



Staff Recommended Operating and Capital Budgets

January 13, 2022



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Trust and Confidence

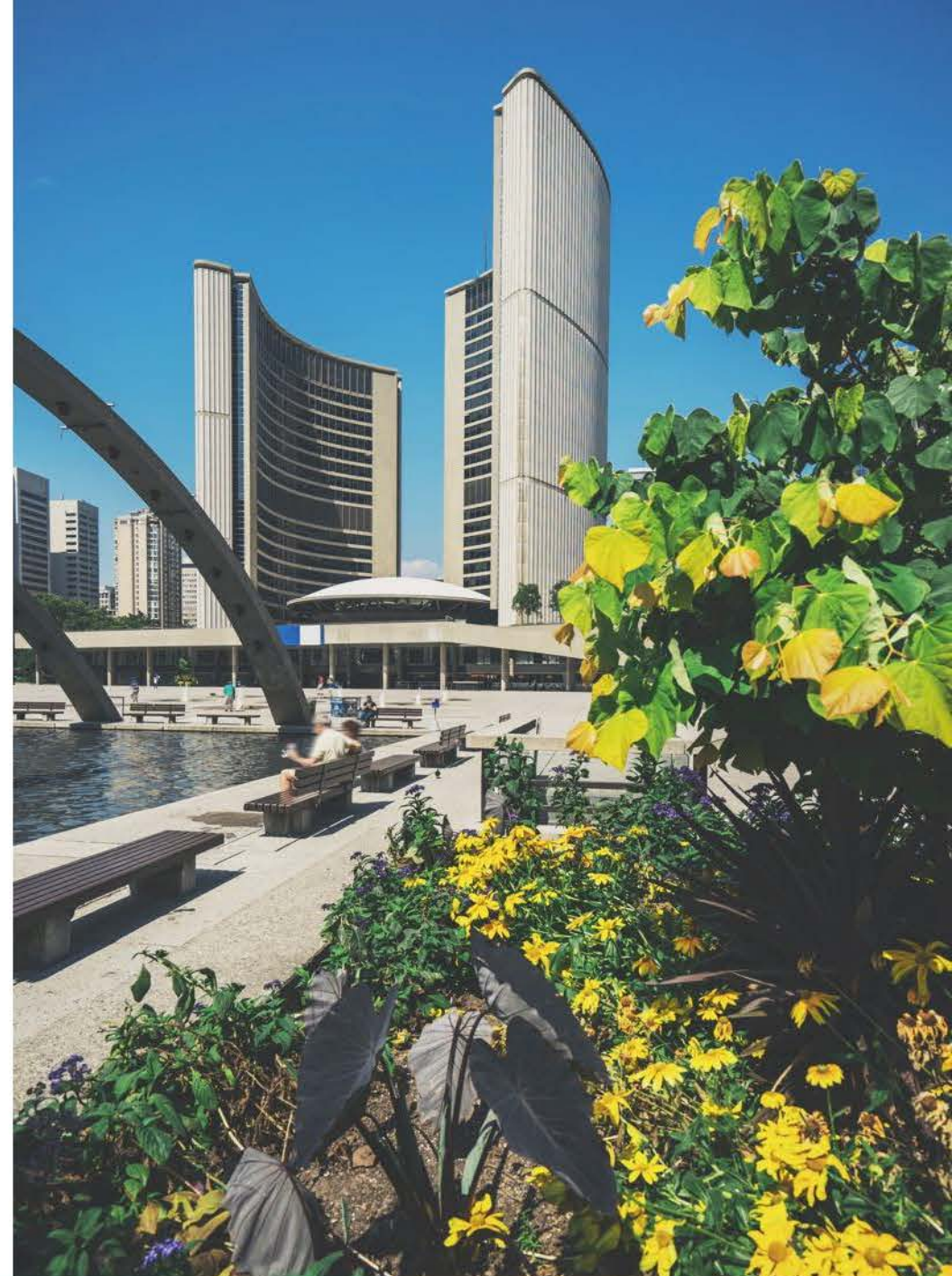
While COVID-19 put pressure on the City, we planned for recovery, continued prudent investments and strengthened critical services. Toronto remains:

- Canada's and the region's economic engine
- City is diverse and committed to its Indigenous, Black and equity-deserving communities
- an effective partner, able to manage its finances

The City will continue to respond to shelter needs and expand supportive housing, maintain transit so workers can get to their jobs, support a diverse business community and care for Toronto's children and seniors.

- Public Health will remain our top priority
- City's vaccine strategy is working, and will remain effective and successful

We will continue to prioritize service delivery and **maintain the trust and confidence** of Council, our partners and the public.



The impact of the pandemic is profound, ongoing and evolving

- In 2021 the City stayed strong against great challenges.
- Maintaining essential services and investing in communities and virtual services are the **foundations for Toronto's recovery**.
- The 2022 budget is a COVID-19 budget.
- Recognizing that COVID-19 exacerbated historic inequities in Toronto's Indigenous, Black and equity-deserving communities must guide our decisions and actions.
- **A whole-of-governments and whole-of community approach** will support a successful, equitable and sustainable long-term recovery.
- The fiscal challenges we face will continue in 2022 and beyond – **requiring ongoing commitments from all orders of government**.
- Recovery must consider social, climate and economic outcomes to **achieve prosperity for all**.



Staff Recommended Operating and Capital Budgets for Response and Recovery

Achieving Prosperity: Equity and Reconciliation, Climate Action, Health and Wellbeing



City Building &
Mobility

Business &
Economic Recovery

People, Housing &
Neighbourhoods

Climate Action &
Resilience

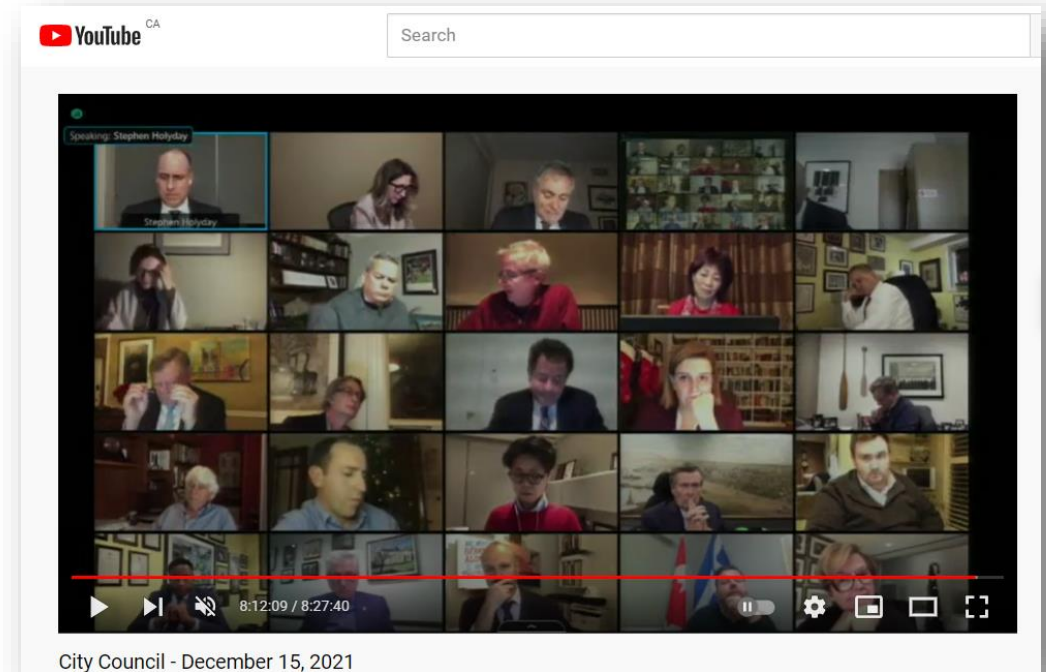
A Well Run City &
City Finances

Public Health & Safe
Reopening

Demonstrated leadership of Toronto City Council & Public Service on Response and Recovery

In 2021 the City not only prioritized, introduced and expanded services to respond to the pandemic, it also addressed financial pressures and set the **foundation for long-term recovery** through:

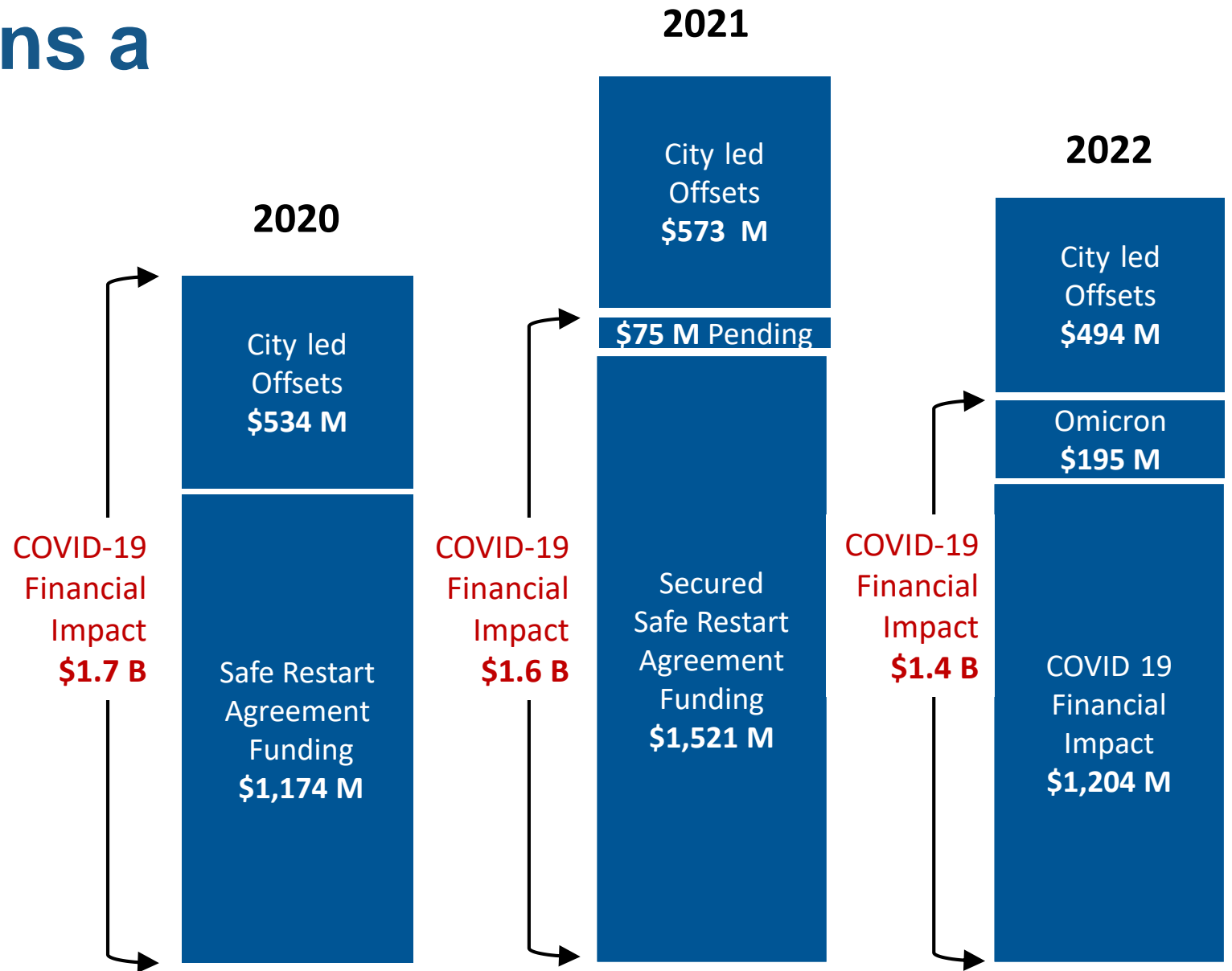
- Delivery of world class vaccine strategy
- Ensuring critical and responsive City services
- Investing in public health, transit, social and economic recovery
- Investing in shelters and affordable, supportive housing
- Expanded and modernized digital services
- Engaging with communities and partners to identify and address challenges
- Regional, provincial and federal relationships and commitments



2022 Budget remains a COVID-19 Budget

COVID-19 impacts continue:

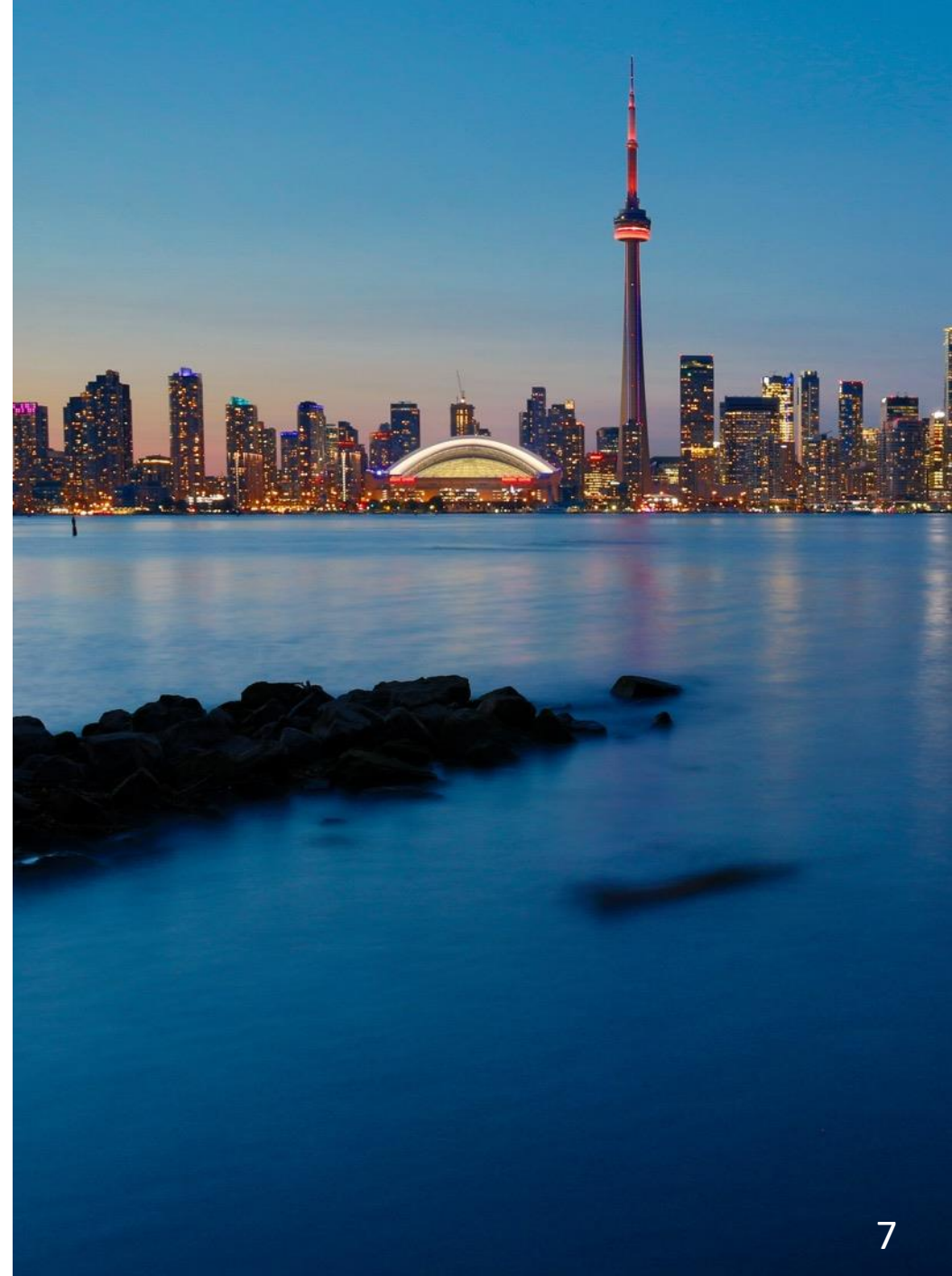
- Reduced revenues, including loss of transit ridership and parking revenue
- Significant impacts for critical services including transit, shelters, and increased public health costs, commensurate with other large municipalities
- Increased service delivery costs
- Increased investments in cyber security and expanded online services
- Increased pressure due to inflation
- City-led offsets include savings, cost mitigation strategies and revenues



Since 2020, City-led offsetting strategies total \$1.6 Billion

Recovery starts in Toronto

- From the onset of the pandemic, the City has implemented mitigation measures and spending restraints equal to \$1.6 Billion to address pressures and support the continuance of service delivery.
- Continued Toronto-led actions and whole-of-government and whole-of-community partnerships are critical to our response to and recovery from the pandemic, and to secure future prosperity for all Torontonians.



Whole of Government Approach to Secure Long-Term Recovery

- The City secured funding from other orders of government, including \$2.8 Billion in pandemic-response funding.
- These agreements, continued prudent investments and a renewed whole-of-government approach will set the foundations for a sustainable, long-term recovery for Toronto's residents and businesses.
- For 2022 and beyond, Toronto's response and recovery will require continued funding from our federal and provincial partners for:
 - Transit
 - Housing and shelters
 - Downtown and main street recovery
 - Public health
 - Digital infrastructure
 - Climate action



Whole of Community Approach & Effective Successful Partnerships

- Strategic partnerships resulted in effective collaborations and new approaches to the pandemic.
- A whole-of-community approach leverages expertise for immediate responses to COVID-19 and long term recovery.
- Recent examples include:
 - Team Toronto with healthcare, pharmacies, 155 community agencies and 410 community ambassadors
 - Black Scientists' Task Force on Vaccine Equity
 - CivicLabTO with eight universities and colleges.
 - Community Coordination Plan partnership with 400+ not-for-profits
 - University Health Network and other institutional partners
 - Transit service regional integration
 - Big City Executive Partnership (BiCEP)
 - GTHA-Regional Prosperity Alliance



Critical Issues when considering the 2022 Budget

- In 2021 the City stayed strong, maintaining essential services and laying the foundation for recovery.
- The 2022 budget is still a COVID-19 budget.
- COVID-19 continues to impact Toronto, and Indigenous, Black and equity-deserving communities inequitably.
- The fiscal challenges we face will continue in 2022 and beyond.
- The City requires ongoing commitments from all orders of government to respond to the pandemic and ensure Toronto's and the region's successful recovery.
- Our decisions and actions must be guided by social, climate and economic outcomes to achieve prosperity for all.

2022 Budget



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2022 Budget: Financial Resilience

- The City continues to adapt to financial pressures of COVID-19
- Budget processes and financial decisions increasingly apply best practices:
 - Outcomes-focused
 - Application of equity and climate lenses
 - Mitigation strategies, spending controls and enhanced reporting
 - Renewed intergovernmental strategy
- Growth of capital, prudent investments to fund key priorities
 - Focused delivery resulting in increased spend rates
 - Supports the economy through investment and job growth

An international service reaffirms City's Aa1 credit rating citing:

“ The city has demonstrated prudent financial management in the face of severe operating pressures, led by a largely cohesive council and experienced senior staff.

Toronto's prudent financial management, strong financial support from senior levels of government, and a deep and diversified economy have sustained the city's fiscal performance over the past two years.

