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Ulli Watkiss
City Clerk
13th Floor, West Tower, City Hall
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Re: Administrative Inquiry Regarding 2016 Operating Budget Reductions

I am writing in response to the Administrative Inquiry submitted by Councillor Paula Fletcher for information respecting the 2016 Council Approved Operating Budget reductions on the following:

1. How did you arrive at the \$11.217 million total and what was the process used to determine the specific dollar amounts for each Program and Agency?

As part of its deliberations at the Final Wrap-Up Meeting of January 26, 2016, the Budget Committee recommended \$34.009 million gross and \$29.049 million net in funding for various new and enhanced service investments. In order to offset this additional cost, a series of budget adjustments were also recommended for approval, including the following motion, proposing a budget reduction of \$1.263 million to City Agencies and \$9.954 million to City Programs, for a total of \$11.217 million. The motion was adopted by City Council, as part of the 2016 Budget Process, at its meeting on February 17, 2016 as Recommendation 244 in EX12.2.

"City Council direct that the 2016 Preliminary Operating Budget be reduced by a total of \$1.263 million for all City Agencies, excluding the Toronto Police Service and the Toronto Transit Commission, and \$9.954 million for City Programs with savings to be realized from a spending freeze on discretionary expenditures, including but not limited to business travel; conferences, consulting contracts; purchase of equipment, furniture, supplies; advertising, promotion and production of materials

except where it is critically required for service delivery; and that the City Manager be delegated the authority to allocate these reductions to Agencies and City Programs, having regard for whether an Agency or City Program has met the 2016 - 1% budget target."

Attached is the link to the Budget Committee motion:

<http://www.toronto.ca/legdocs/mmis/2016/bu/comm/communicationfile-58214.pdf>

The distribution of the \$11.217 million follows the intent of the approved direction as it relates to the nature of expenditures to be reduced and takes into account whether the Programs and Agencies met the -1% budget target as specified in the 2016, had provided line-by-line savings in the 2016 Operating Budgets, as well as the percentage of individual Program/Agency's Net Operating Budget in relation to the City's Total Net Operating Budget. The budget reductions have also been reviewed by the respective Deputy City Managers and divisions and their feedback taken into consideration in finalizing the allocations set out in #2 and #3 below.

2. A list of agencies earmarked for these reductions along with the specific dollar amount for each agency in the total amount of \$1.263 million.

A summary of reductions by City Agency, excluding the Toronto Police Services and the TTC, is detailed in Table 1.

3. A list of departmental and division reductions, by program, in the total amount of \$9.954 million.

A summary of reductions by City Program is detailed in Table 1.

4. On what basis were the Toronto Police Services and the TTC excluded?

Toronto Police Services and Toronto Transit Commission (TTC) were not excluded from this directive. As part of the same omnibus motion, the Budget Committee recommended that City Council request the Chair Toronto Police Services and the CEO of TTC identify savings through exploring opportunities to freeze discretionary expenditures in the amount of \$3.0 million and \$5.0 million gross and net respectively. City Council approved these recommended adjustments and adopted the following:

233. City Council request the Chair, Toronto Police Services Board to identify \$3 million in gross and net savings, to specify the savings included in the Budget Committee Recommended Budget, through exploring opportunity to freeze discretionary expenditures, including but not limited to business travel; conferences, consulting contracts; purchase of equipment, furniture, supplies; advertising promotion and production of materials except where it is critically required for service delivery.

249. City Council request the Chief Executive Officer, Toronto Transit Commission to identify \$5 million in gross and net savings, which is incorporated in the Budget Committee Recommend Budget noted above, though exploring opportunity to,

from freezing discretionary expenditures, including but not limited to business travel; conferences, consulting contracts; purchase of equipment, furniture, supplies; advertising promotion and production of materials except where it is critically required for service delivery.

5. What is the surplus for Q1 and how is it being allocated?

Quarterly financial performance provides a variance of planned versus actual spending for a three month period during the fiscal year with a projection to year-end. A surplus or deficit position is not determined until the end of the fiscal year and upon completion of an annual audit by an external auditor. At that time, the City Treasurer prepares the audited financial statements for the City of Toronto and the Deputy City Manager & Chief Financial Officer provides a year-end operating variance report outlining year-end spending performance against the approved operating budget, with results and the disposition of any year-end surplus (or underspending), in accordance with the City's Surplus Management Policy.

The Deputy City Manager & Chief Financial Officer will be formally reporting to the May 13, 2016 meeting of the Budget Committee regarding the allocation of budget reductions amongst City Programs and Agencies as part of the Operating Variance Report for the three-month period ended March 31, 2016. Formal approval of the revised budgets (i.e., after applying the reductions) will go to Budget Committee, Executive Committee and Council for their consideration and approval.

Sincerely,

Roberto Rossini
Deputy City Manager & Chief Financial Officer

Table 1
CITY OF TORONTO
2016 Operating Net Budget Reductions
City Programs and Agencies (\$000s)

Citizen Focused Services A	
Affordable Housing Office	4.3
Children's Services	155.3
Court Services	300.0
Economic Development & Culture	561.2
Long Term Care Homes & Services	156.6
Parks, Forestry & Recreation	1,410.8
Shelter, Support & Housing Administration	150.0
Social Development, Finance & Administration	110.5
Toronto Employment & Social Services	434.0
Toronto Paramedic Services	159.4
Citizen Focused Services A Total	3,442.3
Citizen Focused Services B	
City Planning	68.5
Engineering & Construction Services	49.7
Fire Services	120.9
Municipal Licensing & Standards	62.6
Policy, Planning, Finance & Administration	50.0
Transportation Services	1,012.4
Citizen Focused Services B Total	1,364.1
Internal Focused Services	
311 Toronto	24.2
Facilities, Real Estate, Environment & Energy	220.2
Fleet Services	20.3
Information & Technology	154.5
Office of the Chief Financial Officer	36.9
Office of the Treasurer	161.7
Internal Focused Services Total	617.9
City Manager	
City Manager's Office	122.9
City Manager Total	122.9
Other City Programs	
City Clerk's Office	89.2
City Council	175.6
Legal Services	90.7
Mayor's Office	10.0
Other City Programs Total	365.4
Savings from COLA	4,041.5
Total Reductions for City Programs	9,954.1
City Agencies:	
Arena Boards of Management	2.0
Association of Community Centres	37.9
Exhibition Place	52.0
Heritage Toronto	2.6
St. Lawrence Centre for the Arts	8.8
Toronto Centre for the Arts	10.4
Sony Centre for the Performing Arts	21.8
Toronto & Region Conservation Authority	68.7
Toronto Police Services Board	36.5
Toronto Public Health (TPH)	177.6
Toronto Public Library (TPL)	369.7
Toronto Zoo	108.1
Yonge-Dundas Square	2.1
Subtotal	898.1
Savings from COLA for TPH & TPL	364.9
Total Reductions for City Agencies	1,263.0
Total Tax Supported Programs and Agencies	11,217.1