

Chief Financial Officer

2018 Preliminary Operating Budget and 2018 - 2027 Preliminary Capital Budget & Plan

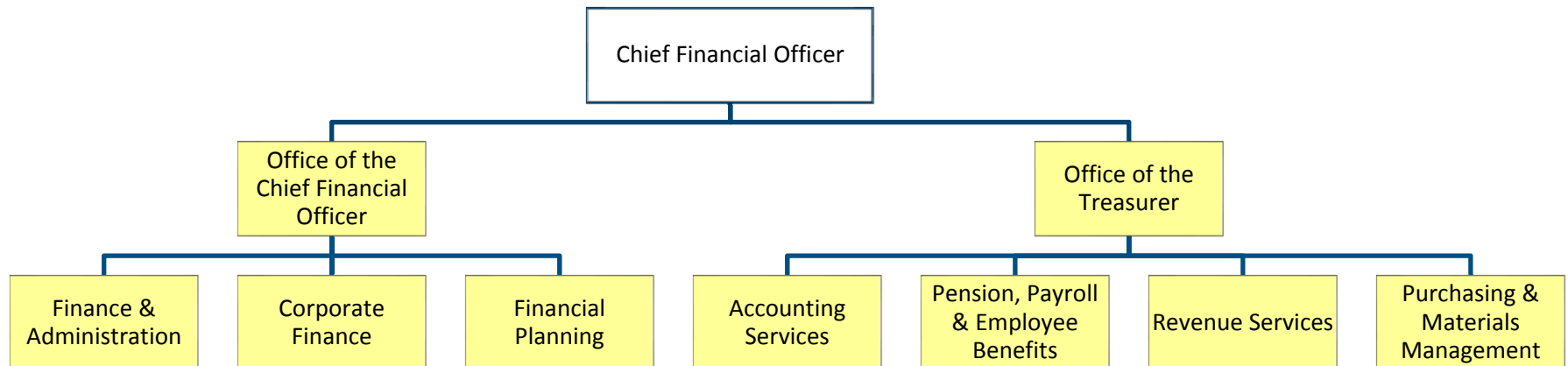
Budget Committee



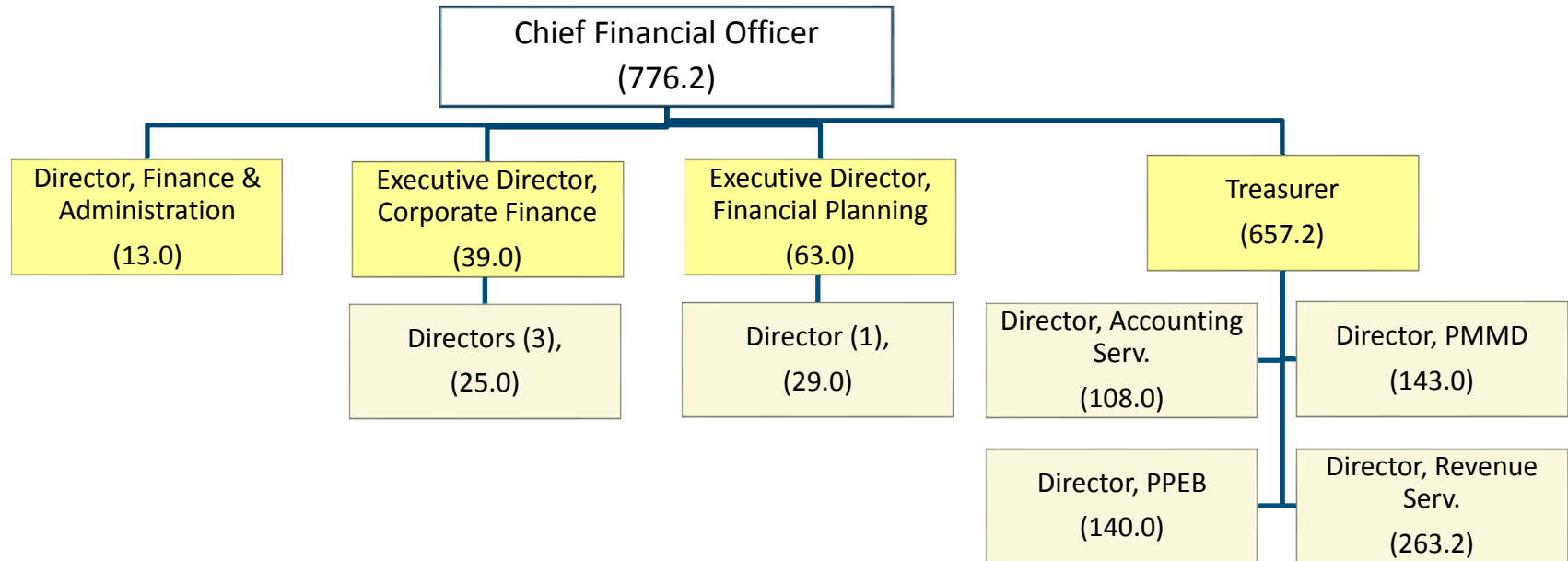
- Cluster Overview:
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- Operating Budget Overview
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Cluster Overview

