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2015 OPERATING BUDGET BRIEFING NOTE

Staff Recommended Gapping

Issue/Background:

This briefing note summarizes by City Program and Agency, gapping levels included in the 2015 Recommended Operating Budget. Both the gapping savings and the gapping rate, which represents the relationship between savings in the 2015 recommended salaries and benefits budget and the gapping rate as a percentage of salaries and benefits are provided. A comparison of the gapping data for 2014 is provided in the attached appendix, while 2013 gapping rate is also provided for reference purposes.

Key Points:

- Gapping represents the difference between funding that would be required for full salaries, wages and benefits for the staff complement of a particular staff unit and the actual funding provided. Gapping represents the savings that would be achieved as a result of vacancies or staff turnover not intended to be filled (known gapping) and an allowance for unplanned or unanticipated staff turnover (unknown gapping). Savings as a result of gapping is built into the operating budget of each year and monitored on a quarterly basis.
- The gapping rate is expressed as the savings or reduction in salaries and benefits, as a percentage of total salaries and benefits.
- City Programs and Agencies are expected to realize gapping savings annually by managing the recruitment of new hires throughout the year.
- For 2015, City Programs and Agencies were instructed to at least maintain the same percentage rate of gapping as in 2014. Any proposed change to budgeted gapping rates is deemed to have a service impact and for example, is treated as a New/Enhanced Service Change in the Operating Budget when gapping is decreased.
- Gapping rates are dependent on a Program's specific workforce profile. Note that for City Operations with a high proportion of part-time staff, the overall gapping rate may be significantly lower, since gapping is only applied to permanent positions, as noted in the attached Appendix. For example, Parks, Forestry and Recreation gapping for permanent salaries and benefits is 3.5%, but when compared to its overall Salary and Benefits budget, which includes funding for seasonal and part-time staff, the gapping rate is 2.1%.
- Positions fully funded by the Province are not gapped in order to maximize Provincial funding. Similarly, operations that provide 24/7 services, such as Long Term Care Homes

and Services or Programs that must maintain regulated staffing ratios such as Children' Services are not gapped.

- As indicated in Appendix 1, total gapping savings included in the 2015 Staff Recommended Operating Budget is \$127.467 million. By comparison, the 2014 budgeted gapping was \$136.038 million. The average gapping rate for 2015 decreased to 2.4% compared to 2014 at 2.7%.
- The 2015 Staff Recommended Operating Budget includes budgeted gapping savings of \$54.444 million or 2.5% for City Operations. Comparatively, the 2014 budgeted gapping savings were \$49.817 million, representing a gapping rate of 2.3%.
- For Agencies, the 2015 budgeted gapping savings is \$66.219 million or 2.4% of the 2015 Staff Recommended Salaries and Benefits Budget. Comparatively, gapping savings in 2014 were \$79.621 million, or 3.0%.
- Rate supported Programs and Agencies report planned gapping savings of \$6.804 million or 2.3%. Subsequently the 2014 budgeted gapping savings were \$6.600 million or 2.3%.

The following highlights key recommended changes to gapping rates for City Programs and Agencies.

City Operations:

- *Court Services* – increased to \$2.771 million or 12.4% in 2015 from \$1.886 million or 8.7% in 2014.
 - The adjustment in gapping of \$0.885 million or 3.7% is due to a reduction in workload resulting from reduced volume of charges filed in court offices. Total gapping is equivalent to 41 positions remaining vacant in 2015 compared to 27 positions in 2014.
- *Toronto Paramedic Services* – increased to \$3.172 million or 1.9% in 2015 from \$1.972 million or 1.3% in 2014.
 - Additional gapping of \$1.200 million or 0.6% represents a reduction in salaries and benefits with a corresponding reduction in the Provincial Central Ambulance Communication Centre (CACC) grant to better reflect the expected Provincial subsidy.
- *Parks, Forestry and Recreation* – increased to \$6.700 million or 2.3% in 2015 from \$5.638 million or 2.0% in 2014.
 - Additional gapping of \$1.062 million is comprised of one-time gapping due to known delays in filling positions (\$0.700 million) and an adjustment to maintain the gapping rate based on 2015 salary and benefit costs (\$0.275 million and \$0.088 million).
- *City Manager's Office* – increased to \$2.651 million or 5.0% in 2015 from \$2.144 million or 4.0% in 2014.
 - The increase in gapping of \$0.507 million or 1.0% is recommended based on the actual gapping rate experienced by the Program.
- *City Council* - decreased to \$0 million or 0% in 2015 from \$0.262 million or 1.3% in 2014.

- The decrease of \$0.262 million or 1.3% reflects the reversal of one-time gapping approved in 2014 to meet the 2014 budget target.

Agencies:

- *Toronto Police Service* – decreased to \$37.807 million or 3.6% in 2015 from \$52.210 million or 5.1% in 2014.
 - The Service will be ramping up its civilian hiring to catch up with the established civilian strength.

