



Toronto 2015 BUDGET

OPERATING ANALYST NOTES



Legal Services

2015 OPERATING BUDGET OVERVIEW

Legal Services provides the highest quality of legal services to the City of Toronto and functions as a strategic resource for Council, City Divisions and Agencies. Legal Services responds to the increasing demand for legal services and promotes risk management and various mitigation strategies.

2015 Budget Highlights

The total cost to deliver this service to Toronto residents in 2015 is \$20.188 million as shown below.

(in \$000's)	2014 Approved Budget	2015 Rec'd Budget	Change	
			\$	%
Gross Expenditures	47,044.5	49,449.1	2,404.6	5.1%
Gross Revenues	27,851.3	29,261.2	1,409.9	5.1%
Net Expenditures	19,193.2	20,187.9	994.7	5.2%

The 2015 Recommended Operating Budget for Legal Services provides \$1.808 million to fund pressures arising from inflation and cost of living increases for staff. Through cost recoveries from external agencies and efficiencies, the Program was able to reduce this pressure, bringing Legal Services' 2015 Recommended Operating Budget increase to \$0.995 million or 5.2% from 2014.

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Fast Facts

- Legal Service Prosecutors holds approximately 80,000 Early Resolution meetings with over 88% being resolved.
- Legal Services has attended approximately 83 appeals at the Ontario Municipal Board from the Committee of Adjustment decisions in 2014, an increase of approximately 51% from 2012.

Trends

- With the Program facing significant retirements over the next 5 years, Legal Services recruits junior lawyers, where feasible, to replace senior lawyers resulting in a reduction in salary and benefit costs.
- Legal Services continues to experience a significant increase in workload associated with the Metrolinx project, Toronto Transit Extension and OMB hearings.

Our Service Deliverables for 2015

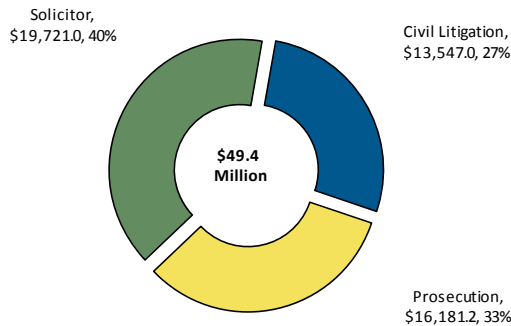
Legal Services is responsible for the provision of legal services and the promotion of risk management and mitigation strategies. The 2015 Operating Budget will provide funding to:

- Conduct Arbitrations and Mediations, Pre-Trials, Tribunal Hearings, Court, Hearings of Necessity and Discoveries.
- Attend Committee/Community Councils and City Council meetings.
- Prosecute a wide range of City by-laws and Provincial statute violations, including:
 - Sewer pollution, tree destruction, parking offences, Fire Code and Building violations, and zoning.
 - Inspector training and agreement negotiations relating to provincial offences.
- Provide strategic and legal advice in the following practice areas:
 - Municipal Law: Provide expert legal advice and opinions related to issues within City operations and corporate initiatives including negotiating and drafting contracts.
 - Planning and Tribunal Law: Provide advice to City Council and staff on the use and development of land and policy related matters.
 - Real Estate Law: Provide assistance and advice on a wide-range of diverse and sophisticated real estate transactions relating to the City's property interests.
 - Employment Law: Provide assistance and legal advice to the City and its Agencies, Boards and Commissions relating to Employment law and issues arising from collective agreements between the City and its unions.
- Represent and defend the City of Toronto at all levels of courts and tribunals which include the Ontario Municipal Board, the Alcohol and Gaming Commission, the Labour Relations Board, the Human Rights Tribunal and the Workplace Safety and the Insurance Appeals Tribunal.

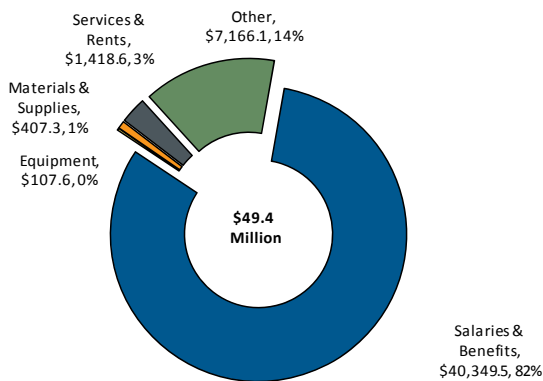
2015 Operating Budget Expenses & Funding

Where the money goes:

2015 Budget by Service
\$49.4 Million

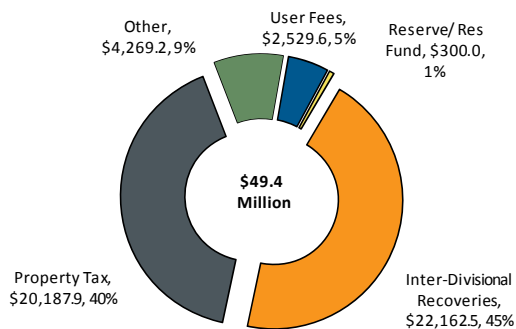


2015 Budget by Expenditure Category



Where the money comes from:

2015 Budget by Funding Source



Our Key Challenges & Priority Actions

- **Managing increased service demands** and responding to changes in legislation.
 - ✓ Maintain up to date knowledge of Provincial Legislation changes.
- **Supporting and attending Ontario Municipal Board (OMB) and Alcohol and Gaming Commission hearings** that have increased in complexity and duration, without additional resources.
 - ✓ Limit the attendance at Ontario Municipal Board hearings.
 - ✓ Promote risk management and mitigation strategies.
- **Retaining knowledge**, as the Program is expected to experience a significant increase in retirements in the next 5-10 years.
 - ✓ Enhance succession planning to maintain the core body of knowledge and staffing complement within the division.

2015 Operating Budget Highlights

The 2015 Recommended Operating Budget provides funding to:

- Address the increased demand for Solicitor Services to support the Toronto Yonge-Spadina Subway Extension Line Project.
- Internal legal support for insurance claims, reducing the outsourcing of related work to external law firms, resulting in cost savings to the City.
- As the budget for Legal Services is predominantly for staff salaries, recommended increases in the 2015 Operating Budget pertain to inflation and cost of living increases for staff. The Program was able to contain all other expenditures.