Services Delivered By Chief Financial Officer

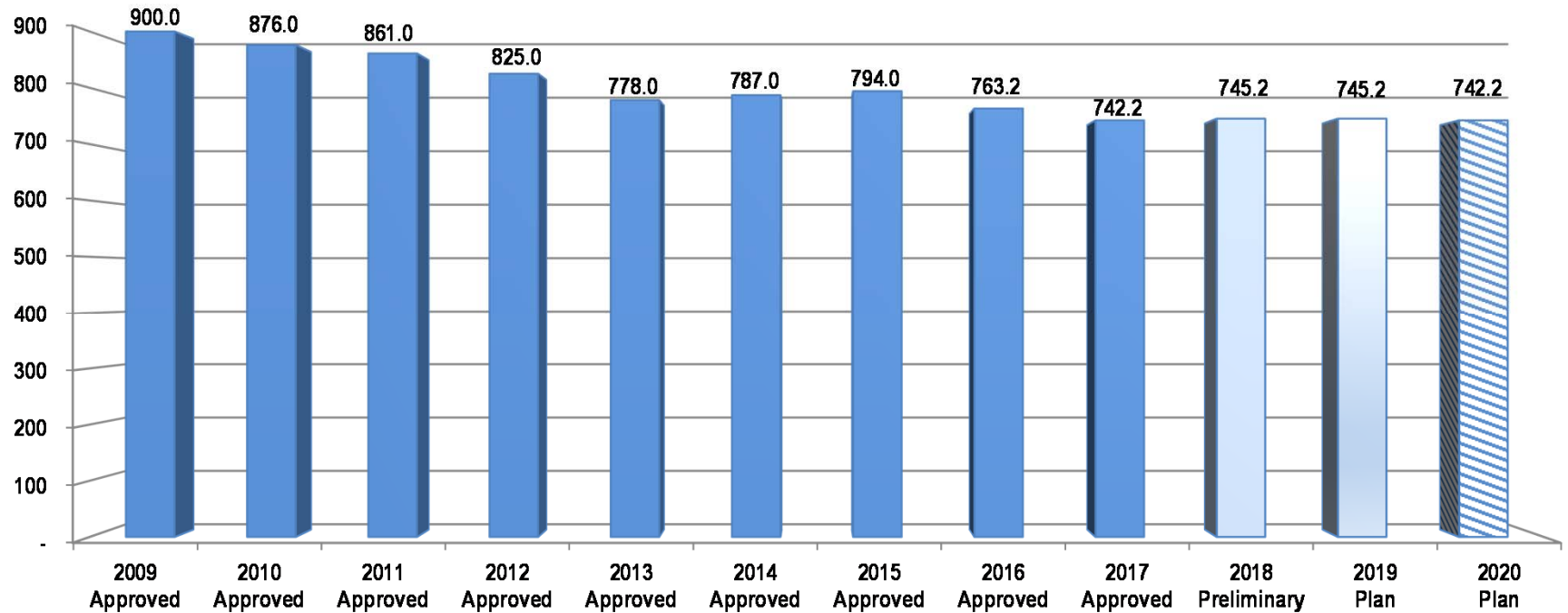


2018 Organizational Chart for Chief Financial Officer



Budget	Category	Senior Management	Management with Direct Reports	Management without Direct Reports / Exempt Professional & Clerical	Union	Total
Operating	Permanent Pos	9.0	87.0	123.0	501.0	720.0
	Temporary Pos	0.0	1.0	4.0	20.2	25.2
Capital	Permanent Pos	0.0	0.0	2.0	0.0	2.0
	Temporary Pos	0.0	2.0	23.0	4.0	29.0
Total	Total	9.0	90.0	152.0	525.2	776.2

Staffing Trend (Excludes Capital Positions)



Vacancy Analysis



	2015			2016			2017 Year-End Projections*			
	Approved Positions	# of Vacancies	Net Vacancies % of Total Approved Pos.**	Approved Positions	# of Vacancies	Net Vacancies % of Total Approved Pos.**	Approved Positions	# of Vacancies as at Sep 30	# of Vacancies Projected to Dec 31	Net Vacancies % of Total Approved Pos.**
Operating	794.0	70.5	6.1%	763.2	60.0	5.1%	742.2	90.0	41.0	2.7%
Capital	56.0	20.0	35.7%	55.0	26.0	47.3%	21.0	9.0	7.0	33.3%
Total	850.0	90.5	7.8%	818.2	86.0	7.7%	763.2	99.0	48.0	3.5%

* Based on the 2017 9-month Quarterly Variance Report (2017 Approved Positions include position adjustments)

** Net of budgeted gapping

Vacancy Drivers:

- Vacancies due to delays in filling positions as well as recruitment challenges
- Most vacant positions in Office of the Treasurer are filled from within the Divisions and it can often take 2 to 3 job competitions for an actual increase in headcount
- Budgeted gapping is 2.8% and the Program is required to hold an equivalent of 23 operating positions vacant

Hiring Strategies:

- Recruitment strategies are underway and Divisions are working with Corporate Human Resources to fill vacant positions as soon as possible

Operating Budget Overview

2017 Key Service Accomplishments



Office of the Chief Financial Officer

- ✓ Provided support in the development of the City's Long Term Financial Plan and public consultation process
- ✓ Financial Control By-law Review that broadens the scope to include Financial Planning and Management policies and practices, is principle-based, updates for current practices and clarifies accountabilities
- ✓ Delivered 2018 Budget process for City's 2018 Tax & Rate Operating Budgets and 10-Year Capital Plans totalling \$42.4 billion
- ✓ Coordinated and reviewed new Council-directed Budget submission requirements including Transformation, Modernization and Innovation Plans & Benefits, Capital & Operating Cost of Council-adopted Policies, Plans & Strategies, and Service Level/Standard and Temporary Position reviews
- ✓ Provided project analysis, advisory, negotiation and research services for major corporate initiatives and multi-lateral projects – Toronto-York Spadina Subway Extension, SmartTrack, Waterfront Revitalization, Port Lands Acceleration Initiative, Scarborough Subway, Eglinton Crosstown, George Street Revitalization, St. Lawrence Market North, Toronto Community Housing and Financial Annual Report
- ✓ Recommended and obtained approval for procurement strategy for the Scarborough Subway Extension Project
- ✓ On behalf of the Chief Financial Officer and City Manager, provided input into the Federal Provincial Housing Market Strategy, consulting with Federal agencies & ministries, Ontario and BC government officials and City of Vancouver counterparts. Monitoring and forecasting the impact of Provincial and Federal rule changes on the proposed Strategy helped in the development of the input (Foreign Buyer Tax, Mortgage Rules, etc.)
- ✓ Implemented new MLTT rates to harmonize with the Provincial LTT and generated an expected \$77M increase in 2017 revenue
- ✓ Provided Council with a preliminary funding and financing plan for the Smart Track initiative

2017 Key Service Accomplishments



Office of the Chief Financial Officer

- ✓ Led City input into Provincial consultations for proposed regulations to exempt 2nd suites in new construction, in collaboration with City program staff and municipal peers, in an attempt to minimize the impact of what was estimated to be a potential \$40M annual erosion to the City's DC revenues
- ✓ Led negotiations with Teranet for new contract for MLTT collection, achieving fair long term option, and Provincial proposal to collect on behalf of the City with savings starting at \$5M per year and avoided costs increasing over time, enabling reduction in unpopular customer transaction fee
- ✓ Completed Development Charge (DC) background study and by-law review to replace expiring 2013 DC by-law. The result is expected to be a new by-law: eliminating or minimizing "phase-in" concessions, reducing exemptions for non-residential development, aligning rates with cap-ex plans and aspirations, with the expected outcome of increasing recoveries by \$100s of millions over the term of the by-law and improving capital budgeting practices
- ✓ Renewed the City's corporate insurance policies at a premium decrease of \$33,427 or 0.7% despite reporting a \$1.34B or 9.1% increase in property values to be insured
- ✓ Reported to Council to approve the formation of an Investment Board as required by the new Provincial Regulations and drafted a new Investment Policy
- ✓ Coordinated the development of cluster 2018 Operating and Capital Budgets and 2019 - 2027 Capital Plans in accordance with divisional priorities, corporate debt targets and corporate guidelines and timelines
- ✓ Continued the implementation of the Excellence Toronto initiative in Financial Services to continue to build a culture of organizational excellence and systematically measure and continually improve in key organizational categories

