

A MESSAGE FROM THE DEPUTY CITY MANAGER AND CHIEF FINANCIAL OFFICER



The year 2005 marked the completion of the eighth year of the new amalgamated City, which was a year of major significance for the City government which serves the people of Toronto. As Deputy City Manager and Chief Financial Officer, I am proud of the many accomplishments, both internal and external to the organization, and our solid financial performance.

First of all, I take pleasure in reporting the significant stride that the City has made in its funding partnership and intergovernmental relations.

NEW DEAL

The City of Toronto, in cooperation with municipalities across Canada, the private sector and non-government organizations, has been leading the initiative for a municipal 'New Deal' with the other orders of government. The City views the New Deal as the quest for powers, respect and money: statutory powers commensurate with the City's responsibilities and sophistication; a seat at the table when other orders of government are making decisions that have an impact on the City; and importantly to enhance financial resources to manage the City's responsibilities.

In the past few years Toronto has achieved many milestones in this endeavor. Among these are the provincial government's introduction of the new City of Toronto Act to modernize the City's statutory powers, and a variety of revenue sharing and cost reduction measures by the provincial and federal governments, reversing a long trend of downloading. When enacted, a new City of Toronto Act could provide some additional revenue options to balance the City's reliance on the property tax.

The City is continuing its efforts to implement a multi-year plan for rectifying its estimated \$1.1 billion fiscal imbalance (Conference Board of Canada, 2005). In response to that plan, the Province has signaled a willingness to discuss the up-loading of social service costs from the property tax base. The plan also contemplates obtaining agreement from the federal and provincial governments to share 'growth' revenues, i.e. their sales and/or income tax base with municipalities.

CITY OF TORONTO ACT – NEW REVENUES

The City has begun to receive provincial and federal gas tax revenues, announced in the 2004 and 2005 respective budgets. For the first time in Ontario's history, the Provincial Budget, released on March 23, 2006, included a backgrounder exclusively on Toronto titled "Strengthening Ontario's Largest City". It specifically acknowledged Toronto as an accountable, responsible government and recognized both its 2006 Budget and long-term financial pressures. A number of specific initiatives that benefit Toronto are the result of on-going efforts to build positive intergovernmental relations. The specific commitments for Toronto announced in the 2006 Ontario Budget include:

- a \$200 million one-time transit investment that the City will be able to use to support TTC subway operations over 2006 and 2007
- \$1 million through Move Ontario towards an environmental assessment relating to the future of a Scarborough subway
- \$130.4 million in gas tax funds in 2006 (approximately \$40 million more than in 2005) available for support of transit operations, as well as capital expenditures
- \$10.4 million in increased land ambulance funding to move towards 50/50 cost sharing by 2008
- \$35 million through a new enhancement to the Ontario Municipal Partnership Fund that begins to recognize high social program costs in Toronto and in other eligible cities relative to residents' household incomes
- The Province is setting up an accounting provision for the remaining balance of loans which were provided in 1998 and 1999 to assist with the costs of amalgamation. For 2006, the \$20 million annual repayment will be deferred. Discussions will continue to reach a settlement to terminate the outstanding balance of the loan.
- Inter-regional transportation planning:
 - » announcement of the Move Ontario Trust that will provide Toronto and York Region with \$670 million to fund new subway construction to York University and into York Region
 - » announced Legislation in 2006 to create a Greater Toronto Transportation Authority (GTTA) that would plan, coordinate and set priorities for transit and road investments across the GTA and also help develop a GTA Transit Fare Card System
- **Child Care:** the Province will spread the final federal Early Learning and Child Care (ELCC) payment of \$253 million province-wide over the next four years (2006/07 to 2009/10) or \$63 million per year. Toronto should expect to receive \$17.4 million of this funding each year.
- **Social Services:** a 2% increase in social assistance basic needs and maximum shelter allowances for recipients of Ontario Works (OW) and Ontario Disabilities Support Program (ODSP). This will provide an additional \$33 million in benefits in 2006-07 and \$80 million in 2007-08.
- **Fiscal Imbalance:** several of the budget's announcements provide Toronto with multi-year funding. The Province links the long-term solution to Toronto's budget pressures with resolving the fiscal imbalance with the federal government.
- re-announcement of previous commitments such as increased provincial share of public health costs to 65% in 2006 and to 75% by 2007

The impact of some measures on Toronto will depend on the outcome of consultations, allocation formulas, agreements with the federal government, implementation timing and multi-year phasing. While many of these commitments are one-time only, it does signal that the City has made significant progress with the Province in its quest for a New Deal.

As well, the federal budget announced on May 2, 2006, contained a number of personal and corporate tax reductions that will provide general stimulus to Toronto's economy. More importantly, there will be new funding to provinces to help address short-term pressures in post-secondary education, affordable housing and public transit. New funding will be allocated to a Public Transit Capital Trust and the Canada Strategic Infrastructure Fund, and to further improve pandemic preparedness. Toronto welcomes the continued funding of existing infrastructure programs and the new investment in housing, transit and public safety.

GOVERNING TORONTO

City Council is making changes to its governance system in anticipation of broader powers under the Stronger City of Toronto for a Stronger Ontario Act 2005. Council appointed a volunteer Governing Toronto Advisory Panel to assist with this process. At its December 2005 meeting Council approved in principle the recommendations in the Panel's report. Public consultations were held to engage public discussions on this issue. It is expected that Council would make a decision in late spring to enable implementation of the new governance model after the November election.

A few initiatives are taking place at the corporate level with positive impacts on public service excellence achieved through the ongoing service, stewardship and commitment of City employees.

BELLAMY REPORT

In September 2005 Justice Denise Bellamy released her final report on the Toronto Computer Leasing Inquiry and the Toronto External Contracts Inquiry in response to a request by City Council. Council approved a series of actions to implement the recommendations of the Bellamy Report. New rules for councillors and lobbyists will be considered by a council committee set up for this purpose. In addition, a program is being developed to support staff in their application of ethical values in the public service, increasing education about ethical issues for all staff, and establishing a code of conduct for staff similar to the code for councillors. The Toronto Public Service is expected to conduct the City's business with a high level of integrity, accountability, fairness and transparency. Concurrently, the Fraud and Waste Hotline program was established as a centralized way for City employees and the public to anonymously report allegations. The hot-line program is also beneficial in that it may deter or stop irregular activity involving City resources.

LONG-TERM FISCAL PLAN

Council unanimously adopted the City's first-ever Long-Term Fiscal Plan in April 2005, which serves as a blueprint or framework for future financial planning and discussions with funding partners. The plan's 24 financial strategies, 17 fiscal principles and five financial policies have and will continue to assist programs and services in their planning and decision-making process to ensure the City is fiscally sustainable, financially flexible and remain competitive in the global economy.

The development of a long term fiscal plan is perceived positively by the City's credit rating agencies. The City's efforts in producing this plan were rewarded with an international award – Government Finance Officers Association (GFOA) 2006 Award for Excellence in Government Finance, submitted under the category "budgeting and financial planning". GFOA's awards of excellence recognize contributions to the practice of government finance that exemplify outstanding financial management. The awards stress practical, documented work that offers leadership to the profession and promotes improved public finance.

PROPERTY TAX POLICY – ENHANCING TORONTO'S BUSINESS CLIMATE – IT'S EVERYBODY'S BUSINESS

In keeping with Council's priority to improve the City's business climate, in October 2005 Council approved a comprehensive business competitiveness strategy enclosed in the report "Enhancing Toronto's Business Climate - It's Everybody's Business". This lays out a 15-year strategic approach for a new action plan to enhance the City's ability to compete globally as the heart of one of the five largest city regions in North America. The recommended policy is the result of extensive consideration and analysis of the impacts, balancing the risk of ongoing loss of business and assessment with the implications on tax revenues and budget pressures, and managing the tax impacts on residential taxpayers. The adopted property tax strategies will reduce the non-residential tax ratios to 2.5 times the residential rate over 15 years from the current rates which are in the range of over 4 times. The strategy includes allowance for only one-third of any residential tax increase to be passed on to the commercial, industrial and multi-residential classes, tax relief for neighborhood retail properties, and a lower tax rate for new non-retail commercial and industrial developments.

OTHER INITIATIVES TO IMPROVE COMMITMENT, STEWARDSHIP AND EXCELLENCE IN SERVICE DELIVERY

The Purchasing and Materials Management Division has made significant improvements this year in the way the City buys goods and services. The City purchases about \$1 billion in goods and services annually. Fairness and transparency are vital in the procurement process. This year, new tools - specifically a low-bid procedure and a Request for Proposals (RFP) template - have been made available to City staff who make purchases. In addition, the division now offers a procurement course to all staff (six times in 2006) and is in the process of making its intranet site more user-friendly.

Since 2001, the budget process has undergone revamping to improve the management of expenditures and establish greater accountability. Currently, staff report quarterly to Council providing the tracking of operating and capital budgets, staff complement, spending on consultants and the status of reserve funds. The quarterly reports help to check the City's actual spending against approved budgets, thus ensuring a high level of stewardship is maintained.

A comprehensive auditing regime is in place, with the Auditor General reporting to Council and Internal Audit reporting to the City Manager. Their oversight ensures that any concerns about management of City resources are taken care of, complaints are investigated and action is taken.

The City's recent launch of online parking ticket payment system is part of the City's commitment to providing access to public services 24 hours-a-day, seven days-a-week. Supported by a team made up of several divisions (specifically Revenue Services, corporate I&T and the City Manager's Office) this new system can provide easier access by payers to process the three million parking tickets the City issues every year.

In addition to paying parking tickets online, the public now benefits from the convenience of online processing of street parking permit renewals and registration for Parks and Recreation programs.

2005 Financial Performance

The City of Toronto presently maintains relatively low debt levels and high credit ratings through prudent financial management. Since 1998, the City has been able to hold the line on property taxes. Cumulative property tax increase from 1998 to 2005 – 23 per cent for homeowners – is just catching up with inflation (22 per cent). For commercial, industrial and multi-residential property owners, the cumulative increase of just 3 per cent in the same eight year period is in fact well below the rate of inflation.

The 2005 highlights include:

- Actual property tax revenues collected were \$3,235.4 million as compared with the budget of \$3,151.7 million - this favourable variance is due to the more aggressive approach the Revenue Services Assessment unit to ensure that new construction is assessed on a timely basis.
- The City collected total revenues of \$7.879 billion and spent \$8.111 billion for a net consolidated expenditure of \$232 million before long-term financing, resulting in an increase in net financial liabilities.
- Cash and investments increased by \$207 million to a total of \$2.645 billion.
- The City's investment in its government business enterprises decreased by \$23 million in 2005 to total \$1.013 billion.
- Net long-term debt to third parties increased by \$284 million to stand at \$1.965 billion at the end of the year.
- The employee benefits liability increased by \$135 million to \$2.112 billion.
- Mortgage debt obligations of Toronto Community Housing Corporation declined by \$27 million to a total of \$965 million at year end.

2006 CAPITAL AND OPERATING BUDGETS

The 2006 approved tax-supported Capital Budget of \$1.25 billion has met the strategic objective of maintaining capital assets in a state of good repair and the need to remain financially stable. In addition to gas tax revenues, the City was successful in securing one-third funding support from each of the provincial and federal governments for the Toronto Transit Commission Capital Budget which has helped the City to begin meeting its objectives.

The 2006 Capital Budget was prioritized within five categories. As in prior years, the Capital Budget continues to focus on maintaining capital assets in a state of good repair with over 75.2 per cent (or \$940.7 million) of the budget being allocated to the City's top three priorities: Health and Safety, Legislated and State of Good Repair. On a program basis, TTC and transportation account for almost two-thirds (or \$798.1 million) of the total Tax Supported Capital Budget. As in prior years, debt continues to be the principal source of financing at \$473.2 million (refinanced debt of \$135.0 million plus new debt of \$338.2 million), representing 38 per cent of all financing sources. Other significant funding sources include Reserves / Reserve Funds, Capital from Current funding, and Development Charges. Since 1998, debt as a funding source has ranged from a low of 31 per cent in 1998 to 59 per cent in 2000; and on average has approximated 45 per cent of the annual capital budget.

After months of ongoing review, City Council in March 2006 approved the City's 2006 Operating Budget that kept spending in the majority of City programs to 2 per cent and protected basic City services. The budget also provides for an increase in the number of front line police officers, improvements to TTC service and continuation of important parts of the City's clean and beautiful city program. The budget pressure was mainly driven by the funding responsibility to pay for provincial income-redistributive programs. Ultimately a balanced budget was achieved through a combination of efficiencies, continuous improvements, user fee revenue increases, provincial

subsidies, and reserve draws to minimize the property tax increases (which were kept at 3 per cent for residents and 1 per cent for businesses and multi-residential properties).

Inasmuch as the provincial recognition of Toronto's funding issues has proved extremely helpful, there remains significant work to be done to put permanent solutions in place to address the City's basic funding issues. The City will continue working with the provincial and federal governments to reach this goal.

The City of Toronto will continue to strive for improvements in financial controls and accountability, enhancements in the financial planning process and vigilance in fiscal prudence. In addition, the City looks forward to continue working with other government partners towards a more mature order of government and become more fiscally sustainable.



Joseph P. Pennachetti
Deputy City Manager and Chief Financial Officer

2006 FINANCIAL OVERVIEW

Financial Condition & Performance

The progress reports in achieving highest standards of performance, accountability, transparency and service delivery



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FINANCIAL CONDITION & PERFORMANCE

FISCAL CAPACITY

Toronto continues to face a structural financial problem, primarily caused by:

- expenditure pressures due to ageing infrastructure, unique demographic mix associated with being Canada's largest and most diverse City, over-inflationary cost increases for many items and continuously increasing demand for services
- insufficient revenue growth to support growth in operating and capital requirements, due to legislatively restricted access to non-tax revenue sources, exacerbated by relatively weak commercial/industrial tax competitiveness and weak overall assessment growth
- asset degradation due to insufficient funding, and growing liabilities to provide for future costs, particularly in the area of employee benefits

The Conference Board of Canada provided a clear and objective analysis of this issue. In its June 2005 report titled "Measuring Toronto's Fiscal Capacity: An Executive Summary," it indicated that the City faced a combined capital and operating annual fiscal shortfall of \$1.1 billion in 2006 to fulfill its current program responsibilities and begin to address its infrastructure gap.

The study also indicated that the imbalance would grow by over \$100 million each year unless property taxes were able to grow by the same amount.

The study identified an upload of financial responsibilities and/or transfer of sales or income tax revenue capacity from the provincial or federal government as a solution to the shortfall.