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2015 Recommended Operating Budget for Legal Services of \$49.449 million gross, \$20.188 million net for the following services:

<u>Service:</u>	<u>Gross</u>	<u>Net</u>
	<u>(\$000s)</u>	<u>(\$000s)</u>
Civil Litigation:	13,547.0	7,968.4
Prosecution:	16,181.2	2,423.0
Solicitor:	19,721.0	9,796.5
Total Program Budget	49,449.1	20,187.9

2. City Council approve the 2015 recommended service level for Legal Services as outlined on page 8 of this report and associated staff complement of 301.4 positions.
3. City Council direct the City Solicitor to develop service levels for each service and performance measures for each service and activity in time for the 2016 Budget process.
4. City Council approve the 2015 recommended user fee changes above the inflationary adjusted rate for Legal Services identified in Appendix 7a for inclusion in the Municipal Code Chapter 441 "Fees and Charges".
5. City Council adopt the following change in policy such that City Council will no longer request the City Solicitor to:
 - a. provide services associated with liquor licences, including liquor licence applications; and,
 - b. attend Ontario Municipal Board hearings resulting from the appeals of Committee of Adjustment decisions, unless:
 - i. The Chief Planner has advised that City Planning Staff are willing to support City Council's position; and/or
 - ii. The Chief Planner has advised Council that the decision of the Committee of Adjustment could undermine the City's Official Plan if the City did not attend the Ontario Municipal Board hearing.



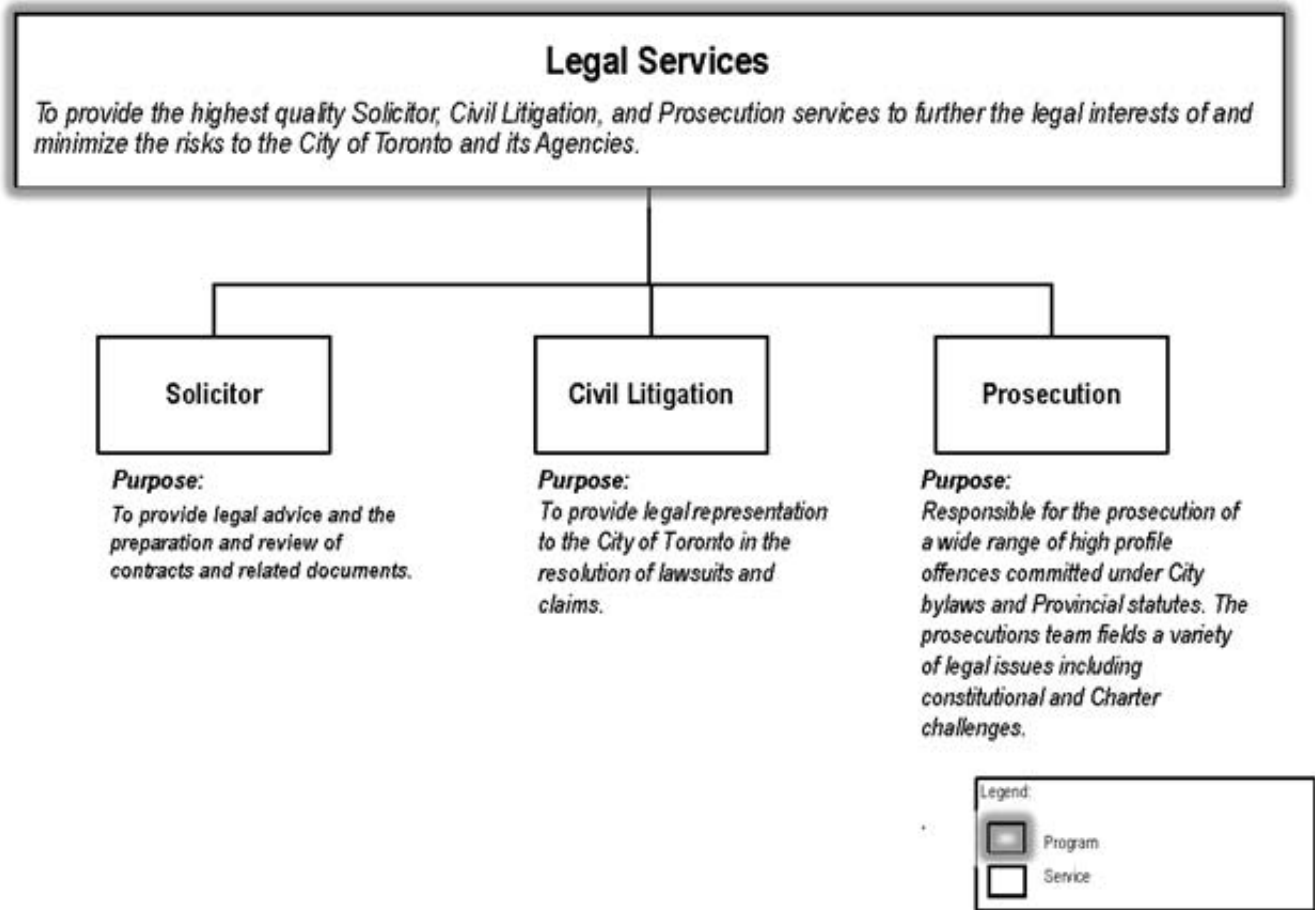
Part I:

2015 – 2017

Service Overview and
Plan

Program Map

Legal Services strives to provide quality legal services and function as a corporate strategic resource by providing the following services:



Service Customer

Solicitor

- Mayor and City Council
- City Divisions
- Agencies

Civil Litigation

- Mayor and City Council
- City Divisions
- Agencies

Prosecution

- Mayor and City Council
- City Divisions
- Agencies
- Municipal Bylaw offender
- Provincial Statute offender

2015 Service Deliverables

The 2015 Recommended Operating Budget of \$49.449 million gross and \$20.188 million net for Legal Services will fund:

- Arbitrations and Mediations, Pre-Trials, Hearings of Necessity and Discoveries.
- Attendance at Committee/Community Councils, Court, Tribunal Hearings, and City Council meetings.
- Prosecutions of a wide range of City by-laws and Provincial statute violations, including:
 - Inspector training and agreement negotiations relating to provincial offences.
- Provision of strategic and legal advice in the following practice areas:
 - Municipal Law: Provide expert legal advice and opinions related to issues within City operations and corporate initiatives including contract negotiations and drafting.
 - Planning and Tribunal Law: Provide advice to City Council and staff on the use and development of land and policy related matters.
 - Real Estate Law: Provide assistance and advice on a wide-range of diverse and sophisticated real estate transactions relating to the City’s property interests.
 - Employment Law: Provide assistance and legal advice to the City and its Agencies, Boards and Commissions relating to Employment law and issues arising from collective agreements between the City and its unions.
- Legal representation and defense of the City of Toronto at all levels of courts and tribunals which include the Ontario Municipal Board, the Alcohol and Gaming Commission, the Labour Relations Board, the Human Rights Tribunal and the Workplace Safety and the Insurance Appeals Tribunal.

