

# City of Toronto

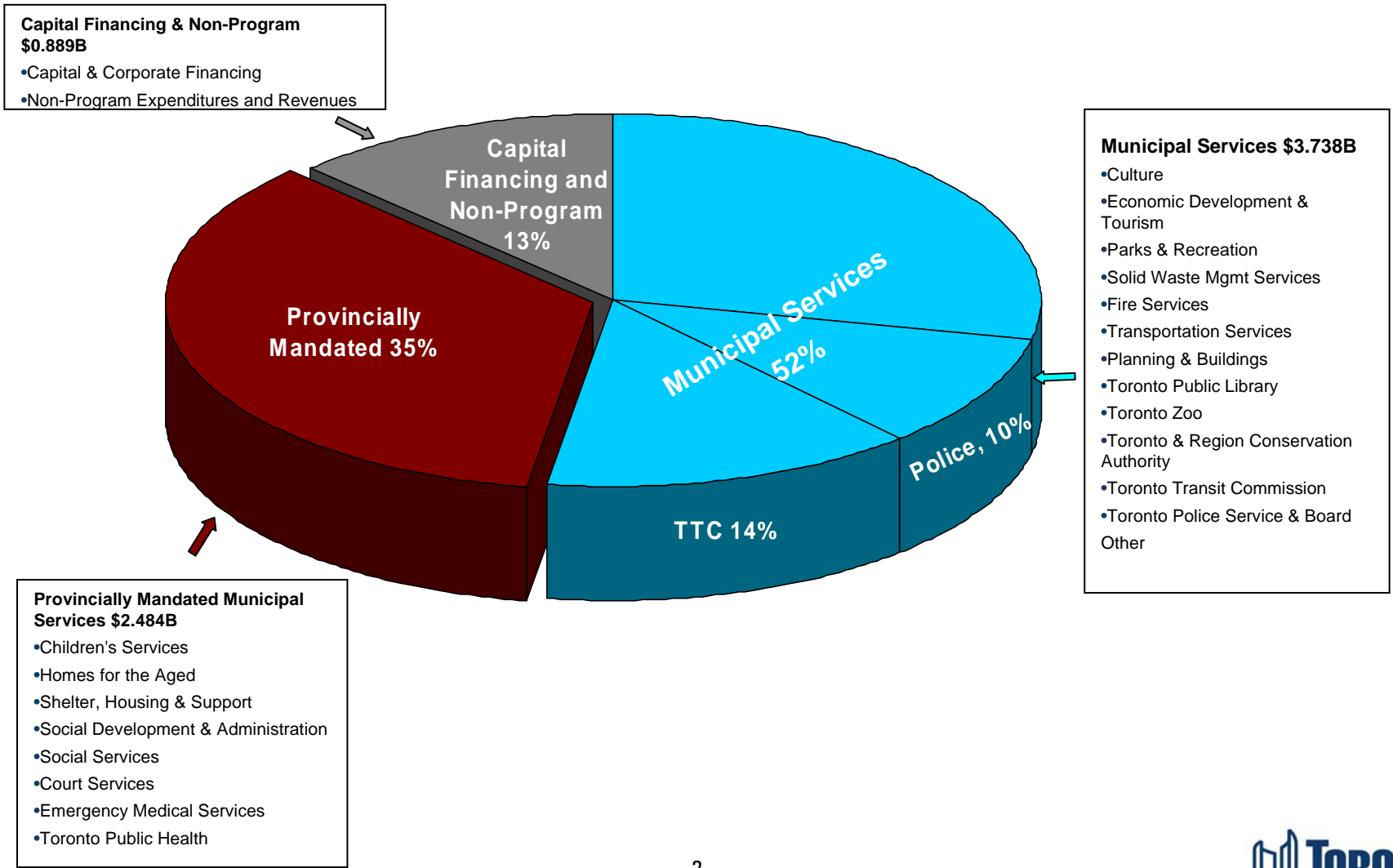
## 2006 BAC Recommended Operating Budget

