

2020 Budget Notes

Policy, Planning, Finance & Administration

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What we do

Policy, Planning, Finance & Administration (PPF&A) provides centralized financial and administrative services to Infrastructure and Development Services (IDS). PPF&A delivers the following services:

- Corporate Leadership
- Organizational Effectiveness
- Financial Management
- Program Support

Why we do it

PPF&A offers centralized financial and administrative support to the Deputy City Manager and Infrastructure and Development Services Programs so they can focus on providing services to Toronto's residents and businesses.

Who we serve

Organizational Effectiveness

- DCM – Infrastructure and Development Services
- Staff – City Divisions

Beneficiaries

- Residents
- Businesses
- Visitors

Financial Management

- DCM - Infrastructure and Development Services
- Staff – City Divisions
- Suppliers of IDS Divisions

Beneficiaries

- Residents
- Businesses
- Visitors

Program Support

- DCM - Infrastructure and Development Services
- Staff – City Divisions
- Suppliers of IDS Divisions

Beneficiaries

- Residents
 - Businesses
 - Visitors
-

Budget at a glance

STAFF RECOMMENDED OPERATING BUDGET				STAFF RECOMMENDED 10-YEAR CAPITAL PLAN			
\$Million	2020	2021	2022	\$Million	2020	2021-2029	Total
Revenues	\$11.6	\$11.8	\$12.0	This program does not have a capital program.			
Gross Expenditures	\$16.9	\$17.4	\$17.8				
Net Expenditures	\$ 5.3	\$ 5.6	\$ 5.8				
Approved Positions	170.1	170.1	170.1				

Key service outcomes

Outcomes	Description
Efficient financial processes	<ul style="list-style-type: none"> Engage stakeholders to review, document and update purchasing, payment and revenue processes to increase efficiency and ensure data integrity. Continuously improve service design and delivery to respond to growing service demand and meet evolving client needs and priorities.
Effective budgeting and resource management	<ul style="list-style-type: none"> Coordinate the development and delivery of timely budgets for Infrastructure and Development Services divisions. Monitor the Infrastructure and Development Services divisions' financial performance and provide strategic and evidence-based recommendations to address variances.
Effective Public Consultation	<ul style="list-style-type: none"> Deliver effective public consultation support for IDS programs to enable city building/capital delivery. Develop engagement strategies to maximize stakeholder participation.

Goals and metrics

Planned Activities to Achieve Outcomes		2018 Actual	2019 Proj. Actual	2020 Target	Status
	Payable and Purchasing Documents	64,000 Value \$1.1B	54,000 Value \$1.2B	54,000 Value \$1.2B	●
	Public Consultation Events Conducted	150	120	100	●
	Customer Invoices and Credit Notes Processed	57,500 Value \$208M	41,500 Value \$195M	41,500 Value \$195M	●

Our experience and success

- Led and supported IDS programs with implementation of enterprise-wide corporate initiatives including: Human Resource Information System (SuccessFactors); eTime Payroll Transformation; and Budget Process Modernization.
- Optimized accounts receivable collection processes through implementation of Cheque-Pro (electronic cheque depositing service) eliminating the use of paper deposits and improving overall cash flow.
- Enhanced service delivery by assuming payment processing functions for Municipal Licensing & Standards RentSafe TO: Apartment Building Standards Program.
- Completed consultation for St. Clair Transportation Master Plan, 5 new cycling projects and undertook Phase 2 consultation activities related to Solid Waste Management Services' Single-use & Takeaway Items initiative.
- Completed PPFA courier service re-alignment, in partnership with the City Clerk's Office, achieving efficiency in service delivery and consistency with corporate standards for mail delivery.

Key challenges and risks

- Maintaining current service levels, while simultaneously implementing new enterprise-wide technology improvements and modernization initiatives.
- Responding to increased complexity and growing demand for service in support of IDS programs.
- Building a versatile team that is equipped to adjust to the City's changing service delivery models to ensure seamless provision of financial and administrative support services.

