

# Council Approved 2018 Operating Budget & 2018-2027 Capital Budget & Plan



- City Manager's Overview
- 2018 Tax Impacts
- 2018 Council Approved Operating Budget Overview
- 2018 Council Approved Capital Budget & 10 Year Plan Overview
- 2018 Budget Process



## City Manager's Overview



# 2018 PRELIMINARY BUDGET AT LAUNCH

## Consistent with Council expectations

- Existing service levels with minor adjustments
- No service reductions
- Residential property tax at 2.1%
- No TTC fare increase
- Incorporated agency recommendations

## City divisions delivered 0% net increase

- Most programs and agencies achieved budget targets (0% increase over 2017 net budget)
- Delivered balanced budget
  - Absorbed base pressures
  - Delivered \$3.7 million positive variance

## Net Increase

- 0.8% net increase related to service delivery
- Primarily driven by:
  - External Factors:
    - Shelter Demand
  - Prior Year Decisions:
    - TTC
    - Debt Servicing Costs

## Strong Revenue Support

- \$85 million MLTT increase
- \$55 million in assessment growth

## Continued Reliance on Short-Term Measures

- TCHC Bridging (\$18 million deferred to 2020)
- \$27.4 million in reserves
  - Including \$14 million TTC Stabilization Reserve draw

## Increase in Capital Investment of \$1.1 billion

- Ontario gas tax – \$1.096 billion over 10 year capital plan
- Aligning cash flows to project timing

# CITY COUNCIL APPROVED – TAX SUPPORTED EXPENDITURES

(In \$ Millions)	2017 Budget	2018 CN App'd Operating Budget	Change from 2017	% Change From 2017
Gross Expenditures	\$10,699	\$11,126	\$427	4.0%
Net	\$4,046	\$4,176	\$130	3.2%

## Operating Budget

- Incremental \$162 million gross and \$55 million net in new investments added at Budget Committee & Executive Committee
  - Includes \$112 million gross and \$29 million net for poverty reduction;
  - \$6 million gross and \$10 million net for transit improvements and safe mobility
- Offset by \$7.3 million in expenditures reductions
  - \$5.5 million in vacancy rebate savings
  - \$1.0 million in adjustments to the Auditor General's Office

# NEW CITY COUNCIL INVESTMENTS RESULT IN A 2.1% INCREASE RELATED TO SERVICE DELIVERY

(In Millions)	2017	2018	YoY Increase	% Increase
<b>Service Delivery</b>				
<b>City Programs</b>	<b>\$1,936</b>	<b>\$1,981</b>	<b>\$45</b>	<b>2.3%</b>
<b>Accountability Offices</b>	<b>\$9</b>	<b>\$10</b>	<b>\$1</b>	<b>7.3%</b>
<i>TTC</i>	<i>\$690</i>	<i>\$722</i>	<i>\$33</i>	<i>4.7%</i>
<i>TCHC</i>	<i>\$242</i>	<i>\$247</i>	<i>\$5</i>	<i>2.1%</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>\$182</i>	<i>\$3</i>	<i>1.8%</i>
<i>Other Agencies</i>	<i>\$91</i>	<i>\$92</i>	<i>\$2</i>	<i>2.0%</i>
<b>Total Agencies</b>	<b>\$2,200</b>	<b>\$2,242</b>	<b>\$43</b>	<b>1.9%</b>
<b>Total Service Delivery</b>	<b>\$4,145</b>	<b>\$4,233</b>	<b>\$88</b>	<b>2.1%</b>
<b>Capital Financing</b>				
<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>\$556</i>	<i>\$51</i>	<i>10.0%</i>
<b>Total Capital Financing</b>	<b>\$817</b>	<b>\$929</b>	<b>\$112</b>	<b>13.7%</b>
<b>Non-Program Accounts</b>	<b>-\$916</b>	<b>-\$987</b>	<b>-\$71</b>	<b>-7.7%</b>
<b>Total Net Budget</b>	<b>\$4,046</b>	<b>\$4,176</b>	<b>\$130</b>	<b>3.2%</b>

## CITY COUNCIL APPROVED – REVENUES

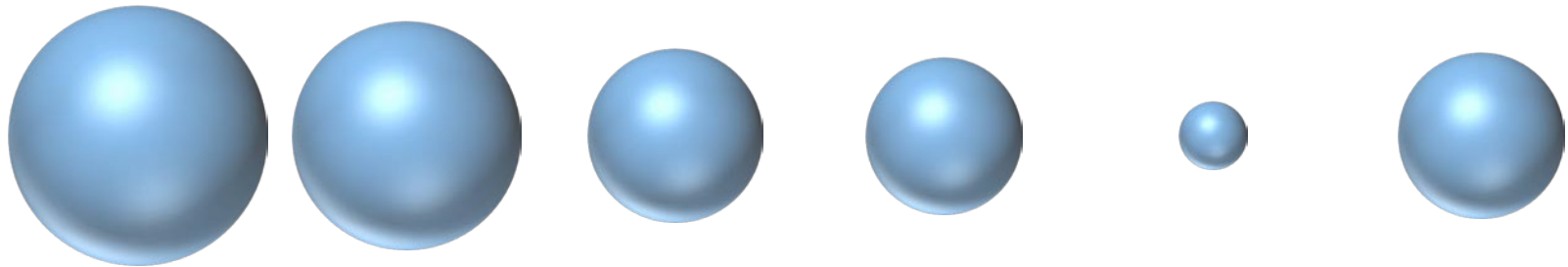
(In \$ Millions)	2017 Budget	2018 CN App'd Operating Budget	Change from 2017	% Change From 2017
Revenues (Inc. Property Tax)	\$10,699	\$11,126	\$427	4.0%

### Revenue Growth

- Strong growth in existing revenues after preliminary budget
  - MLTT increased by \$10 million to \$95 million to match 2017 experience
  - Assessment growth increased by an additional \$13.3 million (bringing total increase to \$68.3 million)
  - Tax penalty revenue increase by an additional \$2.2 million to \$29.8 million
- Even with high revenue growth, one-time revenue sources are required to fund Council's priorities
  - Additional reserve draws (\$11 million from Shelters reserve and \$14 million from Tax Rate Stabilization Reserve) required to fund shelter demand
  - One-time Toronto Parking dividend of \$3.4 million also required

## REVENUE OUTCOMES

Total Revenue YoY Change (\$M and %)



	MLTT **	Prov Funding (Children's Services, Housing)	Property tax: Assessment growth	Property tax: 2.1% residential tax increase	User Fees, Fines & Permit Revenue	Other Increases (Hotel Tax, Investment Income, Etc.)
YoY \$ increase	\$102 M	\$90 M	\$68 M	\$61 M	\$27 M	\$65 M
YoY % change	14.2%	4.2%	1.7%	1.5%	3.6%	2.5%
% of 2018 revenue growth	23.9%	21.0%	16.0%	14.4%	6.8%	17.9%

\*Note: Bubble size is proportionate to absolute, year-over-year dollar increase

\*\* MLTT inc. increase \$95 million growth and \$7 million annualization of 2017 rate harmonization with the province



## MUNICIPAL LAND TRANSFER TAX RELIANCE

2017 budget	2017 year-end	Incremental gain
\$708 million	\$803 million	\$95 million

- Incremental gain is fully applied to balance the 2018 budget
  - Consistent with 2015, 2016 and 2017 practice
  - Equivalent to a 3% residential property tax increase (\$30 million for each 1%)
- Recurring expenses continue to be matched with potentially cyclical revenue source, as in prior years
- Limited capacity to adjust in-year if required (e.g., \$40 million directed to capital)
- January results are steady (prelim estimate \$45.4 million), however this is a lagging indicator

## LOOKING AHEAD

(In \$ Millions)	2018 EC Rec'd Operating Budget	2019 Incremental Outlook	% Change from 2018	2020 Incremental Outlook	% Change from 2019
Net Expenditures	\$4,176	\$303	7.25%	\$216	4.82%

### Outlook drivers

- Net pressure driven by
  - Reversal of 2018 bridging strategies (\$52 million in 2019 and \$27 million in 2020)
  - Annualization of 2018 new investments (\$54 million in 2019 and \$19 million in 2020)
  - Compensation and Benefits increases (\$108 million in 2019 and \$114 million in 2020) with an additional impact related to Bill 148 (\$20 million in 2019 and \$18 million in 2020)
  - Operating impacts of capital (Debt charges and CFC) (\$82 million in 2019 and, \$107 million in 2020)
  - Excludes any future phases of Council endorsed strategies and plans
  - Provincial Ontario Works Upload ends in 2018
- Pressure offset by
  - Increase in assessment growth (approx. \$50 million in both 2019 and 2020)
  - Inflationary property tax increases of 2.3% in 2019 and 2.2% in 2020
  - Note: MLTT flat lined for 2019 and 2020
    - Closing next year's gap will be a challenge if MLTT stays constant
    - If MLTT declines a large pressure will be created

## FUTURE POLICY IMPLICATIONS



### Incremental investment in priorities

- Renewed investment in core programs and capital priorities



### Structural gap exists between expense and revenue

- Results in continued reliance on one-time measures
- Will require strategies below



### Lower or alter spending

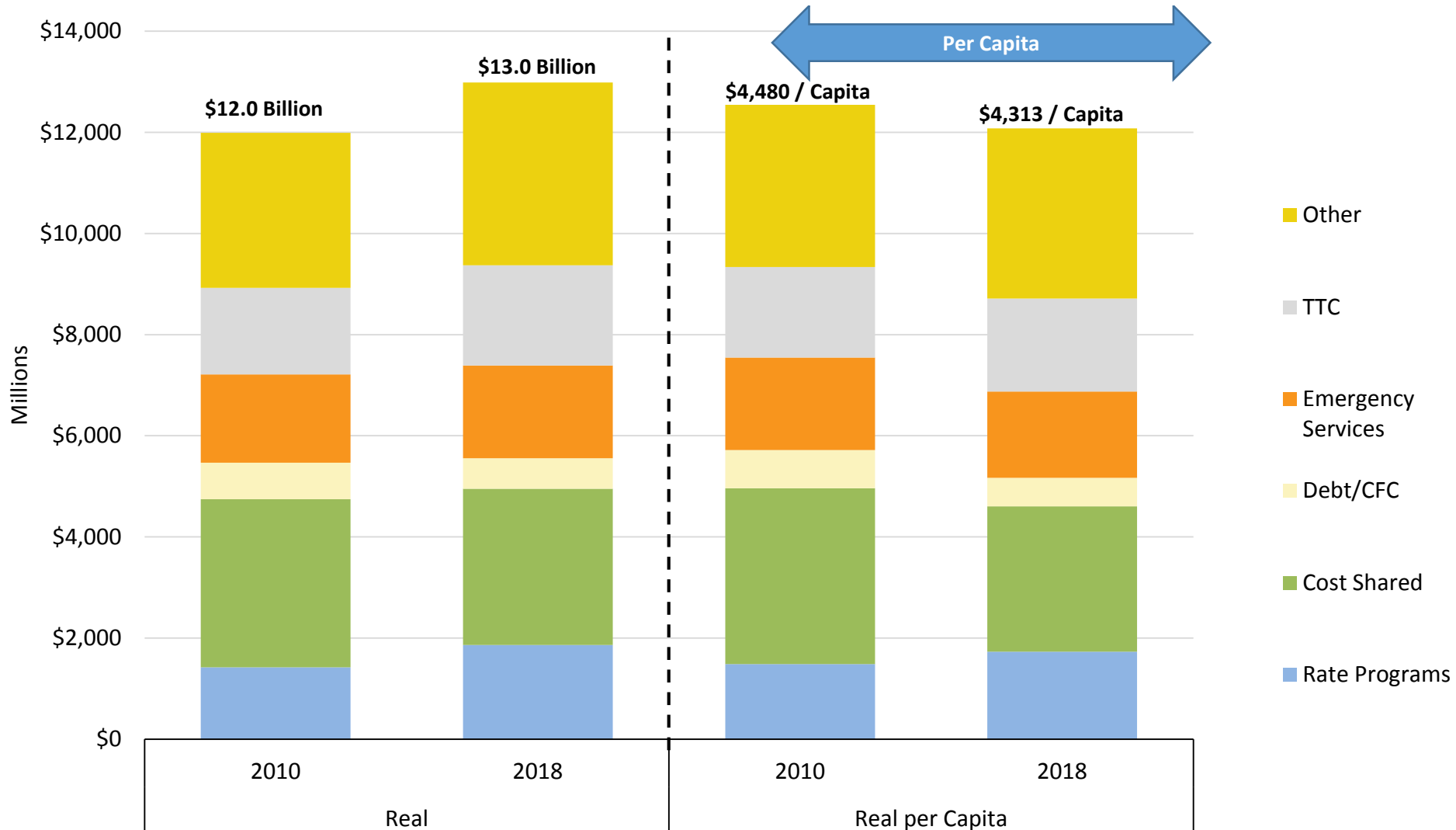
- Service level or model changes
- Alter composition of operating and capital spend



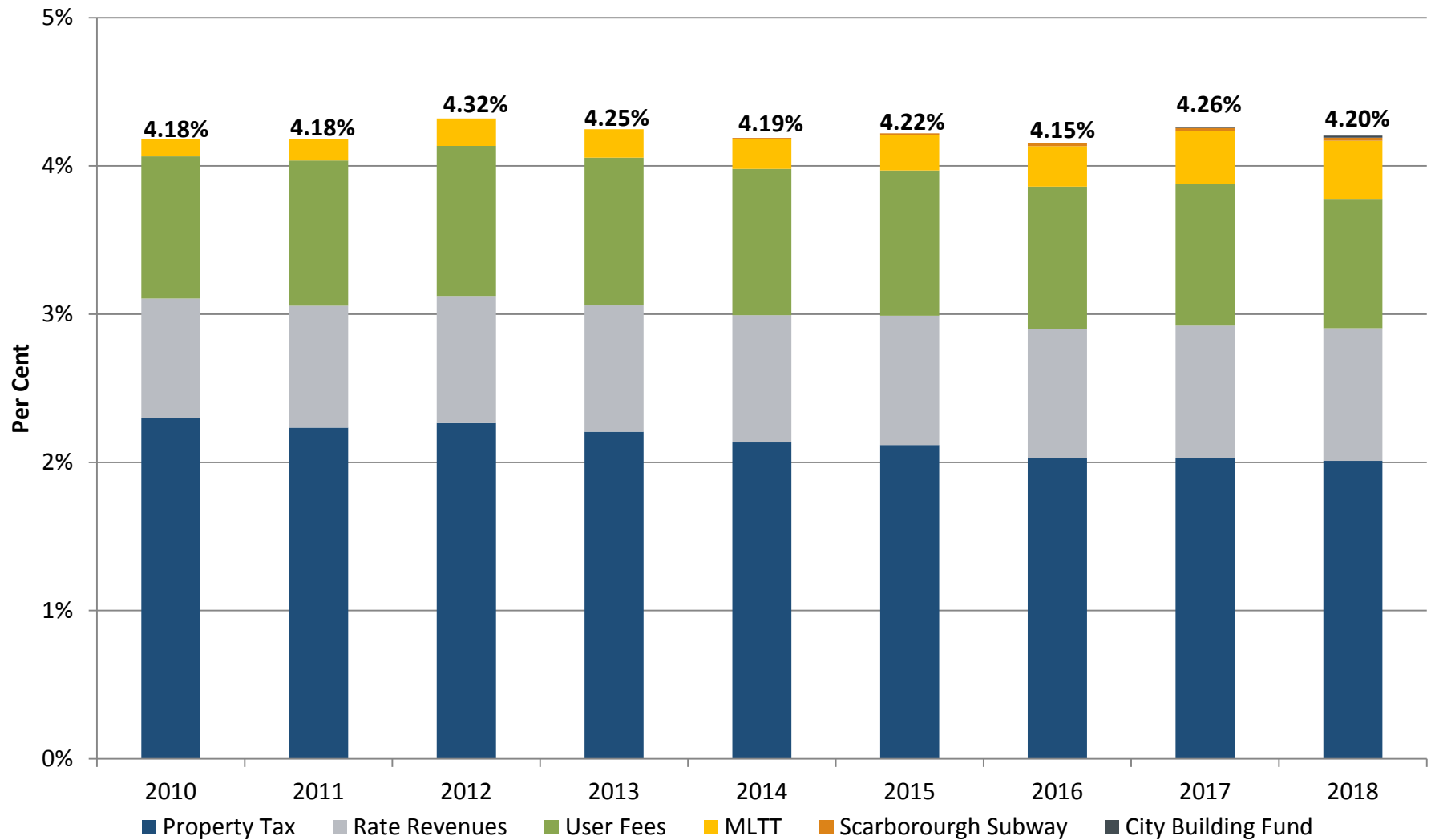
### Increase stable revenue through policy change