PHYSICAL INFRASTRUCTURE

The City owns a significant amount of physical assets, comprising roads, expressways, bridges, street lighting and traffic signal controls, water and wastewater treatment facilities, distribution and collection pipes, reservoirs, pumping stations, subways, streetcars, buses, civic centres, recreation facilities, public housing buildings, parkland and other lands. This infrastructure, excluding land, is currently estimated to be worth in excess of \$57 billion. The City's capital program is driven largely by the costs of maintaining its physical assets in a state of good repair.

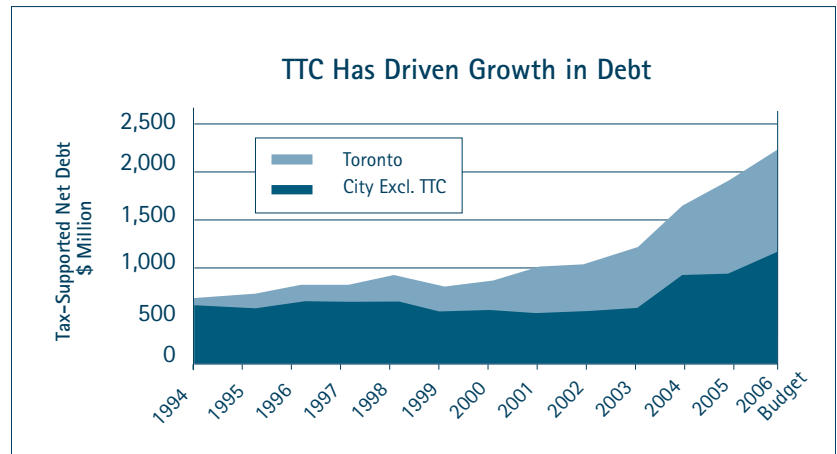
City's Infrastructure is Substantial

	Estimated Asset Value
Transportation Infrastructure	\$9.5 Billion
Water & Wastewater Infrastructure	\$26.6 Billion
Public Transit System	\$8.9 Billion
Buildings, Facilities & Fleet	\$6.0 Billion
Housing Infrastructure	\$6.0 Billion
Estimated Total Value of Physical Infrastructure (Excluding Land)	\$57 Billion++

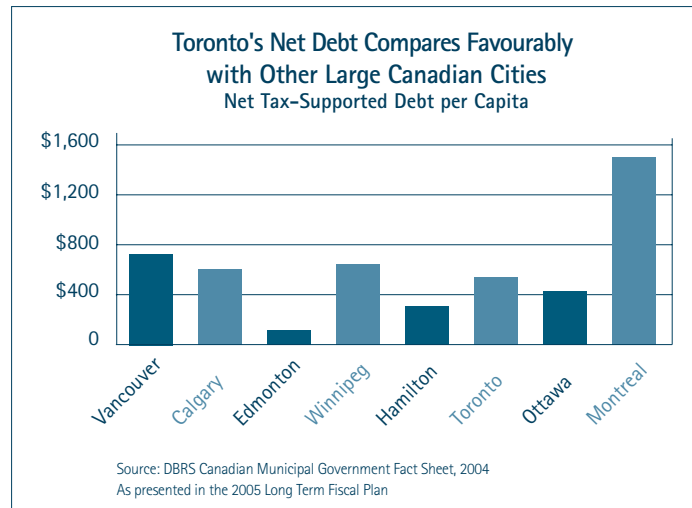
The City's road network, the majority of which was constructed in the 1950s and 1960s, is in need of major repair and rehabilitation. The City's water and wastewater network is similarly aged – 50 per cent of the water pipes and 30 per cent of wastewater pipes are more than 50 years old, while seven per cent of watermains and three per cent of wastewater infrastructure are more than 100 years old. Due to fiscal constraints, the City's current spending in the capital program is less than ideal. Insufficient funding to the state of good repair for all programs has created backlogs worth hundreds of million of dollars. In addition, capital requirements resulting from population growth and demographic changes further exacerbate capital underfunding. The City's 2002 Official Plan projects population growth of up to a million people in the City of Toronto, raising the population to 3.5 million people in 30 years. More buses, housing, recreation centres, etc. are required, which will put pressures on the capital and operating budgets.

CAPITAL FINANCING AND DEBT

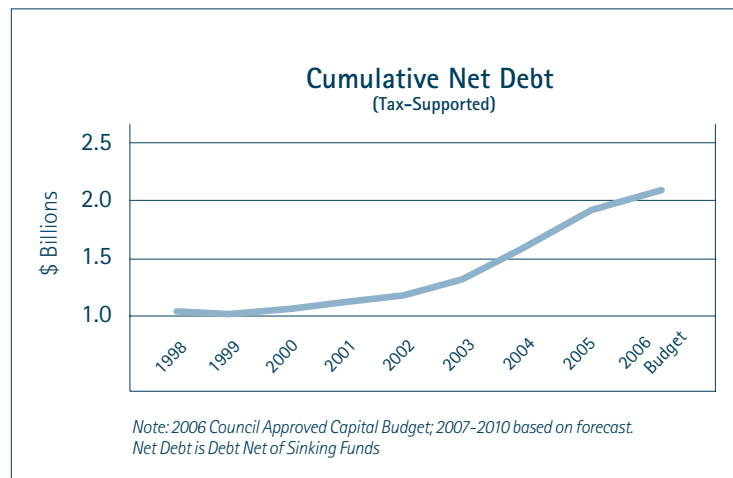
The City borrows to fund capital expenditures. (It cannot borrow to fund operating expenditures under the Municipal Act). Toronto has enjoyed relatively low debt levels; however, there is a sizeable gap between future capital expenditure needs and ongoing sustainable revenue sources. The City does not have the financial capacity for necessary growth related expenditures, e.g. TTC, Transportation, Housing, etc. Historically, TTC capital expenditures have driven the growth in net debt.



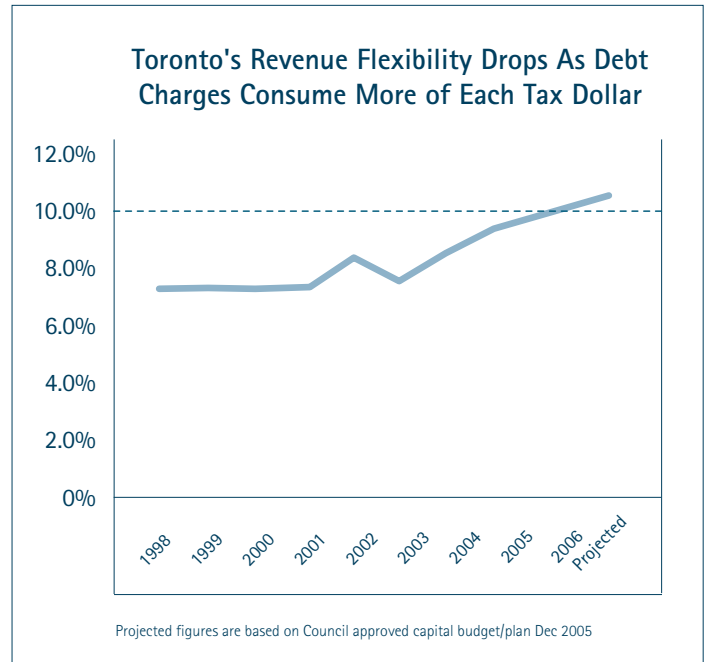
Toronto's net tax-supported debt per capita is comparable to other major Canadian municipalities.



Going forward, preliminary estimates show that the City's net debt will escalate significantly if all capital needs that have been identified were to be funded. Gas tax funding from the federal and provincial governments has alleviated some of the capital financing pressures and will help to lessen future debt requirements. Staff are currently in the process of reviewing the five-year capital plan with the intent of constraining the capital expenditures in order to limit debt to a more affordable and sustainable level.



Debt charges is the second largest component of the property tax bill (behind police services). In 1999, City Council implemented a debt service guideline such that the debt service cost should not exceed 10 per cent of property tax revenues in a given year. Although only a guideline, this limit means that 90 cents on each tax dollar raised is available for operating purposes. Given the current debt forecast resulting from inadequate new revenues to support the capital program, this guideline will be exceeded in 2006.

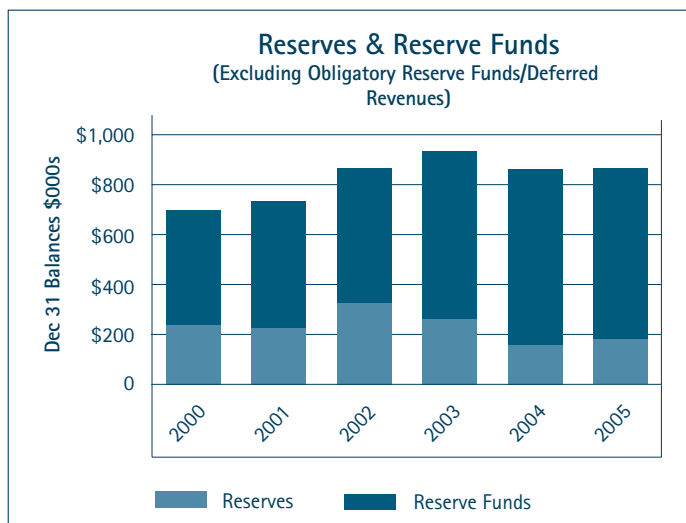


RESERVES AND RESERVE FUNDS

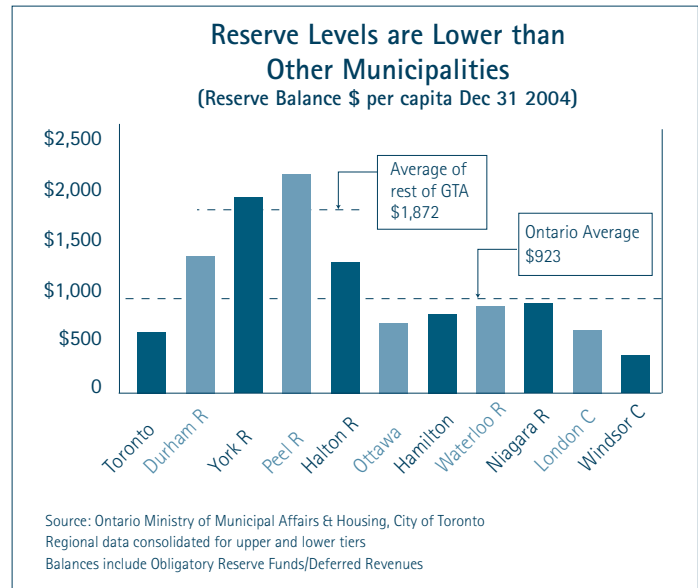
As at December 31, 2005, the City had \$890.9 million in Council-directed reserves and reserve funds, comprising \$196.5 million in Reserves and \$694.4 million in Reserve Funds. These funds have been set aside by Council to earmark revenues to finance a future expenditure for which it has authority to spend money, to defend the City against "rainy days", e.g. economic downturn or other extraneous factors that resulted in a budget deficit, to smooth out future program expenditures which may fluctuate from one year to the next, or to accumulate funds for future capital requirements.

Certain funds are associated with an estimated requirement / liability / target level. One example is the reserve funds related to employee benefits, consisting of reserve funds such as Employee Benefits, Worker's Compensation, Sick Leave and Police Central Sick Pay. Although there is a total of \$227.0 million in the reserves and reserve funds on December 31, 2005, the actuarial liability for the City as at December 31, 2005 is estimated at over \$2.1 billion, resulting in an unfunded liability of about \$1.9 billion. Other examples include reserve funds for Capital / State of Good Repair. As discussed earlier, the City has total physical assets estimated at more than \$57 billion. Most physical infrastructure is old and in need of repair and replacement. If the asset's average life is 50 years, the annual replacement rate should be 2 per cent, or \$1.14 billion. Some assets have shorter life, e.g. vehicle and equipment, and therefore the annual replacement requirement could be significantly higher. However, the City will spend only an average of \$900 million annually in the next few years for the State of Good Repair purpose.

While the reserves and reserve funds balance of \$890.9 million in Council-directed funds would appear to be a large sum, the City's liabilities with which the reserves and reserve funds are associated are currently estimated to be in excess of \$4.4 billion.



On a comparative basis, the City's overall fund balance on a per capita basis is much lower than most Ontario municipalities – just over half of the Ontario average and just over a quarter of the average of the rest of the Greater Toronto Area (GTA), as shown in the following figure. If the City were to have the same reserve per capita as the average of the rest of GTA, it would have \$4.9 billion in reserves, or almost four times the current balance, with enough funds to offset its outstanding debt and fully fund its employee liabilities.



The City is in the process of establishing a long-term reserve strategy to address and mitigate the inadequacy, including determining needs and establishing contribution policies.

Deferred Revenues

Funds that are set aside for specific purposes by legislation, regulation or agreement and may only be used in the conduct of certain programs or the completion of specific work are reported as Deferred Revenues (previously Obligatory Reserve Funds).

These include funds set aside relating to Development Charges, Parkland Acquisition, Homes for the Aged, and Social Housing. These amounts are recognized as liabilities in the year the funds are deposited, and received into revenue in the fiscal year the related expenditures are incurred or services performed. The balance of such funds as at December 31, 2005 was \$646.6 million. These funds are all committed and are not available at Council's discretion.

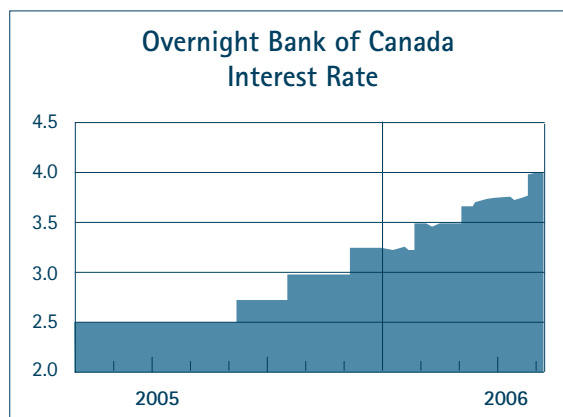
CAPITAL MARKET FINANCING ACTIVITIES DURING 2006

Council Authority to Issue Debentures during 2006

Council authorized the Mayor and Treasurer to issue debentures during the year in an amount not exceeding \$600 million, consisting of \$550 million to finance City capital expenditures and \$50 million on behalf of the Toronto District School Board's capital requirements.

