2022 Operating and Capital Budgets

February 10, 2022 presentation to the 2SLGBTQ+ Community Advisory Committee

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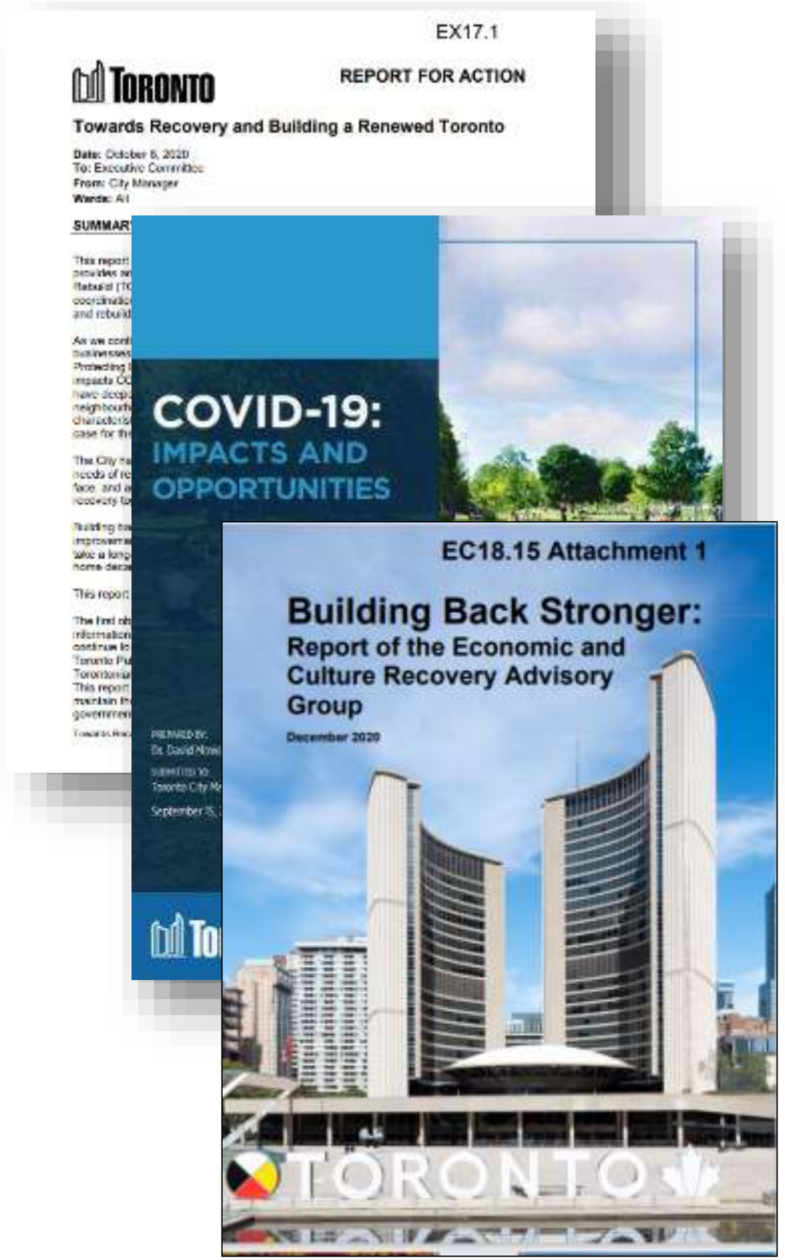
The impact of the pandemic is profound, ongoing and evolving

