



Office of the DCM & CFO

Service Level Review

Executive Committee Presentation
June 30, 2015



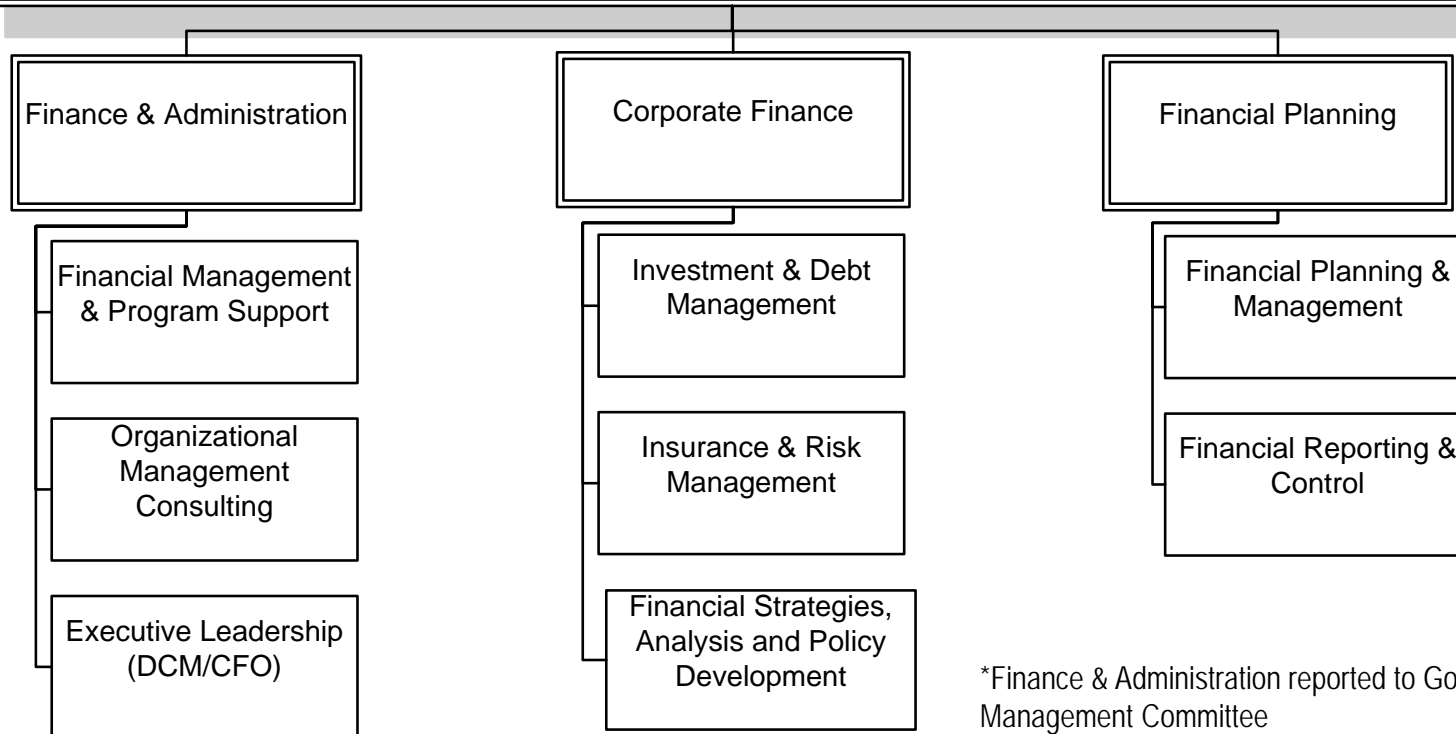
Overview

- Recommended Service Levels by Program
 - Program Map
 - Program Overview
 - Service Levels and Performance Measures
 - Key Challenges
 - Opportunities and Priority Actions

Office of the DCM & CFO

2015 Program Map

Office of the DCM & CFO
To ensure effective use of the Corporation's financial resources by providing sound financial management and advice; maintaining financial control; developing and implementing effective financial strategies; and by providing timely, accurate and efficient services to Divisions, Agencies, Council and the public.



