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2016 OPERATING BUDGET BRIEFING NOTE

2016 Gapping Rates

Issue/Background:

This briefing note summarizes by City Program and Agency, gapping levels included in the 2016 Preliminary Operating Budget. Both the 2016 gapping savings and the 2016 gapping rate are provided with the former primarily cost savings in the 2016 preliminary salaries and benefits budget and the latter representing the relationship of the cost savings as a percentage of the 2016 preliminary salaries and benefits budget. A comparison of the gapping data for 2015 is provided in the attached Appendix, while the 2014 gapping rate is also provided for reference purposes.

Key Points:

- Gapping represents the difference between funding that would be required for full salaries, wages and benefits for the staff complement of a particular staff unit and the actual funding provided. Gapping represents the savings that would be achieved as a result of vacancies or staff turnover not intended to be filled (known gapping) and an allowance for unplanned or unanticipated staff turnover (unknown gapping). Savings as a result of gapping is built into the operating budget of each year is monitored regularly and reported to Committee and Council on a quarterly basis.
- The gapping rate is expressed as the savings or reduction in salary and benefit costs, as a percentage of total salaries and benefits.
- City Programs and Agencies are expected to realize gapping savings annually by managing the recruitment of new hires throughout the year.
- For 2016, City Programs and Agencies were instructed to at least maintain the same percentage rate of gapping as in 2015. Any proposed change to budgeted gapping rates is deemed to have a service impact and for example, is treated as a New/Enhanced Service Change in the Operating Budget when gapping is decreased.
- Gapping rates are dependent on a Program's specific workforce profile. Note that for City Operations with a high proportion of part-time staff, the overall gapping rate may be significantly lower, since gapping is only applied to permanent positions, as noted in the attached Appendix. For example, Parks, Forestry and Recreation's gapping rate for permanent salaries and benefits is 3.5%, but when compared to its overall salary and benefits budget which includes funding for seasonal and recreational workers, the gapping rate is 2.3%.
- Positions fully funded by the Province are not gapped in order to maximize provincial funding. Similarly, Programs that provide 24/7 services, such as Long Term Care Homes

and Services or Programs that must maintain regulated staffing ratios such as Children' Services are not gapped.

- Total 2016 gapping saving is \$127.297 million which represents an overall gapping rate of 2.5%:
 - The 2016 Preliminary Operating Budget includes budgeted gapping savings of \$59.164 million or 2.6% for City Operations. Comparatively, the 2015 budgeted gapping savings were \$55.052 million, representing a gapping rate of 2.4%.
 - For Agencies, the 2016 budgeted gapping savings is \$68.133 million or 2.4% of the 2016 preliminary salaries and benefits budget. Comparatively, gapping savings in 2015 were \$67.704 million, or 2.5%.

The following highlights key changes to gapping rates for City Programs and Agencies.

City Operations:

- *Transportation Services* – increased to \$6.588 million or 6.3% in 2016 from \$5.205 million or 5.0% in 2015.
 - Additional gapping of \$1.383 million that reflects actual experience and the expected level of naturally occurring vacancies in 2016.
 - Transportation Services continues to experience a greater number of vacant positions than expected due to a combination of events that result in a 'domino effect' within the Program (i.e. retirements and transfers to other Divisions are often then filled through internal promotions which result in no net change to the vacancy rate while the hiring process proceeds).
- *Court Services* – increased to \$3.511 million or 15.6% in 2016 from \$2.771 million or 12.3% in 2015.
 - The adjustment in gapping of \$0.740 million or 3.2% is due to a reduction in the volume of charges filed in the court offices, with fewer staff required to manage the caseload. Total gapping is equivalent to 51 positions remaining vacant in 2016 compared to 41 positions in 2015.
- *Shelter, Support and Housing Administration* – increased to \$2.698 million or 3.7% in 2016 from \$2.214 million or 3.2% in 2015.
 - The increase in gapping of \$0.484 million or 0.5% is based on prior years' gapping rate experienced by the Program.
- *City Council* – increased to \$0.550 million or 2.9% in 2016 from \$0 in 2015.
 - The increase in gapping of \$0.550 million or 2.9% as part of the reduction strategy.
- *Fleet Services* – decreased to \$0.564 million or 3.0% in 2016 from \$0.640 million or 3.5% in 2015.
 - The decrease in gapping of \$0.077 million or 0.5% is a result of 100% funded positions being excluded from the divisional gapping average in 2016.

