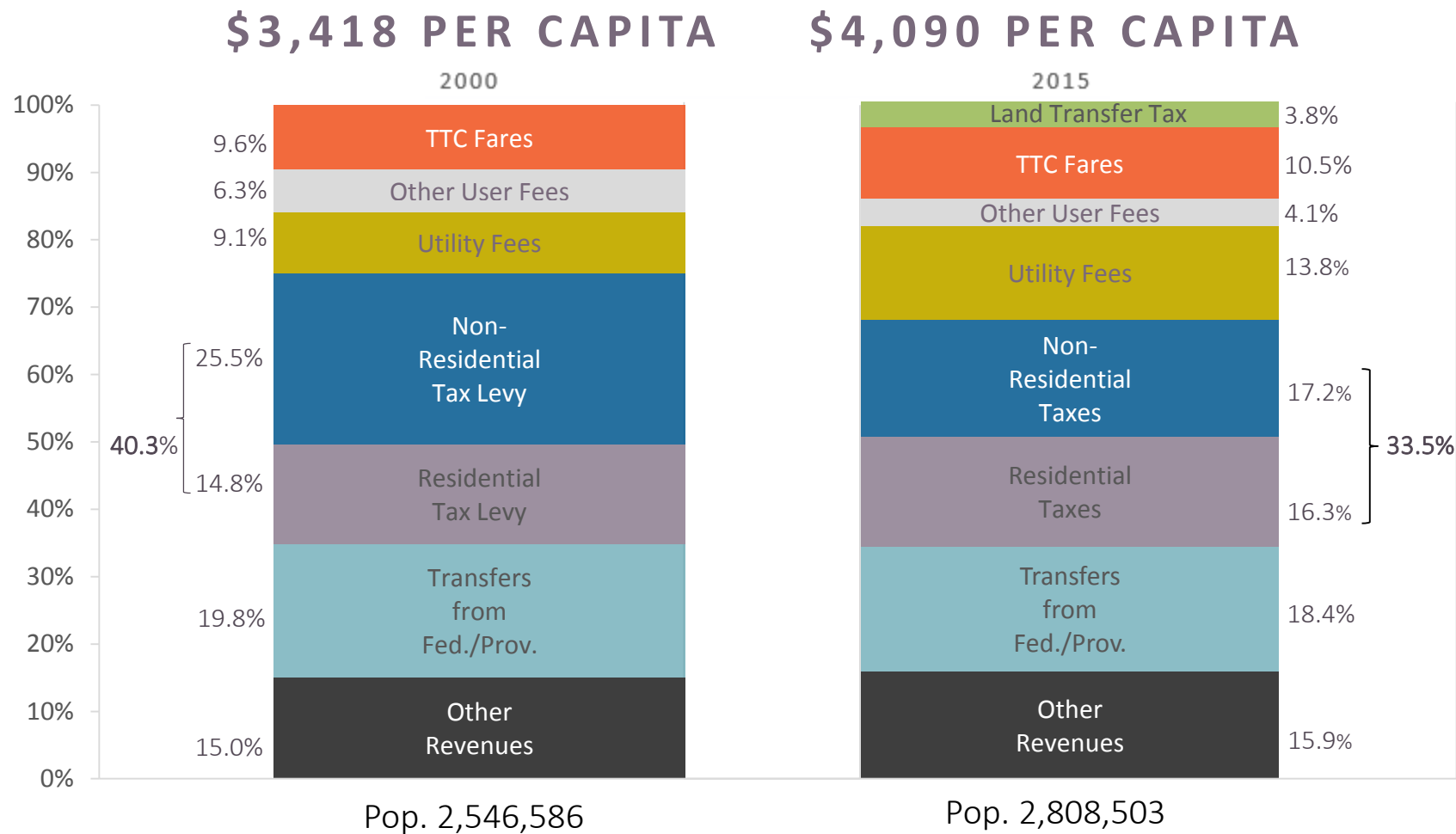


City of Toronto – Discussion of Fiscal Framework

