Toronto 2017 BUDGET

OPERATING BUDGET NOTES



Facilities, Real Estate, Environment & Energy

2017 OPERATING BUDGET OVERVIEW

Facilities, Real Estate, Environment & Energy (FREEE) work across the City with clients and stakeholders to deliver a comprehensive range of facility management, real estate services and sustainability programs in an efficient and effective manner that maximizes the City's property assets and delivers service excellence.

2017 Operating Budget Highlights

The total cost to deliver these services to Toronto residents is $194.646 million gross and $67.556 million net as shown below:

(in $000's)	2016 Budget	2017 Preliminary Budget	Change	
			$	%
Gross Expenditures	194,264.4	194,646.2	381.7	0.2%
Revenues	124,938.7	127,089.8	2,151.1	1.7%
Net Expenditures	**69,325.7**	**67,556.3**	**(1,769.4)**	**(2.6%)**

Through operational efficiencies and increased leasing revenues, the Program is able to fully offset $2.523 million in operating budget pressures arising mainly from inflation in utilities and increases for staff salaries and benefits while maintaining 2016 service levels for 2017.

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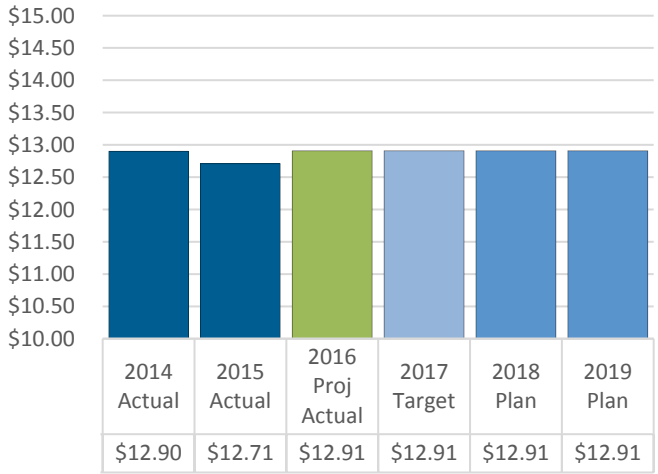
Fast Facts

- Manage over 9.6 million square feet of City-owned and operated facilities.
- Facilities Management complete approximately 45,000 building maintenance work orders annually for City-owned facilities.
- Real Estate Services manage over 5,700 properties and 26.5 million square feet of building space in an Asset Portfolio worth $12 billion and manage 1,000+ leases in the portfolio generating over $48 million in annual lease revenues.
- Environment & Energy manages all aspects of energy supply and consumption on behalf of City divisions, monitoring 3,500 energy accounts with a total utilities budget in excess of $30 million.

Trends

- Facilities Management strives to operate efficiently to maintain a square foot cost allocation that reflects good value for money in a municipal setting.
- The cost/square foot includes custodial, building repairs & maintenance, security and utilities costs. Costs have stabilized from the use of a mixed service model for custodial and maintenance services, emphasizing a preventive maintenance plan and realizing energy efficiencies.
- Although the division has experienced cost pressures from economic factors, a number of efficiency measures have been identified which will allow the division to maintain the cost/square foot at the 2016 projected actual level.

Building Operating & Maintenance Cost per rentable sq.ft.



2014 Actual	2015 Actual	2016 Proj Actual	2017 Target	2018 Plan	2019 Plan
$12.90	$12.71	$12.91	$12.91	$12.91	$12.91

Key Service Deliverables for 2017

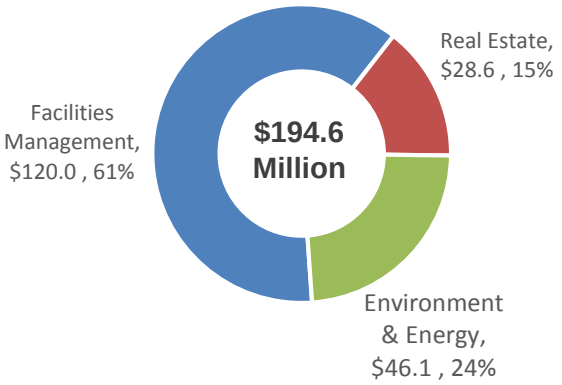
Facilities, Real Estate, Environment & Energy protects, maintains and maximizes the City's investment in its public buildings and real property.

The 2017 Operating Budget will enable FREEE to continue to:

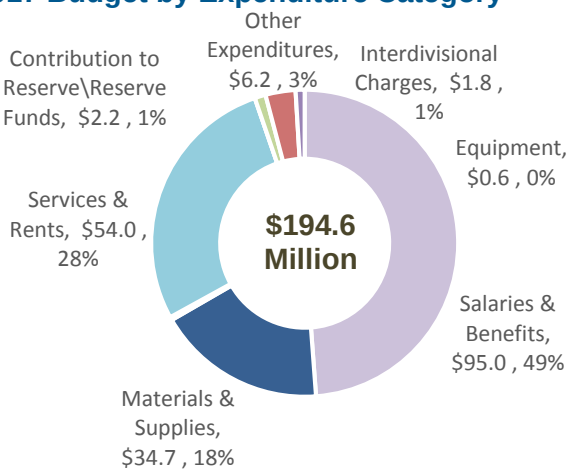
- Maintain City facilities in a clean, safe, and accessible manner as per Council approved maintenance standards.
- Ensure the City's property portfolio is optimal and meets program requirements.
- Develop an organizational structure that optimizes preventative and demand maintenance with state-of-good-repair plans and maximizes project delivery.
- Reduce energy demand and greenhouse gases and increase use of renewable energy technologies and clean energy generation.
- Invest in the growth and development of staff through talent management, leadership development, succession planning, mentorship programs, and by creating a healthy and positive work space.
- Maximize lease revenues by negotiating optimal leasing arrangements.
- Conduct a City-wide Real Estate review to better coordinate real estate portfolios across City Divisions, Agencies and Corporations in order to centralize inventory, improve service delivery and find operational efficiencies.

Where the money goes:

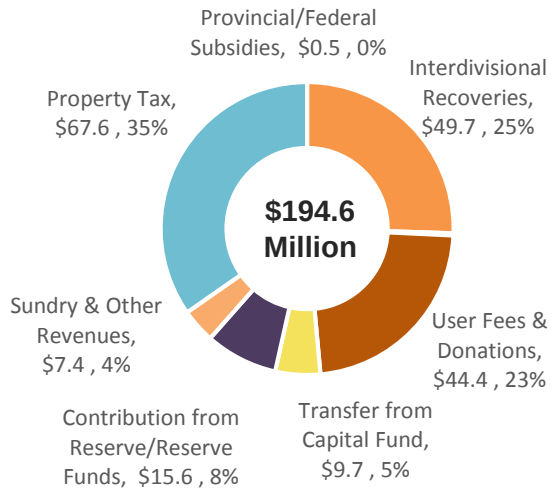
2017 Budget by Service



2017 Budget by Expenditure Category



Where the money comes from:



Our Key Issues & Priority Actions

- **Improving Resilience** to high impact extreme weather events and ability to mitigate potential damages and disruption to City Programs and Agencies.
  - ✓ Two positions were filled in 2015 that are actively engaged in addressing City Council's directives on climate change mitigation and adaptation and the Climate Change Risk Management Policy. Staff reports to City Council are planned for the end of 2016.
- **Unlocking the Value** of the City's real estate portfolio and maximizing the use of City-owned space while meeting client program requirements.
  - ✓ Act on opportunities through detailed review, market research and analysis by qualified staff to ensure City's Real Estate portfolio meets the needs of City Programs and Agencies.
- **Coordination of preventative maintenance, SOGR and energy retrofit projects** to ensure minimal impact and the most cost efficient.
  - ✓ The operating impact resulting from the investment in SAP facilities maintenance functionality will automate core business processes related to facility work orders, scheduled preventative maintenance and inventory management, while interfacing with state of good repair plans.

2017 Operating Budget Highlights

- The 2017 Preliminary Operating Budget for FREEE of $194.646 million in gross expenditures provides funding for three services: Facilities Management, Real Estate and Environment & Energy.
- The Program has achieved the budget target of -2.6% increase from the 2016 Approved Budget mainly due to the following measures:
  - ➢ Efficiency savings ($2.375 million)
  - ➢ Increased leasing revenues ($1.891 million)
  - ➢ Inflation user fee increases ($0.027 million)
- 2016 Service Levels will be maintained.

Actions for Consideration

Approval of the 2017 Preliminary Budget as presented in these notes requires that:

1. City Council approve the 2017 Preliminary Operating Budget for FREEE of $194.646 million gross, $67.556 million net for the following services:

Service:	Gross ($000s)	Net ($000s)
Facilities Management	119,996.5	72,139.3
Real Estate	28,557.3	(32,145.3)
Environment & Energy	46,092.4	27,562.4
Total Program Budget	194,646.2	67,556.3

2. City Council approve the 2017 service levels for FREEE as outlined on pages 17, 20, and 23 of this report, and associated staff complement of 1,000 positions.

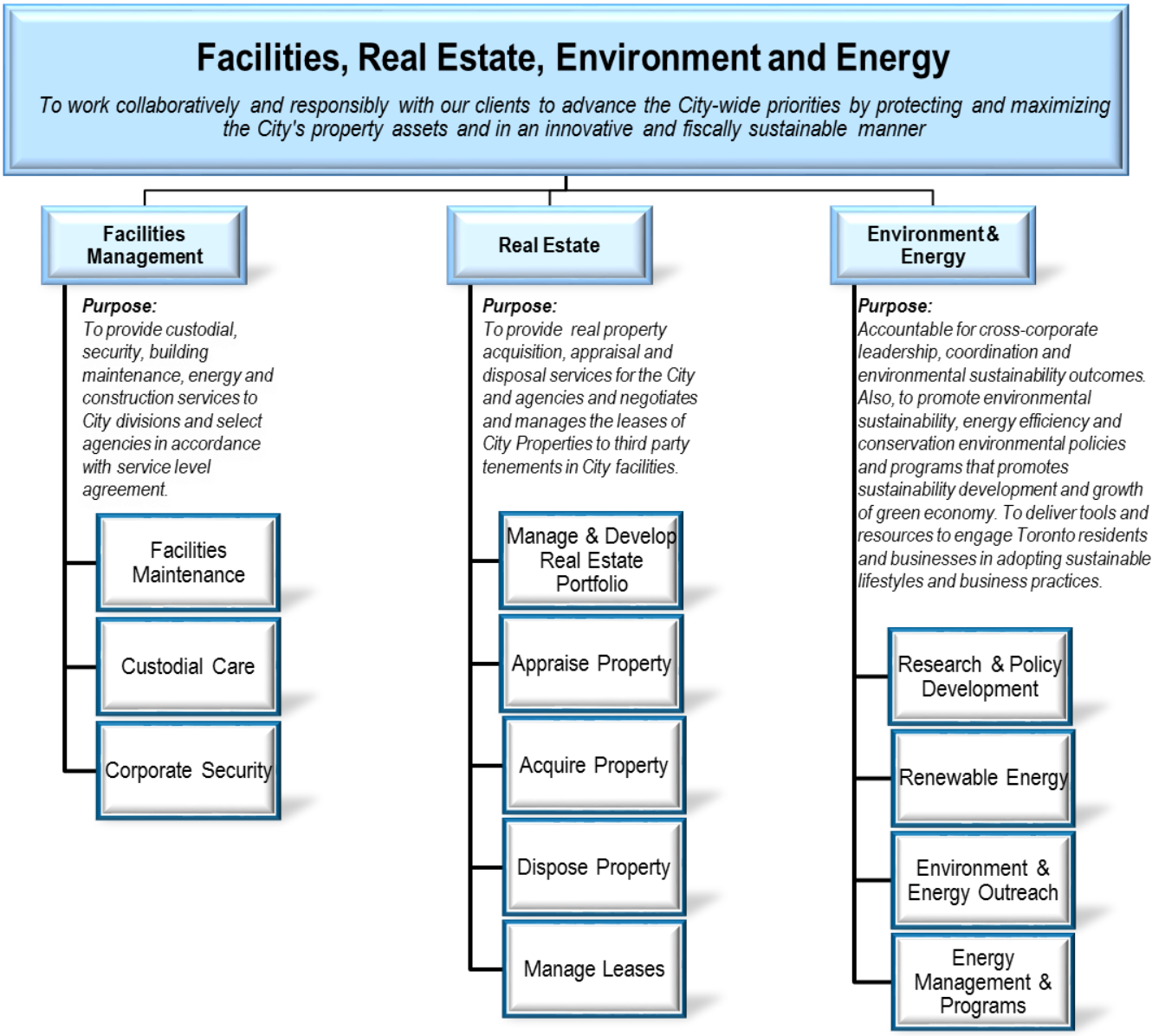
3. City Council direct the information contained in Confidential Attachment 1, remain confidential until the outcome of City Council's decision has been communicated to Unions and affected staff.



