

2017 Preliminary Operating Budget & 2017-2026 Capital Budget & Plan



- **City Manager's Overview**
- **2017 Preliminary Operating Budget**
- **2017-2026 Preliminary Capital Budget & Plan**
- **Budget Process & Next Steps**

LIST OF APPENDICES

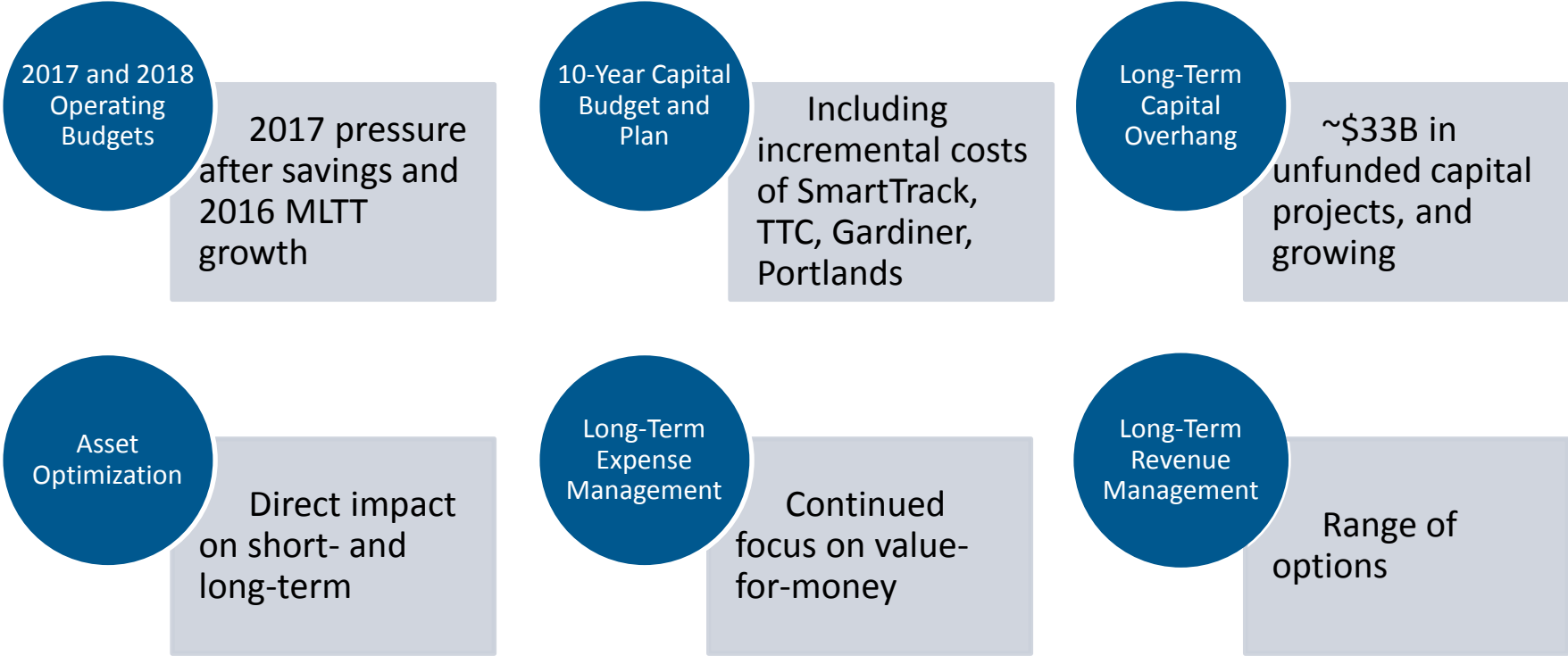
1.	2017 Preliminary Operating Budget Details	Pg. 88
2.	2017 – 2026 Preliminary Capital Budget and Plan Details	Pg. 106
3.	Tax Impacts	Pg. 115
4.	2017 Preliminary Operating Budget Summary	
4.1	Gross Expenditures	Pg. 126
4.2	Revenues	Pg. 128
4.3	Net Expenditures	Pg. 130
4.4	Staff Complement	Pg. 132
5.	Service Changes Included in Preliminary Budget	Pg. 134
6.	Service Changes Not Included in Preliminary Budget	Pg. 135
7.	New / Enhanced Not Included in Preliminary Budget	Pg. 137
8.	Revenue Options to Be Considered	Pg. 139
9.	2017 – 2026 Preliminary Capital Budget and Plan Summary	Pg. 140
10.	\$5.8 Billion Unmet Needs Funded in the 2017-2026 Preliminary Capital Budget & Plan	Pg. 141



City Manager's Overview



MAJOR FISCAL FACTORS



KEY OBSERVATIONS - OPERATING

- Preliminary budget is based on current Council and Agency policy:
 - Existing service levels from city divisions, with minor adjustments
 - Agency final or draft approved budget submissions
 - Residential property tax at 2 per cent
- Outcomes are consistent with previous years:
 - Expense and revenue levels, adjusted for population, inflation and economic growth
 - Service levels maintained
 - No major tax increases or expense cuts
- Substantial progress against large initial gap

SAVINGS AND EFFICIENCY FOCUS MAINTAINED

- Overall complement down by more than 400
- Overall expenditure growth consistent with population and economic growth
- City division expense lower than 2016
- Toronto Police Service pressure addressed
- Agencies remain key cost and risk drivers, 2017 and future years:
 - Toronto Transit Commission
 - Toronto Community Housing Corporation
- Significant bridging strategies embedded in the preliminary budget:
 - TCHC interim measures
 - TTC and other reserve draws
- Preliminary budget does not include:
 - Net expense increases to expand programs/services
 - New investments, other than those to support cost recovery measures

REVENUE PERFORMANCE

- Municipal Land Transfer Tax (\$101 million, 19 per cent growth over 2016)
- Moderate assessment growth, supported by recalculation changes (\$67 million)
- TTC fare increase
- Other user fees, adjusted for cost recovery as per Council policy
- Property tax (\$50 million at assumed 2 per cent)

KEY OBSERVATIONS - CAPITAL

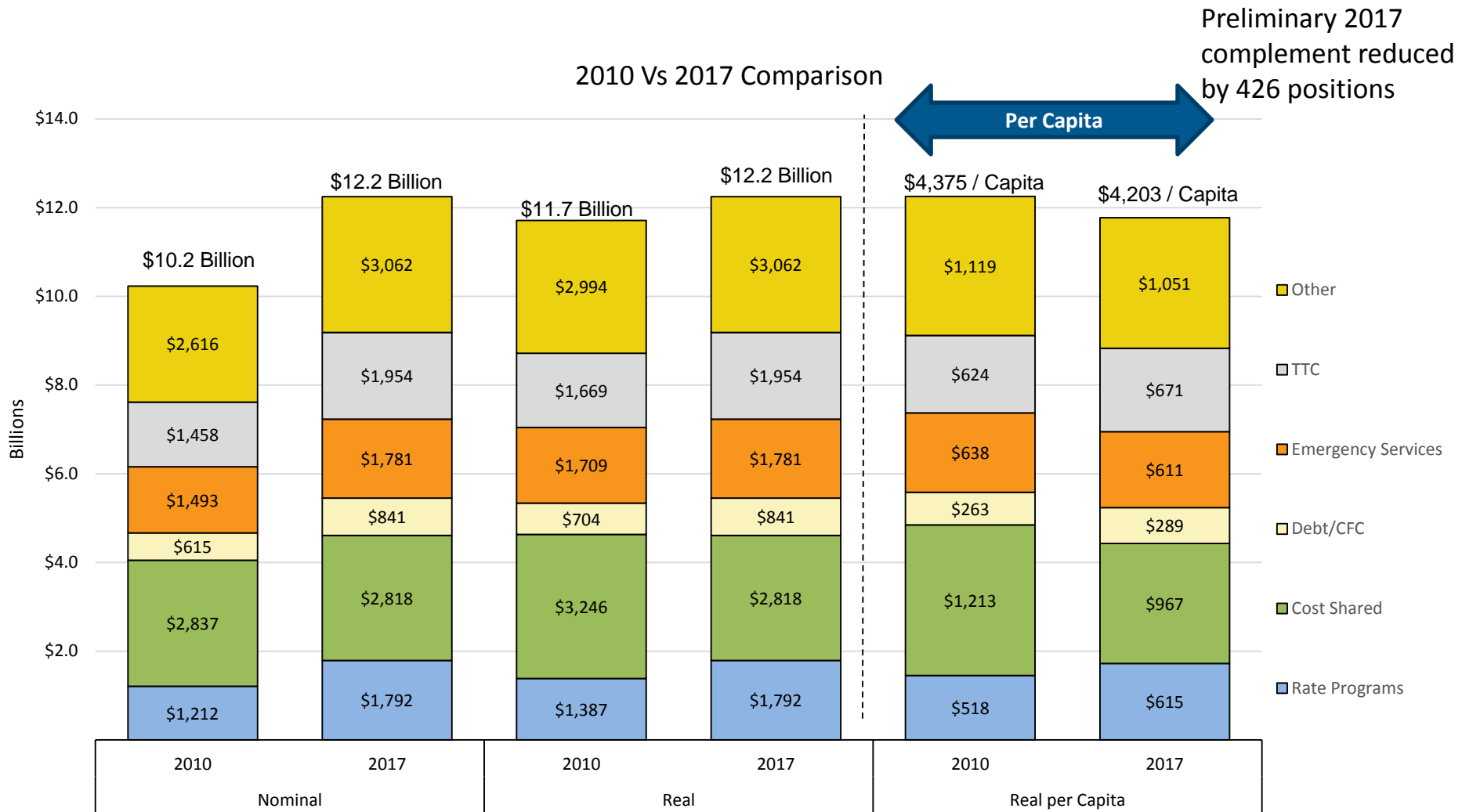
- Significant new investments to fund Council priority projects
- Address regulatory capital requirements and state of good repair backlog
- Budget delivers \$5.8 billion in more funding to pay for City's unfunded projects
- Measures proposed include:
 - Better matching actual capital spending with budgets
 - Maximizing debt under the City's current debt limit policy
 - City Building Fund with annual tax increase of 0.5% a year for 5 years



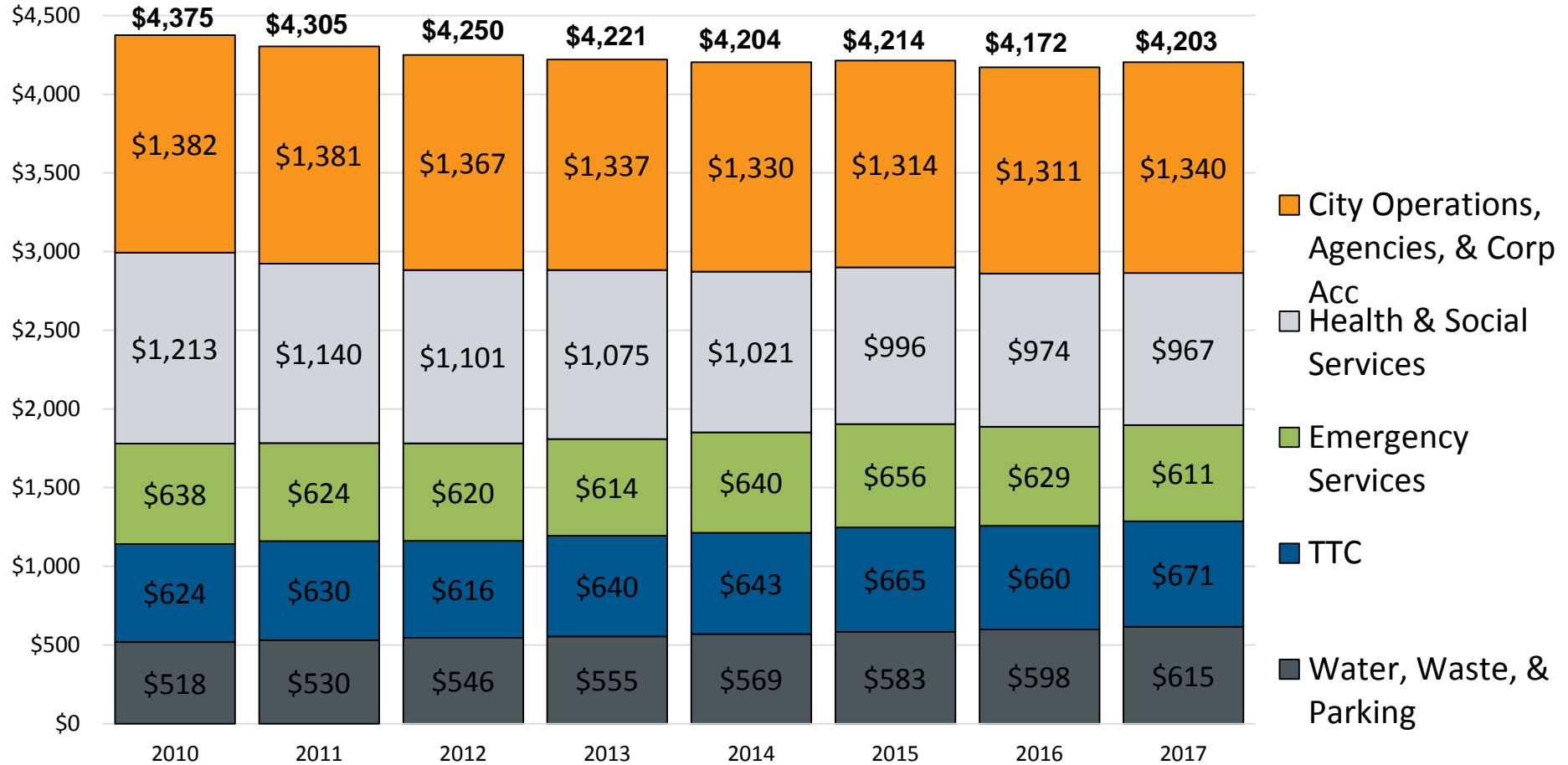
Historical Overview



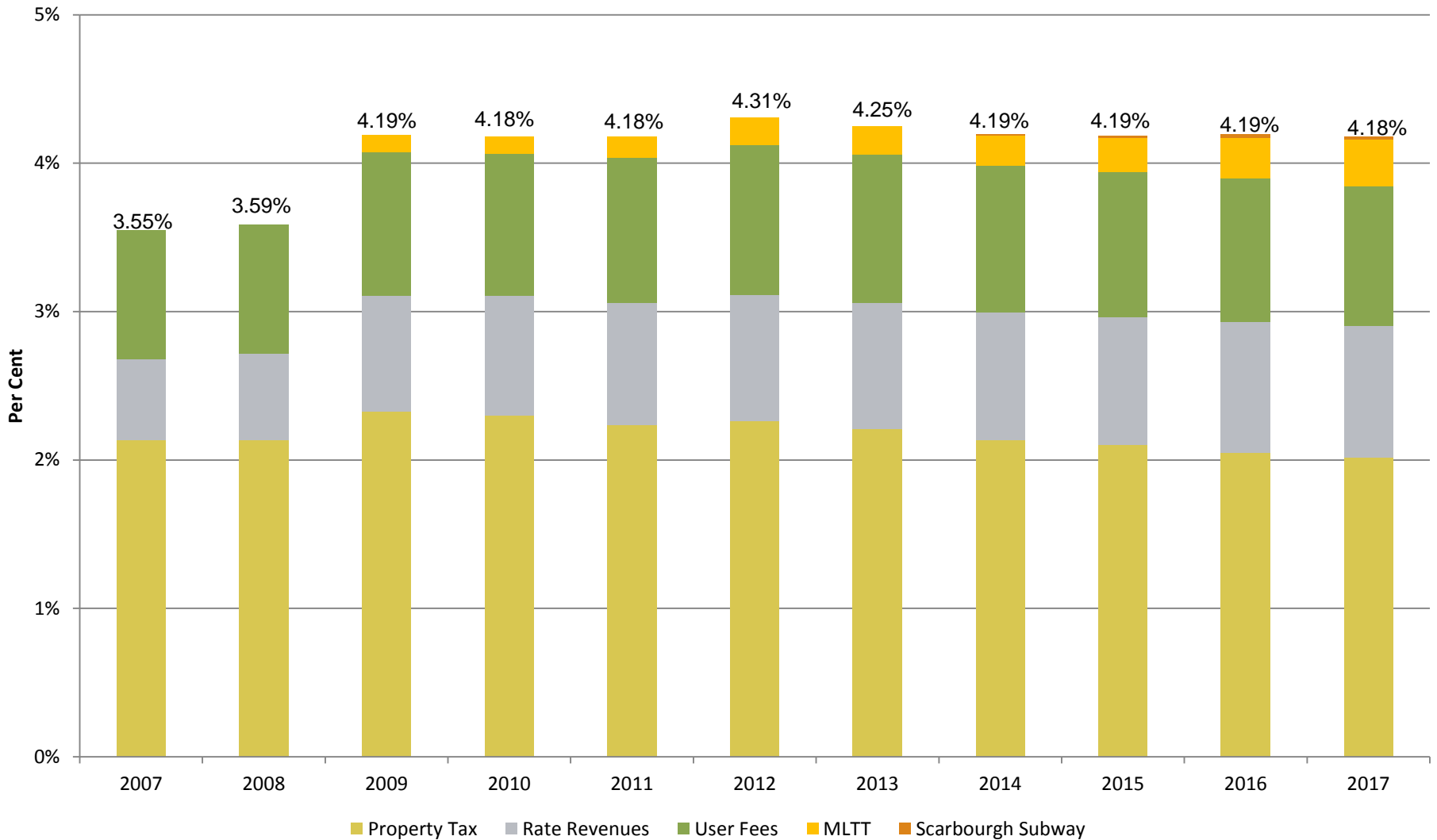
2010 VS 2017 TOTAL CITY SPENDING COMPARISON



CITY SPENDING PER CAPITA (ADJUSTED FOR INFLATION)



CITY REVENUES AS A % OF GDP

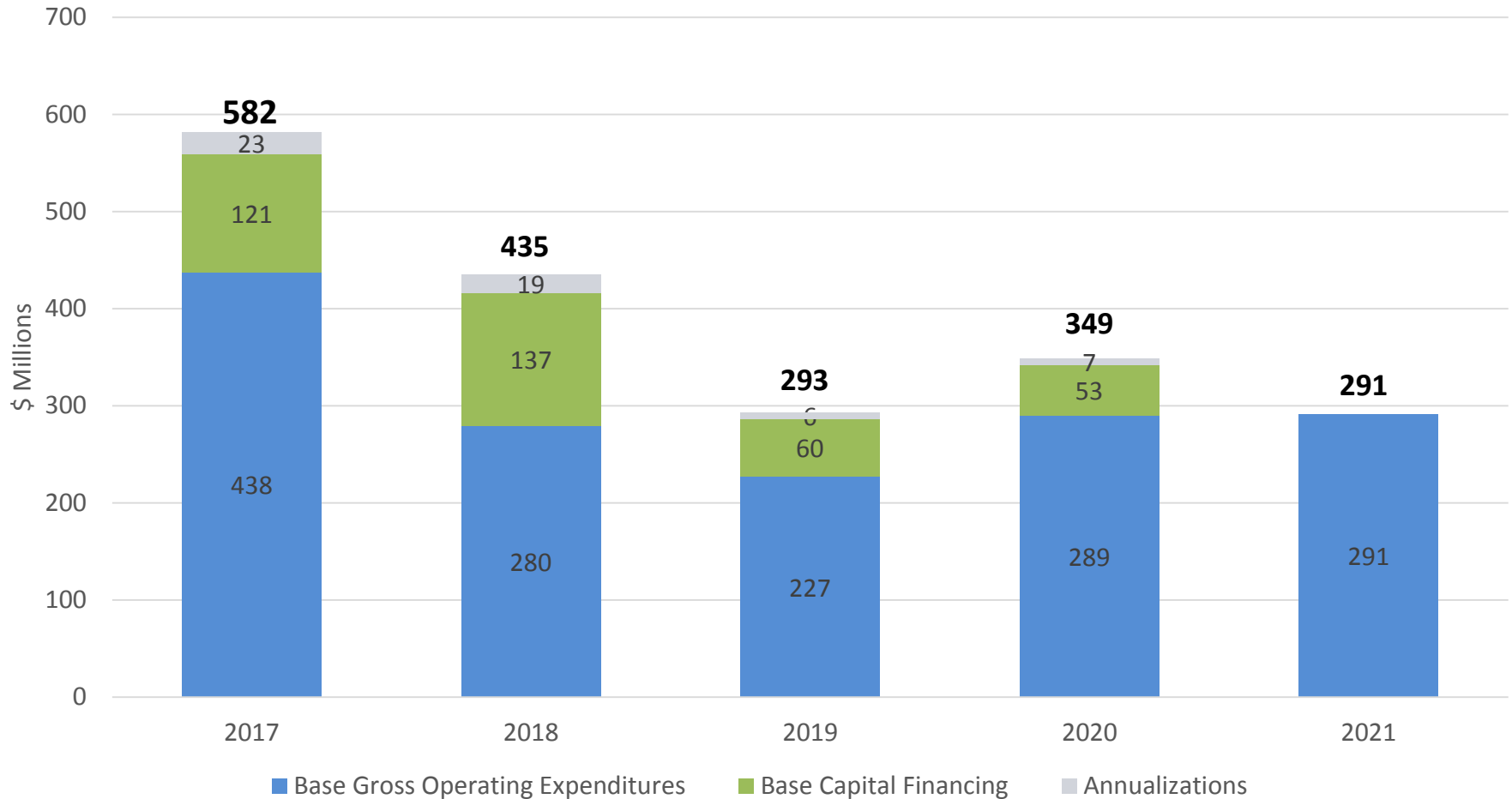




2017 Preliminary Operating Budget Overview

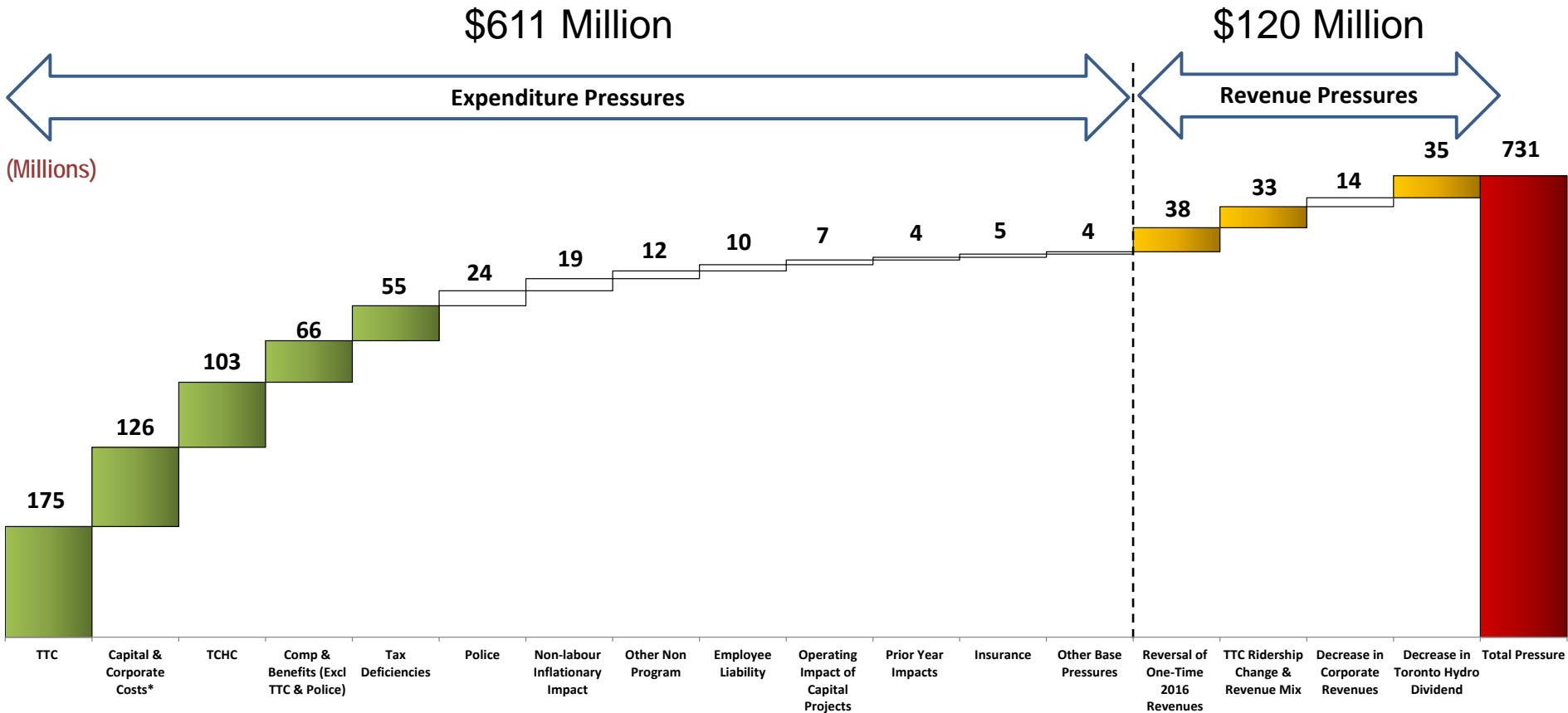


BUDGET DIRECTIONS REPORT IN JUNE 2016 IDENTIFIED GROWING BUDGET PRESSURES & NEEDS



*figures as of June 2016

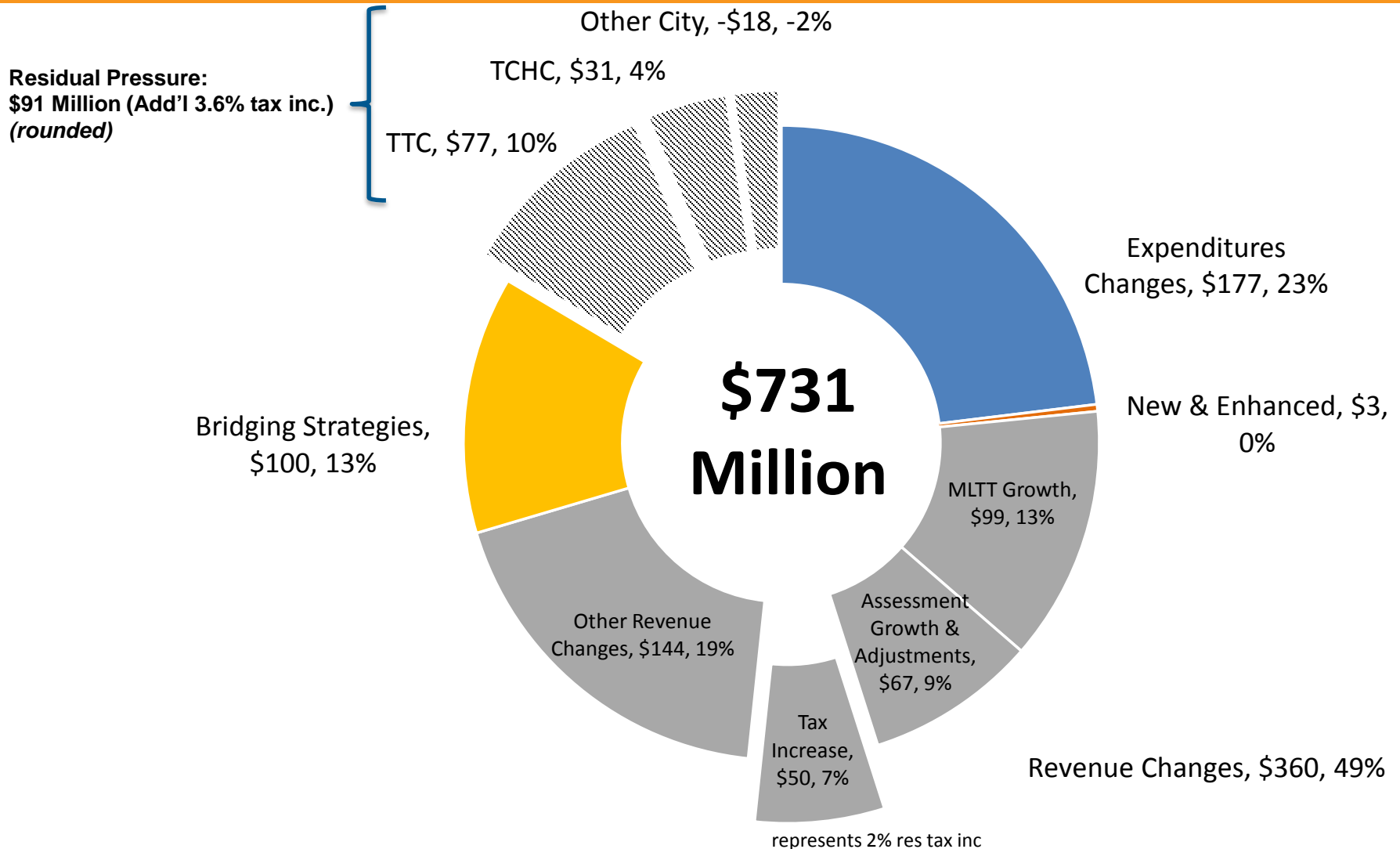
Opening Pressure



* Capital & Corporate Costs include \$45 Million phase in of TPC grant loss

* * Figures are rounded

ACTIONS TAKEN TO REDUCE \$731 MILLION OPENING PRESSURE TO \$91 Million



PROPOSED ACTIONS

(In \$ Millions, figures are rounded)

