

2015 Interim Estimates

Date:	November 21, 2014
To:	Executive Committee
From:	Deputy City Manager & Chief Financial Officer
Wards:	All
Reference Number:	P:\2014\Internal Services\Fp\Ec14025Fp

SUMMARY

The 2015 Operating and Capital Budgets are proposed to be approved by City Council by March 11, 2014. The purpose of this report is to establish the 2015 Interim Operating and Capital Estimates in order to enable City Programs and Agencies to carry out their ongoing base operations and to continue work on previously approved urgent capital projects during the period January 1 to April 30, 2015.

In accordance with the Financial Control By-Law, Interim Operating Estimates must be approved prior to January 1, 2015 to ensure that appropriate Council approval is granted to fund the continuance of the City's business during the period January 1 to April 30, 2015. The 2015 Interim Operating Estimates are \$3.283 billion gross and requires cash outflow net funding of \$2.771 billion. The 2015 Interim Capital Estimates total \$945.048 million gross and requires debenture financing of \$310.198 million.

RECOMMENDATIONS

The Deputy City Manager & Chief Financial Officer recommends that City Council:

1. Approve the 2015 Interim Operating Estimates totaling \$3.283 billion as detailed by City Program and Agency in Appendix 1 attached.
2. Authorize the Deputy City Manager & Chief Financial Officer to make net operating disbursement totaling \$2.771 billion to tax and rate supported programs during the period January 1 to April 30, 2015, including cash transfer of \$527.317 million to Agencies as detailed in the attached Appendix 1.

3. Approve the 2015 Interim Capital Estimates totalled \$945.048 million in gross expenditures and financing of \$310.198 million in debt funding; \$145.564 million in Provincial and Federal funding; \$386.912 million in Reserve/Reserve Funds funding; and \$76.914 million in Third Party and Other funding as detailed by City Program and Agency in Appendix 2 attached.
4. Authorize and direct the appropriate City Officials to take the necessary action to give effect thereto.

Financial Impact

As shown in Table 1, the 2015 Interim Operating Estimates total \$3.283 billion gross requiring estimated net cash outflows of \$2.771 billion. Cash outflows for City Operations total \$1.491 billion; for Corporate Accounts \$298.005 million, and for Rate Supported Programs \$454.364 million. Transfers to City Agencies to make their cash payments during the period January 1 to April 30, 2015 total \$527.317 million as most Agencies are only partially funded by the City, which includes the Toronto Transit Commission (TTC) for which approximately 70% of expenditures are funded from its own receipts.

Table 1		
City of Toronto		
2015 INTERIM OPERATING ESTIMATES		
For the Period Jan 1 to April 30, 2015		
(\$000's)		
	Gross	Cash Net Outflow
Citizen Centred Services "A"	980,133	980,133
Citizen Centred Services "B"	319,169	319,169
Internal Services	136,633	136,633
City Manager	16,621	16,621
Other City Programs	38,855	38,855
Total - City Operation	1,491,410	1,491,410
Agencies	1,039,632	527,317
Corporate Accounts	298,005	298,005
Total - Tax Supported Programs	2,829,047	2,316,732
Rate Supported Programs	454,364	454,364
Total	3,283,411	2,771,097

The 2015 Interim Capital Estimates for previously approved capital projects, approved commitments and carry forward funding required to complete capital work for the three month period ending March 31, 2015 total \$945.048 million and is summarised in Table 2. These expenditures would be funded as follows:

- \$310.198 million in debt funding,
- \$145.564 million in Provincial/Federal funding,
- \$342.315 million in Reserve/Reserve funding,
- \$44.597 million in Development Charges funding, and
- \$76.914 million in Third Party and Other funding

Appendix 2 provides details.

Table 2 City of Toronto 2015 Interim Capital Estimates For the Period January 1 to March 31, 2015 (\$000's)		
	Gross	Debt
Citizen Centred Services "A"	54,685	18,756
Citizen Centred Services "B"	93,222	63,758
Internal Services	105,617	43,259
Other City Programs	11,671	4,737
Total - City Operation	265,195	130,510
Agencies	418,957	179,689
Total - Tax Supported Programs	684,152	310,198
Rate Supported Programs	260,896	0
Total - All Programs	945,048	310,198

ISSUE BACKGROUND

The City of Toronto Act (CoTA), sub-section 228 (1) states that, "The City shall in each year adopt a budget including estimates of all sums required during the year" for the purpose of continuing its business. The Financial Control By-Law stipulates that, "Council shall, before the adoption of the final operating budget for a year, adopt an interim operating budget... prior to the 1st day of January of the year in which the operating budget will be adopted" (Toronto Municipal Code, Article II, sub-section 71-5).