2017 Key Service Accomplishments



Office of the Chief Financial Officer

- ✓ Recommended terms and obtained approval for refinancing Toronto Community Housing CMHC Debt, creating additional debt financed capital expenditure capacity
- ✓ Recommended and implemented changes to facilitate a \$250M equity investment in Toronto Hydro Corporation, and to amend the dividend payout rate from 50% to 60% of net income, lifting a \$50M dividend curtailment in 2017, and leading to an expected increase to dividend payments starting at \$15M in 2018
- ✓ Established annual municipal tax policies and rates in support of the development of the 2017 Property Tax Levy

Office of the Treasurer

- ✓ Implementation of an updated SAP cross application time keeping system (CATs) across the City and implemented a Time Attendance and Scheduling System for Parks, Forestry & Recreation and Toronto Paramedic Services
- ✓ Worked with OMERS to develop a work-plan and commenced formal discussions on the potential mergers of the City's 5 pre-OMERS Pension Plans with OMERS. Completed a Letter of Intent and Term Sheet with OMERS, received Council approval to proceed with executing Pension Transfer Agreements and Surplus Distribution Agreements, and completed the Pension Transfer Agreement for the York Pension Plan November 2017
- ✓ Implemented all salary and benefit changes in accordance with the Memorandum of Settlements for Local 416 and Local 79
- ✓ Successfully transitioned approximately 80,000 employees, retirees and dependents to the new benefits carrier, Green Shield Canada, for health and dental plan administration

2017 Key Service Accomplishments



Office of the Treasurer

- ✓ Continued the consolidation of the City's corporate warehouses by closing Ellesmere Yard warehouse into 799 Islington Avenue (reducing from 3 warehouses to 2 warehouses)
- ✓ As part of the Supply Chain Management Transformation project, completed the Current State Assessment, Blue printing of the sourcing and contract management modules, completed UAT testing for the Sourcing Module and prepared for piloting of the Sourcing and Contract management module in Q1 2018
- ✓ As part of Category Management implementation, PMMD launched the Project Management Office and issued an RFP for an External Consultant
- ✓ Received the prestigious GFOA Canadian Award for Financial Reporting (which recognizes high program standard for Canadian Government Accounting and Financial Reporting) for the 10th consecutive year
- ✓ Implemented an in-year accrual process to improve accuracy of budget variance reporting
- ✓ Partnered with IT to create a centralized SAP Enterprise Business Services team
- ✓ Successfully launched an Administrative Penalty System (APS) for parking violation disputes, in partnership with Legal Services and Court Services
- ✓ Launched a pilot program for monthly Utility billing with E-Post, along with a new simplified utility bill and brochure format (for water, sewer and solid waste charges and fees)
- ✓ Implemented the new City Building Fund levy on the final 2017 property tax bills, as adopted by Council

Key Service Issues & Priority Actions for 2018

- **Long-Term Financial Direction**
 - Strengthen the City's strategic decision making, financial planning and oversight
 - Multi-year expenditure management plan
 - Multi-year revenue strategy

- **Update Financial Control Bylaw**
 - Establish Bylaw that includes both financial management and control
 - Provides foundation for managing City resources
 - Supports transformation of City into service based and performance focused organization
 - Ensures compliance with Provincial and other related legislation

- **New Investment Regulations**
 - City of Toronto Act amendment concerning investments effective January 1, 2018
 - More flexibility and opportunity for earning improved rates of return
 - Establish Investment Board, and implement prudent investor rule for the City's investment portfolio

- **Improve Service and Financial Planning**
 - Enhance monitoring, reporting and accountabilities
 - Establish service planning process

Key Service Issues & Priority Actions for 2018

- **Complex and highly legislated environment**
 - Continue to implement changes resulting from the Comprehensive Economic Trade Agreement resulting in changes to the Purchasing By-law and related Procurement policies
 - New taxation initiatives, including new hotel tax and short term rentals
 - Harmonized sales tax and commodity tax legislation
 - Payroll legislation, including Canada Revenue Agency
 - Pension legislation, particularly FSCO approvals re mergers with OMERS
 - Accounting standards
 - Municipal tax and tax sale legislation

- **Continue to Transform Business Process**
 - Continue upgrades to Payroll Systems & Technology Platforms increasing access to Employee Self Service Portal/Management Self Service Portal (ESS/MSS)
 - Assess the requirements and readiness to roll-out eTime – Scheduling to other Divisions and develop roll-out plan for enhanced self-service functionality for eTime – Time Entry/Recording
 - Continue to support the sustainment, improvement and protection of the integrity of the City's financial system (SAP), including testing, training, user support, and system upgrades
 - Increase the use of p-card, while maintaining controls
 - Continue to automate Accounts Payable, banking and accounts receivable processes to improve process efficiencies, and provide better service to Divisions, customers and vendors
 - Continue to support and develop on-line look up for tax and utility billings

Business Modernization & Transformation Initiatives

- **Foundational Business Intelligence and Data Governance underway**
 - Automation/Technology implementation of SAP HANA solution to automate performance measures, forecasting data to drive successful business performance results
 - Deliver intelligent data analytics and enhance monitoring and reporting capability through the use of data visualization dashboards and scorecards

- **Supply Chain Management**
 - Corporate wide business transformation of Purchasing and Materials Management through three projects that will modernize and transform the procurement operating model, the organizational structure, procurement policies, processes and technology to achieve better value for money for all procurements
 - Key strategies:
 - ✓ Implementation of a modern "source to pay" technology platform (SAP Ariba)
 - ✓ Leverage automation in the "source to pay" processes and technology platform for added financial benefits, such as early payment discounts.
 - ✓ Build permanent capacity and capabilities for ongoing strategic sourcing and category management
 - ✓ Expand the use of Negotiated RFPs, bulk-purchasing, early tender calls, reverse auctions, vendors of record (VORs), volume discounting, price banding and other cost management methodologies, as appropriate