Executive Committee

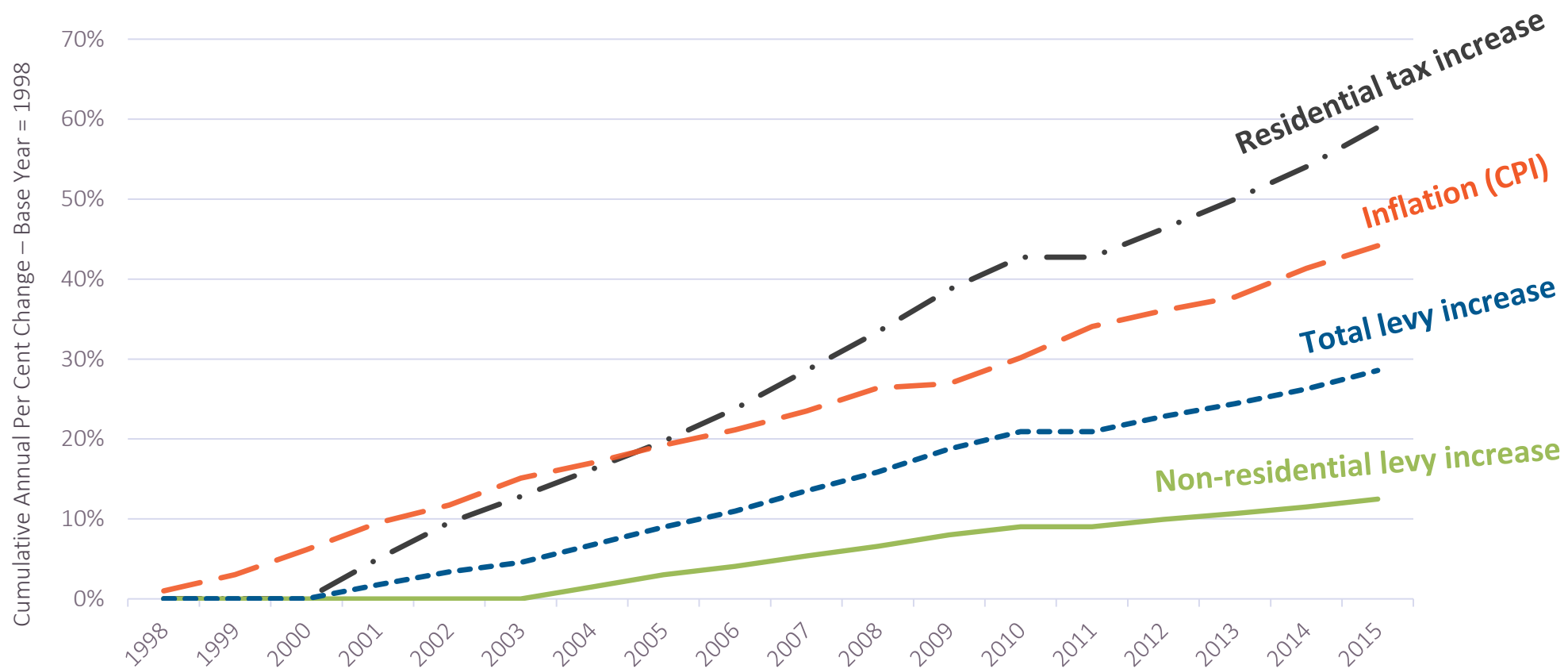
December 1, 2015

Revenue Trend (2015\$)



