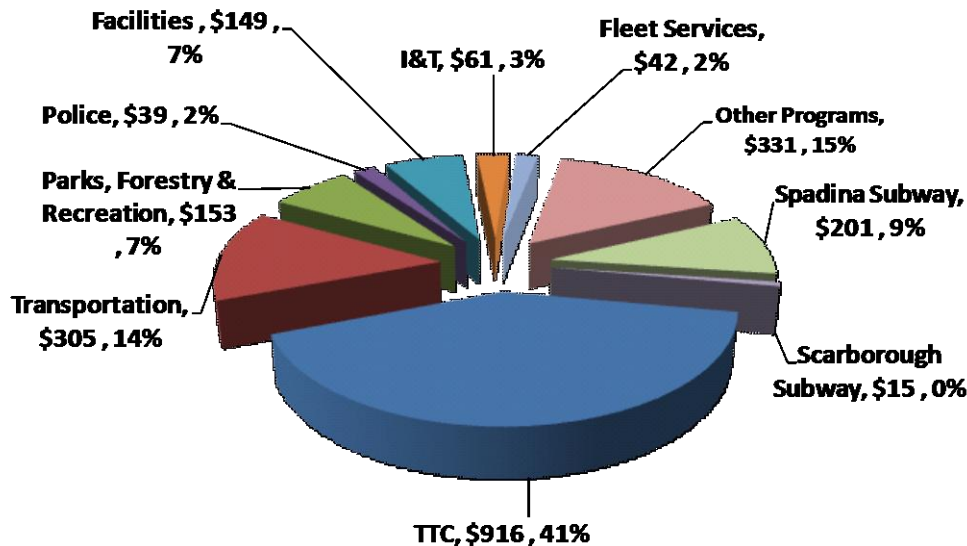
2014 – 2023 Capital Budget & Plan - \$18.612 Billion- Where the Money Comes From



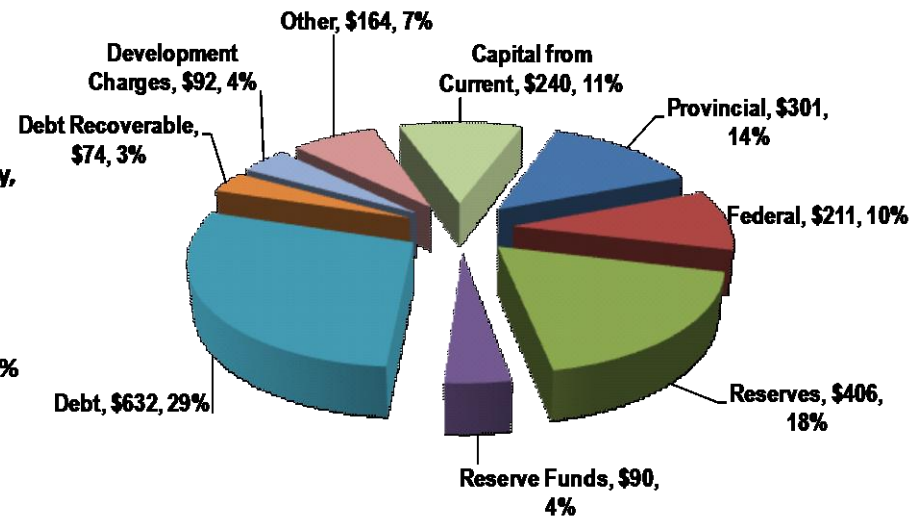
2014 Capital Budget - \$2.211 Billion

\$ Million

2014 Capital Budget & Plan
Where the money goes
65% TTC & Transportation



2014 Capital Budget & Plan
Where the money comes from
Debt Funding 29%



2014 – 2023 Capital Budget and Plan

- by Category and Financing Source

\$ Million

Expenditures	Capital Plan					2014-2018		2019 - 2022		2014 - 2023	
	2014	2015	2016	2017	2018	Total	%	Total	%	Total	%
Health and Safety	22	28	30	24	16	121	1.1%	97	1.2%	218	1.2%
Legislated	61	80	91	80	77	388	3.7%	50	0.6%	438	2.4%
State of Good Repair	1,359	1,532	1,291	1,272	1,134	6,588	62.4%	4,556	56.6%	11,144	59.9%
Service Improvement	300	342	228	139	92	1,102	10.4%	315	3.9%	1,417	7.6%
Growth Related	469	517	557	371	445	2,360	22.4%	3,036	37.7%	5,396	29.0%
Total Expenditures	2,211	2,500	2,197	1,886	1,765	10,559	100%	8,053	100%	18,612	100.0%
Funded By:											
Provincial	301	389	349	219	305	1,563	14.8%	1,935	24.0%	3,498	18.8%
Federal	211	231	229	189	221	1,081	10.2%	1,287	16.0%	2,368	12.7%
Reserves	406	417	350	341	284	1,797	17.0%	1,009	12.5%	2,806	15.1%
Reserve Funds	90	56	64	56	92	356	3.4%	106	1.3%	463	2.5%
Debt Rec	74	96	31	22	15	238	2.2%	75	0.9%	313	1.7%
DC	92	144	171	148	100	655	6.2%	551	6.8%	1,207	6.5%
Other	164	196	159	56	53	627	5.9%	210	2.6%	838	4.5%
Capital from Current	240	265	291	320	352	1,468	13.9%	2,364	29.4%	3,833	20.6%
Debt	632	706	554	537	344	2,773	26.3%	515	6.4%	3,287	17.7%
Total Funding	2,211	2,500	2,197	1,886	1,765	10,559	100.0%	8,053	100.0%	18,612	100.0%