Business Modernization & Transformation Initiatives

- **Time and Attendance Transformation (eTime)**
 - Continue to modernize the timekeeping and staff scheduling processes
 - Improve data integrity and controls

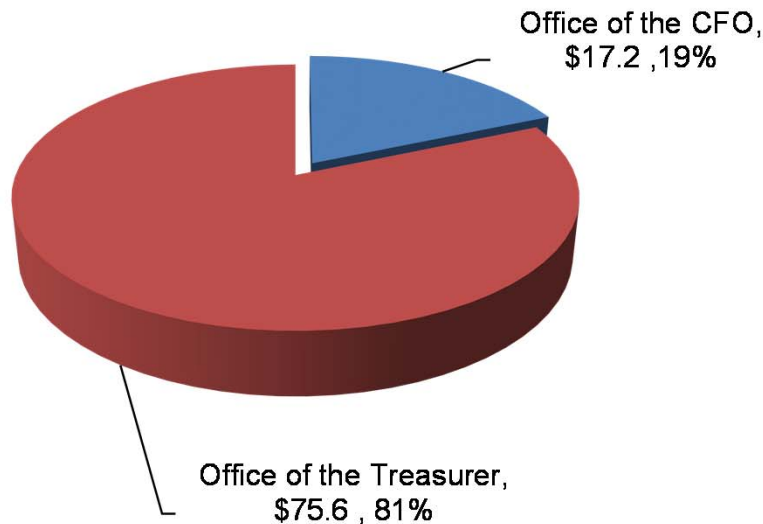
- **Finance Accounting Systems Transformation**
 - Modernize and streamline city's accounting & finance functions as part of the review of the SAP Roadmap to SAP Simple Finance solution for efficient transaction processing, improved accountability, monitoring & governance, and enhanced reporting for timely decision making

- **Tax & Utility billing system upgrade**
 - Plan the upgrades of the Tax and Utility billing systems to ensure that current and future business needs are met, developing electronic billing systems, while continuing to expand online self-service options

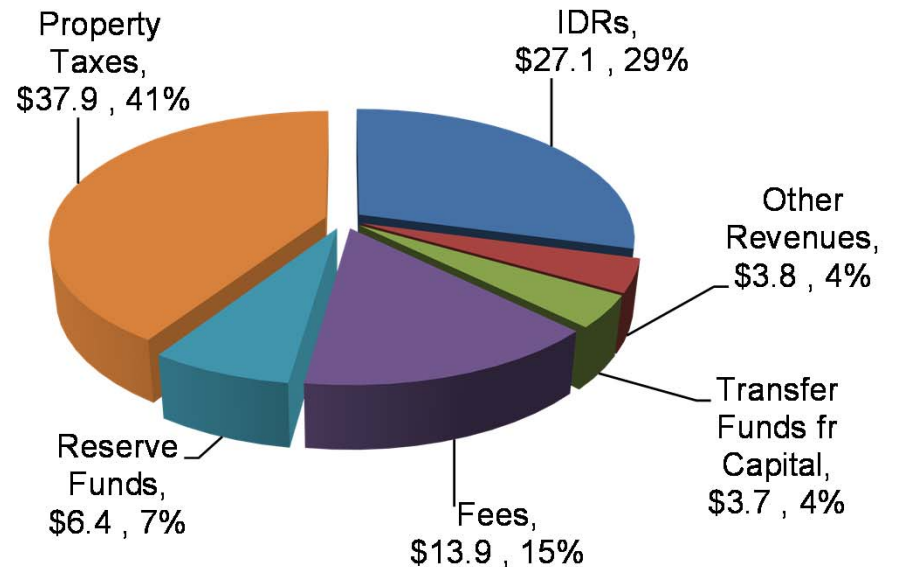
2018 - 2020 Preliminary Operating Budget & Plan

2018 Preliminary Operating Budget Gross Expenditures by Program & Funding Source

Where the Money Goes
\$92.8 Million



Where the Money Comes From
\$92.8 Million



2018 Preliminary Operating Budget Summary

(In \$000s)	2017 Budget		2018 Preliminary Budget		Change from 2017 Over (Under)			
	Gross	Net	Gross	Net	Gross		Net	
					\$	%	\$	%
<u>Financial Services</u>								
Office of the Chief Financial Officer	16,969.2	9,783.3	17,208.2	9,783.3	239.0	1.4%	-	0.0%
Office of the Treasurer	72,214.3	28,067.0	75,576.9	28,066.8	3,362.6	4.7%	(0.2)	0.0%
Financial Services	89,183.5	37,850.3	92,785.1	37,850.1	3,601.6	4.0%	(0.2)	0.0%

Key Points:

- Programs have met the 0% budget target

Key Cost Drivers Summary

(In \$000s)	Total Base Changes	
	\$	Position
Gross Expenditure Changes		
Prior Year Impacts (mainly Category Management)	1,808.6	7.0
Operating Impacts of Capital		2.0
Salaries and Benefits (mainly COLA, Progression Pay, Step Increases)	497.2	
Delivery of Capital Projects		9.0
Other Base Changes	121.9	
Total Gross Expenditure Changes	2,427.7	18.0
Revenue Changes		
Loss of Recovery from Capital	(148.4)	
Increased Recovery from Reserves/Reserve Funds (mainly Category Management)	1,523.3	
Annualization of Mortgage Administration Fee (approved in 2017)	450.0	
Other Revenue Changes	(160.2)	
Total Revenue Changes	1,664.7	
Net Expenditure Changes	763.0	18.0

Actions to Achieve Budget Target Included in 2018 Preliminary Service Change Summary

Description (\$000s)	Total Service Changes			Incremental Change			
	\$	\$	#	2019 Plan		2020 Plan	
	Gross	Net	Position	Net	Position	Net	Position
Service Efficiencies							
Revenue Services Position Reductions	(470.4)	(201.4)	(7.0)	(76.6)		(6.1)	
Purchasing & Materials Mgmt Position Reductions	(45.3)	(45.3)	(1.0)	(22.4)		(3.5)	
Accounting Services Position Reductions	(133.6)	(133.6)	(2.0)	(3.4)		(0.5)	
Sub-Total	(649.3)	(380.3)	(10.0)	(102.4)		(10.1)	
Total Changes	(649.3)	(380.3)	(10.0)	(102.4)		(10.1)	