2017 Operating Budget Pressures	
Expenditure Pressures	
TTC	175
TCHC	103
Compensation & Benefits (excl TTC & Police)	66
Tax Deficiencies	55
Phased Impact from TPC loss	45
Debt Charges	44
CFC (Capital From Current)	36
Police	24
Non-labour Inflationary Impact	19
Other Non Program	12
Employee Liability	10
Op Impact of Comp Capital Projects	7
Prior Year Impacts	4
Insurance	5
Other Base Pressures	4
Sub-total	611
Revenue Pressures	
Reversal: 2016 One-Time Revenues	38
TTC Ridership Chg / Rev Mix	33
Decrease in Corporate Revenues	14
Decrease in Toronto Hydro Div	35
Sub-total	120
Total	731

Expenditure Changes	
TTC Base Changes	(88)
Police Savings	(16)
Efficiencies	(24)
Non-Program Savings	(14)
Solid Waste Rebate (XL Bin)	(2)
Base Budget Reductions	(23)
Sub-total	(167)

Service Adjustments	
Service Adjustments	
Citizen Centred Services "A"	(6)
Citizen Centred Services "B"	(1)
Internal Services	(1)
City Manager & Other City Agencies	-
Sub-total	(10)

New & Enhanced Services	
Sub-total (exc. New Fees)	(3)
Total	(179)

Revenue Changes	
Other Revenue Changes	
New Transfers from Other Orders of Government	(16)
Volume Based & Other Revenue Changes	(24)
Add'l Parking Authority Revenues	(8)
Toronto Hydro Solution	(35)
Sub-total	(83)
Increases to Existing Fees	
TTC Fare Increase	(29)
User Fees (Inflation)	(10)
Increase to DARP Fees	(12)
Sub-total	(51)

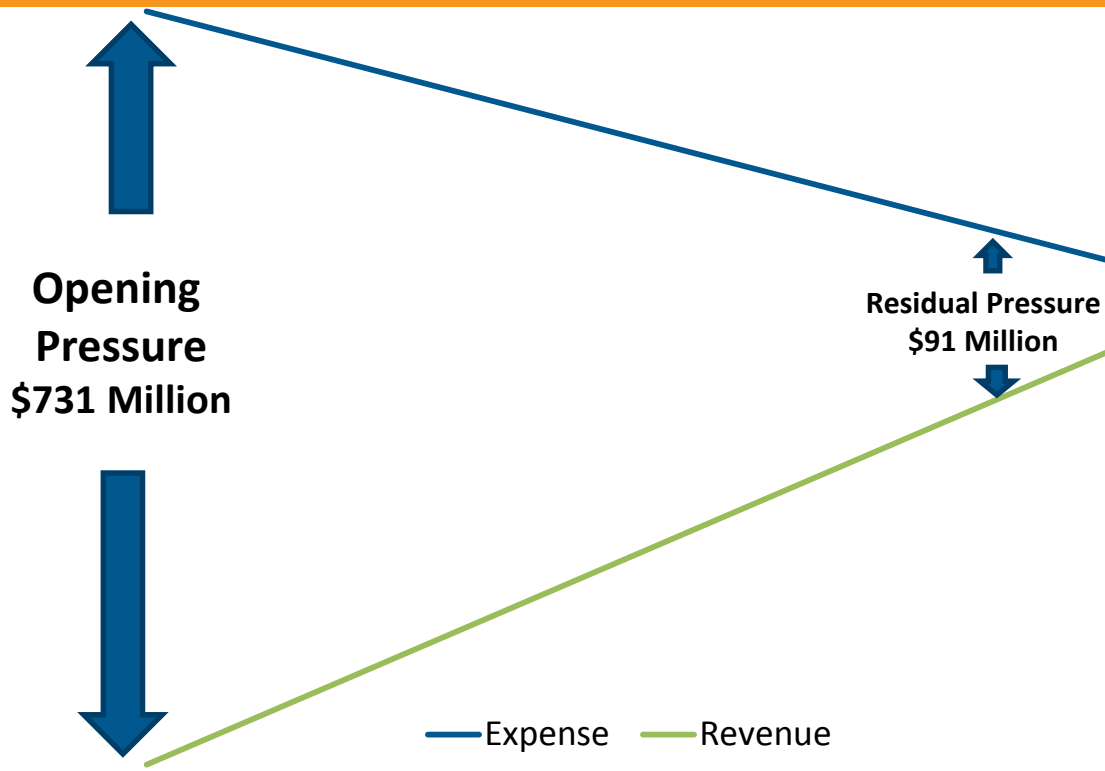
New Fees/ Fees Above Inflation	
New Fees	(8)
Fees Above Inflation	(2)
Sub-total	(10)
Increases to Existing Taxes	
Additional MLTT	(99)
Assessment Growth / Adjustments	(67)
2.0% Residential Tax Increase	(50)
Sub-total	(216)
Total	(360)

Bridging Strategies	
Draw from TTC Stab Reserve	(14)
Proposed Bridging Strategies - City Ops	(5)
Proposed Bridging Strategies - Boards / Other	(9)
TCHC Board Deferrals	(72)
Sub-total	(100)

Service Adjustments	
Additional Service Adjustments	??
New Taxes & Revenues	
Sustainable Revenue Measures	
MLTT Harmonization	??
Commercial Tax (1/3 -> 1/2)	??
TPA Income Share	??
Requires Legislative / Regulatory Change	
Vacancy Rebate	??
Hotel Tax	??
Sub-total	-

\$91

THE 2017 PRELIMINARY TAX OPERATING BUDGET



(In \$ Millions)	2016 Budget	2017 Prelim Operating Budget	Change from 2016 Approved Budget
Gross Expenditures	10,086	10,456	370
Revenues (Inc. Tax)	10,086	10,366	279
Residual Pressure	0	91	

OUTSTANDING ISSUES & RISKS

- 2017 Preliminary Operating Budget includes \$100 million in bridging strategies that will create a pressure in 2018. These include:
 - \$14 million one-time reserve draw from the TTC Stabilization Reserve
 - \$72 million in TCHC deferrals
 - \$54 million in contributions to capital
 - \$18 million in contributions to the sinking fund
 - \$8 million in other strategies (one-time reserve draws and one-time deferrals)
 - \$6 million in unconfirmed Provincial revenues for Toronto Police Service
- Budget includes a \$101 million growth in the Municipal Land Transfer Tax
- 10-cent TTC Fare increase (yielding \$29 million)
- There are an additional \$75 million in service adjustments to be considered
- There are \$15 million in New / Enhanced requests to be considered
- Outstanding motion from Police Board Meeting on October 8th related to life guards / crossing guards (\$7.9 million funding request)
- Difference between TTC Board Approved Budget and City's treatment of depreciation and hybrid batteries
- Difference between TCHC budget related to one-time use of surplus carry forward



2017 Preliminary Operating Budget



2017 REVENUE OUTLOOK

- Assumed residential property tax increase of 2 per cent
- Low to moderate assessment growth
- Increased reliance on strong Municipal Land Transfer Tax performance
- Small increases in revenues received from other orders of Government – includes upload
- Small increases to user fees and other revenues
- Increase in Toronto Parking Authority revenues

2017 PRESSURE FACTORS

- Increase in debt service cost and CFC for capital projects
- Impact of Toronto Pooling Compensation loss on capital from current
- Toronto Community Housing related pressures
- Reversal of one-time 2016 revenues
- TTC expenditure pressures and ridership / revenue mix change
- Potential decrease in Toronto Hydro dividend

SUBMITTED OPENING BUDGET PRESSURE VS BUDGET DIRECTIONS REPORT FORECAST

	Budget Directions Report As of June, 2016		2017 Preliminary Budget	
(\$ Millions)	Forecast	Residential Tax Impact	Request	Residential Tax Impact
Expenditure Pressure				
Compensation & Other Base Pressures	157		151	
Pressure From Pooling Compensation (increase to CFC)	45		45	
Additional CFC	31		36	
Increase to Debt Charges	46		44	
Increase to Tax Deficiencies	30		55	
Additional TTC Pressure	148		145	
TTC Presto Fee	29		30	
TCHC	96		103	
Total Expenditure Pressure	582	23.1%	611	24.2%
Revenue Pressures				
Reversal of One-Time Revenues to balance 2016 budget	38		38	
TTC Ridership Change & Revenue Mix	32		33	
Decrease in Corporate Revenues (Interest Income, Dividends, etc)	27		14	
Loss of Toronto Hydro Dividend			35	
Total Revenue Pressures	96	3.8%	120	4.8%
Total Pressure	678	26.9%	731	29.0%

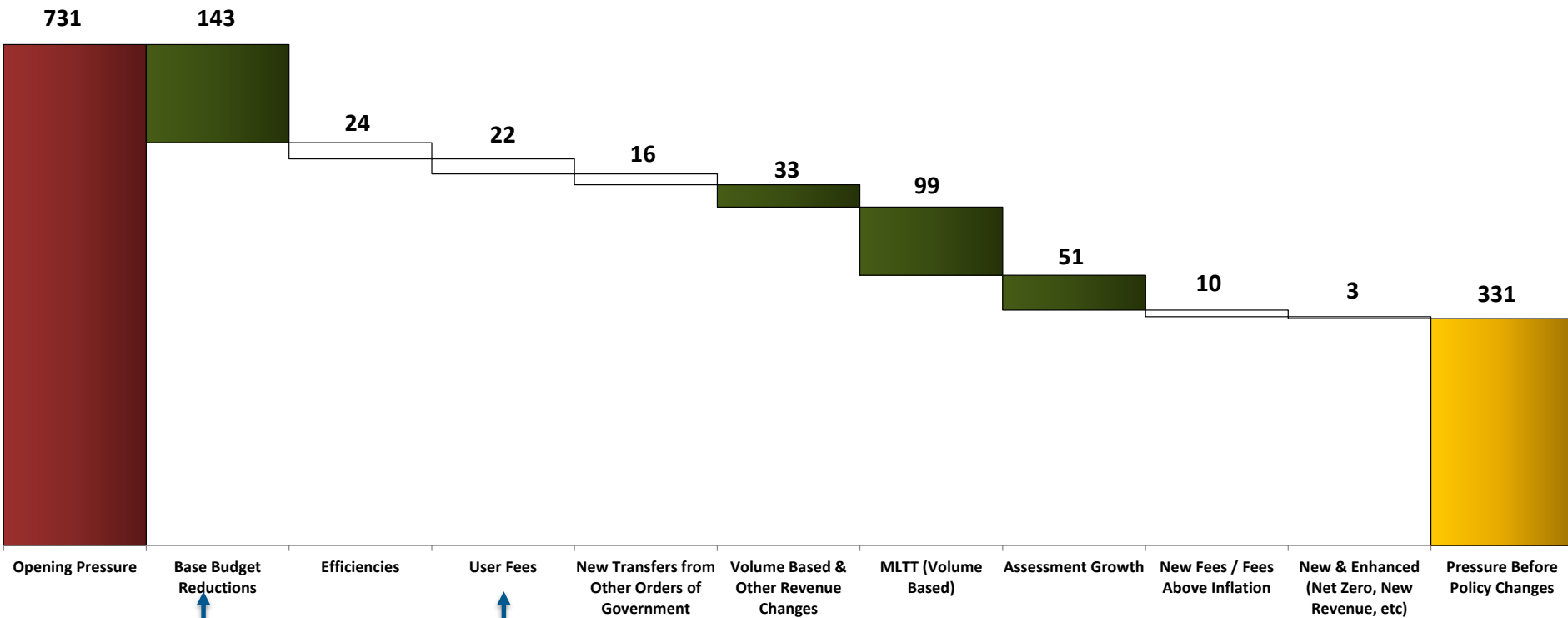
Key differences:

- Tax deficiencies (\$25 Million)
- Loss of Toronto Hydro Dividend (\$35 Million)

OPENING NET PRESSURE - \$731 MILLION

ACTIONS TAKEN AND CURRENT RESULTS – BEFORE SERVICE CHANGES

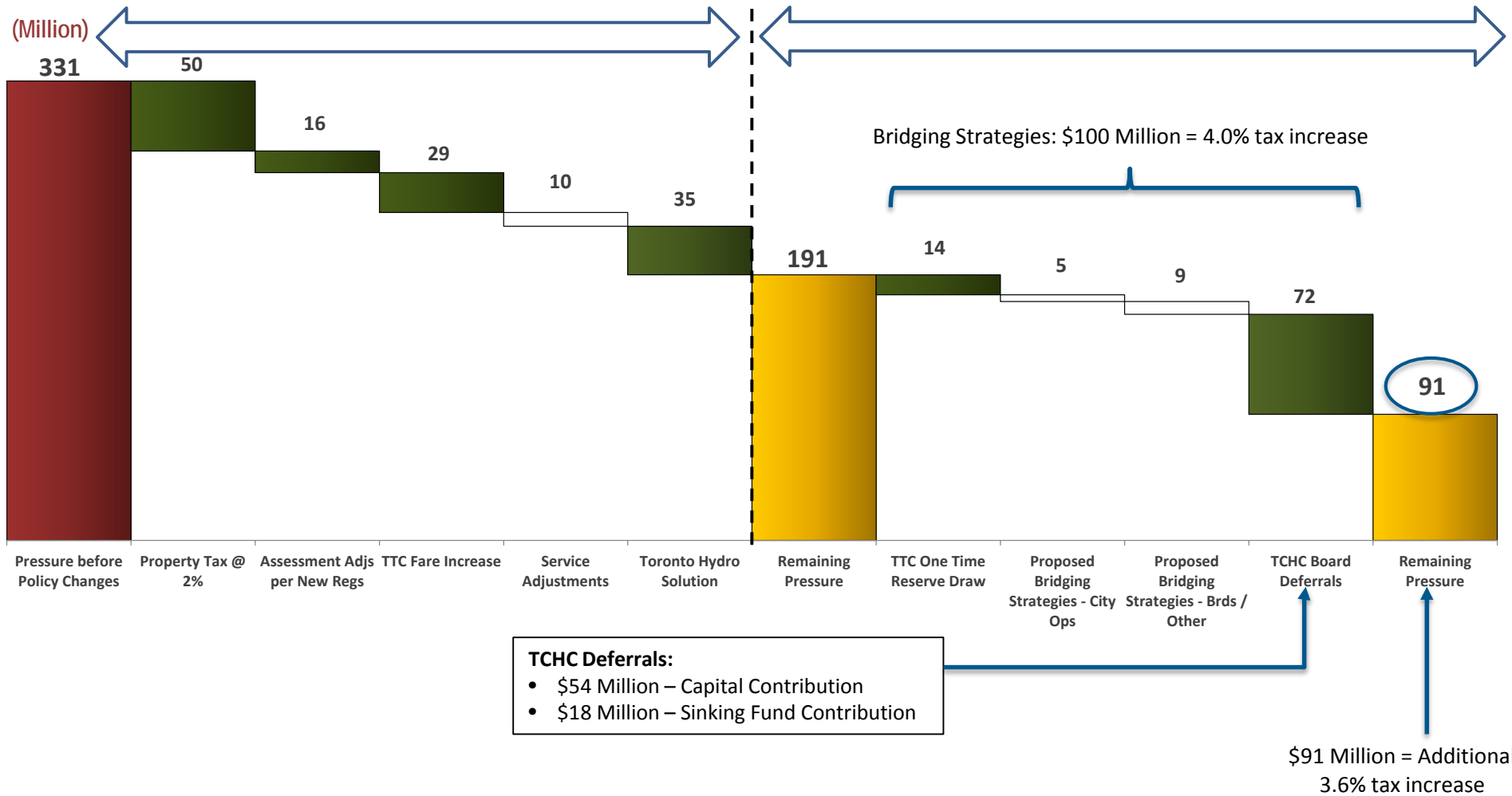
(Million)



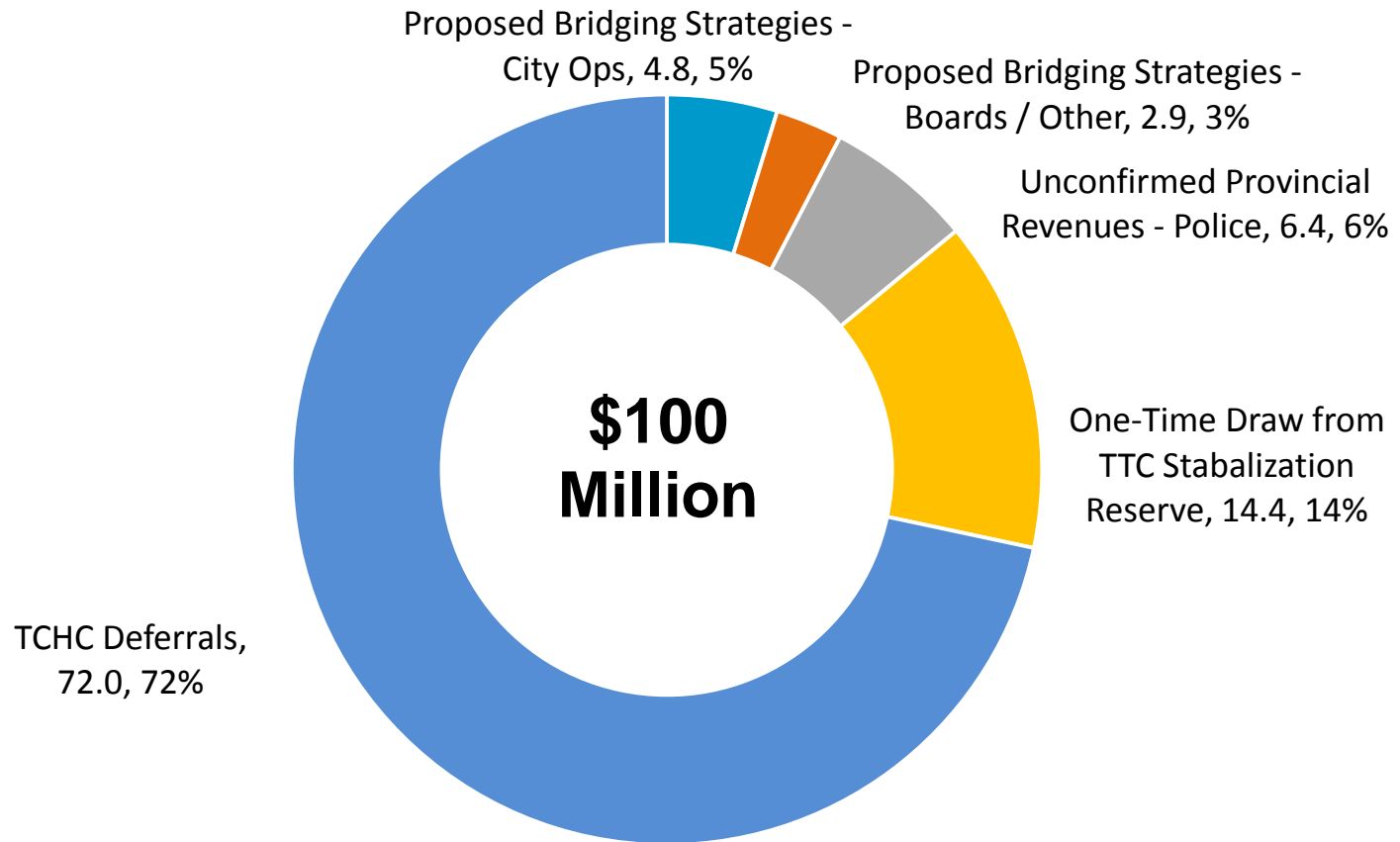
- TTC Changes \$88 Million
- Police Savings \$16 Million
- Non-Program Savings \$14 Million
- Base Budget Savings \$23 Million
- Solid Waste Rebate (XL Bin) \$ 2 Million

