



# Toronto 2016 BUDGET

## OPERATING PROGRAM SUMMARY



## Facilities, Real Estate, Environment & Energy

### 2016 OPERATING BUDGET OVERVIEW

Facilities, Real Estate, Environment & Energy (FREEE) work across the City with clients and stakeholders to deliver a comprehensive range of facility management, real estate services and sustainability programs in an efficient and effective manner that maximizes the City's property assets and delivers service excellence.

### 2016 Budget Highlights

The total cost to deliver these services to Toronto residents is \$193.121 million gross and \$65.653 million net as shown below.

(in \$000's)	2015 Budget	2016 Budget	Change	
			\$	%
Gross Expenditures	189,876.4	193,120.5	3,244.0	1.7%
Gross Revenues	123,559.1	127,467.2	3,908.1	3.2%
<b>Net Expenditures</b>	<b>66,317.4</b>	<b>65,653.3</b>	<b>(664.1)</b>	<b>(1.0%)</b>

Through operational efficiencies and increased leasing revenues, the Program is able to fully offset \$1.146 million in operating budget pressures arising mainly from inflation in utilities and increases for staff salaries and benefits while maintaining the same service levels for 2016.

[toronto.ca/budget2016](http://toronto.ca/budget2016)

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## Fast Facts

- Manage over 9.6 million square feet of City-owned and operated facilities.
- Facilities Operations complete approximately 38,000 building maintenance work orders annually for City-owned facilities.
- Real Estate Services manage over 5,700 properties and 26.5 million square feet of building space in an Asset Portfolio worth \$12 billion and manage 1,000+ leases in the portfolio generating over \$48 million in annual lease revenues.
- Environment & Energy manages all aspects of energy supply and consumption on behalf of City divisions, monitoring 3,500 energy accounts with a total utilities budget in excess of \$24 million.

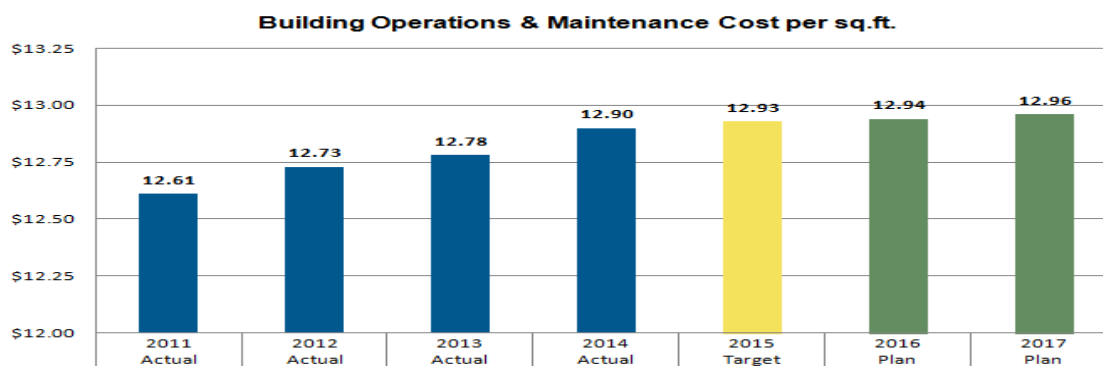
## Trends

- Facilities Management strives to operate efficiently to maintain a square foot cost allocation that reflects good value for money in a municipal setting.
- The cost/square foot includes custodial, building repairs & maintenance, security and utilities costs. Costs have stabilized from the use of a mixed service model for custodial and maintenance services, emphasizing a preventive maintenance plan and realizing energy efficiencies.

## Our Service Deliverables for 2016

Facilities, Real Estate, Environment & Energy protect, maintain and maximize the City's investment in its public buildings and real property. The 2016 Operating Budget will:

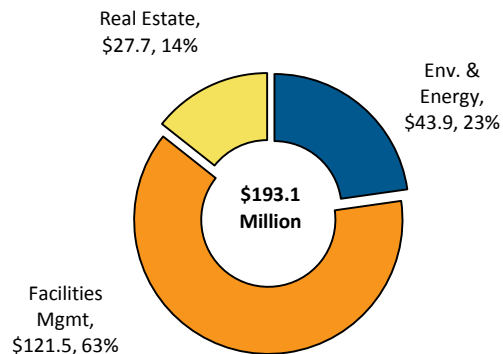
- Maintain City facilities in a clean, safe, and accessible manner as per Council approved maintenance standards.
- Ensure the City's property portfolio is optimal and meets program requirements.
- Develop an organizational structure that optimizes preventative and demand maintenance with state-of-good-repair plans and maximizes project delivery.
- Reduce energy demand and greenhouse gases and increase use of renewable energy technologies and clean energy generation.
- Invest in the growth and development of staff through talent management, leadership development, succession planning, mentorship programs, and by creating a healthy and positive work space.
- Maximize lease revenues by negotiating optimal leasing arrangements.
- Conduct a City-wide Real Estate review to better coordinate real estate portfolios across City Divisions, Agencies and Corporations in order to centralize inventory, improve service delivery and find operational efficiencies.



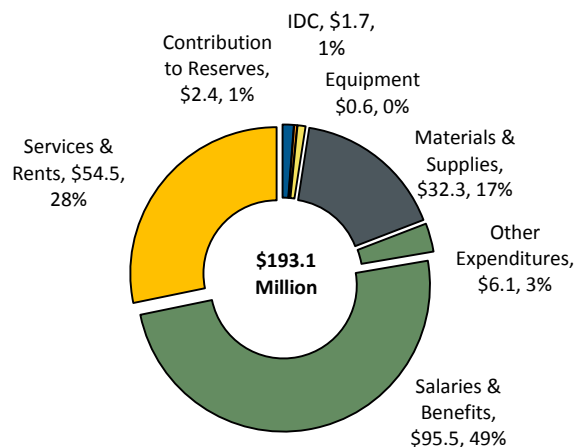
### 2016 Operating Budget Expenses & Funding

#### Where the money goes:

##### 2016 Budget by Service

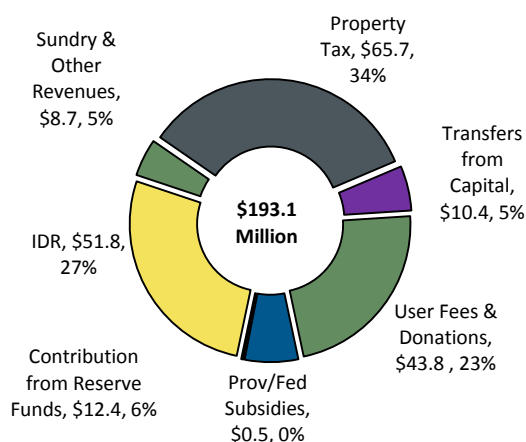


##### 2016 Budget by Expenditure Category



#### Where the money comes from:

##### 2016 Budget by Funding Source



### Our Key Issues & Priority Actions

- Improving resilience to high impact extreme weather events and ability to mitigate potential damages and disruption to City Programs and Agencies.
- ✓ Two positions were filled in 2015 that are actively engaged in addressing City Council's directives on climate change mitigation and adaptation and the Climate Change Risk Management Policy. Staff reports to City Council are planned for the end of 2016.
- Unlocking the value of the City's real estate portfolio and maximizing the use of City-owned space while meeting client program requirements.
- ✓ Act on opportunities through detailed review, market research and analysis by qualified staff to ensure City's Real Estate portfolio meets the needs of City Programs and Agencies.
- Coordination of preventative maintenance, SOGR and energy retrofit projects to ensure minimal impact and the most cost efficiency.
- ✓ The operating impact resulting from the investment in SAP facilities maintenance functionality will automate core business processes related to facility work orders, scheduled preventative maintenance and inventory management, while interfacing with state of good repair plans.

### 2016 Operating Budget Highlights

- The 2016 Operating Budget of \$193.1 million in gross expenditures provides funding for three services: Facilities Management, Real Estate and Environment & Energy.
- The Program has achieved the budget target of a -1% increase from the 2015 Budget through measures taken based on the following:
  - ✓ Efficiency savings (\$1.320 million).
  - ✓ Sustainable cost reductions (\$1.027 million).
  - ✓ Increased leasing revenues (\$0.490 million).
  - ✓ Target achievement without impacting on Council approved Service Levels.

## Council Approved Budget

City Council approved the following recommendations:

1. City Council approved the 2016 Operating Budget for Facilities, Real Estate, Environment & Energy of \$193.121 million gross, \$65.653 million net for the following services:

	Gross	Net
<u>Service:</u>	<u>(\$000s)</u>	<u>(\$000s)</u>
Facilities Management:	121,477.6	70,556.6
Real Estate:	27,696.0	(30,135.0)
Environment & Energy:	43,946.8	25,231.7
Total Program Budget	<u>193,120.5</u>	<u>65,653.3</u>

2. City Council approved the 2016 service levels for Facilities, Real Estate, Environment & Energy as outlined on pages 14, 18, and 21 of this report, and associated staff complement of 1,022.5 positions.