*Finance & Administration reported to Government Management Committee

Program Overview

- Deliver Multi-Year Operating Budget and Plan that sets priorities and is service-based, balanced and sustainable (\$11.4 Billion Gross Expenditure Budget for 2015)
- Deliver 10-Year Capital Budget and Plan within affordability guidelines that addresses priorities and reduces backlog of State of Good Repair (\$31.7 Billion Budget and Plan for 2015 – 2024)
- Monitor, control and report on the City's financial performance and complement on a quarterly and as required basis
- Provide financial advice on an estimated 1,700 reports to Standing Committees and Council
- Implement budget process and communication improvements (e.g. web site, Participatory Budgeting)

Program Overview

- Manage City's \$5.1 billion general and \$1.7 billion sinking fund investment portfolios and support management of the City's pension and trust funds
- Issue up to \$900 million worth of debentures and manage principal and interest payments to support the City's capital works program
- Insure \$15 billion worth of property and process approximately 7,000 insurance claims including managing the defense of close to 2,500 legal claims
- Manage City's development charges system which yields approximately \$200 million annually



Program Overview

- Provide corporate financial analysis, risk assessment and policy development on a variety of key strategic initiatives and special projects, including:
 - ✓ Business case analysis and financing of major City building projects (Toronto York Spadina Subway Extension, Scarborough Subway Extension, Gardiner Expressway Rehabilitation, Portlands Development, SmartTrack Proposal)
 - ✓ Financial Policy Development (Long Term Financial Plan, Development Charges By-Laws, Municipal Land Transfer Tax, Property Tax Policy)
 - ✓ Assessment and negotiation of P3s and strategic projects (BMO Soccer Stadium, Sale of Enwave, TCHC, Metrolinx)
 - ✓ Intergovernmental matters (COTA, Development Charges Act (Bill 73), P3 Canada, Build Canada Fund)

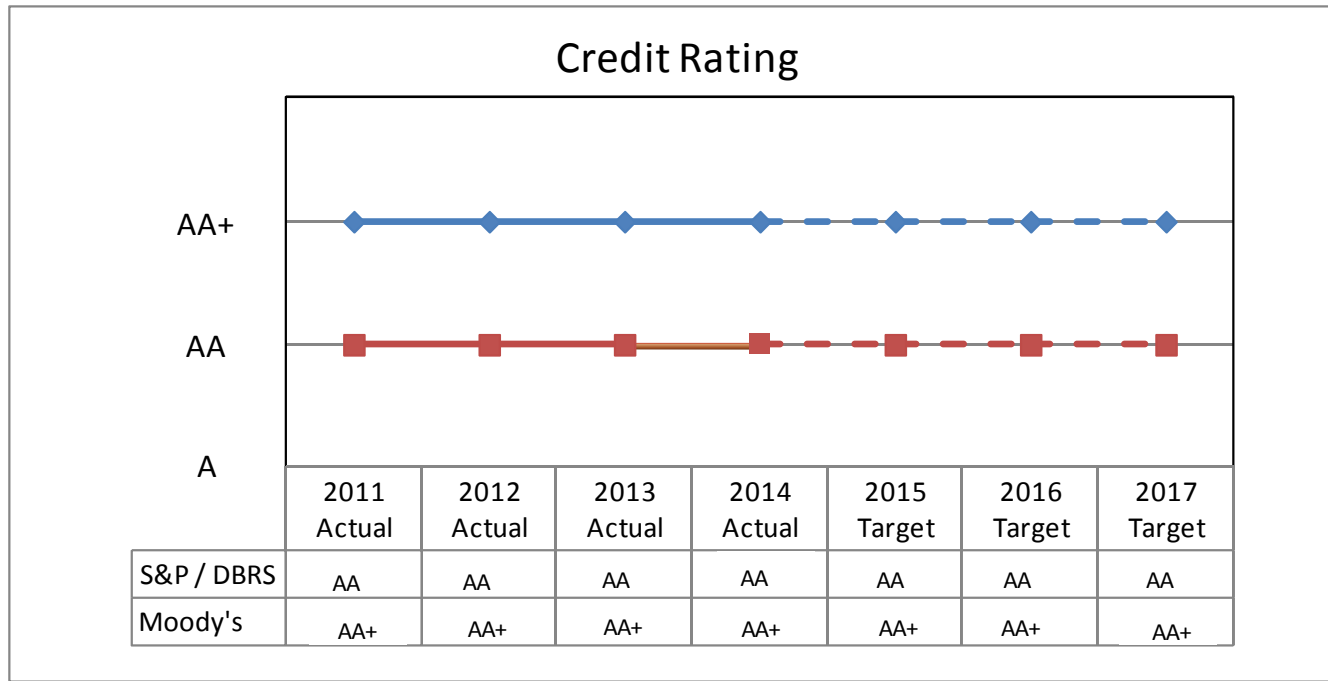
Key Service Levels – 2012 - 2015

Service Level Description		2012	2013	2014	2015
Corporate Finance					
Investment Management – Money Market Funds	Approved	Perform daily with investment decisions based on market conditions and City cash requirements			
Debt Management - Debentures	Approved	Monitor Markets: Interest rates and debt spreads change on a daily basis depending on capital market conditions. Credit ratings are generally assessed and issued once per year			
Insurance Claims Management – General Liability	Approved	Claimants notified within 2 weeks	Claims acknowledged upon receipt by City Clerk's Office		
Development Charges By-law	Approved	Updated every 5 years	Bring forward updated City wide background study and revised by-law	Bring forward area specific background study and revised by-law for Scarborough transit and Portlands area	