Includes Scarborough Subway



Capital Financing Strategy

Description (\$ Millions)	2012 - 2013 Secured Revenue		2014 and Future Year Capital Financing Strategy Revenue Estimates										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Enwave / Enwave Dividend / TPLC Dividend	219												219
Prior Year Operating Surplus	215	186	70	50	50	50	50	50	50	50	50	50	921
DC Increases								25	25	25	25	25	125
Future Years BT Dividend	20	10		35	35	45	50	50	50	50	50	50	445
Future Years Fed/Prov							50	50	50	50	50		250
TPA One-Time and Other			2	10	41								53
Total:	454	196	72	95	126	95	150	175	175	175	175	125	2,013

Description (\$ Millions)	2012 - 2013 Capital Funding		2014 & Future Year Funding Requirements										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
TTC Capital	45	60	252	228	195	165	114	116	60				1,234
Transportation Capital		15	61	64	68	77	78	69	77	78	79	90	756
FM&RE Capital					15								15
Total	45	75	313	292	278	242	192	185	137	78	79	90	2,005



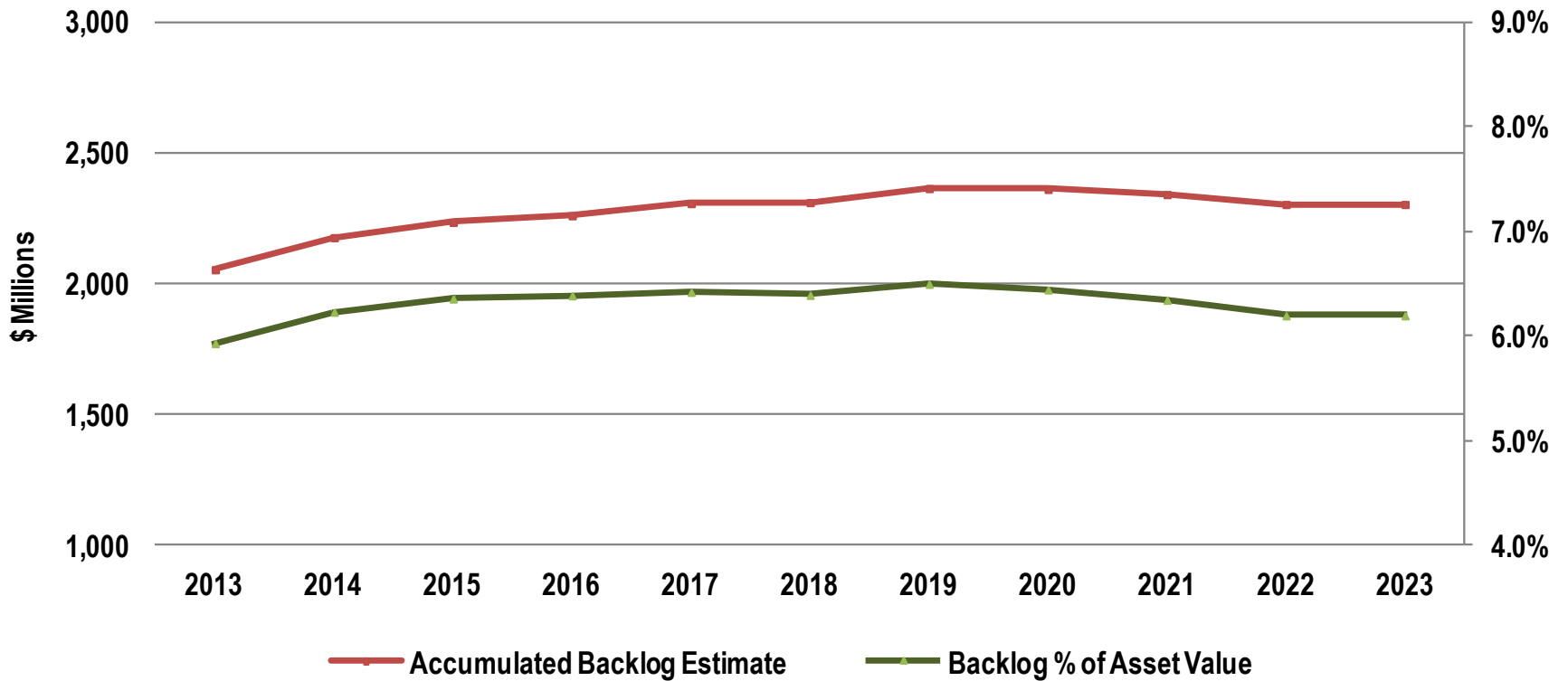
2014 – 2023 Scarborough Subway Capital Budget and Plan

\$ Million

Description (\$ Millions)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Post 2023	Total
Gross Expenditures												
Scarborough Subway Extension												
Scarborough Subway	15	16	83	171	339	666	879	628	411	97		3,305
SRT Life Extension			14	15	16	16	17	17	18	19		132
SRT Decommissioning & Demolition											123	123
Total Annual Gross Expenditures	15	16	97	186	355	682	896	645	429	116	123	3,560
Financing												
Debt / Tax Supported Costs	15	3	20	38	73	140	185	133	88	24	25	745
Development Charges		1	5	9	17	32	42	30	20	5	6	165
Federal Funding		3	18	35	66	127	167	120	80	22	23	660
Provincial Funding		9	54	105	199	383	503	362	241	65	69	1,990
Total Financing	15	16	97	186	355	682	896	645	429	116	123	3,560



