



Toronto **2015** **BUDGET**

OPERATING ANALYST NOTES



City Council 2015 OPERATING BUDGET OVERVIEW

Toronto City Council comprises the Mayor and 44 Councillors, one representing each of the city's wards. City Council is the main governing body for the city. As part of the City's legislative process, Councillors sit on Standing Committees and on Community Councils for the area where they have been elected. Councillors are also appointed to agencies and corporations. The role of City Council is described in the City of Toronto Act, 2006, c. 131.

2015 Budget Highlights

The total City Council budget for 2015 is \$20.685 million net as shown below.

| (in \$000's) | 2014 Approved Budget | 2015 Rec'd Budget | Change | |
|-------------------------|----------------------|-------------------|--------------|-------------|
| | | | \$ | % |
| Gross Expenditures | 22,287.4 | 20,815.0 | (1,472.4) | (6.6%) |
| Gross Revenues | 2,330.0 | 130.0 | (2,200.0) | (94.4%) |
| Net Expenditures | 19,957.4 | 20,685.0 | 727.6 | 3.6% |

The 2015 Recommended Operating Budget for City Council supports 44 Councillors in fulfilling their statutory mandates.

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Fast Facts

- The 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 single-tier city.
- The Term of Council is four years. The current Council term began December 1, 2014.
- Council has the power to change the mandates and governance of its agencies, with some limitations for the Police, Library and Board of Health.
- City Council decides on strategic policies and priorities and sets the direction for the City of Toronto.
- In 2013, City Council approved a strategic plan for the City of Toronto for 2013-2018.
- A ward boundary review is under way to determine the number of wards for the City of Toronto that meets statutory and representation requirements.

City Council

- Executes its legislative and administrative responsibilities, and exercises all powers exercised through by-laws, except where otherwise permitted by legislation.
- Creates and approves policies and programs, determines service mix, service levels and methods of service delivery, and oversees the work of implementing its decisions.
- Awards contracts, and approves the hiring and dismissal of statutory officers and executive staff.
- Council may, with some limitations, delegate its decision-making authority to committees, City agencies or the Toronto Public Service.
- City Council uses a committee system to manage its legislative process and make decisions. With few exceptions, the business of the City is introduced at a committee and debated for recommendation to Council.
- Each City Councillor serves on the Community Council that incorporates his or her ward. The Mayor is a voting member of all community councils.

Statutory Role of City Council

The 2015 Recommended Operating Budget of \$20.815 million gross and \$20.685 million net for City Council will provide funding to support their role under the City of Toronto Act (COTA):

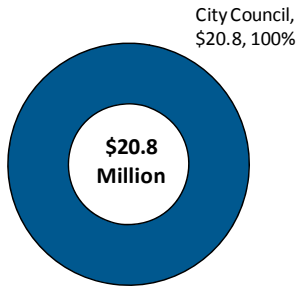
- represent the public and to consider the well-being and interests of the City;
- develop and evaluate the policies and programs of the City;
- determine the services the City provides;
- ensure that administrative and controllership policies, practices and procedures are in place to implement the decisions 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 appropriate Acts.

2015 Operating Budget Expenses & Funding

Our Key Challenges & Priority Actions

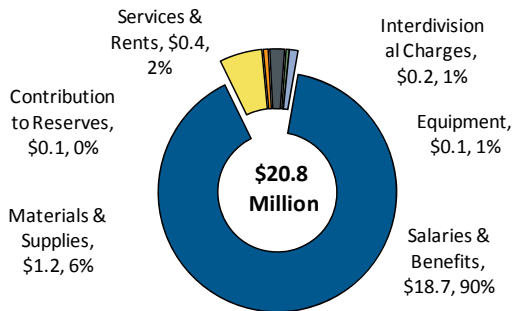
Where the money goes:

2015 Budget by Service
\$20.8 Million



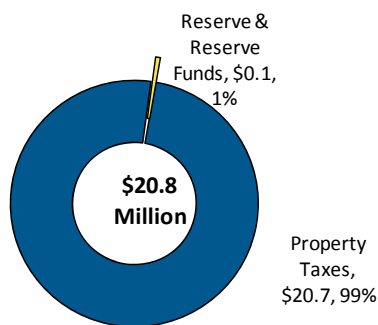
- The priority and challenge of City Council is to meet the requirements and needs of Toronto's diverse population and communities within fiscal constraints.

