

Getting Toronto Moving

City Budget Presentation to Executive Committee
Tax and Rate Supported Operating and Capital Budget



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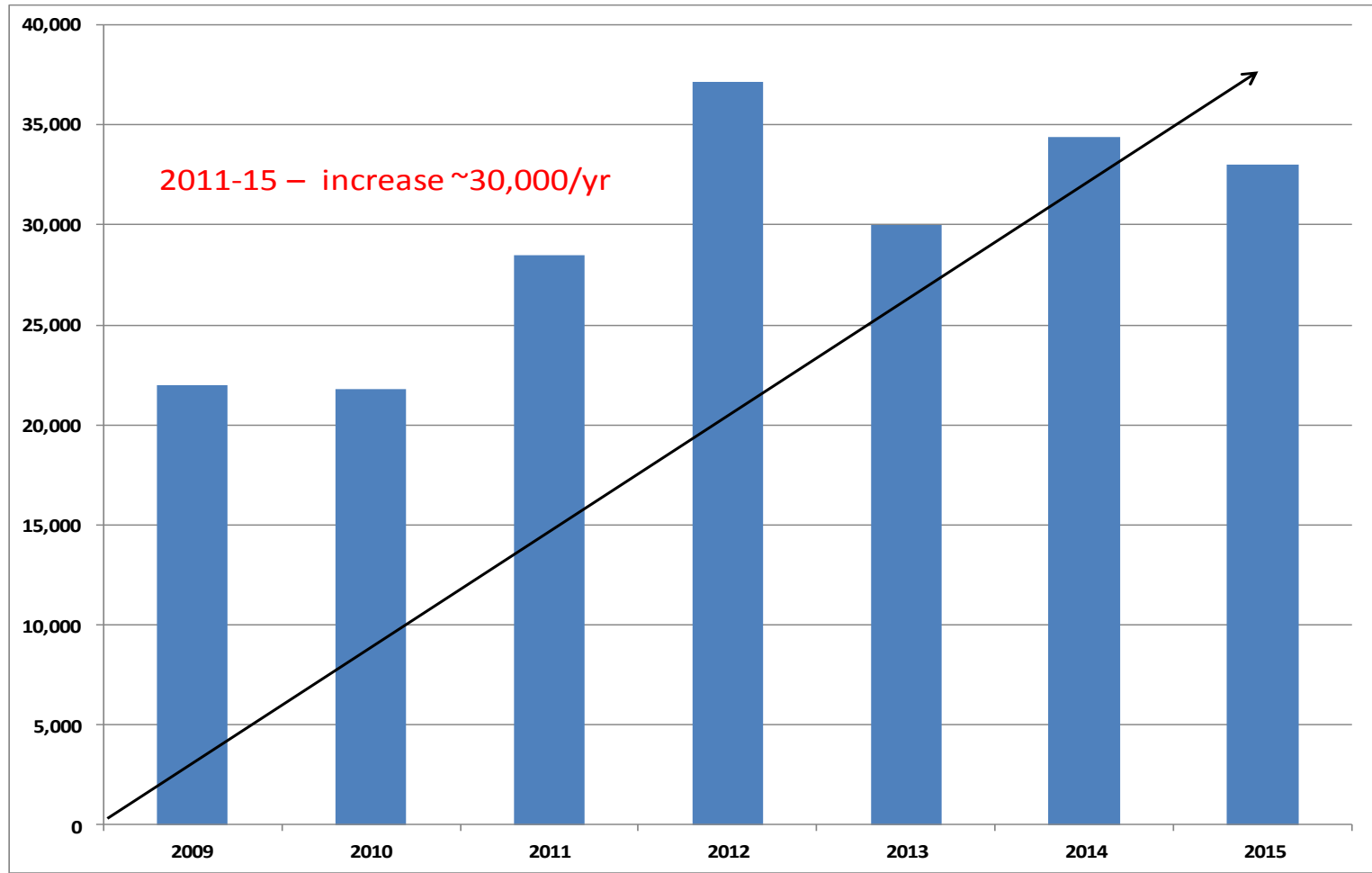


Budget Context/Highlights

Toronto is the 4th Largest City in North America

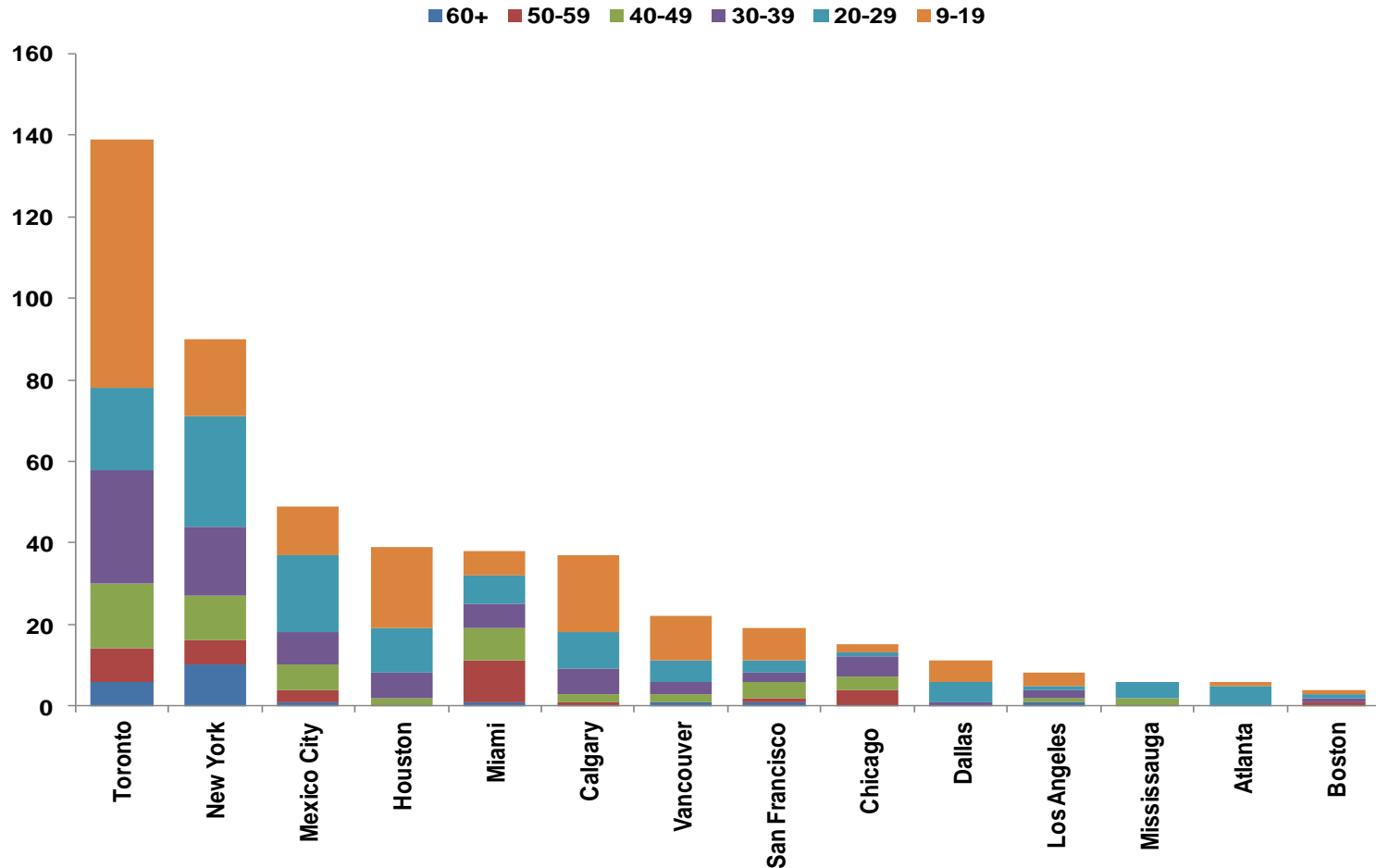
City	Population (millions)	Regional Population (millions)	Year
Mexico City	8.5	21.2	2014
New York	8.4	20	2013
Los Angeles	3.9	13.1	2013
Toronto	2.8	6	2013
Chicago	2.7	9.5	2013
Houston	2.2	6.3	2013
Montreal	2	4	2013

Net Change in Population – City of Toronto



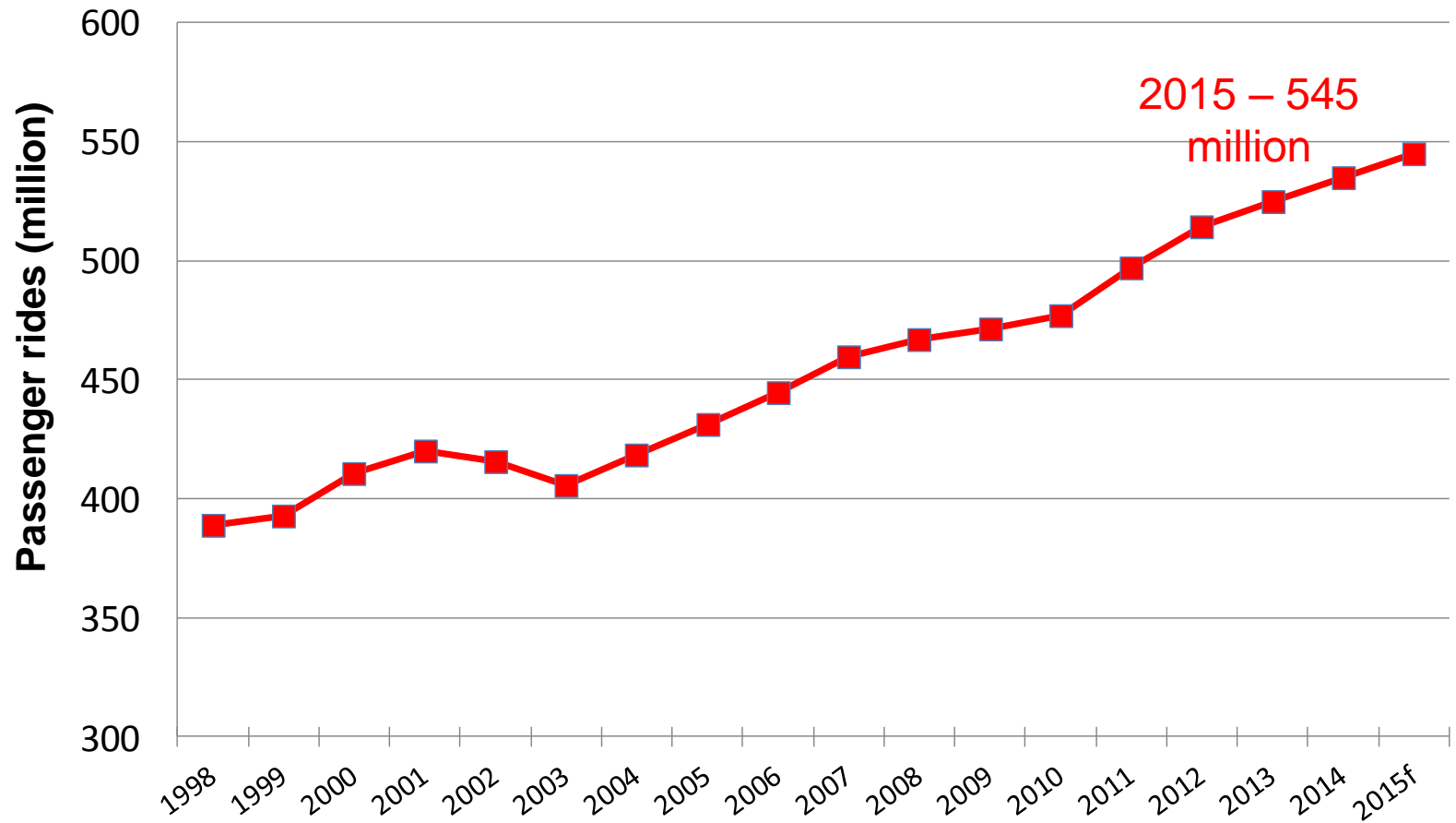
Source: Statistics Canada CANSIM Table: 051-0062, Ontario Ministry of Finance projections

Toronto Leads North America in High Rise Buildings under Construction (by no of stories)