”

2022 Budget

\$ 14.99 B

**OPERATING TAX AND RATE SUPPORTED
BUDGET ***

\$ 46.58 B

**10-YR CAPITAL TAX AND RATE SUPPORTED
BUDGET ***

*Rate budgets were approved by
City Council on Dec 15-17, 2021

Staff Recommended Operating Budget



Guiding Principles – Operating Budget

1

**Manage COVID-19
response and recovery**

2

**Preserve existing services
(consistent with health
guidelines & legislative
requirements)**

3

**Keep property
taxes affordable**

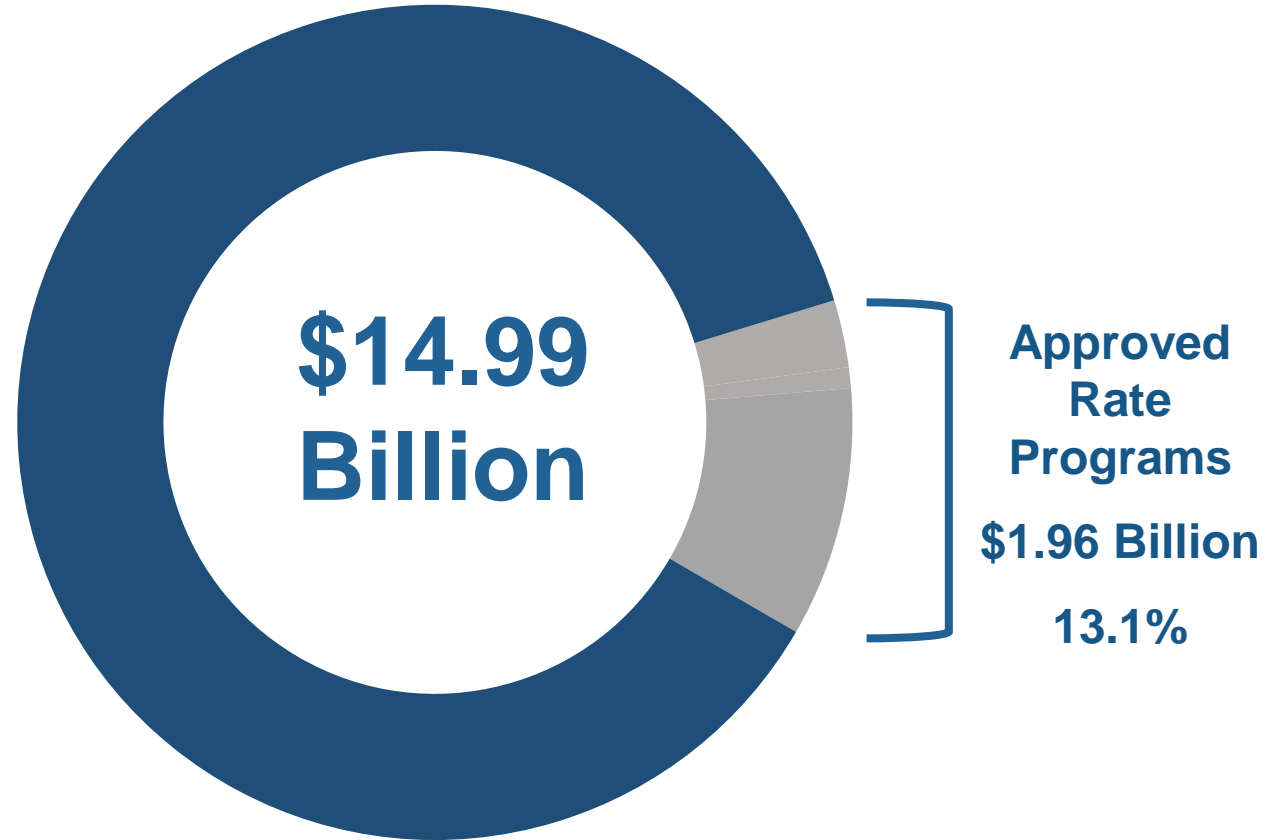
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**Build a prosperous
Toronto for all**

2022 Tax & Rate Operating Budget

Tax Supported Operating Budget

**\$13.03 Billion,
86.9%**



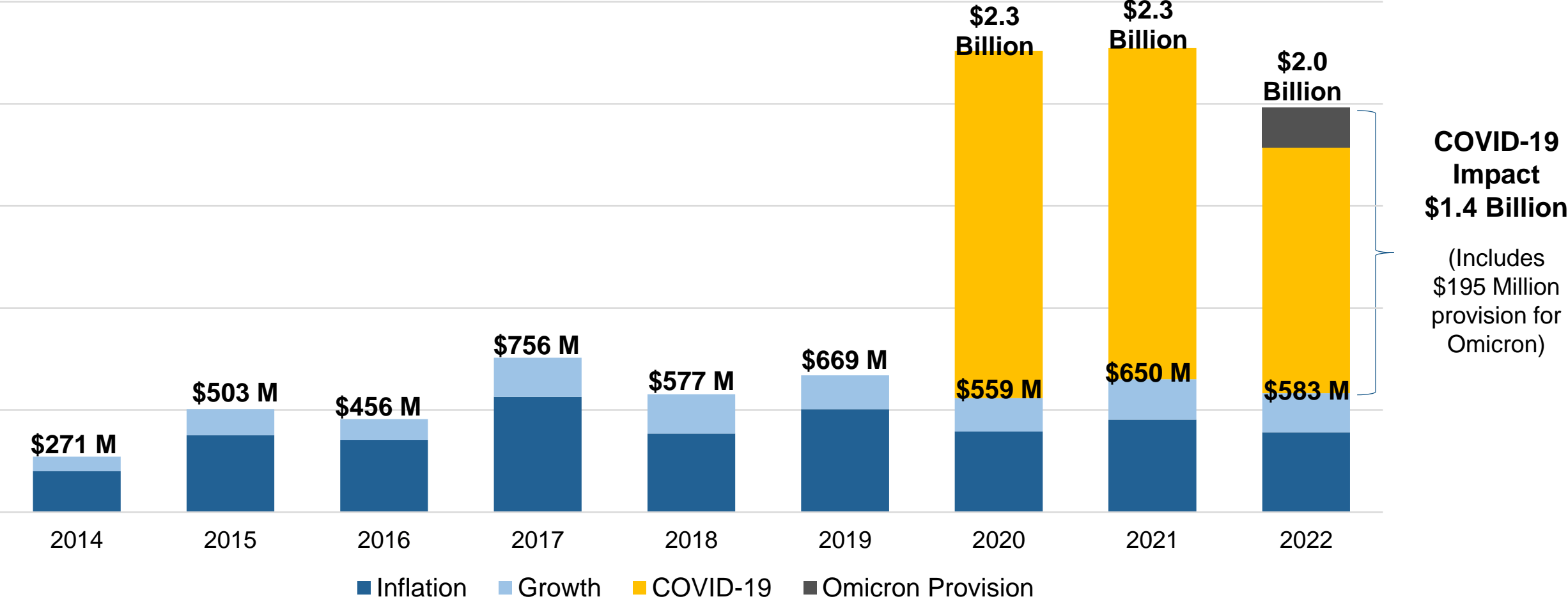
*Rate Budget includes Capital Contribution

Operating Budget Overview

- Preserves existing service levels, while adhering to public health guidelines
- Includes a 2.9% inflationary residential property tax increase
- Will require \$1.4 Billion through continued partnerships with Government of Canada and Province of Ontario to address COVID-19
- Supports **economic recovery** and **support for small businesses** with a 15% property tax rate reduction starting in 2022
- Enhances **social recovery** with \$135 Million in new investments to build a prosperous Toronto focused on equity and reconciliation, modernization and a safe and livable city



Historical Opening Budget Pressures



Continued Federal / Provincial Support

COVID-19 Continued Federal & Provincial Supports*

\$1.4 Billion



Transit - \$561 Million



Shelters - \$288 Million



Corporate Revenues - \$266 Million



Public Health - \$60 Million



Other Impacts - \$224 Million

Other Federal & Provincial Supports*

\$88 Million



Federal Support for Refugee Costs - \$61 Million



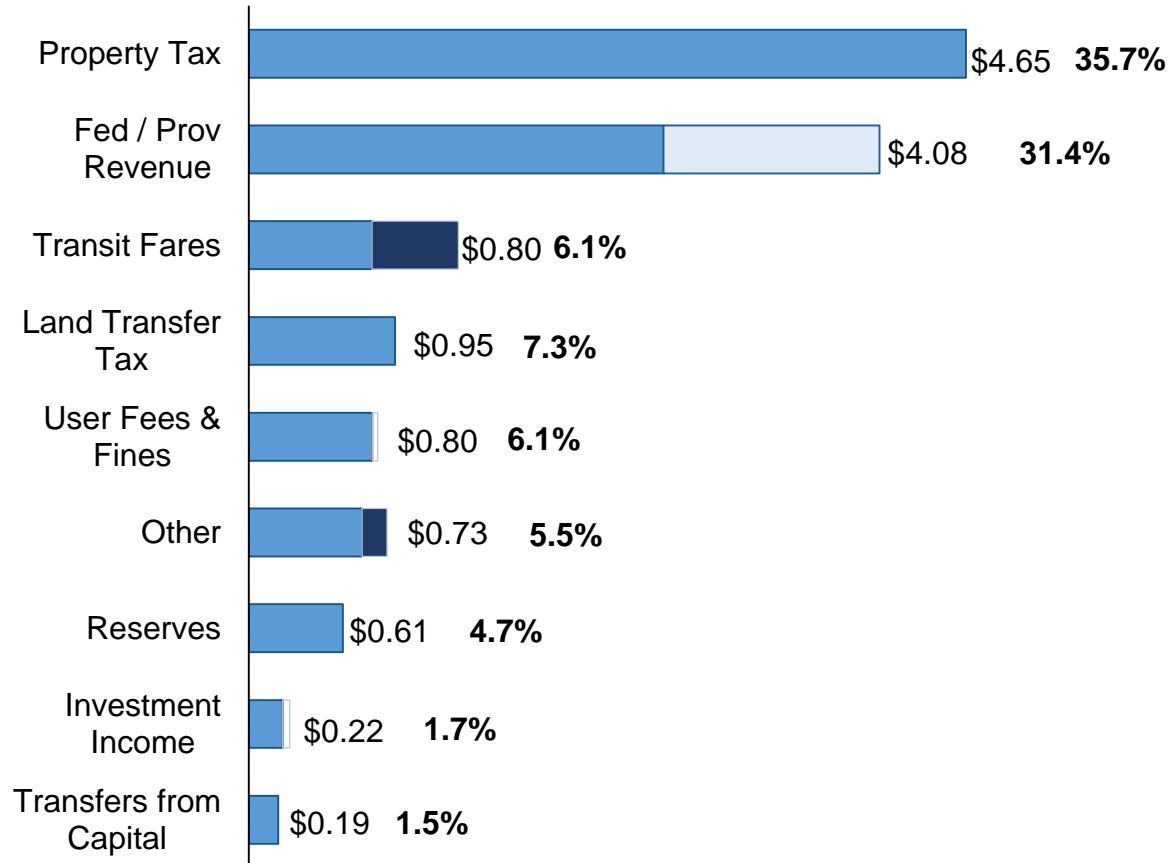
Provincial Funding for Supportive Housing Costs - \$27 Million