March 27, 2006

# 2005 Operating Budget - Key Service Drivers

(Levy Operations Gross Expenditures \$7.111 Billion)

2006 Operating Budget



# 2005 Unsustainable Funding Sources Caused \$439 Million Pressure in 2006

\$Millions

## Provincial Responsibilities:

- Provincial Loan Deferral	20
- Special Provincial Transfer	45
- Gas Tax Revenues for Operating	92
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	157

## City / Toronto Hydro One Time Funding:

- Interest Income -- Hydro Note for Operating	67
- Hydro Dividends -- for Operating	38
- Special Dividends -- for Operating	30
- Sale of City Lighting Assets	60
- Reserve Draws	87
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	282

<b>Total 2005 Unsustainable / One-time Funding</b>	<b>439</b>
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# Starting 2006 Operating Pressure Total \$759 Million

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\$Millions

**2005 One-time Funding Pressures** **439**

**2006 Operating Impacts:**

- Debt Service Cost	44	
- Cost of Living Allowance	90	
- Inflation on Materials, Supplies and Services	81	
- Annualizations and Other	105	320
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**Starting 2006 Pressure** **759**

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# Administrative Review Reduced 2006 Operating Pressure to \$532 Million

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**\$Millions**

<b>Starting Pressure</b>	759
<b>Adjustments:</b>	
- Hydro Interest	(67)
- Hydro Dividends	(25)
- Gas Tax Revenues for Operating	(92)
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	575
Administrative Review - Service Efficiencies and Adjustments	(43)
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Remaining 2006 Pressure	532
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# Getting to a Balanced Budget

\$Millions

<b>Proposed Budget Pressure (Jan 4)</b>		532
Standing Committee Adjustments		7
<b>Standing Committee Rec'd Pressure</b>		<u>539</u>
<b>BAC Adjustments:</b>		
Base Budget	(119)	
New and Enhanced	(5)	(124)
<b>BAC Adjusted Pressure (February 13)</b>		<u>415</u>
<b>BAC Financial Decisions:</b>		
Additional Hydro Dividends	(21)	
Assessment Growth	(60)	
Additional Reserves	(113)	(194)
		<u>221</u>
<b>Provincial Responsibilities:</b>		
Loan Deferral	(20)	
TTC - subway operations	(100)	
Ontario Municipal Partnership Fund - Social Services	(35)	
EMS - land ambulance program	(10)	(165)
<b>Net Budget Shortfall</b>		<u>56</u>
<b>Additional City Policy Options:</b>		
Tax Increases (each 3% res \$37.1M, 1% non res \$18.5M)		(56)
<b>Net Pressure</b>		<u>0</u>

# 2006 Operating Budget Target

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- 2006 2% Base Budget Net Expenditure Target:
  - City Programs – 68% achieved target
  - ABCs – majority met target (TTC and Police above target)
  - Non-Program – increased revenues driven by the Province funding its responsibilities and additional reserve / reserve fund draws

# Investments in Our Future

	2006/5 Increase (\$M)	2006/5 %Increase
• Police	\$35.5	5.0%
• Fire	12.0	4.0
• Solid Waste	9.5	5.8
• Parks, Forestry and Recreation	8.1	4.0
• TTC	24.0	7.8



# 2006 BAC Recommended Operating Budget

## Net Expenditures

(\$000's)	2005 Approved Budget	2006 BAC Rec'd Total Budget		
		2006 Rec'd Budget	Change from 2005 Approved Budget	
			\$	%
Total City Operations	1,817,690.1	1,913,625.8	95,935.8	5.3%
Agencies, Boards and Commissions	1,235,322.9	1,293,109.0	57,786.2	4.7%
Community Partnership and Investment Program	38,862.1	40,174.9	1,312.8	3.4%
Capital & Corporate Financing	432,464.7	476,546.8	44,082.1	10.2%
Non Program	(507,856.7)	(591,628.3)	(83,771.6)	16.5%
Levy Operating Budget - Before Assessment Growth	3,016,483.0	3,131,828.3	115,345.3	3.8%
Assessment Growth -- 2006			(59,761.3)	
Tax Increase			(55,584.0)	
			(0.0)	