## Part I:

2016 – 2018

Service Overview and  
Plan

## Program Map

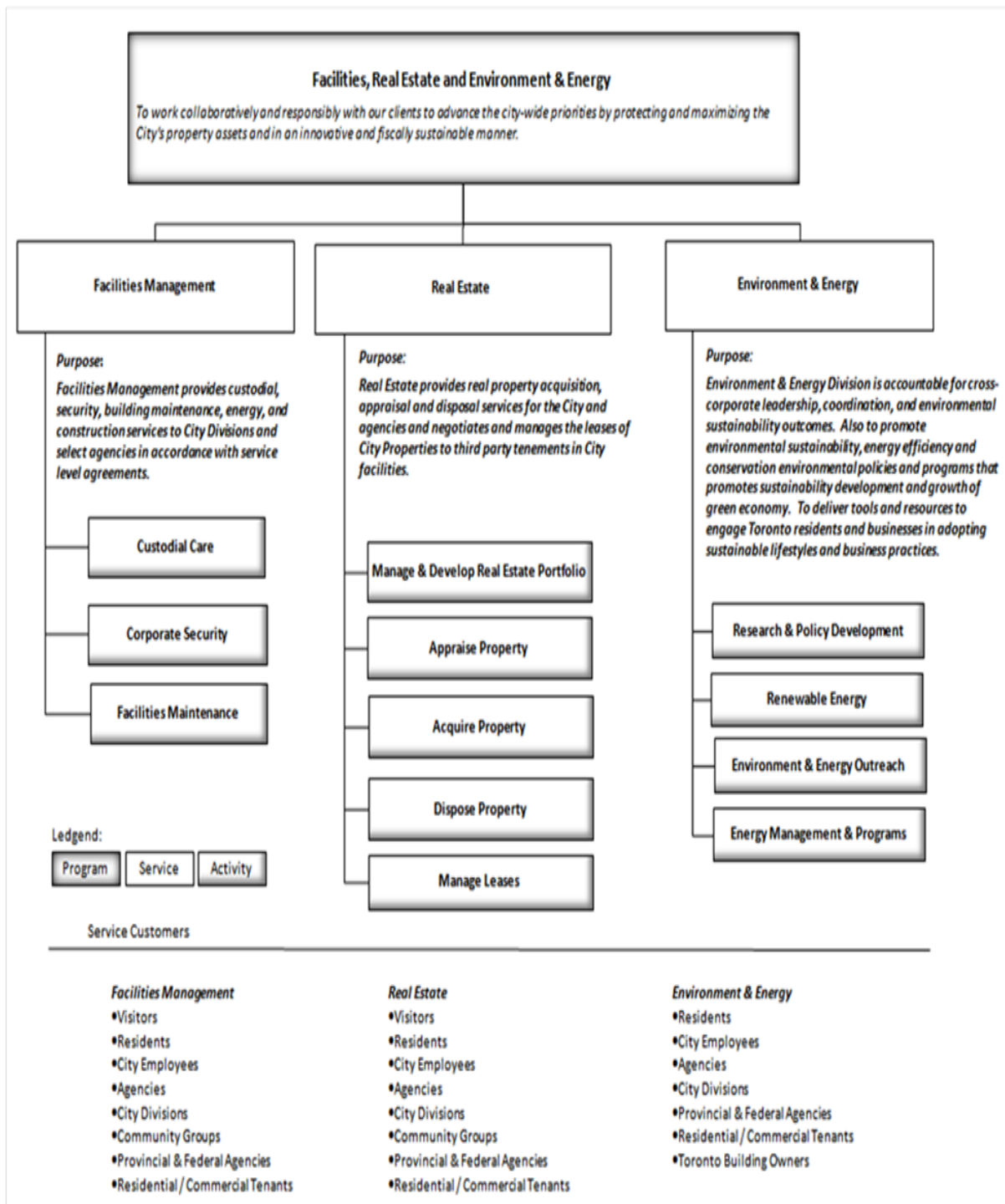


Table 1

## 2016 Operating Budget and Plan by Service

(In \$000s)	2015		2016 Operating Budget			2016 vs. 2015 Budget Approved Changes		Incremental Change 2017 and 2018 Plan			
	Budget	Projected Actual	2016 Base	2016 New/Enhanced	2016 Budget			2017		2018	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>Facilities Management</b>											
Gross Expenditures	120,711.3	121,092.6	121,477.6		121,477.6	766.3	0.6%	(49.1)	(0.0%)	548.5	0.5%
Revenue	50,471.1	51,257.0	50,921.0		50,921.0	449.9	0.9%	59.8	0.1%	29.0	0.1%
<b>Net Expenditures</b>	<b>70,240.2</b>	<b>69,835.5</b>	<b>70,556.5</b>	<b>-</b>	<b>70,556.5</b>	<b>316.4</b>	<b>0.5%</b>	<b>(109.0)</b>	<b>(0.2%)</b>	<b>519.5</b>	<b>0.7%</b>
<b>Real Estate</b>											
Gross Expenditures	27,801.6	27,409.5	27,696.0		27,696.0	(105.6)	(0.4%)	169.9	0.6%	80.7	0.3%
Revenue	55,345.1	55,371.2	57,831.0		57,831.0	2,486.0	4.5%	123.0	0.2%	-	
<b>Net Expenditures</b>	<b>(27,543.4)</b>	<b>(27,961.7)</b>	<b>(30,135.0)</b>	<b>-</b>	<b>(30,135.0)</b>	<b>(2,591.6)</b>	<b>9.4%</b>	<b>46.9</b>	<b>(0.2%)</b>	<b>80.7</b>	<b>(0.3%)</b>
<b>Environment &amp; Energy</b>											
Gross Expenditures	41,363.5	37,862.4	43,946.8		43,946.8	2,583.3	6.2%	2,211.5	5.0%	127.1	0.3%
Revenue	17,742.9	13,349.8	18,715.2		18,715.2	972.2	5.5%	2,249.0	12.0%	87.0	0.4%
<b>Net Expenditures</b>	<b>23,620.5</b>	<b>24,512.6</b>	<b>25,231.7</b>	<b>-</b>	<b>25,231.7</b>	<b>1,611.1</b>	<b>6.8%</b>	<b>(37.5)</b>	<b>(0.1%)</b>	<b>40.1</b>	<b>0.2%</b>
<b>Total</b>											
Gross Expenditures	189,876.4	186,364.5	193,120.5	-	193,120.5	3,244.0	1.7%	2,332.2	1.2%	756.2	0.4%
Revenue	123,559.1	119,978.0	127,467.2	-	127,467.2	3,908.1	3.2%	2,431.8	1.9%	116.0	0.1%
<b>Total Net Expenditures</b>	<b>66,317.4</b>	<b>66,386.4</b>	<b>65,653.3</b>	<b>-</b>	<b>65,653.3</b>	<b>(664.1)</b>	<b>(1.0%)</b>	<b>(99.6)</b>	<b>(0.2%)</b>	<b>640.2</b>	<b>1.0%</b>
<b>Approved Positions</b>	<b>1,016.3</b>	<b>963.4</b>	<b>1,022.5</b>	<b>-</b>	<b>1,022.5</b>	<b>6.2</b>	<b>0.6%</b>	<b>(2.0)</b>	<b>(0.2%)</b>		

The Facilities, Real Estate, Environment & Energy's 2016 Operating Budget is \$193.121 million gross and \$65.653 million net, representing a 1.0% decrease from the 2015 Net Operating Budget and is in line with the reduction target as set out in the 2016 Operating Budget Directions and Guidelines.

- Base pressures are mainly attributable to the cost of inflation in utilities in the Environment & Energy Service and in contractual agreements for maintenance and custodial services, as well as increases for staff salaries and benefits common across all services.
- To help mitigate the above pressures, the Program was able to achieve service efficiency savings by streamlining maintenance functions, reducing overtime and restructuring aspects of its organization to eliminate vacant positions, all without service level impacts.
- Approval of the 2016 Operating Budget will result in Facilities, Real Estate, Environment & Energy increasing its total staff complement by 6.2 positions from 1,016.3 to 1,022.5.
- The 2016 and 2017 Plan increases are attributable to debt repayments of completed capital projects related to the Sustainable Energy Program (SEP); impacts of capital project *Solar Photovoltaic (PV) FiT (Feed-in-Tariff)* that is expected to generate significant revenues as new locations go online in 2016 and 2017; and progression pay, step and associated benefits increases.



**Table 2**  
**Key Cost Drivers**

(In \$000s)	2016 Operating Budget						2016 Base Budget	
	Environment & Energy		Facilities Management		Real Estate		Total	
	\$	Position	\$	Position	\$	Position	\$	Position
<b>Gross Expenditure Changes</b>								
<b>Prior Year Impacts</b>								
Annualization of 4 Research Analyst Positions in EED	(31.1)						(31.1)	
<b>Operating Impacts of Capital</b>								
Solar PV Revenues Increases & Capital Repayment	(124.5)						(124.5)	
Maintenance costs for CCTV and Security Systems			30.3				30.3	
Operating Impacts of Mobility			(2.7)				(2.7)	
<b>Delivery of Capital Projects</b>								
Channel & Counter Strategy				3.3				3.3
City-Wide Physical Security Enhancements				3.0				3.0
Real Estate Asset Management System Replacement						1.0		1.0
<b>Economic Factors</b>								
Corporate Economic Factors (Utilities)	945.0						945.0	
Divisional Economic Factors	(4.7)		585.8				581.1	
<b>Salary &amp; Benefit Changes</b>								
Progression Pay/Step & Benefits Adjustments	(382.5)		1,507.8		5.2		1,130.4	
<b>Other Base Changes</b>								
EED Implementation Unit Complement Adjustment	254.9	(2.0)	(254.9)					(2.0)
Reduction of RE Settlement Budget					(385.0)		(385.0)	
Union Station Utilities & Reconciliations	782.0				(914.8)		(132.8)	
Old City Hall Reconciliation	100.0		461.0		(768.0)		(207.0)	
Enhanced Level of Security				3.0				3.0
IDC/IDR Adjustments	(122.2)		(897.3)	(1.0)	(7.3)		(1,026.8)	(1.0)
Other Base Adjustments	196.1	2.0	201.1		(27.9)		369.2	2.0
<b>Total Gross Expenditure Changes</b>	<b>1,612.9</b>		<b>1,631.2</b>	<b>8.3</b>	<b>(2,097.9)</b>	<b>1.0</b>	<b>1,146.2</b>	<b>9.3</b>
<b>Revenue Changes (Increase) / Decrease</b>								
Increases in Leasing Revenues					(490.0)		(490.0)	
<b>Total Revenue Changes</b>					<b>(490.0)</b>		<b>(490.0)</b>	
<b>Net Expenditure Changes</b>	<b>1,612.9</b>		<b>1,631.2</b>	<b>8.3</b>	<b>(2,587.9)</b>	<b>1.0</b>	<b>656.2</b>	<b>9.3</b>

Key cost drivers for Facilities, Real Estate, Environment & Energy are discussed below:

- **Prior Year Impacts:**
  - Annualization of 4 Research Analyst 3 positions in the Environment & Energy Division (EED).
    - Two positions will end at the end of 2016 while the remaining 2 positions will remain in the budget funded through the Eco Roof Reserve and the annual third party grant from GLAD for the Clean Toronto Together program.
- **Operating Impacts of Capital:**
  - Increases in Solar PV FiT revenues resulting from installations of solar panels becoming operational in 2015 and through to 2016 and 2017, along with the set-up of debt repayment, mainly account for the overall net savings of \$0.097 million.
- **Delivery of Capital Projects:**
  - The transfer of the Channel and Counter Strategy capital project in 2015 from 311 Toronto will result in the addition of 3.3 temporary capital positions to continue to deliver the project, through the Capital Budget.



- Delivery of the City-Wide Physical Security Enhancements capital program will require an addition of 3 temporary security guards, funded through the Capital Budget.
- The Real Estate Asset Management System Replacement capital project will also result in the addition of 1 temporary Property Officer position. This project was deferred to 2017 through the 2016 Capital Budget review process, and therefore this position will remain vacant until then.
- Economic Factors:
  - Inflationary increases are subject to the multi-year contractual agreements with vendors for the procurement of goods and services as well as increasing utility rates.
- Salary and Benefit Changes:
  - Standard annual increases for progression pay for union and management staff, and associated fringe benefit adjustments result in an increase in staff salaries and benefits common across all services.
- Other Base Changes:
  - EED Implementation Unit Complement Adjustment – The deletion of a temporary Supervisor, Environmental Policy position and a temporary Project Lead Environment position along with the associated funding of \$0.255 million, funded by Home Energy Assistance Toronto Reserve will result in \$0 net impact. These positions will be vacant as of December 31, 2015.
  - Reduction of Real Estate (RE) Settlement Budget – A reduction of the expense budget no longer required for litigation settlement payments which occurred between 2003 and 2012, results in net savings of \$0.385 million.
  - Union Station Utilities & Reconciliation – Additional costs are expected in utilities consumption in 2015 of \$0.782 million due to an expected increase in usage in the new concourse and retail areas to be open in 2016. In addition, an adjustment of \$0.915 million resulted from an increase in the contribution from Union Station Reserve Fund will offset the additional economic factors and other cost pressures.
  - Old City Hall Reconciliation – Increased utility costs for Old City Hall as a result of the HVAC system coming online by the end of 2015, offset by an increase in rental revenue resulting from an increase in basic rent and recovery of operating costs.
  - Inter-departmental Adjustments – Adjustments are mainly driven by a review of historical costs for demand maintenance requests by Parks, Forestry & Recreation (PF&R), adjustments to utilities based on an expected increase in usage at Police locations, and through negotiations and discussions with clients to meet service requirements. These were all offset through adjustments to inter-divisional recoveries (IDRs).
- Revenue Changes:
  - Increases in lease revenues were achieved through a total lease portfolio review to address significant lease over holds in which the lease term expires, and adjust for prescribed lease increases and Common Area Maintenance (CAM) recoveries.

In order to offset the above net pressures, the 2016 service cost changes for Facilities, Real Estate, Environment & Energy consists of service efficiency savings of \$1.320 million net as detailed below.

