



City Council 2014 OPERATING BUDGET OVERVIEW

The role of City Council is described in the City of Toronto Act, 2006, c. 131. City Council is comprised of the Mayor and 44 Councillors. The budget to support the Office of the Mayor is separate. The City Council budget supports 44 Councillors in fulfilling their responsibilities as members of Council.

2014 Budget Highlights

The 2014 operating budget for City Council is \$19.957 million net as shown below.

(In \$000s)	Approved 2013 Budget	Recommended 2014 Budget	Change	
			\$	%
Gross Expenditures	19,987.4	22,287.4	2,300.0	11.5%
Gross Revenue	30.0	2,330.0	2,300.0	7666.7%
Net Expenditures	19,957.4	19,957.4		

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Fast Facts

- The new City of Toronto government was created on January 1, 1998 as a result of legislation passed by the Province of Ontario merging seven municipal governments into one each with its own administrations and political systems, and forged them into a single-tier city.
- The 44 Councillors represent the public and the well-being of the 4th largest city in North America.

Trends

- Since 1998, Toronto City Council has transformed from 106 elected officials in the former municipalities to 45, consisting of 44 Councillors and the Mayor.
- The number of wards have decreased from 57 to 44. The wards were determined by dividing each of the 22 Toronto electoral districts shared by the Provincial and Federal governments.

Statutory Role of City Council

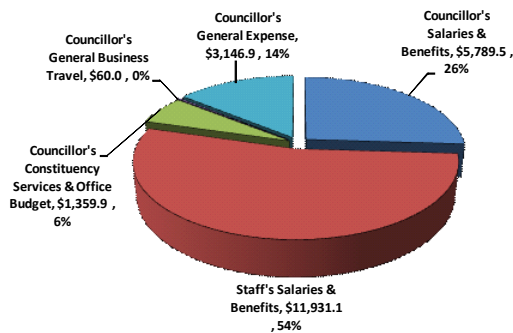
The 2014 Recommended Operating Budget of \$22.287 million gross and \$19.957 million net for City Council will provide funding to support its role under the City of Toronto Act (COTA):

- represent the public and to consider the well-being and interests of the City;
- develop and evaluate the policies and programs of the City;
- determine the services the City provides;
- ensure that administrative and controllership policies, practices and procedures are in place to implement the decisions of Council;
- ensure the accountability and transparency of the operations of the City, including the activities of the senior management of the City;
- maintain the financial integrity of the City; and
- carry out the duties of Council under any appropriate Acts.

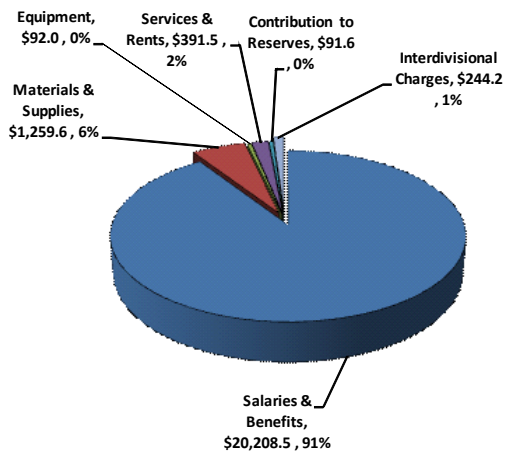
2014 Budget Expenditures & Funding

Where the money goes:

2014 Operating Budget by Service
\$22.287 Million

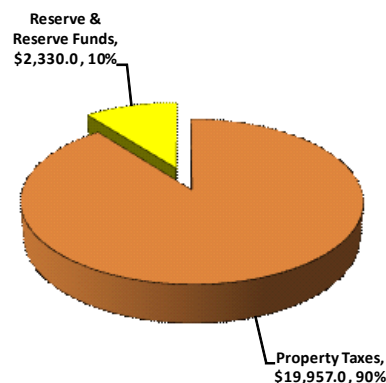


2014 Operating Budget by Expenditure Category



Where the money comes from:

2014 Operating Budget Funding Source
\$22.287 Million



City of Toronto Strategic Actions

On October 8, 2013 City Council approved 26 Strategic Actions for the period 2013-2018 to achieve the following outcomes:

City Building - focus on investment in social and physical services and the City's infrastructure, which are fundamental to the city's quality of life.