- DARP Fee Increase \$12 Million
- Other Fee Increases \$10 Million

FURTHER ACTIONS

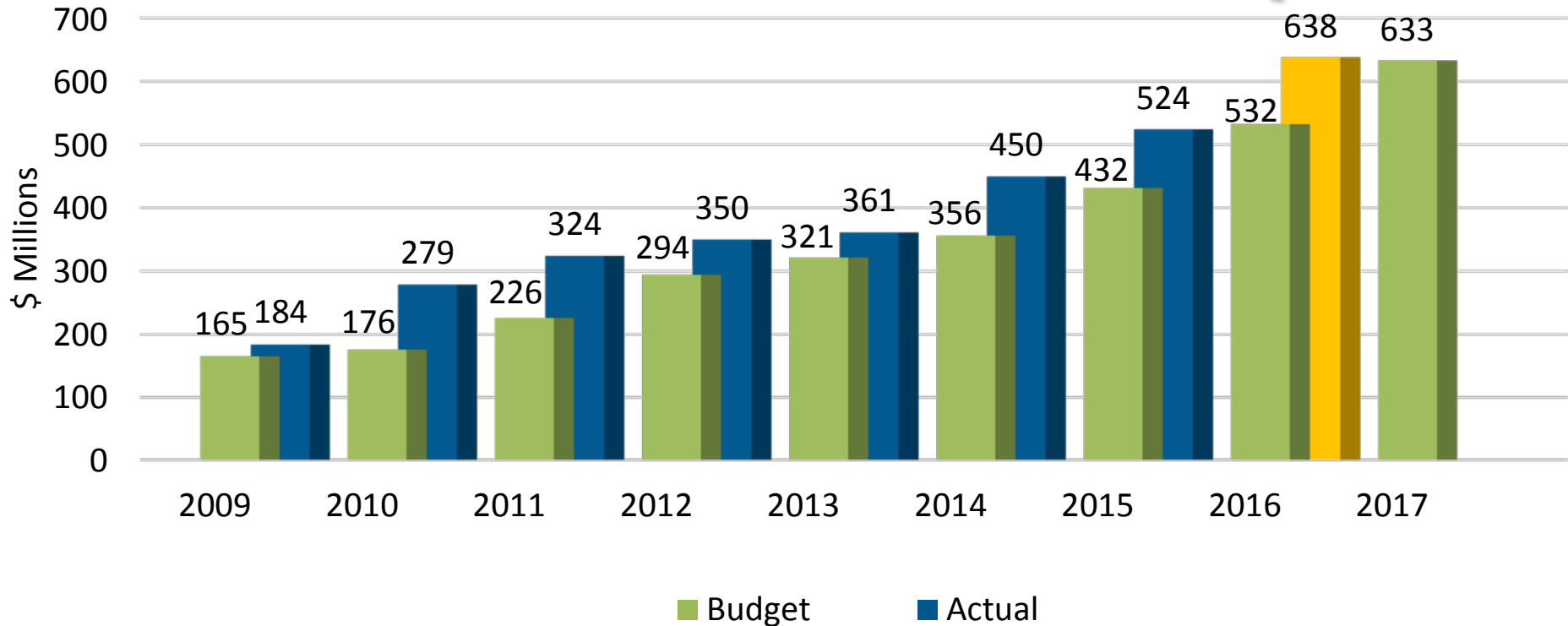


BRIDGING STRATEGIES INCLUDED IN THE PRELIMINARY 2017 OPERATING BUDGET

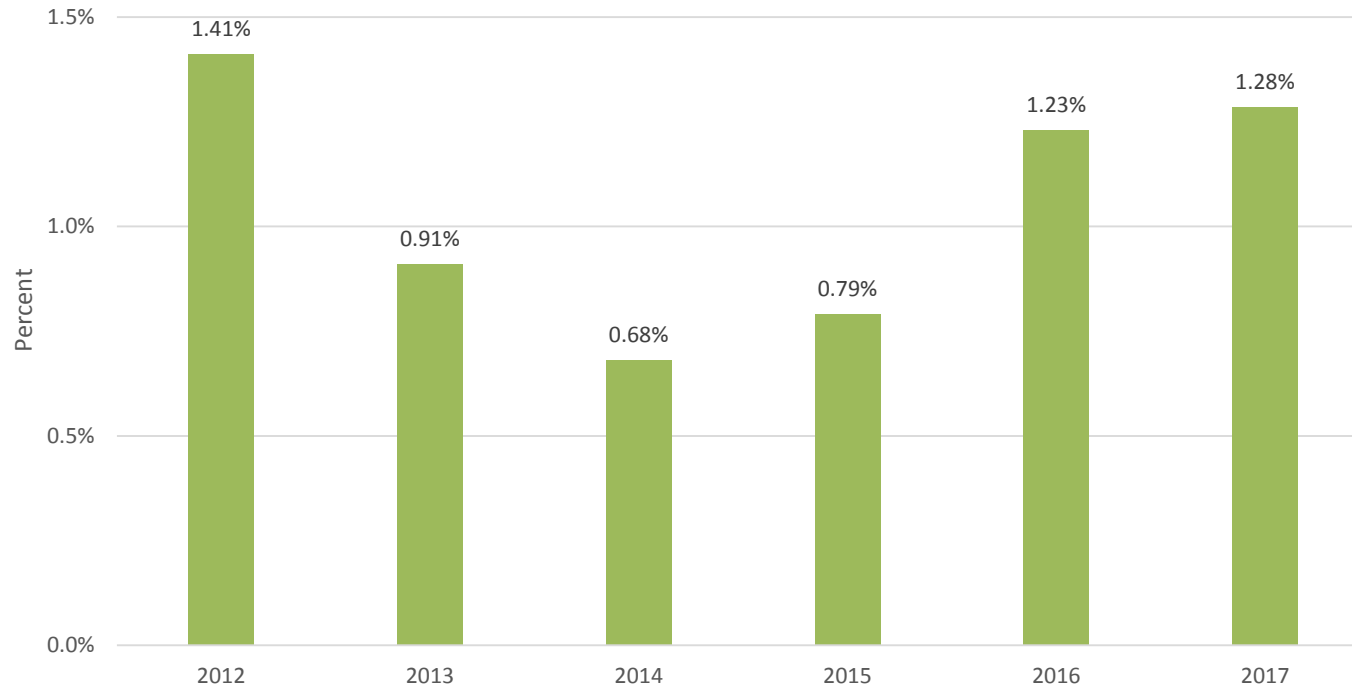


GROWTH OF TOTAL MLTT SINCE 2009

2016 Actual Based on Q3 Variance Projection
(includes one-time arbitration settlement)



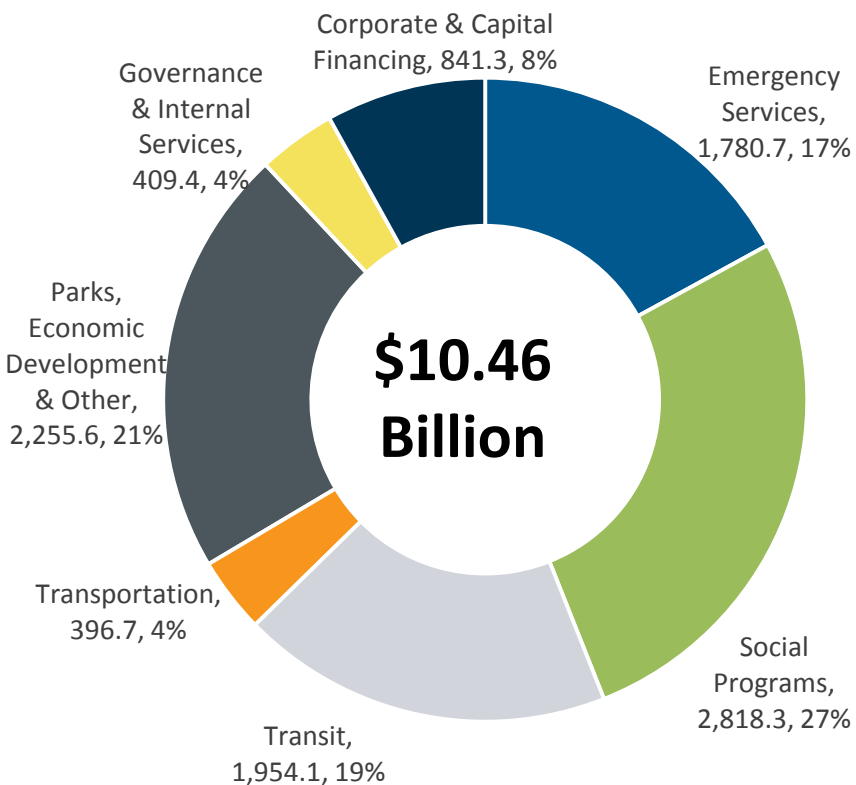
ASSESSMENT GROWTH



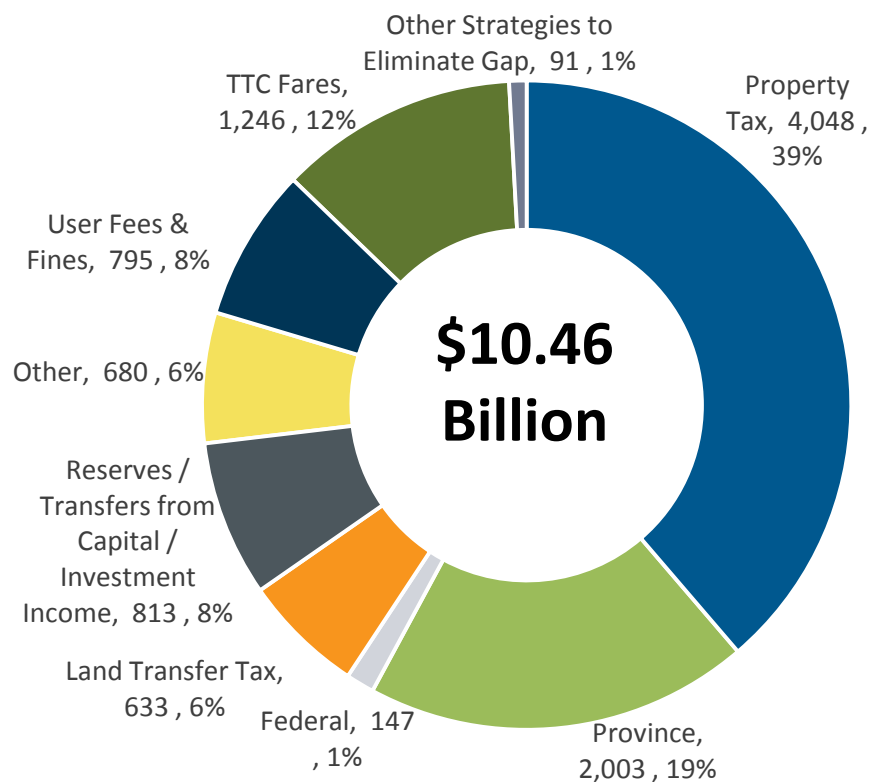
	2012	2013	2014	2015	2016	2017
Assessment Growth	51	33	25	30	48	51

2017 Preliminary Tax Supported Program Operating Budget

Where the Money Goes (\$ Millions)



Where the Money Comes From (\$ Millions)



Budget reduction target of -2.6%

- a. Fund any new or enhanced services from within existing budgets;
- b. Control expenditures through cost saving measures;
- c. Explore all efficiency savings opportunities;
- d. Review service levels for relevance, value and impact;
- e. Maximize user fee revenue;
- f. Provide justification for new positions; and
- g. Avoid "offloading" expenses.

2.6% BUDGET TARGET

Net (\$000s)	2016 Approved Budget	2017 Base	Reductions / Revenue Options included	Reductions Not Included	Total Reductions	2017 New- Enhanced	2017 Total Budget	Total Change from 2016	
								Over	(Under)
Citizen Centred Services "A"	903,990	910,445	(14,893)	(40,404)	(55,296)	577	855,725	(48,264)	(5.3%)
Citizen Centred Services "B"	668,504	685,095	(7,744)	(25,157)	(32,901)	(9,286)	642,909	(25,595)	(3.8%)
Internal Services	192,280	194,330	(6,735)	(1,288)	(8,023)	829	187,135	(5,145)	(2.7%)
City Manager	47,555	47,826	(1,497)		(1,497)		46,329	(1,226)	(2.6%)
Other City Programs	76,009	75,193	(1,441)		(1,441)	2,867	76,619	610	0.8%
Accountability Offices	8,508	8,677	(304)		(304)		8,373	(135)	(1.6%)
City Operation	1,896,847	1,921,565	(32,613)	(66,848)	(99,462)	(5,013)	1,817,091	(79,756)	(4.2%)
TTC	610,339	730,841	(43,100)		(43,100)		687,741	77,402	12.7%
TCHC	204,500	235,700					235,700	31,200	15.3%
Agencies (Excl TTC & TCHC)	1,272,223	1,277,517	(2,510)	(7,906)	(10,416)		1,267,101	(5,122)	(0.4%)
Agencies	2,087,062	2,244,058	(45,610)	(7,906)	(53,516)		2,190,542	103,480	5.0%
Grand Total	3,983,908	4,165,623	(78,223)	(74,755)	(152,978)	(5,013)	4,007,632	23,724	0.6%

*TTC includes a \$14.4 million reserve draw and 10-cent fare increase generating \$29 million

**Toronto Community Housing subsidy shown separately from Shelters, Support, Housing & Administration Budget

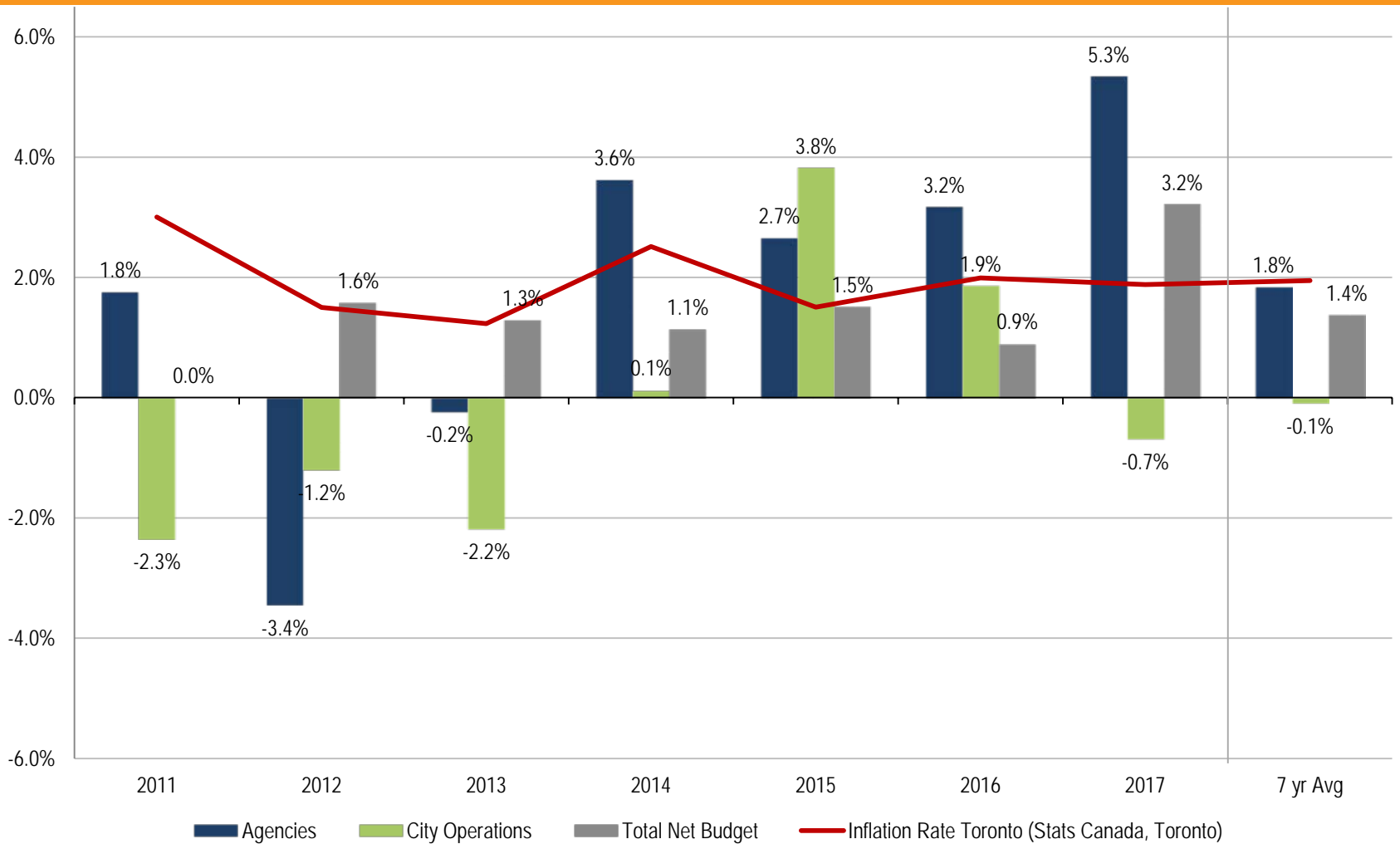
2017 Preliminary Tax Supported Program Operating Budget - By Cluster/Major Agency

(\$000s)	2016 Budget		2017 Budget		Change from 2016 Over (Under)			
	Gross	Net	Gross	Net	Gross		Net	
					\$	%	\$	%
Citizen Centred Services "A"	3,153,948	903,990	3,187,515	896,129	33,567	1.1%	(7,861)	(0.9%)
Citizen Centred Services "B"	1,066,819	668,504	1,085,539	668,066	18,720	1.8%	(438)	(0.1%)
Internal Services	484,689	192,280	483,550	188,423	(1,139)	(0.2%)	(3,857)	(2.0%)
City Manager	55,309	47,555	54,413	46,329	(896)	(1.6%)	(1,226)	(2.6%)
Other City Programs	124,449	76,009	129,238	76,619	4,788	3.8%	610	0.8%
Accountability Offices	8,508	8,508	8,373	8,373	(135)	(1.6%)	(135)	(1.6%)
Total City Operations	4,893,722	1,896,847	4,948,627	1,883,939	54,905	1.1%	(12,908)	(0.7%)
TTC/Wheel Trans	1,860,422	610,339	1,954,054	687,741	93,632	5.0%	77,402	12.7%
Police Services and Board	1,135,260	1,007,046	1,130,626	1,008,874	(4,634)	(0.4%)	1,827	0.2%
Toronto Public Library	194,767	177,175	198,371	178,762	3,603	1.9%	1,588	0.9%
Toronto Public Health	244,079	58,923	242,518	58,682	(1,561)	(0.6%)	(241)	(0.4%)
Toronto Community Housing Corp.	204,500	204,500	235,700	235,700	31,200	15.3%	31,200	15.3%
Other Agencies	173,517	29,079	181,591	28,690	8,073	4.7%	(389)	(1.3%)
Agencies	3,812,546	2,087,062	3,942,859	2,198,448	130,313	3.4%	111,386	5.3%
Corporate Accounts:								
Capital & Corporate Financing	717,198	693,891	841,343	817,163	124,145	17.3%	123,271	17.8%
Non-Program Expenditures	601,770	424,728	667,784	484,585	66,014	11.0%	59,857	14.1%
Non-Program Revenues	60,857	(1,171,305)	55,548	(1,245,242)	(5,310)	(8.7%)	(73,936)	6.3%
Net Operating Budget	10,086,093	3,931,223	10,456,161	4,138,893	370,068	3.7%	207,671	5.3%
Assessment Growth / Adjustments				(66,700)			(66,700)	
Operating Budget After Assessment Growth / Adjustments	10,086,093	3,931,223	10,456,161	4,072,193	370,068	3.7%	140,971	3.6%
Scarborough Subway Levy	40,699	40,699	40,699	40,699				
Total Levy including Scarborough Subway Extension Levy (Excl. Assessment)	10,126,792	3,971,921	10,496,860	4,179,592	370,068	3.7%	207,671	5.2%

* Does not include 2% Tax increase

**Toronto Community Housing subsidy shown separately from Shelters, Support, Housing and Administration Budget

SUMMARY OF NET BUDGET CHANGES



* Note: for 2017, TCHC subsidy moved from SSH&A to Agencies

PRELIMINARY BUDGET STAFFING IMPACT

	2016 Approved Staff Complement	2017 Complement Changes			
		Total Base Change	New/Enh Service Priorities	Total 2017 Preliminary Budget	Change from 2016 Approved
Citizen Centred Services "A"	13,080.3	(395.8)	23.4	12,708.0	(372.3)
Citizen Centred Services "B"	6,364.8	(35.5)	44.0	6,373.3	8.5
Internal Services	3,069.0	(108.7)	11.0	2,971.2	(97.7)
City Manager	429.0	(4.0)	3.0	428.0	(1.0)
Other City Programs	924.3	(8.3)	38.5	954.5	30.2
Accountability Offices	54.8	0.5		55.2	0.5
TOTAL - CITY OPERATIONS	23,922.0	(551.8)	119.9	23,490.2	(431.9)
Agencies					
TTC (incl. Wheel-Trans)	14,540.0	36.0		14,576.0	36.0
Police Services & Board	7,888.0			7,888.0	
Toronto Public Library	1,741.0	(8.7)		1,732.3	(8.7)
Toronto Public Health	1,864.6	(34.1)		1,830.5	(34.1)
Other Agencies	1,512.6	12.8		1,525.4	12.8
TOTAL - AGENCIES	27,546.2	6.0		27,552.2	6.0
Corporate Accounts (Inc Parkign Tags)	397.0			397.0	
TOTAL LEVY OPERATING BUDGET	51,865.2	(545.8)	119.9	51,439.3	(425.9)

NEW/ENHANCED NOT INCLUDED IN PRELIMINARY 2017 BUDGET

(\$ 000's)	2017			2018 (Incremental)		2019 (Incremental)	
	\$		Pos	\$ Net	Pos	\$ Net	Pos
	Exp	Net					
Council Directed	750	750					
Poverty Reduction	2,930	2,930	2.0	2,830	2.0	265	2.0
TTC Board Approved	5,812	5,812	36.0	(180)		5,000	
Toronto Public Health Board Approved	916	229	13.5	322	4.0	181	
Accountability Offices	70	70					
Referred to the Budget Process	647	647	2.0	11		11	
Staff Initiated	3,456	3,126	8.3	(2,029)	1.0	47	
Total New Requests	14,580	13,563	61.8	954	7.0	5,505	2.0

Note: 1) See Appendix 7 for a more detailed list

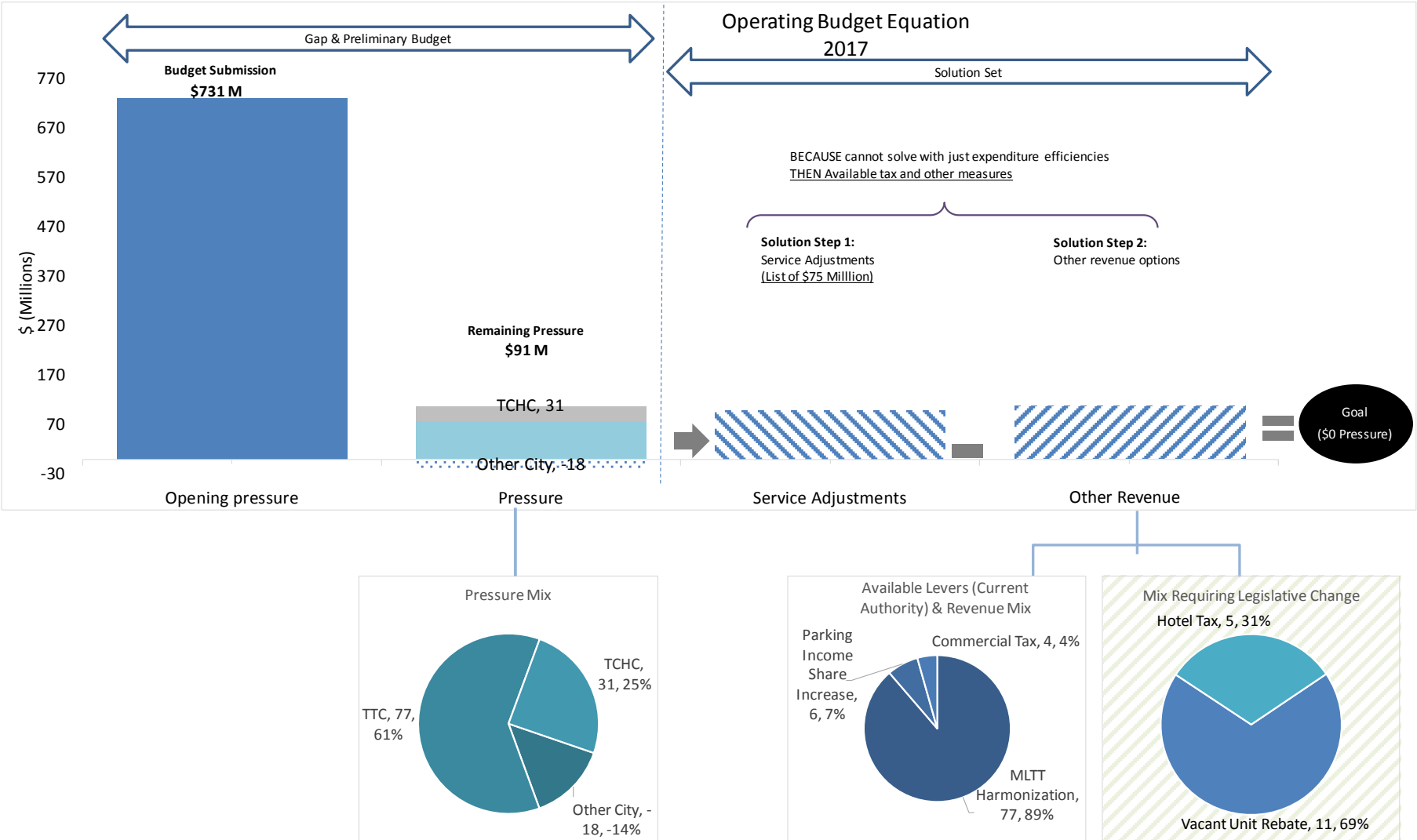
2) These initiatives are NOT included in the Preliminary Budget



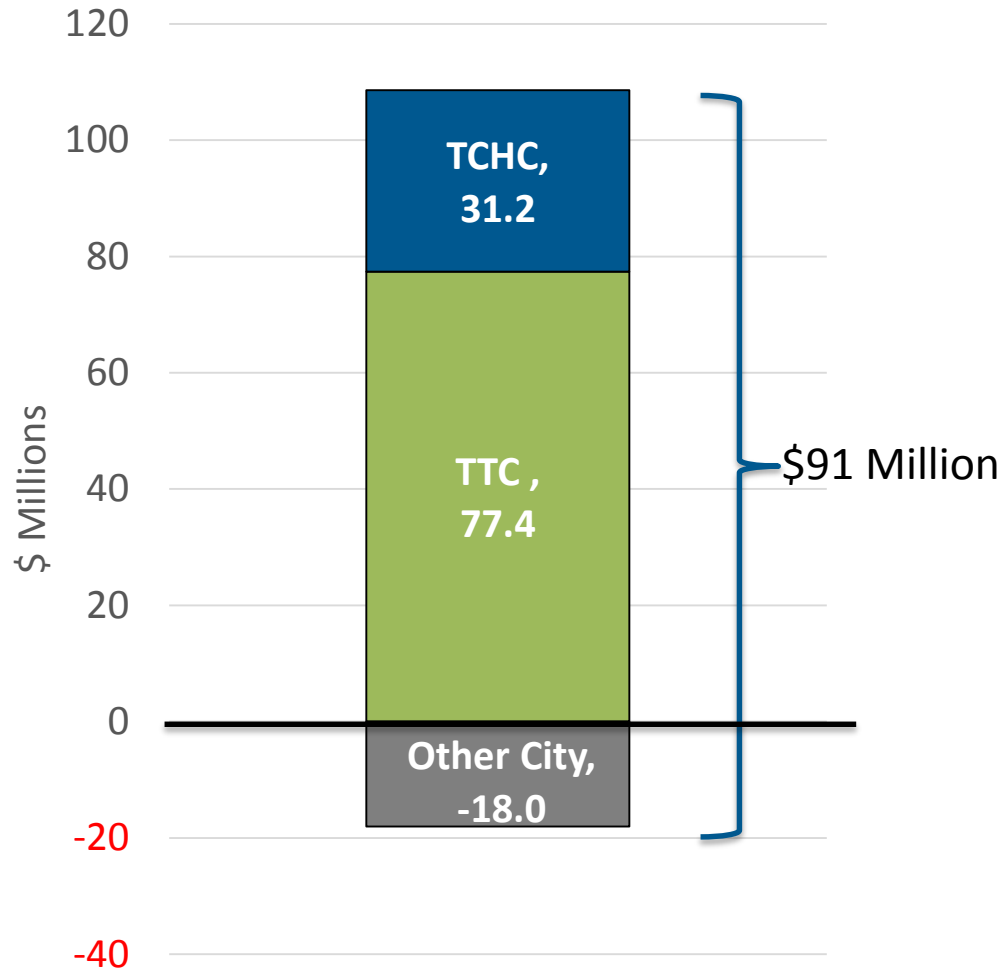
Addressing Residual Pressure



2017 BUDGET EQUATION



REMAINING BUDGET RESIDUAL PRESSURE



*Gap of \$91 Million already includes a 2% inflationary residential property tax increase

ACTIONS TAKEN AND CURRENT RESULTS

(Millions)	2017 Preliminary Budget	Residential Tax Impact	Total Tax Impact
Preliminary Budget - Net Increase	141.0	5.6%	3.5%
Revenue from Inflationary Residential Tax Increase at 2.0%	(50.4)	-2.0%	-1.3%
Preliminary Residual Pressure	90.6	3.6%	2.3%

- Every 1% residential tax increase=\$25.2 million

ADDITIONAL SERVICE ADJUSTMENTS TO BE CONSIDERED

('000s)	2017			2018		2019	
	\$		Pos	\$ Net	Pos	\$ Net	Pos
	Exp	Net					
Citizen Centred Services "A"	(45,910)	(40,404)	(177.0)	(2,190)	(30.1)	(222)	
Citizen Centred Services "B"	(25,157)	(25,157)	(130.0)				
Internal Services	(1,288)	(1,288)	(4.0)				
City Operation	(72,355)	(66,848)	(311.0)	(2,190)	(30.1)	(222)	
TTC							
Police Services							
Agencies (Excl TTC & Police)	(8,905)	(7,906)	(75.4)	(211)			
Agencies	(8,905)	(7,906)	(75.4)	(211)			
Grand Total	(81,260)	(74,755)	(386.4)	(2,402)	(30.1)	(222)	

Note: 1) See Appendix 6 for a more detailed list
 2) These initiatives are NOT included in the Preliminary Budget

MLTT Harmonization

- \$77 Million

Commercial Tax ($\frac{1}{3}$ -> $\frac{1}{2}$)

- \$3.8 Million

TPA Income Share (75% -> 85%)

