

BU38.1

**2018 Preliminary Operating Budget &
2018-2027 Capital Budget & Plan**



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- 2018 Preliminary Operating Budget Overview
- 2018 Tax Impacts
- 2018 Preliminary Capital Budget & 10 Year Plan Overview
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Fiscal & Economic Context



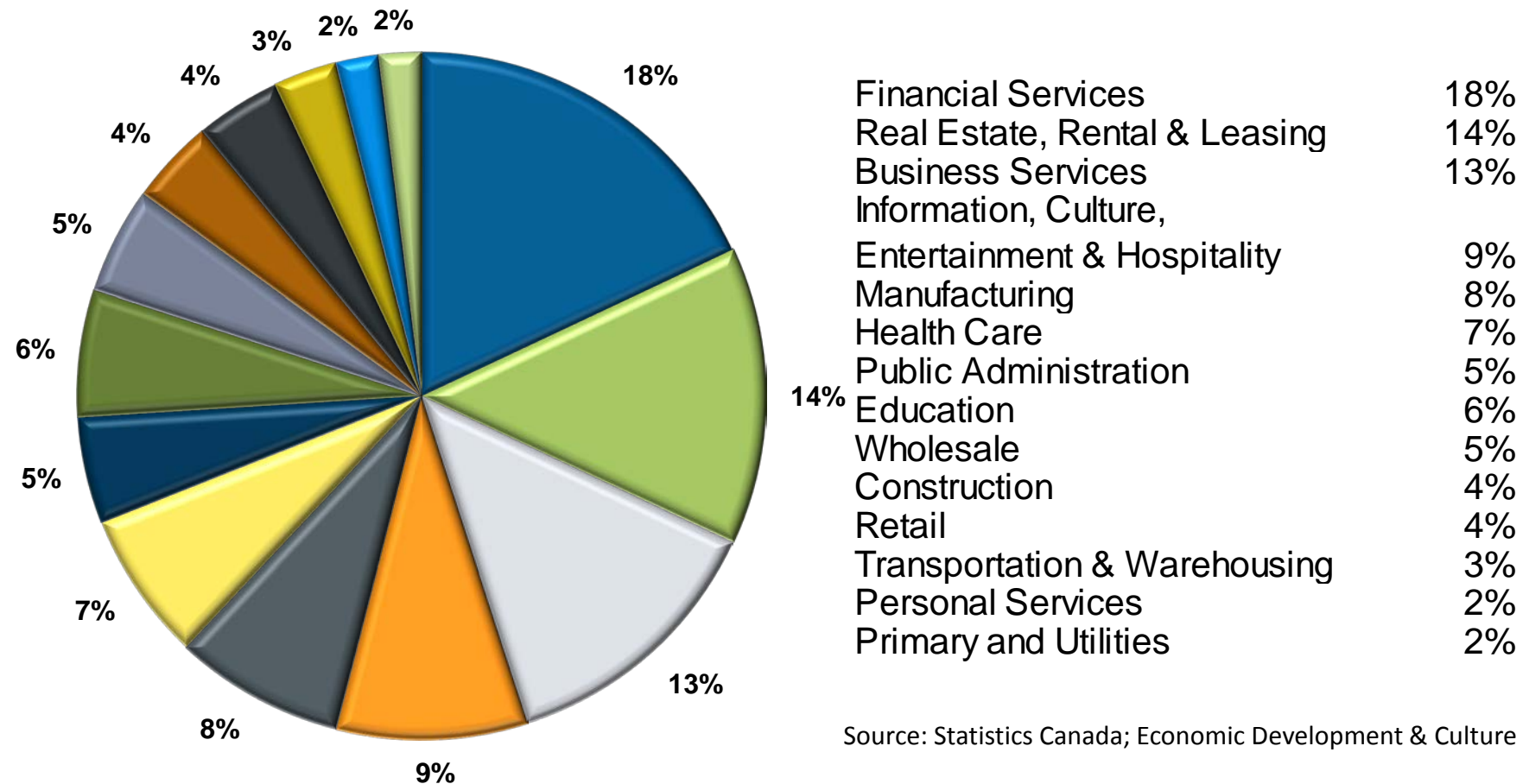
- 4th largest City in North America by governed population - 2.8 million people
- Diversity is our strength - 51% of population foreign born
- Toronto has 8% of Canada's population (33.5M) and 46% of the population of the Greater Toronto Area (GTA) 6.0M



DIVERSIFIED ECONOMY

Large diversified economy that helps shield City from slowdown

City of Toronto – Estimated Share of GDP by Industry Group



Source: Statistics Canada; Economic Development & Culture

INTERNATIONAL RANKINGS



#4 out of 140 Cities
Most Livable Cities

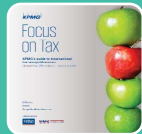
The Economist - The Global Liveability Report (2017)



#4 out of 13 Cities

Toronto is a global fintech centre of the future

Toronto Financial Services Alliance (2017)



#1 out of 111 Cities

Most tax competitive City

KPMG - Focus on Tax (2016)



#3 out of 30 Cities

Toronto ranked 3rd in desirability and resilience

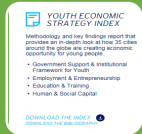
PWC, Cities of Opportunity (2016)



#4 out of 29 Cities

Toronto ranks 4th in terms of global competitiveness

KPMG, Competitive Alternatives Study (2016)



#1 out of 35

Best Economy for Young People

The Economist, Youth Economic Strategy Index (2015)



Top 20 out of 230 Cities

Quality of Living

Mercer, Worldwide Quality of Living Survey, (2016)



#10 out of 86

Most influential Financial Centres

Global Financial Centre Index (2016)



#1 out of 50

Best Place to Live

The Economist, Safe Cities Index (2015)



#5 out of 24

Prosperity

Toronto Board of Trade, Scorecard on Prosperity, (2015)



#1 out of 10

Most Livable City in the World

Metropolis Magazine (2015)



#1 in North America

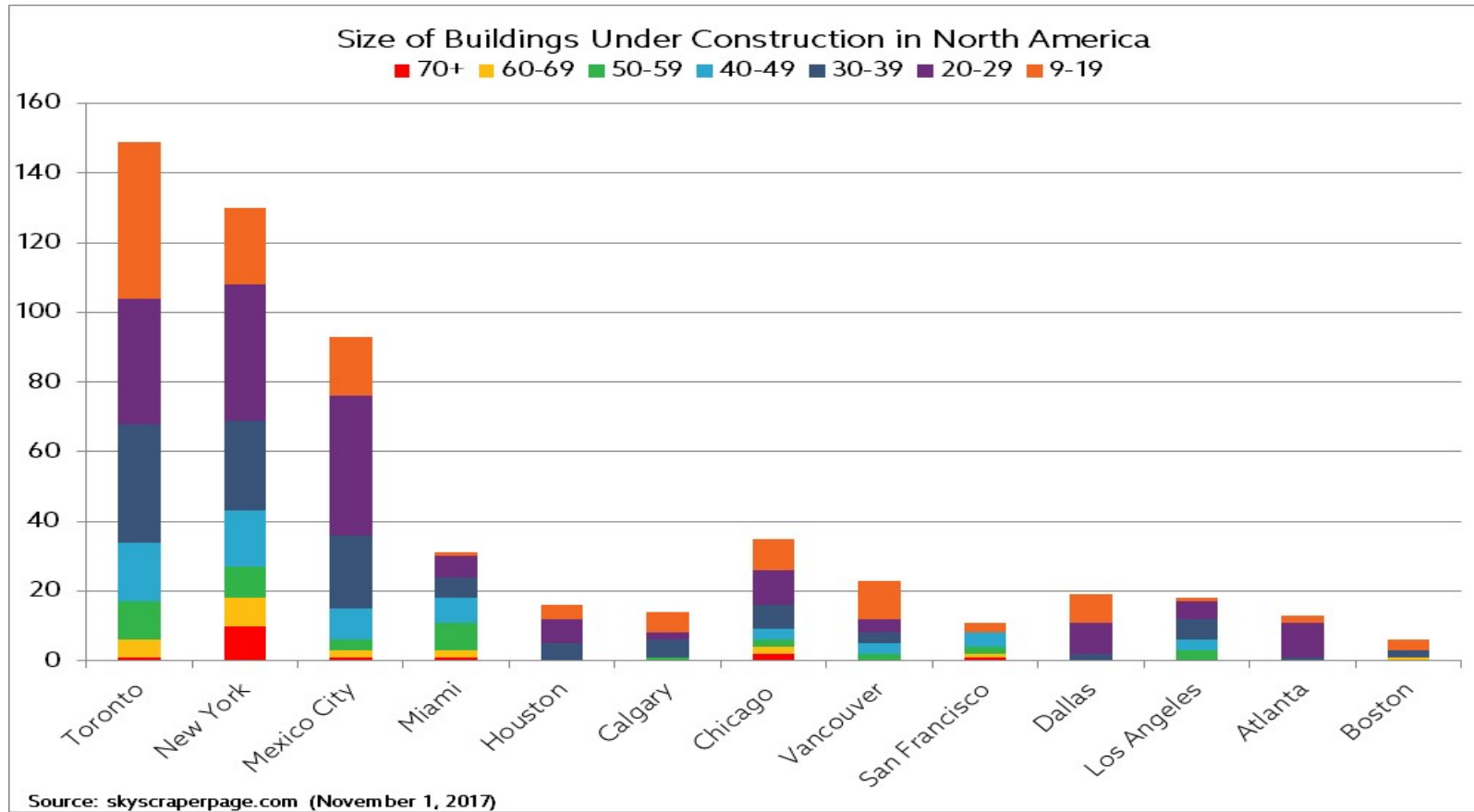
High-Rise Buildings Under Construction

Skyscraper.com, 2017

MAJOR ECONOMIC DEVELOPMENT ACTIVITY

- Toronto ranks first in high-rise buildings under construction in North America (149)

of High-Rise Buildings under Construction

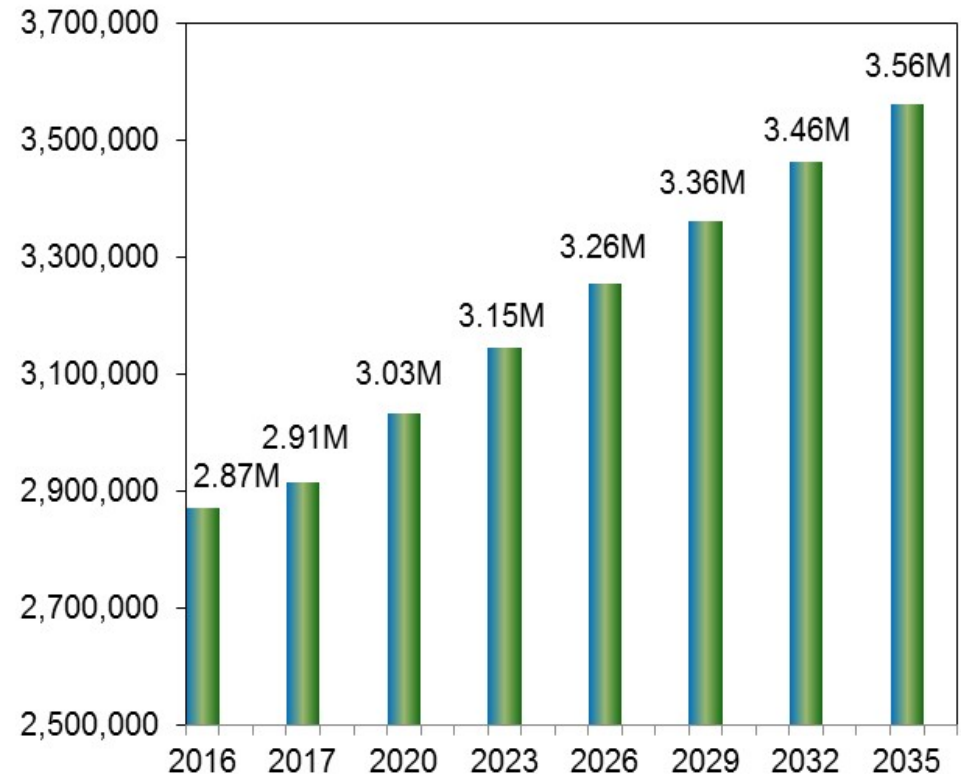


Source: Skyscraperpage.com – July 28, 2017

STEADY POPULATION GROWTH

- Population growing steadily at approx. 25,000 people per year since 2006
- Downtown Toronto booming – highly skilled, highly educated Echo Boomers opting for urban lifestyle
- The City's population is expected to reach 3.56 million by 2035

**City of Toronto Population Forecast
2016 - 2035**



Source: Ontario Ministry of Finance, June 2016

STRONG AND STABLE CREDIT RATINGS

- The City of Toronto maintains strong debt credit ratings from three credit rating agencies:
 - Moody's – Aa1 (Stable) (2002-Present)
 - S&P – AA (Stable) (2001-Present)
 - DBRS – AA (Stable) (2002-Present)
- No change in Toronto's credit rating in past 15 years

"The ratings are supported by Toronto's large and dynamic economic structure as the leading commercial centre in Canada, its relatively low debt burden and considerable base of liquidity and reserves to manage unforeseen events.

DBRS, August 10, 2017

"The City of Toronto's Aa1 rating benefits from a low debt burden, a healthy liquidity profile evidenced by a net cash position, a large and diversified economic base as well as a track record of consolidated surpluses since 2008... The rating also reflects the city's additional unique taxation powers, which allow it to access additional revenue sources besides property taxes and user charges for environmental services."

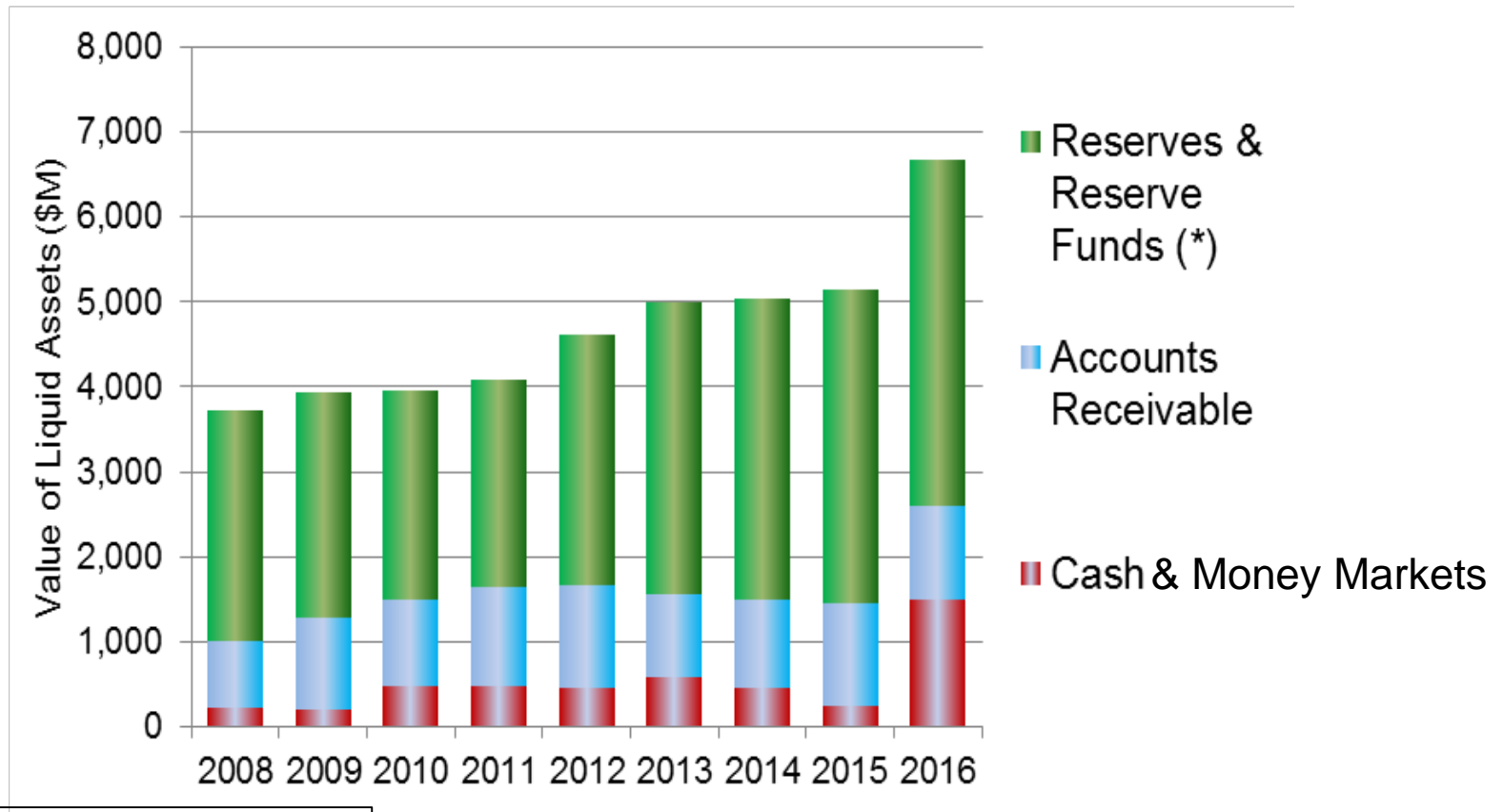
Moody's Investors Service, July 12, 2017

