

2023 Tax and Rate Supported Interim Operating and Capital Spending Authorities

Date: November 21, 2022

To: Executive Committee

From: Chief Financial Officer and Treasurer

Wards: All

SUMMARY

The purpose of this report is to establish interim spending authorities for City Programs and Agencies before the 2023 Operating and Capital Budgets are approved by City Council. This will provide the required authority to continue to deliver current services, meet existing contractual commitments, and continue work on previously approved capital projects prior to 2023 budget approvals.

The 2023 Tax and Rate Supported Operating and Capital Budgets are expected to be approved in late February or early March of 2023. The budgets will then be uploaded to the City's financial system by the end of March or early April for City programs and Agencies, providing authority to spend or commit against 2023 approved budgets.

It should be noted that no funding for new/enhanced services or new capital projects is included in the recommended 2023 Interim Spending Authorities contained in this report. Any consideration for new funding is subject to the 2023 Budget process.

The 2023 Tax and Rate Supported Interim Operating Spending Authorities include \$7.488 billion in gross expenditures with a net funding requirement of \$6.853 billion. The 2023 Tax and Rate Supported Interim Capital Spending Authorities total \$3.133 billion, requiring debenture financing of \$0.851 billion.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer recommends that:

1. City Council approve the 2023 Tax and Rate Supported Interim Operating Spending Authorities totalling \$7.488 billion as detailed by City Program and Agency in Appendix 1 attached.

FINANCIAL IMPACT

Approving the recommendation in this report will ensure that adequate spending authority is in place for all Programs and Agencies until such time that the 2023 operating and capital budgets are approved.

Operating:

As shown in Table 1, the 2023 Tax and Rate Supported Interim Operating Spending Authorities total \$7.488 billion gross and require estimated net funding of \$6.853 billion. Net funding requirements for City Operations total \$3.404 billion, for City Agencies \$2.180 billion, and \$0.979 billion for Corporate Accounts. Agencies are partially funded by the City and are able to cover a portion of expenditures through their own source revenues.

Table 1: 2023 Tax and Rate Supported Interim Operating Spending Authorities

Service Area (Millions)	2023 Interim Spending Authorities Gross	2023 Net Interim Spending Authorities
Community and Social Services	2,611	2,611
Infrastructure and Development Services	366	366
Finance and Treasury Services	52	52
Corporate Services	248	248
City Manager	44	44
Other City Programs	77	77
Accountability Offices	6	6
Total - City Operation	3,404	3,404
Agencies	2,180	1,605
Corporate Accounts	925	925
Total - Tax Supported Programs	6,509	5,934
Rate Supported Programs	979	919
TOTAL	7,488	6,853

Capital:

The 2023 Tax and Rate Supported Interim Capital Spending Authorities recognize spending authority approved by Council in 2022 and prior years to continue work on previously approved capital projects. Cash flow funding for 2023 commitments and funding carried forward from 2022 to 2023 required to complete capital work total \$3.133 billion including \$0.851 billion in debt funding.

2023 Tax and Rate Supported Interim Capital Spending Authorities are summarized in Table 2 below and detailed in Appendix 2.

Table 2: 2023 Tax and Rate Supported Interim Capital Spending Authorities

Service Area (Millions)	2023 Interim Spending Authorities Gross	2023 Interim Spending Authorities Debt
Community and Social Services	478	230
Infrastructure and Development Services	594	315
Finance and Treasury Services	62	48
Corporate Services	329	136
Other City Programs	2	1
Total - City Operation	1,466	730
Agencies	826	121
Total - Tax Supported Programs	2,292	851
Rate Programs	841	
Total	3,133	851

DECISION HISTORY

City Council is required to establish Interim Operating and Capital Spending Authorities by December 31, 2022, to ensure that the City is able to deliver current services and meet existing contractual commitments from January 1, 2023, to the date when 2023 Operating and Capital Budgets are approved and 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

2023 Tax and Rate Supported Interim Operating Spending Authorities

The interim spending authorities grant funding to maintain ongoing, existing operations and do not include funds for any new requests. They are based on a portion of the 2022 Approved Operating Budget as of October 13, 2022.

