

Toronto 2017 BUDGET



OPERATING PROGRAM SUMMARY



City Council

2017 OPERATING BUDGET OVERVIEW

Toronto City Council comprises the Mayor and 44 Councillors, each representing a City's ward. City Council is the governing body for the City. As part of the City's legislative process, Councillors attend Council, Standing Committee and Community Council meetings, Councillors are also appointed to City agencies and corporations. The role of City Council is described in the City of Toronto Act, 2006, c. 131.

2017 Operating Budget Highlights

The Operating Budget for City Council is \$20.627 million gross and \$20.355 million net as shown below:

(in \$000's)	2016 Budget	2017 Budget	Change	
			\$	%
Gross Expenditures	20,938.1	20,626.7	(311.3)	(1.5%)
Revenues	40.0	272.0	232.0	580.0%
Net Expenditures	20,898.1	20,354.7	(543.3)	(2.6%)

The 2017 Operating Budget for City Council supports 44 Councillors in fulfilling their mandates.

CONTENTS

Overview

- 1: 2017 – 2019 Service Overview and Plan [5](#)
- 2: 2017 Operating Budget by Service N/A
- 3: Issues for Discussion [11](#)

Appendices:

- 1. 2016 Performance N/A
- 2. 2017 Operating Budget by Expenditure Category [15](#)
- 3. 2017 Organization Chart N/A
- 4. Summary of 2017 Service Changes N/A
- 5. Summary of 2017 New & Enhanced Service Priorities N/A
- 6. Inflows/Outflows to / from Reserves & Reserve Funds [16](#)
- 7. 2017 User Fee Rate Changes N/A

Fast Facts

- The City of Toronto government was created on January 1, 1998 as a result of legislation passed by the Province of Ontario merging seven municipal governments into one single-tier city.
- The term of Council is four years. The current Council term began December 1, 2014.
- Council has the power to change the mandates and governance of its agencies, with some limitations for the Police Board, Library Board and Board of Health.
- City Council decides on strategic policies and priorities and sets the direction for the City of Toronto.
- In 2013, City Council approved a Strategic Plan for the City of Toronto for 2013-2018.
- As a result of the Ward Boundary Review, City Council has approved the addition of 3 Councillors and directed that the composition of City Council be one Councillor per ward pursuant to the ward boundary structure approved for the 2018 Election.

City Council

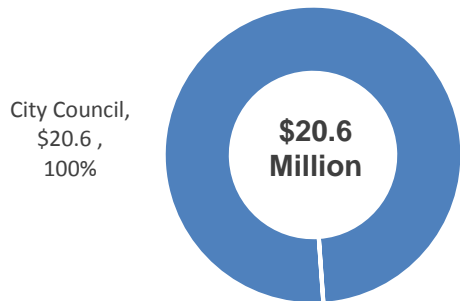
- Executes its legislative and administrative responsibilities, and exercise all powers exercised through by-laws, except where otherwise permitted by legislation.
- Creates and approves policies and programs, determines service mix, service levels and methods of service delivery, and oversees the work of implementing its decisions.
- Approves the City's Operating Budget and 10 Year Capital Plan allotting resources to Council priorities.
- Awards contracts, and approves the hiring and dismissal of statutory officers and executive staff.
- Council may, with some limitations, delegate its decision-making authority to committees, City agencies or the Toronto Public Service.
- City Council uses a committee system to manage its legislative process and make decisions.
- Each City Councillor serves on the Community Council that incorporates his or her ward. The Mayor is a voting member of all community councils.

Statutory Role of City Council

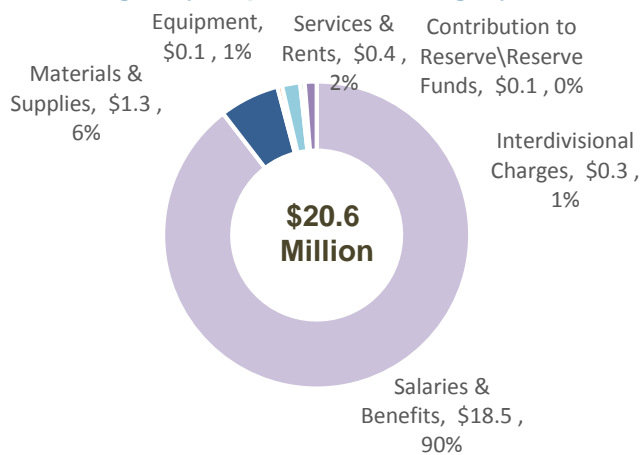
The 2017 Operating Budget of \$20.627 million gross and \$20.355 million net for City Council will provide funding to support Councillors' role as members of Council under the City of Toronto Act (COTA):