Part 1:

2017-2019 Service Overview and Plan

Program Map



Service Customer

Facilities Management

- Residential / Commercial Tenants
- Staff - City Divisions
- Staff - Agencies and Boards
- Community Groups

Indirect (Beneficial)

- Residents
- Provincial & Federal Agencies
- Visitors

Real Estate

- Residential / Commercial Tenants
- Staff - City Divisions
- Staff - Agencies and Boards
- Community Groups

Indirect (Beneficial)

- Residents
- Provincial & Federal Agencies
- Visitors

Environment & Energy

- Residents
- Toronto Building Owners
- Residential / Commercial Tenants
- Staff - City Divisions
- Staff - Agencies and Boards

Indirect (Beneficial)

- Provincial & Federal Agencies
- Visitors

Table 1
2017 Preliminary Operating Budget and Plan by Service

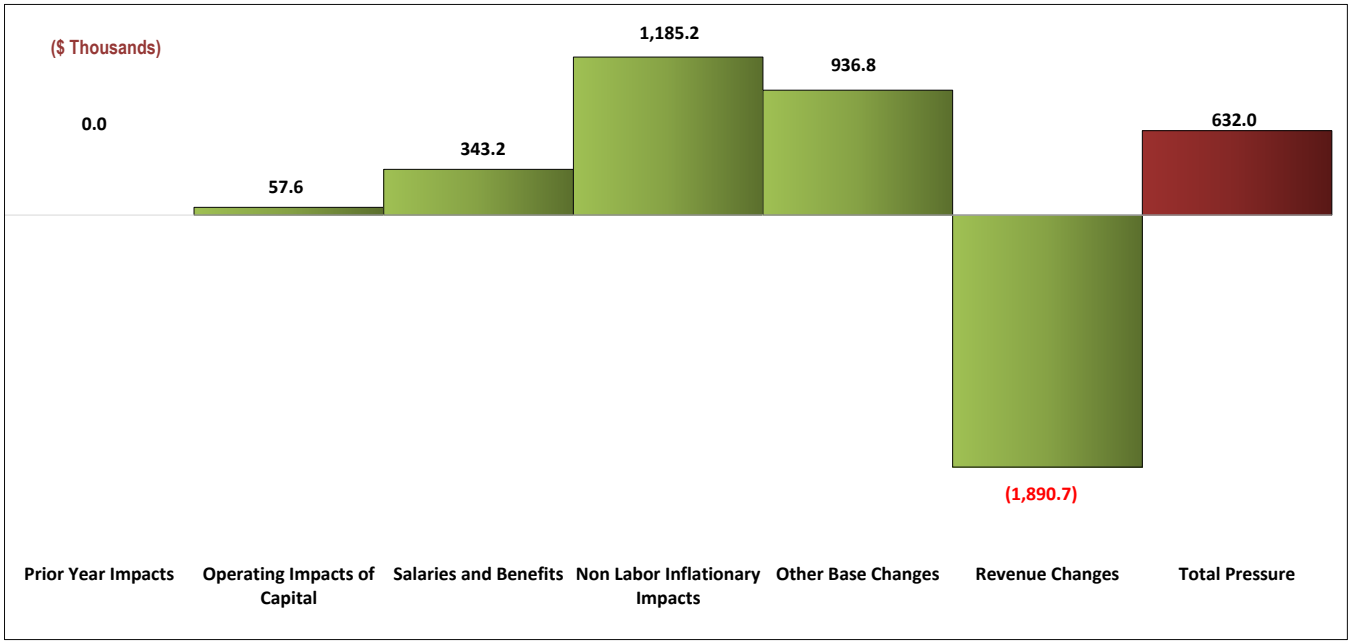
(In $000s)	2016 Budget	2016 Projected Actual	2017 Preliminary Operating Budget Base	2017 Preliminary Operating Budget New/ Enhanced	2017 Preliminary Operating Budget Total Budget	2017 Preliminary vs. 2016 Budget Change $	2017 Preliminary vs. 2016 Budget Change %	Incremental Change 2018 Plan $	Incremental Change 2018 Plan %	Incremental Change 2019 Plan $	Incremental Change 2019 Plan %
By Service	$	$	$	$	$	$	%	$	%	$	%
Facilities Management											
Gross Expenditures	121,528.3	123,225.0	119,996.5		119,996.5	(1,531.8)	(1.3%)	460.6	0.4%	2,447.9	2.0%
Revenue	48,192.7	50,327.2	47,857.2		47,857.2	(335.5)	(0.7%)	(887.4)	(1.9%)	2.0	0.0%
Net Expenditures	73,335.6	72,897.8	72,139.3		72,139.3	(1,196.3)	(1.6%)	1,348.0	1.9%	2,445.8	3.3%
Real Estate											
Gross Expenditures	28,638.9	27,229.1	28,557.3		28,557.3	(81.6)	(0.3%)	(871.0)	(3.1%)	321.2	1.2%
Revenue	58,348.7	57,141.9	60,702.6		60,702.6	2,353.9	4.0%	(902.1)	(1.5%)	12.7	0.0%
Net Expenditures	(29,709.8)	(29,912.7)	(32,145.3)		(32,145.3)	(2,435.5)	8.2%	31.1	(0.1%)	308.5	(1.0%)
Environment & Energy											
Gross Expenditures	44,097.3	41,668.0	46,092.4		46,092.4	1,995.1	4.5%	59.3	0.1%	235.6	0.5%
Revenue	18,397.3	15,499.0	18,530.0		18,530.0	132.6	0.7%	(213.1)	(1.2%)	4.6	0.0%
Net Expenditures	25,699.9	26,169.0	27,562.4		27,562.4	1,862.4	7.2%	272.4	1.0%	231.1	0.8%
Total											
Gross Expenditures	194,264.4	192,122.1	194,646.2		194,646.2	381.7	0.2%	(351.1)	(0.2%)	3,004.7	1.5%
Revenue	124,938.7	122,968.1	127,089.8		127,089.8	2,151.1	1.7%			19.3	0.0%
Total Net Expenditures	69,325.7	69,154.0	67,556.3		67,556.3	(1,769.4)	(2.6%)	(351.1)	(0.5%)	2,985.4	4.4%
Approved Positions	1,023.5	1,026.5	1,000.0		1,000.0	(23.5)	(2.3%)	(2.0)	(0.2%)		

FREEE's 2017 Preliminary Operating Budget is $194.646 million gross and $67.556 million net, representing a 2.6% decrease to the 2016 Approved Net Operating Budget and meets the budget reduction target as set out in the 2017 Operating Budget Directions approved by Council.

- Base pressures are mainly attributable to the cost of inflation in utilities in the Environment & Energy Service and in contractual agreements for maintenance and custodial services, as well as increases for staff salaries and benefits common across all services.
- To help mitigate the above pressures, the Program was able to achieve service efficiency savings through addressing lease overholds; streamlining maintenance functions; reducing the overtime and casual budget; identifying efficiencies in security services; rationalizing the fleet portfolio; standardizing of custodial service levels; and restructuring aspects of its organization to eliminate vacant positions, with minimal to no service level impacts.
- Approval of the 2017 Preliminary Operating Budget will result in FREEE reducing its total staff complement by 23.5 positions from 1,023.5 to 1,000.0.
- The 2018 and 2019 Plan increases are mainly attributable to cost-of-living allowance (COLA), progression pay, step and associated benefit increases.

The following graphs summarize the operating budget pressures for this Program and the actions taken to offset these pressures and meet the budget target.

Key Cost Drivers



Actions to Achieve Budget Reduction Target

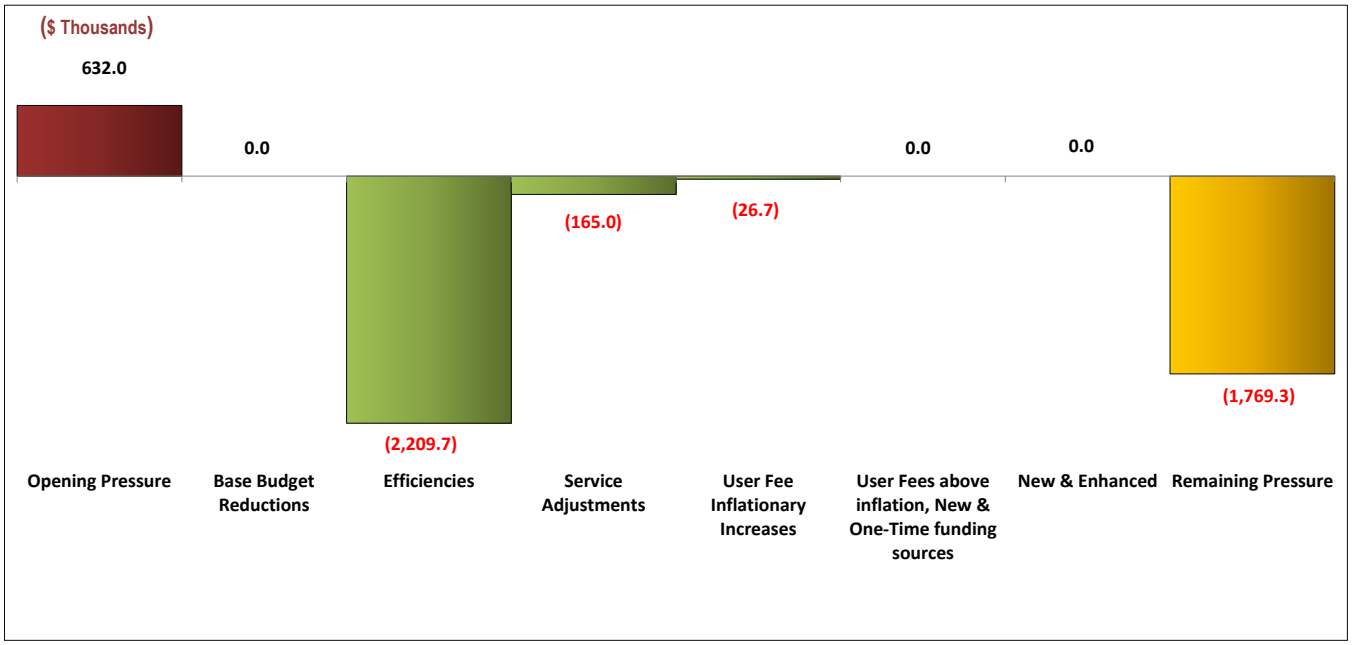


Table 2
Key Cost Drivers

(In $000s)	2017 Base Operating Budget						Total	
	Facilities Management		Real Estate		Environment & Energy			
	$	Position	$	Position	$	Position	$	Position
Gross Expenditure Changes								
Operating Impacts of Capital								
Solar PV Operating Impacts					57.6		57.6	
Delivery of Capital Projects								
BPM Reduction of 3 Temporary Capital Funded Positions		(3.0)						(3.0)
PMO Reduction of 2 Temporary Capital Funded Positions		(2.0)						(2.0)
Salaries and Benefits								
COLA, Progression Pay and Step Increases	352.8		30.3		(40.0)		343.2	
Economic Factors								
Utilities & Non-Labour	176.6				1,008.5		1,185.2	
Other Base Changes								
Union Station Utilities & Operations Reconciliation	58.4				155.3		213.7	
BPM Reduction of 1 FTP Project Manager	6.9	(1.0)					6.9	(1.0)
Increase Contribution to Vehicle Reserve Fund	109.1						109.1	
Utility Base Increases					642.2		642.2	
Other Base Changes	(23.3)		2.0		(13.7)		(35.1)	
Total Gross Expenditure Changes	**680.5**	**(6.0)**	**32.3**		**1,809.9**		**2,522.7**	**(6.0)**
Revenue Changes								
Leasing Revenues			(1,890.7)				(1,890.7)	
Total Revenue Changes			**(1,890.7)**				**(1,890.7)**	
Net Expenditure Changes	**680.5**	**(6.0)**	**(1,858.4)**		**1,809.9**		**632.0**	**(6.0)**

Key cost drivers for FREEE are discussed below:

- Operating Impacts of Capital:
  - Adjustment of $0.0576 million for the Solar Photovoltaic (PV) capital initiative to take into account revised forecasted revenue generation for 2017 and the associated adjustment to capital repayments.
- Delivery of Capital Projects:
  - A reduction of 3.0 temporary capital funded positions within the Business Performance Management (BPM) group as a result of the completion of capital project delivery.
  - A reduction of 2.0 temporary capital funded positions within the Project Management Office (PMO) as a result of the completion of capital project delivery.
- Salaries and Benefits
  - Standard annual increases for cost-of-living allowance (COLA), progression pay for union and management staff, and associated fringe benefit adjustments result in an increase in staff salaries and benefits of $0.343 million.
- Economic Factors:
  - The inflationary increases of $1.185 million are subject to the multi-year contractual agreements with vendors for the procurement of goods and services as well as increasing utility rates.
- Other Base Changes:
  - Union Station Utilities & Contracts – Additional costs are expected due to utility consumption as well as increases to specific maintenance and security guard contracts for the new concourse and retail areas in Union Station. In addition, leasing revenues and retail revenues are estimated to reduce from roughly $10.6 to $7.9 million related to the Union Station Revitalization project. As a result, there is an increase to

withdrawals from the Union Station reserve to offset the revenue shortfall. The expectation is for revenues to ramp back up in 2018 once the project is completed and retail outlets are fully operational, which will replenish the reserve.

- Business Performance Management (BPM) reduction of 1.0 temporary, vacant Project Manager, Facilities Transformation Project (FTP) position that is no longer required within the BPM team. As a part of the FTP restructure and review of all positions, it was ascertained the tasks and responsibilities associated with this position could be executed utilizing existing resources within the BPM group.
- Contribution to Vehicle Reserve – increase in contributions made for future replacements of vehicles.
- Utility Base Increases - Budget increases for non-recoverable facility locations to ensure budget levels reflect actual usage at these facilities.

- Revenue Changes:
  - Leasing Revenues will increase by $1.891 million to take into account the arbitration decision for 2 Bloor Street East for annual rent of $4.2 million. The 2017 Preliminary Operating Budget takes into account $1.710 million in rent. In addition, a 10% increase was negotiated on leases coming due in 2016 to realize additional revenues of $0.138 million on the City's lease portfolio.

In order to achieve the budget reduction target, the 2017 service changes for FREEE consists of base revenue changes of $0.027 million net, service efficiency savings of $2.375 million net and service adjustments within the Program's current service levels of $0.850 million gross and $0 net, for a total of $2.401 million net as detailed on following page.

Table 3
Actions to Achieve Budget Reduction Target
2017 Preliminary Service Change Summary

Description ($000s)	Service Changes						Total Service Changes			Incremental Change			
	Facilities		Real Estate		Environment &		$	$	#	2018 Plan		2019 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.
Base Changes:													
Base Revenue Changes													
User Fee Inflationary Increase		(10.1)		(12.2)		(4.4)		(26.7)					
Base Revenue Change		(10.1)		(12.2)		(4.4)		(26.7)					
Sub-Total		(10.1)		(12.2)		(4.4)		(26.7)					
Service Efficiencies													
Fleet Reduction	(118.5)	(118.5)					(118.5)	(118.5)					
Facilities Management (FM) Elimination of Vacant Positions	(803.7)	(684.1)					(803.7)	(684.1)	(8.5)				
Confidential Position Reductions	(208.4)	(208.4)					(208.4)	(208.4)	(2.0)				
City-Wide Strategic Initiative (CWSI) Position Reduction	(119.0)	(119.0)					(119.0)	(119.0)	(1.0)				
Change in Security Service Delivery at 18 Dyas	(60.0)	(60.0)					(60.0)	(60.0)					
Efficiencies in Security Preventative Maintenance	(100.1)	(100.1)					(100.1)	(100.1)					
Corporate Security Position Reduction	(151.9)	(151.9)					(151.9)	(151.9)	(1.0)				
Efficiencies in Facilities Preventative Maintenance	(200.0)	(200.0)					(200.0)	(200.0)		(300.0)			
Casual & Overtime Budget Reduction	(71.6)	(71.6)			(22.4)	(22.4)	(93.9)	(93.9)					
Change in Enhanced Security at City Hall	(165.0)	(165.0)					(165.0)	(165.0)					
Fleet Fuel Savings	(1.9)	(1.9)	(0.0)	(0.0)	(0.0)	(0.0)	(1.9)	(1.9)					
Addressing Lease Overholds			29.3	(412.2)			29.3	(412.2)					
Real Estate Services (RES) Position Reductions			(59.6)	(59.6)			(59.6)	(59.6)	(1.0)				
Sub-Total	**(2,000.1)**	**(1,880.5)**	**(30.4)**	**(471.9)**	**(22.4)**	**(22.4)**	**(2,052.8)**	**(2,374.7)**	**(13.5)**	**(300.0)**			
Service Adjustments													
Move to Standard Custodial Service Delivery for Toronto Police Locations	(849.6)	(0.0)					(849.6)	(0.0)	(4.0)				
Sub-Total	**(849.6)**	**(0.0)**					**(849.6)**	**(0.0)**	**(4.0)**				
Total Changes	**(2,849.7)**	**(1,890.5)**	**(30.4)**	**(484.1)**	**(22.4)**	**(26.8)**	**(2,902.4)**	**(2,401.4)**	**(17.5)**	**(300.0)**			

Base Revenue Changes (Savings of $0.027 million net)

User Fees

- Inflationary increase of 2.0% on user fees such as Smart Commute Partner Fee, Film Shoots, Appraisal fees, etc.

