

Toronto 2018 BUDGET

PRELIMINARY BUDGET OVERVIEW

2018 Preliminary Tax Supported Operating Budget
2018 – 2027 Capital Budget and Plan



OVERVIEW

Toronto is Canada's largest city and the fourth largest city in North America. It is home to 2.8 million residents and nearly 90,000 businesses. Toronto is Canada's business and financial capital, a growing financial hub in North America and a top ten global financial centre. As a result, Toronto has been repeatedly ranked in the top of international studies and indexes for competitiveness, innovation and livability.

The City of Toronto invests in its residents and businesses – socially, economically, culturally and environmentally – to make Toronto a desirable place to live, prosper and visit. Each year through the budget process, the City strives to balance the need to provide high-quality services and invest in infrastructure to support city-building while keeping the city affordable for businesses and residents.

Toronto, like other large cities, is facing urban challenges that include significant population growth, aging infrastructure, public transit, traffic congestion, shortage of affordable housing and poverty. As a result, the City must fund and deliver a wide range of programs and services that extend beyond the mandate of smaller municipalities.

The City also has substantial capital needs for both new infrastructure and state of good repair. City Council has adopted ambitious plans to address these issues and lead Toronto forward, however a significant portion of these capital projects remain unfunded.

2018 PRELIMINARY TAX SUPPORTED OPERATING BUDGET

The 2018 Preliminary Tax Supported Operating Budget is \$10.97 billion gross. This financial investment will ensure that the City continues to deliver the same level of service to Toronto residents and businesses.

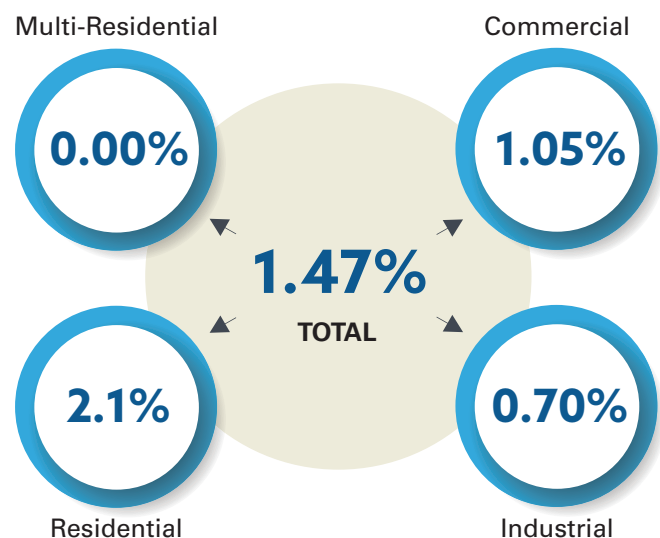
At the start of the 2018 budget process, the City was faced with an expenditure pressure of \$510 million. Much of this expenditure pressure was due to agency costs such as the servicing of the new Toronto-York-Spadina Subway expansion, roll-out of the PRESTO fare system, rising costs for emergency services as well as increased demand for shelters along with a loss of federal funding for shelters and debt-service costs.

The budget has been balanced through service efficiencies and savings as well as modest increases to revenues. The City continues to benefit from significant gains in the Municipal Land Transfer Tax (MLTT), which is budgeted to raise \$808 million in 2018, an increase of \$92 million. The City will also benefit from additional revenue from the uploading of social services and court security costs to the province, assessment growth and a potential new hotel and lodging tax.

The budget proposes an overall budget tax increase of 1.47% after assessment growth with a 2.1% increase for residential properties, 1.05% increase for commercial properties and a 0.70% for industrial properties in support of Council's tax policy to enhance the City's business climate.* There will be no increase for multi-residential/apartment buildings as per provincial legislation and no TTC fare increase.

*Not including the City building fund, current value assessment changes or tax shift policy.

PRELIMINARY BUDGET TAX INCREASE



HIGHLIGHTS FROM THE 2018 PRELIMINARY TAX SUPPORTED OPERATING BUDGET

The City will maintain, for the second year in a row, the \$37 million investment to fund the Toronto Community Housing Corporation (TCHC) operating shortfall. This will help to restore adequate service levels including building repairs, maintenance and cleaning.