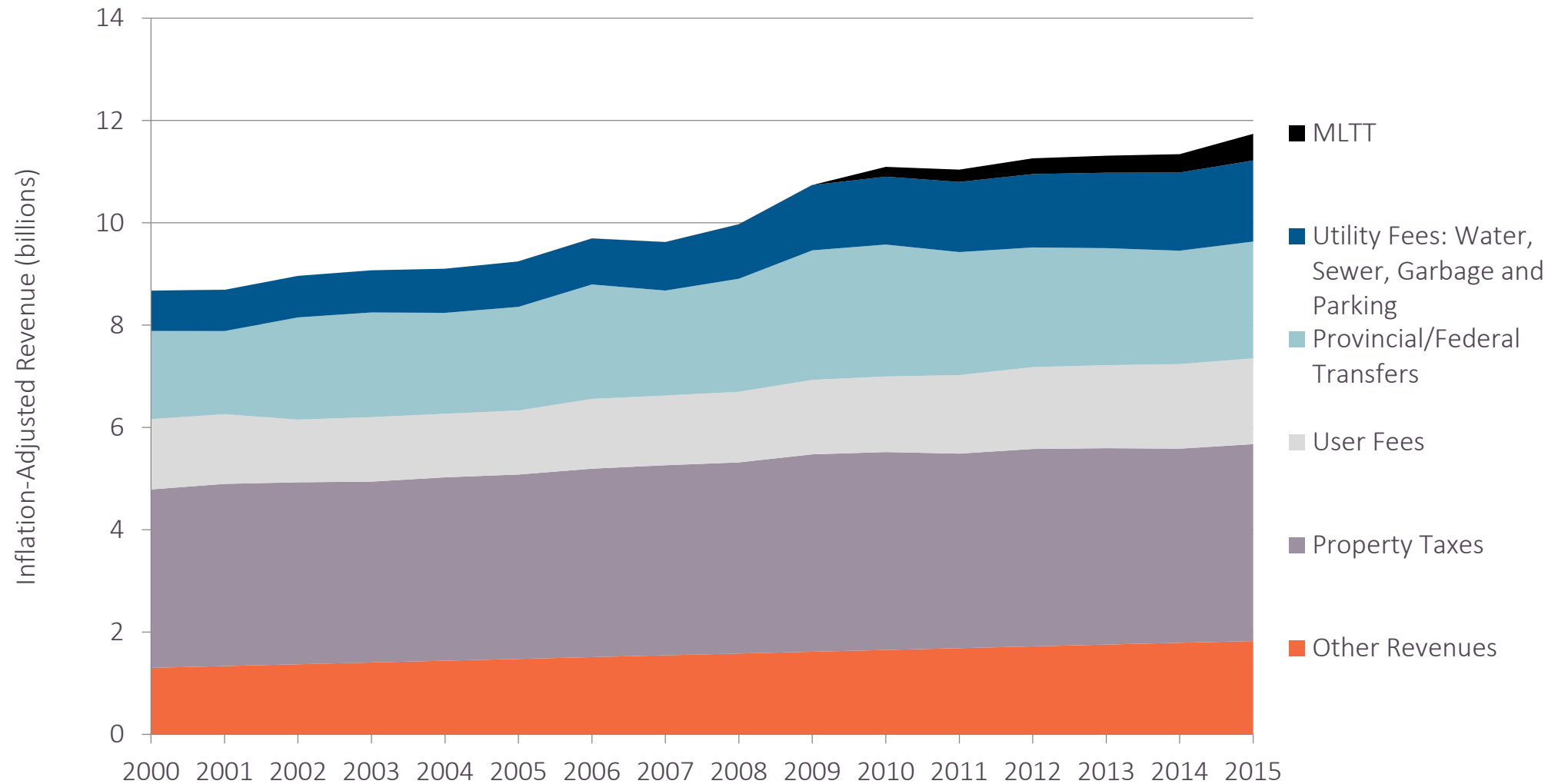
Source: Financial Planning, Corporate Finance and Statistics Canada (Annual Demographic Statistics - 91-213-XPB and 91-214-X)

