



Decision Letter

EX6.12a

Budget Committee

Meeting No.	8	Contact	Jennifer Forkes, Committee Administrator
Meeting Date	Tuesday, May 19, 2015	Phone	416-392-4666
Start Time	9:30 AM	E-mail	buc@toronto.ca
Location	Committee Room 1, City Hall	Chair	Councillor Gary Crawford

BU8.3	ACTION	Amended		Ward:All
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Operating Variance Report for the Year Ended December 31, 2014

Committee Decision

The Budget Committee recommends that:

1. City Council receive this report for information.

Decision Advice and Other Information

The Budget Committee requested:

1. The General Manager, Shelter, Support and Housing Administration to report on the following information about the rent supplement program:
 - a. Total funds allocated in 2014.
 - b. Total number of rent supplement agreements in place in 2014.
 - c. Total number of rent supplement agreements by Ward.
 - d. Projected/allocated expenditures for 2015.
 - e. Projected/allocated number of rent supplement agreements for 2015.

Origin

(April 23, 2015) Report from the Deputy City Manager and Chief Financial Officer

Summary

The purpose of this report is to provide Council with the City of Toronto's operating variance for the year ended December 31, 2014 and the disposition of the 2014 year-end surplus.

The preliminary 2014 year-end operating position for Tax Supported Operations has resulted in a net favourable variance of \$190.592 million which is available for distribution after Council directions and legislative requirements are met. The surplus represents just under 2 percent of the gross tax-supported budget.

Consistent with City Council's approved Surplus Management Policy, at least 75 percent or

\$142.944 million and an additional contribution of \$12.000 million from the Toronto Transit Commission will be allocated to the Capital Financing Reserve and \$35.648 million will be allocated to underfunded liabilities and/or reserve funds. Effectively, all of the Toronto Transit Commission surplus is being directed to capital which will enable the City to fund, in part, a portion of the cost over runs for the TYSSE project.

In addition, \$29.803 million of the 2014 surplus will be used to reduce the debt requirements related to the loss of the Toronto Pooling Compensation grant. The amount of short term borrowing will now be cut almost in half from the approved \$61 million in the 2015 Budget.

For the twelve-month period ended December 31, 2014, Tax Supported Operations are summarized in Table 1 below.

Table 1 Tax Supported Variance Summary (\$ Millions)		
	Year-End 2014 Over/(Under)	
	\$	%
Gross Expenditures	(307.0)	-3.2%
Revenues	(88.1)	-1.5%
Net Expenditures	(218.9)	-5.8%
Council Direction/Legislative Requirements	28.3	0.8%
Surplus Available for Distribution	(190.6)	-5.1%

Under-spending was driven largely by:

- Lower than budgeted Toronto Transit Commission Conventional Services' expenditures such as healthcare benefits, maintenance costs for subway infrastructure, facilities and streetcars, fuel costs and accident claims;
- Lower than budgeted Tax Deficiencies (i.e. write-offs from assessment appeals);
- A lower than budgeted caseload for Toronto Employment and Social Services; and,
- Under-spending in purchased child care for Children's Services.

In addition, higher than budgeted revenue realized from permit applications for Toronto Building, Payment in Lieu of Taxes, Parking Tag Enforcement and Operations and the Municipal Land Transfer Tax contributed to the favourable net variance. Court Services ended 2014 with a net deficit of \$21.673 million due to lower traffic ticket issuance and resulting fine revenues.

Rate Supported Programs reported a year-end net favourable variance of \$16.409 million.

Table 2 below summarizes Rate Supported Program net variances:

Table 2 Rate Supported Variance Summary (\$ Millions)	
	Year-End 2014 Over/(Under)
Solid Waste Management Services	(15.0)

Toronto Parking Authority	4.1
Toronto Water	(5.4)
Total Variance	(16.4)

The year-end favourable net variance of \$16.409 million was driven by Solid Waste Management Services' net under-spending of \$15.044 million, primarily due to:

- Over-achieved revenues of \$7.240 million mainly from increased funding for the Blue Box program, higher tonnage for Toronto waste disposal at the Green Land landfill, and tipping fees from higher tonnes at transfer stations.

- Lower gross expenditures of \$7.804 million due largely to under-spending in salaries and benefits, savings from capital financing as a result of delayed issuance of debt and scheduling of debt charges, and reduced alternate landfill disposal costs as more tonnes of residual waste were transferred to Green Lane.

Toronto Water reported a favourable net variance of \$5.443 million as at December 31, 2014.

- Gross expenditures were under-spent by \$10.112 million or 1.0 percent largely due to lower salaries and benefits.

- Under-achieved revenues of \$4.669 million were primarily from a decrease in the volume of water sales.

Toronto Parking Authority experienced lower than expected net revenue of \$4.078 million or 6.5 percent driven largely from increased road work City wide combined with the large number of snow days experienced from January and February and City events. The Toronto Parking Authority still recorded positive Net Revenues of over \$58.2 million for 2014.

Table 3 below summarizes the staff vacancy rate for the twelve months ended December 31, 2014.

	Vacancy percent	Budgeted Gapping	Vacancy After Gapping
City Operations	5.2%	2.3%	2.9%
Agencies	3.6%	2.7%	1.0%
Corporate Accounts	-1.3%	0.0%	0.0%
Total Levy Operations	4.3%	2.5%	1.8%
Rate Supported Programs	9.4%	2.3%	7.1%
Grand Total	4.6%	2.5%	2.1%

For the year-end, the City recorded a vacancy rate of 2.1 percent after budgeted gapping for an approved complement of 52,808.1 positions. A more detailed analysis is provided in the Approved Complement Section of this report.

Background Information

(April 23, 2015) Report and Appendices A - E from the Deputy City Manager and Chief Financial Officer on Operating Variance Report for the Year Ended December 31, 2014

<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-79453.pdf>

Communications

(May 19, 2015) E-mail from Tim Maguire, President, Canadian Union of Public Employees (CUPE) Local 79 (BU.New.BU8.3.1)

<http://www.toronto.ca/legdocs/mmis/2015/bu/comm/communicationfile-52741.pdf>

Declared Interests

The following member(s) declared an interest:

Councillor James Pasternak - as it pertains to Operating Variance for Toronto Public Library as his spouse is an employee.