The resulting Interim Spending Authorities represent approximately 50 percent of the annual gross expenditure budget for City Operations and Corporate Accounts overall, *and* represent approximately 50 percent of the annual net budget for Agencies, 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 their own revenue sources.

2023 Tax and Rate Supported Interim Capital Spending Authorities

2023 Interim Capital Spending Authorities reflect cash flow funding required to continue work on previously approved capital projects until the 2023-2032 Capital Budget and Plan are approved and established in the City's financial system.

Capital funding requirements for this purpose permit the following:

- To continue work on previously approved urgent capital projects,
- To fulfill previously established contractual commitments, and
- To provide carry-forward funding from 2022 to 2023 for projects that are underway.

Appendix 2 details capital budget spending authority for previously approved 2023 committed cash flow funding and preliminary 2022 carry forward funding estimates for each City Program and Agency.

The 2023 Interim Capital Budget Spending Authorities for City Programs and Agencies represent 55% of the 2022 Approved Capital Budget and gross expenditure for Tax and Rate Supported Programs and Agencies.

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 - 2023 Tax and Rate Supported Interim Operating Spending Authorities
Appendix 2 - 2023 Tax and Rate Supported Interim Capital Spending Authorities

Appendix 1: 2023 Tax and Rate Supported Interim Operating Spending Authorities

Programs / Agencies (\$000)	2022 Council Approved Gross Budget	2022 Council Approved Net Budget	2023 Interim Spending Authorities Gross	2023 Interim Spending Authorities Net
Community and Social Services				
Housing Secretariat	702,284	412,686	351,142	351,142
Children's Services	870,983	92,293	435,492	435,492
Court Services	32,826	-36,328	16,413	16,413
Economic Development & Culture	106,997	82,240	53,498	53,498
Fire Services	524,217	502,698	262,108	262,108
Toronto Paramedic Services	294,746	100,129	147,373	147,373
Seniors Services and Long-Term Care	328,552	73,315	164,276	164,276
Parks, Forestry & Recreation	482,097	344,175	241,049	241,049
Shelter, Support & Housing Administration	626,036	449,161	313,018	313,018
Social Development, Finance & Administration	95,347	79,605	47,673	47,673
Toronto Employment & Social Services	1,157,836	81,431	578,918	578,918
Sub-Total Community and Social Services	5,221,921	2,181,404	2,610,961	2,610,961
Infrastructure and Development Services				
City Planning	57,316	13,338	28,658	28,658
Office of Emergency Management	3,951	3,301	1,976	1,976
Municipal Licensing & Standards	64,638	22,335	32,319	32,319
Policy, Planning, Finance & Administration	16,730	4,860	8,365	8,365
Transit Expansion	9,777	2,337	4,889	4,889
Engineering & Construction Services	74,684	567	37,342	37,342
Toronto Building	68,046	-16,147	34,023	34,023
Transportation Services	436,426	234,109	218,213	218,213
Sub-Total Infrastructure and Development Services	731,569	264,701	365,784	365,784
Finance and Treasury Services				
Office of the Chief Financial Officer and Treasurer	16,569	12,944	8,284	8,284
Office of the Controller	88,252	43,319	44,126	44,126
Sub-Total Finance and Treasury Services	104,821	56,263	52,411	52,411
Corporate Services				
Corporate Real Estate Management	206,889	111,529	103,444	103,444
Environment & Climate	17,600	13,723	8,800	8,800
Fleet Services	63,087	29,203	31,543	31,543
Technology Services	144,737	110,238	72,368	72,368
Office of the Chief Information Security Officer	44,662	39,662	22,331	22,331
311 Toronto	19,280	10,661	9,640	9,640
Sub-Total Corporate Services	496,254	315,017	248,127	248,127
City Manager				
City Manager's Office	87,088	65,631	43,544	43,544
Sub-Total City Manager	87,088	65,631	43,544	43,544
Other City Programs				
City Clerk's Office	66,187	37,877	33,094	33,094
Legal Services	61,202	34,725	30,601	30,601
Mayor's Office	2,567	2,567	1,284	1,284
City Council	24,202	21,862	12,101	12,101
Sub-Total Other City Programs	154,158	97,031	77,079	77,079