- Raise existing revenue source or implement new revenue options

# TOTAL SPENDING – 2010 VS 2018

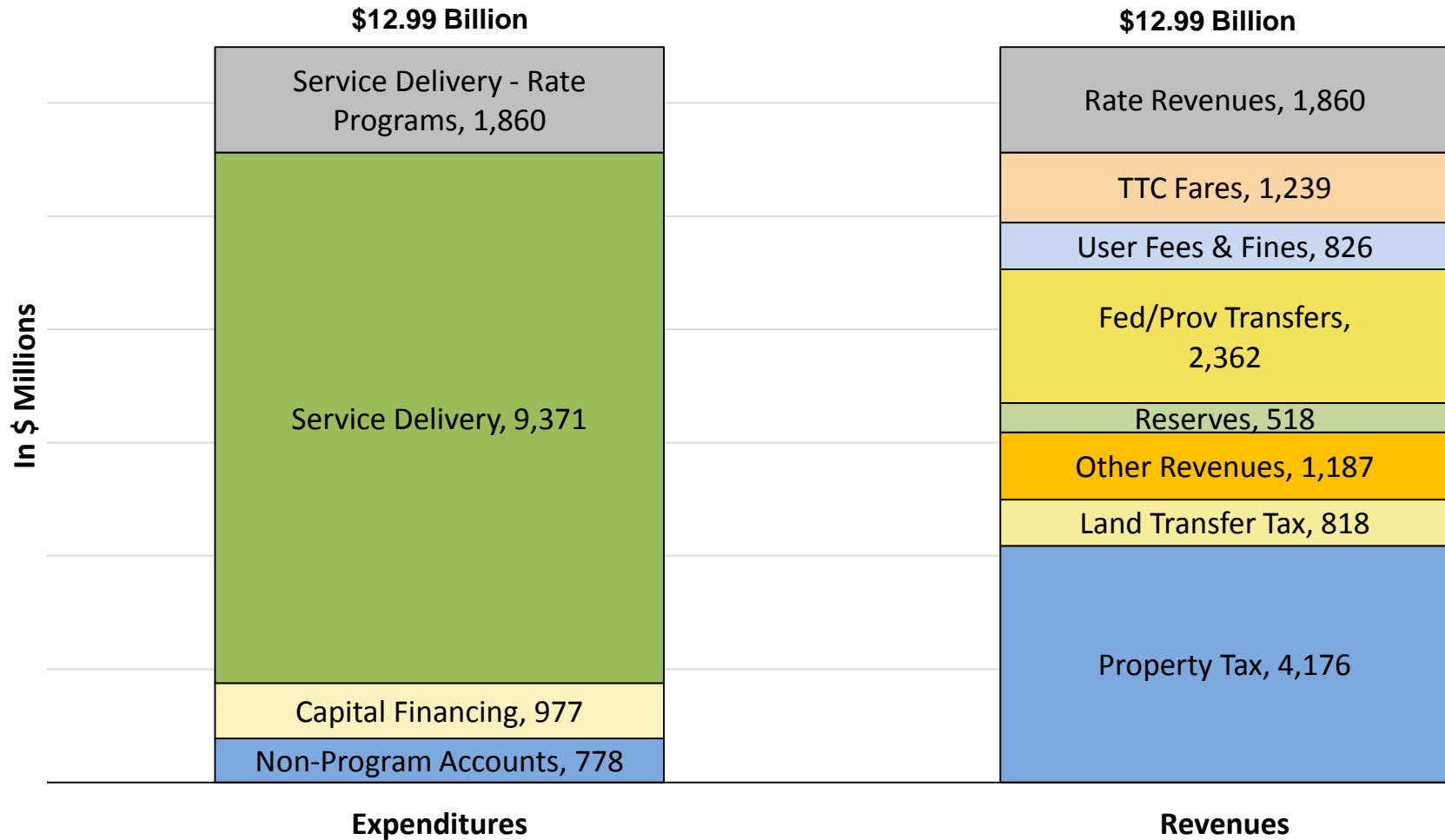


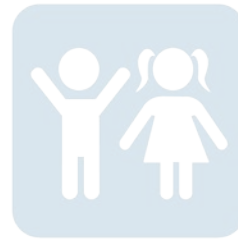
## CITY REVENUES AS PERCENTAGE OF GDP



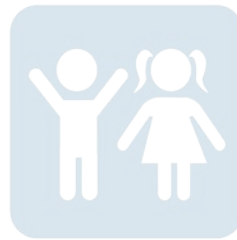
# TOTAL CITY OPERATIONS BUDGET SUMMARY

## – SPENDING VS. FUNDING

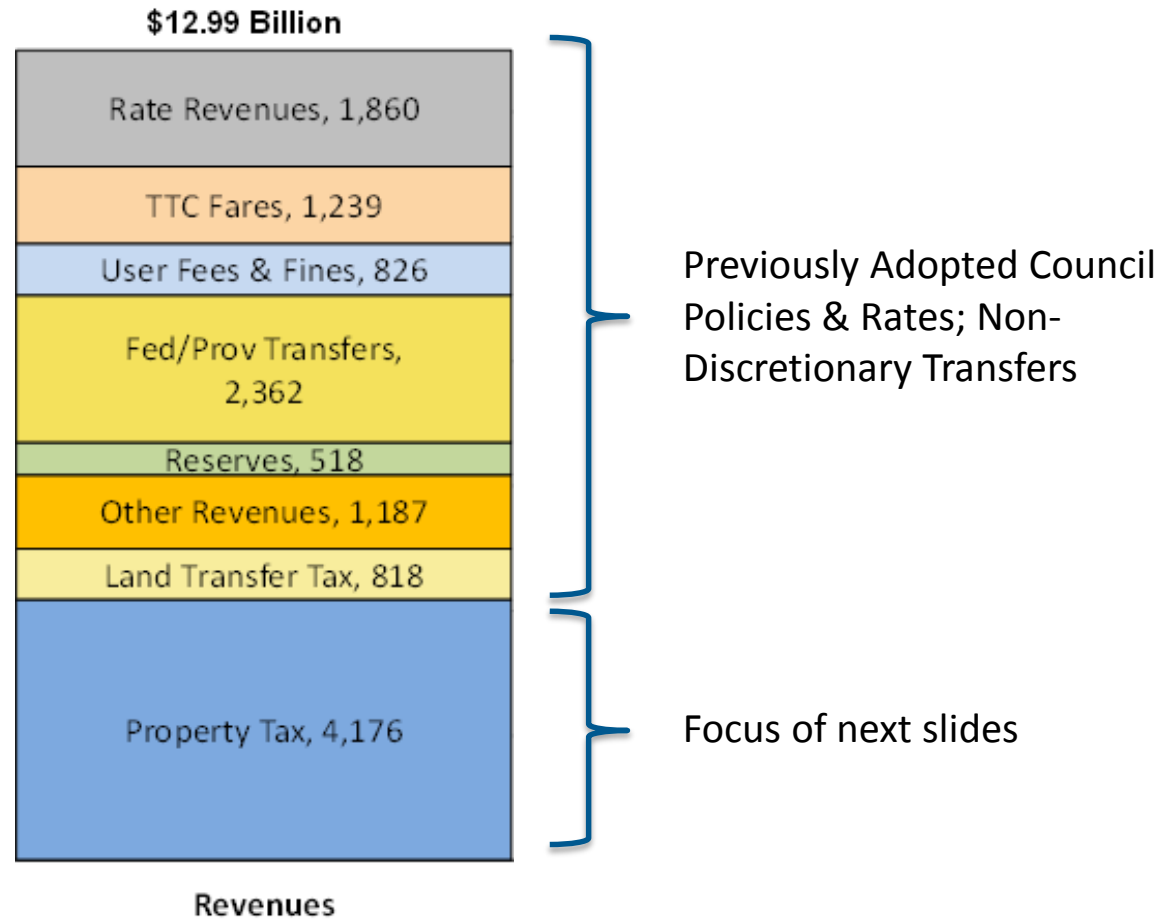




# Tax Impacts

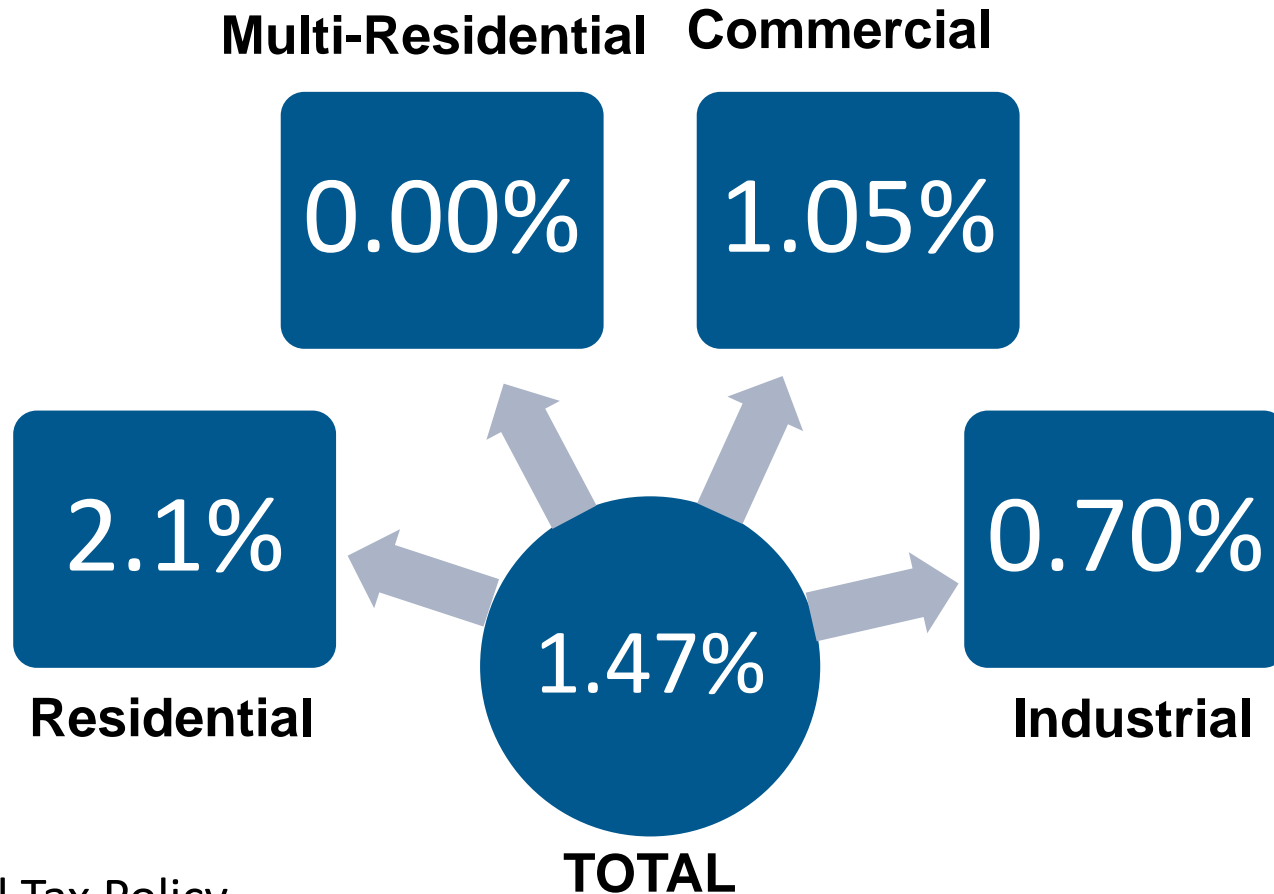


# SUMMARY OF CITY REVENUES





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

## 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

# AVERAGE PROPERTY TAX IMPACTS IF RES. BUDGET INCREASE AT INFLATION; PROVINCIAL FREEZE ON MULTI-RES; 1/2 INCREASE FOR COM.; 1/3 INCREASE FOR IND.; CONTINUE RATIO REDUCTION

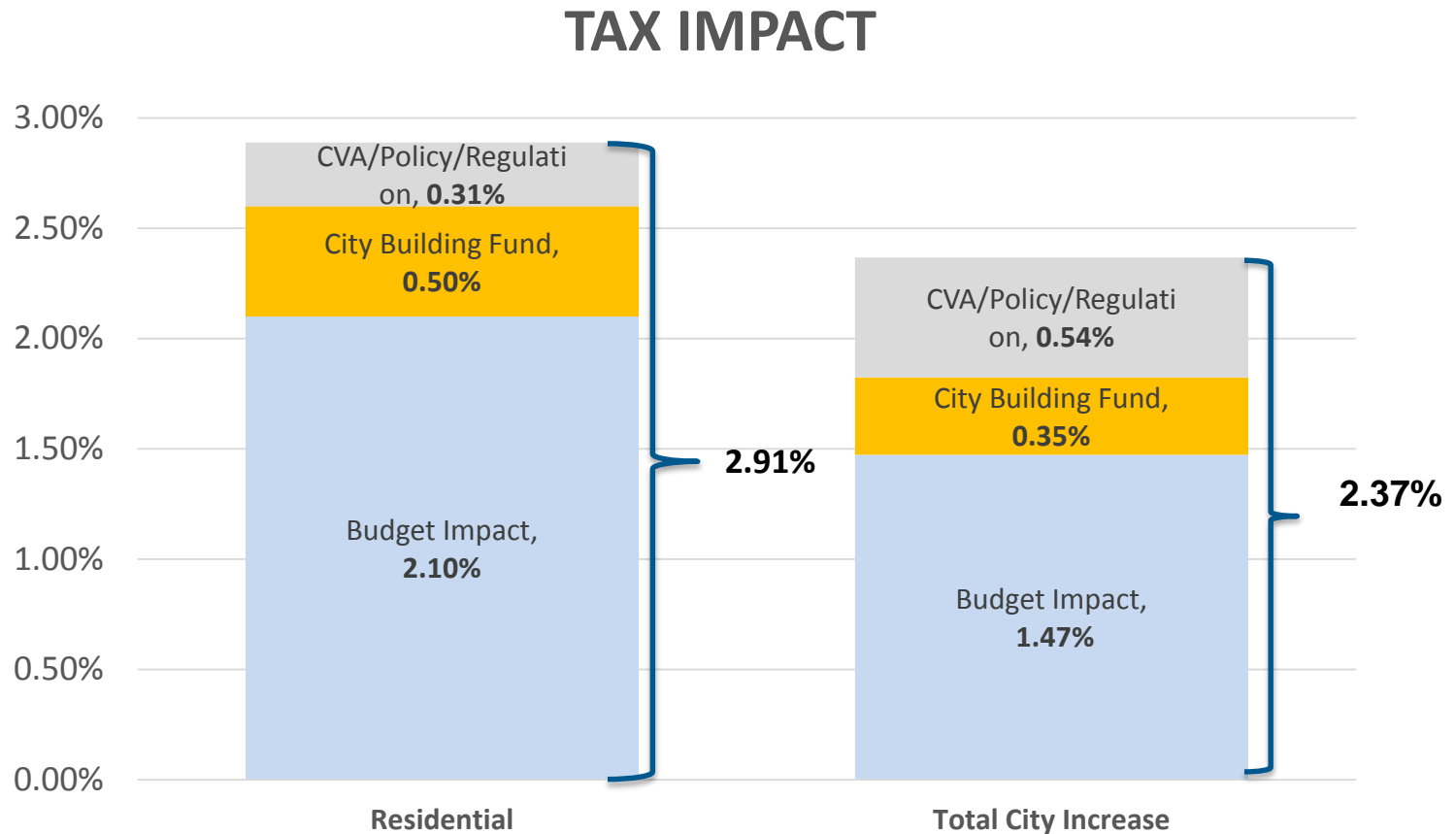
Tax Class	Budget Impact	City Building Fund	CVA/ Regulatory	Policy	Total
Residential	2.10%	0.50%	-0.31%	0.62%	2.91%
Multi-residential (Apartment)	0.00%	0.00%	4.80%	-4.80%*	0.00%
Commercial	1.05%	0.25%	0.64%	0.62%	2.56%
Industrial	0.70%	0.17%	-2.12%	0.62%	-0.64%
City Average	1.47%	0.35%	0.54%	0.00%	2.37%

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

\*\*Commercial Large includes: office buildings >25,000 ft<sup>2</sup>; shopping centres >25,000 ft<sup>2</sup>; parking lots; professional sports facilities.

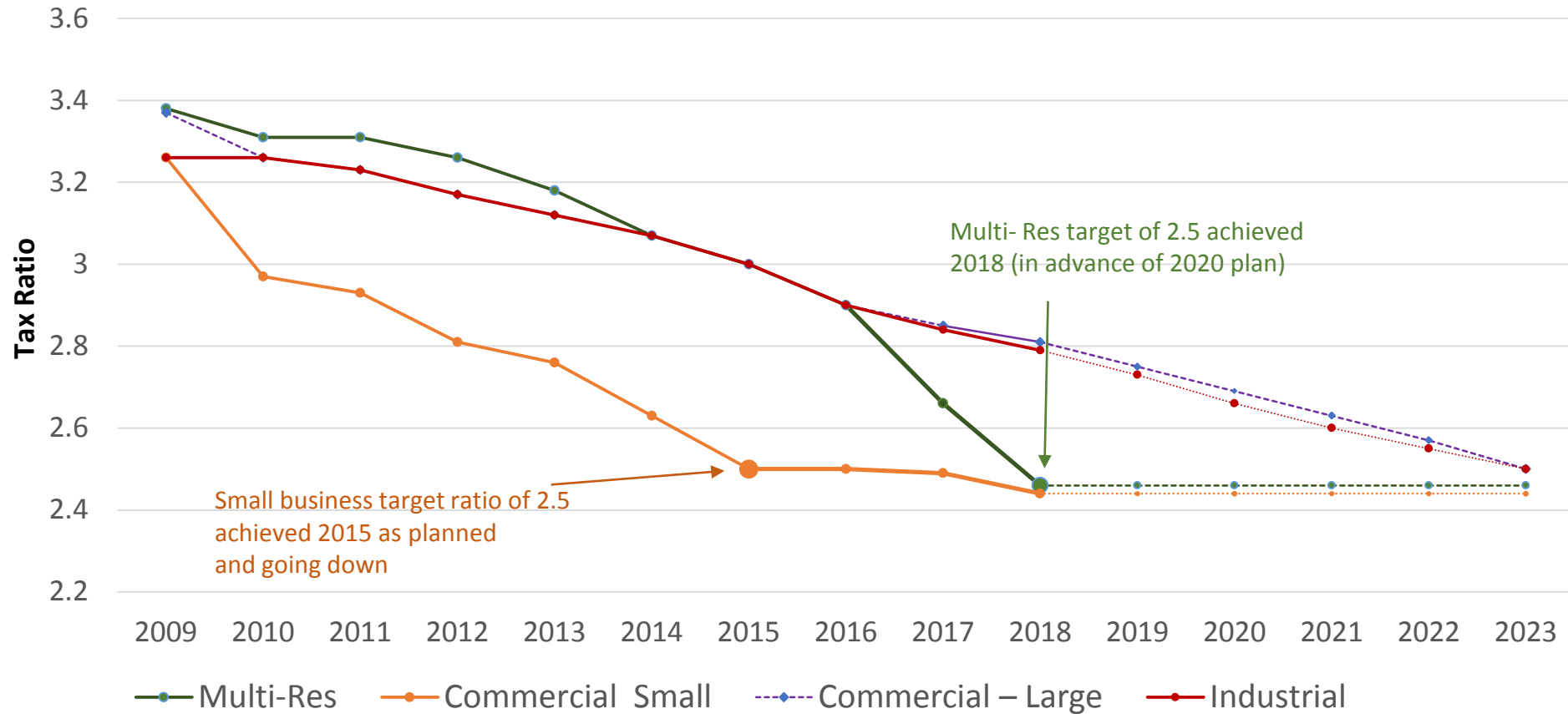
# 2018 TOTAL TAX INCREASE + CITY BUILDING FUND & CVA SHIFT

## RESIDENTIAL BUDGET TAX INCREASE OF 2.1%



# TAX RATIO IMPLICATIONS

Tax Ratios 2009-2018 (Actual) & 2019-2023 (Projected)