"The ratings reflect our view of Toronto's very strong economy which, along with strong financial management, has helped the city to continue to attract residents and investment...The ratings also reflect our positive view of the very predictable and well-balanced institutional framework for Canadian municipalities"

Standard & Poor's, October 27, 2016

STRONG LIQUIDITY POSITION

Liquid Reserves (2008-2016)
Year-end Balances



Standard & Poor's: "Exceptional Liquidity"
Moody's & DBRS: "Solid Liquidity"

- Toronto Council has traditionally adhered to a conservative policy of limiting debt service to 15% of the annual tax-supported property tax levy
- 2017-2026 Plan adheres to 15% ceiling on average over 2017-2026
 - Peak of close to 16% in 2021

OWNERSHIP OF LARGE ENTERPRISES

Toronto Parking Authority



	Dec. 31, 2016 (\$M)
Revenues	\$4,030.0
Expenses	\$3,878.6
Net Income	\$151.4
Assets	\$4,954.4
Liabilities	\$3,356.1
Net Equity	\$1,428.9

	Dec. 31, 2016 (\$M)
Revenues	\$146.7
Expenses	\$87.1
Net Income	\$59.6
Assets	\$328.1
Liabilities	\$33.3
Net Equity	\$294.8

	Dec. 31, 2016 (\$M)
Revenues	\$19.3
Expenses	\$6.6
Net Income	\$12.7
Assets	\$296.2
Liabilities	\$57.9
Net Equity	\$238.3

THE CITY OF TORONTO'S FISCAL HEALTH IS SOUND AS A RESULT OF

- Moderate operating budget growth
- Improved competitiveness of business property tax ratios
- Modest wage settlements at or below the rate of inflation
- High levels of liquidity
- Resilient revenue base (property tax)
- Limited pension liability risk

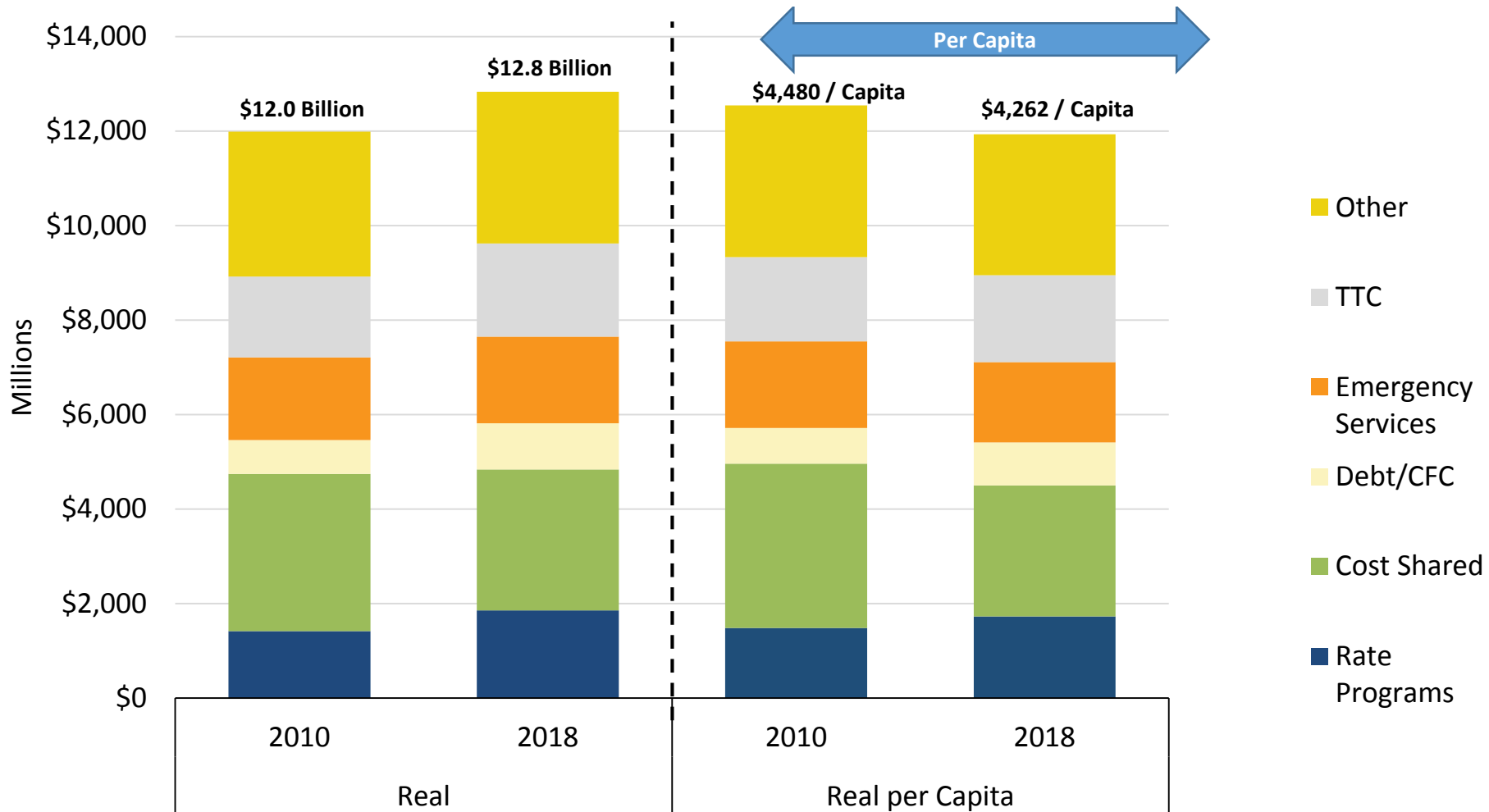


City Manager's Overview

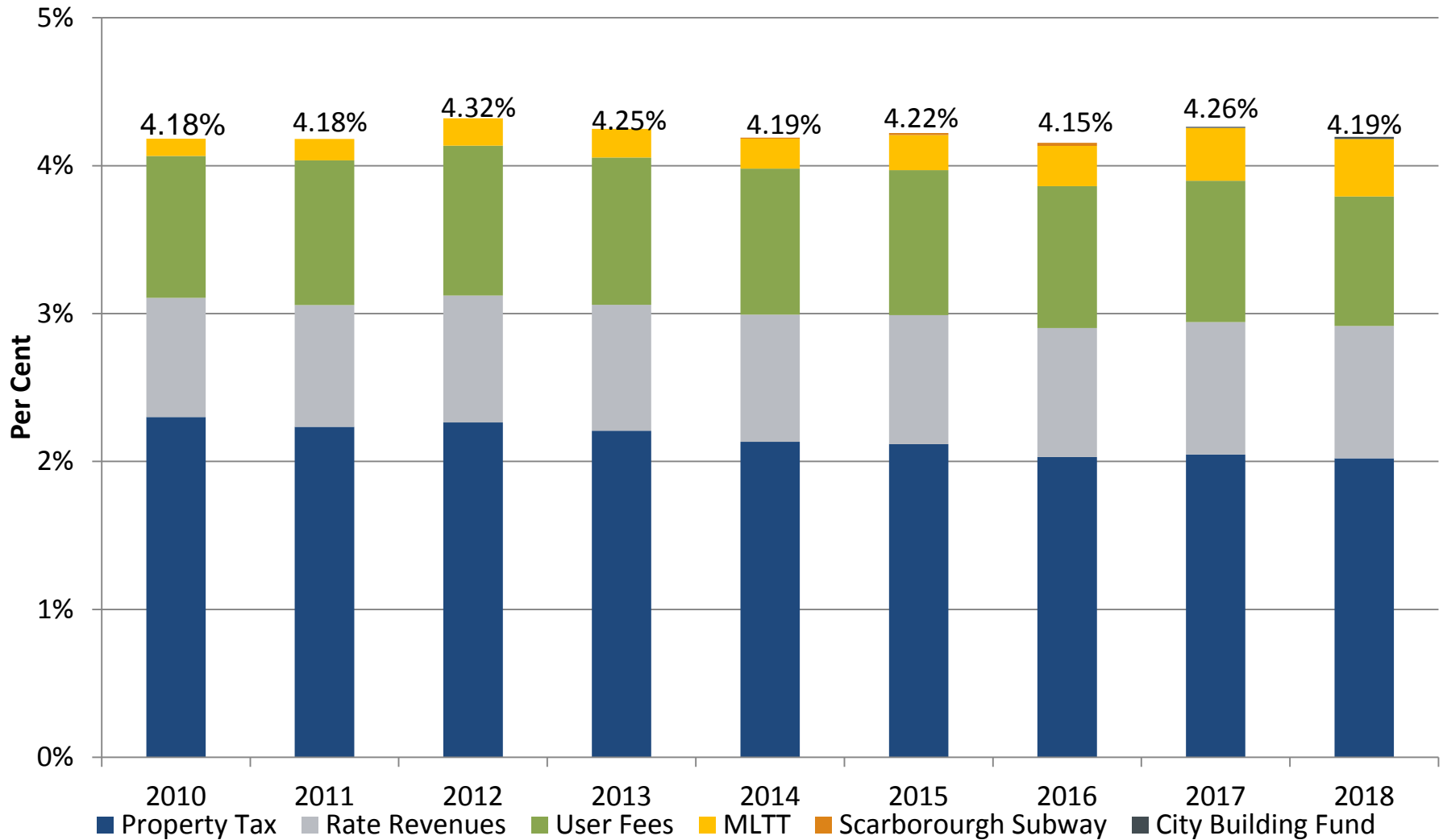


- Extension of current budget practices
 - Expense target set in May
 - Reflects potential for residential property tax pegged to inflation
 - 2017 policy direction on business property tax ratios retained
- Incorporates agency recommendations
 - Toronto Transit Commission
 - Toronto Community Housing Corporation
 - Toronto Police Service
- Addresses pressures that are unavoidable or legislated
- Small positive variance

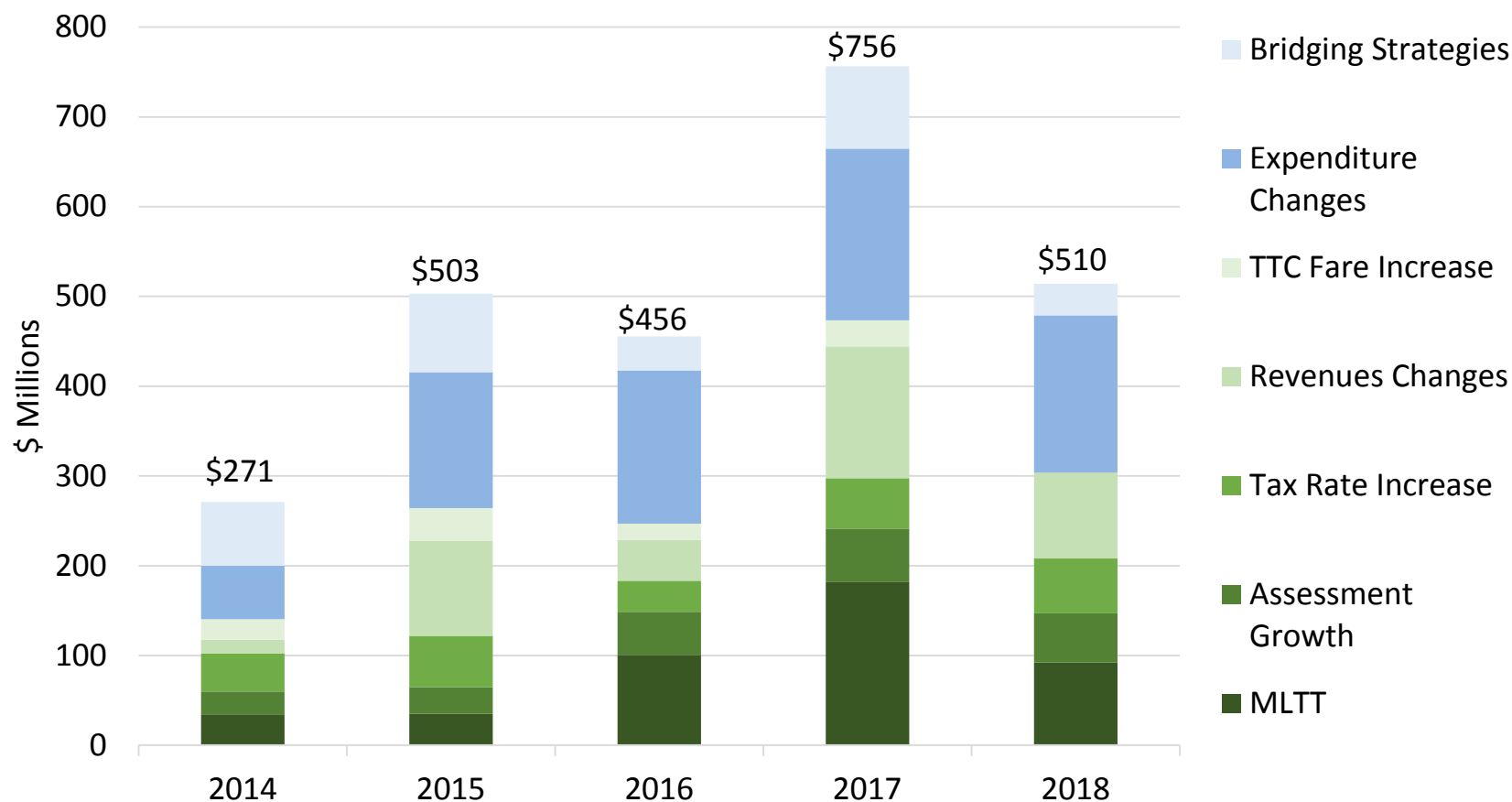
TOTAL SPENDING – 2010 VS 2018



CITY REVENUES AS PERCENTAGE OF GDP



BUDGET PRESSURES AND HOW THEY WERE BALANCED – 2014-2018



MOST CITY PROGRAMS AND AGENCIES DELIVERED 0% NET INCREASE

(In Millions)	2017	2018	YoY Increase	% Increase
Service Delivery				
City Programs	\$1,936	\$1,943	\$7	0.3%
Accountability Offices	\$9	\$11	\$2	18.0%
<i>TTC</i>	<i>\$690</i>	<i>\$713</i>	<i>\$24</i>	<i>3.4%</i>
<i>TCHC</i>	<i>\$242</i>	<i>\$244</i>	<i>\$2</i>	<i>0.9%</i>
<i>Toronto Police Service (Inc. Board)</i>	<i>\$999</i>	<i>\$999</i>	<i>\$0</i>	<i>0.0%</i>
<i>Toronto Public Library</i>	<i>\$179</i>	<i>\$181</i>	<i>\$2</i>	<i>0.9%</i>
<i>Other Agencies</i>	<i>\$91</i>	<i>\$90</i>	<i>-\$1</i>	<i>-0.8%</i>
Total Agencies	\$2,200	\$2,224	\$25	1.1%
Total Service Delivery	\$4,145	\$4,180	\$35	0.8%
Capital Project Delivery				
<i>Capital from Current</i>	<i>\$312</i>	<i>\$373</i>	<i>\$62</i>	<i>19.7%</i>
<i>Debt Charges</i>	<i>\$505</i>	<i>\$555</i>	<i>\$50</i>	<i>9.9%</i>
Total Capital Project Delivery	\$817	\$929	\$112	13.7%

HIGH-LEVEL OUTCOMES

	2017 Operating Budget (\$M)	2018 Preliminary Operating Budget (\$M)	Percentage change
Expenditures (Gross)	\$10,663	\$10,972	2.9%
Revenues	\$6,616	\$6,813	3.0%
Expenditures (Net)	\$4,046	\$4,159	2.8%

