

2017 Interim Estimates

Date: November 23, 2016

To: Executive Committee

From: Deputy City Manager & Chief Financial Officer

Wards: All

SUMMARY

In accordance with the City of Toronto Act (CoTA) and Financial Control By-Law, Interim Budget Estimates must be approved prior to January 1, 2017 to ensure that appropriate Council approval is granted to fund the continuance of the City's business until 2017 Operating and Capital Budgets are approved by City Council.

The 2017 Tax supported Operating and Capital Budgets are scheduled to be approved by City Council on February 15 and 16, 2017. The purpose of this report is to establish the 2017 Interim Operating and Capital Estimates in order to enable City Programs and Agencies to have necessary spending authority to carry out their ongoing base operations and to continue work on previously approved urgent capital projects until the 2017 Operating and Capital Budgets are approved by City Council and uploaded in the City financial system.

The 2017 Tax Supported Interim Operating Estimates are \$2.506 billion gross and requires cash outflow funding of \$2.139 billion. The 2017 Tax Supported Interim Capital Estimates total \$929.952 million gross expenditures that require debenture financing of \$349.399 million.

RECOMMENDATIONS

The Deputy City Manager & Chief Financial Officer recommends that:

1. City Council approve the 2017 Interim Operating Estimates totalling \$2.506 billion as detailed by City Program and Agency in Appendix 1 attached.
2. City Council approve the 2017 Interim Capital Estimates totalled \$929.952 million in gross expenditures and financing of \$349.399 million in debt funding; \$188.283 million in Provincial and Federal funding; \$225.633 million in Reserve/Reserve Funds funding; \$66.406 million in Development Charges and \$100.231 million in Third Party and Other funding as detailed by City Program and Agency in Appendix 2 attached.

FINANCIAL IMPACT

As shown in Table 1, the 2017 Interim Operating Estimates total \$2.506 billion in gross spending authority requiring estimated cash outflows of \$2.139 billion. Cash outflows for City Operations total \$1.289 billion and for Corporate Accounts \$331.397 million. Transfers to City Agencies to make their cash payments total \$518.589 million as most Agencies are only partially funded by the City. This estimate includes the Toronto Transit Commission (TTC) for which approximately 70% of its expenditures are funded from its own receipts.

Table 1: 2017 Interim Operating Estimates

2017 Interim Operating Estimates For the Period January 1 to March 31, 2017 (\$000's)		
	Gross	Cash Flow
Citizen Centred Services "A"	837,030	842,897
Citizen Centred Services "B"	266,695	266,695
Internal Services	121,172	132,197
Other City Programs	47,016	47,237
Total - City Operation	1,271,912	1,289,026
Agencies	902,746	518,589
Corporate Accounts	331,397	331,397
Total - Tax Supported Programs	2,506,056	2,139,013

The 2017 Interim Capital Estimates for previously approved capital projects, approved cash flow funding commitments and carry forward funding required to complete capital work undelivered in 2016 totals \$929.592 million and is summarized in Table 2 below. These expenditures will be funded as follows:

1. \$349.399 million in debt funding,
2. \$188.283 million in Provincial/Federal funding,
3. \$225.633 million in Reserve/Reserve funding,
4. \$66.406 million in Development Charges funding, and
5. \$100.231 million in Third Party and Other funding

Please refer to Appendix 2 for further details.

Table 2: 2017 Interim Capital Estimates

2017 Interim Capital Estimates For the Period January 1 to March 31, 2017 (\$000's)		
	Gross	Debt
Citizen Centred Services "A"	59,129	17,645
Citizen Centred Services "B"	166,049	108,341
Internal Services	155,304	40,433
Other City Programs	5,203	3,903
Total - City Operation	385,684	170,323
Agencies	544,268	179,076
Total - Tax Supported Programs	929,952	349,399

DECISION HISTORY

The City of Toronto Act (CoTA), sub-section 228 (1) states that, "The City shall in each year adopt a budget including estimates of all sums required during the year" for the purpose of continuing its business. The Financial Control By-Law stipulates that, "Council shall, before the adoption of the final operating budget for a year, adopt an interim operating budget... prior to the 1st day of January of the year in which the operating budget will be adopted" (Toronto Municipal Code, Article II, sub-section 71-5).

COMMENTS

2017 Interim Operating Estimates

Traditionally, Interim Operating Budget is used as a partial budget to ensure that adequate spending authority is in place for all Programs and Agencies prior to City Council's approval of the annual budget and established in the City's financial system. The Interim Operating Estimates are based on 2016 Approved Operating Budget as reported for the nine month period ended on September 30th of 2016, including pending in-year budget adjustments.

Interim Estimates for City Operations and Corporate Accounts are based on the 25% of the gross expenditure budget, and Agencies are calculated at 25% of the net budget, since Agencies are only partially funded by the City and are able to cover the majority of their expenditures through its own receipts. For example, 45% of Yonge and Dundas Square's expenditures are offset through user fees & donations, and only 17% of the funding source comes from the property tax in 2016. The Interim Operating Budget

Estimates are subsequently adjusted to account for specific contractual agreements and contract awards that maintain ongoing operations.