2018 User Fee Changes



Fee Description	Incremental Revenue (\$000's)
Inflationary Increase:	
Revenue Services (2.0%)	303.8
Subtotal	303.8
New User Fees in 2018:	
Pre-Authorized Property Tax Program Reinstatement Fee (\$25 fee to re-enroll)	41.7
Outstanding Utility Fees and Charges Notice (\$30 Notification Fee)	37.5
Subtotal	79.2
Total Incremental Revenue	383.0

New/Enhanced Services Included in 2018 Preliminary Operating Budget

Category (\$000s)	Type	2018			Incremental Impact			
		Gross Expenditure	Net Expenditure	Positions	2019 Plan		2020 Plan	
					Net Expenditure	Positions	Net Expenditure	Positions
Financial Oversight:								
Support for Investment Board	Council Approved	229.6	0.0	2.0				
Merger of the City's Five Pension Plans with OMERS (Temporary)	Council Approved	209.3		3.0				(3.0)
Sub-Total		438.9	0.0	5.0	0.0	0.0	0.0	(3.0)
Total		438.9	0.0	5.0	0.0	0.0	0.0	(3.0)

New/Enhanced Services Not Included in 2018 Preliminary Operating Budget

Description (\$000s)	2018			Incremental Impact			
	Gross	Net	Positions	2019 Plan		2020 Plan	
				Net	Positions	Net	Positions
Staff Initiated:							
Fee for Refunding Overpayments Caused by Customer (\$27 Processing Fee)		(54.0)		(10.8)			
Sub-Total Staff Initiated	0.0	(54.0)	0.0	(10.8)	0.0	0.0	0.0
Total	0.0	(54.0)	0.0	(10.8)	0.0	0.0	0.0

AG Recommendation:

Evaluate whether an administrative fee can be charged for processing refunds resulting from customer overpayment errors

2019 & 2020 Plan Summary



Description (\$000s)	2019 - Incremental Increase					2020 - Incremental Increase				
	Gross	Revenue	Net	% Change	Position	Gross	Revenue	Net	% Change	Position
Known Impacts:										
Prior Year Impact	1,063.1	87.4	975.7	2.6%		(208.1)	(213.7)	5.6	0.0%	(3.0)
Operating Impact of Capital	500.0	-	500.0	1.3%		-	-	-		-
Salaries and Benefits	1,781.4	-	1,781.4	4.7%		1,338.0	-	1,338.0	3.3%	-
Other Base Changes	154.4	146.6	7.8	0.0%	(2.0)	(409.9)	(303.9)	(106.0)	(0.3%)	(4.0)
Base Revenue Changes	-	24.2	(24.2)	(0.1%)		-	-	-		-
Total Incremental Impact	3,498.9	258.2	3,240.7	8.6%	(2.0)	720.0	(517.6)	1,237.6	3.0%	(7.0)

Capital Budget Overview

Key Objectives & Priority Actions

Objectives:

- Focus on enterprise-wide modernization of systems and transformation of business processes:
 - Enhancing the City's capability to provide real-time financial & management information for program and corporate decision making through business intelligence, analytics and reporting
 - Implementing best practices
 - Providing self service options for vendors, clients, customers & employees

Key Priority Actions:

- State of Good Repair upgrades to ensure sustainability of financial & payroll systems
- Leveraging technology to transform and automate business processes & reduce manual effort allowing for greater efficiencies
- Implement multi-year, service-based & performance focused planning & budgeting processes & technologies

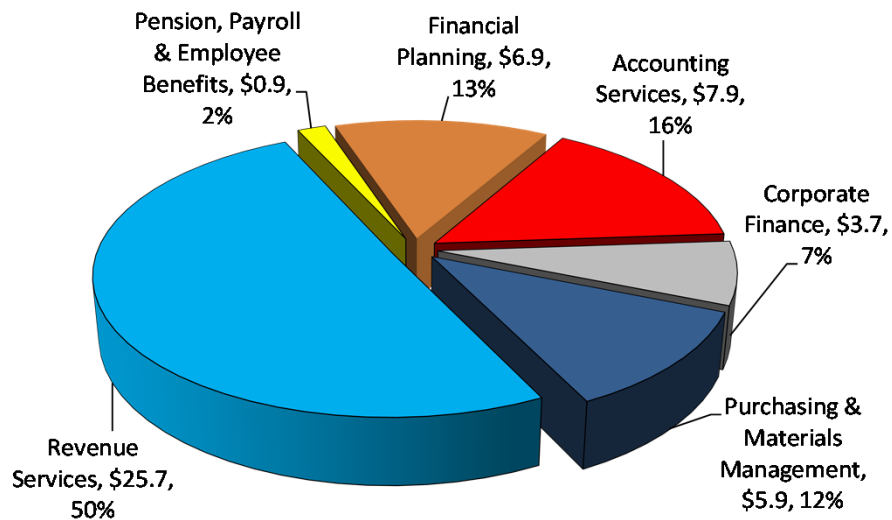
Key Issues & Challenges for 2018 and Beyond

- Competing demands for limited IT and other divisional internal staff resources
- Financial Services capital projects are complex, transformative and have City-wide implications requiring:
 - Extensive consultation process
 - Collaboration and partnerships with key divisions
 - Varying levels of divisional staff involvement/support
 - Internal & external expertise

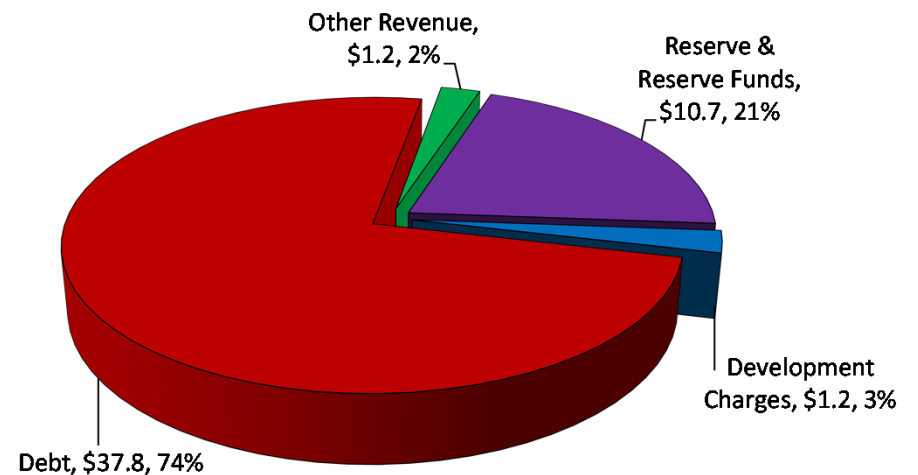
2018 – 2027 Preliminary Capital Budget & Plan