* Commitment of \$1,380 Million in COVID funding and \$88 Million in other support outstanding

Tax Supported Operating Budget

WHERE THE MONEY COMES FROM

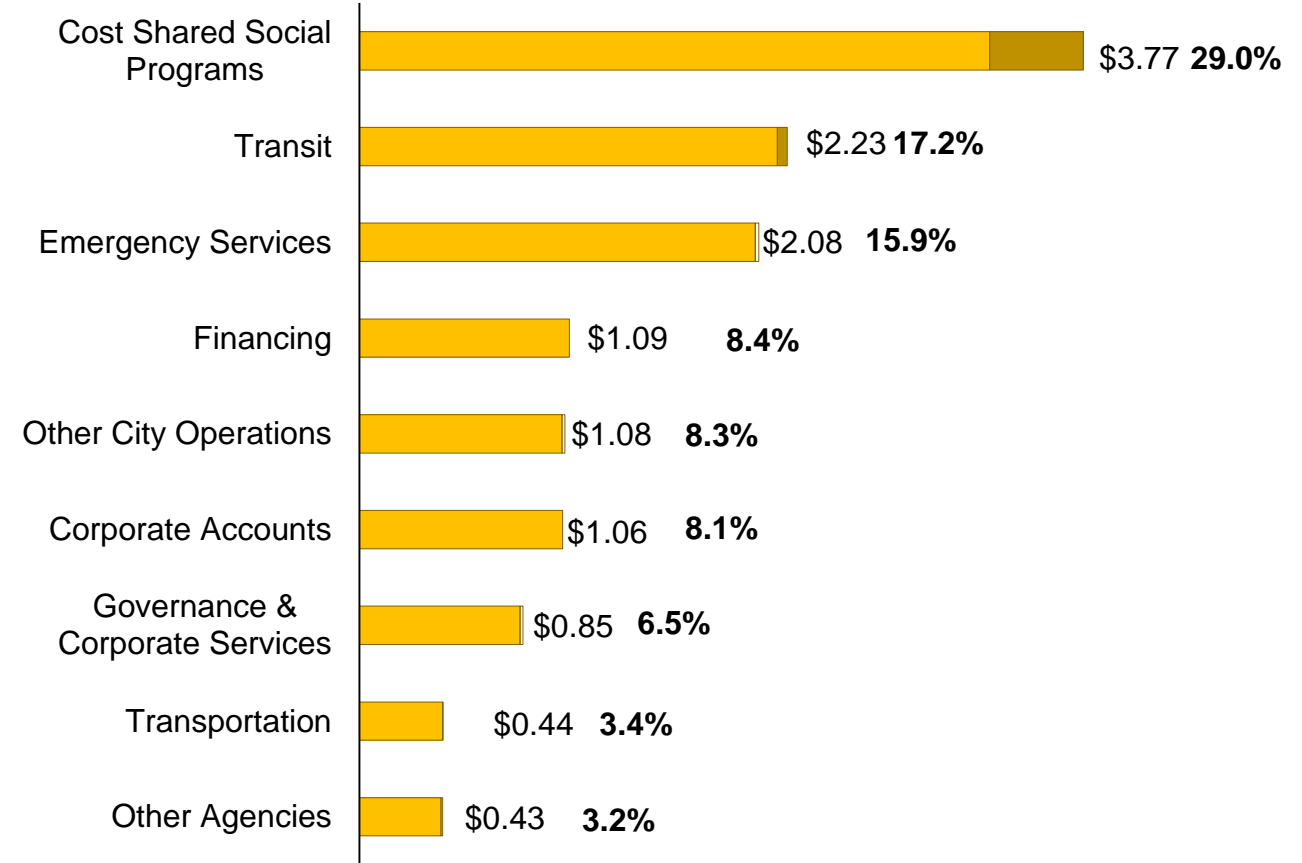
\$13.03 Billion



■ Base Funding ■ COVID-19 Funding Required ■ COVID-19 Revenue Loss

HOW THE MONEY IS INVESTED

\$13.03 Billion



■ Base ■ COVID-19 Expenses

** Reflects annual reserve draws which are supported by annual reserve contributions in order to smooth out expenses that fluctuate or are periodic in nature (e.g insurance claims, employee benefits and vehicle reserves)

Extension of Federal / Provincial Responsibilities

- On an annual and ongoing basis, the City of Toronto invests in extensions of federal and provincial responsibilities
- 23%, or \$1.1 Billion, of Torontonians' annual property taxes are directly invested in three key themes to build a prosperous Toronto for all

Housing
\$574 M



**Social & Community
Programs**
\$255 M



Health Care
\$224 M



New Investments: \$135 M

Includes a combination of fully funded and cost-shared programs with the federal and provincial governments and City spending



SOCIAL & EQUITY **\$71 M**

Child Care
\$32.2 M

Long Term Care Reform
\$18.6 M

Housing
\$14.5 M

Reconciliation & Combatting
Anti-Black Racism
\$5.8 M



SAFE AND LIVABLE CITY **\$35 M**

Community Safety*
\$12.5 M

Crisis Response
\$10.8 M

Mobility
\$7.5 M

Community Development
\$3.8 M



MODERNIZATION **\$29 M**

Information Security
\$17.9 M

Modernization & Transformation
\$8.3 M

Concept 2 Keys -
Transforming Development
Applications
\$2.7 M

New and enhanced investments include \$54 M in City funding from property taxes.

*Additional information on the Paramedic Services' Multi-Year Staffing and Systems Plan can be found on slide 45.

In \$ Millions	Estimates	
	Low	High
Base Pressures		
Transit	126	
Salaries and Benefits	130	
Inflation & Growth	310	
Sub-Total	566	

Federal / Provincial Responsibilities		
Refugees	61	
Supportive Housing Costs	48	
Sub-Total	109	

COVID-19		
Transit	250	461
Public Health	-	50
Shelters	140	276
Corporate Revenues	119	185
Other Costs	44	87
Sub-Total	553	1,059

Total	1,228	1,734
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2023 Outlook

- **\$1.3 - \$1.7 Billion estimated 2023 opening shortfall**
- Ongoing COVID-19 impact estimates are preliminary and will be revised as more information becomes available throughout 2022
- Continued collaboration with government of Canada and province of Ontario will be required
- Sustained multi-year funding commitments from other orders of government is critical for pandemic response and recovery

Property Tax Impacts



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Property Tax Increases to Fund Operating Costs of City Services

RESIDENTIAL*



Residential: assumed at inflation



Multi-residential: no increase per regulation

BUSINESS



Commercial: half of residential increase per policy and regulation



Industrial: a third of residential increase per policy and regulation

NEW FOR 2022:



Small businesses:
15% rate reduction

\$93 Budgetary tax increase to the average home **2.11%** Total budgetary increase

* The residential tax rate increase is based on a 12 month average for Toronto.

City Building Fund – Dedicated to Transit and Housing

1.5% Incremental
increase for 2022

\$7.2 B

Dedicated funding to
support transit and housing
(2017-2031)

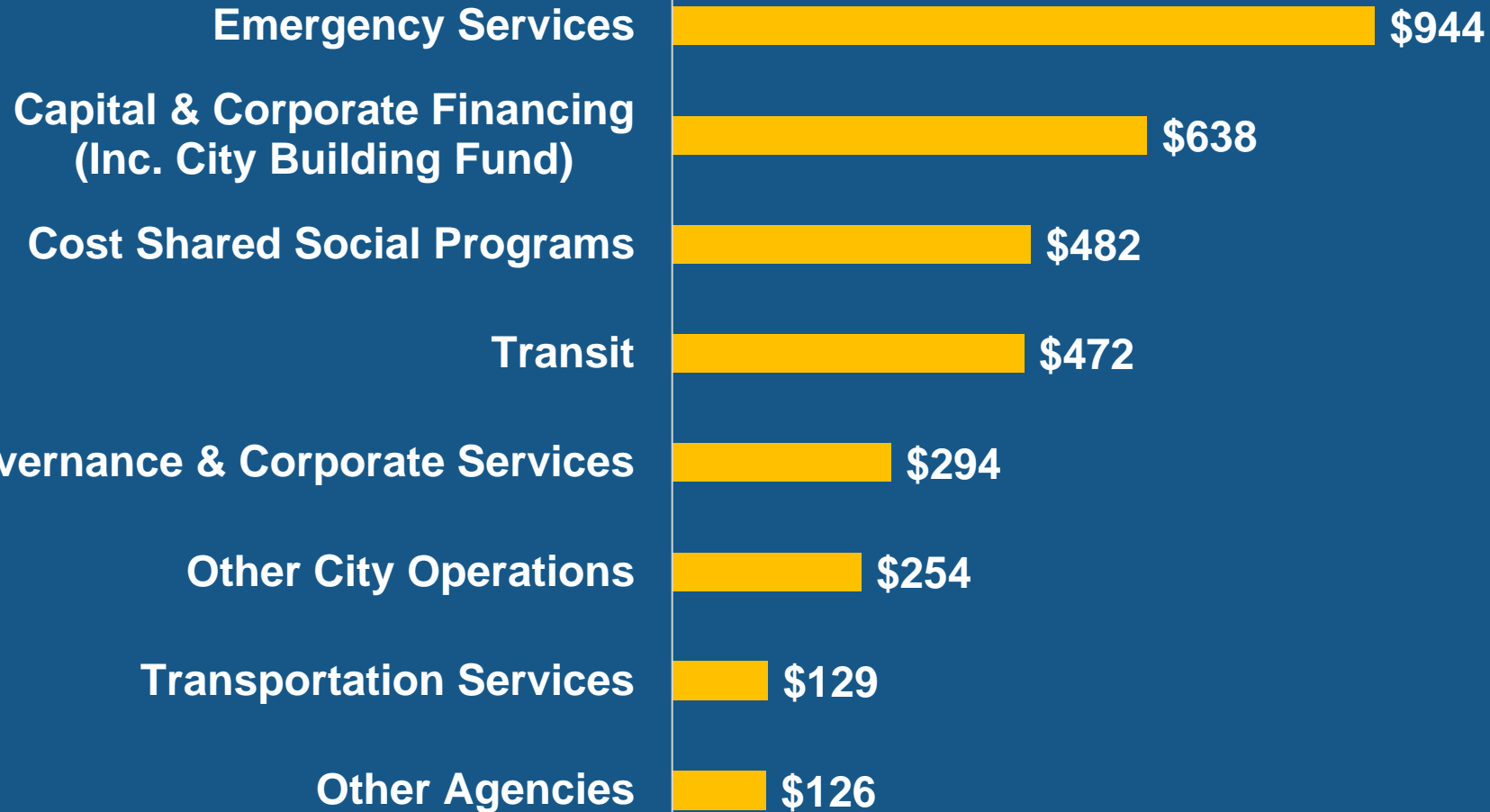
- \$0.8 B invested to date
- **\$6.4 B** to be invested
from 2022-2031