2017 Interim Capital Estimates

City Council's approval of the 2017 Interim Capital Estimates is required in order to continue work on previously approved capital projects until the 2017-2026 Capital Budget and Plan is approved and established in the City's financial system.

This will enable staff to take full advantage of time-driven benefits, remove/mitigate health and safety risks and to proceed with capital activities on projects that must continue during the first three months of 2017.

City Programs and Agencies identified particular capital projects that require an Interim Capital Budget for the first three months of 2017 to permit the following:

- To continue work on previously approved urgent capital projects,
- To fulfill previously established contractual commitments, and
- To provide carry-forward funding for projects that are underway.

The 2017 Interim Capital Budget Estimates for City Programs and Agencies represent 25% of the 2016 Council Approved Capital Budget.

It should be noted that no funding for new/enhanced services or new capital projects is included in the recommended 2017 Interim Estimates, as consideration for new funding is subject to the 2017 Budget process.

CONTACT

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SIGNATURE

Roberto Rossini
Deputy City Manager & Chief Financial Officer

ATTACHMENTS

- Appendix 1 - 2017 Interim Operating Estimates
- Appendix 2 - 2017 Interim Capital Estimates

CITY OF TORONTO
2017 INTERIM OPERATING BUDGET ESTIMATES
 (\$000's)

Programs/Agencies	2016 Gross Expenditures as at Sept 30	2016 Net Expenditures as at Sept 30	2017 Interim Budget	
			Gross Expenditures	Cash Out-Flow
Citizen Centred Services "A"				
Affordable Housing Office	2,977.8	1,200.8	744.4	869.4
Children's Services	471,176.6	76,709.9	117,794.2	117,794.2
Court Services	50,001.5	8,544.6	12,500.4	12,500.4
Economic Development, Culture and Tourism	77,602.6	58,781.5	19,400.6	25,143.2
Toronto Paramedic Services	204,912.7	78,921.5	51,228.2	51,228.2
Long Term Care Homes & Services	254,570.0	48,493.3	63,642.5	63,642.5
Parks, Forestry & Recreation	451,787.2	315,980.1	112,946.8	112,946.8
Shelter Support & Housing Administration	680,052.1	348,414.5	170,013.0	170,013.0
Social Development, Finance & Administration	54,159.1	32,022.6	13,539.8	13,539.8
Toronto Employment & Social Services	1,100,879.9	137,743.3	275,220.0	275,220.0
Sub-Total Citizen Centred Services "A"	3,348,119.4	1,106,812.1	837,029.8	842,897.4
Citizen Centred Services "B"				
City Planning	45,711.3	15,693.9	11,427.8	11,427.8
Fire Services	433,981.5	418,652.8	108,495.4	108,495.4
Municipal Licensing & Standards	50,734.6	19,893.1	12,683.6	12,683.6
Policy, Planning, Finance & Administration	22,207.7	9,759.3	5,551.9	5,551.9
Engineering & Construction Services	71,415.7	7,616.9	17,853.9	17,853.9
Toronto Building	53,825.4	(10,754.5)	13,456.3	13,456.3
Transportation Services	388,902.1	207,642.4	97,225.5	97,225.5
Sub-Total Citizen Centred Services "B"	1,066,778.2	668,503.9	266,694.5	266,694.5
Internal Services				
Office of the Chief Financial Officer	16,731.5	9,827.6	4,182.9	4,182.9
Office of the Treasurer	76,796.4	28,983.2	19,199.1	19,199.1
Facilities Management & Real Estate	194,264.4	69,325.7	48,566.1	48,566.1
Fleet Services	52,088.1	0.0	13,022.0	24,047.3
Information & Technology	125,832.8	74,248.8	31,458.2	31,458.2
311 Toronto	18,975.2	9,895.1	4,743.8	4,743.8
Sub-Total Internal Services	484,688.5	192,280.4	121,172.1	132,197.4
City Manager				
City Manager's Office	55,260.6	47,555.2	13,815.2	13,896.4
Sub-Total City Manager	55,260.6	47,555.2	13,815.2	13,896.4
Other City Programs				
City Clerk's Office	50,279.1	32,466.1	12,569.8	12,709.8
Legal Services	50,766.3	20,333.9	12,691.6	12,691.6
Mayor's Office	2,311.1	2,311.1	577.8	577.8
City Council	20,938.1	20,898.1	5,234.5	5,234.5
Auditor General's Office	5,033.3	5,033.3	1,258.3	1,258.3
Office of the Integrity Commissioner	484.8	484.8	121.2	121.2
Office of the Lobbyist Registrar	1,156.3	1,156.3	289.1	289.1
Office of the Ombudsman	1,834.0	1,834.0	458.5	458.5
Sub-Total Other City Programs	132,802.9	84,517.5	33,200.7	33,340.7
TOTAL - CITY OPERATION	5,087,649.6	2,099,669.2	1,271,912.4	1,289,026.5

CITY OF TORONTO
2017 INTERIM OPERATING BUDGET ESTIMATES
 (\$000's)