- Represent the public and consider the well-being and interests of the City;
- Develop and evaluate the policies and programs of the City;
- Determine the services the City provides;
- Ensure that administrative and controllership policies, practices and procedures are in place to implement the decisions of Council;
- Ensure the accountability and transparency of the operations of the City, including the activities of the senior management of the City;
- Maintain the financial integrity of the City; and
- Carry out the duties of Council under appropriate Acts.

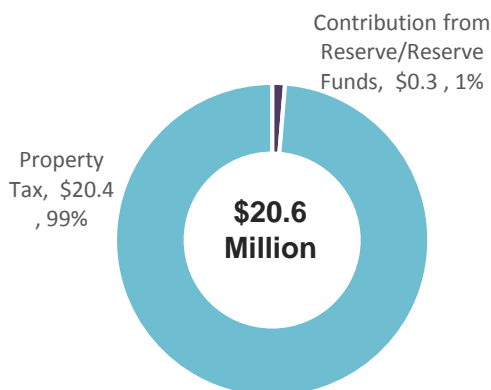
**Where the money goes:
2017 Budget by Service**



2017 Budget by Expenditure Category



Where the money comes from:



Our Key Issues & Priority Actions

- **Adequacy of the Council Transition Reserves and the Council Furniture and Equipment Reserves:**
 - ✓ Continue to monitor the adequacy of the Council Transition Reserves and the Council Furniture and Equipment Reserve.

2017 Operating Budget Highlights

- The 2017 Operating Budget of \$20.627 million in gross expenditures and \$20.355 million net provides funding for City Councillors to fulfill their statutory obligations.
- This represents a decrease of 2.6% to the 2016 Approved Net Budget through measures taken based on the following:
 - Base expenditure reductions (\$1.132 million)
 - Revenue changes (\$0.040 million net), pending Council approval of changes to the Constituency Services and Office Budget Policy to effect the reductions.

Council Approved Budget

City Council approved the following recommendations:

1. City Council approve the 2017 Operating Budget for City Council of \$20.435 million gross, \$20.355 million net for the following services:

<u>Service:</u>	<u>Gross</u> (\$000s)	<u>Net</u> (\$000s)
City Council:	<u>20,626.7</u>	<u>20,354.7</u>
Total Program Budget	<u>20,626.7</u>	<u>20,354.7</u>

2. City Council approve the 2017 staff complement of 180.0 positions.
3. In order to effect the reductions, included in the Operating Budget, City Council approve of the following changes to the Constituency Services and Office Budget Policy as follows:

3.1 For AODA Entitlement

Amend section 3(f) "Entitlement related to the meeting of Accessibility for Ontarians with Disabilities Act (AODA)", " in Appendix 1, Resources Available/Allocated to Councillors, by reducing the pooled budget from \$44,000 to \$10,000 so that section 3(f) now reads:

- A pooled fund of \$10,000, from the Council General Expense Budget, is provided to Councillors for expenses related to the meeting of the Accessibility for Ontarians with Disabilities Act (AODA) accessibility requirements for Councillor events or meetings. The fund is used on a first-come, first-served basis, with no limit per Councillor. Councillors wishing to use the fund must contact the City Clerk's Office to ensure funds are available. During an election year, the entitlement is prorated in accordance with approved Council policies.

4. City Council direct the City Clerk to process all such expenses retroactive to January 1, 2017 under the amended Constituency Services and Office Budget Policy.