Economic Vitality – improve the health of the city's economy, including diversified employment, skilled workforce, competitiveness, investment and affordability.

Environmental Sustainability - balance the integration of environmental considerations in our social and economic activities.

Social Development – the principles of social equity, social well-being and citizen engagement, and is an important determinant of healthy communities and the quality of life.

Good Governance – enhance its role as a democratic public policy maker for the delivery of public services.

Fiscal Sustainability – maintain the City's programs and services while also funding its growing commitments.

II: RECOMMENDATIONS

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2014 Recommended Operating Budget for City Council of \$22.287 million gross and \$19.957 million net, comprised of the following services:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Councillors' Salaries and Benefits Budget	5,789.5	5,789.5
Councillors' Staff Salaries and Benefits Budget	11,931.1	11,931.1
Councillors' Constituency Services & Office Expenses Budget	1,359.9	1,359.9
Council Business Travel Expenses Budget	60.0	60.0
Council General Expenses Budget	3,146.9	816.9
Total Program Budget	<u>22,287.4</u>	<u>19,957.4</u>

2. City Council approve the City Council position equivalents of 176.

III: 2014 OVERVIEW

Toronto City Council consists of the Mayor and 44 Councillors, one representing each of the City's wards. The City Council 2014 Recommended Operating Budget maintains the 2013 service levels to support the 44 Councillors and their staff.

Statutory Role of City Council

The 2014 Recommended Operating Budget of \$22.287 million gross and \$19.957 million net for City Council will provide funding to support its role under the City of Toronto Act (COTA):

- represent the public and to consider the well-being and interests of the City;
- develop and evaluate the policies and programs of the City;
- determine the services the City provides;
- ensure that administrative and controllership policies, practices and procedures are in place to implement the decisions of Council;
- ensure the accountability and transparency of the operations of the City, including the activities of the senior management of the City;
- maintain the financial integrity of the City; and
- carry out the duties of Council under any appropriate Acts.

IV: 2014 Total Operating Budget

2014 Recommended Operating Budget (In \$000s)

(In \$000s)	2013		2014 Recommended Operating Budget			2014 Rec'd vs. 2013 Budget Approved Changes		Incremental Change and 2016 Plan			
	Approved Budget	Projected Actual	2014 Rec'd Base	2014 Rec'd New/Enhanced	2014 Rec'd Budget	\$	%	2015		2016	
	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
By Service											
City Council											
Gross Expenditures	19,987.4	19,487.4	22,287.4		22,287.4	2,300.0	11.5	(1,656.4)	(7.4)	108.8	0.5
Revenue	30.0	130.0	2,330.0		2,330.0	2,300.0	7,666.7	(2,300.0)	(98.7)		
Net Expenditures	19,957.4	19,357.4	19,957.4		19,957.4	-	0.0	643.6	3.2	108.8	0.5
Total											
Gross Expenditures	19,987.4	19,487.4	22,287.4		22,287.4	2,300.0	11.5	(1,656.4)	(7.4)	108.8	0.5
Revenue	30.0	130.0	2,330.0		2,330.0	2,300.0	7,666.7	(2,300.0)	(98.7)		
Total Net Expenditures	19,957.4	19,357.4	19,957.4		19,957.4			643.6	3.2	108.8	
Approved Positions	176.0	176.0	176.0		176.0						

The 2014 Recommended Base Budget of is \$22.287 million gross and \$19.957 million net is comprised of the following:

- City Council's 2014 Base Budget of \$19.957 million net includes increases of \$0.262 million or 1.3% of the 2014 net Approved Operating Budget, mainly due to inflationary increases to salaries and benefits.
- The 2014 recommended service changes consist of base expenditure of \$0.262 million to account for gapping of salaries and benefits.
- One- time increase in severance and other professional services of \$2.300 million gross, zero net to accommodate severance pay for Councillors and Council staff and Furniture and Equipment replacement to support the transition of Council after the Municipal Election in October 2014.
- Approval of the 2014 Base Budget will maintain City Council's total staff complement of 176 positions.

