
2018 OPERATING BUDGET BRIEFING NOTE

Estimated Cost Savings from a Provincial Upload

Issue/Background:

At its meeting on May 24, 25 and 26, 2017, City Council considered and adopted with amendments the recommendations contained in EX25.18 "2018 Budget Process – Budget Directions and Schedule" from the City Manager and Deputy City Manager & Chief Financial Officer.

In its amendments and subsequent adoption of the report's recommendations, City Council requested the City Manager to report to the Executive Committee on the cost savings to the City if the Province uploaded the following services, facilities and infrastructure assets:

- a. all Child Care Services;
- b. Long-Term Care Facilities;
- c. all Housing Services, including Toronto Community Housing Corporation (TCHC);
- d. all Transit Services, including the Toronto Transit Commission; and
- e. the portions of the Gardiner Expressway and Highway 27 that were transferred to the City

This Briefing Note provides a high level summary of the projected costs associated with an uploading of the aforementioned services, facilities and infrastructure assets as requested in EX25.18.

Key Points:

- The estimated cost savings in 2018 dollars to the City as summarized in Table 1 below is approximately \$3.457 billion gross and \$1.200 billion net which if uploaded to the Province will result in corresponding savings to City of Toronto's taxpayers.
- Further, the City will save an additional \$13.322 billion in capital costs for planned state of good repair maintenance and growth related projects for the associated City programs. (i.e. \$5.611 billion for SOGR and \$7.711 billion for Growth). Please refer to the 2018 – 2027 Capital Budget Notes which may be found here: <https://www.toronto.ca/city-government/budget-finances/city-budget/program-agency-budgets/>
- City owned assets in the respective programs, agencies and corporations were valued by the Facilities Management Division at approximately \$16.862 billion at the end of December 2017.

- The estimated operating savings also include salary and benefits costs for 18,593 positions directly related to the delivery of these services. These estimates do not include any employee related liabilities for these positions which are normally budgeted at the corporate level.
- The savings estimates for Human Services programs (i.e. Child Care, Long Term Care and Housing Services) presented in Table 1 should be considered as an analysis of the upload of "**costs**" rather than an upload of "**services**". The assumption is that in the event of a Provincial upload, the City would continue to deliver these services and invoice the Province for their operating and capital costs.
- In addition, the estimates do not account for the financial implications (specifically, costs) associated with the actual process of uploading services nor the programmatic implications and ultimate impact of the upload on Torontonians which will require a deeper analysis and would be informed by the terms of an upload agreement between the City and the Province.

Table 1

Estimated Cost Savings from the Upload of Services

Services (\$' millions)	Operating		Capital		Asset Value	Positions
	Gross	Net	SOGR	Growth		
Child Care Services	621	83	14	54	53	1,081
Long-Term Care Facilities*	260	47	5	0	249	2,390
Housing Services (including TCHC)**	598	348	200	83		138
TTC - Conventional***	1,824	577	5,144	297	15,973	14,396
TTC - WT	152	143				588
SmartTrack				3,703		
Scarborough Subway Extension				3,365		
Spadina Subway Extension				160		
Transit Studies				12		
Gardiner Expressway/Hwy 27 - City portion ****	1	1	248	37	587	
Total	3,457	1,200	5,611	7,711	16,862	18,593

*The unmet capital needs for Long-Term Care Homes & Services currently stands at \$422 million.

**TCHC's asset values have not been confirmed. However, the corporation's unmet capital needs currently stand at \$2.5 Billion (Per Page 20 of the 2018 Capital Budget Analyst Notes for SSHA).

** SSHA's 2018 Budget Committee Recommended Operating Budget also includes the City's Base Operating Subsidy to TCHC of \$243.8 million. Also included in SSHA's 2018 - 2027 Budget Committee Recommended Capital Budget and Plan is an allocation of \$279.2 million to TCHC to support its capital requirements under a 2-year Interim Funding Model.

***TTC - Conventional's, unmet capital needs currently stands at \$2.7 billion.

**** Capital amounts for the Gardiner Expressway/Hwy 27 - City portion include funding required beyond the 10-yr. timeframe of the 2018 - 2027 Budget Committee Recommended Capital Budget and Plan for Transportation Services.

Prepared by: Ritu Sadana, Manager, Financial Planning Division, Telephone: 416-395-6449,
E-mail: Ritu.Sadana@toronto.ca

Further information: Josie La Vita, Executive Director, Financial Planning Division,
Telephone: 416-397-4229, Email: Josie.Lavita@toronto.ca

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