SOGR Backlog As a % of Capital Asset Value



Top 5 City Programs/Agencies with Accumulated SOGR - Comprise 87% of the \$2.039 Billion in SOGR

\$ Million	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Transportation Services	949	981	1,011	1,038	1,045	1,056	1,107	1,149	1,187	1,218	1,215
Toronto Transit Commission	0	30	93	123	148	183	208	243	278	313	338
Facilities Management and Real Estate	334	329	351	341	337	324	308	296	288	279	285
Toronto & Region Conservation Authority	187	185	182	180	177	175	172	169	166	163	158
Parks, Forestry & Recreation	310	296	308	330	335	360	317	305	247	184	120
Other	259	260	255	246	240	231	219	223	216	206	209
Total SOGR Backlog	2,039	2,080	2,201	2,258	2,283	2,329	2,331	2,385	2,382	2,363	2,325
Total Asset Value (end of year)	33,699	34,642	34,939	35,164	35,393	35,933	36,155	36,395	36,648	36,904	37,180
SOGR as % Asset Value	6.05%	6.01%	6.30%	6.42%	6.45%	6.48%	6.45%	6.55%	6.50%	6.40%	6.25%



Adjustments to Requested TTC Capital Plan

\$Millions	Gross	Debt	Impact on Debt
Final TTC 10-Year Request	9,072	5,012	3,134
Actions Taken			
Deferred Wheel-Trans Projects Pending Review of Future Needs (New Garage and 112 Buses)	(203)	(203)	(203)
Reduced Track Replacement Project Cost - Sharing	(18)	(18)	(18)
Increased Toronto Water Contribution for Leslie Barns		(10)	(10)
Increased Development Charge Funding		(253)	(253)
Revised TTC 10-Year Request	8,851	4,528	2,650
Projects Placed Below the Line	(2,526)	(2,526)	(2,526)
Recommended TTC 10-Year Plan	6,325	2,002	124



TTC 2014 – 2023 Capital Budget and Plan

Unfunded Projects - \$2.526 Billion

	<u>\$ Millions</u>
Toronto Transit Commission Unfunded Projects	2,526
2014-2023 Reductions	
Rolling Stock (Subway Cars, LRVs and Buses for growth or replacement)	1,575
Scope Increases (Fire Ventilation Upgrades and Phase 2 of McNicoll Bus Garage)	260
New Projects (Station Finish Renewal and Train Door Monitoring)	112
Legislated Projects that exceed affordability (Easier Access)	240
Projects that will to the City's backlog (Ability to Spend)	338
Total 2014-2023 Project Reductions	<u>2,526</u>

