

2022 Tax Supported Interim Operating and Capital Budget Estimates

Date: November 22, 2021

To: Executive Committee

From: Chief Financial Officer and Treasurer

Wards: All

SUMMARY

The 2022 Tax Supported Operating and Capital Budgets are scheduled for Council approval in mid- February of 2022. The purpose of this report is to establish the 2022 Tax Supported Interim Operating and Capital Estimates in order to enable Tax Supported City Programs and Agencies to have the necessary spending authority to deliver current services, meet existing contractual commitments and to continue work on previously approved capital projects until the 2022 Operating and Capital Budgets are approved by City Council.

It should be noted that no funding for new/enhanced services or new capital projects is included in the recommended 2022 Interim Estimates. Any consideration for new funding is subject to the 2022 Budget process.

The 2022 Tax Supported Interim Operating Estimates include \$3.625 billion in gross expenditures with a net funding requirement of \$3.377 billion. The 2022 Tax Supported Interim Capital Estimates total \$1.659 billion, requiring debenture financing of \$0.565 billion.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. City Council approve the 2022 Tax Supported Interim Operating Budget Estimates totalling \$3.625 billion as detailed by City Program and Agency in Appendix 1 attached.

FINANCIAL IMPACT

The Interim Budget Estimates provide 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.

Operating:

As shown in Table 1, the 2022 Tax Supported Interim Operating Estimates total \$3.625 billion in gross spending authority requiring estimated net funding of \$3.377 billion. Net funding requirements for City Operations total \$1.888 billion, for City Agencies \$0.983 billion and \$0.506 billion for Corporate Accounts. Agencies are partially funded by the City and are able to cover a portion of expenditures through own source revenues. For the purposes of the 2022 Interim Budget Estimates, own source revenues for Agencies have been adjusted to reflect ongoing COVID-19 impacts.

Table 1: 2022 Tax Supported Interim Operating Estimates

Service Area (Millions)	2022 Interim Budget Gross	2022 Interim Budget Net Funding
Community and Social Services	1,288	1,288
Infrastructure and Development Services	363	363
Corporate Services	138	138
Finance and Treasury Services	30	30
City Manager	23	23
Other City Programs	43	43
Accountability Offices	3	3
Total - City Operations	1,888	1,888
Agencies	1,231	983
Corporate Accounts	506	506
Total - Tax Supported Programs	3,625	3,377

Capital:

The 2022 Tax Supported Interim Capital Estimates recognise spending authority approved by Council in 2021 and previous years to continue work on previously approved capital projects. Cash flow funding for 2022 commitments and carry forward funding required to complete capital work undelivered in 2021 total \$1.659 billion including \$0.565 billion in debt funding.

2022 Tax Supported Interim Capital Estimates are summarized in Table 2 below and detailed in Appendix 2.

Table 2: 2022 Interim Tax Supported Capital Estimates

Service Areas (Millions)	Gross	Debt
Community and Social Services	397	138
Infrastructure and Development Services	252	164
Corporate Services	274	121
Finance and Treasury Services	59	46
Other City Programs	10	5
Total - City Operations	992	474
Agencies	667	91
Total Tax Supported Programs	1,659	565

DECISION HISTORY

City Council is required to establish Interim Operating and Capital Budget Estimates by December 31, 2021 to ensure that the City has spending authority to deliver current services and meet existing contractual commitments from January 1, 2022 to the date when the 2022 Operating and Capital Budgets are entered into the City's financial system.

The City of Toronto Act, 2006 requires that the City annually adopt a budget including estimates of all sums required during the year for the purpose of continuing its business. The City's Financial Control By-Law specifies that Council must adopt an interim operating budget prior to the 1st day of January of the year in which the operating budget will be adopted.

COMMENTS

2022 Tax Supported Interim Operating Estimates

The interim spending authority grants funding to maintain on-going, existing operations and does not include funds for any new requests. The 2022 Interim Operating Estimates are based on a portion of 2021 Approved Operating Budget as amended during the year as of the October month-end closing. The estimates were subsequently adjusted based on actual spending needs by program.

The resulting Interim Estimates for City Operations and Corporate Accounts overall represent approximately 30 percent of the *annual* gross expenditure budget, while Interim Estimates for Agencies represent approximately 30 percent of the *annual* net budget to provide necessary cash flow funding to these entities.

Agencies are only partially funded by the City and are able to cover a portion of their expenditures through its own receipts.

For 2022, few Programs and Agencies are requesting augmented interim funding to reflect increased expenditures and revenue loss due to ongoing COVID-19 financial impact. Spending needs have been assessed and the interim estimates have been adjusted and are considered to be sufficient to address expenditure requirements.