Cumulative Property Tax Increases Below Inflation Since Amalgamation



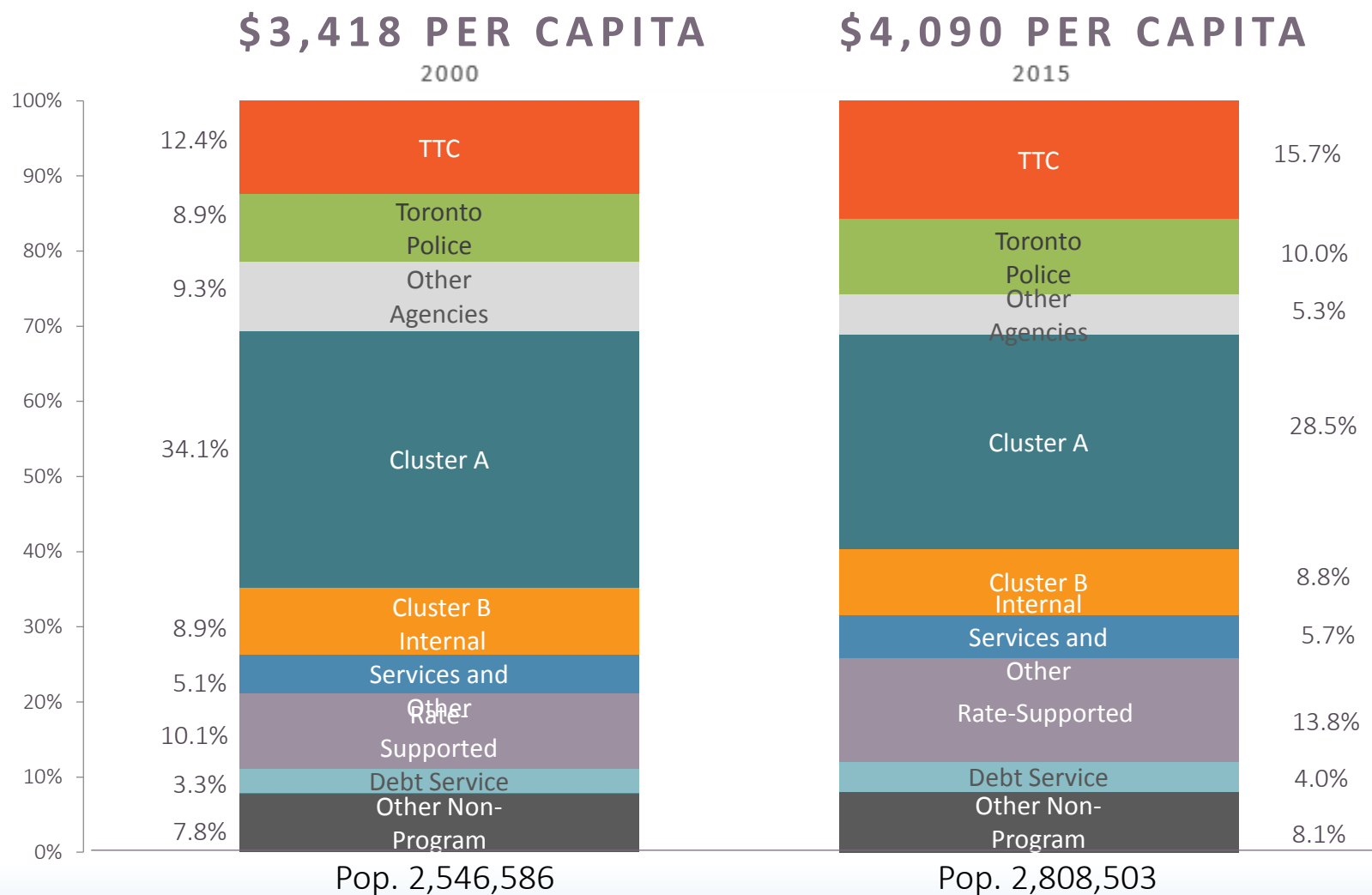
Non-residential = multi-residential rental, commercial and industrial

