

## **2018 Interim Estimates**

**Date:** November 15, 2017  
**To:** Executive Committee  
**From:** Acting Chief Financial Officer  
**Wards:** All

### **SUMMARY**

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The 2018 Tax supported Operating and Capital Budgets are scheduled for Council approval on February 12 and 13, 2018. The purpose of this report is to establish the 2018 Interim Operating and Capital Estimates in order to enable City Programs and Agencies to have the necessary spending authority to carry out their ongoing operations and to continue work on previously approved capital projects until the 2018 Operating and Capital Budgets are approved by City Council.

The 2018 Tax Supported Interim Operating Estimates are \$2.658 billion gross and require cash outflow funding of \$2.269 billion. The 2018 Tax Supported Interim Capital Estimates total \$1.102 billion and require debenture financing of \$394.588 million.

### **RECOMMENDATIONS**

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**The Acting Chief Financial Officer recommends that:**

1. Council approve the 2018 Interim Operating Estimates totalling \$2.658 billion as detailed by City Program and Agency in Appendix 1 attached.
2. Council approve the 2018 Interim Capital Estimates totalling \$1.102 billion in gross expenditures and \$394.588 million in debt funding as detailed by City Program and Agency in Appendix 2 attached, with the balance financed by Provincial and Federal funding of \$235.708 million; Reserve/Reserve Funds funding of \$218.762 million; Development Charges funding of \$81.783 million and Third Party and Other funding of \$171.357 million.

## FINANCIAL IMPACT

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As shown in Table 1, the 2018 Interim Operating Estimates total \$2.658 billion in gross spending authority requiring estimated cash outflows of \$2.269 billion. Cash outflows for City Operations total \$1.356 billion, for Corporate Accounts \$370.305 million and for City Agencies \$542.674 million. The latter estimates includes the Toronto Transit Commission (TTC) for which approximately 70% of its expenditures are funded from its own receipts. Also, it should be noted that 2018 Operating Interim Estimates include a provision for new Toronto Realty Agency that will become operational on January 1, 2018.

**Table 1: 2018 Interim Operating Estimates**

2018 Interim Operating Estimates For the Period January 1 to March, 2018 (\$000's)		
	Gross	Cash Flow
Citizen Centred Services "A"	893,460	893,595
Citizen Centred Services "B"	281,637	274,511
Internal Corporate Services	98,952	116,224
Office of the CFO	22,205	22,205
Other City Programs	49,338	49,494
<b>Total - City Operations</b>	<b>1,345,592</b>	<b>1,356,028</b>
Agencies	936,359	542,674
Corporate Accounts	375,587	370,305
<b>Total - Tax Supported Programs</b>	<b>2,657,537</b>	<b>2,269,008</b>

The 2018 Interim Capital Estimates include previously approved capital projects, approved cash flow funding commitments and carry forward funding required to complete capital work undelivered in 2017. The 2018 Interim Capital Estimates total \$1.102 billion and are summarized in Table 2 below.

**Table 2: 2018 Interim Capital Estimates**

2018 Interim Capital Estimates For the Period January 1 to March 31, 2018 (\$000's)		
	Gross	Debt
Citizen Centred Services "A"	135,200	27,181
Citizen Centred Services "B"	253,358	116,599
Internal Corporate Services	179,331	36,329
Office Of CFO	4,855	4,262
Other City Programs	102,799	38,011
<b>Total - City Operations</b>	<b>675,542</b>	<b>222,383</b>
Agencies	426,655	172,205
<b>Total - Tax Supported Programs</b>	<b>1,102,198</b>	<b>394,588</b>

These expenditures will be funded as follows:

1. \$394.588 million in debt funding,
2. \$235.708 million in Provincial/Federal funding,
3. \$218.762 million in Reserve/Reserve funding,
4. \$81.783 million in Development Charges funding, and
5. \$171.357 million in Third Party and Other funding

## **DECISION HISTORY**

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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

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### **2018 Interim Operating Estimates**

Traditionally, the Interim Operating Budget is used as an interim budget to ensure that adequate spending authority is in place for all Programs and Agencies until such time that Council approves the annual budget. The Interim Operating Estimates for 2018 are based on 2017 Approved Operating Budget as amended during the year and reported on October 24, 2017.

Interim Estimates for City Operations and Corporate Accounts are based on 25% of the gross expenditure budget, while Interim Estimates for Agencies are calculated at 25% of the net budget. These are subsequently adjusted to account for specific contractual agreements and contract awards that maintain ongoing operations. Agencies are only partially funded by the City and are able to cover the majority of their expenditures through their own receipts. For example, Yonge and Dundas Square's expenditures are offset through user fees & donations, and due to the increased revenue, this agency does not require any 2018 Interim Budget cash outflow.