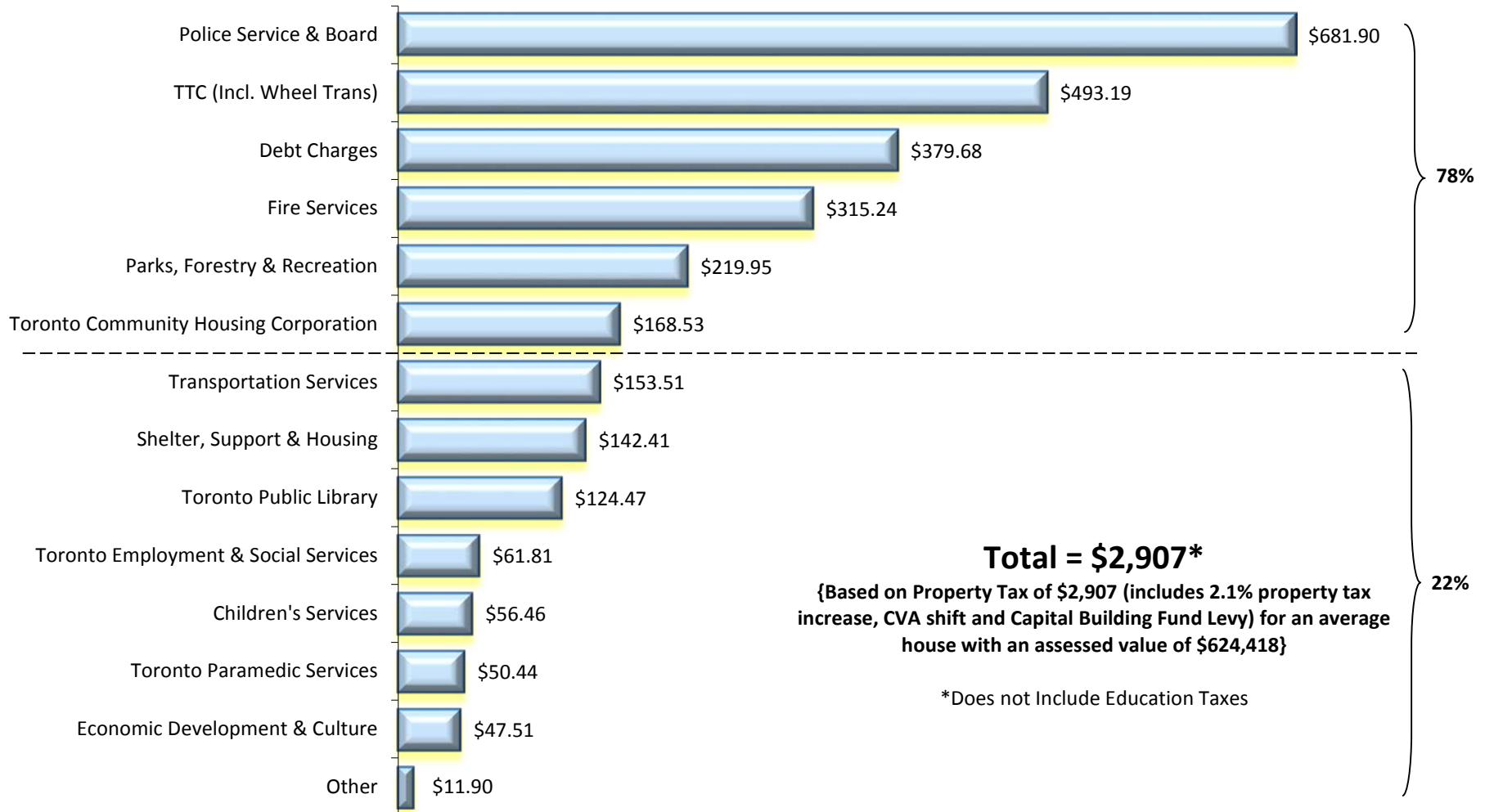
## 2018 TAX IMPACT ON AVERAGE HOUSEHOLD (MUNICIPAL TAXES)

	\$	%
<b>2017 Tax</b>	<b>2,825</b>	
<b>CVA/Regulatory Impact</b>	(8.7)	-0.31%
<b>Policy Impact</b>	<u>17.4</u>	<u>0.62%</u>
	<b>2,834</b>	<b>0.31%</b>
<b>Budget Increase</b>	59.3	2.1%
<b>City Building Fund</b>	<u>14.1</u>	<u>0.5%</u>
	73.4	2.60%
<b>Total Impact</b>	<b>82.1</b>	<b>2.91%</b>
<b>2018 Tax</b>	<b>2,907</b>	

2017 Average CVA \$585,227

2018 Average CVA \$624,418

# 2018 CN APP'D OPERATING BUDGET: WHERE THE MONEY GOES







# 2018 Council Approved Operating Budget



# 2018 PRELIMINARY OPERATING 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 (Line by Line Savings, Parks, Transportation & Other Programs) - \$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 (final year)
- Interest/Investment Income - \$14M
- Hotel Tax - \$11M
- Updated Supplementary Tax - \$10M
- Other Revenues - \$5M

## MLTT, 92.0, 18%

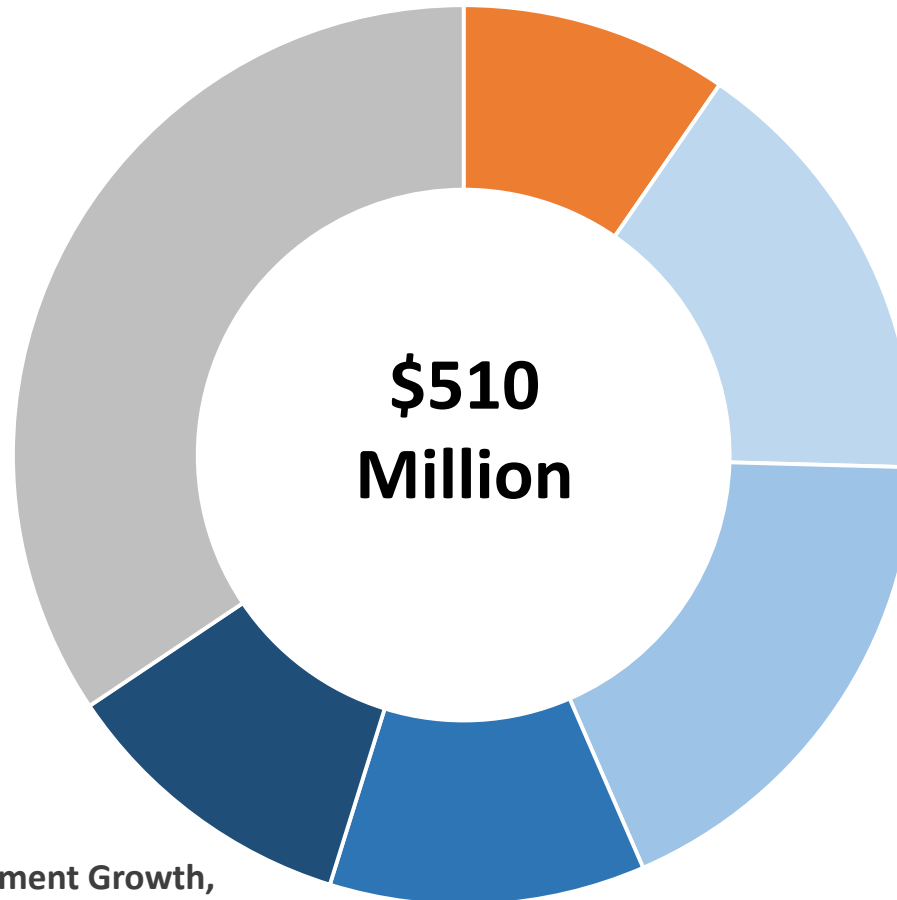
### Includes:

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

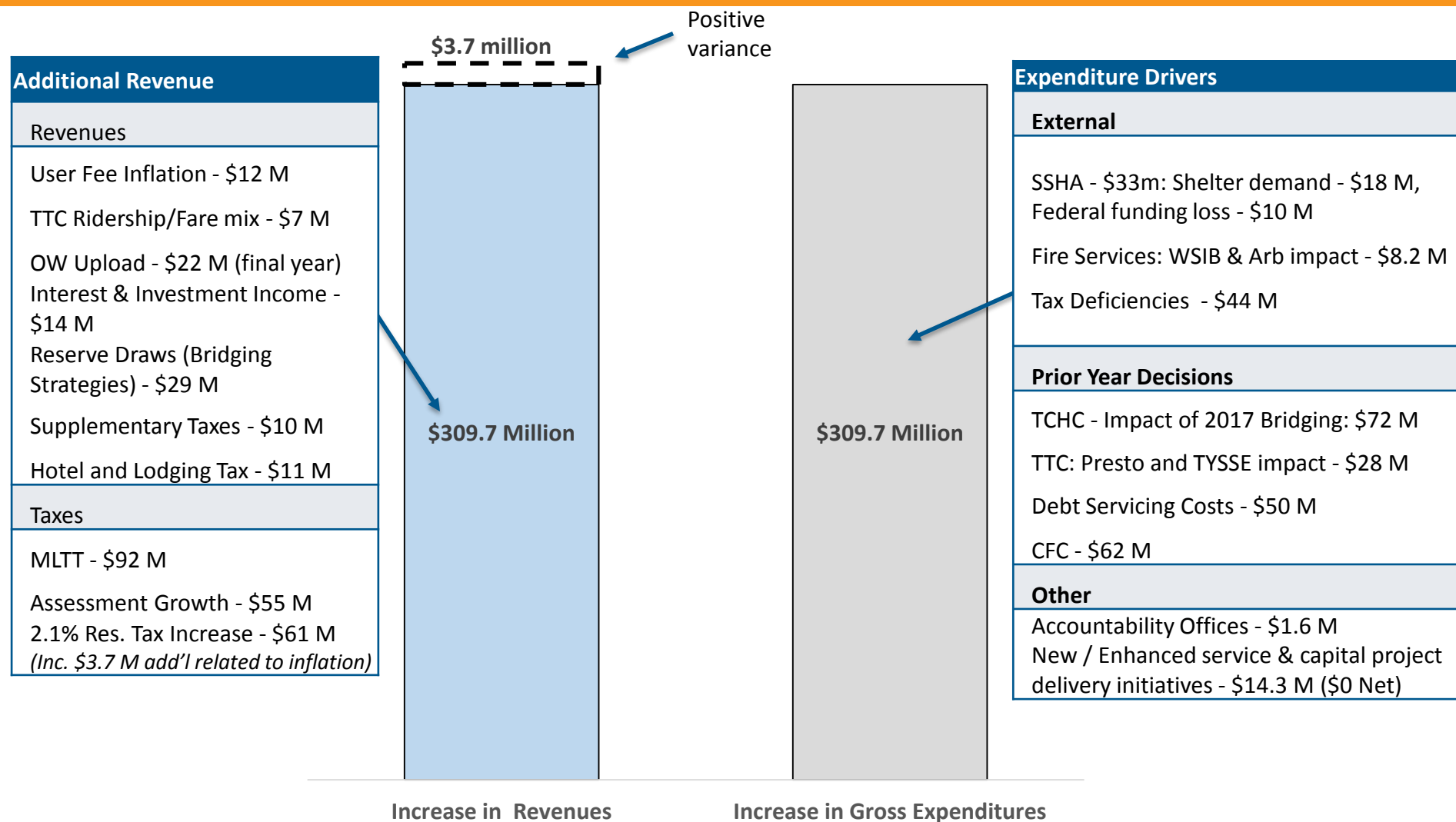
## Assessment Growth, 55.0, 11%

## Tax Increase, 57.7, 11%

+ \$3.7 million related to inflationary increase



# 2018 PRELIMINARY OPERATING BUDGET - BALANCED



## 2018 PRELIMINARY OPERATING BUDGET - TCHC HIGHLIGHTS

- 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

# SUMMARY OF COMMITTEE AND COUNCIL ACTIONS

(\$000s)	2018			2019 (Inc.)		2020 (Inc.)	
	Gross	Net	Position	Net	Position	Net	Position
<b>2018 Preliminary Operating Budget</b>	10,972,268	4,159,160	52,323.9	215,344.34	-	192,377.67	
<b>BC Recommended Expenditure Reductions:</b>							
Vacancy rebate reduction to offset poverty reduction and distressed retail	(5,500)	(5,500)					
Expenditure Adjustments	(1,751)	(1,000)	(16.0)				
<b>Subtotal BC Recommended Reductions</b>	<b>(7,251)</b>	<b>(6,500)</b>	<b>(16.0)</b>	-	-	-	-
<b>BC Recommended Additions:</b>							
Additional New/Enhanced Service Priorities	122,836	52,353	273.8	64,291	23.0	18,408	(4.1)
Additional Debt Charges	671	671		4,548		4,980	
<b>Subtotal BC Recommended Additions</b>	<b>123,507</b>	<b>53,024</b>	<b>273.8</b>	<b>68,839</b>	<b>23.0</b>	<b>23,388</b>	<b>(4.1)</b>
<b>Total BC Recommended Reductions &amp; Additions</b>	<b>116,257</b>	<b>46,524</b>	<b>257.8</b>	<b>68,839</b>	<b>23.0</b>	<b>23,388</b>	<b>(4.1)</b>
<b>BC Recommended Balancing Strategies:</b>							
Further Increase in MLTT Based on 2017 Actual Experience		(10,000)					
Revised estimate for Tax Penalty Revenues		(2,200)					
One-Time Dividend from Toronto Parking Authority		(3,420)		3,420			
Contributions from Tax Stabilization Rate Reserve		(13,888)		13,888			
<b>Subtotal BC Recommended Balancing Strategies</b>	-	<b>(29,508)</b>	-	<b>17,308</b>	-	-	-
<b>Total BC Recommended Changes</b>	<b>116,257</b>	<b>17,016</b>	<b>257.8</b>	<b>86,147</b>	<b>23.0</b>	<b>23,388</b>	<b>(4.1)</b>
<b>2018 BC Recommended Operating Budget</b>	<b>11,088,525</b>	<b>4,176,176</b>	<b>52,581.7</b>	<b>301,491</b>	<b>23.0</b>	<b>215,766</b>	<b>(4.1)</b>
<b>EC Recommended Additions:</b>							
Additional Provincial Funding for Children's Services	21,809						
Heritage Conservation District Studies (Capital Funded)	122		1.0		(1.0)		
TCHC Fire Safety Task Force	806	806	10.0	437		134	
Contributions from Tax Stabilization Rate Reserve		(806)		806		134	
TTC positions to deliver overcrowding relief			27.0				
<b>Subtotal EC Recommended Additions</b>	<b>22,737</b>	-	<b>38.0</b>	<b>1,243</b>	<b>1.00</b>	<b>268.76</b>	-
<b>2018 EC Recommended Operating Budget</b>	<b>11,111,262</b>	<b>4,176,176</b>	<b>52,619.7</b>	<b>302,734</b>	<b>22.0</b>	<b>216,034</b>	<b>(4.1)</b>

# SUMMARY OF COMMITTEE AND COUNCIL ACTIONS (CONTINUE)

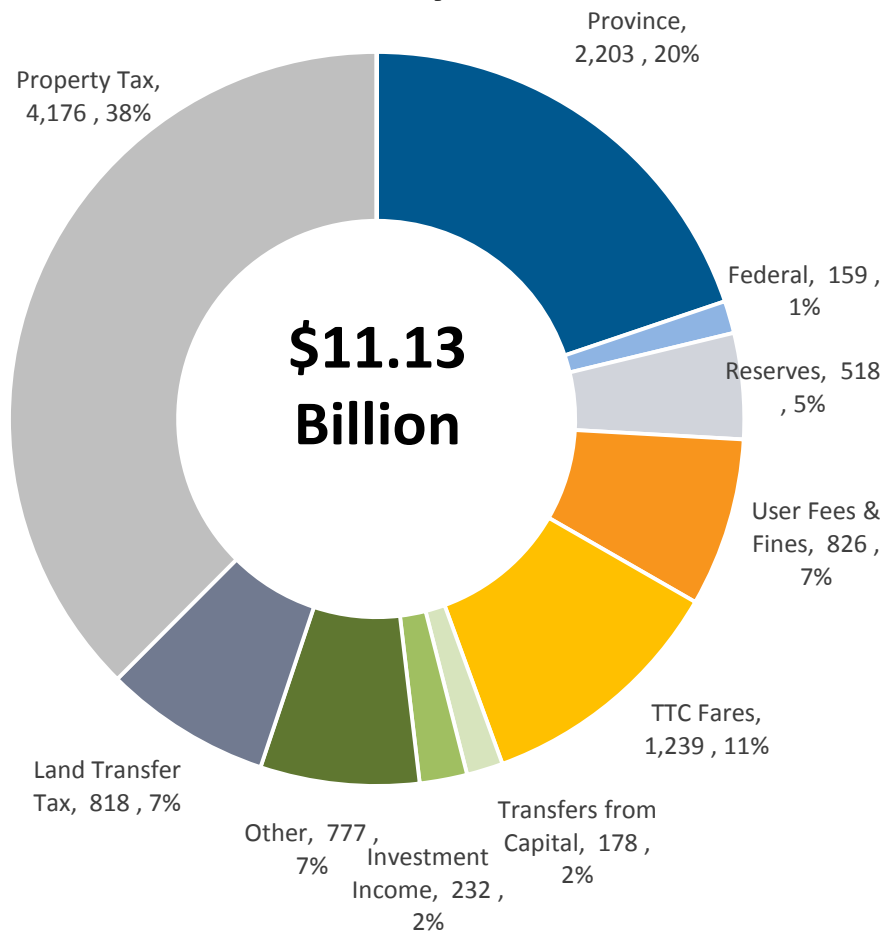
(\$000s)	2018			2019 (Inc.)		2020 (Inc.)	
	Gross	Net	Position	Net	Position	Net	Position
<b>CN Additions:</b>							
Additional Funding for Parks, Forestry and Recreation	350		4.0	544		12	
Swim and Survive (Phase 4)	154			156			
New Affordable Housing and/or Home Ownership Opportunities as part of the Alexandra Park Revitalization (Phase 2)	1,563						
Improve Affordable Rental Dwelling Units in the A.H. Rundle House	212						
Social Procurement Officer	55		1.0				
Constituency Services and Office Budget Policy	192						
Additional funding towards TTC for transit overcrowding relief	2,000			2,000			
<b>Subtotal CN Additions</b>	<b>4,526</b>	<b>-</b>	<b>5.0</b>	<b>2,700</b>	<b>-</b>	<b>11.50</b>	<b>-</b>
<b>2018 CN Approved Operating Budget</b>	<b>11,115,788</b>	<b>4,176,176</b>	<b>52,624.7</b>	<b>305,434</b>	<b>22.0</b>	<b>216,046</b>	<b>(4.1)</b>
<b>Additional Property Tax</b>							
2018 Preliminary Operating Budget Positive Variance Due to Additional 0.1% Inflationary Tax Increase		(3,725)					
Revised Assessment Growth Estimate		(13,291)					
<b>Total Additional Property Tax</b>	<b>-</b>	<b>(17,016)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