2018 - 2027 Preliminary Capital Budget & Plan Spending & Funding Sources

Where the Money Goes
\$51.0 Million



Where the Money Comes From
\$51.0 Million

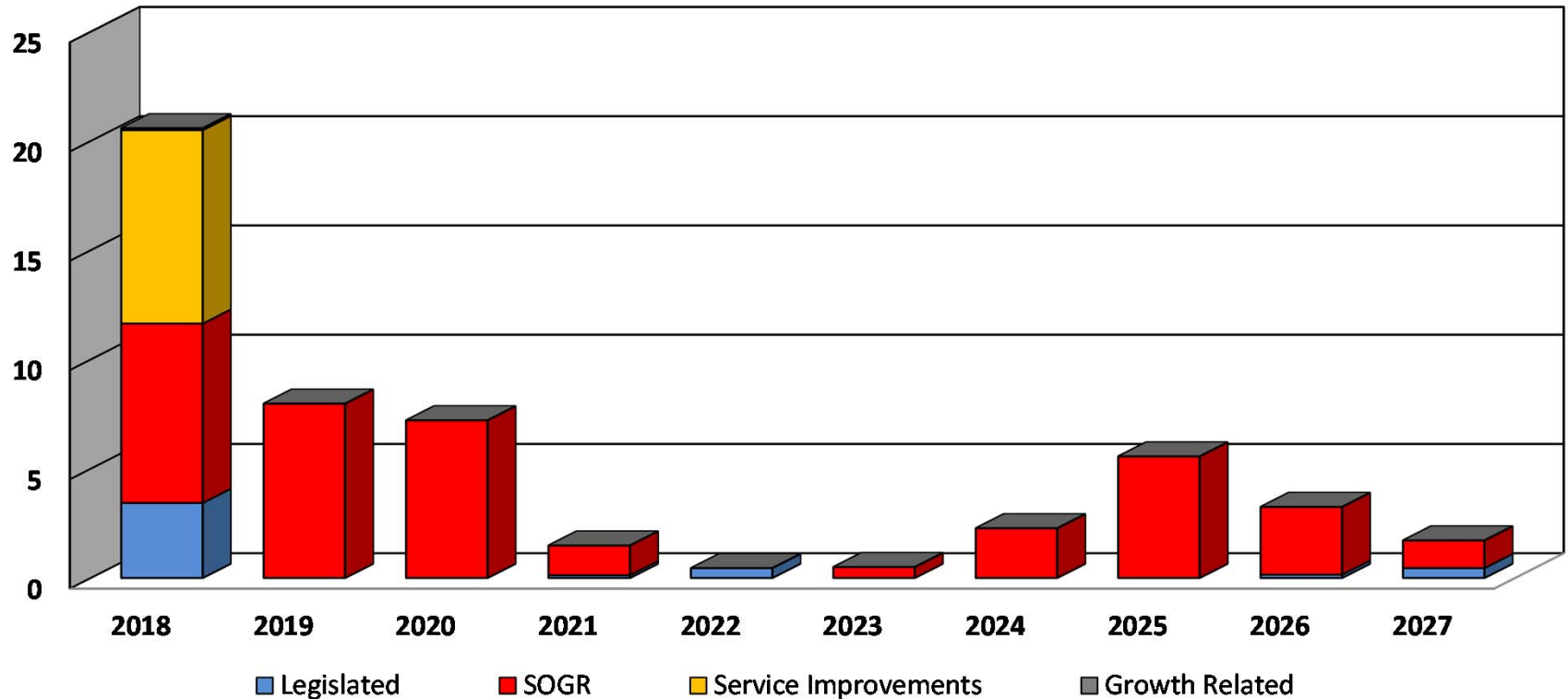


Key Projects Included in 2018 - 2027 Preliminary Capital Budget & Plan

Financial Services

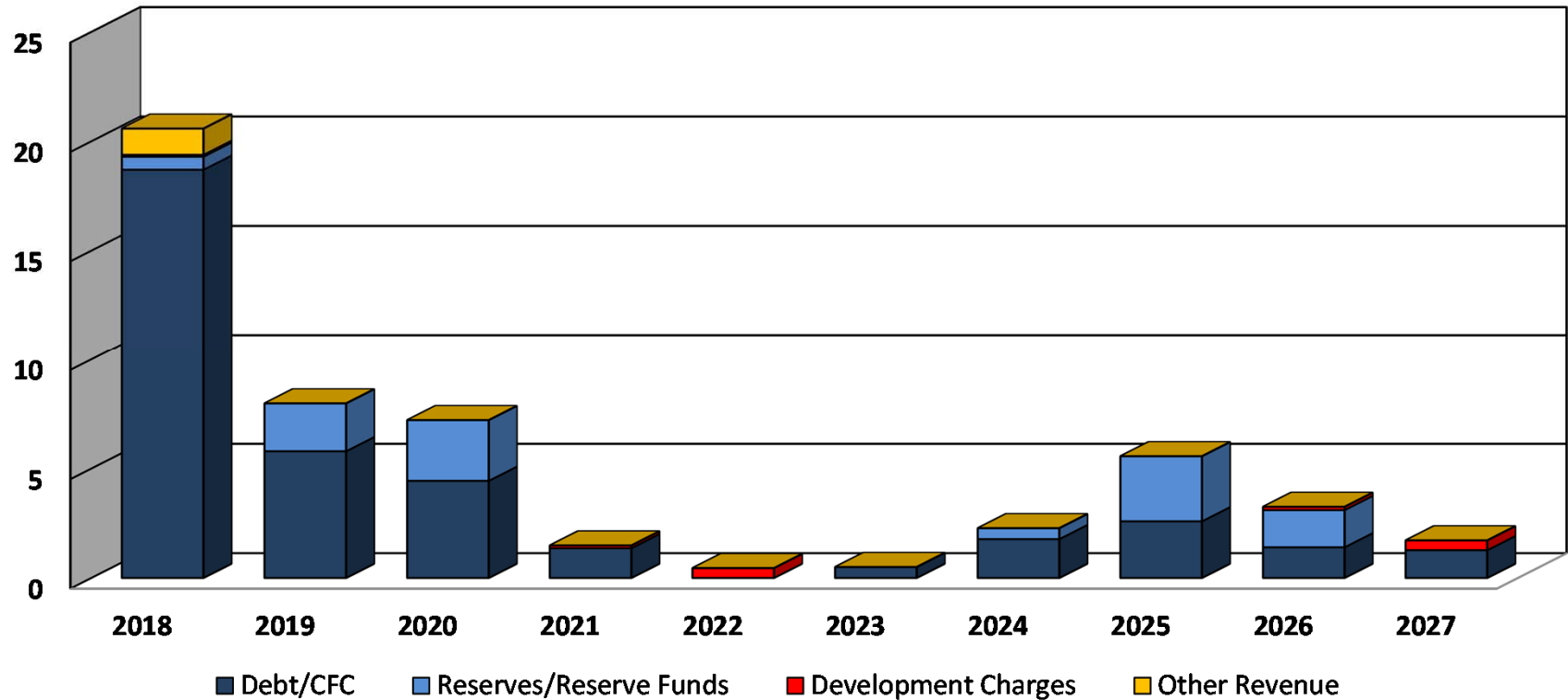
- Payment Card Industry (PCI) Compliance (\$3.4M)
- Integrated Asset Planning Management (\$4.0M)
- Tax Billing (\$7.5M) & Utility Billing (\$5.5M) Systems Modernization
- Supply Chain Management Transformation (\$5.6M)
- Financial Planning, Analysis & Reporting System (\$2.3M)
- Finance Accounting Systems Transformation (FAST) (\$0.5M)