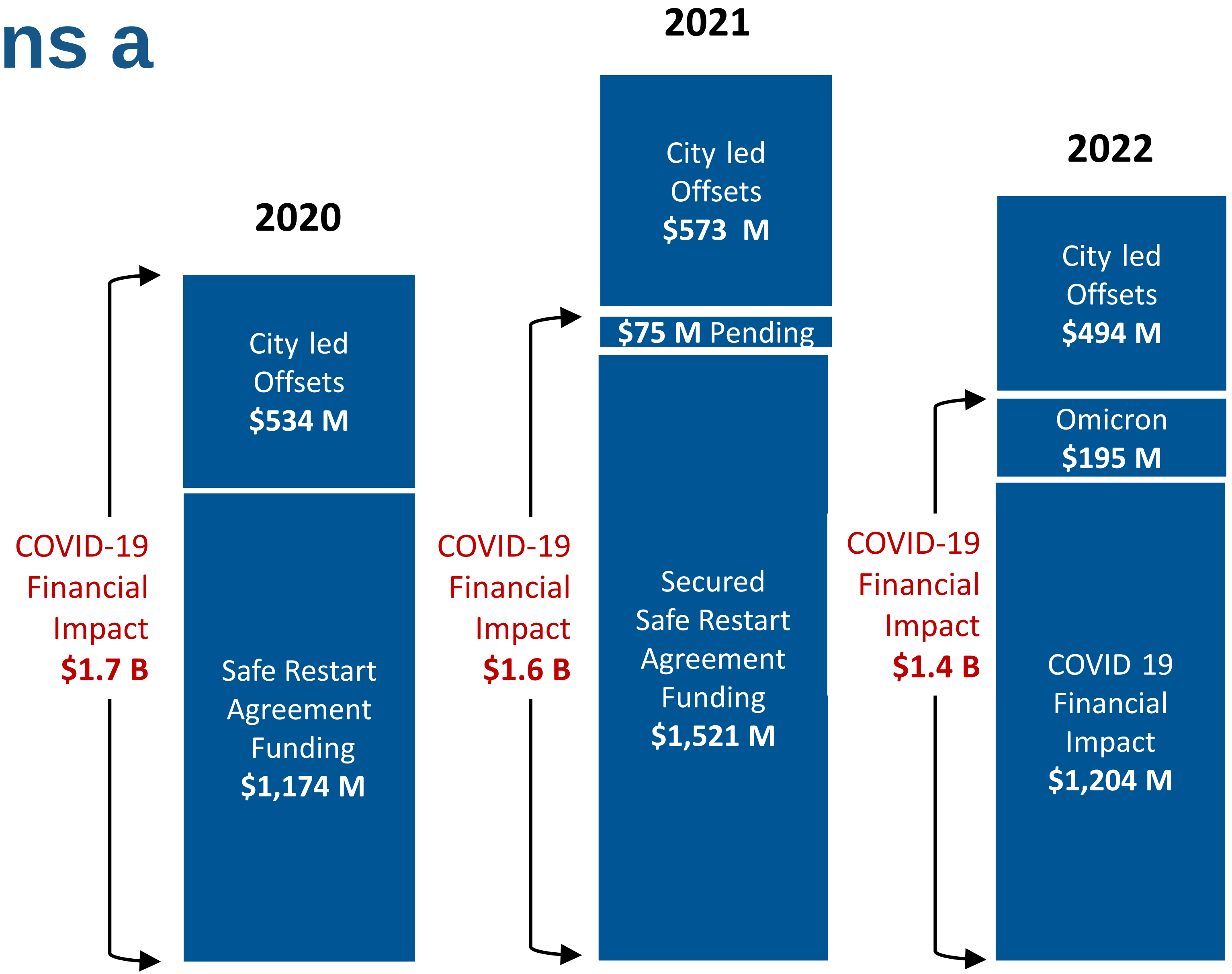
- In 2021 the City stayed strong against great challenges.
- Maintaining essential services and investing in communities and virtual services are the **foundations for Toronto's recovery.**
- The 2022 budget is a COVID-19 budget.
- Recognizing that COVID-19 exacerbated historic inequities for Toronto's 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.**



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

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

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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