# TOTAL 2018 CITY COUNCIL APPROVED OPERATING BUDGET – TAX & RATE

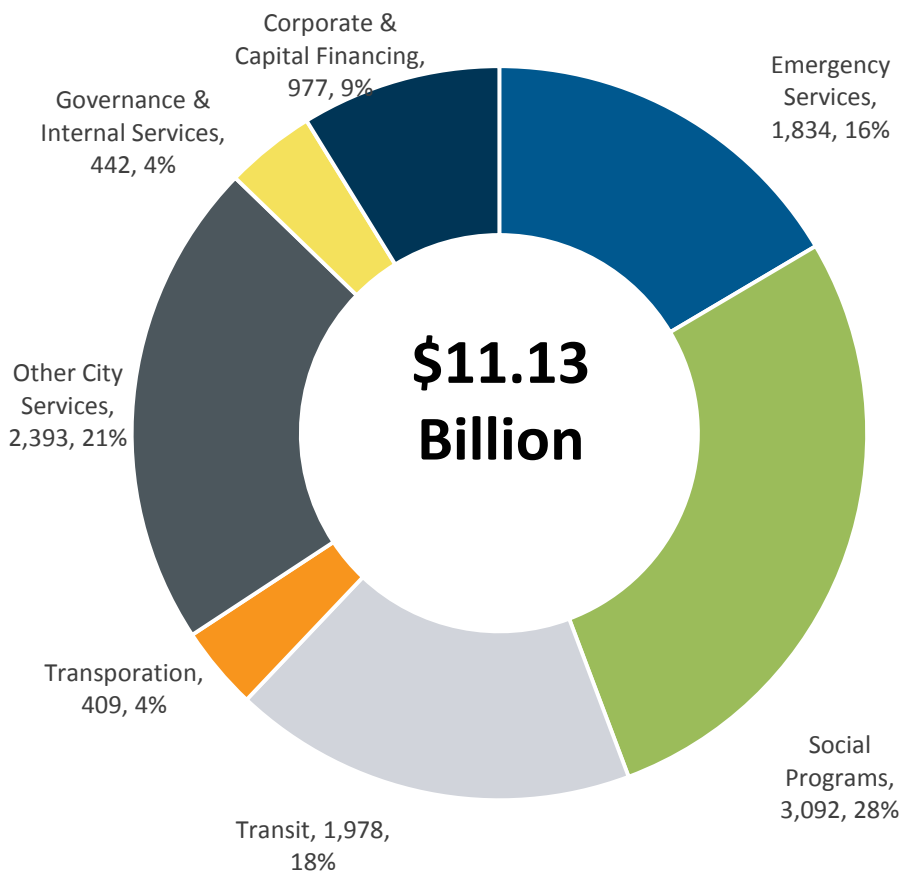


# 2018 COUNCIL APPROVED OPERATING BUDGET SUMMARY

## Where the Money Comes From



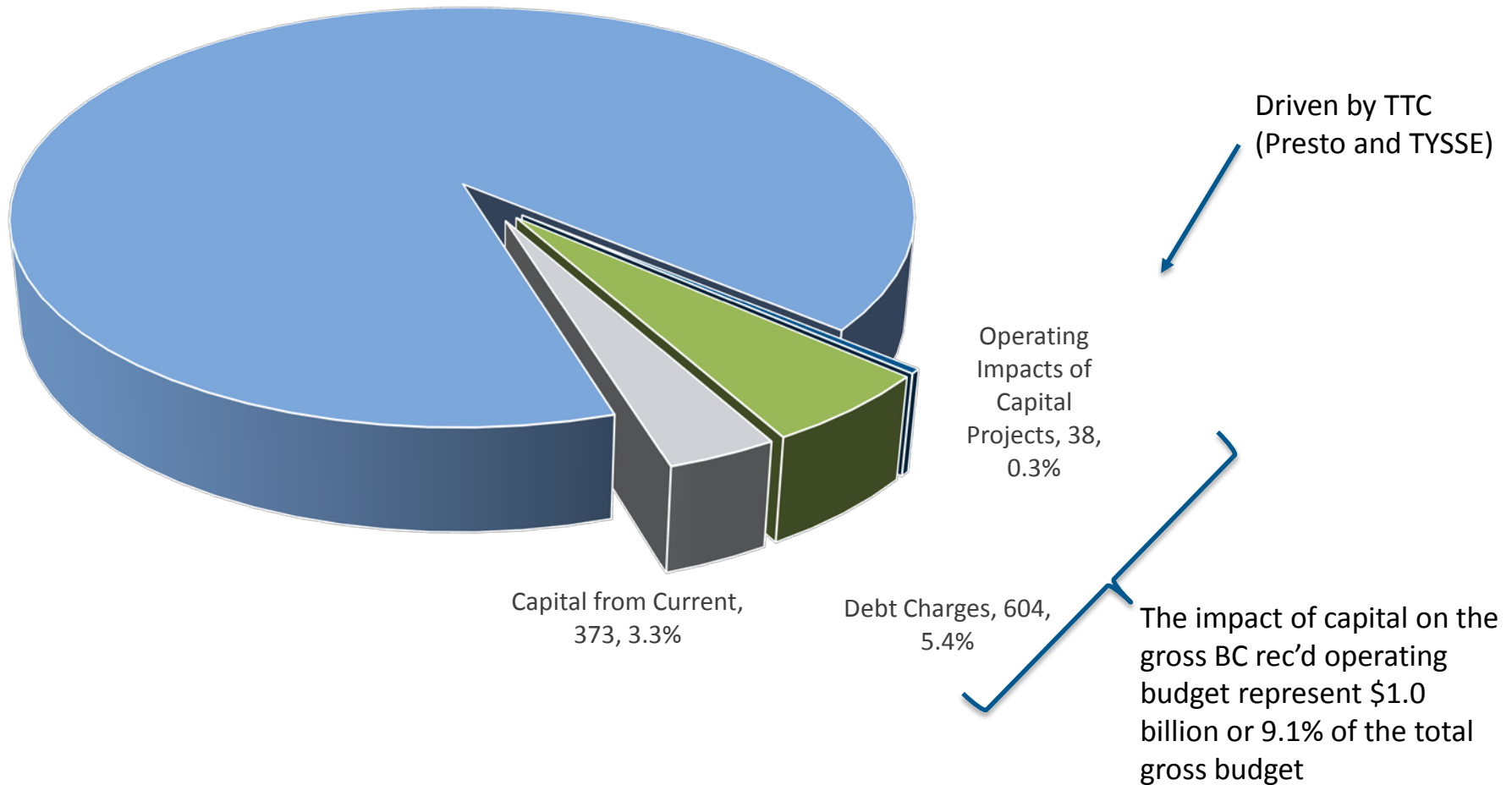
## Where the Money Goes



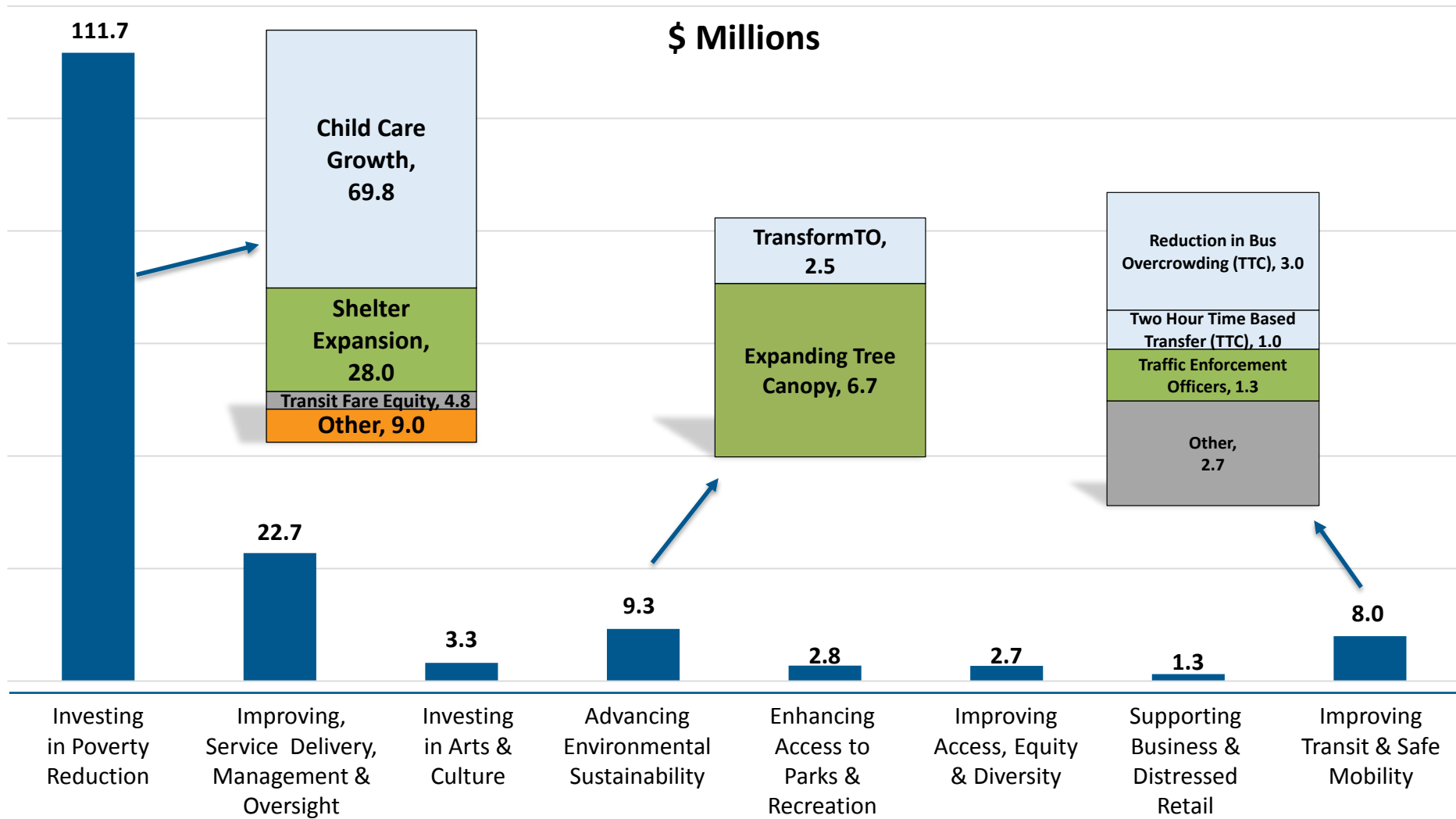


# IMPACT OF CAPITAL ON 2018 CN APP'D OPERATING BUDGET

\$11.13 Billion



# NEW / ENHANCED INVESTMENTS INCLUDED IN THE 2018 CN APP'D OPERATING BUDGET (\$161 MILLION GROSS)



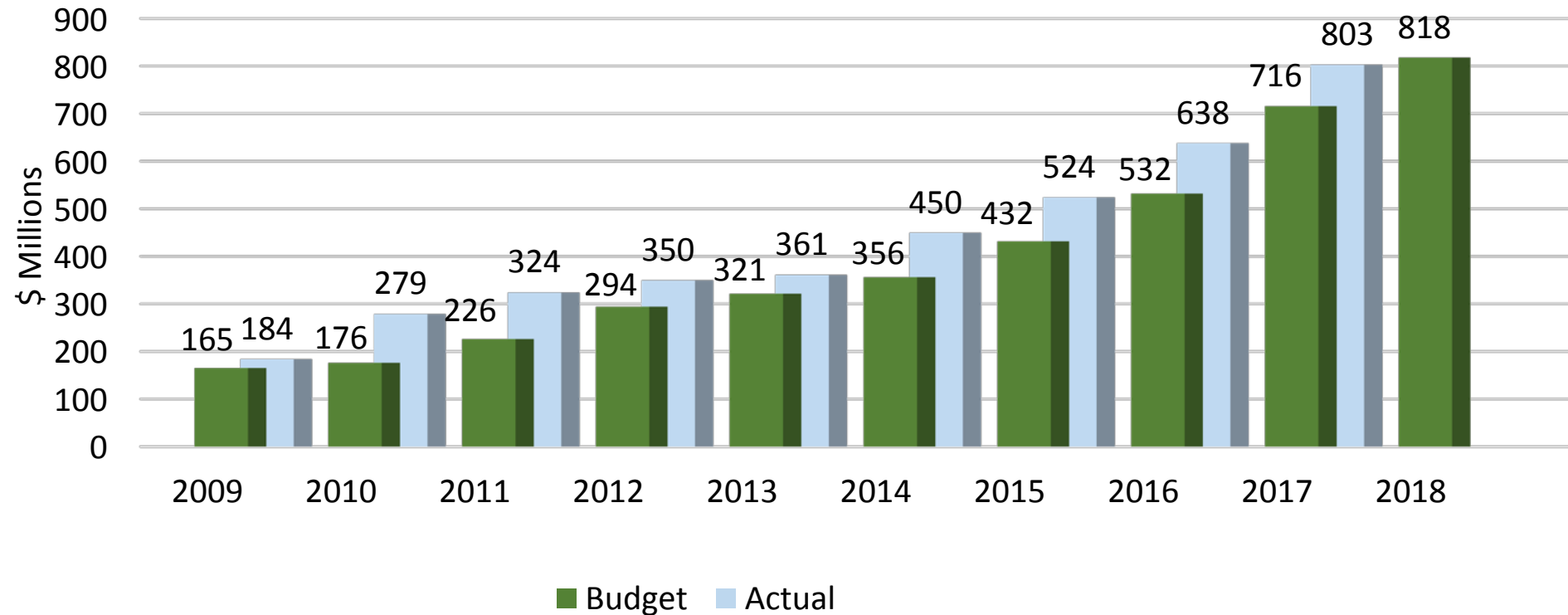
# 2018 COMPLEMENT CHANGES – Service Delivery

	2017 Approved Staff Complement	2018 Complement Changes							
		Prior Year Impact	Operating Impacts of Capital Proj.	Base Changes	Efficiencies	Total Base Change	Rec'd New/Enh Service Priorities	Total 2018 CN App'd Budget	Change from 2017 Approved
Citizen Centred Services "A"	12,652.4	(35.3)	4.1	26.8	(29.7)	(34.1)	200.6	12,819.0	166.5
Citizen Centred Services "B"	5,887.3	(1.5)	22.0	(16.2)		4.3	57.2	5,948.8	61.5
Internal Corportate Services	1,903.0		5.0	(12.8)	(6.1)	(13.9)	13.0	1,902.1	(0.9)
Chief Financial Officer	742.7	7.0		0.5	(10.0)	(2.5)	8.0	748.2	5.5
City Manager	418.0			(2.0)		(2.0)	14.0	430.0	12.0
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	4.0				4.0		59.2	4.0
<b>TOTAL - CITY OPERATIONS</b>	<b>22,610.9</b>	<b>(45.1)</b>	<b>35.1</b>	<b>40.7</b>	<b>(56.8)</b>	<b>(26.2)</b>	<b>293.9</b>	<b>22,878.6</b>	<b>267.7</b>
<b>Agencies</b>									
TTC (incl. Wheel-Trans)	12,783.0		(18.0)	(101.0)	(1.0)	(120.0)	27.0	12,690.0	(93.0)
Police Services & Board	7,888.0							7,888.0	
Toronto Public Library	1,734.3				(4.5)	(4.5)	5.0	1,734.8	0.5
Toronto Public Health	1,838.7			(3.0)	(4.9)	(7.9)	14.0	1,844.9	6.1
Other Agencies	1,535.8			44.4	(3.0)	41.4	5.0	1,582.2	46.4
<b>TOTAL - AGENCIES</b>	<b>25,779.8</b>		<b>(18.0)</b>	<b>(59.6)</b>	<b>(13.4)</b>	<b>(91.0)</b>	<b>51.0</b>	<b>25,739.8</b>	<b>(40.0)</b>
Corporate Accounts (Inc. Parking Tags)	400.0						6.0	406.0	6.0
<b>TOTAL LEVY OPERATING BUDGET</b>	<b>48,790.7</b>	<b>(45.1)</b>	<b>17.1</b>	<b>(18.9)</b>	<b>(70.2)</b>	<b>(117.2)</b>	<b>350.9</b>	<b>49,024.5</b>	<b>233.7</b>
Toronto Realty Agency	55.0				(14.0)	(14.0)	10.0	51.0	(4.0)
<b>TOTAL LEVY OPERATING BUDGET</b>	<b>48,845.7</b>	<b>(45.1)</b>	<b>17.1</b>	<b>(18.9)</b>	<b>(84.2)</b>	<b>(131.2)</b>	<b>360.9</b>	<b>49,075.5</b>	<b>229.7</b>