The 2018 Interim Operating Budget Estimate includes a \$3.179 million cash outflow for the new Toronto Realty Agency (TRA) that will come into effect on January 1, 2018. The funding is required to continue implementation of the new service delivery model and commence execution of real estate strategies and operations. On May 24, 2017, City Council adopted the report entitled "City-Wide Real Estate Transformation" (EX25.9) establishing the new City agency and directing the Chief Financial Officer to provide support in the development of TRA's 2018 Operating Budget submission for Council consideration as part of the 2018 Budget Process.

### **2018 Interim Capital Estimates**

City Council's approval of the 2018 Interim Capital Estimates is required in order to continue work on previously approved capital projects until the 2018-2027 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 2018.

City Programs and Agencies identified particular capital projects that require an Interim Capital Budget for the first three months of 2018 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 2018 Interim Capital Budget Estimates for City Programs and Agencies represent 27% of the 2017 Council Approved Capital Budget.

It should be noted that no funding for new/enhanced services or new capital projects is included in the recommended 2018 Interim Estimates, as consideration for new funding is subject to the 2018 Budget process.

## **CONTACT**

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## **SIGNATURE**

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Joe Farag  
Acting Chief Financial Officer

## **ATTACHMENTS**

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Appendix 1 - 2018 Interim Operating Estimates  
Appendix 2 - 2018 Interim Capital Estimates

# Appendix 1:

## 2018 Interim Operating Budget Estimates

(\$000s)

Programs/Agencies	2017 Gross Expenditures as at Oct. 24	2017 Net Expenditures as at Oct. 24	2018 Interim Budget	
			Gross Expenditures	Cash Out-Flow
<b>Citizen Centred Services "A"</b>				
Affordable Housing Office	3,474.3	1,170.1	868.6	918.6
Children's Services	537,902.3	80,682.9	134,475.6	134,475.6
Court Services	52,706.3	8,077.2	13,176.6	13,176.6
Economic Development, Culture and Tourism	82,875.8	62,269.6	20,718.9	20,718.9
Toronto Paramedic Services	212,137.2	78,285.3	53,034.3	53,034.3
Long Term Care Homes & Services	257,034.1	47,376.1	64,258.5	64,258.5
Parks, Forestry & Recreation	457,755.9	319,040.9	114,439.0	114,536.0
Shelter Support & Housing Administration	835,519.4	407,137.4	208,879.9	208,879.9
Social Development, Finance & Administration	50,944.2	32,199.3	12,736.0	12,723.5
Toronto Employment & Social Services	1,083,491.5	110,536.3	270,872.9	270,872.9
<b>Sub-Total Citizen Centred Services "A"</b>	<b>3,573,840.9</b>	<b>1,146,775.3</b>	<b>893,460.2</b>	<b>893,594.7</b>
<b>Citizen Centred Services "B"</b>				
City Planning	48,456.6	15,287.2	12,114.2	12,114.2
Fire Services	469,670.0	422,851.9	117,417.5	109,991.9
Municipal Licensing & Standards	53,128.4	19,382.4	13,282.1	13,582.1
Policy, Planning, Finance & Administration	23,344.7	9,098.6	5,836.2	5,836.2
Engineering & Construction Services	73,272.6	4,081.5	18,318.2	18,318.2
Toronto Building	56,097.6	(10,693.7)	14,024.4	14,024.4
Transportation Services	402,576.3	214,208.3	100,644.1	100,644.1
<b>Sub-Total Citizen Centred Services "B"</b>	<b>1,126,546.3</b>	<b>674,216.1</b>	<b>281,636.6</b>	<b>274,511.0</b>
<b>Internal Corporate Services</b>				
Facilities Management & Real Estate	195,293.9	69,602.6	48,823.5	48,823.5
Fleet Services	54,083.3	(9.5)	13,520.8	28,223.9
Information & Technology	128,435.2	75,309.5	32,108.8	34,677.5
311 Toronto	17,997.2	9,825.5	4,499.3	4,499.3
<b>Sub-Total Internal Corporate Services</b>	<b>395,809.6</b>	<b>154,728.1</b>	<b>98,952.4</b>	<b>116,224.2</b>
<b>Office of the Chief Financial Officer</b>				
Office of CFO (FPD, Corp. Fin. Etc)	16,604.1	9,418.2	4,151.0	4,151.0
Office of the Treasurer	72,214.3	28,067.0	18,053.6	18,053.6
<b>Sub-Total Office of CFO</b>	<b>88,818.4</b>	<b>37,485.2</b>	<b>22,204.6</b>	<b>22,204.6</b>
<b>City Manager</b>				
City Manager's Office	55,926.5	47,342.5	13,981.6	13,981.6
<b>Sub-Total City Manager</b>	<b>55,926.5</b>	<b>47,342.5</b>	<b>13,981.6</b>	<b>13,981.6</b>
<b>Other City Programs</b>				
City Clerk's Office	50,722.2	32,446.3	12,680.5	12,680.5
Legal Services	58,447.3	19,304.0	14,611.8	14,611.8
Mayor's Office	2,251.0	2,251.0	562.7	562.7
City Council	20,631.0	20,359.0	5,157.8	5,157.8
Auditor General's Office	5,902.9	5,902.9	1,475.7	1,623.4
Office of the Integrity Commissioner	506.7	506.7	126.7	134.6
Office of the Lobbyist Registrar	1,154.1	1,154.1	288.5	288.5
Office of the Ombudsman	1,810.3	1,810.3	452.6	452.6
<b>Sub-Total Other City Programs</b>	<b>141,425.4</b>	<b>83,734.2</b>	<b>35,356.4</b>	<b>35,511.9</b>
<b>TOTAL - CITY OPERATION</b>	<b>5,382,367.0</b>	<b>2,144,281.4</b>	<b>1,345,591.8</b>	<b>1,356,028.0</b>