Priority actions

- Continue to transform service delivery through leveraging automation and realign resources to respond to changing requirements.
- Lead and support IDS divisions with implementing future phases of the Budget Modernization Process.
- Provide ongoing IDS support and co-ordination of various payroll and human resource transformation projects (such as SuccessFactors).
- Provide reliable and timely management/financial reporting to IDS divisions to support data-driven decision-making and promote compliance.
- Continue to focus on staff training and cross-training to build workforce capacity and enhance skill sets.

Our key service levels



Timesheets entered within pay period
100% of the time



Invoices to be reviewed and confirmed within 60 days of the invoice date 85% of the time



Undisputed accounts receivable collected within payment terms 70% of the time

Key service deliverables

- Provide management and financial reporting to IDS divisions to support service delivery, decision-making and promote compliance.
- Coordinate the development of multi-year and service-based operating and capital budgets for IDS divisions.
- Support city building/capital delivery through public consultation support for IDS programs.
- Provide administrative, complement management and payroll time-entry services to IDS divisions.
- Continue to process and manage purchasing, payment and accounts receivable activities in support of IDS programs.

RECOMMENDATIONS

The City Manager and Chief Financial Officer and Treasurer recommend that:

1. City Council approve the 2020 Staff Recommended Operating Budget for Policy, Planning, Finance & Administration of \$16.947 million gross, \$5.351 million net for the following services:

Service:	Gross (\$000s)	Revenue (\$000s)	Net (\$000s)
Corporate Leadership	1,261.5	246.6	1,014.9
Financial Management	8,305.2	5,777.5	2,527.7
Organizational Effectiveness	448.3	18.9	429.4
Program Support	6,931.5	5,552.9	1,378.6
Total Program Budget	16,946.5	11,595.9	5,350.6

2. City Council approve the 2020 staff complement for Policy Planning Finance and Administration of 170.1 positions, comprising 163.1 operating positions and 7.0 capital positions.

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2020 STAFF RECOMMENDED OPERATING BUDGET

2020 OPERATING BUDGET OVERVIEW

Table 1: 2020 Staff Recommended Operating Budget by Service

(\$000s)	2018 Actuals	2019 Projected Actuals	2020 Base Budget	2020 New / Enhanced	2020 Staff Rec'd Budget	Change v. 2019 Projected Actual	
						\$	%
By Service	\$	\$	\$	\$	\$	\$	%
Revenues							
Corporate Leadership	0.0	0.0	246.6		246.6	246.6	
Financial Management	3,570.9	3,811.4	5,777.5		5,777.5	1,966.1	51.6%
Organizational Effectiveness	1,786.3	116.4	18.9		18.9	(97.5)	(83.7%)
Program Support	6,179.4	6,601.4	5,552.9		5,552.9	(1,048.5)	(15.9%)
Total Revenues	11,536.5	10,529.2	11,595.9	0.0	11,595.9	1,066.7	10.1%
Expenditures							
Corporate Leadership	931.0	1,020.2	1,261.5		1,261.5	241.2	23.6%
Financial Management	7,622.0	7,595.5	8,305.2		8,305.2	709.7	9.3%
Organizational Effectiveness	2,125.0	405.5	448.3		448.3	42.7	10.5%
Program Support	6,033.0	6,961.1	6,931.6		6,931.6	(29.5)	(0.4%)
Total Gross Expenditures	16,711.0	15,982.3	16,946.5	0.0	16,946.5	964.2	6.0%
Net Expenditures	5,174.5	5,453.1	5,350.6	0.0	5,350.6	(102.5)	(1.9%)
Approved Positions	182.1	165.1	170.1	0.0	170.1	5.0	3.0%

*2019 Actuals (based on Q3 2019) adjusted retroactively to remove interdepartmental charges.