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**CITY OF TORONTO
GAPPING ANALYSIS
2015 STAFF RECOMMENDED OPERATING BUDGET
(\$000s)**

APPENDIX 1

Division / Program	2013	2014 Approved Budget			2015 Staff Recommended Budget			Change from 2014 to 2015		
	Gapping Rate	Gross Sal & Ben excluding Gapping	Gapping	Gapping Rate	Gross Sal & Ben excluding Gapping	Gapping	Gapping Rate	Gross Sal & Ben	Gapping	Gapping Rate
Citizen Centred Services "A"										
Affordable Housing Office	1.8	2,272.4	42.3	1.9	2,287.5	42.5	1.9	15.1	0.3	0.0
Children's Services	0.1	80,352.0	114.5	0.1	84,869.2	110.8	0.1	4,517.1	(3.7)	(0.0)
Court Services	2.3	21,634.8	1,886.2	8.7	22,303.2	2,770.7	12.4	668.4	884.5	3.7
Economic Development & Culture	3.4	27,448.4	846.5	3.1	29,587.0	848.4	2.9	2,138.6	1.8	(0.2)
Toronto Paramedic Services	1.4	156,329.8	1,971.7	1.3	167,477.8	3,171.7	1.9	11,148.0	1,200.0	0.6
Long Term Care Homes & Services	0.0	189,823.8	0.0	0.0	198,258.6	0.0	0.0	8,434.8	0.0	0.0
Parks, Forestry & Recreation	2.0	278,931.6	5,638.4	2.0	293,911.7	6,700.0	2.3	14,980.1	1,061.6	0.3
Shelter, Support & Housing Administration	3.2	69,395.5	2,193.0	3.2	69,748.4	2,214.0	3.2	352.9	21.0	0.0
Social Development, Finance & Administration	3.6	14,677.2	502.8	3.4	14,993.6	502.8	3.4	316.4	0.0	(0.1)
Toronto Employment & Social Services	1.6	194,038.7	3,161.9	1.6	196,226.6	3,109.2	1.6	2,187.9	(52.7)	(0.0)
Sub-Total Citizen Centred Services "A"	1.5	1,034,904.2	16,357.4	1.6	1,079,663.6	19,470.1	1.8	44,759.4	3,112.8	0.2
Citizen Centred Services "B"										
City Planning	3.7	38,407.7	1,475.8	3.8	40,708.9	1,539.7	3.8	2,301.2	63.8	(0.1)
Fire Services	2.0	401,939.7	7,978.3	2.0	408,417.4	8,062.3	2.0	6,477.7	83.9	(0.0)
Municipal Licensing and Standards	2.4	42,155.0	972.7	2.3	43,013.8	978.6	2.3	858.8	5.9	(0.0)
Policy, Planning, Finance and Admin	4.0	19,890.5	781.3	3.9	19,928.9	781.3	3.9	38.3	(0.0)	(0.0)
Engineering & Construction Services	4.1	59,862.0	2,519.0	4.2	60,847.1	2,555.6	4.2	985.1	36.6	(0.0)
Toronto Building	2.9	43,730.7	1,270.7	2.9	45,747.3	1,299.2	2.8	2,016.6	28.6	(0.1)
Transportation Services	5.1	99,942.5	4,923.8	4.9	104,100.7	5,204.7	5.0	4,158.2	281.0	0.1
Sub-Total Citizen Centred Services "B"	2.8	705,928.1	19,921.6	2.8	722,764.0	20,421.4	2.8	16,835.9	499.8	0.0
Internal Services										
Office of the Chief Financial Officer	2.3	12,940.3	293.0	2.3	13,616.9	306.4	2.3	676.6	13.4	(0.0)
Office of the Treasurer	3.0	60,292.6	1,814.6	3.0	62,125.4	1,846.0	3.0	1,832.8	31.3	(0.0)
Facilities, Real Estate, Environment & Energy	3.4	76,597.4	2,628.2	3.4	87,758.7	3,164.7	3.6	11,161.3	536.4	0.2
Fleet Services	3.5	17,689.5	622.1	3.5	18,118.0	638.6	3.5	428.5	16.5	0.0
Information & Technology	5.4	63,791.6	3,440.2	5.4	65,373.1	3,537.0	5.4	1,581.5	96.8	0.0
311 Toronto	2.4	13,774.3	328.7	2.4	14,819.4	355.4	2.4	1,045.2	26.7	0.0
Sub-Total Internal Services	3.7	245,085.7	9,126.8	3.7	261,811.6	9,848.1	3.8	16,725.8	721.2	0.0