Appendix 1: 2023 Tax and Rate Supported Interim Operating Spending Authorities
(Cont'd)

Programs / Agencies (\$000)	2022 Council Approved Gross Budget	2022 Council Approved Net Budget	2023 Interim Spending Authorities Gross	2023 Interim Spending Authorities Net
Other Accountability Offices				
Auditor General's Office	7,729	7,658	3,864	3,864
Integrity Commissioner's Office	762	662	381	381
Office of the Lobbyist Registrar	1,257	1,257	628	628
Office of the Ombudsman	2,688	2,688	1,344	1,344
Sub-Total Other Accountability Offices	12,435	12,264	6,218	6,218
TOTAL - CITY OPERATION	6,808,247	2,992,312	3,404,124	3,404,124
Agencies				
Toronto Public Health	366,532	128,346	183,266	183,266
Toronto Public Library	228,305	209,785	114,153	104,893
Association of Community Centres	9,672	9,426	4,836	4,713
Exhibition Place	59,885	3,300	29,942	1,650
Heritage Toronto	1,306	511	653	256
TO Live	38,673	8,059	19,336	4,030
Toronto Zoo	55,260	17,419	27,630	8,710
Arena Boards of Management	9,783	1,488	4,892	744
Yonge-Dundas Square	3,480	1,165	1,740	583
CreateTO	16,831	0	8,415	0
Toronto & Region Conservation Authority	10,925	5,459	5,463	2,730
Toronto Transit Commission - Conventional	2,148,568	1,337,342	1,074,284	668,671
Toronto Transit Commission - Wheel Trans	135,448	129,453	67,724	64,726
Toronto Police Service	1,262,428	1,118,219	631,214	559,109
Toronto Police Services Board	3,045	1,970	1,523	985
Toronto Atmospheric Fund	8,975	0	4,488	0
SUB-TOTAL - AGENCIES	4,359,117	2,971,941	2,179,558	1,605,064
Corporate Accounts				
Capital & Corporate Financing	1,094,300	861,392	547,150	547,150
Non-Program Expenditures				
Tax Deficiencies	42,736	42,736	21,368	21,368
Tax Increment	50,570	50,570	25,285	25,285
Downloading-Assessment	46,515	46,515	23,257	23,257
Funding of Liabilities Employee Related	70,782	70,782	35,391	35,391
Programs Funded From Reserve Funds	155,442	0	77,721	77,721
Other Corporate Expenditures	197,418	140,826	98,709	98,709
Insurance Premiums/Claims	48,317	48,317	24,159	24,159
Tax Increment Funding (TIF)	4,992	4,992	2,496	2,496
Parking Tag Enforcement & Operations	61,317	61,317	30,658	30,658
Heritage Property Tax Rebate Program	2,012	2,012	1,006	1,006
Solid Waste Management Rebate Program	75,371	75,371	37,686	37,686
Non-Program Expenditures	755,472	543,437	377,736	377,736
TOTAL - CORPORATE ACCOUNTS	1,849,771	1,404,829	924,886	924,886
TOTAL - TAX SUPPORTED PROGRAMS	13,017,135	7,369,082	6,508,568	5,934,073
Rate Supported Programs				
Solid Waste Management Services	391,057	0	195,528	195,528
Toronto Parking Authority	120,301	0	60,151	0
Toronto Water	1,447,082	0	723,541	723,541
TOTAL - RATE SUPPORTED PROGRAMS	1,958,440	0	979,220	919,069
TOTAL - TAX & RATE SUPPORTED OPERATIONS	14,975,574	7,369,082	7,487,787	6,853,142