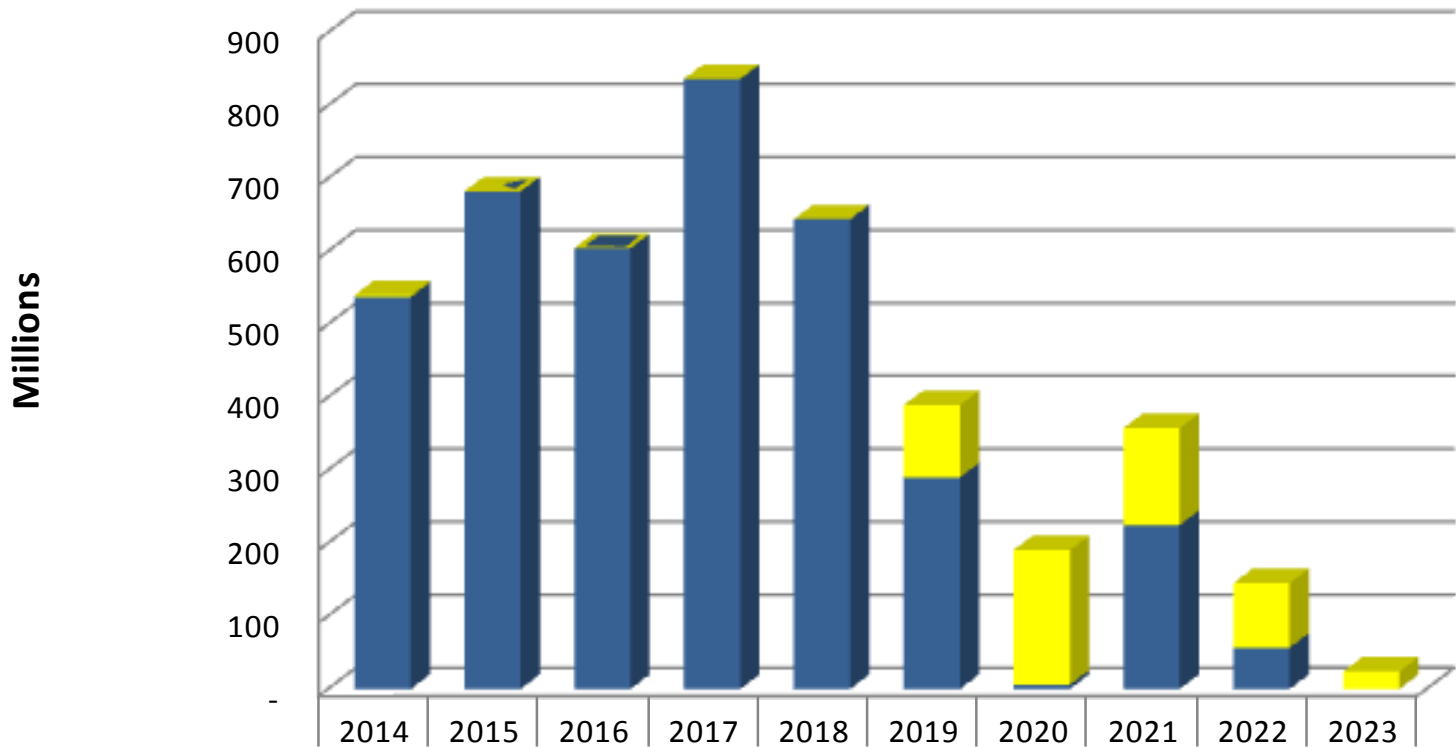


Next Steps

- TTC has significant unmet needs despite sizeable investment by the City
- Need a Tri-Party Partnership between the Feds, Province and City for a dedicated, long term, stable funding plan
- Special City/TTC Taskforce will be established to prioritize, seek and secure funding from Provincial and Federal governments



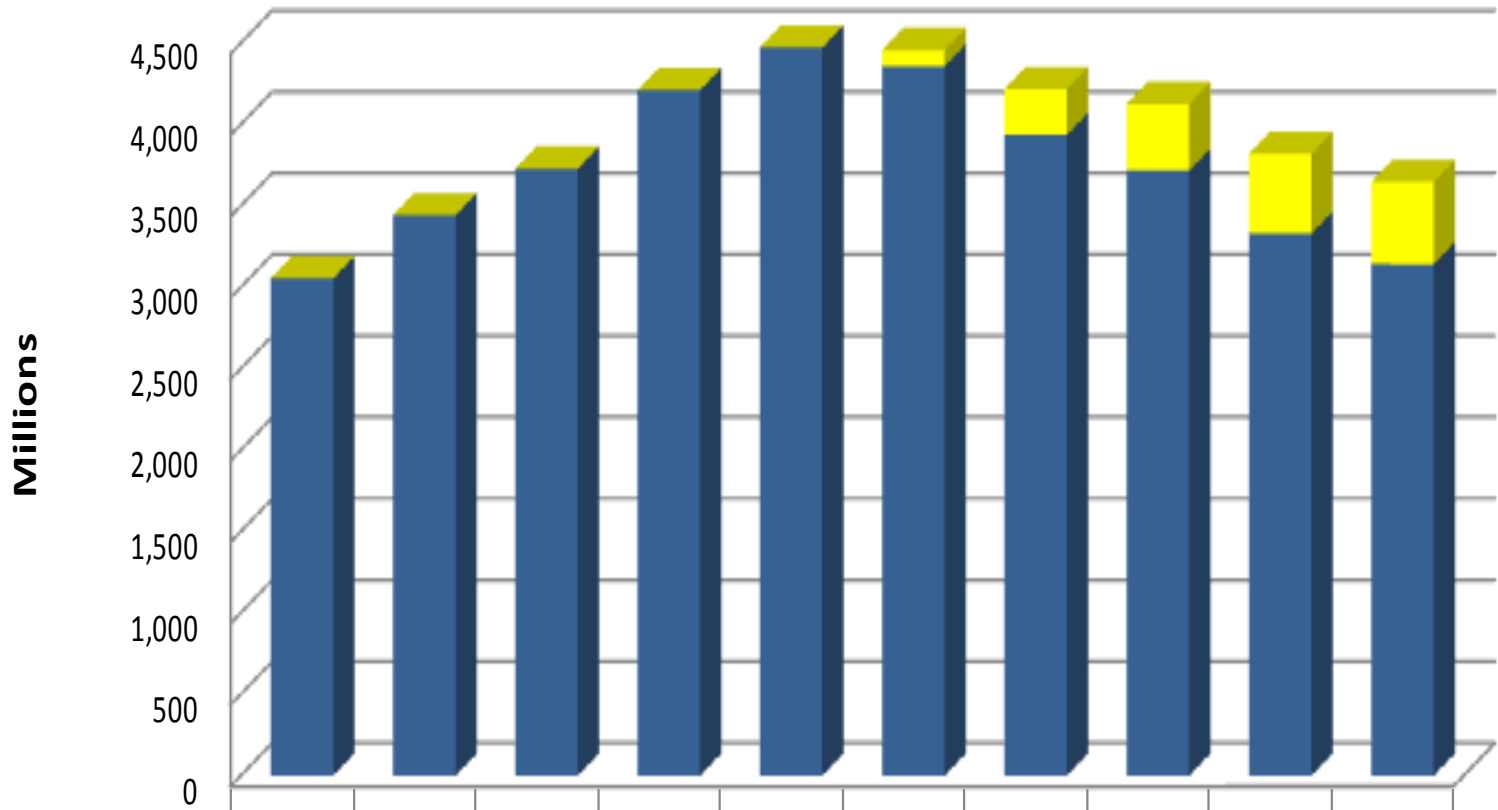
Debt Issuances including Scarborough Subway



■ Scarborough Subway Debt	3	0	0	0	0	99	185	133	88	24
■ Non Scar. Subway Debt Issuance	538	682	605	837	644	290	6	225	57	-