Service Efficiencies (Savings of $2.053 million gross & $2.375 million net)

Fleet Reduction

- Rationalization of Facilities Management Service's fleet of City vehicles by eliminating 2 vehicles from its portfolio.
- There is no impact to service level associated with this efficiency measure.

Facilities Management (FM) Elimination of Vacant Positions

- Elimination of 8.5 vacant full-time equivalent (FTE) positions within the Facilities Management Service that have been vacant for an extended period of time.
- There is no change to service levels associated with the elimination of these positions.

Confidential Position Reductions

- The elimination of 2.0 positions within the Facilities, Real Estate, Environment & Energy Program. Please refer to Confidential Attachment 1 under separate cover.
- There is no change to service level associated with the elimination of these positions.

City-Wide Strategic Initiative (CWSI) Position Reduction

- Elimination of 1.0 vacant Supervisor position within the City-Wide Strategic Initiatives team.
- There is no change to service level associated with the elimination of this position.

Change in Security Service Delivery at 18 Dyas

- Elimination of a contracted security guard at 18 Dyas Rd location. Instead of an on-site presence, security at the site will be replaced by mobile patrol.

Efficiencies in Security Preventative Maintenance

- Elimination of contracted preventative maintenance work on security systems, to be covered by further leveraging in-house existing resources to perform this work.
- Currently, there is a mixed model of preventative maintenance on security systems which will continue to be utilized, with a slightly greater reliance on in-house resources.

Corporate Security Position Reduction

- The elimination of 1.0 vacant Corporate Security Supervisor position.
- There is no change to service level associated with the elimination of this position.

Efficiencies in Facilities Preventative Maintenance

- Reduction of the contracted services budget for maintenance work by Facilities Management and optimization of existing in-house staff to offset this and maintain the same level of service. This is possible due to the recent reorganization of the Facilities Management Service which allows for a greater pooling and use of in-house staff resources to perform maintenance functions. In addition, the use of new technology tools, such as mobile work order management, will allow for this proposal to be successful.

Casual & Overtime Budget Reduction

- A reduction in the overtime and casual budget within the FREEE Program is possible through organizational efficiencies resulting from the reassignment of responsibilities within the existing complement.
- There is no impact to service level associated with this efficiency savings.

Change in Enhanced Security at City Hall

- A revision of the enhanced security model that was implemented at City Hall since late 2014, is proposed. This would include the removal of security guards at all entrances, except the main doors, where access is limited to City staff, Councilors and others with access cards.
- There will be no change to the current service level. Access to the public will continue to be available at the main doors.

Fleet Fuel Savings

- A reduction in fuel price per liter passed on by Fleet Services to Facilities Management as part of their 2.6% Operating Budget reduction.

Addressing Lease Overholds

- Addressing leases that are in an overhold position to bring them up-to-date and ensure the City is realizing current market rates for these leases. This includes re-purposing a vacant position in the Leasing team to ensure the necessary resources are available support business requirements to address the overhold leases on an on-going basis.

Real Estate Services (RES) Position Reductions

- Reduction of 1.0 vacant support position within Real Estate Services.
- There is no change to service level associated with the elimination of this position.

Service Adjustments (Savings of $0.850 million gross & $0 net)

Move to Standard Custodial Service Delivery for Toronto Police Location

- A reduction to the custodial service level currently being delivered at Toronto Police locations will align the service level to the service standards developed corporately for all City facilities. This change will result in efficiency savings that will be passed on to Toronto Police Services. Currently, the level of service at Toronto Police facilities exceeds the corporate standard service levels.
- These service level changes will result in a reduction in part time hours for custodial staff that equates to $0.250 million in savings and a reduction in 4.0 FTEs. In addition, contracted service needs will also be reduced, resulting in further savings of $0.600 million in 2017.
- The key service level changes which will impact Toronto Police employees will be the elimination of the desk side waste pickup and the introduction of central waste receptacles. The Custodial Standard Service Model will also introduce a consistent green bin program to help the City meet its environmental commitments on a go forward basis. Moving to a consistent level of service will enhance Facilities Management's ability to offer one consistent training and development program for all custodial services across the organization. It will also be the basis for all quality assurance review for both our in-house staff and contracted services.

Approval of the 2017 Preliminary Operating Budget for FREEE will result in a 2018 incremental net cost of $1.652 million and a 2019 incremental net cost of $2.985 million to maintain 2017 service levels, as discussed in the following section.

Table 4
2018 and 2019 Plan by Program

Description ($000s)	2018 - Incremental Increase					2019 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	Position	Gross Expense	Revenue	Net Expense	% Change	Position
Known Impacts:										
Prior Year Impact										
City-Wide Real Estate (CWRE) transfer of Positions to Legal Services and Human Resources	(1,176.2)	(914.6)	(261.6)	(0.4%)						
Operating Impact of Capital	(9.13)	(7.7)	(1.5)	(0.0%)		(11.8)	(8.4)	(3.3)	(0.0%)	
Delivery of Capital Projects	(217.6)	(217.6)			(2.0)					
Salaries and Benefits										
COLA	471.8		471.8	0.7%		571.6		571.6	0.8%	
Salary & Benefit Increases	1,734.5		1,734.5	2.6%		2,222.4		2,222.4	3.2%	
Other Base Changes (specify)										
Interdivisional Costs & Recoveries (IDC/IDR)	(2.9)	10.0	(12.9)	(0.0%)		(38.8)		(38.8)	(0.1%)	
Contribution to Vehicle Reserve	61.8		61.8	0.1%		246.6		246.6	0.4%	
Service Changes	(1,200.0)	(900.0)	(300.0)	(0.4%)						
Other Base Changes	(13.4)		(13.4)	(0.0%)		(3.7)		(3.7)	(0.0%)	
Revenue (specify)										
User Fees		27.2	(27.2)	(0.0%)			27.8	(27.8)	(0.0%)	
Total Incremental Impact	**(351.1)**	**(2,002.7)**	**1,651.5**	**2.4%**	**(2.0)**	**3,004.7**	**19.3**	**2,985.4**	**4.3%**	

Future year incremental costs are primarily attributable to the following:

Known Impacts:

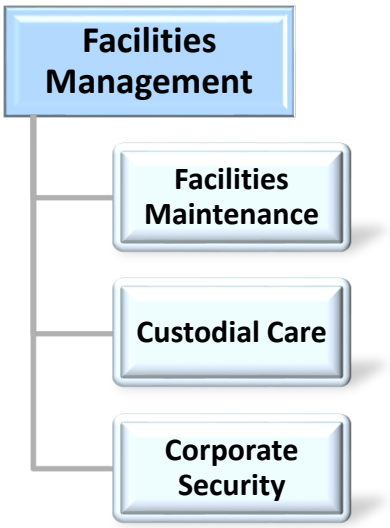
- Incremental increases are mainly driven by COLA, progression pay and step increases for staff salaries and benefits; as well as contributions to the vehicle reserve fund in anticipation of future replacements chiefly in 2019.
- These costs are mainly offset in FREEE's Operating Budget by:
  - The reduction of salary and benefits associated with 8.0 positions in 2017 for the development of a cross-functional transition team for nine months (September 2016 – May 2017) to support the City Wide Real Estate Review (EX16.4) initiative approved by Council at its meeting on July 12th, 2016. http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.4
  - Incremental interdivisional recoveries for maintenance, custodial and security services provided to other City Divisions / Agencies.
  - Expected incremental service efficiency savings from reduced contracted maintenance work and standardized custodial services to Toronto Police locations.
  - User fee revenue increases based on annual inflation of 2.0%.



Part 2:

2017 Preliminary Operating Budget by Service

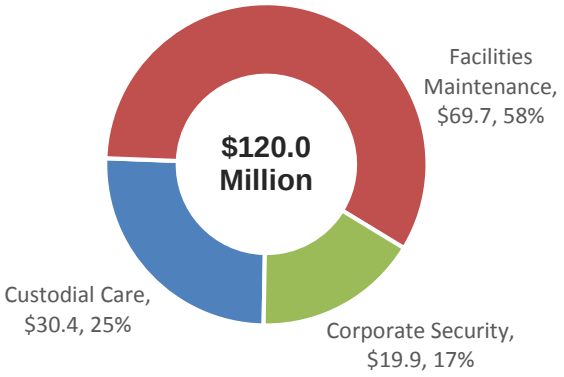
Facilities Management



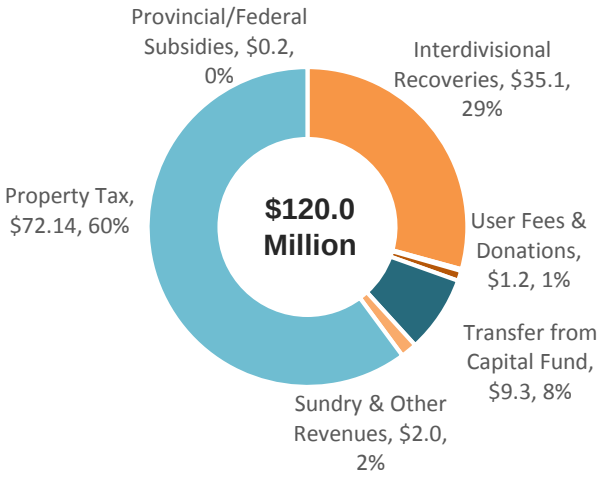
What We Do

- Provide leadership and stewardship of the City's facilities with a commitment to best practices incorporating environmental, social and economic principles.
- Provide routine maintenance, custodial care, security, and construction activities for City Programs and Agencies in accordance with service level agreements.
- Ensure facilities are safe, accessible and available to deliver programs and services by employing facility maintenance standards, life cycle planning and building condition assessments.

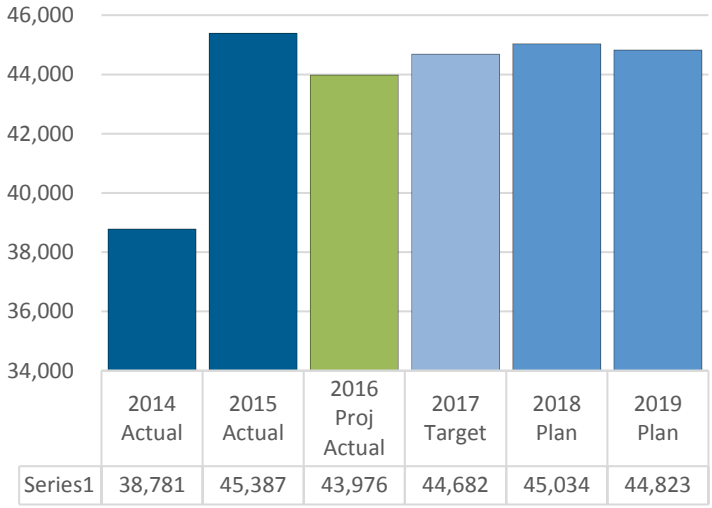
2017 Service Budget by Activity ($Ms)



Service by Funding Source ($Ms)



Volume of Facilities Maintenance Work Orders Completed



	2014 Actual	2015 Actual	2016 Proj Actual	2017 Target	2018 Plan	2019 Plan
Series1	38,781	45,387	43,976	44,682	45,034	44,823

- Facilities Management continues to invest in tools and technology to improve the efficiency and effectiveness of the management of work order requests.
- This has allowed staff to address an increasing amount of work orders annually. An aging building stock has also increased the need for greater repair and maintenance work year over year.
- On demand work orders expected to decline due to greater focus on preventative maintenance and capital project delivery.

2017 Service Levels
Facilities Management

Service/Activity		Status	2014	2015	2016	2017	Footnote
	% of Response times to On-Demand Requests for Facilities Maintenance:	Approved	80% of Compliance with response times to Level 1 / 2 / 3 On-Demand requests within designated timelines			80% of Compliance with response times to Level 1 / 2 / 3 On-Demand requests within designated timelines	1
	- to Level 1 (Emergency) requests within 2 Hours	Actual	N/A	N/A	N/A		
	- to Level 2 (Urgent Service) requests within 48 Hours	Actual	**62%**	**59%**	**61%**		
	- to Level 3 (Necessary Service) requests within 5 Days	Actual	**68%**	**71%**	**76%**		
	% Demand maintenance work completed within standards given availability of parts	Approved	N/A	N/A	Under Development	Under Development: 80% of Compliance with demand maintenance work completed	
		Actual					
	% of Completed construction projects which meet total cost, schedule, and quality defined within their project charters	**New**	**80% of Compliance with completed construction projects meeting three criteria**			**80% of Compliance with completed construction projects meeting three criteria**	**2**
		Actual	**76%**	**94%**	**89%**		
	% of Preventative maintenance work orders completed on schedule **in a pilot of three locations**	Approved	N/A	80%	80%	80% of Compliance with preventative maintenance work orders completed on schedule	3
		Actual	N/A	92-100%	100%		
	% of Capital Spending Rate SOGR - excluding major projects	Approved	N/A	80%	80%	Target: 80% Compliant	
		Actual	56%	**51%**	63%		
	% of Capital Spending Rate SOGR - including major & strategic projects	Approved	N/A	80%	80%	Target: 80% Compliant	
		Actual	51%	**48%**	65%		
	% Client delivered SOGR projects	Approved	N/A	80%	80%	Target: 80% Compliant	
		Actual	N/A	**79%**	85%		
	% Blended Capital Projects	Approved	N/A	80%	80%	Target: 80% Compliant	
		Actual	N/A	**56%**	66%		
	Scheduled Maintenance - Preventative	Approved	95% Compliance		Discontinued	Discontinued in 2016	
	Scheduled Maintenance - On Demand	Approved	90% Compliance		Discontinued	Discontinued in 2016	
	Asset Facility Management / Preservation	Approved	90% Compliance		Discontinued	Discontinued in 2016	
	Environmental Assessments	Approved	95% Compliance		Discontinued	Discontinued in 2016	
	Regulatory Compliance	Approved	100% Compliance		Discontinued	Discontinued in 2016	
Custodial Care	Cleaning Services for City Buildings	Approved	80% of Compliance with client SLAs for daily routine cleaning			80% of Compliance with client SLAs for daily routine cleaning	
		Actual	Compliant	Compliant	Compliant		
	Cleaning Services for Non City Run Programs	Approved	Compliance with client SLAs for daily routine cleaning		Discontinued	Discontinued in 2016	
		Actual	Compliant				
Corporate Security	% increase / decrease in "non-routine" security occurrences Year Over Year (YOY)	Approved	Target: -2.0%			Target: -2.0%	
		Actual	-6.0%	-3.0%	-2.0%		
	Average security system equipment downtime in hours per year	Approved	N/A	100.0%	100.0%	**Discontinued ****	
		Actual		99.9%			
	% of Security system downtime per year	**Approved**	**Target: <= 1.0% Compliance**			**Target: <= 1.0% Compliance**	
		Actual	**N/A**	**1.0%**	**0.9%**		
	% of Security system corrective maintenance completed on time	**Approved**	**Target: Under Development (90.0%)**			**Target: Under Development (90.0%)**	
		Actual	**N/A**	**85.0%**	**90.0%**		
	# of security issues / defects resolved within the standard period	Approved	N/A	100.0%	100.0%	**Discontinued ****	
		Actual					
	% of Corporate Security Projects Completed on Budget/Time	Approved	N/A	80.0%	Discontinued	Discontinued in 2016	
		Actual					

Footnotes:

1 Language change in 2017 / 2016 no targets were provided
2 New Service Level for 2017
3 Language change in 2017
4 Service Activity name change in 2017

Facilities Management is continuing a review of its service levels, service standards and performance measures. As a result, there have been some discontinuation of service level and measures considered no longer relevant or optimal, all in an effort to ensure service levels reported reflect the services being performed by the Program. In addition, a new service level measure has been added to the Facilities Maintenance activity regarding the rate of completion of construction projects under the criteria of cost, quality and scheduling to better represent its service level commitments.