KEY EXPENSE PRESSURE INCORPORATED IN THE PRELIMINARY BUDGET

External factors	Shelters	\$33 million	- Shelter demand - Federal funding loss
	Fire services	\$8.2 million	-WSIB and arbitration impacts
	Tax deficiencies	\$44 million	- Tax appeals and adjustments
Prior year impacts	Toronto Transit Commission	\$28 million	-Toronto-York Spadina Subway Extension and PRESTO impacts
	Toronto Community Housing Corporation (including bridging)	\$72 million	- Deferral of capital fund and sinking fund contributions
	Capital financing costs	\$113 million	- Debt charges - Capital From Current

- Achieves initial balance
- Maintains service levels / no reduction proposals
- Accommodates unavoidable pressures, including interest obligations
- Realignment and gas tax room allows progress \$1.1 billion in additional investments against Council priorities
 - Toronto Community Housing Corporation stabilized
 - George Street Revitalization
 - Accessibility for Ontarians with Disabilities Act (AODA) requirements

MUNICIPAL LAND TRANSFER TAX RELIANCE

2017 budget forecast	2017 interim year-end forecast	Incremental gain
\$708 million	\$793 million	\$85 million

- Incremental gain is fully applied to preliminary budget balance
 - Consistent with 2015, 2016 and 2017 practice
- Recurring expenses continue to be matched with potentially cyclical revenue source, as in prior years
- Some capacity to adjust in-year if required (e.g., \$40 million directed to capital)

OTHER FACTORS

Moderate bridging strategies

Service standards not adjusted for population growth

Partially funded priorities – more spending expectations added in-year than accommodated

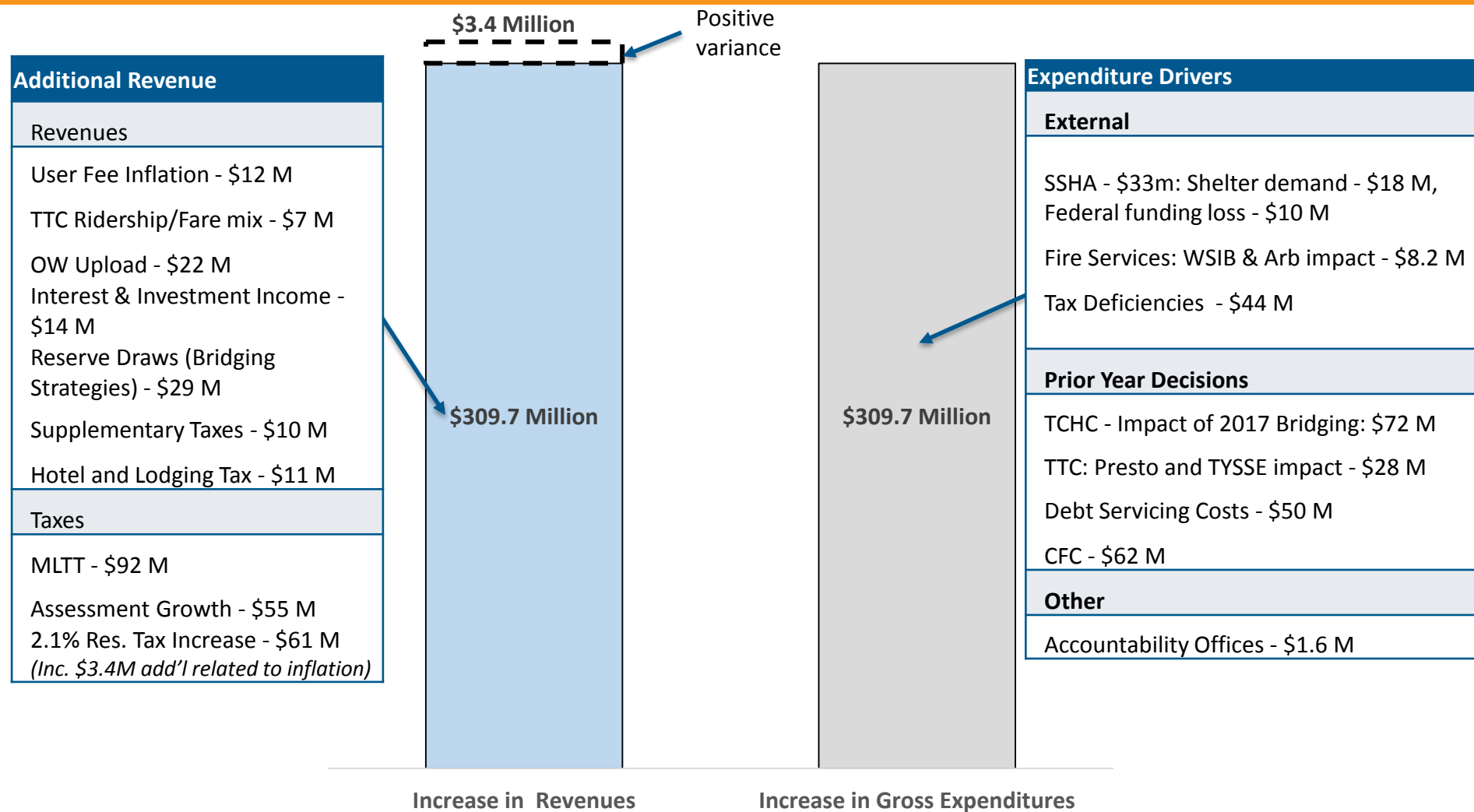
Incremental spending would require offsets



2018 Preliminary Operating Budget



BALANCED 2018 PRELIMINARY BUDGET



100% OF OPENING \$510 GAP ADDRESSED

Expenditure Changes, 175.4, 34%

Includes:

- TTC revised estimates - \$21M
- Police revised estimates - \$38M
- TCHC transfer to City debt - \$54M
- Efficiencies - \$21M
- Updated NP estimates (Ins, EE Liabilities) \$16M
- Base Budget Savings (PFR & Transportation at net zero) - \$25M

Bridging Strategies, 49.0, 10%

Includes:

- Defer TCHC Sinking Fund Contribution to 2020 - \$18M
- One-Time Deferrals - \$3M
- One-Time Reserve Draws - \$28M (includes TTC)

Revenues, 80.7, 16%

Includes:

- User Fee (inflation / volume chg) - \$12M
- TTC Ridership / Fare mix - \$7M
- OW Upload - \$22M
- Interest/Investment Income - \$14M
- Hotel Tax - \$11M
- Updated Supplementary Tax - \$10M
- Other Revenues - \$5M

MLTT, 92.0, 18%

Includes:

- \$7 million annualized 2017 rate
- \$85 million growth

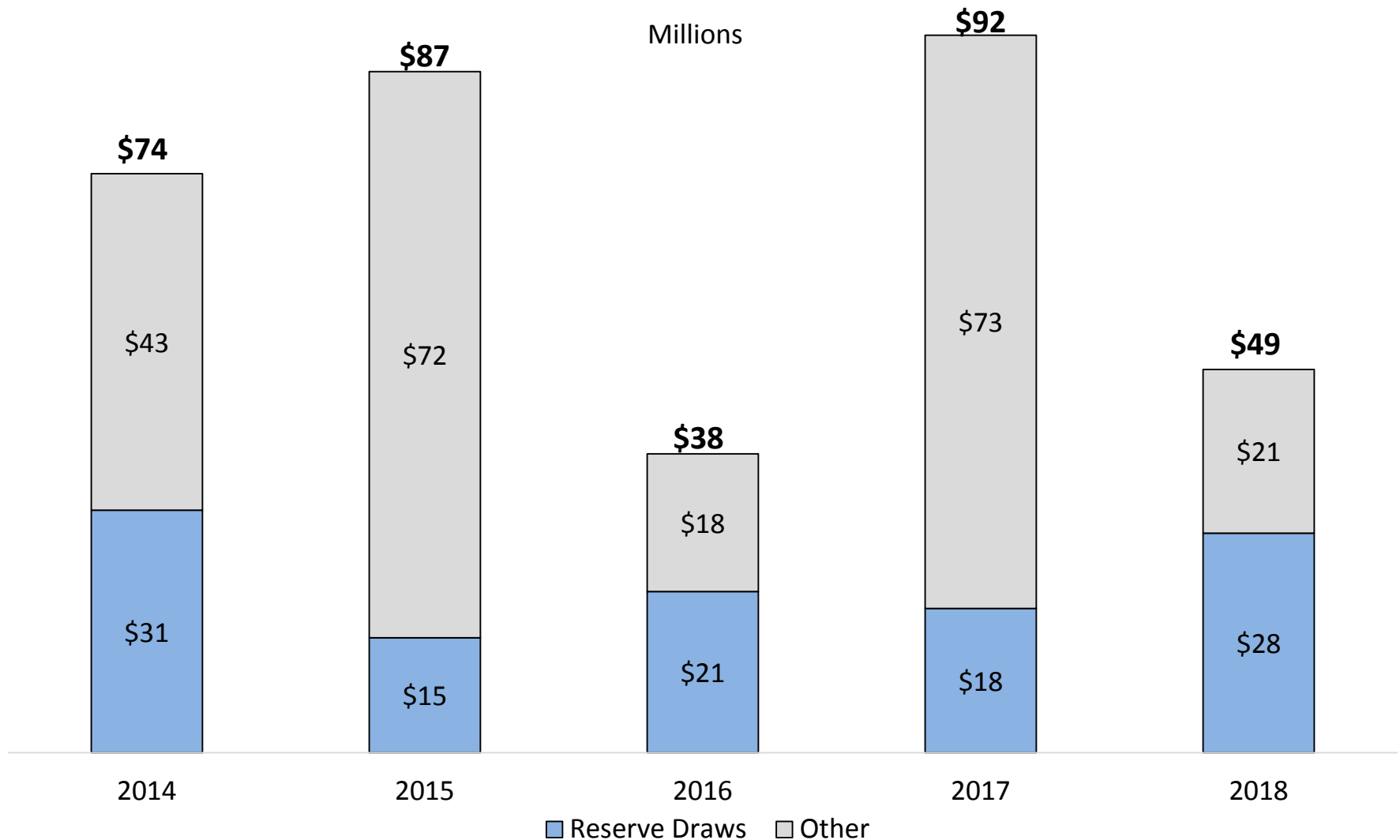
+ \$3.4 million related to inflationary increase

Assessment Growth,
55.0, 11%

Tax Increase, 57.7,
11%

**\$510
Million**

BRIDGING STRATEGIES COMPARISON – 2014 TO 2018

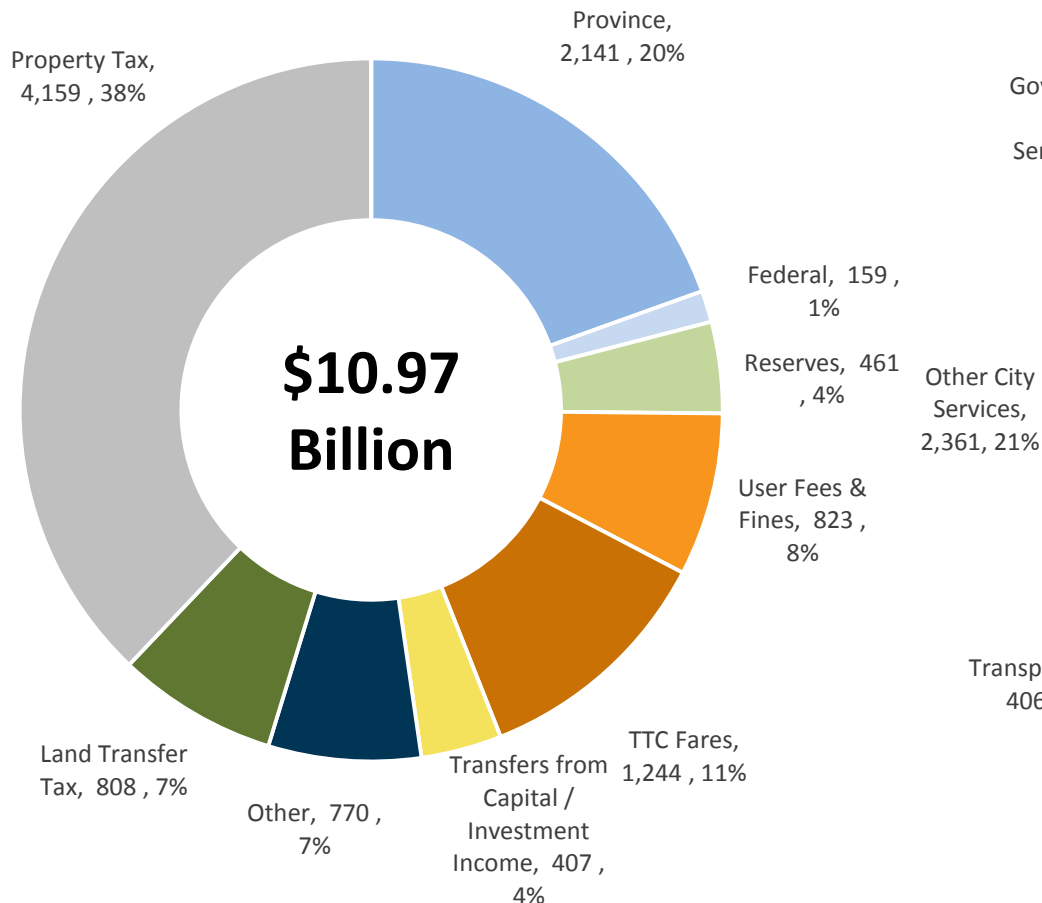


PRELIMINARY OPERATING BUDGET HIGHLIGHTS - TCHC

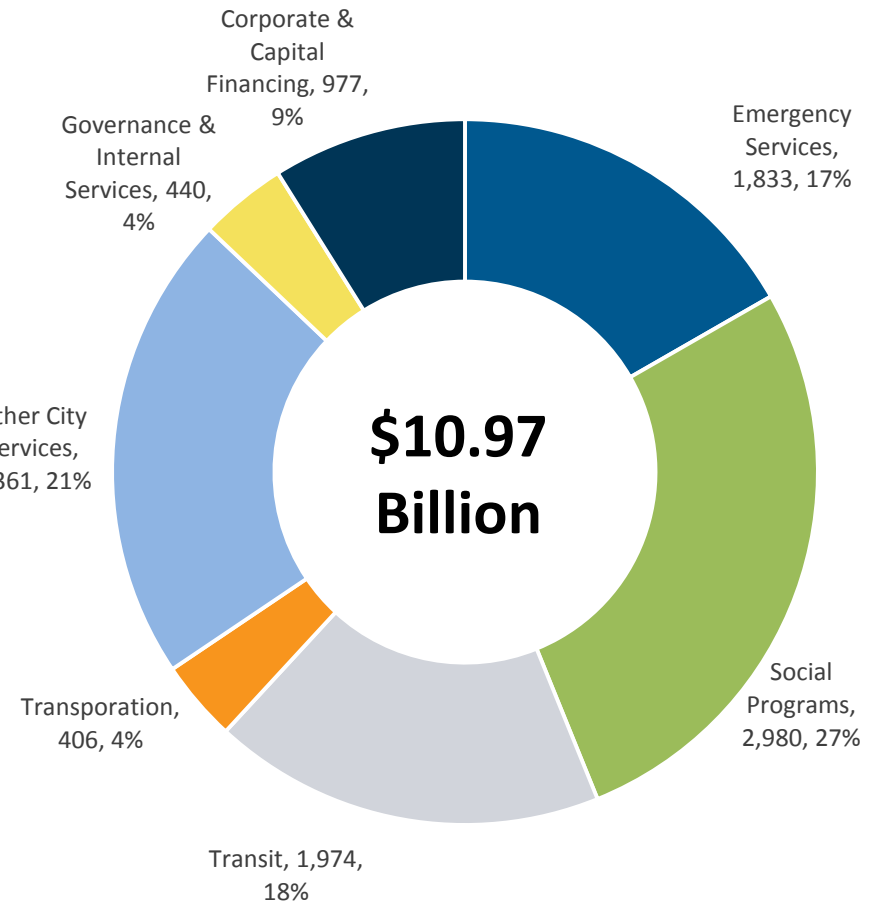
- Maintains the \$37 million investment in TCHC from 2017
- Efficiencies reinvested to restore adequate service levels for repairs, maintenance and cleaning
- \$279 million will be funded directly from City debt in 2018 and 2019 to address TCHC's repair backlog & in-flight revitalization projects
 - Pending Council's approval
 - Eliminates the \$54 million subsidy increase to fund capital reserve
 - Prevents additional permanent unit closures
- \$18 million sinking contribution deferred to 2020 and increased to \$21 million

