



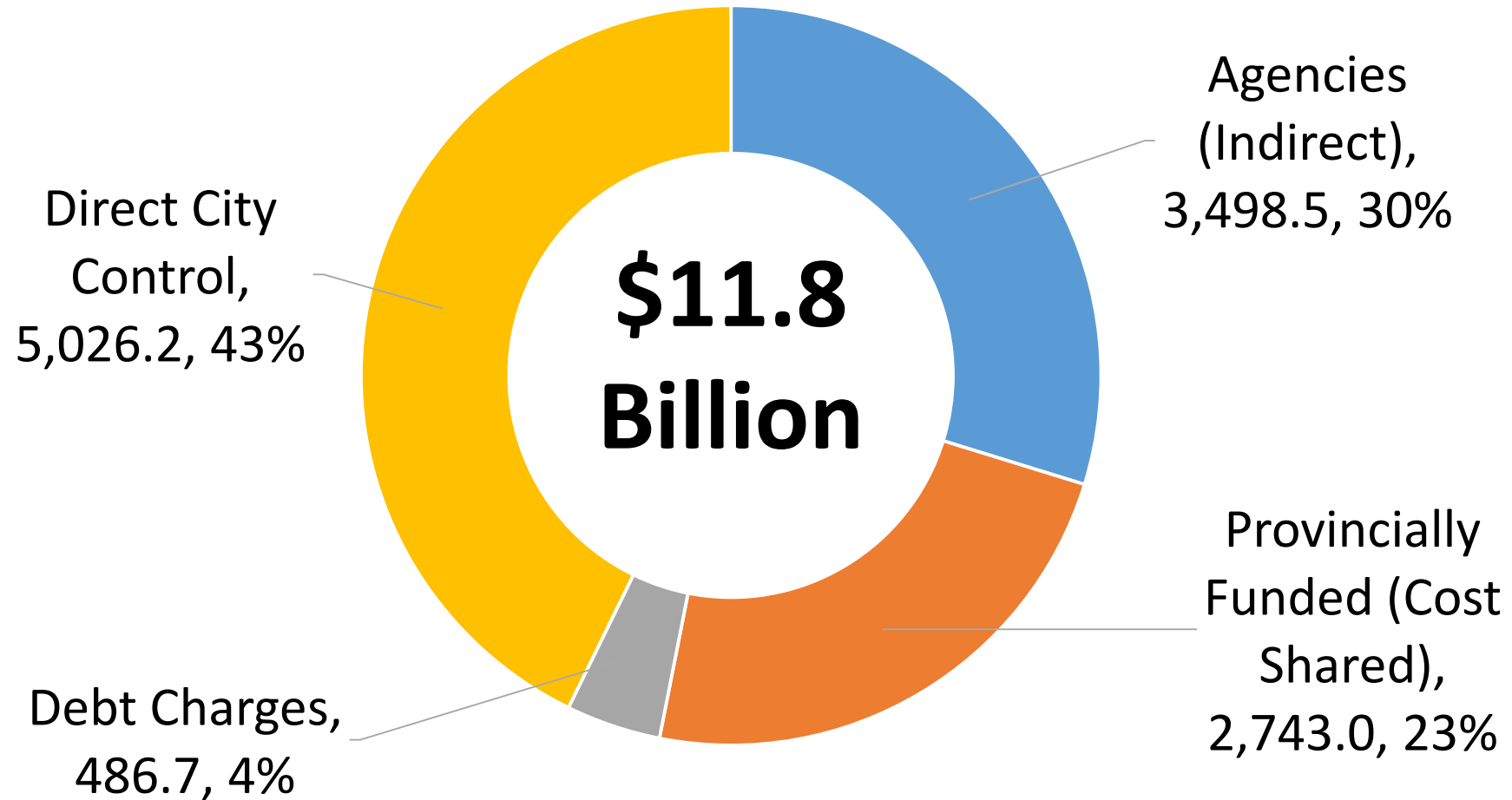
The City of Toronto's Long-Term Financial Direction

Introduction

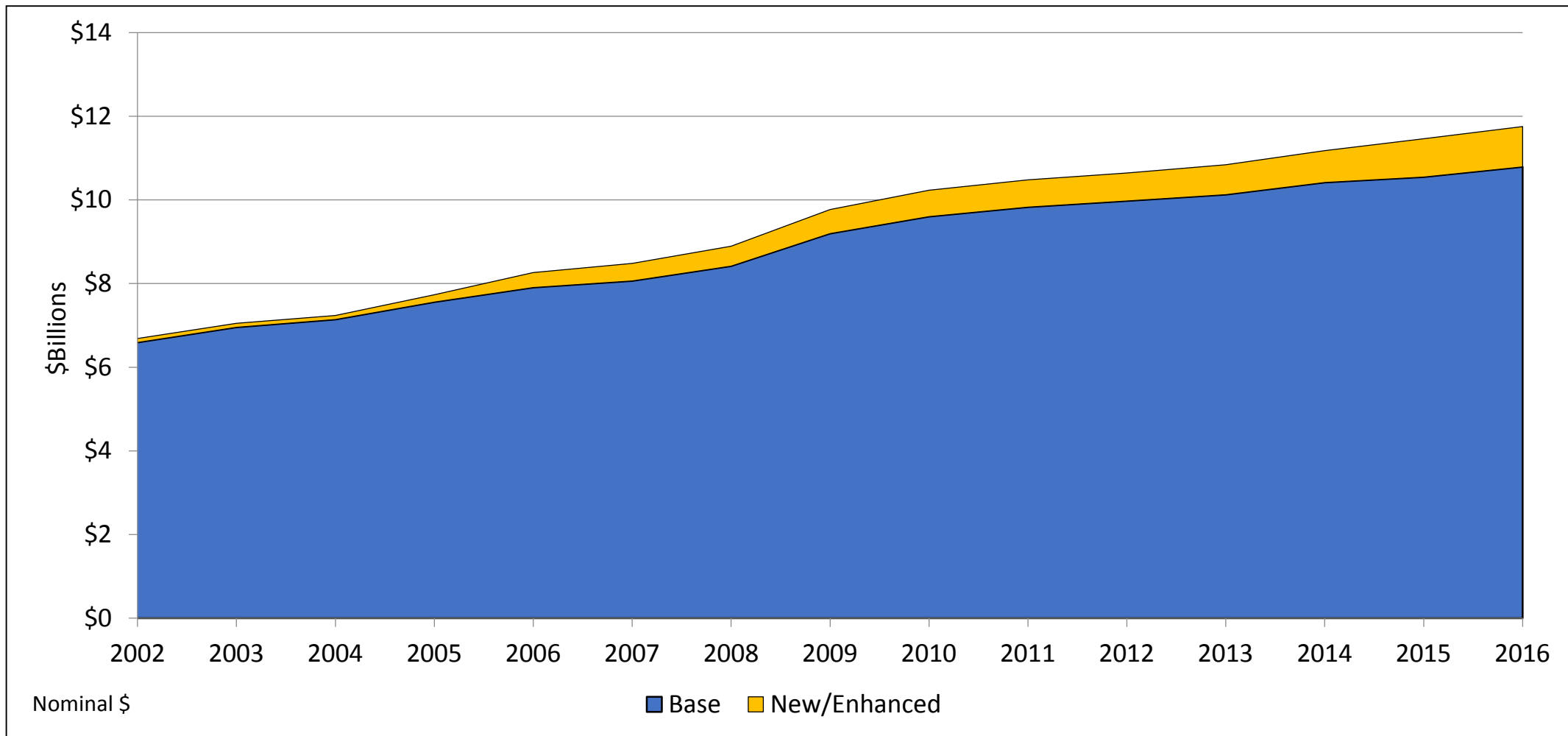
- The City has been able to achieve balanced budgets on an annual basis, despite underlying concerns regarding sustainability.
- The staff report:
 - reviews the expense and revenue patterns of recent budgets
 - provides early/basic forecasts of future expense pressures and revenue performance
 - outlines a series of principles and directions to ensure long-term financial stability.
- Circumstances of the recent past have been uniquely favourable.
- Trends do not form a reliable basis for future fiscal planning.
- Changes in both expense and revenue management are likely to be required.