**2018 Actuals includes MCIC (Major Capital Infrastructure Coordination Division).

COSTS TO MAINTAIN EXISTING SERVICES

Total 2020 Base Budget expenditures of \$16.947 million gross reflecting an increase of \$0.964 million in spending above 2019 projected year-end actuals predominantly arising from:

- Salaries and benefits increases, including the addition of 5.0 positions to provide support for: Toronto Water operations, strategic initiatives, and public consultation for cycling infrastructure, as per the Cycling Network Plan Update.

COSTS TO ENHANCE SERVICES

New and Enhanced Services: Policy, Planning, Finance & Administration does not have New and Enhanced Services.

EQUITY IMPACTS OF BUDGET CHANGES

No equity impacts: The changes in Policy, Planning, Finance & Administration's 2020 Staff Recommended Operating Budget have no equity impacts.

2020 STAFF RECOMMENDED OPERATING BUDGET KEY DRIVERS

The 2020 Staff Recommended Operating Budget for Policy, Planning, Finance & Administration is \$16.947 million gross or 6.0 per cent higher than the 2019 Projected Actuals. Table 2a below summarizes the key cost drivers for the base budget.

Table 2a: 2020 Key Drivers – Base Budget

Key Cost Drivers (\$000)	2018 Actuals	2019 Proj. Actuals	2020 Staff Rec'd Base Budget	Year over Year Changes	
				\$	%
Expenditures					
1 Salaries and Benefits	15,628.1	15,368.1	16,235.0	866.9	5.6%
2 Materials & Supplies	297.6	242.6	218.8	(23.8)	-9.8%
3 Equipment	32.9	94.3	65.8	(28.5)	-30.2%
4 Service and Rent	643.9	226.9	376.2	149.3	65.8%
5 Contribution To Capital					
6 Contribution To Reserves	108.4	49.8	50.6	0.8	1.6%
7 Other Expenditures	0.0	0.6		(0.6)	-100.0%
Total Expenditures	16,711.0	15,982.3	16,946.5	964.2	6.0%
Revenues					
1 Provincial Subsidies					
2 Federal Subsidies					
3 User Fees & Donations					
4 Transfers From Capital	2,488.8	2,763.7	2,992.8	229.0	8.3%
5 Inter-Divisional Recoveries	8,112.1	7,765.5	8,603.1	837.6	10.8%
6 Other Revenues	935.6				
Total Revenues	11,536.5	10,529.2	11,595.9	1,066.7	10.1%
Net Expenditures	5,174.5	5,453.1	5,350.6	(102.5)	-1.9%

*2019 Q3 Proj Actuals and 2018 Actuals adjusted retroactively to remove interdepartmental charges

**2018 Actuals includes MCIC (Major Capital Infrastructure Coordination Division).

Salaries & Benefits: Include inflationary increases on existing salaries and benefits and additional positions as described in page 6.

Services & Rents: Increase is reflective of full year requirements to support the additional positions.

Revenues: Include increase in expenditures recovered from rate-based programs (Toronto Water and Solid Waste) and draws from capital to fund 7.0 Public Consultation positions.

Table 2b: Other Efficiencies / Savings

(\$000s)											
Recommendation	Type	2020				2021			2022		
		Revenue	Gross	Net	Positions	Gross	Net	Positions	Gross	Net	Positions
Efficiencies from Line-by-Line review	Line by Line		(306.2)	(306.2)							
Budget Increase/(Decrease)		-	(306.2)	(306.2)	-	-	-	-	-	-	

The Recommended 2020 Operating Budget includes \$0.306 million in gross expenditure reductions identified as part of the internal budget review as follows:

Efficiencies from Line-by-Line Review

- A reduction in base expenditures in materials and supplies; computer hardware and other non-salary costs contribute to Policy Planning Finance and Administration's efforts to continuously align budget with actual experience.