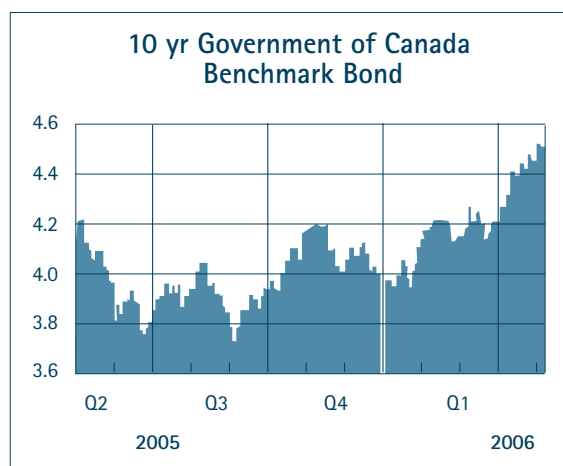
Financial Market Environment

The dominant theme in global capital markets over the past year was the tightening of monetary policy and the resulting decline in liquidity. Low central bank interest rates, which were the primary source of increased liquidity since 2002, have increased significantly as world central banks continue to tighten monetary policy concurrently.



Energy prices continue to increase and are affecting global inflation. Long-term interest rates have begun to move upward but remain low by historical standards, especially in Canada.

Consequently, the yield curve has remained flat with a difference of only 36 basis points (0.36 per cent) between the one-year Canada bond yield of 4.15 per cent and the ten-year yield of 4.51 per cent. However, it is being forecasted that long-term interest rates will remain at current levels and possibly increase by 25 (0.25 per cent) basis points by end of the fourth quarter of 2006.



The Canada benchmark interest rate for a ten-year term fluctuated during the first five months of 2006 from 3.90 per cent in January 2006 to a high of 4.55 per cent by the end of April 2006. There continues to be market volatility in this trading range.

It should also be noted that the Canadian dollar has continued to strengthen against the US currency and could affect economic growth and interest rates during the remainder of 2006 and 2007.

Debenture Issuance

During 2005, the City issued a total of \$500 million in debentures. The first debenture totalling \$300 million was issued in May. The instalment debentures in the amount of \$40 million ranging from 1 to 4 year terms-to-maturity with interest rates between 2.90 per cent to 3.65 per cent per annum. Sinking fund debentures in the amount of \$60 million were issued with a five-year maturity at an interest rate of 3.75 per cent per annum and \$200 million was issued at 4.55 per cent for a ten-year term.

The second debenture, a \$200 million transaction, was issued in October. The instalment debentures were issued in the amount of \$150 million ranging from 1 to 9 years terms-to-maturity with interest rates between 3.45 per cent to 4.30 per cent per annum. Sinking fund debentures in the amount of \$50 million were also issued at 4.375 per cent for a ten-year term.

The overall net cost of financing the \$300 million was 4.54 per cent and the \$200 million issue yielded 4.26 per cent which was the lowest cost of funds incurred by the City over the last thirty years. Both debenture issues blended maturity structures with current capital market conditions in order to match the economic life of various capital expenditures with their financing terms. The structure and pricing of these transactions achieved the lowest cost of funds relative to other potential structures, markets and currencies as permitted by provincial legislation.

Outlook for 2006

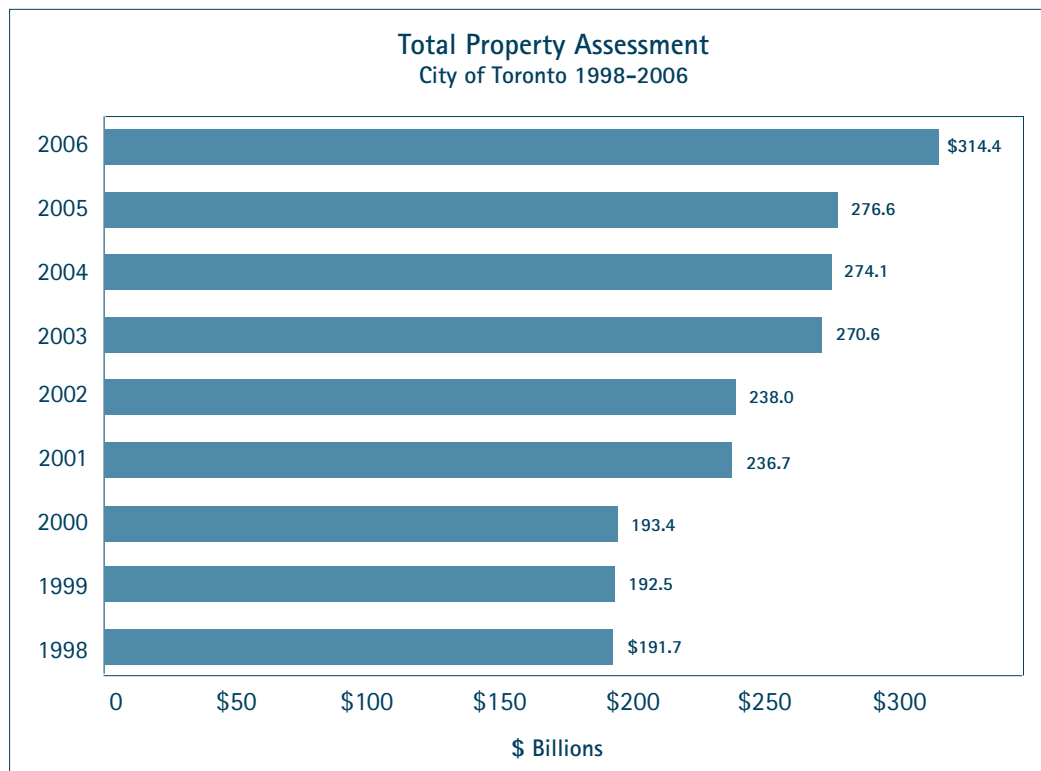
The City will continue to monitor the domestic and international capital markets as well as evaluating alternative financing vehicles to identify opportunities to achieve the lowest cost of capital. Due to the fall municipal elections, it is anticipated that the City's borrowing program will be completed by October 2006. It is also anticipated that the new City of Toronto Act may provide additional opportunities in 2007 and beyond in flexibility for the City's capital market activities when it is adopted by the Province.

REVENUES

2006 Property Taxes and Assessment

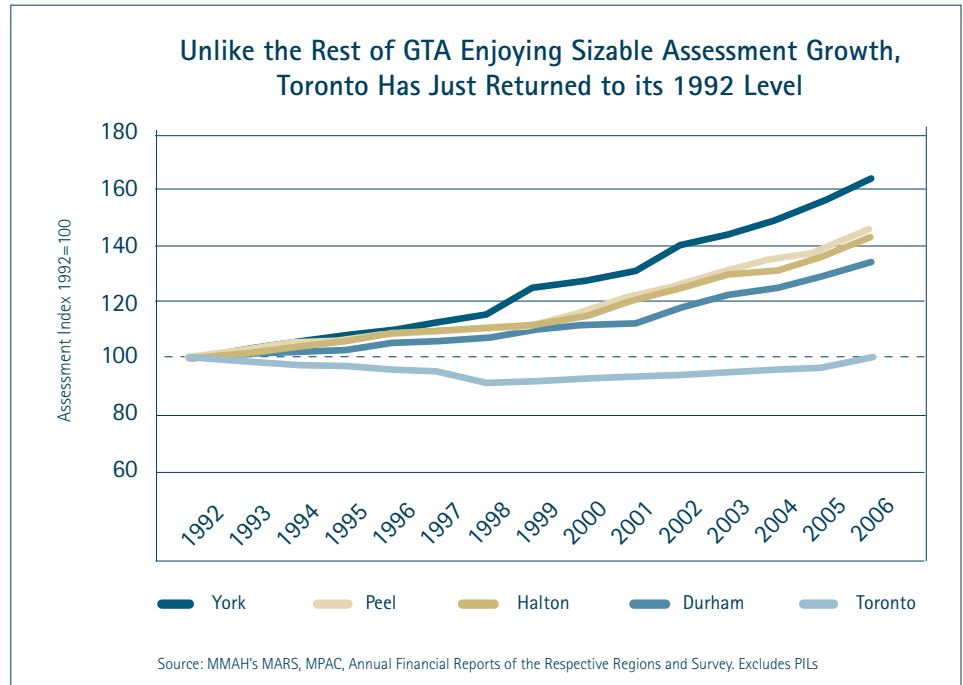
Property tax revenue is the City's single largest source of revenue. The City collects over \$3 billion from residential and business property owners, which represents over 41 per cent of the total budgeted operating revenues in 2006.

In 1998, the Province of Ontario reformed the property assessment and taxation system in Ontario with the implementation of the Current Value Assessment (CVA) system. The CVA of a property represents an estimated market value, or the amount that the property would sell for in an open market, arm's length sale between a willing seller and a willing buyer at a fixed point in time. For 1998, 1999 and 2000, properties were taxed based on their current value, reflecting a June 30, 1996 valuation date. For 2001 and 2002, property assessments in Ontario were updated to reflect current values as at June 30, 1999. The year 2003 was another reassessment year, reflecting property values based on a June 30, 2001 valuation date. For 2004 and 2005 property assessed values were based on the June 30, 2003 valuation date. For 2006 property values were based on January 1, 2005 valuation date, which were used to calculate 2006 property taxes. For 2007 and future years, property values will be based on evaluation date of January 1 of the preceding year. With each reassessment, tax rates are adjusted (reduced) to reflect the changes (increase) in CVA. The Municipal Property Assessment Corporation (MPAC) is responsible for property assessment in Ontario, and prepares the assessment rolls for municipalities.



Over the last thirteen years, the Greater Toronto Area experienced quite remarkable economic and population growth following the recession of the 1990s. The Toronto region, the third fastest-growing CMA in Canada between 1996 and 2001, contains five of the country's 25 fastest-growing municipalities: Caledon, Markham, Vaughan, Richmond Hill and Brampton, all having five-year population growth rates in excess of 20 per cent.

The bulk of the new construction and the associated assessment increase are located in the surrounding areas in the GTA. For example, York Region's total assessment increased by more than 60 per cent during this period, as shown in the chart. By comparison, the City of Toronto saw a gradual decline in assessment from 1992 to 1998, and there has been only a minimal increase since then. In fact, Toronto's property assessment has just returned to its 1992 level.



In each year, the City is required by provincial legislation to establish tax rates that raise property tax revenues in the amount of the City's budgetary requirement. The total amount of municipal taxes raised is known as the municipal tax levy. In addition, the City is also required to levy and collect property taxes for school purposes at the education tax rates prescribed by the Province.

The amount of property taxes payable by a property is determined by multiplying the Current Value Assessment (CVA) of a property by the applicable tax rate for that class of property (e.g., residential, commercial, industrial, or multi-residential). The total tax rate for a class consists of a municipal tax rate necessary to meet the City's budgetary requirement and the education tax rate necessary to fund the costs of education. Table 1 illustrates the 2006 taxes payable for the average household in Toronto with an assessed value of \$369,300.

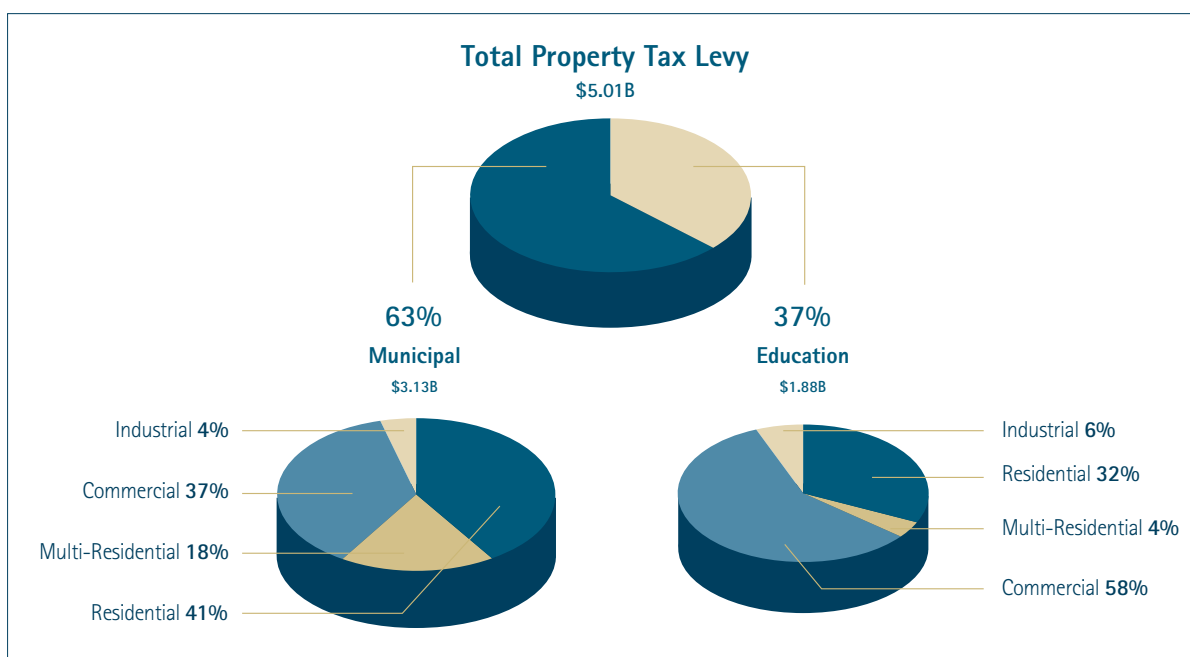
Table 1: 2006 Average Household Property Taxes

Average residential assessed value – \$369,300	2006 Tax Rate	2006 Property Tax
Municipal Purposes	0.5668587%	\$2,093
Education Purposes	0.2640000%	\$975
Total	0.8308587%	\$3,068

The Municipal Act establishes the rules that govern the assessment and taxation of property in Ontario. Provisions in the act allow for the phase-in of tax increases and decreases arising from reassessment, and mandate limits on re-assessment related tax increases to 5 per cent of full CVA taxes per year for the commercial, industrial and multi-residential property classes, which for many properties in these classes may result in a phase-in towards their CVA level of taxes. Special provisions to provide tax relief for low-income seniors and disabled persons, and charities and similar organizations, are also required.