City Governance

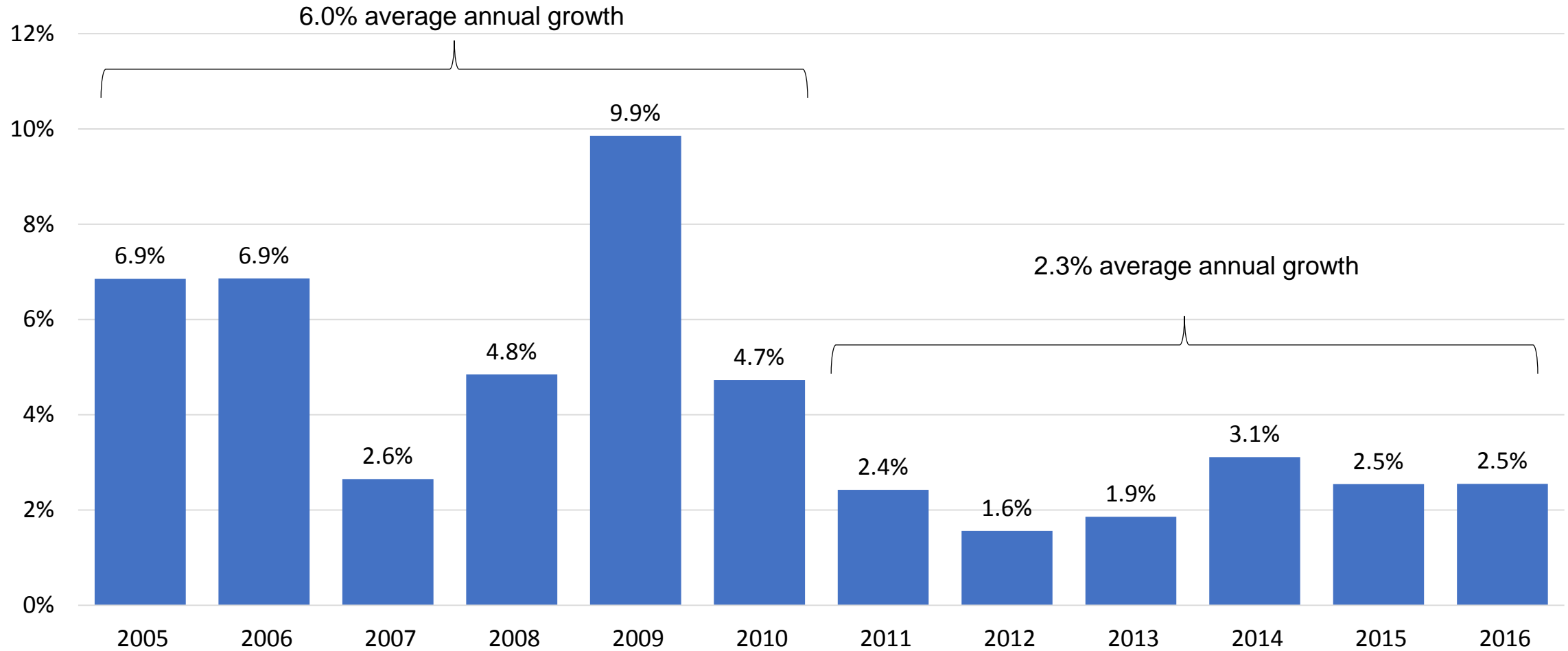
City Council has direct control of 43% of the Budget



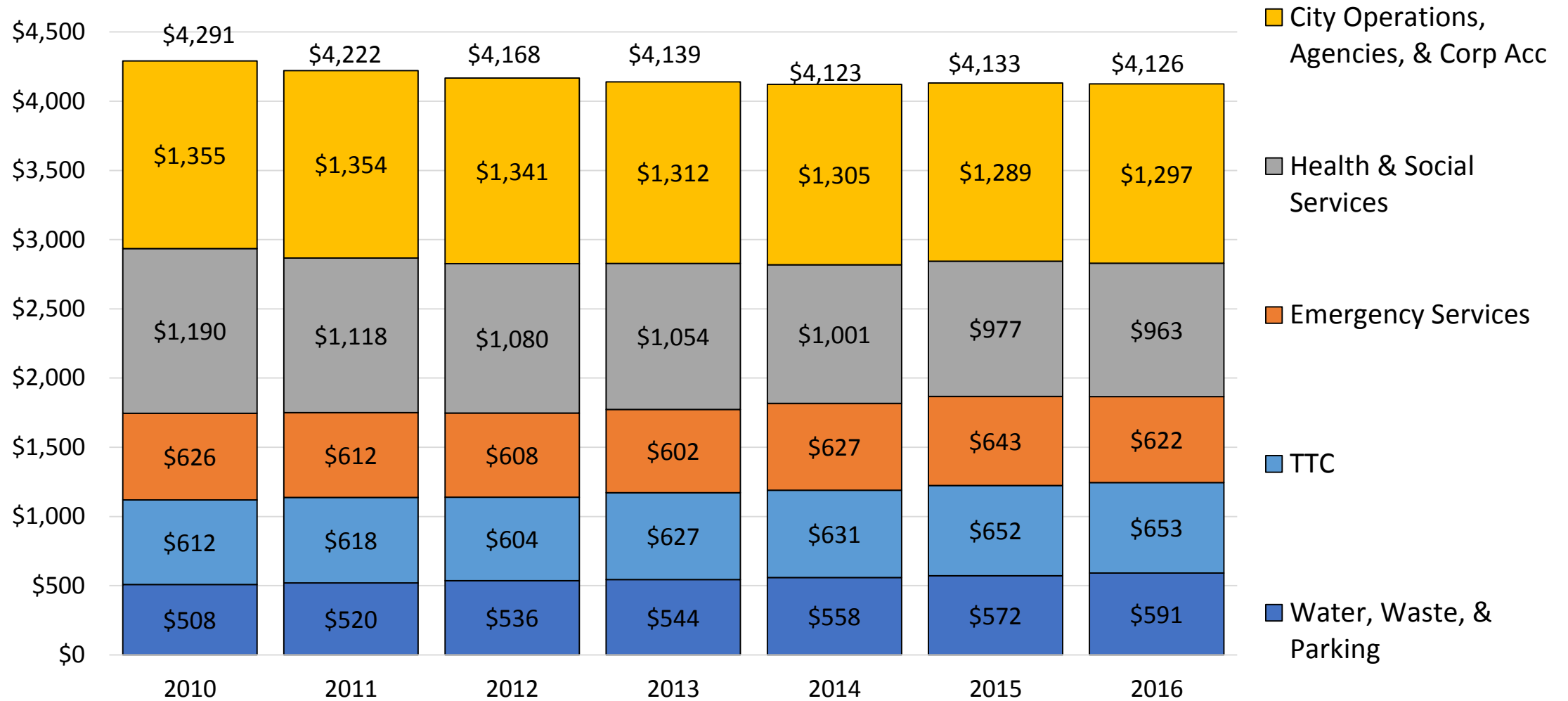
Expenditure Growth in Operating Budget Base vs. New/Enhanced



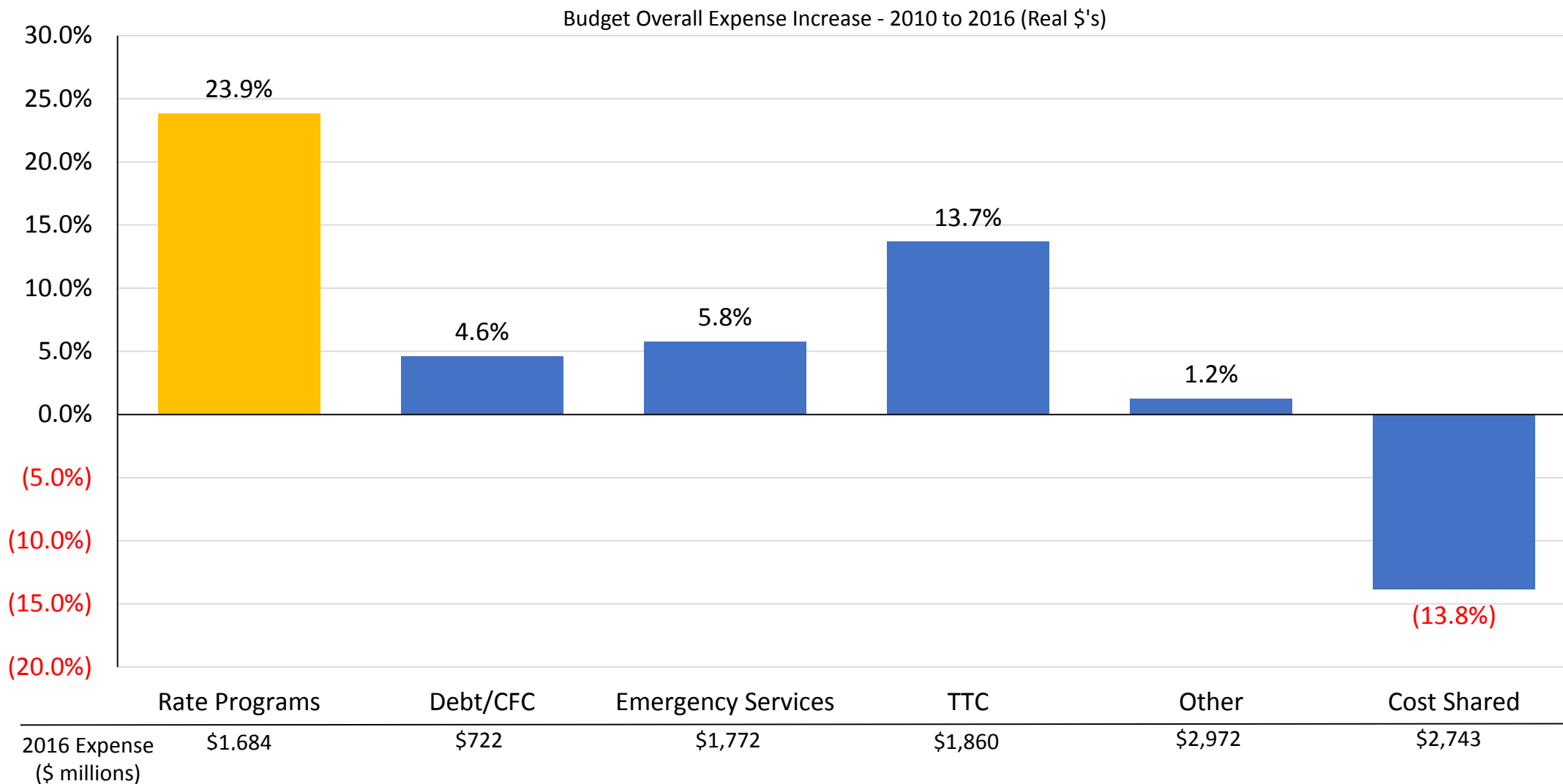
Change in Gross Expenditures - 2005 to 2016