Approval of the 2014 Recommended Base Budget will result in City Council's position equivalents remaining at 176 as highlighted in the table below:

2014 Recommended Total Staff Complement

Changes	2014 Budget	2015 Plan	2016 Plan
Opening Complement	176.0	176.0	176.0
In-year Adjustments			
Adjusted Staff Complement	176.0	176.0	176.0
Recommended Change in Staff Complement			
- Temporary Complement - capital project delivery			
- Operating impacts of completed capital projects			
- Service Change Adjustments			
- New / Enhanced			
Total	176.0	176.0	176.0
% Change over prior year			

2014 Recommended Base Budget (In \$000s)

(In \$000s)	2013 Approved Budget	2014 Rec'd Base	Change		Incremental Change			
			2014 Recommended Base vs. 2013 Approved Budget		2015 Plan		2016 Plan	
By Service	\$	\$	\$	%	\$	%	\$	%
City Council								
Gross Expenditures	19,987.4	22,287.4	2,300.0	11.5	(1,656.4)	(7.4)	108.8	0.5
Revenue	30.0	2,330.0	2,300.0	7,666.7	(2,300.0)	(98.7)		
Net Expenditures	19,957.4	19,957.4			643.6	3.2	108.8	0.5
Total								
Gross Expenditures	19,987.4	22,287.4	2,300.0	11.5	(1,656.4)	(7.4)	108.8	0.5
Revenue	30.0	2,330.0	2,300.0	7,666.7	(2,300.0)	(98.7)		
Net Expenditures	19,957.4	19,957.4			643.6	3.2	108.8	0.5
Approved Positions	176.0	176.0						

The 2014 Recommended Base Budget of \$22.287 gross and \$19.957 reflects no increase from the 2013 Approved Budget of \$19.957 million net and provides \$2.300 million in funding for base budget increases which have been offset by \$2.300 million withdrawal from the reserve fund for Council transition requirements.

The key cost drivers are reflected in the 2014 Recommended Base Budget are summarized in the table below:

Key Cost Drivers
(In \$000s)

(In \$000s)	2014 Rec'd Base Budget
Gross Expenditure Changes	
Prior Year Impacts	
Operating Impacts of Capital	
Economic Factors	
CPI Adjustments for Councillors Salaries and Benefits	85.7
CPI Adjustment on Constituency Services and Office Budget	20.1
Benefit Adjustment	(55.3)
COLA and Progression Pay	
2014 COLA for Councillors' Staff Salaries and Benefits	209.3
Other Base Changes	
Councillors' Salary Budget to Actual Adjustments	(28.8)
Councillors' Staff Salary Budget to Actual Adjustments	(42.1)
IDC for Rental of Facilities	72.9
One-Time increase for Severance and Professional Services	2,300.0
Total Changes	2,561.8
Revenue Changes	
One-Time increase for Severance and Professional Services	2,300.0
Total Changes	2,300.0
Net Expenditures	261.8

The 2014 Recommended Base Budget provides funding for the following:

Economic Factors

- The budgetary provision of a Consumer Price Index (CPI) adjustment of 1.5% for Councillors' salaries and benefits, and addition of \$0.086 million.
- A 1.5% CPI increase of \$0.020 million for the Councillors' Constituency Services and Office Budget.
- A decrease of \$0.055 million to align the budgeted current benefit costs in 2014 to the actual costs experienced in 2013.
- A 1.75% COLA increase for Council staff of \$0.209 million.

Other Base Changes

- A decrease of \$0.029 million in order to align Councilors' salary budget to actual costs.
- A decrease of \$0.042 million in order to align Councilors' staff salary budget to actual costs.
- An increase in Inter-divisional Charges of \$0.073 million net, in order to facilitate the maintenance of the offices and replacement of furniture.

