

2020 Budget Notes

CreateTO

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What we do

As the City of Toronto's real estate agency, CreateTO manages the City's real estate portfolio, develops City buildings and lands for municipal purposes and delivers client-focused real estate solutions to City divisions, agencies and corporations.

Why we do it

Toronto has more than 8,000 properties within its real estate portfolio. CreateTO, working together with the City's Corporate Real Estate Management (CREM) division, is continually looking for new and better ways to use those assets and deliver value to the City (e.g. through the delivery of City-building initiatives such as affordable housing, transit-oriented developments, new park space, and supporting City service delivery.)

As part of the centralized City-wide real estate model, the agency is a steward of the City's real estate assets. The agency leverages its real estate expertise to lead a City-wide real estate strategy, identify opportunities to modernize and harmonize operations, drive service delivery for programs, and maximize real estate value in the pursuit of social, economic, environmental, and program benefits.

Who we serve

- Mayor's Office and City Council
- City Divisions, Agencies and Corporations
- Local Community Members
- Real Estate and Development Community
- Corporations/Businesses

Beneficiaries

- Residents & Visitors
-

Budget at a glance

STAFF RECOMMENDED OPERATING BUDGET

\$Million	2020	2021	2022
Revenues	\$14.4	\$14.3	\$14.6
Gross Expenditures	\$14.4	\$14.3	\$14.6
Net Expenditures	\$0.0	\$0.0	\$0.0
Approved Positions	64.0	63.0	63.0

STAFF RECOMMENDED 10-YEAR CAPITAL PLAN

\$Million	2020	2021-2029	Total
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CreateTO has no capital budget.

Key service outcomes

Outcomes	Description
Housing Now	Support City Council's affordable housing priorities by working with partners to complete site due diligence, obtain planning approvals, and market sites.
ModernTO	Support City Council's Office Strategy by working collaboratively with CREM and City Stakeholders to complete site due diligence and oversee the strategic plan to modernize civic centers.
Centralize real estate operations	Continue to centralize real estate functions within CreateTO to realize efficiencies.
Advance Strategic Projects	In accordance with City Council direction, continue to advance strategic projects to meet City needs (Etobicoke Civic Centre, Rail Deck Park, Danforth Garage etc.)

Key service deliverables

- Advance Housing Now. Deliver the first 11 Housing Now sites and identify additional sites (i.e. close first 4 sites, complete due diligence, obtain planning approvals and market remaining 7 sites).
- Advance ModernTO by working collaboratively with CREM and City Stakeholders to complete site due diligence and oversee the strategic plan to modernize civic centers.
- Continue to build additional asset class strategies with a focus on transit-oriented development.
- Advance major City-building projects, such as Danforth Garage, Etobicoke Civic Centre and other key initiatives.

Our experience and success

- **Housing Now:** Supporting City Council's affordable housing priorities by working with partners to complete due diligence, obtain planning approvals, and market first 4 sites.
- **ModernTO:** Obtained City Council support to move forward on the City's Office Strategy by unlocking asset value to generate more efficient and modern office space.
- **Driving the New Mandate:** Continue to support and provide expertise on key City projects including the Etobicoke Civic Centre relocation, Rail Deck Park, and Danforth Garage.
- **Working with Waterfront Toronto** on the handover of property to enable the tri-government Port Lands Flood Protection project; and overseeing construction and completion of the Garrison Crossing pedestrian and cycle bridge.

Key challenges and risks

- **Data Management:** Access, develop and consolidate real estate data to yield meaningful insights for improved asset management and decision making.
- **City-Wide Real Estate Centralization:** Realization of efficiencies through the centralization of the City's real estate operations.
- **Financial Sustainability:** Establish a sustainable financial model for CreateTO that aligns with the operating mandate.

