

2016 Preliminary Operating Budget & 2016-2025 Capital Budget & Plan



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City Manager's Overview

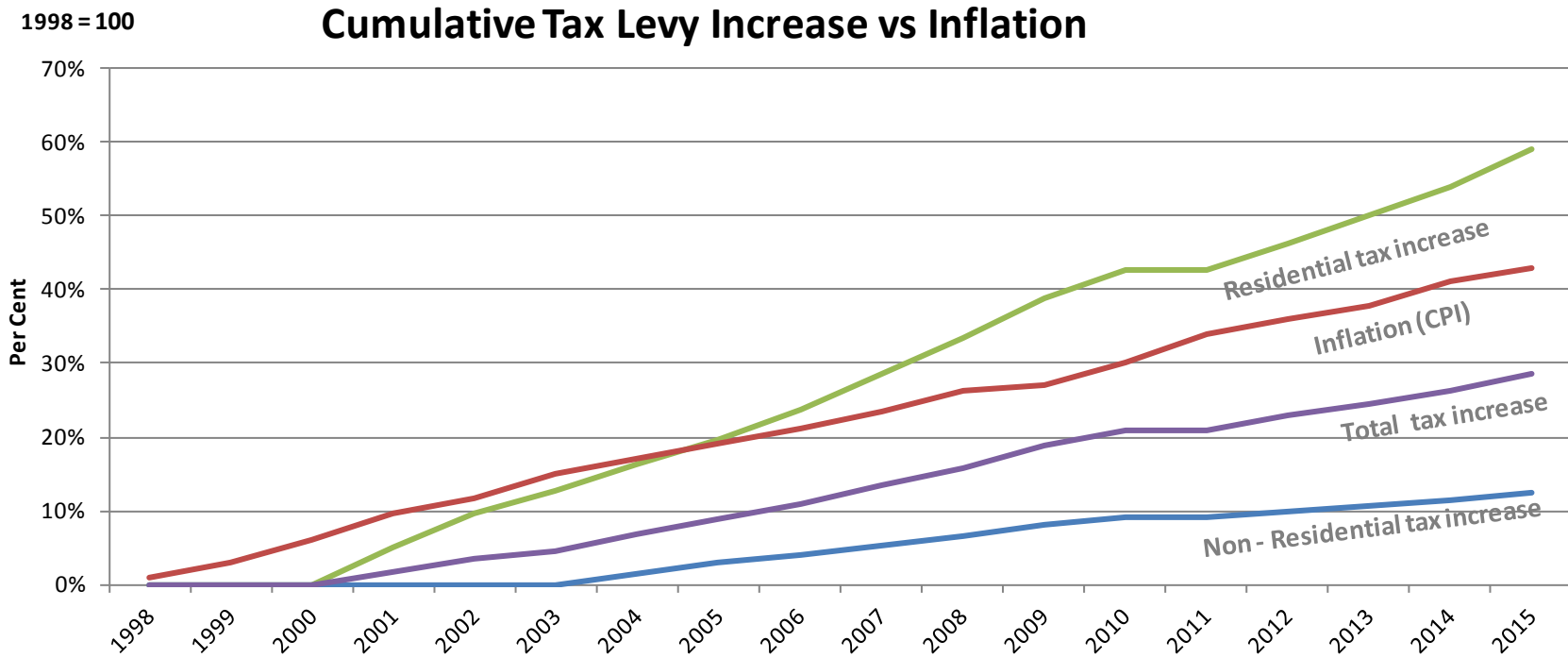


CITY REVENUES AS A % OF GDP



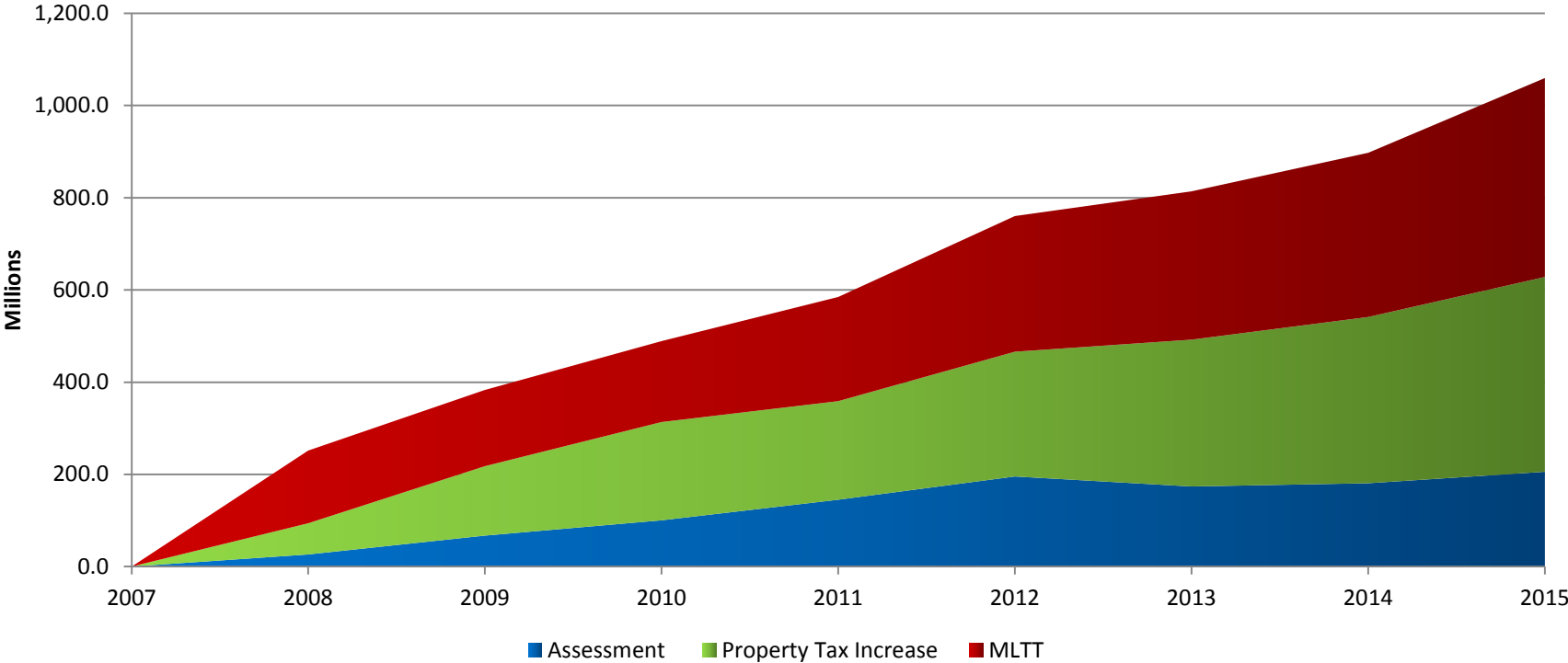
Source: Financial Planning and Corporate Finance

CUMMULATIVE PROPERTY TAX INCREASES BELOW INFLATION SINCE AMALGAMATION



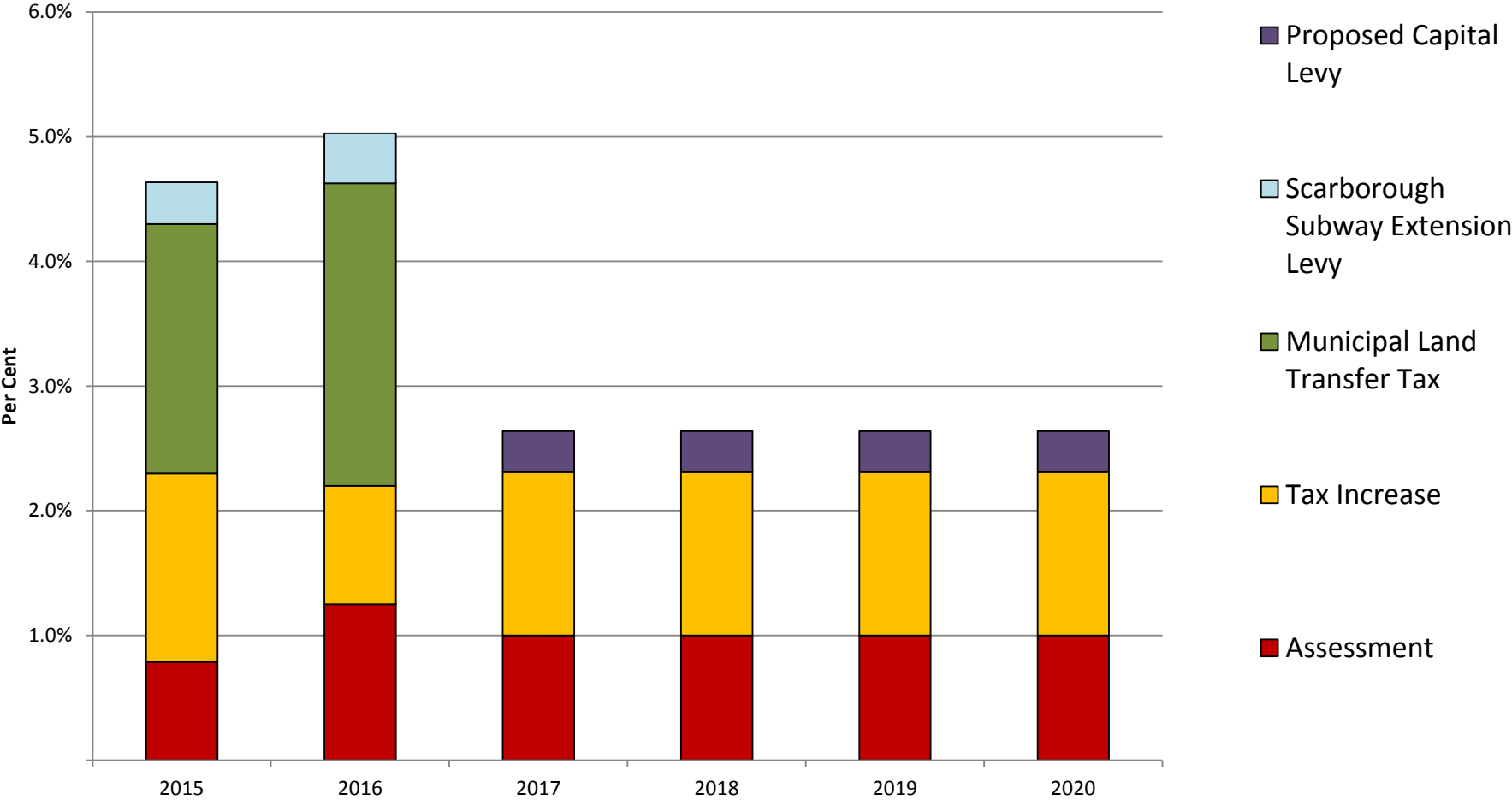
Source: Corporate Finance

GROWTH IN PROPERTY TAX AND MLTT

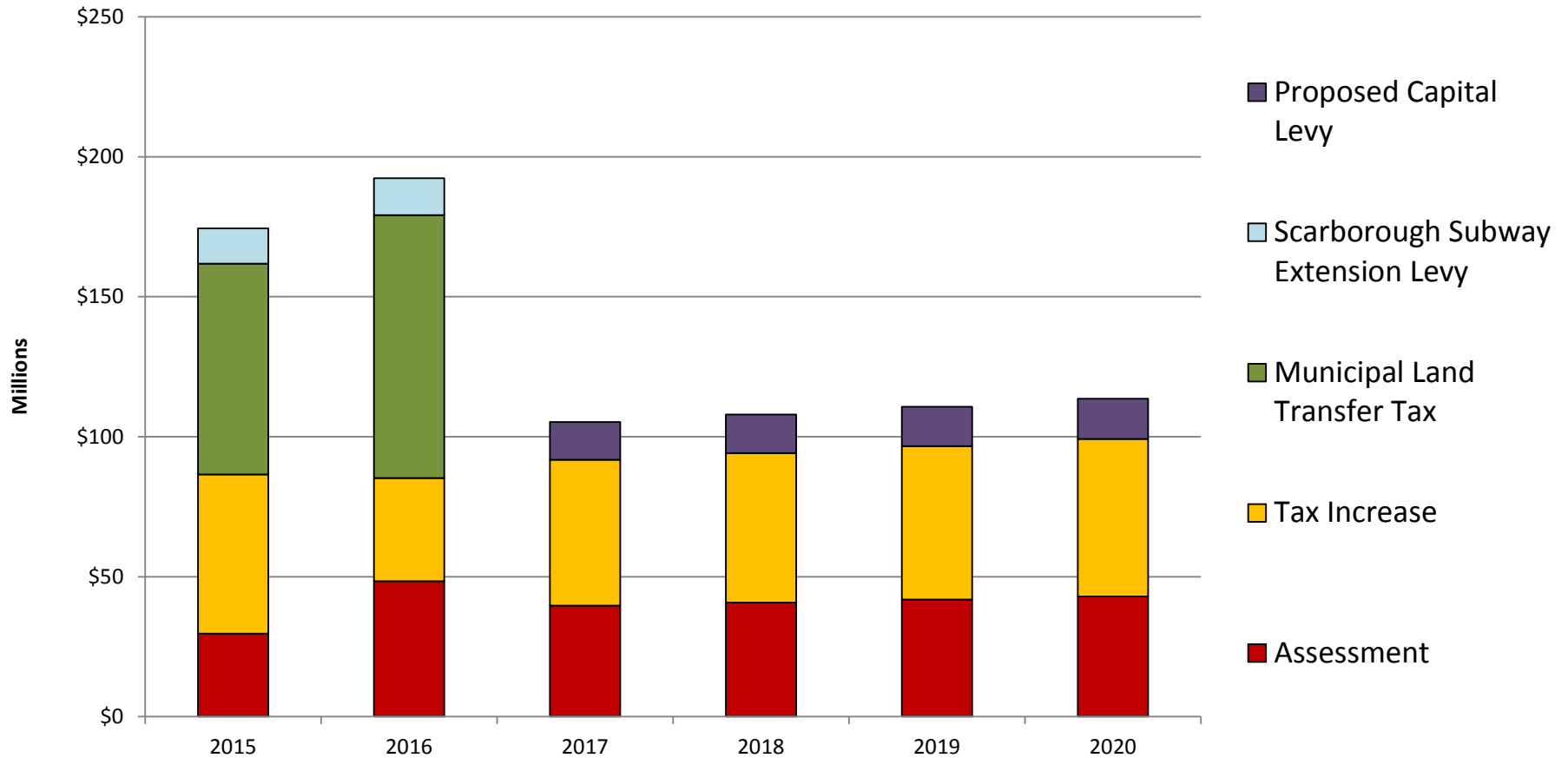


Source: Financial Planning

TAX REVENUE MODEL: INCREMENTAL GROWTH (% CHANGE)



TAX REVENUE MODEL: INCREMENTAL REVENUE (\$)



- More revenue, based on MLTT
- Supporting additional expense, largely in agencies
- Modest residual gap in preliminary budget
- Budget Committee to provide direction:
 - Additional investments
 - Additional savings/revenue

- Slowing property tax gain
- MLTT forecast as stable
- Proposed levy directed to capital
- Toronto government with fewer new dollars / smaller share of economy

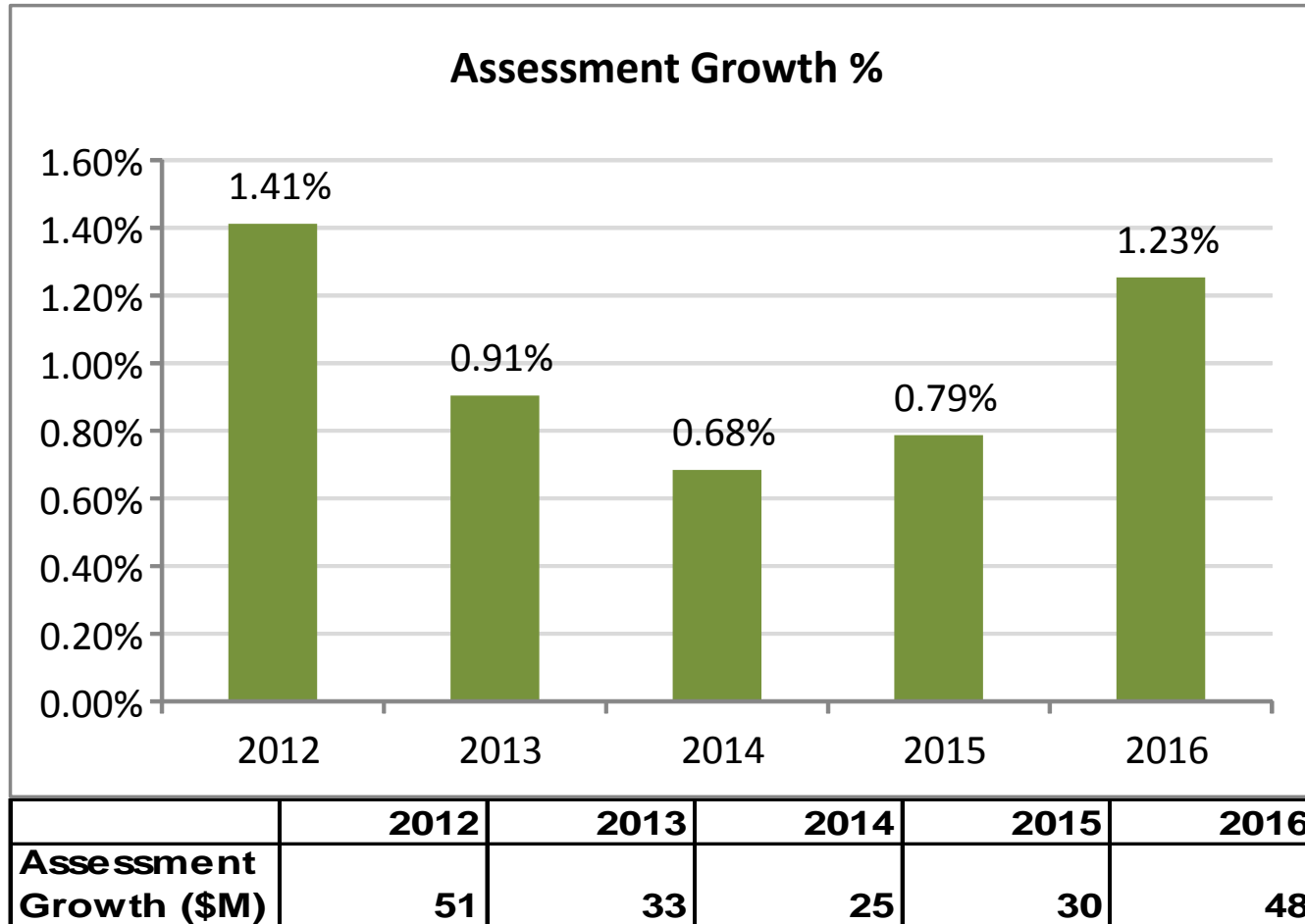
Opportunity / need for fundamental direction from Council past 2016