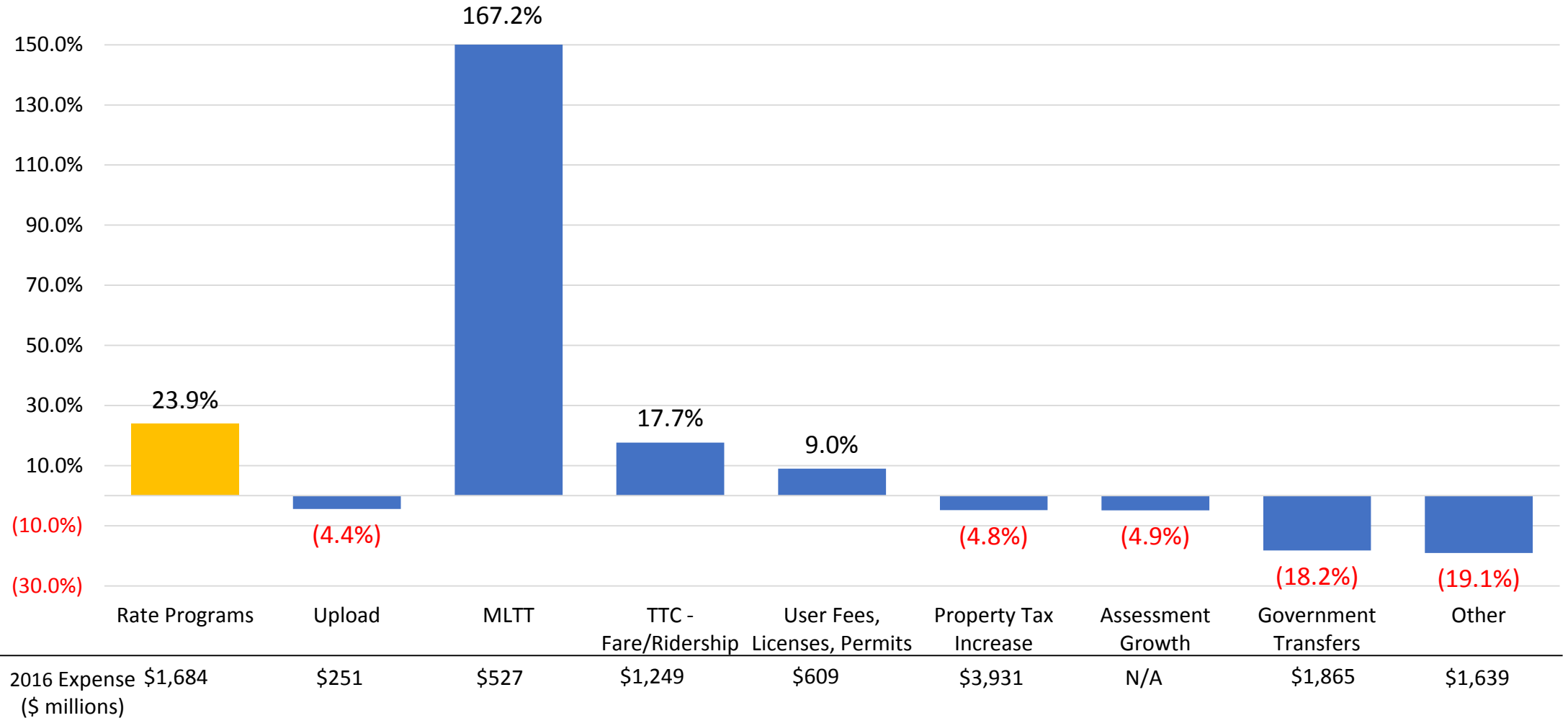
Gross Expenditure Per Resident (Adjusted for inflation & population)



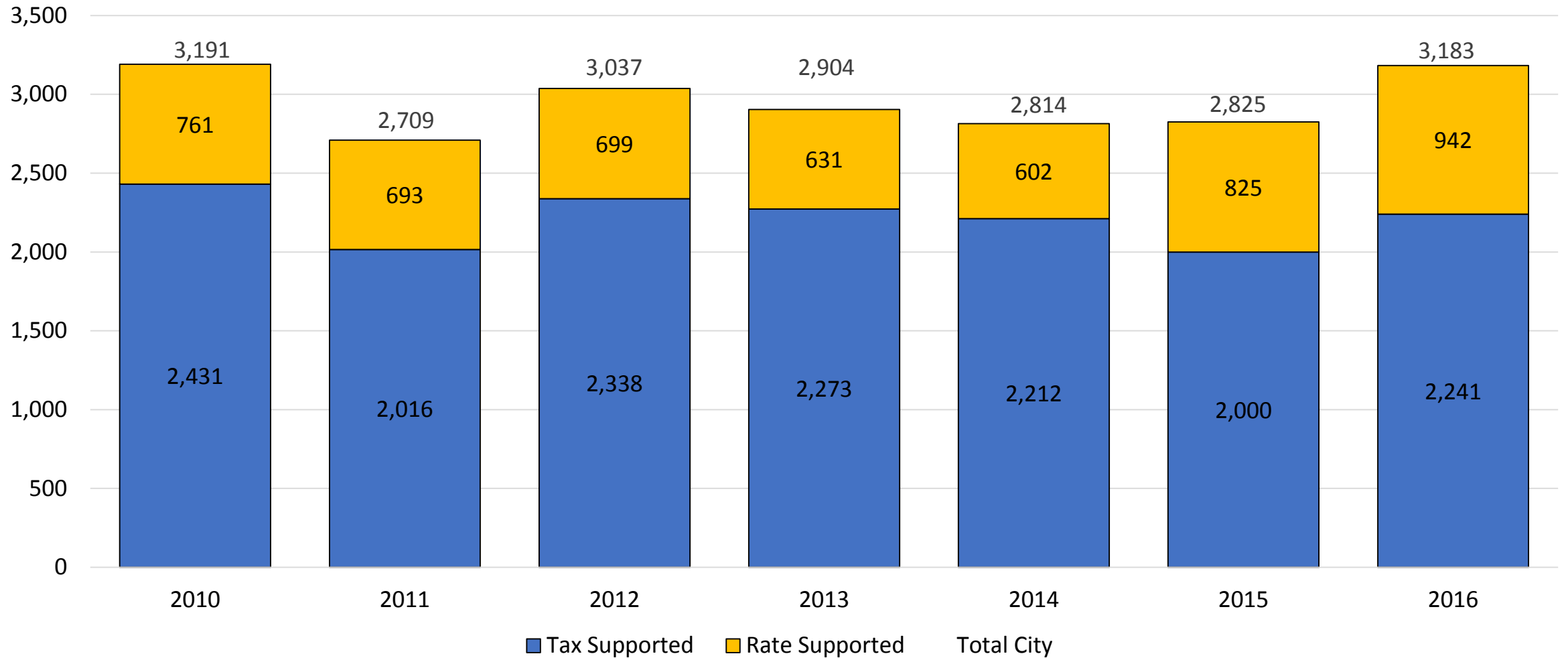
Budget Overall Expenses for 2010 to 2016 (Adjusted for Inflation)



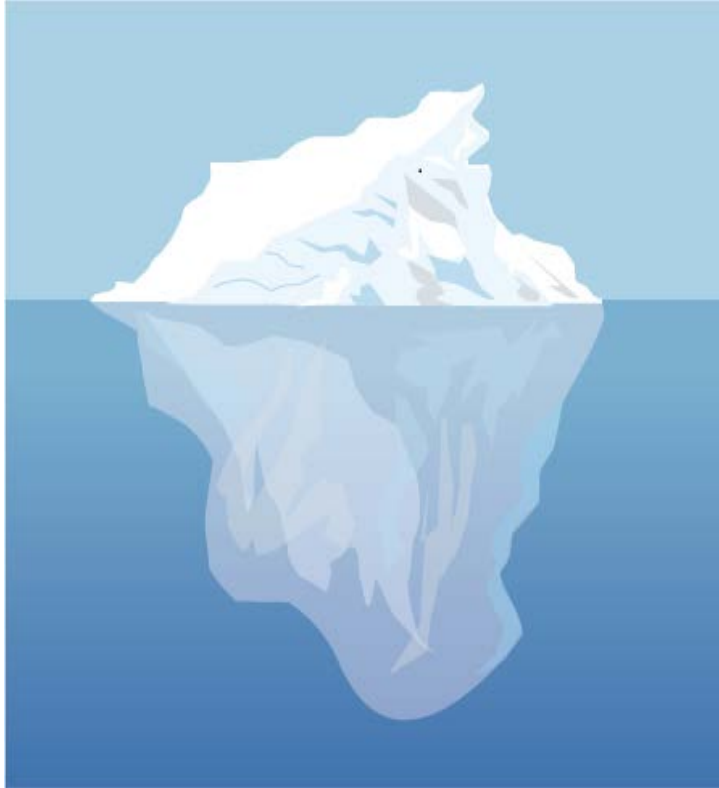
Budget Overall Revenues for 2010 to 2016 (Adjusted for Inflation)