Committee of Adjustment Hearings

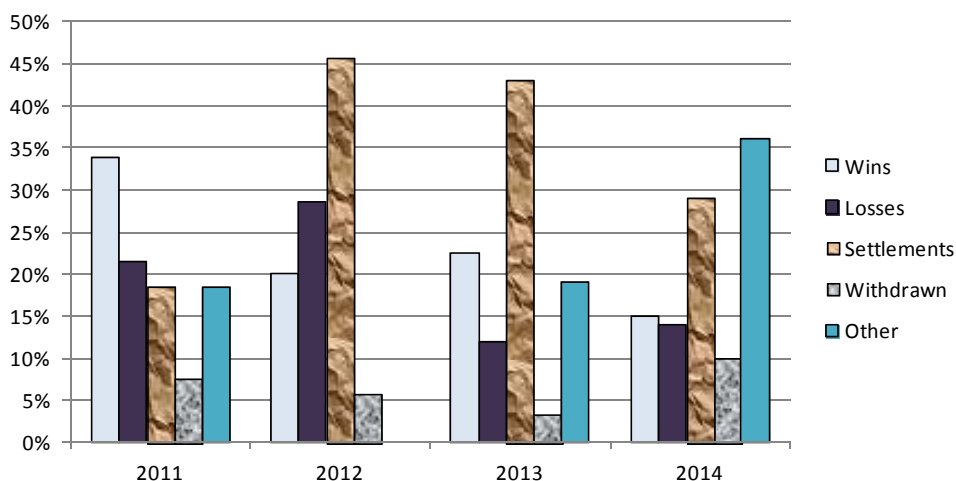


Table 1
2015 Recommended Operating Budget and Plan by Service

(In \$000s)	2014		2015 Recommended Operating Budget						2015 Rec.d vs. 2014		Incremental Change			
	Approved Budget	Projected Actual	Base Budget	Red'd Service Changes	2015 Rec'd Base	2015 Rec'd New/Enhanced	2015 Rec'd Budget	Budget Approved Changes			2016		2017	
	\$	\$	\$		\$	\$	\$	\$	%	\$	%	\$	%	
By Service														
Civil Litigation														
Gross Expenditures	8,455.8	10,300.0	13,372.9	(77.6)	13,295.3	251.7	13,547.0	5,091.2	60.2%					
Revenue	5,472.0	5,066.6	7,117.4	(1,790.5)	5,326.9	251.7	5,578.6	106.6	1.9%					
Net Expenditures	2,983.8	5,233.4	6,255.5	1,712.9	7,968.4		7,968.4	4,984.6	167.1%	-		-		
Prosecution														
Gross Expenditures	7,768.9	11,341.3	16,181.2		16,181.2		16,181.2	8,412.3	108.3%					
Revenue	14,094.1	13,067.6	13,758.1		13,758.1		13,758.1	(335.9)	(2.4%)					
Net Expenditures	(6,325.2)	(1,726.3)	2,423.0	-	2,423.0		2,423.0	8,748.2	(138.3%)					
Solicitor														
Gross Expenditures	30,819.8	23,655.1	19,351.9	(217.8)	19,134.1	586.9	19,721.0	(11,098.9)	(36.0%)	77.3	0.4%	329.0	1.6%	
Revenue	8,285.2	8,268.2	6,895.0	2,442.6	9,337.6	586.9	9,924.5	1,639.2	19.8%					
Net Expenditures	22,534.6	15,386.9	12,456.9	(2,660.4)	9,796.5		9,796.5	(12,738.1)	(56.5%)			329.0	3.2%	
Total														
Gross Expenditures	47,044.5	45,296.3	48,905.9	(295.4)	48,610.5	838.6	49,449.1	2,404.6	5.1%	77.3	0.2%	329.0	0.7%	
Revenue	27,851.3	26,402.3	27,770.5	652.1	28,422.6	838.6	29,261.2	1,409.9	5.1%	-		-		
Total Net Expenditures	19,193.2	18,894.0	21,135.4	(947.5)	20,187.9		20,187.9	994.7	5.2%	77.3	0.4%	329.0	1.6%	
Approved Positions	297.0	297.0	297.4	(2.0)	295.4	6.0	301.4	4.4	1.5%					

The Legal Services' 2015 Recommended Total Operating Budget is \$49.449 million gross and \$20.188 million net. The net budget increased by \$0.995 million or 5.2% due to the following:

- Legal Services experienced a \$1.942 million pressure, mainly as a result of salary and benefit increases from cost of living adjustments, step and progression pay common across all services.
- Pressures are partially offset through cost containment measures achieved by filling senior vacant positions with junior lawyers, conversion of vacant Director and Solicitor 1 positions with 2 Practice Leads, and adjustments to interdivisional revenues to recover inflationary costs from other divisions totaling \$0.948 million.

Approval of the 2015 Recommended Operating Budget will result in Legal Services increasing its total staff complement by 4.4 positions from 297.0 to 301.4 as highlighted in the table below:

Table 2
2015 Recommended Total Staff Complement

Changes	2015 Budget				Plan	
	Civil Litigation	Prosecution	Solicitor	Total	2016	2017
2014 Approved Complement	91.1	80.2	125.7	297.0		
In-year Adjustments						
Adjusted 2014 Staff Complement	91.1	80.2	125.7	297.0		
Recommended Change in Staff Complement						
Base Changes	(2.5)	(2.5)	4.4	(0.6)		
Service Changes			(1.0)	(1.0)		
New / Enhanced Service Priorities	2.0		4.0	6.0		
Total	90.6	77.6	133.1	301.4		
Position Change Over Prior Year	(0.5)	(2.5)	7.4	4.4		
% Change Over Prior Year	(0.54%)	(3.14%)	5.89%	1.48%		

The Program's total staff complement will increase by 1.5% or 4.4 complement primarily as a result of the following changes:

- The reduction of 1.0 filled permanent Mail Clerk position, as diminished duties will be assigned to other staff.
- The reduction of 1.0 temporarily filled, permanent Solicitor 3 position, which will severely hinder the ability to support City Council requests to attend Ontario Municipal Board and Liquor License hearings. Approval of Recommendation 5 on page 4 is a co-requisite for this reduction.
- The addition of 1.0 new temporary Solicitor to enhance Legal Services' support for IT procurement for the Information & Technology Division, funded from the IT Equipment Reserve Fund.
- The addition of 1 Solicitor, 1 Conveyancer and 1 Law Clerk to support the Toronto Yonge Spadina Subway Extension with the Toronto Transit Commission fully funded by the TTC.
- An additional 1.0 permanent Solicitor and 1.0 permanent Legal Clerk to support the processing of Insurance Claim files for the City of Toronto, fully funded from the Insurance Reserve.