Tax relief policies in effect for 2006 include:

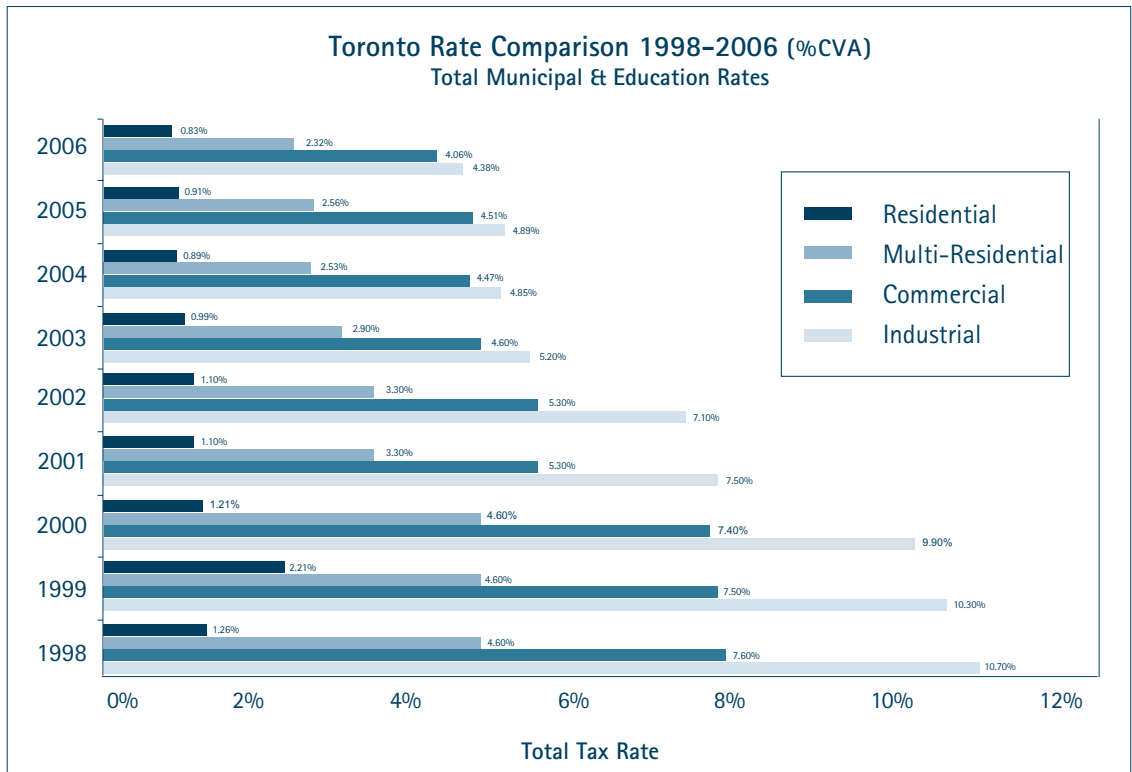
- the cancellation of any tax increase for seniors aged 65 or older, or disabled person living with a household income of \$26,000 or less, whose residential property assessed value is less than \$454,000 and have occupied his/her home for at least one year
- the interest free deferral of any tax increase for individuals aged 50 years or older or disabled persons, whose household income is \$40,000 or less and have owned the property for at least one year
- a 40% rebate of taxes paid for registered charities owning or occupying space in commercial or industrial properties



Up until 2004, Toronto was the only municipality in the GTA that was prohibited by provincial legislation from increasing property tax levies on businesses for budgetary reasons. The primary implication of this legislation is a restriction from passing on municipal levy increases to the commercial, industrial and multi-residential classes in those municipalities (such as Toronto, Ottawa and Hamilton) where the ratios of commercial, industrial and multi-residential property tax rates relative to those for the residential class exceed the provincial threshold ratios. This means that instead of accessing the full assessment base, the City could increase tax rates only on the residential class. While each 1 per cent property tax increase would generate \$31 million if the whole assessment base could be accessed, under the previous arrangement the City could raise only \$12 million from the residential class.

Toronto's Property Tax Ratios vs. Provincial Threshold Ratios (Municipal Portion Only)

	2001 Taxation Year	2002 Taxation Year	2003 Taxation Year	2004 Taxation Year	2005 Taxation Year	2006 Taxation Year	Provincial Threshold Ratios
Multi-Residential	4.174	4.001	3.870	3.802	3.761	3.707	2.74
Commercial	3.798	3.516	3.516	3.762	3.802	3.746	1.98
Industrial	5.301	4.120	4.120	4.273	4.273	4.171	2.63



Since 2004, the Ontario government has in its annual budget filed regulations, on a one-time basis, made adjustments to the municipal rules under the Ontario Property Tax System, which amongst other things, allowed tax rate increases on the non-residential classes to be no more than 50 per cent of the rate for the residential tax class. Although the relaxing of the restriction on non-residential classes is not permanent, it does provide partial relief from the budgetary levy restrictions imposed by provincial legislation.

Enhancing Toronto's Business Climate—it's Everybody's Business

Toronto is a competitive place to do business internationally, but has been losing employment to the surrounding regions over the last several years, with negative implications to fiscal sustainability, environmental responsibility, and social equity. To address this, City Council launched the 'Enhancing Toronto's Business Climate – It's Everybody's Business' Initiative as one of its top priorities. The project's goal was to develop an action plan that would address property tax fairness, business cost competitiveness, and economic development. After extensive public consultations during 2004 and 2005, the recommended action plan was approved by Council in October 2005.

In order to achieve property tax fairness the action plan recommended correction of the imbalance in the ratios in property tax rates between each of the commercial, industrial, and multi-residential properties as compared with the residential property class. The tax rates on these property classes are currently as high as 4.27 times the residential rate. The plan is to be achieved over 15 years through:

- a) a targeted reduction to 2.5 times the residential rate for commercial, industrial, and multi-residential tax rates
- b) an accelerated phase-in to full current value assessment (CVA) based taxes for non-residential properties – CVA was implemented in 1998 and, since then, property owners have been protected from extraordinary increases through capping, funded by withholding part of the reduction to other properties. The change would limit CVA related tax changes to 5 per cent of full CVA taxes, compared with the former program that limited increases to 5 per cent of the previous year's taxes. Residential property taxes are already calculated on the basis of full CVA values without this capping. The two ways being used to correct the imbalance in tax ratios are:
 - restricting annual tax rate increases on the non-residential classes to one-third of any tax increase on the residential class
 - the phased shifting of taxes from the non-residential class to the residential class in the amount of about \$10 million annually on average (0.3 per cent annual increase on residential taxes)

As well, the action plan calls for:

- protecting neighbourhood retail properties by creating a new tax class and accelerating the phase-in to a tax ratio of 2.5 times residential over a maximum 10-year period
- implementation of a tax rebate program for certain heritage properties

Business cost competitiveness will be addressed through working with the Province to reduce the business education tax rate in Toronto to the average in the Greater Toronto Area, lower tax rates for new construction, tax abatement for vacant portions, a new tenant business tax credit, expanding a tax increment equivalent grant program, and waiving building permit fees for new construction. In addition, several economic development initiatives to support businesses are being further examined, including: a program to anchor existing jobs and businesses; a program to stimulate new investment; enhanced promotion of Toronto; and business focussed outreach. A new Mayor's Economic Competitiveness Advisory Committee has been established to further improve the interaction between the City and businesses.

The City believes that these actions will enhance its ability to remain economically competitive, send a positive message to businesses, and are the best way to keep residential tax rates down over the long term.

User Fees

User fees are the City's second largest source of revenue. Total user fee revenues including water and wastewater charges were \$1.8 billion, representing 22 per cent of total operating revenues. The City's current user fee structures, such as transit fares, public swimming and skating fees, and water and wastewater rates, are at levels generally comparable to, and competitive with, the surrounding municipalities. There is very limited room for rate increases or significant additional sources of revenues.

Other Revenues

The City receives other revenues such as grants and subsidies from other orders of government which are mainly for mandated programs such as social assistance, as well as other income such as parking fines and investment income. Under provincial rules, costs for Social Assistance and Social Housing are pooled amongst the GTA municipalities, and then allocated to the City of Toronto and the other regions using a formula based on weighted property assessment.

CREDIT RATINGS

The City of Toronto is recognized as an important participant in global financial markets. The maintenance of a high quality credit rating is essential to ensure that the City's ability to access the most cost-effective world capital markets will continue.

A municipality's credit rating helps to determine its ability to borrow funds. Credit rating agencies assess the City's financial position by comparing it with other cities and regions. A number of factors affect the credit rating, such as quality of management, strength of economy, level of reserves, state of repair of assets, debt levels, etc. If a municipality's current debt levels and future trends appear to be high, this will have a negative impact on its credit rating. If debt levels are considered low, this will have a positive impact. The rating essentially indicates the City's ability to make payments on the debt now and in the future.

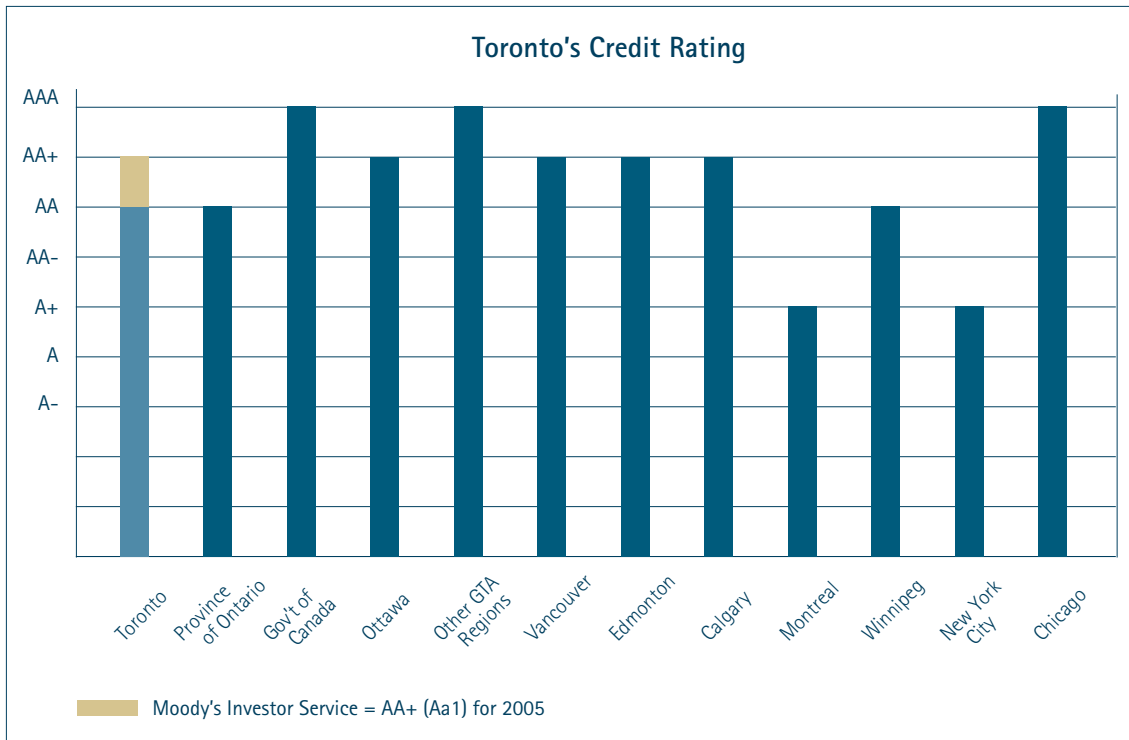
While the City's debt affects its rating, the rating affects the City's ability to borrow, as well as the cost of borrowing. A higher rating translates into a lower cost of borrowing, as well as a wider market for investors to invest in City debt. Below a certain rating, investors may have policies that don't allow them to purchase the City's debt. The City would then have to offer a higher interest rate to attract investors.

Currently, the City of Toronto's credit ratings are:

- Dominion Bond Rating Service (DBRS) – AA with a stable outlook (reaffirmed April 19, 2006)
- Standard and Poor's Canada (S&P) – AA with a stable outlook (reaffirmed March 10, 2006)
- Moody's Investor Service – Aa1 with a stable outlook (reaffirmed in January, 2006)

	2005	2004	2003	2002	2001	2000	1999	1998	1997
DBRS	AA	AA	AA	AA	AA(high)	AA(high)	AA(high)	AA(high)	AAA
Standard & Poor's	AA	AA	AA	AA	AA+	AA+	AA+	AA+	AA+/AAA
Moody's Investors Service	Aa1	Aa1	Aa1	Aa1	Aa2	Aa2	Aa2	Aa2	Aa2

The City's credit rating remains among the highest of comparably sized or larger North American cities such as New York and Montreal.



In its April 2006 rating considerations for the City of Toronto, DBRS wrote "DBRS expects the City to maintain a fairly sound credit profile over the next few years, supported by its large and well diversified economy, good liquidity position, and increased emphasis of financial planning, as evidenced by the release of a detailed long range financial plan last year and stated intention to adopt a multi-year capital budget framework in 2007. However, further moderate post-capex shortfalls are likely over the medium term, given the expectation of sustained salary pressures, further growth in accrued employee benefit liabilities, and a ramp-up in capital expenditures."

In confirming the City of Toronto's Aa1 rating and stable outlook in January 2006, Moody's Investors' Service said the City's Aa1 rating was supported by consistent, positive operating results that amply support its financial and debt obligations. "Toronto's Aa1 rating and stable outlook reflect management's commitment to maintaining fiscal discipline in the face of operating and capital budget pressures."

The City's credit quality is strengthened following the 2006 Ontario Budget announcement. In its March 27, 2006 news release, Standard & Poor's Ratings Services acknowledged the Ontario Budget contained a number of measures that were beneficial to the credit profiles of the majority of rated municipalities in the province. These include \$670 million for the City of Toronto and Region of York for the extension of the Spadina subway, and the \$200 million Toronto-only transit funding for 2006 and 2007.

MUNICIPAL PERFORMANCE MEASUREMENT PROGRAM (MPMP)

There are a number of different factors that should be used as the basis of evaluating the performance of a municipality. These can include an assessment of the achievements and results of completed initiatives of a municipality as well as examining quantifiable performance measurement results.

One program used to examine performance in Toronto is the Municipal Performance Measurement Program (MPMP). It is a provincially-mandated program that requires all Ontario municipalities to report annual results on forty-four performance measures in twelve different service areas. Results of MPMP for each calendar year are reported to the Ministry of Municipal Affairs & Housing by May 31st and to taxpayers by September 30th of the subsequent year. At the time of publishing the City of Toronto's 2005 Financial Report and 2006 Budget Summary, the 2005 MPMP results were still in development, therefore, 2004 results have been provided.

MPMP results were examined from two different perspectives to assist in evaluating the City's performance:

- (A) Internal perspective – Toronto's 2004 versus 2003 MPMP results were examined to determine and better understand areas in which performance has remained high, has improved, remained stable or are less favourable.
- (B) External perspective – Toronto's 2004 MPMP results were compared with trends in other Ontario municipalities to gain a better understanding of areas in which we perform well relative to others as well as areas where we don't perform as well, the reasons for this and factors that have influenced results.

Toronto's 2004 versus 2003 MPMP Results

Toronto is unique among Ontario municipalities because of its size and its role as the centre of business, provincial government, culture, entertainment and sporting in the Greater Toronto Area and the province. The most accurate comparison for any municipality is to examine one's own year-over-year performance and longer-term trends in results.

The following chart "Toronto: 2004 vs. 2003 MPMP Results" provides an overview of Toronto's 2004 MPMP results. Of the measures in the MPMP applicable to Toronto, approximately 63 per cent had results in 2004, that were either the highest possible result, an improved result or a stable result relative to 2003.