Note:

1. For additional information on 2020 key cost drivers refer to [Appendix 1](#)

2021 & 2022 OUTLOOKS**Table 3: 2021 and 2022 Outlooks**

(\$000s)	2019 Projected Actuals	2020 Staff Rec'd Budget	2021 Outlook	2022 Outlook
	\$	\$	\$	\$
Revenues	10,529.2	11,595.9	11,797.9	11,977.8
Gross Expenditures	15,982.3	16,946.5	17,408.4	17,768.3
Net Expenditures	5,453.1	5,350.6	5,610.5	5,790.5
Approved Positions	165.1	170.1	170.1	170.1

*2019 Q3 Projected Actuals adjusted retroactively to remove interdepartmental charges

Key 2021 drivers

The 2021 Outlook with total gross expenditures of \$17.408 million reflects an anticipated \$0.462 million or 2.7 per cent increase in gross expenditures above the 2020 Recommended Budget based on the following:

- Inflationary increases for salaries and benefits.
- Annualized costs for the additional positions received in 2020 Budget.

This increase is partially offset by anticipated recoveries of positions funded from capital and inter-divisional recoveries.

Key 2022 drivers

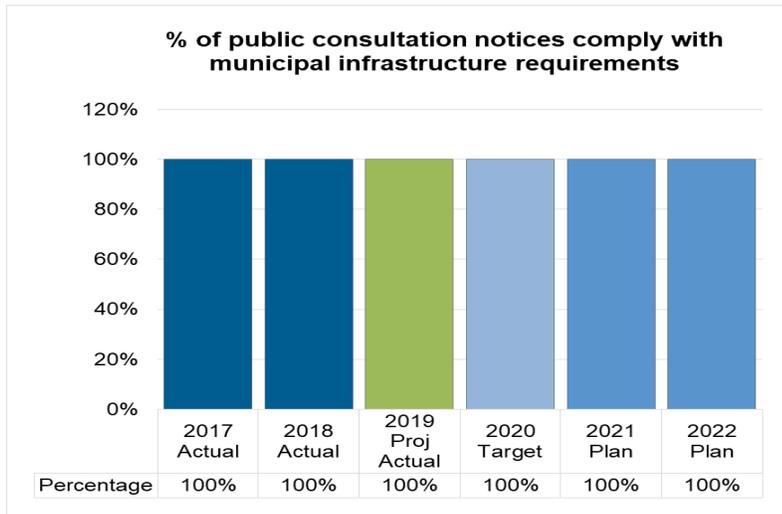
The 2022 Outlook with total gross expenditures of \$17.768 million reflects an anticipated \$0.360 million or 2.1 per cent increase in gross expenditures above the 2021 Budget based on the following:

- Inflationary increases for salaries and benefits.

This increase is partially offset by anticipated recoveries of positions funded from capital and inter-divisional recoveries.