The 2015 Recommended Operating Budget includes base expenditure pressures of \$1.808 million net, primarily attributable to salary inflationary increases and recommended base revenue adjustments of \$0.134 million as detailed below:

Table 3
Key Cost Drivers

(In \$000s)	2015 Recommended Operating Budget			Total Rec'd 2015 Base Budget
	Civil Litigation	Prosecution	Solicitor	
Gross Expenditure Changes				
COLA and Progression Pay				
Salary and Benefit Reallocation (between Services)	4,009.7	1,184.5	(5,194.2)	
Progression Pay and COLA	960.0	190.3	658.0	1,808.2
Other Base Changes				
Inter-divisional Charges	(33.1)	7,044.4	(7,011.3)	(0.0)
Total Gross Expenditure Changes	4,936.5	8,419.2	(11,547.5)	1,808.2
Revenue Changes				
Inter-divisional Recoveries	1,645.4	(389.1)	(1,390.3)	(134.0)
Total Revenue Changes	1,645.4	(389.1)	(1,390.3)	(134.0)
Net Expenditure Changes	3,291.1	8,808.3	(10,157.2)	1,942.2

Key cost drivers for Legal Services are discussed below:

- The primary cost drivers for the Legal Services Division includes Progression Pay and cost of living adjustments of \$1.808 million common across all services.
- The Solicitor Service's inter-divisional recoveries from City Planning Division decreased by \$0.136 million as a result of the completion of the City's new Zoning By-law.
- Adjustments to better align salaries and benefits, interdivisional charges and interdivisional recoveries between services result in no net impact to Legal Services.

In order to offset the above pressures, the 2015 total service changes of \$0.948 million for Legal Services consisting of base revenue changes of \$0.573 million, revenue adjustments of \$0.079 million, and service changes of \$0.295 million are detailed below:

Table 4
2015 Total Recommended Service Change Summary

Description (\$000s)	2015 Recommended Service Changes						Total Rec'd Service Changes			Incremental Change			
	Civil Litigation		Prosecution		Solicitor		\$	\$	#	2016 Plan		2017 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.
Base Changes:													
Base Expenditure Changes													
Change to Practice Leads	(77.6)	(77.6)					(77.6)	(77.6)					
Base Expenditure Change	(77.6)	(77.6)					(77.6)	(77.6)					
Base Revenue Changes													
Recoveries from Agencies and Local Boards						(573.2)		(573.2)					
Base Revenue Change	(77.6)	(77.6)				(573.2)	(77.6)	(650.7)					
Sub-Total	(77.6)	(77.6)				(573.2)	(77.6)	(650.7)					
Revenue Adjustments													
User Fee Adjustment		1,790.5				(1,846.2)		(55.7)					
Recovery from Capital Adjustments						(23.3)		(23.3)					
Sub-Total		1,790.5				(1,869.5)		(78.9)					
Service Changes													
Deletion of a Mail Clerk Position					(58.0)	(58.0)	(58.0)	(58.0)	(1.0)				
Reduction of a Junior Solicitor Position					(159.8)	(159.8)	(159.8)	(159.8)	(1.0)				
Sub-Total					(217.8)	(217.8)	(217.8)	(217.8)	(2.0)				
Total Changes	(77.6)	1,712.9			(217.8)	(2,660.4)	(295.4)	(947.5)	(2.0)				

Base Expenditure Changes

- The conversion of one Solicitor position and one Director position to two Practice Leads within the Civil Litigation service will result in a cost savings of \$0.078 million for the Program.

Base Revenue Changes

- In 2015, Legal Services (Solicitor Service) will be providing an increased level of services for the City's Agencies and Local Boards (i.e. MetroInx); resulting in an increase in Sundry/Other revenues of \$0.573 million.

Revenue Adjustments

- User fees in Solicitor Service will increase by \$0.056 million to maintain full cost recovery for the Development Application Review Process as a result of an inflationary adjustment.
- Contributions from the Toronto Water Capital Budget will increase by \$0.023 million in Solicitor Service to fully recover legal expenses associated with Waste Water Capital projects.
- Adjustments to user fees to better align with services resulting in no net impact to Legal Services.

Service Changes

- The deletion of a filled, permanent Mail Clerk position in Solicitor Service is recommended, which will result in savings of \$0.58 million, is expected to have minimal impact on services as diminished duties will be assigned to other staff.
- The reduction of a temporarily-filled, but permanent junior Solicitor 3, which currently supports the Planning and Administrative Tribunal Law Practice Group, will result in savings of \$0.160 million net, but will severely hinder the Program's ability to support work pertaining to Liquor Licence hearings and attend Ontario Municipal Board hearings. In order to achieve these savings, approval of Recommendation 5 on page 4 is a co-requisite for this reduction.

Table 5

2015 Total Recommended New & Enhanced Service Priorities Summary

Description (\$000s)	New and Enhanced						Total Rec'd Service			Incremental Change			
	Civil Litigation		Prosecution		Solicitor		\$	\$	Position	2016 Plan		2017 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	#	Net	Pos.	Net	Pos.
Enhanced Services Priorities													
Insurance Claims Positions	251.7						251.7		2.0				
Toronto Yonge-Spadina Subway Extension Positions					390.6		390.6		3.0				
Sub-Total	251.7				390.6		642.4		5.0				
New Service Priorities													
(a) New Services													
Information Technology Solicitor					196.2		196.2		1.0				
Sub-Total					196.2		196.2		1.0				
Total	251.7				586.9		838.6		6.0				

Recommended Enhanced Service Priorities (\$0.642 million gross & \$0 net)

Increase Legal Insurance Claims Support

- In order to be more cost efficient, the Civil Litigation Service is increasing the complement of lawyers in order to reduce the outsourcing of insurance claims related work to external law firms. The recommended increase provides funding for one solicitor position and one law clerk that will result in an increase of \$0.252 million gross and zero net, funded through the Insurance Reserve.
- Preliminary financial analysis indicates that approximately \$0.320 million in savings in insurance claims legal work is anticipated to be realized reducing the draw from the Insurance Reserve in 2015 by performing the work internally instead of through a private law firm. The savings will be appropriately captured in the Non-Program Expenditure Budget through reduction in contributions to the Insurance Reserve.