**Table 3**  
**2016 Total Service Change Summary**

Description (\$000s)	2016 Service Changes						Total Service Changes			Incremental Change			
	Environment &		Facilities		Real Estate		\$	\$	#	2017 Plan		2018 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.
<b>Service Efficiencies</b>													
BPM Re-Organization			(104.0)	(104.0)			(104.0)	(104.0)	(1.0)	0.0		(1.2)	
FM Blanket Contracts Reduction			(378.5)	(378.5)			(378.5)	(378.5)					
FM Complement/Business Process			(630.4)	(630.4)			(630.4)	(630.4)	(4.0)	(0.0)		(1.1)	
Overtime 5% Reduction	(1.8)	(1.8)	(51.9)	(51.9)	(3.7)	(3.7)	(57.3)	(57.3)					
Security System Maintenance			(150.0)	(150.0)			(150.0)	(150.0)	2.0	0.7		0.7	
<b>Total Service Efficiencies</b>	(1.8)	(1.8)	(1,314.8)	(1,314.8)	(3.7)	(3.7)	(1,320.2)	(1,320.2)	(3.0)	0.7		(1.5)	

### Service Efficiencies (Savings of \$1.320 million gross & net)

#### *BPM Re-Organization*

- Efficiency savings of \$0.104 million will be realized by a re-organization in the Business Performance Management (BPM) unit, implemented in 2015. This also resulted in a reduction of 1 permanent vacant manager position.

#### *Facilities Management (FM) Blanket Contract Reductions*

- Efficiency savings of \$0.379 million is expected to be realized through greater diligence and management of contracts within the FM Division through the FM transformation and re-organization. A review of the use of external contracts versus in-house services provided is currently ongoing to determine if in-house resources can be leveraged further to execute work orders, reducing the need to rely on external contract providers.

#### *Facilities Management (FM) Complement / Business Process Efficiencies*

- Efficiency savings of \$0.630 million is expected to be realized through the FM transformation and re-organization.

#### *Overtime Efficiencies*

- Efficiency savings of \$0.057 million result from a reduction in overtime costs of approximately 5%.

#### *Security System Maintenance Efficiencies*

- Efficiency savings of \$0.150 million has been identified and is expected to be realized through the in-sourcing of half of all security system demand and preventative maintenance. This would entail hiring 2 Security Service Technicians as opposed to using external contractors. This will allow for service levels to be delivered more efficiently.

Approval of the 2016 Budget for Facilities, Real Estate, Environment & Energy will result in a 2017 incremental net cost of \$0.100 million and a 2018 incremental net cost of \$0.637 million to maintain the 2016 service levels, as discussed in the following section:

**Table 4**  
**2017 and 2018 Plan by Program**

Description (\$000s)	2017 - Incremental Increase					2018 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
<b>Known Impacts:</b>										
Progression Pay, Step & Fringe Benefit Increases	(105.5)		(105.5)	(0.2%)	(3.0)	635.3		635.3	1.0%	
Operating Impact of Capital	680.0	2,249.0	(1,569.0)	(2.4%)			87.0	(87.0)	(0.1%)	
Delivery of Capital Projects	112.8	112.8			1.0	(10.9)	(10.9)			
Other Base Changes	1.1		1.1	0.0%		(1.5)		(1.5)	(0.0%)	
Service Efficiency	0.7		0.7	0.0%		(1.5)		(1.5)	(0.0%)	
Interdepartmental Charges	1,701.5	70.0	1,631.5	2.5%		138.3	39.9	98.5	0.2%	
Economic Factors	(58.5)		(58.5)	(0.1%)		(3.5)		(3.5)	(0.0%)	
<b>Total Incremental Impact</b>	<b>2,332.3</b>	<b>2,431.8</b>	<b>(99.6)</b>	<b>(0.2%)</b>	<b>(2.0)</b>	<b>756.2</b>	<b>116.0</b>	<b>640.2</b>	<b>1.0%</b>	

Future year incremental costs are primarily attributable to the following:

**Known Impacts:**

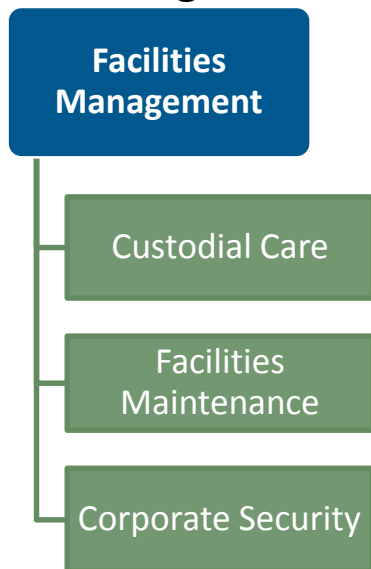
- Operating impacts of capital are mainly driven by the completion of the *Solar Photovoltaic (PV) FiT (Feed-in-Tariff)* capital project that is expected to generate significant revenues as new locations go online in 2016 and 2017. It is anticipated that 24 new projects will go online in 2016 with 28 new projects to follow in 2017.
- Inter-departmental charges are mainly driven by recoverable debt increases related to the Sustainable Energy Program (SEP) where city divisions, agencies and community based entities work with the Environment & Energy Division to implement energy saving and conservation initiatives. A number of these energy retrofit programs are expected to commence in 2017 requiring the recommended recoverable debt funding from EED.
- Economic factors are mainly driven by inflationary increases in utilities and maintenance and custodial contracts.
- Additional future year incremental costs include step increases, progression pay and associated fringe benefits.



## **Part II:**

### 2016 Budget by Service

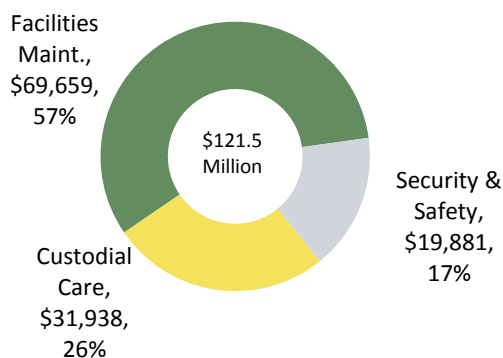
## Facilities Management



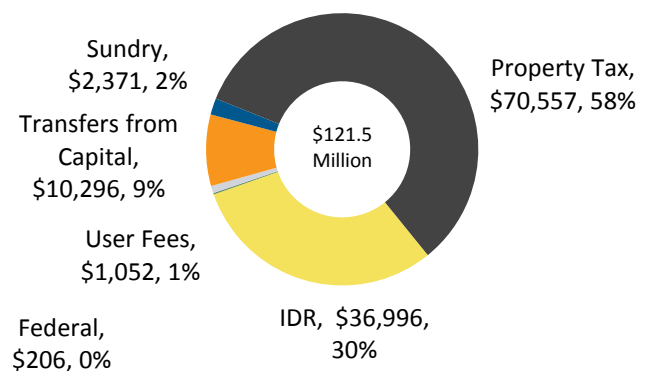
### What We Do

- Provide leadership and stewardship of the City's facilities with a commitment to best practices incorporating environmental, social and economic principles.
- Provide routine maintenance, custodial care, security, and construction activities for City Programs and Agencies in accordance with service level agreements.
- Ensure facilities are safe, accessible and available to deliver programs and services by employing facility maintenance standards, life cycle planning and building condition assessments.

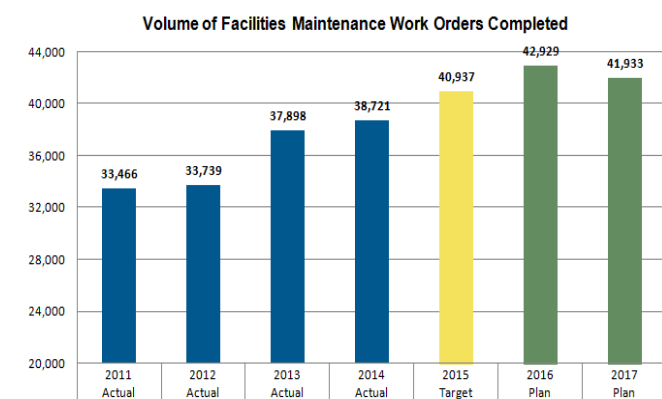
### 2016 Service Budget by Activity (\$000s)



### Service by Funding Source (\$000s)



### Volume of Facilities Maintenance Work Orders Completed



- There are an increasing number of work orders driven by an aging build stock.
- Automation of work order management has improved our efficiency.
- On demand work orders expected to decline due to greater focus on preventative maintenance and capital project delivery.
- Improved preventative maintenance tools will allow for automated scheduling, mobile access and improved tracking of PM work order status.

## 2016 Service Levels

### Facilities Management

Activity	Sub-Activity/Type	Status	Approved Service Levels			2016
			2013	2014	2015	
Custodial Care	Cleaning Services for City Buildings	Approved	Compliance with client SLAs for daily routine cleaning			Compliance with client SLAs for daily routine
		Actual	Compliant	Compliant	Compliant	
	Cleaning Services for Non City Run Programs	Approved	Compliance with client SLAs for daily routine cleaning			Discontinued
		Actual	Compliant	Compliant	Compliant	
Corporate Security	% of Corporate Security Projects Completed on Budget/Time	Approved	N/A	N/A	80%	Discontinued
	Average security system equipment downtime in hours per year	New	N/A	N/A	100%	100%
		Actual			99.9%	
	# of security issues / defects resolved within the standard period	New	N/A	N/A	100%	100%
		Actual				
	% increase / decrease in "non-routine" security occurrences Year Over Year (YOY)	Approved	N/A	N/A	-2%	-2%
		Actual	13%	-6%		
Facilities Maintenance	Scheduled Maintenance - Preventative	Approved	95% Compliance			Discontinued
	Scheduled Maintenance - On Demand	Approved	90% Compliance			Discontinued
	Asset Facility Management / Preservation	Approved	90% Compliance			Discontinued
	Environmental Assessments	Approved	95% Compliance			Discontinued
	Regulatory Compliance	Approved	100% Compliance			Discontinued
	On-Demand Requests for Facilities Maintenance	Approved	Compliance with desired maintenance response times to On Demand requests:			Compliance with desired maintenance response times to On Demand requests:
			Level 1 (emergency) – 2 hrs			Level 1 (emergency) – 2 hrs
			Level 2 (urgent service) – 48 hrs			Level 2 (urgent service) – 48 hrs
			Level 3 (necessary service) – 5 days			Level 3 (necessary service) – 5 days
		Actual	Compliant	Compliant	Compliant	
	% of demand maintenance work completed within standards given availability of parts	New	N/A	N/A	N/A	Under development
	% of preventative maintenance work orders completed on schedule vs. planned schedule - Pilot Locations	New	N/A	N/A	80%	80%
		Actual	N/A	N/A	92% - 100%	
	% of Capital Spending Rate SOGR (excluding major projects)	New	N/A	N/A	80%	80%
		Actual	48%	56%	60%	
	% of Capital Spending Rate SOGR (including major and strategic projects)	New	N/A	N/A	80%	80%
		Actual	52%	51%	50%	
	% Client delivered SOGR projects	New	N/A	N/A	80%	80%
		Actual			85%	
	% Blended Capital Projects	New	N/A	N/A	80%	80%
		Actual			60%	

Facilities Management is currently undergoing a review of service levels, service standards and performance measures. As a result of this there have been a number of adjustments to service level standards and measures, all in an effort to ensure service levels reported reflect the services being performed by the Program. These adjustments were reported through Government Management Committee in June 2015 (<http://www.toronto.ca/legdocs/mmis/2015/gm/bgrd/backgroundfile-81129.pdf>). In addition, technical adjustments have been made to the Corporate Security activity to replace an existing measure with two new sub-activities to better represent its service level commitments.