Changing Revenue Base



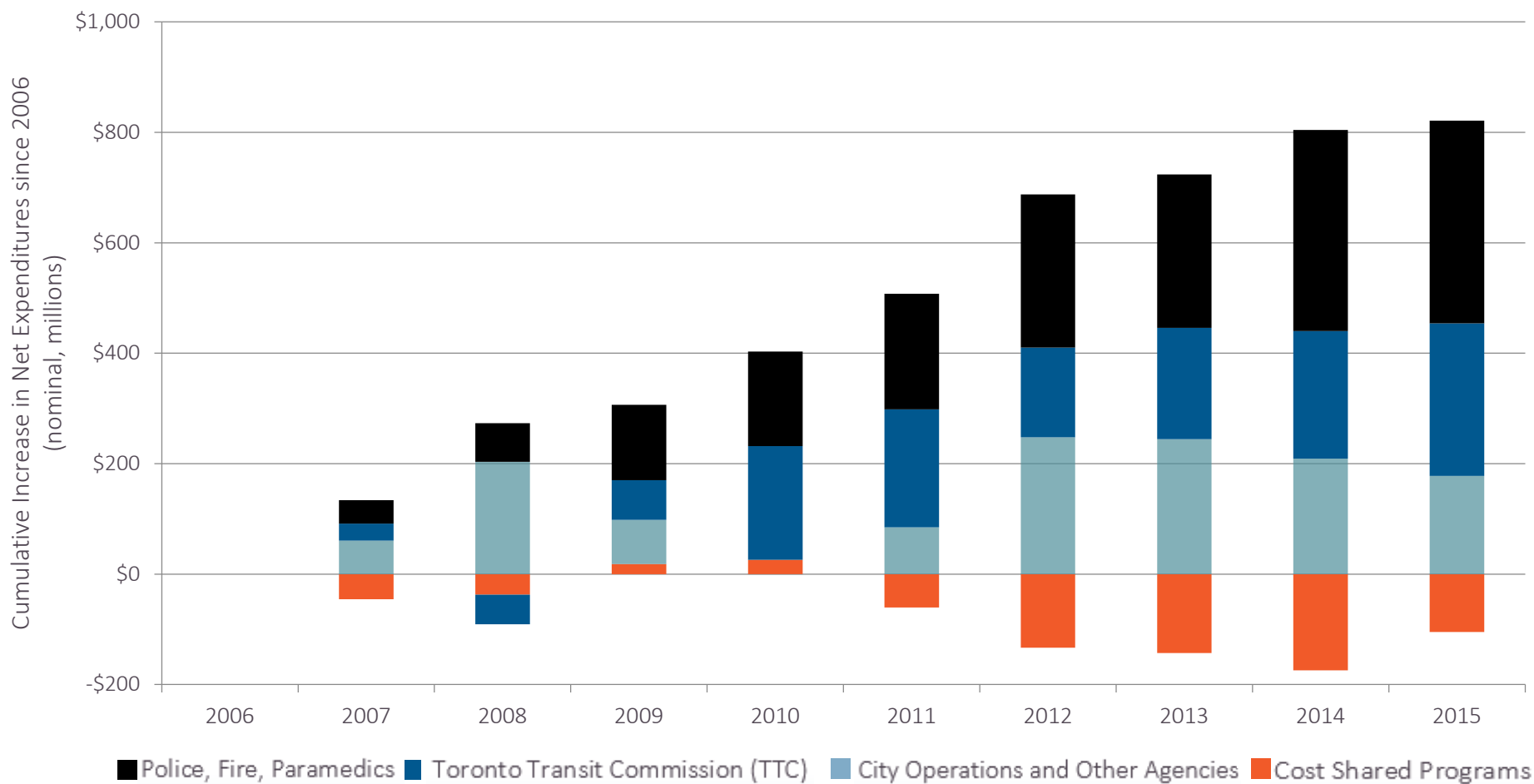
Source: Financial Planning and Corporate Finance

Operating Expenditure Patterns (2015\$)