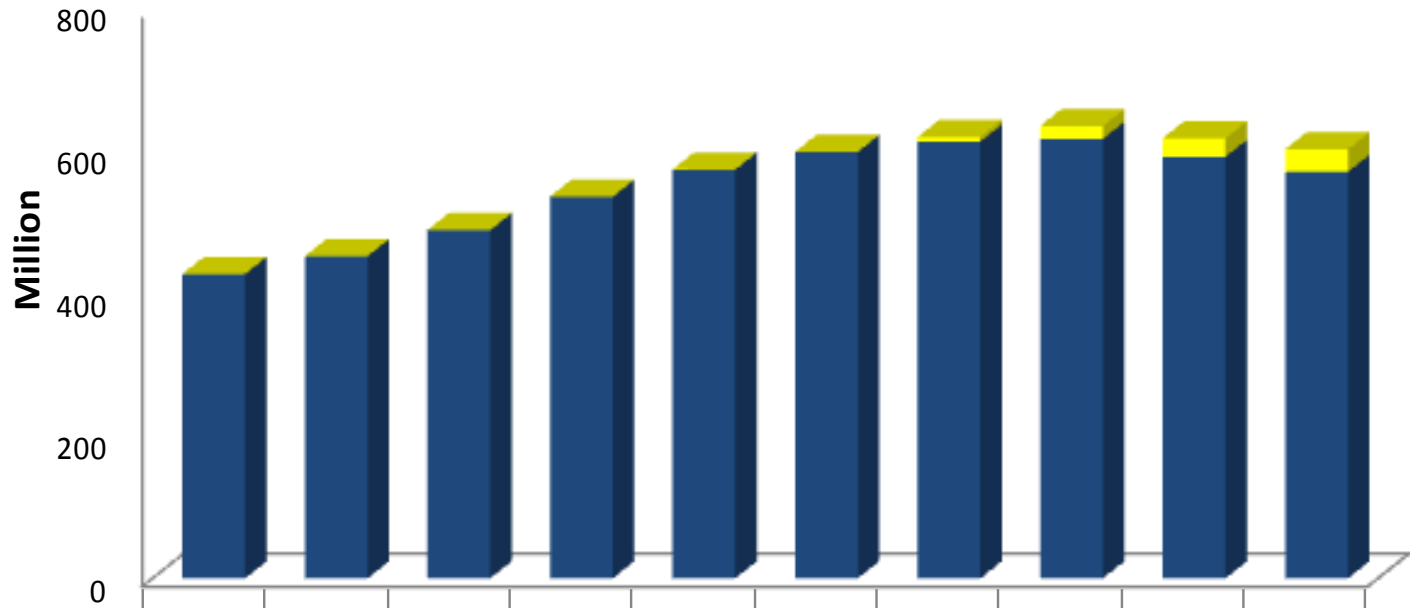
Net Debt including Scarborough Subway



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
■ Scarborough Subway Net Debt	0	0	0	0	0	99	282	410	490	505
■ Net Debt - Excl. Scar Subway	3,055	3,443	3,729	4,211	4,474	4,358	3,936	3,716	3,330	3,142