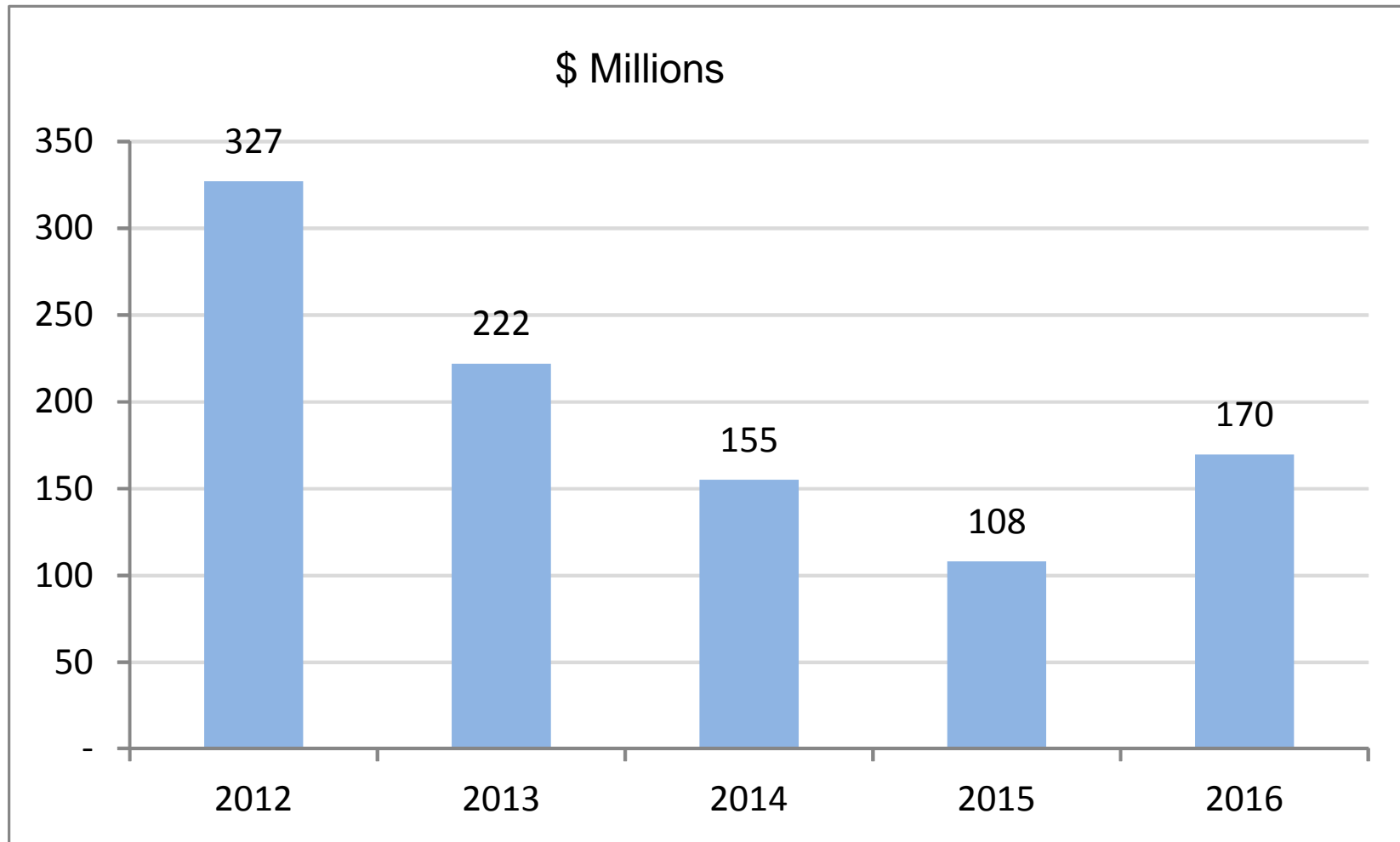
BACKGROUND



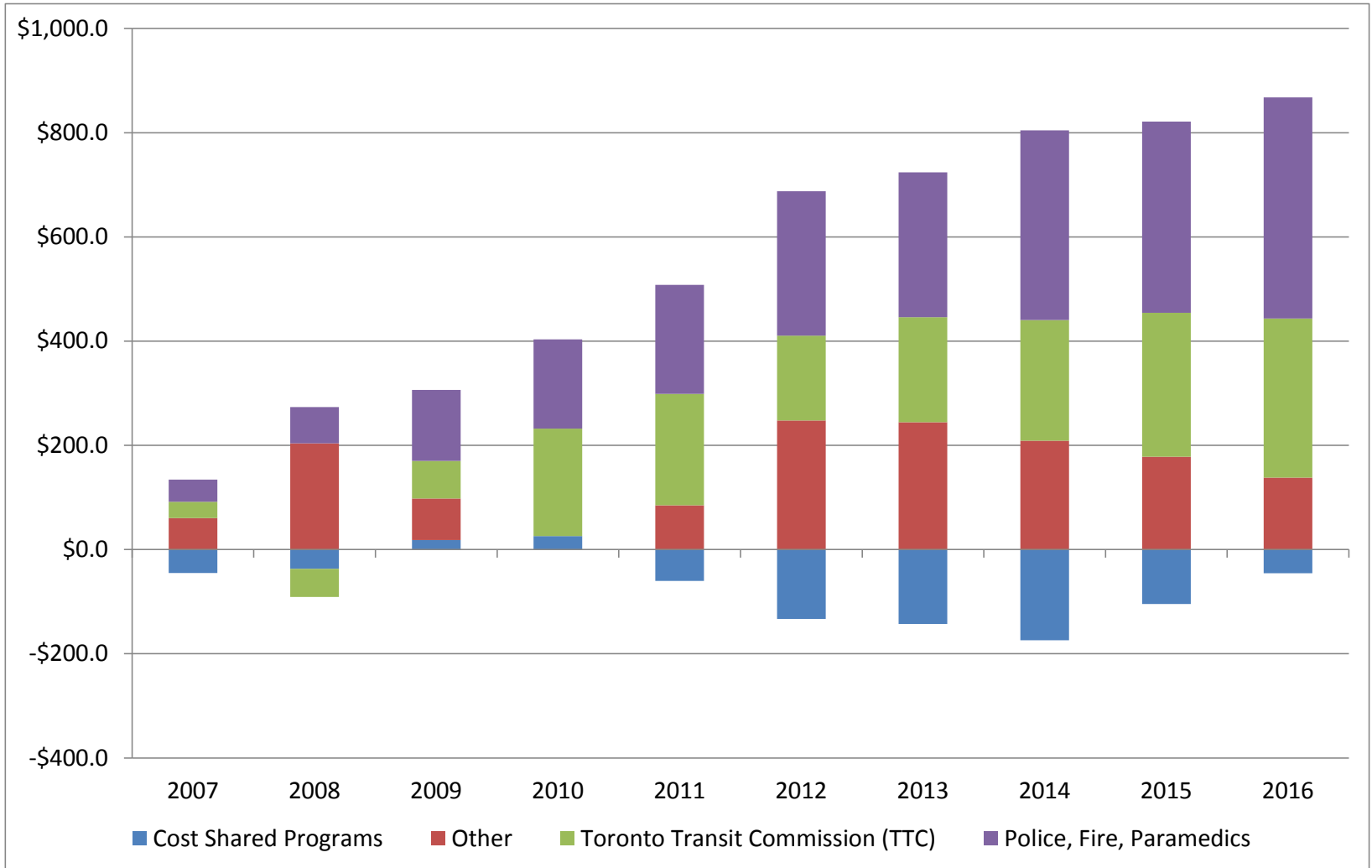
ASSESSMENT GROWTH



TOTAL BUDGET BALANCING STRATEGIES - \$982M OVER 5 YEARS



91% OF NET EXPENDITURE GROWTH FROM EMERGENCY SERVICES & TTC



2016 NET EXPENSE FACTORS

- Increasing demand for Transit and public safety
- Increase debt service cost and CFC for capital projects
- Reversal of prior one-time reserves
- Impact from prior year service investments (\$50M TTC)
- Additional Operating Costs arising from newly completed capital projects

2016 REVENUE OUTLOOK

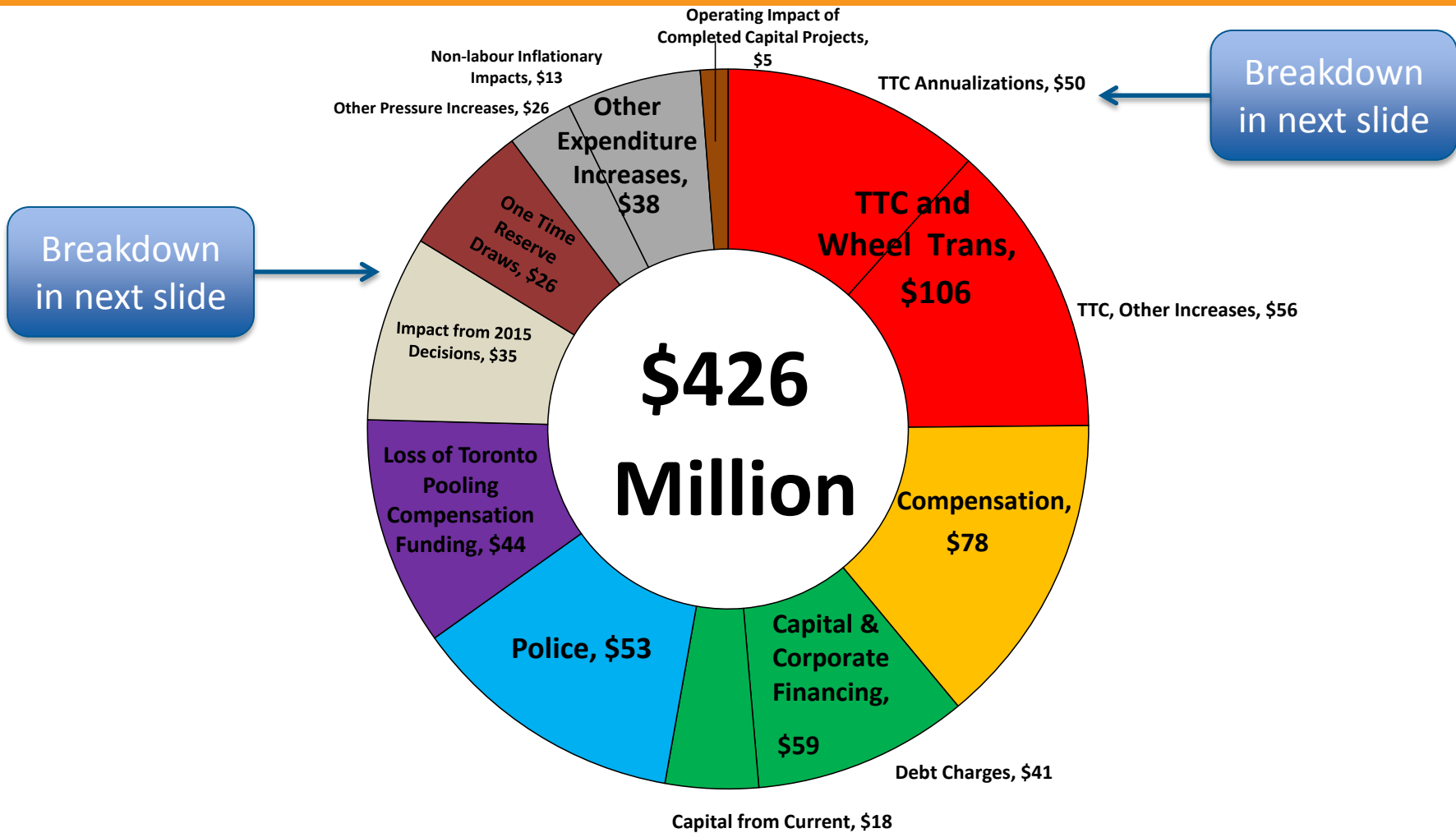
- Tax revenues not keeping pace with growing labour cost
- Low to moderate assessment growth
- Increased reliance on strong MLTT performance
- Loss of provincial pooling compensation
(equivalent to a tax rate increase of 5% over 4 years)
- Other orders of government funding uncertain



2016 Preliminary Operating Budget

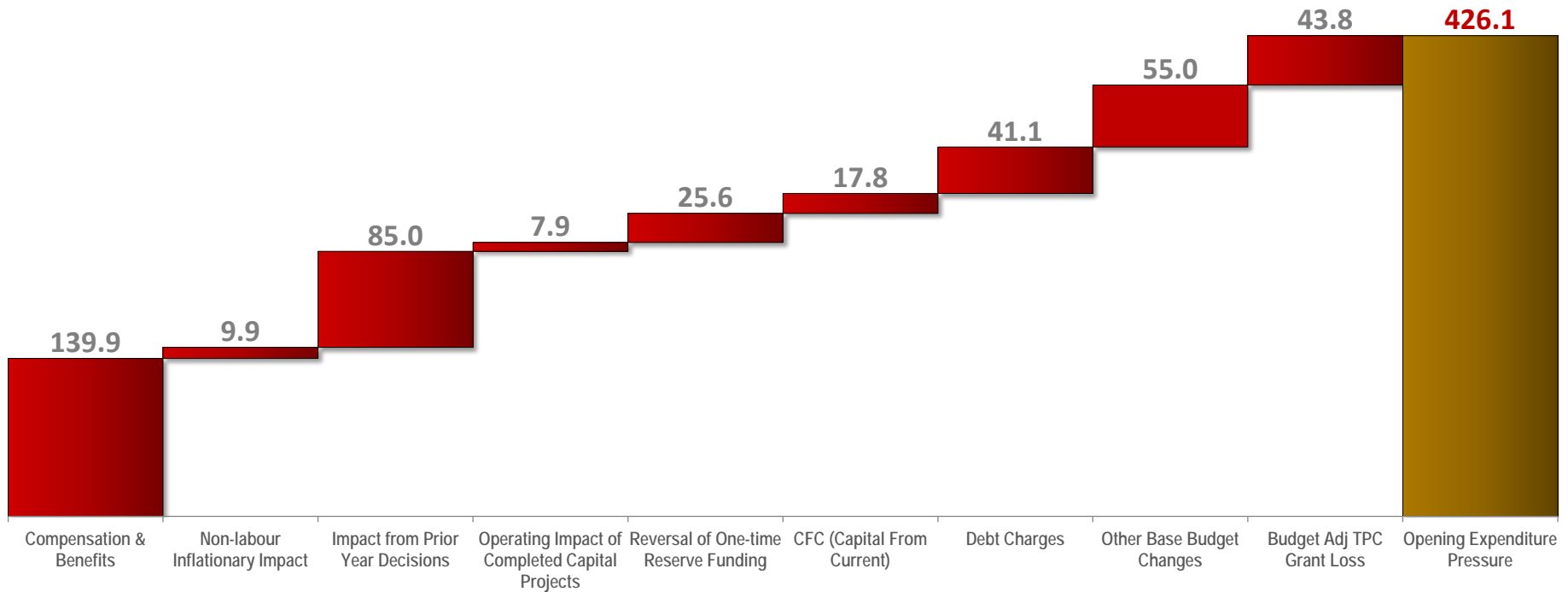


2016 EXPENDITURE PRESSURES BEFORE REVENUE CHANGES



Based on the submitted 2016 Budget, the pressure before any revenue increases is \$426 million primarily due to TTC, Police, Capital Financing, compensation in other Programs/Agencies, impact from 2015 budget decisions, and Pooling Compensation Grant loss.

2016 OPERATING BUDGET PRESSURE BEFORE REVENUES AND POLICY MEASURES



\$85 MILLION IMPACT OF 2015 BUDGET DECISIONS ON 2016

The annualized impacts resulting from new & enhanced initiatives and reversal of non recurring revenues approved as part of the 2015 Budget Process.