4

Build a prosperous Toronto for all

2022 Tax & Rate Operating Budget

Tax Supported Operating Budget

$13.03 Billion,

86.9%

Approved Rate Programs

$1.96 Billion

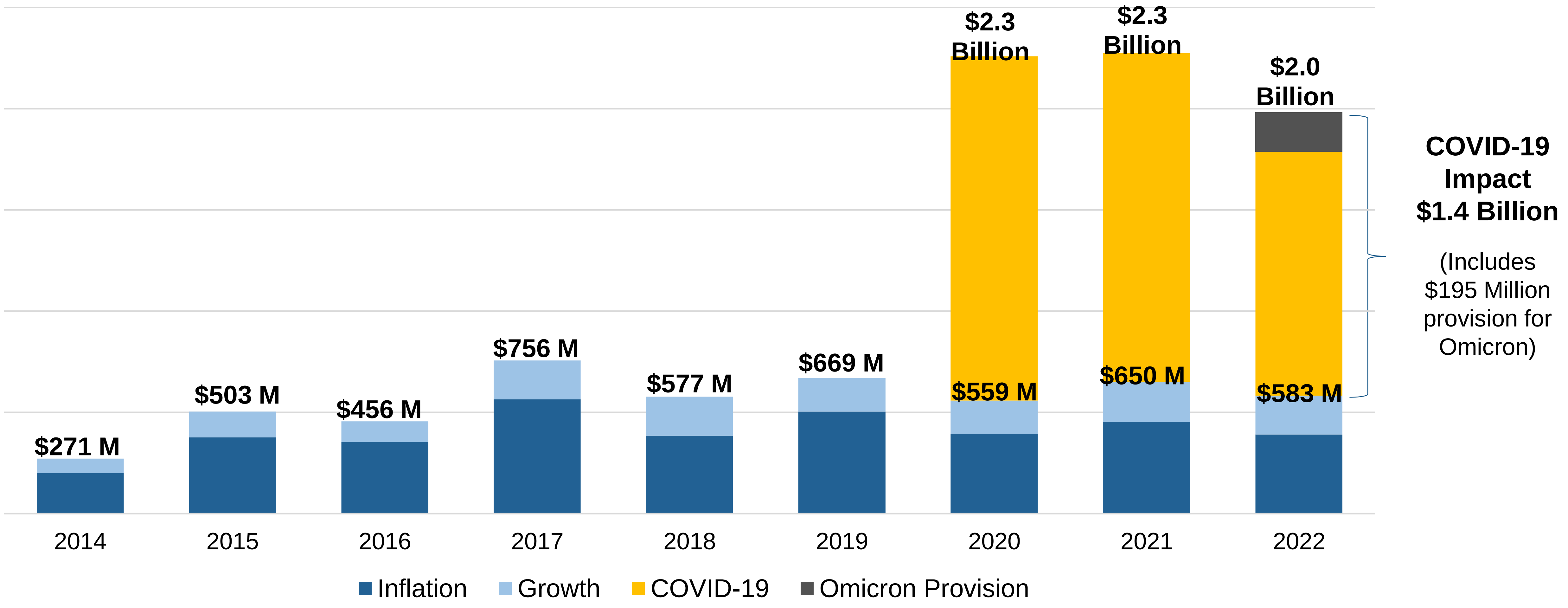
13.1%

*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



*Projections based on Q3 Variance Report

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

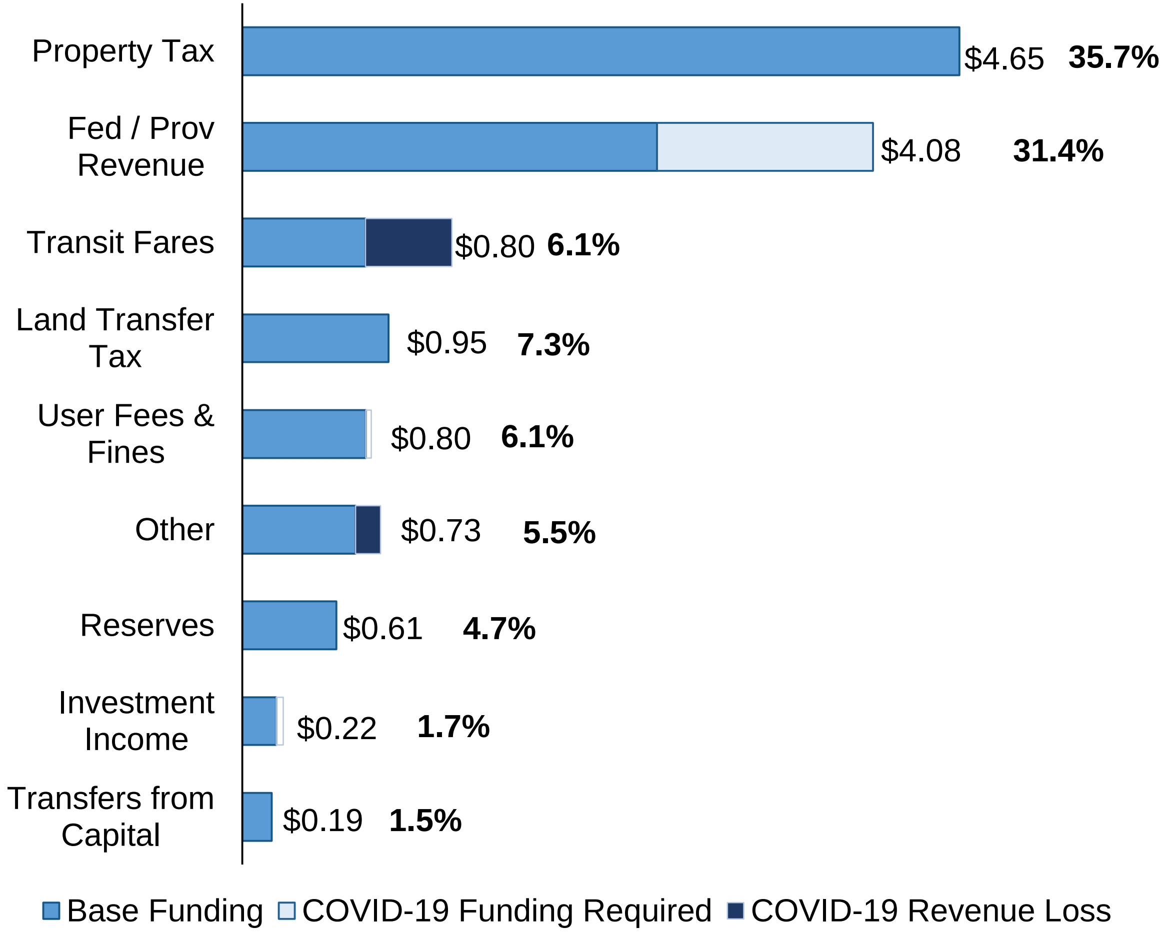
Provincial Funding for Supportive Housing Costs - $27 Million