2018 - 2027 Preliminary Capital Budget & Plan by Project Category



\$ Million	2018 - 2027 Preliminary Capital Budget and Plan by Category										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Legislated	3.4	0.0	0.0	0.1	0.5	0.0	0.0	0.0	0.2	0.5	4.6
SOGR	8.2	8.0	7.2	1.4	0.0	0.5	2.3	5.6	3.1	1.3	37.5
Service Improvements	8.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.9
Growth Related	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Total	20.6	8.0	7.2	1.5	0.5	0.5	2.3	5.6	3.3	1.7	51.0

2018 - 2027 Preliminary Capital Budget and Plan by Funding Source



\$ Million	2018 - 2027 Preliminary Capital Budget and Plan by Funding Source										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
Debt/CFC	18.7	5.8	4.4	1.4	0.0	0.5	1.8	2.6	1.4	1.3	37.8
Reserves/Reserve Funds	0.6	2.2	2.8	0.0	0.0	0.0	0.5	3.0	1.7	0.0	10.7
Development Charges	0.1	0.0	0.0	0.1	0.5	0.0	0.0	0.0	0.2	0.5	1.3
Other Revenue	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2
Total	20.6	8.0	7.2	1.5	0.5	0.5	2.3	5.6	3.3	1.7	51.0



Appendix

Operating Budget Variance as of Sept. 30, 2017

City Program In \$ Millions	Year-to-Date						Year-End Projection							
	Gross Expenditures		Revenue		Net Variance		Alert	Gross Expenditures		Revenue		Net Variance		Alert
	\$	trend	\$	trend	\$	trend		\$	trend	\$	trend	\$	trend	
Office of the Chief Financial Officer	(1.3)	▼	(1.0)	▼	(0.3)	▼	Ⓞ	(1.8)	▼	(1.1)	▼	(0.7)	▼	Ⓞ
Office of the Treasurer	(1.7)	—	1.2	▲	(2.9)	▼	Ⓢ	(2.1)	▼	(0.8)	▼	(1.3)	▼	Ⓞ
Total	(3.0)	▼	0.2	▲	(3.2)	▼	Ⓞ	(3.9)	▼	(1.9)	▼	(2.0)	▼	Ⓞ
Year-to-Date Net Variance	85% to 105%	Ⓢ	0% to 85%	Ⓢ	>105%		Year-End	Ⓞ	<=100%	Ⓢ	>100%			

Key Points:

- Projected gross favourable variance in 2017 is mainly due to savings in salaries and benefits resulting from delays in filling vacant positions and underspending related to PMMD Category Management implementation
- Revenues are correspondingly projected to be under-achieved due to lower recoveries from capital and reserve/reserve funds

Key Cost Drivers Details

(In \$000s)	Total Base Changes	
	\$	Position
Gross Expenditure Changes		
Prior Year Impacts		
Annualization of 2017 position changes	30.3	
Annualization of Outsourcing Payment Processing in Revenue Services	(56.7)	
Annualization of Positions Transferred to Legal Services for Admin. Penalty System	(305.0)	
Annualization of Category Management	690.1	
Category Management Requirements for 2018	1,449.9	7.0
Operating Impacts of Capital		
Supply Chain Mgmt Transformation Sustainment		2.0
Salaries and Benefits		
COLA, Progression Pay & Step Increases	868.7	
Gapping (to maintain 2017 Approved level)	(19.4)	
Other Salary & Benefits Adjustments	(352.1)	
Delivery of Capital Projects		
FAST Capital Project		2.0
Organizational Mgmt and SAP Security		2.0
eTime Enterprise Rollout		4.0
Supply Chain Mgmt Transformation Capital		1.0
Other Base Changes		
IDC Changes	111.9	
Conversion of Financial Analyst to Sr. Financial Analyst	10.0	
Total Gross Expenditure Changes	2,427.7	18.0
Revenue Changes		
Loss of Recovery from Capital	(148.4)	
Increased Recovery from Reserves/Reserve Funds	1,523.3	
Annualization of Mortgage Administration Fee (approved in 2017)	450.0	
IDR Changes	16.7	
HST Recovery (to reflect actuals)	83.1	
Reduction in Call Document Fees	(260.0)	
Total Revenue Changes	1,664.7	
Net Expenditure Changes	763.0	18.0

2018 Complement Changes

	2017 Approved Staff Complement	2018 Complement Changes									
		Prior Year Impact	Operating Impacts of Capital	Capital Project Delivery Changes	Base Changes	Efficiencies	Service Changes Included	Total Base Change	New/Enh Service Priorities Included	Total 2018 Preliminary Budget	Change from 2017 Approved
Operating											
Office of the CFO	106.0				1.0			1.0	1.0	108.0	2.0
Office of the Treasurer	636.2	7.0				(10.0)		(3.0)	4.0	637.2	1.0
Subtotal - Operating	742.2	7.0			1.0	(10.0)		(2.0)	5.0	745.2	3.0
Capital											
Office of the CFO	12.0				(1.0)			(1.0)		11.0	(1.0)
Office of the Treasurer	9.0		2.0	9.0				11.0		20.0	11.0
Subtotal - Capital	21.0		2.0	9.0	(1.0)			10.0		31.0	10.0
Total Complement	763.2	7.0	2.0	9.0		(10.0)		8.0	5.0	776.2	13.0