- \$6.3 Million

Vacancy Rebate

- \$11 Million

Hotel Tax

- \$5 Million

Budget Committee to confirm:

a. Included service adjustments

b. New fees / fees above inflation (includes TTC Fare Increase)

c. Included new and enhanced requests

Budget Committee to Review & Consider

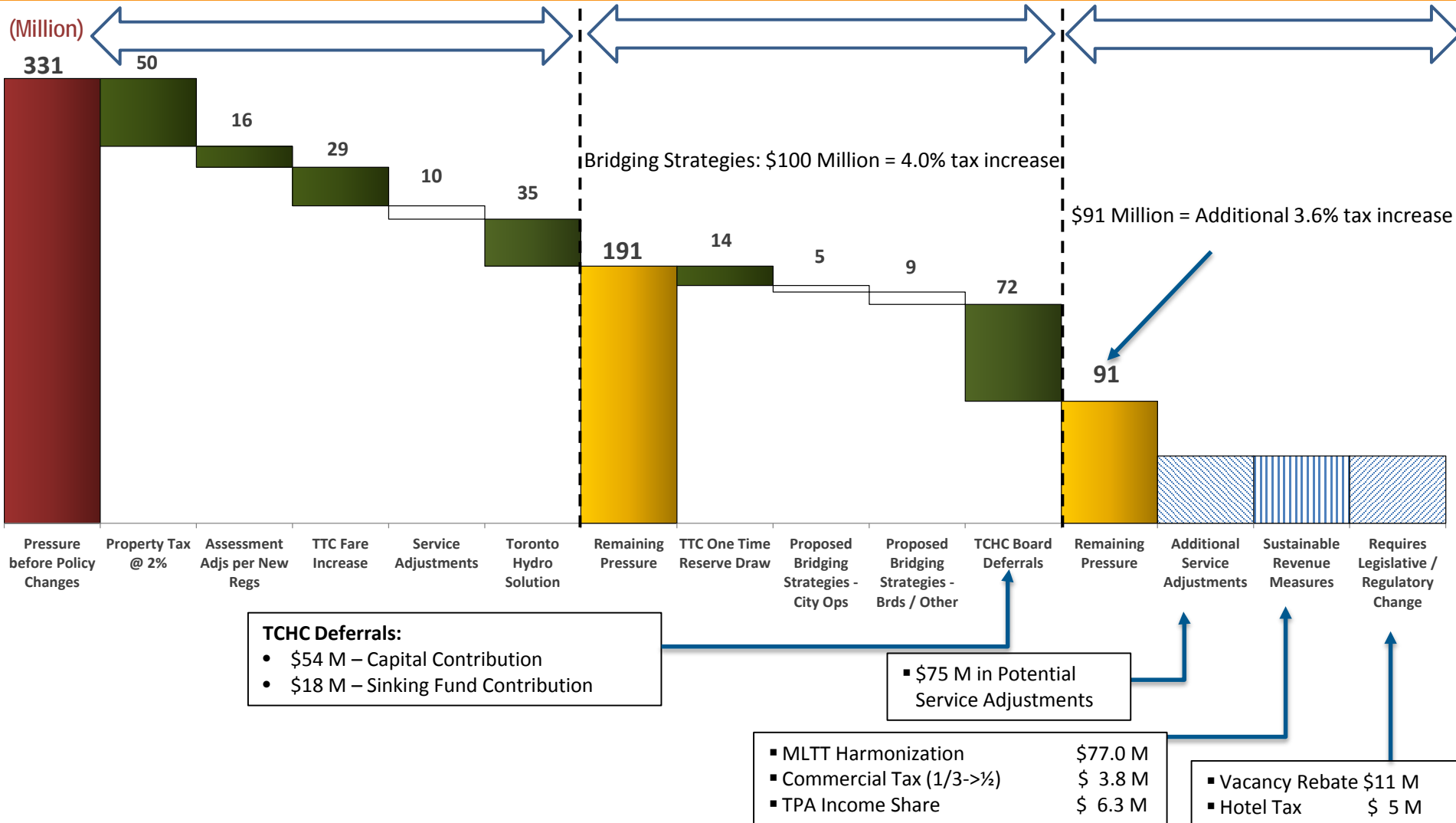
a. Additional service adjustments

b. Sustainable revenue measures

c. Measures requiring legislative / regulatory change

d. Additional new & enhanced requests

FURTHER ACTIONS

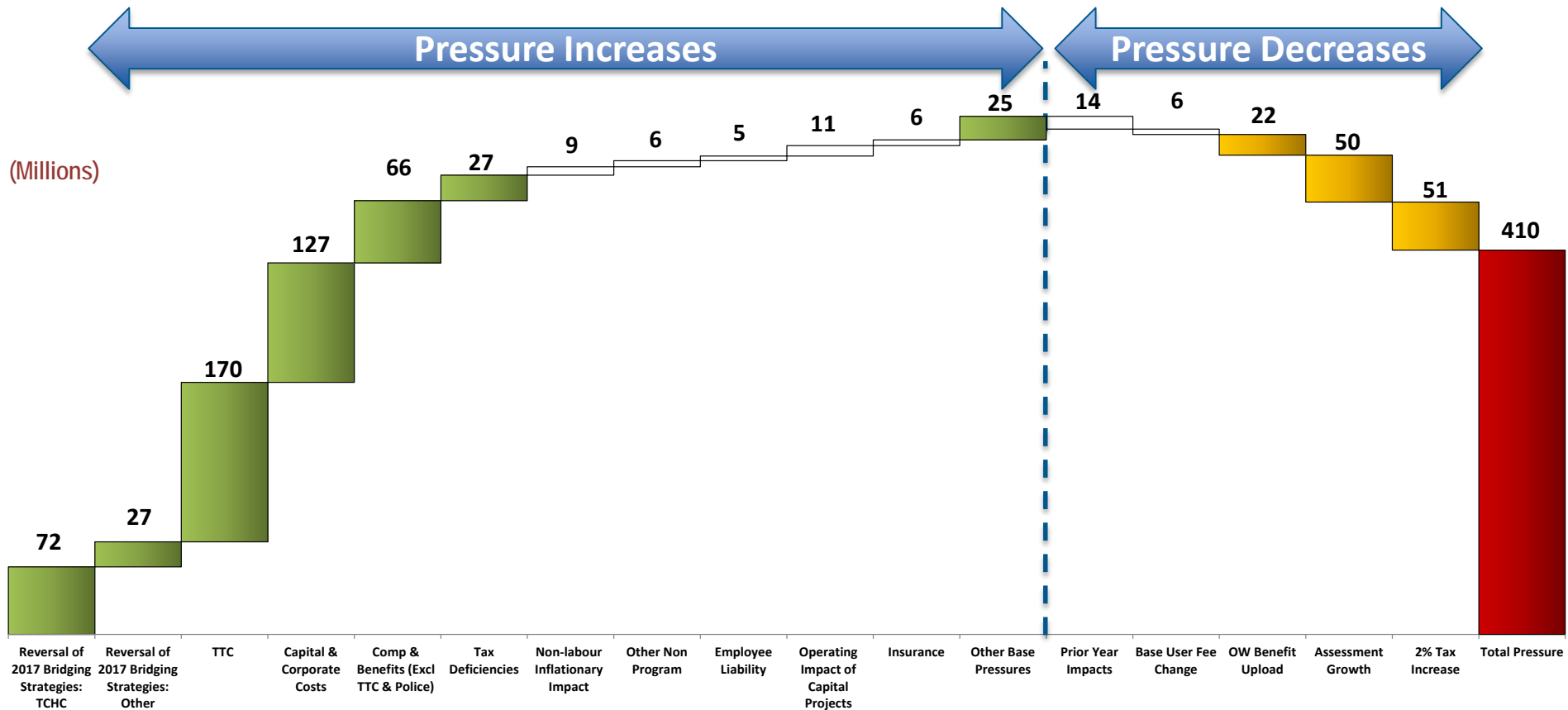




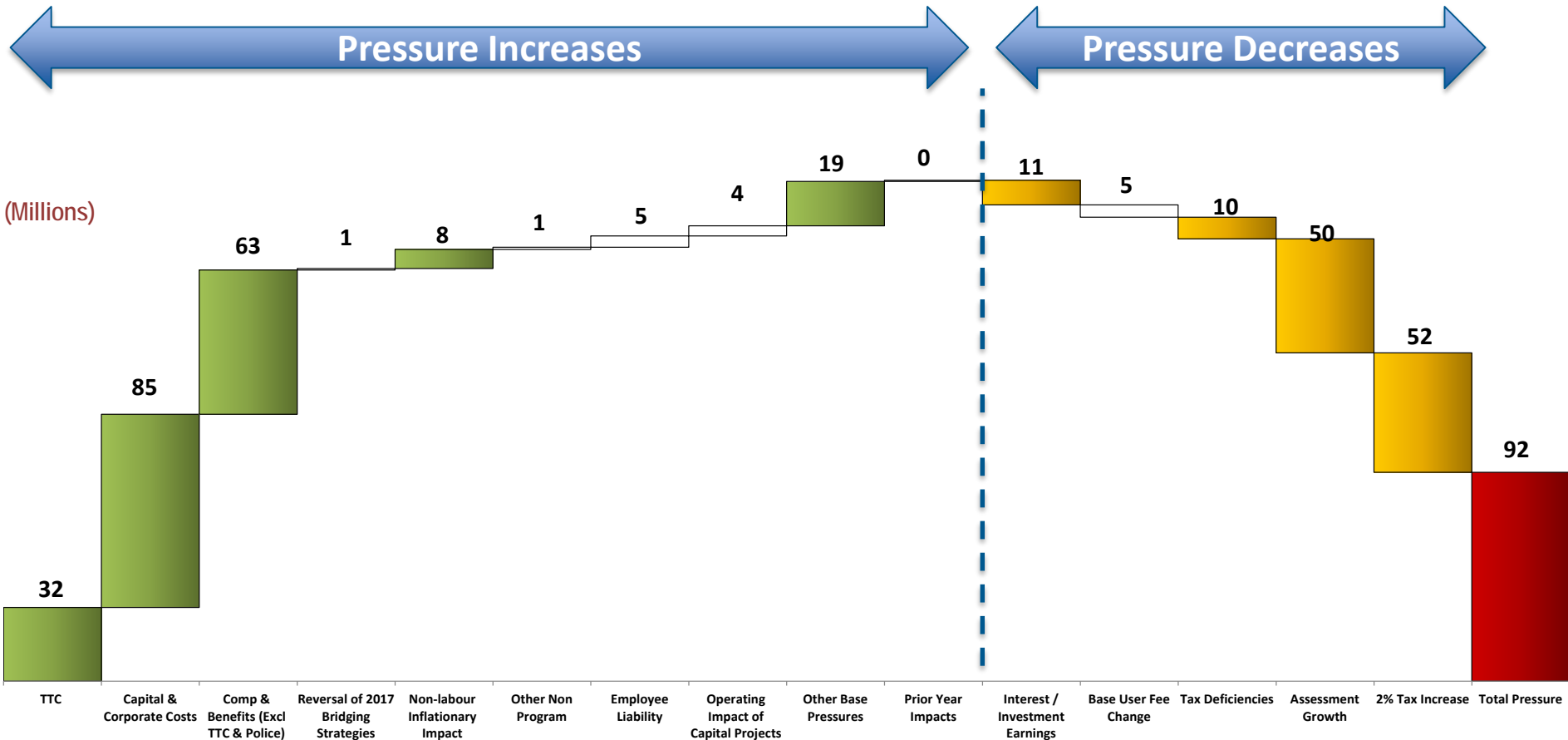
2018 & 2019 Forecast



2018 OUTLOOK



2019 OUTLOOK





2017-2026 Capital Budget & Plan



- \$5.8 Billion New Investments to Fund Critical Unmet Needs
- Actions Taken to Create Investment Room
- Preliminary 2017 – 2026 Capital Budget & Plan
 - Impact on State of Good Repair Backlog
 - Impact on Debt Financing
- Scenarios to Create More Investment Room
- Conclusion



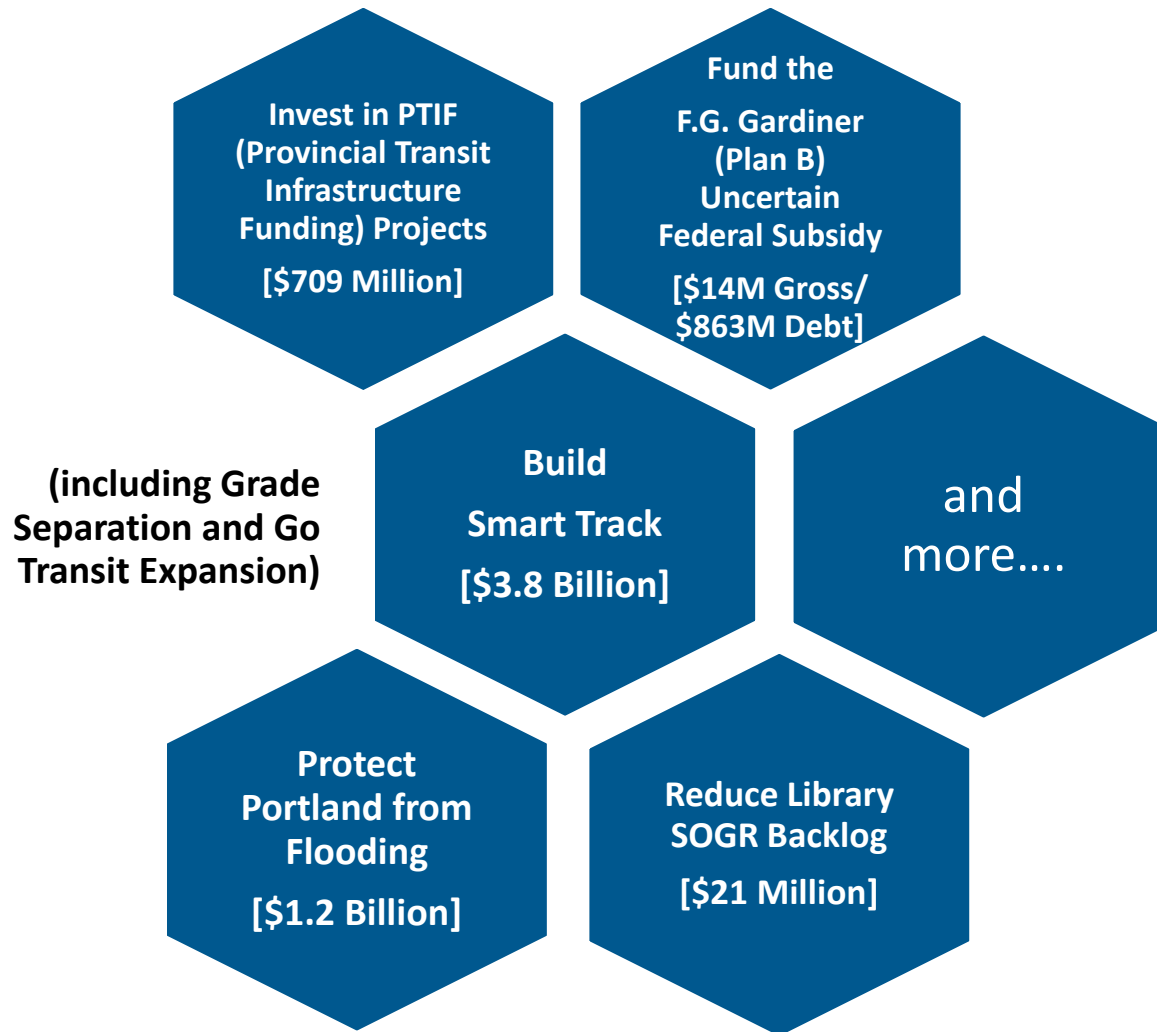
\$5.8 Billion New Investments to Fund Critical Unmet Needs



UNMET NEEDS TO BE FUNDED

- Notwithstanding \$21 Billion funded in 10 year Capital Plan, the City still has unmet capital needs of \$33 Billion over the next 15 years.
- Investments are required to address state of good repair backlog, service improvement initiatives and future transit expansion.

\$5.8 BILLION NEW INVESTMENT FUNDS CRITICAL UNMET NEEDS





Actions Taken to Create Investment Room



STRATEGIES TO CREATE ADDITIONAL INVESTMENT ROOM CAPITAL DIRECTIONS

Step 1

- Submit 2017-2026 Capital Plan based on (2016) approved debt and add new 10th year

Step 2

- Examine annual cash flow funding estimates to more *realistically* match cash flow of project activities and timelines

Step 3

- Refine project estimates and timing of unmet needs for prioritization

Step 4

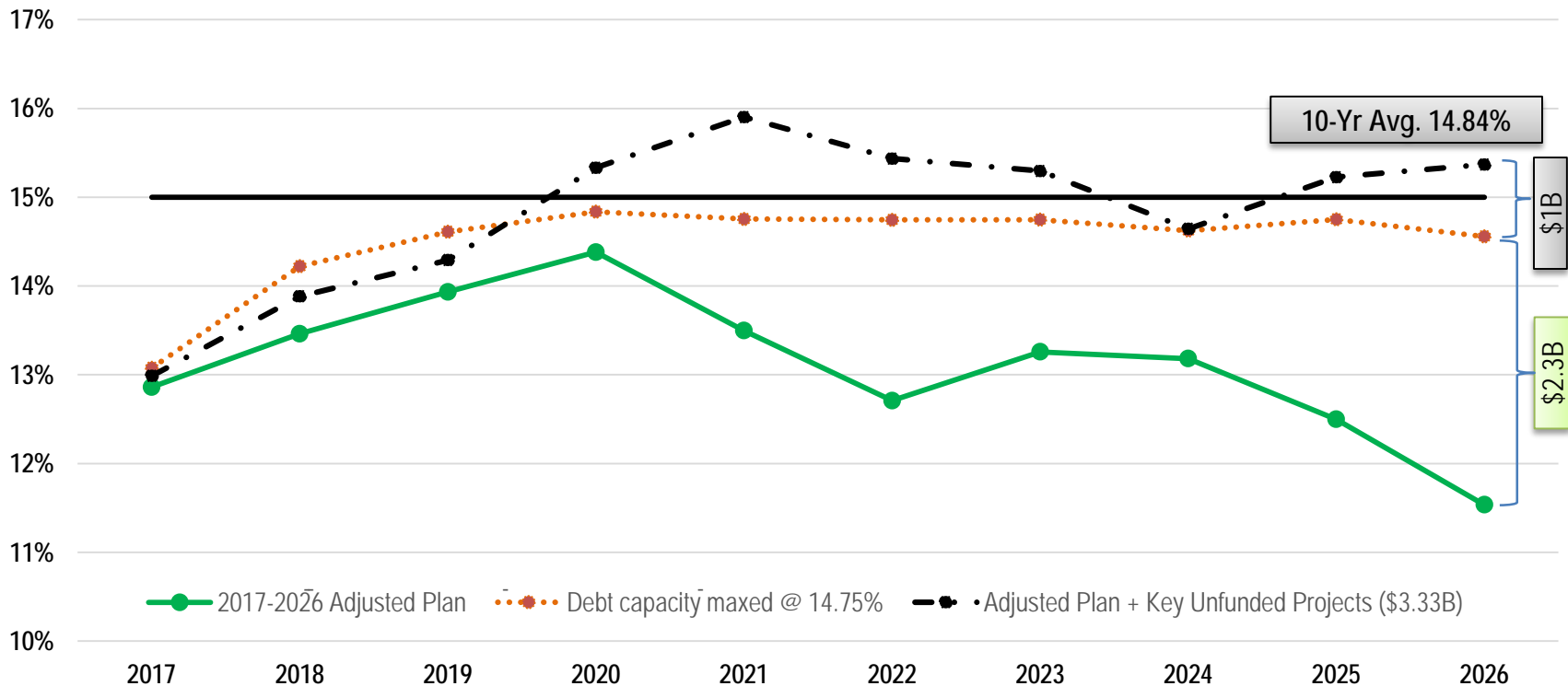
- Establish criteria and prioritize unmet needs

Step 5

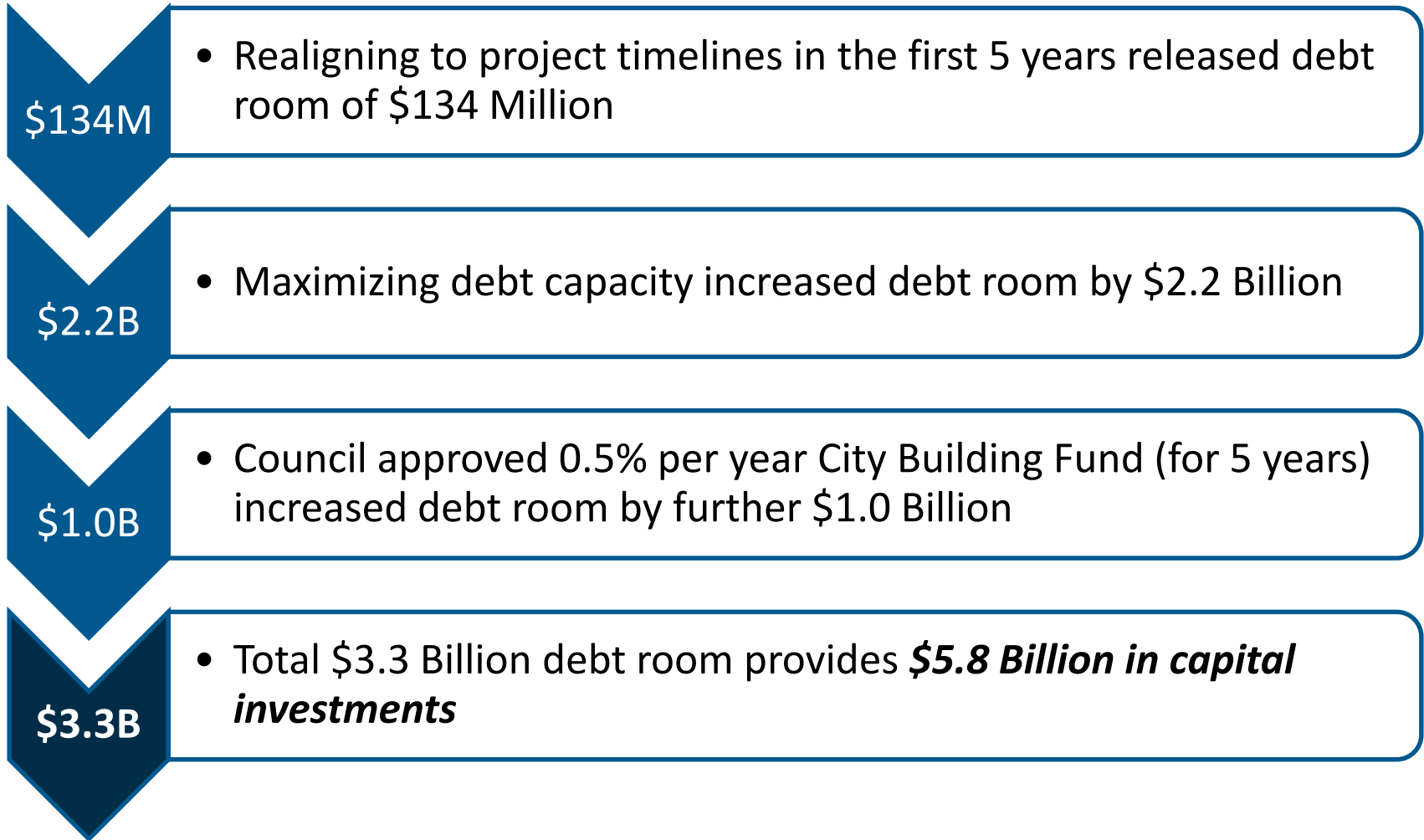
- Examine debt capacity and include the Council directed 0.5% City Building Fund

STRATEGIES TO CREATE ADDITIONAL INVESTMENT ROOM

Debt Charges as a % of Property Tax Levy
 \$3.334B Key Unfunded Capital Projects to be Funded from Increased Debt Room



STRATEGIES TO CREATE ADDITIONAL INVESTMENT ROOM RESULTS



KEY PRIORITIES FUNDED IN THE PRELIMINARY 2017 – 2026 CAPITAL BUDGET & PLAN - \$5.8B

Funding Criteria for Unmet Needs (\$M)	10-Yr Gross	10-Yr Debt
1- Approved projects over debt target due to cost escalation	17	866
2- To ensure legislative compliance	60	60
3- Health & Safety/SOGR to avoid service disruption/claims	6	6
4- To leverage opportunity otherwise missed	732	536
5- Results in operating savings or cost avoidance	15	15
6- To implement approved Council priorities	4,975	1,828
7- SOGR projects to reduce backlog	22	20
8- To address sustained service demand	4	3
Grand Total	5,831	3,334

KEY PROJECTS FUNDED IN THE PRELIMINARY 2017 – 2026 CAPITAL BUDGET & PLAN - \$5.8B GROSS/3.3B DEBT

(\$M)	10-Yr Gross	10-Yr Debt
SmartTrack	3,842	1,840
F.G. Gardiner	14	863
TTC & Non-TTC PTIF Projects	709	513
Port Lands Flood Protection	1,192	47
Modernization & Transformation	36	36
Toronto Public Library SOGR Backlog	21	19
North York Central Renovation Phase 2	11	10
MB Renovation Accessibility Retrofit 2017-2026	5	5
Multi-Branch SOGR 2017-2026	5	5
Administrative Penalty System	6	6
Other	10	10
Grand Total	5,831	3,334



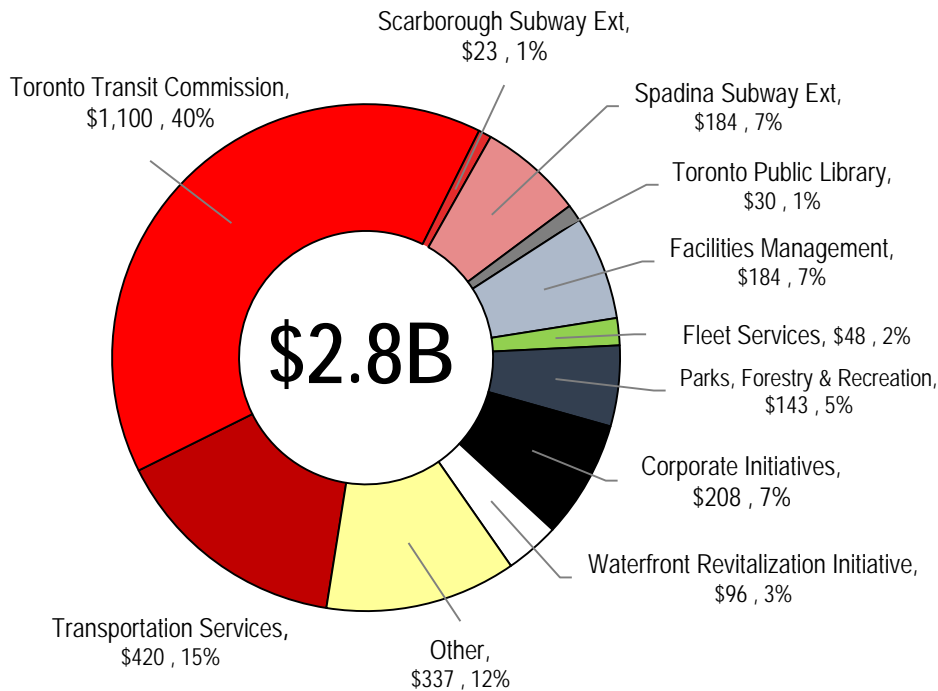
Preliminary 2017 – 2026 Capital Budget & Plan