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

Tax Supported Operating Budget

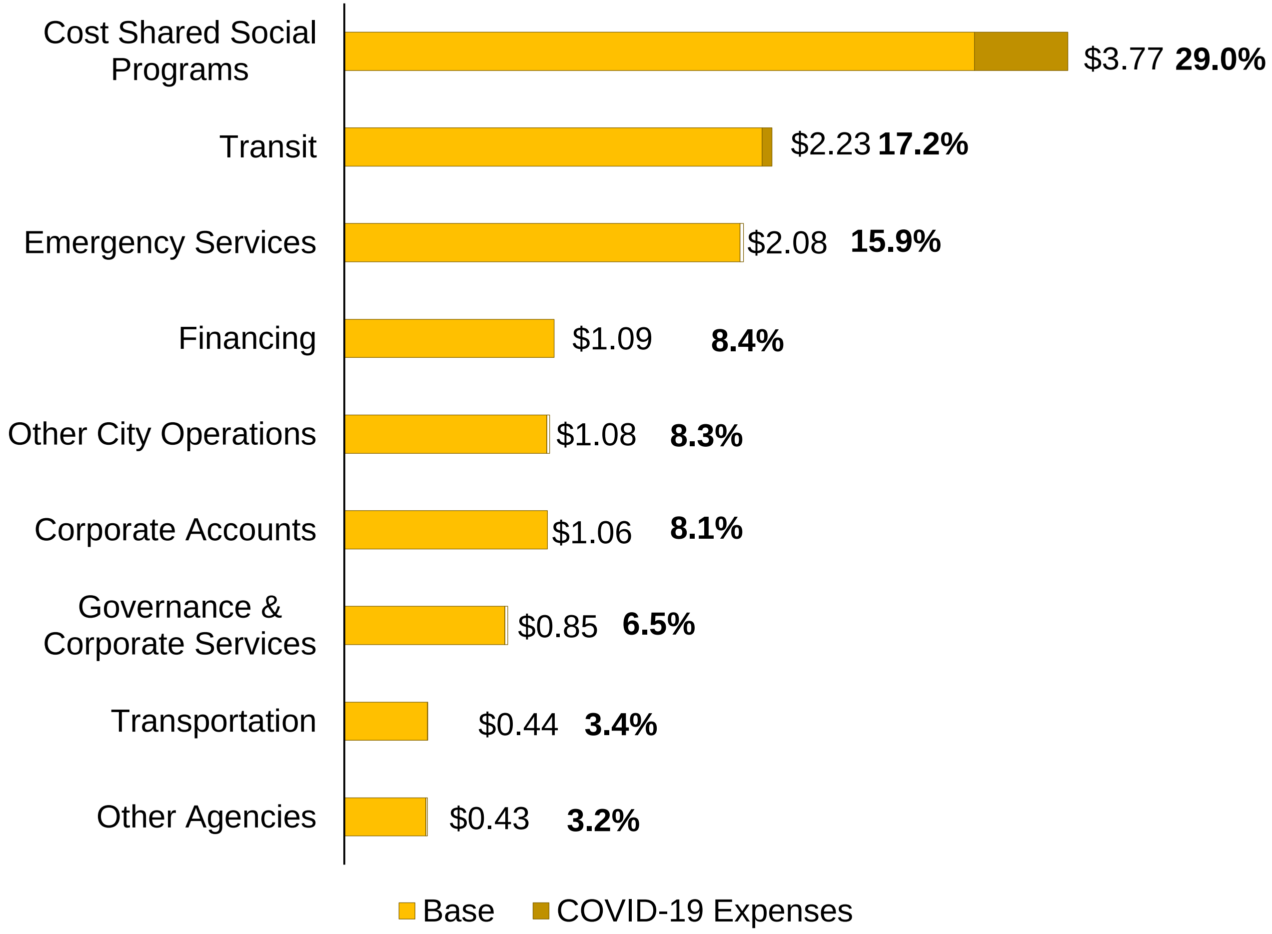
WHERE THE MONEY COMES FROM

$13.03 Billion



HOW THE MONEY IS INVESTED

$13.03 Billion



** 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 Torontonian's 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.

Connection to 2SLGBTQ+ Advisory Committee identified core priorities

Housing

Shelters

Community Safety

Poverty Reduction

See the following briefing notes for more details (toronto.ca/budget)

