

## EX15.18a



## Decision Letter

### Budget Committee

<b>Meeting No.</b>	21	<b>Contact</b>	Jennifer Forkes, Committee Administrator
<b>Meeting Date</b>	Friday, May 13, 2016	<b>Phone</b>	416-392-4666
<b>Start Time</b>	9:30 AM	<b>E-mail</b>	buc@toronto.ca
<b>Location</b>	Committee Room 1, City Hall	<b>Chair</b>	Councillor Gary Crawford

BU21.1	ACTION	Adopted		Ward:All
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#### Operating Variance Report for the Three-Month Period Ended March 31, 2016

##### Committee Decision

The Budget Committee recommends that:

1. City Council approve the budget adjustments detailed in Appendix F to the report (April 29, 2016) from the Deputy City Manager and Chief Financial Officer to amend the 2016 Approved Operating Budget between Programs that have no impact to the 2016 Approved Net Operating Budget.

##### Origin

(April 29, 2016) Report from the Deputy City Manager and Chief Financial Officer

##### Summary

The purpose of this report is to provide Council with the City of Toronto Operating Variance for the three-month period ended March 31, 2016 as well as year-end projections. This report also requests Council's approval for amendments to the 2016 Approved Operating Budget between Programs that have no impact to the 2016 Approved Net Operating Budget to ensure accurate reporting and financial accountability.

As noted in Table 1 below, for the three-month period ended March 31, 2016, Tax Supported Operations reported a favourable net variance of \$50.231 million or 6.6 percent and the year-end projected net variance is anticipated to be \$21.963 million or 0.6 percent.

Table 1  
Tax Supported Variance Summary (\$ Millions)

(See Table 1 titled Tax Supported Variance Summary in the Summary Section of the report dated April 29, 2016 from the Deputy City Manager and Chief Financial Officer)

The favourable year-to-date net variance was driven by:

-Transportation Services' under-spending due to decreased salt usage and lower contract costs

in the winter maintenance program from mild winter conditions.

-Shelter, Support and Housing Administration's below planned gross expenditures in social housing subsidies for mortgage payments as well as operating and rent subsidies and delays in opening some purchase service shelter providers.

-Higher than budgeted revenue from the Municipal Land Transfer Tax, City Planning development fees, Parking Tag Enforcement Operations and Toronto Parking Authority Corporate Revenues also contributed to the year-to-date results.

-The positive net variance was partially offset by under-achieved revenue for the Toronto Transit Commission – Conventional Service arising from lower ridership and weaker than planned Toronto Hydro Dividend Payments.

Forecasts indicate that the year-end position will result in a net positive variance of \$21.963 million or 0.6 percent which represents a decrease from the three month results. The surplus is forecast to be significantly lower than past years and reflects 0.2 percent of total budgeted gross expenditures. The expected net year-end position is largely due to the following:

-Higher than budgeted revenues from the Municipal Land Transfer Tax (\$17.487 million)

-Increased revenue from a higher volume of development applications and review fees for City Planning (\$2.555 million).

-Stronger than anticipated Toronto Parking Authority Corporate Revenues (\$2.250 million). Table 2 below summarizes the three month and year-end projected results for Rate Supported Programs.

Table 2  
Rate Supported Variance Summary (\$ Millions)

(See Table 2 titled Rate Supported Variance Summary  
in the Summary Section of the report dated April 29, 2016  
from the Deputy City Manager and Chief Financial Officer)

The year-to-date positive net variance of \$21.035 million was driven by the following:

-Net variance for Toronto Water of \$10.975 million, comprised of \$6.680 million in lower expenditures due to under-spending in salaries and benefits as a result of vacancies, lower than anticipated demand for chemicals, electricity, professional and technical services as well as under-spending in the transfer costs of biosolids. In addition revenues were higher by \$4.294 million owing to stronger than anticipated volume of water sold.

-Net variance of \$7.394 million for Solid Waste Management Services largely from contracted services. In addition, revenues were stronger than planned, driven by higher than expected volume of residential user fees, higher than planned tonnages of waste at transfer stations and higher tonnages of recyclable fiber product for resale at higher prices. These gains were partially offset by delayed billing for processing of residual waste from recycling and yellow bag fees.

-Over-achieved net revenues for the Toronto Parking Authority of \$2.667 million resulting from higher demand for on-street parking and off-street garages in the downtown fringe areas.

Rate Supported Programs collectively project a positive year-end net variance of \$25.135 million, mostly from Toronto Water due to continued lower gross expenditures for salaries and benefits, lower than planned hydro rates and usages, and savings in chemicals combined with higher revenues from stronger than anticipated sale of water and increase in new water and service connections.

Table 3 below summarizes the vacancy rate for the three months ended March 31, 2016 and projections to year-end.

Table 3  
Summary of Approved Complement  
(Includes Capital and Operating Positions)

(See Table 3 titled Summary of Approved Complement  
in the Summary Section of the report dated April 29, 2016  
from the Deputy City Manager and Chief Financial Officer)

-As of March 31, 2016, the City recorded a vacancy rate of 3.2 percent after gapping for an approved complement of 54,499.2 positions.

-The forecasted year-end vacancy rate after gapping is projected to be 0.3 percent for an approved complement of 54,547.2 positions.

A more detailed analysis is provided in the Approved Complement Section of this report.

### **Background Information**

(April 29, 2016) Revised Report and Appendices A to G from the Deputy City Manager and Chief Financial Officer on Operating Variance Report for the Three-Month Period Ended March 31, 2016

(<http://www.toronto.ca/legdocs/mmis/2016/bu/bgrd/backgroundfile-92754.pdf>)

### **Communications**

(May 12, 2016) Submission from Tim Maguire, President, CUPE, Local 79 (BU.Supp.BU21.1.1)

(<http://www.toronto.ca/legdocs/mmis/2016/bu/comm/communicationfile-60690.pdf>)