Not Including TTC

Impact from New & Enhanced Services Approved in 2015 Budget (\$000s)

Annualization of 2015 Decisions for Parks, Forestry and Recreation	3,385
Winter Maint. - Bikeways, Windrows, AODA Compliance for Transportation Svcs	3,042
Revised Forestry Service Plan	2,000
I&T - Phase #3 Funding for Council Approved Resources Pool	1,775
Other Annualizations	237

10,439

Reversal of One-Time Revenues (\$000s)

Reversal of Child Care Expansion Reserve Budget	12,720
Reversal of One-time revenue budget from Bill 31 for Court Services	12,000
Other Reversals	367

25,086 **35,525**

TTC

Impact from New & Enhanced Services Approved in 2015 Budget (\$000s)

Annualization of 2015 Service Opportunities	27,100
Annualization of 50 New Bus Interim Garage	6,300
Annualization of 2015 Other Workforce Net Additions	5,000
Service Increase in Wheel Trans	7,921
Wheel Trans - Impact from Collective Bargaining, 2015 Staff additions, ect	1,225

47,547

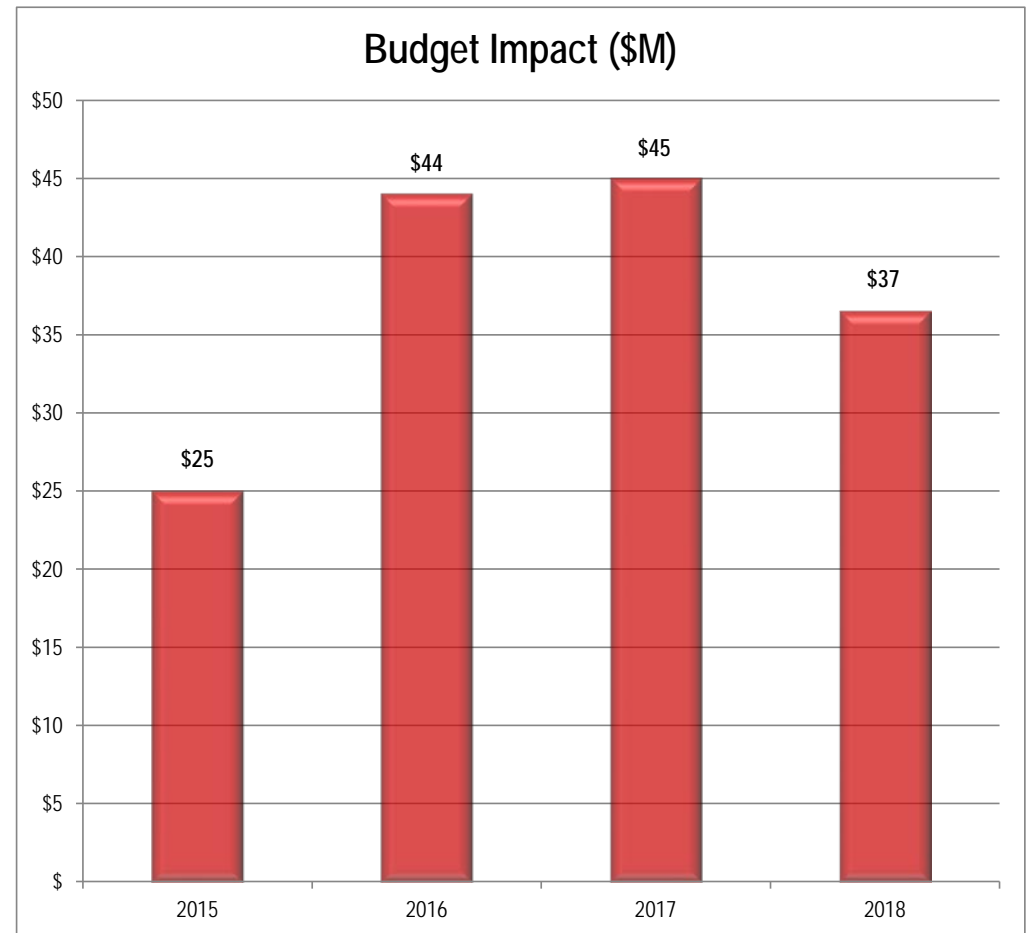
Reversal of One-Time Revenues (\$000s)

Reversal of One-time Stabilization Reserve Contribution in TTC & One-Time Lump Sum (CBA)	1,675
Reversal of Wheel Trans One-Time Draw from TTC Stabilization Reserve (2015)	300

1,975 **49,522**

ELIMINATION OF THE PROVINCIAL POOLING COMPENSATION LOSS – FOUR YEAR CAPITAL FINANCING STRATEGY

- \$129 M Provincial Funding Loss to be addressed by:
 - Reduction of 2015 Operating Budget by \$25.3M
 - 5.1% tax-supported budgetary impact over 2015-2018
 - \$60.3 M reduction in Capital-from-Current in 2015 & added back between 2016-2018
 - Increase debt financing of capital projects by up to \$100 M between 2015-2017



(red) is good

2016 OPERATING PRESSURES

(\$ Millions)	2016	Residential	2016	Residential	Total Tax
	Outlook	Tax Impact	Preliminary	Tax Impact	Impact
	<u>Jan 2015</u>		<u>Current</u>		
Compensation & Benefits	122.5		139.9		
Non-labour Inflationary Impact	14.9		9.9		
Impact from Prior Year Decisions	57.9		85.0		
Operating Impact of Completed Capital Projects	29.5		7.9		
Reversal of One-time Reserve Funding	36.5		25.6		
CFC (Capital From Current)	25.9		17.8		
Debt Charges	21.2		41.1		
Other Base Budget Changes	72.0		55.0		
Total Expenditure Pressures	380.5		382.3		
Provincial Housing Funding Loss	44.0		43.8		
Total Pressure after Provincial Funding Loss	424.5	16.1%	426.1	16.1%	10.9%
Revenue Changes:					
MLTT			(100.5)		
TTC Fare Increase/Adjustments	(30.0)		(18.3)		
User Fees			(8.2)		
Uploading of Services	(22.7)		(22.1)		
Interest/Dividend Income	(5.9)		7.4		
TTC Ridership Growth	(2.7)		(5.7)		
Parking Authority Revenues	9.3		(0.2)		
Other Revenue Change	10.1		(4.0)		
Total Revenue Changes	(41.9)		(151.5)		
Pressure after Revenue Changes	382.6	14.5%	274.6	10.4%	7.0%

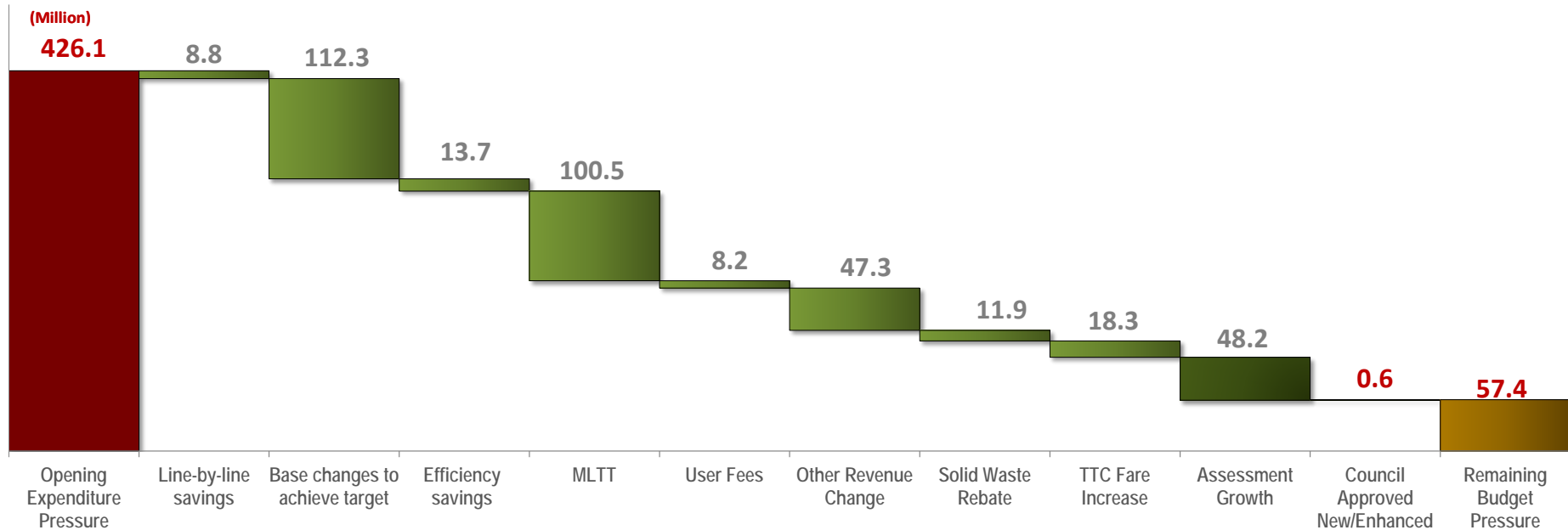
MUNICIPAL LAND TRANSFER TAX (MLTT)

(\$ millions)	2015 Budget	2015 Projected Actual	2016 Before Transaction Fee	Percentage of 2015 Actual	Recover Transaction Fees	2016 after Transaction Fee
In Operating	385	480	480	100%	5.5	485.5
In Capital	40	40	40			
Sub-Total	425	520	520	100%	5.5	525.5

New proposal:

- Pass through a \$75 transaction fee to recover Teranet cost of collection (\$4.5m) and City own admin costs (\$1.0m). City currently pays \$70 transaction fee to Teranet
- Province currently imposes \$70 transaction fee for Teranet costs

2016 BUDGET REDUCTION STRATEGIES WITH COUNCIL APPROVED NEW/ENHANCED



PROPOSED CHANGES TO SOLID WASTE REBATES: PRELIMINARY 2016 REBATE ADJUSTMENTS AND SINGLE FAMILY IMPACT

		2015 Approved Rates			2016 Approved SWMS Bin Rates & Preliminary Rebate Adjustment				
Single Family Garbage Bins	Bin Size	Fee	Rebate	2015 Net Cost	2016 Approved Rate* (3% Increase)	Proposed Rebate Reduction	Proposed Adjusted Rebate	Proposed Adjusted Net Cost	Overall Change
									\$
Single Family	Small	237.64	227.01	10.63	244.77	0	227.01	17.76	7.13
	Medium	288.49	199.76	88.73	297.14	(18.00)	181.76	115.38	26.65
	Large	391.80	144.41	247.39	403.55	(36.00)	108.41	295.14	47.75
	X Large	454.45	110.85	343.60	468.08	(110.85)	0	468.08	124.48
	Bag Only**	152.13	227.01	(74.88)	156.69	(12.00)	215.01	(58.32)	16.56
Res. Units Above Commercial Weekly	Small	288.49	227.01	61.48	297.14	0	227.01	70.13	8.65
	Medium	391.80	199.76	192.04	403.55	(18.00)	181.76	221.79	29.75
	Large	555.57	144.41	411.16	572.24	(36.00)	108.41	463.83	52.67
	X Large	892.67	110.85	781.82	919.45	(110.85)	0	919.45	137.63
	Bag Only**	202.98	227.01	(24.03)	209.07	(12.00)	215.01	(5.94)	18.09

*2016 Rates were approved by Council on December 9 and 10, 2015

**Bag only customers are required to purchase bags at a cost of \$3.39 per bag / tag.

2016 Rebates - Total Proposed Reduction of \$11.9M:

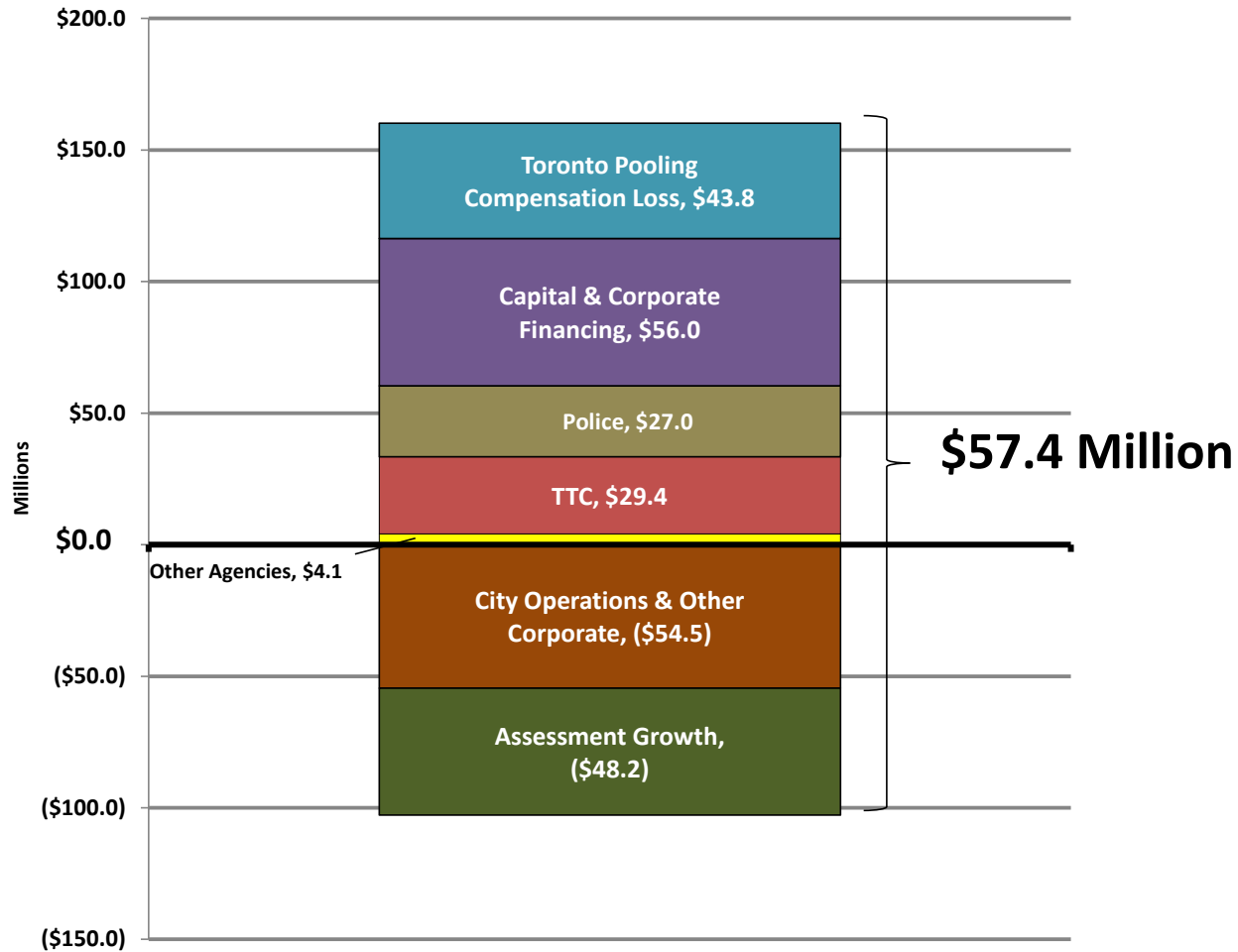
- Small Bin – No Change in Rebate
- Medium and Large Bins – Reduction of \$1 per bag per Month (-\$18.00 Medium & -\$36.00 Large)
- Extra Large Bins – Elimination of the Rebate (-\$110.85)
- *See more details on Appendix 1*

(red) is good

ACTIONS TAKEN AND CURRENT RESULTS

(\$ Millions)	2016 Outlook	Residential Tax Impact	2016 Preliminary	Residential Tax Impact	Total Tax Impact
Pressure after Revenue Changes	382.6	14.5%	274.6	10.4%	7.0%
	Jan 2015		Current		
Additional Actions Taken:					
Line-by-line review savings			(8.8)		
Base changes to achieve target			(112.3)		
Solid Waste Rebate			(11.9)		
Efficiency Savings			(13.7)		
Revenue Changes			(22.8)		
Sub-Total Additional Actions Taken			(169.6)		
Pressure before Assessment Growth	382.6	14.5%	105.0	3.98%	2.68%
Assessment Growth	(29.6)		(48.2)	-1.83%	-1.23%
Pressure after Assessment Growth	353.0	13.4%	56.8	2.15%	1.45%
Council Approved New/Enhanced			0.6		
Preliminary Budget - Net Increase			57.4	2.17%	1.46%

PRELIMINARY 2016 NET OPERATING BUDGET INCREASE



(red) is good

ACTIONS TAKEN AND CURRENT RESULTS

(\$ Millions)	2016 Preliminary	Residential Tax Impact	Total Tax Impact
Preliminary Budget - Net Increase	57.4	2.17%	1.46%
Revenue from Inflationary Residential Tax Increase at 1.3%	(34.3)	-1.30%	-0.9%
Preliminary "Residual" or "Gap"	23.0		

If Council wants a residential tax increase at inflation:

- Generates \$34M
- "Residual" or "Gap" is \$23M

Every:

- 1% residential tax increase=\$26.4M
- 0.25% residential tax increase =\$6.6M

REQUESTS FOR NEW/ENHANCED BUDGET INCREASES REFERRED TO 2016 BUDGET PROCESS

Program (in '000s)	2016			2017 Annualization			2018 Annualization		
	Gross	Net	Pos	Gross	Net	Pos	Gross	Net	Pos
Council Directed for consideration	10,666	9,171	106	5,837	4,587	13	1,968	561	16
Poverty Reduction Referred to the Budget Process	6,535	5,747	18	485	427	1	505	455	
Other Referred to the Budget Process	20,022	19,861	137	(2,798)	(2,858)	23	844	838	6
TTC Board Approved	19,418	16,718	159	16,500	16,500				
Public Health Board Approved	2,206	561	8	(7)	(2)				
Mayor's Task Force regarding TCHC (Board Approved)	13,700	13,700							
Accountability Offices	1,439	1,439	12						
City Clerks	102	102	1						
Legal Services	129	129	1						
Grand Total	74,217	67,428	442	20,017	18,654	37	3,317	1,854	22

Note: 1) See Appendix 2 for a more detailed list
 2) These initiatives are NOT included in the Preliminary Budget



2016-2025 Capital Budget & Plan

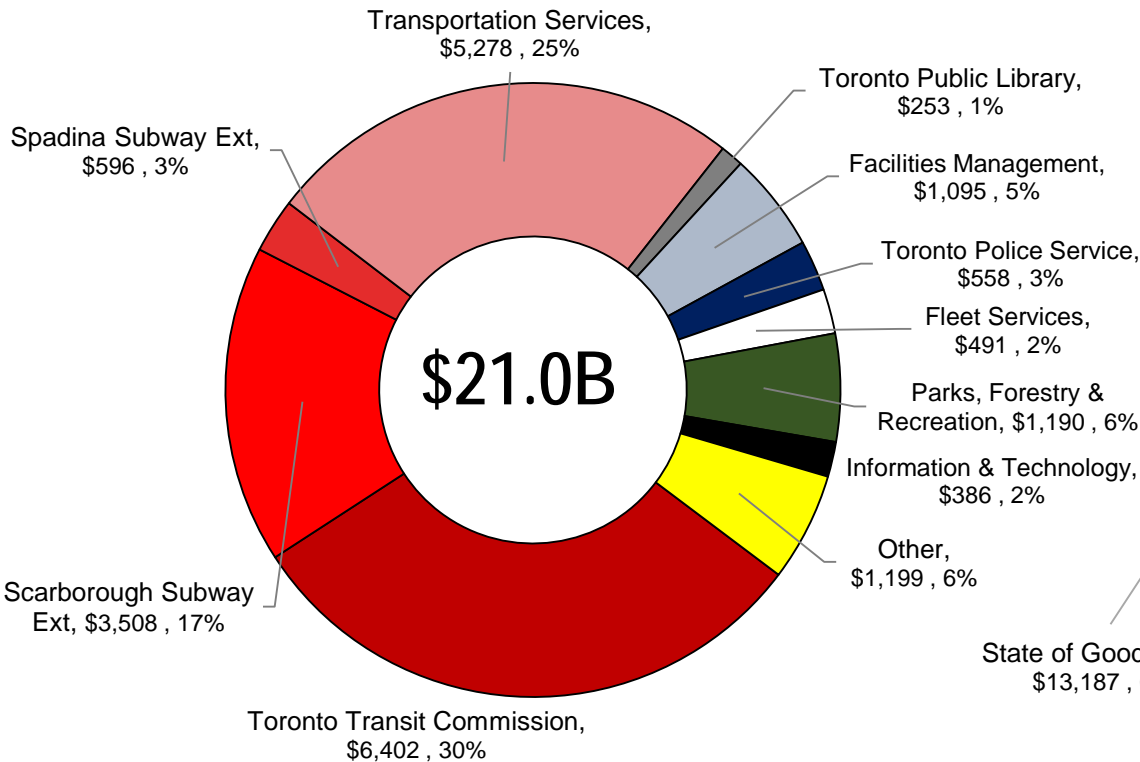
CHALLENGES IN CAPITAL FINANCING

- Funding constrained by debt cost limit – 15 per cent of property tax
- Current funding well below needs / Council directions
 - SOGR Backlog growing
- Direct/Indirect financing through operating
 - Debt payment
 - Surplus management policy
 - Capital from current policy
 - MLTT allocation policy
- Addressing prior and unfinanced debt
- Inadequate, unstable and poorly understood

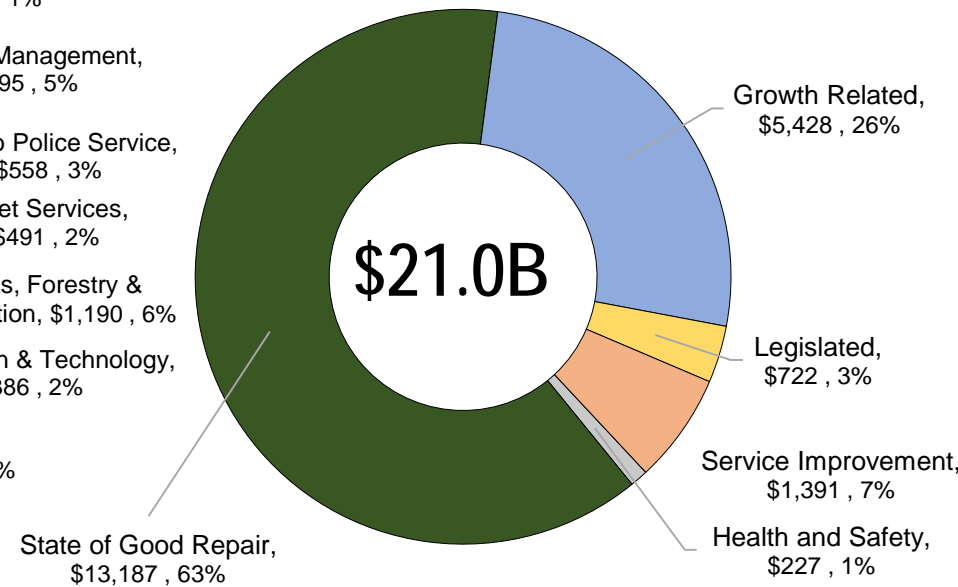
10 YEAR CAPITAL PLAN (TAX-SUPPORTED) WHERE THE MONEY GOES: \$21.0B

\$ Million

**2016 - 2025 Capital Budget & Plan
By Program
75% TTC/Transportation**



**2016 - 2025 Capital Budget & Plan
By Category
63% SOGR**



2016 CAPITAL BUDGET SUMMARY

Programs (\$000)	2016				2016 - 2020				2016 - 2025			
	Admin. Review		Debt Target	Over/ (Under)	Admin. Review		Debt Target	Over/ (Under)	Admin. Review		Debt Target	Over/ (Under)
	Gross	Debt/CFC			Gross	Debt/CFC			Gross	Debt/CFC		
Citizen Centred Services - A	227,960	105,806	112,436	(6,630)	1,045,993	525,132	527,427	(2,295)	1,638,621	987,304	987,349	(45)
Citizen Centred Services - B	383,330	263,984	297,079	(33,095)	1,858,958	1,305,970	1,580,673	(274,703)	5,512,109	3,463,530	2,940,256	523,274
Internal Services	269,358	136,002	149,588	(13,586)	1,201,278	516,656	500,770	15,886	2,073,509	984,620	918,731	65,889
Other City Programs	5,135	3,160	15,719	(12,559)	15,522	7,117	15,705	(8,588)	46,197	34,317	28,305	6,012
Total - City Operations	885,783	508,952	574,822	(65,870)	4,121,751	2,354,875	2,624,575	(269,700)	9,270,436	5,469,771	4,874,641	595,130
Agencies	99,723	61,237	64,417	(3,180)	595,525	329,017	335,495	(6,478)	1,180,030	627,779	616,292	11,487
Total - Tax Supported before TTC	985,506	570,189	639,239	(69,050)	4,717,276	2,683,892	2,960,070	(276,178)	10,450,466	6,097,550	5,490,933	606,617
TTC	1,251,624	525,290	583,261	(57,971)	7,275,276	2,492,873	2,358,764	134,109	10,505,860	2,891,072	2,838,267	52,805
Total - Tax Supported Programs	2,237,130	1,095,479	1,222,500	(127,021)	11,992,552	5,176,765	5,318,834	(142,069)	20,956,326	8,988,622	8,329,200	659,422

Highlights:

- Preliminary Tax Supported 2016-2025 Capital Budget & Plan totals \$21 B
- Preliminary Capital Budget and Plan is over Target by \$659 million
- Major cost components are Transportation Services and Transit Projects
- 2016 Preliminary Capital Budget totals \$2.2 B

F.G. GARDINER STRATEGIC REHABILITATION PLAN

- City Council Direction
 - Revised Strategic Plan cash flows and proposed sources of funding be submitted for Council's consideration as part of the 2016 Budget Process, in accordance with the procurement strategy (AFP Approach)
- Project Cost Estimates of \$2.6 billion (Construction Cost only)
 - \$2.3 billion included in the Transportation Services' 10-Year Capital Plan
 - Assumes the “base case” design of the Hybrid EA Preferred Alternative
- Potential for Further Acceleration of Project Delivery by up to 6 years.

F.G. GARDINER STRATEGIC REHABILITATION PLAN

Project Cost and Funding Adjustments

Description (\$Millions)	2015 Budget Process			2016 Budget Process			Difference*		
	Design - Bid - Build			Alternative Financing & Procurement					
	Total Project Cost	2016 to 2025 Funding	Funding Outside of 10-Years	Total Project Cost	2016 to 2025 Funding	Funding Outside of 10-Years	Total Project Cost	2016 to 2025 Funding	Funding Outside of 10-Years
F.G. Gardiner Rehabilitation									
Debt Funding	1,032.3	543.3	489.0	998.5	998.5		(33.8)	455.2	(489.0)
Capital Financing Reserve Fund	867.7	456.7	411.0	781.5	440.2	341.4	(86.2)	(16.5)	(69.6)
Federal Funding				820.0	820.0		820.0	820.0	0.0
Total F.G. Gardiner Rehabilitation	1,900.0	1,000.0	900.0	2,600.0	2,258.6	341.4	700.0	1,258.6	(558.6)

**Excludes costs related to operations and maintenance, and lifecycle maintenance that are common to both approaches

TORONTO – YORK SPADINA SUBWAY EXTENSION

- Council approved \$150M project cost increase in March 2015.
- 2016 Funding/Revenue Correction:
 - Move Ontario Trust Interest Earnings Reduction of \$85M
 - Offset by \$51M in added City debt funding and \$34M in additional Region of York contribution.
 - Elimination of Tax Increment Financing (No Provincial enabling regulation) of \$99M
 - This has been anticipated.
 - \$99M in funding from the Strategic Infrastructure RF has been held as a contingency and will now be applied.
- TTC staff to Report to the Board in early 2016 on final TYSSE cost estimates, including the impact of outstanding construction claims.

TORONTO – YORK SPADINA SUBWAY EXTENSION

Project Cost and Funding Adjustments

Funding Partners (\$Millions)	TYSSE - Original		March 2015 Project Reset Adjustment	TYSSE - "Reset"		2016 Budget Funding Correction	TYSSE - 2016	
	Budgeted Funding	% of Funding		Budgeted Funding	% of Funding		Proposed Funding	% of Funding
Federal	697.0	26.5%		697.0	25.0%		697.0	25.0%
Provincial*	1,059.1	40.2%		1,059.1	38.0%	(85.0)	974.1	35.0%
York Region	351.6	13.3%	60.0	411.6	14.8%	34.0	445.6	16.0%
Toronto								
<i>Development Charges</i>	67.6			67.6			67.6	
<i>Tax Increment Financing</i>	98.8			98.8		(98.8)	0.0	
<i>Strategic Infrastructure RF</i>	16.1			16.1		98.8	114.9	
<i>Capital Financing RF</i>			90.0**	90.0			90.0	
<i>Debt</i>	344.0			344.0		51.0	395.0	
Sub-Total Toronto	526.5	20.0%	90.0	616.5	22.1%	51.0	667.5	24.0%
Total Project Cost	2,634.2	100.0%	150.0	2,784.2	100.0%	0.0	2,784.2	100.0%

*Provincial funding includes \$189.0 million in anticipated Move Ontario Trust investment income

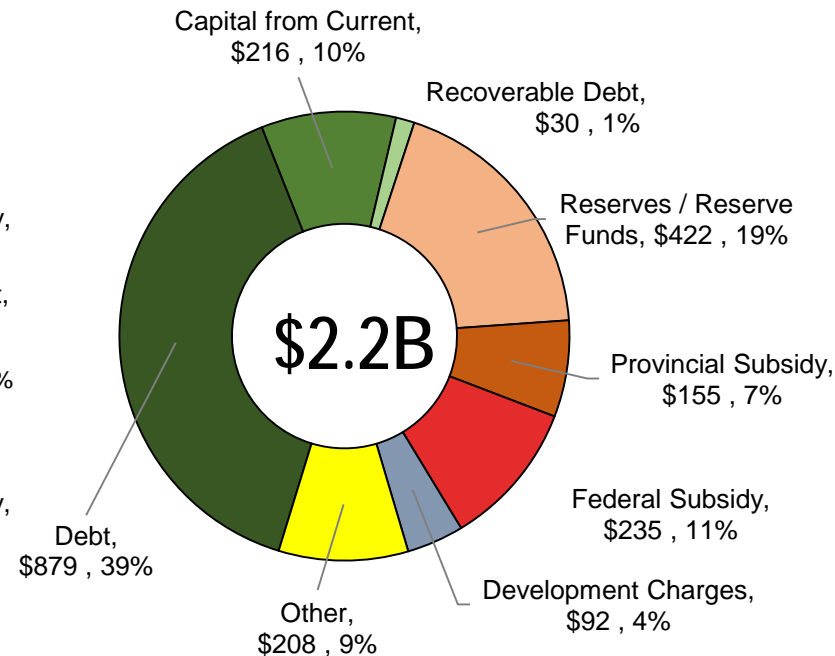
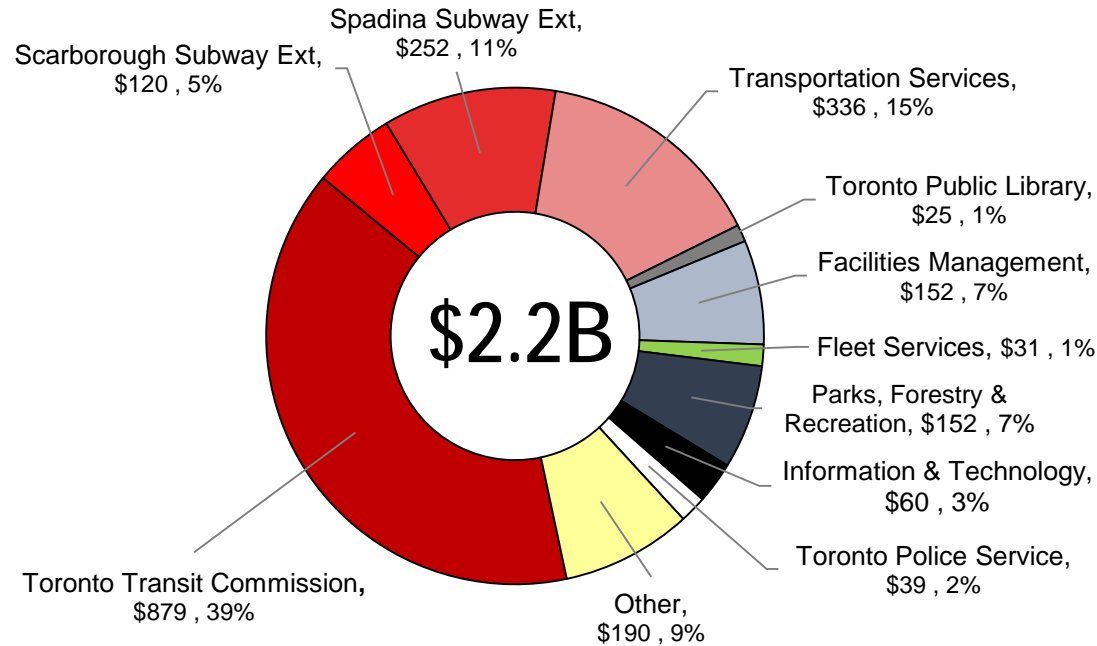
**\$90.0 million in additional City funding from the Capital Financing RF includes \$50.9 million from the TTC's 2014 Operating Surplus