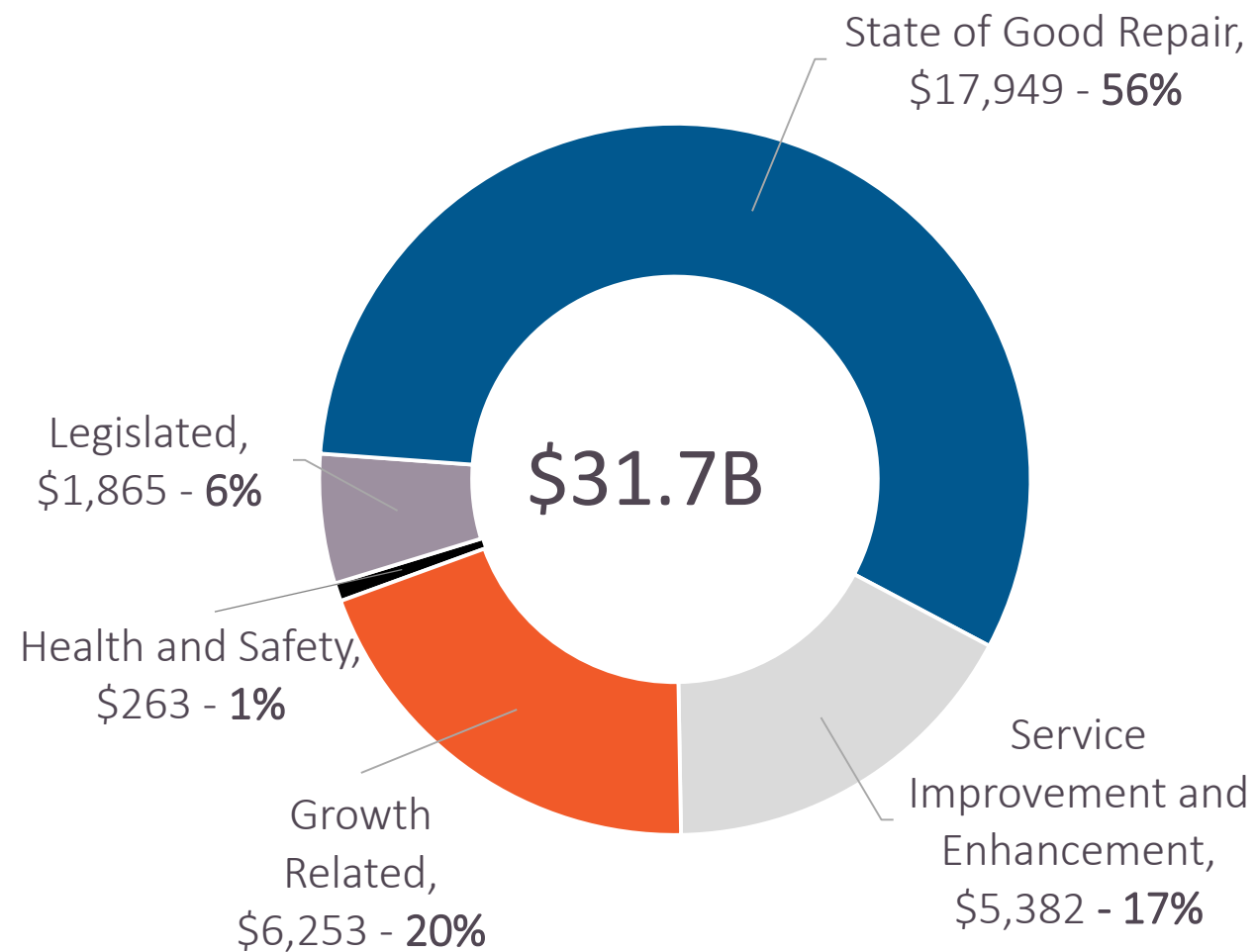
Source: Financial Planning and Corporate Finance