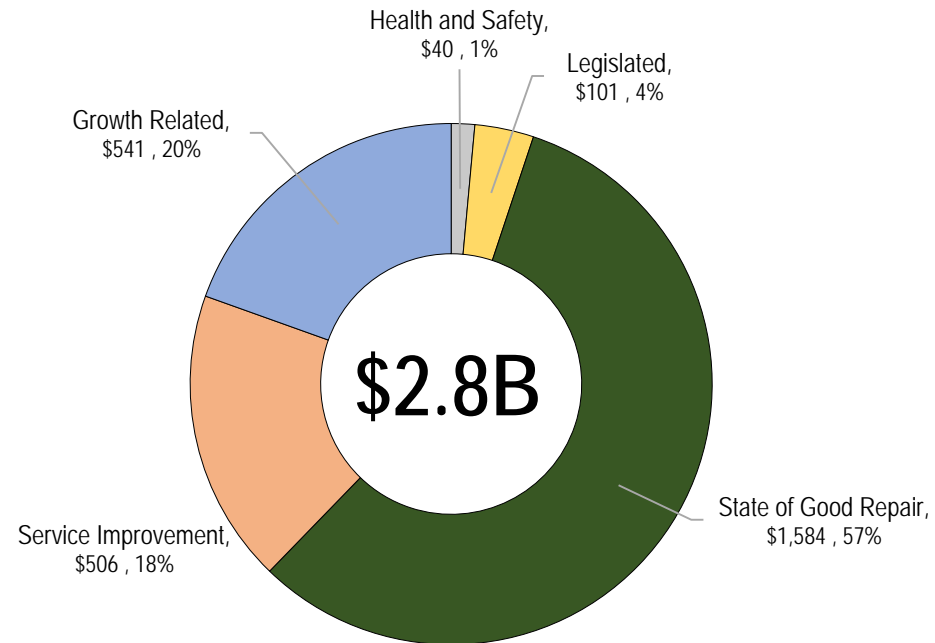
2017 CAPITAL BUDGET - \$2.8B

WHERE THE MONEY GOES

**2017 Capital Budget
By Program (\$m)
63% TTC/Transportation**



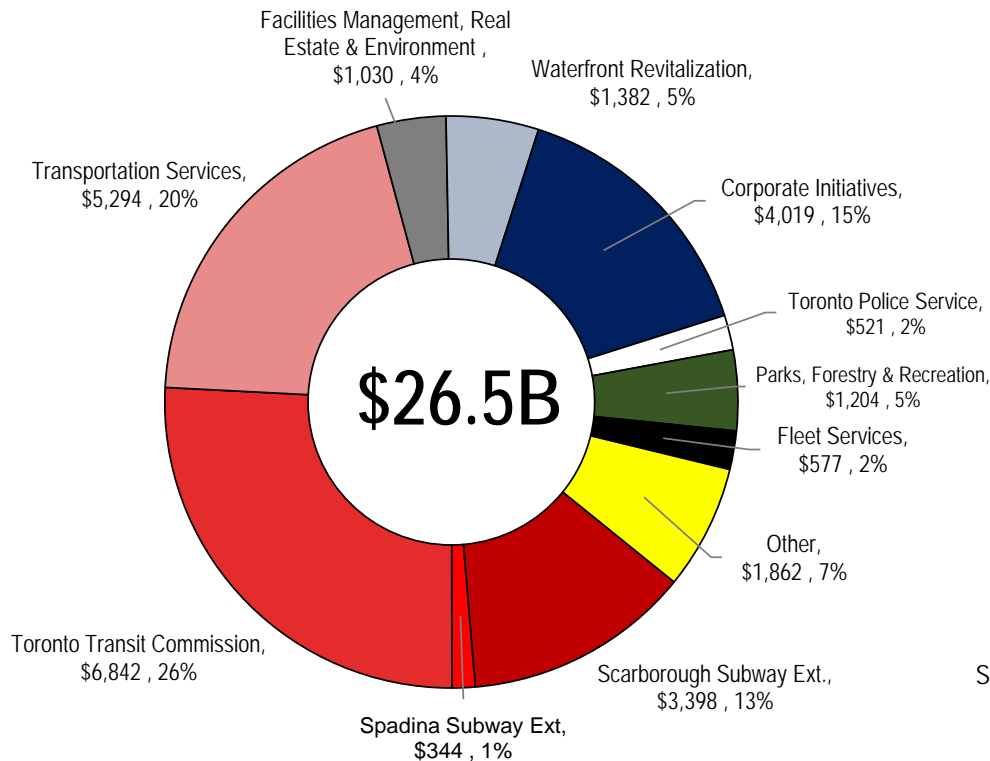
**2017 Capital Budget
By Category (\$m)
57% SOGR**



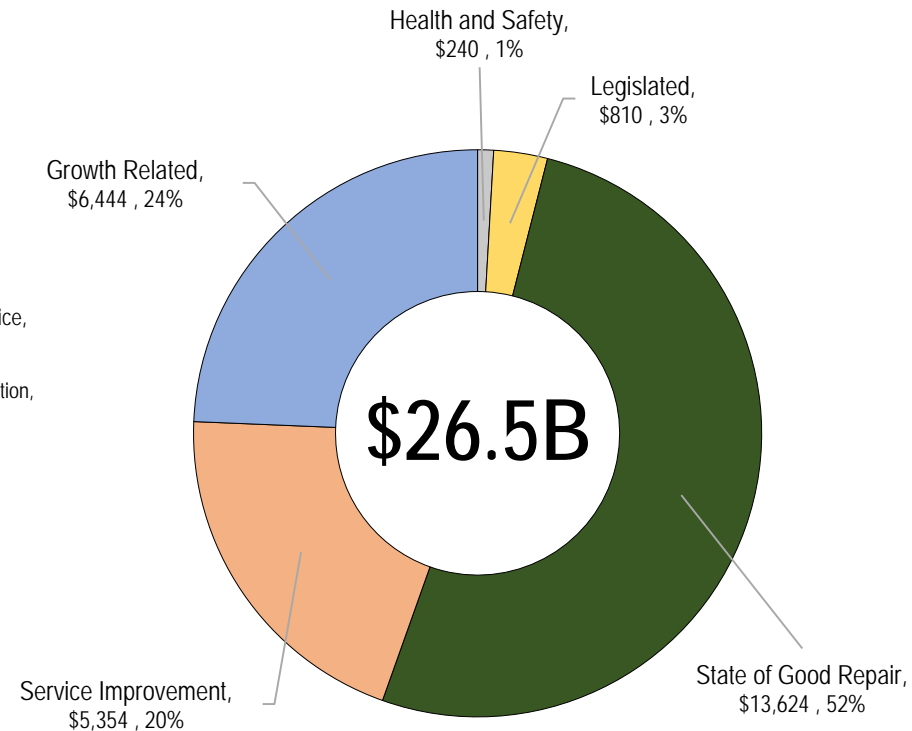
2017 – 2026 CAPITAL BUDGET AND PLAN - \$26.5B

WHERE THE MONEY GOES

**2017 - 2026 Capital Budget & Plan
By Program (\$m)
60% TTC/Transportation**

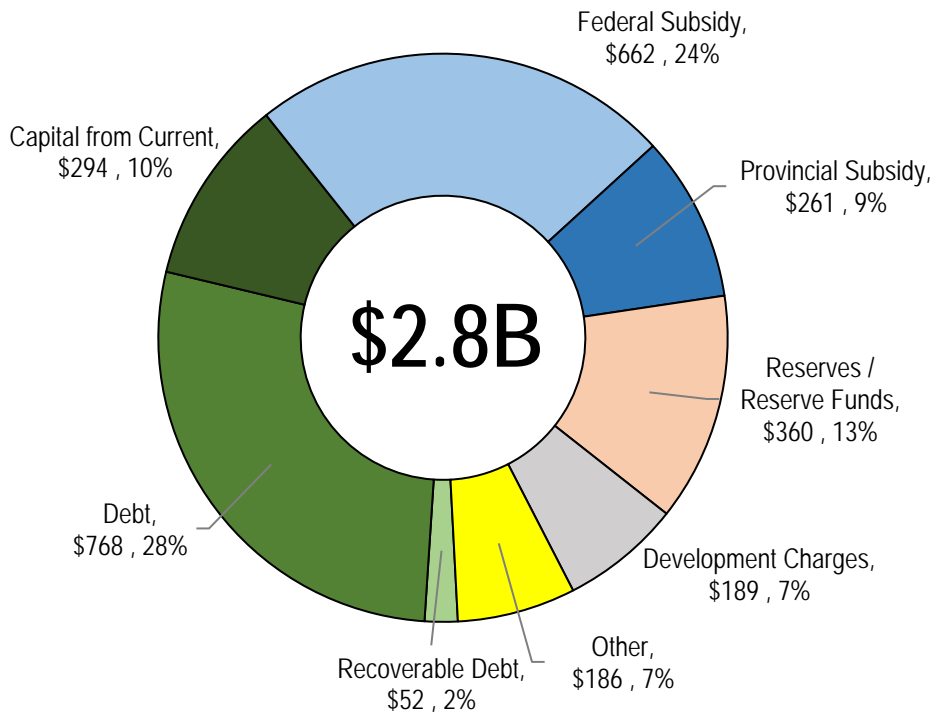


**2017 - 2026 Capital Budget & Plan
By Category (\$m)
52% SOGR**

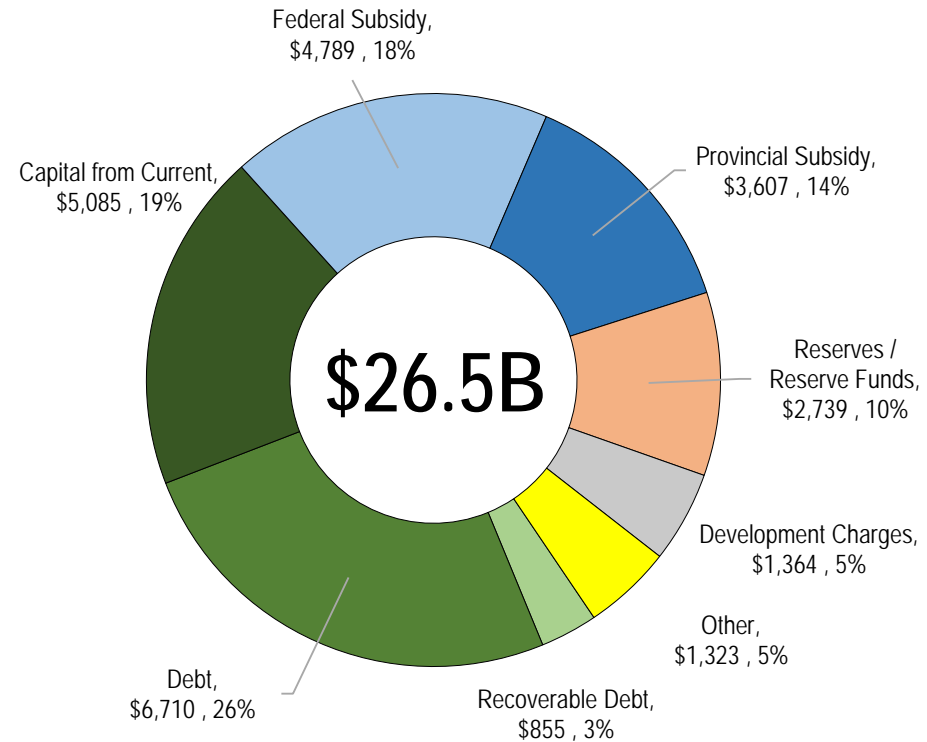


WHERE THE MONEY COMES FROM 2017 BUDGET AND 10 YEAR PLAN

**2017 Capital Budget
Funding Sources (\$m)
38% Funding from Debt/CFC**



**2017-2026 Capital Budget & Plan
Funding Source (\$m)
45% Funding from Debt/CFC**

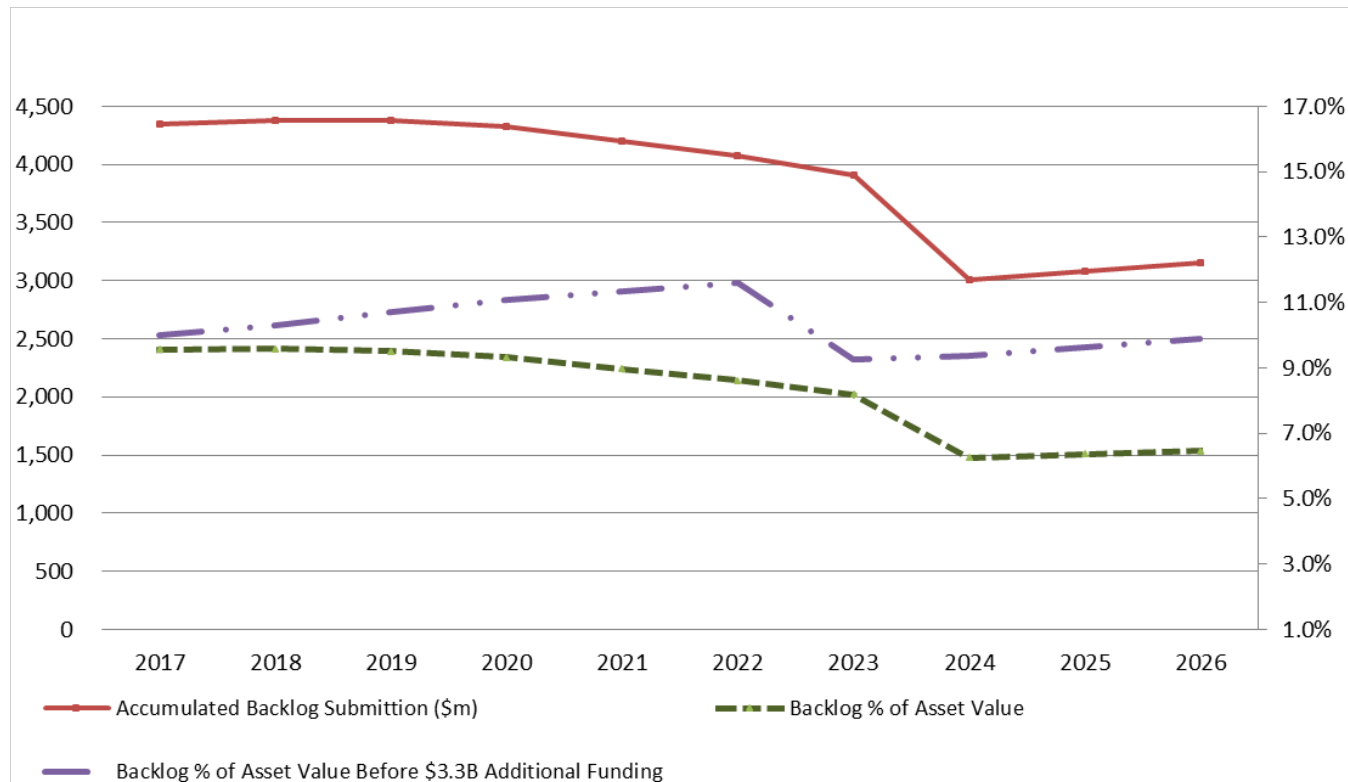




10 Year Capital Plan: Impact on State of Good Repair Backlog

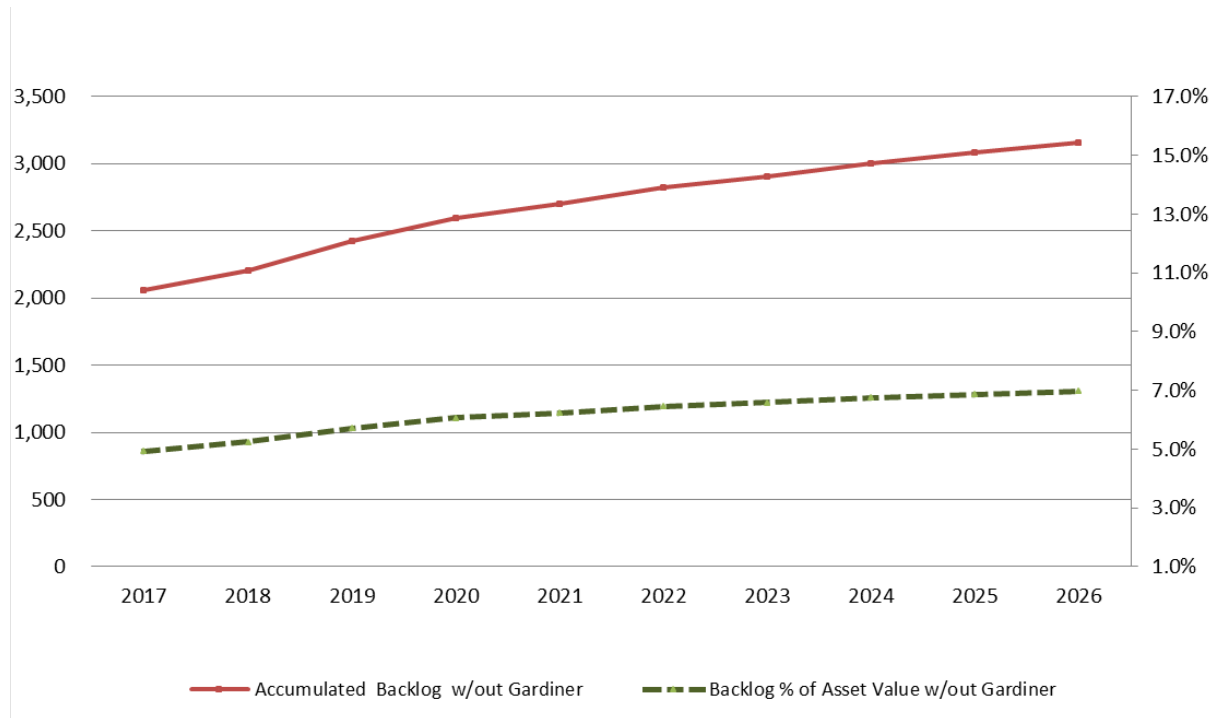


STATE OF GOOD REPAIR BACKLOG AS % OF TOTAL ASSET TRENDING DOWN TO 6.5%



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Asset Value	45,392	45,705	46,053	46,484	46,905	47,349	47,724	48,104	48,468	48,845
SOGR Backlog Before \$5.8B Additional Funding	4,531	4,710	4,939	5,149	5,314	5,497	4,425	4,499	4,662	4,825
Backlog % of Asset Value Before \$5.8B Additional Funding	10.0%	10.3%	10.7%	11.1%	11.3%	11.6%	9.3%	9.4%	9.6%	9.9%
Accumulated Backlog (\$M)	4,345	4,376	4,377	4,331	4,205	4,076	3,905	3,005	3,082	3,155
Backlog % of Asset Value	9.6%	9.6%	9.5%	9.3%	9.0%	8.6%	8.2%	6.2%	6.4%	6.5%

SOGR BACKLOG AS A % OF TOTAL ASSET VALUE WITHOUT F.G. GARDINER IMPACT



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Asset Value w/out Gardiner	41,769	42,082	42,430	42,861	43,282	43,726	44,101	44,481	44,845	45,222
Accumulated Backlog w/out Gardiner	2,061	2,207	2,423	2,598	2,701	2,821	2,907	3,005	3,082	3,155
Backlog % of Asset Value w/out Gardiner	4.9%	5.2%	5.7%	6.1%	6.2%	6.5%	6.6%	6.8%	6.9%	7.0%

STATE OF GOOD REPAIR BACKLOG PROJECTION BY PROGRAM

Program (\$M)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Trend
Transportation Services	2,869	2,924	2,881	2,774	2,651	2,510	2,349	2,166	1,242	1,300	1,350	▼
Facilities Management, Real Estate & Environment	360	356	376	460	469	494	526	538	554	572	616	▲
Toronto Transit Commission		23	65	126	196	241	281	331	381	428	482	▲
Parks, Forestry & Recreation	442	454	479	460	468	432	404	367	327	284	222	▼
Toronto & Region Conservation Authority	228	228	222	213	203	192	182	171	163	150	139	▼
Toronto Public Library	53	60	66	71	83	86	94	99	112	129	137	▲
Other	311	299	286	272	260	249	240	232	226	218	210	▼
Total SOGR Backlog	4,262	4,345	4,376	4,377	4,331	4,205	4,076	3,905	3,005	3,082	3,155	
Total Asset Value (end of year)	44,995	45,392	45,705	46,053	46,484	46,905	47,349	47,724	48,104	48,468	48,845	
SOGR as % Asset Value	9.47%	9.57%	9.57%	9.50%	9.32%	8.97%	8.61%	8.18%	6.25%	6.36%	6.46%	

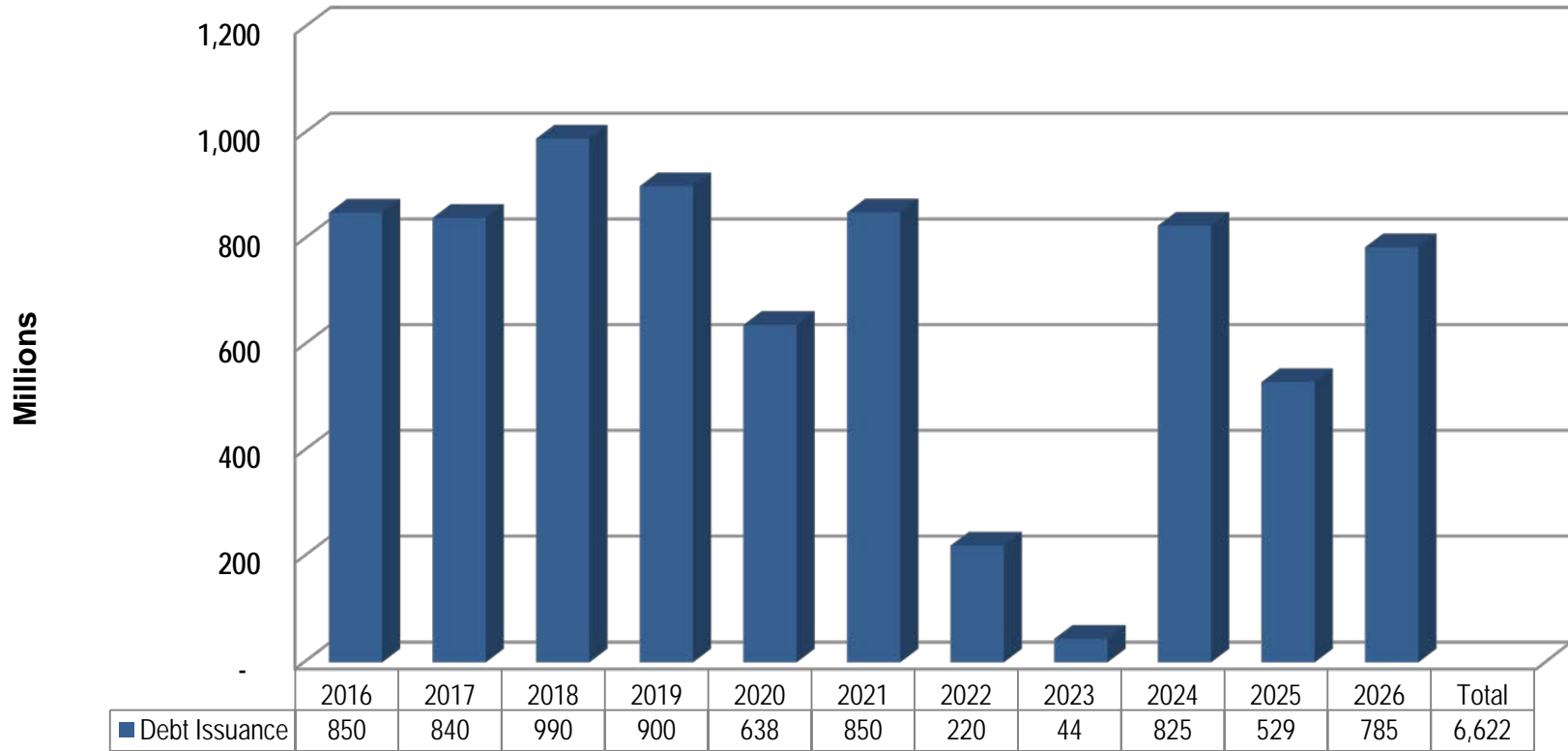
* Comparing to previously approved 2016 – 2025 Capital Plan, 2017's opening balance of SOGR backlog is increased. The increase reflects revised delivery schedule of the F.G Gardiner Expressway Rehabilitation project. Transportation total Asset Value also increased from \$13.9B to \$17.9B over the period of 10 years.