Key Service Levels – 2012 - 2015

Service Level Description		2012	2013	2014	2015
Financial Planning					
Capital & Operating Budget Approval	Approved	Annually by end of year	Annually in accordance with Council's mandates within the first 2 months of the fiscal year		
Budget Decision Support	Approved	Released at least 24 hours for Notes and 7 days for Reports, prior to council/committee meeting, 100% of the time			
Financial Advice - Reports	Approved	Meeting agenda closing deadlines 100% of the time			
Financial Advice – Stakeholder Relations (Media/Council/Public)	Approved	Responses released within prescribed timelines 100% of the time			
Operating & Capital Variance Reporting	Approved	Quarterly within 45 days of quarterly closing			

Key Performance Measures

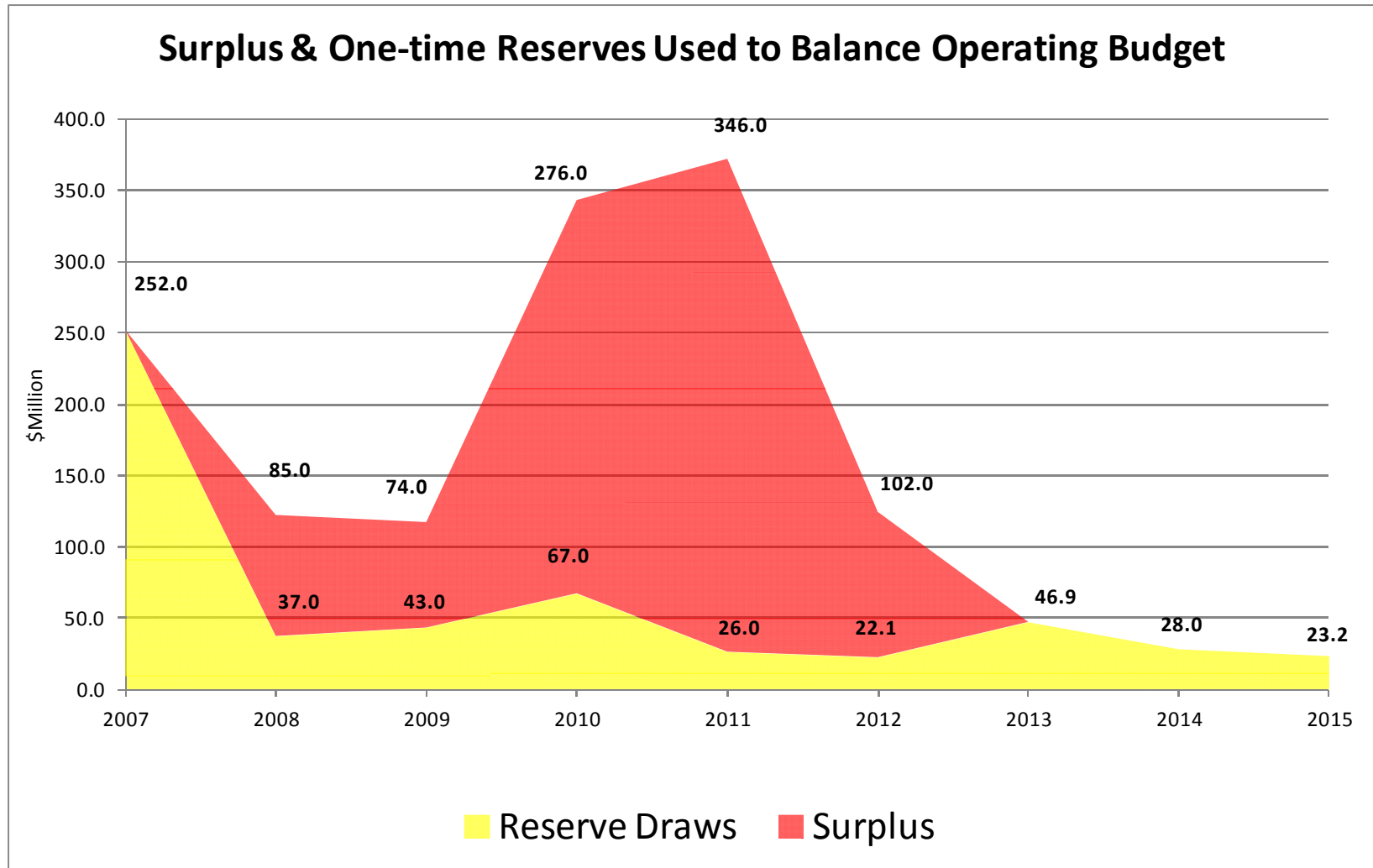


Trend:

- The City's credit rating has maintained stable outlook during difficult economic times due to Toronto's wealthy and diversified economy, low debt burden, very positive liquidity and positive financial management

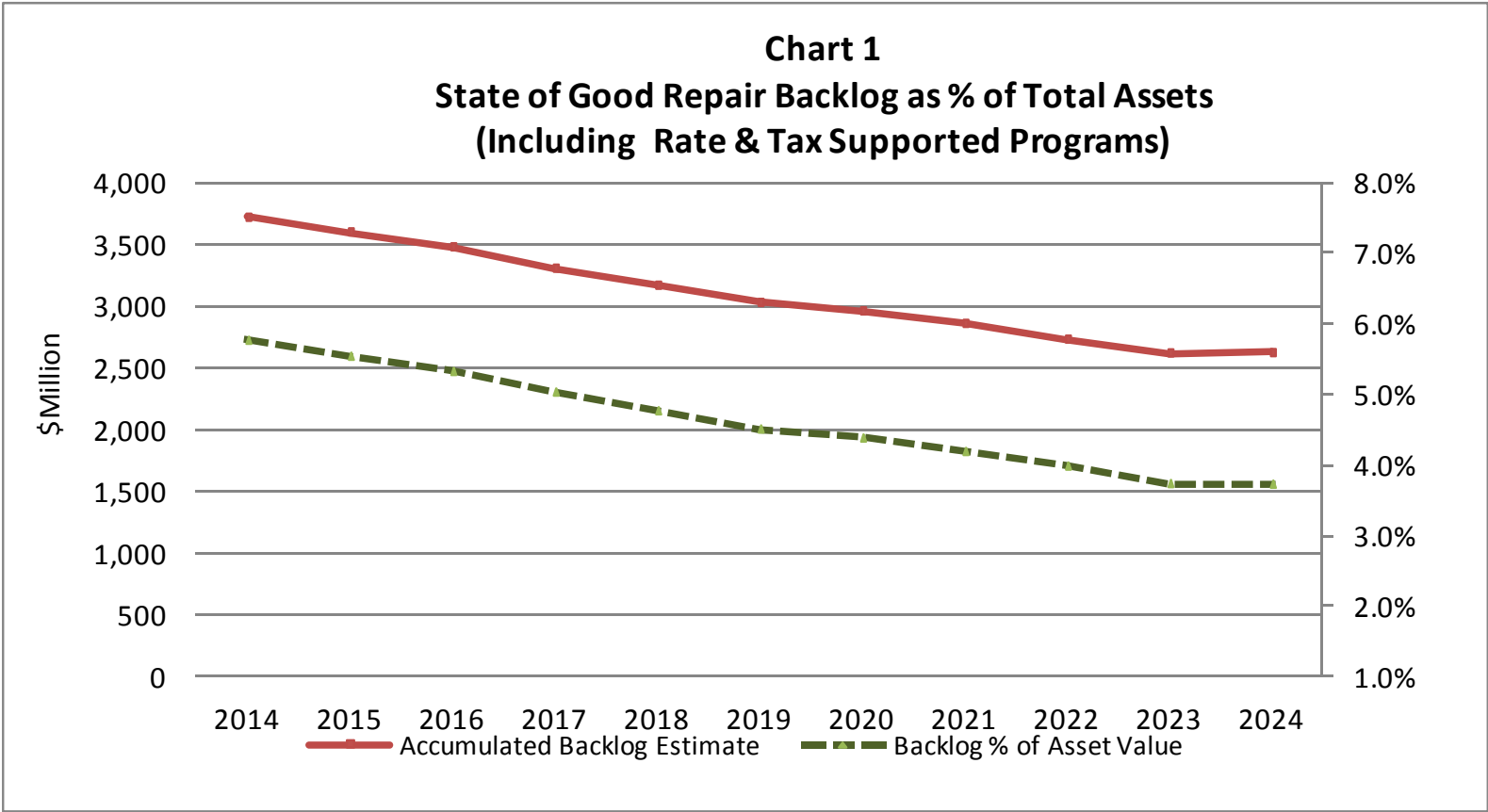
Key Performance Measures

Financial Sustainability – Elimination of Non-Recurring Revenue Sources (Surplus & Reserve)