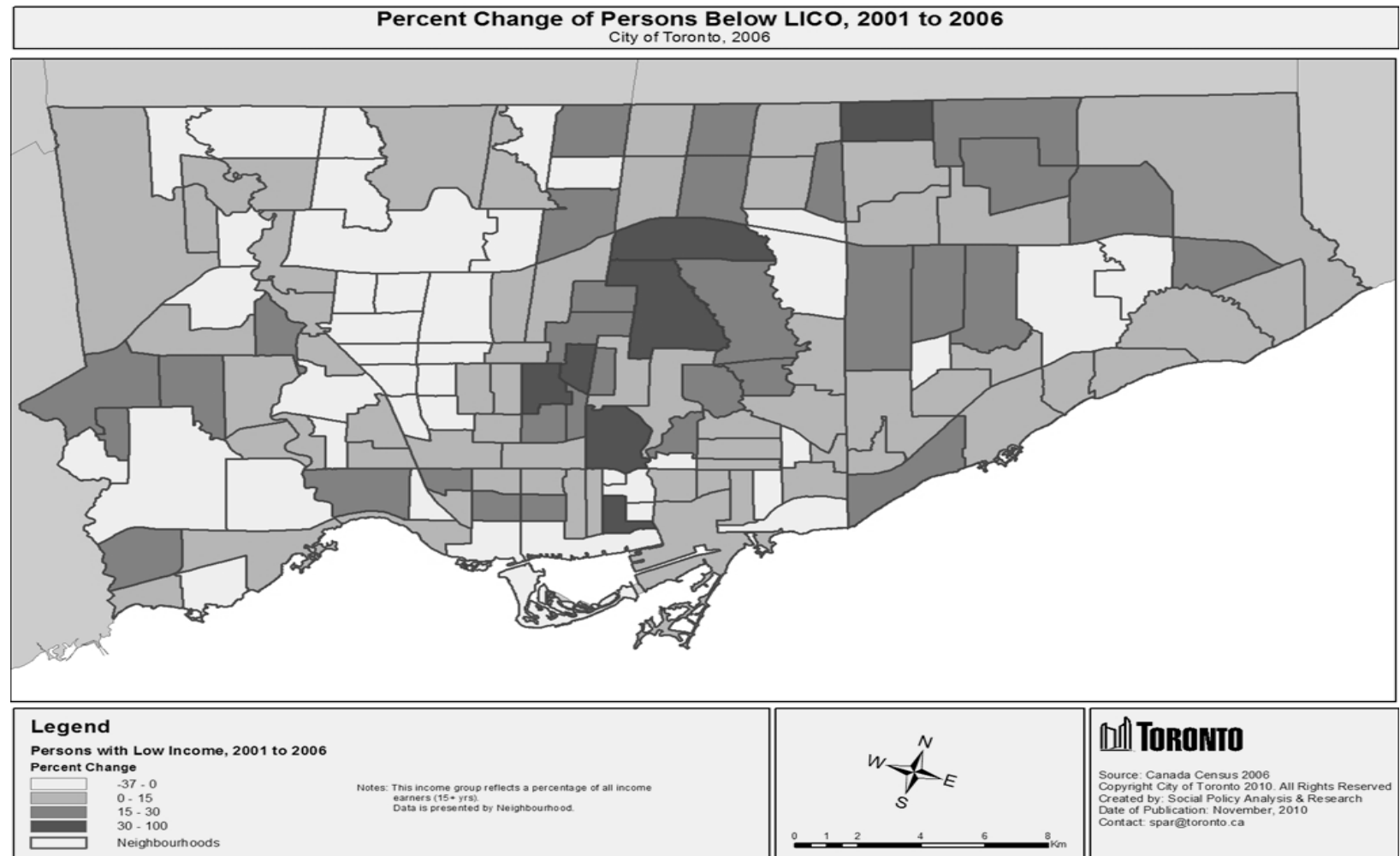


Source: Skyscraperpage - as of January 12, 2015

TTC Ridership



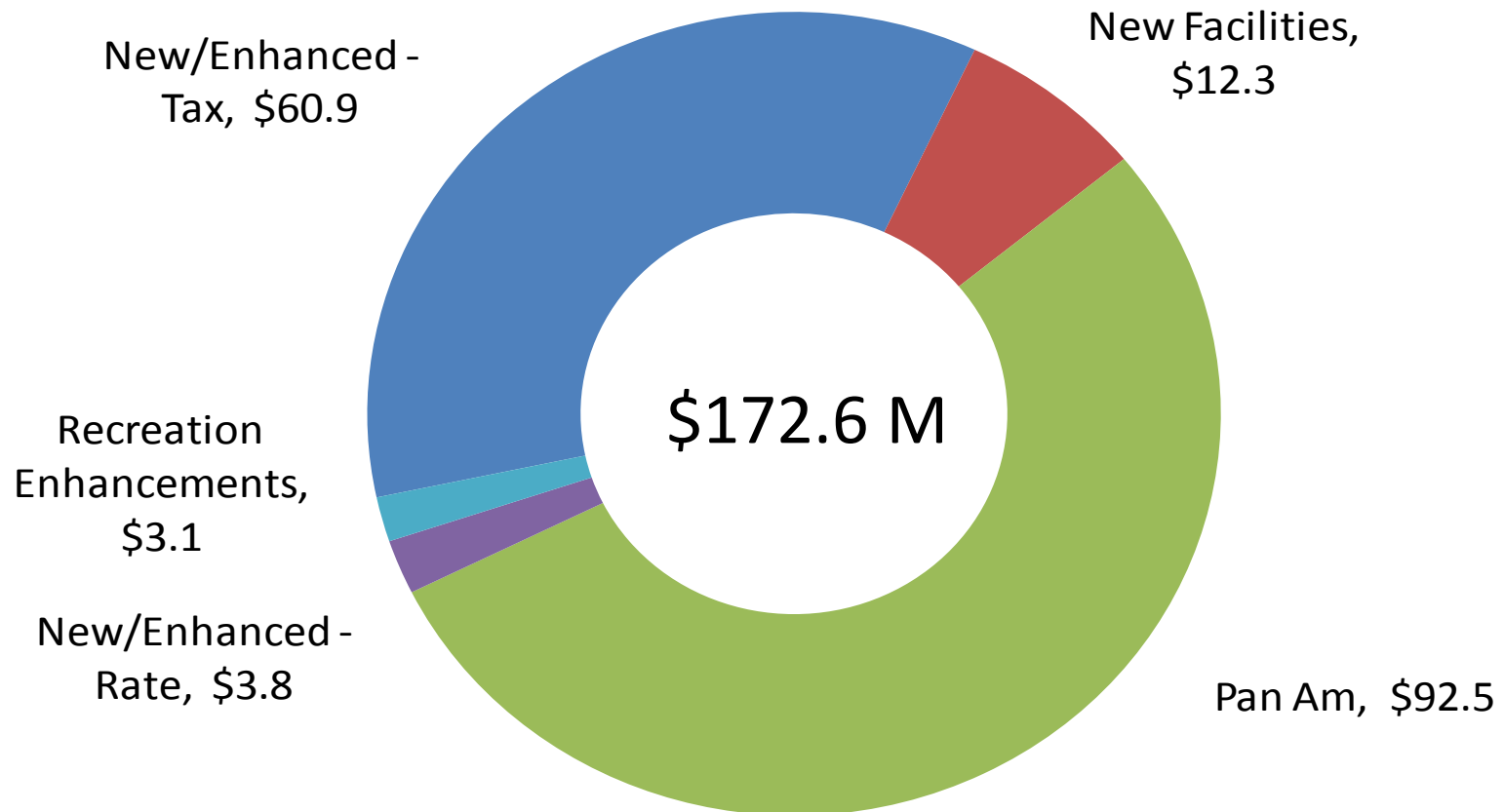
Housing Affordability and Growing Income Gap in Toronto's Neighbourhoods



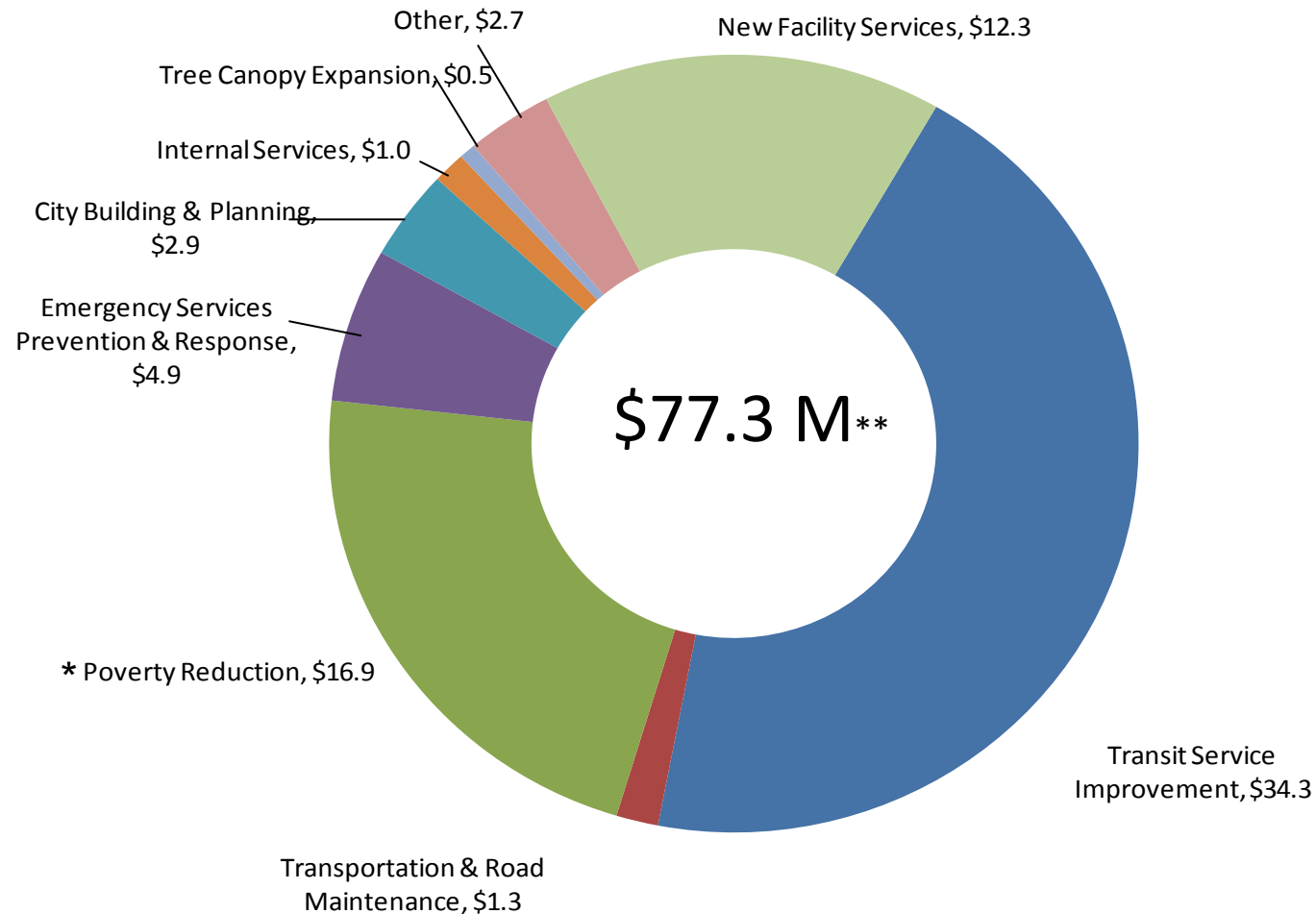
2015 Operating Budget Highlights

- Delivers \$77.3M service improvements in key priority areas:
 - Transit – \$34M (excluding costs to operate new/expanded facilities)
 - Poverty Reduction - \$17M
 - Public Safety & Wellness/Other - \$14.3M
 - \$12 million to operate new or expanded facilities
(2 library, 2 community centres, 1 child care centre, 1 new police station and, Leslie Street Barns – TTC, Toronto Pan Am Sports Center)
- Maintains City's fiscal health
 - No use of City's surplus for 3rd year
 - Tax increase contained to inflation levels or less
- Continues to fund the Scarborough Subway

2015 New Investments - \$173 Million



2015 New Investments – \$77Million Tax-Based

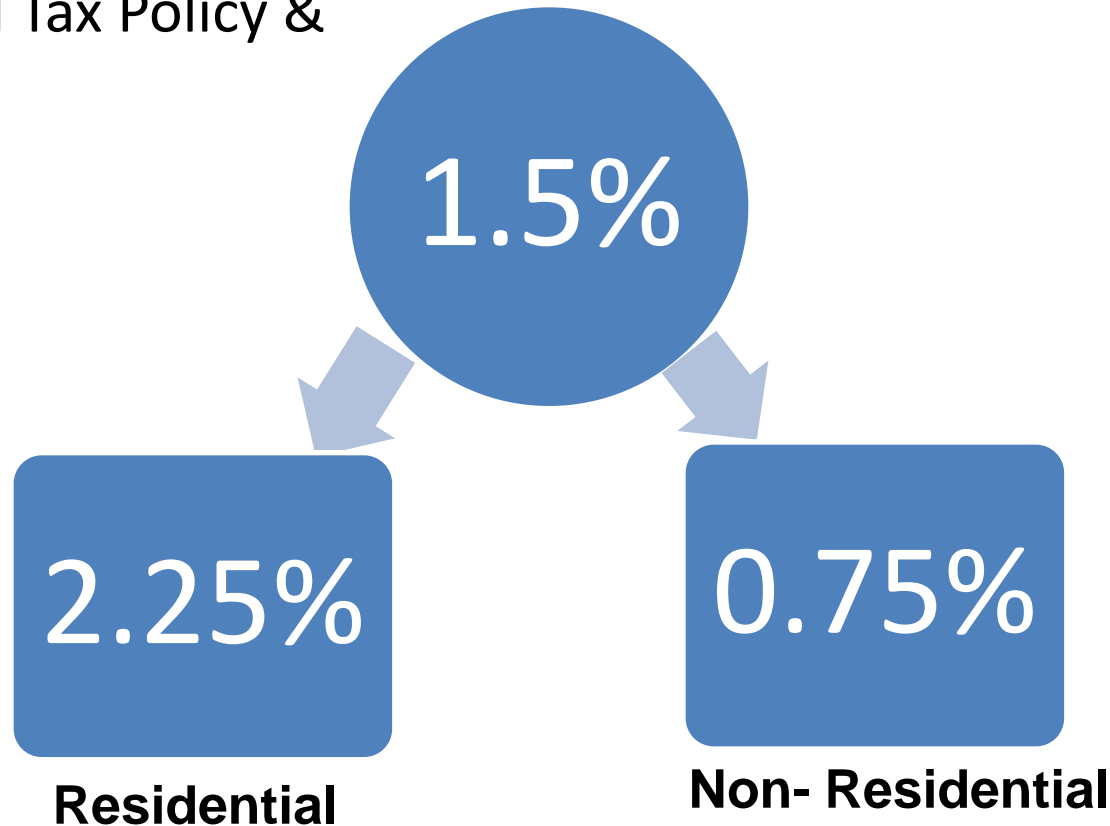


* Excludes Child Fare Elimination as included in Transit Services (\$5.4M)

**Excludes Pan Am Games Service Costs as not tax-based

2015 Property Tax Increase

Per Council Tax Policy & Legislation





2015 Operating Budget



Key Service Investment:

Transit Service Improvements, \$39M

- 10-cent fare increase, Metropass Trip Adjustment and other adjustments to fund the following improvements:
 - Lower Fares for Families through Child Fare (Ages 2-12) Elimination for March 1, \$5.4M
 - Ten-minute or better route network, \$3.7 M
 - Reduction of wait times/crowding at off-peak periods, \$3.2 M
 - Subway Service Improvements, \$2.8 M
 - Operate all routes all day, every day, \$1.7 M
 - Express route network – new express services, \$900,000
 - 50 new buses through 2015 contribution to capital, \$13.9 M
 - Warehouse and bus storage/garage leases (new facilities), \$5.8 M
 - Expanded overnight bus and streetcar service, \$800,000
 - 20 new station supervisors, \$800,000
 - Route and Station management reviews, \$900,000

Key Service Investment :

Poverty Reduction, \$21M

- Lower Fares for Families through Child Fare (Ages 2-12) Elimination for March 1, \$5.4 M (in TTC budget)
- Continued implementation of Recreation enhancements, \$3.136 M:
 - Priority Centres Expansion, \$2.4 M
 - Youth Lounges (4 sites), \$338,000
 - After-School Recreation & Care (8 sites), \$358,000
- Poverty Reduction Allocation for Strategic Initiatives, \$2.2 M
- Waste Diversion Rate Waiver Program for CIROs, \$892,000
- Inflationary Increase for Community Partnership Grants, \$386,700
- Student Nutrition Program Inflationary Increase, \$382,000
- Multi-Residential Apartment Building Audit Program (MRAB), \$90,000
- Paramedic Training for low income clients, \$300,000

Key Service Investment :

Poverty Reduction, \$21M (continued)

- Total New and Enhanced for Shelters/Homelessness: \$7.9 M
- The additional 181 shelter beds included below, resulting in an increase of 3.5% in overall bed capacity through the following:
 - Two new 24-Hour drop-ins for women, \$2.2 M
 - 54 beds for LGBTQ2S, \$600,000
 - Increase shelter capacity by 127 bed nights, \$2.5 M
 - Increased funds for Toronto Housing Allowance Program, \$1.1 M
 - Enhanced services for shelter warming centres during weather events, \$240,000
 - Purchase of subsidy increase, \$707,000
 - Kennedy House Youth Shelter Investments, \$222,000
 - Above brings all sectors, with the exception of men, to the 90% Council-approved occupancy threshold.

2015 Operating Budget Delivers -

Investments in Poverty Reduction – Reallocations from Non-Program Budget

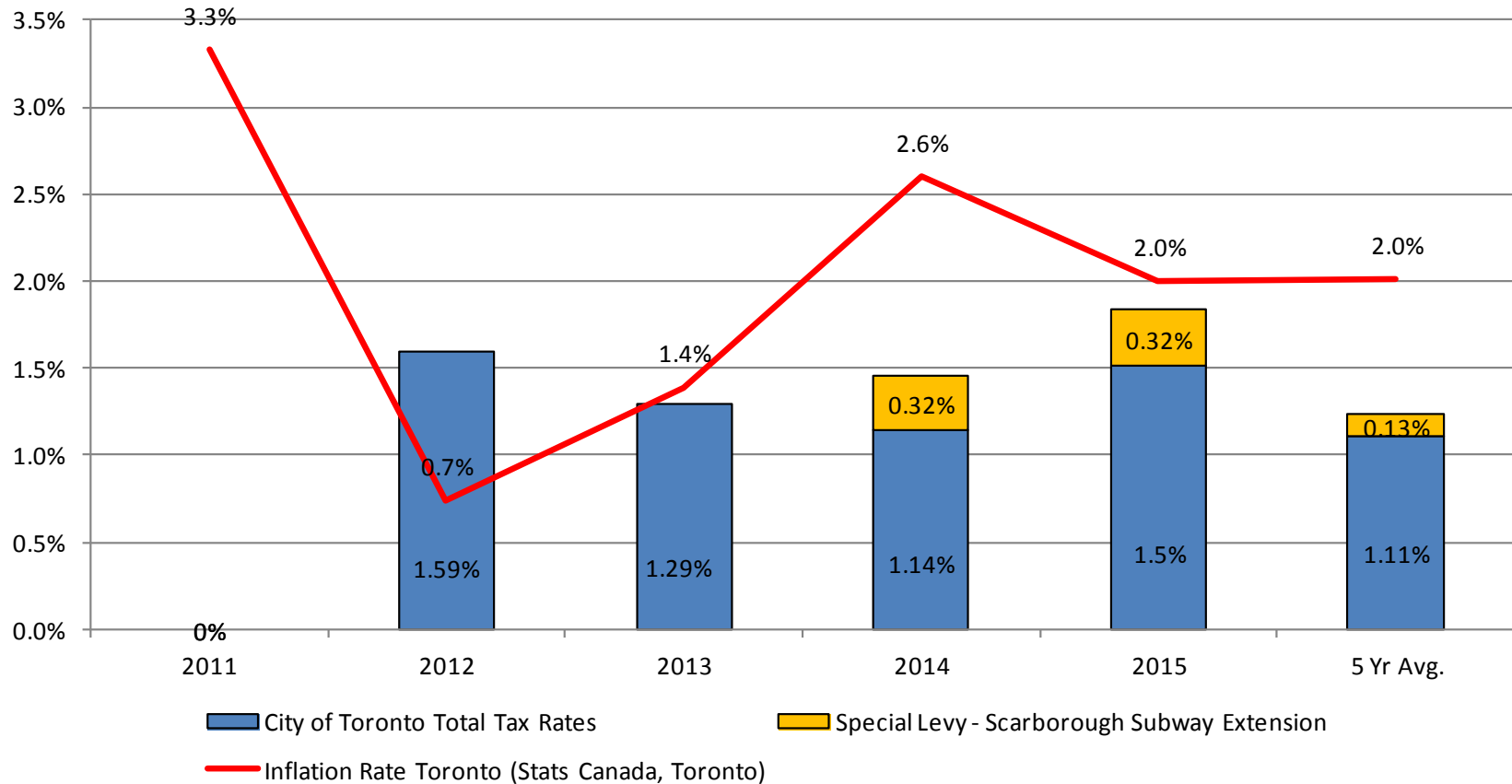
Initiatives	Expenditure	Revenue
Youth Worker Expansion	\$130,000	
Youth Lounges Phase 2 Expansion	\$403,000	
Enhanced tenant supports	\$75,000	
Neighbourhood Improvement Area Resident Engagement	\$204,000	
Youth Arts Employment & Training Program	\$200,000	
Seniors Community Transportation Pilot	\$150,000	
Hardship funding inflationary increase	\$26,000	
Employment program for single parents	\$200,000	
Student Nutrition Expansion	\$356,000	
Mobile good food market	\$81,000	
Library access: Fine Forgiveness Program	\$50,000	125,000
Youth Hubs Expansion	\$200,000	
Total Reallocation from Non-Program	\$2,200,000	

2015 Operating Budget Highlights

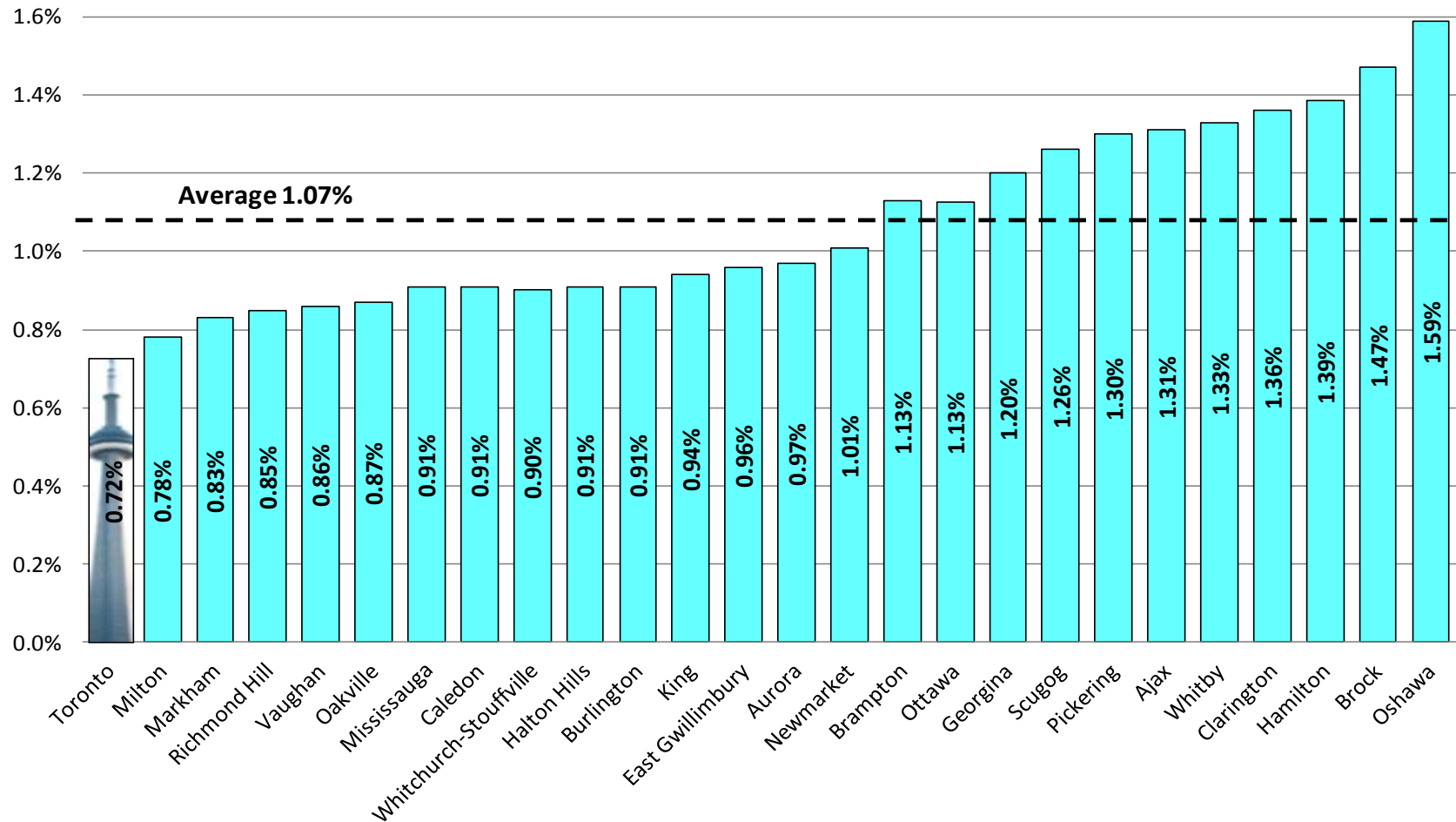
- 3rd year in a row that the Budget is balanced without using prior year surplus
- Minimizes tax increases to less than inflation

2015 Budget		
	Staff Rec'd	BC Rec'd
Base Budget	0.8%	0.8%
New & Enhanced Services	0.7%	0.7%
Budget Tax Increase	1.5%	1.5%

Total Budget Tax % Increase vs. Inflation



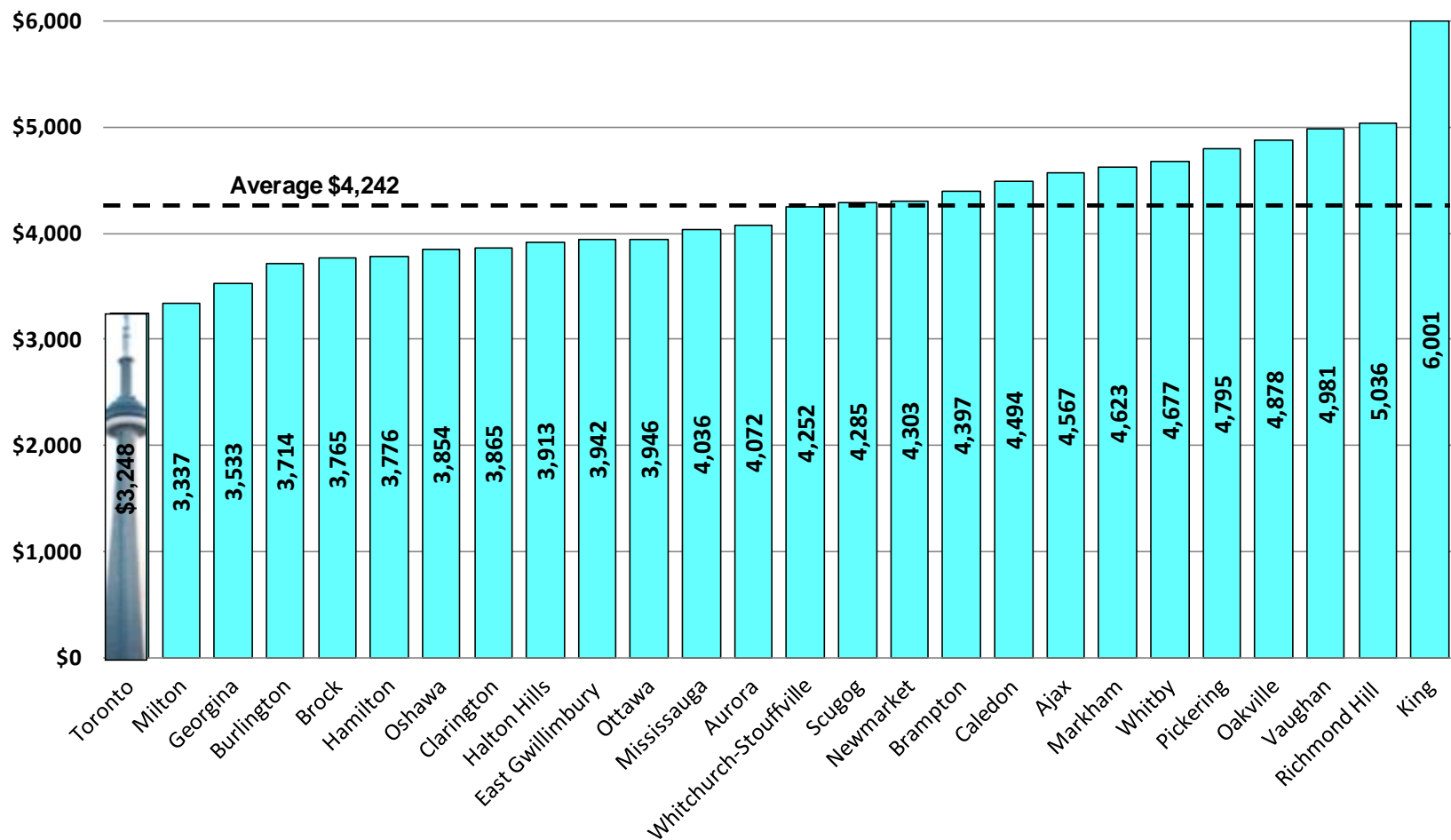
Comparison of 2014 Residential Property Tax Rates – GTHA Munis & Ottawa