Total Annual Capital Budget – 2010 to 2016

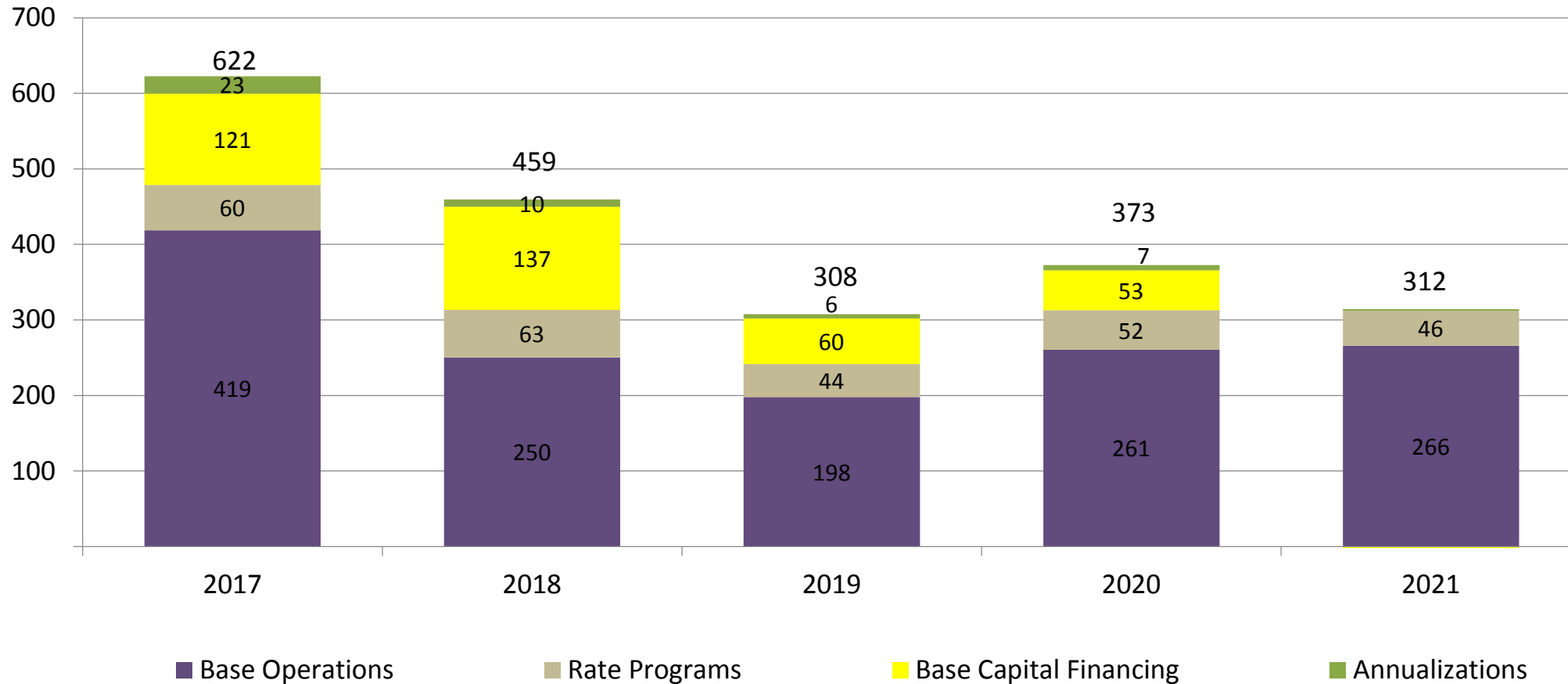


Summary of Unmet Capital Needs (\$M)

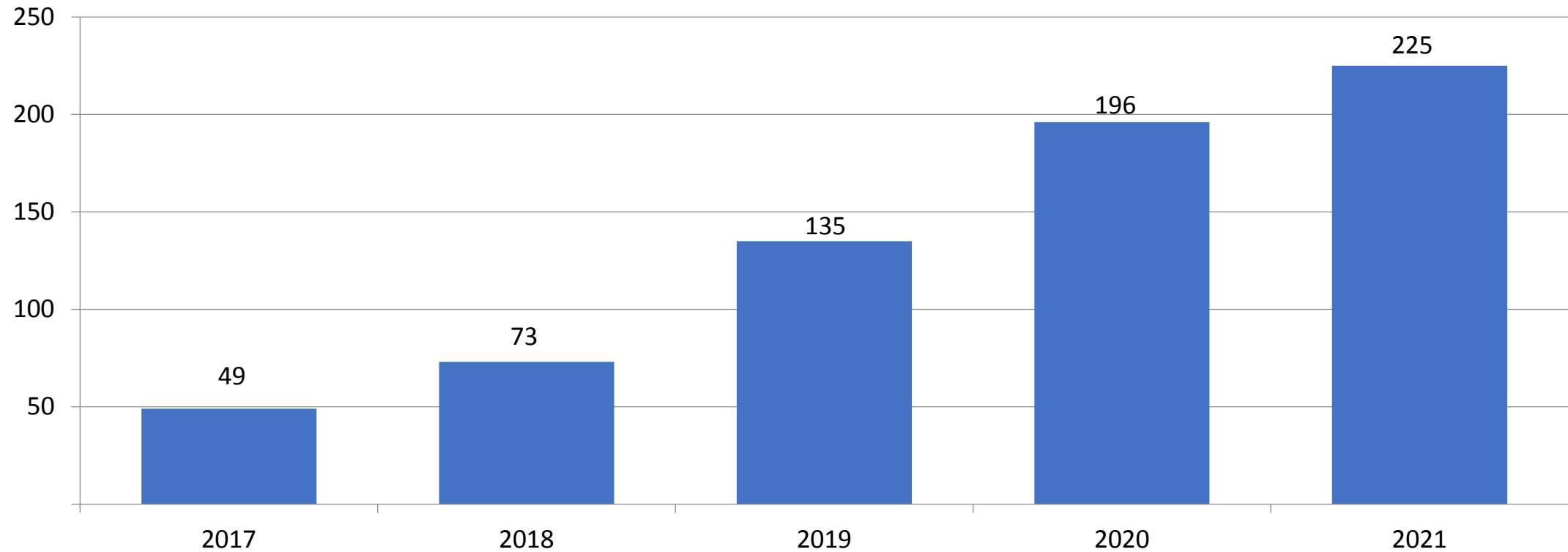


Major Unmet Capital Needs (\$Million)	
Unmet Need Priorities (Tier 1 Projects, TCHC & Waterfront 2.0)	
TCHC Province/Federal Share of \$2.6 billion requirement	1,728
TCHC Capital Maintenance	650
TCHC Revitalization Projects <i>Less Prov Grant on Energy Retro Fit</i>	356 -29
SOGR Backlog to 2% of Asset Value (Exc.TCHC)	1,046
TTC Board Approved Unfunded	2,679
SSHA (George Street Revitalization)	480
Long Term Homes Care Services	246
Other City Priorities	1,318
Lower Don Flood Protection	975
Waterfront Land Servicing (EBF, WDL and Keating)	150
Waterfront Public Realm Initiatives <i>Less Waterfront DCS/Federal & Provincial Funding</i>	350 -1,125
Unfunded Projects from Environmental Assessments	2,000
Tier 2 Unmet Need Priorities	
TTC Future Capital Needs	2,323
Other Programs	597
Unfunded Transit Expansion Initiatives	
All Unfunded Transit Expansion Initiatives <i>(Preliminary - Pre-Design Estimates)</i>	15,300
Total of Unfunded Capital Projects (\$Million)	29,043

Projected Incremental Base Expense Growth (\$M) 2017 to 2021

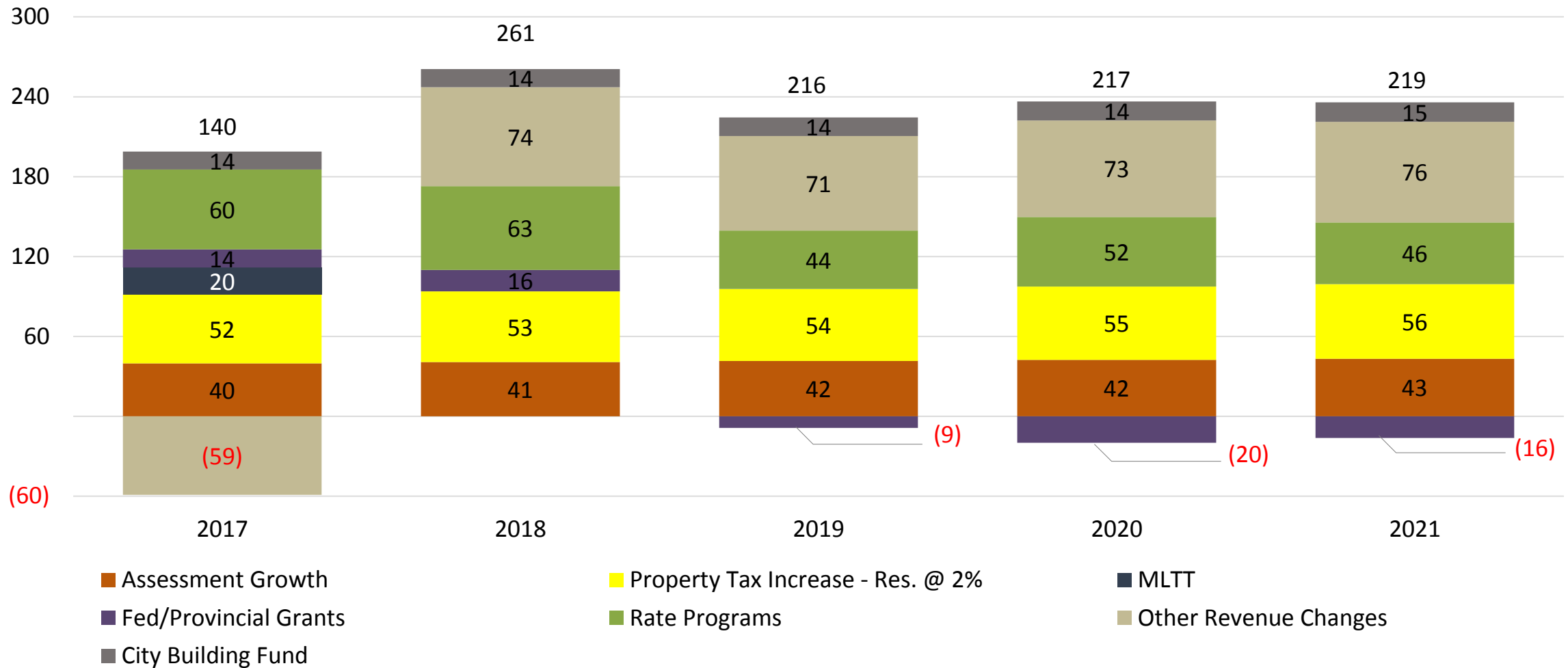


Projected Incremental Debt Charge Growth for Unmet Capital Needs (\$M) - 2017 to 2021