91% of Net Expenditure Growth From Emergency Services & TTC

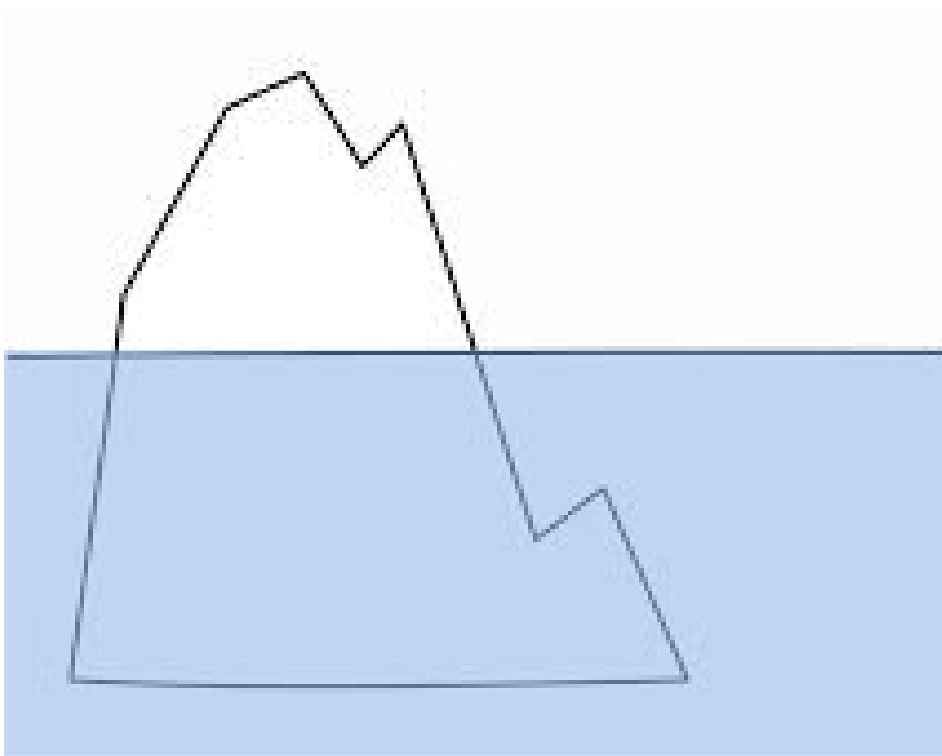


Source: Financial Planning

2015-2024 Capital Plan



'Below the Line' Projects



Examples

- George St. Revitalization
- Lower Don Flood Protection
- Waterfront Public Realm
- TCHC – revitalization principal repayment and additional requirements
- TTC – short and long term needs

Capital Finance

- Funding constrained by debt limit – 15 per cent of property tax
- Current allocations well below needs / Council directions
- Indirect financing through operating
 - surplus allocation policy
 - capital from current policy
 - MLTT allocation policy
- Inadequate, unstable and poorly understood

2016 Process to Date

- 2 per cent efficiency / productivity expectations
- 1 per cent net savings target
- Achieving service level standards
- Absorb cost drivers / demand increases
- Informal budget working group reviews

2016 Net Expense Factors

- Transit and public safety drivers
- Partial, ongoing productivity and savings offsets
- Reversal of prior one-time
- Addressing prior and unfinanced capital
- Annualizations – 2015 costs of prior year service investments

2016 Revenue Outlook

- Strong MLTT performance / additional reliance
- Low inflation
- Moderate assessment growth
- Loss of provincial pooling compensation
- Some potential for new transfers
 - Uncertain timing / impact on 2016
 - Traditional requirement for incremental investment

2016 Budget Launch

- Challenging decision environment
- Net expense outcomes not yet consistent with residential property tax increase at rate of inflation
- Known capital pressures
- Staff recommendations partially, but not fully resolve the gaps

Policy Direction Required Beyond Staff Recommendations

- Incremental or priority investments
- Additional savings objectives / revenue measures
- Secure, defined capital investment strategy