Source: BMA Municipal Study

(Includes Education Taxes)

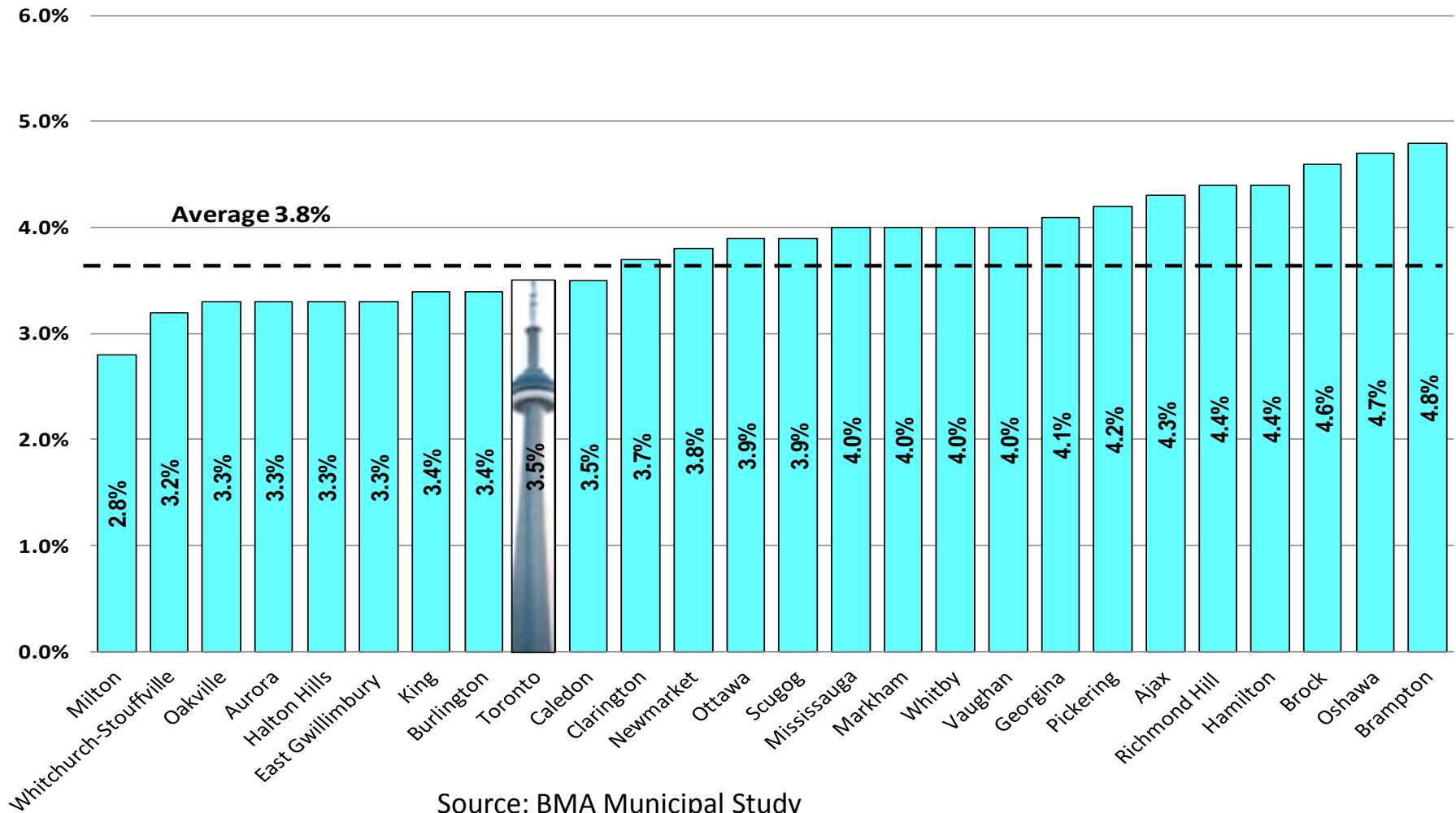
Comparison of 2014 Average Property Taxes - GTHA Munis & Ottawa - \$1,000 less than average



Source: BMA Municipal Study

(Includes Education Taxes)

2014 Residential Property Taxes as a % of Household Incomes– GTHA Municipalities & Ottawa



Source: BMA Municipal Study

2015 Budget Tax Impacts

	Net Budget Increase (\$M)	<u>Tax % Increase on Average</u>		
		<u>Residential</u>	<u>Non-Residential</u>	<u>Total Average</u>
Base Budget	31.5	1.26%	0.42%	0.8%
New Facilities (Operating Impact)	10.5	0.41%	0.14%	0.3%
New/Enhanced	14.9	0.58%	0.19%	0.4%
Budget Tax Increase	56.9	2.25%	0.75%	1.5%

Summary – Budget Committee Recommended

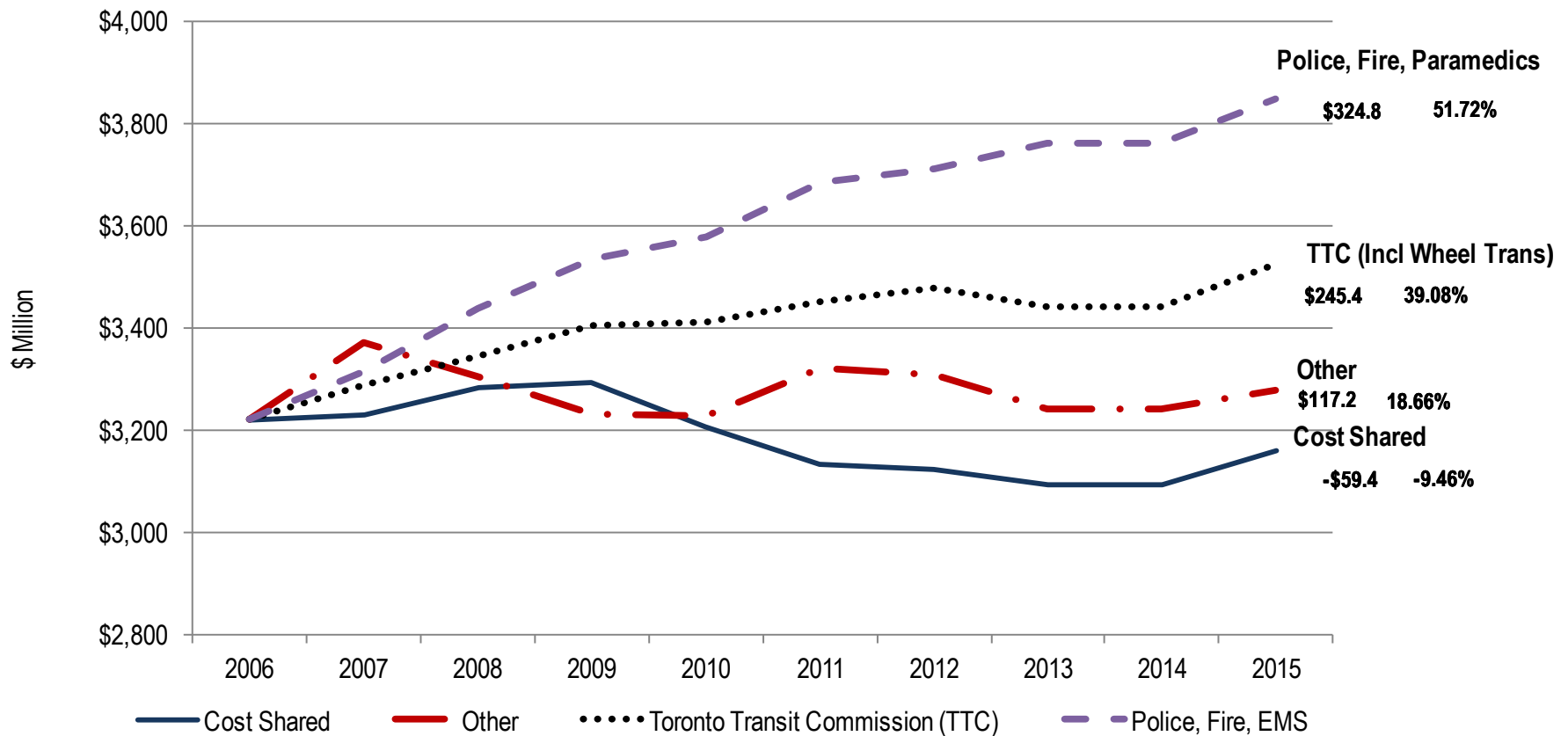
- Responsible fiscal framework
- Moderate TTC fare Increases
- Addresses key investments
- Keep taxes affordable:
 - **\$33**/ hhld for Base Budget
 - **\$11**/ hhld for New Facilities
 - **\$15** / hhld for Enhancements
 - \$59** / hhld

Note: Every 0.25% Residential Tax = \$6.1 million = approx. \$6 per hhld

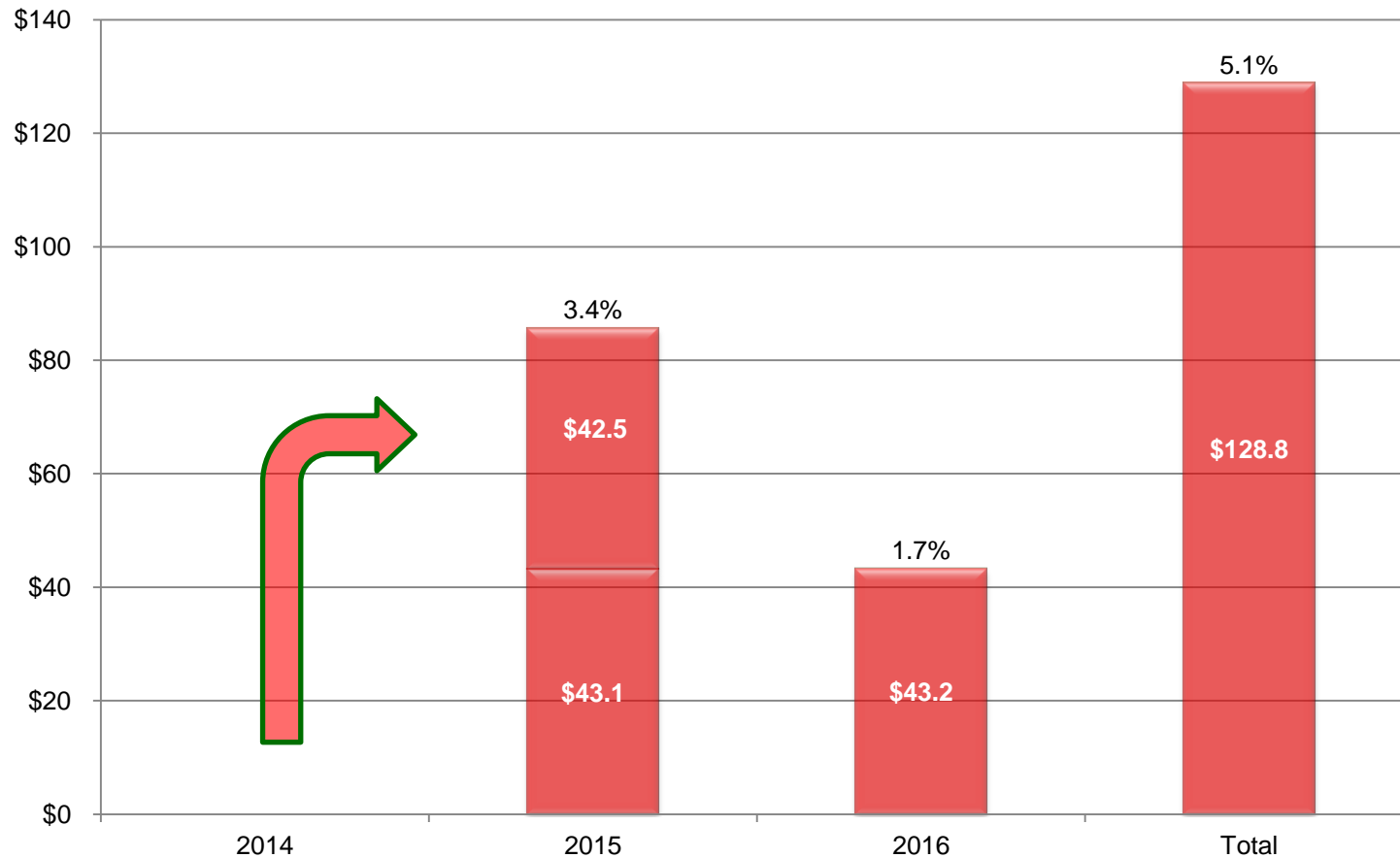
The Challenge

- Original Budget forecast required a 15% tax rate increase just to:
 - Maintain existing service levels
 - Fully fund Council's previously approved service and capital investment priorities
- There is a structural revenue problem in 2015:
 - Provincial grant loss, non-parking fines
 - Tax revenue growth slower than expense increases
- Demand for service investments are significant ... and growing