Part 1:

2017-2019 Service Overview and Plan

Table 1
2017 Operating Budget and Plan by Service

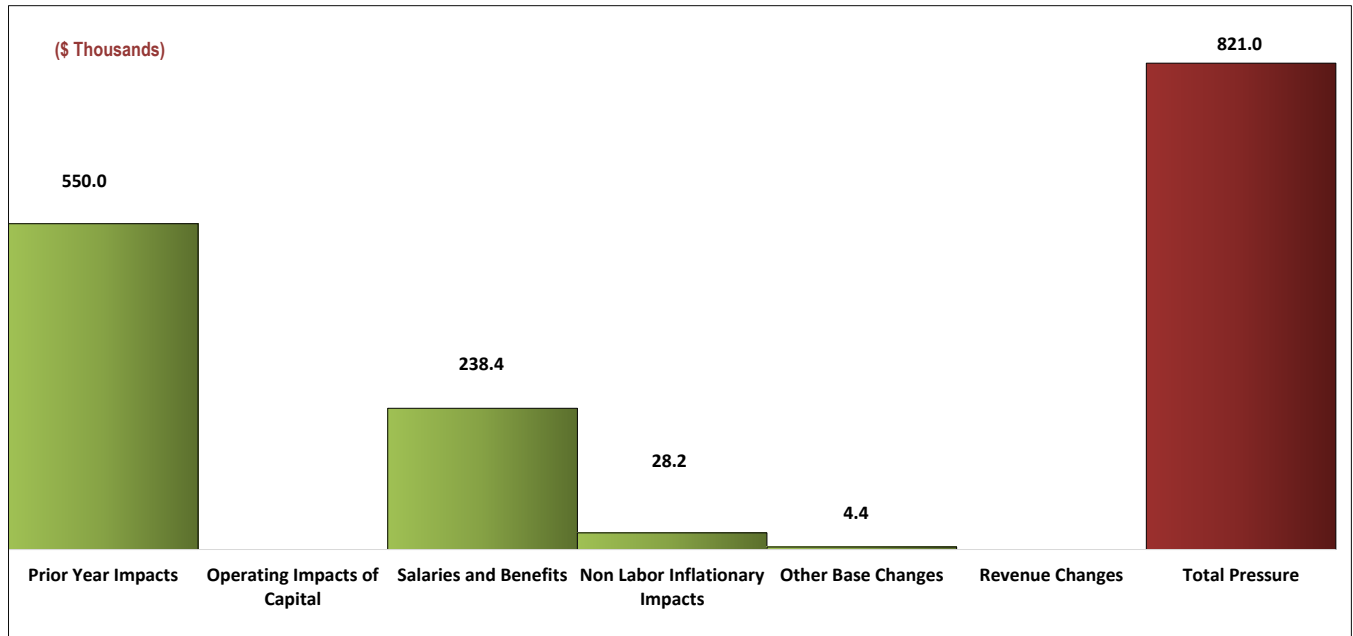
(In \$000s)	2016		2017 Operating Budget			2017 vs. 2016 Budget Change		Incremental Change			
	Budget	Projected Actual	Base	New/ Enhanced	Total Budget			2018 Plan	2019 Plan		
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
City Council											
Gross Expenditures	20,938.1	20,938.1	20,626.7		20,626.7	(311.4)	(1.5%)	3,980.3	19.3%	(2,167.9)	(8.8%)
Revenue	40.0	40.0	272.0		272.0	232.0	580.0%	2,258.0	830.1%	(2,490.0)	(98.4%)
Net Expenditures	20,898.1	20,898.1	20,354.7		20,354.7	(543.4)	(2.6%)	1,722.3	8.5%	322.1	1.5%
Total											
Gross Expenditures	20,938.1	20,938.1	20,626.7		20,626.7	(311.4)	(1.5%)	3,980.3	19.3%	(2,167.9)	(8.8%)
Revenue	40.0	40.0	272.0		272.0	232.0	580.0%	2,258.0	830.1%	(2,490.0)	(98.4%)
Total Net Expenditures	20,898.1	20,898.1	20,354.7		20,354.7	(543.4)	(2.6%)	1,722.3	8.5%	322.1	1.5%
Approved Positions	180.0	180.0	180.0		180.0						

City Council's 2017 Operating Budget is \$20.627 million gross and \$20.355 million net, representing a 2.6% decrease to the 2016 Approved Net Operating Budget meets the budget reduction target as set out in the 2017 Operating Budget Directions approved by Council.