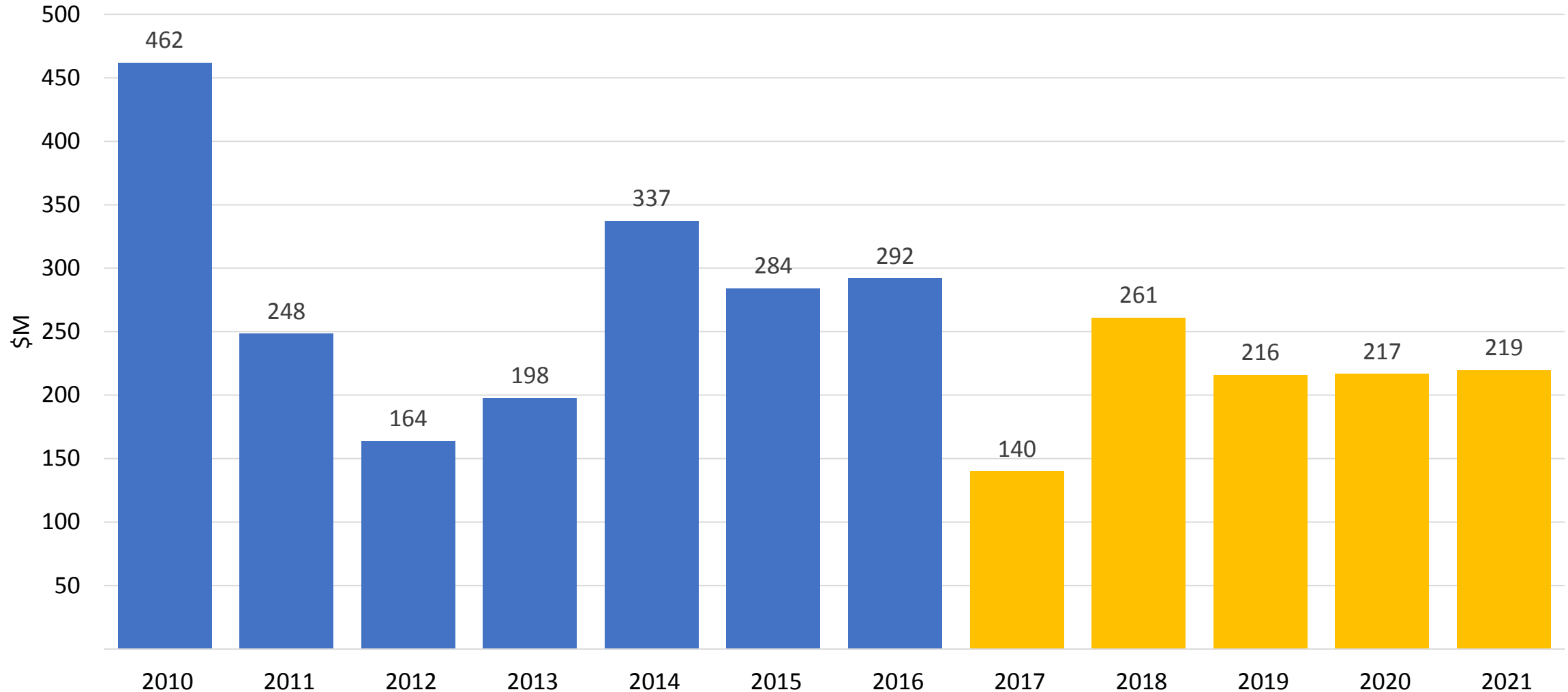


Projected Incremental Revenue Growth (\$M)

2017 to 2021

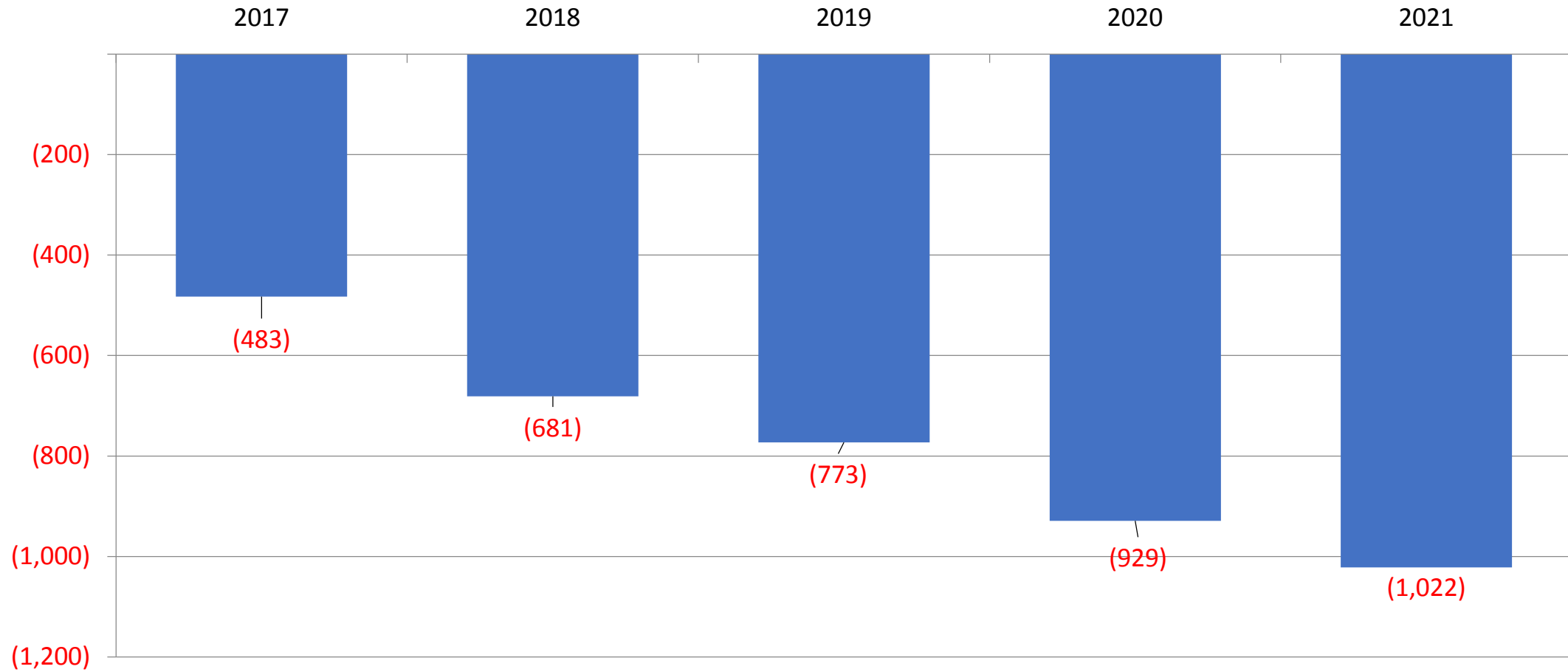


Incremental Revenue Growth – 2010 to 2016 (budgeted) and 2017 to 2021 (projected)