# Citizen Centred Services 'A' Pressure of \$66 Million Is Primarily Due to Provincial Capping

(\$000's)	2006 BAC Rec'd Total Budget			
	2005 Approved Budget	2006 Rec'd Budget	Change from 2005 Approved Budget	
			\$	%
<b><u>Citizen Centred Services "A"</u></b>				
Affordable Housing Office	1,393.1	1,414.0	20.9	1.5%
Children's Services	68,123.6	68,567.0	443.4	0.7%
Court Services	(9,034.4)	(9,544.0)	(509.6)	5.6%
Culture	8,952.0	10,666.1	1,714.1	19.1%
Customer & Business Support (Not Used)	0.0	0.0	0.0	n/a
Economic Development	7,923.5	7,851.6	(71.9)	(0.9%)
Emergency Medical Services	67,518.3	60,362.7	(7,155.6)	(10.6%)
Homes for the Aged	32,733.3	32,818.0	84.7	0.3%
Parks, Forestry & Recreation	203,508.0	211,686.2	8,178.2	4.0%
Shelter Support & Housing Administration	269,932.3	275,818.9	5,886.6	2.2%
Social Development Finance & Administration	20,342.4	21,299.3	956.9	4.7%
Social Services	221,059.8	277,426.3	56,366.5	25.5%
Tourism	5,436.6	5,235.6	(201.0)	(3.7%)
<b>Total Citizen Centred Services "A"</b>	<b>897,888.5</b>	<b>963,601.7</b>	<b>65,713.2</b>	<b>7.3%</b>

# Citizen Centred Services 'B' Includes Pressure of \$16 Million Primarily Attributed to Protection of Services

(\$000's)	2006 BAC Rec'd Total Budget			
	2005 Approved Budget	2006 Rec'd Budget	Change from 2005 Approved Budget	
			\$	%
<b>Citizen Centred Services "B"</b>				
Buildings	(11,607.4)	(11,546.7)	60.7	(0.5%)
Business Support Service	9,100.7	9,240.6	139.9	1.5%
City Planning	13,308.4	13,195.1	(113.3)	(0.9%)
Clean and Beautiful City Secretariat	326.5	317.3	(9.3)	(2.8%)
Fire Services	312,237.9	314,366.4	2,128.5	0.7%
Municipal Licensing & Standards	4,486.3	4,540.7	54.4	1.2%
Solid Waste Management Services	165,288.3	174,840.6	9,552.2	5.8%
Transportation Services	183,733.0	187,649.1	3,916.1	2.1%
Waterfront Secretariat	709.5	826.8	117.3	16.5%
WES - Support Services	0.0	0.0	0.0	n/a
WES - Technical Services	4,386.1	4,896.6	510.5	11.6%
<b>Total Citizen Centred Services "B"</b>	<b>681,969.3</b>	<b>698,326.4</b>	<b>16,357.1</b>	<b>2.4%</b>

# Overall, Internal Services Have Met The 2% Target

(\$000's)	2006 BAC Rec'd Total Budget			
	2005 Approved Budget	2006 Rec'd Budget	Change from 2005 Approved Budget	
			\$	%
<b><u>Internal Services</u></b>				
Office of the DCM and Chief Financial Officer	13,197.4	13,438.9	241.5	1.8%
Office of the Treasurer	30,325.5	30,862.3	536.8	1.8%
Corporate Communications	6,816.1	6,943.3	127.2	1.9%
Facilities & Real Estate	51,241.6	51,893.0	651.4	1.3%
Fleet Services	0.0	0.0	0.0	0.0%
Information & Technology	41,735.2	42,522.6	787.4	1.9%
<b>Total Internal Services</b>	<b>143,315.9</b>	<b>145,660.2</b>	<b>2,344.3</b>	<b>1.6%</b>