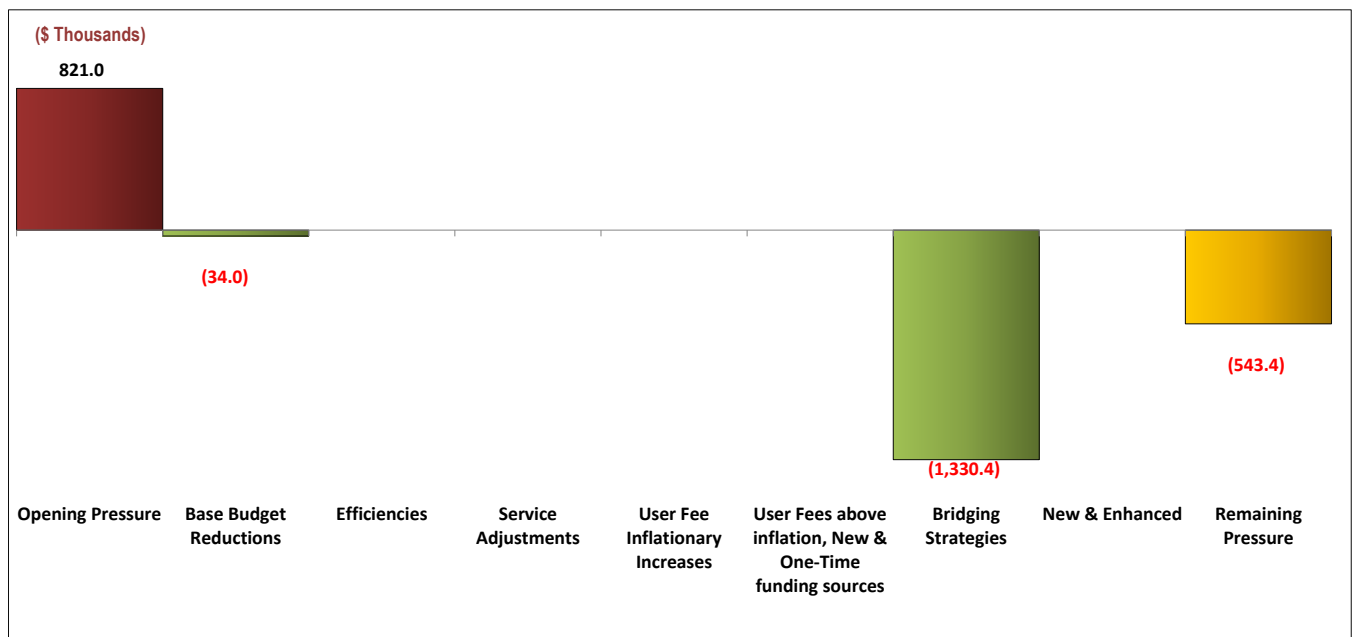
- Base pressures are mainly attributable to a 2% CPI adjustment for Councillors' salaries and Constituency Services and Office Budget, COLA increases for Councillors' staff, and a benefit adjustment for Councillors and staff. These are offset by base expenditure adjustments of \$1.132 million net, and revenue adjustments of \$0.232 million net.
- The 2018 and 2019 Plan increases are based on City Council structure of 44 wards and are attributable to the CPI adjustment for Councillors' salaries and Constituency Services and Office budget, reversal of 2017 one-time reductions and a one-time budget provision for transition expense after the 2018 Municipal Election.
- Approval of the 2017 Operating Budget results in the total staff complement remaining at 180.

The following graphs summarize the operating budget pressures for City Council and the potential measures/actions to offset these pressures and meet the budget target.

Key Cost Drivers



Actions to Achieve Budget Reduction Target



**Table 2
Key Cost Drivers**

(In \$000s)	2017 Base Operating Budget		Total	
	City Council			
	\$	Position	\$	Position
Gross Expenditure Changes				
Prior Year Impacts				
Reversal of One-Time Gapping	550.0		550.0	
Economic Factors				
CPI Adjustment for Constituency Services & Office Budget	28.2		28.2	
Salaries and Benefits				
Base Salary Adjustments	(87.8)		(87.8)	
2% CPI Increase for Councillors' Salary	96.9		96.9	
COLA Increase for Councillors' Staff	131.8		131.8	
Benefits Adjustments	97.5		97.5	
Other Base Changes				
IDC - Facilities	4.4		4.4	
Total Gross Expenditure Changes	821.0		821.0	
Net Expenditure Changes	821.0		821.0	

Key cost drivers for City Council are discussed below:

- Prior Year Impacts:
 - Reversal of 2016 one-time gapping approved in 2016 results in an increase of \$0.550 million.
- Economic Factors:
 - CPI increase of \$0.028 million to the Constituency Services and Office Budget.
- Salaries and Benefits
 - CPI and cost of living adjustments to Councillors and Council staff result in an increase of \$0.238 million.