2018 PRELIMINARY OPERATING BUDGET SUMMARY

Where the Money Comes From

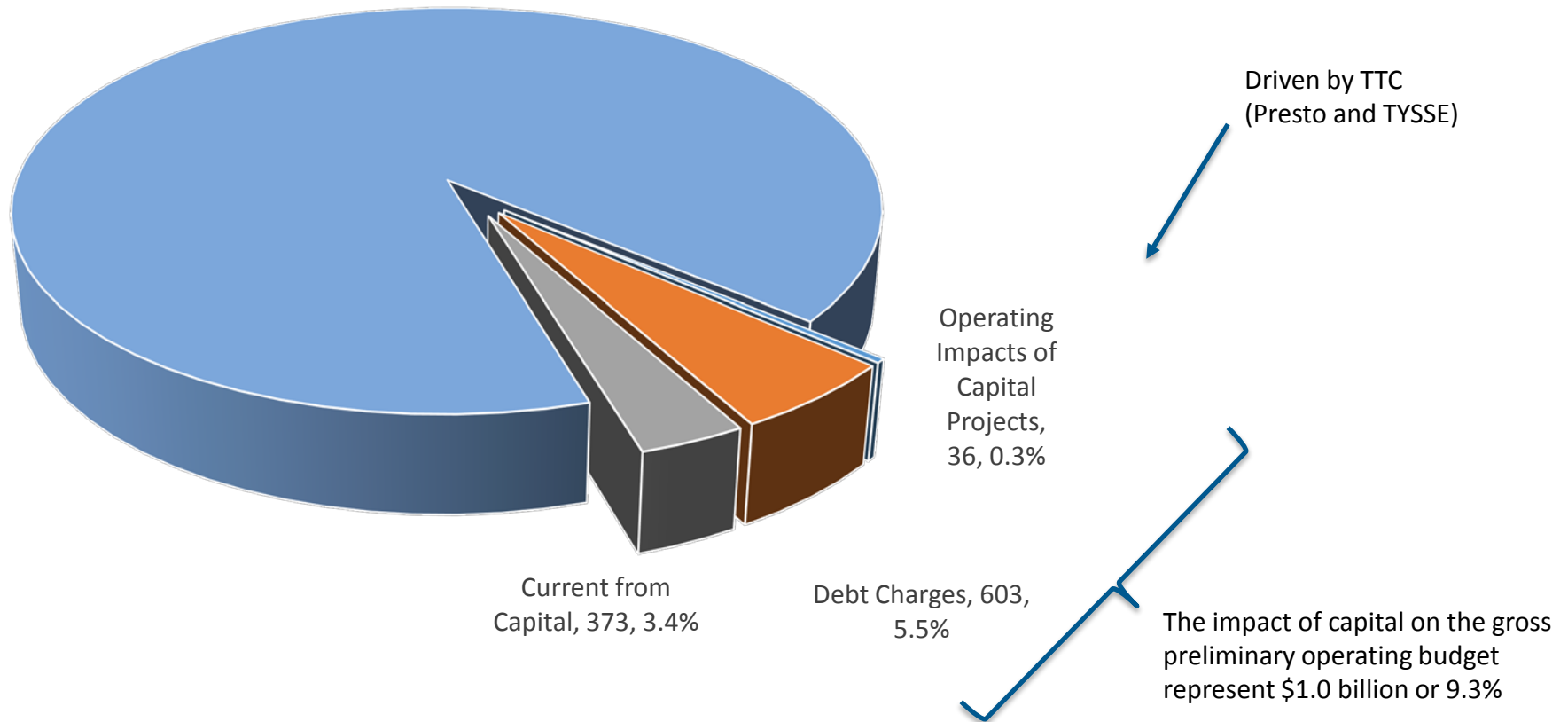


Where the Money Goes

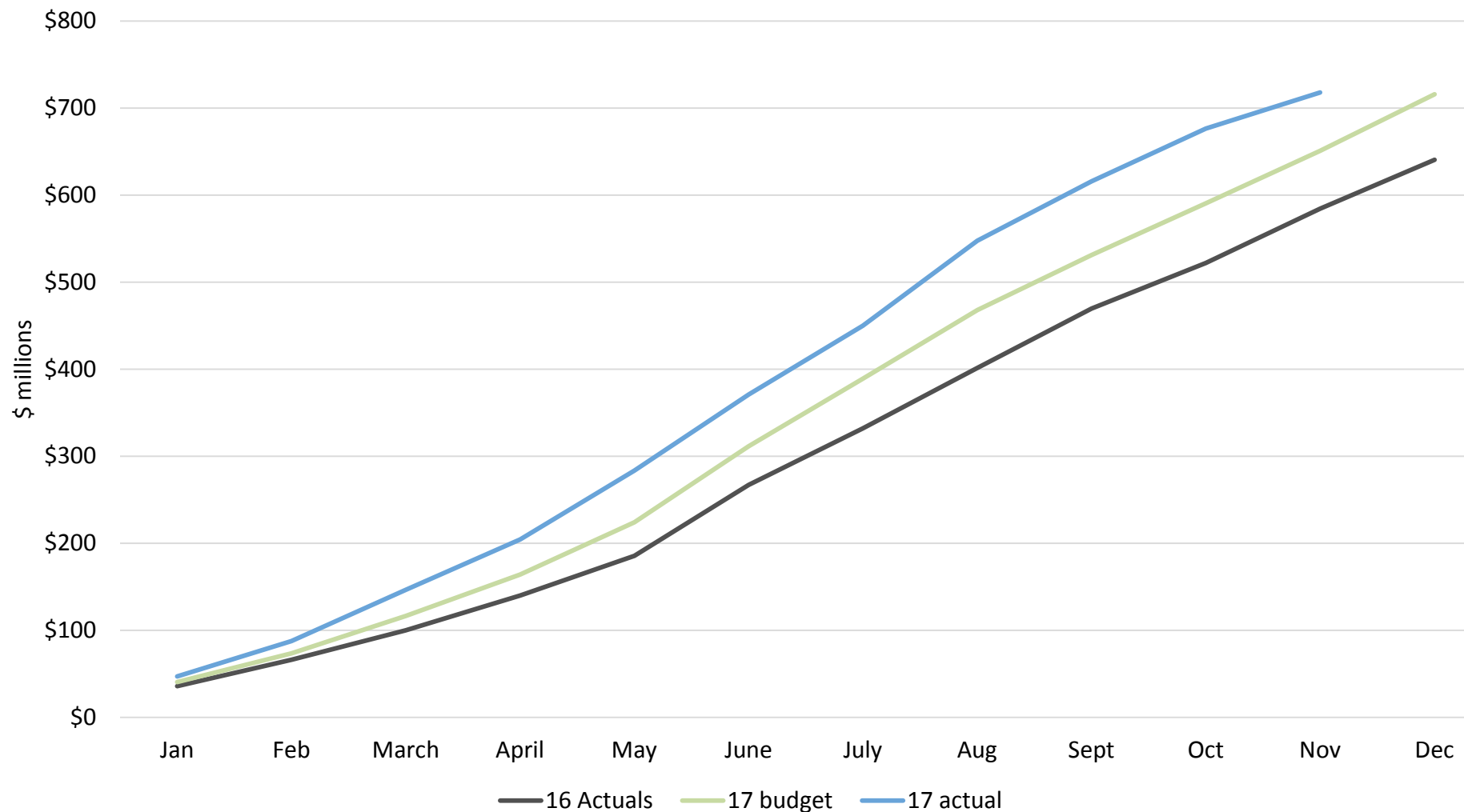


OPERATING IMPACT OF CAPITAL ON 2018 PRELIMINARY BUDGET

\$10.97 Billion



2017 MLTT NET REVENUE: MONTHLY ACTUAL VS BUDGET (CUMULATIVE)



2018 PRELIMINARY OPERATING BUDGET – GROSS & NET

Cluster (in \$ 000's)	2017 Budget		2018 Budget		Change from 2017 Over (Under)			
	Gross	Net	Gross	Net	Gross		Net	
					\$	%	\$	%
Citizen Centred Services "A"	3,342,914	910,556	3,341,176	910,486	(1,737)	(0.1%)	(70)	(0.0%)
Citizen Centred Services "B"	1,134,179	711,456	1,148,076	717,306	13,896	1.2%	5,849	0.8%
Internal Corporate Services	395,955	154,729	401,557	155,548	5,602	1.4%	820	0.5%
Chief Financial Officer	89,183	37,850	92,785	37,850	3,602	4.0%	(0)	(0.0%)
City Manager	55,926	47,342	56,535	47,256	608	1.1%	(86)	(0.2%)
Other City Programs	132,051	74,360	149,483	74,378	17,431	13.2%	18	0.0%
Accountability Offices	9,374	9,374	11,058	11,058	1,684	18.0%	1,684	18.0%
Total City Operations	5,159,583	1,945,668	5,200,670	1,953,882	41,087	0.8%	8,214	0.4%
TTC (Inc Wheel Trans)	1,955,452	689,524	1,974,477	713,166	19,025	1.0%	23,642	3.4%
TCHC	241,700	241,700	243,795	243,795	2,095	0.9%	2,095	0.9%
Toronto Police Service (Inc Board)	1,133,716	998,635	1,139,059	998,635	5,343	0.5%	0	0.0%
Toronto Public Library	199,103	179,108	200,093	180,769	990	0.5%	1,661	0.9%
Toronto Public Health	246,496	60,827	247,120	60,806	624	0.3%	(21)	(0.0%)
Toronto Realty Agency*	11,816		11,434		(382)	(3.2%)		0.0%
Other Agencies	197,608	29,845	206,396	29,141	8,787	4.4%	(704)	(2.4%)
Agencies	3,985,891	2,199,638	4,022,372	2,226,311	36,481	0.9%	26,673	1.2%
Total City Ops & Agencies	9,145,474	4,145,306	9,223,042	4,180,193	77,568	0.8%	34,888	0.8%
Corporate Accounts:								
Capital & Corporate Financing	841,343	817,163	976,573	928,744	135,231	16.1%	111,581	13.7%
Non-Program Expenditures	623,841	437,681	689,615	523,545	65,774	10.5%	85,864	19.6%
Non-Program Revenues	51,924	(1,353,723)	83,037	(1,473,322)	31,113	59.9%	(119,599)	8.8%
Corporate Accounts:	1,517,108	(98,879)	1,749,226	(21,033)	232,118	15.3%	77,846	78.7%
Net Operating Budget	10,662,582	4,046,427	10,972,268	4,159,160	309,686	2.9%	112,734	2.8%
Assessment Growth							(55,000)	
Inflationary Residential Property Tax Inc							(61,089)	
Available Tax Room to Fund New Investments							(3,355)	

*Restated to reflect amalgamated entities

2018 COMPLEMENT CHANGES – Service Delivery

	2017 Approved Staff Complement	2018 Complement Changes								
		Prior Year Impact	Operating Impacts of Capital Proj.	Base Changes	Efficiencies	Rec'd Service Changes	Total Base Change	Rec'd New/Enh Service Priorities	Total 2018 Preliminary Budget	Change from 2017 Approved
Citizen Centred Services "A"	12,662.1	(35.0)	4.1	24.8	(29.7)		(35.8)	17.8	12,644.1	(18.0)
Citizen Centred Services "B"	5,887.3	(1.5)	22.0	(16.2)			4.3	20.0	5,911.6	24.3
Internal Corpportate Services	1,903.0	(0.0)	5.0	(12.8)	(6.1)		(13.9)		1,889.1	(13.9)
Chief Financial Officer	742.7	7.0		0.5	(10.0)		(2.5)	5.0	745.2	2.5
City Manager	418.0	(0.0)		(2.0)			(2.0)	4.0	420.0	2.0
Other City Programs	952.2	(19.3)	4.0	44.5	(11.0)		18.1	1.0	971.3	19.1
Accountability Offices	55.2	14.0		0.0			14.0		69.2	14.0
TOTAL - CITY OPERATIONS	22,620.6	(34.8)	35.1	38.7	(56.8)		(17.8)	47.8	22,650.5	30.0
Agencies										
TTC (incl. Wheel-Trans)	12,783.0		(18.0)	(101.0)	(1.0)		(120.0)		12,663.0	(120.0)
Police Services & Board	7,888.0								7,888.0	
Toronto Public Library	1,734.3				(4.5)		(4.5)		1,729.8	(4.5)
Toronto Public Health	1,838.7	(0.0)		(2.5)	(4.9)		(7.4)	1.0	1,832.3	(6.4)
Other Agencies	1,535.8			44.4	(3.0)		41.4	2.0	1,579.2	43.4
TOTAL - AGENCIES	25,779.8	(0.0)	(18.0)	(59.1)	(13.4)		(90.5)	3.0	25,692.3	(87.5)
Corporate Accounts (Inc. Parking Tags)	400.0	(0.0)		0.0			(0.0)		400.0	(0.0)
TOTAL LEVY OPERATING BUDGET	48,800.4	(34.8)	17.1	(20.4)	(70.2)		(108.3)	50.8	48,742.9	(57.5)
Toronto Realty Agency	55.0				(14.0)		(14.0)	10.0	51.0	(4.0)
TOTAL LEVY OPERATING BUDGET	48,855.4	(34.8)	17.1	(20.4)	(84.2)		(122.3)	60.8	48,793.9	(61.5)

2018 COMPLEMENT CHANGES – Capital Project Delivery

	2017 Approved Staff Complement	2018 Complement Changes			
		Total Capital Delivery Changes	Rec'd New/Enh Service Priorities	Total 2018 Preliminary Budget	Change from 2017 Approved
Citizen Centred Services "A"	169.2	35.8		205.0	35.8
Citizen Centred Services "B"	510.5	39.2	22.0	571.7	61.2
Internal Corporate Services	323.0	11.0		334.0	11.0
Chief Financial Officer	20.5	10.5		31.0	10.5
City Manager	20.0	0.0		20.0	0.0
Other City Programs	21.3	(11.4)	9.0	18.8	(2.4)
Accountability Offices					
TOTAL - CITY OPERATIONS	1,064.5	85.1	31.0	1,180.5	116.1
Agencies					
TTC (incl. Wheel-Trans)	2,213.0	108.0		2,321.0	108.0
Police Services & Board					
Toronto Public Library					
Toronto Public Health	17.2	6.3		23.5	6.3
Other Agencies	5.0			5.0	
TOTAL - AGENCIES	2,235.2	114.3		2,349.5	114.3
Corporate Accounts (Inc. Parking Tags)					
TOTAL LEVY OPERATING BUDGET	3,299.6	199.4	31.0	3,530.0	230.4
Toronto Realty Agency					
TOTAL LEVY OPERATING BUDGET	3,299.6	199.4	31.0	3,530.0	230.4

NET ZERO NEW /ENHANCED INCLUDED IN THE PRELIMINARY BUDGET

\$14.7 MILLION

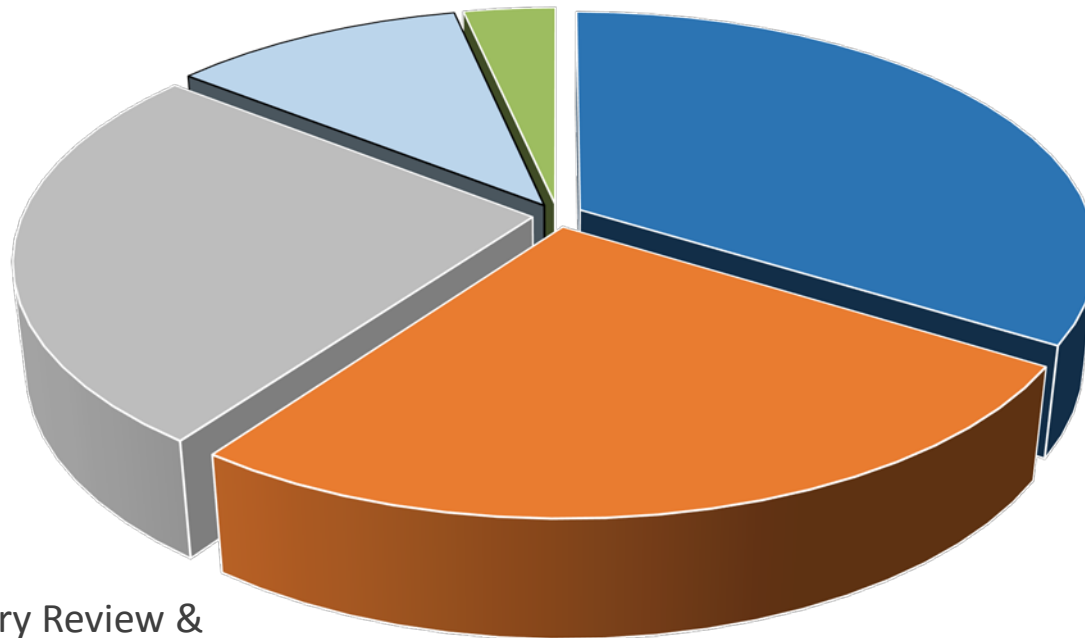
Communication / Training / Human
Resource Management, \$1.6, 11%