The budget recommends \$14.7 million in new and enhanced services that support current service delivery and are offset by additional funding. These services include support to deliver capital projects such as the Cycling Network Plan and the Vision Zero road safety plan, improved communications such as training for 311 operators and other service delivery improvements.

An additional \$100.2 million in new and enhanced services and initiatives were referred to the budget process. They will be considered by Budget Committee, Executive Committee and Council to determine what new and enhanced services can be included in the final budget and how they will be funded.

MAKING TORONTO A GREAT PLACE TO LIVE WORK AND PLAY

The City of Toronto provides more than 140 day-to-day services that keep the city's homes and neighbourhoods safe and vibrant, encourage business growth and investment and make Toronto a welcoming destination for visitors. These are just a few of the services the City provides:

- Toronto Early Learning & Child Care Services has 52 centres and one home child care agency that serve over 3,000 children
- 38,226 children from 27,387 families benefited from a child care subsidy in 2017
- The City manages and maintains 123 community recreation centres, 86 club houses, 127 indoor and outdoor ice pads, 118 indoor and outdoor pools, 109 splash pads, more than 1,500 parks, 602 tennis courts, 694 sports fields and 858 playgrounds and five golf courses
- Toronto Public Library is the busiest urban public library system in the world with more than 18 million visitors and 33 million website visits in a year
- The City issues and renews close to 100,000 business licenses and permits annually
- Toronto operates 10 Long-Term Care Homes with 2,641 beds responding to local needs offering specialized behavioural support programs, short-stay respite and convalescent care beds
- The City invests \$330 million of federal, provincial and municipal investments to develop and improve 4,000 affordable rental and ownership homes for lower-income people and create 8,000 jobs
- Toronto provides nearly one million drop-in services for vulnerable residents such as a meal, shower and access to laundry and clothing.