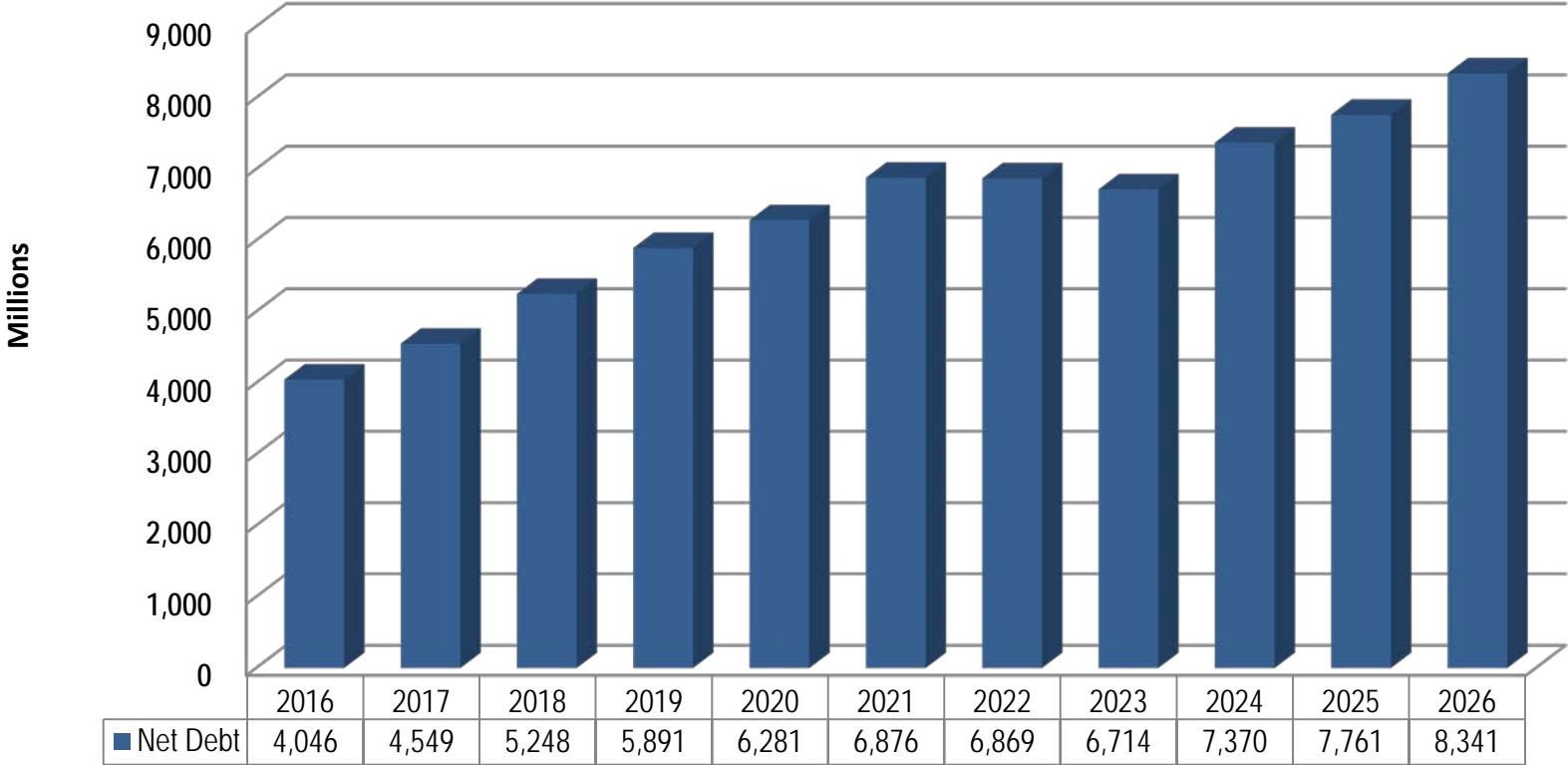
10 Year Capital Plan: Impact on Debt Financing



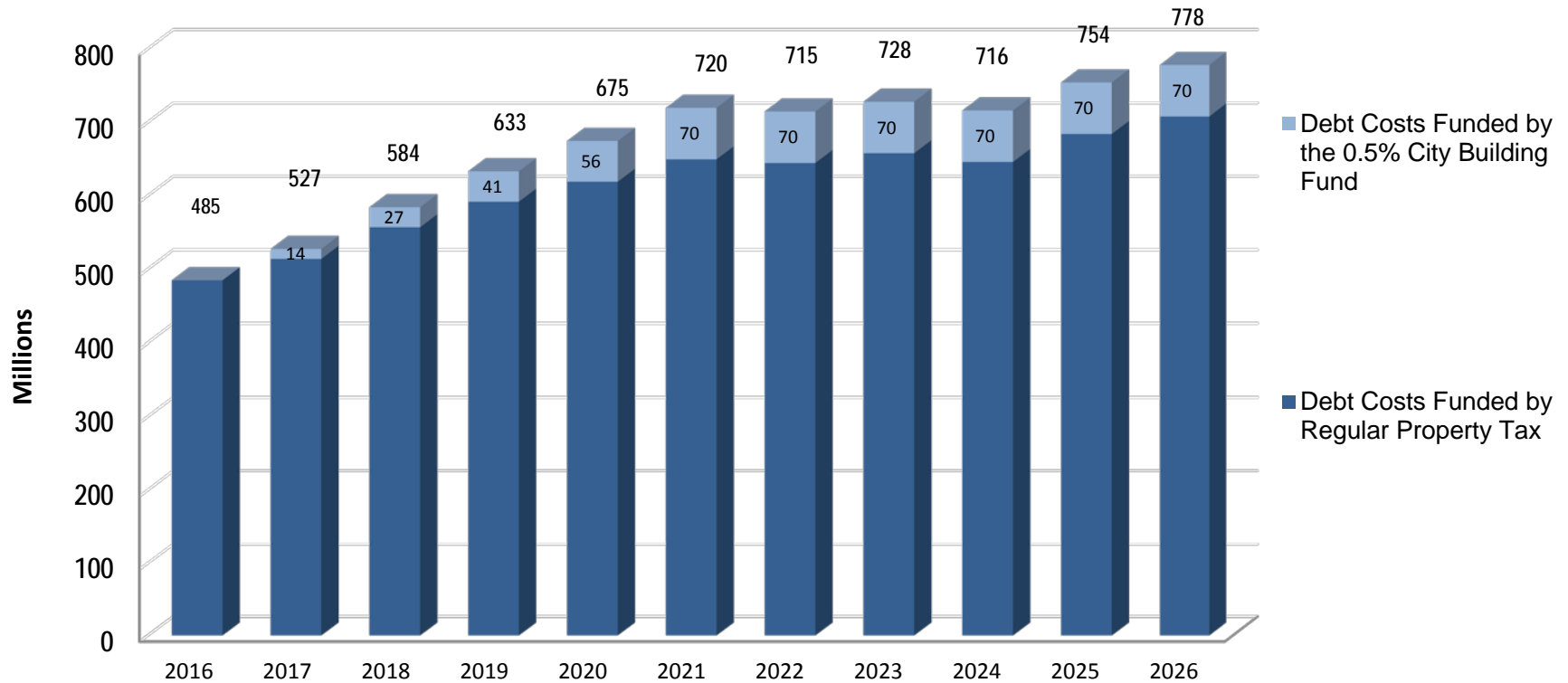
NEW TAX SUPPORTED DEBT ISSUANCE



OUTSTANDING TAX SUPPORTED DEBT BALANCE



TAX SUPPORTED DEBT SERVICE COSTS



Debt Service Cost (\$m)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2017-2026
YoY Incremental Costs - Before 0.5% City Building Fund		29	43	35	27	31	(5)	13	(12)	38	24	223
YoY Incremental Costs - 0.5% City Building Fund		14	14	14	14	15	0	0	0	0	0	70
YoY Incremental Costs - Incl. 0.5% City Building Fund		43	57	49	41	45	(5)	13	(12)	38	24	293
Total Annual Debt Costs	485	527	584	633	675	720	715	728	716	754	778	6,830



Scenarios To Create More Investment Room



EXPRESSWAY TOLLING

- Council requested 2 tolling scenarios
- Revenues Tools / Tolling report assumed FULL tolling starts in 2024
 - Scenario 1: Expressway Cost Recovery Toll
 - About \$1.40 per trip
 - Money used recover all costs associated with the Gardiner and Don Valley Parkway
 - All revenues used to offset capital, operating and maintenance costs over 30years
 - Frees up funding already approved in Capital Budget
 - Scenario 2: Expressway Toll to Generate Capital Revenues
 - Staff modelled \$2.00 toll per trip
 - Revenues could be applied to fund new capital projects (i.e. not specifically for Gardiner and the DVP)
 - Creates additional funding for the Capital Budget

POTENTIAL DEBT ROOM TO INVEST IN MORE UNMET NEEDS

\$1.9B

- Expressway tolling at \$1.40 per trip will free up debt room of \$1.9 Billion

\$1.0B

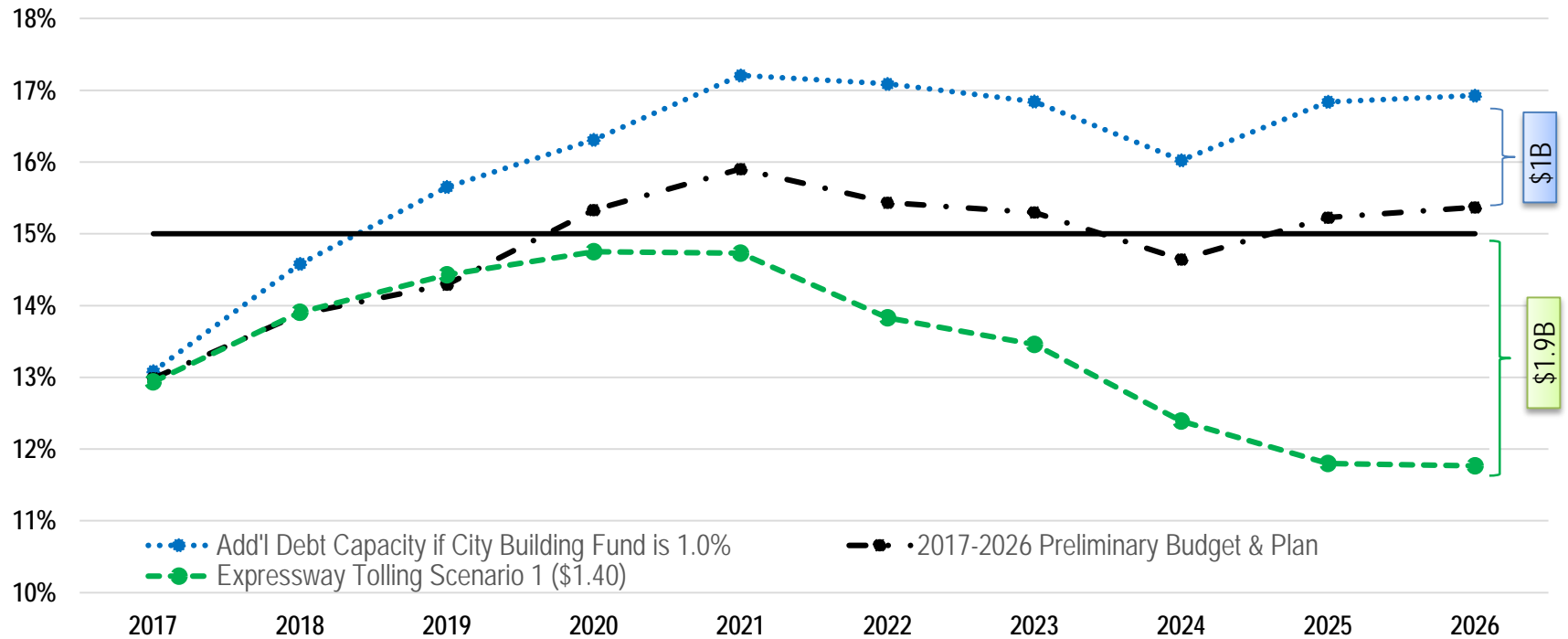
- Additional 0.5% (Total of 1.0%) City Building Fund will provide another \$1B debt room

\$2.9B

- **Total new debt room of \$2.9 Billion created to fund more unmet needs**

POTENTIAL DEBT ROOM TO INVEST IN MORE UNMET NEEDS

Debt Charges as a % of Property Tax Levy
 Add'l Debt Room Added if Expressway Toll @ \$1.40 & City Building Fund is 1.0%



ADDITIONAL CRITICAL UNMET NEEDS TO BE FUNDED WITH \$2.9B DEBT

(\$M)	10-Yr Gross	10-Yr Debt
State of Good Repair	268	263
Civic Building AODA Compliance	192	192
Sony AODA Audit & SOGR	22	22
Toronto Public Library SOGR	38	34
Fire Services - Fireboat Replacement, etc.	16	16
George Street Rev. Phase III-Construction	486	473
Long Term Care Homes Services	219	136
CWT Redevelopment	118	71
Esther Shiner Blvd.	83	54
Seven Oaks Redevelopment	18	11
Traffic Cycling and Road Safety	31	31
Other Critical Needs	1,996	1,996
Grand Total	3,001	2,900

ADDITIONAL DEBT ROOM TO BE CREATED EXPRESSWAY TOLLING @ \$2.00 PER TRIP - \$5.6B

Potential Extra Investment Room to be Created (\$m)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	10 Year
If Expressway Tolling @ \$2.00	-	-	-	-	-	-	-	1,867	1,867	1,867	5,600

- Alternatively, \$5.6B debt room can be created to support Transit, Transportation, Housing and other priorities if tolling set @ \$2.00 beginning in 2024

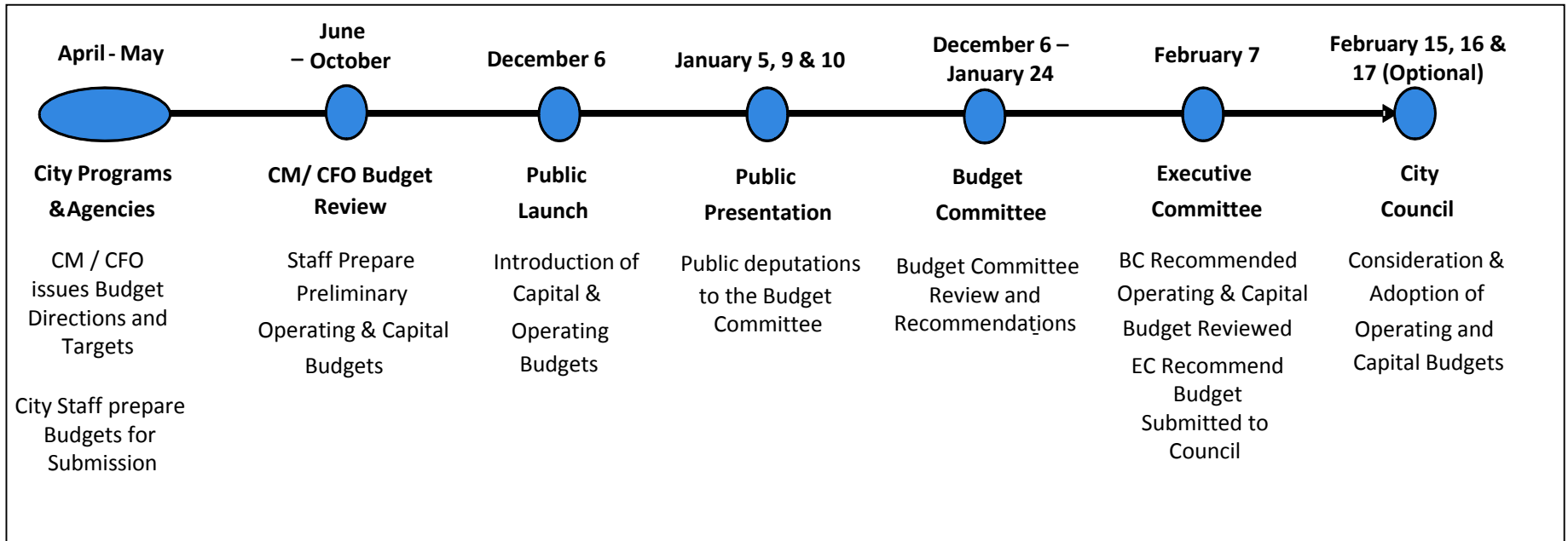
- 10-year Capital Plan delivers \$5.8 billion added investment for priority unfunded projects with \$3.3 billion debt
- \$3.3 billion additional debt room created by:
 - Releasing debt with better matching of budgets to actual spending
 - Maximizing debt capacity within debt policy limits
 - Adding debt capacity with City Building Fund at .5% for each of 5 years
- Despite added investment, critical state of good repair, service improvement and transit expansion projects remain unfunded
- Tolling and/or other revenue strategies can create more room to fund critical projects
- Project funding to be considered with the Long Term Financial Plan and 2018 Budget process



Budget Process & Next Steps



2017 BUDGET PROCESS



KEEPING THE PUBLIC INFORMED

Toronto 2017 BUDGET

Toronto 2017 BUDGET

Toronto 2017 BUDGET

Toronto 2017 BUDGET

Toronto 2017 BUDGET

Toronto 2017 BUDGET

Toronto 2017 BUDGET

Toronto 2017 BUDGET

Toronto 2017 BUDGET

Toronto 2017 BUDGET

Toronto 2017 BUDGET

Toronto 2017 BUDGET

Toronto 2017 BUDGET

Toronto 2017 BUDGET



Toronto 2017 BUDGET

Rate Supported Budgets

In addition to the tax-supported operating and capital budgets, the City of Toronto has three fee-based or rate-based programs:

- Toronto Water**
- Solid Waste Management Services**
- Toronto Parking Authority**

These programs are funded primarily by the user. For example, your water and garbage costs are related by how much water you use and the size of your garbage bin. In turn, the revenues collected from these user fees pay for the services that are provided and the infrastructure to deliver them. Property taxes do not fund the fee-based services.

Annually, City staff put forward proposed operating and capital budgets for Toronto Water, Solid Waste Management Services and the Toronto Parking Authority. Through the City budget process, the Mayor and Members of City

How your money is spent

Drinking water – Toronto Water treats and supplies approximately 433 billion litres of safe drinking water to 3.4 million residents and businesses annually.

Wastewater – Toronto Water collects and treats approximately 397 billion litres of wastewater (such as water from toilets, dishwashers and washing machines) every year.

Stormwater management – Toronto Water protects private property and the environment from stormwater runoff (rain and melted snow).

Maintenance and repair – Toronto Water repairs about 1,600 broken watermain each year, and maintains and repairs about 6,100 km of watermain, 4,100 km of sanitary sewers, 6,000 km of storm sewers and 1,400 km of combined sewers. Toronto Water has four water treatment plants and four wastewater treatment plants.



toronto.ca/budget2017

2017 BUDGET SCHEDULE – KEY DATES



Activity	Tax Supported: Operating & Capital
Budget Launch - Budget Committee	December 6
Budget Briefings - Budget Committee	December 16, 19, 20 & 21 (Optional)
Public Presentations - Budget Committee	January 5, 9 & 10
Budget Committee Wrap-Up (Request Briefing Notes & Place Motions)	January 12
Budget Committee Final Wrap-Up	January 24
Special Executive Committee (Corporate Report distributed)	February 7
Special Council	February 15, 16 & 17 (Optional)

Thank You / End





APPENDIX



LIST OF APPENDICES

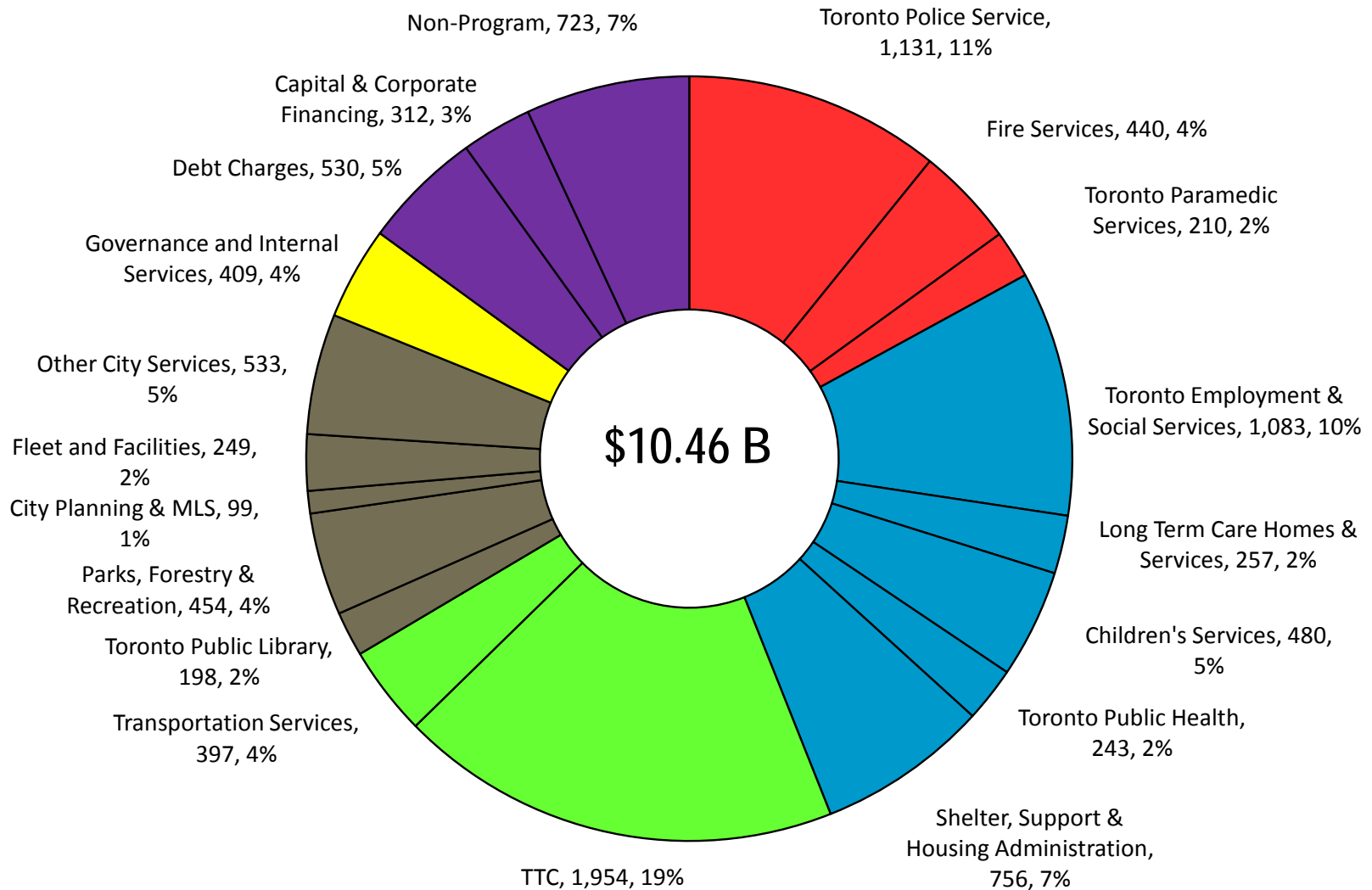
1.	2017 Preliminary Operating Budget Details	Pg. 88
2.	2017 – 2026 Preliminary Capital Budget and Plan Details	Pg. 106
3.	Tax Impacts	Pg. 115
4.	2017 Preliminary Operating Budget Summary	
4.1	Gross Expenditures	Pg. 126
4.2	Revenues	Pg. 128
4.3	Net Expenditures	Pg. 130
4.4	Staff Complement	Pg. 132
5.	Service Changes Included in Preliminary Budget	Pg. 134
6.	Service Changes Not Included in Preliminary Budget	Pg. 135
7.	New / Enhanced Not Included in Preliminary Budget	Pg. 137
8.	Revenue Options to Be Considered	Pg. 139
9.	2017 – 2026 Preliminary Capital Budget and Plan Summary	Pg. 140
10.	\$5.8 Billion Unmet Needs Funded in the 2017-2026 Preliminary Capital Budget & Plan	Pg. 141



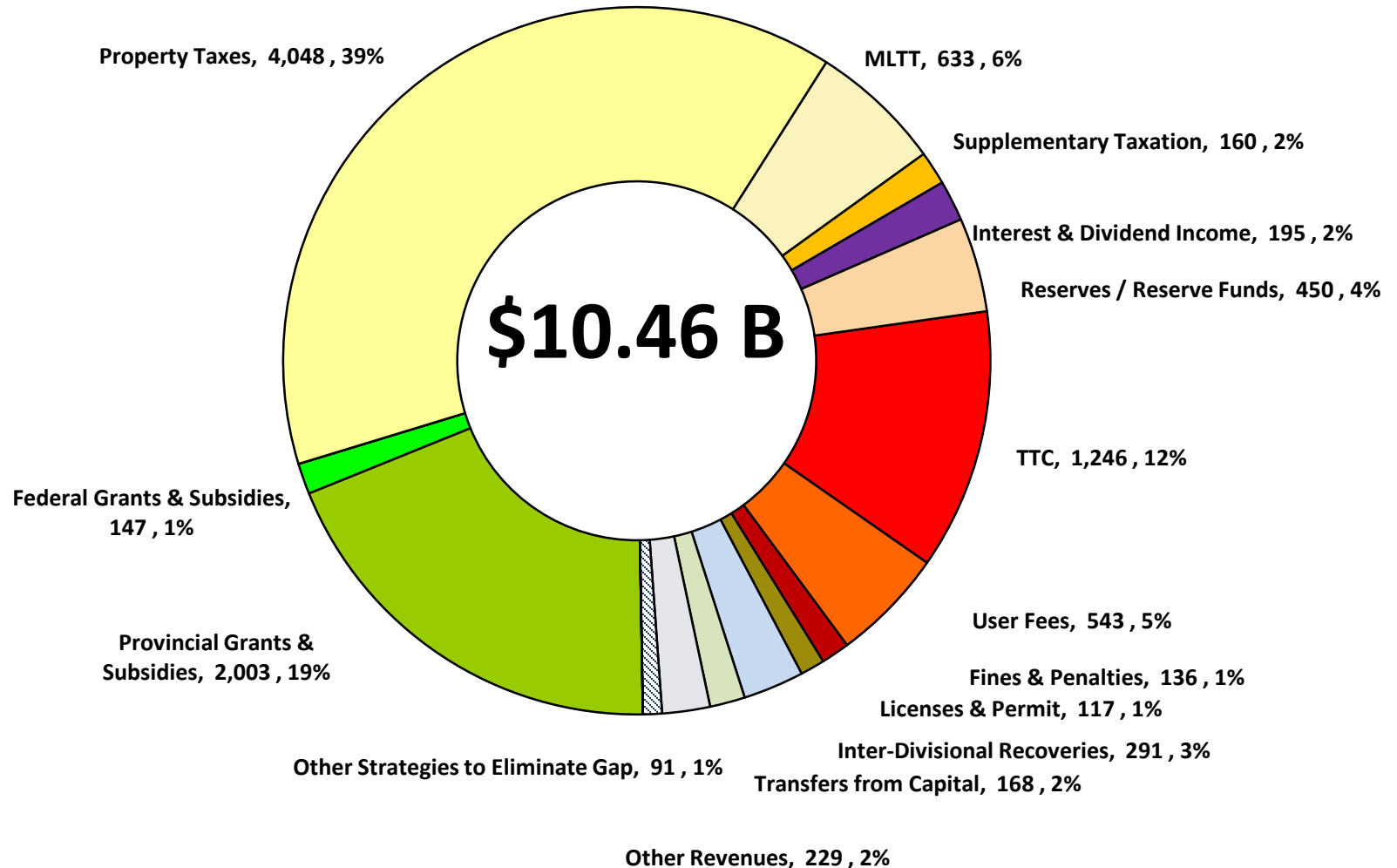
2017 Preliminary Operating Budget Details