\$48 Tax increase to
the average home

Initial City Building Fund levy implemented in 2017 with an additional 0.5% added annually.
In 2020, this was increased to 1.5% annually from 2020-2025, inclusively.

Your Property Tax Investment



Based on Property Tax of \$3,339.

The average home has an assessed value of **\$697,185**. 2022 Property tax on this home would be **\$3,339**.

(Includes \$93 increase for City operations and \$48 increase for the City Building Fund).

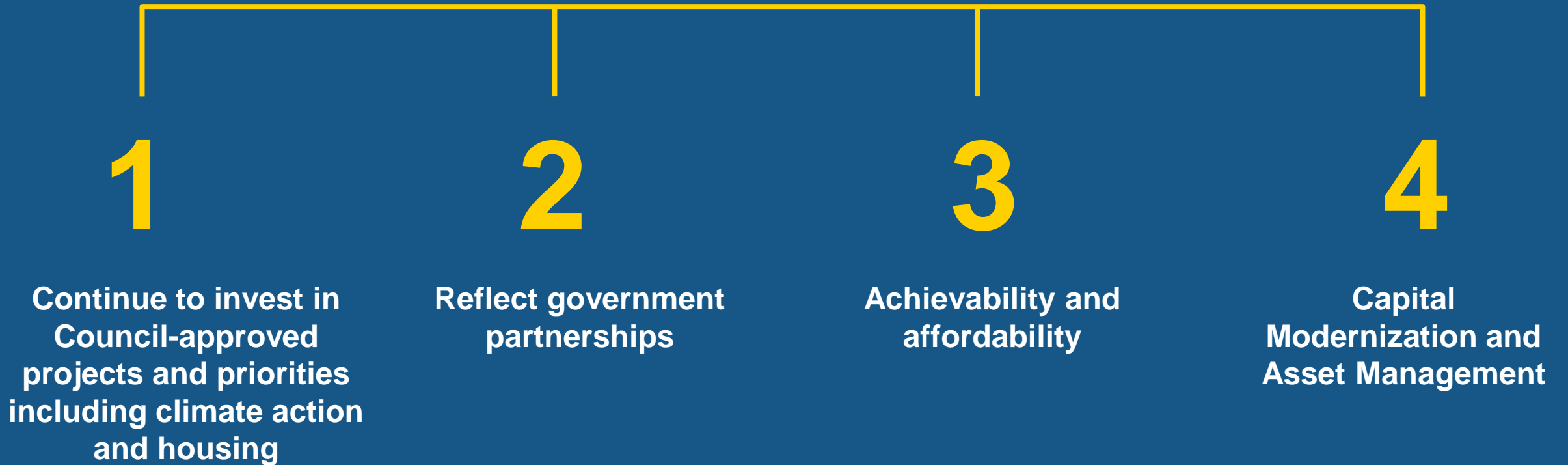
**Does not Include Education Taxes*

Staff Recommended Capital Budget



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Guiding Principles – Capital



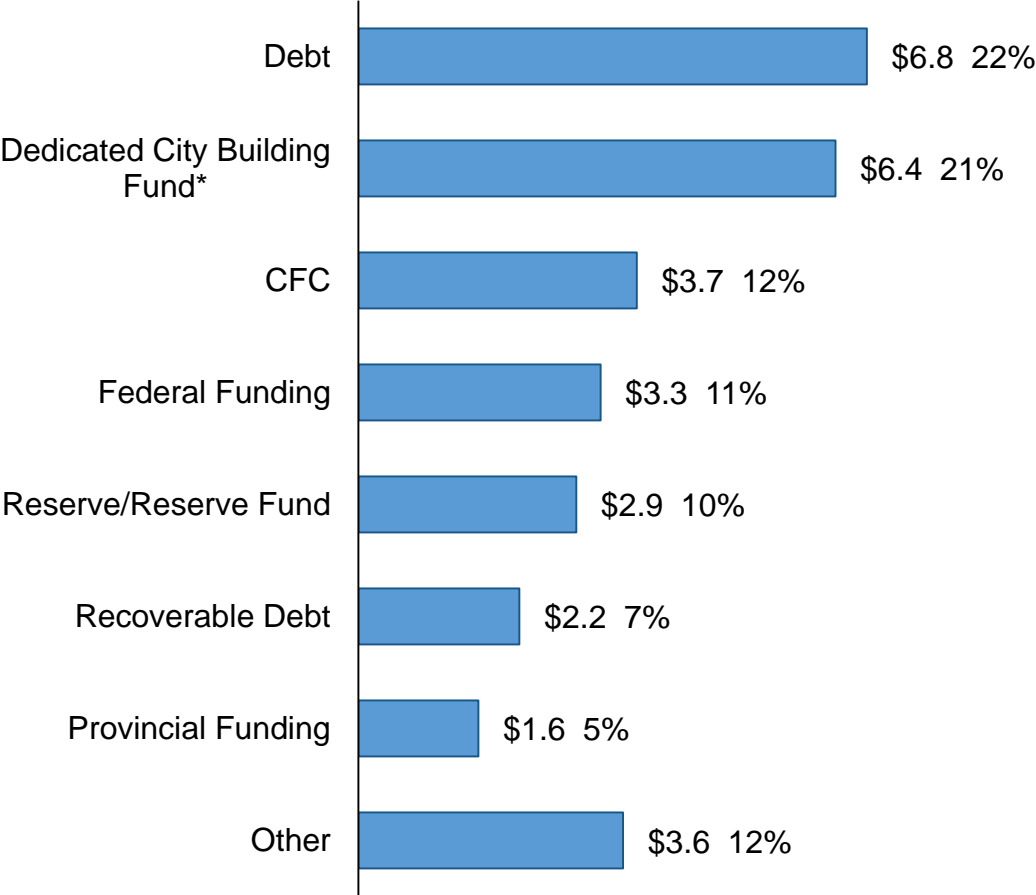
Capital Budget Overview

- Continue to invest in Council-approved priorities including increased investments in:
 - Mobility
 - Housing
 - Modernization
- Focus on climate action, increasing climate resilience and reducing GHG emissions
- Leveraged Federal/Provincial funding programs and sustainable financing for positive environmental and socioeconomic outcomes
- Growing capital program, increasing spend rates due to prudent financial management, and positive outcomes for the economy
- Maintained debt service ratio under 15% for all planning years, compliant with debt servicing guidelines