Toronto Yonge Spadina Subway Extension Line

- The Toronto Yonge Spadina Subway Extension Line Project requires three temporary positions (Senior Solicitor, Law Clerk and Conveyancer) to address the growing demand for Solicitor Service, pertaining to Real Estate Law and land appropriations. The additional positions will result in an increase of \$0.391 million gross and zero net, funded by the TTC.

Recommended New Service Priorities (\$0.196 million gross & \$0 net)

Information Technology Division Litigation/Solicitor Support

- The addition of one permanent Solicitor position in the Solicitor Service is recommended to assist with litigation and solicitor work for the Information Technology Division. The position will review and draft agreements pertaining to contracts for IT Projects, to ensure vendors meet requirements and projects complete. This will result in an increase of \$0.196 million gross and zero net, to be funded through the IT Equipment Reserve Fund.

Table 6
2016 and 2017 Plan by Program

Description (\$000s)	2016 - Incremental Increase					2017 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
Known Impacts:										
Salary & Benefit Increases	77.3		77.3			329.0		329.0		
Sub-Total	77.3		77.3			329.0		329.0		
Total Incremental Impact	77.3		77.3			329.0		329.0		

Approval of the 2015 Recommended Base Budget for Legal Services will result in a 2016 incremental increase of \$0.077 million in 2016 and incremental increase of \$0.329 million in 2017 to maintain the 2015 service levels.

- Future year incremental costs are primarily attributable to progression pay and cost of living adjustments.



Part III:

Issues for Discussion

Issues for Discussion

Issues Impacting the 2015 Budget

Reduction of Requests to Attend Ontario Municipal Board (OMB) Hearings

During the 2015 Budget process, the Legal Services Division experienced significant difficulty in offsetting their net budgetary pressures, mainly pertaining to increases in staff salaries and benefits. As part of the budgetary administrative reviews, a recommendation to reduce the divisional pressure included a reduction of a temporarily filled, permanent junior Solicitor 3 position, which currently supports the Planning and Administrative Tribunal Law Practice Group, with cost savings of \$0.160 million net. The result of this cost saving measure is a reduction discretionary service provided by Legal Services. Through consultation with the City Solicitor, this reduction is only sustainable if City Council adopts a strict policy to abstain from this discretionary legal work.

Discretionary Legal Services:

Ontario Municipal Board (OMB) Hearings

Often when Council requests Legal Services to attend OMB hearings, the purpose is to argue against a position that City Planning has recommended, which can undermine the City's Official Plan and Zoning By-Laws. As Legal Services represents and provides advice to the City, arguments against a position the City has taken are counter-productive and inefficient use of staff time.

There were 45-55 hearings of Committee of Adjustment appeals per year until 2011; this increased to 96 in 2012, 95 in 2013 and 83 in 2014. One full-time position represents 230 working days per year or 1610 hours (at seven hours per day). On average, a hearing takes 1.3 days to complete, and three days of preparation for each hearing day for a total of five days per hearing. At five days per hearing, the deletion of a junior Solicitor would translate to a reduction of 46 hearings per year.

As resources in Legal Services are already stretched, this reduction would only be feasible by implementing a policy which restricts attendance to cases where there was City Planning staff support (City Planning support was required in only 17 cases in 2012, 13 in 2013 and eight in 2014), or if the Chief Planner is of the opinion that an OMB approval would undermine the City's Official Plan.

Liquor Licensing Hearings

Attending liquor licence hearings involve supporting a position (for or against) an individual or organization that has applied for a liquor licence. There have been dramatic increases in Liquor Licence hearings as well: 24 in 2010, 34 in 2011, 44 in 2012, 53 in 2013 and 50 up to the end of November 2014. On average, a file takes 26 hours of legal work. If a new policy were adopted to remove all liquor licensing work, the approximately 50 forgone hearings would result in a reduction of 1300 hours.

Proposals

It is recommended that City Council adopt the deletion of one (1) Solicitor 3 position included in the 2015 Recommended Operating Budget for Legal Services only if the following policy changes are also adopted:

City Council adopt the following change in policy such that City Council will no longer request the City Solicitor to:

- a. provide services associated with liquor licences, including liquor licence applications; and,

- b. attend Ontario Municipal Board hearings resulting from the appeals of Committee of Adjustment decisions, unless:
 - i. The Chief Planner has advised that City Planning Staff are willing to support City Council's position; and/or
 - ii. The Chief Planner has advised Council that the decision of the Committee of Adjustment could undermine the City's Official Plan if the City did not attend the Ontario Municipal Board hearing.

The adoption of the reduction of 1.0 junior Solicitor 3 position, without the adoption of the corresponding policy changes will result in significant reductions of Legal Services' service levels, and compromise the division's ability to meet the needs of the City.



Appendices:

Appendix 1

2014 Service Performance

2014 Key Service Accomplishments

In 2014, Legal Services accomplished the following:

- ✓ Provided Strategic legal advice and services respecting 2015 Pan Am Games
- ✓ Represented City's interests at Ontario Municipal Board on appeals of harmonized City-wide Zoning By-law including settling appeals where warranted.
- ✓ Provided strategic legal advice with respect to establishment of Local Appeal Body.
- ✓ Provided strategic legal advice with respect to implementation of a development permit system.
- ✓ Represented City's interests at Ontario Municipal Board with respect to major redevelopment projects including the Central Waterfront, Mirvish/Gehry proposal at King Street West and John Street and at 1 and 4 Yonge Street.
- ✓ Provided strategic legal advice and services respecting transit matters including Eglinton LRT, TTC Spadina subway extension and Union-Pearson Express including land acquisitions, road crossing agreements and construction issues.
- ✓ Provided strategic legal services to Metrolinx to acquire by transfer or expropriation approximately 100 property interests required for construction of the Eglinton Crosstown.
- ✓ Provide strategic legal advice respecting new policies for retention of employment lands as provided for in municipal comprehensive five year review of Official Plan.
- ✓ Provided strategic legal advice respecting taxi review and defended City's position in any potential legal challenges.
- ✓ Provided strategic legal advice and services respecting the establishment of the Rouge National Urban Park.
- ✓ Provided strategic legal advice respecting development and implementation of plans for the management and proper disposal of excess soils in accordance with new Ministry of Environment Guidelines.
- ✓ Represented City's position on Line 9 at the Ontario Energy Board.
- ✓ Provided strategic legal services to implement TTC's Easier Access Projects.
- ✓ Provided strategic legal services respecting the redevelopment of Seaton House.
- ✓ Provided strategic legal advice to Toronto Police Services Board respecting the review and implantation of new policies to address street carding and racial profiling.
- ✓ Provided strategic legal advice respecting M.R.A.B. orders with respect to Building Code compliance and represented City's position in prosecutions.