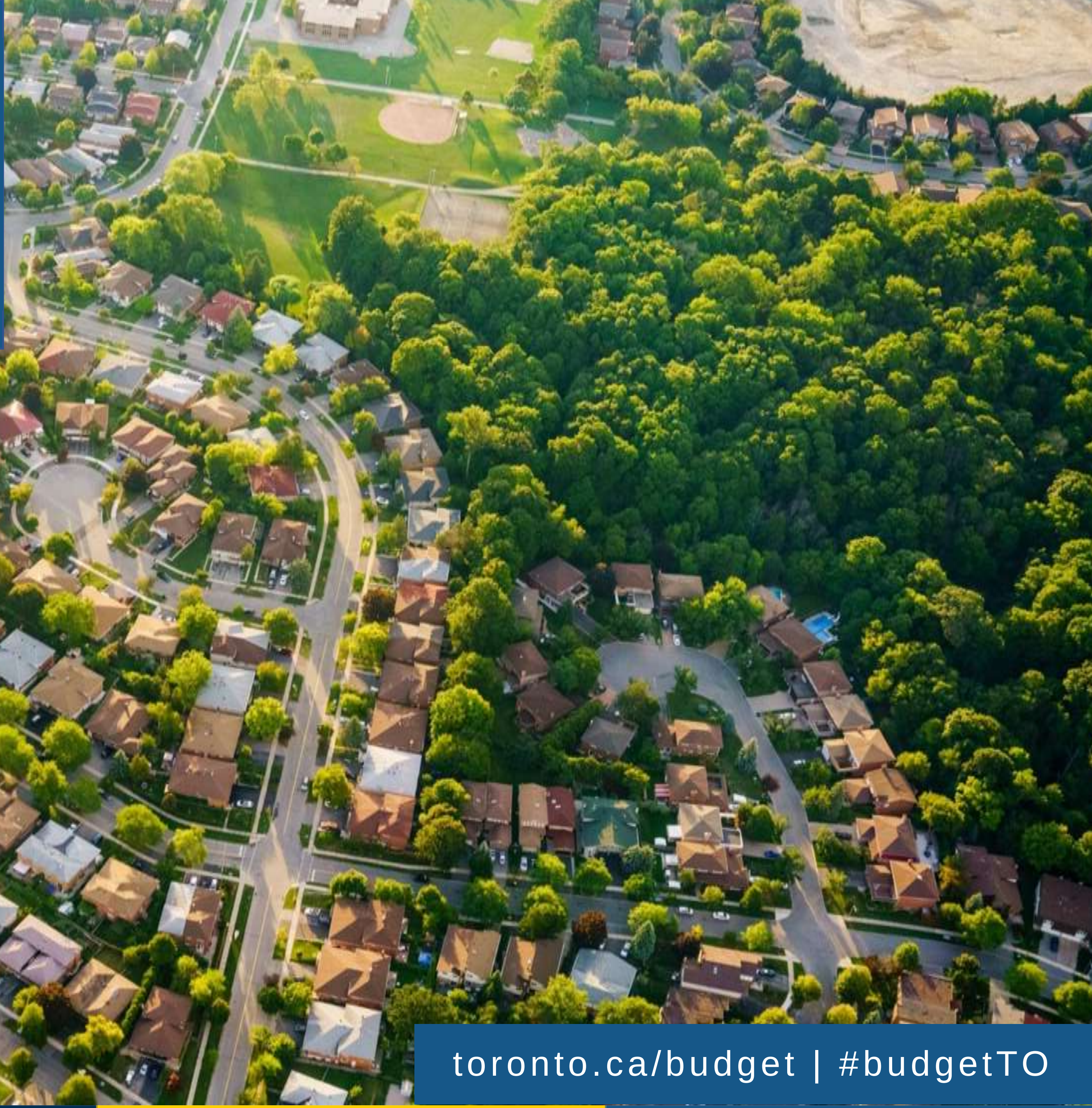
- Toronto Poverty Reduction Strategy http://www.toronto.ca/legdocs/mmis/2022/bu/bgrd/backgroundfile-175353.pdf
- Equity Impacts of Changes in the 2022 Budget http://www.toronto.ca/legdocs/mmis/2022/bu/bgrd/backgroundfile-175362.pdf
- Funding Levels and Strategic Initiatives in SDFA, 2015-2022 http://www.toronto.ca/legdocs/mmis/2022/bu/bgrd/backgroundfile-175551.pdf
- Comparison of 2015 & 2022 Housing-Related Budgets http://www.toronto.ca/legdocs/mmis/2022/bu/bgrd/backgroundfile-175552.pdf

2023 Outlook

In $ Millions	Estimates Low	Estimates 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**