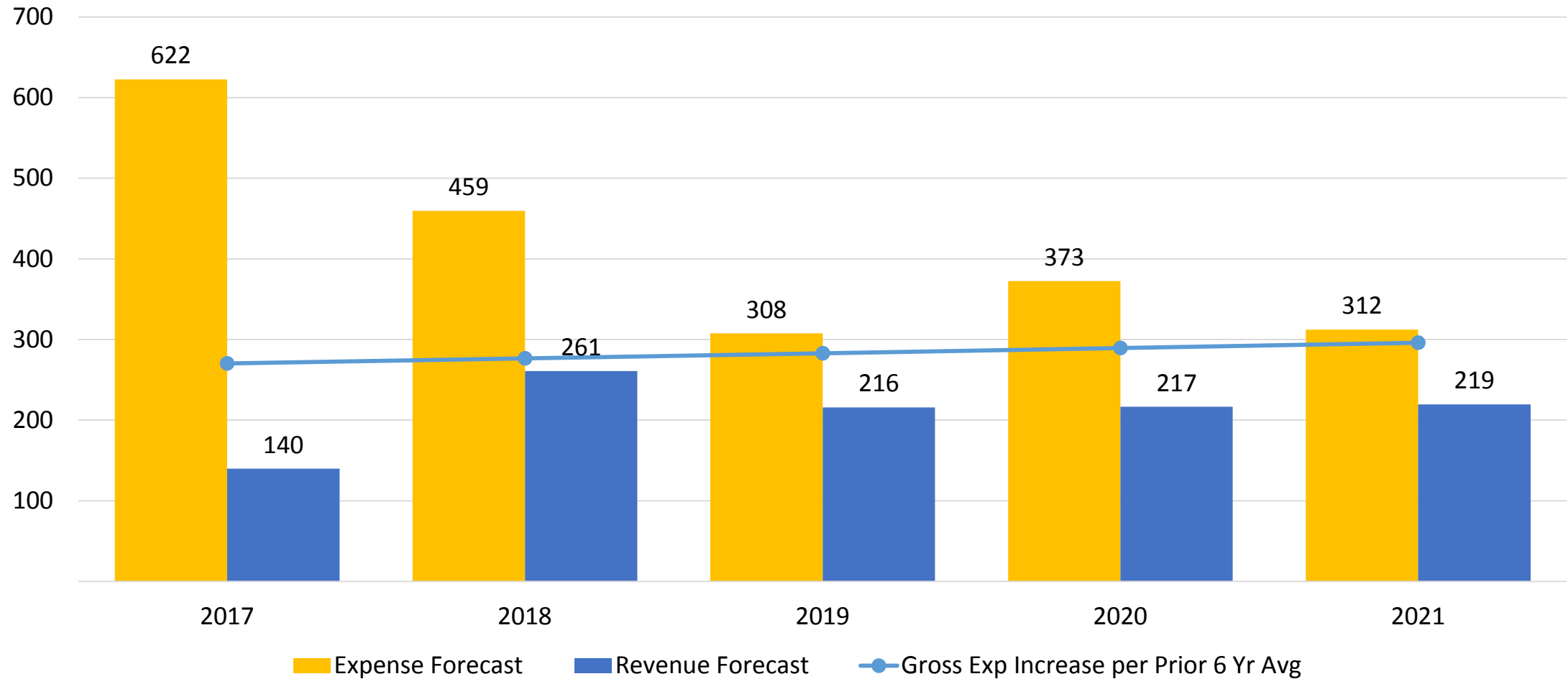


Projected Cumulative Net Pressures (\$M)

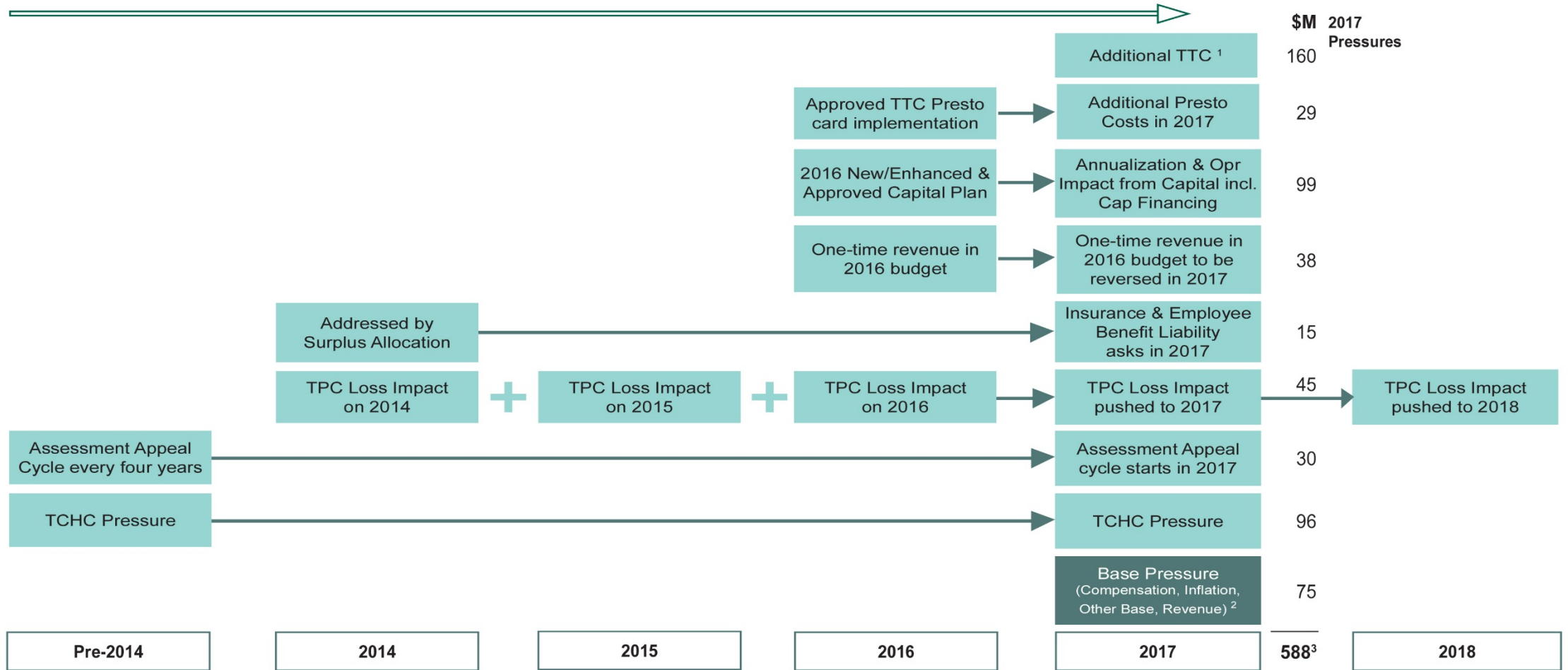
2017 to 2021



Expense and Revenue vs. Prior Six Year Average (\$M)



2017 Operating Pressures



Note:

1. Additional TTC pressure includes revenue shortfall and base salary increase, but excludes Presto and service improvement cost increases.
2. Base pressure mainly includes base salary increases (excl. TTC and Police), base non-salary inflation increases, as well as other base expense and revenue changes (incl. user fee, MLTT, upload), etc.
3. Total 2017 operating pressure of \$588m excludes service improvements, debt costs for unmet needs, and Police. Net pressure is **\$483m** after Tax Rate Increase (\$52m), Assessment Growth (\$40m), and the City Building Fund estimates (\$13.5m).

Potential Shortcuts to Balance the Budget

- Provincial or federal government funding for capital projects
- Continued gains from the Municipal Land Transfer Tax
- Drawn down reserve funds
- Manage down surpluses
- Lower “capital from current” financing.

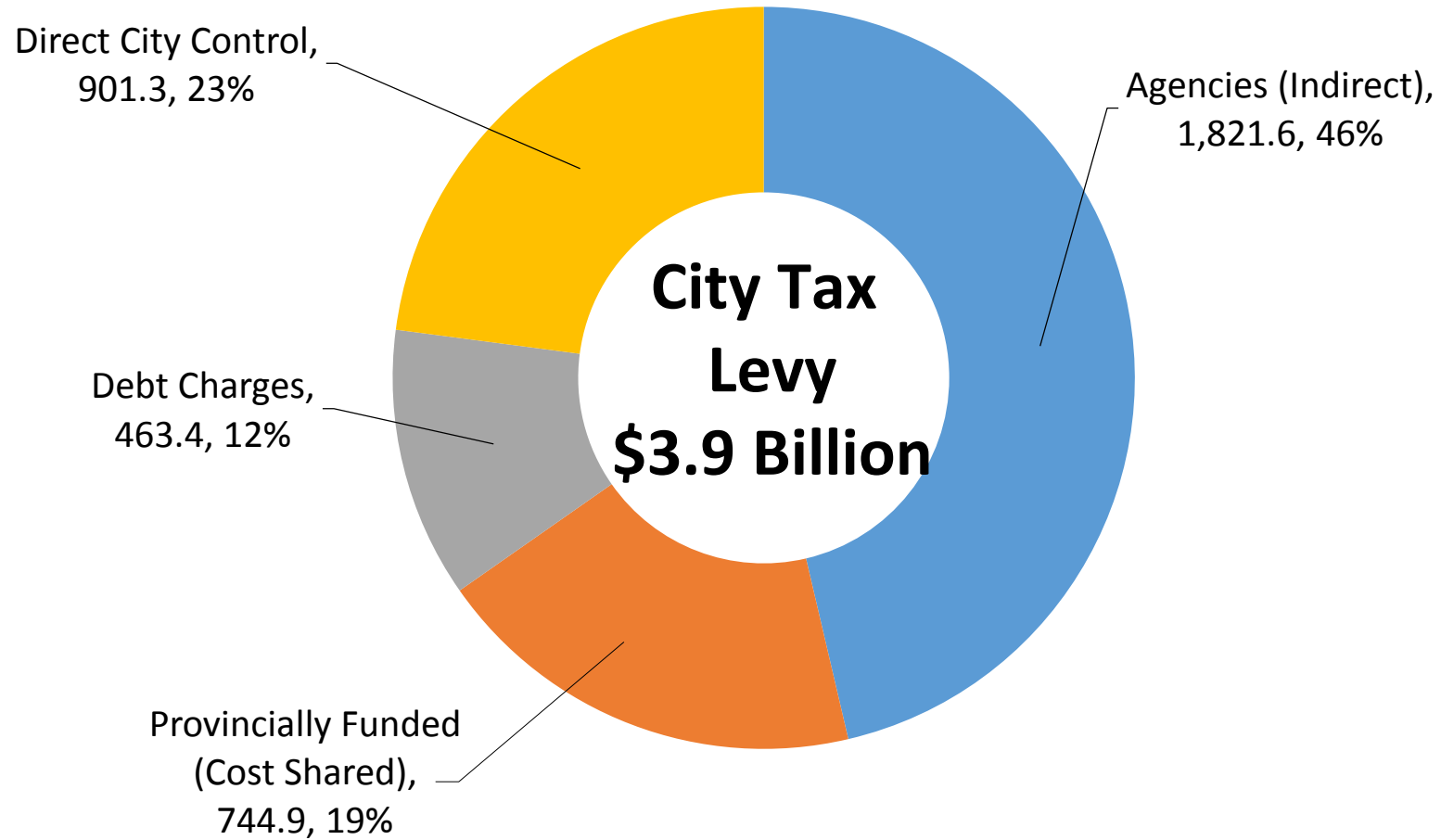
Next Steps

- The report recommends that staff report back by the end of the year with approaches to strengthen financial planning, decision-making and oversight, including:
 - Strategies and processes to improve integration between program and financial planning
 - A multi-year expenditure management plan
 - A multi-year revenue strategy.
- Staff are scheduled to report back to Executive Committee on revenue options in June 2016.