Table 5

2017 Preliminary Service Budget by Activity

	2016	2017 Operating Budget									Incremental Change			
	Budget	Base Budget	Service Changes	2016 Base	Base Budget vs. 2016 Budget	% Change	New/ Enhanced	2017 Budget	2017 Prelim Budget vs. 2016 Budget		2018 Plan		2019 Plan	
($000s)	$	$	$	$	$	%	$	$	$	%	$	%	$	%
GROSS EXP.														
Facilities Maintenance	69,187.6	71,091.0	(1,376.4)	69,714.6	527.0	0.8%		**69,714.6**	527.0	0.8%	800.7	1.1%	1,331.8	1.9%
Custodial Care	32,296.3	31,390.1	(996.0)	30,394.1	(1,902.2)	(5.9%)		**30,394.1**	(1,902.2)	(5.9%)	(856.9)	-2.8%	465.2	1.6%
Corporate Security	20,044.4	20,365.1	(477.2)	19,887.9	(156.5)	(0.8%)		**19,887.9**	(156.5)	(0.8%)	516.8	2.6%	650.9	3.2%
Total Gross Exp.	121,528.3	122,846.2	(2,849.7)	119,996.5	(1,531.8)	(1.3%)		**119,996.5**	(1,531.8)	(1.3%)	460.6	0.4%	2,447.9	2.0%
REVENUE														
Facilities Maintenance	28,716.1	29,044.0	(92.8)	28,951.2	235.1	0.8%		**28,951.2**	235.1	0.8%	1.2	0.0%	0.6	0.0%
Custodial Care	12,648.9	12,675.1	(876.5)	11,798.6	(850.3)	(6.7%)		**11,798.6**	(850.3)	(6.7%)	(889.5)		0.5	0.0%
Corporate Security	6,827.7	7,107.4		7,107.4	279.7	4.1%		**7,107.4**	279.7	4.1%	0.9	0.0%	0.9	0.0%
Total Revenues	48,192.7	48,826.4	(969.2)	47,857.2	(335.5)	(0.7%)		**47,857.2**	(335.5)	(0.7%)	(887.4)		2.0	0.0%
NET EXP.														
Facilities Maintenance	40,471.5	42,047.0	(1,283.7)	40,763.4	291.8	0.7%		**40,763.4**	291.8	0.7%	799.5	2.0%	1,331.1	3.2%
Custodial Care	19,647.3	18,715.0	(119.6)	18,595.4	(1,051.9)	(5.4%)		**18,595.4**	(1,051.9)	(5.4%)	32.6	0.2%	464.7	2.5%
Corporate Security	13,216.7	13,257.7	(477.2)	12,780.5	(436.2)	(3.3%)		**12,780.5**	(436.2)	(3.3%)	515.9	4.0%	650.0	4.9%
Total Net Exp.	73,335.6	74,019.7	(1,880.5)	72,139.3	(1,196.3)	(1.6%)		**72,139.3**	(1,196.3)	(1.6%)	1,348.0	1.9%	2,445.8	3.2%
Approved Positions	864.2	858.2	(16.5)	841.7	(22.5)	(2.6%)		**841.7**	(22.5)	(2.6%)		0.0%		

The ***Facilities Management Service*** provides routine maintenance, custodial care, security, and construction activities for City Programs and Agencies in accordance with service level agreements.

The Facilities Management Service's 2017 Preliminary Operating Budget of $119.997 million gross and $72.139 million net is $1.196 million or 1.6% under the 2016 Approved Net Budget.

- Base budget pressures in the Facilities Management Service are primarily due to increases in progression pay for union and management staff, and associated fringe benefit adjustments common among all activities resulting in an increase of $0.353 million in salaries and benefits.
- Inflationary increases of $0.177 million reflect the multi-year contractual agreements with vendors for the procurement of goods and services for Custodial Care and Facilities Maintenance.
- Increases in contributions to the vehicle reserve fund of $0.109 million are based on anticipated future vehicle replacements.
- Increases of $0.058 million for specific maintenance and security guard contracts for the new concourse and retail areas in Union Station as part of the full revitalization initiative to be completed in 2018.
- In addition, there is a total reduction of 6.0 positions within the Service related to the elimination of 1.0 Project Manager position in the Business Performance Management (BPM) group supporting the Facilities Transformation Project (FTP); and 5.0 temporary capital funded positions in BPM (3.0) and the Project Management Office (PMO) (2.0).
- In order to offset these pressures, the 2017 Preliminary Operating Budget includes service efficiency savings of $1.881 million net for fleet rationalization, preventative maintenance work efficiencies, changes in the enhanced security model at City Hall, and reductions in vacant positions resulting in the elimination of 12.5 positions within the Service.
- In addition, service adjustments result in savings of $0.850 million gross and $0 net from changes to custodial service levels at Toronto Police locations with a reduction of 4.0 custodial positions.

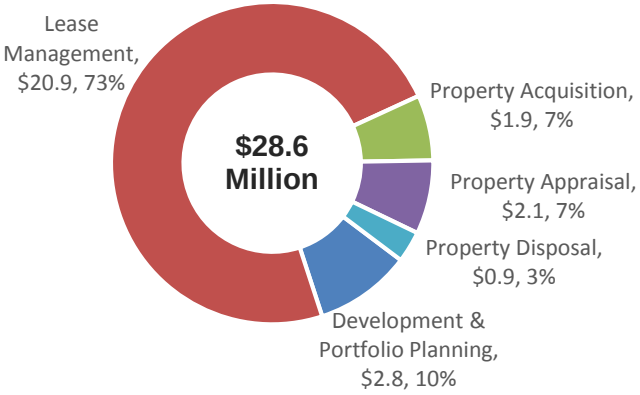
Real Estate



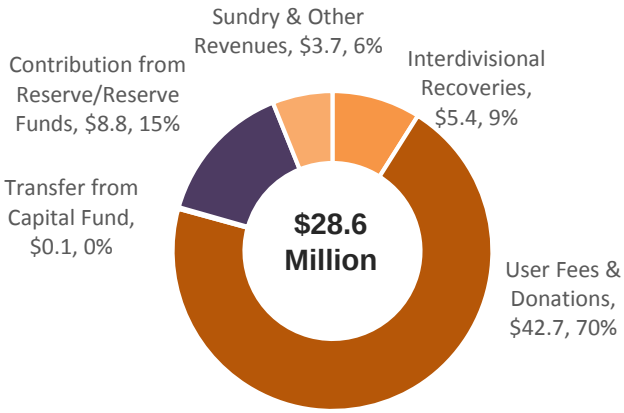
What We Do

- Provides property appraisal, negotiation, acquisition and disposal services for City Programs and Agencies to ensure the City's Real Estate portfolio represents a strategic asset mix that reflects program and stakeholders needs.
- Provide routine lease administration and manage leases of City properties with third party tenants.
- Maximize lease revenues by regularly reviewing the City's building portfolio and current market rates, negotiating optimal leasing arrangements and identifying target properties for acquisition or disposal to ensure the City's building portfolio is optimal.

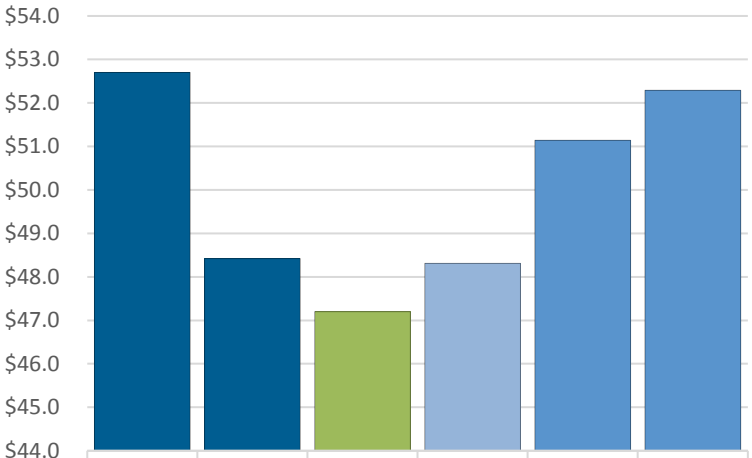
2017 Service Budget by Activity ($Ms)



Service by Funding Source ($Ms)



Lease Revenue Maximization ($M)



	2014 Actual	2015 Actual	2016 Proj Actual	2017 Target	2018 Plan	2019 Plan
Series1	$52.7	$48.4	$47.2	$48.3	$51.1	$52.3

- Ongoing construction as part of the Union Station Revitalization project impacted revenues in 2015 and projected revenues for 2016, as space that was previously leased out is being vacated and renovated.
- Leasing revenues are expected to trend upwards in 2018 and beyond as new retail space at Union Station is development and becomes operational.

2017 Service Levels
Real Estate

Service/Activity		Status	2014	2015	2016	2017	Footnote
Property Appraisal	% of Appraisals completed within 6 weeks after **client requests**	Approved	90.0%	90.0%	90.0%	90.0%	3
		Actual	**86.5%**	**85.6%**	86.0%		
Properties Acquisitions **& Expropriation**	% Compliance to acquire properties within client timeframes	Approved	80% Compliance			**Discontinued**	
		Actual	78.0%	80.0%	N.A		
	% of Acquisition price to appraised value	**New**	**100% Compliance**			**100% Compliance**	**2**
		Actual	**103.3%**	**103.0%**	**101.6%**		
Real Estate Disposal at Market Rates	% of Compliance with disposing of properties at 100% or better of appraised value	Approved	100.0%	100.0%	100.0%	100.0%	4
		Actual	**90.9%**	**76.2%**	100.0%		
Lease Management	Property Leasing	Approved	95% Compliance		Discontinued	Discontinued in 2016	
	Negotiate New Leases	Approved	95% Compliance		Discontinued	Discontinued in 2016	
	Renew Leases	Approved	95% Compliance		Discontinued	Discontinued in 2016	
	Terminate Leases	Approved	100% Compliance		Discontinued	Discontinued in 2016	
	Lease Payments	Approved	100% Compliance		Discontinued	Discontinued in 2016	
	Receive Lease Revenue	Approved	95% Compliance		Discontinued	Discontinued in 2016	
	Property Assessment Review	Approved	100% Compliance		Discontinued	Discontinued in 2016	
	Property Assessment Savings & Revenues	Approved	100% Compliance		Discontinued	Discontinued in 2016	
Development and Portfolio Planning	Review Property Portfolio	Approved	100% Compliance		Discontinued	Discontinued in 2016	

Footnotes:

1 Language change in 2017 / 2016 no targets were provided
2 New Service Level for 2017
3 Language change in 2017
4 Service Activity name change in 2017

The Real Estate Service is continuing a review of its service levels, service standards and performance measures. As a result, there have been a few adjustments to service level and measures, all in an effort to ensure service levels reported reflect the services being performed by the Program. A new service level measure has been added to the Properties Acquisitions & Expropriation activity regarding the percent of acquisition price to appraised value to measure Real Estate Services' ability to negotiate acquisition agreements in line with the appraised value.