**Table 5**  
**2016 Service Budget by Activity**

	2015	2016 Operating Budget							2016 Prelim Budget vs. 2015 Budget		Incremental Change			
	Budget	Base Budget	Service Changes	2016 Base	Base Budget vs. 2015 Budget		New/ Enhanced	2016 Budget			2017 Plan		2018 Plan	
					% Change				\$	%				
(\$000s)	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%
GROSS EXP.														
Custodial Care	31,548.0	32,352.8	(257.6)	32,095.3	547.2	1.7%		32,095.3	547.2	1.7%	53.8	0.2%	140.0	0.4%
Facilities Maintenance	70,126.8	70,398.1	(897.2)	69,500.9	(625.8)	(0.9%)		69,500.9	(625.8)	(0.9%)	(140.5)	-0.2%	326.9	0.5%
Corporate Security	19,036.5	20,041.5	(160.0)	19,881.4	844.9	4.4%		19,881.4	844.9	4.4%	37.5	0.2%	81.6	0.4%
Total Gross Exp.	120,711.3	122,792.4	(1,314.8)	121,477.6	766.3	0.6%		121,477.6	766.3	0.6%	(49.1)	0.0%	548.5	0.4%
REVENUE														
Custodial Care	13,634.9	13,335.4		13,335.4	(299.5)	(2.2%)		13,335.4	(299.5)	(2.2%)				
Facilities Maintenance	30,096.2	30,404.6		30,404.6	308.3	1.0%		30,404.6	308.3	1.0%	58.8	0.2%	27.9	0.1%
Corporate Security	6,739.9	7,181.0		7,181.0	441.1	6.5%		7,181.0	441.1	6.5%	1.0	0.0%	1.1	0.0%
Total Revenues	50,471.1	50,921.0		50,921.0	449.9	0.9%		50,921.0	449.9	0.9%	59.8		29.0	0.1%
NET EXP.														
Custodial Care	17,913.2	19,017.4	(257.6)	18,759.9	846.7	4.7%		18,759.9	846.7	4.7%	53.8	0.3%	140.0	0.7%
Facilities Maintenance	40,030.5	39,993.5	(897.2)	39,096.3	(934.2)	(2.3%)		39,096.3	(934.2)	(2.3%)	(199.3)	-0.5%	299.0	0.8%
Corporate Security	12,296.6	12,860.5	(160.0)	12,700.4	403.8	3.3%		12,700.4	403.8	3.3%	36.5	0.3%	80.5	0.6%
Total Net Exp.	70,240.2	71,871.4	(1,314.8)	70,556.6	316.4	0.5%		70,556.6	316.4	0.5%	(108.9)	-0.2%	519.5	0.7%
Approved Positions	922.9	873.2	(3.0)	870.2	(52.7)	(5.7%)		870.2	(52.7)	(5.7%)		0.0%		

The **Facilities Management Service** provides routine maintenance, custodial care, security, and construction activities for City Programs and Agencies in accordance with service level agreements.

The Facilities Management Service's 2016 Operating Budget of \$121.478 million gross and \$70.557 million net is \$0.316 million or 0.5% over the 2015 Net Budget.

Base budget pressures in the Facilities Management Service are primarily due to the following:

- Increases in progression pay for union and management staff, and associated fringe benefit adjustments common among all activities resulting in an increase of \$1.508 million in salaries and benefits.
- Inflationary increases of \$0.586 million to reflect the multi-year contractual agreements with vendors for the procurement of goods and services for Custodial Care and Facilities Maintenance.
- Increases resulting from operating impacts from capital of \$0.028 million, mainly for ongoing maintenance costs of security systems implemented at City facilities.
- Various other base budget changes, most notably the current enhanced security measures that have been in place since October 2014 at City Hall, Metro Hall and other Civic Centres (\$0.675 million) being absorbed within the existing Facilities Management Service through further efficiencies found in contracted services for facilities management functions, resulting in a net \$0 impact on the 2016 budget.

In order to offset the above pressures, the 2016 service cost changes for Facilities Management Service consists of service efficiency savings of \$1.315 million, and base changes of \$0.490 million as detailed below:

*Base Changes (savings of \$0.490 million gross and net)*



- Adjustments to interdepartmental recoveries resulting from economic factor increases, both salary and non-salary, for services provided to other City Divisions
- In addition, a reduction of one position in custodial services for the Toronto Water Island Treatment Plant. Toronto Water has indicated they will be carrying out this service through its own operating.

*Service Efficiency Savings (savings of \$1.315 million gross and net)*

- Service Efficiencies of \$1.315 million will result from streamlining maintenance functions, reducing overtime, implementing organizational restructuring to eliminate positions without service level impact, and in-sourcing half of all security system demand and preventative maintenance. These service efficiencies result in the reduction of 3 vacant positions.

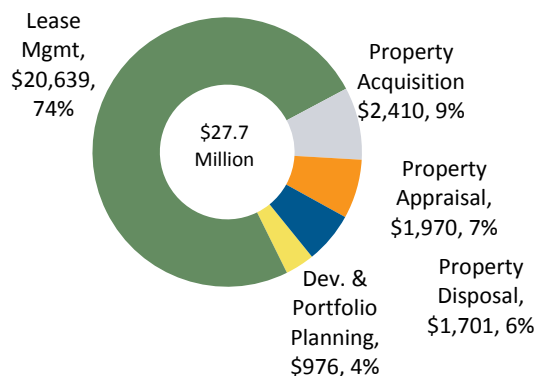
## Real Estate



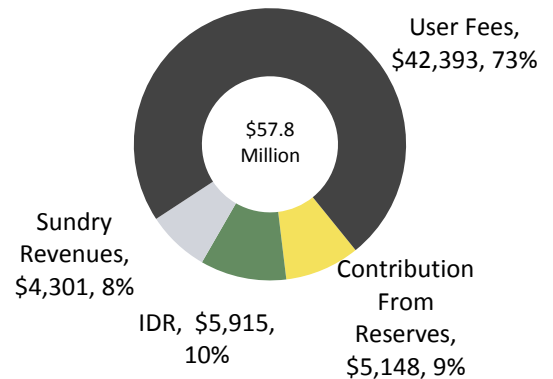
### What We Do

- Provides property appraisal, negotiation, acquisition and disposal services for City Programs and Agencies to ensure the City's Real Estate portfolio represents a strategic asset mix that reflects program and stakeholders needs.
- Provide routine lease administration and manage leases of City properties with third party tenants.
- Maximize lease revenues by regularly reviewing the City's building portfolio and current market rates, negotiating optimal leasing arrangements and identifying target properties for acquisition or disposal to ensure the City's building portfolio is optimal.

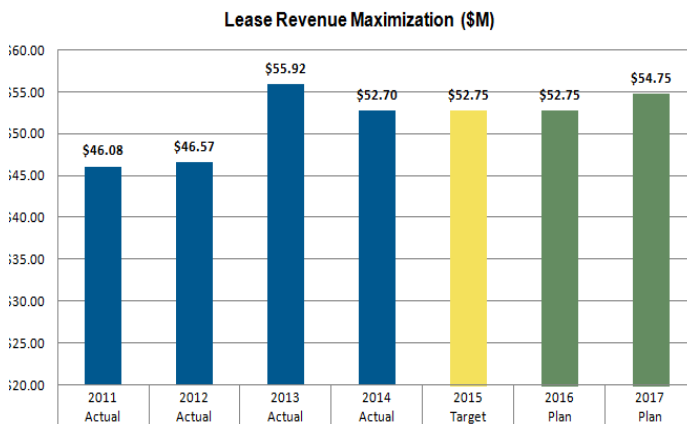
### 2016 Service Budget by Activity (\$000s)



### Service by Funding Source (\$000s)



### Lease Revenue Maximization



- This measure demonstrates the revenue generation maximized for the lease of properties. The increases in 2012 and 2013 were related to new leases, lease adjustments and renewals.
- Leasing revenues continue to trend up which is driven by a focus on lease renewals and key assets such as Union Station and St Lawrence Market.
- This increasing trend is expected to continue as retail components of the Union Station Revitalization project are complete and leased out and settlements and lease renewals are executed.

## 2016 Service Levels

## Real Estate

Activity	Sub-Activity/Type	Status	Approved Service Levels			2016
			2013	2014	2015	
Development and Portfolio Planning	Review Property Portfolio	Approved	100% Compliance			Discontinue
Property Appraisal	% compliance with completing appraisals requested within 6 weeks	Approved	90% Compliance			90% Compliance
		Actual	86%	86%	89%	
Property Acquisition	% compliance to acquire properties within client timeframes	Approved	80% Compliance			80% Compliance
		Actual	78%	80%	100%	
Property Disposal	% compliance with disposing of properties at 100% or better of appraised value	Approved	100% Compliance			100% Compliance
		Actual	100%	100%	100%	
Lease Management	Property Leasing	Approved	95% Compliance			Discontinue
	Negotiate New Leases	Approved	95% Compliance			Discontinue
	Renew Leases	Approved	95% Compliance			Discontinue
	Terminate Leases	Approved	100% Compliance			Discontinue
	Lease Payments	Approved	100% Compliance			Discontinue
	Receive Lease Revenue	Approved	95% Compliance			Discontinue
	Property Assessment Review	Approved	100% Compliance			Discontinue
	Property Assessment Savings & Revenues	Approved	100% Compliance			Discontinue

The Real Estate Services is currently undergoing a review of service levels, service standards and performance measures. As a result of this there have been a number of adjustments to service level standards and measures, all in an effort to ensure service levels report reflect the services being performed by the Program. These adjustments were reported through Government Management Committee in June 2015 (<http://www.toronto.ca/legdocs/mmis/2015/gm/bgrd/backgroundfile-81129.pdf>).