Financial Oversight,
\$0.5, 3%

Capital Project
Delivery, \$5.0, 34%

Legislated Service
Delivery, \$3.8, 26%

Service Delivery Review &
Improvements, \$3.8, 26%



ADDITIONAL NEW / ENHANCED REQUESTS FOR BUDGET COMMITTEE'S REVIEW AND CONSIDERATION

(\$ 000s)	2018			2019		2020	
	\$		Positions	\$	Positions	\$	Positions
	Gross	Net		Net		Net	
Council Approved	344.0	284.0	31.6	26.6		3.2	
Council Directed	5,678.3	5,201.5	33.1	3,997.6	15.5	1,912.1	3.5
Referred to the Budget Process	9,144.6	6,444.0	45.8	5,934.0	50.6	2,311.6	16.5
Referred to the Budget Process - Poverty Reduction (Original Plan)	60,520.8	10,835.1	64.4	16,963.0	24.9	24,790.3	0.9
Referred to the Budget Process - Poverty Reduction (New to Plan)	339.1	84.8					
Referred to the Budget Process - TTC Board Recommended	6,000.0	11,100.0		9,400.0		400.0	
Staff Initiated	13,108.3	7,341.2	59.1	2,429.1	20.7	2,099.0	23.6
Total	95,135.2	41,290.6	234.1	38,750.2	111.7	31,516.3	44.5

- Funding available to offset additional New/Enhanced:
 - \$5.5 million in additional vacancy rebate savings
 - \$3.4 million positive tax variance as a result of residential increase related to inflation

EQUITY IMPACTS EMBEDDED IN BUDGET PROCESS

- 2018 initiative to measure potential equity impacts is significantly expanded from 2017 with new assessment tool
- Programs and Agencies applied the Equity Lens Tool for all 2018 proposed service level changes, efficiencies and new investments
- Potential equity impacts are included in the Programs' and Agencies' Budget Notes and will be highlighted in a Budget Briefing Note
- Equity impact analysis focused on:
 - which equity-seeking groups are impacted, with an emphasis on women and persons with low-income,
 - what barriers to equity are decreased or increased
- Multi-phase initiative which will be expanded in future years

Budget Committee to review and consider

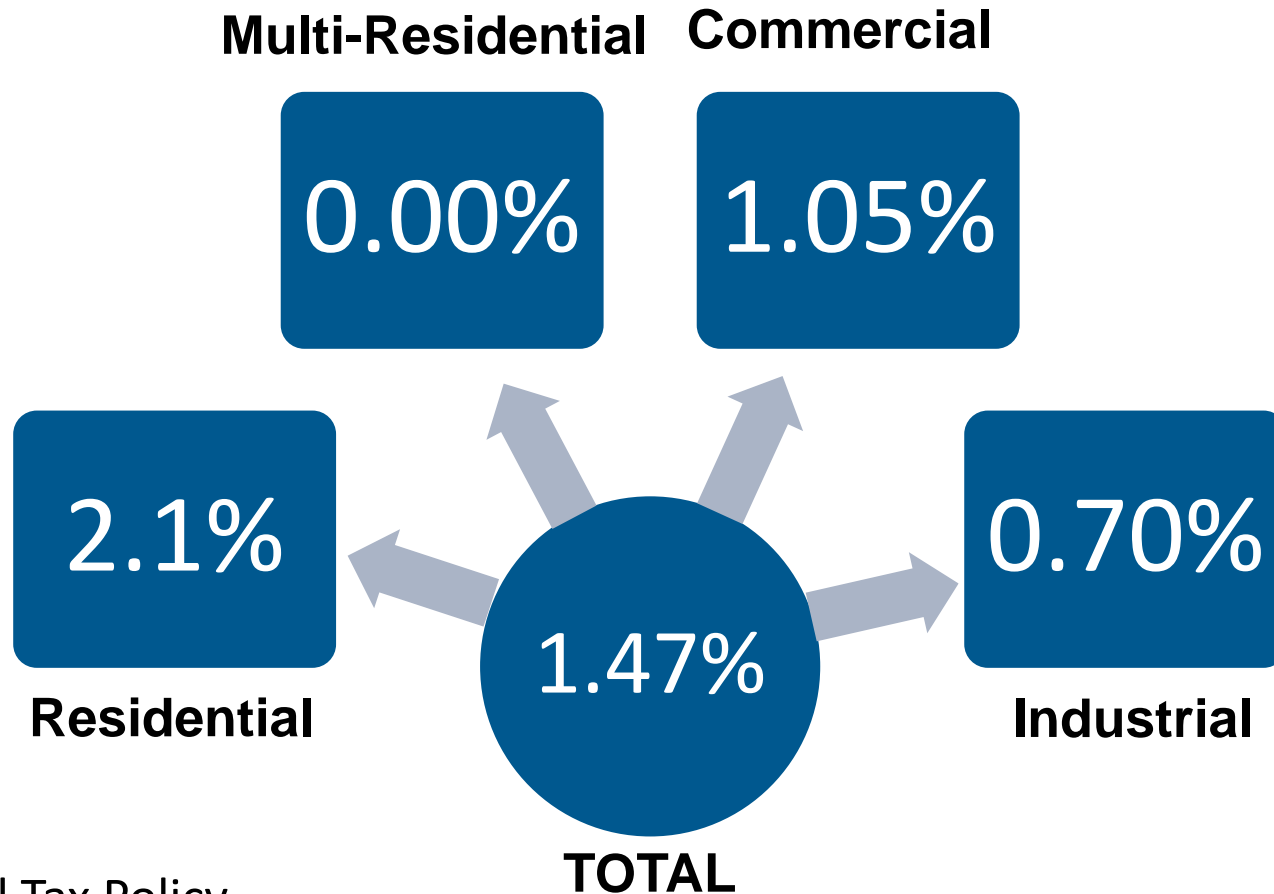
- TCHC capital fund contribution funded by debt
- New and enhanced requests included in preliminary budget
- Additional new and enhanced requests and funding sources



Tax Impacts



2018 PRELIMINARY BUDGET TAX INCREASE IF THE RESIDENTIAL BUDGET TAX INCREASE IS 2.1%



Per Council Tax Policy
and New Legislation /
Regulation

VALUATION CYCLE

<u>Tax Year</u>	<u>Valuation Date</u>	
1998, 1999, 2000	June 30, 1996	
2001, 2002	June 30, 1999	
2003	June 30, 2001	
2004, 2005	June 30, 2003	
2006, 2007, 2008	January 1, 2005	
2009, 2010, 2011, 2012	January 1, 2008	
2013, 2014, 2015, 2016	January 1, 2012	
2017, 2018, 2019, 2020	January 1, 2016	✓

PRELIMINARY REASSESSMENT CHANGES - 2017-2020



Cycle Valuation Date	'17-'20 Jan. 1, 2016 vs. Jan. 1, 2012	'17 Phased-in	'18 Phased-in
Residential	28.6%	7.0%	6.7%
Multi-Residential	54.4%	13.1%	12.2%
Commercial	33.6%	7.8%	7.8%
Industrial	18.8%	3.3%	4.9%
City Wide	30.9%	7.5%	7.2%

- Would have been potential for significant tax shift onto the Multi-Residential class in the absence of Provincial measures

SUMMARY – PRELIMINARY 2018 TOTAL PROPERTY TAX IMPACT

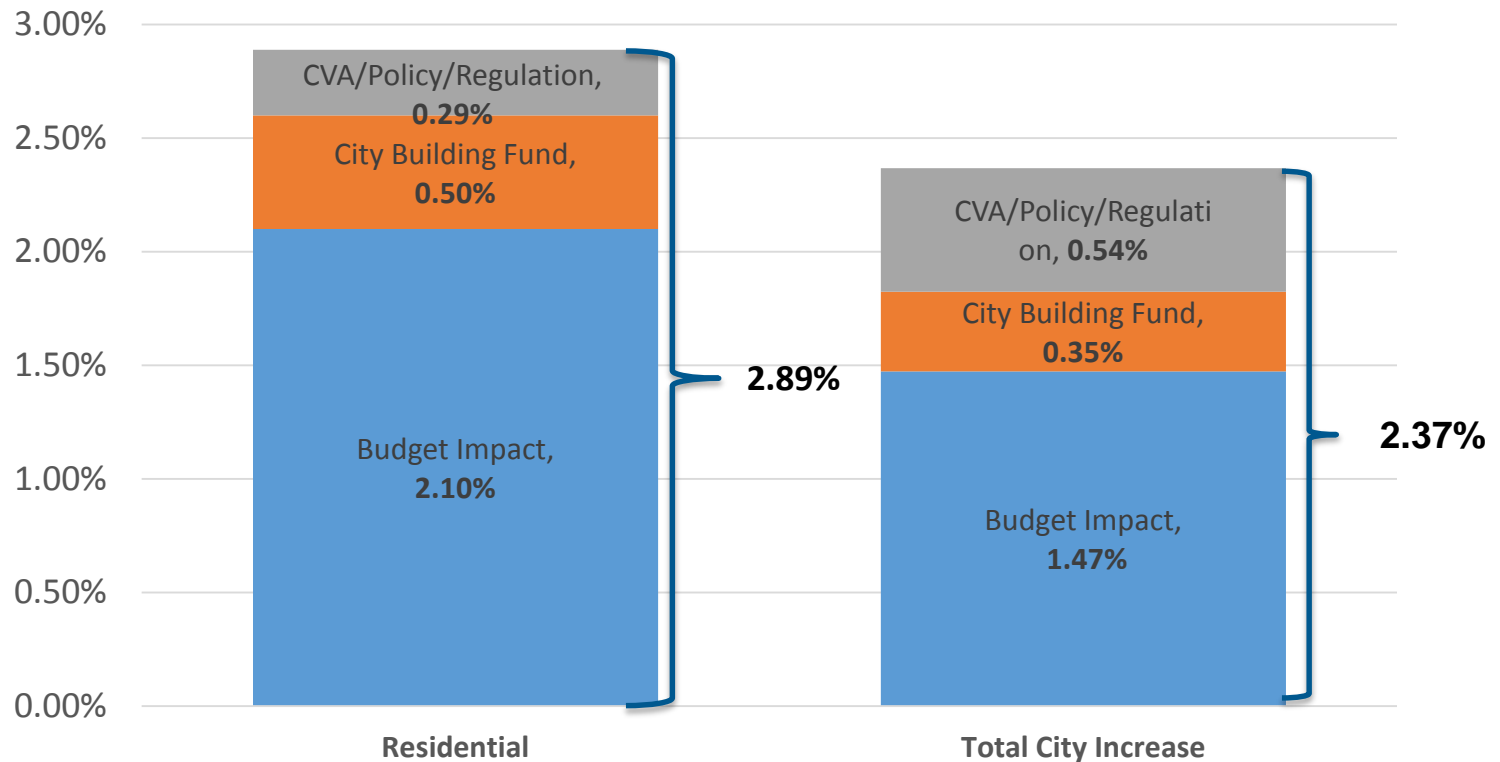
Tax Class	Budget Impact	City Building Fund	CVA/ Regulatory	Policy	Total
Residential	2.10%	0.50%	-0.31%	0.60%	2.89%
Multi-residential (Apartment)	0.00%	0.00%	4.83%	-4.83%*	0.00%
Commercial	1.05%	0.25%	1.46%	0.60%	3.37%
Commercial Large**	1.05%	0.25%	-0.08%	0.60%	1.83%
Industrial	0.70%	0.17%	-2.12%	1.02%	-0.23%
City Average	1.47%	0.35%	0.54%	0%	2.37%

* Expected Regulatory requirement for levy restriction in the Multi-Residential Class

**Commercial Large includes: office buildings >25,000 ft²; shopping centres >25,000 ft²; parking lots; professional sports facilities.

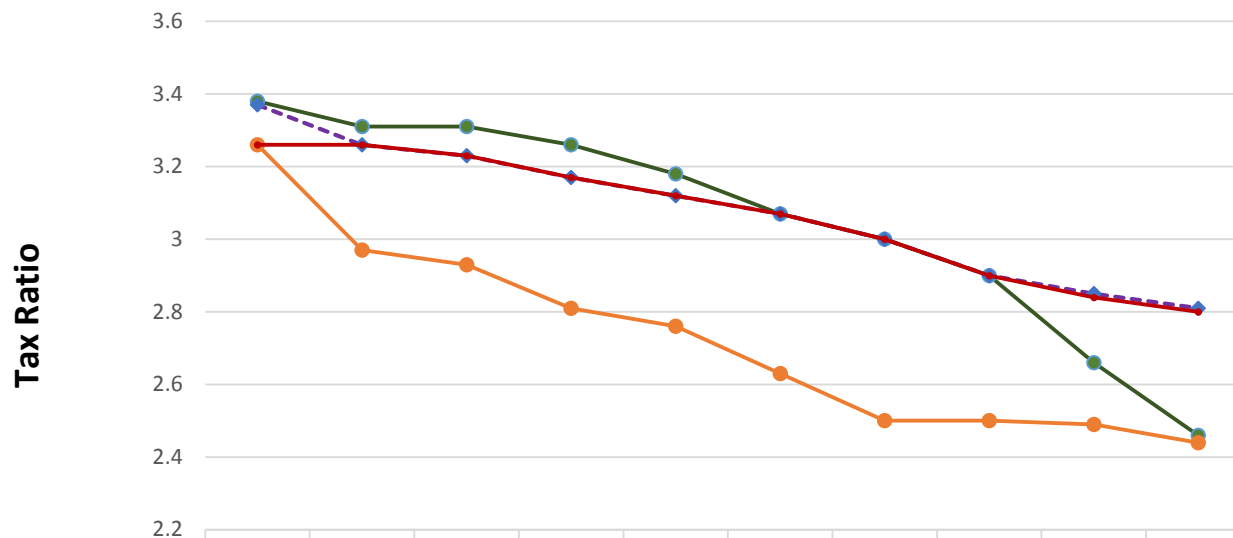
SUMMARY – PRELIMINARY 2018 TOTAL PROPERTY TAX IMPACT

TAX IMPACT



PRELIMINARY TAX RATIO IMPLICATIONS

Tax Ratios 2009-2018



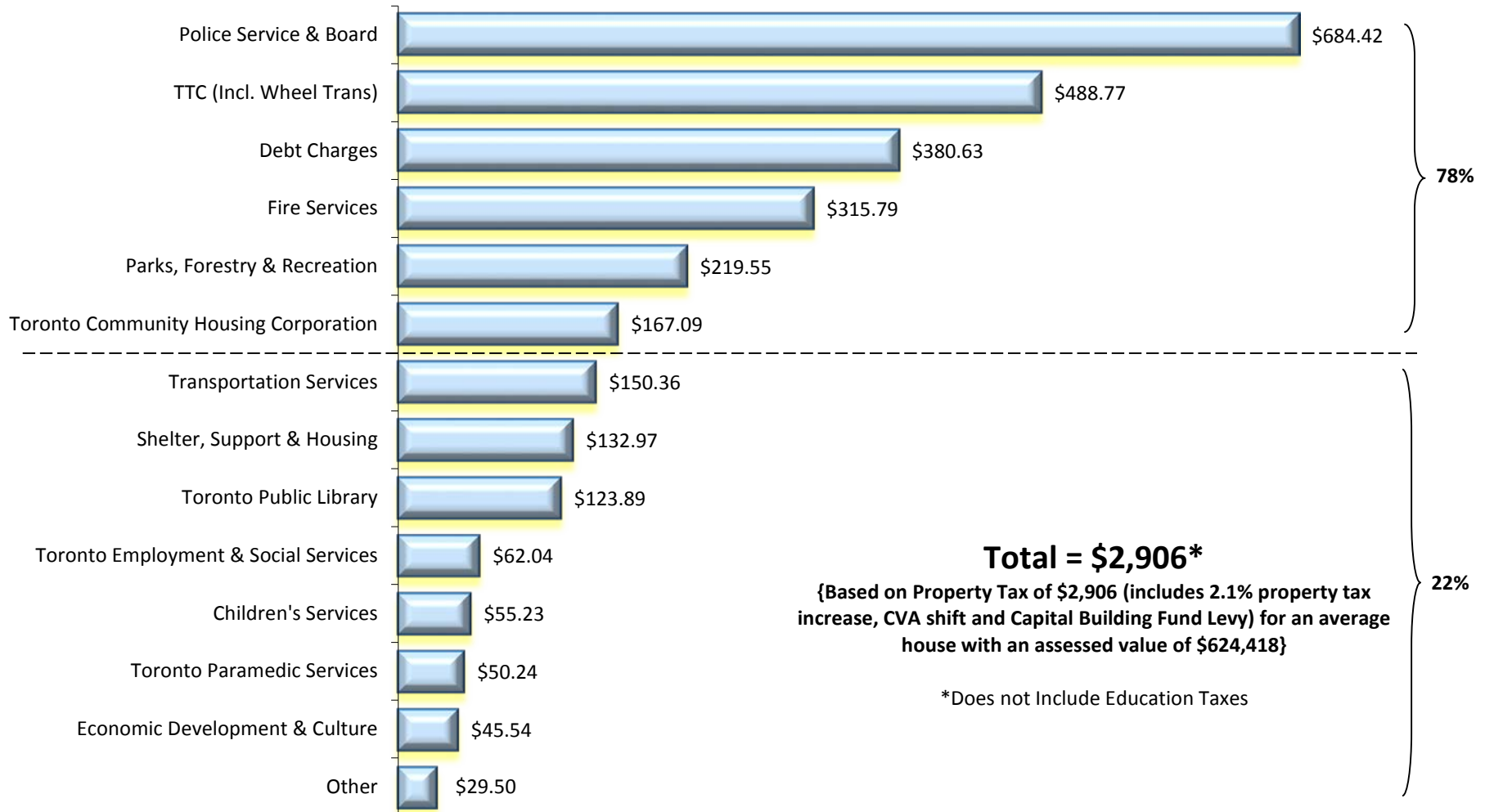
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Multi-Res	3.38	3.31	3.31	3.26	3.18	3.07	3.0	2.9	2.66	2.46
Commercial Small	3.26	2.97	2.93	2.81	2.76	2.63	2.5	2.5	2.49	2.44
Commercial – Large	3.37	3.26	3.23	3.17	3.12	3.07	3.0	2.9	2.85	2.81
Industrial	3.26	3.26	3.23	3.17	3.12	3.07	3.0	2.9	2.84	2.8