Debt Charges including Scarborough Subway

2014 -2023 Debt Cost

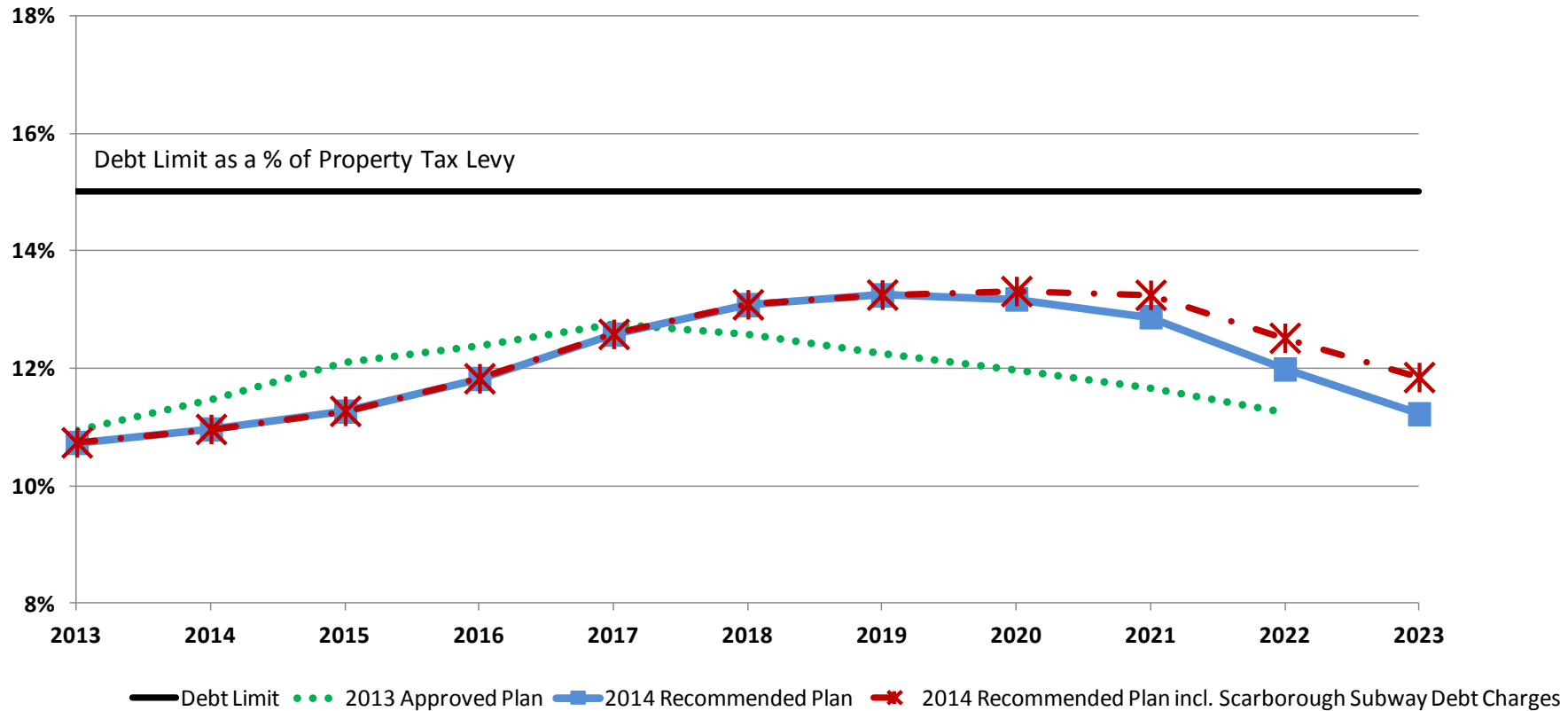


	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
■ Scarborough Subway	0	0	0	0	0	0	6	18	26	32
■ Excl. Scarborough Subway	429	454	490	537	576	600	615	619	593	572

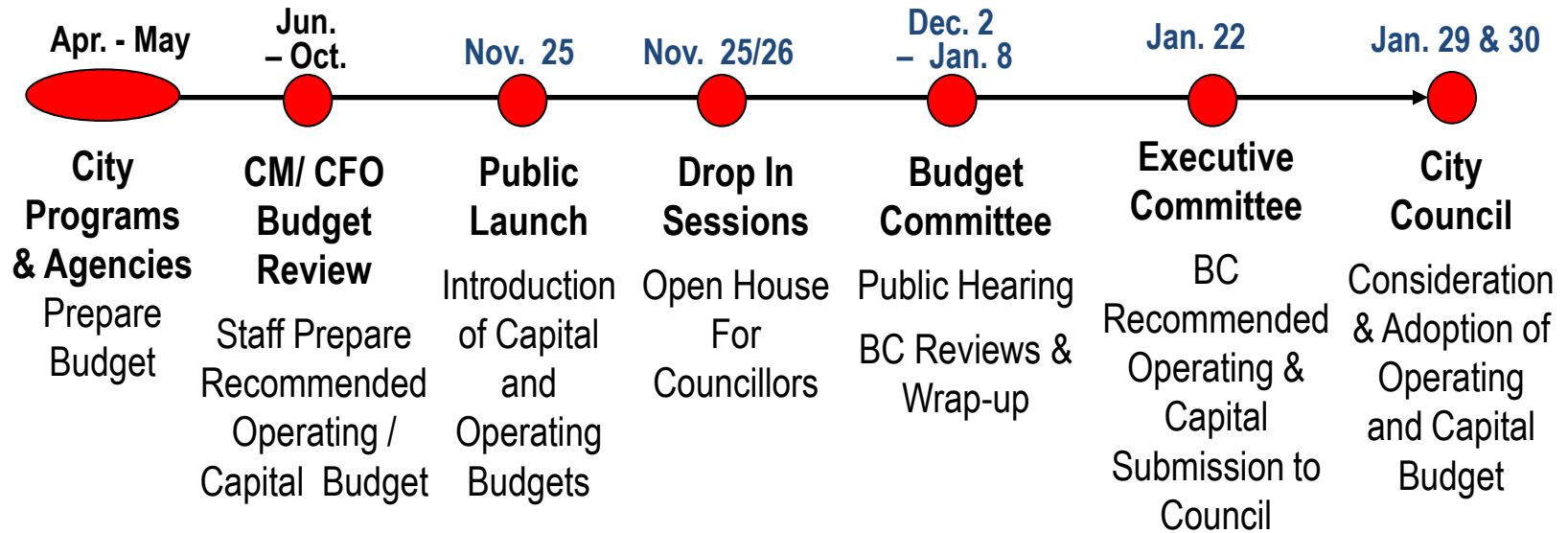


Debt Charges as % of Tax Levy

– including Scarborough Subway



2014 Budget Schedule - Key Dates



Budget Process is more Transparent

Provides new communication tactics to enhance civic engagement including:

- New 2014 Budget website
- Open House / Budget Drop in Sessions
- Whiteboard animation video
- Budget Basic Sheets
- Budget at a Glance
- Info graphics
- Updated Analyst Notes

<http://www.toronto.ca/budget2014>

Toronto **2014**
BUDGET

How to
Get Involved
in the Budget
Process

Every time you use a park or recreation centre, get a book from the library, have your garbage or recycling picked up, drink clean water, ride the TTC or have emergency services rush to your aid when you make a 911 call – you are using City of Toronto services. City services touch your life every day. That's why the City's budget is so important. More than just

Be informed
The first step is to be informed. You can learn about the budget process on our website at toronto.ca/budget2014 and in our Budget Basics brochure, "Understanding the Toronto City Budget."
Toronto has three rate supported budgets: Solid Waste, Toronto Water and the Toronto Parking Authority. These programs are funded entirely by the user. The staff recommended budgets for these programs will be presented at the City's Budget Committee on November 1.