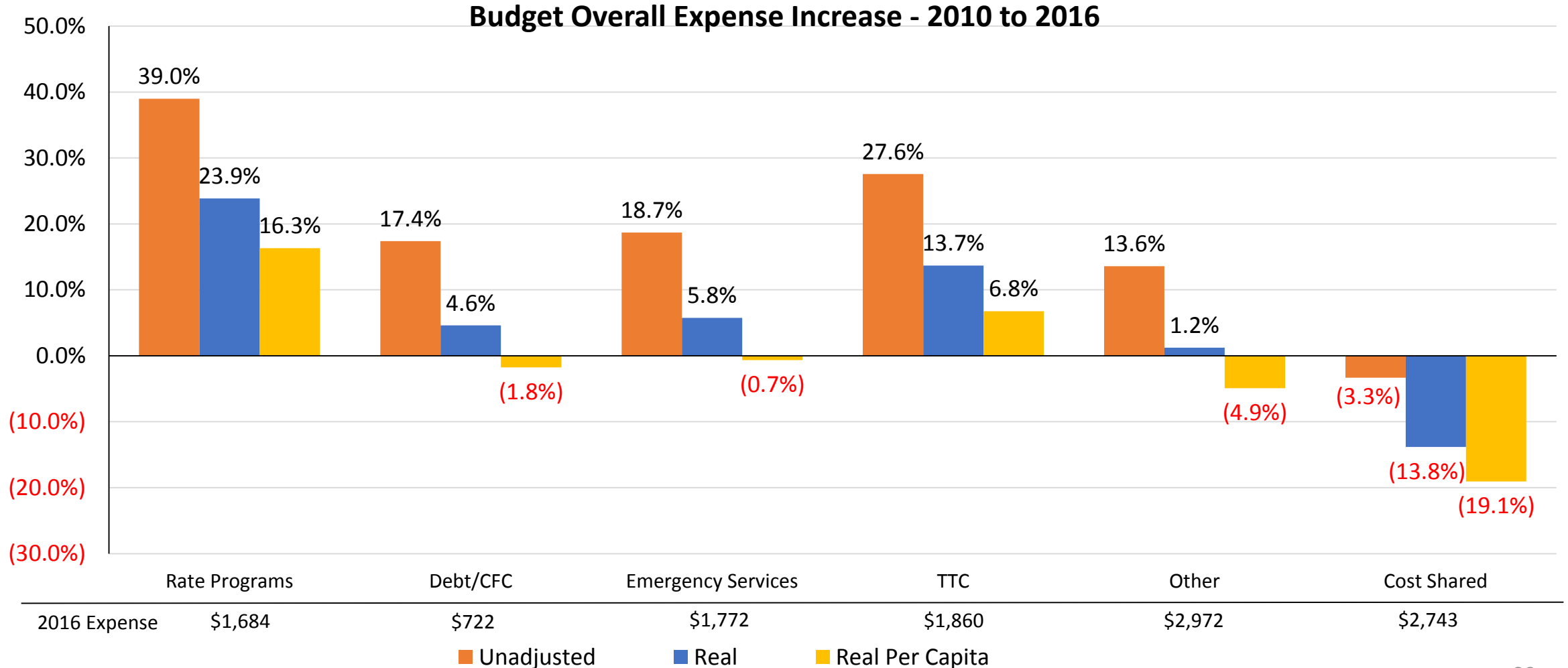
Appendix

City Governance

City Council has direct control of 23% of the Budget

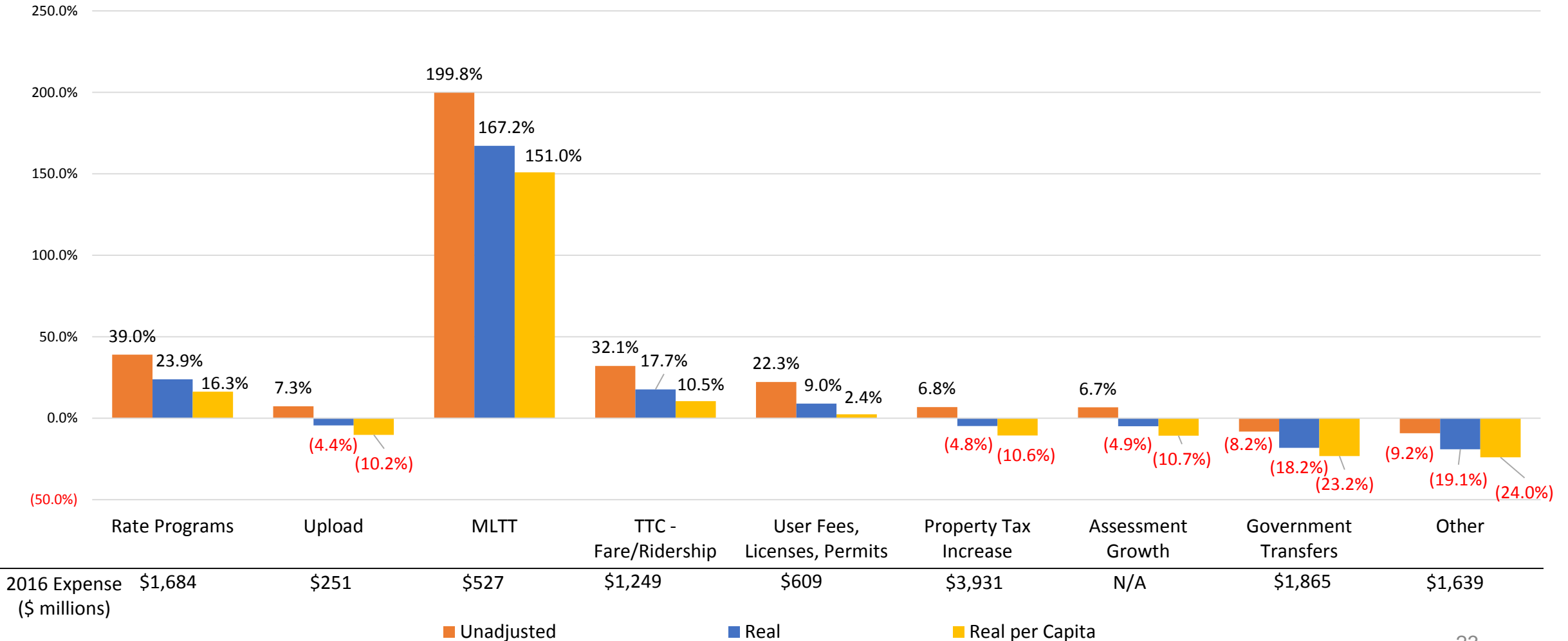


Budget Overall Expenses for 2010 to 2016



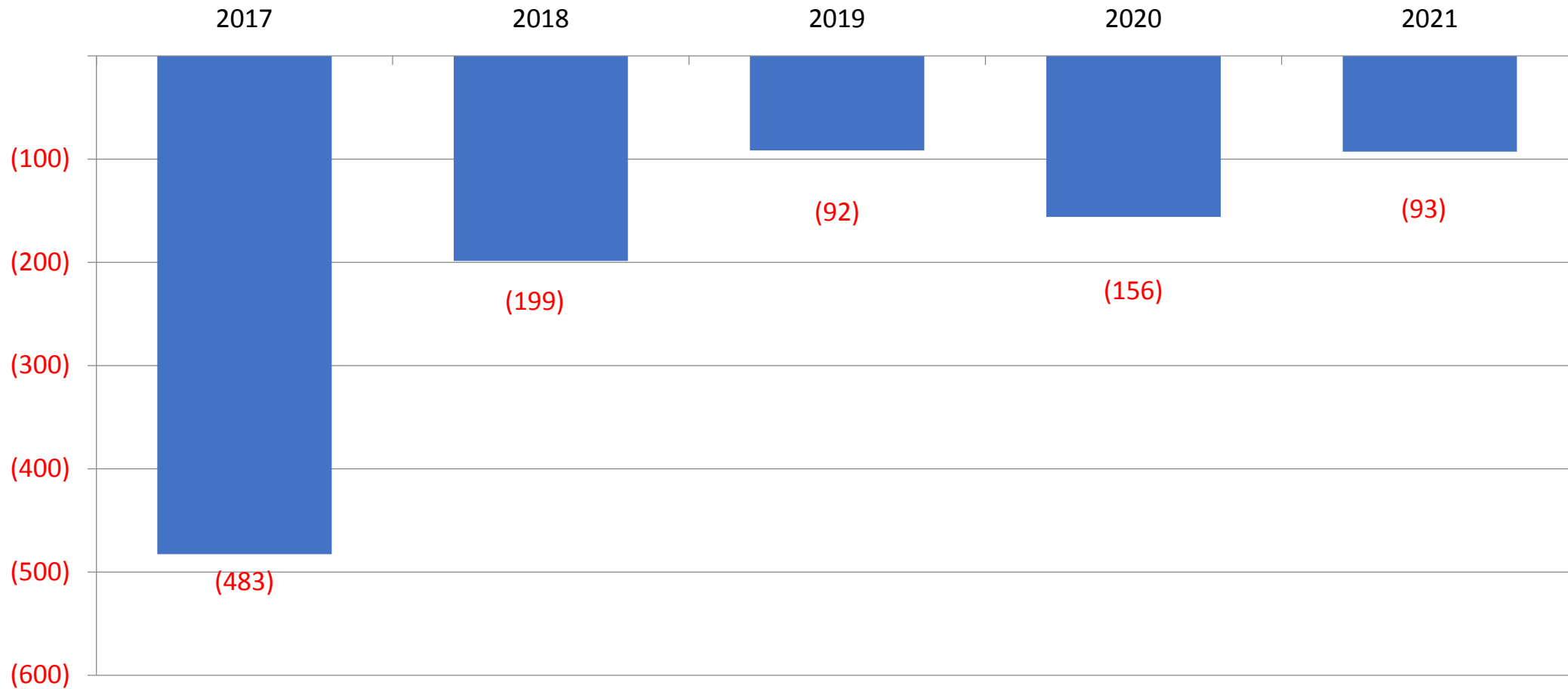
Budget Overall Revenues for 2010 to 2016

Budget Revenue Changes - 2010 to 2016