PRELIMINARY 2018 TAX IMPACT ON AVERAGE HOUSEHOLD (MUNICIPAL TAXES)

- 2017 Average CVA \$585,227
- 2018 Average CVA \$624,418

	\$	%
2017 Tax	2,825	
CVA Impact	(24)	-0.85%
Policy / Regulation Impact	<u>32</u>	<u>1.15%</u>
	2,833	0.29%
Budget Increase	59	2.1%
City Building Fund	<u>14</u>	<u>0.5%</u>
	73	2.60%
Total Impact	81	2.89%
2018 Tax	2,906	

PRELIMINARY 2018: WHERE THE MONEY GOES





2018-2027 Preliminary Capital Budget & Plan

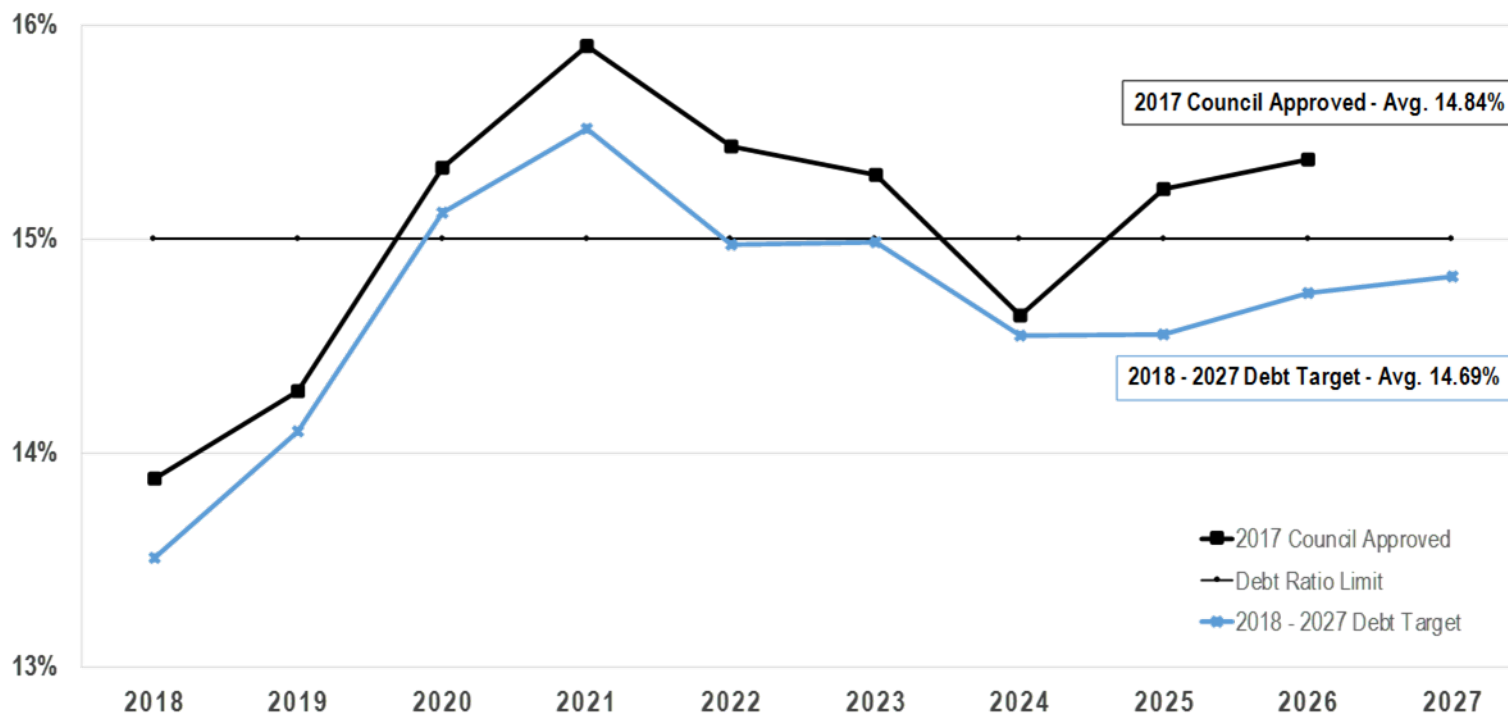


PRELIMINARY CAPITAL PLAN HIGHLIGHTS

	Gross Expenditure	Debt Requirements Addressed
(\$M)		
Additional Investments	1,138	1,084
Major Highlights		
<ul style="list-style-type: none"> ▪ Increased new investments in unmet needs: <ul style="list-style-type: none"> ➤ TCHC Interim Capital Funding - \$279M ➤ George Street Revitalization - \$486M ➤ AODA - \$202M ➤ Critical SOGR ➤ Modernization & Innovation; Three Major Studies ▪ Debt Service Ratio kept at below 15% threshold for 10 year average 		

DEBT CHARGE AS % OF PROPERTY TAX LEVY

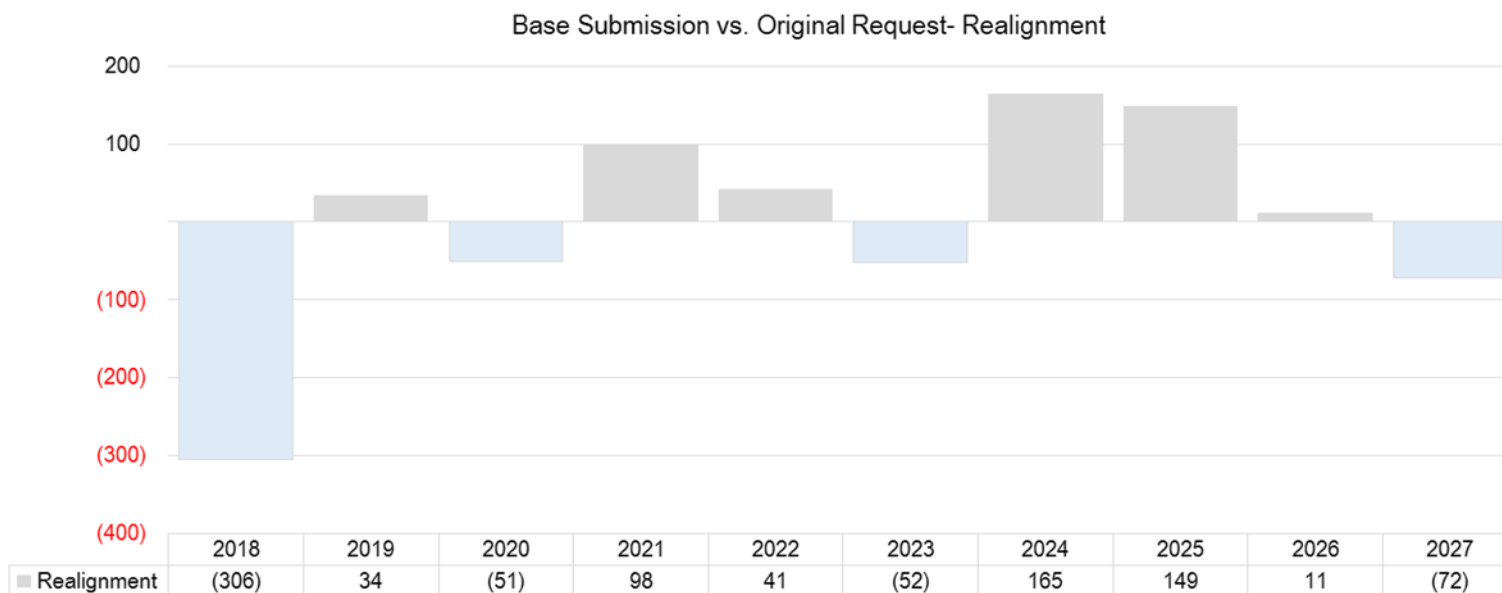
DEBT TARGET



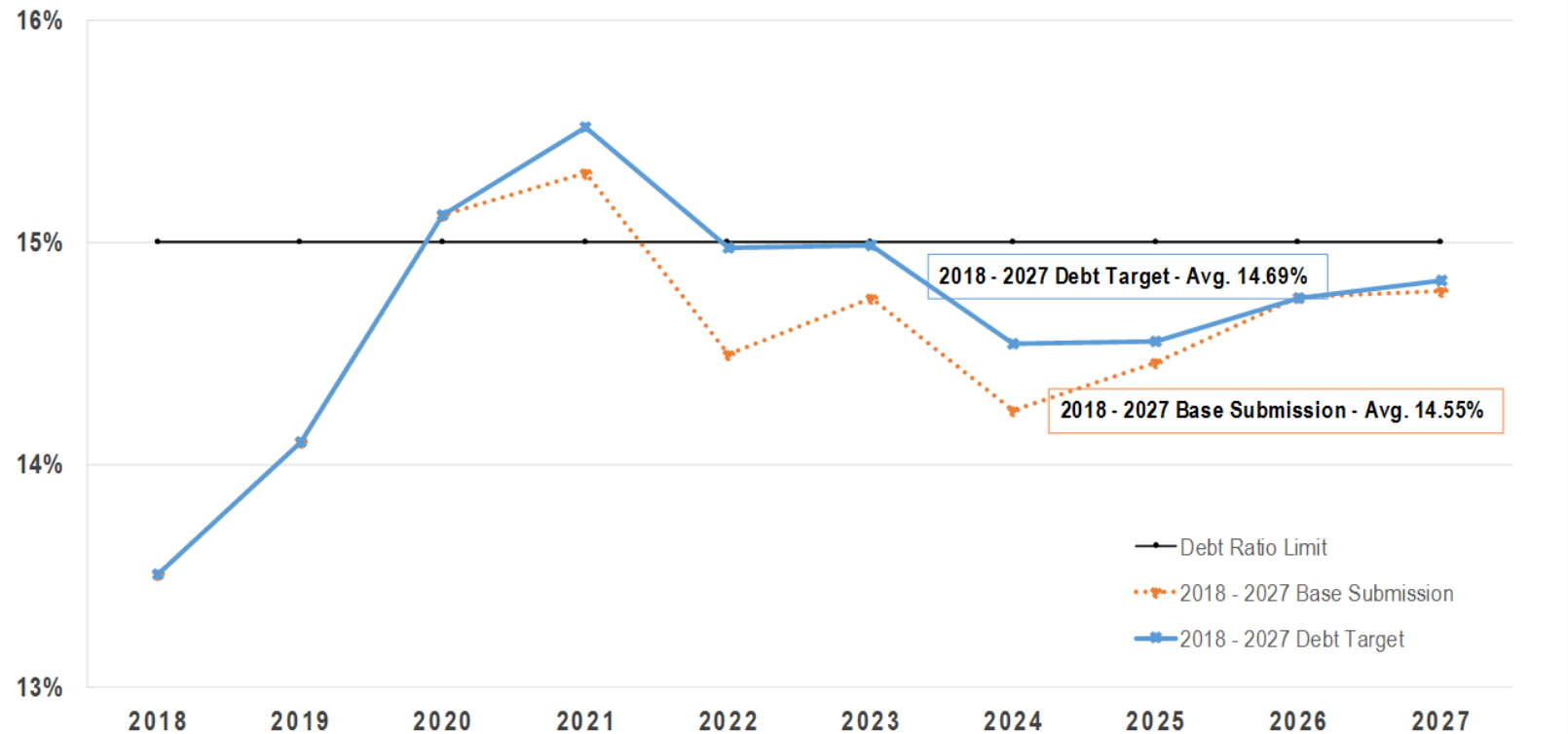
(\$M)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	10 Year Total
Debt Target	1,423	1,295	1,175	1,000	848	631	1,491	1,195	1,677	654	11,389
Incremental Debt Charge	39	41	61	36	(-9)	17	(-5)	17	27	22	247
Debt Charge as a % of Tax Levy	13.51%	14.10%	15.12%	15.52%	14.97%	14.98%	14.55%	14.55%	14.75%	14.83%	14.69%

BASE SUBMISSION – REALIGNING TO PROJECT TIMELINES

(\$M)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	10 Yr Total
Original Request	1,345	1,280	1,214	992	827	668	1,469	1,190	1,680	683	11,346
Realignment	(306)	34	(51)	98	41	(52)	165	149	11	(72)	16
Base Submission	1,039	1,314	1,162	1,089	868	616	1,634	1,339	1,690	611	11,362
Debt Target	1,423	1,295	1,175	1,000	848	631	1,491	1,195	1,677	654	11,389
Over/(Under)	(384)	19	(13)	90	20	(15)	142	144	13	(43)	(27)



DEBT CHARGE AS % OF PROPERTY TAX LEVY BASE SUBMISSION



(\$M)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	10 Year Total
Incremental Debt Charge	39	41	61	27	(-22)	28	(-8)	27	32	19	245
Debt Charge as a % of Tax Levy	13.51%	14.10%	15.12%	15.31%	14.50%	14.75%	14.24%	14.46%	14.75%	14.78%	14.55%

ADDITIONAL DEBT ROOM FREED UP BY PROVINCIAL GAS TAX TO FUND UNMET NEEDS

(\$M)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	10 Yr Total
Over/(Under)	(384)	19	(13)	90	20	(15)	142	144	13	(43)	(27)
Gas Tax Impact on Debt	5	(24)	(65)	(137)	(152)	(119)	(157)	(157)	(157)	(134)	(1,096)
Debt Room Freed up for Unmet Needs	(379)	(5)	(78)	(47)	(132)	(134)	(15)	(13)	(144)	(176)	(1,123)
George Street Revitalization (GSR)		7	5	5	5	464					486
TCHC Interim Capital Funding	216	63									279
Additional Unmet Needs Funded	27	76	51	46	43	38	26	3	4	6	319
Sub-Total of Unmet Needs Funded	243	147	56	51	48	501	26	3	4	6	1,084
Remaining Debt Room	(136)	141	(22)	4	(84)	367	12	(10)	(140)	(170)	(38)