- **$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



Property Tax Increases to Fund Operating Costs of City Services

RESIDENTIAL*

2.90%

Residential: assumed at inflation

0.00%

Multi-residential: no increase per regulation

BUSINESS

1.45%

Commercial: half of residential increase per policy and regulation

0.97%

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

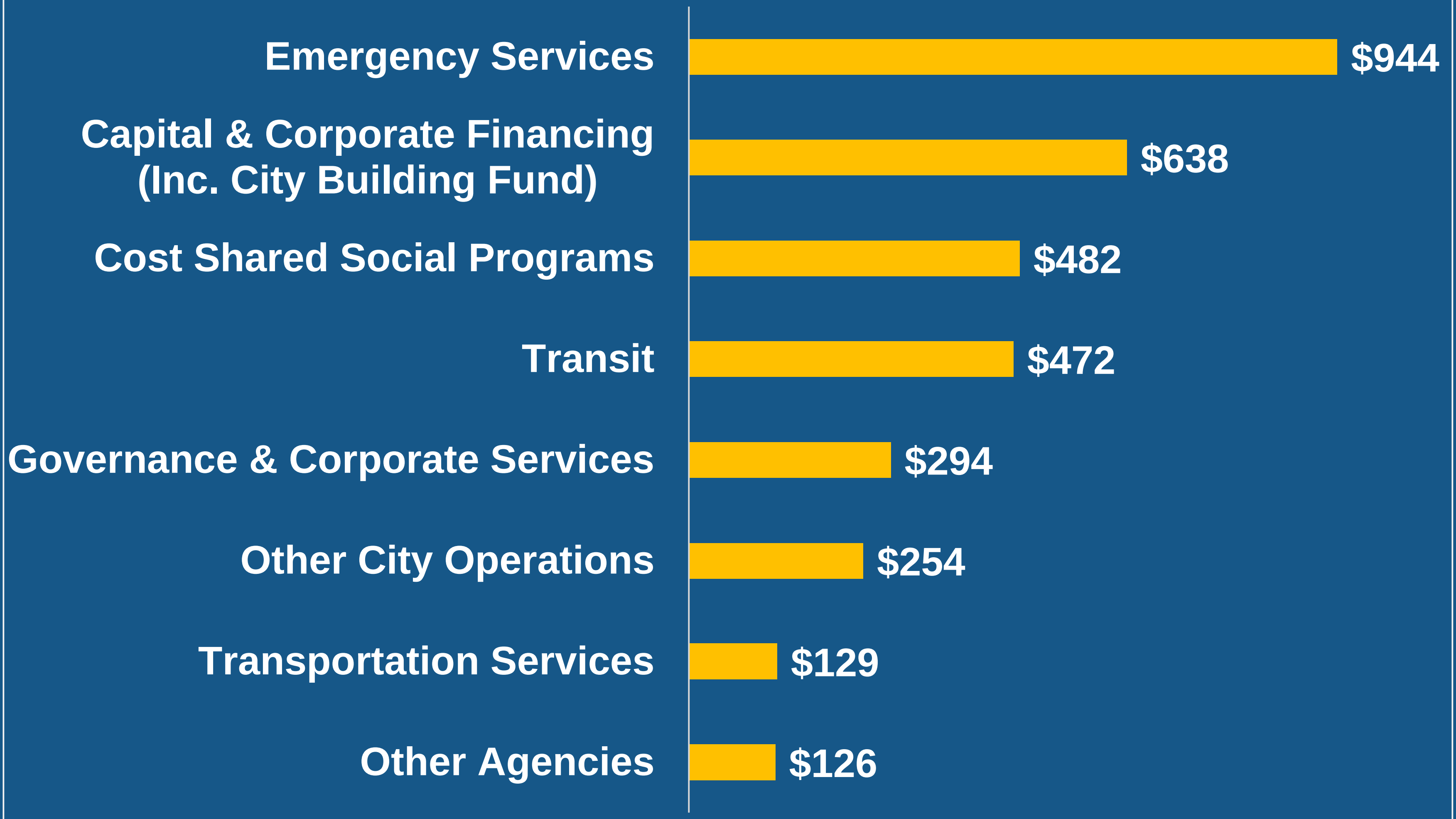
$7.2 B Dedicated funding to support transit and housing (2017-2031)

- $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

Guiding Principles – Capital

1. Continue to invest in Council-approved projects and priorities including climate action and housing
2. Reflect government partnerships
3. Achievability and affordability
4. Capital Modernization and Asset Management