2022 Tax Supported Interim Capital Estimates

2022 Interim Capital Estimates reflect cash flow funding required to continue work on previously approved capital projects until the 2022-2031 Capital Budget and Plan are approved and established in the City's financial system.

2022 Interim Capital Budget Estimates identify capital funding requirements until the 2022 - 2031 Capital Budget and Plan are approved by Council 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.

Appendix 2 details capital budget spending authority for previously approved 2022 committed cash flow funding and requested 2021 carry forward funding that comprise the 2022 Interim Capital Estimates for each City Program and Agency.

The 2022 Interim Capital Budget Estimates for City Programs and Agencies represent 31% of the 2021 Approved Capital Budget and gross expenditure for Tax Supported Programs and Agencies.

It should be noted that no funding for new/enhanced services or new capital projects is included in the recommended 2022 Interim Estimates, as consideration for new funding is subject to the 2022 Budget process.

CONTACT

Stephen Conforti, Executive Director, Financial Planning, 416-397-4229,
Stephen.Conforti@toronto.ca

Andy Cui, Manager, Financial Planning, 416-397-4207, Andy.Cui@toronto.ca

SIGNATURE

Heather Taylor
Chief Financial Officer and Treasurer

ATTACHMENTS

- Appendix 1 - 2022 Tax Supported Interim Operating Budget Estimates
- Appendix 2 - 2022 Tax Supported Interim Capital Budget Estimates

Appendix 1: Tax Supported Interim Operating Budget Estimates

CITY OF TORONTO 2022 INTERIM BUDGET ESTIMATES (\$000's)				
Programs / Agencies	2021 Council Approved Gross Budget	2021 Council Approved Net Budget	2022 Interim Budget Gross	2022 Interim Budget Cash Out-Flow
Community and Social Services				
Housing Secretariat	68,445.10	1,186.15	20,533.53	20,533.53
Children's Services	648,665.55	91,413.01	194,599.67	194,599.67
Court Services	32,936.93	(44,080.58)	9,881.08	9,881.08
Economic Development & Culture	96,105.88	79,137.95	28,831.77	28,831.77
Toronto Paramedic Services	280,674.41	101,987.23	84,202.32	84,202.32
Seniors Services and Long-Term Care	292,676.66	68,536.78	87,803.00	87,803.00
Parks, Forestry & Recreation	446,920.64	335,993.50	134,076.21	134,076.21
Shelter, Support & Housing Administration	1,186,395.05	777,138.42	355,918.51	355,918.51
Social Development, Finance & Administration	85,505.69	68,397.35	25,651.71	25,651.71
Toronto Employment & Social Services	1,156,356.11	80,790.73	346,906.84	346,906.84
Sub-Total Community and Social Services	4,294,682.02	1,560,500.55	1,288,404.63	1,288,404.63
Infrastructure and Development Services				
City Planning	53,418.86	13,338.22	16,025.66	16,025.66
Fire Services	507,770.98	487,001.78	152,331.30	152,331.30
Office of Emergency Management	3,911.58	3,251.58	1,173.47	1,173.47
Municipal Licensing & Standards	60,992.93	16,951.49	18,297.88	18,297.88
Policy, Planning, Finance & Administration	16,562.37	5,010.36	4,968.71	4,968.71
Transit Expansion	9,168.90	2,475.45	2,750.67	2,750.67
Engineering & Construction Services	72,959.61	748.50	21,887.88	21,887.88
Toronto Building	62,810.06	(16,146.89)	18,843.02	18,843.02
Transportation Services	421,596.78	225,053.04	126,479.03	126,479.03
Sub-Total Infrastructure and Development S	1,209,192.05	737,683.53	362,757.62	362,757.62
Finance and Treasury Services				
Office of the Chief Financial Officer and Treasure	16,206.39	12,503.38	4,861.92	4,861.92
Office of the Controller	82,587.45	39,504.22	24,776.24	24,776.24
Sub-Total Finance and Treasury Services	98,793.84	52,007.59	29,638.15	29,638.15
Corporate Services				
Corporate Real Estate Management	196,569.16	103,920.45	58,970.75	58,970.75
Environment & Energy	16,472.51	11,818.49	4,941.75	4,941.75
Fleet Services	58,323.86	24,074.87	17,497.16	17,497.16
Technology Services	140,109.13	104,847.59	42,032.74	42,032.74
Office of the Chief Information Security Officer	28,437.69	28,055.16	8,531.31	8,531.31
311 Toronto	19,325.86	10,515.20	5,797.76	5,797.76
Sub-Total Corporate Services	459,238.20	283,231.76	137,771.46	137,771.46
City Manager				
City Manager's Office	75,023.64	61,898.54	22,507.09	22,507.09
Sub-Total City Manager	75,023.64	61,898.54	22,507.09	22,507.09
Other City Programs				
City Clerk's Office	50,088.90	37,401.60	16,526.67	16,526.67
Legal Services	65,069.04	37,410.32	19,520.71	19,520.71
Mayor's Office	2,567.00	2,567.00	770.10	770.10
City Council	21,751.75	21,695.75	6,525.53	6,525.53
Sub-Total Other City Programs	139,476.69	99,074.68	43,343.01	43,343.01