2018 Key Complement Changes

Base Changes:

- Addition of 7 positions to support Category Management
- Addition of 2 positions for sustainment of Supply Chain Management Transformation
- Addition of 9 temporary positions for delivery of capital projects

Efficiencies:

- Elimination of 10 positions through efficiencies in Purchasing & Materials Management, Accounting Services, and Revenue Services

New and Enhanced:

- Addition of 2 permanent positions to support the Investment Board
- Addition of 3 temporary positions to support the merger of the City's five pension plans with OMERS

2019 & 2020 Plan Details



Description (\$000s)	2019 - Incremental Increase					2020 - Incremental Increase				
	Gross	Revenue	Net	% Change	Position	Gross	Revenue	Net	% Change	Position
Known Impacts:										
Prior Year Impact										
Annualization of Position Changes	(5.7)	6.6	(12.3)	(0.0%)		(11.4)	4.3	(15.7)	(0.0%)	
Annualization of SCMT Sustainment	121.5		121.5	0.3%		6.0		6.0	0.0%	
Annualization of Category Mgmt	968.9		968.9	2.6%		25.4		25.4	0.1%	
Annualization of Merger of Pension Plans	80.8	80.8				(218.0)	(218.0)			(3.0)
Annualization of 2018 Efficiency Savings	(102.4)		(102.4)	(0.3%)		(10.1)		(10.1)	(0.0%)	
Operating Impact of Capital										
Payment Card Industry (PCI) Compliance Sustainment	500.0		500.0	1.3%						
Salaries and Benefits										
COLA, Progression Pay & Step	1,524.1		1,524.1	4.0%		1,151.6		1,151.6	2.8%	
Benefits	257.3		257.3	0.7%		186.4		186.4	0.5%	
Other Base Changes (specify)										
IDC/IDR Changes	22.6	143.4	(120.8)	(0.3%)		11.2	5.7	5.5	0.0%	
Delivery of Capital Projects	131.8	3.2	128.6	0.3%	(2.0)	(421.1)	(309.6)	(111.5)	(0.3%)	(4.0)
Revenue (specify)										
Annualization of user fees in 2018		24.2	(24.2)	(0.1%)						
Total Incremental Impact	3,498.9	258.2	3,240.7	8.6%	(2.0)	720.0	(517.6)	1,237.6	3.0%	(7.0)

Summary of Key Projects Completed in 2017

Financial Planning, Analysis & Reporting System (FPARS)

- Phase 1 (PBF Implementation)
 - Continue close-out phase, working on benefits and value realization working
 - On-going salary and benefit savings of \$17.8 million have been realized in the operating budget through the use of the PBF budgeting tool's personnel expenditure planning (PEP) that has automated the budgeting of salaries and benefits
- Phase 2 Enterprise Performance Management
 - Data Governance and Business Intelligence (BI) Framework
 - ❖ Continue to support the establishment of the data strategy under data governance and BI Framework
 - Automated Reporting
 - ❖ Finished the Proof of Concept; all measures to be automated by Q2 2018
 - ❖ MID Report Development – standard extractions from SAP to transfer data into BW are identified. Activities are being planned to start development work
 - ❖ SAP HANA upgrade successfully moved to production in Sept. 2017
 - Predictive Analytics
 - ❖ Requirement gathering in progress for Forecasting data from divisions
 - ❖ Approach for Strategy being defined
 - Agile Data Visualization
 - ❖ New Performance Measure report and SPIRIT Dashboard using DesignStudio are developed and showcased to the pilot divisions. Other reports are being developed to enhance budgeting and reporting

Summary of Key Projects Completed in 2017

Supply Chain Management Transformation (SCMT)

- Blue printing continues for Spend Analysis and Purchase to Procure (P2P) modules
- Sourcing and Contract Management modules have been configured and are being prepared for unit and User Acceptance testing
- An amendment to the SAP Ariba Agreement to include the Supplier Information Management Module A was issued
- Bilateral Integration methods are being investigated by I&T
- Ariba to SAP ECC integration discussions continue and I&T is currently evaluating the cost of Process Integration Tools

Cross-Application Timesheet (CATS) Implementation

- The project team continues to roll out "Employee Self-time Reporting" to individual divisions, sections and units. By the end of 2017, it is estimated that 2,185 employees will be on-boarded to eTime (allowing staff to report time and attendance through eTime)

Capital Budget Variance as of Sept. 30, 2017

\$ Millions	2017 Approved Cash Flow	2017 Expenditure			Trending	Alert (Benchmark 70% spending rate)
		YTD Spending	Year-End Projection	% at Year End		
Financial Services	29.47	7.10	16.79	57.0%	↓	Ⓢ
TOTAL	29.47	7.10	16.79	57.0%	↓	Ⓢ
Ⓢ >70% Ⓢ between 50% and 70% Ⓢ < 50% or > 100%						

Key Points (explanation of variances):

- For the nine months ended September 30, 2017, capital expenditures for Financial Services totalled \$7.10 million of the 2017 Approved Capital Budget of \$29.47 million
- Spending is expected to increase to \$16.79 million (57.0%) by year-end

Incremental Operating Impact of Capital

Net Expenditures (\$000s)	2018 Prelim. Budget		2019 Plan		2020 Plan		2021 Plan		2022 Plan		2023 - 2027 Plan		2018 - 2027 Total	
	\$	Position	\$	Position	\$	Position	\$	Position	\$	Position	\$	Position	\$	Position
Previously Approved Projects														
Supply Chain Management Transformation (SCMT)			2,448.0	0.0									2,448.0	0.0
PCI Compliance			500.0	0.0									500.0	0.0
													0.0	0.0
Sub-Total	0.0	0.0	2,948.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,948.0	0.0
New Projects														
NA													0.0	0.0
													0.0	0.0
Sub-Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New Projects - Future Year														
NA													0.0	0.0
													0.0	0.0
Sub-Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	2,948.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,948.0	0.0

Key Points:

- The Supply Chain Management Transformation (SCMT) project requires \$2.448 million in operating funding for hardware maintenance, software license, subscription and support expenses in 2019
- The Payment Card Industry (PCI) Compliance project requires \$0.500 million in 2019 for hardware/software maintenance and support