Toronto Public Libraries

Toronto 2014 BUDGET

How we work for you.

There are **98** Toronto Public Library branches in every corner of the city.

The branches are welcoming spaces for everybody, including **children, newcomers, students, entrepreneurs and book lovers of every age**.

1.3 million people are registered Toronto Public Library cardholders.

In 2012

torontopubliclibrary.ca had about **26 million** visits

People borrowed library material **32 million** times

Students library use

51%	to find specific info for school or work
50%	as a place to work
44%	to use the library computers
43%	for a quiet place to study or read





2014 Reassessment and Tax Policy Impacts

Re-assessment Cycle

<u>Taxation Year</u>	<u>Valuation Date</u>
2009, 2010, 2011, 2012	January 1, 2008
2013, 2014, 2015, 2016	January 1, 2012 ✓

Illustration of 4-year Assessment Increase Phase-In

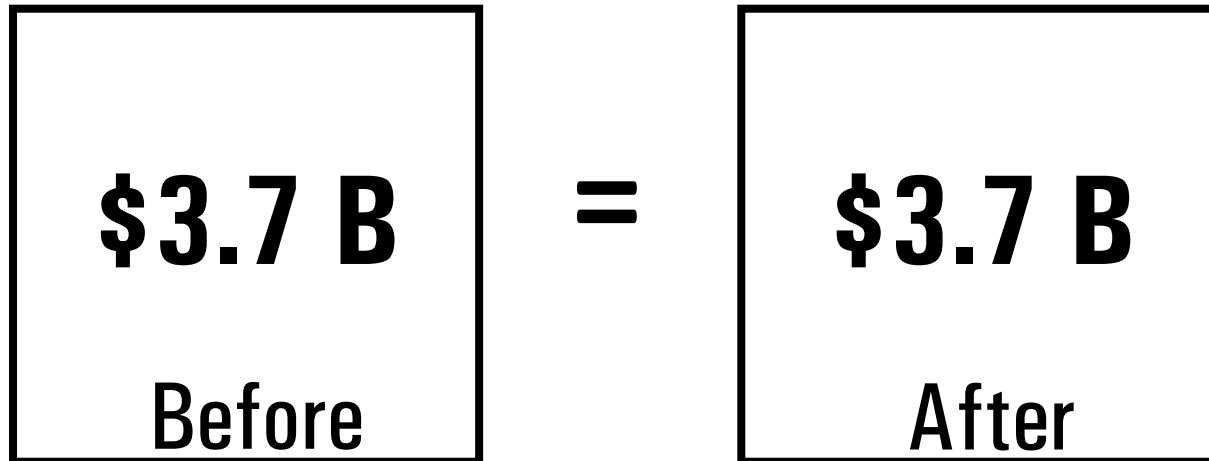
Property value on January 1, 2012	\$550,000
Property Value on January 1, 2008 for 2012 tax year	<u>\$448,000</u>
Property value has changed by	\$102,000 by 4 years

<u>Tax year</u>	<u>Phased-In Assessment</u>
2013	\$473,500
2014	\$499,000 ✓
2015	\$524,500
2016	\$550,000



City-Wide Re-assessment is Revenue Neutral

Municipal Taxes



Reassessment

Before	Average House	After
\$2,529	499,521	\$2,529

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



Reassessment Changes 2013-2016

	Jan. '12 vs. Jan '08	Phased-in for 2013	Phased-in for 2014
Residential	23.0%	5.7%	5.4%
Multi-Residential	23.4%	5.7%	5.6%
Commercial	22.1%	5.2%	5.5%
Industrial	18.2%	4.3%	3.7%
City Wide	22.8%	5.6%	5.4%



