



John Tory
Mayor

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June 17, 2016

City Hall, 2nd floor
100 Queen Street West
Toronto, Ontario
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To: Gary Crawford, Budget Chief, and Members of Budget Committee

Re: Mayor's Priorities for the Development of the 2017 Budget

Toronto is a vibrant and growing city, but it is changing quickly. Our population is increasing and our demographics are shifting, bringing new pressures and expectations.

To compete in today's global economy and maintain Toronto's character as vibrant, affordable and liveable for all ages and income levels, the City must keep up with the pace of change and think differently about its role in people's lives.

We must prioritize our investments and spend our money wisely, providing services with a direct, positive impact for the public.

To that end, this letter outlines my expectations of all City Programs, Agencies, relevant Corporations, and Accountability Offices for the 2017 operating and capital budgets:

- The City's tax-supported 2017 net operating budget target is zero percent over the 2016 net operating budget, meaning \$3.97 billion;
- Inflationary pressures and negotiated wage increases should be absorbed within existing budgets;
- Any new or enhanced services should be funded from within existing budgets;

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- Any new or enhanced services with a "net zero" funding impact should be reviewed for impact on staff time and planned service delivery;
- Current service levels should be assessed to confirm their value for money and benefit to the public;
- Opportunities for efficiencies and alternative service delivery models should continue to be pursued, including contracting out; and,
- Any property tax increase should be at or below the rate of inflation.

City Building Priorities

While our budget is under real strain, we must continue to build the city we want. To that end, I have also identified strategic priorities to complete the mandate we have set out over the past two years.

It's time to exert discipline and ramp up our efforts to build a modern city and an efficient, ambitious and effective government, through:

- The ongoing planning, design and construction of our transit network expansion, including SmartTrack, the optimized Scarborough network and the Relief Line, which will take cars off the road, reduce overcrowding on existing transit lines and dramatically increase and improve service across the city, while protecting the existing new transit investments. This transit expansion must move forward efficiently, in order to capture the full value of the currently proposed federal infrastructure investments;
- Continued investment in Toronto's mobility network to provide safe, efficient and reliable ways to move around the city for those travelling by car, bike or on foot;
- Continued implementation of *TO Prosperity: Toronto Poverty Reduction Strategy* investments provided for in the 2017 work plan;
- Further investment in affordable housing, through our Open Door program; and,
- Continued investments in building on Toronto's standing as one of the most liveable cities in the world through support for arts, culture and public realm projects across the city.

Government Modernization

In the last two years, we have taken some long overdue steps to confront the City's real underlying pressures without just making arbitrary cuts.

The real waste and inefficiency in our City government is found in outdated systems and services, unnecessary duplication and a slow embrace of technology. This is why, despite the declarations of victory made by some, I continue to believe there is much work to be done making large government operate much more efficiently.

And so, to achieve further real progress, I would like to see an increased focus on digital solutions, measurement and analytics, as well as the expedited completion or

implementation of the following reports and reviews:

- The Real Estate Review, which will provide an up-to-date assessment of the City's real estate holdings and create important city-building opportunities;
- The Toronto Police Transformational Task Force, which will make recommendations to reduce the growing TPS budget through modernization;
- Procurement Review, which is examining the City's procurement process, especially related to technology solutions;
- An immediate prioritization of work that transitions the City to a data-driven organization. All work by City Programs, Agencies, relevant Corporations, and Accountability Offices should be measured, tracked and analyzed so the City can make budget decisions based on sound analytics;
- City Programs should also work to meet our Open Data Strategy and targets; and,
- City Programs, Agencies, relevant Corporations, and Accountability Offices should prioritize work that provides the people of Toronto with mobile friendly, technology enabled services. This efficiency will free up resources to offer direct services to those who cannot access this service on line.

There is no either/or choice between government efficiency and ambitious city building. We can and must contain spending and become more efficient while continuing to make strategic investments in transit, housing and vital infrastructure.

We can do this while maintaining the values and character that make Toronto great.

But it will require a new approach.

For too long, we have relied on property tax and MLTT revenues without introducing new ways to pay for the city building efforts we support. Alongside the 2017 Budget Process, we must have a serious conversation about new ways to raise revenues, especially to finance longer term capital investments like transit and housing, and we will.

In the meantime, we owe it to the public to spend their money wisely, before we ask them to contribute more.

I encourage staff from all City Programs, Agencies, relevant Corporations, and Accountability Offices to help us build a truly modern city that is the envy of the world and to do it while keeping the interests of the people we serve, the residents of Toronto, first and foremost in our minds.

Sincerely,



John Tory
Mayor of Toronto