Table 6

## 2016 Service Budget by Activity

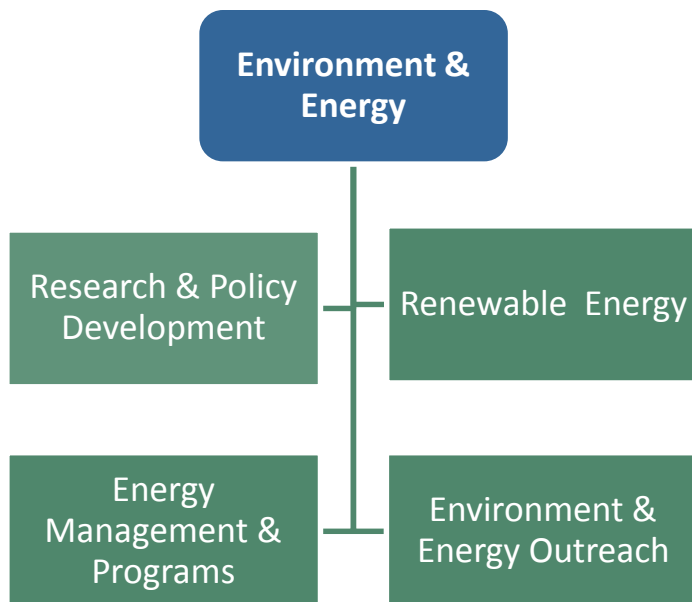
	2015	2016 Operating Budget							2016 Prelim Budget vs. 2015 Budget		Incremental Change			
	Budget	Base Budget	Service Changes	2016 Base	Base Budget vs. 2015 Budget		New/Enhanced	2016 Budget			2017 Plan		2018 Plan	
					% Change				\$	%	\$	%	\$	%
(\$000s)	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%
GROSS EXP.														
Development & Portfolio Planning	1,208.7	976.5		976.5	(232.2)	(19.2%)		976.5	(232.2)	(19.2%)	3.3	0.3%	3.3	0.3%
Lease Management	20,813.1	20,641.1	(2.2)	20,638.8	(174.2)	(0.8%)		20,638.8	(174.2)	(0.8%)	152.5	0.7%	40.1	0.2%
Property Acquisition	2,130.9	2,411.3	(1.0)	2,410.3	279.4	13.1%		2,410.3	279.4	13.1%	1.5	0.1%	11.2	0.5%
Property Appraisal	1,941.9	1,969.8	(0.3)	1,969.5	27.6	1.4%		1,969.5	27.6	1.4%	4.2	0.2%	9.8	0.5%
Property Disposal	1,707.0	1,701.1	(0.3)	1,700.9	(6.2)	(0.4%)		1,700.9	(6.2)	(0.4%)	8.4	0.5%	16.3	1.0%
Total Gross Exp.	27,801.6	27,699.7	(3.7)	27,696.0	(105.6)	(0.4%)		27,696.0	(105.6)	(0.4%)	169.9	0.6%	80.7	0.3%
REVENUE														
Development & Portfolio Planning	200.0				(200.0)	(100.0%)			(200.0)	(100.0%)				-
Lease Management	53,049.0	55,473.2		55,473.2	2,424.2	4.6%		55,473.2	2,424.2	4.6%	123.0			
Property Acquisition	674.1	928.2		928.2	254.1	37.7%		928.2	254.1	37.7%				
Property Appraisal	652.8	660.5		660.5	7.7	1.2%		660.5	7.7	1.2%				
Property Disposal	769.1	769.1		769.1				769.1						
Total Revenues	55,345.1	57,831.0		57,831.0	2,486.0	4.5%		57,831.0	2,486.0	4.5%	123.0			
NET EXP.														
Development & Portfolio Planning	1,008.7	976.5		976.5	(32.2)	(3.2%)		976.5	(32.2)	(3.2%)	3.3	0.3%	3.3	0.3%
Lease Management	(32,235.9)	(34,832.1)	(2.2)	(34,834.4)	(2,598.4)	8.1%		(34,834.4)	(2,598.4)	8.1%	29.5	-0.1%	40.1	(0.1%)
Property Acquisition	1,456.8	1,483.0	(1.0)	1,482.1	25.3	1.7%		1,482.1	25.3	1.7%	1.5	0.1%	11.2	0.8%
Property Appraisal	1,289.1	1,309.3	(0.3)	1,309.0	20.0	1.5%		1,309.0	20.0	1.5%	4.2	0.3%	9.8	0.7%
Property Disposal	937.9	932.0	(0.3)	931.8	(6.2)	(0.7%)		931.8	(6.2)	(0.7%)	8.4	0.9%	16.3	1.7%
Total Net Exp.	(27,543.4)	(30,131.3)	(3.7)	(30,135.0)	(2,591.6)	9.4%		(30,135.0)	(2,591.6)	9.4%	46.9	-0.2%	80.7	(0.3%)
Approved Positions	89.4	90.0		90.0	0.6	0.7%		90.0	0.6	0.7%	1.0	1.1%		

The **Real Estate Service** focuses on the provision of routine lease administration, acquisitions, disposals, property negotiations and appraisals to ensure the City's real estate assets represent a strategic portfolio mix reflecting City's Programs and Agencies and stakeholder needs.

The Real Estate Service's 2016 Operating Budget of \$27.696 million gross and \$30.135 million of net revenues is \$2.592 million or 9.4% under the 2015 Net Budget.

- The year-over-year net decrease is mainly driven by an adjustment of \$0.915 million through an increase in the draw on the Union Station Reserve Fund to offset inflationary increases for staff salaries and benefits, utilities, contracted services and facilities management requirements.
- Increased utility requirements for Old City Hall as a result of the HVAC system coming online at the end of 2015, as well as a transfer of revenues from the facilities management service due to a realignment, resulted in additional revenues of \$0.768 million for the Real Estate service.
- In addition, a reduction of the expense budget related to real estate litigation settlement payments between 2003 and 2012 no longer required has resulted in expenditure reductions of \$0.385 million.
- Additional lease revenues of \$0.490 million were achieved through a total lease portfolio review to address significant lease over holds and adjust for prescribed lease increases and Common Area Maintenance (CAM) recoveries.
- Inter-departmental and salary and benefit adjustments and realignments also result in expenditure reductions of \$0.030 million, as well as service efficiencies of \$0.004 million.

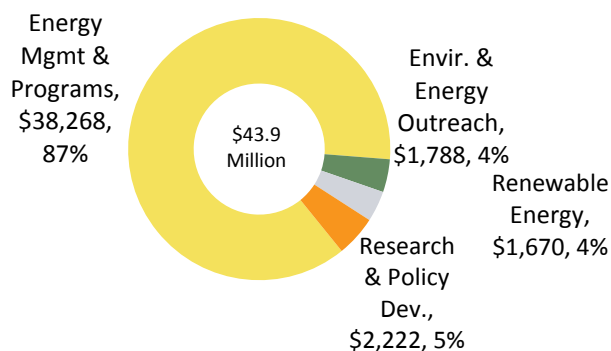
## Environment & Energy



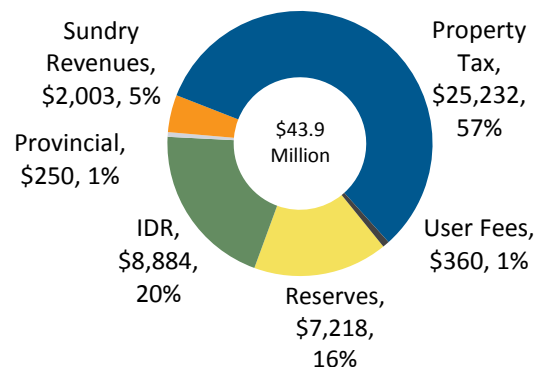
### What We Do

- Provide cross-corporate leadership and coordination of activities to achieve sustainable environment and energy outcomes.
- Lead the development and implementation of innovative environmental and energy policies and programs to help reduce greenhouse gas emissions, facilitate energy conservation and demand management and ensure security of the energy supply.
- Inspire citizens, businesses, and other stakeholders to make Toronto North America's most environmentally sustainable city.
- Build a Resilient City by delivering tools and resources to engage residents and businesses in adopting sustainable lifestyles and practices.

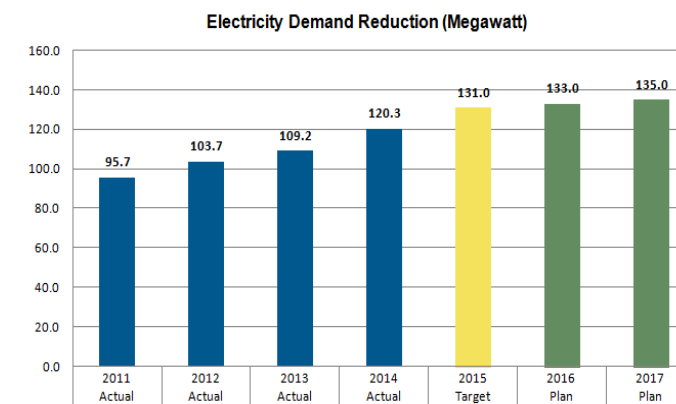
### 2016 Service Budget by Activity (\$000s)



### Service by Funding Source (\$000s)



### Electricity Demand Reduction



- This graph represents cumulative amounts. Since 2011, there has been reduction in electricity demand every year.
- A goal of the Environment and Energy Division (EED) is to reduce electricity demand in Toronto by 133 megawatts by 2016, focusing on energy inefficient buildings and infrastructure, and encouraging stakeholders to reduce energy consumption through planned efficiencies and effective communication strategies. The EED continues to trend towards achieving this goal.

## 2016 Service Levels

### Environment & Energy

Activity	Sub-Activity/Type	Status	Approved Service Levels			2016
			2013	2014	2015	
Research & Policy Development	Energy Supply Agreements	Approved	Uninterrupted utility service as a result of contracting 100% of the time			Discontinue
	Energy Retrofits	Approved	Savings of up to 25% of building energy use			Discontinue
Environment & Energy Outreach	Administer Loan Programs	Approved	100% loan repayments are received on time with no defaults			Discontinue
	Funding Agreements	Approved	Average 22 Megawatt per year			Discontinue
Renewable Energy Office	Revenue (\$) generated from completed renewable energy projects vs. business case projected target (\$) per year	Approved	Meet or exceed target revenue			Meet or exceed target revenue
			\$352.6K	\$493.9K	\$599.4K	\$875.0K
		Actual	\$398.6K	\$500.0K	\$530.0K	
Energy Management & Programs	Achieve or surpass 70% waste diversion per year on a corporate level	Approved	Beyond 70%	Beyond 70%	Beyond 80%	Beyond 90%
		Actual	81%	89%	90%	
	Normalized energy consumption (eKWH) per sq. ft. for corporate buildings per year	New	-		30	29
		Actual	29.52	29.47	29.41	

Environment & Energy is currently undergoing a review of service levels, service standards and performance measures. As a result of this there have been a number of adjustments to service level standards and measures, all in an effort to ensure service levels report reflect the services being performed by the Program. These adjustments were reported through Parks & Environment Committee in June 2015 (<http://www.toronto.ca/legdocs/mmis/2015/pe/bgrd/backgroundfile-81312.pdf>).

**Table 7**  
**2016 Service Budget by Activity**

(\$000s)	2015	2016 Operating Budget							2016 Prelim Budget vs. 2015 Budget		Incremental Change			
		Base Budget	Service Changes	2016 Base	Base Budget vs. 2015 Budget	% Change	New/Enhanced	2016 Budget			2017 Plan		2018 Plan	
	Budget	Budget												
	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%
GROSS EXP.														
Energy Management & Programs	35,910.5	38,267.8	(0.2)	38,267.7	2,357.2	6.6%		38,267.7	2,357.2	6.6%	711.5	1.9%	106.1	0.3%
Environment & Energy Outreach	1,902.5	1,787.9	(0.3)	1,787.6	(114.9)	(6.0%)		1,787.6	(114.9)	(6.0%)	4.1	0.2%	5.7	0.3%
Renewable Energy	1,312.3	1,669.6		1,669.6	357.2	27.2%		1,669.6	357.2	27.2%	1,491.9	89.4%	5.9	0.2%
Research & Policy Development	2,238.1	2,223.3	(1.3)	2,221.9	(16.1)	(0.7%)		2,221.9	(16.1)	(0.7%)	3.9	0.2%	9.3	0.4%
Total Gross Exp.	41,363.5	43,948.6	(1.8)	43,946.8	2,583.3	6.2%		43,946.8	2,583.3	6.2%	2,211.5	5.0%	127.1	0.3%
REVENUE														
Energy Management & Programs	15,429.3	15,991.9		15,991.9	562.6	3.6%		15,991.9	562.6	3.6%	760.0		87.0	0.5%
Environment & Energy Outreach	870.6	882.1		882.1	11.5	1.3%		882.1	11.5	1.3%				
Renewable Energy	969.0	1,381.5		1,381.5	412.5	42.6%		1,381.5	412.5	42.6%	1,489.0			
Research & Policy Development	474.0	459.6		459.6	(14.4)	(3.0%)		459.6	(14.4)	(3.0%)				
Total Revenues	17,742.9	18,715.2		18,715.2	972.2	5.5%		18,715.2	972.2	5.5%	2,249.0		87.0	0.4%
NET EXP.														
Energy Management & Programs	20,481.2	22,275.9	(0.2)	22,275.7	1,794.5	8.8%		22,275.7	1,794.5	8.8%	(48.5)	-0.2%	19.1	0.1%
Environment & Energy Outreach	1,031.9	905.8	(0.3)	905.5	(126.4)	(12.2%)		905.5	(126.4)	(12.2%)	4.1	0.5%	5.7	0.6%
Renewable Energy	343.4	288.1		288.1	(55.3)	(16.1%)		288.1	(55.3)	(16.1%)	2.9	1.0%	5.9	2.0%
Research & Policy Development	1,764.1	1,763.6	(1.3)	1,762.3	(1.8)	(0.1%)		1,762.3	(1.8)	(0.1%)	3.9	0.2%	9.3	0.5%
Total Net Exp.	23,620.5	25,233.4	(1.8)	25,231.7	1,611.1	6.8%		25,231.7	1,611.1	6.8%	(37.5)	-0.1%	40.1	0.2%
Approved Positions	4.0	62.3	1.0	63.3	59.3	1482.8%		63.3	59.3	1482.8%		0.0%		

The **Environment & Energy Service** works with residents, businesses and City Programs and Agencies to reduce greenhouse gas emissions, build a resilient city, facilitate energy conservation and demand management and ensure energy security and supply.