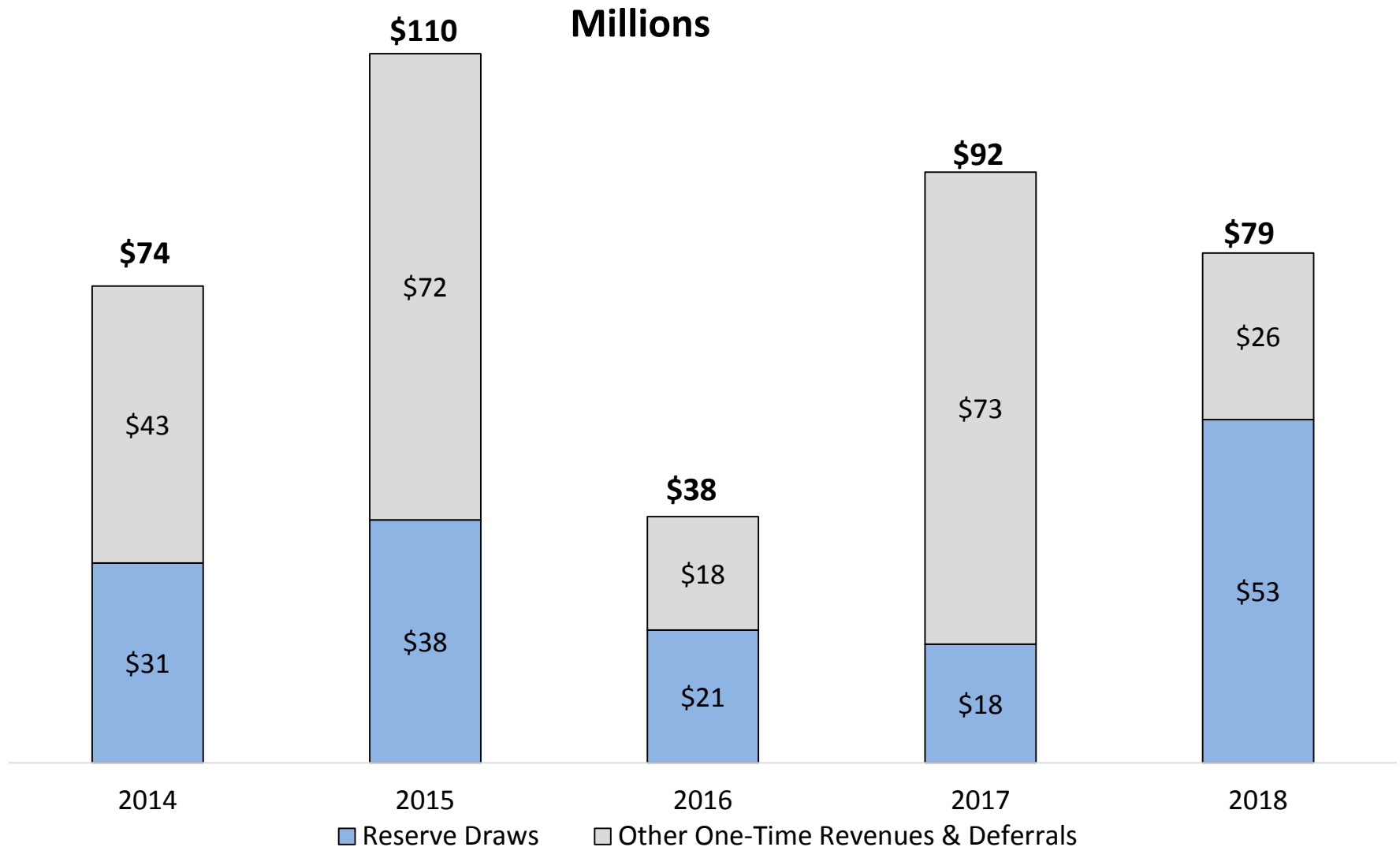
## 2018 COMPLEMENT CHANGES – Capital Project Delivery

	2017 Approved Staff Complement	2018 Complement Changes			
		Total Capital Delivery Changes	Rec'd New/Enh Service Priorities	Total 2018 CN App'd Budget	Change from 2017 Approved
Citizen Centred Services "A"	179.2	33.8		213.0	33.8
Citizen Centred Services "B"	510.5	39.2	21.7	571.5	61.0
Internal Corporate Services	323.0	11.0	14.0	348.0	25.0
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					
<b>TOTAL - CITY OPERATIONS</b>	<b>1,074.5</b>	<b>83.1</b>	<b>44.7</b>	<b>1,202.3</b>	<b>127.8</b>
<b>Agencies</b>					
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	6.8		24.0	6.8
Other Agencies	5.0			5.0	
<b>TOTAL - AGENCIES</b>	<b>2,235.2</b>	<b>114.8</b>		<b>2,350.0</b>	<b>114.8</b>
Corporate Accounts (Inc. Parking Tags)					
<b>TOTAL LEVY OPERATING BUDGET</b>	<b>3,309.6</b>	<b>197.9</b>	<b>44.7</b>	<b>3,552.3</b>	<b>242.7</b>
Toronto Realty Agency					
<b>TOTAL LEVY OPERATING BUDGET</b>	<b>3,309.6</b>	<b>197.9</b>	<b>44.7</b>	<b>3,552.3</b>	<b>242.7</b>

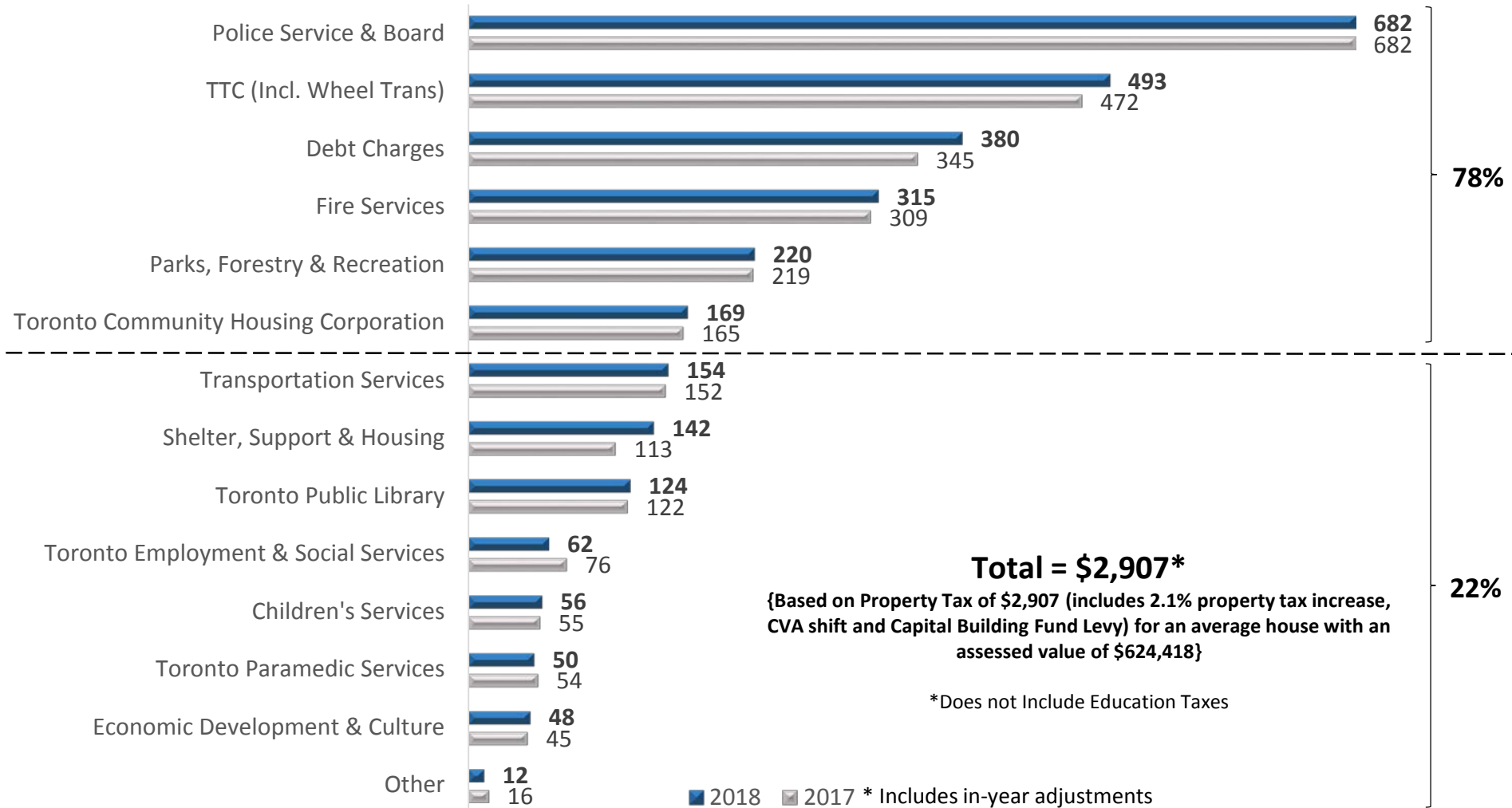
## MLTT TREND – BUDGET VS ACTUAL



## 2018 CN APP'D BRIDGING STRATEGIES - \$79 MILLION



# 2018 CN APP'D OPERATING BUDGET: WHERE THE MONEY GOES





## 2019 & 2020 PLAN





# OUTLOOK FOR 2019 & 2020

(\$ Millions)

2019 - 2020 Operating Pressures	2019	2020
Reversal of One-Time Reserve Draws	47	6
Other One-Time Reductions / Deferrals	8	21
<i>Total Reversal of 2018 Bridging Strategies</i>	<i>54</i>	<i>27</i>
Annualized Impact of New / Enhanced (incl. TTC)	55	18
Annualized Impact of Other Prior Year Decisions	13	(1)
<b>Total Prior Year Decisions</b>	<b>122</b>	<b>44</b>
Operating Impact of Completed Capital Projects	8	7
Capital From Current	35	39
Debt Charges	44	66
<b>Total Operating Impact from Capital</b>	<b>87</b>	<b>112</b>
Salary and Benefits	108	114
Additional Bill 148 Impact	20	18
Economic Factors	16	15
Other Base Budget Changes	27	30
Other Non-Program Expenses and Revenues	9	(5)
Toronto Transit Commission	75	33
<b>Total Pressure before Revenue Changes</b>	<b>464</b>	<b>360</b>
Municipal Land Transfer Tax	0	0
Base User Fee Change	(4)	(3)
Hotel & Lodging Tax	(3)	0
Interest / Investment Earnings	(4)	(4)
Dividend Income	(10)	(3)
Assessment Growth	(50)	(50)
<b>Net Pressure before Policy Changes</b>	<b>392</b>	<b>300</b>
Toronto Transit Commission Fare Increase (Inflationary)	(20)	(20)
2.3%/2.2% Residentail Property Tax Increase*	(67)	(64)
<b>Total Net Pressure</b>	<b>305</b>	<b>216</b>



# 2018 – 2027 Council Approved Capital Budget & Plan



## 2018 – 2027 CAPITAL PLAN HIGHLIGHTS

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

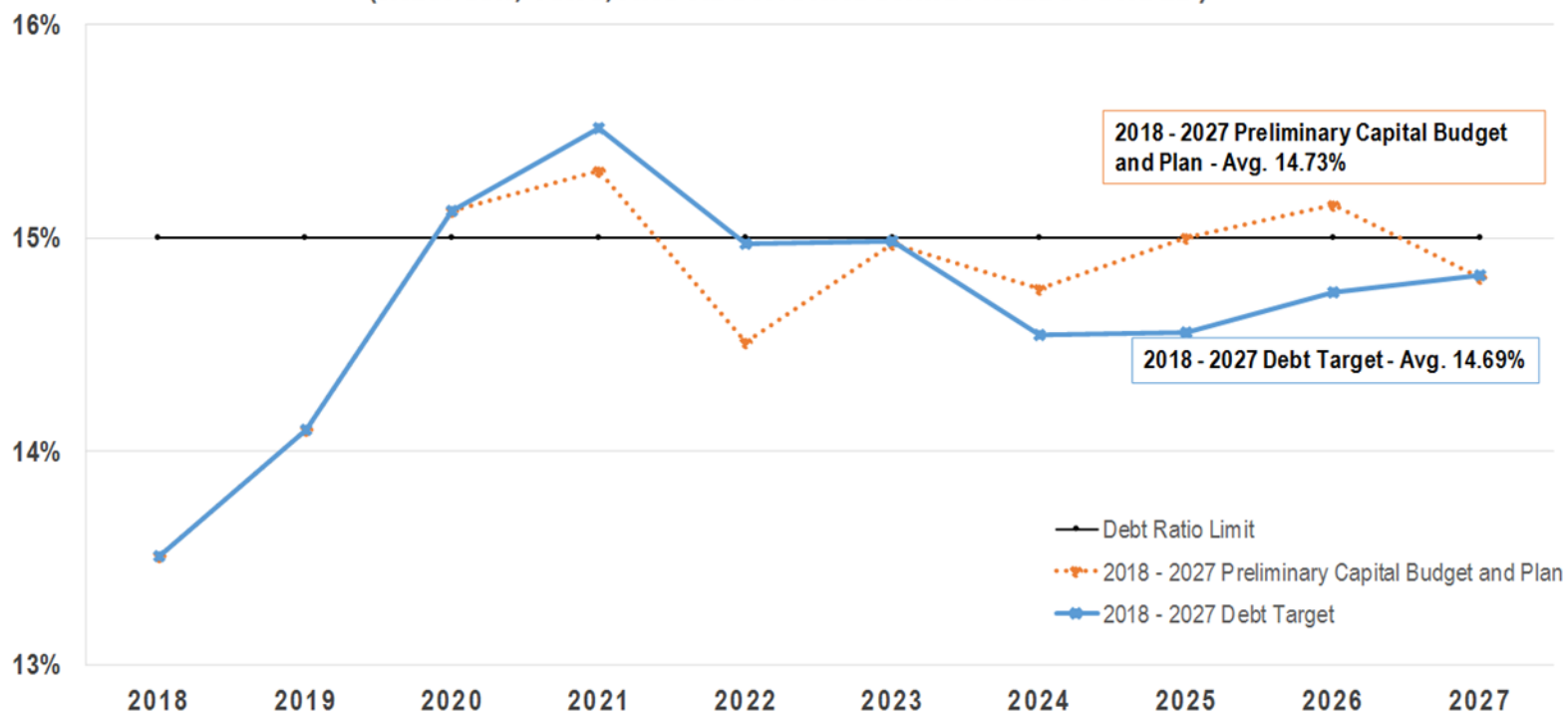
# REALIGNMENT AND ADDITIONAL DEBT ROOM TO FUND UNMET NEEDS

(\$M)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	10 Yr Total
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
<b>Over/(Under)</b>	<b>(384)</b>	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)
Unmet Needs Funded	243	147	56	51	48	501	26	3	4	6	1,084
<b>Remaining Debt Room</b>	<b>(136)</b>	141	(22)	4	(84)	367	12	(10)	(140)	(170)	(38)

- The realignment of cash flow funding released total debt room of \$384 million in the first year
- 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 SERVICE COST AS % OF PROPERTY TAX LEVY WITH GSR, TCHC AND ADDITIONAL UNMET NEEDS

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

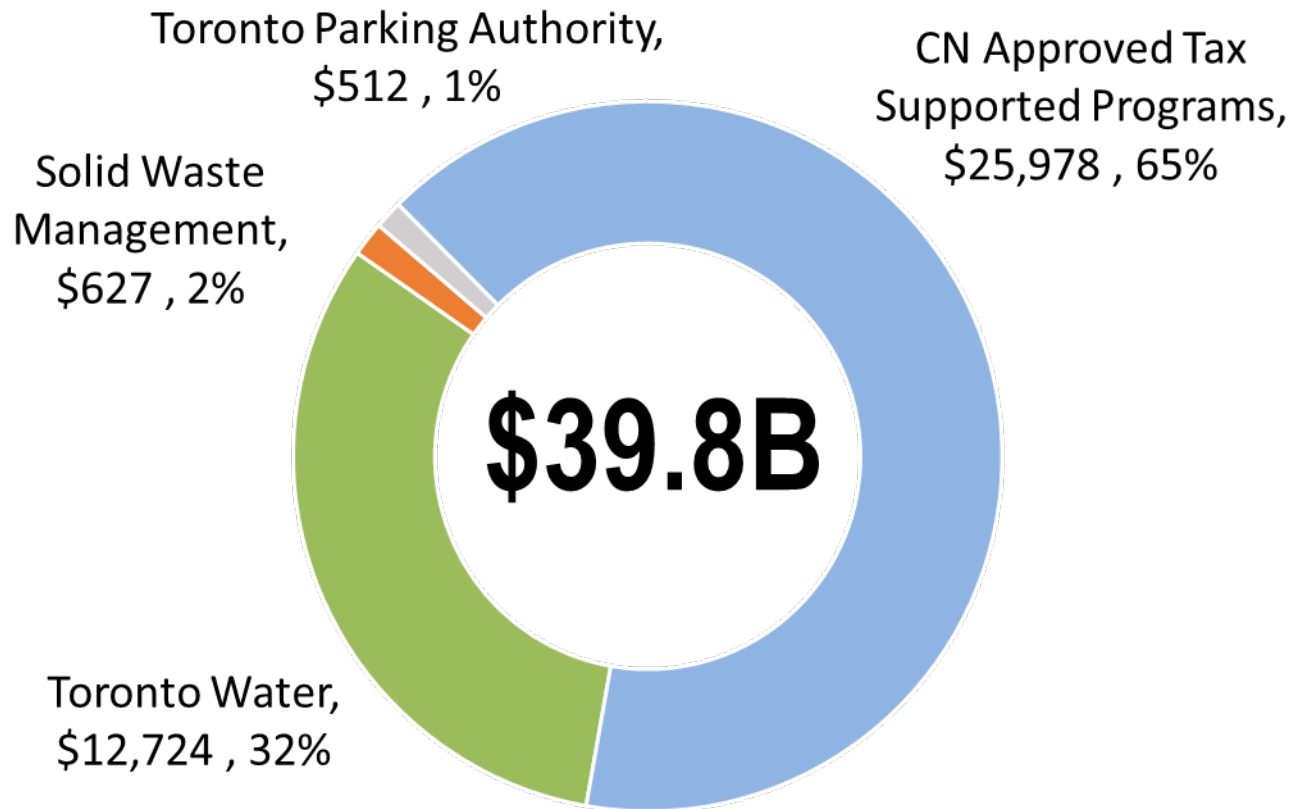


(\$M)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	10 Year Total
Incremental Debt Charge	39	41	61	27	(-21)	38	7	29	25	1	246
Debt Charge as a % of Tax Levy	13.51%	14.10%	15.12%	15.31%	14.51%	14.97%	14.76%	15.00%	15.15%	14.81%	14.73%