- One time increase in severance and other professional services of \$2.300 million gross, zero net. This will be funded from the Council Transition Reserve (\$2.200 million) for potential severance pay for Councilors' Offices and Mayor's Office staff relating to the election and the Furniture and Equipment Reserve (\$0.100 million) for professional and technical services pertaining to Council transition with the new term of Council in December 2014.

**2014 Recommended Service Change Summary by Program
(In \$000s)**

Description (\$000s)	2014 Recommended Service Changes				Net Incremental Impact			
	Position Change	Gross Exp.	Net Expense	% Change over 2014 Budget	2015		2016	
					Net Expense	Pos.	Net Expense	Pos.
	#	\$	\$	%	\$	#	\$	#
Base Changes:								
Base Expenditure Changes								
<i>Gapping of Councillors' Staff Salaries and Benefits Budget</i>		(261.9)	(261.9)	(1.3%)	261.9			
Base Expenditure Change		(261.9)	(261.9)	(1.3%)	261.9			
Base Revenue Changes								
Base Revenue Change								
Sub-Total		(261.9)	(261.9)	(1.3%)	261.9			
Service Efficiencies								
Sub-Total				0.0%				
Revenue Adjustments								
Sub-Total				0.0%				
Service Changes								
Sub-Total				0.0%				
Total Changes		(261.9)	(261.9)	(1.3%)	261.9			

The 2014 recommended service changes consist of base expenditure changes of \$0.262 million bringing the 2014 Recommended Base Budget equivalent to the 2013 Approved Budget of \$19.957 million.

The 2014 recommended service changes and 2015 and 2016 incremental impacts are discussed below:

Base Expenditure Changes: (Savings of \$0.0262 million gross, \$0.262 million net)

Gapping of Councillors' Staff Salaries and Benefits

- Councillors' staff salaries and benefits have been reduced by \$0.262 million to reflect actual experience.

**2015 and 2016 Plan
(In \$000s)**

Description (\$000s)	2015 - Incremental Increase					2016 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
Known Impacts:										
COLA, CPI and Fringe Benefits	361.2		361.2			88.1		88.1		
CPI adj - Constituency Services & Office Bud	20.4		20.4			20.7		20.7		
Reversal of staff severance pay	(2,200.0)	(2,200.0)								
Reversal of facilities related expenditures	(100.0)	(100.0)								
Reversal of one-time general gapping	261.9		261.9							
Sub-Total	(1,656.5)	(2,300.0)	643.5			108.8		108.8		
Anticipated Impacts:										
Sub-Total										
Total Incremental Impact	(1,656.5)	(2,300.0)	643.5			108.8		108.8		
Total Incremental Impact	(1,656.5)	(2,300.0)	643.5			108.8		108.8		

Approval of the 2014 Recommended Budget for City Council will result in a 2015 incremental increase of \$0.644 million and a 2016 incremental increase of \$0.109 million.

Future year incremental costs are primarily attributable to the following:

Known Impacts

- Budgetary provisions of 1.5% for Consumer Price Index (CPI) adjustment for Councillors' salaries and COLA increases for Councillors' staff totalling \$0.361 million and \$0.088 million, respectively in 2015 and 2016.
- Budgetary provisions of 1.5% for (CPI) adjustment for Councillors' Constituency Services and Office Budget totalling \$0.020 million and \$0.021 million, respectively in 2015 and 2016.
- Reversal of a one-time expenditure of \$2.200 million for severance pay and Council transition requirements related to the 2014 Municipal Election.
- Reversal of a one-time expenditure of \$0.100 million for furniture requirements and inter-divisional charges related to Council transition. These furniture requirements are funded from the Council Furniture and Equipment Reserves, resulting in a zero net impact in 2015.
- The reversal of a one-time reduction of \$0.262 million for gapping.