COMMENTS

2015 Interim Operating Estimates

Traditionally, Operating Budgets are not approved prior to January 1 of a fiscal (budget) year. To ensure that adequate spending authority is in place during the period January 1 and the date on which the budget is adopted and established in the City's financial system, City Council is required to approve Interim Operating Estimates in accordance with CoTA and the Financial Control By law, thereby, appropriating funds to ensure that services will continue to be provided without interruption.

The 2015 Operating Budget will be considered by City Council at its special meeting proposed for March 10 and 11, 2015. In order to enable City Programs and Agencies to carry out base operations during the first part of the year, it is estimated that most City Programs and Agencies will require authority to spend no more than 30% of their 2014 Council Approved Gross Operating Budget. For Economic Development, Culture & Tourism, Social Development, Finance & Administration, Fire Services, Office of the Integrity Commissioner, Toronto Public Health and Toronto Zoo, the estimates have been adjusted to include full funding authority for payments of contract commitments and other key expenditures such as Pan Am/Para Pan games preparation in this first quarter of 2015 which are in excess of the 30% limit.

2015 Interim Capital Estimates

City Council's approval of the 2015 Interim Capital Estimates is required in order to continue work on previously approved capital projects until the 2015 -2024 Capital Budget and Plan is approved and established in the City's financial system, and to ensure compliance with the CoTA and the City's Financial Control By-Law. This will enable staff to take full advantage of time-driven benefits, remove/mitigate health and safety risks and to proceed with capital activities on previously approved projects that must continue during the first three months of 2015.

2015 Interim Capital Budget Estimates for City Programs and Agencies represent a 22% of 2014 Approved Capital Budget. Spending authority is requested to complete capital work already approved and under way in the first quarter of 2015 and/or to fulfill contractual obligations.

It should be noted that no funding for *new/enhanced services or new capital projects* is included in the recommended 2015 Interim Estimates, as consideration for new funding is subject to the 2015 Budget process.

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SIGNATURE

Roberto Rossini
Deputy City Manager & Chief Financial Officer

ATTACHMENTS

- Appendix 1 - 2015 Interim Operating Estimates
- Appendix 2 - 2015 Interim Capital Estimates

CITY OF TORONTO
2015 INTERIM OPERATING ESTIMATES
For the Period Jan 1 to April 30, 2015
(\$'000's)

Programs/Agencies	2014 Council Approved Gross	2014 Council Approved Net	2015 Interim Budget Gross	Budget Cash Net Out-Flow
Citizen Centred Services "A"				
Affordable Housing Office	2,743	1,195	823	823
Children's Services	420,647	76,716	126,194	126,194
Court Services	53,814	(13,783)	16,144	16,144
Economic Development, Culture and Tourism*	72,394	48,693	27,718	27,718
Toronto Paramedic Services	187,036	69,063	56,111	56,111
Long Term Care Homes & Services	231,800	45,790	69,540	69,540
Parks, Forestry & Recreation	413,006	288,878	123,902	123,902
Shelter Support & Housing Administration	644,898	197,516	193,469	193,469
Social Development, Finance & Administration*	40,777	29,919	14,533	14,533
Toronto Employment & Social Services	1,172,328	172,364	351,698	351,698
Sub-Total Citizen Centred Services "A"	3,239,443	916,351	980,133	980,133
Citizen Centred Services "B"				
City Planning	40,853	15,237	12,256	12,256
Fire Services*	425,535	410,901	148,937	148,937
Municipal Licensing & Standards	50,029	21,060	15,009	15,009
Policy, Planning, Finance & Administration	22,076	10,361	6,623	6,623
Engineering & Construction Services	65,959	7,604	19,788	19,788
Toronto Building	48,322	(11,031)	14,496	14,496
Transportation Services	340,202	206,107	102,061	102,061
Sub-Total Citizen Centred Services "B"	992,975	660,239	319,169	319,169
Internal Services				
Office of the Chief Financial Officer	16,203	9,446	4,861	4,861
Office of the Treasurer	74,387	30,373	22,316	22,316
Facilities Management & Real Estate	188,832	65,404	56,650	56,650
Fleet Services	47,789	0	14,337	14,337
Information & Technology	110,434	68,539	33,130	33,130
3-1-1 Project Management Office	17,801	10,285	5,340	5,340
Sub-Total Internal Services	455,444	184,047	136,633	136,633
City Manager				
City Manager's Office	55,402	46,652	16,621	16,621
Sub-Total City Manager	55,402	46,652	16,621	16,621
Other City Programs				
City Clerk's Office*	59,592	31,528	15,119	15,119
Legal Services	47,045	19,193	14,113	14,113
Mayor's Office	1,972	1,972	591	591
City Council	22,287	19,957	6,686	6,686
Auditor General's Office	4,685	4,685	1,406	1,406
Office of the Integrity Commissioner*	299	299	123	123
Office of the Lobbyist Registrar	1,087	1,087	326	326
Office of the Ombudsman	1,636	1,636	491	491
Sub-Total Other City Programs	138,603	80,357	38,855	38,855
TOTAL - CITY OPERATION	4,881,867	1,887,646	1,491,410	1,491,410