## KEY INVESTMENTS IN COUNCIL PRIORITIES

(\$M)	2018 Budget		2018 - 2027 Plan	
	Gross	Debt	Gross	Debt
<b>New Investments in Preliminary Budget:</b>				
TCHC Interim Capital Funding	216.037	216.037	279.183	279.183
George Street Revitalization	-	-	485.871	485.871
AODA Compliance	1.161	1.161	202.000	202.000
Critical SOGR	10.376	7.225	70.041	65.510
Modernization & Innovation	15.661	14.612	45.016	41.705
Major Studies	5.400	3.200	12.900	8.500
Other	38.393	1.154	42.673	1.434
<b>Sub-Total</b>	<b>287.028</b>	<b>243.389</b>	<b>1,137.684</b>	<b>1,084.203</b>
<b>BC Recommended Changes:</b>				
11 Additional Shelter Sites	43.880	43.880	178.560	178.560
Union Station Revitalization	22.800	-	22.800	-
St. Lawrence North Redevelopment		-	9.505	9.505
Vision Zero Road Safety Plan	2.621	2.521	6.403	6.303
TTC Fare System Project - 2 Hour Transfer	5.000	-	5.000	-
TRCA Menno-Reesor Restoration	1.500	-	3.500	-
PF&R 28 Bathurst St.	1.267	-	1.267	-
Other	0.724	-	0.724	-
<b>Sub-Total BC Changes</b>	<b>77.792</b>	<b>46.401</b>	<b>227.759</b>	<b>194.368</b>
<b>Grand Total</b>	<b>364.820</b>	<b>289.790</b>	<b>1,365.443</b>	<b>1,278.571</b>

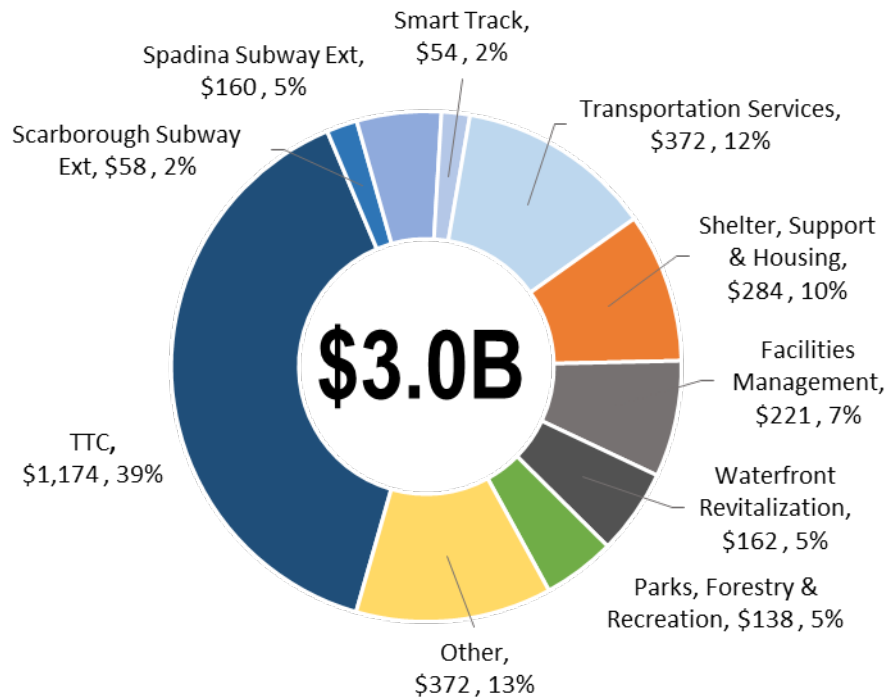
# TOTAL 2018-2027 CITY CAPITAL BUDGET AND PLAN – TAX & RATE



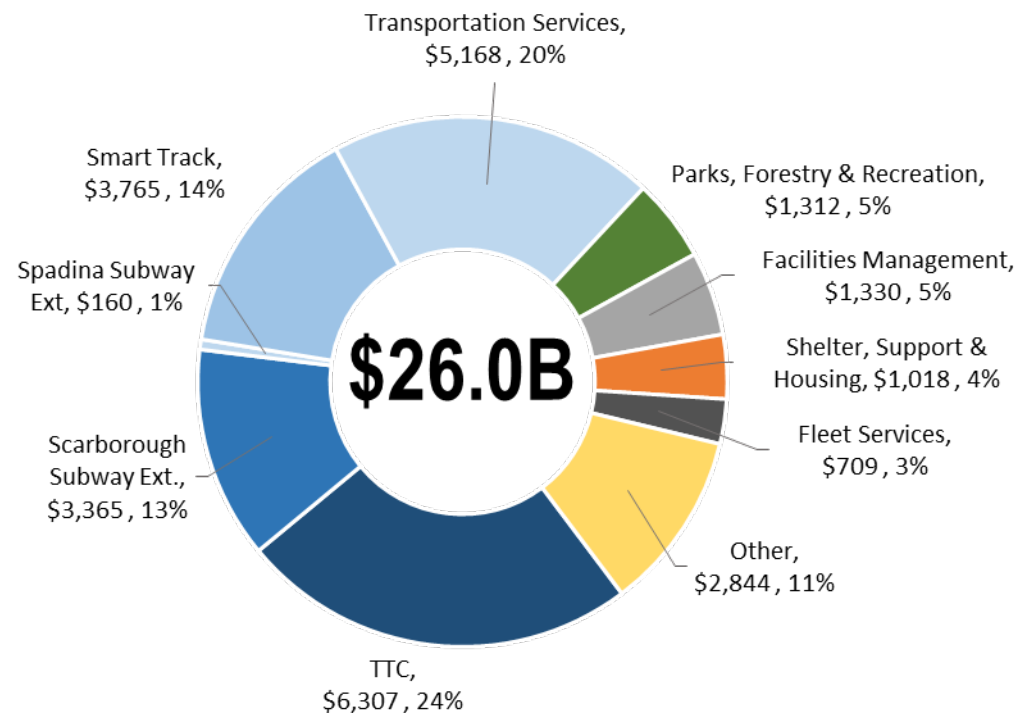
# 2018 – 2027 COUNCIL APPROVED CAPITAL BUDGET AND PLAN

## WHERE THE MONEY GOES – BY PROGRAM

**2018 Capital Budget  
By Program (\$M)**  
61% Transit/Transportation



**2018 - 2027 Capital Budget & Plan  
By Program (\$M)**  
72% Transit/Transportation

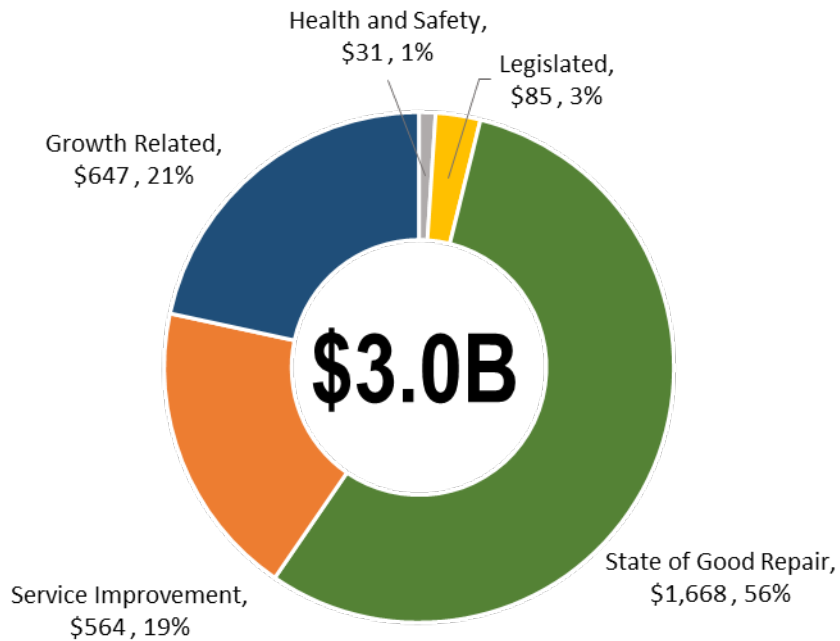




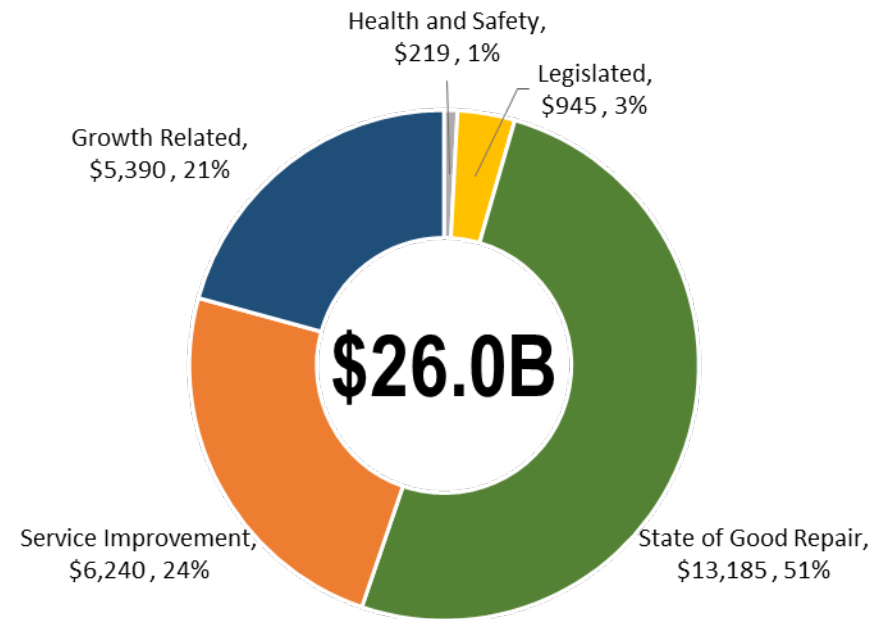
# 2018 – 2027 COUNCIL APPROVED CAPITAL BUDGET AND PLAN

## WHERE THE MONEY GOES – BY PROJECT CATEGORY

**2018 Capital Budget  
By Category (\$M)  
56% SOGR**

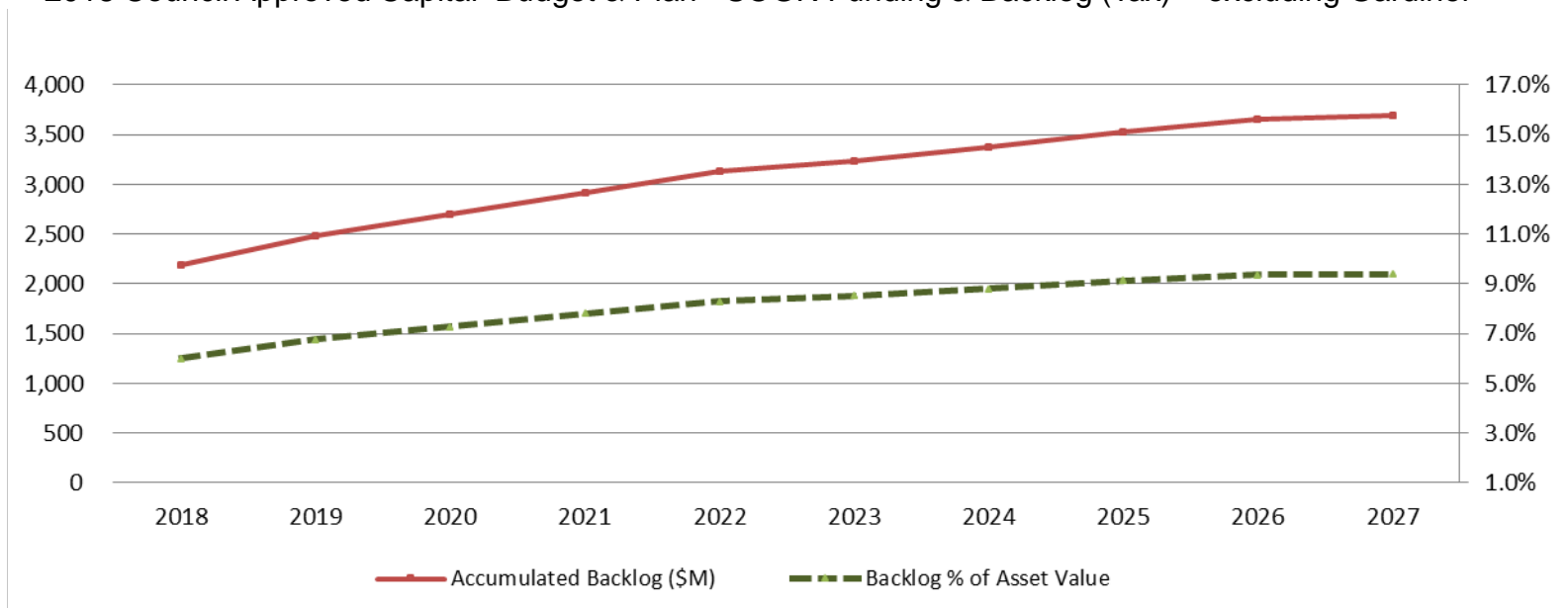


**2018 - 2027 Capital Budget & Plan  
By Category (\$M)  
51% SOGR**



# STATE OF GOOD REPAIR BACKLOG AS % OF TOTAL ASSET VALUE

2018 Council Approved Capital Budget & Plan - SOGR Funding & Backlog (Tax) – excluding Gardiner



Tax Supported Programs (without Gardiner)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total Asset Value (\$M)	36,488	36,778	37,059	37,366	37,685	38,041	38,369	38,707	39,041	39,389
Accumulated Backlog (\$M)	2,192	2,489	2,700	2,918	3,130	3,240	3,377	3,533	3,651	3,697
Backlog % of Asset Value	6.0%	6.8%	7.3%	7.8%	8.3%	8.5%	8.8%	9.1%	9.4%	9.4%

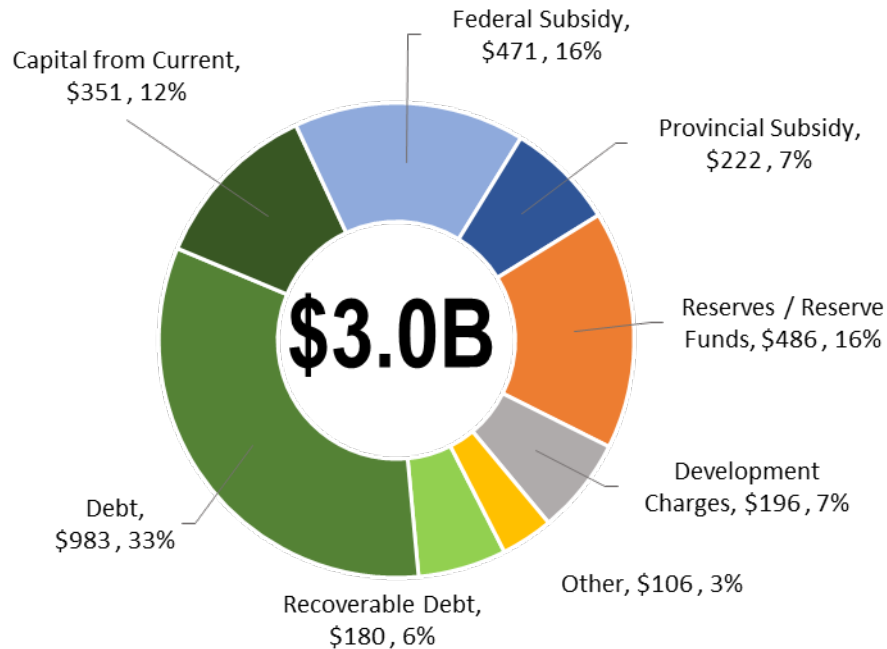
# STATE OF GOOD REPAIR BACKLOG PROJECTION BY PROGRAM

Program (\$M)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	10 Yr Change
Transportation Services (excl. Gardiner)	766	876	978	1,073	1,170	1,223	1,307	1,375	1,444	1,513	830 ▲
Facilities Management, Real Estate & Environment	328	492	568	650	714	727	718	728	723	670	329 ▲
Parks, Forestry & Recreation	458	466	480	490	507	528	554	584	607	600	146 ▲
Toronto Transit Commission	26	56	101	153	201	244	285	328	376	427	427 ▲
Toronto & Region Conservation Authority	235	225	214	205	194	181	172	165	153	143	(90) ▼
Toronto Public Library	67	70	82	84	92	97	111	129	136	146	86 ▲
Other	313	304	277	264	253	240	231	224	211	197	(131) ▼
<b>Total SOGR Backlog (end of Year)</b>	<b>2,192</b>	<b>2,489</b>	<b>2,700</b>	<b>2,918</b>	<b>3,130</b>	<b>3,240</b>	<b>3,377</b>	<b>3,533</b>	<b>3,651</b>	<b>3,697</b>	<b>1,597 ▲</b>
<b>Total Asset Value (end of year)</b>	<b>36,488</b>	<b>36,778</b>	<b>37,059</b>	<b>37,366</b>	<b>37,685</b>	<b>38,041</b>	<b>38,369</b>	<b>38,707</b>	<b>39,041</b>	<b>39,389</b>	
<b>SOGR as % Asset Value</b>	<b>6.0%</b>	<b>6.8%</b>	<b>7.3%</b>	<b>7.8%</b>	<b>8.3%</b>	<b>8.5%</b>	<b>8.8%</b>	<b>9.1%</b>	<b>9.4%</b>	<b>9.4%</b>	