Priority actions

- **Provide the City with Real Estate Expertise:** Serve as Toronto's center of excellence for real estate and thought leadership regarding City's real estate assets.
 - Advance the City-wide Portfolio Strategy and associated asset strategies, including ModernTO.
 - Continue to build out CreateTO's knowledge base on the City's real estate portfolio and client needs.
 - Be the "go-to experts" for insights related to the City's real estate assets (e.g. policy alternatives).
- **Facilitate City Building:** Leverage Toronto's real estate portfolio to create new and better opportunities for the benefit of the City and its residents.
 - Advance major City-building projects, such as Danforth Garage, Etobicoke Civic Centre and other key initiatives.
 - Identify, prioritize and advance new projects that make better use of underutilized land assets to achieve City-building outcomes.
 - Work with City, industry and community partners, such as the Toronto Parking Authority and the Toronto Lands Corporation, to bring forward innovative real estate solutions.
- **Deliver Affordable Housing:** Work with our partners to create and advance solutions that meet the vital housing needs of Torontonians.
 - Deliver the first 11 Housing Now sites and identify additional sites in the portfolio to support affordable housing (i.e. close first 4 sites, complete due diligence, obtain planning approvals and market remaining 7 sites).
 - Work with TCHC and the City to develop a plan for TCHC development functions to transfer to CreateTO and/or the City, as per Council direction.
- **Support Port Lands Development:** Advance the long-term vision for a sustainable new community in the heart of Toronto.
 - Be a responsible steward of City assets in the Port Lands and support ongoing flood protection work by Waterfront Toronto.
 - Position CreateTO to be a thought leader and partner in the future development of Toronto's Port Lands.

RECOMMENDATIONS

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

1. City Council approve the 2020 Staff Recommended Operating Budget for CreateTO of \$14.409 million gross, \$0.0 million net for the following services:

Service:	Gross (\$000s)	Revenue (\$000s)	Net (\$000s)
CreateTO	14,409.0	14,409.0	0.0
Total Agency Budget	14,409.0	14,409.0	0.0

2. City Council approve the 2020 staff complement for CreateTO of 64.0 positions, comprising 1.0 capital position and 63.0 operating positions.

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**2020 STAFF RECOMMENDED
OPERATING BUDGET**

2020 OPERATING BUDGET OVERVIEW

Table 1: 2020 Staff Recommended Operating Budget by Service

2020 Operating Budget by Service

(\$000s)	2018	2019	2020	2020 New /	2020 Staff	Change v. 2019	
	Actual	Projected	Base	Enhanced	Rec'd	Projected Actual	
	\$	\$	\$	\$	\$	\$	%
By Service							
Revenues							
Service fee from Corporations	11,432.7	12,548.7	13,617.0		13,617.0	1,068.3	8.5%
City (Rail Deck Park)	0.0	98.4	150.0		150.0	51.6	52.4%
Housing Secretariat	0.0	292.5	392.0		392.0	99.5	34.0%
Toronto Parking Authority	0.0	0.0	250.0		250.0	250.0	n/a
Total Revenues	11,432.7	12,939.6	14,409.0	0.0	14,409.0	1,469.4	11.4%
Expenditures							
Human Resources	9,053.3	10,264.0	11,499.0		11,499.0	1,235.0	12.0%
Professional Fees	397.4	153.2	208.0		208.0	54.8	35.8%
Marketing & Communication	227.7	266.3	202.0		202.0	(64.3)	(24.1%)
Board & Professional Fees	190.5	110.0	110.0		110.0	0.0	
Office Occupancy	696.3	706.4	721.0		721.0	14.6	2.1%
Office Services/Travel/IT/Other	867.5	939.7	1,169.0		1,169.0	229.3	24.4%
Project Investigation Costs	0.0	500.0	500.0		500.0	0.0	
Total Gross Expenditures	11,432.7	12,939.6	14,409.0	0.0	14,409.0	1,469.4	11.4%
Net Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	
Approved Positions	51.0	60.0	64.0		64.0	4.0	6.7%

COSTS TO MAINTAIN EXISTING SERVICES

Total 2020 Base Budget expenditures of \$14.409 million gross reflecting an increase of \$1.469 million in spending above 2019 projected year-end actuals predominantly arise from:

- Prior year impact of \$0.267 million in salary and benefits primarily due to annualization of 2019 hires and Council approved positions.
- Other salary and benefits increase of \$0.698 million for new hires required to support increased volume and expanded scope of work.
- \$0.250 million for transfer of real estate resources from other City corporations to CreateTO to support the centralization of real estate resources in line with the City-wide real estate strategy.
- Increase of \$0.234 million in other expenditures primarily due to one-time office relocation and IT costs.