CITY OF TORONTO
2015 INTERIM OPERATING ESTIMATES
For the Period Jan 1 to April 30, 2015
(\$000's)

Programs/Agencies	2014 Council Approved Gross	2014 Council Approved Net	2015 Interim Budget Gross	Budget Cash Net Out-Flow
Agencies				
Toronto Public Health*	246,575	52,764	86,431	18,467
Toronto Public Library	184,220	167,637	55,266	50,291
Association of Community Centers	7,760	7,170	2,328	2,151
Exhibition Place	44,438	(100)	13,331	0
Heritage Toronto	769	312	231	94
Theatres				
Toronto Zoo*	51,756	11,443	20,352	4,500
Arena Boards of Management	8,168	(96)	2,450	0
Yonge/Dundas Square	2,216	393	665	118
Toronto Region Conservation Authority	38,906	3,372	11,672	1,012
Toronto Atmospheric Fund	2,425	0	728	0
Toronto Transit Commission	1,709,721	537,504	512,916	161,251
Toronto Police Service	1,085,551	957,661	325,665	287,298
Toronto Police Services Board	3,158	2,358	947	707
SUB-TOTAL - AGENCIES	3,407,823	1,745,177	1,039,632	527,317
Corporate Accounts				
Capital & Corporate Financing	690,552	654,358	207,166	207,166
Non-Program Expenditures				
- Tax Deficiencies/Write-offs	75,903	54,000	22,771	22,771
- Other Corporate Expenditures	103,142	31,653	30,943	30,943
- Assessment Function (MPAC)	40,370	40,370	12,111	12,111
- Parking Tag Enforcement & Oper.	61,383	61,383	18,415	18,415
- Vacancy Rebate Program	22,000	22,000	6,600	6,600
- Other	394,922	(734,497)	0	0
Non-Program Expenditures	697,719	(525,091)	90,839	90,839
TOTAL - CORPORATE ACCOUNTS	1,388,272	129,267	298,005	298,005
TOTAL - TAX SUPPORTED PROGRAMS	9,677,961	3,762,090	2,829,047	2,316,732
Rate Supported Programs				
Solid Waste Management Services	354,026	0	106,208	106,208
Parking Authority	138,436	0	41,531	41,531
Toronto Water	1,022,087	0	306,626	306,626
TOTAL - RATE SUPPORTED PROGRAMS	1,514,548	0	454,364	454,364
TOTAL - TAX & RATE SUPPORTED OPERATIONS	11,192,510	3,762,090	3,283,411	2,771,097

* Interim Budget based on contractual commitments for ongoing/existing operations

City of Toronto
2015 Interim Capital Estimates
For the Period January 1 to March 31, 2015

(\$000's)

City Programs/Agencies	Total Recommended Interim Estimates	
	Gross	Debt
Citizen Centred Services "A"		
Children's Services	1,088	225
Economic Development and Culture	13,383	6,538
Long Term Care Homes Services	11,300	10,400
Parks, Forestry & Recreation	25,000	200
Shelter, Support & Housing Administration	3,914	1,393
Sub-Total - Citizen Centred A	54,685	18,756
Citizen Centred Services "B"		
City Planning	1,938	544
Fire Services	6,008	5,734
Transportation Services	65,276	47,480
Waterfront Revitalization Initiative	20,000	10,000
Sub-Total - Citizen Centred B	93,222	63,758
Internal Services		
311 Toronto	2,217	2,217
Facilities Management and Real Estate	76,601	29,011
Financial Services	4,192	3,803
Fleet Services	11,823	
Information & Technology	10,784	8,228
Sub-Total - Internal Services	105,617	43,259
Other City Programs		
City Clerk's Office	769	454
Pan Am Games	3,008	1,283
Radio Replacement Project	3,000	3,000
Sustainable Energy Plan	4,895	
Sub-Total - Other City Programs	11,671	4,737
Total - City Operation	265,195	130,510
Agencies		
Exhibition Place	1,800	1,800
Sony Centre	400	400
Toronto & Region Conservation Authority	4,221	900
Toronto Police Service	6,543	5,663
Toronto Public Health	2,423	2,093
Toronto Public Library	3,141	1,949
Toronto Zoo	2,500	2,500
Toronto Transit Commission	283,620	141,800
Toronto-York Spadina Subway Extension	111,045	21,959
Scarborough Subway Extension	3,264	625
Total TTC	397,929	164,384
Sub-Total - Agencies	418,957	179,689
Total - Tax Supported Programs	684,152	310,198
Rate Supported Programs		
Toronto Parking Authority	20,432	
Solid Waste Management	13,595	
Toronto Water	226,869	
Total - Rate Supported Programs	260,896	
Total - All Programs	945,048	310,198