City Manager										
City Manager's Office	4.0	53,319.4	2,144.3	4.0	52,797.4	2,651.4	5.0	(521.9)	507.0	1.0
Sub-Total City Manager	4.0	53,319.4	2,144.3	4.0	52,797.4	2,651.4	5.0	(521.9)	507.0	1.0
Other City Programs										
City Clerk's Office	4.2	32,614.7	1,095.4	3.4	33,941.6	1,143.4	3.4	1,326.9	48.0	0.0
Legal Services	5.9	38,872.6	869.7	2.2	41,219.3	869.7	2.1	2,346.7	0.0	(0.1)
Mayor's Office	0.0	1,882.7	0.0	0.0	2,199.6	0.0	0.0	316.9	0.0	0.0
City Council	0.0	20,470.3	261.9	1.3	18,672.1	0.0	0.0	(1,798.3)	(261.9)	(1.3)
Auditor General's Office	7.7	4,581.2	39.5	0.9	4,595.3	39.5	0.9	14.1	0.0	(0.0)
Integrity Commissioner's Office	0.0	278.0	0.0	0.0	431.0	0.0	0.0	152.9	0.0	0.0
Lobbyist Registrar	0.0	1,021.7	0.0	0.0	1,036.1	0.0	0.0	14.5	0.0	0.0
Office of the Ombudsman	0.0	1,385.7	0.0	0.0	1,775.5	0.0	0.0	389.9	0.0	0.0
Sub-Total Other City Programs	4.8	101,106.9	2,266.5	2.2	103,870.5	2,052.6	2.0	2,763.5	(213.9)	(0.3)
TOTAL - CITY OPERATIONS	2.3	2,140,344.4	49,816.7	2.3	2,220,907.2	54,443.6	2.5	80,562.8	4,627.0	0.1
Agencies										
Toronto Public Health	4.1	187,441.1	9,533.6	5.1	190,155.7	9,739.6	5.1	2,714.6	205.9	0.0
Toronto Public Library	2.7	141,630.1	3,832.3	2.7	144,757.0	3,925.3	2.7	3,126.9	93.0	0.0
Association of Community Centres	0.0	6,372.0	0.0	0.0	6,620.8	0.0	0.0	248.8	0.0	0.0
Exhibition Place	0.6	32,173.3	181.1	0.6	33,290.1	181.1	0.5	1,116.8	0.0	(0.0)
Heritage Toronto	0.0	550.3	0.0	0.0	550.3	0.0	0.0	0.0	0.0	0.0
Theatres	0.0	10,411.9	0.0	0.0	10,652.6	0.0	0.0	240.6	0.0	0.0
Toronto Zoo	2.4	28,843.5	692.0	2.4	29,636.8	692.0	2.3	793.3	0.0	(0.1)
Arena Boards of Management	0.0	4,185.1	0.0	0.0	4,348.5	0.0	0.0	163.4	0.0	0.0
Yonge-Dundas Square	0.0	542.3	0.0	0.0	570.0	0.0	0.0	27.6	0.0	0.0
Toronto Atmospheric Fund	0.0	948.9	0.0	0.0	953.0	0.0	0.0	4.1	0.0	0.0
Toronto Transit Commission - Conventional	0.0	1,168,947.1	12,784.1	1.1	1,229,970.7	13,424.3	1.1	61,023.6	640.2	(0.0)
Toronto Transit Commission - Wheel-Trans	1.1	58,275.0	388.0	0.7	58,370.2	449.9	0.8	95.2	61.9	0.1
Toronto Police Service	4.8	1,018,776.4	52,210.1	5.1	1,050,246.0	37,807.1	3.6	31,469.6	(14,403.0)	(1.5)
Toronto Police Services Board	0.0	1,022.1	0.0	0.0	969.2	0.0	0.0	(52.9)	0.0	0.0
TOTAL - AGENCIES	2.8	2,660,119.1	79,621.1	3.0	2,761,090.8	66,219.2	2.4	100,971.7	(13,402.0)	(0.6)
TOTAL - TAX SUPPORTED OPERATIONS	2.5	4,800,463.5	129,437.8	2.7	4,981,998.0	120,662.8	2.4	181,534.4	(8,775.0)	(0.3)
Rate Supported Operations										
Solid Waste Management	1.9	94,178.7	1,776.9	1.9	95,267.6	1,796.8	1.9	1,088.9	19.8	(0.0)
Toronto Water	2.8	169,558.0	4,823.3	2.8	175,681.5	5,007.1	2.9	6,123.5	183.8	0.0
Toronto Parking Authority	0.0	22,457.8	0.0	0.0	23,278.8	0.0	0.0	821.0	0.0	0.0
TOTAL - RATE SUPPORTED OPERATIONS	2.5	286,194.5	6,600.2	2.3	294,227.8	6,803.9	2.3	8,033.4	203.6	0.0
TOTAL	2.5	5,086,658.0	136,038.0	2.7	5,276,225.8	127,466.6	2.4	189,567.8	(8,571.4)	(0.3)