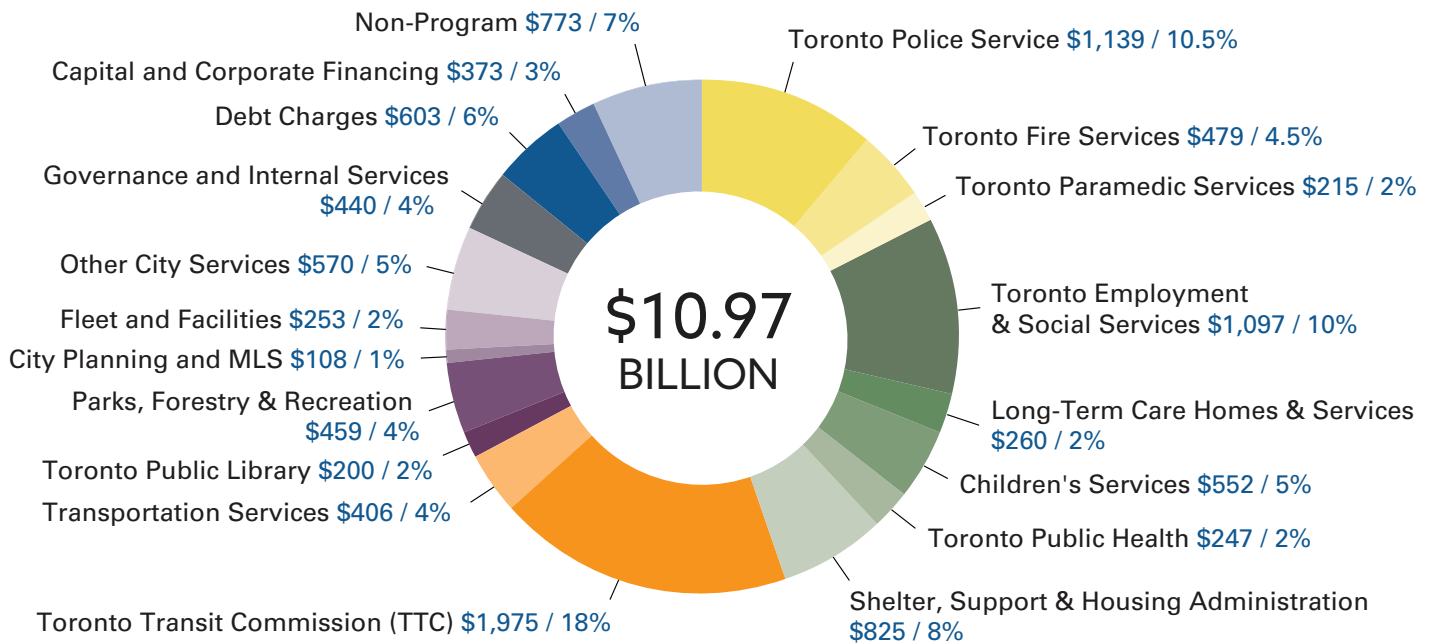
ENHANCING TORONTO'S BUSINESS CLIMATE

In 2005, City Council approved a policy to enhance the City's ability to compete globally as one of the five largest city regions in North America and to reverse the previous trend of local companies moving to satellite communities where the tax rates were more competitive. The policy included a decrease in tax ratios for business class properties to 2.5 times the residential rate by 2015 for small businesses and by 2020 for all other classes.

At the time, the City's commercial, industrial and multi-residential tax ratios were four times the rate of the residential tax rate. The City continues to improve the tax ratios. Currently the non-residential property tax is 2.9 times the residential property tax rate.

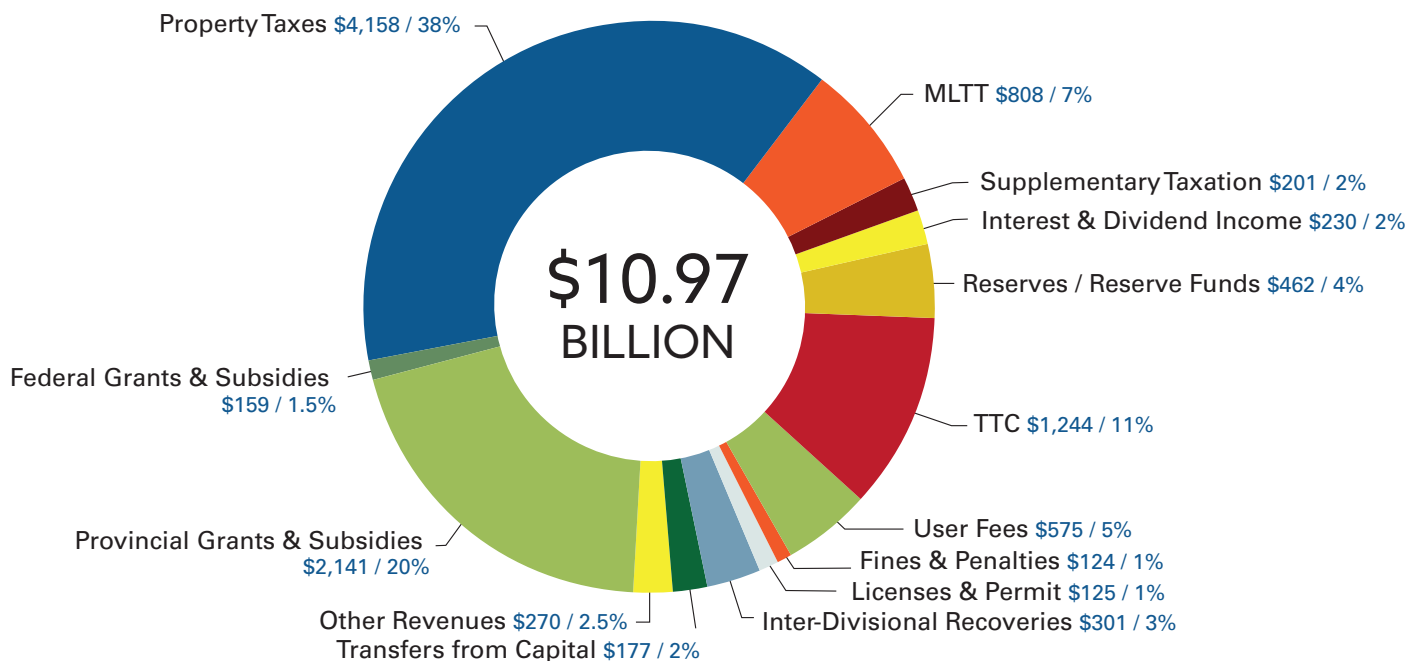
WHERE THE MONEY GOES

2018 Tax Supported Operating Budget (\$ Millions)



WHERE THE MONEY COMES FROM

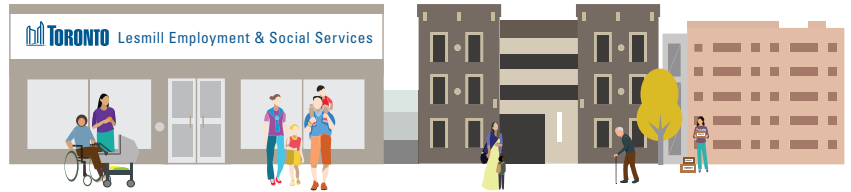
2018 Tax Supported Operating Budget (\$ Millions)