The chart on pages 60 to 68 provides a summary of Toronto's MPMP results for both 2004 and 2003 as well as the main factors behind the change in results between the two years. This in turn is supported by a more detailed narrative that can be accessed through Appendix C of the June 2005 report to Toronto's Policy and Finance Committee, which can be found at:

<http://www.toronto.ca/legdocs/2006/agendas/committees/pof/pof060411/it032a.pdf>

Toronto's 2004 vs. 2003 MPMP Results

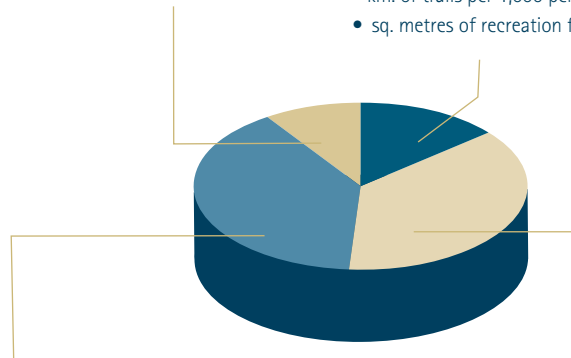
(Total of 43 Measures)

Maximum Possible Result – 9.3% (4 measures)

- 100% of roads cleared in winter, met or exceeded standards
- no boil water advisories
- no Ministry of Env. compliance orders at solid waste facilities
- 100% of new development within settlement areas

Stable Result – 14.0% (6 measures)

- transit costs per trip - stable
- cost of stormwater management per km- stable
- cost of parks per person- stable
- hectares of open space (parks) per 1,000 persons – stable
- km. of trails per 1,000 persons –stable
- sq. metres of recreation facilities per 1,000 persons - stable



Less Favourable Result – 37.2% (16 measures)

- policing costs per household - up
- cost of wastewater treatment and disposal per megalitre – up
- cost of wastewater collection per km. – up
- consolidated cost of wastewater per megalitre – up
- cost of water treatment per megalitre – up
- water distribution cost per km. of pipe- up
- consolidated cost of water per megalitre -up
- cost of solid waste collection per tonne-up
- cost of solid waste disposal per tonne-up
- consolidated cost of solid waste management per tonne-up
- solid waste complaints per 1,000 households – up
- cost of recreation program per person- up
- cost of recreation facilities per person- up
- consolidated cost of parks and recreation per person – up
- cost of libraries per person- up
- cost of libraries per use- up

Improved Result – 39.5% (17 measures)

- Examples include:
- cost of governance and corporate management -down
 - cost of fire services per \$1,000 assessment- down
 - rates of total crime, violent crime, property crime, youth crime and other criminal code offences – all down
 - cost of roads maintenance per lane km (excluding utility cuts) – down
 - cost of winter roads maintenance per lane km – down
 - % of paved roads rated good to very good – up
 - # of transit trips per person- up
 - rate of sewer main backups- down
 - % wastewater by-passing treatment- down
 - rate of water main breaks- down
 - cost of solid waste diversion- down
 - waste diversion rate – up
 - library uses per person- up

Five-Year Trends in Toronto's MPMP Results

With 2004 MPMP results there is now sufficient data to examine Toronto's five-year trends covering the period 2000 through to 2004.

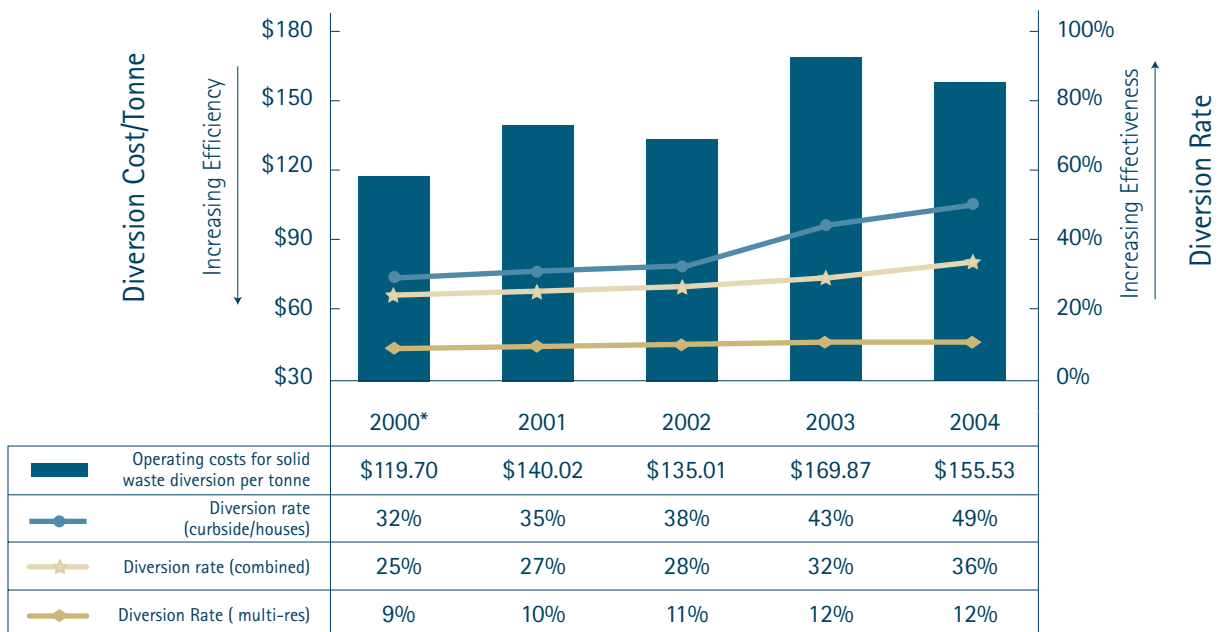
As a general observation, there are a number of factors that have contributed to higher cost per unit results over this period in most of the MPMP program areas. All programs have higher salary and benefit costs arising from collective agreements. Higher costs have also arisen from enhanced service levels (Sheppard Subway opening and introduction of organics/green bin program), increased activities targeting ageing infrastructure (water mains and sanitary/storm sewers) and adjustments in the way Toronto provides service (switch from our own landfill site to Michigan for waste disposal).

Taking these factors into consideration Toronto's efficiency results are quite reasonable. When combined with the general improvement in many of the effectiveness results over this period such as lower crime rates, higher solid waste diversion rates and improved road condition (quality), it can be concluded Toronto has done quite well.

The chart below, provides an illustration from Appendix B of the June 2005 report to Toronto's Policy and Finance Committee (<http://www.toronto.ca/legdocs/2006/agendas/committees/pof/pof060411/it032a.pdf>) of how these five-year trends have been summarized, with the contrasting of results from both an efficiency and effectiveness perspective.

City of Toronto's Five-Year MPMP Results (2000–2004)

Operating Cost of Solid Waste Diversion per Tonne and Percentage of Residential Solid Waste Diverted



*The 2000 cost per tonne figure has been restated to remove unfunded liabilities so that it is comparable to subsequent years.

For solid waste diversion, there has been a general trend of increasing cost per tonne results as enhanced diversion programs, such as the green bin/organics initiative, were added. These enhanced programs tend to be more expensive than traditional recyclables such as containers and paper. Some of these cost increases have been mitigated by increases in commodity prices arising from the sale of recycled materials. Over this five-year period, these enhanced diversion programs have led to a significant improvement in the diversion rate for houses, from 32 per cent in 2000 to 49 per cent in 2005.

Toronto's 2004 MPMP Results Relative to Other Ontario Municipalities

Despite the unique characteristics of Toronto, there is also value in making comparisons of performance measurement results to other municipalities. These benefits include determining a reference point using data from other municipalities to help assess how well we are doing and providing a better understanding of our own operations and the impact that various influencing factors, both controllable and uncontrollable, have on our results.

Making meaningful comparisons of performance measurement results from one municipality to another is a complex process. Each municipality in Ontario has its own unique factors that must be taken into consideration when examining and comparing performance measurement results of different municipalities. These factors impact each municipality differently and include:

- services provided in some regions by a single-tier municipality (both local and regional services) versus two tiers of municipal government in other regions – for some measures, it may be necessary to combine or blend both regional/upper-tier and local/lower-tier municipal results to make meaningful comparisons to single-tier municipalities such as Toronto
- different service levels and standards approved by local Councils
- differences in the age of infrastructure and the intensity of use of that infrastructure
- differences in the socio-demographic composition of municipalities and the impact this can have on service needs
- different urban and rural forms and the related impact on services
- different financial policies such as the dollar threshold established for capital expenditures

Without a clear understanding of these environmental and policy factors unique to each municipality, premature conclusions about performance measurement comparisons can be made out of context.

The chart on pages 69 to 83 provides a summary that categorizes Toronto's 2004 MPMP results by quartile, according to how well we compare relative to the municipal median of up to fifty-one other Ontario municipalities for each of the MPMP measures applicable to Toronto. This chart also includes key factors that have influenced Toronto's placement in these rankings. The chart on the following page, provides an overview of these results.

There are a number of areas where Toronto has some of the best MPMP results in the province, such as in the areas of governance and corporate management, transit, drinking water treatment, the rate of solid waste diversion, library utilization and road condition.

There are also some areas where Toronto's results are in the bottom quartile of municipalities. These results can be attributable to factors such as our urban form that are not controllable, but there are also areas where we do have some level of control and our performance can be improved over time through continuous improvement initiatives.

The other Ontario municipalities included in the analysis were:

- other large regional and single-tier municipalities involved in the Ontario Municipal CAOs Benchmarking Initiative (OMBI) such as the regions of Durham, Halton, Niagara, Peel, Waterloo and York, Brant County, the District of Muskoka and the cities of Hamilton, London, Ottawa, Sudbury, Thunder Bay and Windsor
- local municipalities in the Greater Toronto Area
- other large municipalities in Ontario including Kitchener, Cambridge, Guelph, Kingston, St. Catharines, Niagara Falls, North Bay, Sarnia, Sault Ste. Marie, Peterborough, Barrie, Brantford, and Chatham-Kent

Toronto's 2004 Results vs. Other Ontario Municipalities

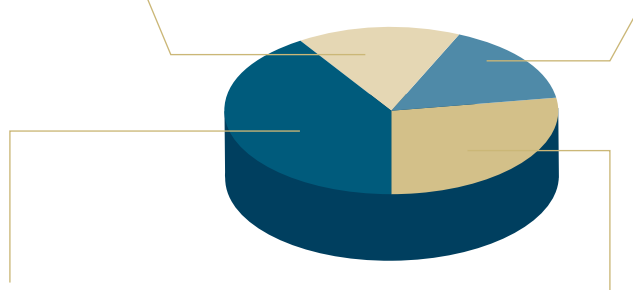
(Total of 44 Measures)

In third quartile - (7 Measures)

- total crime rate
- rate of other Criminal Code offences
- cost of wastewater treatment per megalitre
- % of wastewater by-passing treatment
- cost of solid waste collection per tonne
- complaint rate for solid waste collection
- cost of parks per person

In second quartile - (7 measures)

- cost of fire services per \$1,000 assessment
- property crime rate
- youth crime rate
- consolidated cost of wastewater per megalitre
- % of solid waste diverted
- cost of parks and recreation per person
- cost of libraries per use



In first/top quartile- (12 measures)

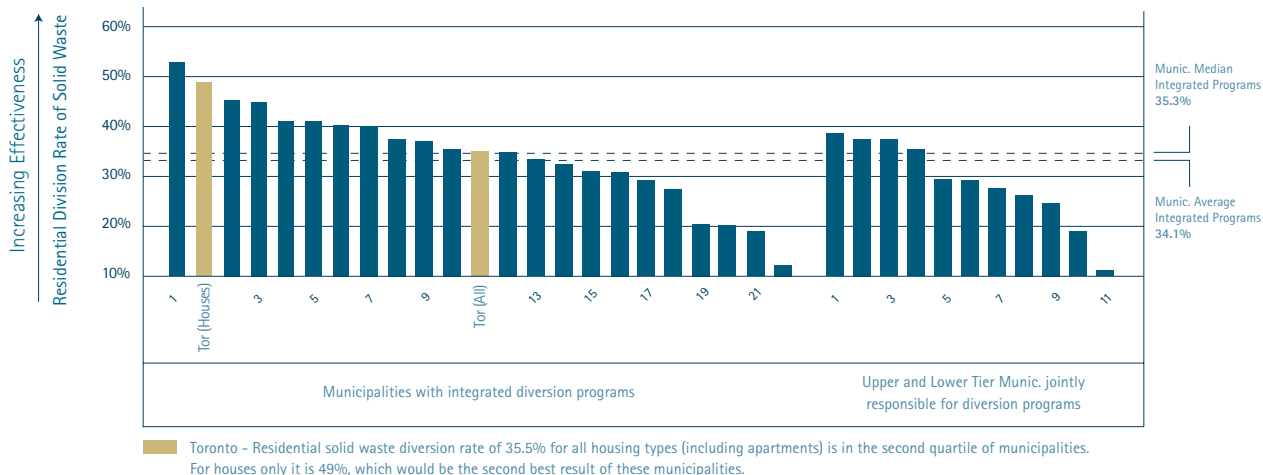
- cost of transit per passenger trip
- # of transit trips taken per person
- % of road condition rated good to very good
- cost of governance and corporate management
- cost of drinking water treatment per megalitre
- consolidated cost of drinking water per megalitre
- no boil water advisories
- 100% of roads cleared in winter, met or exceeded standards
- no Ministry of Environment compliance orders at solid waste facilities
- 100% of new development within settlement areas
- cost of recreation facilities per person
- library uses per person

In fourth/bottom quartile - (18 measures)

- cost of police services per household
- violent crime rate
- cost of roads per lane km.
- cost of winter roads maintenance per lane km.
- cost of stormwater management per km.
- cost of water distribution per km.
- # of water main breaks per km of pipe
- cost of solid waste transfer/disposal per tonne
- cost of solid waste diversion per tonne
- consol. cost of solid waste mgmt./tonne
- cost of wastewater collection per km of pipe
- rate of sewer back-ups per 100 km. of sewer line
- hectares of parks per 1,000 persons
- kilometres of trails per 1,000 persons
- cost of recreation programs per person
- participant hours for recreation programs per 1,000 persons
- square metres of recreation facility space per 1,000 persons
- costs for libraries per person

The following chart provides an illustration from Appendix B of the April 2006 report to Toronto's Finance and Policy Committee (<http://www.toronto.ca/legdocs/2006/agendas/committees/pof/pof060411/it032.pdf>) showing the results for the rate of solid waste diversion. It indicates that Toronto has one of the best/highest diversion rates in the province for houses.