Table 6
2017 Preliminary Service Budget by Activity

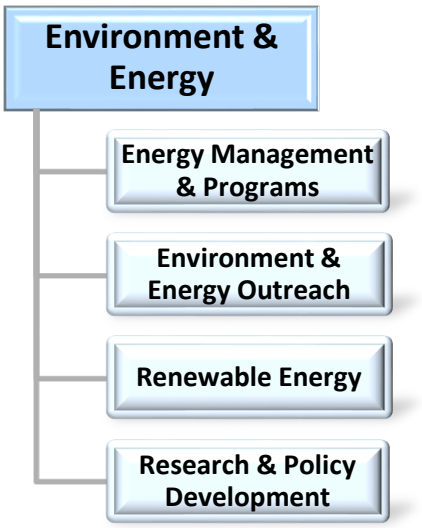
($000s)	2016 Budget	2017 Preliminary Operating Budget							2017 Prelim. Budget vs. 2016 Budget		Incremental Change			
		Base Budget	Service Changes	Preliminary Base	Prelim. Base Budget vs. 2016 Budget	% Change	New/ Enhanced	Prelim. Budget			2018 Plan		2019 Plan	
	$	$	$	$	$	%	$	$	$	%	$	%	$	%
GROSS EXP.														
Development & Portfolio Planning	1,938.6	2,770.2		2,770.2	831.6	42.9%		**2,770.2**	831.6	42.9%	(1,105.2)	-39.9%	62.8	3.8%
Lease Management	20,605.5	20,784.0	112.4	20,896.4	290.9	1.4%		**20,896.4**	290.9	1.4%	126.0	0.6%	118.7	0.6%
Property Acquisition	2,404.8	1,958.0	(80.3)	1,877.8	(527.0)	(21.9%)		**1,877.8**	(527.0)	(21.9%)	59.7	3.2%	60.4	3.1%
Property Appraisal	1,974.1	2,179.1	(62.5)	2,116.6	142.4	7.2%		**2,116.6**	142.4	7.2%	60.0	2.8%	58.5	2.7%
Property Disposal	1,715.9	896.4		896.4	(819.5)	(47.8%)		**896.4**	(819.5)	(47.8%)	(11.5)	-1.3%	20.8	2.3%
Total Gross Exp.	28,638.9	28,587.7	(30.4)	28,557.3	(81.6)	(0.3%)		**28,557.3**	(81.6)	(0.3%)	(871.0)	-3.1%	321.2	1.1%
REVENUE														
Development & Portfolio Planning	936.8	914.6		914.6	(22.2)	(2.4%)		**914.6**	(22.2)	(2.4%)	(914.6)			
Lease Management	55,054.1	57,200.6	441.5	57,642.1	2,588.0	4.7%		**57,642.1**	2,588.0	4.7%				
Property Acquisition	928.2	928.2		928.2				**928.2**						
Property Appraisal	660.5	672.7		672.7	12.2	1.8%		**672.7**	12.2	1.8%	12.5		12.7	1.9%
Property Disposal	769.1	545.0		545.0	(224.1)	(29.1%)		**545.0**	(224.1)	(29.1%)				
Total Revenues	58,348.7	60,261.2	441.5	60,702.6	2,353.9	4.0%		**60,702.6**	2,353.9	4.0%	(902.1)		12.7	0.0%
NET EXP.														
Development & Portfolio Planning	1,001.8	1,855.6		1,855.6	853.8	85.2%		**1,855.6**	853.8	85.2%	(190.6)	-10.3%	62.8	3.8%
Lease Management	(34,448.6)	(36,416.7)	(329.0)	(36,745.7)	(2,297.1)	6.7%		**(36,745.7)**	(2,297.1)	6.7%	126.0	-0.3%	118.7	(0.3%)
Property Acquisition	1,476.5	1,029.8	(80.3)	949.6	(527.0)	(35.7%)		**949.6**	(527.0)	(35.7%)	59.7	6.3%	60.4	6.0%
Property Appraisal	1,313.6	1,506.4	(62.5)	1,443.9	130.2	9.9%		**1,443.9**	130.2	9.9%	47.5	3.3%	45.8	3.1%
Property Disposal	946.8	351.4		351.4	(595.4)	(62.9%)		**351.4**	(595.4)	(62.9%)	(11.5)	-3.3%	20.8	6.1%
Total Net Exp.	(29,709.8)	(31,673.5)	(471.9)	(32,145.3)	(2,435.5)	8.2%		**(32,145.3)**	(2,435.5)	8.2%	31.1	-0.1%	308.5	(1.0%)
Approved Positions	95.0	95.0	(1.0)	94.0	(1.0)	(1.1%)		**94.0**	(1.0)	(1.1%)		0.0%		

The ***Real Estate Service*** focuses on the provision of routine lease administration, acquisitions, disposals, property negotiations and appraisals to ensure the City's real estate assets represent a strategic portfolio mix reflecting City's Programs and Agencies and stakeholder needs.

The Real Estate Service's 2017 Preliminary Operating Budget of $28.557 million gross and $32.145 million net revenues is $2.436 million or 8.2% under the 2016 Approved Net Budget.

- The year-over-year net decrease is mainly driven by leasing revenues of $1.891 million, inflationary increases to user fees of $0.012 million, and service efficiency savings of $0.472 million from addressing lease overholds and the reduction of 1.0 vacant support position within the Service.
- These reductions are partially offset by incremental increases to COLA, step, progression pay and associated fringe benefits for staff.

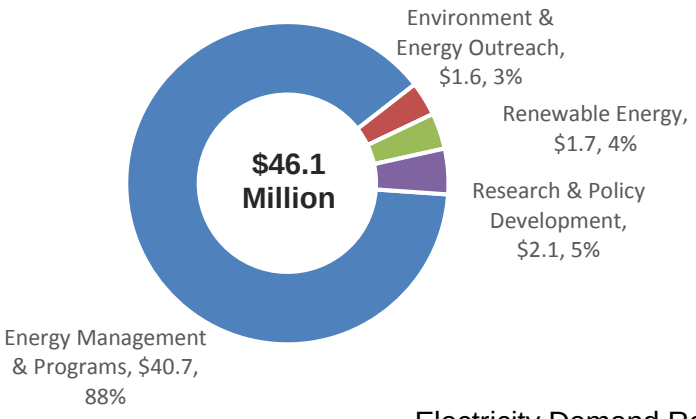
Environment & Energy



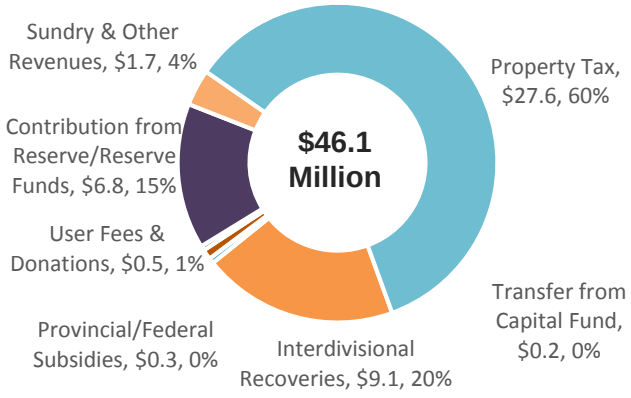
What We Do

- Provide cross-corporate leadership and coordination of activities to achieve sustainable environment and energy outcomes.
- Lead the development and implementation of innovative environmental and energy policies and programs to help reduce greenhouse gas emissions, facilitate energy conservation and demand management and ensure security of the energy supply.
- Inspire citizens, businesses, and other stakeholders to make Toronto North America's most environmentally sustainable city.
- Build a Resilient City by delivering tools and resources to engage residents and businesses in adopting sustainable lifestyles and practices.

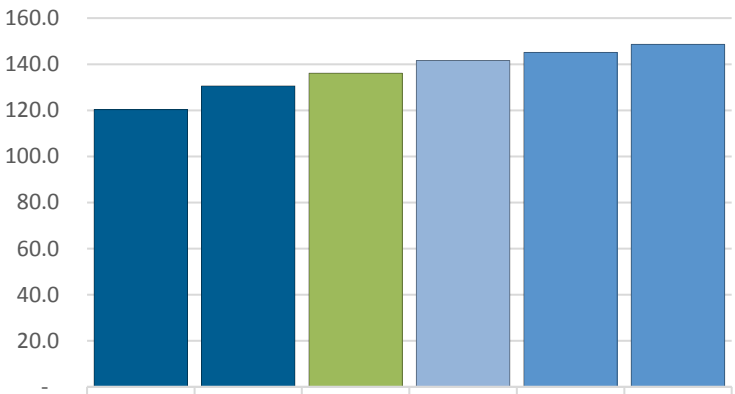
2017 Service Budget by Activity ($Ms)



Service by Funding Source ($Ms)



Electricity Demand Reduction (Megawatt)



	2014 Actual	2015 Actual	2016 Proj Actual	2017 Target	2018 Plan	2019 Plan
Series1	120.3	130.6	136.1	141.6	145.1	148.6

- This graph represents cumulative amounts. Since 2011, there has been a reduction in electricity demand every year vs the baseline.
- The goal of Environment and Energy is to reduce electricity demand in Toronto by 133 megawatts by 2016, focusing on energy efficient buildings and infrastructure, and encouraging stakeholders to reduce energy consumption through planned efficiencies and effective communication strategies.
- Every 5MW reduction in demand is equivalent to the demand of a new 40-story condominium tower.

2017 Service Levels
Environment & Energy

Service/Activity		Status	2014	2015	2016	2017	Footnote
Energy Management & Programs	Normalized energy consumption (eKWH) per sq.ft. for corporate buildings per year	Approved	30.00	30.00	29.00	28.19	
		Actual	29.92	28.63	28.60		
	Achieve or surpass **90%** waste diversion per year on a corporate level	Approved	Beyond 70%	Beyond 80%	Beyond 90%	Beyond 90%	
		Actual	88%	89%	90%		
Renewable Energy **Projects**	**Revenue ($) generated from renewable energy projects per year**		Meet or exceed target revenue			**Meet or exceed target revenue**	1
		Approved	$493.9K	$599.4K	$875.0K	**$1,043.0K**	
		Actual	$500.0K	**$599.4K**	$913.0K		
Research & Policy Development	Energy Supply Agreements	Approved	Uninterrupted utility service as a result of contracting 100% of the time		Discontinued	Discontinued in 2016	
	Energy Retrofits	Approved	Savings of up to 25% of building energy use				
Environment & Energy Outreach	Administer Loan Programs	Approved	100% loan repayments are received on time with no defaults		Discontinued	Discontinued in 2016	
	Funding Agreements	Approved	Average 22 Megawatt per year				
Reducing Emissions to Environment	% of Reduction in eCO2 emissions to environment relative to 1990 level*	**Status**	**2012**	**2013**	**2014 Forecast**	**2015 Forecast**	*Years reported because of a two year lag in data collection
		New	30% Reduction by 2020 vs. 1990 level			**30% Reduction by 2020 vs. 1990 level**	
		Actual	25.07%	23.89%	24.96%		

Footnotes:

1 Language change in 2017 / 2016 no targets were provided
2 New Service Level for 2017
3 Language change in 2017
4 Service Activity name change in 2017

The Environment & Energy Service is continuing a review of its service levels, service standards and performance measures. As a result, there have been a few adjustments to service level standards and measures including a new measure for the rate of reduction of carbon dioxide equivalents (eCO2) emissions, all in an effort to ensure service levels reported reflect the services being performed by the Program.

Table 7
2017 Preliminary Service Budget by Activity

	2016	2017 Preliminary Operating Budget							2017 Prelim. Budget vs. 2016 Budget		Incremental Change 2018 Plan		Incremental Change 2019 Plan	
($000s)	Budget	Base Budget	Service Changes	Preliminary Base	Prelim. Base Budget vs. 2016 Budget	% Change	New/ Enhanced	Prelim. Budget						
	$	$	$	$	$	%	$	$	$	%	$	%	$	%
GROSS EXP.														
Energy Management & Programs	38,309.0	40,760.6	(22.4)	40,738.2	2,429.3	6.3%		**40,738.2**	2,429.3	6.3%	138.4	0.3%	112.5	0.3%
Environment & Energy Outreach	1,771.9	1,582.2		1,582.2	(189.6)	(10.7%)		**1,582.2**	(189.6)	(10.7%)	45.6	2.9%	35.8	2.2%
Renewable Energy	1,779.1	1,664.5		1,664.5	(114.6)	(6.4%)		**1,664.5**	(114.6)	(6.4%)	(177.6)	-10.7%	30.4	2.0%
Research & Policy Development	2,237.3	2,107.4		2,107.4	(130.0)	(5.8%)		**2,107.4**	(130.0)	(5.8%)	52.9	2.5%	57.0	2.6%
Total Gross Exp.	44,097.3	46,114.7	(22.4)	46,092.4	1,995.1	4.5%		**46,092.4**	1,995.1	4.5%	59.3	0.1%	235.6	0.5%
REVENUE														
Energy Management & Programs	15,566.9	16,260.6		16,260.6	693.7	4.5%		**16,260.6**	693.7	4.5%				
Environment & Energy Outreach	882.1	528.3		528.3	(353.8)	(40.1%)		**528.3**	(353.8)	(40.1%)	4.5		4.6	0.9%
Renewable Energy	1,488.7	1,281.5		1,281.5	(207.2)	(13.9%)		**1,281.5**	(207.2)	(13.9%)	(217.6)			
Research & Policy Development	459.6	459.6		459.6				**459.6**						
Total Revenues	18,397.3	18,530.0		18,530.0	132.6	0.7%		**18,530.0**	132.6	0.7%	(213.1)		4.6	0.0%
NET EXP.														
Energy Management & Programs	22,742.0	24,500.0	(22.4)	24,477.6	1,735.6	7.6%		**24,477.6**	1,735.6	7.6%	138.4	0.6%	112.5	0.5%
Environment & Energy Outreach	889.8	1,054.0		1,054.0	164.2	18.5%		**1,054.0**	164.2	18.5%	41.1	3.9%	31.2	2.8%
Renewable Energy	290.4	383.0		383.0	92.6	31.9%		**383.0**	92.6	31.9%	40.0	10.4%	30.4	7.2%
Research & Policy Development	1,777.7	1,647.7		1,647.7	(130.0)	(7.3%)		**1,647.7**	(130.0)	(7.3%)	52.9	3.2%	57.0	3.4%
Total Net Exp.	25,699.9	27,584.7	(22.4)	27,562.4	1,862.4	7.2%		**27,562.4**	1,862.4	7.2%	272.4	1.0%	231.1	0.8%
Approved Positions	64.3	64.3		64.3	(0.0)	(0.0%)		**64.3**	(0.0)	(0.0%)	(2.0)	-3.1%		

The ***Environment & Energy Service*** works with residents, businesses and City Programs and Agencies to reduce greenhouse gas emissions, build a resilient city, facilitate energy conservation and demand management and ensure energy security and supply.

The Environment & Energy Service's 2017 Preliminary Operating Budget of $46.092 million gross and $27.562 million net is $1.862 million or 7.2% over the 2016 Approved Net Budget.

- Base budget pressures in Environment & Energy Service are primarily due to inflationary increases of $1.009 million due to rising utility rates, specifically electricity, natural gas and water rates, under Energy Management & Programs.
- Additional costs related to Union Station of $0.155 million due to an expected increase in utilities usage as well as a reduction in lease and retail revenue forecasts for the new concourse and retail areas in Union Station that are expected to be fully operational by 2018.
- Utility base increases of $0.642 million are included in the Service for costs over and above inflation to align budgets with expected usage and costs at various corporately funded locations.
- Operating impacts of $0.058 million for the Solar Photovoltaic (PV) capital initiative relate to a reduction in capital repayments of $0.138 million funded from the Sustainable Energy Fund (SEF) and an associated reduction in revenues of $0.196 million to align with revised forecasts of Solar PV revenues.
- In order to offset these pressures, the 2017 Preliminary Operating Budget includes service efficiency savings of $0.022 million related to the reduction of the casual and overtime budget.