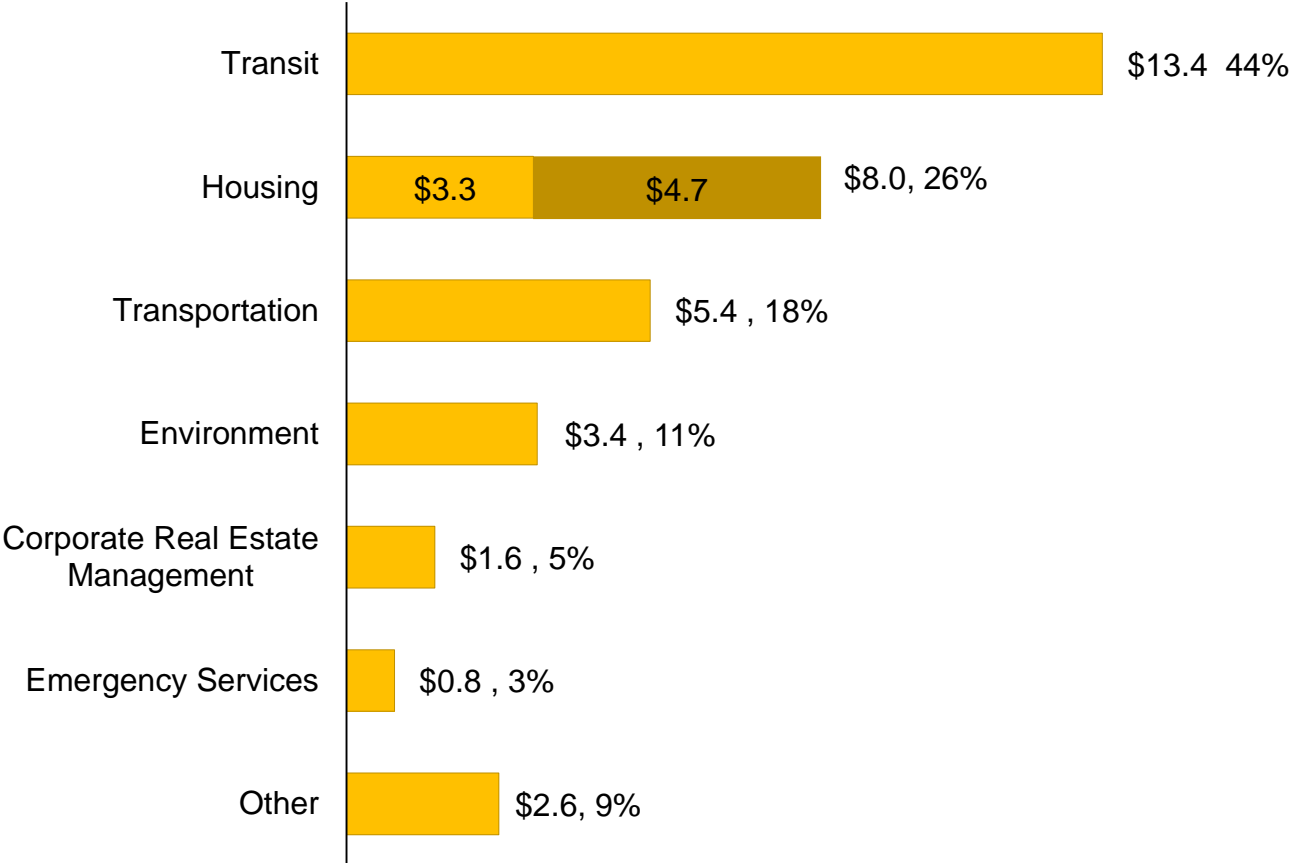


Tax Supported 10-Year Capital Plan

WHERE THE MONEY COMES FROM
\$30.5 Billion



HOW THE MONEY IS INVESTED
\$30.5 Billion



Foregone revenue incl. land value and financial incentives

* City Building Fund is dedicated to Transit and Housing projects

Additional Investments

MOBILITY: \$882 M



Transit Fleet
Capacity Enhancement
Pedestrians, Cycling & Trails

HOUSING: \$992 M



Housing Now
TCHC Building Repair

MODERNIZATION: \$453 M



Etobicoke Civic Centre
Library Modernization
Technology Solutions

OTHER KEY PRIORITIES: \$893 M



Fire Fleet Replacement
Ferry Vessel Replacement
Park Development and Recreation
Management

2022-2031 Capital Plan – Funded Climate Action

Reduce Greenhouse Gas Emission and Improve Climate Resilience

*10 Year Tax and Rate Supported Capital Budget and Plan developed using the Climate Lens;
\$15.5 Billion includes a component that helps us achieve desired environmental outcomes*



Building

Net Zero Carbon Plan
Energy Consumption
Reduction



Mobility and Fleet

Vehicle Replacement
Accessible Transportation



Water and Waste

Wet Weather Resiliency
Landfill Control and Organic
Waste Processing

Council Priorities and Decisions

Transform TO: Toronto Climate Strategy; Toronto's Climate Action Strategy; Toronto's Resilience Strategy; Corporate Strategic Plan

Investments in State of Good Repair (SOGR) to Address Backlog

2016-2020

2016-2020 SOGR Investments

- Spent \$7.8 Billion on SOGR with an average annual spend of \$1.6 Billion.
- Key infrastructure investments included:
 - Transit \$4.6 Billion, 59.3%
 - Housing (TCHC SOGR) \$497.5 Million, 6.4%
 - Transportation \$1.3 Billion, 16.5%

2021

2021 Capital Budget Process

- Significant gains in SOGR funding and Capital commitments:
 - Investments in Transit SOGR \$715 Million, 34%
 - Addressed TCHC SOGR needs \$160 Million, 7.6%
 - City Building Fund \$652 Million

2022-2031

10-Year Recommended Capital Plan

- **Total \$23.2 Billion investments** in SOGR over the 10-Year Plan (Tax \$15.7 Billion, Rate \$7.5 Billion)
- Includes \$761 Million in added SOGR investments
- Continues investments in Transit and Housing established in 2020
- Asset Management Planning

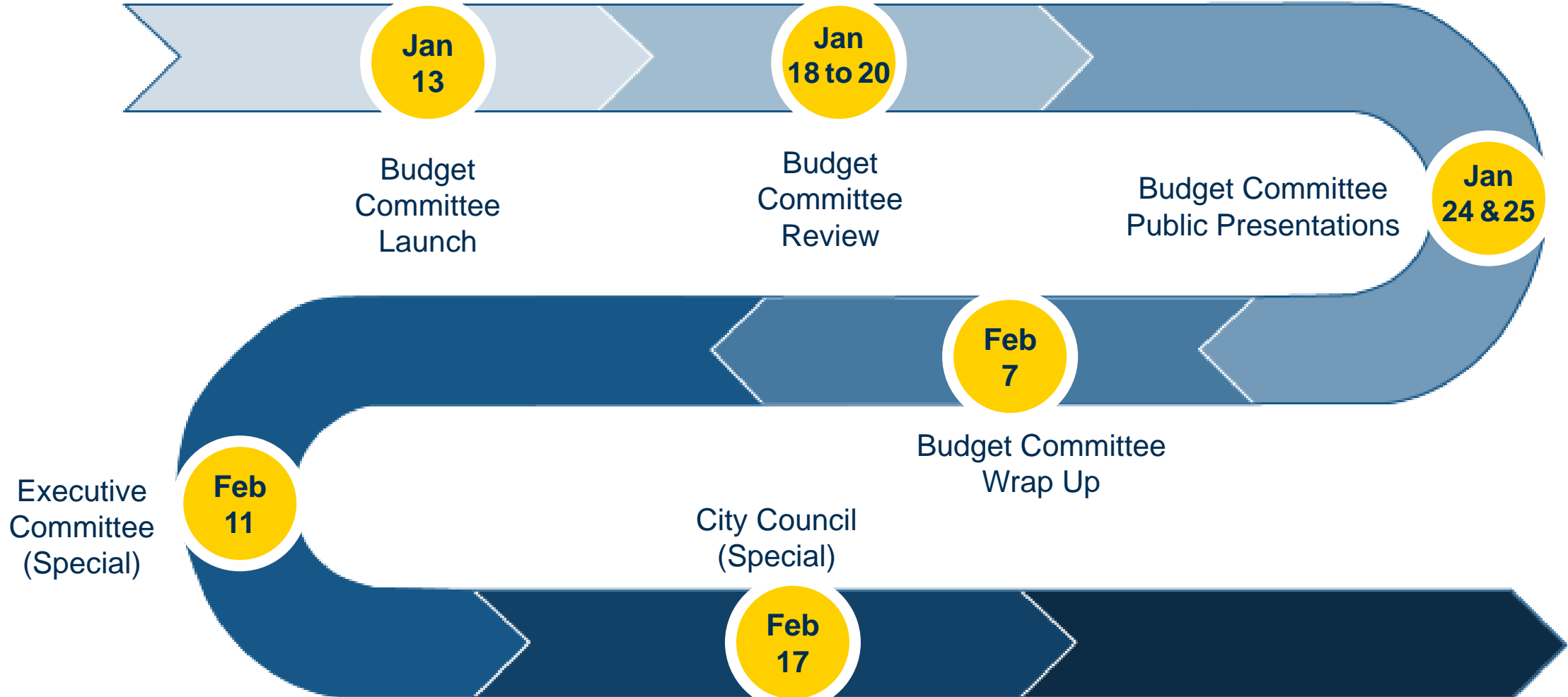
Budget Summary

2022 is still a COVID-19 Budget

- Managing response and maintaining essential services
- Keeping property taxes affordable while investing in key City Building initiatives, **laying a strong foundation for recovery**
- Focusing on **economic** and **social recovery**:
 - Providing support for small businesses
 - Building a prosperous Toronto for all, investing in equity and reconciliation; climate action; and health and well-being
- Continued partnerships with the provincial and federal governments are essential