2015 Budget by Expenditure Category



Where the money comes from:

2015 Budget by Funding Source



Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2015 Recommended Operating Budget for City Council of \$20.815 million gross, \$20.685 million net, of the following service:

| | Gross | Net |
|----------------------|-----------------|-----------------|
| <u>Service:</u> | <u>(\$000s)</u> | <u>(\$000s)</u> |
| City Council | 20,815.0 | 20,685.0 |
| | | |
| Total Program Budget | <u>20,815.0</u> | <u>20,685.0</u> |

2. City Council approve the 2015 recommended service levels for City Council as outlined on page 7 of this report and associated staff complement of 176.0 positions.



Part I:

2015 – 2017

Service Overview and
Plan

Overview

Toronto City Council consists of the Mayor and 44 Councillors, one representing each of the City's wards. The City Council 2015 Operating Budget maintains the 2014 service levels to support the 44 Councillors and their staff.

Statutory Role of City Council

The 2015 Operating Budget of \$20.815 million gross and \$20.685 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 appropriate Acts.

Table 1

2015 Recommended Operating Budget and Plan by Service

| (In \$000s) | 2014 | | 2015 Recommended Operating Budget | | | | | Incremental Change 2016 and 2017 Plan | | | |
|-------------------------------|--------------------|---------------------|-----------------------------------|----------------------------|----------------------|---|-------------|--|-------------|--------------|-------------|
| | Approved Budget | Projected Actual | 2015 Rec'd Base | 2015 Rec'd New/Enhanced | 2015 Rec'd Budget | 2015 Rec'd vs. 2014 Budget Approved Changes | | 2016 | | 2017 | |
| | | | | | | \$ | % | \$ | % | \$ | % |
| By Service | \$ | \$ | \$ | \$ | \$ | \$ | % | \$ | % | \$ | % |
| City Council | | | | | | | | | | | |
| Gross Expenditures | 22,287.4 | 22,287.4 | 20,815.0 | | 20,815.0 | (1,472.4) | (6.6%) | 119.2 | 0.6% | 153.6 | 0.7% |
| Revenue | 2,330.0 | 2,330.0 | 130.0 | | 130.0 | (2,200.0) | (94.4%) | (100.0) | (76.9%) | | |
| Net Expenditures | 19,957.4 | 19,957.4 | 20,685.0 | | 20,685.0 | 727.6 | 3.6% | 219.2 | 1.1% | 153.6 | 0.7% |
| Total | | | | | | | | | | | |
| Gross Expenditures | 22,287.4 | 22,287.4 | 20,815.0 | | 20,815.0 | (1,472.4) | (6.6%) | 119.2 | 0.6% | 153.6 | 0.7% |
| Revenue | 2,330.0 | 2,330.0 | 130.0 | | 130.0 | (2,200.0) | (94.4%) | (100.0) | (76.9%) | | |
| Total Net Expenditures | 19,957.4 | 19,957.4 | 20,685.0 | | 20,685.0 | 727.6 | 3.6% | 219.2 | 1.1% | 153.6 | 0.7% |
| Approved Positions | 176.0 | 176.0 | 176.0 | | 176.0 | | | | | | |

The 2015 Recommended Operating Budget for City Council is \$20.815 million gross and \$20.685 million net. The net budget has increased by \$0.727 million net or 3.6% which reflects inflationary increases for salaries and benefits and Constituency Services and Office Budget cost of living adjustments of \$0.372 million net in 2015, \$0.030 million net for legal costs, health and safety furniture replacement for Councillor offices of \$0.130 million gross and \$0 net, the reversal of one-time gapping in 2014 of \$0.262 million net and budget to actual salary and benefit adjustments of \$0.063 million net.

The increases of \$0.219 million and \$0.154 million, respectively in 2016 and 2017, are primarily due to salaries and benefits and inflationary increases.

Approval of the 2015 Recommended Operating Budget will result in City Council maintaining its total complement at 176, as highlighted in the table below:

Table 2

2015 Recommended Total Staff Complement

| Changes | 2015 Budget | | Plan | |
|--|--------------|--------------|--------------|--------------|
| | City Council | Total | 2016 | 2017 |
| 2014 Approved Complement | 176.0 | 176.0 | 176.0 | 176.0 |
| In-year Adjustments | | | | |
| Adjusted 2014 Staff Complement | 176.0 | 176.0 | 176.0 | 176.0 |
| Recommended Change in Staff Complement | | | | |
| Prior Year Impact | | | | |
| Operating Impacts of Completed Capital Project | | | | |
| Capital Project Delivery | | | | |
| Base Changes | | | | |
| Service Changes | | | | |
| New / Enhanced Service Priorities | | | | |
| Total | 176.0 | 176.0 | 176.0 | 176.0 |
| Position Change Over Prior Year | | | | |
| % Change Over Prior Year | | | | |