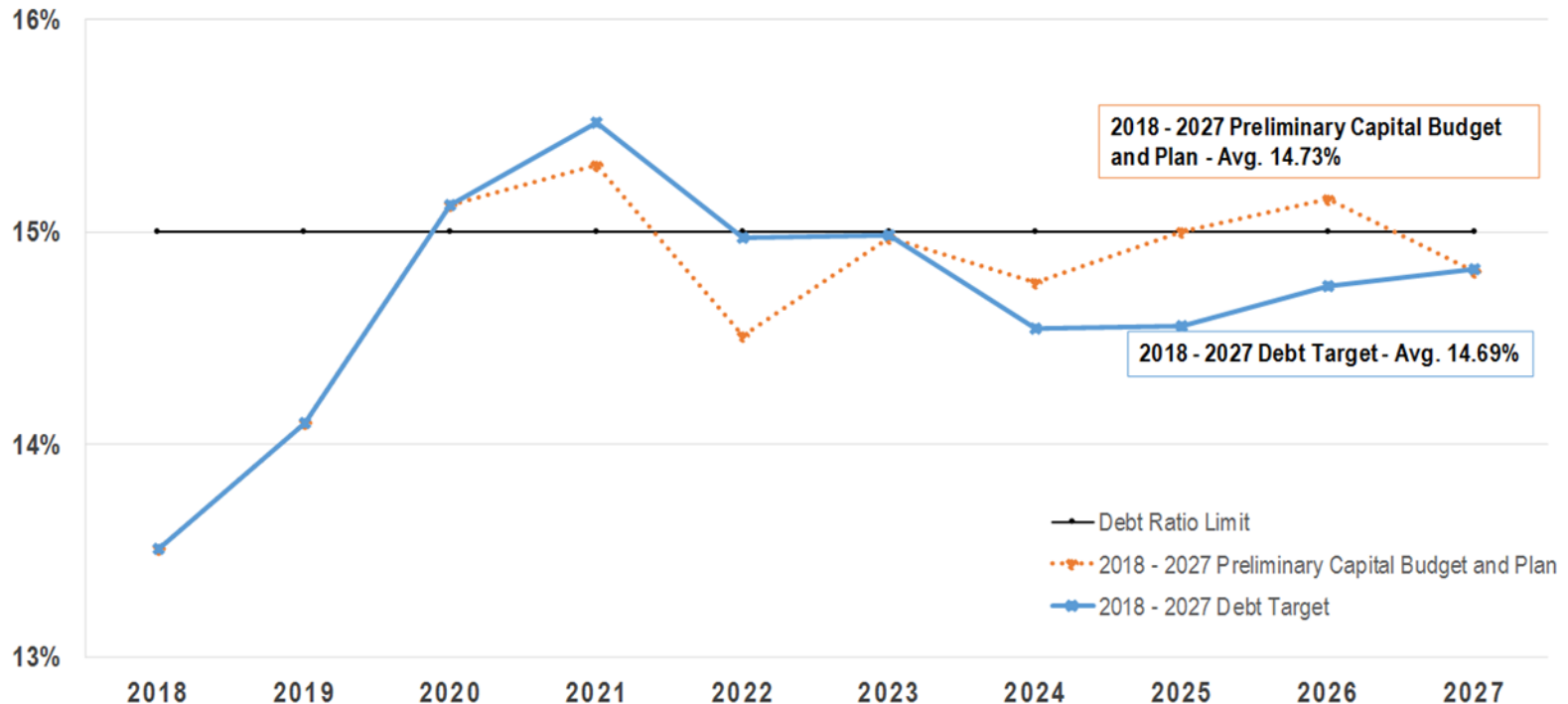
- On January 27, 2017, the Province announced that Municipalities will now receive a 4 cents/litre share of the existing Provincial Gas Tax.
- Funding will increase from the existing 2 cents to 2.5 cents per litre in 2019–20, 3 cents in 2020–21 and to 4 cents in 2021–22.
- The incremental Gas Tax will free up debt room to fund unmet needs.
- Debt requirements of \$486M for GSR, \$279M for Toronto Community Housing Corporation, as well as \$319M of other unmet needs will be funded.

KEY INVESTMENTS IN COUNCIL PRIORITIES

(\$M)	2018 Budget		2018 - 2027 Plan	
	Gross	Debt	Gross	Debt
TCHC Interim Capital Funding	216	216	279	279
George Street Revitalization	-	-	486	486
Sub-Total	216	216	765	765
AODA	1	1	202	202
Critical SOGR	7	5	47	43
Modernization & Innovation	15	14	40	37
BEC Recommended I.T. Investments	9	8	31	28
2018 Office Modernization	6	6	9	9
Major Studies	5	3	13	9
Rail Deck	2	-	6	2
Old City Hall			3	3
Etobicoke Civic Centre	3	3	4	4
Other	42	5	71	29
Sub-Total	71	27	373	319
Total	287	243	1,138	1,084

DEBT CHARGE AS % OF PROPERTY TAX LEVY WITH GSR, TCHC AND ADDITIONAL UNMET NEEDS

2018 - 2027 PRELIMINARY CAPITAL BUDGET AND PLAN
(INCL. GSR, TCHC, AND ADDITIONAL UNMET NEEDS FUNDED)



(\$M)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	10 Year Total
Incremental Debt Charge	39	41	61	27	(-21)	38	7	29	25	1	246
Debt Charge as a % of Tax Levy	13.51%	14.10%	15.12%	15.31%	14.51%	14.97%	14.76%	15.00%	15.15%	14.81%	14.73%



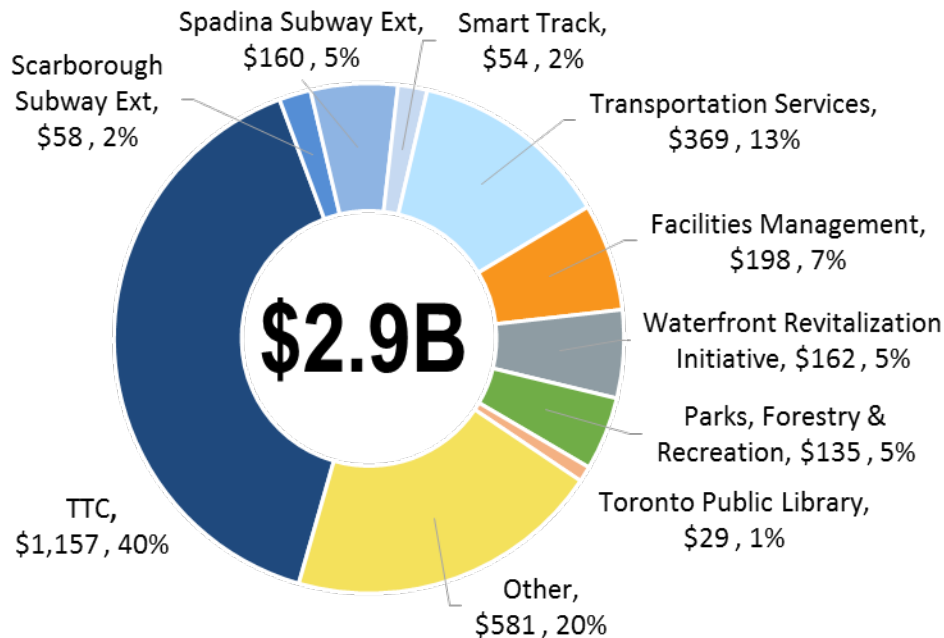
2018 – 2027 Preliminary Capital Budget & Plan



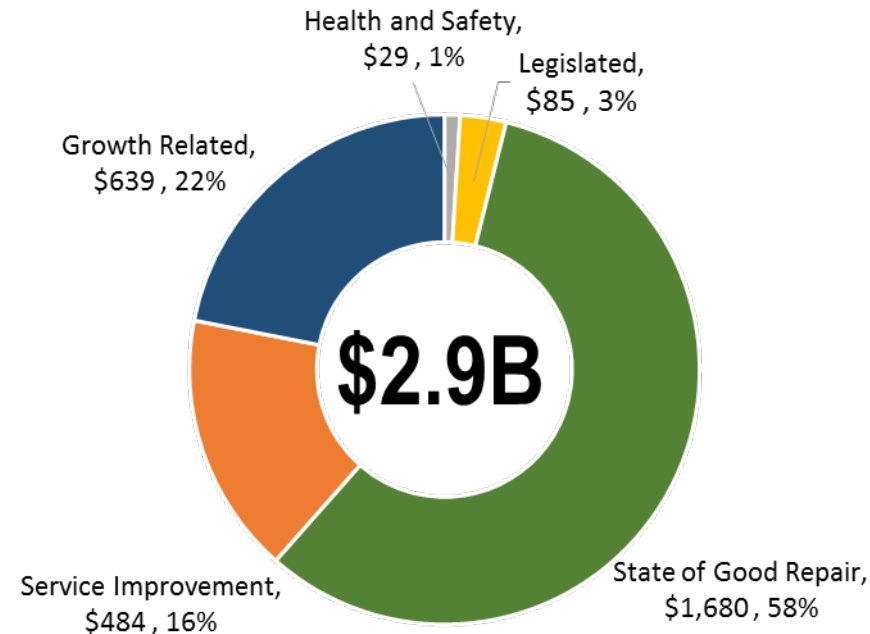
2018 PRELIMINARY CAPITAL BUDGET - \$2.9B

WHERE THE MONEY GOES

2018 Preliminary Capital Budget
By Program (\$M)
62% Transit/Transportation



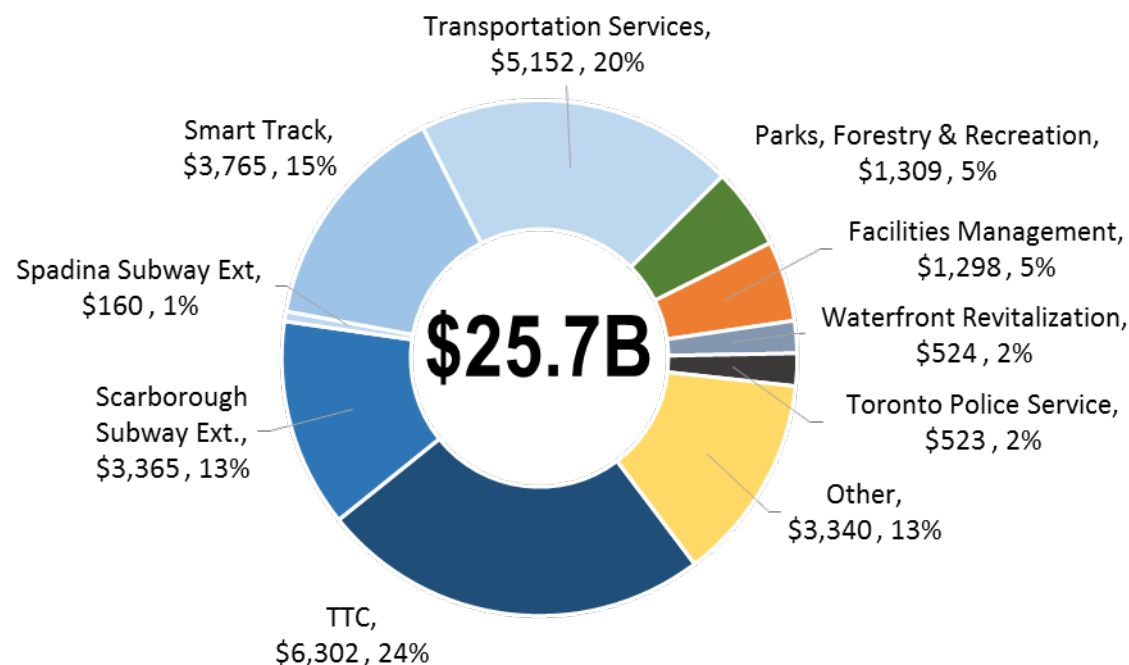
2018 Preliminary Capital Budget
By Category (\$M)
58% SOGR



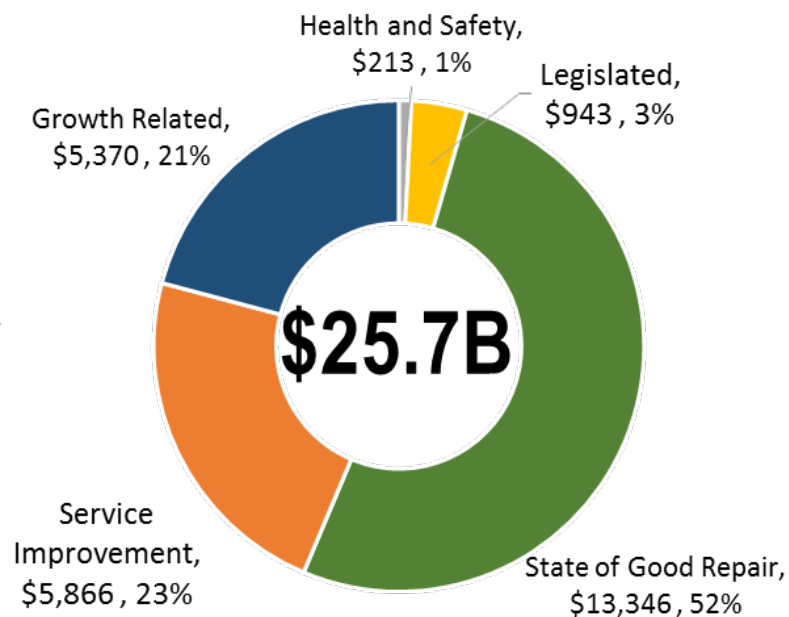
2018 – 2027 PRELIMINARY CAPITAL BUDGET AND PLAN - \$25.7B

WHERE THE MONEY GOES

**2018 - 2027 Preliminary Capital Budget & Plan
By Program (\$M)
73% Transit/Transportation**



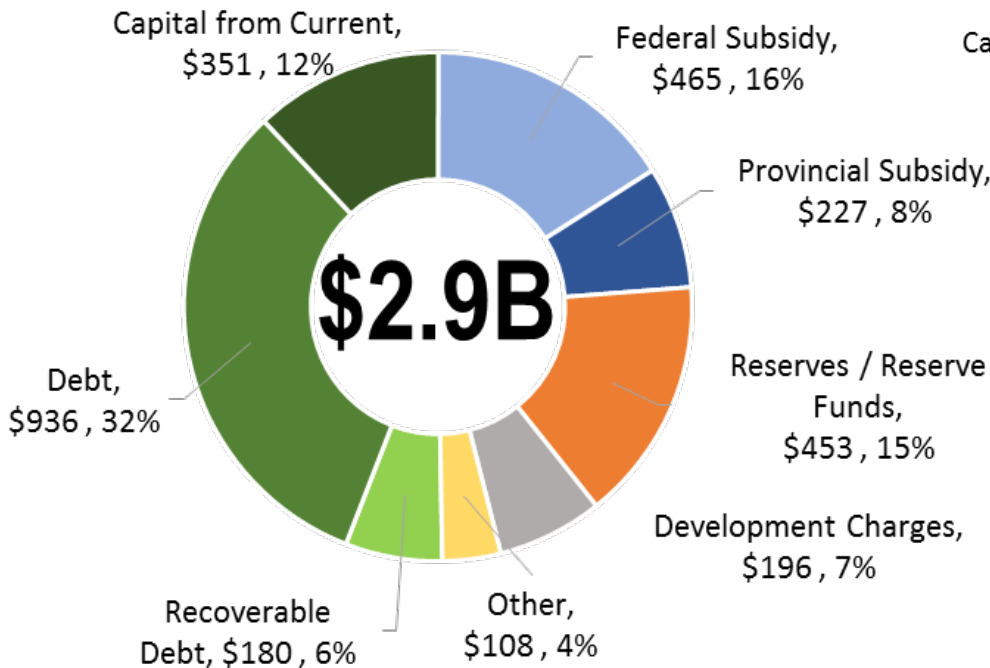
**2018 - 2027 Preliminary Capital Budget & Plan
By Category (\$M)
52% SOGR**