2022 Budget Schedule

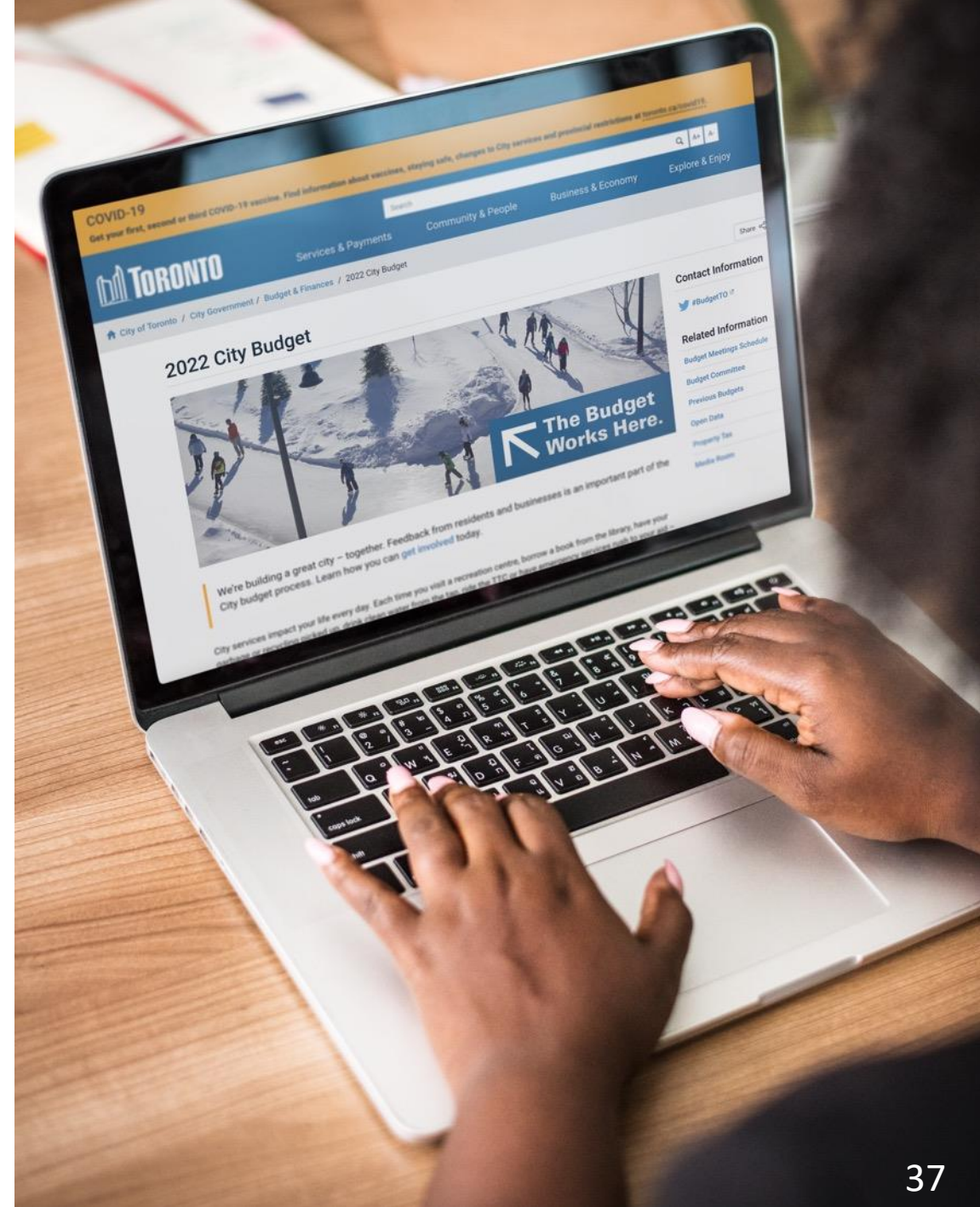


Get involved!

The budget is about setting goals and building a great city – together.

Residents and businesses are encouraged to get involved in the budget approval process:

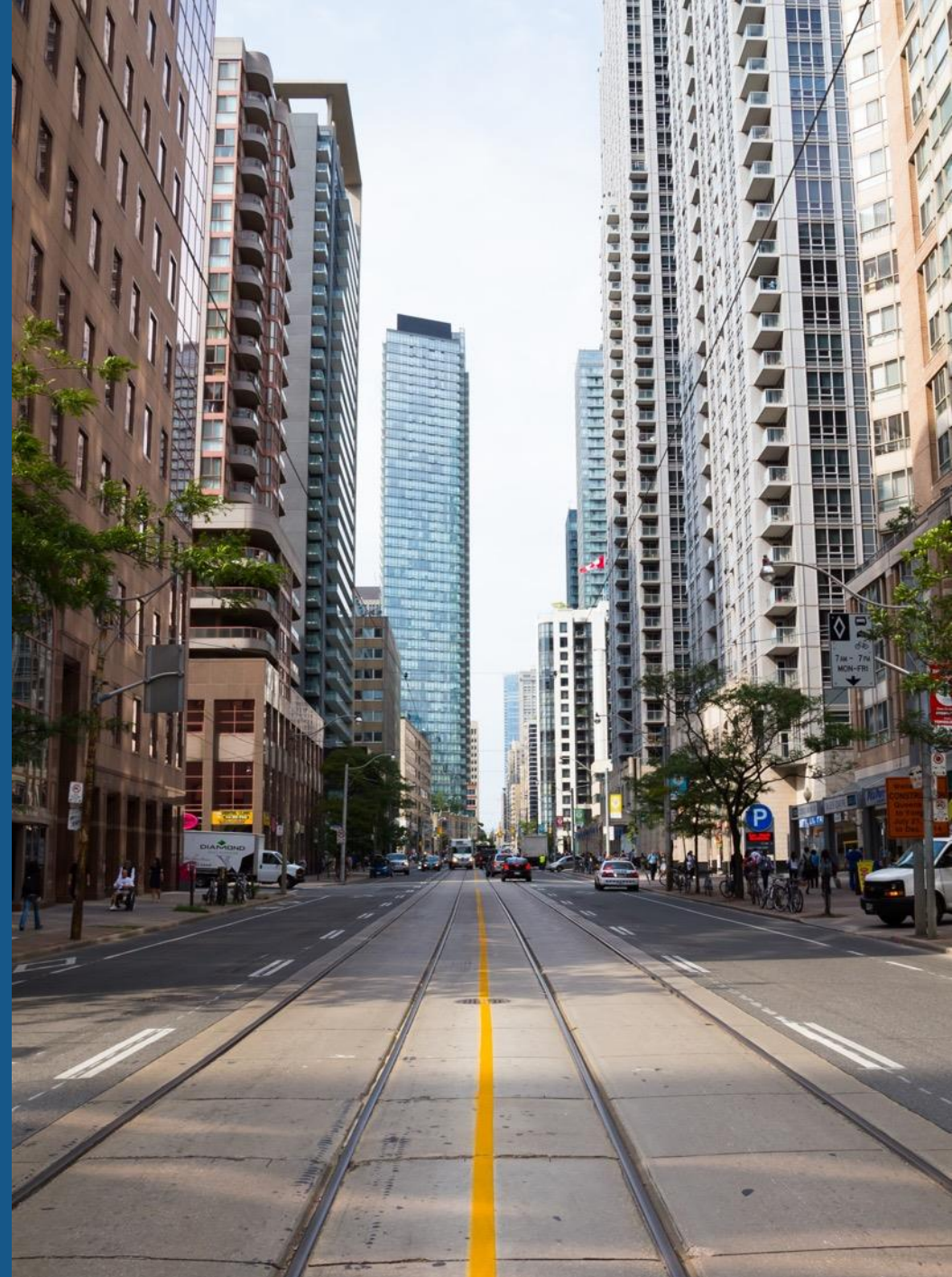
- Speak at a public meeting on January 24 or 25, 2022
- Submit written feedback to the Budget Committee
- Contact their local City Councillor



Thank you

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Appendices



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- SOGR Backlog (excl. Gardiner)
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Property Tax Ratios

- Comparison of 2021 Average Property Taxes

Glossary

Actuals: An actual financial amount paid (or received) for the delivery of City services.

Achievability: Refers to goals or objectives that are able to be brought about or reached successfully. The capital budget is achievable means that the City can realistically spend and deliver capital projects consistent with the plan.

Affordability: Refers to the City's capacity to pay for its investments.

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.

City Building Fund: A special dedicated property tax levy called the 'City Building Fund' for priority transit and housing capital projects.

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.

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

Sustainability: Refers to the City's ability to maintain a certain rate or level (e.g. spending rate).

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).

Property Tax Ratio Shifts

City Target: Achieve a Commercial : Residential tax ratio of 2.5 by 2024; Industrial ratio of 2.5 by 2023; Multi-residential and Small business ahead of 2.5 target ratio

For tax ratios above the provincial thresholds (1.98 for Commercial; 2.0 for multi-residential; and 2.63 for industrial) regulations allow for a maximum tax increase of ½ of the residential tax rate increase

Tax Class	Actual								Projected	Projected and Target	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Commercial	3.07	3.00	2.90	2.85	2.81	2.74	2.65	2.61	2.58	2.55	2.50
Industrial				2.83	2.76	2.71	2.62	2.59	2.51	2.5	
Multi-Residential				2.66	2.46	2.28	2.10	2.05	1.96		
Small Business	2.63	2.50	2.50	2.49	2.44	2.43	2.43	2.43	2.19		

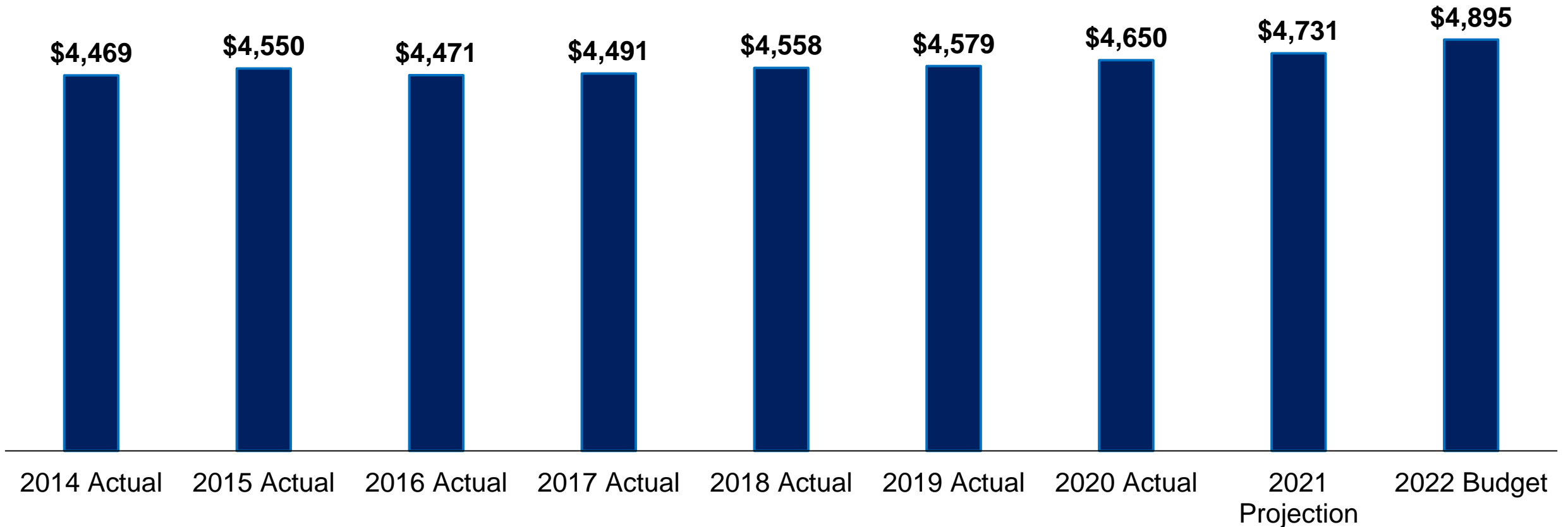
2022 Tax Increase for Average Home

Average Home Value: \$697,185

	\$	%
2021 Property Tax*	3,198	
Budgetary Levy Increase	93	2.90%
City Building Fund	48	1.50%
Total Impact	141	4.40%
2022 Property Tax	3,339	

- There is no CVA shift for 2022. The 2021 property tax amount has a technical adjustment of 0.17% (\$5 for the average home) which represents adjustments for assessment appeals.