Appendix 1: Tax Supported Interim Operating Budget Estimates (Cont'd)

CITY OF TORONTO 2022 INTERIM BUDGET ESTIMATES (\$000's)				
Programs / Agencies	2021 Council Approved Gross Budget	2021 Council Approved Net Budget	2022 Interim Budget Gross	2022 Interim Budget Cash Out-Flow
Other Accountability Offices				
Auditor General's Office	6,640.57	6,640.57	1,992.17	1,992.17
Integrity Commissioner's Office	739.67	639.67	221.90	221.90
Office of the Lobbyist Registrar	1,234.24	1,234.24	370.27	370.27
Office of the Ombudsman	2,457.77	2,257.77	737.33	737.33
Sub-Total Other Accountability Offices	11,072.25	10,772.25	3,321.67	3,321.67
TOTAL - CITY OPERATION	6,287,478.69	2,805,168.91	1,887,743.64	1,887,743.64
Agencies				
Toronto Public Health	349,073.04	124,391.38	104,721.91	104,721.91
Toronto Public Library	220,508.01	203,048.34	66,152.40	60,914.50
Association of Community Centres	9,185.25	8,925.85	2,755.58	2,677.76
Exhibition Place	43,386.22	7,576.79	13,015.87	3,000.00
Heritage Toronto	1,018.86	449.95	305.66	134.99
TO Live	12,378.24	10,795.33	3,713.47	3,238.60
Toronto Zoo	46,399.80	19,444.27	13,919.94	8,250.00
Arena Boards of Management	9,884.60	489.73	2,965.38	705.00
Yonge-Dundas Square	2,977.17	1,314.17	893.15	394.25
CreateTO	14,598.79	0.00	4,379.64	0.00
Toronto & Region Conservation Authority	10,197.91	4,865.04	3,059.37	1,459.51
Toronto Transit Commission - Conventional	2,034,438.00	1,471,937.90	610,331.40	441,581.37
Toronto Transit Commission - Wheel Trans	118,565.80	114,290.10	35,569.74	34,287.03
Toronto Police Service	1,220,002.05	1,070,588.75	366,000.61	321,176.62
Toronto Police Services Board	3,906.80	1,931.10	1,172.04	579.33
Toronto Atmospheric Fund	7,900.00	0.00	2,370.00	0.00
SUB-TOTAL - AGENCIES	4,104,420.54	3,040,048.71	1,231,326.16	983,120.88
Corporate Accounts				
Capital & Corporate Financing	1,098,872.04	1,005,925.70	329,661.61	329,661.61
Non-Program Expenditures				
Tax Deficiencies	54,303.82	54,303.82	16,291.15	16,291.15
Funding Of Liabilities Employee Related	70,793.60	70,793.60	21,238.08	21,238.08
Other Corporate Expenditures	27,369.73	4,622.87	8,210.92	8,210.92
Insurance Premiums/Claims	46,912.77	46,912.77	14,073.83	14,073.83
Tax Rebates For Registered Charities	5,099.80	0.00	1,529.94	1,529.94
Downloading-Assessment	46,490.00	46,490.00	13,947.00	13,947.00
Heritage Property Tax Rebate Program	1,982.56	1,982.56	594.77	594.77
Parking Tag Enforcement & Operations	58,859.30	58,859.30	17,657.79	17,657.79
New Vacancy Rebate Program	0.00	0.00	0.00	0.00
Solid Waste Management Rebate Program	75,371.02	75,371.02	22,611.31	22,611.31
Programs Funded From Reserve Funds	152,837.15	0.00	45,851.14	45,851.14
Tax Increment	45,596.24	45,596.24	13,678.87	13,678.87
Tax Increment Funding (TIF)	2,725.40	2,725.40	817.62	817.62
Non-Program Expenditures	588,341.38	407,657.57	176,502.41	176,502.41
TOTAL - CORPORATE ACCOUNTS	1,687,213.42	1,413,583.27	506,164.03	506,164.03
TOTAL - TAX SUPPORTED PROGRAMS	12,079,112.65	7,258,800.88	3,625,233.83	3,377,028.54