Key Performance Measures

State of Good Repair



Key Challenges

- Delivering Long-Term Financial Plan that provides for sustainable services and reliable infrastructure with modest impacts to tax payers
- Closing the funding gap on the City's operating budget while addressing growing demands for service expansion and escalating costs to deliver current service levels
- Addressing capital funding challenges from rising state-of-good repair needs and growth demands
 - ✓ Continuing to leverage City assets and other non-debt strategies to generate funding for unmet capital needs and help offset new debt requirements
 - ✓ The 2015-2024 Council Approved Capital Plan includes an additional \$1.6 billion over the 10 year period to address critical capital investments and SOGR backlog



Strategies to Address Challenges & Opportunities: *Priority Actions Taken or Underway*

Strategic Action/Service Objective: #14 - Engage the Public	
Actions	Results / Progress
Continue to enhance Counillor & Public Engagement in the budget process	Pilot a Participatory Budget Process in conjunction with City Manager's Office
Embedding service user input in the planning, delivery and evaluation of City programs and services	Organized the Standing Committees review of the Program and Agency service levels, together with any service delivery issues and strategies and will hear from the public at its June meetings
Enhancing the City's use of web-based tools to engage, collaborate and consult with the public and stakeholders	Redesigned website, used whiteboard videos, info-graphics, to provide more intuitive information to the public
Ensuring information provided to the public about City meetings, consultations, events and how to engage with their local government is co-ordinated and easily accessible	In addition to budget website, provide other tools for the public to understand and participate in the budget process, such as the whiteboard, Budget-at-Glance brochure, and public notification of budget meetings, user fee changes, etc.

Strategies to Address Challenges & Opportunities: *Priority Actions Taken or Underway*

Strategic Action/Service Objective: #23: Update the Long-term Financial Plan	
Actions	Results / Progress
Continued implementation of surplus management and monetization strategies to renew the City's major asset infrastructure while maintaining the State of Good Repair backlog at normalized levels	Continued implementation of non-debt capital financing strategies, partially supported by the surplus allocation policy
Funding to address the City's growth related projects with a focus on transportation (transit and roads) and waterfront renewal	Recommended 10 year capital budget and plan that addresses major capital needs in transit and transportation, which reduced unmet needs by \$3 billion
Plans to eliminate the remaining operating structural deficit through revenues that grow with the economy	Eliminated using prior year surplus as revenue source to balance operating budget three years in a row.
Mitigation of the City's major liabilities and related funding solutions	Annual surplus allocation strategy addresses liability and reserve shortfalls

Strategies to Address Challenges & Opportunities: Priority Actions Taken or Underway

Strategic Action/Service Objective: #24: Improve Service and Financial Planning	
Actions	Results / Progress
Enhance monitoring, reporting and accountabilities	Re-engineered the variance reports to dashboard approach to better support performance monitoring and decision making
Establish service planning process	Established city-wide process for standing committee review of 2016 service levels
Implementing the new financial planning system (FPARS and Public Budget Formulation) including a multi-year planning and budgeting process	Completed and implemented FPARS Phase I for 2014 and 2015 budget cycles Finalized PBF improvements for 2016 Budget Process launch
Integrating financial, human resources and payroll data for improved service planning and budgeting and using performance measures to support decision-making.	FPARS now integrates Payroll, HR, and Budget data through PEP (Personal Expense Planning)
Continue FPD Financial Management leadership, support and advice	Continue the Financial Management and Control By-law update project

Strategies to Address Challenges & Opportunities: *Priority Actions Taken or Underway*

Strategic Action/Service Objective: #25: Ensure State of Good Repair for Infrastructure	
Actions	Results / Progress
Prioritizing State of Good Repair investments through the City's ten-year Capital Plan	Invest additional \$3 billion in the 2015 – 2024 Capital Budget and Plan with majority of funds directed to state of good repair projects
Improving the coordination, sequencing and leveraging of the City's State of Good Repair capital projects	Coordinated capital budgeting process to prioritize capital projects to reduce state of good repair backlog over the ten years
Establishing state of good repair capital project delivery performance measures	Monitor state of good repair backlog in both dollar amount and as a percentage of City's total capital assets. Backlog is trending down as a result of recent Council approved capital budget and plan

Thank You