Solid Waste – 2004 MPMP Results
Percentage of Residential Solid Waste Diverted from Disposal



At the time of publishing the City of Toronto's 2005 Financial Report and 2006 Budget Summary, the 2005 MPMP results were still in development. The City of Toronto's 2005 MPMP performance results will be posted on September 2006 on the City's website at http://www.toronto.ca/city_performance/index.

Ontario Municipal CAOs Benchmarking Initiative (OMBI)

For a number of years the City has been an active participant in OMBI which includes the regions of Durham, Halton, Niagara, Peel, Waterloo and York, Brant County, the District of Muskoka and the cities of Hamilton, London, Ottawa, Sudbury, Thunder Bay and Windsor. Including Toronto, these municipalities represent approximately 70 per cent of Ontario residents for Upper-Tier/Regional services and approximately 40 per cent for Lower-Tier/Local services.

Expert panels have been established for a number of years in the areas of Solid Waste, Roads, Water & Wastewater, Ambulance (EMS) and Long Term Care (Homes for the Aged). These expert panels are examining performance at the service and activity levels where best practices are most likely to be identified, as opposed to MPMP, which has established broad performance measures at the much higher program level.

In 2005, OMBI expanded its work to gather performance measurement data in twenty-five operating programs/ services and eight program support functions. In recent months, City staff have been involved in meetings with their OMBI colleagues in each of these program/service areas, to identify appropriate performance measures and technical definitions to be used for the 2006 OMBI data collection process, based on 2005 data.

Based on this work, we expect, with the agreement of the other OMBI municipalities, to report some 2005 OMBI performance measurement results including the identification of specific municipalities. This will allow us to expand the reporting of benchmarking results beyond the twelve areas included in MPMP.

SUMMARY OF TORONTO'S 2004 VERSUS 2003 RESULTS

MPMP Measure	2003 Result	2004 Result	% Increase (Dec.)	Explanations for Measures With Significant Change in 2004
Local Government				
(1) Operating costs for governance & corporate management as a per cent of total municipal operating costs	2.7%	2.3%	(14.8)%	Governance & political support, and corporate management & support as a proportion of total operating costs has remained fairly stable in 2004 relative to 2003 and prior years.
Fire				
(2) Operating costs for fire services per \$1,000 of assessment	\$1.11	\$1.04	(6.3)%	Gross expenditures rose by 5.7%, however, this was more than offset by a 12.5% increase in the assessed value of properties producing an overall decrease of 6.3% in 2004.
Police				
3) Operating costs for police services per household	\$683.15	\$719.09	5.3%	This increase is largely attributable to a contractual salary increase in 2004 of 3.5% plus retention pay increases and other inflationary increases. Reported costs have also increased due to the full resumption of OMERS premiums. These increases have been partially offset by a 0.8% increase in the number of households in 2004.
(4) Crime rates				
a) Violent crime per 1,000 population	13.1	12.4	(5.3)%	<ul style="list-style-type: none"> Violent Crime rate- decreased as a result of a drop in non-sexual assaults and a drop in robberies.
b) Property crime per 1,000 population	39.3	37.3	(5.1)%	<ul style="list-style-type: none"> Property Crime rate- decreased as a result of a drop in auto theft and a drop (non-traffic) in other thefts.
c) Youth crime (charged) per 1,000 youth population	34.4	31.8	(7.6)%	<ul style="list-style-type: none"> Youth Crime rate- decreased as a result of a drop in number of youths arrested/ charged.
d) Other criminal code offences per 1,000 population	23.7	23.4	(1.3)%	<ul style="list-style-type: none"> Other Criminal Code Offences - rate remained relatively unchanged as a result of no significant increases or decreases to the numbers of Other CC offences that occurred.
e) Total (non-traffic) crime per 1,000 population	76.1	73.1	(3.9)%	<ul style="list-style-type: none"> Overall decrease in total (non-traffic) crime rate because of the reduction in the component crime rates noted above.

SUMMARY OF TORONTO'S 2004 VERSUS 2003 RESULTS

MPMP Measure	2003 Result	2004 Result	% Increase (Dec.)	Explanations for Measures With Significant Change in 2004
Roads				
(5) Operating costs for paved (hard top) roads per lane km	\$3,913 If cut repairs excluded \$3,264	\$4,088 If cut repairs excluded \$3,148	4.5% If cut repairs excluded (3.6)%	<p>This increase is primarily attributable to a \$3.94 million increase (\$8.63 million in 2003 vs. \$12.57 million 2004) in roadway cut repair costs arising from an increased level of activity in 2004. These restoration costs arise from the installation of new underground facilities by private fibre optic companies and the upgrade of existing underground utilities. The associated costs are recoverable from these companies. User fees are however not a component of the MPMP calculations.</p> <p>Excluding this increase in roadway cut repair costs, there would have been a decrease in this measure of 3.6%.</p>
(6) Operating costs for unpaved (loose top) roads per lane km	N/A	N/A	N/A	
(7) Operating costs for winter control maintenance of roadways per lane km	\$5,313	\$5,001	(5.9)%	This decrease is primarily due to a reduction in salt usage (\$2 million) through improvements in salt management practices, along with fewer winter events.
(8) Percentage of paved lane km where condition is rated as good to very good	80.9%	82.1%	1.4%	This marginal increase was due to some favourable contract prices associated with reconstruction and resurfacing work allowing for some additional work to be done on deficient roads.
(9) Percentage of winter event responses that met or exceeded municipal road maintenance standards	100%	100%	0%	Best possible result
Transit				
(10) Operating costs for conventional transit per passenger trip	\$2.20	\$2.20	0.0%	Gross expenditures increased by 3.4% but this was offset by an increase of 3.1% in TTC conventional ridership which together resulted in no change to the cost per passenger trip.
(11) Number of conventional transit passenger trips per person in the service area in a year	153.2	156.5	2.2%	<ul style="list-style-type: none"> Total TTC conventional ridership increased by 3.1% in 2004 combined with a 1% increase in Toronto's population, results in a 2.2% increase in the number of trips per person.

SUMMARY OF TORONTO'S 2004 VERSUS 2003 RESULTS

MPMP Measure	2003 Result	2004 Result	% Increase (Dec.)	Explanations for Measures With Significant Change in 2004
Transit Continued				
				<ul style="list-style-type: none"> The 3.1 % increase in TTC conventional ridership of 12.7 million passenger trips was due to population growth and an improved economic outlook and employment levels in 2004 (6.7 million) and the reversal of reductions experienced from one-time events in 2003 (SARS- 3.5 million and hydro blackout- 2.5 million passenger trip lost).
Wastewater (Sewage)				
(12) Wastewater				
(a) Operating costs for wastewater collection per km of wastewater main	\$5,917	\$6,018	1.7%	This result is consistent with the prior year and reflects general wage increases and inflationary impacts.
(b) Operating costs for wastewater treatment and disposal per megalitre of wastewater treated	\$231.09	\$235.98	\$2.1%	There was actually a decrease of 2.1% in gross costs, however this was offset by a decrease of 4.1% in the volume of wastewater treated leading to an overall increase on a cost per megalitre basis of 2.1%.
(c) Operating costs for wastewater (collection, treatment & disposal) per km of wastewater main (integrated system)	\$355.44	\$367.98	3.5%	There was actually a decrease of 0.7% in gross costs, however this was offset by a decrease of 4.1% in the volume of wastewater treated leading to an overall increase on a cost per megalitre basis of 3.5%.
(13) Number of sewer main backups per 100 km of sewer line in the year	4.88	3.85	(21.1)%	Decrease is reflective of sewer cleaning, CCTV (electronic) and visual inspection activities.
(14) Percentage of wastewater estimated to have by-passed treatment	0.71%	0.22%	(69.0)%	Decrease reflects impact of new infrastructure (western beaches tunnel and retention tanks).
Stormwater				
(15) Operating cost for urban storm water management per km of drainage system	\$1,791	\$1,791	0.0%	Stable result

SUMMARY OF TORONTO'S 2004 VERSUS 2003 RESULTS

MPMP Measure	2003 Result	2004 Result	% Increase (Dec.)	Explanations for Measures With Significant Change in 2004
Water				
(16) Water				
a) Operating costs for treatment of drinking quality water per megalitre	\$63.25	\$88.60	40.1%	Increased costs of 35.1% plus reduced volumes of water produced of 3.5%, have led to an overall increase in cost per megalitre of 40.1%. Of the total expenditure increase, higher hydro costs account for 11% and an additional adjustment relating to hydro usage in prior years accounts for 10.4%. The remaining increase is attributable to; increases in wages and benefits as a result of collective agreements (2.1%), increased payment-in-lieu of taxes (4.6%), increased insurance costs (3.4%), and general inflation and increased support services (3.6%).
b) Operating costs for distribution of drinking quality, water per km of water distribution pipe	\$8,354	\$9,317	11.5%	The components of the increase are as follows: hydro 4.2%, wages and benefits 1.6%, insurance 3.0%, inflation 2.7%.
c) Operating costs for the treatment and distribution of drinking water per megalitre (integrated system)	\$256.90	\$312.42	21.6%	The increase is a combination of that noted above for 16(a) and 16(b) with the majority of the increase relating to higher hydro costs, including adjustments for prior years usage.
(17) Number of breaks in water mains per 100 km of water main pipe in a year	30.46	28.27	(7.2)%	Reduction in watermain breaks is due to milder weather conditions and increased infrastructure replacement and rehabilitation.
(18) Weighted number of days when a boil water advisory is issued by the Medical Officer of Health, applicable to a municipal water supply, was in effect	0 days	days	0.0%	No boil water advisories
Solid Waste Management				
(19) Solid Waste (garbage)				
a) Operating costs for solid waste (garbage) collection per tonne	\$61.47	\$67.25	9.4%	The 9.4% increase in the cost of solid waste collection per tonne is due to: <ul style="list-style-type: none"> a 5.1% reduction (33,262 tonnes) in the volume of garbage collected as a result of the commencement of the organics/green bin program in Toronto and the full-year annualization of the program in Scarborough

SUMMARY OF TORONTO'S 2004 VERSUS 2003 RESULTS

MPMP Measure	2003 Result	2004 Result	% Increase (Dec.)	Explanations for Measures With Significant Change in 2004
Solid Waste Continued				
(b) Operating costs for solid waste (garbage) transfer and disposal per tonne	\$70.32	\$73.80	4.9%	<ul style="list-style-type: none"> an increase in costs of 3.8% primarily due to wage settlement and inflation <p>Cost per tonne of solid waste (garbage) transported from transfer stations and disposed of, increased by 4.9% in 2004. Even though gross costs were 11.3% lower in 2004, there was a 15.5% reduction in the volume of garbage disposed resulting in an overall increase on a cost per tonne basis.</p> <p>This 2004 reduction in tonnage is due to:</p> <ul style="list-style-type: none"> a drop of 173,898 tonnes of commercial/industrial waste handled by the City, which has gone to other private service providers in 2004 increased diversion programs such as commencement of the organics/green bin program in Toronto and the full-year annualization of the program in Scarborough
(20) Operating costs for solid waste diversion (recycling) per tonne	\$169.87	\$155.53	(8.4)%	<p>This decrease has resulted from an 8.3% increase in the volume of materials diverted while at the same time net costs (net of the sale of recycled materials) decreased by 0.8% in 2004.</p> <ul style="list-style-type: none"> The increase in the number of tonnes diverted is as a result of the organics/green bin program. The 0.8% decrease in net costs is due to: <ul style="list-style-type: none"> » volume and inflation driven cost increases of \$3.0 million or 4.4% » an increase of \$3.5 million or 25% in the sale of recycled materials arising from commodity increases for various recycled materials due to extraordinarily high commodity prices

SUMMARY OF TORONTO'S 2004 VERSUS 2003 RESULTS

MPMP Measure	2003 Result	2004 Result	% Increase (Dec.)	Explanations for Measures With Significant Change in 2004
Solid Waste Continued				
(21) Average operating costs for solid waste management (collection, transfer, disposal & diversion) per tonne (integrated systems)	\$118.80	\$126.40	6.4%	<p>Both net costs and the number of tonnes managed decreased in 2004, however the rate of decrease in volume exceeded the rate of decrease in net costs, causing an overall increase on a cost per tonne basis.</p> <p>The primary factors behind the changes in volumes and net costs are:</p> <ul style="list-style-type: none"> • a 10.4% reduction in the total number of tonnes managed (total of tonnes disposed and diverted) primarily due to the commercial/industrial sector finding alternative disposal providers • a 4.6% decrease in net costs primarily due to: <ul style="list-style-type: none"> » lower costs of hauling and disposing of waste in Michigan because of the drop in volumes » higher revenue from the sale of recycled materials
(22) Number of days per year when a Ministry of Environment compliance order for remediation concerning an air or groundwater standard was in effect for a solid waste management facility, by site and total number of sites in the municipality.	0 days	0 days	0.0%	No Ministry of Environment compliance orders
(23) Number of complaints received in a year concerning the collection of solid waste (garbage) and recycled materials per 1,000 households	39.0	41.1	5.4%	This increase is attributable to the implementation and expansion of aggressive new waste diversion programs such as green bin and user fees for commercial residual waste (yellow bags).
(24) Percentage of residential solid waste diverted	31.6% 43% single-family curbside 12% multi-residential	35.5% 49% single-family curbside 12% multi-residential	12.4%	<p>The improvement in the percentage of residential solid waste diverted in 2004 is attributable to:</p> <ul style="list-style-type: none"> • improved recovery from existing diversion programs and public awareness of the various diversion programs, and a mandatory recycling bylaw which if violated may culminate in discontinued City collection

SUMMARY OF TORONTO'S 2004 VERSUS 2003 RESULTS

MPMP Measure	2003 Result	2004 Result	% Increase (Dec.)	Explanations for Measures With Significant Change in 2004
Solid Waste Continued				
				<ul style="list-style-type: none"> expansion of the organics/green box program in 2004 in some parts of the City
Land-Use Planning				
(25)				
(a) Percentage of new development with final approval which is located within settlement areas	100%	100%	0%	All of the City of Toronto is considered to be in a settlement area, therefore, Measure 25 a) will read 100% year-to-year.
(b) The number of new lots, blocks and/or units	15,576	24,899	59.9%	Measure 25 b) shows an increase in the number of new housing units receiving final approval by Council of 59.9% between 2003 and 2004; however, this should not be interpreted to mean there has been a proportional increase in development activity during this same time-frame.
(26)				
(a) Percentage of land designated for agricultural purposes which was preserved	N/A	N/A		
(b) Number of hectares of land originally designated for agricultural purposes, which was re-designated for other uses during year.	N/A	N/A		
Parks & Recreation				
(27) Operating costs for parks per person	\$35.45	\$35.51	0.2%	Stable result
(28) Operating costs for recreation programs per person	\$37.00	\$39.83	7.6%	The increase in costs is primarily attributable to: <ul style="list-style-type: none"> increases in rental fees paid to the Toronto District School Board expanded Children and Youth programming higher wages and benefits arising from collective agreements
(29) Operating costs for recreation facilities per person	\$28.43	\$29.03	2.1%	