The 2015 Recommended Operating Budget includes base expenditure pressures of \$0.727 million net, primarily attributable to salary and non-salary inflationary increases as detailed below:

Table 3
Key Cost Drivers

| (In \$000s) | Recommended Operating | Total Rec'd 2015 Base Budget |
|--|--------------------------|------------------------------------|
| | Council | |
| Gross Expenditure Changes | | |
| Prior Year Impacts | | |
| Reversal of One-time Gapping in Councillor staff salaries | 261.9 | 261.9 |
| Reversal of One-time budget related to Council Transition including 2014 furniture requirement | (2,330.0) | (2,330.0) |
| Economic Factors | | |
| CPI Increase for Councillor Salaries | 116.6 | 116.6 |
| COLA Increase for Councillors Staff Salaries | 221.9 | 221.9 |
| CPI Increase for Councillors Office Budget | 34.0 | 34.0 |
| Zero-Based Item - 2015 Furniture Requirement funded from Council Transition & Furniture Reserves | 130.0 | 130.0 |
| Other Base Changes | | |
| Budget to Actual Salary & Benefits Adjustments | 63.3 | 63.3 |
| Increase in Legal Cost | 30.0 | 30.0 |
| Total Gross Expenditure Changes | (1,472.4) | (1,472.4) |
| Revenue Changes | | |
| Reversal of One-time budget related to Council Transition including 2014 furniture requirement | (2,330.0) | (2,330.0) |
| Funding from Council Transition & Furniture Reserves for 2015 Furniture Requirement | 130.0 | 130.0 |
| Total Revenue Changes | (2,200.0) | (2,200.0) |
| Net Expenditure Changes | 727.6 | 727.6 |

Key cost drivers for City Council's 2015 Recommended Operating Budget are discussed below:

Prior Year Impacts

- The reversal of one-time gapping in 2014 resulting in an increase of \$0.262 million.
- The 2015 Recommended Operating Budget includes a reversal of severance pay for Councillors' Offices and the Mayor's Office staff subsequent to the 2014 Municipal Election and other transition requirements of \$2.330 million gross and zero net, as these costs were funded by the Council Transition Reserve (\$2.200 million) and the Furniture and Equipment Reserve (\$0.130 million) in 2014.
- Additional funding of \$0.130 million gross and \$0 net is recommended for health and safety replacement of furniture for Councillors' offices.

- Salary Cost of Living Adjustment increases of \$0.338 million net in 2015.

Other Base Changes

- A 2.5% CPI increase of \$0.034 million has been applied for the Councillors' Constituency Services and Office Budget.
- A budget to actual salary and benefit adjustment of \$0.063 million.
- An increase for legal cost of \$0.030 million to reflect Council approval of EX42.2 in its June 10-13, 2014 Council Meeting amending Legal Fees Section in the Constituency Services and Office Budget Policy and Authority to Pay a Legal Invoice.

Revenue Changes

- The decrease in revenues of \$2.330 million is due to the reversal of contributions from the Council Transition Reserve and Furniture and Equipment Reserve to fund severance of Mayor's Office and Council staff and other transition costs pertaining to the 2014 Municipal Election.

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: | | | | | | | | | | |
| CPI and Fringe Benefits | 177.4 | | 177.4 | 0.9% | | 168.1 | | 168.1 | 0.8% | |
| CPI Adjustment on Councillors Office Budget | 41.8 | | 41.8 | 0.2% | | 43.1 | | 43.1 | 0.2% | |
| Adjustment to Furniture Budget | (100.0) | (100.0) | | | | | | | | |
| Other (Less 1 Working Day in 2017) | | | | | | (57.5) | | (57.5) | (0.3%) | |
| Sub-Total | 119.2 | (100.0) | 219.2 | 1.1% | | 153.7 | | 153.7 | 0.7% | |
| Total Incremental Impact | 119.2 | (100.0) | 219.2 | 1.1% | | 153.7 | | 153.7 | 0.7% | |

Future year incremental costs are primarily attributable to the following:

Known Impacts

- Councillors' salary and benefits cost of living adjustments totaling \$0.177 million are anticipated in 2016 and \$0.168 million in 2017.
- Budgetary provisions of 3.0% for (CPI) adjustment for Councillors' Constituency Services and Office Budget totaling \$0.042 million and \$0.043 million, respectively in 2016 and 2017.
- Reversal of a one-time expenditure of \$0.100 million for furniture requirements related to Council transition, funded from the Council Transition Reserves, resulting in a zero net impact in 2016. This will be further reviewed in 2015.