Programs/Agencies	2016 Gross Expenditures as at Sept 30	2016 Net Expenditures as at Sept 30	2017 Interim Budget	
			Gross Expenditures	Cash Out-Flow
Agencies				
Toronto Public Health	244,466.7	58,922.8	61,116.7	61,116.7
Toronto Public Library	194,767.4	177,174.5	48,691.9	44,293.6
Association of Community Centers	7,969.9	7,696.5	1,992.5	1,924.1
Exhibition Place	36,513.9	(157.0)	9,128.5	0.0
Heritage Toronto	765.8	306.3	191.4	76.6
Theatres				
Toronto Zoo	51,065.0	11,885.0	12,766.2	4,159.7
Arena Boards of Management	8,641.9	(9.9)	2,160.5	0.0
Yonge/Dundas Square	2,332.4	387.3	583.1	232.1
Toronto Region Conservation Authority	43,044.0	3,474.3	10,761.0	868.6
Toronto Atmospheric Fund	2,612.0	0.0	653.0	0.0
Toronto Transit Commission	1,860,422.3	610,339.1	465,105.6	152,584.8
Toronto Police Service	1,132,208.4	1,004,744.5	283,052.1	251,186.1
Toronto Police Services Board	3,051.9	2,301.9	763.0	575.5
SUB-TOTAL - AGENCIES	3,610,984.8	1,882,561.8	902,746.2	518,588.9
Corporate Accounts				
Capital Financing - Capital from Current	217,843.1	217,843.1	54,460.8	54,460.8
Technology Sustainment	17,911.6	17,911.6	4,477.9	4,477.9
Debt Charges	486,678.9	463,372.8	121,669.7	121,669.7
Capital & Corporate Financing	722,433.6	699,127.5	180,608.4	180,608.4
Non-Program Expenditures				
Tax Deficiencies/Writeoffs	61,419.6	29,215.6	15,354.9	15,354.9
Assessment Function (MPAC)	40,670.0	40,670.0	10,167.5	10,167.5
Funding of Employee Related Liabilities	65,875.4	65,875.4	16,468.9	16,468.9
Other Corporate Expenditures	52,917.1	45,963.0	13,229.3	13,229.3
Insurance Premiums & Claims	300.0	300.0	75.0	75.0
Parking Tag Enforcement & Oper.	65,579.6	65,579.6	16,394.9	16,394.9
Programs Funded from Reserve Funds	130,434.7	0.0	32,608.7	32,608.7
Vacancy Rebate Program	23,000.0	23,000.0	5,750.0	5,750.0
Heritage Property Taxes Rebate	2,000.0	2,000.0	500.0	500.0
Tax Rebates for Registered Charities	7,157.4	0.0	1,789.4	1,789.4
Solid Waste Management Rebates	153,801.9	153,801.9	38,450.5	38,450.5
Non-Program Expenditures	603,155.8	426,405.5	150,788.9	150,788.9
TOTAL - CORPORATE ACCOUNTS	1,325,589.3	1,125,533.0	331,397.3	331,397.3
TOTAL - TAX SUPPORTED PROGRAMS	10,024,223.8	5,107,764.0	2,506,055.9	2,139,012.7

City of Toronto
2017 Interim Capital Estimates
For the Period January 1 to March 31, 2017
(\$000's)

City Programs/Agencies	Gross	Debt
Citizen Centred Services "A"		
Children's Services	7,783	288
Court Services	1,439	
Economic Development and Culture	9,185	3,679
Long Term Care Homes Services	1,689	1,164
Parks, Forestry & Recreation	23,432	880
Shelter, Support & Housing Administration	4,669	2,952
Toronto Employment & Social Services	1,250	
Toronto Paramedic Services	9,682	8,682
Sub-Total - Citizen Centred A	59,129	17,645
Citizen Centred Services "B"		
City Planning	2,583	1,921
Fire Services	2,685	748
Transportation Services	143,245	100,673
Waterfront Revitalization Initiative	17,536	5,000
Sub-Total - Citizen Centred B	166,049	108,341
Internal Services		
311 Toronto	1,710	1,710
Facilities Management and Real Estate	107,196	32,009
Financial Services	6,157	5,084
Fleet Services	30,478	0
Information & Technology	9,763	1,630
Sub-Total - Internal Services	155,304	40,433
Other City Programs		
Accountability Office:	566	566
City Clerk's Office	4,378	3,078
Corporate Initiatives	259	259
Sub-Total - Other City Programs	5,203	3,903
Total - City Operation	385,684	170,323
Agencies		
Exhibition Place	340	340
Sony Centre	500	500
Toronto Police Service	6,668	4,931
Toronto Public Health	1,767	1,166
Toronto Public Library	5,522	3,524
Toronto Zoo	2,750	2,750
Toronto Transit Commission (incl.SYSE & SSE)	526,721	165,865
Sub-Total - Agencies	544,268	179,076
Total - Tax Supported Programs	929,952	349,399

*Interim Budget based on contractual commitments for ongoing/existing projects