Appendix 2: 2022 Tax Supported Interim Capital Budget Estimates

CITY OF TORONTO 2022 TAX SUPPORTED INTERIM BUDGET ESTIMATES (\$000's)								
Program / Agency	Carry Forwards Gross	Carry Forwards Debt	Previously Approved 2022 Commitments Gross	Previously Approved 2022 Commitments Debt	30% of Commit. Gross	30% Of Commit. Debt	2022 Interim Estimates Gross	2022 Interim Estimates Debt
Community and Social Services								
Children's Services	3,646	54	4,936		1,481		5,127	54
Economic Development and Culture	8,732	2,777	14,267	6,929	4,280	2,079	13,012	4,856
Housing Secretariat	176,172	19,470					176,172	19,470
Parks, Forestry & Recreation	63,773	19,041	144,745	71,302	43,424	21,391	107,197	40,432
Seniors Services and Long-Term	11,579		13,850		4,155		15,734	
Shelter, Support & Housing	22,961	18,377	13,785	13,785	4,136	4,136	27,097	22,513
Toronto Employment & Social	961		2,637	2,637	791	791	1,752	791
Toronto Housing Corporation			160,000	160,000	48,000	48,000	48,000	48,000
Toronto Paramedic Services	2,080	1,425	1,248	1,048	374	314	2,454	1,740
Sub-Total Community and Social	289,904	61,144	355,468	255,701	106,640	76,710	396,544	137,854
Infrastructure and Development								
City Planning	1,030	500	3,664	1,825	1,099	548	2,129	1,048
Fire Services	6,153	3,698	4,440	3,335	1,332	1,001	7,485	4,699
IDS Transit Expansion	29,870	24,161					29,870	24,161
Transportation Services			581,920	439,389	174,576	131,817	174,576	131,817
Waterfront Revitalization Initiative	14,369	939	79,514	5,415	23,854	1,625	38,223	2,564
Sub-Total Infrastructure and Development Services	51,422	29,298	669,538	449,964	200,861	134,989	252,283	164,287
Finance and Treasury Services								
Office of the CFO and Treasurer	1,622	1,224					1,622	1,224
Office of the Controller	41,089	28,775	55,633	54,238	16,690	16,271	57,779	45,046
Sub-Total Finance and Treasury	42,711	29,999	55,633	54,238	16,690	16,271	59,401	46,270
Corporate Services								
311 Toronto	144	144	500	500	150	150	294	294
Chief Information Security Office	2,004	499	9,245	9,245	2,774	2,774	4,778	3,273
Corporate Real Estate Management	100,431	46,185	294,286	152,035	88,286	45,610	188,716	91,795
Environment and Energy	4,000		12,190		3,657		7,657	
Fleet Services	19,573		88,662		26,599		46,172	
Technology Services	19,534	19,249	21,268	19,668	6,380	5,900	25,914	25,149
Sub-Total Corporate Services	145,686	66,077	426,150	181,448	127,845	54,434	273,531	120,511
Other City Programs								
City Clerk's Office	5,140		10,380	9,470	3,114	2,841	8,254	2,841
Corporate Initiatives	1,835	1,835	960	400	288	120	2,123	1,955
Sub-Total Other City Programs	6,975	1,835	11,340	9,870	3,402	2,961	10,377	4,796
TOTAL - CITY OPERATION	536,698	188,353	1,518,129	951,220	455,439	285,366	992,136	473,719
Agencies								
Exhibition Place	1,549	1,549					1,549	1,549
TO Live	9,175	9,175	6,374	6,374	2,017	2,017	11,192	11,192
Toronto Police Service	24,612	12,553	29,905	22,536	8,972	6,761	33,584	19,314
Toronto Public Health	2,820		3,964	4,065	1,189	1,220	3,920	1,291
Toronto Public Library	10,337	6,669	32,326	25,847	9,698	7,754	20,035	14,423
Toronto Zoo	7,990	4,299	12,507	10,507	3,752	3,152	9,891	6,200
Yonge-Dundas Square				0				
Sub-Total Agencies - no TTC	56,483	34,245	85,076	69,329	25,628	20,904	80,170	53,969
TTC								
Scarborough Subway Extension	17,193		5,302		1,591		18,784	
Toronto Transit Commission	189,766	23,044	1,252,252	48,162	375,676	14,449	565,442	37,493
Transit Studies			7,093		2,128		2,128	
Sub-Total TTC	206,959	23,044	1,264,647	48,162	379,394	14,449	586,353	37,493
SUB-TOTAL - AGENCIES	263,442	57,289	1,349,723	117,491	405,022	35,352	666,523	91,461
PROGRAMS	800,140	245,642	2,867,852	1,068,711	860,461	320,718	1,658,660	565,181