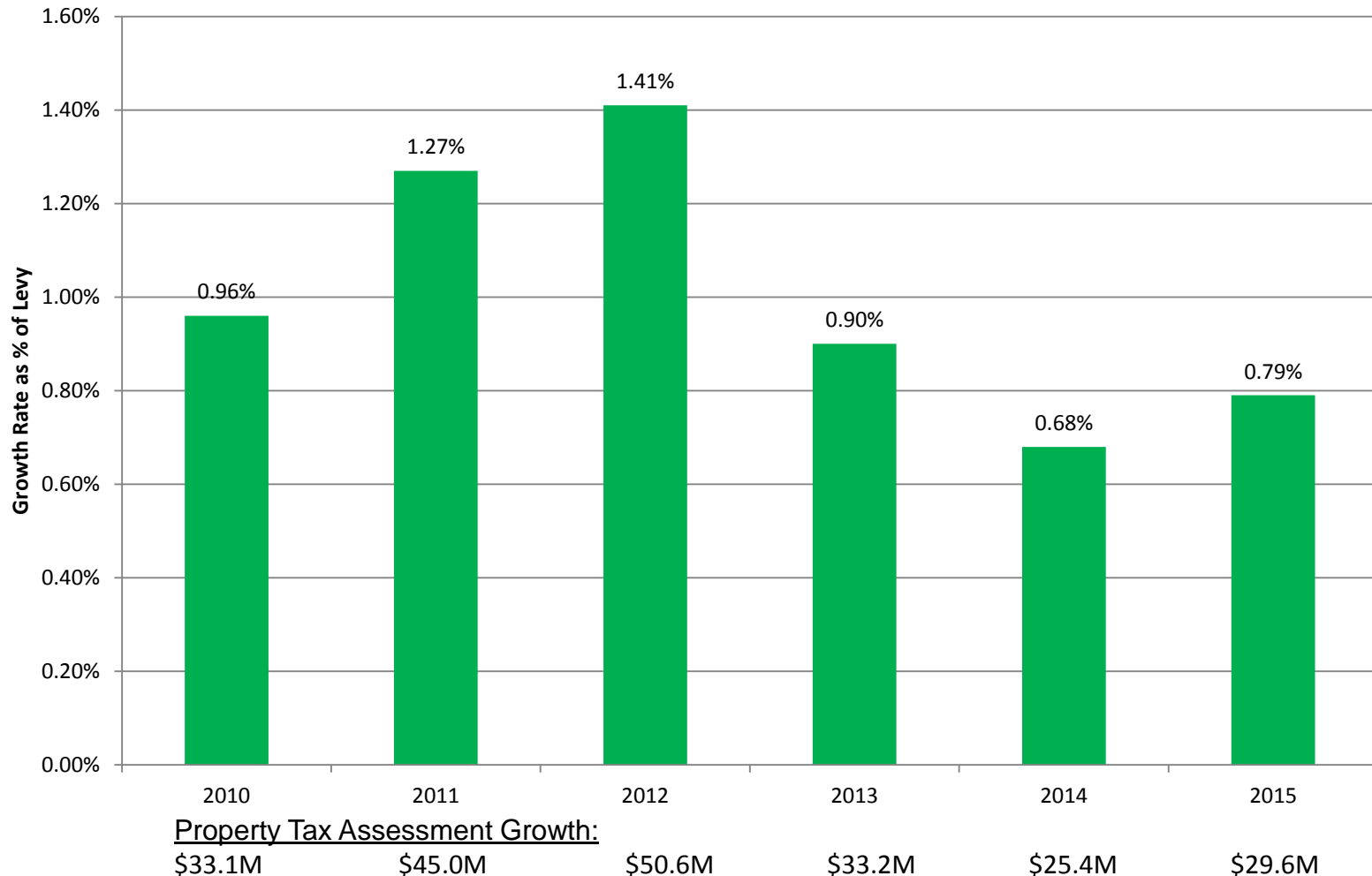
91% of the Growth in Net Expenditures since 2006 is Due to Police, Fire, EMS and TTC



Provincial Funding Loss– Pooling Compensation 2014 to 2016 (\$ Millions)



Assessment Growth

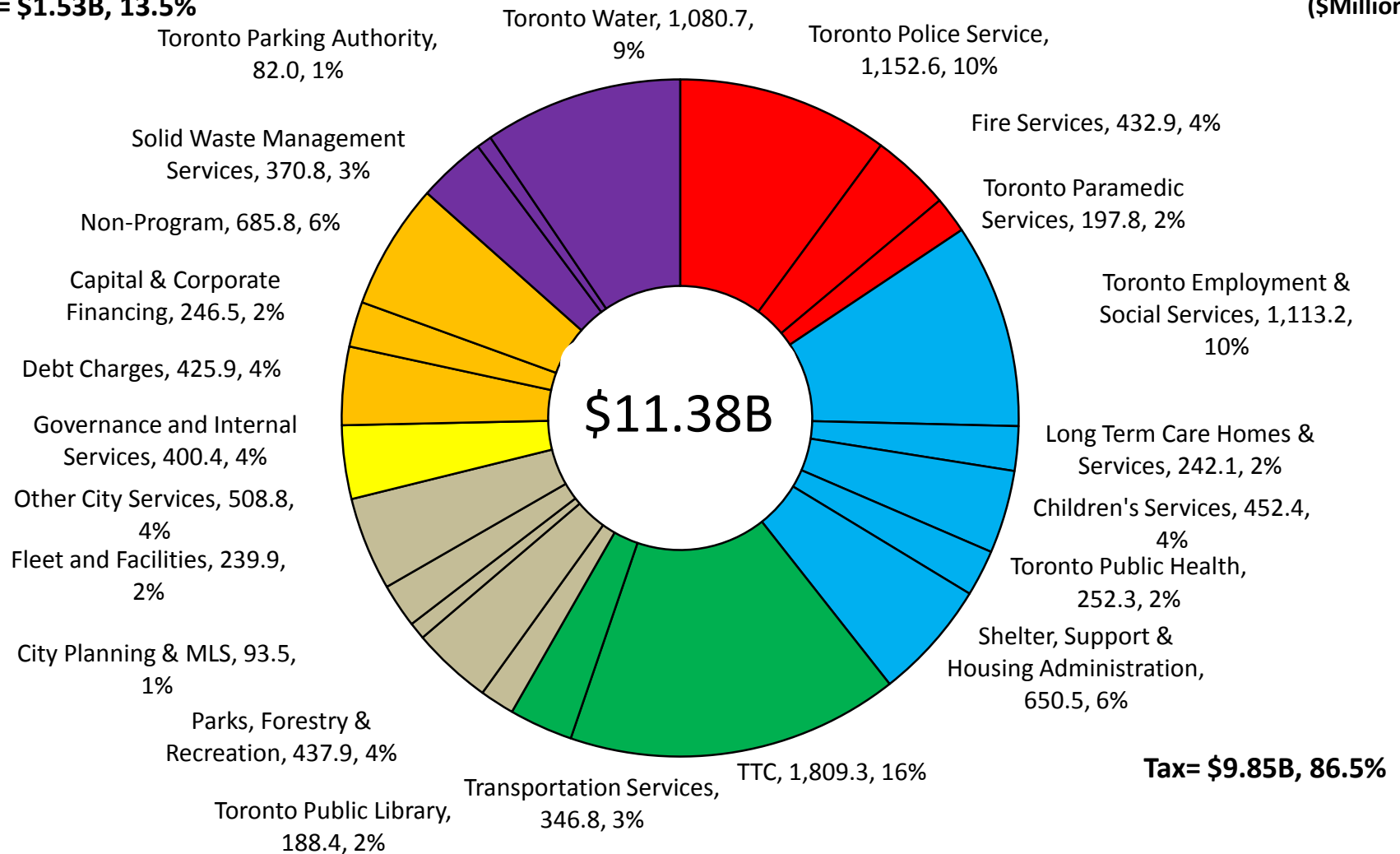


Where the Money Goes:

- Program Expenditures - \$11.4 Billion

Rate= \$1.53B, 13.5%

(\$Million)

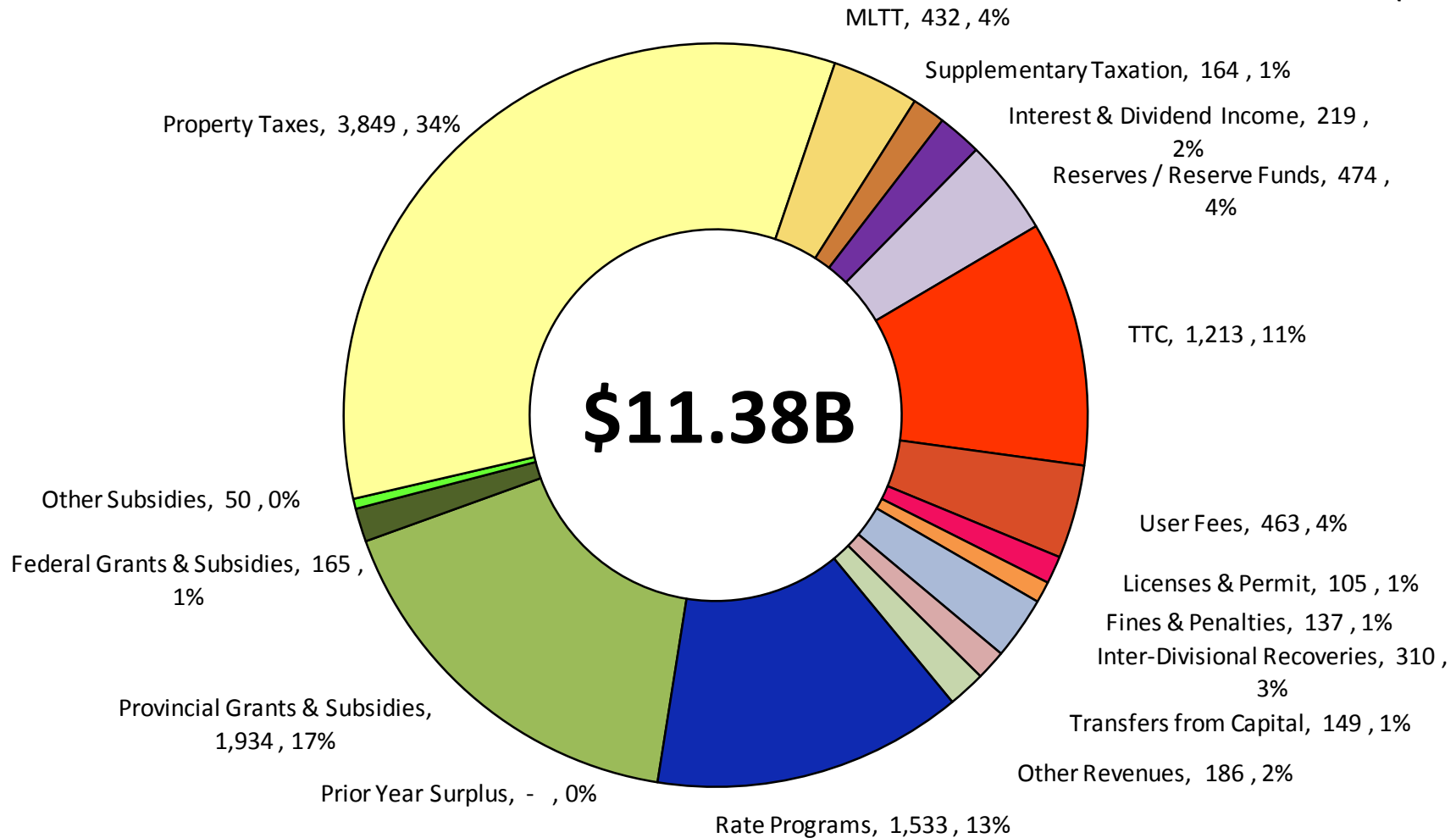


Tax= \$9.85B, 86.5%

Where the Money Comes From

- Program Revenues - \$11.4 Billion

(\$Million)



2015 Budget Committee Recommended Changes

	Approved Positions	2015 Operating Budget				
		(\$Thousands)				
		Gross	Revenue	Net	2016 Plan Net	2017 Plan Net
2015 Staff Rec'd Operating Budget as at January 20, 2015	50,751.7	9,937,025.5	6,088,390.1	3,818,997.8	0.0	0.0
Loss of Toronto Pooling Compensation for Social Housing - Budget Strategy						
Non-Program - Loss of Provincial Funding			(85,600.0)	85,600.0	43,200.0	(6,900.0)
Non-Program - CFC Reduction		(60,300.0)		(60,300.0)	259.7	51,415.7
Various Programs - Budget Adjustments	(61.0)	(31,408.9)	(6,108.8)	(25,300.0)		
Children's Services - Add back expenditures removed in the Loss of Toronto Pooling Compensation For Social Housing - Budget Strategy.						
		150.0		150.0		
Non-Program Revenues - Increase parking revenues to offset Children's Service reduction to part-time hours.						
			150.0	(150.0)		
Economic Development and Culture						
Eliminate reserve draw for Design Exchange.		(500.0)	(500.0)			
Increase in Provincial Funding for Pan AM Games.		1,000.0	1,000.0			
Toronto Employment and Social Services - 25 Temporary Provincially funded positions to support the Social Assistance Management System (SAMS).						
	25.0	1,750.0	1,750.0			
City Planning - Delete 8.0 positions to reflect the deletion of new positions planned to enhance Area Studies; Heritage Conservation District (HDC) Plans / Studies; and the Strategic Initiatives, Policy & Analysis unit.						
	(8.0)	(525.0)		(525.0)	(374.8)	
Non-Program - Increase Capital from Current expenditure.		525.0		525.0		
Policy, Planning, Finance & Administration - Contribution from Ontario Power Generation Inc. to support nuclear emergency management program.						
		140.0	140.0			
Transportation - Section 37 funding for commemorative plaques within the Harbourfront community.						
		50.0	50.0			