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**City of Toronto
Gapping Analysis
2016 Preliminary Operating Budget
(\$000s)**

Appendix 1

Division/Program	2014	2015 Approved Budget			2016 Preliminary Budget			Change from 2015 to 2016		
	Gapping Rate	Gross Sal & Ben Excluding Gapping	Gapping	Gapping Rate	Gross Sal & Ben Excluding Gapping	Gapping	Gapping Rate	Gross Sal & Ben	Gapping	Gapping Rate
Citizen Centred Services "A"										
Affordable Housing Office	1.9	2,287.5	42.5	1.9	2,325.6	42.5	1.8	38.1	0.0	(0.0)
Children's Services	0.1	86,421.2	110.8	0.1	84,719.0	395.3	0.5	(1,702.2)	284.5	0.3
Court Services	8.7	22,553.2	2,770.7	12.3	22,555.6	3,510.7	15.6	2.4	740.1	3.3
Economic Development & Culture	3.1	29,587.0	848.4	2.9	29,202.8	871.6	3.0	(384.1)	23.2	0.1
Toronto Paramedic Services	1.3	167,477.8	3,171.7	1.9	170,299.8	3,203.1	1.9	2,822.0	31.4	(0.0)
Long Term Care Homes & Services	0.0	197,814.8	0.0	0.0	206,804.9	0.0	0.0	8,990.1	0.0	0.0
Parks, Forestry & Recreation	2.0	294,850.9	6,712.8	2.3	298,839.3	6,549.0	2.2	3,988.4	(163.8)	(0.1)
Shelter, Support & Housing Administration	3.2	69,748.4	2,214.0	3.2	73,349.8	2,698.3	3.7	3,601.4	484.3	0.5
Social Development, Finance & Administration	3.4	15,212.6	502.8	3.3	15,685.4	502.8	3.2	472.8	0.0	(0.1)
Toronto Employment & Social Services	1.6	190,865.1	3,109.2	1.6	195,207.4	3,109.2	1.6	4,342.2	0.0	(0.0)
Sub-Total Citizen Centred Services "A"	1.6	1,076,818.5	19,482.9	1.8	1,098,989.5	20,882.6	1.9	22,171.0	1,399.7	0.1
Cluster "B"										
City Planning	3.8	41,214.3	1,558.0	3.8	41,667.5	1,621.5	3.9	453.1	63.5	0.1
Fire Services	2.0	408,421.8	8,066.7	2.0	408,083.7	8,083.6	2.0	(338.1)	16.9	0.0
Municipal Licensing & Standards	2.3	43,013.8	978.6	2.3	43,343.6	978.6	2.3	329.8	0.0	(0.0)
Policy, Planning, Finance & Administration	3.9	19,791.0	796.5	4.0	19,735.9	795.6	4.0	(55.1)	(0.9)	0.0
Engineering & Construction Services	4.2	60,847.1	2,555.6	4.2	63,067.7	2,626.8	4.2	2,220.6	71.2	(0.0)
Toronto Building	2.9	45,832.1	1,301.7	2.8	47,545.2	1,357.7	2.9	1,713.1	56.0	0.0
Transportation Services	4.9	103,752.9	5,204.7	5.0	104,224.9	6,588.3	6.3	472.0	1,383.6	1.3
Sub-Total Citizen Centred Services "B"	2.8	722,873.0	20,461.9	2.8	727,668.5	22,052.2	3.0	4,795.5	1,590.3	0.2
Internal Services										
Office of the Chief Financial Officer	2.3	15,542.7	306.4	2.0	15,835.3	306.4	1.9	292.6	0.0	(0.0)
Office of the Treasurer	3.0	66,710.0	1,846.0	2.8	67,264.8	1,889.5	2.8	554.7	43.5	0.0
Facilities, Real Estate, Environment & Energy	3.4	87,664.8	3,223.4	3.7	88,391.9	3,244.0	3.7	727.2	20.5	(0.0)
Fleet Services	3.5	18,113.1	640.2	3.5	18,788.1	563.5	3.0	675.1	(76.7)	(0.5)