2023 Interim Operating and Capital Spending Authorities

Appendix 2: 2023 Tax and Rate Supported Interim Capital Spending Authorities

Program / Agency (\$000)	Carry Forwards Gross	Carry Forwards Debt	50% Previously Approved Commit. Gross	50% Previously Approved Commit. Debt	2023 Interim Spending Authorities Gross	2023 Interim Spending Authorities Debt
Community and Social Services						
Children's Services	8,390	1,500	4,018		12,408	1,500
Economic Development and Culture	12,603	5,735	6,914	3,707	19,517	9,442
Fire Services	6,378	4,525	3,477	1,186	9,855	5,711
Housing Secretariat	80,243	66,243	45,030	10,299	125,273	76,542
Parks, Forestry & Recreation	94,349	59,007	71,749	21,952	166,098	80,959
Seniors Services and Long-Term Care	9,271		9,097		18,368	
Shelter, Support & Housing Administration	16,967	8,307	12,459	11,839	29,426	20,146
Toronto Employment & Social Services	477				477	
Toronto Housing Corporation	25,000	25,000	55,000		80,000	25,000
Toronto Paramedic Services	3,880	3,740	13,025	6,525	16,905	10,265
Sub-Total Community and Social Services	257,558	174,057	220,767	55,508	478,326	229,564
Infrastructure and Development Services						
City Planning	1,852	1,512	1,743	669	3,595	2,181
IDS Transit Expansion	6,109	2,860	1,282	746	7,391	3,606
Transportation Services	55,400	55,400	398,107	244,924	453,507	300,324
Waterfront Revitalization Initiative	105,387	7,554	23,958	1,794	129,345	9,348
Sub-Total Infrastructure and Development Services	168,748	67,326	425,090	248,132	593,838	315,458
Finance and Treasury Services						
Office of the CFO and Treasurer	1,382	1,029	320	179	1,702	1,208
Office of the Controller	33,098	31,902	27,617	14,920	60,715	46,822
Sub-Total Finance and Treasury Services	34,480	32,931	27,937	15,099	62,417	48,030
Corporate Services						
311 Toronto	145		-73	154	73	154
Chief Information Security Office	5,388	5,388	70	70	5,458	5,458
Corporate Real Estate Management	97,964	66,725	98,999	49,934	196,962	116,659
Environment & Climate Division	9,420		11,273		20,692	
Fleet Services	41,839		38,249		80,088	
Technology Services	18,554	7,180	7,273	6,598	25,827	13,778
Sub-Total Corporate Services	173,309	79,293	155,791	56,756	329,100	136,048
Other City Programs						
City Clerk's Office	1,027		985	663	2,012	663
Corporate Initiatives	444	50			444	50
Sub-Total Other City Programs	1,471	50	985	663	2,456	713
TOTAL - CITY OPERATION	635,567	353,656	830,570	376,156	1,466,137	729,812
Agencies						
Exhibition Place	5,508	5,508	1,108	1,054	6,616	6,562
TO Live	10,574	6,374	4,408	6,508	14,982	12,882
Toronto & Region Conservation Authority			3,343	2,615	3,343	2,615
Toronto Police Service	46,960	29,507	14,461	10,437	61,421	39,944
Toronto Public Health	1,022	1,022	1,148	565	2,170	1,587
Toronto Public Library	5,530	4,932	21,457	16,449	26,987	21,381
Toronto Zoo	6,999	6,299	10,350	9,350	17,349	15,649
Yonge-Dundas Square	100	100			100	100
Sub-Total Agencies - no TTC	76,693	53,742	56,274	46,977	132,967	100,719
TTC						
Toronto Transit Commission	67,578	-20,759	580,398	40,143	647,976	19,384
Transit Expansion	2,364	2,364	42,911	-1,182	45,275	1,182
Sub-Total TTC	69,942	-18,395	623,309	38,961	693,251	20,566
SUB-TOTAL - AGENCIES	146,635	35,347	679,582	85,937	826,217	121,284
TOTAL - TAX SUPPORTED PROGRAMS	782,202	389,003	1,510,152	462,093	2,292,354	851,096
RATE PROGRAMS						
Solid Waste Management	3,888		41,648		45,537	
Toronto Parking Authority	14,750		2,514		17,264	
Wastewater Program	145,779		362,822		508,601	
Water Program	51,609		217,623		269,232	
TOTAL RATE PROGRAMS	216,026		624,606		840,633	
TOTAL CITY	998,228	389,003	2,134,758	462,093	3,132,986	851,096