- ✓ Provided strategic legal advice respecting changes to Fire Charges and represent City's position in prosecutions.
- ✓ Provided strategic legal advice respecting on outcome of Elliott Lake Judicial Inquiry.
- ✓ Provided strategic legal advice respecting 2014 Municipal Election.
- ✓ Provided legal advice to City staff in relation to matters associated with the application of City policies and the principles and values contained in the Public Service By-law including, but not limited to, advising the City Clerk in relation to the application of City Policies to Councillor Office staff in advance of the Municipal election.
- ✓ Provided strategic legal advice respecting the Public Service By-law.
- ✓ Provided strategic legal advice respecting implementation of walk-in early resolution and introduction of e-ticketing.
- ✓ Provided relevant legal training seminars to staff of client divisions to increase their efficiency and effectiveness in their operational areas.
- ✓ Represented City's position in Blue Box arbitration to resolve dispute as to how much City is entitled to be reimbursed by Stewardship Ontario as a result of running the residential blue box program.
- ✓ Provided educational seminars to operating divisions with a view of minimizing claims against the City and assisting in the defence of claims made.
- ✓ Represented City's position in prosecutions of fixed fines for parking offences.
- ✓ Provided strategic legal advice to resolve disputes relating to payments in lieu of taxes on federal and provincial properties including the CBC, West Don lands and Toronto Port Authority.
- ✓ Provided strategic legal services to resolve Sunrise Propane litigation and recovered City expenses.
- ✓ Provided strategic legal advice to the Sign by-law Unit to develop processes and procedures for the recovery of outstanding taxes pursuant to the Sign Tax By-law.

2014 Financial Performance

2014 Budget Variance Analysis

(\$000s)	2012	2013	2014	2014	2014 Approved Budget vs.	
	Actuals	Actuals	Approved Budget	Projected Actuals*	Projected Actual Variance	
	\$	\$	\$	\$	\$	%
Gross Expenditures	46,030.8	46,162.9	47,044.5	45,296.3	(1,748.2)	(3.7%)
Revenues	28,159.4	28,008.4	27,851.3	26,402.3	(1,449.0)	(5.2%)
Net Expenditures	17,871.4	18,154.6	19,193.2	18,894.0	(299.2)	(1.6%)
Approved Positions	285.0	294.0	297.0	297.0		

* Based on the 9 month Operating Budget Variance Report

2014 Experience

Legal Services reported net under-spending of \$0.444 million or 3.1% for the nine-month period ended September 30, 2014. The variance consisted of lower than expected gross expenditures of \$2.595 million or 7.4% mainly due to vacant positions, partially offset by corresponding lower than expected recoveries from other City Divisions by \$2.151 million or 10.3% of revenues.

Legal Services is forecasting a year-end net favourable variance of \$0.299 million or 1.6% largely due to the vacant positions.

As of September 30, 2014, Legal Services reported a strength of 288.0 positions compared to a complement of 297.0 positions, which represented a vacancy rate of 0.8% for approved operating positions after budgeted gapping. This gapping strategy has resulted in the Division not being able to maintain the level of service required to meet client demands. Increased workload, primarily due to City Council requests to attend Ontario Municipal Board (OMB) meetings does not support maintaining vacant positions. By year-end, Legal Services is projecting to have a staff strength equal to its complement of 297.0 positions.

Impact of 2014 Operating Variance on the 2015 Recommended Budget

- There is no impact to the 2015 Recommended Operating Budget as all vacancies will be filled by the end of 2014.

Appendix 2

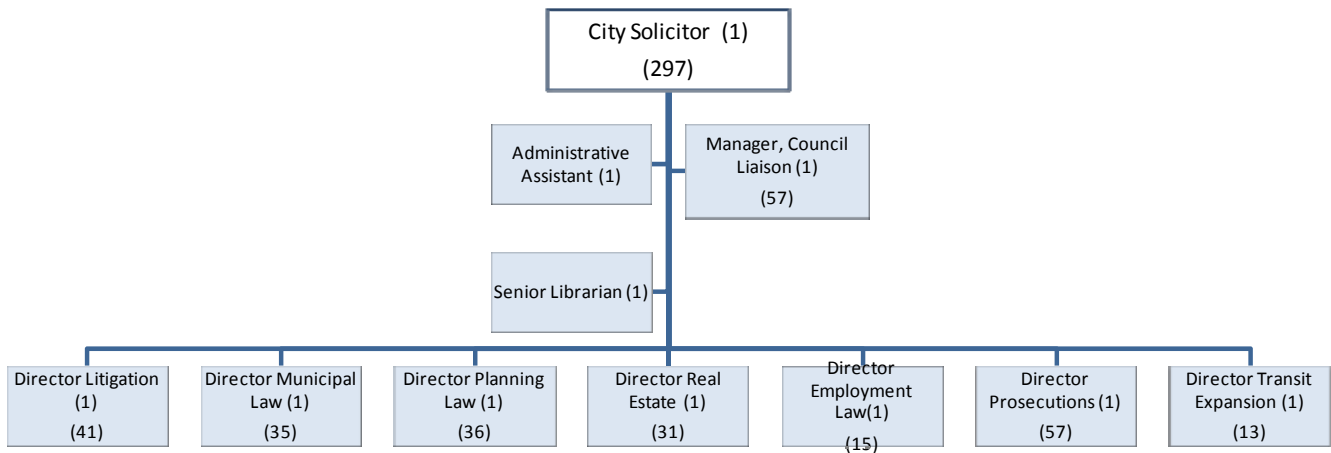
2015 Recommended Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense (\$000's)	2012	2013	2014	2014	2015	2015 Change from		Plan	
	Actual	Actual	Budget	Projected	Rec'd	2014 Approved		2016	2017
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	34,734.6	35,785.5	38,002.9	33,749.9	40,349.5	2,346.7	6.2%	40,426.9	40,097.7
Materials and Supplies	383.3	438.5	407.3	336.5	407.3			407.3	407.4
Equipment	37.4	18.3	105.6	29.6	107.6	2.0	1.9%	107.6	107.6
Services & Rents	1,802.0	1,330.4	1,415.8	2,632.2	1,418.6	2.8	0.2%	1,418.6	1,418.7
Contributions to Capital									
Contributions to Reserve/Res Funds	58.9	58.9	58.9	58.9	58.9			58.9	58.9
Other Expenditures	0.1	0.1							
Interdivisional Charges	9,014.5	8,531.2	7,054.0	8,489.2	7,107.2	53.2	0.8%	53.0	53.0
Total Gross Expenditures	46,030.8	46,162.9	47,044.5	45,296.3	49,449.1	2,404.6	5.1%	42,472.2	42,143.3
Interdivisional Recoveries	22,414.1	22,236.8	21,795.3	20,014.7	22,162.5	367.1	1.7%	15,437.3	15,437.3
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations	2,377.0	2,680.1	2,473.9	2,693.5	2,529.6	55.7	2.3%	2,529.6	2,529.6
Transfers from Capital Fund	945.2	673.1	808.0	833.3	1,162.6	354.7	43.9%	1,162.6	1,162.6
Contribution from Reserve Funds	278.2	143.7	300.0	309.4	300.0			300.0	300.0
Contribution from Reserve									
Sundry Revenues	2,144.9	2,274.7	2,474.1	2,551.5	3,106.6	632.4	25.6%	3,106.6	3,106.8
Required Adjustments									
Total Revenues	28,159.4	28,008.4	27,851.3	26,402.3	29,261.2	1,409.9	5.1%	22,536.1	22,536.3
Total Net Expenditures	17,871.4	18,154.6	19,193.2	18,894.0	20,187.9	994.7	5.2%	19,936.2	19,607.0
Approved Positions	285.0	294.0	297.0	297.0	301.4			301.4	301.4

