



Decision Letter

EX8.22

Budget Committee

Meeting No.	10	Contact	Jennifer Forkes, Committee Administrator
Meeting Date	Monday, August 31, 2015	Phone	416-392-4666
Start Time	9:30 AM	E-mail	buc@toronto.ca
Location	Committee Room 2, City Hall	Chair	Councillor Gary Crawford

BU10.2	ACTION	Amended		Ward:All
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Operating Variance Report for the Six-Month Period Ended June 30, 2015

Committee Decision

The Budget Committee recommends that:

1. City Council approve the budget adjustments detailed in Appendix F to the report (August 14, 2015) from the Deputy City Manager and Chief Financial Officer to amend the 2015 Approved Operating Budget between Programs that have no impact to the 2015 Approved Net Operating Budget.

Decision Advice and Other Information

The Budget Committee:

1. Requested the Chief Corporate Officer to report to the Budget Committee prior to the 2016 Budget process on:
 - a. the context in which the main facility at St. Lawrence Market remains closed on Sundays, despite the fact that this is a major tourist and community destination;
 - b. an update on the near \$100 million capital investment planned for St. Lawrence North Market because of its role as a tourist destination and community and City of Toronto asset; and
 - c. an update on the negotiations between the City of Toronto and the vendors at St. Lawrence Market.
2. Requested the General Manager, Long Term Care Homes and Services to report to the Budget Committee as part of the 2016 Budget process on:
 - a. the number of meals provided to in-home residents, and number of residents served, in the City of Toronto Long Term Care facilities;
 - b. the funding source of such meals, including contributions from the Province of Ontario

and other agencies and any shortfall the City may incur;

c. the number of meals provided to non-residents through the Meals on Wheels program;
and

d. the City of Toronto's obligations for the accommodation of special dietary requirements.

The Deputy City Manager and Chief Financial Officer gave a presentation on Guide to the New Corporate Variance Report Dashboard.

Origin

(August 14, 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 Operating Variance for the six-month period ended June 30, 2015 as well as year-end projections. This report also requests Council's approval for amendments to the 2015 Approved Operating Budget between Programs that have no net impact to the 2015 Approved Net Operating Budget to ensure accurate reporting and financial accountability.

For the six-month period ended June 30, 2015, Tax Supported Operations reported a favourable net variance of \$97.291 million or 5.0%, as noted in Table 1 below:

Table 1

Tax Supported Variance Summary (\$ Millions)

	June 30, 2015 Over/(Under)		Projected Y/E 2015 Over/(Under)	
	\$	%	\$	%
Gross Expenditures	(103.3)	-2.2%	(98.1)	-1.0%
Revenues	(6.0)	-0.2%	(33.2)	-0.6%
Net Expenditures	(97.3)	-5.0%	(64.9)	-1.7%

Under-spending was driven by salary and benefit under-expenditures and lower average monthly caseload for Toronto Employment and Social Services (\$6.063 million), Capital and Corporate Financing (\$38.911 million) combined with lower social housing subsidies for Shelter, Support and Housing Administration (\$2.378 million). Higher than budgeted revenue from Parking Tag Enforcement (\$5.451 million), the Municipal Land Transfer Tax (\$45.970 million) and Interest and Investment Income (\$15.608 million) also contributed to the favourable net variance for the six month period.

The under-spending was partially offset by over-expenditures for Transportation Services, Economic Development and Culture, Toronto Police Service and Solid Waste Management Rebates combined with under-achieved revenue for Court Services, Facilities, Real Estate, Environment and Energy and the Toronto Transit Commission (Conventional Service).

Forecasts indicate that the year-end position will result in a net favourable variance of \$64.890 million or 1.7%, reflecting a trending downwards of the projected surplus for the six month results.

The year-end projection is primarily due to a continuation of higher than budgeted net revenue from the Municipal Land Transfer Tax (\$55.0 million) in addition to lower than budgeted caseload for Toronto Employment and Social Services.

The favourable variance noted above will be partially off-set by projected under-achieved net revenue for Court Services due to a lower volume of traffic tickets issued by the Toronto Police Service compared to prior years, over-expenditures for the Toronto Police Service as a result of lower than budgeted separations and Transportation Services largely from higher contract renewal costs and increased salt usage in the winter maintenance program and contract costs for implementation of new traffic signalling technology and traffic signal maintenance.

Table 2 below summarizes the six month and year-end projected results for Rate Supported Programs.

Table 2
Rate Supported Variance Summary (\$ Millions)

	June 30, 2015 Over/(Under)	Projected Y/E 2015 Over/(Under)
Solid Waste Management Services	13.4	(1.5)
Toronto Parking Authority	(1.3)	(1.1)
Toronto Water	17.5	15.7
Total Variance	29.6	13.1

The year-to-date unfavourable net variance of \$29.604 million was driven by the following:

- Under-achieved revenues of \$13.363 million from delayed residential billing, delayed receipt of stewardship funding, lower tonnes of Green Lane waste, disposal fees from processor residual waste and sale of recyclable materials for Solid Waste Management Services.
- Over-achieved revenues of \$1.303 million from garages in the downtown area and under-spending in salaries and benefits due to temporary vacancies for the Toronto Parking Authority.

- Under-achieved revenues from water sales of \$17.544 million for Toronto Water.

- Rate Supported Programs collectively project year-end net over-spending of \$13.128 million, primarily from Toronto Water due to the continuation of forecasted lower volume of water sales.

Table 3 below summarizes the vacancy rate for the six months ended June 30, 2015 and projections to year-end.

Table 3
Summary of Approved Complement
(Includes Capital and Operating Positions)

Program/Agency	Year-to-Date			Year-End Projections		
	Vacancy %	Budgeted Gapping %	Vacancy After Gapping*	Vacancy %	Budgeted Gapping %	Vacancy After Gapping*

City Operations	5.5%	2.5%	3.0%	3.3%	2.5%	0.8%
Agencies	4.1%	2.6%	1.5%	2.1%	2.7%	0.0%
Corporate Accounts	0.0%	0.0%	0.0%	-3.0%	0.0%	0.0%
Total Levy Operations	4.7%	2.5%	2.2%	2.6%	2.5%	0.1%
Rate Supported Programs	8.9%	2.2%	6.7%	7.3%	2.2%	5.0%
Grand Total	5.0%	2.5%	2.4%	2.9%	2.5%	0.3%

Note – Vacancy % minus Budgeted Gapping % or 0% whichever is higher.

As of June 30, 2015, the City recorded a vacancy rate of 2.4% after gapping for an approved complement of 53,929.7 positions.

The forecasted year-end vacancy rate after gapping is projected to be 0.3% for an approved complement of 53,838.7 positions.

A more detailed analysis is provided in the Approved Complement Section of this report.

Background Information

(August 14, 2015) Report and Appendices A to G from the Deputy City Manager and Chief Financial Officer on Operating Variance Report for the Six-Month Period Ended June 30, 2015 (<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-83027.pdf>)

(August 31, 2015) Presentation from the Deputy City Manager and Chief Financial Officer - Guide to the new Corporate Variance Report Dashboard (<http://www.toronto.ca/legdocs/mmis/2015/bu/bgrd/backgroundfile-83182.pdf>)

Communications

(August 30, 2015) Submission from Hamish Wilson (BU.Supp.BU10.2.1)

Speakers

Hamish Wilson

Declared Interests

The following member(s) declared an interest:

Councillor James Pasternak - as it relates to Toronto Public Library, as his spouse is an employee of the Toronto Public Library.