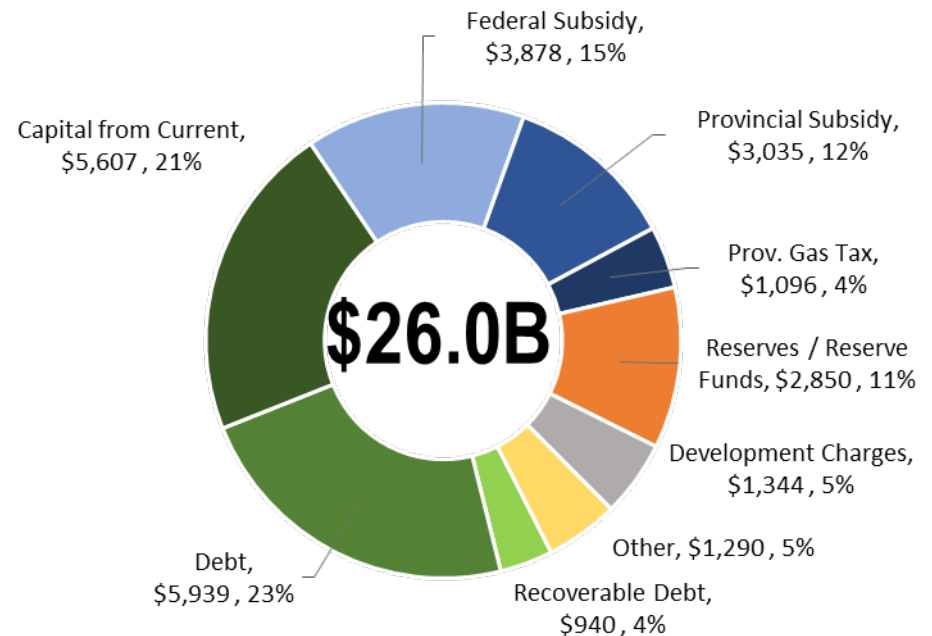
# 2018 – 2027 COUNCIL APPROVED BUDGET AND PLAN

## WHERE THE MONEY COMES FROM

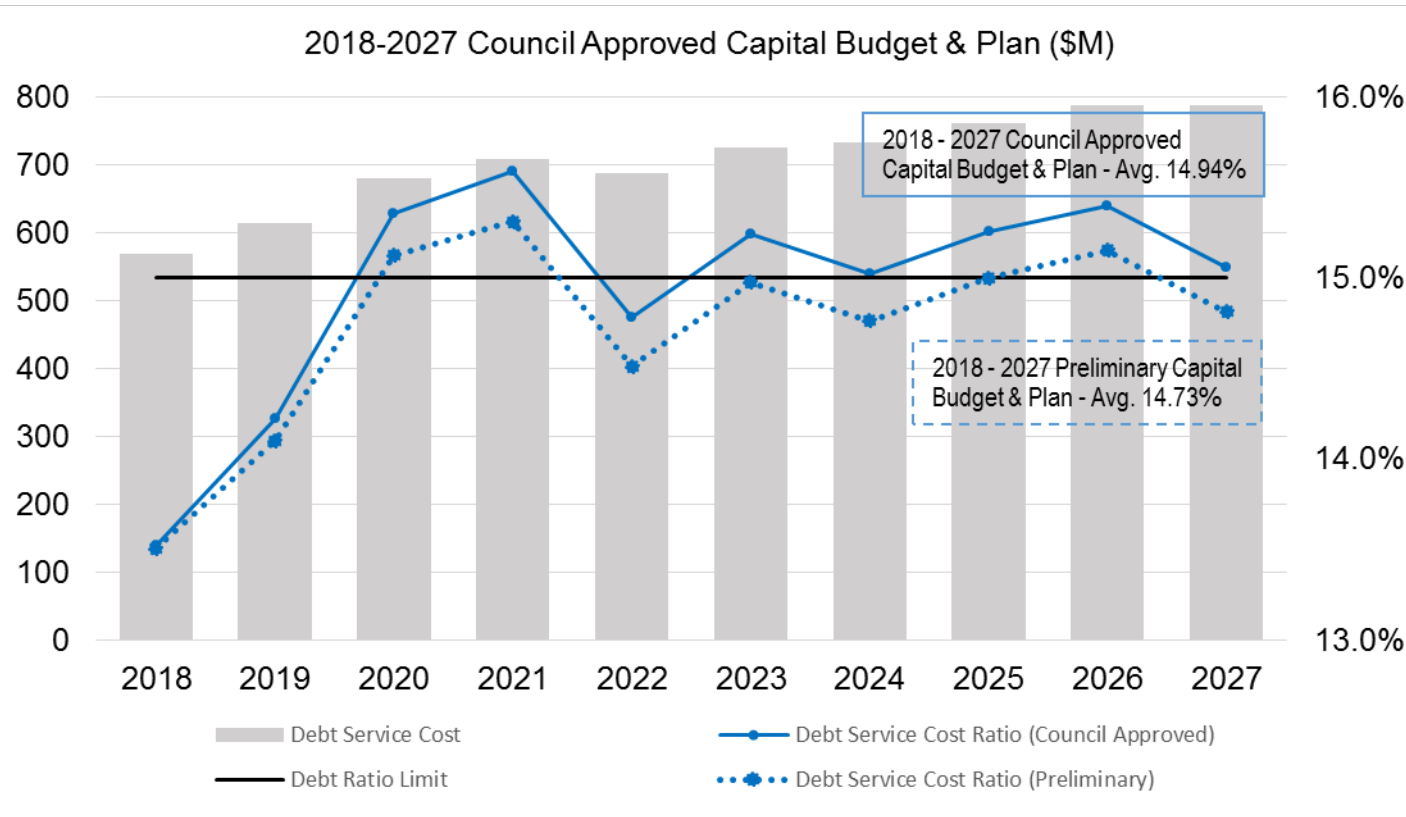
**2018 Capital Budget  
Funding Sources (\$M)  
45% Funded from Debt/CFC**



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



# DEBT SERVICE COST AS % OF PROPERTY TAX LEVY WITH COUNCIL APPROVED CAPITAL INVESTMENTS



(\$M)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	10-Year Total
Debt Service Cost	569	614	681	710	689	727	733	762	787	788	7,059
Debt Service Cost Ratio	13.52%	14.22%	15.35%	15.59%	14.78%	15.24%	15.02%	15.26%	15.40%	15.06%	14.94%



# 2018 Budget Process





## 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

## KEEPING THE PUBLIC INFORMED

[illegible]



## 2018 BUDGET SCHEDULE – KEY DATES

Activity	Tax Supported: Operating & Capital
Budget Launch - <b>Budget Committee</b>	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



■ Property Tax Comparisons	1
■ 2018 Council Approved Operating Budget Summary	
➤ 2018 Gross Expenditures	2.1
➤ 2018 Revenue	2.2
➤ 2018 Net Expenditures	2.3
➤ 2018 Positions	2.4
■ List of Efficiencies included in the 2018 Operating Budget	3
■ New and Enhanced included in the 2018 Operating Budget	4
■ 2018-2027 Council Approved Capital Budget and Plan Summary	5

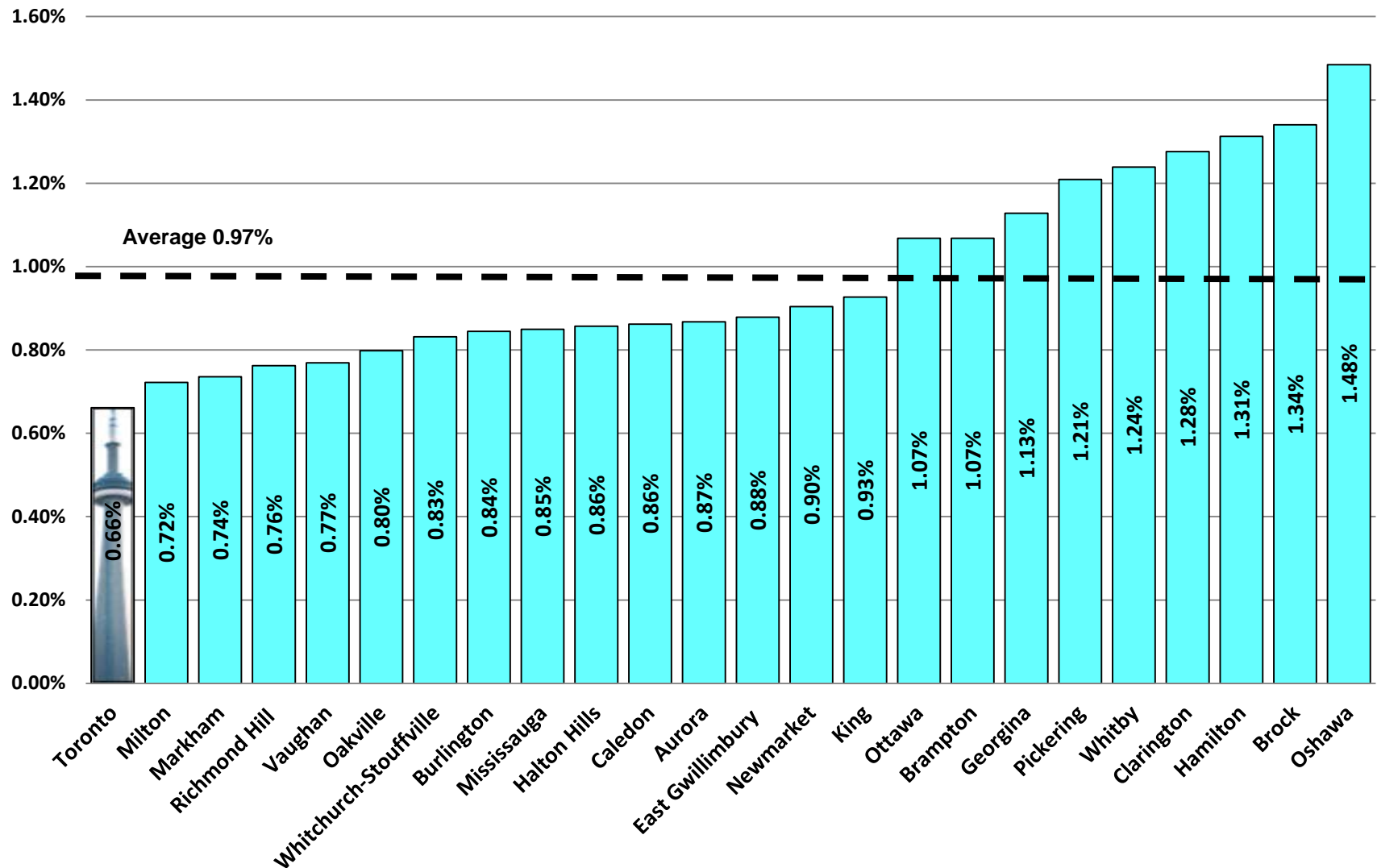


# Appendix 1: Property Tax Comparisons



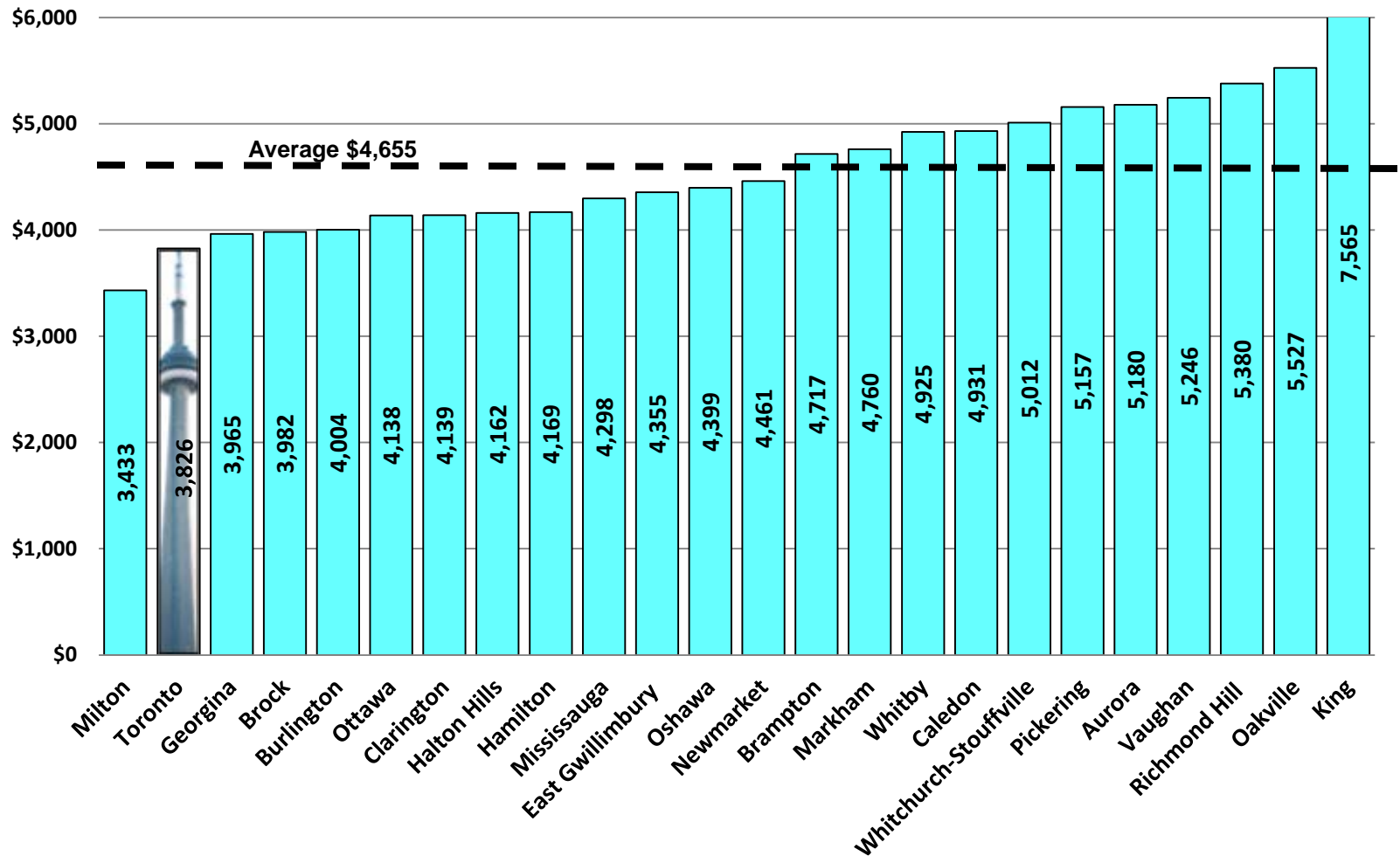
# COMPARISON OF 2017 RESIDENTIAL PROPERTY TAX RATES

## GTHA MUNIS & OTTAWA



Source: 2017 Municipal Study – BMA Consulting Inc.  
Includes Education Property Taxes

# COMPARISON OF 2017 AVERAGE PROPERTY TAXES GTHA MUNIS & OTTAWA

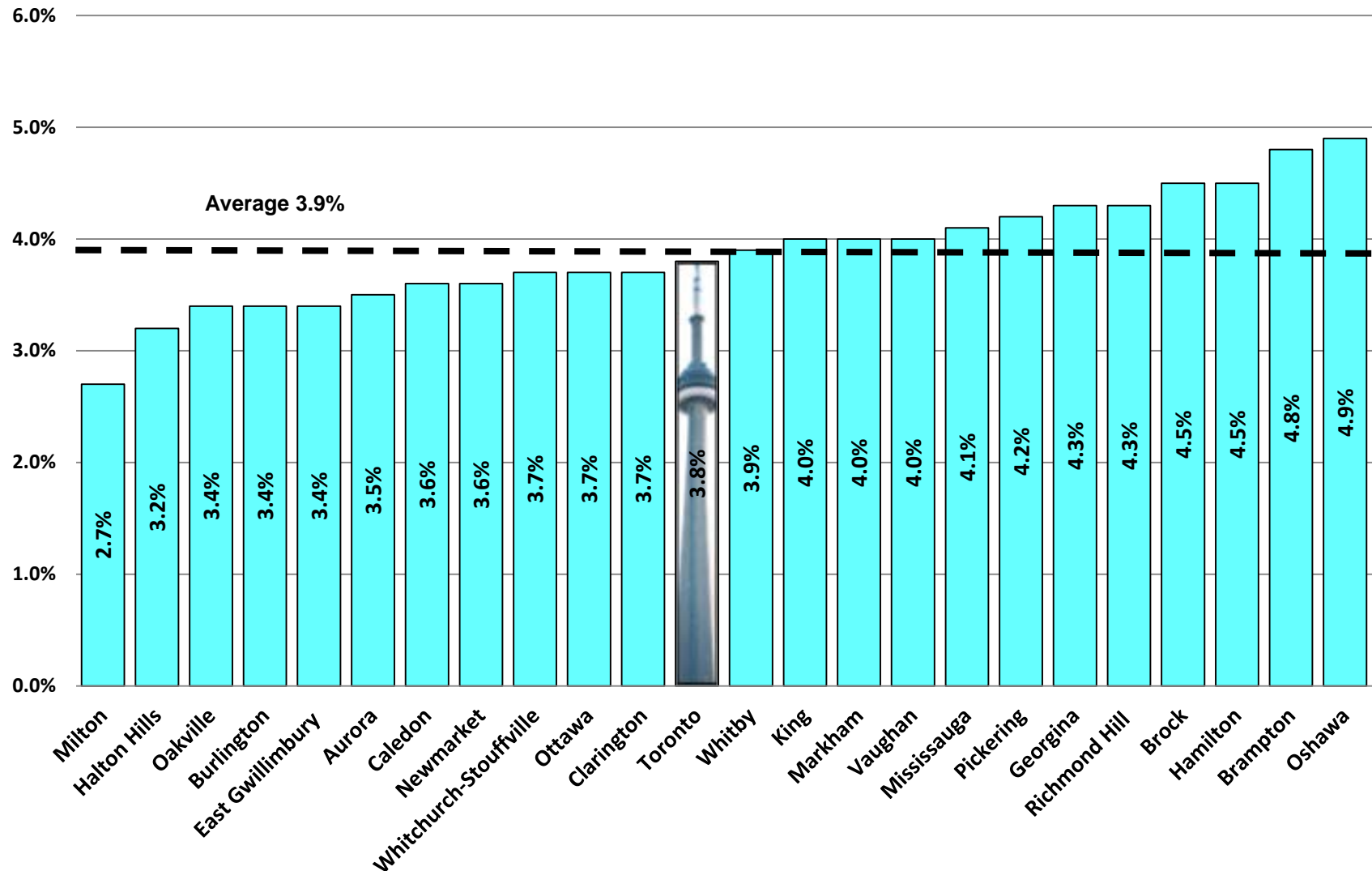


Includes Education Property Taxes

Source: 2017 Municipal Study – BMA Consulting Inc.