The Environment & Energy Service's 2016 Operating Budget of \$43.947 million gross and \$25.232 million net is \$1.611 million or 6.8% over the 2015 Net Budget.

Base budget pressures in Environment & Energy Service are primarily due to the following:

- Inflationary increases of \$0.940 million due to rising utility rates, specifically electricity, natural gas and water rates, under Energy Management & Programs.
- Additional costs related to Union Station of \$0.782 million due to an expected increase in utilities usage related to the new concourse and retail areas to be open in 2016. This is offset in the Real Estate Service through an increase in recoveries/revenues from tenants for this cost increase.
- The revenue reduction of \$0.255 million is reflected in the Environment & Energy Service related to the elimination of a temporary Supervisor, Environmental Policy position and a temporary Project Lead Environment position in the Facilities Management Service which results in a zero net impact at the FREEE program level.

The above pressures have been partially offset through inter-divisional and salary and benefit adjustments and realignments resulting in reductions of \$0.364 million, as well as service efficiencies of \$0.002 million.





## **Part III:**

### Issues for Discussion

## Issues for Discussion

### Issues Impacting the 2016 Budget

#### *Facilities Management Transformation*

- In an effort to improve coordination, standards and process effectiveness related to the management of facilities, the Facilities Operations and Facilities Design & Construction teams were merged in February of 2015 to form the new Facilities Management Division. This integrated Division was formed to:
  - Align maintenance and capital improvements across the portfolio of FREEE;
  - Have a more client-centric focus to facilities maintenance in an effort to improve customer service and service delivery; and
  - Allow for greater ownership and accountability, with an emphasis on service standards, improved reporting and performance measurement and metrics.
- This change initiative is currently being implemented, with the new structure being developed. Over the next 4 to 6 months, new roles will be defined, the leadership team will be in place and the teams will be transitioned into the new structure.
- The FREEE program has already identified efficiencies as a result of this change, with savings of approx. \$0.6 million being realized and included in the 2016 Operating Budget. Any further efficiencies, financial or service level impacts resulting from this initiative will be identified throughout 2016 and reported through the 2017 Budget process.
- Through the Facilities Management Service and Standards Committee (FMSSC), Facilities Management has taken a leadership role in developing standards in relation to the maintenance and operations of City-owned facilities to improve asset management across the City. This is one example of the benefits and impacts of the Facilities Management Transformation initiative.

#### *Utilities Energy Efficiencies and Forecasted Pressures*

- Over recent years, savings (including costs avoided) in utilities have been realized due to ongoing energy efficiency improvements in City facilities, strategic utility utilization and purchases, and building automation upgrades allowing for better control and scheduling of energy consumption and equipment.
- The savings from 2011 to 2015 which has totaled to \$3.5 million, allowed the Program to mitigate budget pressures and/or meet the budget targets each year since 2011. The table below summarizes the savings from 2011 to 2015.

<b>Year</b>	<b>Net Savings (\$ millions)</b>
2015	0.501
2014	0.655
2013	0.701
2012	1.240
2011	0.400

- The overall consumption of electricity, water, steam and chilled water has decreased while the use of natural gas has increased since 2010, reflecting a shift in energy demand and consumption to more cost effective utilities.
- The table below illustrates how the Environment & Energy Division has been successful in this effort, which has contributed to managing utilities costs despite the escalating electricity rates in Ontario.

Utility	Consumption - Change from 2010 to 2015Proj	Unit Rates (\$/unit) - Change 2010 to 2015Proj
Electricity	-6.1%	33.0%
Natural Gas	16.2%	-13.7%
Water	-25.3%	55.2%
Steam	-11.4%	9.1%
Chilled Water	-0.6%	11.9%

- In spite of these efforts, utility costs continue to be a pressure on the budget for the FREEE program. 2015 costs are currently forecasted to increase over 2014 costs by \$2.935 million or 9.5% for a total of \$27.5 million in 2015 versus a budget of \$25.8 million.
- Due to this pressure the 2016 Operating Budget includes \$28 million for utility costs, reflecting a \$2.2 million increase over the 2015 budgeted amount. The Environment & Energy Services have implemented various initiatives and programs to manage these cost increases, both for the FREEE program and the corporation as a whole, including:
  - Through the Sustainable Energy Plan capital program, the Conservation and Demand Management Program outlines capital and operational improvements to City facilities to be fully repaid through energy savings and incentives from the Operating Budgets of City Programs and Agencies as a result of lower spending in utilities costs.
  - Building Automation System (BAS) installations to centralize and integrate various building controls, including environmental controls, scheduled activities during off peak hours and limiting certain activities during peak hours where possible in order to reduce energy and maintenance costs and optimize building operating efficiencies.
  - Renewable energy installation for all City-owned buildings as part of Toronto Green Standard update. This is one component of an overall plan to increase renewable energy usage in City's facilities through new buildings or retrofitting and renovating existing facilities.
  - Strategic energy purchasing and hedging to mitigate the impact of energy price fluctuations on the utilities budget and spending.
- The Environment & Energy Services will continue to deliver on these programs in an effort to manage utility usage and costs in an environment of rising energy prices.

#### *City-Wide Real Estate Framework*

- At its meeting on May 5, 6 and 7, 2015, Council adopted a report titled, *Consolidated City-Wide Real Estate Framework* (<http://www.toronto.ca/legdocs/mmis/2015/ex/bgrd/backgroundfile-78823.pdf>). This report recommended the retention of a consultant, along with an independent

advisory panel, to provide the City with an objective, in-depth review of all City-owned real estate operations, along with an implementation plan.

- Currently the Chief Corporate Office, through the Business Performance Management unit, is leading the coordination of these efforts. The advisory panel has been selected and a consultant has been retained and work has commenced. The results of this review and proposed recommendations will be reported to Council from the City Manager in Q2 of 2016.
- Any long-term efficiencies and savings resulting from these recommendations for the City will be reported through the 2017, and future year, Budget processes.

#### *Attracting and Retaining Talent*

- Attracting, developing and retaining staff in a competitive market for talent and managing the loss of institutional knowledge continues to be a challenge for the FREEE program. In an effort to address this issue, the FREEE program will be investing resources in talent management, leadership development, succession planning and mentorship programs.
- Vacancy rates have fluctuated around 7% before gapping throughout most of 2015, an improvement over 2014 and 2013 levels of 9% and 13% respectively.

### **Issues Impacting Future Year**

#### *Energy Efficiency Initiatives with Toronto Community Housing Corporation (TCHC)*

- The Environment & Energy Division is consistently in discussions with TCHC to identify energy efficiency opportunities within its facilities
- Any projects identified that can be implemented in 2016 will be completed through the 2016 plan for community energy related initiatives
- As plans are developed further with TCHC, these will be incorporated into future year budget processes for review and approval

#### *Channel & Counter Strategy*

- As part of the Customer Service Centre of Excellence, a core stream of work is the Channel & Counter Strategy. The Chief Corporate Officer presented this plan for the Channel & Counter Strategy to GMC at its meeting on June 15, 2015
  - <http://www.toronto.ca/legdocs/mmis/2015/gm/bgrd/backgroundfile-81551.pdf>
- In support of the City of Toronto's Strategic Actions #19 "Improving Customer Service" and #21 "Improving Organizational Excellence" the Channel and Counter Strategy identifies key areas to improve customer focused service delivery and increased channel offerings.
- Under the Centre of Excellence the Channel and Counter Strategy project will lead the transformation across the organization to a customer focused orientation where service will meet customer expectations while maintaining fiscal accountability.

- The business case, including estimated capital costs and future year savings, as well as a strategy report and implementation plan will be reported to Council in Q1 of 2016. Any efficiencies resulting from the business cases will be considered as part of the future year budget process.

*Office Modernization Program*

- At its meeting on July 7, 8, and 9, 2015, Council adopted the report entitled Office Modernization Program – Pilot Projects.  
<http://www.toronto.ca/legdocs/mmis/2015/gm/bgrd/backgroundfile-81136.pdf>
- This report requested funding of \$3.12 million to initiate projects at 3 pilot locations (Metro Hall 15<sup>th</sup> Floor, Metro Hall 2<sup>nd</sup> Floor and North York Civic Centre (NYCC) 1<sup>st</sup> Floor) to modernize City office space, develop office standards that allow for a more collaborative working environment, and allow for the collapse of leases at non-City owned space in an effort to maximize and optimize the use of City office space.
- The Office Modernization Project is a key strategic initiative for optimizing the City of Toronto's real estate portfolio with an aim to achieve 10-15% cost savings. Expected savings from the initial pilot projects once all projects are complete is estimated at \$1 million per year, and will be reported back to Council in Q3 of 2016. Future year project costs and estimated savings will be identified in future year budget processes should the Office Modernization Program be expanded past the initial pilot phase.



## Appendices:

## Appendix 1

### 2015 Service Performance

#### 2015 Key Service Accomplishments

In 2015, Facilities, Real Estate, Environment & Energy accomplished the following:

##### *Facilities Management*

- ✓ City-Wide standards – Operating standards baseline developed based on benchmarks and best practices – Building operations, Custodial and Security in scope.
- ✓ Re-Organization – Consolidated facilities operations and capital project delivery teams, developed client portfolios and Project Management Office (PMO) – building ownership under one team.
- ✓ Ccure 9000 – Successful upgrade of card access security system – reduces I&T Footprint from 22 to 9 servers allowing for a reduced I&T footprint, reduced hardware and license costs and improved response time to investigate alarms and access issues.
- ✓ Process improvement - Rollout of mobile work order solution for preventive and demand maintenance – improved communication and efficiency.

##### *Real Estate*

- ✓ Office Modernization Pilots (OMP) – Obtained approval from Council to modernize and standardize space and rationalize leased space with expected savings of 10 – 15% through the development of new space standards.
- ✓ Continued development of the future retail plans at Union Station, with plans to make the Station a destination for commuters and the local community, post-revitalization.
- ✓ Lease renewals, including reducing over-hold leases and renewing leases close to expiration, is estimated to result in additional revenues in 2016 of \$0.49 million.