Information & Technology	5.4	96,557.3	3,537.0	3.7	100,582.4	3,776.7	3.8	4,025.1	239.7	0.1
311 Toronto	2.4	13,347.8	330.7	2.5	13,302.8	319.0	2.4	(45.1)	(11.7)	(0.1)
Sub-Total Internal Services	3.7	297,935.6	9,883.7	3.3	304,165.3	10,099.0	3.3	6,229.6	215.3	0.0
City Manager										
City Manager's Office	4.0	53,183.8	2,656.7	5.0	52,384.4	2,708.2	5.2	(799.4)	51.5	0.2
Sub-Total City Manager	4.0	53,183.8	2,656.7	5.0	52,384.4	2,708.2	5.2	(799.4)	51.5	0.2
Other City Programs										
City Clerk's Office	3.4	33,985.8	1,617.0	4.8	34,288.9	1,759.5	5.1	303.1	142.5	0.4
Legal Services	2.2	41,374.3	910.7	2.2	42,618.4	1,112.9	2.6	1,244.1	202.2	0.4
Mayor's Office	0.0	2,189.6	0.0	0.0	2,200.9	0.0	0.0	11.3	0.0	0.0
City Council	1.3	18,521.1	0.0	0.0	19,021.5	550.0	2.9	500.4	550.0	2.9
Auditor General's Office	0.9	4,560.4	39.5	0.9	4,572.5	0.0	0.0	12.1	(39.5)	(0.9)
Office of the Lobbyist Registrar	0.0	1,036.1	0.0	0.0	1,053.4	0.0	0.0	17.2	0.0	0.0
Integrity Commissioner's Office	0.0	387.8	0.0	0.0	455.2	0.0	0.0	67.5	0.0	0.0
Office of the Ombudsman	0.0	1,493.8	0.0	0.0	1,553.7	0.0	0.0	60.0	0.0	0.0
Sub-Total Other City Programs	2.2	103,548.9	2,567.2	2.5	105,764.3	3,422.4	3.2	2,215.5	855.2	0.8
TOTAL - CITY OPERATIONS	2.3	2,254,359.7	55,052.4	2.4	2,288,972.0	59,164.4	2.6	34,612.2	4,112.0	0.1
Agencies										
Toronto Public Health	5.1	190,402.6	9,707.7	5.1	189,885.0	9,599.9	5.1	(517.6)	(107.9)	(0.0)
Toronto Public Library	2.7	145,147.0	3,925.3	2.7	146,976.0	3,968.0	2.7	1,829.0	42.8	(0.0)
Association of Community Centres	0.0	6,620.8	0.0	0.0	6,787.0	0.0	0.0	166.2	0.0	0.0
Exhibition Place	0.6	33,290.1	181.1	0.5	31,321.3	181.1	0.6	(1,968.8)	0.0	0.0
Heritage Toronto	0.0	550.3	0.0	0.0	540.9	0.0	0.0	(9.4)	0.0	0.0
Theatres	0.0	10,652.6	0.0	0.0	11,725.5	0.0	0.0	1,072.9	0.0	0.0
Toronto Zoo	2.4	29,636.8	692.0	2.3	29,958.6	692.0	2.3	321.8	0.0	(0.0)
Arena Boards of Management	0.0	4,348.5	0.0	0.0	4,478.9	0.0	0.0	130.4	0.0	0.0
Yonge-Dundas Square	0.0	570.0	0.0	0.0	582.3	0.0	0.0	12.3	0.0	0.0
Toronto & Region Conservation Authority	0.0	31,841.0	0.0	0.0	33,120.0	0.0	0.0	1,279.0	0.0	0.0
Toronto Transit Commission - Conventional	1.1	1,227,208.2	14,332.8	1.2	1,283,434.7	14,772.8	1.2	56,226.5	440.0	(0.0)
Toronto Transit Commission - Wheel Trans	0.7	58,370.2	449.9	0.8	58,162.5	504.0	0.9	(207.7)	54.1	0.1
Toronto Police Service	5.1	1,012,438.9	38,414.8	3.8	1,011,506.7	38,414.8	3.8	(932.2)	0.0	0.0
Toronto Police Services Board	0.0	969.2	0.0	0.0	963.2	0.0	0.0	(6.0)	0.0	0.0
Sub-Total Agencies	3.0	2,752,046.1	67,703.5	2.5	2,809,442.5	68,132.5	2.4	57,396.5	429.0	(0.0)
Total Tax Supported Operations	2.7	5,006,405.8	122,755.9	2.5	5,098,414.5	127,296.9	2.5	92,008.7	4,541.0	0.0