Part 3:

Issues for Discussion

Issues Impacting the 2017 Budget

Budget Reduction Target

- At its meeting on July 12, 2016, the "*2017 Budget Process: Budget Directions and Schedule*" staff report (EX16.37) was submitted for consideration and adopted by City Council regarding the establishment of the 2017 Budget Process and the scheduling of the review and approval of the Tax and Rate Supported 2017 Operating Budget and 2017-2026 Capital Budget and Plan for the City of Toronto. (http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-94519.pdf)

- City Council adopted an across the board budget reduction target of -2.6% net below the 2016 Approved Net Operating Budgets for all City Programs and Agencies utilizing strategies including but not limited to controlling expenditures through cost saving measures, and exploring all services for efficiency savings including opportunities from business process reengineering, streamlining, transformation and innovation to service delivery.

- Facilities Management, Real Estate, Environment & Energy conducted a thorough review of all base expenditures and revenues to identify areas for cost and efficiency savings with minimal to no impact on service levels. As a result of these efforts, the Program's 2017 Preliminary Operating Budget of $194.646 million gross and $67.556 million net, represents the achievement of the 2.6% reduction from the 2016 Net Budget.

- The Real Estate Service underwent a review of all leases coming due in 2016 and is expected to realize a 10% increase in revenues on the City's lease portfolio, resulting in additional base revenues of $0.138 million. To address the issue of unlocking the value of the City’s real estate portfolio and maximizing the use of City-owned space while meeting client program requirements, it is important that the Program continue to review and assess the value of its lease agreements including the terms and conditions stipulated, to maximize revenue potential for the City.

- Service efficiency savings of $2.053 million gross and $2.375 million net were also identified through addressing lease overholds; streamlining maintenance functions; reducing overtime and casual budget; rationalizing of the fleet portfolio; restructuring aspects of its organization to eliminate vacant positions; and revising the enhanced security model at City Hall, with an associated complement reduction of 13.5 positions. In addition, service adjustments of $0.850 million gross and $0 net, with an associated complement reduction of 4.0 positions was achieved through the standardization of custodial services provided to several Toronto Police facilities based on a reassessment of service needs.

- With increasing budget pressures from salary and benefit and utility costs, it will be difficult for FREEE to identify ongoing sustainable savings in future years' Operating Budget submissions. The Program is mindful of the notable expense challenges and resource constraints in the future for the City of Toronto.

- FREEE will continue working to make meaningful changes to ensure the City's future financial stability and to support Council's policy direction to invest in and support the growth of our community.

Utilities Energy Efficiency, Consumption Benchmarking and Forecasted Pressures

Energy Efficiency

- Over the last 5 years, savings (including costs avoided) in utilities have been realized due to ongoing energy efficiency improvements in City facilities, strategic utility utilization and purchases, and building automation upgrades allowing for better control and scheduling of energy consumption and equipment.
- The savings from 2012 to 2016 which has totaled $3.4 million, allowed the Program to mitigate budget pressures and/or meet the budget targets each year since 2012. The table below summarizes the savings from 2012 to 2016.

Year	Net Savings ($ millions)
2016	0.290
2015	0.501
2014	0.655
2013	0.701
2012	1.240

- Annual avoided costs from LED lighting retrofits in various City facilities (Corporate buildings and Long Term Care Homes) in 2017 are estimated at $0.700 million. Avoided costs for 2018 will be a function of the resources available to the Division through the capital and operating budgets. Recommendations in the forthcoming Transform TO report in Q2 2017, will help to shape plans for energy retrofits of City facilities.
- This initiative is a community-wide, cross-corporate initiative designed to engage residents, experts, stakeholders and all City Divisions, Agencies and Corporations on how Toronto can achieve a low-carbon future that meets the needs of all Torontonians.
- At its meeting on November 17, 2016, the "*TransformTO: Climate Action for a Healthy Equitable, and Prosperous Toronto – Report #1*" staff report (PE15.1) was submitted for consideration and adopted by the Parks and Environment Committee regarding the short-term strategies needed to expand and accelerate existing innovative programs and policies to maximize emission reduction potential to 2020 and bring the city's trajectory in line with Council's 2050 low-carbon target. These plans will also be impacted by the availability of funding from the federal and provincial governments.
  http://www.toronto.ca/legdocs/mmis/2016/pe/bgrd/backgroundfile-98039.pdf

Consumption Benchmarking

- When comparing the City of Toronto to other municipalities, it is important to note some operational differences. Larger municipalities have unique operational needs when compared to smaller municipalities. Other factors, such as climatic zone and availability of natural gas, also have an impact. Accordingly, we have chosen other municipalities in the Greater Toronto and Hamilton Area (GTHA) for benchmarking purposes.
- The comparative benchmarking table below compares the City of Toronto to the GTHA. The data is sourced from the Ontario Ministry of Energy's open data portal, which has been populated from data submitted by municipalities in regards to the Green Energy Act, O.Reg 397/11.

Operating Type	City of Toronto 2013 EUI eWh/HDD/sqft	GTHA 2013 EUI eWh/HDD/sqft
Administrative offices and related facilities including municipal council chambers	8.7	9.2
Community centres	11.0	9.0
Cultural facilities	15.0	7.9
Fire stations and associated offices and facilities	9.6	10.0
Indoor recreational facilities	17.4	13.0
Indoor sports arenas	10.6	11.1
Other	9.4	13.1
Police station and associated offices and facilities	8.4	9.0
Storage facilities where equipment or vehicles are maintained, repaired or stored	9.0	10.2

1. The normalization of data dependent on weather and floor area uses the unit of measurement ekWh/ Heating Degree Day / square foot
2. 2013 EUI (Energy Use Intensity) is presented as this is the latest data available with respect to the Green Energy Act, O.Reg 397/11.

- Environment & Energy's primary operation types are Administrative Offices, Police Stations, and Storage Facilities. When comparing these operation types to other GTHA municipalities, the City of Toronto's facilities are more energy efficient.

Utilities Cost Pressure

- The table below illustrates how the Environment & Energy Service has been successful in shift energy demand and consumption from Electricity and Water to more cost effective utilities, which has contributed to managing utilities costs despite the escalating electricity rates in Ontario.

Utility	Consumption - Changes from 2011 to 2016Proj	Unit Rates ($/unit) - Change 2011 to 2016Proj
Electricity	-2.3%	47.3%
Natural Gas	-8.2%	-14.6%
Water	-22.8%	51.5%
Steam	8.4%	9.6%
Chilled Water	21.8%	11.1%

- In spite of these efforts, utility costs continue to be a pressure on the budget for the FREEE program. 2016 costs are currently forecasted to increase over 2015 costs by $1.7 million or 6% for a total of $29.8 million in 2016 versus a 2016 budget of $28.1 million.

- The Province of Ontario's Cap-and-Trade program, a central part of the Province's solution to fight climate change, begins on January 1, 2017. This program will increase the cost of natural gas by an estimated 14% over 2016. As a result of the City's hedging activities, the net impact to the City will be a 10% increase in the cost of natural gas in 2017 for a total estimated impact of $0.262 million.

- The 2017 Operating Budget includes $30.7 million for utility costs, reflecting a $2.6 million increase over the 2016 budgeted amount. The Environment & Energy Services have implemented various initiatives and programs to manage these cost increases, both for the FREEE program and the corporation as a whole, including:

  - Through the Sustainable Energy Plan capital program, the Conservation and Demand Management Program outlines capital and operational improvements to City facilities to be fully repaid through energy savings and incentives from the Operating Budgets of City Programs and Agencies as a result of lower spending in utilities costs.

- Building Automation System (BAS) installations to centralize and integrate various building controls, including environmental controls, scheduled activities during off peak hours and limiting certain activities during peak hours where possible in order to reduce energy and maintenance costs and optimize building operating efficiencies.

- Renewable energy installation for all City-owned buildings as part of Toronto Green Standard update. This is one component of an overall plan to increase renewable energy usage in City's facilities through new buildings or retrofitting and renovating existing facilities.

- Strategic energy purchasing and hedging to mitigate the impact of energy price fluctuations on the utilities budget and spending.

- The Environment & Energy Services will continue to deliver on these programs in an effort to manage utility usage and costs in an environment of rising energy prices.

City Wide Real Estate Review

- At its meeting on July 12, 2016, the "*City-Wide Real Estate Review*" staff report (EX16.4) was submitted for consideration and adopted by City Council regarding the direction to move to a centralized real estate operating model, and the development of a transition strategy and implementation plan for a new real estate entity. http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.4

- The City of Toronto, including all its divisions, corporations and agencies, has one of the most significant real estate portfolios in the country, with holdings conservatively valued at $27 billion including: 6,976 buildings; 106.3 million square feet (9.87 million square metres); and 28,882 acres of leased and owned land.

- The City Manager had retained third-party expertise from Deloitte LLP (Deloitte) to conduct a review of city-wide real estate management and operations. Key findings by Deloitte were:

  - There is an opportunity for the City to align its real estate operations by creating a new leading edge centralized real estate entity that consolidates all core real estate and facilities management functions.

  - A comprehensive plan is required to co-ordinate all City-owned real estate assets and ensure value for money.

  - The status quo will not provide the appropriate framework to unlock land value potential and ensure the strategic use of land and building assets.

- The City Manager appointed a Transition team to develop a strategy and a detailed implementation plan, including new policies and practices, for Council consideration in Q2 2017.

- This process includes critical engagement with senior executives and key stakeholders in order to develop a mandate that considers public policy objectives such as affordable housing, public realm, public transit and economic development.

Facilities Management Transformation

- The Chief Corporate Officer Organization has developed a business model that will enable the City to pursue new service delivery opportunities. Facilities Management's reorganization is a part of this new business model. The previous organizational design was based on a historical district model, and was segregated by functional roles and responsibilities, including facilities maintenance/operations, custodial services and capital project management and delivery. Over time this led to inefficiencies and inconsistencies in service delivery, as well as redundancy of resources.

- The new model that has been established is more client-focused and follows industry best practices. Facilities Management has been structured in a way that will improve coordination of resources, consistency in service delivery, and customer service and accountability in delivering maintenance and custodial services.

- The creation of the Project Management Office (PMO) will enable the City to provide project management oversight and expertise across the City. This transformation will also allow for greater ownership and accountability in achieving service standards by improving reporting and performance measurement.

- One of the key challenges faced by Facilities Management while implementing this new business model is ensuring that service delivery and client satisfaction are not impacted.

- Over the last few months, this initiative has been gradually implemented with the client-focused structure in place. New roles have been defined and created and the leadership team is in place. Facilities Management is still in the process of transitioning the team in the new client-focused organizational structure and expects this transformation, and the full benefits of these changes, to be realized by the end of Q1 2018.

Attracting and Retaining Talent

- Attracting, developing and retaining staff in a competitive market for talent and managing the loss of institutional knowledge continues to be a challenge for the FREEE program. The program has put an emphasis on filing vacancies with a focus on developing internal talent. In an effort to further address this issue, FREEE, as part of the CCOO, will be investing in developing tools and resources related to employee recognition and motivation, talent management, career development, succession planning and mentorship programs.

- The FREEE program continues to work with the corporate HR team on innovative and streamlined processes to attract talent and fill vacancies in the most efficient and effective ways possible. This will be a continued focus for all units within the FREEE program in 2017.

Issues Impacting Future Years

Resilience to High Impact Extreme Weather Events

- Climate change is already impacting built and natural systems across the planet. It is anticipated to impact key economic sectors and services, water resources, food security and food production systems, human health, human security, and livelihoods. The broad ranging and often unpredictable impacts of climate change will have global, regional and ultimately, local consequences.

- The Future Weather and Climate Drivers Study, commissioned by the City in 2011, predicts that Toronto will experience an increase in extreme weather events ranging from more heat waves, more intense rain events and higher average annual and maximum temperatures.

- Toronto has, and is seeing these impacts. For example, the estimated direct cost to the City from the July 8, 2013 rainstorm was just over $70 million, while the Insurance Bureau of Canada reported about $1 billion in insurance claims.

- It is imperative that the City, it's Agencies and Corporations, private and broader public sector service providers, businesses and residents continue to work together to address climate change risk and to minimize the costs and impacts associated with extreme weather events.

- At its meeting on November 17, 2016, the "*Resilient City - Preparing for a Changing Climate - Status Update and Next Steps*" staff report (PE15.2) was submitted for consideration and adopted by the Parks and Environment Committee regarding an update on the adoption of a Climate Change Risk Management Policy by key City Agencies and Corporations, as directed by Council in 2014, to improve Toronto's resilience to extreme weather for the purposes of reducing or mitigating the risk of damage, injury and emergency situations. Funding requirements for additional resources will be included in future Operating Budget submissions of FREEE for Council consideration to deliver on activities associated with the implementation of the Resilient City initiative, as outlined in the report. These plans will also be impacted by the availability of funding from the federal and provincial governments.
  http://www.toronto.ca/legdocs/mmis/2016/pe/bgrd/backgroundfile-98049.pdf

- E&E is leading the production of the TransformTO and Resilient City initiatives. Both reports put forth for consideration are the result of significant cross-divisional input, community contribution, and expert advice.

District Energy – Development of Low-carbon Thermal Energy Networks

- The Province's cap-and-trade legislation will put a price on carbon emissions while generating revenues for redistribution for investment in projects that reduce carbon emission. The use of low-carbon or renewable thermal energy networks is a transformational strategy that the City can deploy to help attain its climate change targets. The City must move forward with a strategy to develop these networks as the province formulates the rules regarding the dissemination of funds created by the cap-and-trade rules.

- The City needs to identify appropriate partners having relevant district energy, renewable energy and Ontario energy market experience to assist in the advancement of this opportunity. The City intends to identify how to maximize the value of the opportunity to the City and to describe the structure of any business arrangements that may emerge from this evaluation



Appendices

Appendix 1

2016 Service Performance

Key Service Accomplishments

In 2016, FREEE accomplished the following:

- ✓ Project Tracking Portal - Launched portal that provides up-to-date project information on scope, schedule, budget, expenditures and milestones, as well operational and executive reports to manage the FREEE capital program.
- ✓ FM Transformation – Implemented new business model, including Project Management Office, which will enable the City to pursue new service delivery opportunities and provide oversight, management and expertise for the City in regards to Project Management.
- ✓ St. Lawrence Market – Continued operations of the farmers market at temporary location while the north market building is redeveloped
- ✓ Continued development of the future retail plans at Union Station, with plans to make the Station a destination for commuters and the local community, post-revitalization. A Summer Market was successfully launched – creating a cultural hub on Sir John A. Macdonald Square.
- ✓ Climate change leadership - Working through Council and with the help and cooperation of the Mayor's office and the C40 organization, facilitated the Mayor's participation in the C40/COP21 (Climate Change Summit) in Paris
- ✓ Rockefeller Foundation's 100 Resilient Cities - Up to $1 million awarded for the creation of a Chief Resilience Officer and access to tools and other partners to develop a strategy and action plans to increase the resilience of the City to physical, social and economic challenges.
- ✓ Clean Toronto Together – 195,000 community participants in Clean Toronto Together, the City's annual spring clean-up.
- ✓ Customer Centre of Excellence - Developed channel and counter strategy, critical for service modernization and operational effectiveness.
- ✓ Security Magazine's Top 500 Security Ranking - City of Toronto recognized for the 6th year as one of the top 500 security enterprises; not only rated as the highest Canadian City, but also the highest government entity in Canada.
- ✓ City Wide Real Estate Review – Working through the City Manager, developed the report to Council which outlines the opportunity for the City to align its real estate operations by creating a new leading edge centralized real estate entity in an effort to consolidate and optimize all core real estate and facilities management operations and functions over the next two to four years.