# Appendix 1:

## 2018 Interim Operating Budget Estimates

(\$000s)

Programs/Agencies	2017 Gross Expenditures as at Oct. 24	2017 Net Expenditures as at Oct. 24	2018 Interim Budget	
			Gross Expenditures	Cash Out-Flow
<b>Agencies</b>				
Toronto Public Health	246,767.0	60,826.9	61,691.8	61,691.8
Toronto Public Library	199,103.2	179,107.8	49,775.8	44,776.9
Association of Community Centers	8,106.4	7,810.0	2,026.6	1,952.5
Exhibition Place	50,512.0	(124.4)	12,628.0	0.0
Heritage Toronto	794.9	298.4	198.7	91.1
Theatres	29,403.9	5,907.5	7,351.0	1,318.6
Toronto Zoo	52,546.3	12,034.3	13,136.6	4,500.0
Arena Boards of Management	9,013.1	(19.7)	2,253.3	0.0
Yonge/Dundas Square	2,352.5	377.4	588.1	0.0
Toronto Region Conservation Authority	43,532.0	3,561.3	10,883.0	890.3
Toronto Transit Commission	1,955,451.6	689,523.7	488,862.9	172,380.9
Toronto Police Service	1,128,616.9	1,005,264.5	282,154.2	251,316.1
Toronto Police Services Board	2,809.1	2,309.1	702.3	577.3
Toronto Atmospheric Fund	3,710.0	(0.0)	927.5	0.0
Toronto Realty Agency	0.0	0.0	3,179.0	3,179.0
<b>SUB-TOTAL - AGENCIES</b>	<b>3,732,718.9</b>	<b>1,966,876.7</b>	<b>936,358.7</b>	<b>542,674.5</b>
<b>Corporate Accounts</b>				
Capital Financing - Capital from Current	293,902.0	293,902.0	73,475.5	73,475.5
Technology Sustainment	17,911.6	17,911.6	4,477.9	4,477.9
Debt Charges	529,529.2	505,349.2	132,382.3	132,382.3
Capital & Corporate Financing	841,342.8	817,162.9	210,335.7	210,335.7
<u>Non-Program Expenditures</u>				
Tax Deficiencies/Writeoffs	92,690.1	57,876.7	23,172.5	23,172.5
Tax Increment Equivalent Grants	20,372.7	20,372.7	5,093.2	5,093.2
Funding of Employee Related Liabilities	70,828.6	70,828.6	17,707.2	17,707.2
Other Corporate Expenditures	54,816.9	44,351.2	13,704.2	13,704.2
Insurance Premiums & Claims	300.0	300.0	75.0	75.0
Assessment Function (MPAC)	42,270.0	42,270.0	10,567.5	10,567.5
Parking Tag Enforcement & Oper.	69,374.8	69,374.8	17,343.7	12,061.9
Vacancy Rebate Program	17,500.0	17,500.0	4,375.0	4,375.0
Solid Waste Management Rebates	144,301.9	144,301.9	36,075.5	36,075.5
Programs Funded from Reserve Funds	140,881.3	0.0	35,220.3	35,220.3
Heritage Property Taxes Rebate	1,750.0	1,750.0	437.5	437.5
Tax Rebates for Registered Charities	5,918.1	0.0	1,479.5	1,479.5
Non-Program Expenditures	661,004.5	468,926.0	165,251.1	159,969.4
<b>TOTAL - CORPORATE ACCOUNTS</b>	<b>1,502,347.3</b>	<b>1,286,088.8</b>	<b>375,586.8</b>	<b>370,305.1</b>
<b>TOTAL - TAX SUPPORTED PROGRAMS</b>	<b>10,617,433.2</b>	<b>5,397,246.9</b>	<b>2,657,537.3</b>	<b>2,269,007.5</b>