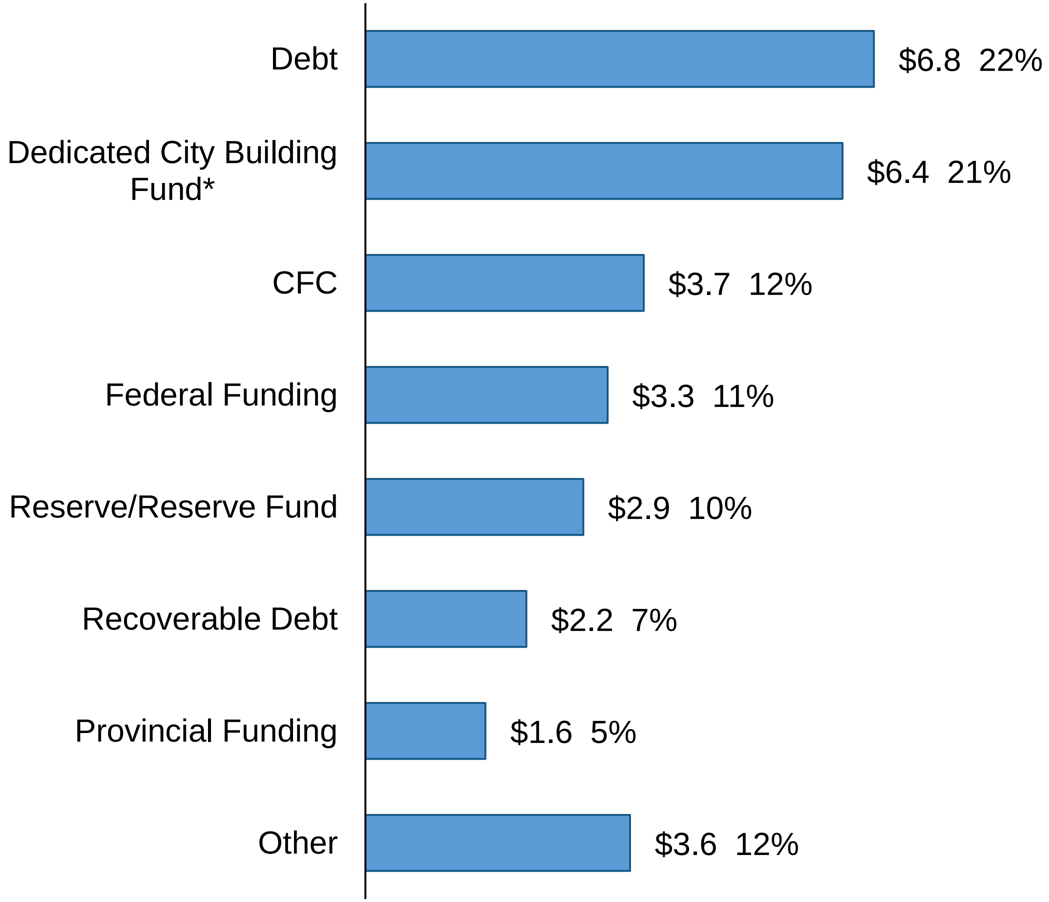
Capital Budget Overview

- 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

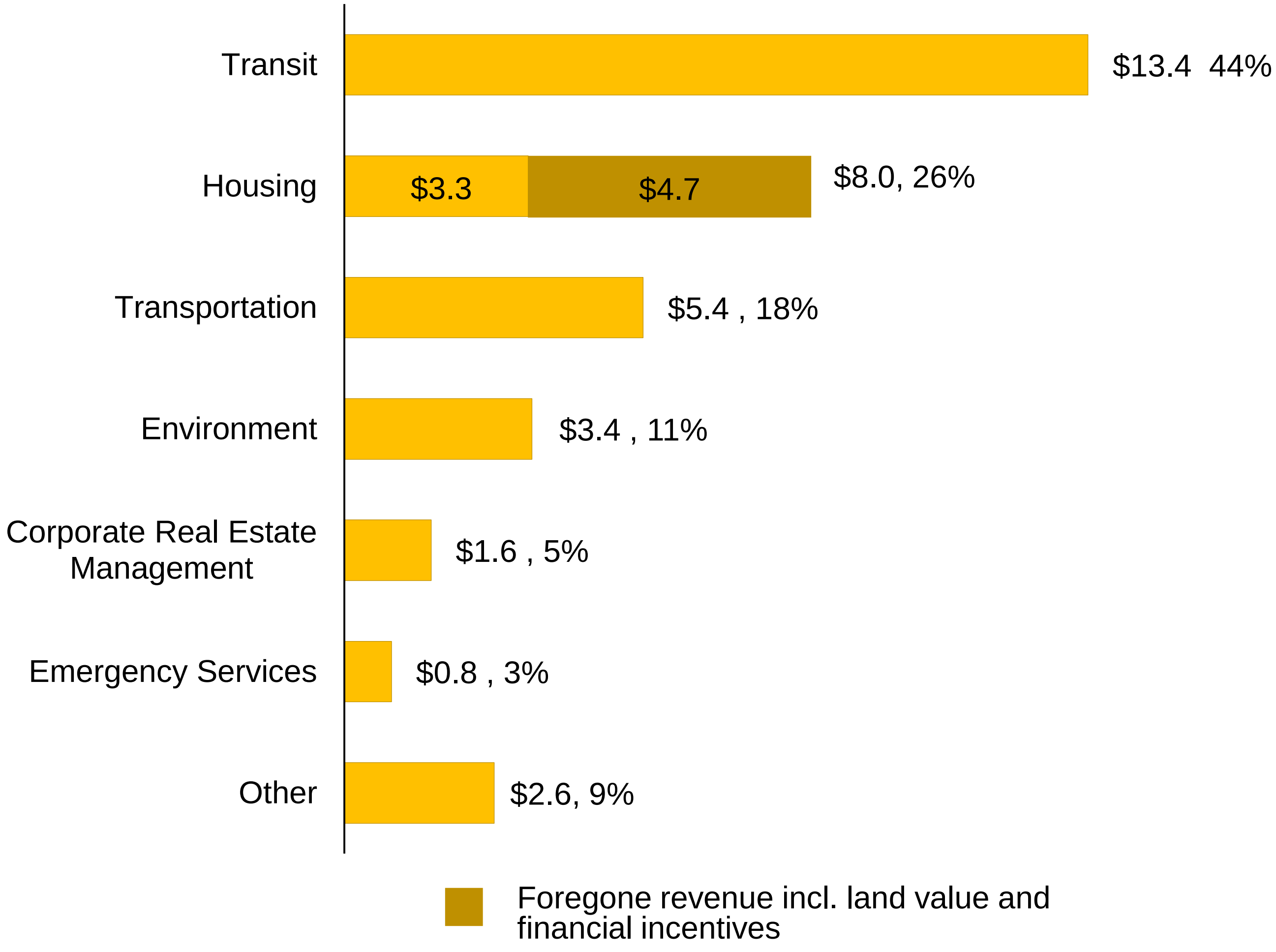
WHERE THE MONEY COMES FROM

$30.5 Billion



HOW THE MONEY IS INVESTED

$30.5 Billion



* 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

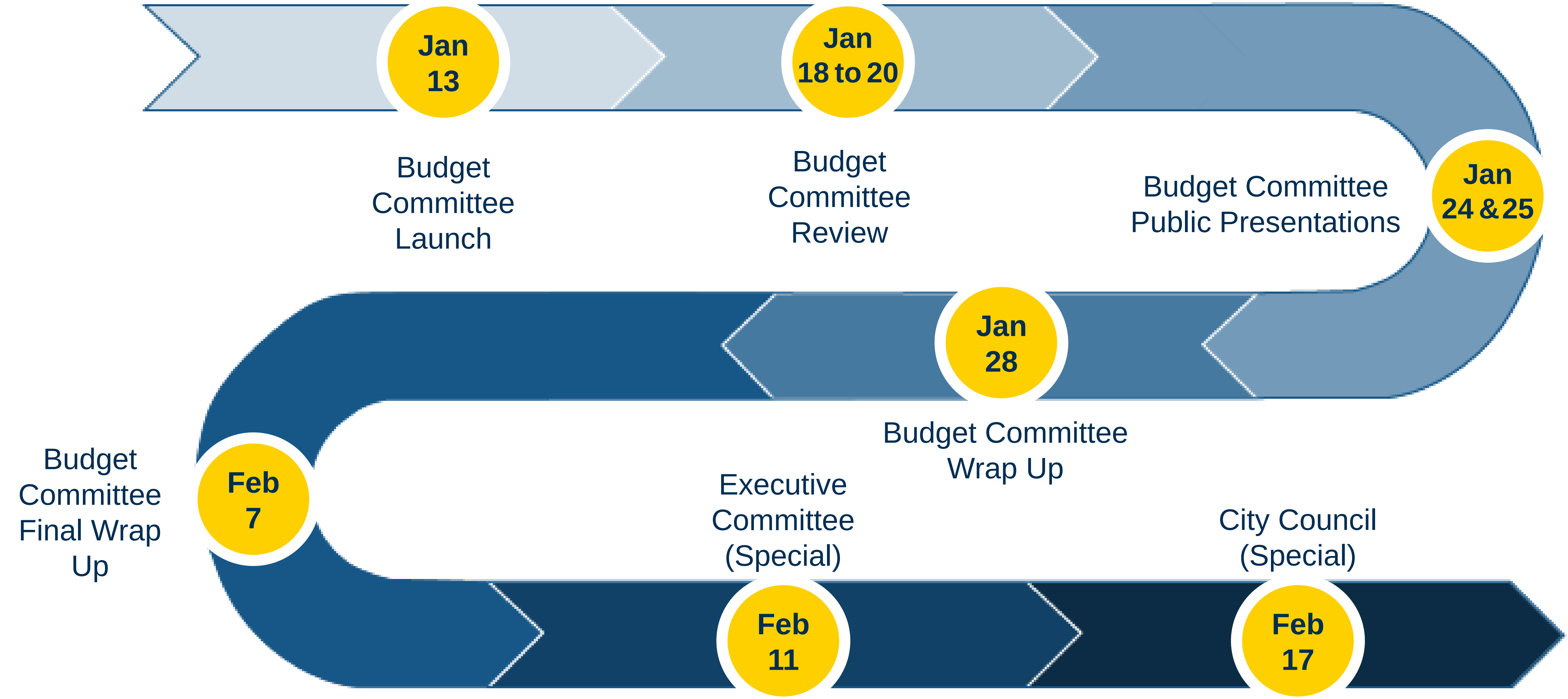
- **Total $23.2 Billion investments** in SOGR over the 10-Year Plan (Tax $15.7 Billion, Rate $7.5 Billion)
- Includes $761 Million in added SOGR investments
- Continues investments in Transit and Housing established in 2020
- Asset Management Planning

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



Thank you

toronto.ca/budget

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