City's Operating Spending Per Capita Adjusted for Inflation and Population Growth



* Based on Q3 Variance Report

** Indexed to 2022 dollars

*** Actuals adjusted for new IDC/IDR Methodology

Continued Investments in Paramedic Services*

Multi-Year Staffing and Systems Plan approved by Council in 2019



Toronto Paramedic Services

1,484 Positions - 2019 Approved Budget

1,796 positions - 2022 Recommended Budget

312 Positions or 21% Increase

Position Changes Since Implementation of Staffing & System Plan

Key Position Additions

2019 – 28 Front Line Paramedics

2020 – 62 Front Line Paramedics

2021 – 62 Front Line Paramedics
– 21 Community Paramedicine

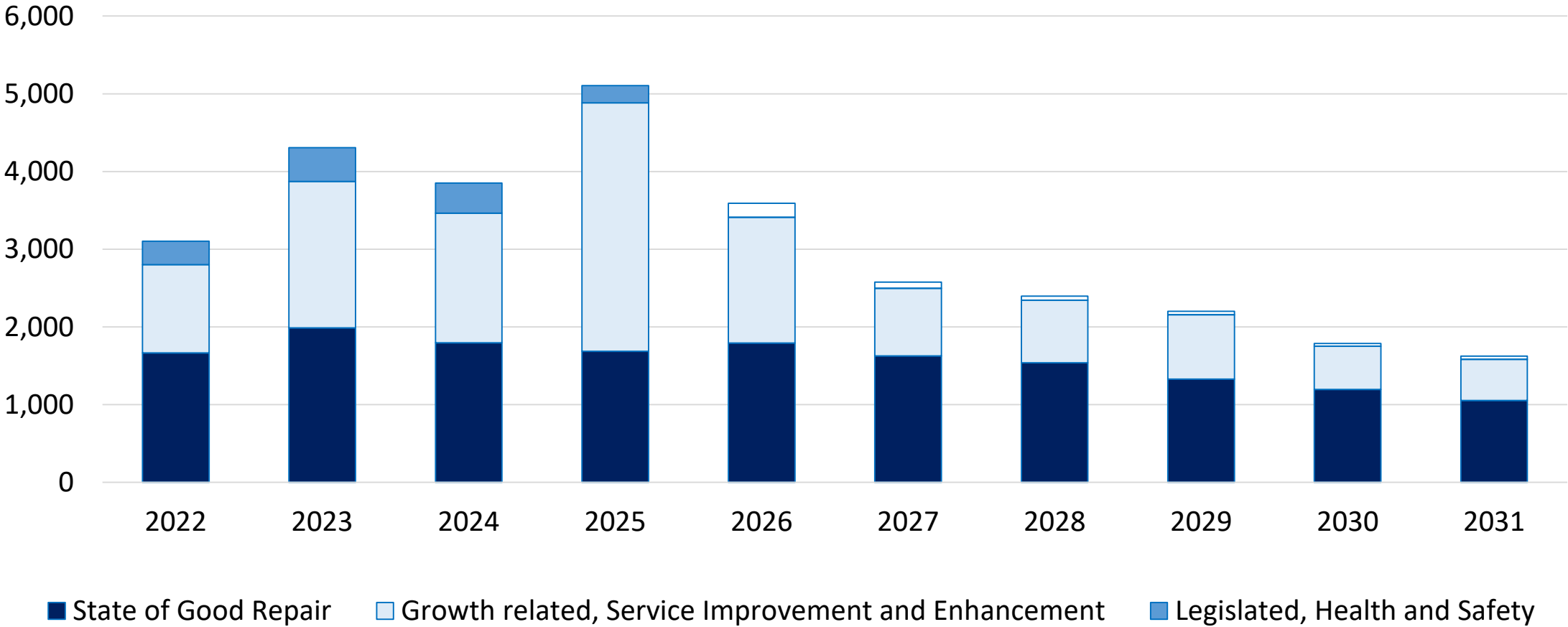
2022 – 62 Front Line Paramedics

*This slide expands on the new and enhanced investments noted for Community Safety on Slide 22 which includes a total of \$4.3 Million for the Multi-Year Staffing and Systems Plan.

2022 - 2031 Recommended Capital Plan by categories

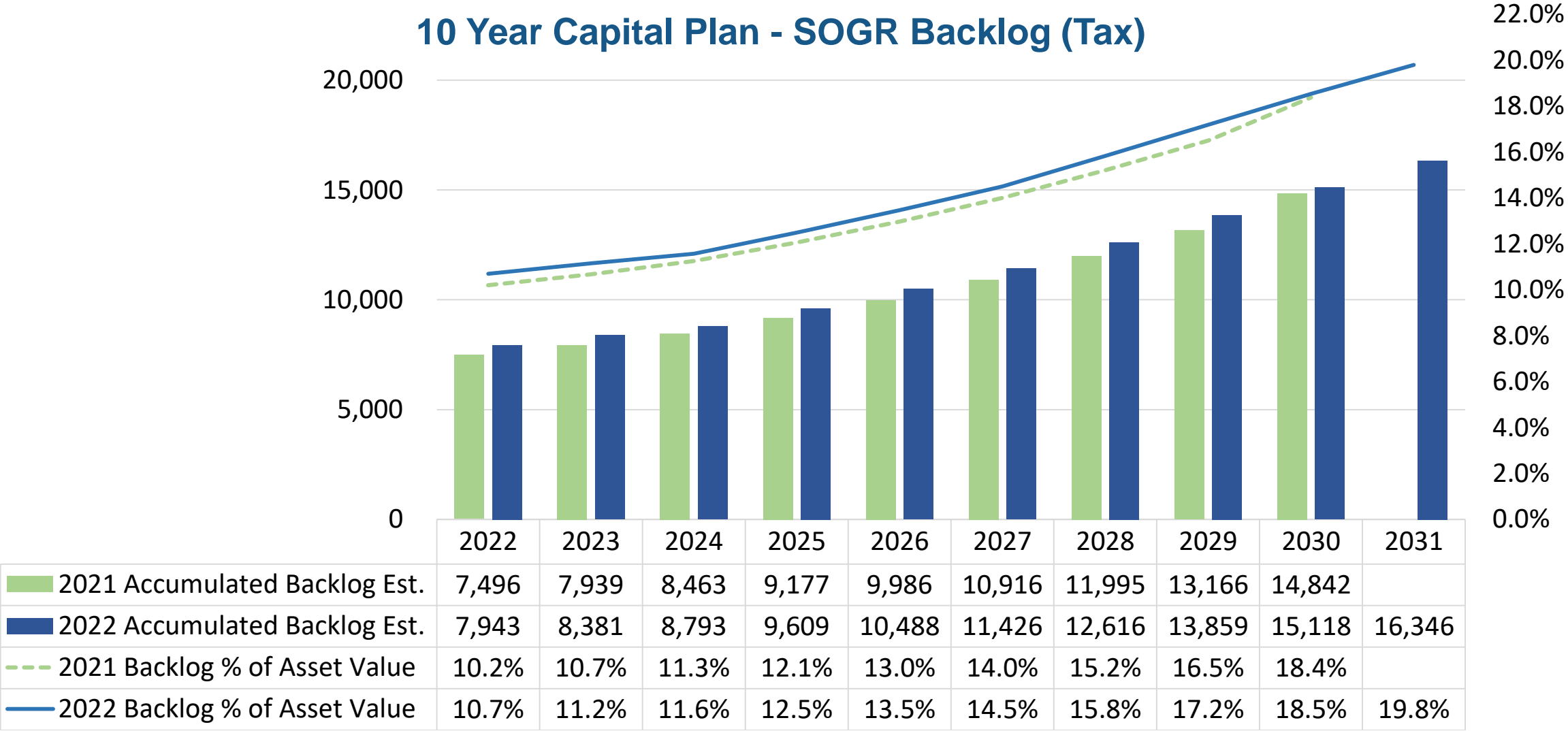
(in \$ Millions)

Tax Supported 10-Year Capital Plan



SOGR Backlog (Tax Supported Programs)

(in \$ Millions)



2022 SOGR Backlog as % Total Asset Value

SOGR Backlog (\$M)	2022 (beg. bal.)	2022 (1 Year)	2026 (5 Year)	2031 (10 Year)	2021-2031 Change
Toronto Transit Commission	21	215	2,573	6,657	6,636 ▲
Transportation Services	1,526	1,806	3,197	5,438	3,913 ▲
Corporate Real Estate Management	837	911	1,005	1,146	310 ▲
Parks, Forestry & Recreation	645	748	893	940	295 ▲
Exhibition Place	41	53	79	151	109 ▲
Technology Services	0	0	29	60	60 ▲
Other	2,436	2,340	1,824	1,914	(522) ▼
Total City Backlog (Tax excl. Gardiner)	5,506	6,072	9,600	16,307	10,801 ▲
F.G.Gardiner Expressway Rehabilitation	1,920	1,871	888	39	(1,881) ▼
Total SOGR Backlog (Tax)	7,426	7,943	10,488	16,346	8,921 ▲
Total Asset Value (Tax)	71,762	74,248	77,847	82,549	10,787
SOGR as % Asset Value	10.3%	10.7%	13.5%	19.8%	

2022-2031 Capital Plan – Debt Service Ratio

Tax Supported Debt Ratio Comparison