YOUR TAX DOLLARS AT WORK



\$88.10 or 2.8% in Parks, Economic Development and other services such as bylaw enforcement, animal services and planning.



\$491.52 or 17% in Social Programs which includes long-term care homes, employment services, child care and affordable and social housing.



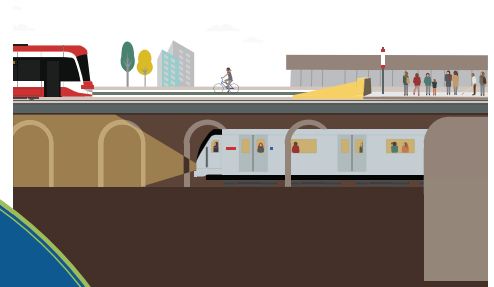
\$1,050.57 or 36.3% in Emergency Services which include Fire, Paramedic and Police.



A Toronto home with an assessed value of **\$624,418** will pay

\$2,906

in municipal property taxes in 2018.
This is how those tax dollars are spent.



\$488.83 or 16.9% to operate and maintain the TTC and Wheel-Trans.



\$150.38 or 5.2% in Transportation Services which includes salting, snow plowing, road and sidewalk repair, cycling paths, traffic signs and signals, special event road closure permits and street furniture such as transit shelters.



\$636.60 or 22% in Corporate and Capital Financing to develop and maintain City assets such as libraries, recreation centres, roads and transit.



2018-2027 PRELIMINARY TAX SUPPORTED CAPITAL BUDGET AND PLAN

The City's capital plan is focused on building the social and physical infrastructure needed to support Toronto's growth and maintain the City's aging infrastructure. It is funded from reserves, development charges and other levels of government and by borrowing funds or taking on debt.

The 2018-2027 Preliminary Tax Supported Capital Budget and Plan is \$25.7 billion, of which 52 per cent is allocated to maintaining and investing in the City's state of good repair. Toronto has more than \$75 billion in existing infrastructure. Transportation and transit make up 73 per cent of the City's 10-year capital budget and plan. Nearly \$19 billion of this investment is to maintain existing public transit infrastructure, roads and bridges.

FUNDING PRIORITY PROJECTS THROUGH THE 10-YEAR CAPITAL BUDGET AND PLAN

New revenue from the provincial gas tax has enabled the City to make debt room available to fund unmet critical infrastructure needs while staying within the overall debt ceiling limit of 15 per cent of the property tax revenue.

The proposed 10-year capital plan includes \$1.1 billion in additional capital spending including:

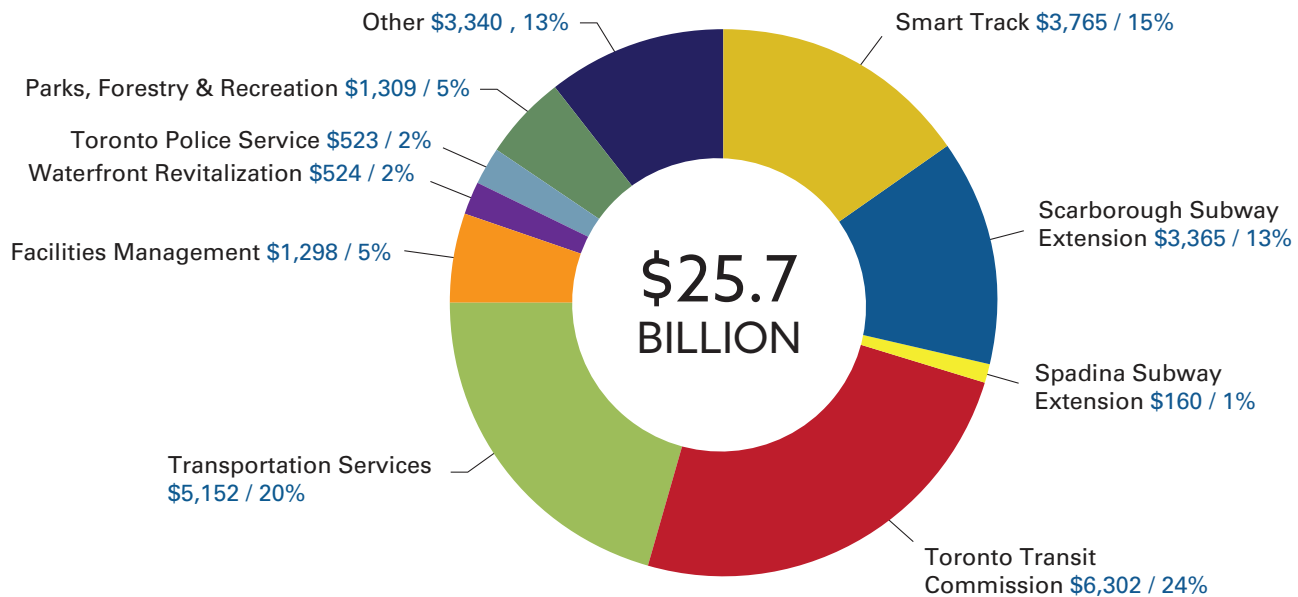
- \$486 million for the George Street revitalization which will transform the Seaton House men's shelter into a world-class facility and a community hub for residents and the local neighbourhood
- Legislated accessibility measures to meet AODA requirements
- Funding to begin transformation projects that support city building such as studies for Rail Deck Park, future uses for Old City Hall and the relocation of Etobicoke Civic Centre
- \$279 million in new funding for TCHC as an interim funding measure to allow the corporation to continue its capital repair plan for the next two years to prevent permanent unit closures and continue with current revitalization projects including Leslie Nymark, Regent Park and Lawrence Heights.

HIGHLIGHTS FROM THE 2018-2027 CAPITAL BUDGET AND PLAN

- \$7.1 billion to fund the City's two largest transit investments, SmartTrack and the Scarborough Subway Extension
- \$5.1 billion to continue the state of good repair projects for the TTC's infrastructure and vehicle replacement to rehabilitate, repair and maintain transit facilities and support Automatic Train Control
- \$524 million in funding for growth-related waterfront initiatives including \$381 million for Port Lands flood protection
- \$659 million to address state of good repair projects in the City's parks and recreation facilities
- \$253 million for the design and construction of five new community centres
- \$4.5 billion to maintain Transportation Services' assets in a state of good repair including 5,600 km of roads, 7,950 km of sidewalks, 900 bridges/culverts and 2,400 traffic control signals.