##### *Environment & Energy*

- ✓ Implementation of the Home Energy Loan Program, supporting deep energy retrofits in residential homes, resulting in an estimated reduction of GHG emissions of 2.6 tonnes annually. As of November 2015, a total of 88 loans have been issued for a total of approx. \$1.0 million through this program.
- ✓ Development of the Energy Conservation and Demand Management (ECDM) Plan, identifying 528 City facilities as having high potential for energy conservation initiatives. Audits on 3 of these facilities will be completed to scope conservations measures to be implemented in 2016 as the initial projects in the ECDM plan.
- ✓ Continued implementation and administration of programs such as the Eco-Roof, Better Buildings Partnership, Smart Commute and Live Green Toronto, in which all engage the communities in environmental and energy conservation initiatives.



- ✓ Strong community engagement through the Live Green Toronto program with over 160,000 Clean Toronto Together participants, over 1,600 volunteers, 38,000 Live Green Cardholders, 16,000 social media fans & follows and 500+ business members. In addition, key leaders of the TalkTransformation! Event series, designed to generate transformative ideas to reduce emissions, improve health, equity and prosperity simultaneously. 3 events were held in 2015 where 405 people were in attendance.

## Appendix 2

### 2016 Operating Budget by Expenditure Category

#### Program Summary by Expenditure Category

Category of Expense (\$000's)	2013	2014	2015	2015	2016	2016 Change from		Plan	
	Actual	Actual	Budget	Projected	Budget	2015 Approved		2017	2018
	\$	\$	\$	Actual *	\$	Budget	%		
Salaries and Benefits	75,711.5	83,140.2	94,290.6	89,060.7	95,517.4	1,226.8	1.3%	10.2	618.5
Materials and Supplies	27,677.4	28,359.7	30,446.9	31,506.1	32,270.5	1,823.6	6.0%	(58.4)	(3.5)
Equipment	756.1	531.0	543.9	446.4	642.5	98.6	18.1%		
Services & Rents	63,790.1	65,559.3	54,589.2	58,615.8	54,595.2	5.9	0.0%	68.9	38.8
Contributions to Capital							-		
Contributions to Reserve/Res Funds	1,826.9	1,827.6	2,096.5	2,099.8	2,384.5	288.0	13.7%	680.0	
Other Expenditures	4,377.0	7,594.0	6,460.9	2,823.4	6,082.2	(378.7)	(5.9%)		
Interdivisional Charges	2,688.9	1,735.2	1,448.4	1,812.3	1,628.2	179.8	12.4%	1,631.7	99.0
<b>Total Gross Expenditures</b>	<b>176,827.9</b>	<b>188,746.9</b>	<b>189,876.4</b>	<b>186,364.5</b>	<b>193,120.5</b>	<b>3,244.0</b>	<b>1.7%</b>	<b>2,332.3</b>	<b>752.8</b>
Interdivisional Recoveries	49,861.1	49,244.0	50,195.0	52,376.2	51,795.8	1,600.9	3.2%	70.0	39.9
Provincial Subsidies	120.9	180.0	250.0	250.0	250.0				
Federal Subsidies		220.5	220.5		206.0	(14.5)	(6.6%)		
Other Subsidies							-		
User Fees & Donations	43,410.8	43,113.4	43,046.4	44,517.9	43,804.0	757.7	1.8%		
Transfers from Capital Fund	6,957.0	9,171.0	9,849.2	9,596.6	10,369.4	520.2	5.3%	112.8	(10.9)
Contribution from Reserve/Reserve Funds	4,094.3	11,865.9	11,945.3	5,038.9	12,366.6	421.3	3.5%		
Sundry Revenues	11,629.3	9,633.1	8,052.7	8,198.4	8,675.3	622.6	7.7%	2,249.0	87.0
<b>Total Revenues</b>	<b>116,073.5</b>	<b>123,427.8</b>	<b>123,559.1</b>	<b>119,978.0</b>	<b>127,467.2</b>	<b>3,908.1</b>	<b>3.2%</b>	<b>2,431.8</b>	<b>116.0</b>
<b>Total Net Expenditures</b>	<b>60,754.5</b>	<b>65,319.1</b>	<b>66,317.4</b>	<b>66,386.4</b>	<b>65,653.3</b>	<b>(664.1)</b>	<b>(1.0%)</b>	<b>(99.5)</b>	<b>636.8</b>
<b>Approved Positions</b>	<b>733.6</b>	<b>1,004.5</b>	<b>1,016.3</b>	<b>963.4</b>	<b>1,022.5</b>	<b>6.2</b>	<b>0.6%</b>	<b>(2.0)</b>	

\* Based on the 2015 9-month Operating Variance Report

For additional information regarding the 2015 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "Operating Variance Report for the Nine-Month Period Ended September 30, 2015" approved by City Council at its meeting on December 9, 2015.

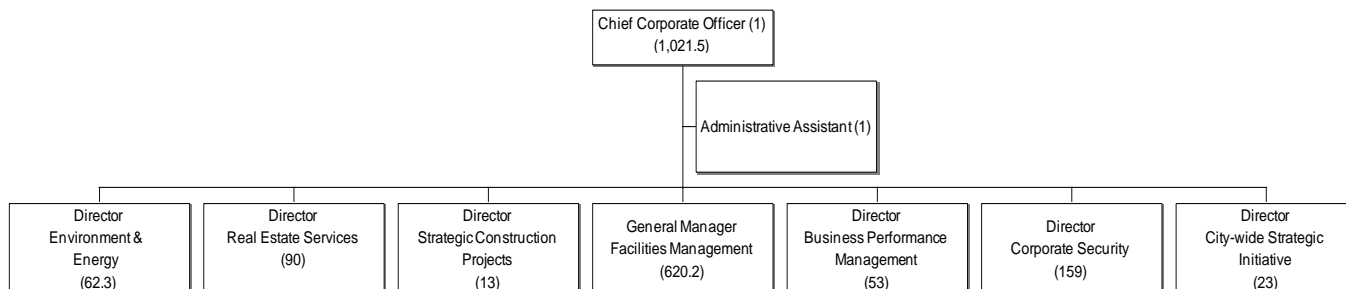
<http://www.toronto.ca/legdocs/mmis/2015/ex/bgrd/backgroundfile-85887.pdf>

#### Impact of 2015 Operating Variance on the 2016 Budget

The overall utilities budget has been increased from \$25.871 million to \$28.131 million, representing an increase of \$2.260 million or approximately 9% in the 2016 Operating Budget. The increase reflects consumption patterns, anticipated rate increases due to inflation, and a provision for climate change resilience.

## Appendix 3

### 2016 Organization Chart



### 2016 Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	4.0	200.0	118.0	627.2	949.2
Temporary		38.7	7.0	27.6	73.3
Total	4.0	238.7	125.0	654.8	1,022.5

## **Appendix 4**

### **Summary of 2016 Service Changes**

## 2016 Operating Budget - Council Approved Service Changes Summary by Service (\$000's)

Form ID		Internal Focused Services	Adjustments				2017 Plan Net Change	2018 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Program - Facilities, Real Estate, Environment & Energy						
<b>2016 Council Approved Base Budget Before Service Changes:</b>			<b>194,440.7</b>	<b>127,467.2</b>	<b>66,973.5</b>	<b>1,025.50</b>	<b>(100.3)</b>	<b>641.8</b>

6668	FREEE - Efficiencies - FM Complement / Business Process
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51	<b>Description:</b>
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### Service Level Impact:

#### Service: CA-Facilities Management

Preliminary:	(630.4)	0.0	(630.4)	(4.00)	(0.0)	(1.1)
BC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
Total Council Recommended	(630.4)	0.0	(630.4)	(4.00)	(0.0)	(1.1)

<b>Preliminary:</b>	<b>(630.4)</b>	<b>0.0</b>	<b>(630.4)</b>	<b>(4.00)</b>	<b>(0.0)</b>	<b>(1.1)</b>
<b>Budget Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>Executive Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>City Council Approved:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>

<b>Total Council Approved Service Changes:</b>	<b>(630.4)</b>	<b>0.0</b>	<b>(630.4)</b>	<b>(4.00)</b>	<b>(0.0)</b>	<b>(1.1)</b>
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7312	FREEE - Efficiencies - Overtime 5% Reduction
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51	0	<b>Description:</b>
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5% Reduction of FREEE Overtime budgets. Each Section across the Facilities, Real Estate, Environment and Energy Division is committed to reducing Overtime. Although Overtime exceeds budget in past years, the focus is on filling vacancies so that the need for Overtime is reduced.

### Service Level Impact:

## 2016 Operating Budget - Council Approved Service Changes Summary by Service (\$000's)

Form ID		Internal Focused Services	Adjustments				2017 Plan Net Change	2018 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		<b>Program - Facilities, Real Estate, Environment &amp; Energy</b>						
		<b>Service: CA-Environment &amp; Energy</b>						
		Preliminary:	(1.8)	0.0	(1.8)	0.00	0.0	0.0
		BC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		Total Council Recommended	(1.8)	0.0	(1.8)	0.00	0.0	0.0
		<b>Service: CA-Facilities Management</b>						
		Preliminary:	(51.9)	0.0	(51.9)	0.00	0.0	0.0
		BC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		Total Council Recommended	(51.9)	0.0	(51.9)	0.00	0.0	0.0
		<b>Service: CA-Real Estate</b>						
		Preliminary:	(3.7)	0.0	(3.7)	0.00	0.0	0.0
		BC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		Total Council Recommended	(3.7)	0.0	(3.7)	0.00	0.0	0.0
		<b>Preliminary:</b>	<b>(57.3)</b>	<b>0.0</b>	<b>(57.3)</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
		<b>Budget Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
		<b>Executive Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
		<b>City Council Approved:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
		<b>Total Council Approved Service Changes:</b>	<b>(57.3)</b>	<b>0.0</b>	<b>(57.3)</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>

## 2016 Operating Budget - Council Approved Service Changes Summary by Service (\$000's)

Form ID		Internal Focused Services	Adjustments				2017 Plan Net Change	2018 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Program - Facilities, Real Estate, Environment & Energy						
7313		FREEE - Efficiencies - Security Systems Maintenance						
51	0	Description:						

The Corporate Security Program in consultation with the Chief Corporate Office has developed a cost savings approach where contract expenditures will be reduced (one time) saving an approximated \$0.150 million. Currently contract costs for the preventative maintenance and corrective maintenance of minor level (0 level) of security systems exceeds \$.350 million. In an effort to reduce and control contract associated expenditures, it is proposed to hire 2.0 FTE's as internal technicians (an approximate cost of \$0.200 million); reducing the cost for system maintenance. In sourcing preventative and minor corrective maintenance (O-level) of various security system devices would enhance system performance and reduce security system component downtime. Approximately 30% of all system maintenance calls are designated at the o-level. Systems repairs at the intermediate or depot level that require further diagnostic testing and repair would continue to be contracted out to specialized security systems vendors.

### Service Level Impact:

Currently when there is a maintenance issue with a security device, the contracted vendor will be contacted to go out troubleshoot, diagnose and repair the device(s) if required. Calls are placed in priority sequence; the vendor dispatches an available technician within the mandated contract times. 30% of the contractor time is spent traveling and managing on o-level maintenance requests, while the remaining time is spent on intermediate or depot level maintenance calls. Future service levels would free of specialized security system technicians to focus on higher level maintenance calls and reduce the cost of contracting out low level maintenance calls.