2015 Budget Committee Recommended Changes (continued)

	Approved Positions	2015 Operating Budget				
		(\$Thousands)				
		Gross	Revenue	Net	2016 Plan	2017 Plan
					Net	Net
Office of the Ombudsman - Reduce complement by 6.0 new positions.	(6.0)	(440.0)		(440.0)	(360.0)	2.8
Integrity Commissioner's Office - Reduce complement by 2.0 new positions.	(2.0)	(298.5)		(298.5)	(105.3)	(8.3)
Legal Services - Reverse removal of 1 solicitor to attend OMB and Liquor board hearings.	1.0	159.8		159.8		
Toronto Public Health - Increase spending on Student Nutrition Program.		579.0		579.0		
Toronto Public Health - 2.0 Provincially funded permanent positions to support the Day Nursery Immunization program.	2.0	192.4	144.3	48.1		
Base Budget adjustments to absorb unfunded portion of Immunization programs.		(192.4)	(144.3)	(48.1)		
Toronto Public Library						
Reverse the Staff recommended reductions that standardize Library hours and reduce Library materials budget.	1.6	506.0		506.0		
Adjust the Toronto Library Board's recommended reductions to increase DC funding for Library materials and further reduce security.		(200.0)	306.0	(506.0)		

2015 Budget Committee Recommended Changes (continued)

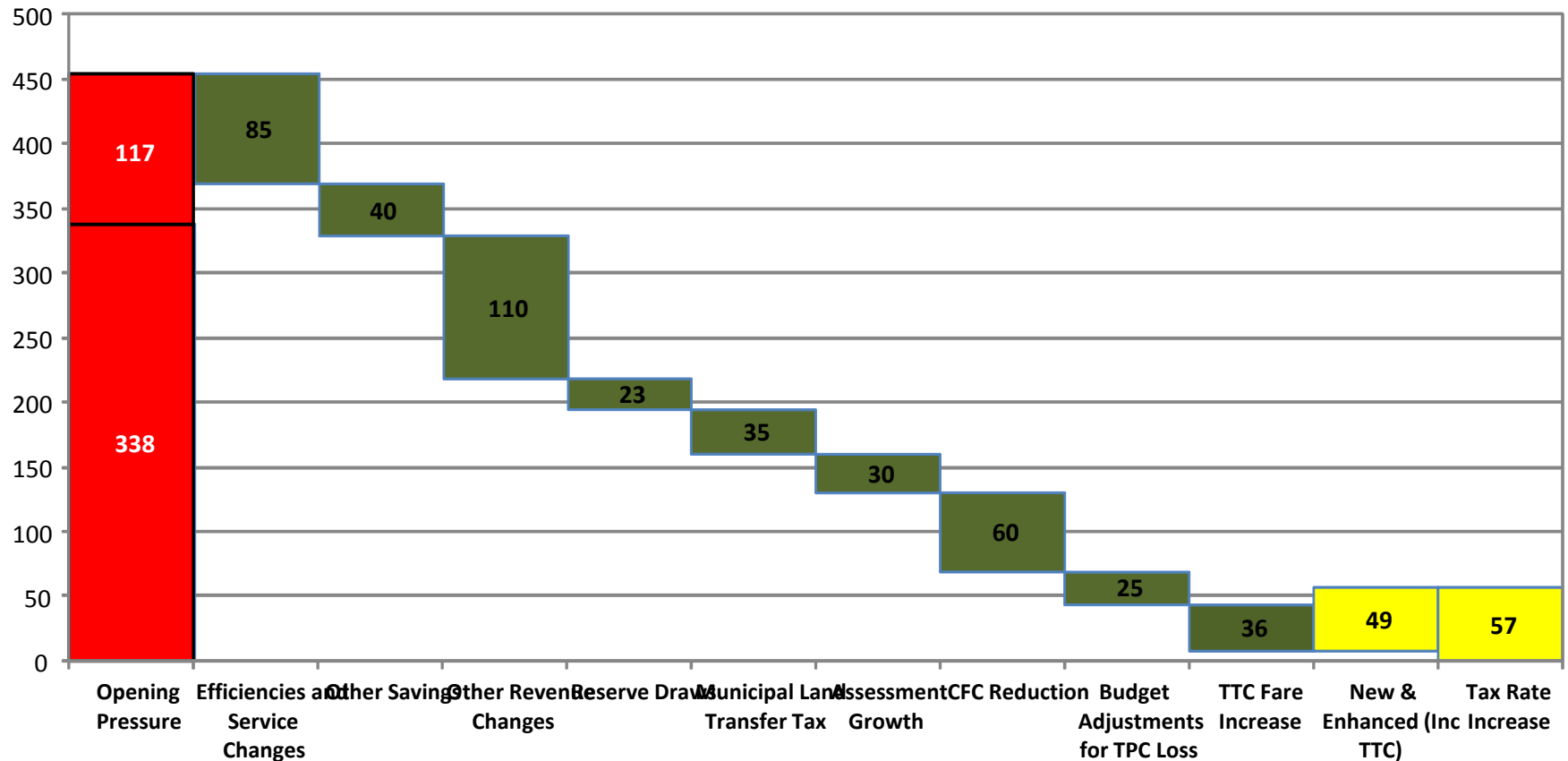
	Approved Positions	2015 Operating Budget				
		(\$Thousands)				
		Gross	Revenue	Net	2016 Plan Net	2017 Plan Net
Poverty Reduction Initiatives						
Non-Program - Reduce for poverty reduction initiatives.		(2,200.0)		(2,200.0)		
Parks, Forestry and Recreation						
Youth Worker Expansion 2 Permanent Youth Outreach Workers).	2.0	130.0		130.0	16.0	
Youth Lounges Phase 2 Expansion (3 New Sites, 7.2 FTEs).	7.2	403.0		403.0	134.0	
Shelter, Support & Housing - Enhanced tenant supports.		75.0		75.0		
Social Development, Finance and Administration						
Neighbourhood Improvement Area Resident Engagement.		204.0		204.0	(204.0)	
Seniors Community Transportation Pilot.		150.0		150.0	(150.0)	
Youth Arts Employment & Training Program.		200.0		200.0		
Toronto Employment and Social Services						
Employment program for single parents.		200.0		200.0		
Hardship funding inflationary increase.		26.0		26.0		
Toronto Public Library						
Library access - Fine forgiveness program (pilot).		50.0	(125.0)	175.0		
Youth Hubs Expansion (4 new sites).	2.0	200.0		200.0	200.0	
Toronto Public Health						
Student Nutrition Expansion (Up to 27 new schools).		356.0		356.0		
Mobile good food market.		81.0		81.0	7.0	
Total Poverty Reduction Initiatives	11.2	2,075.0	(125.0)	2,200.0	3.0	
2015 Budget Committee Recommended Operating Budget as at February 20, 2015	50,711.9	9,848,088.0	5,999,452.3	3,818,998.1	42,622.5	44,510.1

2015 Tax Supported Program Operating Budget

– By Cluster/Major Agency

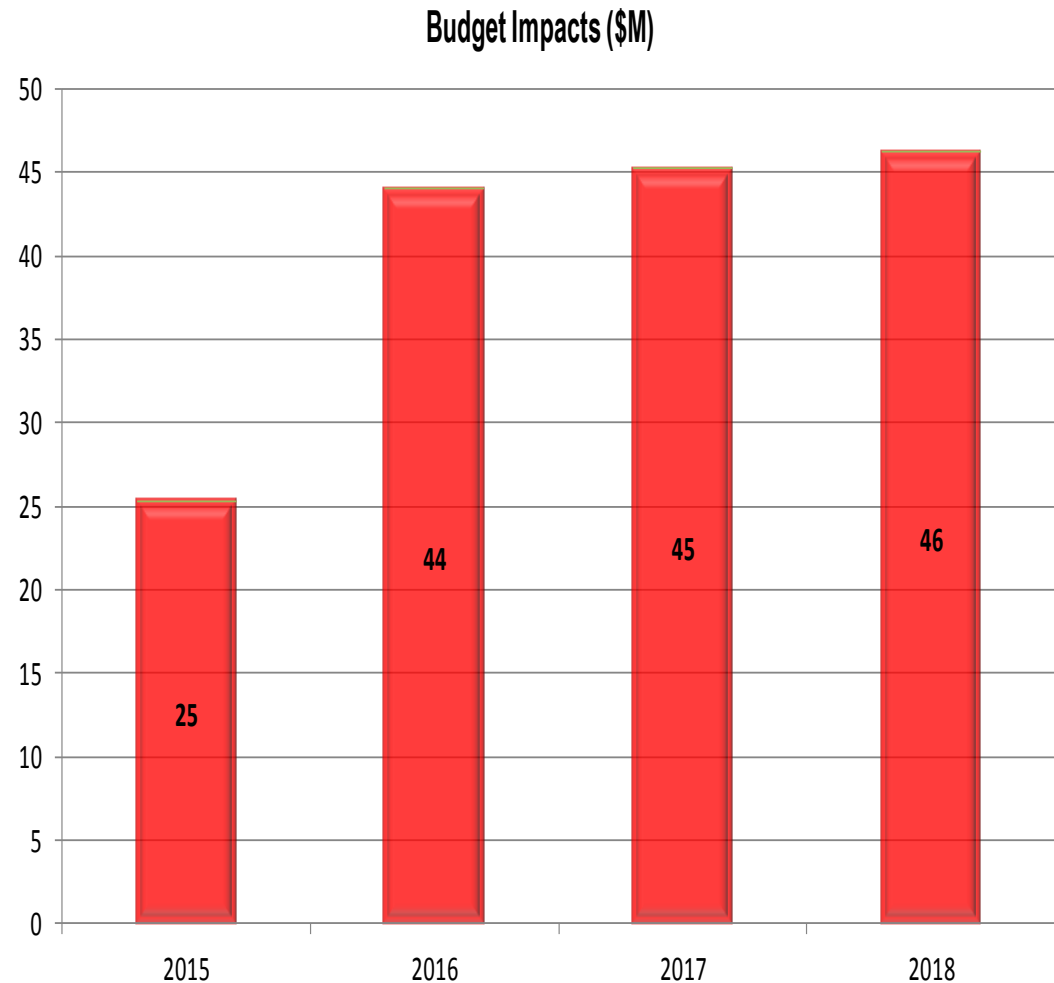
(\$000s)	2014 Budget		2015 Budget		Change from 2014 Over (Under)			
					Gross		Net	
	Gross	Net	Gross	Net	\$	%	\$	%
Citizen Centred Services "A"	3,243,250	916,486	3,244,363	1,021,550	1,113	0.0%	105,064	11.5%
Citizen Centred Services "B"	993,463	660,238	1,012,435	663,728	18,972	1.9%	3,489	0.5%
Internal Services	455,359	183,962	472,325	184,774	16,966	3.7%	812	0.4%
City Manager	55,402	46,652	55,061	46,922	(340)	(0.6%)	270	0.6%
Other City Programs	130,896	72,650	123,949	77,093	(6,946)	(5.3%)	4,443	6.1%
Accountability Offices	7,707	7,707	7,850	7,850	142	1.8%	142	1.8%
Total City Operations	4,886,077	1,887,695	4,915,983	2,001,916	29,906	0.6%	114,221	6.1%
TTC/Wheel Trans	1,719,245	546,904	1,809,333	582,730	90,088	5.2%	35,826	6.6%
Police Services and Board	1,088,709	960,019	1,152,600	954,977	63,891	5.9%	(5,042)	(0.5%)
Toronto Public Library	184,220	167,637	188,446	171,930	4,226	2.3%	4,292	2.6%
Toronto Public Health	247,632	54,982	252,198	56,945	4,566	1.8%	1,962	3.6%
Other Agencies	176,614	27,252	171,306	28,183	(5,308)	(3.0%)	932	3.4%
Agencies	3,416,422	1,756,795	3,573,884	1,794,764	157,463	4.6%	37,970	2.2%
Corporate Accounts:								
Capital & Corporate Financing	688,334	652,140	672,454	643,851	(15,880)	(2.3%)	(8,289)	(1.3%)
Non-Program Expenditures	679,003	464,550	636,327	470,981	(42,675)	(6.3%)	6,431	1.4%
Non-Program Revenues	9,266	(999,091)	49,440	(1,062,877)	40,174	433.6%	(63,786)	6.4%
Net Operating Budget	9,679,102	3,762,089	9,848,088	3,848,636	168,986	1.7%	86,547	2.3%
Assessment Change				(29,638)			(29,638)	
Operating Budget After Assessment Growth	9,679,102	3,762,089	9,848,088	3,818,998	168,986	1.7%	56,909	1.5%

Summary of Pressure and Balancing Strategies



Elimination of the Provincial Pooling Compensation Loss – Four Year Capital Financing Strategy

- \$129 M Provincial Funding Loss to be addressed by:
 - Reduction of 2015 Operating Budget by \$25.3M
 - 5.1% tax-supported budgetary increase over 2016-2018
 - \$60.3 M reduction in Capital-from-Current in 2015 & added back between 2016-2018
 - Increase debt financing of capital projects by up to \$127.3 M between 2015-2017



Toronto Pooling Compensation Revenue Loss

2015 Operating Budget Adjustments (\$ millions)

DIVISION/AGENCY	Amount
Cluster A	2.3
Cluster B	2.0
Cluster C	<u>2.0</u>
Total Divisions	6.3
Non-Program	9.0
Police	5.0
TTC	<u>5.0</u>
TOTAL	<u>25.3</u>

Municipal Land Transfer Tax (MLTT)