Appendices:

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 | 17,355.6 | 17,803.2 | 20,208.5 | 20,208.5 | 18,672.1 | (1,536.4) | (7.6%) | 18,849.5 | 18,960.1 |
| Materials and Supplies | 87.6 | 126.5 | 1,259.6 | 1,250.8 | 1,253.6 | (6.0) | (0.5%) | 1,295.4 | 1,338.5 |
| Equipment | 69.3 | 131.5 | 92.0 | 92.0 | 137.0 | 45.0 | 48.9% | 37.0 | 37.0 |
| Services & Rents | 854.9 | 1,069.3 | 391.5 | 410.8 | 416.5 | 25.0 | 6.4% | 416.5 | 416.5 |
| Contributions to Capital | | | | | | | | | |
| Contributions to Reserve/Res Funds | 91.6 | 91.6 | 91.6 | 91.6 | 91.6 | | | 91.6 | 91.6 |
| Other Expenditures | 15.9 | 0.1 | | | | | | | |
| Interdivisional Charges | 280.3 | 357.8 | 244.2 | 244.2 | 244.2 | | | 244.2 | 244.2 |
| Total Gross Expenditures | 18,755.2 | 19,580.0 | 22,287.4 | 22,297.9 | 20,815.0 | (1,472.4) | (6.6%) | 20,934.3 | 21,088.0 |
| Interdivisional Recoveries | | | | | | | | | |
| Provincial Subsidies | | | | | | | | | |
| Federal Subsidies | | | | | | | | | |
| Other Subsidies | | | | | | | | | |
| User Fees & Donations | 11.9 | 13.1 | | | | | | | |
| Transfers from Capital Fund | | | | | | | | | |
| Contribution from Reserve Funds | | | | | | | | | |
| Contribution from Reserve | | | 2,330.0 | 2,330.0 | 130.0 | (2,200.0) | (94.4%) | 30.0 | 30.0 |
| Sundry Revenues | 207.5 | 121.5 | | 23.0 | | | | | |
| Required Adjustments | | | | | | | | | |
| Total Revenues | 219.4 | 134.6 | 2,330.0 | 2,353.0 | 130.0 | (2,200.0) | (94.4%) | 30.0 | 30.0 |
| Total Net Expenditures | 18,535.8 | 19,445.4 | 19,957.4 | 19,944.9 | 20,685.0 | 727.6 | 3.6% | 20,904.3 | 21,058.0 |
| Approved Positions | 176.0 | 176.0 | 176.0 | 176.0 | 176.0 | | | 176.0 | 176.0 |

Appendix 6

Inflows/Outflows to/from Reserves & Reserve Funds

Table 1A

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 | | 377.6 | 377.6 | 277.6 | 277.6 |
| Council Transition Reserve | XQ0010 | | | | |
| <i>Proposed Withdrawals (-)</i> | | | (100.0) | | |
| <i>Contributions (+)</i> | | | | | |
| Total Reserve / Reserve Fund Draws / Contributions | | 377.6 | 277.6 | 277.6 | 277.6 |
| Other Program / Agency Net Withdrawals & Contributions | | | | | |
| Balance at Year-End | | 377.6 | 277.6 | 277.6 | 277.6 |

Table 1B

Program Specific 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 | | 74.9 | 74.9 | 44.9 | 14.9 |
| Reserve / Reserve Fund Description | | | | | |
| <i>Proposed Withdrawals (-)</i> | | | (30.0) | (30.0) | (30.0) |
| <i>Contributions (+)</i> | | | | | |
| Total Reserve / Reserve Fund Draws / Contributions | | 74.9 | 44.9 | 14.9 | (15.1) |
| Other Program / Agency Net Withdrawals & Contributions | | | | | |
| Balance at Year-End | | 74.9 | 44.9 | 14.9 | (15.1) |

Inflows/Outflows to/from Reserves & Reserve Funds

Table 1C

Corporate 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 | | 21,307.7 | 21,307.7 | 21,399.3 | 21,490.9 |
| Insurance Reserve Fund | XR1010 | | | | |
| <i>Proposed Withdrawals (-)</i> | | | | | |
| <i>Contributions (+)</i> | | | 91.6 | 91.6 | 91.6 |
| Total Reserve / Reserve Fund Draws / Contributions | | 21,307.7 | 21,399.3 | 21,490.9 | 21,582.5 |
| Other Program / Agency Net Withdrawals & Contributions | | | | | |
| Balance at Year-End | | 21,307.7 | 21,399.3 | 21,490.9 | 21,582.5 |