2016 TAX SUPPORTED CAPITAL BUDGET IS \$2.2 BILLION

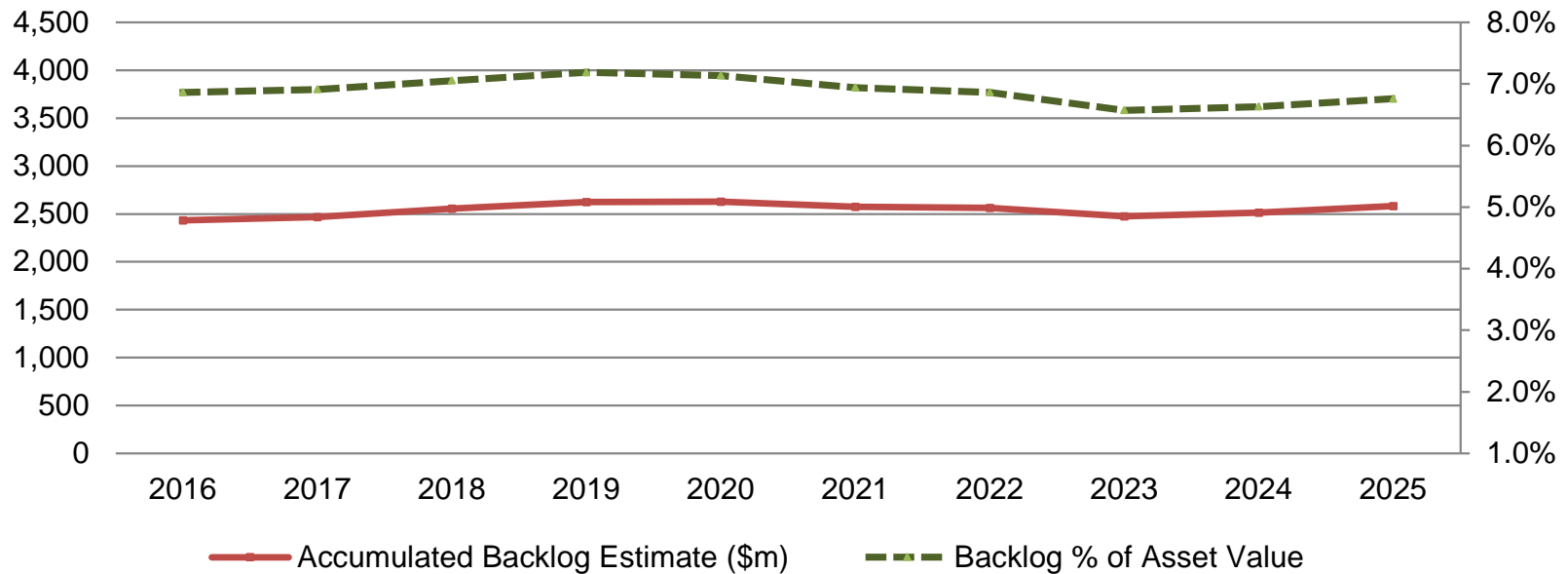
\$ Million

Where the Money Goes 69% TTC/Transportation

Where the Money Comes From



SOGR BACKLOG

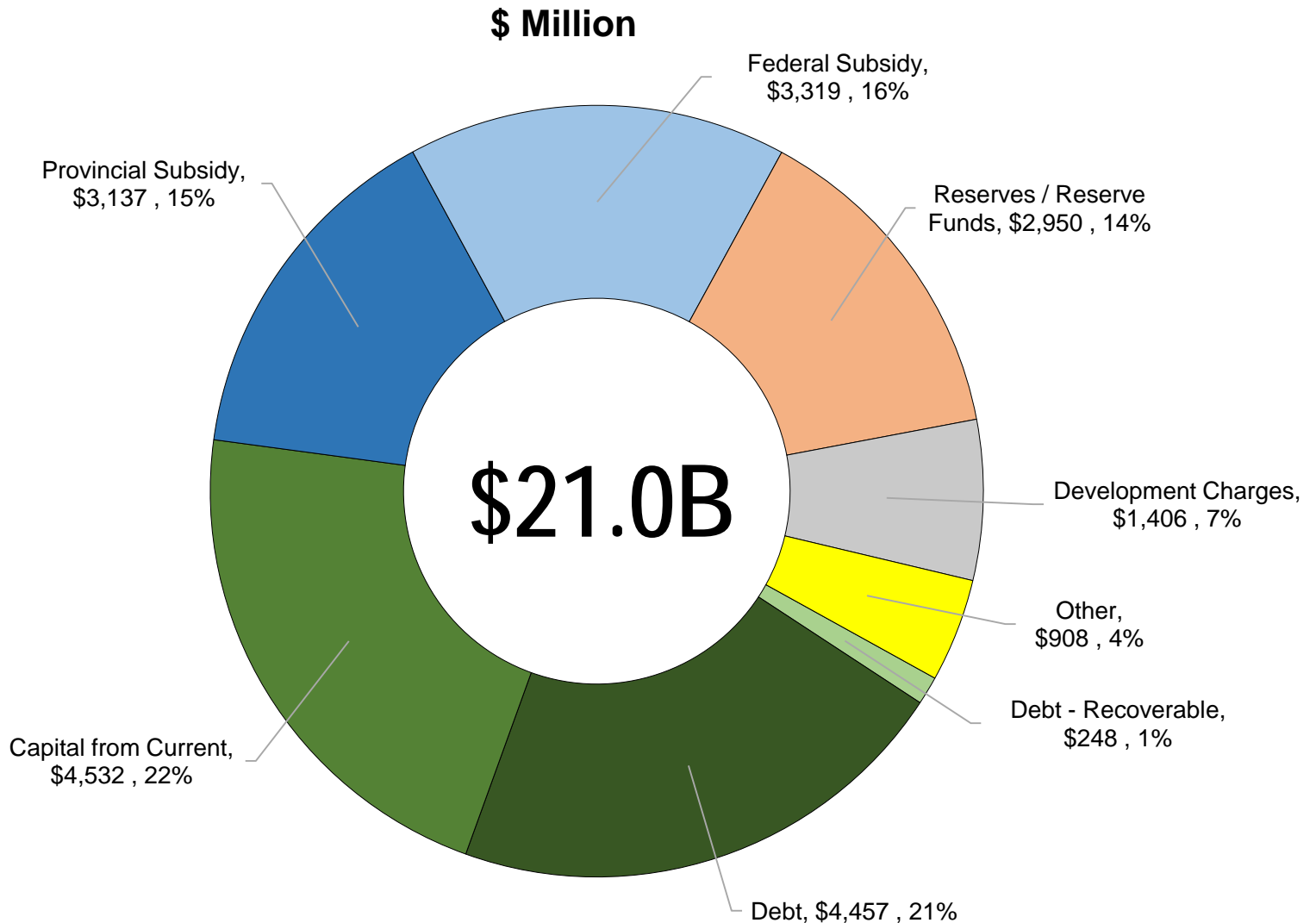


	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Asset Value (\$m)	35,443	35,683	36,240	36,526	36,822	37,086	37,369	37,650	37,925	38,209
Accumulated Backlog Estimate (\$m)	2,432	2,466	2,557	2,625	2,628	2,574	2,565	2,474	2,515	2,583
Backlog % of Asset Value	6.9%	6.9%	7.1%	7.2%	7.1%	6.9%	6.9%	6.6%	6.6%	6.8%

SOGR BACKLOG BY PROGRAM

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Transportation Services	1,065	1,120	1,174	1,174	1,163	1,147	1,127	1,071	1,128	1,197
Facilities Management and Real Estate & Environment	390	370	366	428	425	417	449	447	456	473
Toronto Transit Commission	0	0	52	114	167	211	251	282	309	346
Toronto & Region Conservation Authority	228	220	211	200	191	180	173	165	152	141
Toronto Public Library	44	53	60	64	77	82	88	93	109	123
Parks, Forestry & Recreation	442	453	456	414	386	330	280	225	173	121
Other	264	249	238	230	219	207	198	192	189	182
Total SOGR Backlog (\$m)	2,432	2,466	2,557	2,625	2,628	2,574	2,565	2,474	2,515	2,583
Total Asset Value (end of year) (\$m)	35,443	35,683	36,240	36,526	36,822	37,086	37,369	37,650	37,925	38,209
SOGR as % Asset Value	6.86%	6.91%	7.06%	7.19%	7.14%	6.94%	6.86%	6.57%	6.63%	6.76%

10 YEAR CAPITAL PLAN (TAX-SUPPORTED) WHERE THE MONEY COMES FROM: \$21.0B





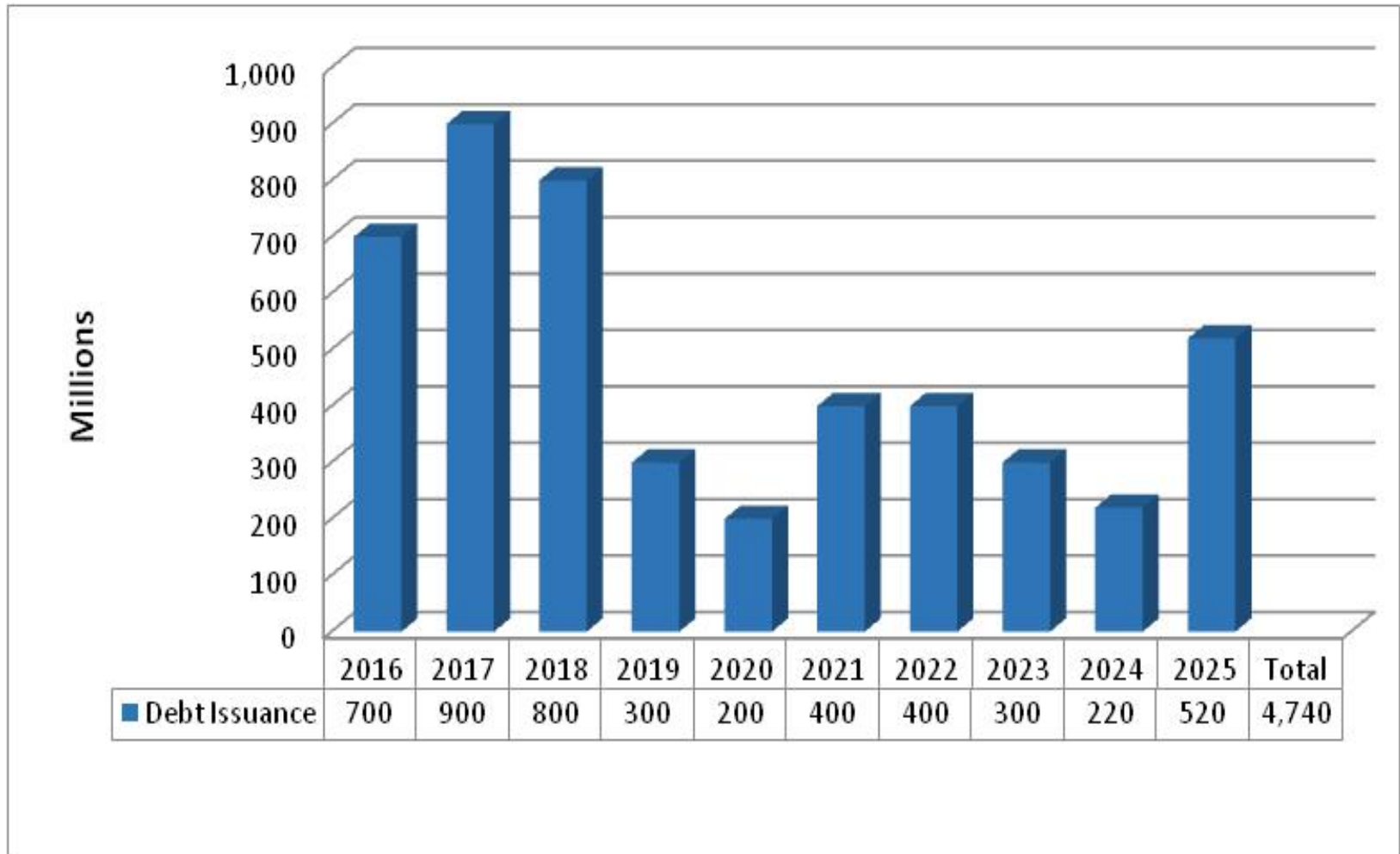
DEBT FUNDING



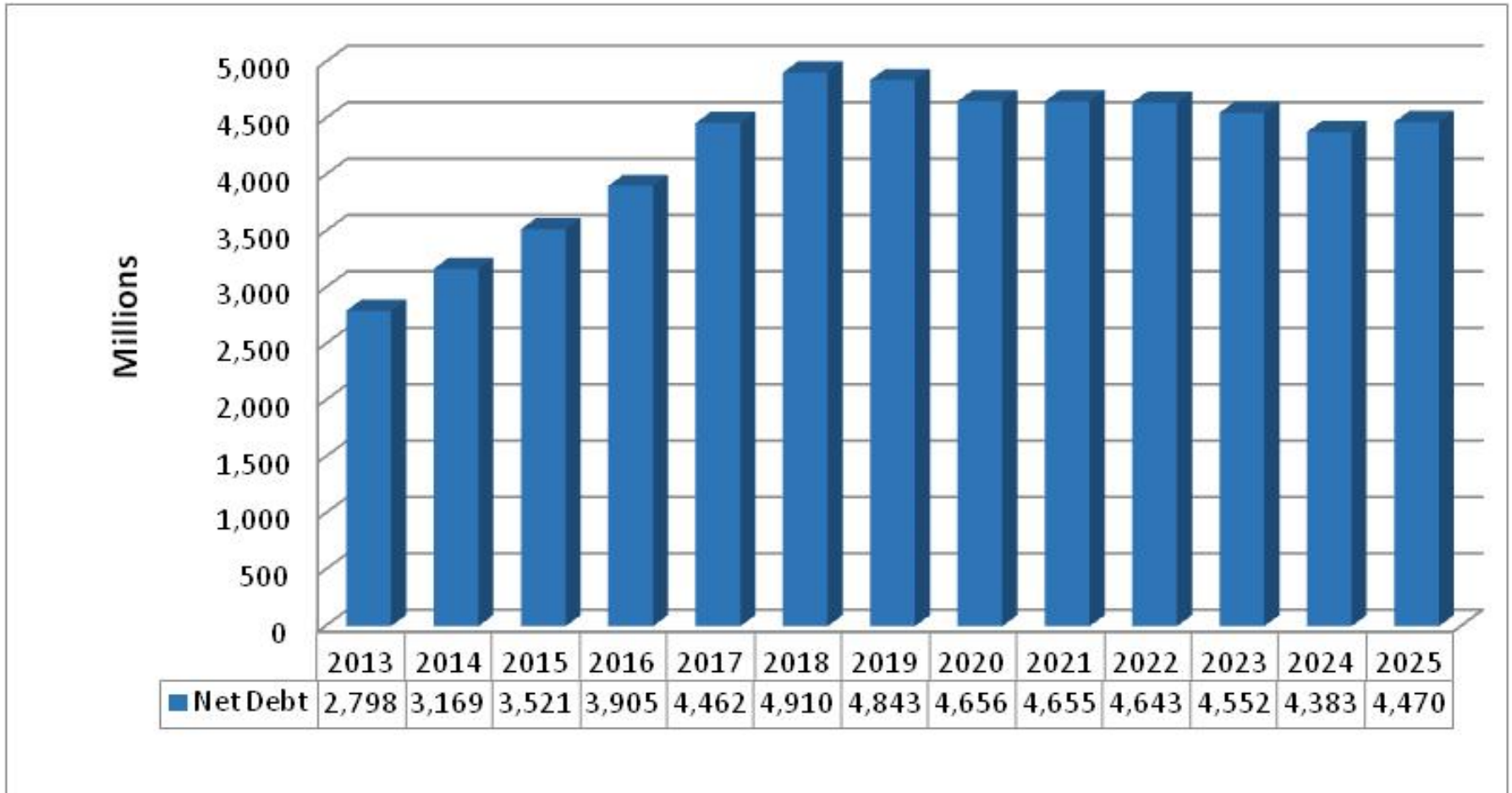
PROGRAM DRIVERS FOR DEBT FUNDING (10 YEAR)

Program	Debt/CFC \$ millions	%
Transportation Services (F.G Gardiner, rehabilitation for roads and bridges)	\$3,364	36%
Total TTC (Spadina and Scarborough Subway Extension, IT systems, Easier Access, Resignalling, etc)	\$2,891	34%
Facilities Management Real Estate & Environment (mechanical and electrical, structural/building envelope, renovations, etc)	\$708	8%
Parks Forestry & Recreation (Community centres, Arenas, etc)	\$670	7%
Toronto Police Service (Radio Replacement, SOGR, Division 41/13)	\$243	3%
Information & Technology (Corporate Planning & Management, Application systems, etc)	\$189	2%
Toronto Public Library (Technology Asset Management Program, multi-branch renovation, etc)	\$160	2%
Economic Development and Culture (Restoration/Preservation of Heritage Elements, service enhancement, cultural infrastructure development, etc)	\$96	1%
Shelter+ Support & Housing Administration (George Street Revitalization Planning, capital repairs/replacement, etc)	\$91	1%
Other	\$575	6%
Total	\$8,988	100%
CFC	\$4,532	
Net Debt	\$4,457	