# Other City Programs – Pressure of \$12 million

(\$000's)	2006 BAC Rec'd Total Budget			
	2005 Approved Budget	2006 Rec'd Budget	Change from 2005 Approved Budget	
			\$	%
<b><u>Other City Programs</u></b>				
City Manager's Office	5,894.8	6,001.2	106.4	1.8%
Human Resources	26,377.7	27,810.0	1,432.3	5.4%
City Clerk's Office	19,907.2	28,954.4	9,047.2	45.4%
Legal Services	18,017.2	18,323.3	306.1	1.7%
Auditor General's Office*	3,566.4	3,880.4	314.0	8.8%
Office of the Mayor	1,855.8	1,888.2	32.4	1.7%
Council	18,514.5	18,791.1	276.6	1.5%
3-1-1 Project Management Office	382.9	389.1	6.2	1.6%
<b>Total Other City Programs</b>	<b>94,516.4</b>	<b>106,037.5</b>	<b>11,521.2</b>	<b>12.2%</b>

*\*Note that the Auditor General Office Budget is recommended by Audit Committee*

# ABCs – Pressure of \$58 million

(\$000's)	2006 BAC Rec'd Total Budget			
	2005 Approved Budget	2006 Rec'd Budget	Change from 2005 Approved Budget	
			\$	%
<b><u>Agencies, Boards and Commissions</u></b>				
Toronto Public Health*	70,754.1	63,925.9	<b>(6,828.2)</b>	<b>(9.7%)</b>
Toronto Public Library	140,448.6	144,691.1	<b>4,242.5</b>	<b>3.0%</b>
Association of Community Centers	5,726.0	5,849.2	<b>123.2</b>	<b>2.2%</b>
Exhibition Place	189.8	335.2	<b>145.4</b>	<b>76.6%</b>
Heritage Toronto	307.9	339.3	<b>31.4</b>	<b>10.2%</b>
Theatres	2,867.5	2,866.9	<b>(0.6)</b>	<b>(0.0%)</b>
Toronto Zoo	11,565.5	11,691.1	<b>125.6</b>	<b>1.1%</b>
Arena Boards of Management	261.5	119.9	<b>(141.6)</b>	<b>(54.2%)</b>
Yonge/Dundas Square	571.2	582.6	<b>11.4</b>	<b>2.0%</b>
Toronto & Region Conservation Authority	3,015.4	3,009.8	<b>(5.6)</b>	<b>(0.2%)</b>
Toronto Transit Commission - Conventional	228,480.0	246,306.5	<b>17,826.5</b>	<b>7.8%</b>
Toronto Transit Commission - Wheel-Trans	53,735.5	59,968.3	<b>6,232.8</b>	<b>11.6%</b>
Toronto Police Service	716,103.2	751,638.7	<b>35,535.5</b>	<b>5.0%</b>
Toronto Police Services Board	1,296.7	1,784.6	<b>487.9</b>	<b>37.6%</b>
<b>TOTAL</b>	<b>1,235,322.9</b>	<b>1,293,109.0</b>	<b>57,786.2</b>	<b>4.7%</b>