Appendix 2

2017 Preliminary Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense ($000's)	2014 Actual	2015 Actual	2016 Budget	2016 Projected Actual *	2017 Preliminary Budget	2017 Change from 2016 Budget		Plan	
								2018	2019
	$	$	$	$	$	$	%	$	$
Salaries and Benefits	83,140.2	88,127.6	96,293.8	91,042.8	95,020.8	(1,273.0)	(1.3%)	96,613.9	99,410.7
Materials and Supplies	28,359.7	31,106.6	32,225.3	33,707.0	34,742.3	2,517.1	7.8%	34,729.8	34,729.8
Equipment	531.0	417.7	637.1	601.8	635.6	(1.4)	(0.2%)	635.6	635.6
Services & Rents	65,559.3	56,540.1	54,835.2	58,925.8	54,002.0	(833.3)	(1.5%)	52,244.3	52,244.3
Contributions to Capital							-		
Contributions to Reserve/Res Funds	1,827.6	2,096.5	2,384.5	2,371.3	2,247.2	(137.3)	(5.8%)	2,309.1	2,555.6
Other Expenditures	7,594.0	3,353.2	6,082.2	3,383.6	6,150.5	68.3	1.1%	6,140.2	6,140.4
Interdivisional Charges	1,735.2	1,932.7	1,806.3	2,089.8	1,847.7	41.4	2.3%	1,622.2	1,583.4
Total Gross Expenditures	**188,746.9**	**183,574.4**	**194,264.4**	**192,122.1**	**194,646.2**	**381.7**	**0.2%**	**194,295.0**	**197,299.8**
Interdivisional Recoveries	49,244.0	52,985.7	48,899.8	51,042.8	49,672.4	772.5	1.6%	48,782.4	48,782.4
Provincial Subsidies	180.0	257.9	250.0	257.9	250.0			250.0	250.0
Federal Subsidies	220.5		206.0		206.0			206.0	206.0
Other Subsidies							-		
User Fees & Donations	43,113.4	56,258.2	43,804.0	44,608.1	44,360.0	556.0	1.3%	44,387.2	44,415.0
Transfers from Capital Fund	9,171.0	10,114.5	9,800.3	9,998.1	9,657.1	(143.1)	(1.5%)	9,431.8	9,423.4
Contribution from Reserve/Reserve Funds	11,865.9	3,788.3	13,303.4	8,143.7	15,589.8	2,286.4	17.2%	14,675.2	14,675.2
Sundry Revenues	9,633.1	8,794.5	8,675.3	8,917.5	7,354.6	(1,320.7)	(15.2%)	7,354.6	7,354.6
Total Revenues	**123,427.8**	**132,199.2**	**124,938.7**	**122,968.1**	**127,089.8**	**2,151.1**	**1.7%**	**125,087.2**	**125,106.5**
Total Net Expenditures	**65,319.1**	**51,375.2**	**69,325.7**	**69,154.0**	**67,556.3**	**(1,769.4)**	**(2.6%)**	**69,207.9**	**72,193.3**
Approved Positions	**1,004.5**	**1,016.3**	**1,023.5**	**1,026.5**	**1,000.0**	**(23.5)**	**(2.3%)**	**998.0**	**998.0**

* Based on the 2016 9-month Operating Variance Report

Projections to year-end indicate that the minor net favourable variance is mainly driven by underspending in salaries and benefits from vacant positions across all Services. This under-spending will be partially offset by over expenditures in utilities from usage increases driven by anticipated higher hydro requirements during the winter months, as well as contracted services costs due to demand maintenance requests and the use of external service providers to deliver services in the absence of internal resources.

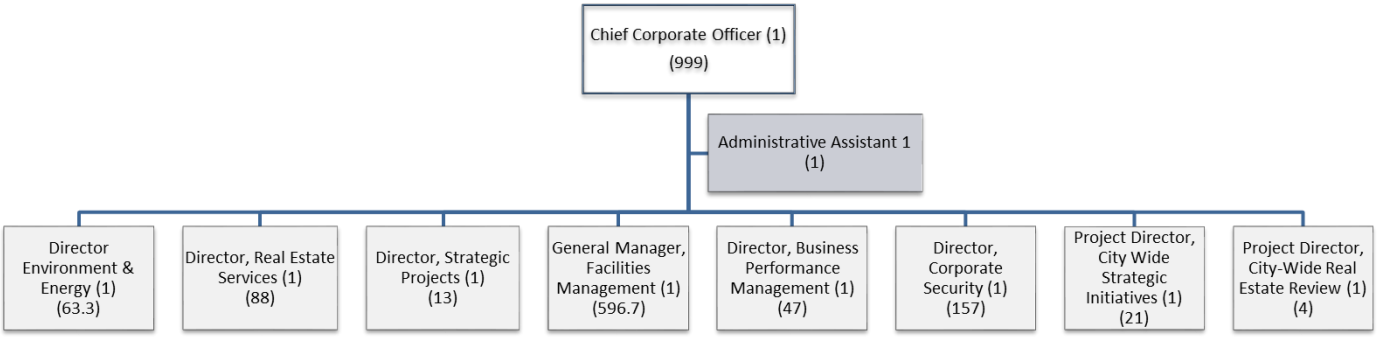
For additional information regarding the 2016 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "*Operating Variance Report for the Nine-Month Period Ended September 30, 2016*" considered by City Council at its meeting on December 13, 2016.
http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-97953.pdf

Impact of 2016 Operating Variance on the 2017 Preliminary Operating Budget

- The overall utilities budget has been increased from $28.131 million to $30.653 million, representing an increase of $2.260 million or approximately 9% in the 2017 Preliminary Operating Budget. The increase reflects consumption patterns, anticipated rate increases due to inflation, and a provision for climate change resilience.

Appendix 3

2017 Organization Chart



2017 Total Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	4.0	195.0	123.0	613.7	935.7
Temporary		37.7	10.0	16.6	64.3
Total	4.0	232.7	133.0	630.3	1,000.0

Appendix 4

Summary of 2017 Service Changes

2017 Operating Budget - Preliminary Service Changes
Summary by Service ($000's)

Form ID		Internal Focused Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority	Program - Facilities, Real Estate, Environment & Energy	Gross Expenditure	Revenue	Net	Approved Positions		
2017 Preliminary Base Budget Before Service Changes:			**197,592.6**	**127,617.6**	**69,975.0**	**1,017.50**	**1,951.5**	**2,985.4**
10845		Addressing Lease Overholds						
51	0	**Description:**						

Address leases that are in an overhold position in order to bring them up-to-date and ensure the City is realizing current market rates for these leases. This includes the conversion of an existing vacant position in order to support business requirements to address the overhold leases.

Service Level Impact:

No change in service level.

Service: CA-Real Estate

Preliminary Service Changes	29.3	441.5	(412.2)	0.00	0.0	0.0
Total Preliminary Service Changes:	**29.3**	**441.5**	**(412.2)**	**0.00**	**0.0**	**0.0**

10849		Real Estate Services - Position Reduction
51	0	**Description:**

The Preliminary 2017 Operating Budget for FREEE includes a reduction of 1 vacant support position in Real Estate Services to achieve fiscal targets, with minimal to no impact on service levels or performance.

Service Level Impact:

No change.

Service: CA-Real Estate

Preliminary Service Changes	(62.5)	0.0	(62.5)	(1.00)	0.0	0.0
Total Preliminary Service Changes:	**(62.5)**	**0.0**	**(62.5)**	**(1.00)**	**0.0**	**0.0**

10871		Fleet Reduction (Eliminate 2 Vehicles)
51	0	**Description:**

Form ID		Internal Focused Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority	Program - Facilities, Real Estate, Environment & Energy	Gross Expenditure	Revenue	Net	Approved Positions		

Rationalization of Facilities Management's fleet of City vehicles by eliminating 2 vehicles from its portfolio. Facilities Management reviewed the usage of its fleet vehicles and identified 2 vehicles as having low usage, and is able to meet its service levels and perform its core business without these vehicles. Savings will be achieved by not having to incur the maintenance costs for these vehicles, and the Program will not have to contribute to the future replacement of these vehicles on an annual basis.

Service Level Impact:

No change.

Service: CA-Facilities Management

Preliminary Service Changes	(118.5)	0.0	(118.5)	0.00	0.0	0.0
Total Preliminary Service Changes:	**(118.5)**	**0.0**	**(118.5)**	**0.00**	**0.0**	**0.0**

10884	Facilities Management - Elimination of Vacant Positions
51 | 0	**Description:**

Elimination of a number of full-time equivalent (FTE) positions within Facilities Management that are currently vacant, and that have been vacant for some time. Facilities Management is currently in the midst of a reorganization. Through this reorganization, the operating model and the use of internal resources has been altered. There are currently a number of vacant positions within the organization that are vacant and are not required in the new organizational structure. These positions can be eliminated from the complement, with minimal to no impact to current service levels.

Service Level Impact:

No change / minimal change. During peak periods, Facilities Management will have to rely on external contracted resources to meet peak demand, as there will be little to no flexibility to meet peaks in demand with internal resources after these reductions.

Service: CA-Facilities Management

Preliminary Service Changes	(831.5)	(119.6)	(711.9)	(8.50)	0.0	0.0
Total Preliminary Service Changes:	**(831.5)**	**(119.6)**	**(711.9)**	**(8.50)**	**0.0**	**0.0**

10885	Confidential Position Reductions
51 | 0	**Description:**

Elimination of 2 positions within the Facilities, Real Estate, Environment & Energy (FREEE) Program. Please refer to Confidential Attachment 1 under separate cover.

Form ID		Internal Focused Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority	Program - Facilities, Real Estate, Environment & Energy	Gross Expenditure	Revenue	Net	Approved Positions		

Service Level Impact:

No change.

Service: CA-Facilities Management

Preliminary Service Changes	(216.0)	0.0	(216.0)	(2.00)	0.0	0.0
Total Preliminary Service Changes:	**(216.0)**	**0.0**	**(216.0)**	**(2.00)**	**0.0**	**0.0**

10886 City-Wide Strategic Initiative (CWSI) - Position Reduction

51 0

Description:

Elimination of one vacant Supervisor position within the City-Wide Strategic Initiatives team that is no longer required to carry out this initiative, without impacting performance and service level targets.

Service Level Impact:

No change.

Service: CA-Facilities Management

Preliminary Service Changes	(123.3)	0.0	(123.3)	(1.00)	0.0	0.0
Total Preliminary Service Changes:	**(123.3)**	**0.0**	**(123.3)**	**(1.00)**	**0.0**	**0.0**

10889 Change in Security Service Delivery at 18 Dyas

51 0

Description:

Elimination of one on-site security guard at 18 Dyas Rd location, to be replaced by mobile patrol with minimal service impact.

Service Level Impact:

Instead of on-site presence, security at the site will be done through mobile patrol.

Service: CA-Facilities Management

Preliminary Service Changes	(60.0)	0.0	(60.0)	0.00	0.0	0.0

Form ID Category	Form ID Priority	Internal Focused Services Program - Facilities, Real Estate, Environment & Energy	Adjustments Gross Expenditure	Revenue	Net	Approved Positions	2018 Plan Net Change	2019 Plan Net Change
		Total Preliminary Service Changes:	**(60.0)**	**0.0**	**(60.0)**	**0.00**	**0.0**	**0.0**
10890		Efficiencies in Security Preventative Maintenance						
51	0	**Description:**						

Elimination of contracted preventative maintenance work on security systems, to be covered by further leveraging in-house, existing resources, to perform this work.

Service Level Impact:

Currently there is a mixed model of preventative maintenance on security systems, and there will continue to be a mixed model, with a slightly greater reliance on in-house resources.

Service: CA-Facilities Management						
Preliminary Service Changes	(100.1)	0.0	(100.1)	0.00	0.0	0.0
Total Preliminary Service Changes:	**(100.1)**	**0.0**	**(100.1)**	**0.00**	**0.0**	**0.0**

10911		Change in Enhanced Security at City Hall						
51	0	**Description:**						

This would include the removal of security guards at 3 entrances where access is currently restricted to City Staff, Councillors and others with access cards. Public access to City Hall will continue to be available at the main doors. This will allow FREEE to achieve fiscal targets and still perform the security deemed necessary at City Hall.

Service Level Impact:

No change.

Service: CA-Facilities Management						
Preliminary Service Changes	(165.0)	0.0	(165.0)	0.00	0.0	0.0
Total Preliminary Service Changes:	**(165.0)**	**0.0**	**(165.0)**	**0.00**	**0.0**	**0.0**

Form ID		Internal Focused Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority	Program - Facilities, Real Estate, Environment & Energy	Gross Expenditure	Revenue	Net	Approved Positions		
10912		Corporate Security - Position Reduction						
51	0	**Description:**						

Elimination of a vacant Corporate Security Supervisor position. The Corporate Security team has been able to operate without this position and with the current management team. Existing supervisors will continue to oversee operations. This will allow for the FREEE program to achieve fiscal targets with no service impact.

Service Level Impact:

No impact.

Service: CA-Facilities Management

Preliminary Service Changes	(151.9)	0.0	(151.9)	(1.00)	0.0	0.0
Total Preliminary Service Changes:	**(151.9)**	**0.0**	**(151.9)**	**(1.00)**	**0.0**	**0.0**

11018		Efficiencies in Facilities Preventative Maintenance						
51	0	**Description:**						

A reduction of the contracted services budget for maintenance work by Facilities Management and optimization of workloads of existing in-house staff to offset this, and maintain the same level of service. This is possible due to the recent reorganization of Facilities Management which will allow for a greater pooling and use of in-house staff resources to perform maintenance functions. In addition, the use of new technology tools, such as mobile work order management, will allow for this proposal to be successful.

Service Level Impact:

No change.