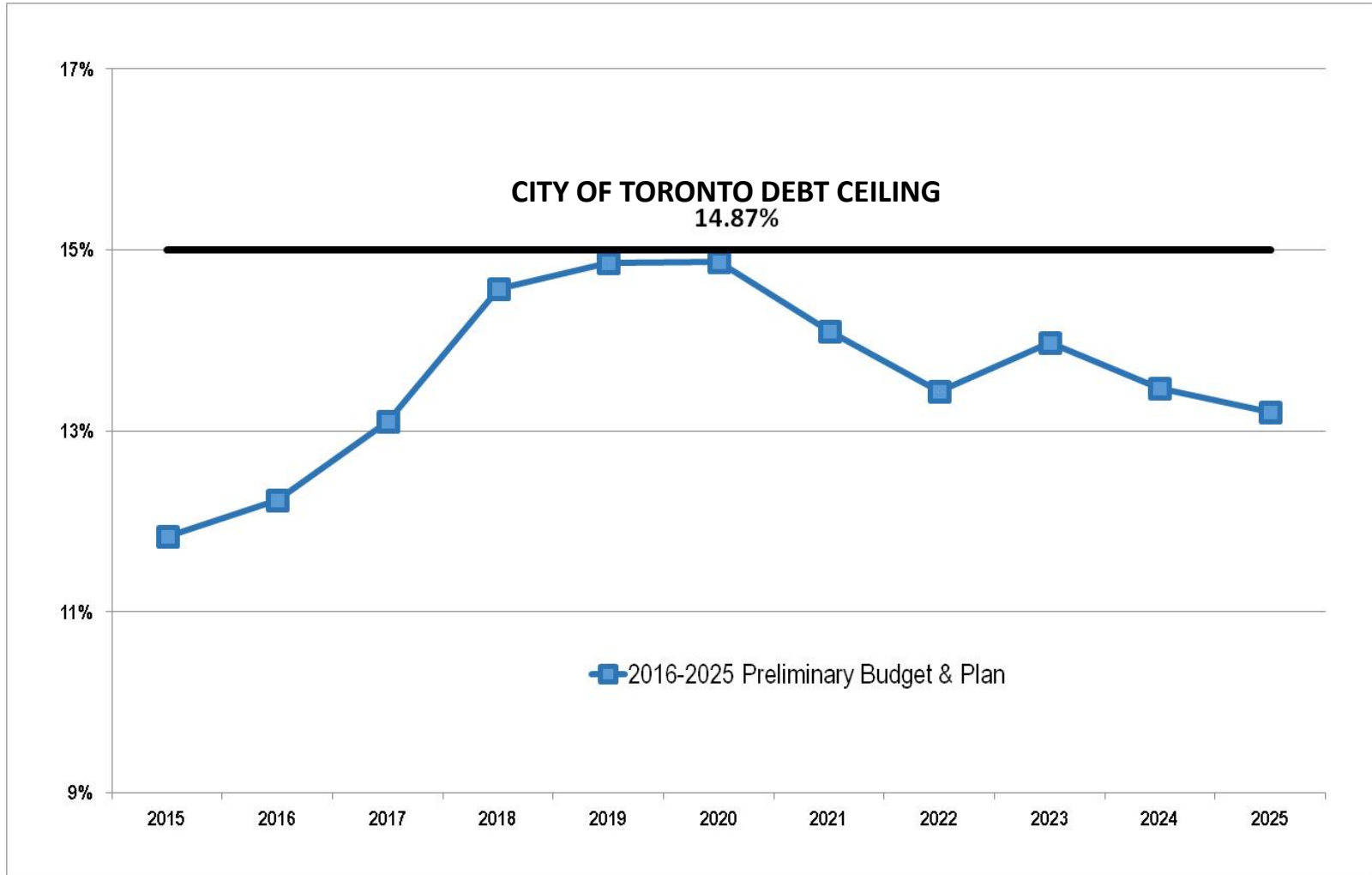
2016 – 2025 DEBT ISSUANCE



2013 – 2025 OUTSTANDING DEBT PROJECTION



DEBT COST AS PERCENTAGE OF PROPERTY TAX



NON DEBT FINANCING STRATEGY

Capital Financing Strategy - Reserve XQ0011

Description (\$ Millions)	2012 - 2015 Secured Revenue				Future Year Capital Financing Strategy Revenue Estimates										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Enwave	167														167
Enwave Dividend	11														11
TPLC Dividend	40														40
Prior Year Operating Surplus	214	186	126	155	92	50	50	50	50	50	50	50	50	50	1,223
MLTT (Above Operating Budget)				40	40	25	15								120
DC Increases							30	30	30	30	30	30			150
Future Years BT Dividend	20		10	15	25	25	25	25	25	25	25	25	25	25	295
Future Years Fed/Prov							50	50	50	50	50	50			250
TPA One-Time				67	9										77
Other	1	3													4
Bank Tower Surplus		30													30
Total:	453	219	136	277	166	100	90	155	155	155	155	155	75	75	2,366

Past, Current & Future Year Funding Requirements

Description (\$ Millions)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
TTC Capital	45	60	252	228	147	196	130	116	60						1,234
TTC TYSSE (2015 In-Year)					39	51									90
Transportation Capital		15	61	61	48	65	45	44	42	42	42	316	59	59	898
FREEE Capital (St. Lawrence N.)						8	8								15
Other Program Draws			37	7	10	17	4		1						76
Loss of Pooling Compensation (2014 Surplus)				30											30
Total	45	75	350	325	245	337	188	159	102	42	42	316	59	59	2,342

Available Capital Financing Strategy Funding (Based on Current Capital Requirements & Future Year Revenue Estimates)

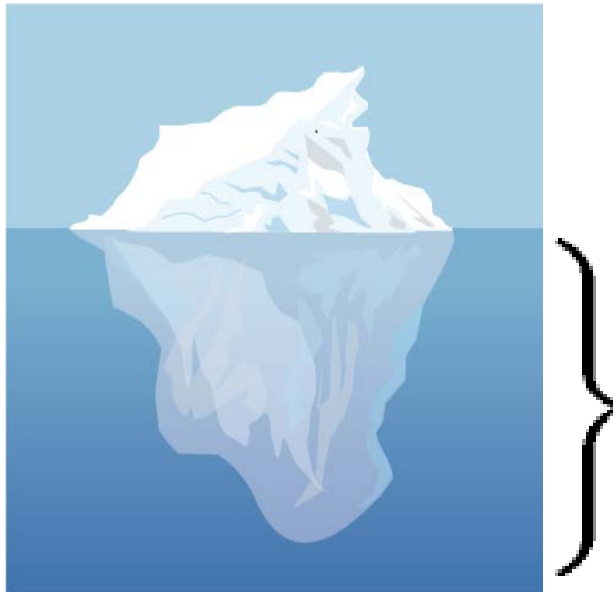
Description (\$ Millions)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Estimated Reserve Opening Balance	\$27	\$435	\$579	\$367	\$320	\$241	\$4	(\$93)	(\$98)	(\$45)	\$68	\$182	\$21	\$37	
Annual Funding Requirements	(\$45)	(\$75)	(\$350)	(\$325)	(\$245)	(\$337)	(\$188)	(\$159)	(\$102)	(\$42)	(\$42)	(\$316)	(\$59)	(\$59)	(\$2,342)
Annual Revenue Estimates	\$453	\$219	\$136	\$277	\$166	\$100	\$90	\$155	\$155	\$155	\$155	\$155	\$75	\$75	\$2,366
Estimated Reserve Closing Balance	\$435	\$579	\$366	\$320	\$241	\$4	(\$93)	(\$98)	(\$45)	\$68	\$182	\$21	\$37	\$53	
Advance Financing Requirements							93	5							98



UNFUNDED CAPITAL PROJECTS

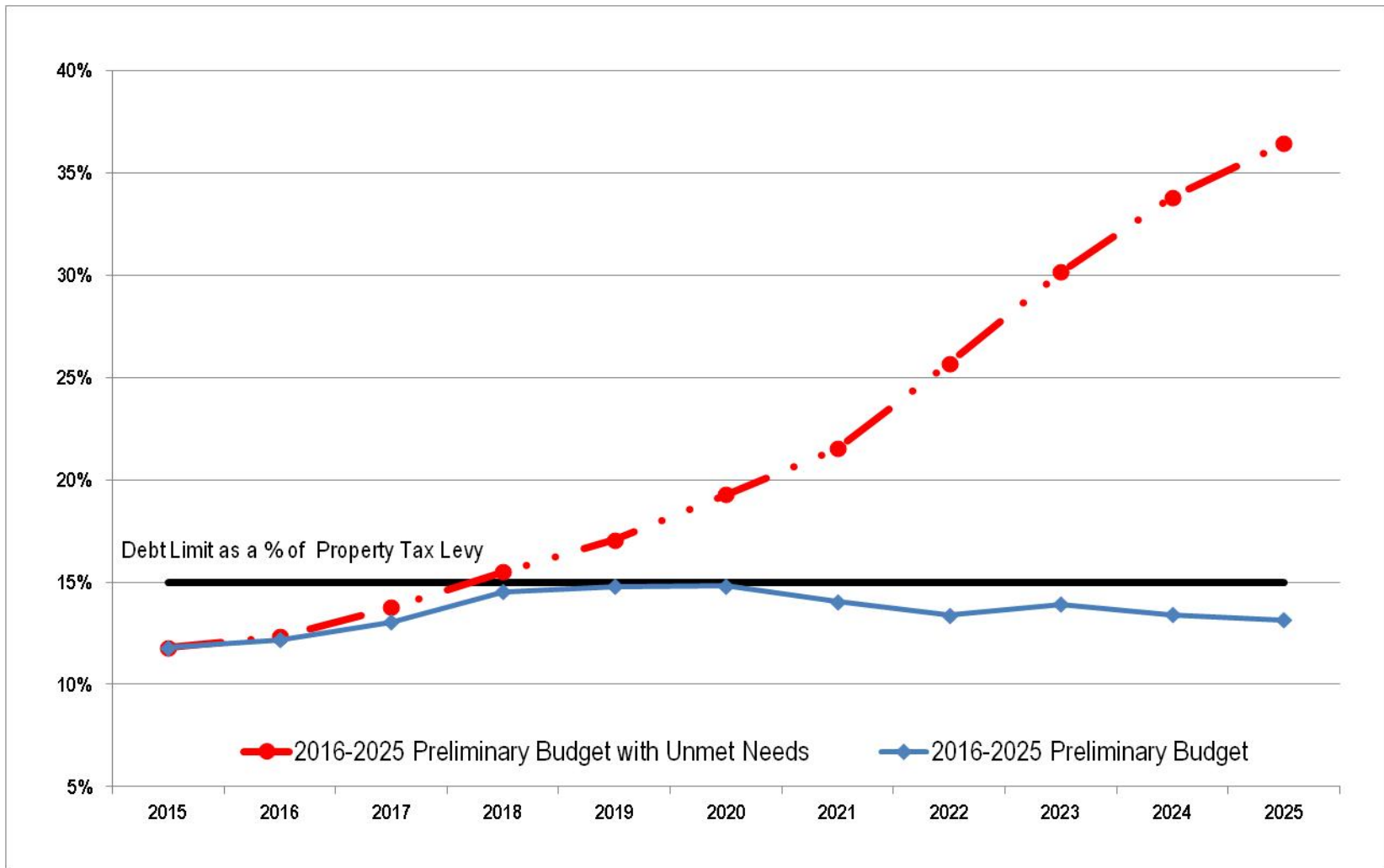


MAJOR UNMET NEEDS

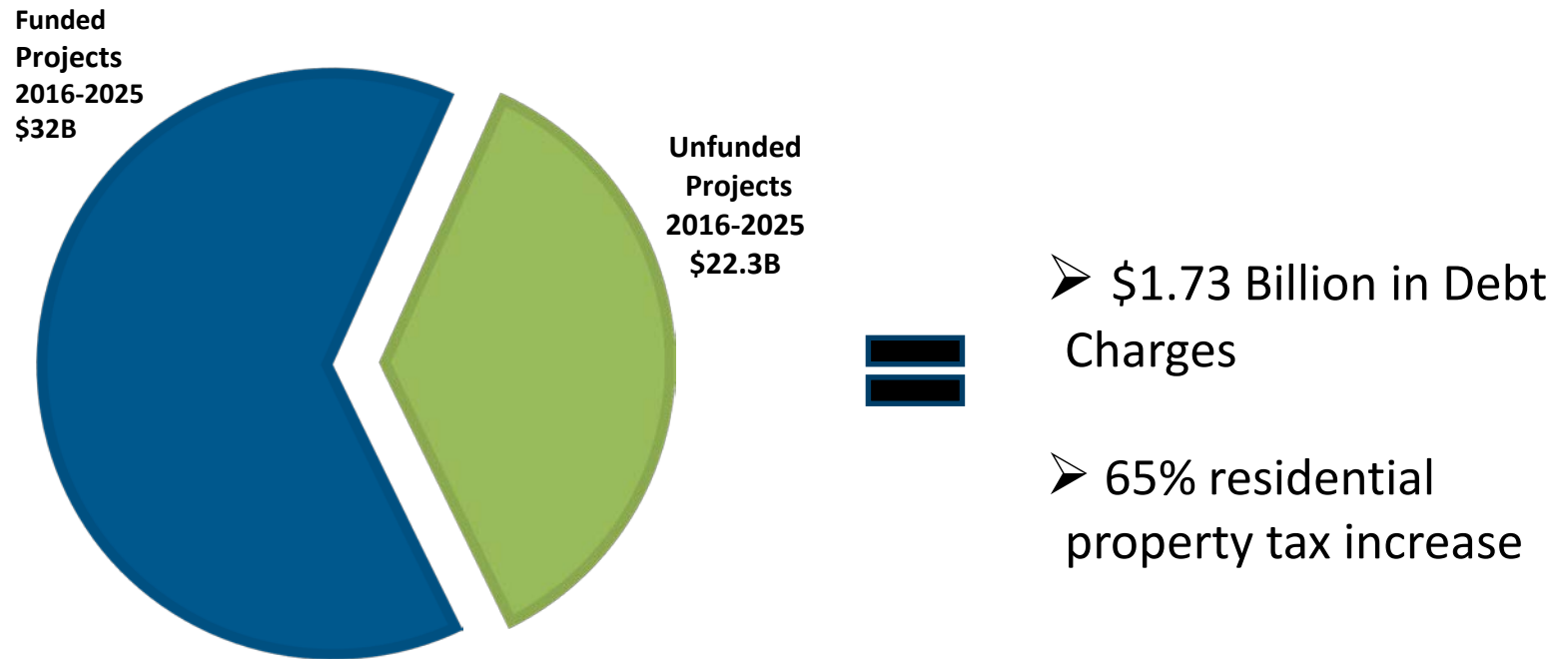


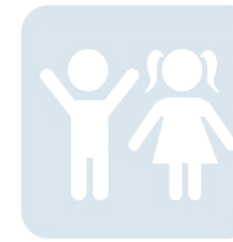
(\$ Million)	
TCHC State of Good Repair Backlog (Province/Federal Share of \$2.6 Billion Requirement)	1,728
SOGR Backlog City Programs/Agencies	1,663
Toronto Transit Commission – Board Approved Unfunded Projects	2,679
Toronto Transit Commission – Future Capital Needs	2,233
George Street Revitalization	480
Long Term Care Home Services-Capital Renewal Strategy	246
Facilities AODA Compliance	192
Other Programs – Transportation Services, Fire Services, Facilities, I&T, Exhibition Place, Toronto & Region Conservation Authority, Toronto Public Health, Toronto Public Library, Sony Centre.	1,282
SmartTrack (City share)	2,600
Downtown Relief Line (Pape to St. Andrew Option)	4,100
Waterfront Transit (East Bayfront to Long Branch GO)	1,059
Lower Don Flood Protection	975
Port Lands – Land Servicing	150
Waterfront Public Realm Initiatives including north-south connections & additional ports	350
Unfunded Projects from Environmental Assessments – Value of Projects over 2016-2025 period likely to move forward	2,000 (low end)
TCHC Revitalization – Principal repayment for Regent Park & some SOGR projects	200
TCHC Revitalization – Additional funding for planned projects (Regent Park, Lawrence Heights, Alexandra Park, Leslie-Nymark, Allenbury Gardens, Railway Lands, 250 Davenport & Don Summerville)	400
Total of Unfunded Capital Projects	22,337