SUMMARY OF TORONTO'S 2004 VERSUS 2003 RESULTS

MPMP Measure	2003 Result	2004 Result	% Increase (Dec.)	Explanations for Measures With Significant Change in 2004
Parks & Recreation Continued				
(30) Consolidated Operating costs for parks, recreation programs and recreation facilities per person	\$100.88	\$104.37	3.5%	This increase is primarily related to higher wages and benefits arising from collective agreements.
(31) Participant hours for recreation programs per 1,000 persons	N/A	4,437	*	This participant hours information is based on registered and drop-in programs. Information for 2004 permitted programs and 2003 comparative results are currently not available.
(32) Total hectares of open space and Hectares of open space per 1,000 persons	7,365 hectares	7,365 hectares	0.0%	No change in total hectares
	2.78	2.76	(0.7%)	
(33) Total kilometres of trails and Kilometres of trails per 1,000 persons	220 km	220 km	0.0%	No change in total km. of trails between 2003 and 2004
	0.08	0.08	0.0%	
(34) Total square metres of recreation facility space and Square metres of recreation facility space per 1,000 persons	709,889 sq. metres	709,889 sq. metres	0.0%	No change in total square metres of facility space between 2003 and 2004
	268.3	265.6	(1.0%)	
Libraries				
(35) Operating costs for libraries per person	\$50.19	\$56.16	11.9%	The total increase of 11.9% in 2004 is attributable to: <ul style="list-style-type: none"> • cost increases of 13% relating primarily to contractual obligations including salary increases in 2004, the partial resumption of OMERS premiums, wage harmonization settlements and other inflationary increases • partially offset by a 1% increase in Toronto's population
(36) Operating costs for libraries per use	\$1.62	\$1.75	8.0%	The increase of 8.0% in 2004 is attributable to: <ul style="list-style-type: none"> • cost increases of 13% which were primarily due to contractual obligations including salary increases in 2004, the partial resumption of OMERS premiums, wage harmonization settlements and other inflationary increases

SUMMARY OF TORONTO'S 2004 VERSUS 2003 RESULTS

MPMP Measure	2003 Result	2004 Result	% Increase (Dec.)	Explanations for Measures With Significant Change in 2004
Libraries Continued				
(37) Library uses per person	31.0	32.1	3.5%	<ul style="list-style-type: none"> a 4.5% increase in the number of library use – some of this activity increase arose from lower than expected activity levels in 2003 because of SARS and the hydro blackout
Supporting usage information				
<ul style="list-style-type: none"> Electronic library uses as a percentage of total library uses 	29.7%	31.9%		<p>The increase of 3.5% in library uses per person is attributable to:</p> <ul style="list-style-type: none"> a 4.5 % increase in the number of library uses partly as a result of lower than expected activity levels in 2003 because of SARS and the hydro blackout a 1% increase in Toronto's estimated population
<ul style="list-style-type: none"> Non-electronic uses as a percentage of total library uses 	70.3%	68.1%		

SUMMARY OF TORONTO'S 2004 MPMP RESULTS RELATIVE TO OTHER ONTARIO MUNICIPALITIES

MPMP Measure-2004	Toronto's 2004 MPMP Result More Favourable Than other ON Munic.		Toronto's 2004 MPMP Result Less Favourable Than other ON Munic.		Comments on Results
	Result in First/Top Quartile	Result in Second Quartile	Result in Third Quartile	Result in Fourth/Bottom Quartile	
Local Government					
1) <i>Local Government Efficiency</i> - Operating costs for governance & corporate management as a percentage of total municipal operating costs	✓				<ul style="list-style-type: none"> Toronto's first quartile ranking is unchanged from 2003 (lower costs of governance and corporate management compared to other municipalities). Third best result of single-tier municipalities
Fire					
2) <i>Fire Efficiency</i> - Operating costs for fire services per \$1,000 of assessment		✓			<ul style="list-style-type: none"> Toronto's second quartile ranking is unchanged from 2003 (lower costs for fire compared to other municipalities). Result can be indicative of efficiency (the lower the costs the better) or service level (the higher the costs the better) or a combination of the two. High assessed values of land (fire service is more related to structural values) in some municipalities such as Toronto, can limit the usefulness of this measure.
Police					
3) <i>Police Efficiency</i> - Operating costs for police services per household				✓	<ul style="list-style-type: none"> Toronto's fourth quartile ranking is unchanged from 2003 (higher costs for policing compared to other municipalities). Result can be indicative of efficiency (the lower the costs the better) or service level (the higher the costs the better) or a combination of the two. High staffing/service levels in Toronto lead to this result.
4) <i>Police Effectiveness/Community Impact</i> - Total (non-traffic) crime rate per 1,000 population			✓		<ul style="list-style-type: none"> Toronto was in the second quartile in 2003 ranking but slipped to the third quartile in 2004 (rate slightly higher than the median of other municipalities).

SUMMARY OF TORONTO'S 2004 MPMP RESULTS RELATIVE TO OTHER ONTARIO MUNICIPALITIES

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	Result in First/Top Quartile	Result in Second Quartile	Result in Third Quartile	Result in Fourth/Bottom Quartile	
Police Continued					
5) <i>Police Effectiveness/Community Impact - Violent crime rate per 1,000 population</i>				✓	<ul style="list-style-type: none"> Toronto's total non-traffic crime rate actually dropped by 3.9% in 2004 vs. 2003. Fourth quartile ranking unchanged from 2003 (higher rates of violent crime than in other municipalities) Toronto's violent crime rate dropped by 5.3% in 2004.
6) <i>Police Effectiveness/Community Impact - Property crime rate per 1,000 population</i>		✓			<ul style="list-style-type: none"> Toronto's second quartile ranking in 2004 (lower rates of property crime compared to other municipalities), improved from 2003 when Toronto placed in the third quartile. Some of this change may have resulted from mischief offences that were included as property crimes in 2003 but have been included as other criminal code offences in 2004, to be comparable with other municipalities. Toronto's property crime rate dropped by 5.1% in 2004.
7) <i>Police Effectiveness/Community Impact - Youth crime rate per 1,000 youth population</i>		✓			<ul style="list-style-type: none"> Toronto's second quartile ranking in 2004 (lower rates of youth crime compared to other municipalities), improved from 2003 when Toronto placed in the third quartile. Toronto's youth crime rate (youths charged) dropped by 7.6% in 2004 vs. 2003.
8) <i>Police Effectiveness/Community Impact - Other criminal code offences (non-traffic) rate per 1,000 population</i>			✓		<ul style="list-style-type: none"> Toronto's third quartile ranking in 2004 (higher rates of other criminal code offences compared to other municipalities), slipped from 2003 when Toronto placed in the second quartile. Some of this change may have resulted from mischief offences that were included as property crimes in 2003 but have been included as other

SUMMARY OF TORONTO'S 2004 MPMP RESULTS RELATIVE TO OTHER ONTARIO MUNICIPALITIES

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Police Continued					<p>criminal code offences in 2004 to be comparable with other municipalities.</p> <ul style="list-style-type: none"> Toronto's rate of other criminal crime offences (non-traffic) dropped by 1.3% in 2004 vs. 2003.
Roads					
9) <i>Paved Roads Efficiency-</i> Operating costs for paved (hard top) roads per lane kilometre				✓	<ul style="list-style-type: none"> Toronto's fourth quartile ranking in 2004 is unchanged from 2003 (higher costs than other municipalities). Toronto's roads system is heavily utilized yet is in better condition than most other municipalities perhaps because of these high expenditure levels. Having a road system in good condition tends to require greater expenditure levels.
10) <i>Paved Roads Effectiveness/Community Impact-</i> Percentage of paved lane kilometres where condition is rated as good to very good	✓				<ul style="list-style-type: none"> Toronto's first quartile ranking in 2004 is unchanged from 2003 (roads in better shape than other municipalities). In 2004, Toronto had the top result of single-tier municipalities. Over the past 5 years, Toronto has seen an increase in pavements rated in good to very good condition.
11) <i>Winter Control Efficiency-</i> Operating costs for winter control maintenance of roadways per lane km				✓	<ul style="list-style-type: none"> Toronto's fourth quartile ranking in 2004 is unchanged from 2003 (higher costs than other municipalities). Toronto has high service levels and standards for winter maintenance. Narrow streets, on-street parking and congestion on roads during storm events, all lead to higher costs in Toronto.

SUMMARY OF TORONTO'S 2004 MPMP RESULTS RELATIVE TO OTHER ONTARIO MUNICIPALITIES

MPMP Measure-2004	Toronto's 2004 MPMP Result More Favourable Than other ON Munic.		Toronto's 2004 MPMP Result Less Favourable Than other ON Munic.		Comments on Results
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12) <i>Winter Control Effectiveness</i> - Percentage of winter event responses that met or exceeded municipal road maintenance standards	✓				<ul style="list-style-type: none"> Best possible result in Toronto for both 2004 and 2003 with 100% of the winter-event responses meeting or exceeding standard
Transit					
13) <i>Transit Efficiency</i> - Operating costs for conventional transit per regular service passenger trip	✓				<ul style="list-style-type: none"> Toronto's first quartile ranking is unchanged from 2003 (lower costs than other municipalities). Toronto has the 4th best result of all municipalities. Toronto is the only multi-modal (bus, subway, light rail transit, streetcar) transit system in Ontario. High public utilization of transit in Toronto contributes to a lower cost per trip result.
14) <i>Transit Effectiveness/Community Impact</i> - Number of conventional transit passenger trips per person in the service area in a year	✓				<ul style="list-style-type: none"> Toronto's first quartile ranking is unchanged from 2003 (higher transit use than other municipalities), and is the highest/best result of Ontario municipalities. In Toronto, the proximity and frequency of service and the diversity of routes (high service levels) allows for greater utilization of the transit system.
Wastewater (Sewage)					
15) <i>Wastewater Collection Efficiency</i> - Operating costs for wastewater collection per kilometer of wastewater main				✓	<ul style="list-style-type: none"> Toronto's 2004 ranking in the fourth quartile (higher costs than other municipalities) declined slightly from the third quartile in 2003. The cause of this is likely a larger sample size in 2004, since Toronto's 2004 costs only increased by 1.7%. More than 30% of the Toronto sewer system is over 50 years old and 24% of it is combined sanitary/storm sewers, requiring higher and more costly maintenance levels compared to many other municipalities with relatively newer wastewater collection systems.

SUMMARY OF TORONTO'S 2004 MPMP RESULTS RELATIVE TO OTHER ONTARIO MUNICIPALITIES

MPMP Measure-2004	Toronto's 2004 MPMP Result More Favourable Than other ON Munic.		Toronto's 2004 MPMP Result Less Favourable Than other ON Munic.		Comments on Results
	Result in First/Top Quartile	Result in Second Quartile	Result in Third Quartile	Result in Fourth/Bottom Quartile	
Wastewater Continued					
16) <i>Wastewater Collection Effectiveness/Community Impact - Number of sewer main backups per 100 kilometres of sewer line in the year</i>				✓	<ul style="list-style-type: none"> Narrow streets, on-street parking and the need to minimize traffic impact during maintenance activities, can also lead to higher costs in Toronto. Toronto's 2004 ranking is in the fourth quartile (higher rate of sewer main backups than other municipalities) declined from the third quartile in 2003. Over 30% of the Toronto's sewer system is more than 50 years old, and 24% of it is combined sanitary/storm sewers. There are approximately 80,000 homes which have downspouts directly connected to the combined sewer system in the older areas of the city. These factors lead to significant inflow of stormwater into the sewer system and more back-ups especially during storm events. Toronto's 2004 rate of sewer back-ups actually decreased by 21.1% over 2003 but still falls within the fourth quartile.
17) <i>Wastewater Treatment Efficiency - Operating costs for wastewater treatment and disposal per megalitre of wastewater treated</i>			✓		<ul style="list-style-type: none"> Toronto's third quartile ranking in 2004 (higher costs for wastewater treatment and disposal than other municipalities) declined slightly from 2003 when Toronto was at the median value. Toronto's standards are high and exceed MOE regulations, which can lead to higher costs. Toronto's wastewater treatment plants tend to be older (one has been in operation since 1929) and can be more costly to maintain than newer plants in other municipalities.

SUMMARY OF TORONTO'S 2004 MPMP RESULTS RELATIVE TO OTHER ONTARIO MUNICIPALITIES

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Wastewater Continued					
18) <i>Wastewater Treatment Effectiveness/Community Impact</i> - Percentage of wastewater estimated to have by-passed treatment			✓		<ul style="list-style-type: none"> Toronto's 2004 ranking in the third quartile (higher rate of wastewater by-pass than other municipalities) improved from the fourth quartile in 2003. There was a 69% decrease in the percentage of waste water that by-passed treatment in 2004, primarily as a result of new infrastructure (western beaches tunnel and retention tanks) and in 2004 represented only 0.22% of total volume.
19) <i>All Wastewater Operations Efficiency</i> - Consolidated operating costs for wastewater (collection, treatment & disposal) per megalitre of wastewater treated (integrated system)		✓			<ul style="list-style-type: none"> Toronto's 2004 ranking in the second quartile (lower costs for combined wastewater collection and treatment than other municipalities) is unchanged from 2003. The age of Toronto's waste water system (pipes and plants), urban form (maintenance of collection system more difficult) and our high wastewater treatment standards all lead to increased costs. Some municipalities with higher costs have only reported on this measure and not the two component measures. This accounts for Toronto's below median costs for this measure while we were above the median for the two component measures.
Stormwater					
20) <i>Stormwater Efficiency</i> - Operating cost for urban storm water management per km of drainage system				✓	<ul style="list-style-type: none"> Toronto's 2004 ranking in the fourth quartile (higher costs for stormwater than other municipalities), is unchanged from 2003. Narrow streets, on-street parking and the need to minimize traffic impact during maintenance activities, can also lead to higher costs in Toronto.