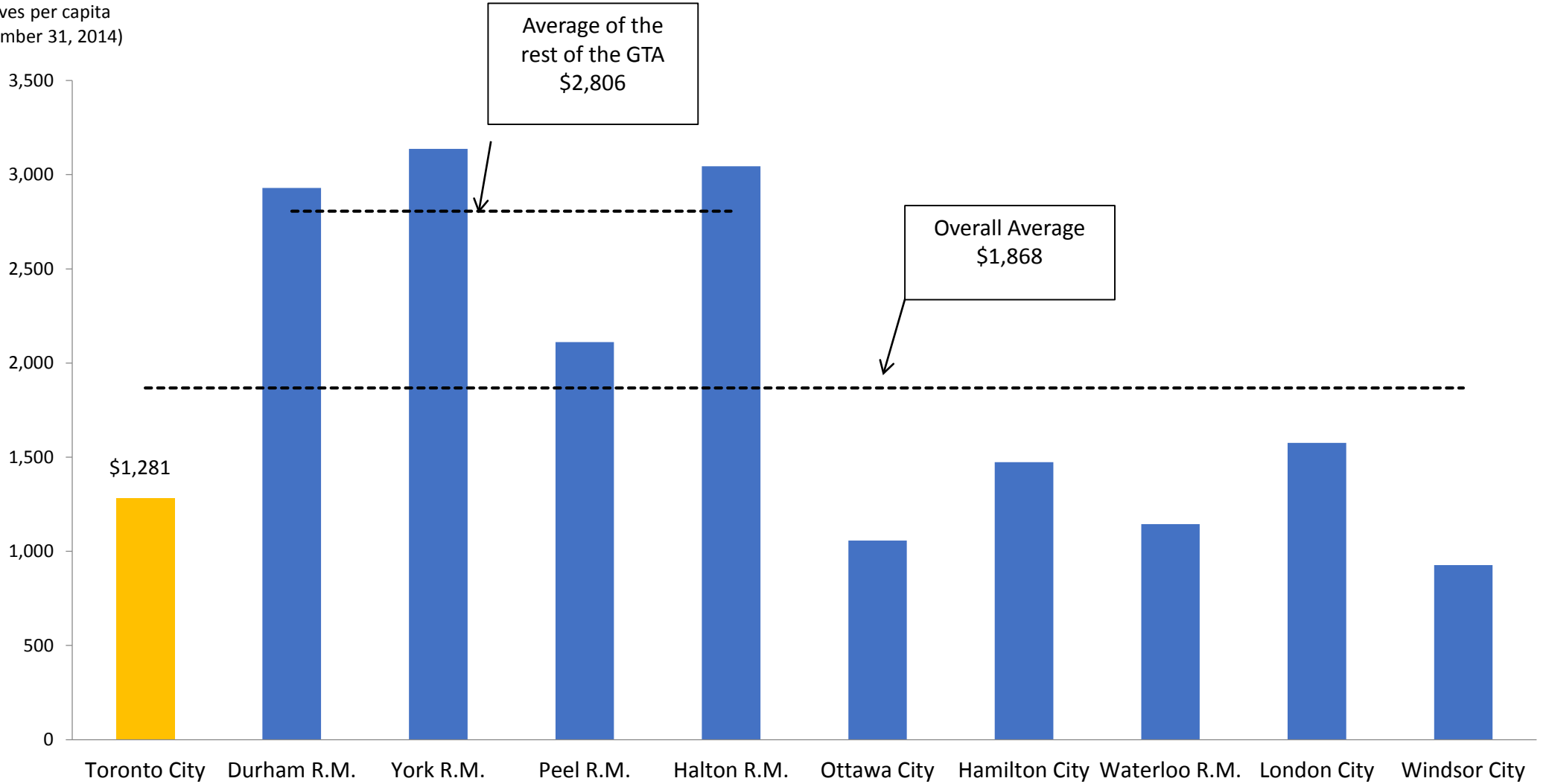
Projected Incremental Net Pressures (\$M)

2017 to 2021

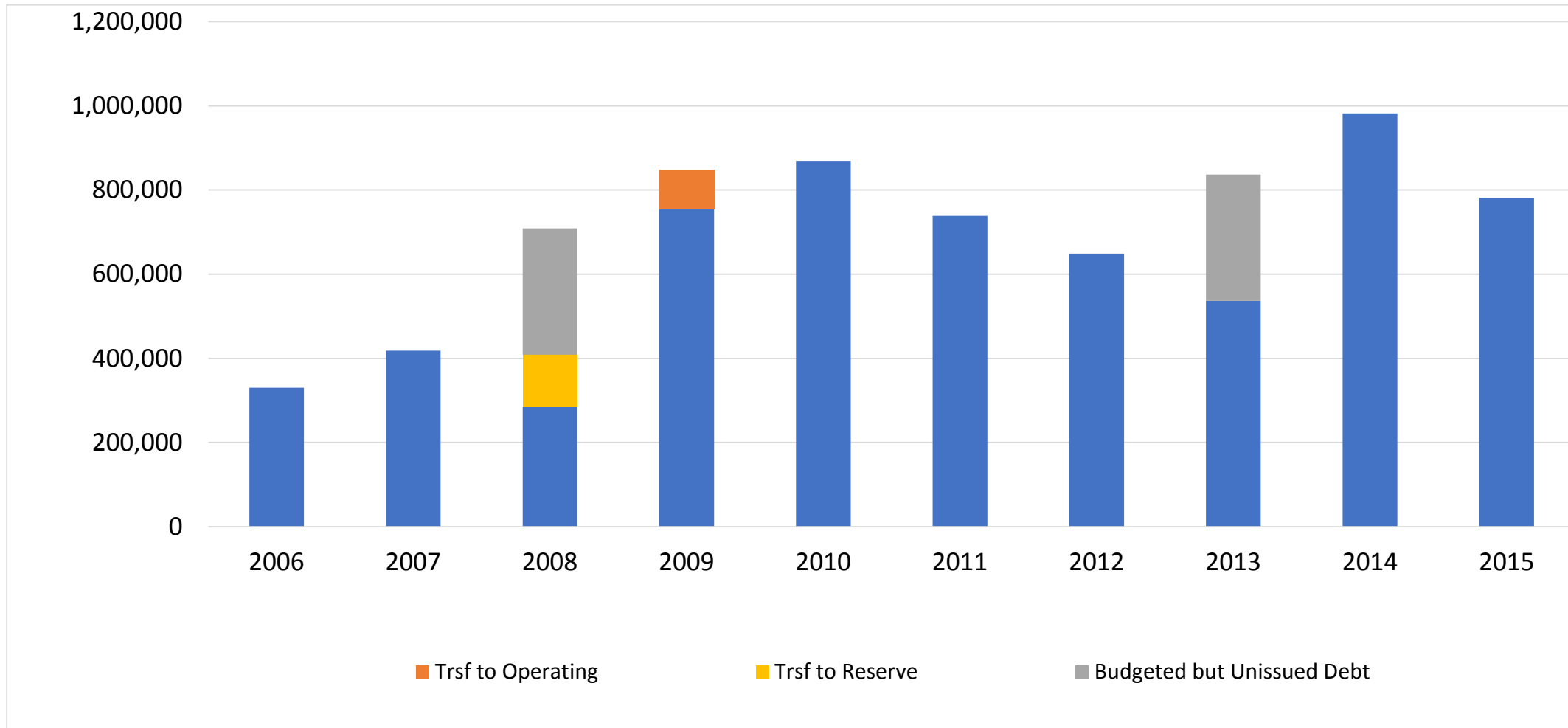


Reserves per Capita Comparison

Reserves per capita
(December 31, 2014)



Unfinanced Debt Capital from 2006 to 2015*



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