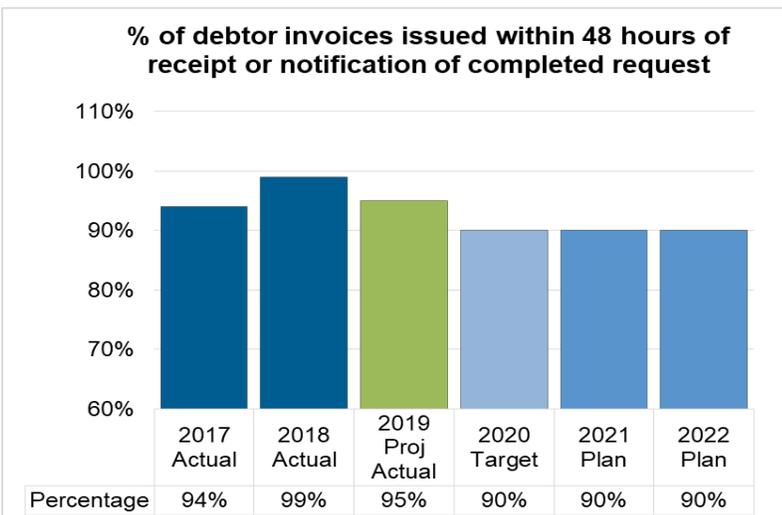
How well we are doing

Performance measures

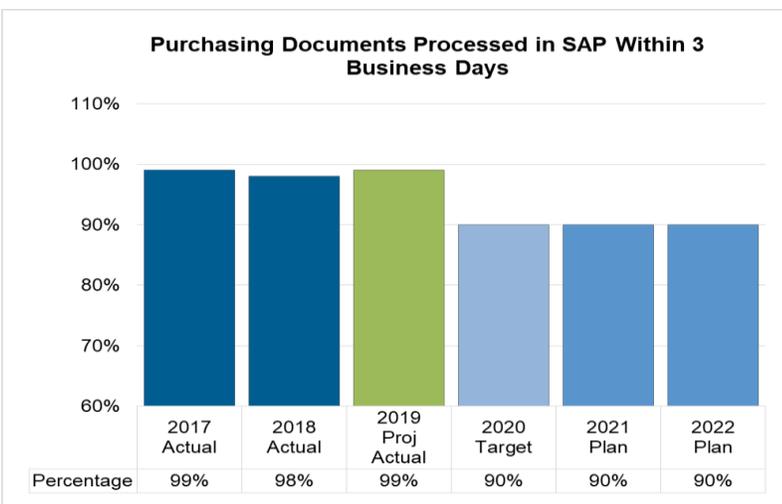


Behind the numbers

- This measure indicates the percentage of public consultation notices that comply with municipal notification requirements.
- The Program is projecting that in 2020 and onwards, it will continue to be in line with the 100% target.



- PPF&A manages the Accounts Receivable process end-to-end for IDS Divisions, including billing, collections, payment processing, banking, and analysis and reporting.
- PPF&A has a target of issuing 90% of debtor invoices (created and mailed) within 48 hours of receipt of an invoice request.
- The Program has exceeded its target in 2017 and 2018 and projects to do so again in 2019 due to efficiencies gained through automation.



- To enable timely procurement, the division has committed to processing purchasing documents within 3 business days for purchases requiring sourcing.
- The Program has historically exceeded its target, which will be reviewed in 2020.

APPENDICES

Appendix 1

2020 Staff Recommended Operating Budget by Expenditure Category

Category (In \$000s)	2017	2018	2019	2019	2020	2020 Change from	
	Actuals	Actuals	Budget	Projected Actuals *	Total Staff Recommended Budget	2019 Projected Actual	%
	\$	\$	\$	\$	\$	\$	%
Provincial Subsidies							
Federal Subsidies							
Other Subsidies							
User Fees & Donations							
Licences & Permits Revenue							
Transfers From Capital	2,383.0	2,488.8	2,866.4	2,763.7	2,992.8	229.1	8.3%
Contribution From Reserves/Reserve Funds							
Sundry and Other Revenues	26.6	935.6					
Inter-Divisional Recoveries	7,229.9	8,112.1	8,161.4	7,765.5	8,603.1	837.6	10.8%
Total Revenues	9,639.5	11,536.5	11,027.9	10,529.2	11,595.9	1,066.6	10.1%
Salaries and Benefits	13,974.8	15,628.1	15,942.5	15,368.1	16,235.0	866.9	5.6%
Materials & Supplies	412.9	297.6	507.0	242.6	218.8	(23.8)	(9.8%)
Equipment	9.7	32.9	80.8	94.3	65.8	(28.5)	(30.2%)
Service and Rent	151.7	644.0	378.8	226.9	376.2	149.3	65.8%
Contribution To Capital							
Contribution To Reserves/Reserve Funds	108.4	108.4	49.8	49.8	50.6	0.8	1.7%
Other Expenditures				0.6		(0.6)	(100.0%)
Inter-Divisional Charges							
Total Gross Expenditures	14,657.5	16,711.0	16,959.0	15,982.3	16,946.5	964.2	6.0%
Net Expenditures	5,018.1	5,174.5	5,931.1	5,453.1	5,350.6	(102.5)	(1.9%)
Approved Positions	172.4	182.1	165.1	165.1	170.1	5.0	3.0%