DEBT COST AS PERCENTAGE OF PROPERTY TAX: CANNOT ONLY BORROW TO SOLVE THE CAPITAL GAP

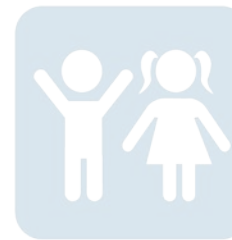


POTENTIAL FINANCIAL IMPACT OF UNFUNDED CAPITAL PROJECTS



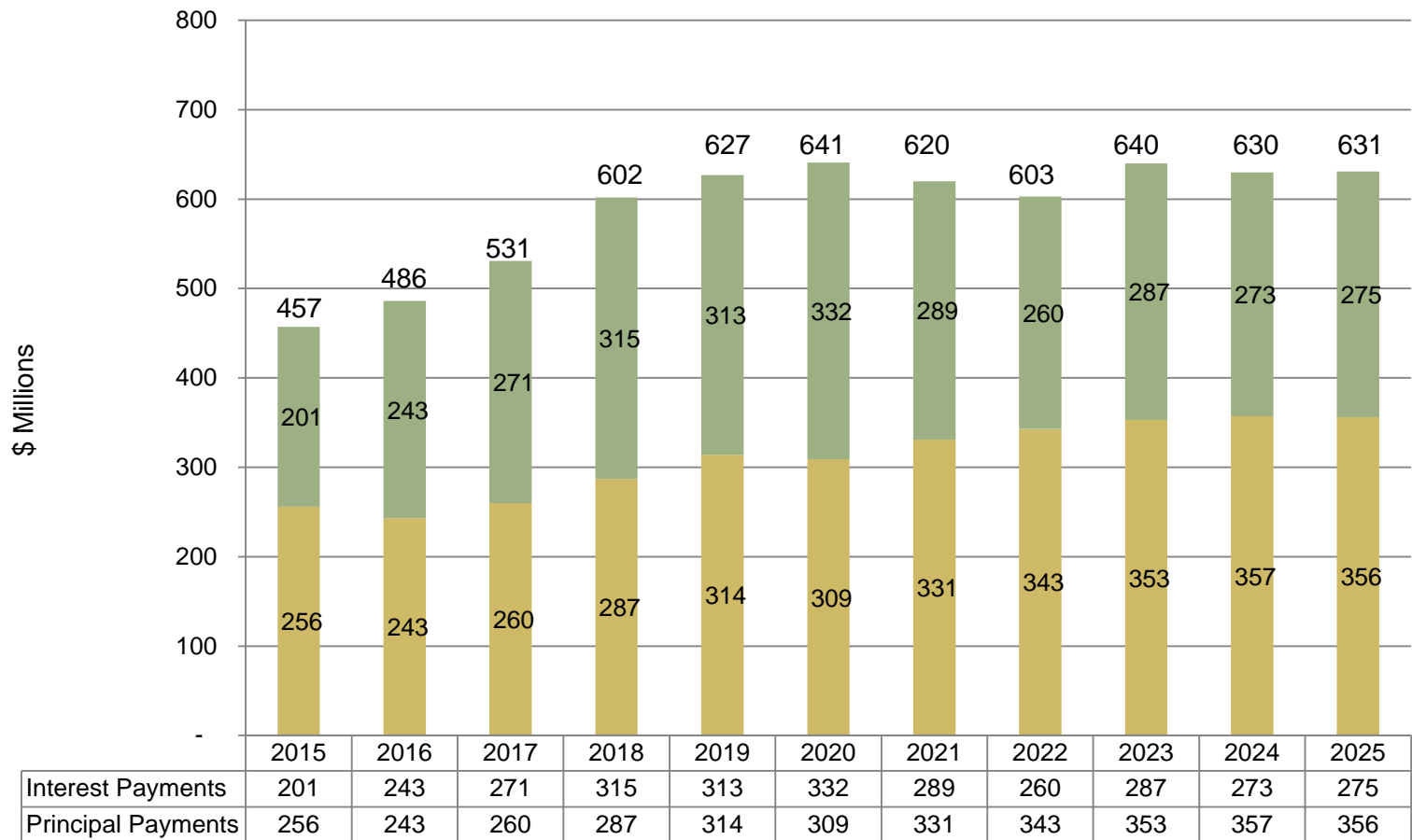


UNFINANCED DEBT EXPENDITURES

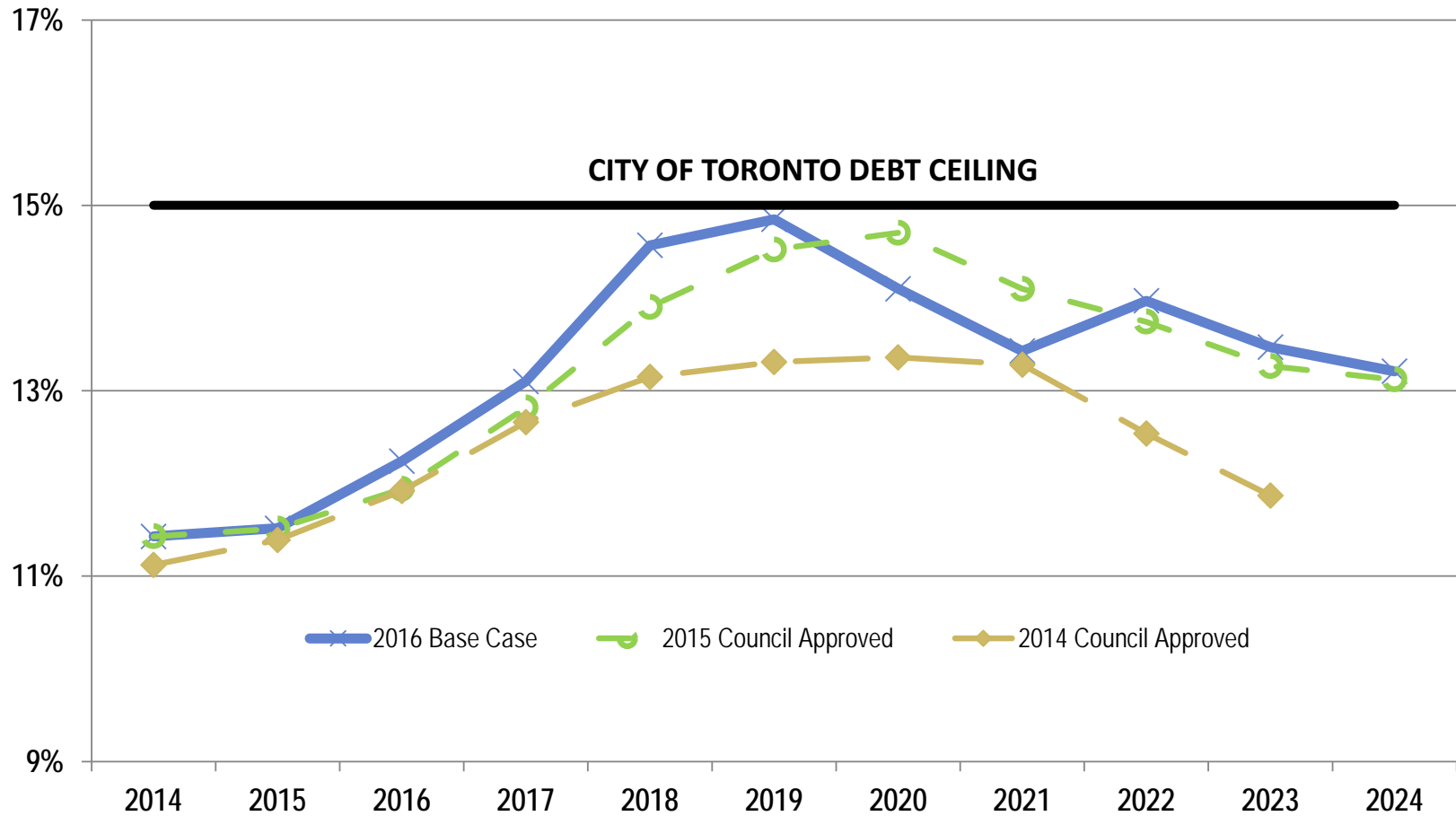


- Debt planning components
 - Previous years' spending to be debentured
 - Debt spending anticipated during the year
 - CFC for the year
 - Planned debenture issues vs budget tax impacts of upcoming year

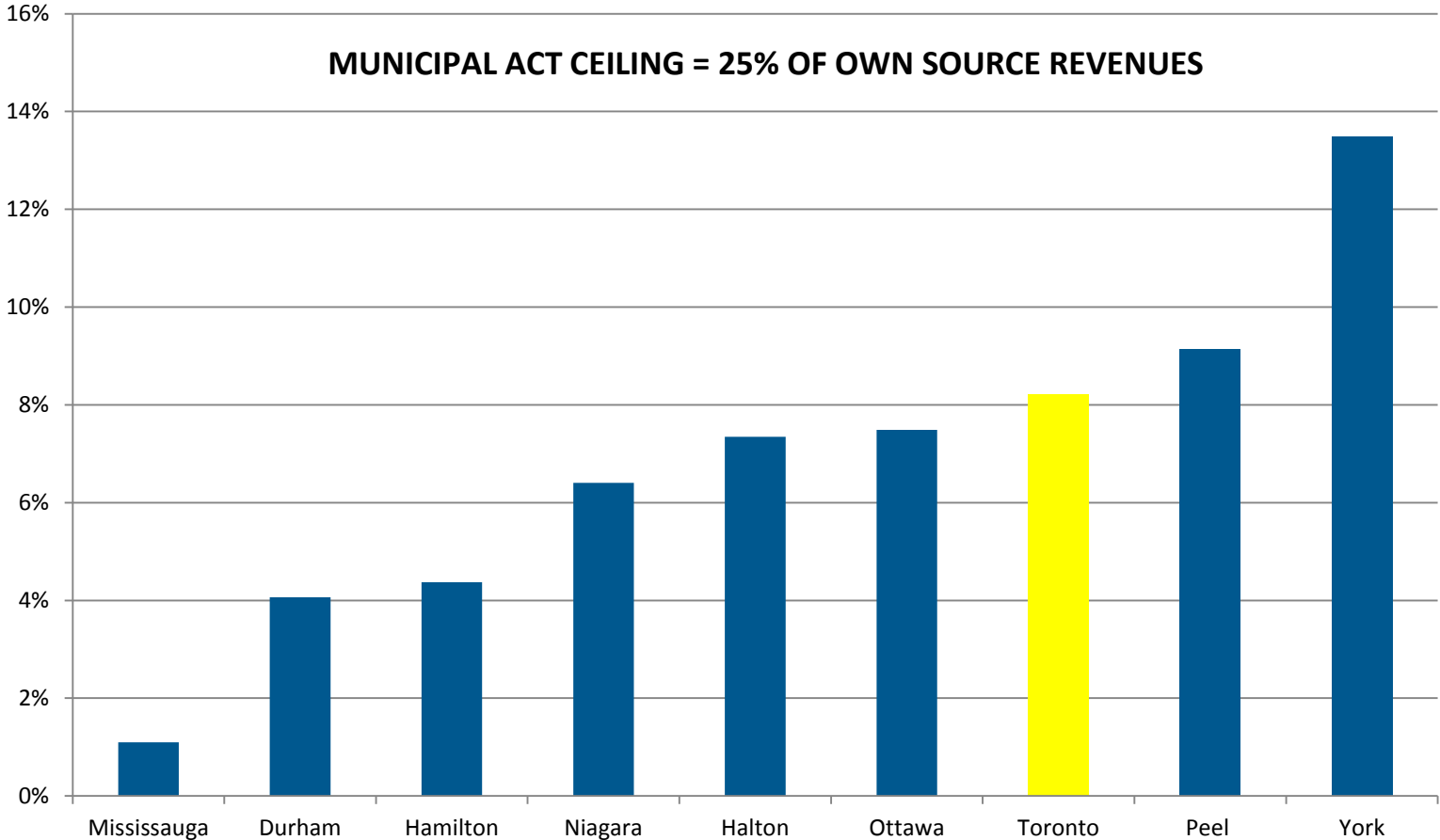
2015 – 2025 TAX-SUPPORTED DEBT SERVICE COST PROJECTION



TAX-SUPPORTED DEBT SERVICE COST AS % OF TAX LEVY



2014 MUNICIPAL DEBT AS A % OF OWN REVENUES



WHAT IS UNFINANCED DEBT?

- The City does not pre-fund capital projects
- Amounts are spent, then financed in this order:
 - external funds,
 - own-source funds,
 - reserves, then
 - debt
- The net amount spent but not permanently financed at the end of each year = the unfinanced capital outlay (negative capital fund)
 - Mostly unfinanced debt

HISTORICAL UNFINANCED CAPITAL BALANCE (1999-2014)

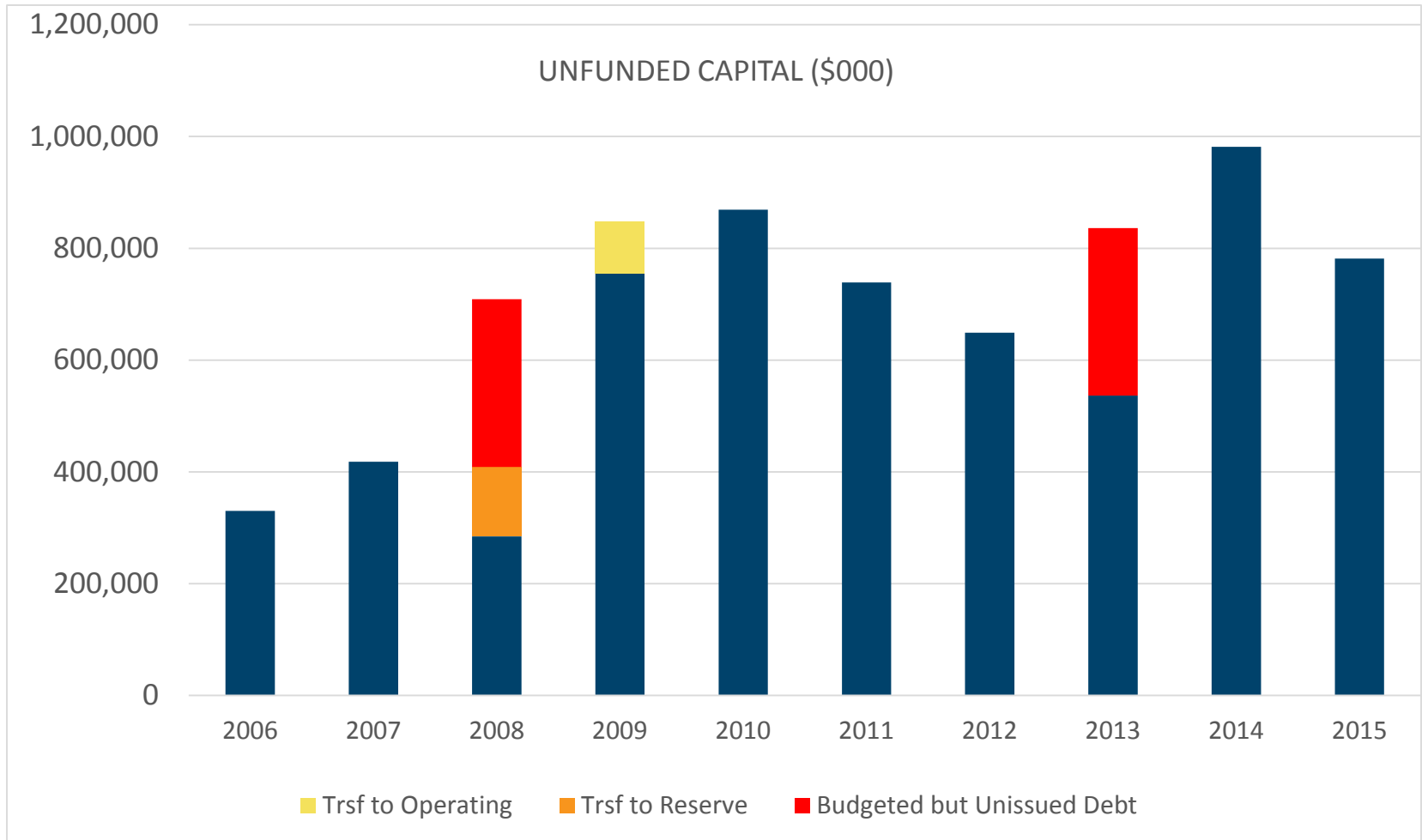
	Unfinanced Capital Outlay \$ (millions)	Yearly Capital Budget TAX \$ (millions)	As % of Yearly Capital TAX Budget
1999	-132.4	1,203	11.00%
2000	-61.1	984	6.20%
2001	-286.3	1,120	25.60%
2002	-509.3	953	53.40%
2003	-224.4	965	23.30%
2004	-364.8	908	40.20%
2005	-245.2	1,033	23.70%
2006	-330.3	1,250	26.40%
2007	-418.1	1,432	29.20%
2008	-708.8	1,610	44.00%
2009	-847.7	1,637	51.80%
2010	-869.1	2,431	35.80%
2011	-738.7	2,016	36.60%
2012	-648.9	2,338	27.80%
2013	-836.3	2,838	29.50%
2014	-981.7	2,814	34.90%

UNFINANCED DEBT CAPITAL FROM 2006 TO 2014

Year	Opening Balance (\$000)	Expenditures (\$000)	Other Funding (\$000)	Debt Financing (\$000)	Other (see notes) (\$000)	Closing Balance (\$000)
2006	383,192	1,337,167	894,865	495,158		330,336
2007	330,336	1,699,122	1,111,507	499,851		418,100
2008	418,100	1,743,979	1,278,476	299,183	-124,330	708,750
2009	708,750	1,966,644	1,518,530	401,904	-92,733	847,693
2010	847,693	2,531,185	1,807,622	702,188		869,068
2011	869,068	2,422,546	1,902,490	650,400		738,724
2012	738,724	2,490,770	1,836,735	743,825		648,934
2013	648,934	2,424,603	1,937,190	300,000		836,347
2014	836,347	2,762,318	2,016,940	600,000		981,725