# Corporate Accounts – Non Program Revenues Have Increased

(\$000's)	2005 Approved Budget	2006 BAC Rec'd Total Budget		
		2006 Rec'd Budget	Change from 2005 Approved Budget	
			\$	%
<b>Community Partnership and Investment Program</b>	38,862.1	40,174.9	1,312.8	3.4%
<b>Capital &amp; Corporate Financing</b>	432,464.7	476,546.8	44,082.1	10.2%
<b>Non Program Expenditures</b>				
Tax Deficiencies	92,608.6	87,000.0	(5,608.6)	(6.1%)
Assessment Function (MPAC)	31,200.0	32,200.0	1,000.0	3.2%
Funding of Employee Related Liabilities	35,487.6	35,487.6	0.0	0.0%
Parking Tag Enforcement & Oper. Expenditures	41,809.3	42,602.8	793.5	1.9%
Other	31,619.5	52,730.0	21,110.5	66.8%
<b>Total Non Program Expenditures</b>	<b>232,725.0</b>	<b>250,020.4</b>	<b>17,295.4</b>	<b>7.4%</b>
<b>Non Program Revenues</b>				
Payments in Lieu of Taxes	(83,929.9)	(83,929.9)	0.0	0.0%
Tax Penalties	(26,500.0)	(25,500.0)	1,000.0	(3.8%)
Interest/Investment Earnings	(62,000.0)	(62,000.0)	0.0	0.0%
Toronto Hydro Revenues	(195,055.7)	(112,655.7)	82,400.0	(42.2%)
Provincial Revenue	(136,600.0)	(226,600.0)	(90,000.0)	65.9%
Parking Tag Enforcement & Oper. Revenues	(82,787.0)	(80,000.0)	2,787.0	(3.4%)
Additional Reserve/Reserve Fund Draws	0.0	(112,862.0)	(112,862.0)	n/a
Other	(153,709.1)	(138,101.1)	15,608.0	(10.2%)
<b>Total Non Program Revenues</b>	<b>(740,581.7)</b>	<b>(841,648.7)</b>	<b>(101,067.0)</b>	<b>13.6%</b>
<b>Total Corporate Accounts</b>	<b>(36,529.9)</b>	<b>(74,906.6)</b>	<b>(38,376.7)</b>	<b>105.1%</b>

# New / Enhanced Service Investment Limited to Council's Highest Priorities

<b>BAC Recommended New / Enhanced Services</b>		
<b>Description</b>	<b>\$Millions</b>	
	<b>Gross</b>	<b>Net</b>
<b>Council's Highest Priorities:</b>		
Strong Neighbourhoods	34.365	4.858
Clean & Beautiful	0.543	0.543
Year of Creativity	3.250	1.500
Waterfront Initiative	0.152	0.105
<b>Total Council's Highest Priorities</b>	<b>38.310</b>	<b>7.006</b>
Best Start (Children's Services)	95.608	-
Housing Initiatives	4.000	-
Other Program	11.566	1.748
<b>Total New and Enhanced</b>	<b>149.484</b>	<b>8.754</b>



# Conclusion

# Provincial Budget - Strengthening Growth and Prosperity in Toronto

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- Province recognized that the City:
  - plays a vital role in both Ontario's and Canada's economies
  - is a centre of commerce
  - is a responsible, accountable government which should have more powers to become fiscally sustainable and autonomous
- Province has recognized the City's need for longer-term fiscal solutions
- Province has provided the City with some multi-year funding measures
- The City has benefited from new transit funding, flexible use of gas tax for transit operations, enhancement to the land ambulance program and new funding for social assistance under the Ontario Municipal Partnership Fund
- The Province acknowledges the need for the federal government to be part of the long-term solution of the City's fiscal imbalance

# Provincial Funding Responsibilities / Assistance

- Included in 2006 Budget (\$Millions)

	<u>2006</u>	<u>2007</u>
Deferral of Provincial Loan Repayment	20	20
TTC - Transit Investment for Subway Operations	100	100
Ontario Municipal Partnerships Fund - for Social Assistance	35	35 +
EMS - Increased Land Ambulance Program Funding	10	20
Public Health	14	16
<b>Total</b>	<b><u>179</u></b>	<b><u>191</u></b>

# 2006 Budget and Beyond – New Deal

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## Funding gap must be fixed

- Permanent, predictable and sustainable new long term revenue strategy

## Province

- New City of Toronto Act
- 50% funding of TTC operating costs
- Upload of cost shared programs
- Sharing of growth taxes

## Federal

- Sharing of growth taxes