In order to achieve the budget reduction target, the 2017 budget for City Council consists of base expenditure savings of \$1.132 million net and revenue adjustment of \$0.232 million net, for a total of \$1.364 million net as detailed below:

Table 3
Actions to Achieve Budget Reduction Target
2017 Service Change Summary

Description (\$000s)	Service Changes		Total Service Changes			Incremental Change			
	City Council		\$	\$	#	2018 Plan		2019 Plan	
	Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.
Base Changes:									
Base Expenditure Changes									
One-time gapping in Councillors Staff Salary Budget	(700.0)	(700.0)	(700.0)	(700.0)		700.0			
One-time reduction of Benefit Rate for Staff from 23% to 21%	(206.1)	(206.1)	(206.1)	(206.1)		206.1			
One-time reduction of Councillors' Benefits	(92.3)	(92.3)	(92.3)	(92.3)		92.3			
One-time reduction of Staff Replacement Budget	(100.0)	(100.0)	(100.0)	(100.0)		100.0			
Reduction of Councillor AODA Entitlement Pooled Budget	(34.0)	(34.0)	(34.0)	(34.0)					
Base Expenditure Change	(1,132.4)	(1,132.4)	(1,132.4)	(1,132.4)		1,098.4			
Revenue Adjustments									
One-time additional withdrawal from Furniture/Equipment Reserve		(40.0)		(40.0)		40.0			
One-time funding from Property Tax Stabilization Reserve		(192.0)		(192.0)		192.0			
Sub-Total		(232.0)		(232.0)		232.0			
Total Changes	(1,132.4)	(1,364.4)	(1,132.4)	(1,364.4)		1,330.4			

Base Expenditure Changes (Savings of \$1.132 million gross & net)

- One-time reductions have been employed to achieve the following savings:
 - One-time gapping in Councillors' staff salary budget will provide a savings of \$0.700 million. This measure will be reversed in 2018.
 - A one-time reduction in benefit rates for staff from 23% to 21% results in savings of \$0.206 million. This reduction will be reversed in 2018.
 - A one-time reduction in benefit rate for councillors from 26.4% to 24.9% results in savings of \$0.092 million. This measure will be reversed in 2018.
 - A one-time reduction for Staff Replacement Budget by \$0.100 million. This budget supports backfill for staff on extended leave, severance and other general obligations. This will be reversed in 2018.
- A reduction in the Councillor AODA entitlement pooled budget to \$0.010 million to reflect actual expenditures will result in a savings of \$0.034 million. Council approval of this change to the Constituency Services and Office Budget Policy is required.

Revenue Adjustments (Savings of \$0.232 million net)

- A one-time additional withdrawal from the Furniture/Equipment Reserve to fund equipment and furniture replacement requirements for Council results in net budget savings of \$0.040 million.
- A one-time funding from the Property Tax Rate Stabilization Reserve results in net budget savings of \$0.192 million.

Table 5
2018 and 2019 Plan by Program

Description (\$000s)	2018 - Incremental Increase					2019 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	Position	Gross Expense	Revenue	Net Expense	% Change	Position
Known Impacts:										
Prior Year Bridging Approval Impacts										
Reversal of one-time reductions	1,098.4	(232.0)	1,330.4	6.5%						
Economic Factors										
CPI adjustment on Constituency Services & Office budget	28.8		28.8	0.1%		29.4		29.4	0.1%	
Salaries and Benefits										
Salaries and benefits adjustments including CPI for Councillors	363.2		363.2	1.8%		292.7		292.7	1.3%	
Other Base Changes (specify)										
One-time transition expenses after 2018 Elections	2,490.0	2,490.0				(2,490.0)	(2,490.0)			
Sub-Total	3,980.4	2,258.0	1,722.4	8.5%		(2,167.9)	(2,490.0)	322.1	1.5%	
Total Incremental Impact	3,980.4	2,258.0	1,722.4	8.5%		(2,167.9)	(2,490.0)	322.1	1.5%	

Future year incremental costs are primarily attributable to the following:

Known Impacts:

- Reversal of 2017 one-time reductions results in a pressure of \$1.330 million net in 2018.
- Budgetary provisions for a CPI adjustment to Constituency Services and Office Budget total \$0.029 million in 2018 and 2019 respectively.
- Salaries and benefit adjustments, including CPI for Councillors' salaries, totaling \$0.363 million are anticipated in 2018 and \$0.293 million in 2019.
- A one-time budget provision for Council transition expenses after the 2018 Municipal Election results in an increase of \$2.490 million gross and \$0 net at the end of 2018. This expense will be funded from the Council Transition and Council Furniture and Equipment Reserves and will be reversed in 2019.