### Service: CA-Facilities Management

Preliminary:	(150.0)	0.0	(150.0)	2.00	0.7	0.7
BC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
Total Council Recommended	(150.0)	0.0	(150.0)	2.00	0.7	0.7
<b>Preliminary:</b>	<b>(150.0)</b>	<b>0.0</b>	<b>(150.0)</b>	<b>2.00</b>	<b>0.7</b>	<b>0.7</b>
<b>Budget Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>Executive Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>City Council Approved:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Council Approved Service Changes:</b>	<b>(150.0)</b>	<b>0.0</b>	<b>(150.0)</b>	<b>2.00</b>	<b>0.7</b>	<b>0.7</b>



## 2016 Operating Budget - Council Approved Service Changes Summary by Service (\$000's)

Form ID		Internal Focused Services  Program - Facilities, Real Estate, Environment & Energy	Adjustments				2017 Plan Net Change	2018 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
7314		FREEE - Efficiencies - FM Blanket Contracts Reduction						
51	0	<b>Description:</b>  Reduction of 6% of the blanket contract budget for non-recoverable locations within the operating portfolio by streamlining and adjusting the contracts. Further analysis to be done.  <b>Service Level Impact:</b>    <b>Service:</b> CA-Facilities Management  Preliminary: (378.5) 0.0 (378.5) 0.00 0.0 0.0 BC Recommended Change: 0.0 0.0 0.0 0.00 0.0 0.0 EC Recommended Change: 0.0 0.0 0.0 0.00 0.0 0.0 CC Recommended Change: 0.0 0.0 0.0 0.00 0.0 0.0 Total Council Recommended (378.5) 0.0 (378.5) 0.00 0.0 0.0  Preliminary: (378.5) 0.0 (378.5) 0.00 0.0 0.0 Budget Committee Recommended: 0.0 0.0 0.0 0.00 0.0 0.0 Executive Committee Recommended: 0.0 0.0 0.0 0.00 0.0 0.0 City Council Approved: 0.0 0.0 0.0 0.00 0.0 0.0  Total Council Approved Service Changes: (378.5) 0.0 (378.5) 0.00 0.0 0.0						

7315		FREEE - Efficiencies - BPM Re-Org	
51	0	<b>Description:</b>  As a result of these changes 1 manager position in the BPM unit has been deemed surplus and will be deleted through the 2016 budget process. Additional changes to existing positions are required immediately in order to implement the changes that have occurred as a result of this realignment. An in-year organizational change request form has been review by Financial Planning, Finance and Administration, and the relevant Human Resource units and all are in agreement with the proposed changes. After these changes there will be a net savings of approx. \$104,000 that will be realized through the 2016 budget process.	

## 2016 Operating Budget - Council Approved Service Changes Summary by Service (\$000's)

Form ID		Internal Focused Services	Adjustments				2017 Plan Net Change	2018 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Program - Facilities, Real Estate, Environment & Energy						
<b>Service Level Impact:</b>								
<b>Service:</b> CA-Facilities Management								
		Preliminary:	(104.0)	0.0	(104.0)	(1.00)	0.0	(1.2)
		BC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
		Total Council Recommended	(104.0)	0.0	(104.0)	(1.00)	0.0	(1.2)
		<b>Preliminary:</b>	<b>(104.0)</b>	<b>0.0</b>	<b>(104.0)</b>	<b>(1.00)</b>	<b>0.0</b>	<b>(1.2)</b>
		<b>Budget Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
		<b>Executive Committee Recommended:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
		<b>City Council Approved:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.00</b>	<b>0.0</b>	<b>0.0</b>
		<b>Total Council Approved Service Changes:</b>	<b>(104.0)</b>	<b>0.0</b>	<b>(104.0)</b>	<b>(1.00)</b>	<b>0.0</b>	<b>(1.2)</b>
<b>Summary:</b>								
		Preliminary:	(1,320.2)	0.0	(1,320.2)	(3.00)	0.7	(1.5)
		Budget Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
		Executive Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
		City Council Approved:	0.0	0.0	0.0	0.00	0.0	0.0
		<b>Council Approved Service Changes:</b>	<b>(1,320.2)</b>	<b>0.0</b>	<b>(1,320.2)</b>	<b>(3.00)</b>	<b>0.7</b>	<b>(1.5)</b>
		<b>Total Council Approved Base Budget:</b>	<b>193,120.5</b>	<b>127,467.2</b>	<b>65,653.3</b>	<b>1,022.50</b>	<b>(99.6)</b>	<b>640.2</b>

## Appendix 6

### Inflows/Outflows to/from Reserves & Reserve Funds

#### Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Prelim Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
<b>Projected Beginning Balance</b>		<b>2,118.5</b>	<b>2,118.5</b>	<b>2,144.9</b>	<b>2,851.3</b>
Energy Conservation Reserve Fund	XR1715				
<i>Proposed Withdrawals (-)</i>			(526.1)	(526.1)	(526.1)
<i>Contributions (+)</i>			552.5	1,232.5	1,232.5
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>2,118.5</b>	<b>2,144.9</b>	<b>2,851.3</b>	<b>3,557.7</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>					
<b>Balance at Year-End</b>		<b>2,118.5</b>	<b>2,144.9</b>	<b>2,851.3</b>	<b>3,557.7</b>

\* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Prelim Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
<b>Projected Beginning Balance</b>		<b>5,202.7</b>	<b>5,202.7</b>	<b>649.4</b>	<b>(3,903.9)</b>
Union Station Reserve Fund	XR2501				
<i>Proposed Withdrawals (-)</i>			(4,553.3)	(4,553.3)	(4,553.3)
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>5,202.7</b>	<b>649.4</b>	<b>(3,903.9)</b>	<b>(8,457.2)</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>					
<b>Balance at Year-End</b>		<b>5,202.7</b>	<b>649.4</b>	<b>(3,903.9)</b>	<b>(8,457.2)</b>

\* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Prelim Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
<b>Projected Beginning Balance</b>		<b>267.0</b>	<b>267.0</b>	<b>(503.5)</b>	<b>(1,274.0)</b>
Home Energy Assistance Reserve Fund	XR1719				
<i>Proposed Withdrawals (-)</i>			(770.5)	(770.5)	(770.5)
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>267.0</b>	<b>(503.5)</b>	<b>(1,274.0)</b>	<b>(2,044.5)</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>					
<b>Balance at Year-End</b>		<b>267.0</b>	<b>(503.5)</b>	<b>(1,274.0)</b>	<b>(2,044.5)</b>

\* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Prelim Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
<b>Projected Beginning Balance</b>		<b>1,194.1</b>	<b>1,194.1</b>	<b>583.9</b>	<b>(26.2)</b>
Eco-Roof Financial Assistance Reserve Fund	XR1723				
<i>Proposed Withdrawals (-)</i>			(610.1)	(610.1)	(610.1)
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>1,194.1</b>	<b>583.9</b>	<b>(26.2)</b>	<b>(636.3)</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>					
<b>Balance at Year-End</b>		<b>1,194.1</b>	<b>583.9</b>	<b>(26.2)</b>	<b>(636.3)</b>

\* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Prelim Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
<b>Projected Beginning Balance</b>		<b>1,057.6</b>	<b>1,057.6</b>	<b>(1,751.4)</b>	<b>(4,560.4)</b>
Conservation Management Reserve Fund	XR3029				
<i>Proposed Withdrawals (-)</i>			(2,809.0)	(2,809.0)	(2,809.0)
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>1,057.6</b>	<b>(1,751.4)</b>	<b>(4,560.4)</b>	<b>(7,369.5)</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>					
<b>Balance at Year-End</b>		<b>1,057.6</b>	<b>(1,751.4)</b>	<b>(4,560.4)</b>	<b>(7,369.5)</b>

\* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Prelim Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
<b>Projected Beginning Balance</b>		<b>6,306.3</b>	<b>6,306.3</b>	<b>6,010.5</b>	<b>5,714.8</b>
Local Improvement Charge Energy Works Reserve Fund	XR1724				
<i>Proposed Withdrawals (-)</i>			(295.7)	(295.7)	(295.7)
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>6,306.3</b>	<b>6,010.5</b>	<b>5,714.8</b>	<b>5,419.1</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>					
<b>Balance at Year-End</b>		<b>6,306.3</b>	<b>6,010.5</b>	<b>5,714.8</b>	<b>5,419.1</b>

\* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Prelim Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
<b>Projected Beginning Balance</b>		<b>6,194.3</b>	<b>6,194.3</b>	<b>3,987.6</b>	<b>1,780.8</b>
Better Building Partnership	XR1052				
<i>Proposed Withdrawals (-)</i>			(2,206.8)	(2,206.8)	(2,206.8)
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>6,194.3</b>	<b>3,987.6</b>	<b>1,780.8</b>	<b>(425.9)</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>					
<b>Balance at Year-End</b>		<b>6,194.3</b>	<b>3,987.6</b>	<b>1,780.8</b>	<b>(425.9)</b>

\* Based on 9-month 2015 Reserve Fund Variance Report

## Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Prelim Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
<b>Projected Beginning Balance</b>		<b>2,194.1</b>	<b>2,200.2</b>	<b>2,613.0</b>	<b>657.8</b>
Vehicle and Equipment Reserve	XQ1502				
<i>Proposed Withdrawals (-)</i>		(297.0)	(100.0)	(1,284.0)	(1,245.0)
<i>Contributions (+)</i>		303.2	303.2	303.2	303.2
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>2,200.2</b>	<b>2,403.4</b>	<b>1,632.2</b>	<b>(284.1)</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>			<b>209.6</b>	<b>(974.4)</b>	<b>(935.4)</b>
<b>Balance at Year-End</b>		<b>2,200.2</b>	<b>2,613.0</b>	<b>657.8</b>	<b>(1,219.5)</b>

\* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of	Prelim Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
<b>Projected Beginning Balance</b>		<b>132,835.0</b>	<b>132,835.0</b>	<b>126,675.0</b>	<b>126,675.0</b>
Land Acquisition Reserve Fund	XR1012				
<i>Proposed Withdrawals (-)</i>			(595.0)	(595.0)	(595.0)
<i>Contributions (+)</i>			266.6	266.6	266.6
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>132,835.0</b>	<b>132,506.6</b>	<b>126,346.6</b>	<b>126,346.6</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>			<b>(5,831.5)</b>	<b>328.4</b>	<b>(2,971.6)</b>
<b>Balance at Year-End</b>		<b>132,835.0</b>	<b>126,675.0</b>	<b>126,675.0</b>	<b>123,375.0</b>

\* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of	Prelim Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
<b>Projected Beginning Balance</b>		<b>25,335.2</b>	<b>25,335.2</b>	<b>26,597.4</b>	<b>27,859.7</b>
Insurance Reserve Fund	XR1010				
<i>Contributions (+)</i>			1,262.3	1,262.3	1,262.3
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>25,335.2</b>	<b>26,597.4</b>	<b>27,859.7</b>	<b>29,122.0</b>
<b>Other Program / Agency Net Withdrawals &amp; Contributions</b>					
<b>Balance at Year-End</b>		<b>25,335.2</b>	<b>26,597.4</b>	<b>27,859.7</b>	<b>29,122.0</b>

\* Based on 9-month 2015 Reserve Fund Variance Report

## Appendix 7a

### User Fees Adjusted for Inflation and Other

Rate Description	Service	Fee Category	Fee Basis	2015	2016			2017	2018
				Approved Rate	Inflationary Adjusted Rate	Other Adjustment	Budget Rate	Plan Rate	Plan Rate
Appraisal Fee for Parks Levy Calculation - Variable; Note - 1.25 times original appraisal fee when 6 months period expires.	Real Estate	Full Cost Recovery	Per property	Lowest of (a) base fee + \$1.00/sm bldg area or (b) 20% of Parks Levy Payment, up to max of \$8,000;	2.18%		Lowest of (a) base fee + \$1.00/sm bldg area or (b) 20% of Parks Levy Payment, up to max of \$8,174.40;	Lowest of (a) base fee + \$1.00/sm bldg area or (b) 20% of Parks Levy Payment, up to max of \$8,174.40;	Lowest of (a) base fee + \$1.00/sm bldg area or (b) 20% of Parks Levy Payment, up to max of \$8,174.40;