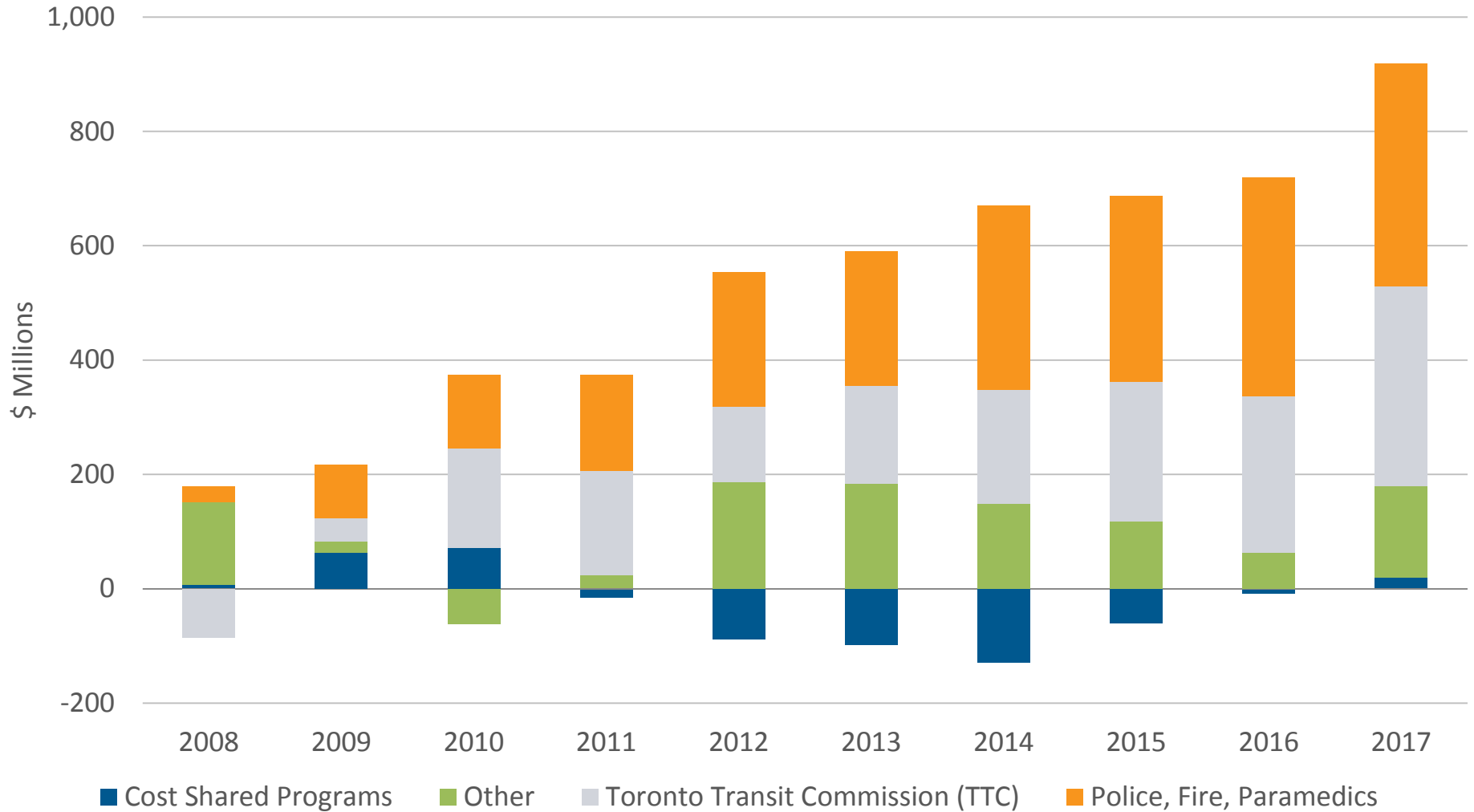
2017 PRELIMINARY OPERATING BUDGET: WHERE THE MONEY GOES



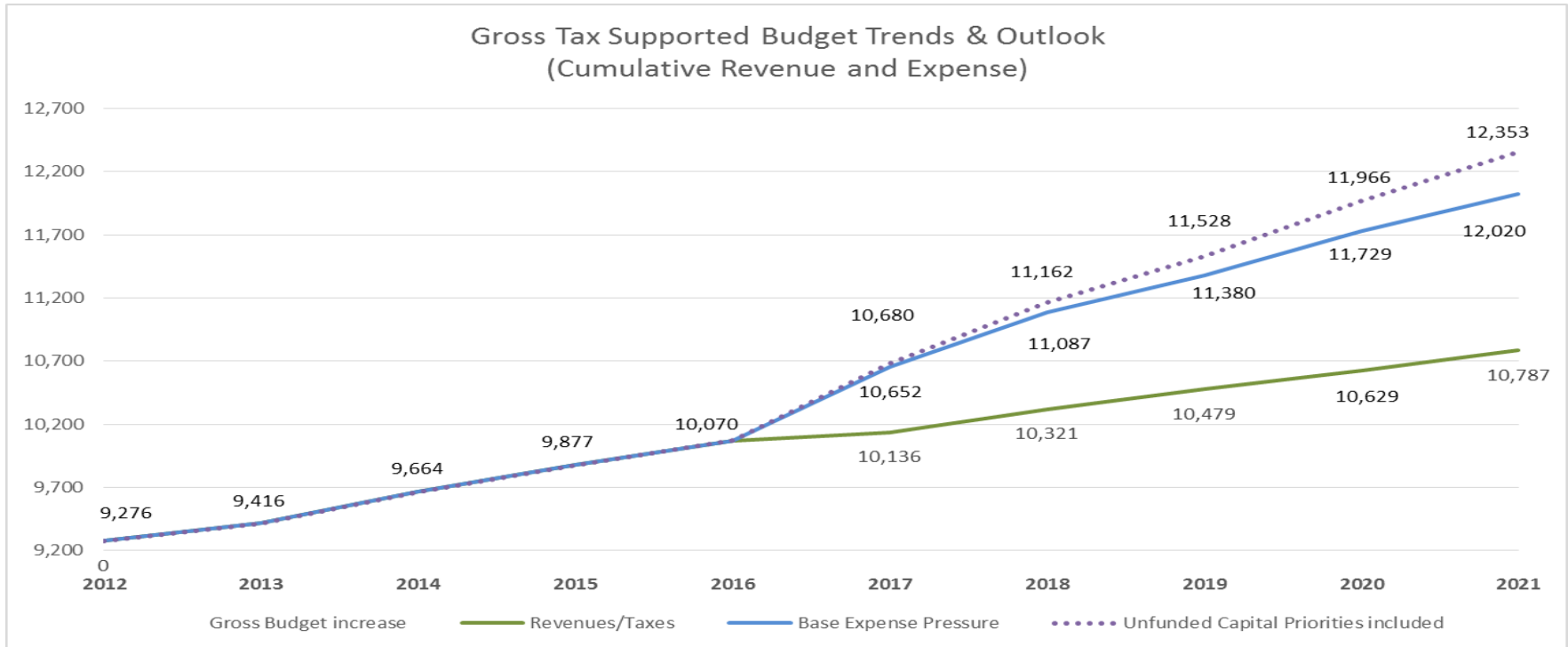
2017 PRELIMINARY OPERATING BUDGET: WHERE THE MONEY COMES FROM



81% OF CUMULATIVE NET EXPENDITURE GROWTH FROM EMERGENCY SERVICES & TTC



BUDGET DIRECTIONS REPORT IN JUNE 2016 IDENTIFIED GROWING TAX BUDGET GAP



*figures as of June 2016

TTC 2017 OPENING PRESSURE

(\$ Millions)

Expenditure Pressures

Compensation and Benefits	\$	37	
Non-Labor Inflation	\$	15	
Prior Year Impacts	\$	3	
Operating Impacts of Capital (TYSSE)	\$	8	
Wheel Trans AODA Impacts	\$	26	
Other	\$	55	
PRESTO	\$	30	
			<u>\$ 175</u>

Revenue Pressures

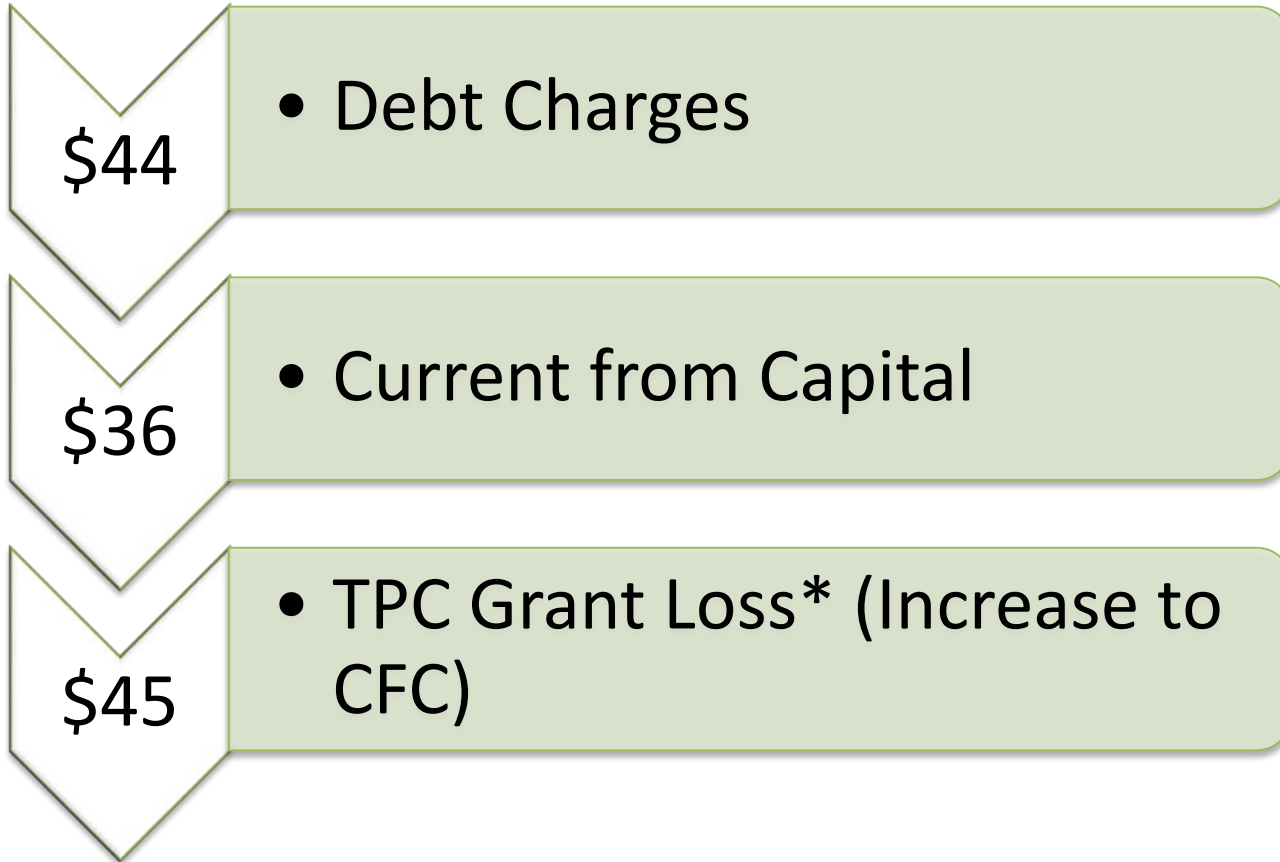
Ridership / Revenue Mix Change	\$	33	
			<u>\$ 33</u>

Total TTC Pressure

\$ 208

SUMMARY OF CAPITAL COSTS (\$126 MILLION)

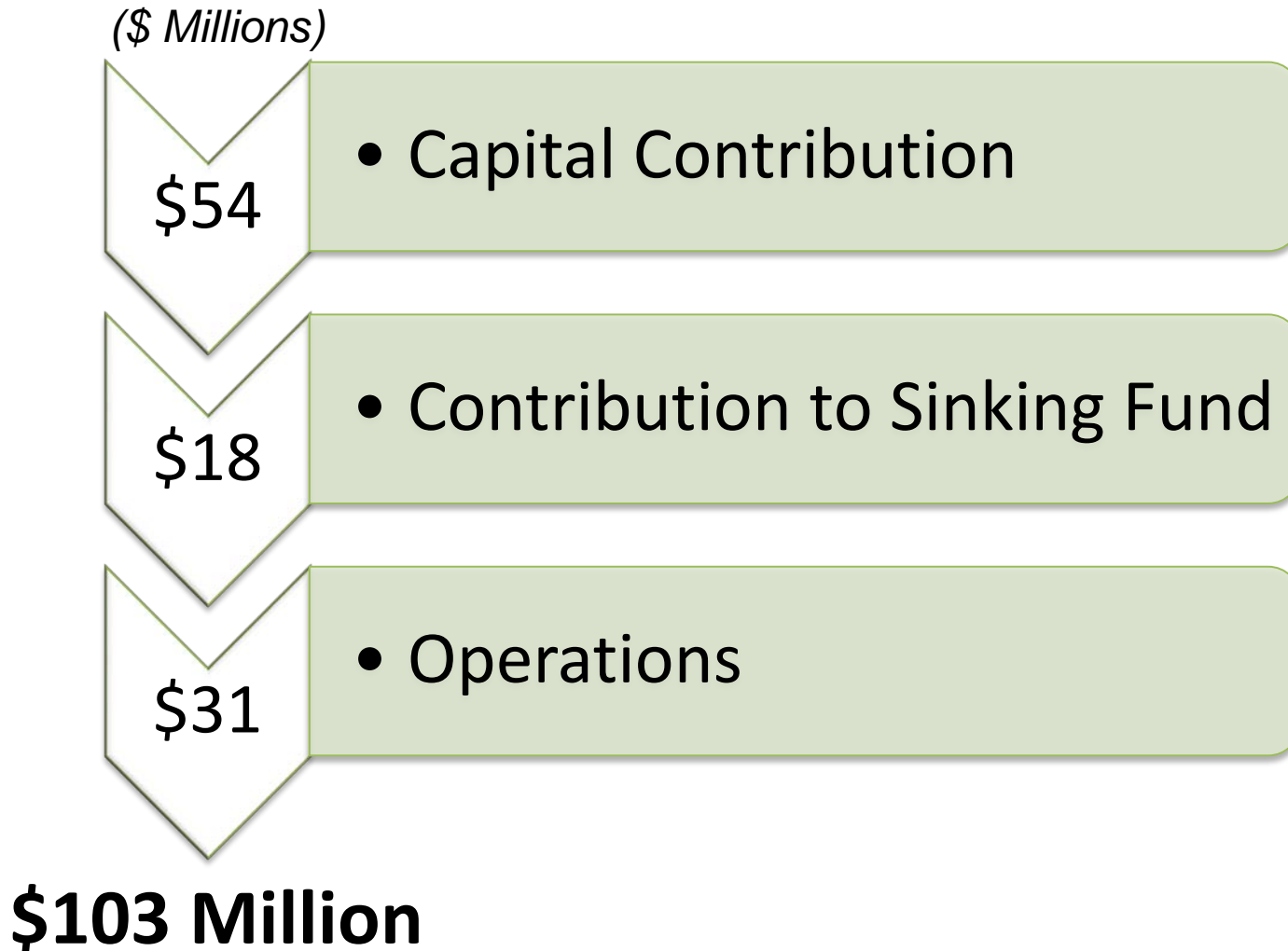
(\$ Millions)



\$126 Million (rounded)

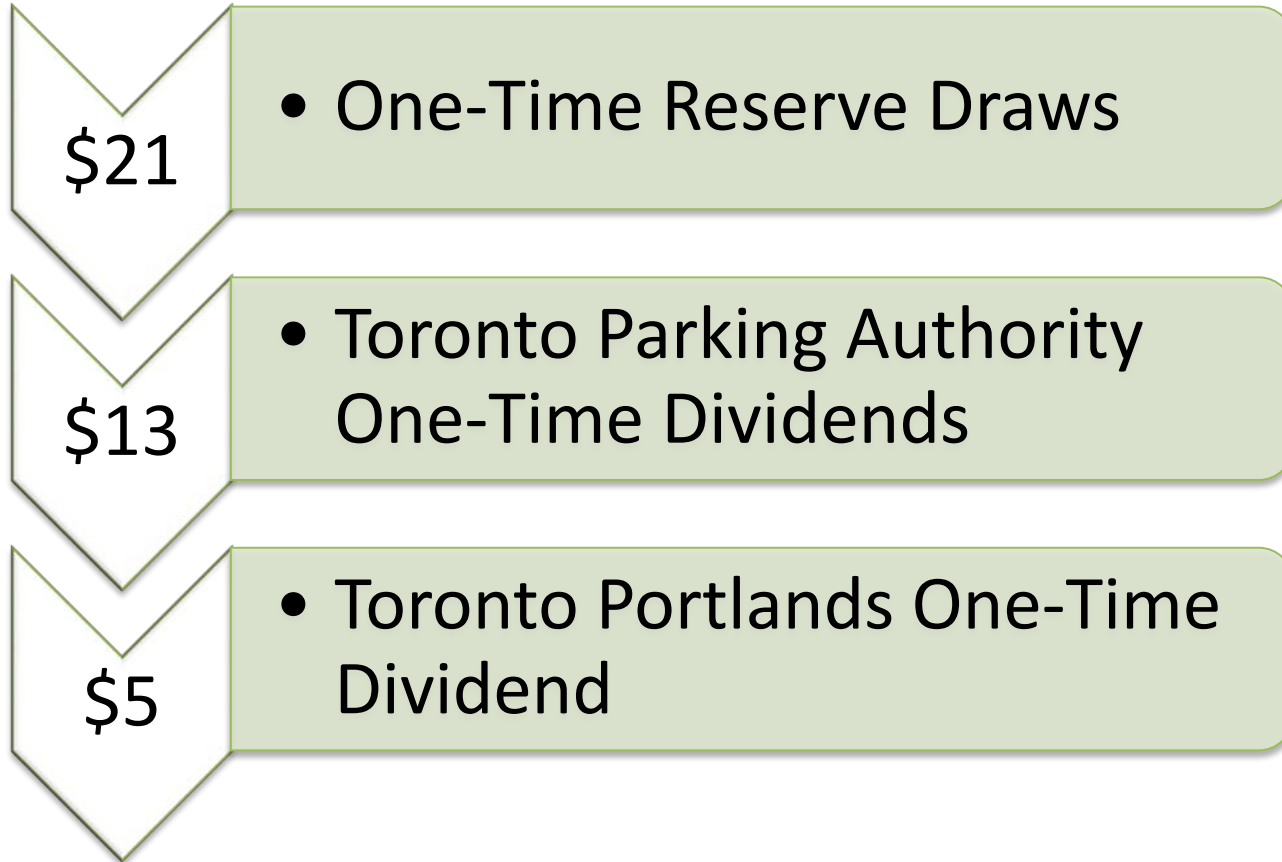
*Phased in impact of Toronto Pooling Compensation loss

SUMMARY OF TORONTO COMMUNITY HOUSING PRESSURE (\$103 MILLION)



REVERSAL OF 2016 ONE-TIME REVENUES

(\$ Millions)



\$38 Million

INCLUDED EFFICIENCIES

(\$ 000's)	Efficiencies			2018 (Incremental)		2019 (Incremental)	
	\$		Pos	\$ Net	Pos	\$ Net	Pos
	Exp	Net					
Citizen Centred Services "A"	(8,458)	(8,165)	(87.3)	(5,174)	(34.1)	(214)	
Citizen Centred Services "B"	(6,824)	(6,100)	(30.5)	(56)		(74)	
Internal Services	(9,205)	(5,627)	(45.0)	(1,348)		(245)	
City Manager	(245)	(245)	(3.0)	(7)		(7)	
Other City Programs	(1,432)	(1,332)	(19.0)	(780)			
Accountability Offices	(217)	(217)	0.5	6		6	
City Operation	(26,382)	(21,686)	(184.3)	(7,360)	(34.1)	(535)	
TTC							
Agencies (Excl TTC)	(3,501)	(1,893)	(34.7)	(185)		(4)	
Agencies	(3,501)	(1,893)	(34.7)	(185)		(4)	
Grand Total	(29,883)	(23,578)	(218.9)	(7,545)	(34.1)	(538)	

INCLUDED SERVICE ADJUSTMENTS

(\$000's)	Included Service Adjustments			2018 (Incremental)		2019 (Incremental)	
	\$		Pos	\$ Net	Pos	\$ Net	Pos
	Exp	Net					
Citizen Centred Services "A"	(6,185)	(6,138)	(35.8)	(1,574)	(1.5)	(73)	
Citizen Centred Services "B"	(1,322)	(1,322)					
Internal Services	(1,958)	(1,108)	(15.0)				
City Manager	(1,252)	(1,252)	(12.0)	(45)		(53)	
Other City Programs Accountability Offices	(108)	(108)	(2.0)	(36)			
City Operation	(10,824)	(9,928)	(64.8)	(1,656)	(1.5)	(126)	
TTC Agencies (Excl TTC)							
Agencies							
Non-Program							
Grand Total	(10,824)	(9,928)	(64.8)	(1,656)	(1.5)	(126)	

INCLUDED NEW/ENHANCED

(\$ 000's)	2017			2018 (Incremental)		2019 (Incremental)	
	\$		Pos	\$	Pos	\$	Pos
	Exp	Net		Net		Net	
Council Approved	191	(1,150)	6.0	1,626		21	
Council Directed	3,362	90	18.0	219	4.0	14	(5.0)
TTC Board Approved				45,252	388.0	(5,250)	
Referred to the Budget Process - APS*	4,162	(1,950)	37.5	(5,142)	(9.0)	(64)	
Referred to the Budget Process - Other	2,080	(0)	17.0	176		26	
Staff Initiated	6,608	315	41.4	3,452	7.0	1,155	(5.0)
Total New Requests Before New Fees	16,403	(2,695)	119.9	45,585	390.0	(4,099)	(10.0)
New Fees	200	(7,990)		(8,643)			
Grand Total	16,603	(10,685)	119.9	36,942	390.0	(4,099)	(10.0)

*APS: Administrative Penalty System

NEW/ENHANCED HIGHLIGHTS

- New & Enhanced Services added with no tax impact
 - ✓ Parks, Forestry & Recreation – Tennis pilot project (\$0.008 M Gross, \$0.0 Net) & community recreation programming development (**(\$0.002 M)** Gross & Net)
 - ✓ Long-Term Care Homes & Services – Added 7 Provincially funded positions to meet legal standards for resident acuity needs (\$1.05 M Gross, \$0.0 Net)
 - ✓ Social Development, Finance & Administration – Provides additional resources to support Tower Renewal Energy Retrofit program(\$0.188 M Gross, \$0.0 M Net) & Youth Civic Engagement Food Justice project (\$0.07 M Gross, \$0.0 Net)

- New & Enhanced Services funded from own source revenue
 - ✓ Parks, Forestry & Recreation – Added funding to support the tree canopy & tree maintenance (\$2.1 M Gross, \$0.0 Net)
 - ✓ Transportation – Added 11 positions to support the cycling network plan (\$0.339 M Gross, \$0.0 Net) & road safety plan (\$0.747 M Gross, \$0.090 M Net)
 - ✓ Children’s Services – Added 4 temporary positions to help administer system growth (\$0.455 M Gross, \$0.0 Net)
 - ✓ City Manager’s Office – Added 3 positions to support transit initiatives (\$0.4 M Gross, \$0.0 Net)
 - ✓ Office of the Treasurer – Added 8 positions to support the Purchasing & Materials Management Review Program (\$1.828 M Gross, \$0.829 M Net – *NOTE: The net expense is offset by savings in the base budget*)

- Administrative Penalty System for Parking Violations
 - ✓ Court Services – Added 7 positions to support APS (\$0.855 M Gross & Net)
 - ✓ Legal Services – Added 31 positions to administer APS (\$2.867 M Gross & Net)
 - ✓ Corporate – Overall, the APS will yield almost \$2 million (net) in additional revenue in 2017 (\$4.161 M Gross & **(\$1.950 M)** Net)

BUSINESS TRANSFORMATION & SERVICE MODERNIZATION INITIATIVES

- ✓ **Chief Transformation Officer:**
 - Drive transformation and efficiencies across the City.
- ✓ **Excellence Toronto:**
 - Support delivery of high-quality and affordable services, continue to build a culture of organizational excellence and guide continuous improvement efforts.
- ✓ **City-Wide Real Estate Review:**
 - Consolidation of all core real estate and facilities management operations and functions.
- ✓ **Office Modernization Program:**
 - Modernize and make more efficient use of City office space.

BUSINESS TRANSFORMATION & SERVICE MODERNIZATION INITIATIVES

- ✓ **Enterprise-Wide Risk Management:**
 - Integrated approach to managing risk across the City.
- ✓ **Agency Review:**
 - Integrated infrastructure development, program planning and service delivery across all City divisions and agencies.
- ✓ **Contracting Out and Alternative Service Delivery:**
 - Explore opportunities to deliver services through external contractors.
- ✓ **Open Data and Open Government:**
 - Drive innovation and new opportunities both for the delivery of City services and the residents and businesses.
 - MLS Modernization-Phase 2
- ✓ **Shared Services Project:**
 - Consolidation of administrative services to reduce duplication and allow business units to focus on delivering their core services.

BUSINESS TRANSFORMATION & SERVICE MODERNIZATION INITIATIVES

- ✓ **Procurement Transformation:**
 - Improve overall performance, optimize total cost of ownership, reduce risk, support innovation and meet stakeholder needs.
 - Integrated Payment Processing & Operational Efficiencies
- ✓ **Time and Attendance Transformation:**
 - Improve capabilities to capture, report, and time, as well as build, assign and manage staff scheduling.
- ✓ **Contract Management:**
 - Improve cost estimation, bid analysis, performance management, contract management and ensuring best practices are followed.
- ✓ **Toronto Police Service Transformational Task Force:**
 - Savings from a moratorium on hiring and promotion, alternative and shared service delivery and unidentified sources.
- ✓ **Social Development Finance Admin - Wellbeing Toronto (WT)**

BUSINESS TRANSFORMATION & SERVICE MODERNIZATION INITIATIVES

✓ **Customer Service Strategy:**

- Drive transformation across the organization, increase operational effectiveness, reduce costs and meet customers' expectations.
 - On-Line Portal Services for City Planning
 - Customer Relationship Management Solution
 - TASS Business Readiness
 - Online Permitting - Implementation

✓ **Technology Transformation:**

- Streamline processes, improve efficiency and productivity as well as stronger financial and process control
 - Finance Accounting Systems Transformation (FAST)
 - Business Sys Improvements – Engineering & Construction Services Phase 2
 - Engineering & Construction Services Program Management Process
 - Occupational Health & Safety APP 2016-2019
 - Review and Improve Document Management Capabilities

PRELIMINARY BUDGET STAFFING IMPACT

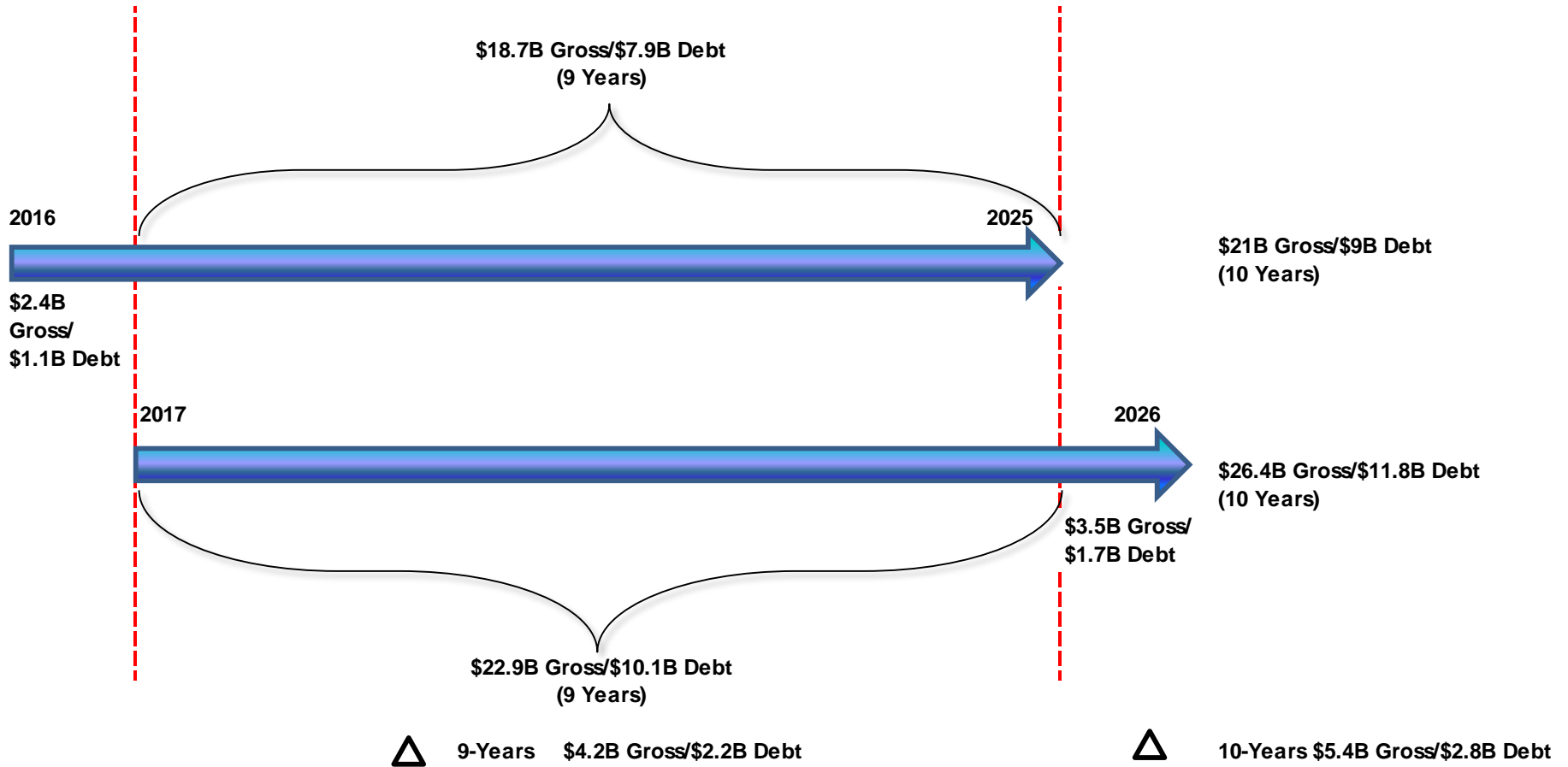
	2016 Approved Staff Complement	2017 Complement Changes									
		Prior Year Impact	Operating Impacts of Capital Proj.	Capital Project Delivery	Base Changes	Efficiencies	Service Changes	Total Base Change	New/Enh Service Priorities	Total 2017 Preliminary Budget	Change from 2016 Approved
Citizen Centred Services "A"	13,080.3	(61.3)	19.4	60.2	(291.0)	(87.2)	(35.8)	(395.8)	23.4	12,708.0	(372.3)
Citizen Centred Services "B"	6,364.8	(5.0)				(30.5)		(35.5)	44.0	6,373.3	8.5
Internal Services	3,069.0		17.0	(59.2)	(6.5)	(45.0)	(15.0)	(108.7)	11.0	2,971.2	(97.7)
City Manager	429.0	(1.0)			12.0	(3.0)	(12.0)	(4.0)	3.0	428.0	(1.0)
Other City Programs	924.3	(12.9)	2.0	16.2	7.3	(19.0)	(2.0)	(8.3)	38.5	954.5	30.2
Accountability Offices	54.8					0.5		0.5		55.2	0.5
TOTAL - CITY OPERATIONS	23,922.0	(80.2)	38.4	17.2	(278.2)	(184.2)	(64.8)	(551.8)	119.9	23,490.2	(431.9)
Agencies											
TTC (incl. Wheel-Trans)	14,540.0		(287.0)		323.0			36.0		14,576.0	36.0
Police Services & Board	7,888.0									7,888.0	
Toronto Public Library	1,741.0					(8.7)		(8.7)		1,732.3	(8.7)
Toronto Public Health	1,864.6		3.0	(6.5)	(6.7)	(23.9)		(34.1)		1,830.5	(34.1)
Other Agencies	1,512.6		(0.0)		14.8	(2.0)		12.8		1,525.4	12.8
TOTAL - AGENCIES	27,546.2		(284.0)	(6.5)	331.2	(34.6)		6.0		27,552.2	6.0
Corporate Accounts (Inc Parkign Tags)	397.0									397.0	
TOTAL LEVY OPERATING BUDGET	51,865.2	(80.2)	(245.6)	10.7	53.0	(218.9)	(64.8)	(545.8)	119.9	51,439.3	(425.9)