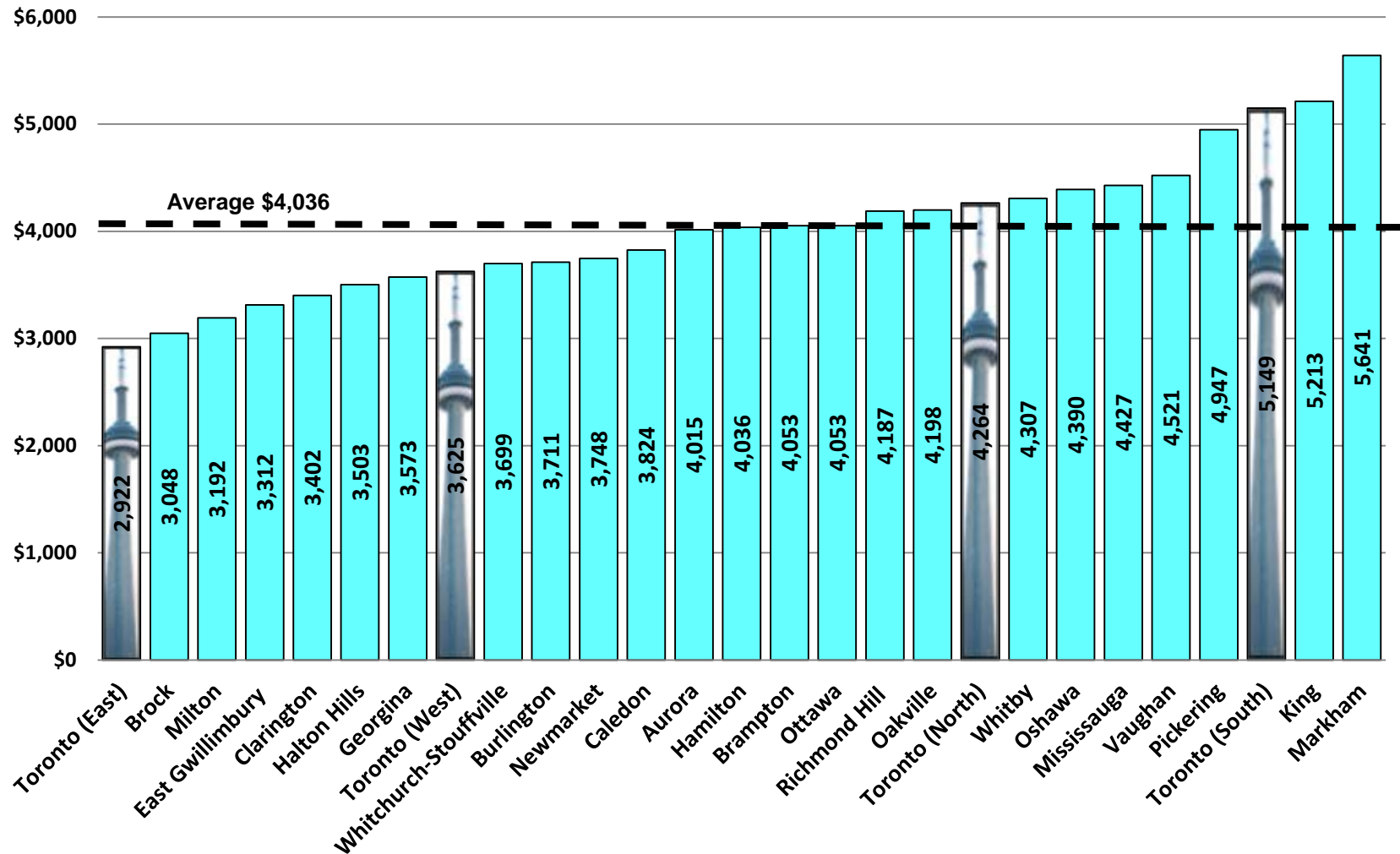
Note: Comparison is based on the weighted average median residential assessment of seven residential property types per MPAC Municipal Status Report 1<sup>st</sup> Quarter, 2017

# 2017 PROPERTY TAXES AS A % OF HOUSEHOLD INCOMES – GTHA MUNIS & OTTAWA



Source: 2017 Municipal Study – BMA Consulting Inc.  
Includes Education Property Taxes

# COMPARISON OF 2017 AVERAGE PROPERTY TAXES - GTHA MUNIS & OTTAWA DETACHED BUNGALOW



Source: 2017 Municipal Study – BMA Consulting Inc.

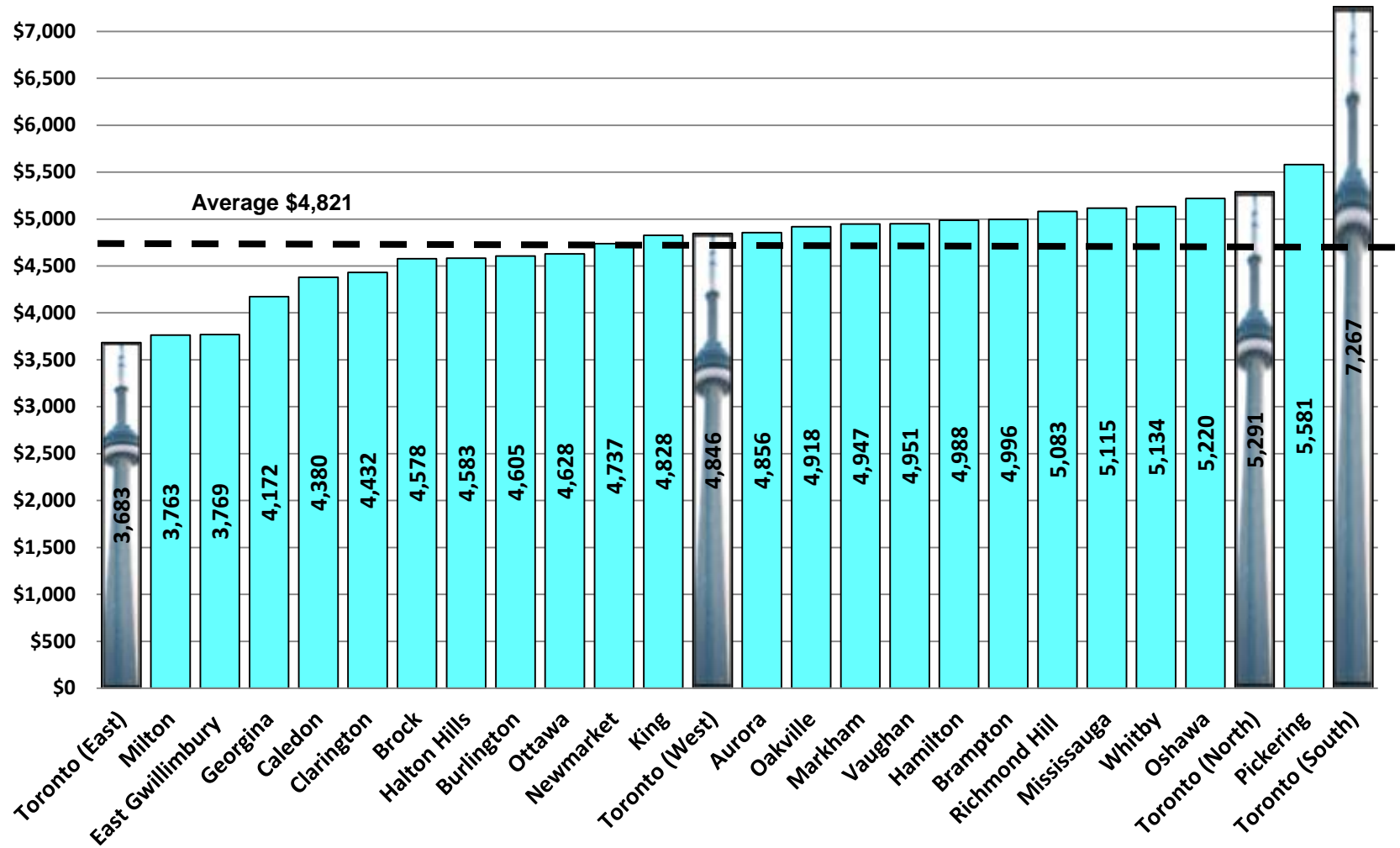
Includes Education Property Taxes

Detached Bungalow – three bedroom, single story, 1.5 bathrooms & one car garage



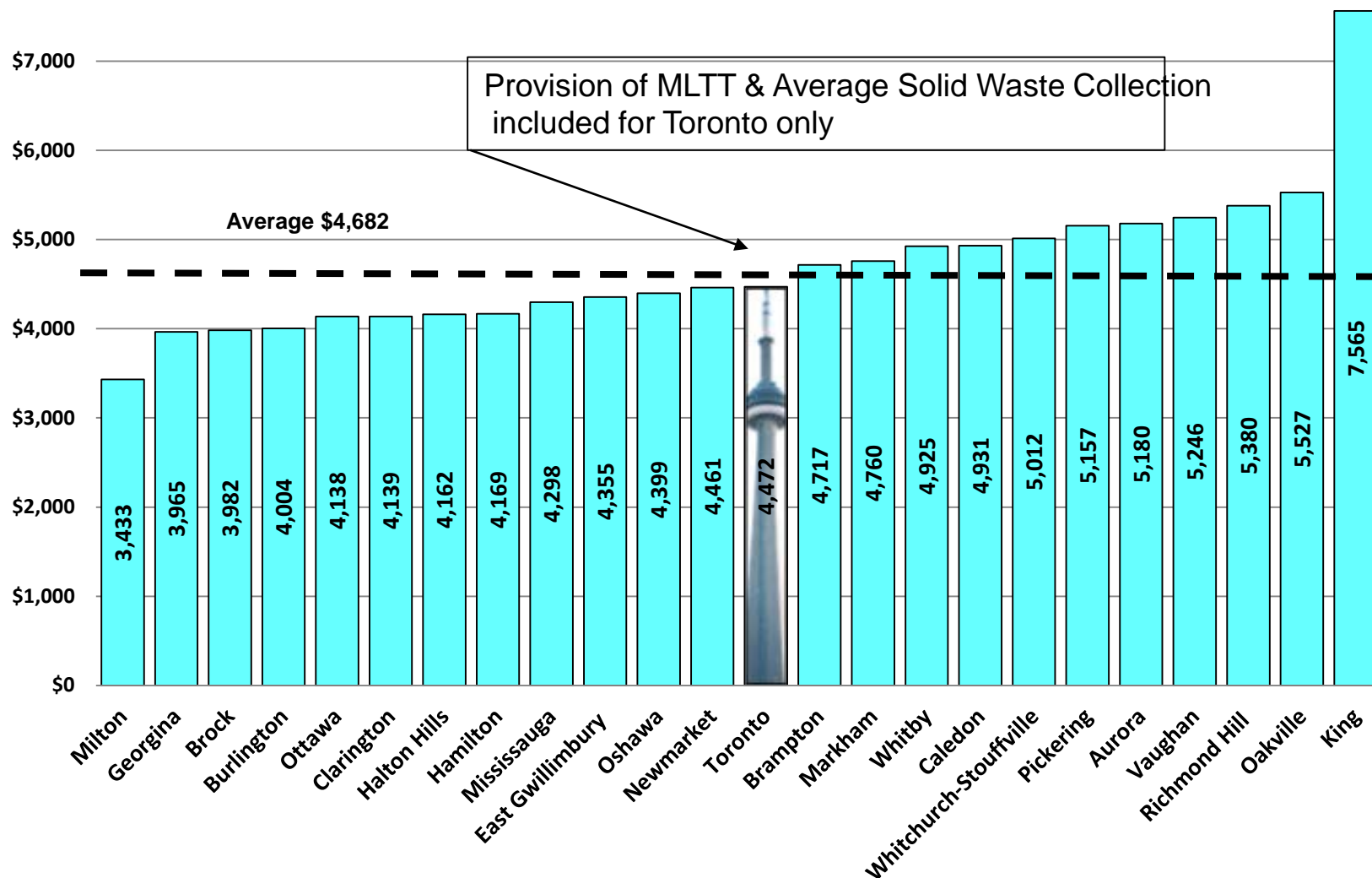
# COMPARISON OF 2017 AVERAGE PROPERTY TAXES - GTHA MUNIS & OTTAWA

## TWO STORY DETACHED HOME



Source: 2017 Municipal Study – BMA Consulting Inc.  
Includes Education Property Taxes  
Two Storey Home – three bedroom, 2.5 bathrooms & two car garage.

## COMPARISON OF 2017 AVERAGE PROPERTY TAXES - GTHA MUNIS & OTTAWA

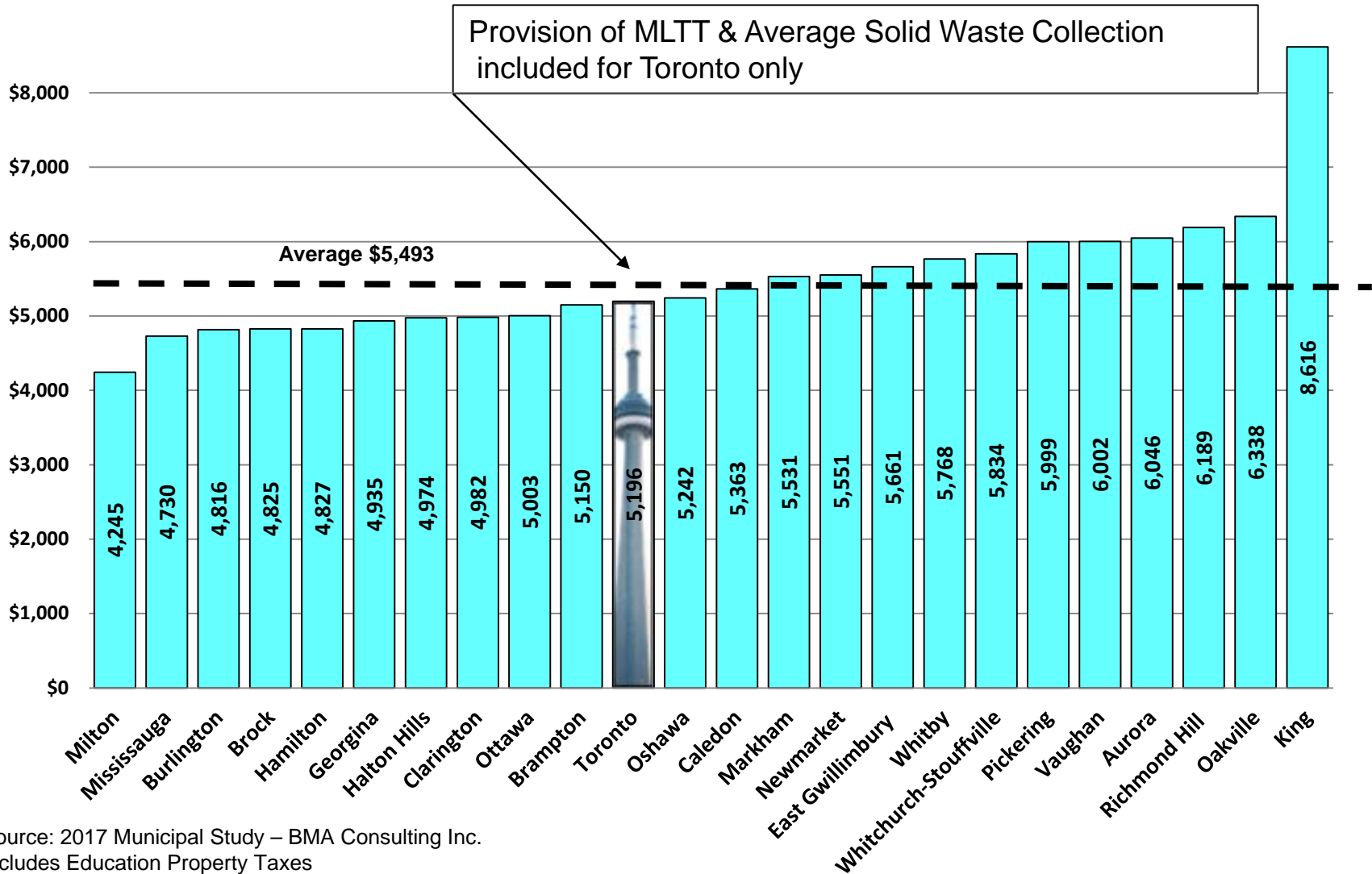


Source: 2017 Municipal Study – BMA Consulting Inc.

Includes Education Property Taxes

Note: Comparison is based on the weighted average median residential assessment of seven residential property types per MPAC Municipal Status Report 1<sup>st</sup> Quarter, 2017

# COMPARISON OF 2017 AVERAGE PROPERTY TAXES + WATER/WASTEWATER COSTS



Source: 2017 Municipal Study – BMA Consulting Inc.

Includes Education Property Taxes

Water and Wastewater costs are based on a typical residential property with an average annual consumption of 200m<sup>3</sup>.

Note: Comparison is based on the weighted average median residential assessment of seven residential property types per MPAC

Municipal Status Report 1<sup>st</sup> Quarter, 2017

Thank You / End