* Year-End Projection Based on Q3 2019 Variance Report

** Prior Year Budget and Actuals adjusted retroactively to remove interdepartmental charges

*** 2017 and 2018 Actuals include MCIC (Major Capital Infrastructure Coordination Division).

Appendix 2

Summary of 2020 Service Changes

N/A

Appendix 3

Summary of 2020 New / Enhanced Service Priorities Included in Budget

N/A

Appendix 4

Summary of 2020 New / Enhanced Service Priorities Not Included in Budget

N/A

Appendix 5

2020 Capital Budget; 2021 - 2029 Capital Plan Including Carry Forward Funding

N/A

Appendix 6

Reporting on Major Capital Projects: Status Update

N/A

Appendix 7

Summary of Capital Needs Constraints

N/A

Appendix 8

2020 User Fee Changes (Excludes User Fees Adjusted for Inflation)

Appendix 9

Inflows and Outflows to/from Reserves and Reserve Funds 2020 Operating Budget

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2019 *	Withdrawals (-) / Contributions (+)		
			2020	2021	2022
		\$	\$	\$	\$
Beginning Balance		615.6	615.6	615.6	615.6
Vehicle Reserve for PPFA	XQ1401				
<i>Withdrawals (-)</i>					
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		615.6	615.6	615.6	615.6
Balance at Year-End		615.6	615.6	615.6	615.6

* Based on 9-month 2019 Reserve Fund Variance Report

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2019 *	Withdrawals (-) / Contributions (+)		
			2020	2021	2022
		\$	\$	\$	\$
Beginning Balance		29,462.4	29,462.4	29,513.0	29,563.7
Insurance Reserve Fund	XR1010				
<i>Withdrawals (-)</i>					
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		29,462.4	29,513.0	29,563.7	29,614.3
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		29,462.4	29,513.0	29,563.7	29,614.3

* Based on 9-month 2019 Reserve Fund Variance Report

Appendix 10

Glossary of Terms

Approved Position: Permanent or temporary positions that support the delivery of City services and service levels as approved by Council.

Actuals: An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

Capacity to Spend: Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Capital Budget: A Capital Budget is the City's plan to acquire / build assets or extend the useful life of existing assets; an example of a capital expenditure is the construction of a new community centre.

Capital Needs Constraints: The capital needs that cannot be accommodated within the capital plan that the Division or Agency have the capacity to deliver.

Complement: Positions that support the delivery of City services and service levels as approved by Council.

Efficiencies: Reductions in the cost of delivering a service without a reduction in service level.

New / Enhanced: New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

Operating Budget: An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provided services; an example of an operating cost would be the cost to run the TTC subways.

Operating Impact of Completed Capital Projects: The additional expense (or savings) and positions needed to operate or maintain a new asset; an example would be the additional expense and staff needed to operate a recently completed community centre.

Rate Supported Budget: Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority

Staff Recommended Operating / Capital Budget: An operating or capital budget recommended by City Manager and Chief Financial Officer and Treasurer to City Council for consideration and approval.

State of Good Repair (SOGR): The cost of maintaining assets to ensure they are able to support the delivery of City services and meet service outcomes

Tax Supported Budget: Budget funded by property taxes.

User Fees: Program generated fee and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).

Value Based Outcome Review (VBOR): The City conducted a Value Based Outcome Review in 2019 for all of its operations and agencies to identify specific opportunities and strategies to maximize the use of tax dollars, enhance its financial sustainability while achieving service outcomes. These opportunities will help the City chart its financial course in the next four years.