Appendix 3

2015 Organization Chart



2015 Recommended Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	9.0	9.0	141.0	135.0	294.0
Temporary			3.0		3.0
Total	9.0	9.0	144.0	135.0	297.0

Appendix 4

Summary of 2015 Recommended Service Changes



**2015 Operating Budget - Staff Recommended Service Change
Summary by Service
(\$000s)**

Form ID		Other City Programs Program: Legal Services	Adjustments				2016 Plan Net Change	2017 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
2015 Staff Recommended Base Budget Before Service Change:			41,774.1	21,368.4	20,405.7	297.4	(251.7)	(329.2)

5699 Deletion of a Mail Clerk

59 Description:

In order to reduce budget pressures, the deletion of a permanent Mail Clerk is recommended, which will result in a savings of \$0.058 million. The deletion of the filled position is expected to have minimal impact on the service delivery within the division as diminished duties will be assigned to other staff.

Service Level Impact:

The deletion does not have impact on service levels.

Service: Solicitor

Total Staff Recommended:	(58.0)	0.0	(58.0)	(1.0)	0.0	0.0
Staff Recommended Service Changes:	(58.0)	0.0	(58.0)	(1.0)	0.0	0.0

5929 Deletion of a Solicitor 3

59 0 Description:

A recommendation to reduce the divisional pressure included a reduction of a temporarily filled permanent junior Solicitor 3, which currently supports the Planning and Administrative Tribunal Law Practice Group, with cost savings of \$0.160 million net.

Service Level Impact:

Approval of this cost saving measure will severely hinder the ability of Legal Services to support work pertaining to and attend Ontario Municipal Board and Liquor Licence hearings. Through consultation with the City Solicitor, this reduction is only sustainable if City Council adopts a strict policy to abstain from this discretionary legal work. Recommendation 5 on page 4 on the 2015 Operating Budget Anlayst Notes for Legal Services is a co-requisite for this reduction.

Service: Solicitor

Total Staff Recommended:	(159.8)	0.0	(159.8)	(1.0)	0.0	0.0
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Category:



**2015 Operating Budget - Staff Recommended Service Change
Summary by Service
(\$000s)**

Form ID		Other City Programs Program: Legal Services	Adjustments				2016 Plan Net Change	2017 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Staff Recommended Service Changes:	(159.8)	0.0	(159.8)	(1.0)	0.0	0.0
Summary:								
		Staff Recommended Service Changes:	(217.8)	0.0	(217.8)	(2.0)	0.0	0.0
		Total Staff Recommended Base Budget:	41,556.3	21,368.4	20,187.9	295.4	(251.7)	(329.2)

Appendix 5

Summary of 2015 Recommended New / Enhanced Service Priorities

2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

Form ID		Other City Programs Program: Legal Services	Adjustments				2016 Plan Net Change	2017 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		

5571	I & T Solicitor
74	0

Description:

The addition of one permanent Solicitor position is recommended to assist with litigation and solicitor work for the Information Technology Division. The position will review and draft agreements pertaining to contracts for IT Projects, to ensure vendors meet requirements and projects complete. This will result in an increase of \$0.196 million gross and zero net, to be funded through the IT Equipment Reserve Fund.

Service Level Impact:

Increased legal service advice for the IT procurement process will speed up delivery of IT capital projects.

Service: Solicitor

Total Staff Recommended:	196.2	196.2	0.0	1.0	0.0	0.0
Staff Recommended New/Enhanced Services:	196.2	196.2	0.0	1.0	0.0	0.0

2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

Form ID		Other City Programs Program: Legal Services	Adjustments				2016 Plan Net Change	2017 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		

5610 **Insurance Claims**

72 0 **Description:**

By increasing the complement of lawyers in order to reduce the outsourcing of insurance claims related work to external law firms, savings will be realized as hiring internal resources is more cost efficient. Preliminary financial analysis indicates that approximately \$0.320 million in savings in insurance claims legal work is anticipated to be realized reducing the draw from the Insurance Reserve in 2015 if the work is performed internally instead of through a private law firm. The savings will be appropriately captured in the Non-Program Expenditure Budget through reduction in contributions to the Insurance Reserve. The recommended increase includes one solicitor position in 2015 and one law clerk that will result in an increase of \$0.252 million gross and zero net, funded through the Insurance Reserve.