Service: CA-Facilities Management

Preliminary Service Changes	(200.0)	0.0	(200.0)	0.00	(300.0)	0.0
Total Preliminary Service Changes:	**(200.0)**	**0.0**	**(200.0)**	**0.00**	**(300.0)**	**0.0**

11026		Casual & Overtime Budget Reduction						
51	0	**Description:**						

Form ID		Internal Focused Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority	Program - Facilities, Real Estate, Environment & Energy	Gross Expenditure	Revenue	Net	Approved Positions		

A reduction on the overtime and casual budget within the FREEE program to achieve fiscal targets for the 2017 budget. Overtime and casual budgets have been used to meet demand during peak periods and employ students and offer short term employment opportunities. This is being proposed to be reduced in order to meet fiscal targets.

Service Level Impact:

No change.

Service: CA-Environment & Energy						
Preliminary Service Changes	(23.8)	0.0	(23.8)	0.00	0.0	0.0
Service: CA-Facilities Management						
Preliminary Service Changes	(71.6)	0.0	(71.6)	0.00	0.0	0.0
Total Preliminary Service Changes:	**(95.3)**	**0.0**	**(95.3)**	**0.00**	**0.0**	**0.0**

11155	Fleet Fuel Savings
51	0

Description:

A reduction in fuel price per liter passed on by Fleet Services to Facilities Management as part of their 2.6% budget reduction.

Service Level Impact:

No change.

Service: CA-Environment & Energy						
Preliminary Service Changes	(0.0)	0.0	(0.0)	0.00	0.0	0.0
Service: CA-Facilities Management						
Preliminary Service Changes	(1.9)	0.0	(1.9)	0.00	0.0	0.0
Service: CA-Real Estate						
Preliminary Service Changes	(0.0)	0.0	(0.0)	0.00	0.0	0.0
Total Preliminary Service Changes:	**(1.9)**	**0.0**	**(1.9)**	**0.00**	**0.0**	**0.0**

Form ID		Internal Focused Services	Adjustments				2018 Plan Net Change	2019 Plan Net Change
Category	Priority	Program - Facilities, Real Estate, Environment & Energy	Gross Expenditure	Revenue	Net	Approved Positions		
11015		Move to Standard Custodial Service Delivery-Toronto Police						
59	0	**Description:**						

A reduction of service currently being delivered at Toronto Police locations will bring the service level down to the service standards that have been developed Corporately for all City facilities which will result in efficiency savings. This will allow FREEE and Toronto Police to achieve fiscal targets. In addition, this will align the custodial services being performed at Toronto Police locations with other City facilities, allowing for greater economies of scale on contracted services, and a reduction in the cost to delivery custodial services.

Service Level Impact:

Current service standard at Toronto Police locations were in excess of the City corporate standards. This will be reduced to meet this standard.

Service: CA-Facilities Management						
Preliminary Service Changes	(849.6)	(849.6)	(0.0)	(4.00)	0.0	0.0
Total Preliminary Service Changes:	**(849.6)**	**(849.6)**	**(0.0)**	**(4.00)**	**0.0**	**0.0**

Summary:

Total Preliminary Service Changes	**(2,946.4)**	**(527.7)**	**(2,418.7)**	**(17.50)**	**(300.0)**	**0.0**
Total Preliminary Base Budget:	**194,646.2**	**127,089.8**	**67,556.3**	**1,000.00**	**1,651.5**	**2,985.4**

Category:

51 - Efficiency Change 52 - Revenue Change 59 - Service Change

Appendix 6

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In $000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		$	$	$	$
Projected Beginning Balance		**2,785.8**	**2,785.8**	**2,328.7**	**1,871.6**
Energy Conservation Reserve Fund	XR1715				
Proposed Withdrawls (-)			(457.1)	(457.1)	(457.1)
Contributions (+)					
Total Reserve / Reserve Fund Draws / Contributions		**2,785.8**	**2,328.7**	**1,871.6**	**1,414.4**
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		**2,785.8**	**2,328.7**	**1,871.6**	**1,414.4**

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In $000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		$	$	$	$
Projected Beginning Balance		**95,108.8**	**95,108.8**	**95,645.7**	**96,182.6**
Strategic Infrastructure Partnership Reserve Fund	XR1714				
Proposed Withdrawls (-)					
Contributions (+)			414.5	414.5	414.5
Total Reserve / Reserve Fund Draws / Contributions		**95,108.8**	**95,523.3**	**96,060.2**	**96,597.2**
Other Program / Agency Net Withdrawals & Contributions			**122.4**	**122.4**	**122.4**
Balance at Year-End		**95,108.8**	**95,645.7**	**96,182.6**	**96,719.6**

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In $000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		$	$	$	$
Projected Beginning Balance		**2,070.1**	**2,070.1**	**2,737.7**	**3,405.3**
Union Station Reserve Fund	XR2501				
Proposed Withdrawls (-)			(7,293.2)	(7,293.2)	(7,293.2)
Contributions (+)			7,960.8	7,960.8	7,960.8
Total Reserve / Reserve Fund Draws / Contributions		**2,070.1**	**2,737.7**	**3,405.3**	**4,072.9**
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		**2,070.1**	**2,737.7**	**3,405.3**	**4,072.9**

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In $000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		$	$	$	$
Projected Beginning Balance		**209.6**	**209.6**	**(2,402.1)**	**(5,013.8)**
Conservation Management Reserve Fund	XR3029				
Proposed Withdrawls (-)			(2,611.7)	(2,611.7)	(2,611.7)
Contributions (+)					
Total Reserve / Reserve Fund Draws / Contributions		**209.6**	**(2,402.1)**	**(5,013.8)**	**(7,625.4)**
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		**209.6**	**(2,402.1)**	**(5,013.8)**	**(7,625.4)**

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In $000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		$	$	$	$
Projected Beginning Balance		**1,459.8**	**1,459.8**	**550.1**	**(359.6)**
Eco-Roof Financial Assistance Reserve Fund	XR1723				
Proposed Withdrawls (-)			(909.7)	(909.7)	(909.7)
Contributions (+)					
Total Reserve / Reserve Fund Draws / Contributions		**1,459.8**	**550.1**	**(359.6)**	**(1,269.3)**
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		**1,459.8**	**550.1**	**(359.6)**	**(1,269.3)**

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In $000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		$	$	$	$
Projected Beginning Balance		**8,033.2**	**8,033.2**	**1,086.2**	**(1,338.8)**
Local Improvement Charge Energy Works Reserve	XR1724				
Proposed Withdrawls (-)			(233.2)	(233.2)	(233.2)
Contributions (+)					
Total Reserve / Reserve Fund Draws / Contributions		**8,033.2**	**7,800.0**	**853.0**	**(1,572.0)**
Other Program / Agency Net Withdrawals & Contributions			**(6,713.8)**	**(2,191.8)**	**-**
Balance at Year-End		**8,033.2**	**1,086.2**	**(1,338.8)**	**(1,572.0)**

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In $000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		$	$	$	$
Projected Beginning Balance		**1.8**	**1.8**	**(366.6)**	**(735.1)**
Home Energy Assistance Reserve Fund	XR1719				
Proposed Withdrawls (-)			(368.4)	(368.4)	(368.4)
Contributions (+)					
Total Reserve / Reserve Fund Draws / Contributions		**1.8**	**(366.6)**	**(735.1)**	**(1,103.5)**
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		**1.8**	**(366.6)**	**(735.1)**	**(1,103.5)**

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In $000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		$	$	$	$
Projected Beginning Balance		**7,458.7**	**7,458.7**	**5,251.9**	**3,045.2**
Better Building Partnership	XR1052				
Proposed Withdrawls (-)			(2,206.8)	(2,206.8)	(2,206.8)
Contributions (+)					
Total Reserve / Reserve Fund Draws / Contributions		**7,458.7**	**5,251.9**	**3,045.2**	**838.4**
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		**7,458.7**	**5,251.9**	**3,045.2**	**838.4**

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In $000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		$	$	$	$
Projected Beginning Balance		**7,980.8**	**7,980.8**	**5,696.9**	**5,577.6**
Innovation Reserve Fund	XR1713				
Proposed Withdrawls (-)			(914.6)		
Contributions (+)					
Total Reserve / Reserve Fund Draws / Contributions		**7,980.8**	**7,066.2**	**5,696.9**	**5,577.6**
Other Program / Agency Net Withdrawals & Contributions			**(1,369.3)**	**(119.3)**	**(119.3)**
Balance at Year-End		**7,980.8**	**5,696.9**	**5,577.6**	**5,458.3**

* Based on 9-month 2016 Reserve Fund Variance Report

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In $000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		$	$	$	$
Projected Beginning Balance		**2,485.6**	**2,485.6**	**2,789.4**	**3,155.1**
Vehicle and Equipment Reserve	XQ1502				
Proposed Withdrawls (-)					
Contributions (+)			303.9	365.7	612.3
Total Reserve / Reserve Fund Draws / Contributions		**2,485.6**	**2,789.4**	**3,155.1**	**3,767.4**
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		**2,485.6**	**2,789.4**	**3,155.1**	**3,767.4**

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In $000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		$	$	$	$
Projected Beginning Balance		**72,486.2**	**72,486.2**	**72,157.7**	**71,829.3**
Land Acquisition Reserve Fund	XR1012				
Proposed Withdrawls (-)			(595.0)	(595.0)	(595.0)
Contributions (+)			266.6	266.6	266.6
Total Reserve / Reserve Fund Draws / Contributions		**72,486.2**	**72,157.7**	**71,829.3**	**71,500.8**
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		**72,486.2**	**72,157.7**	**71,829.3**	**71,500.8**

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In $000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		$	$	$	$
Projected Beginning Balance		**19,645.5**	**19,645.5**	**8,142.1**	**2,318.9**
Insurance Reserve Fund	XR1010				
Proposed Withdrawls (-)					
Contributions (+)			1,262.3	1,262.3	1,262.3
Total Reserve / Reserve Fund Draws / Contributions		**19,645.5**	**20,907.8**	**9,404.3**	**3,581.2**
Other Program / Agency Net Withdrawals & Contributions			**(12,765.7)**	**(7,085.4)**	**(7,355.1)**
Balance at Year-End		**19,645.5**	**8,142.1**	**2,318.9**	**(3,773.8)**

* Based on 9-month 2016 Reserve Fund Variance Report

Appendix 7a

User Fees Adjusted for Inflation and Other

Rate Description	Service	Fee Category	Fee Basis	2016	2017			2018	2019
				Approved Rate	Inflationary Adjusted Rate	Other Adjustment	Budget Rate	Plan Rate	Plan Rate
Rental rate for Memorial Hall Burgundy Room A and B (social rate)	Facilities Management	Market Based	Per Hour	$132.90	$2.66	$0.00	$135.56	$138.27	$141.04
Rental rate for Memorial Hall Burgundy Room A and B (meeting rate)	Facilities Management	Market Based	Per Hour	$92.40	$1.85	$0.00	$94.25	$96.14	$98.06
Rental rate for Memorial Hall Burgundy Room A or B (meeting rate)	Facilities Management	Market Based	Per Hour	$46.10	$0.92	$0.00	$47.02	$47.96	$48.92
Rental rate for Memorial Hall Gold Room A and B (social rate)	Facilities Management	Market Based	Per Hour	$106.31	$2.13	$0.00	$108.44	$110.61	$112.82
Rental rate for Memorial Hall Gold Room A and B (meeting rate 1)	Facilities Management	Market Based	Per Hour	$66.80	$1.34	$0.00	$68.14	$69.50	$70.89
Rental rate for Memorial Hall Gold Room A and B (meeting rate 2)	Facilities Management	Market Based	Per Hour	$33.42	$0.67	$0.00	$34.09	$34.77	$35.47
Appraisal Fee for Parks Levy Calculation - Base Fee	Real Estate	Full Cost Recovery	Property	$250.00	$5.00	$0.00	$255.00	$260.10	$265.30
Appraisal Fee for Parks Levy Calculation - Variable; Note - 1.25 times original appraisal fee when 6 months period expires.	Real Estate	Full Cost Recovery	Property	$1.00	$0.02	$0.00	$1.02	$1.04	$1.06
Metro Hall Farmers Market - Weekly Rental Rate for booth May 27 - Oct 14 (except June 24 andJuly 1)	Facilities Management	Market Based	Weekly	$187.43	$3.75	$0.00	$191.18	$195.00	$198.90
Metro Hall Farmers Market - Weekly Rental Rate for booth June 15 to Sept. 28	Facilities Management	Market Based	Weekly	$137.81	$2.76	$0.00	$140.57	$143.38	$146.25
Scarborough Civic Centre Farmers Market - Rental Rate for booth June 15 to Oct 19	Facilities Management	Market Based	Season	$450.00	$9.00	$0.00	$459.00	$468.18	$477.54
Scarborough Civic Centre Farmers Market - Weekly rate for booth May 27 to Oct 14 (except June 24 and July 1)	Facilities Management	Market Based	Weekly	$52.50	$1.05	$0.00	$53.55	$54.62	$55.71
Co-ordination Services for film shoots/events	Facilities Management	City Policy	Per Hour	$62.00	$1.24	$0.00	$63.24	$64.50	$65.79
Security for Film Shoots/events	Facilities Management	City Policy	Per Hour	$65.00	$1.30	$0.00	$66.30	$67.63	$68.98
Building Operator costs for Film Shoots/Events	Facilities Management	City Policy	Per Hour	$50.00	$1.00	$0.00	$51.00	$52.02	$53.06
Custodial Services for film shoots/events	Facilities Management	City Policy	Per Hour	$45.00	$0.90	$0.00	$45.90	$46.82	$47.76
Foreperson for film shoots/events.	Facilities Management	City Policy	Per Hour	$75.00	$1.50	$0.00	$76.50	$78.03	$79.59
Electrician for Film Shoots/events	Facilities Management	City Policy	Per Hour	$150.00	$3.00	$0.00	$153.00	$156.06	$159.18
Audio Visual Services for film shoots/events	Facilities Management	City Policy	Per Hour	$85.00	$1.70	$0.00	$86.70	$88.43	$90.20
Live Green Toronto Program - Vendors at the festival pay a fee to participate.	Environment & Energy	Full Cost Recovery	10 X 10 Booth for One Day	$175.00	$3.50	$0.00	$178.50	$182.07	$185.71
Environmental Initiative - Assistance in the design & implementation of programs that encourage the clients' workers to utilize alternative low polluting modes of transportation.	Environment & Energy	Market Based	Per Case	$2,500.00	$50.00	$0.00	$2,550.00	$2,601.00	$2,653.02
Transportation Demand Management (cost centre WE0048) - One time charge for conducting a survey of the work site employees about their current modes of commuting and willingness to consider alternative low polluting modes.	Environment & Energy	Market Based	Cost of Conducting the Survey.	$2,500.00	$50.00	$0.00	$2,550.00	$2,601.00	$2,653.02