Part 3:

Issues for Discussion

Issues Impacting the 2017 Budget

Budget Reduction Target

- City Council's 2017 Operating Budget is \$20.627 million gross and \$20.355 million net, representing a 2.6% decrease from the 2016 Approved Net Operating Budget. This budget achieves the budget reduction target as set out in the 2017 Operating Budget Directions approved by Council for all City Programs, Agencies and Accountability Offices.
- City Council budget includes base expenditure savings of \$1.132 million and revenue adjustments of \$0.232 million for a total savings of \$1.364 million net.
- Bridging strategies totaling \$1.330 million have been employed in order to achieve the -2.6% reduction target through one-time reductions. These one-time reductions will be reversed in 2018.
- In order to achieve the -2.6% reduction target, Council approval of changes to the Constituency Services and Office Budget Policy will be required, including the reduction of the pooled AODA budget to \$0.010 million and changes with regard to Councillors' telecommunications expenses and Councillor newsletter distribution expenses.

Issues Impacting Future Years

Adequacy of the Council Transition Reserve and Council Furniture and Equipment Reserve

- At its meeting on July 11-13, 2012, City Council adopted a staff report EX21.9 entitled "*Policy Changes to Facilitate Councillor Office Operations.*" <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX21.9>, which included the renaming of the following two reserves:
 - The Council Transition Reserve (formerly Councillors' Severance Reserves) funds end of Council term severance payments, set-up of transition offices and payment of transition staff, and other requirements related to Council transition.
 - The Council Furniture and Equipment Reserve (formerly from Government Relations Reserve) which provides funds for the state of good repair and replacement of furniture and offices of Members of Council at City Hall, or constituency offices at Civic Centres and other properties.
- Contributions to the Council Transition and the Council Furniture and Equipment Reserves come from the annual surplus of the City Council Operating Budget at a level to be determined by the Deputy City Manager & Chief Financial Officer at year-end, according to the surplus management policy.
 - Below is the continuity schedule of the Reserves over the last 7 years:

XQ0010 Council Transition Reserve	2010	2011	2012	2013	2014	2015	2016
Opening Balance	525,000	0	175,000	1,370,000	2,219,000	531,060	627,060
Contributions	175,000	175,000	1,195,000	849,000	512,000	196,000	741,000
Withdrawals	(700,000)				(2,199,940)	(100,000)	
Ending Balance	0	175,000	1,370,000	2,219,000	531,060	627,060	1,368,060

XQ0009 Council Furniture & Equipment Reserve	2010	2011	2012	2013	2014	2015	2016
Opening Balance	37,000	74,000	111,000	111,000	111,000	77,270	132,270
Contributions	37,000	37,000				85,000	185,000
Withdrawals					(33,730)	(30,000)	(40,000)
Ending Balance	74,000	111,000	111,000	111,000	77,270	132,270	277,270

- As shown in the above continuity schedule, the ending balance for the Council Transition Reserve in 2014 was reduced significantly due to Council transition requirements, including severance payments, after the municipal election.
- The replenishment of these Reserves is dependent upon the annual operating surplus of the City Council's operating budget in any given year. As City Council's Operating Budget surplus over the years fluctuates significantly, the sustainability and adequacy of the Council Transition Reserve and the Council Furniture and Equipment Reserve must be closely monitored to ensure sufficiency of funds for future transition requirements.
- A summary of City Council's Operating Budget Variance over the last 7 years is outlined below:

City Council Approved Operating Budget

Year	Approved Net Operating Budget (\$)	Actuals (\$)	Surplus (\$)
2010	19,637,823	22,121,474	(2,483,651)
2011	19,145,315	17,950,653	1,194,662
2012	19,385,085	18,535,822	849,263
2013	19,957,418	19,445,425	511,993
2014	19,957,418	19,676,128	281,290
2015	20,692,627	19,766,746	925,881
2016*	20,898,051	20,898,051	0

* as per 2016 9 month Operating Variance Report

- For the year ended December 31, 2010, an unfavourable net variance of \$2.484 million or 12.6% of its 2010 Net Operating Budget was realized.
- This was prior to the set-up of the Council Transition Reserve and the withdrawal of funds during an election year for transition purposes.
- If the Council Transition Reserve is insufficient, corporate operating surplus will need to be used to fund the shortfall for transition-related expenses.