2017 – 2026 Preliminary Capital Budget and Plan Details



2017 - 2026 PRELIMINARY CAPITAL PLAN VS. 2016 – 2025 COUNCIL APPROVED



2017 – 2026 CAPITAL BUDGET AND PLAN \$26.5B BY CLUSTER OF SERVICES

Programs (\$m)	2017				2017 - 2021				2017 - 2026			
	Preliminary		Debt Target	Over/ (Under)	Preliminary		Debt Target	Over/ (Under)	Preliminary		Debt Target	Over/ (Under)
	Gross	Debt/ CFC			Gross	Debt/ CFC			Gross	Debt/ CFC		
Citizen Centred Services - A	245	100	112	(-12)	1,074	484	513	(-29)	1,690	977	976	0
Citizen Centred Services - B	533	287	275	12	3,720	1,999	1,255	744	6,784	4,293	3,407	886
Internal Services	304	118	133	(-15)	1,140	480	458	22	2,117	932	943	(-11)
Other City Programs	212	41	4	38	337	96	6	90	4,063	1,849	34	1,816
Total - City Operations	1,294	546	524	22	6,270	3,060	2,233	827	14,654	8,051	5,360	2,691
Agencies	172	118	56	62	699	412	334	78	1,235	694	619	76
Tax Supported before TTC	1,466	665	581	84	6,969	3,471	2,566	905	15,889	8,745	5,979	2,766
Toronto Transit Commission	1,307	397	691	(-294)	7,306	2,482	2,145	336	10,583	3,050	2,616	434
Tax Supported Programs	2,772	1,062	1,272	(-210)	14,275	5,953	4,712	1,241	26,472	11,795	8,594	3,201
CFC		294				1,932				5,085		
Debt Net by CFC		768				4,020				6,710		

2017 – 2026 CAPITAL BUDGET AND PLAN \$26.5B BY PROJECT CATEGORY

Expenditure (\$m)	Capital Budget and Plan										2017-2026	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total	%
SOGR	1,584	1,868	1,644	1,389	1,166	1,090	1,155	1,892	877	959	13,624	51%
Service Improvement	506	436	192	116	95	79	80	61	1,324	2,464	5,354	20%
Growth Related	541	1,272	988	978	834	739	565	293	191	43	6,444	24%
Health & Safety	40	25	19	23	17	22	30	25	19	20	240	1%
Legislated	101	112	108	116	105	76	68	69	43	11	810	3%
Total	2,772	3,714	2,952	2,622	2,218	2,006	1,898	2,340	2,453	3,497	26,472	100%

- Over half of the 10-year Capital investment is targeted at maintaining the City’s physical assets in a state of good repair (\$13.6B)
- \$11.7B (44%) investment is made to projects related to improve services and City’s growth such as:
 - Smart Track
 - Portland Flood Protection
 - Modernization and Transformation

NON-DEBT CAPITAL FINANCING STRATEGY

Capital Financing Strategy - Reserve XQ0011																
Description (\$ Millions)	2012 - 2015 Secured Revenue					Future Year Capital Financing Strategy Revenue Estimates										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Enwave	167															167
Enwave Dividend	11															11
TPLC Dividend	40															40
Prior Year Operating Surplus	214	186	126	155	98	86	50	50	50	50	50	50	50	50	50	1,315
MLTT (Above Operating Budget)				40	40	40	40									160
DC Increases								25	25	25	25	25				125
Future Years BT Dividend	20		10	15	15	25	25	25	25	25	25	25	25	25	25	310
Future Years Fed/Prov																0
TPA One-Time				67		9										77
Other	1	3														4
Bank Tower Surplus		30														30
Total:	453	219	136	277	153	160	115	100	100	100	100	100	75	75	75	2,239

Past, Current & Future Year Funding Requirements																
Description (\$ Millions)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
TTC Capital	45	60	252	228	46	50	70	157	75							982
TTC TYSSE						39	27	24								90
Transportation Capital		15	61	61	48	47	63	44	42	42	42	269	137	30	30	929
FREEE Capital (St. Lawrence N.)						8	8								29	44
Waterfront Revitalization Initiative						0.3	5	7	7	4	2	1				27
Eglinton East LRT					2	2										4
Other Program Draws			37	13	28	6	13	1	1	0.4				0.6		99
Loss of Pooling Compensation (2014 Surplus)				30												30
Total	45	75	350	331	163	140	184	208	124	46	44	270	137	31	59	2,205

Available Capital Financing Strategy Funding (Based on Current Capital Requirements & Future Year Revenue Estimates)																
Description (\$ Millions)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Estimated Reserve Opening Balance	\$27	\$435	\$579	\$367	\$314	\$304	\$325	\$256	\$148	\$124	\$178	\$234	\$64	\$2	\$47	
Annual Funding Requirements	(\$45)	(\$75)	(\$350)	(\$331)	(\$163)	(\$140)	(\$184)	(\$208)	(\$124)	(\$46)	(\$44)	(\$270)	(\$137)	(\$31)	(\$59)	(\$2,205)
Annual Revenue Estimates	\$453	\$219	\$136	\$277	\$153	\$160	\$115	\$100	\$100	\$100	\$100	\$100	\$75	\$75	\$75	\$2,239
Estimated Reserve Closing Balance	\$435	\$579	\$366	\$314	\$304	\$325	\$256	\$148	\$124	\$178	\$234	\$64	\$2	\$47	\$63	
Advance Financing Requirements																0

EXPRESSWAY TOLLING

- Study on benefits and impacts currently underway; further assessment expected in staff report to Executive Committee in 2017
- Recovers costs from non-residents who make up about 40% of expressway trips, therefore expands City's tax base
- Could reduce travel times and increase public transit usage
- Would result in increased travel time and vehicle volumes on some local roads
- Requires provincial regulatory change under the COTA
- Can be implemented as early as 2019/20 depending on phasing
Could help address the Long-Term Financial Plan funding gap, particularly transit and transportation capital costs

EXPRESSWAY TOLLING PRELIMINARY FINANCIAL ESTIMATES

Type of Cost	Preliminary Estimate (2016\$)	Notes
One-time Implementation Costs	\$100-150 million	For gantries similar to 407, costs depend on technology chosen
Ongoing Operating Costs	\$50 to \$70 million annually	Incident management

Assumed Toll Rate Per Trip (2016\$)	Potential Net Annual Revenues (2016\$)	Notes
\$1.40	n/a (Cost recovery)	Break-even scenario
Under \$2.00	\$166 million	
\$3.90	\$272 million	Comparable to public transit and 407
\$5.20	\$336 million	

REVISED STRATEGIC REHABILITATION PLAN FOR F.G. GARDINER

Original Cash Flows and Funding Sources for the Period 2017 – 2026

(\$M)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	10-Year
Cash Flow											
Original	20.9	11.6	11.6	11.6	11.6	11.6	2,102.6	29.0	29.0	29.0	2,268.2
Funding Source											
Cap. Fin. RF	20.9	11.6	11.6	11.6	11.6	11.6	286.2	29.0	29.0	29.0	451.8
Federal							820.0				820.0
Debt							996.4				996.4

Cash Flows and Funding Sources for the New Approach for the Period 2017 – 2026

(\$M)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	10-Year
Cash Flow											
New Approach	3.0	111.9	215.2	220.6	228.1	250.1	256.3	998.1			2,283.4
Funding Source											
Cap. Fin. RF	3.0	29.4	11.6	11.6	11.6	11.6	238.8	106.5			423.9
Federal											0.0
Debt		82.5	203.7	209.1	216.6	238.5	17.5	891.6			1,859.5

Cash Flow and Funding Source Changes by Year for the Period 2017 – 2026

(\$M)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	10-Year
Cash Flow											
Change	-17.8	100.3	203.7	209.1	216.6	238.5	-1,846.2	969.1	-29.0	-29.0	15.2
Funding Source											
Cap. Fin. RF	-17.8	17.8					-47.4	77.5	-29.0	-29.0	-27.9
Federal							-820.0				-820.0
Debt		82.5	203.7	209.1	216.6	238.5	-978.8	891.6			863.1

CASH FLOW REQUIREMENTS FOR IMPLEMENTATION OF THE REVISED STRATEGIC REHABILITATION PLAN FOR F.G. GARDINER

\$ Million (inflated) Capital Construction Costs

New Approach Comparison	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total 10 Year
Plan "B" Cashflows	3	110	215	221	228	250	256	998	0	0	2283
Transportation Services Draft Budget (2017-2026)	29	12	12	12	12	12	2103	29	29	29	2276
Difference	-26	98	203	209	216	238	-1847	969	-29	-29	6

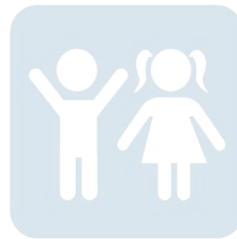
Total 2027 - 2039	TOTAL PROJECT COSTS
1340	3623

DBFOM Comparison	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total 10 Year
P3/AFP DBFOM Cashflows(includes Financing costs)	18	19	11	11	11	11	2980	62	56	51	3230
Transportation Services Draft Budget (2017-2026)	29	12	12	12	12	12	2103	29	29	29	2276
Difference	-11	7	-1	-1	-1	-1	877	33	27	22	954

Total 2027 - 2039	TOTAL PROJECT COSTS
1045	4275



Tax Impacts



VALUATION CYCLE

<u>Tax Year</u>	<u>Valuation Date</u>	
1998, 1999, 2000	June 30, 1996	
2001, 2002	June 30, 1999	
2003	June 30, 2001	
2004, 2005	June 30, 2003	
2006, 2007, 2008	January 1, 2005	
2009, 2010, 2011, 2012	January 1, 2008	
2013, 2014, 2015, 2016	January 1, 2012	
2017, 2018, 2019, 2020	January 1, 2016	√

REASSESSMENT CHANGES - 2017-2020 VS. HISTORICAL % CVA CHANGE

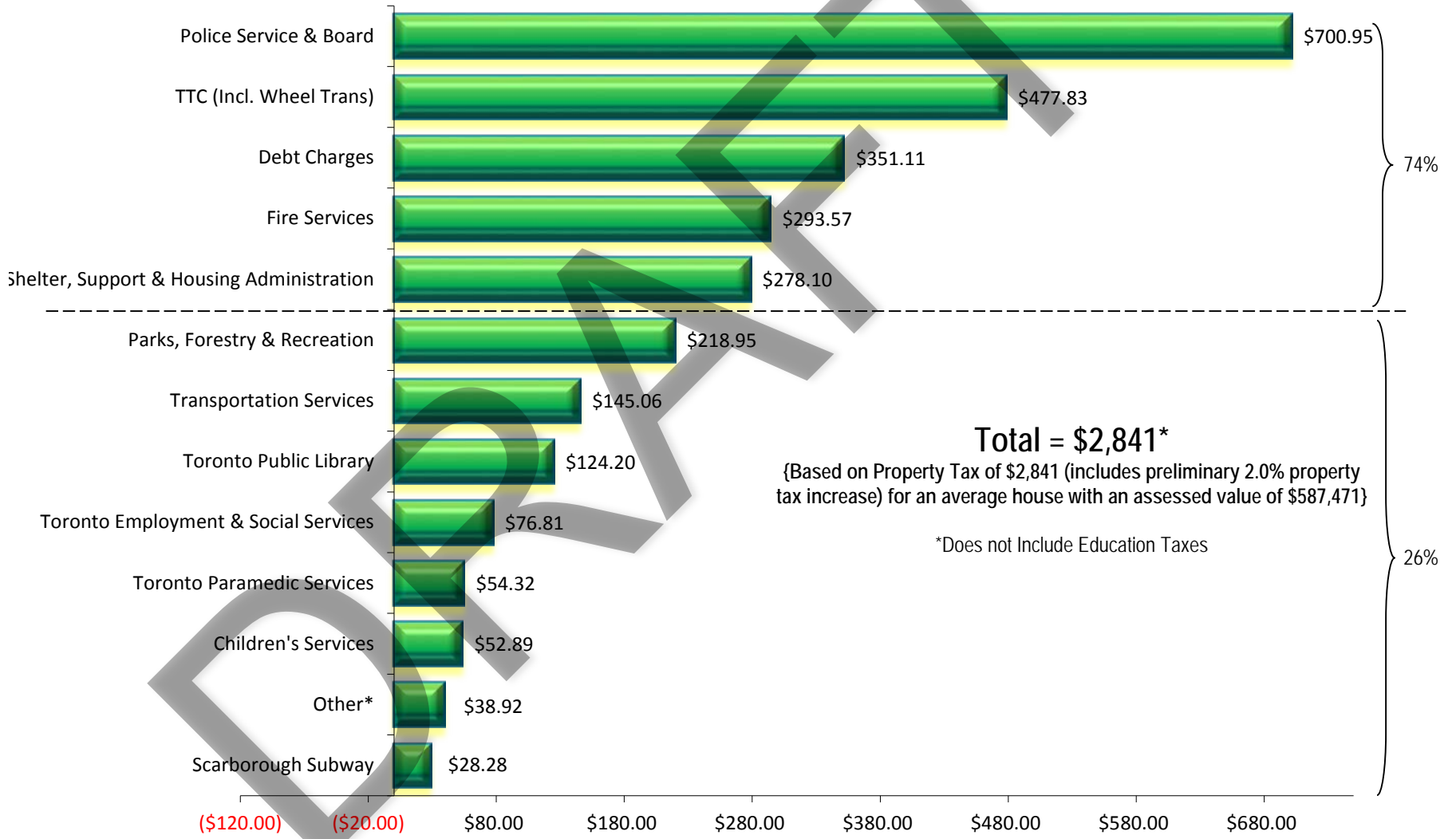
Cycle Valuation Date	'09-'12 Jan. 1, 2008	'13-'16 Jan. 1, 2012	'17-'20 Jan. 1, 2016	'17 Phased-in
Residential	22.0%	23.0%	28.6%	7.0%
Multi-Residential	9.3%	23.4%	54.4%	13.1%
Commercial	35.1%	22.1%	33.6%	7.8%
Industrial	41.9%	18.2%	18.8%	3.3%
City Wide	23.5%	22.8%	30.9%	7.5%

- Would have been potential for significant tax shift onto the Multi-Residential class

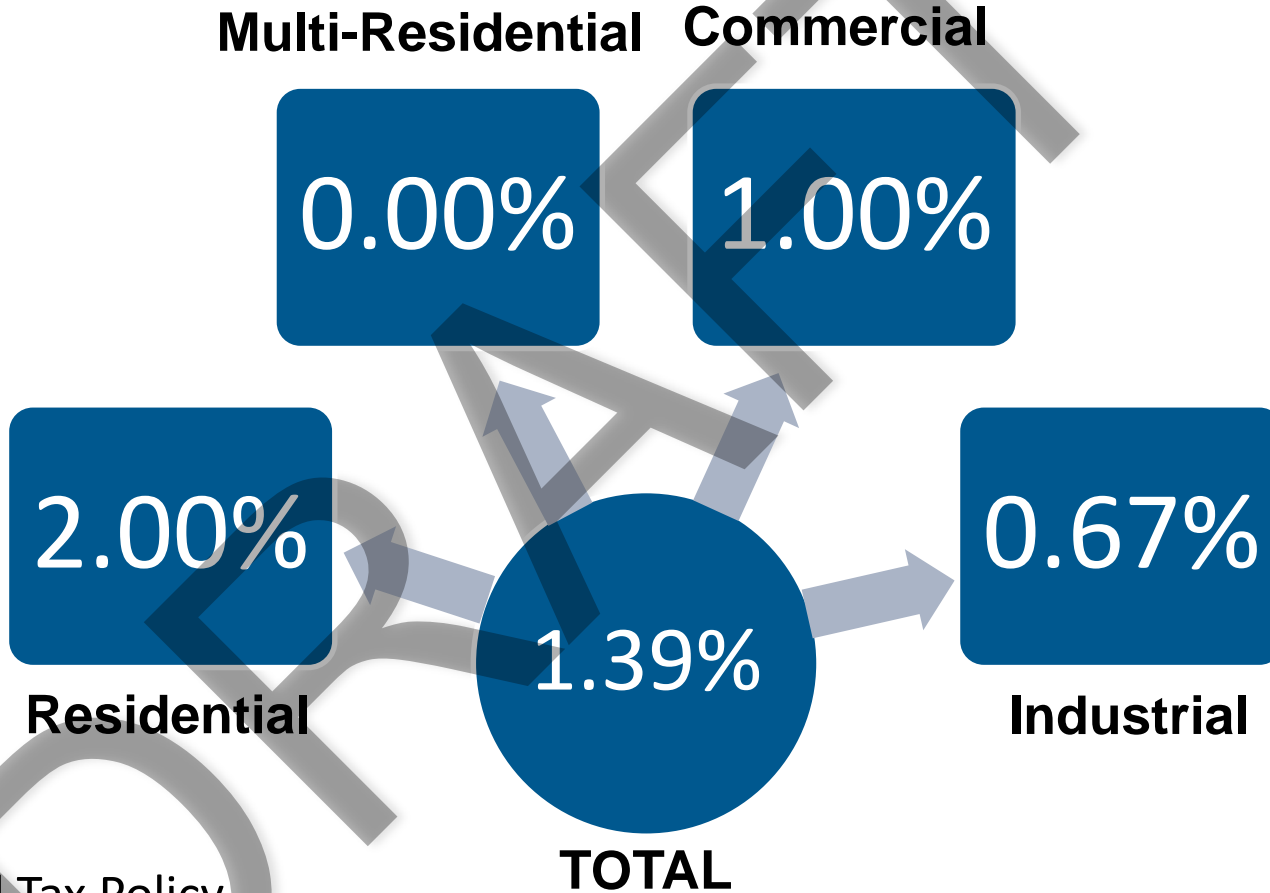
AVERAGE PROPERTY VALUES

	2016 (Jan. 1/12 Valuation)	2020 (Jan. 1/16 Valuation)	% Change	2017 Phased-In
Single Family Detached	729,565	973,346	33%	790,248
Town Homes	530,710	722,193	36%	578,556
Semi Detached	518,512	714,293	38%	567,449
Condominiums	369,936	413,843	12%	379,388
All Residential	548,943	706,178	29%	587,471

PRELIMINARY 2017: WHERE THE MONEY GOES



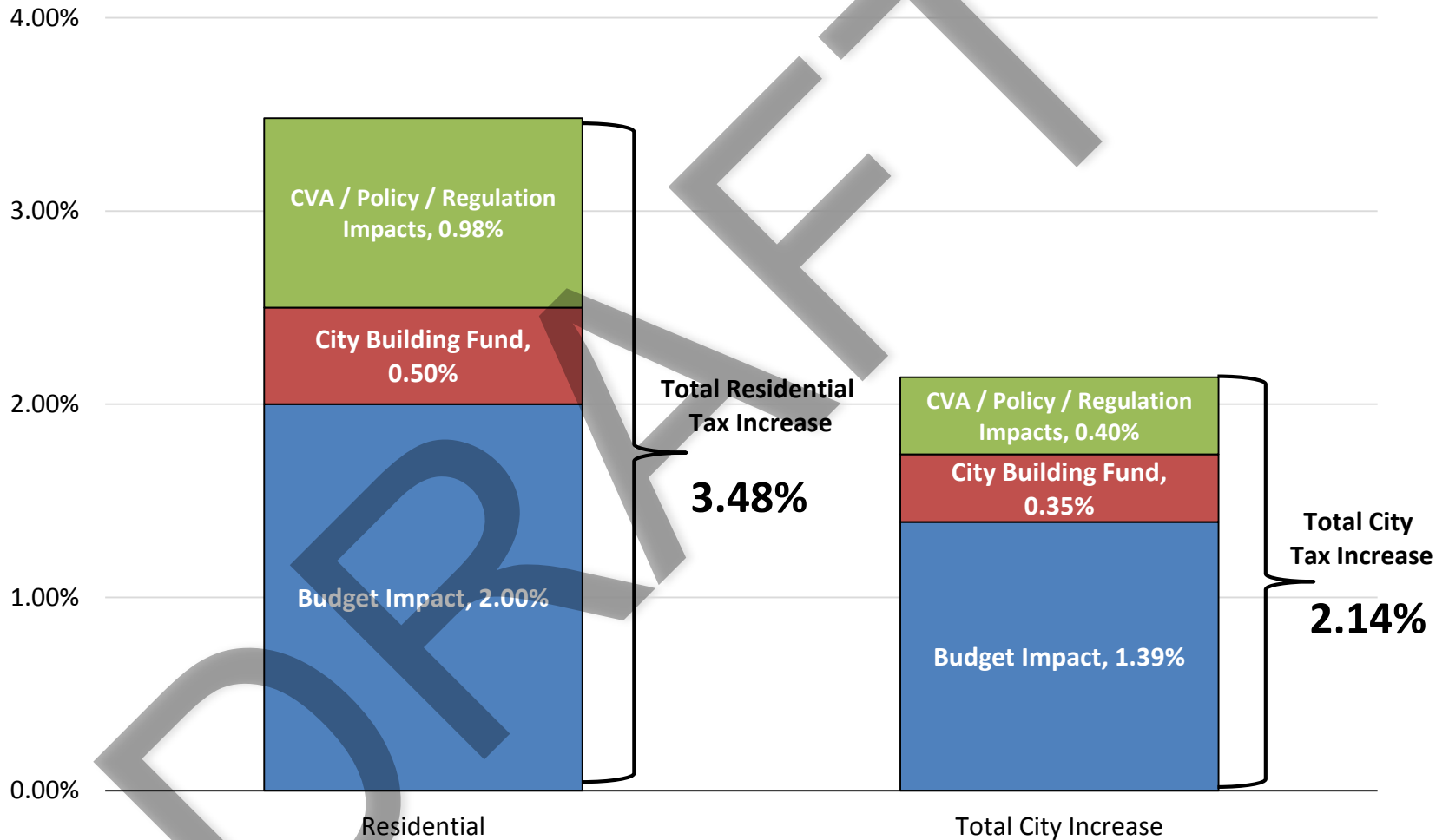
2017 PRELIMINARY BUDGET TAX INCREASE IF THE RESIDENTIAL BUDGET TAX INCREASE IS 2.0%



Per Council Tax Policy
and New Legislation /
Regulation

2016 PRELIMINARY TOTAL TAX INCREASE + CITY BUILDING FUND & CVA SHIFT

RESIDENTIAL BUDGET TAX INCREASE OF 2.0%



AVERAGE PROPERTY TAX IMPACTS IF RES. BUDGET INCREASE AT INFLATION: PROVINCIAL FREEZE ON MULTI-RES; TAX BURDEN 1/2 INCREASE FOR COM.; 1/3 FOR IND., CONTINUE RATIO REDUCTION

Tax Class	Budget Impact	Average CVA Impact	Average Policy / Reg Impact	City Building Fund	Average Total Impact
Residential	2.00%	-0.67%	1.65%	0.50%	3.48%
Multi-residential (Apartment)	0.00%	4.77%	-4.77%	0.00%	0.00%
Commercial	1.00%	0.72%	-1.22%	0.25%	0.75%
Commercial Large	1.00%	-1.13%	1.47%	0.25%	1.59%
Industrial	0.67%	-4.49%	1.39%	0.17%	-2.26%
City Average	1.39%	0.00%	0.40%	0.35%	2.14%

*Commercial Large includes: office buildings >25,000 ft², shopping centres >25,000 ft², parking lots, professional sports facilities.

TAX RATIO IMPLICATIONS

	2016	2017
Multi-Res	2.9	2.66
Commercial		
band 1 (<\$1m)	2.5	2.42
band 2 (>\$1m)	2.9	2.87
Commercial – Large	2.9	2.87
Industrial	2.9	2.85

2017 TAX IMPACT ON AVERAGE HOUSEHOLD (MUNICIPAL TAXES)

- 2016 Average CVA \$548,943
- 2017 Average CVA \$587,471

	\$	%
2016 Tax	2,745	
CVA Impact	(18)	-0.67%
Policy / Regulation Impact	<u>45</u>	<u>1.65%</u>
	2,772	0.98%
Budget Increase	55	2.0%
City Building Fund	<u>14</u>	<u>0.5%</u>
	<u>69</u>	<u>2.50%</u>
Total Impact	96	3.48%
2017 Tax	2,841	

Thank You / End