EQUITY IMPACTS OF BUDGET CHANGES

No significant equity impacts: The changes in CreateTO's 2020 Operating Budget do not have any significant equity impacts.

2020 STAFF RECOMMENDED OPERATING BUDGET KEY DRIVERS

The 2020 Staff Recommended Operating Budget for CreateTO is \$14.409 million gross or 11.4% higher than the 2019 Projects 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 Actual	2019 Proj. Actual	2020 Staff Rec'd Base Budget	Year over Year Changes	
				\$	%
Expenditures					
1 Salaries and Benefits	9,053.3	10,263.9	11,499.0	1,235.1	12.0%
2 Materials & Supplies	76.1	50.4	58.3	7.9	15.6%
3 Equipment	105.9	228.0	403.4	175.4	76.9%
4 Service and Rent	2,167.7	2,380.9	2,432.1	51.2	2.1%
5 Other Expenditures (Inc. IDC's)	29.7	16.4	16.3	(0.1)	-0.7%
Total Expenditures	11,432.7	12,939.6	14,409.0	1,469.4	11.4%
Revenues					
1 Transfers From Capital		98.4	150.0	51.6	52.4%
2 Other Revenues (Inc. IDR's)	11,432.7	12,841.1	14,259.0	1,417.9	11.0%
Total Revenues	11,432.7	12,939.6	14,409.0	1,469.4	11.4%
Net Expenditures					

Salaries & Benefits:

- New hires required to support increased volume and expanded scope of work (\$0.698 million).
- Transfer of real estate resources from other City corporations to support the City-wide real estate strategy (\$0.250 million).
- Annualization of 2019 hires and Council approved positions (\$0.267 million).

Equipment/Services and Rent:

- One-time office relocation and IT costs (\$0.234 million).

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

(\$000s)	2019 Projected Actual	2020 Staff Rec'd Budget	2021 Outlook	2022 Outlook
	\$	\$	\$	\$
Revenues	12,939.6	14,409.0	14,349.3	14,617.1
Gross Expenditures	12,939.6	14,409.0	14,349.3	14,617.1
Net Expenditures				
Approved Positions	60.0	64.0	63.0	63.0

Key 2021 drivers**Inflationary Impact**

- Overall inflationary increase in salaries and benefits and other general and administrative costs.

Key 2022 drivers**Inflationary Impact**

- Overall inflationary increase in salaries and benefits and other general and administrative costs.

How well we are doing**Performance measures**

CreateTO is working with City staff to identify and establish key service levels and performance measures, which will be finalized in 2020 and reported through the 2021 Budget process. In 2020, the Agency will focus on identifying and measuring against defined metrics, taking a system-wide approach to a performance measure framework.

Our performance measures framework will include metrics regarding:

- Creating Complete Communities;
- Asset Stewardship and Driving Efficiency; and
- Partnerships and Stakeholder Engagement

APPENDICES

Appendix 1

2020 Staff Recommended Operating Budget by Expenditure Category

Category (In \$000s)	2017 Actual	2018 Actual	2019 Budget	2019 Projected Actual *	2020 Total Staff Recommended Budget	2020 Change from 2019 Projected Actual	
	\$	\$	\$	\$	\$	\$	%
Service fee from Corporations		11,432.7	12,548.7	12,548.7	13,617.0	1,068.3	8.5%
City (Rail Deck Park)			98.4	98.4	150.0	51.6	52.4%
The Housing Secretariat			292.5	292.5	392.0	99.5	34.0%
Toronto Parking Authority					250.0	250.0	
Total Revenues		11,432.7	12,939.6	12,939.6	14,409.0	1,469.4	11.4%
Human Resources		9,053.3	10,264.0	10,264.0	11,499.0	1,235.0	12.0%
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Marketing & Communication		227.7	266.3	266.3	202.0	(64.3)	(24.1%)
Board & Professional Fees		190.5	110.0	110.0	110.0		
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Total Gross Expenditures		11,432.7	12,939.6	12,939.6	14,409.0	1,469.4	11.4%
Net Expenditures							
Approved Positions		51.0	60.0	60.0	64.0	4.0	6.7%

* Year-End Projection Based on Q3 2019 Variance Report

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)

N/A

Appendix 9

Inflows and Outflows to/from Reserves and Reserve Funds

N/A

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.