Appendices

Appendix 2

2017 Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense (\$000's)	2014	2015	2016	2016	2017	2017 Change		Plan	
	Actual	Actual	Budget	Projected Actual *	Budget	from 2016 Budget	%	2018	2019
	\$	\$	\$	\$	\$	\$		\$	\$
Salaries and Benefits	20,334.1	17,937.4	18,782.2	18,782.2	18,472.2	(309.9)	(1.7%)	22,333.7	20,226.5
Materials and Supplies	100.6	114.0	1,274.5	1,274.5	1,302.7	28.2	2.2%	1,331.5	1,360.9
Equipment	123.2	326.8	102.0	102.0	102.0			192.0	102.0
Services & Rents	1,067.0	1,133.6	426.8	426.8	392.8	(34.0)	(8.0%)	392.8	200.8
Contributions to Capital							-		
Contributions to Reserve/Res Funds	91.6	99.2	99.2	99.2	99.2	(0.0)	(0.0%)	99.2	99.2
Other Expenditures	0.1	1.3					-		
Interdivisional Charges	299.0	380.2	253.3	253.3	257.7	4.4	1.7%	257.7	257.7
Total Gross Expenditures	22,015.6	19,992.5	20,938.1	20,938.1	20,626.7	(503.3)	(2.4%)	24,607.0	22,247.1
Interdivisional Recoveries		1.4					-		
Provincial Subsidies							-		
Federal Subsidies							-		
Other Subsidies							-		
User Fees & Donations	10.4	9.8					-		
Transfers from Capital Fund							-		
Contribution from Reserve/Reserve Funds	2,233.7	130.0	40.0	40.0	272.0	232.0	580.0%	2,530.0	40.0
Sundry Revenues	95.3	84.5					-		
Total Revenues	2,339.4	225.7	40.0	40.0	272.0	232.0	580.0%	2,530.0	40.0
Total Net Expenditures	19,676.2	19,766.8	20,898.1	20,898.1	20,354.7	(735.3)	(3.5%)	22,077.0	22,207.1
Approved Positions	176.0	176.0	180.0	180.0	180.0			180.0	180.0

* Based on the 2016 9-month Operating Variance Report

Projections to year-end indicate City Council will be on budget with a potential surplus, with the amount yet to be determined.

For additional information regarding the 2016 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, 2016" considered by City Council at its meeting on December 13, 2016.

<http://app.toronto.ca/tmmis/decisionBodyProfile.do?function=doPrepare&meetingId=11065>

Impact of 2016 Operating Variance on the 2017 Operating Budget

- There is no impact arising from the 2016 9-Month Operating Variance Report on the 2017 Operating Budget.

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, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		\$	\$	\$	\$
Projected Beginning Balance			1,368.1	1,368.1	(1,031.9)
Council Transition Reserve	XQ0010				
<i>Proposed Withdrawals (-)</i>				(2,400.0)	
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		-	1,368.1	(1,031.9)	(1,031.9)
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		1,368.1	1,368.1	(1,031.9)	(1,031.9)

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		\$	\$	\$	\$
Projected Beginning Balance			277.3	197.3	67.3
Council Furniture & Equipment Reserves	XQ0009				
<i>Proposed Withdrawals (-)</i>			(80.0)	(130.0)	(40.0)
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		-	197.3	67.3	27.3
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		277.3	197.3	67.3	27.3

* Based on 9-month 2016 Reserve Fund Variance Report

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		\$	\$	\$	\$
Projected Beginning Balance			19,645.5	13,520.3	7,697.2
Insurance Reserve Fund	XR1010				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>			99.2	99.2	99.2
Total Reserve / Reserve Fund Draws / Contributions		-	19,744.7	13,619.5	7,796.4
Other Program / Agency Net Withdrawals & Contributions			(6,224.4)	(5,922.3)	(6,192.0)
Balance at Year-End		19,645.5	13,520.3	7,697.2	1,604.4

* Based on 9-month 2016 Reserve Fund Variance Report