



## STAFF REPORT ACTION REQUIRED

### 2015 Participatory Budgeting (PB) Pilot

<b>Date:</b>	February 2, 2015
<b>To:</b>	Budget Committee
<b>From:</b>	City Manager
<b>Wards:</b>	All

#### SUMMARY

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Participatory Budgeting (PB) is a specific type of engagement process where city residents propose and vote on community investment projects, funded through a pre-determined portion of the municipal budget. PB is used across a range of jurisdictions around the world and continues to grow. The benefits of PB include greater transparency in government, increased civic engagement of residents, strengthened and empowered communities and local budget decisions.

This report recommends a Participatory Budgeting (PB) Pilot for Toronto in 2015 in three (3) areas of the City to allocate up to \$150,000 of capital funding each for community improvement projects identified through a PB process. The three (3) pilot areas are: Ward 33 and two Neighbourhood Improvement Areas - Oakridge in the East District (in Ward 35) and Rustic in the West District (in Ward 12).

The PB pilot will follow the key elements for PB and use a range of outreach and engagement methods tailored to each pilot area. Standard education, communication and information materials will be developed and used across all pilot areas. Partners and local networks will also be leveraged for community outreach and engagement. Councillors from the PB pilot areas will play a key role with staff in the process including convening community meetings, supporting outreach and engagement and facilitating proposal development. The community-identified improvement projects will be reported out to City Council to confirm final funding sources for inclusion in the City's 2015 Capital Budget.

The timing for the PB pilot is:

- March 2015 – Council approval of PB Pilot
- April/May 2015 – A series of community meetings to educate residents about PB, identify project ideas and identify community delegates; and

- May 2015 to September 2015 – Proposal development and community vote to select projects.

The PB pilot will be evaluated and the City Manager will report further to City Council on its results and recommendations for a Participatory Budgeting process for inclusion in the 2016 and future years' budget process.

## **RECOMMENDATIONS**

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### **The City Manager recommends that:**

1. City Council authorize the City Manager to undertake a PB Pilot in the three (3) areas of Ward 33, Rustic (in Ward 12) and Oakridge (in Ward 35) and set aside up to \$450,000 in capital funding for this purpose;
2. City Council authorize the Deputy City Manager and Chief Financial Officer to draw up to \$150,000 from the Parkland Reserve Fund, Public Realm Reserve Fund and/or the Capital Financing Reserve Fund based on the identified community improvement projects aligned with the reserve fund purpose;
3. City Council authorize the Deputy City Manager A to dedicate \$300,000 of Neighbourhood Improvement Area capital funding in the City's Facilities 2015-2024 Recommended Capital Budget and Plan;
4. City Council request the City Manager to report out the community improvement projects identified through the 2015 Participatory Budgeting Process to confirm final reserve fund draws; and
5. City Council request the City Manager to report later in 2015 on the results of the Participatory Budgeting Pilot including an evaluation of the 2015 Participatory Budgeting Pilot process and options for Participatory Budgeting Processes in the 2016 and future years' annual budget cycle.

### **Financial Impact**

Community improvement projects identified in the PB pilot areas in East District and West District will be funded using up to \$300,000 of Neighbourhood Improvement Areas (NIAs) capital funding allocation included in the Facilities Management 2015 to 2024 Recommended Capital Budget and Plan. In 2014, City Council approved a total of \$12 M in funding for capital investments in NIAs with a total of \$3 M approved for each of four years starting in 2015.

Community improvement projects identified in the PB pilot area of Ward 33 will be funded using up to \$150,000 from the City's Parkland Reserve Fund, Public Realm Reserve Fund and the Capital Financing Reserve Fund. The identified Community Improvement Projects will be aligned with the appropriate Reserve Fund matched with Reserve Fund purpose.

The City Manager will report out in late summer on the final community improvement projects identified through the 2015 PB pilot to confirm the final draw on the City's reserve funds for this purpose and ensure the inclusion of these projects within the City's 2015 Capital Budget for implementation.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **Equity Statement**

The PB pilot will leverage the City's existing community capacity building, communications and outreach strategies to seek greater inclusion of non-traditional participants in public decision-making and will increase the number of people involved in local decision making.

## **DECISION HISTORY**

As part of 2014 Budget deliberations, City Council directed the City Manager: "to report on a potential pilot project for implementing a community participatory budgeting program as part of the 2015 Toronto Budget process, such a pilot would allocate a specific amount of the 2015 budget process to participating wards."

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilAgendaReport&meetingId=7848>

## **ISSUE BACKGROUND**

Participatory Budgeting (PB) is a specific type of engagement process where residents propose and vote on community investment projects, funded through a pre-determined portion of a government's budget. Once a community votes, the selected projects are usually adopted without amendment by the government.

Although the mechanics and processes of PB vary across jurisdictions including level (State, City, Community Council, Ward, District, or Neighbourhood), funding and criteria, PB generally follows a standard series of steps over the course of 6 to 8 months that includes:

- **Community Outreach and Engagement** - Community meetings are convened to learn about PB, brainstorm project ideas and select community delegates;
- **Proposal Development for Community Improvement Projects** - Community delegates work with staff to transform ideas into concrete project proposals including costs;
- **Community Vote** - Community members select which project proposals to fund;
- **Report Back on Final Community Improvement Projects** - Project proposals are reported out to the government; and

- **Project Implementation** - Public service staff implement the community improvement projects and the community monitors implementation.