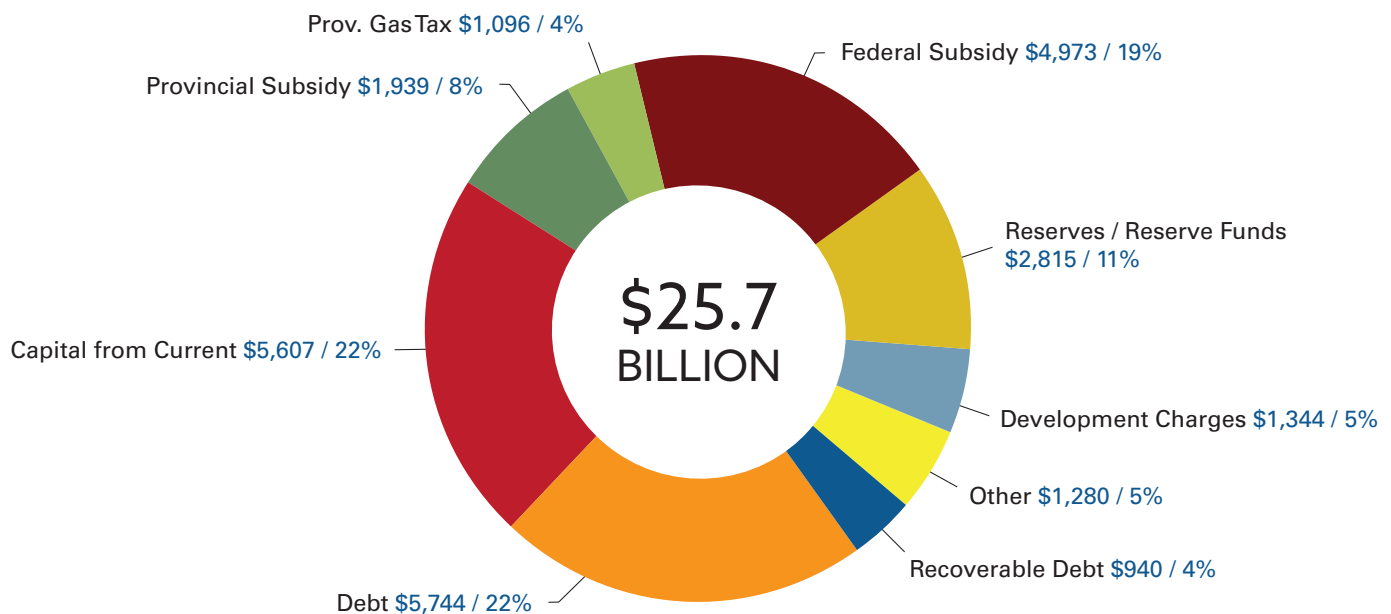
WHERE THE MONEY GOES

2018 – 2027 Tax Supported Capital Budget and Plan (\$ Millions)



WHERE THE MONEY COMES FROM

2018 – 2027 Tax Supported Capital Budget and Plan (\$ Millions)



STRATEGIES TO ADDRESS UNFUNDED CAPITAL PROJECTS

Toronto is both a growing and an aging city. The financial impacts are evident in the City's capital program, with over \$30 billion in projects currently unfunded. The City's capital needs far exceed revenues. In order to provide sustainable funding for capital projects, Council may need to consider further measures to help fund urgent capital projects.

The City has developed a new "stage gating" process to manage new projects. This process provides Council with specific decision points to advance projects as scope, timelines and costs are clarified. Priority will be placed on transit, transportation and social infrastructure projects that are funded through intergovernmental agreements.

GETTING INVOLVED IN THE BUDGET PROCESS

You can follow the development of the budget as it is reviewed, debated, changed and approved by the Budget Committee and Executive Committee and then City Council on February 12 and 13, 2018. Details on when and where committee and council meetings are held are available at toronto.ca/council.

The materials for the meetings, including presentations, budget and briefing notes as well as information on the budget process, can be found on the City's website at toronto.ca/budget2018.

There are several ways you can share your views on the budget. You can:

1. Make a presentation at one of the Budget Subcommittee meetings on January 8, 9 and 10.

Scarborough Civic Centre, Council Chamber

150 Borough Dr.

January 8, 3 p.m. and 6 p.m.

Etobicoke Civic Centre, Council Chamber

399 The West Mall

January 8, 3 p.m. and 6 p.m.

North York Civic Centre, Council Chamber

5100 Yonge St.

January 9, 3 p.m. and 6 p.m.

York Civic Centre, Council Chamber

2700 Eglinton Ave. W.

January 9, 3 p.m. and 6 p.m.

City Hall, Committee Room 1

100 Queen St. W.

January 10, 9:30 a.m. and 6 p.m.

East York Civic Centre, Council Chamber

850 Coxwell Ave.

January 10, 3 p.m. and 6 p.m.

Individuals may only make one presentation at any of the budget subcommittee meetings.

To register to speak, call 416-392-4666 or email buc@toronto.ca. To find out more on how you can participate, visit toronto.ca/council.

2. Can't attend in person? Submit a written deputation to the Budget Committee by email to buc@toronto.ca, fax 416-392-1879 or mail to Toronto City Hall, 100 Queen St. W., 10th floor, West Tower, Toronto, ON M5H 2N2.
3. Send a letter or email to your local City Councillor. For information on how to contact your City Councillor, call 311 or visit toronto.ca/council.

Notice: If you write or make a presentation to the Budget Committee, the City will collect and use your personal information in accordance with applicable laws. We also videotape meetings and make recordings publicly available on request. More information about the collection and use of your personal information is available at toronto.ca/legdocs/privacy.htm.