Service Level Impact:

Service: Civil Litigation

Total Staff Recommended:	251.7	251.7	0.0	2.0	0.0	0.0
Staff Recommended New/Enhanced Services:	251.7	251.7	0.0	2.0	0.0	0.0

Category:

71 - Operating Impact of New Capital Projects 74 - New Services
72 - Enhanced Services-Service Expansion 75 - New Revenues

2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)

Form ID		Other City Programs Program: Legal Services	Adjustments				2016 Plan Net Change	2017 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
5661		Toronto Yonge-Spadina Subway Extension						
72	0	Description:						
		The Toronto Yonge Spadina Subway Extension Line Project requires three temporary positions (Senior Solicitor, Law Clerk and Conveyancer) to address the growing demand for Legal Services, particularly in Real Estate Law to assist with land appropriations. The additional positions will result in an increase of \$0.391 million gross and zero net, funded by the TTC.						
		Service Level Impact:						
		Service: Solicitor						
		Total Staff Recommended:	390.6	390.6	0.0	3.0	0.0	
		Staff Recommended New/Enhanced Services:	390.6	390.6	0.0	3.0	0.0	

Category:

71 - Operating Impact of New Capital Projects 74 - New Services
72 - Enhanced Services-Service Expansion 75 - New Revenues



**2015 Operating Budget - Staff Recommended New and Enhanced Services
Summary by Service
(\$000s)**

Form ID		Other City Programs Program: Legal Services	Adjustments				2016 Plan Net Change	2017 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
Summary:								
		Staff Recommended New/Enhanced Services:	838.6	838.6	0.0	6.0	0.0	0.0

Appendix 6

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2014 \$	Rec'd Withdrawals (-) / Contributions (+)		
			2015 \$	2016 \$	2017 \$
Projected Beginning Balance		2,096.0	2,096.0	1,796.0	1,496.0
Arbitration & Legal Awards	XQ1079		(300.0)	(300.0)	(300.0)
Total Reserve / Reserve Fund Draws / Contributions		2,096.0	1,796.0	1,496.0	1,196.0
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		2,096.0	1,796.0	1,496.0	1,196.0

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of	Rec'd Withdrawals (-) / Contributions (+)		
			2015 \$	2016 \$	2017 \$
Projected Beginning Balance		21,307.7	21,307.7	21,366.6	21,425.5
Insurance Reserve Fund	XR1010		58.9	58.9	58.9
Total Reserve / Reserve Fund Draws / Contributions		21,307.7	21,366.6	21,425.5	21,484.3
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		21,307.7	21,366.6	21,425.5	21,484.3

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of	Rec'd Withdrawals (-) / Contributions (+)		
			2015 \$	2016 \$	2017 \$
Projected Beginning Balance		9,375.2	9,375.2	9,018.9	8,822.7
IT Equipment Reserve Fund	XQ1508		(356.2)	(196.2)	(196.2)
Total Reserve / Reserve Fund Draws / Contributions		9,375.2	9,018.9	8,822.7	8,626.4
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		9,375.2	9,018.9	8,822.7	8,626.4

Appendix 7a

Recommended User Fees Adjusted for Inflation and Other

Rate ID	Rate Description	Service	Fee Category	Fee Basis	2014	2015			2016	2017
					Approved Rate	Inflationary Adjusted Rate	Other Adjustment	Budget Rate	Plan Rate	Plan Rate
LL001	Surrender, Discharge, Release or Assumption documentation	Solicitor	Full Cost Recovery	Document	\$235.25	5.29		240.54	240.54	240.54
LL002	Discharge of Mortgage	Solicitor	Full Cost Recovery	Transaction	\$235.25	5.29		240.54	240.54	240.54
LL003	Consent to document registration	Solicitor	Full Cost Recovery	Consent	\$235.25	5.29		240.54	240.54	240.54
LL004	Correcting Deed	Solicitor	Full Cost Recovery	Transaction	\$235.25	5.29		240.54	240.54	240.54
LL005	Compliance Request	Solicitor	Full Cost Recovery	Property	\$235.25	5.29		240.54	240.54	240.54
LL006	Due Diligence Request by Purchasers of Municipal Property	Solicitor	Full Cost Recovery	Case	\$235.25	5.29		240.54	240.54	240.54
LL007	Review Tenant's Notice of Lease	Solicitor	Full Cost Recovery	Notice	\$235.25	5.29		240.54	240.54	240.54
LL008	Renewal of Lease/Licence	Solicitor	Full Cost Recovery	Transaction	\$471.59	10.61		482.20	482.20	482.20
LL009	Lease/Licence Amending Agreement	Solicitor	Full Cost Recovery	Document	\$471.59	10.61		482.20	482.20	482.20
LL010	Response to Applications for First Registration in Land Title	Solicitor	Full Cost Recovery	Application	\$471.59	10.61		482.20	482.20	482.20
LL011	Encroachment Agreement	Solicitor	Full Cost Recovery	Document	\$588.68	13.25		601.93	601.93	601.93
LL012	Easement Agreement	Solicitor	Full Cost Recovery	Document	\$588.68	13.25		601.93	601.93	601.93
LL013	Preparation of Nominal Sum Lease or Licence	Solicitor	Full Cost Recovery	Document	\$588.68	13.25		601.93	601.93	601.93
LL014	Consent to Applications Where City is Interested Party	Solicitor	Full Cost Recovery	Application	\$588.68	13.25		601.93	601.93	601.93
LL015	Landlord's or Tenant's Lease Acknowledgement (a) routine	Solicitor	Full Cost Recovery	Acknowledgment	\$353.42	7.95		361.37	361.37	361.37
LL016	Landlord's or Tenant's Lease Acknowledgement (b) complex	Solicitor	Full Cost Recovery	Acknowledgment	\$1,177.37	26.49		1,203.86	1,203.86	1,203.86
LL017	Consent to Assignment or Sublet of Lease/Licence (a) routine	Solicitor	Full Cost Recovery	Consent	\$235.25	5.29		240.54	240.54	240.54
LL018	Consent to Assignment or Sublet of Lease/Licence (b) complex	Solicitor	Full Cost Recovery	Consent	\$2,355.81	53.01		2,408.82	2,408.82	2,408.82
LL019	Consent to Security Documents or a refinancing (a) routine	Solicitor	Full Cost Recovery	Consent	\$588.68	13.25		601.93	601.93	601.93
LL020	Consent to Security Documents or a refinancing (b) complex	Solicitor	Full Cost Recovery	Consent	\$2,355.81	53.01		2,408.82	2,408.82	2,408.82
LL037	Preparation & Registration of Order	Solicitor	Full Cost Recovery	Case	\$443.03 + additional costs	9.97		453.00	453.00	453.00
LL038	Preparation & Discharge of Order	Solicitor	Full Cost Recovery	Transaction	\$277.68 + additional costs	6.25		283.93	283.93	283.93
LL039	Title Investigation	Solicitor	Full Cost Recovery	Case	\$111.28 + additional costs	2.50		113.78	113.78	113.78
LL040	Solicitor Services	Solicitor	Full Cost Recovery	Hour	\$166.40 + additional costs	3.74		170.14	170.14	170.14