## Appendix 2:

### 2018 Interim Capital Budget Estimates

City Programs/Agencies	Previously Approved Projects		Council Approved Commitments for Q1 2018		2017 Carry Forward (to complete within Q1 2018)		Total Recommended 2018 Interim Estimates	
	Gross	Debt	Gross	Debt	Gross	Debt	Gross	Debt
<b>Citizen Centred Services "A"</b>								
Children's Services	3,036	100			4,797	400	7,833	500
Court Services					700		700	
Economic Development and Culture	2,283	1,481	400		6,631	1,909	9,314	3,390
Long Term Care Homes Services	2,800	2,629			2,478	1,830	5,278	4,459
Parks, Forestry & Recreation	32,807	8,691			65,133	3	97,940	8,694
SS&HA	8,266	7,688					8,266	7,688
Toronto Employment & Social Services					2,669		2,669	
Toronto Paramedic Services	900	500			2,300	1,950	3,200	2,450
<b>Sub-Total - Citizen Centred A</b>	<b>50,092</b>	<b>21,089</b>	<b>400</b>		<b>84,708</b>	<b>6,092</b>	<b>135,200</b>	<b>27,181</b>
<b>Citizen Centred Services "B"</b>								
City Planning	1,779	1,054					1,779	1,054
Fire Services	881				5,953	2,971	6,834	2,971
Transportation Services	159,037	106,047			925	925	159,962	106,972
Waterfront Revitalization Initiative	81,744	2,564			3,039	3,039	84,783	5,603
<b>Sub-Total - Citizen Centred B</b>	<b>243,441</b>	<b>109,664</b>			<b>9,917</b>	<b>6,935</b>	<b>253,358</b>	<b>116,599</b>
<b>Internal Corporate Services</b>								
311 Toronto	500	500			1,375	1,200	1,875	1,700
FREEE	55,533	17,911			65,560	15,088	121,093	32,999
Fleet Services	40,783				5,817		46,600	
Information & Technology	9,763	1,630					9,763	1,630
<b>Sub-Total - Internal Corporate Services</b>	<b>106,579</b>	<b>20,041</b>			<b>72,752</b>	<b>16,288</b>	<b>179,331</b>	<b>36,329</b>
<b>Office of CFO</b>								
Financial Services	4,855	4,262					4,855	4,262
<b>Sub-Total -Office of CFO</b>	<b>4,855</b>	<b>4,262</b>					<b>4,855</b>	<b>4,262</b>
<b>Other City Programs</b>								
Accountability Office								
City Clerk's Office	1,531	785			1,584	699	3,115	1,484
Corporate Initiatives	99,684	36,527					99,684	36,527
<b>Sub-Total - Other City Programs</b>	<b>101,215</b>	<b>37,312</b>			<b>1,584</b>	<b>699</b>	<b>102,799</b>	<b>38,011</b>
<b>Total - City Operation</b>	<b>506,182</b>	<b>192,369</b>	<b>400</b>		<b>168,961</b>	<b>30,014</b>	<b>675,542</b>	<b>222,383</b>
<b>Agencies</b>								
Exhibition Place								
GO Transit								
Sony Centre								
TRCA								
Toronto Police Service	5,800	5,800			26,563	7,828	32,363	13,628
Toronto Public Health	1,140	792			273	171	1,413	963
Toronto Public Library	4,277	3,407	348	283	813	513	5,438	4,203
Toronto Zoo	2,180	1,680					2,180	1,680
Scarborough Subway Extension	14,609	3,314			13,704	2,658	28,313	5,972
Spadina Subway Extension	40,064	3,482			10,033	10,033	50,097	13,514
Toronto Transit Commission	244,801	74,856			62,051	57,389	306,852	132,245
<b>Sub-Total - Agencies</b>	<b>312,870</b>	<b>93,331</b>	<b>348</b>	<b>283</b>	<b>113,437</b>	<b>78,592</b>	<b>426,655</b>	<b>172,205</b>
<b>Total - Tax Supported Programs</b>	<b>819,052</b>	<b>285,700</b>	<b>748</b>	<b>283</b>	<b>282,398</b>	<b>108,606</b>	<b>1,102,198</b>	<b>394,588</b>