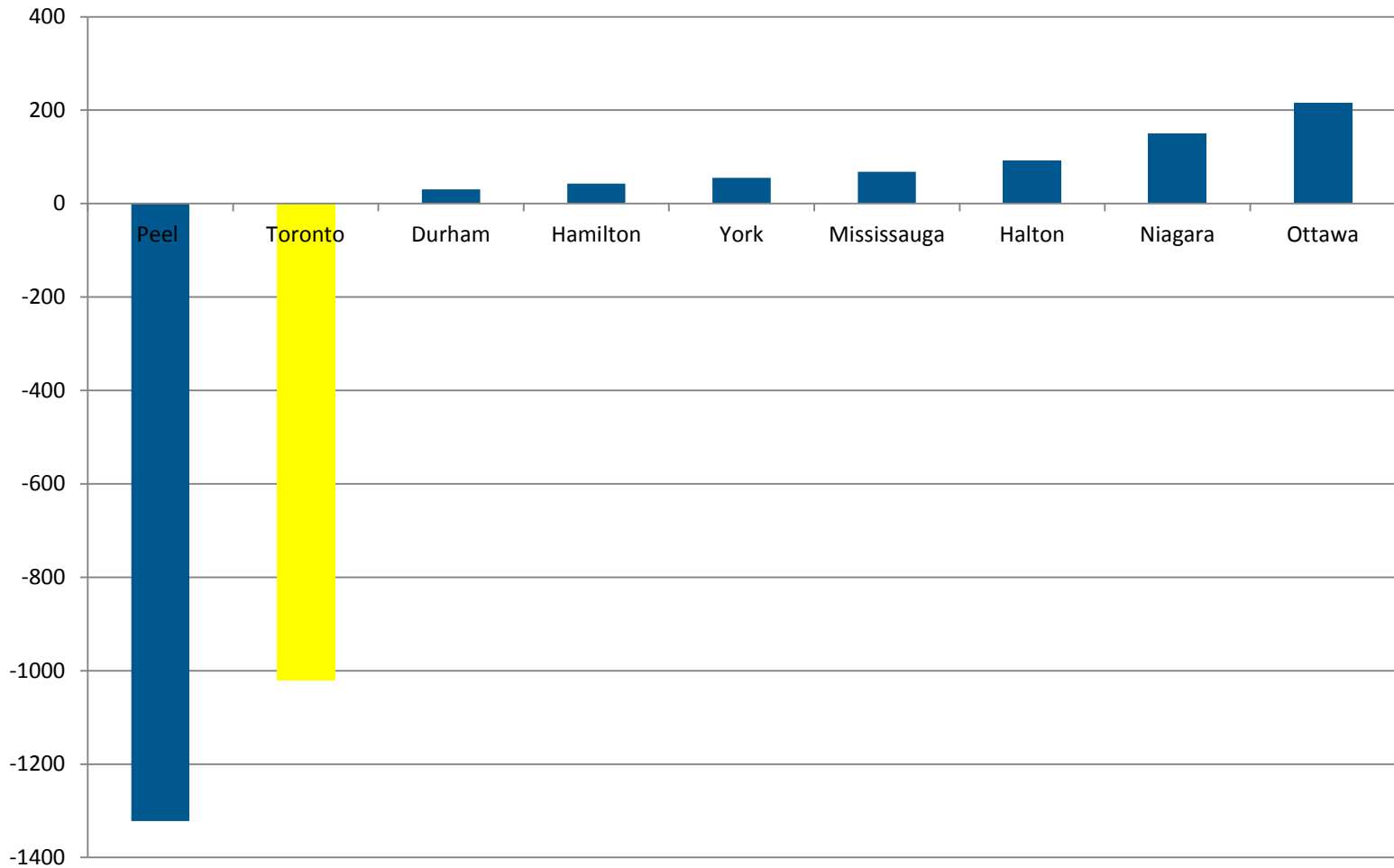
Notes **In 2008 \$124.3M was transferred from unallocated capital to reserves**
In 2009 \$92.7M was transferred from unallocated capital to operating
In each of 2008 and 2013 \$300M of debt planned was not issued

UNFINANCED DEBT CAPITAL FROM 2006 TO 2015*



*Note: 2015 is a preliminary number and subject to change

2014 MUNICIPAL CAPITAL FUND OVER/(UNDER) FINANCED (\$ MILLIONS)



FORECAST UNFINANCED DEBT

2016-2025 CAPITAL BUDGET

BASE CASE: UNFINANCED DEBT REDUCED TO \$200 MILLION BY 2025

\$M	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Unfinanced Start	981.7	781.8	882.2	889.2	798.4	1,114.0	1,232.5	974.8	592.7	1,066.7	936.0
Add: Capital Spending	680.3	1,054.8	1,237.2	1,098.9	1,040.5	782.1	648.5	570.9	1,378.6	750.5	509.4
Less: CFC	-223.2	-254.4	-330.2	-389.7	-424.9	-463.6	-506.2	-553.0	-604.6	-661.2	-723.6
Less: Debt Issuance	-657.0	-700.0	-900.0	-800.0	-300.0	-200.0	-400.0	-400.0	-300.0	-220.0	-520.0
Unfinanced End	<u>781.8</u>	<u>882.2</u>	<u>889.2</u>	<u>798.4</u>	<u>1,114.0</u>	<u>1,232.5</u>	<u>974.8</u>	<u>592.7</u>	<u>1,066.7</u>	<u>936.0</u>	<u>201.8</u>

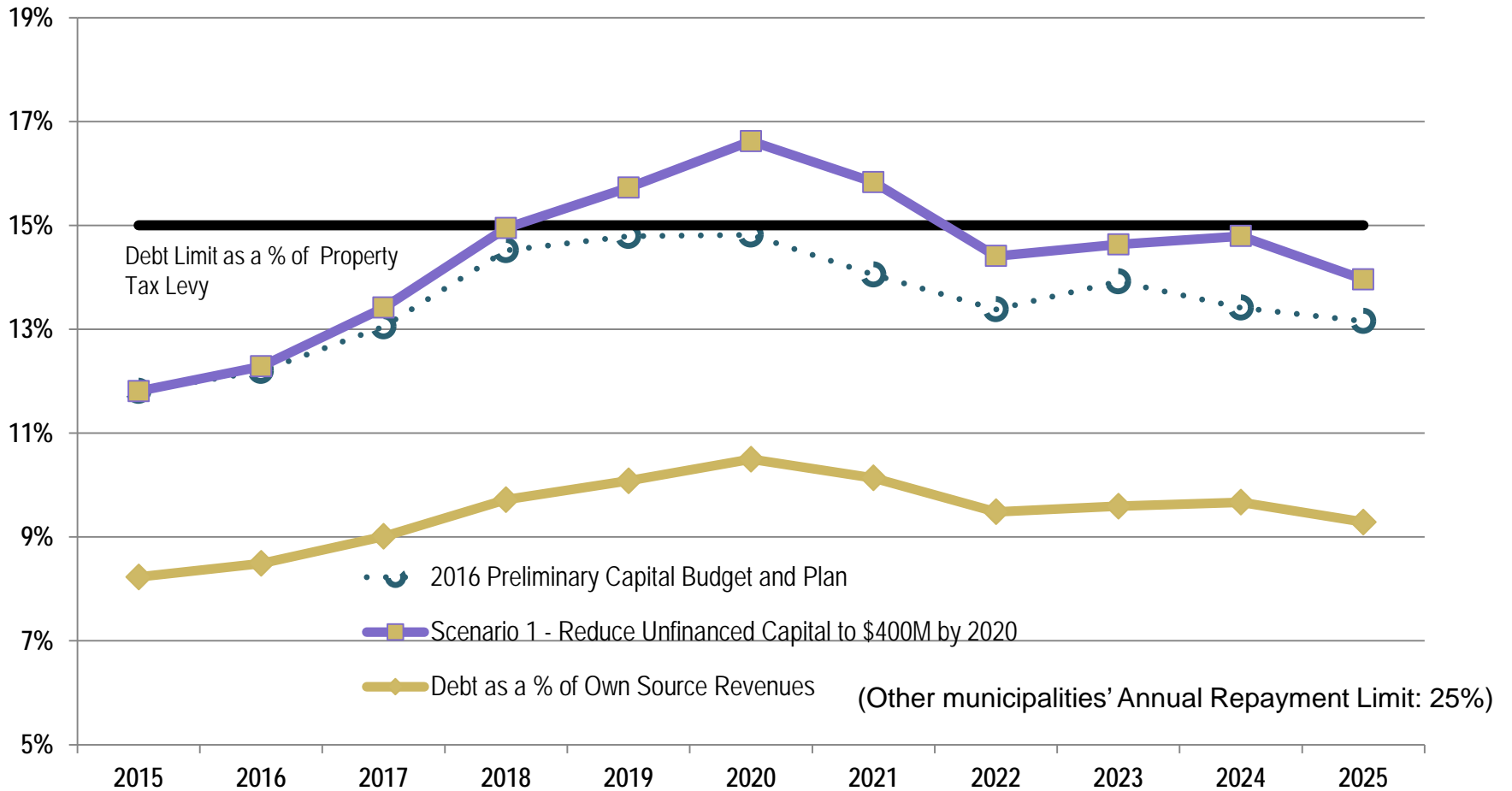
NB: 2015 Debt Issuance excludes \$43 million for Solid Waste

FORECAST UNFINANCED DEBT 2016-2025 CAPITAL BUDGET

SCENARIO 1: UNFINANCED DEBT REDUCED TO \$400 MILLION BY 2020

\$M	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Unfinanced Start	781.8	732.2	739.2	548.4	404.0	402.5	404.8	402.7	406.7	396.0
Add: Capital Spending	1,054.8	1,237.2	1,098.9	1,040.5	782.1	648.5	570.9	1,378.6	750.5	509.4
Less: CFC	-254.4	-330.2	-389.7	-424.9	-463.6	-506.2	-553.0	-604.6	-661.2	-723.6
Less: Debt Issuance	<u>-850.0</u>	<u>-900.0</u>	<u>-900.0</u>	<u>-760.0</u>	<u>-320.0</u>	<u>-140.0</u>	<u>-20.0</u>	<u>-770.0</u>	<u>-100.0</u>	<u>0</u>
Unfinanced End	<u>732.2</u>	<u>739.2</u>	<u>548.4</u>	<u>404.0</u>	<u>402.5</u>	<u>404.8</u>	<u>402.7</u>	<u>406.7</u>	<u>396.0</u>	<u>181.8</u>

REDUCE UNFINANCED DEBT TO \$400 MILLION BY 2020
DEBT RATIO INCREASES TO 16.6% IN 2020



DEBT CHARGES AND POTENTIAL TAX IMPACT 2016-2025 CAPITAL BUDGET

Debt Charges (\$M)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2016-2025 Preliminary Budget & Plan Debt Charges - Base Case	486	531	602	627	641	620	603	640	630	631
Total Scenario 1 Debt Charges	489	545	620	666	719	699	649	673	695	669
Debt Charge Increase above the Base Case - Scenario 1	3	14	18	39	78	79	46	33	65	38
Cumulative Residential Tax Impact	0.11%	0.52%	0.66%	1.40%	2.74%	2.72%				

*Scenario 1: Reduce Unfinanced Capital Balance to \$400M by 2020;

- Revisit the 15% debt service to levy target as part of the Long Term Fiscal Plan
- Need to set capital priorities – cannot do it all
- Evaluate revenue options for 2017 Budget and beyond
 - Development financing
 - Tax Increment financing
 - Higher debt
 - Capital levies
 - Asset sales
 - New Revenues
 - Etc, etc

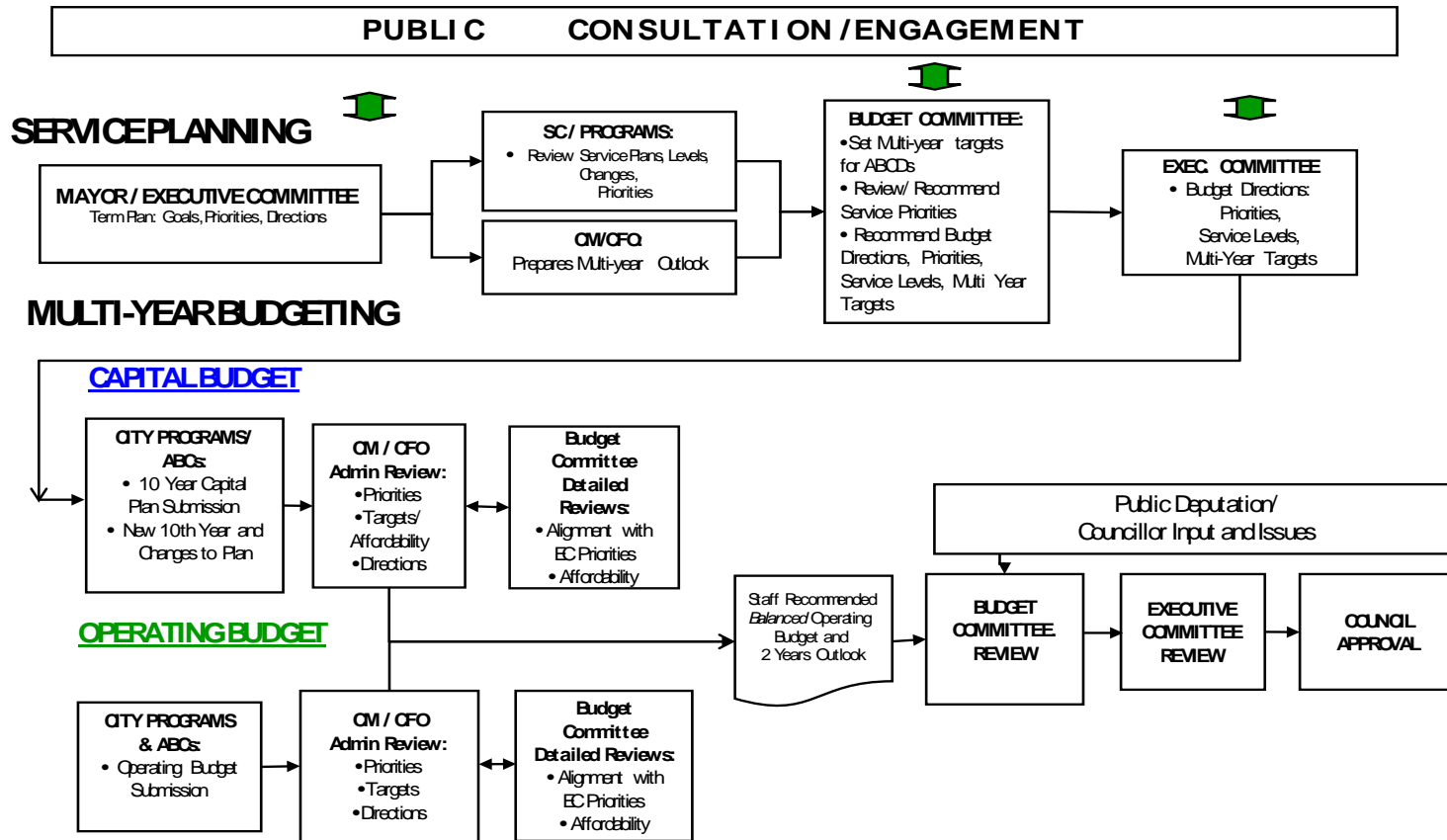


Budget Process & Next Steps



MULTI-YEAR FINANCIAL PLANNING AND BUDGETING PROCESS

Multi-year Financial Planning and Budgeting Process



KEEPING THE PUBLIC INFORMED

Toronto 2015 BUDGET Understanding the Toronto City Budget

Building a sustainable, affordable, accessible, and well-managed city.

The City of Toronto encourages business and industry to support the City's priorities and make decisions that support the City's long-term vision. The City's budget is how much money it spends within a year. It is the City's priorities with residents and make infrastructure will be. Each year, City staff budget and then they with input from Toronto residents and businesses, make choices about the City's services and the City's final budget.

Annually, City staff recommend operating budgets for Toronto Water, Management Services and Parking. Council residents from City user fees three pro

Toronto 2015 BUDGET Rate Supported Budgets

In addition to the operating and capital budget of Toronto has three fee rate supported programs: Solid Waste Management, Toronto Parking Authority.

These programs are funded by the user. For example, and garbage costs are collected from these user fee pay for the services that are

Toronto 2015 BUDGET How to Get Involved in the Budget Process

Every time you use a park or recreation centre, get a book from the library, have your garbage or recycling picked up, drink clean water, ride the TTC or have emergency services rush to your aid when you make a 911 call – you are using a City of Toronto service.

Be Informed
The first step is to be informed. You can find out about the budget process on our website [toronto.ca/budget2015](#) and in our Budget Basics brochure, "Understanding the City Budget".



Toronto 2015 BUDGET

BUDGET AT A GLANCE

2015 Staff Recommended Tax and Rate Supported Operating Budget and 2015 – 2024 Capital Budget and Plan

TORONTO TRANSIT COMMISSION DID YOU KNOW?



29 BILLION

Since 1921, the Toronto Transit Commission (TTC) has transported over four times the world's population.

5.5 MILLION

people served across the GTA with a fully integrated, seamless and multi-modal network of subways, streetcars, buses and paratransit buses.

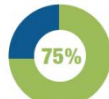
TOTAL NUMBER OF VEHICLES:

1,851 BUSES

247 STREETCARS

513 PARATRANSIT BUSES

732 SUBWAY/RT CARS



Maintains a cost recovery rate of approximately 75% from the farebox – one of the highest on the continent.

Now carries approximately one billion riders every

23 MONTHS



Toronto 2015 BUDGET

vs Rate



toronto.ca/budget2016



Toronto 2016 BUDGET

2016 BUDGET SCHEDULE – KEY DATES

2016 Budget Timelines	
Activity	Tax Supported: Operating & Capital
Launch - Budget Committee	December 15
Budget Committee - Budget Briefings	January 5, 6, 8 & 11
User Fee Town Hall	January 11
Budget Committee - Public Deputations	January 12, 13 & 14
Budget Committee Wrap-Up	January 18
Budget Committee Wrap-Up Final	January 26
Executive Committee	February 9 (Special Executive)
Council	February 17, 18, (19 - Option)

Thank You / End



LIST OF APPENDICES

1. **2016 Preliminary Operating Budget (P74-80)**
2. **Items referred to Budget Process (P81-101)**
3. **Preliminary Tax Impacts (P102-121)**
4. **2017/2018 Forecast (P122-124)**