Appendix 1

2013 Financial Performance

2013 Budget Variance Analysis (In \$000s)

(\$000s)	2011 Actuals	2012 Actuals	2013 Approved Budget	2013 Projected Actuals*	2013 Approved Budget vs. Projected Actual Variance	
	\$	\$	\$	\$	\$	%
Gross Expenditures	18,020.2	18,755.2	19,987.4	19,487.4	(500.0)	(2.5)
Revenues	69.6	219.4	30.0	130.0	100.0	333.3
Net Expenditures	17,950.6	18,535.8	19,957.4	19,357.4	(600.0)	(3.0)
Approved Positions	176.0	176.0	176.0	176.0		

* Based on the 3rd Quarter Operating Budget Variance Report

2013 Experience

- The 2013 Operating Budget for City Council is projected to be \$0.600 million or 3.0% under spent by year-end.
- The variance is mainly due to the use of different staffing strategies adopted by various Councillors and under spending in the Councillor Constituency and Office Budget, partly offset by expenditures for the Councillor constituency offices from the General Expense Budget.

Impact of 2013 Operating Variance on the 2014 Recommended Budget

- There is no impact to the 2014 Recommended Operating Budget.

Appendix 2

2014 Recommended Total Operating Budget by Expenditure Category

Program Summary by Expenditure Category (In \$000s)

Category of Expense	2011	2012	2013	2013	2014	2014 Change from		2015	2016
	Actual	Actual	Budget	Projected	Rec'd	2013 Approved	%	Plan	Plan
	\$	\$	\$	\$	\$	\$		\$	\$
Salaries and Benefits	16,492.0	17,355.6	18,101.5	17,601.5	20,208.5	2,107.0	11.6%	18,631.5	18,719.7
Materials and Supplies	94.4	87.6	1,199.5	749.5	1,259.6	60.1	5.0%	1,240.0	1,260.7
Equipment	52.4	69.3	37.0	37.0	92.0	55.0	148.6%	47.0	47.0
Services & Rents	806.7	854.9	376.5	776.5	391.5	15.0	4.0%	376.5	376.5
Contributions to Capital	21.6	15.9							
Contributions to Reserve/Res Funds	302.5	91.6	91.6	91.6	91.6		0.0%	91.6	91.6
Other Expenditures	0.1	0.0							
Interdivisional Charges	250.4	280.3	181.3	231.3	244.2	62.9	34.7%	244.2	244.2
Total Gross Expenditures	18,020.2	18,755.2	19,987.4	19,487.4	22,287.4	2,300.0	11.5%	20,630.9	20,739.7
Interdivisional Recoveries									
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations	1.0	11.9							
Transfers from Capital Fund									
Contribution from Reserve Funds			30.0	30.0	2,330.0	2,300.0	7666.7%	30.0	30.0
Contribution from Reserve				100.0					
Sundry Revenues	68.6	207.5							
Required Adjustments									
Total Revenues	69.6	219.4	30.0	130.0	2,330.0	2,300.0	7666.7%	30.0	30.0
Total Net Expenditures	17,950.7	18,535.8	19,957.4	19,357.4	19,957.4		0.0%	20,600.9	20,709.7
Approved Positions	176.0	176.0	176.0	176.0	176.0		0.0%	176.0	176.0

2014 Key Cost Drivers

Salaries and Benefits are the largest expenditure category and account for 90.7% of the total expenditures, followed by materials and supplies at 5.7%, services and rents at 1.8%, inter-divisional charges at 1.1%, equipment at 0.4% and contributions to reserves at 0.4%.

Salaries and Benefits

- The 2014 budget for salaries and benefits is \$20.208 million, reflecting an increase of \$2.107 million or 11.6% compared to the 2013 approved budget of \$18.102 million.
 - This is mainly attributable to Councillors' salary increases based on a Consumer Price Index increase of 1.5% totalling \$0.086 million in accordance with Municipal Code Chapter 223, a COLA increase of 1.75% for Council staff totalling \$0.209 million and a one-time increase of \$2.200 million for severance pay and Council transition requirements arising from the 2014 Council transition.

Materials and Supplies

- The 2014 budget for materials and supplies of \$1.259 million is \$0.060 million or 5.0% higher than the 2013 approved budget, primarily for office materials and minor furnishing requirements.