SUMMARY OF TORONTO'S 2004 MPMP RESULTS RELATIVE TO OTHER ONTARIO MUNICIPALITIES

MPMP Measure-2004	Toronto's 2004 MPMP Result More Favourable Than other ON Munic.		Toronto's 2004 MPMP Result Less Favourable Than other ON Munic.		Comments on Results
	Result in First/Top Quartile	Result in Second Quartile	Result in Third Quartile	Result in Fourth/Bottom Quartile	
Stormwater Continued					<ul style="list-style-type: none"> A high level of stormwater quality control is required for the protection of water front beaches in Toronto leading to increased costs.
Water					
21) <i>Water Treatment Efficiency - Operating costs for treatment of drinking quality water per megalitre</i>	✓				<ul style="list-style-type: none"> Toronto's 2004 ranking in the first quartile (lower costs for water treatment than other municipalities), is unchanged from 2003 and is the second best result of municipalities. Toronto has 4 large water treatment plants and there tends to be a relationship between larger plant size and greater efficiency or economies of scale.
22) <i>Water Treatment Effectiveness/Community Impact - Weighted number of days when a boil water advisory is issued by the Medical Officer of Health.</i>	✓				<ul style="list-style-type: none"> Toronto's 2004 ranking, as in previous years, is in the first/top quartile and is the best possible result with no boil water advisories.
23) <i>Water Distribution Efficiency - Operating costs for distribution of drinking quality water per kilometre of water distribution pipe</i>				✓	<ul style="list-style-type: none"> Toronto's 2004 ranking in the fourth quartile (higher costs for water distribution than other municipalities), is unchanged from 2003. More than 20% of Toronto's water system is over 80 years old leading to more watermain breaks and higher costs relative to municipalities with newer water distribution systems. Narrow streets, on-street parking and the need to minimize traffic impact during maintenance activities, can also lead to higher costs in Toronto.

SUMMARY OF TORONTO'S 2004 MPMP RESULTS RELATIVE TO OTHER ONTARIO MUNICIPALITIES

MPMP Measure-2004	Toronto's 2004 MPMP Result More Favourable Than other ON Munic.		Toronto's 2004 MPMP Result Less Favourable Than other ON Munic.		Comments on Results
	Result in First/Top Quartile	Result in Second Quartile	Result in Third Quartile	Result in Fourth/Bottom Quartile	
Water Continued					
24) <i>Water Distribution Effectiveness</i> - Number of breaks in watermains per 100 kilometres of watermain pipe in a year				✓	<ul style="list-style-type: none"> Toronto's 2004 ranking in the fourth quartile (higher rates of watermain breaks than other municipalities), is unchanged from 2003. More than 20% of Toronto's water system is over 80 years old, which leads to a higher rate of watermain breaks than in municipalities with newer water distribution systems.
25) <i>All Water Operations Efficiency</i> - Consolidated operating costs for the treatment and distribution of drinking quality water per megalitre (integrated system)	✓				<ul style="list-style-type: none"> Toronto's 2004 ranking in the first quartile (lower costs for combined water treatment and distribution than other municipalities), is unchanged from 2003. Toronto has 4 large water treatment plants and there tends to be a relationship between larger plants and greater efficiency or economies of scale. These lower costs for water treatment have offset Toronto's higher costs of water distribution.
Solid Waste Management					
26) <i>Solid Waste Collection Efficiency</i> - Operating costs for solid waste (garbage) collection per tonne			✓		<ul style="list-style-type: none"> Toronto's third quartile ranking in 2004 (higher costs for waste collection than in other municipalities) declined slightly from 2003 when Toronto was close to the median value. The primary reason for this change was a 9.4 % increase in Toronto's 2004 cost per tonne through a combination of increased wage settlements and a 5.1 % drop in volumes, as diversion rates improve. On-street parking, one way streets and heavy traffic volumes reduce collection efficiency in Toronto but apartment bulk-lift collection improves efficiency.

SUMMARY OF TORONTO'S 2004 MPMP RESULTS RELATIVE TO OTHER ONTARIO MUNICIPALITIES

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	Result in First/Top Quartile	Result in Second Quartile	Result in Third Quartile	Result in Fourth/Bottom Quartile	
Solid Waste Management Continued					
27) <i>Solid Waste Collection Effectiveness</i> - Number of complaints received in a year concerning the collection of solid waste (garbage) and recycled materials per 1,000 households			✓		<ul style="list-style-type: none"> Toronto's third quartile ranking in 2004 (higher rate of complaints for solid waste collection than in other municipalities) has declined slightly from 2003 when it was above the median but below the average. Commencement in 2004 of the green-bin program in the former Toronto, contributed to a higher rate of complaints as residents adjusted to the change.
28) <i>Solid Waste Disposal Efficiency</i> - Operating costs for solid waste (garbage) transfer and disposal per tonne				✓	<ul style="list-style-type: none"> Toronto's 2004 ranking in the fourth quartile (higher costs for solid waste transfer and disposal than in other municipalities), is unchanged from 2003. Toronto ships and disposes of its solid waste in Michigan, which is more costly than other municipalities that have access to and utilize their own local municipal landfill site.
29) <i>Solid Waste Disposal Effectiveness/Community Impact</i> - Number of days per year when a Ministry of Environment compliance order for air or groundwater standard was in effect for a solid waste management facility.	✓				<ul style="list-style-type: none"> Toronto's 2004 ranking, as in previous years, is in the first quartile of municipalities and is the best possible result with no compliance orders.
30) <i>Solid Waste Diversion Efficiency</i> - Operating costs for solid waste diversion (recycling) per tonne				✓	<ul style="list-style-type: none"> Toronto's 2004 ranking in the fourth quartile (higher costs for solid waste diversion than in other municipalities), is unchanged from 2003. To raise diversion rates, new programs are required such as the green bin program but they are more costly to collect and process and have lower market values than traditional recyclables such as paper and containers.

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	Result in First/Top Quartile	Result in Second Quartile	Result in Third Quartile	Result in Fourth/Bottom Quartile	
Solid Waste Management Continued					
31) <i>Solid Waste Diversion Effectiveness/Community Impact - Percentage of residential solid waste diverted</i>		✓			<ul style="list-style-type: none"> Toronto's 2004 ranking in the second quartile (higher rate of solid waste diversion in houses and apartments than in other municipalities) has improved over its third quartile ranking in 2003. If just houses are considered, Toronto's diversion rate of 49% would be second best result of the municipalities.
32) <i>All Solid Waste Operations Efficiency - Consolidated operating costs for solid waste management (collection, transfer, disposal & diversion) per tonne-integrated systems</i>				✓	<ul style="list-style-type: none"> Toronto's 2004 ranking in the fourth quartile (higher solid waste management costs than other municipalities), has declined slightly from the third quartile in 2003. Toronto's placement is attributable to the higher costs to ship solid waste to Michigan for disposal (as opposed to municipalities with their own landfill site) and higher diversion costs that are required to achieve higher diversion rates.
Land-Use Planning					
33) <i>Planning Effectiveness/Community Impact - Percentage of new development with final approval which is located within settlement areas</i>	✓				<ul style="list-style-type: none"> Toronto's 2004 ranking, as in previous years, is in the first quartile and is the best possible result, with all development occurring within settlement areas.
Parks & Recreation					
34) <i>Parks Efficiency - Operating costs for parks per person</i>			✓		<ul style="list-style-type: none"> Toronto ranks in the third quartile in 2004 (higher costs for parks than in other municipalities). Result can be indicative of efficiency (the lower the costs the better) or service level (the higher the costs the better) or a combination of the two.

SUMMARY OF TORONTO'S 2004 MPMP RESULTS RELATIVE TO OTHER ONTARIO MUNICIPALITIES

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Parks & Recreation Continued					
35) <i>Parks Effectiveness/Community Impact</i> - Hectares of open space (parks) per 1,000 persons				✓	<ul style="list-style-type: none"> • Toronto is densely populated and may therefore have a higher proportion of maintained parkland in its parks system than other municipalities. • Maintained parkland tends to have more amenities (play grounds, washrooms, green houses etc.) as well as higher turf maintenance standards, which make them more costly to operate than natural park land. • Traffic congestion on downtown city streets can result in additional travelling time for Parks crews servicing small inner-city parks & parkettes. • First year of measure in MPMP • Toronto ranks in the fourth quartile in 2004 (lower amounts of open space than in other municipalities). • Toronto is more developed and densely populated than most other Ontario municipalities. Other, less developed municipalities may tend to have more natural parkland outside of their urban areas. • First year of measure in MPMP
36) <i>Parks Effectiveness/Community Impact</i> - Kilometres of trails per 1,000 persons				✓	<ul style="list-style-type: none"> • Toronto ranks in the fourth quartile in 2004 (lower amounts of trails than in other municipalities). • Toronto is densely populated with most of its geographic area developed. This may limit opportunities for trail systems in comparison to other municipalities. • Note that bicycle lanes within the road allowance are not included in this measure, but if they were Toronto would still be in the

SUMMARY OF TORONTO'S 2004 MPMP RESULTS RELATIVE TO OTHER ONTARIO MUNICIPALITIES

MPMP Measure-2004	Toronto's 2004 MPMP Result More Favourable Than other ON Munic.		Toronto's 2004 MPMP Result Less Favourable Than other ON Munic.		Comments on Results
	Result in First/Top Quartile	Result in Second Quartile	Result in Third Quartile	Result in Fourth/Bottom Quartile	
Parks & Recreation Continued					
37) <i>Recreation Program Efficiency</i> - Operating costs for recreation programs per person				✓	<p>fourth quartile.</p> <ul style="list-style-type: none"> Toronto's trail system does not allow motorized use, however some other municipalities have trails intended for motorized use (such as snowmobiles) included in their results. First year of measure in MPMP Toronto ranks in the fourth quartile in 2004 (higher costs for recreation programs than in other municipalities). Result can be indicative of efficiency (the lower the costs the better) or service level (the higher the costs the better) or a combination of the two. Toronto offers a wide of recreation programs to all age groups. In 2004, there were 56,728 registered courses, offered at over 400 program locations with 433,671 registrations. Toronto's part-time recreation staff is unionized and may have higher wage rates than other municipalities. First year of measure in MPMP
38) <i>Recreation Program Effectiveness/Community Impact</i> - Participant hours for recreation programs per 1,000 persons				✓	<ul style="list-style-type: none"> Toronto ranks in the fourth quartile in 2004 (lower rates of participant hours than in other municipalities). Toronto's result is under stated because data on participant hours were not available for permitted programs or from Arena Boards of Management and Associations of Community Centres. There also appear to be inconsistencies in the methodologies applied by municipalities to estimate participant hours. First year of measure in MPMP

SUMMARY OF TORONTO'S 2004 MPMP RESULTS RELATIVE TO OTHER ONTARIO MUNICIPALITIES

MPMP Measure-2004	Toronto's 2004 MPMP Result More Favourable Than other ON Munic.		Toronto's 2004 MPMP Result Less Favourable Than other ON Munic.		Comments on Results
	Result in First/Top Quartile	Result in Second Quartile	Result in Third Quartile	Result in Fourth/Bottom Quartile	
Parks & Recreation Continued					
39) <i>Recreation Facilities Efficiency</i> - Operating costs for recreation facilities per person	✓				<ul style="list-style-type: none"> Toronto ranks in the first quartile in 2004 (lower costs for recreation facilities than in other municipalities). Result can be indicative of efficiency (the lower the costs the better) or service level (the higher the costs the better) or a combination of the two. Toronto's results are attributable to comparatively lower amounts/rates of recreation facility space (see next measure). First year of measure in MPMP
40) <i>Recreation Facilities Effectiveness/Community Impact</i> - Square metres of recreation facility space per 1,000 persons				✓	<ul style="list-style-type: none"> Toronto ranks in the fourth quartile (lower amounts of recreation facility space than in other municipalities). Toronto is more densely populated than most other Ontario municipalities. Proximity and access to recreation facilities may therefore be easier or more convenient in Toronto. Other less densely populated municipalities may require proportionately more facility space to be within a reasonable distance of their residents. First year of measure in MPMP
41) <i>Parks & Recreation Efficiency</i> - Consolidated Operating costs for parks, recreation programs and recreation facilities per person		✓			<ul style="list-style-type: none"> Toronto ranks in the second quartile in 2004 (lower costs for parks and recreation than in other municipalities). This consolidated measure is a combination of the separate results for parks, recreation programs and recreation facilities. Result can be indicative of efficiency (the lower the costs the better) or service level (the higher the costs the better) or a combination of the two.

SUMMARY OF TORONTO'S 2004 MPMP RESULTS RELATIVE TO OTHER ONTARIO MUNICIPALITIES

MPMP Measure-2004	Toronto's 2004 MPMP Result More Favourable Than other ON Munic.		Toronto's 2004 MPMP Result Less Favourable Than other ON Munic.		Comments on Results
	Result in First/Top Quartile	Result in Second Quartile	Result in Third Quartile	Result in Fourth/Bottom Quartile	
Parks & Recreation Continued					<ul style="list-style-type: none"> • Second quartile ranking is primarily because of lower recreation facility maintenance costs arising from a proportionately lower amount of recreation facility space. This has offset the higher costs in the recreation programming and parks areas. • First year of measure in MPMP
Libraries					
42) <i>Libraries Efficiency - Operating costs for libraries per person</i>				✓	<ul style="list-style-type: none"> • Toronto ranks in the fourth quartile in 2004 (higher costs for libraries on a per capita basis, than in other municipalities). • Result can be indicative of efficiency (the lower the costs the better) or service level (the higher the costs the better) or a combination of the two. • Toronto's fourth quartile ranking is primarily related to high service levels (the next measure- cost per library use, is a better measure of efficiency). Toronto serves a highly diverse population and also has specialized services such as the reference library, which serve business, educational institutions and non-Toronto residents. • First year of measure in MPMP
43) <i>Libraries Efficiency - Operating costs for libraries per use</i>		✓			<ul style="list-style-type: none"> • Toronto ranks in the second quartile in 2004 (lower costs for libraries on a per library use basis, than in other municipalities). • Toronto's library system has one of the highest utilization rates of library services in the Province, which leads to greater efficiency and this second quartile placing. • First year of measure in MPMP

SUMMARY OF TORONTO'S 2004 MPMP RESULTS RELATIVE TO OTHER ONTARIO MUNICIPALITIES

MPMP Measure-2004	Toronto's 2004 MPMP Result More Favourable Than other ON Munic.		Toronto's 2004 MPMP Result Less Favourable Than other ON Munic.		Comments on Results
	Result in First/Top Quartile	Result in Second Quartile	Result in Third Quartile	Result in Fourth/Bottom Quartile	
Libraries Continued					
44) <i>Libraries Effectiveness/Community Impact - Library uses per person</i>	✓				<ul style="list-style-type: none"> • Toronto ranks in the first quartile in 2004 (higher rates of library use, than in other municipalities) and has the third best result of the municipalities. • Toronto's high service levels contribute to the high rate of library use. • Toronto has one of the higher proportions of electronic uses (approximately 32% of total library uses) in the Province. Electronic use of library materials is an area that is likely to experience continued growth in the future. • First year of measure in MPMP
<i>Overall Totals - Number of measures (44)</i>	12	7	7	18	
<i>% of total measures</i>	27.3%	15.9%	15.9%	40.9%	

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