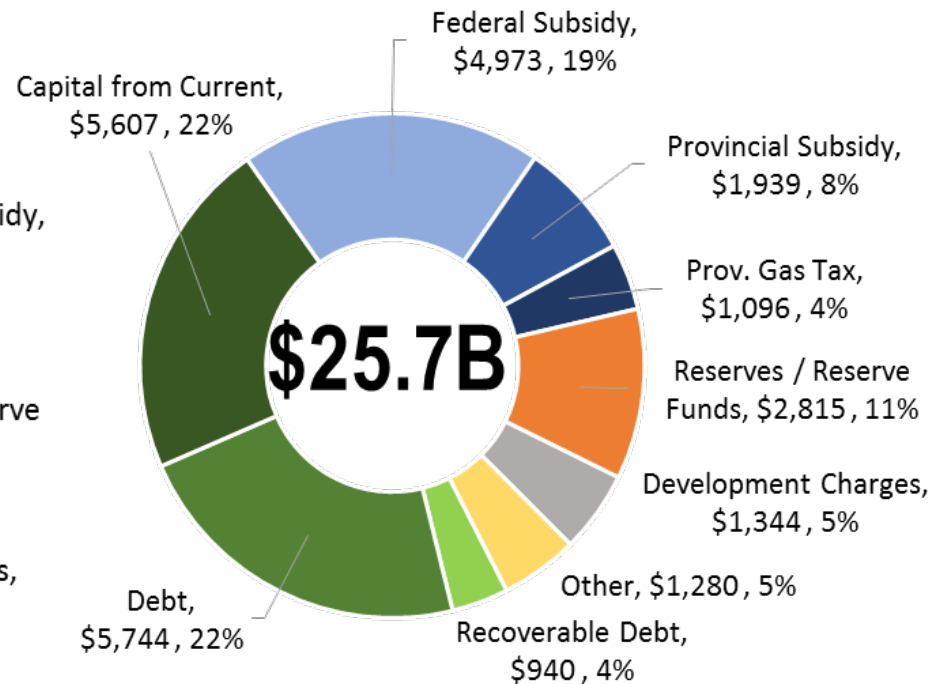
WHERE THE MONEY COMES FROM

2018 – 2027 PRELIMINARY BUDGET AND PLAN

2018 Preliminary Capital Budget
Funding Sources (\$M)
44% Funded from Debt/CFC

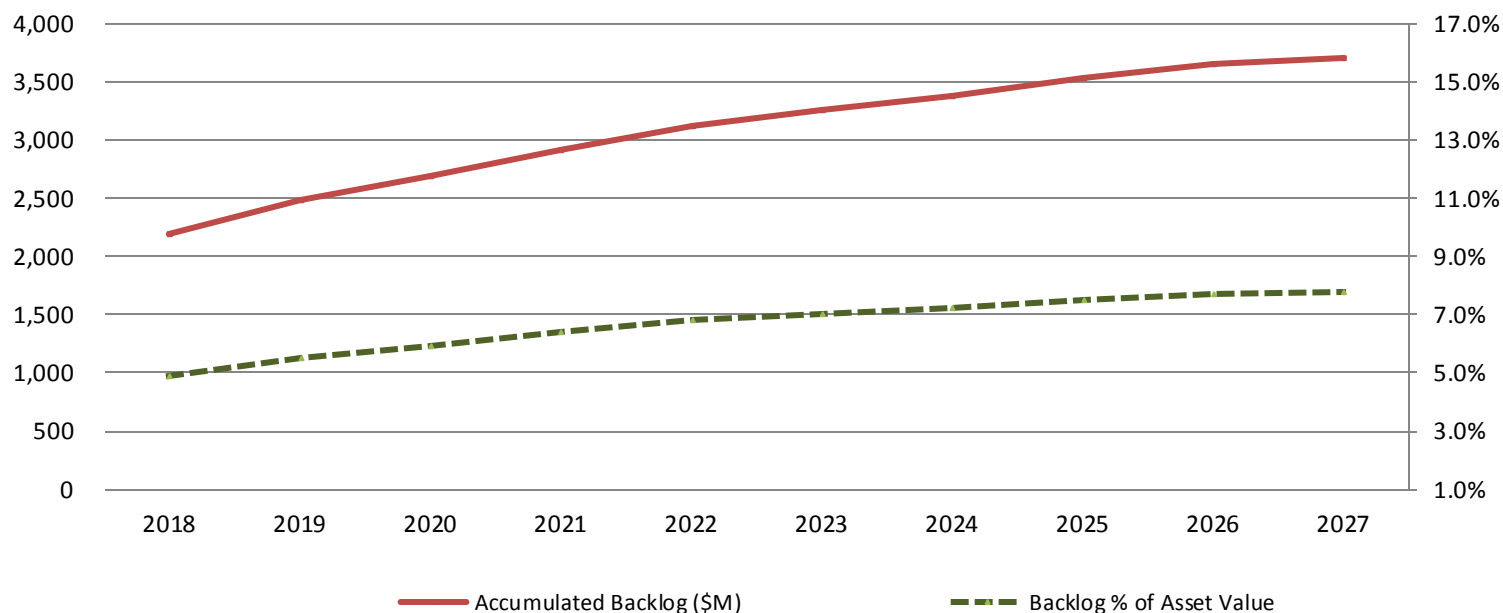


2018-2027 Preliminary Capital Budget & Plan
Funding Source (\$M)
44% Funded from Debt/CFC



STATE OF GOOD REPAIR BACKLOG AS % OF TOTAL ASSET VALUE

SOGR Backlog as % of Total Asset Value - without Gardiner

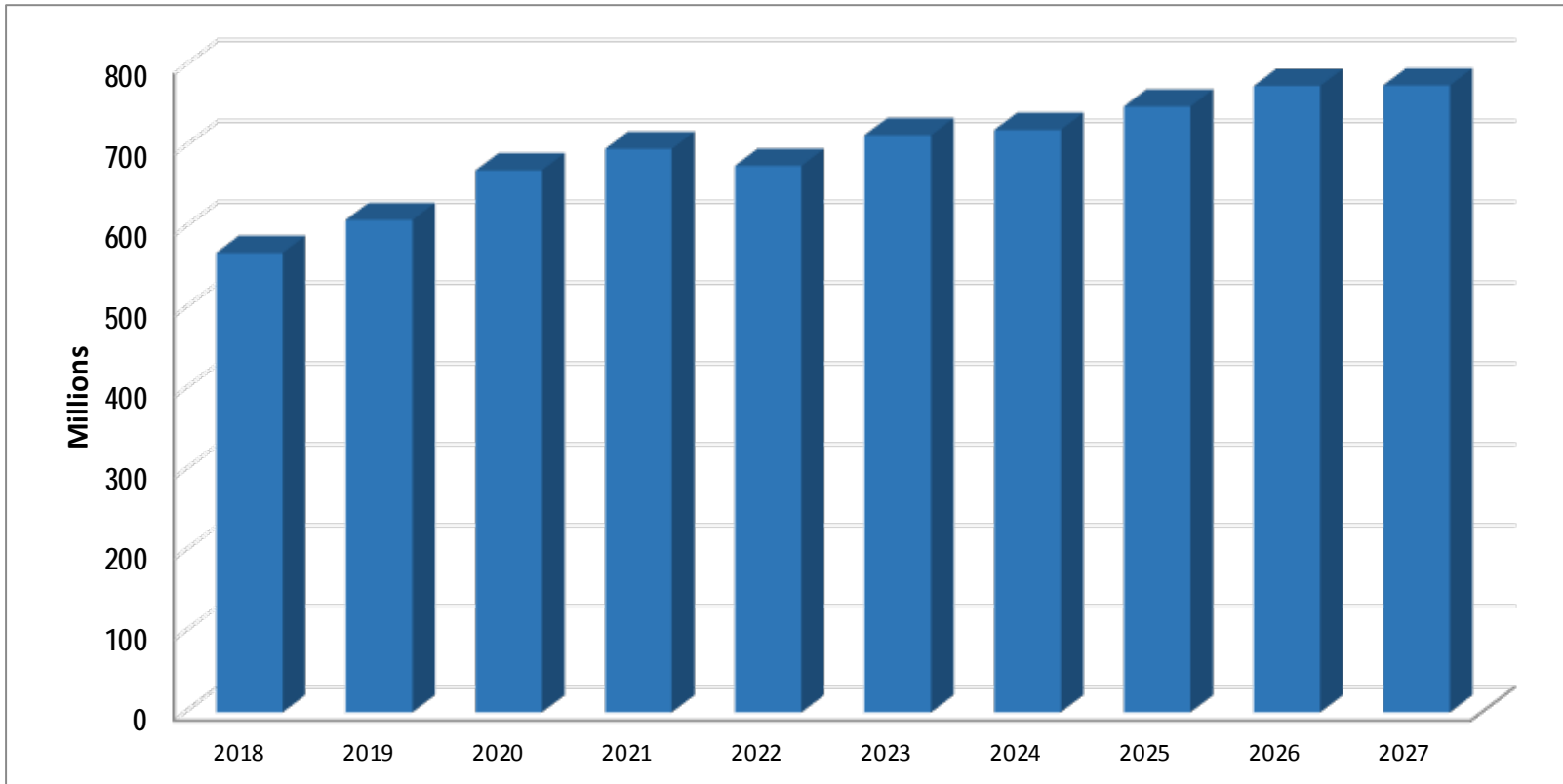


SOGR Details (w/o Gardiner)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total Asset Value (\$M)	44,866	45,156	45,437	45,744	46,063	46,406	46,734	47,071	47,406	47,754
Accumulated Backlog (\$M)	2,192	2,489	2,700	2,918	3,130	3,253	3,385	3,539	3,662	3,706
Backlog % of Asset Value	4.9%	5.5%	5.9%	6.4%	6.8%	7.0%	7.2%	7.5%	7.7%	7.8%

STATE OF GOOD REPAIR BACKLOG PROJECTION BY PROGRAM

Program (\$M)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Trend
Transportation Services	2,982	2,992	2,885	2,743	2,586	2,429	2,224	1,307	1,375	1,444	1,513	▼
Facilities Management, Real Estate & Environment	341	328	492	568	650	714	727	718	728	723	670	▲
Parks, Forestry & Recreation	454	458	466	480	490	507	528	554	584	607	600	▲
Toronto Transit Commission		26	56	101	153	201	244	285	328	376	427	▲
Toronto & Region Conservation Authority	233	235	225	214	205	194	194	181	172	165	153	▼
Toronto Public Library	61	67	70	82	84	92	97	111	129	136	146	▲
Other	327	313	304	277	264	253	240	229	223	210	197	▼
Total SOGR Backlog	4,399	4,418	4,498	4,465	4,431	4,390	4,253	3,385	3,539	3,662	3,706	▼
Total Asset Value (end of year)	48,146	48,562	48,852	49,133	49,440	49,759	50,102	50,430	50,767	51,102	51,450	
SOGR as % Asset Value	9.1%	9.1%	9.2%	9.1%	9.0%	8.8%	8.5%	6.7%	7.0%	7.2%	7.2%	

DEBT SERVICE COSTS



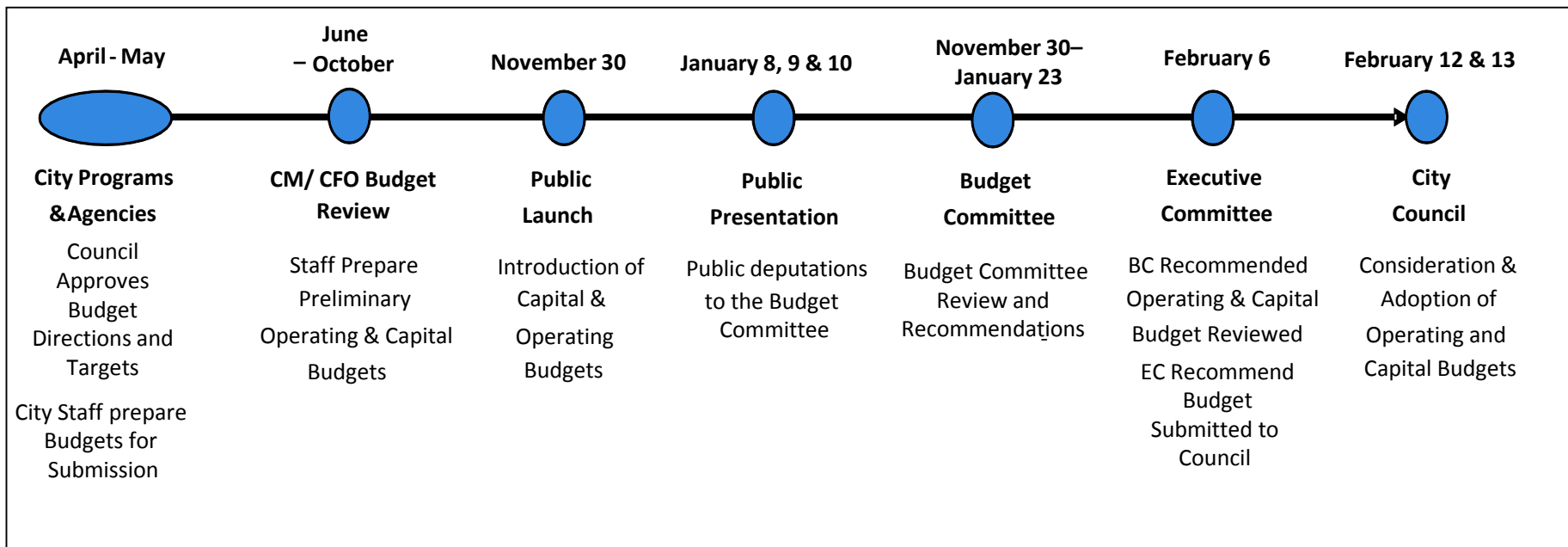
(\$M)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total 10 Yr
Debt Service Cost	568	609	670	697	676	714	720	749	775	775	6,955
Incremental Debt Service Cost	39	41	61	27	(21)	38	7	29	25	1	246
Debt Balance	4,950	5,507	5,804	5,871	5,852	5,849	6,024	6,275	6,489	5,717	



Budget Process & Next Steps



2018 BUDGET PROCESS



KEEPING THE PUBLIC INFORMED

Toronto 2018 BUDGET

Rate Supported Budgets

In addition to the tax-supported operating and capital budgets, the City of Toronto has three fee-for-service or rate-based programs:

- Toronto Water
- Solid Waste Management Services
- Toronto Parking Authority

These programs are funded primarily by the user. For example, your water and garbage costs are calculated by how much water you use and the size of your garbage bin. In turn, the revenue collected from these user fees pays for the services that are provided and the infrastructure to deliver them.

Annually, City staff put forward proposed operating and capital budgets for Toronto Water, Solid Waste Management Services and the Toronto Parking Authority. Through the City's budget process, City Council – with input from Toronto residents and businesses and advice

How your money is spent

Drinking water – Toronto Water treats and supplies approximately 435 billion litres of safe drinking water to 3.6 million residents and businesses annually.

Wastewater – Toronto Water collects and treats approximately 400 billion litres of wastewater (such as water from toilets, dishwashers and washing machines) every year.

Stormwater – Toronto Water protects the environment and private property from stormwater runoff (rain and melted snow).

Infrastructure maintenance and repair – Toronto Water repairs between 1,400 to 1,600 broken watermain lines each year and maintains and repairs about 6,100 km of watermain lines, 4,100 km of sanitary sewers, 5,000 km of storm sewers and 1,400 km of combined sewers. Toronto Water has four water treatment plants and four wastewater treatment plants.

2018 City Budget

Toronto 2018 BUDGET

Contact Information

#TOBudget

Related Information

Budget Committee

Previous Budgets

Map of Electoral Wards

Open Data

Media

The City budget determines how much money the City will raise and spend within a year. The budget process is explained here through presentations, briefing and budget notes as well as other communications material.

The 2018 rate supported budgets for Toronto Water, Solid Waste Management Services and the Toronto Parking Authority launched on November 3. The 2018 tax supported budget process will kick-off on November 30.

Budget Presentations

View the presentations made to committee and City Council that provide an overview of the City Budget.

Budget Notes

Read the program and agency operating & capital budgets for information on service levels, challenges and

Briefing Notes & Reports

Find more information on specific City issues, opportunities and challenges.

SOLID WASTE MANAGEMENT SERVICES

In 2015, Solid Waste managed approximately **1 MILLION TONNES** of material generated within the City of Toronto.

510,000 TONNES of garbage

138,000 TONNES of green bin organics

216,000 TONNES of blue bin recyclables

88,000 TONNES of yard waste

2015 DIVERSION RATES

Overall residential diversion: **52%**

Single-family homes (household service): **65%**

Did you know?

A snapshot of services provided in 2015

ASSETS

Valued at **\$600 MILLION**, comprised of the following:

1.6 MILLION Garbage, Blue Bins (recycling) and Green Bins (organics)

775 VEHICLES and pieces of equipment

1 OPERATING (Green Lane) **180 CLOSED** 2 Green Bin Processing Facility (under expansion)

7 TRANSFER STATIONS

5 WORKS YARDS

1 DROP-OFF DEPOT

8,700 STREET LITTER/RECYCLING BINS

10,000 GARBAGE AND RECYCLING BINS IN PARKS.

Toronto 2017 BUDGET

2018 BUDGET SCHEDULE – KEY DATES



Activity	Tax Supported: Operating & Capital
Budget Launch - Budget Committee	November 30
Budget Briefings - Budget Committee	December 12, 14, 15 & 18
Public Presentations - Budget Committee	January 8, 9 & 10
Budget Committee Wrap-Up (Request Briefing Notes & Place Motions)	January 12
Budget Committee Final Wrap-Up	January 23
Special Executive Committee (Corporate Report distributed)	February 6
Special Council	February 12 & 13

Thank You / End