PB has been implemented in a range of jurisdictions across the United States, South America, Latin America and Europe including for example:

- San Francisco and St. Louis recently piloted PB with \$100,000 allocated across all 11 districts in San Francisco and 28 wards in St. Louis;
- New York City allocates \$1-2 M to PB across their 5 districts while Chicago allocates \$1 M across each of their 55 wards;
- Boston is currently piloting a PB process to allocate \$1 M for youth; and
- Paris has recently allocated 5 percent of their capital budget over the next six years to PB.

Examples of the type of projects in other jurisdictions selected and funded through PB include playground improvements, neighbourhood beautification including flower beds, irrigation and planters, pedestrian safety improvements, traffic calming, art, murals and recreation improvements including bleachers and sports field upgrades.

Toronto Community Housing Corporation (TCHC) has been using a Participatory Budgeting process for the past 12 years to provide residents an opportunity to decide how to spend capital funds to improve their communities. In 2014, \$5M for all TCHC buildings and developments was set aside for PB.

Experiences in other jurisdictions have demonstrated positive outcomes using PB including greater civic participation particularly in communities that are typically under-represented in civic affairs, increased transparency of governments, stronger communities and budget decisions that better reflect local interests.

## **COMMENTS**

### **1. Proposed PB Pilot for Toronto**

This report proposes to allocate up to \$150,000 capital funding in 2015 in each of three geographic areas of the City for a total allocation of up to \$450,000 in capital project spending for community improvement projects selected through a PB process.

The PB pilot will follow the key elements for PB described earlier in this report. A range of outreach and engagement methods will be used and tailored to each area and include web, print and social media. Standard education, communication and information materials will be developed and used across all three pilot areas. Partners and local networks will also be leveraged for community outreach and engagement.

Council members who have a PB pilot area will play a critical role in PB and work closely with City staff on area specific outreach and engagement, convening community meetings, supporting outreach and promotion activities and facilitating project proposal development with City staff.

The PB pilot will be evaluated and learning incorporated into recommendations for a PB process for inclusion in Toronto's 2016 and future years' budget process. The City Manager will report on the final results of the PB pilot and future options for PB.

## **A. PB Pilot Areas**

The report recommends that PB be piloted in three areas in the City including:

- Ward 33;
- Oakridge in the East District (in Ward 35); and
- Rustic in the West District (in Ward 12).

Ward 33 has been proposed as one of the pilot areas as the City Councillor has been a champion of PB over the last several years, implemented a PB process in her ward last year and has experience participating in PB processes in other jurisdictions. As a member of the Budget Committee, the Councillor can provide feedback on the pilot specifically and PB process in general.

The other two pilot areas proposed include Oakridge and Rustic, which are 2 of Council's 31 designated Neighbourhood Improvement Areas (NIAs). City Council identified 31 NIAs in 2014, Toronto neighbourhoods that fall below the Neighbourhood Equity Score and requiring special attention. The Neighbourhood Equity Score is a measure that signals the overall burden of inequities faced by a neighbourhood requires targeted investments to improve outcomes.

The NIAs participating in the PB pilot were selected based on the following considerations:

- Existing social and community networks with capacity to undertake deep community engagement;
- Manageable geographic size of the community; and
- Communities that did not directly benefit from previous NIA capital funding investments.

The NIA funding process for community improvement projects lends itself to the use of a PB process.

## **B. PB Criteria and Design**

PB at its foundation is about governments implementing a process that provides residents direct decision-making about a portion of the municipal budget. The proposed criteria for eligible community improvement projects has therefore been kept purposely broad to ensure maximum flexibility so that identified community priorities can be funded and implemented.

Community Improvement Projects must meet the following criteria:

- Projects that acquire, develop, maintain or improve infrastructure or assets owned or leased by the City;
- Cannot delay, cancel or supersede the Council approved Ten-Year Capital Plan;
- Must begin construction within twelve (12) months and be completed within eighteen (18) months after the community votes to select community improvement projects.

The projects must also meet the requirements of the NIA funding and depending on the nature of the specific project, the criteria of the reserve funds identified as project funding sources.

Projects can leverage other sources of secured Capital Funds if they wish.

### **C. PB Timing**

The time line for the PB pilot is:

- March 2015 – Council approval of PB Pilot
- April/May 2015 – A series of community meetings to educate residents about PB, brainstorm project ideas and identify community delegates; and
- May 2015 to September 2015 – Proposal development and community vote to select projects.

### **D. PB Resources**

The City is able to use existing resources to support the 2015 PB pilot including coordinating the PB process, developing education, communications and information materials, developing project proposals with community delegates and facilitating the community vote. Councillors with a PB pilot area will also need to set some time aside to participate in the PB pilot and provide resources from their offices to help support the pilot process.

Research and experience in PB in other jurisdictions have found that implementing a successful PB process can be resource intense in order to do it properly. Significant education, training and outreach are required to inform and engage residents and build community capacity and leadership and to facilitate the PB process. Resourcing will need to be considered and included in any proposed future PB process.

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## SIGNATURE

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