Summary of Potential Tax Impacts

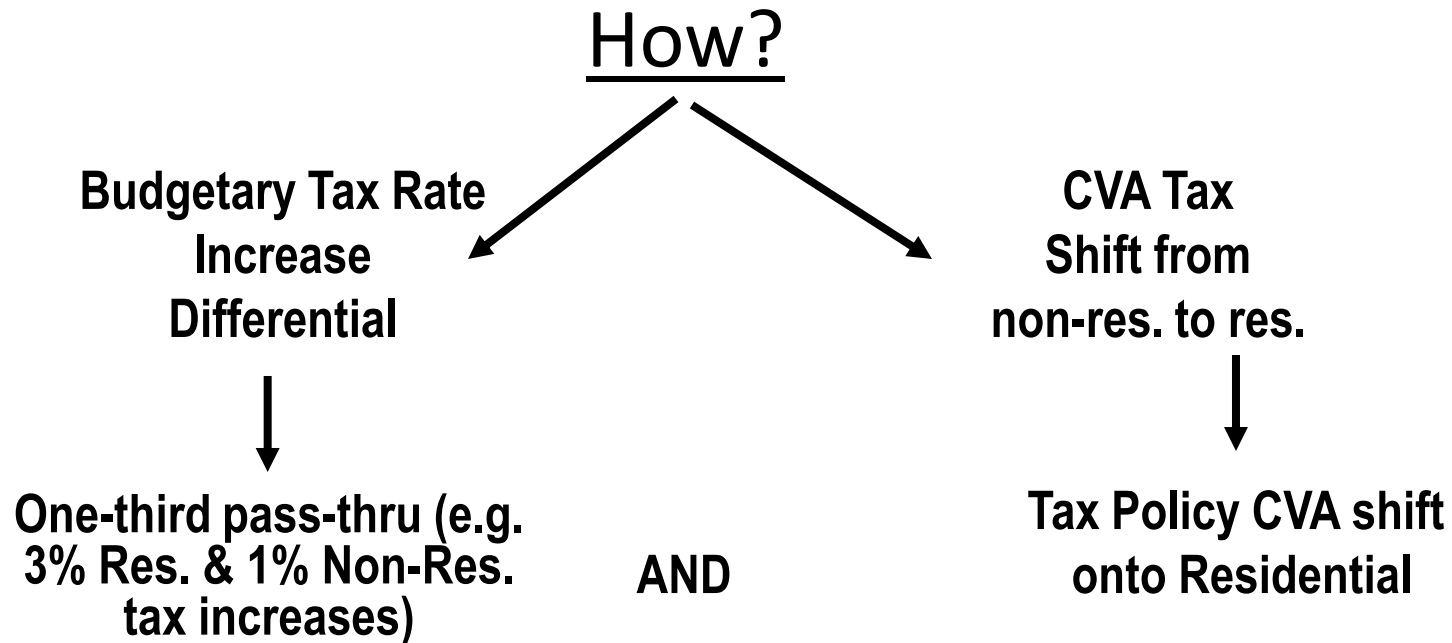
- 1. CVA -Tax shifts between properties within a class (Legislative Requirement)
 - + 2. CVA -Tax shifts between property classes (Legislative Requirement)
 - + 3. Policy tax shift – Enhancing Bus. Climate (City discretion)
 - + 4. Budgetary tax increase (City discretion)
-
- = CVA + City Budget Impact
- + 5. Education Levy Changes (Provincial)
-
- = **Total Impact on Homeowner**
- No New Revenue to City*
- No Revenue to City*



Policy Tax Shifts

Addressing imbalance in tax ratios - Approach

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



Residential Property Value Changes

	No. of Properties	Average Value (Valuation Basis Jan. 1/12)	2013 Year End Phased-In Average Value	Phased-in Average Value for 2014
Single Family Detached	286,772	\$714,831	\$619,007	\$650,948
Semi-Detached	83,485	\$514,387	\$440,787	\$465,320
Townhomes	23,324	\$526,159	\$446,097	\$472,784
Condominiums	256,637	\$361,698	\$309,442	\$326,861
All Residential	705,929	\$550,530	\$473,797	\$499,521



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	3.12	3.08	3.00	2.50
Industrial	4.09	3.55			(vs. 3.23 target)	(vs. 3.15 target)			
Multi-Residential	3.63	3.38	3.31	3.31	3.26	3.18			
Small Business	n/a	3.26	2.97	2.93	2.81	2.76	2.63	2.50	
					(vs. 2.89 target)				



2006-2014 Residential Property Tax Increases including CVA/Tax Policy Shifts on the average household

	2006	2007	2008	2009	2010	2011	2012	2013	Average 2006-2013
Residential Tax Increase %	3.00	3.80	3.39	4.00	2.90	0.00	2.50	2.00	2.70
Tax Policy Impact %	0.04	0.08	0.36	0.61	0.71	0.63	0.52	0.30	0.41
CVA Impact %	0.36	0.00	0.00	-0.61	-0.71	-0.63	-0.52	0.21	-0.24
TOTAL IMPACT %	3.40	3.88	3.75	4.00	2.90	0.00	2.50	2.51	2.87



Executive Committee Rec'd 2014 Tax Impacts with **1.25%** Residential Budget Increase

Tax Class	Average CVA Impact	Average Policy Impact	Average Budget Impact	Average Subway Impact	Average Total Impact	
Residential	0.01%	0.47%	1.25%	0.50%	2.23%	} 2.23% Res.
Multi-residential (Apartment)	0.16%	-1.54%	0.42%	0.17%	-0.79%	
Commercial	0.68%	-0.77%	0.42%	0.17%	0.61%	} 0.14% Non-Res.
Commercial Large*	-0.43%	0.46%	0.42%	0.17%	0.55%	
Industrial	-1.71%	0.43%	0.42%	0.17%	-0.69%	
City Average	0.00%	0.00%	0.82%	0.33%	1.15%	

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



Executive Committee Rec'd 2014 Tax Impacts with **1.25%** Residential Budget Increase

	Impact on Average Residential Household	
	%	\$ Per Household*
Budgetary Levy Increase (Res.*)	1.19%	\$30.04
Increased Tree Management	<u>0.06%</u>	<u>\$1.63</u>
Budget Sub-Total	1.25%	\$31.67
Scarborough Subway	<u>0.50%</u>	<u>\$12.70</u>
Total Budget & Subway Tax Impact	1.75%	44.37
CVA and Policy Shift between Property Classes	0.48%	\$11.93
Average Net Impact on Homeowner	2.23%	\$56.30

2013 Tax = \$2,529
(municipal)

No New Revenue To City

2014 Tax = \$2,585

*Average House Assessed at \$499,521



Executive Committee Rec'd 2014 Tax Impacts with **1.25%** Residential Budget Increase

Average Residential Tax	2013	2014	\$ Impact	% Impact
Municipal	\$2,529	\$2,585	\$56.30	2.23%
Education	\$1,004	\$1,014	\$9.58	0.95%
Total	\$3,533	\$3,599	\$65.89	1.86%

*Average House Assessed at \$499,521





Thank You / End