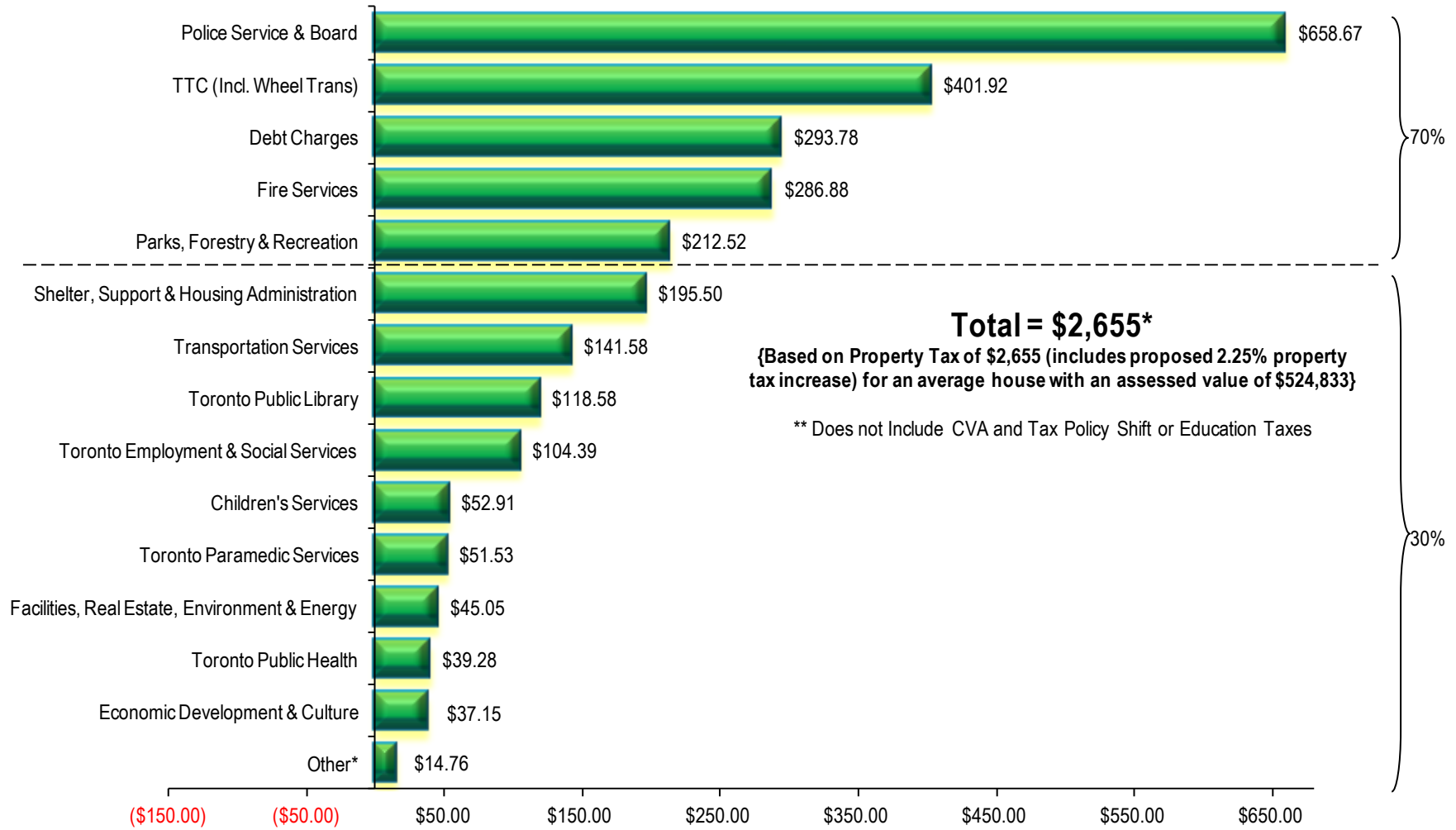
- 2014 MLTT Budget \$350M
- 2014 MLTT Actual \$425M

- 2015 MLTT Budget
 - In Operating \$385M
 - In Capital \$ 40M
 - Total \$425M

- City maximizing and fully budgeting MLTT Revenues

Where the Money Goes

- \$3.8 Billion Tax Levy



2016 /2017 Plan

(\$ Millions)	2016		2017	
	2016 BC Rec'd	Residential Tax Impact	2017 BC Rec'd	Residential Tax Impact
Compensation & Benefits	122		132	
Non-labour Inflationary Impact	15		16	
Annualization of Prior Year Decisions	58		27	
Operating Impact of Completed Capital Projects	30		17	
Depletion of Reserves	36		17	
Other Base Budget Changes	19		8	
CFC (Capital From Current)	26		29	
Debt Charges	21		33	
Other Expenditures	55		110	
Total Expenditure Pressures	383	15%	389	15%
<i>Pressure from Provincial Funding Shortfall</i>	<i>43</i>		<i>(7)</i>	
<i>Pressure from restoring CFC</i>	<i>1</i>		<i>52</i>	
Sub-total: Budget Adjustments to Address TPC Shortfall	44		45	
Total Pressure after Provincial Funding Shortfall	427	17%	434	17%

2016 /2017 Plan (Continued)

(\$ Millions)	2016		2017	
	2016 BC Rec'd	Residential Tax Impact	2017 BC Rec'd	Residential Tax Impact
Revenue Change:				
TTC Ridership Growth	(3)		5	
Uploading of Services	(23)		(24)	
Interest/Dividend Income	(6)		(8)	
User Fees/ Other Revenue Change	10		(19)	
Parking Authority Revenues	9			
Total Revenue Change	(12)		(46)	
Pressure after Revenue Changes:	415	16%	388	15%
Additional TTC Fare Increase/Adjustments	(30)		(30)	
Assessment Growth	(30)		(30)	
Potential Tax Impact	355	14%	328	13%
Inflationary Property Tax Rate Increase (2.0% Residential/0.67% Non-Residential)	(51)		(52)	
Remaining Pressure	305	12%	276	11%

Recommended Toronto Water/Solid Waste Rate Changes

Toronto Water:

- Proposed Rate Increase: 8% (2015-2016), 5% (2017-2018), 3% there after, the effective increase in 2015 = 6.5%
- Funds additional \$2B in capital, meets projected infrastructure needs for SOGR, basement flooding, wet weather, etc.

Solid Waste Management:

- Proposed Rate Increase 3% effective April 1, 2015
 - Effective increase in 2015 = 2.25%
- Implement Council's direction to provide relief to CROs
 - New rate waiver program: \$1.536M
 - \$892,000 in 2015, \$644,000 in 2016
 - Reduction to Solid Waste rebate to move to full user pay and advance the 70% Waste Diversion Target.



2015-2024 Capital Budget & Plan



The Challenge

- Unmet investment needs in SOGR of \$7Billion
 - TTC; Roads; Gardiner Expressway; Housing
- Even with additional debt target funding of \$1.6 billion being provided, demand for capital funding outpaces additional debt room
- With increasing debt requirements and limited Property Tax increase, debt service costs as a percentage of tax levy is approaching the 15% guideline over time

Capital Highlights

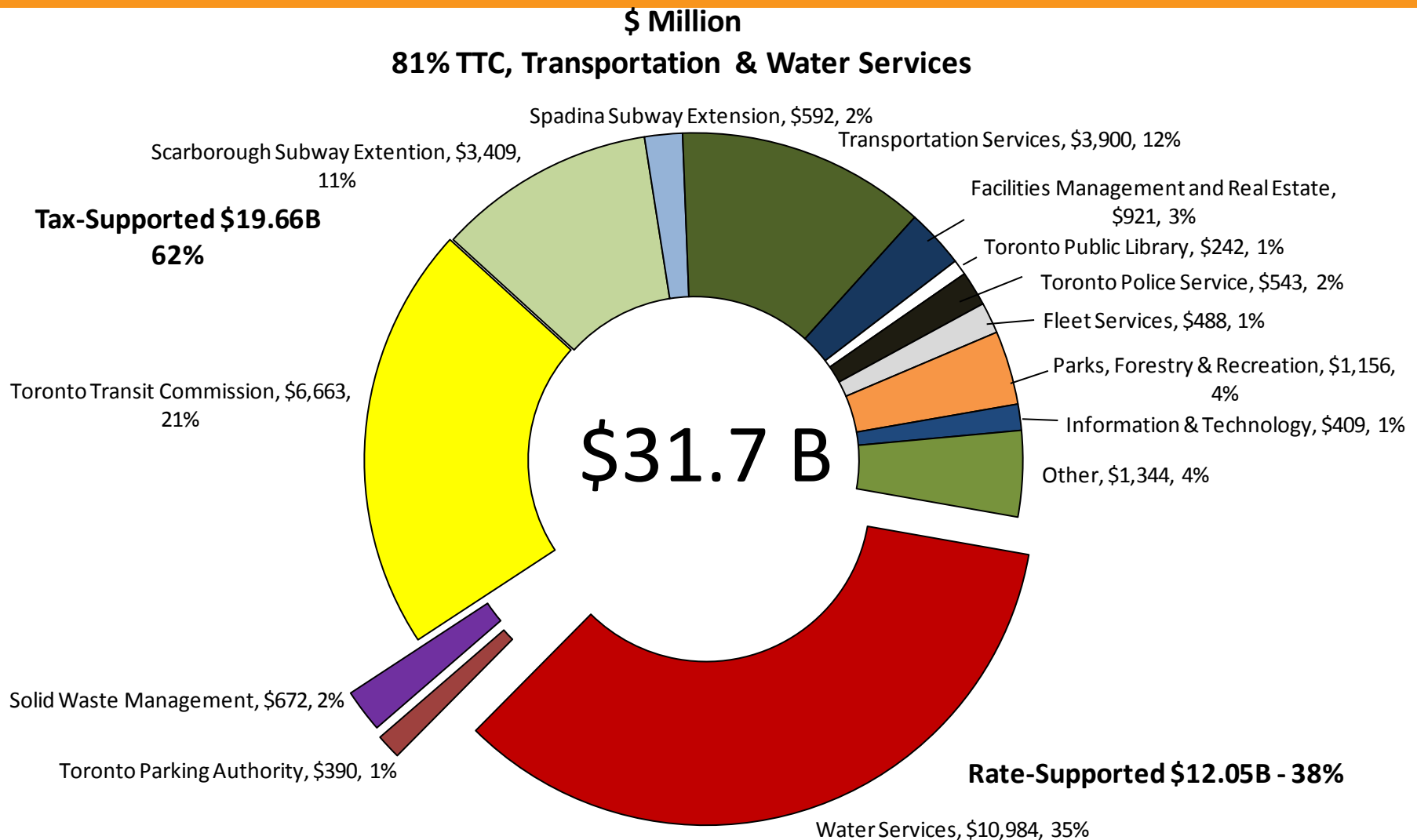
- \$3 Billion Additional Capital Investments over 10 years
- Increase Addresses Priority Needs in:
 - Transit
 - Transportation
 - Facilities
 - Technology
 - Toronto Water
- Meets Toronto Water's needs and sustainability for SOGR, Basement flooding, and Storm Water Management
- Stabilizes tax supported SOGR backlog

2015 Budget Committee Recommended Changes

	2015		2016 to 2024		2015 to 2024	
	Gross Exp. (\$000s)	Debt/ CFC (000s)	Gross Exp. (\$000s)	Debt/ CFC (\$000s)	Gross Exp. (\$000s)	Debt/ CFC (\$000s)
2015 Staff Recommended Capital Budget & 2016 - 2024	2,816,370	819,259	28,898,672	7,574,106	31,715,042.04	8,393,364
Budget Committee - February 20, 2015						
Economic Development and Culture						
Toronto Centre of the Arts Main Stage Reconfiguration	1,500				1,500	
City Planning						
Heritage Conservation District Studies Project	(500)	(454)	(4,500)	(4,181)	(5,000)	(4,635)
Parks, Forestry and Recreation						
Anthony Road Park Improvements Sub-Project	195				195	
Total Budget Committee Recommended Changes	1,195	(454)	(4,500)	(4,181)	(3,305)	(4,635)
2015 - 2024 BC Rec'd Capital Budget & Plan (including	2,817,565	818,805	28,894,172	7,569,925	31,711,737	8,388,729

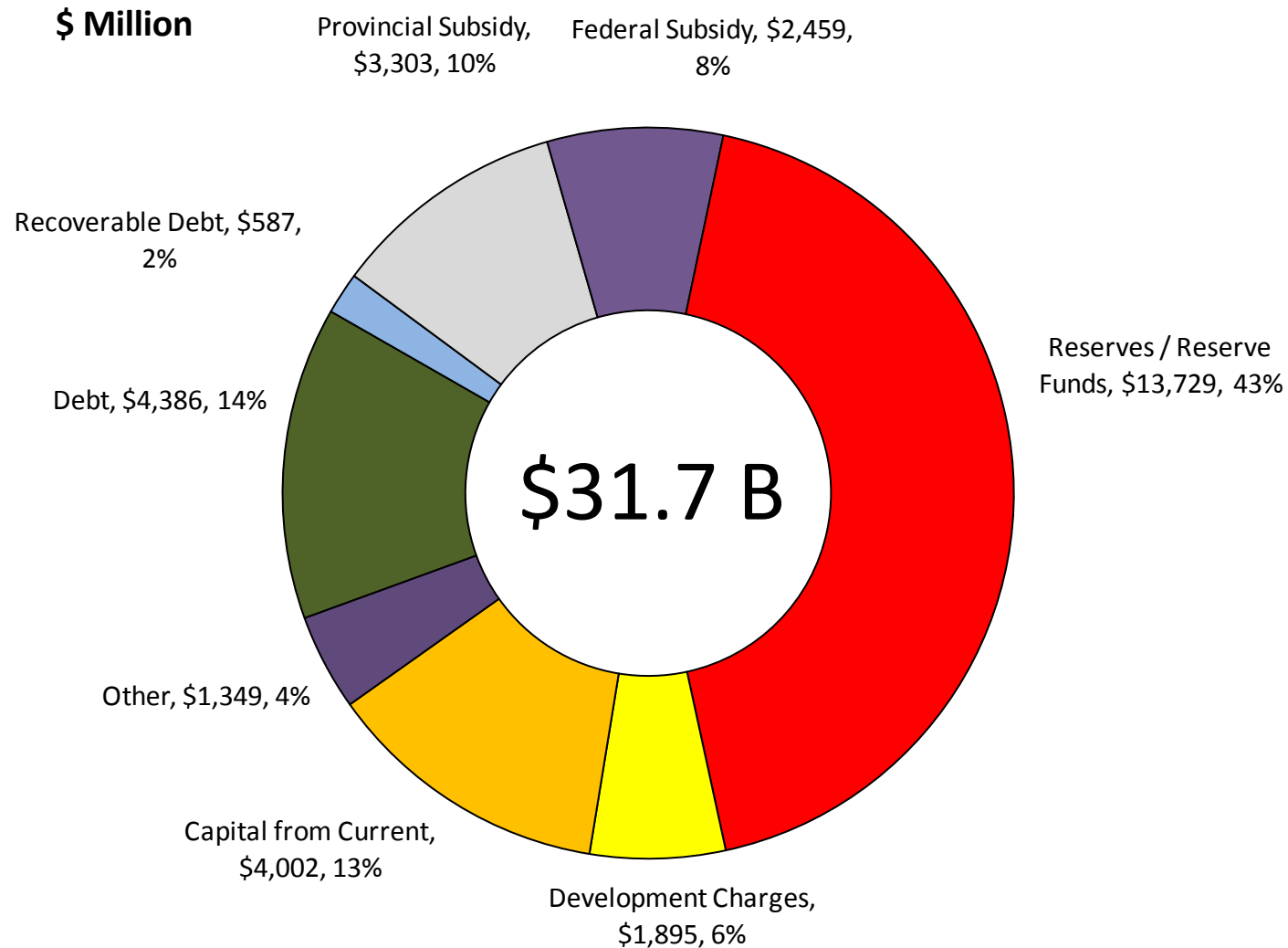
10-Year Capital Plan (Tax & Rate-Supported)