Services and Rents

- The 2014 budget for services and rents of \$0.777 million is \$0.015 million or 4.0% higher than the 2013 Approved Operating Budget, mainly attributable to professional and technical services requirements pertaining to Council transition.

Equipment

- The 2014 budget for equipment of \$0.092 million is \$0.055 million higher than the 2013 approved budget, pertaining to furniture requirements.

Interdivisional Changes

- The 2014 budget for inter-divisional charges of \$0.244 million is \$0.063 million higher than the 2013 budget, primarily due to additional services from Facilities Management and Real Estate.

Approval of the 2014 Operating Budget for City Council reflects the total position equivalents of 176.

2014 Full and Part Time Staff

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Executive & Senior Management	44.0				44.0
Management		44.0			44.0
Exempt Professional / Clerical			88.0		88.0
Clerical/ Technical/Professional (Local 79)					
Student / Recreation Workers					
Total	44.0	44.0	88.0		176.0

Appendix 3

Summary of 2014 Recommended Service Changes

**2014 Operating Budget - Staff Recommended Service Change
Summary by Service
(\$000s)**

Form ID		Other City Programs Program: City's Council	Adjustments				2015 Plan Net Change	2016 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		

2014 Staff Recommended Base Budget Before Service Change: **22,549.3** **2,330.0** **20,219.3** **176.0** **381.6** **108.8**

2823	Gapping of Councillors' Staff Salary & Benefit Budget
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51	1	Description:
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One-time unallocated gapping of \$262k in Councillor staff salary and benefit budget based on 2013 actual experience.

Service Level Impact:

Service: City Council

Total Staff Recommended:	(261.9)	0.0	(261.9)	0.0	261.9	0.0
Staff Recommended Service Changes:	(261.9)	0.0	(261.9)	0.0	261.9	0.0

Summary:

Staff Recommended Service Changes:	(261.9)	0.0	(261.9)	0.0	261.9	0.0
Total Staff Recommended Base Budget:	22,287.4	2,330.0	19,957.4	176.0	643.5	108.8

Category:

- 51 - Efficiency Change
- 52 - Revenue Change
- 59 - Service Change

Appendix 5

Inflows/Outflows to/from Reserves & Reserve Funds

Corporate Reserve / Reserve Funds (In \$000s)

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2013 \$	Proposed Withdrawals (-) / Contributions (+)		
			2014 \$	2015 \$	2016 \$
Projected Beginning Balance		18,307.1	18,307.1	18,398.7	18,490.3
Insurance Reserve Fund	XR1010				
<i>Proposed Withdrawals (-)</i>			91.6	91.6	91.6
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		18,307.1	18,398.7	18,490.3	18,581.9
Other program / Agency Net Withdrawals & Contributions					
Balance at Year-End		18,307.1	18,398.7	18,490.3	18,581.9

Program Specific Reserve / Reserve Funds (In \$000s)

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2013 \$	Proposed Withdrawals (-) / Contributions (+)		
			2014 \$	2015 \$	2016 \$
Projected Beginning Balance		2,219.0	2,219.0	19.0	19.0
Council Transition Reserve	XQ0010				
<i>Proposed Withdrawals (-)</i>			(2,200.0)		
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		2,219.0	19.0	19.0	19.0
Other program / Agency Net Withdrawals & Contributions					
Balance at Year-End		2,219.0	19.0	19.0	19.0

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2013 \$	Proposed Withdrawals (-) / Contributions (+)		
			2014 \$	2015 \$	2016 \$
Projected Beginning Balance		81.0	81.0	1.0	1.0
Council Furniture and Equipment Reserve	XQ0009				
<i>Proposed Withdrawals (-)</i>			(130.0)		
<i>Contributions (+)</i>			50.0		
Total Reserve / Reserve Fund Draws / Contributions		81.0	1.0	1.0	1.0
Other program / Agency Net Withdrawals & Contributions					
Balance at Year-End		81.0	1.0	1.0	1.0