Where the Money Goes: \$31.712 Billion



10-Year Capital Plan (Tax & Rate-Supported)

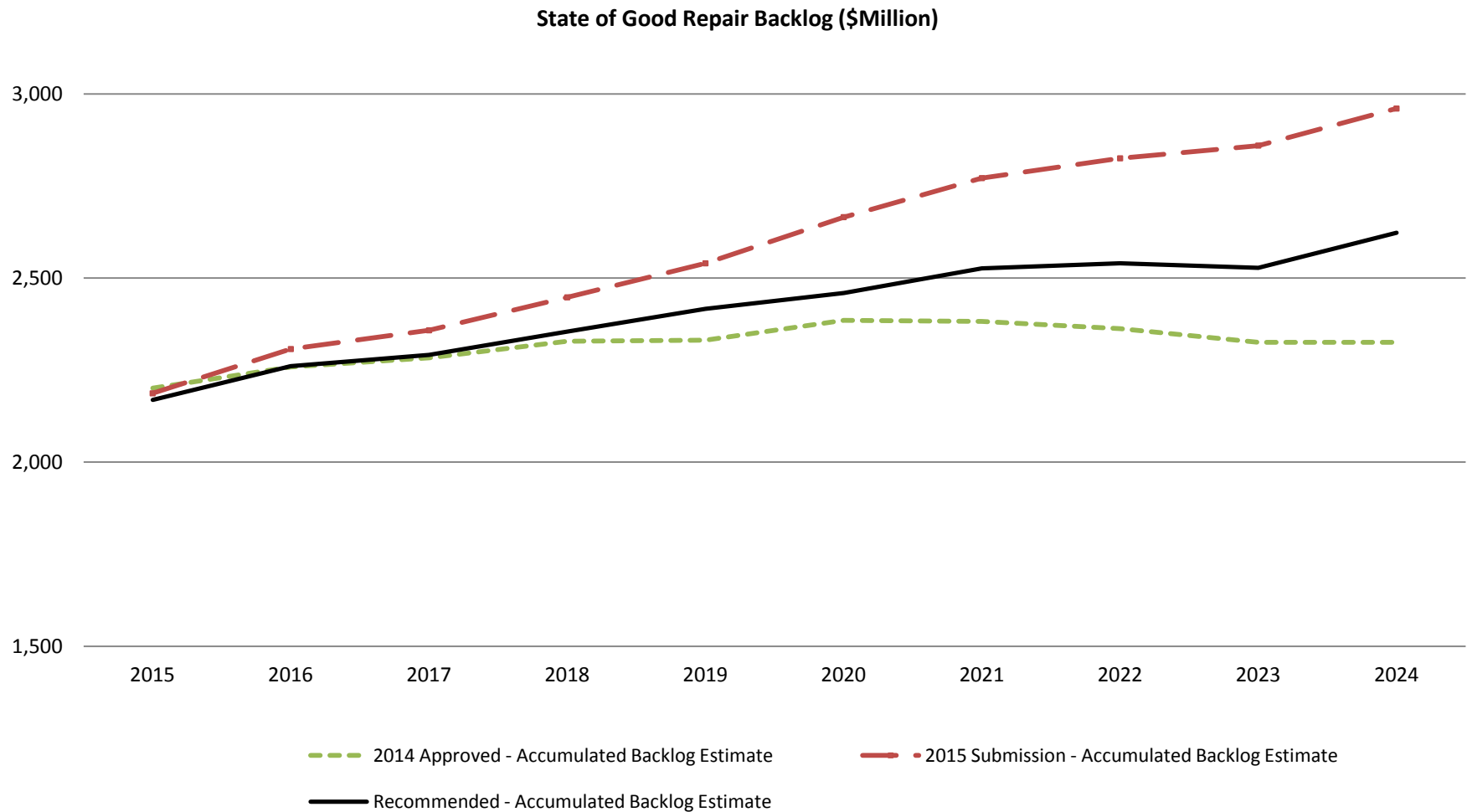
Where the Money Comes from: \$31.712 Billion



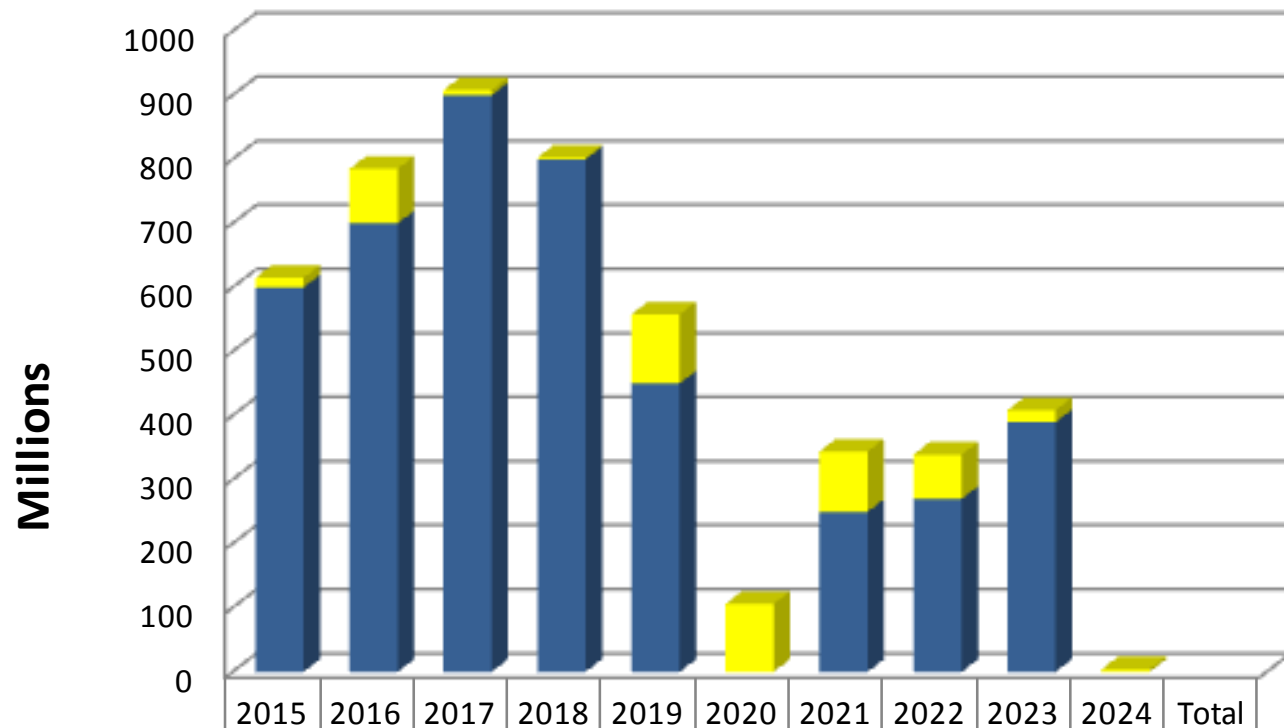
Previous Unfunded Projects Now Recommended for Approval by Program - \$1.6 Billion

Tax Supported Program	Debt Required for Recommended Projects (\$Million)
Transportation - F.G. Gardiner	433
<u>Transportation - SOGR/Traffic Congestion</u>	<u>357</u>
Transportation - Total	791
TTC	490
Facilities Management & Real Estate	125
Shelter, Support & Housing Admin.	62
Exhibition Place	40
Information & Technology	35
Fire Services	7
Corporate Initiatives	8
Financial Services	5
311 Toronto	5
Additional Debt	1,566

Changes to SOGR Backlog



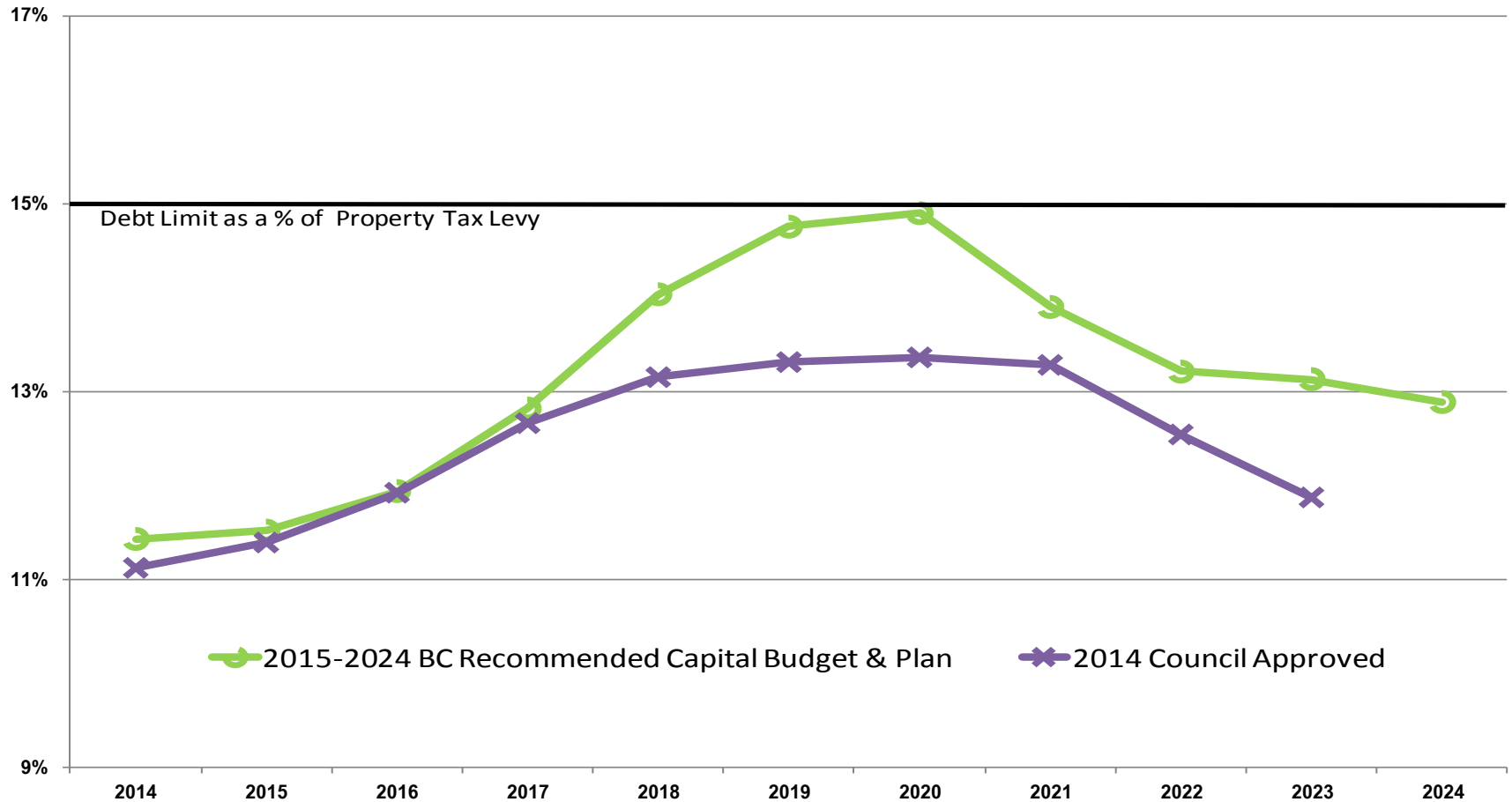
2015 – 2024 Capital Budget and Plan Debt Issuance



■ Scarborough Subway Debt Issuance	15	85	8	2.5	108	106	94	69	18.5	4	510
■ Debt Issuance	600	700	900	800	450	0	250	270	390	0	4,360
Net Debt	3,479	3,988	4,513	4,963	5,155	4,876	4,819	4,765	4,788	4,879	

Debt Charges as % of Tax Levy

– Reaching the 15% Threshold



Summary

- SOGR Backlog is stabilized over ten years
- Contributes to meeting Transit & Transportation needs while staying within the 15% debt service ratio threshold
- For 2016, staff will conduct a detailed review of 2016-2025 capital requirements to ensure City's budget priorities are met within the debt affordability framework

Thank You

